

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1189 Session of  
1981

INTRODUCED BY VROON, COCHRAN, J. L. WRIGHT, SALVATORE, PHILLIPS,  
KLINGAMAN, RAPPAPORT, ALDEN, PETRARCA AND LETTERMAN,  
APRIL 21, 1981

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, APRIL 21, 1981

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," requiring that certain bonds or notes be sold only at  
18 public sale.

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

21 Section 1. Sections 403(2)(v), 407, 701 and 703, act of July  
22 12, 1972 (P.L.781, No.185), known as the "Local Government Unit  
23 Debt Act," reenacted and amended April 28, 1978 (P.L.124,  
24 No.52), are amended to read:

25 Section 403. Contents of Ordinance Authorizing Issuance of

1 Bonds or Notes or Instruments Evidencing Lease Rental Debt;  
2 Fixing the Date of Incurring Nonelectoral and Lease Rental Debt;  
3 Changes in Purpose of Nonelectoral General Obligation Bonds.--  
4 The ordinance or ordinances or, in the case of notes issued  
5 under section 409, the resolution, authorizing the issuance of  
6 bonds or notes or the execution of a lease, guaranty, subsidy  
7 contract or other agreement evidencing lease rental debt by a  
8 local government unit shall contain, in substance:

9 \* \* \*

10 (2) In every case except that of lease rental debt, the  
11 following:

12 \* \* \*

13 (v) A statement of the manner in which the bonds or notes  
14 are to be [or have been sold and if to be] sold at public  
15 sale[,] and the matters required or permitted by Article VII of  
16 this act [or if to be sold at negotiated sale, there may be  
17 included the matters required or permitted by section 407];

18 \* \* \*

19 Section 407. Award of Bonds or Notes.--When an acceptable  
20 proposal for the purchase of the bonds or notes, or any parcel  
21 thereof offered separately, has been received and is in  
22 conformity with the terms of the official invitation for  
23 proposals [or is an acceptable proposal at negotiated or invited  
24 sale,] and is in compliance with the provisions of this act, it  
25 may be accepted by resolution or by ordinance. If the acceptance  
26 shall be made by resolution, the acceptance shall be conditional  
27 upon compliance with section 403. If the acceptance shall be by  
28 ordinance, the ordinance shall also fix any details of the  
29 series of bonds or notes being sold not fixed by prior  
30 ordinance, and award the bonds or notes, or such of them as have

1 been sold, to specified purchasers at prices specified in such  
2 ordinance. Such provisions may be included in the ordinance  
3 adopted pursuant to section 403. Notwithstanding any other  
4 provision of this act or of any other law, as between the local  
5 government unit and the purchasers, an awarding resolution or  
6 ordinance shall be effective upon its final adoption or  
7 enactment by the governing body. The advertisement of the  
8 ordinance prior to enactment shall be sufficient if it describes  
9 the items to be completed from the proposal.

10 Section 701. Manner of Sale of Bonds or Notes.--(a) Except  
11 as otherwise specifically provided in this act and subject to  
12 the following subsection, bonds or notes may be sold only at  
13 public sale [or private sale by negotiation or upon invitation]  
14 and at such price all as the governing body of the issuing local  
15 government unit shall determine. [Bonds or notes may be  
16 conditionally sold before the final details of the series are  
17 fixed.]

18 (b) Bonds or notes[, if] sold at public sale, shall be sold  
19 to the highest responsible bidder or bidders after one public  
20 notice by advertisement of either the official notice of sale,  
21 or of the availability of the official notice of sale, in at  
22 least one and not more than two newspapers of general  
23 circulation in the county in which the local government unit is  
24 located. The advertisement may also be published in a financial  
25 journal circulating among the underwriters of securities.  
26 Advertisements shall be published not less than ten nor more  
27 than thirty days prior to the date fixed for opening proposals,  
28 and need not appear on the same date nor successively in each  
29 newspaper journal.

30 Section 703. Proposals for Purchase.--Every bid or proposal

1 for the public sale of bonds or notes shall be in writing, shall  
2 be properly executed, and[, in] the [case of public sale,] bids  
3 shall be placed in a sealed envelope sufficiently labeled to  
4 indicate that it is a bid or proposal for the bonds or notes  
5 being sold, before being delivered to the officer designated to  
6 receive the same, or to his or her authorized delegate.

7 Section 2. This act shall take effect in 60 days and shall  
8 apply to all bonds or notes authorized on or after the effective  
9 date of this act.