
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 10

Session of
1999

INTRODUCED BY JUBELIRER, LOEPER AND MELLOW, JANUARY 22, 1999

SENATOR HART, FINANCE, AS AMENDED, JANUARY 25, 1999

AN ACT

1 Providing for borrowing for capital facilities; conferring
2 powers and duties on various administrative agencies and
3 officers; making appropriations; and making repeals.

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15 The General Assembly of the Commonwealth of Pennsylvania
16 hereby enacts as follows:

17 Section 1. Short title.

18 This act shall be known and may be cited as the Capital
19 Facilities Debt Enabling Act.

20 Section 2. 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 "Acquisition cost." Includes the cost of acquiring:

- 25 (1) buildings;
- 26 (2) structures;
- 27 (3) facilities;
- 28 (4) property, real, personal or mixed, tangible or
29 intangible; or
- 30 (5) any other interest;

1 necessary or desirable in connection with a capital project,
2 whether the acquisition be by purchase or by condemnation,
3 including the amount of an award or final judgment in a
4 proceeding to acquire by condemnation lands, rights-of-way,
5 rights-of-slope, property rights, franchises, easements or other
6 interests as deemed necessary or convenient in connection with
7 the acquisition or construction of a project, and costs of
8 options and partial payments on and under options.

9 "Capital project." Includes all of the following:

10 (1) Any:

11 (i) building, structure, facility or physical public
12 betterment or improvement;

13 (ii) land or rights in land;

14 (iii) furnishings, machinery, apparatus or
15 equipment, for a public betterment or improvement; or

16 (iv) undertaking to construct, repair, renovate,
17 improve, equip, furnish or acquire any of the items
18 listed in subparagraphs (i) through (iii): provided that
19 the project is designated in a capital budget as a
20 capital project; has an estimated useful life in excess
21 of five years; and has an estimated financial cost in
22 excess of \$100,000, excluding original equipment and
23 furnishings for previously authorized public improvement
24 projects.

25 (2) A project to be financed by the incurring of debt.

26 Projects under this paragraph are categorized as:

27 (i) Community college projects.

28 (ii) Flood control projects.

29 (iii) Highway projects.

30 (iv) Other capital projects.

- 1 (v) PIDA projects.
- 2 (vi) Public improvement projects.
- 3 (vii) Redevelopment assistance projects.
- 4 (viii) Site development projects.
- 5 (ix) Transportation assistance projects.

6 "Commonwealth agency or authority." Excludes an agency or
7 authority organized by action of a political subdivision.

8 "Community college projects." Include projects for a
9 community college of a type which the State Public School
10 Building Authority is authorized to undertake under the
11 provisions of the act of July 5, 1947 (P.L.1217, No.498), known
12 as the State Public School Building Authority Act, to the extent
13 that obligations issued to finance these projects are debt
14 within the meaning of this act.

15 "Construction cost." Includes obligations incurred:

16 (1) for labor and to contractors, builders and
17 materialmen in connection with the construction, fabrication
18 or assembly of a capital project;

19 (2) for machinery and equipment required for
20 construction under paragraph (1);

21 (3) for the restoration of property damaged or destroyed
22 in connection with construction under paragraph (1); and

23 (4) for the payment of damages incurred by others
24 incident to or consequent upon construction under paragraph
25 (1), which the Commonwealth or its agency or authority is
26 under legal obligation to pay or desires to pay in settlement
27 of a disputed claim of liability.

28 "Debt" The issued and outstanding obligations of the
29 Commonwealth incurred without a vote of the electorate or
30 incurred with such vote under a law making such debt subject to

1 the provisions of section 7(a)(4) of Article VIII of the
2 Constitution of Pennsylvania. The term includes obligations of
3 Commonwealth agencies and authorities to the extent that such
4 obligations are to be repaid from lease rentals or other charges
5 payable directly or indirectly from revenues of the
6 Commonwealth. The term does not include:

7 (1) that portion of debt which is to be repaid from
8 charges made to the public for the use of the capital
9 projects financed, as such portion of debt may be determined
10 by the Auditor General;

11 (2) obligations to be repaid from lease rentals or other
12 charges payable by a school district or other local taxing
13 authority; or

14 (3) obligations to be repaid by agencies or authorities
15 created for the joint benefit of the Commonwealth and one or
16 more other state governments.

17 "Financial cost." Includes acquisition cost and construction
18 cost, where applicable, and an allocated portion of all of the
19 following:

20 (1) Fees, expenses and costs of issuing obligations the
21 proceeds of which are used to finance the project.

22 (2) Fees, expenses and costs of issuing and selling
23 notes or replacement notes issued under this act.

24 (3) Establishing and maintaining any purchase, loan or
25 credit agreements in connection with an issue or series of
26 issues of notes, and the fees and expenses of any fiscal or
27 loan and transfer agent and bond counsel incurred in
28 connection with the issue of the obligations.

29 (4) Premiums on insurance in connection with a project
30 during construction.

1 (5) Taxes and other municipal or governmental charges,
2 lawfully levied or assessed during construction.

3 (6) Fees and expenses of architects, engineers and other
4 professionals for:

5 (i) making preliminary studies, reports or estimates
6 of costs;

7 (ii) preparing plans and specifications and
8 inspecting and reviewing the progress of construction;
9 and

10 (iii) obtaining abstracts of title, title insurance
11 or title opinions.

12 (7) Costs and expenses of preliminary investigations,
13 preplanning, surveys and reports to determine the proper
14 scope, feasibility and probable costs of capital projects to
15 be included in future capital budgets.

16 (8) Costs of administration, including the salaries and
17 expenses of administrators, reviewing architects and
18 engineers, construction inspectors, accountants and legal
19 counsel of the Commonwealth and its agencies or authorities,
20 incurred for the proper planning and supervision of the
21 capital projects program.

22 "Flood control projects." Include projects of the type which
23 the Water and Power Resources Board is authorized to construct,
24 improve, equip, maintain, acquire or operate under the
25 provisions of the act of August 7, 1936 (1st Sp.Sess., P.L.106,
26 No.46), referred to as the Flood Control Law.

27 "Fund." Excludes any fund, or account in a fund, established
28 by this act.

29 "Funding bonds." General obligation bonds used to provide
30 funds for and towards the payment of outstanding notes or to

1 refund other outstanding bonds prior to or at or after the
2 stated maturity date of the bonds being refunded or of the notes
3 being funded.

4 "Highway projects." Include projects of a type which the
5 Department of Transportation is authorized to construct,
6 improve, equip, maintain, acquire or operate.

7 "Issuing officials." The Governor, the Auditor General and
8 the State Treasurer.

9 "Net debt."

- 10 (1) The aggregate principal amount of all debt; plus
11 (2) the amount of any past due and unpaid interest on
12 that debt; minus
13 (3) all funds held exclusively for the payment of that
14 principal and past due interest.

15 Neither accrued but not yet past due interest nor funds held for
16 the payment of the interest next falling due, up to the amount
17 of such interest, shall be included in such computations.

18 "Notes." Include temporary obligations and replacement notes
19 issued by the Commonwealth pursuant to this act in anticipation
20 of bonds.

21 "Obligations." Notes or bonds of the Commonwealth, its
22 agencies or authorities, issued pursuant to any debt authorizing
23 act.

24 "Other capital projects." Only that undertaking to equip and
25 furnish those public improvement projects which are specifically
26 enumerated under the heading of "Other Capital Projects" in
27 section 3(d) of the act of July 20, 1968 (P.L.560, No.218),
28 known as the Capital Budget Act for the 1968-1969 Fiscal Year.
29 Upon final completion of the undertakings authorized by section
30 3(d) of that act, no equipment or furnishing undertaking or any

1 other undertaking or project shall be listed in any capital
2 budget act for the fiscal year 1969-1970 or any fiscal year
3 thereafter under the heading of "Other Capital Projects"; but if
4 the undertaking or project comes within the meaning of a capital
5 project, it shall be listed in future capital budget acts as a
6 capital project under one of the categories enumerated in
7 paragraph (2) of the definition of "capital project."

8 "PIDA projects." Include projects of the type which the
9 Pennsylvania Industrial Development Authority is authorized to
10 finance under the provisions of the act of May 17, 1956 (1955
11 P.L.1609, No.537), known as the Pennsylvania Industrial
12 Development Authority Act.

13 "Public improvement projects." Include projects of a type
14 which the General State Authority is authorized to construct,
15 improve, equip, furnish, maintain, acquire or operate under the
16 provisions of the act of March 31, 1949 (P.L.372, No.34), known
17 as The General State Authority Act of one thousand nine hundred
18 forty-nine, and projects which the Department of General
19 Services is authorized to construct, improve, equip, furnish,
20 maintain, acquire or operate.

21 "Redevelopment assistance capital project." The design and
22 construction of facilities which meet ~~any~~ of the following: <—

23 (1) Are facilities, other than housing units, highways,
24 bridges, waste disposal facilities, sewage systems or
25 facilities or water systems or facilities, which cannot
26 obtain funding under other Federal or State programs. <—

27 (2) Are economic development projects which generate
28 substantial increases in employment, tax revenues or other
29 measures of economic activity. This paragraph includes
30 projects with cultural, historical or civic significance.

1 (3) Are facilities which have a regional or
2 multijurisdictional impact.

3 (4) Are eligible for tax-exempt bond funding under
4 existing Federal law and regulations.

5 (5) Have a 50% non-State participation documented at the
6 time of application, including a portion of any funds
7 reserved for future physical maintenance and operation of the
8 facilities:

9 (i) at least half of which is secured funding;

10 (ii) in which the only noncash non-State
11 participation permitted is land donation; and

12 (iii) toward which State funds from other programs
13 may not be used.

14 (6) Have a total project cost as follows:

15 (i) At least \$5,000,000 for projects in:

16 (A) counties of the first class; or

17 (B) counties of the second class.

18 (ii) At least \$2,000,000 for projects in counties of
19 the second class A through eighth class.

20 (iii) At least \$1,000,000 for projects in:

21 (A) municipalities designated as financially
22 distressed municipalities under the act of July 10,
23 1987 (P.L.246, No.47), known as the Municipalities
24 Financial Recovery Act;

25 (B) municipalities which are identified at the
26 time of application by the Department of Community
27 and Economic Development, under the department's
28 early warning system, as scoring at least one-half
29 standard deviation above the mean score; or

30 (C) municipalities which have part or all of an

1 enterprise zone within the municipal boundaries.

2 (7) Have a cooperation agreement between the applicant
3 and a redevelopment authority or industrial development
4 authority or general purpose unit of local government if the
5 applicant does not administer the grant. Applicants can be
6 redevelopment authorities, industrial development authorities
7 or general purpose units of local government.

8 "Redevelopment assistance projects." Include projects of the
9 type which the Department of Community and Economic Development
10 is authorized to finance by capital grants under the act of May
11 20, 1949 (P.L.1633, No.493), known as the Housing and
12 Redevelopment Assistance Law, and Reorganization Plan No.2 of
13 1966.

14 "Replacement notes." Notes:

15 (1) the net proceeds of which are used to pay principal,
16 accrued interest and premium of previously issued notes or
17 replacement notes; and

18 (2) which evidence the same temporary borrowing of the
19 Commonwealth as the notes or replacement notes replaced.

20 "Site development projects." Include projects of the type
21 which the Department of Community and Economic Development is
22 authorized to finance by site development grants under the act
23 of July 11, 1996 (P.L.677, No.116), known as the "Infrastructure
24 Development Act."

25 "Tax revenues." All revenues from Commonwealth imposed
26 taxes, regardless of the fund to which they are deposited,
27 including revenues from motor vehicle licenses, which are
28 declared to be taxes for purposes of this act. The term does not
29 include revenues from any other licenses or from interest, fees,
30 fines or penalties.

1 "Transportation assistance projects." Include projects of a
2 type which the Department of Transportation is authorized to
3 construct, improve, equip, furnish, maintain, acquire or operate
4 under 74 Pa.C.S. Pt. II (relating to public transportation) and
5 capital projects which the Department of Transportation is
6 authorized to construct, improve, equip or furnish under the
7 provisions of the act of February 11, 1976 (P.L.14, No.10),
8 known as the Pennsylvania Rural and Intercity Common Carrier
9 Surface Transportation Assistance Act, including the acquisition
10 of property authorized in those statutes.

11 Section 3. Procedures for capital budget bill and debt
12 authorizing legislation.

13 (a) Legislative process.--A capital budget prepared in
14 accordance with this act shall be submitted for each fiscal year
15 by the Governor to the General Assembly and shall be considered
16 in the form of a bill as provided in Article III of the
17 Constitution of Pennsylvania.

18 (b) Itemization.--The capital budget bill must specifically
19 itemize, by brief identifying description and estimated
20 financial cost, the capital projects to be financed from the
21 proceeds of obligations of the Commonwealth except where such
22 itemization is contained in or approved by prior legislation
23 referred to in the capital budget bill or except where such
24 itemization is included in one or more supplemental capital
25 budget bills. Projects must be listed in separate categories, as
26 well as according to the fund to be charged with the repayment
27 of the obligations to be incurred. The capital budget bill must
28 state the maximum amount of such obligations which may be
29 incurred in the ensuing fiscal year to provide funds for and
30 towards the financial costs of each category of capital

1 projects, which shall be by the issue of general obligations of
2 the Commonwealth.

3 (c) Timing.--Each year, the Governor shall submit a capital
4 budget bill for the ensuing fiscal year.

5 (d) Additional bills.--At the time the Governor submits the
6 capital budget or a supplement, the Governor shall, to the
7 extent the debt to be incurred is not within the limits of
8 legislation then in force authorizing the incurring of debt,
9 submit additional bills for each category of capital projects,
10 authorizing the incurring of debt to provide funds for and
11 towards the payment of the financial costs of capital projects
12 in such category which have been specifically itemized in a
13 capital budget for the same or any prior year.

14 (e) Categories.--Each debt authorizing bill must do all of
15 the following:

16 (1) State the category of capital projects to be
17 financed by the debt so authorized but need not enumerate the
18 capital projects to be financed.

19 (2) Authorize the incurring of debt in not less than the
20 amount of the financial cost of all capital projects in such
21 category not covered by a previous debt authorization,
22 including any overall allowance for contingencies.

23 (3) State the estimated useful lives of the capital
24 projects to be financed in such detail as may be requisite if
25 capital projects of varying useful lives are to be combined
26 for financing purposes.

27 (4) State the maximum term of the debt to be incurred.

28 Section 4. Certificates of the Auditor General.

29 (a) Requirement.--By March 1 and September 1, the Auditor
30 General shall certify to the Governor and the General Assembly

1 the average annual tax revenues deposited in all funds in the
2 five fiscal years ended next preceding the date of the
3 certificate, determined by adding the total of such revenues so
4 deposited and dividing the sum by five. At the time of each
5 certification, the Auditor General shall also certify as
6 separate items:

7 (1) the amount of outstanding net debt as of the end of
8 the preceding fiscal year;

9 (2) the amount of outstanding net debt as of the date of
10 the certificate;

11 (3) the difference between the limitation upon all
12 outstanding net debt as provided in section 7(a)(4) of
13 Article VIII of the Constitution of Pennsylvania and
14 paragraph (2);

15 (4) the amount of outstanding net debt scheduled to be
16 repaid during the remainder of the fiscal year in which the
17 certificate is issued;

18 (5) the amount of debt authorized by law to be issued
19 but not yet incurred; and

20 (6) the amount of outstanding obligations excluded from
21 outstanding debt as self-sustaining pursuant to section
22 7(c)(1), (2) and (3) of Article VIII of the Constitution of
23 Pennsylvania.

24 (b) Additional certificates.--As required in connection with
25 the sale of or settlement for obligations of the Commonwealth,
26 the Auditor General shall issue certificates containing items
27 listed in subsection (a)(2) and (3) as of the dates determined
28 by the Governor to be relevant to such sales or settlements.

29 (c) Auditor General.--In making certificates, the Auditor
30 General shall be entitled to rely, as to any of items listed in

1 subsection (a)(1) through ~~(6)~~ (5), upon:

2 (1) any certificate furnished by the State Treasurer
3 with respect to outstanding Commonwealth general obligation
4 bonds; and

5 (2) any certificate furnished by the Department of
6 Revenue or by the appropriate bank or trust company acting as
7 fiscal agent or trustee, with respect to the outstanding
8 obligations of any authority.

9 Section 5. Constitutional limitations, authorizations, issuing
10 officials.

11 Within the limitation set forth in section 7(a)(4) of Article
12 VIII of the Constitution of Pennsylvania, the issuing officials
13 are authorized and directed to borrow, on the credit of the
14 Commonwealth and subject to the conditions and limitations of
15 the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal
16 Code, money necessary to carry out the purposes of debt
17 authorizing acts passed in accordance with the provisions of
18 this act.

19 Section 6. Temporary financing authorizing.

20 (a) Authorization.--Pending the issuance of bonds of the
21 Commonwealth as authorized in section 7, the issuing officials
22 are authorized, in accordance with the provisions of this act
23 and on the credit of the Commonwealth, to make temporary
24 borrowings not to exceed three years in anticipation of the
25 issue of bonds in order to provide funds in such amounts as
26 deemed advisable to carry out the purposes of any debt
27 authorizing acts prior to the issue of bonds. In order to
28 provide for and in connection with the temporary borrowings, the
29 issuing officials are authorized in the name and on behalf of
30 the Commonwealth to enter into any purchase, loan or credit

1 agreement or other agreement with banks, trust companies,
2 lending institutions, investment banking firms or persons in the
3 United States having the appropriate power. Agreements may
4 contain provisions not inconsistent with the provisions of this
5 act, as authorized by the issuing officials.

6 (b) Evidence.--All temporary borrowings made under the
7 authorization of this section shall be evidenced by notes of the
8 Commonwealth, which shall be issued for such amounts not
9 exceeding in the aggregate the applicable statutory and
10 constitutional debt limitation, in form and denominations and
11 subject to terms and conditions of sale and issue, prepayment or
12 redemption and maturity, rate of interest and time of payment of
13 interests, as the issuing officials authorize and direct and in
14 accordance with the applicable debt authorizing act.

15 Authorization and direction may provide for the subsequent
16 issuance of replacement notes to refund outstanding notes or
17 replacement notes. Replacement notes shall, upon issuance,
18 evidence the borrowing and may specify other terms and
19 conditions with respect to the notes and replacement notes
20 authorized for issuance as the issuing officials may determine
21 and direct.

22 (c) Replacement notice.--

23 (1) If the authorization and direction of the Governor,
24 the Auditor General and the State Treasurer provide for the
25 issuance of replacement notes, the Governor, the Auditor
26 General and the State Treasurer are authorized, in the name
27 and on behalf of the Commonwealth, to issue, enter into or
28 authorize and direct the State Treasurer to enter into
29 agreements with banks, trust companies, investment banking
30 firms or other institutions or persons in the United States

1 having appropriate power to do all of the following:

2 (i) Purchase or underwrite an issue or series of
3 issues of notes.

4 (ii) Credit.

5 (iii) Enter into a purchase, loan or credit
6 agreement.

7 (iv) Draw money pursuant to a purchase, loan or
8 credit agreement on the terms and conditions set forth in
9 the agreement.

10 (v) Issue notes as evidence of borrowings made under
11 a purchase, loan or credit agreement.

12 (vi) Appoint an issuing and paying agent or agents
13 with respect to notes.

14 (vii) Perform acts necessary or appropriate to
15 provide for the payment, when due, of the interest on and
16 principal of notes.

17 (2) Agreements under paragraph (1) may provide that the
18 compensation of purchasers or underwriters of notes or
19 replacement notes, by discount in the purchase price of the
20 notes or by payment of a fixed fee or commission at the time
21 of issuance OF the notes and that all other costs and ←
22 expenses, including fees for agreements related to the notes,
23 issuing and payment agent costs, and costs and expenses of
24 issuance, may be paid from the proceeds of the notes.

25 (d) State Treasurer.--If the authorization and direction of
26 the Governor, the Auditor General and the State Treasurer
27 provide for the issuance of replacement notes, the State
28 Treasurer shall, by the time of delivery of these notes or
29 replacement notes, determine the principal amounts, dates of
30 issuance, interest rates or procedures for establishing interest

1 rates, rates of discount, denominations and all other terms and
2 conditions relating to the issuance and shall perform all acts
3 necessary to pay, or cause to be paid, when due, all principal
4 of and interest on the notes being refunded by replacement notes
5 and to assure that payment may draw upon any money available for
6 that purpose pursuant to any purchase, loan or credit agreements
7 established with respect to the notes, subject to the
8 authorization and direction of the Governor, the Auditor General
9 and the State Treasurer.

10 (e) Funding and retirement.--Outstanding notes evidencing
11 borrowings may be funded and retired by the issuance and sale of
12 the bonds of the Commonwealth under sections 7 and 9. Funding
13 bonds must be issued and sold not later than a date three years
14 after the date of issuance of the first notes evidencing the
15 borrowings, to the extent that payment of the notes has not
16 otherwise been made or provided for by sources other than
17 proceeds of replacement notes.

18 (f) Proceeds.--The proceeds of temporary borrowings, except
19 those evidenced by replacement notes, shall be paid to the State
20 Treasurer to be held and disposed of under section 10. The
21 proceeds of temporary borrowings evidenced by replacement notes
22 shall be paid to the State Treasurer to be held and disposed of
23 under subsection (d).

24 Section 7. Bonds, issue of bonds and notes, maturity, interest.

25 (a) Issue.--As evidence of indebtedness as authorized,
26 funding bonds, which may be for one or more purposes, shall be
27 issued under this act for all of the following purposes:

28 (1) To fund or retire notes issued under section 6.

29 (2) To provide money necessary to carry out the purposes
30 of a debt authorizing statute.

1 (b) Series.--The bonds of each issued shall constitute a
2 separate series to be designated by the issuing officials or may
3 be combined for sale as one series with other general obligation
4 bonds of the Commonwealth. Each series of bonds shall bear such
5 rate of interest as determined by the issuing officials. Bonds
6 shall be issued in denominations and in form, whether coupon or
7 registered as to both principal and interest, and with or
8 without such provisions of interchangeability, as the issuing
9 officials determine. If interest coupons are attached, they
10 shall, unless the debt authorizing act provides otherwise,
11 contain the facsimile signature of the State Treasurer.

12 (c) Terms and conditions.--

13 (1) Except as set forth in subsection (a) or (b), the
14 terms and conditions of issue, redemption and maturity and
15 time of payment of interest shall be as the issuing officials
16 shall specify. Bonds of any series shall mature within a
17 period not to exceed the estimated useful lives of the
18 capital facilities projects as stated in the debt authorizing
19 act but not later than 30 years from the date of issuance.

20 (2) The issuing officials shall provide for the
21 amortization of the bonds in substantial and regular amounts
22 over the term of the debt, but the first retirement of
23 principal shall be stated to mature prior to the expiration
24 of a period of time equal to one-tenth of the time from the
25 date of the first obligation issued to evidence the debt to
26 the date of the expiration of the term of the debt.

27 (3) Retirements of principal shall be regular and
28 substantial if made in annual or semiannual amounts whether
29 by stated serial maturities or by mandatory sinking fund
30 retirements computed in accordance with either a level annual

1 debt service plan, as nearly as may be, or upon the equal
2 annual maturities plan.

3 (4) If debt is incurred in one issue of bonds to provide
4 funds for and towards the financial cost of capital projects
5 having estimated useful lives of varying length, the
6 following shall apply:

7 (i) The aggregate of the financial costs shall be
8 considered as the debt to be incurred for the purpose of
9 fixing the regular and substantial amounts of principal
10 to be retired.

11 (ii) The term of the debt shall be to the end of the
12 longest estimated useful life for the purpose of
13 determining the first date for the retirement of
14 principal. At the end of the estimated useful life of
15 each project, the aggregate principal retirements
16 required to be made at or before that date shall exceed:

17 (A) the aggregate financial cost of all capital
18 projects having the same or shorter estimated useful
19 lives; or

20 (B) if bonds are issued for less than the full
21 financial cost of all projects being financed in the
22 same category, a proportionate amount in each case.

23 (5) The issuing officials are authorized to carry out
24 the provisions of this act relating to the issuance of bonds
25 and shall determine all matters in connection with the
26 issuance of bonds subject to the provisions hereof.

27 (d) Verification.--

28 (1) Bonds issued under the authority of this act, unless
29 the debt authorizing acts provides another method of
30 signature, shall bear the facsimile signatures of the issuing

1 officials and a facsimile of the Great Seal of the
2 Commonwealth of Pennsylvania and shall be countersigned by an
3 officer of an authorized loan and transfer agent of the
4 Commonwealth.

5 (2) The action taken by the issuing officials
6 authorizing the issuance of bonds or notes shall set forth
7 the title and citation of the debt authorizing acts.

8 (3) Notes and bonds issued under the authority of this
9 act shall:

10 (i) either contain a similar recital or refer to the
11 recital of titles and citations set forth in the action
12 authorizing issuance; and

13 (ii) state that the bonds or notes are issued in
14 accordance with the provisions of this act. In any action
15 or proceeding involving the validity or enforceability of
16 bonds or notes under this act, a recital under paragraph
17 (3) shall be conclusive as to their authorization.

18 Section 8. Direct obligations, exemption from taxation, means
19 of payment.

20 (a) Direct obligation.--Notes and bonds issued under this
21 act shall be direct obligations ~~at~~ OF the Commonwealth, and the ←
22 full faith and credit of the Commonwealth are pledged for the
23 payment of the interest as it becomes due and the payment of the
24 principal at maturity.

25 (b) Exemptions.--Notes and bonds issued under this act shall
26 be exempt from taxation for State and local purposes.

27 (c) Payment.--The principal of and interest on notes and
28 bonds issued under this act shall be payable in lawful money of
29 the United States of America.

30 Section 9. Sale of bonds.

1 (a) Public sale.--When bonds are issued under this act, they
2 shall be offered for sale at not less than 98% of the principal
3 amount and accrued interest and shall be sold by the issuing
4 officials to the highest and best bidder after public
5 advertisement on terms and conditions and upon open competitive
6 bidding as the issuing officials direct. The manner and times of
7 advertising shall be prescribed by the issuing officials.

8 (b) Private sale.--Any portion of a bond issue offered under
9 subsection (a) and not sold or subscribed to may be disposed of
10 by private sale by the issuing officials in a manner and at
11 prices, not less than 98% of the principal amount and accrued
12 interest, as the Governor directs. No commission shall be
13 allowed or paid for the sale of bonds issued under this act.

14 (c) Temporary bonds.--Until permanent bonds can be prepared,
15 the issuing officials may issue, in lieu of permanent bonds,
16 temporary bonds in form and with privileges as to the
17 registration and exchange for permanent bonds as may be
18 determined by the issuing officials.

19 Section 10. Disposition and use of proceeds.

20 (a) General rule.--The proceeds of temporary borrowings made
21 under section 6, other than the proceeds of replacement notes,
22 and the proceeds from the sale of bonds, other than funding
23 bonds, shall be paid to the State Treasurer and be held by the
24 State Treasurer in a separate fund and shall be deposited in
25 depositories as selected by the State Treasurer to the credit of
26 the Capital Facilities Fund, which shall have such separate
27 accounts as may be deemed desirable by the issuing officials,
28 but not less than one separate account for each category of
29 capital projects. The proceeds of replacement notes shall be
30 deposited and applied as provided in section 6(d).

1 (b) Dedication.--The money in the Capital Facilities Fund is
2 specifically dedicated to meeting the financial costs of capital
3 projects. The money shall be paid by the State Treasurer to
4 those departments, agencies or authorities authorized to expend
5 it as required by them to pay financial costs at the time the
6 department, agency or authority certifies the payment to be due
7 and payable.

8 (c) Investment.--Pending their application to the purposes
9 authorized, money held or deposited by the State Treasurer may
10 be invested and reinvested as are other funds in the custody of
11 the State Treasurer in the manner provided by law. Earnings
12 received from the investment or deposit of the funds shall be
13 paid into the State Treasury to the credit of the account in the
14 Capital Facilities Fund to which the funds were originally
15 deposited.

16 Section 11. Capital Debt Fund; investments; redemption of
17 bonds.

18 (a) Capital Debt Fund.--Bonds issued under this act shall be
19 paid at maturity. Interest due, after July 1, 1968, on bonds and
20 on notes, issued under this act, shall be paid by the Board of
21 Finance and Revenue from the Capital Debt Fund. The General
22 Assembly shall appropriate annually the money necessary to pay
23 the interest on the bonds and notes and the principal of the
24 bonds and notes at maturity if no other provision is made. Money
25 appropriated shall be paid into the Capital Debt Fund by the
26 State Treasurer.

27 (b) Investment.--Money received under subsection (a) prior
28 to the date for disbursement shall be invested by the board
29 pending disbursement in securities as are provided by law for
30 the investment of surplus money of the Commonwealth. The

1 investment and the accumulations in the Capital Debt Fund shall
2 be devoted to and be used exclusively for the payment of the
3 interest accruing on the bonds and notes and for the redemption
4 of the bonds and notes at maturity or upon the redemption date,
5 if called for prior redemption. The board is authorized to use
6 such funds for the purchase and retirement of all or any part of
7 the bonds issued under this act; but no purchase may be made
8 which will reduce the money in the Capital Debt Fund below the
9 amount necessary to pay all principal and interest still to
10 become due in the fiscal year of the purchase. If all or any
11 part of any bonds issued under this act are purchased by the
12 Commonwealth, they shall be canceled and returned to the State
13 Treasurer as canceled and paid bonds. Thereafter, all payment of
14 interest on the bonds shall cease; and the canceled bonds and
15 coupons shall be destroyed, within two years after cancellation,
16 in the presence of the issuing officials or their authorized
17 representatives. A certificate evidencing the destruction,
18 satisfactory to the authorized loan and transfer agent of the
19 Commonwealth, shall be furnished to it. Canceled bonds and
20 coupons shall be mutilated as to make the canceled bonds and
21 coupons nonnegotiable.

22 Section 12. Funding bonds.

23 The issuing officials, subject to the provisions of a bond
24 resolution or trust indenture are authorized to issue funding
25 bonds for the purpose of refunding obligations then outstanding,
26 to provide funds to redeem and retire such outstanding
27 obligations with accrued interest and any premium payable
28 thereon, at maturity or any call date. The issuance of funding
29 bonds, the maturities and other details, the rights of the
30 holders and the duties of the issuing officials shall be

1 governed by the applicable provisions of sections 3 through 11.
2 Funding bonds may be issued to refund bonds previously issued
3 for refunding purposes. The proceeds of the sale of funding
4 bonds shall be paid to the State Treasurer and applied to the
5 payment of the principal of, and any accrued interest and
6 premium on, the bonds or notes for the refunding of which
7 funding bonds have been issued. No funding bonds shall be issued
8 having a stated maturity date later than the expiration of the
9 useful life of the capital projects constructed or acquired from
10 the proceeds of the debt originally incurred in respect of the
11 bonds or notes being refunded, nor shall funding bonds be issued
12 to refund beyond the same fiscal year any portion of debt
13 required by this act and the Constitution of Pennsylvania to be
14 retired in the year of issue of the funding bonds in order to
15 comply with the retirement in substantial and regular amounts as
16 provided in section 7(d).

17 Section 13. Reporting requirements.

18 The State Treasurer shall determine and report to the Budget
19 Secretary by January 1 of each year the amount of money
20 necessary for the payment of interest on outstanding obligations
21 and the principal of the obligations, for the following fiscal
22 year and the time and amounts of payments.

23 Section 14. Registration of bonds.

24 The Auditor General shall prepare the necessary registry
25 books to be kept in the office of the authorized loan and
26 transfer agent of the Commonwealth for the registration of any
27 bonds of the Commonwealth according to the terms and conditions
28 of issue specified by the issuing officials under section 7(d).
29 Bonds issued without interest coupons attached shall be
30 registered in the registry books kept by the authorized loan and

1 transfer agent of the Commonwealth.

2 Section 15. Voting requirements.

3 If this act requires an action to be taken or a decision to
4 be made by the issuing officials and the three officers shall
5 not be able to agree unanimously, the action or decision of the
6 Governor and either the Auditor General or State Treasurer shall
7 be binding and final.

8 Section 16. Appropriation.

9 The money received by the Commonwealth from the issuance and
10 sale of bonds and notes pursuant to this act and any debt
11 authorizing act adopted after July 23, 1984, shall be
12 appropriated by the General Assembly from the Capital Facilities
13 Fund in the debt authorizing acts for the purposes set forth in
14 those acts.

15 Section 17. Appropriation for and limitation on redevelopment
16 assistance capital projects.

17 (a) Appropriation.--The amount necessary to pay principal of
18 and interest on all obligations issued to provide funds for
19 redevelopment assistance capital projects is hereby appropriated
20 from the General Fund and shall be transferred to the Capital
21 Debt Fund upon authorization by the Governor.

22 (b) Limitation.--The maximum amount of redevelopment
23 assistance capital projects undertaken by the Commonwealth for
24 which obligations are to be issued shall not exceed, in
25 aggregate, \$850,000,000.

26 Section 18. Funding and administration of redevelopment
27 assistance capital projects.

28 (a) Officers.--The Secretary of the Budget, in consultation
29 with the Secretary of Community and Economic Development, shall
30 approve or disapprove redevelopment assistance capital projects.

1 (b) Time period.--State funding for approved redevelopment
2 assistance capital projects shall be paid over not less than a
3 36-month period, unless the Secretary of the Budget authorizes a
4 shorter period.

5 (c) Costs.--Fees for professional services incurred for the
6 design and construction of redevelopment assistance capital
7 projects shall be paid from non-State funds. Land acquisition is
8 a permissible State-funded expenditure if the acquisition cost
9 is supported by an appraisal done by a member of the Master
10 Appraisal Institute.

11 (d) Proportion.--Expenditure of State and non-State funds
12 shall be made on a proportional basis for construction expenses.

13 (e) Verification.--Redevelopment assistance capital project
14 cost estimates must be verified by the Office of the Budget or
15 its designated agent before final approval is given to a project
16 application. Cost estimates include total project cost,
17 projected use for State and non-State funds and a year-by-year
18 schedule of costs for the entire project construction phase.

19 (f) Bids.--The solicitation of a minimum of three written
20 bids is required for all general contracted work in
21 redevelopment assistance projects.

22 (g) Review and audit.--Redevelopment assistance capital
23 projects shall be reviewed at regular intervals by the Office of
24 the Budget or its designated agent during the funding phase to
25 ensure financial and program compliance. A final close-out audit
26 shall be performed by the Office of the Budget or its designated
27 agent for all projects.

28 (h) Fee.--To pay for administrative expenses related to
29 redevelopment assistance capital projects funded by Commonwealth
30 general obligation bonds, the Office of the Budget shall charge

1 a fee against proceeds from bonds which were sold to finance
2 construction or acquisition costs of projects.

3 Section 19. Repeals.

4 (a) Absolute.--Article XVI-B of the act of April 9, 1929
5 (P.L.343, No.176), known as The Fiscal Code, is repealed.

6 (b) General.--All other acts and parts of acts are repealed
7 insofar as they are inconsistent with this act.

8 Section 20. Recodification.

9 This act is a recodification of Article XVI-B of the act of
10 April 9, 1929 (P.L.343, No.176), known as The Fiscal Code. This
11 act is a continuation of, and is not intended to make any
12 changes in, Article XVI-B of The Fiscal Code except for
13 paragraph (6)(ii) of the definition of "redevelopment assistance
14 capital project" in section 2.

15 Section 21. Effective date.

16 This act shall take effect immediately.