

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2634

Session of
2006

INTRODUCED BY CLYMER, BOYD, CALTAGIRONE, HENNESSEY, STEIL,
HERSHEY AND E. Z. TAYLOR, APRIL 26, 2006

AS REPORTED FROM COMMITTEE ON STATE GOVERNMENT, HOUSE OF
REPRESENTATIVES, AS AMENDED, JUNE 14, 2006

AN ACT

1 Amending Title 53 (Municipalities Generally) of the Pennsylvania
2 Consolidated Statutes, providing for procedure for conveyance
3 of established projects.

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

6 Section 1. Title 53 of the Pennsylvania Consolidated
7 Statutes is amended by adding a section to read:

8 § 5624. Procedure for conveyance of established projects.

9 (a) ~~Approvals~~ NOTICE AND MEETINGS.--An incorporating <—
10 municipality that intends to acquire an established project of
11 an authority pursuant to section 5622 (relating to conveyance by
12 authorities to municipalities or school districts of established
13 projects) or to dissolve an authority which, in either case,
14 provides WATER OR SEWER service to at least 25% of its customer <—
15 base CUSTOMERS in municipalities outside the incorporating <—
16 municipality shall ensure the following occurs before the
17 acquisition or termination of the ~~other~~ authority: <—

1 ~~(1) A public meeting shall be held by the incorporating~~ <—
2 ~~municipality on the acquisition or dissolution, which~~
3 ~~explains~~

4 (1) THE INCORPORATING MUNICIPALITY, AT A REGULARLY <—
5 SCHEDULED PUBLIC MEETING, SHALL DISCUSS THE ACQUISITION OR
6 DISSOLUTION AND EXPLAIN the rationale for such action, the
7 disposition of projects or property, the financial mechanism
8 for dissolution and acquisition, the disposition of assets
9 and debt and the future operation and maintenance of the
10 service previously provided by the authority. At the meeting,
11 the incorporating municipality shall allow testimony COMMENTS <—
12 from interested parties and shall conduct the meeting in such
13 a manner as to provide a forum for issues raised by the
14 public to be addressed.

15 ~~(2) The authority shall hold a public meeting on the~~ <—
16 ~~intentions of the incorporating municipality and take~~
17 ~~testimony from impacted citizens.~~

18 ~~(3) The authority shall take action at a meeting of the~~
19 ~~authority board to recommend approval or denial of such~~
20 ~~action of acquisition or dissolution by the incorporating~~
21 ~~municipality and shall explain the rationale for its action~~
22 ~~in a report to the incorporating municipality.~~

23 ~~(4) Each municipality that is served by an authority~~
24 ~~incorporated by another municipality wishing to dissolve the~~
25 ~~authority or acquire its established project shall hold a~~
26 ~~public meeting on the intentions of the incorporating~~
27 ~~municipality and take testimony from impacted citizens.~~

28 ~~(5)~~

29 (2) THE INCORPORATING MUNICIPALITY SHALL HOLD AT LEAST <—
30 ONE ADVERTISED PUBLIC MEETING TO EXPLAIN THE RATIONALE FOR

1 THE ACQUISITION OR DISSOLUTION, THE DISPOSITION OF PROJECTS
2 OR PROPERTY, THE FINANCIAL MECHANISM FOR DISSOLUTION AND
3 ACQUISITION, THE DISPOSITION OF ASSETS AND DEBT AND THE
4 FUTURE OPERATION AND MAINTENANCE OF THE SERVICE PREVIOUSLY
5 PROVIDED BY THE AUTHORITY, AND TO TAKE COMMENTS FROM
6 CUSTOMERS, ELECTED OFFICIALS FROM EACH OF THE OTHER
7 MUNICIPALITIES SERVED BY THE AUTHORITY, MEMBERS OF THE
8 AUTHORITY BOARD AND OTHER INTERESTED PARTIES. THE
9 INCORPORATING MUNICIPALITY SHALL PROVIDE WRITTEN NOTICE OF
10 THE MEETING TO THE AUTHORITY BOARD MEMBERS AND TO THE ELECTED
11 OFFICIALS FROM EACH OF THE OTHER MUNICIPALITIES SERVED BY THE
12 AUTHORITY.

13 (3) Each municipality that is served by an authority
14 incorporated by another municipality wishing to dissolve the
15 authority or acquire its established project shall hold a <—
16 public meeting, AT A PUBLIC MEETING, CAST A NONBINDING VOTE <—
17 to recommend approval or denial of the action of dissolution
18 or acquisition by the incorporating municipality and shall
19 explain the rationale for its action RECOMMENDATION in a <—
20 report to the incorporating municipality. THIS VOTE SHALL <—
21 OCCUR WITHIN 90 DAYS OF THE INTRODUCTION OF THE ACTION OF
22 DISSOLUTION OR ACQUISITION AT AN OFFICIAL MEETING OF THE
23 MUNICIPALITY.

24 ~~(6)~~ (4) A formal action by an incorporating municipality <—
25 intending to dissolve an authority or acquire its established
26 project shall not officially take place OCCUR until all of <—
27 the requirements set forth in paragraphs (1), (2), ~~(3)~~, ~~(4)~~ <—
28 and ~~(5)~~ have occurred and at least 120 days have passed since
29 introduction of the action at an official meeting of the
30 municipality.

~~(7) A formal action by the incorporating municipality intending to dissolve an authority or acquire its established project shall not officially take place until such time as such municipality serving 25% or greater of the customer base, and representing at least 51% of that outside customer base, agrees by formal action to approve the dissolution or acquisition.~~

~~(8) A formal action by an incorporating municipality intending to dissolve an authority or acquire its established project shall not officially take place until such time as each municipality serving 25% or greater of the customer base is reimbursed for the investment of their customers, minus costs, in the infrastructure operation and maintenance of said authority. The amount to be reimbursed shall be certified by a certified public accounting firm. AND (3) HAVE OCCURRED.~~

~~(b) Conveyance.--A municipality that has dissolved such authority or acquired its established project may not offer for sale or conveyance FOR TWO YEARS from the date of dissolution or acquisition such authority or its established project to a private entity unless the sale or conveyance was publicly disclosed in the initial official action or at the public meeting in subsection (a)(1).~~

~~(C) ASSETS.--IF AN AUTHORITY IS DISSOLVED BY THE INCORPORATING MUNICIPALITY, ALL FIXED ASSETS OR MONEYS DERIVED THEREFROM AND ANY CASH, INVESTMENTS OR OTHER NONFIXED ASSETS SHALL BE RESTRICTED TO THE PROJECT AND THE INCORPORATING MUNICIPALITY SHALL NOT UTILIZE ANY FUTURE REVENUE DERIVED FROM THE PROJECT TO PAY ANY EXPENSE OF THE INCORPORATING MUNICIPALITY OTHER THAN EXPENSES DIRECTLY RELATED TO THE PROJECT OR TO~~

1 REIMBURSE THE INCORPORATING MUNICIPALITY FOR THE OUT-OF-POCKET
2 COST FOR GOODS AND SERVICES PROVIDED BY THE INCORPORATING
3 MUNICIPALITY IN THE ONGOING OPERATION OF THE PROJECT.

4 (D) APPROVAL.--IF THE INCORPORATING MUNICIPALITY INTENDS TO
5 CONTINUE PROVIDING WATER OR SEWER SERVICE PREVIOUSLY PROVIDED BY
6 THE AUTHORITY TO MUNICIPALITIES OUTSIDE THE INCORPORATING
7 MUNICIPALITY, THE INCORPORATING MUNICIPALITY MUST OBTAIN
8 APPROVAL OF THE PENNSYLVANIA PUBLIC UTILITY COMMISSION PRIOR TO:

9 (1) ACQUISITION OR TERMINATION OF AN AUTHORITY;

10 (2) CONVEYANCE OF A PROJECT OF THE AUTHORITY TO THE
11 INCORPORATING MUNICIPALITY UNDER SECTION 5622; OR

12 (3) TRANSFER OF RESERVES, ASSETS OR FUNDS FROM AN
13 AUTHORITY TO THE INCORPORATING MUNICIPALITY.

14 ~~Section 2. This act shall be retroactive to December 15,~~ <—
15 ~~2005.~~

16 ~~Section 3. This act shall take effect in 60 days.~~

17 SECTION 2. THIS ACT SHALL TAKE EFFECT IMMEDIATELY. <—