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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 1171 Session of  
2021

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INTRODUCED BY FREEMAN, JAMES, MOUL, KNOWLES AND SAPPEY,  
APRIL 14, 2021

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REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, APRIL 14, 2021

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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," in municipal financial  
13 distress, further providing for designation and for  
14 performance of coordinator; and, in receivership in  
15 municipalities, further providing for receiver.

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

18 Section 1. Section 221 of the act of July 10, 1987 (P.L.246,  
19 No.47), known as the Municipalities Financial Recovery Act, is  
20 amended by adding subsections to read:

21 Section 221. Designation.

22 \* \* \*

23 (f) Prohibitions.--The coordinator may not:

24 (1) Engage in any conduct prohibited by the act of July

1 19, 1957 (P.L.1017, No.451), known as the State Adverse  
2 Interest Act, or 65 Pa.C.S. Ch. 11 (relating to ethics  
3 standards and financial disclosure).

4 (2) Receive any compensation, fee or commission:

5 (i) From the distressed municipality unless  
6 specifically authorized by the coordinator's contract.

7 (ii) In accordance with any sale or lease of  
8 property or other financial transaction involving the  
9 distressed municipality or an authority directly or  
10 indirectly controlled by the distressed municipality.

11 (g) Prior appointment.--A person who has previously  
12 contracted with the department or the distressed municipality as  
13 a coordinator, receiver, financial consultant, legal counsel or  
14 through a contract under the Early Intervention Program under  
15 Chapter 1-A may not be deemed ineligible to be appointed as a  
16 coordinator under this section solely on the basis of that  
17 contract.

18 Section 2. Section 224.1(b) of the act is amended to read:  
19 Section 224.1. Performance of coordinator.

20 \* \* \*

21 (b) Termination of coordinator.--An unfavorable review under  
22 this section or a violation of section 221(f) may constitute  
23 grounds for termination of the coordinator's contract.

24 Section 3. Section 705(f) of the act is amended and the  
25 section is amended by adding a subsection to read:

26 Section 705. Receiver.

27 \* \* \*

28 (f) Prohibitions.--The receiver [shall] may not:

29 (1) Seek or hold a position as any other elected or  
30 appointed public official within this Commonwealth or as a

1 political party officer during the term of the receivership.

2 (2) Seek election as a public official or political  
3 party officer for one year after the person's service as  
4 receiver has ended.

5 (3) Engage in any conduct prohibited by the act of July  
6 19, 1957 (P.L.1017, No.451), known as the State Adverse  
7 Interest Act, or 65 Pa.C.S. Ch. 11 (relating to ethics  
8 standards and financial disclosure).

9 (4) Receive any compensation, fee or commission:

10 (i) From the distressed municipality unless  
11 specifically authorized by the receiver's contract.

12 (ii) In accordance with any sale or lease of  
13 property or other financial transaction involving the  
14 distressed municipality or an authority directly or  
15 indirectly controlled by the distressed municipality.

16 \* \* \*

17 (h) Prior appointment.--A person who has previously  
18 contracted with the department or the distressed municipality as  
19 a coordinator, receiver, financial consultant, legal counsel or  
20 through a contract under the Early Intervention Program under  
21 Chapter 1-A may not be deemed ineligible to be appointed as a  
22 receiver under this section solely on the basis of that  
23 contract.

24 Section 4. This act shall take effect in 60 days.