
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 858 Session of
1989

INTRODUCED BY MADIGAN, CORMAN, BRIGHTBILL, LOEPER, REIBMAN,
SHAFFER, SALVATORE, ROCKS, PUNT, GREENWOOD, STEWART, STOUT,
BELL, WILT, WENGER, LINCOLN, REGOLI, LEMMOND, SHUMAKER,
STAPLETON, PETERSON, MUSTO, ROSS, O'PAKE, LEWIS, BELAN,
AFFLERBACH, PORTERFIELD, MELLOW AND BAKER, APRIL 25, 1989

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,
APRIL 24, 1990

AN ACT

1 Amending the act of May 2, 1945 (P.L.382, No.164), entitled "An
2 act providing for the incorporation as bodies corporate and
3 politic of 'Authorities' for municipalities, counties and
4 townships; prescribing the rights, powers and duties of such
5 Authorities heretofore or hereafter incorporated; authorizing
6 such Authorities to acquire, construct, improve, maintain and
7 operate projects, and to borrow money and issue bonds
8 therefor; providing for the payment of such bonds, and
9 prescribing the rights of the holders thereof; conferring the
10 right of eminent domain on such Authorities; authorizing such
11 Authorities to enter into contracts with and to accept grants
12 from the Federal Government or any agency thereof; and
13 conferring exclusive jurisdiction on certain courts over
14 rates," further defining "project"; defining "local
15 government unit" and "provide financing for insurance
16 reserves"; and providing for financing of insurance reserves.

17 The General Assembly of the Commonwealth of Pennsylvania
18 hereby enacts as follows:

19 Section 1. Section 2(j) of the act of May 2, 1945 (P.L.382,
20 No.164), known as the Municipality Authorities Act of 1945,
21 amended October 21, 1988 (P.L.1041, No.117), is amended and the
22 section is amended by adding definitions to read:

1 Section 2. Definitions.--The following terms whenever used
2 or referred to in this act shall have the following meanings,
3 except in those instances where the context clearly indicates
4 otherwise:

5 * * *

6 (j) The term "project" shall mean equipment to be leased by
7 an Authority to the municipality or municipalities that
8 organized it or to any municipality or school district located
9 wholly or partially within the boundaries of the municipality or
10 municipalities that organized it, or any structure, facility or
11 undertaking which an Authority is authorized to acquire,
12 construct, ~~finance~~, FINANCE, improve, maintain or operate, or <—
13 provide financing for insurance reserves under the provisions of
14 this act.

15 * * *

16

(p) The term "local government unit" shall have the same
17 meaning as that provided in section 102(c)(10) of the act of
18 July 12, 1972 (P.L.781, No.185), known as the "Local Government
19 Unit Debt Act."

20

(q) The term "provide financing for insurance reserves"
21 shall mean financing, on behalf of one or more local government
22 units or authorities, all or any portion of a reserve, or a
23 contribution toward a combined reserve, pool or other
24 arrangement, relating to self-insurance, which has been
25 established by one or more local government units pursuant to 42
26 Pa.C.S. § 8564 (relating to liability insurance and self-
27 insurance) up to, but not exceeding, the amount provided in
28 section 107 of the "Local Government Unit Debt Act."

29 Section 2. The introductory paragraph of subsection A, the
30 introductory paragraph of clause (a) and clause (b) of

1 subsection A of section 4 of the act, amended October 21, 1988
2 (P.L.1041, No.117), are amended to read:

3 Section 4. Purposes and Powers; General.--A. Every
4 Authority incorporated under this act shall be a body corporate
5 and politic, and shall be for the purpose of acquiring, holding,
6 constructing, improving, maintaining, and operating, owning,
7 leasing, either in the capacity of lessor or lessee, projects of
8 the following kind and character and providing financing for
9 insurance reserves.

10 (a) The Authority shall be for the purpose of acquiring,
11 holding, constructing, FINANCING, improving, maintaining and <—
12 operating, owning, leasing, either in the capacity of lessor or
13 lessee, projects of the [following] kind and character described
14 in the following subclauses and for the purpose of providing
15 financing for insurance reserves:

16 * * *

17 (b) This section is subject to the following limitations:

18 (1) An Authority created by a school district or school
19 districts shall have the power only to acquire, hold, construct,
20 improve, maintain, operate and lease public school buildings and
21 other school projects acquired, constructed or improved for
22 public school purposes.

23 (2) The purpose and intent of this act being to benefit the
24 people of the Commonwealth by, among other things, increasing
25 their commerce, health, safety and prosperity, and not to
26 unnecessarily burden or interfere with existing business by the
27 establishment of competitive enterprises, none of the powers
28 granted by this act shall be exercised in the construction,
29 FINANCING, improvement, maintenance, extension or operation of <—
30 any project or projects or providing financing for insurance

1 reserves which in whole or in part shall duplicate or compete
2 with existing enterprises serving substantially the same
3 purposes. This limitation shall not apply to the exercise of the
4 powers granted hereunder:

5 (i) for facilities and equipment for the collection, removal
6 or disposal of ashes, garbage, rubbish and other refuse
7 materials by incineration, land fill or other methods, if each
8 municipality organizing or intending to use the facilities of an
9 Authority having such powers shall declare by resolution or
10 ordinance that it is desirable for the health and safety of the
11 people of such municipality that it use the facilities of the
12 Authority, and if any contract between such municipality and any
13 other person, firm or corporation for the collection, removal or
14 disposal of ashes, garbage, rubbish and other refuse material
15 has by its terms expired or is terminable at the option of the
16 municipality or will expire within six months from the date such
17 ordinance becomes effective; nor

18 (ii) for industrial development projects if the Authority
19 does not develop industrial projects which will compete with
20 existing industries; nor

21 (iii) for Authorities created for the purpose of providing
22 business improvements and administrative services if each
23 municipality organizing an Authority for such a project shall
24 declare by resolution or ordinance that it is desirable for the
25 entire [municipality] local government unit to improve the
26 business district; nor

27 (iv) to hospital projects OR HEALTH CENTERS to be leased to, <—
28 OR FINANCED WITH LOANS TO, public hospitals, NONPROFIT <—
29 CORPORATION HEALTH CENTERS or nonprofit hospital corporations
30 serving the public or to school building projects and facilities

1 to be leased to, OR FINANCED WITH LOANS TO, private, nonprofit, <—
2 nonsectarian colleges and universities, State-related
3 universities and community colleges, or to facilities, limited
4 as described above, to produce steam or to generate electric
5 power, if each municipality organizing an Authority for such a
6 project shall declare by resolution or ordinance that it is
7 desirable for the health, safety and welfare of the people in
8 the area served by such facilities to have such facilities
9 provided by, OR FINANCED THROUGH an Authority[.]; nor <—

10 (v) to provide financing for insurance reserves, if each
11 municipality or Authority intending to use any proceeds thereof
12 shall declare by resolution or ordinance that it is desirable
13 for the health, safety and welfare of the people in such local
14 government unit or served by such Authority.

15 * * *

16 Section 3. Subsection B of section 4 of the act is amended
17 by adding a clause to read:

18 Section 4. Purposes and Powers; General.--* * *

19 B. Every Authority is hereby granted, and shall have and may
20 exercise all powers necessary or convenient for the carrying out
21 of the aforesaid purposes, including but without limiting the
22 generality of the foregoing, the following rights and powers:

23 * * *

24 (y) To provide financing for insurance reserves by making
25 loans, which may be evidenced by, and secured as may be provided
26 in, loan agreements, security agreements or any other
27 instruments or agreements, which instruments or agreements may
28 contain such provisions as the Authority shall deem necessary or
29 desirable for the security or protection of the Authority or its
30 bondholders.

1 * * *

2 Section 4. Subsections B and C of section 5 of the act,
3 amended October 21, 1988 (P.L.1041, No.117), are amended to
4 read:

5 Section 5. Purposes and Powers; Bonds.--* * *

6 B. Any resolution or resolutions authorizing any bonds may
7 contain provisions which shall be part of the contract with the
8 holders thereof, as to (a) pledging the full faith and credit of
9 the Authority (but not of the Commonwealth of Pennsylvania or
10 any political subdivision thereof) for such obligations, or
11 restricting the same to all or any of the revenues of the
12 Authority from all or any projects or properties, (b) the
13 construction, FINANCING, improvement, operation, extension, <—
14 enlargement, maintenance and repair of the project, and
15 providing financing for insurance reserves and the duties of the
16 Authority with reference thereto, (c) the terms and provisions
17 of the bonds, (d) limitations on the purposes to which the
18 proceeds of the bonds then or thereafter to be issued, or of any
19 loan or grant by the United States may be applied, (e) the rate
20 of tolls and other charges for use of the facilities of or for
21 the services rendered by the Authority, (f) the setting aside of
22 reserves or sinking funds and the regulation and disposition
23 thereof, (g) limitations on the issuance of additional bonds,
24 (h) the terms and provisions of any deed of trust or indenture
25 securing the bonds, or under which the same may be issued, and
26 (i) any other or additional agreements with the holders of the
27 bonds.

28 C. Any Authority may enter into any deeds of trust,
29 indentures or other agreements, with any bank or trust company,
30 or other person or persons in the United States having power to

1 enter into the same, including any Federal agency, as security
2 for such bonds, and may assign and pledge all or any of the
3 revenues or receipts of the Authority thereunder. Such deed of
4 trust, indenture or other agreement, may contain such provisions
5 as may be customary in such instruments, or as the Authority may
6 authorize, including (but without limitation) provisions as to
7 (1) the construction, FINANCING, improvement, operation, <—
8 maintenance and repair of any project, and providing financing
9 for insurance reserves and the duties of the Authority with
10 reference thereto, (2) the application of funds and the
11 safeguarding of funds on hand or on deposit, (3) the rights and
12 remedies of said trustee and the holders of the bonds, (which
13 may include restrictions upon the individual right of action of
14 such bondholders) and (4) the terms and provisions of the bonds
15 or the resolutions authorizing the issuance of the same.
16 Said bonds shall have all the qualities of negotiable
17 instruments under the law merchant and the negotiable
18 instruments law of the Commonwealth of Pennsylvania.

19 Section 5. This act shall take effect immediately.