

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

**SENATE BILL****No. 1**Special Session No. 2 of  
1995-1996

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O'PAKE AND AFFLERBACH, MARCH 12, 1996

SENATOR LEMMOND, STATE GOVERNMENT, RE-REPORTED AS AMENDED,  
MARCH 19, 1996

## AN ACT

1 Implementing the provisions of clause (1) of subsection (a) of  
2 section 7 of Article VIII of the Constitution of the  
3 Commonwealth of Pennsylvania authorizing the incurring of  
4 debt for the rehabilitation of areas affected by the blizzard  
5 of January 1996 and the resulting flood emergency; imposing  
6 duties upon the Governor, the Auditor General and State  
7 Treasurer; prescribing the procedures for the issuance, sale  
8 and payment of general obligations bonds, the funding of debt  
9 and refunding of bonds; exempting said bonds from State and  
10 local taxation; creating certain funds; and making  
11 appropriations.

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

14 Section 1. Borrowing of money authorized.

15 Pursuant to the provisions of clause (1) of subsection (a) of  
16 section 7 of Article VIII of the Constitution of Pennsylvania,  
17 the Commonwealth is hereby authorized and directed to borrow,  
18 from time to time, money not exceeding in the aggregate the sum  
19 of \$100,000,000, not including money borrowed to refund  
20 outstanding bonds, notes or replacement notes, as may be found

1 necessary to carry out the rehabilitation of areas affected by  
2 the blizzard of January 1996 and the resulting flood emergency.  
3 Section 2. General obligation bonds authorized.

4 The indebtedness herein authorized shall be incurred from  
5 time to time and shall be evidenced by one or more series of  
6 general obligation bonds or notes of the Commonwealth in such  
7 aggregate principal amount for each series as the Governor,  
8 Auditor General and State Treasurer shall determine, but the  
9 latest stated maturity date shall not exceed 20 years from the  
10 date of the bond first issued for each such series.

11 Section 3. Disposition and use of proceeds.

12 (a) Deposit.--The proceeds from the sale of bonds and notes,  
13 except refunding bonds and replacement notes, issued pursuant to  
14 the provisions of this act shall be paid to the State Treasurer  
15 and be held in a separate fund to be known as the Disaster  
16 Relief Fund.

17 (b) Dedication of funds.--The moneys in the Disaster Relief  
18 Fund are hereby specifically dedicated to meeting the costs of  
19 the rehabilitation of areas affected by the blizzard of January  
20 1996 and the resulting flood emergency, including, but not  
21 limited to, public assistance and disaster mitigation as defined  
22 in or authorized by The Robert T. Stafford Disaster Relief and  
23 Emergency Assistance Act (Public Law 93-288, 88 Stat. 143) and  
24 paying the costs and expenses of issuing bonds and notes.

25 (c) Interest earnings.--Pending their application to the  
26 purposes authorized, moneys held or deposited by the State  
27 Treasurer may be invested and reinvested as are other funds in  
28 the custody of the State Treasurer in the manner provided by  
29 law. All earnings received from the investment or deposit of  
30 such funds shall be paid into the State Treasury to the credit

1 of the Disaster Relief Fund.

2 (d) Allocation of proceeds.--Subject to the total limit of  
3 \$100,000,000, the funds authorized to be borrowed by section 1  
4 shall be allocated as follows:

5 (1) No more than \$95,000,000 of the funds authorized to  
6 be borrowed under this act shall be used for the State's  
7 share of public assistance costs and disaster mitigation  
8 costs provided by the Federal Government under The Robert T.  
9 Stafford Disaster Relief and Emergency Assistance Act (Public  
10 Law 93-288, 88 Stat. 143).

11 (2) (i) No more than 5% of the funds authorized to be  
12 borrowed under this act shall be used for public  
13 assistance projects and other projects which the Federal  
14 Government determines shall not be funded or are funded  
15 at an inadequate level pursuant to the disaster  
16 proclamation relating to the blizzard of January 1996 and  
17 the resulting flood emergency to include projects in  
18 counties which were not declared as disaster areas by the  
19 Federal Government.

20 (ii) Twenty-five percent of any remaining funds  
21 under this paragraph shall be transferred to the  
22 Pennsylvania Infrastructure Investment Authority  
23 established under the act of March 1, 1988 (P.L.82,  
24 No.16), known as the Pennsylvania Infrastructure  
25 Investment Authority Act to provide funds for authority  
26 projects which were damaged by the blizzard of January  
27 1996 and the resulting flood emergency.

28 (e) Transfer of unused funds.--Moneys in the Disaster Relief  
29 Fund not necessary to pay unexpired contracts or to pay  
30 potential legal obligations shall be transferred by the State

1 Treasurer, with the approval of the Governor, to the Disaster  
2 Relief Redemption Fund and shall be used to pay debt service on  
3 the existing disaster relief bonds.

4 Section 4. Issuance of bonds; interest; maturity.

5 (a) Series and issues.--When bonds are issued from time to  
6 time, the bonds of each issue shall constitute a separate series  
7 to be designated by the issuing officials or may be combined for  
8 sale as one series with other general obligation bonds of the  
9 Commonwealth. Each series of bonds shall bear such rate or rates  
10 of interest as may be determined by the issuing officials. Such  
11 bonds shall be issued in such denominations and in such form or  
12 forms, whether coupon or registered as to both principal and  
13 interest, and with or without such provisions for  
14 interchangeability as the issuing officials may determine. In  
15 case interest coupons are attached, they shall contain the  
16 facsimile signature of the State Treasurer.

17 (b) Terms.--Except as otherwise set forth in the provisions  
18 of this act, the terms and conditions of issue, redemption and  
19 maturity, and time of payment of interest, shall be as the  
20 issuing officials shall specify. The issuing officials shall  
21 provide for the amortization of the bonds in substantial and  
22 regular amounts over the term of the debt. The first retirement  
23 of principal shall be stated to mature prior to the expiration  
24 of a period of time equal to one-tenth of the time from the date  
25 of the first obligation issued to evidence such debt to the date  
26 of the expiration of the term of the debt. Retirements of  
27 principal shall be regular and substantial if made in annual or  
28 semiannual amounts whether by stated serial maturities or by  
29 mandatory sinking fund retirements computed in accordance with  
30 either a level annual debt service plan, as nearly as may be, or

1 upon the equal annual maturities plan. The issuing officials are  
2 hereby authorized to carry out the provisions of this act  
3 relating to the issuance of bonds and shall determine all  
4 matters in connection therewith subject to the provisions  
5 hereof. All principal received from the repayment of loans made  
6 pursuant to this act and interest received on such loans shall  
7 be deposited into the Disaster Relief Redemption Fund and shall  
8 be applied to the payment of principal and interest on the bonds  
9 issued hereunder.

10 (c) Signatures.--All bonds issued under the authority of  
11 this act shall bear the facsimile signatures of the issuing  
12 officials and a facsimile of the Great Seal of the Commonwealth  
13 of Pennsylvania, and shall be countersigned by a duly authorized  
14 officer of a duly authorized loan and transfer agent of the  
15 Commonwealth.

16 Section 5. Direct obligations, exemption from taxation; means  
17 of payment.

18 All bonds issued in accordance with the provisions of this  
19 act shall be direct obligations of the Commonwealth, and the  
20 full faith and credit of the Commonwealth are hereby pledged for  
21 the payment of the interest thereon as the same shall become due  
22 and the payment of the principal thereof at maturity. All bonds  
23 issued under the provisions of this act shall be exempt from  
24 taxation for State and local purposes, except as provided under  
25 Article XXIX of the act of March 4, 1971 (P.L.6, No.2), known as  
26 the Tax Reform Code of 1971. The principal of and interest on  
27 such bonds shall be payable in lawful money of the United  
28 States.

29 Section 6. Sale of bonds.

30 (a) Requirements.--Whenever bonds are issued in accordance

1 with this act, they shall be offered for sale at not less than  
2 98% of the principal amount thereof and accrued interest and  
3 shall be sold by the issuing officials to the highest and best  
4 bidder or bidders after due public advertisement on such terms  
5 and conditions and upon such open competitive bidding as the  
6 issuing officials shall direct. The manner and times of  
7 advertising shall be prescribed by the issuing officials.

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

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

20 Section 7. Temporary financing authorization.

21 (a) Temporary borrowing.--Pending the issuance of bonds of  
22 the Commonwealth as authorized, the issuing officials are hereby  
23 authorized, in accordance with the provisions of this act and on  
24 the credit of the Commonwealth, to make temporary borrowings,  
25 through public or private sale, not to exceed three years in  
26 anticipation to the issue of bonds in order to provide funds in  
27 such amounts as may from time to time be deemed advisable prior  
28 to the issue of bonds. In order to provide for and in connection  
29 with such temporary borrowings, the issuing officials are hereby  
30 authorized in the name and on behalf of the Commonwealth to

1 enter into any purchase, loan or credit agreement, or  
2 agreements, or other agreement or agreements with any banks or  
3 trust companies or other lending institutions, investment  
4 banking firms or persons in the United States having power to  
5 enter into the same, which agreements may contain such  
6 provisions not inconsistent with the provisions of this act as  
7 may be authorized by the issuing officials.

8 (b) Evidence of debt.--All temporary borrowings made under  
9 the authorization of this section shall be evidenced by notes of  
10 the Commonwealth, which shall be issued from time to time for  
11 such amounts not exceeding in the aggregate the applicable  
12 statutory and constitutional debt limitation, in such form and  
13 in such denominations and subject to terms and condition of sale  
14 and issue, prepayment or redemption and maturity, rate or rates  
15 of interest and time of payment of interest as the issuing  
16 officials shall authorize and direct and in accordance with this  
17 act. Such authorization and direction may provide for the  
18 subsequent issuance of replacement notes to refund outstanding  
19 notes or replacement notes, which replacement notes shall, upon  
20 issuance thereof, evidence such borrowing, and may specify such  
21 other terms and conditions with respect to the notes and  
22 replacement notes thereby authorized for issuance as the issuing  
23 officials may determine and direct.

24 (c) Replacement notes.--When the authorization and direction  
25 of the issuing officials provide for the issuance of replacement  
26 notes, the issuing officials are hereby authorized in the name  
27 and on behalf of the Commonwealth to issue, enter into or  
28 authorize and direct the State Treasurer to enter into  
29 agreements with any banks, trust companies, investment banking  
30 firms or other institutions or persons in the United States

1 having the power to enter the same:

2 (1) To purchase or underwrite an issue or series of  
3 issues of notes.

4 (2) To credit, to enter into any purchase, loan or  
5 credit agreements, to draw moneys pursuant to any such  
6 agreements on the terms and conditions set forth therein and  
7 to issue notes as evidence of borrowings made under any such  
8 agreements.

9 (3) To appoint as issuing and paying agent or agents  
10 with respect to notes.

11 (4) To do such other acts as may be necessary or  
12 appropriate to provide for the payment, when due, of the  
13 interest on and the principal of such notes.

14 Such agreements may provide for the compensation of any  
15 purchasers or underwriters of notes or replacement notes by  
16 discounting the purchase price of the notes or by payment of a  
17 fixed fee or commission at the time of issuance thereof, and all  
18 other costs and expenses, including fees for agreements related  
19 to the notes, issuing and paying agent costs and costs and  
20 expenses of issuance may be paid from the proceeds of the notes.

21 (d) Duties of State Treasurer.--When the authorization and  
22 direction of the issuing officials provide for the issuance of  
23 replacement notes, the State Treasurer shall, at or prior to the  
24 time of delivery of these notes or replacement notes, determine  
25 the principal amounts, dates of issue, interest rate or rates  
26 (or procedures for establishing such rates from time to time),  
27 rates of discount, denominations and all other terms and  
28 conditions relating to the issuance and shall perform all acts  
29 and things necessary to pay or cause to be paid, when due, all  
30 principal of and interest on the notes being refunded by

1 replacement notes and to assure that the same may draw upon any  
2 moneys available for that purpose pursuant to any purchase, loan  
3 or credit agreements established with respect thereto, all  
4 subject to the authorization and direction of the issuing  
5 officials.

6 (e) Retirement of outstanding notes.--Outstanding notes  
7 evidencing such borrowings may be funded and retired by the  
8 issuance and sale of the bonds of the Commonwealth as  
9 hereinafter authorized. The refunding bonds must be issued and  
10 sold not later than a date three years after the date of  
11 issuance of the first notes evidencing such borrowings to the  
12 extent that payment of such notes has not otherwise been made or  
13 provided for by sources other than proceeds of replacement  
14 notes.

15 (f) Disposition of proceeds.--The proceeds of all such  
16 temporary borrowing shall be paid to the State Treasurer to be  
17 held and disposed of in accordance with the provisions of this  
18 act.

19 Section 8. Disaster Relief Redemption Fund.

20 (a) Establishment.--All bonds issued under the authority of  
21 this act shall be paid at maturity and all interest due from  
22 time to time on such bonds and on all notes issued under the  
23 provisions of this act shall be paid from the Disaster Relief  
24 Redemption Fund. The General Assembly shall appropriate annually  
25 the moneys necessary to pay the aforesaid interest on said bonds  
26 and notes and the principal of said bonds and notes at maturity  
27 for which other provision is not made. All moneys so  
28 appropriated and repayment of all loans, together with interest  
29 thereon, shall be paid into the Disaster Relief Redemption Fund  
30 by the State Treasurer. All of such moneys so received prior to

1 the date for disbursement thereof shall be invested by the State  
2 Treasurer pending disbursement in such securities as are  
3 provided by law for the investment of surplus moneys of the  
4 Commonwealth.

5 (b) Use of fund.--The investment of such moneys and the  
6 accumulations thereon in the Disaster Relief Redemption Fund  
7 shall be devoted to and be used exclusively for the payment of  
8 the interest accruing on such bonds and notes and for the  
9 redemption of such bonds and notes at maturity or upon the  
10 redemption date, if called for prior redemption. The State  
11 Treasurer, with the approval of the Governor, is authorized at  
12 any time to use any of such funds for the purchase and  
13 retirement of all or any part of the bonds issued under the  
14 provisions of this act. No purchase shall be made which will  
15 reduce the moneys in the Disaster Relief Redemption Fund below  
16 the amount necessary to pay all principal and interest still to  
17 become due in the fiscal year of such purchase. In the event  
18 that all or any part of said bonds shall be purchased by the  
19 Commonwealth, they shall be canceled and returned to the State  
20 Treasurer, as canceled and paid bonds and thereafter all  
21 payments of interest thereon shall cease and the canceled bonds  
22 and coupons shall be destroyed as promptly as possible after  
23 cancellation but not later than two years after cancellation. A  
24 certificate evidencing the destruction of the canceled bonds,  
25 notes and coupons shall be provided by the loan and transfer  
26 agent to the issuing officials. All canceled bonds, notes and  
27 coupons shall be so mutilated as to make the canceled bonds,  
28 notes and coupons nonnegotiable.

29 Section 9. Refunding bonds.

30 The issuing officials are authorized to provide by

1 resolution, for the issuance of refunding bonds for the purpose  
2 of refunding any debt issued under the provisions of this act  
3 and then outstanding, either by voluntary exchange with the  
4 holders of the outstanding debt or to provide funds to redeem  
5 and retire the outstanding debt with accrued interest, any  
6 premium payable thereon and the costs of issuance and retirement  
7 of the debt, at maturity or at any call date. The issuance of  
8 the refunding bonds, the maturities and other details thereof,  
9 the rights of the holders thereof and the duties of the issuing  
10 officials in respect thereto shall be governed by the provisions  
11 of this section, insofar as they may be applicable. Refunding  
12 bonds which are not subject to the aggregate limitation of  
13 \$100,000,000 of debt to be issued pursuant to this act may be  
14 issued by the issuing officials to refund debt originally issued  
15 or to refund bonds previously issued for refunding purposes.

16 Section 10. Reporting requirements.

17 The State Treasurer shall determine and report to the  
18 Secretary of the Budget by November of each year the amount of  
19 money necessary for the payment of interest on outstanding  
20 obligations and the principal of such obligations, if any, for  
21 the following fiscal year and the times and amounts of such  
22 payments.

23 Section 11. Registration of bonds.

24 The Auditor General shall prepare the necessary registry  
25 books to be kept in the office of the duly authorized loan and  
26 transfer agent of the Commonwealth for the registration of any  
27 bonds of the Commonwealth at the request of the owner thereof  
28 according to the terms and conditions of issue specified by the  
29 issuing officials. All bonds which are issued without interest  
30 coupons attached shall be registered in the registry books kept

1 by the duly authorized loan and transfer agent of the  
2 Commonwealth.

3 Section 12. Voting requirements.

4 Whenever in this act any action is to be taken or decision  
5 made by the issuing officials, and the three officers shall not  
6 be able to agree unanimously, the action or decision of the  
7 Governor and either the Auditor General or State Treasurer shall  
8 be binding and final.

9 Section 13. Appropriation.

10 (a) Appropriation to Governor.--The net proceeds, less the  
11 costs and expenses of issuing such obligations, of the sale of  
12 the \$100,000,000 of obligations herein authorized are hereby  
13 appropriated from the Disaster Relief Fund to the Governor for  
14 allocation by the Secretary of the Budget to defray the costs of  
15 the rehabilitation of areas, including public assistance and  
16 disaster mitigation as defined in The Robert T. Stafford  
17 Disaster Relief and Emergency Assistance Act (Public Law 93-288,  
18 88 Stat. 143) affected by the January 1996 disasters.

19 (b) Appropriation to State Treasurer.--There is hereby  
20 appropriated to the State Treasurer from the fund as much money  
21 as may be necessary for all costs and expenses in connection  
22 with the issue of and sale and registration of the bonds and  
23 notes in connection with this act and the payment of interest  
24 arbitrage rebates on proceeds of such bonds and notes.

25 Section 14. State and local participation levels.

26 (a) Public assistance.--The required non-Federal  
27 contribution of 25% necessary to secure Federal public  
28 assistance funding shall be divided between the State and the  
29 affected local political subdivision or nonprofit organization  
30 where applicable. The State share will be ~~18-3/4%~~ 22% and the

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1 political subdivision or nonprofit organization share will be  $\frac{6}{10}$  ←  
2  ~~$\frac{1}{4}$~~  3%.

3 (b) Additional public assistance.--The State contribution to  
4 any political subdivision or nonprofit organization seeking  
5 additional public assistance shall not exceed  ~~$\frac{18}{100}$~~  22% of the ←  
6 cost. The Commonwealth shall consider the criteria set forth in  
7 The Robert T. Stafford Disaster Relief and Emergency Assistance  
8 Act (Public Law 93-288, 88 Stat. 143) in determining project  
9 eligibility.

10 (c) Local waiver.--The Commonwealth may reduce the share of  
11 an affected political subdivision if the tax base of that  
12 political subdivision was substantially reduced as a direct  
13 result of the blizzard of January 1996 and the resulting flood  
14 emergency or if payment of the local share exceeds 40% of the  
15 most recently adopted annual budget of the political  
16 subdivision. The Commonwealth may require the adoption of  
17 appropriate flood control or storm water management plans as a  
18 condition of the waiver if the adoption of the plan does not  
19 present additional financial hardship.

20 Section 15. Constitutional construction.

21 The provisions of this act shall be severable and, if any of  
22 the provisions thereof shall be held unconstitutional, such  
23 decisions shall not affect the validity of any of the remaining  
24 provisions of this act. It is hereby declared as the legislative  
25 intent that this act would have been adopted had such  
26 unconstitutional provisions not been included therein.

27 Section 16. Effective date.

28 This act shall take effect immediately.