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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 935      Session of  
1995

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INTRODUCED BY RICHARDSON, YOUNGBLOOD, ROBINSON, KUKOVICH AND  
CARN, FEBRUARY 28, 1995

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REFERRED TO COMMITTEE ON HEALTH AND HUMAN SERVICES,  
FEBRUARY 28, 1995

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AN ACT

1 Establishing the Employment and Training Support Services Trust  
2 Fund; providing for a referendum for incurring indebtedness  
3 in the amount of \$10,000,000 for supportive services and  
4 transitional financial assistance in accordance with the  
5 Employment Opportunities Act; and directing the Department of  
6 Public Welfare to administer the fund.

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

9 Section 1. Short title.

10 This act shall be known and may be cited as the Employment  
11 and Training Support Services Trust Fund Act.

12 Section 2. Trust fund established.

13 There is hereby established in the State Treasury a special  
14 fund to be known as the Employment and Training Support Services  
15 Trust Fund. Moneys to be deposited in the fund shall be used for  
16 the purpose of providing supportive services and transitional  
17 financial assistance as required by the act of July 13, 1987  
18 (P.L.342, No.65), known as the Employment Opportunities Act.

19 Section 3. Financing of trust fund.

1 (a) Referendum.--The question of incurring indebtedness in  
2 the amount of \$10,000,000 for the purpose of providing  
3 supportive services and transitional financial assistance as  
4 required by the act of July 13, 1987 (P.L.342, No.65), known as  
5 the Employment Opportunities Act, shall be submitted to the  
6 electors at the next municipal, primary or general election  
7 following enactment of this act. The Secretary of the  
8 Commonwealth shall certify the form of the question to the  
9 county boards of elections.

10 (b) Referendum adopted.--

11 (1) In the event that the majority of the electors  
12 voting on the referendum question approve the question, the  
13 issuing officials are authorized and directed to borrow, on  
14 the credit of the Commonwealth, pursuant to section 7(a)(3)  
15 of Article VIII of the Constitution of Pennsylvania and the  
16 referendum approved by the electorate, the sum of \$10,000,000  
17 to carry out the purposes of this act. This sum shall not  
18 include money borrowed to refund outstanding bonds, notes or  
19 replacement notes.

20 (2) As evidence of the indebtedness authorized in this  
21 act, general obligation bonds of the Commonwealth shall be  
22 issued, to provide moneys necessary to carry out the purposes  
23 of this act for such total amounts, in such form, in such  
24 denominations and subject to such terms and conditions of  
25 issue, redemption and maturity, rate of interest and time of  
26 payment of interest as the issuing officials direct, except  
27 that the latest stated maturity date shall not exceed 20  
28 years from the date of the first obligation issued to  
29 evidence the debt.

30 (3) All bonds and notes issued under the authority of

1 this act shall bear facsimile signatures of the issuing  
2 official and a facsimile of the seal of the Commonwealth and  
3 shall be countersigned by a duly authorized officer of a duly  
4 authorized loan and transfer agent of the Commonwealth.

5 (4) All bonds and notes issued in accordance with the  
6 provisions of this section shall be direct obligations of the  
7 Commonwealth, and the full faith and credit of the  
8 Commonwealth are hereby pledged for the payment of the  
9 interest thereon, as it becomes due, and the payment of the  
10 principal at maturity. The principal of and interest on the  
11 bonds and notes shall be payable in lawful money of the  
12 United States.

13 (5) All bonds and notes issued under the provisions of  
14 this section shall be exempt from taxation for State and  
15 local purposes.

16 (6) The bonds may be issued as coupon bonds or  
17 registered as to both principal and interest as the issuing  
18 officials may determine. If interest coupons are attached,  
19 they shall contain the facsimile signature of the State  
20 Treasurer.

21 (7) The issuing officials shall provide for the  
22 amortization of the bonds in substantial and regular amounts  
23 over the term of the debt so that the bonds of each issue  
24 allocated to the programs to be funded from the bond issue  
25 shall mature within a period not to exceed the appropriate  
26 amortization period for each program as specified by the  
27 issuing officials, but in no case in excess of 20 years.

28 (8) The issuing officials are authorized to provide, by  
29 resolution, for the issuance of refunding bonds for the  
30 purpose of refunding any debt issued under the provisions of

1 this act and then outstanding, either by voluntary exchange  
2 with the holders of the outstanding debt or by providing  
3 funds to redeem and retire the outstanding debt with accrued  
4 interest, any premium payable thereon and the costs of  
5 issuance and retirement of the debt, at maturity or at any  
6 call date. The issuance of the refunding bonds, the  
7 maturities, and other details thereof, the rights of the  
8 holders thereof and the duties of the issuing officials in  
9 respect thereto shall be governed by the provisions of this  
10 section insofar as they may be applicable. Refunding bonds,  
11 which are not subject to the aggregate limitation of  
12 \$10,000,000 of debt to be issued pursuant to this act, may be  
13 issued by the issuing officials to refund debt originally  
14 issued or to refund bonds previously issued for refunding  
15 purposes.

16 (9) Whenever any action is to be taken or decision made  
17 by the Governor, the Auditor General and the State Treasurer  
18 acting as issuing officials and the three officers are not  
19 able to agree unanimously, the action or decision of the  
20 Governor and either the Auditor General or the State  
21 Treasurer shall be binding and final.

22 (10) Issuing officials shall mean the Governor, the  
23 Auditor General and the State Treasurer.

24 (c) Sale of bonds.--

25 (1) Whenever bonds are issued, they shall be offered for  
26 sale at not less than 98% of the principal amount and accrued  
27 interest and shall be sold by the issuing officials to the  
28 highest and best bidder or bidders after due public  
29 advertisement on the terms and conditions and upon such open  
30 competitive bidding as the issuing officials direct. The

1 manner and character of the advertisement and the time of  
2 advertising shall be prescribed by the issuing officials. No  
3 commission shall be allowed or paid for the sale of any bonds  
4 issued under the authority of this act.

5 (2) Any portion of any bond issue so offered and not  
6 sold or subscribed for at public sale may be disposed of by  
7 private sale by the issuing officials in such manner and at  
8 such prices, not less than 98% of the principal amount and  
9 accrued interest, as the Governor directs. No commission  
10 shall be allowed or paid for the sale of any bonds issued  
11 under the authority of this act.

12 (3) When bonds are issued from time to time, the bonds  
13 of each issue shall constitute a separate series to be  
14 designated by the issuing officials or may be combined for  
15 sale as one series with other general obligation bonds of the  
16 Commonwealth.

17 (4) Until permanent bonds can be prepared, the issuing  
18 officials may in their discretion issue, in lieu of permanent  
19 bonds, temporary bonds in such form and with such privileges  
20 as to registration and exchange for permanent bonds as may be  
21 determined by the issuing officials.

22 (5) The proceeds realized from the sale of bonds and  
23 notes, except refunding bonds and replacement notes, under  
24 the provisions of this act shall be paid into a special fund  
25 in the State Treasury, to be known as the Employment and  
26 Training Support Services Trust Fund and are specifically  
27 dedicated to the purposes set forth in this act. The proceeds  
28 shall be paid by the State Treasurer, periodically, to the  
29 Department of Public Welfare at such times and in such  
30 amounts as may be necessary to satisfy the funding needs of

1 the department. The proceeds of the sale of refunding bonds  
2 and replacement notes shall be paid to the State Treasurer  
3 and applied to the payment of principal, the accrued interest  
4 and premium, if any, and the cost of redemption of the bonds  
5 and notes for which such obligations shall have been issued.

6 (6) Pending their application for the purposes  
7 authorized, moneys held or deposited by the State Treasurer  
8 may be invested or reinvested as are other funds in the  
9 custody of the State Treasurer in the manner provided by law.  
10 All earnings received from the investment or deposit of such  
11 funds shall be paid into the State Treasury to the credit of  
12 the fund. Such earnings in excess of bond discounts allowed,  
13 expenses paid for the issuance of bonds and notes, and  
14 interest arbitrage rebates due to the Federal Government  
15 shall be transferred annually to the fund.

16 (7) The Auditor General shall prepare the necessary  
17 registry book, to be kept in the office of the duly  
18 authorized loan and transfer agent of the Commonwealth, for  
19 the registration of any bonds, at the request of owners  
20 thereof, according to the terms and conditions of issue  
21 directed by the issuing officials.

22 (8) There is hereby appropriated to the State Treasurer  
23 from the fund as much money as may be necessary for all costs  
24 and expenses in connection with the issue of and sale and  
25 registration of the bonds and notes in connection with this  
26 act and the payment of interest arbitrage rebates or proceeds  
27 of such bonds and notes.

28 (d) Temporary financing authorization.--

29 (1) Pending the issuance of bonds of the Commonwealth as  
30 authorized, the issuing officials are hereby authorized, in

1 accordance with the provisions of this act and on the credit  
2 of the Commonwealth, to make temporary borrowings, not to  
3 exceed three years, in anticipation of the issue of bonds in  
4 order to provide funds in such amounts as may, from time to  
5 time, be deemed advisable prior to the issue of bonds. In  
6 order to provide for and in connection with such temporary  
7 borrowings, the issuing officials are hereby authorized, in  
8 the name and on behalf of the Commonwealth, to enter into any  
9 purchase, loan or credit agreement or agreements, or other  
10 agreement or agreements, with any banks or trust companies or  
11 other lending institutions, investment banking firms or  
12 persons in the United States having power to enter into the  
13 same, which agreements may contain such provisions, not  
14 inconsistent with the provisions of this act, as may be  
15 authorized by the issuing officials.

16 (2) All temporary borrowings made under the  
17 authorization of this section shall be evidenced by notes of  
18 the Commonwealth, which shall be issued, from time to time,  
19 for such amounts not exceeding in the aggregate the  
20 applicable statutory and constitutional debt limitation, in  
21 such form and in such denominations and subject to terms and  
22 condition of sale and issue, prepayment or redemption and  
23 maturity, rate or rates of interest and time of payment of  
24 interest as the issuing officials shall authorize and direct  
25 and in accordance with this act. Such authorization and  
26 direction may provide for the subsequent issuance of  
27 replacement notes to refund outstanding notes or replacement  
28 notes, which replacement notes shall, upon issuance thereof,  
29 evidence such borrowing, and may specify such other terms and  
30 conditions with respect to the notes and replacement notes

1       thereby authorized for issuance as the issuing officials may  
2       determine and direct.

3       (3) When the authorization and direction of the issuing  
4       officials provide for the issuance of replacement notes, the  
5       issuing officials are hereby authorized, in the name and on  
6       behalf of the Commonwealth, to issue, enter into or authorize  
7       and direct the State Treasurer to enter into agreements with  
8       any banks, trust companies, investment banking firms or other  
9       institutions or persons in the United States having the power  
10      to enter the same:

11           (i) To purchase or underwrite an issue or series of  
12      issues of notes.

13           (ii) To credit, to enter into any purchase, loan or  
14      credit agreements, to draw moneys pursuant to any such  
15      agreements on the terms and conditions set forth therein  
16      and to issue notes as evidence of borrowings made under  
17      any such agreements.

18           (iii) To appoint an issuing and paying agent or  
19      agents with respect to notes.

20           (iv) To do such other acts as may be necessary or  
21      appropriate to provide for the payment, when due, of the  
22      interest on and the principal of such notes.

23      Such agreements may provide for the compensation of any  
24      purchasers or underwriters of notes or replacement notes by  
25      discounting the purchase price of the notes or by payment of  
26      a fixed fee or commission at the time of issuance thereof,  
27      and all other costs and expenses, including fees for  
28      agreements related to the notes, issuing and paying agent  
29      costs and costs and expenses of issuance, may be paid from  
30      the proceeds of the notes.



1           (4) When the authorization and direction of the issuing  
2 officials provide for the issuance of replacement notes, the  
3 State Treasurer shall, at or prior to the time of delivery of  
4 these notes or replacement notes, determine the principal  
5 amounts, dates of issue, interest rate or rates (or  
6 procedures for establishing such rates from time to time),  
7 rates of discount, denominations and all other terms and  
8 conditions relating to the issuance, and shall perform all  
9 acts and things necessary to pay or cause to be paid, when  
10 due, all principal of and interest on the notes being  
11 refunded by replacement notes and to assure that the same may  
12 draw upon any moneys available for that purpose pursuant to  
13 any purchase, loan or credit agreements established with  
14 respect thereto, all subject to the authorization and  
15 direction of the issuing officials.

16           (5) Outstanding notes evidencing such borrowings may be  
17 funded and retired by the issuance and sale of the bonds of  
18 the Commonwealth as hereinafter authorized. The refunding  
19 bonds must be issued and sold not later than a date three  
20 years after the date of issuance of the first notes  
21 evidencing such borrowings to the extent that payment of such  
22 notes has not otherwise been made or provided for by sources  
23 other than proceeds of replacement notes.

24           (6) The proceeds of all such temporary borrowing shall  
25 be paid to the State Treasurer to be held and disposed of in  
26 accordance with the provisions of this act.

27       (e) Debt retirement.--

28           (1) All bonds issued under the authority of this act  
29 shall be redeemed at maturity, together with all interest  
30 due, from time to time, on the bonds, and these principal and

1 interest payments shall be paid from the fund.

2 (2) If the moneys received in a given fiscal year from  
3 the sources set forth in this act exceed the amount necessary  
4 to repay the principal and interest that will become payable  
5 during that same fiscal year, the excess moneys shall be  
6 deposited in the trust fund and used for the purposes of this  
7 act.

8 (3) If additional moneys are needed for the specific  
9 purpose of redeeming the bonds at maturity and paying all  
10 interest thereon in accordance with the information received  
11 from the Governor, the General Assembly shall appropriate to  
12 the fund such additional moneys as may be needed for the  
13 payment of interest on the bonds and notes and the principal  
14 thereof at maturity.

15 (4) The State Treasurer, with the approval of the  
16 Governor, is authorized at any time to use any of the moneys  
17 in the fund not necessary for the purposes of this act, for  
18 the purchase and retirement of all or any part of the bonds  
19 and notes issued pursuant to the authorization of this act.  
20 In the event that all or any part of the bonds and notes are  
21 purchased, they shall be canceled and returned to the loan  
22 and transfer agent as canceled and paid bonds and notes; and,  
23 thereafter, all payments of interest thereon shall cease, and  
24 the canceled bonds, notes and coupons, together with any  
25 other canceled bonds, notes and coupons, shall be destroyed  
26 as promptly as possible after cancellation, but not later  
27 than two years after cancellation. A certificate evidencing  
28 the destruction of the canceled bonds, notes and coupons  
29 shall be provided by the loan and transfer agent to the  
30 issuing officials. All canceled bonds, notes and coupons

1 shall be so marked as to make the canceled bonds, notes and  
2 coupons nonnegotiable.

3 (5) The State Treasurer shall determine and report to  
4 the Secretary of the Budget, by November 1 of each year, the  
5 amount of money necessary for the payment of interest on  
6 outstanding obligations and the principal of the obligations,  
7 if any, for the following fiscal year, and the times and  
8 amounts of the payments. It shall be the duty of the Governor  
9 to include in every budget submitted to the General Assembly  
10 full information relating to the issuance of bonds and notes  
11 under the provisions of this act and the status of the fund  
12 for the payment of interest on the bonds and notes and the  
13 principal thereof at maturity.

14 Section 4. Effective date.

15 This act shall take effect in 60 days.