

**INTERGOVERNMENTAL COOPERATION AUTHORITIES ACT FOR CITIES OF THE
THIRD CLASS - ENACTMENT**

Act of Oct. 24, 2018, P.L. 751, No. 124

Cl. 11

An Act

Establishing intergovernmental cooperation authorities for certain cities of the third class; providing for powers and duties; and making an appropriation.

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

CHAPTER 1
GENERAL PROVISIONS

Section 101. Short title.

This act shall be known and may be cited as the Intergovernmental Cooperation Authorities Act for Cities of the Third Class.

Section 102. Purpose and legislative intent.

(a) Policy.--It is hereby declared to be a public policy of the Commonwealth to exercise its retained sovereign powers with regard to taxation and matters of Statewide concern in a manner calculated to foster the fiscal integrity of cities of the third class to assure that they:

- (1) provide for the health, safety and welfare of their residents;
- (2) pay principal and interest owed on their debt obligations when due;
- (3) meet financial obligations to their employees, vendors and suppliers; and
- (4) provide for proper financial planning procedures and budgeting practices.

The inability of a city of the third class to provide essential services to its residents as a result of a fiscal emergency is determined to affect adversely the health, safety and welfare not only of the residents of the city, but also of other residents of this Commonwealth.

(b) Legislative intent.--

(1) It is the intent of the General Assembly to:

- (i) provide cities of the third class with the legal tools with which they can perform essential municipal services; and
- (ii) foster sound financial planning and budgetary practices for cities of the third class, which cities will be charged with the responsibility to exercise efficient and accountable fiscal practices, such as:
 - (A) increased managerial accountability;
 - (B) consolidation or elimination of inefficient city programs and authorities;
 - (C) reevaluation of tax exemption policies with regard to real property taxes;
 - (D) increased collection of existing tax revenues;
 - (E) privatization or outsourcing of appropriate city services;
 - (F) sale of city assets as appropriate;
 - (G) improvement of procurement practices, including competitive bidding procedures; and
 - (H) review of compensation and benefits of city employees.

(2) This act is intended to remedy the apparent fiscal emergency confronting cities of the third class through the implementation of sovereign powers of the Commonwealth. To safeguard the rights of the residents of this Commonwealth to the electoral process and home rule, the General Assembly intends to exercise its power in an appropriate manner with the elected officers of cities of the third class.

Section 103. Legislative findings.

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

(1) Some cities of the third class have encountered recurring financial difficulties that may affect the performance of necessary municipal services to the detriment of the health, safety and general welfare of residents of those cities.

(2) It is critically important that cities of the third class maintain their creditworthiness.

(3) Due to the economic and social interrelationship among all residents in our economy, the fiscal integrity of cities of the third class is a matter of concern to all residents of this Commonwealth, and the financial problems

of these cities have a direct and negative effect on the entire Commonwealth.

(4) Because cities of the third class consume a substantial proportion of the products of Pennsylvania's farms, factories, manufacturing plants and service enterprises, economic difficulties confronting cities of the third class detrimentally affect the economy of the Commonwealth as a whole and become a matter of Statewide concern.

(5) Because residents of cities of the third class contribute a substantial proportion of all Commonwealth tax revenues, a disruption of the economic and social life of these cities may have a significant detrimental effect on Commonwealth revenues.

(6) The financial difficulties of cities of the third class can best be addressed and resolved by cooperation between governmental entities.

(7) The Constitution of Pennsylvania grants municipalities authority to cooperate with other governmental entities in the exercise of any function or responsibility.

(8) The Commonwealth retains certain sovereign powers with respect to cities of the third class, among them the powers to authorize and levy taxes, to authorize the incurring of indebtedness and to provide financial assistance that may be necessary to assist cities in solving their financial problems.

(9) The Commonwealth may attach conditions to grants of authority to incur indebtedness or assistance to cities of the third class in order to ensure that deficits are eliminated and access to capital markets is achieved and maintained.

(10) The conditions must be incorporated into intergovernmental cooperation agreements between the Commonwealth or its instrumentalities and cities of the third class.

(11) Cities of the third class and the Commonwealth will benefit from the creation of an independent authority composed of members experienced in finance and management that advises the cities, the General Assembly and the Governor concerning solutions to fiscal problems cities of the third class may face.

(12) The creation of an authority will allow cities of the third class to continue to provide the necessary municipal services for their residents and to contribute to the economy of this Commonwealth.

Section 104. 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:

"Assisted city." A city for which an authority has been established under section 201. The term includes any municipal authority, other authority or other corporate entity that directly or indirectly performs a governmental function on behalf of the city, is directly or indirectly controlled by the city or to which a city has direct or indirect power of appointment or has directly or indirectly pledged or designated the city's revenues or the city's credit.

"Authority." An intergovernmental cooperation authority established in section 201.

"Board." The governing board of an authority.

"Chief fiscal officer." A municipal official in an assisted city designated as follows:

(1) In the case of a city where the mayor is responsible for proposing the city's annual budget, the chief fiscal officer shall be the mayor.

(2) In the case of a city where the budget is proposed to the governing body by an employee or appointee of the city, the chief fiscal officer shall be the presiding officer of the governing body.

"City." A city of the third class or a home rule municipality which was previously a city of the third class:

(1) with a population of at least 48,000 and not more than 55,000 based on the most recent Federal decennial census at the time receivership was terminated;

(2) for which a coordinator under Chapter 2 of the act of July 10, 1987 (P.L.246, No.47), known as the Municipalities Financial Recovery Act, is or has been appointed; and

(3) for which receivership has been terminated.

"City account." A trust fund held for the exclusive benefit of an assisted city.

"Controller." The elected controller of a city. In the case of a city which does not elect a controller, the term shall refer to a person designated by the intergovernmental cooperation agreement to administer financial controls for the city.

"Corporate entity." A municipal authority, other authority or other corporate entity that performs a governmental function on behalf of an assisted city or to which an assisted city has power of appointment or has pledged or designated revenues.

"Deficit." A negative fund balance in any principal operating fund or funds of an assisted city or corporate entity existing at the beginning of a fiscal year of the assisted city or projected to exist as of the close of a fiscal year of the assisted city as may be more specifically identified, calculated and specified in an intergovernmental cooperation agreement or financial plan of an assisted city described in section 209.

"Federal agency." The United States, the President of the United States and a department or corporation, agency or instrumentality created, designated or established by the United States.

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

"Governing law." The applicable statutes, home rule charter, optional plan or optional charter that provides for the officers, duties and powers of a city.

"Government agency." The Governor, department, board, commission, authority and an officer or agency of State government, including any that is not subject to the policy supervision and control of the Governor, a political subdivision, municipal or other local authority and an officer or agency of a political subdivision or local authority. The term does not include a court or other officer or agency of the unified judicial system or the General Assembly or any of its officers and agencies.

"Intergovernmental cooperation agreement." An agreement between an authority and a city entered into under the provisions of section 203(d).

"Party officer." The following members or officers of a political party:

(1) a member of a national committee;

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

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

(4) a chairman, vice chairman, counsel, secretary, treasurer or ward leader of a city or municipal committee.

"Public official." An elected or appointed official or employee in the executive, legislative or judicial branch of the Commonwealth or a political subdivision thereof. The term does not include:

(1) A member of an advisory board that has no authority to expend public funds other than reimbursement for personal expense or to otherwise exercise the power of the Commonwealth or a political subdivision thereof.

(2) An appointed official who receives no compensation other than reimbursement for actual expenses.

"Termination date." December 31 of the fourth full calendar year following the year in which an intergovernmental cooperation agreement is entered into under section 203(d).

CHAPTER 2 INTERGOVERNMENTAL COOPERATION AUTHORITIES FOR CITIES OF THE THIRD CLASS

Section 201. Authorities established.

(a) General rule.--A body corporate and politic to be known as the Intergovernmental Cooperation Authority for (name of city) is established as a public authority and instrumentality of the Commonwealth for each city that shall exercise public powers of the Commonwealth as an agency and instrumentality thereof. The exercise by the authority of the powers conferred by this act is declared to be and shall for all purposes be deemed and held to be the performance of an essential public function.

(b) Separate authorities.--A separate intergovernmental cooperation authority shall be established for each city.

Section 202. Governing board.

(a) Composition of board.--

(1) The powers and duties of an authority shall be exercised by a governing board composed of five members appointed as follows:

(i) One member shall be appointed by the Governor.

(ii) One member shall be appointed by the President pro tempore of the Senate.

(iii) One member shall be appointed by the Minority Leader of the Senate.

(iv) One member shall be appointed by the Speaker of the House of Representatives.

(v) One member shall be appointed by the Minority Leader of the House of Representatives.

(vi) The Secretary of the Budget and the director of finance of an assisted city shall serve as ex officio members of the board. The ex officio members may not vote and shall not be counted for purposes of establishing a quorum. The Secretary of the Budget and the director of finance of an assisted city may designate in writing a representative of their respective offices to attend meetings of the board on their behalf.

(2) All members and designees must have substantial experience in finance or management.

(3) All members of the board must be residents of this Commonwealth and, except the Secretary of the Budget, must

either be residents of the assisted city or have their primary places of business or employment in that city.

(b) Term.--

(1) Appointing authorities shall appoint the initial members of the board within 30 days of the date of termination of receivership or the effective date of this section, whichever is later. The appointed members shall select a chairperson from among themselves at the initial organizational meeting of the board and for any subsequent vacancy in the office of chairperson. The term of a board member shall begin on the date of the appointment. Except as provided in paragraph (3), a member's term shall be coterminous with that of the appointing authority.

(2) The member selected as chairperson shall serve in that capacity for two years from the date of selection or for the duration of the member's term on the board, whichever is a shorter period of time, and may be reelected as chairperson to subsequent two-year terms.

(3) An appointed board member shall serve at the pleasure of the member's appointing authority.

(4) Whenever a vacancy occurs among the appointed members on the board, whether prior to or on the expiration of a term, the appointing authority who originally appointed the board member whose seat has become vacant shall appoint a successor member within 30 days of the vacancy.

(5) A member appointed by an appointing authority to fill a vacancy occurring prior to the expiration of a term shall serve the unexpired term.

(c) Organization.--

(1) The appointees of the President pro tempore of the Senate and the Speaker of the House of Representatives shall set a date, time and place for the initial organizational meeting of the board within 40 days of the date of termination of receivership or the effective date of this section, whichever is later. The initial organizational meeting shall be held within 45 days of the date of termination of receivership or the effective date of this section, whichever is later.

(2) In addition to the chairperson, the members shall elect other officers as they may determine.

(3) A member may hold more than one office of the board at any time.

(d) Meetings.--

(1) After the initial organizational meeting, the board shall meet as frequently as it deems appropriate but at least once during each quarter of the fiscal year of the authority.

(2) A meeting of the board shall be called by the chairperson if a request for a meeting is submitted to the chairperson by at least two members of the board.

(d.1) Quorum and open meetings.--

(1) A majority of the board shall constitute a quorum for the purpose of conducting the business of the board and for all other purposes.

(2) All actions of the board shall be taken by a majority of the board members present, except as otherwise specifically provided in this act.

(3) The provisions of 65 Pa.C.S. Ch. 7 (relating to open meetings) shall apply to the board.

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

(f) Employees and agents.--

(1) The board shall fix and determine the number of employees of the authority and their respective compensation and duties.

(2) The board may contract for or receive the loan of services of persons in the employ of other government agencies, and other government agencies may make those employees available.

(3) The board may retain an executive director.

(4) The board may hire an independent general counsel to the authority and may engage consultants and contract for other professional services.

(5) The board may delegate to the executive director powers of the board as the board deems necessary to carry out the purposes of the authority, subject in every case to the supervision and control of the board.

(g) Public officials and party officers.--

(1) The following provisions apply to members of the board and the executive director:

(i) Except for the Secretary of the Budget and the director of finance of an assisted city, neither members of the board nor the executive director shall seek or hold a position as any other public official within this Commonwealth or as a party officer while in the service of the authority.

(ii) Members of the board and the executive director may not seek election as public officials or party officers for one year after their service with the authority.

(iii) Members of the board and the executive director may serve as appointed public officials any time after their periods of service with the authority.

(2) The following provisions apply to employees and agents of the authority, as indicated:

(i) Employees and agents of the authority may not seek or hold other positions as public officials or party officers while in the employ of the authority. The authority may receive the loan of services of persons in other government agencies in accordance with subsection (f), notwithstanding that those persons are public officials.

(ii) Employees of the authority may not seek election as public officials or party officers for one year after leaving the employ of the authority.

(3) No member of the board or employee of the authority may:

(i) directly or indirectly be a party to or be interested in any contract or agreement with the authority or with the assisted city; or

(ii) use his office or employment or any confidential information received through his office or employment for the private pecuniary benefit of himself, a member of his immediate family or a business with which he or a member of his immediate family is associated.

(4) Any member or employee who shall willfully violate paragraph (3) shall forfeit his office or employment and shall be subject to other criminal and civil sanctions as may be imposed by law.

(5) Any contract or agreement knowingly made in contravention of paragraph (3) shall be void and unenforceable.

(6) For purposes of this subsection, the term "immediate family" shall mean a parent, spouse, child, brother or sister.

(h) Statutes applicable to authority.--

(1) The provisions of the following acts shall apply to the board:

(i) Except as specified in paragraph (3), the act of July 19, 1957 (P.L.1017, No.451), known as the State Adverse Interest Act.

(ii) The act of February 14, 2008 (P.L.6, No.3), known as the Right-to-Know Law.

(iii) 62 Pa.C.S. (relating to procurement).

(iv) 65 Pa.C.S. Ch. 7.

(v) 65 Pa.C.S. Ch. 11 (relating to ethics standards and financial disclosure).

(2) The provisions of the following acts shall apply to the executive director of the authority:

(i) Except as set forth in paragraph (3), the State Adverse Interest Act.

(ii) 65 Pa.C.S. Ch. 11.

(3) Notwithstanding the provisions of the State Adverse Interest Act, the Secretary of the Budget and the director of finance of an assisted city shall, while serving as ex officio members of the board, also serve in their official capacities with respect to the negotiation and execution of intergovernmental cooperation agreements and other agreements between the assisted city and the authority.

(i) Advisory committee.--

(1) The board may appoint one advisory committee comprised of professionals engaged in municipal management and finance or other experts as the board deems necessary. The members of an advisory committee must reside within the assisted city or a county within the statistical metropolitan area in which the assisted city is located.

(2) The provisions of subsection (g) shall be applicable to members of an advisory committee; however, the board may allow the governing body to designate a liaison from the governing body to serve on an advisory committee.

(3) An advisory committee shall consist of no more than six members, excluding any liaison to the governing body.

(4) A member of the advisory committee shall not receive compensation or remuneration but shall be entitled to reimbursement for all reasonable and necessary actual expenses.

Section 203. Powers and duties.

(a) General powers and duties.--Each authority is established for the purpose, without limitation, by itself or by agreement in cooperation with others, of assisting the assisted city in solving its budgetary and financial problems.

(b) Specific duties.--Each authority shall have the following powers and duties:

(1) To assist the assisted city in achieving financial stability in any manner consistent with the purposes and powers described by this act.

(2) To assist the assisted city in avoiding defaults, eliminating and financing deficits and debts, maintaining sound budgetary practices and avoiding the interruption of municipal services.

(3) To negotiate intergovernmental cooperation agreements with the assisted city containing terms and conditions as will enable the assisted city to eliminate and

avoid deficits, maintain sound budgetary practices and avoid interruption of municipal services.

(4) To prepare an annual report within 120 days after the close of the assisted city's fiscal year to the Governor and the General Assembly describing the assisted city's financial condition and the authority's progress with respect to restoring the financial stability of the assisted city and achieving balanced budgets for the assisted city. An annual report shall be signed by the chairperson of the board and shall:

(i) Be submitted to the Governor, the presiding officers of the Senate and the House of Representatives, the chairperson and minority chairperson of the Appropriations Committee of the Senate and the chairperson and minority chairperson of the Appropriations Committee of the House of Representatives and the governing body, chief fiscal officer and controller of the assisted city. The report shall be publicly available in the assisted city during normal business hours for public inspection, shall be posted on the authority's publicly accessible Internet website and may be provided to a member of the public upon request at a cost not to exceed commercial costs of reproduction.

(ii) Clearly show by consistent category the last five years of operating revenues and expenditures, capital expenditures, gross and net indebtedness transactions, including a schedule of principal and interest, five-year projections of the assisted city's operating and capital budgets and the entire projected indebtedness transactions, including a schedule of principal and interest of the indebtedness until any and all debt has been completely retired.

(iii) Contain a narrative explaining progress of the assisted city in meeting its annual and five-year budgetary objectives, an appraisal by the authority of the progress the assisted city is making to achieve its goals and an appraisal of the extent to which the assisted city is making a good faith effort to achieve its goals.

(iv) Disclose any violations of Federal and State law that the authority may have discovered.

(v) Include as appendixes all historical loans or other contracts entered into by the assisted city and its corporate entities.

(5) To establish and maintain a publicly accessible Internet website that contains, but is not limited to, all of the following:

(i) Intergovernmental cooperation agreements entered into under paragraph (3).

(ii) Annual reports required under paragraph (4).

(iii) The authority's annual budget adopted under section 206.

(iv) Annual reports and audits required under section 207.

(v) Contracts that the authority has entered into with third parties.

(6) To adopt and publish a records retention policy that is consistent with the records retention policy of the Office of Administration as published in Manual 210.9, The Commonwealth's General Records Retention and Disposition Schedule, adopted September 5, 2018. The policy shall be

updated annually to remain consistent with the policy of the Office of Administration.

(c) Specific powers.--In addition to the powers and duties otherwise provided in this act, each authority shall have the specific powers:

(1) To obtain copies of all reports and documents regarding the revenues, expenditures, budgets, deficits, debts, costs, plans, operations, estimates and any other financial or budgetary matters of the assisted city.

(2) To obtain additional reports and information on the above matters in forms as are deemed necessary by the authority.

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

(4) To make recommendations to the assisted city and the General Assembly concerning the budgetary and fiscal affairs of the assisted city, including consideration of the following issues and other issues at the discretion of the authority:

(i) Consolidation or merger of services performed by the assisted city and a school, county or other municipality surrounding the assisted city.

(ii) Consolidation of public safety services.

(iii) Appropriate staffing levels of city departments and corporate entities.

(iv) Cooperative agreements or contractual arrangements between health care facilities licensed by the Department of Health.

(v) Financial or contractual obligations of the assisted city.

(vi) Pensions and other postemployment benefits obligations of the assisted city.

(vii) Contributions of nonprofit or charitable organizations that receive the benefit of municipal services provided by the assisted city.

(viii) Reduction or restructuring of debt obligations.

(ix) Cooperative agreements between the assisted city and the county in which the assisted city is located or municipalities that border the assisted city.

(x) Cooperative agreements between the assisted city and school districts located in the assisted city.

(xi) Collective bargaining agreements and other contracts of the assisted city.

(xii) Elimination, sale or transfer of assisted city services or property.

(xiii) Implementation of cost-saving measures by the assisted city.

(xiv) Increased managerial accountability.

(xv) Performance of government operations and delivery of municipal services.

(xvi) Reevaluation of tax exemption policies and practices with regard to real property taxation within the assisted city.

(xvii) Improvements in procurement practices.

(xviii) Implementation of user fees for services, including sewage, water treatment and refuse collection.

(xix) Privatization and outsourcing of appropriate assisted city services.

(xx) Increased collection of fines and costs relating to parking violations or violations of other city ordinances.

(xxi) Competitive bidding of appropriate assisted city services and competitive bidding practices.

(xxii) The use of technology to achieve cost savings.

(xxiii) A study of health care and other benefits offered by the assisted city to its employees.

(xxiv) The sale of the assisted city's workers' compensation fund.

(xxv) The sale of unencumbered assets of the assisted city or authorities of the assisted city.

(xxvi) The elimination or reorganization of authorities or departments.

(xxvii) The use of budgetary practices and principles as they relate to forecasting, public openness, projections, estimates, tax policy, lending, borrowing and strategic planning.

(xxviii) The transfers of employees and assets by and between bureaus, departments, authorities and corporate entities of the assisted city.

(xxix) Prior suggestions published by others prior to the date that the city became an assisted city.

(xxx) A review of the taxing authority of the assisted city.

(xxxii) A review of the ratio of debt service to general fund outlays of the assisted city, the appropriate ratio and the means to achieve the ratio.

(xxxiii) A review of outstanding debt, debt payments and the ability to prepay the debt.

(5) To make recommendations to the Governor and the General Assembly regarding legislation or resolutions that relate to the assisted city's fiscal stability. The authority shall submit a preliminary report of the recommendations to the Governor and the General Assembly within 180 days of the initial organizational meeting of the board in section 202(c). The report shall include, but not be limited to, recommendations as to whether or not an assisted city needs additional revenues, the best sources of those revenues and ways for the assisted city to reduce expenditures. Any recommendations for new revenue, if warranted, shall state whether the revenues should be earmarked for specific expenditures, including, but not limited to, prepayment of debt and whether the revenues should be subject to expiration provisions.

(6) To exercise powers of review concerning the budgetary and fiscal affairs of an assisted city consistent with this act and the assisted city's governing law.

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

(8) To sue and be sued, implead and be impleaded, interplead, complain and defend in all courts.

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

(10) To make bylaws for the management and regulation of the authority's affairs and adopt rules, regulations and policies in connection with the performance of the authority's functions and duties that, notwithstanding any other provision of law to the contrary, shall not be subject to review under the act of June 25, 1982 (P.L.633, No.181), known as the Regulatory Review Act.

(11) To make and enter into contracts and other instruments necessary or convenient for the conduct of the authority's business and the exercise of the powers of the authority.

(12) To appoint such officers and hire such agents and employees as the authority deems necessary.

(13) To retain counsel and auditors to render professional services as the authority deems appropriate. The authority shall not be considered either an executive agency or an independent agency for the purpose of the act of October 15, 1980 (P.L.950, No.164), known as the Commonwealth Attorneys Act, but shall possess the same status for that purpose as the Auditor General, State Treasurer and the Pennsylvania Public Utility Commission, except that the provisions of section 204(b) and (f) of the Commonwealth Attorneys Act shall not apply to the authority. Notwithstanding 42 Pa.C.S. Ch. 85 (relating to matters affecting government units), the authority shall defend actions brought against the authority or its members, officers, officials and employees when acting within the scope of their official duties.

(14) To cooperate with any Federal agency or government agency.

(15) To acquire, by gift or otherwise, purchase, hold, receive, lease, sublease and use any franchise, license or property, real, personal or mixed, tangible or intangible, or any interest therein. The authority shall be absolutely limited in its power to acquire real property under this act to real property that will be used only for the office space in which the authority will conduct its daily business if necessary. If possible, the assisted city shall provide office space to the authority at no cost to the authority as part of an intergovernmental cooperation agreement.

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

(17) To enter into contracts for group insurance and to contribute to retirement plans for the benefit of the authority's employees and to enroll the authority's employees in an existing retirement system of a government agency.

(18) To accept, purchase or borrow equipment, supplies, services or other things necessary or convenient to the work of the authority from other government agencies. All government agencies are authorized to sell, lend or grant to the authority equipment, supplies, services or other things necessary or convenient to the work of the authority.

(19) To invest any funds held by the authority as provided in section 211.

(20) To receive and hold assets, money and funds from any source, including, but not limited to, appropriations, grants and gifts.

(21) To procure insurance, guarantees and sureties the authority determines necessary or desirable for its purposes.

(22) To pledge the credit of the authority as the authority determines necessary or desirable for authority purposes.

(23) To do all acts and things necessary or convenient for the promotion of its purposes and the general welfare of the authority and to carry out the powers granted to it by this act or any other acts.

(d) Intergovernmental cooperation agreements.--

(1) The authority may enter into and implement an intergovernmental cooperation agreement, as approved by the board, with the assisted city.

(2) An assisted city may enter into an intergovernmental cooperation agreement in which the city, consistent with

this act, covenants to cooperate or agree in the exercise of any function, power or responsibility with, or delegate or transfer any function, power or responsibility to, the authority upon the adoption by the governing body of the city of an ordinance authorizing and approving the intergovernmental cooperation agreement.

(3) An ordinance that authorizes an assisted city to enter into an intergovernmental cooperation agreement with the authority shall specify:

(i) The purpose and objectives of the agreement.

(ii) The conditions of the agreement.

(iii) The term of the agreement, including provisions relating to termination of the agreement.

(4) An intergovernmental cooperation agreement may not be entered into earlier than 60 days following the initial organizational meeting of the board under section 202(c).

(e) Limitation.--Notwithstanding any purpose or general or specific power granted by this act or any other act, whether express or implied, the authority shall have no power to pledge the credit or taxing powers of the Commonwealth.

Section 204. Term of existence.

The following apply:

(1) The authority shall exist until the termination date.

(2) Upon termination of the authority, records and documents of the authority shall be transferred to the assisted city.

(3) The authority shall submit a final report on its activities and the assisted city's fiscal condition to the Governor and the General Assembly within 60 days of the termination of the authority.

Section 205. Fiscal year.

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

Section 206. Annual budget of authority.

(a) Budget.--

(1) Within 60 days of the initial organizational meeting of the board under section 202(c) and each October 15 thereafter, an authority shall adopt a budget as approved by the board specifying in reasonable detail the projected expenses of operation of the authority for the ensuing fiscal year, including the salary and benefits of the executive director and any other employees of the authority, and the projected revenues of the authority to be derived from investment earnings and any other money of the authority that is estimated to be available to pay the operating expenses specified in the budget.

(2) A copy of the authority's budget shall be submitted to the Governor and to the General Assembly.

(3) The authority or its designated representatives may be afforded an opportunity to appear before the Governor and the Appropriations Committee of the Senate and the Appropriations Committee of the House of Representatives regarding the authority's budget.

(b) Limit on operating expenses.--

(1) Following the submission of the authority's budget to the Governor and the General Assembly and any hearing held by an appropriations committee under subsection (a), the General Assembly, by concurrent resolution with presentment to the Governor, in accordance with section 9 of Article III of the Constitution of Pennsylvania, may limit the operating expenses of the authority.

(2) In that event, it shall be unlawful for the authority to spend more for operating expenses than the limit established for the ensuing fiscal year by the concurrent resolution.

(3) If the General Assembly does not adopt a concurrent resolution prior to May 30, the authority's budget shall be deemed approved for the ensuing fiscal year.

(c) Examination of books.--The chairperson and minority chairperson of the Appropriations Committee of the Senate and the chairperson and minority chairperson of the Appropriations Committee of the House of Representatives may at any time examine the books, accounts and records of the authority.
Section 207. Annual report to be filed and annual audits.

By December 31 following the end of each fiscal year of an authority, the authority shall file an annual report with the chairperson and minority chairperson of the Appropriations Committee of the Senate and the chairperson and minority chairperson of the Appropriations Committee of the House of Representatives that makes provisions for the accounting of revenues and expenses. The report shall be signed by the chairperson of the board. The authority shall have its books, accounts and records audited annually in accordance with generally accepted auditing standards by an independent auditor who must be a certified public accountant, and a copy of the audit report shall be attached to and be made a part of the authority's annual report. A concise financial statement shall be published annually in the Pennsylvania Bulletin.
Section 208. Limit on city borrowing.

An assisted city and its corporate entities may not borrow or receive funds for any lawful purpose unless the assisted city has entered into an intergovernmental cooperation agreement with the authority and there is an approved financial plan in effect.
Section 209. Financial plan of an assisted city.

(a) Requirement of a financial plan.--Each assisted city shall develop, implement and periodically revise a financial plan as described in this section.

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

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

(2) Plan components that will:

(i) Eliminate any projected deficit for the current fiscal year and for subsequent fiscal years.

(ii) Restore to special fund accounts money from those accounts used for purposes other than those specifically authorized.

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

(iv) Provide procedures to avoid a fiscal emergency condition in the future.

(v) Enhance the ability of the assisted city to access short-term and long-term credit markets.

(vi) If applicable, eliminate the levy of rate of taxes authorized under section 707 on or prior to the termination date.

(vii) If recommended by a coordinator's plan under the act of July 10, 1987 (P.L.246, No.47), known as the

Municipalities Financial Recovery Act, and not previously established, establish a trust to fund the benefit obligations of other postemployment benefits of the assisted city and engage an investment manager in connection with the trust.

(c) Standards for formulation of plan.--

(1) All projections of revenues and expenditures in a financial plan shall be based on prudent, reasonable and appropriate assumptions and methods of estimation. All assumptions and methods shall be consistently applied and reported in the financial plan. The financial plan of an assisted city may not include projected revenue that in order to be collected requires the enactment by the General Assembly of new taxing powers.

(2) All revenue and appropriation estimates shall be on a modified accrual basis in accordance with generally accepted standards agreed to by the authority, such as those promulgated by the Governmental Accounting Standards Board, and shall be subject to the following provisions:

(i) Revenue estimates shall recognize revenues in the accounting period in which they become both measurable and available.

(ii) Estimates of city-generated revenues shall be based on current or proposed tax rates, historical collection patterns and generally recognized econometric models.

(iii) Estimates of revenues to be received from the Commonwealth shall be based on historical patterns, currently available levels or on levels proposed in a budget by the Governor.

(iv) Estimates of revenues to be received from the Federal Government shall be based on historical patterns, currently available levels or on levels proposed in a budget by the President or in a congressional budget resolution.

(v) Nontax revenues shall be based on current or proposed rates, charges or fees, historical patterns and generally recognized econometric models.

(vi) Appropriation estimates shall include, at a minimum, all obligations incurred during the fiscal year and estimated to be payable during the fiscal year or in the 24-month period following the close of the current fiscal year and all obligations of prior fiscal years not covered by encumbered funds from prior fiscal years.

(vii) Any deviations from these standards of estimating revenues and appropriations proposed to be used by an assisted city shall be specifically disclosed and must be approved by a majority of the board.

(3) All cash flow projections shall be based on prudent, reasonable and appropriate assumptions as to sources and uses of cash, including, but not limited to, prudent, reasonable and appropriate assumptions as to the timing of receipt and expenditure thereof, and shall provide for operations of the assisted city to be conducted within the resources so projected. All estimates shall take due account of the past and anticipated collection, expenditure and service demand experience of the assisted city and of current and projected economic conditions.

(d) Form of plan.--Each financial plan shall include, consistent with the requirements of an assisted city's governing law:

(1) For each of the first two fiscal years covered by the financial plan, information that reflects an assisted city's total expenditures by fund and by lump sum amount for each board, commission, department or office of an assisted city.

(2) For the remaining three fiscal years of the financial plan, information that reflects an assisted city's total expenditures by fund and by lump sum amount for major object classification.

(3) Projections of all revenues and expenditures for five fiscal years, including, but not limited to, projected capital expenditures and short-term and long-term debt incurrence and cash flow forecasts by fund for the first year of the financial plan.

(4) A schedule of projected capital commitments of the assisted city and proposed sources of funding for those commitments.

(5) A statement describing in reasonable detail the significant assumptions and methods of estimation used in arriving at the projections contained in the plan.

(e) Annual submission of plan.--

(1) Within 90 days of the initial organizational meeting of the board under section 202(c), the assisted city shall develop and the authority shall review and act upon an initial five-year financial plan that includes a report on the status of implementation of prior published suggestions regarding consolidation and cost savings.

(2) During each subsequent fiscal year, the chief fiscal officer of the assisted city shall, at least 100 days prior to the beginning of the assisted city's fiscal year or on another date as the authority may approve upon the request of the assisted city, prepare and submit its proposed five-year plan.

(3) At the same time the plan is submitted, the chief fiscal officer shall also submit to the authority:

(i) The chief fiscal officer's proposed annual operating budget and capital budget, which budgets shall be consistent with the first year of the financial plan and prepared in accordance with the assisted city's governing law.

(ii) A statement by the chief fiscal officer that the budget:

(A) Is consistent with the financial plan.

(B) Contains funding adequate for debt service payments, legally mandated services and lease payments securing bonds of other government agencies.

(C) Is based upon prudent, reasonable and appropriate assumptions and methods of estimation.

(D) Complies with any balanced budget requirements contained in the governing law and ordinances of the assisted city or State law.

(f) Balanced budget requirement.--

(1) The chief fiscal officer of the assisted city shall submit, and the governing body of the city or assisted city shall adopt, a balanced budget each year consistent with the assisted city's governing law.

(2) A balanced budget of an assisted city may not include projected revenues that in order to be collected require the enactment by the General Assembly of new taxing powers or the approval of a court of common pleas of the county in which the assisted city is located.

(3) The failure of the assisted city to comply with this subsection shall result in the withholding of Commonwealth funds under section 210(e) and (f).

(g) Authority review and approval of plan.--

(1) The authority shall promptly review each financial plan, proposed operating budget and capital budget submitted by the assisted city. In conducting the review, the authority shall request from the controller of the assisted city an opinion or certification, prepared in accordance with generally accepted auditing standards, with respect to the reasonableness of the assumptions and estimates in the financial plan.

(2) The controller and other elected officials of the assisted city shall comply with a request under paragraph (1).

(3) Not more than 30 days after submission of a financial plan and proposed operating budget, the authority shall determine whether:

(i) The financial plan projects balanced budgets, based upon prudent, reasonable and appropriate assumptions as described in this section, for each year of the plan.

(ii) The proposed operating budget and capital budget are consistent with the proposed financial plan.

(4) If the authority determines that the criteria under paragraph (3) are satisfied, the authority shall approve the financial plan.

(5) The authority shall not be bound by any opinion or certification of the controller or other official of an assisted city issued under this subsection.

(6) If the authority fails to take any action regarding a financial plan within 30 days following submission of the plan to the authority, the financial plan as submitted shall be deemed approved. If, during the 30-day period, a written request by two members of the board for a meeting and vote on the question of approval of the financial plan has been submitted to the chairperson and a meeting and vote do not take place, the financial plan shall be deemed disapproved.

(h) Authority disapproval of plan.--

(1) If the authority disapproves the proposed financial plan of the assisted city, the authority shall, when it notifies the assisted city of the authority's decision, state in writing in reasonable detail the reasons for the disapproval, including the amount of any estimated budget imbalance.

(2) The assisted city shall submit a revised financial plan to the authority within 15 days of a disapproval under paragraph (1), and the revised plan must eliminate the budget imbalance.

(3) Not more than 15 days after the submission of the revised financial plan, the authority shall determine whether the revised plan satisfies the criteria under subsection (g) (3).

(4) If the authority determines that the criteria are satisfied, the authority shall approve the financial plan.

(5) If the authority fails to approve the financial plan, the authority shall, in accordance with section 210(e), certify the assisted city's noncompliance with the financial plan to the Secretary of the Budget, the President pro tempore of the Senate and the Speaker of the House of Representatives.

(i) Revisions to plan.--

(1) The plan shall be revised on an annual basis to include the operating budget for the next fiscal year and to extend the plan for an additional fiscal year. The chief fiscal officer of an assisted city shall, within 90 days of assuming office, propose revisions to the financial plan or certify to the authority that the chief fiscal officer adopts the existing plan.

(2) An assisted city may, during the course of a fiscal year, submit proposed revisions to the financial plan and shall submit a proposed revision for any amendment to the city's operating or capital budget.

(3) The authority shall review each proposed revision within 20 days of its submission. The authority shall approve the revision if it will not, based on prudent, reasonable and appropriate assumptions, cause the plan to become imbalanced.

(4) Proposed revisions shall become part of the financial plan upon the approval of the authority unless some other method of approval is permitted by authority rules and regulations approved by the board or pursuant to an agreement with the assisted city contained in an intergovernmental cooperation agreement.

(5) If the authority fails to take action within 20 days on a proposed revision, the submission shall be deemed approved unless a written request for a meeting and vote has been made in accordance with subsection (g)(4), in which event, if a meeting and vote do not take place, the proposed revision shall be deemed disapproved.

(6) If the governing body of a city adopts a budget inconsistent with an approved financial plan, the assisted city shall submit the enacted budget to the authority as a proposed revision to the plan. The authority shall review the proposed revision within 30 days of its submission in accordance with the criteria under subsection (g) and the approval process under paragraph (3).

(j) Supplemental reports.--

(1) Within 45 days of the end of each fiscal quarter of an assisted city, or monthly if a variation from the financial plan has been determined in accordance with section 210(c), the chief fiscal officer of the assisted city shall provide the authority with a report describing actual or current estimates of revenues and expenditures compared to budgeted revenues and expenditures for the period reflected in the assisted city's cash flow forecast.

(2) A report required under this section shall indicate any variance between actual or current estimates and budgeted revenues, expenditures and cash for the period covered by the report.

(3) An assisted city shall also provide periodic reports on debt service requirements in conformity with section 210(b).

(k) Effect of plan upon contracts and collective bargaining agreements.--

(1) A contract or collective bargaining agreement in existence in an assisted city prior to the approval by the authority of a financial plan submitted under this section shall remain effective after approval of the plan until the contract or agreement expires.

(2) After the approval by the authority of a financial plan submitted pursuant to this section, an assisted city shall execute contracts and collective bargaining agreements in compliance with the plan. If an assisted city executes a

contract or a collective bargaining agreement which is not in compliance with the plan, the contract or agreement shall not be void or voidable solely by reason of the noncompliance, but the assisted city shall submit to the authority a proposed revision to the plan which demonstrates that revenues sufficient to pay the costs of the contract or collective bargaining agreement will be available in the affected fiscal years of the plan.

(3) Nothing in this act shall be construed to in any manner violate, expand or diminish the provisions of the Municipalities Financial Recovery Act relating to collective bargaining agreements.

(1) Effect of plan upon certain arbitration settlements.--

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

(i) the approved financial plan; and

(ii) relevant market factors, such as the financial situation of the assisted city, inflation, productivity, size of workforce and pay and benefit levels in economically and demographically comparable political subdivisions.

(2) The arbitration settlement shall be in writing and a copy thereof shall be forwarded to each party to the dispute and the authority. Any arbitration settlement of the board of arbitration which provides for an increase in wages or fringe benefits of an employee of an assisted city shall be in writing and shall state with specificity all factors which the board of arbitration took into account in considering and giving substantial weight to the factors referred to in paragraph (1).

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

(i) consideration under paragraph (1); or

(ii) failure of the board of arbitration to issue an arbitration settlement under paragraph (2).

(4) An appeal under paragraph (3) must be commenced not later than 30 days after the issuance of a final arbitration settlement by the board of arbitration.

(5) The decision of the board of arbitration shall be vacated and remanded to the board of arbitration if the court finds:

(i) that the board of arbitration failed to take into consideration and accord substantial weight to the factors referred to in paragraph (1); or

(ii) that the board of arbitration has failed to issue an arbitration settlement under paragraph (2).

(6) If, after the exhaustion of all appeals, the final arbitration settlement is not in compliance with the approved financial plan, the arbitration settlement shall not be void or voidable solely by reason of such noncompliance, but the assisted city shall submit to the authority a proposed revision to the plan which demonstrates that revenues

sufficient to pay the costs of the arbitration settlement will be available in the affected fiscal years of the plan.

(7) As used in this subsection, the term "arbitration settlement" shall mean an adjustment or settlement of a collective bargaining agreement or dispute. The term includes a final or binding arbitration award or other determination. Section 210. Powers and duties of authority with respect to financial plans.

(a) Formulation and approval of plan.--To advance the financial recovery of an assisted city, the authority shall require the assisted city to submit a five-year financial plan in accordance with section 209. With regard to the formulation of the financial plan, the authority shall:

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

(2) Prescribe the form of the financial plan.

(3) Prescribe the supporting information required in connection with the financial plan, which shall include, at a minimum:

(i) Debt service payments due or projected to be due during the relevant fiscal years.

(ii) Payments for legally mandated services included in the financial plan and due or projected to be due during the relevant fiscal years.

(iii) A statement in reasonable detail of the significant assumptions and methods of estimation used in arriving at the projections in the financial plan.

(4) Exercise any right of approval or disapproval and issue any recommendation authorized by this act in accordance with the standards for formulation of the financial plan under section 209(c).

(b) Authority functions after plan is approved.--After a financial plan of an assisted city has been approved, the authority shall:

(1) Receive and review:

(i) The financial reports submitted by the chief fiscal officer of the assisted city under section 209(j).

(ii) Reports concerning the debt service requirements on all bonds, notes of the assisted city and lease payments of the assisted city securing bonds or other government agencies for the following quarter. The reports shall be in a form and contain information as the authority shall determine and shall be issued no later than 60 days prior to the beginning of the quarter to which they pertain. The reports shall be updated immediately at each issuance of bonds or notes by the assisted city or execution of a lease securing bonds of another government agency after the date of the report to reflect any change in debt service requirements as a result of the issuance.

(iii) Any additional information provided by the assisted city concerning changed conditions or unexpected events that may affect the assisted city's adherence to the financial plan. The reports described in subparagraph (ii) shall be certified by the controller of the assisted city.

(2) Determine, on the basis of information and reports described in paragraph (1), whether the assisted city has adhered to the financial plan.

(c) Variation from the plan.--

(1) If the authority determines, based upon reports submitted by the assisted city under subsection (b) or

independent audits, examinations or studies of an assisted city's finances obtained under subsection (i)(3), that the assisted city's actual revenues and expenditures vary from those estimated in the financial plan, the assisted city shall provide additional information as the authority deems necessary to explain the variation.

(2) The authority shall take no action with respect to the assisted city for variations from the financial plan in a fiscal quarter if:

(i) The assisted city provides a written explanation for the variation that the authority deems reasonable.

(ii) The assisted city proposes remedial action that the authority believes will restore the assisted city's overall compliance with the financial plan.

(iii) Information provided by the assisted city in the immediately succeeding quarterly financial report demonstrates that the assisted city is taking remedial action and otherwise is complying with the financial plan.

(iv) The assisted city submits monthly supplemental reports in accordance with section 209(j) until the assisted city regains compliance with the financial plan.

(d) Authority may make recommendations.--The authority may at any time issue recommendations as to how an assisted city may achieve compliance with the financial plan and shall provide copies of the recommendations to the chief fiscal officer and the governing body of the city and to the officials specified in section 203(b)(4).

(e) When Commonwealth shall withhold funds.--

(1) An authority shall certify to the Secretary of the Budget the assisted city's noncompliance with the financial plan during any period when the authority has determined that the assisted city is not in compliance with the plan and has not taken acceptable remedial action during the next quarter following noncompliance with the plan.

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

(i) has no financial plan approved by the authority, has failed to provide requested documents or has failed to file a plan with the authority; or

(ii) has failed to file mandatory revisions to the financial plan or reports as required by section 209(i), (j), (k) or (l).

(3) (i) If the authority certifies that an assisted city is not in compliance with the financial plan under paragraph (1) or (2), the Secretary of the Budget shall notify the assisted city that the certification has been made and that each grant, loan, entitlement or payment to the assisted city by the Commonwealth shall be withheld pending compliance with the plan.

(ii) Funds withheld shall be held in escrow by the Commonwealth until compliance with the financial plan is restored as specified in paragraph (4).

(iii) Funds held in escrow under this paragraph shall not lapse under section 621 of the act of April 9, 1929 (P.L.177, No.175), known as The Administrative Code of 1929, or any other law.

(4) The authority shall determine when the conditions which caused the assisted city to be certified as noncompliant with the financial plan have ceased to exist

and shall promptly notify the Secretary of the Budget of the vote.

(5) After receipt of the notice, the Secretary of the Budget shall release all funds held in escrow, together with all interest and income earned on the funds during the period held in escrow, and the disbursements of amounts in the city account shall resume.

(f) Exemptions.--Notwithstanding the provisions of subsection (e), the following shall not be withheld from an assisted city:

(1) Funds granted or allocated to the assisted city directly from an agency of the Commonwealth or from the Federal Government for distribution by the Commonwealth after the declaration of a disaster resulting from a catastrophe.

(2) Funds for capital projects under contract in progress.

(3) Pension fund payments required by law.

(4) Funds the assisted city has pledged to repay bonds or notes.

(g) Effect of Commonwealth's failure to disburse funds.--The provisions of subsection (e) shall not apply and an assisted city shall not be found to have departed from the financial plan due to the Commonwealth's failure to pay any money, including payment of Federal funds distributed by or through the Commonwealth, due to the assisted city from money appropriated by the General Assembly.

(h) Assisted city to determine expenditure of available funds.--Nothing in this act shall be construed to limit the power of an assisted city to determine from time to time, within available funds of the assisted city, the purposes for which expenditures will be made by the assisted city and the amounts of the expenditures then permitted under the financial plan of the assisted city.

(i) Documents and examinations to be reviewed or undertaken by authority.--An authority shall:

(1) Receive from the assisted city and review the reports, documents, budgetary and financial planning data and other information prepared by or on behalf of the assisted city and that are made available to the authority under this act.

(2) Inspect and copy the books, records and information of the assisted city as the authority deems necessary to accomplish the purposes of this act.

(3) Conduct or cause to be conducted independent audits, examinations or studies of the assisted city's finances as the authority deems appropriate.

(j) Remedies of authority for failure of assisted city to file financial plans and reports.--

(1) In the event that an assisted city fails to file with the authority a financial plan, revision to a plan, report or other information required to be filed with the authority under this act, the authority, in addition to all other rights that the authority may have at law or in equity, may by mandamus compel the assisted city and the officers, employees and agents of the assisted city to file with the authority the financial plan, revision to a plan, report or other information that the assisted city has failed to file.

(2) The authority shall provide the assisted city written notice of the failure of the assisted city to file and of the authority's intention to initiate an action under this subsection and shall not initiate the action earlier than 10 days after the giving of the notice.

Section 211. Investment of funds.

Funds of an authority that are not required for immediate use may be invested in obligations of an assisted city or in obligations of the Federal Government or of the Commonwealth or obligations that are legal investments for Commonwealth funds. No money may be invested in obligations issued by or obligations guaranteed by the assisted city without the approval of the board.

Section 212. Sovereign immunity.

No member of the board shall be liable personally for any obligations of the authority. It is hereby declared to be the intent of the General Assembly that each authority created by this act and its members, officers, officials and employees shall enjoy sovereign and official immunity as provided in 1 Pa.C.S. § 2310 (relating to sovereign immunity reaffirmed; specific waiver) and shall remain immune from suit except as provided by and subject to the provisions of 42 Pa.C.S. Ch. 85 (relating to matters affecting government units).

CHAPTER 7
MISCELLANEOUS PROVISIONS

Section 701. Appropriation.

The sum of \$100,000 is hereby appropriated from the General Fund to an authority which holds its initial organizational meeting under section 202(c) on or before May 1, 2019. The funds appropriated shall be used to provide operating funds for the authority. Any unencumbered sums then remaining shall lapse June 30, 2019.

Section 702. General rights and prohibitions.

Nothing in this act shall limit the rights or impair the obligations of an assisted city to comply with the provisions of a contract in effect on the date the city was deemed an assisted city under this act or shall in any way impair the rights of the obligees of any assisted city with respect to the contract.

Section 703. Nondiscrimination.

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

Section 704. Construction of act.

(a) Liberal construction.--The provisions of this act providing for security for and rights and remedies of obligees of each authority shall be liberally construed to achieve the purposes stated and provided by this act.

(b) Severability.--If any provision of the title or any chapter, section or clause of this act or the application thereof to any person, party or corporation, public or private, shall be judged invalid by a court of competent jurisdiction, the order or judgment shall be confined in its operation to the controversy in which it was rendered and shall not affect or invalidate the remainder of any provision of the title or any chapter or any section or clause of this act or the application of any part thereof to any other person, party or corporation, public or private, or circumstance, and to this end the provisions of the title or any chapter, section or clause of this act hereby are declared to be severable. It is hereby declared as the legislative intent that this act would have

been adopted had any provision declared unconstitutional not been included in this act.

Section 705. Limitation of authority powers.

Except as provided in section 203(c)(4), nothing contained in this act shall be construed to confer upon an authority any powers with respect to a school district.

Section 706. Extension of plan.

The following shall apply:

(1) Notwithstanding the provisions of the act of July 10, 1987 (P.L.246, No.47), known as the Municipalities Financial Recovery Act, to the contrary, a plan adopted for a city under the Municipalities Financial Recovery Act shall continue until an intergovernmental cooperation agreement is entered into by the city and an authority under section 203(d).

(2) The distressed status of a city under the Municipalities Financial Recovery Act shall terminate when an intergovernmental cooperation agreement is entered into by the city and an authority under section 203(d).

Section 707. Taxes.

(a) General rule.--Notwithstanding any law to the contrary, a city which is or has been an assisted city that is levying or has been authorized to levy within the previous three fiscal years a local services tax in excess of \$52 and a tax on earned income tax in excess of 1% on residents of the city shall be authorized to levy until the termination date:

(1) a local services tax at a rate which does not exceed \$156 per year; and

(2) an earned income tax on residents which does not exceed 2%.

(b) Prohibition on commuter tax.--A city which is or has been an assisted city shall not levy a tax or fee on the earned income of nonresidents which is not levied on the date of termination of receivership or on the effective date of this section, whichever is later. Such tax or fee shall not be in excess of the amount authorized in the act of December 31, 1965 (P.L.1257, No.511), known as The Local Tax Enabling Act.

Section 708. Repeals.

All acts and parts of acts are repealed insofar as they are inconsistent with this act.

Section 709. Effective date.

This act shall take effect immediately.