

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 83 Session of 2017

INTRODUCED BY LAWRENCE, TURZAI, COX, DUNBAR, GABLER, GILLEN, GROVE, MENTZER, MILLARD, B. MILLER, MURT, TOPPER, IRVIN AND SAYLOR, MARCH 7, 2017

AS REPORTED FROM COMMITTEE ON APPROPRIATIONS, HOUSE OF REPRESENTATIVES, AS AMENDED, DECEMBER 4, 2017

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 OCTOBER 30, 2017 (P.L.772, NO.45), is amended to <--
12 read:

13 Section 307. Bonds, issue of bonds and notes, maturity,
14 interest.

15 * * *

16 (c) Terms and conditions.--

17 (1) Except as set forth in subsection (a) or (b), the
18 terms and conditions of issue, redemption and maturity and
19 time of payment of interest shall be as the issuing officials

1 shall specify. Bonds of any series shall mature within a
2 period not to exceed the estimated useful lives of the
3 capital projects as stated in the debt-authorizing act but
4 not later than 30 years from the date of issuance.

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

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

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

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

30 (i) The aggregate of the financial costs shall be

1 considered as the debt to be incurred for the purpose of
2 fixing the regular and substantial amounts of principal
3 to be retired.

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

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

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

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

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

25 * * *

26 SECTION 2. THIS ACT SHALL APPLY TO BONDS ISSUED ON OR AFTER <--
27 JULY 1, 2018.

28 Section ~~2~~ 3. This act shall take effect ~~in 60 days~~ <--
29 IMMEDIATELY. <--