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SESSION OF 2014 198TH OF THE GENERAL ASSEMBLY

No. 6

SENATE

TUESDAY, January 28, 2014

The Senate met at 1 p.m., Eastern Standard Time.

The PRESIDENT (Lieutenant Governor Jim Cawley) in the Chair.

PRAYER

The Chaplain, Reverend RON ZEIGLER, Pastor of Church of the Servant, Palmyra, offered the following prayer:

Let us pray.

Dear Father in Heaven, giver of all good gifts, the sole Creator of all being by whom, through whom, and to whom everything exists, whose knowledge is infinite and not dependent upon any created being, I thank You for this State Senate of Pennsylvania. Thank You for establishing civil governments for the better ordering of society and for the diligent protection of law-abiding people. Thank You for revealing in Your creation as well as in Your written word all that we need to know about You, and how You have called for us to live in light of Your almighty authority as our Creator, our righteous judge, and the giver of new life. At the end of the day, let us always be ready to give a good account to You of all we have thought, said, and done.

Thank You for the men and women who serve in this distinguished body as well as for their families who sacrifice greatly for them to do their work well. Thank You for all of the support staff who serve faithfully to help these public servants make just laws for the blessing and benefit of this great Commonwealth. Dear Almighty God, my gracious heavenly Father, in Your mercy, by the power of Your Holy Spirit because of the righteousness of Jesus Christ and for Your glory, please strengthen each Member of this great body to be faithful to his or her oath of office, being ever diligent to uphold the State's Constitution on behalf of the people they represent, especially in the midst of the many pressures and challenges and temptations they face each day. Please strengthen these Senators to work well with their fellow colleagues in Congress in a common unity of love, care, and concern for the whole of Pennsylvania. Please guide and direct them this day in all that they have to do and bless their labor so that all they accomplish is good and pleasing in Your sight and profitable for the people of this wonderful Commonwealth of Pennsylvania. I ask You for all of these things, in the name of Jesus Christ, for he is my dear Lord and my precious Savior, and whose righteousness and love I rejoice with delight each day. Amen.

The PRESIDENT. The Chair thanks Pastor Zeigler, who is the guest today of Senator Folmer.

PLEDGE OF ALLEGIANCE

(The Pledge of Allegiance was recited by those assembled.)

HOUSE MESSAGE

HOUSE CONCURS IN SENATE BILLS

The Clerk of the House of Representatives returned to the Senate **SB 437** and **SB 1081**, with the information the House has passed the same without amendments.

**ANNOUNCEMENT OF
MAJORITY LEADERSHIP**

The PRESIDENT. The Chair has been informed by the Majority Caucus that they have elected as Majority Caucus Chairman, Senator Gordner.

COMMUNICATIONS FROM THE GOVERNOR

NOMINATIONS REFERRED TO COMMITTEE

The PRESIDENT laid before the Senate the following communications in writing from His Excellency, the Governor of the Commonwealth, which were read as follows and referred to the Committee on Rules and Executive Nominations:

**MEMBER OF THE BOARD OF TRUSTEES
OF EBENSBURG CENTER**

January 28, 2014

To the Honorable, the Senate
of the Commonwealth of Pennsylvania:

In conformity with law, I have the honor hereby to nominate for the advice and consent of the Senate, Gloria C. Eberhart, 1427 Third Street, Cresson 16630, Cambria County, Thirty-fifth Senatorial District, for reappointment as a member of the Board of Trustees of Ebensburg Center, to serve until the third Tuesday of January 2019, and until her successor is appointed and qualified.

TOM CORBETT
Governor

**MEMBER OF THE BOARD OF TRUSTEES
OF EBENSBURG CENTER**

January 28, 2014

To the Honorable, the Senate
of the Commonwealth of Pennsylvania:

In conformity with law, I have the honor hereby to nominate for the advice and consent of the Senate, Tim Houser, 739 N. Spruce Street, Ebensburg 15931, Cambria County, Thirty-fifth Senatorial District, for appointment as a member of the Board of Trustees of Ebensburg Center, to serve until the third Tuesday of January 2017, and until his successor is appointed and qualified, vice Alice Zemba, Black Lick, resigned.

TOM CORBETT
Governor

MEMBER OF THE BOARD OF TRUSTEES
OF EBENSBURG CENTER

January 28, 2014

To the Honorable, the Senate
of the Commonwealth of Pennsylvania:

In conformity with law, I have the honor hereby to nominate for the advice and consent of the Senate, Darlene Ann Lutch, 113 St. Benedict Street, PO Box 675, Carrolltown 15722, Cambria County, Thirty-fifth Senatorial District, for reappointment as a member of the Board of Trustees of Ebensburg Center, to serve until the third Tuesday of January 2019, and until her successor is appointed and qualified.

TOM CORBETT
Governor

MEMBER OF THE BOARD OF TRUSTEES
OF EBENSBURG CENTER

January 28, 2014

To the Honorable, the Senate
of the Commonwealth of Pennsylvania:

In conformity with law, I have the honor hereby to nominate for the advice and consent of the Senate, Charles Moyer, 301 N. Beech Street, Ebensburg 15931, Cambria County, Thirty-fifth Senatorial District, for appointment as a member of the Board of Trustees of Ebensburg Center, to serve until the third Tuesday of January 2017, and until his successor is appointed and qualified, vice Timothy Layton, Windber, resigned.

TOM CORBETT
Governor

BILLS SIGNED

The PRESIDENT (Lieutenant Governor Jim Cawley) in the presence of the Senate signed the following bills:

SB 437, SB 1081 and HB 1056.

BILLS REPORTED FROM COMMITTEES

Senator TOMLINSON, from the Committee on Consumer Protection and Professional Licensure, reported the following bill:

HB 408 (Pr. No. 418)

An Act amending the act of April 16, 1992 (P.L.155, No.28), known as the Assessors Certification Act, further providing for nonapplicability.

Senator GREENLEAF, from the Committee on Judiciary, reported the following bills:

SB 1016 (Pr. No. 1730) (Amended)

An Act amending Title 42 (Judiciary and Judicial Procedure) of the Pennsylvania Consolidated Statutes, providing for State income tax intercept.

SB 1017 (Pr. No. 1731) (Amended)

An Act amending Title 42 (Judiciary and Judicial Procedure) of the Pennsylvania Consolidated Statutes, providing for lottery winnings intercept.

HB 21 (Pr. No. 114)

An Act amending the act of July 9, 1976 (P.L.817, No.143), known as the Mental Health Procedures Act, in criminal justice determinations, further providing for incompetence and for procedure.

LEGISLATIVE LEAVES

The PRESIDENT. The Chair recognizes the gentleman from Delaware, Senator Pileggi.

Senator PILEGGI. Mr. President, I request a legislative leave for Senator Scarnati.

The PRESIDENT. The Chair recognizes the gentleman from Allegheny, Senator Costa.

Senator COSTA. Mr. President, I request legislative leaves for Senator Hughes and Senator Tartaglione.

The PRESIDENT. Senator Pileggi requests a legislative leave for Senator Scarnati.

Senator Costa requests legislative leaves for Senator Hughes and Senator Tartaglione.

Without objection, the leaves will be granted.

SENATE CONCURRENT RESOLUTION

JOINT SESSION

Senator PILEGGI offered the following resolution, which was read as follows:

In the Senate, January 28, 2014

RESOLVED, (the House of Representatives concurring), That the Senate and House of Representatives meet in Joint Session on Tuesday, February 4, 2014 at 11:00 a.m., in the Hall of the House of Representatives for the purpose of hearing an address by His Excellency, Governor Tom Corbett; and be it further

RESOLVED, That a committee of three on the part of the Senate, be appointed to act with a similar committee on the part of the House of Representatives, to escort His Excellency, the Governor of the Commonwealth of Pennsylvania, to the Hall of the House of Representatives.

On the question,
Will the Senate adopt the resolution?

The yeas and nays were required by Senator PILEGGI and were as follows, viz:

YEA-49

Alloway	Farnese	Pileggi	Vogel
Argall	Ferlo	Rafferty	Vulakovich
Baker	Folmer	Robbins	Ward

Blake	Fontana	Scarnati	Washington
Boscola	Gordner	Schwank	White
Brewster	Greenleaf	Smith	Wiley
Browne	Hughes	Smucker	Williams
Brubaker	Hutchinson	Solobay	Wozniak
Corman	Kasunic	Stack	Yaw
Costa	Kitchen	Tartaglione	Yudichak
Dinniman	Leach	Teplitz	
Eichelberger	McIlhinney	Tomlinson	
Erickson	Mensch	Vance	

NAY-0

A majority of the Senators having voted "aye," the question was determined in the affirmative.

Ordered, That the Secretary of the Senate present the same to the House of Representatives for concurrence.

GUESTS OF SENATOR PATRICIA H. VANCE PRESENTED TO THE SENATE

The PRESIDENT. The Chair recognizes the gentlewoman from Cumberland, Senator Vance.

Senator VANCE. Mr. President, I am very, very pleased to introduce the Northern High School Girls' Soccer Team, who captured the 2013 PIAA District III Championship in November. They defeated Trinity High School in overtime for the victory. They compiled a record of 21 wins and 2 losses for the season. This is the first district title in the girls' soccer team history. They were also the Mid Penn Conference Capital Division Champions this season. They are coached by Mindy Smith and assisted by Keri Walton, Kaitlin Bonner, Doug Miller, and Ashley Walker. They are led by captains Sara Yunez and Alexis Munshower. The team and coaches are in the gallery, and I ask that we give them a very warm Senate welcome.

The PRESIDENT. Would the guests of Senator Vance please rise so that the Senate may give you its usual warm welcome. (Applause.)

LEGISLATIVE LEAVE CANCELLED

The PRESIDENT. Senator Tartaglione has returned, and her legislative leave is cancelled.

GUESTS OF SENATOR SHIRLEY M. KITCHEN PRESENTED TO THE SENATE

The PRESIDENT. The Chair recognizes the gentlewoman from Philadelphia, Senator Kitchen.

Senator KITCHEN. Mr. President, it is with great honor that I rise to introduce Saint Joseph's Preparatory School, Pennsylvania's best Class AAAA high school football team for 2013. The Saint Joe's Prep season ended perfectly on December 15, when the team and its legion of fans packed Hersheypark Stadium and beat Pittsburgh Central Catholic 35 to 10. Along the way, Prep claimed the PIAA Class AAAA Championship with its 30 to 20 victory over Plymouth Whitmarsh. The Prep also won the District 12 Championship with its 12 to 7 victory over Northeast. Led by head coach Gabe Infante, Saint Joseph's Preparatory featured record-setting quarterback Chris Martin and varsity captains Thomas Johnson, Jawan McAllister, Vince Moffett, and John Reid. I ask the Senate, Mr. President, to give the Saint Joseph's Preparatory State Champion Football Team a pep rally welcome.

The PRESIDENT. Would the guests of Senator Kitchen please rise so that the Senate may give you its usual warm welcome.

(Applause.)

GUESTS OF SENATOR MICHAEL J. FOLMER PRESENTED TO THE SENATE

The PRESIDENT. The Chair recognizes the gentleman from Lebanon, Senator Folmer.

Senator FOLMER. Mr. President, I am very pleased and honored today to introduce two really special guests of mine to the Senate. I rise to introduce my pastor, Ron Zeigler, who was the guest Chaplain today. Pastor Ron, as I refer to him, is not only my teaching elder, but a dear brother in Christ. I respect him tremendously, we talk at all times, he is a great mentor of mine, and I am very honored. I would also like to introduce his daughter, Naomi Zeigler, who is the daughter of Ron and his lovely wife, Kathy. Naomi is currently a senior at Palmyra High School in Lebanon County, where she serves as president of the Youth and Government delegation and the mock trial team. Naomi intends on double majoring in political science and English, with an interest in attending law school. Naomi hopes to become a criminal prosecutor specializing in crimes against women and children. She eventually hopes to do this at an international level to speak for women who do not have a voice. And by the way, she is also my shadow for the day. So, would the Senate please give a very warm welcome to my dear friend, Pastor Ron, and his lovely daughter, Naomi Zeigler.

The PRESIDENT. Would the guests of Senator Folmer please rise so that the Senate may give you its usual warm welcome. (Applause.)

GUESTS OF SENATOR JAMES R. BREWSTER PRESENTED TO THE SENATE

The PRESIDENT. The Chair recognizes the gentleman from Allegheny, Senator Brewster.

Senator BREWSTER. Mr. President, I am honored to address the Senate today to talk about congenital heart defects. Congenital heart defects are the most common type of birth defect in the United States. I was asked to propose a resolution by Katie Guzzo and her 13-year-old son, Gregory, making February 7 through 14, 2014, as "Congenital Heart Defect Awareness Week" in Pennsylvania. Katie and Gregory are from Arnold in Westmoreland County. This past December, Gregory had open heart surgery for atrioventricular septal defect, a congenital heart defect that accounts for 5 percent of all the congenital heart diseases in America. Katie and Gregory Guzzo have created Gregory's Heart Warrior Foundation. This foundation promotes awareness about congenital heart defects and helps children and families who suffer from CHDs. I would also like to mention Senator Leach's bill, Senate Bill No. 545. This bill would require healthcare providers who have birthing and newborn care services to perform a pulse oximetry screening on every newborn within 24 hours of birth to detect CHDs in newborns. I am a proud cosponsor of the bill.

I want to thank Katie and Gregory, Gregory's dad, Greg, Sr.; Gregory's stepfather, Jeremy Enciso; Gregory's sisters, Gillian and Madison, for being with us today. Mr. President, I would

like to have a warm Senate welcome for the Guzzo family, who are seated in the balcony.

The PRESIDENT. Would the guests of Senator Brewster please rise so that the Senate may give you its usual warm welcome.

(Applause.)

GUESTS OF SENATOR JUDY SCHWANK PRESENTED TO THE SENATE

The PRESIDENT. The Chair recognizes the gentlewoman from Berks, Senator Schwank.

Senator SCHWANK. Mr. President, I have the honor and pleasure today of introducing a young lady I only recently met, but have come to admire greatly for her bravery. I am introducing Allyson Pereira and her parents, who are here with her, Norie and Bill. Allyson reached out to me in regards to the intimate partner harassment legislation that I have recently introduced. By some really rare coincidence, today was the day that they planned on visiting, and I am hopeful that the Senate will be running that bill today. Allyson is a sexting-awareness advocate, as well as a victim of intimate partner harassment. We all have heard the news stories of young women who have been victims of this harassment and have felt so ashamed and scared that they have taken their own lives to escape the embarrassment of what their partner had done to them. Allyson was not going to let that happen to her. At 16 years old, school can be tough enough with studies and peer pressure. However, Allyson was being taunted and called harsh words daily after an ex-boyfriend betrayed her trust and shared a personal picture with everyone that she knew. Allyson was bullied, but instead of backing down, she has bravely decided to speak out about the dangers of sexting and the repercussions of bullying. Her story has been featured on MTV, Good Morning America, CNN, Dr. Drew, The View, and Lifetime television, as well as numerous radio shows. She has worked with girls and parents all over the country who are dealing with this same issue. She travels to high schools, is a peer advocate, and she can speak the language that our teens really need to hear. She has used her experience as a victim to have a voice and help others understand the dangers and consequences of this behavior.

I want to personally thank her for taking the time to meet with me and for having the courage to speak out about her experience. And just to let you know, she is doing well. She works as an ultrasound technician, she has a career ahead of her, and a very, very bright future. Would you join me, Mr. President and colleagues, in welcoming Allyson Pereira to the Pennsylvania Senate.

The PRESIDENT. Would the guests of Senator Schwank please rise so that the Senate may give you its usual warm welcome.

(Applause.)

RECESS

The PRESIDENT. The Chair recognizes the gentleman from Delaware, Senator Pileggi.

Senator PILEGGI. Mr. President, I request a recess of the Senate for purposes of a meeting of the Committee on Rules and Executive Nominations to be held in the Rules room beginning immediately, to be followed by a meeting of the Committee on

Aging and Youth also to be held in the Rules room, to be followed by a meeting of the Committee on Labor and Industry, also to be held in the Rules room, to be followed by a Republican caucus to be held in the Majority Caucus Room.

The PRESIDENT. The Chair recognizes the gentleman from Allegheny, Senator Costa.

Senator COSTA. Mr. President, at the conclusion of the respective meetings announced, Senate Democrats will meet in the rear of the Chamber for a caucus.

The PRESIDENT. For purposes of meetings of the Committee on Rules and Executive Nominations, to be followed by the Committee on Aging and Youth, to be followed by the Committee on Labor and Industry, to be followed by Republican and Democratic caucuses, without objection, the Senate stands in recess.

AFTER RECESS

The PRESIDENT. The time of recess having expired, the Senate will come to order.

CALENDAR

THIRD CONSIDERATION CALENDAR

BILL OVER IN ORDER

HB 89 -- Without objection, the bill was passed over in its order at the request of Senator PILEGGI.

BILL AMENDED

SB 901 (Pr. No. 1512) -- The Senate proceeded to consideration of the bill, entitled:

An Act amending Title 53 (Municipalities Generally) of the Pennsylvania Consolidated Statutes, in indebtedness and borrowing, further providing for definitions, for classification and authority to issue bonds and notes, for cost of project, for exclusion of other self-liquidating debt to determine net nonelectoral debt or net lease rental debt and for preliminary authorizations as to financing; providing for preliminary approval by the department of the issuance of certain debt; further providing for small borrowing for capital purposes, for debt statement, for submission to department, for fees for filing, for certificate of approval of transcript, for effect of failure of timely action by department and for records of department; providing for duties of participants in Local Government Unit Debt Act transactions; and making a related repeal.

On the question,

Will the Senate agree to the bill on third consideration?

Senator EICHELBERGER offered the following amendment No. A5366:

Amend Bill, page 1, lines 1 through 21, by striking out all of said lines and inserting :

Amending Title 53 (Municipalities Generally) of the Pennsylvania Consolidated Statutes, in indebtedness and borrowing, further providing for definitions, for classification and authority to issue bonds and notes, for cost of project and for exclusion of other self-liquidating debt to determine net nonelectoral debt or net lease rental debt; providing for preliminary approval by the department of the issuance of certain debt; further providing for small borrowing for capital purposes, for debt statement, for submission to department, for fees for filing, for certificate of approval of transcript, for effect of failure of timely action by department and for records of department; providing for duties of

participants in Local Government Unit Debt Act transactions; and making a related repeal.

Amend Bill, page 1, lines 24 through 27; pages 2 through 22, lines 1 through 30, by striking out all of said lines on said pages and inserting :

Section 1. The definition of "self-liquidating debt" in subsection (b) of section 8002 of Title 53 of the Pennsylvania Consolidated Statutes is amended and subsection (c) is amended by adding definitions to read:

§ 8002. Definitions.

(b) Exclusions from debt.--With respect to exclusions from any particular category of debt and subject to additional definitions contained in subsequent provisions of this subpart which are applicable to specific provisions of this subpart, the following words and phrases when used in this subpart shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Self-liquidating debt." Debt payable solely from rents, rates or other charges to the ultimate users of the project, to be financed in whole or in part by that debt, or payable solely from special levies or assessments of benefits lawfully earmarked exclusively for that purpose. The term also includes debt or any portion thereof at the time qualified as self-liquidating pursuant to this subpart, whether or not solely payable from those sources. The term "ultimate users" includes the local government unit itself only where its use of the project is incidental to the use of the project by other users. A debt with respect to which debt service payments have been made under a guaranty of the debt shall not be considered self-liquidating.

(c) Other definitions.--Subject to additional definitions contained in subsequent provisions of this subpart which are applicable to specific provisions of this subpart, the following words and phrases when used in this subpart shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Financial advisor." A person who for compensation engages in the business of advising a local government unit, either directly or in writing, as to the value of securities, bonds or notes or as to the advisability of investing in, purchasing or selling securities, bonds or notes. The term does not include an attorney, accountant or engineer whose performance of such services is solely incidental to the practice of his profession. The term does not include a lender, underwriter or other entity purchasing the bonds or notes of a local government unit.

"Working capital." An amount which constitutes, under generally accepted accounting principles, the cost of the day-to-day operations of the project as well as a proper allowance for contingencies. Reimbursements under a guaranty or amounts to be used to address budgetary deficits of a local government unit or for other purposes not related to the construction or operation of the project do not constitute reasonable working capital in connection with the incurring of debt under this subpart.

Section 2. Sections 8005(c) and (d), 8007 and 8026(a)(5) of Title 53 are amended to read:

§ 8005. Classification and authority to issue bonds and notes.

(c) Authority to issue bonds and notes and lease rental debt.--Notwithstanding any other law to the contrary, every local government unit shall have full power and authority to issue bonds or notes, and make guaranties, leases, subsidy contracts or other agreements evidencing the acquisition of capital assets payable out of taxes and other general revenues, to provide funds for and towards the cost of or the cost of completing any project or combination of projects which the local government unit is authorized to own, acquire, subsidize, operate or lease or to participate in owning, acquiring, subsidizing, operating or leasing with others, to issue tax anticipation notes and funding bonds or notes as provided in this subpart and to contract for insurance covering the risks of nonpayment of principal, interest and premium of bonds, notes, tax anticipation notes and guaranties.

(d) Nature of guaranty procedure for issuance and prohibitions.--The following shall apply to a guaranty:

(1) For the purpose of this subpart, unless debt evidenced by a guaranty has been approved as electoral debt in accordance with Subchapter C (relating to procedure for securing approval of electors),

the guaranty shall be deemed to be nonelectoral debt if the local government unit guaranties its own bonds or notes and shall be deemed to be lease rental debt if it guaranties the bonds or notes of an authority or another local government unit. For the purpose of all other statutes, the guaranty shall be deemed to create debt or indebtedness of the local government unit making the guaranty.

(2) A local government unit may only issue a guaranty of debt of another local government unit or an authority after the initial local government unit has conducted its own due diligence to determine the risks involved in the transaction, including the impact of the guaranty on the future financial condition of the local government unit, the financial condition of the entity seeking the guaranty, the sources and reliability of revenue to cover the underlying obligation and the likelihood of default of the entity seeking the guaranty. A guaranty may only be made by vote of the governing body after a public meeting at which the initial local government unit demonstrates the foregoing due diligence. A local government unit may only issue a guaranty to an authority or other local government unit for projects which are expressly authorized by statute, including projects under section 5607 (relating to purposes and powers). Notwithstanding the foregoing, a local government unit may not issue a guaranty to an authority or other local government unit for sums due under a qualified interest rate management agreement, nor may guaranties be issued for projects which involve untested technology or experimentation.

(3) A local government unit is prohibited from collecting a fee to guaranty the debt of an authority or another local government unit. § 8007. Cost of project.

The cost of a project includes the amount of all payments to contractors or for the acquisition of a project or for lands, easements, rights and other appurtenances deemed necessary for the project, fees of architects, engineers, appraisers, consultants, financial advisors and attorneys incurred in connection with the project financing costs, costs of necessary printing and advertising, costs of preliminary feasibility studies and tests, cost estimates and interest on money borrowed to finance the project, if capitalized, to the date of completion of construction and, if deemed necessary, for one year thereafter, amounts to be placed in reserve funds, if any, a reasonable initial working capital for operating the project and a proper allowance for contingencies and any amount which constitutes, under generally accepted accounting principles, a cost of, and which has been determined by an independent actuary or other expert to be required for the purposes of, a reserve or a contribution toward a combined reserve, pool or other arrangement for losses or liabilities covered by a self-insurance arrangement established by one or more local government units. Costs paid, from sources other than the debt that is to be refunded, more than two years before an issuance of new debt to finance the costs may not be included in the costs of a project financed by the new debt. Reimbursements under a guaranty or amounts to be used by a local government unit to address budgetary deficits or other purposes not related to the project do not constitute a cost of a project in connection with the incurring of debt under this subpart. Costs that qualify for funding of unfunded debt under section 8130 (relating to approval by court to fund unfunded debt) may only constitute a cost of a project if the local government unit complies with the requirements of section 8130.

§ 8026. Exclusion of other self-liquidating debt to determine net nonelectoral debt or net lease rental debt.

(a) Filings with department.--Self-liquidating debt shall not be excluded in determining net nonelectoral debt or net lease rental debt for the purpose of establishing net debt of either category where the debt is evidenced by general obligation bonds or notes, by bonds, notes or other obligations of an authority or of another local government unit or by a guaranty until there has been filed with and approved by the department a report to the local government unit from qualified registered engineers or architects or other persons qualified by experience appropriate to the project, setting forth:

(5) The estimated net revenues of the project for each year of the remaining life of the bonds, notes or obligations with a justification for any assumed increase and a computation showing, in reasonable detail, that the net revenues, together with other available funds to be received in respect of the project, will be sufficient in each year to pay the annual debt service, other than capitalized debt service, on the bonds, notes or obligations or a specified aggregate principal amount thereof.

* * *

Section 3. Title 53 is amended by adding a section to read:
§ 8102.1. Preliminary approval by the department of the issuance of certain debt.

(a) General rule.--Prior to the enactment of an ordinance authorizing the sale or issuance of any general obligation bonds or notes or guaranteed revenue bonds or notes constituting nonelectoral debt or any agreement evidencing lease rental debt, a local government unit shall obtain a preliminary authorization to incur debt from the department. The following debt transactions shall be exempt from the requirement to obtain preliminary approval under this section:

(1) Small borrowing for capital purposes as provided in section 8109 (relating to small borrowing for capital purposes).

(2) Transactions under Subchapter C of Chapter 82 (relating to refunding of debt) which consist exclusively of the issuance and sale of obligations, the proceeds of which are to be used solely for the payment or redemption of outstanding obligations upon or prior to maturity and the costs of issuing the obligations. A refunding transaction which includes a qualified interest rate management agreement shall not be exempt from the requirements of this section.

(b) Authorization.--Authorization shall be obtained by filing a notice with the department in the form of a certificate signed by two officers of the local government unit. The department shall prescribe the form of the certificate which shall include a basic description of the intended financing and, as applicable, the following:

(1) Evidence that the local government unit is current in the filing of its annual financial statements with Commonwealth agencies under applicable State law.

(2) A description of the intended type and amount of payment or performance bond, letter or credit or other financial security proposed to insure the completion of the project.

(3) Information that the local government unit is up to date on all of its municipal securities disclosures required under 17 CFR § 240.15c2-12 (relating to municipal securities disclosure).

(4) If the local government unit intends for the proposed debt to be self-liquidating or subsidized, information satisfactory to the department that the debt will qualify as self-liquidating or subsidized debt, including filings required under section 8024 (relating to exclusion of subsidized debt from net nonelectoral debt or net lease rental debt), 8025 (relating to exclusion of self-liquidating debt evidenced by revenue bonds or notes to determine net nonelectoral debt) or 8026 (relating to exclusion of other self-liquidating debt to determine net nonelectoral debt or net lease rental debt), as applicable.

(5) If the local government unit has existing debt which was previously approved by the department as subsidized or self-liquidating, information satisfactory to the department that the debt continues to be treated as subsidized or self-liquidating and that no decrease in the amount to be excluded is required by any change in circumstances, other than resulting from the payments of the debt, or, if there has been a change in circumstances, information demonstrating to the satisfaction of the department the amount of debt that should continue to be treated as subsidized or self-liquidating.

(6) Schedules demonstrating the estimated net debt service impact of the transaction and a certification that the local government adopted or approved a plan to provide the tax or other revenues necessary to pay the debt service on the debt.

(7) The debt statement required by section 8110 (relating to debt statement).

(8) A statement of the intended manner of sale of the bonds or notes.

(9) A project cost statement detailing the intended uses of debt proceeds.

(c) Additional information.--As part of the department's review of a filing by a local government unit under subsection (b), the department may request and the local government unit shall provide additional information regarding any of the following:

(1) justification for costs of issuance exceeding 2% of the principal amount of the proposed debt;

(2) justification for the use of more than 10% of the proceeds of the debt for working capital; and

(3) if bonds or notes are to be sold at private sale by negotiation, the basis for the local government unit's finding that the bonds or notes are in the best financial interests of the local government unit.

(d) Action by department.--If the department, upon review of the

filing made by the local government unit under subsection (b) and any additional information provided under subsection (c), if applicable, finds that:

(1) The requirements are satisfied in connection with the proposed debt, the department shall issue a preliminary approval of the debt.

(2) The requirements are not satisfied in connection with the proposed debt, the department shall issue a preliminary disapproval of the debt and the local government may not proceed to incur the debt until the requirements are satisfied.

(e) Timely action required.--The department shall have 30 days after receipt of the filing required under subsection (b) to issue a preliminary approval or disapproval of the debt. If the local government unit has submitted a certificate for preliminary approval to the department by certified mail, return receipt requested or otherwise has an official receipt from the department and the local government unit has not, within 30 days of the date of receipt of the filing by the department, received the certificate of preliminary approval, disapproval or notification of correctable error, the filing shall be deemed to have been preliminarily approved for all purposes unless the local government unit has extended the time within which the department may act by written communication to the department or by failure to object to a written communication from the department requesting the extension. No extension shall exceed 15 days.

(f) Incurrence of debt.--Upon issuance of preliminary approval of the department, the local government unit shall have one year to incur the debt under this subpart. The bonds or notes shall be sold, or instruments evidencing lease rental debt delivered, not more than two years following the date of the preliminary approval.

(g) Review.--All determinations by the department under this section are reviewable as provided under 2 Pa.C.S. Ch. 7 (relating to judicial review).

Section 4. Sections 8109(a)(1) and 8110(b) of Title 53 are amended to read:

§ 8109. Small borrowing for capital purposes.

(a) General rule.--Any local government unit may incur debt by resolution rather than by ordinance to be evidenced by notes to provide funds for a project as defined in this subpart without complying with the requirements of Subchapter A of Chapter 82 (relating to Department of Community and Economic Development) if:

(1) The aggregate amount of the debt outstanding at any one time shall not exceed the lesser of [\$125,000] \$250,000 or 30% of the nonelectoral debt limit as authorized in section 8022(a) (relating to limitations on incurring of other debt).

* * *

§ 8110. Debt statement.

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(b) Previously excluded self-liquidating or subsidized debt.--Where debt has previously been excluded as self-liquidating or subsidized debt, the debt statement shall be accompanied by a certification that indicates one of the following:

(1) no decrease in the amounts to be excluded is required by any change of circumstances [or, if there has been a change, other than decreases resulting from the payments of bonds or notes, so that less debt is to be excluded. If it has become possible to exclude a greater amount of debt and the local government unit desires to do so, the debt statement shall be accompanied by appropriate certificates supporting the revised amount to be excluded, and a revised approval shall be obtained from the department.];

(2) a decrease in the amounts to be excluded is required due to a change in circumstances, in which case:

(i) The change in circumstance must be described. If it has become possible to exclude a greater amount of debt and the local government unit wants to do so, the debt statement shall be accompanied by appropriate certifications supporting the revised amount to be excluded and a revised approval shall be obtained from the department.

(ii) No debt service payments have been made under a guaranty of debt previously established as self-liquidating. Debt service payments that have been made under a guarantee of the local government unit shall no longer be considered self-liquidating unless and until the local government unit files with the department a new report satisfying the requirements of section 8025 (relating to exclusion of self-liquidating debt evidenced by revenue bonds or notes to determine net nonelectoral debt) or 8026 (relating to exclusion of other self-

