
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1277 Session of
2010

INTRODUCED BY BOSCOLA, BROWNE, GORDNER, BAKER, RAFFERTY, VOGEL,
STOUT, M. WHITE, EARLL, FERLO, MENSCH, WOZNIAK AND VANCE,
MARCH 29, 2010

REFERRED TO FINANCE, MARCH 29, 2010

AN ACT

1 Amending Title 53 (Municipalities Generally) of the Pennsylvania
2 Consolidated Statutes, in municipal authorities, further
3 providing for purposes and powers; and, in interest rate risk
4 and interest cost management, further providing for qualified
5 interest rate management agreements.

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

8 Section 1. Sections 5607(d)(13) and 8281(a) of Title 53 of
9 the Pennsylvania Consolidated Statutes are amended to read:

10 § 5607. Purposes and powers.

11 * * *

12 (d) Powers.--Every authority may exercise all powers
13 necessary or convenient for the carrying out of the purposes set
14 forth in this section, including, but without limiting the
15 generality of the foregoing, the following rights and powers:

16 * * *

17 (13) To make contracts of every name and nature and to
18 execute all instruments necessary or convenient for the
19 carrying on of its business, provided that no authority may

1 enter into a qualified interest rate management agreement as
2 defined in section 8002 (relating to definitions).

3 * * *

4 § 8281. Qualified interest rate management agreements.

5 (a) General rule.--

6 (1) Except as set forth in [paragraph] paragraphs (4)
7 and (5), notwithstanding any other law to the contrary, a
8 local government unit may negotiate and enter into qualified
9 interest rate management agreements consistent with the
10 provisions of this subchapter.

11 (2) The local government unit must authorize and award
12 by resolution each qualified interest rate management
13 agreement or any confirmation of a transaction. The
14 resolution is subject to section 8003(a) and (b) (relating to
15 advertisement and effectiveness of ordinances) but may be
16 valid and effective for all purposes immediately upon
17 adoption or as otherwise provided in the resolution.

18 (3) A local government unit has the power to contract
19 for insurance covering the risks of nonpayment of amounts due
20 under qualified interest rate management agreements.

21 (4) The authority granted in this subchapter shall not
22 apply to any local government unit which has been declared
23 distressed by the Department of Community and Economic
24 Development.

25 (5) After the effective date of this paragraph, no local
26 government unit may negotiate or enter into a qualified
27 interest rate management agreement.

28 * * *

29 Section 2. Nothing in this act shall be construed to affect
30 any qualified interest rate management agreement entered into by

1 a local government unit prior to the effective date of this
2 section.

3 Section 3. This act shall take effect immediately.