

No. 1986-110

AN ACT

SB 1463

Providing for the establishment of a fund, to be administered by the Department of Community Affairs, to reduce local matching requirements in economic and community development programs for financially disadvantaged municipalities; and providing a procedure for the operation of the fund.

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

Section 1. Short title.

This act shall be known and may be cited as the Financially Disadvantaged Municipalities Matching Assistance Act.

Section 2. Purpose and legislative intent.

Due to plant closings, declining property values and population losses, some municipalities in this Commonwealth have experienced shrinking tax revenues that make it difficult for them to continue essential government services for their citizens. While numerous economic and community development programs exist to assist municipal governments and to promote community and economic development that will ultimately provide new tax revenues, many of these programs require the community to provide matching funds, or a local share, in order to receive aid. It is the intent of the General Assembly that financially disadvantaged municipalities which are unable to fully meet existing statutory or regulatory requirements for matching funds or local shares not be precluded from consideration in economic and community development programs.

Section 3. Definitions.

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

“Department.” The Department of Community Affairs of the Commonwealth.

“Economic and community development program.” A State or Federal program designated by the secretary which assists a municipality in the development of its public facilities, housing, sewers, water supplies and other components of its infrastructure; in the redevelopment of deteriorated or blighted areas; or in the creation of private sector jobs in the community, and which requires a portion of the costs of projects funded to be contributed by municipalities.

“Financially disadvantaged municipalities.” Those municipalities designated as distressed under the act of July 2, 1984 (P.L.520, No.105), known as the Business Infrastructure Development Act, and which meet additional criteria promulgated by the secretary which indicate potential difficulty in meeting local matching requirements.

“Fund.” The Financially Disadvantaged Municipalities Matching Assistance Fund.

“Local matching requirement.” That portion of the costs of a project that is eligible to receive a grant from a community and economic development program which is required by law, regulation or guideline to be contributed by a municipality.

“Municipality.” Any city, borough, incorporated town or township, including any municipality operating under the provisions of the act of July 15, 1957 (P.L.901, No.399), known as the Optional Third Class City Charter Law, and the act of April 13, 1972 (P.L.184, No.62), known as the Home Rule Charter and Optional Plans Law.

“Secretary.” The Secretary of Community Affairs of the Commonwealth.

Section 4. Establishment of fund.

There is hereby established a Financially Disadvantaged Municipalities Matching Assistance Fund which shall constitute a restricted receipt account within the General Fund to be administered by the department. The secretary may make grants from the fund for projects in financially disadvantaged municipalities in order to reduce local matching requirements and shall not use funds from this account for any other purpose.

Section 5. Powers and duties of secretary.

The secretary shall have the following powers and duties:

(1) Specify the economic and community development programs which have local matching requirements that may be reduced using grants from the fund.

(2) Specify criteria to be used in determining whether a municipality is a financially disadvantaged community.

(3) Specify application forms and procedures by which financially disadvantaged municipalities may apply for a grant from the fund.

(4) Make grants from the fund for specific projects in financially disadvantaged municipalities where the secretary determines that the municipality is unable to fully meet the local matching requirement for the project in an eligible economic and community development program which would substantially benefit the citizens of the municipality and lead to a strengthening of the local tax base.

(5) Provide technical assistance to financially disadvantaged municipalities to help them make the maximum use of existing economic and community development programs.

(6) Promulgate rules, regulations, guidelines and procedures and exercise such other powers as may be necessary for the effective implementation of this act.

Section 6. Limitations.

No grant shall be made which exceeds 80% of the local matching requirement for an individual project. No one municipality shall be eligible to receive grants totaling more than 10% of the moneys available in the fund in any one year. Funds granted must be used for the specific project for which they were awarded. Moneys awarded from the fund shall not be distributed

until the award from the economic and community development program for the project is final.

Section 7. Exemption from other requirements.

Notwithstanding the provisions of any other statute or regulation to the contrary, a grant from the fund shall be considered as a financial contribution from the municipality receiving the grant in determining whether the municipality has met the local matching requirements for a project in an eligible economic or community development program.

Section 8. Reporting.

On or before the October 1 following the enactment of this act and in each succeeding year, the department shall provide a report to the Chief Clerk of the House of Representatives and the Secretary of the Senate for the preceding State fiscal year and current fiscal year. The report shall contain, at a minimum, the following information:

- (1) A list of the approved grants, including municipality name, State program for which the assistance was granted and amount of the grants for the preceding fiscal year.
- (2) A list of grants not approved in the preceding fiscal year.
- (3) A list of eligible municipalities in the current and preceding fiscal year.
- (4) A list of municipalities receiving assistance other than grants and the extent of such assistance in the preceding fiscal year.
- (5) A list of the programs for which a grant can be made in the current fiscal year.

Section 9. Expiration date.

This act shall expire June 30, 1989, or when the fund is exhausted, unless extended by statute.

Section 10. Effective date.

This act shall take effect July 1, 1986.

APPROVED—The 9th day of July, A. D. 1986.

DICK THORNBURGH