

Governor Corbett Unveils 2013 Budget Proposal

GOVERNOR TOM CORBETT UNVEILED HIS \$28.4 BILLION PROPOSED BUDGET ON FEBRUARY 5 THAT INCLUDED TRANSPORTATION INVESTMENTS, more money for public education and additional funding to help senior citizens. The plan also includes changes in operations to the state's liquor store system and to the state retirement systems. The Governor did not propose any tax increase.

The Governor's transportation plan could raise more than \$5 billion over five years, which would include \$200 million for local governments to spend on road and bridge projects. The main component of the plan is to remove the artificial cap on the wholesale price of gasoline. The other changes include changing vehicle registration to every two years and driver license

renewal to every six years. You can read more about the transportation plan on page 24.

In Our Communities. Public safety is a key responsibility of any local official. Governor Corbett's budget proposal also would invest almost \$15 million to train more than 290 new state troopers and another \$6 million to train civilian police communication operators, which is intended to free up the state troopers to focus on law enforcement functions.

Additionally, PSAB supports community development programs that promote quality-of-life initiatives and spawn business development in downtown corridors. The Keystone Communities Program, which funds programs like Main and



WITHIN THE PROPOSAL The MAP Grant Program (Shared Municipal Services) within DCED received a proposed allocation of \$642,000 from the Governor



THE PROCESS The budget address was held Feb. 5, and with the intention of passing the budget by June 30, the legislature is currently holding budget hearings with each state department and agency

Elm Streets and Housing and Redevelopment (HRA) is proposed to be funded again at \$10.8 million. Many Pennsylvania boroughs have successful Main and Elm Street Programs including Carlisle Borough, Cumberland County and Hamburg Borough, Berks County.

PSAB believes that more investments must be made in our communities impacted by drilling in the Marcellus Shale region. Almost \$100 million would be available through the Act 13 Marcellus Shale Legacy Fund; however, 40 percent would be spent on debt service through Growing Greener. Almost

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PSAB Sets 2013 Legislative Priorities

PSAB HAS SET ITS 2013 LEGISLATIVE AGENDA WHICH ADVOCATES FOR INVESTMENTS FOR TRANSPORTATION AND INFRASTRUCTURE; environmental initiatives and public safety, among other priorities. Below are the priorities that will be advocated for in the legislature and are based on the resolutions supported by members.

Transportation. An adequate transportation system is key to spawning economic development and requires cooperation among all levels of government. Like many other states, PA's transportation infrastructure is declining due to underinvestment.

- The state must increase funding for highway, bridge and roadway improvements and implement short- and long-term funding plans to address deficiencies with our roads and bridges.
- Local governments are responsible for maintaining 77,000 miles of roads, or 64 percent of all public road mileage. Road and street networks should be treated as a

whole. The state should not provide different levels of maintenance depending on location in a borough or township.

- PSAB supports redefining roadway "maintenance", removing it from prevailing wage requirements.
- Boroughs should be able to direct their Liquid Fuels allocations to transportation projects as they determine based on local needs.

Infrastructure. Infrastructure continues to be a strain on local budgets. A long-term, sustainable plan to address the repair and rehabilitation of dilapidated bridges and roads must be implemented.

- PSAB supports an increase in funding to address stormwater management planning and determine appropriate impact assessments/fees.
- Blighted and abandoned properties negatively affect communities. PSAB supports legislation that provides the tools to combat blight and force negligent owners to bring properties to code.
- The state should provide financial assistance in developing

housing standards and inventories of housing stock.

- A long-term solution to defray the local impacts caused by drilling operations must be reached.

Public Safety. Public safety is arguably one of the most important issues facing local government leaders. Many smaller boroughs struggle to provide adequate police service they can afford.

- PSAB supports a requirement that larger municipalities either establish their own police department, contract with a neighboring town or pay for state police coverage.
- PSAB opposes any reduction in the state police force.
- PSAB seeks to allow the use of radar, lidar or other speed timing devices by local police departments. PA remains the only state that does not permit municipal officers to use radar.

Environmental Initiatives. Conservation and protection of our natural resources, like parks and waterways, is essential.

- With 80,000 miles of waterways in PA, maintaining water quality is a legitimate concern, not only in the Marcellus Shale region, but throughout the Commonwealth.
- Local impact fees do not address the true cost of drilling in the Marcellus Shale region. Boroughs are faced with providing local fire, police and emergency services in regions where there were never those levels of demand. They also must upgrade road and other infrastructure.
- Expand financial and technical support to promote sound land use planning.

Financial Stability. Local governments are always seeking



THE BOROUGH'S' PERSPECTIVE Local governments are responsible for maintaining 77,000 miles of roads, or 64 percent of all public road mileage, and road and street networks should be treated as a whole – the state should not provide different levels of maintenance depending on location in a borough or township

Legislation at a Glance

BELOW ARE A NUMBER OF BRIEF OVERVIEWS OF A FEW PIECES OF LEGISLATION PSAB IS MONITORING ON BEHALF OF MEMBERS. This month's "from your EVP" on page 3 highlights PSAB's support of recent prevailing wage legislation introduced.

Plan for Non-Profits to Contribute to Real Estate Taxes. PSAB supports a proposal introduced by Senator Wayne Fontana (D-Allegheny) that would require larger non-profit organizations to pay some property taxes on their assessed value. The bill would impact larger non-profits that are currently tax-exempt, yet benefit from public services funded by residents and local businesses.

Fontana's proposed legislation (S.B. 143) would exempt the first \$200,000 of land value, but not buildings. The bill would apply to all property owned by an organization and not per parcel. PSAB supports the bill because it helps to secure new tax revenues from larger non-profits that operate much like for-profit businesses. This will help Pennsylvania's 958 boroughs who work hard to balance their operating budgets.

The bill is currently being reviewed in the Senate Finance Committee.

Regional Police Assistance Grant Program. Senator John Yudichak (D-Luzerne) has introduced legislation (S.B. 162) that would provide grants to municipalities for regionalizing police operations. The regionalization efforts would provide coverage to areas that currently lack police services.

Grants would be available for start-up expenses, salaries and police equipment. Grants would not exceed \$100,000 for a three-year period.

The program would be established within the Governor's Center for



STORMWATER FLEXIBILITY The proposed changes in S.B. 196 will provide greater flexibility and allow PENNVEST to fund other projects, designated as non-point source, and it would also include eligible applicants to include non-profit organizations and watershed groups

Local Government Services within the Department of Community and Economic Development. The bill is currently being reviewed in the Senate Local Government Committee.

More Flexibility for Stormwater Projects. In January, the Senate Environmental Resources and Energy Committee passed a bill authored by Senator Don White (R-Indiana) which would enable the Pennsylvania Infrastructure Investment Authority (PENNVEST) to more effectively use federal funding for stormwater management projects.

The legislation would allow for more flexibility in funding projects. The proposed changes will continue to address urban runoff, but will also allow PENNVEST to fund other projects, designated as non-point source. It would also include eligible applicants to include non-profit organizations and watershed groups.

The bill (S.B. 196) is now before the Senate Appropriations Committee.

Federal Highway Bridge Funding. Representative Jerry Knowles (R-Schuylkill) has introduced legislation (H.B. 160) that would prohibit the State Transportation Commission (STC) from diverting funds that are dedicated to road and bridge projects for mass transit systems. Knowles said that during former Governor Rendell's administration, \$258 million was dedicated to the Southeastern Pennsylvania Transit Authority (SEPTA) to help it subsidize costs. The money, Knowles said, was intended for other highway projects, and now leaves Pennsylvania lagging further behind. The members of the STC are all gubernatorial appointees.

The bill is now before the House Transportation Committee. **(B)**

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ways to be more financially stable while providing essential services.

- The legislature must limit and reduce the number of unfunded mandates that fall on local governments.

- Prevailing wage remains one of the most onerous mandates facing local governments. While the last legislative session ended with inaction on this issue, PSAB will continue to be an advocate for reforms.

- Reforming the requirements for public notices to permit electronic advertising enables municipalities to contain costs while increasing flexibility in communicating with the public.

- Volunteer firefighters are essential to keeping our communities safe. The legislature must further explore payment options for cancer benefits for volunteer firefighters.

- PSAB supports a comprehensive reform of public sector collective bargaining laws, such as Act 111 for police and firefighters, to ensure arbitration awards reflect what a community can afford to pay.

- PSAB opposes the forced consolidation of municipal pension plans and supports local control of pension management. Boroughs benefit most by managing their own assets and liabilities.

- Local governments are encouraged to “regionalize” and

“share” services, yet the Shared Municipal Services Program continues to be slashed. The program is a way to help boroughs be more financially sustainable.

- PSAB supports restoring cuts to New Communities programs, such as Main Street, Elm Street and housing development. Programs like these have a proven track record for supporting local businesses, residents and quality-of-life initiatives.

- PSAB supports legislation to establish a payment in lieu of taxes program for tax-exempt properties, such as non-profit and governmental facilities located in a borough. **(B)**

Track legislation and other important information at www.boroughs.org/legislative.

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\$14 million would be available through PENNVEST for stormwater, water and sewer grants. The Environmental Stewardship Fund portion would be decreased from \$14 million to \$4.6 million.

The budget proposal also provides for funding for other economic assistance programs in our communities. It includes \$19.4 million for the Infrastructure and Facilities Improvement Grant Program for multi-year grants for payment of debt services for economic development projects; \$642,000 for the MAP Grant Program (Shared Municipal Services); and \$7 million to help financially distressed municipalities through the Act 47 program. The proposed budget would also eliminate the Capitol Stock and Franchise Tax and would reduce the corporate net income tax. The proposal also would invest \$2.5 million in a job training program focused on the unemployed.

Reforming Pension, Lottery and State Liquor Systems. In his budget address, Governor Corbett said that changes to the state employee retirement systems (The Public School

Employees’ Retirement System and the State Employees’ Retirement System) are crucial as the debt will grow to \$65 billion within a few years. If a plan for reform is not reached, legislators could be forced to make decisions between funding core programs and meeting the obligation to fund the retirement plans for state employees and teachers.

The Governor also proposed that the state’s liquor stores be privatized. The only other state with a state-owned system is Utah. The Governor is proposing to auction off liquor licenses to, in part, fund public education. The Governor said he believes \$1 billion could be raised through the auction of as many as 1,200 licenses. The PA Liquor Control Board would still regulate the sale of wines and spirits, like it does with the sale of beer. The Governor estimates that as much as \$200 million would be available by the 2014-15 school year to boost math and science curriculum, security and pre-kindergarten programs.

Similarly, the Governor proposed privatizing the Pennsylvania Lottery by contracting services to Camelot Global

Services, a British firm, to manage the system. Currently, profits from the Lottery provide senior citizens with prescription drug assistance and property tax rebates. Governor Corbett said that the contract would bring an additional \$50 million to senior citizen programs, partly by introducing keno and online ticket sales. However, as of the deadline of this issue of *Borough News*, Attorney General Kathleen Kane has blocked the deal, citing unconstitutionality. The Corbett administration and Camelot Global then agreed to extend a bid to manage the Lottery through March 18. The attorney general’s decision can be appealed to the courts, but as of deadline, no action has been taken.

Both the House and Senate will host budget hearings for each state department and agency. The final budget is expected to be adopted by June 30. PSAB will continue to keep our members engaged throughout the process and will reach out to you when action is needed. **(B)**

More details on Governor Corbett’s budget proposal are available at www.governor.state.pa.us.