

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2752 Session of
2004

INTRODUCED BY R. STEVENSON, ROHRER, ARMSTRONG, SCAVELLO, WILT,
LEH, DENLINGER, BENNINGHOFF, BALDWIN, BARRAR, BASTIAN,
BIRMELIN, CAPPELLI, CLYMER, COLEMAN, CREIGHTON, DAILEY,
EGOLF, FORCIER, GABIG, GILLESPIE, HERMAN, HERSHEY, HORSEY,
LEWIS, BAKER, MACKERETH, MARSICO, McILHATTAN, MILLARD,
R. MILLER, S. MILLER, MUSTIO, PICKETT, ROBERTS, SATHER,
SOLOBAY, THOMAS AND YEWCIC, JUNE 30, 2004

REFERRED TO COMMITTEE ON FINANCE, JUNE 30, 2004

AN ACT

1 Amending Title 53 (Municipalities Generally) of the Pennsylvania
2 Consolidated Statutes, providing for expiration of authority
3 to issue certain debt, for reporting by local government
4 units of debt outstanding and for assumption of certain debt
5 by the Commonwealth.

6 The General Assembly of the Commonwealth of Pennsylvania
7 hereby enacts as follows:

8 Section 1. Title 53 of the Pennsylvania Consolidated
9 Statutes is amended by adding sections to read:

10 § 8001.1. Expiration of authority to issue debt.

11 Notwithstanding any other provision of this subpart or any
12 other law to the contrary, no local government unit that is a
13 school district, including a school district of the first class,
14 shall incur any electoral debt, lease rental debt or
15 nonelectoral debt under this subpart after July 1, 2004.

16 § 8001.2. Notices and reporting by local government units of
17 debt outstanding.

1 (a) Duties.--

2 (1) (i) On or before September 30, 2004, a local
3 government that is a school district, including a school
4 district of the first class, shall identify the
5 outstanding amount of all electoral debt, lease rental
6 debt or nonelectoral debt incurred as of December 31,
7 2004, and shall notify on or before September 30, 2004,
8 each holder of the bonds or notes of such debt of the
9 amount owed to each holder as of December 31, 2004. The
10 notice shall inform the holders of the provisions of this
11 section and section 8001.3 (relating to assumption of
12 local government unit debt by Commonwealth).

13 (ii) A holder of a bond or note of such debt shall
14 have the right to dispute the amount stated as owed to
15 the holder in the notice, provided that the holder
16 notifies the local government unit in writing prior to
17 October 15, 2004. A holder that fails to file a dispute
18 under this subparagraph shall waive the right to dispute
19 the amount owed to the holder after the Commonwealth
20 assumes the debt of the local government unit under
21 section 8001.3.

22 (iii) A local government unit that receives a
23 written dispute from a holder under subparagraph (ii)
24 shall attempt to resolve the dispute by November 1, 2004.

25 (2) On or before December 1, 2004, each local government
26 unit that is a school district, including a school district
27 of the first class, shall certify and report to the
28 Department of Revenue the outstanding amount of all electoral
29 debt, lease rental debt or nonelectoral debt incurred as of
30 December 31, 2004, together with any information requested by

1 the Department of Revenue in order for the Commonwealth to
2 comply with the requirements of this section and section
3 8001.3 (relating to assumption of local government unit debt
4 by Commonwealth).

5 (b) Audit by Department of Revenue.--

6 (1) The Department of Revenue shall audit each report
7 submitted under subsection (a) and shall certify the amount
8 of each report and the total aggregate amount of all reports
9 to the State Treasurer on or before December 31, 2004.

10 (2) If the Department of Revenue disputes all or any
11 portion of a report submitted under subsection (a), the
12 Department of Revenue shall not include such amount in the
13 certification to the State Treasurer and shall notify the
14 local government unit in writing of the exclusion from the
15 certification.

16 § 8001.3. Assumption of local government unit debt by
17 Commonwealth.

18 (a) General rule.--Except as otherwise provided in
19 subsection (b), the Commonwealth shall assume the outstanding
20 amount of all electoral debt, lease debt or nonelectoral debt
21 certified in the report submitted by the Department of Revenue
22 to the State Treasurer as of January 1, 2005. Such debt shall be
23 managed and administered by the School Financing Authority
24 established under the act of March 10, 1949 (P.L.30, No.14),
25 known as the Public School Code of 1949, and repaid from the
26 Education Operating Fund as provided by law.

27 (b) Exceptions.--The Commonwealth may not assume:

28 (1) Any of the outstanding debt of a local government
29 unit that fails to certify and file a report with the
30 Department of Revenue as required by section 8001.2 (relating

1 to reporting by local government units of debt outstanding).

2 (2) That portion of the outstanding debt included in a
3 report filed by a local government unit, but which the
4 Department of Revenue does not include in its certification
5 to the State Treasurer under section 8001.2(b)(2).

6 Section 2. The provisions of this act are nonseverable. If
7 any provision of this act or its application to any person or
8 circumstance is held invalid, the remaining provisions or
9 applications of this act are void.

10 Section 3. This act shall take effect immediately.