
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 2

Session of
2008

INTRODUCED BY EARLL, PILEGGI, M. WHITE, SCARNATI, PUNT, MADIGAN,
ERICKSON, TOMLINSON, CORMAN, McILHINNEY, ORIE, RAFFERTY,
GREENLEAF, D. WHITE, REGOLA, WONDERLING, FOLMER, MUSTO,
WAUGH, KITCHEN, VANCE, GORDNER AND BROWNE, MAY 5, 2008

REFERRED TO ENVIRONMENTAL RESOURCES AND ENERGY, MAY 5, 2008

AN ACT

1 Providing for the allocation of money in the Pennsylvania Gaming
2 Economic Development and Tourism Fund and for funding of
3 water or sewer projects, storm water projects, flood control
4 projects and high hazard dam projects.

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

7 CHAPTER 1

8 PRELIMINARY PROVISIONS

9 Section 101. Short title.

10 This act shall be known and may be cited as the H2O PA Act.

11 Section 102. Definitions.

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

15 "Authority." The Commonwealth Financing Authority
16 established under 64 Pa.C.S. Ch 15 (relating to Commonwealth
17 Financing Authority).

18 "Board." The Board of the Commonwealth Financing Authority

1 established under 64 Pa.C.S. § 1512 (relating to board).

2 "Department." The Department of Environmental Protection of
3 the Commonwealth.

4 "Eligible applicant." One or more municipalities or
5 municipal authorities.

6 "Municipal authority." A public authority created under 53
7 Pa.C.S. Ch. 56 (relating to municipal authorities) or under the
8 former act of May 2, 1945 (P.L.382, No.164) known as the
9 Municipality Authorities Act of 1945.

10 "PENNVEST." The Pennsylvania Infrastructure Investment
11 Authority established under the act of March 1, 1988 (P.L.82,
12 No.16), known as the Pennsylvania Infrastructure Investment
13 Authority Act.

14 "Project." The acquisition, construction, improvement,
15 including the installation of security measures, expansion,
16 repair or rehabilitation of all or part of a water supply
17 system, sewage disposal system, storm water system, flood
18 control system or high hazard dam. The term shall include the
19 consolidation of two or more water supply systems, sewage
20 disposal systems, storm water systems or flood control systems.

21 "Regional flood control project." A project to construct,
22 rehabilitate or upgrade a flood control system that is owned or
23 operated by two or more municipalities or authorities.

24 "Regional water supply, sewage disposal or storm water
25 project." A project to construct, rehabilitate or upgrade a
26 water supply system, sewage disposal system or storm water
27 system that is owned or operated by two or more municipalities
28 or municipal authorities.

29 "Water or sewer project." The acquisition, construction,
30 improvement, including the installation of security measures,

1 expansion, repair, rehabilitation of a water supply system,
2 sewage disposal system or storm water system.

3 CHAPTER 3

4 ALLOCATION OF FUNDS

5 Section 301. Fund distribution.

6 Notwithstanding the provisions of 4 Pa.C.S. § 1407(b)
7 (relating to Pennsylvania Gaming Economic Development and
8 Tourism Fund), all money in the Pennsylvania Gaming Economic
9 Development and Tourism Fund not previously allocated to
10 projects under the act of July 25, 2007 (P.L.342, No.53), known
11 as Pennsylvania Gaming Economic Development and Tourism Fund
12 Capital Budget Itemization Act of 2007, shall be allocated to
13 the authority for distribution under this act for water or
14 sewer, storm water, flood control and high hazard dam projects.
15 For a ten-year period beginning with the initial deposits under
16 4 Pa.C.S. § 1407(d), no loans or grants shall be distributed for
17 any project located in a city or county of the first or second
18 class.

19 CHAPTER 5

20 WATER AND SEWER PROJECTS, STORM WATER PROJECTS, FLOOD
21 CONTROL PROJECTS AND HIGH HAZARD DAM PROJECTS

22 Section 501. Commonwealth Financing Authority.

23 (a) General rule.--The authority shall incur indebtedness in
24 an amount of up to \$750,000,000 plus the payment of all
25 reasonable costs and expenses related to the issuance of
26 indebtedness in accordance with 64 Pa.C.S. Ch. 15 (relating to
27 Commonwealth Financing Authority) for up to 30 years. Net
28 proceeds from the sale of obligations incurred under this
29 section shall be allocated by the board for projects set forth
30 under section 502.

1 (b) Payments.--Beginning in fiscal year 2009-2010, money
2 allocated under section 301 shall be used by the authority for
3 payment of the debt service related to the issuance of
4 obligations under subsection (a).

5 (c) Grants and loans.--Proceeds from obligations issued
6 under section 501(a) and money remaining in the fund following
7 payment of debt service shall be used for single-year or
8 multiyear grants and loans to eligible applicants for projects
9 under subsection (e) following review under section 502. Grants
10 and loans shall be awarded to eligible applicants for projects
11 of \$500,000 or more.

12 (d) Local participation.--An eligible applicant shall
13 provide funds of not less than 50% of the amount awarded by the
14 authority.

15 (e) Applications.--Applications for grants or loans under
16 this chapter shall be in a form determined by the board and
17 shall contain plans and other documentation as required by the
18 board.

19 (f) Guidelines.--The authority shall publish guidelines in
20 the Pennsylvania Bulletin relating to the following:

- 21 (1) Eligibility of applicant.
- 22 (2) Required documentation.
- 23 (3) Form of application.
- 24 (4) Costs of a project that are eligible for a grant or
25 loan.
- 26 (5) Requirements and standards of review for eligible
27 projects.

28 Section 502. Distribution of funds.

29 (a) General rule.--The board shall distribute funds
30 available under section 501(c) by awarding grants or loans to

1 eligible applicants for the following projects:

2 (1) Water or sewer projects owned by an eligible
3 applicant.

4 (2) Flood control projects owned by an eligible
5 applicant.

6 (3) High hazard dam projects owned by an eligible
7 applicant.

8 (b) Review.--The authority shall consult with the
9 appropriate agency under section 503 and award grants and loans
10 in accordance with priorities under section 503 and guidelines
11 adopted under section 501(e).

12 Section 503. Review by agencies.

13 (a) Water or sewer projects.--

14 (1) (i) First priority shall be given to projects that
15 will consolidate two or more water supply systems, sewage
16 disposal systems or storm water systems owned by eligible
17 applicants.

18 (ii) Second priority shall be given to regional
19 water supply, sewage disposal or storm water projects.

20 (2) PENNVEST shall review all applications for grants
21 and loans under section 502(a)(1). The review shall include
22 an analysis of the following:

23 (i) The number of municipalities that will be part
24 of the water or sewer project and the number of
25 municipalities that will benefit the project.

26 (ii) Whether the construction, repair or
27 consolidation or a water or sewer project will enable
28 customers of the system to be more efficiently served.

29 (iii) The cost-effectiveness of the project when
30 compared to other water and sewer projects.

1 (iv) Improvement in the ability of the applicant to
2 come into compliance with Federal and State statutes,
3 regulations or other standards.

4 (v) The consistency of the proposed project with
5 other State and regional resource management and economic
6 development plans.

7 (vi) Whether the project serves existing populations
8 or whether the project is intended to serve new
9 development.

10 (vii) Whether the applicant has secured any required
11 planning and permit approvals for the project from the
12 department.

13 (viii) Whether the project is consistent with any
14 applicable county or local comprehensive plans.

15 (b) Flood control projects.--

16 (1) (i) First priority shall be given to projects that
17 will consolidate two or more flood control systems owned
18 by eligible applicants.

19 (ii) Second priority shall be given to regional
20 flood control projects.

21 (2) The department shall review all applications for
22 grants and loans under section 502(a)(2). The review shall
23 include an analysis of the following:

24 (i) The number of municipalities that will be part
25 of the flood control project and the number of
26 municipalities that will benefit from the project.

27 (ii) The history of flooding in the area to be
28 served by the project.

29 (iii) The cost-effectiveness of the project.

30 (iv) Improvement in the ability of the applicant to

1 (1) A list of all loans and grants approved and loans
2 repaid during the previous fiscal year.

3 (2) The name and address of each recipient, including
4 the name of a contact person of the recipient.

5 (3) The amount of the loan or grant and a detailed
6 description of each approved project.

7 (4) An analysis of how each program is improving the
8 health and safety of the citizens of this Commonwealth.

9 CHAPTER 51

10 MISCELLANEOUS PROVISIONS

11 Section 5101. Expenses or costs.

12 No money allocated for the program shall be used for expenses
13 or costs incurred by PENNVEST or the department for review and
14 technical assistance required under this act. No more than 1% of
15 funds from net proceeds from the sale of obligations under this
16 act may be used for administrative review relating to project
17 review.

18 Section 5102. Funds.

19 Funds deposited in the Pennsylvania Gaming Economic
20 Development and Tourism Fund under 4 Pa.C.S. § 1407(c) (relating
21 to Pennsylvania Gaming Economic Development and Tourism Fund)
22 shall not be considered State gaming receipts for purposes of 4
23 Pa.C.S. § 1202(b)(24) (relating to general and specific powers).

24 Section 5103. Limitations.

25 Funds deposited in the Pennsylvania Gaming Economic
26 Development and Tourism Fund shall not be used for grants or
27 loans under 64 Pa.C.S. § 1558 (relating to Water Supply and
28 Wastewater Infrastructure Program).

29 Section 5104. Inconsistent repeal.

30 The provisions of 4 Pa.C.S. § 1407(b) are repealed insofar as

- 1 they are inconsistent with this act.
- 2 Section 5105. Effective date.
- 3 This act shall take effect in 60 days.