

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 307 Session of
2005

INTRODUCED BY PILEGGI, RHOADES, ERICKSON, MUSTO, ORIE, EARLL,
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ARMSTRONG, ROBBINS, WONDERLING, STOUT, O'PAKE, STACK,
LEMOND, RAFFERTY, LOGAN AND GREENLEAF, FEBRUARY 16, 2005

REFERRED TO EDUCATION, FEBRUARY 16, 2005

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 (relating to board).

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

17 "Department." The Department of Community and Economic

1 Development of the Commonwealth.

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

5 "Program." The Independent Higher Education and Community
6 Financing Program established in section 3 (relating to
7 program).

8 Section 3. Program.

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

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

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

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

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

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

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

1 Section 4. Board.

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

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

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

8 (1) The Governor.

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

10 (3) The Minority Leader of the Senate.

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

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

13 (d) Election of chairperson of board.--The members of the
14 board shall elect a chairperson of the board.

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

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

1 conducting the business of the board and for all other purposes.
2 All actions of the board shall be taken by a majority of the
3 board. The provisions of 65 Pa.C.S. Ch. 7 (relating to open
4 meetings) shall apply to the board.

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

8 Section 5. Bonds.

9 The following shall apply:

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

17 (2) The authority may issue bond financings of
18 \$50,000,000 per year for a period of five years for projects
19 for independent higher education institutions.

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

1 (4) The authority shall issue bonds, notes or other
2 obligations in a manner as it shall determine in accordance
3 with the provisions of the act of December 6, 1967 (P.L.678,
4 No.318), known as The Pennsylvania Higher Educational
5 Facilities Authority Act of 1967.

6 Section 6. Regulations.

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

9 Section 7. Funding.

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

13 Section 8. Effective date.

14 This act shall take effect in 60 days.