

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1587 Session of
1989

INTRODUCED BY LLOYD, GAMBLE, MERRY, BATTISTO, RAYMOND, KOSINSKI,
WASS, NOYE, BOWLEY, STISH, FOX, CARLSON, CESSAR, NAHILL,
COLAIZZO, JACKSON, DISTLER, F. TAYLOR, McNALLY, WOZNIAK,
BILLOW, ARGALL, KUKOVICH, REBER, TIGUE, VROON, TANGRETTI,
MARKOSEK, LASHINGER, KONDRICH, PHILLIPS, McVERRY, JOHNSON,
BURD, FARGO, DALEY, COY, LAUGHLIN, SAURMAN, BELFANTI,
CORRIGAN, MRKONIC, PISTELLA, ROBINSON, DIETTERICK, MAINE,
FREEMAN, KASUNIC, LEVDANSKY, RITTER, DeLUCA, CIVERA, STABACK,
MELIO, FLEAGLE, BELARDI, TELEK, FLICK, E. Z. TAYLOR, COHEN,
HERMAN, McCALL, VAN HORNE, TRELLO AND COWELL, MAY 31, 1989

REFERRED TO COMMITTEE ON URBAN AFFAIRS, MAY 31, 1989

AN ACT

1 Providing loans to municipalities; creating a loan fund;
2 conferring powers upon the Department of Community Affairs;
3 and making an appropriation.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Short title.

7 This act shall be known and may be cited as the Local
8 Government Capital Project Loan Fund Act.

9 Section 2. Definitions.

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

13 "Data processing equipment." Any computer, terminal,
14 printer, expansion unit, display unit, software or related

1 component of a data processing system.

2 "Department." The Department of Community Affairs of the
3 Commonwealth.

4 "Equipment." Any truck, car, bulldozer, backhoe, grader,
5 highlift, forklift, street sweeper, other mechanized vehicle or
6 data processing equipment.

7 "Fund." The Local Government Capital Project Loan Fund.

8 "Facilities." Any structure used to house offices or
9 equipment and the land on which the structure is situated.

10 "Municipality." Any borough, town, first class township or
11 second class township.

12 Section 3. Assistance to municipalities.

13 (a) Purposes; amounts.--The department is hereby authorized,
14 upon application of a municipality, to make loans to the
15 municipality for the following purposes and in the following
16 amounts:

17 (1) Purchasing equipment. The amount of a loan made for
18 purchasing equipment shall not exceed \$50,000 for any single
19 piece of equipment or 50% of the total cost of the piece of
20 equipment, whichever is less.

21 (2) Purchasing, constructing, renovating or
22 rehabilitating facilities. The amount of a loan made for
23 purchasing, constructing, renovating or rehabilitating
24 facilities shall not exceed \$100,000 for any single facility
25 or 50% of the total cost for purchasing, constructing,
26 renovating or rehabilitating the facility, whichever is less.

27 (b) Terms.--Loans made by the department shall be for a
28 period of not more than ten years. Loans shall be subject to the
29 payment of interest at 2% per annum and shall be subject to such
30 security as shall be determined by the department. The total

1 amount of interest earned by the investment or reinvestment of
2 all or any part of the principal of any loan shall be returned
3 to the department and transferred to the fund and shall not be
4 credited as payment of principal or interest on the loan. The
5 minimum amount of any loan shall be \$1,000.

6 (c) Financial statement.--Every application for a loan under
7 this act shall be accompanied by a financial statement of the
8 municipality and a financial plan to show how the loan will be
9 repaid. Every application shall be accompanied by evidence
10 sufficient to show that all costs except the amount of the loan
11 will be met by assets or revenues of the municipality, grants or
12 loans from other sources, or in-kind contributions or services.

13 (d) Limitations.--Loans under this act shall be used for
14 purchasing equipment and for purchasing, constructing,
15 renovating or rehabilitating facilities and shall not be used
16 for operating expenses or for the refinancing or reduction of
17 any debt or obligation incurred prior to the effective date of
18 this act.

19 (e) Regulations.--Loans made by the department shall be paid
20 from the fund to municipalities in accordance with rules and
21 regulations promulgated by the department.

22 (f) Interest.--All payments of interest on loans and the
23 principal thereof shall be deposited by the department in the
24 fund.

25 Section 4. Local Government Capital Project Loan Fund.

26 (a) Fund.--There is hereby created a special fund in the
27 Treasury Department, to be known as the Local Government Capital
28 Project Loan Fund, to which shall be credited all appropriations
29 made by the General Assembly, other than appropriations for
30 expenses of administering this act, or grants from other sources

1 to the department as well as repayment of principal and interest
2 on loans made pursuant to this act.

3 (b) Revolving fund.--The department shall routinely
4 requisition from the fund such amounts as shall be allocated by
5 the department for loans to municipalities pursuant to this act.
6 When and as the amounts so allocated by the department as loans
7 to municipalities are repaid to the department pursuant to the
8 terms of the agreements made and entered into with the
9 department, the department shall pay such amounts into the fund,
10 it being the intent of this act that the fund shall operate as a
11 revolving fund whereby all appropriations and payments made
12 thereto may be applied and reapplied for the purposes of this
13 act.

14 Section 5. Powers and duties of the department.

15 In addition to the powers and duties conferred upon the
16 department under other provisions of law, the department shall
17 have the power and duty to:

18 (1) Lend money for the purposes authorized by this act
19 over a term of years, but in no case in excess of ten years.

20 (2) Accept grants from the Federal Government and any
21 other individual, agency or government for use in the fund.

22 (3) Prescribe the form of the application for a loan
23 pursuant to this act.

24 (4) Advise a municipality regarding the financial
25 ability of the municipality to purchase equipment or to
26 purchase, construct, renovate or rehabilitate facilities.

27 (5) Assist a municipality in taking advantage of joint
28 purchasing arrangements and of opportunities to purchase
29 surplus equipment from the Commonwealth or other political
30 subdivisions.

1 (6) Require security for a loan, if determined to be
2 necessary.

3 (7) Specify priority of liens against any facilities or
4 equipment purchased by a municipality using funds loaned
5 pursuant to this act, if determined to be necessary.

6 (8) Establish a schedule which provides at least an
7 annual opportunity for municipalities to apply for, and
8 receive, loans.

9 Section 6. Ranking of applications.

10 Whenever the department determines that there will not be
11 enough money in the fund to make loans to all of the
12 municipalities expected to submit eligible applications during
13 an application period, the department shall rank the
14 applications in order of priority to determine which loans shall
15 be made first. A system of ranking shall be established for the
16 purposes of this section by regulation and shall provide for
17 consideration of factors such as whether the municipality has
18 previously received a loan pursuant to this act; the ability of
19 the municipality to purchase equipment or purchase, construct,
20 renovate or rehabilitate facilities without a loan pursuant to
21 this act; and the impact of the purchase of equipment or the
22 purchase, construction, renovation or rehabilitation of
23 facilities on the health, safety or welfare of the residents of
24 the municipality.

25 Section 7. Appropriation.

26 The sum of \$7,000,000 is hereby appropriated to the fund from
27 the sum of \$140,000,000 appropriated by the act of July 3, 1987
28 (P.L.459, No.9A), known as the General Appropriation Act of
29 1987, for local tax reform during a special session of the
30 General Assembly.

1 Section 8. Effective date.

2 This act shall take effect in 60 days.