

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

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# HOUSE BILL

## No. 2634

Session of  
2006

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INTRODUCED BY CLYMER, BOYD, CALTAGIRONE, HENNESSEY, STEIL,  
HERSHEY AND E. Z. TAYLOR, APRIL 26, 2006

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AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,  
OCTOBER 17, 2006

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## AN ACT

1 Amending Title 53 (Municipalities Generally) of the Pennsylvania  
2 Consolidated Statutes, providing for procedure for conveyance  
3 of established projects.

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

6 Section 1. Title 53 of the Pennsylvania Consolidated  
7 Statutes is amended by adding a section to read:

8 § 5624. Procedure for conveyance of established projects.

9 (a) Notice and meetings.--An incorporating municipality that  
10 intends to acquire an established project of an authority  
11 pursuant to section 5622 (relating to conveyance by authorities  
12 to municipalities or school districts of established projects)  
13 or to dissolve an authority which, in either case, provides  
14 water or sewer service to at least 25% of its customers in  
15 municipalities outside the incorporating municipality shall  
16 ensure the following occurs before the acquisition or  
17 termination of the authority:

1       (1) The incorporating municipality, at a regularly  
2 scheduled public meeting, shall discuss the acquisition or  
3 dissolution and explain the rationale for such action, the  
4 disposition of projects or property, the financial mechanism  
5 for dissolution and acquisition, the disposition of assets  
6 and debt and the future operation and maintenance of the  
7 service previously provided by the authority. At the meeting,  
8 the incorporating municipality shall allow comments from  
9 interested parties and shall conduct the meeting in such a  
10 manner as to provide a forum for issues raised by the public  
11 to be addressed.

12       (2) The incorporating municipality shall hold at least  
13 one advertised public meeting to explain the rationale for <—  
14 the acquisition or dissolution, the disposition of projects  
15 or property, the financial mechanism for dissolution and  
16 acquisition, the disposition of assets and debt and the  
17 future operation and maintenance of the service previously  
18 provided by the authority, FORUM ON THE ACQUISITION OR <—  
19 DISSOLUTION TO EXPLAIN THE RATIONALE FOR SUCH ACTION AS  
20 PRESCRIBED IN PARAGRAPH (1) and to take comments from  
21 customers, elected officials from each of the other ALL <—  
22 municipalities served by the authority, members of the  
23 authority board and other interested parties. The  
24 incorporating municipality shall provide written notice of  
25 the meeting FORUM to the authority board members and to the <—  
26 elected officials from each of the other ALL municipalities <—  
27 served by the authority.

28       (3) Each municipality that is served by an authority  
29 incorporated by another municipality wishing to dissolve the  
30 authority or acquire its established project shall, at a

1 public meeting, cast a nonbinding vote to recommend approval  
2 or denial of the action of dissolution or acquisition by the  
3 incorporating municipality and shall explain the rationale  
4 for its recommendation. in a report to the incorporating <—  
5 municipality. This vote shall THE RESULT OF THE NONBINDING <—  
6 VOTE AND RATIONALE FOR ITS RECOMMENDATION SHALL BE  
7 TRANSMITTED TO THE INCORPORATING MUNICIPALITY WITHIN 48 HOURS  
8 OF THE VOTE. THIS NONBINDING VOTE SHALL occur within 90 days  
9 of the introduction of the action of dissolution or  
10 acquisition at an official meeting of the municipality.

11 (4) A formal action by an incorporating municipality  
12 intending to dissolve an authority or acquire its established  
13 project shall not occur until all of the requirements set  
14 forth in paragraphs (1), (2) and (3) have occurred.

15 (b) Conveyance.--A municipality that has dissolved such  
16 authority or acquired its established project may not offer for  
17 sale or conveyance for two years from the date of dissolution or  
18 acquisition such authority or its established project to a  
19 private entity unless the sale or conveyance was publicly  
20 disclosed in the initial official action or at the public  
21 meeting in subsection (a)(1).

22 ~~(c) Assets. If an authority is dissolved by the~~ <—  
23 ~~incorporating municipality~~

24 (C) ASSETS.--FOLLOWING THE TRANSFER TO AN INCORPORATING <—  
25 MUNICIPALITY THAT HAS DISSOLVED SUCH AUTHORITY OR ACQUIRED ITS  
26 ESTABLISHED PROJECT IN ACCORDANCE WITH THIS SECTION, all fixed  
27 assets or moneys derived therefrom and any cash, investments or  
28 other nonfixed assets shall be restricted to the project and the  
29 incorporating municipality shall not utilize any future revenue, <—  
30 EXCEPT IN THE CASE OF A SALE OR CONVEYANCE AS DESCRIBED UNDER

1 SUBSECTION (B), derived from the project to pay any expense of  
2 the incorporating municipality other than expenses directly  
3 related to the project or to reimburse the incorporating  
4 municipality for the out-of-pocket cost for goods and services  
5 provided by the incorporating municipality in the ongoing  
6 operation of the project.

7 (d) Approval.--If the incorporating municipality intends to  
8 continue providing water or sewer service previously provided by  
9 the authority to municipalities outside the incorporating  
10 municipality, the incorporating municipality must obtain  
11 approval of the Pennsylvania Public Utility Commission prior to:

12 (1) acquisition or termination of an authority;

13 (2) conveyance of a project of the authority to the  
14 incorporating municipality under section 5622; or

15 (3) transfer of reserves, assets or funds from an  
16 authority to the incorporating municipality.

17 Section 2. This act shall take effect immediately.