

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. Senate Bill 589

PRINTER NO. 714

AMOUNT

No Fiscal Impact

FUND

General Fund

DATE INTRODUCED

May 5, 2021

PRIME SPONSOR

Senator Kearney

DESCRIPTION

Senate Bill 589 amends the Home Rule Charter and Optional Plans Law to allow a distressed municipality to form a government study commission directly, to include a specific role for the Act 47 coordinator study and recommendation process and to clarify the power of a charter to contain taxpayer protection provisions.

This bill provides an alternative process to form a government study commission to consider and potentially propose a new or to amend an existing home rule charter in a municipality that is currently in Act 47. To be eligible, a municipality must have adopted a plan which recommends the adoption of a home rule charter to address fiscal distress or to facilitate the municipality's exit from the program.

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 would also include the mayor or the mayor's designee. The coordinator would be designated as an ex officio member of the commission.

Once organized, the commission would 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; and
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 would 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.

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The bill requires 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.

Senate Bill 589 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. The tax rate clarification provisions of this act would take effect immediately. The remaining provisions would take effect in 60 days.

FISCAL IMPACT:

Senate Bill 589 will have no fiscal impact on Commonwealth funds.