
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

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TULLI, PETRARCA AND COLAIZZO, SEPTEMBER 27, 1994

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, SEPTEMBER 27, 1994

AN ACT

1 Providing for a loan program for local police agencies funded by
2 a bond issuance; and conferring powers and duties on the
3 Pennsylvania Emergency Management Agency, the Secretary of
4 the Commonwealth and the Legislative Reference Bureau.

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

12 CHAPTER 1
13 PRELIMINARY PROVISIONS

14 Section 101. Short title.

15 This act shall be known and may be cited as the Police Agency
16 Loan Act.

17 Section 102. Definitions.

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

21 "Agency." The Pennsylvania Emergency Management Agency.

22 "Fund." The Police Agency Loan Fund established in section
23 302.

24 "Police agency." A municipal police department. The term
25 includes an office of county detectives working for a district
26 attorney.

27 "Secretary." The Secretary of the Commonwealth.

28 "Sinking fund." The Police Agency Loan Sinking Fund
29 established in section 707.

30 CHAPTER 3

ADMINISTRATION

Section 301. Agency.

The agency has the following powers and duties:

(1) To administer the fund as set forth in section 702(c).

(2) To administer Chapter 5.

(3) To collect loans made under section 502(c). This paragraph includes the power to institute actions for legal or equitable relief.

(4) To promulgate regulations to implement this act.

Section 302. Fund.

(a) Establishment.--The Police Agency Loan Fund is established as a separate fund in the State Treasury.

(b) Source.--The following are the sources of the fund:

(1) The proceeds from the sale of bonds under section 706.

(2) The proceeds from the repayment of principal and interest of loans under section 502(c).

(c) Purpose.--The agency shall administer the fund to do all of the following:

(1) Make annual payments into the sinking fund in accordance with section 707(b)(2).

(2) Repay the State Treasurer for the cost of the bond issue under sections 703, 704 and 705.

(3) Make loans under section 502(c).

(4) Collect loans under section 301(3).

CHAPTER 5

LOAN PROGRAM

Section 501. Authority.

(a) Authorization.--The agency may make a loan to a

1 political subdivision for a police agency of the political
2 subdivision to purchase, maintain or repair buildings, equipment
3 or vehicles, as necessary for the proper performance of the
4 police agency's duties.

5 (b) Amount.--A loan under subsection (a) for the purchase,
6 maintenance or repair of buildings shall be for not less than
7 \$5,000 nor more than \$200,000. A loan under subsection (a) for
8 the purchase, maintenance or repair of vehicles or equipment
9 shall be for not less than \$5,000 nor more than \$100,000. No
10 political subdivision may receive loans totaling more than
11 \$300,000 in a five-year period.

12 (c) Terms.--A loan must be at an interest rate of 2% with
13 repayment periods as follows:

14 (1) For a loan of not more than \$15,000, a period of
15 five years.

16 (2) For a loan of more than \$15,000 but not more than
17 \$100,000, a period of ten years.

18 (3) For a loan of more than \$100,000, a period of 15
19 years.

20 Section 502. Loans.

21 (a) Application.--A political subdivision may apply for a
22 loan under section 501 by submitting to the agency all of the
23 following:

24 (1) Name of police agency.

25 (2) Proposed use of loan.

26 (3) Need for use under paragraph (2).

27 (4) Documented ability to repay principal and interest
28 of loan.

29 (b) Determination.--

30 (1) Within 60 days of receipt of an application under

subsection (a), the agency must make a decision and notify the political subdivision of the decision.

(2) Failure to issue timely notice under paragraph (1) shall be deemed a denial of the application.

(3) The provisions of 2 Pa.C.S. Ch. 7 Subch. A (relating to judicial review of Commonwealth agency action) shall apply to determinations under this subsection.

(c) Contracts.--Upon determination of eligibility under subsection (b), the agency shall enter into a loan contract with the political subdivision.

CHAPTER 7

DEBT

Section 701. Authority to borrow.

Pursuant to section 7(a)(3) of Article VIII of the Constitution of Pennsylvania and the referendum approved by the electorate under section 708, the Governor, Auditor General and State Treasurer are authorized and directed to borrow, on the credit of the Commonwealth, money not exceeding in the aggregate the sum of \$20,000,000 to implement Chapter 5.

Section 702. Bonds.

(a) General rule.--As evidence of the indebtedness authorized under section 701, general obligation bonds of the Commonwealth shall be issued. The Governor, Auditor General and State Treasurer shall direct for each bond the total amount; the form; the denomination; the terms and conditions of issue, redemption and maturity, rate of interest, and time of payment of interest. The latest stated maturity date shall not exceed 30 years from the date of the bond first issued for each series.

(b) Signature.--Bonds issued under subsection (a) shall bear facsimile signatures of the Governor, Auditor General and State

1 Treasurer and a facsimile of the Great Seal of the Commonwealth
2 of Pennsylvania and shall be countersigned by two authorized
3 officers of the authorized loan and transfer agents of the
4 Commonwealth.

5 (c) Status.--Bonds issued under subsection (a) shall be
6 direct obligations of the Commonwealth, and the full faith and
7 credit of the Commonwealth are pledged for the payment of the
8 interest on the bonds as it becomes due and the payment of the
9 principal of the bonds at maturity. Bonds issued under
10 subsection (a) shall be exempt from taxation for State and local
11 purposes. The principal of and interest on such bonds shall be
12 payable in lawful money of the United States of America.

13 (d) Format.--Bonds issued under subsection (a) may be issued
14 as coupon bonds or registered as to both principal and interest
15 as the issuing officials may determine. If interest coupons are
16 attached, they shall contain the facsimile signature of the
17 State Treasurer.

18 (e) Amortization.--The issuing officials shall provide for
19 the amortization of the bonds in substantial and regular amounts
20 over the term of the debt as follows:

21 (1) The first retirement of principal shall be stated to
22 mature prior to the expiration of a period of time equal to
23 one-tenth of the time from the date of the first obligation
24 issue to evidence the debt to the date of the expiration of
25 the term of the debt.

26 (2) Retirements of principal shall be regular and
27 substantial if made in annual or semiannual amounts, whether
28 by stated serial maturities or by mandatory sinking fund
29 retirements, computed either in accordance with a level
30 annual debt service plan, as nearly as may be, or upon the

1 equal annual maturities plan.

2 (f) Processing.--The Governor, the Auditor General and the
3 State Treasurer shall proceed to have the necessary bonds
4 prepared and printed. The bonds, as soon as they are prepared
5 and printed, shall be deposited with the authorized loan and
6 transfer agent of the Commonwealth, there to remain until sold
7 under section 703.

8 Section 703. Sale of bonds.

9 (a) Public sale.--Bonds issued under section 702(a) shall be
10 offered for sale at not less than 98% of the principal amount
11 and accrued interest and shall be sold by the Governor, Auditor
12 General and State Treasurer to the highest and best bidder or
13 bidders after public advertisement, on terms and conditions and
14 upon open competitive bidding, as the Governor, Auditor General
15 and State Treasurer shall direct.

16 (b) Private sale.--Any portion of a bond issue offered under
17 subsection (a) but not sold or subscribed for may be disposed of
18 by private sale by the Governor, Auditor General and State
19 Treasurer, in a manner and at a price not less than 98% of the
20 principal amount and accrued interest, as the Governor shall
21 direct. No commission shall be allowed or paid for the sale of
22 bonds issued under section 702(a).

23 (c) Series.--When bonds are issued, the bonds of each issue
24 shall constitute a separate series to be designated by the
25 issuing officials or may be combined for sale as one series with
26 other general obligation bonds of the Commonwealth.

27 Section 704. Refunding bonds.

28 The Governor, Auditor General and State Treasurer are
29 authorized to provide, by resolution, for the issuance of
30 refunding bonds for the purpose of refunding bonds issued under

1 section 702(a) and outstanding, either by voluntary exchange
2 with the holders of the outstanding bonds or by providing funds
3 to redeem and retire the outstanding bonds with accrued interest
4 and premium payable on the bonds, at maturity or at a call date.
5 Refunding bonds may be issued by the Governor, Auditor General
6 and State Treasurer to refund bonds previously issued under this
7 section for refunding purposes. Sections 701 through 703 shall
8 apply to bonds under this section.

9 Section 705. Registration of bonds.

10 The Auditor General shall prepare the necessary registry book
11 to be kept in the office of the authorized loan and transfer
12 agent of the Commonwealth for the registration of bonds issued
13 under subsection 702(a), at the request of bond owners,
14 according to the terms and conditions of issue directed by the
15 Governor, Auditor General and State Treasurer. Bonds which are
16 issued without interest coupons attached shall be registered in
17 the registry books kept by the authorized loan and transfer
18 agent of the Commonwealth.

19 Section 706. Proceeds.

20 The proceeds realized from the sale of bonds under section
21 702(a) shall be paid into the fund. The money shall be paid by
22 the State Treasurer into the fund.

23 Section 707. Sinking fund.

24 (a) Establishment.--The Police Agency Loan Sinking Fund is
25 established as a separate fund in the State Treasury.

26 (b) Source.--

27 (1) At the end of each fiscal year, the State Treasurer
28 shall notify the agency of the amount necessary for the
29 ensuing fiscal year to redeem, with interest, bonds issued
30 under section 702(a).

(2) Within 30 days of notice under paragraph (1), the agency shall pay from the fund to the sinking fund the amount set forth in the notice.

Section 708. Referendum.

(a) Question.--

(1) The question of incurring indebtedness of \$20,000,000 for loans to police agencies for the purpose of purchasing, maintaining and repairing buildings, equipment and vehicles, as necessary for the proper performance of the police agencies' duties, shall be submitted to the electors at the next primary, municipal or general election following the effective date of this section.

(2) The secretary shall certify the question to the county boards of election to implement paragraph (1).

(b) Form.--The question shall be in substantially the following form:

Do you favor the incurring of indebtedness of \$20,000,000 for loans to police agencies for the purpose of purchasing, maintaining and repairing buildings, equipment and vehicles, as necessary for the proper performance of the police agencies' duties?

(c) Election.--The election shall be conducted in accordance with the act of June 3, 1937 (P.L.1333, No.320), known as the Pennsylvania Election Code, except that the time limits for advertisement of notice of the election may be waived as to the question.

(d) Notice.--If a majority of the electors voting in the election under subsection (c) vote in the affirmative, the secretary shall send notice of the vote to the Legislative Reference Bureau for publication in the Pennsylvania Bulletin.

CHAPTER 31

MISCELLANEOUS PROVISIONS

Section 3101. Effective date.

This act shall take effect as follows:

(1) Section 708 and this section shall take effect immediately.

(2) The remainder of this act shall take effect on the date of publication of the notice under section 708(d).