

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1506 Session of
2001

INTRODUCED BY BELARDI, GEORGE, CAWLEY, STABACK, WANSACZ, TIGUE,
SURRA, LYNCH, BELFANTI, CAPPABIANCA, YOUNGBLOOD, READSHAW,
LEDERER, CALTAGIRONE, CLARK, YUDICHAK, WOJNAROSKI, SOLOBAY,
CAPPELLI, HORSEY, McNAUGHTON, LaGROTTA, BEBKO-JONES, DALEY,
DeLUCA, SHANER, KIRKLAND, HARHAI, MARSICO, JAMES,
C. WILLIAMS, WALKO, BUNT, PETRARCA, WASHINGTON, MELIO,
LAUGHLIN, GRUCELA, COSTA AND STEELMAN, MAY 3, 2001

REFERRED TO COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY,
MAY 3, 2001

AN ACT

1 Amending the act of March 1, 1988 (P.L.82, No.16), entitled "An
2 act providing for the establishment, implementation and
3 administration of the Pennsylvania Infrastructure Investment
4 Authority; imposing powers and duties on a board of trustees;
5 transferring the rights, powers, duties and obligations of
6 the Water Facilities Loan Board to the Pennsylvania
7 Infrastructure Investment Authority; providing for the
8 issuance of notes and bonds; providing for financial
9 assistance and for a comprehensive water facilities plan;
10 authorizing a referendum to incur indebtedness; making an
11 appropriation; and making repeals," further providing for the
12 term of loans.

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

15 Section 1. Section 10(f) of the act of March 1, 1988
16 (P.L.82, No.16), known as the Pennsylvania Infrastructure
17 Investment Authority Act, is amended to read:

18 Section 10. Financial assistance.

19 * * *

20 (f) Loans.--Subject to any agreements with the holders of

1 bonds, the board shall have the power to set terms applicable to
2 loans in any manner it deems appropriate, subject to the
3 provisions of this subsection. The board shall fix the term of
4 any loan for any period of time up to 50 years. The board may
5 consider such factors as it deems relevant, including current
6 market interest rates, the financial and economic distress of
7 the area which the project serves, and the necessity to maintain
8 the authority funds in a financially sound manner. Loans may be
9 made based on the ability to repay the loan from future revenue
10 to be derived from the project, by a mortgage or other property
11 lien, or on any other fiscal matters which the authority deems
12 appropriate. The board shall have the power to defer principal
13 on loans for up to five years. In the event of a default on the
14 repayment of a loan, the board may apply to the court of common
15 pleas of the county where the project is located for the
16 appointment of a receiver to assume operation and supervision of
17 the facility under the supervision of the court. The minimum
18 rate of interest to be paid on any loan made pursuant to this
19 act shall be 1%. The maximum rate of interest shall not exceed
20 the following:

21 (1) For projects in counties whose unemployment rate
22 exceeds the Statewide unemployment rate by 40% or more, 1%
23 for the first five years and 25% of the bond issue rate for
24 the remainder of the loan.

25 (2) For projects in counties whose unemployment rate
26 exceeds the Statewide unemployment rate, but exceeds it by
27 less than 40%, 30% of the bond issue rate for the first five
28 years and 60% of the bond issue rate for the remainder of the
29 loan.

30 (3) For all other projects, 60% of the bond issue rate

1 for the first five years and 75% of the bond issue rate for
2 the remainder of the loan.

3 (4) For projects located within municipalities for which
4 unemployment rates exist which would qualify the project for
5 lower interest rates than if the relevant county unemployment
6 rate were used, the unemployment rate of that municipality
7 may be used in determining the interest rate on the loan.

8 For purposes of this subsection, the phrase "unemployment rate
9 of the county" shall mean the average unemployment rate for the
10 county in the most recent calendar year for which data has been
11 finalized. For the projects which serve multiple counties, the
12 highest unemployment rate of the counties involved shall be
13 used. The unemployment data utilized shall be data reported by
14 the Department of Labor and Industry. For purposes of this
15 subsection, the phrase "bond interest rate" shall be the rate of
16 interest paid by the Commonwealth immediately preceding the date
17 of the loan for the bonds issued under sections 16 and 17.

18 * * *

19 Section 2. This act shall take effect in 60 days.