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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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**HOUSE BILL**  
**No. 2356** Session of  
2006

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INTRODUCED BY ZUG, PERZEL, S. H. SMITH, ARGALL, FEESE,  
E. Z. TAYLOR, CIVERA, PHILLIPS, BUNT, FLICK, ADOLPH,  
ARMSTRONG, BAKER, BASTIAN, BENNINGHOFF, CREIGHTON, DALLY,  
DENLINGER, FAIRCHILD, FICHTER, FLEAGLE, GABIG, GILLESPIE,  
HARRIS, HASAY, HERSHEY, HESS, M. KELLER, LEH, MAJOR, MARSICO,  
McGILL, McNAUGHTON, MICOZZIE, MILLARD, S. MILLER, MUSTIO,  
NAILOR, O'NEILL, PICKETT, PYLE, REED, SATHER, SCHRODER,  
SEMMELE, B. SMITH, STERN, R. STEVENSON, T. STEVENSON, TRUE,  
YEWIC AND YOUNGBLOOD, JANUARY 26, 2006

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REFERRED TO COMMITTEE ON CONSUMER AFFAIRS, JANUARY 26, 2006

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AN ACT

1 Requiring State and local approval for terminations or transfers  
2 by municipal authorities.

3 The General Assembly of the Commonwealth of Pennsylvania  
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the Municipal  
7 Authority Approval of Actions Act.

8 Section 2. Definitions.

9 The following words and phrases when used in this act shall  
10 have the meanings given to them in this section unless the  
11 context clearly indicates otherwise:

12 "Authority." A body politic and corporate which meets all of  
13 the following:

14 (1) Is established by a city and incorporated under any

1 of the following:

2 (i) The former act of June 28, 1935 (P.L.463,  
3 No.191) entitled, "An act providing, for a limited period  
4 of time, for the incorporation, as bodies corporate and  
5 politic, of 'Authorities' for municipalities; defining  
6 the same; prescribing the rights, powers, and duties of  
7 such Authorities; authorizing such Authorities to  
8 acquire, construct, improve, maintain, and operate  
9 projects, and to borrow money and issue bonds therefor;  
10 providing for the payment of such bonds, and prescribing  
11 the rights of the holders thereof; conferring the right  
12 of eminent domain on such Authorities; authorizing such  
13 Authorities to enter into contracts with and to accept  
14 grants from the Federal Government or any agency thereof;  
15 and for other purposes."

16 (ii) The former act of May 2, 1945 (P.L.382,  
17 No.164), known as the Municipal Authorities Act of 1945.

18 (iii) 53 Pa.C.S. Ch. 56 (relating to municipal  
19 authorities).

20 (2) Has a total number of residents who utilize water or  
21 sewer services and reside outside the boundaries of the city  
22 that exceeds the number of residents who utilize water or  
23 sewer services and reside within the boundaries of the city  
24 pursuant to either of the following:

25 (i) Agreements with a municipality.

26 (ii) Directly to residents of a municipality.

27 (3) Owns one or all of the following:

28 (i) A sewer, sewer system or parts of a sewer or  
29 sewer system or sewage treatment works, including works  
30 for treating and disposing of industrial waste.

1           (ii) A waterworks, water supply works or water  
2           distribution system.

3       "City." A city of the third class.

4       "Commission." The Pennsylvania Public Utility Commission.

5   Section 3. Approvals.

6       (a) Commission.--If a city intends to continue water or  
7       sewer service provided by an authority to municipalities outside  
8       the city, the city must obtain approval of the commission prior  
9       to:

10           (1) termination of an authority;

11           (2) conveyance of a project of the authority under 53  
12       Pa.C.S. § 5622 (relating to conveyance by authorities to  
13       municipalities or school districts of established projects);  
14       or

15           (3) transfer of reserves, assets or funds from an  
16       authority to the city.

17       (b) Other municipalities.--

18           (1) A city must obtain approval from 75% of the  
19       municipalities which have service agreements with or whose  
20       residents receive services from an authority prior to:

21           (i) termination of the authority;

22           (ii) conveyance of a project of the authority under  
23       53 Pa.C.S. § 5622; or

24           (iii) transfer of reserves, assets or funds from the  
25       authority to the city.

26       (2) Approval under paragraph (1) is as follows:

27           (i) The approval must be in the form of a  
28       resolution.

29           (ii) The resolution must be adopted at a public  
30       meeting by an affirmative vote of a majority of the

1 members of the governing body.

2 (iii) The result of an affirmative vote under  
3 subparagraph (ii) must be transmitted to the city within  
4 48 hours of the vote.

5 Section 9. Applicability.

6 This act shall apply to any action to terminate, convey or  
7 transfer a water or sewer system under 53 Pa.C.S. Ch. 56  
8 (relating to municipal authorities), which are initiated after  
9 November 1, 2005.

10 Section 10. Effective date.

11 This act shall take effect immediately.