
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 264 Session of
2023

INTRODUCED BY LANGERHOLC, LAUGHLIN, BROOKS, AUMENT, PENNYCUICK,
SCHWANK AND BREWSTER, JANUARY 31, 2023

REFERRED TO COMMUNITY, ECONOMIC AND RECREATIONAL DEVELOPMENT,
JANUARY 31, 2023

AN ACT

1 Amending the act of July 10, 1987 (P.L.246, No.47), entitled "An
2 act empowering the Department of Community and Economic
3 Development to assist municipalities in avoiding financial
4 distress; declare certain municipalities as financially
5 distressed; providing for the restructuring of debt of
6 financially distressed municipalities; limiting the ability
7 of financially distressed municipalities to obtain government
8 funding; authorizing municipalities to participate in Federal
9 debt adjustment actions and bankruptcy actions under certain
10 circumstances; authorizing certain taxes; and providing for
11 the disincorporation of municipalities and the establishment
12 of unincorporated service districts," providing for recovery
13 grants for distressed municipalities and establishing the
14 Distressed Municipalities Recovery Fund.

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

17 Section 1. The act of July 10, 1987 (P.L.246, No.47), known
18 as the Municipalities Financial Recovery Act, is amended by
19 adding a chapter to read:

20 CHAPTER 5-A

21 RECOVERY GRANTS FOR DISTRESSED MUNICIPALITIES

22 Section 501-A. Definitions.

23 The following words and phrases when used in this chapter

1 shall have the meanings given to them in this section unless the
2 context clearly indicates otherwise:

3 "Critical infrastructure." Public and private assets and
4 networks, whether physical or virtual, so vital that their
5 incapacitation or destruction would have a debilitating effect
6 on national security, the economy, public health or safety, or
7 any combination of national security, the economy, public health
8 or safety.

9 "Debt obligations." An obligation to pay money, including
10 amounts owed for payments relating to lease rental debt, debt
11 service, bonds, notes, guarantees for bonds or notes, trust
12 indentures, contracts or other agreements.

13 "Distressed municipality." A municipality which has been
14 determined to be financially distressed under section 203(f).

15 "Fund." The Distressed Municipalities Recovery Fund
16 established under section 502-A.

17 "Municipality." A municipality as defined in section 103,
18 other than a city of the first class.

19 Section 502-A. Distressed Municipalities Recovery Fund.

20 (a) Establishment.--The Commonwealth Financing Authority
21 shall establish a separate account to be known as the Distressed
22 Municipalities Recovery Fund.

23 (b) Deposit.--Notwithstanding section 2 of the act of June
24 9, 1936 (1st Sp.Sess., P.L.13, No.4), entitled "An act imposing
25 an emergency State tax on liquor, as herein defined, sold by the
26 Pennsylvania Liquor Control Board; providing for the collection
27 and payment of such tax; and imposing duties upon the Department
28 of Revenue and the Pennsylvania Liquor Control Board," 1/18 of
29 the revenues received by the Commonwealth pursuant to the
30 imposition of the tax imposed under section 2 of the act of June

1 9, 1936 (1st Sp.Sess., P.L.13, No.4) shall be deposited by the
2 Department of Revenue into the fund.

3 Section 503-A. Grants to distressed municipalities.

4 (a) Distribution.--Money deposited into the fund shall be
5 used by the Commonwealth Financing Authority exclusively for
6 grants to distressed municipalities. Interest earned from the
7 investment or deposit of money accumulated in the fund shall be
8 deposited into the fund for the same use.

9 (b) Eligible projects.--Grant money shall be used as
10 follows:

11 (1) To repair or replace critical infrastructure or
12 equipment owned or maintained by the distressed municipality.

13 (2) To reduce debt obligations.

14 (3) For costs associated with a transition to shared
15 services with another jurisdiction.

16 (4) For economic development projects.

17 (5) For crime prevention and reduction programs and
18 initiatives.

19 (c) Coordination.--The department shall review applications
20 for grant funding as requested by the Commonwealth Financing
21 Authority and provide recommendations on the priority of
22 projects and project approval.

23 Section 2. This act shall take effect in 90 days.