
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1119 Session of
2004

INTRODUCED BY PILEGGI, RAFFERTY, ERICKSON, RHOADES, KUKOVICH,
STOUT, EARLL, M. WHITE, O'PAKE, FUMO, MOWERY, MUSTO, PUNT,
PIPPY, C. WILLIAMS, WONDERLING, DENT, BOSCOLA, LEMMOND AND
STACK, MAY 12, 2004

REFERRED TO EDUCATION, MAY 12, 2004

AN ACT

1 Establishing the Independent Higher Education and Community
2 Financing Program and the Board of Review.

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

5 Section 1. Short title.

6 This act shall be known and may be cited as the Independent
7 Higher Education and Community Financing Act.

8 Section 2. Definitions.

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

12 "Authority." The Pennsylvania Higher Educational Facilities
13 Authority.

14 "Board." The Board of Review established in section 4.

15 "Borrower." Any independent institution of higher education.

16 "Department." The Department of Community and Economic
17 Development of the Commonwealth.

1 "Independent institution of higher education." Any
2 accredited nonprofit private or independent college or
3 university located in this Commonwealth.

4 "Program." The Independent Higher Education and Community
5 Financing Program established in section 3.
6 Section 3. Program.

7 (a) Establishment.--The Independent Higher Education and
8 Community Financing Program is established in the department.

9 (b) Purpose.--The purpose of the program is to assist
10 independent institutions of higher education in capital projects
11 related to community and economic development projects.

12 (c) Application.--The board shall develop an application for
13 participation in the program. The board shall review
14 applications and approve or disapprove the bond financing for
15 each obligation based on the criteria outlined in subsection (d)
16 and the availability of debt service reimbursement for
17 independent institutions of higher education.

18 (d) Criteria.--The following criteria shall apply:

19 (1) Independent institutions of higher education shall
20 submit an application to the board for approval based on a
21 first-come-first-served basis, as the independent institution
22 of higher education is ready to have bonds issued.

23 (2) A single project may not be more than 10% of the
24 total amount of the bonds issued in any given fiscal year.

25 (3) Allowable expenditures for projects shall include
26 educational facilities and facilities providing an economic
27 development benefit to the local community. No dormitories or
28 residence halls shall be funded under this act.

29 Section 4. Board.

30 (a) Establishment.--The Board of Review is established.

1 (b) Duties.--The board shall review the applications of
2 institutions of higher education for participation in the
3 program.

4 (c) Composition.--The board shall be composed of the
5 following members, one appointed by each of the following:

6 (1) The Governor.

7 (2) The President pro tempore of the Senate.

8 (3) The Minority Leader of the Senate.

9 (4) The Speaker of the House of Representatives.

10 (5) The Minority Leader of the House of Representatives.

11 (d) Election of chairperson of board.--The members of the
12 board shall elect a chairperson of the board.

13 (e) Term and vacancies.--The term of a board member shall
14 begin on the date of appointment. A member's term shall be
15 coterminous with that of the appointing authority, provided that
16 the member's term shall continue until a replacement is
17 appointed. Board members shall serve at the pleasure of the
18 appointing authority. Whenever a vacancy occurs on the board,
19 whether prior to or on the expiration of a term, the appointing
20 authority shall appoint a successor member within 30 days of the
21 vacancy. A member appointed to fill a vacancy occurring prior to
22 the expiration of a term shall serve the unexpired term.

23 (f) Meetings.--The board shall meet as frequently as they
24 deem appropriate but at least once during each quarter of the
25 fiscal year. In addition, a meeting of a board shall be called
26 by the chairperson if a request for a meeting is submitted to
27 the chairperson by at least two members of the board. A majority
28 of the board shall constitute a quorum for the purpose of
29 conducting the business of the board and for all other purposes.
30 All actions of the board shall be taken by a majority of the

1 board. The provisions of 65 Pa.C.S. Ch. 7 (relating to open
2 meetings) shall apply to the board.

3 (g) Expenses.--A member shall not receive compensation or
4 remuneration, but shall be entitled to reimbursement for all
5 reasonable and necessary actual expenses.

6 Section 5. Bonds.

7 The following shall apply:

8 (1) All projects shall be financed through separate
9 bonds issued through the authority with the independent
10 institution of higher education as the borrower. Debt service
11 payments on each bond issue shall be made by the independent
12 institution of higher education. A 50% portion of the annual
13 debt service shall be reimbursed by the department to the
14 borrower.

15 (2) The authority may issue bond financings of
16 \$50,000,000 per year for a period of five years for projects
17 for independent higher education institutions.

18 (3) The authority shall issue individual bonds, notes or
19 other obligations for each borrower in an amount sufficient
20 to finance the projects approved under the program and in
21 accordance with this act. The funds may also be used to
22 finance the administrative costs associated with the approval
23 process and the issuance of the bonds, notes or other
24 obligations. No bond, note or other obligation shall be
25 issued for more than 30 years. In computing the amount of the
26 department's annual debt service, all bonds, notes or other
27 obligations which have been retired or which shall be issued
28 for refunding purposes shall be excluded.

29 (4) The authority shall issue bonds, notes or other
30 obligations in a manner as it shall determine in accordance

1 with the provisions of the act of December 6, 1967 (P.L.678,
2 No.318), known as The Pennsylvania Higher Educational
3 Facilities Authority Act of 1967.

4 Section 6. Regulations.

5 The department shall promulgate regulations to administer the
6 provisions of this act in cooperation with the board.

7 Section 7. Funding.

8 The General Assembly shall appropriate funds necessary to pay
9 for 50% of the debt service on bonds issued by the authority
10 under this act.

11 Section 8. Effective date.

12 This act shall take effect in 60 days.