

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 864

Session of
1987

INTRODUCED BY RHOADES, STAUFFER, ROCKS, REIBMAN, SHUMAKER,
HELFRICK, FUMO, FISHER, LINCOLN, SHAFFER, MADIGAN, MUSTO,
LEMOND, PETERSON, ANDREZESKI, O'PAKE, WENGER, KELLEY,
SALVATORE, ROMANELLI AND JONES, JUNE 1, 1987

AS RE-REPORTED FROM COMMITTEE ON APPROPRIATIONS, HOUSE OF
REPRESENTATIVES, AS AMENDED, JULY 1, 1987

AN ACT

1 ~~Amending the act of July 2, 1984 (P.L.545, No.109), entitled "An~~ <—
2 ~~act establishing a loan program for capital development~~
3 ~~projects; providing for the use of funds made available under~~
4 ~~the Appalachian Regional Development Act of 1965 and the~~
5 ~~Public Works and Economic Development Act of 1965; providing~~
6 ~~for loans, loan guarantees and other programs for capital~~
7 ~~development projects of small businesses; creating the~~
8 ~~Capital Loan Fund; providing standards for and requirements~~
9 ~~of the program; and making appropriations," extending for two~~
10 ~~years the period during which Class III and apparel industry~~
11 ~~loans may be made; and authorizing apparel industry loans for~~
12 ~~technical assistance.~~
13 ~~EMPOWERING THE DEPARTMENT OF COMMUNITY AFFAIRS TO DECLARE~~ <—
14 ~~CERTAIN MUNICIPALITIES AS FINANCIALLY DISTRESSED; PROVIDING~~
15 ~~FOR THE RESTRUCTURING OF DEBT OF FINANCIALLY DISTRESSED~~
16 ~~MUNICIPALITIES; LIMITING THE ABILITY OF FINANCIALLY~~
17 ~~DISTRESSED MUNICIPALITIES TO OBTAIN GOVERNMENT FUNDING;~~
18 ~~AUTHORIZING MUNICIPALITIES TO PARTICIPATE IN FEDERAL DEBT~~
19 ~~ADJUSTMENT ACTIONS AND BANKRUPTCY ACTIONS UNDER CERTAIN~~
20 ~~CIRCUMSTANCES; AND PROVIDING FOR CONSOLIDATION OR MERGER OF~~
21 ~~CONTIGUOUS MUNICIPALITIES TO RELIEVE FINANCIAL DISTRESS.~~

22 TABLE OF CONTENTS

23 CHAPTER 1. GENERAL PROVISIONS

24 SUBCHAPTER A. PRELIMINARY PROVISIONS

25 SECTION 101. SHORT TITLE.

1 SECTION 102. PURPOSE AND LEGISLATIVE INTENT.
2 SECTION 103. DEFINITIONS.
3 SUBCHAPTER B. ADMINISTRATIVE PROVISIONS
4 SECTION 121. POWERS AND DUTIES OF DEPARTMENT.
5 SECTION 122. DUTIES OF COMMONWEALTH AGENCIES.
6 SECTION 123. POWERS AND DUTIES OF MUNICIPALITIES.
7 SUBCHAPTER C. JUDICIAL PROVISIONS
8 SECTION 141. JURISDICTION OF COURT OF COMMON PLEAS.
9 CHAPTER 2. MUNICIPAL FINANCIAL DISTRESS
10 SUBCHAPTER A. DETERMINATION OF MUNICIPAL FINANCIAL DISTRESS
11 SECTION 201. CRITERIA.
12 SECTION 202. STANDING TO PETITION FOR A DETERMINATION.
13 SECTION 203. PROCEDURE FOR DETERMINATION.
14 SECTION 204. COMMONWEALTH FUNDS.
15 SUBCHAPTER B. COORDINATOR
16 SECTION 221. DESIGNATION.
17 SECTION 222. ACCESS TO INFORMATION.
18 SECTION 223. PUBLIC AND PRIVATE MEETINGS.
19 SECTION 224. COORDINATOR BARRED FROM ELECTIVE OFFICE.
20 SUBCHAPTER C. COORDINATOR'S PLAN
21 SECTION 241. CONTENTS.
22 SECTION 242. PUBLICATION.
23 SECTION 243. REVIEW OF PLAN.
24 SECTION 244. REVISION.
25 SECTION 245. ADOPTION BY MUNICIPALITY.
26 SECTION 246. PREPARATION AND ACTION ON ALTERNATE PLAN.
27 SECTION 247. PLAN IMPLEMENTATION.
28 SECTION 248. FAILURE TO ADOPT OR IMPLEMENT PLAN.
29 SECTION 249. PLAN AMENDMENTS.
30 SECTION 250. DEBT PROVISIONS.

1 SECTION 251. COMMONWEALTH AGENCY PAYMENTS OR ASSISTANCE.
2 SECTION 252. PLAN NOT AFFECTED BY CERTAIN COLLECTIVE
3 BARGAINING AGREEMENTS OR SETTLEMENTS.
4 SECTION 253. TERMINATION OF STATUS.
5 SUBCHAPTER D. APPLICATION OF FEDERAL LAW
6 SECTION 261. FILING MUNICIPAL DEBT ADJUSTMENT UNDER FEDERAL
7 LAW.
8 SECTION 262. SIGNIFICANCE AND DUTY ON FILING FEDERAL ACTION.
9 SECTION 263. APPLICATION OF THIS ACT DURING FEDERAL ACTION.
10 SECTION 264. SUSPENSION OF COMMONWEALTH FUNDING.
11 CHAPTER 3. EMERGENCY FINANCIAL AID FOR DISTRESSED
12 MUNICIPALITIES
13 SECTION 301. PROGRAM.
14 SECTION 302. GRANT AND LOAN PROCEDURE.
15 SECTION 303. LIMITATIONS.
16 SECTION 304. EXPIRATION.
17 CHAPTER 4. CONSOLIDATION OR MERGER OF ECONOMICALLY NONVIABLE
18 MUNICIPALITIES
19 SUBCHAPTER A. GENERAL PROVISIONS
20 SECTION 401. DETERMINATION.
21 SECTION 402. PROCEDURE FOR CONSOLIDATION OR MERGER.
22 SECTION 403. JOINT AGREEMENT OF GOVERNING BODIES.
23 SECTION 404. INITIATIVE OF ELECTORS.
24 SECTION 405. CONDUCT OF REFERENDA.
25 SECTION 406. CONSOLIDATION OR MERGER AGREEMENT.
26 SECTION 407. EFFECTUATION OF CONSOLIDATION OR MERGER.
27 SECTION 408. COLLECTIVE BARGAINING AGREEMENTS; FURLOUGH OF
28 EMPLOYEES; DISPUTES.
29 SECTION 409. PROCEDURES.
30 SUBCHAPTER B. ECONOMIC ASSISTANCE

1 SECTION 421. ELIGIBILITY.
2 SECTION 422. PRIORITY.
3 SECTION 423. LISTING OF ELIGIBLE MUNICIPALITIES.
4 CHAPTER 5. FUNDING
5 SECTION 501. APPROPRIATION.
6 CHAPTER 6. TECHNICAL PROVISIONS
7 SECTION 601. REPEALS.
8 SECTION 602. EXPIRATION.
9 SECTION 603. EFFECTIVE DATE.

10 The General Assembly of the Commonwealth of Pennsylvania
11 hereby enacts as follows:

12 ~~Section 1. Section 4(c)(5) and (d) of the act of July 2,~~ <—
13 ~~1984 (P.L.545, No.109), known as the Capital Loan Fund Act,~~
14 ~~amended or added December 20, 1985 (P.L.364, No.104), is amended~~
15 ~~to read:~~

16 ~~Section 4. Eligibility for loans; terms and conditions.~~

17 ~~* * *~~

18 ~~(c) Class III loans.~~

19 ~~* * *~~

20 ~~(5) No Class III loans or other Class III aid may be~~
21 ~~approved after June 30, [1987] 1989.~~

22 ~~(d) Apparel industry loans.~~

23 ~~(1) The secretary may make advances from the fund,~~
24 ~~subject to the terms, conditions and restrictions provided~~
25 ~~under this act, to area loan organizations for the purpose of~~
26 ~~making loans to manufacturers of apparel products for capital~~
27 ~~development projects limited to the modernization, upgrading~~
28 ~~or replacement of equipment or technical assistance:~~

29 ~~Provided, however, That no loans shall be made which would do~~
30 ~~any of the following:~~

1 ~~(i) Cause, aid or assist in, directly or indirectly,~~
2 ~~the relocation of any business operations from one part~~
3 ~~of this Commonwealth to another, unless there is at least~~
4 ~~a 15% increase in net employment.~~

5 ~~(ii) Supplant funding that is otherwise available~~
6 ~~expeditiously from private sector sources on commercially~~
7 ~~reasonable terms.~~

8 ~~(iii) Be for the purpose of refinancing any portion~~
9 ~~of the total project cost or other existing loans or~~
10 ~~debt.~~

11 ~~(iv) Be for the purpose of financing projects~~
12 ~~located outside the geographic boundaries of this~~
13 ~~Commonwealth.~~

14 ~~(v) Be for the purpose of paying off a creditor~~
15 ~~which is inadequately secured and is in a position to~~
16 ~~sustain a loss.~~

17 ~~(vi) Provide funds, directly or indirectly, for~~
18 ~~payment, distribution or as a loan to owners, partners or~~
19 ~~shareholders of the small business enterprise, except as~~
20 ~~ordinary compensation for services rendered.~~

21 ~~(vii) Be for the purpose of repaying a debt owed to~~
22 ~~a small business investment company.~~

23 ~~(viii) Provide funds for speculation in any kind of~~
24 ~~property, real or personal, tangible or intangible.~~

25 ~~(2) Loans may be made in an amount not exceeding 50% of~~
26 ~~the total project cost, or \$200,000, whichever is less:~~
27 ~~Provided, however, That no loans shall be made which will~~
28 ~~exceed \$10,000 for each employment opportunity created or~~
29 ~~preserved by the project.~~

30 ~~(3) All loans shall be secured by lien positions on~~

~~collateral at the highest level of priority which can
accommodate the borrower's ability to raise sufficient debt
and equity capital and shall be made for such period and
shall bear such interest as may be determined by the area
loan organization with the approval of the board: Provided,
however, That:~~

~~(i) The term of any loan shall not exceed seven
years.~~

~~(ii) The interest rate shall in no case be less than
3%.~~

~~(iii) The secretary may defer interest and principal
payments at his discretion.~~

~~(4) No apparel industry loans or other apparel industry
aid may be approved after June 30, [1987] 1989.~~

~~(5) A manufacturer of apparel products is not
disqualified from seeking Class I, II or III loans because of
eligibility to apply for an apparel industry loan: Provided,
however, That the loans approved shall not exceed in the
aggregate 50% of total project cost, or \$200,000, whichever
is less.~~

~~* * *~~

~~Section 2. This act shall be retroactive to June 30, 1987,
if enacted after that date.~~

~~Section 3. This act shall take effect immediately.~~

CHAPTER 1

GENERAL PROVISIONS

SUBCHAPTER A

PRELIMINARY PROVISIONS

SECTION 101. SHORT TITLE.

THIS ACT SHALL BE KNOWN AND MAY BE CITED AS THE FINANCIALLY

1 DISTRESSED MUNICIPALITIES ACT.

2 SECTION 102. PURPOSE AND LEGISLATIVE INTENT.

3 (A) POLICY.--IT IS HEREBY DECLARED TO BE A PUBLIC POLICY OF
4 THE COMMONWEALTH TO FOSTER FISCAL INTEGRITY OF MUNICIPALITIES SO
5 THAT THEY PROVIDE FOR THE HEALTH, SAFETY AND WELFARE OF THEIR
6 CITIZENS; PAY DUE PRINCIPAL AND INTEREST ON THEIR DEBT
7 OBLIGATIONS WHEN DUE; MEET FINANCIAL OBLIGATIONS TO THEIR
8 EMPLOYEES, VENDORS AND SUPPLIERS; AND PROVIDE FOR PROPER
9 FINANCIAL ACCOUNTING PROCEDURES, BUDGETING AND TAXING PRACTICES.
10 THE FAILURE OF A MUNICIPALITY TO DO SO IS HEREBY DETERMINED TO
11 AFFECT ADVERSELY THE HEALTH, SAFETY AND WELFARE NOT ONLY OF THE
12 CITIZENS OF THE MUNICIPALITY BUT ALSO OF OTHER CITIZENS IN THIS
13 COMMONWEALTH.

14 (B) LEGISLATIVE INTENT.--

15 (1) IT IS THE INTENT OF THE GENERAL ASSEMBLY TO:

16 (I) ENACT PROCEDURES AND PROVIDE POWERS AND
17 GUIDELINES TO ENSURE FISCAL INTEGRITY OF MUNICIPALITIES
18 WHILE LEAVING PRINCIPAL RESPONSIBILITY FOR CONDUCTING THE
19 GOVERNMENTAL AFFAIRS OF A MUNICIPALITY, INCLUDING
20 CHOOSING THE PRIORITIES FOR AND MANNER OF EXPENDITURES
21 BASED ON AVAILABLE REVENUES, TO THE CHARGE OF ITS ELECTED
22 OFFICIALS, CONSISTENT WITH THE PUBLIC POLICY SET FORTH IN
23 THIS SECTION.

24 (II) ENACT PROCEDURES FOR THE ADJUSTMENT OF
25 MUNICIPAL DEBT BY NEGOTIATED AGREEMENT WITH CREDITORS.

26 (2) THE GENERAL ASSEMBLY FURTHER RECOGNIZES THAT
27 CHANGING AND DETERIORATING ECONOMIC CONDITIONS, DEVELOPING
28 TECHNOLOGIES AND ATTENDANT UNEMPLOYMENT ERODE LOCAL TAX BASES
29 AND THREATEN ESSENTIAL MUNICIPAL SERVICES. UNDER SUCH
30 CIRCUMSTANCES, THE GENERAL ASSEMBLY BELIEVES THAT SUCH

1 DISTRESSED GOVERNMENTAL UNITS MAY NO LONGER BE VIABLE AND
2 THAT THE CITIZENS OF THOSE COMMUNITIES SHOULD BE GRANTED THE
3 OPPORTUNITY TO VOLUNTARILY CONSOLIDATE OR MERGE THEIR
4 MUNICIPALITIES WITH OTHER MUNICIPALITIES IN AN EFFORT TO
5 ALLOW MUNICIPAL BOUNDARIES TO REFLECT THE GEOGRAPHIC AND
6 ECONOMIC REALITIES OF A DISTRESSED AREA, TO MERGE A COMMON
7 COMMUNITY OF INTEREST, TO TAKE ADVANTAGE OF ECONOMIES OF
8 SCALE IN PROVIDING SERVICES, AND TO CREATE AN EXPANDED
9 REVENUE BASE TO PROVIDE NECESSARY PUBLIC SERVICES TO THE
10 CITIZENS OF FINANCIALLY DISTRESSED MUNICIPALITIES.

11 SECTION 103. DEFINITIONS.

12 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ACT SHALL
13 HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
14 CONTEXT CLEARLY INDICATES OTHERWISE:

15 "BASIS OF ACCOUNTING." REVENUES AND EXPENDITURES MAY BE
16 RECOGNIZED ON THE CASH, MODIFIED ACCRUAL OR FULL ACCRUAL BASIS
17 OF ACCOUNTING, PROVIDED THAT BASIS IS APPLIED CONSISTENTLY
18 THROUGHOUT THE FISCAL PERIODS REPORTED FOR EVALUATION PURPOSES.

19 "CHIEF EXECUTIVE OFFICER." MAYOR IN A MAYOR-COUNCIL FORM OF
20 GOVERNMENT OR MANAGER IN A COUNCIL-MANAGER FORM OF GOVERNMENT OF
21 A CITY OPERATING UNDER AN OPTIONAL FORM OF GOVERNMENT PURSUANT
22 TO THE ACT OF JULY 15, 1957 (P.L.901, NO.399), KNOWN AS THE
23 OPTIONAL THIRD CLASS CITY CHARTER LAW; A MAYOR OF A CITY OF THE
24 FIRST CLASS UNDER THE ACT OF APRIL 21, 1949 (P.L.665, NO.155),
25 KNOWN AS THE FIRST CLASS CITY HOME RULE ACT; OR AN INDIVIDUAL
26 SERVING IN SUCH CAPACITY AS DESIGNATED BY A HOME RULE CHARTER OR
27 OPTIONAL PLAN PURSUANT TO THE ACT OF APRIL 13, 1972 (P.L.184,
28 NO.62), KNOWN AS THE HOME RULE CHARTER AND OPTIONAL PLANS LAW.

29 "CLAIM." RIGHT TO PAYMENT, WHETHER OR NOT THE RIGHT IS
30 REDUCED TO JUDGMENT, LIQUIDATED, UNLIQUIDATED, FIXED,

1 CONTINGENT, MATURED, UNMATURED, DISPUTED, UNDISPUTED, LEGAL,
2 EQUITABLE, SECURED OR UNSECURED; OR RIGHT TO AN EQUITABLE REMEDY
3 FOR BREACH OF PERFORMANCE IF THE BREACH GIVES RISE TO A RIGHT TO
4 PAYMENT, WHETHER OR NOT THE RIGHT TO AN EQUITABLE REMEDY IS
5 REDUCED TO JUDGMENT, FIXED, CONTINGENT, MATURED, UNMATURED,
6 DISPUTED, UNDISPUTED, SECURED OR UNSECURED.

7 "COMMONWEALTH AGENCY." THE GOVERNOR AND THE DEPARTMENTS,
8 BOARDS, COMMISSIONS, AUTHORITIES AND OTHER OFFICERS AND AGENCIES
9 OF THIS COMMONWEALTH, WHETHER OR NOT SUBJECT TO THE POLICY
10 SUPERVISION AND CONTROL OF THE GOVERNOR.

11 "CONSOLIDATED OR MERGED MUNICIPALITY." A MUNICIPAL ENTITY
12 RESULTING FROM SUCCESSFUL CONSOLIDATION OR MERGER PROCEEDINGS
13 UNDER SUBCHAPTER A OF CHAPTER 4.

14 "CONSOLIDATION OR MERGER." THE COMBINATION OF TWO OR MORE
15 MUNICIPALITIES INTO ONE MUNICIPALITY.

16 "CONTIGUOUS TERRITORY." A TERRITORY OF WHICH A PORTION ABUTS
17 THE BOUNDARY OF ANOTHER MUNICIPALITY, INCLUDING TERRITORY
18 SEPARATED FROM THE EXACT BOUNDARY OF ANOTHER MUNICIPALITY BY A
19 STREET, ROAD, RAILROAD OR HIGHWAY, OR BY A RIVER OR OTHER
20 NATURAL OR ARTIFICIAL STREAM OF WATER.

21 "CREDITOR." AN INDIVIDUAL, PARTNERSHIP, CORPORATION,
22 ASSOCIATION, ESTATE, TRUST, GOVERNMENTAL UNIT OR THE GOVERNING
23 BOARD OF A PENSION FUND OF A MUNICIPALITY THAT HAS A CLAIM
24 AGAINST A MUNICIPALITY.

25 "DEFICIT." THE EXCESS OF EXPENDITURES OVER REVENUES, STATED
26 AS A PERCENTAGE OF REVENUE, DURING AN ACCOUNTING PERIOD. THIS
27 CALCULATION SHALL INCLUDE ALL GOVERNMENTAL FUND TYPES AND ALL
28 PROPRIETARY FUND TYPES, BUT SHALL EXCLUDE ALL FIDUCIARY FUND
29 TYPES OF THE MUNICIPALITY.

30 "DEPARTMENT." THE DEPARTMENT OF COMMUNITY AFFAIRS OF THE

1 COMMONWEALTH.

2 "ELECTION OFFICIALS." THE COUNTY BOARDS OF ELECTION, EXCEPT
3 IN A CITY OF THE FIRST CLASS WHERE "ELECTION OFFICIALS" MEANS
4 THE CITY BOARD OF ELECTIONS.

5 "EXPENDITURES." REDUCTIONS IN FUND EQUITY, INCLUDING CURRENT
6 OPERATING EXPENSES THAT REQUIRE THE USE OF FUND EQUITY, DEBT
7 SERVICE AND CAPITAL OUTLAYS. THE TERM SHALL NOT INCLUDE
8 INTERFUND TRANSFERS.

9 "FUND EQUITY." EXCESS OF ASSETS OF A FUND OVER ITS
10 LIABILITIES.

11 "GOVERNING BODY." THE COUNCIL IN CITIES, BOROUGHES AND
12 INCORPORATED TOWNS; THE BOARD OF COMMISSIONERS IN COUNTIES; THE
13 BOARD OF COMMISSIONERS IN TOWNSHIPS OF THE FIRST CLASS; THE
14 BOARD OF SUPERVISORS IN TOWNSHIPS OF THE SECOND CLASS, OR THE
15 LEGISLATIVE POLICY-MAKING BODY IN HOME RULE MUNICIPALITIES.

16 "INITIATIVE." THE FILING WITH APPLICABLE ELECTION OFFICIALS
17 OF A PETITION CONTAINING A PROPOSAL FOR A REFERENDUM TO BE
18 PLACED ON THE BALLOT OF THE NEXT ELECTION. THE PETITION SHALL
19 BE:

20 (1) FILED NOT LATER THAN THE 13TH TUESDAY PRIOR TO THE
21 NEXT ELECTION IN WHICH IT WILL APPEAR ON THE BALLOT.

22 (2) SIGNED BY VOTERS COMPRISING 5% OF THE PERSONS VOTING
23 FOR THE OFFICE OF GOVERNOR IN THE LAST GUBERNATORIAL GENERAL
24 ELECTION IN THE MUNICIPALITY WHERE THE PROPOSAL WILL APPEAR
25 ON THE BALLOT.

26 (3) PLACED ON THE BALLOT BY ELECTION OFFICIALS IN A
27 MANNER FAIRLY REPRESENTING THE CONTENT OF THE PETITION FOR
28 DECISION BY REFERENDUM AT SAID ELECTION.

29 (4) SUBMITTED NOT MORE THAN ONCE IN FIVE YEARS.

30 "MATURED CLAIM." A CLAIM THAT HAS BEEN REDUCED TO JUDGMENT

1 OR LIQUIDATED IN AMOUNT BY AGREEMENT FOR A PERIOD OF 90 DAYS
2 PRIOR TO THE FILING OF A PETITION TO COMMENCE FISCAL DISTRESS
3 PROCEEDINGS UNDER THIS ACT.

4 "MUNICIPAL RECORD." A FINANCIAL RECORD AND DOCUMENT OF A
5 MUNICIPALITY OR OF AN AUTHORITY INCORPORATED BY A MUNICIPALITY,
6 EXCLUDING CONFIDENTIAL INFORMATION RELATING TO PERSONNEL MATTERS
7 AND MATTERS RELATING TO THE INITIATION AND CONDUCT OF
8 INVESTIGATIONS OF VIOLATIONS OF LAW.

9 "MUNICIPALITY." EVERY COUNTY, CITY, BOROUGH, INCORPORATED
10 TOWN, TOWNSHIP AND HOME RULE MUNICIPALITY.

11 "REFERENDUM." PLACEMENT OF A QUESTION INSERTED ON THE
12 BALLOT, BY INITIATIVE OR OTHERWISE, BY A MAJORITY VOTE OF THE
13 ELECTORS VOTING THEREON.

14 "REVENUES." ADDITIONS TO FUND EQUITY OTHER THAN FROM
15 INTERFUND TRANSFERS, PROCEEDS OF DEBT AND PROCEEDS OF
16 DISPOSITION OF GENERAL FIXED ASSETS.

17 "SECRETARY." THE SECRETARY OF COMMUNITY AFFAIRS OF THE
18 COMMONWEALTH.

19 SUBCHAPTER B

20 ADMINISTRATIVE PROVISIONS

21 SECTION 121. POWERS AND DUTIES OF DEPARTMENT.

22 (A) COMPILE FINANCIAL DATA.--

23 (1) A POWER AND DUTY OF THE DEPARTMENT SHALL BE TO
24 MAINTAIN ACCURATE AND CURRENT INFORMATION AND DATA ON THE
25 FISCAL STATUS OF MUNICIPALITIES TO DETERMINE IF CRITERIA SET
26 FORTH IN SECTION 201 EXIST AND, IF SO, WHETHER THE EXISTENCE
27 OF THOSE FACTORS VALIDLY INDICATES FISCAL DISTRESS.

28 (2) IN COMPILING THE INFORMATION AND DATA, THE
29 DEPARTMENT SHALL MAIL, BEFORE JANUARY 1 OF EACH YEAR, A
30 SURVEY OF FINANCIAL CONDITION FORM TO EACH MUNICIPALITY

1 APPLICABLE TO THE MUNICIPALITY'S PRIOR FISCAL YEAR.

2 (I) THE SURVEY SHALL SEEK INFORMATION NECESSARY TO
3 DETERMINE THE FISCAL STATUS OF A MUNICIPALITY, SHALL BE
4 CONCISE TO FACILITATE PROMPT RESPONSE AND SHALL CONTAIN
5 AN ATTESTATION CLAUSE TO BE SIGNED BY THE PRESIDING
6 OFFICER OF THE MUNICIPALITY'S GOVERNING BODY. THE ACTUAL
7 SURVEY FORM SHALL NOT EXCEED TWO PAGES IN LENGTH.

8 (II) THE SURVEY SHALL BE PROVIDED TO THE MUNICIPAL
9 CLERK OR MUNICIPAL SECRETARY ALONG WITH TAX INFORMATION
10 FORMS IN ACCORDANCE WITH LAW.

11 (III) THE SURVEY SHALL INCLUDE INFORMATION BASED ON
12 THE CRITERIA SPECIFIED IN SECTION 201.

13 (IV) THE SURVEY SHALL INCLUDE INFORMATION RELATING
14 TO THE BASIS OF ACCOUNTING UTILIZED BY MUNICIPALITIES.

15 (B) ASSESS DATA.--A POWER AND DUTY OF THE DEPARTMENT SHALL
16 BE TO APPLY THE CRITERIA OF SECTION 201 TO DATA AND INFORMATION
17 ON THE FISCAL STATUS OF MUNICIPALITIES TO ASSESS THE VALIDITY
18 AND APPLICABILITY OF AN INDICATION OF MUNICIPAL FINANCIAL
19 DISTRESS. IN ASSESSING VALIDITY AND APPLICABILITY, THE
20 DEPARTMENT SHALL UNDERTAKE A REVIEW PROCESS INCLUDING, BUT NOT
21 LIMITED TO, CONSULTATION, CORRESPONDENCE AND VISITS WITH A
22 MUNICIPALITY WHICH APPEARS TO BE FINANCIALLY DISTRESSED,
23 NOTWITHSTANDING THE PROVISIONS OF SECTION 2501-C(E) AND (F) OF
24 THE ACT OF APRIL 9, 1929 (P.L.177, NO.175), KNOWN AS THE
25 ADMINISTRATIVE CODE OF 1929, WHICH LIMITS DEPARTMENT
26 INTERVENTION TO INCIDENCES WHEN SUCH IS REQUESTED BY THE
27 MUNICIPALITY. IF THE DEPARTMENT ASSESSES THAT A MUNICIPALITY
28 NEEDS ASSISTANCE TO CORRECT MINOR FISCAL PROBLEMS, THE
29 DEPARTMENT SHALL OFFER APPROPRIATE RECOMMENDATIONS. IF THE
30 MUNICIPALITY ADOPTS THOSE RECOMMENDATIONS, THE DEPARTMENT NEED

1 TAKE NO FURTHER ACTION.

2 (C) NOTIFY AGENCIES OF DETERMINATION.--UPON THE MAKING OF A
3 DETERMINATION BY THE SECRETARY THAT A MUNICIPALITY IS DISTRESSED
4 PURSUANT TO SECTION 203(F), THE DEPARTMENT SHALL IMMEDIATELY
5 NOTIFY THE HEADS OF ALL COMMONWEALTH AGENCIES OF THE
6 DETERMINATION.

7 (D) ACT AS ANALYZER OF MUNICIPAL REPORTS.--A POWER AND DUTY
8 OF THE DEPARTMENT SHALL BE TO ACT AS THE COMMONWEALTH ANALYZER
9 FOR RELEVANT REPORTS, DATA AND INFORMATION REQUIRED BY LAW TO BE
10 FILED BY MUNICIPALITIES WITH ANY COMMONWEALTH AGENCY WHEN SUCH
11 REPORTS, DATA AND INFORMATION DIRECTLY RELATE TO THE FINANCIAL
12 CONDITIONS OF MUNICIPALITIES. THE DEPARTMENT SHALL, IN
13 CONSULTATION WITH EVERY COMMONWEALTH AGENCY, DETERMINE WHICH
14 REPORTS, DATA AND INFORMATION RELATE TO THE FISCAL CONDITION OF
15 MUNICIPALITIES. UPON AN INDICATION OF DISTRESS IN A MUNICIPALITY
16 THROUGH INFORMATION AVAILABLE TO THE DEPARTMENT, THE DEPARTMENT
17 SHALL REQUEST DATA, REPORTS AND INFORMATION FROM ALL
18 COMMONWEALTH AGENCIES TO ASSIST THE DEPARTMENT TO SUBSTANTIATE A
19 POSSIBLE DISTRESS STATUS OF A MUNICIPALITY.

20 (E) FURNISH PROGRAM DATA TO MUNICIPALITY.--UPON RECEIPT OF
21 INFORMATION FORWARDED TO THE DEPARTMENT BY EACH COMMONWEALTH
22 AGENCY PURSUANT TO SECTION 122(A), THE DEPARTMENT SHALL FURNISH
23 THIS INFORMATION TO THE DISTRESSED MUNICIPALITY COORDINATOR FOR
24 POSSIBLE INCLUSION OF SUCH INFORMATION INTO THE PLAN DEVELOPED
25 BY THE COORDINATOR IN ACCORDANCE WITH SUBCHAPTER C OF CHAPTER 2.

26 (F) DEVELOP EARLY WARNING SYSTEM.--IN CONJUNCTION WITH
27 ASSESSING A MUNICIPALITY'S CURRENT FISCAL STABILITY UNDER
28 SUBSECTIONS (A) AND (B) AND SECTION 201, THE DEPARTMENT SHALL
29 DEVELOP AN EARLY WARNING SYSTEM UTILIZING NECESSARY FISCAL AND
30 SOCIOECONOMIC VARIABLES TO IDENTIFY MUNICIPAL FINANCIAL

1 EMERGENCIES BEFORE THEY REACH CRISIS PROPORTIONS AND TO NOTIFY
2 AN AFFECTED MUNICIPALITY APPROPRIATELY. THE DEPARTMENT SHALL BE
3 RESPONSIBLE FOR TESTING THE VALIDITY AND RELIABILITY OF THESE
4 VARIABLES AND SHALL CONTINUOUSLY MONITOR THEM TO ASSURE THEIR
5 EFFECTIVENESS. IN DEVELOPING AN EARLY WARNING SYSTEM, THE
6 DEPARTMENT MAY EMPLOY OR CONTRACT WITH MUNICIPAL FISCAL
7 CONSULTANTS AS DEEMED NECESSARY TO EXECUTE THE PROVISIONS OF
8 THIS SUBSECTION. NOTICE SHALL BE PUBLISHED IN THE PENNSYLVANIA
9 BULLETIN THAT THE EARLY WARNING SYSTEM HAS BEEN DEVELOPED AND
10 THE SYSTEM MAY NOT BECOME OPERATIONAL UNTIL THE PUBLICATION OF
11 THE NOTICE.

12 (G) DISTRIBUTE GRANTS AND LOANS.--THE DEPARTMENT SHALL
13 DISTRIBUTE GRANTS AND LOANS TO FINANCIALLY DISTRESSED
14 MUNICIPALITIES IN ACCORDANCE WITH CHAPTER 3.

15 (H) PROMULGATE RULES AND REGULATIONS.--THE DEPARTMENT SHALL
16 PROMULGATE RULES AND REGULATIONS NECESSARY TO IMPLEMENT THE
17 PROVISIONS OF THIS ACT.

18 SECTION 122. DUTIES OF COMMONWEALTH AGENCIES.

19 (A) REVIEW PROGRAMS.--AFTER THE SECRETARY MAKES A
20 DETERMINATION THAT A MUNICIPALITY IS DISTRESSED AND THE
21 DEPARTMENT NOTIFIES COMMONWEALTH AGENCIES OF THE SECRETARY'S
22 DETERMINATION PURSUANT TO SECTION 121(C), EACH AGENCY SHALL
23 REVIEW ALL MATTERS AND PROGRAMS PENDING, UNDERWAY OR ABOUT TO BE
24 COMMENCED OR POSSIBLE PROGRAMS CONCERNING THE DISTRESSED
25 MUNICIPALITY. A RECOMMENDED ACTION WHICH IS WITHIN THE AUTHORITY
26 AND BUDGET OF A COMMONWEALTH AGENCY AND WHICH, IN THE JUDGMENT
27 OF THE HEAD OF THE AGENCY, WILL HELP TO IMPROVE THE DISTRESSED
28 MUNICIPALITY'S FINANCIAL SITUATION SHALL BE REPORTED TO THE
29 DEPARTMENT.

30 (B) TRANSFER DOCUMENTED INFORMATION.--UPON REQUEST OF THE

1 DEPARTMENT, EACH COMMONWEALTH AGENCY SHALL FORWARD TO THE
2 DEPARTMENT ALL DOCUMENTED REPORTS, DATA AND OTHER INFORMATION
3 REFERRED TO IN SECTION 121(D) WITHIN 30 DAYS OF RECEIPT.

4 SECTION 123. POWERS AND DUTIES OF MUNICIPALITIES.

5 (A) FILE COMPLETED SURVEY.--ON OR BEFORE MARCH 15 OF EACH
6 YEAR, EVERY MUNICIPALITY SHALL RETURN TO THE DEPARTMENT A
7 COMPLETED SURVEY OF FINANCIAL CONDITIONS REFERRED TO IN SECTION
8 121(A). NO MUNICIPALITY SHALL RECEIVE ITS ALLOTTED PAYMENTS
9 PURSUANT TO THE ACT OF JUNE 1, 1956 (1955 P.L.1944, NO.655),
10 REFERRED TO AS THE LIQUID FUELS TAX MUNICIPAL ALLOCATION LAW,
11 UNLESS IT COMPLIES WITH THE PROVISIONS OF THIS SECTION,
12 NOTWITHSTANDING A PROVISION OF LAW TO THE CONTRARY, AND THE
13 DEPARTMENT OF TRANSPORTATION MAY NOT DISBURSE FUNDS TO A
14 MUNICIPALITY PURSUANT TO THE LIQUID FUELS TAX MUNICIPAL
15 ALLOCATION LAW UNTIL NOTIFIED BY THE DEPARTMENT THAT THE
16 MUNICIPALITY HAS COMPLIED WITH THE PROVISIONS OF THIS SECTION.

17 (B) FILE APPLICATIONS FOR GRANTS AND LOANS.--A FINANCIALLY
18 DISTRESSED MUNICIPALITY MAY APPLY TO THE SECRETARY FOR EMERGENCY
19 FINANCIAL AID IN THE FORM OF A GRANT OR LOAN PURSUANT TO CHAPTER
20 3.

21 (C) RIGHT TO PETITION COURT FOR TAX INCREASE.--AFTER A
22 MUNICIPALITY HAS ADOPTED A PLAN UNDER SUBCHAPTER C OF CHAPTER 2,
23 IT MAY PETITION THE COURT OF COMMON PLEAS OF THE COUNTY IN WHICH
24 THE MUNICIPALITY IS LOCATED TO INCREASE ITS RATES OF TAXATION
25 FOR EARNED INCOME, REAL PROPERTY, OR BOTH, BEYOND MAXIMUM RATES
26 PROVIDED BY LAW. IF A TAX INCREASE ABOVE EXISTING LIMITS IS
27 GRANTED BY THE COURTS, THE INCREASE SHALL BE EFFECTIVE FOR A
28 PERIOD OF ONE YEAR FROM THE DATE A FINAL PLAN IS ADOPTED BY THE
29 GOVERNING BODY PURSUANT TO SECTION 245. SUBSEQUENT INCREASES IN
30 RATES OF TAXATION MAY BE GRANTED BY THE COURT UPON ANNUAL

PETITION OF THE MUNICIPALITY. THE ADDITIONAL AMOUNT OF TAXES
RESULTING FROM THE PETITION SHALL NOT BE SUBJECT TO SHARING WITH
A SCHOOL DISTRICT.

SUBCHAPTER C

JUDICIAL PROVISIONS

SECTION 141. JURISDICTION OF COURT OF COMMON PLEAS.

THE COURT OF COMMON PLEAS OF EACH COUNTY SHALL HAVE
JURISDICTION TO HEAR A PETITION FILED BY A MUNICIPALITY WHICH
HAS ADOPTED A FINAL PLAN PURSUANT TO SUBCHAPTER C OF CHAPTER 2
TO INCREASE RATES OF TAXATION FOR EARNED INCOME, REAL PROPERTY,
OR BOTH, BEYOND MAXIMUM RATES PROVIDED BY LAW. THE COURT MAY
EXTEND ANNUALLY THE INCREASED TAXING POWERS OF THE MUNICIPALITY
UNTIL THE TERMINATION DATE OF THE PLAN ADOPTED BY THE
MUNICIPALITY PURSUANT TO CHAPTER 2.

CHAPTER 2

MUNICIPAL FINANCIAL DISTRESS

SUBCHAPTER A

DETERMINATION OF MUNICIPAL FINANCIAL DISTRESS

SECTION 201. CRITERIA.

THE EVALUATION OF A MUNICIPALITY'S FINANCIAL STABILITY BY THE
DEPARTMENT UNDER SECTION 121 SHALL INCLUDE EACH OF THE FOLLOWING
CRITERIA. IF AT LEAST ONE CRITERION IS PRESENT AND THE
DEPARTMENT ASSESSES PURSUANT TO SECTION 121(B) THAT IT IS A
VALID INDICATION OF MUNICIPAL FINANCIAL DISTRESS, THEN THE
DEPARTMENT SHALL EXERCISE ITS POWERS AND DUTIES PURSUANT TO
SECTION 121.

(1) THE MUNICIPALITY HAS MAINTAINED A DEFICIT OVER A
THREE-YEAR PERIOD, WITH A DEFICIT OF 1% OR MORE IN EACH OF
THE PREVIOUS FISCAL YEARS.

(2) THE MUNICIPALITY'S EXPENDITURES HAVE EXCEEDED

1 REVENUES FOR A PERIOD OF THREE YEARS OR MORE.

2 (3) THE MUNICIPALITY HAS DEFAULTED IN PAYMENT OF
3 PRINCIPAL OR INTEREST ON ANY OF ITS BONDS OR NOTES OR IN
4 PAYMENT OF RENTALS DUE ANY AUTHORITY.

5 (4) THE MUNICIPALITY HAS MISSED A PAYROLL FOR 30 DAYS.

6 (5) THE MUNICIPALITY HAS FAILED TO MAKE REQUIRED
7 PAYMENTS TO JUDGMENT CREDITORS FOR 30 DAYS BEYOND THE DATE OF
8 THE RECORDING OF THE JUDGMENT.

9 (6) THE MUNICIPALITY, FOR A PERIOD OF AT LEAST 30 DAYS
10 BEYOND THE DUE DATE, HAS FAILED TO FORWARD TAXES WITHHELD ON
11 THE INCOME OF EMPLOYEES OR HAS FAILED TO TRANSFER EMPLOYER OR
12 EMPLOYEE CONTRIBUTIONS FOR SOCIAL SECURITY.

13 (7) THE MUNICIPALITY HAS ACCUMULATED AND HAS OPERATED
14 FOR EACH OF TWO SUCCESSIVE YEARS A DEFICIT EQUAL TO 5% OR
15 MORE OF ITS REVENUES.

16 (8) THE MUNICIPALITY HAS FAILED TO MAKE THE BUDGETED
17 PAYMENT OF ITS MINIMUM MUNICIPAL OBLIGATION AS REQUIRED BY
18 SECTION 302 OF THE ACT OF DECEMBER 18, 1984 (P.L.1005,
19 NO.205), KNOWN AS THE MUNICIPAL PENSION PLAN FUNDING STANDARD
20 AND RECOVERY ACT, WITH RESPECT TO A PENSION FUND DURING THE
21 FISCAL YEAR FOR WHICH THE PAYMENT WAS BUDGETED AND HAS FAILED
22 TO TAKE ACTION WITHIN THAT TIME PERIOD TO MAKE REQUIRED
23 PAYMENTS.

24 (9) A MUNICIPALITY HAS SOUGHT TO NEGOTIATE RESOLUTION OR
25 ADJUSTMENT OF A CLAIM IN EXCESS OF 30% AGAINST A FUND OR
26 BUDGET AND HAS FAILED TO REACH AN AGREEMENT WITH CREDITORS.

27 (10) A MUNICIPALITY HAS FILED A MUNICIPAL DEBT
28 READJUSTMENT PLAN PURSUANT TO CHAPTER 9 OF THE BANKRUPTCY
29 CODE (11 U.S.C. § 901 ET SEQ.).

30 (11) THE MUNICIPALITY HAS EXPERIENCED A DECREASE IN A

1 QUANTIFIED LEVEL OF MUNICIPAL SERVICE FROM THE PRECEDING
2 FISCAL YEAR WHICH HAS RESULTED FROM THE MUNICIPALITY REACHING
3 ITS LEGAL LIMIT IN LEVYING REAL ESTATE TAXES FOR GENERAL
4 PURPOSES. FOR DETERMINING LEVELS OF MUNICIPAL SERVICE FOR THE
5 YEAR 1987, THE DEPARTMENT SHALL UTILIZE ANNUAL STATISTICAL
6 DATA SINCE THE YEAR 1982 TO DETERMINE A PATTERN OF DECREASE
7 IN DELIVERY OF MUNICIPAL SERVICES SINCE 1982.

8 SECTION 202. STANDING TO PETITION FOR A DETERMINATION.

9 THE FOLLOWING HAVE STANDING TO SEEK A DETERMINATION OF
10 MUNICIPAL FINANCIAL DISTRESS FROM THE SECRETARY:

11 (1) THE DEPARTMENT ITSELF, IF, SUBSEQUENT TO ITS REVIEW
12 AND ANALYSIS UNDER SECTIONS 121 AND 201, IT CONCLUDES THAT A
13 MUNICIPALITY IS SUBSTANTIALLY IN A CONDITION OF FINANCIAL
14 DISTRESS.

15 (2) THE GOVERNING BODY OF THE MUNICIPALITY UPON PASSING
16 A RESOLUTION BY A MAJORITY VOTE OF THE GOVERNING BODY AFTER A
17 SPECIAL PUBLIC MEETING DULY ADVERTISED AS PROVIDED BY LAW.

18 (3) A CREDITOR WITH A MATURED CLAIM TO WHOM THE
19 MUNICIPALITY OWES \$10,000 OR MORE, IF THE CREDITOR AGREES IN
20 WRITING TO SUSPEND PENDING ACTIONS AND TO FORBEAR FROM
21 BRINGING AN ALTERNATE OR ADDITIONAL LEGAL ACTION AGAINST THE
22 MUNICIPALITY TO COLLECT THE DEBT OR PART OF IT FOR A PERIOD
23 OF NINE MONTHS OR UNTIL THE MUNICIPALITY ADOPTS A PLAN UNDER
24 THIS ACT, WHICHEVER OCCURS FIRST. THE FILING OF A FEDERAL
25 DEBT ADJUSTMENT ACTION BY A MUNICIPALITY PURSUANT TO
26 SUBCHAPTER D OF CHAPTER 2 DURING THE NINE-MONTH PERIOD
27 CANCELS THE FORBEARANCE OBLIGATION.

28 (4) TEN PERCENT OF THE NUMBER OF ELECTORS OF THE
29 MUNICIPALITY THAT VOTED AT THE LAST MUNICIPAL ELECTION, BY
30 PETITION TO THE DEPARTMENT ALLEGING THE MUNICIPALITY IS

1 FISCALLY DISTRESSED.

2 (5) TRUSTEE OF A MUNICIPAL PENSION FUND; AN ACTUARY FOR
3 A PENSION FUND; OR 10% OR MORE OF THE BENEFICIARIES OF A
4 PENSION FUND UPON PETITION TO THE DEPARTMENT, PROVIDED THAT A
5 MUNICIPALITY HAS NOT TIMELY DEPOSITED ITS MINIMUM OBLIGATION
6 PAYMENT AS REQUIRED BY SECTION 302 OF THE ACT OF DECEMBER 18,
7 1984 (P.L.1005, NO.205), KNOWN AS THE MUNICIPAL PENSION PLAN
8 FUNDING STANDARD AND RECOVERY ACT.

9 (6) TEN PERCENT OF THE EMPLOYEES OF THE MUNICIPALITY WHO
10 HAVE NOT BEEN PAID FOR OVER 30 DAYS FROM THE TIME OF A MISSED
11 PAYROLL, UPON SIGNING COLLECTIVELY THE PETITION TO THE
12 DEPARTMENT.

13 (7) TRUSTEES OR PAYING AGENTS OF A MUNICIPAL BOND
14 INDENTURE.

15 (8) THE ELECTED AUDITORS, APPOINTED INDEPENDENT AUDITORS
16 OR ELECTED CONTROLLERS OF A MUNICIPALITY IF THEY HAVE REASON
17 TO BELIEVE A MUNICIPALITY IS IN A STATE OF FINANCIAL DISTRESS
18 PURSUANT TO SECTION 201.

19 SECTION 203. PROCEDURE FOR DETERMINATION.

20 (A) PETITION.--A PARTY WITH STANDING TO PETITION UNDER
21 SECTION 202 MAY PETITION THE SECRETARY SEEKING A DETERMINATION
22 THAT THE MUNICIPALITY INVOLVED IS A FINANCIALLY DISTRESSED
23 MUNICIPALITY. THE PETITION SHALL BE SIGNED BY A PARTY WITH
24 STANDING, AND IT SHALL BE SEALED AND DULY NOTARIZED. THE
25 PETITION SHALL:

26 (1) ALLEGE THE PETITIONER HAS STANDING TO BRING A
27 DETERMINATION OF THE DISTRESS.

28 (2) STATE WHY THE PETITIONER BELIEVES THE MUNICIPALITY
29 IS DISTRESSED UNDER SECTION 201.

30 (3) INCLUDE A LISTING OF JUDGMENTS RECORDED AGAINST THE

1 MUNICIPALITY.

2 (4) INCLUDE ANY OTHER MATERIAL ALLEGATION JUSTIFYING THE
3 RELIEF AFFORDED BY THIS ACT.

4 (5) IF THE PETITIONER IS A MUNICIPALITY, THE PETITION
5 MAY STATE WHY THE PETITIONER BELIEVES MANIFESTATION OF
6 SECTION 201 CRITERIA IS IMMINENT AND INEVITABLE. THIS
7 STATEMENT MAY BE IN LIEU OF THE STATEMENT REQUIRED UNDER
8 PARAGRAPH (2).

9 (B) HEARING.--WITHIN TEN DAYS OF RECEIVING A PETITION, THE
10 SECRETARY SHALL SET A TIME AND PLACE FOR A PUBLIC HEARING WHICH
11 SHALL BE SCHEDULED TO BE HELD ON A DATE AT LEAST TWO WEEKS BUT
12 NOT MORE THAN 30 DAYS LATER WITHIN THE COUNTY OF THE SUBJECT
13 MUNICIPALITY.

14 (C) INVESTIGATION.--AFTER RECEIVING THE PETITION BUT BEFORE
15 THE PUBLIC HEARING, THE SECRETARY MAY MAKE AN INVESTIGATION INTO
16 THE FINANCIAL AFFAIRS OF THE MUNICIPALITY. THE RESULTS OF THE
17 INVESTIGATION OR ANY STUDY PREVIOUSLY CONDUCTED BY THE
18 DEPARTMENT UNDER SECTION 121 SHALL BE PLACED IN THE RECORD OF
19 THE PUBLIC HEARING.

20 (D) NOTICE.--THE SECRETARY SHALL PUBLISH NOTICE OF THE
21 HEARING IN ACCORDANCE WITH THE ACT OF JULY 3, 1986 (P.L.388,
22 NO.84), KNOWN AS THE SUNSHINE ACT, AT LEAST ONCE IN A NEWSPAPER
23 WITH GENERAL CIRCULATION IN THE SUBJECT MUNICIPALITY AND SHALL
24 GIVE WRITTEN NOTICE BY CERTIFIED MAIL, WITH RETURN RECEIPT
25 REQUESTED, UPON THE MUNICIPAL CLERK OR MUNICIPAL SECRETARY, THE
26 MAYOR, THE MUNICIPAL SOLICITOR, EACH MEMBER OF THE GOVERNING
27 BODY OF THE MUNICIPALITY AND THE PETITIONER.

28 (E) HEARING OFFICER.--THE SECRETARY OR AN OFFICIAL OF THE
29 DEPARTMENT DESIGNATED BY THE SECRETARY SHALL CONDUCT THE PUBLIC
30 HEARING TO HEAR TESTIMONY OF THE PETITIONERS AND OTHER

1 INTERESTED PERSONS.

2 (F) DETERMINATION.--WITHIN 30 DAYS AFTER THE HEARING, THE
3 SECRETARY SHALL ISSUE AN ADMINISTRATIVE DETERMINATION OF WHETHER
4 THE MUNICIPALITY IS FINANCIALLY DISTRESSED AND REASONS FOR THE
5 DETERMINATION.

6 (G) APPEAL.--A DETERMINATION BY THE SECRETARY UNDER THIS ACT
7 IS APPEALABLE PURSUANT TO TITLE 2 OF THE PENNSYLVANIA
8 CONSOLIDATED STATUTES (RELATING TO ADMINISTRATIVE LAW AND
9 PROCEDURE).

10 SECTION 204. COMMONWEALTH FUNDS.

11 NO MUNICIPALITY SHALL BE DEEMED TO BE DISTRESSED BY REASON OF
12 CIRCUMSTANCES ARISING AS A RESULT OF THE FAILURE OF THE
13 COMMONWEALTH TO MAKE ANY PAYMENT OF MONEY, INCLUDING ANY FEDERAL
14 MONEY WHICH PASSES THROUGH THE COMMONWEALTH, DUE THE
15 MUNICIPALITY AT THE TIME SUCH PAYMENT IS DUE.

16 SUBCHAPTER B

17 COORDINATOR

18 SECTION 221. DESIGNATION.

19 (A) APPOINTMENT.--NO LATER THAN 30 DAYS FOLLOWING A
20 DETERMINATION OF MUNICIPAL FINANCIAL DISTRESS UNDER SECTION 203,
21 THE SECRETARY SHALL APPOINT A COORDINATOR WHO SHALL PREPARE A
22 PLAN ADDRESSING THE MUNICIPALITY'S FINANCIAL PROBLEMS.

23 (B) QUALIFICATIONS.--THE COORDINATOR MAY BE AN EMPLOYEE OF
24 THE DEPARTMENT, FURNISHED WITH ADDITIONAL STAFF OR CONSULTANT
25 ASSISTANCE, IF NEEDED, OR MAY BE A CONSULTANT OR CONSULTING
26 FIRM. NO ELECTED OR APPOINTED OFFICIAL OR EMPLOYEE OF THE
27 MUNICIPALITY SHALL BE ELIGIBLE FOR SERVING AS COORDINATOR. THE
28 COORDINATOR SHALL BE EXPERIENCED IN MUNICIPAL ADMINISTRATION AND
29 FINANCE.

30 (C) COMPENSATION.--THE DEPARTMENT SHALL BE RESPONSIBLE FOR

1 COMPENSATING THE COORDINATOR APPOINTED BY THE SECRETARY FOR
2 REASONABLE SALARY AND EXPENSES. NOTWITHSTANDING ANY LAW TO THE
3 CONTRARY, THE APPOINTMENT OF A PLAN COORDINATOR SHALL NOT BE
4 SUBJECT TO CONTRACTUAL COMPETITIVE BIDDING PROCEDURES.

5 (D) DUTIES.--THE COORDINATOR SHALL PREPARE AND ADMINISTER A
6 PLAN DESIGNED TO RELIEVE THE FINANCIAL DISTRESS OF THE
7 MUNICIPALITY WHICH HE HAS BEEN APPOINTED TO SERVE.

8 (E) POWERS.--THE COORDINATOR MAY APPLY FOR GRANTS AND LOANS
9 PURSUANT TO CHAPTER 3, AS HE DEEMS NECESSARY.

10 SECTION 222. ACCESS TO INFORMATION.

11 THE COORDINATOR SHALL HAVE FULL ACCESS TO ALL MUNICIPAL
12 RECORDS. IF THE COORDINATOR BELIEVES THAT AN OFFICIAL OR
13 EMPLOYEE OF THE MUNICIPALITY IS NOT ANSWERING QUESTIONS
14 ACCURATELY OR COMPLETELY OR IS NOT FURNISHING INFORMATION
15 REQUESTED, THE COORDINATOR MAY NOTIFY THE OFFICIAL OR EMPLOYEE,
16 IN WRITING, TO FURNISH ANSWERS TO QUESTIONS OR TO FURNISH
17 DOCUMENTS OR RECORDS, OR BOTH. IF THE OFFICIAL OR EMPLOYEE
18 REFUSES, THE COORDINATOR MAY SEEK A SUBPOENA IN THE COURT OF
19 COMMON PLEAS TO COMPEL TESTIMONY AND FURNISH RECORDS AND
20 DOCUMENTS. AN ACTION IS MANDAMUS SHALL LIE TO ENFORCE THE
21 PROVISIONS OF THIS SECTION.

22 SECTION 223. PUBLIC AND PRIVATE MEETINGS.

23 (A) PUBLIC MEETINGS AUTHORIZED.--THE COORDINATOR MAY HOLD
24 PUBLIC MEETINGS AS DEFINED IN THE ACT OF JULY 3, 1986 (P.L.388,
25 NO.84), KNOWN AS THE SUNSHINE ACT, IN CONNECTION WITH PLAN
26 PREPARATION.

27 (B) PRIVATE MEETINGS AUTHORIZED.--NOTWITHSTANDING THE
28 PROVISIONS OF THE SUNSHINE ACT, PRIVATE NEGOTIATION SESSIONS MAY
29 BE CONDUCTED BY THE COORDINATOR BETWEEN THE MUNICIPALITY AND THE
30 INDIVIDUAL CREDITORS IN AN EFFORT TO OBTAIN THE CONSENT OF EACH

1 CREDITOR TO THE PROPOSED ADJUSTMENT AND HANDLING OF SPECIFIC
2 CLAIMS AGAINST THE MUNICIPALITY.

3 SECTION 224. COORDINATOR BARRED FROM ELECTIVE OFFICE.

4 THE COORDINATOR MAY NOT RUN FOR AN ELECTED OFFICE OF THE
5 MUNICIPALITY OR ITS COTERMINOUS POLITICAL SUBDIVISIONS WITHIN
6 TWO YEARS AFTER THE FINAL ADOPTION OF A PLAN PURSUANT TO THIS
7 ACT.

8 SUBCHAPTER C

9 COORDINATOR'S PLAN

10 SECTION 241. CONTENTS.

11 A PLAN FORMULATED BY THE APPOINTED COORDINATOR SHALL BE
12 CONSISTENT WITH APPLICABLE LAW AND SHALL INCLUDE ANY OF THE
13 FOLLOWING FACTORS WHICH ARE RELEVANT TO ALLEVIATING THE
14 FINANCIALLY DISTRESSED STATUS OF THE MUNICIPALITY:

15 (1) PROJECTIONS OF REVENUES AND EXPENDITURES FOR THE
16 CURRENT YEAR AND THE NEXT TWO YEARS, BOTH ASSUMING THE
17 CONTINUATION OF PRESENT OPERATIONS AND AS IMPACTED BY THE
18 MEASURES IN THE PLAN.

19 (2) RECOMMENDATIONS WHICH WILL:

20 (I) SATISFY JUDGMENTS, PAST DUE ACCOUNTS PAYABLE,
21 AND PAST DUE AND PAYABLE PAYROLL AND FRINGE BENEFITS.

22 (II) ELIMINATE DEFICITS AND DEFICIT FUNDS.

23 (III) RESTORE TO SPECIAL FUND ACCOUNTS MONEY FROM
24 THOSE ACCOUNTS THAT WAS USED FOR PURPOSES OTHER THAN
25 THOSE SPECIFICALLY AUTHORIZED.

26 (IV) BALANCE THE BUDGET, AVOID FUTURE DEFICITS IN
27 FUNDS AND MAINTAIN CURRENT PAYMENTS OF PAYROLL, FRINGE
28 BENEFITS AND ACCOUNTS THROUGH POSSIBLE REVENUE
29 ENHANCEMENT RECOMMENDATIONS, INCLUDING TAX OR FEE
30 CHANGES.

1 (V) AVOID A FISCAL EMERGENCY CONDITION IN THE
2 FUTURE.

3 (VI) ENHANCE THE ABILITY OF THE MUNICIPALITY TO
4 NEGOTIATE NEW GENERAL OBLIGATION BONDS, LEASE RENTAL
5 DEBT, FUNDED DEBT AND TAX AND REVENUE ANTICIPATION
6 BORROWING.

7 (VII) CONSIDER CHANGES IN ACCOUNTING AND AUTOMATION
8 PROCEDURES FOR THE FINANCIAL BENEFIT OF THE MUNICIPALITY.

9 (VIII) PROPOSE A REDUCTION OF DEBT DUE ON SPECIFIC
10 CLAIMS BY AN AMORTIZED OR LUMP SUM PAYMENT CONSIDERED TO
11 BE THE MOST REASONABLE DISPOSITION OF EACH CLAIM POSSIBLE
12 FOR THE MUNICIPALITY CONSIDERING THE TOTALITY OF
13 CIRCUMSTANCES.

14 (3) POSSIBLE CHANGES IN COLLECTIVE BARGAINING AGREEMENTS
15 AND PERMANENT AND TEMPORARY STAFFING LEVEL CHANGES OR CHANGES
16 IN ORGANIZATION.

17 (4) RECOMMENDED CHANGES IN MUNICIPAL ORDINANCES OR
18 RULES.

19 (5) RECOMMENDATIONS FOR SPECIAL AUDITS OR FURTHER
20 STUDIES.

21 (6) AN ANALYSIS OF WHETHER CONDITIONS SET FORTH IN
22 SECTION 261 EXIST, WHETHER SPECIFIC EXCLUSIVE FEDERAL
23 REMEDIES COULD HELP RELIEVE THE MUNICIPALITY'S FINANCIAL
24 DISTRESS AND WHETHER FILING A FEDERAL DEBT ADJUSTMENT ACTION
25 UNDER SUBCHAPTER D IS DEEMED TO BE APPROPRIATE.

26 (7) AN ANALYSIS OF WHETHER THE ECONOMIC CONDITIONS OF
27 THE MUNICIPALITY ARE SO SEVERE THAT IT IS REASONABLE TO
28 CONCLUDE THAT THE MUNICIPALITY IS NO LONGER VIABLE AND SHOULD
29 CONSOLIDATE OR MERGE WITH AN ADJACENT MUNICIPALITY OR
30 MUNICIPALITIES PURSUANT TO CHAPTER 4.

1 SECTION 242. PUBLICATION.

2 (A) FILING.--WITHIN 90 DAYS OF BEING NAMED, THE COORDINATOR
3 SHALL FORMULATE A PLAN FOR RELIEVING THE MUNICIPALITY'S
4 FINANCIAL DISTRESS AND SHALL DELIVER TRUE AND CORRECT COPIES OF
5 IT TO:

6 (1) THE MUNICIPAL CLERK OR MUNICIPAL SECRETARY, WHO
7 SHALL IMMEDIATELY PLACE THE COPY ON FILE FOR PUBLIC
8 INSPECTION IN THE MUNICIPAL OFFICE.

9 (2) THE SECRETARY.

10 (3) EACH MEMBER OF THE MUNICIPAL GOVERNING BODY.

11 (4) THE MAYOR.

12 (5) THE CHIEF FINANCIAL OFFICER OF THE MUNICIPALITY.

13 (6) THE SOLICITOR OF THE MUNICIPAL GOVERNING BODY.

14 (7) ALL PARTIES WHO HAVE PETITIONED THE SECRETARY UNDER
15 SECTION 203.

16 (B) DATE OF FILING.--FOR PURPOSES OF THIS SECTION, THE DATE
17 OF FILING THE PLAN SHALL BE THE DATE ON WHICH THE MUNICIPAL
18 CLERK OR MUNICIPAL SECRETARY PLACES A TRUE AND CORRECT COPY OF
19 THE PLAN ON FILE FOR PUBLIC INSPECTION IN THE MUNICIPAL OFFICE.

20 (C) NOTICES OF PLAN.--

21 (1) ON THE DATE OF FILING, NOTICE THAT A PLAN HAS BEEN
22 FILED AND IS OPEN FOR PUBLIC INSPECTION IN THE MUNICIPAL
23 OFFICE SHALL BE PUBLISHED BY THE COORDINATOR IN THE COUNTY
24 LEGAL REPORTER AND IN ONE OR MORE NEWSPAPERS WITH GENERAL
25 CIRCULATION SERVING THE AREA IN WHICH THE MUNICIPALITY IS
26 LOCATED. THE COST FOR PUBLISHING THE NOTICE SHALL BE BORNE BY
27 THE DEPARTMENT. THE NOTICE SHALL SET FORTH THE FOLLOWING
28 INFORMATION:

29 (I) THAT A PLAN REGARDING THE COORDINATION AND
30 RELIEF OF THE MUNICIPALITY'S FINANCIAL DISTRESS WAS FILED

1 PURSUANT TO THIS ACT.

2 (II) THE DATE AND PLACE OF FILING.

3 (III) THAT THE PUBLIC HAS 15 DAYS FROM THE DATE OF
4 FILING IN WHICH TO FILE WRITTEN COMMENTS ON THE PLAN.

5 (IV) THE NAME AND ADDRESS OF THE COORDINATOR TO WHOM
6 WRITTEN COMMENTS SHOULD BE SENT.

7 (V) SUMMARY OF THE PLAN.

8 (2) NOTICE OF A COORDINATOR'S PUBLIC MEETING ON THE PLAN
9 SHALL BE PUBLISHED BY THE COORDINATOR IN THE COUNTY LEGAL
10 REPORTER AND IN ONE OR MORE NEWSPAPER WITH GENERAL
11 CIRCULATION SERVING THE AREA IN WHICH THE MUNICIPALITY IS
12 LOCATED. THE DEPARTMENT SHALL BEAR THE COST FOR PUBLISHING
13 THE NOTICE. THE NOTICE SHALL CONTAIN THE FOLLOWING
14 INFORMATION:

15 (I) THAT THE PURPOSE OF THE COORDINATOR'S PUBLIC
16 MEETING IS TO RECEIVE PUBLIC COMMENTS ON THE PLAN.

17 (II) THE DATE AND PLACE OF THE MEETING.

18 (3) THE COORDINATOR MAY COMBINE THE PUBLICATION OF THE
19 NOTICE THAT A PLAN HAS BEEN FILED WITH THE PUBLICATION OF THE
20 NOTICE OF THE PUBLIC MEETING.

21 (D) COMMENT PERIOD.--WRITTEN COMMENTS ON THE PLAN MAY BE
22 FILED WITH THE COORDINATOR. WRITTEN COMMENTS SHALL BE MADE NO
23 LATER THAN 15 DAYS AFTER THE DATE OF FILING. WRITTEN COMMENTS
24 JUDGED BY THE COORDINATOR TO HAVE VALUE TO THE PLAN MAY BE USED
25 TO DEVELOP A REVISED PLAN.

26 (E) COORDINATOR'S PUBLIC MEETING.--A MEETING CONDUCTED BY
27 THE COORDINATOR IN THE MUNICIPALITY SHALL BE SET FOR A DATE NOT
28 LATER THAN 20 DAYS AFTER THE DATE OF FILING THE PLAN. THE
29 COORDINATOR SHALL REQUEST IN WRITING THAT THE CHIEF EXECUTIVE
30 OFFICER, EACH MEMBER OF THE MUNICIPAL GOVERNING BODY AND THE

1 CHIEF FINANCIAL OFFICER OF THE MUNICIPALITY TO BE PRESENT AT THE
2 COORDINATOR'S MEETING. COMMENTS ON THE PLAN SHALL BE RECEIVED BY
3 THE COORDINATOR AT THAT TIME.

4 SECTION 243. REVIEW OF PLAN.

5 (A) GENERAL RULE.--THE COORDINATOR, IN HIS DISCRETION, SHALL
6 CONSIDER COMMENTS MADE ON THE PLAN. CREDITORS WHO DO NOT CONSENT
7 TO THE HANDLING OF THEIR CLAIM BY THE PLAN, SHALL NOTIFY THE
8 COORDINATOR OF THEIR REJECTION OF THE PLAN NOT LATER THAN TEN
9 DAYS BEFORE THE PUBLIC MEETING SCHEDULED BY THE GOVERNING BODY
10 UNDER SECTION 245.

11 (B) REJECTED CLAIMS.--IF A CREDITOR HAS REJECTED THE PLAN,
12 THE COORDINATOR SHALL MAKE A WRITTEN REPORT TO THE GOVERNING
13 BODY STATING WHETHER THE TIMING AND AMOUNT OF PAYMENT OR
14 PROPOSED RESOLUTION OF THE CLAIM IS THE BEST DISPOSITION THE
15 MUNICIPALITY CAN MAKE.

16 (C) ADDITIONAL NEGOTIATIONS AUTHORIZED.--ADDITIONAL
17 NEGOTIATIONS BETWEEN THE MUNICIPALITY AND CREDITORS REJECTING
18 THE PLAN SHALL BE ENCOURAGED AND PRESIDED OVER BY THE
19 COORDINATOR.

20 (D) GOVERNING BODY PROPOSALS.--THE GOVERNING BODY OF THE
21 MUNICIPALITY MAY PROPOSE TO THE COORDINATOR RESOLUTIONS OF
22 CLAIMS WHICH HAVE BEEN THE REASON FOR REJECTION OF THE PROPOSED
23 PLAN, AND THE COORDINATOR MAY REVISE THE PLAN ACCORDINGLY.

24 (E) REVISION ON OWN INITIATIVE.--NOTHING IN THIS SECTION
25 SHALL PRECLUDE THE COORDINATOR FROM REVISING A PLAN OF HIS OWN
26 INITIATIVE.

27 SECTION 244. REVISION.

28 NEITHER THE SECRETARY NOR THE CHIEF EXECUTIVE OFFICER OR THE
29 GOVERNING BODY, AS APPROPRIATE, MAY REVISE THE COORDINATOR'S
30 PLAN. HOWEVER, THE COORDINATOR SHALL CONSULT WITH THE SECRETARY

1 AND EITHER THE CHIEF EXECUTIVE OFFICER OR THE GOVERNING BODY
2 THROUGHOUT THE REVISION OF THE PLAN AND SHALL GIVE CONSIDERATION
3 TO COMMENTS THEY MAY PROPOSE.

4 SECTION 245. ADOPTION BY MUNICIPALITY.

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

15 SECTION 246. PREPARATION AND ACTION ON ALTERNATE PLAN.

16 (A) CHIEF EXECUTIVE OFFICER'S PLAN.--IF THE GOVERNING BODY
17 OF A MUNICIPALITY THAT OPERATES UNDER AN OPTIONAL PLAN FORM OF
18 GOVERNMENT OR A HOME RULE CHARTER ENACTS AN ORDINANCE DIRECTING
19 IMPLEMENTATION OF THE COORDINATOR'S PLAN AND THE CHIEF EXECUTIVE
20 OFFICER REFUSES OR FAILS TO ISSUE AN ORDER AS PROVIDED IN
21 SECTION 245, OR IF THE GOVERNING BODY REFUSES TO ENACT AN
22 ORDINANCE APPROVING THE COORDINATOR'S PLAN, THEN THE CHIEF
23 EXECUTIVE OFFICER, WITHIN 14 DAYS OF THE ACTION OR REFUSAL TO
24 ACT ON THE ORDINANCE BY THE GOVERNING BODY, SHALL DEVELOP A
25 PLAN, INCLUDING A SIGNED ORDER IMPLEMENTING IT, WHICH SHALL BE
26 THE SUBJECT OF A PUBLIC MEETING NO LATER THAN TEN DAYS FOLLOWING
27 ITS COMPLETION.

28 (1) THE CHIEF EXECUTIVE OFFICER MAY CONDUCT PRIVATE
29 SESSIONS BEFORE THE PUBLIC MEETING WITH INDIVIDUAL CREDITORS
30 IN AN EFFORT TO OBTAIN THE CONSENT OF EACH CREDITOR TO

1 PROPOSED ADJUSTMENT AND HANDLING OF SPECIFIC CLAIMS AGAINST
2 THE MUNICIPALITY. AN AGREEMENT REACHED AS A RESULT OF THESE
3 PRIVATE SESSIONS SHALL BECOME A MATTER OF RECORD AND PART OF
4 THE PROCEEDINGS OF THE PUBLIC MEETING CONDUCTED PURSUANT TO
5 THIS SUBSECTION.

6 (2) THE CHIEF EXECUTIVE OFFICER SHALL BE RESPONSIBLE FOR
7 PLACING NOTICE THAT A PUBLIC MEETING WILL BE HELD ON HIS
8 PLAN. NOTICE SHALL BE PUBLISHED IN THE SAME MANNER AS
9 PROVIDED IN SECTION 242(C). THE COORDINATOR SHALL ATTEND THE
10 PUBLIC MEETING AND FURNISH WRITTEN AND ORAL COMMENTS ON THE
11 CHIEF EXECUTIVE OFFICER'S PLAN.

12 (B) GOVERNING BODY'S PLAN.--IN THE CASE OF A MUNICIPALITY
13 OPERATING UNDER A FORM OF GOVERNMENT OTHER THAN AN OPTIONAL PLAN
14 FORM OF GOVERNMENT OR A HOME RULE CHARTER, IF THE GOVERNING BODY
15 BY MAJORITY VOTE REFUSES TO ENACT AN ORDINANCE APPROVING AND
16 IMPLEMENTING THE COORDINATOR'S PLAN AS PROVIDED IN SECTION 245,
17 THEN WITHIN 14 DAYS OF ITS REFUSAL THE GOVERNING BODY SHALL
18 DEVELOP A PLAN WHICH SHALL BE THE SUBJECT OF A PUBLIC MEETING
19 HELD NOT LATER THAN TEN DAYS FOLLOWING PLAN COMPLETION.

20 (1) THE GOVERNING BODY MAY CONDUCT PRIVATE SESSIONS
21 BEFORE THE PUBLIC MEETING WITH INDIVIDUAL CREDITORS IN AN
22 EFFORT TO OBTAIN CONSENT OF EACH CREDITOR TO PROPOSED
23 ADJUSTMENT AND HANDLING OF SPECIFIC CLAIMS AGAINST THE
24 MUNICIPALITY. AN AGREEMENT REACHED AS A RESULT OF THESE
25 PRIVATE SESSIONS SHALL BECOME A MATTER OF RECORD AND PART OF
26 THE PROCEEDINGS OF THE PUBLIC MEETING CONDUCTED PURSUANT TO
27 THIS SUBSECTION.

28 (2) THE GOVERNING BODY SHALL BE RESPONSIBLE FOR PLACING
29 NOTICE THAT A PUBLIC MEETING WILL BE HELD ON ITS PLAN. NOTICE
30 SHALL BE PUBLISHED IN THE SAME MANNER AS PROVIDED IN SECTION

1 242(C). THE COORDINATOR SHALL ATTEND THE PUBLIC MEETING AND
2 FURNISH WRITTEN AND ORAL COMMENTS ON THE GOVERNING BODY'S
3 PLAN.

4 (C) APPROVAL OR REJECTION OF PLAN.--FOLLOWING THE PUBLIC
5 MEETING ON THE CHIEF EXECUTIVE OFFICER'S PLAN OR THE GOVERNING
6 BODY'S PLAN, THE GOVERNING BODY MAY ENACT AN ORDINANCE,
7 INCLUDING NECESSARY RELATED IMPLEMENTING ORDINANCES OR REVISIONS
8 TO ORDINANCES, APPROVING THE PLAN.

9 (D) REVIEW BY SECRETARY.--

10 (1) IF AN ORDINANCE IS ENACTED APPROVING A PLAN UNDER
11 THIS SECTION, IT SHALL BE FORWARDED TO THE SECRETARY FOR
12 DETERMINATION THAT THE PLAN, WHEN IMPLEMENTED, WILL OVERCOME
13 THE MUNICIPALITY'S FINANCIAL DISTRESS.

14 (2) IF THE SECRETARY IS OF THE OPINION THAT THE PLAN,
15 WHEN IMPLEMENTED, WILL OVERCOME THE MUNICIPALITY'S FINANCIAL
16 DISTRESS, THE SECRETARY SHALL SO INFORM THE MUNICIPALITY.

17 (3) IF THE SECRETARY IS OF THE OPINION THAT THE PLAN,
18 WHEN IMPLEMENTED, WILL NOT OVERCOME THE MUNICIPALITY'S
19 FINANCIAL PROBLEMS, THE SECRETARY SHALL INFORM THE
20 MUNICIPALITY OF THE FOLLOWING:

21 (I) THE SECRETARY'S DETERMINATION.

22 (II) THE REASONS FOR THE DETERMINATION.

23 (III) THE APPLICABILITY OF SECTIONS 251 AND 264 TO
24 THE MUNICIPALITY.

25 SECTION 247. PLAN IMPLEMENTATION.

26 (A) COORDINATOR'S PLAN.--IF THE COORDINATOR'S PLAN IS
27 ADOPTED BY THE MUNICIPAL GOVERNING BODY, THE COORDINATOR SHALL
28 BE CHARGED WITH IMPLEMENTING HIS PLAN AND SHALL:

29 (1) GIVE WRITTEN NOTICE OF PLAN ADOPTION TO CREDITORS,
30 COLLECTIVE BARGAINING UNITS AND OTHER PARTIES WHO WILL BE

1 DIRECTLY AFFECTED BY PLAN IMPLEMENTATION. IN THE NOTICE HE
2 SHALL OUTLINE THE PROVISIONS OF THE PLAN AND SPECIFY HOW THAT
3 PERSON'S CLAIM OR INTEREST WILL BE TREATED.

4 (2) INITIATE PLAN IMPLEMENTATION AND CONTINUE ITS
5 IMPLEMENTATION FOR AT LEAST FOUR MONTHS.

6 (3) OVERSEE COMPLETION OF THE PLAN EITHER BY DIRECTLY
7 CONTROLLING THE IMPLEMENTATION PROCESS OR BY TURNING THE
8 IMPLEMENTATION PROCESS OVER TO A PERSON DESIGNATED BY THE
9 GOVERNING BODY OR BY THE CHIEF EXECUTIVE OFFICER, AS THE CASE
10 MAY BE. THE PERSON DESIGNATED SHALL SUPPLY THE COORDINATOR
11 WITH MONTHLY REPORTS.

12 (4) TERMINATE THE PLAN UPON ITS COMPLETION.

13 (5) SUGGEST AMENDMENTS TO THE PLAN WHICH MAY BE
14 NECESSARY TO IMPLEMENT OR COMPLETE THE PLAN.

15 (B) CHIEF EXECUTIVE OFFICER'S PLAN.--IF THE PLAN ADOPTED IS
16 THE PLAN PROPOSED BY THE CHIEF EXECUTIVE OFFICER IN AN OPTIONAL
17 PLAN FORM OF GOVERNMENT OR HOME RULE CHARTER, THE CHIEF
18 EXECUTIVE OFFICER SHALL HAVE THE DUTIES OF THE COORDINATOR SET
19 FORTH IN SUBSECTION (A).

20 (C) MUNICIPAL GOVERNING BODY'S PLAN.--IF THE PLAN ADOPTED IS
21 THE PLAN PROPOSED BY THE MUNICIPAL GOVERNING BODY, A PERSON
22 DESIGNATED BY THE GOVERNING BODY SHALL HAVE THE DUTIES OF THE
23 COORDINATOR SET FORTH IN SUBSECTION (A).

24 SECTION 248. FAILURE TO ADOPT OR IMPLEMENT PLAN.

25 IF NO PLAN IS ADOPTED OR IMPLEMENTED PURSUANT TO THIS
26 CHAPTER, THEN SECTIONS 251 AND 264 SHALL APPLY.

27 SECTION 249. PLAN AMENDMENTS.

28 AN AMENDMENT TO AN ADOPTED PLAN MAY BE INITIATED BY THE
29 COORDINATOR, THE CHIEF EXECUTIVE OFFICER, OR THE GOVERNING BODY
30 OF A MUNICIPALITY, AS THE CASE MAY BE. THE ADOPTION OF AN

1 AMENDMENT SHALL BE BY ORDINANCE.

2 SECTION 250. DEBT PROVISIONS.

3 ADOPTION OF A PLAN BY ORDINANCE IS A CONDITION PRECEDENT FOR
4 THE APPROVAL OF LONG-TERM DEBT OR FUNDING DEBT UNDER THE ACT OF
5 JULY 12, 1972 (P.L.781, NO.185), KNOWN AS THE LOCAL GOVERNMENT
6 UNIT DEBT ACT. A DEBT FINANCING PROVISION OF THE PLAN MAY BE
7 WAIVED BY AGREEMENT OF THE LENDER AND THE MUNICIPALITY; BUT ANY
8 SUCH WAIVING MUST BE EXPRESSLY SET FORTH IN THE INDENTURE OR
9 CONTRACT SECURING THE DEBT.

10 SECTION 251. COMMONWEALTH AGENCY PAYMENTS OR ASSISTANCE.

11 (A) WITHHOLDING OF CERTAIN COMMONWEALTH FUNDS.--EXCEPT AS
12 PROVIDED IN SECTION 302(B), UPON CERTIFICATION BY THE SECRETARY
13 THAT A FINANCIALLY DISTRESSED MUNICIPALITY HAS FAILED TO ADOPT A
14 PLAN OR IMPLEMENT AN ADOPTED PLAN AS PROPOSED UNDER THIS ACT OR
15 HAS ADOPTED A PLAN WHICH IS INADEQUATE TO ADDRESS THE
16 MUNICIPALITY'S FINANCIAL DISTRESS, THE MUNICIPALITY SHALL NOT
17 RECEIVE A GRANT, LOAN, ENTITLEMENT OR PAYMENT FROM THE
18 COMMONWEALTH OR ANY OF ITS AGENCIES. MONEYS WITHHELD SHALL BE
19 HELD IN ESCROW BY THE COMMONWEALTH UNTIL THE SECRETARY HAS
20 RESCINDED THE CERTIFICATION.

21 (B) EXCEPTIONS TO THE WITHHOLDING OF COMMONWEALTH FUNDS.--
22 NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (A), THE FOLLOWING
23 FUNDS SHALL NOT BE WITHHELD FROM A MUNICIPALITY.

24 (1) CAPITAL PROJECTS UNDER CONTRACT IN PROGRESS.

25 (2) MONEYS RECEIVED BY A MUNICIPALITY FROM AN AGENCY OF
26 THE COMMONWEALTH OR THE FEDERAL GOVERNMENT SUBSEQUENT TO THE
27 DECLARATION OF A DISASTER RESULTING FROM A CATASTROPHE.

28 (3) PENSION FUND DISBURSEMENTS MADE PURSUANT TO STATE
29 LAW.

30 SECTION 252. PLAN NOT AFFECTED BY CERTAIN COLLECTIVE BARGAINING

1 AGREEMENTS OR SETTLEMENTS.

2 A COLLECTIVE BARGAINING AGREEMENT OR ARBITRATION SETTLEMENT
3 EXECUTED AFTER THE ADOPTION OF A PLAN SHALL NOT IN ANY MANNER
4 VIOLATE, EXPAND OR DIMINISH ITS PROVISIONS.

5 SECTION 253. TERMINATION OF STATUS.

6 (A) DETERMINATION BY SECRETARY.--FOLLOWING A DULY ADVERTISED
7 PUBLIC HEARING WITH NOTICES GIVEN AS PROVIDED IN SECTION 203,
8 THE SECRETARY MAY ISSUE A DETERMINATION THAT THE CONDITIONS
9 WHICH LED TO THE EARLIER DETERMINATION OF MUNICIPAL FINANCIAL
10 DISTRESS MUNICIPALITY ARE NO LONGER APPLICABLE. THE
11 DETERMINATION SHALL RESCIND THE STATUS OF MUNICIPAL FINANCIAL
12 DISTRESS AND SHALL INCLUDE A STATEMENT OF FACTS AS PART OF THE
13 FINAL ORDER.

14 (B) DETERMINATION UPON PETITION BY A MUNICIPALITY.--A
15 FINANCIALLY DISTRESSED MUNICIPALITY MAY PETITION THE SECRETARY
16 TO MAKE A DETERMINATION THAT THE CONDITIONS WHICH LED TO THE
17 EARLIER DETERMINATION OF MUNICIPAL FINANCIAL DISTRESS ARE NO
18 LONGER PRESENT. UPON RECEIVING THE PETITION, THE SECRETARY MAY
19 ISSUE A DETERMINATION TO RESCIND FOLLOWING A DULY ADVERTISED
20 PUBLIC HEARING WITH NOTICES GIVEN AS PROVIDED IN SECTION 203.

21 SUBCHAPTER D

22 APPLICATION OF FEDERAL LAW

23 SECTION 261. FILING MUNICIPAL DEBT ADJUSTMENT UNDER FEDERAL
24 LAW.

25 (A) AUTHORIZATION.--IN THE EVENT ONE OF THE FOLLOWING
26 CONDITIONS IS PRESENT, A MUNICIPALITY IS HEREBY AUTHORIZED TO
27 FILE A MUNICIPAL DEBT ADJUSTMENT ACTION PURSUANT TO THE
28 BANKRUPTCY CODE (11 U.S.C. § 101 ET SEQ.):

29 (1) AFTER RECOMMENDATION BY THE PLAN COORDINATOR
30 PURSUANT TO SECTION 241(6).

1 (2) IMMINENT JEOPARDY OF AN ACTION BY A CREDITOR,
2 CLAIMANT OR SUPPLIER OF GOODS OR SERVICES WHICH IS LIKELY TO
3 SUBSTANTIALLY INTERRUPT OR RESTRICT THE CONTINUED ABILITY OF
4 THE MUNICIPALITY TO PROVIDE HEALTH OR SAFETY SERVICES TO ITS
5 CITIZENS.

6 (3) ONE OR MORE CREDITORS OF THE MUNICIPALITY HAVE
7 REJECTED THE PROPOSED OR ADOPTED PLAN, AND EFFORTS TO
8 NEGOTIATE RESOLUTION OF THEIR CLAIMS HAVE BEEN UNSUCCESSFUL
9 FOR A TEN-DAY PERIOD.

10 (4) A CONDITION SUBSTANTIALLY AFFECTING THE
11 MUNICIPALITY'S FINANCIAL DISTRESS IS POTENTIALLY SOLVABLE
12 ONLY BY UTILIZING A REMEDY EXCLUSIVELY AVAILABLE TO THE
13 MUNICIPALITY THROUGH THE FEDERAL MUNICIPAL DEBT READJUSTMENT
14 ACT (48 STAT. 798).

15 (5) A MAJORITY OF THE CURRENT OR IMMEDIATELY PRECEDING
16 GOVERNING BODY OF A MUNICIPALITY DETERMINED TO BE FINANCIALLY
17 DISTRESSED HAS FAILED TO ADOPT A PLAN OR TO CARRY OUT THE
18 RECOMMENDATIONS OF THE COORDINATOR PURSUANT TO THIS ACT.

19 (B) MAJORITY VOTE.--THIS AUTHORITY MAY BE EXERCISED ONLY
20 UPON THE VOTE BY A MAJORITY OF THE MUNICIPALITY'S GOVERNING
21 BODY.

22 SECTION 262. SIGNIFICANCE AND DUTY ON FILING FEDERAL ACTION.

23 (A) STATUS.--A MUNICIPALITY WHICH FILES A MUNICIPAL DEBT
24 ADJUSTMENT ACTION UNDER FEDERAL LAW SHALL BE DEEMED TO BE A
25 FINANCIALLY DISTRESSED MUNICIPALITY UNDER THIS ACT.

26 (B) NOTICE.--THE MUNICIPALITY SHALL IMMEDIATELY NOTIFY THE
27 SECRETARY AND THE PLAN COORDINATOR, IF ONE HAS BEEN ASSIGNED, OF
28 THE FEDERAL FILING.

29 (C) APPOINTMENT OF COORDINATOR.--UPON RECEIPT OF NOTICE OF
30 FILING OF THE FEDERAL ACTION BY A MUNICIPALITY, THE SECRETARY

1 SHALL APPOINT A PLAN COORDINATOR UNDER SECTION 221, IF NONE HAD
2 YET BEEN APPOINTED. THE COORDINATOR SHALL FORMULATE A PLAN
3 APPROVABLE BY THE FEDERAL COURT.

4 SECTION 263. APPLICATION OF THIS ACT DURING FEDERAL ACTION.

5 (A) EXISTING PLAN.--AFTER FILING A FEDERAL MUNICIPAL DEBT
6 ADJUSTMENT ACTION, IF THERE IS A PLAN IN PROCESS UNDER THE TERMS
7 OF THIS ACT, THE MUNICIPALITY SHALL UTILIZE THE PLAN AND THE
8 EXPERTISE OF THE PLAN COORDINATOR, AMONG OTHERS AVAILABLE TO IT,
9 TO WORK OUT A REVISED PLAN TO BE PROPOSED THROUGH THE FEDERAL
10 ACTION, ADAPTING IT TO INCORPORATE FEDERAL REMEDIES WHICH ARE
11 APPROPRIATE IN THE CIRCUMSTANCES.

12 (B) NECESSARY PLAN DEVELOPMENT.--A MUNICIPALITY WHICH FILES
13 A MUNICIPAL DEBT ADJUSTMENT ACTION UNDER FEDERAL LAW, WHETHER OR
14 NOT A PROCEEDING UNDER THIS ACT HAD BEEN COMMENCED AS OF THE
15 DATE OF SUCH FILING, SHALL UTILIZE THE PROCEDURES SET UP BY THIS
16 ACT CONCURRENTLY WITH THE PROCESSING OF THE FEDERAL ACTION, SO
17 AS TO EFFICIENTLY EXPEDITE THE FORMULATION OF A PLAN, ITS TIMELY
18 CONFIRMATION BY THE FEDERAL COURT HAVING JURISDICTION OF THE
19 FEDERAL ACTION AND ITS ADOPTION BY ORDINANCE.

20 (C) PLAN IMPLEMENTATION.--AFTER ADOPTION OF A PLAN BY THE
21 MUNICIPALITY AS AN ORDINANCE AND CONFIRMATION OF THE PLAN BY THE
22 FEDERAL COURT, IMPLEMENTATION OF THE PLAN SHALL BE COORDINATED
23 THROUGH THIS ACT AND IN ACCORDANCE WITH REQUIREMENTS SET BY THE
24 FEDERAL COURT.

25 SECTION 264. SUSPENSION OF COMMONWEALTH FUNDING.

26 (A) GENERAL RULE.--A MUNICIPALITY WHICH REMAINS CLASSIFIED
27 AS FINANCIALLY DISTRESSED BY THE DEPARTMENT AND HAS FAILED TO
28 ADOPT OR IMPLEMENT A PLAN WITHIN A PERIOD SET BY THE FEDERAL
29 COURT, OR HAS FAILED OR REFUSED TO FOLLOW A RECOMMENDATION BY A
30 COORDINATOR, SHALL BE NOTIFIED IN WRITING BY THE COORDINATOR

1 THAT HE IS REQUESTING THE SECRETARY TO ISSUE A SUSPENSION OF
2 COMMONWEALTH FUNDING TO THE MUNICIPALITY FOR ITS FAILURE TO TAKE
3 THE STEPS ENUMERATED IN THE NOTICE.

4 (B) MUNICIPALITY'S RESPONSE.--THE MUNICIPALITY SHALL HAVE
5 TEN DAYS FROM THE DATE OF THE COORDINATOR'S NOTICE IN WHICH TO
6 SHOW CAUSE TO THE SECRETARY AND THE COORDINATOR WHY COMMONWEALTH
7 FUNDING TO THE MUNICIPALITY SHOULD NOT BE SUSPENDED.

8 (C) CERTIFICATION.--IF THE MUNICIPALITY HAS NOT ADEQUATELY
9 SHOWN CAUSE TO THE SECRETARY AND COORDINATOR WHY SUCH ACTION
10 SHOULD NOT BE TAKEN, THE SECRETARY, WITHIN 20 DAYS OF THE
11 COORDINATOR'S REQUEST, SHALL CERTIFY TO THE MUNICIPALITY IN
12 WRITING THAT EACH GRANT, LOAN, ENTITLEMENT OR PAYMENT BY THE
13 COMMONWEALTH OR ANY OF ITS AGENCIES SHALL BE SUSPENDED PENDING
14 ADOPTION OF A PLAN CALCULATED TO FULLY RESOLVE THE
15 MUNICIPALITY'S FINANCIAL DISTRESS. SUSPENDED FUNDS SHALL BE HELD
16 IN ESCROW BY THE COMMONWEALTH UNTIL THE SECRETARY HAS RESCINDED
17 THE CERTIFICATION.

18 (D) EXCEPTION.--NOTWITHSTANDING THE PROVISIONS OF SUBSECTION
19 (C), THE FOLLOWING FUNDS SHALL NOT BE WITHHELD FROM A
20 MUNICIPALITY:

21 (1) CAPITAL PROJECTS UNDER CONTRACT IN PROGRESS.

22 (2) MONEYS RECEIVED BY A MUNICIPALITY FROM AN AGENCY OF
23 THE COMMONWEALTH OR THE FEDERAL GOVERNMENT SUBSEQUENT TO THE
24 DECLARATION OF A DISASTER RESULTING FROM A CATASTROPHE.

25 (3) PENSION FUND DISBURSEMENTS MADE PURSUANT TO STATE
26 LAW.

27 (4) A GRANT OR LOAN MADE PURSUANT TO SECTION 302(B) OF
28 THIS ACT.

29 CHAPTER 3

30 EMERGENCY FINANCIAL AID FOR DISTRESSED MUNICIPALITIES

1 SECTION 301. PROGRAM.

2 (A) ESTABLISHMENT.--THERE IS HEREBY ESTABLISHED WITHIN THE
3 DEPARTMENT A PROGRAM TO PROVIDE EMERGENCY GRANTS AND LOANS TO
4 MUNICIPALITIES DECLARED TO BE DISTRESSED IN ACCORDANCE WITH THIS
5 ACT.

6 (B) NATURE OF LOANS.--ALL LOANS GRANTED BY THE DEPARTMENT
7 SHALL BE FREE FROM INTEREST AND REPAYABLE ACCORDING TO A
8 COVENANT SETTING FORTH A SCHEDULE FOR REPAYMENT IN AMOUNTS AND
9 ON DATES SPECIFIED IN THE COVENANT, WHICH SCHEDULE SHALL CONFORM
10 WITH A PLAN ADOPTED AND IMPLEMENTED UNDER THIS ACT.

11 SECTION 302. GRANT AND LOAN PROCEDURE.

12 (A) GENERAL PROVISIONS.--A FINANCIALLY DISTRESSED
13 MUNICIPALITY OR THE COORDINATOR MAY APPLY TO THE SECRETARY FOR A
14 GRANT OR LOAN SUBSEQUENT TO THE ADOPTION OF A PLAN BY A
15 MUNICIPALITY PURSUANT TO CHAPTER 2. IN CASES WHERE THE PLAN
16 FINALLY ADOPTED HAS BEEN FORMULATED BY THE CHIEF EXECUTIVE
17 OFFICER OR GOVERNING BODY, THE CHIEF EXECUTIVE OFFICER OR A
18 PERSON DESIGNATED BY THE GOVERNING BODY MAY APPLY TO THE
19 SECRETARY FOR A GRANT OR LOAN.

20 (B) IMMEDIATE EMERGENCIES.--IN CASES WHERE A MUNICIPALITY
21 HAS BEEN DECLARED DISTRESSED BUT PRIOR TO FINAL ADOPTION OF A
22 PLAN, THE MUNICIPALITY OR THE COORDINATOR APPOINTED MAY APPLY TO
23 THE DEPARTMENT FOR AN EXPEDITED LOAN OR GRANT TO IMMEDIATELY
24 ASSIST THE DISTRESSED MUNICIPALITY IF EITHER OF THE FOLLOWING
25 CONDITIONS EXISTS:

26 (1) THE APPLICANT VERIFIES THAT HE BELIEVES THE
27 MUNICIPALITY IS IN IMMINENT DANGER OF INSOLVENCY.

28 (2) THE APPLICANT VERIFIES THAT HE BELIEVES THERE IS A
29 CLEAR AND PRESENT DANGER TO THE HEALTH AND SAFETY OF
30 RESIDENTS OF THE MUNICIPALITY.

1 (C) APPROVAL.--

2 (1) UPON RECEIPT OF AN APPLICATION UNDER SUBSECTION (A),
3 THE SECRETARY SHALL SET A DATE FOR A HEARING TO BE HELD NOT
4 SOONER THAN TEN DAYS NOR LATER THAN 30 DAYS FROM THE DATE OF
5 RECEIPT OF THE APPLICATION. AT THE HEARING THE SECRETARY
6 SHALL RECEIVE EVIDENCE WHICH SETS FORTH THE NECESSITY FOR THE
7 MONEYS REQUESTED. THE HEARING SHALL BE CONDUCTED AT AN
8 ACCEPTABLE LOCATION WITHIN THE MUNICIPALITY TO ACCOMMODATE
9 ALL INTERESTED PARTIES. IF SATISFIED THAT SUFFICIENT EVIDENCE
10 EXISTS TO WARRANT A GRANT OR LOAN, THE SECRETARY SHALL
11 APPROVE THE APPLICATION AND ORDER THE DEPARTMENT TO
12 DISTRIBUTE MONEYS REQUESTED SUBJECT TO THE LIMITATIONS SET
13 FORTH IN SECTION 303(C).

14 (2) UPON RECEIPT OF AN APPLICATION UNDER SUBSECTION (B),
15 THE SECRETARY SHALL REVIEW ALL DATA IMMEDIATELY AVAILABLE AND
16 SHALL DETERMINE WHETHER EMERGENCY FUNDS ARE WARRANTED. IF
17 WARRANTED, THE SECRETARY SHALL APPROVE THE APPLICATION AND
18 ORDER THE DEPARTMENT TO DISTRIBUTE MONEYS REQUESTED. THE
19 SECRETARY OR THE APPLICANT MAY REQUEST A HEARING TO PROVIDE
20 ADDITIONAL EVIDENCE OF EMERGENCY NEED, BUT IF REQUESTED, THE
21 HEARING SHALL BE HELD NOT LATER THAN 15 DAYS FROM THE DATE
22 THE APPLICATION IS RECEIVED.

23 EITHER DETERMINATION IS APPEALABLE UNDER TITLE 2 OF THE
24 PENNSYLVANIA CONSOLIDATED STATUTES (RELATING TO ADMINISTRATIVE
25 LAW AND PROCEDURES).

26 SECTION 303. LIMITATIONS.

27 (A) USE.--A LOAN OR GRANT GIVEN TO A FINANCIALLY DISTRESSED
28 MUNICIPALITY UNDER THIS ACT SHALL BE USED SOLELY FOR THE PAYMENT
29 OF CURRENT EXPENSES OF THE MUNICIPALITY. CURRENT EXPENSES SO
30 PAID SHALL NOT CONSTITUTE "DEBT" OR "UNFUNDED DEBT" AS DEFINED

1 IN THE ACT OF JULY 12, 1972 (P.L.781, NO.185), KNOWN AS THE
2 LOCAL GOVERNMENT UNIT DEBT ACT, AND SHALL NOT BE SUBJECT TO THE
3 PROVISIONS OF THAT ACT.

4 (B) ELIGIBILITY.--CITIES OF THE FIRST AND SECOND CLASS AND
5 COUNTIES MAY NOT APPLY FOR A GRANT OR LOAN UNDER THIS ACT.

6 (C) AMOUNT.--THE SECRETARY SHALL NOT APPROVE AN APPLICATION
7 TO ANY ONE MUNICIPALITY FOR AN AMOUNT WHICH WILL SUBSTANTIALLY
8 IMPAIR THE DEPARTMENT'S ABILITY TO DISTRIBUTE THE REMAINING SUM
9 FAIRLY AND EQUITABLY TO OTHER APPLICANTS OR POTENTIAL
10 APPLICANTS.

11 SECTION 304. EXPIRATION.

12 THIS CHAPTER SHALL EXPIRE JUNE 30, 1990.

13 CHAPTER 4

14 CONSOLIDATION OR MERGER OF ECONOMICALLY NONVIABLE

15 MUNICIPALITIES

16 SUBCHAPTER A

17 GENERAL PROVISIONS

18 SECTION 401. DETERMINATION.

19 IF A MUNICIPALITY HAS BEEN DETERMINED TO BE FINANCIALLY
20 DISTRESSED PURSUANT TO THIS ACT AND THE COORDINATOR HAS FURTHER
21 DETERMINED UNDER SECTION 241 THAT CONSOLIDATION OR MERGER OF THE
22 MUNICIPALITY WITH AN ADJACENT MUNICIPALITY OR MUNICIPALITIES IS
23 IN THE PUBLIC INTEREST, THEN THE MUNICIPALITY MAY UTILIZE THE
24 PROVISIONS OF THIS CHAPTER.

25 SECTION 402. PROCEDURE FOR CONSOLIDATION OR MERGER.

26 TWO OR MORE MUNICIPALITIES MAY BE CONSOLIDATED OR MERGED INTO
27 A SINGLE MUNICIPALITY, WHETHER WITHIN THE SAME OR DIFFERENT
28 COUNTIES, IF EACH OF THE MUNICIPALITIES IS CONTIGUOUS TO AT
29 LEAST ONE OF THE OTHER CONSOLIDATING OR MERGING MUNICIPALITIES,
30 AND IF TOGETHER SUCH MUNICIPALITIES WOULD FORM A CONSOLIDATED OR

1 MERGED MUNICIPALITY. CONSOLIDATION OR MERGER MAY BE COMMENCED BY
2 ONE OF THE FOLLOWING:

3 (1) JOINT AGREEMENT OF THE GOVERNING BODIES OF THE
4 MUNICIPALITIES PROPOSED FOR CONSOLIDATION OR MERGER APPROVED
5 BY ORDINANCE.

6 (2) INITIATIVE OF ELECTORS.

7 SECTION 403. JOINT AGREEMENT OF GOVERNING BODIES.

8 (A) GENERAL RULE.--THE GOVERNING BODY OF EACH MUNICIPALITY
9 TO BE CONSOLIDATED OR MERGED SHALL ENTER INTO A JOINT AGREEMENT
10 UNDER THE OFFICIAL SEAL OF EACH MUNICIPALITY TO CONSOLIDATE OR
11 MERGE INTO ONE MUNICIPALITY.

12 (B) ELEMENTS.--THE JOINT AGREEMENT SHALL SET FORTH:

13 (1) THE NAME OF EACH MUNICIPALITY THAT IS A PARTY TO THE
14 AGREEMENT.

15 (2) THE NAME AND THE TERRITORIAL BOUNDARIES OF THE
16 CONSOLIDATED OR MERGED MUNICIPALITY.

17 (3) THE TYPE AND CLASS OF THE CONSOLIDATED OR MERGED
18 MUNICIPALITY.

19 (4) WHETHER THE CONSOLIDATED OR MERGED MUNICIPALITY
20 SHALL BE GOVERNED SOLELY BY THE CODE AND OTHER GENERAL LAWS
21 APPLICABLE TO THE KIND AND CLASS OF THE CONSOLIDATED OR
22 MERGED MUNICIPALITY OR WHETHER IT SHALL BE GOVERNED BY A HOME
23 RULE CHARTER OR AN OPTIONAL PLAN OF GOVERNMENT PREVIOUSLY
24 ADOPTED BY ONE OF THE CONSOLIDATING OR MERGING
25 MUNICIPALITIES.

26 (5) THE NUMBER OF WARDS, IF ANY, INTO WHICH THE
27 CONSOLIDATED OR MERGED MUNICIPALITY WILL BE DIVIDED FOR THE
28 PURPOSE OF ELECTING ALL OR SOME MEMBERS OF ITS GOVERNING
29 BODY.

30 (6) TERMS FOR:

1 (I) THE DISPOSITION OF EXISTING ASSETS OF EACH
2 MUNICIPALITY.

3 (II) THE LIQUIDATION OF EXISTING INDEBTEDNESS OF
4 EACH MUNICIPALITY.

5 (III) THE ASSUMPTION, ASSIGNMENT OR DISPOSITION OF
6 EXISTING LIABILITIES OF EACH MUNICIPALITY, EITHER
7 JOINTLY, SEPARATELY OR IN CERTAIN DEFINED PROPORTIONS, BY
8 SEPARATE RATES OF TAXATION WITHIN EACH OF THE CONSTITUENT
9 MUNICIPALITIES UNTIL CONSOLIDATION OR MERGER BECOMES
10 EFFECTIVE PURSUANT TO SECTION 407.

11 (IV) THE IMPLEMENTATION OF A LEGALLY CONSISTENT
12 UNIFORM TAX SYSTEM THROUGHOUT THE CONSOLIDATED OR MERGED
13 MUNICIPALITY WHICH PROVIDES THE REVENUE NECESSARY TO FUND
14 REQUIRED MUNICIPAL SERVICES.

15 (7) THE GOVERNMENTAL ORGANIZATION OF THE CONSOLIDATED OR
16 MERGED MUNICIPALITY INSOFAR AS IT CONCERNS ELECTED OFFICERS.

17 (8) A TRANSITIONAL PLAN AND SCHEDULE APPLICABLE TO
18 ELECTED OFFICERS. THE TRANSITIONAL PLAN SHALL PROVIDE FOR THE
19 ABOLITION OF THE ELECTED OFFICES OF EACH COMPONENT
20 MUNICIPALITY AND THE TERMINATION OF THE TERMS OF OFFICE OF
21 THE ELECTED OFFICIALS OF EACH MUNICIPALITY AND FOR THE
22 ELECTION OF THE FIRST OFFICERS OF THE CONSOLIDATED OR MERGED
23 MUNICIPALITY SO THAT ELECTION AND TENURE SHALL CONFORM TO
24 THOSE IN OTHER MUNICIPALITIES OF THE SAME KIND AND CLASS IN
25 THE COMMONWEALTH WITH PROPERLY STAGGERED TERMS WHERE REQUIRED
26 OR DESIRED.

27 (9) THE COMMON ADMINISTRATION AND ENFORCEMENT OF
28 ORDINANCES ENFORCED UNIFORMLY WITHIN THE CONSOLIDATED OR
29 MERGED MUNICIPALITY.

30 SECTION 404. INITIATIVE OF ELECTORS.

1 (A) GENERAL RULE.--IN ORDER FOR CONSOLIDATION OR MERGER
2 PROCEEDINGS TO BE INITIATED BY PETITION OF ELECTORS, PETITIONS
3 CONTAINING SIGNATURES OF AT LEAST 5% OF THE ELECTORS VOTING FOR
4 THE OFFICE OF GOVERNOR IN THE LAST GUBERNATORIAL GENERAL
5 ELECTION IN EACH MUNICIPALITY PROPOSED TO BE CONSOLIDATED OR
6 MERGED SHALL BE FILED WITH THE COUNTY BOARD OF ELECTIONS OF THE
7 COUNTY IN WHICH THE MUNICIPALITY, OR THE GREATER PORTION OF ITS
8 TERRITORY, IS LOCATED.

9 (B) NOTICE TO GOVERNING BODIES AFFECTED.--WHEN ELECTION
10 OFFICIALS FIND THAT A PETITION IS IN PROPER ORDER, THEY SHALL
11 SEND COPIES OF THE INITIATIVE PETITION WITHOUT THE SIGNATURES
12 THEREON TO THE GOVERNING BODIES OF EACH OF THE MUNICIPALITIES
13 AFFECTED BY THE PROPOSED CONSOLIDATION OR MERGER.

14 (C) CONTENTS.--A PETITION SHALL SET FORTH:

15 (1) THE NAME OF THE MUNICIPALITY FROM WHICH THE SIGNERS
16 OF THE PETITION WERE OBTAINED.

17 (2) THE NAMES OF THE MUNICIPALITIES PROPOSED TO BE
18 CONSOLIDATED OR MERGED.

19 (3) THE NAME OF THE CONSOLIDATED OR MERGED MUNICIPALITY.

20 (4) THE TYPE AND CLASS OF THE CONSOLIDATED OR MERGED
21 MUNICIPALITY.

22 (5) WHETHER THE CONSOLIDATED OR MERGED MUNICIPALITY
23 SHALL BE GOVERNED SOLELY BY THE CODE AND OTHER GENERAL LAWS
24 APPLICABLE TO THE KIND AND CLASS OF THE CONSOLIDATED OR
25 MERGED MUNICIPALITY, OR WHETHER IT SHALL BE GOVERNED BY A
26 HOME RULE CHARTER OR AN OPTIONAL PLAN OF GOVERNMENT
27 PREVIOUSLY ADOPTED BY ONE OF THE CONSOLIDATING OR MERGING
28 MUNICIPALITIES.

29 (6) THE NUMBER OF WARDS, IF ANY, INTO WHICH THE
30 CONSOLIDATED OR MERGED MUNICIPALITY WILL BE DIVIDED FOR THE

PURPOSE OF ELECTING ALL OR SOME MEMBERS OF ITS GOVERNING
BODY.

(D) FILING OF PETITION.--THE CONSOLIDATION OR MERGER
PETITION SHALL BE FILED WITH THE ELECTION OFFICIALS NOT LATER
THAN THE 13TH TUESDAY PRIOR TO THE NEXT PRIMARY, MUNICIPAL OR
GENERAL ELECTION. THE PETITION AND PROCEEDINGS THEREIN SHALL BE
IN THE MANNER AND SUBJECT TO THE PROVISIONS OF THE ELECTION LAWS
WHICH RELATE TO THE SIGNING, FILING AND ADJUDICATION OF
NOMINATION PETITIONS INSOFAR AS SUCH PROVISIONS ARE APPLICABLE,
EXCEPT THAT NO REFERENDUM PETITION SHALL BE SIGNED OR CIRCULATED
PRIOR TO THE 20TH TUESDAY BEFORE THE ELECTION, NOR LATER THAN
THE 13TH TUESDAY BEFORE THE ELECTION.

SECTION 405. CONDUCT OF REFERENDA.

(A) DUTY TO PLACE ON BALLOT.--FOLLOWING INITIATION OF
PROCEEDINGS FOR CONSOLIDATION OR MERGER BY THE PROCEDURES SET
FORTH EITHER IN SECTION 403 OR 404, THE QUESTION OF
CONSOLIDATION OR MERGER SHALL BE PLACED BEFORE THE ELECTORS OF
EACH OF THE MUNICIPALITIES PROPOSED TO BE CONSOLIDATED OR
MERGED. A REFERENDUM SHALL BE HELD AT THE FIRST PRIMARY,
MUNICIPAL OR GENERAL ELECTION AFTER EITHER:

(1) THE DATE OF THE GENERAL AGREEMENT ENTERED INTO UNDER
THE PROVISIONS OF SECTION 403; OR

(2) THE DATE OF FILING OF THE PETITION FILED UNDER THE
PROVISIONS OF SECTION 404.

(B) APPROVAL.--CONSOLIDATION OR MERGER SHALL NOT BE
EFFECTIVE UNLESS THE REFERENDUM QUESTION IS APPROVED BY A
MAJORITY OF THE ELECTORS VOTING IN EACH OF THE MUNICIPALITIES IN
WHICH THE REFERENDUM IS HELD. IF IN ANY ONE OF THE
MUNICIPALITIES IN WHICH THE REFERENDUM IS HELD A MAJORITY IN
FAVOR OF CONSOLIDATION OR MERGER DOES NOT RESULT, THE REFERENDUM

1 SHALL FAIL AND CONSOLIDATION OR MERGER SHALL NOT TAKE PLACE. THE
2 QUESTION DESCRIBED IN THE CONSOLIDATION OR MERGER PROPOSAL SHALL
3 NOT BE VOTED ON AGAIN FOR A PERIOD OF FIVE YEARS.

4 SECTION 406. CONSOLIDATION OR MERGER AGREEMENT.

5 (A) FORM.--UPON FAVORABLE ACTION BY THE ELECTORATE ON
6 CONSOLIDATION OR MERGER, IN CASES WHERE CONSOLIDATION OR MERGER
7 WAS INITIATED OTHERWISE THAN BY JOINT AGREEMENT OF MUNICIPAL
8 GOVERNING BODIES UNDER SECTION 403, THE GOVERNING BODIES OF THE
9 MUNICIPALITIES TO BE CONSOLIDATED OR MERGED SHALL MEET WITHIN 60
10 DAYS AFTER THE CERTIFICATION OF THE FAVORABLE VOTE AND SHALL
11 MAKE A CONSOLIDATION OR MERGER AGREEMENT, AS FOLLOWS:

12 (1) IF THE GOVERNING BODY, OR PART OF THE GOVERNING
13 BODY, OF THE CONSOLIDATED OR MERGED MUNICIPALITY IS TO BE
14 ELECTED ON A WARD BASIS, THE AGREEMENT SHALL SET FORTH THE
15 WARD BOUNDARIES AND THE WARD DESIGNATION, BY NUMBER, AND THE
16 NUMBER OF MEMBERS OF THE MUNICIPAL GOVERNING BODY TO BE
17 ELECTED FROM EACH WARD.

18 (2) THE AGREEMENT SHALL SET FORTH TERMS FOR:

19 (I) THE DISPOSITION OF THE EXISTING ASSETS OF EACH
20 MUNICIPALITY.

21 (II) THE LIQUIDATION OF THE EXISTING INDEBTEDNESS OF
22 EACH MUNICIPALITY.

23 (III) THE ASSUMPTION, ASSIGNMENT, AND DISPOSITION OF
24 THE EXISTING LIABILITIES OF EACH MUNICIPALITY, EITHER
25 JOINTLY, SEPARATELY OR IN CERTAIN DEFINED PROPORTIONS, BY
26 SEPARATE RATES OF TAXATION WITHIN EACH OF THE CONSTITUENT
27 MUNICIPALITIES UNTIL CONSOLIDATION OR MERGER BECOMES
28 EFFECTIVE PURSUANT TO SECTION 407.

29 (3) THE AGREEMENT SHALL SET FORTH THE GOVERNMENTAL
30 ORGANIZATION OF THE CONSOLIDATED OR MERGED MUNICIPALITY,

1 INSOFAR AS IT CONCERNS ELECTED OFFICERS, AND SHALL CONTAIN A
2 TRANSITIONAL PLAN AND SCHEDULE APPLICABLE TO ELECTED
3 OFFICERS. THE AGREEMENT SHALL PROVIDE FOR THE ABOLITION OF
4 ELECTED OFFICES AND FOR THE TERMINATION OF THE TERMS OF
5 OFFICE OF ELECTED OFFICERS OF EACH MUNICIPALITY BEING MERGED
6 OR CONSOLIDATED, AND THE ELECTION OF THE FIRST OFFICERS OF
7 THE CONSOLIDATED OR MERGED MUNICIPALITY SO THAT ELECTION AND
8 TENURE SHALL CONFORM TO THOSE IN OTHER MUNICIPALITIES OF THE
9 SAME KIND AND CLASS IN THE COMMONWEALTH, WITH PROPERLY
10 STAGGERED TERMS, WHERE REQUIRED OR DESIRED.

11 (4) THE AGREEMENT SHALL PROVIDE FOR COMMON
12 ADMINISTRATION AND ENFORCEMENT OF ORDINANCES TO BE ENFORCED
13 UNIFORMLY WITHIN THE CONSOLIDATED OR MERGED MUNICIPALITY.

14 (5) THE AGREEMENT SHALL ALSO PROVIDE, CONSISTENT WITH
15 EXITING LAW, FOR THE IMPLEMENTATION OF AN UNIFORM TAX SYSTEM
16 THROUGHOUT THE CONSOLIDATED OR MERGED MUNICIPALITY WHICH
17 SHALL PROVIDE THE REVENUE NECESSARY TO FUND REQUIRED
18 MUNICIPAL SERVICES.

19 (B) FILING.--A COPY OF THE CONSOLIDATION OR MERGER AGREEMENT
20 SHALL BE FILED WITH THE DEPARTMENT OF COMMUNITY AFFAIRS, THE
21 DEPARTMENT OF TRANSPORTATION, THE GOVERNOR'S OFFICE OF POLICY
22 DEVELOPMENT OR ITS SUCCESSOR, THE DEPARTMENT OF EDUCATION, STATE
23 TAX EQUALIZATION BOARD, THE LEGISLATIVE REAPPORTIONMENT
24 COMMISSION AND THE COURT OF COMMON PLEAS AND THE BOARD OF COUNTY
25 COMMISSIONERS OF THE COUNTY OR COUNTIES IN WHICH MUNICIPALITIES
26 AFFECTED ARE LOCATED.

27 SECTION 407. EFFECTUATION OF CONSOLIDATION OR MERGER.

28 MUNICIPALITIES CONSOLIDATED OR MERGED SHALL CONTINUE TO BE
29 GOVERNED AS BEFORE CONSOLIDATION OR MERGER UNTIL THE FIRST
30 MONDAY OF JANUARY FOLLOWING THE MUNICIPAL ELECTION NEXT

1 SUCCEEDING THE ELECTION AT WHICH CONSOLIDATION OR MERGER
2 REFERENDA WERE HELD. AT THAT MUNICIPAL ELECTION, THE NECESSARY
3 OFFICERS OF THE CONSOLIDATED OR MERGED MUNICIPALITY SHALL BE
4 ELECTED IN ACCORDANCE WITH THE TERMS OF THE GENERAL LAW
5 AFFECTING MUNICIPALITIES OF THE KIND OR CLASS OF THE
6 CONSOLIDATED OR MERGED MUNICIPALITY, OR, IN CASE OF A
7 CONSOLIDATED OR MERGED MUNICIPALITY OPERATING UNDER A HOME RULE
8 CHARTER OR OPTIONAL PLAN OF GOVERNMENT, IN ACCORDANCE WITH THE
9 CHARTER OR OPTIONAL PLAN OR WITH GENERAL LAW AFFECTING HOME RULE
10 OR OPTIONAL PLAN MUNICIPALITIES, AS APPLICABLE. THE OFFICERS
11 ELECTED AT THAT MUNICIPAL ELECTION SHALL BE ELECTED FOR TERMS OF
12 OFFICE UNDER THE PLAN AND SCHEDULE SET FORTH IN THE
13 CONSOLIDATION OR MERGER AGREEMENT AUTHORIZED BY SECTION 403 OR
14 406, AS THE CASE MAY BE. THEY SHALL TAKE OFFICE AS OFFICERS OF
15 THE CONSOLIDATED OR MERGED MUNICIPALITY ON THE FIRST MONDAY OF
16 JANUARY FOLLOWING THE MUNICIPAL ELECTION AT WHICH THEY WERE
17 ELECTED, AND THEREUPON, THE CONSOLIDATED OR MERGED MUNICIPALITY
18 SHALL BEGIN TO FUNCTION AND THE FORMER MUNICIPALITIES
19 CONSOLIDATED OR MERGED INTO IT SHALL BE ABOLISHED.

20 SECTION 408. COLLECTIVE BARGAINING AGREEMENTS; FURLOUGH OF
21 EMPLOYEES; DISPUTES.

22 (A) COLLECTIVE BARGAINING CONTRACTS, AGREEMENTS OR
23 ARBITRATION AWARDS.--A COLLECTIVE BARGAINING AGREEMENT OR
24 CONTRACT IN EXISTENCE IN A MUNICIPALITY OR AN ARBITRATION AWARD
25 IN EFFECT IN A MUNICIPALITY PRIOR TO A CONSOLIDATION OR MERGER
26 SHALL REMAIN EFFECTIVE AFTER CONSOLIDATION OR MERGER UNTIL THE
27 CONTRACT, AGREEMENTS, OR AWARDS EXPIRE. AFTER THE EXPIRATION OF
28 THE CONTRACTS, AGREEMENTS OR AWARDS, A SUBSEQUENT COLLECTIVE
29 BARGAINING AGREEMENT, CONTRACT OR AWARD SHALL NOT IMPAIR THE
30 IMPLEMENTATION OF A PLAN ADOPTED PURSUANT TO THIS ACT.

1 (B) REDUCTION IN EXISTING WORK FORCE.--SUBSEQUENT TO
2 CONSOLIDATION OR MERGER, THE CONSOLIDATED OR MERGED MUNICIPALITY
3 MAY, IN ACCORDANCE WITH EXISTING CONTRACTS OR ARBITRATION AWARD
4 PROVISIONS AND CONSISTENT WITH APPLICABLE LAWS, REDUCE THE
5 NUMBER OF UNIFORMED AND NONUNIFORMED EMPLOYEES TO AVOID
6 OVERSTAFFING AND DUPLICATION OF POSITIONS IN THE CONSOLIDATED OR
7 MERGED MUNICIPALITY. IF A CONSOLIDATED OR MERGED MUNICIPALITY
8 DETERMINES IN ITS DISCRETION THAT IT IS NECESSARY TO INCREASE
9 THE NUMBER OF UNIFORMED OR NONUNIFORMED EMPLOYEES, EMPLOYEES OF
10 THE CONSTITUENT MUNICIPALITIES SHALL BE REINSTATED IN THE ORDER
11 OF THEIR SENIORITY IF THEY HAD BEEN PREVIOUSLY FURLOUGHED.

12 (C) DISPUTES.--THE PENNSYLVANIA LABOR RELATIONS BOARD SHALL
13 HAVE JURISDICTION TO DETERMINE LABOR DISPUTES OR CONTROVERSIES,
14 EXCEPT THOSE ARISING OUT OF INTERPRETATION OR CONSTRUCTION OF A
15 COLLECTIVE BARGAINING AGREEMENT CONTAINING PROVISION FOR BINDING
16 ARBITRATION, BETWEEN THE CONSOLIDATED OR MERGED MUNICIPALITY AND
17 ITS EMPLOYEES.

18 (D) EFFECT ON EXISTING LAW.--NOTHING IN THIS SECTION SHALL
19 PROHIBIT A CONSOLIDATED OR MERGED MUNICIPALITY FROM EXERCISING
20 ITS POWERS AND RESPONSIBILITIES PURSUANT TO PROVISIONS OF LAW
21 RELATED TO COLLECTIVE BARGAINING, INCLUDING, BUT NOT LIMITED TO,
22 THE ACT OF JUNE 24, 1968 (P.L.237, NO.111), REFERRED TO AS THE
23 POLICEMEN AND FIREMEN COLLECTIVE BARGAINING ACT, AND THE ACT OF
24 JULY 23, 1970 (P.L.563, NO.195), KNOWN AS THE PUBLIC EMPLOYE
25 RELATIONS ACT.

26 SECTION 409. PROCEDURES.

27 (A) ORDINANCE BOOK.--AFTER CONSOLIDATION OR MERGER BECOMES
28 EFFECTIVE, A NEW ORDINANCE BOOK SHALL BE USED BY THE
29 MUNICIPALITY AND THE FIRST DOCUMENT TO BE RECORDED IN IT SHALL
30 BE THE CONSOLIDATION OR MERGER AGREEMENT.

1 (B) ORDINANCE CODIFICATION.--NO LATER THAN TWO YEARS AFTER
2 CONSOLIDATION OR MERGER GOES INTO EFFECT, CODIFICATION OF ALL
3 THE ORDINANCES OF THE MUNICIPALITY SHALL BE COMPLETED. THIS
4 SHALL INCLUDE TABULATION OR INDEXING OF THOSE ORDINANCES OF THE
5 COMPONENT MUNICIPALITIES THAT ARE OF PERMANENT EFFECT IN THE
6 CONSOLIDATED OR MERGED MUNICIPALITY.

7 (C) VESTING OF RIGHTS, PRIVILEGES, PROPERTY AND
8 OBLIGATIONS.--ALL RIGHTS, PRIVILEGES AND FRANCHISES OF EACH
9 COMPONENT MUNICIPALITY AND ALL PROPERTY BELONGING TO EACH
10 COMPONENT MUNICIPALITY SHALL BE VESTED IN THE CONSOLIDATED OR
11 MERGED MUNICIPALITY. THE TITLE TO REAL ESTATE VESTED IN ANY OF
12 THOSE MUNICIPALITIES SHALL NOT REVERT OR BE IN ANY WAY IMPAIRED
13 BY REASON OF THE CONSOLIDATION OR MERGER. ALL LIENS AND RIGHTS
14 OF CREDITORS SHALL BE PRESERVED. AGREEMENTS AND CONTRACTS SHALL
15 REMAIN IN FORCE. DEBTS, LIABILITIES AND DUTIES OF EACH OF THE
16 MUNICIPALITIES SHALL BE ATTACHED TO THE CONSOLIDATED OR MERGED
17 MUNICIPALITY AND MAY BE ENFORCED AGAINST IT.

18 SUBCHAPTER B

19 ECONOMIC ASSISTANCE

20 SECTION 421. ELIGIBILITY.

21 IN THE EVENT A MUNICIPALITY HAS BEEN DETERMINED TO BE
22 DISTRESSED PURSUANT TO SECTION 203(F) AND HAS SUBSEQUENTLY
23 CONSOLIDATED OR MERGED UNDER PROVISIONS OF THIS CHAPTER, THE
24 CONSOLIDATED OR MERGED MUNICIPALITY SHALL BE ELIGIBLE FOR
25 ECONOMIC AND COMMUNITY DEVELOPMENT ASSISTANCE AS PROVIDED IN
26 SECTION 422.

27 SECTION 422. PRIORITY.

28 NOTWITHSTANDING LAW TO THE CONTRARY, IF THE ELECTORS OF TWO
29 OR MORE MUNICIPALITIES AT LEAST ONE OF WHICH HAS BEEN DETERMINED
30 TO BE DISTRESSED PURSUANT TO SECTION 203(F), HAVE VOTED TO

1 APPROVE THE CONSOLIDATION OR MERGER OF THOSE MUNICIPALITIES, THE
2 CONSOLIDATED OR MERGED MUNICIPALITY SHALL RECEIVE PRIORITY IN
3 ALL ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAMS FUNDED BY THE
4 COMMONWEALTH. THE SECRETARY, UPON NOTIFICATION OF CONSOLIDATION
5 OR MERGER OF SUCH MUNICIPALITIES SHALL NOTIFY COMMONWEALTH
6 AGENCIES THAT THE CONSOLIDATED OR MERGED MUNICIPALITY SHALL
7 RECEIVE PRIORITY IN FUNDING AS PROVIDED IN THIS SUBCHAPTER.
8 NOTHING IN THIS SUBCHAPTER SHALL BE CONSTRUED TO GIVE PRIORITY
9 OVER ECONOMIC AND COMMUNITY DEVELOPMENT ASSISTANCE ALREADY
10 APPROVED AND ENCUMBERED BY THE COMMONWEALTH OR ITS AGENCIES TO
11 ANY OF THE FOLLOWING:

12 (1) A MUNICIPALITY WHICH IS NOT FINANCIALLY DISTRESSED
13 UNDER THIS ACT.

14 (2) A MUNICIPALITY WHICH HAS BEEN DECLARED DISTRESSED
15 UNDER SECTION 203(F) BUT HAS NOT BEEN SUBJECTED TO THE
16 FUNDING RESTRICTIONS UNDER SECTION 251 OR 264.

17 SECTION 423. LISTING OF ELIGIBLE MUNICIPALITIES.

18 A CONSOLIDATED OR MERGED MUNICIPALITY WHICH IS GIVEN PRIORITY
19 AS PROVIDED IN THIS SUBCHAPTER SHALL BE GIVEN PREFERENCE IN
20 ECONOMIC AND COMMUNITY DEVELOPMENT ASSISTANCE OVER OTHER
21 POTENTIAL ELIGIBLE MUNICIPALITIES ON THE BASIS OF THE DATE OF
22 NOTIFICATION BY THE SECRETARY TO COMMONWEALTH AGENCIES AS
23 PROVIDED IN SECTION 422.

24 CHAPTER 5

25 FUNDING

26 SECTION 501. APPROPRIATION.

27 THE SUM OF \$5,000,000, APPROPRIATED UNDER SECTION 210 OF THE
28 ACT OF JULY 1, 1986 (P.L.1776, NO.5A), KNOWN AS THE GENERAL
29 APPROPRIATION ACT OF 1986, SHALL BE USED TO CARRY OUT THE
30 PROVISIONS OF THIS ACT. THE APPROPRIATION SHALL BE DISTRIBUTED

1 AS FOLLOWS:

2 (1) \$500,000 SHALL BE USED BY THE DEPARTMENT FOR
3 ADMINISTRATIVE EXPENSES NECESSARY TO CARRY OUT THE PROVISIONS
4 OF THIS ACT.

5 (2) \$4,500,000 SHALL BE USED TO PROVIDE GRANTS AND LOANS
6 TO MUNICIPALITIES DETERMINED TO BE FINANCIALLY DISTRESSED
7 PURSUANT TO THIS ACT.

8 CHAPTER 6

9 TECHNICAL PROVISIONS

10 SECTION 601. REPEALS.

11 SECTION 2501-C(E) AND (F) OF THE ACT OF APRIL 9, 1929
12 (P.L.177, NO.175), KNOWN AS THE ADMINISTRATIVE CODE OF 1929, ARE
13 REPEALED INSOFAR AS THEY ARE INCONSISTENT WITH THIS ACT.

14 THE ACT OF JUNE 11, 1935 (P.L.323, NO.146), ENTITLED "AN ACT
15 DESIGNATING THE DEPARTMENT OF INTERNAL AFFAIRS AS THE AGENCY OF
16 THE COMMONWEALTH TO APPROVE OR DISAPPROVE PETITIONS TO COURTS,
17 AND PLANS FOR THE READJUSTMENT OF DEBTS OF POLITICAL
18 SUBDIVISIONS, UNDER THE ACT OF CONGRESS RELATING TO THE
19 BANKRUPTCY OF POLITICAL SUBDIVISIONS; AND DEFINING THE POWERS
20 AND DUTIES OF SAID DEPARTMENT IN RELATION THERETO," IS REPEALED
21 INSOFAR AS IT RELATED TO A MUNICIPALITY AS DEFINED IN SECTION
22 103 OF THIS ACT.

23 SECTION 602. EXPIRATION.

24 SECTION 203(A)(5) SHALL EXPIRE UPON PUBLICATION IN THE
25 PENNSYLVANIA BULLETIN OF THE NOTICE REQUIRED UNDER SECTION
26 121(G).

27 SECTION 603. EFFECTIVE DATE.

28 THIS ACT SHALL TAKE EFFECT IN 60 DAYS.