

---

---

THE GENERAL ASSEMBLY OF PENNSYLVANIA

---

HOUSE BILL

No. 1644 Session of  
2015

---

INTRODUCED BY LAWRENCE, R. BROWN, GABLER, GILLEN, IRVIN,  
MENTZER, MILLARD, B. MILLER, STEPHENS, TOPPER AND TRUITT,  
OCTOBER 19, 2015

---

REFERRED TO COMMITTEE ON FINANCE, OCTOBER 19, 2015

---

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 bonds,  
6 issue of bonds and notes, maturity and interest.

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

9 Section 1. Section 307(c) of the act of February 9, 1999  
10 (P.L.1, No.1), known as the Capital Facilities Debt Enabling  
11 Act, amended July 4, 2004 (P.L.516, No.67), is amended to read:  
12 Section 307. Bonds, issue of bonds and notes, maturity,  
13 interest.

14 \* \* \*

15 (c) Terms and conditions.--

16 (1) Except as set forth in subsection (a) or (b), the  
17 terms and conditions of issue, redemption and maturity and  
18 time of payment of interest shall be as the issuing officials  
19 shall specify. Bonds of any series shall mature within a

1 period not to exceed the estimated useful lives of the  
2 capital projects as stated in the debt-authorizing act but  
3 not later than 30 years from the date of issuance.

4 (2) The issuing officials shall provide for the  
5 amortization of the bonds in substantial and regular amounts  
6 over the term of the debt, but the first retirement of  
7 principal shall be stated to mature prior to the expiration  
8 of a period of time equal to one-tenth of the time from the  
9 date of the first obligation issued to evidence the debt to  
10 the date of the expiration of the term of the debt.

11 (3) [Retirements] (i) Except as provided in  
12 subparagraph (ii), retirements of principal shall be  
13 regular and substantial if made in annual or semiannual  
14 amounts whether by stated serial maturities or by  
15 mandatory sinking fund retirements computed in accordance  
16 with [either a level annual debt service plan as nearly  
17 as may be or upon] the equal annual maturities plan.

18 (ii) Retirements of principal for funding bonds  
19 authorized under section 312 shall be regular and  
20 substantial if made in annual or semiannual amounts  
21 whether by stated serial maturities or by mandatory  
22 sinking fund retirements computed in accordance with  
23 either a level annual debt service plan as nearly as may  
24 be or upon the equal annual maturities plan.

25 (4) If debt is incurred in one issue of bonds to provide  
26 funds for and towards the financial cost of capital projects  
27 having estimated useful lives of varying length, the  
28 following shall apply:

29 (i) The aggregate of the financial costs shall be  
30 considered as the debt to be incurred for the purpose of

1 fixing the regular and substantial amounts of principal  
2 to be retired.

3 (ii) The term of the debt shall be to the end of the  
4 longest estimated useful life for the purpose of  
5 determining the first date for the retirement of  
6 principal. At the end of the estimated useful life of  
7 each project, the aggregate principal retirements  
8 required to be made at or before that date shall exceed:

9 (A) the aggregate financial cost of all capital  
10 projects having the same or shorter estimated useful  
11 lives; or

12 (B) if bonds are issued for less than the full  
13 financial cost of all projects being financed in the  
14 same category, a proportionate amount in each case.

15 [(4.1) The issuing officials may enter into agreements  
16 or contracts to insure or secure payment of principal,  
17 interest or the purchase price of bonds which, in the  
18 judgment of the issuing officials, will assist in managing  
19 the interest costs of the debt of the Commonwealth.]

20 (5) The issuing officials are authorized to carry out  
21 the provisions of this chapter relating to the issuance of  
22 bonds and shall determine all matters in connection with the  
23 issuance of bonds subject to the provisions hereof.

24 \* \* \*

25 Section 2. This act shall take effect in 60 days.