

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1320 Session of 2014

INTRODUCED BY EICHELBERGER, ROBBINS, ERICKSON, WOZNIAK AND
BLAKE, APRIL 2, 2014

REFERRED TO LOCAL GOVERNMENT, APRIL 2, 2014

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.