

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 14

Session of
1995

INTRODUCED BY TANGRETTI, NAILOR, ITKIN, LEVDANSKY, SCRIMENTI,
FLICK, BUXTON, SURRA, ROONEY, GORDNER, NICKOL, STURLA,
MAYERNIK, PESCI, M. COHEN, HALUSKA, ADOLPH, STABACK, HESS,
McGEEHAN, DENT, MIHALICH, CORRIGAN, PLATTS, BAKER, BUNT,
GEIST, VEON, CAPPABIANCA, KING, LAUGHLIN, READSHAW, CURRY,
TRELLO, TRICH, STEELMAN, TIGUE, YOUNGBLOOD, McCALL, RUDY,
PETRONE, PHILLIPS, CLARK, JOSEPHS, PRESTON AND BROWNE,
JANUARY 19, 1995

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,
APRIL 18, 1995

AN ACT

1 Providing for a loan program for local police agencies funded by
2 a bond issuance; establishing the Police Agency Loan Division
3 in the Pennsylvania Emergency Management Agency; and
4 conferring powers and duties on the Secretary of the
5 Commonwealth and the Legislative Reference Bureau.

6 TABLE OF CONTENTS

7 Chapter 1. Preliminary Provisions
8 Section 101. Short title.
9 Section 102. Definitions.
10 Chapter 3. Administration
11 Section 301. Division.
12 Section 302. Fund.
13 Chapter 5. Loan Program
14 Section 501. Authority.
15 Section 502. Loans.
16 Chapter 7. Debt

1 Section 701. Authority to borrow.

2 Section 702. Bonds.

3 Section 703. Sale of bonds.

4 Section 704. Refunding bonds.

5 Section 705. Registration of bonds.

6 Section 706. Proceeds.

7 Section 707. Sinking fund.

8 Section 708. Referendum.

9 Chapter 31. Miscellaneous Provisions

10 Section 3101. Repeals.

11 Section 3102. Effective date.

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

14 CHAPTER 1

15 PRELIMINARY PROVISIONS

16 Section 101. Short title.

17 This act shall be known and may be cited as the Police Agency
18 Loan Act.

19 Section 102. Definitions.

20 The following words and phrases when used in this act shall
21 have the meanings given to them in this section unless the
22 context clearly indicates otherwise:

23 "Agency." The Pennsylvania Emergency Management Agency.

24 "Division." The Police Agency Loan Division of the
25 Pennsylvania Emergency Management Agency established in section
26 301.

27 "Fund." The Police Agency Loan Fund established in section
28 302.

29 "Police agency." A police department of a city, town,
30 township, borough or home rule municipality which:

1 (1) Has police coverage for a minimum of 40 hours per
2 week; and

3 (2) has had, for the preceding 18 months, police
4 coverage for a minimum of 40 hours per week.

5 The term includes an office of county detectives working for a
6 district attorney and a regional police department organized
7 under the act of July 12, 1972 (P.L.762, No.180), referred to as
8 the Intergovernmental Cooperation Law.

9 "Secretary." The Secretary of the Commonwealth.

10 "Sinking fund." The Police Agency Loan Sinking Fund
11 established in section 707.

12 CHAPTER 3

13 ADMINISTRATION

14 Section 301. Division.

15 (a) Establishment.--The Police Agency Loan Division is
16 established as a division of the agency.

17 (b) Powers and duties.--The division has the following
18 powers and duties:

19 (1) To administer the fund as set forth in section
20 ~~702(e)~~ 302(C).

<—

21 (2) To administer Chapter 5.

22 (3) To collect loans made under section 502(c). This
23 paragraph includes the power to institute actions for legal
24 or equitable relief.

25 (4) To promulgate regulations to implement this act.

26 Section 302. Fund.

27 (a) Establishment.--The Police Agency Loan Fund is
28 established as a separate fund in the State Treasury.

29 (b) Source.--The following are the sources of the fund:

30 (1) The proceeds from the sale of bonds under section

1 706.

2 (2) The proceeds from the repayment of principal and
3 interest of loans under section 502(c).

4 (c) Purpose.--The division shall administer the fund to do
5 all of the following:

6 (1) Repay the State Treasurer for the cost of the bond
7 issue under sections 703, 704 and 705.

8 (2) Make loans under section 502(c).

9 (3) Collect loans under section 301(3).

10 (4) Administer this act. In any fiscal year, the
11 division may use for administrative costs 1% of the aggregate
12 debt authorized under section 701.

13 CHAPTER 5

14 LOAN PROGRAM

15 Section 501. Authority.

16 (a) Authorization.--The division may make a loan to a
17 political subdivision for a police agency of the political
18 subdivision as necessary for the proper performance of the
19 police agency's law enforcement duties, to do any of the
20 following:

21 (1) Purchase, expand, modernize or repair buildings or
22 portions of buildings which are used exclusively for police
23 purposes. This paragraph includes police headquarters, police
24 substations and police maintenance garages.

25 (2) Purchase, MAINTAIN OR REPAIR equipment. <—

26 (3) Purchase, MAINTAIN OR REPAIR vehicles. <—

27 (b) Amount.--A loan under subsection (a) for the purchase,
28 maintenance or repair of buildings shall be for not less than
29 \$5,000 nor more than \$200,000. A loan under subsection (a) for
30 the purchase, maintenance or repair of vehicles or equipment

1 shall be for not less than \$5,000 nor more than \$100,000. No
2 political subdivision may receive loans totaling more than
3 \$300,000 in a five-year period.

4 (c) Terms.--

5 (1) A loan must be at an interest rate of 2%.

6 (2) A loan must be repaid in accordance with the
7 legislation applicable to the political subdivision which
8 receives the loan.

9 (3) A loan must have a repayment period as follows:

10 (i) For a loan of not more than \$15,000, a period of
11 five years.

12 (ii) For a loan of more than \$15,000 but not more
13 than \$100,000, a period of ten years.

14 (iii) For a loan of more than \$100,000, a period of
15 15 years.

16 Section 502. Loans.

17 (a) Application.--A political subdivision may apply for a
18 loan under section 501 by submitting to the division all of the
19 following:

20 (1) Name of police agency.

21 (2) Proposed use of loan.

22 (3) Need for use under paragraph (2).

23 (4) Documented ability to repay principal and interest
24 of loan.

25 (b) Determination.--

26 (1) Within 60 days of receipt of an application under
27 subsection (a), the division must make a decision and notify
28 the political subdivision of the decision.

29 (2) Failure to issue timely notice under paragraph (1)
30 shall be deemed a denial of the application.

(3) The provisions of 2 Pa.C.S. Ch. 7 Subch. A (relating to judicial review of Commonwealth agency action) shall apply to determinations under this subsection.

(c) Contracts.--Upon determination of eligibility under subsection (b), the division shall enter into a loan contract with the political subdivision.

CHAPTER 7

DEBT

Section 701. Authority to borrow.

Pursuant to section 7(a)(3) of Article VIII of the Constitution of Pennsylvania and the referendum approved by the electorate under section 708, the Governor, Auditor General and State Treasurer are authorized and directed to borrow, on the credit of the Commonwealth, money not exceeding in the aggregate the sum of \$20,000,000 to implement Chapter 5.

Section 702. Bonds.

(a) General rule.--As evidence of the indebtedness authorized under section 701, general obligation bonds of the Commonwealth shall be issued. The Governor, Auditor General and State Treasurer shall direct for each bond the total amount; the form; the denomination; the terms and conditions of issue, redemption and maturity, rate of interest, and time of payment of interest. The latest stated maturity date shall not exceed 30 years from the date of the bond first issued for each series.

(b) Signature.--Bonds issued under subsection (a) shall bear facsimile signatures of the Governor, Auditor General and State Treasurer and a facsimile of the Great Seal of the Commonwealth of Pennsylvania and shall be countersigned by two authorized officers of the authorized loan and transfer agents of the Commonwealth.

1 (c) Status.--Bonds issued under subsection (a) shall be
2 direct obligations of the Commonwealth, and the full faith and
3 credit of the Commonwealth are pledged for the payment of the
4 interest on the bonds as it becomes due and the payment of the
5 principal of the bonds at maturity. Bonds issued under
6 subsection (a) shall be exempt from taxation for State and local
7 purposes. The principal of and interest on such bonds shall be
8 payable in lawful money of the United States of America.

9 (d) Format.--Bonds issued under subsection (a) may be issued
10 as coupon bonds or registered as to both principal and interest
11 as the issuing officials may determine. If interest coupons are
12 attached, they shall contain the facsimile signature of the
13 State Treasurer.

14 (e) Amortization.--The issuing officials shall provide for
15 the amortization of the bonds in substantial and regular amounts
16 over the term of the debt as follows:

17 (1) The first retirement of principal shall be stated to
18 mature prior to the expiration of a period of time equal to
19 one-tenth of the time from the date of the first obligation
20 issue to evidence the debt to the date of the expiration of
21 the term of the debt.

22 (2) Retirements of principal shall be regular and
23 substantial if made in annual or semiannual amounts, whether
24 by stated serial maturities or by mandatory sinking fund
25 retirements, computed either in accordance with a level
26 annual debt service plan, as nearly as may be, or upon the
27 equal annual maturities plan.

28 (f) Processing.--The Governor, the Auditor General and the
29 State Treasurer shall proceed to have the necessary bonds
30 prepared and printed. The bonds, as soon as they are prepared

1 and printed, shall be deposited with the authorized loan and
2 transfer agent of the Commonwealth, there to remain until sold
3 under section 703.

4 Section 703. Sale of bonds.

5 (a) Public sale.--Bonds issued under section 702(a) shall be
6 offered for sale at not less than 98% of the principal amount
7 and accrued interest and shall be sold by the Governor, Auditor
8 General and State Treasurer to the highest and best bidder or
9 bidders after public advertisement, on terms and conditions and
10 upon open competitive bidding, as the Governor, Auditor General
11 and State Treasurer shall direct.

12 (b) Private sale.--Any portion of a bond issue offered under
13 subsection (a) but not sold or subscribed for may be disposed of
14 by private sale by the Governor, Auditor General and State
15 Treasurer, in a manner and at a price not less than 98% of the
16 principal amount and accrued interest, as the Governor shall
17 direct. No commission shall be allowed or paid for the sale of
18 bonds issued under section 702(a).

19 (c) Series.--When bonds are issued, the bonds of each issue
20 shall constitute a separate series to be designated by the
21 issuing officials or may be combined for sale as one series with
22 other general obligation bonds of the Commonwealth.

23 Section 704. Refunding bonds.

24 The Governor, Auditor General and State Treasurer are
25 authorized to provide, by resolution, for the issuance of
26 refunding bonds for the purpose of refunding bonds issued under
27 section 702(a) and outstanding, either by voluntary exchange
28 with the holders of the outstanding bonds or by providing funds
29 to redeem and retire the outstanding bonds with accrued interest
30 and premium payable on the bonds, at maturity or at a call date.

1 Refunding bonds may be issued by the Governor, Auditor General
2 and State Treasurer to refund bonds previously issued under this
3 section for refunding purposes. Sections 701 through 703 shall
4 apply to bonds under this section.

5 Section 705. Registration of bonds.

6 The Auditor General shall prepare the necessary registry book
7 to be kept in the office of the authorized loan and transfer
8 agent of the Commonwealth for the registration of bonds issued
9 under subsection 702(a), at the request of bond owners,
10 according to the terms and conditions of issue directed by the
11 Governor, Auditor General and State Treasurer. Bonds which are
12 issued without interest coupons attached shall be registered in
13 the registry books kept by the authorized loan and transfer
14 agent of the Commonwealth.

15 Section 706. Proceeds.

16 The proceeds realized from the sale of bonds under section
17 702(a) shall be paid into the fund. The money shall be paid by
18 the State Treasurer into the fund.

19 Section 707. Sinking fund.

20 (a) Establishment.--The Police Agency Loan Sinking Fund is
21 established as a separate fund in the State Treasury.

22 (b) Source.--

23 (1) By November 1, the State Treasurer shall notify the
24 Secretary of the Budget of the amount necessary for the
25 ensuing fiscal year to redeem, with interest, bonds issued
26 under section 702(a).

27 (2) The General Assembly shall appropriate the amount of
28 money necessary to meet repayment obligations under paragraph

29 (1) for deposit into the Police Agency Sinking Loan Fund.

30 Section 708. Referendum.

1 (a) Question.--

2 (1) The question of incurring indebtedness of
3 \$20,000,000 for loans to police agencies for the purpose of
4 purchasing, maintaining and repairing buildings, equipment
5 and vehicles, as necessary for the proper performance of the
6 police agencies' law enforcement duties, shall be submitted
7 to the electors at the next primary, municipal or general
8 election following the effective date of this section. At
9 least three months prior to the election, the secretary must
10 publish the question in at least two newspapers of general
11 circulation in each county in which at least two newspapers
12 of general circulation are published.

13 (2) The secretary shall certify the question to the
14 county boards of election to implement paragraph (1).

15 (b) Form.--The question shall be in substantially the
16 following form:

17 Do you favor the incurring of indebtedness of \$20,000,000
18 for loans to police agencies for the purpose of purchasing,
19 maintaining and repairing buildings, equipment and vehicles,
20 as necessary for the proper performance of the police
21 agencies' law enforcement duties?

22 (c) Election.--The election shall be conducted in accordance
23 with the act of June 3, 1937 (P.L.1333, No.320), known as the
24 Pennsylvania Election Code, except that the time limits for
25 advertisement of notice of the election may be waived as to the
26 question.

27 (d) Notice.--If a majority of the electors voting in the
28 election under subsection (c) vote in the affirmative, the
29 secretary shall send notice of the vote to the Legislative
30 Reference Bureau for publication in the Pennsylvania Bulletin.

CHAPTER 31

MISCELLANEOUS PROVISIONS

Section 3101. Repeals.

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

Section 3102. Effective date.

This act shall take effect as follows:

(1) Section 708 and this section shall take effect immediately.

(2) The remainder of this act shall take effect on the date of publication of the notice under section 708(d).