

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 878 Session of
2007

INTRODUCED BY CLYMER, CALTAGIRONE, CAPPELLI, CREIGHTON,
GINGRICH, HENNESSEY, HERSHEY, ROHRER, SIPTROTH AND
YOUNGBLOOD, MARCH 22, 2007

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, MARCH 22, 2007

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 that, in either case, provides water
14 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:

18 (1) The incorporating municipality, at a regularly

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

11 (2) The incorporating municipality shall hold at least
12 one advertised public forum on the acquisition or dissolution
13 to explain the rationale for such action as prescribed in
14 paragraph (1) and to take comments from customers, elected
15 officials from all municipalities served by the authority,
16 members of the authority board and other interested parties.
17 The incorporating municipality shall provide written notice
18 of the forum to the authority board members and to the
19 elected officials from all municipalities served by the
20 authority.

21 (3) Each municipality that is served by an authority
22 incorporated by another municipality wishing to dissolve the
23 authority or acquire its established project shall, at a
24 public meeting, cast a nonbinding vote to recommend approval
25 or denial of the action of dissolution or acquisition by the
26 incorporating municipality and shall explain the rationale
27 for its recommendation. The result of the nonbinding vote and
28 rationale for its recommendation shall be transmitted to the
29 incorporating municipality within 48 hours of the vote. This
30 nonbinding vote shall occur within 90 days of the

1 introduction of the action of dissolution or acquisition at
2 an official meeting of the municipality.

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

7 (b) Conveyance.--A municipality that has dissolved such
8 authority or acquired its established project may not offer for
9 sale or conveyance for two years from the date of dissolution or
10 acquisition such authority or its established project to a
11 private entity unless the sale or conveyance was publicly
12 disclosed in the initial official action or at the public
13 meeting in subsection (a)(1).

14 (c) Assets.--Following the transfer to an incorporating
15 municipality that has dissolved such authority or acquired its
16 established project in accordance with this section, all fixed
17 assets or moneys derived therefrom and any cash, investments or
18 other nonfixed assets shall be restricted to the project, and
19 the incorporating municipality shall not utilize any future
20 revenue, except in the case of a sale or conveyance as described
21 under subsection (b), derived from the project to pay any
22 expense of the incorporating municipality other than expenses
23 directly related to the project or to reimburse the
24 incorporating municipality for the out-of-pocket cost for goods
25 and services provided by the incorporating municipality in the
26 ongoing operation of the project.

27 (d) Approval.--If the incorporating municipality intends to
28 continue providing water or sewer service previously provided by
29 the authority to municipalities outside the incorporating
30 municipality, the incorporating municipality must obtain

1 approval of the Pennsylvania Public Utility Commission prior to:

2 (1) acquisition or termination of an authority;

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

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

7 Section 2. This act shall take effect immediately.