



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 1213

PRINTERS NO. 1273

PRIME SPONSOR: James

### COST / (SAVINGS)

FUND	FY 2020/21	FY 2021/22
Municipal Funds	\$0	\$0

**SUMMARY:** Allows a distressed municipality to form a government study commission directly and include a specific role for the Act 47 coordinator study and recommendation process; in addition it encourages the public's adoption of the charter by clarifying the power of a charter to contain taxpayer protection provisions. The tax rate clarification provisions of this legislation would take effect immediately, the remaining provisions would take effect in 60 days.

**ANALYSIS:** This legislation amends the Home Rule Charter and Optional Plans Law to allow a distressed municipality to form a government study commission directly and include a specific role for the Act 47 coordinator study and recommendation process. The legislation also clarifies the power of a charter to contain taxpayer protection provisions.

**Government Study Commission for Distressed Communities:** This legislation introduces an alternative process to form a government study commission to consider and potentially propose a new, or amend an existing, home rule charter in a municipality that is currently in the Municipalities Financial Recovery Act Program ("Act 47"). To be eligible, a municipality must have adopted a plan, which recommends the adoption of a home rule charter, under Chapter 2 of Act 47 to address fiscal distress, or to facilitate the municipality's exit from the program, and must currently be served by a coordinator appointed by DCED.

An eligible municipality may vote to organize a commission by resolution composed of each member of the governing body, or that member's designee. Where the municipality has a mayor that does not sit as a member of the governing body, the commission membership will also include the mayor or the mayor's designee, and the coordinator will be designated as an ex officio member of the commission. Once organized, the commission will have the same powers, duties, and responsibilities as a government study commission formed by the existing referendum provisions, with three additional responsibilities to study and consider elements specific to the municipality's fiscal distress:

1. The recommendations contained in the municipality's recovery plan.
2. The municipal services currently provided in the distressed municipality and whether the same services should be provided as a home rule municipality.
3. The sources of fiscal and managerial dysfunction that exist under the current form of government, and how the dysfunction could be improved under a new form of government.

The coordinator will have an additional responsibility to hold a public hearing after the government study commission publishes its findings and recommendations. At the hearing the coordinator is required to provide testimony as to the suitability of the proposals to address the causes of fiscal distress in the municipality.

**Reporting Requirements:** The legislation will require each government study commission to file a copy of its final report containing its findings and recommendations with the Local Government Commission in addition to the existing requirement to file the report with DCED.

**Charter Taxpayer Protection Provision Restoration:** This legislation clarifies that the governing body of a home rule municipality is constrained from violating provisions contained in the municipality's home rule charter imposing limits on the rates of taxation which may be imposed on the municipality's residents.

**FISCAL IMPACT:** This legislation would have no adverse fiscal impact on Commonwealth or municipal funds.

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

**DATE:** May 25, 2021

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