CCAP
COUNTY COMMISSIONERS
Association of Pennsylvania

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LEGISLATIVE BULLETIN

COUNTY COMMISSIONERS ASSOCIATION OF PENNSYLVANIA
THE **VOICE** OF PENNSYLVANIA COUNTIES

IN THIS EDITION:

COUNTIES URGE SWIFT BUDGET PASSAGE AND MENTAL HEALTH INVESTMENT

For over 240 years, Pennsylvania's counties have partnered with the commonwealth to deliver essential public services, including 911, courts and corrections, and elections. Among the most vital of these are human services programs that support the most vulnerable among us: children suffering abuse or neglect, individuals battling substance use disorders, residents with mental illness or intellectual disabilities and seniors requiring long-term care. These services not only safeguard those in direct need, but also uphold the well-being, safety and stability of entire communities.

These responsibilities require a strong, dependable state partnership. But state funding has not kept pace with rising costs, growing mandates, and increasing service needs—forcing counties to shoulder more burden with fewer resources.

As the FY 2025-2026 budget remains under negotiation, counties warn that delayed or inadequate state funding risks destabilizing human services systems, jeopardizing care access, and increasing local fiscal strain. Many counties have already been forced to raise property taxes or cut programs to bridge the gap over the last year. Counties will continue to face difficult decisions as they begin their own budget planning for next year.

The top budget priority for counties for 2025 is our request for a **$100 million increase in county mental health base funding**. This request is separate from other mental health initiatives the Governor had included in his proposal, such as dedicated school-based programs, and reflects the urgent need to stabilize a system that has been underfunded for more than a decade. This investment would strengthen local capacity, improve access to care, and reduce wait times and service gaps for Pennsylvanians in need of community-based mental health services.

Each day that passes without a budget in place increases uncertainty, adds costs, and threatens essential services statewide. A timely, fully-funded budget is critical to upholding the state-county partnership and ensuring that Pennsylvanians continue to receive the care and support they need. Counties stand ready to work with state leaders to deliver a responsible budget.

CCAP will continue to post information related to the state budget on the CCAP **Budget News webpage**.

PEMA RELEASES 911 SERVICE OVERVIEW

The Pennsylvania Emergency Management Agency (PEMA), in collaboration with key stakeholders- including CCAP- has released its updated **overview** on Pennsylvania's 911 system. This comprehensive overview outlines the structure, responsibilities, funding mechanisms, and legislative needs necessary to support and sustain the commonwealth's 911 services. The overview underscores the critical importance of reauthorizing the 911 surcharge- currently the primary funding source for the life-saving services provided by 911 systems and personnel- well before its scheduled sunset date of January 31, 2026. It further highlights that many 911 system costs not covered by the surcharge must instead be funded by county property tax dollars or other local revenues sources. This in turn places a growing financial burden on counties that are already tasked with serving as the first line of emergency response.

As technology evolved and the current funding model falls out of step with modern realities, counties require a more consistent and sustainable revenue stream to meet the demands of the 911 system. The overview notes the troubling trends in telecommunications that directly impact surcharge collections. According to a recent **FCC report,** between 2022 and 2023, Pennsylvania saw a 7% decline in VoIP subscriptions and a 15% decline in landline subscriptions, while wireless subscription grew only modestly by 2%. This decline, paired with market saturation in wireless services, indicates that surcharge revenue is not keeping pace with the rising 911 system costs.

Given these growing demands on emergency response systems, the current $1.95 monthly 911 surcharge is not adequate to meet the operational and technological needs of Pennsylvania's 911 infrastructure. That is why CCAP, is advocating for an **increase in the surcharge to $2.20**. This increase is essential to begin closing the widening funding gap and to prevent counties from having to divert local tax dollars away from other vital services just to keep 911 systems running. A strong and reliable 911 system is not only a local government priority- it is a public safety imperative that requires shared investment.

Legislative action to both reauthorize and increase the surcharge is critical to sustaining Pennsylvania's emergency response capabilities. Without action, counties risk falling behind in maintaining and upgrading systems that residents depend on every day. Now is the time to make a long-term commitment to the future of 911 services across the commonwealth.

TRANSPORTATION BILLS MOVING IN THE LEGISLATURE

On June 17, the House passed **House Bill 1364**, sponsored by Rep. Ed Neilson (D-Philadelphia), to create the Public Transportation Trust Fund Transfer and Increase Act. This bill proposes significant changes to how transportation is funded in Pennsylvania by increasing the share of state sales and use tax revenue directed toward transportation-related funds. Under the bill, 6.15% of sales and use tax revenue collected under the Tax Reform Code would be deposited monthly into the Public Transportation Trust Fund. An additional 0.25% would go to a newly established Road and Bridge Project Sinking Fund, designated for bond repayment.

- The Road and Bridge Fund, which would finance construction, reconstruction, maintenance, and repair of roads and bridges.
- The Road and Bridge Project Sinking Fund, used to repay bonds issued under this act.

To support these projects, the Commonwealth Financing Authority would be authorized to issue up to $500 million in bonds. These bonds would be repaid using the designated revenue streams and would not be considered debt of the commonwealth or its political subdivisions. Additionally, the bill allows local transportation organizations to receive more than a 20% increase in annual state financial assistance. Beginning June 30, 2028, the share of sales and use tax revenues allocated to the fund would increase to 7.9%. Lastly, the bill establishes a temporary Transportation Funding Advisory Commission within the Department of Transportation to further study and advise on funding issues. The bill now awaits further consideration by the Senate Transportation Committee.

Also focused on transportation funding, the Senate passed **Senate Bill 205** on June 24, introduced by Senator Greg Rothman (R-Cumberland). This bill aims to expand the eligible uses of highway maintenance funds under Title 75 (Vehicles) and allows counties to use a portion of the $5 million in annual supplemental highway maintenance funding not only for county-owned infrastructure, but also for the construction and maintenance of municipally owned bridges within the county. It further clarifies that proceeds from the existing 55-mill liquid fuels tax may also be used for this purpose. The bill broadens the flexibility counties have to use existing transportation funding sources to address local bridge needs. The bill now awaits further consideration by the House Transportation committee.

As counties continue to face increasing demands and costs associated with maintaining local roads, bridges, and public transit systems, both bills represent efforts to explore and strengthen revenue streams. Counties remain committed to working with the General Assembly to address critical infrastructure funding challenges and to ensure sustainable investments in both local and regional transportation networks.

TOURISM IMPROVEMENT DISTRICT BILL ADVANCES TO SENATE

On June 24, the House passed **House Bill 1347**, sponsored by Rep. Johanny Cepeda-Freytiz (D-Berks). This legislation would authorize counties to establish Tourism Improvement Districts (TIDs)- designated geographic areas where primarily hospitality-related businesses, such as hotels, are assessed a special fee to support tourism promotion and infrastructure improvements.

The assessment would be calculated based on a formula, such as a percentage of revenue or occupancy rates, and would be collected from businesses within the district. The funds generated would be managed by Tourism Improvement District Management Associations, which are nonprofit organizations or public authorities tasked with implemented a county-approved tourism improvement plan.

Counties would play a key role in the creation and oversight of TIDs, including the collection and administration of special assessments. This structure creates new opportunities for counties to collaborate with the tourism sector in driving economic development, strengthening local attractions, and enhancing the visitor experience.

HOME PRESERVATION GRANT ADVANCES OUT OF COMMITTEE

On June 23, the House chamber passed **House Bill 1650**, introduced by Lindsay Powell (D-Allegheny). This bill establishes the Pennsylvania Home Preservation Grant Program within the Department of Community and Economic Development. This program would provide grants to local governments to support the rehabilitation and repair of existing owner-occupied homes. Local governments with experience in housing repair or rehabilitation would be eligible to apply and may also subgrant funds to approved entities to carry out the work. Grant funding must be used to address habitability concerns, improve energy or water efficiency, or make homes more accessible. The bill also limits administrative costs and requires counties to have spent at least 75% of their Whole-Home Repairs Program funds to qualify. Priority must be given to projects that include additional non-state funding or coordinate with existing home repair programs.

The Pennsylvania Home Preservation Grant Program is intended as a continuation of the Whole-Home Repairs Program, which was originally funded through one-time federal American Rescue Plan dollars. This effort has helped many residents- particularly older adults- remain in safe, stable housing by addressing critical repairs and accessibility needs. Counties support this bill as a means to sustain and build on the success of the Whole-Home Repairs Program. Counties look forward to working with the General Assembly to advance this important legislation and ensure continued investment in housing stability across the commonwealth. The bill now awaits further consideration by the Senate.

PUC ANNOUNCES IMPACT FEE DISTRIBUTIONS

The Pennsylvania Public Utility Commission posted details of the distribution of the 2024 natural gas impact fees, which total almost $164.5 million. This year's distribution is approximately $15 million less than last year, primarily due to a significant decrease in new wells that pay the highest fee and help offset reduced collections from older wells.

Of the money collected, $86.7 million will be distributed directly to counties, municipalities, and a housing fund; $57.8 will go to long-term environmental and infrastructure projects through the Marcellus Legacy Fund; and the rest will support state agencies and conservation efforts. 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 2025 impact fee collections, which will be collected and distributed in 2026.

Looking ahead to 2025, impact fee revenues are expected to rise significant due to higher natural gas prices and an increase in new wells. If this trend continues, the statutory fee schedule will increase across all well age brackets, with some older wells seeing fees more than double. Additionally, 195 new horizontal wells were spud between January and mid-June 2025, a 23% increase over the prior year. Due to new wells paying the highest fees, this boost in activity will further support revenue growth. Taking account these trends and a 2.9% expected consumer price index adjustment, the IFO projects that 2025 impact fee revenues could total $235 million- an increase of $70 million from 2024.

Other CCAP Publications