

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

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**HOUSE BILL****No. 708** Session of  
2007

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INTRODUCED BY YUDICHAK, KOTIK, DePASQUALE, CARROLL, BENNINGHOFF,  
BIANCUCCI, CALTAGIRONE, CAPPELLI, COHEN, CREIGHTON, GEIST,  
GIBBONS, GOODMAN, GRUCELA, KULA, LEVDANSKY, MACKERETH,  
McILHATTAN, R. MILLER, MUNDY, O'NEILL, PETRARCA, PETRONE,  
RUBLEY, SAMUELSON, SANTONI, SCAVELLO, SOLOBAY, SURRA, WALKO,  
YOUNGBLOOD, SWANGER, FREEMAN, FABRIZIO, K. SMITH, HENNESSEY,  
SIPTROTH, COSTA, HARPER, KORTZ AND BEAR, MARCH 9, 2007

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SENATOR REGOLA, LOCAL GOVERNMENT, IN SENATE, AS AMENDED,  
SEPTEMBER 18, 2008

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## AN ACT

1 Amending the act of April 9, 1929 (P.L.343, No.176), entitled,  
2 as amended, "An act relating to the finances of the State  
3 government; providing for the settlement, assessment,  
4 collection, and lien of taxes, bonus, and all other accounts  
5 due the Commonwealth, the collection and recovery of fees and  
6 other money or property due or belonging to the Commonwealth,  
7 or any agency thereof, including escheated property and the  
8 proceeds of its sale, the custody and disbursement or other  
9 disposition of funds and securities belonging to or in the  
10 possession of the Commonwealth, and the settlement of claims  
11 against the Commonwealth, the resettlement of accounts and  
12 appeals to the courts, refunds of moneys erroneously paid to  
13 the Commonwealth, auditing the accounts of the Commonwealth  
14 and all agencies thereof, of all public officers collecting  
15 moneys payable to the Commonwealth, or any agency thereof,  
16 and all receipts of appropriations from the Commonwealth,  
17 authorizing the Commonwealth to issue tax anticipation notes  
18 to defray current expenses, implementing the provisions of  
19 section 7(a) of Article VIII of the Constitution of  
20 Pennsylvania authorizing and restricting the incurring of  
21 certain debt and imposing penalties; affecting every  
22 department, board, commission, and officer of the State  
23 government, every political subdivision of the State, and  
24 certain officers of such subdivisions, every person,  
25 association, and corporation required to pay, assess, or  
26 collect taxes, or to make returns or reports under the laws  
27 imposing taxes for State purposes, or to pay license fees or

1 other moneys to the Commonwealth, or any agency thereof,  
2 every State depository and every debtor or creditor of the  
3 Commonwealth," further providing, IN LOCAL GOVERNMENT CAPITAL <—  
4 PROJECT LOAN FUND PROVISIONS, FOR ASSISTANCE TO  
5 MUNICIPALITIES AND for ranking of local government capital  
6 project loan applications.

7 The General Assembly of the Commonwealth of Pennsylvania  
8 hereby enacts as follows:

9 ~~Section 1. Section 1606-D of the act of April 9, 1929 <—~~  
10 ~~(P.L.343, No.176), known as The Fiscal Code, added October 6,~~  
11 ~~1997 (P.L.387, No.46), is amended to read:~~

12 SECTION 1. SECTION 1603-D OF THE ACT OF APRIL 9, 1929 <—  
13 (P.L.343, NO.176), KNOWN AS THE FISCAL CODE, AMENDED OR ADDED  
14 OCTOBER 6, 1997 (P.L.387, NO.46) AND JULY 5, 2006 (P.L.296,  
15 NO.66), IS AMENDED TO READ:

16 SECTION 1603-D. ASSISTANCE TO MUNICIPALITIES.--(A) THE  
17 DEPARTMENT IS HEREBY AUTHORIZED, UPON APPLICATION OF A  
18 MUNICIPALITY, TO MAKE LOANS TO THE MUNICIPALITY FOR THE  
19 FOLLOWING PURPOSES AND IN THE FOLLOWING AMOUNTS:

20 1. PURCHASING EQUIPMENT. THE AMOUNT OF A LOAN MADE FOR  
21 PURCHASING EQUIPMENT SHALL NOT EXCEED [TWENTY-FIVE THOUSAND  
22 DOLLARS (\$25,000)] FIFTY THOUSAND DOLLARS (\$50,000) FOR ANY  
23 SINGLE PIECE OF EQUIPMENT OR FIFTY PER CENTUM OF THE TOTAL COST  
24 OF THE PIECE OF EQUIPMENT, WHICHEVER IS LESS.

25 2. PURCHASING, CONSTRUCTING, RENOVATING OR REHABILITATING  
26 FACILITIES. THE AMOUNT OF A LOAN MADE FOR PURCHASING,  
27 CONSTRUCTING, RENOVATING OR REHABILITATING FACILITIES SHALL NOT  
28 EXCEED [FIFTY THOUSAND DOLLARS (\$50,000)] ONE HUNDRED THOUSAND  
29 DOLLARS (\$100,000) FOR ANY SINGLE FACILITY OR FIFTY PER CENTUM  
30 OF THE TOTAL COST FOR PURCHASING, CONSTRUCTING, RENOVATING OR  
31 REHABILITATING THE FACILITY, WHICHEVER IS LESS.

32 [3. TEMPORARY INCREASE IN LOAN LIMITS. FOR THE FISCAL YEAR

1 COMMENCING JULY 1, 2006, LOANS ISSUED PURSUANT TO PARAGRAPH 1  
2 SHALL NOT EXCEED FIFTY THOUSAND DOLLARS (\$50,000) AND ISSUED  
3 PURSUANT TO PARAGRAPH 2 SHALL NOT EXCEED ONE HUNDRED THOUSAND  
4 DOLLARS (\$100,000).]

5 (B) LOANS MADE BY THE DEPARTMENT FOR THE PURCHASE OF  
6 EQUIPMENT SHALL BE FOR A PERIOD NOT TO EXCEED THE USEFUL LIFE OF  
7 THE EQUIPMENT AND LOANS MADE FOR THE PURCHASE, CONSTRUCTION,  
8 RENOVATION OR REHABILITATION OF FACILITIES SHALL BE FOR A PERIOD  
9 OF NOT MORE THAN [TEN] FIFTEEN YEARS. LOANS SHALL BE SUBJECT TO  
10 THE PAYMENT OF INTEREST AT TWO PER CENTUM PER ANNUM AND SHALL BE  
11 SUBJECT TO SUCH SECURITY AS SHALL BE DETERMINED BY THE  
12 DEPARTMENT. THE TOTAL AMOUNT OF INTEREST EARNED BY THE  
13 INVESTMENT OR REINVESTMENT OF ALL OR ANY PART OF THE PRINCIPAL  
14 OF ANY LOAN SHALL BE RETURNED TO THE DEPARTMENT AND TRANSFERRED  
15 TO THE FUND AND SHALL NOT BE CREDITED AS PAYMENT OF PRINCIPAL OR  
16 INTEREST ON THE LOAN. THE MINIMUM AMOUNT OF ANY LOAN SHALL BE  
17 ONE THOUSAND DOLLARS (\$1,000). THE MUNICIPALITY SHALL COMPLY  
18 WITH THE APPROVAL REQUIREMENTS OF 53 PA.C.S. CH. 80 SUBCH. C  
19 (RELATING TO PROCEDURE FOR SECURING APPROVAL OF ELECTORS).

20 (C) EVERY APPLICATION FOR A LOAN UNDER THIS ARTICLE SHALL BE  
21 ACCOMPANIED BY A FINANCIAL STATEMENT OF THE MUNICIPALITY AND A  
22 FINANCIAL PLAN TO SHOW HOW THE LOAN WILL BE REPAID. EVERY  
23 APPLICATION SHALL BE ACCOMPANIED BY EVIDENCE SUFFICIENT TO SHOW  
24 THAT ALL COSTS, EXCEPT THE AMOUNT OF THE LOAN, WILL BE MET BY  
25 ASSETS OR REVENUES OF THE MUNICIPALITY, GRANTS OR LOANS FROM  
26 OTHER SOURCES OR IN-KIND CONTRIBUTIONS OR SERVICES.

27 (D) LOANS UNDER THIS ARTICLE SHALL BE USED FOR PURCHASING  
28 EQUIPMENT AND FOR PURCHASING, CONSTRUCTING, RENOVATING OR  
29 REHABILITATING FACILITIES AND SHALL NOT BE USED FOR OPERATING  
30 EXPENSES OR FOR THE REFINANCING OR REDUCTION OF ANY DEBT OR

1 OBLIGATION INCURRED PRIOR TO THE EFFECTIVE DATE OF THIS ARTICLE.

2 (E) LOANS MADE BY THE DEPARTMENT SHALL BE PAID FROM THE FUND  
3 TO MUNICIPALITIES IN ACCORDANCE WITH RULES AND REGULATIONS  
4 PROMULGATED BY THE DEPARTMENT.

5 (F) ALL PAYMENTS OF INTEREST ON LOANS AND THE PRINCIPAL  
6 THEREOF SHALL BE DEPOSITED BY THE DEPARTMENT IN THE FUND.

7 SECTION 2. SECTION 1606-D OF THE ACT, ADDED OCTOBER 6, 1997  
8 (P.L.387, NO.46), IS AMENDED TO READ:

9 Section 1606-D. Ranking of Applications.--Whenever the  
10 department determines that there will not be enough money in the  
11 fund to make loans to all of the municipalities expected to  
12 submit eligible applications during an application period, the  
13 department shall rank the applications in order of priority to  
14 determine which loans shall be made first. A system of ranking  
15 shall be established for the purposes of this section by  
16 regulation and shall provide for consideration of factors such  
17 as whether the municipality has previously received a loan  
18 pursuant to this act; the financial condition of the  
19 municipality; and the impact of the purchase of equipment or the  
20 purchase, construction, renovation or rehabilitation of  
21 facilities on the health, safety or welfare of the residents of  
22 the municipality. The department shall MAY give priority to <—  
23 projects that promote municipal cooperation.

24 Section 2 3. This act shall take effect in 60 days. <—