
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 570 Session of
2019

INTRODUCED BY LANGERHOLC, VOGEL, BLAKE, MENSCH, BREWSTER, COSTA,
KILLION AND YUDICHAK, MAY 9, 2019

REFERRED TO COMMUNITY, ECONOMIC AND RECREATIONAL DEVELOPMENT,
MAY 9, 2019

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
23 shall have the meanings given to them in this section unless the

1 context clearly indicates otherwise:

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

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

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

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

15 "Municipality." A municipality as defined in section 103,
16 other than a city of the first class.
17 Section 502-A. Distressed Municipalities Recovery Fund.

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

21 (b) Deposit.--Notwithstanding section 2 of the act of June
22 9, 1936 (1st Sp.Sess., P.L.13, No.4), entitled "An act imposing
23 an emergency State tax on liquor, as herein defined, sold by the
24 Pennsylvania Liquor Control Board; providing for the collection
25 and payment of such tax; and imposing duties upon the Department
26 of Revenue and the Pennsylvania Liquor Control Board," 1/18 of
27 the revenues received by the Commonwealth pursuant to the
28 imposition of the tax imposed under section 2 of the act of June
29 9, 1936 (1st Sp.Sess., P.L.13, No.4) shall be deposited by the
30 Department of Revenue into the Distressed Municipalities

1 Recovery Fund.

2 Section 503-A. Grants to distressed municipalities.

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

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

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

12 (2) To reduce debt obligations.

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

15 (4) For economic development projects.

16 (5) For crime prevention and reduction programs and
17 initiatives.

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

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