

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 224 Session of
1995

INTRODUCED BY GODSHALL, E. Z. TAYLOR, PESCI, MERRY, BUNT,
JAROLIN, McCALL, ARMSTRONG, LEH, GLADECK, BARLEY, FICHTER,
TRELLO AND BROWN, JANUARY 24, 1995

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, JANUARY 24, 1995

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," further providing for the limitations on debt of
18 school districts.

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

21 Section 1. Section 202 of the act of July 12, 1972 (P.L.781,
22 No.185), known as the Local Government Unit Debt Act, reenacted
23 and amended April 28, 1978 (P.L.124, No.52), repealed in part
24 October 5, 1980 (P.L.693, No.142), amended May 22, 1981 (P.L.54,
25 No.19) and December 28, 1994 (P.L. , No.169), is amended to

1 read:

2 Section 202. Limitations on the Incurring of Other Debt.--

3 (a) Except as provided in subsections (c), (d) and (e) of this
4 section and as otherwise specifically provided in this act, no
5 local government unit shall incur any new nonelectoral debt, if
6 the aggregate net principal amount of such new nonelectoral debt
7 together with all other net nonelectoral debt outstanding would
8 cause the total net nonelectoral debt of such local government
9 unit to exceed:

10 (i) one hundred per cent of its borrowing base in the case
11 of a school district of the first class;

12 (i.1) ten per cent of its borrowing base in the case of any
13 school district of the second through fourth classes;

14 (ii) three hundred per cent of its borrowing base in the
15 case of a county; or

16 (iii) two hundred fifty per cent of its borrowing base in
17 the case of any other local government unit.

18 (b) Except as provided in subsections (c), (d) and (e) of
19 this section or as otherwise specifically provided in this act,
20 in the exercise of legislative control over the budgets and
21 expenditures of local government units and of the purposes for
22 which tax moneys and general revenues of local government units
23 may be expended, the General Assembly determines that no local
24 government unit shall incur any new lease rental debt or
25 nonelectoral debt, if the aggregate net principal amount of such
26 new debt together with any other net nonelectoral debt and net
27 lease rental debt then outstanding would cause the outstanding
28 total of net nonelectoral debt plus net lease rental debt of
29 such local government unit to exceed:

30 (i) two hundred per cent of the borrowing base in the case

1 of a school district of the first class;

2 (i.1) ten per cent of its borrowing base in the case of any
3 school district of the second through fourth classes;

4 (ii) four hundred per cent of its borrowing base in the case
5 of a county; or

6 (iii) three hundred fifty per cent of its borrowing base in
7 the case of all other local government units.

8 (c) The limitations and prohibitions of the preceding
9 subsections (hereinafter called the "regular debt limits") shall
10 not apply to electoral debt, nor to debt excluded in computing
11 net amounts of nonelectoral debt or of lease rental debt, as
12 self-liquidating or because subsidized, when such exclusion is
13 made pursuant to sections 204, 205 and 206 of this act, nor to
14 debt incurred to fund an unfunded actuarial accrued liability;
15 except that bonds or notes issued to fund an unfunded actuarial
16 accrued liability shall be limited to the principal amount
17 necessary (after deduction of costs of issuance, underwriter's
18 discount and original issue discount) to fund the unfunded
19 actuarial accrued liability.

20 (d) Additional nonelectoral or additional lease rental debt
21 or both in the aggregate amount of one hundred per cent of the
22 borrowing base may be incurred:

23 (i) by a county which has assumed, either before or after
24 the effective date of this act, county-wide responsibility for;
25 or

26 (ii) where the county has not assumed county-wide
27 responsibility, by a local government unit which has, either
28 before or after the effective date of this act, assumed
29 responsibility for its and its adjacent areas; for hospitals and
30 other public health services, air and water pollution control,

1 flood control, environmental protection, water distribution and
2 supply systems, sewage and refuse collection and disposal
3 systems, education at any level, highways, public transportation
4 or port operations, but such additional debt limit may be so
5 utilized only to provide funds for and towards the cost of
6 capital facilities for any or any combination of the foregoing
7 purposes. Debt, other than electoral debt, at any time incurred
8 for such purposes or any of them, may be assigned by ordinance
9 to this additional debt limit, if the remaining borrowing
10 capacity within the regular limits is insufficient to finance
11 other projects deemed necessary by the governing body of the
12 local government unit.

13 (e) If replacement of assets is required as a result of
14 fire, flood, storm, war, riot, civil commotion or other
15 catastrophe, or such replacement or any improvements are
16 required for the prevention of dangers to health or safety, or
17 if funds are required for the payment of tort liability not
18 covered by insurance, or if funds are required to be used for
19 and towards the costs of mandated installations of health,
20 safety, anti-pollution, environmental protection and control
21 facilities or of complying with other mandated Federal or
22 Commonwealth programs, a local government unit not having
23 sufficient remaining borrowing capacity as nonelectoral or lease
24 rental debt or being otherwise prohibited by section 305 from
25 incurring debt for the purpose, upon petition to the court of
26 common pleas alleging the catastrophe, or the danger to health
27 and safety, or the mandated nature of the program and the
28 estimated costs of the proposed facilities, and upon proof
29 thereof to the satisfaction of the court, shall be authorized,
30 notwithstanding section 305 or the insufficiency of nonelectoral

1 or lease rental borrowing capacity, to incur debt, as either
2 lease rental or nonelectoral debt, up to an additional fifty per
3 cent of its borrowing base, if such increase is found by the
4 court to have been made necessary under this subsection by
5 reason of the causes set forth in the petition. The increase
6 together with all outstanding other additional emergency debt
7 which may have been previously authorized under this subsection
8 (excluding any allocated to the additional debt limit under
9 subsection (d) of this section) shall not exceed fifty per cent
10 of the borrowing base. Public notice of the intention to file
11 such a petition and of the purpose for which the additional
12 emergency debt is to be incurred shall be given by advertisement
13 in at least one and not more than two papers of general
14 circulation and in the legal journal not less than five nor more
15 than twenty days before the filing thereof. Such additional
16 emergency debt may be incurred only for the purposes and upon
17 the terms approved by the court. The amount of such debt
18 initially in excess of the regular debt limits shall not
19 thereafter be included in computing net amounts of nonelectoral
20 or lease rental debt.

21 Section 2. This act shall take effect in 60 days.