
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 363 Session of
2019

INTRODUCED BY LAWRENCE, TURZAI, BERNSTINE, DUNBAR, GROVE, IRVIN,
KAUFFMAN, KEEFER, M. K. KELLER, MILLARD, B. MILLER,
OBERLANDER, SIMMONS, TOEPEL AND TOPPER, FEBRUARY 5, 2019

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 5, 2019

AN ACT

1 Providing a procedure for the approval of a lease-backed debt
2 obligation.

3 The General Assembly of the Commonwealth of Pennsylvania
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the Lease-backed
7 Debt Obligation Act.

8 Section 2. Definitions.

9 The following words and phrases when used in this act shall
10 have the meanings given to them in this section unless the
11 context clearly indicates otherwise:

12 "Financing instrument." An instrument, including a revenue
13 bond, certificate of participation, lease purchase agreement or
14 installment purchase agreement.

15 "Lease-backed debt obligation." An obligation in which a
16 Commonwealth appropriation for a lease or lease payment is
17 pledged as security for a financing instrument issued by the

1 Commonwealth, Commonwealth authorities or other Commonwealth
2 entities.

3 "Office." The Governor's Budget Office.

4 Section 3. Approval.

5 A lease-backed debt obligation to be entered into, extended
6 or modified by a Commonwealth agency, department, authority,
7 instrumentality or entity that would require an appropriation of
8 money from Commonwealth funds on an annual or intermittent basis
9 to support the lease-backed debt obligation must first be
10 approved by:

11 (1) a two-thirds vote in both houses of the General
12 Assembly; and

13 (2) the Governor.

14 Section 4. Process.

15 (a) Bill.--A debt obligation budget prepared in accordance
16 with subsection (b) must be submitted for each fiscal year by
17 the Governor to the General Assembly and shall be considered in
18 the form of a bill as provided in Article III of the
19 Constitution of Pennsylvania.

20 (b) Requirement.--

21 (1) Except as provided under paragraph (2), a lease-
22 backed debt obligation itemization bill must specifically
23 itemize the debt obligations to be financed in whole or in
24 part from the proceeds of lease payments by the Commonwealth.
25 Each lease-backed debt obligation itemization must include
26 all of the following:

27 (i) The department, agency or authority that will
28 enter into the proposed lease-backed debt obligation.

29 (ii) The party that the department, agency or
30 authority will enter into the proposed lease-backed debt

1 obligation.

2 (iii) The purpose for the lease-backed debt
3 obligation.

4 (iv) The maximum annual payment required by the
5 proposed lease-backed debt obligation.

6 (v) The total principal amount of the proposed
7 lease-backed debt obligation.

8 (vi) The terms of the proposed lease-backed debt
9 obligation, including:

10 (A) The number of years in which payments would
11 be made.

12 (B) The amount of principal and interest that
13 would be paid over the course of the obligation.

14 (vii) The maximum allowable costs to be paid to
15 underwriting and other entities involved in the lease-
16 backed debt obligation transaction.

17 (2) Paragraph (1) shall not apply if the itemization has
18 been approved by the General Assembly and enacted by the
19 Governor in prior legislation referred to in a lease-backed
20 debt obligation itemization bill or one or more supplemental
21 lease-backed debt obligation itemization bills.

22 (c) Written analysis.--The office shall provide a written
23 analysis with details regarding the lease-backed debt obligation
24 in addition to the information required under subsection (b) to
25 the General Assembly. The following shall apply:

26 (1) The additional analysis required under this
27 subsection must be provided to the following:

28 (i) The President pro tempore of the Senate.

29 (ii) The Speaker of the House of Representatives.

30 (iii) The Majority Leader and Minority Leader of the

1 Senate.

2 (iv) The Majority Leader and Minority Leader of the
3 House of Representatives.

4 (v) The chairperson and minority chairperson of the
5 Appropriations Committee of the Senate.

6 (vi) The chairperson and minority chairperson of the
7 Appropriations Committee of the House of Representatives.

8 (2) Additional information provided by the office to the
9 General Assembly under this subsection shall be considered a
10 legislative record for purposes of the act of February 14,
11 2008 (P.L.6, No.3), known as the Right-to-Know Law.

12 Section 5. Effective date.

13 This act shall take effect in 60 days.