

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 2568 Session of
1988

INTRODUCED BY MAINE, WAMBACH, BELARDI, JAROLIN, LUCYK, TIGUE,
DeWEESE, McHALE, WOZNIAK, FREEMAN, HASAY, DIETTERICK,
CAPPABIANCA, CORRIGAN, ITKIN, HECKLER, HONAMAN, GRUITZA,
FARMER, JADLOWIEC, ROBBINS, BLACK, MERRY AND RITTER, JUNE 20,
1988

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, JUNE 20, 1988

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 providing for the establishment of a revolving fund; further
12 providing for criteria to declare a municipality distressed
13 and for the publication of certain notices; establishing a
14 revolving loan fund; further providing for expiration of the
15 act; and making a repeal.

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

18 Section 1. Sections 201(8) and 242(a) of the act of July 10,
19 1987 (P.L.246, No.47), known as the Financially Distressed
20 Municipalities Act, are amended to read:

21 Section 201. Criteria.

22 The evaluation of a municipality's financial stability by the
23 department under section 121 shall include each of the following

1 criteria. If at least one criterion is present and the
2 department assesses pursuant to section 121(b) that it is a
3 valid indication of municipal financial distress, then the
4 department shall exercise its powers and duties pursuant to
5 section 121.

6 * * *

7 (8) The municipality has failed to make the budgeted
8 payment of its minimum municipal obligation as required by
9 section 302, 303 or 602 of the act of December 18, 1984
10 (P.L.1005, No.205), known as the Municipal Pension Plan
11 Funding Standard and Recovery Act, with respect to a pension
12 fund during the fiscal year for which the payment was
13 budgeted and has failed to take action within that time
14 period to make required payments.

15 * * *

16 Section 242. Publication.

17 (a) Filing.--Within 90 days of [being named] an executable
18 contract between the department and the coordinator, the
19 coordinator shall formulate a plan for relieving the
20 municipality's financial distress and shall deliver true and
21 correct copies of it to:

22 (1) The municipal clerk or municipal secretary, who
23 shall immediately place the copy on file for public
24 inspection in the municipal office.

25 (2) The secretary.

26 (3) Each member of the municipal governing body.

27 (4) The mayor.

28 (5) The chief financial officer of the municipality.

29 (6) The solicitor of the municipal governing body.

30 (7) All parties who have petitioned the secretary under

1 section 203.

2 * * *

3 Section 2. Section 301 of the act is amended by adding a
4 subsection to read:

5 Section 301. Program.

6 * * *

7 (c) Revolving fund.--There is hereby created in the State
8 Treasury the Financially Distressed Municipalities Revolving Aid
9 Fund. Repayment of principal on all loans made under this act
10 shall be deposited in the fund. Any interest earned on moneys in
11 this fund shall be deposited in the fund. All moneys in the fund
12 may be used to make loans for the purposes of this act.

13 Section 3. Section 304 of the act is repealed.

14 Section 4. Section 602 of the act is amended to read:

15 Section 602. Expiration.

16 Section 203(a)(5) shall expire upon publication in the
17 Pennsylvania Bulletin of the notice required under section
18 [121(g)] 121(f).

19 Section 5. This act shall take effect immediately.