

***POLICY BRIEF***  
An electronic publication of  
The Allegheny Institute for Public Policy

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July 22, 2008

Volume 8, Number 47

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**County Executive's Comments Trigger Questions**

Is the attempt to put a referendum question to reduce the rate of the drink tax illegal? That's the claim of the County Executive, who feels that losing the drink tax revenue would cause the County budget to become unbalanced, thus violating the Home Rule Charter language requiring a balanced budget.

But here's an even better question: is that supposed illegal action any more illegal than the County's withholding the Act 44 tax revenue (drink and car rental taxes) from the Port Authority even though the County was given permission to levy the taxes to provide a local match for state funding? Or is it any more illegal than the state sending the money anyway even though it is bound by language in Act 44 not to send state matching funds to the Port Authority until the local match is actually in place?

It seems that there are plenty of legal questions to go around on this issue.

Here's what Act 44 says about the drink and car rental taxes: "...a county of the second class may obtain financial support for transit systems by imposing one or more of the taxes...Money obtained from the imposition shall be deposited into a restricted account of the County". Since the County asked for the authority to levy new taxes for the express purpose of funding its required local match for the Port Authority, why hasn't the state ordered the release of the funds? Would the legislature have approved the levying of new taxes if they had known the money would be used as bargaining chip in negotiations?

Here's more, from the County Council ordinances levying the taxes: "The Pennsylvania General Assembly and Governor have authorized Counties of the Second Class to impose a tax on [drinks and car rentals] in order to generate revenue to support transit systems by the passage of Act 44 of 2007". Note that nowhere does it mention that the Executive had the ability to withhold the money until the Port Authority union agreed to concessions. That came about from an Executive Order, which contained language that noted the County is legally obligated to send money to the Port Authority as a local match, yet detailed how the money would be held in escrow until the contract was satisfactorily settled, thus appearing to violate the obligation to send the money. So where does the authority to impound the Act 44 money come from?

Then there is the point about the state, despite clear language in Act 44 (1513.D) describing the local match requirements and states that “financial assistance provided under this section shall be matched by local or private cash funding”. If the Executive is withholding the local match, then how is it that the state could release money to the Port Authority without it? Given that the state funds about 50 percent of the Authority’s operation, it would have to shutdown or severely reduce service in order to compensate for the loss of state funds. So why is the money still flowing?

And more important, why is the Executive silent about the fact that the state money is cutting off his bargaining leverage of withholding the local match?

Assuming the referendum to cut the drink tax gets on the ballot and passes; the Executive has said property taxes will have to increase to fill a \$40 million hole. Again, questions arise since the local match was slated to be around \$32 million altogether. Because of the tax rates, the levies are bringing in more than required for the match, so the Executive is making the magnitude sound dire by trying to fill a hole that would be bigger than the match actually accounts for. Why would the increase have to fill the excess as well?

And what about spending cuts? For example, why not proceed with merging the Parks and Public Works with the City that could be a big money saver?

And on the property tax increase, since it takes a 2/3 vote of Council to raise tax rates, is the Executive ready to lead the necessary 10 Democrat members into voting for the increase?

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