

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## SENATE BILL

No. 901 Session of  
2013INTRODUCED BY EICHELBERGER, BLAKE, FOLMER, TEPLITZ, YUDICHAK,  
WOZNIAK, SOLOBAY, VANCE AND MENSCH, JUNE 7, 2013

AS AMENDED ON THIRD CONSIDERATION, JANUARY 28, 2014

## AN ACT

~~Amending Title 53 (Municipalities Generally) of the Pennsylvania Consolidated Statutes, in indebtedness and borrowing, further providing for definitions, for classification and authority to issue bonds and notes, for cost of project, for exclusion of other self liquidating debt to determine net nonelectoral debt or net lease rental debt and for preliminary authorizations as to financing; providing for preliminary approval by the department of the issuance of certain debt; further providing for small borrowing for capital purposes, for debt statement, for submission to department, for fees for filing, for certificate of approval of transcript, for effect of failure of timely action by department and for records of department; providing for duties of participants in Local Government Unit Debt Act transactions; and making a related repeal.~~

AMENDING TITLE 53 (MUNICIPALITIES GENERALLY) OF THE PENNSYLVANIA CONSOLIDATED STATUTES, IN INDEBTEDNESS AND BORROWING, FURTHER PROVIDING FOR DEFINITIONS, FOR CLASSIFICATION AND AUTHORITY TO ISSUE BONDS AND NOTES, FOR COST OF PROJECT AND FOR EXCLUSION OF OTHER SELF-LIQUIDATING DEBT TO DETERMINE NET NONELECTORAL DEBT OR NET LEASE RENTAL DEBT; PROVIDING FOR PRELIMINARY APPROVAL BY THE DEPARTMENT OF THE ISSUANCE OF CERTAIN DEBT; FURTHER PROVIDING FOR SMALL BORROWING FOR CAPITAL PURPOSES, FOR DEBT STATEMENT, FOR SUBMISSION TO DEPARTMENT, FOR FEES FOR FILING, FOR CERTIFICATE OF APPROVAL OF TRANSCRIPT, FOR EFFECT OF FAILURE OF TIMELY ACTION BY DEPARTMENT AND FOR RECORDS OF DEPARTMENT; PROVIDING FOR DUTIES OF PARTICIPANTS IN LOCAL GOVERNMENT UNIT DEBT ACT TRANSACTIONS; AND MAKING A RELATED REPEAL.

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

~~Section 1. The definition of "self liquidating debt" in subsection (b) of section 8002 of Title 53 of the Pennsylvania Consolidated Statutes is amended and subsection (c) is amended by adding definitions to read:~~

~~§ 8002. Definitions.~~

~~\* \* \*~~

~~(b) Exclusions from debt. With respect to exclusions from any particular category of debt and subject to additional definitions contained in subsequent provisions of this subpart which are applicable to specific provisions of this subpart, the following words and phrases when used in this subpart shall have the meanings given to them in this section unless the context clearly indicates otherwise:~~

~~"Self liquidating debt." Debt payable solely from rents, rates or other charges to the ultimate users of the project, to be financed in whole or in part by that debt, or payable solely from special levies or assessments of benefits lawfully earmarked exclusively for that purpose. The term also includes debt or any portion thereof at the time qualified as self liquidating pursuant to this subpart, whether or not solely payable from those sources. The term "ultimate users" includes the local government unit itself only where its use of the project is incidental to the use of the project by other users. A debt with respect to which debt service payments have been made under a guaranty of the debt shall not be considered self liquidating.~~

~~\* \* \*~~

~~(c) Other definitions. Subject to additional definitions contained in subsequent provisions of this subpart which are applicable to specific provisions of this subpart, the following~~

1 ~~words and phrases when used in this subpart shall have the~~  
2 ~~meanings given to them in this section unless the context~~  
3 ~~clearly indicates otherwise.~~

4       ~~\* \* \*~~

5       ~~"Financial advisor." A person who for compensation engages~~  
6 ~~in the business of advising others, either directly or in~~  
7 ~~writing, as to the value of securities, bonds or notes or as to~~  
8 ~~the advisability of investing in, purchasing or selling~~  
9 ~~securities, bonds or notes. The term does not include an~~  
10 ~~attorney, accountant or engineer whose performance of such~~  
11 ~~services is solely incidental to the practice of his profession.~~

12       ~~\* \* \*~~

13       ~~"Working capital." An amount which constitutes, under~~  
14 ~~generally accepted accounting principles, the cost of the day~~  
15 ~~to day operations of the project as well as a proper allowance~~  
16 ~~for contingencies. Reimbursements under a guaranty or amounts to~~  
17 ~~be used to address budgetary deficits of a local government unit~~  
18 ~~or for other purposes not related to the construction or~~  
19 ~~operation of the project do not constitute reasonable working~~  
20 ~~capital in connection with the incurring of debt under this~~  
21 ~~subpart.~~

22       ~~Section 2. Sections 8005(c) and (d), 8007, 8026(a)(5) and~~  
23 ~~8102 of Title 53 are amended to read:~~

24       ~~§ 8005. Classification and authority to issue bonds and notes.~~

25       ~~\* \* \*~~

26       ~~(c) Authority to issue bonds and notes and lease rental~~  
27 ~~debt. Notwithstanding any other law to the contrary, every~~  
28 ~~local government unit shall have full power and authority to~~  
29 ~~issue bonds or notes, and make guaranties, leases, subsidy~~  
30 ~~contracts or other agreements evidencing the acquisition of~~

~~capital assets payable out of taxes and other general revenues, to provide funds for and towards the cost of or the cost of completing any project or combination of projects which the local government unit is authorized to own, acquire, subsidize, operate or lease or to participate in owning, acquiring, subsidizing, operating or leasing with others, to issue tax anticipation notes and funding bonds or notes as provided in this subpart and to contract for insurance covering the risks of nonpayment of principal, interest and premium of bonds, notes, tax anticipation notes and guaranties. Notwithstanding the foregoing, a local government unit may only issue a guaranty of debt of an authority when the debt is incurred for a drinking water, storm sewer or sanitary sewer project, the debt is incurred in connection with a plan or recovery plan approved under the act of July 10, 1987 (P.L.246, No.47), known as the Municipalities Financial Recovery Act, or successor legislation, or the guaranty is necessary to enable the authority to obtain the most competitive interest rate available in the marketplace as demonstrated by comparables.~~

~~(d) Nature of guaranty and prohibition on fees. The following shall apply to a guaranty:~~

~~(1) For the purpose of this subpart, unless debt evidenced by a guaranty has been approved as electoral debt in accordance with Subchapter C (relating to procedure for securing approval of electors), the guaranty shall be deemed to be nonelectoral debt if the local government unit guaranties its own bonds or notes and shall be deemed to be lease rental debt if it guaranties the bonds or notes of an authority or another local government unit. For the purpose of all other statutes, the guaranty shall be deemed to create~~

~~debt or indebtedness of the local government unit making the guaranty.~~

~~(2) A local government unit is prohibited from collecting a fee to guaranty the debt of an authority or another local government unit.~~

~~§ 8007. Cost of project.~~

~~The cost of a project includes the amount of all payments to contractors or for the acquisition of a project or for lands, easements, rights and other appurtenances deemed necessary for the project, fees of architects, engineers, appraisers, consultants, financial advisors and attorneys incurred in connection with the project financing costs, costs of necessary printing and advertising, costs of preliminary feasibility studies and tests, cost estimates and interest on money borrowed to finance the project, if capitalized, to the date of completion of construction and, if deemed necessary, for one year thereafter, amounts to be placed in reserve funds, if any, a reasonable initial working capital for operating the project and a proper allowance for contingencies and any amount which constitutes, under generally accepted accounting principles, a cost of, and which has been determined by an independent actuary or other expert to be required for the purposes of, a reserve or a contribution toward a combined reserve, pool or other arrangement for losses or liabilities covered by a self-insurance arrangement established by one or more local government units. Costs paid, from sources other than the debt that is to be refunded, more than two years before an issuance of new debt to finance the costs may not be included in the costs of a project financed by the new debt. Reimbursements under a guaranty or amounts to be used by a local government~~

~~unit to address budgetary deficits or other purposes not related to the project do not constitute a cost of a project in connection with the incurring of debt under this subpart. Costs that qualify for funding of unfunded debt under section 8130 (relating to approval by court to fund unfunded debt) may only constitute a cost of a project if the local government unit complies with the requirements of section 8130.~~

~~§ 8026. Exclusion of other self liquidating debt to determine net nonelectoral debt or net lease rental debt.~~

~~(a) Filings with department. Self liquidating debt shall not be excluded in determining net nonelectoral debt or net lease rental debt for the purpose of establishing net debt of either category where the debt is evidenced by general obligation bonds or notes, by bonds, notes or other obligations of an authority or of another local government unit or by a guaranty until there has been filed with and approved by the department a report to the local government unit from qualified registered engineers or architects or other persons qualified by experience appropriate to the project, setting forth:~~

~~\* \* \*~~

~~(5) The estimated net revenues of the project for each year of the remaining life of the bonds, notes or obligations with a justification for any assumed increase in the gross revenues of more than 5% in any one year and a computation showing, in reasonable detail, that the net revenues, together with other available funds to be received in respect of the project, will be sufficient in each year to pay the annual debt service, other than capitalized debt service, on the bonds, notes or obligations or a specified aggregate principal amount thereof.~~

1           \* \* \*

2   ~~§ 8102. Preliminary authorizations as to financing.~~

3       ~~The governing body of a local government unit may express its~~  
4 ~~intent to evidence debt as electoral debt, nonelectoral debt or~~  
5 ~~lease rental debt. [Action] After obtaining approval by the~~  
6 ~~department under section 8102.1 (relating to preliminary~~  
7 ~~approval by the department of the issuance of debt), if~~  
8 ~~applicable, action may be taken either by resolution, which may~~  
9 ~~also provide for the submission of proposals to purchase any~~  
10 ~~bonds or notes, or by ordinance. But neither bonds or notes nor~~  
11 ~~lease, guaranty, subsidy contract or other agreement evidencing~~  
12 ~~lease rental debt shall be authorized other than by the~~  
13 ~~enactment of any ordinances required by this subchapter or, in~~  
14 ~~the case of notes issued under section 8109 (relating to small~~  
15 ~~borrowing for capital purposes), other than by adoption of the~~  
16 ~~resolution required under section 8109.~~

17       ~~Section 3. Title 53 is amended by adding a section to read:~~

18   ~~§ 8102.1. Preliminary approval by the department of the~~  
19       ~~issuance of certain debt.~~

20       ~~(a) General rule. Except as provided in section 8109~~  
21 ~~(relating to small borrowing for capital purposes), prior to the~~  
22 ~~enactment of an ordinance or adoption of a resolution~~  
23 ~~authorizing the issuance of any general obligation bonds or~~  
24 ~~notes or guaranteed revenue bonds or notes constituting~~  
25 ~~nonelectoral debt or any agreement evidencing lease rental debt,~~  
26 ~~a local government unit shall obtain a preliminary authorization~~  
27 ~~to incur debt from the department. Authorization shall be~~  
28 ~~obtained by filing a notice with the department in the form of a~~  
29 ~~certificate signed by two officers of the local government unit.~~  
30 ~~The certificate shall include a basic description of the~~

~~intended financing. The department may prescribe the form of the certificate. The local government unit may not take any action to incur the debt until it receives a preliminary approval from the department. The department may require the local government unit to also provide evidence of any of the following:~~

~~(1) Evidence satisfactory to the department that the local government unit is current in the filing of its annual financial statements with Commonwealth agencies under applicable State law.~~

~~(2) A description of the type and amount of payment or performance bond, letter or credit or other financial security proposed to insure the completion of the project.~~

~~(3) Information satisfactory to the department that the local government unit is up to date on all of its municipal securities disclosures required under 17 CFR § 240.15c2-12 (relating to municipal securities disclosure).~~

~~(4) If the local government unit intends for the proposed debt to be self liquidating or subsidized, evidence satisfactory to the department that the debt will qualify as self liquidating or subsidized debt, including filings required under section 8024 (relating to exclusion of subsidized debt from net nonelectoral debt or net lease rental debt), 8025 (relating to exclusion of self liquidating debt evidenced by revenue bonds or notes to determine net nonelectoral debt) or 8026 (relating to exclusion of other self liquidating debt to determine net nonelectoral debt or net lease rental debt), as applicable.~~

~~(5) If the local government unit has existing debt which was previously approved by the department as subsidized or self liquidating, information satisfactory to the department~~



~~that the debt continues to be treated as subsidized or self-liquidating and that no decrease in the amount to be excluded is required by any change in circumstances, other than resulting from the payments of the debt, or, if there has been a change in circumstances, information demonstrating to the satisfaction of the department the amount of debt that should continue to be treated as subsidized or self-liquidating.~~

~~(6) If the local government unit wishes to issue refunding debt, schedules demonstrating the estimated net debt service impact of the transaction and a certification that the local government adopted or approved a plan to provide the tax or other revenues necessary to pay the debt service on the debt.~~

~~(7) The debt statement required by section 8110 (relating to debt statement).~~

~~(8) A statement of the intended manner of sale of the bonds or notes.~~

~~(9) A project cost statement detailing the intended uses of debt proceeds.~~

~~(b) Additional information. After receipt by the department of a filing by a local government unit under subsection (a), the department may request and the local government unit shall provide additional information which the department deems necessary to understand the structure and purpose of the proposed transaction, including:~~

~~(1) justification for costs of issuance exceeding 2% of the principal amount of the proposed debt;~~

~~(2) justification for the use of more than 10% of the proceeds of the debt for working capital; and~~

~~(3) if bonds or notes are to be sold at private sale by negotiation, the basis for the local government unit's finding that the bonds or notes are in the best financial interests of the local government unit.~~

~~(c) Action by department. If the department, upon review of the filing made by the local government unit under subsection (a) and any additional information provided under subsection (b), if applicable, finds that:~~

~~(1) The requirements are satisfied in connection with the proposed debt, the department shall issue a preliminary approval of the debt.~~

~~(2) The requirements are not satisfied in connection with the proposed debt, the department shall issue a preliminary disapproval of the debt and the local government may not proceed to incur the debt.~~

~~(d) Timely action required. The department shall have 30 days after receipt of the filing required under subsection (a) to issue a preliminary approval or disapproval of the debt.~~

~~(e) Incurrence of debt. Upon issuance of preliminary approval of the department, the local government unit shall have one year to incur the debt under this subpart. The bonds or notes shall be sold, or instruments evidencing lease rental debt delivered, not more than two years following the date of the preliminary approval.~~

~~(f) Review. All determinations by the department under this section are reviewable as provided under 2 Pa.C.S. Ch. 7 (relating to judicial review).~~

~~Section 3.1. Sections 8109(a)(1) and 8110(b) of Title 53 are amended to read:~~

~~§ 8109. Small borrowing for capital purposes.~~

~~(a) General rule. Any local government unit may incur debt by resolution rather than by ordinance to be evidenced by notes to provide funds for a project as defined in this subpart without complying with the requirements of Subchapter A of Chapter 82 (relating to Department of Community and Economic Development) if:~~

~~(1) The aggregate amount of the debt outstanding at any one time shall not exceed the lesser of [\$125,000] \$250,000 or 30% of the nonelectoral debt limit as authorized in section 8022(a) (relating to limitations on incurring of other debt).~~

~~\*\*\*~~

~~§ 8110. Debt statement.~~

~~\*\*\*~~

~~(b) Previously excluded self liquidating or subsidized debt. Where debt has previously been excluded as self liquidating or subsidized debt, the debt statement shall be accompanied by a certification that either:~~

~~(1) no decrease in the amounts to be excluded is required by any change of circumstances other than decreases resulting from the payments of bonds or notes; or [,if there has been a change, other than decreases resulting from the payments of bonds or notes, so that less debt is to be excluded. If it has become possible to exclude a greater amount of debt and the local government unit desires to do so, the debt statement shall be accompanied by appropriate certificates supporting the revised amount to be excluded, and a revised approval shall be obtained from the department.]~~

~~(2) a decrease in the amounts to be excluded is required~~

~~due to a change in circumstances, in which case the change in circumstances must be described.~~

~~A debt previously established as self liquidating for which payments are made under a guarantee of the local government unit is no longer considered self liquidating unless and until the local government unit files with the department a new report satisfying the requirements of section 8025 (relating to exclusion of self liquidating debt evidenced by revenue bonds or notes to determine net nonelectoral debt) or 8026 (relating to exclusion of other self liquidating debt to determine net nonelectoral debt or net lease rental debt), as the case may be.~~

~~Section 4. Section 8111(a) of Title 53 is amended by adding paragraphs to read:~~

~~§ 8111. Submission to department.~~

~~(a) General rule. Before delivering any bonds or notes other than notes representing small borrowings issued under section 8109 (relating to small borrowing for capital purposes), the local government unit shall apply for and receive or be deemed to have received the approval of the department under section 8204 (relating to certificate of approval of transcript) or 8206 (relating to effect of failure of timely action by department). The application, in such form as the department prescribes, shall be accompanied by a transcript of the proceedings consisting of certified copies of any of the following, not previously filed, which are applicable:~~

~~\* \* \*~~

~~(8) Written proof of obtainment of or agreement to obtain the required financial security to insure the completion of the project.~~

~~(9) An itemized statement of all estimated disbursements~~

~~for costs to be made from the proceeds of the borrowing.~~

~~\* \* \*~~

~~Section 5. Sections 8203, 8204, 8206 and 8207(a) and (c) of Title 53 are amended to read:~~

~~§ 8203. Fees for filing.~~

~~Every filing under this subpart with the department shall be accompanied by a filing fee [as determined in section 605 A of the act of April 9, 1929 (P.L.177, No.175), known as The Administrative Code of 1929.] of \$250. In addition, the filing shall be accompanied by an additional fee of 1/32 mill on each dollar of the aggregate principal amount of the debt relating to the filing. No submission shall constitute a filing until the proper fee is paid. All fees received under this section shall be [paid by the department into the State Treasury through the Department of Revenue.] deposited into the Local Government Unit Debt Act Administrative Account, established as follows:~~

~~(1) There is hereby established a restricted receipt account within the General Fund of the State Treasury which shall be known as the Local Government Unit Debt Act Administrative Account.~~

~~(2) All moneys in the Local Government Unit Debt Act Administrative Account shall be held in trust solely for the purpose of defraying the costs of the administration of this subpart and shall be earmarked for the use of and annually appropriated to the department for disbursement solely for that purpose. The account shall be subject to audit by the Auditor General.~~

~~§ 8204. Certificate of final approval [of transcript].~~

~~The department shall, upon receipt of any bond or note transcripts or other filings, carefully examine them to~~

~~determine whether the debt outstanding and to be outstanding is within the applicable limitations imposed by this subpart and whether the proceedings for incurring the debt, for issuing and selling the bonds or notes and for excluding self liquidating and subsidized debt have been taken in conformity with the Constitution of Pennsylvania and this subpart. If, upon completion of its examination, a transcript or other filing is found by the department to be in conformity with the Constitution of Pennsylvania and this subpart, the department shall certify its approval to the local government unit if required under other provisions of this subpart.~~

~~§ 8206. Effect of failure of timely action by department.~~

~~If the local government unit has submitted [a filing] an application for final approval to the department by certified mail, return receipt requested, or otherwise has an official receipt from the department, and the local government unit has not, within [20] 30 days of the date of receipt of the filing by the department, received the certificate of final approval or disapproval or notification of correctable error, the filing shall be deemed to have been approved for all purposes unless the local government unit has extended the time within which the department may act by written communication to the department or by failure to object to a written communication from the department requesting the extension. Extensions shall not exceed one additional period of [20] 30 days.~~

~~§ 8207. Records of department.~~

~~(a) Retention period. The department shall keep all proceedings including all applications and statements by a local government unit under sections 8102.1 (relating to preliminary approval by the department of the issuance of debt), 8111~~

~~(relating to submission to department) and 8201 (relating to certification to department of bond or note transcript or lease, guaranty, subsidy contract or other agreement) on file for a period of not less than [four months after issuance of its certificate of approval or disapproval and thereafter as long as any appeal respecting the proceedings is pending and not finally determined.] five years after the debt issuance has been paid off by the local government unit. The department shall also keep copies of all documents filed with the department relating to a qualified interest rate management agreement for as long as the qualified interest rate management agreement is in effect.~~

~~\* \* \*~~

~~(c) Records open for inspection. [The records of the department shall be public records available for examination by any citizen of this Commonwealth or any bondholders or noteholders.] All submissions, determinations and records of the department under this subpart, including those related to qualified interest rate management agreements and including correspondence with the interested parties to any debt proceeding, shall be public records available for examination by any citizen of this Commonwealth, any interested parties or any bondholder or noteholder, including holders of tax anticipation notes, of the local government unit.~~

~~Section 6. Chapter 82 of Title 53 is amended by adding a subchapter to read:~~

#### SUBCHAPTER G

#### MISCELLANEOUS PROVISIONS

~~§ 8291. Duties of participants in Local Government Unit Debt Act transactions.~~

~~(a) Certification of representation. With regard to each~~

~~transaction under this subpart, an attorney or financial advisor shall advise the local government unit in writing as to the party being represented by the attorney or financial advisor, the source from which the attorney or financial advisor will receive compensation for services related to the transaction and whether the compensation is dependent upon the issuance of debt by the local government unit.~~

~~(b) Fiduciary duty. An attorney or financial advisor retained by or who purports to advise a local government unit with regard to a transaction under this subpart shall stand in a fiduciary relationship to the local government unit and shall perform loyally, in good faith and in a manner the attorney or financial advisor reasonably believes to be in the best interests of the local government unit. The attorney or financial advisor shall act with such care, including reasonable inquiry, skill and diligence that a person of ordinary prudence would use under similar circumstances and provide opinion both as to positive and negative possible impacts of the transaction. An attorney or financial advisor in the course of his representation is entitled to rely on reasonable representations and certifications made to them by architects, engineers and other persons retained by and the officers and employees of the local government unit in connection with the transaction.~~

~~(c) Ultra vires acts. An officer or member of the governing body of a local government unit or a financial advisor or attorney may not knowingly participate in an ultra vires act. For purposes of this subsection, an act is ultra vires when:~~

~~(1) the local government unit is without authority to perform the act; or~~

~~(2) the act is not explicitly prohibited but is in~~



~~excess of the authority granted to the local government unit.~~  
~~(d) Materially false or misleading certifications. An~~  
~~officer or member of the governing body of a local government~~  
~~unit or an attorney or financial advisor may not knowingly file~~  
~~a materially false or misleading certification or statement with~~  
~~the department under this act.~~

~~(e) Penalties.~~

~~(1) An officer or member of the governing body of a~~  
~~local government unit or an attorney or financial advisor who~~  
~~aids or participates in the commission of an act prohibited~~  
~~in subsection (c) or (d) commits a misdemeanor of the second~~  
~~degree and shall, upon conviction, be sentenced to pay a fine~~  
~~of not more than \$5,000 or to imprisonment for not more than~~  
~~two years, or both.~~

~~(2) Notwithstanding paragraph (1), a local government~~  
~~may seek civil judicial redress for a violation of this~~  
~~section that results in damages to the local government unit~~  
~~not caused by the local government unit or its agents. A~~  
~~local government unit shall prohibit or restrict the future~~  
~~participation in transactions under this subpart of an~~  
~~attorney or financial advisor who violates this section and~~  
~~may also prohibit or restrict participation of a firm that~~  
~~employs the attorney or financial advisor for a period not to~~  
~~exceed two years.~~

~~Section 7. Repeals are as follows:~~

~~(1) The General Assembly declares that the repeal under~~  
~~paragraph (2) is necessary to effectuate the amendment of 53-~~  
~~Pa.C.S. § 8203.~~

~~(2) Section 605 A of the act of April 9, 1929 (P.L.177,~~  
~~No.175), known as The Administrative Code of 1929, is~~

1 ~~repealed.~~

2 ~~(3) All acts and parts of acts are repealed insofar as~~  
3 ~~they are inconsistent with the amendment or addition of 53-~~  
4 ~~Pa.C.S. §§ 8002(b) and (c), 8005(c) and (d), 8007,~~  
5 ~~8026(a)(5), 8102, 8102.1, 8111(a), 8203, 8204, 8206, 8207(a)-~~  
6 ~~and (c) and 8291.~~

7 ~~Section 8. This act shall take effect in 60 days.~~

8 SECTION 1. THE DEFINITION OF "SELF-LIQUIDATING DEBT" IN <--  
9 SUBSECTION (B) OF SECTION 8002 OF TITLE 53 OF THE PENNSYLVANIA  
10 CONSOLIDATED STATUTES IS AMENDED AND SUBSECTION (C) IS AMENDED  
11 BY ADDING DEFINITIONS TO READ:

12 § 8002. DEFINITIONS.

13 \* \* \*

14 (B) EXCLUSIONS FROM DEBT.--WITH RESPECT TO EXCLUSIONS FROM  
15 ANY PARTICULAR CATEGORY OF DEBT AND SUBJECT TO ADDITIONAL  
16 DEFINITIONS CONTAINED IN SUBSEQUENT PROVISIONS OF THIS SUBPART  
17 WHICH ARE APPLICABLE TO SPECIFIC PROVISIONS OF THIS SUBPART, THE  
18 FOLLOWING WORDS AND PHRASES WHEN USED IN THIS SUBPART SHALL HAVE  
19 THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE CONTEXT  
20 CLEARLY INDICATES OTHERWISE:

21 "SELF-LIQUIDATING DEBT." DEBT PAYABLE SOLELY FROM RENTS,  
22 RATES OR OTHER CHARGES TO THE ULTIMATE USERS OF THE PROJECT, TO  
23 BE FINANCED IN WHOLE OR IN PART BY THAT DEBT, OR PAYABLE SOLELY  
24 FROM SPECIAL LEVIES OR ASSESSMENTS OF BENEFITS LAWFULLY  
25 EARMARKED EXCLUSIVELY FOR THAT PURPOSE. THE TERM ALSO INCLUDES  
26 DEBT OR ANY PORTION THEREOF AT THE TIME QUALIFIED AS SELF-  
27 LIQUIDATING PURSUANT TO THIS SUBPART, WHETHER OR NOT SOLELY  
28 PAYABLE FROM THOSE SOURCES. THE TERM "ULTIMATE USERS" INCLUDES  
29 THE LOCAL GOVERNMENT UNIT ITSELF ONLY WHERE ITS USE OF THE  
30 PROJECT IS INCIDENTAL TO THE USE OF THE PROJECT BY OTHER USERS.

1 A DEBT WITH RESPECT TO WHICH DEBT SERVICE PAYMENTS HAVE BEEN  
2 MADE UNDER A GUARANTY OF THE DEBT SHALL NOT BE CONSIDERED SELF-  
3 LIQUIDATING.

4 \* \* \*

5 (C) OTHER DEFINITIONS.--SUBJECT TO ADDITIONAL DEFINITIONS  
6 CONTAINED IN SUBSEQUENT PROVISIONS OF THIS SUBPART WHICH ARE  
7 APPLICABLE TO SPECIFIC PROVISIONS OF THIS SUBPART, THE FOLLOWING  
8 WORDS AND PHRASES WHEN USED IN THIS SUBPART SHALL HAVE THE  
9 MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE CONTEXT  
10 CLEARLY INDICATES OTHERWISE:

11 \* \* \*

12 "FINANCIAL ADVISOR." A PERSON WHO FOR COMPENSATION ENGAGES  
13 IN THE BUSINESS OF ADVISING A LOCAL GOVERNMENT UNIT, EITHER  
14 DIRECTLY OR IN WRITING, AS TO THE VALUE OF SECURITIES, BONDS OR  
15 NOTES OR AS TO THE ADVISABILITY OF INVESTING IN, PURCHASING OR  
16 SELLING SECURITIES, BONDS OR NOTES. THE TERM DOES NOT INCLUDE AN  
17 ATTORNEY, ACCOUNTANT OR ENGINEER WHOSE PERFORMANCE OF SUCH  
18 SERVICES IS SOLELY INCIDENTAL TO THE PRACTICE OF HIS PROFESSION.  
19 THE TERM DOES NOT INCLUDE A LENDER, UNDERWRITER OR OTHER ENTITY  
20 PURCHASING THE BONDS OR NOTES OF A LOCAL GOVERNMENT UNIT.

21 \* \* \*

22 "WORKING CAPITAL." AN AMOUNT WHICH CONSTITUTES, UNDER  
23 GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, THE COST OF THE DAY-  
24 TO-DAY OPERATIONS OF THE PROJECT AS WELL AS A PROPER ALLOWANCE  
25 FOR CONTINGENCIES. REIMBURSEMENTS UNDER A GUARANTY OR AMOUNTS TO  
26 BE USED TO ADDRESS BUDGETARY DEFICITS OF A LOCAL GOVERNMENT UNIT  
27 OR FOR OTHER PURPOSES NOT RELATED TO THE CONSTRUCTION OR  
28 OPERATION OF THE PROJECT DO NOT CONSTITUTE REASONABLE WORKING  
29 CAPITAL IN CONNECTION WITH THE INCURRING OF DEBT UNDER THIS  
30 SUBPART.

SECTION 2. SECTIONS 8005(C) AND (D), 8007 AND 8026(A) (5) OF  
TITLE 53 ARE AMENDED TO READ:

§ 8005. CLASSIFICATION AND AUTHORITY TO ISSUE BONDS AND NOTES.

\* \* \*

(C) AUTHORITY TO ISSUE BONDS AND NOTES AND LEASE RENTAL  
DEBT.--NOTWITHSTANDING ANY OTHER LAW TO THE CONTRARY, EVERY  
LOCAL GOVERNMENT UNIT SHALL HAVE FULL POWER AND AUTHORITY TO  
ISSUE BONDS OR NOTES, AND MAKE GUARANTIES, LEASES, SUBSIDY  
CONTRACTS OR OTHER AGREEMENTS EVIDENCING THE ACQUISITION OF  
CAPITAL ASSETS PAYABLE OUT OF TAXES AND OTHER GENERAL REVENUES,  
TO PROVIDE FUNDS FOR AND TOWARDS THE COST OF OR THE COST OF  
COMPLETING ANY PROJECT OR COMBINATION OF PROJECTS WHICH THE  
LOCAL GOVERNMENT UNIT IS AUTHORIZED TO OWN, ACQUIRE, SUBSIDIZE,  
OPERATE OR LEASE OR TO PARTICIPATE IN OWNING, ACQUIRING,  
SUBSIDIZING, OPERATING OR LEASING WITH OTHERS, TO ISSUE TAX  
ANTICIPATION NOTES AND FUNDING BONDS OR NOTES AS PROVIDED IN  
THIS SUBPART AND TO CONTRACT FOR INSURANCE COVERING THE RISKS OF  
NONPAYMENT OF PRINCIPAL, INTEREST AND PREMIUM OF BONDS, NOTES,  
TAX ANTICIPATION NOTES AND GUARANTIES.

(D) NATURE OF GUARANTY PROCEDURE FOR ISSUANCE AND  
PROHIBITIONS.--THE FOLLOWING SHALL APPLY TO A GUARANTY:

(1) FOR THE PURPOSE OF THIS SUBPART, UNLESS DEBT  
EVIDENCED BY A GUARANTY HAS BEEN APPROVED AS ELECTORAL DEBT  
IN ACCORDANCE WITH SUBCHAPTER C (RELATING TO PROCEDURE FOR  
SECURING APPROVAL OF ELECTORS), THE GUARANTY SHALL BE DEEMED  
TO BE NONELECTORAL DEBT IF THE LOCAL GOVERNMENT UNIT  
GUARANTIES ITS OWN BONDS OR NOTES AND SHALL BE DEEMED TO BE  
LEASE RENTAL DEBT IF IT GUARANTIES THE BONDS OR NOTES OF AN  
AUTHORITY OR ANOTHER LOCAL GOVERNMENT UNIT. FOR THE PURPOSE  
OF ALL OTHER STATUTES, THE GUARANTY SHALL BE DEEMED TO CREATE

1 DEBT OR INDEBTEDNESS OF THE LOCAL GOVERNMENT UNIT MAKING THE  
2 GUARANTY.

3 (2) A LOCAL GOVERNMENT UNIT MAY ONLY ISSUE A GUARANTY OF  
4 DEBT OF ANOTHER LOCAL GOVERNMENT UNIT OR AN AUTHORITY AFTER  
5 THE INITIAL LOCAL GOVERNMENT UNIT HAS CONDUCTED ITS OWN DUE  
6 DILIGENCE TO DETERMINE THE RISKS INVOLVED IN THE TRANSACTION,  
7 INCLUDING THE IMPACT OF THE GUARANTY ON THE FUTURE FINANCIAL  
8 CONDITION OF THE LOCAL GOVERNMENT UNIT, THE FINANCIAL  
9 CONDITION OF THE ENTITY SEEKING THE GUARANTY, THE SOURCES AND  
10 RELIABILITY OF REVENUE TO COVER THE UNDERLYING OBLIGATION AND  
11 THE LIKELIHOOD OF DEFAULT OF THE ENTITY SEEKING THE GUARANTY.  
12 A GUARANTY MAY ONLY BE MADE BY VOTE OF THE GOVERNING BODY  
13 AFTER A PUBLIC MEETING AT WHICH THE INITIAL LOCAL GOVERNMENT  
14 UNIT DEMONSTRATES THE FOREGOING DUE DILIGENCE. A LOCAL  
15 GOVERNMENT UNIT MAY ONLY ISSUE A GUARANTY TO AN AUTHORITY OR  
16 OTHER LOCAL GOVERNMENT UNIT FOR PROJECTS WHICH ARE EXPRESSLY  
17 AUTHORIZED BY STATUTE, INCLUDING PROJECTS UNDER SECTION 5607  
18 (RELATING TO PURPOSES AND POWERS). NOTWITHSTANDING THE  
19 FOREGOING, A LOCAL GOVERNMENT UNIT MAY NOT ISSUE A GUARANTY  
20 TO AN AUTHORITY OR OTHER LOCAL GOVERNMENT UNIT FOR SUMS DUE  
21 UNDER A QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT, NOR MAY  
22 GUARANTIES BE ISSUED FOR PROJECTS WHICH INVOLVE UNTESTED  
23 TECHNOLOGY OR EXPERIMENTATION.

24 (3) A LOCAL GOVERNMENT UNIT IS PROHIBITED FROM  
25 COLLECTING A FEE TO GUARANTY THE DEBT OF AN AUTHORITY OR  
26 ANOTHER LOCAL GOVERNMENT UNIT.

27 § 8007. COST OF PROJECT.

28 THE COST OF A PROJECT INCLUDES THE AMOUNT OF ALL PAYMENTS TO  
29 CONTRACTORS OR FOR THE ACQUISITION OF A PROJECT OR FOR LANDS,  
30 EASEMENTS, RIGHTS AND OTHER APPURTENANCES DEEMED NECESSARY FOR

1 THE PROJECT, FEES OF ARCHITECTS, ENGINEERS, APPRAISERS,  
2 CONSULTANTS, FINANCIAL ADVISORS AND ATTORNEYS INCURRED IN  
3 CONNECTION WITH THE PROJECT FINANCING COSTS, COSTS OF NECESSARY  
4 PRINTING AND ADVERTISING, COSTS OF PRELIMINARY FEASIBILITY  
5 STUDIES AND TESTS, COST ESTIMATES AND INTEREST ON MONEY BORROWED  
6 TO FINANCE THE PROJECT, IF CAPITALIZED, TO THE DATE OF  
7 COMPLETION OF CONSTRUCTION AND, IF DEEMED NECESSARY, FOR ONE  
8 YEAR THEREAFTER, AMOUNTS TO BE PLACED IN RESERVE FUNDS, IF ANY,  
9 A REASONABLE INITIAL WORKING CAPITAL FOR OPERATING THE PROJECT  
10 AND A PROPER ALLOWANCE FOR CONTINGENCIES AND ANY AMOUNT WHICH  
11 CONSTITUTES, UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, A  
12 COST OF, AND WHICH HAS BEEN DETERMINED BY AN INDEPENDENT ACTUARY  
13 OR OTHER EXPERT TO BE REQUIRED FOR THE PURPOSES OF, A RESERVE OR  
14 A CONTRIBUTION TOWARD A COMBINED RESERVE, POOL OR OTHER  
15 ARRANGEMENT FOR LOSSES OR LIABILITIES COVERED BY A SELF-  
16 INSURANCE ARRANGEMENT ESTABLISHED BY ONE OR MORE LOCAL  
17 GOVERNMENT UNITS. COSTS PAID, FROM SOURCES OTHER THAN THE DEBT  
18 THAT IS TO BE REFUNDED, MORE THAN TWO YEARS BEFORE AN ISSUANCE  
19 OF NEW DEBT TO FINANCE THE COSTS MAY NOT BE INCLUDED IN THE  
20 COSTS OF A PROJECT FINANCED BY THE NEW DEBT. REIMBURSEMENTS  
21 UNDER A GUARANTY OR AMOUNTS TO BE USED BY A LOCAL GOVERNMENT  
22 UNIT TO ADDRESS BUDGETARY DEFICITS OR OTHER PURPOSES NOT RELATED  
23 TO THE PROJECT DO NOT CONSTITUTE A COST OF A PROJECT IN  
24 CONNECTION WITH THE INCURRING OF DEBT UNDER THIS SUBPART. COSTS  
25 THAT QUALIFY FOR FUNDING OF UNFUNDED DEBT UNDER SECTION 8130  
26 (RELATING TO APPROVAL BY COURT TO FUND UNFUNDED DEBT) MAY ONLY  
27 CONSTITUTE A COST OF A PROJECT IF THE LOCAL GOVERNMENT UNIT  
28 COMPLIES WITH THE REQUIREMENTS OF SECTION 8130.  
29 § 8026. EXCLUSION OF OTHER SELF-LIQUIDATING DEBT TO DETERMINE  
30 NET NONELECTORAL DEBT OR NET LEASE RENTAL DEBT.

(A) FILINGS WITH DEPARTMENT.--SELF-LIQUIDATING DEBT SHALL NOT BE EXCLUDED IN DETERMINING NET NONELECTORAL DEBT OR NET LEASE RENTAL DEBT FOR THE PURPOSE OF ESTABLISHING NET DEBT OF EITHER CATEGORY WHERE THE DEBT IS EVIDENCED BY GENERAL OBLIGATION BONDS OR NOTES, BY BONDS, NOTES OR OTHER OBLIGATIONS OF AN AUTHORITY OR OF ANOTHER LOCAL GOVERNMENT UNIT OR BY A GUARANTY UNTIL THERE HAS BEEN FILED WITH AND APPROVED BY THE DEPARTMENT A REPORT TO THE LOCAL GOVERNMENT UNIT FROM QUALIFIED REGISTERED ENGINEERS OR ARCHITECTS OR OTHER PERSONS QUALIFIED BY EXPERIENCE APPROPRIATE TO THE PROJECT, SETTING FORTH:

\* \* \*

(5) THE ESTIMATED NET REVENUES OF THE PROJECT FOR EACH YEAR OF THE REMAINING LIFE OF THE BONDS, NOTES OR OBLIGATIONS WITH A JUSTIFICATION FOR ANY ASSUMED INCREASE AND A COMPUTATION SHOWING, IN REASONABLE DETAIL, THAT THE NET REVENUES, TOGETHER WITH OTHER AVAILABLE FUNDS TO BE RECEIVED IN RESPECT OF THE PROJECT, WILL BE SUFFICIENT IN EACH YEAR TO PAY THE ANNUAL DEBT SERVICE, OTHER THAN CAPITALIZED DEBT SERVICE, ON THE BONDS, NOTES OR OBLIGATIONS OR A SPECIFIED AGGREGATE PRINCIPAL AMOUNT THEREOF.

\* \* \*

SECTION 3. TITLE 53 IS AMENDED BY ADDING A SECTION TO READ:  
§ 8102.1. PRELIMINARY APPROVAL BY THE DEPARTMENT OF THE  
ISSUANCE OF CERTAIN DEBT.

(A) GENERAL RULE.--PRIOR TO THE ENACTMENT OF AN ORDINANCE  
AUTHORIZING THE SALE OR ISSUANCE OF ANY GENERAL OBLIGATION BONDS  
OR NOTES OR GUARANTEED REVENUE BONDS OR NOTES CONSTITUTING  
NONELECTORAL DEBT OR ANY AGREEMENT EVIDENCING LEASE RENTAL DEBT,  
A LOCAL GOVERNMENT UNIT SHALL OBTAIN A PRELIMINARY AUTHORIZATION  
TO INCUR DEBT FROM THE DEPARTMENT. THE FOLLOWING DEBT

TRANSACTIONS SHALL BE EXEMPT FROM THE REQUIREMENT TO OBTAIN  
PRELIMINARY APPROVAL UNDER THIS SECTION:

(1) SMALL BORROWING FOR CAPITAL PURPOSES AS PROVIDED IN  
SECTION 8109 (RELATING TO SMALL BORROWING FOR CAPITAL  
PURPOSES).

(2) TRANSACTIONS UNDER SUBCHAPTER C OF CHAPTER 82  
(RELATING TO REFUNDING OF DEBT) WHICH CONSIST EXCLUSIVELY OF  
THE ISSUANCE AND SALE OF OBLIGATIONS, THE PROCEEDS OF WHICH  
ARE TO BE USED SOLELY FOR THE PAYMENT OR REDEMPTION OF  
OUTSTANDING OBLIGATIONS UPON OR PRIOR TO MATURITY AND THE  
COSTS OF ISSUING THE OBLIGATIONS. A REFUNDING TRANSACTION  
WHICH INCLUDES A QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT  
SHALL NOT BE EXEMPT FROM THE REQUIREMENTS OF THIS SECTION.

(B) AUTHORIZATION.--AUTHORIZATION SHALL BE OBTAINED BY  
FILING A NOTICE WITH THE DEPARTMENT IN THE FORM OF A CERTIFICATE  
SIGNED BY TWO OFFICERS OF THE LOCAL GOVERNMENT UNIT. THE  
DEPARTMENT SHALL PRESCRIBE THE FORM OF THE CERTIFICATE WHICH  
SHALL INCLUDE A BASIC DESCRIPTION OF THE INTENDED FINANCING AND,  
AS APPLICABLE, THE FOLLOWING:

(1) EVIDENCE THAT THE LOCAL GOVERNMENT UNIT IS CURRENT  
IN THE FILING OF ITS ANNUAL FINANCIAL STATEMENTS WITH  
COMMONWEALTH AGENCIES UNDER APPLICABLE STATE LAW.

(2) A DESCRIPTION OF THE INTENDED TYPE AND AMOUNT OF  
PAYMENT OR PERFORMANCE BOND, LETTER OR CREDIT OR OTHER  
FINANCIAL SECURITY PROPOSED TO INSURE THE COMPLETION OF THE  
PROJECT.

(3) INFORMATION THAT THE LOCAL GOVERNMENT UNIT IS UP TO  
DATE ON ALL OF ITS MUNICIPAL SECURITIES DISCLOSURES REQUIRED  
UNDER 17 CFR § 240.15C2-12 (RELATING TO MUNICIPAL SECURITIES  
DISCLOSURE).



1       (4) IF THE LOCAL GOVERNMENT UNIT INTENDS FOR THE  
2       PROPOSED DEBT TO BE SELF-LIQUIDATING OR SUBSIDIZED,  
3       INFORMATION SATISFACTORY TO THE DEPARTMENT THAT THE DEBT WILL  
4       QUALIFY AS SELF-LIQUIDATING OR SUBSIDIZED DEBT, INCLUDING  
5       FILINGS REQUIRED UNDER SECTION 8024 (RELATING TO EXCLUSION OF  
6       SUBSIDIZED DEBT FROM NET NONELECTORAL DEBT OR NET LEASE  
7       RENTAL DEBT), 8025 (RELATING TO EXCLUSION OF SELF-LIQUIDATING  
8       DEBT EVIDENCED BY REVENUE BONDS OR NOTES TO DETERMINE NET  
9       NONELECTORAL DEBT) OR 8026 (RELATING TO EXCLUSION OF OTHER  
10       SELF-LIQUIDATING DEBT TO DETERMINE NET NONELECTORAL DEBT OR  
11       NET LEASE RENTAL DEBT), AS APPLICABLE.

12       (5) IF THE LOCAL GOVERNMENT UNIT HAS EXISTING DEBT WHICH  
13       WAS PREVIOUSLY APPROVED BY THE DEPARTMENT AS SUBSIDIZED OR  
14       SELF-LIQUIDATING, INFORMATION SATISFACTORY TO THE DEPARTMENT  
15       THAT THE DEBT CONTINUES TO BE TREATED AS SUBSIDIZED OR SELF-  
16       LIQUIDATING AND THAT NO DECREASE IN THE AMOUNT TO BE EXCLUDED  
17       IS REQUIRED BY ANY CHANGE IN CIRCUMSTANCES, OTHER THAN  
18       RESULTING FROM THE PAYMENTS OF THE DEBT, OR, IF THERE HAS  
19       BEEN A CHANGE IN CIRCUMSTANCES, INFORMATION DEMONSTRATING TO  
20       THE SATISFACTION OF THE DEPARTMENT THE AMOUNT OF DEBT THAT  
21       SHOULD CONTINUE TO BE TREATED AS SUBSIDIZED OR SELF-  
22       LIQUIDATING.

23       (6) SCHEDULES DEMONSTRATING THE ESTIMATED NET DEBT  
24       SERVICE IMPACT OF THE TRANSACTION AND A CERTIFICATION THAT  
25       THE LOCAL GOVERNMENT ADOPTED OR APPROVED A PLAN TO PROVIDE  
26       THE TAX OR OTHER REVENUES NECESSARY TO PAY THE DEBT SERVICE  
27       ON THE DEBT.

28       (7) THE DEBT STATEMENT REQUIRED BY SECTION 8110  
29       (RELATING TO DEBT STATEMENT).

30       (8) A STATEMENT OF THE INTENDED MANNER OF SALE OF THE

1 BONDS OR NOTES.

2 (9) A PROJECT COST STATEMENT DETAILING THE INTENDED USES  
3 OF DEBT PROCEEDS.

4 (C) ADDITIONAL INFORMATION.--AS PART OF THE DEPARTMENT'S  
5 REVIEW OF A FILING BY A LOCAL GOVERNMENT UNIT UNDER SUBSECTION  
6 (B), THE DEPARTMENT MAY REQUEST AND THE LOCAL GOVERNMENT UNIT  
7 SHALL PROVIDE ADDITIONAL INFORMATION REGARDING ANY OF THE  
8 FOLLOWING:

9 (1) JUSTIFICATION FOR COSTS OF ISSUANCE EXCEEDING 2% OF  
10 THE PRINCIPAL AMOUNT OF THE PROPOSED DEBT;

11 (2) JUSTIFICATION FOR THE USE OF MORE THAN 10% OF THE  
12 PROCEEDS OF THE DEBT FOR WORKING CAPITAL; AND

13 (3) IF BONDS OR NOTES ARE TO BE SOLD AT PRIVATE SALE BY  
14 NEGOTIATION, THE BASIS FOR THE LOCAL GOVERNMENT UNIT'S  
15 FINDING THAT THE BONDS OR NOTES ARE IN THE BEST FINANCIAL  
16 INTERESTS OF THE LOCAL GOVERNMENT UNIT.

17 (D) ACTION BY DEPARTMENT.--IF THE DEPARTMENT, UPON REVIEW OF  
18 THE FILING MADE BY THE LOCAL GOVERNMENT UNIT UNDER SUBSECTION  
19 (B) AND ANY ADDITIONAL INFORMATION PROVIDED UNDER SUBSECTION  
20 (C), IF APPLICABLE, FINDS THAT:

21 (1) THE REQUIREMENTS ARE SATISFIED IN CONNECTION WITH  
22 THE PROPOSED DEBT, THE DEPARTMENT SHALL ISSUE A PRELIMINARY  
23 APPROVAL OF THE DEBT.

24 (2) THE REQUIREMENTS ARE NOT SATISFIED IN CONNECTION  
25 WITH THE PROPOSED DEBT, THE DEPARTMENT SHALL ISSUE A  
26 PRELIMINARY DISAPPROVAL OF THE DEBT AND THE LOCAL GOVERNMENT  
27 MAY NOT PROCEED TO INCUR THE DEBT UNTIL THE REQUIREMENTS ARE  
28 SATISFIED.

29 (E) TIMELY ACTION REQUIRED.--THE DEPARTMENT SHALL HAVE 30  
30 DAYS AFTER RECEIPT OF THE FILING REQUIRED UNDER SUBSECTION (B)

1 TO ISSUE A PRELIMINARY APPROVAL OR DISAPPROVAL OF THE DEBT. IF  
2 THE LOCAL GOVERNMENT UNIT HAS SUBMITTED A CERTIFICATE FOR  
3 PRELIMINARY APPROVAL TO THE DEPARTMENT BY CERTIFIED MAIL, RETURN  
4 RECEIPT REQUESTED OR OTHERWISE HAS AN OFFICIAL RECEIPT FROM THE  
5 DEPARTMENT AND THE LOCAL GOVERNMENT UNIT HAS NOT, WITHIN 30 DAYS  
6 OF THE DATE OF RECEIPT OF THE FILING BY THE DEPARTMENT, RECEIVED  
7 THE CERTIFICATE OF PRELIMINARY APPROVAL, DISAPPROVAL OR  
8 NOTIFICATION OF CORRECTABLE ERROR, THE FILING SHALL BE DEEMED TO  
9 HAVE BEEN PRELIMINARILY APPROVED FOR ALL PURPOSES UNLESS THE  
10 LOCAL GOVERNMENT UNIT HAS EXTENDED THE TIME WITHIN WHICH THE  
11 DEPARTMENT MAY ACT BY WRITTEN COMMUNICATION TO THE DEPARTMENT OR  
12 BY FAILURE TO OBJECT TO A WRITTEN COMMUNICATION FROM THE  
13 DEPARTMENT REQUESTING THE EXTENSION. NO EXTENSION SHALL EXCEED  
14 15 DAYS.

15 (F) INCURRENCE OF DEBT.--UPON ISSUANCE OF PRELIMINARY  
16 APPROVAL OF THE DEPARTMENT, THE LOCAL GOVERNMENT UNIT SHALL HAVE  
17 ONE YEAR TO INCUR THE DEBT UNDER THIS SUBPART. THE BONDS OR  
18 NOTES SHALL BE SOLD, OR INSTRUMENTS EVIDENCING LEASE RENTAL DEBT  
19 DELIVERED, NOT MORE THAN TWO YEARS FOLLOWING THE DATE OF THE  
20 PRELIMINARY APPROVAL.

21 (G) REVIEW.--ALL DETERMINATIONS BY THE DEPARTMENT UNDER THIS  
22 SECTION ARE REVIEWABLE AS PROVIDED UNDER 2 PA.C.S. CH. 7  
23 (RELATING TO JUDICIAL REVIEW).

24 SECTION 4. SECTIONS 8109(A)(1) AND 8110(B) OF TITLE 53 ARE  
25 AMENDED TO READ:

26 § 8109. SMALL BORROWING FOR CAPITAL PURPOSES.

27 (A) GENERAL RULE.--ANY LOCAL GOVERNMENT UNIT MAY INCUR DEBT  
28 BY RESOLUTION RATHER THAN BY ORDINANCE TO BE EVIDENCED BY NOTES  
29 TO PROVIDE FUNDS FOR A PROJECT AS DEFINED IN THIS SUBPART  
30 WITHOUT COMPLYING WITH THE REQUIREMENTS OF SUBCHAPTER A OF

CHAPTER 82 (RELATING TO DEPARTMENT OF COMMUNITY AND ECONOMIC  
DEVELOPMENT) IF:

(1) THE AGGREGATE AMOUNT OF THE DEBT OUTSTANDING AT ANY  
ONE TIME SHALL NOT EXCEED THE LESSER OF [\$125,000] \$250,000  
OR 30% OF THE NONELECTORAL DEBT LIMIT AS AUTHORIZED IN  
SECTION 8022(A) (RELATING TO LIMITATIONS ON INCURRING OF  
OTHER DEBT) .

\* \* \*

§ 8110. DEBT STATEMENT.

\* \* \*

(B) PREVIOUSLY EXCLUDED SELF-LIQUIDATING OR SUBSIDIZED  
DEBT.--WHERE DEBT HAS PREVIOUSLY BEEN EXCLUDED AS SELF-  
LIQUIDATING OR SUBSIDIZED DEBT, THE DEBT STATEMENT SHALL BE  
ACCOMPANIED BY A CERTIFICATION THAT INDICATES ONE OF THE  
FOLLOWING:

(1) NO DECREASE IN THE AMOUNTS TO BE EXCLUDED IS  
REQUIRED BY ANY CHANGE OF CIRCUMSTANCES [OR ,IF THERE HAS  
BEEN A CHANGE, OTHER THAN DECREASES RESULTING FROM THE  
PAYMENTS OF BONDS OR NOTES, SO THAT LESS DEBT IS TO BE  
EXCLUDED. IF IT HAS BECOME POSSIBLE TO EXCLUDE A GREATER  
AMOUNT OF DEBT AND THE LOCAL GOVERNMENT UNIT DESIRES TO DO  
SO, THE DEBT STATEMENT SHALL BE ACCOMPANIED BY APPROPRIATE  
CERTIFICATES SUPPORTING THE REVISED AMOUNT TO BE EXCLUDED,  
AND A REVISED APPROVAL SHALL BE OBTAINED FROM THE  
DEPARTMENT.] ;

(2) A DECREASE IN THE AMOUNTS TO BE EXCLUDED IS REQUIRED  
DUE TO A CHANGE IN CIRCUMSTANCES, IN WHICH CASE:

(I) THE CHANGE IN CIRCUMSTANCE MUST BE DESCRIBED. IF  
IT HAS BECOME POSSIBLE TO EXCLUDE A GREATER AMOUNT OF  
DEBT AND THE LOCAL GOVERNMENT UNIT WANTS TO DO SO, THE

1 DEBT STATEMENT SHALL BE ACCOMPANIED BY APPROPRIATE  
2 CERTIFICATIONS SUPPORTING THE REVISED AMOUNT TO BE  
3 EXCLUDED AND A REVISED APPROVAL SHALL BE OBTAINED FROM  
4 THE DEPARTMENT.

5 (II) NO DEBT SERVICE PAYMENTS HAVE BEEN MADE UNDER A  
6 GUARANTY OF DEBT PREVIOUSLY ESTABLISHED AS SELF-  
7 LIQUIDATING. DEBT SERVICE PAYMENTS THAT HAVE BEEN MADE  
8 UNDER A GUARANTEE OF THE LOCAL GOVERNMENT UNIT SHALL NO  
9 LONGER BE CONSIDERED SELF-LIQUIDATING UNLESS AND UNTIL  
10 THE LOCAL GOVERNMENT UNIT FILES WITH THE DEPARTMENT A NEW  
11 REPORT SATISFYING THE REQUIREMENTS OF SECTION 8025  
12 (RELATING TO EXCLUSION OF SELF-LIQUIDATING DEBT EVIDENCED  
13 BY REVENUE BONDS OR NOTES TO DETERMINE NET NONELECTORAL  
14 DEBT) OR 8026 (RELATING TO EXCLUSION OF OTHER SELF-  
15 LIQUIDATING DEBT TO DETERMINE NET NONELECTORAL DEBT OR  
16 NET LEASE RENTAL DEBT), AS THE CASE MAY BE.

17 SECTION 5. SECTION 8111(A) OF TITLE 53 IS AMENDED BY ADDING  
18 PARAGRAPHS TO READ:

19 § 8111. SUBMISSION TO DEPARTMENT.

20 (A) GENERAL RULE.--BEFORE DELIVERING ANY BONDS OR NOTES  
21 OTHER THAN NOTES REPRESENTING SMALL BORROWINGS ISSUED UNDER  
22 SECTION 8109 (RELATING TO SMALL BORROWING FOR CAPITAL PURPOSES),  
23 THE LOCAL GOVERNMENT UNIT SHALL APPLY FOR AND RECEIVE OR BE  
24 DEEMED TO HAVE RECEIVED THE APPROVAL OF THE DEPARTMENT UNDER  
25 SECTION 8204 (RELATING TO CERTIFICATE OF APPROVAL OF TRANSCRIPT)  
26 OR 8206 (RELATING TO EFFECT OF FAILURE OF TIMELY ACTION BY  
27 DEPARTMENT). THE APPLICATION, IN SUCH FORM AS THE DEPARTMENT  
28 PRESCRIBES, SHALL BE ACCOMPANIED BY A TRANSCRIPT OF THE  
29 PROCEEDINGS CONSISTING OF CERTIFIED COPIES OF ANY OF THE  
30 FOLLOWING, NOT PREVIOUSLY FILED, WHICH ARE APPLICABLE:

1           \* \* \*

2           (8) A WRITTEN STATEMENT WITH REGARD TO THE MANNER OF  
3           COMPLIANCE OR INTENDED COMPLIANCE WITH THE REQUIREMENTS OF  
4           THE ACT OF DECEMBER 20, 1967 (P.L.869, NO.385), KNOWN AS THE  
5           PUBLIC WORKS CONTRACTORS' BOND LAW OF 1967.

6           (9) AN ITEMIZED STATEMENT OF ALL ESTIMATED DISBURSEMENTS  
7           FOR COSTS TO BE MADE FROM THE PROCEEDS OF THE BORROWING.

8           \* \* \*

9           SECTION 6. SECTIONS 8203, 8204, 8206 AND 8207(A) AND (C) OF  
10          TITLE 53 ARE AMENDED TO READ:

11         § 8203. FEES FOR FILING.

12           EVERY FILING UNDER THIS SUBPART WITH THE DEPARTMENT SHALL BE  
13          ACCOMPANIED BY A FILING FEE [AS DETERMINED IN SECTION 605-A OF  
14          THE ACT OF APRIL 9, 1929 (P.L.177, NO.175), KNOWN AS THE  
15          ADMINISTRATIVE CODE OF 1929.] OF \$250. IN ADDITION, THE FILING  
16          SHALL BE ACCOMPANIED BY AN ADDITIONAL FEE OF 1/32 MILL ON EACH  
17          DOLLAR OF THE AGGREGATE PRINCIPAL AMOUNT OF THE DEBT RELATING TO  
18          THE FILING. NO SUBMISSION SHALL CONSTITUTE A FILING UNTIL THE  
19          PROPER FEE IS PAID. ALL FEES RECEIVED UNDER THIS SECTION SHALL  
20          BE [PAID BY THE DEPARTMENT INTO THE STATE TREASURY THROUGH THE  
21          DEPARTMENT OF REVENUE.] DEPOSITED INTO THE LOCAL GOVERNMENT UNIT  
22          DEBT ACT ADMINISTRATIVE ACCOUNT, ESTABLISHED AS FOLLOWS:

23           (1) THERE IS HEREBY ESTABLISHED A RESTRICTED RECEIPT  
24           ACCOUNT WITHIN THE GENERAL FUND OF THE STATE TREASURY WHICH  
25           SHALL BE KNOWN AS THE LOCAL GOVERNMENT UNIT DEBT ACT  
26           ADMINISTRATIVE ACCOUNT.

27           (2) ALL MONEYS IN THE LOCAL GOVERNMENT UNIT DEBT ACT  
28           ADMINISTRATIVE ACCOUNT SHALL BE HELD IN TRUST SOLELY FOR THE  
29           PURPOSE OF DEFRAYING THE COSTS OF THE ADMINISTRATION OF THIS  
30           SUBPART AND SHALL BE EARMARKED FOR THE USE OF AND ANNUALLY

1 APPROPRIATED TO THE DEPARTMENT FOR DISBURSEMENT SOLELY FOR  
2 THAT PURPOSE. THE ACCOUNT SHALL BE SUBJECT TO AUDIT BY THE  
3 AUDITOR GENERAL.

4 (3) THE FEE SHALL BE WAIVED FOR BORROWINGS IN CONNECTION  
5 WITH A PLAN OR RECOVERY PLAN UNDER THE ACT OF JULY 10, 1987  
6 (P.L.246, NO.47), KNOWN AS THE MUNICIPALITIES FINANCIAL  
7 RECOVERY ACT.

8 (4) FEES PAID IN CONNECTION WITH A FILING UNDER SECTION  
9 8102.1 (RELATING TO PRELIMINARY APPROVAL BY THE DEPARTMENT ON  
10 THE ISSUANCE OF CERTAIN DEBT) SHALL CONSTITUTE PAYMENT OF  
11 FEES DUE UNDER SECTION 8204 (RELATING TO CERTIFICATE OF  
12 FISCAL APPROVAL).

13 § 8204. CERTIFICATE OF FINAL APPROVAL [OF TRANSCRIPT].

14 THE DEPARTMENT SHALL, UPON RECEIPT OF A SUBMISSION UNDER  
15 SECTION 8111 (RELATING TO SUBMISSION TO DEPARTMENT) CONTAINING  
16 AN APPLICATION FOR FINAL APPROVAL AND ANY BOND OR NOTE  
17 TRANSCRIPTS OR OTHER FILINGS, CAREFULLY EXAMINE THEM TO  
18 DETERMINE WHETHER THE DEBT OUTSTANDING AND TO BE OUTSTANDING IS  
19 WITHIN THE APPLICABLE LIMITATIONS IMPOSED BY THIS SUBPART AND  
20 WHETHER THE PROCEEDINGS FOR INCURRING THE DEBT, FOR ISSUING AND  
21 SELLING THE BONDS OR NOTES AND FOR EXCLUDING SELF-LIQUIDATING  
22 AND SUBSIDIZED DEBT HAVE BEEN TAKEN IN CONFORMITY WITH THE  
23 CONSTITUTION OF PENNSYLVANIA AND THIS SUBPART. IF, UPON  
24 COMPLETION OF ITS EXAMINATION, A TRANSCRIPT OR OTHER FILING IS  
25 FOUND BY THE DEPARTMENT TO BE IN CONFORMITY WITH THE  
26 CONSTITUTION OF PENNSYLVANIA AND THIS SUBPART, THE DEPARTMENT  
27 SHALL CERTIFY ITS APPROVAL TO THE LOCAL GOVERNMENT UNIT IF  
28 REQUIRED UNDER OTHER PROVISIONS OF THIS SUBPART. IF THE DEBT  
29 REQUIRES PRELIMINARY APPROVAL UNDER SECTION 8102.1 (RELATING TO  
30 PRELIMINARY APPROVAL BY THE DEPARTMENT OF THE ISSUANCE OF

1 CERTAIN DEBT), THE CERTIFICATES AND FILINGS RELATED TO  
2 PRELIMINARY APPROVAL SHALL BE PART OF THE TRANSCRIPT AND A  
3 REQUIREMENT FOR FINAL APPROVAL UNDER THIS SECTION. IF THE DEBT  
4 HAS RECEIVED PRELIMINARY APPROVAL UNDER SECTION 8102.1, THE  
5 DEPARTMENT SHALL PROVIDE FOR A PROCEDURE TO EXPEDITE THE  
6 PROCESSING OF FINAL APPROVAL.

7 § 8206. EFFECT OF FAILURE OF TIMELY ACTION BY DEPARTMENT.

8 IF THE LOCAL GOVERNMENT UNIT HAS SUBMITTED [A FILING] AN  
9 APPLICATION FOR FINAL APPROVAL TO THE DEPARTMENT BY CERTIFIED  
10 MAIL, RETURN RECEIPT REQUESTED, OR OTHERWISE HAS AN OFFICIAL  
11 RECEIPT FROM THE DEPARTMENT, AND THE LOCAL GOVERNMENT UNIT HAS  
12 NOT, WITHIN 20 DAYS OF THE DATE OF RECEIPT OF THE FILING BY THE  
13 DEPARTMENT, RECEIVED THE CERTIFICATE OF FINAL APPROVAL OR  
14 DISAPPROVAL OR NOTIFICATION OF CORRECTABLE ERROR, THE FILING  
15 SHALL BE DEEMED TO HAVE BEEN APPROVED FOR ALL PURPOSES UNLESS  
16 THE LOCAL GOVERNMENT UNIT HAS EXTENDED THE TIME WITHIN WHICH THE  
17 DEPARTMENT MAY ACT BY WRITTEN COMMUNICATION TO THE DEPARTMENT OR  
18 BY FAILURE TO OBJECT TO A WRITTEN COMMUNICATION FROM THE  
19 DEPARTMENT REQUESTING THE EXTENSION. EXTENSIONS SHALL NOT EXCEED  
20 ONE ADDITIONAL PERIOD OF 20 DAYS.

21 § 8207. RECORDS OF DEPARTMENT.

22 (A) RETENTION PERIOD.--THE DEPARTMENT SHALL KEEP ALL  
23 PROCEEDINGS INCLUDING ALL APPLICATIONS AND STATEMENTS BY A LOCAL  
24 GOVERNMENT UNIT UNDER SECTIONS 8102.1 (RELATING TO PRELIMINARY  
25 APPROVAL BY THE DEPARTMENT OF THE ISSUANCE OF CERTAIN DEBT),  
26 8111 (RELATING TO SUBMISSION TO DEPARTMENT) AND 8201 (RELATING  
27 TO CERTIFICATION TO DEPARTMENT OF BOND OR NOTE TRANSCRIPT OR  
28 LEASE, GUARANTY, SUBSIDY CONTRACT OR OTHER AGREEMENT) ON FILE  
29 FOR A PERIOD OF NOT LESS THAN [FOUR MONTHS AFTER ISSUANCE OF ITS  
30 CERTIFICATE OF APPROVAL OR DISAPPROVAL AND THEREAFTER AS LONG AS



1 ANY APPEAL RESPECTING THE PROCEEDINGS IS PENDING AND NOT FINALLY  
2 DETERMINED.] FIVE YEARS AFTER THE DEBT ISSUANCE HAS BEEN PAID  
3 OFF BY THE LOCAL GOVERNMENT UNIT. THE DEPARTMENT SHALL ALSO KEEP  
4 COPIES OF ALL DOCUMENTS FILED WITH THE DEPARTMENT RELATING TO A  
5 QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT FOR AS LONG AS THE  
6 QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT IS IN EFFECT.

7 \* \* \*

8 (C) RECORDS OPEN FOR INSPECTION.--[THE RECORDS OF THE  
9 DEPARTMENT SHALL BE PUBLIC RECORDS AVAILABLE FOR EXAMINATION BY  
10 ANY CITIZEN OF THIS COMMONWEALTH OR ANY BONDHOLDERS OR  
11 NOTEHOLDERS.] ALL SUBMISSIONS, DETERMINATIONS AND RECORDS OF THE  
12 DEPARTMENT UNDER THIS SUBPART, INCLUDING THOSE RELATED TO  
13 QUALIFIED INTEREST RATE MANAGEMENT AGREEMENTS AND INCLUDING  
14 CORRESPONDENCE WITH THE INTERESTED PARTIES TO ANY DEBT  
15 PROCEEDING, SHALL BE PUBLIC RECORDS AVAILABLE FOR EXAMINATION BY  
16 ANY CITIZEN OF THIS COMMONWEALTH, ANY INTERESTED PARTIES OR ANY  
17 BONDHOLDER OR NOTEHOLDER, INCLUDING HOLDERS OF TAX ANTICIPATION  
18 NOTES, OF THE LOCAL GOVERNMENT UNIT.

19 SECTION 7. CHAPTER 82 OF TITLE 53 IS AMENDED BY ADDING A  
20 SUBCHAPTER TO READ:

21 SUBCHAPTER G

22 MISCELLANEOUS PROVISIONS

23 SEC.

24 8291. DUTIES OF PARTICIPANTS IN LOCAL GOVERNMENT UNIT DEBT ACT  
25 TRANSACTIONS.

26 § 8291. DUTIES OF PARTICIPANTS IN LOCAL GOVERNMENT UNIT DEBT  
27 ACT TRANSACTIONS.

28 (A) DECLARATION OF REPRESENTATION.--WITH REGARD TO EACH  
29 TRANSACTION UNDER THIS SUBCHAPTER, EACH ATTORNEY OR FINANCIAL  
30 ADVISOR INVOLVED IN THE TRANSACTION SHALL PROVIDE A WRITTEN

1 DECLARATION TO THE LOCAL GOVERNMENT UNIT AS TO WHICH PARTY IS  
2 BEING REPRESENTED BY THE ATTORNEY OR FINANCIAL ADVISOR, THE  
3 SOURCE FROM WHICH THE ATTORNEY OR FINANCIAL ADVISOR WILL RECEIVE  
4 COMPENSATION FOR SERVICES RELATED TO THE TRANSACTION AND WHETHER  
5 THE COMPENSATION IS DEPENDENT UPON THE ISSUANCE OF DEBT BY THE  
6 LOCAL GOVERNMENT UNIT. A FULL TIME EMPLOYEE OF THE LOCAL  
7 GOVERNMENT UNIT SHALL NOT BE REQUIRED TO FILE A DECLARATION  
8 UNDER THIS SUBSECTION.

9 (B) FIDUCIARY DUTY.--AN ATTORNEY OR FINANCIAL ADVISOR  
10 RETAINED BY OR WHO IN SUBSECTION (A) PURPORTS TO REPRESENT A  
11 LOCAL GOVERNMENT UNIT WITH REGARD TO A TRANSACTION UNDER THIS  
12 SUBPART SHALL STAND IN A FIDUCIARY RELATIONSHIP TO THE LOCAL  
13 GOVERNMENT UNIT AND SHALL PERFORM LOYALLY, IN GOOD FAITH AND IN  
14 A MANNER THE ATTORNEY OR FINANCIAL ADVISOR REASONABLY BELIEVES  
15 TO BE IN THE BEST INTERESTS OF THE LOCAL GOVERNMENT UNIT. THE  
16 ATTORNEY OR FINANCIAL ADVISOR SHALL ACT WITH SUCH CARE,  
17 INCLUDING REASONABLE INQUIRY, SKILL AND DILIGENCE THAT A PERSON  
18 OF ORDINARY PRUDENCE WOULD USE UNDER SIMILAR CIRCUMSTANCES AND  
19 PROVIDE OPINION BOTH AS TO POSITIVE AND NEGATIVE POSSIBLE  
20 IMPACTS OF THE TRANSACTION. AN ATTORNEY OR FINANCIAL ADVISOR IN  
21 THE COURSE OF THE REPRESENTATION IS ENTITLED TO RELY ON  
22 REASONABLE REPRESENTATIONS AND CERTIFICATIONS MADE TO THE  
23 ATTORNEY OR FINANCIAL ADVISOR BY ARCHITECTS, ENGINEERS AND OTHER  
24 PERSONS RETAINED BY AND THE OFFICERS AND EMPLOYEES OF THE LOCAL  
25 GOVERNMENT UNIT IN CONNECTION WITH THE TRANSACTION. FOR  
26 ATTORNEYS LICENSED TO PRACTICE LAW IN THIS COMMONWEALTH, THIS  
27 DUTY SHALL BE INTERPRETED TO BE CONSISTENT WITH SUPREME COURT  
28 RULE OF PROFESSIONAL CONDUCT PERTAINING TO ATTORNEY FIDUCIARY  
29 RELATIONSHIPS. FOR FINANCIAL ADVISORS RETAINED BY A LOCAL  
30 GOVERNMENT UNIT, THIS DUTY SHALL BE IN ADDITION TO ANY FIDUCIARY

DUTY WHICH MAY BE IMPOSED BY FEDERAL LAW.

(C) ULTRA VIRES ACTS.--AN OFFICER OR MEMBER OF THE GOVERNING  
BODY OF A LOCAL GOVERNMENT UNIT OR A FINANCIAL ADVISOR OR  
ATTORNEY MAY NOT KNOWINGLY PARTICIPATE IN AN ULTRA VIRES ACT.

FOR PURPOSES OF THIS SUBSECTION, AN ACT IS ULTRA VIRES WHEN:

(1) THE LOCAL GOVERNMENT UNIT IS WITHOUT AUTHORITY TO  
PERFORM THE ACT; OR

(2) THE ACT IS IN EXCESS OF THE AUTHORITY GRANTED TO THE  
LOCAL GOVERNMENT UNIT.

(D) MATERIALLY FALSE OR MISLEADING CERTIFICATIONS.--AN  
OFFICER OR MEMBER OF THE GOVERNING BODY OF A LOCAL GOVERNMENT  
UNIT OR AN ATTORNEY OR FINANCIAL ADVISOR MAY NOT KNOWINGLY FILE  
A MATERIALLY FALSE OR MISLEADING CERTIFICATION OR STATEMENT WITH  
THE DEPARTMENT UNDER THIS ACT.

(E) PENALTIES.--

(1) AN OFFICER OR MEMBER OF THE GOVERNING BODY OF A  
LOCAL GOVERNMENT UNIT OR AN ATTORNEY OR FINANCIAL ADVISOR WHO  
AIDS OR PARTICIPATES IN THE COMMISSION OF AN ACT PROHIBITED  
IN SUBSECTION (C) OR (D) COMMITS A MISDEMEANOR OF THE SECOND  
DEGREE AND SHALL, UPON CONVICTION, BE SENTENCED TO PAY A FINE  
OF NOT MORE THAN \$5,000 OR TO IMPRISONMENT FOR NOT MORE THAN  
TWO YEARS, OR BOTH.

(2) NOTWITHSTANDING PARAGRAPH (1), A LOCAL GOVERNMENT  
MAY SEEK CIVIL JUDICIAL REDRESS FOR A VIOLATION OF THIS  
SECTION THAT RESULTS IN DAMAGES TO THE LOCAL GOVERNMENT UNIT  
NOT CAUSED BY THE LOCAL GOVERNMENT UNIT OR ITS AGENTS. A  
LOCAL GOVERNMENT UNIT SHALL PROHIBIT OR RESTRICT THE FUTURE  
PARTICIPATION IN TRANSACTIONS UNDER THIS SUBPART OF AN  
INDIVIDUAL ATTORNEY OR FINANCIAL ADVISOR WHO VIOLATES THIS  
SECTION AND MAY ALSO PROHIBIT OR RESTRICT PARTICIPATION OF A

1     FIRM THAT EMPLOYS THE ATTORNEY OR FINANCIAL ADVISOR FOR A  
2     PERIOD NOT TO EXCEED TWO YEARS.

3     SECTION 8.   REPEALS ARE AS FOLLOWS:

4           (1)   THE GENERAL ASSEMBLY DECLARES THAT THE REPEAL UNDER  
5     PARAGRAPH (2) IS NECESSARY TO EFFECTUATE THE AMENDMENT OF 53  
6     PA.C.S. § 8203.

7           (2)   SECTION 605-A OF THE ACT OF APRIL 9, 1929 (P.L.177,  
8     NO.175), KNOWN AS THE ADMINISTRATIVE CODE OF 1929, IS  
9     REPEALED.

10          (3)   ALL ACTS AND PARTS OF ACTS ARE REPEALED INSOFAR AS  
11     THEY ARE INCONSISTENT WITH THE AMENDMENT OR ADDITION OF 53  
12     PA.C.S. §§ 8002(B) AND (C), 8005(C) AND (D), 8007,  
13     8026(A)(5), 8102.1, 8111(A), 8203, 8204, 8206, 8207(A) AND  
14     (C) AND 8291.

15     SECTION 9.   THIS ACT SHALL TAKE EFFECT IN 60 DAYS.