

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 222 Session of 2007

INTRODUCED BY TANGRETTI, ADOLPH, BEYER, BIANCUCCI, BUXTON, CALTAGIRONE, CARROLL, CASORIO, CAUSER, CLYMER, COHEN, DeLUCA, EVERETT, FABRIZIO, FRANKEL, FREEMAN, GEORGE, GERGELY, GOODMAN, GRELL, GRUCELA, HARHAI, HENNESSEY, HERSHEY, KILLION, KOTIK, KULA, MAHONEY, MARKOSEK, MARSICO, MELIO, MILLARD, R. MILLER, MUNDY, NAILOR, O'NEILL, PALLONE, PETRARCA, PETRONE, PRESTON, PYLE, RAPP, READSHAW, REED, REICHLEY, ROAE, RUBLEY, SAINATO, SAYLOR, SOLOBAY, SONNEY, STABACK, STERN, SURRA, VEREB, WALKO, WATSON AND WOJNAROSKI, FEBRUARY 5, 2007

REFERRED TO COMMITTEE ON COMMERCE, FEBRUARY 5, 2007

AN ACT

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

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

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

14 CHAPTER 83

15 POLICE AGENCY AND EMS ORGANIZATION LOANS

16 Subchapter

17 A. Preliminary Provisions

18 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 and EMS Organization 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     "EMS Organization." An organization that provides emergency  
22 medical services in this Commonwealth.

23     "Fund." The Police Agency Loan Fund established under  
24 section 8312 (relating to Police Agency and EMS Organization  
25 Loan Fund).

26     "Police agency." Any of the following:

27             (1) A police department of a city, town, township,  
28 borough or home rule municipality which:

29                     (i) has police coverage for a minimum of 40 hours  
30                     per week; and

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

3           (2) A regional police department organized under  
4           Subchapter A of Chapter 23 (relating to intergovernmental  
5           cooperation).

6           (3) An office of county detectives that works for a  
7           district attorney.

8           "Secretary." The Secretary of the Commonwealth.

9           "Sinking fund." The Police Agency and EMS Organization Loan  
10           Sinking Fund established under section 8337 (relating to Police  
11           Agency and EMS Organization Loan Sinking Fund).

12                                   SUBCHAPTER B  
13                                   ADMINISTRATION

14   Sec.

15   8311. Center.

16   8312. Police Agency and EMS Organization Loan Fund.

17   § 8311. Center.

18       (a) Fund administration.--The center shall administer the  
19       fund established under section 8312 (relating to Police Agency  
20       and EMS Organization Loan Fund).

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

23           (1) To administer the fund in accordance with section  
24           8312(c).

25           (2) To administer Subchapter C (relating to loan  
26           program).

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

30           (4) To promulgate regulations to implement this chapter.

1 § 8312. Police Agency and EMS Organization Loan Fund.

2 (a) Establishment.--The Police Agency and EMS Organization  
3 Loan Fund is established as a separate fund in the State  
4 Treasury.

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

6 (1) The proceeds from the sale of bonds under section  
7 8336 (relating to proceeds).

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

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

12 (1) Repay the State Treasurer for the cost of the bond  
13 issue under sections 8333 (relating to sale of bonds), 8334  
14 (relating to refunding bonds) and 8335 (relating to  
15 registration of bonds).

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

17 (3) Collect loans under section 8311(b)(3) (relating to  
18 center).

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

23 SUBCHAPTER C

24 LOAN PROGRAM

25 Sec.

26 8321. Authority.

27 8322. Loans.

28 § 8321. Authority.

29 (a) Authorization.--The center may make a loan to a  
30 political subdivision for a police agency of the political

1 subdivision or an EMS organization as necessary for the proper  
2 performance of the police agency's law enforcement duties or the  
3 EMS organization's duties, to do any of the following:

4 (1) Purchase, expand, modernize or repair buildings or  
5 portions of buildings which are used exclusively for police  
6 or EMS organization purposes. This paragraph includes police  
7 headquarters, police substations and police maintenance  
8 garages.

9 (2) Purchase, maintain or repair equipment.

10 (3) Purchase, maintain or repair vehicles.

11 (b) Amount.--A loan under subsection (a) for the purchase,  
12 maintenance or repair of buildings shall be for not less than  
13 \$5,000 nor more than \$200,000. A loan under subsection (a) for  
14 the purchase, maintenance or repair of vehicles or equipment  
15 shall be for not less than \$5,000 nor more than \$100,000. No  
16 political subdivision may receive loans totaling more than  
17 \$300,000 in a five-year period.

18 (c) Terms.--

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

20 (2) A loan must be repaid in accordance with the law  
21 applicable to the political subdivision which receives the  
22 loan.

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

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

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

28 (iii) For a loan of more than \$100,000, a period of  
29 15 years.

30 § 8322. Loans.

1     (a) Application.--A political subdivision or EMS  
2 organization may apply for a loan under section 8321 (relating  
3 to authority) by submitting to the center all of the following:

4         (1) Name of the police agency or EMS organization.

5         (2) Proposed use of the loan.

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

7         (4) Documentation that demonstrates an ability to repay  
8 principal and interest of loan.

9     (b) Determination.--

10         (1) Within 60 days of receipt of an application under  
11 subsection (a), the center shall make a decision and notify  
12 the political subdivision or EMS organization of the  
13 decision.

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

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

19     (c) Contracts.--Upon determination of eligibility under  
20 subsection (b), the center shall enter into a loan contract with  
21 the political subdivision or EMS organization.

22                     SUBCHAPTER D

23                             DEBT

24     Sec.

25     8331. Authority to borrow.

26     8332. Bonds.

27     8333. Sale of bonds.

28     8334. Refunding bonds.

29     8335. Registration of bonds.

30     8336. Proceeds.

1 8337. Police Agency and EMS Organization Loan Sinking Fund.

2 8338. Referendum.

3 § 8331. Authority to borrow.

4 Pursuant to section 7(a)(3) of Article VIII of the  
5 Constitution of Pennsylvania and the referendum approved by the  
6 electorate under section 8338 (relating to referendum), the  
7 Governor, Auditor General and State Treasurer are authorized and  
8 directed to borrow, on the credit of the Commonwealth, money not  
9 exceeding in the aggregate the sum of \$25,000,000 to implement  
10 Subchapter C (relating to loan program), not more than  
11 \$5,000,000 of which shall be allocated to loans to EMS  
12 organizations.

13 § 8332. Bonds.

14 (a) General rule.--As evidence of the indebtedness  
15 authorized under section 8331 (relating to authority to borrow),  
16 general obligation bonds of the Commonwealth shall be issued.  
17 The Governor, Auditor General and State Treasurer shall direct  
18 for each bond the total amount; the form; the denomination; the  
19 terms and conditions of issue, redemption and maturity; rate of  
20 interest; and time of payment of interest. The latest stated  
21 maturity date shall not exceed 30 years from the date of the  
22 bond first issued for each series.

23 (b) Signature.--Bonds issued under subsection (a) shall bear  
24 facsimile signatures of the Governor, Auditor General and State  
25 Treasurer and a facsimile of the Great Seal of the Commonwealth  
26 of Pennsylvania and shall be countersigned by two authorized  
27 officers of the authorized loan and transfer agents of the  
28 Commonwealth.

29 (c) Status.--Bonds issued under subsection (a) shall be  
30 direct obligations of the Commonwealth, and the full faith and

1 credit of the Commonwealth are pledged for the payment of the  
2 interest on the bonds as it becomes due and the payment of the  
3 principal of the bonds at maturity. Bonds issued under  
4 subsection (a) shall be exempt from taxation for State and local  
5 purposes. The principal of and interest on such bonds shall be  
6 payable in lawful money of the United States of America.

7 (d) Format.--Bonds issued under subsection (a) may be issued  
8 as coupon bonds or registered as to both principal and interest  
9 as the issuing officials may determine. If interest coupons are  
10 attached, they shall contain the facsimile signature of the  
11 State Treasurer.

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

15 (1) The first retirement of principal shall be stated to  
16 mature prior to the expiration of a period of time equal to  
17 one-tenth of the time from the date of the first obligation  
18 issue to evidence the debt to the date of the expiration of  
19 the term of the debt.

20 (2) Retirements of principal shall be regular and  
21 substantial if made in annual or semiannual amounts, whether  
22 by stated serial maturities or by mandatory sinking fund  
23 retirements, computed either in accordance with a level  
24 annual debt service plan, as nearly as may be, or upon the  
25 equal annual maturities plan.

26 (f) Processing.--The Governor, the Auditor General and the  
27 State Treasurer shall proceed to have the necessary bonds  
28 prepared and printed. The bonds, as soon as they are prepared  
29 and printed, shall be deposited with the authorized loan and  
30 transfer agent of the Commonwealth and shall remain there until



1 sold under section 8333 (relating to sale of bonds).

2 § 8333. Sale of bonds.

3 (a) Public sale.--Bonds issued under section 8332(a)  
4 (relating to bonds) shall be offered for sale at not less than  
5 98% of the principal amount and accrued interest and shall be  
6 sold by the Governor, Auditor General and State Treasurer to the  
7 highest and best bidder or bidders after public advertisement,  
8 on terms and conditions and upon open competitive bidding, as  
9 the Governor, Auditor General and State Treasurer shall direct.

10 (b) Private sale.--Any portion of a bond issue offered under  
11 subsection (a) but not sold or subscribed for may be disposed of  
12 by private sale by the Governor, Auditor General and State  
13 Treasurer, in a manner and at a price not less than 98% of the  
14 principal amount and accrued interest, as the Governor shall  
15 direct. No commission shall be allowed or paid for the sale of  
16 bonds issued under section 8332(a).

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

21 § 8334. Refunding bonds.

22 The Governor, Auditor General and State Treasurer are  
23 authorized to provide, by resolution, for the issuance of  
24 refunding bonds for the purpose of refunding bonds issued under  
25 section 8332(a) (relating to bonds) and outstanding, either by  
26 voluntary exchange with the holders of the outstanding bonds or  
27 by providing funds to redeem and retire the outstanding bonds  
28 with accrued interest and premium payable on the bonds, at  
29 maturity or at a call date. Refunding bonds may be issued by the  
30 Governor, Auditor General and State Treasurer to refund bonds

1 previously issued under this section for refunding purposes.  
2 Sections 8331 (relating to authority to borrow), 8332 (relating  
3 to bonds) and 8333 (relating to sale of bonds) shall apply to  
4 bonds under this section.

5 § 8335. Registration of bonds.

6 The Auditor General shall prepare the necessary registry book  
7 to be kept in the office of the authorized loan and transfer  
8 agent of the Commonwealth for the registration of bonds issued  
9 under section 8332(a) (relating to bonds), at the request of  
10 bond owners, according to the terms and conditions of issue  
11 directed by the Governor, Auditor General and State Treasurer.  
12 Bonds which are issued without interest coupons attached shall  
13 be registered in the registry books kept by the authorized loan  
14 and transfer agent of the Commonwealth.

15 § 8336. Proceeds.

16 The proceeds realized from the sale of bonds under section  
17 8332(a) (relating to bonds) shall be paid into the fund. The  
18 money shall be paid by the State Treasurer into the fund.

19 § 8337. Police Agency and EMS Organization Loan Sinking Fund.

20 (a) Establishment.--The Police Agency and EMS Organization  
21 Loan Sinking Fund is established as a separate fund in the State  
22 Treasury.

23 (b) Source.--

24 (1) By November 1 of each year, the State Treasurer  
25 shall notify the Secretary of the Budget of the amount  
26 necessary for the ensuing fiscal year to redeem, with  
27 interest, bonds issued under section 8332(a) (relating to  
28 bonds).

29 (2) The General Assembly shall appropriate the amount of  
30 money necessary to meet repayment obligations under paragraph

1 (1) for deposit into the Police Agency and EMS Organization  
2 Loan Sinking Fund.

3 § 8338. Referendum.

4 (a) Question.--

5 (1) The question of incurring indebtedness of  
6 \$25,000,000 for loans to police agencies and EMS  
7 organizations for the purpose of purchasing, maintaining and  
8 repairing buildings, equipment and vehicles, as necessary for  
9 the proper performance of the police agencies' law  
10 enforcement and EMS organizations' duties, shall be submitted  
11 to the electors at the next primary, municipal or general  
12 election following the effective date of this section. At  
13 least three months prior to the election, the secretary must  
14 publish the question in each county in at least two  
15 newspapers of general circulation in that county.

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

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

20 Do you favor the incurring of indebtedness of  
21 \$25,000,000, of which \$20,000,000 will be for loans to police  
22 agencies and of which \$5,000,000 will be for EMS  
23 organizations, for the purpose of purchasing, maintaining and  
24 repairing buildings, equipment and vehicles, as necessary for  
25 the proper performance of the police agencies' law  
26 enforcement and EMS organizations' duties?

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

1 question.

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

6 SUBCHAPTER E

7 MISCELLANEOUS PROVISIONS

8 Sec.

9 8341. Repeals.

10 § 8341. Repeals.

11 All acts and parts of acts are repealed insofar as they are  
12 inconsistent with this chapter.

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

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

16 (2) This section shall take effect immediately.

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