
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1755 Session of
2003

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SAINATO, SCRIMENTI, SOLOBAY, TANGRETTI, WANSACZ, WASHINGTON
AND YUDICHAK, JUNE 27, 2003

REFERRED TO COMMITTEE ON APPROPRIATIONS, JUNE 27, 2003

AN ACT

1 Providing for financial assistance to certain distressed areas
2 of this Commonwealth; creating the Targeted Redevelopment
3 Assistance for Communities Loan Fund and the Targeted
4 Redevelopment Assistance for Communities Loan Sinking Fund;
5 conferring powers and duties on the Department of Community
6 and Economic Development; authorizing the incurring of
7 indebtedness; and making an appropriation.

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20 The General Assembly of the Commonwealth of Pennsylvania
21 hereby enacts as follows:

22 CHAPTER 1

23 GENERAL PROVISIONS

24 Section 101. Short title.

25 This act shall be known and may be cited as the Targeted
26 Redevelopment Assistance for Communities Loan Act.

27 Section 102. Legislative intent.

28 The General Assembly finds and declares as follows:

29 (1) There exists in distressed areas of this

30 Commonwealth a condition of substantial and persistent

1 unemployment and underemployment which causes hardship to
2 many individuals and families, wastes vital human resources,
3 increases the public assistance burdens of this Commonwealth
4 and municipalities, impairs the security of family life,
5 contributes to the growth of crime and delinquency, prevents
6 many of our youth from finishing their educations, impedes
7 the economic and physical development of municipalities and
8 adversely affects the welfare and prosperity of all the
9 people of this Commonwealth.

10 (2) Many existing industrial, manufacturing, commercial
11 and retail facilities in such areas are obsolete,
12 inefficient, abandoned and dilapidated, underutilized or in
13 the process of being vacated.

14 (3) Unemployment and the absence of new economic
15 opportunities in such areas has tended to reduce the tax base
16 of municipalities and impair their financial ability to
17 support education and other local governmental services.

18 (4) New industrial, manufacturing, commercial and retail
19 facilities are necessary to attract and house new job-
20 producing enterprises which will reduce unemployment and
21 stabilize the local tax base.

22 (5) The unaided efforts of private enterprise have not
23 met and cannot meet the needs of providing such facilities
24 due to problems encountered in assembling suitable building
25 sites, the unavailability of private capital for development
26 in distressed areas and the inability of private enterprise
27 alone to plan, finance and coordinate industrial,
28 manufacturing, commercial and retail development within such
29 distressed areas.

30 (6) The health, safety, morals and general welfare of

1 the people of this Commonwealth are directly dependent upon
2 the continual encouragement, development, growth and
3 expansion of business, industry and commerce within
4 distressed areas in this Commonwealth.

5 (7) Unemployment, the spread of indigency and the heavy
6 burden of public assistance and unemployment compensation can
7 best be avoided by the promotion, attraction, stimulation,
8 development, retention, rehabilitation and expansion of
9 business, industry and commerce within distressed areas in
10 this Commonwealth.

11 (8) There exists throughout this Commonwealth areas that
12 constitute a serious and growing menace, injurious and
13 inimical to the health, safety, morals and general welfare of
14 the residents of this Commonwealth.

15 (9) Each of these areas contributes substantially to the
16 spread of disease and crime, necessitating excessive and
17 disproportionate expenditure of public funds for the
18 preservation of the public health and safety, for crime
19 prevention, correction, prosecution and punishment and the
20 treatment of juvenile delinquency and for the maintenance of
21 adequate police, fire and accident protection and other
22 public services and facilities.

23 (10) Each of these areas constitutes an economic and
24 social liability, substantially impairs or arrests the sound
25 growth of municipalities and retards the provisions of
26 housing accommodations, and each decreases the value of
27 private investments and threatens the sources of public
28 revenue and the financial stability of communities.

29 (11) Economic and social interdependence of different
30 communities and of different areas within single communities

1 and the redevelopment of land and buildings to promote the
2 sound growth of the community is necessary in order to
3 achieve comprehensive reversal of existing substandard
4 conditions and to prevent the recurrence of such conditions
5 or their development in other parts of the community or in
6 other communities.

7 (12) Many areas are beyond remedy and control solely by
8 regulatory process in the exercise of the police power and
9 cannot be dealt with effectively by the ordinary operations
10 of private enterprise without the aids provided under this
11 act, the acquisition of property, the removal of structures
12 and improvement of sites and the disposition of the property
13 for redevelopment incidental to the foregoing.

14 (13) Acquisition, planning, clearance, conservation,
15 rehabilitation or rebuilding of projects for residential,
16 governmental, recreational, educational, hospital, business,
17 industrial, manufacturing, commercial, retail or other
18 purposes, including the provision of streets, parks,
19 recreational areas and other open spaces, are benefits for
20 which public funds may be expended for the good and welfare
21 of this Commonwealth.

22 (14) While certain projects, or portions thereof, may
23 require acquisition and clearance because the state of
24 deterioration may make impracticable the reclamation of such
25 areas or portions by conservation and rehabilitation, other
26 projects, or portions thereof, are in such condition that
27 they may be conserved or rehabilitated in a manner that the
28 conditions and evils enumerated in this section may be
29 alleviated or eliminated.

30 (15) It is the policy of this Commonwealth to promote

1 the health, safety, morals and general welfare of its
2 inhabitants and to promote a vigorous and growing economy, to
3 prevent economic stagnation and to encourage the creation of
4 new job opportunities in order to protect against the hazards
5 of unemployment, reduce the level of public assistance to now
6 indigent individuals and families, increase revenues to the
7 Commonwealth and to its municipalities and to achieve stable
8 and diversified local economies.

9 (16) In furtherance of these goals, it is the policy of
10 the Commonwealth to retain and expand existing enterprises
11 and to attract new enterprises through the acquisition,
12 construction, reconstruction and rehabilitation of industrial
13 and manufacturing plants, commercial and retail facilities,
14 and to prepare and cause to be developed sites for new
15 industrial, manufacturing, commercial and retail buildings
16 and facilities.

17 (17) It is also the policy of this Commonwealth to
18 promote the development of such sites, reasonably accessible
19 to impoverished residential concentrations, particularly in
20 those areas where substantial unemployment or underemployment
21 exists, to the end that the industrial, manufacturing,
22 commercial and retail development of our distressed areas
23 will proceed in sound fashion and in coordination with
24 development of other industrial, manufacturing, commercial
25 and retail facilities and housing, mass transportation and
26 public services, and that employment opportunities will be
27 available in those areas where people lack jobs.

28 Section 103. Definitions.

29 The following words and phrases when used in this act shall
30 have the meanings given to them in this section unless the

1 context clearly indicates otherwise:

2 "Applicant." Any municipality which has a targeted area.

3 "Business enterprise activity." Industrial, manufacturing,
4 commercial, retail or any other activity undertaken to further
5 the development, manufacturing, distribution or sale of goods
6 and services, including, but not limited to, research and
7 development, warehousing, shipping, transport or
8 remanufacturing.

9 "Department." The Department of Community and Economic
10 Development of the Commonwealth.

11 "Distressed area." A municipality determined by the
12 Department of Community and Economic Development to be or at
13 risk of becoming distressed.

14 "Fund." The Targeted Redevelopment Assistance for
15 Communities Loan Fund created in section 302.

16 "Investor-developer." Any person, municipality, partnership,
17 corporation or other entity that is engaged in the development,
18 for use by occupants, of one or more projects and is determined
19 by the Department of Community and Economic Development to be
20 financially responsible to assume all obligations in the
21 acquisition, development, construction, leasing, sale, operation
22 and financing, in whole or in part, of a project, including, but
23 not limited to:

24 (1) An industrial and commercial development authority
25 organized pursuant to or industrial development authority as
26 certified by the Department of Community and Economic
27 Development under the act of August 23, 1967 (P.L.251,
28 No.102), known as the Economic Development Financing Law.

29 (2) An industrial development corporation certified
30 under the act of May 17, 1956 (1955 P.L.1609, No.537), known

1 as the Pennsylvania Industrial Development Authority Act.

2 (3) A business improvement district organized under 53
3 Pa.C.S. Ch. 54 (relating to business improvement districts).

4 (4) An authority created under 53 Pa.C.S. Ch. 56
5 (relating to municipal authorities), for business
6 improvements and administrative services.

7 (5) A redevelopment authority organized under the act of
8 May 24, 1945 (P.L.991, No.385), known as the Urban
9 Redevelopment Law.

10 (6) A community development corporation which meets
11 criteria as developed by the Department of Community and
12 Economic Development.

13 "Issuing officials." The Governor, the Auditor General and
14 the State Treasurer.

15 "Municipality." Any city, borough, incorporated town,
16 township or home rule municipality.

17 "Program." The Targeted Redevelopment Assistance for
18 Communities Loan Program established in section 301.

19 "Project." Any or all of the following activities occurring
20 within the geographic boundaries of an eligible applicant:

21 (1) The acquisition of land and buildings, including
22 relocation costs.

23 (2) The demolition of buildings.

24 (3) The clearing or preparation of land or both.

25 (4) The construction of new or expanded industrial,
26 manufacturing, commercial or retail facilities.

27 (5) The renovation, rehabilitation or conversion of
28 existing industrial, manufacturing, commercial or retail
29 facilities.

30 (6) The construction of new or reconstruction of

1 existing infrastructure and utilities.

2 (7) The cleanup of hazardous materials.

3 "Redevelopment." Undertakings and activities made under the
4 act of May 24, 1945 (P.L.991, No.385), known as the Urban
5 Redevelopment Law, including, but not limited to, planning,
6 acquisition, site preparation, demolition, rehabilitation,
7 renovation, conservation, reuse, renewal, improvement,
8 clearance, sale and lease of real property and improvements
9 thereon.

10 "Secretary." The Secretary of Community and Economic
11 Development of the Commonwealth.

12 "Site." The location of a project.

13 "Targeted area." Any distressed area in this Commonwealth as
14 defined by this act.

15 CHAPTER 3

16 TARGETED REDEVELOPMENT ASSISTANCE

17 Section 301. Establishment of program.

18 There is hereby created under the direction of the
19 department, a program to be known as the Targeted Redevelopment
20 Assistance for Communities Loan Program for the purpose of
21 making redevelopment partnership and local government loans to
22 an applicant for the financing of private development or public
23 improvements or both by investor-developers in a targeted area
24 which will meet program objectives.

25 Section 302. Creation of fund.

26 (a) General rule.--There is hereby created a restricted
27 receipt account in the State Treasury to be known as the
28 Targeted Redevelopment Assistance for Communities Loan Fund to
29 which shall be credited:

30 (1) All proceeds from the sale of bonds or notes as

1 approved under section 501.

2 (2) All proceeds from loan repayments.

3 (3) Any other deposits, payments or contributions from
4 any other source made available to the fund.

5 (b) Revolving fund.--The fund shall operate as a revolving
6 fund whereby all payments and interest made thereto may be
7 applied and reapplied to the purposes of this act.

8 (c) Credit of moneys.--All deposits and contributions made
9 to the fund shall immediately be credited in full to the fund.

10 (d) Expenses.--Expenses of the Commonwealth in carrying out
11 the provisions of this act may be charged to the fund, including
12 the underwriting of loans. These expenses shall not exceed 5% of
13 the first \$10,000,000 and 2% of subsequent fund allocations.

14 Section 303. Project eligibility.

15 (a) General rule.--An applicant shall be eligible for a loan
16 under the program for a project that meets the following
17 conditions:

18 (1) The total eligible cost of each project shall not be
19 less than \$300,000.

20 (2) The total amount of funds awarded to any one
21 municipality shall not exceed 20% of the total funds
22 available.

23 (3) The investor-developer shall provide detailed
24 project information and commitments, in writing, from public
25 and private financing sources, which when added to the amount
26 of the proposed loan will confirm that the project is
27 financially feasible. This documentation shall provide
28 evidence that but for the moneys available from the fund the
29 investor-developer would not be able to implement the
30 project.

1 (4) The total amount of Commonwealth funds in the
2 project shall not exceed 50% of the total eligible project
3 cost.

4 (5) The investor-developer shall contribute cash equity
5 to the project in an amount equal to at least 10% of the
6 total eligible project cost.

7 (6) The applicant shall hold at least one public hearing
8 on the proposed project.

9 (7) The applicant shall approve the proposed project at
10 a public meeting authorizing the submission of the
11 application to the department in accordance with the
12 requirements and procedures established by the department.

13 (b) Eligibility criteria.--The department shall establish
14 criteria which shall include, but not be limited to, the
15 following, which shall be used in addition to the requirements
16 of subsection (a) to determine eligibility:

17 (1) The project will support a municipality in meeting a
18 critical economic development need that cannot be achieved
19 through other public or private financing or both.

20 (2) The project will create, renovate, rehabilitate or
21 convert underused and vacant buildings and facilities for
22 industrial, manufacturing, commercial and retail use, and
23 business enterprise and related activities in targeted areas.

24 (3) The project will be of public benefit, in the public
25 interest and for a public purpose, consistent with the sound
26 needs of the municipality as a whole, by supporting economic
27 development activities which result in job creation or job
28 retention or both, and industrial, manufacturing, commercial
29 and retail revitalization, and business enterprise activities
30 or any combination thereof. Any benefit to private entities

1 or individuals will be indirect and incidental and not the
2 primary purpose of the project as determined by the
3 department.

4 (4) The project will be carried out under the direction
5 and control of a responsible investor-developer, as
6 determined by the department.

7 (5) The project will demonstrate the potential to
8 generate and retain long-term employment.

9 (c) Historic places.--Projects which involve the removal of
10 structures which have been included on the Pennsylvania Register
11 of Historic Places in accordance with the provisions of 37
12 Pa.C.S. (relating to historical and museums) shall not be
13 eligible for funds under this program.

14 Section 304. Application requirements and procedures.

15 (a) General rule.--Application requirements and
16 administrative procedures shall be established by the
17 department.

18 (b) Form and manner.--Applications shall be submitted to and
19 received by the department in the form and manner as the
20 department may require and shall be accompanied by any
21 additional documentation the department may request.

22 (c) Approval.--Upon receipt of the completed application,
23 the department shall review the application and approve or
24 disapprove it. A completed application shall include, but not be
25 limited to:

26 (1) A description of the project.

27 (2) A legal description of all real estate involved in
28 the project, including site control.

29 (3) The estimated cost of the project.

30 (4) A letter of intent or signed contractual agreement

1 by an investor-developer. The letter of intent shall include:

2 (i) A commitment that the proposed project will
3 create an estimated number of full-time jobs and the
4 types of jobs created.

5 (ii) A statement of willingness to provide security
6 adequate to cover the cost of a loan, including principal
7 and interest due to and owing to the date of foreclosure
8 and any penalty imposed by the department.

9 (d) Notification.--The department shall notify the applicant
10 of final approval or disapproval of the application within 45
11 days following receipt of a completed application, including all
12 supporting and required documentation.

13 Section 305. Selection criteria.

14 (a) General rule.--Distressed areas shall be eligible for
15 consideration for a loan under this program.

16 (b) Criteria.--Applications shall be approved or disapproved
17 based upon criteria which shall include, but not be limited to,
18 any of the following:

19 (1) The ability of the investor-developer to finance the
20 project and to repay the loans.

21 (2) The amount of private leverage in the project.

22 (3) The economic condition of the municipality.

23 (4) The severity of blight at the project site as
24 described in section 12.1(c) of the act of May 24, 1945
25 (P.L.991, No.385), known as the Urban Redevelopment Law.

26 (5) The potential for job creation and stabilization of
27 the property tax base.

28 (6) The involvement of the restoration of structures
29 which have been included on the Pennsylvania Register of
30 Historic Places in accordance with the provisions of 37

1 Pa.C.S. (relating to historical and museums).

2 (c) Project costs not to be considered.--In determining the
3 ratio of public to private financing, the following types of
4 project costs may not be considered:

5 (1) Developer fees exceeding 5% of the total project
6 cost.

7 (2) Profit and overhead.

8 (3) Investment or any costs prior to the award of funds.

9 (4) Acquisition of an occupied portion of a partially or
10 fully occupied building.

11 (5) Investment in working capital, inventory or start-up
12 costs.

13 (6) Equipment which has a minimum depreciable life of
14 less than five years.

15 (7) Debt service reserves and operating deficit or
16 refinancing of existing debt.

17 (8) Tenant improvements.

18 (9) Buildings with public leases of more than 90%.

19 (d) Project costs to be considered.--In determining the
20 ratio of public to private financing, the following types of
21 project costs may be considered:

22 (1) Hard development costs associated with the
23 development of real property, land acquisition, on-site
24 improvements and construction and/or renovation costs.

25 (2) Capital equipment affixed to the real property which
26 has a depreciable life of not less than five years.

27 (3) Soft costs which shall include developer fees up to
28 5% of the total project cost and taxes.

29 (4) Legal expenses, architectural and engineering fees
30 and construction period interest if paid to independent third

1 parties.

2 Section 306. Conditions for award of loans.

3 (a) Redevelopment partnership loans.--No less than 90% of
4 the fund shall be distributed by the department in the form of
5 interest-free redevelopment partnership loans to approved
6 applicants for distribution in the form of loans to investor-
7 developers for the purposes set forth in this act.

8 (b) Local government loans.--No less than 10% of the fund
9 shall be awarded in the form of local government loans to
10 eligible applicants. These loans are to be awarded solely for
11 the purpose of making public improvements in targeted areas for
12 the purposes set forth in this act. The criteria for awarding
13 these loans shall be determined by the department.

14 Section 307. Repayment and default of redevelopment partnership
15 loans.

16 (a) Interest.--An interest rate may be established by the
17 applicant, and interest paid on the loan by the investor-
18 developer shall be paid to the applicant. The principal shall be
19 repaid to the Commonwealth and deposited into the fund.

20 (b) Penalty for private companies.--An investor-developer
21 who fails to make the required amount of private investment
22 shall be liable for a penalty equal to the full amount of the
23 loan awarded to the applicant unless the penalty is waived by
24 the department because the failure is due to circumstances
25 outside the control of the investor-developer. The penalty shall
26 be payable in one lump sum or in installments, as the department
27 deems appropriate. The department shall submit notice of
28 penalties and waivers of penalties to the Secretary of the
29 Senate and the Chief Clerk of the House of Representatives,
30 along with the decision of the department on the imposition of

1 penalties and the reasons for this decision. The department is
2 authorized to enforce this subsection. The department may bring
3 an action to enforce this subsection in a court of competent
4 jurisdiction.

5 (c) Penalty for municipalities.--If the department finds
6 that a municipality has failed to meet its repayment obligation
7 under this section, the department shall provide a written
8 notice of violation to the municipality. Within 60 days of
9 receipt of the notice of violation, the municipality shall
10 report to the department the action which it is taking to meet
11 its repayment obligation. If, within 180 days of receipt of the
12 notice of violation, the municipality has failed to meet its
13 repayment obligation, as determined by the department, the
14 secretary shall notify the State Treasurer to withhold payment
15 of all liquid fuels tax allocation funds payable to the
16 municipality. Upon notification, the State Treasurer shall hold
17 in escrow all moneys due to such municipality from the
18 Commonwealth until such time as the department notifies the
19 State Treasurer that the municipality has met its repayment
20 obligation. The department shall provide the name of the
21 municipality and the amount of funds withheld along with a
22 rationale for the same to the Secretary of the Senate and the
23 Chief Clerk of the House of Representatives.

24 Section 308. Repayment and default of local government loans.

25 (a) General rule.--Eligible applicants shall repay principal
26 on local government loans to the Commonwealth for deposit into
27 the fund, unless repayment is waived by the secretary for
28 reasons in keeping with the advancement of the purposes of this
29 act.

30 (b) Tax increment financing.--In accordance with the act of

1 July 11, 1990 (P.L.465, No.113), known as the Tax Increment
2 Financing Act, municipalities may authorize tax increment
3 financing for the repayment of the public loan amount in whole
4 or in part over a five-year period along with any proceeds which
5 may be derived from the sale of any site acquired through the
6 loan.

7 (c) Loan forgiveness.--If, after a five-year period of the
8 authorization of the tax increment financing, there have not
9 been any private taxable improvements made, then the public loan
10 may be forgiven as determined by the department.

11 (d) Tax repayment.--If, within a five-year period of the
12 authorization of tax increment financing improvements are made,
13 the new taxes yielded shall be used to repay the local
14 government loan.

15 (e) Penalties.--If the department finds that a municipality
16 has failed to meet its repayment obligation under this section,
17 the department shall provide a written notice of violation to
18 the municipality. Within 60 days of receipt of the notice of
19 violation, the municipality shall report to the department the
20 action which it is taking to meet its repayment obligation. If
21 within 180 days of receipt of the notice of violation, the
22 municipality has failed to meet its repayment obligation, as
23 determined by the department, the secretary shall notify the
24 State Treasurer to withhold payment of all liquid fuels tax
25 allocation funds payable to the municipality. Upon notification,
26 the State Treasurer shall hold in escrow all moneys due to such
27 municipality from the Commonwealth until such time as the
28 department notifies the State Treasurer that the municipality
29 has met its repayment obligation.

BOND ISSUANCE

Section 501. Referendum.

(a) Question.--The question of incurring indebtedness of \$200,000,000 for the purposes of redevelopment assistance for communities in accordance with this act shall be submitted to the electors at the next primary, municipal or general election following enactment of this act.

(b) Certification.--The Secretary of the Commonwealth shall certify the form of the question under subsection (c) to the county boards of elections.

(c) Form of question.--The question shall be in substantially the following form:

Do you favor the incurring of indebtedness by the Commonwealth of \$200,000,000 to provide for redevelopment assistance loans to promote development and expansion of business, industry and commerce in distressed areas of this Commonwealth?

(d) Election.--The election shall be conducted at the next occurring general or municipal election following the effective date of this act, in accordance with the act of June 3, 1937 (P.L.1333, No.320), known as the Pennsylvania Election Code, except that the time limits for advertisement of notice of the election may be waived as to the question.

(e) Proceeds.--Proceeds of borrowing shall be deposited in the Targeted Redevelopment Assistance for Communities Loan Fund and shall be used to implement the provisions of this act.

Section 502. Commonwealth indebtedness.

(a) Borrowing authorized.--Subject to the approval of the electorate of the referendum set forth in section 501 and under the provisions of section 7(a)(3) of Article VIII of the

1 Constitution of Pennsylvania, the issuing officials are
2 authorized and directed to borrow over a three-year period, on
3 the credit of the Commonwealth, money not exceeding in the
4 aggregate the sum of \$200,000,000, not including money borrowed
5 to refund outstanding bonds, notes or replacement notes, as may
6 be found necessary to carry out the purposes of this act.

7 (b) Issuance.--As evidence of the indebtedness authorized in
8 this act, general obligation bonds of the Commonwealth shall be
9 issued, from time to time, to provide moneys necessary to carry
10 out the purposes of this act for such total amounts, in such
11 form, in such denominations and subject to such terms and
12 conditions of issue, redemption and maturity, rate of interest
13 and time of payment of interest as the issuing officials direct,
14 except that the latest stated maturity date shall not exceed 20
15 years from the date of the first obligation issued to evidence
16 the debt.

17 (c) Signatures.--All bonds and notes issued under the
18 authority of this act shall bear facsimile signatures of the
19 issuing official and a facsimile of the great seal of the
20 Commonwealth and shall be countersigned by a duly authorized
21 officer of a duly authorized loan and transfer agent of the
22 Commonwealth.

23 (d) Direct obligation of Commonwealth.--All bonds and notes
24 issued in accordance with the provisions of this section shall
25 be direct obligations of the Commonwealth, and the full faith
26 and credit of the Commonwealth are hereby pledged for the
27 payment of the interest thereon, as it becomes due, and the
28 payment of the principal at maturity. The principal of and
29 interest on the bonds and notes shall be payable in lawful money
30 of the United States.

1 (e) Tax exemption.--All bonds and notes issued under the
2 provisions of this section shall be exempt from taxation for
3 State and local purposes.

4 (f) Type of bonds.--The bonds may be issued as coupon bonds
5 or registered as to both principal and interest as the issuing
6 officials may determine. If interest coupons are attached, they
7 shall contain the facsimile signature of the State Treasurer.

8 (g) Authorization and retirement.--The issuing officials
9 shall provide for the amortization of the bonds in substantial
10 and regular amounts over the term of the debt so that the bonds
11 of each issue allocated to the program to be funded from the
12 bond issue shall mature within a period not to exceed an
13 appropriate amortization period for the program as specified by
14 the issuing officials but in no case in excess of 30 years. The
15 first retirement of principal shall be stated to mature prior to
16 the expiration of a period of time equal to one-tenth of the
17 time from the date of the first obligation issued to evidence
18 the debt to the date of the expiration of the term of the debt.
19 Retirements of principal shall be regular and substantial if
20 made in annual or semiannual amounts whether by stated serial
21 maturities or by mandatory sinking fund retirements.

22 (h) Refunding bonds.--The issuing officials are authorized
23 to provide by resolution for the issuance of refunding bonds for
24 the purpose of refunding any debt issued under the provisions of
25 this act and then outstanding, either by voluntary exchange with
26 the holders of the outstanding debt or to provide funds to
27 redeem and retire the outstanding debt with accrued interest,
28 any premium payable thereon and the costs of issuance and
29 retirement of the debt, at maturity or at any call date. The
30 issuance of the refunding bonds, the maturities and other

1 details thereof, the rights of the holders thereof and the
2 duties of the issuing officials in respect thereto shall be
3 governed by the provisions of this section insofar as they may
4 be applicable. Refunding bonds, which are not subject to the
5 aggregate limitation of \$200,000,000 of debt to be issued
6 pursuant to this act, may be issued by the issuing officials to
7 refund debt originally issued or to refund bonds previously
8 issued for refunding purposes.

9 (i) Quorum.--Whenever any action is to be taken or decision
10 made by the Governor, the Auditor General and the State
11 Treasurer acting as issuing officials and the three officers are
12 not able unanimously to agree, the action or decision of the
13 Governor and either the Auditor General or the State Treasurer
14 shall be binding and final.

15 Section 503. Sale of bonds.

16 (a) Public sale.--Whenever bonds are issued, they shall be
17 offered for sale at not less than 98% of the principal amount
18 and accrued interest and shall be sold by the issuing officials
19 to the highest and best bidder or bidders after due public
20 advertisement on the terms and conditions and upon such open
21 competitive bidding as the issuing officials shall direct. The
22 manner and character of the advertisement and the time of
23 advertising shall be prescribed by the issuing officials. No
24 commission shall be allowed or paid for the sale of any bonds
25 issued under the authority of this act.

26 (b) Private sale.--Any portion of any bond issue so offered
27 and not sold or subscribed for at public sale may be disposed of
28 by private sale by the issuing officials in such manner and at
29 such prices, not less than 98% of the principal amount and
30 accrued interest, as the Governor shall direct. No commission

1 shall be allowed or paid for the sale of any bonds issued under
2 the authority of this act.

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

8 (d) Temporary bonds.--Until permanent bonds can be prepared,
9 the issuing officials may in their discretion issue, in lieu of
10 permanent bonds, temporary bonds in such form and with such
11 privileges as to registration and exchange for permanent bonds
12 as may be determined by the issuing officials.

13 Section 504. Disposition and use of proceeds.

14 (a) Proceeds.--The proceeds realized from the sale of bonds
15 and notes, except refunding bonds and replacement notes, under
16 the provisions of this act shall be paid into the Targeted
17 Redevelopment Assistance for Communities Loan Fund in the State
18 Treasury and are specifically dedicated to the purposes of this
19 act. The proceeds shall be paid by the State Treasurer
20 periodically to the department at such times and in such amounts
21 as may be necessary to satisfy the funding needs of the
22 department. The proceeds of the sale of refunding bonds and
23 replacement notes shall be paid to the State Treasurer and
24 applied to the payment of principal, the accrued interest and
25 premium, if any, and cost of redemption of the bonds and notes
26 for which the obligations shall have been issued.

27 (b) Interest.--Pending their application for the purposes
28 authorized, moneys held or deposited by the State Treasurer may
29 be invested or reinvested as are other funds in the custody of
30 the State Treasurer in the manner provided by law. All earnings

1 received from the investment or deposit of the funds shall be
2 paid into the State Treasury to the credit of the fund.

3 Section 505. Registration of bonds.

4 The Auditor General shall prepare the necessary registry book
5 to be kept in the office of the duly authorized loan and
6 transfer agent of the Commonwealth for the registration of any
7 bonds, at the request of owners thereof, according to the terms
8 and conditions of issue directed by the issuing officials.

9 Section 506. Expenses.

10 There is hereby appropriated to the State Treasurer from the
11 fund as much money as may be necessary for all costs and
12 expenses in connection with the issue of and sale and
13 registration of the bonds and notes in connection with this act
14 and the payment of interest arbitrage rebates or proceeds of
15 such bonds and notes.

16 Section 507. Temporary financing authorization.

17 (a) Authorization.--Pending the issuance of bonds of the
18 Commonwealth as authorized, the issuing officials are hereby
19 authorized, in accordance with the provisions of this act and on
20 the credit of the Commonwealth, to make temporary borrowings not
21 to exceed one year in anticipation to the issue of bonds in
22 order to provide funds in such amounts as may, from time to
23 time, be deemed advisable prior to the issue of bonds. In order
24 to provide for and in connection with such temporary borrowings,
25 the issuing officials are hereby authorized in the name and on
26 behalf of the Commonwealth to enter into any purchase, loan or
27 credit agreement or agreements or other agreement or agreements
28 with any banks or trust companies or other lending institutions,
29 investment banking firms or persons in the United States having
30 power to enter into the same, which agreements may contain

1 provisions not inconsistent with the provisions of this act as
2 may be authorized by the issuing officials.

3 (b) Issuance.--All temporary borrowings made under the
4 authorization of this section shall be evidenced by notes of the
5 Commonwealth, which shall be issued, from time to time, for such
6 amounts not exceeding in the aggregate the applicable statutory
7 and constitutional debt limitation, in such form and in such
8 denominations and subject to terms and condition of sale and
9 issue, prepayment or redemption and maturity, rate or rates of
10 interest and time of payment of interest as the issuing
11 officials shall authorize and direct and in accordance with this
12 act. Such authorization and direction may provide for the
13 subsequent issuance of replacement notes to refund outstanding
14 notes or replacement notes, which replacement notes shall, upon
15 issuance thereof, evidence such borrowing, and may specify such
16 other terms and conditions with respect to the notes and
17 replacement notes thereby authorized for issuance as the issuing
18 officials may determine and direct.

19 (c) Replacement notes.--

20 (1) When the authorization and direction of the issuing
21 officials provide for the issuance of replacement notes, the
22 issuing officials are hereby authorized in the name and on
23 behalf of the Commonwealth to issue, enter into or authorize
24 and direct the State Treasurer to enter into agreements with
25 any banks, trust companies, investment banking firms or other
26 institutions or persons in the United States having the power
27 to enter the same:

28 (i) To purchase or underwrite an issue or series of
29 issues of notes.

30 (ii) To credit, to enter into any purchase, loan or

1 credit agreements, to draw moneys pursuant to any such
2 agreements on the terms and conditions set forth therein
3 and to issue notes as evidence of borrowings made under
4 any such agreements.

5 (iii) To appoint as issuing and paying agent or
6 agents with respect to notes.

7 (iv) To do all acts as may be necessary or
8 appropriate to provide for the payment, when due, of the
9 interest on and the principal of such notes.

10 Such agreements may provide for the compensation of any
11 purchasers or underwriters of notes or replacement notes by
12 discounting the purchase price of the notes or by payment of
13 a fixed fee or commission at the time of issuance thereof,
14 and all other costs and expenses, including fees for
15 agreements related to the notes, issuing and paying agent
16 costs and costs and expenses of issuance, may be paid from
17 the proceeds of the notes.

18 (2) When the authorization and direction of the issuing
19 officials provide for the issuance of replacement notes, the
20 State Treasurer shall, at or prior to the time of delivery of
21 these notes or replacement notes, determine the principal
22 amounts, dates of issue, interest rate or rates (or
23 procedures for establishing such rates from time to time),
24 rates of discount, denominations and all other terms and
25 conditions relating to the issuance and shall perform all
26 acts and things necessary to pay or cause to be paid, when
27 due, all principal of and interest on the notes being
28 refunded by replacement notes and to assure that the same may
29 draw upon any moneys available for that purpose pursuant to
30 any purchase, loan or credit agreements established with

1 respect thereto, all subject to the authorization and
2 direction of the issuing officials.

3 (d) Refunding bonds.--Outstanding notes evidencing the
4 borrowings may be funded and retired by the issuance and sale of
5 the bonds of the Commonwealth as hereinafter authorized. The
6 refunding bonds must be issued and sold not later than a date
7 one year after the date of issuance of the first notes
8 evidencing such borrowings to the extent that payment of such
9 notes has not otherwise been made or provided for by sources
10 other than proceeds of replacement notes.

11 (e) Proceeds.--The proceeds of all temporary borrowing shall
12 be paid to the State Treasurer to be held and disposed of in
13 accordance with the provisions of this act.

14 Section 508. Debt retirement.

15 (a) Targeted Redevelopment Assistance for Communities Loan
16 Sinking Fund.--All bonds issued under the authority of this act
17 shall be redeemed at maturity, together with all interest due,
18 from time to time, on the bonds, and these principal and
19 interest payments shall be paid from the Targeted Redevelopment
20 Assistance for Communities Loan Sinking Fund, which is hereby
21 created. For the specific purpose of redeeming the bonds at
22 maturity and paying all interest thereon in accordance with the
23 information received from the Governor, the General Assembly
24 shall appropriate moneys to the Targeted Redevelopment
25 Assistance for Communities Loan Sinking Fund for the payment of
26 interest on the bonds and notes and the principal thereof at
27 maturity. All moneys paid into the Targeted Redevelopment
28 Assistance for Communities Loan Sinking Fund and all of the
29 moneys not necessary to pay accruing interest shall be invested
30 by the State Treasurer in such securities as are provided by law

1 for the investment of the sinking funds of the Commonwealth.

2 (b) Report.--The State Treasurer shall determine and report
3 to the Secretary of the Budget by November 1 of each year, the
4 amount of money necessary for the payment of interest on
5 outstanding obligations and the principal of the obligations, if
6 any, for the following fiscal year and the times and amounts of
7 the payments. It shall be the duty of the Governor to include in
8 every budget submitted to the General Assembly full information
9 relating to the issuance of bonds and notes under the provisions
10 of this act and the status of the Targeted Redevelopment
11 Assistance for Communities Loan Sinking Fund of the Commonwealth
12 for the payment of interest on the bonds and notes and the
13 principal thereof at maturity.

14 (c) Appropriation.--The General Assembly shall appropriate
15 an amount equal to the sums that may be necessary to meet
16 repayment obligations for principal and interest for deposit
17 into the Targeted Redevelopment Assistance for Communities Loan
18 Sinking Fund.

19 Section 509. Annual limitation on debt obligations issued.

20 Bonds and notes, not including refunding bonds or replacement
21 notes, as authorized in this act, shall not be issued in the
22 aggregate principal amount of more than \$140,000,000 during any
23 one State fiscal year.

24 Section 510. Expiration.

25 Authorization to issue bonds and notes, not including
26 refunding bonds and replacement notes, for the purposes of this
27 act shall expire five years from the effective date of this
28 section.

29

CHAPTER 21

30

MISCELLANEOUS PROVISIONS

20030H1755B2275

1 Section 2101. Additional powers and duties of department.

2 (a) Rules and forms.--The department shall promulgate such
3 guidelines, rules and regulations and forms as the department
4 deems necessary to implement and carry out the provisions of
5 this act.

6 (b) Annual reports.--On or before September 30 of each year,
7 the department shall provide a report to the Secretary of the
8 Senate and the Chief Clerk of the House of Representatives. The
9 report shall describe all relevant activities of the department
10 under this act and shall include the following information:

11 (1) A list of municipalities receiving loans from the
12 department and the amounts and terms of this assistance.

13 (2) The source and amount of private investment for each
14 project.

15 (3) Loan amounts repaid by the municipality.

16 (4) Loans outstanding and balances due, including
17 delinquent payments.

18 (5) Jobs created through projects financed under the
19 program.

20 (6) Other relevant information as determined by the
21 department.

22 Section 2102. Nondiscrimination.

23 No loan shall be made to an applicant under this act unless
24 the applicant certifies to the department, in a form
25 satisfactory to the department, that it shall not discriminate
26 against any employee or against any applicant for employment
27 because of race, religion, color, national origin, sex or age.

28 Section 2103. Conflict of interest.

29 No officer or employee of the Commonwealth or of the
30 applicant shall, either directly or indirectly, have an adverse

1 interest, as defined in the act of July 19, 1957 (P.L.1017,
2 No.451), known as the State Adverse Interest Act, in a project
3 financed with funds made available through this program.

4 Section 2104. Effective date.

5 This act shall take effect in 60 days.