



## **News for Immediate Release**

**Oct. 20, 2011**

### **Governor Corbett Signs Senate Bill 1151**

**Harrisburg** – Governor Tom Corbett today signed into law Senate Bill 1151, a measure that authorizes the governor to declare a fiscal emergency and appoint a receiver to develop and implement a fiscal recovery plan when a distressed third-class city fails to do so under Act 47.

“I remain a strong proponent for municipal governments tackling their own problems and coming together to develop a fiscal recovery plan when necessary,” Corbett said. “But when that fails to happen, the state has to take action to ensure public safety.

“The bill signed into law today will help to enforce Act 47 when municipalities fail to adopt a fiscal recovery plan, making it clear that if there is a failure to act, the state will intervene,” Corbett added. “This legislation does not change the overall goal, and that goal is for distressed third-class cities to adopt and implement a fiscal recovery plan that will lead to solvency.”

Under the new law, the governor can declare a fiscal emergency, after it is determined that a distressed third-class city is insolvent or projected to be insolvent within 180 days, unable to provide citizens with vital services and has failed to adopt a fiscal recovery plan.

Even when fiscal emergency is declared, the distressed third-class city is given a final opportunity to develop a fiscal recovery plan that is acceptable to the secretary of the Department of Community and Economic Development (DCED). If an acceptable plan is adopted, a takeover is averted and the distressed city moves forward with implementing the plan.

When a fiscal emergency is declared, the following actions become available:

- The DCED secretary is granted emergency powers to develop an Emergency Action Plan in the distressed municipality to coordinate vital services and ensure public safety. Services include police and firefighting, water and wastewater, trash collection, payroll, and pension and debt payments.
- The governor can petition the Commonwealth Court for the distressed third-class city to be placed into receivership. The receiver will have 30

days to develop a fiscal recovery plan that will be submitted to the Commonwealth Court for approval. Once approved, the receiver will be charged with implementing the plan and will have control of the municipality's financial matters relating to the recovery plan.

However, if an acceptable plan is adopted within 30 days of the petition, state intervention is averted and the distressed city moves forward with implementing their approved plan.

Additionally, the bill creates a four-member advisory committee that includes the mayor and city council president of the distressed third-class city, an appointee of the affected county and an appointee of the governor. It also prohibits the levying of a commuter tax on non-residents.

To read the full text of Senate Bill 1151, visit the General Assembly's website at [www.legis.state.pa.us](http://www.legis.state.pa.us).

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