

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 32

Session of
1981

INTRODUCED BY LEVI, FRYER, A. C. FOSTER, JR. AND DeMEDIO,
JANUARY 19, 1981

AS AMENDED ON SECOND CONSIDERATION, IN SENATE, MARCH 31, 1981

AN ACT

1 ~~Amending the act of July 12, 1972 (P.L.781, No.185) entitled, as~~ <—
2 ~~amended, "An act providing debt limits for local government~~
3 ~~units, including municipalities and school districts;~~
4 ~~providing the methods of incurring, evidencing, securing and~~
5 ~~collecting debt; defining the powers and duties of the~~
6 ~~Department of Community Affairs and certain other public~~
7 ~~officers and agencies with respect thereto; exercising the~~
8 ~~inherent legislative authority of the General Assembly by~~
9 ~~providing additional over all limitations on the incurring of~~
10 ~~lease rental and other obligations for the acquisition of~~
11 ~~capital assets to be repaid from the general tax revenues of~~
12 ~~such local government units; imposing penalties for filing~~
13 ~~false or untrue statements or refusing to give information~~
14 ~~with respect to proceedings for the incurring of debt; and~~
15 ~~conferring jurisdiction on the Commonwealth Court with~~
16 ~~respect to certain proceedings relating to the incurring of~~
17 ~~debt," making technical and editorial changes.~~
18 AMENDING THE ACT OF JULY 6, 1917 (P.L.747, NO.271), ENTITLED "AN <—
19 ACT REQUIRING ALL COUNTIES, CITIES, BOROUGHs, TOWNSHIPS,
20 SCHOOL DISTRICTS, AND OTHER MUNICIPALITIES AND INCORPORATED
21 DISTRICTS, TO SELL ANY BONDS OR OTHER SECURITIES ISSUED BY
22 THEM TO THE HIGHEST RESPONSIBLE BIDDER, AFTER DUE PUBLIC
23 NOTICE," PROVIDING THAT A CITY OF THE FIRST CLASS SHALL SELL
24 BONDS OR OTHER SECURITIES, EXCEPT AS PROVIDED HEREIN, ISSUED
25 BY IT AT PUBLIC SALE AFTER NOT LESS THAN ONE PUBLIC NOTICE
26 FOR SUCH PRICE, AT, ABOVE OR BELOW THEIR PAR VALUE PLUS
27 ACCRUED INTEREST, AS SHALL BE DETERMINED BY THE AUTHORITIES
28 OF THE CITY, PROVIDING THAT SUCH A CITY MAY SELL BONDS OR
29 OTHER SECURITIES AT PRIVATE SALE WHERE NO CONFORMING BID HAS
30 BEEN RECEIVED AT A PRIOR PUBLIC SALE, AND PROVIDING THAT SUCH
31 PROVISIONS SHALL APPLY TO ALL BORROWINGS AND THE ISSUANCE OF
32 BONDS OR OTHER SECURITIES THEREFOR, WHENEVER AUTHORIZED.

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

~~Section 1. Clause (1.1) of subsection (c) of section 102,~~
~~subsections (d) and (e) SUBSECTION (D) of section 202, section~~
~~205, clause (7) of subsection (b) of section 208, subsection (d)~~
~~of section 303, section 304, clause (1) of section 403,~~
~~subsection (a) of section 409, subsection (b) of section 410,~~
~~clause (1) of section 414, the heading of Article V, sections~~
~~501, 502, 503, 504, 505, 507, 508, 509 and 510, subsections (b)~~
~~and (c) of section 602, sections 606, 701, 706 and 804,~~
~~subsection (b) of section 807, subsection (a) of section 809,~~
~~subsection (a) of section 901, the heading of Article X,~~
~~subsection (c) of section 1006, clause (4) of section 1102,~~
~~sections 1201 and 1202 SECTION 1201, subsections (b) and (c) of~~
~~section 1203 and sections 1204 and 1301, act of July 12, 1972~~
~~(P.L.781, No.185), known as the "Local Government Unit Debt~~
~~Act," reenacted and amended April 28, 1978 (P.L.124, No.52), are~~
~~amended to read:~~

~~Section 102. Definitions. * * *~~

~~(c) As used in this act unless the context clearly otherwise~~
~~requires:~~

~~* * *~~

~~(1.1) "Authority" means an authority or nonprofit~~
~~corporation organized under any law of the Commonwealth by or on~~
~~behalf of the Commonwealth, any local government unit or jointly~~
~~by any one or more of the foregoing.~~

~~* * *~~

~~Section 202. Limitations on the Incurring of Other Debt.~~

~~* * *~~

~~(d) Additional nonelectoral or additional lease rental debt~~

1 ~~or both in the aggregate amount of one hundred per cent of the~~
2 ~~borrowing base may be incurred:~~

3 ~~(i) by a county which has assumed, either before or after~~
4 ~~the effective date of this act, county wide responsibility for;~~
5 ~~or~~

6 ~~(ii) where the county has not assumed county wide~~
7 ~~responsibility, by a local government unit which has, either~~
8 ~~before or after the effective date of this act, assumed~~
9 ~~responsibility for its and its adjacent areas; for hospitals and~~
10 ~~other public health services, air and water pollution control,~~
11 ~~flood control, environmental protection, water distribution and~~
12 ~~supply systems, sewage and refuse collection and disposal~~
13 ~~systems, education at any level, highways, public transportation~~
14 ~~or port operations, but such additional debt limit may be so~~
15 ~~utilized only to provide funds for and towards the cost of~~
16 ~~capital facilities for any or any combination of the foregoing~~
17 ~~purposes. Debt, other than electoral debt, at any time incurred~~
18 ~~for such purposes or any of them, may be assigned by ordinance~~
19 ~~to this additional debt limit, if the remaining borrowing~~
20 ~~capacity within the regular limits is insufficient to finance~~
21 ~~other projects deemed necessary by the governing body of the~~
22 ~~local government unit.~~

23 ~~(c) If replacement of assets is required as a result of~~ <—
24 ~~fire, flood, storm, war, riot, civil commotion or other~~
25 ~~catastrophe, or such replacement or any improvements are~~
26 ~~required for the prevention of dangers to health or safety, or~~
27 ~~if funds are required for the payment of tort liability not~~
28 ~~covered by insurance, or if funds are required to be used for~~
29 ~~and towards the costs of mandated installations of health,~~
30 ~~safety, anti pollution, environmental protection and control~~

~~1 facilities or of complying with other mandated Federal or
2 Commonwealth programs, a local government unit not having
3 sufficient remaining borrowing capacity as nonelectoral or lease
4 rental debt or being otherwise prohibited by section 305 from
5 incurring debt for the purpose, upon petition to the court of
6 common pleas alleging the catastrophe, or the danger to health
7 and safety, or the mandated nature of the program and the
8 estimated costs of the proposed facilities, and upon proof
9 thereof to the satisfaction of the court, shall be authorized,
10 notwithstanding section 305 or the insufficiency of nonelectoral
11 or lease rental borrowing capacity, to incur debt, as either
12 lease rental or nonelectoral debt, up to an additional fifty per
13 cent of its borrowing base, if such increase is found by the
14 court to have been made necessary under this subsection by
15 reason of the causes set forth in the petition. The increase
16 together with all outstanding other additional emergency debt
17 which may have been previously authorized under this subsection
18 (excluding any allocated to the additional debt limit under
19 subsection (d) of this section) shall not exceed fifty per cent
20 of the borrowing base. Public notice of the intention to file
21 such a petition and of the purpose for which the additional
22 emergency debt is to be incurred shall be given by advertisement
23 in at least one and not more than two papers of general
24 circulation and in the legal journal not less than five nor more
25 than twenty days before the filing thereof. Such additional
26 emergency debt may be incurred only for the purposes and upon
27 the terms approved by the court. The amount of such debt
28 initially in excess of the regular debt limits shall not
29 thereafter be included in computing net amounts of nonelectoral
30 or lease rental debt.~~

~~* * *~~

<—

~~Section 205.— Procedure for Exclusion of Self liquidating Debt Evidenced by Revenue Bonds or Notes to Determine Net Nonelectoral Debt.— Self liquidating debt evidenced by revenue bonds or notes shall not be excluded from nonelectoral debt for the purpose of establishing net nonelectoral debt until there has been filed with the department:~~

~~(1) A statement by the proper officials of the local government unit certifying the amount of such debt, the project for which it was incurred, and the nature of the revenues from which such debt is to be repaid[;].~~

~~(2) A certificate from a qualified professional engineer or architect, or other person qualified by experience as may be appropriate to the project estimating the revenues and operating expenses of the project, and showing that the net revenues so estimated will be sufficient to pay the annual debt service as it falls due.~~

~~(3) An opinion of the bond counsel approving the issue, to the effect that the holders of the bonds or notes have no claim upon the taxing power or tax revenues of the local government unit issuing the bonds or notes, but only claims upon the specific revenues pledged and rights to the enforcement of any covenants as to the levying or collection of rates and charges for the use of the project being financed or any covenants as to the assessment of benefits upon properties serviceable by the project as provided in such covenants with the holders of the revenue bonds.~~

~~Section 208.— Determination of Existing Net Nonelectoral Debt and Net Nonelectoral Plus Net Lease Rental Debt. — * * *~~

~~(b) Net nonelectoral and net lease rental debt shall then be~~

1 ~~determined by subtracting separately from gross nonelectoral~~
2 ~~debt and gross lease rental debt respectively, as may be~~
3 ~~applicable, and as the local government unit may desire to~~
4 ~~claim:~~

5 ~~* * *~~

6 ~~(7) All other solvent debts due the local government unit~~
7 ~~directly, the payment of which can be enforced as one of the~~
8 ~~unit's quick assets, and which have not been committed to any~~
9 ~~other purpose; and~~

10 ~~* * *~~

11 ~~Section 303. Conduct of Election. * * *~~

12 ~~(d) The election officers and clerks shall make return on~~
13 ~~forms provided by the county board of elections of the votes~~
14 ~~cast on such question to the county board of elections, which~~
15 ~~shall compute the same and transmit a certified return thereof~~
16 ~~to the governing body of the local government unit which shall~~
17 ~~enter the same on its minutes. If such certified return shows~~
18 ~~that a majority of those voting on such question have voted in~~
19 ~~favor thereof, irrespective of any other law requiring a greater~~
20 ~~percentage, the local government unit shall file with the~~
21 ~~department a certified copy of the [desired] desire resolution,~~
22 ~~the certified return and proofs of publication of the notice of~~
23 ~~election, whereupon the amount of such debt so approved shall~~
24 ~~constitute electoral debt from and after the date of the~~
25 ~~election, subject to the provisions of section 304.~~

26 ~~Section 304. Finality of Result of Election. Any interested~~
27 ~~party or any taxpayer may contest the validity of any election~~
28 ~~proceedings under this Article III by filing with the [Court]~~
29 ~~court a petition in the nature of a bill in equity, specifically~~
30 ~~alleging the error or errors complained of in the proceedings,~~

~~and the petitioner shall have the burden of proof. If no such petition has been filed or if a petition shall have been filed and shall have been finally dismissed, the election shall be conclusively deemed to be valid for all purposes. If prior to the timely filing of a petition, further proceedings in connection with the incurring of such debt shall have been filed with the department, then any contest shall proceed by way of an appeal from the action of the department upon such proceedings. The petition or appeal provided by this section shall be such party's, or such taxpayer's, sole and exclusive remedy.~~

~~Section 403. Contents of Ordinance Authorizing Issuance of Bonds or Notes or Instruments Evidencing Lease Rental Debt; Fixing the Date of Incurring Nonelectoral and Lease Rental Debt; Changes in Purpose of Nonelectoral General Obligation Bonds. The ordinance or ordinances or, in the case of notes issued under section 409, the resolution, authorizing the issuance of bonds or notes or the execution of a lease, guaranty, subsidy contract or other agreement evidencing lease rental debt by a local government unit shall contain, in substance:~~

~~(1) In all cases, including lease rental debt:~~

~~(i) A brief description of the project for which the debt is to be incurred, and, if a capital project, a realistic estimated useful life thereof;~~

~~(ii) A statement of the aggregate principal amount of bonds or notes proposed to be issued pursuant to the ordinance or, as the case may be, to be secured by the instrument evidencing lease rental debt;~~

~~(iii) A statement whether the debt is to be incurred as electoral debt, nonelectoral debt or lease rental debt;~~

~~(iv) An authorization and direction to a specified officer~~

~~or specified officers and their successors to prepare and
certify and[;], except in the case of notes issued under section
409, to file the debt statement required by section 410 of this
act, to execute and deliver the bonds or notes or the instrument
evidencing lease rental debt; and to take other necessary
action, and such designation may be changed from time to time
thereafter; and~~

~~(v) An authorization, in the case of nonelectoral or lease
rental debt which is subject to exclusion as subsidized debt or
self liquidating debt if such exclusion is presently desired, to
the proper officers of the local government unit to prepare and
file any statements required by Article II of this act which are
necessary to qualify all or any portion of the debt for
exclusion from the appropriate debt limit as self liquidating
debt or subsidized debt.~~

~~* * *~~

~~Section 409. Small Borrowing for Capital Purposes. (a) Any
local government unit is hereby authorized to incur debt by
resolution rather than by ordinance to be evidenced by notes to
provide funds for a project as defined in this act without
complying with the requirements of Article VIII provided: (i)
that the aggregate amount of such debt outstanding at any one
time shall not exceed the lesser of \$50,000 or thirty percent of
the borrowing base; (ii) that the principal of each such debt
shall mature not later than five years from the date of
issuance; (iii) that the incurrence of such debt shall not cause
the debt limits of Article II to be exceeded; and (iv) that the
provisions of section 10 of Article IX of the Constitution shall
have been observed and provided further that the provisions of
section 808 shall apply to notes issued in violation of the~~

1 ~~foregoing requirements.~~

2 ~~* * *~~

3 ~~Section 410. Debt Statement. * * *~~

4 ~~(b) Where debt has previously been excluded as self-~~
5 ~~liquidating or subsidized debt, the debt statement shall be~~
6 ~~accompanied by a certification that no decrease in the amounts~~
7 ~~to be excluded is required by any change of circumstances, or if~~
8 ~~there has been a change, other than decreases resulting from the~~
9 ~~payments of bonds or notes, so that less debt is to be excluded~~
10 ~~or if it has become possible to exclude a greater amount of~~
11 ~~debt, and the local government unit desires to do so, the debt~~
12 ~~statement shall be accompanied by appropriate certificates~~
13 ~~supporting the revised amount to be excluded and a revised~~
14 ~~approval shall be obtained from the department, [and filed in~~
15 ~~the office for the recording of deeds in the county in which~~
16 ~~such local government unit is located to effectuate such~~
17 ~~exclusion.]~~

18 ~~Section 414. Evidence of Signatures of Holders and of~~
19 ~~Ownership of Bonds, Notes and Tax Anticipation Notes. * * *~~

20 ~~(1) The certificate shall state that the person or persons~~
21 ~~signing such instrument were known to be such persons by the~~
22 ~~individual certifying and that such person or persons~~
23 ~~acknowledged the execution of the instrument as his or their~~
24 ~~act. The authority of an attorney or agent may be proven by like~~
25 ~~statement of the principal acknowledged in a like manner, but a~~
26 ~~certificate as to authority shall not be necessary if an~~
27 ~~instrument is executed on behalf of a corporate holder of bonds,~~
28 ~~notes or coupons by a person purporting to be the president or a~~
29 ~~vice president of such corporation with the corporate seal~~
30 ~~affixed and attested by a person purporting to be its secretary~~

~~or an assistant secretary.~~

~~The fact and date of the execution by the holder of any bond, note or coupon, or the attorney thereof, of any instrument may be proved by the certificate, which, except as hereinafter provided, need not be acknowledged or verified, of:~~

~~(i) an officer of any bank or bank and trust company which is in Pennsylvania, or which has a correspondent in Pennsylvania certifying to the authenticity of its certificate;~~

~~(ii) an authorized signer for any broker or dealer in securities doing business in Pennsylvania, or having a correspondent in Pennsylvania certifying to the authenticity of its certificate;~~

~~(iii) any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act;~~

~~(iv) any other witness to such execution, whose certificate, however, must be verified before a notary public or other officer authorized to take acknowledgments of deeds in the state in which he purports to act.~~

~~* * *~~

~~ARTICLE V~~

~~Tax and Revenue Anticipation Notes and Funding Debt~~

~~Section 501. Power to Issue Tax and Revenue Anticipation Notes. A local government unit shall have power and authority, by resolution of its governing body, to borrow money from time to time in any fiscal year in anticipation of the receipt of current taxes or current revenues, or both, to evidence the obligation by notes, appropriately designated, and to authorize, issue and sell such notes in the manner, and subject to the limitations provided therefor in this article. References in~~

~~1 this act to tax anticipation notes include also revenue
2 anticipation notes and tax and revenue anticipation notes.
3 Limitations imposed by this act on the incurring of nonelectoral
4 debt shall not apply to the obligations evidenced by tax
5 anticipation notes. Such power to borrow from time to time shall
6 include but not be limited to, the power to make a single
7 authorization and then issue and sell portions of such amount of
8 authorized notes whenever desired during the fiscal year.~~

~~9 Section 502. Limitation on Amount of Tax and Revenue~~

~~10 Anticipation Notes. No local government unit shall authorize or
11 issue tax anticipation notes in any one fiscal year which in the
12 aggregate shall exceed eighty five per cent of:~~

~~13 (1) in the case of notes solely payable from and secured by
14 a pledge of taxes, the amount of such taxes levied for the
15 current fiscal year;~~

~~16 (2) in the case of notes solely payable from and secured by
17 a pledge of revenues other than tax revenues, the amount of such
18 revenues pledged; or~~

~~19 (3) in the case of notes payable from and secured by a
20 pledge of taxes and other revenues, the sum of such taxes levied
21 and such revenues pledged, which, in all cases, are certified,
22 pursuant to section 506, as remaining to be collected or
23 received in such fiscal year during the period when the notes
24 will be outstanding. The certificate shall be as of a date not
25 more than thirty days prior to, and no later than, the date of
26 the vote on the resolution authorizing the issue and sale of the
27 tax anticipation notes. In computing the aggregate amount of tax
28 anticipation notes outstanding at any given time during the
29 fiscal year for the purpose of the limitation imposed by this
30 section, allowance shall be made for such notes as have already~~

1 ~~been fully paid and for amounts already paid into appropriate~~
2 ~~sinking funds, if any.~~

3 ~~Section 503. Limitation on Stated Maturity Date of Tax and~~
4 ~~Revenue Anticipation Notes; Time of Payment of Interest. No tax~~
5 ~~anticipation notes shall be stated to mature beyond the last day~~
6 ~~of the fiscal year in which such tax anticipation notes are~~
7 ~~issued. Interest on tax anticipation notes from the date thereof~~
8 ~~shall be payable at the maturity of such notes or payable in~~
9 ~~installments at such earlier dates and at such annual rate or~~
10 ~~rates as the governing body of the local government unit may~~
11 ~~determine.~~

12 ~~Section 504. Other Terms of Tax and Revenue Anticipation~~
13 ~~Notes. Tax anticipation notes shall be issued in such~~
14 ~~denominations, shall be subject to such rights of prior~~
15 ~~redemption, shall have such privileges of interchange and~~
16 ~~registration, shall be dated, shall be stated to mature (subject~~
17 ~~to the provisions of section 503) on such dates and in such~~
18 ~~amounts, shall be in registered or bearer form with or without~~
19 ~~coupons, shall be payable in such coin or currency as at the~~
20 ~~place and at the time of payment shall be legal tender for the~~
21 ~~payment of public and private debts, and shall be payable at~~
22 ~~such place or places, one of which shall be within the~~
23 ~~Commonwealth of Pennsylvania, all as the governing body of the~~
24 ~~issuing local government unit may determine by resolution.~~

25 ~~Section 505. Security for Tax and Revenue Anticipation~~
26 ~~Notes; Sinking Fund. All tax anticipation notes issued in a~~
27 ~~single fiscal year, shall be equally and ratably secured by the~~
28 ~~pledge of, security interest in, and a lien and charge on, the~~
29 ~~taxes or revenues or both of the local government unit specified~~
30 ~~in the authorizing resolution to be received during the period~~

1 ~~when the notes will be outstanding. Such pledge, lien and charge~~
2 ~~shall be fully perfected as against the local government unit,~~
3 ~~all creditors thereof, and all third parties in accordance with~~
4 ~~the terms of such resolution from and after the filing of a~~
5 ~~financing statement or statements in accordance with the Uniform~~
6 ~~Commercial Code. For the purpose of such filing the sinking fund~~
7 ~~depository, if any, otherwise the fiscal agent or paying agent~~
8 ~~designated in the notes, may act as the representative of~~
9 ~~noteholders and, in such capacity, execute and file the~~
10 ~~financing statement and any continuation or termination~~
11 ~~statements as secured party. The authorizing resolution may~~
12 ~~establish one or more sinking funds and provide for periodic or~~
13 ~~other deposits therein, and may contain such covenants or other~~
14 ~~provisions as the local government unit shall determine. The~~
15 ~~amount of any tax anticipation notes issued in compliance with~~
16 ~~this act shall be general obligations of the local government~~
17 ~~unit and, if the same shall not be paid within the fiscal year~~
18 ~~in which such notes were issued, shall be deemed to be~~
19 ~~nonelectoral debt enforceable in the manner of a general~~
20 ~~obligation which unless funded pursuant to this article, shall~~
21 ~~be included in the budget of the local government unit for the~~
22 ~~ensuing fiscal year and shall be payable from the taxes and~~
23 ~~revenues of such ensuing year notwithstanding that the amount~~
24 ~~thereof shall cause the nonelectoral debt of such local~~
25 ~~government unit to exceed the limitations of Article II.~~

26 ~~The holder of such tax anticipation notes issued by a first~~
27 ~~class school district or the sinking fund depository of the~~
28 ~~applicable sinking fund, if any, therefor shall have the right~~
29 ~~to enforce such pledge of, security interest in and lien and~~
30 ~~charge on, the pledged taxes and revenues of the first class~~

1 ~~school district against all State and local public officials in~~
2 ~~possession of any of such taxes and revenues at any time which~~
3 ~~may be collected directly from such officials upon notice by~~
4 ~~such holder or depositary for application to the payment thereof~~
5 ~~as and when due or for deposit in the applicable sinking fund at~~
6 ~~the times and in the amounts specified in such tax anticipation~~
7 ~~notes. Any State or local public official in possession of any~~
8 ~~of such taxes and revenues shall make payment, against receipt~~
9 ~~therefor, directly to the holder of such tax anticipation notes~~
10 ~~or to such depositary upon such notice and shall thereby be~~
11 ~~discharged from any further liability or responsibility for such~~
12 ~~taxes and revenues. If such payment shall be to a holder of tax~~
13 ~~anticipation notes, it shall be made against surrender of the~~
14 ~~notes to the payor for delivery to the first class school~~
15 ~~district in the case of payment in full, otherwise it shall be~~
16 ~~made against production of the notes for notation thereon of the~~
17 ~~amount of the payment. The provisions of this paragraph with~~
18 ~~respect to the enforceability and collection of taxes and~~
19 ~~revenues which secure tax anticipation notes of a first class~~
20 ~~school district shall supersede any contrary or inconsistent~~
21 ~~statutory provision or rule of law. This paragraph shall be~~
22 ~~construed and applied to fulfill the legislative purpose of~~
23 ~~clarifying and facilitating temporary borrowings by a first~~
24 ~~class school district by assuring to holders of tax anticipation~~
25 ~~notes the full and immediate benefit of the security therefor~~
26 ~~without delay, diminishment or interference based on any~~
27 ~~statute, decision, ordinance or administrative rule or practice.~~

28 ~~Section 507. Sale of Tax and Revenue Anticipation Notes.—~~
29 ~~Tax anticipation notes may be sold at public, private, or~~
30 ~~invited sale as the governing body of the local government unit~~

1 ~~may determine. Any public sale shall be advertised and conducted~~
2 ~~in the manner and subject to the conditions provided for a~~
3 ~~public sale of bonds in Article VII of this act, except as~~
4 ~~modified by this Article V. The governing body of the local~~
5 ~~government unit shall award the notes by resolution to specified~~
6 ~~purchasers at a specified price, not less than the principal~~
7 ~~amount thereof. At the time of delivery of each issue, series or~~
8 ~~subseries of tax anticipation notes, authorized officers of the~~
9 ~~local government unit shall certify to the original purchasers~~
10 ~~thereof that the amount of all such notes to remain outstanding~~
11 ~~will not exceed the limitations of section 502 calculated,~~
12 ~~however, from the date of such certificate to the respective~~
13 ~~maturity dates of all such notes to remain outstanding. Such~~
14 ~~certificate need not be filed with the department but a copy~~
15 ~~thereof shall be retained by the local government unit until all~~
16 ~~tax anticipation notes issued during the fiscal year shall have~~
17 ~~been paid in full.~~

18 ~~Section 508.— Condition Precedent to Validity of Tax and~~
19 ~~Revenue Anticipation Notes.— No tax anticipation note shall be~~
20 ~~valid or obligatory in the hands of an original purchaser~~
21 ~~thereof until certified copies of the authorizing and awarding~~
22 ~~resolution, the certificate as to the taxes and revenues~~
23 ~~remaining to be collected, and a true copy of the accepted~~
24 ~~proposal for the purchase of the tax anticipation notes shall~~
25 ~~have been filed with the department. No approval of the~~
26 ~~department shall be required.~~

27 ~~Section 509.— Unfunded Debt.— For the purpose of this~~
28 ~~article, unfunded debt shall mean obligations of the same or [a]~~
29 ~~one or more prior [year] years incurred for current expenses~~
30 ~~(including tax anticipation notes), due and owing or judgments~~

1 ~~against the local government unit entered by a court of~~
2 ~~competent jurisdiction after adversary proceedings, for the~~
3 ~~payment of either of which category the taxes and other revenues~~
4 ~~remaining to be collected in the fiscal year and funds on hand~~
5 ~~will not be sufficient without a curtailment of municipal~~
6 ~~services to an extent endangering the health or safety of the~~
7 ~~public or proper education of school children, and the local~~
8 ~~government unit either may not legally levy a sufficient tax for~~
9 ~~the balance of the fiscal year, or a sufficient tax, if legally~~
10 ~~leviable, would not be in the public interest. Unfunded debt~~
11 ~~shall not, however, include debt incurred under this act nor~~
12 ~~obligations in respect of a project or part of a project as~~
13 ~~defined in section 102(c)(12) or incurred in respect of the cost~~
14 ~~of a project as defined in section 107.~~

15 ~~Section 510. Approval by Court. (a) Whenever the governing~~
16 ~~body of a local government unit shall be of the opinion that it~~
17 ~~has outstanding unfunded debt, it may, by petition to the court~~
18 ~~of common pleas setting forth the facts, request approval for~~
19 ~~the issuance of bonds or notes to fund the unfunded debt. After~~
20 ~~hearing, on such notice to the local government unit and its~~
21 ~~taxpayers as the court may prescribe, the court shall make an~~
22 ~~order granting authority to fund all or a part of such unfunded~~
23 ~~debt if the court shall find that such unfunded debt is a lawful~~
24 ~~obligation of the local government unit, that there has been an~~
25 ~~unforeseeable decline in revenues, or that taxes levied have not~~
26 ~~produced the revenues anticipated or that it was not reasonable~~
27 ~~to foresee such obligation; that paying such debt by curtailing~~
28 ~~municipal services will be dangerous to the public health,~~
29 ~~safety or education, and that it is not feasible or not in the~~
30 ~~public interest to levy additional taxes in the current fiscal~~

1 ~~year. The funding debt so approved shall be stated to mature in~~
2 ~~such amounts and over such number of years, not exceeding ten,~~
3 ~~as the court shall find will accomplish the payment of the debt~~
4 ~~without endangering the rendering of municipal services or~~
5 ~~requiring the levying of excessive taxes. If the funding of the~~
6 ~~unfunded debt has not been approved by a vote of the electors,~~
7 ~~the order of the court upon cause shown may fix the portion~~
8 ~~thereof, if any, which shall not be charged against the~~
9 ~~nonelectoral debt limitations of the local government unit under~~
10 ~~sections 202 and 505 of this act, during the time such funding~~
11 ~~debt is outstanding. [The percentages fixed by section 202 of~~
12 ~~this act shall be deemed increased to the extent required for~~
13 ~~such funding debt.]~~

14 ~~(b) The bonds or notes representing funding debt so~~
15 ~~authorized by the court shall be issued and sold by the~~
16 ~~governing body as provided by other provisions of this act in~~
17 ~~respect of general obligation bonds except as such provisions~~
18 ~~are modified by this section or by orders of the court issued~~
19 ~~under this section, and the proceedings filed by the local~~
20 ~~government unit in respect of such funding bonds under section~~
21 ~~801 shall include certified copies of the petition and of the~~
22 ~~order of the court.~~

23 ~~(c) This section shall not be applicable to the funding of~~
24 ~~obligations in respect of a project or part of a project as~~
25 ~~defined in section 102(c)(12) or incurred in respect of the cost~~
26 ~~of a project as defined in section 107.~~

27 ~~Section 602. Limitations on Stated Maturity Dates. * * *~~

28 ~~(b) Bonds or notes may be serial bonds or notes, or term~~
29 ~~bonds or notes or any combination thereof that may be selected~~
30 ~~by the governing body of the issuing local government unit. If~~

1 ~~term bonds or notes are issued, such bonds or notes must be~~
2 ~~subject to mandatory redemption, and, if serial or installment~~
3 ~~bonds or notes, the amounts of the stated maturities or~~
4 ~~installments shall be fixed, (1) so as to amortize the issue on~~
5 ~~at least an approximately level annual debt service plan during~~
6 ~~the period specified for the payment of principal in subsection~~
7 ~~(c) of this section 602; or (2) so that the debt service on~~
8 ~~outstanding debt of the same classification (and for this~~
9 ~~purpose lease rental debt shall be considered as the same~~
10 ~~classification as general obligation debt) will be brought more~~
11 ~~nearly into an over all level annual debt service plan.~~

12 ~~(c) Except as provided by subsection (c), stated~~
13 ~~installments or maturities of principal of any series of bonds~~
14 ~~or notes or the mandatory redemption of such principal may not~~
15 ~~be deferred beyond the later of:~~

16 ~~(1) two years from date of issue, or~~

17 ~~(2) one year after estimated completion of construction[:].~~

18 ~~In the case of revenue or guaranteed revenue bonds this~~
19 ~~provision will be satisfied by a covenant for the mandatory~~
20 ~~application to term bonds [or] of such revenues as may remain~~
21 ~~after payment of interest and operating expenses up to such~~
22 ~~fixed amount conforming to subsection (b) above as shall be~~
23 ~~specified in the ordinance pursuant to which the bonds or notes~~
24 ~~are issued.~~

25 ~~* * *~~

26 ~~Section 606. Pledge of Revenues. The governing body of any~~
27 ~~local government unit which has determined to issue any revenue~~
28 ~~bonds or notes, or any guaranteed revenue bonds or notes, may~~
29 ~~provide, by ordinance, for such pledges of or priorities in such~~
30 ~~rentals, revenues, receipts, rates and charges to be received~~

1 from projects of the issuing local government unit as may be
2 desirable. Such pledge or priority shall be perfected as a
3 security interest against all creditors of the local government
4 unit and all third parties, in accordance with the terms of such
5 ordinance, from and after the filing of a financing statement or
6 statements in accordance with the Uniform Commercial Code. For
7 the purpose of such filing the sinking fund depositary may act
8 as representative of the bond or note holders and, in such
9 capacity, execute and file the financing statement and any
10 continuation or termination statements as secured party.

11 Section 701. Manner of Sale of Bonds or Notes. (a) Except
12 as otherwise specifically provided in this act and subject to
13 the following subsection, bonds or notes may be sold at public
14 sale or private sale by negotiation or upon invitation and at
15 such price all as the governing body of the issuing local
16 government unit shall determine. Before making any private sale
17 by negotiation of bonds or notes, the governing body shall adopt
18 a resolution finding that a private sale by negotiation is in
19 the best financial interest of the local government unit. Bonds
20 or notes may be conditionally sold before the final details of
21 the series are fixed.

22 (b) Bonds or notes, if sold at public sale, shall be sold to
23 the highest responsible bidder or bidders after one public
24 notice by advertisement of either the official notice of sale,
25 or of the availability of the official notice of sale, in at
26 least one and not more than two newspapers of general
27 circulation in the county in which the local government unit is
28 located. The advertisement may also be published in a financial
29 journal circulating among the underwriters of securities.
30 Advertisements shall be published not less than ten nor more

1 ~~than thirty days prior to the date fixed for opening proposals,~~
2 ~~and need not appear on the same date nor successively in each~~
3 ~~newspaper or journal.~~

4 ~~Section 706. Required Bid Security. [Bid] In the case of~~
5 ~~public sale, bid security shall be given by each bidder, shall~~
6 ~~be in cash or by certified or official bank check payable to the~~
7 ~~local government unit, and shall be not less than two per cent~~
8 ~~of the principal amount of the bonds or notes to be purchased.~~
9 ~~The bid security of the unsuccessful bidder or bidders shall be~~
10 ~~returned to each unsuccessful bidder, without interest in~~
11 ~~accordance with written instructions of the bidder conforming to~~
12 ~~the official notice of sale, promptly upon an award of the bonds~~
13 ~~or notes or upon the rejection of all bids. The bid security of~~
14 ~~the successful bidder shall be retained by the treasurer of the~~
15 ~~local government unit and (with or without allowance for~~
16 ~~interest as the official notice of sale may specify) shall be~~
17 ~~applied on the purchase price when the bonds or notes are~~
18 ~~actually delivered and paid for, retained as liquidated damages~~
19 ~~if the bidder defaults, or returned to the bidder with interest~~
20 ~~at the judgment rate if, after an acceptance of the proposal,~~
21 ~~the bonds or notes are not issued for any reason not~~
22 ~~constituting a default by the bidder. Unless required by the~~
23 ~~local governing body, no bid security shall be required in the~~
24 ~~case of tax anticipation notes, bond anticipation notes or notes~~
25 ~~to be issued under section 409.~~

26 ~~Section 804. Examination of Bond or Note Transcript and~~
27 ~~Other Filings by Department; Certificate of Approval. The~~
28 ~~department shall, upon receipt of any bond or note transcripts,~~
29 ~~or other filings, carefully examine the same to determine~~
30 ~~whether the debt outstanding and to be outstanding is within the~~

1 applicable limitations imposed by this act, and whether the
2 proceedings for incurring the debt, for issuing and selling the
3 bonds or notes and for excluding self liquidating and subsidized
4 debt have been taken in conformity with the Constitution and
5 ~~{all then applicable laws}~~ this act. If, upon completion of its
6 examination, a transcript or other filing is found by the
7 department to be in conformity with the Constitution and
8 ~~{existing laws}~~ this act, the department shall certify its
9 approval, if required under other provisions of this act, to the
10 local government unit.

11 Section 807. ~~Records of Department.~~ * * *

12 (b) ~~The department shall keep a public record, with respect~~
13 ~~to each local government unit showing:~~

14 (1) ~~The name of the local government unit;~~

15 (2) ~~The purpose of each series issued or lease executed;~~

16 (3) ~~Whether such series represents nonelectoral, lease~~
17 ~~rental or electoral debt, and the extent to which such debt is~~
18 ~~subsidized or self liquidating, and if subsidized or self~~
19 ~~liquidating in part the principal amount thereby eliminated from~~
20 ~~nonelectoral debt;~~

21 (4) ~~The schedule of stated maturity dates, interest rates~~
22 ~~and mandatory sinking fund payments for each outstanding issue~~
23 ~~of bonds or notes or the schedule of lease rentals;~~

24 (5) ~~The dates and designations of each issue of bonds or~~
25 ~~notes, lease or other document to be executed with the approval~~
26 ~~number assigned to each such issue, lease or other document~~
27 ~~approved;~~

28 (6) ~~The local government unit's most recently certified~~
29 ~~borrowing base and regular debt limits computed therefrom;~~

30 (7) ~~The date and manner of authorization of any use of any~~

1 additional debt limit.

2 * * *

3 Section 809. ~~Finality of Proceedings; Validity of Bonds,~~
4 ~~Notes, Tax Anticipation Notes, Leases, Guaranties, Subsidy~~
5 ~~Contracts or Other Agreements. (a) Where a certificate of~~
6 ~~approval has been issued by the department or has been deemed~~
7 ~~issued under section 806, or, in the case of tax anticipation~~
8 ~~notes where the filing with the department required by section~~
9 ~~508 has occurred, and no petition for a declaratory order or~~
10 ~~complaint has been filed within the applicable time limits~~
11 ~~specified in section 901, or when after a petition for a~~
12 ~~declaratory order or complaint has been filed, the proceedings~~
13 ~~have been approved finally by [the court,] the department, and~~
14 ~~no appeal to court has been taken, or an appeal to court has~~
15 ~~been taken, and the proceedings have been approved finally by~~
16 ~~the court or the appeal has been dismissed, the validity of the~~
17 ~~proceedings, the right of the local government unit lawfully to~~
18 ~~issue its bonds or notes or to enter into a lease, guaranty,~~
19 ~~subsidy contract or other agreement evidencing lease rental debt~~
20 ~~pursuant to such proceedings, and the validity and due~~
21 ~~enforceability of the bonds, notes or other instruments in~~
22 ~~accordance with their terms shall not thereafter be inquired~~
23 ~~into judicially, in equity, at law, or by civil or criminal~~
24 ~~proceedings, or otherwise, either directly or collaterally. The~~
25 ~~effect of the approval by the department, or by the court on~~
26 ~~appeal, or, in the case of tax anticipation notes, the effect of~~
27 ~~filing in compliance with section 508, shall be to ratify,~~
28 ~~validate and confirm such proceedings absolutely, including the~~
29 ~~lawful nature of the project and, in the case of tax~~
30 ~~anticipation notes, the accuracy of the estimates contained in~~

1 ~~the certificate as to taxes and revenues to be collected,~~
2 ~~notwithstanding any defect or error in such proceedings, except~~
3 ~~as specifically provided hereinafter in this section, and any~~
4 ~~debt limit imposed by this act shall be deemed increased to the~~
5 ~~extent necessary to validate such debt or obligation. Nothing~~
6 ~~herein contained shall, however, free an initial purchaser of~~
7 ~~bonds or notes from liability to a local government unit for the~~
8 ~~payment of the consideration agreed in the contract of sale, or~~
9 ~~make all such bonds or notes valid and enforceable in the hands~~
10 ~~of an initial purchaser unless the issuer shall have received a~~
11 ~~substantial consideration for the series as a whole.~~

12 ~~* * *~~

13 ~~Section 901. Petitions for Declaratory Orders and Complaints~~
14 ~~to the Department; Exclusive Jurisdiction of Department. (a)~~
15 ~~Where proceedings for the incurring of debt represented by bonds~~
16 ~~or notes or by a lease, guaranty, subsidy contract or other~~
17 ~~agreement evidencing the acquisition of a capital asset, for the~~
18 ~~issuance of tax anticipation notes, or for the exclusion of debt~~
19 ~~as self liquidating or subsidized, have been taken by a local~~
20 ~~government unit, such local government unit, or any taxpayer of~~
21 ~~the local government unit, or other interested party may file~~
22 ~~with the department a petition for a declaratory order asserting~~
23 ~~the validity or a complaint asserting the invalidity of such~~
24 ~~proceedings, or any part thereof. Any such complaint asserting~~
25 ~~the invalidity of such proceedings or part thereof taken under~~
26 ~~section 409 may be filed at any time not later than one year~~
27 ~~after final adoption of the resolution authorizing the debt. Any~~
28 ~~such complaint asserting the invalidity of such proceedings or~~
29 ~~part thereof excluding debt as self liquidating under section~~
30 ~~205 or authorizing tax anticipation notes under Article V may be~~

1 ~~filed at any time not later than fifteen days after the filing~~
2 ~~with the department of the documents required by section 205 or~~
3 ~~of the proceedings pursuant to section 506, as the case may be.~~
4 ~~Any such complaint asserting the invalidity of any such~~
5 ~~proceedings or part thereof in cases in which, under this act,~~
6 ~~the approval or deemed approval of the department is required,~~
7 ~~may be filed with the department at any time not later than the~~
8 ~~later of (i) fifteen days after the date of the submission of~~
9 ~~the proceedings by the local government unit to the department~~
10 ~~for approval even though such proceeding may be subject to~~
11 ~~correction as provided in section 805 or otherwise or (ii) five~~
12 ~~days after the date of the last submission of any such corrected~~
13 ~~document or certification to the department.~~

14 ~~If a petition for a declaratory order or complaint shall be~~
15 ~~filed in respect of proceedings requiring the approval of the~~
16 ~~department after the submission of the proceedings to the~~
17 ~~department but prior to approval, disapproval or deemed~~
18 ~~approval, the department shall not be deemed to have approved~~
19 ~~the proceedings during the pendency of the matter before the~~
20 ~~department.~~

21 ~~* * *~~

22 ~~(B) EXCLUSIVE JURISDICTION IS HEREBY CONFERRED ON THE~~
23 ~~DEPARTMENT TO HEAR AND DETERMINE ALL PROCEDURAL AND SUBSTANTIVE~~
24 ~~MATTERS ARISING FROM THE PROCEEDINGS OF A LOCAL GOVERNMENT UNIT~~
25 ~~TAKEN PURSUANT TO THIS ACT, INCLUDING WITHOUT LIMITATION, THE~~
26 ~~REGULARITY OF THE PROCEEDINGS, THE VALIDITY OF THE BONDS, NOTES,~~
27 ~~TAX ANTICIPATION NOTES OR OTHER OBLIGATIONS OF THE LOCAL~~
28 ~~GOVERNMENT UNIT, AND THE LEGALITY OF THE PURPOSE FOR WHICH SUCH~~
29 ~~OBLIGATIONS ARE TO BE ISSUED. IF A LOCAL GOVERNMENT UNIT SHALL~~
30 ~~FILE A PETITION FOR A DECLARATORY ORDER WITH THE DEPARTMENT,~~

1 ~~RELATING TO SUCH PROCEEDINGS, THE DEPARTMENT MAY REQUIRE SUCH~~
2 ~~SERVICE BY PUBLICATION ON TAXPAYERS AS THE CIRCUMSTANCES~~
3 ~~WARRANT. IN ALL OTHER RESPECTS THE PROCEEDINGS BEFORE THE~~
4 ~~DEPARTMENT SHALL BE GOVERNED BY REGULATIONS OF THE DEPARTMENT.~~
5 ~~THE DEPARTMENT SHALL HAVE THE POWER, AFTER APPROPRIATE~~
6 ~~PROCEEDINGS IN ACCORDANCE WITH SUCH REGULATIONS, TO APPROVE OR~~
7 ~~DISAPPROVE THE PROCEEDINGS OF THE LOCAL GOVERNMENT UNIT OR TO~~
8 ~~DIRECT CORRECTION AS PROVIDED IN SECTION 805. A DETERMINATION BY~~
9 ~~THE DEPARTMENT UNDER THIS ACT SHALL, EXCEPT AS PROVIDED IN~~
10 ~~{SECTION 902} THIS SUBSECTION, BE CONCLUSIVE AND BINDING AS TO~~
11 ~~ALL PROCEDURAL AND SUBSTANTIVE MATTERS WHICH WERE OR COULD HAVE~~
12 ~~BEEN PRESENTED TO THE DEPARTMENT HEREUNDER. [A DETERMINATION IN~~
13 ~~FAVOR OF THE LOCAL GOVERNMENT UNIT UNDER THIS SECTION SHALL HAVE~~
14 ~~THE EFFECT PROVIDED IN SECTION 809.] ALL DETERMINATIONS BY THE~~
15 ~~DEPARTMENT UNDER THIS ACT ARE REVIEWABLE AS PROVIDED IN 2~~
16 ~~PA.C.S. CH. 7 (RELATING TO JUDICIAL REVIEW).~~

17 ~~ARTICLE X~~

18 ~~Sinking and Assessment Funds[:]; Reserves~~
19 ~~and Pledged Revenues~~

20 ~~Section 1006.— Inspection of Sinking Funds; Orders to~~
21 ~~Comply. * * *~~

22 ~~(c) In addition to the criminal prosecutions provided for in~~
23 ~~Article XIII of this act, or in lieu thereof, the department~~
24 ~~may, in its discretion, apply to the [Court] court for a writ of~~
25 ~~mandamus to issue to such officer or governing body of the local~~
26 ~~government unit to compel compliance with such order of the~~
27 ~~department or such order with such modifications thereof as to~~
28 ~~the court may seem just and proper.~~

29 ~~Section 1102.— Treatment of Costs Upon a Refunding. In any~~
30 ~~refunding, a principal amount of refunding bonds or notes or~~

1 ~~obligations evidencing lease rental debt equal to the sum of the~~
2 ~~following:~~

3 ~~* * *~~

4 ~~(4) The costs of issue and sale of the refunding bonds,~~
5 ~~notes or obligations; may be considered as interest on the~~
6 ~~refunding bonds, notes or obligations, may be separately stated~~
7 ~~in all reporting of debt, and in all computation of debt limits~~
8 ~~and if so considered and reported by the local government unit~~
9 ~~shall not be considered as electoral, nonelectoral or lease~~
10 ~~rental debt. In subsequent debt statements, any such separately~~
11 ~~stated principal amount of bonds, notes or obligations shall be~~
12 ~~reported as being amortized in the same proportion as the series~~
13 ~~of which they are a part.~~

14 ~~* * *~~

15 ~~Section 1201. Failure to Budget Debt Service. If a local~~
16 ~~government unit having outstanding any general obligation bonds~~
17 ~~or notes or guaranteed revenue bonds or notes, lease rental debt~~
18 ~~or guaranty of authority obligations fails or refuses to make~~
19 ~~adequate provision in its budget for any fiscal year for the~~
20 ~~sums payable in respect of such bonds or notes, lease rental or~~
21 ~~guaranty in such year or shall fail to appropriate or pay the~~
22 ~~moneys necessary in such year for the payment of the amount of~~
23 ~~the lease rental or guaranty, [or] as the case may be, of the~~
24 ~~maturing principal of and the interest on such bonds or notes or~~
25 ~~any of them, or any tax anticipation notes, or any sinking fund~~
26 ~~obligation for such bonds or notes or tax anticipation notes, or~~
27 ~~guaranty or the lease rental payment coming due in the fiscal~~
28 ~~year of such budget or for which such appropriations or payments~~
29 ~~should have been made, then at the suit of the holder of any~~
30 ~~bond, note, or tax anticipation note, or coupon or guaranty, or~~

1 ~~the holder of any authority obligation secured by a lease~~
2 ~~evidencing the acquisition of a capital asset or of any taxpayer~~
3 ~~of the local government unit, the court of common pleas shall,~~
4 ~~after a hearing held upon such notice to the local government~~
5 ~~unit as the court may direct, and upon a finding of such failure~~
6 ~~or neglect, by writ of mandamus, require the treasurer of the~~
7 ~~local government unit, and it shall be the duty of such~~
8 ~~treasurer, to pay into the sinking fund for each series of bonds~~
9 ~~or notes then outstanding, or for each guaranty or lease rental~~
10 ~~payment, the first tax moneys or other available revenues or~~
11 ~~moneys thereafter received in such fiscal year by such~~
12 ~~treasurer, equally and ratably for each series for which~~
13 ~~provision has not been made in proportion to debt service for~~
14 ~~such year on each such series then outstanding, or the amounts~~
15 ~~due upon guaranties or as payments with respect to lease rental~~
16 ~~debt, as the case may be, (except that any priority on incoming~~
17 ~~tax moneys accorded to a separate sinking fund for tax~~
18 ~~anticipation notes under the authority of section 505, shall not~~
19 ~~be affected by this provision), until the sum on deposit in each~~
20 ~~sinking fund shall equal the moneys that should have been~~
21 ~~budgeted or appropriated for each such series.~~

22 ~~Section 1202. Failure to Pay Principal or Interest. (a) If~~ <—
23 ~~a local government unit fails or neglects to pay or cause to be~~
24 ~~paid the interest or principal on any of its general obligation~~
25 ~~bonds or notes, or tax anticipation notes, as the same becomes~~
26 ~~due and payable whether at the stated maturity date or upon an~~
27 ~~unrevoked call for prior redemption, or to perform its payment~~
28 ~~obligations with respect to any lease rental debt or guaranteed~~
29 ~~revenue bonds or notes, and such failure shall continue for~~
30 ~~thirty days, the holder thereof shall, subject to priorities~~

~~created under sections 505, 1201 and 1203 of this act and to any limitations upon individual rights of action properly provided in the bond ordinance or any indenture, have the right to recover the amount due in an action in the court of common pleas. The judgment recovered shall have an appropriate priority upon the moneys next coming into the treasury of the local government unit and shall be a judgment upon which funding bonds may be issued pursuant to Article V of this act.~~

~~(b) If a local government unit fails or neglects to pay or cause to be paid the principal of or the interest upon any revenue bond or note as the same shall become due, whether at the stated maturity or upon call for prior redemption, the holder thereof shall, subject to priorities created under sections 505, 1202 and 1203 of this act and to any limitations upon individual rights of action properly provided in the bond ordinance or any indenture, have the right to recover the amount due in an action in the court of common pleas but the judgment shall be limited to payment out of the assessments, revenues, rates, rents, tolls and charges from the project which are pledged for the payment of such bonds or notes.~~

~~Section 1203. Trustee for Bondholders. * * *~~

<—

~~(b) Such trustee may, and upon written request of the holders of twenty five per cent in principal amount of such bonds or notes then outstanding and upon being furnished with [identity] indemnity satisfactory to it shall, in his or its own name take one or more of the actions set forth below and the taking of such actions shall preclude similar action whether previously or subsequently initiated by individual holders of bonds or notes.~~

~~(1) By mandamus or other suit, action or proceeding at law~~

~~or in equity enforce all rights of the holders of the bonds or notes, including in the case of revenue or guaranteed revenue obligations the right to require the local government unit to impose and collect rents, rates, tolls and charges adequate to carry out any agreement or covenant as to, or pledge of such rents, rates, tolls or charges, for the use of the project or projects financed by such bonds or notes, or to require the local government unit to carry out any other agreements with the holders of such bonds or notes;~~

~~(2) Bring suit on the bonds or notes without the necessity for producing the bonds or notes, and with same effect as a suit by any holder;~~

~~(3) In the case of revenue or guaranteed revenue bonds or notes to require the local government unit to account as if it were the trustee of an express trust for the holders of such bonds or notes, for any pledged revenues received;~~

~~(4) In the case of general obligation bonds or notes, petition the court to levy, and the court is hereby empowered to levy, after a hearing upon such notice to the owners of assessable real estate, as the court may prescribe, the amount due before or after the exercise of any right of acceleration on the bonds or notes plus estimated costs of collection as an assessment upon the properties benefited by the improvement pursuant to the front foot rule if the project is an assessable improvement, otherwise upon all taxable real estate and other property subject to ad valorem taxation in the local government unit, in proportion to the value thereof as assessed for tax purposes, and the trustee may collect or cause the local government unit to collect, such assessments as by foreclosure of a mortgage or security interest on the realty or other~~

1 ~~property if not paid on demand;~~

2 ~~(5) In the case of guaranteed revenue bonds or notes or a~~
3 ~~guarantee of authority obligations or unpaid lease rentals under~~
4 ~~leases evidencing the acquisition of capital assets, to petition~~
5 ~~the court to levy, and the court is hereby empowered to levy,~~
6 ~~after hearing upon such notice to the owners of assessable real~~
7 ~~estate, and other property subject to ad valorem taxation, as~~
8 ~~the court may prescribe, the amount due on the guaranty or under~~
9 ~~the lease plus estimated costs of collection as an annual~~
10 ~~assessment for the current and future years upon all taxable~~
11 ~~real estate and other properties subject to ad valorem taxation~~
12 ~~in the local government unit in proportion to the value thereof~~
13 ~~as assessed for tax purposes, and the trustee may collect or~~
14 ~~cause the local government unit to collect such assessments as~~
15 ~~by foreclosure of a mortgage or security interest on the realty~~
16 ~~or other property if not paid on demand. The levy shall bear~~
17 ~~interest, until paid, at a rate sufficient to cover accruing~~
18 ~~interest on the bonds or notes;~~

19 ~~(6) By suit in equity, enjoin any acts or things which may~~
20 ~~be unlawful or in violation of the rights of the holders of such~~
21 ~~bonds, notes, guaranty, or authority obligations under a lease~~
22 ~~evidencing the acquisition of capital assets;~~

23 ~~(7) After thirty days prior written notice to the local~~
24 ~~government unit, and subject to any limitations in the bond~~
25 ~~ordinance or relevant indenture declare the unpaid principal of~~
26 ~~all such bonds or notes to be, and it shall thereby become~~
27 ~~forthwith due and payable with interest at the rates stated in~~
28 ~~the bonds until final payment, and, if all defaults shall be~~
29 ~~made good then to annul such declaration and its consequences.~~

30 ~~Any assessment levied pursuant to clauses (4) and (5) above~~

1 ~~shall have the same priority and preference as to other liens or~~
2 ~~mortgages on the real estate or security interests in fixtures~~
3 ~~thereon or other property, as a lien for unpaid taxes.~~

4 ~~(c) The court of common pleas in cases of extreme hardship~~
5 ~~may provide for the payment of sums levied in five or less~~
6 ~~annual installments with interest at a rate sufficient to cover~~
7 ~~the interest accruing on the bonds or notes.~~

8 ~~* * *~~

9 ~~Section 1204. Receiver for Revenue Projects. A trustee for~~
10 ~~the holders of defaulted bonds or notes, whether or not the~~
11 ~~series of bonds [presented] represented by the trustee has been~~
12 ~~declared to be and has become forthwith due and payable, shall~~
13 ~~be entitled as of right to the appointment, by the court of~~
14 ~~common pleas [of the county in which such local government unit~~
15 ~~is located, or, if located in two counties, then of either~~
16 ~~county,] of a receiver of all or any part or parts of a project~~
17 ~~or the projects, the rents, rates, revenues, tolls and charges~~
18 ~~of which are pledged for the security of the bonds or notes of~~
19 ~~such series. Except as otherwise provided in [the] this section,~~
20 ~~such receiver shall have no power to sell, assign, mortgage, or~~
21 ~~otherwise dispose of, but may enter and take possession of the~~
22 ~~project or projects or part or parts thereof, and, subject to~~
23 ~~the equal or prior rights of the holders of any other series of~~
24 ~~bonds or notes, shall take possession of all moneys and other~~
25 ~~property derived from or applicable to the construction,~~
26 ~~operation, maintenance, repair and reconstruction of such~~
27 ~~project or projects or parts thereof. The receiver may~~
28 ~~thereafter proceed with any construction or other work thereon~~
29 ~~which the local government unit is under obligation to do. The~~
30 ~~receiver may operate, maintain, repair, and reconstruct such~~

1 ~~project or projects, or parts thereof and collect and receive~~
2 ~~all rents, rates, receipts, tolls, other charges and revenues~~
3 ~~arising therefrom, subject to the equal or prior rights of the~~
4 ~~holders of any other series of bonds or notes therein. As part~~
5 ~~of his power to operate and maintain a project, the receiver may~~
6 ~~sell or otherwise dispose of equipment which is no longer used~~
7 ~~or usable by the project. The receiver shall perform the public~~
8 ~~duties and carry out the lawful agreements and obligations of~~
9 ~~the local government unit with respect to the project or~~
10 ~~projects or parts thereof, all under the direction of the court~~
11 ~~but shall not perform any essential governmental functions.~~

12 ~~Section 1301. False Statement in Documents [Constitute]~~
13 ~~Constitutes Perjury; Fines and Penalties Therefor. Whoever~~
14 ~~wilfully and corruptly makes under oath false oral or written~~
15 ~~statements or any false statement in any document required to be~~
16 ~~filed in the department, [in the office of the recorder of~~
17 ~~deeds] or in the office of the prothonotary of the appropriate~~
18 ~~county, is guilty of perjury, or false swearing, as the case may~~
19 ~~be, and whoever wilfully and corruptly procures or suborns any~~
20 ~~other person to make any such false statement, is guilty of a~~
21 ~~crime, and on conviction of either offense, shall be sentenced~~
22 ~~to pay a fine or undergo imprisonment or both within the limits~~
23 ~~prescribed by Title 18 Pa.C.S. (relating to crimes and~~
24 ~~offenses).~~

25 ~~Section 2. This act shall take effect in 60 days.~~

26 ~~SECTION 1. THE TITLE, ACT OF JULY 6, 1917 (P.L.747, NO.271), <—~~
27 ~~ENTITLED "AN ACT REQUIRING ALL COUNTIES, CITIES, BOROUGHs,~~
28 ~~TOWNSHIPS, SCHOOL DISTRICTS, AND OTHER MUNICIPALITIES AND~~
29 ~~INCORPORATED DISTRICTS TO SELL ANY BONDS OR OTHER SECURITIES~~
30 ~~ISSUED BY THEM TO THE HIGHEST RESPONSIBLE BIDDER AFTER DUE~~

PUBLIC NOTICE," IS AMENDED TO READ:

AN ACT

[REQUIRING ALL COUNTIES, CITIES, BOROUGH, TOWNSHIPS, SCHOOL DISTRICTS, AND OTHER MUNICIPALITIES AND INCORPORATED DISTRICTS TO SELL ANY BONDS OR OTHER SECURITIES ISSUED BY THEM TO THE HIGHEST RESPONSIBLE BIDDER AFTER DUE PUBLIC NOTICE.]

PROVIDING THAT A CITY OF THE FIRST CLASS SHALL SELL BONDS OR OTHER SECURITIES, EXCEPT AS PROVIDED HEREIN, ISSUED BY IT AT PUBLIC SALE AFTER NOT LESS THAN ONE PUBLIC NOTICE FOR SUCH PRICE, AT, ABOVE OR BELOW THEIR PAR VALUE PLUS ACCRUED INTEREST, AS SHALL BE DETERMINED BY THE AUTHORITIES OF THE CITY AND PROVIDING THAT SUCH A CITY MAY SELL BONDS OR OTHER SECURITIES AT PRIVATE SALE WHEN NO CONFORMING BID HAS BEEN RECEIVED AT A PRIOR PUBLIC SALE; AND PROVIDING THAT THE PROVISIONS HEREOF SHALL APPLY TO ALL BORROWINGS AND THE ISSUANCE OF BONDS OR OTHER SECURITIES THEREFOR, WHENEVER AUTHORIZED.

SECTION 2. SECTION 1 OF THE ACT, AMENDED APRIL 11, 1929 (P.L.518, NO.221), IS AMENDED TO READ:

SECTION 1. [BE IT ENACTED, &C., THAT WHEN ANY COUNTY, CITY, BOROUGH, TOWNSHIP, SCHOOL DISTRICT, OR OTHER MUNICIPALITY OR INCORPORATED DISTRICT OF THIS COMMONWEALTH] WHEN ANY CITY OF THE FIRST CLASS, HAVING AUTHORITY SO TO DO, SHALL BORROW MONEY AND ISSUE BONDS OR OTHER SECURITIES THEREFOR, EXCEPT IN THE CASE OF THE GIVING OF NOTES FOR TEMPORARY LOANS AS MAY BE AUTHORIZED BY LAW AND EXCEPT IN THE CASE OF THE ISSUANCE OF BONDS OR OTHER SECURITIES UNDER THE ACT OF OCTOBER 18, 1972 (P.L.955, NO.234), KNOWN AS "THE FIRST CLASS CITY REVENUE BOND ACT," THE AUTHORITIES THEREOF SHALL SELL THE SAME TO THE HIGHEST

1 RESPONSIBLE BIDDER FOR SUCH PRICE, AT, ABOVE OR BELOW THEIR PAR
2 VALUE PLUS ACCRUED INTEREST, AS SHALL BE DETERMINED BY THE
3 AUTHORITIES OF SUCH CITY, AFTER PUBLIC NOTICE BY ADVERTISEMENT[,
4 ONCE A WEEK FOR THREE WEEKS,] OF EITHER THE OFFICIAL INVITATION
5 FOR BIDS OR OF THE AVAILABILITY OF THE OFFICIAL INVITATION FOR
6 BIDS IN AT LEAST ONE NEWSPAPER OF GENERAL CIRCULATION PUBLISHED
7 IN [THE COUNTY IN WHICH SUCH COUNTY, CITY, BOROUGH, TOWNSHIP, OR
8 SCHOOL DISTRICT, OR OTHER MUNICIPALITY OR INCORPORATED DISTRICT,
9 SHALL BE SITUATED: PROVIDED, THAT NO BID FOR SUCH BONDS OR
10 SECURITIES AT LESS THAN THEIR PAR VALUE SHALL BE ACCEPTED: AND
11 PROVIDED FURTHER, THAT WHERE] SUCH CITY. ADVERTISEMENTS SHALL BE
12 PUBLISHED AT LEAST ONE TIME NOT LESS THAN TEN NOR MORE THAN
13 THIRTY DAYS PRIOR TO THE DATE FIXED FOR OPENING BIDS. WHERE
14 BONDS AND SECURITIES SHALL HAVE BEEN HERETOFORE OR SHALL
15 HEREAFTER BE ADVERTISED FOR SALE, AS PROVIDED IN THIS ACT, AND
16 NO [BIDS HAVE] CONFORMING BID HAS BEEN RECEIVED, THEN IT SHALL
17 BE LAWFUL FOR SUCH [COUNTY, CITY, BOROUGH, TOWNSHIP, SCHOOL
18 DISTRICT, OR OTHER MUNICIPALITY, OR INCORPORATED DISTRICT,] CITY
19 TO SELL THE SAME AT PRIVATE SALE [FOR NOT LESS THAN PAR AND
20 ACCRUED INTEREST] AT SUCH PRICE, AT, ABOVE OR BELOW THEIR PAR
21 VALUE PLUS ACCRUED INTEREST AS THE AUTHORITIES OF SUCH CITY
22 SHALL DETERMINE. THIS SECTION SHALL APPLY TO ALL BORROWINGS AND
23 THE ISSUANCE OF BONDS OR OTHER SECURITIES THEREFOR, WHETHER
24 HERETOFORE OR HEREAFTER AUTHORIZED.

25 SECTION 3. THIS ACT SHALL TAKE EFFECT IMMEDIATELY.