

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1151 Session of
2011

INTRODUCED BY PICCOLA, PILEGGI, EARLL, VANCE, GORDNER, WAUGH,
ALLOWAY, BAKER, ERICKSON, ORIE, BROWNE AND TOMLINSON,
JUNE 17, 2011

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES,
SEPTEMBER 27, 2011

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 ~~further providing for purpose and legislative intent and for~~ ←
12 ~~Commonwealth agency payments or assistance; providing for~~
13 ~~review of coordinator, for the establishment of a management~~
14 ~~board for distressed third class cities and for powers of~~
15 ~~management boards; prohibiting distressed third class cities~~
16 ~~from filing Federal bankruptcy petitions; and making~~
17 ~~editorial changes.~~ ←
18 FURTHER PROVIDING FOR PURPOSE AND
19 LEGISLATIVE INTENT; PROVIDING FOR FISCAL EMERGENCIES IN THIRD
20 CLASS CITIES AND FOR RECEIVERSHIP FOR THIRD CLASS CITIES; AND
MAKING EDITORIAL CHANGES.

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

23 ~~Section 1. Section 102(b)(1) of the act of July 10, 1987~~ ←
24 ~~(P.L.246, No.47), known as the Municipalities Financial Recovery~~
25 ~~Act, is amended and the subsection is amended by adding a~~

1 paragraph to read:

2 Section 102. Purpose and legislative intent.

3 * * *

4 (b) Legislative intent.—

5 (1) It is the intent of the General Assembly to:

6 (i) Enact procedures and provide powers and

7 guidelines to ensure fiscal integrity of municipalities

8 while leaving principal responsibility for conducting the

9 governmental affairs of a municipality, including

10 choosing the priorities for and manner of expenditures

11 based on available revenues, to the charge of its elected

12 officials, consistent with the public policy set forth in

13 this section.

14 (ii) Enact procedures for the adjustment of

15 municipal debt by negotiated agreement with creditors.

16 (iii) Provide for the exercise of the Commonwealth's

17 sovereign and plenary police power in emergency fiscal

18 conditions to protect the health, safety and welfare of a

19 municipality's citizens when local officials are

20 unwilling or unable to accept a solvency plan developed

21 for the benefit of the community.

22 * * *

23 (3) The General Assembly recognizes that the financial

24 conditions of certain distressed municipalities are so severe

25 and the policies of those municipalities so ineffective that

26 the nonviability of those municipalities threatens the fiscal

27 condition and credit stability of other communities. In such

28 cases, additional methods of protecting citizens must be

29 implemented, including:

30 (i) Instituting more direct Commonwealth oversight

~~pursuant to the Commonwealth's power to provide for local government under Article IX of the Constitution of Pennsylvania and through the creation of public authorities as instrumentalities of the Commonwealth.~~

~~(ii) Judicial intervention when necessary to ensure the compliance of the distressed municipality with the provisions of this act.~~

~~Section 1.1. Section 251(a) of the act is amended and the section is amended by adding a subsection to read:~~

~~Section 251. Commonwealth agency payments or assistance.~~

~~(a) Withholding of certain Commonwealth funds. Except as provided in section 302(b), upon certification by the [secretary] department that a financially distressed municipality has failed to adopt a plan or implement an adopted plan as proposed under this act or has adopted a plan which is inadequate to address the municipality's financial distress, the municipality shall not receive a grant, loan, entitlement or payment from the Commonwealth or any of its agencies. Moneys withheld shall be held in escrow by the Commonwealth until the [secretary] department has rescinded the certification.~~

~~(a.1) Disposition of assets. Subsection (a) shall apply to the failure of a distressed city or a management board established under section 603(a) if the city or management board fails to identify, sell, lease or otherwise dispose of assets in accordance with section 605.~~

~~* * *~~

~~Section 1.2. The act is amended by adding a section to read: Section 254. Review and investigation of coordinators.~~

~~(a) Initial review. The department shall conduct a review of all coordinators appointed or serving during 2010. The review~~

~~1 under this subsection shall be conducted by October 1, 2011.
2 Within 30 days of the completed review, the department shall
3 determine if the coordinator has failed to develop an adequate
4 plan or to implement the plan in an appropriate or adequate
5 manner. If the coordinator has failed to develop or implement
6 the plan in an appropriate or adequate manner, the department
7 shall remove the coordinator and appoint a new coordinator.~~

~~8 (b) Additional reviews. The department shall conduct a
9 review of all coordinators appointed for service or serving
10 during 2011 and each year thereafter. The review under this
11 subsection shall be conducted by June 30. Within 30 days of the
12 completed review, the department shall determine if the
13 coordinator has failed to develop an adequate plan or to
14 implement the plan in an appropriate manner. If the coordinator
15 has failed to develop an adequate plan or to implement the plan
16 in an appropriate manner, the department shall remove the
17 coordinator and appoint a new coordinator.~~

~~18 (c) Investigations. In addition to the review under
19 subsection (a) or (b), the department shall investigate a
20 complaint as to the failure of the coordinator to develop an
21 adequate plan or to implement the plan in an appropriate or
22 adequate manner. The complaint must be brought by:~~

~~23 (1) a petition from at least two members of the
24 governing body of the municipality; or~~

~~25 (2) a petition signed by 30 residents of the
26 municipality.~~

~~27 Section 2. The act is amended by adding a chapter to read:~~

~~28 CHAPTER 6~~

~~29 CITIES OF THE THIRD CLASS~~

~~30 Section 601. Definitions.~~

1 ~~"Business with which he is associated." The term shall have~~
2 ~~the same meaning as defined in 65 Pa.C.S. § 1102 (relating to~~
3 ~~definitions).~~

4 ~~"City." A city of the third class.~~

5 ~~"Controlled authority." A municipal authority, parking~~
6 ~~authority or other authority or corporate entity which is~~
7 ~~directly or indirectly controlled by a distressed city or to~~
8 ~~which a distressed city has powers of appointment.~~

9 ~~"County." The county in which a distressed city is located.~~

10 ~~"Distressed city." A city which has been determined to be~~
11 ~~financially distressed under section 203(f). The term includes~~
12 ~~any controlled authority which is directly or indirectly~~
13 ~~controlled by the city or to which the city has direct or~~
14 ~~indirect power of appointment or has pledged or designated the~~
15 ~~city's revenues or the city's credit.~~

16 ~~"Immediate family." The term shall have the same meaning as~~
17 ~~defined in 65 Pa.C.S. § 1102 (relating to definitions).~~

18 ~~"Management board." The city management board.~~

19 ~~Section 602. Applicability.~~

20 ~~A distressed city shall be subject to the provisions of this~~
21 ~~chapter and Chapters 2 and 3. If a conflict between this chapter~~
22 ~~and any other provision of this act occurs, the provisions of~~
23 ~~this chapter shall prevail.~~

24 ~~Section 603. Management board.~~

25 ~~(a) Establishment. A management board shall be established~~
26 ~~if the secretary determines that a distressed city has either~~
27 ~~failed to adopt or has not implemented the coordinator's plan in~~
28 ~~accordance with sections 245 and 247(a). A distressed city shall~~
29 ~~be deemed to have failed to adopt the coordinator's plan if it~~
30 ~~takes any action to approve an alternative plan under section~~

1 246.

2 ~~(b) Composition. A management board established under~~
3 ~~subsection (a) shall be comprised of the following:~~

4 ~~(1) Two members appointed by the Governor, one of whom~~
5 ~~must be a resident of the distressed city for which the board~~
6 ~~is being appointed.~~

7 ~~(2) One member appointed by the board of commissioners~~
8 ~~of the county who shall be a resident of the county at the~~
9 ~~time of appointment and shall maintain county residence while~~
10 ~~a member of the board.~~

11 ~~(b.1) Public officials, political party officers; conflicts~~
12 ~~of interest prohibited.~~

13 ~~(1) Members of the management board shall not:~~

14 ~~(i) Seek or hold a position as any other elected or~~
15 ~~appointed public official within this Commonwealth or as~~
16 ~~a political party officer while in the service of the~~
17 ~~management board.~~

18 ~~(ii) Seek election as public officials or political~~
19 ~~party officers for one year after their service with the~~
20 ~~management board.~~

21 ~~(2) The following apply:~~

22 ~~(i) No member of the management board may:~~

23 ~~(A) Directly or indirectly be a party to or have~~
24 ~~an interest in any contract or agreement with the~~
25 ~~distressed city. The prohibition under this clause~~
26 ~~shall extend to a member's immediate family or a~~
27 ~~business with which he or a member of his immediate~~
28 ~~family is associated.~~

29 ~~(B) Use his office or any confidential~~
30 ~~information received through his office for the~~

1 ~~private pecuniary benefit of himself, a member of his~~
2 ~~immediate family or a business with which he or a~~
3 ~~member of his immediate family is associated.~~

4 ~~(ii) Any member who willfully violates this~~
5 ~~paragraph shall forfeit his office and shall be subject~~
6 ~~to any other criminal and civil sanctions as may be~~
7 ~~imposed by law. Any contract or agreement knowingly made~~
8 ~~in contravention of this paragraph shall be void.~~

9 ~~(c) Experience and residence.~~

10 ~~(1) All members and their designees shall have~~
11 ~~experience in finance or management.~~

12 ~~(2) All members and their designees shall be residents~~
13 ~~of this Commonwealth.~~

14 ~~(d) Term. Members shall be appointed within seven days of~~
15 ~~a determination by the secretary under subsection (a). Members~~
16 ~~shall select a chairperson who shall serve for a term of two~~
17 ~~years. Members appointed by the Governor shall have a term~~
18 ~~coterminous with the appointing authority. A member appointed by~~
19 ~~the county commissioners shall have a term coterminous with the~~
20 ~~chairman of the board of commissioners. If a vacancy occurs, the~~
21 ~~appointing authority who originally appointed the management~~
22 ~~board member whose seat has become vacant shall appoint a~~
23 ~~successor member within 30 days of the vacancy. A member~~
24 ~~appointed to fill a vacancy occurring prior to the expiration of~~
25 ~~a term shall serve the unexpired term.~~

26 ~~(e) Organization.~~

27 ~~(1) The Governor shall set a date, time and place for~~
28 ~~the initial organizational meeting of the management board~~
29 ~~within five days of the appointment of the members of the~~
30 ~~management board. The initial organizational meeting shall be~~

~~held within 15 days of the appointment under subsection (d).~~

~~(2) Members shall elect other officers as they deem necessary.~~

~~(f) Meetings. Following the initial organizational meeting, the management board shall meet as frequently as it deems appropriate but at least once during each quarter of the fiscal year. A meeting of the management board shall be called by the chairperson if a request for a meeting is submitted by the other two members of the management board. A majority of the management board shall constitute a quorum. All actions of the management board shall be taken by a majority of the management board. The following statutes shall apply to the management board:~~

~~(1) 65 Pa.C.S. Chs. 7 (relating to open meetings) and 11 (relating to ethics standards and financial disclosure).~~

~~(2) The act of July 19, 1957 (P.L.1017, No.451), known as the State Adverse Interest Act.~~

~~(3) The act of February 14, 2008 (P.L.6, No.3), known as the Right to Know Law.~~

~~(g) Expenses. A member shall not receive compensation or remuneration but shall be entitled to reimbursement for all reasonable and necessary expenses.~~

~~(h) Employees. The department shall provide administrative and other support to the management board. The management board may contract for or receive the loan of services of other individuals employed by other government agencies.~~

~~(i) Commonwealth agency. A management board established under this chapter shall constitute a public authority and instrumentality of the Commonwealth, exercising the powers of the Commonwealth. The exercise of the powers of the management~~

1 ~~board shall be deemed to be an essential government function.~~

2 ~~(j) Sovereign immunity. Members of the management board~~
3 ~~shall not be liable personally for any obligations of the~~
4 ~~management board. It is declared to be the intent of the General~~
5 ~~Assembly that the management board and its members shall enjoy~~
6 ~~sovereign and official immunity as provided in 1 Pa.C.S. § 2310~~
7 ~~(relating to sovereign immunity reaffirmed; specific waiver) and~~
8 ~~shall remain immune from suit except as provided by and subject~~
9 ~~to the provisions of 42 Pa.C.S. Ch. 85 Subchs. A (relating to~~
10 ~~general provisions) and B (relating to actions against~~
11 ~~Commonwealth parties).~~

12 ~~(k) Term of existence.~~

13 ~~(1) The management board shall exist for an initial term~~
14 ~~of at least seven years. The management board shall be~~
15 ~~renewed for seven year terms by the department unless:~~

16 ~~(i) the city has maintained a surplus over a three~~
17 ~~year period and the city's revenues have exceeded~~
18 ~~expenditures for a period of at least three years; or~~

19 ~~(ii) the department determines that the city has~~
20 ~~implemented the coordinator's plan.~~

21 ~~(2) Upon termination of the management board, records~~
22 ~~and documents of the board shall be transferred to the~~
23 ~~director of finance of the city. Within 60 days of~~
24 ~~termination, the management board shall submit a final report~~
25 ~~on its activities and the city's fiscal condition to the~~
26 ~~Governor, the Secretary of the Senate and the Chief Clerk of~~
27 ~~the House of Representatives.~~

28 ~~Section 604. Powers and duties.~~

29 ~~Notwithstanding any other provision of law, the management~~
30 ~~board shall have the following powers and duties:~~

1 ~~(1) To require the distressed city to implement the~~
2 ~~coordinator's plan.~~

3 ~~(2) To require the coordinator to make changes to the~~
4 ~~coordinator's plan as necessary to achieve financial~~
5 ~~stability of the distressed city.~~

6 ~~(3) To require the distressed city to negotiate~~
7 ~~intergovernmental cooperation agreements between the~~
8 ~~distressed city and other political subdivisions in order to~~
9 ~~eliminate and avoid deficits, maintain sound budgetary~~
10 ~~practices and avoid interruption of municipal services.~~

11 ~~(4) To make annual reports for submission to the~~
12 ~~department within 120 days after the close of the distressed~~
13 ~~city's fiscal year.~~

14 ~~(5) To require the distressed city to cause the sale,~~
15 ~~lease or other disposition of the distressed city's assets~~
16 ~~under section 605.~~

17 ~~(6) To approve or disapprove the execution of contracts~~
18 ~~and agreements by the distressed city.~~

19 ~~(7) To direct the distressed city to take any other~~
20 ~~action to implement the coordinator's plan.~~

21 ~~Section 605. Sale of assets.~~

22 ~~(a) Authority. The management board shall have the~~
23 ~~authority to determine that it is in the best financial~~
24 ~~interests of the distressed city to sell, lease or dispose of~~
25 ~~assets determined by the management board to be nonessential and~~
26 ~~owned by the distressed city.~~

27 ~~(b) Sale, lease or other disposition. The management board~~
28 ~~shall:~~

29 ~~(1) Identify appropriate assets for sale, lease or other~~
30 ~~disposition and direct the appropriate officials of the~~

~~1 distressed city to take all action necessary or appropriate
2 for the consummation of the sale, lease or other disposition
3 of assets.~~

~~4 (2) Direct the distressed city to sell, lease or
5 otherwise dispose of assets in conformity with all applicable
6 competitive bidding requirements.~~

~~7 (3) Direct the distressed city to undertake a
8 competitive bidding process, determine the winning bidder and
9 enter into an agreement of sale, lease or other disposition
10 with the winning bidder.~~

~~11 (4) Direct the distressed city to take all action
12 necessary to complete the sale, lease or disposition of the
13 assets.~~

~~14 (5) Direct the distressed city to take all action
15 necessary to complete any pending agreement for the sale,
16 lease or disposition of the assets, subject to approval by
17 the management board.~~

~~18 (c) Proceeds. The proceeds of the sale, lease or other
19 disposition of assets of a distressed city shall be applied to
20 the payment of any unpaid debt obligations owed by the
21 distressed city, as determined by the management board. Any
22 proceeds remaining after the payment of these obligations shall
23 be applied at the discretion of the management board to
24 restructure or to provide escrow for the payment of the
25 distressed city's future debt obligations.~~

~~26 (d) Enforcement. Notwithstanding any other provision of
27 law, if the distressed city fails to implement the coordinator's
28 plan as directed by the management board, the management board
29 may take any action necessary to implement the coordinator's
30 plan. The management board may issue written directives to the~~

~~1 officials of the distressed city requiring them to perform any
2 act deemed necessary by the management board to properly manage
3 the distressed city's financial affairs and to implement the
4 coordinator's plan. The management board may bring an action in
5 mandamus in the court of common pleas where the distressed city
6 is situated to compel compliance with its directives. The court
7 shall grant the petition for mandamus if the court finds that
8 the distressed city has failed to abide by any of the written
9 directives of the management board.~~

~~10 (e) Removal. If a management board determines that a
11 controlled authority is not taking the action necessary to sell,
12 lease or dispose of assets, the management board may remove the
13 board members of the controlled authority and appoint new board
14 members of the controlled authority.~~

~~15 Section 606. Limitation on bankruptcy.~~

~~16 Notwithstanding any other provision of law, including section
17 261, no distressed city may file a petition for relief under 11
18 U.S.C. Ch. 9 (relating to adjustment of debts of a municipality)
19 or any other Federal bankruptcy law, and no government agency
20 may authorize the distressed city to become a debtor under 11
21 U.S.C. Ch. 9 or any other Federal bankruptcy law.~~

~~22 Section 3. The heading of Chapter 6 and section 601 of the
23 act are renumbered to read:~~

~~24 CHAPTER [6] 20~~

~~25 TECHNICAL PROVISIONS~~

~~26 Section [601] 2001. Repeals.~~

~~27 Section 2501 C(e) and (f) of the act of April 9, 1929
28 (P.L.177, No.175), known as The Administrative Code of 1929, are
29 repealed insofar as they are inconsistent with this act.~~

~~30 The act of June 11, 1935 (P.L.323, No.146), entitled "An act~~

1 ~~designating the Department of Internal Affairs as the agency of~~
2 ~~the Commonwealth to approve or disapprove petitions to courts,~~
3 ~~and plans for the readjustment of debts of political~~
4 ~~subdivisions, under the act of Congress relating to the~~
5 ~~bankruptcy of political subdivisions; and defining the powers~~
6 ~~and duties of said department in relation thereto," is repealed~~
7 ~~insofar as it relates to a municipality as defined in section~~
8 ~~103 of this act.~~

9 ~~Section 4. Section 602 of the act, amended December 19, 1988~~
10 ~~(P.L.1272, No.157), is renumbered to read:~~

11 ~~Section [602] 2002. Expiration.~~

12 ~~Section 203(a)(5) shall expire upon publication in the~~
13 ~~Pennsylvania Bulletin of the notice required under section~~
14 ~~121(f).~~

15 ~~Section 5. Section 603 of the act is renumbered to read:~~

16 ~~Section [603] 2003. Effective date.~~

17 ~~This act shall take effect in 60 days.~~

18 ~~Section 6. The provisions of this act are severable. If any~~
19 ~~provision of this act or its application to any person or~~
20 ~~circumstance is held invalid, the invalidity shall not affect~~
21 ~~other provisions or applications of this act which can be given~~
22 ~~effect without the invalid provision or application.~~

23 ~~Section 7. This act shall take effect immediately.~~

24 SECTION 1. SECTION 102 OF THE ACT OF JULY 10, 1987 (P.L.246, ←
25 NO.47), KNOWN AS THE MUNICIPALITIES FINANCIAL RECOVERY ACT, IS
26 AMENDED TO READ:

27 SECTION 102. PURPOSE AND LEGISLATIVE INTENT.

28 (A) POLICY.--IT IS HEREBY DECLARED TO BE A PUBLIC POLICY OF
29 THE COMMONWEALTH TO FOSTER FISCAL INTEGRITY OF MUNICIPALITIES SO
30 THAT THEY PROVIDE FOR THE HEALTH, SAFETY AND WELFARE OF THEIR

1 CITIZENS; PAY DUE PRINCIPAL AND INTEREST ON THEIR DEBT
2 OBLIGATIONS WHEN DUE; MEET FINANCIAL OBLIGATIONS TO THEIR
3 EMPLOYEES, VENDORS AND SUPPLIERS; AND PROVIDE FOR PROPER
4 FINANCIAL ACCOUNTING PROCEDURES, BUDGETING AND TAXING PRACTICES.
5 THE FAILURE OF A MUNICIPALITY TO DO SO IS HEREBY DETERMINED TO
6 AFFECT ADVERSELY THE HEALTH, SAFETY AND WELFARE NOT ONLY OF THE
7 CITIZENS OF THE MUNICIPALITY BUT ALSO OF OTHER CITIZENS IN THIS
8 COMMONWEALTH.

9 (B) LEGISLATIVE INTENT.--THE GENERAL ASSEMBLY FINDS AND
10 DECLARES AS FOLLOWS:

11 (1) IT IS THE INTENT OF THE GENERAL ASSEMBLY TO:

12 (I) ENACT PROCEDURES AND PROVIDE POWERS AND
13 GUIDELINES TO ENSURE FISCAL INTEGRITY OF MUNICIPALITIES
14 WHILE LEAVING PRINCIPAL RESPONSIBILITY FOR CONDUCTING THE
15 GOVERNMENTAL AFFAIRS OF A MUNICIPALITY, INCLUDING
16 CHOOSING THE PRIORITIES FOR AND MANNER OF EXPENDITURES
17 BASED ON AVAILABLE REVENUES, TO THE CHARGE OF ITS ELECTED
18 OFFICIALS, CONSISTENT WITH THE PUBLIC POLICY SET FORTH IN
19 THIS SECTION.

20 (II) ENACT PROCEDURES FOR THE ADJUSTMENT OF
21 MUNICIPAL DEBT BY NEGOTIATED AGREEMENT WITH CREDITORS.

22 (III) PROVIDE FOR THE EXERCISE OF THE COMMONWEALTH'S
23 SOVEREIGN AND PLENARY POLICE POWER IN EMERGENCY FISCAL
24 CONDITIONS TO PROTECT THE HEALTH, SAFETY AND WELFARE OF A
25 MUNICIPALITY'S CITIZENS WHEN LOCAL OFFICIALS ARE
26 UNWILLING OR UNABLE TO ACCEPT A SOLVENCY PLAN DEVELOPED
27 FOR THE BENEFIT OF THE COMMUNITY.

28 (2) [THE GENERAL ASSEMBLY FURTHER RECOGNIZES THAT
29 CHANGING] CHANGING AND DETERIORATING ECONOMIC CONDITIONS,
30 DEVELOPING TECHNOLOGIES AND ATTENDANT UNEMPLOYMENT ERODE

1 LOCAL TAX BASES AND THREATEN ESSENTIAL MUNICIPAL SERVICES.
2 UNDER SUCH CIRCUMSTANCES, [THE GENERAL ASSEMBLY BELIEVES
3 THAT] SUCH DISTRESSED GOVERNMENTAL UNITS MAY NO LONGER BE
4 VIABLE AND THAT THE CITIZENS OF THOSE COMMUNITIES SHOULD BE
5 GRANTED THE OPPORTUNITY TO VOLUNTARILY CONSOLIDATE OR MERGE
6 THEIR MUNICIPALITIES WITH OTHER MUNICIPALITIES IN AN EFFORT
7 TO ALLOW MUNICIPAL BOUNDARIES TO REFLECT THE GEOGRAPHIC AND
8 ECONOMIC REALITIES OF A DISTRESSED AREA, TO MERGE A COMMON
9 COMMUNITY OF INTEREST, TO TAKE ADVANTAGE OF ECONOMIES OF
10 SCALE IN PROVIDING SERVICES AND TO CREATE AN EXPANDED REVENUE
11 BASE TO PROVIDE NECESSARY PUBLIC SERVICES TO THE CITIZENS OF
12 FINANCIALLY DISTRESSED MUNICIPALITIES.

13 (3) POLICIES OF CERTAIN MUNICIPALITIES ARE SO
14 INEFFECTIVE AND THE FINANCIAL CONDITIONS SO SEVERE THAT THE
15 PROVISION OF VITAL AND NECESSARY SERVICES IS THREATENED.

16 (4) SUSTAINED FAILURE OF A MUNICIPALITY TO ENACT OR
17 IMPLEMENT A FISCAL PLAN TO ADEQUATELY ADDRESS OR PREVENT
18 INSOLVENCY AFTER REPEATED OPPORTUNITIES TO DO SO:

19 (I) CONSTITUTES A FISCAL EMERGENCY; AND

20 (II) SIGNIFIES:

21 (A) A BREAKDOWN IN THE FUNCTION OF MUNICIPAL
22 GOVERNMENT;

23 (B) A DERELICTION OF ITS ELECTED OFFICIALS'
24 PARAMOUNT PUBLIC DUTY TO SAFEGUARD THE HEALTH, SAFETY
25 AND WELFARE OF ITS CITIZENS; AND

26 (C) A THREAT TO THE FISCAL STABILITY OF
27 NEIGHBORING COMMUNITIES.

28 (5) THE GOVERNOR MUST ACT, IN THE FACE OF A FISCAL
29 EMERGENCY UNDER PARAGRAPH (4) (I) AND DERELICTION OF OFFICIAL
30 DUTY UNDER PARAGRAPH (4) (II) (B), PURSUANT TO THE

1 COMMONWEALTH'S PARAMOUNT RIGHT AND DUTY TO MAINTAIN LAW AND
2 ORDER AND PROTECT AND PRESERVE THE HEALTH, SAFETY AND WELFARE
3 OF ITS CITIZENS AND ENSURE COMPLIANCE WITH THIS ACT UNDER
4 ARTICLE IX OF THE CONSTITUTION OF PENNSYLVANIA.

5 SECTION 2. THE ACT IS AMENDED BY ADDING CHAPTERS TO READ:

6 CHAPTER 6

7 FISCAL EMERGENCIES IN CITIES OF THE THIRD CLASS

8 SECTION 601. DEFINITIONS.

9 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER
10 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
11 CONTEXT CLEARLY INDICATES OTHERWISE:

12 "AUTHORITY." A MUNICIPAL AUTHORITY, PARKING AUTHORITY OR ANY
13 OTHER AUTHORITY OR CORPORATE ENTITY THAT IS DIRECTLY OR
14 INDIRECTLY CONTROLLED BY A DISTRESSED CITY OR TO WHICH A
15 DISTRESSED CITY HAS POWER OF APPOINTMENT.

16 "CITY." A CITY OF THE THIRD CLASS.

17 "DEBT OBLIGATIONS." ANY OBLIGATION TO PAY MONEY, INCLUDING
18 AMOUNTS OWED FOR PAYMENTS RELATING TO LEASE RENTAL DEBT, DEBT
19 SERVICE, BONDS, NOTES, GUARANTEES FOR BONDS OR NOTES, TRUST
20 INDENTURES OR OTHER AGREEMENTS.

21 "DISTRESSED CITY." A CITY WHICH HAS BEEN DETERMINED TO BE
22 FINANCIALLY DISTRESSED UNDER SECTION 203(F).

23 "FISCAL EMERGENCY." A DETERMINATION MADE BY THE GOVERNOR
24 UNDER SECTION 602(B).

25 "INSOLVENT." UNABLE TO MEET ALL FINANCIAL OBLIGATIONS AS
26 THEY BECOME DUE, INCLUDING PAYMENT OF DEBT OBLIGATIONS.

27 "VITAL AND NECESSARY SERVICES." BASIC AND FUNDAMENTAL
28 MUNICIPAL SERVICES, INCLUDING ANY OF THE FOLLOWING:

29 (1) POLICE AND FIRE SERVICES.

30 (2) AMBULANCE AND RESCUE SERVICES.

- 1 (3) WATER SUPPLY AND DISTRIBUTION.
2 (4) WASTEWATER SERVICES.
3 (5) REFUSE COLLECTION AND DISPOSAL.
4 (6) SNOW REMOVAL.
5 (7) FULFILLMENT OF FINANCIAL OBLIGATIONS NECESSARY FOR
6 THE CONTINUED PROVISION OF ONE OR MORE BASIC AND FUNDAMENTAL
7 MUNICIPAL SERVICES, INCLUDING PAYROLL AND PENSION
8 OBLIGATIONS, LEASE RENTAL DEBT AND ALL OTHER DEBT
9 OBLIGATIONS.

10 SECTION 602. DECLARATION OF FISCAL EMERGENCY.

11 (A) FISCAL EMERGENCY.--A FISCAL EMERGENCY EXISTS IF THE
12 DISTRESSED CITY:

13 (1) (I) IS INSOLVENT OR IS PROJECTED TO BE INSOLVENT
14 WITHIN 180 DAYS OR LESS; OR

15 (II) IS UNABLE TO ENSURE THE CONTINUED PROVISION OF
16 VITAL AND NECESSARY SERVICES; AND

17 (2) (I) HAS FAILED TO ADOPT OR FULLY IMPLEMENT THE
18 COORDINATOR'S PLAN; OR

19 (II) HAS FAILED TO ADOPT OR FULLY IMPLEMENT AN
20 ALTERNATIVE PLAN THAT THE SECRETARY HAS APPROVED UNDER
21 SECTION 246.

22 (B) GOVERNOR.--UPON MAKING A DETERMINATION THAT A STATE OF
23 FISCAL EMERGENCY EXISTS, THE GOVERNOR MAY DECLARE A STATE OF
24 FISCAL EMERGENCY WITHIN THE DISTRESSED CITY. IMMEDIATELY UPON
25 MAKING THE DECLARATION, THE GOVERNOR SHALL:

26 (1) PROVIDE WRITTEN NOTICE OF THE DECLARATION TO THE
27 GOVERNING BODY OF THE DISTRESSED CITY ALONG WITH A CONCISE
28 STATEMENT OF FACTS SUPPORTING THE DETERMINATION.

29 (2) DIRECT THE SECRETARY TO, WITHIN TEN DAYS OF THE
30 GOVERNOR'S DECLARATION, DEVELOP AN EMERGENCY ACTION PLAN TO

1 ENSURE THAT VITAL AND NECESSARY SERVICES ARE MAINTAINED
2 WITHIN THE CITY DURING THE STATE OF FISCAL EMERGENCY.

3 (C) SECRETARY.--IN DEVELOPING THE EMERGENCY ACTION PLAN, THE
4 SECRETARY SHALL CONSIDER THE FINANCIAL PLAN PREPARED BY THE
5 COORDINATOR UNDER SUBCHAPTER C OF CHAPTER 2 AND ANY OTHER
6 AVAILABLE PLAN OR INFORMATION THE SECRETARY DEEMS APPROPRIATE
7 AND MAY EMPLOY FINANCIAL OR LEGAL EXPERTS TO ASSIST IN
8 ADDRESSING THE FISCAL EMERGENCY. NOTWITHSTANDING ANY LAW TO THE
9 CONTRARY, THE EMPLOYMENT OF SUCH EXPERTS SHALL NOT BE SUBJECT TO
10 CONTRACTUAL COMPETITIVE BIDDING PROCEDURES.

11 SECTION 603. NOTIFICATION BY THE SECRETARY.

12 (A) NOTICE.--UPON COMPLETION OF THE EMERGENCY ACTION PLAN,
13 THE SECRETARY SHALL CAUSE THE PLAN TO BE POSTED ON THE
14 DEPARTMENT'S INTERNET WEBSITE AND SHALL PROVIDE WRITTEN NOTICE
15 OF THE EMERGENCY ACTION PLAN BY OVERNIGHT DELIVERY SERVICE,
16 PROVIDING PROOF OF RECEIPT, TO ALL MEMBERS OF THE GOVERNING BODY
17 AND THE CHIEF EXECUTIVE OFFICER OF THE DISTRESSED CITY.

18 (B) PUBLICATION.--THE SECRETARY SHALL PUBLISH ONCE IN A
19 NEWSPAPER OF GENERAL CIRCULATION NOTICE THAT THE EMERGENCY
20 ACTION PLAN HAS BEEN COMPLETED. THE NOTICE SHALL SPECIFY THE
21 INTERNET ADDRESS OF THE DEPARTMENT'S WEBSITE WHERE THE PLAN IS
22 POSTED.

23 SECTION 604. POWERS OF THE GOVERNOR.

24 (A) POWERS.--DURING THE STATE OF FISCAL EMERGENCY, THE
25 GOVERNOR MAY EXERCISE THE AUTHORITY OF THE ELECTED OR APPOINTED
26 OFFICIALS OF THE DISTRESSED CITY OR AUTHORITY AS NECESSARY TO
27 ENSURE THE PROVISION OF VITAL AND NECESSARY SERVICES AND MAY
28 DELEGATE THE AUTHORITY TO THE SECRETARY OR A DESIGNEE OF THE
29 SECRETARY. THE EMERGENCY POWERS OF THE GOVERNOR SHALL INCLUDE
30 THE FOLLOWING:

1 (1) THE POWER TO COLLECT FUNDS PAYABLE TO THE DISTRESSED
2 CITY AND AUTHORITY AND USE THOSE FUNDS TO PAY FOR VITAL AND
3 NECESSARY SERVICES.

4 (2) THE POWER TO OBTAIN EMERGENCY FINANCIAL AID FOR THE
5 DISTRESSED CITY AND AUTHORITY UNDER CHAPTER 3 TO PAY FOR
6 VITAL AND NECESSARY SERVICES.

7 (3) THE POWER TO ENTER INTO CONTRACTS AND AGREEMENTS ON
8 BEHALF OF THE DISTRESSED CITY AND AUTHORITY TO PAY FOR VITAL
9 AND NECESSARY SERVICES.

10 (4) THE POWER TO MODIFY THE EMERGENCY ACTION PLAN AS
11 NECESSARY TO ENSURE THE PROVISION OF VITAL AND NECESSARY
12 SERVICES.

13 (5) ANY OTHER POWER OF THE ELECTED OR APPOINTED
14 OFFICIALS OF THE DISTRESSED CITY OR AUTHORITY TO ENSURE THE
15 PROVISION OF VITAL AND NECESSARY SERVICES.

16 (B) ORDERS.--THE GOVERNOR MAY ISSUE AN ORDER TO AN ELECTED
17 OR APPOINTED OFFICIAL OF THE DISTRESSED CITY OR AN AUTHORITY TO
18 IMPLEMENT ANY PROVISION OF THE EMERGENCY ACTION PLAN OR REFRAIN
19 FROM TAKING ANY ACTION THAT WOULD INTERFERE WITH THE POWERS
20 GRANTED TO THE GOVERNOR OR THE GOALS OF THE PLAN. AN ORDER
21 ISSUED UNDER THIS SUBSECTION SHALL BE ENFORCEABLE UNDER SECTION
22 606.

23 (C) AUTHORIZATION PROHIBITED.--NEITHER THIS CHAPTER NOR THE
24 EMERGENCY ACTION PLAN SHALL BE INTERPRETED TO AUTHORIZE THE
25 GOVERNOR TO:

26 (1) UNILATERALLY LEVY TAXES;

27 (2) UNILATERALLY ABROGATE, ALTER OR OTHERWISE INTERFERE
28 WITH A LIEN, CHARGE, COVENANT OR RELATIVE PRIORITY THAT IS:

29 (I) HELD BY A HOLDER OF A DEBT OBLIGATION OF A
30 DISTRESSED CITY; AND

1 (II) GRANTED BY THE CONTRACT, LAW, RULE OR
2 REGULATION GOVERNING THE DEBT OBLIGATION.

3 (3) UNILATERALLY IMPAIR OR MODIFY EXISTING BONDS, NOTES,
4 MUNICIPAL SECURITIES OR OTHER UNCONTESTED CONTRACTUAL OR
5 LEGAL OBLIGATIONS OF THE DISTRESSED CITY OR AUTHORITY.

6 (4) AUTHORIZE THE USE OF THE PROCEEDS OF THE SALE,
7 LEASE, CONVEYANCE, ASSIGNMENT OR OTHER USE OR DISPOSITION OF
8 THE ASSETS OF THE DISTRESSED CITY OR AUTHORITIES IN A MANNER
9 CONTRARY TO SECTION 707.

10 (5) PLEDGE THE FULL FAITH AND CREDIT OF THE
11 COMMONWEALTH.

12 SECTION 605. ELECTED AND APPOINTED OFFICIALS.

13 DURING A FISCAL EMERGENCY, THE AUTHORITIES AND ELECTED
14 OFFICIALS OF THE DISTRESSED CITY SHALL CONTINUE TO CARRY OUT THE
15 DUTIES OF THEIR RESPECTIVE OFFICES, EXCEPT THAT NO DECISION OR
16 ACTION SHALL CONFLICT WITH AN EMERGENCY ACTION PLAN, ORDER OR
17 EXERCISE OF POWER BY THE GOVERNOR UNDER SECTION 604.

18 SECTION 606. MANDAMUS.

19 THE GOVERNOR MAY PETITION COMMONWEALTH COURT TO ISSUE A WRIT
20 OF MANDAMUS UPON ANY ELECTED OR APPOINTED OFFICIAL OF THE
21 DISTRESSED CITY OR AUTHORITY TO SECURE COMPLIANCE WITH AN ORDER
22 ISSUED UNDER SECTION 604(B). THE COURT SHALL GRANT THE RELIEF
23 REQUESTED WITHIN 14 DAYS OF THE FILING OF THE PETITION IF IT
24 DETERMINES THAT THE ORDER WAS ISSUED IN COMPLIANCE WITH THIS
25 CHAPTER.

26 SECTION 607. CONSENT AGREEMENT.

27 (A) NEGOTIATIONS.--WITHIN EIGHT DAYS OF THE DECLARATION OF A
28 FISCAL EMERGENCY, THE GOVERNING BODY AND CHIEF EXECUTIVE OFFICER
29 OF THE DISTRESSED CITY SHALL CONVENE A SPECIAL PUBLIC MEETING TO
30 NEGOTIATE A CONSENT AGREEMENT. THE MEETING SHALL BE ATTENDED BY

1 THE SECRETARY OR SECRETARY'S DESIGNEE. NEGOTIATIONS AMONG
2 CREDITORS AND ANY OF THE PARTIES IN THIS SUBSECTION SHALL BE
3 CONDUCTED IN ACCORDANCE WITH SECTION 223(B).

4 (B) CONTENTS.--

5 (1) THE CONSENT AGREEMENT SHALL INCORPORATE A PLAN
6 SETTING FORTH MEASURES DESIGNED TO PROVIDE LONG-TERM
7 FINANCIAL STABILITY TO THE DISTRESSED CITY AFTER THE
8 TERMINATION OF THE FISCAL EMERGENCY.

9 (2) THE CONSENT AGREEMENT SHALL INCLUDE ALL OF THE
10 FOLLOWING:

11 (I) CONTINUED PROVISION OF VITAL AND NECESSARY
12 SERVICES.

13 (II) PAYMENT OF THE FINANCIAL OBLIGATIONS OF THE
14 DISTRESSED CITY AND AUTHORITY. THIS SUBPARAGRAPH
15 INCLUDES DEBT OBLIGATIONS, MUNICIPAL SECURITIES, LEASE
16 RENTAL OBLIGATIONS, UNCONTESTED LEGAL OBLIGATIONS AND
17 CONSENSUAL MODIFICATIONS OF EXISTING OBLIGATIONS.

18 (III) TIMELY DEPOSIT OF REQUIRED PAYMENTS TO THE
19 PENSION FUND FOR THE DISTRESSED CITY AND EACH AUTHORITY
20 OR THE FUND IN WHICH THE DISTRESSED CITY AND EACH
21 AUTHORITY PARTICIPATES.

22 (IV) LEGISLATIVE AND ADMINISTRATIVE ACTIONS TO BE
23 TAKEN BY THE ELECTED OR APPOINTED OFFICIALS OF THE
24 DISTRESSED CITY DURING THE TERM OF THE CONSENT AGREEMENT.

25 (3) THE CONSENT AGREEMENT MAY INCLUDE:

26 (I) THE SALE, LEASE, CONVEYANCE, ASSIGNMENT OR OTHER
27 USE OR DISPOSITION OF THE ASSETS OF THE DISTRESSED CITY
28 OR AUTHORITY.

29 (II) APPROVAL, MODIFICATION, REJECTION,
30 RENEGOTIATION OR TERMINATION OF CONTRACTS OR AGREEMENTS

1 OF THE DISTRESSED CITY OR AUTHORITIES.

2 (III) EXECUTION OF NEW CONTRACTS OR AGREEMENTS.

3 (4) THE CONSENT AGREEMENT MAY NOT INCLUDE ANY OF THE
4 FOLLOWING:

5 (I) PROJECTIONS OF REVENUE FROM A TAX OR TAX RATE
6 NOT CURRENTLY AUTHORIZED BY LAW.

7 (II) PROVISIONS THAT UNILATERALLY ABROGATE, ALTER OR
8 OTHERWISE INTERFERE WITH A LIEN, CHARGE, COVENANT OR
9 RELATIVE PRIORITY, THAT IS:

10 (A) HELD BY A HOLDER OF A DEBT OBLIGATION OF A
11 DISTRESSED CITY; AND

12 (B) GRANTED BY THE CONTRACT, LAW, RULE OR
13 REGULATION GOVERNING THE DEBT OBLIGATION.

14 (III) PROVISIONS THAT UNILATERALLY IMPAIR OR MODIFY
15 EXISTING BONDS, NOTES OR MUNICIPAL SECURITIES.

16 (IV) PROVISIONS THAT AUTHORIZE THE USE OF THE
17 PROCEEDS OF THE SALE, LEASE, CONVEYANCE, ASSIGNMENT OR
18 OTHER USE OR DISPOSITION OF THE ASSETS OF THE DISTRESSED
19 CITY OR AUTHORITIES IN A MANNER CONTRARY TO SECTION 707.

20 (V) ANY INCREASE IN THE RATE OF AN EARNED INCOME TAX
21 IMPOSED ON NONRESIDENT WORKERS.

22 (C) ORDINANCE.--NOTWITHSTANDING ANY LAW TO THE CONTRARY, THE
23 FOLLOWING SHALL APPLY:

24 (1) UPON APPROVAL BY A MAJORITY OF THE GOVERNING BODY OF
25 THE DISTRESSED CITY, THE CONSENT AGREEMENT SHALL BE PRESENTED
26 TO THE SECRETARY WITHIN 20 DAYS OF THE DECLARATION OF FISCAL
27 EMERGENCY.

28 (2) THE SECRETARY SHALL APPROVE OR DISAPPROVE THE
29 CONSENT AGREEMENT WITHIN THREE DAYS.

30 (3) IF THE SECRETARY DETERMINES THAT THE CONSENT

1 AGREEMENT IS SUFFICIENT TO OVERCOME THE DISTRESSED CITY'S
2 FINANCIAL DISTRESS AND APPROVES THE AGREEMENT, THE GOVERNING
3 BODY SHALL ENACT THE CONSENT AGREEMENT IN THE FORM OF AN
4 ORDINANCE WITHIN SEVEN DAYS OF APPROVAL BY THE SECRETARY.

5 (4) THE ORDINANCE SHALL PROVIDE THAT, IN THE EVENT OF A
6 BREACH OR UNILATERAL MODIFICATION OF THE CONSENT DECREE BY
7 THE GOVERNING BODY OR AN ELECTED OR APPOINTED OFFICIAL, THE
8 GOVERNOR MAY INSTITUTE OR REINSTITUTE PROCEEDINGS UNDER
9 CHAPTER 7.

10 (D) CONSENT TO PROCEEDINGS UNDER CHAPTER 7.--IN ADDITION TO
11 BREACH OR MODIFICATION OF THE CONSENT AGREEMENT UNDER SUBSECTION
12 (C), THE FOLLOWING SHALL BE DEEMED CONSENT TO PROCEEDINGS UNDER
13 CHAPTER 7:

14 (1) FAILURE OF THE GOVERNING BODY OF THE DISTRESSED CITY
15 TO CONVENE, OR THE FAILURE OF A QUORUM OF THE GOVERNING BODY
16 TO PARTICIPATE IN, A SPECIAL PUBLIC MEETING REQUIRED BY
17 SUBSECTION (A).

18 (2) FAILURE OF THE GOVERNING BODY OR CHIEF EXECUTIVE
19 OFFICER TO ENACT A VALID ORDINANCE UNDER SUBSECTION (C).

20 (3) FAILURE OF THE DISTRESSED CITY TO COMPLY WITH THE
21 CONSENT AGREEMENT OR PROVISION OF AN ORDINANCE ENACTED UNDER
22 SUBSECTION (C).

23 (4) ENACTMENT BY THE DISTRESSED CITY OF AN AMENDMENT TO
24 THE ORDINANCE ENACTED IN SUBSECTION (C) IN VIOLATION OF
25 SUBSECTION (E).

26 (E) AMENDMENT.--THE ORDINANCE MAY BE AMENDED UPON THE
27 APPROVAL OF THE SECRETARY.

28 (F) COLLECTIVE BARGAINING.--A COLLECTIVE BARGAINING
29 AGREEMENT OR ARBITRATION SETTLEMENT EXECUTED FOLLOWING ENACTMENT
30 OF AN ORDINANCE UNDER THIS SECTION IS VOID TO THE EXTENT THAT IT

1 VIOLATES, EXPANDS OR DIMINISHES THE PROVISIONS OF THE CONSENT
2 AGREEMENT.

3 SECTION 608. TERMINATION OF FISCAL EMERGENCY AND SUSPENSION OF
4 POWERS.

5 (A) FINANCIAL EMERGENCY.--A FISCAL EMERGENCY SHALL END UPON
6 CERTIFICATION BY THE SECRETARY THAT THE CITY IS NO LONGER
7 FINANCIALLY DISTRESSED.

8 (B) GOVERNOR'S POWERS.--THE EMERGENCY POWERS OF THE GOVERNOR
9 UNDER THIS CHAPTER SHALL BE SUSPENDED UPON THE ENACTMENT AND
10 CONTINUED IMPLEMENTATION OF AN ORDINANCE UNDER SECTION 607 OR
11 ENTRY OF A JUDICIAL ORDER APPOINTING A RECEIVER UNDER SECTION
12 702.

13 SECTION 609. RESTRICTIONS.

14 (A) EARNED INCOME TAX ON NONRESIDENTS.--A DISTRESSED CITY
15 SUBJECT TO THIS CHAPTER OR CHAPTER 7 MAY NOT PETITION A COURT OF
16 COMMON PLEAS FOR AN INCREASE IN THE RATE OF AN EARNED INCOME TAX
17 IMPOSED ON NONRESIDENT WORKERS UNDER SECTION 123(C) UNTIL THE
18 SECRETARY TERMINATES THE DISTRESS STATUS OF THE CITY UNDER
19 SECTION 253.

20 (B) MUNICIPAL DEBT ADJUSTMENT.--A DISTRESSED CITY SUBJECT TO
21 THIS CHAPTER OR CHAPTER 7 MAY NOT FILE A MUNICIPAL DEBT
22 ADJUSTMENT ACTION UNDER FEDERAL LAW EXCEPT TO THE EXTENT
23 AUTHORIZED UNDER CHAPTER 7.

24 SECTION 610. APPLICABILITY.

25 (A) STATEMENT.--

26 (1) THIS CHAPTER SHALL APPLY ONLY TO DISTRESSED CITIES.

27 (2) EXCEPT AS SET FORTH IN SUBSECTION (B), NOTHING IN
28 THIS CHAPTER IS INTENDED TO LIMIT OR OTHERWISE ABROGATE THE
29 APPLICABILITY OF ANY OTHER PART OF THIS ACT.

30 (B) CONFLICT.--IF THERE IS A CONFLICT BETWEEN A PROVISION OF

1 THIS CHAPTER AND ANY OTHER PROVISION OF THIS ACT, THE PROVISION
2 OF THIS CHAPTER SHALL PREVAIL.

3 CHAPTER 7

4 RECEIVERSHIP IN CITIES OF THE THIRD CLASS

5 SECTION 701. DEFINITIONS.

6 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER
7 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
8 CONTEXT CLEARLY INDICATES OTHERWISE:

9 "AUTHORITY." A MUNICIPAL AUTHORITY, PARKING AUTHORITY OR ANY
10 OTHER AUTHORITY OR CORPORATE ENTITY THAT IS DIRECTLY OR
11 INDIRECTLY CONTROLLED BY A DISTRESSED CITY OR TO WHICH A
12 DISTRESSED CITY HAS POWER OF APPOINTMENT.

13 "CITY." A CITY OF THE THIRD CLASS.

14 "DEBT OBLIGATIONS." ANY OBLIGATION TO PAY MONEY, INCLUDING
15 AMOUNTS OWED FOR PAYMENTS RELATING TO LEASE RENTAL DEBT, DEBT
16 SERVICE, BONDS, NOTES, GUARANTEES FOR BONDS OR NOTES, TRUST
17 INDENTURES OR OTHER AGREEMENTS.

18 "DISTRESSED CITY." A CITY WHICH HAS BEEN DETERMINED TO BE
19 FINANCIALLY DISTRESSED UNDER SECTION 203(F).

20 "FISCAL EMERGENCY." A DETERMINATION MADE BY THE GOVERNOR
21 UNDER SECTION 602(B).

22 "INSOLVENT." UNABLE TO MEET ALL FINANCIAL OBLIGATIONS AS
23 THEY BECOME DUE, INCLUDING PAYMENT OF DEBT OBLIGATIONS.

24 "VITAL AND NECESSARY SERVICES." BASIC AND FUNDAMENTAL
25 MUNICIPAL SERVICES, INCLUDING ANY OF THE FOLLOWING:

26 (1) POLICE AND FIRE SERVICES.

27 (2) AMBULANCE AND RESCUE SERVICES.

28 (3) WATER SUPPLY AND DISTRIBUTION.

29 (4) WASTEWATER SERVICES.

30 (5) REFUSE COLLECTION AND DISPOSAL.

1 (6) SNOW REMOVAL.

2 (7) FULFILLMENT OF FINANCIAL OBLIGATIONS NECESSARY FOR
3 THE CONTINUED PROVISION OF ONE OR MORE BASIC AND FUNDAMENTAL
4 MUNICIPAL SERVICES, INCLUDING PAYROLL AND PENSION
5 OBLIGATIONS, LEASE RENTAL DEBT AND ALL OTHER DEBT
6 OBLIGATIONS.

7 SECTION 702. RECEIVERSHIP.

8 (A) RECEIVER.--FOLLOWING THE ISSUANCE OF A DECLARATION OF
9 FISCAL EMERGENCY UNDER SECTION 602(B), THE GOVERNOR MAY DIRECT
10 THE SECRETARY TO FILE A PETITION IN COMMONWEALTH COURT TO
11 APPOINT THE INDIVIDUAL NAMED IN THE PETITION AS A RECEIVER FOR
12 THE DISTRESSED CITY. THE COURT SHALL HAVE NO AUTHORITY TO
13 APPOINT ANYONE OTHER THAN THE INDIVIDUAL NAMED IN THE PETITION
14 AS THE RECEIVER.

15 (B) SERVICE AND NOTICE.--

16 (1) THE SECRETARY SHALL SERVE THE PETITION UPON:

17 (I) THE GOVERNING BODY OF THE DISTRESSED CITY;

18 (II) THE CHIEF EXECUTIVE OFFICER OF THE DISTRESSED
19 CITY; AND

20 (III) THE GOVERNING BODY OF EACH AUTHORITY.

21 (2) THE SECRETARY MUST PUBLISH NOTICE OF THE FILING OF
22 THE PETITION ONCE IN A NEWSPAPER OF GENERAL CIRCULATION.

23 (C) HEARING.--WITHIN 15 DAYS OF THE FAILURE OF THE
24 DISTRESSED CITY TO ADOPT A VALID ORDINANCE UNDER SECTION 607,
25 THE COMMONWEALTH COURT SHALL CONDUCT A HEARING ON THE PETITION.

26 (D) DETERMINATION.--NO LATER THAN 60 DAYS FOLLOWING THE
27 FILING OF A PETITION UNDER THIS SECTION, THE COURT SHALL ISSUE
28 AN ORDER UNDER SUBSECTION (E) IF IT FINDS BY A PREPONDERANCE OF
29 THE EVIDENCE THAT ALL OF THE FOLLOWING APPLY:

30 (1) THIRTY DAYS HAVE PASSED SINCE THE DECLARATION OF A

1 FISCAL EMERGENCY.

2 (2) THERE HAS BEEN A FAILURE BY:

3 (I) THE GOVERNING BODY OF THE DISTRESSED CITY TO
4 ADOPT A CONSENT AGREEMENT ACCEPTABLE TO THE SECRETARY
5 UNDER SECTION 607;

6 (II) THE GOVERNING BODY OF THE DISTRESSED CITY TO
7 FULLY IMPLEMENT A CONSENT AGREEMENT ACCEPTABLE TO THE
8 SECRETARY UNDER SECTION 607; OR

9 (III) AN ELECTED OR APPOINTED OFFICIAL OF THE
10 DISTRESSED CITY OR AUTHORITY TO STRICTLY COMPLY WITH AN
11 ORDER ISSUED BY THE GOVERNOR UNDER SECTION 604.

12 (3) A FISCAL EMERGENCY UNDER SECTION 602(A) CONTINUES TO
13 EXIST.

14 (E) ORDER.--AN ORDER ISSUED UNDER SUBSECTION (E) SHALL:

15 (1) SET FORTH THE FINDINGS UNDER SUBSECTION (D);

16 (2) GRANT THE PETITION AND DECLARES THE DISTRESSED CITY
17 TO BE IN RECEIVERSHIP;

18 (3) APPOINT THE INDIVIDUAL NAMED IN THE PETITION TO BE
19 THE RECEIVER FOR A PERIOD NOT TO EXCEED TWO YEARS, SUBJECT TO
20 EXTENSION UNDER SECTION 710(B);

21 (4) DIRECT THE RECEIVER TO DEVELOP A RECOVERY PLAN UNDER
22 SECTION 703 AND SUBMIT IT TO THE COURT, THE GOVERNING BODY OF
23 THE DISTRESSED CITY AND THE SECRETARY; AND

24 (5) REQUIRE AND EMPOWER THE RECEIVER TO IMPLEMENT THE
25 EMERGENCY ACTION PLAN DEVELOPED BY THE SECRETARY UNDER
26 SECTION 602 UNTIL A RECOVERY PLAN DEVELOPED BY THE RECEIVER
27 IS APPROVED BY THE COURT UNDER SECTION 703.

28 SECTION 703. RECOVERY PLAN.

29 (A) ISSUANCE.--WITHIN 30 DAYS OF THE APPOINTMENT OF THE
30 RECEIVER, THE RECOVERY PLAN REQUIRED UNDER SECTION 702(E) (4)

1 SHALL BE FURNISHED TO COMMONWEALTH COURT, THE SECRETARY AND THE
2 GOVERNING BODY AND CHIEF EXECUTIVE OFFICER OF THE DISTRESSED
3 CITY.

4 (B) CONTENTS.--THE RECEIVER SHALL CONSIDER THE PLAN PREPARED
5 BY THE COORDINATOR UNDER SECTION 241 AND ANY OTHER EXISTING
6 ALTERNATE PLANS IN THE DEVELOPMENT OF THE RECOVERY PLAN. THE
7 FOLLOWING SHALL APPLY:

8 (1) THE RECOVERY PLAN SHALL PROVIDE FOR ALL OF THE
9 FOLLOWING:

10 (I) CONTINUED PROVISION OF VITAL AND NECESSARY
11 SERVICES.

12 (II) PAYMENT OF THE FINANCIAL OBLIGATIONS OF THE
13 DISTRESSED CITY AND AUTHORITIES. THIS SUBPARAGRAPH
14 INCLUDES DEBT OBLIGATIONS, MUNICIPAL SECURITIES, LEASE
15 RENTAL OBLIGATIONS, UNCONTESTED LEGAL OBLIGATIONS AND
16 CONSENSUAL MODIFICATIONS OF EXISTING OBLIGATIONS.

17 (III) TIMELY DEPOSIT OF REQUIRED PAYMENTS TO THE
18 PENSION FUND IN WHICH THE DISTRESSED CITY AND EACH
19 AUTHORITY PARTICIPATES.

20 (2) THE RECOVERY PLAN MAY INLCUDE:

21 (I) THE SALE, LEASE, CONVEYANCE, ASSIGNMENT OR OTHER
22 USE OR DISPOSITION OF THE ASSETS OF THE DISTRESSED CITY
23 OR AUTHORITY;

24 (II) THE APPROVAL, MODIFICATION, REJECTION,
25 RENEGOTIATION OR TERMINATION OF CONTRACTS OR AGREEMENTS
26 OF THE DISTRESSED CITY OR AUTHORITIES;

27 (III) THE EXECUTION OF NEW CONTRACTS OR AGREEMENTS;
28 AND

29 (IV) OTHER INFORMATION THE RECEIVER DEEMS
30 APPROPRIATE.

1 (C) RESTRICTIONS.--THE RECOVERY PLAN MAY NOT DO ANY OF THE
2 FOLLOWING:

3 (1) UNILATERALLY LEVY TAXES.

4 (2) UNILATERALLY ABROGATE, ALTER OR OTHERWISE INTERFERE
5 WITH A LIEN, CHARGE, COVENANT OR RELATIVE PRIORITY THAT IS:

6 (I) HELD BY A HOLDER OF A DEBT OBLIGATION OF A
7 DISTRESSED CITY; AND

8 (II) GRANTED BY THE CONTRACT, LAW, RULE OR
9 REGULATION GOVERNING THE DEBT OBLIGATION.

10 (3) UNILATERALLY IMPAIR OR MODIFY EXISTING BONDS, NOTES
11 OR MUNICIPAL SECURITIES.

12 (4) AUTHORIZE THE USE OF THE PROCEEDS OF THE SALE,
13 LEASE, CONVEYANCE, ASSIGNMENT OR OTHER USE OR DISPOSITION OF
14 THE ASSETS OF THE DISTRESSED CITY OR AUTHORITY IN A MANNER
15 CONTRARY TO SECTION 707.

16 (D) CONFIRMATION.--COMMONWEALTH COURT SHALL CONDUCT A
17 HEARING ON THE RECOVERY PLAN WITHIN 30 DAYS OF THE RECEIPT OF
18 THE PLAN FROM THE RECEIVER. THE COURT SHALL CONFIRM THE PLAN
19 WITHIN 60 DAYS OF THE RECEIPT OF THE PLAN UNLESS IT FINDS CLEAR
20 AND CONVINCING EVIDENCE THAT THE PLAN IS ARBITRARY, CAPRICIOUS
21 OR WHOLLY INADEQUATE TO ALLEVIATE THE FISCAL EMERGENCY IN THE
22 DISTRESSED CITY.

23 (E) MODIFICATION OF PLAN.--THE RECEIVER SHALL NOTIFY THE
24 COMMONWEALTH COURT OF ANY MODIFICATION TO THE PLAN. THE COURT
25 MAY CONDUCT A HEARING ON THE MODIFICATION WITHIN 30 DAYS OF ITS
26 RECEIPT. THE COURT SHALL CONFIRM THE MODIFICATION WITHIN 60 DAYS
27 OF RECEIPT OF THE MODIFICATION UNLESS IT FINDS CLEAR AND
28 CONVINCING EVIDENCE THAT THE RECOVERY PLAN AS MODIFIED IS
29 ARBITRARY, CAPRICIOUS OR WHOLLY INADEQUATE TO ALLEVIATE THE
30 FISCAL EMERGENCY IN THE DISTRESSED CITY.

1 SECTION 704. CONFIRMATION.

2 (A) EFFECT OF CONFIRMATION.--THE CONFIRMATION OF THE
3 RECOVERY PLAN AND ANY MODIFICATION TO THE RECEIVER'S PLAN UNDER
4 SECTION 703 SHALL HAVE THE EFFECT OF:

5 (1) IMPOSING ON THE ELECTED AND APPOINTED OFFICIALS OF
6 THE DISTRESSED CITY OR AN AUTHORITY A MANDATORY DUTY TO
7 UNDERTAKE THE ACTS SET FORTH IN THE RECOVERY PLAN;

8 (2) SUSPENDING THE AUTHORITY OF THE ELECTED AND
9 APPOINTED OFFICIALS OF THE DISTRESSED CITY OR AN AUTHORITY TO
10 EXERCISE POWER ON BEHALF OF THE DISTRESSED CITY OR AUTHORITY
11 PURSUANT TO LAW, CHARTER, ORDINANCE, RULE OR REGULATION TO
12 THE EXTENT THAT THE POWER WOULD INTERFERE WITH THE POWERS
13 GRANTED TO THE RECEIVER OR THE GOALS OF THE RECOVERY PLAN;
14 AND

15 (3) SUPERSEDING THE EMERGENCY ACTION PLAN DEVELOPED BY
16 THE SECRETARY UNDER SECTION 602.

17 (B) FORM OF GOVERNMENT.--CONFIRMATION OF THE RECOVERY PLAN
18 AND ANY MODIFICATION TO THE PLAN UNDER SECTION 703 SHALL NOT BE
19 CONSTRUED TO:

20 (1) CHANGE THE FORM OF GOVERNMENT OF THE DISTRESSED CITY
21 OR AN AUTHORITY; OR

22 (2) EXCEPT AS SET FORTH IN SUBSECTION (A), AFFECT POWERS
23 AND DUTIES OF ELECTED AND APPOINTED OFFICIALS OF THE
24 DISTRESSED CITY OR AN AUTHORITY.

25 (C) COLLECTIVE BARGAINING.--A COLLECTIVE BARGAINING
26 AGREEMENT OR ARBITRATION SETTLEMENT EXECUTED AFTER CONFIRMATION
27 OF A RECOVERY PLAN IS VOID TO THE EXTENT THAT IT VIOLATES,
28 EXPANDS OR DIMINISHES THE PROVISIONS OF THE RECOVERY PLAN.

29 SECTION 705. RECEIVER.

30 (A) APPOINTMENT.--THE COURT SHALL APPOINT THE RECEIVER AS

1 PROVIDED UNDER SECTION 702.

2 (B) QUALIFICATIONS.--THE RECEIVER SHALL HAVE THE FOLLOWING
3 QUALIFICATIONS:

4 (1) HAVE A MINIMUM OF FIVE YEARS' EXPERIENCE AND
5 DEMONSTRABLE EXPERTISE IN BUSINESS, FINANCIAL OR LOCAL OR
6 STATE BUDGETARY MATTERS.

7 (2) BE A RESIDENT OF THIS COMMONWEALTH FOR AT LEAST ONE
8 YEAR PRIOR TO THE APPOINTMENT.

9 (C) VACANCY.--A VACANCY IN THE OFFICE OF THE RECEIVER SHALL
10 BE FILLED IN THE SAME MANNER AS THE ORIGINAL APPOINTMENT.

11 (D) REVOCATION.--UPON APPLICATION BY THE SECRETARY, THE
12 APPOINTMENT OF THE RECEIVER SHALL BE REVOKED AND THE RECEIVER
13 SHALL BE REPLACED BY THE INDIVIDUAL NAMED IN THE APPLICATION.
14 THE COURT SHALL HAVE NO AUTHORITY TO APPOINT ANYONE OTHER THAN
15 THE INDIVIDUAL NAMED IN THE APPLICATION AS THE RECEIVER.

16 (E) COMPENSATION AND EXPENSES.--THE RECEIVER'S COMPENSATION
17 AND REIMBURSEMENT FOR ACTUAL AND NECESSARY EXPENSES SHALL BE
18 PAID BY THE COMMONWEALTH. COMPENSATION SHALL BE ESTABLISHED BY
19 THE SECRETARY.

20 (F) PROHIBITIONS.--THE RECEIVER SHALL NOT:

21 (1) SEEK OR HOLD A POSITION AS ANY OTHER ELECTED OR
22 APPOINTED PUBLIC OFFICIAL WITHIN THIS COMMONWEALTH OR AS A
23 POLITICAL PARTY OFFICER DURING THE TERM OF THE RECEIVERSHIP.

24 (2) SEEK ELECTION AS A PUBLIC OFFICIAL OR POLITICAL
25 PARTY OFFICER FOR ONE YEAR AFTER THE PERSON'S SERVICE AS
26 RECEIVER HAS ENDED.

27 (3) ENGAGE IN ANY CONDUCT PROHIBITED BY THE ACT OF JULY
28 19, 1957 (P.L.1017, NO.451), KNOWN AS THE STATE ADVERSE
29 INTEREST ACT, OR 65 PA.C.S. CH. 11 (RELATING TO ETHICS
30 STANDARDS AND FINANCIAL DISCLOSURE).

1 (G) LIABILITY.--THE RECEIVER SHALL NOT BE LIABLE PERSONALLY
2 FOR ANY OBLIGATIONS OF THE DISTRESSED CITY. IT IS DECLARED TO BE
3 THE INTENT OF THE GENERAL ASSEMBLY THAT THE RECEIVER SHALL ENJOY
4 SOVEREIGN AND OFFICIAL IMMUNITY AS PROVIDED IN 1 PA.C.S. § 2310
5 (RELATING TO SOVEREIGN IMMUNITY REAFFIRMED; SPECIFIC WAIVER) AND
6 SHALL REMAIN IMMUNE FROM SUIT EXCEPT AS PROVIDED BY AND SUBJECT
7 TO THE PROVISIONS OF 42 PA.C.S. CH. 85 SUBCHS. A (RELATING TO
8 GENERAL PROVISIONS) AND B (RELATING TO ACTIONS AGAINST
9 COMMONWEALTH PARTIES).

10 SECTION 706. POWERS, DUTIES AND PROHIBITED ACTIONS.

11 (A) POWERS AND DUTIES.--NOTWITHSTANDING ANY OTHER PROVISION
12 OF LAW, THE RECEIVER SHALL HAVE THE FOLLOWING POWERS AND DUTIES:

13 (1) TO REQUIRE THE DISTRESSED CITY TO TAKE ACTIONS
14 NECESSARY TO IMPLEMENT THE RECOVERY PLAN UNDER SECTION 703.

15 (2) TO MODIFY THE RECOVERY PLAN AS NECESSARY TO ACHIEVE
16 FINANCIAL STABILITY OF THE DISTRESSED CITY IN ACCORDANCE WITH
17 SECTION 703.

18 (3) TO REQUIRE THE DISTRESSED CITY TO NEGOTIATE
19 INTERGOVERNMENTAL COOPERATION AGREEMENTS BETWEEN THE
20 DISTRESSED CITY AND OTHER POLITICAL SUBDIVISIONS IN ORDER TO
21 ELIMINATE AND AVOID DEFICITS, MAINTAIN SOUND BUDGETARY
22 PRACTICES AND AVOID INTERRUPTION OF MUNICIPAL SERVICES.

23 (4) TO SUBMIT QUARTERLY REPORTS TO THE GOVERNING BODY
24 AND THE CHIEF EXECUTIVE OFFICER OF THE DISTRESSED CITY AND TO
25 THE DEPARTMENT. THE REPORTS SHALL BE POSTED ON THE INTERNET
26 WEBSITE FOR THE DISTRESSED CITY.

27 (5) TO REQUIRE THE DISTRESSED CITY TO CAUSE THE SALE,
28 LEASE, CONVEYANCE, ASSIGNMENT OR OTHER USE OR DISPOSITION OF
29 THE DISTRESSED CITY'S ASSETS IN ACCORDANCE WITH SECTION 707.

30 (6) TO APPROVE, DISAPPROVE, MODIFY, REJECT, TERMINATE OR

1 RENEGOTIATE CONTRACTS AND AGREEMENTS WITH THE DISTRESSED
2 CITY, EXCEPT TO THE EXTENT PROHIBITED BY THE CONSTITUTIONS OF
3 THE UNITED STATES AND PENNSYLVANIA.

4 (7) TO DIRECT THE DISTRESSED CITY TO TAKE ANY OTHER
5 ACTION TO IMPLEMENT THE RECOVERY PLAN.

6 (8) TO ATTEND EXECUTIVE SESSIONS OF THE GOVERNING BODY
7 OF THE DISTRESSED CITY AND MAKE REPORTS TO THE PUBLIC ON
8 IMPLEMENTATION OF THE RECOVERY PLAN.

9 (9) SUBJECT TO THE LIMITATION ON BANKRUPTCY IN ARTICLE
10 XVI-D.1 OF THE ACT OF APRIL 9, 1929 (P.L.343, NO.176), KNOWN
11 AS THE FISCAL CODE, TO FILE A MUNICIPAL DEBT ADJUSTMENT
12 ACTION UNDER FEDERAL LAW AND TO ACT ON THE CITY'S BEHALF IN
13 THE PROCEEDING. THE POWER UNDER THIS PARAGRAPH SHALL ONLY BE
14 EXERCISED UPON THE WRITTEN AUTHORIZATION OF THE SECRETARY.
15 THE FILING OF A MUNICIPAL DEBT ADJUSTMENT ACTION UNDER THIS
16 PARAGRAPH AND ANY PLAN OF THE RECEIVER ACCEPTED BY THE
17 FEDERAL COURT SHALL BE CONSIDERED A MODIFICATION OF THE
18 RECOVERY PLAN, EXCEPT THAT THE MODIFICATION SHALL NOT BE
19 SUBJECT TO JUDICIAL REVIEW UNDER SECTION 709. A RECOVERY PLAN
20 SUBMITTED TO, AND APPROVED BY, THE FEDERAL COURT UNDER A
21 FEDERAL MUNICIPAL DEBT ADJUSTMENT ACTION MAY INCLUDE FEDERAL
22 REMEDIES NOT OTHERWISE AVAILABLE UNDER THIS CHAPTER.

23 (10) TO MEET AND CONSULT WITH THE ADVISORY COMMITTEE
24 UNDER SECTION 711.

25 (11) TO EMPLOY FINANCIAL OR LEGAL EXPERTS DEEMED
26 NECESSARY TO DEVELOP AND IMPLEMENT THE RECOVERY PLAN.
27 NOTWITHSTANDING ANY LAW TO THE CONTRARY, THE EMPLOYMENT OF
28 SUCH EXPERTS SHALL NOT BE SUBJECT TO CONTRACTUAL COMPETITIVE
29 BIDDING PROCEDURES.

30 (B) AUTHORIZATION PROHIBITED.--NEITHER THIS CHAPTER NOR THE

1 RECOVERY PLAN SHALL BE INTERPRETED TO AUTHORIZE THE RECEIVER TO
2 DO ANY OF THE FOLLOWING:

3 (1) UNILATERALLY LEVY TAXES.

4 (2) UNILATERALLY ABROGATE, ALTER OR OTHERWISE INTERFERE
5 WITH A LIEN, CHARGE, COVENANT OR RELATIVE PRIORITY THAT IS:

6 (I) HELD BY A HOLDER OF A DEBT OBLIGATION OF A
7 DISTRESSED CITY; AND

8 (II) GRANTED BY THE CONTRACT, LAW, RULE OR
9 REGULATION GOVERNING THE DEBT OBLIGATION.

10 (3) UNILATERALLY IMPAIR OR MODIFY EXISTING DEBT
11 OBLIGATIONS OR MUNICIPAL SECURITIES.

12 (4) AUTHORIZE THE USE OF THE PROCEEDS OF THE SALE,
13 LEASE, CONVEYANCE, ASSIGNMENT OR OTHER USE OR DISPOSITION OF
14 THE ASSETS OF THE DISTRESSED CITY OR AUTHORITY IN A MANNER
15 CONTRARY TO SECTION 707.

16 SECTION 707. USE OR DISPOSITION OF ASSETS.

17 (A) USE OF PROCEEDS.--THE PROCEEDS FROM ANY SALE, LEASE,
18 CONVEYANCE, ASSIGNMENT OR OTHER USE OR DISPOSITION OF ASSETS OF
19 THE DISTRESSED CITY OR AUTHORITY SHALL BE APPLIED TO THE PAYMENT
20 OF OUTSTANDING DEBT OBLIGATIONS OWED BY THE DISTRESSED CITY OR
21 AUTHORITY, SUBJECT TO ANY LIEN, CHARGE, COVENANT, RESTRICTION,
22 CONTRACT, LAW, RULE OR REGULATION, THAT ENCUMBERS OR IS
23 OTHERWISE APPLICABLE TO THE ASSETS. PROCEEDS REMAINING AFTER
24 PAYMENT OF OUTSTANDING DEBT OBLIGATIONS OWED BY THE DISTRESSED
25 CITY OR AUTHORITY MAY BE USED BY THE RECEIVER TO RESTRUCTURE OR
26 PROVIDE ESCROW FOR THE PAYMENT OF FUTURE DEBT OBLIGATIONS OR TO
27 MEET OPERATING AND CAPITAL NEEDS OF THE DISTRESSED CITY OR
28 AUTHORITY.

29 (B) PROHIBITIONS.--NOTHING UNDER THIS SECTION SHALL BE
30 CONSTRUED TO AUTHORIZE THE RECEIVER TO UNILATERALLY ABROGATE,

1 ALTER OR OTHERWISE INTERFERE WITH A LIEN, CHARGE, COVENANT OR
2 RELATIVE PRIORITY THAT IS:

3 (1) HELD BY A HOLDER OF A DEBT OBLIGATION OF A
4 DISTRESSED CITY; AND

5 (2) GRANTED BY THE CONTRACT, LAW, RULE OR REGULATION
6 GOVERNING THE DEBT OBLIGATION.

7 SECTION 708. ELECTED AND APPOINTED OFFICIALS.

8 (A) ORDERS.--THE RECEIVER MAY ISSUE AN ORDER TO AN ELECTED
9 OR APPOINTED OFFICIAL OF THE DISTRESSED CITY OR AN AUTHORITY TO:

10 (1) IMPLEMENT ANY PROVISION OF THE RECOVERY PLAN; AND

11 (2) REFRAIN FROM TAKING ANY ACTION THAT WOULD INTERFERE
12 WITH THE POWERS GRANTED TO THE RECEIVER OR THE GOALS OF THE
13 RECOVERY PLAN.

14 (B) ENFORCEMENT.--AN ORDER ISSUED UNDER SUBSECTION (A) SHALL
15 BE ENFORCEABLE UNDER SECTION 709.

16 SECTION 709. JUDICIAL ACTIONS.

17 (A) ACTION BY RECEIVER.--THE RECEIVER MAY PETITION
18 COMMONWEALTH COURT TO ISSUE A WRIT OF MANDAMUS UPON ANY ELECTED
19 OR APPOINTED OFFICIAL OF THE DISTRESSED CITY OR AUTHORITY TO
20 SECURE COMPLIANCE WITH AN ORDER ISSUED UNDER SECTION 708. THE
21 COURT SHALL GRANT OR DENY THE RELIEF WITHIN 14 DAYS OF THE
22 FILING OF THE PETITION. THE COURT SHALL GRANT THE RELIEF
23 REQUESTED IF IT DETERMINES THAT THE ORDER WAS ISSUED IN
24 COMPLIANCE WITH THIS CHAPTER.

25 (B) ACTION BY ELECTED OR APPOINTED OFFICIALS.--ANY ELECTED
26 OR APPOINTED OFFICIAL OF A DISTRESSED CITY OR AUTHORITY MAY
27 PETITION COMMONWEALTH COURT TO ENJOIN ANY ACTION OF THE RECEIVER
28 THAT IS CONTRARY TO THIS CHAPTER.

29 SECTION 710. TERMINATION OF RECEIVERSHIP.

30 (A) TIME.--EXCEPT AS PROVIDED UNDER SUBSECTION (B), THE

1 RECEIVERSHIP UNDER THIS CHAPTER SHALL EXPIRE TWO YEARS AFTER THE
2 APPOINTMENT OF THE RECEIVER.

3 (B) EXTENSION.--THE SECRETARY MAY PETITION COMMONWEALTH
4 COURT FOR ONE OR MORE EXTENSIONS OF THE RECEIVERSHIP. THE COURT
5 SHALL GRANT EACH EXTENSION FOR ANOTHER TWO YEARS IF THE
6 SECRETARY ESTABLISHES BY A PREPONDERANCE OF THE EVIDENCE THAT
7 FURTHER IMPLEMENTATION OF THE RECOVERY PLAN IS NECESSARY TO END
8 THE FISCAL EMERGENCY.

9 SECTION 711. MUNICIPAL FINANCIAL RECOVERY ADVISORY COMMITTEE.

10 (A) ESTABLISHMENT.--THERE IS ESTABLISHED A MUNICIPAL
11 FINANCIAL RECOVERY ADVISORY COMMITTEE TO MEET AND CONSULT WITH
12 THE RECEIVER IN CARRYING OUT THE DUTIES UNDER THIS CHAPTER. THE
13 SOLE FUNCTION OF THE ADVISORY COMMITTEE SHALL BE TO PROVIDE
14 RECOMMENDATIONS AND FEEDBACK TO THE RECEIVER ON THE
15 IMPLEMENTATION OF THE RECOVERY PLAN.

16 (B) COMPOSITION.--THE ADVISORY COMMITTEE ESTABLISHED UNDER
17 SUBSECTION (A) SHALL BE COMPRISED OF THE FOLLOWING:

18 (1) THE CHIEF EXECUTIVE OFFICER OF THE DISTRESSED CITY
19 OR A DESIGNEE.

20 (2) THE PRESIDENT OF THE GOVERNING BODY OF THE
21 DISTRESSED CITY OR A DESIGNEE.

22 (3) ONE MEMBER APPOINTED BY THE COUNTY COMMISSIONERS OF
23 THE COUNTY WHERE THE DISTRESSED CITY IS LOCATED.

24 (4) ONE MEMBER APPOINTED BY THE GOVERNOR.

25 (C) COMPENSATION.--MEMBERS OF THE ADVISORY COMMITTEE SHALL
26 RECEIVE NO COMPENSATION FOR THEIR SERVICES.

27 (D) MEETINGS.--THE ADVISORY COMMITTEE SHALL MEET WITH THE
28 RECEIVER AT LEAST TWICE PER MONTH TO DISCUSS THE RECOVERY PLAN.
29 MEETINGS OF THE ADVISORY COMMITTEE SHALL BE IN ACCORDANCE WITH
30 65 PA.C.S. CH. 7 (RELATING TO OPEN MEETINGS).

1 (E) DUTY TO CONSULT.--THE RECEIVER SHALL CONSULT WITH THE
2 ADVISORY COMMITTEE PRIOR TO EXERCISING ANY OF THE POWERS UNDER
3 SECTION 706(A) (1), (2), (3), (5), (6), (7) AND (9).

4 (F) TERMINATION.--THE ADVISORY COMMITTEE SHALL TERMINATE IN
5 CONJUNCTION WITH THE EXPIRATION OF THE RECEIVERSHIP AS PROVIDED
6 FOR UNDER SECTION 710.

7 SECTION 712. APPLICABILITY.

8 (A) STATEMENT.--

9 (1) THIS CHAPTER SHALL APPLY ONLY TO DISTRESSED CITIES.

10 (2) EXCEPT AS SET FORTH IN SUBSECTION (B), NOTHING IN
11 THIS CHAPTER IS INTENDED TO LIMIT OR OTHERWISE ABROGATE THE
12 APPLICABILITY OF ANY OTHER PART OF THIS ACT.

13 (B) CONFLICT.--IF THERE IS A CONFLICT BETWEEN A PROVISION OF
14 THIS CHAPTER AND ANY OTHER PROVISION OF THIS ACT, THE PROVISION
15 OF THIS CHAPTER SHALL PREVAIL.

16 SECTION 3. THE HEADING OF CHAPTER 6 AND SECTION 601 OF THE
17 ACT ARE RENUMBERED TO READ:

18 CHAPTER [6] 20
19 TECHNICAL PROVISIONS

20 SECTION [601] 2001. REPEALS.

21 SECTION 2501-C(E) AND (F) OF THE ACT OF APRIL 9, 1929
22 (P.L.177, NO.175), KNOWN AS THE ADMINISTRATIVE CODE OF 1929, ARE
23 REPEALED INSOFAR AS THEY ARE INCONSISTENT WITH THIS ACT.

24 THE ACT OF JUNE 11, 1935 (P.L.323, NO.146), ENTITLED "AN ACT
25 DESIGNATING THE DEPARTMENT OF INTERNAL AFFAIRS AS THE AGENCY OF
26 THE COMMONWEALTH TO APPROVE OR DISAPPROVE PETITIONS TO COURTS,
27 AND PLANS FOR THE READJUSTMENT OF DEBTS OF POLITICAL
28 SUBDIVISIONS, UNDER THE ACT OF CONGRESS RELATING TO THE
29 BANKRUPTCY OF POLITICAL SUBDIVISIONS; AND DEFINING THE POWERS
30 AND DUTIES OF SAID DEPARTMENT IN RELATION THERETO," IS REPEALED

1 INsofar AS IT RELATES TO A MUNICIPALITY AS DEFINED IN SECTION
2 103 OF THIS ACT.

3 SECTION 4. SECTION 602 OF THE ACT, AMENDED DECEMBER 19, 1988
4 (P.L.1272, NO.157), IS RENUMBERED TO READ:

5 SECTION [602] 2002. EXPIRATION.

6 SECTION 203(A) (5) SHALL EXPIRE UPON PUBLICATION IN THE
7 PENNSYLVANIA BULLETIN OF THE NOTICE REQUIRED UNDER SECTION
8 121(F).

9 SECTION 5. SECTION 603 OF THE ACT IS RENUMBERED TO READ:
10 SECTION [603] 2003. EFFECTIVE DATE.

11 THIS ACT SHALL TAKE EFFECT IN 60 DAYS.

12 SECTION 6. THE PROVISIONS OF THIS ACT ARE SEVERABLE. IF ANY
13 PROVISION OF THIS ACT OR ITS APPLICATION TO ANY PERSON OR
14 CIRCUMSTANCE IS HELD INVALID, THE INVALIDITY SHALL NOT AFFECT
15 OTHER PROVISIONS OR APPLICATIONS OF THIS ACT WHICH CAN BE GIVEN
16 EFFECT WITHOUT THE INVALID PROVISION OR APPLICATION.

17 SECTION 7. THIS ACT SHALL TAKE EFFECT IMMEDIATELY.