

No. 1988-157

## AN ACT

SB 136

Amending the act of July 10, 1987 (P.L.246, No.47), entitled "An act empowering the Department of Community Affairs to declare certain municipalities as financially distressed; providing for the restructuring of debt of financially distressed municipalities; limiting the ability of financially distressed municipalities to obtain government funding; authorizing municipalities to participate in Federal debt adjustment actions and bankruptcy actions under certain circumstances; and providing for consolidation or merger of contiguous municipalities to relieve financial distress," providing for the establishment of a revolving fund; further providing for criteria to declare a municipality distressed and for the publication of certain notices; establishing a revolving loan fund; providing for revision and adoption of plans by municipalities; further providing for expiration of the act; and making a repeal.

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

Section 1. Sections 201(8), 242(a), 244 and 245 of the act of July 10, 1987 (P.L.246, No.47), known as the Financially Distressed Municipalities Act, are amended to read:

Section 201. Criteria.

The evaluation of a municipality's financial stability by the department under section 121 shall include each of the following criteria. If at least one criterion is present and the department assesses pursuant to section 121(b) that it is a valid indication of municipal financial distress, then the department shall exercise its powers and duties pursuant to section 121.

\* \* \*

(8) The municipality has failed to make the budgeted payment of its minimum municipal obligation as required by section 302, 303 or 602 of the act of December 18, 1984 (P.L.1005, No.205), known as the Municipal Pension Plan Funding Standard and Recovery Act, with respect to a pension fund during the fiscal year for which the payment was budgeted and has failed to take action within that time period to make required payments.

\* \* \*

Section 242. Publication.

(a) Filing.—Within 90 days of [being named] *an executed contract between the department and the coordinator*, the coordinator shall formulate a plan for relieving the municipality's financial distress and shall deliver true and correct copies of it to:

- (1) The municipal clerk or municipal secretary, who shall immediately place the copy on file for public inspection in the municipal office.
- (2) The secretary.
- (3) Each member of the municipal governing body.

- (4) The mayor.
- (5) The chief financial officer of the municipality.
- (6) The solicitor of the municipal governing body.
- (7) All parties who have petitioned the secretary under section 203.

\* \* \*

#### Section 244. Revision.

Neither the secretary nor the chief executive officer or the governing body, as appropriate, may revise the coordinator's plan. However, *if the coordinator decides to revise the plan*, the coordinator shall consult with the secretary and either the chief executive officer or the governing body throughout the revision of the plan and shall give consideration to comments they may propose. *A revised plan shall be completed and delivered to each party cited in section 242(a)(1) through (7) within 10 days from the date of the coordinator's public meeting on the original plan.*

#### Section 245. Adoption by municipality.

Not later than [15] 25 days following the coordinator's public meeting, the municipal governing body shall either enact an ordinance approving the implementation of the plan, including enactment of necessary related ordinances and revisions to ordinances, or shall reject the plan and proceed under section 246. If the ordinance takes effect in a municipality operating under an optional plan form of government or a home rule charter, the chief executive officer may issue an order directing the implementation of the plan no later than seven days from the enactment of the ordinance by the governing body.

Section 2. Section 301 of the act is amended by adding a subsection to read:

#### Section 301. Program.

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*(c) Revolving fund.—There is hereby created in the State Treasury the Financially Distressed Municipalities Revolving Aid Fund. Repayment of principal on all loans made under this act shall be deposited in the fund. Any interest earned on moneys in this fund shall be deposited in the fund. All moneys in the fund may be used to make loans and grants for the purposes of this act.*

Section 3. Section 304 of the act is amended to read:

#### Section 304. Expiration.

This chapter shall expire June 30, [1990] 1992.

Section 4. Section 602 of the act is amended to read:

#### Section 602. Expiration.

Section 203(a)(5) shall expire upon publication in the Pennsylvania Bulletin of the notice required under section [121(g)] 121(f).

Section 5. Any moneys remaining unencumbered in the appropriation for emergency aid to financially distressed municipalities pursuant to the act of July 1, 1986 (P.L.1776, No.5A), known as the General Appropriation Act of 1986, shall be transferred into the Financially Distressed Municipalities Revolving Aid Fund established in section 301(c) of the act.

Section 6. This act shall take effect immediately.

APPROVED—The 19th day of December, A. D. 1988.

ROBERT P. CASEY