

TAX LIEN DISCHARGE UNDER BANKRUPTCY ACT
Act of Aug. 11, 1941, P.L. 894, No. 339
AN ACT

CL. 53

Authorizing political subdivisions to accept in full payment of municipal claims, taxes, penalties, interests and costs such amount as may be fixed for the discharge thereof in proceedings under the National Bankruptcy Act.

Whereas, during the years of the economic depression many corporations and individuals became insolvent or unable to pay their debts as they matured and are now or may hereafter be in the process of reorganization or arrangement proceedings under the National Bankruptcy Act, and,

Whereas, the National Bankruptcy Act has made provision for the fair and equitable administration and readjustment of the affairs of such corporations and individuals under the jurisdiction of the United States courts and with due consideration to the relative rights and priorities of claims and obligations of all classes, including municipal claims and taxes against such corporations or individuals,

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

Section 1. Definitions.--Hereafter in this act the following words shall be understood to have the meanings herein set forth, unless a contrary or different meaning be clearly indicated by the context:

(a) "Claims" shall mean municipal claims and liens, tax claims and liens and penalties, interest and costs due thereon.

(b) "Corporation" shall mean all bodies having any of the powers and privileges of private corporations not possessed by individuals or partnerships and shall include partnership associations organized under laws making the capital subscribed alone responsible for the debts of the associations, joint stock companies, unincorporated companies and associations and any business conducted by a trustee or trustees wherein beneficial interest or ownership is evidenced by certificate or other written instrument.

Section 2. Corporate Reorganizations.--Whenever, after a hearing duly held thereon, a plan of reorganization of any corporation has been or shall hereafter be found to be fair and equitable and feasible and be approved by the decree or order of any court of competent jurisdiction pursuant to the provisions of Chapter X of the Act of the Congress of the United States, approved the first day of July, one thousand eight hundred ninety-eight, entitled, "An Act to Establish a Uniform System of Bankruptcy Throughout the United States", and the amendments and supplements thereto, or of any similar Act of Congress, and which plan of reorganization fixes a sum to be paid for the discharge and satisfaction of all claims of any political subdivisions against such corporation or its property, which sum

may be less than the total amount of such claims, but shall be determined by such court to be not less than the net amount which could be realized at a tax sale of the real property against which such taxes may be or might become a lien or by enforced collection against such corporation, then and in such event the tax levying body of any political subdivision shall have power to file its written acceptance of said plan of reorganization, accompanied by a copy of the ordinance or resolution authorizing the acceptance of such plan, in the court having jurisdiction of the proceedings for the reorganization of such corporation, and to accept in full satisfaction and discharge of such claims as may constitute claims against such corporation, and in full satisfaction and discharge of the liens of any such claims as may constitute liens against the property of such corporation, the amount so fixed by the court in said plan of reorganization. Such satisfaction and discharge shall not constitute a satisfaction and discharge of any liability of any person other than such corporation with respect to such claims. Upon the payment over to the political subdivision of the amount so fixed the tax levying body of such political subdivision shall cause satisfaction to be entered on the proper record for such claims.

Section 3. Arrangement Proceedings by Persons Other Than Corporations.--Whenever any arrangement respecting a person other than a corporation has been or shall hereafter be proposed pursuant to the provisions of Chapter XII of the Act of the Congress of the United States, approved the first day of July, one thousand eight hundred ninety-eight, entitled, "An Act to Establish a Uniform System of Bankruptcy Throughout the United States", and the amendments and supplements thereto, or of any similar Act of Congress, which arrangement fixes a sum to be paid for the discharge and satisfaction of all claims due by such person to any political subdivision, which sum may be less than the total amount of such claims, but shall be not less than the net amount which could be realized at a tax sale of the real property against which such taxes may be or might become a lien or by enforced collection against such person, then and in such event the tax levying body of any political subdivision shall have power to file its written acceptance of said arrangement, accompanied by a copy of the ordinance or resolution authorizing the acceptance of such arrangement in the court having jurisdiction of the proceeding for such arrangement, and, upon confirmation by such court of such arrangement, shall accept in full satisfaction for such claims the amount so fixed in said arrangement. Upon payment over to the political subdivision of the amount so fixed the tax levying body of such political subdivision shall cause satisfaction to be entered on the proper record for such claims.

Section 4. Effective Date.--This act shall become effective immediately upon final enactment.