

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 865

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KASUNIC, DALEY, MORRIS AND ALDERETTE, APRIL 26, 1983

REFERRED TO COMMITTEE ON TRANSPORTATION, APRIL 26, 1983

AN ACT

1 Creating the Railroad Maintenance Authority; and providing for
2 its powers, duties and responsibilities.

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21 The General Assembly of the Commonwealth of Pennsylvania
22 hereby enacts as follows:

23 Section 1. Short title.

24 This act shall be known and may be cited as the Railroad
25 Maintenance Authority Act.

26 Section 2. Legislative intent and findings.

27 (a) Public policy.--It is the public policy and
28 responsibility of the Commonwealth to facilitate railroad
29 transportation and commerce in this Commonwealth by exercising
30 those powers of the Commonwealth necessary to qualify for rail

1 services continuation subsidies under the Regional Rail
2 Reorganization Act of 1973, (45 U.S.C. § 701 et seq.), as
3 amended, and any rules or regulations promulgated under that
4 act.

5 (b) Finding and declaration.--The General Assembly finds and
6 declares that this responsibility of the Commonwealth cannot be
7 effectively met without the establishment, funding,
8 construction, reconstruction, acquisition, repair, replacement,
9 operation and maintenance of railroads and railroad projects.

10 Section 3. Definitions.

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

14 "Authority." The Railroad Maintenance Authority created by
15 this act.

16 "Bond" or "railroad maintenance authority bond." A revenue
17 bond or rate issued by the Railroad Maintenance Authority to
18 effectuate the intents and purposes of this act.

19 "Income." All money accruing to the authority from any
20 source.

21 "Owner." All individuals, copartnerships, associations,
22 corporations, companies, transportation companies, public
23 service corporations, the United States or any agency or
24 instrumentality thereof, common carriers by rail and railroad
25 companies having any title or interest in any rail properties
26 authorized to be acquired, leased or used by this act.

27 "Person." Individuals, corporations, partnerships or foreign
28 and domestic associations, including railroads.

29 "Rail properties." Assets or rights owned, leased or
30 otherwise controlled by a railroad or other person which are

1 used, or useful, in rail transportation service: Provided, That
2 rail properties does not include any properties owned, leased or
3 otherwise controlled by a railroad not in reorganization, unless
4 it consents to such properties' inclusion in the particular
5 transaction.

6 "Railroad." A common carrier by railroad as defined in
7 section 1(3) of Part I of the Interstate Commerce Act (49 U.S.C.
8 1(3)).

9 "Railroad project." The initiation, acquisition,
10 construction, maintenance, repair, equipping or operation of
11 rail properties or rail service, or the provisions of loans or
12 grants to or with government agencies, or to persons for such
13 purposes, by the authority.

14 "Rail service." Freight and passenger service.

15 Section 4. Railroad Maintenance Authority.

16 (a) Authority created.--The Railroad Maintenance Authority
17 is hereby created. The authority is a governmental
18 instrumentality of the Commonwealth and a body corporate. The
19 exercise by the authority of the powers conferred by this act
20 and the carrying out of its purposes and duties shall be deemed
21 and held to be, and are hereby determined to be, essential
22 governmental functions and for a public purpose.

23 (b) Membership.--The authority shall consist of nine
24 members. The Governor shall appoint three members, the Speaker
25 of the House shall appoint three members and the President pro
26 tempore of the Senate shall appoint three members. Each member
27 shall serve a term of four years except for initial appointments
28 to the authority. Of the initial appointments, each appointing
29 official shall make one appointment for a term ending June 30,
30 1985, one appointment for a term ending June 30, 1986 and one

1 appointment for a term ending June 30, 1987. A person appointed
2 to fill a vacancy occurring prior to the expiration of the term
3 for which his predecessor was appointed shall be appointed only
4 for the remainder of the term. Each authority member shall serve
5 until the appointment of his successor. Appointed authority
6 members may be reappointed to serve additional terms. All
7 members of the authority shall be citizens of the Commonwealth.

8 (c) Bond and removal from office.--Each appointed member of
9 the board, before entering upon his duties, shall give bond in
10 the sum of \$25,000. The Governor may remove any authority member
11 for cause.

12 (d) Officers and voting.--Annually on the first business day
13 of July the authority shall elect one of its appointed members
14 as chairman and another as vice chairman, and shall appoint a
15 secretary-treasurer, who need not be a member of the authority.
16 A member of the authority must be personally present at a
17 meeting in order to vote during that meeting. Five members of
18 the authority shall constitute a quorum and the affirmative vote
19 of four members shall be necessary for any action taken by vote
20 of the authority. No vacancy in the membership of the authority
21 shall impair the rights of a quorum by such vote to exercise all
22 the rights and perform all the duties of the authority. The
23 person appointed as secretary-treasurer, including an authority
24 member if he is so appointed, shall give bond in the sum of
25 \$50,000.

26 (e) Compensation.--The Governor shall not receive any
27 compensation for serving as an authority member. Each of the
28 seven appointed members of the authority shall receive \$50 for
29 each day or substantial part thereof actually spent in attending
30 meetings of the board or in discharging or carrying out his

1 duties and work as a member of the board. Each of the seven
2 appointed members shall be reimbursed for all reasonable and
3 necessary expenses actually incurred in the performance of his
4 duties as a member of the authority. All compensation and
5 expenses incurred shall be payable solely from funds of the
6 authority or from funds appropriated for that purpose by statute
7 and no liability or obligation shall be incurred by the
8 authority beyond the extent to which moneys are available from
9 funds of the authority or from such appropriations.

10 (f) Executive director.--There shall also be an executive
11 director of the authority appointed by the authority.

12 Section 5. Authority may construct, maintain, etc. railroad
13 maintenance projects.

14 To accomplish the public policies and purposes and to meet
15 the responsibility of the Commonwealth as set forth in this act,
16 the authority may carry out railroad projects or cause railroad
17 projects to be carried out pursuant to a lease, sublease or
18 agreement with any person or governmental agency, may make loans
19 and grants to or with governmental agencies or to persons for
20 railroad projects and may issue railroad authority bonds of the
21 Commonwealth, payable solely from revenues, to pay the cost of
22 such projects. A railroad project shall not be undertaken unless
23 it has been determined by the authority to be consistent with
24 any applicable comprehensive plan for railroad projects approved
25 by the authority. Any resolution of the authority authorizing a
26 railroad project shall include a finding by the authority that
27 consistency determinations have been made.

28 Section 6. Powers, duties and responsibilities of authority
29 generally.

30 (a) Specific powers.--The Railroad Maintenance Authority is

1 hereby granted, has and may exercise all powers necessary or
2 appropriate to carry out and effectuate its corporate purpose.
3 Specifically, the authority shall have the power and capacity
4 to:

5 (1) Adopt, and from time to time, amend and repeal by
6 laws necessary and proper for the regulation of its affairs
7 and the conduct of its business and rules and regulations to
8 implement and make effective its powers and duties.

9 (2) Adopt an official seal.

10 (3) Maintain a principal office and, if necessary,
11 regional suboffices at locations properly designated or
12 provided.

13 (4) Sue and be sued in its own name and plead and be
14 impleaded in its own name, and particularly to enforce
15 obligations and covenants made under sections 10, 11 and 16.
16 Any actions against the authority shall be brought in the
17 Commonwealth Court.

18 (5) Make loans and grants to governmental agencies and
19 persons for carrying out railroad projects by any
20 governmental agency or persons, and adopt rules and
21 procedures for making such loans and grants.

22 (6) Acquire, construct, reconstruct, enlarge, improve,
23 furnish, equip, maintain, repair, operate, lease or rent to,
24 or contract for operation by a governmental agency or person,
25 railroad projects, and adopt rules and regulations for the
26 use of such projects.

27 (7) Make available the use or services of any railroad
28 project to one or more persons, one or more governmental
29 agencies, or any combination thereof.

30 (8) Issue railroad maintenance authority bonds and notes

1 and refunding bonds of the Commonwealth, payable solely from
2 revenues as provided in section 10 unless the bonds are
3 refunded by refunding bonds, for the purpose of paying any
4 part of the cost of one or more railroad projects or parts
5 thereof.

6 (9) Acquire by gift or purchase, hold and dispose of
7 real and personal property in the exercise of its powers and
8 the performance of its duties as set forth in this act.

9 (10) Acquire in the name of the Commonwealth, by
10 purchase or otherwise, on the terms and in the manner as it
11 deems proper, or by the exercise of the right of eminent
12 domain, rail properties and appurtenant rights and interests
13 necessary for carrying out railroad projects.

14 (11) Make and enter into all contracts and agreements
15 and execute all instruments necessary or incidental to the
16 performance of its duties and the execution of its powers.
17 When the cost under any potential contract or agreement,
18 other than compensation for personal services, involves an
19 expenditure of more than \$2,000, the authority shall make a
20 written contract with the lowest responsible bidder after
21 advertisement for competitive bid, which notice shall state
22 the general character of the work and the general character
23 of the materials to be furnished, the place where plans and
24 specifications therefor may be examined and the time and
25 place of receiving bids. The authority may make additional
26 rules and regulations for bidding procedures. The authority
27 may reject any and all bids. A bond with good and sufficient
28 surety, approved by the authority, shall be required of all
29 contractors in an amount equal to at least 50% of the
30 contract price, conditioned upon the faithful performance of

1 the contract. A contract or lease for the operation of a
2 railroad project constructed and owned by the authority or an
3 agreement for cooperation in the acquisition or construction
4 of a railroad project pursuant to section 16 is not subject
5 to bid requirements, and the authority may enter into such an
6 agreement after negotiation and upon terms and conditions and
7 for a period as the authority finds to be reasonable and
8 proper under the circumstances and in the best interests of
9 proper operation or of efficient acquisition or construction
10 of such railroad project.

11 (12) Appoint a director, employ managers,
12 superintendents and other employees and retain or contract
13 with consulting engineers, financial consultants,
14 accountants, attorneys and other consultants and independent
15 contractors as are necessary in its judgment to carry out the
16 provisions of this act, and fix their compensation or fees.
17 These expenses shall be payable from the proceeds of railroad
18 maintenance authority revenue bonds or notes issued by the
19 authority, from revenues and funds appropriated for such
20 purpose by the legislature or from grants from the Federal
21 Government which may be used for such purpose.

22 (13) Receive and accept from any state or Federal
23 agency, grants for or in aid of the construction of any
24 railroad project or for research and development with respect
25 to railroads, and receive and accept aid or contributions
26 from any source of money, property, labor or other things of
27 value, to be held, used and applied only for the purposes for
28 which such grants and contributions are made.

29 (14) Engage in research and development with respect to
30 railroads.

1 (15) Purchase fire and extended coverage and liability
2 insurance for any railroad project and for the principal
3 office and suboffices of the authority, insurance protecting
4 the authority and its officers and employees against
5 liability, if any, for damage to property or injury to or
6 death of persons arising from its operations and be a member
7 of, and to participate in, the State workmen's compensation
8 program.

9 (16) Charge, alter and collect rates, rentals and other
10 charges for the use or services of any railroad project as
11 provided in this act.

12 (17) Do all acts necessary and proper to carry out the
13 powers expressly granted to the authority in this act.

14 (b) Additional powers.--In addition, the authority shall
15 have the power to:

16 (1) Acquire rail properties both within and not within
17 the jurisdiction of the Interstate Commerce Commission and
18 rail properties within the purview of the Regional Rail
19 Reorganization Act of 1973 (45 U.S.C. § 701 et seq.), any
20 amendments to it and any other relevant Federal legislation
21 and regulations.

22 (2) Enter into agreements with owners of rail properties
23 for the acquisition of rail properties or use or both of rail
24 properties upon such terms, conditions, rates or rentals as
25 can best effectuate the purposes of this act.

26 (3) Acquire rail properties and other property of a
27 railroad in concert with another state or states as is
28 necessary to insure continued rail service in this
29 Commonwealth.

30 (4) Establish a Statewide plan for rail transportation

1 and local rail services.

2 (5) Administer and coordinate the Statewide plan.

3 (6) Provide in the Statewide plan for the equitable
4 distribution of Federal rail service continuation subsidies
5 among State, local and regional transportation authorities.

6 (7) Promote, supervise and support safe, adequate and
7 efficient rail services.

8 (8) Employ sufficient trained and qualified personnel
9 for these purposes.

10 (9) Maintain adequate programs of investigation,
11 research, promotion and development in connection with such
12 purposes and to provide for public participation therein.

13 (10) Provide satisfactory assurances on behalf of the
14 Commonwealth that fiscal control and fund accounting
15 procedures will be adopted by the Commonwealth necessary to
16 assure proper disbursement of and accounting for Federal
17 funds paid to the Commonwealth as rail service continuation
18 subsidies.

19 (11) Comply with the regulations of the Secretary of
20 Transportation of the United States Department of
21 Transportation affecting Federal rail service continuation
22 programs.

23 (12) Do all things otherwise necessary to maximize
24 Federal assistance to the Commonwealth under Title IV of the
25 Regional Rail Reorganization Act of 1973 (45 U.S.C. § 761 et
26 seq.) and to qualify for rail service continuation subsidies
27 pursuant to the Regional Rail Reorganization Act of 1973.

28 Section 7. Operations and purchases.

29 (a) Sale, transfer or lease.--The authority may sell,
30 transfer or lease all or any part of the rail properties and

1 other property acquired under the provisions of this act to any
2 responsible person, firm or corporation for continued operation
3 of a railroad or other public purpose. The sale, transfer or
4 lease shall be for a price and subject to any further terms and
5 conditions which the authority feels are necessary and
6 appropriate to effectuate the purposes of this act. If
7 Interstate Commerce Commission approval is required for the
8 continued operation of a railroad or other public purpose, the
9 sale, transfer or lease is subject to the approval being
10 granted.

11 (b) Certification guarantees.--After acquiring any railroad
12 lines within this Commonwealth, the authority shall assist any
13 responsible person, firm or corporation to secure any order or
14 certificate required by the Interstate Commerce Commission for
15 the performance of railroad service. The authority shall also
16 give any assurances or guarantees which are necessary or
17 desirable to carry out the purposes of this act.

18 (c) Title of ownership.--The authority may take whatever
19 steps are necessary in order to determine the absolute fee
20 simple title ownership of all rail properties of any railroad
21 within this Commonwealth. The determination may include the
22 status of the rail properties with respect to easements, rights-
23 of-way, leases, reversionary rights, fee simple title ownership
24 and any and all related title matters. The authority may retain
25 attorneys, experts or other assistants, and issue any contracts
26 as are necessary to make the title determination.

27 (d) Right of first refusal.--All rail properties within this
28 Commonwealth offered for sale by any railway corporation after
29 the date of enactment of this act shall be offered for sale to
30 the Commonwealth in the first instance.

1 (e) Interstate cooperation.--The authority may cooperate
2 with other states and authorities in connection with the
3 purchase of any rail properties within this Commonwealth. The
4 authority may also acquire railroad rights in other states and
5 rail properties lying in other states in order to carry out the
6 intentions and purposes of this act. In carrying out the powers
7 and duties conferred by this act, the authority may enter into
8 general contractual arrangements, including joint purchasing and
9 leasing of rail properties with other states.

10 (f) Acquisition by county or municipalities.--In weighing
11 the varied interests of the residents of this Commonwealth, the
12 authority shall give consideration to the individual interest of
13 any county or municipality expressing a desire to acquire a
14 portion, or all, of the abandoned real estate located within its
15 jurisdiction. The authority may exercise its powers under this
16 act to acquire the abandoned property for subsequent conveyance
17 to the county or municipality.

18 (g) Availability of Federal funds.--The authority may
19 utilize Federal funds, grants, gifts or donations which are
20 available and any sums that are appropriated in carrying out the
21 purposes of this act. The authority may also apply for
22 discretionary or other funds available under the provisions of
23 the Regional Rail Reorganization Act of 1973 or other Federal
24 programs.

25 (h) Loan availability.--The authority may apply for an
26 acquisition and modernization loan, or a guarantee of a loan,
27 pursuant to section 403 of the Regional Rail Reorganization Act
28 of 1973 or any other Federal programs, within the limit of funds
29 appropriated for those purposes.

30 (i) Authority to purchase.--The authority is authorized to

1 purchase any railroad rolling stock, equipment and machinery
2 necessary for the operation and maintenance of any rail
3 properties purchased by it on behalf of the Commonwealth, with
4 any funds made available for this purpose. The authority may
5 also acquire and have available, a pool of equipment and
6 machinery which may be utilized by the operators of the rail
7 properties for the purpose of track maintenance and other
8 related railroad activities, upon terms and conditions
9 determined by the authority.

10 (j) Power to contract for improvement and maintenance of
11 properties.--The authority may contract for the rebuilding or
12 relocation of any rail properties acquired pursuant to this act,
13 within the provisions of the Regional Rail Reorganization Act of
14 1973 or any other applicable legislation. The authority may also
15 spend any sums appropriated, as well as any other available
16 funds, for the modernization, rebuilding and relocation of any
17 rail properties owned by the Commonwealth or by a private
18 carrier. The authority may do any maintenance on any rail
19 properties owned by the Commonwealth as is necessary in the
20 public interest.

21 (k) Power to contract for improvement and maintenance of
22 services.--The authority may contract with any domestic or
23 foreign person, firm, corporation, agency or government to
24 provide, maintain or improve rail transportation service on the
25 rail properties acquired by the Commonwealth under this act.

26 (l) Power to transfer nonessential properties; hearing
27 required.--Whenever the authority determines that any rail
28 properties acquired by the Commonwealth are no longer needed for
29 railroad purposes, it may, with the permission of the Governor,
30 permanently or temporarily transfer the rail properties to any

1 other department, agency or political subdivision of the
2 Commonwealth, which shall utilize the properties for a public
3 purpose. Whenever more than one department, agency or political
4 subdivision wishes to utilize the property, the authority shall
5 resolve such a conflict and make a prompt determination of the
6 reasonable and proper order of priority, taking into
7 consideration any applicable Statewide plans, policies or
8 objectives. If no department, agency or political subdivision
9 wants the properties, the authority may sell them, with the
10 proceeds deposited to the special railroad fund established by
11 this act. A public hearing is required prior to the transfer or
12 sale of any rail properties by the authority.

13 Section 8. Railroad Maintenance Authority Fund.

14 There is hereby created in the State Treasury a Railroad
15 Maintenance Authority Fund. The authority shall deposit proceeds
16 derived from action taken pursuant to this act and shall be the
17 authority to use moneys in the fund to effectuate the provisions
18 and purposes of this act.

19 Section 9. Expenditure of funds for study and engineering of
20 proposed projects.

21 The authority may expend, out of any funds available for the
22 purpose, any moneys as are necessary for the study of any
23 proposed railroad project and may use its engineering and other
24 forces, including consulting engineers for the purpose of
25 effecting such study. All expenses incurred by the study and
26 engineering shall be paid from the funds established in section
27 8.

28 Section 10. Issuance of bonds and notes.

29 (a) Power to raise revenue by issuing bonds; debt
30 limitation.--The authority is hereby empowered to raise the cost

1 of one or more railroad projects or parts thereof by the
2 issuance from time to time of railroad maintenance revenue bonds
3 and notes of the Commonwealth in such principal amount as the
4 authority deems necessary, but the aggregate amount of all
5 issues of bonds and notes outstanding at one time for all
6 projects authorized hereunder shall not exceed that amount
7 capable of being serviced by revenues received from such
8 projects.

9 (b) Powers to issue renewal notes and refunding bonds.--The
10 authority may, from time to time, issue renewal notes, issue
11 bonds to pay the notes and whenever it deems refunding
12 expedient, refund any bonds by the issuance of railroad
13 maintenance revenue refunding bonds of the Commonwealth, whether
14 the bonds to be refunded have or have not matured, and issue
15 bonds partly to refund bonds then outstanding and partly for any
16 other authorized purpose. The refunding bonds shall be sold and
17 the proceeds applied to the purchase, redemption or payment of
18 the bonds to be refunded. Except as may otherwise be expressly
19 provided by the authority, every issue of its bonds or notes
20 shall be obligations of the authority payable out of the
21 revenues of the authority, which are pledged for such payment,
22 without preference or priority of the first bonds issued,
23 subject only to any agreements with the holders of particular
24 bonds or notes pledging any particular revenues. Such pledge
25 shall be valid and binding from the time the pledge is made and
26 the revenue so pledged and thereafter received by the authority
27 shall immediately be subject to the lien of such pledge without
28 any physical delivery thereof or further act and the lien of any
29 such pledge shall be valid and binding as against all parties
30 having claims of any kind in tort, contract or otherwise against

1 the authority irrespective of whether such parties have notice
2 thereof.

3 (c) Bonds and notes qualify as negotiable instruments.--All
4 such bonds and notes shall have and are hereby declared to have
5 all the qualities of negotiable instruments.

6 (d) Bond and note characteristics.--The bonds and notes
7 shall be authorized by resolution of the authority, shall bear
8 such date and shall mature at such time, in the case of any such
9 note or any renewals thereof not exceeding five years from the
10 date of issue of such original note, and in the case of any such
11 bond not exceeding 50 years from the date of issue, as such
12 resolution may provide. The bonds and notes shall bear interest
13 at such rate, be in such denominations, be in such form, either
14 coupon or registered, carry such registration privileges, be
15 payable in such medium of payment, at such place and be subject
16 to such terms of redemption as the authority may authorize. The
17 bonds and notes of the authority may be sold by the authority,
18 at public or private sale, at or not less than the price the
19 authority determines. The bonds and notes shall be executed by
20 the chairman and vice chairman of the authority, both of whom
21 may use facsimile signatures. The official seal of the authority
22 or a facsimile thereof shall be affixed thereto or printed
23 thereon and attested, manually or by facsimile signature, by the
24 secretary-treasurer of the authority, and any coupons attached
25 thereto shall bear the signature or facsimile signature of the
26 chairman of the authority. In case any officer whose signature,
27 or a facsimile of whose signature, appears on any bonds, notes
28 or coupons ceases to be such officer before delivery of the
29 bonds or notes, such signature or facsimile is nevertheless
30 sufficient for all purposes the same as if he had remained in

1 office until such delivery and in case the seal of the authority
2 has been changed after a facsimile has been imprinted on such
3 bonds or notes, such facsimile seal will continue to be
4 sufficient for all purposes.

5 (e) Authorizing resolution may include provisions of
6 issue.--Any resolution authorizing any bonds or notes or any
7 issue thereof may contain provisions, subject to agreements with
8 bondholders or noteholders as may then exist, which provisions
9 shall be a part of the contract with the holders thereof, as to
10 pledging all or any part of the revenues of the authority to
11 secure the payment of the bonds or notes or of any issue
12 thereof; the use and disposition of revenues of the authority; a
13 covenant to fix, alter and collect rates, rentals and other
14 charges so that pledged revenues will be sufficient to pay the
15 costs of operation, maintenance and repairs, pay principal of
16 and interest on bonds or notes secured by the pledge of such
17 revenues and provide such reserves as may be required by the
18 applicable resolution or trust agreement; the setting aside of
19 reserve funds, sinking funds or replacement and improvement
20 funds and the regulation and disposition thereof; the crediting
21 of the proceeds of the sale of bonds or notes to and among the
22 funds referred to or provided for in the resolution authorizing
23 the issuance of the bonds or notes; the use, lease, sale or
24 other disposition of any railroad project or any other assets of
25 the authority; limitations on the purpose to which the proceeds
26 of sale of bonds or notes may be applied and pledging such
27 proceeds to secure the payment of the bonds or notes or of any
28 issue thereof; notes issued in anticipation of the issuance of
29 bonds, the agreement of the authority to do all things necessary
30 for the authorization, issuance and sale of such bonds in such

1 amounts as may be necessary for the timely retirement of such
2 notes; limitations on the issuance of additional bonds or notes;
3 the terms upon which additional bonds or notes may be issued and
4 secured; the refunding of outstanding bonds or notes; the
5 procedure, if any, by which the terms of any contract with
6 bondholders or noteholders may be amended or abrogated, the
7 amount of bonds or notes the holders of which must consent
8 thereto and the manner in which such consent may be given;
9 limitations on the amount of moneys to be expended by the
10 authority for operating, administrative or other expenses of the
11 authority; securing any bonds or notes by a trust agreement; and
12 any other matters, of like or different character, which in any
13 way affect the security or protection of the bonds or notes.

14 (f) Limitation of personal liability for issue.--Neither the
15 members of the authority nor any person executing the bonds or
16 notes shall be liable personally on the bonds or notes or be
17 subject to any personal liability or accountability by reason of
18 the issuance thereof.

19 Section 11. Trustee for bondholders.

20 (a) Power to enter trust agreement.--In the discretion of
21 the authority, any railroad maintenance bonds or notes or
22 railroad maintenance refunding bonds issued by the authority
23 under this act may be secured by a trust agreement between the
24 authority and a corporate trustee, which trustee may be any
25 trust company or banking institution having the powers of a
26 trust company within or without this Commonwealth.

27 (b) Terms of trust agreement.--Any trust agreement may
28 pledge or assign revenues of the authority to be received but
29 shall not convey or mortgage any railroad project in whole or in
30 part. Any trust agreement or resolution providing for the

1 issuance of bonds or notes may contain any provisions for
2 protecting and enforcing the rights and remedies of the
3 bondholders or noteholders which are reasonable and proper and
4 not in violation of law. This includes covenants setting forth
5 the duties of the authority in relation to the acquisition of
6 property, the construction, improvement, maintenance, repair,
7 operation and insurance of the railroad project in connection
8 with which bonds or notes are authorized, the rentals or other
9 charges to be imposed for the use or services of any railroad
10 project and the custody, safeguarding and application of all
11 moneys and provisions for the employment of consulting engineers
12 in connection with the construction or operation of the railroad
13 project. Any banking institution or trust company incorporated
14 under the laws of the Commonwealth which may act as depository
15 of the proceeds of bonds or notes or of revenues shall furnish
16 such indemnifying bonds or pledge such securities as are
17 required by the authority. Any such trust agreement may set
18 forth the rights and remedies of the bondholders and noteholders
19 and of the trustee and may restrict individual rights of action
20 by bondholders and noteholders as customarily provided in trust
21 agreements or trust indentures securing similar bonds. Such
22 trust agreement may contain such other provisions as the
23 authority deems reasonable and proper for the security of the
24 bondholders or noteholders. All expenses incurred in carrying
25 out the provisions of any trust agreement may be treated as a
26 part of the cost of the operation of the railroad project. Any
27 trust agreement or resolution authorizing the issuance of
28 railroad maintenance revenue bonds may provide the method
29 whereby the general administrative overhead expenses of the
30 authority shall be allocated among the several projects acquired

1 or constructed by it as a factor of the operating expenses of
2 each such project.

3 Section 12. Legal remedies of bondholders and trustees.

4 Any holder of railroad maintenance revenue bonds or of bond
5 coupons issued under the authority of this act and the trustee
6 under any trust agreement, except to the extent restricted by
7 law or by agreement may, by civil action, mandamus or other
8 proceedings, protect and enforce any rights granted under the
9 laws of the Commonwealth, under the terms of the trust agreement
10 or under the resolution authorizing the issuance of the bonds,
11 and may enforce and compel the performance of all duties
12 required by this act, by the trust agreement or by the
13 resolution, to be performed by the authority or of its officers,
14 including the fixing, charging and collecting of sufficient
15 rentals or other charges.

16 Section 13. Obligations not debt of Commonwealth nor any
17 political subdivision.

18 (a) General rule.--Railroad maintenance revenue bonds and
19 notes and railroad maintenance revenue refunding bonds issued
20 under authority of this act and any related coupons shall not
21 constitute a debt or a pledge of the faith and credit or taxing
22 power of the Commonwealth nor of any county, municipality or any
23 other political subdivision of the Commonwealth, and the holders
24 or owners of bonds, notes or coupons shall have no right to have
25 taxes levied by the General Assembly or taxing authority of any
26 county, municipality or any other political subdivision of the
27 Commonwealth for the payment of the principal of the
28 indebtedness or interest. The bonds and notes shall be payable
29 solely from the revenues and funds pledged for their payment as
30 authorized by this act, unless the notes are issued in

1 anticipation of the issuance of bonds or the bonds are refunded
2 by refunding bonds issued under authority of this act, which
3 bonds or refunding bonds shall be payable solely from revenues
4 and funds pledged for their payment as authorized by this act.
5 All issued bonds and notes shall contain on their face a
6 statement to the effect that neither the principal nor the
7 interest of the bonds or notes are debts of the Commonwealth nor
8 any of its political subdivisions but are payable solely from
9 authority revenues and funds pledged for their payment.

10 (b) Expenses.--All expenses incurred in carrying out the
11 provisions of this act shall be payable solely from funds
12 provided under authority of this act. Such act does not
13 authorize the authority to incur indebtedness or liability on
14 behalf of or payable by the State or any county, municipality or
15 political subdivision thereof.

16 Section 14. Use of funds by authority.

17 All moneys, properties and assets acquired by the authority,
18 whether as proceeds from the sale of railroad maintenance
19 revenue bonds or as revenues or otherwise, shall be held by it
20 in trust for the purposes of carrying out its powers and duties,
21 and shall be used and reused in accordance with the purposes and
22 provisions of this act. Such moneys shall at no time be
23 commingled with other public funds. Such moneys, except as
24 otherwise provided in any resolution authorizing the issuance of
25 railroad maintenance revenue bonds or in any trust agreement
26 securing the same, or except when invested pursuant to section
27 13, shall be kept in appropriate depositories and secured as
28 provided and required by law. The resolution authorizing
29 issuance of bonds or the trust agreement securing the bonds
30 shall provide that any officer, banking institution or trust

1 company which receives bond revenues shall act as trustee of
2 this money and shall hold and apply it for the purposes of this
3 act, subject to conditions of the act, the resolution creating
4 the issue and any trust agreement.

5 Section 15. Investment of funds by authority.

6 Authority funds in excess of current needs, except as
7 otherwise provided in any resolution authorizing the issuance of
8 its railroad maintenance revenue bonds or in any trust agreement
9 securing the same, may be invested by the authority. Income from
10 all such investments of moneys in any fund shall be credited to
11 such funds as the authority determines, subject to the
12 provisions of any resolution or trust agreement. Investments may
13 be sold whenever the authority determines.

14 Section 16. Rentals and other revenues from railroad projects;
15 contracts and leases of authority; cooperation
16 and bonds of other governmental agencies.

17 (a) Power to collect and use revenues from properties.--The
18 authority may charge, alter and collect rates, rentals or other
19 charges for the use or services of any project, and contract in
20 the manner provided by this section with one or more persons,
21 one or more governmental agencies, or any combination thereof,
22 desiring the use or services thereof, and fix the terms,
23 conditions, rates, rentals or other charges for such use or
24 services. Such rentals or other charges shall not be subject to
25 supervision or regulation by any other authority, department,
26 commission, board, bureau or agency of the Commonwealth, and
27 such contract may provide for acquisition by such person or
28 governmental agency of all or any part of such railroad project
29 for such consideration payable over the period of the contract
30 or otherwise as the authority in its sole discretion determines

1 to be appropriate, but subject to the provisions of any
2 resolution authorizing the issuance of railroad maintenance
3 revenue bonds or notes or railroad maintenance revenue refunding
4 bonds of the authority or any trust agreement securing the same.

5 (b) Lease to related agencies.--Any governmental agency
6 which has power to construct, operate and maintain railroad
7 projects may enter into a contract or lease with the authority
8 whereby the use or services of any railroad project of the
9 authority will be made available to the governmental agency
10 which shall pay for the use or services, rentals or other
11 charges as may be agreed to by the governmental agency and the
12 authority.

13 (c) Cooperative efforts to acquire or construct projects.--
14 Any governmental agency or agencies or combination thereof may
15 cooperate with the authority in the acquisition or construction
16 of a railroad project and shall enter into such agreements with
17 the authority as are necessary, with a view to effective
18 cooperative action and safeguarding of the respective interests
19 of the parties to the agreements, which shall provide for
20 contributions by the parties in the proportion as may be agreed
21 upon and such other terms as may be mutually satisfactory to the
22 parties, including without limitation the authorization of the
23 construction of the project by one of the parties acting as
24 agent for all of the parties and the ownership and control of
25 the project by the authority to the extent necessary or
26 appropriate for purposes of the issuance of railroad maintenance
27 revenue bonds by the authority. Any governmental agency may
28 provide a contribution as is required under agreements by the
29 appropriation of money or, if authorized by a favorable vote of
30 the electors to issue bonds or notes or levy taxes or

1 assessments and issue notes or bonds in anticipation of the
2 collection of moneys, by issuing bonds or notes or by levying
3 taxes or assessments and issuing bonds or notes in anticipation
4 of the collection of moneys, and by payment of appropriated
5 money or the proceeds of such bonds or notes to the authority
6 pursuant to such agreements.

7 (d) Bonds of governmental agencies.--Any governmental
8 agency, pursuant to a favorable vote of the electors in an
9 election held before or after the effective date of this act for
10 the purpose of issuing bonds to provide funds to acquire,
11 construct or equip, or provide real estate and interests in real
12 estate for a railroad project, whether or not the governmental
13 agency at the time of the election had the authority to pay the
14 proceeds from the bonds or notes issued in anticipation of a
15 favorable vote to the authority as provided in this section, may
16 issue such bonds or notes in anticipation of the issuance and
17 pay the proceeds, to the authority in accordance with an
18 agreement between such governmental agency and the authority. To
19 do so, the legislative authority of the governmental agency must
20 find and determine that the railroad project to be acquired or
21 constructed by the authority in cooperation with such
22 governmental agency will serve the same public purpose and meet
23 substantially the same public need as the facility otherwise
24 proposed to be acquired or constructed by the governmental
25 agency with the proceeds of such bonds or notes.

26 Section 17. Maintenance, operation and repair of projects.

27 (a) Maintenance of projects.--Each railroad project, when
28 constructed and placed in operation, shall be maintained and
29 kept in good condition and repair by the authority or the
30 authority shall cause the same to be maintained and kept in good

1 condition and repair. Each project shall be operated by
2 employees of the authority or employed under a contract or lease
3 with a governmental agency or person. All public or private
4 property damaged or destroyed in carrying out the provisions of
5 this act and in the exercise of the powers granted hereunder
6 with regard to any project shall be restored or repaired and
7 places in its original condition, as nearly as practicable, or
8 adequate compensation made therefor out of funds provided in
9 accordance with the provisions of this act.

10 (b) Annual report and audit.--As soon as possible after the
11 close of each fiscal year, the authority shall make an annual
12 report of its activities for the preceding fiscal year to the
13 Governor and the General Assembly. Each report shall set forth a
14 complete operating and financial statement covering the
15 authority's operations during the preceding fiscal year. The
16 authority shall cause an audit of its books and accounts to be
17 made at least once each fiscal year by certified public
18 accountants and the cost thereof may be treated as a part of the
19 cost of construction or of operations of its projects.

20 Section 18. Authority bonds lawful investments.

21 All railroad maintenance revenue bonds issued under this act
22 shall be lawful investments for the Pennsylvania Securities
23 Commission and shall also be lawful investments for banking
24 institutions, societies for savings, building and loan
25 associations, savings and loan associations, deposit guarantee
26 associations, trust companies, insurance companies, including
27 domestic for life and domestic not for life insurance companies.

28 Section 19. Exemption from taxation.

29 The exercise of the powers granted to the authority by this
30 act will be in all respects for the benefit of the people of the

1 Commonwealth, for the improvement of their health, safety,
2 convenience, well-being and for the enhancement of their
3 residential, agricultural, recreational, economic, commercial
4 and industrial opportunities and is a public purpose. As the
5 operation and maintenance of railroad projects will constitute
6 the performance of essential governmental functions, the
7 authority shall not be required to pay any taxes or assessments
8 upon any railroad project or upon any property acquired or used
9 by the authority or upon the income therefrom. Bonds and notes
10 and all interest and income thereon shall be exempt from all
11 taxation by the Commonwealth, or any political subdivision,
12 except inheritance taxes.

13 Section 20. Acquisition of property by authority.

14 The authority may acquire by purchase, whenever it determines
15 the purchase expedient, any land, property, rights, rights-of-
16 way, franchises, easements and other interests in lands it deems
17 necessary or convenient for the construction and operation of
18 any railroad project upon terms and at prices it considers
19 reasonable and can be agreed upon between the authority and the
20 owner thereof, and take title thereto in the name of the
21 Commonwealth. All governmental agencies, notwithstanding any
22 contrary provision of law, may lease, lend, grant or convey to
23 the authority, at its request, upon such terms as the proper
24 authorities of such governmental agencies deem reasonable and
25 fair and without the necessity for an advertisement, auction,
26 order of court or other action or formality, other than the
27 regular and formal action of the governmental agency concerned,
28 any real property or interests therein, including improvements
29 thereto or personal property which is necessary or convenient to
30 the effectuation of the authorized purposes of the authority,

1 including public roads and other real property or interests
2 therein, including improvements thereto or personal property
3 already devoted to public use.

4 Section 21. Property of public utilities and common carriers.

5 (a) Authorization.--This section authorizes the authority to
6 take or disturb property or facilities belonging to any public
7 utility or to a common carrier, which property or facilities are
8 required for the property and convenient operation of such
9 public utility or common carrier, if provision is made for the
10 restoration, relocation or duplication of such property or
11 facilities elsewhere at the sole cost of the authority.

12 (b) Reconstruction requirements.--When the authority finds
13 it necessary to change the location of any portion of any public
14 road, State highway, railroad or public utility facility in
15 connection with the construction of a railroad project, it shall
16 cause the same to be reconstructed at such location as the unit
17 or division of government having jurisdiction over such road,
18 highway, railroad or public utility facility deems most
19 favorable. Such construction shall be of substantially the same
20 type and in as good condition as the original road, highway,
21 railroad or public utility facility. The cost of such
22 reconstruction, relocation or removal and any damage incurred in
23 changing the location of any such road, highway, railroad or
24 public utility facility shall be paid by the authority as a part
25 of the cost of such railroad project.

26 (c) Requirements to vacate.--When the authority finds it
27 necessary that any public highway or portion thereof be vacated
28 by reason of the acquisition or construction of a railroad
29 project, the authority shall request the Secretary of
30 Transportation, in writing, to vacate a highway or portion of it

1 if the highway or portion to be vacated is part of the State
2 road system, or, if the highway or portion of it to be vacated
3 is under the jurisdiction of a county or a municipality, the
4 authority shall request the governing body of such county or
5 municipality to vacate that public road or portion. The
6 authority shall pay to the Secretary of Transportation or to the
7 county or municipality, as the case may be, as part of the cost
8 of such railroad project, any amounts required to be deposited
9 with any court in connection with proceedings for the
10 determination of compensation and damages and all amounts of
11 compensation and damages finally determined to be payable as a
12 result of any vacation.

13 (d) Rules and regulations of relocation.--The authority may
14 make reasonable rules and regulations for the installation,
15 construction, maintenance, repair, renewal, relocation and
16 removal of railroad or public utility facilities in, on, over or
17 under any railroad project. Whenever the authority determines
18 that it is necessary that any facilities installed or
19 constructed, in, on, over or under property of the authority
20 pursuant to these rules and regulations be relocated, the
21 railroad or public utility owning or operating the facilities
22 shall relocate or remove them in accordance with the order of
23 the authority. The cost and expenses of relocation or removal
24 including the cost of installing facilities in a new location,
25 the cost of any lands or any rights or interests in lands and
26 the cost of any other rights acquired to accomplish such
27 relocation or removal, may be paid by the authority as a part of
28 the cost of such railroad project. In case of any such
29 relocation or removal of facilities, the railroad or public
30 utility owning or operating them, and its successors or assigns,

1 may maintain and operate such facilities, with the necessary
2 appurtenances in the new location in, on, over or under the
3 property of the authority for as long a period and upon the same
4 terms as it had the right to maintain and operate such
5 facilities in their former location.

6 Section 22. Financial interest in contracts prohibited.

7 No officer, member or employee of the authority shall be
8 financially interested, directly or indirectly, in any contract
9 of any person with the authority, or in the sale of any
10 property, real or personal, to or from the authority. This
11 section does not apply to contracts or purchases of property,
12 real or personal, between the authority and any governmental
13 agency. Any officer, member or employee of the authority has
14 such financial interest in a contract or sale of property
15 prohibited, shall be guilty of a misdemeanor of the third
16 degree, and, upon conviction, shall be sentenced to pay a fine
17 of not more than \$1,000, or imprisonment in the county jail for
18 not more than one year, or both.

19 Section 23. Meetings and records of authority to be kept
20 public.

21 All meetings of the authority shall be open to the public,
22 and the records of the authority shall be open to public
23 inspection at all reasonable times, except as otherwise provided
24 in this section. All proposed regulations and actions and all
25 final actions of the authority shall be published in the
26 Pennsylvania Bulletin.

27 Section 24. Liberal construction of act.

28 The provisions of this act are hereby declared to be remedial
29 and shall be liberally construed to effectuate its purposes and
30 intents.

1 Section 25. Effective date.

2 This act shall take effect in 60 days.