
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 113 Session of
1997

INTRODUCED BY GODSHALL, WAUGH, MAITLAND, GLADECK, READSHAW,
BROWN AND STABACK, JANUARY 29, 1997

REFERRED TO COMMITTEE ON EDUCATION, JANUARY 29, 1997

AN ACT

1 Amending Title 53 (Municipalities Generally) of the Pennsylvania
2 Consolidated Statutes, further providing for the limitations
3 on debts of school districts.

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

6 Section 1. Section 8022 of Title 53 of the Pennsylvania
7 Consolidated Statutes, added December 19, 1996 (P.L. ,
8 No.177), is amended to read:

9 § 8022. Limitations on incurring of other debt.

10 (a) Nonelectoral debt.--Except as provided in subsections
11 (c), (d) and (e) and as otherwise specifically provided in this
12 subpart, a local government unit shall not incur any new
13 nonelectoral debt if the aggregate net principal amount of the
14 new nonelectoral debt, together with all other net nonelectoral
15 debt outstanding, would cause the total net nonelectoral debt of
16 the local government unit to exceed any of the following:

17 (1) One hundred percent of its borrowing base in the
18 case of a school district of the first class.

1 (1.1) Ten percent of its borrowing base in the case of
2 any school district of the second through fourth classes.

3 (2) Three hundred percent of its borrowing base in the
4 case of a county.

5 (3) Two hundred fifty percent of its borrowing base in
6 the case of any other local government unit.

7 (b) Nonelectoral debt plus lease rental debt.--Except as
8 provided in subsections (c), (d) and (e) or as otherwise
9 specifically provided in this subpart, in the exercise of
10 legislative control over the budgets and expenditures of local
11 government units and of the purposes for which tax moneys and
12 general revenues of local government units may be expended, a
13 local government unit shall not incur any new lease rental debt
14 or nonelectoral debt if the aggregate net principal amount of
15 the new debt, together with any other net nonelectoral debt and
16 net lease rental debt then outstanding, would cause the
17 outstanding total of net nonelectoral debt plus net lease rental
18 debt of the local government unit to exceed any of the
19 following:

20 (1) Two hundred percent of the borrowing base in the
21 case of a school district of the first class.

22 (1.1) Ten percent of its borrowing base in the case of
23 any school district of the second through fourth classes.

24 (2) Four hundred percent of its borrowing base in the
25 case of a county.

26 (3) Three hundred fifty percent of its borrowing base in
27 the case of all other local government units.

28 (c) Self-liquidating or subsidized debt.--The limitations
29 and prohibitions of subsections (a) and (b), referred to as the
30 "regular debt limits," shall not apply to electoral debt; to

1 debt excluded in computing net amounts of nonelectoral debt or
2 of lease rental debt, as self-liquidating or because subsidized,
3 when the exclusion is made pursuant to sections 8024 (relating
4 to exclusion of subsidized debt from net nonelectoral debt or
5 net lease rental debt), 8025 (relating to exclusion of self-
6 liquidating debt evidenced by revenue bonds or notes to
7 determine net nonelectoral debt) and 8026 (relating to exclusion
8 of other self-liquidating debt to determine net nonelectoral
9 debt or net lease rental debt); nor to debt incurred to fund an
10 unfunded actuarial accrued liability except to the extent that
11 bonds or notes issued to fund an unfunded actuarial accrued
12 liability shall be limited to the principal amount necessary,
13 after deduction of costs of issuance, underwriter's discount and
14 original issue discount, to fund the unfunded actuarial accrued
15 liability.

16 (d) Additional nonelectoral or lease rental debt.--
17 Additional nonelectoral or additional lease rental debt or both
18 in the aggregate amount of 100% of the borrowing base may be
19 incurred by a county which has assumed countywide responsibility
20 or, where the county has not assumed countywide responsibility,
21 by a local government unit which has assumed responsibility for
22 its and its adjacent areas for hospitals and other public health
23 services, air and water pollution control, flood control,
24 environmental protection, water distribution and supply systems,
25 sewage and refuse collection and disposal systems, education at
26 any level, highways, public transportation or port operations.
27 The additional debt limit may be so utilized only to provide
28 funds for and towards the cost of capital facilities for any or
29 any combination of the foregoing purposes. Debt, other than
30 electoral debt, at any time incurred for such purposes or any of

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

5 (e) Emergency debt.--If replacement of assets is required as
6 a result of fire, flood, storm, war, riot, civil commotion or
7 other catastrophe, or the 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, antipollution, environmental protection and control
13 facilities or of complying with other mandated Federal or State
14 programs, a local government unit lacking sufficient remaining
15 borrowing capacity as nonelectoral or lease rental debt or being
16 otherwise prohibited by section 8045 (relating to effect of
17 defeat of question) from incurring debt for the purpose, upon
18 petition to the court of common pleas alleging the catastrophe,
19 or the danger to health and safety, or the mandated nature of
20 the program and the estimated costs of the proposed facilities,
21 and upon proof thereof to the satisfaction of the court, shall
22 be authorized, notwithstanding section 8045 or the insufficiency
23 of nonelectoral or lease rental borrowing capacity, to incur
24 debt, as either lease rental or nonelectoral debt, up to an
25 additional 50% of its borrowing base, if the increase is found
26 by the court to have been made necessary under this subsection
27 by 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), shall not exceed 50% of the borrowing base.
2 Public notice of the intention to file such a petition and of
3 the purpose for which the additional emergency debt is to be
4 incurred shall be given by advertisement in at least one and not
5 more than two newspapers of general circulation and in the legal
6 journal not less than five nor more than 20 days before the
7 filing thereof. The additional emergency debt may be incurred
8 only for the purposes and upon the terms approved by the court.
9 The amount of the debt initially in excess of the regular debt
10 limits shall not thereafter be included in computing net amounts
11 of nonelectoral or lease rental debt.

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