



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

SENATE BILL NO. 1321

PRINTERS NO. 2237

PRIME SPONSOR: Earl

### COST / (SAVINGS)

FUND	FY 2011/12	FY 2012/13
General Fund	\$0	\$0
Municipal Funds	\$0	See Fiscal Impact
Municipalities Financial Recovery Revolving Aid Fund	\$0	\$0

**SUMMARY:** Amends Act 47, concerning distressed municipalities, to clarify that collective bargaining contracts and arbitration awards shall not affect Act 47 recovery plans. This legislation would take effect in 60 days.

**ANALYSIS:** This legislation provides for collective bargaining agreements and arbitration awards, by:

- Requiring the coordinator to project revenues and expenditures for the current and next three fiscal years, including a cap on projected expenditures for individual collective bargaining units that the distressed municipality cannot exceed.
- Allowing an arbitration settlement under Act 111 (Policemen and Firemen Collective Bargaining Act) to deviate from the plan only if:
  - It will not exceed the cap;
  - It will not jeopardize the financial stability of the distressed municipality; and
  - It is not inconsistent with the policy objectives of the act.
- Requiring the board of arbitration to provide findings of fact supported by substantial evidence for a deviation from the plan and requiring support for the findings by credible testimony of an expert in municipal finance (a person who holds an advanced degree with at least 8 years of experience in the field).
- Requiring the board to provide a copy of a settlement deviating from the plan to the coordinator and allowing the collective bargaining unit, the distressed municipality, the coordinator or the Secretary of DCED to appeal the deviation to the Commonwealth Court.
- Stating that the Court's review shall be de novo and providing that the caps may be exceeded only if the cap is determined to be arbitrary, capricious or established in bad faith.
- Requiring a municipality to gain approval from the Secretary of DCED to file for bankruptcy and only if the municipality determines that it meets one of the statutory categories to file.

**FISCAL IMPACT:** This legislation would have no adverse fiscal impact on Commonwealth funds. This legislation could provide significant savings to any of the 21 “financially distressed” municipalities under Act 47 by limiting the arbitration settlements under the Policemen and Firemen Collective Bargaining Act of 1968.

**PREPARED BY:** Tim Rodrigo  
House Appropriations Committee (R)

**DATE:** June 20, 2012

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*