AN ACT

Implementing the provisions of clause (1) of subsection (a) of section 7 of Article VIII of the Constitution of the Commonwealth of Pennsylvania authorizing the incurring of debt for the rehabilitation of areas of this Commonwealth affected by the COVID-19 disaster emergency; imposing duties upon the Governor, the Auditor General and State Treasurer; prescribing the procedures for the issuance, sale and payment of general obligations bonds, the funding of debt and refunding of bonds; exempting bonds from State and local taxation; establishing certain funds; providing for allocation of proceeds and for a legislative COVID-19 disaster oversight committee; and making appropriations.

TABLE OF CONTENTS

Chapter 1. Preliminary Provisions

Section 101. Short title.

Section 102. Definitions.

Chapter 3. Bonds

Section 301. Borrowing of money authorized.

Section 302. General obligation bonds authorized.

Section 303. Disposition and use of proceeds.

Section 304. Issuance of bonds, interest and maturity.

Section 305. Direct obligations, exemption from taxation and means of payment.
Section 306. Sale of bonds.
Section 307. Temporary financing authorization.
Section 308. Disaster Relief Redemption Fund.
Section 309. Refunding bonds.
Section 310. Reporting requirements.
Section 311. Registration of bonds.
Section 312. Voting requirements.
Chapter 5. Appropriations
Section 501. Appropriations.
Chapter 7. Legislative COVID-19 Disaster Oversight Committee
Section 701. Legislative COVID-19 Disaster Oversight Committee.
Section 2101. Effective date.

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

CHAPTER 1
PRELIMINARY PROVISIONS
Section 101. Short title.
This act shall be known and may be cited as the COVID-19 Disaster Recovery Act.
Section 102. Definitions.
The following words and phrases when used in this act shall have the meanings given to them in this section unless the context clearly indicates otherwise:
"COVID-19." The novel coronavirus as identified in the proclamation of disaster emergency issued issued by the Governor on March 6, 2020, published at 50 Pa.B. 1644 (March 21, 2020).
"Issuing officials." The Governor, the Auditor General and the State Treasurer.

CHAPTER 3
20200HB2480PN3702 - 2 -
Section 301. Borrowing of money authorized.

Pursuant to the provisions of clause (1) of subsection (a) of section 7 of Article VIII of the Constitution of Pennsylvania, the Commonwealth is hereby authorized and directed to borrow from time to time money not exceeding in the aggregate the sum of $5,000,000,000, not including money borrowed to refund outstanding bonds, notes or replacement notes, as may be found necessary to carry out the rehabilitation of areas of this Commonwealth affected by the COVID-19 disaster emergency.

Section 302. General obligation bonds authorized.

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

Section 303. Disposition and use of proceeds.

(a) Deposit.--The proceeds from the sale of bonds and notes, except refunding bonds and replacement notes, issued pursuant to this act shall be paid to the State Treasurer for deposit into the COVID-19 Disaster Relief Account, which is established as a restricted receipts account within the Budget Stabilization Reserve Fund.

(b) Dedication of funds.--Money in the COVID-19 Disaster Relief Account is hereby specifically dedicated to meeting the costs of the rehabilitation of areas of this Commonwealth affected by the COVID-19 disaster emergency, including, but not limited to, public assistance and disaster mitigation as defined
in or authorized by The Robert T. Stafford Disaster Relief and Emergency Assistance Act (Public Law 93-288, 88 Stat. 143), and paying the costs and expenses of issuing bonds and notes. 

(c) Interest earnings.--Pending its application to the purposes authorized, money held or deposited by the State Treasurer may be invested and reinvested as are other funds in the custody of the State Treasurer in the manner provided by law. All earnings received from the investment or deposit of the funds shall be paid into the State Treasury to the credit of the COVID-19 Disaster Relief Account.

(d) Allocation of proceeds.--Subject to the total limit of $5,000,000,000, the money authorized to be borrowed by section 301 shall be allocated as follows:

(1) (Reserved).

(2) (Reserved).

(e) Transfer of unused funds.--Money in the COVID-19 Disaster Relief Account not necessary to pay unexpired contracts or to pay potential legal obligations shall be transferred by the State Treasurer, with the approval of the Governor, to the COVID-19 Disaster Relief Redemption Fund and shall be used to pay debt service on the existing COVID-19 disaster relief bonds.

Section 304. Issuance of bonds, interest and maturity.

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

(b) Terms.--Except as otherwise set forth in this act, the
terms and conditions of issue, redemption and maturity and time
of payment of interest shall be as the issuing officials shall
specify. The issuing officials shall provide for the
amortization of the bonds in substantial and regular amounts
over the term of the debt. The first retirement of principal
shall be stated to mature prior to the expiration of a period of
time equal to one-tenth of the time from the date of the first
obligation issued to evidence the debt to the date of the
expiration of the term of the debt. Retirements of principal
shall be regular and substantial if made in annual or semiannual
amounts whether by stated serial maturities or by mandatory
sinking fund retirements computed in accordance with either a
level annual debt service plan, as nearly as may be, or upon the
equal annual maturities plan. The issuing officials are
authorized to carry out the provisions of this act relating to
the issuance of bonds and shall determine all matters in
connection with the issuance of the bonds subject to the
provisions of this act.

(c) Signatures.--All bonds issued under the authority of
this act shall bear the facsimile signatures of the issuing
officials and a facsimile of the Great Seal of the Commonwealth
of Pennsylvania and shall be countersigned by a duly authorized
officer of a duly authorized loan and transfer agent of the
Commonwealth.
All bonds issued in accordance with this act shall be direct obligations of the Commonwealth, and the full faith and credit of the Commonwealth are hereby pledged for the payment of the interest on the bonds as the same shall become due and the payment of the principal of the bonds at maturity. All bonds issued under this act shall be exempt from taxation for State and local purposes, except as provided under Article XXIX of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971. The principal of and interest on the bonds shall be payable in lawful money of the United States.

Section 306. Sale of bonds.

(a) Requirements.--If bonds are issued in accordance with this act, the bonds shall be offered for sale at not less than 98% of the principal amount of the bonds and accrued interest and shall be sold by the issuing officials to the highest and best bidder or bidders after due public advertisement on terms and conditions and upon open competitive bidding as the issuing officials shall direct. The manner and times of advertising shall be prescribed by the issuing officials.

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

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

Section 307. Temporary financing authorization.

(a) Temporary borrowing.--Pending the issuance of bonds of the Commonwealth as authorized, the issuing officials are authorized, in accordance with the provisions of this act and on the credit of the Commonwealth, to make temporary borrowings, through public or private sale, not to exceed three years in anticipation to the issue of bonds in order to provide funds in the amounts as may from time to time be deemed advisable prior to the issue of bonds. In order to provide for and in connection with the temporary borrowings, the issuing officials are authorized in the name and on behalf of the Commonwealth to enter into any purchase, loan or credit agreement, or agreements, or other agreement or agreements with any banks or trust companies or other lending institutions, investment banking firms or persons in the United States having power to enter into the same, which agreements may contain provisions not inconsistent with this act, as may be authorized by the issuing officials.

(b) Evidence of debt.--All temporary borrowings made under the authorization of this section shall be evidenced by notes of the Commonwealth, which shall be issued from time to time for amounts not exceeding in the aggregate the applicable statutory and constitutional debt limitation, in a form and in the denominations and subject to terms and condition of sale and issue, prepayment or redemption and maturity, rate or rates of interest and time of payment of interest as the issuing officials shall authorize and direct and in accordance with this act. The authorization and direction may provide for the
subsequent issuance of replacement notes to refund outstanding
notes or replacement notes, which replacement notes shall, upon
issuance, evidence the borrowing, and may specify other terms
and conditions with respect to the notes and replacement notes
authorized for issuance as the issuing officials may determine
and direct.

(c) Replacement notes.--If the authorization and direction
of the issuing officials provide for the issuance of replacement
notes, the issuing officials are authorized in the name and on
behalf of the Commonwealth to issue, enter into or authorize and
direct the State Treasurer to enter into agreements with any
banks, trust companies, investment banking firms or other
institutions or persons in the United States having the power to
to enter the same:

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

(2) To credit, to enter into any purchase, loan or
credit agreements, to draw money pursuant to the agreements
on the terms and conditions set forth in the agreements and
to issue notes as evidence of borrowings made under the
agreements.

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

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

(d) Terms.--The agreements under subsection (c) may provide
for the compensation of any purchasers or underwriters of notes
or replacement notes by discounting the purchase price of the
notes or by payment of a fixed fee or commission at the time of
issuance of the notes, and all other costs and expenses, including fees for agreements related to the notes, issuing and paying agent costs and costs and expenses of issuance, may be paid from the proceeds of the notes.

(e) Duties of State Treasurer.—If the authorization and direction of the issuing officials provide for the issuance of replacement notes, the State Treasurer shall, at or prior to the time of delivery of these notes or replacement notes, determine the principal amounts, dates of issue, interest rate or rates or procedures for establishing the interest rate from time to time, rates of discount, denominations and all other terms and conditions relating to the issuance and shall perform all acts and things necessary to pay or cause to be paid, when due, all principal of and interest on the notes being refunded by replacement notes and to assure that the same may draw upon any money available for that purpose pursuant to any purchase, loan or credit agreements established with respect to the notes and replacement notes, all subject to the authorization and direction of the issuing officials.

(f) Retirement of outstanding notes.—Outstanding notes evidencing the borrowings may be funded and retired by the issuance and sale of the bonds of the Commonwealth as authorized in this act. The refunding bonds must be issued and sold not later than a date three years after the date of issuance of the first notes evidencing the borrowings to the extent that payment of the notes has not otherwise been made or provided for by sources other than proceeds of replacement notes.

(g) Disposition of proceeds.—The proceeds of all the temporary borrowing shall be paid to the State Treasurer to be held and disposed of in accordance with the provisions of this act.
Section 308. Disaster Relief Redemption Fund.

(a) Establishment.--All bonds issued under the authority of this act shall be paid at maturity and all interest due from time to time on the bonds and on all notes issued under this act shall be paid from the COVID-19 Disaster Relief Redemption Fund, which is hereby established. The General Assembly shall appropriate annually the money necessary to pay the interest on the bonds and notes and the principal of the bonds and notes at maturity for which other provision is not made. All money appropriated shall be paid into the COVID-19 Disaster Relief Redemption Fund by the State Treasurer. All money received prior to the date for disbursement shall be invested by the State Treasurer pending disbursement in the securities as are provided by law for the investment of surplus money of the Commonwealth.

(b) Use of fund.--The investment of the money and the accumulations on the investment in the COVID-19 Disaster Relief Redemption Fund shall be devoted to and be used exclusively for the payment of the interest accruing on the bonds and notes and for the redemption of the bonds and notes at maturity or upon the redemption date, if called for prior redemption. The State Treasurer, with the approval of the Governor, is authorized at any time to use any of the funds for the purchase and retirement of all or any part of the bonds issued under this act. No purchase shall be made which will reduce the money in the COVID-19 Disaster Relief Redemption Fund below the amount necessary to pay all principal and interest still to become due in the fiscal year of the purchase. In the event that all or any part of the bonds shall be purchased by the Commonwealth, the bonds shall be canceled and returned to the State Treasurer as canceled and
paid bonds, and thereafter all payments of interest on the bonds shall cease, and the canceled bonds and coupons shall be destroyed as promptly as possible after cancellation but not later than two years after cancellation. A certificate evidencing the destruction of the canceled bonds, notes and coupons shall be provided by the loan and transfer agent to the issuing officials. All canceled bonds, notes and coupons shall be mutilated as to make the canceled bonds, notes and coupons nonnegotiable.

Section 309. Refunding bonds.

The issuing officials are authorized to provide by resolution for the issuance of refunding bonds for the purpose of refunding any debt issued under this act and then outstanding, either by voluntary exchange with the holders of the outstanding debt or to provide funds to redeem and retire the outstanding debt with accrued interest, any premium payable and the costs of issuance and retirement of the debt, at maturity or at any call date. The issuance of the refunding bonds, the maturities and other details of the refunding bonds, the rights of the holders of the refunding bonds and the duties of the issuing officials in respect to the refunding bonds shall be governed by the provisions of this section insofar as they may be applicable. Refunding bonds which are not subject to the aggregate limitation of $5,000,000,000 of debt to be issued pursuant to this act may be issued by the issuing officials to refund debt originally issued or to refund bonds previously issued for refunding purposes.

Section 310. Reporting requirements.

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

Section 311. Registration of bonds.

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

Section 312. Voting requirements.

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

CHAPTER 5

APPROPRIATIONS

Section 501. Appropriations.

(a) Appropriation.--The net proceeds, less the costs and expenses of issuing the obligations, of the sale of the $5,000,000,000 of obligations authorized under this act shall be appropriated from the COVID-19 Disaster Relief Account in accordance with section 1703-A of the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal Code, to the Governor for allocation by the Secretary of the Budget as provided in section 20200HB2480PN3702

- 12 -
(b) Appropriation to State Treasurer.--There is hereby appropriated to the State Treasurer from the COVID-19 Disaster Relief Account as much money as may be necessary for all costs and expenses in connection with the issue of and sale and registration of the bonds and notes in connection with this act and the payment of interest arbitrage rebates on proceeds of the bonds and notes.

CHAPTER 7

LEGISLATIVE COVID-19 DISASTER OVERSIGHT COMMITTEE

Section 701. Legislative COVID-19 Disaster Oversight Committee.

(a) Establishment.--A special legislative committee to be known as the Legislative COVID-19 Disaster Oversight Committee is established and shall be composed of the following:

(1) The Majority Leader of the Senate.
(2) The Minority Leader of the Senate.
(3) The Majority Leader of the House of Representatives.
(4) The Minority Leader of the House of Representatives.
(5) The Executive Director of the Pennsylvania Emergency Management Agency.

(b) Powers and duties.--The Legislative COVID-19 Disaster Oversight Committee may recommend policies for implementation of this act to the Pennsylvania Emergency Management Agency and may inquire into delays and issues related to distribution of public assistance and other grants authorized under this act.

CHAPTER 21

MISCELLANEOUS PROVISIONS

Section 2101. Effective date.

This act shall take effect immediately.