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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 703      Session of  
1997

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SCHWARTZ, O'PAKE, COSTA, STAPLETON, WILLIAMS, MUSTO, STOUT,  
RHOADES AND KITCHEN, MARCH 14, 1997

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REFERRED TO LOCAL GOVERNMENT, MARCH 14, 1997

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AN ACT

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

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

11 CHAPTER 1

12 PRELIMINARY PROVISIONS

13 Section 101. Short title.

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

16 Section 102. Definitions.

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

20 "Division." The Police Agency Loan Division of the  
21 Pennsylvania Emergency Management Agency established in section  
22 301.

23 "Fund." The Police Agency Loan Fund established in section  
24 302.

25 "PEMA." The Pennsylvania Emergency Management Agency.

26 "Police agency." A police department of a city, town,  
27 township, borough or home rule municipality which:

28 (1) Has police coverage for a minimum of 40 hours per  
29 week; and

30 (2) Has had, for the preceding 18 months, police

1 coverage for a minimum of 40 hours per week.

2 The term includes an office of county detectives working for a  
3 district attorney and a regional police department organized  
4 under the act of July 12, 1972 (P.L.762, No.180), referred to as  
5 the Intergovernmental Cooperation Law.

6 "Secretary." The Secretary of the Commonwealth.

7 "Sinking fund." The Police Agency Loan Sinking Fund  
8 established in section 707.

### 9 CHAPTER 3

### 10 ADMINISTRATION

11 Section 301. Division.

12 (a) Establishment.--The Police Agency Loan Division is  
13 established as a division of PEMA.

14 (b) Powers and duties.--The division has the following  
15 powers and duties:

16 (1) To administer the fund as set forth in section  
17 702(c).

18 (2) To administer Chapter 5.

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

22 (4) To promulgate regulations to implement this act.

23 Section 302. Fund.

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

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

27 (1) The proceeds from the sale of bonds under section  
28 706.

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

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

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

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

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

(4) Administer this act. In any fiscal year, the division may use for administrative costs 1% of the aggregate debt authorized under section 701.

## CHAPTER 5

### LOAN PROGRAM

Section 501. Authority.

(a) Authorization.--The division may make a loan to a political subdivision for a police agency of the political subdivision as necessary for the proper performance of the police agency's law enforcement duties, to do any of the following:

(1) Purchase, expand, modernize or repair buildings or portions of buildings which are used exclusively for police purposes. This paragraph includes police headquarters, police substations and police maintenance garages.

(2) Purchase equipment.

(3) Purchase vehicles.

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

1 (c) Terms.--

2 (1) A loan must be at an interest rate of 2%.

3 (2) A loan must be repaid in accordance with the  
4 legislation applicable to the political subdivision which  
5 receives the loan.

6 (3) A loan must have a repayment period as follows:

7 (i) For a loan of not more than \$15,000, a period of  
8 five years.

9 (ii) For a loan of more than \$15,000 but not more  
10 than \$100,000, a period of ten years.

11 (iii) For a loan of more than \$100,000, a period of  
12 15 years.

13 Section 502. Loans.

14 (a) Application.--A political subdivision may apply for a  
15 loan under section 501 by submitting to the division all of the  
16 following:

17 (1) Name of police agency.

18 (2) Proposed use of loan.

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

20 (4) Documented ability to repay principal and interest  
21 of loan.

22 (b) Determination.--

23 (1) Within 60 days of receipt of an application under  
24 subsection (a), the division must make a decision and notify  
25 the political subdivision of the decision.

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

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

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

## 4 CHAPTER 7

### 5 DEBT

6 Section 701. Authority to borrow.

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

13 Section 702. Bonds.

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

22 (b) Signature.--Bonds issued under subsection (a) shall bear  
23 facsimile signatures of the Governor, Auditor General and State  
24 Treasurer and a facsimile of the Great Seal of the Commonwealth  
25 of Pennsylvania and shall be countersigned by two authorized  
26 officers of the authorized loan and transfer agents of the  
27 Commonwealth.

28 (c) Status.--Bonds issued under subsection (a) shall be  
29 direct obligations of the Commonwealth, and the full faith and  
30 credit of the Commonwealth are pledged for the payment of the

1 interest on the bonds as it becomes due and the payment of the  
2 principal of the bonds at maturity. Bonds issued under  
3 subsection (a) shall be exempt from taxation for State and local  
4 purposes. The principal of and interest on such bonds shall be  
5 payable in lawful money of the United States of America.

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

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

14 (1) The first retirement of principal shall be stated to  
15 mature prior to the expiration of a period of time equal to  
16 one-tenth of the time from the date of the first obligation  
17 issue to evidence the debt to the date of the expiration of  
18 the term of the debt.

19 (2) Retirements of principal shall be regular and  
20 substantial if made in annual or semiannual amounts, whether  
21 by stated serial maturities or by mandatory sinking fund  
22 retirements, computed either in accordance with a level  
23 annual debt service plan, as nearly as may be, or upon the  
24 equal annual maturities plan.

25 (f) Processing.--The Governor, the Auditor General and the  
26 State Treasurer shall proceed to have the necessary bonds  
27 prepared and printed. The bonds, as soon as they are prepared  
28 and printed, shall be deposited with the authorized loan and  
29 transfer agent of the Commonwealth, there to remain until sold  
30 under section 703.

1 Section 703. Sale of bonds.

2 (a) Public sale.--Bonds issued under section 702(a) shall be  
3 offered for sale at not less than 98% of the principal amount  
4 and accrued interest and shall be sold by the Governor, Auditor  
5 General and State Treasurer to the highest and best bidder or  
6 bidders after public advertisement, on terms and conditions and  
7 upon open competitive bidding, as the Governor, Auditor General  
8 and State Treasurer shall direct.

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

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

20 Section 704. Refunding bonds.

21 The Governor, Auditor General and State Treasurer are  
22 authorized to provide, by resolution, for the issuance of  
23 refunding bonds for the purpose of refunding bonds issued under  
24 section 702(a) and outstanding, either by voluntary exchange  
25 with the holders of the outstanding bonds or by providing funds  
26 to redeem and retire the outstanding bonds with accrued interest  
27 and premium payable on the bonds, at maturity or at a call date.  
28 Refunding bonds may be issued by the Governor, Auditor General  
29 and State Treasurer to refund bonds previously issued under this  
30 section for refunding purposes. Sections 701 through 703 shall



1 apply to bonds under this section.

2 Section 705. Registration of bonds.

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

12 Section 706. Proceeds.

13 The proceeds realized from the sale of bonds under section  
14 702(a) shall be paid into the fund. The money shall be paid by  
15 the State Treasurer into the fund.

16 Section 707. Sinking fund.

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

19 (b) Source.--

20 (1) By November 1, the State Treasurer shall notify the  
21 Secretary of the Budget of the amount necessary for the  
22 ensuing fiscal year to redeem, with interest, bonds issued  
23 under section 702(a).

24 (2) The General Assembly shall appropriate the amount of  
25 money necessary to meet repayment obligations under paragraph  
26 (1) for deposit into the Police Agency Sinking Loan Fund.

27 Section 708. Referendum.

28 (a) Question.--

29 (1) The question of incurring indebtedness of  
30 \$20,000,000 for loans to police agencies for the purpose of

1 purchasing, maintaining and repairing buildings, equipment  
2 and vehicles, as necessary for the proper performance of the  
3 police agencies' law enforcement duties, shall be submitted  
4 to the electors at the next primary, municipal or general  
5 election following the effective date of this section. At  
6 least three months prior to the election, the secretary must  
7 publish the question in at least two newspapers of general  
8 circulation in each county in which at least two newspapers  
9 of general circulation are published.

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

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

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

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

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

## 28 CHAPTER 31

### 29 MISCELLANEOUS PROVISIONS

30 Section 3101. Repeals.

1 All acts and parts of acts are repealed insofar as they are  
2 inconsistent with this act.

3 Section 3102. Effective date.

4 This act shall take effect as follows:

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

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