

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. Senate Bill 1185

PRINTER'S NO. 2274

AMOUNT

No Fiscal Impact

FUND

General Fund

DATE INTRODUCED

June 30, 2011

PRIME SPONSOR

Senator Waugh

HISTORY OF BILL

Referred to LOCAL GOVERNMENT, June 30, 2011

Reported as amended, June 12, 2012

First consideration, June 12, 2012

Re-referred to APPROPRIATIONS, June 13, 2012

Re-reported as committed, Sept. 25, 2012

DESCRIPTION AND PURPOSE OF BILL

Senate Bill 1185 amends The First Class Township Code (Act 331 of 1931) by permitting the separation of the functions of tax collector and township treasurer.

The legislation amends various sections of The First Class Township Code to establish the elective office of tax collector and to provide for the appointed position of township treasurer. Under current law, the elected treasurer serves as tax collector, collecting school and township real estate taxes and in some cases county real estate taxes. Treasurers also collect street light assessments. In addition, they are often appointed to collect taxes levied under the authority of the Local Tax Enabling Act. Treasurers are to receive all funds paid to the township and keep account of these funds.

Tax Collector

At the municipal election in 2013 and every fourth year thereafter, the electors of each first class township shall elect one tax collector to serve for a term of four years. Tax collectors shall reside in the township from which they are elected and shall have resided in that township continuously for at least one year immediately preceding their election. Tax collectors shall receive such salary, compensation or emoluments of office as may from time to time be fixed by ordinance of the township in accordance with the Local Tax Collection Law.

The township tax collector shall collect all county, institution district, township, school and other taxes levied within such townships by authorities authorized to levy taxes. The tax collector may also be designated to collect taxes levied under the Local Tax Enabling Act. However, no tax-levying ordinance or resolution may authorize the tax collector to collect income taxes in a manner other than as provided in chapter 5 of the Local tax Enabling Act.

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Township Treasurer

Senate Bill 1185 provides that the board of township commissioners ("board") shall appoint a township treasurer, who may be the elected tax collector or an employee of the township, to serve at the pleasure of the board of township commissioners. The board shall determine the compensation of the township treasurer. The treasurer's duties are as follows:

1. Receive all moneys due the township and promptly deposit them in a designated depository in the name of the township.
2. Keep distinct and accurate accounts of all sums received from taxes and other sources, which accounts shall be open to the inspection of the board of township commissioners, township auditor or controller.
3. Annually state the accounts with the books and vouchers for audit by the township auditors or controller.
4. Pay out all moneys of the township only on orders signed by the president or vice president and attested by the secretary or assistant secretary of the board, and designate the appropriation out of which the orders shall be paid.
5. Preserve the account books, papers, documents and other things held in right of his office and turn them over to the successor in office.
6. Pay over to the successor any balance in money remaining in his hands or charged against him in the settlement of his accounts.

When the township treasurer is unable to perform the duties of office or fails to appoint a deputy treasurer, the board may appoint a deputy treasurer to serve until the treasurer is again able to perform the duties of his office.

The township treasurer shall give a fidelity bond to the Commonwealth in an amount prescribed by ordinance or resolution and at least equal to 50% of the amount of township funds estimated by the board of township commissioners to be available to the township treasurer at any time during the current year. The bond shall be subscribed by a surety company or companies duly authorized to do business in the Commonwealth, and it shall be conditioned on the faithful performance of the duties of the office.

The treasurer shall not be required to give bond or bonds aggregating an amount in excess of the taxes to be paid over to him by the tax collector. The deputy treasurer shall be bonded for the same amount as the township treasurer when acting in the capacity of township treasurer.

A township treasurer or deputy treasurer who fails to perform any duties of the office other than those for which specific penalties are provided commits a summary offense and, in addition to the fine or penalty which may be imposed upon conviction, is required to pay to the township an amount equal to the amount of the financial loss that occurred. Such person is disqualified from holding the office.

The term of the person who holds the office of elected treasurer in a first class township shall end on the first Monday in January immediately following the municipal election of 2013.

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Depositories of Township Funds

The following shall apply with regard to depositories of township funds:

1. The board shall designate by resolution a depository or depositories for township funds that is an insured institution.
2. The depository or depositories shall be banks, banking institutions or trust companies located in this Commonwealth.
3. The depository or depositories shall not be required to furnish bond or collateral security to cover the amount of any deposit to the extent that the same is insured with the FDIC.
4. The township treasurer or deputy treasurer shall immediately transfer the township funds to the designated depository or depositories and after that make deposits solely in the depository or depositories in the name of the township.
5. No township treasurer or deputy treasurer complying with these provisions, nor his surety or sureties, shall be chargeable with losses of township funds caused solely by the failure or negligence of the depository or depositories.
6. The depository or depositories shall furnish a bond to secure payment of deposits of township funds and any interest to the township, with a proper warrant to confess judgment in favor of the township, secured by a surety company to be approved by the board, or deposit obligations of the United States, or the Commonwealth of Pennsylvania or any political subdivision thereof, to secure the payment of township deposits and any interest thereon.

FISCAL IMPACT:

The legislation will have no adverse fiscal impact on Commonwealth funds.

There are 93 first class townships in Pennsylvania, and eleven of those have adopted home rule charters, which means that those eleven townships may not be subject to the provisions of this legislation. Senate Bill 1185 gives the board of township commissioners in a first class township the option of appointing a township treasurer, who may also be the elected tax collector. If the board opts to appoint a township treasurer who is not the elected tax collector, the additional costs would not be incurred until calendar year 2014.