

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2568

Session of
1988

INTRODUCED BY MAINE, WAMBACH, BELARDI, JAROLIN, LUCYK, TIGUE,
DeWEESE, McHALE, WOZNIAK, FREEMAN, HASAY, DIETTERICK,
CAPPABIANCA, CORRIGAN, ITKIN, HECKLER, HONAMAN, GRUITZA,
FARMER, JADLOWIEC, ROBBINS, BLACK, MERRY AND RITTER,
JUNE 15, 1988

AS RE-REPORTED FROM COMMITTEE ON APPROPRIATIONS, HOUSE OF
REPRESENTATIVES, AS AMENDED, JUNE 27, 1988

AN ACT

1 Amending the act of July 10, 1987 (P.L.246, No.47), entitled "An
2 act empowering the Department of Community Affairs to declare
3 certain municipalities as financially distressed; providing
4 for the restructuring of debt of financially distressed
5 municipalities; limiting the ability of financially
6 distressed municipalities to obtain government funding;
7 authorizing municipalities to participate in Federal debt
8 adjustment actions and bankruptcy actions under certain
9 circumstances; and providing for consolidation or merger of
10 contiguous municipalities to relieve financial distress,"
11 providing for the establishment of a revolving fund; further
12 providing for criteria to declare a municipality distressed
13 and for the publication of certain notices; establishing a
14 revolving loan fund; PROVIDING FOR REVISION AND ADOPTION OF <—
15 PLANS BY MUNICIPALITIES; further providing for expiration of
16 the act; and making a repeal.

17 The General Assembly of the Commonwealth of Pennsylvania
18 hereby enacts as follows:

19 Section 1. Sections 201(8) and ~~242(a)~~, 242(A), 244 AND 245 <—
20 of the act of July 10, 1987 (P.L.246, No.47), known as the
21 Financially Distressed Municipalities Act, are amended to read:
22 Section 201. Criteria.

23 The evaluation of a municipality's financial stability by the

1 department under section 121 shall include each of the following
2 criteria. If at least one criterion is present and the
3 department assesses pursuant to section 121(b) that it is a
4 valid indication of municipal financial distress, then the
5 department shall exercise its powers and duties pursuant to
6 section 121.

7 * * *

8 (8) The municipality has failed to make the budgeted
9 payment of its minimum municipal obligation as required by
10 section 302, 303 or 602 of the act of December 18, 1984
11 (P.L.1005, No.205), known as the Municipal Pension Plan
12 Funding Standard and Recovery Act, with respect to a pension
13 fund during the fiscal year for which the payment was
14 budgeted and has failed to take action within that time
15 period to make required payments.

16 * * *

17 Section 242. Publication.

18 (a) Filing.--Within 90 days of [being named] an executable <—
19 EXECUTED contract between the department and the coordinator, <—
20 the coordinator shall formulate a plan for relieving the
21 municipality's financial distress and shall deliver true and
22 correct copies of it to:

23 (1) The municipal clerk or municipal secretary, who
24 shall immediately place the copy on file for public
25 inspection in the municipal office.

26 (2) The secretary.

27 (3) Each member of the municipal governing body.

28 (4) The mayor.

29 (5) The chief financial officer of the municipality.

30 (6) The solicitor of the municipal governing body.

(7) All parties who have petitioned the secretary under
section 203.

* * *

SECTION 244. REVISION.

<—

[NEITHER THE SECRETARY NOR THE CHIEF EXECUTIVE OFFICER OR THE
GOVERNING BODY, AS APPROPRIATE, MAY REVISE THE COORDINATOR'S
PLAN. HOWEVER] IF THE COORDINATOR DECIDES TO REVISE THE PLAN,
THE COORDINATOR SHALL CONSULT WITH THE SECRETARY AND EITHER THE
CHIEF EXECUTIVE OFFICER OR THE GOVERNING BODY THROUGHOUT THE
REVISION OF THE PLAN AND SHALL GIVE CONSIDERATION TO COMMENTS
THEY MAY PROPOSE. A REVISED PLAN SHALL BE COMPLETED AND
DELIVERED TO EACH PARTY CITED IN SECTION 242(A)(1) THROUGH (7)
WITHIN 10 DAYS FROM THE DATE OF THE COORDINATOR'S PUBLIC MEETING
ON THE ORIGINAL PLAN.

SECTION 245. ADOPTION BY MUNICIPALITY.

NOT LATER THAN [15] 25 DAYS FOLLOWING THE COORDINATOR'S
PUBLIC MEETING, THE MUNICIPAL GOVERNING BODY SHALL EITHER ENACT
AN ORDINANCE APPROVING THE IMPLEMENTATION OF THE PLAN, INCLUDING
ENACTMENT OF NECESSARY RELATED ORDINANCES AND REVISIONS TO
ORDINANCES, OR SHALL REJECT THE PLAN AND PROCEED UNDER SECTION
246. IF THE ORDINANCE TAKES EFFECT IN A MUNICIPALITY OPERATING
UNDER AN OPTIONAL PLAN FORM OF GOVERNMENT OR A HOME RULE
CHARTER, THE CHIEF EXECUTIVE OFFICER MAY ISSUE AN ORDER
DIRECTING THE IMPLEMENTATION OF THE PLAN NO LATER THAN SEVEN
DAYS FROM THE ENACTMENT OF THE ORDINANCE BY THE GOVERNING BODY.

Section 2. Section 301 of the act is amended by adding a
subsection to read:

Section 301. Program.

* * *

(c) Revolving fund.--There is hereby created in the State

1 Treasury the Financially Distressed Municipalities Revolving Aid
2 Fund. Repayment of principal on all loans made under this act
3 shall be deposited in the fund. Any interest earned on moneys in
4 this fund shall be deposited in the fund. All moneys in the fund
5 may be used to make loans for the purposes of this act.

6 Section 3. Section 304 of the act is repealed.

7 Section 4. Section 602 of the act is amended to read:

8 Section 602. Expiration.

9 Section 203(a)(5) shall expire upon publication in the
10 Pennsylvania Bulletin of the notice required under section
11 [121(g)] 121(f).

12 Section 5. This act shall take effect immediately.