

Veto No. 2004-2

HB 2008

May 21, 2004

To the Honorable, the House of Representatives
of the Commonwealth of Pennsylvania:

I am returning herewith, without my approval, House Bill 2008, Printer's No.3546, entitled "An act amending Title 53 (Municipalities Generally) of the Pennsylvania Consolidated Statutes, further providing for form and adoption of budget in cities of the second class."

House Bill 2008 prohibits the City of Pittsburgh and any authorities having board members appointed by elected City officials from including projected revenue in their budgets which, in order to be collected, requires enactment of new taxing powers by the General Assembly.

As a practical matter, the change proposed in House Bill 2008 already applies to the City of Pittsburgh by virtue of legislation enacted earlier this year creating the Intergovernmental Cooperation Authority for Cities of the Second Class (Act 11 of 2004). Act 11 states in relevant part: "The financial plan of an assisted city shall not include projected revenue that in order to be collected requires enactment by the General Assembly of new taxing powers." Section 209(c)(1) of Act 11 of 2004. Because House Bill 2008 is duplicative of this provision of Act 11, I believe a final decision on whether this prohibition should exist in perpetuity can and should be deferred. Such a deferral is the best course of action in light of the multitude of efforts currently under way to address the City's fiscal crisis, the critical stage of these efforts, and the speed with which they are coming to a head.

On May 15, 2004, the City released the five-year financial plan it is required to produce by Act 11. This plan proposed significant cost cutting, but projected that new revenue sources will be needed to achieve financial stability.

In addition, in the next few weeks the coordinators appointed to review City finances under the Municipalities Financial Recovery Act (Act 47 of 1987) are expected to issue independent recommendations regarding these same matters – where cost cutting should occur, and how best to address any remaining shortfall. And by early June it is expected that the Intergovernmental Cooperation Authority will report on its views of these same questions.

Once all of these analyses are in hand, the members of the General Assembly and I will be in a position to decide if additional legislative action is required. Although I will withhold final judgment until all three analyses are considered, I am strongly predisposed to believe that new revenues will be required to close the City's budget shortfall. Furthermore, the sources of additional revenue available through legislative action are preferable to those available without legislative action. As I have said many times, I believe the best outcome for all concerned would be legislative approval of a consensus plan that both resolves the City's short-term crisis and assures its long-term competitiveness. As we work together to forge such a consensus, I am confident

that everyone concerned can work towards the same fundamental goals: a City government that has the resources it needs but spends no more than it must, and a City that is a great place to live, work and visit today and in the future.

For the reasons set forth above, I must withhold my signature from House Bill 2008, Printer's No.3546.

EDWARD G. RENDELL