
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1079 Session of
2003

INTRODUCED BY TANGRETTI, ROSS, COY, DALLY, BELARDI, BELFANTI, BROWNE, BUNT, CAPPELLI, CASORIO, CAWLEY, CIVERA, CORRIGAN, CRAHALLA, CRUZ, DAILEY, DALEY, DeWEESE, FAIRCHILD, FRANKEL, FREEMAN, GEIST, GEORGE, GOODMAN, GORDNER, GRUCELA, HARHAI, HARHART, HENNESSEY, HERMAN, HORSEY, JAMES, KELLER, KOTIK, LAUGHLIN, LEACH, LEDERER, MACKERETH, MANN, McCALL, McGEEHAN, R. MILLER, PICKETT, PISTELLA, READSHAW, REICHLEY, SAINATO, SANTONI, SCHRODER, SHANER, B. SMITH, SOLOBAY, STERN, STURLA, E. Z. TAYLOR, TIGUE, WANSACZ, WILT, WOJNAROSKI AND YUDICHAK, APRIL 8, 2003

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, APRIL 8, 2003

AN ACT

1 Amending Title 53 (Municipalities Generally) of the Pennsylvania
2 Consolidated Statutes, providing for a loan program for local
3 police agencies funded by a bond issuance and for the
4 responsibilities of the Governor's Center for Local
5 Government Services within the Department of Community and
6 Economic Development; establishing the Police Agency Loan
7 Fund; and conferring powers and duties on the Secretary of
8 the Commonwealth and the Legislative Reference Bureau.

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

11 Section 1. Title 53 of the Pennsylvania Consolidated
12 Statutes is amended by adding a chapter to read:

13 CHAPTER 83

14 POLICE AGENCY LOANS

15 Subchapter

16 A. Preliminary Provisions

17 B. Administration

- 1 C. Loan Program
- 2 D. Debt
- 3 E. Miscellaneous Provisions

4 SUBCHAPTER A

5 PRELIMINARY PROVISIONS

6 Sec.

7 8301. Short title of chapter.

8 8302. Definitions.

9 § 8301. Short title of chapter.

10 This chapter shall be known and may be cited as the Police
11 Agency Loan Act.

12 § 8302. Definitions.

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

16 "Center." The Governor's Center for Local Government
17 Services within the Department of Community and Economic
18 Development.

19 "Department." The Department of Community and Economic
20 Development of the Commonwealth.

21 "Fund." The Police Agency Loan Fund established in section
22 8312 (relating to Police Agency Loan Fund).

23 "Police agency." A police department of a city, town,
24 township, borough or home rule municipality which:

25 (1) has police coverage for a minimum of 40 hours per
26 week; and

27 (2) has had, for the preceding 18 months, police
28 coverage for a minimum of 40 hours per week.

29 The term includes an office of county detectives working for a
30 district attorney or a regional police department organized

1 under Subchapter A of Chapter 23 (relating to intergovernmental
2 cooperation).

3 "Secretary." The Secretary of the Commonwealth.

4 "Sinking fund." The Police Agency Loan Sinking Fund
5 established in section 8337 (relating to Police Agency Loan
6 Sinking Fund).

7 SUBCHAPTER B

8 ADMINISTRATION

9 Sec.

10 8311. Center.

11 8312. Police Agency Loan Fund.

12 § 8311. Center.

13 (a) Fund administration.--The center shall administer the
14 fund established in section 8312 (relating to Police Agency Loan
15 Fund).

16 (b) Powers and duties.--The center shall have the following
17 powers and duties:

18 (1) To administer the fund as set forth in section
19 8312(c).

20 (2) To administer Subchapter C (relating to loan
21 program).

22 (3) To collect loans made under section 8322(c)
23 (relating to loans). This paragraph includes the power to
24 institute actions for legal or equitable relief.

25 (4) To promulgate regulations to implement this chapter.
26 § 8312. Police Agency Loan Fund.

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

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

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

1 8336 (relating to proceeds).

2 (2) The proceeds from the repayment of principal and
3 interest of loans under section 8322(c) (relating to loans).

4 (c) Purpose.--The center shall administer the fund to do all
5 of the following:

6 (1) Repay the State Treasurer for the cost of the bond
7 issue under sections 8333 (relating to sale of bonds), 8334
8 (relating to refunding bonds) and 8335 (relating to
9 registration of bonds).

10 (2) Make loans under section 8322(c).

11 (3) Collect loans under section 8311(b)(3) (relating to
12 center).

13 (4) Administer this chapter. In any fiscal year, the
14 center may use for administrative costs 1% of the aggregate
15 debt authorized under section 8331 (relating to authority to
16 borrow).

17 SUBCHAPTER C

18 LOAN PROGRAM

19 Sec.

20 8321. Authority.

21 8322. Loans.

22 § 8321. Authority.

23 (a) Authorization.--The center may make a loan to a
24 political subdivision for a police agency of the political
25 subdivision as necessary for the proper performance of the
26 police agency's law enforcement duties, to do any of the
27 following:

28 (1) Purchase, expand, modernize or repair buildings or
29 portions of buildings which are used exclusively for police
30 purposes. This paragraph includes police headquarters, police

1 substations and police maintenance garages.

2 (2) Purchase, maintain or repair equipment.

3 (3) Purchase, maintain or repair vehicles.

4 (b) Amount.--A loan under subsection (a) for the purchase,
5 maintenance or repair of buildings shall be for not less than
6 \$5,000 nor more than \$200,000. A loan under subsection (a) for
7 the purchase, maintenance or repair of vehicles or equipment
8 shall be for not less than \$5,000 nor more than \$100,000. No
9 political subdivision may receive loans totaling more than
10 \$300,000 in a five-year period.

11 (c) Terms.--

12 (1) A loan must be at an interest rate of 2%.

13 (2) A loan must be repaid in accordance with the law
14 applicable to the political subdivision which receives the
15 loan.

16 (3) A loan must have a repayment period as follows:

17 (i) For a loan of not more than \$15,000, a period of
18 five years.

19 (ii) For a loan of more than \$15,000 but not more
20 than \$100,000, a period of ten years.

21 (iii) For a loan of more than \$100,000, a period of
22 15 years.

23 § 8322. Loans.

24 (a) Application.--A political subdivision may apply for a
25 loan under section 8321 (relating to authority) by submitting to
26 the center all of the following:

27 (1) Name of the police agency.

28 (2) Proposed use of the loan.

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

30 (4) Documentation that demonstrates an ability to repay

1 principal and interest of loan.

2 (b) Determination.--

3 (1) Within 60 days of receipt of an application under
4 subsection (a), the center shall make a decision and notify
5 the political subdivision of the decision.

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

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

11 (c) Contracts.--Upon determination of eligibility under
12 subsection (b), the center shall enter into a loan contract with
13 the political subdivision.

14 SUBCHAPTER D

15 DEBT

16 Sec.

17 8331. Authority to borrow.

18 8332. Bonds.

19 8333. Sale of bonds.

20 8334. Refunding bonds.

21 8335. Registration of bonds.

22 8336. Proceeds.

23 8337. Police Agency Loan Sinking Fund.

24 8338. Referendum.

25 § 8331. Authority to borrow.

26 Pursuant to section 7(a)(3) of Article VIII of the
27 Constitution of Pennsylvania and the referendum approved by the
28 electorate under section 8338 (relating to referendum), the
29 Governor, Auditor General and State Treasurer are authorized and
30 directed to borrow, on the credit of the Commonwealth, money not

1 exceeding in the aggregate the sum of \$20,000,000 to implement
2 Subchapter C (relating to loan program).

3 § 8332. Bonds.

4 (a) General rule.--As evidence of the indebtedness
5 authorized under section 8331 (relating to authority to borrow),
6 general obligation bonds of the Commonwealth shall be issued.
7 The Governor, Auditor General and State Treasurer shall direct
8 for each bond the total amount; the form; the denomination; the
9 terms and conditions of issue, redemption and maturity; rate of
10 interest; and time of payment of interest. The latest stated
11 maturity date shall not exceed 30 years from the date of the
12 bond first issued for each series.

13 (b) Signature.--Bonds issued under subsection (a) shall bear
14 facsimile signatures of the Governor, Auditor General and State
15 Treasurer and a facsimile of the Great Seal of the Commonwealth
16 of Pennsylvania and shall be countersigned by two authorized
17 officers of the authorized loan and transfer agents of the
18 Commonwealth.

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

27 (d) Format.--Bonds issued under subsection (a) may be issued
28 as coupon bonds or registered as to both principal and interest
29 as the issuing officials may determine. If interest coupons are
30 attached, they shall contain the facsimile signature of the

1 State Treasurer.

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

5 (1) The first retirement of principal shall be stated to
6 mature prior to the expiration of a period of time equal to
7 one-tenth of the time from the date of the first obligation
8 issue to evidence the debt to the date of the expiration of
9 the term of the debt.

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

16 (f) Processing.--The Governor, the Auditor General and the
17 State Treasurer shall proceed to have the necessary bonds
18 prepared and printed. The bonds, as soon as they are prepared
19 and printed, shall be deposited with the authorized loan and
20 transfer agent of the Commonwealth, there to remain until sold
21 under section 8333 (relating to sale of bonds).

22 § 8333. Sale of bonds.

23 (a) Public sale.--Bonds issued under section 8332(a)
24 (relating to bonds) shall be offered for sale at not less than
25 98% of the principal amount and accrued interest and shall be
26 sold by the Governor, Auditor General and State Treasurer to the
27 highest and best bidder or bidders after public advertisement,
28 on terms and conditions and upon open competitive bidding, as
29 the Governor, Auditor General and State Treasurer shall direct.

30 (b) Private sale.--Any portion of a bond issue offered under

1 subsection (a) but not sold or subscribed for may be disposed of
2 by private sale by the Governor, Auditor General and State
3 Treasurer, in a manner and at a price not less than 98% of the
4 principal amount and accrued interest, as the Governor shall
5 direct. No commission shall be allowed or paid for the sale of
6 bonds issued under section 8332(a).

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

11 § 8334. Refunding bonds.

12 The Governor, Auditor General and State Treasurer are
13 authorized to provide, by resolution, for the issuance of
14 refunding bonds for the purpose of refunding bonds issued under
15 section 8332(a) (relating to bonds) and outstanding, either by
16 voluntary exchange with the holders of the outstanding bonds or
17 by providing funds to redeem and retire the outstanding bonds
18 with accrued interest and premium payable on the bonds, at
19 maturity or at a call date. Refunding bonds may be issued by the
20 Governor, Auditor General and State Treasurer to refund bonds
21 previously issued under this section for refunding purposes.
22 Sections 8331 (relating to authority to borrow), 8332 (relating
23 to bonds) and 8333 (relating to sale of bonds) shall apply to
24 bonds under this section.

25 § 8335. Registration of bonds.

26 The Auditor General shall prepare the necessary registry book
27 to be kept in the office of the authorized loan and transfer
28 agent of the Commonwealth for the registration of bonds issued
29 under section 8332(a) (relating to bonds), at the request of
30 bond owners, according to the terms and conditions of issue

1 directed by the Governor, Auditor General and State Treasurer.
2 Bonds which are issued without interest coupons attached shall
3 be registered in the registry books kept by the authorized loan
4 and transfer agent of the Commonwealth.

5 § 8336. Proceeds.

6 The proceeds realized from the sale of bonds under section
7 8332(a) (relating to bonds) shall be paid into the fund. The
8 money shall be paid by the State Treasurer into the fund.

9 § 8337. Police Agency Loan Sinking Fund.

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

12 (b) Source.--

13 (1) By November 1, the State Treasurer shall notify the
14 Secretary of the Budget of the amount necessary for the
15 ensuing fiscal year to redeem, with interest, bonds issued
16 under section 8332(a) (relating to bonds).

17 (2) The General Assembly shall appropriate the amount of
18 money necessary to meet repayment obligations under paragraph
19 (1) for deposit into the Police Agency Sinking Loan Fund.

20 § 8338. Referendum.

21 (a) Question.--

22 (1) The question of incurring indebtedness of
23 \$20,000,000 for loans to police agencies for the purpose of
24 purchasing, maintaining and repairing buildings, equipment
25 and vehicles, as necessary for the proper performance of the
26 police agencies' law enforcement duties, shall be submitted
27 to the electors at the next primary, municipal or general
28 election following the effective date of this section. At
29 least three months prior to the election, the secretary must
30 publish the question in at least two newspapers of general

1 circulation in each county in which at least two newspapers
2 of general circulation are published.

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

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

7 Do you favor the incurring of indebtedness of \$20,000,000
8 for loans to police agencies for the purpose of purchasing,
9 maintaining and repairing buildings, equipment and vehicles,
10 as necessary for the proper performance of the police
11 agencies' law enforcement duties?

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

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

21 SUBCHAPTER E

22 MISCELLANEOUS PROVISIONS

23 Sec.

24 8341. Repeals.

25 § 8341. Repeals.

26 All acts and parts of acts are repealed insofar as they are
27 inconsistent with this chapter.

28 Section 2. This act shall take effect as follows:

29 (1) The addition of 53 Pa.C.S. § 8338 shall take effect
30 immediately.

1 (2) This section shall take effect immediately.

2 (3) The remainder of this act shall take effect on the
3 date of publication of the notice under section 8338(d).