

No. 206

AN ACT

HB 2471

Amending the act of July 12, 1972 (Act No. 185), entitled "An act providing debt limits for local government units, including municipalities and school districts; providing for methods of incurring and evidencing debt; defining the powers and duties of the Department of Community Affairs with respect thereto; exercising the inherent legislative authority of the General Assembly by providing additional over-all limitations on the incurring of lease rental and other obligations for the acquisition of capital assets to be repaid from the general tax revenues of such local government units; imposing duties upon the officers in charge of the recording of deeds, imposing penalties for filing false or untrue statements or refusing to give information with respect to proceedings for the incurring of debt; and conferring jurisdiction on the Commonwealth Court with respect to certain proceedings relating to the incurring of debt," further regulating incurring of lease rental debt and further providing for tax anticipation notes of school districts of the first class and the enforcement of the security therefor.

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

Section 1. Subsections (a) and (b) of section 202, act of July 12, 1972 (Act No. 185), known as the "Local Government Unit Debt Act," are amended to read:

Section 202. Limitations on the Incurring of Other Debt.—(a) Except as provided in subsections [(b),] (c), (d) and (e) of this section and as otherwise specifically provided in this act, no local government unit shall incur any new debt, if the aggregate net principal amount of such new debt together with all other net nonelectoral debt outstanding would cause the total net nonelectoral debt of such local government unit to exceed:

- (i) one hundred per cent of its borrowing base in the case of a school district of the first class;
- (ii) three hundred per cent of its borrowing base in the case of a county; or
- (iii) two hundred fifty per cent of its borrowing base in the case of any other local government unit.

(b) Except as provided in subsections (c), (d) and (e) of this section or as otherwise specifically provided in this act, in the exercise of legislative control over the budgets and expenditures of local government units and of the purposes for which tax moneys and general revenues of local government units may be expended, the General Assembly determines that no local government unit shall incur any new *lease rental* debt, if the aggregate net principal amount of such new debt together with any other net nonelectoral debt and net lease rental debt then outstanding would cause the outstanding total of net nonelectoral debt plus net lease rental debt of such local government unit to exceed:

- (i) one hundred fifty per cent of the borrowing base in the case of a school district of the first class;

(ii) three hundred fifty per cent of its borrowing base in the case of a county; or

(iii) three hundred per cent of its borrowing base in the case of all other local government units.

* * *

Section 2. Section 505 of the act is amended by adding a paragraph to read:

Section 505. Security for Tax Anticipation Notes; Sinking Fund.—* * *

The pledge of, and first lien and charge on, the taxes and revenues of a first class school district which secures such tax anticipation notes as provided in this article shall be enforceable against all State and local public officials in possession of any of such taxes and revenues at any time and may be collected directly from such officials upon notice by any holder of such tax anticipation notes for application to the payment thereof as and when due or by any sinking fund depository for deposit in the applicable sinking fund at the times and in the amounts specified in such tax anticipation notes. Any State or local public official in possession of any of such taxes and revenues shall make payment, against receipt therefor, directly to any holder of such tax anticipation notes or to such depository upon such notice and shall thereby be discharged from any further liability or responsibility for such taxes and revenues. If such payment shall be to a holder of tax anticipation notes, it shall be made against surrender of the notes to the payor for delivery to the first class school district in the case of payment in full, otherwise it shall be made against production of the notes for notation thereon of the amount of the payment. The provisions of this paragraph with respect to the enforceability and collection of taxes and revenues which secure tax anticipation notes of a first class school district shall supersede any contrary or inconsistent statutory provision or rule of law. This paragraph shall be construed and applied to fulfill the legislative purpose of clarifying and facilitating temporary borrowings by a first class school district by assuring to holders of tax anticipation notes the full and immediate benefit of the security therefor without delay, diminishment or interference based on any statute, decision, ordinance or administrative rule or practice.

Section 3. This act shall take effect immediately.

APPROVED—The 3rd day of October, A. D. 1972.

MILTON J. SHAPP

The foregoing is a true and correct copy of Act of the General Assembly
No. 206.

A handwritten signature in black ink, reading "C. McLaughlin Tucker". The signature is written in a cursive style with a large initial "C" and a prominent "T" at the end.

Secretary of the Commonwealth.