



Pennsylvania Municipal League
President – J. William Reynolds, Mayor, City of Bethlehem



Pennsylvania State Association of Township Commissioners
President – Todd Miller, Commissioner, Crescent Township

June 22, 2026

RE: HB 2488 – Preventing Municipal Fiscal Distress

Dear Chairs and Members of the Local Government Committee:

On behalf of the members of the PA Municipal League (The League) and the PA State Association of Township Commissioners (PSATC), I am writing to request your support for House Bill 2488 along with an affirmative vote to move the bill out of Committee.

The bill, introduced by Representative Smith-Wade-El and Representative Flick, authorizes local governing bodies to increase the Local Services Tax (LST) levy up to \$156 a year or \$3 a week, if they choose to do so. **House Bill 2488 is enabling legislation giving local elected officials the ability to act based on their community's needs.**

The LST was authorized in 2004 at a rate of up to \$52 a year, replacing the \$10 a year Occupational Privilege Tax. Under the Local Tax Enabling Act, LST revenue is to be used for public safety services and is paid by workers in a municipality over the course of the year at a rate of \$1 a week.

The proposal to increase the cap on the LST comes from our members' desire to prevent municipal fiscal distress by providing them with the tools they need to meet today's costs – public safety costs, in particular. The increase in the cap to \$156 a year matches the rate authorized in Act 47 for distressed municipalities. Likewise, the increased income exemption amount to \$15,600, if the full \$156 is levied, also matches Act 47. As a general policy, the Commonwealth should be helping municipalities avoid Act 47 by giving them tools to alleviate fiscal distress **before** they are in trouble.

Every year the cost of providing public safety services increases; while these services to residents and workers are expected to remain the same or increase. Local governments need options to help with the affordability of these essential services; unfortunately, the options are limited – increase the Property Tax, increase the Earned Income Tax, increase the Local Services Tax. All these options, however, are capped at levels determined decades ago. Of the three, an increase in the LST cap is the easiest to achieve and will not impact senior citizens or low wage earners.

We are hearing from numerous member municipalities that their 2027 budgets will be especially difficult. Without options, Property Tax increases and/or service and personnel cuts are inevitable.

We ask that you support HB 2488 which will provide a genuine, locally determined option for local governments as they navigate the ever-increasing cost of services and growing fiscal concerns.

Thank you for consideration and please contact me with any questions at asturges@pml.org.

Sincerely,

A handwritten signature in cursive script that reads "Amy Sturges".

Amy Sturges, Deputy Executive Director for Advocacy

C: John S. Brenner, Executive Director, The League and PSATC