
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 806 Session of
2005

INTRODUCED BY SCAVELLO, BAKER, BASTIAN, CALTAGIRONE, CAPPELLI,
CRAHALLA, CREIGHTON, DALEY, DENLINGER, GEIST, GEORGE,
GOODMAN, HANNA, HARPER, HENNESSEY, LESCOVITZ, MAJOR,
McILHINNEY, O'NEILL, PETRONE, PICKETT, READSHAW, REICHLEY,
ROHRER, RUBLEY, SANTONI, SCHRODER, SEMMEL, B. SMITH, SOLOBAY,
THOMAS, TIGUE, WATERS, YOUNGBLOOD, YUDICHAK AND HARHART,
MARCH 14, 2005

REFERRED TO COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY,
MARCH 14, 2005

AN ACT

1 Amending Title 27 (Environmental Resources) of the Pennsylvania
2 Consolidated Statutes, providing for dam and flood control
3 project loans; authorizing certain indebtedness; providing
4 for a referendum; and establishing the Dam and Flood Control
5 Project Fund and the Dam and Flood Control Project Revolving
6 Loan Fund.

7 The General Assembly of the Commonwealth of Pennsylvania
8 hereby enacts as follows:

9 Section 1. Title 27 of the Pennsylvania Consolidated
10 Statutes is amended by adding a chapter to read:

11 CHAPTER 65

12 DAM AND FLOOD CONTROL MANAGEMENT

13 Sec.

14 6501. Definitions.

15 6502. Authorization of indebtedness.

16 6503. (Reserved).

17 6504. General requirements of bonds.

1 6505. Issuing officials.
2 6506. Nature of bonds.
3 6507. Signature on bonds.
4 6508. Recitation on bonds.
5 6509. Series of bonds.
6 6510. Sale of bonds.
7 6511. Temporary bonds.
8 6512. Dam and Flood Control Project Fund.
9 6513. Dedication of funds.
10 6514. Revolving loan fund.
11 6515. Use of revolving loan fund.
12 6516. (Reserved).
13 6517. (Reserved).
14 6518. New bonds and coupons.
15 6519. Application of accrued interest.
16 6520. Maturity of bonds.
17 6521. Referendum.
18 § 6501. Definitions.

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

22 "Bonds." The bonds authorized to be issued or issued under
23 this chapter.

24 "Cost." The expenses incurred in connection with:

25 (1) The funding of dam restoration and repair projects
26 and flood control projects.

27 (2) The interest or discount on bonds.

28 (3) The issuance of bonds.

29 (4) The procurement or provision of engineering,
30 inspection, relocation, legal, financial, planning,

1 geological, hydrological and other professional services,
2 estimates and advice, including the services of a bond
3 registrar or an authenticating agent.

4 (5) The issuance of bonds or any interest or discount
5 thereon.

6 (6) The administrative, organizational, operating or
7 other expenses incident to the financing and completing of
8 any project authorized by this chapter.

9 (7) The establishment of a reserve fund or funds for
10 working capital, operating, maintenance or replacement
11 expenses and for the payment or security of principal or
12 interest on bonds.

13 (8) The cost of all labor, materials, machinery and
14 equipment, lands, property, rights and easements, financing
15 charges, interest on bonds, notes or other obligations, plans
16 and specifications, surveys or estimates of costs and
17 revenues, engineering and legal services and all other
18 expenses necessary or incident to all or part of any project
19 authorized by this chapter.

20 (9) Reimbursement to any fund of the Commonwealth of
21 moneys that may have been transferred or advanced therefrom
22 to any fund established by this chapter or of any moneys that
23 may have expended therefrom for or in connection with any
24 project authorized by this chapter.

25 (10) The administrative cost to the local government
26 unit acting as a coapplicant to owners of private dams or to
27 private lake associations.

28 "Dam restoration and repair project." The repair,
29 restoration, construction, reconstruction or demolition of dams,
30 bulkheads, retention or detention basins or other structures

1 that impound water for water supply purposes, flood control or
2 recreation, wildlife habitat or fire protection.

3 "Department." The Department of Environmental Protection of
4 the Commonwealth.

5 "Flood control project." The repair, restoration,
6 construction, reconstruction or demolition of dams, drainage
7 ways, structures and other real and personal property acquired,
8 constructed, operated, financed, maintained or improved or to be
9 acquired, constructed, operated, financed, maintained or
10 improved for the purposes of flood control, and other plants,
11 structures, boats, conveyances and other real or personal
12 property and rights therein, and appurtenances necessary for the
13 control of flooding, including the development of comprehensive
14 flood management plans.

15 "Government securities." Any bonds or other obligations that
16 as to principal and interest constitute direct obligations of or
17 are unconditionally guaranteed by the United States of America,
18 including obligations of any Federal agency, to the extent those
19 obligations are unconditionally guaranteed by the United States
20 of America, and any certificates or any other evidences of an
21 ownership interest in those obligations of or unconditionally
22 guaranteed by the United States of America or in specified
23 portions that may consist of the principal of or the interest on
24 those obligations.

25 "Local government unit." A county or a municipality, or any
26 agency, authority, board, commission or other instrumentality
27 thereof, any two or more counties or municipalities operating
28 jointly through an intergovernmental cooperation agreement
29 permitted by law or any agency, authority, board, commission or
30 other instrumentality thereof, and any other local or regional

1 entity created by the General Assembly as a political
2 subdivision of the Commonwealth, or any agency, authority, board
3 or commission or other instrumentality thereof.

4 "Secretary." The Secretary of Environmental Protection of
5 the Commonwealth.

6 § 6502. Authorization of indebtedness.

7 (a) General rule.--Bonds of the Commonwealth are authorized
8 to be issued in the aggregate principal amount of \$150,000,000
9 for the purposes of financing the costs of dam restoration and
10 repair projects and State flood control projects, as provided in
11 this chapter.

12 (b) Allocation.--Of the total principal amount authorized
13 pursuant to subsection (a):

14 (1) Fifteen million dollars is allocated to the
15 department to finance the costs of State dam restoration and
16 repair projects.

17 (2) Ninety-five million dollars is allocated to the
18 department for the purpose of providing loans or other forms
19 of assistance other than full or matching grants to owners of
20 private dams, as coapplicants with local government units or
21 to local government units that own dams to finance the cost
22 of dam restoration and repair projects undertaken by or on
23 behalf of the owners of dams.

24 (3) Twenty-five million dollars is allocated to the
25 department to finance the cost of State flood control
26 projects.

27 (c) Use of loans.--Any loan authorized under this section
28 shall include up to 100% of the cost of a dam restoration and
29 repair project.

30 (d) Loan terms.--A loan made to an owner of private dams or

1 to a local government unit that owns dams or to an owner of a
2 lake or stream with a local government unit as coapplicant from
3 the Dam and Flood Control Project Revolving Loan Fund shall bear
4 interest of not more than 2% per year, shall be for a term of 20
5 years and shall be made in accordance with criteria for other
6 programs established by the department.

7 (e) Loan agreement.--A loan authorized under this section
8 shall be provided under the terms and conditions set forth in a
9 written loan agreement between the department and the person or
10 entity receiving the loan.

11 (f) Coapplicants required.--Loans awarded under this section
12 to owners of private dams shall require local government units
13 to act as coapplicants. The cost of payment of the principal and
14 interest on any loan made to the owner of a private dam as a
15 coapplicant with a local government unit shall be assessed, in
16 the same manner as provided for the assessment of local
17 improvements generally under the law, against the real estate
18 benefited thereby in proportion to and not in excess of the
19 benefits conferred, and such assessments shall bear interest and
20 penalties from the same time and at the same rate as assessments
21 for local improvements in the municipality where they are
22 imposed, and from the date of confirmation shall be a first lien
23 upon the real estate assessed to the same extent and be enforced
24 and collected in the same manner as assessments for local
25 improvements.

26 (g) Administration.--The department shall administer the
27 program authorized pursuant to this section in accordance with
28 criteria for existing programs established under the law. The
29 department shall notify every local government unit and dam
30 owner of the availability of and the criteria for qualifying and

1 obtaining loans or other forms of assistance under the program.

2 (h) Loan payments to be deposited into fund.--Payments of
3 principal and interest on loans made from the Dam, Lake and
4 Stream Project Revolving Loan Fund shall be returned to that
5 fund for use for any authorized purpose to which moneys in the
6 fund may be used.

7 § 6503. (Reserved).

8 § 6504. General requirements of bonds.

9 The bonds authorized under this chapter shall be serial
10 bonds, term bonds or a combination thereof and shall be known as
11 Dam and Flood Control Project Bonds. They shall be issued from
12 time to time as the issuing officials shall determine and may be
13 issued in coupon form, fully registered form or book-entry form.
14 The bonds may be subject to redemption prior to maturity and
15 shall mature and be paid not later than 35 years from the
16 respective dates of their issuance.

17 § 6505. Issuing officials.

18 The Governor, State Treasurer and Auditor General or any two
19 of these officials shall carry out the provisions of this
20 chapter relating to the issuance of bonds and shall determine
21 all matters in connection therewith, subject to the provisions
22 of this chapter. If an issuing official is absent from this
23 Commonwealth or incapable of acting for any reason, the powers
24 and duties of that issuing official shall be exercised and
25 performed by the person authorized by law to act in an official
26 capacity in the place of that issuing official.

27 § 6506. Nature of bonds.

28 Bonds issued in accordance with the provisions of this
29 chapter shall be direct obligations of the Commonwealth, and the
30 faith and credit of the Commonwealth are pledged for the payment

1 of the interest and redemption premium thereon, if any, when
2 due, and for the payment of the principal at maturity or earlier
3 redemption date. The principal of and interest on the bonds
4 shall be exempt from taxation by the Commonwealth or by any
5 county, municipality or other taxing entity of the Commonwealth.
6 § 6507. Signature on bonds.

7 The bonds shall be signed in the name of the Commonwealth by
8 means of the manual or facsimile signature of the Governor under
9 the Great Seal of the Commonwealth, which seal may be by
10 facsimile or by way of any other form of reproduction on the
11 bonds, and attested by the manual or facsimile signature of the
12 Secretary of State and shall be countersigned by the facsimile
13 signature of the State Treasurer and may be manually
14 authenticated by an authenticating agent or bond registrar, as
15 the issuing official shall determine. Interest coupons, if any,
16 attached to the bonds shall be signed by the facsimile signature
17 of the State Treasurer. The bonds may be issued notwithstanding
18 that an official signing them or whose manual or facsimile
19 signature appears on the bonds or coupons has ceased to hold
20 office at the time of issuance, or at the delivery of the bonds
21 to the purchaser thereof.

22 § 6508. Recitation on bonds.

23 (a) General rule.--The bonds shall recite that they are
24 issued for the purposes set forth in this chapter, that they are
25 issued pursuant to this chapter, that this chapter was submitted
26 to the people of this Commonwealth at the general election and
27 that this chapter was approved by a majority of the legally
28 qualified voters of this Commonwealth voting thereon at the
29 election. This recital shall be conclusive evidence of the
30 authority of the Commonwealth to issue the bonds and their

1 validity. Any bonds containing this recital shall, in any suit,
2 action or proceeding involving their validity, be conclusively
3 deemed to be fully authorized by this chapter and to have been
4 issued, sold, executed and delivered in conformity with this
5 chapter and with all other provisions of law applicable to this
6 chapter and shall be incontestable for any cause.

7 (b) Form.--The bonds shall be issued in those denominations
8 and in the form or forms, whether coupon, fully registered or
9 book-entry, and with or without provisions for
10 interchangeability thereof, as may be determined by the issuing
11 officials.

12 § 6509. Series of bonds.

13 When the bonds are issued from time to time, the bonds of
14 each issue shall constitute a separate series to be designated
15 by issuing officials. Each series of bonds shall bear such rate
16 or rates of interest as may be determined by the issuing
17 officials, which interest shall be payable semiannually except
18 that the first and last interest periods may be longer or
19 shorter in order that intervening semiannual payments may be at
20 convenient dates.

21 § 6510. Sale of bonds.

22 The bonds shall be issued and sold at the price or prices and
23 under the terms, conditions and regulations as the issuing
24 officials may prescribe, after notice of the sale, published at
25 least once in at least three newspapers published in this
26 Commonwealth, and at least once in a publication carrying
27 municipal bond notices and devoted primarily to financial news,
28 published in this Commonwealth, the first notice to appear at
29 least five days prior to the day of bidding. The notice of sale
30 may contain a provision to the effect that any bid in pursuance

1 thereof may be rejected. In the event of rejection or failure to
2 receive any acceptable bid, the issuing officials, at any time
3 within 60 days from the date of the advertised sale, may sell
4 the bonds at a private sale at such price or prices under the
5 terms and conditions as the issuing officials may prescribe. The
6 issuing officials may sell all or part of the bonds of any
7 series as issued to any State fund or to the Federal Government
8 or any agency thereof, at a private sale, without advertisement.
9 § 6511. Temporary bonds.

10 Until permanent bonds are prepared, the issuing officials may
11 issue temporary bonds in the form and with those privileges as
12 to their registration and exchange for permanent bonds as may be
13 determined by the issuing officials.

14 § 6512. Dam and Flood Control Project Fund.

15 The proceeds from the sale of bonds used to provide
16 assistance other than full or matching grants to owners of dams
17 for dam restoration and repair projects and for State flood
18 control projects or State dam restoration and repair projects,
19 shall be paid to the State Treasurer and be held by the State
20 Treasurer in a separate fund, and be deposited in such
21 depositories as may be selected by the State Treasurer to the
22 credit of the fund, which fund shall be known as the Dam and
23 Flood Control Project Fund.

24 § 6513. Dedication of funds.

25 (a) General rule.--The moneys in the Dam and Flood Control
26 Project Fund are specifically dedicated and shall be applied to
27 the cost of assistance, other than full or matching grants, to
28 owners of dams, lakes or streams or private lake associations
29 for dam restoration and repair projects, and for State flood
30 control projects or State dam restoration and repair projects as

1 set forth in section 6502 (relating to authorization of
2 indebtedness). However, no moneys in the fund shall be expended
3 for those purposes except as otherwise authorized by this
4 chapter without the specific appropriation provided for in this
5 chapter. Any act appropriating moneys from the Dam and Flood
6 Control Project Fund shall identify the project to be funded by
7 the moneys.

8 (b) Transfer of moneys.--At any time prior to the issuance
9 and sale of bonds under this chapter, the State Treasurer may
10 transfer from any available moneys in any fund of the State
11 Treasury to the credit of the Dam and Flood Control Project Fund
12 those sums as the State Treasurer may deem necessary. The sums
13 so transferred shall be returned to the same fund of State
14 Treasury by the State Treasurer from the proceeds of the sale of
15 the first issue of bonds.

16 (c) Investments.--Pending their application to the purposes
17 provided in this chapter, the moneys in the Dam and Flood
18 Control Project Fund may be invested and reinvested as are other
19 trust funds in the custody of the State Treasurer, in the manner
20 provided by law. Net earnings received from the investment or
21 deposit of moneys in the Dam and Flood Control Project Fund
22 shall be paid into the General Fund.

23 § 6514. Revolving loan fund.

24 The proceeds from the sale of bonds used to provide loans to
25 owners of dams, lakes or streams for dam restoration and repair
26 projects shall be paid to the State Treasurer and be held by the
27 State Treasurer in a separate fund and be deposited in such
28 depositories as may be selected by the State Treasurer to the
29 credit of the fund, which fund shall be known as the Dam and
30 Flood Control Project Revolving Loan Fund.

1 § 6515. Use of revolving loan fund.

2 (a) General rule.--The moneys in the Dam and Flood Control
3 Project Revolving Loan Fund are specifically dedicated and shall
4 be applied to the cost of making low-interest loans to owners of
5 dams, lakes or streams for dam restoration and repair projects,
6 as set forth in section 6502 (relating to authorization of
7 indebtedness). However, no moneys in the fund shall be expended
8 for those purposes except as otherwise authorized by this
9 chapter without the specific appropriation thereof, but bonds
10 may be issued as provided in this chapter. Any act appropriating
11 moneys from the Dam and Flood Control Project Revolving Loan
12 Fund shall identify the project to be funded by the moneys.

13 (b) Term of loans.--A loan issued from the Dam and Flood
14 Control Project Revolving Loan Fund shall be for a term as
15 determined by the secretary not to exceed 20 years and at an
16 interest rate determined by the secretary not to exceed 2% per
17 year. The terms of any loan agreement shall be approved by the
18 State Treasurer. Any loan made from the Dam and Flood Control
19 Project Revolving Loan Fund shall be awarded pursuant to section
20 6502 based upon the criteria and procedures established for
21 existing programs under the law, except that no matching funds
22 shall be required of loan applicants.

23 (c) Transfer of moneys.--At any time prior to the issuance
24 and sale of bonds under this chapter the State Treasurer may
25 transfer any available moneys in any fund of the State Treasury
26 to the credit of the Dam and Flood Control Project Revolving
27 Loan Fund those sums as the State Treasurer may deem necessary.
28 The sums so transferred shall be returned to the same fund of
29 the State Treasury by the State Treasurer from the proceeds of
30 the sale of the first issue of bonds.

1 (d) Investment.--Pending their application to the purposes
2 provided in this chapter, the moneys in the Dam and Flood
3 Control Project Revolving Loan Fund may be invested and
4 reinvested as are other trust funds in the custody of the State
5 Treasurer, in the manner provided by law. All repayments of
6 loans made pursuant to this chapter and interest thereon shall
7 be deposited in the Dam and Flood Control Project Revolving Loan
8 Fund. Earnings received from moneys in the fund shall be
9 credited to the fund.

10 § 6516. (Reserved).

11 § 6517. (Reserved).

12 § 6518. New bonds and coupons.

13 If any coupon bond, coupon or registered bond is lost,
14 mutilated or destroyed, a new bond or coupon shall be executed
15 and delivered of like tenor, in substitution for the lost,
16 mutilated or destroyed bond or coupon, upon the owner furnishing
17 to the issuing officials evidence satisfactory to them of the
18 loss, mutilation or destruction of the bond or coupon, the
19 ownership thereof, and security, indemnity and reimbursement for
20 expenses connected therewith, as the issuing officials may
21 require.

22 § 6519. Application of accrued interest.

23 The accrued interest, if any, received upon the sale of the
24 bonds shall be applied to the discharge of a like amount of
25 interest upon the bonds when due. Any expense incurred by the
26 issuing officials for advertising, engraving, printing,
27 clerical, authenticating, registering, legal or other services
28 necessary to carry out the duties imposed upon them by the
29 provisions of this chapter shall be paid from the proceeds of
30 the sale of the bonds by the State Treasurer, upon the warrant

1 of the Auditor General, in the same manner as other obligations
2 of the Commonwealth are paid.

3 § 6520. Maturity of bonds.

4 Bonds of each series issued under this chapter shall mature,
5 including any sinking fund redemptions, not later than the 35th
6 year from the date of issue of that series, and in amounts as
7 shall be determined by the issuing officials. The issuing
8 officials may reserve to the Commonwealth by appropriate
9 provision in the bonds of any series the power to redeem any of
10 the bonds prior to maturity at the price or prices and upon the
11 terms and conditions as may be provided in the bonds.

12 § 6521. Referendum.

13 (a) Question.--The question of incurring indebtedness under
14 this chapter shall be submitted to the electors at the next
15 primary, municipal or general election following the effective
16 date of this section.

17 (b) Certification.--The Secretary of the Commonwealth shall
18 certify the form of the question under subsection (c) to the
19 county boards of elections.

20 (c) Form of question.--The question shall be in the
21 substantially the following form:

22 Do you favor the issuance of debt in the amount of \$
23 for the purposes of providing financing for the
24 restoration and repair of dams and providing financing
25 for flood control projects?

26 (d) Election.--The election shall be conducted at the next
27 occurring general or municipal election following the effective
28 date of this section, in accordance with the act of June 3, 1937
29 (P.L.1333, No.320), known as the Pennsylvania Election Code,
30 except that the time limits for advertisement of notice of the

1 election may be waived as to the question.

2 (e) Proceeds.--Proceeds of borrowing shall be deposited as
3 provided under this chapter.

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