

The Pennsylvania State Association of Boroughs

Act 47 Task Force

Subcommittee on Community & Economic Development / Tax-Exempt Properties

May 20, 2013

The Pennsylvania State Association of Boroughs (PSAB) is comprised of over 900 borough communities and approximately 10,000 borough officials throughout the Commonwealth of Pennsylvania. We thank the Act 47 Task Force and subcommittee Chair Representative Bob Freeman for the opportunity to provide our initial perspectives on the list of proposed issues the Subcommittee on Community & Economic Development / Tax-Exempt Properties will consider.

This subcommittee will play an important role in developing new strategies to assist financially distressed communities enhance their local economy. Bringing businesses back and retaining current businesses is a critical factor in the road to recovery. If the community can provide businesses and their workforce with quality municipal services and infrastructure, the jobs and taxes revenues should come back.

Providing quality municipal services while keeping costs in line is always a challenge. Unfortunately, many municipalities must sacrifice providing key services due to several factors, chief among them are labor and legacy costs. PSAB strongly supports a continued shift in helping Act 47 and early intervention communities manage these factors.

Create Shared Services Districts

The idea of establishing shared services districts has been around for a long time. How districts would work in Act 47 communities is hard to envision since it would require the participation of non-Act 47 communities.

PSAB would not favor a mandatory inclusion of non-Act 47 communities into a shared services district. We would, however, be supportive of creative incentives for communities to partner with an Act 47 community for shared municipal services. Perhaps an attractive incentive could be offering waivers of certain mandates, subject to the approval of the DCED secretary.

Without the necessary structural reforms that are necessary to Act 111, creating larger, regional police or fire departments would just compound the problems experienced today by municipalities. Reforming the outdated statutory structure is a necessary first step before the establishment of regional service districts.

Provide Inducements to Encourage Private Investment in Public Infrastructure

As mentioned above, providing quality infrastructure is challenging for a struggling community. With skyrocketing material costs, reduced revenues, and mandates such as Prevailing Wage and environmental regulations, the cost to provide quality roads, bridges, sewer, water, and stormwater infrastructure is cost prohibitive.

PSAB supports allowing all communities to partner with the private sector to help fill in the gaps to provide an improved infrastructure. Specifically for Act 47 communities, we would support new financial incentives which would entice the private sector to invest in these projects.

Strengthen Section 282 of Act 47 to Insure That Priority is Granted to Act 47 Municipalities in the Awarding of Community and Economic Development Funding

Granting priority status for DCED funding is one incentive that can assist a distressed community. However, a community that goes into Act 47 and does not come out of the program should not be granted unlimited priority status for funding. PSAB supports the current language in Section 282 with a time limit on the priority status. We would also support the inclusion in Section 282 priority status for municipalities that partner with an Act 47 community in intergovernmental shared service delivery.

Tax-Exempt Property Impact Fees Based Upon Municipal Services Utilized

Tax-exempt properties present one of the greatest problems for struggling communities. Some communities host up to 80 percent tax-exempt properties. This places a tremendous burden on the remaining taxpayers to pay for municipal services for the whole community.

PSAB has always supported revenue sharing to help offset the tax-exempt property burden. One of those options was Chairman Bob Freeman's House Bill 2017 of 2007, which would have used a portion of the Johnstown Flood Tax to drive revenues back to communities with high tax-exempt properties.

Another revenue option for municipalities with high tax-exempt properties is the County Optional Sales Tax or 1 percent local sales tax. Along with property tax reductions, the revenue generated from the local sales tax could be used by municipalities to help offset the burden of tax-exempt properties.

Specifically for Act 47 communities, PSAB would support a special impact fee on tax-exempt properties for municipal services. We also support the inclusion of municipalities in the early intervention program be given the power to levy an impact fee on tax-exempt properties.

In addition, we ask the subcommittee to consider impact fees for municipal services that currently are a drain on a municipality's general fund, such as stormwater. If such a fee existed, the fee could be placed on all properties regardless of their tax status. This in turn would free up dollars in the municipality's general fund for other municipal services.