

exceed [five (5)] fifteen (15) per centum upon the total assessed value of the taxable property in such school district.

Section 5. This act shall take effect immediately.

APPROVED—The 16th day of March, A. D. 1967.

RAYMOND P. SHAFER

No. 4

AN ACT

SB 27

Amending the act of June 25, 1941 (P. L. 159), entitled, as amended, "An act amending, revising, consolidating and changing the law relating to the borrowing of money by certain political subdivisions, the authorization, issuance and sale of general obligation bonds as herein defined, of bonds imposing no general obligation of debt and of bonds not deemed to constitute a debt for certain purposes, and to the funding of debt and the refunding of bonds; regulating the keeping and use of sinking funds; imposing powers and duties upon the Department of Community Affairs and upon corporate bodies and officers of political subdivisions; imposing penalties, and repealing existing laws," changing provisions of the act in regard to increasing municipal ¹ indebtedness; removing dollar limitations in the borrowing of money by certain boroughs and townships, and reenacting and harmonizing the language of existing amendments.

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

Section 1. Sections 201 and 203, act of June 25, 1941 (P. L. 159), known as the "Municipal Borrowing Law," amended September 11, 1959 (P. L. 896) and September 28, 1965 (P. L. 548), are reenacted and amended to read:

Section 201. Limitation on Municipal Debt.—Whenever the net debt of any municipality shall be equal to [ten per centum, in the case of municipalities authorized by the provisions of section fifteen, article nine of the Constitution to incur debt to said amount, and seven] fifteen per centum, [in the case of all other municipalities

(except school districts of the second, third and fourth class which shall be limited to fifteen per centum, and except school districts of the first class and school districts of the first class A which shall be limited to five (5) per centum),] of the assessed valuation, it shall be unlawful to increase the same by borrowing money (except in the case of issuing evidences of debt in anticipation of current revenues), and any such increase shall be void, and any general obligation bonds issued to evidence such increase of debt shall be of no binding force upon such municipality. Each of the officers thereof wilfully authoriz-

¹ "indebtedness" in original.

ing such increase or executing any general obligation bond therefor shall be guilty of a misdemeanor, and, upon conviction thereof, shall be sentenced to pay a fine not exceeding ten thousand dollars, or undergo imprisonment not exceeding one year, or both.

Section 203. Increase of Debt by Issuance of General Obligation Bonds by Corporate Authorities and with the Assent of Electors.—

(a) Any municipality may incur debt or increase its debt by the issue of general obligation bonds by vote of the corporate authorities thereof without the assent of the electors to an amount in the aggregate not exceeding [two] five per centum [except school districts which shall not exceed five per centum,] of the assessed valuation.

(b) The debt of any municipality [except a school district of the first class or first class A] may be authorized to be increased by the corporate authorities thereof by the issue of general obligation bonds, with the assent of a majority of the electors thereof voting on the question submitted at a public election to be held in the municipality, to an amount not exceeding [seven] fifteen per centum [, except school districts which shall never exceed fifteen per centum,] of the assessed valuation. [The debt of a school district of the first class and a school district of the first class A, may be authorized to be increased by the board of public education thereof by the issue of general obligation bonds, with the assent of a majority of the electors thereof voting on the question submitted at a public election to be held in the school district, to an amount not exceeding five (5) per centum of the assessed valuation.

(c) The debt of any municipality, authorized by the provisions of section fifteen, article nine of the Constitution to incur debt not exceeding ten per centum, may be authorized to be increased by the corporate authorities thereof by the issue of general obligation bonds, with the assent of three-fifths of the electors thereof voting on the question submitted at a public election to be held in the municipality, to an amount not exceeding ten per centum of the assessed valuation.]

Section 2. Subsection (c) of section 502 of the act, amended June 29, 1951 (P. L. 949), is amended to read:

Section 502. Funding Bonds; Conditions.—

* * *

(c) If the total of the unfunded debt which is to be funded under the provisions of this section when added to the existing net debt of the municipality incurred without the assent of the electors as determined by the provisions of sections 202 and 204 of this act other than the unfunded debt to be funded shall exceed [two] five per centum of the assessed valuation of taxable property in the municipality, but shall not exceed [seven] fifteen per centum of such assessed valuation, then such municipality may first submit to the electors thereof in the manner prescribed by section 205 of this act the ratification, validation and confirmation of such unfunded debt, and if said electors

shall assent to such ratification, validation and confirmation of such unfunded debt the corporate authorities may proceed to fund the same in the manner prescribed by this section. In such cases no approval of the court of quarter sessions shall be required. The total of the debt which has been ratified, validated and confirmed shall thereafter be excluded in computing the amount of the debt of the municipality incurred without the consent of the electors.

* * *

Section 3. Section 701-A of the act, amended December 22, 1959 (P. L. 2018), is amended to read:

Section 701-A. Temporary Debt for Improvements, Etc., Payment; Interest Charges.—A municipality may borrow money for capital expenditures for municipal improvements and equipment, including school buses, in those instances where no bond issue has been previously authorized, and all such moneys for which an obligation or obligations other than bonds have been issued shall, unless refunded by the issue of bonds, be paid within five years from date of issue of such obligation, together with interest, and at least one-fifth of the total principal of the original loan shall be paid annually. [In the case of boroughs or townships either of which have a population of less than two thousand five hundred persons, such indebtedness shall not exceed twenty-five thousand dollars (\$25,000).] Such obligation or obligations may be paid, in full or in part, each year when the taxes are received, and reborrowed again the latter part of the fiscal year: Provided, That the amount reborrowed is less than the amount borrowed the preceding year by at least one-fifth of the total amount of the original loan. Each time the money is reborrowed, the date and purpose for which it was originally borrowed shall be restated. The amount of the original loan shall be paid in full within a maximum term of five years from the date of the original loan for such purpose unless funded as hereinbefore provided. The municipality shall not pay any charges or interest equal to more than six per centum per annum on any money borrowed under the provisions of this article.

Section 4. Section 702-A of the act, amended February 2, 1966 (P. L. 1892), is amended to read:

Section 702-A. Constitutional Limitation; Statement Filed with Department.—At no time shall a municipality borrow money under the provisions of this article in an amount that, added to the existing nonelectoral indebtedness of the municipality, shall exceed the nonelectoral debt limitation of [two] five per centum of the assessed valuation of property as fixed by article nine, section eight of the Constitution. In order to insure compliance with this constitutional limitation, each municipality proposing to borrow money under the provisions of this article, prior to such borrowing, shall submit a sworn statement to the Department of Community Affairs showing its existing net debt determined under section 202 of this act, the assessed valuation of its property and the amount proposed to be borrowed. The Department of Community Affairs shall examine the statement,

and, within ten days of the receipt thereof, if it determines that the proposed amount to be borrowed will not exceed the nonelectoral debt limitation fixed by the Constitution, shall issue a statement to the municipality to that effect. All obligations issued under the provisions of this article without such a statement from the Department of Community Affairs shall be void and shall impose no liability upon the municipality.

* * *

Section 5. This act shall take effect immediately.

APPROVED—The 16th day of March, A. D. 1967.

RAYMOND P. SHAFER

No. 5

AN ACT

SB 73

Amending the act of June 24, 1931 (P. L. 1206), entitled "An act concerning townships of the first class; amending, revising, consolidating, and changing the law relating thereto," increasing indebtedness which may be created by townships.

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

Section 1. Section 1704, act of June 24, 1931 (P. L. 1206), known as "The First Class Township Code," reenacted and amended May 27, 1949 (P. L. 1955), is amended to read:

Section 1704. Power to Create Indebtedness; Sinking Fund; Temporary Indebtedness.—The board of township commissioners may, by ordinance, borrow money and issue evidences of indebtedness therefor to the extent, and in the manner, in which municipal districts are now authorized to incur or increase the same, for the purpose of permanent improvements, but the total indebtedness so created shall not exceed [two] five per centum of the county valuation of the

property within the township without the assent of the electors of the township; or, by resolution of the board of township commissioners, they may authorize payment for permanent improvements or for other contracted obligations of the township by the issuance of certificates of indebtedness, payable on a certain date, not exceeding one year from the date of issue: Provided, That the total indebtedness so created by the township commissioners, together with other indebtedness created by them, does not exceed [two] five per centum

of the county valuation of the property within the township, without the assent of the electors thereof. The rate of interest on such indebted-