
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1225 Session of
2018

INTRODUCED BY LANGERHOLC, RAFFERTY, BREWSTER, MENSCH, KILLION,
McGARRIGLE, VOGEL, BAROLOTTA, YUDICHAK AND BLAKE,
AUGUST 13, 2018

REFERRED TO COMMUNITY, ECONOMIC AND RECREATIONAL DEVELOPMENT,
AUGUST 13, 2018

AN ACT

1 Amending the act of July 10, 1987 (P.L.246, No.47), entitled "An
2 act empowering the Department of Community and Economic
3 Development to assist municipalities in avoiding financial
4 distress; declare certain municipalities as financially
5 distressed; providing for the restructuring of debt of
6 financially distressed municipalities; limiting the ability
7 of financially distressed municipalities to obtain government
8 funding; authorizing municipalities to participate in Federal
9 debt adjustment actions and bankruptcy actions under certain
10 circumstances; authorizing certain taxes; and providing for
11 the disincorporation of municipalities and the establishment
12 of unincorporated service districts," providing for recovery
13 grants for distressed municipalities.

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

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

19 CHAPTER 5-A

20 RECOVERY GRANTS FOR DISTRESSED MUNICIPALITIES

21 Section 501-A. Definitions.

22 The following words and phrases when used in this chapter

1 shall have the meanings given to them in this section unless the
2 context clearly indicates otherwise:

3 "Critical infrastructure." The public and private assets and
4 networks, whether physical or virtual, so vital that their
5 incapacitation or destruction would have a debilitating effect
6 on national security, the economy, public health or safety, or
7 any combination thereof.

8 "Debt obligations." Any obligation to pay money, including
9 amounts owed for payments relating to lease rental debt, debt
10 service, bonds, notes, guarantees for bonds or notes, trust
11 indentures, contracts or other agreements.

12 "Distressed municipality." A municipality which has been
13 determined to be financially distressed under section 203(f).

14 "Fund." The Distressed Municipalities Recovery Fund
15 established under section 502-A.

16 "Municipality." A municipality as defined in section 103,
17 other than a city of the first class.

18 Section 502-A. Distressed Municipalities Recovery Fund.

19 (a) Establishment.--The Commonwealth Financing Authority
20 shall establish a separate account to be known as the Distressed
21 Municipalities Recovery Fund.

22 (b) Deposit.--Notwithstanding section 2 of the act of June
23 9, 1936 (1st Sp.Sess., P.L.13, No.4), entitled "An act imposing
24 an emergency State tax on liquor, as herein defined, sold by the
25 Pennsylvania Liquor Control Board; providing for the collection
26 and payment of such tax; and imposing duties upon the Department
27 of Revenue and the Pennsylvania Liquor Control Board," one-
28 eighteenth of the revenues received by the Commonwealth pursuant
29 to the imposition of the tax imposed under section 2 of the act
30 of June 9, 1936 (1st Sp.Sess., P.L.13, No.4) shall be deposited

1 by the Department of Revenue into the Distressed Municipalities
2 Recovery Fund.

3 Section 503-A. Grants to distressed municipalities.

4 (a) Distribution.--All money deposited into the fund shall
5 be used by the Commonwealth Financing Authority exclusively for
6 grants to distressed municipalities. All interest earned from
7 the investment or deposit of money accumulated in the fund shall
8 be deposited in the fund for the same use.

9 (b) Eligible projects.--Grant money shall be used as
10 follows:

11 (1) To repair or replace critical infrastructure or
12 equipment owned or maintained by the distressed municipality.

13 (2) To reduce debt obligations.

14 (3) For costs associated with a transition to shared
15 services with another jurisdiction.

16 (4) Economic development projects.

17 (5) Crime prevention and reduction programs and
18 initiatives.

19 (c) Coordination.--The department shall review applications
20 for grant funding as requested by the Commonwealth Financing
21 Authority and provide recommendations on priority of projects
22 and project approval.

23 Section 2. This act shall take effect in 90 days.