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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 2008 Session of  
2014

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INTRODUCED BY ROSS, HARPER, FREEMAN, GINGRICH AND M. DALEY,  
JANUARY 30, 2014

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REFERRED TO COMMITTEE ON URBAN AFFAIRS, JANUARY 30, 2014

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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 the duration and termination of fiscal  
12 emergency and suspension of powers; in receivership in cities  
13 of the third class, further providing for termination of  
14 receivership; and providing for continuation of recovery  
15 plan.

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

18 Section 1. Sections 608 and 710 of the act of July 10, 1987  
19 (P.L.246, No.47), known as the Municipalities Financial Recovery  
20 Act, added October 20, 2011 (P.L.318, No.79), are amended to  
21 read:

22 Section 608. Termination of fiscal emergency and suspension of  
23 powers.

24 (a) [Financial] Fiscal emergency.--A fiscal emergency shall

1 end upon certification by the secretary that the city [is no  
2 longer financially distressed.];

3 (1) is solvent and is not projected to be insolvent  
4 within 180 days or less; and

5 (2) is able to ensure the continued provision of vital  
6 and necessary services after the termination of the fiscal  
7 emergency.

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 710. Termination of receivership.

14 (a) Time.--Except as provided under subsection (b) or (c),  
15 the receivership under this chapter shall expire two years after  
16 the appointment of the receiver.

17 (b) Extension.--The secretary may petition Commonwealth  
18 Court for one or more extensions of the receivership. The court  
19 shall grant each extension for another two years if the  
20 secretary establishes by a preponderance of the evidence that  
21 further implementation of the recovery plan is necessary to end  
22 the fiscal emergency.

23 (c) Termination of fiscal emergency.--Notwithstanding the  
24 date of expiration of receivership under subsection (a) or an  
25 extension of receivership under subsection (b), the receivership  
26 shall terminate upon the secretary's termination of a fiscal  
27 emergency under section 608(a).

28 Section 2. The act is amended by adding a section to read:  
29 Section 710.1. Continuation of recovery plan.

30 (a) Administrative determination required.--Within 30 days

1 of the termination or expiration of the receivership under  
2 section 710, the secretary shall issue one of the following  
3 administrative determinations:

4 (1) conditions within the city warrant a termination in  
5 status in accordance with section 253; or

6 (2) the city continues to be financially distressed.

7 (b) Appointment of coordinator.--Upon a determination under  
8 subsection (a) (2), a recovery plan confirmed under section 703  
9 shall remain in effect and be deemed to be a plan adopted under  
10 Chapter 2. The secretary shall appoint a coordinator in  
11 accordance with section 221. The receiver may be appointed as  
12 coordinator. The coordinator shall implement the plan under  
13 section 247(a) subject to the following:

14 (1) The plan shall be subject to amendment in accordance  
15 with section 249, provided that nothing in this section shall  
16 authorize the impairment of existing lawful contractual or  
17 legal obligations of the distressed city except where  
18 otherwise permitted by law.

19 (2) The coordinator may exercise the same powers and  
20 duties of this chapter as a receiver for the purposes of  
21 issuing orders under section 708 and seek enforcement of such  
22 orders under section 709. Commonwealth Court shall retain  
23 jurisdiction to hear an action under this paragraph.

24 (c) Conditions for increasing taxes on nonresident income.--  
25 Notwithstanding any other provision of law, a city exiting  
26 receivership and subject to a determination under subsection (a)  
27 (2) shall be subject to the same requirements as a city of the  
28 second class A under section 123(c) (3) before being authorized  
29 to increase the rate of taxation on nonresident income.

30 Section 3. This act shall take effect immediately.