



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 255

PRINTER'S NO. 1356

PRIME SPONSOR: Merski

As amended by A00864

COST / (SAVINGS)

FUND	FY 2022/23	FY 2023/24
Commonwealth Funds	\$0	See Fiscal Impact
Local Government Funds	\$0	See Fiscal Impact

SUMMARY:

House Bill 255 amends Title 53 (Municipalities Generally), Chapter 61 (Neighborhood Blight Reclamation and Revitalization) by establishing the Municipal Codes Enforcement Grant Program within the Department of Economic and Community Development (DCED). This program shall issue grants to municipalities, defined as a county, city, borough, incorporated town, township, or home rule, optional plan, or optional charter municipality or a municipal authority within the Commonwealth, with no current code enforcement program for the purpose of reducing blighted property conditions through the establishment of code enforcement programs or the hiring and training of code enforcement personnel.

The bill also allows municipalities to create a Municipal Neighborhood Mitigation Fund, which may be established by any municipality with an established code enforcement program, as well as the County Property Maintenance Code, which may be enacted as a standard or nationally recognized property maintenance code.

This bill would take effect in 90 days.

ANALYSIS:

Under the Municipal Codes Enforcement Grant Program, competitive grants are issued to address blighted property conditions, acquire relevant certification code enforcement, and/or hire and train enforcement personnel. DCED shall issue grants based on:

- Whether the municipality demonstrates a financial need for the grant.
- The overall condition of the real property within the municipality.
- Whether the municipality has an intergovernmental cooperation agreement with another jurisdiction for joint codes enforcement.

This bill requires that a municipality shall provide its own funds or in-kind contribution approved by the department and equal to the amount of the grant provided. A grant may not:

- Be issued to the same recipient for more than three consecutive years.
- Exceed \$100,000.
- Be used to pay code enforcement personnel unless the individual has acquired relevant certification or training in codes enforcement.

A Municipal Neighborhood Mitigation Fund may be enacted by a municipality with an established code enforcement program. This local fund will use penalties collected by the municipality for code violations as revenue and uses of the fund shall include mitigating code violations, including, but not limited to, demolition, cleanup, cleaning and sealing and making repairs to blighted property. A serious violation is defined as “a violation of a code that poses an imminent threat to the health and safety of a dwelling occupant, occupants in surrounding structures or a passerby.” Upon conviction for a violation, the municipality shall impose a neighborhood mitigation penalty assessed as follows:

- For the first violation, at least \$25 but not more than \$250.
- For the second violation, at least \$250 but not more than \$500.
- For the third or subsequent violation, at least \$500, but not more than \$1,000.

All penalties collected under this section of the bill must be deposited into the Municipal Neighborhood Mitigation Fund. DCED shall establish guidelines to carry out the provisions of this bill within 180 days of the effective date of this legislation.

The bill also provides for a County Property Maintenance Code, which may be enacted by a county as a property maintenance ordinance that incorporates a standard or nationally recognized property maintenance code or variation of a code, or a standard or nationally recognized property maintenance code or a variation, change or part of such code as the county’s property maintenance ordinance. Notice of consideration of such an ordinance shall be published once in one newspaper of general circulation at least one week and not more than three weeks prior to the proposed consideration of the property maintenance code. This ordinance may provide for reasonable property fines and penalties for violations of the code.

A county may appoint a property maintenance inspector who may enter and inspect a premises for violations of the code. Any fees payable to the property maintenance inspector shall be transmitted to the county after being collected by the inspector. A county may also take appropriate legal action to prevent or restrain a property maintenance violation. The powers of the county to enact, amend and repeal ordinances are limited to municipalities that have no property maintenance ordinance.

A county may not enforce a property maintenance ordinance adopted by a municipality within that county without an intergovernmental cooperation agreement and unless otherwise provided in an intergovernmental cooperation agreement, a fine, forfeited recognizance or other forfeiture imposed for a violation of a property maintenance ordinance subject to county enforcement shall be payable to the county.

FISCAL IMPACT:

House Bill 255 requires DCED to create guidelines for the Municipal Neighborhood Mitigation Fund as well as process grant paperwork for the Municipal Codes Enforcement Grant Program should funding be allocated to the program. DCED must also submit a report to the General Assembly outlining the total amount of grants awarded and recipients of those grants. It is assumed that the additional cost to DCED associated with this bill could be absorbed if the governor’s 2023-24 executive budget request (as amended by the spring update) for the department’s General Government Operations is enacted.

The fiscal impact on local government funds has the potential to vary widely. Should funding be allocated to the Municipal Codes Enforcement Grant Program, municipalities with no current code enforcement program would be eligible for grants not to exceed \$100,000 but must contribute a 50% match. It is unknown how many municipalities have no current code enforcement program, making it difficult to quantify the potential cost of the grant program.

Under the Municipal Neighborhood Mitigation Fund, municipalities with an established code enforcement program may collect penalties for violations of its codes, but it is not quantifiable how many penalties may be issued or how many subsequent violations may come after the first to estimate revenue generated. Furthermore, it is unknown if the fees collected would be enough to offset the 50% match required.

The County Property Maintenance Code also may collect fines and penalties directed to the county treasurer for use by the county, but those fines and penalties are not outlined and only defined as being “reasonable.” They are also optional. Under this code, a county may incur costs from the potential hiring of a property maintenance inspector if one does not already exist on staff. The county would also incur a cost to publicize the consideration of the ordinance in one newspaper of general circulation. Given the wide variances on reasonable fines and penalties and a lack of information about how many counties may participate, a fiscal impact is not quantifiable.

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House Appropriations Committee (D)

DATE: 6/7/23

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