



## City Council's quest for taxing power falls short in Harrisburg

Thursday, February 08, 2007

By Rich Lord, Pittsburgh Post-Gazette

Pittsburgh council members' second day in Harrisburg's halls of power yesterday was hit and miss.

Their effort to get state lawmakers interested in eventually granting the city more taxing power missed badly.

Their push to jump-start discussion of the struggles of urban centers statewide, though, was a hit.

"They seemed very sincere, very dedicated to their city," said new Senate Majority Leader Dominic Pileggi, R-Chester, immediately after meeting with City Council members. "Cities are facing the challenges that were brought on by the post-World War II exodus. ... There's a lot on the [Legislature's] plate, but it's certainly something we need to look at very carefully."

On Tuesday, council told Democratic legislators that the city has cut costs and replenished its savings account but needs long-term help cutting its pension, health insurance and debt costs. One of the highest priorities -- rolling the city's shrinking pension fund into the state's system -- was dealt a blow when state officials revealed that they are facing a looming pension crisis of their own.

Yesterday, the sales pitch changed, focusing on a tax shift approved by lawmakers in late 2004 that hasn't produced as much new revenue as the city had hoped.

Council President Doug Shields asked legislative leaders to "go back and look at the 2004 tax package to see how those [levies] are performing and are they doing what they were intended to do, and it's our position that there are going to be some adjustments required."

Though the city has around \$60 million in the bank, it will start dipping into that as early as next year, as parking and business taxes drop under the terms of the tax shift.

"If we don't work on this problem today, I don't want this in our laps two or three years down the road," Mr. Shields said.

Legislators told them not to hold their breaths on getting more taxing powers.

"We just addressed the city of Pittsburgh 2<sup>1</sup>/<sub>2</sub> years ago," said Rep. Mike Turzai, R-Bradford Woods. "I'd still like them to try some bold measures on their own first," like selling publicly owned property or merging city-related authorities.

"Pittsburgh is pretty much at the highest tax level they can be," said Sen. John Pippy, R-

Moon, chairman of the Urban Affairs Committee. So are most of the state's smaller cities, which have tax structures similar to Pittsburgh's, he said.

Council members added that the city's struggles with persistent debt and rising pension and health insurance costs are shared by most other cities.

"We could be the council of York or Reading. We all face the same problems," said Councilman Jim Motznik. Cities' needs "need to be addressed soon, because in 2008 and 2009, the bottom falls out for everyone."

Mr. Pippy said he'd take his committee on the road later this year to find out what cities are doing to trim costs, what their common problems are and how to solve them.

That might help turn the politically impossible -- a big state gift to Pittsburgh like assumption of more than \$400 million in pension obligations -- into a more palatable statewide solution to cities' pension, debt and health insurance problems.

"Now, instead of having 30 legislators supporting it, you have 120" with a stake in it, he said.

While involving more cities in a solution could build political will, it could also make things very complicated if, say, the state tried to help municipalities to buy health insurance.

"What everybody seems to advocate is let's put [health insurance] all in one pot," said Sen. Wayne Fontana, D-Brookline. "In theory, it sounds easy, but in the reality of doing it, it's a big task. ... How do we put everybody into one pot, when there's different benefits, contributions, co-pays, things like that?"

"The upside is, we're finally talking about it."

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