

The State of the State Budget: Difficult

PENNSYLVANIA BUDGET SECRETARY CHARLES ZOGBY RECENTLY HELD HIS ANNUAL MID-YEAR BUDGET BRIEFING, REPORTING THAT TO DATE, THE 2012-2013 GENERAL FUND STANDS IN THE BLACK. However, he said, that could change quickly depending on big ticket items like pension reform.

On the top of many holiday wish lists was the resolution of the fiscal cliff issue, which threatened to create a \$300 million hole in the state budget.

Zogby noted that if the federal across-the-board cuts were enacted, funding shortages would have been felt immediately in the areas of education, WIC, social services, early intervention, and community service block grants.

State agencies have been asked to maintain level funding for next year's budget, which would amount to a seven to eight percent cut. In

addition, the state will experience a budget cost increase of at least \$1.3 billion from pension costs, Medical Assistance and debt service, coupled against questionable revenue streams and a promise by the governor not to raise taxes, which could result in a difficult 2013-14 budget season.

"I think in many respects the 2013-14 budget is going to be the most difficult budget that we've had thus far in what have been two very difficult budgets," Zogby said.

House Speaker Sam Smith said the revenue numbers are "decent, compared to what we were looking at previously," and said the big problems in the budget are no surprise: medical assistance and pensions. "They will gobble up the growth in general fund revenues," Smith said. "It's not rosy or easy." (B)

Pennsylvania Legislative Services report



BALANCING THE EFFECTS Zogby has said that the Administration has no plans to use state dollars to fill the loss of any federal monies

Transportation Funding Solutions Bantered

GOVERNOR TOM CORBETT WILL OFFER A LONG-AWAITED PLAN TO STATE LAWMAKERS EARLY THIS YEAR TO PAY FOR AN ESTIMATED \$2.5 BILLION IN ROAD AND BRIDGE REPAIRS. The plan will likely take advantage of updates in federal highway law as well as a new state law allowing private managers to build and operate infrastructure projects.

Corbett was vague, saying only that "there are a lot of options open to us. I want to talk to the members of the House and Senate. "I want

to know which ones they expect they can get through. But we have a proposal we're ready to go with. I'm not going to tell you exactly what the details are," he said.

But it was clear that the administration planned to utilize a new state law authorizing "public-private partnerships" allowing private companies to build and operate, among other things, toll lanes or highway rest stops and share that revenue with the state.

Corbett's remarks on highway

funding came as part of a broader speech on his 2013 legislative priorities, which will also include a renewed attempt to privatize Pennsylvania's state-owned liquor stores and an effort to tame exploding public pension costs. The governor delivered his speech to business leaders at the Metropolitan Club on the edge of Central Park during an annual policy seminar put on by the Pennsylvania Manufacturers Association.

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Closing Acts of 2012 Summarized

ACT 145. AMENDS THE COUNTY CODE BY: (1) INCREASING FROM FIVE PERCENT TO SEVEN PERCENT THE LIMIT OF THE HOTEL ROOM RENTAL TAX that may be levied by the county governing body in Erie County, and (2) further providing for the use and distribution of the funds. Effective date was December 7, 2012.

Act 151. This is the Child Labor Act, which repeals and replaces Act 177 of 1915, known as the Child Labor Law, and, among other things: (1) provides time and activity restrictions on the employment of persons under the age of 18 based on age and occupation, including new provisions related to the employment of minors in defined “performances” and “reality programs”; (2) sets forth work and entertainment permit requirements for qualified minors; (3) provides for certain compulsory education requirements and child performer trust accounts; (4) imposes duties on the Department of Labor and Industry and employers; and (5) provides for investigation, enforcement, and penalties for violations of the Act. Effective date was January 22, 2013.

Act 153. Amends Title 68 (Real and Personal Property) of the Pennsylvania Consolidated Statutes by adding a new Chapter 21 entitled “Land Banks,” which permits land bank jurisdictions, defined as a county, a city, a borough, a township, and an incorporated town with a population of more than 10,000, or two or more municipalities with populations less than 10,000 that enter into an intergovernmental cooperation agreement, to establish and maintain a land bank. Generally, the Act provides for: (1) the creation, dissolution, operation, and powers of a land bank, which is a public body and a body corporate and politic that acquires, holds, and manages tax foreclosed or abandoned properties;

(2) participation by a school district in a land bank, as specified; (3) the establishment, membership, and powers and duties of the board of directors of a land bank; (4) the financing of land bank operations, including the issuance of bonds; (5) procedures relating to various tax sales laws; and (6) special prohibitions for land banks operating in counties of the second class that contain a city of the second class. Effective date is December 24, 2012.

Act 154. Amends the Pennsylvania Municipalities Planning Code by: (1) increasing from 30 days to 100 days the time period a property owner has to dispute an inspection fee, and from 45 days to 100 days the time period the owner has to dispute review fees in relation to land development; (2) clarifying the amount that may be retained by a municipality in relation to release of financial security at the time of completion of public improvements; (3) further providing for costs of arbitration in fee disputes involving a municipal consultant and an applicant; and (4) adding provisions for a surcharge against a party if a neutral arbitrator finds that the disputed fees charged are excessive by more than \$10,000. Effective date was December 24, 2012.

Act 155. Amends Title 53 (Municipalities Generally) of the Pennsylvania Consolidated Statutes by: (1) clarifying the amount that may be retained by a municipal authority in relation to release of financial security upon completion of public improvements by a party posting the security; (2) extending from 20 to 60 days the amount of time that a property owner has to dispute the amount of review and inspection fees; (3) providing for the appointment of an arbitrator by the court of common pleas to render a decision on a dispute involving the fees; and (4) adding provisions for a



COMMISSION REVIEWS CHANGES By visiting www.lgcpa.org/search_2.cfm, you can review Acts affecting local governments passed in 2012

surcharge against a party if a neutral arbitrator finds that the disputed fees charged are excessive by more than \$10,000. See Act 154 of 2012. Effective date was December 24, 2012.

Act 160. Amends Title 53 (Municipalities Generally) of the Pennsylvania Consolidated Statutes by: (1) permitting a county home rule charter to include limitations regarding the incurrence of debt, without the approval of the electors, which are more restrictive than the provisions contained in the Local Government Unit Debt Act. Effective date was December 24, 2012.

Act 179. Amends the Pennsylvania Construction Code Act, also known as the Uniform Construction Code (UCC), to clarify that a municipality which has opted to enforce the UCC may establish a board of appeals or establish or designate a joint board of appeals with another municipality or municipalities. Effective date was December 24, 2012.

Act 184. Amends the Local Option Small Games of Chance Act by, among other things: (1) adding the definition of “50/50” drawing and “Major League Sports Drawing” and amending the definitions of “Eligible Organization” and “Games
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(Closing Acts of 2012 Summarized...Continued from page 16)

of Chance”; (2) providing for major league sports drawings, including frequency, distribution of proceeds, and certain eligibility requirements related to such drawings by an affiliate nonprofit organization at major league sporting events; (3) exempting eligible organizations that generate less than \$2,500 in proceeds from the reporting requirements and mandated background checks required by the Act; (4) enabling eligible organizations, under certain and limited conditions, to conduct games of chance at a location other than that listed on its license with

approval of the district attorney; and (5) clarifying that Chapter 5 (Club Licenses) of the Act shall apply only to eligible organizations that have a club license. Effective date was December 24, 2012.

Act 187. Amends Title 75 (Vehicles) of the Pennsylvania Consolidated Statutes by providing delineated sanctions on local governments that adopt ordinances in violation of the uniformity provisions of Title 75. Effective date was December 24, 2012.

Act 191. The Wireless Broadband Collocation Act imposes delineated

limitations on municipalities that have adopted zoning ordinances or land use regulations for the placement of wireless support structures. The Act provides definitions, stipulates restrictions, and specifies application requirements and review procedures by municipal building officials. It also provides for the preservation of local zoning ordinances and other regulations. Effective date was December 24, 2012. **(B)**

Courtesy of Local Government Commission

(Transportation Funding Solutions Bantered...Continued from page 15)

In 2011, a funding advisory commission chaired by Transportation Secretary Barry Schoch recommended inflationary increases for motor vehicle license and registration fees and lifting the cap on the state’s wholesale gasoline tax – an increase that would almost certainly be passed along to consumers at the pump.

In an interview after Corbett’s remarks, Schoch said the funding plan would “follow the basic tenets” of the advisory commission’s August 2011 report. Like Corbett, he [Schoch] also declined to discuss specifics. “We’re still working through the details,” he said.

Corbett declined to comment when he was asked whether fee increases would be part of the funding plan that he will present to lawmakers either before, or at the same time, as his annual budget address in February.

He did say, however, that the state could take advantage of updates to federal highway law that makes it easier to pay for bridge repairs. The state has among the highest number of structurally deficient bridges in the nation.

The public-private partnership law, along with the federal highway law updates, are “tools in the tool belt,” Corbett said.

The governor also said he’s had initial conversations about funding needs with U.S. Rep. Bill Shuster (R-Pa.), who was recently named chairman of the powerful House Transportation and Infrastructure Committee.

State Sen. John Rafferty (R-Montgomery), the chairman of the Senate Transportation Committee, said that he’s had ongoing conversations with the administration about addressing the state’s backlog of road and bridge repairs.

The suburban Philadelphia lawmaker said he’s drafting a proposal to be made public early next year that would raise \$1.6 billion to \$2.2 billion in new money during the fiscal year that starts July 1.

Corbett’s statements were “very important to the folks in this room,” as well as legislative leaders who have been waiting for direction on which funding options the administration would support, Rafferty said.

House Majority Leader Mike Turzai (R-Allegheny), said he and other House GOP legislative leaders are “looking forward to [Corbett’s] concrete proposals and will thoroughly review them” when they arrive.



POTENTIAL PROPOSALS PennDOT Secretary Barry Schoch indicated the funding plan would “follow the basic tenets” of the advisory commission’s August 2011 report

Business leaders have been pushing the administration for months to come up with a funding plan, arguing that decaying roads and bridges put the state at a competitive disadvantage because it takes longer to deliver goods to market.

The construction jobs created by road and bridge repairs will “also be stimulative,” said David Patti of the Pennsylvania Business Council, a Harrisburg-based advocacy group. **(B)**

Courtesy of “Capitol Ideas” blog by John Micek

DVRPC to Help Municipalities Reduce Energy Costs

THE DELAWARE VALLEY REGIONAL PLANNING COMMISSION (DVRPC) WILL WORK DIRECTLY WITH TEN MUNICIPALITIES IN SOUTHEASTERN PENNSYLVANIA TO REDUCE ENERGY USE IN THEIR GOVERNMENT OPERATIONS. This direct technical assistance is provided through DVRPC's Circuit Rider for Energy Efficiency in Local Government Operations (or "Circuit Rider") Program. The ten municipalities chosen for this program – selected from over two dozen applicants – are:

- Bucks County: Lower Southampton Township and Bristol Township
 - Chester County: Easttown Township and Phoenixville Borough
 - Delaware County: Lansdowne Borough, Nether Providence Township and Upper Darby Township
 - Montgomery County: Cheltenham Township, Horsham Township and Towamencin Township
- DVRPC's Circuit Rider team, which includes a certified energy manager, will work with officials from the selected

municipalities to evaluate current energy use, analyze opportunities for energy savings, and identify and put in place those projects that provide the greatest reduction in energy costs.

The team will also train municipal staff in best practices for energy management. The training will help these municipalities become regional leaders in energy efficiency and conservation. This assistance will be provided at no cost to the municipalities. The Circuit Rider also provides analytical tools, holds quarterly training seminars, and creates bulk purchase opportunities. These are available to all municipalities in Bucks, Chester, Delaware, and Montgomery counties.

"The Circuit Rider program provides smaller municipalities with easy access to the resources and tools they need to prioritize projects for cost-effectively reducing energy use," said DVRPC Executive Director, Barry Seymour. "We saw a need for this type of program because small and

medium-sized municipalities often have limited staffing and capacity to support the type of energy management found in larger municipalities."

For more information on the Circuit Rider program, visit www.dvrpc.org/EnergyClimate/CircuitRider. (B)

DVRPC press release



CIRCUIT RIDER DVRPC's Circuit Rider team will work with officials from the selected municipalities to evaluate current energy use, analyze opportunities for energy savings, and identify and put in place those projects that provide the greatest reduction in energy costs

Session Ends With Inaction on Prevailing Wage Reform

DURING THE 2011-2012 LEGISLATIVE SESSION, PSAB'S TOP PRIORITY WAS CHANGING ONE OF THE MOST ONEROUS MANDATES ON LOCAL GOVERNMENTS - PREVAILING WAGE. PSAB worked with House Republican Leadership and House Labor & Industry Committee Chairman Ron Miller (R-York) to advance several bills that would have significantly delivered mandate relief to boroughs across Pennsylvania.

Unfortunately, only one of those bills, **House Bill 1329**, sponsored by Rep. Fred Keller (R-Snyder), reached 3rd consideration, but then died on the House floor. The bill, which would have simply indexed the \$25,000 threshold to today's dollars of \$185,000, died due to the lack of a handful of votes.

PSAB would like to thank Speaker of the House Sam Smith, House Majority Leader Mike Turzai, House Majority Whip Stan Saylor, Rep. Ron Miller, Rep. John Bear and other legislators for their leadership and hard work on trying to advance this issue. PSAB also acknowledges the hundreds of borough officials who took time to contact their state representatives as the debate unfolded in Harrisburg. Without your phone calls, emails and resolutions, significant reforms and mandate relief would not be possible.

PSAB will continue to advocate for prevailing wage reform which will bring meaningful savings to boroughs and taxpayers throughout the Commonwealth. (B)

Upcoming Session Days

2013 Senate Session Schedule

February	11, 12, 13
March	11, 12, 13, 18, 19, 20
April	8, 9, 10, 15, 16, 17, 29, 30
May	1, 6, 7, 8, 9, 13, 14
June	3, 4, 5, 10, 11, 12, 17, 18, 19, 24, 25, 26, 27, 28

2013 House Session Schedule

February	11, 12, 13
March	11, 12, 13, 18, 19, 20
April	8, 9, 10, 15, 16, 17, 22, 23, 24
May	6, 7, 8, 13, 14, 15
June	3, 4, 5, 10, 11, 12, 17, 18, 19, 20, 24, 25, 26, 27, 28