

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1432 Session of  
1984

INTRODUCED BY JUBELIRER, ZEMPRELLI, MOORE, SCANLON, HOPPER,  
HOWARD, KRATZER, LINCOLN, LLOYD, LOEPER, LYNCH, MELLOW,  
MUSTO, O'CONNELL, O'PAKE, ANDREZESKI, BODACK, CORMAN, FISHER,  
HANKINS, HELFRICK, HESS, REIBMAN, RHOADES, ROCKS, ROMANELLI,  
ROSS, SHAFFER, SHUMAKER, SINGEL, STAPLETON, STOUT, STREET,  
WILLIAMS, WILT AND HAGER, JUNE 15, 1984

REFERRED TO APPROPRIATIONS, JUNE 15, 1984

AN ACT

1 Implementing the provisions of the referendum, approved by the  
2 electors, for the incurrence of indebtedness of \$190,000,000  
3 for the economic redevelopment of the Commonwealth through  
4 grants and loans for industrial and business development,  
5 including small business and minority business development,  
6 training and retraining programs including the acquisition of  
7 computer equipment for local school districts and teacher  
8 training in the use of such equipment, economic development  
9 in distressed areas and job creation programs.

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1 Section 10. Effective date.

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

4 Section 1. Short title.

5 This act shall be known and may be cited as the Pennsylvania  
6 Economic Revitalization Act.

7 Section 2. Legislative findings and declaration of purpose.

8 (a) Industrial and business development.--The General  
9 Assembly finds that pursuant to the provisions of section  
10 7(a)(3) of Article VIII of the Constitution of Pennsylvania, the  
11 voters of the Commonwealth approved by referendum of April 10,  
12 1984, the incurring of indebtedness of \$190,000,000 to promote  
13 economic redevelopment throughout Pennsylvania through job  
14 producing programs; grants and loans for industrial and small  
15 business development; acquisition of equipment for vocational  
16 programs in secondary schools, community colleges and  
17 engineering degree-granting schools; agricultural development;  
18 and the acquisition, rehabilitation or development of facilities  
19 for community services and public recreation purposes, by  
20 providing for grants and loans to promote the economic  
21 redevelopment of the Commonwealth and to implement the approved  
22 referendum.

23 (b) Purpose of act.--It is the purpose of this act to  
24 implement section 5 of the act of February 24, 1984 (P.L.99,  
25 No.19), entitled "An act authorizing the indebtedness, with the  
26 approval of the electors, of \$190,000,000 to promote economic  
27 redevelopment throughout Pennsylvania through job producing  
28 programs; grants and loans for industrial and small business  
29 development; acquisition of equipment for vocational programs in  
30 secondary schools, community colleges and engineering degree-

1 granting schools; agricultural development; and the acquisition,  
2 rehabilitation or development of facilities for community  
3 services and public recreation purposes," by providing for  
4 grants and loans to promote the economic redevelopment of the  
5 Commonwealth and to implement the approved referendum.

6 Section 3. Pennsylvania Economic Revitalization Fund.

7 (a) Creation.--There is hereby created a special fund in the  
8 State Treasury to be known as the Pennsylvania Economic  
9 Revitalization Fund dedicated to the purposes specified in the  
10 act of February 24, 1984 (P.L.99, No.19), entitled "An act  
11 authorizing the indebtedness, with the approval of the electors,  
12 of \$190,000,000 to promote economic redevelopment throughout  
13 Pennsylvania through job producing programs; grants and loans  
14 for industrial and small business development; acquisition of  
15 equipment for vocational programs in secondary schools,  
16 community colleges and engineering degree-granting schools;  
17 agricultural development; and the acquisition, rehabilitation or  
18 development of facilities for community services and public  
19 recreation purposes," and as the General Assembly shall, by law,  
20 provide.

21 (b) Operation of fund.--The Pennsylvania Economic  
22 Revitalization Fund shall be the fund from which all moneys are  
23 appropriated to carry out the purposes specified in the act of  
24 February 24, 1984 (P.L.99, No.19), and such other purposes as  
25 the General Assembly shall, by law, provide. Any moneys, repaid  
26 to the Commonwealth from programs funded through the  
27 Pennsylvania Economic Revitalization Fund shall, be deposited in  
28 a restricted receipt account and shall remain in such account  
29 until the General Assembly, by law, provides for their  
30 utilization and expenditure. All funds required after enactment

1 of this act to retire bonds issued as the result of the act of  
2 February 24, 1984 (P.L.99, No.19), shall be appropriated from  
3 the General Fund.

4 Section 4. Borrowing authorized.

5 (a) Authority to borrow.--Pursuant to the provisions of  
6 section 7(a)(3) of Article VIII of the Constitution of  
7 Pennsylvania and the referendum approved by the electorate, the  
8 issuing officials are authorized and directed to borrow, on the  
9 credit of the Commonwealth, money not exceeding in the aggregate  
10 the sum of \$190,000,000 not including money borrowed to refund  
11 outstanding bonds, notes or replacement notes, as may be found  
12 necessary to carry out the purposes of this act.

13 (b) Issuance of general obligation bonds.--As evidence of  
14 the indebtedness authorized in this act, general obligation  
15 bonds of the Commonwealth shall be issued, from time to time, to  
16 provide moneys necessary to carry out the purposes of this act  
17 for such total amounts, in such form, in such denominations and  
18 subject to such terms and conditions of issue, redemption and  
19 maturity, rate of interest and time of payment of interest as  
20 the issuing officials direct, except that the latest stated  
21 maturity date shall not exceed 30 years from the date of the  
22 first obligation issued to evidence the debt.

23 (c) Execution of bonds.--All bonds and notes issued under  
24 the authority of this act shall bear facsimile signatures of the  
25 issuing officials and a facsimile of the Great Seal of the  
26 Commonwealth and shall be countersigned by a duly authorized  
27 officer of a duly authorized loan and transfer agent of the  
28 Commonwealth.

29 (d) Direct obligation of Commonwealth.--All bonds and notes  
30 issued in accordance with the provisions of this section shall

1 be direct obligations of the Commonwealth and the full faith and  
2 credit of the Commonwealth are hereby pledged for the payment of  
3 the interest thereon, as it becomes due, and the payment of the  
4 principal at maturity. The principal of and interest on the  
5 bonds and notes shall be payable in lawful money of the United  
6 States.

7 (e) Exemption from taxation.--All bonds and notes issued  
8 under the provisions of this section shall be exempt from  
9 taxation for State and local purposes except as may be provided  
10 under Article XVI of the act of March 4, 1971 (P.L.6, No.2),  
11 known as the Tax Reform Code of 1971.

12 (f) Form of bonds.--The bonds may be issued as coupon bonds  
13 or registered as to both principal and interest as the issuing  
14 officials may determine. If interest coupons are attached, they  
15 shall contain the facsimile signature of the State Treasurer.

16 (g) Bond amortization.--The issuing officials shall provide  
17 for the amortization of the bonds in substantial and regular  
18 amounts over the term of the debt. The first retirement of  
19 principal shall be stated to mature prior to the expiration of a  
20 period of time equal to one-tenth of the time from the date of  
21 the first obligation issued to evidence the debt to the date of  
22 the expiration of the term of the debt. Retirements of principal  
23 shall be regular and substantial if made in annual or semiannual  
24 amounts whether by stated serial maturities or by mandatory  
25 sinking fund retirements.

26 (h) Refunding bonds.--The issuing officials are authorized  
27 to provide, by resolution, for the issuance of refunding bonds  
28 for the purpose of refunding any debt issued under the  
29 provisions of this act and then outstanding, either by voluntary  
30 exchange with the holders of the outstanding debt or to provide

1 funds to redeem and retire the outstanding debt with accrued  
2 interest, and premium payable thereon and the costs of issuance  
3 and retirement of the debt, at maturity or at any call date. The  
4 issuance of the refunding bonds, the maturities and other  
5 details thereof, the rights of the holders thereof and the  
6 duties of the issuing officials in respect to the same shall be  
7 governed by the provisions of this section, insofar as they may  
8 be applicable. Refunding bonds, which are not subject to the  
9 aggregate limitation of \$190,000,000 of debt to be issued  
10 pursuant to this act, may be issued by the issuing officials to  
11 refund debt originally issued or to refund bonds previously  
12 issued for refunding purposes.

13 (i) Quorum.--Whenever any action is to be taken or decision  
14 made by the Governor, the Auditor General and the State  
15 Treasurer acting as issuing officials and the three officers are  
16 not able unanimously to agree, the action or decision of the  
17 Governor and either the Auditor General or the State Treasurer  
18 shall be binding and final.

19 Section 5. Sale of bonds.

20 (a) Public sale.--Whenever bonds are issued, they shall be  
21 offered for sale at not less than 98% of the principal amount  
22 and accrued interest and shall be sold by the issuing officials  
23 to the highest and best bidder or bidders after due public  
24 advertisement on the terms and conditions and upon the open  
25 competitive bidding as the issuing officials shall direct. The  
26 manner and character of the advertisement and the time of  
27 advertising shall be prescribed by the issuing officials. No  
28 commission shall be allowed or paid for the sale of any bonds  
29 issued under the authority of this act.

30 (b) Private sale.--Any portion of any bond issue so offered

1 and not sold or subscribed for at public sale may be disposed of  
2 by private sale by the issuing officials in such manner and at  
3 such prices, not less than 98% of the principal amount and  
4 accrued interest, as the Governor shall direct. No commission  
5 shall be allowed or paid for the sale of any bonds issued under  
6 the authority of this act.

7 (c) Bond series.--When bonds are issued from time to time,  
8 the bonds of each issue shall constitute a separate series to be  
9 designated by the issuing officials or may be combined for sale  
10 as one series with other general obligation bonds of the  
11 Commonwealth.

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

17 (e) Investment of funds.--Pending their application to the  
18 purposes authorized, moneys held or deposited by the State  
19 Treasurer may be invested or reinvested as are other funds in  
20 the custody of the State Treasurer in the manner provided by  
21 law. All earnings received from the investment or deposit of  
22 such funds shall be paid into the State Treasury to the credit  
23 of the Pennsylvania Economic Revitalization Fund. Such earnings  
24 in excess of bond discounts allowed and expenses paid for the  
25 issuance of bonds and notes shall be transferred annually to the  
26 Pennsylvania Economic Revitalization Sinking Fund.

27 (f) Registration of bonds.--The Auditor General shall  
28 prepare the necessary registry book to be kept in the office of  
29 the duly authorized loan and transfer agent of the Commonwealth  
30 for the registration of any bonds, at the request of owners

1   thereof, according to the terms and conditions of issue directed  
2   by the issuing officials.

3       (g)   Expenses of preparation for issue and sale of bonds and  
4   notes.--There is hereby appropriated to the State Treasurer from  
5   the proceeds of the bonds and notes issued as much money as may  
6   be necessary for all costs and expenses in connection with the  
7   issue of and sale and registration of the bonds and notes in  
8   connection with this act.

9   Section 6.   Temporary financing authorization.

10       (a)   Authority.--Pending the issuance of bonds of the  
11   Commonwealth as authorized, the issuing officials are hereby  
12   authorized in accordance with the provisions of this act and on  
13   the credit of the Commonwealth to make temporary borrowings not  
14   to exceed three years in anticipation to the issue of bonds in  
15   order to provide funds in such amounts as may from time to time  
16   be deemed advisable prior to the issue of bonds. In order to  
17   provide for and in connection with such temporary borrowings,  
18   the issuing officials are hereby authorized in the name and on  
19   behalf of the Commonwealth to enter into any purchase, loan or  
20   credit agreement, or agreements, or other agreement or  
21   agreements with any banks or trust companies or other lending  
22   institutions, investment banking firms or persons in the United  
23   States having power to enter into the same, which agreements may  
24   contain such provisions, not inconsistent with the provisions of  
25   this act as may be authorized by the issuing officials.

26       (b)   Evidence of temporary borrowings.--All temporary  
27   borrowings made under the authorization of this section shall be  
28   evidenced by notes of the Commonwealth, which shall be issued  
29   from time to time for such amounts not exceeding in the  
30   aggregate the applicable statutory and constitutional debt



1 limitation, in such form and in such denominations, and subject  
2 to terms and condition of sale and issue, prepayment or  
3 redemption and maturity, rate or rates of interest, and time of  
4 payment of interest as the issuing officials shall authorize and  
5 direct and in accordance with this act. Such authorization and  
6 direction may provide for the subsequent issuance of replacement  
7 notes, to refund outstanding notes or replacement notes which  
8 replacement notes shall upon issuance thereof, evidence such  
9 borrowing, and may specify such other terms and conditions with  
10 respect to the notes and replacement notes thereby authorized  
11 for issuance as the issuing officials may determine and direct.

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

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

22 (2) To credit, to enter into any purchase, loan or  
23 credit agreements, draw moneys pursuant to any such  
24 agreements on the terms and conditions set forth therein, and  
25 to issue notes as evidence of borrowings made under any such  
26 agreements.

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

29 (4) To do such other acts as may be necessary or  
30 appropriate to provide for the payment when due, of the

1 interest on and the principal of such notes.  
2 Such agreements may provide for the compensation of any  
3 purchasers or underwriters of notes or replacement notes, by  
4 discounting the purchase price of the notes or by payment of a  
5 fixed fee or commission at the time of issuance thereof, and all  
6 other costs and expenses, including fees for agreements related  
7 to the notes, issuing and paying agent costs and costs and  
8 expenses of issuance may be paid from the proceeds of the notes.

9 (d) Duty of State Treasurer.--When the authorization and  
10 direction of the issuing officials provide for the issuance of  
11 replacement notes, the State Treasurer shall, at or prior to the  
12 time of delivery of these notes or replacement notes, determine  
13 the principal amounts, dates of issue, interest rate or rates  
14 (or procedures for establishing such rates from time to time),  
15 rates of discount, denominations and all other terms and  
16 conditions relating to the issuance and shall perform all acts  
17 and things necessary to pay or cause to be paid when due, all  
18 principal of and interest on the notes being refunded by  
19 replacement notes, and to assure that the same may draw upon any  
20 moneys available for the purpose pursuant to any purchase, loan  
21 or credit agreements established with respect thereto, all  
22 subject to the authorization and direction of the issuing  
23 officials.

24 (e) Funding and retirement.--Outstanding notes evidencing  
25 such borrowings may be funded and retired by the issuance and  
26 sale of the bonds of the Commonwealth as hereinafter authorized.  
27 The refunding bonds must be issued and sold not later than a  
28 date three years after the date of issuance of the first notes  
29 evidencing such borrowings to the extent that payment of such  
30 notes has not otherwise been made or provided for by sources

1 other than proceeds of replacement notes.

2 (f) Proceeds.--The proceeds of all such temporary borrowing  
3 shall be paid to the State Treasurer to be held and disposed of  
4 in accordance with the provisions of section 7.

5 Section 7. Debt retirement.

6 (a) Pennsylvania Economic Revitalization Sinking Fund.--All  
7 bonds issued under the authority of this act shall be redeemed  
8 at maturity and all interest due, from time to time, on the  
9 bonds shall be paid from the Pennsylvania Economic  
10 Revitalization Sinking Fund which is hereby created. For the  
11 specific purpose of redeeming the bonds at maturity and paying  
12 all interest thereon in accordance with the information received  
13 from the Governor, the General Assembly shall appropriate moneys  
14 to the Pennsylvania Economic Revitalization Sinking Fund for the  
15 payment of interest on the bonds and notes and the principal  
16 thereof at maturity. All moneys paid into the Pennsylvania  
17 Economic Revitalization Sinking Fund and all of the moneys not  
18 necessary to pay accruing interest shall be invested by the  
19 State Treasurer in such securities as are provided by law for  
20 the investment of the sinking funds of the Commonwealth.

21 (b) Purchase of bonds.--In the event that all or any part of  
22 the bonds and notes are purchased, they shall be canceled and  
23 returned to the loan and transfer agent as canceled and paid  
24 bonds and notes and thereafter all payments of interest thereon  
25 shall cease and the canceled bonds, notes and coupons together  
26 with any other canceled bonds, notes and coupons shall be  
27 destroyed as promptly as possible after cancellation but not  
28 later than two years after cancellation. A certificate  
29 evidencing the destruction of the canceled bonds, notes and  
30 coupons shall be provided by the loan and transfer agent to the

1 issuing officials. All canceled bonds, notes and coupons shall  
2 be so marked as to make the canceled bonds, notes and coupons  
3 nonnegotiable.

4 (c) Reporting requirements.--The State Treasurer shall  
5 determine and report to the Secretary of the Budget by November  
6 of each year the amount of money necessary for the payment of  
7 interest on outstanding obligations and the principal of the  
8 obligations, if any, for the following fiscal year and the times  
9 and amounts of the payments. It shall be the duty of the  
10 Governor to include in every budget submitted to the General  
11 Assembly full information relating to the issuance of bonds and  
12 notes under the provisions of this act and the status of the  
13 Pennsylvania Economic Revitalization Sinking Fund of the  
14 Commonwealth for the payment of interest on the bonds and notes  
15 and the principal thereof at maturity.

16 (d) Debt service appropriations.--The General Assembly shall  
17 appropriate an amount equal to such sums as may be necessary to  
18 meet repayment obligations for principal and interest for  
19 deposit into the Pennsylvania Economic Revitalization Sinking  
20 Fund.

21 (e) Interest rate on loans.--Except for the Pennsylvania  
22 Capital Loan Fund, the rate of interest on any loan made  
23 pursuant to this act be less than the rate of interest paid by  
24 the Commonwealth on the general obligation bonds or notes issued  
25 pursuant to this act from which funds were obtained for the loan  
26 except when that rate of interest would exceed the maximum  
27 permissible rate of interest under the Internal Revenue Code of  
28 1954 and the regulations promulgated thereunder so as to cause  
29 the general obligation bonds issued pursuant to this act to be  
30 deemed arbitrage bonds pursuant to section 103(c) of the

1 Internal Revenue Code of 1954 and the regulation promulgated  
2 thereunder. In such case, the rate of interest on a loan shall  
3 be equal to the maximum rate of interest calculable under the  
4 Internal Revenue Code of 1954 and regulations promulgated  
5 thereunder which will not cause the general obligation bonds and  
6 notes issued pursuant to this act to be deemed arbitrage bonds  
7 under the provisions of section 103(c) of the Internal Revenue  
8 Code of 1954 and all regulations promulgated thereunder. In the  
9 case of loans initially funded from the proceeds of notes and  
10 subsequently funded from renewal bonds and notes, the interest  
11 rate to be charged on the loans shall be established in  
12 accordance with this subsection upon the sale of bonds or notes,  
13 as the case may be, for the loans.

14 Section 8. Disposition and use of proceeds.

15 (a) Deposit of sale proceeds.--The proceeds realized from  
16 the sale of bonds and notes, under this act, other than  
17 refunding bonds and replacement notes, shall be paid to the  
18 State Treasurer and deposited into the Pennsylvania Economic  
19 Revitalization Fund and are specifically dedicated to the  
20 purposes enumerated in the act of February 24, 1984 (P.L.99,  
21 No.19), known as "An act authorizing the indebtedness, with the  
22 approval of the electors, of \$190,000,000 to promote economic  
23 redevelopment throughout Pennsylvania through job producing  
24 programs; grants and loans for industrial and small business  
25 development; acquisition of equipment for vocational programs in  
26 secondary schools, community colleges and engineering degree-  
27 granting schools; agricultural development; and the acquisition,  
28 rehabilitation or development of facilities for community  
29 services and public recreation purposes," and as the General  
30 Assembly shall, by law, provide.

1       (b) Other funds.--All non-Federal funds which may become  
2 available for the purposes of this act shall be deposited in the  
3 Pennsylvania Economic Revitalization Fund. Such funds, together  
4 with the proceeds realized from the sale of bonds and notes, are  
5 hereby appropriated from the Pennsylvania Economic  
6 Revitalization Fund and, upon approval by the Governor, shall be  
7 allocated for the purposes of this act.

8       (c) Proceeds of refunding or replacement bonds or notes.--  
9 The proceeds of the sale of refunding bonds and replacement  
10 notes are hereby appropriated to the State Treasurer and shall  
11 be applied to the payment of principal of, the accrued interest  
12 and premium, if any, and costs of redemption of the bonds and  
13 notes for which such obligations have been issued.

14 Section 9. Repeals.

15 All acts and parts of acts are repealed insofar as they are  
16 inconsistent with this act.

17 Section 10. Effective date.

18 This act shall take effect immediately.