

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 785 Session of
2017

INTRODUCED BY SAYLOR, TURZAI AND MICCARELLI, MARCH 10, 2017

AMENDMENTS TO HOUSE AMENDMENTS, IN SENATE, OCTOBER 23, 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, interest and for
7 appropriation for and limitation on redevelopment assistance
8 capital projects; and providing for capital budgets.

9 The General Assembly of the Commonwealth of Pennsylvania

10 hereby enacts as follows:

11 ~~Section 1. Sections 307(c) and 317 of the act of February 9, <--~~
12 ~~1999 (P.L.1, No.1), known as the Capital Facilities Debt~~
13 ~~Enabling Act, are amended to read:~~

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

16 * * *

17 ~~(c) Terms and conditions.~~

18 ~~(1) Except as set forth in subsection (a) or (b), the~~
19 ~~terms and conditions of issue, redemption and maturity and~~
20 ~~time of payment of interest shall be as the issuing officials~~
21 ~~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 SECTION 1. SECTION 307(C) (4.1) OF THE ACT OF FEBRUARY 9, <--
16 1999 (P.L.1, NO.1), KNOWN AS THE CAPITAL FACILITIES DEBT
17 ENABLING ACT, IS REPEALED:

18 SECTION 307. BONDS, ISSUE OF BONDS AND NOTES, MATURITY,
19 INTEREST.

20 * * *

21 (C) TERMS AND CONDITIONS.--

22 * * *

23 [(4.1) The issuing officials may enter into agreements
24 or contracts to insure or secure payment of principal,
25 interest or the purchase price of bonds which, in the
26 judgment of the issuing officials, will assist in managing
27 the interest costs of the debt of the Commonwealth.]

28 ~~(5) The issuing officials are authorized to carry out~~ <--
29 ~~the provisions of this chapter relating to the issuance of~~
30 ~~bonds and shall determine all matters in connection with the~~

1 ~~issuance of bonds subject to the provisions hereof.~~

2 ~~* * *~~

3 * * *

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4 SECTION 2. SECTION 317(B) OF THE ACT IS AMENDED TO READ:

5 Section 317. Appropriation for and limitation on ~~redevelopment~~ <--

6 ~~assistance~~ capital projects. <--

7 ~~(a) Appropriation. The amount necessary to pay principal of~~ <--

8 ~~and interest on all obligations issued to provide funds for~~

9 ~~redevelopment assistance capital projects shall be appropriated~~

10 ~~from the General Fund and shall be transferred to the Capital~~

11 ~~Debt Fund upon authorization by the Governor.~~

12 * * *

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13 ~~(b) Limitation on redevelopment assistance capital projects~~ <--

14 ~~obligations~~.--The maximum amount of redevelopment assistance

15 capital projects undertaken by the Commonwealth for which

16 obligations are outstanding shall not exceed, in aggregate,

17 [~~\$3,450,000,000.~~] \$3,400,000,000. Beginning July 1, 2018, and

18 each July 1 thereafter until the sum of the outstanding

19 obligations for redevelopment assistance capital projects equals

20 \$3,200,000,000, the sum of the maximum amount of outstanding

21 obligations for redevelopment assistance projects shall be

22 decreased by \$50,000,000.

23 ~~(b.1) Limitation on additional capital project releases~~ <--

24 ~~financed by debt. In each fiscal year, the following~~

25 ~~limitations on releasing additional capital projects for funding~~

26 ~~authorizations financed by debt shall apply:~~

27 ~~(1) The maximum amount of additional public improvement~~

28 ~~projects released for funding by the Commonwealth in a fiscal~~

29 ~~year shall not exceed \$350,000,000.~~

30 ~~(2) The maximum amount of additional redevelopment~~

~~assistance capital projects released for funding by the Commonwealth in a fiscal year shall not exceed \$125,000,000.~~

~~(b.2) Carry forward.~~

~~(1) Subject to the limitations in paragraph (2), in a fiscal year in which the projects released for funding under subsection (b.1) is less than the amount authorized for release under subsection (b.1), the remaining amount may be carried forward and added to the following fiscal year limitation for projects released for funding under subsection (b.1).~~

~~(2) The amount carried forward under paragraph (1) may not exceed half of the total amount authorized to be released for funding in that project category for the previous fiscal year.~~

~~(c) Housing units. An amount not to exceed \$50,000,000 of the amount under subsection (b) may be used for the construction of housing units.~~

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Section 2 3. The act is amended by adding a chapter to read: <--

CHAPTER 6

CAPITAL BUDGETS

SUBCHAPTER A

SCOPE OF CHAPTER

Section 601. Scope of chapter.

This chapter applies to capital budgets for particular fiscal years.

SUBCHAPTER B

CAPITAL BUDGET ACT OF 2017-2018

Section 611. Short title.

This subchapter shall be known and may be cited as the

1 Capital Budget Act of 2017-2018.
2 Section 612. Overall limitations on debt to be incurred for
3 capital projects.

4 The maximum principal amount of additional debt to be
5 incurred during the 2017-2018 fiscal year and thereafter until
6 the enactment of the 2018-2019 capital budget specifying the
7 maximum debt for the 2018-2019 fiscal year for capital projects
8 specifically itemized in a capital budget pursuant to section
9 7(a)(4) of Article VIII of the Constitution of Pennsylvania and
10 the fund to be charged with the repayment of such debt shall,
11 with respect to each category of capital projects, be as
12 follows:

13 (1) Public Improvement

14 Projects:

15 (i) Buildings and

16	<u>structures</u>	<u>\$680,000,000</u>	<u>General Fund or</u>
17			<u>special fund as</u>
18			<u>applicable</u>

19 (2) Furniture and

20	<u>equipment</u>	<u>10,000,000</u>	<u>General Fund or</u>
21			<u>special fund as</u>
22			<u>applicable</u>

23 (3) Transportation

24	<u>assistance projects</u>	<u>350,000,000</u>	<u>General Fund</u>
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25 (4) Redevelopment

26	<u>assistance projects</u>	<u>175,000,000</u>	<u>General Fund</u>
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27 (5) Flood control

28	<u>projects</u>	<u>10,000,000</u>	<u>General Fund</u>
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29	<u>Total</u>	<u>\$1,225,000,000</u>	
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30 ~~Section 3. The addition of section 317(b.1) of the act shall <--~~

1 ~~apply retroactively to July 1, 2017.~~

2 Section 4. This act shall take effect immediately.