

# SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

**BILL NO.** Senate Bill 1069

**PRINTER NO.** 1537

**AMOUNT**

No Fiscal Impact

**FUND**

General Fund

**DATE INTRODUCED**

March 15, 2018

**PRIME SPONSOR**

Senator Costa

**DESCRIPTION**

Senate Bill 1069 amends the Second Class County Code to provide for voluntary municipal dissolution in counties of the Second Class.

This legislation provides for the following new definitions:

- "Dissolution" – the replacement of the existing form of governance of a municipal corporation with an unincorporated district administered by a county;
- "Dissolved municipality" – a municipal corporation whose electors have voted to voluntarily dissolve the municipal corporation's existing form of governance and have the county assume all powers, duties and responsibilities for governance of the municipal corporation and delivery of public services through the administration of an unincorporated district;
- "District advisory committee" – a body appointed to advise a county manager concerning matters related to the governance of a dissolved municipality that has become an unincorporated district of the county; and
- "Unincorporated district" – the name of a geographical territory encompassing a dissolved municipality.

Senate Bill 1069 provides a process for the dissolution of a municipal corporation. A municipal corporation's governing body shall adopt a non-binding resolution of preliminary interest. The county shall begin discussions on the development of an essential services transition plan within 10 business days of receiving the resolution of preliminary interest. The proposed essential services transition plan must be completed within 180 days of beginning the discussion and can be extended for an additional 90 days if necessary. If no agreement is reached at the end of that time period, all discussions are considered concluded. The plan shall include but not be limited to:

- Naming the district;
- The disposition and handling of debts and obligations;
- The disposition and handling of suits and claims against the municipal corporation;
- The closing or transferring of all accounts;
- The status of employees;
- The disposition of ongoing contracts;
- The disposition of all real and personal property;

# SENATE APPROPRIATIONS COMMITTEE

## FISCAL NOTE

- The consolidation of ordinances;
- The rates of taxes and fees;
- The status, funding, payment and future administration of pensions and pension plans;
- The proposed operating and capital budgets;
- Outstanding and delinquent taxes; and
- The formation of the district advisory committee.

At least 45 days prior to the execution of the plan, the municipal corporation must publish in at least one newspaper a notification of a hearing to take place at least 15 days after the notice's publication. Any revisions or changes to the plan made must be published on the municipal corporation's website and in a place of public examination at least 15 days before the final approval.

If the plan is approved by both the municipal organization and the county, within 30 days the municipal corporation shall file a notice to place on the ballot a question of dissolution referendum to the voters. It shall be on the ballot of the next election occurring at least 13 weeks after the county receives the notice. If the referendum is not approved by the voters, the process for dissolution cannot be initiated again for five years.

The dissolution shall become effective 180 days after the certification that the referendum has been approved. The terms of elected officials shall end, and the essential services transition plan shall take effect.

The district advisory committee shall consist of three members who must reside in the district, be appointed by the county executive and approved by a majority of county council members.

Members of an unincorporated district may file a petition to provide for a consolidation or merger. If approved by the electorate, the consolidation or merger process outlined in Title 53 shall be utilized.

### **FISCAL IMPACT:**

Senate Bill 1069 has no fiscal impact on Commonwealth funds. Senate Bill 1069 authorizes the Department of Community and Economic Development to establish, if funds are appropriated, a grant program to offset the costs incurred by a county or municipal organization dissolution process. The department will be able to administer the grant program within its current funding and staffing levels.

This legislation should prove to be net-neutral for the municipalities involved. If any additional funds would be necessary for operation of the unincorporated district, the county has the authority to implement taxes and fees in the unincorporated district to cover the expenses of operation. Unincorporated districts may recognize cost savings due to the county's ability to eliminate redundancies of services and be able to utilize economies of scale for providing services.

# **SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE**

All costs shall be incurred by the county and the municipal corporation in the dissolution process. The estimated average cost to advertise in the Legal Notice section of a newspaper is \$2,000, a cost which should be able to be accommodated within existing municipal budgets.