

THE GENERAL ASSEMBLY OF PENNSYLVANIA

**HOUSE BILL**

**No. 1934** Session of  
1995

INTRODUCED BY GODSHALL, BUNT, LAWLESS AND FICHTER, JUNE 29, 1995

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, JUNE 29, 1995

AN ACT

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

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

21 Section 1. Section 202 of the act of July 12, 1972 (P.L.781,  
22 No.185), known as the Local Government Unit Debt Act, reenacted  
23 and amended April 28, 1978 (P.L.124, No.52), repealed in part  
24 October 5, 1980 (P.L.693, No.142) and amended May 22, 1981  
25 (P.L.54, No.19) and December 28, 1994 (P.L. , No.169), is  
26 amended to read:

1 Section 202. Limitations on the Incurring of Other Debt.--

2 (a) Except as provided in subsections (c), (d) and (e) of this  
3 section and as otherwise specifically provided in this act, no  
4 local government unit shall incur any new nonelectoral debt, if  
5 the aggregate net principal amount of such new nonelectoral debt  
6 together with all other net nonelectoral debt outstanding would  
7 cause the total net nonelectoral debt of such local government  
8 unit to exceed:

9 (i) one hundred per cent of its borrowing base in the case  
10 of a school district of the first class;

11 (i.1) ten per cent of its borrowing base in the case of any  
12 school district of the second through fourth classes;

13 (ii) three hundred per cent of its borrowing base in the  
14 case of a county; or

15 (iii) two hundred fifty per cent of its borrowing base in  
16 the case of any other local government unit.

17 (b) Except as provided in subsections (c), (d) and (e) of  
18 this section or as otherwise specifically provided in this act,  
19 in the exercise of legislative control over the budgets and  
20 expenditures of local government units and of the purposes for  
21 which tax moneys and general revenues of local government units  
22 may be expended, the General Assembly determines that no local  
23 government unit shall incur any new lease rental debt or  
24 nonelectoral debt, if the aggregate net principal amount of such  
25 new debt together with any other net nonelectoral debt and net  
26 lease rental debt then outstanding would cause the outstanding  
27 total of net nonelectoral debt plus net lease rental debt of  
28 such local government unit to exceed:

29 (i) two hundred per cent of the borrowing base in the case  
30 of a school district of the first class;

1       (i.1) ten per cent of its borrowing base in the case of any  
2 school district of the second through fourth classes;

3       (ii) four hundred per cent of its borrowing base in the case  
4 of a county; or

5       (iii) three hundred fifty per cent of its borrowing base in  
6 the case of all other local government units.

7       (c) The limitations and prohibitions of the preceding  
8 subsections (hereinafter called the "regular debt limits") shall  
9 not apply to electoral debt, nor to debt excluded in computing  
10 net amounts of nonelectoral debt or of lease rental debt, as  
11 self-liquidating or because subsidized, when such exclusion is  
12 made pursuant to sections 204, 205 and 206 of this act, nor to  
13 debt incurred to fund an unfunded actuarial accrued liability;  
14 except that bonds or notes issued to fund an unfunded actuarial  
15 accrued liability shall be limited to the principal amount  
16 necessary (after deduction of costs of issuance, underwriter's  
17 discount and original issue discount) to fund the unfunded  
18 actuarial accrued liability.

19       (d) Additional nonelectoral or additional lease rental debt  
20 or both in the aggregate amount of one hundred per cent of the  
21 borrowing base may be incurred:

22       (i) by a county which has assumed, either before or after  
23 the effective date of this act, county-wide responsibility for;  
24 or

25       (ii) where the county has not assumed county-wide  
26 responsibility, by a local government unit which has, either  
27 before or after the effective date of this act, assumed  
28 responsibility for its and its adjacent areas; for hospitals and  
29 other public health services, air and water pollution control,  
30 flood control, environmental protection, water distribution and

1 supply systems, sewage and refuse collection and disposal  
2 systems, education at any level, highways, public transportation  
3 or port operations, but such additional debt limit may be so  
4 utilized only to provide funds for and towards the cost of  
5 capital facilities for any or any combination of the foregoing  
6 purposes. Debt, other than electoral debt, at any time incurred  
7 for such purposes or any of them, may be assigned by ordinance  
8 to this additional debt limit, if the remaining borrowing  
9 capacity within the regular limits is insufficient to finance  
10 other projects deemed necessary by the governing body of the  
11 local government unit.

12 (e) If replacement of assets is required as a result of  
13 fire, flood, storm, war, riot, civil commotion or other  
14 catastrophe, or such replacement or any improvements are  
15 required for the prevention of dangers to health or safety, or  
16 if funds are required for the payment of tort liability not  
17 covered by insurance, or if funds are required to be used for  
18 and towards the costs of mandated installations of health,  
19 safety, anti-pollution, environmental protection and control  
20 facilities or of complying with other mandated Federal or  
21 Commonwealth programs, a local government unit not having  
22 sufficient remaining borrowing capacity as nonelectoral or lease  
23 rental debt or being otherwise prohibited by section 305 from  
24 incurring debt for the purpose, upon petition to the court of  
25 common pleas alleging the catastrophe, or the danger to health  
26 and safety, or the mandated nature of the program and the  
27 estimated costs of the proposed facilities, and upon proof  
28 thereof to the satisfaction of the court, shall be authorized,  
29 notwithstanding section 305 or the insufficiency of nonelectoral  
30 or lease rental borrowing capacity, to incur debt, as either

1 lease rental or nonelectoral debt, up to an additional fifty per  
2 cent of its borrowing base, if such increase is found by the  
3 court to have been made necessary under this subsection by  
4 reason of the causes set forth in the petition. The increase  
5 together with all outstanding other additional emergency debt  
6 which may have been previously authorized under this subsection  
7 (excluding any allocated to the additional debt limit under  
8 subsection (d) of this section) shall not exceed fifty per cent  
9 of the borrowing base. Public notice of the intention to file  
10 such a petition and of the purpose for which the additional  
11 emergency debt is to be incurred shall be given by advertisement  
12 in at least one and not more than two papers of general  
13 circulation and in the legal journal not less than five nor more  
14 than twenty days before the filing thereof. Such additional  
15 emergency debt may be incurred only for the purposes and upon  
16 the terms approved by the court. The amount of such debt  
17 initially in excess of the regular debt limits shall not  
18 thereafter be included in computing net amounts of nonelectoral  
19 or lease rental debt.

20 Section 2. This act shall take effect in 60 days.