
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1500

Session of
1997

INTRODUCED BY GEORGE, COLAIZZO, BELARDI, LAUGHLIN, MYERS,
SANTONI, HERMAN, TRAVAGLIO, ITKIN, ZUG, DALLY, OLASZ, LEH,
STABACK, ROBINSON, LUCYK, WOJNAROSKI, VEON, COLAFELLA, COY,
EVANS, LESCOVITZ, SHANER, SURRA, DeLUCA, TRICH, DeWEESE,
CARONE, PESCI, DALEY, WALKO, JAROLIN, REBER, MELIO AND
CASORIO, OCTOBER 29, 1997

REFERRED TO COMMITTEE ON EDUCATION, OCTOBER 29, 1997

AN ACT

1 Establishing a grant and loan program for school districts with
2 certain investment moneys; establishing the School District
3 Investment Grant and Loan Fund; and making an appropriation.

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

6 Section 1. Short title.

7 This act shall be known and may be cited as the School
8 District Investment Grant and Loan Act.

9 Section 2. Definitions.

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

13 "Department." The Department of Education of the
14 Commonwealth.

15 "Fund." The School District Investment Grant and Loan Fund
16 established by this act.

1 Section 3. School District Investment Grant and Loan Fund.

2 A special fund is established in the State Treasury, to be
3 known as the School District Investment Grant and Loan Fund. The
4 fund shall be used exclusively for the purposes set forth in
5 this act.

6 Section 4. School District Investment Grant and Loan Program.

7 The department shall establish and administer a school
8 district investment grant and loan program for the purpose of
9 providing grants under section 6 and loans from the fund to
10 school districts that have school district moneys attached by
11 the court in any legal proceeding initiated on or before
12 September 26, 1997, involving the investment of school district
13 moneys by any person, broker or investment advisor subject to
14 the act of December 5, 1972 (P.L.1280, No.284), known as the
15 Pennsylvania Securities Act of 1972. The loans shall be payable
16 without interest and shall be returned to the fund.

17 Section 5. Loan terms and conditions.

18 Each loan approved by the department under this act shall
19 contain the following terms and conditions:

20 (1) The amount of the loan shall not exceed the
21 principal amount of the school district's moneys attached by
22 the court.

23 (2) The amount of the loan shall be repaid in full by
24 the school district within 36 months of the date the loan
25 moneys are released from the fund to the school district.

26 (3) If the school district receives any proceeds from
27 resolution of the legal proceeding prior to 36 months of the
28 date the loan moneys are released from the fund to the school
29 district, the school district shall pay the proceeds to the
30 department up to the amount outstanding on the loan.

1 (4) If the school district invests any of the loan
2 moneys, it may only do so in an investment program
3 administered by the State Treasurer for school districts and
4 other municipalities.

5 (5) If the school district fails or refuses to pay the
6 loan back to the account within 36 months of the date the
7 loan moneys are released from the account to the school
8 district, the Secretary of Education shall deduct from any
9 appropriated moneys due the school district the amount
10 outstanding on the loan.

11 (6) Other terms and conditions as deemed necessary the
12 by department.

13 Section 6. Grants.

14 In addition to the loans authorized by section 4, the
15 department may issue grants to school districts that have school
16 district moneys attached by the court in a legal proceeding
17 initiated on or before September 26, 1997, involving the
18 investment of school district moneys by any person, broker or
19 investment advisor subject to the act of December 5, 1972
20 (P.L.1280, No.284), known as the Pennsylvania Securities Act of
21 1972. The purpose of the grants shall be to reimburse the school
22 districts for the court costs and fees in connection with the
23 legal proceedings. The department may not issue grants to school
24 districts under this section for the reimbursement of any
25 attorney fees.

26 Section 7. Priority.

27 In approving loans and issuing grants under this act, the
28 department shall give priority to the approval of loans before
29 issuing grants. The department may, in its discretion, approve
30 loans to all eligible applicants before issuing any grants.

1 Section 8. Applications.

2 The department shall develop an application for grants and
3 loans from the fund and all applications for grants and loans
4 must be received within six months of the effective date of this
5 act. No grant or loan shall be approved by the department unless
6 the school district seeking the grant or loan or both has
7 completed the application and agreed to the terms and conditions
8 required by this act.

9 Section 9. Assistance in recovery of school district moneys.

10 The Secretary of Education may cooperate with school
11 districts and provide assistance to all relevant Federal and
12 State agencies that participate in any legal proceeding
13 initiated on or before September 26, 1997, involving the
14 investment of school district moneys by any person, broker or
15 investment advisor subject to the act of December 5, 1972
16 (P.L.1280, No.284), known as the Pennsylvania Securities Act of
17 1972.

18 Section 10. Departmental cooperation.

19 The Department of Community and Economic Development shall
20 cooperate with and assist the Department of Education in the
21 administration of this act.

22 Section 11. Appropriation.

23 The sum of \$200,000,000 is hereby appropriated to the
24 Department of Education for the administration of the School
25 District Investment Grant and Loan Program and for the issuance
26 of grants and loans under this act.

27 Section 12. Expiration and transfer of fund moneys.

28 This act shall expire four years from its effective date and
29 any moneys remaining in the fund shall be transferred to the
30 General Fund.

1 Section 13. This act shall take effect immediately.