

Legislative Locator

The Legislative Locator is a Bimonthly Publication of The Pennsylvania Municipal League



July 2026

2026/2027 Budget Signed into Law: Fiscal Code Includes a COLA for Police and Firefighters

Twelve days after the June 30th deadline, the 2026/2027 budget was officially signed into law. The \$50.8 billion budget, slightly less than the Governor's nearly \$53.3 billion budget proposed in February, leaves the state's rainy day fund intact. The budget also failed to include regulation of skill games or legalization of recreational marijuana.

Along with the budget, the General Assembly adopts fiscal code bills to direct how the funds can be spent, and many times, there are several policies added. There are a few policies within the recently adopted budget bill package that impact local government.

The first and most significant policy affecting local governments that passed along with the budget includes a cost of living adjustment (COLA) for police officers and firefighters. It mandates a COLA to retired municipal police officers and firefighters on the following schedule:

- \$75/month if, on January 1, 2026, they have been retired for at least 5 years, but less than 10;
- \$150/month if, on January 1, 2026, they have been retired at least 10 years, but less than 20; and
- \$300/month if, on January 1, 2026, they have been retired at least 20 years.

Municipalities should begin paying the COLA with the first retirement benefit payment made on or after August 1, 2026. The policy provides reimbursement from the 2026 Special Ad Hoc Postretirement Adjustment Account which is established within the Municipal Pension Plan Fund. Municipalities must submit a certification to the Auditor General by April 1 of each year to receive reimbursement. Funding for reimbursements will come from interactive gaming revenues.

Please view the COLA language included in the Fiscal Code [here](#).

Additional policies in the Fiscal Code affecting municipalities include:

- regulating food processing residuals and establishing criteria for their use in farming operations, which included a provision preempting local government.
- creating the Violent Incident Clearance and Technological Investigative Method program to provide grants to law enforcement agencies so they may obtain the tools and resources to improve clearance rates of homicides and other violent crime.
- requiring data centers with peak electric demand of 10 megawatts or higher to file an annual report with the Department of Environmental Protection detailing their

facility's total water and energy consumption.

- providing an amusement tax clarification prohibiting a municipality from charging an amusement tax on complimentary or resort-sponsored admissions that are provided to resort overnight guests at no separate costs.

For more information on the budget, please view the [press release](#) from Governor Shapiro's office.

21st Century Road to Housing Act Becomes Law

On July 11, the 21st Century Road to Housing Act automatically became law after President Trump neither signed nor vetoed the legislation within the 10 day timeframe. The bipartisan law combines nearly 50 housing provisions to help tackle affordability by boosting housing supply, easing federal regulations, and empowering local government to build more housing. For more information on the Act, please visit the National League of Cities blog post [here](#).

OCTOBER 7-10 | HERSHEY LODGE & CONVENTION CENTER

Municipal Leadership Summit



This year's theme, **Connecting Communities, Sustainable Futures**, recognizes that sustainability extends beyond environmental initiatives. It is reflected in the policies, investments, partnerships, and everyday decisions that help communities thrive long term.

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Enacted Legislation

Act 24 of 2026
Senate Bill 971
Signed: July 12, 2026
Effective: September 10, 2026

[Act 24](#) amends the Second Class Township Code extending the deadline to file an annual audit financial report with the Department of Community and Economic Development from April 1 to June 30.

Act 25 of 2026
Senate Bill 972
Signed: July 12, 2026
Effective: September 10, 2026

[Act 25](#) amends the Second Class Township Code allowing such townships to establish, maintain, and repair a memorial for first responders and/or armed service members.

Legislation Affecting Local Government

Surviving Spouse and Dependent Health Insurance

First Consideration in the House, June 17, 2026

[House Bill 911](#) (PN 3627), introduced by Representative Tom Mehaffie, would amend Title 53 (Municipalities Generally) mandating municipalities provide health insurance benefits to the surviving spouse and dependents of police officers disabled or killed in service. Health insurance benefits would continue until the dependents turn 26 years old. Benefits for the spouse would continue until the spouse remarries; receives equivalent benefits from their employer; or until the spouse reaches age 65 at which time the municipality would be responsible for providing supplemental coverage through the carrier providing coverage at the time of the police officer's death. There is also a disability component to this bill. If an officer cannot perform police duties due to a disability, the officer and spouse would be entitled to health insurance coverage until the officer's death.

Pennsylvania Common Cents Act

Senate Finance Committee, June 25, 2026

[House Bill 2388](#) (PN 3681), introduced by Representative Nate Davidson, would establish a new act to guide entities, including political subdivisions, in making change for cash payments when pennies are not available. This legislation would only apply to payments made with physical money and when exact change is not paid by the customer or exact change cannot be given to the customer. In either case, the grand total of the transaction will be rounded to the nearest nickel. If the cash payment is being made to a customer or ratepayer account, a rounding-up credit or rounding-down debit shall be applied to the next billing cycle. A debit resulting from a rounding down would not in itself constitute a delinquency. This law would not impact tax liability. Entities would have one year from the effective date to adhere to the new procedures outlined in the bill. Grand total is defined in the bill as the total of a product, goods or services rendered, including any discounts, deductions, sales tax, surcharges, or fees.

Flood Evacuation Plans for Organized Camps

First Consideration in the House, June 30, 2026

[House Bill 2398](#) (PN 3729), introduced by Representative Tina Davis, would amend Title 35 (Emergency Preparedness) requiring municipalities to require organized camps located within 500 feet of a special flood hazard area to establish and maintain a written flood evacuation plan for the camp. A copy of the plan would be required to be filed with the county and local emergency management agencies where the camp is located. The bill would require the plan to be reviewed annually in consultation with the emergency management agencies. The plan must also be posted and provided to adult campers and parents and guardians each season. A municipality may condition the issuance of permits, licenses, or zoning approvals on compliance. The bill would define special flood hazard area as land in a floodplain having a 1% or greater probability of flooding as identified by FEMA on a flood insurance rate map.

Optional Pause in Data Center Application Processing

First Consideration in the Senate, June 30, 2026

[House Bill 2496](#) (PN 3727), introduced by Representative Paul Friel, would amend the PA Municipalities Planning Code providing local governing bodies the option to adopt, by resolution, a pause in accepting new land use development applications for data centers. During the pause, time limits imposed by law on the consideration of applications would be suspended until the pause is lifted. The duration of a pause may not last longer than 180 days and would be retroactive to when the governing body gave public notice of the pause. During the pause, a municipality may adopt, amend, or repeal provisions of land use ordinances relating to data center development. Any data center applications submitted during the pause would be subject to the changes made during the pause and deemed received the day after the pause ends. Applications submitted before the pause shall continue to be processed under land use regulations existing in the municipality at the time the application was received. Use of a pause precludes using another pause for 18 months. The bill includes language upholding the authority of local land use decisions and proclaiming the bill in no way preempts local authority.

High Impact Data Center Moratorium

Second Consideration in the Senate, July 12, 2026

[Senate Bill 1345](#) (PN 1889), introduced by Senator Jarrett Coleman, would authorize an optional local moratorium on the acceptance or consideration of new data center applications. A local governing body would implement a temporary moratorium via resolution for up to 18 months, which would be retroactive to the date when the municipality gave public notice. The resolution must identify the land use planning activities to be undertaken during the moratorium, and a public hearing must be conducted prior to adoption of the resolution. The bill outlines a waiver request and review process for applicants and would apply to hyper scale data centers with a critical IT load of 25 megawatts or higher.

There are two exceptions to the temporary moratorium listed in the bill, First, the moratorium would not apply to previously approved or granted data center development applications. Second, the moratorium would not apply to a data application in which the developer has an agreement, prior to the effective date of the moratorium, with a power generation facility to build the data center at the site of the facility and that the facility will produce the data center's power.

House and Senate Session Days 2026

House

Summer Recess July-August

September 28-30

October 5-7, 18-21

Senate

Summer Recess July-August

September 28-30

October 5-7, 18-21

**reminder - session dates are subject to change*



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