

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 253 Session of  
1991

INTRODUCED BY GODSHALL, E. Z. TAYLOR, VROON, PESCI, MERRY, BUNT,  
JAROLIN, McCALL, ARMSTRONG, BILLOW AND LEH, FEBRUARY 5, 1991

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, FEBRUARY 5, 1991

AN ACT

1 Amending the act of July 12, 1972 (P.L.781, No.185), entitled,  
2 as amended, "An act providing debt limits for local  
3 government units, including municipalities and school  
4 districts; providing the methods of incurring, evidencing,  
5 securing and collecting debt; defining the powers and duties  
6 of the Department of Community Affairs and certain other  
7 public officers and agencies with respect thereto; exercising  
8 the 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," further providing for the limitations on debt of  
18 school districts.

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

21 Section 1. Section 202 of the act of July 12, 1972 (P.L.781,  
22 No.185), known as the Local Government Unit Debt Act, reenacted  
23 and amended April 28, 1978 (P.L.124, No.52), repealed in part  
24 October 5, 1980 (P.L.693, No.142) and amended May 22, 1981  
25 (P.L.54, No.19), is amended to read:

26 Section 202. Limitations on the Incurring of Other Debt.--

1 (a) Except as provided in subsections (c), (d) and (e) of this  
2 section and as otherwise specifically provided in this act, no  
3 local government unit shall incur any new nonelectoral debt, if  
4 the aggregate net principal amount of such new nonelectoral debt  
5 together with all other net nonelectoral debt outstanding would  
6 cause the total net nonelectoral debt of such local government  
7 unit to exceed:

8 (i) one hundred per cent of its borrowing base in the case  
9 of a school district of the first class;

10 (i.1) ten per cent of its borrowing base in the case of any  
11 school district of the second through fourth classes;

12 (ii) three hundred per cent of its borrowing base in the  
13 case of a county; or

14 (iii) two hundred fifty per cent of its borrowing base in  
15 the case of any other local government unit.

16 (b) Except as provided in subsections (c), (d) and (e) of  
17 this section or as otherwise specifically provided in this act,  
18 in the exercise of legislative control over the budgets and  
19 expenditures of local government units and of the purposes for  
20 which tax moneys and general revenues of local government units  
21 may be expended, the General Assembly determines that no local  
22 government unit shall incur any new lease rental debt or  
23 nonelectoral debt, if the aggregate net principal amount of such  
24 new debt together with any other net nonelectoral debt and net  
25 lease rental debt then outstanding would cause the outstanding  
26 total of net nonelectoral debt plus net lease rental debt of  
27 such local government unit to exceed:

28 (i) two hundred per cent of the borrowing base in the case  
29 of a school district of the first class;

30 (i.1) ten per cent of its borrowing base in the case of any

1 school district of the second through fourth classes;

2 (ii) four hundred per cent of its borrowing base in the case  
3 of a county; or

4 (iii) three hundred fifty per cent of its borrowing base in  
5 the case of all other local government units.

6 (c) The limitations and prohibitions of the preceding  
7 subsections (hereinafter called the "regular debt limits") shall  
8 not apply to electoral debt, nor to debt excluded in computing  
9 net amounts of nonelectoral debt or of lease rental debt, as  
10 self-liquidating or because subsidized, when such exclusion is  
11 made pursuant to sections 204, 205 and 206 of this act.

12 (d) Additional nonelectoral or additional lease rental debt  
13 or both in the aggregate amount of one hundred per cent of the  
14 borrowing base may be incurred:

15 (i) by a county which has assumed, either before or after  
16 the effective date of this act, county-wide responsibility for;  
17 or

18 (ii) where the county has not assumed county-wide  
19 responsibility, by a local government unit which has, either  
20 before or after the effective date of this act, assumed  
21 responsibility for its and its adjacent areas; for hospitals and  
22 other public health services, air and water pollution control,  
23 flood control, environmental protection, water distribution and  
24 supply systems, sewage and refuse collection and disposal  
25 systems, education at any level, highways, public transportation  
26 or port operations, but such additional debt limit may be so  
27 utilized only to provide funds for and towards the cost of  
28 capital facilities for any or any combination of the foregoing  
29 purposes. Debt, other than electoral debt, at any time incurred  
30 for such purposes or any of them, may be assigned by ordinance

1 to this additional debt limit, if the remaining borrowing  
2 capacity within the regular limits is insufficient to finance  
3 other projects deemed necessary by the governing body of the  
4 local government unit.

5 (e) If replacement of assets is required as a result of  
6 fire, flood, storm, war, riot, civil commotion or other  
7 catastrophe, or such replacement or any improvements are  
8 required for the prevention of dangers to health or safety, or  
9 if funds are required for the payment of tort liability not  
10 covered by insurance, or if funds are required to be used for  
11 and towards the costs of mandated installations of health,  
12 safety, anti-pollution, environmental protection and control  
13 facilities or of complying with other mandated Federal or  
14 Commonwealth programs, a local government unit not having  
15 sufficient remaining borrowing capacity as nonelectoral or lease  
16 rental debt or being otherwise prohibited by section 305 from  
17 incurring debt for the purpose, upon petition to the court of  
18 common pleas alleging the catastrophe, or the danger to health  
19 and safety, or the mandated nature of the program and the  
20 estimated costs of the proposed facilities, and upon proof  
21 thereof to the satisfaction of the court, shall be authorized,  
22 notwithstanding section 305 or the insufficiency of nonelectoral  
23 or lease rental borrowing capacity, to incur debt, as either  
24 lease rental or nonelectoral debt, up to an additional fifty per  
25 cent of its borrowing base, if such increase is found by the  
26 court to have been made necessary under this subsection by  
27 reason of the causes set forth in the petition. The increase  
28 together with all outstanding other additional emergency debt  
29 which may have been previously authorized under this subsection  
30 (excluding any allocated to the additional debt limit under

1 subsection (d) of this section) shall not exceed fifty per cent  
2 of the borrowing base. Public notice of the intention to file  
3 such a petition and of the purpose for which the additional  
4 emergency debt is to be incurred shall be given by advertisement  
5 in at least one and not more than two papers of general  
6 circulation and in the legal journal not less than five nor more  
7 than twenty days before the filing thereof. Such additional  
8 emergency debt may be incurred only for the purposes and upon  
9 the terms approved by the court. The amount of such debt  
10 initially in excess of the regular debt limits shall not  
11 thereafter be included in computing net amounts of nonelectoral  
12 or lease rental debt.

13 Section 2. This act shall take effect in 60 days.