

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1412 Session of
1986

INTRODUCED BY SHAFFER, SINGEL, BRIGHTBILL, SALVATORE,
ANDREZESKI, CORMAN, HELFRICK, PETERSON AND SHUMAKER,
MARCH 12, 1986

AS RE-REPORTED FROM COMMITTEE ON APPROPRIATIONS, HOUSE OF
REPRESENTATIVES, AS AMENDED, NOVEMBER 17, 1986

AN ACT

1 ~~Amending the act of December 20, 1985 (P.L.483, No.113),~~ <—
2 ~~entitled "An act providing for tax exempt bonds; and imposing~~
3 ~~powers and duties on the Secretary of Commerce," further~~
4 ~~providing for selection of projects using county allocations.~~
5 AMENDING THE ACT OF AUGUST 23, 1967 (P.L.251, NO.102), ENTITLED, <—
6 AS AMENDED, "AN ACT PROVIDING FOR THE INCORPORATION AS PUBLIC
7 INSTRUMENTALITIES OF THE COMMONWEALTH AND AS BODIES CORPORATE
8 AND POLITIC OF INDUSTRIAL AND COMMERCIAL DEVELOPMENT
9 AUTHORITIES FOR MUNICIPALITIES, COUNTIES AND TOWNSHIPS;
10 PRESCRIBING THE RIGHTS, POWERS AND DUTIES OF SUCH AUTHORITIES
11 HEREFTER INCORPORATED; AUTHORIZING SUCH AUTHORITIES TO
12 ACQUIRE, BY GIFT OR PURCHASE, TO CONSTRUCT, IMPROVE AND
13 MAINTAIN INDUSTRIAL, SPECIALIZED, OR COMMERCIAL DEVELOPMENT
14 PROJECTS INCLUDING PROJECTS FOR THE ELIMINATION OR PREVENTION
15 OF BLIGHT AND THE CONTROL OF AIR AND WATER POLLUTION, AND TO
16 BORROW MONEY AND ISSUE BONDS THEREFOR; PROVIDING FOR THE
17 PAYMENT OF SUCH BONDS AND GIVING SECURITY THEREFOR, AND
18 PRESCRIBING THE RIGHTS OF THE HOLDERS OF SUCH BONDS;
19 AUTHORIZING THE LEASE OR SALE OF INDUSTRIAL, SPECIALIZED, OR
20 COMMERCIAL DEVELOPMENT PROJECTS TO INDUSTRIAL, SPECIALIZED,
21 OR COMMERCIAL ENTERPRISES; AUTHORIZING ANY COUNTY,
22 MUNICIPALITY OR TOWNSHIP TO TRANSFER OR CONVEY TO SUCH
23 AUTHORITIES, ANY FACILITIES OR PROPERTY AVAILABLE FOR
24 INDUSTRIAL, SPECIALIZED, OR COMMERCIAL DEVELOPMENT PROJECTS;
25 EXEMPTING THE PROPERTY AND SECURITIES OF SUCH AUTHORITIES
26 FROM TAXATION; AUTHORIZING SUCH AUTHORITIES TO ENTER INTO
27 CONTRACTS WITH AND TO ACCEPT GRANTS FROM THE FEDERAL
28 GOVERNMENT OR ANY AGENCY THEREOF; AND PROVIDING FOR APPROVAL
29 BY THE SECRETARY OF COMMERCE OF THE PROCEEDINGS RELATING TO
30 INDUSTRIAL, SPECIALIZED, OR COMMERCIAL DEVELOPMENT PROJECTS
31 OF SUCH AUTHORITIES," FURTHER DEFINING "BONDS."

1 The General Assembly of the Commonwealth of Pennsylvania
2 hereby enacts as follows:

3 ~~Section 1. Section 4(a)(1)(i) of the act of December 20,~~ <—
4 ~~1985 (P.L.483, No.113), known as the Tax Exempt Bond Allocation~~
5 ~~Act, is amended to read:~~

6 ~~Section 4. Selection of projects.~~

7 ~~(a) Projects using county allocations.~~

8 ~~(1) Except under paragraph (2), the secretary shall not~~
9 ~~approve bond projects under the act of August 23, 1967~~
10 ~~(P.L.251, No.102), known as the Industrial and Commercial~~
11 ~~Development Authority Law, for:~~

12 ~~(i) Projects related to the retail sale of consumer~~
13 ~~goods, except that no more than \$1,000,000 or 5% of the~~
14 ~~allocation of each county, whichever is greater, as~~
15 ~~provided by section 5(a)(1), may be utilized for such~~
16 ~~projects, and the amount financed in any such project may~~
17 ~~not exceed \$1,000,000.~~

18 ~~* * *~~

19 ~~Section 2. Section 6 of the act is amended to read:~~

20 ~~Section 6. Federal law change.~~

21 ~~(a) Promulgation of regulations. In the event that Federal~~
22 ~~law regulating tax exempt bonds is changed and that such change~~
23 ~~would, in the opinion of the secretary, conflict with this act~~
24 ~~in such a way as to impair the ability of the Commonwealth to~~
25 ~~use tax exempt bonds to their maximum benefit, the secretary~~
26 ~~shall, with the approval of the Governor, have the power to~~
27 ~~promulgate regulations which become effective when the Federal~~
28 ~~law takes effect and which shall enable the Commonwealth to~~
29 ~~utilize tax exempt bonds to their maximum benefit and which~~
30 ~~shall, to the largest extent possible, carry out the purposes~~

~~set forth in this act. Provisions of this act may be suspended by the secretary to the extent deemed necessary to implement the regulations authorized by this subsection.~~

~~(b) Standby allocation. In the event that the pendency of any proposed Federal legislation, including, but not limited to, H.R. 3838, known as the Tax Reform Act of 1985, conflicts with this act in such a way as to impair the ability of the Commonwealth to use tax exempt bonds to their maximum benefit, the secretary, with the approval of the Governor, shall adopt as a statement of policy, a standby allocation of tax exempt borrowing authority to be in effect during the pendency of any such Federal legislation. Any standby allocations shall be provided in addition to allocations made pursuant to other provisions of this act or pursuant to Article IV B of the act of December 3, 1959 (P.L.1688, No.621), known as the Housing Finance Agency Law and shall comply with any pending Federal requirements, including, but not limited to, the unified volume limitation provided by section 145 of H.R. 3838. Standby allocations shall enable the Commonwealth to utilize tax exempt bonds to their maximum benefit and shall, to the largest extent possible, carry out the purposes set forth in this act. In the event any standby allocations provided by this subsection are superseded by regulations adopted pursuant to subsection (a) of this section, such regulations shall, to the fullest extent otherwise permissible under State and Federal law, give full force and effect to any standby allocations. For the purpose of providing standby allocations pursuant to H.R. 3838, this subsection shall be deemed to override the specified percentage set aside for housing related bonds provided by section 145(h) of H.R. 3838. Any allocations made by the secretary pursuant to~~

~~this subsection in response to the pendency of H.R. 3838 shall provide the following:~~

~~(1) An allocation of an amount equal to \$25 multiplied by the population of Pennsylvania for "qualified 501(c)(3) bonds" as defined by section 144(b) of H.R. 3838.~~

~~(2) An initial allocation of \$300,000,000 to the board of the Housing Finance Agency to be further allocated by the board for its own use or to other issues for "housing related bonds" as defined by section 145(h) of H.R. 3838.~~

~~(3) The initial allocation of the remainder of the volume cap provided by section 145 of H.R. 3838 in the same manner in which tax exempt bond authority is allocated pursuant to section 5(a) of this act.~~

~~(4) The reallocation to any type of eligible project of any unutilized initial allocations provided by paragraph (3) of this subsection in the manner provided by section 5(b) and (c) of this act and the reallocation to any type of eligible project of any unutilized allocations provided by paragraph (2) of this subsection at the discretion of the board of the Housing Finance Agency, but not later than November 1, 1986.~~

~~(5) That standby allocations shall be made first to all tax exempt bonds issued prior to the effective date of this section, provided that the issuer files or has on file with the secretary a copy of the Internal Revenue Service Form 8038 filed with the Federal Government with respect to such bonds within 30 days after such effective date.~~

~~Section 3. The amendments to section 6 of the act relating to Federal law changes shall expire January 31, 1987, unless extended by statute.~~

~~Section 4. This act shall take effect immediately.~~

1 SECTION 1. THE DEFINITION OF "BONDS" IN SECTION 3 OF THE ACT <—
2 OF AUGUST 23, 1967 (P.L.251, NO.102), KNOWN AS THE INDUSTRIAL
3 AND COMMERCIAL DEVELOPMENT AUTHORITY LAW, AMENDED DECEMBER 19,
4 1975 (P.L.576, NO.165), IS AMENDED TO READ:

5 SECTION 3. DEFINITIONS.--AS USED IN THIS ACT:

6 * * *

7 "BONDS" MEANS AND INCLUDES THE NOTES, BONDS, REFUNDING NOTES
8 AND BONDS AND OTHER EVIDENCE OF INDEBTEDNESS OR OBLIGATIONS
9 WHICH EACH AUTHORITY IS AUTHORIZED TO ISSUE PURSUANT TO SECTION
10 6(B)(10) OF THIS ACT, WHETHER OR NOT EXEMPT FROM FEDERAL
11 TAXATION UNDER THE TAX REFORM ACT OF 1986 (PUBLIC LAW 99-514) OR
12 ANY AMENDMENTS THERETO.

13 * * *

14 SECTION 2. THIS ACT SHALL TAKE EFFECT IMMEDIATELY.