



## HOUSE COMMITTEE ON APPROPRIATIONS

# FISCAL NOTE

SENATE BILL NO. 375

PRINTERS NO. 2278

PRIME SPONSOR: Pileggi

### COST / (SAVINGS)

FUND	FY 2011/12	FY 2012/13
Municipal Funds	\$0	\$0
Municipal Authority Funds	\$0	\$0

**SUMMARY:** Amends the Municipality Authorities Act (MAA) in Title 53 (Municipalities Generally) regarding the governance of municipal authorities and for authority revenue. This legislation would take effect in 60 days.

**ANALYSIS:** This legislation would amend the Municipality Authorities Act (MAA) in Title 53 (Municipalities Generally) regarding the governance of municipal authorities and to provide that the money of a municipal authority may only be used for services or projects directly related to the mission or purpose of the authority.

**Governance of Certain Water Authorities and Sewer Authorities:** If a water or sewer authority incorporated by one municipality provides water or sewer services to residents in at least two counties and has water or sewer projects in more than two counties where the combined population of the served municipalities, excluding the incorporating municipality, is at least five times the population of the incorporating municipality, all of the following apply:

- 90 days after the effective date of this amendatory act, the governing body in existence on the effective date of this subsection shall be replaced by a governing body comprised of the following:
  - Three (3) members appointed by the governing body from each county in which the services to residents are provided.
    - One (1) member under this provision must reside in a town, township or borough, which receives services from the authority.
    - Three (3) members appointed by the governing body of the incorporating municipality.

Members serving under this provision shall serve for a term of five (5) years.

**Authority Revenue:** This legislation provides that the money of an authority may not be used for any grant, loan or purpose other than a service or project directly related to the mission or purpose of the authority as set forth in the articles of incorporation or in the resolution or ordinance.

A ratepayer to an authority shall have a cause of action in the court of common pleas where the authority is located to seek the return of money expended in violation of this legislation.

The legislation provides for an exemption for a municipal authority grant, loan or other expenditure that is:

- 1) a monetary contribution to a nonprofit community organization or activity that does not exceed \$1,000
- 2) an in-kind service, including the provision of water or other resources to a nonprofit community organization or activity, the value of which does not exceed \$1,000
- 3) an agreement for the joint purchase and use of equipment, or
- 4) an agreement for the sharing of equipment during emergency situations.

**FISCAL IMPACT:** This legislation would have no adverse fiscal impact on municipal, municipal authority, or Commonwealth funds.

**PREPARED BY:** Tim Rodrigo  
House Appropriations Committee (R)

**DATE:** June 19, 2012

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*