

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1675 Session of
2007

INTRODUCED BY KING, DeWEESE, McILVAINE SMITH, MAHONEY, BOYD,
BRENNAN, CALTAGIRONE, CASORIO, CONKLIN, FABRIZIO, GIBBONS,
GRUCELA, HORNAMAN, KORTZ, MOYER, MUNDY, PASHINSKI, PETRONE,
PRESTON, SCAVELLO, SHIMKUS, K. SMITH, TANGRETTI, THOMAS,
VEREB AND J. WHITE, JULY 3, 2007

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, JULY 3, 2007

AN ACT

1 Amending the act of July 10, 1987 (P.L.246, No.47), entitled "An
2 act empowering the Department of Community Affairs to declare
3 certain municipalities as financially distressed; providing
4 for the restructuring of debt of financially distressed
5 municipalities; limiting the ability of financially
6 distressed municipalities to obtain government funding;
7 authorizing municipalities to participate in Federal debt
8 adjustment actions and bankruptcy actions under certain
9 circumstances; and providing for consolidation or merger of
10 contiguous municipalities to relieve financial distress,"
11 further providing for definitions, for contents of the
12 coordinator's plan and for plan not affected by certain
13 collective bargaining agreements or settlements.

14 The General Assembly of the Commonwealth of Pennsylvania
15 hereby enacts as follows:

16 Section 1. Section 103 of the act of July 10, 1987 (P.L.246,
17 No.47), known as the Municipalities Financial Recovery Act, is
18 amended by adding a definition to read:

19 Section 103. Definitions.

20 The following words and phrases when used in this act shall
21 have the meanings given to them in this section unless the
22 context clearly indicates otherwise:

1 * * *

2 "Expenditure goal." The total percentage of expenditure
3 reductions proposed by the coordinator.

4 * * *

5 Section 2. Section 241 of the act, amended June 30, 1992
6 (P.L.336, No.69) and repealed in part October 13, 1994 (P.L.596,
7 No.90), is amended to read:

8 Section 241. Contents.

9 A plan formulated by the appointed coordinator shall be
10 consistent with applicable law and shall include any of the
11 following factors which are relevant to alleviating the
12 financially distressed status of the municipality:

13 (1) Projections of revenues and expenditures for the
14 current year and the next two years, both assuming the
15 continuation of present operations and as impacted by the
16 measures in the plan.

17 (2) Recommendations which will:

18 (i) Satisfy judgments, past due accounts payable,
19 and past due and payable payroll and fringe benefits.

20 (ii) Eliminate deficits and deficit funds.

21 (iii) Restore to special fund accounts money from
22 those accounts that was used for purposes other than
23 those specifically authorized.

24 (iv) Balance the budget, avoid future deficits in
25 funds and maintain current payments of payroll, fringe
26 benefits and accounts through possible revenue
27 enhancement recommendations, including tax or fee
28 changes.

29 (v) Avoid a fiscal emergency condition in the
30 future.

(vi) Enhance the ability of the municipality to negotiate new general obligation bonds, lease rental debt, funded debt and tax and revenue anticipation borrowing.

(vii) Consider changes in accounting and automation procedures for the financial benefit of the municipality.

(viii) Propose a reduction of debt due on specific claims by an amortized or lump-sum payment considered to be the most reasonable disposition of each claim possible for the municipality considering the totality of circumstances.

(3) [Possible changes in collective bargaining agreements and permanent and temporary staffing level changes or changes in organization.] Set an expenditure goal limiting the financial impact of a collective bargaining agreement on a municipality.

(4) Recommended changes in municipal ordinances or rules.

(5) Recommendations for special audits or further studies.

(6) An analysis of whether conditions set forth in section 261 exist, whether specific exclusive Federal remedies could help relieve the municipality's financial distress and whether filing a Federal debt adjustment action under Subchapter D is deemed to be appropriate.

(7) An analysis of whether the economic conditions of the municipality are so severe that it is reasonable to conclude that the municipality is no longer viable and should consolidate or merge with an adjacent municipality or municipalities.

