

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 3012 Session of
1994

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FLICK AND DENT, SEPTEMBER 27, 1994

AS RE-REPORTED FROM APPROPRIATIONS, HOUSE OF REPRESENTATIVES, AS
AMENDED, NOVEMBER 14, 1994

AN ACT

1 Providing for a loan program for local police agencies funded by
2 a bond issuance; ESTABLISHING THE POLICE AGENCY LOAN DIVISION <—
3 IN THE PENNSYLVANIA EMERGENCY MANAGEMENT AGENCY; and
4 conferring powers and duties on the ~~Pennsylvania Emergency~~ <—
5 ~~Management Agency~~, the Secretary of the Commonwealth and the
6 Legislative Reference Bureau.

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<—

12 Section ~~3101~~ 3102. Effective date.

<—

13 The General Assembly of the Commonwealth of Pennsylvania
14 hereby enacts as follows:

15 CHAPTER 1

16 PRELIMINARY PROVISIONS

17 Section 101. Short title.

18 This act shall be known and may be cited as the Police Agency
19 Loan Act.

20 Section 102. Definitions.

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

24 "Agency." The Pennsylvania Emergency Management Agency.

25 "DIVISION." THE POLICE AGENCY LOAN DIVISION OF THE
26 PENNSYLVANIA EMERGENCY MANAGEMENT AGENCY ESTABLISHED IN SECTION
27 301.

<—

28 "Fund." The Police Agency Loan Fund established in section
29 302.

30 "Police agency." A ~~municipal~~ police department. ~~The term OF~~

<—

1 A CITY, TOWN, TOWNSHIP, BOROUGH OR HOME RULE MUNICIPALITY WHICH:

2 (1) HAS POLICE COVERAGE FOR A MINIMUM OF 40 HOURS PER
3 WEEK; AND

4 (2) HAS HAD, FOR THE PRECEDING 18 MONTHS, POLICE
5 COVERAGE FOR A MINIMUM OF 40 HOURS PER WEEK.

6 THE TERM includes an office of county detectives working for a
7 district attorney AND A REGIONAL POLICE DEPARTMENT ORGANIZED <—
8 UNDER THE ACT OF JULY 12, 1972 (P.L.762, NO.180), REFERRED TO AS
9 THE INTERGOVERNMENTAL COOPERATION LAW.

10 "Secretary." The Secretary of the Commonwealth.

11 "Sinking fund." The Police Agency Loan Sinking Fund
12 established in section 707.

13 CHAPTER 3

14 ADMINISTRATION

15 Section 301. ~~Agency~~ DIVISION. <—

16 ~~The agency~~ (A) ESTABLISHMENT.--THE POLICE AGENCY LOAN <—
17 DIVISION IS ESTABLISHED AS A DIVISION OF THE AGENCY.

18 (B) POWERS AND DUTIES.--THE DIVISION has the following
19 powers and duties:

20 (1) To administer the fund as set forth in section
21 702(c).

22 (2) To administer Chapter 5.

23 (3) To collect loans made under section 502(c). This
24 paragraph includes the power to institute actions for legal
25 or equitable relief.

26 (4) To promulgate regulations to implement this act.

27 Section 302. Fund.

28 (a) Establishment.--The Police Agency Loan Fund is
29 established as a separate fund in the State Treasury.

30 (b) Source.--The following are the sources of the fund:

(1) The proceeds from the sale of bonds under section 706.

(2) The proceeds from the repayment of principal and interest of loans under section 502(c).

(c) Purpose.--The ~~agency~~ DIVISION shall administer the fund to do all of the following:

~~(1) Make annual payments into the sinking fund in accordance with section 707(b)(2).~~

~~(2)~~ (1) Repay the State Treasurer for the cost of the bond issue under sections 703, 704 and 705.

~~(3)~~ (2) Make loans under section 502(c).

~~(4)~~ (3) Collect loans under section 301(3).

(4) ADMINISTER THIS ACT. IN ANY FISCAL YEAR, THE DIVISION MAY USE FOR ADMINISTRATIVE COSTS 1% OF THE AGGREGATE DEBT AUTHORIZED UNDER SECTION 701.

CHAPTER 5

LOAN PROGRAM

Section 501. Authority.

(a) Authorization.--The ~~agency~~ DIVISION may make a loan to a political subdivision for a police agency of the political subdivision ~~to purchase, maintain or repair buildings, equipment or vehicles, as necessary for the proper performance of the police agency's duties,~~ AS NECESSARY FOR THE PROPER PERFORMANCE OF THE POLICE AGENCY'S LAW ENFORCEMENT DUTIES, TO DO ANY OF THE FOLLOWING:

(1) PURCHASE, EXPAND, MODERNIZE OR REPAIR BUILDINGS OR PORTIONS OF BUILDINGS WHICH ARE USED EXCLUSIVELY FOR POLICE PURPOSES. THIS PARAGRAPH INCLUDES POLICE HEADQUARTERS, POLICE SUBSTATIONS AND POLICE MAINTENANCE GARAGES.

(2) PURCHASE EQUIPMENT.

1 (3) PURCHASE VEHICLES.

2 (b) Amount.--A loan under subsection (a) for the purchase,
3 maintenance or repair of buildings shall be for not less than
4 \$5,000 nor more than \$200,000. A loan under subsection (a) for
5 the purchase, maintenance or repair of vehicles or equipment
6 shall be for not less than \$5,000 nor more than \$100,000. No
7 political subdivision may receive loans totaling more than
8 \$300,000 in a five-year period.

9 ~~(c) Terms. A loan must be at an interest rate of 2% with~~ <—
10 ~~repayment periods as follows:~~

11 ~~(1) For a loan of not more than \$15,000, a period of~~
12 ~~five years.~~

13 ~~(2) For a loan of more than \$15,000 but not more than~~
14 ~~\$100,000, a period of ten years.~~

15 ~~(3) For a loan of more than \$100,000, a period of 15~~
16 ~~years.~~

17 (C) TERMS.-- <—

18 (1) A LOAN MUST BE AT AN INTEREST RATE OF 2%.

19 (2) A LOAN MUST BE REPAID IN ACCORDANCE WITH THE
20 LEGISLATION APPLICABLE TO THE POLITICAL SUBDIVISION WHICH
21 RECEIVES THE LOAN.

22 (3) A LOAN MUST HAVE A REPAYMENT PERIOD AS FOLLOWS:

23 (I) FOR A LOAN OF NOT MORE THAN \$15,000, A PERIOD OF
24 FIVE YEARS.

25 (II) FOR A LOAN OF MORE THAN \$15,000 BUT NOT MORE
26 THAN \$100,000, A PERIOD OF TEN YEARS.

27 (III) FOR A LOAN OF MORE THAN \$100,000, A PERIOD OF
28 15 YEARS.

29 Section 502. Loans.

30 (a) Application.--A political subdivision may apply for a

1 loan under section 501 by submitting to the ~~agency~~ DIVISION all <—
2 of the following:

3 (1) Name of police agency.

4 (2) Proposed use of loan.

5 (3) Need for use under paragraph (2).

6 (4) Documented ability to repay principal and interest
7 of loan.

8 (b) Determination.--

9 (1) Within 60 days of receipt of an application under
10 subsection (a), the ~~agency~~ DIVISION must make a decision and <—
11 notify the political subdivision of the decision.

12 (2) Failure to issue timely notice under paragraph (1)
13 shall be deemed a denial of the application.

14 (3) The provisions of 2 Pa.C.S. Ch. 7 Subch. A (relating
15 to judicial review of Commonwealth agency action) shall apply
16 to determinations under this subsection.

17 (c) Contracts.--Upon determination of eligibility under
18 subsection (b), the ~~agency~~ DIVISION shall enter into a loan <—
19 contract with the political subdivision.

20 CHAPTER 7

21 DEBT

22 Section 701. Authority to borrow.

23 Pursuant to section 7(a)(3) of Article VIII of the
24 Constitution of Pennsylvania and the referendum approved by the
25 electorate under section 708, the Governor, Auditor General and
26 State Treasurer are authorized and directed to borrow, on the
27 credit of the Commonwealth, money not exceeding in the aggregate
28 the sum of \$20,000,000 to implement Chapter 5.

29 Section 702. Bonds.

30 (a) General rule.--As evidence of the indebtedness

1 authorized under section 701, general obligation bonds of the
2 Commonwealth shall be issued. The Governor, Auditor General and
3 State Treasurer shall direct for each bond the total amount; the
4 form; the denomination; the terms and conditions of issue,
5 redemption and maturity, rate of interest, and time of payment
6 of interest. The latest stated maturity date shall not exceed 30
7 years from the date of the bond first issued for each series.

8 (b) Signature.--Bonds issued under subsection (a) shall bear
9 facsimile signatures of the Governor, Auditor General and State
10 Treasurer and a facsimile of the Great Seal of the Commonwealth
11 of Pennsylvania and shall be countersigned by two authorized
12 officers of the authorized loan and transfer agents of the
13 Commonwealth.

14 (c) Status.--Bonds issued under subsection (a) shall be
15 direct obligations of the Commonwealth, and the full faith and
16 credit of the Commonwealth are pledged for the payment of the
17 interest on the bonds as it becomes due and the payment of the
18 principal of the bonds at maturity. Bonds issued under
19 subsection (a) shall be exempt from taxation for State and local
20 purposes. The principal of and interest on such bonds shall be
21 payable in lawful money of the United States of America.

22 (d) Format.--Bonds issued under subsection (a) may be issued
23 as coupon bonds or registered as to both principal and interest
24 as the issuing officials may determine. If interest coupons are
25 attached, they shall contain the facsimile signature of the
26 State Treasurer.

27 (e) Amortization.--The issuing officials shall provide for
28 the amortization of the bonds in substantial and regular amounts
29 over the term of the debt as follows:

30 (1) The first retirement of principal shall be stated to

1 mature prior to the expiration of a period of time equal to
2 one-tenth of the time from the date of the first obligation
3 issue to evidence the debt to the date of the expiration of
4 the term of the debt.

5 (2) Retirements of principal shall be regular and
6 substantial if made in annual or semiannual amounts, whether
7 by stated serial maturities or by mandatory sinking fund
8 retirements, computed either in accordance with a level
9 annual debt service plan, as nearly as may be, or upon the
10 equal annual maturities plan.

11 (f) Processing.--The Governor, the Auditor General and the
12 State Treasurer shall proceed to have the necessary bonds
13 prepared and printed. The bonds, as soon as they are prepared
14 and printed, shall be deposited with the authorized loan and
15 transfer agent of the Commonwealth, there to remain until sold
16 under section 703.

17 Section 703. Sale of bonds.

18 (a) Public sale.--Bonds issued under section 702(a) shall be
19 offered for sale at not less than 98% of the principal amount
20 and accrued interest and shall be sold by the Governor, Auditor
21 General and State Treasurer to the highest and best bidder or
22 bidders after public advertisement, on terms and conditions and
23 upon open competitive bidding, as the Governor, Auditor General
24 and State Treasurer shall direct.

25 (b) Private sale.--Any portion of a bond issue offered under
26 subsection (a) but not sold or subscribed for may be disposed of
27 by private sale by the Governor, Auditor General and State
28 Treasurer, in a manner and at a price not less than 98% of the
29 principal amount and accrued interest, as the Governor shall
30 direct. No commission shall be allowed or paid for the sale of

1 bonds issued under section 702(a).

2 (c) Series.--When bonds are issued, the bonds of each issue
3 shall constitute a separate series to be designated by the
4 issuing officials or may be combined for sale as one series with
5 other general obligation bonds of the Commonwealth.

6 Section 704. Refunding bonds.

7 The Governor, Auditor General and State Treasurer are
8 authorized to provide, by resolution, for the issuance of
9 refunding bonds for the purpose of refunding bonds issued under
10 section 702(a) and outstanding, either by voluntary exchange
11 with the holders of the outstanding bonds or by providing funds
12 to redeem and retire the outstanding bonds with accrued interest
13 and premium payable on the bonds, at maturity or at a call date.
14 Refunding bonds may be issued by the Governor, Auditor General
15 and State Treasurer to refund bonds previously issued under this
16 section for refunding purposes. Sections 701 through 703 shall
17 apply to bonds under this section.

18 Section 705. Registration of bonds.

19 The Auditor General shall prepare the necessary registry book
20 to be kept in the office of the authorized loan and transfer
21 agent of the Commonwealth for the registration of bonds issued
22 under subsection 702(a), at the request of bond owners,
23 according to the terms and conditions of issue directed by the
24 Governor, Auditor General and State Treasurer. Bonds which are
25 issued without interest coupons attached shall be registered in
26 the registry books kept by the authorized loan and transfer
27 agent of the Commonwealth.

28 Section 706. Proceeds.

29 The proceeds realized from the sale of bonds under section
30 702(a) shall be paid into the fund. The money shall be paid by

1 the State Treasurer into the fund.

2 Section 707. Sinking fund.

3 (a) Establishment.--The Police Agency Loan Sinking Fund is
4 established as a separate fund in the State Treasury.

5 (b) Source.--

6 (1) ~~At the end of each fiscal year~~ BY NOVEMBER 1, the <—
7 State Treasurer shall notify the ~~agency~~ SECRETARY OF THE <—
8 BUDGET of the amount necessary for the ensuing fiscal year to
9 redeem, with interest, bonds issued under section 702(a).

10 ~~(2) Within 30 days of notice under paragraph (1), the~~ <—
11 ~~agency shall pay from the fund to the sinking fund the amount~~
12 ~~set forth in the notice.~~

13 (2) THE GENERAL ASSEMBLY SHALL APPROPRIATE THE AMOUNT OF <—
14 MONEY NECESSARY TO MEET REPAYMENT OBLIGATIONS UNDER PARAGRAPH

15 (1) FOR DEPOSIT INTO THE POLICE AGENCY SINKING LOAN FUND.

16 Section 708. Referendum.

17 (a) Question.--

18 (1) The question of incurring indebtedness of
19 \$20,000,000 for loans to police agencies for the purpose of
20 purchasing, maintaining and repairing buildings, equipment
21 and vehicles, as necessary for the proper performance of the
22 police agencies' LAW ENFORCEMENT duties, shall be submitted <—
23 to the electors at the next primary, municipal or general
24 election following the effective date of this section. AT <—
25 LEAST THREE MONTHS PRIOR TO THE ELECTION, THE SECRETARY MUST
26 PUBLISH THE QUESTION IN AT LEAST TWO NEWSPAPERS OF GENERAL
27 CIRCULATION IN EACH COUNTY IN WHICH AT LEAST TWO NEWSPAPERS
28 OF GENERAL CIRCULATION ARE PUBLISHED.

29 (2) The secretary shall certify the question to the
30 county boards of election to implement paragraph (1).

1 (b) Form.--The question shall be in substantially the
2 following form:

3 Do you favor the incurring of indebtedness of \$20,000,000
4 for loans to police agencies for the purpose of purchasing,
5 maintaining and repairing buildings, equipment and vehicles,
6 as necessary for the proper performance of the police
7 agencies' LAW ENFORCEMENT duties? <—

8 (c) Election.--The election shall be conducted in accordance
9 with the act of June 3, 1937 (P.L.1333, No.320), known as the
10 Pennsylvania Election Code, except that the time limits for
11 advertisement of notice of the election may be waived as to the
12 question.

13 (d) Notice.--If a majority of the electors voting in the
14 election under subsection (c) vote in the affirmative, the
15 secretary shall send notice of the vote to the Legislative
16 Reference Bureau for publication in the Pennsylvania Bulletin.

17 CHAPTER 31

18 MISCELLANEOUS PROVISIONS

19 SECTION 3101. REPEALS. <—

20 ALL ACTS AND PARTS OF ACTS ARE REPEALED INSOFAR AS THEY ARE
21 INCONSISTENT WITH THIS ACT.

22 Section ~~3101~~ 3102. Effective date. <—

23 This act shall take effect as follows:

24 (1) Section 708 and this section shall take effect
25 immediately.

26 (2) The remainder of this act shall take effect on the
27 date of publication of the notice under section 708(d).