

LOCAL GOVERNMENT UNIT DEBT ACT - AMEND SMALL BORROWING

Act of Oct. 16, 1996, P.L. 710, No. 125

Cl. 53

Session of 1996

No. 1996-125

SB 742

AN ACT

Amending the act of July 12, 1972 (P.L.781, No.185), entitled, as amended, "An act providing debt limits for local government units, including municipalities and school districts; providing the methods of incurring, evidencing, securing and collecting debt; defining the powers and duties of the Department of Community Affairs and certain other public officers and agencies with respect thereto; exercising the inherent legislative authority of the General Assembly by providing additional over-all limitations on the incurring of lease rental and other obligations for the acquisition of capital assets to be repaid from the general tax revenues of such local government units; imposing penalties for filing false or untrue statements or refusing to give information with respect to proceedings for the incurring of debt; and conferring jurisdiction on the Commonwealth Court with respect to certain proceedings relating to the incurring of debt," further providing for small borrowing for capital purposes.

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

Section 1. Section 409(a) of the act of July 12, 1972 (P.L.781, No.185), known as the Local Government Unit Debt Act, reenacted and amended April 28, 1978 (P.L.124, No.52) and amended May 4, 1990 (P.L.169, No.40), is amended to read:

Section 409. Small Borrowing for Capital Purposes.--(a) Any local government unit is hereby authorized to incur debt by resolution rather than by ordinance to be evidenced by notes to provide funds for a project as defined in this act without complying with the requirements of Article VIII provided: (i) that the aggregate amount of such debt outstanding at any one time shall not exceed the lesser of [\$100,000] **\$125,000** or thirty percent of the [borrowing base] **nonelectoral debt limit as authorized in section 202(a)**; (ii) that the principal of each such debt shall mature not later than five years from the date of issuance; (iii) that the incurrence of such debt shall not cause the debt limits of Article II to be exceeded; and (iv) that the provisions of section 10 of Article IX of the Constitution shall have been observed and provided further that the provisions of section 808 shall apply to notes issued in violation of the foregoing requirements.

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Section 2. This act shall take effect immediately.

APPROVED--The 16th day of October, A. D. 1996.

THOMAS J. RIDGE