

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 766 Session of  
2007

INTRODUCED BY RHOADES, LOGAN, RAFFERTY, BOSCOLA, TARTAGLIONE,  
WOZNIAK, KASUNIC, TOMLINSON, MADIGAN, COSTA, ERICKSON,  
McILHINNEY, MUSTO, O'PAKE, D. WHITE, FONTANA, GREENLEAF AND  
SCARNATI, MAY 2, 2007

REFERRED TO LOCAL GOVERNMENT, MAY 2, 2007

AN ACT

1 Amending the act of July 10, 1987 (P.L.246, No.47), entitled "An  
2 act empowering the Department of Community Affairs to declare  
3 certain municipalities as financially distressed; providing  
4 for the restructuring of debt of financially distressed  
5 municipalities; limiting the ability of financially  
6 distressed municipalities to obtain government funding;  
7 authorizing municipalities to participate in Federal debt  
8 adjustment actions and bankruptcy actions under certain  
9 circumstances; and providing for consolidation or merger of  
10 contiguous municipalities to relieve financial distress,"  
11 adding a definition; and further providing for contents of  
12 the coordinator's plan.

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

15 Section 1. Section 103 of the act of July 10, 1987 (P.L.246,  
16 No.47), known as the Municipalities Financial Recovery Act, is  
17 amended by adding a definition to read:

18 Section 103. Definitions.

19 The following words and phrases when used in this act shall  
20 have the meanings given to them in this section unless the  
21 context clearly indicates otherwise:

22 \* \* \*

1     "Expenditure goal." The total percentage of expenditure  
2     reductions proposed by the coordinator.

3     \* \* \*

4     Section 2. Section 241 of the act, amended June 30, 1992  
5     (P.L.336, No.69) and repealed in part October 13, 1994 (P.L.596,  
6     No.90), is amended to read:

7     Section 241. Contents.

8     A plan formulated by the appointed coordinator shall be  
9     consistent with applicable law and shall include any of the  
10    following factors which are relevant to alleviating the  
11    financially distressed status of the municipality:

12       (1) Projections of revenues and expenditures for the  
13       current year and the next two years, both assuming the  
14       continuation of present operations and as impacted by the  
15       measures in the plan.

16       (2) Recommendations which will:

17           (i) Satisfy judgments, past due accounts payable,  
18           and past due and payable payroll and fringe benefits.

19           (ii) Eliminate deficits and deficit funds.

20           (iii) Restore to special fund accounts money from  
21           those accounts that was used for purposes other than  
22           those specifically authorized.

23           (iv) Balance the budget, avoid future deficits in  
24           funds and maintain current payments of payroll, fringe  
25           benefits and accounts through possible revenue  
26           enhancement recommendations, including tax or fee  
27           changes.

28           (v) Avoid a fiscal emergency condition in the  
29           future.

30           (vi) Enhance the ability of the municipality to

1 negotiate new general obligation bonds, lease rental  
2 debt, funded debt and tax and revenue anticipation  
3 borrowing.

4 (vii) Consider changes in accounting and automation  
5 procedures for the financial benefit of the municipality.

6 (viii) Propose a reduction of debt due on specific  
7 claims by an amortized or lump-sum payment considered to  
8 be the most reasonable disposition of each claim possible  
9 for the municipality considering the totality of  
10 circumstances.

11 (3) [Possible changes in collective bargaining  
12 agreements and permanent and temporary staffing level changes  
13 or changes in organization.] Set an expenditure goal limiting  
14 the financial impact of a collective bargaining agreement on  
15 a municipality.

16 (4) Recommended changes in municipal ordinances or  
17 rules.

18 (5) Recommendations for special audits or further  
19 studies.

20 (6) An analysis of whether conditions set forth in  
21 section 261 exist, whether specific exclusive Federal  
22 remedies could help relieve the municipality's financial  
23 distress and whether filing a Federal debt adjustment action  
24 under Subchapter D is deemed to be appropriate.

25 (7) An analysis of whether the economic conditions of  
26 the municipality are so severe that it is reasonable to  
27 conclude that the municipality is no longer viable and should  
28 consolidate or merge with an adjacent municipality or  
29 municipalities.

30 (8) An analysis of whether functional consolidation of

1 or privatization of existing municipal services is  
2 appropriate and feasible and recommendations for where and  
3 how this could be done.

4 (9) A capital budget which addresses infrastructure  
5 deficiencies.

6 (10) Recommendations for greater use of Commonwealth  
7 economic and community development programs.

8 Section 3. Section 252 of the act is amended to read:

9 Section 252. Plan not affected by certain collective bargaining  
10 agreements or settlements.

11 A collective bargaining agreement or arbitration settlement  
12 executed after the adoption of a plan shall [not in any manner  
13 violate, expand or diminish its provisions.] be determined  
14 pursuant to the act of June 24, 1968 (P.L.237, No.111), referred  
15 to as the Policemen and Firemen Collective Bargaining Act, or  
16 the act of July 23, 1970 (P.L.563, No.195), known as the Public  
17 Employe Relations Act, the totality of which shall not exceed  
18 the expenditure goal.

19 Section 4. This act shall take effect in 60 days.