
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 999 Session of
2001

INTRODUCED BY HUGHES, MELLOW, SCHWARTZ, ERICKSON, WAGNER, COSTA,
KUKOVICH, STACK, TARTAGLIONE, MUSTO, LOGAN AND WILLIAMS,
JUNE 21, 2001

REFERRED TO EDUCATION, JUNE 21, 2001

AN ACT

1 Amending Title 24 (Education) of the Pennsylvania Consolidated
2 Statutes, establishing the Pennsylvania Public School
3 Construction Authority and the Pennsylvania Public School
4 Construction Task Force; providing for their powers and
5 duties; establishing the Public School Construction Reserve
6 Fund, the Public School Building and Facility Adequacy Grant
7 Program, a direct grant program and an interest subsidy
8 program; and authorizing the issuance of bonds.

9 The General Assembly of the Commonwealth of Pennsylvania
10 hereby enacts as follows:

11 Section 1. Title 24 of the Pennsylvania Consolidated
12 Statutes is amended by adding a chapter to read:

13 CHAPTER 63

14 PENNSYLVANIA STATE OF THE ART

15 SCHOOLS PROGRAM

16 Sec.

17 6301. Short title of chapter.

18 6302. Findings.

19 6303. Purpose.

20 6304. Definitions.

- 1 6305. School building and facility assessment report.
2 6306. Pennsylvania Public School Construction Task Force.
3 6307. Public school building and facility adequacy standards.
4 6308. Needs assessment report.
5 6309. Pennsylvania Public School Construction Authority.
6 6310. Annual report.
7 6311. School district capital improvement plans.
8 6312. Public School Building and Facility Adequacy Grant
9 Program.
10 6313. Direct grant program.
11 6314. Interest subsidy program.
12 6315. Bond issuance.
13 6316. Public School Construction Reserve Fund.
14 § 6301. Short title of chapter.

15 This chapter shall be known and may be cited as the
16 Pennsylvania State of the Art Schools Act.

17 § 6302. Findings.

18 The General Assembly finds and declares as follows:

19 (1) Quality education for the children of this
20 Commonwealth is essential for the future success of children
21 of this Commonwealth and the county.

22 (2) Essential elements of this Commonwealth's public
23 school system are the school buildings and facilities that
24 ideally provide a safe and secure environment for learning
25 and facilitate educational opportunities for students in this
26 Commonwealth's public schools.

27 (3) Regrettably not all public school buildings and
28 facilities in this Commonwealth are capable of providing this
29 high quality of education due to the physical condition or
30 insufficient capacity of those buildings and facilities.

1 (4) Due to the decreasing percentage of the State
2 funding share for education and an increasing cost burden on
3 local revenue sources, necessary maintenance on needy public
4 school buildings and facilities has been deferred until
5 school district budgets can afford those additional costs and
6 regrettably this burden on school district budgets has not
7 lessened.

8 (5) As a result of these deferrals, certain school
9 buildings and facilities are not in a condition to provide a
10 safe and secure location for schooling of children in this
11 Commonwealth.

12 (6) Several school districts have also experienced
13 difficulty in funding new building and facility construction
14 for various purposes, such as accommodating increases in
15 student population and providing students with access to
16 schools that provide and utilize recent technological
17 advances to educate students.

18 (7) Another essential element of this Commonwealth's
19 public schools is various instructional equipment, which is
20 essential to providing an education for the students of the
21 public schools, including computer and science laboratories.

22 (8) Due to the decreasing percentage in the State
23 funding share, it is increasingly difficult for school
24 districts to purchase and utilize instructional equipment,
25 such as computers and other electronic equipment, that
26 provides students with the means to learn and to succeed in
27 the digital age.

28 § 6303. Purpose.

29 This chapter is intended to:

30 (1) Provide Statewide comparable data on the current

1 physical condition of public school buildings and facilities.

2 (2) Establish minimum adequacy standards for school
3 buildings and facilities, including physical conditions,
4 maintenance, compatibility with educational technology and
5 sufficient building area per student to avoid overcrowding.

6 (3) Determine the cost of essential and deferred
7 maintenance with the goal of improving the current physical
8 condition of existing eligible school buildings and
9 facilities to comply with minimum adequacy standards.

10 (4) Provide State assistance in the school district
11 design of new construction to comply with minimum adequacy
12 standards.

13 (5) Establish a tax-exempt bond program for the funding
14 of new school building and facility construction and the
15 repair and maintenance of eligible school buildings and
16 facilities and the purchase of school building and facility
17 equipment.

18 (6) Establish the Public School Building and Facility
19 Adequacy Grant Program to distribute grants and funding to
20 eligible school districts under two separate funding
21 programs.

22 (7) Establish the Public School Construction Reserve
23 Fund to address the bonds debt service and to fund emergency
24 school maintenance needs.

25 § 6304. Definitions.

26 The following words and phrases when used in this chapter
27 shall have the meanings given to them in this section unless the
28 context clearly indicates otherwise:

29 "Adequacy grant program." The Public School Building and
30 Facility Adequacy Grant Program established by this chapter.

1 "Authority." The Pennsylvania Public School Construction
2 Authority established by this chapter.

3 "Bond." the notes, bond and other evidences of indebtedness
4 or obligations which the Pennsylvania Public School Construction
5 Authority is authorized to issue pursuant to this chapter.

6 "Construction." This term includes acquisition and
7 construction and the term "to construct" shall mean and include
8 to acquire and to construct in such a manner as may be deemed
9 desirable.

10 "Cost of a project." The cost of all real estate,
11 properties, rights and easements acquired, the cost of
12 construction of a school building and facility and the
13 furnishing and equipment thereof, all financing charges,
14 interest prior to and during construction and engineering and
15 legal expenses.

16 "Current physical condition." In reference to a public
17 school building or facility this term shall include the current
18 condition of the heating, cooling, electrical and plumbing
19 systems; the building's exterior, including the roof, windows
20 and exterior doors; the building's interior, including the
21 walls, ceilings, floors, interior doors, lighting, glass,
22 educational equipment, school equipment and rest rooms;
23 gymnasiums and locker rooms; and technological capacity.

24 "Deferred maintenance." All regularly scheduled and
25 unscheduled maintenance required for the proper upkeep of a
26 school building or facility that has not been timely performed
27 but postponed to a later time.

28 "Educational equipment." All furniture, equipment and other
29 appliances for the use of the public schools. This term shall
30 exclude equipment utilizing educational technology.

1 "Educational technology." Any technical or scientific method
2 of sending, receiving, storing, packaging or assimilating audio,
3 video, graphic, data or any combination thereof by means of
4 electromagnetic signal and any equipment, processes and
5 facilities that are used for instruction in the public schools.

6 "Emergency maintenance." The performance of essential
7 maintenance on structurally unsound school buildings and
8 facilities to address the immediate risk to the health and
9 safety of students, employees and the public.

10 "Essential maintenance." The level of deferred maintenance
11 that must be completed for a school building or facility to
12 comply with the requirements of the school building and facility
13 to comply with the requirements of the school building and
14 facility adequacy standards.

15 "Financing." The provision of a grant or funding to a school
16 district for payment of the cost of a project.

17 "Fund." The Public School Construction Reserve Fund
18 established by this chapter.

19 "Man-made disaster." Any industrial, nuclear or
20 transportation accident, explosion, conflagration or other
21 similar condition resulting from man-made causes which threatens
22 or causes substantial damage to property, human suffering,
23 hardship or loss of life.

24 "Natural disaster." Any hurricane, tornado, storm, flood,
25 high water, wind-driven water, tidal wave, earthquake,
26 landslide, snowstorm, drought, fire, explosion or other
27 catastrophe which results in substantial damage to property,
28 hardship, suffering or possible loss of life.

29 "Needs assessment report." The report prepared by the
30 Department of the Auditor General that lists and calculates the

1 total cost for the completion of all deferred maintenance and
2 essential maintenance. This report shall include a copy of the
3 school building and facility assessment report.

4 "School building and facility assessment report." The report
5 compiled and organized by the Department of the Auditor General
6 that lists the current physical condition of every public school
7 in the Commonwealth. This report shall include the data
8 collected and compiled by the contracted private entity.

9 "School buildings and facilities." All buildings and
10 structures used by school districts for the classroom
11 instruction of students. This term shall include gymnasiums and
12 locker rooms but shall exclude stadiums, field houses, swimming
13 pools and practice fields.

14 "School buildings and facilities adequacy standards." The
15 standards proposed by the School Construction Task Force and
16 accepted by the authority, establishing minimum standards for
17 school buildings and facilities.

18 "School equipment." Equipment and machinery that are
19 necessary for the proper and safe operation of a school building
20 or facility.

21 "Structurally unsound buildings and facilities." School
22 buildings and facilities that have extensive problems arising
23 from uncompleted essential maintenance, which also pose a threat
24 to the safety and health of students, employees and the public.

25 "Task force." The Pennsylvania Public School Construction
26 Task Force established by this chapter.

27 "Technological capacity." The ability of a school building
28 or facility to accommodate educational technology.

29 § 6305. School building and facility assessment report.

30 (a) Duty to prepare report.--The Department of the Auditor

1 General shall:

2 (1) Prepare guidelines within two months of the
3 effective date of this chapter for the conduct of a Statewide
4 school building and facility assessment to collect data on
5 the current physical condition of all public school buildings
6 and facilities in every school district in this Commonwealth
7 and shall submit the guidelines and requirements for the
8 conduct of the school building and facility assessment by a
9 private entity to competitive bidding, as provided under 62
10 Pa.C.S. Pt. I (relating to Commonwealth procurement code).

11 (2) Enter into a contract with a private entity as soon
12 as practicable for the purpose of conducting the school
13 building and facility assessment.

14 (3) Prepare a school building and facility assessment
15 report that presents the Statewide data in a uniform manner
16 within nine months of the effective date of this chapter.

17 (4) Transmit the school building and facility assessment
18 report upon completion to the Pennsylvania Public School
19 Construction Task Force.

20 (b) Contents of report.--The school building and facility
21 assessment report shall provide uniform Statewide data regarding
22 the current condition of public school buildings and facilities
23 in this Commonwealth and shall include:

24 (1) The current condition of school buildings and
25 facilities on a Statewide basis, a school district basis and
26 an individual public school basis.

27 (2) Expected longevity of each school building and
28 facility.

29 (3) Calculations of current school building and facility
30 student capacity and space requirements necessary to

1 accommodate expected fluctuations in future student
2 population for a period of five years.

3 (4) Each school building's and facility's compliance or
4 noncompliance with safety requirements, including any local
5 building or construction codes.

6 (5) The ability of each school building and facility to
7 accommodate educational technology.

8 (c) Governmental assistance.--For the purposes of preparing
9 guidelines for the conduct of the building and facility
10 assessments and preparing the school building and facility
11 assessment report, the Department of the Auditor General may
12 request the assistance of local school districts, the Division
13 of Facilities Management of the Department of Education and
14 other departments, agencies and entities of the Commonwealth as
15 deemed necessary by the Department of the Auditor General.

16 (d) Timing for preparation of report.--At the completion of
17 the private entity's assessment data compilation, the Department
18 of the Auditor General shall prepare the Statewide school
19 building and facility assessment report.

20 § 6306. Pennsylvania Public School Construction Task Force.

21 (a) Establishment.--There is hereby established the
22 Pennsylvania Public School Construction Task Force.

23 (b) Membership.--The authority shall appoint 19 members to
24 the task force, which shall be comprised as follows:

25 (1) Three school directors, provided that no two or more
26 school directors shall serve on the same board of school
27 directors.

28 (2) Three school district superintendents.

29 (3) Three principals of public elementary or secondary
30 school buildings.

1 (4) Three teachers employed by a public school district.

2 (5) Three parents of a public elementary or secondary
3 school student.

4 (6) Four representatives of the private sector
5 architectural and construction management industries.

6 (c) Duties.--The task force shall have the duty to:

7 (1) Review and utilize the data contained in the school
8 building and facility assessment report and draft the
9 proposed public school building and facility adequacy
10 standards within three months of the receipt of the school
11 building and facility assessment report.

12 (2) Transmit the completed proposed public school
13 building and facility adequacy standards to the authority for
14 approval.

15 (3) Transmit a copy of the approved public school
16 building and facility adequacy standards to the Department of
17 the Auditor General for utilization in calculating the cost
18 for compliance with the minimum standards, following an
19 approval of the proposed standards by the authority.

20 (4) Review and incorporate any changes, revisions or
21 suggestions that the authority provides to the task force
22 into the proposed adequacy standards and to resubmit the
23 revised proposed adequacy standards to the authority
24 following a provisional approval of the adequacy standards by
25 the authority.

26 (5) Review and redraft the proposed adequacy standards
27 incorporating any suggestions and criticisms provided by the
28 authority following a rejection of the proposed adequacy
29 standards by the authority.

30 § 6307. Public school building and facility adequacy standards.

1 (a) Proposal of standards.--The task force shall utilize the
2 uniform data contained in the school building and facility
3 assessment report to propose adequacy standards to the authority
4 for public school buildings and facilities that require a
5 minimum level of:

6 (1) Essential maintenance.

7 (2) Structural and building integrity.

8 (3) Instructional area for education on a per student
9 basis.

10 (4) Technological capacity in school buildings and
11 facilities.

12 (b) Uniformity required.--The proposed adequacy standards
13 shall be uniform and have uniform Statewide application to all
14 public school buildings and facilities of the Commonwealth.

15 § 6308. Needs assessment report.

16 (a) Duty to prepare.--The Department of the Auditor General
17 shall prepare a needs assessment report for all public school
18 buildings and facilities which shall:

19 (1) Identify all deferred maintenance in each school
20 building and facility.

21 (2) Identify the essential maintenance required for each
22 school building and facility to comply with the school
23 building and facility adequacy standards.

24 (3) Calculate the total cost for the completion of all
25 deferred maintenance for each school building and facility.

26 (4) Calculate the total cost for the completion of
27 essential maintenance that is required for each school
28 building and facility to comply with the school building and
29 facility adequacy standards.

30 (b) Submission to authority.--The Department of the Auditor

1 General shall submit the needs assessment report to the
2 authority within two months of receiving a copy of the adequacy
3 standards from the task force. The needs assessment report shall
4 be presented in a uniform manner.

5 (c) Governmental assistance.--For the purposes of preparing
6 the needs assessment report for school buildings and facilities,
7 the Department of the Auditor General may request the assistance
8 of local school districts, the Division of Facilities Management
9 of the Department of Education, and other departments, agencies
10 and entities of the Commonwealth as deemed necessary by the
11 Department of the Auditor General.

12 § 6309. Pennsylvania Public School Construction Authority.

13 (a) Establishment.--There is hereby established a
14 Pennsylvania Public School Construction Authority.

15 (b) Membership.--The authority shall be comprised of 14
16 members as follows:

- 17 (1) The Governor or his designee.
- 18 (2) The Auditor General or his designee.
- 19 (3) The State Treasurer or his designee.
- 20 (4) The Secretary of Education or his designee.
- 21 (5) The Secretary of the Budget or his designee.
- 22 (6) The Secretary of General Services or his designee.
- 23 (7) The President pro tempore of the Senate or his
24 designee, the Minority Leader of the Senate or his designee,
25 the Speaker of the House of Representatives or his designee,
26 and the Minority Leader of the House of Representatives or
27 his designee.
- 28 (8) Four representatives of the private sector
29 architectural and construction management industries, who
30 shall be appointed by the Governor.

1 (c) Term.--The term of the members of the authority shall be
2 as follows:

3 (1) The Governor, Auditor General, State Treasurer,
4 Secretary of Education, Secretary of the Budget, Secretary of
5 General Services and the members of the General Assembly
6 shall serve concurrently with their position and a designee
7 of one of these officials shall serve the same term as the
8 appointing official.

9 (2) The four representatives of the private sector
10 architectural and construction management industries shall
11 serve for a term of three years. Upon the end of their terms,
12 the Governor may reappoint them to the authority or may
13 appoint other representatives of the private sector
14 architectural and construction management industries.

15 (d) Reimbursement for expenses.--Each member of the
16 authority shall serve without compensation for the performance
17 of official duties but may be reimbursed for actual and
18 necessary expenses reasonably incurred in the performance of the
19 duties of the authority.

20 (e) Duties.--The authority shall have the following powers
21 and duties:

22 (1) Appoint the initial members of the task force within
23 two months of the effective date of this chapter.

24 (2) Review and approve, conditionally approve or reject
25 the proposed public school building and facility adequacy
26 standards submitted by the task force within 30 days of the
27 receipt of the proposed standards.

28 (3) Establish guidelines for the operation and
29 administration of the grant program, including criteria,
30 eligibility and funding for emergency public school

1 infrastructure needs, within three months of the effective
2 date of this chapter.

3 (4) Create a central depository for information on
4 school building projects through the establishment and
5 maintenance of an electronic data base that contains the
6 condition and needs for every school building and facility.
7 The electronic data base shall be designed so that
8 information can be easily collected, stored, amended,
9 reviewed and disseminated. The information contained in this
10 data base shall be available for public inspection.

11 (5) Serve the school districts as a resource in
12 designing and constructing school buildings and facilities
13 that comply with the school building and facility adequacy
14 standards established by this chapter and to assist the
15 districts in best utilizing their funding from the program,
16 including the provision and utilization of existing model
17 plans of school buildings or the development of new model
18 plans for school buildings.

19 (6) Operate and administer the fund and adequacy
20 program.

21 (7) Prepare an annual report on the operation and
22 administration of the adequacy program and fund, which shall
23 be submitted to the chairman of the Education Committee of
24 the Senate and the chairman of the Education committee of the
25 House of Representatives within three months of the end of
26 the fiscal year.

27 (8) Have continuing succession.

28 (9) Sue and be sued, implead and be impleaded, complain
29 and defend in all courts.

30 (10) Adopt, use and alter at will a corporate seal.

1 (11) Acquire, purchase, hold, lease as lessee and use
2 any property real, personal or mixed, tangible or intangible,
3 or any interest therein, necessary or desirable, for carrying
4 out the purposes of the authority, and to sell, lease as
5 lessor, transfer and dispose of any property or any interest
6 therein at any time acquired by it.

7 (12) Make bylaws for the management and regulation of
8 its affairs.

9 (13) Appoint officers, agents, employees and servants,
10 to prescribe their duties and to fix their compensation.

11 (14) Finance projects by making grants to any eligible
12 school district.

13 (15) Borrow money for the purpose of financing or
14 refinancing the cost of any project, make and issue
15 negotiable notes, bonds and other evidences of indebtedness
16 or obligations of the authority to the extent authorized
17 under this chapter and to secure the payment of such bonds,
18 or any part thereof, by pledge or deed of trust of all or any
19 of its revenues and receipts, and to make such agreements
20 with the purchasers or holders of such bonds or with others
21 in connection with such bonds when issued or to be issued as
22 the authority shall deem advisable, and in general to provide
23 for the security of said bonds and the rights of the holder
24 thereof.

25 (16) Make contracts of every name and nature and to
26 execute all instruments necessary or convenient for the
27 carrying of its business.

28 (17) Borrow money and accept grants from and enter into
29 contracts or other transaction with any Federal agency,
30 without limitation of the other powers and duties specified

1 in this subsection.

2 (18) Pledge, hypothecate or otherwise encumber all or
3 any of the revenues or receipts of the authority as security
4 for all or any of the obligations of the authority.

5 (19) Do all acts and things necessary or convenient to
6 carry out the powers granted to it by this chapter.

7 (f) Exercise of powers and duties.--

8 (1) The powers and duties of the authority shall be
9 exercised by a governing body consisting of the members of
10 the authority acting as a board. Within 30 days after the
11 effective date of this chapter, the board shall meet and
12 organize by electing from their number a president, treasurer
13 and secretary. At the first regular meeting in each year
14 thereafter they shall elect from their number a president and
15 a secretary.

16 (2) Nine members shall constitute a quorum of the board
17 for the purpose of organizing the authority and conducting
18 the business thereof and for all other purposes, and all
19 action shall only be taken by a vote of a majority of the
20 members of the authority unless the bylaws shall require a
21 larger number. The board shall have full authority to manage
22 the properties and business of the authority and to
23 prescribe, amend and repeal bylaws, rules and regulations
24 governing the manner in which the business of the authority
25 may be conducted and the powers granted to it may be
26 exercised and embodied. The board shall fix and determine the
27 number of officers, agents and employees of the authority and
28 their respective compensation and duties and may delegate to
29 one or more of their number or to one or more of said
30 officers, agents or employees such powers and duties as it

1 may deem proper.

2 (g) Limitation.--The authority shall have no power at any
3 time or in any manner to pledge the credit or taxing power of
4 the Commonwealth or any of its school districts, nor shall any
5 of its debts or obligations be deemed to be obligations of the
6 Commonwealth or any of its school districts, nor shall the
7 Commonwealth or any of its school districts be liable for the
8 payment of principal or interest on such obligations.

9 § 6310. Annual report.

10 The authority shall submit an annual report to the chairman
11 of the Education Committee of the Senate and the chairman of the
12 Education Committee of the House of Representatives regarding
13 the administration and operation of the fund and adequacy grant
14 program.

15 § 6311. School district capital improvement plans.

16 (a) Plan necessary for program funding.--Following
17 completion of the school building and facility assessment, the
18 adequacy standards, needs assessment and the adequacy grant
19 program guidelines, any school district that submits an
20 application for funding under the program shall prepare and
21 retain on file an annual and a five-year capital improvement
22 plan. The five-year capital improvement plan shall be updated
23 annually.

24 (b) Contents of plan.--The capital improvement plan shall:

25 (1) Address the deficiencies in the school district's
26 school buildings and facilities as listed in the school
27 building and facility assessment, needs assessment, and
28 authority report.

29 (2) Comply with the school building and facility
30 adequacy standards.

1 (3) Include all of the following:

2 (i) The project descriptions and rationale for
3 repair, maintenance and construction of school buildings
4 or facilities.

5 (ii) The project floor plans or a copy of project
6 blueprints.

7 (iii) The student and school district employee
8 capacity of each school building or facility in the
9 capital improvement plan.

10 (iv) The current and projected student enrollment
11 for a five-year period.

12 (v) The funding sources and cost estimates including
13 applicable cost estimates contained in the needs
14 assessment and authority report.

15 (vi) The school district efforts to comply with the
16 requirements of the school building and facility adequacy
17 standards.

18 (vii) The calculations of the average useful life
19 for each project financed under the adequacy grant
20 program.

21 § 6312. Public School Building and Facility Adequacy Grant
22 Program.

23 (a) Establishment.--The Public School Building and Facility
24 Adequacy Grant Program is hereby established and shall be
25 administered by the authority.

26 (b) Components of program.--The adequacy grant program shall
27 consist of two separate components which shall be known as the
28 direct grant program and the interest subsidy program. The
29 adequacy grant program shall be funded by moneys generated from
30 the issuance of bonds and deposited in the fund. Fifty percent

1 of those funds in the fund generated from bond proceeds shall
2 fund the direct grant program, and the remaining 50% shall fund
3 the interest subsidy program.

4 § 6313. Direct grant program.

5 (a) Grants to be provided.--The direct grant program shall
6 provide direct grants to eligible school districts for 100% of
7 the cost of a project, including the performance of essential
8 maintenance on or construction of a public school building or
9 facility and educational equipment.

10 (b) Applications.--School districts eligible under this
11 program may submit an annual application to the authority. The
12 authority shall establish procedures and guidelines regarding
13 the application for and award of direct grants under this
14 program. The procedures and guidelines shall include:

15 (1) Provisions for accountability to ensure that the
16 direct grants are used in accordance with this chapter.

17 (2) The following project priority list for the award of
18 grants under the program:

19 (i) To replace or reconstruct school buildings and
20 facilities destroyed or damaged by man-made or natural
21 disasters.

22 (ii) To perform essential maintenance on the most
23 deficient school buildings and facilities.

24 (iii) To replace school buildings and facilities
25 that no longer are structurally sound or have components
26 that are no longer structurally sound.

27 (iv) To construct new school buildings and
28 facilities to alleviate the overcrowding caused by
29 population growth.

30 (v) To purchase educational equipment.

1 (c) Eligibility criteria.--The authority shall establish
2 eligibility criteria for grant recipients, in which eligibility
3 shall be based on at least one of the following:

4 (1) The school district has at least 50% of its students
5 eligible for free or reduced-cost lunches under the National
6 School Lunch Act (60 Stat. 230, 42 U.S.C. § 1751 et seq.).

7 (2) The school district receives a poverty supplement in
8 its basic education funding.

9 (3) The school district has a market value income aid
10 ratio of .8000 or higher.

11 Any school district meets the eligibility criteria under this
12 subsection, classified as a "special need district."

13 § 6314. Interest subsidy program.

14 (a) Funding to be provided.--

15 (1) The interest subsidy program shall provide funding
16 in the form of a reimbursement to a school district that is
17 not classified as a "special need district" for a specific
18 percentage of the total costs of a project for the
19 performance of essential maintenance on or the construction
20 of school buildings and facilities.

21 (2) The authority shall establish a formula for the
22 calculation of the percentage of the total project costs
23 which may be reimbursed to the school district.

24 (b) Eligibility criteria.--The authority shall establish
25 eligibility criteria for the award of the funding under this
26 program which shall incorporate the following project priority
27 list:

28 (1) To replace or reconstruct school buildings and
29 facilities destroyed or damaged by man-made or natural
30 disasters.

1 (2) To alleviate the overcrowding caused by population
2 growth or to replace school buildings and facilities that no
3 longer are structurally sound or have components that are no
4 longer structurally sound.

5 (3) To replace or reconstruct school buildings and
6 facilities that pose a risk to the health and safety of
7 students, employees and the public.

8 (4) To alter facilities to provide accessibility for
9 qualified individuals with disabilities, as defined under the
10 Americans with Disabilities Act of 1990 (Public Law 101-336,
11 42 U.S.C. § 12101 et seq.)

12 (5) To purchase educational equipment.

13 (c) Prerequisite for eligibility.--In order for a school
14 district to be eligible under the interest subsidy program, the
15 school district must obtain financing for a project at the
16 lowest available interest rate. The guidelines for the program
17 established by the authority shall address sufficient
18 documentation of such lowest available interest rate.

19 § 6315. Bond issuance.

20 (a) Amount authorized.--The authority is authorized to issue
21 a maximum of \$2,400,000,000 in negotiable bonds in six
22 individual series of \$400,000,000 over the course of two years
23 for the purpose of funding the adequacy grant program to provide
24 grants and reimbursements for the construction, maintenance and
25 equipping of public schools in this Commonwealth. The term of
26 each series of bonds shall be based on the average useful life
27 of the projects financed.

28 (b) Terms.--

29 (1) The bonds of the authority shall be of such series,
30 bear such date or dates, mature at such time or times, not

1 exceeding 30 years from their respective dates, bear such
2 interest at such rate or rates payable semi-annually, be in
3 such denominations, be in such form, either coupon or fully
4 registered without coupons, carry such registration,
5 exchangeability and interchangeability privileges, be payable
6 in such medium of payment and at such place or places, be
7 subject to such terms of redemption at such prices not
8 exceeding 105% of the principal amount thereof, and be
9 entitled to such priorities in the revenues and receipts of
10 the authority as such resolution or resolutions may provide.
11 The interest on bonds issued shall be paid during the term
12 for which the bonds were issued. The bonds shall be signed by
13 such officers, either manually or by facsimile as the
14 authority shall determine and shall have imprinted thereon a
15 facsimile of the corporate seal, attested by the facsimile
16 signature of the treasurer of the authority, all as may be
17 prescribed in such resolution or resolutions. Any of the
18 bonds may be issued and delivered notwithstanding that any of
19 the authorized persons signing the bonds or whose facsimile
20 signature shall be upon the bonds shall have ceased to hold
21 their respective offices at the time when the bonds shall
22 actually be delivered.

23 (2) The bonds shall be sold as the authority shall
24 determine, at private sale or to the highest responsible
25 bidder or bidders after public notice by advertisement. The
26 notice shall contain a general description of the bonds, the
27 manner, place and time of the sale or time limit for the
28 receipt of proposals, the name of the officer to whom the
29 bids or proposals shall be delivered and a statement of the
30 terms and conditions of the sale, which shall include a

1 statement of the highest net interest cost or highest
2 interest cost computed by the Present Worth Method, whichever
3 is specified, acceptable to the authority. For the purposes
4 of this section, net interest cost shall be determined by
5 ascertaining the total amount of interest payable with
6 respect to the bonds, computed from the date of the bonds to
7 the stated maturity dates thereof, plus the amount of any
8 discount from the principal amount of the bond or less the
9 amount of any premium in excess of the principal amount of
10 the bonds. Pending the preparation of the definitive bonds,
11 interim receipts may be issued to the purchaser or purchasers
12 of such bonds, and may contain such terms and conditions as
13 the authority may determine.

14 (3) The bonds are hereby made securities in which all
15 officers of the Commonwealth and its political subdivisions
16 and municipal officers and administrative departments, boards
17 and commissions of the Commonwealth, all banks, bankers,
18 savings banks, trust companies, savings and loan
19 associations, investment companies and other persons carrying
20 on a banking business, all insurance companies, insurance
21 associations and other persons carrying on an insurance
22 business and all administrators, executors, guardians,
23 trustees and other fiduciaries, and all other persons
24 whatsoever who now or may hereafter be authorized to invest
25 in bonds or other obligations of the Commonwealth, may
26 properly and legally invest any funds, including capital,
27 belonging to them or within their control, and said bonds or
28 other securities or other obligations are hereby made
29 securities which may properly and legally be deposited with
30 and received by any State or municipal officers or agency of

1 the Commonwealth for any purpose for which the deposit of
2 bonds or other obligations of the Commonwealth is now or may
3 hereafter be authorized by law.

4 (c) Contents of resolution.--Any resolution authorizing the
5 bonds may contain provisions which shall be a part of the
6 contract with the holders thereof as to:

7 (1) Pledging the full faith and credit of the authority,
8 but not of the Commonwealth or any county or other political
9 subdivision thereof, for such obligations, or restricting the
10 same to all or any of the revenues or receipts of the
11 authority from all or any projects.

12 (2) The financing and the duties of the authority with
13 reference thereto.

14 (3) The terms and provisions of the bonds.

15 (4) Limitations on the purposes to which the proceeds of
16 the bonds, then or to be later issued, or of any loan or
17 grant by the United States may be applied.

18 (5) The setting aside of reserves or sinking funds and
19 the regulation and disposition thereof.

20 (6) The terms and provisions of any deed of trust or
21 indenture securing the bonds or under which the same may be
22 issued.

23 (7) Any other or additional agreements with the holders
24 of the bonds.

25 (d) Documents.--The authority may enter into any deeds of
26 trust, indentures or other agreements with any bank or trust
27 company or other person or persons in the United States having
28 power to enter into the same, including any Federal agency, as
29 security for such bonds and may assign and pledge all or any of
30 the revenues or receipts of the authority thereunder. Such deed

1 of trust, indenture or other agreement may contain such
2 provisions as may be customary in such instruments or as the
3 authority may authorize, including, but without limitation,
4 provisions as to:

5 (1) The construction, improvement, financing, operation,
6 maintenance and repair of any project or projects and the
7 duties of the authority with reference thereto.

8 (2) The application of funds and the safeguarding of
9 funds on hand or on deposit.

10 (3) The rights and remedies of said trustee and the
11 holders of the bonds, which may include restrictions upon the
12 individual right of action of such bondholders.

13 (4) The terms and provisions of the bonds or the
14 resolutions authorizing the issuance of the same.

15 (e) Bonds as negotiable instruments.--Bonds of the authority
16 shall have the qualities of negotiable instruments under 13
17 Pa.C.S. (relating to commercial code).

18 (f) Rights and remedies of bondholders.--

19 (1) The rights and remedies herein conferred upon or
20 granted to the bondholders shall be in addition to, and not
21 in limitation of, any rights and remedies lawfully granted to
22 such bondholders by the resolution or resolutions providing
23 for the issuance of bonds or by any deed of trust, indenture
24 or other agreement under which the same may be issued or
25 secured. In the event that the authority shall default in the
26 payment of principal of or interest on any of the bonds after
27 said principal or interest shall become due, whether at
28 maturity or upon call for redemption, and such default shall
29 continue for a period of 30 days, or in the event that the
30 authority shall fail or refuse to comply with the provisions

1 of this chapter or shall default in any agreement made with
2 the holders of the bonds, the holders of 25% in aggregate
3 principal amount of the bonds then outstanding, by instrument
4 or instruments filed in the office of the recorder of deeds
5 of the county, and proved or acknowledged in the same manner
6 as a deed to be recorded may, except as such right may be
7 limited under the provisions of any deed of trust, indenture
8 or other agreement as provided earlier, appoint a trustee to
9 represent the bondholders for the purposes provided in this
10 section. Such trustee and any trustee under any deed of
11 trust, indenture or other agreement may, and upon written
12 request of the holders of 25%, or such other percentage as
13 may be specified in any deed of trust, indenture or other
14 agreement aforesaid, in principal amount of the bonds then
15 outstanding, shall in his or its own name:

16 (i) by mandamus or other suit, action or proceeding
17 at law or in equity to enforce all rights of the
18 bondholders, including the right to require the authority
19 to collect rates and other charges adequate to carry out
20 any agreement as to, or pledge of the revenues or
21 receipts thereof, the authority, and to require the
22 authority to carry out any other agreements with or for
23 the benefit of the bondholders, and to perform its and
24 their duties under this chapter;

25 (ii) bring suit upon the bonds;

26 (iii) by action or suit in equity to require the
27 authority to account as if it were the trustee of an
28 express trust for the bondholders;

29 (iv) by an action or suit in equity to enjoin any
30 acts or things which may be unlawful or in violation of

1 the rights of the bondholders; or

2 (v) by notice in writing to the authority to declare
3 all bonds due and payable and if all defaults shall be
4 made good, then with the consent of the holders of 25%,
5 or such other percentage as may be specified in any deed
6 of trust, indenture or other agreement aforesaid, of the
7 principal amount of the bonds then outstanding, to annul
8 such declaration and its consequences.

9 (2) Any trustee, whether appointed as aforesaid or
10 acting under a deed of trust, indenture or other agreement,
11 and whether or not all bonds have been declared due and
12 payable, shall be entitled as of right to the appointment of
13 a receiver, who may, to the same extent that the authority
14 itself could do so, enter and take possession of the
15 facilities of the authority or any parts thereof, the
16 revenues or receipts from which are or may be applicable to
17 the payment of the bonds so in default, and operate and
18 maintain the same and collect and receive other revenues
19 thereafter rising therefrom in the same manner as the
20 authority might do, and shall deposit all such moneys in a
21 separate account and apply the same in such manner as the
22 court shall direct. In any suit, action or proceeding by the
23 trustees, the fees, counsel fees and expenses of the trustee
24 and of the receiver, if any, and all costs and disbursements
25 allowed by the court shall be a first charge on any revenues
26 and receipts from which are or may be applicable to the
27 payment of the bonds so in default. Said trustee shall in
28 addition to the foregoing have and possess all of the powers
29 necessary or appropriate for the exercise of any functions
30 specifically set forth in this section or incident to the

1 general representation of the bondholders in the enforcement
2 and protection of their rights.

3 (3) In addition to all other rights and all other
4 remedies, any holder of bonds of the authority shall have the
5 right by mandamus or other suit, action or proceeding at law
6 or in equity to enforce his rights against the authority to
7 collect his fees, rentals and other such charges adequate to
8 carry out any agreement as to, or pledge of, such fees,
9 rentals or other charges or income, revenues and receipts and
10 to require the authority to carry out any of its covenants
11 and agreements with the bondholders and to perform its and
12 their duties under this chapter.

13 (g) Sinking fund.--The bonds of the authority shall be
14 issued pursuant to one or more resolutions or one or more trust
15 indentures and, as provided in such resolution or trust
16 indenture, the moneys set aside in any sinking fund pledged for
17 any particular bonds or series of bonds shall be held for the
18 sole benefit of such bonds, separate and apart from the moneys
19 pledged for any other bonds of the authority issued under any
20 other resolution or trust indenture.

21 (h) Commonwealth pledge.--The Commonwealth does hereby
22 pledge to and agree with any person, firm or corporation or
23 Federal agency subscribing to or acquiring the bonds to be
24 issued by the authority for the construction, financing,
25 extension, improvement or enlargement of any project or part
26 thereof that the Commonwealth will not limit or alter the rights
27 hereby vested in the authority or limit or alter any provisions
28 for the security and protection of the authority and its
29 bondholders contained in this act or as now provided by law
30 until all bonds at any time issued, together with the interest

1 thereon, are fully met and discharged. The Commonwealth does
2 further pledge to and agree with the United States and any other
3 Federal agency that in the event that any Federal agency shall
4 construct or contribute any funds for the construction,
5 financing, extension improvement or enlargement of any project
6 or any portion thereof the Commonwealth will not alter or limit
7 the rights and powers of the authority in any manner which would
8 be inconsistent with the continued maintenance and operation of
9 the project or the improvement thereof, or which would be
10 inconsistent with the due performance of any agreements between
11 the authority and any such Federal agency, and the authority
12 shall continue to have and may exercise all powers herein
13 carrying out of the purposes of this chapter and the purposes of
14 the United States in the construction or improvement or
15 enlargement of any project or such portion thereof.

16 (i) Tax exemption for authority.--The effectuation of the
17 authorized purposes of the authority established under this
18 chapter shall and will be in all respects for the benefit of the
19 people of the Commonwealth, for the increase of their welfare
20 and prosperity, and for the improvement of their education and
21 educational facilities, and since the authority will be
22 performing essential governmental functions in effectuating such
23 purposes, the authority shall be exempt from payment of any
24 taxes or assessments on any property acquired, held, owned,
25 leased or used by it for such purposes, and the bonds issued by
26 the authority, their transfer and the income therefrom,
27 including any profits made on the sale thereof, shall at all
28 times be free from taxation, other than inheritance and estate
29 taxation within this Commonwealth.

30 § 6316. Public School Construction Reserve Fund.

1 (a) Establishment.--The Public School Construction Reserve
2 Fund is hereby established in the State Treasury. The board of
3 the authority shall operate and administer the fund, and shall
4 establish guidelines for the administration and operation of the
5 fund.

6 (b) Use of moneys.--Moneys in the fund shall be used by the
7 authority as follows:

8 (1) Proceeds raised from the sale of the bonds shall be
9 used to fund the adequacy grant program of which 50% of the
10 proceeds shall fund the direct grant program and the
11 remaining 50% shall fund the interest subsidy program.

12 (2) Funds transferred by the State Treasurer into the
13 fund under subsection (c) shall be used as follows:

14 (i) First to alleviate existing debt service.

15 (ii) After the annual debt service payment has been
16 made, the remaining funds shall be used for funding
17 emergency maintenance for structurally unsound school
18 buildings and facilities.

19 (c) Required transfer of other funds.--

20 (1) The State Treasurer shall transfer to the fund
21 within 30 days following the end of each fiscal year up to
22 the sum of 15% of the General Fund's fiscal year ending
23 surplus.

24 (2) If the amount of the General Fund surplus transfer
25 is insufficient to fully fund the annual debt service for
26 that year, the State Treasurer shall transfer funds, as
27 necessary, to fully fund the annual debt service up to the
28 sum of 100% of the revenues generated by the malt beverage
29 tax imposed by Article XX of the act of March 4, 1971 (P.L.6,
30 No.2), known as the Tax Reform Code of 1971, and the

1 spirituous and vinous liquors tax imposed by the act of
2 December 5, 1933 (Sp.Sess., P.L.38, No.6), known as the
3 Spirituous and Vinous Liquor Tax Law.

4 (3) If the sum of the transfers from the General Fund
5 surplus and the malt beverage tax and the spirituous and
6 vinous liquor tax are insufficient to fully fund the annual
7 debt service for that year, the State Treasurer shall
8 transfer funds as necessary to fully fund the annual debt
9 service up to the sum of 85% of the revenues generated by the
10 State portion of the realty transfer tax.

11 (d) Other funding sources.--The authority shall deposit any
12 other moneys made available to the authority from any source for
13 such purposes into the fund.

14 (e) Use of remaining funds.--The fund shall have the
15 priority of alleviating existing debt service arising from the
16 bond issuance. When the annual debt service payment has been
17 paid, any remaining funds shall be used for emergency public
18 school maintenance needs in this Commonwealth in accordance with
19 guidelines established by the authority for emergency school
20 construction and maintenance funding.

21 Section 2. This act shall take effect immediately.