

No. 1996-14

AN ACT

HB 1973

Amending the act of July 12, 1972 (P.L.781, No.185), entitled, as amended, "An act providing debt limits for local government units, including municipalities and school districts; providing the methods of incurring, evidencing, securing and collecting debt; defining the powers and duties of the Department of Community Affairs and certain other public officers and agencies with respect thereto; exercising the inherent legislative authority of the General Assembly by providing additional over-all limitations on the incurring of lease rental and other obligations for the acquisition of capital assets to be repaid from the general tax revenues of such local government units; imposing penalties for filing false or untrue statements or refusing to give information with respect to proceedings for the incurring of debt; and conferring jurisdiction on the Commonwealth Court with respect to certain proceedings relating to the incurring of debt," further providing for the authorization to pledge the proceeds of certain bonds or notes.

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

Section 1. Section 417 of the act of July 12, 1972 (P.L.781, No.185), known as the Local Government Unit Debt Act, reenacted and amended April 28, 1978 (P.L.124, No.52) and added December 28, 1994 (P.L.1436, No.169), is amended to read:

[Section 417. Pledge of Proceeds of Certain Bonds or Notes Authorized.—A local government unit may pledge to the holders of its bonds or notes issued to fund an unfunded actuarial accrued liability or to a trustee or paying agent acting on behalf of the holders, as security for the payment of the bonds or notes, the proceeds of such bonds or notes, and investment income on such proceeds, notwithstanding that such proceeds have become assets of the local government unit's retirement system, pension plan or pension trust fund. The pledge shall be valid and binding from the time the pledge is made, and the lien of the pledge is valid and binding as against all persons having claims of any kind in tort, contract or otherwise against the local government unit or the retirement system, pension plan or pension trust fund, whether or not the persons have notice. Except as provided in section 416, neither the proceedings of the local government unit relating to the bonds or notes nor any other instrument by which a pledge is made nor any financing statement in respect thereof need be recorded or filed. The local government unit shall cause the proceeds of bonds or notes, and investment earnings thereon, that are subject to the pledge to be segregated from other assets of the retirement system, pension plan or pension trust fund so that such proceeds will be identifiable.]

Section 2. This act shall take effect immediately.

APPROVED—The 29th day of March, A.D. 1996.

THOMAS J. RIDGE