

LIVESTREAM MEETING OF THE LOCAL GOVERNMENT COMMISSION

Thursday, June 18, 2020

The livestream meeting of the Local Government Commission (Commission) was called to order by Senator Scott Hutchinson at 9:00 a.m. with the following Commission Members, staff and guests participating:

MEMBERS

Senator Scott E. Hutchinson, Chair
Senator Scott F. Martin
Senator Judy Ward
Senator Judith L. Schwank
Senator Timothy P. Kearney
Representative R. Lee James
Representative Garth Everett
Representative Robert Freeman
Representative Christina D. Sappey

STAFF

David A. Greene, Executive Director
Kristopher J. Gazsi, Assistant Director
Wanda S. Dehan, Legal Counsel
Danette H. Magee, Senior Research Analyst
Julia E. Frey, Research Analyst
Karen S. Bear, Executive Assistant
Sonya I. Ebersole, Fiscal Administrator

GUESTS

Terry Trego, Senator Martin's Office
Matt Maniskas, Senator Schwank's Office
Sam Arnold, Senator Kearney's Office
Christopher Mulhall, House Local Government Committee (R)
John Fulton, House Local Government Committee (D)
Ashley White, County Commissioners Association of Pennsylvania
Melissa Anese, County Commissioners Association of Pennsylvania
Ed Troxell, Pennsylvania State Association of Boroughs
Ron Grutza, Pennsylvania State Association of Boroughs
Melissa Morgan, Pennsylvania State Association of Township Supervisors
Hayden Rigo, Greenlee Partners

As the first order of business, the Executive Director read a statement giving a brief summary of the remote proceeding. Mr. Greene announced that the meeting was being conducted with both Member and Commission staff participation by livestream and was being recorded. Also, on Thursday, June 11, 2020, notice of the meeting was posted on the committee meeting pages of the Senate of Pennsylvania and the House of Representatives through the

Legislative Data Processing Center. The meeting agenda was posted on the Commission's website, www.lgc.state.pa.us, on Monday, June 15, 2020. Any questions on agenda items for consideration by the Commission would be addressed during the meeting. After adjournment, the recording of the meeting will be posted on the Commission's website at www.lgc.state.pa.us.

The Members discussed the minutes of the May 13, 2020, business meeting, which were unanimously approved on a motion by Senator Kearney and a second by Representative Freeman. The financial reports for the month of May 2020 were presented, and an explanation was given by the Executive Director. The financial reports were unanimously approved on a motion by Senator Schwank and a second by Senator Kearney.

The Director unveiled one of the Commission's summer projects, which is to form a working group that would research and develop Act 47 diversionary concepts. A recent study by Dr. George Dougherty, Jr., and the Municipal Finance Research Collaborative at the University of Pittsburgh's Center for Metropolitan Studies found that Pennsylvania local governments face potential revenue losses in the billions due to the pandemic crisis. As a result, more municipalities would be eligible for Act 47 distressed status. Because the resources available to administer the current Act 47 program are finite, the Commission staff is proposing this effort based upon the assumption that a surge of Act 47 distress filings could overwhelm the existing program. Act 47 requires the Department of Community and Economic Development (DCED) to furnish resource-heavy services through a Coordinator (financial assessment, development of recovery plan, ongoing oversight and legal petition) before many of its cost-control, revenue reorganizing or economic development tools can be made available. The bipartisan, bicameral working group headed by Assistant Director Kristopher Gazsi and consisting of Dr. Dougherty, DCED practitioners, legislative staff, and Commission staff plan to conduct at least four meetings during the summer with the goal of developing an Act 47 diversionary program, or an alternative approach to municipal recovery if the economic forces surrounding the Covid-19 crisis create a wave of distress that cannot be realistically addressed through the existing Act 47 recovery and STMP programs. The working group aims to present its findings to the Commission Members in the fall. As suggested by Senator Schwank, the Director stated that he would ensure that members of the Pennsylvania congressional delegation were aware of the study's projections.

The Director updated the Members on the status of Commission-sponsored legislation. To date, the Commission has introduced a total of 34 bills with four becoming law and eight bills that have passed one chamber. Of note, House Bill 2073, Printer's Number 3052, which is the rewrite of the First Class Township Code, has passed the House, was referred out of the Senate Local Government Committee without amendment, and has been re-referred to the Senate Appropriations Committee. The Director is optimistic that House Bill 2073 and a few other bills will reach the Governor's desk by the end of the 2019-2020 legislative session on November 30, 2020. The Director thanked Chairmen Martin and Kearney, Commission Legal Counsel Wanda Dehan and Senate Local Government Committee Staff members Cindy Urban and Sam Arnold for their efforts in advancing House Bill 2073 in the legislative process.

The Members reviewed the remaining business meeting dates for 2020. On a motion by Representative Freeman and a second by Senator Ward the Members unanimously agreed to cancel the July 8 business meeting; therefore, the next Commission business meeting will be held as scheduled on Wednesday, September 23, 2020. At the September 23 meeting, the

representatives from the Pennsylvania State Association of Elected County Officials (PSAECO) will update the Members on PSAECO’s activities.

In other business, the Members were presented with revised language that would amend the Local Government Unit Debt Act (LGUDA) to enable local government units to incur working capital debt in response to the Covid-19 virus pandemic. The additional amendment to Chapter 81 of Title 53 of the Consolidated Statutes was introduced to the Members at the May 13, 2020, business meeting for their consideration. At that meeting, the Members requested Commission staff to add additional language that would include a timeframe or safeguards for local government units in need of incurring working capital debt. Commission staff added the additional language for the Members’ review. This amendment would authorize municipalities to incur working capital debt in a manner not otherwise permissible under the LGUDA for short-term needs to address the effects of the COVID-19 pandemic and to repay the COVID-19 debt over a period of time up to five years. After a lengthy discussion, the Members unanimously agreed that the Commission should seek more due diligence and obtain feedback from banking professionals for any possible ramifications. Commission staff will make the proper inquiries and present the findings to the Members at a later date.

The Director announced a few other items that Commission staff will be addressing this summer. Ms. Dehan will be working with the Legislative Reference Bureau (LRB) to improve the Municipal Claims Tax and Lien Law (MCTLL) by providing clarity with the ultimate goal of placing MCTLL into the Pennsylvania Consolidated Statutes. Currently, municipalities, municipal authorities and school districts utilize MCTLL for many of their collections. Research Analyst Julia Frey will be working with an intern at the LRB to develop a searchable database for the Commission’s Legal Update. The objective is to provide a Commission resource by which local government topics can be searched to produce the lead court cases for that subject. The Director and Ms. Dehan will continue to finalize language for the Neighborhood Improvement District project. Ultimately, the final product will be presented to the Members in the fall. Senior Research Analyst Danette Magee plans to update the Second Class Township Code for its eventual distribution to all second class townships by early 2021. Also, the Commission plans to aid the LRB by making the Commission responsible for the distribution of Title 8 (Borough Code) and Title 11 (Third Class City Code) of the Pennsylvania Consolidated Statues, along with the Second Class Township Code to all Members of the General Assembly.

The meeting adjourned at 9:45 a.m.

ATTESTED: _____
June 23, 2020