

## 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

AS REPORTED FROM COMMITTEE ON LOCAL GOVERNMENT, HOUSE OF  
REPRESENTATIVES, AS AMENDED, OCTOBER 17, 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:

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

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

1 nonbinding vote shall occur within 90 days of the  
2 introduction of the action of dissolution or acquisition at  
3 an official meeting of the municipality.

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

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

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

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

1 municipality, the incorporating municipality must obtain  
2 approval of the Pennsylvania Public Utility Commission prior to:  
3 (1) acquisition or termination of an authority;  
4 (2) conveyance of a project of the authority to the  
5 incorporating municipality under section 5622; or  
6 (3) transfer of reserves, assets or funds from an  
7 authority to the incorporating municipality.  
8 Section 2. This act shall take effect immediately.