

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 771 Session of
1993

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MARCH 22, 1993

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, MARCH 22, 1993

AN ACT

1 Providing for low-interest loans to eligible municipal fire
2 departments; establishing rules and regulations relating to
3 such loans; and imposing duties on the Pennsylvania Emergency
4 Management Agency.

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

11 Section 1. Short title.

12 This act shall be known and may be cited as the Municipal
13 Fire Department Assistance Act.

14 Section 2. Definitions.

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

18 "Accessory equipment." Firefighting equipment necessary to
19 carry out the reasonable and ordinary function of supporting
20 fire suppression, lifesaving and rescue activities.

21 "Apparatus equipment." Elevated equipment, pumpers, tankers,
22 ladder trucks, utility or special service vehicles or other
23 large equipment used for firefighting or emergency rescue
24 purposes.

25 "Communication equipment." A voice transmission system used
26 to support the operation of a fire department.

27 "Eligible municipality." A city, borough, incorporated town
28 or township within this Commonwealth whose expenditures for fire
29 protection from municipal sources exceed \$50,000. No city,
30 borough, incorporated town or township shall be eligible if the

1 most recent certification to the Auditor General pursuant to
2 section 706(a)(3) of the act of December 18, 1984 (P.L.1005,
3 No.205), known as the Municipal Pension Plan Funding Standard
4 and Recovery Act, indicates the proportion of volunteer service
5 provided to the city, borough, incorporated town or township is
6 greater than 50%.

7 "Equipment." Includes accessory, protective and
8 communicative equipment.

9 "FCC." The Federal Communications Commission.

10 "NFPA." The National Fire Protection Association.

11 "PEMA." The Pennsylvania Emergency Management Agency.

12 "Program." The Municipal Fire Department Assistance Program
13 established under this act.

14 "Protective equipment." Equipment used by firefighters to
15 protect themselves from injury while performing their functions,
16 including, but not limited to, helmets, turnout coats and pants,
17 boots, eyeshields, gloves and self-contained respiratory
18 protection units.

19 "Special service or utility vehicle." A vehicle used to
20 transport accessory equipment, including, but not limited to,
21 ladders, oxygen equipment, generators and adaptors, floodlights,
22 smoke ejectors and other equipment necessary to perform the
23 ordinary functions of supporting firefighting activities.

24 Section 3. Municipal Fire Department Assistance Program.

25 (a) Establishment.--There is hereby established within PEMA
26 the Municipal Fire Department Assistance Program. The purpose of
27 the program is to promote delivery of effective and high-quality
28 fire protection by providing low-interest loans to eligible
29 municipal fire departments.

30 (b) Regulations.--PEMA shall administer this act and shall

1 establish, adopt and promulgate rules and regulations necessary
2 for the enforcement of the provisions of this act. PEMA may not:

3 (1) Except as otherwise provided under this act, impose
4 training or operational requirements as a precondition to
5 receipt of loans.

6 (2) Require that capital equipment purchased with State
7 loans have useful life expectancy of greater than one year.

8 (c) Use of funds.--PEMA is hereby authorized, upon
9 application of an eligible municipality, to make loans to
10 eligible municipalities in accordance with the provisions of
11 this act. The minimum amount of any loan shall be \$1,000. Loans
12 awarded under this act may be used for the following purposes:

13 (1) Acquisition or rehabilitation of firefighting
14 apparatus equipment. Loans for any single firefighting
15 apparatus or special service or utility vehicle shall not
16 exceed 50% of the total cost of the equipment or vehicle.
17 Loans for the repair or rehabilitation of a single piece of
18 equipment shall not be less than \$1,000 nor exceed 80% of the
19 total cost of repair or rehabilitation. No municipality shall
20 receive a loan for the acquisition or rehabilitation of
21 firefighting apparatus equipment more than once in any five-
22 year period. Repaired or rehabilitated firefighting apparatus
23 equipment must meet the NFPA standards.

24 (2) Acquisition of protective, accessory, computer-aided
25 dispatch or communication equipment. No eligible municipality
26 shall receive a loan for the equipment more than once in any
27 three-year period. Radio equipment obtained through loans
28 under this act shall be equipped with a frequency or
29 frequencies licensed by the FCC for firefighting or emergency
30 response purposes. Loans shall not exceed \$15,000.

1 (3) Purchase of used firefighting apparatus, equipment,
2 used accessory equipment or used protective equipment. Used
3 equipment and vehicles shall meet the NFPA standards.

4 (4) Modernizing or rehabilitating facilities used
5 primarily to house firefighting apparatus, equipment and
6 vehicles. The amount shall not exceed \$75,000 or 50% of the
7 total cost, whichever is less. Loans granted under this
8 section shall not be used for payment of fees for design or
9 planning, or for any other cost not directly attributable to
10 modernizing or rehabilitating facilities.

11 (d) Restricted use of loans.--Loans made under this act may
12 not be used for the following purposes:

13 (1) Administrative costs or operating expenses of a
14 municipal fire department.

15 (2) Refinancing the construction or modernization of
16 firefighting apparatus, equipment or facilities.

17 (3) Fuel, utility or routine maintenance cost of
18 apparatus, equipment or facilities.

19 (4) Reducing debt or other financial obligations of the
20 municipal fire department.

21 (5) Replacement, repair or rehabilitation of
22 firefighting apparatus or equipment to the extent that
23 insurance proceeds are available.

24 (6) Acquiring land or an interest in land.

25 (7) Costs associated with the fire department's
26 emergency telephone number system.

27 (e) Matching funds.--To receive a loan, each eligible
28 municipality shall expend funds for fire protection from its own
29 sources that are at least equal to the amount of State funds to
30 be received. In determining the amount expended by a

1 municipality, PEMA may review the financial information of the
2 municipality for the first completed fiscal year prior to the
3 fiscal year for which State funds are appropriated. Funds
4 appropriated to a municipality under other State programs may
5 not be used as matching funds.

6 Section 4. Terms and conditions of loans.

7 (a) Term.--Loans made by PEMA to an eligible municipality
8 shall be for a period not to exceed ten years, and any loan for
9 an amount of \$10,000 or less shall be for a period of not more
10 than five years.

11 (b) Interest and security.--Loans shall be subject to the
12 payment of an annual interest rate and shall be secured as shall
13 be determined by PEMA. PEMA may specify priority of liens
14 against any apparatus, equipment or facilities purchased by a
15 municipality using loans awarded under this act to pay all or
16 any part of the purchase price, as PEMA may require by
17 regulation.

18 Section 5. Loan restrictions.

19 A municipality shall not be eligible for a loan if it owns,
20 in whole or in part, a volunteer fire company and has received a
21 loan within five years for firefighting apparatus equipment or
22 within three years for any equipment or facilities under the
23 provisions of the act of July 15, 1976 (P.L.1036, No.208), known
24 as the Volunteer Fire Company, Ambulance Service and Rescue
25 Squad Assistance Act, for the volunteer fire company.

26 Section 6. Applications.

27 (a) Submission of applications.--Each eligible municipality
28 seeking a loan under this act shall submit an application to
29 PEMA in a form, in the manner and at the time as PEMA may
30 require.

(b) Additional application requirements.--An application submitted by an eligible municipality shall be accompanied by the following:

(1) A notarized financial statement of the municipal fire department, if the fire department maintains a financial statement independent of the municipal budget.

(2) A statement describing the amount of expenditures by the municipality for fire protection.

(3) A financial plan describing projected revenues for the repayment of loans.

(4) Evidence of matching funds.

(c) Review of applications.--PEMA shall review applications for completeness and accuracy. If an application is found to be incomplete or inaccurate, PEMA shall request additional data, and final processing of the application will be discontinued until PEMA receives the requested data. PEMA may terminate the processing of an incomplete application when the additional data is not forwarded to PEMA within 30 days of a written request.

Section 7. Duties of PEMA.

PEMA shall enforce the provisions of this act. It may establish, adopt and promulgate rules and regulations as it deems necessary to enforce the provisions of this act. PEMA is further authorized to:

(1) Loan money over a term of ten years but in no case in excess of ten years.

(2) Accept funds from the Federal Government and any other sources for distribution to municipal fire departments, if funds are available.

(3) Appoint the employees necessary to administer the provisions of this act.

1 (4) Prioritize applications for loans on the basis of
2 need. In determining need, PEMA may consider, among other
3 relevant factors:

4 (i) The failure of the municipal fire department to
5 meet minimum standards, if these standards exist.

6 (ii) The existence, or the potential existence, of
7 an emergency situation.

8 (iii) The age and general condition of existing
9 firefighting apparatus, equipment or facilities.

10 (iv) The lack of available financial resources for
11 acquisition of firefighting apparatus, equipment or
12 facilities.

13 (5) Make a claim for and receive from the municipality
14 moneys not expended in accordance with the provisions of this
15 act.

16 (6) Cancel loans that are not being properly used.

17 (7) Declare a loan in default if the municipality fails
18 to make payments at such time as determined by PEMA.

19 Section 8. Reports.

20 (a) Municipalities.--Each municipality receiving a loan
21 under this act shall submit a report to PEMA, at the time and in
22 the form as determined by PEMA, outlining the following:

23 (1) The amount of funds expended by the municipality for
24 fire protection.

25 (2) The amount and disposition of unencumbered or
26 unexpended funds.

27 (3) A summary of the apparatus or equipment purchased
28 and facilities constructed or rehabilitated with loans
29 awarded under the provisions of this act.

30 (4) Any other information that PEMA may require.

1 (b) PEMA.--PEMA shall report annually to the Governor and to
2 the General Assembly as to the information provided by
3 municipalities on the distribution and use of the loans provided
4 under this act. The report shall contain an assessment of the
5 extent to which the purposes of this act are being achieved.

6 Section 9. Municipal Fire Department Loan Fund.

7 (a) Creation.--There is hereby created a special fund in the
8 Treasury Department to be known as the Municipal Fire Department
9 Loan Fund to which shall be credited all appropriations made by
10 the General Assembly other than appropriations for expenses of
11 administering this act or grants from other sources to the
12 department as well as repayment of principal and interest on
13 loans made pursuant to this act.

14 (b) Use.--The Treasury Department shall routinely
15 requisition from the Municipal Fire Department Loan Fund those
16 amounts as shall be allocated by the department for loans to
17 municipal fire departments. When and as the amounts so allocated
18 by the department as loans to municipal fire departments are
19 repaid to the department pursuant to the terms of the agreements
20 made and entered into with the department, the department shall
21 pay the amounts to the Municipal Fire Department Loan Fund, it
22 being the intent of this act that the Municipal Fire Department
23 Loan Fund shall operate as a revolving fund whereby all
24 appropriations and payments made thereto may be applied and
25 reapplied to carry out the purposes of this act.

26 Section 10. Authorization to finance.

27 (a) Authority to borrow.--Pursuant to the provisions of
28 section 7(a)(3) of Article VIII of the Constitution of
29 Pennsylvania, the Governor, Auditor General and State Treasurer
30 are hereby authorized and directed to borrow, on the credit of

1 the Commonwealth, money not exceeding in the aggregate the sum
2 of \$25,000,000 to implement the provisions of this act.

3 (b) Issuance of general obligation bonds.--As evidence of
4 the indebtedness authorized under this act, general obligation
5 bonds of the Commonwealth shall be issued from time to time to
6 provide moneys necessary to carry out the purposes of this act.
7 They shall be issued for those total amounts, in those forms, in
8 those denominations and subject to those terms and conditions of
9 issue, redemption and maturity, rate or rates of interest, and
10 time of payment of interest, as the Governor, Auditor General
11 and State Treasurer shall direct, except that the latest stated
12 maturity date shall not exceed 30 years from the date of the
13 obligation bond first issued for each of the series.

14 (c) Execution of bonds.--All bonds issued under the
15 authority of this act shall bear facsimile signatures of the
16 Governor, Auditor General and State Treasurer and a facsimile of
17 the Great Seal of the Commonwealth. The bonds shall be
18 countersigned by two duly authorized officers of the duly
19 authorized loan and transfer agents of the Commonwealth.

20 (d) Obligation of the Commonwealth.--All bonds issued in
21 accordance with the provisions of this act shall be direct
22 obligations of the Commonwealth. The full faith and credit of
23 the Commonwealth are pledged for the payment of interest as it
24 becomes due and the payment of the principal at maturity.

25 (e) Exemption from taxation.--All bonds issued under the
26 provisions of this act shall be exempt from taxation for State
27 and local purposes. The principal of and interest on the bonds
28 shall be payable in lawful money of the United States.

29 (f) Form of bonds.--The bonds may be issued as coupon bonds
30 or registered as to both principal and interest, as the issuing

1 officials may determine. If interest coupons are attached, they
2 shall contain the facsimile signature of the State Treasurer.

3 (g) Amortization.--The issuing officials shall provide for
4 the amortization of the bonds in substantial and regular amounts
5 over the term of the debt. The first retirement of principal
6 shall be stated to mature prior to the expiration of a period of
7 time equal to one-tenth of the time from the date of the first
8 obligation issue to evidence the debt to the date of the
9 expiration of the term of the debt. Retirements of principal
10 shall be regular and substantial if made in annual or semiannual
11 amounts whether by stated serial maturities or by mandatory
12 sinking fund retirements computed in accordance with either a
13 level annual debt services plan, as nearly as may be, or upon
14 the equal annual maturities plan.

15 (h) Preparation of bonds.--The issuing officials shall
16 proceed to have the necessary bonds prepared and printed. The
17 bonds, as soon as they are prepared and printed, shall be
18 deposited with the duly authorized loan and transfer agent of
19 the Commonwealth and shall remain there until sold in accordance
20 with the provisions of this act.

21 (i) Expenses for preparation for issue and sale of bonds.--
22 There is hereby appropriated to the State Treasurer from the
23 proceeds of the bonds issued as much moneys as may be necessary
24 for all costs and expenses in connection with the issue of and
25 sale and registration of these bonds in connection with this
26 act.

27 Section 11. Sale of bonds.

28 (a) Public sale.--When bonds are issued, they shall be
29 offered for sale at not less than 98% of the principal amount
30 and accrued interest and shall be sold by the Governor, the

1 Auditor General and the State Treasurer to the highest and best
2 bidder or bidders after due public advertisement, on the terms
3 and conditions and upon an open competitive bidding, as the
4 Governor, Auditor General and State Treasurer shall direct. The
5 manner and character of advertisement and the times of
6 advertising shall be prescribed by the Governor, the Auditor
7 General and the State Treasurer.

8 (b) Private sale.--Any portion of a bond issue so offered
9 and not sold or subscribed for may be disposed of by private
10 sale by the Governor, Auditor General and State Treasurer, in
11 such manner and at such prices, not less than 98% of the
12 principal amount and accrued interest, as the Governor shall
13 direct. No commission shall be allowed or paid for the sale of
14 any bonds issued under the authority of this act.

15 (c) Bond series.--When bonds are issued from time to time,
16 the bonds of each issue shall constitute a separate series to be
17 designated by the issuing officials or may be combined for sale
18 as one series with other general obligation bonds of the
19 Commonwealth.

20 Section 12. Refunds, disposition of proceeds and registration
21 of bonds.

22 (a) Refund of bonds.--The Governor, Auditor General and
23 State Treasurer are authorized to provide, by resolution, for
24 the issuance of refunding bonds to refund an outstanding bond,
25 either by voluntary exchange with the holder of the outstanding
26 bond, or by providing funds to redeem and retire the outstanding
27 bond with accrued interest and any premium payable, at maturity
28 or at a call date. The issuance of refunding bonds, the
29 maturities and other details, the rights of the holder and the
30 duties of the Governor, Auditor General and State Treasurer in

1 respect to the same, shall be governed by the foregoing
2 provisions of this act, insofar as the same may be applicable.
3 Refunding bonds may be issued by the Governor, Auditor General
4 and State Treasurer to refund bonds originally issued or to
5 refund bonds previously issued for refunding purposes.

6 (b) Disposition of proceeds.--The proceeds realized from the
7 sale of bonds under the provisions of this act shall be paid
8 into the Municipal Fire Department Loan Fund. The moneys shall
9 be paid by the State Treasurer periodically to those
10 departments, agencies or authorities authorized to expend them
11 at times and in amounts necessary to satisfy the funding needs
12 of the department, agency or authority.

13 (c) Investment of funds.--Pending their application to the
14 purpose authorized, moneys held or deposited by the State
15 Treasurer may be invested or reinvested as are other funds in
16 the custody of the State Treasurer in the manner provided by
17 law. All earnings received from the investment or deposit of
18 such funds shall be paid into the State Treasury to the credit
19 of the Municipal Fire Department Loan Fund.

20 (d) Quorum.--When any action is to be taken or decision made
21 under this act by the Governor, Auditor General and State
22 Treasurer, and the three officers do not unanimously agree, the
23 action or decision of the Governor and either the Auditor
24 General or State Treasurer shall be binding and final.

25 (e) Registration of bonds.--The Auditor General shall
26 prepare the necessary registry book to be kept in the office of
27 the duly authorized loan and transfer agent of the Commonwealth
28 for the registration of any bonds. Bonds shall be registered at
29 the request of the bond owners, along with the terms and
30 conditions of issue directed by the Governor, Auditor General

1 and State Treasurer. All bonds which are issued without interest
2 coupons attached shall be registered in the registry books kept
3 by the duly authorized loan and transfer agent of the
4 Commonwealth.

5 Section 13. Municipal Fire Department Loan Sinking Fund.

6 (a) Investments.--All bonds issued under the authority of
7 this act shall be redeemed at maturity and all interest due from
8 time to time on the bonds shall be paid from the Municipal Fire
9 Department Loan Sinking Fund, which is hereby created. For the
10 specific purpose of redeeming bonds at maturity and paying all
11 interest on the bonds in accordance with the information
12 received from the Governor, the General Assembly shall
13 appropriate moneys to the Municipal Fire Department Loan Sinking
14 Fund for the payment of interest on the bonds and the principal
15 at maturity. All moneys paid into the Municipal Fire Department
16 Loan Sinking Fund and all moneys not necessary to pay accruing
17 interest shall be invested by the Board of Finance and Revenue
18 in securities as provided by law for the investment of the
19 sinking funds of the Commonwealth.

20 (b) Appropriation.--The General Assembly shall appropriate
21 an amount equal to moneys received pursuant to section 9 and any
22 other moneys as may be necessary to meet repayment obligations
23 for principal and interest into the Municipal Fire Department
24 Loan Sinking Fund.

25 Section 14. Temporary financing authorization.

26 (a) Authority.--Pending the issuance of bonds of the
27 Commonwealth, the Governor, Auditor General and State Treasurer
28 are authorized on the credit of the Commonwealth to make
29 temporary borrowings of moneys as may from time to time be
30 necessary to carry out the purposes of this act and are

1 authorized in the name and on behalf of the Commonwealth to
2 enter into loan or credit agreements with banks or trust
3 companies or other lending institutions or persons in the United
4 States having power to enter into the loan or credit agreements.

5 (b) Evidence of temporary borrowing.--All temporary
6 borrowings made under the authority of this section shall be
7 evidenced by notes of the Commonwealth, which shall be issued
8 from time to time for such amounts not exceeding in the
9 aggregate the sum of \$25,000,000, in a form, in denominations
10 and subject to terms and conditions of issue, prepayment or
11 redemption and maturity, rate of interest, and time of payment
12 of interest, as the issuing officials direct. All notes issued
13 under the authority of this section shall bear the facsimile
14 signatures of the issuing officials and a facsimile of the Great
15 Seal of the Commonwealth of Pennsylvania, and shall be
16 countersigned by two duly authorized officers of a duly
17 authorized loan and transfer agent of the Commonwealth.

18 (c) Funding and retirement.--All notes issued under this
19 section shall be funded and retired by the issuance and sale of
20 bonds of the Commonwealth to the extent that payment of the
21 notes has not otherwise been made or provided for.

22 (d) Disposition of proceeds.--The proceeds of temporary
23 borrowing shall be paid into the Municipal Fire Department Loan
24 Fund.

25 Section 15. Appropriations.

26 The sum of \$25,000,000, or as much thereof as is able to be
27 borrowed by temporary financing or by bonds, is hereby
28 appropriated to the Municipal Fire Department Loan Fund for the
29 purposes set forth in this act. The General Assembly may make
30 appropriations from time to time to the Municipal Fire

1 Department Loan Fund or to the department to carry out the
2 purposes of this act, which appropriations shall be continuing
3 appropriations and shall not lapse.

4 Section 16. Information to General Assembly.

5 It shall be the duty of the Governor to include in every
6 budget submitted to the General Assembly full information
7 relating to the issuance of bonds under the provisions of this
8 act and the status of the sinking fund of the Commonwealth for
9 the payment of the interest on the bonds and the principal at
10 maturity.

11 Section 17. Referendum for incurrence of indebtedness.

12 (a) Submission to electors.--The question of incurring
13 indebtedness of \$25,000,000 for loans to municipal fire
14 departments for the purpose of modernizing or rehabilitating
15 facilities to house firefighting apparatus, equipment and
16 vehicles, the acquisition or rehabilitation of firefighting
17 apparatus equipment, the acquisition of protective, accessory,
18 communication or computer-aided dispatch equipment, the purchase
19 of used firefighting apparatus, accessory or protective
20 equipment, and any other equipment necessary for the proper
21 performance of municipal fire departments' duties shall be
22 submitted to the electors at the next primary, municipal or
23 general election following the enactment of this act.

24 (b) Certification to county boards.--The Secretary of the
25 Commonwealth shall certify the question to the county boards of
26 election.

27 (c) Form of question to be submitted to electors.--The
28 question shall be in substantially the following form:

29 Do you favor the incurring of indebtedness of \$25,000,000
30 for loans to municipal fire departments for the purpose

1 of modernizing or rehabilitating facilities to house
2 firefighting apparatus equipment, the acquisition or
3 rehabilitation of firefighting apparatus equipment, the
4 acquisition of protective, accessory, communications or
5 computer-aided dispatch equipment and for the purchase of
6 used firefighting apparatus, accessory or protective
7 equipment and any other equipment necessary for the
8 proper performance of the firefighting duties of
9 municipal fire departments?

10 (d) Conduct of elections.--The election shall be conducted
11 in accordance with the act of June 3, 1937 (P.L.1333, No.320),
12 known as the Pennsylvania Election Code, except that the time
13 limits for advertisement of notice of the election may be waived
14 as to the question.

15 Section 18. Effective date.

16 This act shall take effect in 60 days.