

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

Dennis M. Davin, in his capacity as :  
Secretary for the Department of :  
Community and Economic :  
Development, :  
Petitioner :  
v. : No. 569 M.D. 2011  
City of Harrisburg, :  
Respondent :

**MEMORANDUM and ORDER**

Presently before the Court is the City of Harrisburg's Application for Relief seeking judicial preauthorization for the City to undertake the legislative process to increase its Local Services Tax rate pursuant to Section 123 of the Municipalities Financial Recovery Act (Act), Act of July 10, 1987, P.L. 246, *as amended*, 53 P.S. § 11701.123.<sup>1</sup> Considering, *inter alia*, the City's history as a municipality designated to be in financial distress under the Act, and at one point, declared by the Governor to be in a fiscal emergency warranting its placement under receivership, *see* Sections 601 – 712 of the Act, added by the Act of October 20, 2011, P.L. 318, 53 P.S. §§ 11701.601 – 11701.712, this Court's confirmation of a recovery plan, the Harrisburg Strong Plan, while the City

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<sup>1</sup> No responses have been filed to this Application. In its Application, the City seeks to increase the Local Services Tax, currently imposed at the annual rate of \$52, to the maximum statutory limit of \$156. *See Section 123(d)(1), 53 P.S. § 11701.123(d)(1).*

was under the supervision of a receiver, and the City's ongoing efforts to operate within a balanced budget, this Court finds and concludes as follows:

1. The Court accepts the City's representations that the revenues projected in the Harrisburg Strong Plan have not been realized due to "gaps found in Earned Income Tax . . . receipts, parking-related revenues, real estate tax revenues and certain built-in sewer fund revenue projections that were inadvertently recorded as ongoing City revenue in the Plan's projected budgets." Application, ¶ 10.

2. The Court further accepts the City's representation that the revenue short-falls have created and will continue to create budget deficits that will increase in the budget years remaining under the Plan.

3. The City has determined that the most effective option to resolve the revenue shortfall is to increase the Local Services Tax, an option recently provided by Section 123 of the Act.

4. Although this Court granted the Application of the Secretary for the Department of Community and Economic Development to Vacate the Receivership, effective March 1, 2014, leaving ongoing implementation of the Harrisburg Strong Plan to a Coordinator appointed by the Secretary pursuant to Section 221 of the Act, 53 P.S. § 11701.221, this Court expressly retained jurisdiction over enforcement of its Order of September 23, 2013, confirming the Harrisburg Strong Plan, as well as subsequent modifications to the Plan. *See* Court's Order dated February 25, 2014. Accordingly, the Court concludes that it has jurisdiction to order the relief requested.

Based upon the foregoing, the Court **GRANTS** the instant Application as follows:

AND NOW, this 27th day of January, 2016, the City of Harrisburg is hereby authorized to introduce before the Harrisburg City Council legislation to increase the Local Services Tax to a rate not to exceed \$156 per annum and to otherwise conduct such proceedings as may be necessary to consider, adopt and implement any such rate increase.

  
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**BONNIE BRIGANCE LEADBETTER,**  
Judge

**Certified from the Record**

**JAN 27 2016**

**and Order Exit**