

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, WOJNAROSKI, DALEY, JAMES, SIPTROTH, MURT, HORNAMAN, DENLINGER, MCILVAINE SMITH AND BROOKS, FEBRUARY 5, 2007

AS REPORTED FROM COMMITTEE ON COMMERCE, HOUSE OF REPRESENTATIVES, AS AMENDED, MAY 21, 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

- 1 A. Preliminary Provisions
- 2 B. Administration
- 3 C. Loan Program
- 4 D. Debt
- 5 E. Miscellaneous Provisions

6 SUBCHAPTER A

7 PRELIMINARY PROVISIONS

8 Sec.

9 8301. Short title of chapter.

10 8302. Definitions.

11 § 8301. Short title of chapter.

12 This chapter shall be known and may be cited as the Police
13 Agency and EMS Organization Loan Act.

14 § 8302. Definitions.

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

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

21 "Department." The Department of Community and Economic
22 Development of the Commonwealth.

23 "EMS Organization." An organization that provides emergency
24 medical services in this Commonwealth.

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

28 "Police agency." Any of the following:

- 29 (1) A police department of a city, town, township,
30 borough or home rule municipality which:

1 institute actions for legal or equitable relief.

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

3 § 8312. Police Agency and EMS Organization Loan Fund.

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

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

8 (1) The proceeds from the sale of bonds under section
9 8336 (relating to proceeds).

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

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

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

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

19 (3) Collect loans under section 8311(b)(3) (relating to
20 center).

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

25 SUBCHAPTER C

26 LOAN PROGRAM

27 Sec.

28 8321. Authority.

29 8322. Loans.

30 § 8321. Authority.

1 (a) Authorization.--The center may make a loan to a
2 political subdivision for a police agency of the political
3 subdivision or an EMS organization as necessary for the proper
4 performance of the police agency's law enforcement duties or the
5 EMS organization's duties, to do any of the following:

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

11 (2) Purchase, maintain or repair equipment.

12 (3) Purchase, maintain or repair vehicles.

13 (b) Amount.--A loan under subsection (a) for the purchase,
14 maintenance or repair of buildings shall be for not less than
15 \$5,000 nor more than \$200,000. A loan under subsection (a) for
16 the purchase, maintenance or repair of vehicles or equipment
17 shall be for not less than \$5,000 nor more than \$100,000. No
18 political subdivision may receive loans totaling more than
19 \$300,000 in a five-year period.

20 (c) Terms.--

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

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

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

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

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

30 (iii) For a loan of more than \$100,000, a period of

1 15 years.

2 § 8322. Loans.

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

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

7 (2) Proposed use of the loan.

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

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

11 (b) Determination.--

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

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

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

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

24 SUBCHAPTER D

25 DEBT

26 Sec.

27 8331. Authority to borrow.

28 8332. Bonds.

29 8333. Sale of bonds.

30 8334. Refunding bonds.

1 8335. Registration of bonds.

2 8336. Proceeds.

3 8337. Police Agency and EMS Organization Loan Sinking Fund.

4 8338. Referendum.

5 § 8331. Authority to borrow.

6 Pursuant to section 7(a)(3) of Article VIII of the
7 Constitution of Pennsylvania and the referendum approved by the
8 electorate under section 8338 (relating to referendum), the
9 Governor, Auditor General and State Treasurer are authorized and
10 directed to borrow, on the credit of the Commonwealth, money not
11 exceeding in the aggregate the sum of \$25,000,000 to implement
12 Subchapter C (relating to loan program), not more than
13 \$5,000,000 of which shall be allocated to loans to EMS
14 organizations.

15 § 8332. Bonds.

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

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

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

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

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

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

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

28 (f) Processing.--The Governor, the Auditor General and the
29 State Treasurer shall proceed to have the necessary bonds
30 prepared and printed. The bonds, as soon as they are prepared

1 and printed, shall be deposited with the authorized loan and
2 transfer agent of the Commonwealth and shall remain there until
3 sold under section 8333 (relating to sale of bonds).

4 § 8333. Sale of bonds.

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

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

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

23 § 8334. Refunding bonds.

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

1 maturity or at a call date. Refunding bonds may be issued by the
2 Governor, Auditor General and State Treasurer to refund bonds
3 previously issued under this section for refunding purposes.
4 Sections 8331 (relating to authority to borrow), 8332 (relating
5 to bonds) and 8333 (relating to sale of bonds) shall apply to
6 bonds under this section.

7 § 8335. Registration of bonds.

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

17 § 8336. Proceeds.

18 The proceeds realized from the sale of bonds under section
19 8332(a) (relating to bonds) shall be paid into the fund. The
20 money shall be paid by the State Treasurer into the fund.

21 § 8337. Police Agency and EMS Organization Loan Sinking Fund.

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

25 (b) Source.--

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

1 (2) The General Assembly shall appropriate the amount of
2 money necessary to meet repayment obligations under paragraph
3 (1) for deposit into the Police Agency and EMS Organization
4 Loan Sinking Fund.

5 § 8338. Referendum.

6 (a) Question.--

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

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

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

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

29 (c) Election.--The election shall be conducted in accordance
30 with the act of June 3, 1937 (P.L.1333, No.320), known as the

1 Pennsylvania Election Code, except that the time limits for
2 advertisement of notice of the election may be waived as to the
3 question.

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

8 SUBCHAPTER E

9 MISCELLANEOUS PROVISIONS

10 Sec.

11 8341. Repeals.

12 § 8341. Repeals.

13 All acts and parts of acts are repealed insofar as they are
14 inconsistent with this chapter.

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

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

18 (2) This section shall take effect immediately.

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