

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1969 Session of
2007

INTRODUCED BY GEORGE, BELFANTI, BENNINGTON, BIANCUCCI, BRENNAN,
DeWEESE, GIBBONS, GOODMAN, GRUCELA, HARHAI, HARPER, HORNAMAN,
KOTIK, LEVDANSKY, MARKOSEK, MILLARD, MOYER, PETRARCA, PYLE,
READSHAW, RUBLEY, SIPTROTH, K. SMITH, SURRA, WALKO, YUDICHAK
AND FABRIZIO, OCTOBER 25, 2007

REFERRED TO COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY,
OCTOBER 25, 2007

AN ACT

1 Amending the act of March 1, 1988 (P.L.82, No.16), entitled "An
2 act providing for the establishment, implementation and
3 administration of the Pennsylvania Infrastructure Investment
4 Authority; imposing powers and duties on a board of trustees;
5 transferring the rights, powers, duties and obligations of
6 the Water Facilities Loan Board to the Pennsylvania
7 Infrastructure Investment Authority; providing for the
8 issuance of notes and bonds; providing for financial
9 assistance and for a comprehensive water facilities plan;
10 authorizing a referendum to incur indebtedness; making an
11 appropriation; and making repeals," further providing for
12 financial assistance and for comprehensive water facilities
13 plan.

14 The General Assembly of the Commonwealth of Pennsylvania
15 hereby enacts as follows:

16 Section 1. Section 10(a), (e) and (f) of the act of March 1,
17 1988 (P.L.82, No.16), known as the Pennsylvania Infrastructure
18 Investment Authority Act, amended December 16, 1992 (P.L.1137,
19 No.149), are amended to read:

20 Section 10. Financial assistance.

21 (a) Criteria for obtaining assistance.--In reviewing

1 applications for financial assistance, the authority shall
2 consider:

3 (1) Whether the project will improve the health, safety,
4 welfare or economic well-being of the people of this
5 Commonwealth.

6 (2) Whether the proposed project will lead to an
7 effective or complete solution to the problems experienced
8 with the water management and control supply, sewage
9 treatment or storm water system to be aided, including
10 compliance with State and Federal laws, regulations or
11 standards.

12 (3) The cost-effectiveness of the proposed project in
13 comparison with other alternatives, including other
14 institutional, financial and physical alternatives.

15 (4) The consistency of the proposed project with other
16 State and regional resource management and economic
17 development plans.

18 (5) Whether the applicant has demonstrated its ability
19 to operate and maintain the project in a proper manner.

20 (6) Whether the project encourages consolidation of
21 water or sewer systems, where such consolidation would enable
22 the customers of the systems to be more effectively and
23 efficiently served.

24 (7) The availability of other sources of funds at
25 reasonable rates to finance all or a portion of the project
26 and the need for authority assistance to finance the project
27 or to attract the other sources of funding.

28 (8) The full scope of the proposed project's system,
29 including private lateral lines.

30 * * *

1 (e) Grants.--Grants shall be made only when the board, in
2 its sole discretion, determines that the financial condition of
3 the recipient is such that repayment of a loan is unlikely and
4 that the recipient will not be able to proceed with the project
5 without a grant. In considering grant applications, the
6 authority may recommend, either before or after the
7 determination of the board, that the recipient pursue other
8 State grant programs, including, but not limited to, the Site
9 Development program, the Federal Small Communities Block Grant
10 program and the Federal Urban Development Action Grant program.
11 Should the board determine that a grant is necessary from the
12 authority, the board shall attempt to mix the grant funds with
13 loan funds, if financially possible. Grant funds may be utilized
14 for private lateral lines if an agreement exists between the
15 following:

16 (1) The municipality or municipal authority.

17 (2) The authority.

18 (3) The property owner.

19 (f) Loans.--Subject to any agreements with the holders of
20 bonds, the board shall have the power to set terms applicable to
21 loans in any manner it deems appropriate, subject to the
22 provisions of this subsection. The board may consider such
23 factors as it deems relevant, including current market interest
24 rates, the financial and economic distress of the area which the
25 project serves, and the necessity to maintain the authority
26 funds in a financially sound manner. Loans may be made based on
27 the ability to repay the loan from future revenue to be derived
28 from the project, by a mortgage or other property lien, or on
29 any other fiscal matters which the authority deems appropriate.
30 The board shall have the power to defer principal on loans for

up to five years. In the event of a default on the repayment of a loan, the board may apply to the court of common pleas of the county where the project is located for the appointment of a receiver to assume operation and supervision of the facility under the supervision of the court. The minimum rate of interest to be paid on any loan made pursuant to this act shall be 1%.

The maximum rate of interest shall not exceed the following:

(1) For projects in counties whose unemployment rate exceeds the Statewide unemployment rate by 40% or more, 1% for the first five years and 25% of the bond issue rate for the remainder of the loan.

(2) For projects in counties whose unemployment rate exceeds the Statewide unemployment rate, but exceeds it by less than 40%, 30% of the bond issue rate for the first five years and 60% of the bond issue rate for the remainder of the loan.

(3) For all other projects, 60% of the bond issue rate for the first five years and 75% of the bond issue rate for the remainder of the loan.

(4) For projects located within municipalities for which unemployment rates exist which would qualify the project for lower interest rates than if the relevant county unemployment rate were used, the unemployment rate of that municipality may be used in determining the interest rate on the loan.

For purposes of this subsection, the phrase "unemployment rate of the county" shall mean the average unemployment rate for the county in the most recent calendar year for which data has been finalized. For the projects which serve multiple counties, the highest unemployment rate of the counties involved shall be used. The unemployment data utilized shall be data reported by

1 the Department of Labor and Industry. For purposes of this
2 subsection, the phrase "bond interest rate" shall be the rate of
3 interest paid by the Commonwealth immediately preceding the date
4 of the loan for the bonds issued under sections 16 and 17. Loan
5 funds may be utilized for private lateral lines if an agreement
6 exists between the following:

7 (1) The municipality or municipal authority.

8 (2) The authority.

9 (3) The property owner.

10 * * *

11 Section 2. Section 11 of the act is amended to read:

12 Section 11. Comprehensive water facilities plan.

13 Not later than December 31, 1990, the department shall submit
14 to the authority a comprehensive plan for wastewater disposal
15 and piped drinking water facilities in this Commonwealth. In
16 preparing the plan, the department shall consult with county
17 commissioners, multicounty planning agencies and other
18 applicable local officials and agencies. The plan should
19 include, but not be limited to:

20 (1) An inventory of the existing facilities located
21 within this Commonwealth, including, but not limited to,
22 identification of the type, capacity, location, current
23 condition and year constructed.

24 (2) An inventory of drinking water and sewage
25 construction needs, including main and lateral lines.

26 (3) Identification of the major issues and problems that
27 the Commonwealth must deal with in order to address its water
28 infrastructure needs, including financial as well as
29 nonfinancial issues.

30 (4) Recommendations for programs to encourage the

1 construction of drinking water and sewage treatment
2 facilities. This may include innovative financing mechanisms,
3 alternative technology and ownership structures, and
4 technical assistance.

5 (5) Identification of emerging issues, trends and
6 problems that might affect these facilities.

7 The plan shall be updated at least every five years. The board
8 shall consider the plan as a guide when evaluating applications
9 considered for approval after the completion of the plan.

10 Section 3. This act shall take effect in 60 days.