

1 authority board; prohibiting the authority and assisted
2 cities from filing a petition under Federal bankruptcy
3 statutes; authorizing an appropriation for authority
4 operating expenses; authorizing cities of the first class to
5 impose an optional sales and use tax; authorizing cities of
6 the first class to impose certain taxes for the authority;
7 AUTHORIZING EMERGENCY PAYMENT DEFERRAL; and providing
8 jurisdiction for challenges to this act. ←

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

9 CHAPTER 1
10 GENERAL PROVISIONS

11 Section 101. Short title.

12 This act shall be known and may be cited as the Pennsylvania
13 Intergovernmental Cooperation Authority Act for Cities of the
14 First Class.

15 Section 102. Purpose and legislative intent.

16 (a) Policy.--It is hereby declared to be a public policy of
17 the Commonwealth to exercise its retained sovereign powers with
18 regard to taxation, debt issuance and matters of Statewide
19 concern in a manner calculated to foster the fiscal integrity of
20 cities of the first class to assure that these cities provide
21 for the health, safety and welfare of their citizens; pay
22 principal and interest owed on their debt obligations when due;
23 meet financial obligations to their employees, vendors and
24 suppliers; and provide for proper financial planning procedures
25 and budgeting practices. The inability of a city of the first
26 class to provide essential services to its citizens as a result
27 of a fiscal emergency is hereby determined to affect adversely
28 the health, safety and welfare not only of the citizens of that
29 municipality but also of other citizens in this Commonwealth.

30 (b) Legislative intent.--

1 (1) It is the intent of the General Assembly to:
2 (i) provide cities of the first class with the legal
3 tools with which such cities can eliminate budget
4 deficits that render them unable to perform essential
5 municipal services;
6 (ii) create an authority that will enable cities of
7 the first class to access capital markets for deficit
8 elimination and seasonal borrowings to avoid default on
9 existing obligations and chronic cash shortages that will
10 disrupt the delivery of municipal services;
11 (iii) foster sound financial planning and budgetary
12 practices that will address the underlying problems which
13 result in such deficits FOR CITIES OF THE FIRST CLASS, ←
14 WHICH CITY SHALL BE CHARGED WITH THE RESPONSIBILITY TO
15 EXERCISE EFFICIENT AND ACCOUNTABLE FISCAL PRACTICES, SUCH
16 AS:
17 (A) INCREASED MANAGERIAL ACCOUNTABILITY;
18 (B) CONSOLIDATION OR ELIMINATION OF INEFFICIENT
19 CITY PROGRAMS;
20 (C) RECERTIFICATION OF TAX-EXEMPT PROPERTIES;
21 (D) INCREASED COLLECTION OF EXISTING TAX
22 REVENUES;
23 (E) PRIVATIZATION OF APPROPRIATE CITY SERVICES;
24 (F) SALE OF CITY ASSETS AS APPROPRIATE;
25 (G) IMPROVEMENT OF PROCUREMENT PRACTICES
26 INCLUDING COMPETITIVE BIDDING PROCEDURES; AND
27 (H) REVIEW OF COMPENSATION AND BENEFITS OF CITY
28 EMPLOYEES; and
29 (iv) exercise its powers consistent with the rights
30 of citizens to home rule and self government. by ←

1 ~~maintaining a system pursuant to which the principal~~
2 ~~responsibility for conducting the governmental affairs of~~
3 ~~a municipality remains with its local elected officials.~~

4 (2) The General Assembly further declares that this
5 legislation is intended to remedy the fiscal emergency
6 confronting cities of the first class through the
7 implementation of sovereign powers of the Commonwealth with
8 respect to taxation, indebtedness and matters of Statewide
9 concern. To safeguard the rights of the citizens to the
10 electoral process and home rule, the General Assembly intends
11 to exercise its power in ~~a cooperative~~ AN APPROPRIATE manner <—
12 with the elected officers of cities of the first class. ~~as~~ <—
13 ~~contemplated by the Constitution of Pennsylvania.~~

14 (3) The General Assembly further declares that this
15 legislation is intended to authorize the imposition of a tax
16 or taxes to provide a source of funding for an
17 intergovernmental cooperation authority to enable it to
18 assist cities of the first class and to incur debt of such
19 authority for such purposes; however, the General Assembly
20 intends that such debt shall not be a debt or liability of
21 the Commonwealth or a city of the first class nor shall debt
22 of the authority payable from and secured by such source of
23 funding create a charge directly or indirectly against
24 revenues of the Commonwealth or a city of the first class.

25 Section 103. Legislative findings.

26 It is hereby determined and declared as a matter of
27 legislative finding:

28 (1) That cities of the first class have encountered
29 recurring financial difficulties which may affect the
30 performance of necessary municipal services to the detriment

1 of the health, safety and general welfare of residents of
2 such cities.

3 (2) That the financial difficulties have caused cities
4 of the first class to lose an investment-grade credit rating
5 and direct access to capital markets.

6 (3) That it is critically important that cities of the
7 first class achieve an investment-grade credit rating and
8 thereafter maintain their credit-worthiness.

9 (4) That, without the ability to enter the capital
10 markets, cities of the first class may face a fiscal
11 emergency that could render them unable to pay their
12 obligations when due and deliver essential services to their
13 citizens.

14 (5) That, due to the economic and social inter-
15 relationship among all citizens in our economy, the fiscal
16 integrity of cities of the first class is a matter of concern
17 to residents of the entire Commonwealth, and the financial
18 problems of such cities have a direct and negative effect on
19 the entire Commonwealth.

20 (6) That, because cities of the first class consume a
21 substantial proportion of the products of Pennsylvania's
22 farms, factories, manufacturing plants and service
23 enterprises, economic difficulties confronting cities of the
24 first class detrimentally affect the economy of the
25 Commonwealth as a whole and become a matter of Statewide
26 concern.

27 (7) That, because residents of cities of the first class
28 contribute a substantial proportion of all Commonwealth tax
29 revenues, a disruption of the economic and social life of
30 such cities may have a significant detrimental effect upon

1 Commonwealth revenues.

2 (8) That cities of the first class and the Commonwealth
3 have shown a willingness to cooperate in order to address
4 important financial and budgetary concerns.

5 (9) That the financial difficulties of cities of the
6 first class can best be addressed and resolved by cooperation
7 between governmental entities.

8 (10) That the Constitution of Pennsylvania grants
9 municipalities authority to cooperate with other governmental
10 entities in the exercise of any function or responsibility.

11 (11) That the Commonwealth retains certain sovereign
12 powers with respect to cities of the first class, among them
13 the powers to authorize and levy taxes, to authorize the
14 incurring of indebtedness and to provide financial assistance
15 that may be necessary to assist cities in solving their
16 financial problems.

17 (12) That the Commonwealth may attach conditions to
18 grants of authority to incur indebtedness or assistance to
19 cities of the first class in order to ensure that deficits
20 are eliminated and access to capital markets is achieved and
21 maintained.

22 (13) That such conditions shall be incorporated into
23 intergovernmental cooperation agreements between the
24 Commonwealth or its instrumentalities and cities of the first
25 class.

26 (14) That cities of the first class and the Commonwealth
27 will benefit from the creation of an independent authority
28 composed of members experienced in finance and management
29 which may advise such cities, the General Assembly and the
30 Governor concerning solutions to fiscal problems cities of

1 the first class may face.

2 (15) That the creation of such an authority with the
3 power to borrow money and issue bonds in order to assist
4 cities of the first class will allow such cities to continue
5 to provide the necessary municipal services for their
6 residents and to contribute to the economy of the
7 Commonwealth.

8 (16) That, in order for an authority to effectively
9 assist cities of the first class in financing their cash flow
10 needs and for cities of the first class to be able to cost-
11 effectively finance their cash flow needs during the term of
12 any authority bonds and thereafter, the enactment of certain
13 provisions of law in connection with the issuance of tax and
14 revenue anticipation notes of cities of the first class is
15 necessary and desirable.

16 (17) That a dedicated source of funding for the
17 authority is necessary in order to address the immediate
18 financial difficulties of cities of the first class.

19 (18) That the Commonwealth's action in authorizing
20 cities of the first class to impose taxes for the authority
21 will allow such cities to continue to provide necessary
22 services for their residents and for those nonresidents
23 enjoying the benefits of such services.

24 (19) That the levy of a tax within cities of the first
25 class for the authority should be authorized by the
26 Commonwealth for the benefit of cities of the first class,
27 with the revenue produced as a result of such levy being
28 Commonwealth-authorized revenues and revenues of a State
29 authority, and not revenues of the city of the first class.

30 (20) That the authority to levy a tax only within cities

1 of the first class or at a rate that is higher than that
2 imposed outside cities of the first class is based upon a
3 legitimate classification which the General Assembly deems to
4 be reasonable and just, since the benefit received by
5 taxpayers in cities of the first class as a result of such
6 levy is determined to be in proportion to the tax burden
7 imposed in such cities of the first class.

8 (21) That a levy imposed only, or at a higher rate, in
9 cities of the first class will be used to benefit citizens of
10 cities of the first class by providing for their health,
11 safety, convenience and welfare.

12 (22) That, if this act is challenged, a prompt, final
13 ruling as to the legality of the authority created by this
14 act and the validity of bonds issued by the authority will be
15 necessary so that the authority will be able to enter capital
16 markets to assist cities of the first class.

17 Section 104. Definitions.

18 The following words and phrases when used in this act shall
19 have the meanings given to them in this section unless the
20 context clearly indicates otherwise:

21 "Assisted city." A city of the first class which receives
22 assistance from the Pennsylvania Intergovernmental Cooperation
23 Authority created by this act.

24 "Authority." The Pennsylvania Intergovernmental Cooperation
25 Authority established in this act.

26 "Board." The governing board of the Pennsylvania
27 Intergovernmental Cooperation Authority.

28 "Bond." A note, bond, refunding note and bond, interim
29 certificate, debenture and other evidence of indebtedness or
30 obligation which an authority is authorized to issue pursuant to

1 this act.

2 "Bond payment account." A trust fund held exclusively for
3 the equal and ratable benefit of the holders of bonds of the
4 Pennsylvania Intergovernmental Cooperation Authority, as
5 described in section 314(a) and (b).

6 "Cash flow deficit." A cash deficit occurring solely because
7 revenues and expenditures, even when in balance on a fiscal year
8 basis, are not received and disbursed at equivalent rates
9 throughout the fiscal year.

10 "City." A city of the first class.

11 "City account." A trust fund held for the exclusive benefit
12 of an assisted city as described in section 314(c).

13 "CORPORATE ENTITY." AN AUTHORITY OR OTHER CORPORATE ENTITY ←
14 OF WHICH ONE OR MORE OF THE MEMBERS OF ITS GOVERNING BOARD IS
15 APPOINTED BY THE MAYOR OF A CITY AND WHICH PERFORMS GOVERNMENTAL
16 FUNCTIONS FOR A CITY.

17 "Debt service reserve fund." A fund which may be created by
18 the authority and which shall be used, when required, solely for
19 the payment of the principal of bonds secured in whole or in
20 part by such fund, or of the sinking fund payments, if any, with
21 respect to such bonds, the purchase or redemption of such bonds,
22 the payment of interest on such bonds or the payment of any
23 redemption premium required to be paid when such bonds and notes
24 are redeemed prior to maturity, as described in section 313.

25 "Deficit." Such negative fund balance in any principal
26 operating fund or funds of a city existing or projected to exist
27 as of the close of a fiscal year, as may be more specifically
28 identified, calculated and set forth in an intergovernmental
29 cooperation agreement or financial plan of an assisted city
30 described in section 209.

1 "Federal agency." The United States of America, the
2 President of the United States of America and any department or
3 corporation, agency or instrumentality heretofore or hereafter
4 created, designated or established by the United States of
5 America.

6 "Financial ability to pay." Financial ability to pay shall
7 mean the reasonable likelihood that the assisted city will
8 receive funds sufficient to pay the cost of any increase in
9 wages or fringe benefits without requiring an increase in the
10 rates of local taxation existing in the fiscal year immediately
11 preceding the fiscal year when such increase is intended to take
12 effect and without causing an adverse effect on the levels of
13 service in the fiscal year when such increase is intended to
14 take effect.

15 "Governing body." The legislative body of a city.

16 "Government agency." The Governor, departments, boards,
17 commissions, authorities and other officers and agencies of
18 State government, including those which are not subject to the
19 policy supervision and control of the Governor, any political
20 subdivision, municipal or other local authority, and any officer
21 or agency of any such political subdivision or local authority,
22 but the term does not include any court or other officer or
23 agency of the unified judicial system or the General Assembly or
24 its officers and agencies.

25 "Intergovernmental cooperation agreement." Any agreement
26 made by the Pennsylvania Intergovernmental Cooperation Authority
27 and a city under the provisions of section 203(d).

28 "Loan committee." The mayor, the city controller and city
29 solicitor of a city of the first class.

30 "Net proceeds." The aggregate principal amount of any bonds

1 issued by the Pennsylvania Intergovernmental Cooperation
2 Authority reduced by any amount of such bonds constituting
3 interest under the Internal Revenue Code of 1986 (Public law 99-
4 514, 26 U.S.C. § 1 et seq.) or any successor or amendatory
5 revenue act, and further reduced by the portion of the aggregate
6 principal amount of such bonds issued for any of the following
7 purposes:

8 (1) fund any reserve, including a debt service reserve
9 fund, established for the Pennsylvania Intergovernmental
10 Cooperation Authority's bonds;

11 (2) provide capitalized interest on bonds;

12 (3) pay fees or premiums in connection with any policy
13 of municipal bond insurance or other credit enhancement or
14 liquidity facility; and

15 (4) repay the amount set forth in section 701, fund up
16 to \$500,000 of initial operating expenses and pay any costs
17 of issuance relating to such bonds.

18 "Obligee of the authority." Any holder or owner of any bond
19 of the Pennsylvania Intergovernmental Cooperation Authority or
20 any trustee or other fiduciary for any such holder or any
21 provider of a letter of credit, policy of municipal bond
22 insurance or other credit enhancement or liquidity facility for
23 bonds of the authority.

24 "Outstanding." With respect to bonds of the authority, shall
25 mean all bonds of the authority issued from time to time except:

26 (1) bonds purchased by the authority or the city for
27 cancellation by the authority or otherwise required to be
28 canceled by the authority; and

29 (2) bonds for the payment of the principal of and
30 interest on which moneys or investments sufficient to make

1 such payments timely have been irrevocably deposited with a
2 fiduciary for obligees of the authority owning such bonds.

3 "Party officer." The following members or officers of any
4 political party:

5 (1) a member of a national committee;

6 (2) a chairman, vice chairman, secretary, treasurer or
7 counsel of a State committee or member of the executive
8 committee of a State committee;

9 (3) a county chairman, vice chairman, counsel, secretary
10 or treasurer of a county committee; or

11 (4) a city chairman, vice chairman, counsel, secretary
12 or treasurer of a city committee.

13 "Public official." Any elected or appointed official or
14 employee in the executive, legislative or judicial branch of the
15 Commonwealth or any political subdivision thereof, provided that
16 it shall not include members of advisory boards that have no
17 authority to expend public funds other than reimbursement for
18 personal expense, or to otherwise exercise the power of the
19 Commonwealth or any political subdivision thereof. The term
20 "public official" shall not include any appointed official who
21 receives no compensation other than reimbursement for actual
22 expenses.

23 "Qualified majority." A majority of the governing board of
24 the Pennsylvania Intergovernmental Cooperation Authority which
25 includes any four voting members.

26 "SCHOOL DISTRICT." A SCHOOL DISTRICT OF THE FIRST CLASS. ←

27 "Tax anticipation notes" or "notes." Tax anticipation notes,
28 revenue anticipation notes or tax and revenue anticipation notes
29 authorized to be issued pursuant to Chapter 4 and designated as
30 prescribed in section 401.

1 CHAPTER 2

2 THE PENNSYLVANIA INTERGOVERNMENTAL
3 COOPERATION AUTHORITY

4 Section 201. Authority created.

5 A body corporate and politic, to be known as the Pennsylvania
6 Intergovernmental Cooperation Authority, is hereby created as a
7 public authority and instrumentality of the Commonwealth,
8 exercising public powers of the Commonwealth as an agency and
9 instrumentality thereof. The exercise by the authority of the
10 powers conferred by this act is hereby declared to be and shall
11 for all purposes be deemed and held to be the performance of an
12 essential public function.

13 Section 202. Governing board.

14 (a) Composition of board.--The powers and duties of the
15 authority shall be exercised by a governing board composed of
16 five members:

17 (1) One member shall be appointed by the Governor.

18 (2) One member shall be appointed by the President pro
19 tempore of the Senate.

20 (3) One member shall be appointed by the Minority Leader
21 of the Senate.

22 (4) One member shall be appointed by the Speaker of the
23 House of Representatives.

24 (5) One member shall be appointed by the Minority Leader
25 of the House of Representatives.

26 (6) The Secretary of the Budget of the Commonwealth and
27 the Director of Finance of each assisted city shall serve as
28 ex officio members of the board. The ex officio members may
29 not vote, shall not be counted for purposes of establishing a
30 quorum and may designate in writing a representative of their

1 respective offices to attend meetings of the board on their
2 behalf.

3 (7) All members shall have had experience in finance or
4 management.

5 (8) All members of the board shall be residents of the
6 Commonwealth and, except the Secretary of the Budget, shall
7 either be residents of the assisted city or have their
8 primary places of business or employment in such city.

9 (b) Term.--Appointing authorities shall appoint the initial
10 members of the board within ~~30~~ 10 days of the effective date of <—
11 this act. The term of a board member shall begin on the date of
12 appointment. A member's term shall be coterminous with that of
13 his or her appointing authority; provided that the member's term
14 shall continue until his or her replacement is appointed. Board
15 members shall serve at the pleasure of his or her appointing
16 authority. Whenever a vacancy occurs on the board, whether prior
17 to or on the expiration of a term, the appointing authority who
18 originally appointed the board member whose seat has become
19 vacant shall appoint a successor member within 30 days of the
20 vacancy. A member appointed to fill a vacancy occurring prior to
21 the expiration of a term shall serve the unexpired term.

22 (c) Organization.--The appointee of the Governor shall set a
23 date, time and place for the initial organizational meeting of
24 the board within ten days of the appointment of the initial
25 members of the board. The members shall elect from among
26 themselves a chairperson, vice chairperson, secretary, treasurer
27 and such other officers as they may determine. A member may hold
28 more than one office of the board at any time.

29 (d) Meetings.--The board shall meet as frequently as it
30 deems appropriate BUT AT LEAST ONCE DURING EACH QUARTER OF THE <—

1 FISCAL YEAR. IN ADDITION, A MEETING OF THE BOARD SHALL BE CALLED
2 BY THE CHAIRPERSON IF A REQUEST FOR A MEETING IS SUBMITTED TO
3 THE CHAIRPERSON BY AT LEAST TWO MEMBERS OF THE BOARD. A majority
4 of the board shall constitute a quorum for the purpose of
5 conducting the business of the board and for all other purposes.
6 All actions of the board shall be taken by a majority of the
7 board unless specific provisions of this act require that action
8 be taken by a qualified majority. The act of July 3, 1986
9 (P.L.388, No.84), known as the Sunshine Act, shall apply to
10 ~~meetings~~ of the board. ←

11 (e) Expenses.--A member shall not receive compensation or
12 remuneration, but shall be entitled to reimbursement for all
13 reasonable and necessary actual expenses.

14 (f) Public officials and party officers.--

15 (1) Except for the Secretary of the Budget of the
16 Commonwealth and the Director of Finance of an assisted city,
17 neither members of the board nor the executive director shall
18 seek or hold a position as any other public official within
19 this Commonwealth or as a party officer while in the service
20 of the authority. Members of the board and the executive
21 director shall not seek election as public officials or party
22 officers for one year after their service with the authority.
23 Members of the authority and the executive director may serve
24 as appointive public officials any time after their periods
25 of service with the authority.

26 (2) Employees of the authority shall not seek or hold
27 other positions as public officials or party officers while
28 in the employ of the authority; provided, however, that the
29 authority may receive the loan of services of persons in
30 other government agencies in accordance with subsection (g),

1 notwithstanding that such persons are public officials.

2 Employees of the authority shall not seek election as public
3 officials or party officers for one year after leaving the
4 employ of the authority.

5 (g) Employees and agents.--The board shall fix and determine
6 the number of employees of the authority and their respective
7 compensation and duties. The board may contract for or receive
8 the loan of services of persons in the employ of other
9 government agencies, and other government agencies shall be
10 authorized to make such employees available. The board shall
11 retain an executive director upon the vote of a qualified
12 majority. The board ~~may~~ SHALL, by the vote of a qualified ←
13 majority, hire an independent general counsel to the authority,
14 and may engage consultants and contract for other professional
15 services upon the vote of a qualified majority. The board shall,
16 upon the approval of a qualified majority, delegate to the
17 executive director such powers of the board as the board shall
18 deem necessary to carry out the purposes of the authority,
19 subject in every case to the supervision and control of the
20 board.

21 (h) Statutes applying to authority.--The provisions of the
22 following acts shall apply to the authority: The act of June 21,
23 1957 (P.L.390, No.212), referred to as the Right-to-Know Law;
24 the act of July 19, 1957 (P.L.1017, No.451), known as the State
25 Adverse Interest Act; and the act of October 4, 1978 (P.L.883,
26 No.170), referred to as the Public Official and Employee Ethics
27 Law; provided, however, that notwithstanding the provisions of
28 the State Adverse Interest Act, the Secretary of the Budget and
29 the Director of Finance of each assisted city shall, while
30 serving as ex officio members of the board, also serve in their

1 official capacities with respect to the negotiation and
2 execution of intergovernmental cooperation agreements and other
3 agreements between an assisted city and the authority.

4 (I) LIMITATION ON ACTION.--NOTWITHSTANDING THE PROVISIONS OF ←
5 SECTION 706, IF ANY PROVISION OF THIS SECTION IS HELD INVALID BY
6 A COURT OF COMPETENT JURISDICTION, THE AUTHORITY SHALL NOT
7 BORROW FURTHER MONEYS NOR ISSUE FURTHER BONDS, NOR SHALL THE
8 AUTHORITY FURTHER DISBURSE TO A CITY PROCEEDS OF ANY ISSUE OF
9 BONDS AUTHORIZED THERETOFORE TO FUND A DEFICIT OF A CITY OR TO
10 PROVIDE OTHER FINANCIAL ASSISTANCE TO A CITY; TO FINANCE ANY
11 CASH FLOW DEFICIT OF A CITY; OR TO PURCHASE ANY OBLIGATIONS OF A
12 CITY ISSUED TO FINANCE CASH FLOW DEFICITS; OR TO PAY THE COSTS
13 OF CAPITAL PROJECTS, BUT ALL PROVISIONS OF OUTSTANDING BONDS OF
14 THE AUTHORITY AND ALL RIGHTS AND REMEDIES OF OBLIGEEES OF THE
15 AUTHORITY UNDER THIS ACT SHALL BE AND SHALL REMAIN VALID AND
16 ENFORCEABLE.

17 Section 203. Powers and duties.

18 (a) General powers and duties.--The authority is established
19 for the purposes, without limitation, by itself or by agreement
20 in cooperation with others, of assisting cities in solving their
21 budgetary and financial problems, and helping cities achieve and
22 maintain access to the capital markets.

23 (b) Specific duties.--The authority shall have the powers
24 and its duties shall be:

25 (1) To assist cities in achieving financial stability in
26 any manner consistent with the purposes and powers described
27 by this act.

28 (2) To assist cities in avoiding defaults, eliminating
29 and financing deficits, maintaining sound budgetary
30 practices, and avoiding the interruption of municipal

1 services.

2 (3) To borrow money and issue bonds to assist cities.

3 (4) To negotiate intergovernmental cooperation
4 agreements with cities containing such terms and conditions
5 as will enable such cities to eliminate and avoid deficits,
6 maintain sound budgetary practices and avoid interruption of
7 municipal services.

8 (5) To make annual reports within 120 days of the close
9 of the authority's fiscal year, commencing with the fiscal
10 year ending June 30, 1992, to the Governor and the General
11 Assembly describing its progress with respect to restoring
12 the financial stability of assisted cities and achieving
13 balanced budgets for assisted cities, such reports to be
14 filed with the Governor, the presiding officers of the Senate
15 and the House of Representatives, with the Chairperson and
16 Minority Chairperson of the Appropriations Committee of the
17 Senate and the Chairperson and the Minority Chairperson of
18 the Appropriations Committee of the House of Representatives
19 and with the governing body, mayor and controller of the
20 assisted city.

21 (6) To comply with the provisions of section 317
22 concerning the maximum amount of the first series of
23 authority bonds and the date of issuance thereof.

24 (c) Specific powers.--In addition to the powers and duties
25 set forth elsewhere in this act, the authority shall have the
26 specific powers:

27 (1) To obtain copies of all ~~city~~ reports regarding the <—
28 revenues, expenditures, budgets, costs, plans, operations,
29 estimates and any other financial or budgetary matters of an
30 assisted city OR ANY CORPORATE ENTITY. <—

1 (2) To obtain additional reports on the above matters in
2 such form as are deemed necessary by the authority.

3 (3) To make factual findings concerning an assisted
4 city's budgetary and fiscal affairs.

5 (4) To make recommendations to an assisted city
6 concerning its budgetary and fiscal affairs.

7 (5) To make recommendations to the Governor and the
8 General Assembly regarding legislation or resolutions that
9 affect Commonwealth aid or mandates to an assisted city, or
10 that concern an assisted city's taxing powers or relate to an
11 assisted city's fiscal stability.

12 (6) To provide financial assistance, including loans and
13 grants, to assist cities upon such terms and conditions as
14 may be approved by a qualified majority of the board or as
15 may be specified by the General Assembly to eliminate or
16 prevent deficits of a city.

17 (7) Subject to any limitations in agreements with
18 obligees of the authority, to enter into and amend as shall
19 be necessary from time to time intergovernmental cooperation
20 agreements with a city provided that such agreements and
21 amendments are approved by a qualified majority of the board.

22 (8) To exercise, while any bonds issued by the authority
23 to assist the city remain outstanding, powers of review
24 concerning the budgetary and fiscal affairs of that city
25 consistent with this act and the city's home rule charter or
26 other optional plan of government.

27 (9) To receive revenues from any source, directly or by
28 assignment, pledge or otherwise.

29 (10) To sue and be sued, implead and be impleaded,
30 complain and defend in all courts.

1 (11) To adopt, use and alter at will a corporate seal.

2 (12) To make bylaws for the management and regulation of
3 its affairs and adopt rules, regulations and policies in
4 connection with the performance of its functions and duties
5 which, notwithstanding any other provision of law to the
6 contrary, shall not be subject to review pursuant to the act
7 of June 25, 1982 (P.L.633, No.181), known as the Regulatory
8 Review Act.

9 (13) To make and enter into contracts and other
10 instruments necessary or convenient for the conduct of its
11 business and the exercise of the powers of the authority.

12 (14) To appoint officers, agents, employees and servants
13 and to prescribe their duties and to fix their compensation
14 as set forth in section 202(g).

15 (15) To retain counsel and auditors to render such
16 professional services as the authority deems appropriate. The
17 authority shall not be considered either an executive agency
18 or an independent agency for the purpose of the act of
19 October 15, 1980 (P.L.950, No.164), known as the Commonwealth
20 Attorneys Act, but shall possess the same status for such
21 purpose as the Auditor General, State Treasurer and the
22 Pennsylvania Public Utility Commission; except that the
23 provisions of section 204(b) and (f) of the Commonwealth
24 Attorneys Act shall not apply to the authority;
25 notwithstanding the provisions of section 221(1) of the act
26 of October 5, 1980 (P.L.693, No.142), known as the JARA
27 Continuation Act of 1980, the authority, through its legal
28 counsel, shall defend actions brought against the authority,
29 or its members, officers, officials and employees when acting
30 within the scope of their official duties.

1 (16) To cooperate with any Federal agency or government
2 agency.

3 (17) To acquire, by gift or otherwise, purchase, hold,
4 receive, lease, sublease and use any franchise, license,
5 property, real, personal or mixed, tangible or intangible or
6 any interest therein. HOWEVER, THE AUTHORITY SHALL BE ←
7 ABSOLUTELY LIMITED IN ITS POWER TO ACQUIRE REAL PROPERTY
8 UNDER THIS ACT TO REAL PROPERTY THAT WILL BE USED ONLY FOR
9 THE OFFICE SPACE IN WHICH THE AUTHORITY WILL CONDUCT ITS
10 DAILY BUSINESS.

11 (18) To sell, transfer, convey and dispose of any
12 property, real, personal or mixed, tangible or intangible or
13 any interest therein.

14 (19) To enter into contracts for group insurance and to
15 contribute to retirement plans for the benefit of its
16 employees AND TO ENROLL ITS EMPLOYEES IN AN EXISTING ←
17 RETIREMENT SYSTEM OF A GOVERNMENT AGENCY.

18 (20) To accept from, purchase or borrow equipment,
19 supplies, services or other things necessary or convenient to
20 the work of the authority from other government agencies, and
21 all government agencies are authorized to sell, lend or grant
22 to the authority such equipment, supplies, services or other
23 things necessary or convenient to the work of the authority.

24 (21) To borrow money for the purpose of assisting a
25 city, or in anticipation of the receipt of income of the
26 authority or of an assisted city and to evidence the same;
27 make and issue bonds of the authority; secure the payment of
28 such bonds or any part thereof, by pledge of or security
29 interest in all or any of its revenues, receipts, accounts,
30 tangible personal property and contract rights; make such

1 agreements with the purchasers or holders of such bonds or
2 with other obligees of the authority in connection with any
3 bonds, whether issued or to be issued, as the authority shall
4 deem advisable, which agreements shall constitute contracts
5 with such holders or purchasers; obtain such credit
6 enhancement or liquidity facilities in connection with any
7 bonds as the authority shall determine to be advantageous;
8 and, in general, provide for the security for said bonds and
9 the rights of the holders thereof.

10 (22) To lend, grant, or otherwise transfer or pledge for
11 the benefit of an assisted city such assets, including
12 proceeds of bonds, as the authority deems appropriate, to be
13 used by such a city as capital or operating funds as provided
14 in an intergovernmental cooperation agreement, to refinance
15 or secure debt of an assisted city, or for other purposes
16 consistent with this act.

17 (23) To enter into agreements with an assisted city that
18 receives funds or other financial assistance from the
19 authority pursuant to which such city may pledge assets,
20 rights, revenues and receipts, including tax revenues, to
21 secure the repayment of such funds or assistance by such city
22 if such security is required by the authority.

23 (24) To invest any funds held by the authority as set
24 forth in section 311(b).

25 (25) To receive and hold assets, moneys and funds from
26 any source, including, but not limited to, appropriations,
27 grants, gifts and such tax revenues as may be allocated or
28 directed to it by law for the purposes of securing authority
29 indebtedness and providing assistance to cities in accordance
30 with this act.

1 service agreements to provide assistance to a city shall not be
2 deemed to create debt of the city. Intergovernmental cooperation
3 agreements shall contain such terms and be negotiated in such
4 manner as the authority and an assisted city shall determine
5 consistent with this act and the Constitution of Pennsylvania.

6 (1) A city may enter into an intergovernmental
7 cooperation agreement in which it, consistent with this act,
8 covenants to cooperate or agree in the exercise of any
9 function, power or responsibility with, or delegate or
10 transfer any function, power or responsibility to, the
11 authority upon the adoption by the governing body of such
12 city of an ordinance authorizing and approving the
13 intergovernmental cooperation agreement.

14 (2) An ordinance that authorizes a city to enter into an
15 intergovernmental cooperation agreement with the authority
16 shall specify:

17 (i) the purpose and objectives of the agreement;

18 (ii) the conditions of the agreement; and

19 (iii) the term of the agreement, including

20 provisions relating to its termination. EXCEPT FOR ←
21 ASSISTANCE PROVIDED THROUGH AN INTERIM FINANCING
22 ARRANGEMENT, AS PROVIDED FOR IN THIS SUBSECTION, OR
23 ASSISTANCE NECESSARY TO ENABLE A CITY TO PAY PRINCIPAL OF
24 OR INTEREST ON ITS OUTSTANDING BONDS, OR LEASE PAYMENTS
25 SECURING BONDS OF OTHER GOVERNMENT AGENCIES, AS PROVIDED
26 FOR IN SECTION 209(A), NO ASSISTANCE SHALL BE PROVIDED BY
27 THE AUTHORITY TO A CITY UNLESS AN INTERGOVERNMENTAL
28 COOPERATION AGREEMENT IS IN EFFECT.

29 (e) Limitation.--Notwithstanding any purpose or general or
30 specific power granted by this act or any other act, whether

1 express or implied:

2 (1) The authority shall have no power to pledge the
3 credit or taxing powers of the Commonwealth or any other
4 government agency, including an assisted city, except the
5 credit of the authority created by this act, nor shall any of
6 the bonds of the authority be deemed a debt or liability of
7 the Commonwealth or of any other government agency, including
8 a city.

9 (2) Neither the Commonwealth nor any government agency,
10 including a city, except the authority created by this act,
11 shall be liable for the payment of the principal, interest or
12 premium on any such bonds.

13 (3) Notwithstanding any provision of this or any other
14 law to the contrary, or of any implication that may be drawn
15 therefrom, the Commonwealth and all other government
16 agencies, except the authority but including an assisted city
17 (unless otherwise agreed to by such city pursuant to this
18 act), shall have no legal or moral obligation for the payment
19 of any expenses or obligations of the authority, including,
20 but not limited to, bond principal and interest, the funding
21 or refunding of any reserves, and any administrative or
22 operating expenses whatsoever, other than for the advance of
23 funds for initial operating expenses of the authority
24 contained in section 701 to be repaid by the authority as set
25 forth in sections 206(b) and 701.

26 (4) Bonds of the authority shall contain a prominent
27 statement of the limitation set forth in this subsection and
28 shall further recite that obligees of the authority shall
29 have no recourse, either legal or moral, to the Commonwealth
30 or to any other government agency including the city for

1 payment of such bonds.

2 Section 204. Term of existence of authority.

3 The authority shall have continuing existence and succession
4 for a term not exceeding one year after all of its liabilities,
5 including, without limitation, its bonds have been fully paid
6 and discharged. Upon the termination of the existence of the
7 authority, all of its rights and properties, including funds
8 remaining in the debt service reserve fund, shall be paid to the
9 Commonwealth to the extent the Commonwealth has contributed such
10 rights or property; otherwise such rights or property shall pass
11 to and be vested in the assisted city.

12 Section 205. Fiscal year.

13 The fiscal year of the authority shall be the same as the
14 fiscal year of the Commonwealth.

15 Section 206. Annual budget of authority.

16 (a) Budget ~~request~~.--Before March 1 of each year, the <—
17 authority shall ~~prepare a budget request~~ ADOPT A BUDGET BY A <—
18 QUALIFIED MAJORITY OF THE BOARD setting forth in reasonable
19 detail the projected expenses of operation of the authority for
20 the ensuing fiscal year (exclusive of the amounts set forth in
21 paragraphs (1), (2), (3) and (4)), including, but not limited
22 to, the salary and benefits of the executive director and any
23 other employees of the authority, and the projected revenues of
24 the authority to be derived from investment earnings and any
25 other moneys of the authority which are estimated to be
26 available to pay the operating expenses set forth in the budget
27 ~~request. Such budget request.~~ A COPY OF THE AUTHORITY'S BUDGET <—
28 shall be submitted to the Governor ~~in accordance with section~~ <—
29 ~~610 of the act of April 9, 1929 (P.L.177, No.175), known as The~~
30 ~~Administrative Code of 1929. At the same time the authority~~

1 ~~submits its budget request to the Governor, the authority shall~~
2 ~~submit the budget request~~ AND to the General Assembly. The <—
3 authority or its designated representatives ~~shall~~ MAY be <—
4 afforded an opportunity to appear before the Governor and the
5 Appropriations Committee of the Senate and the Appropriations
6 Committee of the House of Representatives regarding the
7 authority's budget request. ~~The authority shall subtract from~~ <—
8 ~~the operating expenses in its budget request the amount of~~
9 ~~projected revenues to be derived from investment earnings or~~
10 ~~other moneys set forth in the budget request. If the General~~
11 ~~Assembly fails to approve the authority's budget by May 30, the~~
12 ~~remainder so determined, if any, shall be the amount which the~~
13 ~~authority shall be permitted to apply to its budgeted operating~~
14 ~~expenses from the proceeds of any tax imposed pursuant to~~
15 ~~Chapter 6. Such remainder shall be paid to the authority in the~~
16 ~~manner prescribed in section 312. At such time as the General~~
17 ~~Assembly approves the budget of the authority, the authority~~
18 ~~shall be authorized to adjust such remainder to reflect the~~
19 ~~approved budget. If, subsequent to the approval of the budget,~~
20 ~~the authority determines that a supplemental budget may be~~
21 ~~needed, the authority shall submit its request for the~~
22 ~~supplemental budget simultaneously to the Governor and the~~
23 ~~Chairperson and the Minority Chairperson of the Appropriations~~
24 ~~Committee of the Senate and the Chairperson and the Minority~~
25 ~~Chairperson of the Appropriations Committee of the House of~~
26 ~~Representatives. The submission of the operating budget request~~
27 ~~shall be accompanied by a certification of the authority setting~~
28 ~~forth~~. THE FOLLOWING INFORMATION SHALL BE SUBMITTED WITH THE <—
29 AUTHORITY'S BUDGET:

30 (1) the total amount of debt service to become due on

1 authority bonds for such ensuing fiscal year, including
2 payments of interest and principal, maturity value or sinking
3 fund payments;

4 (2) the amount, if any, due to any provider of any
5 credit or liquidity facility representing payments made by
6 such provider as provided in the applicable resolution or
7 trust indenture as a result of any previous failure of the
8 authority to make any payment provided for in the applicable
9 resolution or trust indenture, including any related
10 reasonable interest, fees or charges so provided;

11 (3) the amount, if any, required to restore the debt
12 service reserve fund to the level required under section 313
13 and the resolution of the authority establishing such fund;
14 and

15 (4) the amount, if any, required to be rebated to the
16 United States to provide for continued Federal tax exemption
17 for bonds of the authority.

18 (B) LIMIT ON OPERATING EXPENSES.--FOLLOWING THE SUBMISSION <—
19 OF THE AUTHORITY'S BUDGET TO THE GOVERNOR AND THE GENERAL
20 ASSEMBLY, AND ANY HEARING HELD BY AN APPROPRIATIONS COMMITTEE
21 UNDER SUBSECTION (A), THE GENERAL ASSEMBLY BY CONCURRENT
22 RESOLUTION WITH PRESENTMENT TO THE GOVERNOR, IN ACCORDANCE WITH
23 SECTION 9 OF ARTICLE III OF THE CONSTITUTION OF PENNSYLVANIA,
24 MAY LIMIT THE OPERATING EXPENSES OF THE AUTHORITY. IN THAT
25 EVENT, IT SHALL BE UNLAWFUL FOR THE AUTHORITY TO SPEND MORE FOR
26 OPERATING EXPENSES THAN THE LIMIT ESTABLISHED FOR THAT FISCAL
27 YEAR BY THE CONCURRENT RESOLUTION. IF THE GENERAL ASSEMBLY DOES
28 NOT ADOPT A CONCURRENT RESOLUTION PRIOR TO MAY 30, THE
29 AUTHORITY'S BUDGET SHALL BE DEEMED APPROVED FOR THAT FISCAL
30 YEAR.

1 ~~(b)~~ (C) Sources of payment of authority expenses.--Authority <—
2 operating expenses shall be ~~paid~~ BUDGETED AND PAID FIRST from <—
3 the revenues derived from the investment income of the authority
4 ~~or~~ AND THEN FROM other moneys of the authority described in <—
5 subsection (a) or from a tax imposed pursuant to Chapter 6 as
6 permitted in subsection (a). The amount appropriated in section
7 701 shall be repaid by the authority from such sources or from
8 the proceeds of the initial issue of bonds by the authority, and
9 up to \$500,000 of initial authority operating expenses may be
10 funded with proceeds of the initial issue of bonds. The
11 Commonwealth shall not be responsible for funding the annual
12 budget of the authority.

13 ~~(e)~~ (D) Examination of books.--The Chairperson and Minority <—
14 Chairperson of the Appropriations Committee of the Senate and
15 the Chairperson and Minority Chairperson of the Appropriations
16 Committee of the House of Representatives shall have the right
17 at any time to examine the books, accounts and records of the
18 authority.

19 Section 207. Annual report to be filed; annual audits.

20 Every authority shall file an annual report with the
21 Chairperson and the Minority Chairperson of the Appropriations
22 Committee of the Senate and Chairperson and the Minority
23 Chairperson of the Appropriations Committee of the House of
24 Representatives, which shall make provisions for the accounting
25 of revenues and expenses. The authority shall have its books,
26 accounts and records audited annually in accordance with
27 generally accepted auditing standards by an independent auditor
28 who shall be a certified public accountant, and a copy of his
29 audit report shall be attached to and be made a part of the
30 authority's annual report. A concise financial statement shall

1 be published annually in the Pennsylvania Bulletin.

2 Section 208. Authority's financial assistance to cities.

3 (a) Loans.--~~The~~ PROVIDED THE AUTHORITY HAS ENTERED INTO AN <—
4 INTERGOVERNMENTAL COOPERATION AGREEMENT WITH A CITY AND THERE IS
5 AN APPROVED FINANCIAL PLAN IN EFFECT, THE authority may render
6 financial assistance to ~~cities~~ THE CITY in the form of loans and <—
7 grants from authority funds including proceeds from bonds, and
8 ~~cities~~ THE CITY may borrow or receive such funds for any lawful <—
9 purpose. HOWEVER, IF THE AUTHORITY HAS NOT ENTERED INTO AN <—
10 INTERGOVERNMENTAL COOPERATION AGREEMENT WITH A CITY OR IF THERE
11 IS NOT AN APPROVED FINANCIAL PLAN IN EFFECT, THE AUTHORITY SHALL
12 NOT RENDER FINANCIAL ASSISTANCE TO THE CITY EXCEPT FOR ANY
13 AMOUNTS NECESSARY TO ENABLE SUCH CITY TO PAY PRINCIPAL OF OR
14 INTEREST ON ITS OUTSTANDING BONDS, OR LEASE PAYMENTS SECURING
15 BONDS OF OTHER GOVERNMENT AGENCIES, AS PROVIDED FOR IN SECTION
16 209(A). Loans and grants authorized by this section shall be
17 made on such terms and conditions as a qualified majority of the
18 board shall approve.

19 (b) City pledge.--A city may pledge any available source of
20 revenue to secure payments due to the authority under any
21 agreement with the authority, including an intergovernmental
22 cooperation agreement. Any pledge of revenues made by a city for
23 these purposes, including without limitation, a pledge of tax
24 revenues, shall be binding and enforceable upon such city and
25 its governing body for as long as any agreement secured by such
26 pledge remains outstanding. A city shall take no action during
27 the term of such agreement, or so long as bonds secured by
28 payments under such agreement are outstanding, that would
29 transfer for another purpose or reduce pledged revenues, or take
30 any other action which would impair the rights of the authority

1 or obligees of the authority.

2 (c) Additional city appropriations.--A city that receives a
3 loan or grant from the authority after such city has adopted its
4 operating budget may, at any time during the course of a fiscal
5 year, make additional appropriations to the extent of the
6 proceeds of such loan or grant received or to be received by
7 such city in such fiscal year.

8 Section 209. Financial plan of an assisted city.

9 (a) Requirement of a financial plan.--While any bonds issued
10 by the authority to assist a city remain outstanding, an
11 assisted city shall develop, IMPLEMENT and periodically revise a <—
12 financial plan as described in this section. The authority shall
13 not provide the net proceeds of the initial bond issue described
14 in section 317 AND ANY SUBSEQUENT BOND ISSUE, other than any <—
15 amounts necessary to enable such city to pay principal of or
16 interest on its outstanding bonds, or lease payments securing
17 bonds of other government agencies, which payments, in the
18 authority's discretion, may be made directly to the paying
19 agents for such bonds, until the authority and the city have
20 agreed upon such a plan, ~~which plan as agreed upon shall be~~ <—
21 ~~included as an appendix to an intergovernmental cooperation~~
22 ~~agreement between the authority and the city and incorporated~~
23 ~~therein.~~

24 (b) Elements of plan.--The financial plan shall include:

25 (1) Projected revenues and expenditures of the principal
26 operating fund or funds of the city for five fiscal years
27 consisting of the current fiscal year and the next four
28 fiscal years.

29 (2) Plan components that will:

30 (i) eliminate any projected deficit for the current

1 fiscal year and for subsequent fiscal years;

2 (ii) restore to special fund accounts money from
3 those accounts used for purposes other than those
4 specifically authorized;

5 (iii) balance the current fiscal year budget and
6 subsequent budgets in the financial plan through sound
7 budgetary practices, including, but not limited to,
8 reductions in expenditures, improvements in productivity,
9 increases in revenues, or a combination of these steps;

10 (iv) provide procedures to avoid a fiscal emergency
11 condition in the future; and

12 (v) enhance the ability of the city to regain access
13 to the short-term and long-term credit markets.

14 (c) Standards for formulation of plan.--

15 (1) All projections of revenues and expenditures in a <—
16 financial plan shall be based on reasonable and appropriate
17 assumptions and methods of estimation, all such assumptions
18 and methods to be consistently applied. All cash flow <—
19 ~~projections shall be based upon~~ APPLIED. <—

20 (2) ALL REVENUE AND APPROPRIATION ESTIMATES SHALL BE ON
21 A MODIFIED ACCRUAL BASIS IN ACCORDANCE WITH GENERALLY
22 ACCEPTED STANDARDS. REVENUE ESTIMATES SHALL RECOGNIZE
23 REVENUES IN THE ACCOUNTING PERIOD IN WHICH THEY BECOME BOTH
24 MEASURABLE AND AVAILABLE. ESTIMATES OF CITY-GENERATED
25 REVENUES SHALL BE BASED ON CURRENT OR PROPOSED TAX RATES,
26 HISTORICAL COLLECTION PATTERNS, AND GENERALLY RECOGNIZED
27 ECONOMETRIC MODELS. ESTIMATES OF REVENUES TO BE RECEIVED FROM
28 THE STATE GOVERNMENT SHALL BE BASED ON HISTORICAL PATTERNS,
29 CURRENTLY AVAILABLE LEVELS, OR ON LEVELS PROPOSED IN A BUDGET
30 BY THE GOVERNOR. ESTIMATES OF REVENUES TO BE RECEIVED FROM

1 THE FEDERAL GOVERNMENT SHALL BE BASED ON HISTORICAL PATTERNS,
2 CURRENTLY AVAILABLE LEVELS, OR ON LEVELS PROPOSED IN A BUDGET
3 BY THE PRESIDENT OR IN A CONGRESSIONAL BUDGET RESOLUTION.
4 NONTAX REVENUES SHALL BE BASED ON CURRENT OR PROPOSED RATES,
5 CHARGES OR FEES, HISTORICAL PATTERNS AND GENERALLY RECOGNIZED
6 ECONOMETRIC MODELS. APPROPRIATION ESTIMATES SHALL INCLUDE, AT
7 A MINIMUM, ALL OBLIGATIONS INCURRED DURING THE FISCAL YEAR
8 AND ESTIMATED TO BE PAYABLE DURING THE FISCAL YEAR OR IN THE
9 24-MONTH PERIOD FOLLOWING THE CLOSE OF THE CURRENT FISCAL
10 YEAR, AND ALL OBLIGATIONS OF PRIOR FISCAL YEARS NOT COVERED
11 BY ENCUMBERED FUNDS FROM PRIOR FISCAL YEARS. ANY DEVIATIONS
12 FROM THESE STANDARDS OF ESTIMATING REVENUES AND
13 APPROPRIATIONS PROPOSED TO BE USED BY A CITY SHALL BE
14 SPECIFICALLY DISCLOSED AND SHALL BE APPROVED BY A QUALIFIED
15 MAJORITY OF THE BOARD.

16 (3) ALL CASH FLOW PROJECTIONS SHALL BE BASED UPON
17 reasonable and appropriate assumptions as to sources and uses
18 of cash, including, but not limited to, reasonable and
19 appropriate assumptions as to the timing of receipt and
20 expenditure thereof and shall provide for operations of the
21 assisted city to be conducted within the ~~cash~~ resources so ←
22 projected. All estimates shall take due account of the past
23 and anticipated collection, expenditure and service demand
24 experience of the assisted city and of current and projected
25 economic conditions.

26 (d) Form of plan.--Each financial plan shall, consistent
27 with the requirements of an assisted city's home rule charter or
28 optional plan of government:

29 (1) be in such form and shall contain:

30 (i) for each of the first two fiscal years covered

1 by the financial plan such information as shall reflect
2 an assisted city's total expenditures by fund and by lump
3 sum amount for each board, commission, department or
4 office of an assisted city; and

5 (ii) for the remaining three fiscal years of the
6 financial plan such information as shall reflect an
7 assisted city's total expenditures by fund and by lump
8 sum amount for major object classification;

9 (2) include projections of all revenues and expenditures
10 for five fiscal years, including, but not limited to,
11 projected capital expenditures and short-term and long-term
12 debt incurrence and cash flow forecasts by fund for the first
13 year of the financial plan;

14 (3) include a schedule of projected capital commitments
15 of the assisted city and proposed sources of funding for such
16 commitments; and

17 (4) be accompanied by a statement describing, in
18 reasonable detail, the significant assumptions and methods of
19 estimation used in arriving at the projections contained in
20 such plan.

21 (e) Annual submission of plan.--An assisted city shall
22 develop, and the authority shall review and act upon, an initial
23 five-year financial plan for the city as soon as practicable
24 after the effective date of this act. During each subsequent
25 fiscal year while bonds of the authority are outstanding, the
26 mayor or chief executive officer of each assisted city shall, at
27 least 100 days prior to the beginning of its fiscal year, or on
28 such other date as the authority may approve upon the request of
29 the assisted city, prepare and submit its proposed five-year
30 plan. At the same time the plan is submitted, the mayor or chief

1 executive officer shall also submit to the authority:

2 (1) the mayor's, or chief executive officer's, proposed
3 annual operating budget, and capital budget, which shall be
4 consistent with the first year of the financial plan, and
5 which shall be prepared in accordance with the assisted
6 city's home rule charter or other optional plan of
7 government; and

8 (2) a statement by the mayor, or chief executive
9 officer, that such budget:

10 (i) is consistent with the financial plan;

11 (ii) contains funding adequate for debt service
12 payments, legally mandated services and lease payments
13 securing bonds of other government agencies; and

14 (iii) is based upon reasonable and appropriate
15 assumptions and methods of estimation.

16 (f) Authority review and approval of plan.--

17 (1) The authority shall promptly review each financial
18 plan, proposed operating budget and capital budget submitted
19 by the assisted city. In conducting such review, the
20 authority shall request from the city controller of the
21 assisted city an opinion or certification prepared in
22 accordance with generally accepted auditing standards, with
23 respect to the reasonableness of the assumptions and
24 estimates in the financial plan. The city controller and
25 other elected officials shall comply with any such request
26 from the authority. Not more than 30 days after submission of
27 a financial plan and proposed operating budget, the authority
28 shall determine whether:

29 (i) the financial plan projects balanced budgets,
30 based upon reasonable assumptions AS DESCRIBED IN THIS <—

1 SECTION, for each year of the plan; and
2 (ii) the proposed operating budget and capital
3 budget are consistent with the proposed financial plan.

4 If THE AUTHORITY DETERMINES THAT these criteria are ←
5 satisfied, the authority shall approve such financial plan by
6 a qualified majority vote.

7 (2) The authority shall not be bound by any opinions or
8 certifications of the city controller of the assisted city
9 issued pursuant to this subsection.

10 (3) If the authority fails to take any action within 30
11 days on a financial plan, the financial plan as submitted
12 shall be deemed approved. However, if during the 30 days a
13 written request by two members of the authority board for a
14 meeting and vote on the question of approval of the financial
15 plan has been submitted to the chairperson and a meeting and
16 vote does not take place the financial plan shall be deemed
17 disapproved.

18 (g) Authority disapproval of plan.--

19 (1) If the authority disapproves the proposed financial
20 plan, the authority shall, when it notifies an assisted city
21 of its decision, state in writing in reasonable detail the
22 reasons for such disapproval, including the amount of any
23 estimated budget imbalance.

24 (2) The assisted city shall submit a revised financial
25 plan to the authority within 15 days of such disapproval,
26 which revised plan eliminates the budget imbalance. Not more
27 than 15 days after the submission of such revised financial
28 plan, the authority shall determine whether the revised plan
29 satisfies the criteria set forth in subsection (f)(1). If THE ←
30 AUTHORITY DETERMINES THAT these criteria are satisfied, the

1 authority shall approve such financial plan by a qualified
2 majority vote. If the authority shall not so approve the
3 financial plan, then the authority shall, subject to the
4 occurrence of the events described in section 210(e), certify
5 the assisted city's noncompliance with the financial plan to
6 the Secretary of the Budget.

7 (h) Revisions to plan.--

8 (1) While any bonds of the authority remain outstanding,
9 the plan shall be revised on an annual basis to include the
10 operating budget for the next fiscal year and to extend the
11 plan for an additional fiscal year. In addition, the mayor or
12 chief executive officer of an assisted city shall, within 90
13 days of assuming office, propose revisions to the financial
14 plan, or certify to the authority that he or she adopts the
15 existing plan. A city may, during the course of a fiscal
16 year, submit proposed revisions to the financial plan, and
17 shall submit a proposed revision for any amendment to the
18 city's operating or capital budget.

19 (2) The authority shall review each proposed revision
20 within 20 days of its submission. The authority shall approve
21 the revision if it will not, based on reasonable assumptions,
22 cause the plan to become imbalanced. Proposed revisions shall
23 become part of the financial plan upon the approval of a
24 qualified majority of the authority board, unless some other
25 method of approval is permitted by authority rules and
26 regulations approved by a qualified majority, or pursuant to
27 an agreement with the city contained in an intergovernmental
28 cooperation agreement. If the authority fails to take action
29 within 20 days on a proposed revision, such submission shall
30 be deemed approved unless a written request for a meeting and

1 vote has been made in accordance with section 209(f)(3) in
2 which event if a meeting and vote does not take place, the
3 proposed revision shall be deemed disapproved.

4 (3) If the governing body of an assisted city adopts a
5 budget inconsistent with an approved financial plan, that
6 city shall submit the enacted budget to the authority as a
7 proposed revision to the plan. The authority shall review the
8 proposed revision within 30 days of its submission, in
9 accordance with the criteria set forth in subsection (f) and
10 the approval process set forth in paragraph (2).

11 (i) Supplemental reports.--Within 45 days of the end of each
12 fiscal quarter, or monthly if a variation from the financial
13 plan has been determined in accordance with section 210(c), the
14 mayor or chief executive officer of an assisted city shall
15 provide the authority with reports describing actual or current
16 estimates of revenues and expenditures compared to budgeted
17 revenues and expenditures for such period reflected in its cash
18 flow forecast. Each report required under this section shall
19 indicate any variance between actual or current estimates and
20 budgeted revenues, expenditures and cash for the period covered
21 by such report. An assisted city shall also provide periodic
22 reports on debt service requirements in conformity with section
23 210(b).

24 (j) Effect of plan upon contracts and collective bargaining
25 agreements.--

26 (1) A contract or collective bargaining agreement in
27 existence in an assisted city prior to the approval by the
28 authority of a financial plan submitted pursuant to this
29 section shall remain effective after approval of such plan
30 until such ~~contact~~ CONTRACT or agreement expires.

←

1 (2) After the approval by the authority of a financial
2 plan submitted pursuant to this section, an assisted city
3 shall execute contracts and collective bargaining agreements
4 in compliance with such plan. If a city executes a contract
5 or a collective bargaining agreement which is not in
6 compliance with the plan, the contract or agreement shall not
7 be void or voidable solely by reason of such noncompliance,
8 but the city shall submit to the authority a proposed
9 revision to the plan which demonstrates that revenues
10 sufficient to pay the costs of the contract or collective
11 bargaining agreement will be available in the affected fiscal
12 years of the plan.

13 (k) Effect of plan upon certain arbitration awards.--

14 (1) After the approval by the authority of a financial
15 plan submitted pursuant to this section, any determination of
16 a board of arbitration established pursuant to the provisions
17 of the act of June 24, 1968 (P.L.237, No.111), referred to as
18 the Policemen and Firemen Collective Bargaining Act,
19 providing for an increase in wages or fringe benefits of any
20 employee of an assisted city under the plan, in addition to
21 considering any standard or factor required to be considered
22 by applicable law, shall take into consideration and accord
23 substantial weight to:

24 (i) the approved financial plan; and

25 (ii) the financial ability of the assisted city to
26 pay the cost of such increase in wages or fringe benefits
27 without adversely affecting levels of service.

28 (2) Such determination shall be in writing and a copy
29 thereof shall be forwarded to each party to the dispute and
30 the authority. Any determination of the board of arbitration

1 which provides for an increase in wages or fringe benefits of
2 any employee of an assisted city shall state with specificity
3 in writing all factors which the board of arbitration took
4 into account in considering and giving substantial weight to:

5 (i) the approved financial plan of the assisted
6 city; and

7 (ii) the assisted city's financial ability to pay
8 the cost of such increase.

9 (3) (i) Any party to a proceeding before a board of
10 arbitration may appeal to the court of common pleas to
11 review:

12 (A) the consideration of the assisted city's
13 financial plan;

14 (B) the determination as to the assisted city's
15 financial ability to pay; or

16 (C) the failure of the board of arbitration to
17 issue a determination including a detailed writing of
18 all factors which the board of arbitration took into
19 account in considering and giving substantial weight
20 to the assisted city's financial ability to pay and
21 the assisted city's financial plan.

22 (ii) The decision of the board of arbitration shall
23 be vacated and remanded to the board of arbitration if
24 the court finds:

25 (A) that the board of arbitration failed to take
26 into consideration and accord substantial weight to
27 the approved financial plan;

28 (B) that the board of arbitration's
29 determination as to the assisted city's financial
30 ability to pay is not supported by substantial

1 evidence as produced by the parties to the
2 proceedings before the board of arbitration; or

3 (C) that the board of arbitration has failed to
4 state with specificity in writing the factors which
5 it took into account in considering and giving
6 substantial weight to the assisted city's financial
7 ability to pay or the assisted city's approved
8 financial plan.

9 (iii) Such appeal shall be commenced not later than
10 30 days after the issuance of a final determination by
11 the board of arbitration.

12 (iv) If, after the exhaustion of all appeals, the
13 final arbitration award is not in compliance with the
14 approved financial plan, the award shall not be void or
15 voidable solely by reason of such noncompliance but the
16 assisted city shall submit to the authority a proposed
17 revision to the plan which demonstrates that revenues
18 sufficient to pay the costs of the award will be
19 available in the affected fiscal years of the plan.

20 Section 210. Powers and duties of authority with respect to
21 financial plans.

22 (a) Formulation and approval of plan.--To enhance the
23 security of bonds issued by the authority, to minimize the need
24 for future borrowing by the authority, and to advance the
25 financial recovery of each assisted city, the authority shall
26 require such city to submit a five-year financial plan in
27 accordance with section 209. With regard to the formulation of
28 such plan, the authority shall:

29 (1) Consult with an assisted city as it prepares the
30 financial plan.

1 (2) Prescribe the form of the financial plan, insofar as
2 that form is consistent with an assisted city's home rule
3 charter or other optional plan of government and with this
4 act.

5 (3) Prescribe the supporting information required in
6 connection with such plan, such information to include at a
7 minimum:

8 (i) debt service payments due or projected to be due
9 during the relevant fiscal years;

10 (ii) payments for legally mandated services included
11 in the plan and due or projected to be due during the
12 relevant fiscal years; and

13 (iii) a statement in reasonable detail of the
14 significant assumptions and methods of estimation used in
15 arriving at the projections in the plan.

16 (4) Exercise any rights of approval or disapproval, and
17 issue such recommendations as are authorized by this act in
18 accordance with the standards for formulation of the plan set
19 forth in section 209(c).

20 (b) Authority functions after plan is approved.--After a
21 financial plan has been approved, the authority shall:

22 (1) Receive and review:

23 (i) the financial reports submitted by the mayor or
24 chief executive officer of an assisted city under section
25 209(i);

26 (ii) reports concerning the debt service
27 requirements on all bonds, notes of such city and lease
28 payments of such city securing bonds or other government
29 agencies for the following quarter, which reports shall
30 be in such form and contain such information as the

1 authority shall determine, and which shall be issued no
2 later than 60 days prior to the beginning of the quarter
3 to which they pertain, and shall be updated immediately
4 upon each issuance of bonds or notes, by the assisted
5 city or execution of a lease securing bonds of another
6 government agency, after the date of such report to
7 reflect any change in debt service requirements as a
8 result of such issuance; and

9 (iii) any additional information provided by the
10 assisted city concerning changed conditions or unexpected
11 events which may affect the city's adherence to the
12 financial plan. The reports described in subparagraph
13 (ii) shall be certified by the city controller.

14 (2) Determine, on the basis of information and reports
15 described in subsection (b)(1), whether an assisted city has
16 adhered to the financial plan.

17 (c) Variation from the plan.--If the authority determines,
18 based upon reports submitted by an assisted city under
19 subsection (b) or independent audits, examinations or studies of
20 the assisted city's finances obtained under subsection (i)(3),
21 that an assisted city's actual revenues and expenditures vary
22 from those estimated in the financial plan, the authority shall
23 require the city to provide such additional information as the
24 authority deems necessary to explain the variation. The
25 authority shall take no action with respect to an assisted city
26 for departures from the financial plan in a fiscal quarter if:

27 (1) the city provides a written explanation for the
28 variation that the authority deems reasonable;

29 (2) the city proposes remedial action which the
30 authority believes will restore the city's overall compliance

1 with the financial plan;

2 (3) information provided by the city in the ~~next~~ <—
3 IMMEDIATELY SUCCEEDING quarterly financial report <—

4 demonstrates that the city is taking such remedial action and
5 otherwise complying with the plan; and

6 (4) the city submits monthly supplemental reports in
7 accordance with section 209(i) until it regains compliance
8 with the financial plan.

9 (d) Authority may make recommendations.--The authority may
10 at any time issue recommendations as to how an assisted city may
11 achieve compliance with the financial plan, and shall provide
12 copies of such recommendations to the mayor or chief executive
13 officer and the governing body of the city and to the officials
14 named in section 203(b)(5).

15 (e) When Commonwealth shall withhold funds.--

16 (1) The authority shall certify to the ~~secretary of the~~ <—
17 ~~budget~~ SECRETARY OF THE BUDGET an assisted city's <—
18 noncompliance with the financial plan during any period when
19 the authority has determined by the vote of a qualified
20 majority that the city has not adhered to the plan and has
21 ~~taken no~~ NOT TAKEN acceptable remedial action during the next <—
22 quarter following such departure from the plan.

23 (2) The authority shall certify to the Secretary of the
24 Budget that an assisted city is not in compliance with the
25 plan if the city:

26 (i) has no financial plan approved by the authority,
27 or has failed to file a financial plan with the
28 authority; or

29 (ii) has failed to file mandatory revisions to the
30 plan or reports as required by section 209(h), (i), (j)

1 or (k); and

2 (iii) has not been compelled to file a financial
3 plan, a mandatory revision to the plan, or a report
4 through a mandamus action authorized under subsection
5 (j).

6 (3) If the authority certifies that an assisted city is
7 not in compliance with the financial plan under paragraph (1)
8 or (2), the Secretary of the Budget shall notify the city
9 that such certification has been made and that each grant,
10 loan, entitlement or payment to the assisted city by the
11 Commonwealth, or any of its agencies, including payment from
12 the city account established pursuant to section 314, shall
13 be suspended pending compliance with the financial plan.
14 Funds withheld shall be held in escrow by the Commonwealth or
15 in the case of the city account, be retained in that city
16 account, until compliance with the plan is restored as set
17 forth in paragraph (4). Funds held in escrow pursuant to this
18 subsection shall not lapse pursuant to section 621 of the act
19 of April 9, 1929 (P.L.177, No.175), known as The
20 Administrative Code of 1929 or any other law.

21 (4) The authority shall, by qualified majority vote,
22 determine when the conditions which caused an assisted city
23 to be certified as not in compliance with the financial plan
24 have ceased to exist, and shall promptly notify the Secretary
25 of the Budget of such vote. The Secretary of the Budget shall
26 thereupon release all funds held in escrow, together with all
27 interest and income earned thereon during the period held in
28 escrow and the disbursements of amounts in the city account
29 shall resume as provided in section 314(c).

30 (f) Exemptions.--Notwithstanding the provisions of

1 subsection (e), the following shall not be withheld from an
2 assisted city:

3 (1) funds for capital projects under contract in
4 progress;

5 (2) funds granted or allocated to an assisted city
6 directly from an agency of the Commonwealth, or from the
7 Federal Government for distribution by the Commonwealth after
8 the declaration of a disaster resulting from a catastrophe;

9 (3) pension fund payments required by law;

10 (4) funds administered by the assisted city's Department
11 of Human Services or Department of Health that provide
12 benefits or service to recipients;

13 (5) funds that the assisted city has pledged to repay
14 bonds or notes issued under the act of October 18, 1972
15 (P.L.955, No.234), known as The First Class City Revenue Bond
16 Act; and

17 (6) funds appropriated by the Commonwealth for the court
18 system or correctional programs of the assisted city.

19 (g) Effect of Commonwealth's failure to disburse funds.--The
20 provisions of subsection (e) also shall not apply and an
21 assisted city shall not be found to have departed from the
22 financial plan due to the Commonwealth's failure to pay any
23 money, including payment of Federal funds distributed by or
24 through the Commonwealth, due to the city FROM MONEYS
25 APPROPRIATED BY THE GENERAL ASSEMBLY. ←

26 (h) Assisted city to determine expenditure of available
27 funds.--Nothing in this act shall be construed to limit the
28 power of an assisted city to determine, from time to time,
29 within available funds of the assisted city, the purposes for
30 which expenditures are to be made by the assisted city and the

1 amounts of such expenditures then permitted under the financial
2 plan of the assisted city.

3 (i) Documents and examinations to be reviewed or undertaken
4 by the authority.--The authority shall:

5 (1) receive from an assisted city, and review, the <—
6 reports, documents, budgetary and financial planning data and
7 other information prepared by or on behalf of such assisted
8 city and WHICH ARE to be made available to the authority <—
9 under this act;

10 (2) RECEIVE FROM A CORPORATE ENTITY OR SCHOOL DISTRICT <—
11 AND REVIEW, THE REPORTS, DOCUMENTS, BUDGETARY AND FINANCIAL
12 PLANNING DATA AND OTHER INFORMATION PREPARED BY OR ON BEHALF
13 OF A CORPORATE ENTITY OR SCHOOL DISTRICT AND WHICH ARE TO BE
14 MADE AVAILABLE TO THE AUTHORITY UNDER THIS ACT, AS THE
15 AUTHORITY DEEMS NECESSARY TO ACCOMPLISH THE PURPOSES OF THIS
16 ACT;

17 ~~(2)~~ (3) inspect and copy such books, records and <—
18 information of an assisted city, CORPORATE ENTITY OR SCHOOL <—
19 DISTRICT as the authority deems necessary to accomplish the
20 purposes of this act; and

21 ~~(3)~~ (4) conduct or cause to be conducted such <—
22 independent audits, examinations or studies of ~~the assisted~~ <—
23 ~~city's~~ A SCHOOL DISTRICT OR ASSISTED CITY'S finances as the <—
24 authority deems appropriate.

25 (5) CONDUCT OR CAUSE TO BE CONDUCTED SUCH INDEPENDENT <—
26 AUDITS, EXAMINATIONS OR STUDIES OF A CORPORATE ENTITY'S
27 FINANCES AS THE AUTHORITY BY A QUALIFIED MAJORITY OF THE
28 BOARD DEEMS APPROPRIATE.

29 (j) Remedies of authority for failure of an assisted city to
30 file financial plans and reports.--In the event that an assisted

1 city shall fail to file with the authority any financial plan,
2 revision to a financial plan, report or other information
3 required to be filed with the authority pursuant to this act,
4 the authority, in addition to all other rights which the
5 authority may have at law or in equity, shall have the right by
6 mandamus to compel the assisted city and the officers, employees
7 and agents thereof to file with the authority the financial
8 plan, revision to a financial plan, report or other information
9 which the assisted city has failed to file. The authority shall
10 give the assisted city written notice of the failure of the
11 assisted city to file and of the authority's intention to
12 initiate an action under this subsection and shall not initiate
13 such an action earlier than ten days after the giving of such
14 notice.

15 Section 211. Limitation on authority and on assisted cities to
16 file petition for relief under Federal bankruptcy
17 law.

18 (a) Limitation on bankruptcy filing.--Notwithstanding any
19 other provision of law, so long as the authority shall have
20 outstanding any bonds issued pursuant to this act, the authority
21 and any assisted city shall not be authorized to file a petition
22 for relief under 11 U.S.C. Ch. 9 (relating to bankruptcy), or
23 any successor Federal bankruptcy law, and no government agency
24 shall authorize the authority or such city to become a debtor
25 under 11 U.S.C. Ch. 9 or any successor Federal bankruptcy law.

26 (b) Bankruptcy filing approval.--In addition to the
27 limitation set forth in subsection (a), and notwithstanding any
28 other provision of law, no city of the first class shall be
29 authorized to file a petition for relief under 11 U.S.C. Ch. 9
30 or any successor Federal bankruptcy law, unless such petition

1 has first been submitted to, and the filing thereof has been
2 first approved in writing by the ~~Department of Community~~ <—
3 ~~Affairs. The Department of Community Affairs~~ GOVERNOR. THE <—
4 GOVERNOR is hereby designated, in accordance with 11 U.S.C. §
5 109(c)(2) (relating to the debtor status of a municipality), as
6 the organization of the Commonwealth which shall have power to
7 approve or disapprove the filing of any such petition of a
8 political subdivision, and to approve or disapprove any plan of
9 readjustment of the debts of any such political subdivision
10 prepared, filed and submitted with the petition to the court, as
11 provided under 11 U.S.C. Ch. 9.

12 (c) Review of bankruptcy petition.--

13 (1) When any such petition shall be submitted to the
14 ~~Department of Community Affairs~~ GOVERNOR for approval, <—
15 accompanied with a proposed plan of readjustment of the debts
16 of a city, the ~~department~~ GOVERNOR shall make a careful and <—
17 thorough investigation of the financial condition of such
18 city, of its assets and liabilities, of its sinking fund, and
19 whether the affairs thereof are managed in a careful, prudent
20 and economic manner in order to ascertain whether the
21 presentation of such petition is justified, or represents an
22 unjust attempt by such city to evade payment of some of its
23 contractual obligations, and, if the ~~department~~ GOVERNOR <—
24 believes that such petition should be approved, whether the
25 plan of readjustment submitted will be helpful to the
26 financial condition of the city, and is feasible, and at the
27 same time fair and equitable to all creditors.

28 (2) The ~~Department of Community Affairs~~ GOVERNOR shall <—
29 also, prior to giving its approval, ascertain the amount, if
30 any, of the obligations of any such petitioning city which is

1 held by any agency or agencies of the State government as
2 trust funds, and shall, before approving any such petition
3 and plan of readjustment, consult with and give every such
4 agency an opportunity to be heard and the privilege to
5 examine the findings of the ~~department~~ GOVERNOR resulting ←
6 from the investigation hereinbefore required to be made, and
7 shall likewise hear any other creditor of such city, whether
8 resident in or outside of this Commonwealth, who shall apply
9 therefor.

10 (3) The ~~Department of Community Affairs~~ GOVERNOR, if it ←
11 approves a petition, shall, before giving its approval,
12 require such modification in the proposed plan for
13 readjusting the debts as to it appears proper.

14 (D) EFFECTIVE DATE.--SUBSECTIONS (B) AND (C) SHALL TAKE ←
15 EFFECT ON THE EFFECTIVE DATE OF THIS ACT AND SHALL APPLY TO AN
16 ASSISTED CITY WHENEVER THE AUTHORITY DOES NOT HAVE ANY
17 OUTSTANDING BONDS ISSUED PURSUANT TO THIS ACT.

18 Section 212. Sovereign immunity.

19 Members of the board shall not be liable personally on any
20 obligations of the authority, including without limitation bonds
21 of the authority. It is hereby declared to be the intent of the
22 General Assembly that the authority created by this act and its
23 members, officers, officials and employees shall enjoy sovereign
24 and official immunity, as provided in 1 Pa.C.S. § 2310 (relating
25 to sovereign immunity reaffirmed; specific waiver), and shall
26 remain immune from suit except as provided by and subject to the
27 provisions of 42 Pa.C.S. § 8501 (relating to definitions)
28 through § 8528 (relating to limitations on damages).

29 CHAPTER 3

30 BONDS AND FUNDS OF AUTHORITY

1 Section 301. Bonds.

2 (a) Authorization.--The bonds of the authority shall be
3 authorized by resolution of the board by vote of a qualified
4 majority and shall be of such series, bear such date or dates,
5 bear or accrue interest at such rate or rates as shall be
6 determined by the board as necessary to issue and sell the
7 authorized bonds, be in such denominations, be in such form,
8 either coupon or fully registered without coupons, or in
9 certificated or book-entry-only form, carry such registration,
10 exchangeability and interchangeability privileges, be payable in
11 such medium of payment and at such place or places, be subject
12 to such terms of redemption, and be entitled to such priorities
13 of payment in the revenues or receipts of the authority, as such
14 resolution or resolutions of the board may provide. The bonds
15 shall be signed by or shall bear the facsimile signatures of
16 such officers as the board shall determine, and coupon bonds
17 shall have attached thereto interest coupons bearing the
18 facsimile signature of the treasurer of the authority, and all
19 bonds shall be authenticated by an authenticating agent, fiscal
20 agent or trustee, all as may be prescribed in such resolution or
21 resolutions. Any such bonds may be issued and delivered
22 notwithstanding that one or more of the officers signing such
23 bonds or the treasurer whose facsimile signature shall be upon
24 the coupon, or any thereof, shall have ceased to be such officer
25 or officers at the time when such bonds shall actually be
26 delivered.

27 (b) Maturity date.--

28 (1) Bonds issued to finance a deficit other than a cash
29 flow deficit or to provide other financial assistance to an
30 assisted city shall mature at such time or times not

1 exceeding ten years from their respective dates of original
2 issue as the authority shall by resolution determine.

3 (2) Bonds issued to finance the costs of capital
4 projects shall mature at such time or times not exceeding the
5 weighted average useful life of the projects being financed
6 and in no event exceeding 30 years from their respective
7 dates of original issue as the authority shall by resolution
8 determine.

9 (3) Bonds issued in anticipation of income of the
10 authority or to finance a cash flow deficit of a city shall
11 mature within the fiscal year of the date of issuance
12 thereof, except for bonds issued in anticipation of grants
13 from the Commonwealth, a government agency or Federal agency,
14 which bonds shall mature no later than the time of
15 anticipated receipt of such grant.

16 (4) Bonds issued to purchase obligations of a city shall
17 mature not more than 30 days after the maturity of the
18 obligations purchased.

19 (c) Sale.--Bonds may be sold at public sale or invited sale
20 for such price or prices and at such rate or rates of interest
21 as the authority shall determine. Bonds may be sold at private
22 sale by negotiation at such price or prices and at such rate or
23 rates of interest as the authority shall determine, but only if
24 the authority makes a written public explanation of the
25 circumstances and justification for the private sale by
26 negotiation. Pending the preparation of the definitive bonds,
27 interim receipts may be issued to the purchaser or purchasers of
28 such bonds and may contain such terms and conditions as the
29 authority may determine.

30 (d) Negotiable instruments.--Bonds of an authority shall

1 have the qualities of negotiable instruments under 13 Pa.C.S.
2 (relating to commercial code).

3 (e) Use of proceeds.--The proceeds of an issue of bonds may
4 be used to pay the costs of issuance of such bonds; to pay costs
5 of administration of authority assistance to a city; to fund
6 reserves for such bonds; to capitalize interest on such bonds
7 for a period not to exceed 12 months; to fund an existing or
8 projected deficit of a city or to provide for other financial
9 assistance to a city; to finance any cash flow deficit of a city
10 or of the authority; or to purchase any obligations of a city
11 issued to finance cash flow deficits; or to pay the costs of
12 capital projects; provided that the authority shall not issue
13 bonds to finance the costs of ~~capital projects~~ A CAPITAL PROJECT ←
14 in and for an assisted city unless it receives the request
15 described in subsection (g) accompanied by a certification that
16 the assisted city cannot obtain financing for such capital
17 projects at reasonable rates except through the issuance of
18 authority bonds and that the construction or acquisition of such
19 capital projects is a material element of such city's approved
20 financial plan AND THE AUTHORITY DETERMINES BY A QUALIFIED ←
21 MAJORITY OF THE BOARD IS:

22 (1) AN EMERGENCY CAPITAL PROJECT WHICH MUST NECESSARILY
23 BE UNDERTAKEN AS A DIRECT RESULT OF AN ORDER BY A COURT OF
24 COMPETENT JURISDICTION OR FOR THE REPAIR OR REPLACEMENT OF AN
25 EXISTING FACILITY THAT HAD BEEN PLACED IN SERVICE PRIOR TO
26 THE EFFECTIVE DATE OF THIS ACT AND IS OWNED OR OCCUPIED BY A
27 CITY ON THE EFFECTIVE DATE OF THIS ACT; OR

28 (2) A CAPITAL PROJECT NECESSARY TO ACHIEVE SAVINGS AND
29 BALANCED BUDGETS UNDER AN APPROVED FINANCIAL PLAN.

30 IN ADDITION TO THE REQUIREMENT OF A QUALIFIED MAJORITY OF THE

1 BOARD, THE GOVERNOR AND EITHER THE AUDITOR GENERAL OR STATE
2 TREASURER SHALL CERTIFY THAT A CAPITAL PROJECT UNDER PARAGRAPH
3 (2) IS A CAPITAL PROJECT NECESSARY TO ACHIEVE SAVINGS AND
4 BALANCED BUDGETS UNDER AN APPROVED FINANCIAL PLAN OF AN ASSISTED
5 CITY. Proceeds of the initial bond issue of the authority may be
6 applied to reimburse the Commonwealth for the advance set forth
7 in section 701 and to fund up to \$500,000 of initial operating
8 expenses of the authority.

9 (f) Refunding.--Subject to the provisions of the outstanding
10 bonds, notes, or other obligations issued under this or other
11 acts and subject to the provisions of this act, the authority
12 shall have the right and power to refund any outstanding debt of
13 the authority or a city, whether such debt represents principal
14 or interest, in whole or in part, at any time. The term "refund"
15 and its variations shall mean the issuance and sale of
16 obligations the proceeds of which are used, or are to be used,
17 for the payment or redemption of outstanding obligations upon or
18 prior to maturity. The term of any bonds issued for refunding
19 purposes shall not extend to a maturity date which could not
20 have been included in the original issue of bonds being
21 refunded.

22 (g) City request prerequisite.--The authority shall not
23 issue any bonds except bonds to refund its bonds, unless it has
24 received a request from a city for such issuance executed by the
25 mayor or chief executive officer of such city and approved by
26 the governing body of such city by resolution.

27 Section 302. Exemption from taxation.

28 The effectuation of the authorized purposes of the authority
29 shall and will be in all respects for the benefit of the people
30 of this Commonwealth, for the increase of their commerce and

1 prosperity and for the improvements of their health, safety,
2 welfare and living conditions; and, since the authority will, as
3 a public instrumentality of the Commonwealth, be performing
4 essential governmental functions in effectuating such purposes,
5 the authority shall not be required to pay any taxes or
6 assessments upon any property acquired or used or permitted to
7 be used by the authority for such purposes; and the bonds issued
8 by the authority, their transfer and the income therefrom,
9 including any profits made on the sale thereof, shall, at all
10 times, be free from State and local taxation within this
11 Commonwealth. This exemption shall not extend to gift, estate,
12 succession or inheritance taxes or any other taxes not levied
13 directly on the bonds, the transfer thereof, the income
14 therefrom or the realization of profits on the sale thereof.

15 Section 303. Validity of bonds; limitation on actions.

16 (a) Presumption.--Any bond reciting in substance that it has
17 been issued by the authority to accomplish the public purposes
18 of this act shall be conclusively deemed in any suit, action or
19 proceeding involving the validity or enforceability of such
20 bonds or security therefor to have been issued for such
21 purposes.

22 (b) Filing.--The authority may cause a copy of any
23 resolution authorizing the issuance of bonds adopted by it to be
24 filed for public inspection in its office and in the office of
25 the clerk of the governing body of the city to be assisted and
26 may thereupon cause to be published in a newspaper of general
27 circulation published or circulating in the city a notice
28 stating:

29 (1) The fact and date of such adoption.

30 (2) The places where such resolution has been so filed

1 for public inspection.

2 (3) The date of publication of such notice.

3 (4) That any action or proceeding of any kind or nature
4 in any court questioning the validity or proper authorization
5 of bonds provided for by the resolution, or the validity of
6 any covenants, agreements or contract provided for by such
7 resolution shall be commenced within 10 days after the
8 publication of such notice.

9 If any such notice shall at any time be published and if no
10 action or proceeding questioning the validity or proper
11 authorization of bonds provided for by the resolution referred
12 to in such notice, or the validity of any covenants, agreements
13 or contract provided by such resolution, shall be commenced
14 within 10 days after the publication of such notice, then all
15 residents, taxpayers and owners of property in the city and all
16 other persons whatsoever shall be forever barred and foreclosed
17 from instituting or commencing any action or proceeding in any
18 court, or pleading any defense to any action or proceedings,
19 questioning the validity or proper authorization of such bonds,
20 or the validity of any such covenants, agreements or contracts
21 and said bonds, covenants, agreements and contracts shall be
22 conclusively deemed to be valid and binding obligations in
23 accordance with their terms and tenor.

24 (c) Estoppel.--After issuance of bonds, all such bonds shall
25 be conclusively presumed to be fully authorized and issued by
26 all the laws of this Commonwealth, and any person shall be
27 estopped from questioning their sale, execution or delivery by
28 the authority.

29 Section 304. Provisions of bonds; trust indentures.

30 In connection with the issuance of bonds and in order to

1 secure the payment of such bonds, the authority, in addition to
2 its other powers, shall have the power to:

3 (1) pledge or grant a security interest in all or any
4 part of its gross or net revenues, including the proceeds of
5 any tax levied for the purposes of or made available for use
6 by the authority, to which its right then exists or which may
7 thereafter come into existence;

8 (2) grant a security interest in all or any part of its
9 personal property then owned or thereafter acquired;

10 (3) covenant against pledging or granting a security
11 interest in all or any part of its revenues or all or any
12 part of its personal property to which its right or title
13 exists or may thereafter come into existence, or against
14 permitting or suffering any lien on such revenues or
15 property; covenant with respect to limitations on its right
16 to sell, lease or otherwise dispose of any of its real
17 property; and covenant as to which other or additional debts
18 or obligations may be incurred by it;

19 (4) covenant as to the bonds to be issued and as to the
20 issuance of such bonds, in escrow or otherwise, and as to the
21 use and disposition of the proceeds thereof; provide for the
22 replacement of lost, destroyed or mutilated bonds; covenant
23 against extending the time for the payment of bonds or
24 interest thereon; redeem the bonds, and covenant for their
25 redemption and provide the terms and conditions thereof;

26 (5) covenant as to the amount of revenues to be received
27 in each fiscal year or other period of time by the authority,
28 as well as to the use and disposition to be made thereof,
29 create or authorize the creation of special funds or reserves
30 for debt service or other purposes, and covenant as to the

1 use and disposition of the moneys held in such funds;

2 (6) prescribe the procedure, if any, by which the terms
3 of any contract with bondholders may be amended or abrogated,
4 and the amount of bonds the holders of which must consent
5 thereto, and the manner in which such consent may be given;

6 (7) covenant as to the use of any or all of its real or
7 personal property, to warrant its title, and covenant as to
8 the maintenance of its real and personal property, the
9 replacement thereof, the insurance to be carried thereon and
10 the use and disposition of insurance proceeds;

11 (8) covenant as to the rights, liabilities, powers and
12 duties arising upon the breach by it of any covenant,
13 condition or obligation, provided that the authority shall
14 not be permitted to covenant that upon such breach any or all
15 of its bonds shall become or may be declared due before
16 stated maturity;

17 (9) vest in a trustee or the holders of bonds, or any
18 proportion of them, the right to enforce the payment of the
19 bonds or any covenants securing or relating to the bonds;
20 vest in a trustee the right, in the event of default in
21 payments of interest or on principal of bonds by the
22 authority, to take possession and use, operate and manage any
23 real or personal property and to collect the revenues and
24 receipts of an authority and to dispose of such moneys in
25 accordance with the agreement of the authority with the
26 trustee; provide for the powers and duties of a trustee and
27 to limit liabilities thereof; and provide the terms and
28 conditions upon which a trustee or the holders of bonds, or
29 any proportion of them, may enforce any covenant or rights
30 securing or relating to the bonds;

1 (10) enter into interest rate exchange agreements,
2 interest rate cap and floor agreements and other similar
3 agreements which in the judgment of the authority will assist
4 the authority in managing the interest costs of the
5 authority;

6 (11) obtain letters of credit, bonds insurance and other
7 facilities for credit enhancement and liquidity; and

8 (12) exercise all or any part or combination of the
9 powers granted in this act, make covenants other than and in
10 addition to the covenants expressly authorized by this act,
11 make such covenants and do any and all such acts and things
12 as may be necessary or convenient or desirable in order to
13 secure its bonds, or, in the absolute discretion of the
14 authority, as will tend to accomplish the purposes of this
15 act, by making the bonds more marketable notwithstanding that
16 such covenants, acts or things may not be specifically
17 enumerated by this act.

18 Notwithstanding any provision of this act to the contrary, the
19 real property of the authority shall not be mortgaged and shall
20 not be subject to attachment nor levied upon by execution or
21 otherwise. The revenues of the authority and the personal
22 property of the authority shall be pledged or otherwise
23 encumbered only as expressly provided in this section, and,
24 except to the extent necessary to effectuate such pledge or
25 encumbrance, shall not be subject to attachment nor levied upon
26 by execution or otherwise.

27 Section 305. Remedies of obligee of authority.

28 An obligee of the authority shall have the right, in addition
29 to all other rights which may be conferred on such obligees
30 subject only to any contractual restrictions binding upon such

1 obligee:

2 (1) By mandamus, suit, action or proceeding at law or in
3 equity, to compel the authority and the members of its
4 governing board, officers, agents or employees thereof to
5 perform each and every term, provision and covenant contained
6 in any bond or contract of the authority with or for the
7 benefit of such obligee, and to require the carrying out of
8 any or all such covenants and agreements of the authority and
9 the fulfillment of all duties imposed upon the authority by
10 this act.

11 (2) By proceeding in equity, to obtain an injunction
12 against any acts or things which may be unlawful or the
13 violation of any of the rights of such obligee of the
14 authority.

15 (3) To require the authority to account as if it were
16 the trustee of an express trust for the obligees of the
17 authority for any pledged revenues received.

18 Section 306. Validity of pledge.

19 Any pledge of or grant of a security interest in revenues of
20 the authority or personal property of an authority made by the
21 authority shall be valid and binding from the time when the
22 pledge is made; the revenues or other property so pledged and
23 thereafter received by the authority shall immediately be
24 subject to the lien of any such pledge or security interest
25 without any physical delivery thereof or further act, and the
26 lien of any such pledge or security interest shall be valid and
27 binding as against all parties having claims of any kind in
28 tort, contract or otherwise against the authority irrespective
29 of whether such parties have notice thereof. Neither the
30 resolution nor any other instrument of the authority by which a

1 pledge or security interest is created need be recorded or filed
2 to perfect such pledge or security interest.

3 Section 307. Commonwealth pledges.

4 (a) Bondholders.--The Commonwealth does hereby pledge to and
5 agree with each and every obligee of the authority that the
6 Commonwealth will not limit or alter the rights hereby vested in
7 the authority in any manner inconsistent with the obligations of
8 the authority to such obligees until all bonds at any time
9 issued, together with the interest thereon, are fully paid and
10 discharged. The Commonwealth does further pledge to and agree
11 with any Federal agency that, in the event that any Federal
12 agency shall contribute any funds to the authority for
13 assistance to a city pursuant to this act, that the Commonwealth
14 will not alter or limit the rights and powers of the authority
15 in any manner which would be inconsistent with the due
16 performance of any agreements between the authority, the city
17 and any such Federal agency.

18 (b) Lessees.--The Commonwealth does hereby pledge to and
19 agree with any person who, as owner thereof, leases or subleases
20 property to or from the authority, that the Commonwealth will
21 not limit or alter the rights and powers hereby vested in the
22 authority or otherwise created by this act in any manner which
23 impairs the obligations of the authority until all such
24 obligations of the authority under such lease or sublease are
25 fully met and discharged.

26 (c) Reduction of pledged tax revenues.--If and to the extent
27 that the authority pledges any proceeds of a tax authorized by
28 law to be levied for the authority purposes or made available
29 for use by the authority as security for bonds of the authority,
30 or the city pledges any proceeds of a tax as security for

1 payment by such city to the authority, the Commonwealth does
2 hereby pledge to and agree with each and every obligee of the
3 authority acquiring bonds so secured to be issued by the
4 authority that the Commonwealth itself will not, nor will it
5 authorize any government agency levying such tax to, reduce the
6 rate of tax imposed for such authority or city purposes, or made
7 available for use by the authority, until all bonds so secured
8 by the pledge of the authority, together with the interest
9 thereon, are fully paid or provided for until all payments to
10 the authority so secured by the pledge of the city have been
11 made or provided for.

12 Section 308. Resolution and law are contracts with holders of
13 bonds.

14 Except as otherwise provided in any resolution of the
15 authority authorizing or awarding bonds, the terms of such
16 resolution and any agreement authorized by such resolution and
17 the terms of this act as in effect when such bonds were
18 authorized shall constitute a contract between the authority and
19 the obligees from time to time of the authority, subject to
20 modification by the vote by holders of such percentage of bonds
21 as the resolution authorizing or awarding such bonds shall
22 provide.

23 Section 309. Bonds to be legal investments.

24 Bonds issued pursuant to this act are hereby made securities
25 in which all government agencies, all insurance companies, trust
26 companies, banking associations, banking corporations, savings
27 banks, investment companies, executors, the trustees of any
28 retirement, pension or annuity fund or system of the
29 Commonwealth or of a city, trustees and other fiduciaries may
30 properly and legally invest funds, including capital, deposits

1 or other funds in their control or belonging to them. Such bonds
2 are hereby made securities which may properly and legally be
3 deposited with and received by any government agency for any
4 purpose for which the deposit of bonds or other obligations of
5 the Commonwealth now or may hereafter be authorized by law.

6 Section 310. Right to enforcement of pledge of revenues.

7 The obligees of the authority shall have the right to enforce
8 a pledge of or security interest in revenues of the authority
9 securing payment of bonds of the authority against all
10 government agencies in possession of any such revenues at any
11 time, which revenues may be collected directly from such
12 officials upon notice by such obligees or a trustee for such
13 obligees for application to the payment of such bonds as and
14 when due or for deposits in any sinking, bond or debt service
15 fund established by this act or established by resolution of the
16 authority with such trustee at the times and in the amounts
17 specified in such bonds or the resolution or indenture or trust
18 agreement securing such bonds. Any government agency in
19 possession of any such revenues shall make payment against
20 receipt and shall thereby be discharged from any further
21 liability or responsibility for such revenues. If such payment
22 shall be to a holder of bonds, it shall be made against
23 surrender of such bonds to the payor for delivery to the
24 authority in the case of payment in full, otherwise it shall be
25 made against production of such bonds for notation thereon of
26 the amount of the payment. The provisions of this section with
27 respect to the enforceability and collection of revenues which
28 secure bonds shall supersede any contrary or inconsistent
29 statutory provision or rule of law. This section shall be
30 construed and applied to fulfill the legislative purpose of

1 clarifying and facilitating the financing of the authority of
2 the costs of assisting a city by assuring to the obligees of the
3 authority the full and immediate benefit of the security for the
4 bonds without delay, diminution or interference based on any
5 statute, decision, ordinance, or administrative rule or
6 practice.

7 Section 311. Funds of authority; sources of revenue.

8 (a) Receipt by treasurer.--All funds of the authority
9 received from any source shall be delivered to or upon the order
10 of the treasurer of the authority, or to such other agent of the
11 authority as the board may designate. Such funds received by the
12 authority shall be promptly deposited in a bank or banks in this
13 Commonwealth ~~chosen by the authority~~ AS CHOSEN BY A QUALIFIED ←
14 MAJORITY OF THE BOARD. The moneys in such account or accounts
15 may be paid by the treasurer of the authority or other
16 designated agent of the authority on warrant of the treasurer of
17 the authority, or by such persons as the board may authorize to
18 make such warrants. All such deposits of moneys may, if required
19 by the authority, be secured by obligations of the United States
20 or of the Commonwealth of a market value equal at all times to
21 the amount of the deposit and all banks and trust companies are
22 authorized to give such security for such deposits, provided,
23 that no moneys deposited in a debt service reserve fund may be
24 secured by a deposit of obligations issued by or obligations
25 guaranteed by an assisted city.

26 (b) Investment of funds.--Subject to the provisions of any
27 agreements with obligees of the authority, all funds of the
28 authority, including the proceeds of bonds, which are not
29 required for immediate use may be invested in obligations of an
30 assisted city, or in obligations of the Federal Government or of

1 the Commonwealth, or obligations which are legal investments for
2 Commonwealth funds; ~~provided, however, that.~~ HOWEVER, NO MONEYS ←
3 MAY BE INVESTED IN OBLIGATIONS ISSUED BY OR OBLIGATIONS
4 GUARANTEED BY AN ASSISTED CITY WITHOUT THE APPROVAL OF A
5 QUALIFIED MAJORITY OF THE BOARD AND, IN ANY CASE, no moneys held
6 in a debt service reserve fund may be invested in obligations
7 issued by or obligations guaranteed by an assisted city.

8 (c) Pledges from city.--To further secure repayment of
9 obligations of an assisted city to the authority, such city is
10 authorized to pledge or direct, and the authority is authorized
11 to receive directly from the collector of such taxes or
12 revenues, city taxes and other revenues otherwise payable to the
13 city and so directed or pledged.

14 Section 312. Payment of proceeds of tax levied for authority
15 purposes.

16 The proceeds of any tax levied for authority purposes or made
17 available for use by the authority which tax proceeds shall have
18 been pledged by the authority to secure its bonds, and collected
19 by the Department of Revenue shall be transferred by the State
20 Treasurer at the times provided by law to the bond payment
21 account established pursuant to section 314, a debt service
22 reserve fund established under the authority of section 313, to
23 the authority for payment of operating expenses in the amount
24 permitted pursuant to section 206 and then to the city account
25 established pursuant to section 314, all in the manner provided
26 in this act, subject to any limitations set forth in the
27 resolution of the authority authorizing such bonds.

28 Section 313. Debt service reserve fund.

29 (a) Authorization.--The authority may establish one or more
30 debt service reserve funds into which it shall deposit:

1 (1) The proceeds of any tax levied for authority
2 purposes or made available for use by the authority in excess
3 of amounts required to be deposited in the bond payment
4 account pursuant to section 314.

5 (2) Proceeds from the sale of bonds, to the extent
6 provided in the resolution or resolutions authorizing such
7 bonds.

8 (3) Any other moneys made available to the authority
9 from any source for such purpose.

10 All moneys held in any debt service reserve fund, except as
11 provided hereafter, shall be used when required, solely for the
12 payment of the principal of bonds secured in whole or in part by
13 such fund or of the sinking fund payments, if any, with respect
14 to such bonds, the purchase or redemption of such bonds, the
15 payment of interest on such bonds or the payment of any
16 redemption premium required to be paid when such bonds and notes
17 are redeemed prior to maturity. Any debt service reserve fund
18 established pursuant to this section shall be a trust fund held
19 for the benefit and security of the obligees of the authority
20 whose bonds are secured by such fund. Moneys in a debt service
21 reserve fund shall not be withdrawn from the fund at any time in
22 an amount that would reduce the amount of the fund to less than
23 the minimum reserve fund requirement established for such fund
24 in the resolution of the authority creating such fund, except
25 for withdrawals for the purpose of making payments when due of
26 principal, interest, redemption premiums and sinking fund
27 payments, if any, with respect to such bonds for the payment of
28 which other moneys of the authority are not available. Any
29 income or interest earned by, or increments to, any debt service
30 reserve fund due to the investment thereof may be transferred by

1 the authority to other funds or accounts of the authority to the
2 extent such transfer does not reduce the amount of the debt
3 service reserve fund below the minimum reserve fund requirement
4 established for such fund. Funds transferred to other accounts
5 in accordance with the preceding requirements may be used for
6 whatever purposes the authority deems appropriate so long as
7 such purposes are consistent with this act and the contracts of
8 the authority with obligees of the authority and with assisted
9 cities.

10 (b) Bond limitation.--The authority shall not at any time
11 issue bonds secured in whole or in part by a debt service
12 reserve fund if issuance of such bonds would cause the amount in
13 the debt reserve fund to fall below the minimum reserve
14 requirement for such fund, unless the authority at the time of
15 issuance of such bonds shall deposit in the fund an amount, from
16 the proceeds of the bonds to be issued or from other sources,
17 which when added to the amount already in such fund, will cause
18 the total amount on deposit in such fund to equal or exceed the
19 minimum reserve fund requirement. For the purposes of this
20 section, the term "minimum reserve fund requirement" shall mean
21 that amount defined as the minimum reserve fund requirement in
22 the resolution or resolutions of the authority authorizing the
23 bonds.

24 Section 314. Bond payment account and city account.

25 (a) Payment of certain tax revenue.--When bonds or payments
26 due to the authority from a city, are secured by and payable
27 from a tax or taxes levied for authority purposes or made
28 available for use by the authority or levied by the assisted
29 city, which tax has been pledged by the authority to secure
30 payment of such bonds or by the assisted city to secure payments

1 due to the authority, the proceeds of such taxes shall be paid
2 by the collector or receiver of such taxes directly to the bond
3 payment account, any debt service reserve fund established
4 pursuant to section 313, and the city account of the authority
5 which are hereby directed to be established by the authority as
6 trust funds with a bank with trust powers or a trust company
7 with a place of business in the Commonwealth selected by the
8 authority. Any payments of authority operating expenses in
9 amounts permitted pursuant to section 206 shall be paid to or on
10 the order of the authority after required payments to the bond
11 payment account and any debt service reserve fund and before any
12 payments to the city account. Such payments of authority
13 operating expenses shall be no more frequent than monthly and
14 shall be subject to any further limitation set forth in any
15 agreement of the authority with the obligees of the authority.

16 (b) Bond payment account as trust fund.--The bond payment
17 account shall be a trust fund held for the exclusive and equal
18 and ratable benefit of the holders of the bonds of the authority
19 secured by and payable from the proceeds of any tax pledged by
20 the authority or secured by the payments due to the authority
21 from the city as described in subsection (a). The authority
22 shall establish a payment schedule for the deposit of amounts
23 sufficient to accumulate the interest and principal becoming due
24 on such bonds in each fiscal year of the authority and the first
25 moneys received from such tax or other pledged revenues shall be
26 deposited in the bond payment account until the payment
27 requirement established for the bonds has been met. Any proceeds
28 of such tax or other pledged revenues in excess of the scheduled
29 deposit shall be transferred first to the debt service reserve
30 fund or funds of the authority established under section 313 to

1 cure any deficiency in such fund. Any remaining proceeds shall
2 be paid to the authority in the amount permitted for authority
3 operating expenses pursuant to section 206 and subsection (a)
4 and the excess shall be transferred to the city account. If at
5 any time, proceeds of the tax are insufficient to meet the
6 scheduled deposit requirement, all proceeds of the tax shall be
7 paid into the bond payment account until all deficiencies have
8 been restored. Income on investments of moneys on deposit in the
9 bond payment account shall be retained in such account and
10 applied when earned to reduce future deposit requirements.

11 (c) Status of city account.--The city account shall be a
12 trust fund held for the exclusive benefit of an assisted city.
13 Any proceeds of the taxes or other revenues pledged to secure
14 the bonds or to secure payments due from the city to the
15 authority in excess of the payment requirements for the bond
16 payment account and in excess of any amount required to cure a
17 deficiency in the debt service reserve fund or funds established
18 pursuant to section 313 and in excess of any amount permitted to
19 be paid to the authority for authority operating expenses
20 pursuant to section 206 and subsection (a) shall be deposited in
21 the city account. Amounts in the city account shall be invested
22 at the direction of an assisted city in investments permitted by
23 this act. Subject to any suspension of disbursements pursuant to
24 section 210(e), amounts in the city account shall be disbursed
25 to an assisted city not less often than monthly for credit to
26 such city's general fund for application to the general expenses
27 of government or for deposit in an operating reserve of such
28 city if such operating reserve is created pursuant to an
29 intergovernmental cooperation agreement.

30 Section 315. Other funds and accounts.

1 (a) Authorization.--The authority shall create such other
2 funds and accounts as may be necessary or desirable for its
3 corporate purposes and shall pay into each such fund or account
4 any moneys of the authority available for such purposes or any
5 moneys made available by any other person for the purposes of
6 such fund or account. No other provision of this act shall be
7 construed to prohibit the authority from creating within any
8 fund one or more accounts which may be used or pledged by the
9 authority for a special purpose.

10 (b) Use of fund money.--Any moneys deposited in any fund
11 created by the authority to be used to pay debt service,
12 including, without limitation, the bond payment account, any
13 sinking fund or debt service reserve fund and all investments
14 and proceeds of investments thereof shall, without further
15 action or filing, be subjected to a perfected security interest
16 for the obligees of the authority for whom such fund is held
17 until such moneys or investments shall be properly disbursed in
18 accordance with this act and with the terms of the contract of
19 the authority with its obligees.

20 Section 316. Exchange of bonds for obligations of city.

21 (a) Debt exchange.--The bonds of the authority may be issued
22 in exchange for obligations issued by an assisted city in such
23 manner and from time to time as may be determined by ~~such~~ <—
24 ~~authority~~ A QUALIFIED MAJORITY OF THE BOARD and the authority <—
25 may pay all expenses, premiums and commissions incident to such
26 exchange which the authority deems necessary or appropriate.

27 (b) Limitation.--The authority shall not exchange any of its
28 bonds for obligations of a city unless:

29 (1) such city shall have entered into an
30 intergovernmental cooperation agreement with the authority;

1 and

2 (2) the authority shall have determined that the terms
3 of such exchange will not prejudice the rights of holders of
4 other bonds and notes of such city.

5 (c) Authority action.--Upon receipt of the obligations of
6 the city so exchanged, the authority may hold such obligations
7 and receive all payments of principal and interest thereon, or
8 may deliver all or a portion of such obligations to the city or
9 its fiscal agent for cancellation without receiving payment of
10 principal or interest on such obligations, in which event the
11 city or its fiscal agent shall cancel such obligations and the
12 city shall have no further liability with respect thereto.

13 Section 317. Initial issue of authority bonds.

14 (a) Availability of proceeds.--The first series of bonds to
15 be issued by the authority TO FINANCE A DEFICIT, OTHER THAN A ←
16 CASH FLOW DEFICIT AND OTHER THAN THE INTERIM FINANCING
17 ARRANGEMENT AUTHORIZED IN SECTION 203, shall be issued in such
18 manner and time so that the net proceeds of such bonds shall be
19 available on or before June 30, 1991, or as soon as practicable
20 thereafter, in an amount not less than the amount reasonably
21 estimated by the city requesting the issuance of such bonds, to
22 be its deficit for the fiscal year ending June 30, 1991.

23 (b) Amendment to city budget.--As of the effective date of
24 this act, such city shall be authorized to amend its budgets for
25 the fiscal years ending June 30, 1991, and June 30, 1992, to
26 ~~increase~~ ADJUST appropriations in anticipation of receipt of the ←
27 proceeds of the first series of bonds to be issued in accordance
28 with subsection (a) AND THE PROCEEDS OF ANY TAX LEVIED PURSUANT ←
29 TO CHAPTER 5. THE AMENDMENTS, IF ANY, SHALL BE CONSIDERED
30 REVISIONS TO THE CITY'S FINANCIAL PLAN AND SHALL BE SUBJECT TO

1 THE AUTHORITY'S APPROVAL UNDER SECTION 209.

2 Section 318. Payment of taxes with authority bonds.

3 If the resolution of the authority authorizing or awarding
4 bonds shall so provide, with the approval of the mayor or chief
5 executive officer of the assisted city, the authority may issue
6 bonds which shall, upon maturity, at the election of the holder
7 thereof if so provided in such bonds, be receivable at full face
8 value and in lieu of cash in payment of any tax which is pledged
9 as security for such bonds or as security for any agreement
10 between the authority and such city securing the bonds, any
11 installment of estimated tax so pledged to secure such bonds or
12 payment, or any interest or penalties thereon. Any bonds of the
13 authority so received in payment of any such tax or installment
14 of estimated tax or interest or penalties shall be presented to
15 the authority for tender to the appropriate collector of such
16 taxes.

17 Section 319. Final date for issuance of bonds.

18 ~~No bond shall be issued on a date later than December 31,~~ <—
19 ~~1996, unless such bond is a refunding of an outstanding bond~~
20 ~~issued under this act.~~ NO BOND SHALL BE ISSUED FOR THE PURPOSE <—
21 OF FINANCING A CAPITAL PROJECT OR A DEFICIT, OTHER THAN A CASH
22 FLOW DEFICIT, ON A DATE LATER THAN DECEMBER 31, 1994. NO BOND
23 SHALL BE ISSUED FOR THE PURPOSE OF FINANCING A CASH FLOW DEFICIT
24 ON A DATE LATER THAN DECEMBER 31, 1996. THE LIMITATIONS PROVIDED
25 IN THIS SECTION SHALL NOT APPLY TO ANY BOND TO BE ISSUED TO
26 REFUND AN OUTSTANDING BOND ISSUED UNDER THIS ACT.

27 Section 320. City payment of authority bonds.

28 An assisted city shall have the right at any time to deposit
29 funds with the authority in an amount sufficient to pay for the
30 defeasance of all or part of the authority's bonds. The assisted

1 city depositing funds with the authority pursuant to this
2 section shall have the right to designate to the authority the
3 maturities of bonds or portions thereof subject to defeasance by
4 such deposit. If an assisted city pays to the authority an
5 amount sufficient to pay for the defeasance of all of the
6 authority's bonds, the assisted city shall be deemed to have no
7 further obligations under this act.

8 CHAPTER 4

9 TAX ANTICIPATION NOTES

10 Section 401. Tax anticipation notes of cities of first class.

11 Notwithstanding any other provision of law, each city shall
12 have the power and authority by determination adopted by a
13 majority of the loan committee, to borrow money from time to
14 time in any fiscal year in anticipation of the receipt of
15 current taxes or current revenues, or both, to evidence the
16 obligation by tax anticipation notes, appropriately designated,
17 and to authorize, issue and sell such notes in the manner, and
18 subject to the limitations provided in this chapter. Notes
19 issued in anticipation of taxes shall be designated "tax
20 anticipation notes," notes issued in anticipation of other
21 revenues shall be designated "revenue anticipation notes" and
22 notes issued in anticipation of taxes and revenues shall be
23 designated "tax and revenue anticipation notes." Obligations
24 evidenced by tax anticipation notes shall not be deemed to be
25 debt of a city subject to the limitations of Article 9 of the
26 Constitution of Pennsylvania. The power set forth in this
27 article to borrow from time to time shall include, but not be
28 limited to, the power to make a single authorization and then
29 issue and sell portions of such amount of authorized tax
30 anticipation notes whenever desired during the fiscal year.

1 Negotiations for tax anticipation notes may be commenced not
2 more than 30 days prior to the beginning of a fiscal year, but
3 all tax anticipation notes shall be issued and mature within the
4 same fiscal year.

5 Section 402. Limitation on amount of tax and revenue
6 anticipation notes.

7 No city shall authorize or issue tax anticipation notes in
8 any one fiscal year which in the aggregate shall exceed 85% of:

9 (1) in the case of notes solely payable from and secured
10 by a pledge of taxes, the amount of such taxes levied for the
11 current fiscal year;

12 (2) in the case of notes solely payable from and secured
13 by a pledge of revenues other than tax revenues, the amount
14 of such revenues pledged; or

15 (3) in the case of notes payable from and secured by a
16 pledge of taxes and other revenues, the sum of such taxes
17 levied and such revenues pledged;

18 which, in all cases, are certified, pursuant to section 406 as
19 remaining to be collected or received in such fiscal year during
20 the period when the notes will be outstanding. The certificate
21 shall be as of a date not more than 30 days prior to, and no
22 later than, the date of the adoption of the determination of the
23 loan committee authorizing the issue and sale of the tax
24 anticipation notes. In computing the aggregate amount of tax
25 anticipation notes outstanding at any given time during the
26 fiscal year for the purpose of the limitation imposed by this
27 section, allowance shall be made for such notes as have already
28 been fully paid and for amounts already paid into a sinking fund
29 or trust fund established for payment of such notes, if any.

30 Section 403. Limitation on stated maturity date of tax and

1 revenue anticipation notes; time of payment of
2 interest.

3 No tax anticipation notes shall be stated to mature beyond
4 the last day of the fiscal year in which such tax anticipation
5 notes are issued. Interest on tax anticipation notes from the
6 date thereof shall be payable at the maturity of such notes or
7 payable in installments at such earlier dates and at such annual
8 rate or rates, fixed or variable, as the loan committee by a
9 majority of its members, may determine.

10 Section 404. Other terms of tax and revenue anticipation notes.

11 Tax anticipation notes shall be issued in such denomination,
12 shall be subject to such rights of prior redemption, shall have
13 such privileges of interchange and registration, shall be dated,
14 shall be stated to mature on such dates and in such amounts,
15 shall be in registered or bearer form with or without coupons,
16 in certificated or book-entry only form, shall be payable in
17 such medium of payment and shall be payable at such place or
18 places, all as the loan committee, by a majority of its members,
19 may determine.

20 Section 405. Security for tax and revenue anticipation notes;
21 sinking fund or trust fund.

22 (a) Security.--All tax anticipation notes issued in a single
23 fiscal year shall be equally and ratably secured by the pledge
24 of, security interest in, and a lien and charge on, the taxes or
25 revenues or both of the city specified in the authorizing
26 determination to be collected or received during the period when
27 the notes will be outstanding. Such pledge, lien and charge
28 shall be fully perfected as against the city, all creditors
29 thereof, and all third parties in accordance with the terms of
30 such authorizing determination from and after the filing of a

1 financing statement or statements in accordance with 13 Pa.C.S.
2 (relating to commercial code). For the purpose of such filing
3 the sinking fund depositary or trustee of a trust fund for note
4 payments, if any, otherwise the fiscal agent or paying agent
5 designated in the notes, may act as the representative of
6 noteholders and in such capacity, execute and file the financing
7 statement and any continuation or termination statements as
8 secured party. The authorizing determination may establish one
9 or more sinking funds or trust funds for payment of notes and
10 provide for periodic or other deposits therein, and may contain
11 such covenants or other provisions as the loan committee, by a
12 majority of its members, shall determine. The amount of any tax
13 anticipation notes issued in compliance with this chapter shall
14 be general obligations of the city and, if the same shall not be
15 paid within the fiscal year in which such notes were issued AS ←
16 REQUIRED BY SECTION 403, shall be included in the budget of the
17 city for the ensuing fiscal year and shall be payable from the
18 taxes and revenues of such ensuing year.

19 (b) Enforcement of notes.--The holder of such tax
20 anticipation notes issued by a city or the sinking fund
21 depositary of the applicable sinking fund, or trustee of any
22 trust fund for note payment, if any, shall have the right to
23 enforce such pledge of, security interest in and lien and charge
24 on, the pledged taxes and revenues of the city against all
25 governmental agencies in possession of any of such taxes and
26 revenues at any time which taxes and revenues may be collected
27 directly from such officials upon notice by such holder or
28 depositary or trustee for application to the payment thereof as
29 and when due or for deposit in the applicable sinking fund or
30 trust fund at the times and in the amounts specified in such tax

1 anticipation notes. Any government agencies in possession of any
2 of such taxes and revenues shall make payment, against receipt
3 therefor, directly to the holder of such tax anticipation notes
4 or to such depository or trustee upon such notice and shall
5 thereby be discharged from any further liability or
6 responsibility for such taxes and revenues. If such payment
7 shall be to a holder of tax anticipation notes, it shall be made
8 against surrender of the notes to the payor for delivery to the
9 city in the case of payment in full, otherwise it shall be made
10 against production of the notes for notation thereon of the
11 amount of the payment. The provisions of this paragraph with
12 respect to the enforceability and collection of taxes and
13 revenues which secure tax anticipation notes of a city shall
14 supersede any contrary or inconsistent statutory provision or
15 rule of law. This chapter shall be construed and applied to
16 fulfill the legislative purpose of clarifying and facilitating
17 temporary borrowings by a city by assuring to holders of tax
18 anticipation notes the full and immediate benefit of the
19 security therefor without delay, diminishment or interference
20 based on any statute, decision, ordinance or administrative rule
21 or practice.

22 (c) Limitation on previously pledged security.--
23 Notwithstanding the foregoing, no taxes or revenues pledged to
24 secure bonds of the authority or to secure payments due to the
25 authority from a city pursuant to an agreement with the
26 authority shall be pledged to secure payment of tax anticipation
27 notes unless such pledge is, by its express terms, subordinate
28 in all respects to the pledge of such taxes and revenues to
29 secure the bonds of the authority or payments due to the
30 authority and the written consent of the authority to such

1 subordinated pledge is obtained prior to the issuance of the tax
2 anticipation notes so secured. The holder of such tax
3 anticipation notes so secured by a subordinated pledge described
4 in this subsection shall have no right to enforce such pledge in
5 the manner described in subsection (b) unless all payments due
6 to the authority or due on the bonds of an authority secured by
7 the senior pledge of such taxes and revenues shall have been
8 made or provided for.

9 Section 406. Certification as to taxes and revenues to be
10 collected.

11 Prior to each authorization of tax anticipation notes, the
12 director of finance of the city shall make an estimate of the
13 moneys to be received during the period when such notes will be
14 outstanding from taxes then levied and assessed, and revenues,
15 including, without limitation, subsidies or reimbursements to be
16 received. Such estimate shall take due account of the past and
17 anticipated collection experience of the city and of current
18 economic conditions. The estimate shall be certified by the
19 director of finance and the written certificate of the director
20 of finance, dated as of a date not more than 30 days prior to
21 the date of the authorization of the notes, shall be filed with
22 the proceedings authorizing the tax anticipation notes with the
23 fiscal agent, sinking fund depository, trustee or paying agent
24 for the notes or the authority, as provided in section 408 of
25 this act.

26 Section 407. Sale of tax anticipation notes.

27 Tax anticipation notes may be sold at public, private, or
28 invited sale and at such price or prices as the loan committee,
29 by a majority of its members, shall determine. At the time of
30 delivery of each issue, series or subseries of tax anticipation

1 notes, the director of finance of the city shall certify to the
2 original purchasers thereof that the amount of all such notes to
3 remain outstanding will not exceed the limitations of section
4 402 calculated, however, from the date of such certificate to
5 the respective maturity dates of all such notes to remain
6 outstanding. Such certificate shall be retained by the city
7 until all tax anticipation notes issued during the fiscal year
8 shall have been paid in full.

9 Section 408. Filing of proceedings with authority.

10 While any bonds of the authority are outstanding, prior to
11 the delivery of tax anticipation notes to the original
12 purchasers thereof, the city shall file with the authority:

13 (1) the transcript of proceedings authorizing the
14 issuance of the tax anticipation notes, consisting of the
15 determination authorizing the notes;

16 (2) the certificate required by section 406 as to the
17 amount of taxes and revenues to be collected during the term
18 of the tax anticipation notes;

19 (3) the certificate required by section 407; and

20 (4) a true copy of the accepted proposal for the
21 anticipation notes.

22 Section 409. Purchase of tax anticipation notes by authority.

23 Subject to the limitations of this act, the authority is
24 authorized WITH THE APPROVAL OF A QUALIFIED MAJORITY OF THE ←
25 BOARD to purchase tax anticipation notes of a city and to assign
26 its rights to receive payment on such notes and the pledge of
27 and security interest in the taxes and revenues of the city
28 securing such tax anticipation notes.

29 Section 410. Failure to pay principal or interest.

30 If a city fails to pay principal or interest on any of its

1 tax anticipation notes as the same becomes due and payable
2 whether at the stated maturity date or upon a mandatory or
3 unrevoked call for prior redemption and such failure shall
4 continue for 30 days, the holder thereof shall, subject to the
5 priorities created under this act and the provisions of any
6 outstanding obligations of the city and to any limitation upon
7 individual rights of action in the determination authorizing the
8 tax anticipation notes, have the right to recover the amount due
9 by action in the court of common pleas. The judgment recovered
10 shall have an appropriate priority upon the moneys next coming
11 into the treasury of the city.

12 Section 411. Remedies of holders of tax and revenue
13 anticipation notes.

14 A holder of tax and revenue anticipation notes shall have the
15 right, in addition to all other rights which may be conferred on
16 such holder, subject only to any contractual restrictions
17 binding upon such holder:

18 (1) By mandamus, suit, action or proceeding at law or in
19 equity, to compel the city, the loan committee and the
20 members thereof and the officers, agents or employees thereof
21 to perform each and every term, provision and covenant
22 contained in any note or contract of the city with or for the
23 benefit of such holder, and to require the carrying out of
24 any or all such covenants and agreements of the city and the
25 fulfillment of all duties imposed upon the city by this act.

26 (2) By proceeding in equity, to obtain an injunction
27 against any acts or things which may be unlawful or the
28 violation of any of the rights of such holder of tax and
29 revenue anticipation notes.

30 (3) To require the city to account as if it were the

1 trustee of an express trust for the holders of tax and
2 revenue anticipation notes for any pledged taxes or revenues
3 received.

4 CHAPTER 5

5 OPTIONAL SALES AND USE TAX

6 Section 501. Definitions.

7 The following words and phrases when used in this chapter
8 shall have the meanings given to them in this section unless the
9 context clearly indicates otherwise:

10 "Department." The Department of Revenue of the Commonwealth.

11 "Tax." The tax authorized to be imposed by the governing
12 body of a city under this chapter.

13 Section 502. Construction of chapter.

14 The tax imposed by the governing body of a city pursuant to
15 this chapter shall be in addition to any tax imposed by the
16 Commonwealth pursuant to Article II of the act of March 4, 1971
17 (P.L.6, No.2), known as the Tax Reform Code of 1971. Except for
18 the differing situs provisions under section 504, the provisions
19 of Article II of the Tax Reform Code of 1971 shall apply.

20 Section 503. Imposition of additional tax.

21 (a) Sales.--The governing body of a city may levy, assess
22 and collect upon each separate sale at retail of tangible
23 personal property or services, as defined in Article II of the
24 act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code
25 of 1971, within that city a tax on the purchase price. The tax
26 shall be collected by the vendor from the purchaser and shall be
27 paid over to the Commonwealth as provided in this chapter.

28 (b) Use.--In any city which imposes the tax authorized in
29 subsection (a), there shall be levied, assessed and collected
30 upon the use, within that city, of tangible personal property

1 purchased at retail, and on services purchased at retail, as
2 defined in Article II of the Tax Reform Code of 1971, a tax on
3 the purchase price. The tax shall be paid over to the
4 Commonwealth by the person who makes such use. The use tax
5 imposed pursuant to this chapter shall not be paid over to the
6 Commonwealth by any person who has paid the tax imposed by
7 subsection (a) or has paid the tax imposed by this subsection to
8 the vendor with respect to such use.

9 (c) Hotel.--In any city which imposes a tax authorized in
10 subsection (a), there shall be levied, assessed and collected an
11 excise tax on the rent upon every occupancy of a room or rooms
12 in a hotel in the city. The tax shall be collected by the
13 operator or owner from the occupant and paid over to the
14 Commonwealth.

15 (d) Rate and uniformity.--

16 (1) The tax authorized by subsections (a), (b) and (c)
17 may be imposed at a rate of either 0.5% or 1%.

18 (2) The tax imposed by subsections (a), (b) and (c)
19 shall be uniform.

20 (e) Tax computation.--The tax imposed under subsections (a),
21 (b) and (c) shall be computed as follows:

22 (1) In cities imposing the tax authorized by this
23 section at the rate of 0.5%, the tax shall be computed as
24 follows:

25 ~~(i) If the purchase price is 99¢ or less, no tax~~ <—
26 ~~shall be collected.~~

27 ~~(ii) If the purchase price is \$1 or more but less~~
28 ~~than \$3, 1¢ shall be collected.~~

29 ~~(iii) If the purchase price is \$3 or more but less~~
30 ~~than \$5, 2¢ shall be collected.~~

1 ~~(iv) If the purchase price is \$5 or more but less~~
2 ~~than \$7, 3¢ shall be collected.~~

3 ~~(v) If the purchase price is \$7 or more but less~~
4 ~~than \$9, 4¢ shall be collected.~~

5 ~~(vi) If the purchase price is \$9 or more but less~~
6 ~~than \$10.01, 5¢ shall be collected.~~

7 ~~(vii) If the purchase price is more than \$10, 0.5%~~
8 ~~of each \$10 of purchase price plus the above bracket~~
9 ~~charges upon any fractional part of a \$10 increment shall~~
10 ~~be collected.~~

11 ~~(2) In cities imposing the tax authorized by this~~
12 ~~section at the rate of 1%, the tax shall be computed as~~
13 ~~follows:~~

14 ~~(i) If the purchase price is 49¢ or less, no tax~~
15 ~~shall be collected.~~

16 ~~(ii) If the purchase price is 50¢ or more but not~~
17 ~~less than \$1.50, 1¢ shall be collected.~~

18 ~~(iii) If the purchase price is \$1.50 or more but~~
19 ~~less than \$2.50, 2¢ shall be collected.~~

20 ~~(iv) If the purchase price is \$2.50 or more but less~~
21 ~~than \$3.50, 3¢ shall be collected.~~

22 ~~(v) If the purchase price is \$3.50 or more but less~~
23 ~~than \$4.50, 4¢ shall be collected.~~

24 ~~(vi) If the purchase price is \$4.50 or more but less~~
25 ~~than \$5.50, 5¢ shall be collected.~~

26 ~~(vii) If the purchase price is \$5.50 or more but~~
27 ~~less than \$6.50, 6¢ shall be collected.~~

28 ~~(viii) If the purchase price is \$6.50 or more but~~
29 ~~less than \$7.50, 7¢ shall be collected.~~

30 ~~(ix) If the purchase price is \$7.50 or more but less~~

1 ~~than \$8.50, 8¢ shall be collected.~~

2 ~~(x) If the purchase price is \$8.50 or more but less~~
3 ~~than \$9.50, 9¢ shall be collected.~~

4 ~~(xi) If the purchase price is \$9.50 or more but less~~
5 ~~than \$10.01, 10¢ shall be collected.~~

6 ~~(xii) If the purchase price is more than \$10, 1% of~~
7 ~~each \$10 purchase price plus the above bracket charges~~
8 ~~upon any fractional part of a \$10 increment shall be~~
9 ~~collected.~~

10 (I) IF THE PURCHASE PRICE IS \$1 OR LESS, NO TAX ←
11 SHALL BE COLLECTED.

12 (II) IF THE PURCHASE PRICE IS \$1.01 OR MORE BUT LESS
13 THAN \$3.01, 1¢ SHALL BE COLLECTED.

14 (III) IF THE PURCHASE PRICE IS \$3.01 OR MORE BUT
15 LESS THAN \$5.01, 2¢ SHALL BE COLLECTED.

16 (IV) IF THE PURCHASE PRICE IS \$5.01 OR MORE BUT LESS
17 THAN \$7.01, 3¢ SHALL BE COLLECTED.

18 (V) IF THE PURCHASE PRICE IS \$7.01 OR MORE BUT LESS
19 THAN \$9.01, 4¢ SHALL BE COLLECTED.

20 (VI) IF THE PURCHASE PRICE IS \$9.01 OR MORE BUT LESS
21 THAN \$10.01, 5¢ SHALL BE COLLECTED.

22 (VII) IF THE PURCHASE PRICE IS MORE THAN \$10, 0.5%
23 OF EACH \$10 OF PURCHASE PRICE PLUS THE ABOVE BRACKET
24 CHARGES UPON ANY FRACTIONAL PART OF A \$10 INCREMENT SHALL
25 BE COLLECTED.

26 (2) IN CITIES IMPOSING THE TAX AUTHORIZED BY THIS
27 SECTION AT THE RATE OF 1%, THE TAX SHALL BE COMPUTED AS
28 FOLLOWS:

29 (I) IF THE PURCHASE PRICE IS 50¢ OR LESS, NO TAX
30 SHALL BE COLLECTED.

1 (II) IF THE PURCHASE PRICE IS 51¢ OR MORE BUT LESS
2 THAN \$1.51, 1¢ SHALL BE COLLECTED.

3 (III) IF THE PURCHASE PRICE IS \$1.51 OR MORE BUT
4 LESS THAN \$2.51, 2¢ SHALL BE COLLECTED.

5 (IV) IF THE PURCHASE PRICE IS \$2.51 OR MORE BUT LESS
6 THAN \$3.51, 3¢ SHALL BE COLLECTED.

7 (V) IF THE PURCHASE PRICE IS \$3.51 OR MORE BUT LESS
8 THAN \$4.51, 4¢ SHALL BE COLLECTED.

9 (VI) IF THE PURCHASE PRICE IS \$4.51 OR MORE BUT LESS
10 THAN \$5.51, 5¢ SHALL BE COLLECTED.

11 (VII) IF THE PURCHASE PRICE IS \$5.51 OR MORE BUT
12 LESS THAN \$6.51, 6¢ SHALL BE COLLECTED.

13 (VIII) IF THE PURCHASE PRICE IS \$6.51 OR MORE BUT
14 LESS THAN \$7.51, 7¢ SHALL BE COLLECTED.

15 (IX) IF THE PURCHASE PRICE IS \$7.51 OR MORE BUT LESS
16 THAN \$8.51, 8¢ SHALL BE COLLECTED.

17 (X) IF THE PURCHASE PRICE IS \$8.51 OR MORE BUT LESS
18 THAN \$9.51, 9¢ SHALL BE COLLECTED.

19 (XI) IF THE PURCHASE PRICE IS \$9.51 OR MORE BUT LESS
20 THAN \$10.01, 10¢ SHALL BE COLLECTED.

21 (XII) IF THE PURCHASE PRICE IS MORE THAN \$10, 1% OF
22 EACH \$10 PURCHASE PRICE PLUS THE ABOVE BRACKET CHARGES
23 UPON ANY FRACTIONAL PART OF A \$10 INCREMENT SHALL BE
24 COLLECTED.

25 Section 504. Situs for imposition of tax.

26 (a) Situs for retail sales.--For purposes of this chapter
27 and except as otherwise provided in this subsection, a sale at
28 retail shall be deemed to be consummated at the place of
29 business of the retailer unless the tangible personal property
30 sold is delivered by the retailer or his agent to an out-of-

1 State destination or to a common carrier for delivery to an out-
2 of-State destination or the United States mails for delivery to
3 an out-of-State destination. In the event a retailer has more
4 than one place of business in this Commonwealth which
5 participates in the sale, the sale shall be deemed to be
6 consummated at the place of business of the retailer where the
7 initial order for the tangible personal property is taken, even
8 though the order must be forwarded elsewhere for acceptance,
9 approval of credit, shipment or billing. A sale by a retailer's
10 employee shall be deemed to be consummated at the place of
11 business from which that employee works.

12 (b) Situs for vehicle, aircraft and motorcraft sales.--The
13 sale at retail or use of a motor vehicle, trailer, semitrailer
14 or mobile home, as defined in 75 Pa.C.S. (relating to vehicles),
15 or of a motorboat, aircraft or other similar tangible personal
16 property, required under either Federal or State laws to be
17 registered or licensed, shall be deemed to have been completed
18 or used at the address of the purchaser or user. The tax due
19 shall be paid by the purchaser or user directly to the
20 Department of Transportation at the time of making application
21 for the issuance of a certificate of title or directly to the
22 department if licensing by the Department of Transportation is
23 not required or obtained.

24 (c) Situs for utility services.--The sale or use of steam,
25 natural and manufactured gas, electricity, and telephone and
26 telegraph service shall be deemed to occur ~~in the county~~ AT THE <—
27 SERVICE ADDRESS IN THE CITY, WHICH IS THE ADDRESS where the
28 telephone ~~number under which the service furnished is located~~ <—
29 EQUIPMENT IS LOCATED AND TO WHICH THE TELEPHONE NUMBER IS <—
30 ASSIGNED or where the telegraph originated or where the meter

1 which registers the service is located, without regard to where
2 the services are rendered.

3 Section 505. Licenses.

4 The license issued pursuant to Article II of the act of March
5 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971 or a
6 separate license may be issued by the department for the
7 collection and reporting of the taxes imposed by section 503.
8 The license or licenses shall be nonassignable and subject to
9 renewal periodically at such times ~~any~~ AS may be required by the ←
10 department in regulations but in no event more frequently than
11 once within a five-year period. No fee shall be charged for
12 either a license or any renewal. Failure of any person to obtain
13 a license shall not relieve that person of liability to pay the
14 taxes imposed by this chapter.

15 Section 506. Rules and regulations.

16 (1) The rules and regulations promulgated under section
17 270 of the Tax Reform Code of 1971 shall be applicable to the
18 taxes imposed by section 503 insofar as such rules and
19 regulations are consistent with section 503.

20 (2) The department shall administer and enforce the
21 provisions of this chapter and is authorized to promulgate
22 and enforce rules and regulations not inconsistent with the
23 provisions of this chapter, relating to any matter or thing
24 pertaining to the administration and enforcement of the
25 provision of this chapter. The department may prescribe the
26 extent to which any of such rules and regulations shall be
27 applied without retroactive effect.

28 (3) The department, to cover its costs of
29 administration, shall be entitled to retain a sum equal to
30 costs of collection and shall inform the city in writing

1 monthly of the sum retained and the costs of collection
2 reimbursed. To provide a timely forecast and assure
3 consideration of the sum retained, the department shall
4 estimate its costs of collection for the next succeeding
5 fiscal year and provide such estimates, with all supporting
6 detail, to the Chairperson and Minority Chairperson of the
7 Appropriations Committee of the Senate and to the Chairperson
8 and Minority Chairperson of the Appropriations Committee of
9 the House of Representatives, with a copy to the city and, in
10 the event that all or any part of the tax imposed pursuant to
11 this chapter is enacted as an intergovernmental cooperation
12 authority tax pursuant to Chapter 6, a copy shall be provided
13 to the authority. When the annual operating budget for the
14 department is submitted to the General Assembly, the
15 department shall also submit to the Chairperson and Minority
16 Chairperson of the Appropriations Committee of the Senate and
17 to the Chairperson and Minority Chairperson of the
18 Appropriations Committee of the House of Representatives the
19 actual sums retained for costs of collection in the preceding
20 fiscal year, together with all supporting details.

21 Section 507. Exclusion from rate limitations.

22 Notwithstanding any other provision of law, the imposition of
23 the tax authorized by section 503 shall not cause a reduction in
24 the rate of tax imposed pursuant to section 23(c) of the act of
25 June 27, 1986 (P.L.267, No.70), known as the Pennsylvania
26 Convention Center Authority Act.

27 Section 508. Procedure and administration.

28 (a) Adoption of ordinance.--The governing body in any city
29 desiring to impose the tax authorized by section 503 shall adopt
30 an ordinance which shall state the tax rate and refer to this

1 chapter.

2 (b) Notification to department.--A certified copy of a city
3 ordinance shall be delivered to the department no later than 90
4 days prior to the effective date of that ordinance. The city
5 ordinance may have an effective date which is no earlier than
6 the 90th day following the effective date of this act.

7 (c) Copy of repeal ordinance.--A certified copy of a repeal
8 ordinance shall be delivered to the department at least 30 days
9 prior to the effective date of such repeal.

10 (d) Copy of rate change ordinance.--A certified copy of any
11 ordinance changing the rate of the tax imposed by section 503
12 shall be delivered to the department at least 90 days prior to
13 the effective date of such ordinance. Such rate changes shall be
14 effective on the first January 1st which occurs 90 days after
15 delivery of the rate change ordinance to the department.

16 Section 509. Dedication and disbursement.

17 (a) Local Sales and Use Tax Fund.--There is hereby created a
18 Local Sales and Use Tax Fund. The State Treasurer shall be
19 custodian of the Local Sales and Use Tax Fund, which shall be
20 subject to the provisions of law applicable to funds listed in
21 section 302 of the act of April 9, 1929 (P.L.343, No.176), known
22 as The Fiscal Code. Except to the extent provided in Chapter 6,
23 taxes imposed pursuant to section 503 shall be received by the
24 department and paid to the State Treasurer and, along with
25 interest and penalties, less any collection costs allowed under
26 this chapter and any refunds and credits paid, shall be credited
27 to the Local Sales and Use Tax Fund not less frequently than
28 ~~monthly~~ EVERY TWO WEEKS. During any period prior to the credit ←
29 of moneys to the Local Sales and Use Tax Fund, interest earned
30 on moneys received by the department and paid to the State

1 Treasurer pursuant to this chapter shall be deposited into the
2 Local Sales and Use Tax Fund. Moneys credited to the Local Sales
3 and Use Tax Fund shall be at all times property of the city and
4 shall be distributed as provided in this section. All moneys in
5 the Local Sales and Use Tax Fund, including, but not limited to,
6 moneys credited to the fund pursuant to this section, prior year
7 encumbrances and the interest earned thereon, shall not lapse or
8 be transferred to any other fund, but shall remain in the Local
9 Sales and Use Tax Fund and must be used exclusively as provided
10 in this section. Pending their disbursement to cities, moneys
11 received on behalf of or deposited into the Local Sales and Use
12 Tax Fund shall be invested or reinvested as are other funds in
13 the custody of the State Treasurer in the manner provided by
14 law. All earnings received from the investment or deposit of
15 such funds shall be credited to the Local Sales and Use Tax
16 Fund.

17 (b) Disbursement to cities.--On or before the ~~20th~~ 10TH day <—
18 of every month, the State Treasurer shall disburse to the city
19 imposing the tax under this chapter the total amount of moneys
20 which are, as of the ~~10th day of such~~ LAST DAY OF THE PREVIOUS <—
21 month, contained in the Local Sales and Use Tax Fund.

22 CHAPTER 6

23 PENNSYLVANIA INTERGOVERNMENTAL COOPERATION

24 AUTHORITY TAX

25 Section 601. Imposition of authority tax.

26 (a) Tax imposed.--Notwithstanding anything contained in the
27 act of August 5, 1932 (P.L.45, No.45), referred to as the
28 Sterling Act, the governing body of any city is hereby
29 authorized to enact any combination of the following taxes,
30 exclusively for purposes of the authority:

1 (1) The tax authorized by Chapter 5.

2 (2) A realty transfer tax such as is now or as may be
3 hereafter enacted for general revenue purposes of the city
4 pursuant to section 1301(b) of the act of December 13, 1988
5 (P.L.1121, No.145), known as the Local Tax Reform Act.

6 (3) A tax on salaries, wages, commissions, compensation
7 or other income received or to be received for work done by
8 residents of the city, imposed pursuant to the provisions of
9 the Sterling Act.

10 (b) Rate.--The rate of any tax which is enacted for the
11 authority pursuant to this act, when combined with the rate of
12 the same tax, if any, enacted by the ~~city council~~ GOVERNING BODY ←
13 for city general revenue purposes, shall not exceed the maximum
14 tax rate for such tax, if any, established by the General
15 Assembly. Any tax enacted pursuant to this section shall be
16 known as the Pennsylvania Intergovernmental Cooperation
17 Authority Tax. FOR PURPOSES OF SECTION 1 OF THE ACT OF AUGUST 9, ←
18 1963 (P.L.640, NO.338), ENTITLED "AN ACT EMPOWERING CITIES OF
19 THE FIRST CLASS, COTERMINOUS WITH SCHOOL DISTRICTS OF THE FIRST
20 CLASS, TO AUTHORIZE THE BOARDS OF PUBLIC EDUCATION OF SUCH
21 SCHOOL DISTRICTS TO IMPOSE CERTAIN ADDITIONAL TAXES FOR SCHOOL
22 DISTRICT PURPOSES, AND PROVIDING FOR THE LEVY, ASSESSMENT AND
23 COLLECTION OF SUCH TAXES," AND NOTWITHSTANDING ANY PROVISION
24 THEREIN TO THE CONTRARY, THE LIMIT ON THE ANNUAL RATE OF THE
25 SCHOOL DISTRICT TAX ON INCOME FROM THE OWNERSHIP, LEASE, SALE OR
26 OTHER DISPOSITION OF TANGIBLE AND INTANGIBLE REAL AND PERSONAL
27 PROPERTY SHALL BE THE TOTAL RATE OF TAX IMPOSED UPON THE WAGES
28 OR NET PROFITS OF CITY RESIDENTS BY THE GOVERNING BODY AS
29 AUTHORIZED BY THIS ACT AND BY ANY OTHER LAW.

30 (c) Credits.--If the city imposes taxes pursuant to the act

1 of May 30, 1984 (P.L.345, No.69), known as the First Class City
2 Business Tax Reform Act, and provides credits of a percentage of
3 the tax liability based upon net income under that act against a
4 tax based upon net profits or gain pursuant to the Sterling Act,
5 and if the credits are not totally applied and exhausted against
6 the city tax, the remaining credits shall be applied and charged
7 against similar liability under any tax enacted pursuant to this
8 section.

9 (d) Content of tax ordinance.--In any ordinance enacting
10 such taxes the city shall pledge to and agree with each and
11 every obligee of the authority acquiring bonds secured by an
12 authority pledge of such taxes that the city will not repeal the
13 tax or reduce the rate of such tax imposed for such authority
14 until all bonds so secured by the pledge of the authority,
15 together with the interest thereon, are fully paid or provided
16 for. Once the taxes authorized to be enacted by this section are
17 imposed by the city, the revenues from such taxes shall be
18 revenues and property of the authority and shall not be revenues
19 or property of the city. Such taxes shall be collected by the
20 Department of Revenue of the Commonwealth and shall not be
21 subject to the appropriations by the governing body of the city
22 or by the General Assembly.

23 Section 602. Duration of tax.

24 Any tax imposed under this chapter shall continue in effect
25 until all bonds of the authority which are secured by the
26 authority's pledge of such tax revenues are no longer
27 outstanding. For as long as any such bonds remain outstanding,
28 no governing body of a city shall repeal any ordinance or reduce
29 the rate of tax imposed for the authority under this act.

30 Section 603. Creation of fund and disbursement.

1 (a) Pennsylvania Intergovernmental Cooperation Authority Tax
2 Fund.--There is hereby created a Pennsylvania Intergovernmental
3 Cooperation Authority Tax Fund. The State Treasurer shall be
4 custodian of the Pennsylvania Intergovernmental Cooperation
5 Authority Tax Fund, which shall be subject to the provisions of
6 law applicable to funds listed in section 302 of the act of
7 April 9, 1929 (P.L.343, No.176), known as The Fiscal Code. Taxes
8 imposed pursuant to section 601 of this act shall be received by
9 the Department of Revenue of the Commonwealth and paid to the
10 State Treasurer and, along with interest and penalties, less any
11 collection costs allowed under this chapter and any refunds and
12 credits paid, shall be credited to the Pennsylvania
13 Intergovernmental Cooperation Authority Tax Fund not less
14 frequently than ~~monthly~~ EVERY TWO WEEKS. During any period prior ←
15 to the credit of moneys to the Pennsylvania Intergovernmental
16 Cooperation Authority Tax Fund, interest earned on moneys
17 received by the department and paid to the State Treasurer
18 pursuant to this chapter shall be deposited into the
19 Pennsylvania Intergovernmental Cooperation Authority Tax Fund.
20 Moneys credited to the Pennsylvania Intergovernmental
21 Cooperation Authority Tax Fund shall be distributed as provided
22 in subsection (b). All moneys in the Pennsylvania
23 Intergovernmental Cooperation Authority Tax Fund, including, but
24 not limited to, moneys credited to the fund pursuant to this
25 section, prior year encumbrances and the interest earned
26 thereon, shall not lapse or be transferred to any other fund,
27 but shall remain in the Pennsylvania Intergovernmental
28 Cooperation Authority Tax Fund, and shall at all times be the
29 property of the authority, and must be used exclusively as
30 provided in this act. Pending their disbursement to the

1 authority, moneys received on behalf of or deposited into the
2 Pennsylvania Intergovernmental Cooperation Authority Tax Fund
3 shall be invested or reinvested as are other funds in the
4 custody of the State Treasurer in the manner provided by law.
5 All earnings received from the investment or deposit of such
6 funds shall be credited to the Pennsylvania Intergovernmental
7 Cooperation Authority Tax Fund.

8 (b) Disbursement to Pennsylvania Intergovernmental
9 Cooperation Authority.--At least weekly, the State Treasurer
10 shall disburse the total amount of moneys which are, as of the
11 close of business of the previous week, contained in the
12 Pennsylvania Intergovernmental Cooperation Authority Tax Fund as
13 a result of the tax imposed pursuant to section 601 to or upon
14 the order of the authority and as provided in section 312. The
15 State Treasurer shall make the initial disbursement pursuant to
16 this subsection at the end of the third week of the month
17 immediately following the effective date of the ordinance
18 imposing the Pennsylvania Intergovernmental Cooperation
19 Authority Tax.

20 Section 604. Collection of Pennsylvania Intergovernmental
21 Cooperation Authority Taxes.

22 (a) General rule.--The Department of Revenue of the
23 Commonwealth is charged with the administration, enforcement and
24 collection of any tax imposed pursuant to section 601 of this
25 chapter and shall do so with respect to the tax authorized to be
26 imposed by Chapter 5 of this act, under the administration,
27 enforcement and collection procedures and subject to the fines,
28 forfeitures, penalties and interest charges all as are provided
29 for in the act of March 4, 1971 (P.L.6, No.2), known as the Tax
30 Reform Code of 1971, and with respect to any other tax enacted

1 under the authority of this chapter, under the administration,
2 enforcement and collection procedures and subject to the fines,
3 forfeitures, penalties and interest charges as shall be
4 specified in the ordinance enacting such tax.

5 (b) Cost of collection.--The Department of Revenue of the
6 Commonwealth, to cover its costs of administration, shall be
7 entitled to retain a sum equal to costs of collection and shall
8 inform the authority in writing monthly of the sum retained and
9 the costs of collection reimbursed. To provide a timely forecast
10 and assure consideration of the sum retained, the Department of
11 Revenue of the Commonwealth shall estimate its costs of
12 collection for the next succeeding fiscal year and provide the
13 estimates, with all supporting details to the Chairperson and
14 Minority Chairperson of the Appropriations Committee of the
15 Senate and to the Chairperson and Minority Chairperson of the
16 Appropriations Committee of the House of Representatives, with a
17 copy to the authority. When the annual operating budget for the
18 Department of Revenue of the Commonwealth is submitted to the
19 General Assembly, the department shall also submit to the
20 Chairperson and Minority Chairperson of the Appropriations
21 Committee of the Senate and to the Chairperson and Minority
22 Chairperson of the Appropriations Committee of the House of
23 Representatives the actual sums retained for costs of collection
24 in the preceding fiscal year, together with all supporting
25 details.

26 (c) Appointment of agents.--Except for the collection and
27 enforcement of the tax authorized to be imposed by Chapter 5,
28 the Department of Revenue of the Commonwealth is authorized to
29 appoint as its agents, tax officers, clerks, collectors and
30 other assistants, including revenue and legal departments of

1 cities imposing a tax under this chapter, to collect and enforce
2 any tax, including interest and penalties, imposed under
3 authority of this chapter; provided, however, that any moneys
4 collected by any such agent shall not be commingled with any
5 other funds of such agent and must be segregated and paid over
6 to the Department of Revenue of the Commonwealth at least
7 ~~monthly~~ EVERY TWO WEEKS. ←

8 CHAPTER 7

9 MISCELLANEOUS PROVISIONS

10 Section 701. Appropriation.

11 The sum of \$150,000 is hereby appropriated to the
12 Pennsylvania Intergovernmental Cooperation Authority for the
13 fiscal year July 1, 1990, to June 30, 1991, for the purpose of
14 providing operating funds for the Pennsylvania Intergovernmental
15 Cooperation Authority. The appropriation in this section is an
16 advance, which shall be repaid by the authority from the sources
17 described in section 206(b) as soon as is practicable and in no
18 event later than June 30, 1992. The General Assembly hereby
19 declares that the advance of funds appropriated in section 701
20 is the absolute limit of its legal and moral obligations to the
21 authority for any authority obligations or expenses.

22 Section 702. Original and exclusive jurisdiction of Supreme
23 Court.

24 The Pennsylvania Supreme Court shall have exclusive
25 jurisdiction to hear any challenge to or to render a declaratory
26 judgment concerning the constitutionality of this act, the
27 contractual rights of the parties relating to bonds issued
28 pursuant to this act, or any action of the authority in issuing
29 or attempting to issue bonds, whether with respect to the
30 validity of the bonds, proper authorization of the bonds, the

1 validity of any covenants, agreements or contracts provided by
2 any resolution authorizing the bonds, or otherwise or any action
3 of a city in entering into agreements with the authority in
4 connection with the issuance of bonds by the authority. The
5 Supreme Court is authorized to take such action as it deems
6 appropriate, consistent with the Supreme Court retaining
7 jurisdiction over such a matter, to find facts, or to expedite a
8 final judgment in connection with such a challenge or request
9 for declaratory relief.

10 Section 703. General rights and prohibitions.

11 Nothing in this act shall limit the rights or impair the
12 obligations of any city to comply with the provisions of any
13 contract in effect on the effective date of this act, or shall
14 in any way impair the rights of the obligees of any city with
15 respect to any such contract.

16 Section 704. Nondiscrimination.

17 The authority shall comply in all respects with the
18 nondiscrimination and contract compliance plans used by the
19 Department of General Services, to assure that all persons are
20 accorded equality of opportunity in employment and contracting
21 by the authority and its contractors, subcontractors, assignees,
22 lessees, agents, vendors and suppliers.

23 SECTION 705. EMERGENCY PAYMENT DEFERRAL. ←

24 (A) APPLICATION.--NOTWITHSTANDING ANY PROVISION OF LAW,
25 INCLUDING, BUT NOT LIMITED TO, THE ACT OF DECEMBER 18, 1984
26 (P.L.1005, NO.205), KNOWN AS THE MUNICIPAL PENSION PLAN FUNDING
27 STANDARD AND RECOVERY ACT, MUNICIPAL ORDINANCE, MUNICIPAL
28 RESOLUTION, MUNICIPAL CHARTER, PENSION PLAN AGREEMENT OR PENSION
29 PLAN CONTRACT TO THE CONTRARY, THIS SECTION SHALL APPLY TO A
30 CITY WHICH HAS ESTABLISHED AND MAINTAINED, DIRECTLY OR

1 INDIRECTLY, A PENSION PLAN FOR THE BENEFIT OF ITS EMPLOYEES,
2 IRRESPECTIVE OF THE MANNER IN WHICH THE PENSION PLAN IS
3 ADMINISTERED AND TO THE RESPECTIVE PENSION PLAN.

4 (B) LEGISLATIVE FINDING.--THE GENERAL ASSEMBLY FINDS THAT
5 UNTIL SUCH TIME AS THE AUTHORITY HAS BEEN ESTABLISHED AND IS
6 ABLE TO PROVIDE NECESSARY FINANCIAL ASSISTANCE TO CITIES AND
7 WHEN THERE IS IMMINENT DANGER THAT A CITY WILL BE UNABLE TO PAY
8 ITS OUTSTANDING INDEBTEDNESS AND TO PROVIDE BASIC SERVICES
9 CRITICAL TO THE HEALTH AND SAFETY OF ITS INHABITANTS, IT IS
10 ESSENTIAL THAT THE STATE EXERCISE ITS SOVEREIGN POWER TO
11 SAFEGUARD THE VITAL INTERESTS OF ITS PEOPLE BY PRECLUDING SUCH
12 CITY FROM TAKING ACTIONS UPON THE EXISTENCE OF CERTAIN
13 CONDITIONS WHICH WOULD BE AGAINST THE GENERAL GOOD OF SUCH CITY
14 AND OF THE COMMONWEALTH AND THAT DOING SO IS CLEARLY FOR THE
15 PROMOTION OF THE COMMONWEAL, THE GENERAL GOOD OF THE PUBLIC AND
16 IS A PROPER EXERCISE OF THE SOVEREIGN RIGHT OF THE COMMONWEALTH
17 TO PROTECT LIVES, HEALTH, COMFORT AND THE GENERAL WELFARE OF ALL
18 PEOPLE OF THE COMMONWEALTH.

19 (C) FUNDING OF PENSION PLANS.--

20 (1) THE SECRETARY OF THE BUDGET SHALL EXAMINE PRIOR TO
21 JUNE 30, 1991, THE FINANCIAL CONDITION OF CITIES WHICH HAVE
22 ESTABLISHED PENSION PLANS FOR THE BENEFIT OF THEIR EMPLOYEES
23 AND SHALL DETERMINE BASED ON SUCH EXAMINATION IF ANY CITY'S
24 PAYMENT OF ITS MINIMUM OBLIGATION TO FUND ITS PENSION PLAN
25 FOR THE FISCAL YEAR ENDING JUNE 30, 1991, IS LIKELY TO CAUSE
26 THE CITY TO BE UNABLE TO PAY, PRIOR TO THE CITY'S RECEIPT OF
27 THE PROCEEDS OF THE FIRST SERIES OF BONDS ISSUED TO FINANCE A
28 DEFICIT DESCRIBED IN SECTION 317, THE FOLLOWING:

29 (I) PRINCIPAL OF OR INTEREST ON ITS OUTSTANDING
30 BONDS OR LEASE PAYMENTS SECURING BONDS OF OTHER

1 GOVERNMENT AGENCIES;

2 (II) PAYROLL; OR

3 (III) ANY OTHER PAYMENTS NECESSARY TO PROTECT THE
4 HEALTH AND SAFETY OF THE CITIZENS OF THE CITY.

5 (2) IF THE SECRETARY OF THE BUDGET SHALL MAKE SUCH
6 DETERMINATION WITH REGARD TO A CITY, HE SHALL NOTIFY THE
7 CHIEF FINANCIAL OFFICER OF THE CITY OF HIS DETERMINATION AND,
8 SUBJECT TO THE PROVISIONS OF SUBSECTION (D), THE CITY SHALL
9 BE PROHIBITED FROM DISCHARGING ANY UNPAID, IDENTIFIABLE
10 MINIMUM OBLIGATION TO FUND THE PENSION PLAN OF THE CITY FOR
11 THE FISCAL YEAR OF THE CITY BEGINNING JULY 1, 1990, AND
12 ENDING JUNE 30, 1991, OTHER THAN ANY SUCH PAYMENT WHICH HAS
13 BEEN ORDERED TO BE PAID BY A COURT OF COMPETENT JURISDICTION
14 PRIOR TO THE EFFECTIVE DATE OF THIS ACT, UNLESS:

15 (I) THE CITY AND THE TRUSTEES OF THE PENSION FUND
16 HAVE REACHED AGREEMENT THAT THE PAYMENT DUE TO THE
17 PENSION FUND FOR SUCH FISCAL YEAR SHALL BE DISCHARGED BY
18 THE CITY PAYING AT LEAST 10% OF THE AMOUNT OWED BY THE
19 FIRST OF EACH MONTH COMMENCING JULY 1, 1991, UNTIL THE
20 TOTAL AMOUNT DUE HAS BEEN PAID IN ACCORDANCE WITH SUCH
21 PAYMENT SCHEDULE; OR

22 (II) UNTIL PAYMENT HAS BEEN MADE UPON THE OCCURRENCE
23 OF THE EARLIEST OF:

24 (A) THE AUTHORITY EITHER HAVING ISSUED BONDS OR
25 SECURED CREDIT FOR SUCH CITY AND THE CITY IS IN
26 RECEIPT OF THE PROCEEDS THEREOF WHICH ARE PERMITTED
27 TO BE USED AND ARE SUFFICIENT TO MAKE PENSION
28 PAYMENTS;

29 (B) THE CITY HAS ISSUED AND RECEIVED THE
30 PROCEEDS OF TAX ANTICIPATION NOTES AS AUTHORIZED BY

1 THE GENERAL ASSEMBLY; OR

2 (C) OCTOBER 1, 1991.

3 (D) DEFERRAL.--WHATEVER MINIMUM OBLIGATION TO FUND THE
4 PENSION PLAN OF A CITY FOR THE FISCAL YEAR OF A CITY BEGINNING
5 JULY 1, 1990, AND ENDING JUNE 30, 1991, REMAINS UNPAID AS OF
6 JUNE 30, 1991, SHALL NOT CONSTITUTE A FAILURE OR POTENTIAL
7 FAILURE TO COMPLY WITH THE CITY'S APPLICABLE FUNDING STANDARD
8 REQUIREMENTS IN ACCORDANCE WITH THE ACT OF DECEMBER 18, 1984
9 (P.L.1005, NO.205), KNOWN AS THE MUNICIPAL PENSION PLAN FUNDING
10 STANDARD AND RECOVERY ACT, AND NO CAUSE OF ACTION IN MANDAMUS OR
11 OTHERWISE SHALL ARISE BY VIRTUE OF THE CITY'S FAILURE TO PAY ITS
12 MINIMUM OBLIGATION WITHIN SAID FISCAL YEAR, PROVIDED THAT:

13 (I) THE CITY COMPLIES WITH THE PROVISIONS OF THE
14 AGREEMENT WITH THE TRUSTEES OF THE PENSION FUND OR WITH
15 THE OTHER PROVISIONS OF SUBSECTION (C); AND

16 (II) THE CITY PAYS INTEREST ON ANY AMOUNT OF ITS
17 MINIMUM OBLIGATION WHICH REMAINS UNPAID AS OF JUNE 30,
18 1991, WHICH AMOUNT SHALL BE ADDED TO THE MINIMUM
19 OBLIGATION OF THE CITY FOR THE FISCAL YEAR BEGINNING JULY
20 1, 1991, WITH INTEREST FROM JULY 1, 1990, ON ANY AMOUNT
21 REMAINING UNPAID AT A RATE EQUAL TO THE INTEREST
22 ASSUMPTION USED FOR THE ACTUARIAL VALUATION REPORT OR THE
23 DISCOUNT RATE APPLICABLE TO TREASURY BILLS ISSUED BY THE
24 DEPARTMENT OF TREASURY OF THE UNITED STATES WITH A SIX-
25 MONTH MATURITY AS OF THE LAST BUSINESS DAY IN JUNE 1991,
26 WHICHEVER IS GREATER, PLUS AN ADDITIONAL 2% INTEREST,
27 EXPRESSED AS A MONTHLY RATE AND COMPOUNDED MONTHLY.

28 (E) WAIVER OF PENSION REVIEW STUDY REQUIREMENTS.--THE
29 PROVISIONS OF SECTION 7 OF THE ACT OF JULY 9, 1981 (P.L.208,
30 NO.66), KNOWN AS THE PUBLIC EMPLOYEE RETIREMENT STUDY COMMISSION

1 ACT, ARE HEREBY WAIVED AND SHALL NOT APPLY TO THIS ACT.

2 (F) DEFINITIONS.--UNLESS THE CONTEXT CLEARLY INDICATES
3 OTHERWISE, THE DEFINITIONS PROVIDED FOR IN THE ACT OF DECEMBER
4 18, 1984 (P.L.1005, NO.205), KNOWN AS THE MUNICIPAL PENSION PLAN
5 FUNDING STANDARD AND RECOVERY ACT SHALL APPLY TO THIS SECTION.

6 Section ~~705~~ 706. Construction of act. <—

7 ~~(a) Liberal construction. This act, being necessary for the~~ <—
8 ~~welfare of the Commonwealth and its inhabitants, shall be~~
9 ~~liberally construed to effect the purposes thereof.~~

10 (A) LIBERAL CONSTRUCTION.--THE PROVISIONS OF THIS ACT <—
11 PROVIDING FOR SECURITY FOR AND RIGHTS AND REMEDIES OF OBLIGEES
12 OF THE AUTHORITY SHALL BE LIBERALLY CONSTRUED TO ACHIEVE THE
13 PURPOSES STATED AND PROVIDED FOR BY THIS ACT.

14 (b) Severability.--If any provision of the title or any
15 chapter, section or clause of this act, or the application
16 thereof to any person, party, corporation, public or private,
17 shall be judged invalid by a court of competent jurisdiction,
18 such order or judgment shall be confined in its operation to the
19 controversy in which it was rendered, and shall not affect or
20 invalidate the remainder of any provision of the title or any
21 chapter or any section or clause of this act, or the application
22 of any part thereof to any other person, party, corporation,
23 public or private, or circumstance, and, to this end, the
24 provisions of the title or any chapter, section or clause of
25 this act, hereby are declared to be severable. It is hereby
26 declared as the legislative intent that this act would have been
27 adopted had any provision declared unconstitutional not been
28 included herein.

29 Section ~~706~~ 707. Limitation of authority powers. <—

30 ~~Nothing~~ EXCEPT AS PROVIDED IN SECTION 210(I), NOTHING <—

1 contained in this act shall be construed to confer upon the
2 authority any powers with respect to ~~school districts of the~~ <—
3 ~~first-class~~ A SCHOOL DISTRICT or to amend, repeal or supersede <—
4 in any manner the act of August 9, 1963 (P.L.643, No.341), known
5 as the First Class City Public Education Home Rule Act.

6 Section ~~707~~ 708. Repeals. <—

7 (a) Partial.--The following acts and parts of acts are
8 repealed to the extent specified:

9 ~~Act~~ SUBCHAPTER D OF CHAPTER 2 OF THE ACT of July 10, 1987 <—
10 (P.L.246, No.47), known as the Financially Distressed
11 Municipalities Act, as to cities of the first class. THE <—
12 REMAINDER OF THE FINANCIALLY DISTRESSED MUNICIPALITIES ACT SHALL
13 BE SUSPENDED AS TO CITIES OF THE FIRST CLASS UNTIL THE
14 TERMINATION OF THE AUTHORITY ESTABLISHED BY THIS ACT.

15 Section 5(a) of Article XVII of the act of June 25, 1919
16 (P.L.581, No.274), entitled "An act for the better government of
17 cities of the first class of this Commonwealth," absolutely,
18 except as to loans or notes issued by a city pursuant to section
19 5(a) of Article XVII of the act which remain outstanding on the
20 effective date of this act.

21 (b) General.--All other acts or parts of acts are repealed
22 insofar as they are inconsistent with this act.

23 Section ~~708~~ 709. Effective date. <—

24 This act shall take effect immediately.