HOUSE COMMITTEE ON APPROPRIATIONS

2009-10 Legislative Session

FISCAL NOTE

SENATE BILL: 1429 **PRINTER'S NO:** 2204 **PRIME SPONSOR:** Eichelberger

FISCAL IMPACT SUMMARY	FY 2010/11	FY 2011/12
Expenditure Increase/(Decrease):		
Commonwealth Funds	$0	$0
Local Government Funds	$0	$0

OVERVIEW:

Senate Bill 1429 amends the Municipal Consolidation and Merger Act contained in Title 53 (Municipalities, Generally), Pa.C.S., to make various changes, briefly summarized below:

- It removes the counties of Allegheny, Montgomery, Bucks, and Delaware from the Act.
- It adds an option to enable municipalities to voluntarily merge or consolidate.
- It allows voters to consider a home rule charter or optional plan simultaneous with a consolidation or merger approval.
- It allows municipalities to appoint a transitional planning committee to pursuant matters relating to a merger or consolidation.
- It removes the sixty-day deadline for when governing bodies of a merger or consolidation must meet, provides a one-year deadline for entering an agreement after an approval, and a four-year deadline for implementation.
- It creates a financial assistance program within the Department of Community and Economic Development (the Department) to provide grants and loans to the municipalities for costs relating to merging and consolidation.
- It establishes a priority for municipalities undergoing mergers or consolidations for up to five years after the merger or consolidation for any economic or community assistance program of the Commonwealth.

The effective date is sixty days.

ANALYSIS:

Municipal consolidation and mergers are completely optional, and this bill does not change that. Any costs incurred from merging or consolidation, such as the costs of establishing a transitional planning committee, therefore, are entered into voluntarily by the participating municipalities.

Removing counties from the provisions of the Act have no fiscal impact.

Allowing voters to simultaneously approve a home rule charter or an optional plan alongside a merger or consolidation may be more efficient from the standpoint of the cost of the election. This cost savings would vary depending on the size of the municipality.

The bill makes no appropriation but specifies that the money for the proposed financial assistance program from the Department of Community and Economic Development may come from appropriations by the General Assembly.

There is no fiscal impact to this provision because this language in nonbinding on future General Assemblies and no money is actually appropriated or committed.

After receiving a certified copy of the election results for a merger or consolidation, the Department of Community and Economic Development is required to notify all Commonwealth agencies of the said municipality for its eligibility for priority status. The specifics of the notification, or the manner by which it must be carried out, are not spelled out in the bill, but presumably the Secretary of the department could accomplish this notification requirement fairly inexpensively by sending a letter to all agency heads. The costs for this notification would be covered easily by the general government operations appropriation to the agency, which is $15,938,000 for FY 2010/11 pursuant to Act 1A of 2010.

No other provision in this bill has fiscal implications.

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House Appropriations Committee, (D)

DATE: October 4, 2010

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