

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1858 Session of
1997

INTRODUCED BY PRESTON, LAUGHLIN, FAIRCHILD, DeWEESE, READSHAW,
YOUNGBLOOD, OLASZ, M. N. WRIGHT, VAN HORNE, COLAFELLA, DALEY,
TRELLO, ITKIN, JAMES, WALKO, WASHINGTON, KAISER, LEVDANSKY,
PISTELLA, M. COHEN, CORRIGAN, MELIO, JOSEPHS AND KIRKLAND,
OCTOBER 1, 1997

REFERRED TO COMMITTEE ON STATE GOVERNMENT, OCTOBER 1, 1997

AN ACT

1 Amending Title 74 (Transportation) of the Pennsylvania
2 Consolidated Statutes, authorizing the incurring of
3 indebtedness, with the approval of the electorate, for loans
4 for port and waterways development; and creating the
5 Pennsylvania Port Capital Loan Fund.

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

8 Section 1. Title 74 of the Pennsylvania Consolidated
9 Statutes is amended by adding a part to read:

10 PART V

11 PORTS AND WATERWAYS

12 Chapter

13 97. Ports and Waterways Development

14 CHAPTER 97

15 PORTS AND WATERWAYS DEVELOPMENT

16 Sec.

17 9701. Referendum.

18 9702. Bonds.

1 9703. Loans for project funding.

2 9704. Development funds.

3 § 9701. Referendum.

4 (a) General rule.--Pursuant to the provisions of section
5 7(a)(3) of Article VIII of the Constitution of Pennsylvania, the
6 question of incurring indebtedness of \$50,000,000 for loans to
7 owners of port and waterway facilities and development
8 corporations for capital improvements, acquisition of land
9 contiguous to existing ports and waterways and development of
10 same for industrial development purposes, construction of
11 facilities and acquisition of equipment, subject to
12 implementation through this chapter, shall be submitted to the
13 electors at the next primary election following the effective
14 date of this chapter.

15 (b) Certification.--The Secretary of the Commonwealth shall
16 forthwith certify the question to the county boards of
17 elections.

18 (c) Form of question.--The question shall be in
19 substantially the following form:

20 Do you favor the incurring of indebtedness by the
21 Commonwealth of \$50,000,000 for use as loans to owners of
22 ports and port facilities and development corporations to
23 improve ports and port facilities and to purchase
24 property and equipment and develop land?

25 § 9702. Bonds.

26 (a) Issuance of general obligation bonds.--As evidence of
27 the indebtedness if authorized under section 9701 (relating to
28 referendum), general obligation bonds of the Commonwealth shall
29 be issued from time to time to fund or retire notes issued under
30 section 9701 to carry out the purposes of this chapter, or both,

1 for total amounts, in the form, in the denominations and subject
2 to the terms and conditions of issue, redemption and maturity,
3 rate of interest and time of payment of interest as the issuing
4 officials direct, except that the latest stated maturity date
5 shall not exceed 35 years from the date of the debt first issued
6 for each series.

7 (b) Execution of bonds.--All bonds and notes issued under
8 the authority of section 9701 shall bear facsimile signatures of
9 the issuing officials and a facsimile of the Great Seal of the
10 Commonwealth and shall be countersigned by a duly authorized
11 loan and transfer agent of the Commonwealth.

12 (c) Direct obligation of Commonwealth.--All bonds and notes
13 issued in accordance with section 9701 shall be direct
14 obligations of the Commonwealth, and the full faith and credit
15 of the Commonwealth are hereby pledged for the payment of the
16 interest thereon as it becomes due and the payment of the
17 principal at maturity. The principal of and interest on the
18 bonds and notes shall be payable in lawful money of the United
19 States.

20 (d) Exemption from taxation.--All bonds and notes issued
21 under the provisions of this section shall be exempt from
22 taxation for State and local purposes.

23 (e) Form of bonds.--The bonds may be issued as coupon bonds
24 or registered as to both principal and interest as the issuing
25 officials may determine. If interest coupons are attached, they
26 shall contain the facsimile signature of the State Treasurer.

27 (f) Bond amortization.--The issuing officials shall provide
28 for the amortization of the bonds in substantial and regular
29 amounts over the term of the debt. The first retirement of
30 principal shall be stated to mature prior to the expiration of a

1 period of time equal to one-tenth of the time from the date of
2 the first obligation issued to evidence the debt to the date of
3 the expiration of the term of the debt. Retirements of principal
4 shall be regular and substantial if made in annual or semiannual
5 amounts, whether by stated serial maturities or by mandatory
6 sinking fund retirements.

7 (g) Refunding bonds.--The issuing officials are authorized
8 to provide for the issuance of refunding bonds for the purpose
9 of refunding any bonds issued under this section and then
10 outstanding, either by voluntary exchange with the holders of
11 the outstanding bonds, or to provide funds to redeem and retire
12 the outstanding bonds with accrued interest, any premium payable
13 thereon and the costs of issuance and retirement of bonds, at
14 maturity or at any call date. The issuance of the refunding
15 bonds, the maturities and other details thereof, the rights of
16 the holders thereof and the duties of the issuing officials in
17 respect to the same shall be governed by the provisions of this
18 section, insofar as they may be applicable. Refunding bonds may
19 be issued by the issuing officials to refund bonds originally
20 issued or to refund bonds previously issued for refunding
21 purposes.

22 (h) Quorum.--Whenever any action is to be taken or decision
23 made by the Governor, the Auditor General and the State
24 Treasurer acting as issuing officials and the three officers are
25 not able unanimously to agree, the action or decision of the
26 Governor and either the Auditor General or the State Treasurer
27 shall be binding and final.

28 (i) Public sale.--Whenever 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 issuing officials

1 to the highest and best bidder or bidders after due public
2 advertisement on the terms and conditions and upon open
3 competitive bidding as the issuing officials shall direct. The
4 manner and character of the advertisement and the time of
5 advertising shall be prescribed by the issuing officials.

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

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

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

23 (m) Disposition and use of proceeds.--The proceeds realized
24 from the sale of bonds and notes, except funding bonds,
25 refunding bonds and renewal notes, under the provisions of this
26 section are specifically dedicated to the purposes of the
27 referendum to be implemented by this chapter and shall be paid
28 into the Pennsylvania Port Capital Loan Fund created under
29 section 9704(a) (relating to department funds) in the State
30 Treasury in amounts as may be specified by the department. The

1 proceeds shall be paid by the State Treasurer periodically to
2 the department to expend them at the times and in the amounts as
3 may be necessary to satisfy the funding needs of the department.
4 The proceeds of the sale of funding bonds, refunding bonds and
5 renewal notes shall be paid to the State Treasurer and applied
6 to the payment of principal, the accrued interest and premium,
7 if any, and costs of redemption of the bonds and notes for which
8 the obligations shall have been issued.

9 (n) Investment of funds.--Pending their application to the
10 purposes authorized, moneys held or deposited by the State
11 Treasurer may be invested or reinvested as are other funds in
12 the custody of the State Treasurer in the manner provided by
13 law. All earnings received from the investment or deposit of
14 such funds shall be paid into the State Treasury to the credit
15 of the Pennsylvania Port Capital Loan Fund created by the
16 department in section 9704(a) in the amounts as may be specified
17 by the department under that section.

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

24 (p) Expenses of preparation for issue and sale of bonds and
25 notes.--There is hereby appropriated to the State Treasurer from
26 the proceeds of the bonds and notes issued as much money as may
27 be necessary for all costs and expenses in connection with the
28 issue of and sale and registration of the bonds and notes in
29 connection with this chapter.

30 (q) Expenses of department.--There is hereby appropriated to

1 the department from the proceeds of the bonds and notes issued
2 as much money as may be necessary for all costs and expenses in
3 connection with the administration of this chapter.

4 (r) Negotiable instrument designation.--Whether or not the
5 bonds are of a form and character as to be negotiable
6 instruments under the terms of Title 13 (relating to commercial
7 code), the bonds are made negotiable instruments within the
8 meaning of and for the purposes of Title 13, subject only to the
9 provisions of the bonds for registration.

10 § 9703. Loans for project funding.

11 (a) General rule.--Loans under this chapter may be made for
12 the following purposes:

13 (1) For capital improvements and construction or
14 acquisition of facilities undertaken by public ports.

15 (2) For acquisition of equipment by owners of public
16 ports.

17 (b) Limits on loans.--Any loan made under this chapter shall
18 be subject to the following:

19 (1) Loan funds may be used to finance no more than 85%
20 of project costs.

21 (2) The original principal amount of a loan and the
22 total of the principal balances of all loans to one borrower
23 outstanding at any time shall not be more than \$10,000,000.

24 (3) The term of a loan may not be more than 20 years
25 calculated from the time of making the loan.

26 (4) Security for a loan may be required by the
27 department.

28 (c) Administration of loans.--Except as provided in
29 subsection (d), loans made under this chapter shall be
30 administered by the Bureau of Rail Freight, Ports and Waterways

1 within the department.

2 (d) Administration of loans in port district administered by
3 Port of Pittsburgh Commission.--Loans made under this chapter to
4 owners of ports and port facilities and development corporations
5 in the port district as defined in the act of December 14, 1992
6 (P.L.818, No.133), known as the Port of Pittsburgh Commission
7 Act, shall be administered by the Port of Pittsburgh Commission.

8 § 9704. Department funds.

9 (a) Pennsylvania Port Capital Loan Fund.--The department
10 shall create the Pennsylvania Port Capital Loan Fund in the
11 State Treasury for the purpose of depositing:

12 (1) Proceeds from sale of Commonwealth general
13 obligation bonds issued under this chapter.

14 (2) Payments from outstanding loans.

15 (3) Federal and State appropriations made under this
16 chapter.

17 (b) Other funds.--The department may also create
18 nonrevolving funds and accounts as it deems necessary and
19 convenient to carry out the purposes of this chapter.

20 Section 2. This act shall take effect in 60 days.