
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 493 Session of
2013

INTRODUCED BY GABLER, STERN, KNOWLES, STEPHENS, RAPP, LAWRENCE,
CUTLER, KAUFFMAN, DUNBAR, EVERETT, TURZAI, BLOOM, GROVE AND
MILLARD, FEBRUARY 4, 2013

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 4, 2013

AN ACT

1 Amending the act of February 9, 1999 (P.L.1, No.1), entitled "An
2 act providing for borrowing for capital facilities;
3 conferring powers and duties on various administrative
4 agencies and officers; making appropriations; and making
5 repeals," in capital facilities, further providing for
6 definitions, for legislative procedures, for reports related
7 to redevelopment assistance capital projects and for
8 appropriations and limitations on projects; providing for
9 review of proposals; and further providing for funding and
10 administration of projects.

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

13 Section 1. The definitions of "capital project" and
14 "redevelopment assistance capital project" in section 302 of the
15 act of February 9, 1999 (P.L.1, No.1), known as the Capital
16 Facilities Debt Enabling Act, amended July 4, 2004 (P.L.516,
17 No.67) and December 22, 2005 (P.L.454, No.87), are amended and
18 the section is amended by adding definitions to read:

19 Section 302. Definitions.

20 The following words and phrases when used in this chapter
21 shall have the meanings given to them in this section unless the

1 context clearly indicates otherwise:

2 * * *

3 "Applicant." A person that is seeking funding for a
4 redevelopment assistance capital project that has been listed in
5 a capital project itemization bill and that is one of the
6 following:

7 (1) A redevelopment authority.

8 (2) An industrial development authority.

9 (3) A general purpose unit of local government.

10 (4) A local development district that has an agreement
11 with a general purpose unit of local government under which
12 the unit assumes ultimate responsibility for debt incurred to
13 obtain the non-State financial participation.

14 (5) A public authority established pursuant to the laws
15 of this Commonwealth.

16 (6) An industrial development agency:

17 (i) which has been certified as an industrial
18 development agency by the Pennsylvania Industrial
19 Development Authority Board under the act of May 17, 1956
20 (1955 P.L.1609, No.537), known as the Pennsylvania
21 Industrial Development Authority Act; and

22 (ii) which is itself or which is acting through a
23 wholly owned subsidiary that is exempt from Federal
24 taxation under section 501(c)(3) of the Internal Revenue
25 Code of 1986 (Public Law 99-514, 26 U.S.C. § 501(c)(3)).

26 "Capital project." A flood control, highway, public
27 improvement, redevelopment assistance capital or transportation
28 assistance project which is financed by debt or by other funds
29 and which meets all of the following:

30 (1) Is an undertaking to construct, repair, renovate,

1 improve, equip, furnish or acquire any:

2 (i) building, structure, facility, infrastructure or
3 physical public betterment or improvement;

4 (ii) land or rights in land; or

5 (iii) furnishings, machinery, apparatus or equipment
6 for a building, structure, facility or physical public
7 betterment or improvement.

8 (2) Is designated in a [capital budget] capital project
9 itemization bill as a capital project.

10 (3) Has an estimated useful life in excess of five
11 years.

12 (4) Has an estimated financial cost in excess of
13 \$100,000. This paragraph does not apply to original equipment
14 or furnishings for previously authorized public improvement
15 projects.

16 [Capital projects are categorized as flood control projects,
17 highway projects, public improvement projects, redevelopment
18 assistance capital projects and transportation assistance
19 projects.]

20 * * *

21 "Office." The Governor's Office of the Budget.

22 * * *

23 "Redevelopment assistance capital project." The design and
24 construction of [facilities] a project which [meet] meets all of
25 the following:

26 (1) [Are facilities, other than] Is a project, including
27 infrastructure associated with the project. A project does
28 not include highways, bridges, waste disposal facilities,
29 sewage facilities or water facilities. This paragraph
30 includes:

1 (i) [Water] Storm water, water or sewer
2 infrastructure, or tunnels, bridges or roads, when
3 [included as part of a business or industrial park
4 facility] associated with a project that is part of an
5 economic development project.

6 (ii) Hospital facilities and capital improvements
7 for hospital facilities.

8 (2) [Are economic development projects which] Is a
9 project which will generate substantial increases in or
10 maintain current levels of employment, tax revenues or other
11 measures of economic activity. This paragraph includes
12 projects with cultural, historical or civic significance.

13 (3) [Are facilities which have] Is a project that has a
14 regional or multijurisdictional impact.

15 (4) [Are] Is eligible for tax-exempt bond funding under
16 existing Federal law and regulations.

17 (5) [Have a] Has at least a 50% non-State financial
18 participation documented at the time of application,
19 including a portion of any funds reserved for future physical
20 maintenance and operation of the [facilities] project:

21 (i) at least half of which is secured funding;

22 (ii) toward which the only noncash non-State
23 financial participation permitted is land or fixed assets
24 which have a substantial useful life and are directly
25 related to the project;

26 (iii) toward which State funds from other programs
27 may not be used; and

28 (iv) toward which funds from Federal sources may be
29 used.

30 (6) [Have] Has a total project cost of at least

1 \$1,000,000.

2 (7) [Applicants shall be one of the following:

3 (i) A redevelopment authority.

4 (ii) An industrial development authority.

5 (iii) A general purpose unit of local government.

6 (iv) A local development district which has an
7 agreement with a general purpose unit of local government
8 under which the unit assumes ultimate responsibility for
9 debt incurred to obtain the 50% non-State participation
10 required by paragraph (5).

11 (v) Any public authority established pursuant to the
12 laws of this Commonwealth.

13 (vi) An industrial development agency which has been
14 certified as an industrial development agency by the
15 Pennsylvania Industrial Development Authority Board
16 pursuant to the act of May 17, 1956 (1955 P.L.1609,
17 No.537), known as the Pennsylvania Industrial Development
18 Authority Act, and which is itself or which is acting
19 through a wholly owned subsidiary which is exempt from
20 Federal taxation under section 501(c)(3) of the Internal
21 Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et
22 seq.).

23 The term also includes a fire truck and firefighting equipment
24 to the extent that the request for assistance does not exceed
25 \$50,000.] (Reserved).

26 * * *

27 "Secretary." The Secretary of the Budget.

28 * * *

29 Section 2. Sections 303 and 313.1 of the act, amended or
30 added December 22, 2005 (P.L.454, No.87), are amended to read:

1 Section 303. Procedures for capital [budget] project
2 itemization bill and debt-authorizing legislation.

3 (a) Legislative process.--A capital budget prepared in
4 accordance with this chapter shall be submitted for each fiscal
5 year by the Governor to the General Assembly and shall be
6 considered in the form of a bill as provided in Article III of
7 the Constitution of Pennsylvania.

8 (b) Itemization bill.--

9 [(1) Except as set forth in paragraph (2), the capital
10 budget bill must specifically itemize, by brief identifying
11 description and estimated financial cost, the capital
12 projects to be financed from the proceeds of obligations of
13 the Commonwealth.

14 (2) Paragraph (1) does not apply if the itemization is:

15 (i) contained in or approved by prior legislation
16 referred to in the capital budget bill; or

17 (ii) included in one or more supplemental capital
18 budget bills.

19 (3) Projects must be listed in separate categories as
20 well as according to the fund to be charged with the
21 repayment of the obligations to be incurred.

22 (4) The capital budget bill must state the maximum
23 amount of such obligations which may be incurred in the
24 ensuing fiscal year to provide funds for and towards the
25 financial costs of each category of capital projects, which
26 shall be by the issue of general obligations of the
27 Commonwealth.]

28 No redevelopment assistance capital project may receive funds
29 unless the project was itemized in a capital budget project
30 itemization bill, a capital budget bill or a capital project

1 itemization bill enacted within ten years of the date the
2 project is approved under section 318 or the project has been
3 approved by the secretary on or before December 31, 2012. Each
4 capital project must be listed under its category and include
5 all of the following:

6 (1) A specific description of the capital project,
7 including the municipality in which the capital project is
8 located.

9 (2) Estimated financial cost of the capital project.

10 (3) The fund to be charged with the repayment of the
11 obligation to be incurred.

12 [(c) Timing.--Each year the Governor shall submit a capital
13 budget bill for the ensuing fiscal year.]

14 (d) [Additional bills] Debt authorization bill.--At the time
15 the Governor submits the [capital budget or a supplement]
16 General Appropriation Bill for a fiscal year, the Governor
17 shall, to the extent the debt to be incurred is not within the
18 limits of legislation then in force authorizing the incurring of
19 debt, submit [additional bills for each category of capital
20 projects,] a capital budget bill authorizing the [incurring of
21 debt] maximum amount of general obligation debt to be incurred
22 in the ensuing fiscal year to provide funds for and towards the
23 payment of the financial costs of capital projects in [such]
24 each category of capital projects which have been specifically
25 itemized in a [capital budget for the same or any prior year]
26 capital project itemization bill.

27 (e) Categories.--Each [debt-authorizing bill] capital budget
28 bill must do all of the following:

29 (1) State the category of capital projects to be
30 financed by the debt so authorized but need not enumerate the

1 capital projects to be financed.

2 (2) Authorize the incurring of debt in not less than the
3 amount of the financial cost of all capital projects in such
4 category not covered by a previous debt authorization,
5 including any overall allowance for contingencies.

6 (3) State the estimated useful lives of the capital
7 projects to be financed in such detail as may be requisite if
8 capital projects of varying useful lives are to be combined
9 for financing purposes.

10 (4) State the maximum term of the debt to be incurred.

11 Section 313.1. Reports related to redevelopment assistance
12 capital projects.

13 The Secretary of the Budget shall, within ten days of the
14 expiration of each quarter of each fiscal year, provide to the
15 chairman and minority chairman of the Appropriations Committee
16 of the Senate and the chairman and minority chairman of the
17 Appropriations Committee of the House of Representatives a
18 report relating to redevelopment assistance capital projects
19 which addresses at least all of the following materials:

20 (1) An itemized list of the redevelopment assistance
21 capital projects approved [for release and construction] in
22 the preceding quarter.

23 (2) An estimate of the amount of funds remaining under
24 the cap provided in section 317(b).

25 (3) An estimate of the total amount of outstanding debt
26 related to redevelopment assistance capital projects.

27 (4) An estimate of the amount of outstanding debt
28 related to redevelopment assistance capital projects which
29 will be paid [or refinanced] in the succeeding four quarters.

30 Section 3. Section 317 of the act, amended July 7, 2010

1 (P.L.335, No.48), is amended to read:

2 Section 317. Appropriation for and limitation on redevelopment
3 assistance capital projects.

4 (a) Appropriation.--The amount necessary to pay principal of
5 and interest on all obligations issued to provide funds for
6 redevelopment assistance capital projects shall be appropriated
7 from the General Fund and shall be transferred to the Capital
8 Debt Fund upon authorization by the Governor.

9 (b) Limitation.--The maximum amount of redevelopment
10 assistance capital projects undertaken by the Commonwealth for
11 which obligations are outstanding shall not exceed, in
12 aggregate, [\$4,050,000,000.] \$3,450,000,000.

13 (c) Housing units.--An amount not to exceed \$25,000,000 of
14 the amount under subsection (b) may be used for the construction
15 of housing units.

16 Section 4. Section 318 of the act, amended July 4, 2004
17 (P.L.516, No.67), is amended to read:

18 Section 318. [Funding and administration] Administration of
19 redevelopment assistance capital projects.

20 (a) [Officers.--The Secretary of the Budget shall review and
21 shall approve or disapprove applications for redevelopment
22 assistance capital projects.] (Reserved).

23 (a.1) Application.--An applicant shall submit an application
24 to the office consistent with the timeline established by the
25 office requesting a grant for a redevelopment assistance capital
26 project. The proposal must be on the form required by the office
27 and must include or demonstrate all of the following:

28 (1) The applicant's name and address.

29 (2) The location of the project.

30 (3) An estimate of the cost of the project, prepared by

1 an engineer or other qualified professional.

2 (4) A statement of the amount of the project grant
3 sought, including a statement as to the financial necessity
4 for the project grant.

5 (5) Any other information required by the office.

6 (a.2) Review and approval.--The office shall review the
7 application to determine if all the requirements have been met.
8 Upon being satisfied that all requirements have been met and
9 after allowing for a 30-day public comment period, the secretary
10 may approve the application, and, if approved, the office shall
11 notify:

12 (1) The applicant.

13 (2) The President pro tempore of the Senate.

14 (3) The Majority Leader of the Senate.

15 (4) The Minority Leader of the Senate.

16 (5) The chairman and minority chairman of the
17 Appropriations Committee of the Senate.

18 (6) The Speaker of the House of Representatives.

19 (7) The Majority Leader of the House of Representatives.

20 (8) The Minority Leader of the House of Representatives.

21 (9) The chairman and minority chairman of the
22 Appropriations Committee of the House of Representatives.

23 (10) The State Senator and the State Representative of
24 the district where the redevelopment assistance capital
25 project is located.

26 (a.3) Acceptance and grant agreement.--Within 30 days of
27 receiving notification of approval under subsection (a.2), an
28 applicant shall notify the office if the applicant accepts the
29 grant. If the applicant notifies the office that it intends to
30 accept the grant, the office shall forward to the applicant a

1 grant agreement to be executed by the applicant. The grant
2 agreement and any attachments thereto shall include the
3 following:

4 (1) The name and address of who will administer the
5 grant.

6 (2) A statement and proof of local funding.

7 (3) An itemized statement of cost associated with the
8 project.

9 (4) A contract obligating the applicant to use the grant
10 for the project.

11 (5) A request for any other information the office may
12 require.

13 (a.4) Execution.--The applicant shall return the information
14 requested and the executed contract within the timelines
15 established by the office. If the applicant fails to return the
16 executed contract within the timelines established by the office
17 or 180 days of notification under subsection (a.2), whichever is
18 less, no contract may be executed by the office for the grant.

19 (b) Time period.--State funding for approved redevelopment
20 assistance capital projects shall be paid over not less than a
21 36-month period unless the [Secretary of the Budget] secretary
22 authorizes a shorter period.

23 (c) Costs.--Land acquisition is a permissible State-funded
24 expenditure if the acquisition cost is supported by an appraisal
25 done by a certified appraiser.

26 (e) Verification.--Redevelopment assistance capital project
27 cost estimates must be verified by the [Office of the Budget]
28 office or its designated agent before final approval is given to
29 a project application. Cost estimates include total project
30 cost, projected use for State and non-State funds and a year-by-

1 year schedule of costs for the entire project construction
2 phase.

3 (f) Bids.--Notwithstanding any other provision of law, the
4 solicitation of a minimum of three written bids for all
5 contracted construction work on redevelopment assistance capital
6 projects shall be the sole requirement for the composition,
7 solicitation, opening and award of bids on such projects.
8 Notwithstanding the foregoing, the construction work shall be
9 performed subject to the act of March 3, 1978 (P.L.6, No.3),
10 known as the Steel Products Procurement Act.

11 (g) Review and audit.--Redevelopment assistance capital
12 projects shall be reviewed at regular intervals by the [Office
13 of the Budget] office or its designated agent during the funding
14 phase to ensure financial and program compliance. A final
15 closeout audit shall be performed by the [Office of the Budget]
16 office or its designated agent for all projects.

17 (h) Fee.--To pay for administrative expenses related to
18 redevelopment assistance capital projects funded by Commonwealth
19 general obligation bonds, the [Office of the Budget] office may
20 charge a fee against proceeds from bonds and notes which were
21 sold to finance construction or acquisition costs of projects.

22 (i) Grant administration.--In the event any applicant does
23 not administer the grant, the applicant shall enter into a
24 cooperation agreement with the entity administering the grant,
25 which agreement shall be subject to the approval of the [Office
26 of the Budget] office.

27 (j) Guidelines.--Within 60 days of the effective date of
28 this subsection, the office shall establish guidelines
29 concerning the administration of and approval process for
30 redevelopment assistance capital projects. The guidelines shall,

1 at a minimum, establish application timelines, application
2 content and the review, evaluation and award criteria and
3 process. The guidelines must be posted on the Internet website
4 of the office.

5 (k) Disclosure.--Upon a redevelopment assistance capital
6 project being approved, the office shall post on its Internet
7 website the date of approval of the project, the name of the
8 applicant, a short description of the project, the location of
9 the project, including the municipality in which it is located,
10 and the amount of the project grant approved for the project.

11 Section 5. The amendment of the definition of "redevelopment
12 assistance capital project" in section 302 of the act shall
13 apply to capital projects that have not been approved by the
14 Secretary of the Budget on or before December 31, 2012.

15 Section 6. This act shall take effect immediately.