## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## SENATE BILL

No. 293

Session of 2013

INTRODUCED BY FOLMER, TEPLITZ, RAFFERTY, VULAKOVICH, PILEGGI AND EICHELBERGER, FEBRUARY 1, 2013

REFERRED TO LOCAL GOVERNMENT, FEBRUARY 1, 2013

## AN ACT

Amending Title 53 (Municipalities Generally) of the Pennsylvania Consolidated Statutes, in municipal authorities, further 2 providing for purposes and powers; and, in interest rate risk 3 4 and interest cost management, further providing for qualified interest rate management agreements. 5 6 The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows: 7 Section 1. Sections 5607(d)(13) and 8281(a) of Title 53 of 8 the Pennsylvania Consolidated Statutes are amended to read: 10 § 5607. Purposes and powers. 11 12 (d) Powers. -- Every authority may exercise all powers necessary or convenient for the carrying out of the purposes set 13 forth in this section, including, but without limiting the 14 generality of the foregoing, the following rights and powers: 15 \* \* \* 16 17 (13) [To] The following shall apply: (i) Except as provided under subparagraph (ii), to 18 19 make contracts of every name and nature and to execute

all instruments necessary or convenient for the carrying on of its business.

(ii) No authority may negotiate or enter into an interest rate management agreement that in the judgment of the authority is designed to manage interest rate risk or interest cost of the authority on any debt incurred by the authority, including, but not limited to, swaps, interest rate caps, collars, corridors, ceiling and floor agreements, forward agreements and other similar agreements.

(iii) For the purposes of this paragraph, an interest rate management agreement is an agreement after the effective date of this subparagraph.

14 \* \* \*

3

4

5

6

7

8

9

10

11

12

13

- 15 § 8281. Qualified interest rate management agreements.
- 16 (a) General rule.--
- (1) Except as set forth in [paragraph] paragraphs (4)

  and (5), notwithstanding any other law to the contrary, a

  local government unit may negotiate and enter into qualified

  interest rate management agreements consistent with the

  provisions of this subchapter.
- 22 (2) The local government unit must authorize and award
  23 by resolution each qualified interest rate management
  24 agreement or any confirmation of a transaction. The
  25 resolution is subject to section 8003(a) and (b) (relating to
  26 advertisement and effectiveness of ordinances) but may be
  27 valid and effective for all purposes immediately upon
  28 adoption or as otherwise provided in the resolution.
- 29 (3) A local government unit has the power to contract 30 for insurance covering the risks of nonpayment of amounts due

- 1 under qualified interest rate management agreements.
- 2 (4) The authority granted in this subchapter shall not
- 3 apply to any local government unit which has been declared
- 4 distressed by the Department of Community and Economic
- 5 Development.
- 6 (5) No local government unit may negotiate or enter into
- 7 <u>a qualified interest rate management agreement after the</u>
- 8 <u>effective date of this paragraph.</u>
- 9 \* \* \*
- 10 Section 2. The amendment of 53 Pa.C.S. §§ 5607(d)(13) and
- 11 8281(a) shall not be construed to affect any interest rate
- 12 management agreement entered into by an authority or any
- 13 qualified interest rate management agreement entered into by a
- 14 local government unit prior to the effective date of this
- 15 section.
- 16 Section 3. This act shall take effect immediately.