



**Testimony before**

**Senate Local Government Committee and Senate Urban Affairs & Housing Committee**

**Presented by Tom Scott, Counsel**

**10,000 Friends of Pennsylvania**

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Committee Chairmen Regola and Pippy, and members of both committees, good morning. I am Tom Scott, counsel to 10,000 Friends of Pennsylvania, and on whose behalf I testify today. We thank you very much for the opportunity to speak with you today.

As you may know, 10,000 Friends of Pennsylvania was founded in 1999 to create a statewide voice for concerns about the twin problems of declining communities and disappearing open space. We work to develop and promote land use policies and actions that will enable Pennsylvania to strengthen its diverse urban, suburban, and rural communities.

We support growth that is smart for Pennsylvania – growth that supports the social and economic viability of Pennsylvania’s cities and towns, protects our environmental quality, conserves our fiscal resources, and preserves the state’s exceptional rural heritage.

From our earliest days, we have been active in supporting legislation that helps Pennsylvania’s local governments work together. Most notably, we worked with the General Assembly and Governor Tom Ridge to support enactment of Acts 67 and 68 of 2000, which amended the Municipalities Planning Code (MPC) and enhanced municipal power and authority.

That opportunity for voluntary cooperation is utilized. More than 700 municipalities are participating in nearly 200 multi-municipal planning efforts, and a significant number of these efforts include cities. There are also nearly 100 councils of government that include roughly half the municipalities in the state and perform a variety of services ranging from joint purchasing to regional economic development planning.

These partnerships become more crucial as fiscal realities intrude. The Pennsylvania Economy League released a study of municipal fiscal health this spring that verified that Pennsylvania’s communities are facing an epidemic of fiscal distress as they struggle to reconcile mounting costs for public services with stagnant or declining revenue streams.

This declining fiscal health is not confined to cities. Many boroughs and townships find themselves in tightening fiscal straights as rising costs outpace revenue gains. This fiscal stress is not confined to economically depressed regions. Even in relatively prosperous parts of the commonwealth, cities struggle with budget problems despite valiant revitalization efforts.

The Commonwealth’s outdated and restrictive county and municipal service mandates and taxing powers are the primary reasons why more than 1,300 Pennsylvania municipalities find themselves in worse financial condition than they were in 1970.

*To use a construction metaphor, it’s as if each local government has a wheelbarrow, but what’s really needed is a dump truck.*

## **Our communities have outgrown the boundaries that divide them**

A large part of the problem is that our local governments are organized into small boxes, but our communities long ago expanded beyond those boxes and are now divided by numerous boundaries that get in the way of common-sense planning and problem-solving.

As you have deliberated on the issue of earned income tax collection, one statistic stands out: Gone are the days of living and working in the same municipality. Only 16 percent of residents live and work in the same municipality. 79 to 80 percent of employees in the state do work and live in the same county.

Communities facing fiscal problems find it increasingly difficult to maintain their infrastructure and provide basic quality services to those residents who leave the jurisdiction every day. Problems like rising crime and crumbling streets, combined with ever-rising taxes, convince more and more residents and businesses to leave core communities, further eroding an already depleted tax base. Those who can afford greener pastures move elsewhere, leaving behind an increasingly poor and distressed population requiring expensive public services. And in many cases, the major employers left behind in central cities are hospitals and other non-profit institutions that benefit from public services, but are exempt from paying taxes. The patterns and impacts of rising demand and constricted revenue won't stop at the local government line; this pattern will repeat as Pennsylvania continues to suburbanize.

Pennsylvania communities need to have the resources to deliver basic services, keep their communities clean and their citizens safe. If they cannot do that, no one should expect the private sector to invest in those places, no matter the public subsidy.

To protect the investments that have already been made, and to achieve sustainable revitalization, we have to change the rules of the game that no longer work well for any of our municipalities. The rules of the game are defined by an outmoded system of local governance and taxation that no longer fits with the way we live and do business – a system that divides metropolitan areas against themselves, forcing municipalities to compete with one another rather than joining together so they can compete more successfully in the global economy.

Crime serves as a good example of a problem that does not respect municipal boundaries. More and more suburban municipalities that once considered themselves havens of security now find themselves fighting crime problems that spill over from nearby cities and boroughs. Yet police departments are divided by arbitrary boundaries that keep them from working together effectively. Too often, a suspect wanted for armed robbery in one municipality will be pulled over for a traffic violation in a neighboring municipality and released because the two police departments are not communicating effectively.

## **More and more communities are working together across boundaries**

Many communities have taken steps to overcome such problems by combining their police departments. A 2006 report published by the Governor's Center for Local Government Services lists more than 30 consolidated police services in Pennsylvania. York County alone has six consolidated police departments – more than any other county in the state. But none of these regional departments currently include the city of York, which contains the bulk of the region's poor neighborhoods where much of the crime originates. York, a city with severe fiscal problems, is left to deal with its crime by itself. Yet all municipalities in the region share a strong interest in reducing York's crime problem – not only because they are increasingly victimized by rising crime, but also because their county taxes support an overburdened court and prison system.

Metro-York, a task force of civic and business leaders convened to promote ways to work across government boundaries to improve the area's economy, educational system, and public safety, has been developing recommendations for regional cooperation. The first proposal is to merge the city's police department with four suburban departments to create a single regional force funded through a regional public safety tax. Several suburban police departments have expressed strong support for the idea. As a recent editorial in the *York Sunday News* noted, "Criminals don't respect - or probably even know - where the municipal boundaries lie. They've already 'regionalized' - in that sense, they're more progressive than our municipal systems."

Another community where local leaders have been seriously considering options for regionalizing local government functions is the Lehigh Valley. Among the ideas being studied and debated are:

- A single regional water and sewer system that would take advantage of existing excess capacity in Allentown and Bethlehem;
- A regional health department;
- A crime center to serve the entire region; and
- A tax or revenue sharing system to support regional programs in an equitable manner.

### **The Commonwealth should do more to encourage and incentivize regional cooperation**

While intergovernmental cooperation can reduce redundancies and increase economies of scale, and cooperative arrangements can help stressed municipalities provide the high-quality services that are essential for revitalization, more is essential.

Having verified through the use of Acts 67 and 68 that multi-municipal planning is a relevant way forward for local governments, 10,000 Friends believes that we must address the deeper structural issues that bind governmental efficiency. Specifically, we must address how services are delivered, and the revenues that support that delivery.

The State Planning Board has recommended addressing several gaps in state law that hinder intergovernmental cooperation. In addition, the state should provide incentives for merging and consolidating local government services, including resources for conducting studies and paying for transition and legacy costs. In particular, incentives should be provided to ensure that cities – the communities that stand to benefit most from regional cooperation – are not left out of collaborative efforts. These reforms must be accompanied by changes to give cooperating municipalities the flexibility to more appropriately raise revenues and distribute the burden to support shared services in ways that are both equitable and sustainable.

For the past year, 10,000 Friends of Pennsylvania has joined with the local government associations to develop a proposal to incentivize further sharing of services, and to help determine a feasible revenue stream for the express purpose of that service delivery. We anticipate coming before you again with a specific legislative proposal. Fundamentally, we would propose legislation that gives counties the option, after a formal public process, to impose one or more local taxes and fairly adjust the overall tax burden, for the purpose of providing agreed-to functionally consolidated municipal services.

We applaud the legislature for your leadership on these efforts. 10,000 Friends of Pennsylvania stands ready to work with members of the General Assembly on legislation that will accomplish these important goals.

Thank you again for the opportunity to address the committees.