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**PENNSYLVANIA'S COUNTIES UNVEIL PRIORITIES FOR 2009
Legislative Agenda Includes Improving Tax Equity, Government Efficiency And Budgetary Issues**

HARRISBURG (January, 26)—County leaders from throughout Pennsylvania today unveiled their list of nine key legislative priorities for 2009 aimed at improving tax equity for local residents, government efficiency and seeking cost savings while working to assure that funding decisions at the state level do not adversely impact local taxpayers.

Jim Kennedy, Butler County commissioner and president of the County Commissioners Association of Pennsylvania (CCAP) said, "Counties' legislative priorities cover a wide variety of issues, but carry a common theme: our communities' needs are many, and cutting funding for critical services at the state level does not automatically result in cost savings. Failure to adequately fund mandates, and thus passing responsibility to local taxpayers, shifts the tax burden but does not reduce it."

Kennedy discussed the continued desire of Pennsylvanians for property tax reform at every level of local government, including a more equitable way to fund services. Counties continue to advocate options that will allow county elected officials to select fairer revenue sources, more compatible with local economic conditions, in return for a reduction in property taxes.

"As in previous years, our top priority is tax fairness. We will continue to call on the General Assembly to authorize optional local tax bases such as the sales tax or the personal income tax in return for a dollar-for-dollar reduction in property taxes. But tax fairness also includes measures that affect the tax base and how services are funded, and this is why we are advocating to restore the ability to assess oil and gas interests," Kennedy stated.

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Counties had the ability to assess oil and gas prior to a 2002 Pennsylvania Supreme Court decision. Currently, a majority of counties around the state are experiencing the impacts of Marcellus shale drilling and exploration. Pennsylvania remains one of the few states with significant oil and gas production that does not permit property taxes. If the state does not reverse the court decision through legislation, the property tax burden will be borne disproportionately by the remaining taxpayers.

Kennedy also discussed counties' second legislative priority encompassing commonwealth budget funding, which includes funding for human services as well as other important county-related programs such as conservation districts and cooperative extension.

"In 2008, decisions were made to not fund some mandates, such as the commonwealth share of district attorney salaries, and to fund other mandates such as human services at levels less than the actual need. While we are sensitive to the state's fiscal difficulties, county commissioners will stand together to demand that the state meet its statutory obligation to adequately fund mandated and necessary services," Kennedy said.

Also in 2008, partly due to the state's failure to fund district attorney salaries, CCAP filed again with the Pennsylvania Supreme Court to seek enforcement of a 1987 Supreme Court decision regarding funding and administration of the court system, to date largely ignored by the General Assembly. Funding for the courts, including district attorneys, is the third CCAP priority.

"The court has ruled that a lower court system funded by 67 counties with disparate fiscal capacities creates an inherently unequal system of justice. The state has failed to take steps to achieve the equity required by the courts, and in fact has shifted more responsibility to the local level. Zero dollars were appropriated in the FY 2008-2009 commonwealth budget to meet the state's district attorney salary obligation for 2008 and for each year the state shirks its responsibility, the price tag for taxpayers is more than \$100,000 per county," Kennedy said.

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The remaining six CCAP priorities cover a range of topics. The Association said the state must address funding for local roads, bridges and mass transit alongside state funding needs to assure reliability of the entire transportation network. Reauthorization of fees that support the 911 emergency response system is also needed. To sustain local recycling programs, the Association also seeks legislation that will allow restoration of fees to be used specifically for recycling efforts. Counties ask for quick action to clarify how special uses of land enrolled in a preferential assessment program known as Clean and Green impact eligibility.

CCAP members are engaging in special task forces to take a focused look at issues related to oil and gas development in the Marcellus shale region, as well as mentally ill in jails. These groups will be developing policy recommendations to share with state leaders.

“Our goals are ambitious, and we do recognize that a very difficult budget year lies ahead for everyone. However, we also believe that the tough economic times provide an opportunity for innovation. Counties are committed to doing their part to provide information and insights to these discussions and suggesting new ways of doing business. We will advance a list of mandate relief suggestions that will achieve savings at the local level. We will also be prepared to consider new revenue at the state level if it will benefit the services we provide and the constituents we serve,” Kennedy said.

County leaders met with legislative leaders throughout the day to discuss their 2009 legislative priorities. More information about each of these priorities is provided below, and can also be found at www.pacounties.org, *click on 2009 Legislative Priorities*.

Commonwealth Budget Issues: As the nation’s current recession was declared official, Pennsylvania counties were already facing budget difficulties. Commonwealth budget cuts passed along to counties during FY 2008-2009 have come at the same time that residents’ requests for assistance to help meet their most basic safety needs are on a dramatic upswing. Just as in previous recessions, tough economic times, low wages and rising costs of living have led to an increase in the requests for help in meeting even basic safety needs such as rent, shelter, utilities, food, and prescriptions. Counties are in the forefront of providing necessary services, and have had to continually increase their fiscal share for these services as state and federal funds have not kept pace with state and federal mandates, the increasing need for services, and the actual costs of providing services. Counties continue to act as a safety net for those individuals most in need.

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Court Administration/District Attorney Funding: In the 1987 decision *County of Allegheny v. Commonwealth of Pennsylvania*, the Pennsylvania Supreme Court ruled that a lower court system funded by 67 counties with disparate fiscal capacities created an inherently unequal system of justice. The Court allowed the existing system of funding to remain in place until the legislature had reasonable time to act. After years of legislative inaction, the Court issued a mandamus in response to a CCAP petition, and appointed retired justice Frank Montemuro as master to develop a set of recommendations on how the decision could be implemented. The Montemuro report was issued and adopted by the Court in 1996, and provided for four phases to transfer funding and administrative responsibility to the commonwealth. CCAP members have identified court administration and funding as a priority for 2009 based on their concern for statewide equity in justice, as well as their concern for property taxpayers bearing an undue burden on the part of the commonwealth.

Clean And Green: The Clean and Green law allows agricultural and forestlands, or lands that could be used for agriculture or forestry, to be assessed at use value rather than market value. However, the statute is not clear on how certain special uses, such as leases for oil and gas development, solar or wind, affect eligibility for the program. This has caused confusion for counties who administer the Clean and Green program, as well as for landowners whose leases may not address responsibility for roll-back taxes and penalties under the law. Counties seek uniformity and believe that any change to the statute dealing with lease types must recognize and delineate when a change of use has occurred that would cause all or part of a tract to be ineligible for preferential assessment.

911 Services: Counties have responsibility for one of the key functions in public safety, the operation of the 911 call taking and dispatch system, provided for through the Public Safety Emergency Telephone Act of 1990. While the law has resulted in a strong 911 system, as amendments were adopted they were keyed to the individual technology, and consequently the act creates inconsistencies in funding and administration based on the technological platform. A county priority for 2009 is to join work underway within PEMA to rewrite and consolidate the statute.

County Recycling Fee Authorization: Due to a court decision, counties can no longer levy a local administrative fee to fund supplemental county recycling programs such as household hazardous waste collection, electronics recycling, recycling drop-off centers, illegal dump enforcement, and cleanup and tire recycling. Counties are seeking express statutory authorization to re-instate administrative fees that would be dedicated to recycling programs, administration of those programs and public education.

Mass Transit, Local Roads and Bridges: While the Association has no official position on tolling interstates, it continues to stress the interrelatedness and interdependence of state, county and municipal transportation systems. Counties support comprehensive and ongoing solutions to the critical infrastructure and mass transit needs that exist at all levels, and extend their support to consideration of funding alternatives such as fuel taxes at wholesale or retail levels, user fees, highway or turnpike leasing and others, as well as reasonable alternatives directed at reducing highway construction and mass transportation operation costs. Act 44 gave \$5 million in new funding for county bridges, and \$30 million to municipalities for local road maintenance. While those increases were appreciated, they continue to fall far short of identified need and, if the act is revisited, counties will join with municipalities in seeking funding that better addresses local requirements. Annual infrastructure needs for the more than 4,000 county-owned bridges exceed \$100 million in capital costs alone, funded with a gas tax allocation that, apart from Act 44, has remained largely unchanged since 1930 and, with Act 44, amounts to about \$40 million.

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Marcellus Shale: The Marcellus shale exploration and development impacts nearly two-thirds of Pennsylvania's counties, and has the potential to bring a boost to the state economy during an economic downturn. Yet this development is not without social, economic and environmental concerns. Counties seek action by the General Assembly to restore the ability to assess oil and gas for real property tax purposes, which was historically permissible until a 2002 Pennsylvania Supreme Court decision. Without the proper taxation of oil and gas companies' interest in mineral rights, an inequitable tax burden is placed on other property taxpayers. Counties also seek amendments to the Clean and Green statute, which will give consistency to its application on Marcellus operations throughout the state.

Mentally Ill Inmates/Specialty Courts: Recent national studies suggest that as many as 60 percent of county jail inmates suffer from some form of behavioral health concern, and a significant portion have a documented mental illness. Counties do not have the resources to provide the level of services required, and without a larger commitment of state and federal dollars for housing, health care, medication, counseling and life skills services, mentally ill inmates will be trapped in a revolving door. CCAP supports efforts to assist counties in expanding and operating mental health courts, including a dedicated and permanent funding source, to end siphoning resources away from those seeking assistance in the community who are not involved in the justice system.

CCAP is the voice of county government, a statewide, nonprofit, nonpartisan Association representing Pennsylvania's 67 counties.

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