

SB 1429: Providing municipalities with more tools for voluntary merger and consolidation

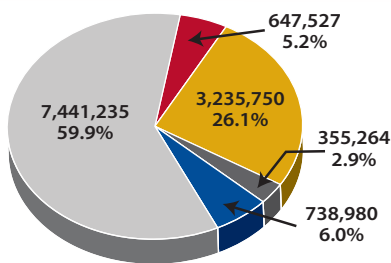
Pennsylvania Municipalities Need New Tools to Meet Ever-changing Challenges

- Fiscal stress and expanding service demands are top concerns
- Need changes to existing laws
- State Planning Board recommendations provide guidelines to help municipalities adapt to changing conditions

Pennsylvania municipalities face increasing challenges to deliver adequate public services. The recent global economic downturn, tax base losses and crushing legacy health care and pension liabilities strain the financial capacity of local governments. In the current climate, there are no easy answers.

While the Commonwealth has established programs for municipalities in the most extreme stages of financial stress – such as Act 47 – new approaches are needed to help municipalities avert financial disaster.

4 out of 10 PA residents live in a financially stressed municipality

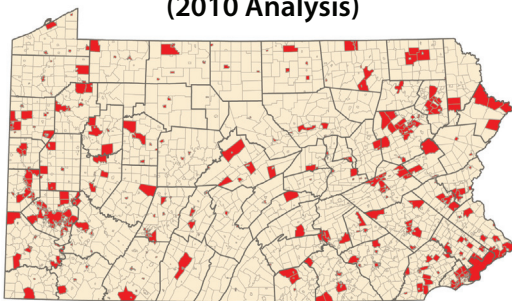


PA Population Living Under Financial Stress (2008)

- Act 47
- PEPSW Pension Distress
- Early Intervention
- PEPSW Stress Index
- No Financial Problems Identified

A growing number of municipalities across the Commonwealth show signs of financial stress

Financial Stress is Statewide (2010 Analysis)



Created by the Pennsylvania Economy League of Southwestern Pennsylvania, April 2010

The current laws governing municipalities are ***dated, inflexible and uncompetitive*** – more must be done to help our municipalities become effective, financially stable, sustainable governments.

The State Planning Board has recommended changes to help municipalities adapt and thrive in the years ahead including a proposal that adds flexibility and clarity to the merger and consolidation process.

Legislators are currently considering SB 1429, a bill that amends the existing Merger or Consolidation Act to provide additional options to communities ready for change. SB 1429 clarifies the authority of municipalities to consolidate or merge and adopt a home rule charter in the same ballot. SB 1429 also grants municipalities greater freedom of choice in how they initiate consolidation or merger, replaces vague timeframes with specific ones and provides a clearer transition process.

Government reforms such as merger and home rule promote efficiency and effectiveness, and thus hold down taxes and improve the local environment for business. SB 1429 strengthens and clarifies local control and municipal self-determination. This bill will enable municipalities that are ready to embrace sustainable futures to build stronger, united communities.

It is time to act!

The following organizations commend the State Planning Board and legislative leaders for these proposed reforms:

