

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 755 Session of
1997

INTRODUCED BY JUBELIRER, LEMMOND, WENGER, RHOADES, CORMAN,
KUKOVICH, O'PAKE, HUGHES, MOWERY, SLOCUM, ROBBINS, SALVATORE,
PICCOLA, HART, PUNT, THOMPSON, SCHWARTZ, MUSTO, AFFLERBACH
AND WOZNIAK, MARCH 20, 1997

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,
SEPTEMBER 30, 1997

AN ACT

1 Amending the act of April 9, 1929 (P.L.343, No.176), entitled,
2 as amended, "An act relating to the finances of the State
3 government; providing for the settlement, assessment,
4 collection, and lien of taxes, bonus, and all other accounts
5 due the Commonwealth, the collection and recovery of fees and
6 other money or property due or belonging to the Commonwealth,
7 or any agency thereof, including escheated property and the
8 proceeds of its sale, the custody and disbursement or other
9 disposition of funds and securities belonging to or in the
10 possession of the Commonwealth, and the settlement of claims
11 against the Commonwealth, the resettlement of accounts and
12 appeals to the courts, refunds of moneys erroneously paid to
13 the Commonwealth, auditing the accounts of the Commonwealth
14 and all agencies thereof, of all public officers collecting
15 moneys payable to the Commonwealth, or any agency thereof,
16 and all receipts of appropriations from the Commonwealth,
17 authorizing the Commonwealth to issue tax anticipation notes
18 to defray current expenses, implementing the provisions of
19 section 7(a) of Article VIII of the Constitution of
20 Pennsylvania authorizing and restricting the incurring of
21 certain debt and imposing penalties; affecting every
22 department, board, commission, and officer of the State
23 government, every political subdivision of the State, and
24 certain officers of such subdivisions, every person,
25 association, and corporation required to pay, assess, or
26 collect taxes, or to make returns or reports under the laws
27 imposing taxes for State purposes, or to pay license fees or
28 other moneys to the Commonwealth, or any agency thereof,
29 every State depository and every debtor or creditor of the
30 Commonwealth," further providing for redevelopment assistance

1 capital projects; providing FOR THE LOCAL GOVERNMENT CAPITAL <—
2 PROJECT LOAN FUND AND FOR limitations on redevelopment
3 assistance capital projects; MAKING A REPEAL; and making <—
4 editorial changes.

5 The General Assembly of the Commonwealth of Pennsylvania
6 hereby enacts as follows:

7 Section 1. The definition of "Redevelopment Assistance
8 Capital Project" in section 1602-B of the act of April 9, 1929
9 (P.L.343, No.176), known as The Fiscal Code, amended June 28,
10 1993 (P.L.183, No.39), is amended to read:

11 Section 1602-B. Definitions.--As used in this article--

12 * * *

13 "Redevelopment Assistance Capital Project" shall mean the
14 design and construction of facilities which (i) are facilities
15 other than housing units, highways, bridges, waste disposal
16 facilities, sewage systems or facilities, or water systems or
17 facilities, and are projects which cannot obtain funding under
18 other State or Federal programs; (ii) are economic development
19 projects which generate substantial increases in employment, tax
20 revenues or other measures of economic activity, including such
21 projects with cultural, historical or civic significance; (iii)
22 are facilities which have a regional or multijurisdictional
23 impact; (iv) are eligible for tax-exempt bond funding under
24 existing Federal law and regulations; (v) have a fifty per
25 centum non-State participation documented at the time of
26 application, at least half of which is secured funding, and
27 which the only noncash non-State participation permitted is land
28 donation and toward which State funds from other programs may
29 not be used, Provided, however, That a portion of any funds
30 reserved for the future physical maintenance and operation of
31 the facilities may be included as a part of the fifty per centum

1 non-State participation; and (vi) have a total project cost of
2 five million dollars (\$5,000,000) or more for projects in first
3 and second class counties and three million dollars (\$3,000,000)
4 or more for projects in second class A through eighth class
5 counties, or for such projects in municipalities designated as
6 "financially distressed municipalities" under the provisions of
7 the act of July 10, 1987 (P.L.246, No.47), known as the
8 "Municipalities Financial Recovery Act," or municipalities that
9 are identified at the time of application by the Department of
10 Community [Affairs] and Economic Development, under the
11 department's early warning system, as scoring at least one-half
12 standard deviation above the mean score, or municipalities that
13 have part or all of an enterprise zone within the municipal
14 boundaries, and have a total project cost of one million dollars
15 (\$1,000,000) or more; and (vii) have a cooperation agreement
16 between the applicant and a redevelopment authority or
17 industrial development authority or general purpose unit of
18 local government if the applicant does not administer the grant.
19 Applicants can be redevelopment authorities, industrial
20 development authorities or general purpose units of local
21 government.

22 * * *

23 Section 2. Sections 1616.1-B and 1616.2-B(a) of the act,
24 amended or added June 28, 1993 (P.L.183, No.39), are amended to
25 read:

26 Section 1616.1-B. Appropriation and Limitation on
27 Redevelopment Assistance Capital Projects.--(a) The amount
28 necessary to pay principal of and interest on all obligations
29 issued to provide funds for redevelopment assistance capital
30 projects is hereby appropriated from the General Fund and shall

1 be transferred to the Capital Debt Fund upon authorization by
2 the Governor.

3 (b) The maximum amount of redevelopment assistance capital
4 projects undertaken by the Commonwealth for which obligations
5 are to be issued shall not exceed, in aggregate, [seven hundred
6 million dollars (\$700,000,000).] ~~one billion dollars~~ <—
7 ~~(\$1,000,000,000)~~ EIGHT HUNDRED FIFTY MILLION DOLLARS <—
8 (\$850,000,000).

9 Section 1616.2-B. Funding and Administration of
10 Redevelopment Assistance Capital Projects.--(a) The Secretary
11 of the Budget, in consultation with the Secretary of [Commerce
12 and the Secretary of Community Affairs] Community and Economic
13 Development, shall approve or disapprove redevelopment
14 assistance capital projects.

15 * * *

16 ~~Section 3. This act shall take effect immediately.~~ <—

17 SECTION 3. THE ACT IS AMENDED BY ADDING AN ARTICLE TO READ: <—

18 ARTICLE XVI-D

19 LOCAL GOVERNMENT CAPITAL

20 PROJECT LOAN FUND

21 SECTION 1601-D. SHORT TITLE.--THIS ARTICLE SHALL BE KNOWN
22 AND MAY BE CITED AS THE LOCAL GOVERNMENT CAPITAL PROJECT LOAN
23 FUND.

24 SECTION 1602-D. DEFINITIONS.--AS USED IN THIS ARTICLE--

25 "DEPARTMENT" SHALL MEAN THE DEPARTMENT OF COMMUNITY AND
26 ECONOMIC DEVELOPMENT OF THE COMMONWEALTH.

27 "EQUIPMENT" SHALL MEAN ANY TRUCK, CAR, BULLDOZER, BACKHOE,
28 GRADER, HIGHLIFT, FORKLIFT, STREET SWEEPER, OTHER MECHANIZED
29 VEHICLE OR DATA PROCESSING EQUIPMENT, INCLUDING ANY COMPUTER,
30 TERMINAL, PRINTER, EXPANSION UNIT, DISPLAY UNIT OR RELATED

1 COMPONENT OF A DATA PROCESSING SYSTEM.

2 "FACILITIES" SHALL MEAN ANY STRUCTURE USED TO HOUSE OFFICES
3 OR EQUIPMENT AND THE LAND ON WHICH THE STRUCTURE IS SITUATED.

4 "FUND" SHALL MEAN THE LOCAL GOVERNMENT CAPITAL PROJECT LOAN
5 FUND.

6 "MUNICIPALITY" SHALL MEAN ANY BOROUGH, TOWN, FIRST CLASS
7 TOWNSHIP, SECOND CLASS TOWNSHIP, THIRD CLASS CITY OR COUNTY,
8 PROVIDED THAT THE TERM SHALL NOT INCLUDE ANY BOROUGH, TOWNS,
9 TOWNSHIPS, CITIES OR COUNTIES WHICH HAVE A POPULATION IN EXCESS
10 OF 12,000.

11 SECTION 1603-D. ASSISTANCE TO MUNICIPALITIES.--(A) THE
12 DEPARTMENT IS HEREBY AUTHORIZED, UPON APPLICATION OF A
13 MUNICIPALITY, TO MAKE LOANS TO THE MUNICIPALITY FOR THE
14 FOLLOWING PURPOSES AND IN THE FOLLOWING AMOUNTS:

15 1. PURCHASING EQUIPMENT. THE AMOUNT OF A LOAN MADE FOR
16 PURCHASING EQUIPMENT SHALL NOT EXCEED TWENTY-FIVE THOUSAND
17 DOLLARS (\$25,000) FOR ANY SINGLE PIECE OF EQUIPMENT OR FIFTY PER
18 CENTUM OF THE TOTAL COST OF THE PIECE OF EQUIPMENT, WHICHEVER IS
19 LESS.

20 2. PURCHASING, CONSTRUCTING, RENOVATING OR REHABILITATING
21 FACILITIES. THE AMOUNT OF A LOAN MADE FOR PURCHASING,
22 CONSTRUCTING, RENOVATING OR REHABILITATING FACILITIES SHALL NOT
23 EXCEED FIFTY THOUSAND DOLLARS (\$50,000) FOR ANY SINGLE FACILITY
24 OR FIFTY PER CENTUM OF THE TOTAL COST FOR PURCHASING,
25 CONSTRUCTING, RENOVATING OR REHABILITATING THE FACILITY,
26 WHICHEVER IS LESS.

27 (B) LOANS MADE BY THE DEPARTMENT SHALL BE FOR A PERIOD OF
28 NOT MORE THAN TEN YEARS. LOANS SHALL BE SUBJECT TO THE PAYMENT
29 OF INTEREST AT TWO PER CENTUM PER ANNUM AND SHALL BE SUBJECT TO
30 SUCH SECURITY AS SHALL BE DETERMINED BY THE DEPARTMENT. THE

1 TOTAL AMOUNT OF INTEREST EARNED BY THE INVESTMENT OR
2 REINVESTMENT OF ALL OR ANY PART OF THE PRINCIPAL OF ANY LOAN
3 SHALL BE RETURNED TO THE DEPARTMENT AND TRANSFERRED TO THE FUND
4 AND SHALL NOT BE CREDITED AS PAYMENT OF PRINCIPAL OR INTEREST ON
5 THE LOAN. THE MINIMUM AMOUNT OF ANY LOAN SHALL BE ONE THOUSAND
6 DOLLARS (\$1,000). THE MUNICIPALITY SHALL COMPLY WITH THE
7 APPROVAL REQUIREMENTS OF 53 PA.C.S. CH. 80 SUBCH. C (RELATING TO
8 PROCEDURES FOR SECURING APPROVAL OF ELECTORS).

9 (C) EVERY APPLICATION FOR A LOAN UNDER THIS ARTICLE SHALL BE
10 ACCOMPANIED BY A FINANCIAL STATEMENT OF THE MUNICIPALITY AND A
11 FINANCIAL PLAN TO SHOW HOW THE LOAN WILL BE REPAID. EVERY
12 APPLICATION SHALL BE ACCOMPANIED BY EVIDENCE SUFFICIENT TO SHOW
13 THAT ALL COSTS, EXCEPT THE AMOUNT OF THE LOAN, WILL BE MET BY
14 ASSETS OR REVENUES OF THE MUNICIPALITY, GRANTS OR LOANS FROM
15 OTHER SOURCES, OR IN-KIND CONTRIBUTIONS OR SERVICES.

16 (D) LOANS UNDER THIS ARTICLE SHALL BE USED FOR PURCHASING
17 EQUIPMENT AND FOR PURCHASING, CONSTRUCTING, RENOVATING OR
18 REHABILITATING FACILITIES AND SHALL NOT BE USED FOR OPERATING
19 EXPENSES OR FOR THE REFINANCING OR REDUCTION OF ANY DEBT OR
20 OBLIGATION INCURRED PRIOR TO THE EFFECTIVE DATE OF THIS ARTICLE.

21 (E) LOANS MADE BY THE DEPARTMENT SHALL BE PAID FROM THE FUND
22 TO MUNICIPALITIES IN ACCORDANCE WITH RULES AND REGULATIONS
23 PROMULGATED BY THE DEPARTMENT.

24 (F) ALL PAYMENTS OF INTEREST ON LOANS AND THE PRINCIPAL
25 THEREOF SHALL BE DEPOSITED BY THE DEPARTMENT IN THE FUND.

26 SECTION 1604-D. LOCAL GOVERNMENT CAPITAL PROJECT LOAN
27 FUND.--(A) THERE IS HEREBY CREATED A SPECIAL FUND IN THE
28 TREASURY DEPARTMENT, TO BE KNOWN AS THE LOCAL GOVERNMENT CAPITAL
29 PROJECT LOAN FUND, TO WHICH SHALL BE CREDITED ALL APPROPRIATIONS
30 MADE BY THE GENERAL ASSEMBLY, OTHER THAN APPROPRIATIONS FOR

1 EXPENSES OF ADMINISTERING THIS ARTICLE, OR GRANTS FROM OTHER
2 SOURCES TO THE DEPARTMENT AS WELL AS REPAYMENT OF PRINCIPAL AND
3 INTEREST ON LOANS MADE PURSUANT TO THIS ARTICLE.

4 (B) THE DEPARTMENT SHALL ROUTINELY REQUISITION FROM THE FUND
5 SUCH AMOUNTS AS SHALL BE ALLOCATED BY THE DEPARTMENT FOR LOANS
6 TO MUNICIPALITIES PURSUANT TO THIS ARTICLE. WHEN AND AS THE
7 AMOUNTS SO ALLOCATED BY THE DEPARTMENT AS LOANS TO
8 MUNICIPALITIES ARE REPAID TO THE DEPARTMENT PURSUANT TO THE
9 TERMS OF THE AGREEMENTS MADE AND ENTERED INTO WITH THE
10 DEPARTMENT, THE DEPARTMENT SHALL PAY SUCH AMOUNTS INTO THE FUND.
11 IT IS THE INTENT OF THIS ARTICLE THAT THE FUND SHALL OPERATE AS
12 A REVOLVING FUND WHEREBY ALL APPROPRIATIONS AND PAYMENTS MADE
13 THERE TO MAY BE APPLIED AND REAPPLIED FOR THE PURPOSES OF THIS
14 ARTICLE.

15 SECTION 1605-D. POWERS AND DUTIES OF DEPARTMENT.--IN
16 ADDITION TO THE POWERS AND DUTIES CONFERRED UPON THE DEPARTMENT
17 UNDER OTHER PROVISIONS OF LAW, THE DEPARTMENT SHALL HAVE THE
18 POWER AND DUTY TO:

19 1. LEND MONEY FOR THE PURPOSES AUTHORIZED BY THIS ARTICLE
20 OVER A TERM OF YEARS, BUT IN NO CASE IN EXCESS OF TEN YEARS.

21 2. ACCEPT GRANTS FROM THE FEDERAL GOVERNMENT AND ANY OTHER
22 INDIVIDUAL, AGENCY OR GOVERNMENT FOR USE IN THE FUND.

23 3. PRESCRIBE THE FORM OF THE APPLICATION FOR A LOAN PURSUANT
24 TO THIS ARTICLE.

25 4. ADVISE A MUNICIPALITY REGARDING THE FINANCIAL ABILITY OF
26 THE MUNICIPALITY TO PURCHASE EQUIPMENT OR TO PURCHASE,
27 CONSTRUCT, RENOVATE OR REHABILITATE FACILITIES.

28 5. ASSIST A MUNICIPALITY IN TAKING ADVANTAGE OF JOINT
29 PURCHASING ARRANGEMENTS AND OF OPPORTUNITIES TO PURCHASE SURPLUS
30 EQUIPMENT FROM THE COMMONWEALTH OR OTHER POLITICAL SUBDIVISIONS.

1 6. REQUIRE SECURITY FOR A LOAN, IF DETERMINED TO BE
2 NECESSARY.

3 7. SPECIFY PRIORITY OF LIENS AGAINST ANY FACILITIES OR
4 EQUIPMENT PURCHASED BY A MUNICIPALITY USING FUNDS LOANED
5 PURSUANT TO THIS ARTICLE, IF DETERMINED TO BE NECESSARY.

6 8. ESTABLISH A SCHEDULE WHICH PROVIDES AT LEAST AN ANNUAL
7 OPPORTUNITY FOR MUNICIPALITIES TO APPLY FOR AND RECEIVE LOANS.

8 SECTION 1606-D. RANKING OF APPLICATIONS.--WHENEVER THE
9 DEPARTMENT DETERMINES THAT THERE WILL NOT BE ENOUGH MONEY IN THE
10 FUND TO MAKE LOANS TO ALL OF THE MUNICIPALITIES EXPECTED TO
11 SUBMIT ELIGIBLE APPLICATIONS DURING AN APPLICATION PERIOD, THE
12 DEPARTMENT SHALL RANK THE APPLICATIONS IN ORDER OF PRIORITY TO
13 DETERMINE WHICH LOANS SHALL BE MADE FIRST. A SYSTEM OF RANKING
14 SHALL BE ESTABLISHED FOR THE PURPOSES OF THIS SECTION BY
15 REGULATION AND SHALL PROVIDE FOR CONSIDERATION OF FACTORS SUCH
16 AS WHETHER THE MUNICIPALITY HAS PREVIOUSLY RECEIVED A LOAN
17 PURSUANT TO THIS ACT; THE FINANCIAL CONDITION OF THE
18 MUNICIPALITY; AND THE IMPACT OF THE PURCHASE OF EQUIPMENT OR THE
19 PURCHASE, CONSTRUCTION, RENOVATION OR REHABILITATION OF
20 FACILITIES ON THE HEALTH, SAFETY OR WELFARE OF THE RESIDENTS OF
21 THE MUNICIPALITY.

22 SECTION 1607-D. CONSTRUCTION OF ARTICLE.--THIS ARTICLE SHALL
23 BE CONSTRUED TO BE A CONTINUATION OF THE ACT OF DECEMBER 19,
24 1990 (P.L.1358, NO.210), KNOWN AS THE "LOCAL GOVERNMENT CAPITAL
25 PROJECT LOAN FUND ACT." ALL LOANS, APPLICATIONS AND
26 ADMINISTRATIVE DETERMINATIONS UNDER THAT ACT SHALL BE IN FULL
27 FORCE AND EFFECT UNDER THIS ARTICLE.

28 SECTION 4. THE ACT OF DECEMBER 19, 1990 (P.L.1358, NO.210),
29 KNOWN AS THE LOCAL GOVERNMENT CAPITAL PROJECT LOAN FUND ACT, IS
30 REPEALED.

1 SECTION 5. THE ADDITION OF ARTICLE XVI-D OF THE ACT SHALL BE
2 RETROACTIVE TO JUNE 30, 1997, IF THIS ACT IS ENACTED AFTER THAT
3 DATE.

4 SECTION 6. THIS ACT SHALL TAKE EFFECT IMMEDIATELY.