
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1688

Session of
1987

INTRODUCED BY SWEET, RYAN, BROUJOS, BARLEY, MELIO AND DISTLER,
JULY 2, 1987

SENATOR PECORA, LOCAL GOVERNMENT, IN SENATE, AS AMENDED,
JUNE 21, 1988

AN ACT

1 Amending the act of May 2, 1945 (P.L.382, No.164), entitled "An
2 act providing for the incorporation as bodies corporate and
3 politic of 'Authorities' for municipalities, counties and
4 townships; prescribing the rights, powers and duties of such
5 Authorities heretofore or hereafter incorporated; authorizing
6 such Authorities to acquire, construct, improve, maintain and
7 operate projects, and to borrow money and issue bonds
8 therefor; providing for the payment of such bonds, and
9 prescribing the rights of the holders thereof; conferring the
10 right of eminent domain on such Authorities; authorizing such
11 Authorities to enter into contracts with and to accept grants
12 from the Federal Government or any agency thereof; and
13 conferring exclusive jurisdiction on certain courts over
14 rates," providing for the financing of projects through loans
15 by the Authorities.

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

18 Section 1. Section 2(j) of the act of May 2, 1945 (P.L.382,
19 No.164), known as the Municipality Authorities Act of 1945,
20 amended July 10, 1981 (P.L.221, No.70), is amended and the
21 section is amended by adding a clause to read:

22 Section 2. Definitions.--The following terms whenever used

1 or referred to in this act shall have the following meanings,
2 except in those instances where the context clearly indicates
3 otherwise:

4 * * *

5 (j) The term "project" shall mean equipment to be leased by
6 an Authority to the municipality or municipalities that
7 organized it or to any municipality or school district located
8 wholly or partially within the boundaries of the municipality or
9 municipalities that organized it, or any structure, facility or
10 undertaking which an Authority is authorized to acquire,
11 construct, finance, improve, maintain or operate under the
12 provisions of this act.

13 * * *

14 (n) The terms "financing," "to finance" or "financed" shall
15 mean and include the lending or providing of funds to or on
16 behalf of a person for payment of the costs of a project or for
17 refinancing such costs, repayment of loans previously incurred
18 to pay the cost of a project or otherwise.

19 Section 2. Section 4 A(a) and (b), amended December 21, 1984
20 (P.L.1246, No.236), are amended to read:

21 Section 4. Purposes and Powers; General.--A. Every
22 Authority incorporated under this act shall be a body corporate
23 and politic.

24 (a) The Authority shall be for the purpose of acquiring,
25 holding, constructing, financing, improving, maintaining and
26 operating, owning, leasing, either in the capacity of lessor or
27 lessee, projects of the following kind and character:

28 * * *

29 (b) This section is subject to the following limitations:

30 (1) An Authority created by a school district or school

1 districts shall have the power only to acquire, hold, construct,
2 improve, maintain, operate and lease public school buildings and
3 other school projects acquired, constructed or improved for
4 public school purposes.

5 (2) The purpose and intent of this act being to benefit the
6 people of the Commonwealth by, among other things, increasing
7 their commerce, health, safety and prosperity, and not to
8 unnecessarily burden or interfere with existing business by the
9 establishment of competitive enterprises, none of the powers
10 granted by this act shall be exercised in the construction,
11 financing, improvement, maintenance, extension or operation of
12 any project or projects which in whole or in part shall
13 duplicate or compete with existing enterprises serving
14 substantially the same purposes. This limitation shall not apply
15 to the exercise of the powers granted hereunder:

16 (i) for facilities and equipment for the collection, removal
17 or disposal of ashes, garbage, rubbish and other refuse
18 materials by incineration, land fill or other methods, if each
19 municipality organizing or intending to use the facilities of an
20 Authority having such powers shall declare by resolution or
21 ordinance that it is desirable for the health and safety of the
22 people of such municipality that it use the facilities of the
23 Authority, and if any contract between such municipality and any
24 other person, firm or corporation for the collection, removal or
25 disposal of ashes, garbage, rubbish and other refuse material
26 has by its terms expired or is terminable at the option of the
27 municipality or will expire within six months from the date such
28 ordinance becomes effective; nor

29 (ii) for industrial development projects if the Authority
30 does not develop industrial projects which will compete with

1 existing industries; nor
2 (iii) for Authorities created for the purpose of providing
3 business improvements and administrative services if each
4 municipality organizing an Authority for such a project shall
5 declare by resolution or ordinance that it is desirable for the
6 entire municipality to improve the business district; nor
7 (iv) to hospital projects OR HEALTH CENTERS to be leased to, <—
8 or financed with loans to, public hospitals, NONPROFIT <—
9 CORPORATION HEALTH CENTERS or nonprofit hospital corporations
10 serving the public or to school building projects and facilities
11 to be leased to, or financed with loans to, private, nonprofit,
12 nonsectarian colleges and universities, State-related
13 universities and community colleges, or to facilities, limited
14 as described above, to produce steam or to generate electric
15 power, if each municipality organizing an Authority for such a
16 project shall declare by resolution or ordinance that it is
17 desirable for the health, safety and welfare of the people in
18 the area served by such facilities to have such facilities
19 provided by, or financed through, an Authority.

20 * * *

21 Section 3. Section 4 B of the act is amended by adding a
22 clause to read:

23 Section 4. Purposes and Powers; General.--* * *

24 B. Every Authority is hereby granted, and shall have and may
25 exercise all powers necessary or convenient for the carrying out
26 of the aforesaid purposes, including but without limiting the
27 generality of the foregoing, the following rights and powers:

28 * * *

29 (e.1) To finance projects by making loans, which may be
30 evidenced by, and secured as may be provided in, loan

1 agreements, mortgages, security agreements or any other
2 contracts, instruments or agreements, which contracts,
3 instruments or agreements may contain such provisions as the
4 Authority shall deem necessary or desirable for the security or
5 protection of the Authority or its bondholders.

6 * * *

7 Section 4. Section 5 B and C of the act are amended to read:

8 Section 5. Purposes and Powers; Bonds.--* * *

9 B. Any resolution or resolutions authorizing any bonds may
10 contain provisions which shall be part of the contract with the
11 holders thereof, as to (a) pledging the full faith and credit of
12 the Authority (but not of the Commonwealth of Pennsylvania or
13 any political subdivision thereof) for such obligations, or
14 restricting the same to all or any of the revenues of the
15 Authority from all or any projects or properties, (b) the
16 construction, financing, improvement, operation, extension,
17 enlargement, maintenance and repair of the project and the
18 duties of the Authority with reference thereto, (c) the terms
19 and provisions of the bonds, (d) limitations on the purposes to
20 which the proceeds of the bonds then or thereafter to be issued,
21 or of any loan or grant by the United States may be applied, (e)
22 the rate of tolls and other charges for use of the facilities of
23 or for the services rendered by the Authority, (f) the setting
24 aside of reserves or sinking funds and the regulation and
25 disposition thereof, (g) limitations on the issuance of
26 additional bonds, (h) the terms and provisions of any deed of
27 trust or indenture securing the bonds, or under which the same
28 may be issued, and (i) any other or additional agreements with
29 the holders of the bonds.

30 C. Any Authority may enter into any deeds of trust,

1 indentures or other agreements, with any bank or trust company,
2 or other person or persons in the United States having power to
3 enter into the same, including any Federal agency, as security
4 for such bonds, and may assign and pledge all or any of the
5 revenues or receipts of the Authority thereunder. Such deed of
6 trust, indenture or other agreement, may contain such provisions
7 as may be customary in such instruments, or as the Authority may
8 authorize, including (but without limitation) provisions as to
9 (1) the construction, financing, improvement, operation,
10 maintenance and repair of any project, and the duties of the
11 Authority with reference thereto, (2) the application of funds
12 and the safeguarding of funds on hand or on deposit, (3) the
13 rights and remedies of said trustee and the holders of the
14 bonds, (which may include restrictions upon the individual right
15 of action of such bondholders) and (4) the terms and provisions
16 of the bonds or the resolutions authorizing the issuance of the
17 same.

18 Said bonds shall have all the qualities of negotiable
19 instruments under the law merchant and the negotiable
20 instruments law of the Commonwealth of Pennsylvania.

21 Section 5. This act shall take effect immediately.