



Pennsylvania Municipal League 2016 Legislative Priorities

Reform of Collective Bargaining and Municipal Public Safety Pensions

PML has partnered with the business community as a founding member of the Coalition for Sustainable Communities (CSC). The CSC's current priorities are collective bargaining and municipal pension reform.

Collective Bargaining

Act 111 of 1968, the Police and Fireman Collective Bargaining Act, has not been updated in 46 years. Since the late 1960's, the standards of public safety employee pay and benefits have increased significantly. The General Assembly must make reasonable amendments to Act 111 to reset the standards and level the playing field to meet today's fiscal realities. PML, through its work with the CSC, supports the following amendments:

- remove pensions and post-retirement health care from bargaining;
- require arbitration awards to reflect findings of fact and the record of evidence;
- expand the scope of a court's review to current case law and the absence of an award reflecting the findings of fact;
- expand the arbitration strike list provided by the AAA and reverse the sequence of striking;
- require the costs of the neutral arbitrator to be shared equally by both parties; and
- require the Act 111 evidentiary hearings be open to the public.

Municipal Public Safety Pensions

Public safety pensions must be reformed

prospectively and provide a level of sustainability and predictability. The cost of municipal pension benefits is one of the most pressing financial challenges facing local government today and far into the future. The CSC supports a "cash balance" pension proposal which reduces employer pension costs over time and has the potential to provide a stream of revenue devoted to paying the unfunded liability of current pension plans. Alternatively, the CSC supports a straight defined contribution plan for new hires.

Tax-Exempt Entities

Municipalities across the Commonwealth host a multitude of non-profit, tax-exempt entities. Tax-exempt entities, while representing important community services such as hospitals, universities and government, do not contribute to the tax base of the communities in which they are located. In core communities, the sheer number of tax-exempt entities tips the balance of revenue generation off-center; and the taxable entities, citizens and businesses pay an inequitable share of the property taxes that provide essential services to the entire base.

PML urges the General Assembly to address the burden of tax-exempt entities by:

- requiring regular reassessment and providing tools to assist in this effort, such as low interest loans and assessment technology;
- exploring the concept of tax-exempt property assessment based on the amount

of payroll paid, rather than property value; and

- authorizing local governments to assess service fees on all property owners, including tax exempts, to pay for specific services such as street cleaning, sidewalk cleaning, snow plowing, and street lighting.

Tax-Exempt Designation

Considering the fiscal impact of numerous tax-exempt entities, PML supports a high threshold to earn the designation of tax-exempt. PML opposes legislation seeking a Constitutional amendment to allow the General Assembly to determine the criteria for meeting the definition of a purely public charity because it will utilize a less stringent definition and more entities will be considered tax-exempt. This designation has a direct impact on the taxpayer and business owner who foots the bill for municipal services utilized by all.

Local Tax Reform

Local governments must get relief from the archaic, regressive taxing structure established for them by the Commonwealth over forty-five years ago. Municipalities have very little choice in how they generate revenue to pay for services. The Property Tax and Earned Income Tax are historically the chief sources of local revenue. Without other options, municipalities are forced to place a high burden on their taxable entities or cut services. An elastic taxing structure with local or regional flexibility would relieve some of the burden brought about by declining tax bases and increased service costs.

PML believes there must be more taxing options available locally to pay for services. Local government officials accept the responsibility for levying new taxes, but authorization is needed from the General Assembly in order to move forward.

PML supports the following local taxing alternatives:

- An increase of the Local Services Tax levy to \$144 per year and an annual indexing mechanism for inflation. The specific uses of Local Services Tax revenue should remain unchanged.

- A Payroll Tax instead of the Business Privilege Tax with revenue neutrality in the first year except in those municipalities currently prohibited from levying the Business Privilege Tax.
- A County Option 1% Local Sales Tax with new revenue tied to payment of a municipality's annual minimum municipal pension obligation first and core services second.
- A 10% tax on the retail sales of alcohol tied to public safety services related to the consumption of alcohol.
- A Sugared Drink Tax tied to local health, wellness and recreational programs.
- A special purpose tax for police services.

Urban Revitalization

The Commonwealth must invest in its core, urban communities. Without the stability of single family homes, urban centers will always be at a disadvantage in creating livable communities. Job creation, public money to leverage private investment, venture capital, business tax credits and low-interest loan financing are key economic development tools that urban municipalities must continue to be able to access.

Investment in Public Education

Investment in education is important to the entire Commonwealth, but especially to our older urban communities. Substandard schools are the number one reason young professionals with school age children leave our urban communities for the suburbs. Being able to offer a quality education in a safe setting is vital to rebuilding urban neighborhoods. PML supports access to high quality, publically funded pre-K for all three and four year olds. PML also supports the use of a full and fair funding formula for the Commonwealth's public schools.

Please contact Amy Sturges, Director of Governmental Affairs, at (717) 236-9469 x225 or asturges@pamunicipalleague.org with questions and/or comments.