

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2957 Session of  
1996

INTRODUCED BY STISH, RUBLEY AND GODSHALL, OCTOBER 8, 1996

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, OCTOBER 8, 1996

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 limitations on the incurring of  
18 debt.

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), amended May 22,  
24 1981 (P.L.54, No.19) and December 28, 1994 (P.L.1436, No.169)  
25 and repealed in part October 5, 1980 (P.L.693, No.142), is

1 amended to 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 (ii) [three hundred] ten per cent of its borrowing base in  
13 the case of a county; or

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

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

28 (i) two hundred per cent of the borrowing base in the case  
29 of a school district of the first class;

30 (ii) [four hundred] ten per cent of its borrowing base in

1 the case of a county; or

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

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

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

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

22 (ii) where the county has not assumed county-wide  
23 responsibility, by a local government unit which has, either  
24 before or after the effective date of this act, assumed  
25 responsibility for its and its adjacent areas; for hospitals and  
26 other public health services, air and water pollution control,  
27 [flood control,] environmental protection, water distribution  
28 and supply systems, sewage and refuse collection and disposal  
29 systems, education at any level, highways, public transportation  
30 or port operations, but such additional debt limit may be so

1 utilized only to provide funds for and towards the cost of  
2 capital facilities for any or any combination of the foregoing  
3 purposes. Debt, other than electoral debt, at any time incurred  
4 for such purposes or any of them, may be assigned by ordinance  
5 to this additional debt limit, if the remaining borrowing  
6 capacity within the regular limits is insufficient to finance  
7 other projects deemed necessary by the governing body of the  
8 local government unit.

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

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

17 Section 2. This act shall be retroactive to July 1, 1996.

18 Section 3. This act shall take effect immediately.