

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 402 Session of 2011

INTRODUCED BY ORIE, YUDICHAK, PILEGGI, ALLOWAY, BAKER, BOSCOLA, BROWNE, BRUBAKER, COSTA, EARLL, EICHELBERGER, ERICKSON, FERLO, FONTANA, GREENLEAF, PICCOLA, RAFFERTY, ROBBINS, SMUCKER, SOLOBAY, STACK, D. WHITE, M. WHITE AND YAW, FEBRUARY 4, 2011

REFERRED TO LOCAL GOVERNMENT, FEBRUARY 4, 2011

AN ACT

1 Amending the act of April 9, 1929 (P.L.343, No.176), entitled,
2 as amended, "An act relating to the finances of the State
3 government; providing for the settlement, assessment,
4 collection, and lien of taxes, bonus, and all other accounts
5 due the Commonwealth, the collection and recovery of fees and
6 other money or property due or belonging to the Commonwealth,
7 or any agency thereof, including escheated property and the
8 proceeds of its sale, the custody and disbursement or other
9 disposition of funds and securities belonging to or in the
10 possession of the Commonwealth, and the settlement of claims
11 against the Commonwealth, the resettlement of accounts and
12 appeals to the courts, refunds of moneys erroneously paid to
13 the Commonwealth, auditing the accounts of the Commonwealth
14 and all agencies thereof, of all public officers collecting
15 moneys payable to the Commonwealth, or any agency thereof,
16 and all receipts of appropriations from the Commonwealth,
17 authorizing the Commonwealth to issue tax anticipation notes
18 to defray current expenses, implementing the provisions of
19 section 7(a) of Article VIII of the Constitution of
20 Pennsylvania authorizing and restricting the incurring of
21 certain debt and imposing penalties; affecting every
22 department, board, commission, and officer of the State
23 government, every political subdivision of the State, and
24 certain officers of such subdivisions, every person,
25 association, and corporation required to pay, assess, or
26 collect taxes, or to make returns or reports under the laws
27 imposing taxes for State purposes, or to pay license fees or
28 other moneys to the Commonwealth, or any agency thereof,
29 every State depository and every debtor or creditor of the
30 Commonwealth," in Local Government Capital Project Loan Fund
31 provisions, further providing for assistance to

1 municipalities and for ranking of applications.

2 The General Assembly of the Commonwealth of Pennsylvania
3 hereby enacts as follows:

4 Section 1. Section 1603-D of the act of April 9, 1929
5 (P.L.343, No.176), known as The Fiscal Code, amended or added
6 October 6, 1997 (P.L.387, No.46) and July 5, 2006 (P.L.296,
7 No.66), is amended to read:

8 Section 1603-D. Assistance to Municipalities.--(a) The
9 department is hereby authorized, upon application of a
10 municipality, to make loans to the municipality for the
11 following purposes and in the following amounts:

12 1. Purchasing equipment. The amount of a loan made for
13 purchasing equipment shall not exceed [twenty-five thousand
14 dollars (\$25,000)] fifty thousand dollars (\$50,000) for any
15 single piece of equipment or fifty per centum of the total cost
16 of the piece of equipment, whichever is less.

17 2. Purchasing, constructing, renovating or rehabilitating
18 facilities. The amount of a loan made for purchasing,
19 constructing, renovating or rehabilitating facilities shall not
20 exceed [fifty thousand dollars (\$50,000)] one hundred thousand
21 dollars (\$100,000) for any single facility or fifty per centum
22 of the total cost for purchasing, constructing, renovating or
23 rehabilitating the facility, whichever is less.

24 [3. Temporary increase in loan limits. For the fiscal year
25 commencing July 1, 2006, loans issued pursuant to paragraph 1
26 shall not exceed fifty thousand dollars (\$50,000) and issued
27 pursuant to paragraph 2 shall not exceed one hundred thousand
28 dollars (\$100,000).]

29 (b) Loans made by the department for the purchase of
30 equipment shall be for a period not to exceed the useful life of

1 the equipment and loans made for the purchase, construction,
2 renovation or rehabilitation of facilities shall be for a period
3 of not more than [ten] fifteen years. Loans shall be subject to
4 the payment of interest at two per centum per annum and shall be
5 subject to such security as shall be determined by the
6 department. The total amount of interest earned by the
7 investment or reinvestment of all or any part of the principal
8 of any loan shall be returned to the department and transferred
9 to the fund and shall not be credited as payment of principal or
10 interest on the loan. The minimum amount of any loan shall be
11 one thousand dollars (\$1,000). The municipality shall comply
12 with the approval requirements of 53 Pa.C.S. Ch. 80 Subch. C
13 (relating to procedure for securing approval of electors).

14 (c) Every application for a loan under this article shall be
15 accompanied by a financial statement of the municipality and a
16 financial plan to show how the loan will be repaid. Every
17 application shall be accompanied by evidence sufficient to show
18 that all costs, except the amount of the loan, will be met by
19 assets or revenues of the municipality, grants or loans from
20 other sources or in-kind contributions or services.

21 (d) Loans under this article shall be used for purchasing
22 equipment and for purchasing, constructing, renovating or
23 rehabilitating facilities and shall not be used for operating
24 expenses or for the refinancing or reduction of any debt or
25 obligation incurred prior to the effective date of this article.

26 (e) Loans made by the department shall be paid from the fund
27 to municipalities in accordance with rules and regulations
28 promulgated by the department.

29 (f) All payments of interest on loans and the principal
30 thereof shall be deposited by the department in the fund.

1 Section 2. Section 1606-D of the act, added October 6, 1997
2 (P.L.387, No.46), is amended to read:

3 Section 1606-D. Ranking of Applications.--Whenever the
4 department determines that there will not be enough money in the
5 fund to make loans to all of the municipalities expected to
6 submit eligible applications during an application period, the
7 department shall rank the applications in order of priority to
8 determine which loans shall be made first. A system of ranking
9 shall be established for the purposes of this section by
10 regulation and shall provide for consideration of factors such
11 as whether the municipality has previously received a loan
12 pursuant to this act; the financial condition of the
13 municipality; and the impact of the purchase of equipment or the
14 purchase, construction, renovation or rehabilitation of
15 facilities on the health, safety or welfare of the residents of
16 the municipality. The department may give priority to projects
17 that promote municipal cooperation.

18 Section 3. This act shall take effect in 60 days.