

LEGISLATIVE BULLETIN

COUNTY COMMISSIONERS ASSOCIATION OF PENNSYLVANIA THE VOICE OF PENNSYLVANIA COUNTIES

COUNTY PRIORITIES SPOTLIGHT: FY 2024-2025 STATE BUDGET

On Thursday, July 11, Gov. Shapiro signed into law **SB 1001**, the commonwealth general appropriations bill for the 2024-2025 fiscal year which began on July 1. The nearly \$47.6 billion spending plan represents a \$2.72 billion, or 6.2%, increase over FY 2023-2024.

In general, the FY 2024-2025 budget does not increase taxes, but does provide several tax cuts for businesses to deduct more losses and students to deduct loan interest. For counties, many lines and programs important to counties received flat funding or nominal increases, with a few exceptions, including intellectual disabilities and autism services and long-term care, Payments In Lieu of Taxes (PILTs) for state forest and park lands, and tourism initiatives. Overall, the largest funding increases were dedicated to K-12 education, providing for a nearly \$1.1 billion increase in K-12 across several budget lines.

The FY 2024-2025 state budget does not adequately address one of counties' top legislative priorities for 2024, increasing county mental health funding, with just an additional \$20 million increase in county mental health base funding for this year. This is woefully less than the \$250 million increase counties sought to begin rebuilding the crumbling community-based mental health system. Additionally, while not allocated to counties, schools received an appropriation of \$100 million for physical safety and mental health grants, which merges two prior school-based programs into one combined grant program.

Counties believed the \$20 million increase that was provided in the FY 2023-2024 budget was a down payment and an act of good faith that the legislature and administration were ready to start making serious investments into the community-based mental health system. Demand for mental health services continue to skyrocket while the funding for those services maintains a slow crawl. Given the severity of the situation, Pennsylvania counties were hopeful that this would be the time for the state to get serious about investing in the mental health services so many members of our communities depend on. It will once again be up to Pennsylvania counties to continue providing these critical services with inadequate funding. The full county statement regarding the final FY 2024-2025 state budget can be found [here](#).

A more detailed explanation of line items impacting county government, as well as other budget resources, will be available in the coming days on CCAP's [Budget News webpage](#).

OTHER LEGISLATIVE ACTION

While much of the late June and early July media coverage focuses on the passage of the state budget, both the House and Senate took action on several other issues of interest to counties.

SB 149 (Act 48) – County Demolition and Rehabilitation Funds

Amends the Real Estate Tax Sale Law, establishing a county demolition and rehabilitation fund in each county. Specifically allows counties, by ordinance, to levy a fee up to \$250 on delinquent property sales or mortgage foreclosures to fund demolition projects. The fund is optional for counties to join.

HR 425 – Study on Short-Term Rentals

On July 3, the House adopted HR 425, sponsored by Rep. Lindsay Powell (D-Allegheny), that directs the Joint State Government Commission to conduct a study on the growth and changes of short-term rentals in the commonwealth. The commission will address the lack of comprehensive data on the number of short-term rentals and analyze their rapid growth over the past decade. Furthermore, the report will examine ordinances and policy initiatives that municipalities have adopted to regulate short-term rentals, as well as state

laws and regulations governing them. Counties have struggled with collection and audits of hotel taxes related to short-term rentals, particularly for home-sharing rentals such as Airbnb and VRBO. This study should allow for a better understanding of the breadth of these types of rentals in the hopes of identifying solutions to ensure equity among all short-term rentals in the commonwealth, regardless of operation type.

HB 2473 – Electoral Count Reform Act

House Bill 2473, introduced by Rep. Ben Sanchez (D-Montgomery) was approved by the House on July 9 by a vote of **105-97**, making its way to the Senate. The bill amends the Pennsylvania Election Code, aimed at expediting the appeals and certification processes in elections, aligning election procedures with the requirements of the federal Electoral Count Reform Act. Specifically under this bill, courts would have to hear and decide election appeals within seven days, and the Secretary of the commonwealth would be required to certify general election returns no later than the fifth Tuesday after election day. Further, election dispute decisions would have to be made within seven days, with appeals to the Supreme Court resolved within six days.

SB 656 - Electric Vehicle Fees

Both chambers recently approved SB 656 (Sen. Greg Rothman, R-Cumberland), which would impose an annual fee on electric vehicles and plug-in hybrid electric vehicles and provides for an alternative fuels tax on electricity. This legislation is in response to decreased fuel tax collections due to more fuel efficient and electric powered vehicles, which directly impacts transportation funding in the commonwealth, including road and bridge funding to local governments. At the time this Bulletin was published, the bill was delivered to the Governor but had not yet received his signature.

HB 2310 (Act 54) – Fire and EMS Grant Program Reauthorization and Payment in Lieu of Taxes (PILT) Increase

Omnibus amendments to the Fiscal Code including a reauthorization of the Fire and Emergency Medical Services (EMS) Grant Program until December 31, 2029. Additionally, Act 54 increased the payment in lieu of taxes for state park and forest lands from \$2.40 to \$3.00 per acre each for counties, municipalities and school districts where the property is located.

Additionally, several pieces of legislation were sent to the Governor's desk, including bills related to telemedicine service coverage and digital transmission of comprehensive plans under the Municipalities Planning Code among others. A complete list of legislation affecting county governments can be found on the CCAP [Legislative Action Center](#), which will be updated as legislation sent to the Governor is officially signed into law.

PUC ANNOUNCES IMPACT FEE DISTRIBUTIONS

The Pennsylvania Public Utility Commission posted details of the distribution of the 2023 natural gas impact fees, which total almost \$179.6 million. This year's distribution is approximately \$100 million less than last year, primarily due to significantly lower gas prices and the minimal addition of new wells.

Under the Act 13 distribution formula, counties with spud wells will receive almost \$32.7 million this year, while all 67 counties will share about \$9.6 million in Legacy Fund monies for open space purposes, which counties should have received on or around July 1. Additional details about the distributions can be found on the CCAP website under [Resources and Reports](#).

In addition, the state's Independent Fiscal Office has released its [outlook](#) for the 2024 impact fee collections, which will be collected and distributed in 2025. Two factors, the statutory fee schedule and the number of new wells, are predicted to have significant implications for the impact fee revenues. First, with a substantial decrease in the price of natural gas, the statutory rate for horizontal wells will pay a reduced fee from CY 2023. Second, Department of Environmental Protection data shows that the number of new horizontal wells spud in the first half of 2024 was down 19% from the prior year and wells pay the highest level of impact fees in their first year of operation. These two factors are expected to result in a reduction of \$10 to \$15 million in overall impact fee collections from the prior year.

IFO ISSUES UPDATED REVENUE ESTIMATES

As the current fiscal year comes to a close, the state's Independent Fiscal Office (IFO) has issued its [official revenue estimate](#) for FY 2024-2025, with a \$45.97 billion projection that is an increase of more than one percent from FY 2023-2024. Additionally, the IFO issued a revision for FY 2023-2024 revenues to \$45.49 billion, or \$288 million above their original estimate. This can be attributed to higher corporate net income tax (CNIT) and non-vehicle sales and use tax (SUT) collections.

More information on the IFO's revenue estimates can be accessed on the IFO [website](#).

CCAP MEMBERS: HELP SHAPE CCAP'S POLICY

One of the best ways to make your voice heard as a CCAP member is to participate in the policy-shaping process **throughout the year**. July and August are particularly important months to get involved, as there are several ways you can have a voice in policy decisions.

All CCAP members are invited to observe any of our ten policy committee meetings, held in-person on August 4, the Sunday prior to the **Annual Conference**, in Gettysburg (Adams County). Voting on all policy resolutions to update the **CCAP Platform** will take place during the conference at the business meeting on Tuesday, August 6. For those not able to attend in person, CCAP members will have the ability to participate in the business meeting and voting process virtually. The full voting packet, which will also include 2025 CCAP officer selection, 2029 Annual Conference site selection and a proposed bylaws amendment, will be sent to CCAP members around July 25.

Questions should be directed to PACountiesGR@pacounties.org.

[Other CCAP Publications](#)

CCAP | PO Box 60769 | Harrisburg, PA 17106-0769 US

[Unsubscribe](#) | [Update Profile](#) | [Constant Contact Data Notice](#)



Try email marketing for free today!