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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 567 Session of  
2021

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INTRODUCED BY DeLUCA, PISCIOTTANO, KULIK AND McNEILL,  
FEBRUARY 22, 2021

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REFERRED TO COMMITTEE ON EDUCATION, FEBRUARY 22, 2021

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AN ACT

1 Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An  
2 act relating to the public school system, including certain  
3 provisions applicable as well to private and parochial  
4 schools; amending, revising, consolidating and changing the  
5 laws relating thereto," in school finances, further providing  
6 for emergency loans for current expenses and debt service and  
7 for borrowing in anticipation of current revenue.

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

10 Section 1. Sections 636(a) and 640 of the act of March 10,  
11 1949 (P.L.30, No.14), known as the Public School Code of 1949,  
12 are amended to read:

13 Section 636. Emergency Loans for Current Expenses and Debt  
14 Service.--(a) In case of an emergency, any school district in  
15 any fiscal year, after borrowing money in anticipation of  
16 current revenues and expenses to the full extent permitted by  
17 the provisions of section six hundred forty (640) of this act,  
18 and finding the receipts from said loans, together with all  
19 other receipts, to be inadequate to meet the expenditures of the  
20 official fiscal year's budget, may appeal to the State

1 Superintendent of Public Instruction for permission to incur a  
2 temporary debt for the purpose of providing funds for current  
3 expenses and debt service and shall present to the State  
4 Superintendent of Public Instruction, or his agent, such  
5 financial statements or reports as he may require to give him  
6 adequate facts relative to the necessity of such increase in  
7 indebtedness. The State Superintendent of Public Instruction is  
8 hereby authorized, after due examination of the need of such  
9 school district, either to refuse or grant permission to such  
10 school district to borrow additional funds for current expenses  
11 and debt service beyond the amount permitted by the provisions  
12 of section six hundred forty (640) of this act. In case of  
13 approval, he shall designate the maximum length of the term and  
14 shall set a maximum limit of the total amount of such temporary  
15 indebtedness that such school district may incur during the  
16 fiscal year in addition to all temporary indebtedness for other  
17 purposes outstanding at the time of such approval.

18 \* \* \*

19 Section 640. Borrowing in Anticipation of Current Revenue  
20 and Expenses.--School districts may borrow money in anticipation  
21 of current revenues and expenses, to an amount not exceeding  
22 such anticipated available current revenues after subtracting  
23 anticipated expenses, which shall be pledged for the payment of  
24 such loan or loans, and issue notes or other form of obligation,  
25 executed by the president of the board of school directors and  
26 attested by the secretary of the board under the seal of the  
27 school district, securing such loans. Such notes, or other form  
28 of obligation, shall mature and be payable during the current  
29 fiscal year in which such money is borrowed. No such borrowing  
30 shall constitute an increase of indebtedness within the meaning

1 of Article nine, section eight of the Constitution of  
2 Pennsylvania, or of the "Municipal Borrowing Law" of June  
3 twenty-fifth, one thousand nine hundred forty-one (Pamphlet Laws  
4 159), or of any of the provisions of this act, and shall not  
5 require the approval of the Department of Internal Affairs. Such  
6 notes shall bear interest at a rate not exceeding six (6) per  
7 centum per annum, payable at maturity or in advance, and may be  
8 sold at either public or private sale for not less than par. If  
9 such loans are not repaid in whole or in part during the fiscal  
10 year in which they are made, they, or such amounts as remain  
11 unpaid, shall become an obligation upon the following year's  
12 budget and shall be included therein and paid not later than the  
13 first day of July of such following year, in school districts of  
14 the first class, and not later than the first day of November of  
15 such following year, in school districts of the second, third,  
16 and fourth class. The incurring of such obligations shall  
17 receive the affirmative vote of not less than two-thirds of the  
18 members of the board of school directors.

19 Section 2. This act shall take effect in 60 days.