
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 998 Session of
2013

INTRODUCED BY PETRI, CALTAGIRONE, COHEN, CUTLER, DeLUCA,
GALLOWAY, GIBBONS, HARPER, NEILSON, QUINN, SCHLOSSBERG AND
WATSON, MARCH 14, 2013

REFERRED TO COMMITTEE ON COMMERCE, MARCH 14, 2013

AN ACT

1 Authorizing the incurring of indebtedness, with the approval of
2 the electors, of \$400,000,000 for the acquisition, repair,
3 construction, reconstruction, rehabilitation, extension,
4 expansion and improvement of Pennsylvania infrastructure,
5 including roads, bridges, railroads, dams, water supply and
6 sewage treatment systems, energy, communications, flood
7 control measures and any other such infrastructure the
8 Pennsylvania Infrastructure Investment Authority deems
9 relevant; and providing for the powers and duties of the
10 Pennsylvania Infrastructure Investment Authority.

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

13 Section 1. Short title.

14 This act shall be known and may be cited as the Rebuild
15 Pennsylvania Infrastructure Assistance Act.

16 Section 2. Definitions.

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

20 "Board." The board of directors of the Pennsylvania
21 Infrastructure Investment Authority.

1 "Fund." The Pennsylvania Infrastructure Bond Fund.

2 "Infrastructure." Technical structures that support a
3 society, including roads, bridges, railroads, dams, water supply
4 and sewage treatment systems, energy, communications, flood
5 control measures and any other such structures the Pennsylvania
6 Infrastructure Investment Authority deems relevant.

7 Section 3. Approval of debt incurrence by electors.

8 The question of incurring indebtedness of \$400,000,000 for
9 grants and loans for the cost of all labor, materials, necessary
10 operational machinery and equipment, lands, property, rights and
11 easements, plans and specifications, surveys, estimates of costs
12 and revenues, prefeasibility studies, engineering and legal
13 services and all other expenses necessary or incident to the
14 acquisition, construction, improvement, expansion, extension,
15 repair or rehabilitation of all or part of a project shall be
16 submitted to the electors at the next primary, municipal or
17 general election following the effective date of this act.

18 Section 4. Certification.

19 The Secretary of the Commonwealth shall certify the question
20 under section 5 to the county board of elections.

21 Section 5. Form of question.

22 The question under section 3 shall be in substantially the
23 following form:

24 Do you favor the incurring of indebtedness of \$400,000,000
25 for grants and loans for the cost of all labor, materials,
26 necessary operational machinery and equipment, lands,
27 property, rights and easements, plans and specifications,
28 surveys, estimates of costs and revenues, prefeasibility
29 studies, engineering and legal services and all other
30 expenses necessary or incident to the acquisition,

1 construction, improvement, expansion, extension, repair or
2 rehabilitation of all or part of Pennsylvania infrastructure,
3 including roads, bridges, railroads, dams, water supply and
4 sewage treatment systems, energy, communications, flood
5 control measures and any other such infrastructure the
6 Pennsylvania Infrastructure Investment Authority deems
7 relevant?

8 Section 6. Election.

9 The election shall be conducted in accordance with the act of
10 June 3, 1937 (P.L.1333, No.320), known as the Pennsylvania
11 Election Code.

12 Section 7. Pennsylvania Infrastructure Bond Fund.

13 (a) Purpose of fund.--The Pennsylvania Infrastructure Bond
14 Fund, which is created in the State Treasury, shall be the
15 source from which all payments are authorized with the approval
16 of the Governor to carry out the purposes of this act. The
17 moneys in the fund shall only be utilized:

18 (1) For the acquisition, repair, construction,
19 reconstruction, rehabilitation, extension, expansion and
20 improvement of Pennsylvania infrastructure, including roads,
21 bridges, railroads, dams, water supply and sewage treatment
22 systems, energy, communications, flood control measures and
23 any other such infrastructure the Pennsylvania Infrastructure
24 Investment Authority deems relevant.

25 (2) For the administrative costs incurred in any of the
26 purposes in paragraph (1), including the costs incurred in
27 connection with the issuance of the bonds.

28 (b) Interfund transfers authorized.--

29 (1) Whenever the cash balance and the current estimated
30 receipts of the fund shall be insufficient at any time during

1 any State fiscal year to meet promptly the obligations of the
2 Commonwealth from such fund, the State Treasurer is hereby
3 authorized and directed, from time to time during such fiscal
4 year, to transfer from the General Fund to the fund such sums
5 as the Governor directs, but in no case less than the amount
6 necessary to meet promptly the obligations to be paid from
7 the fund, nor more than an amount which is the smaller of:

8 (i) the difference between the amount of debt
9 authorized to be issued under the authority of this act
10 and the aggregate principal amount of bonds and notes
11 issued, not including refunding bonds and replacement
12 notes; and

13 (ii) the difference between the aggregate principal
14 amount of bonds and notes, not including refunding bonds
15 and replacement notes, issued during such State fiscal
16 year.

17 Any sums so transferred shall be available only for the
18 purposes for which they are appropriated from the fund. The
19 transfers shall be made under this section upon warrant of
20 the State Treasurer upon requisition of the Governor.

21 (2) In order to reimburse the General Fund for moneys
22 transferred under paragraph (1), there shall be transferred
23 to the General Fund from the fund moneys from the proceeds
24 obtained from bonds and notes issued under the authority of
25 this act or from other available funds in such amounts and at
26 such times as the Governor shall direct. The retransfers
27 shall be made upon warrant of the State Treasurer upon
28 requisition of the Governor.

29 Section 8. Proceeds.

30 (a) Use.--Proceeds of borrowing shall be deposited in the

1 Pennsylvania Infrastructure Bond Fund in the State Treasury and
2 shall be used for grants and loans by the Pennsylvania
3 Infrastructure Investment Authority for the acquisition, repair,
4 construction, reconstruction, rehabilitation, extension,
5 expansion and improvement of Pennsylvania infrastructure. All
6 proceeds shall be prohibited from being allocated to foreign
7 materials or labor, and there shall be language on the back of
8 the obligations clarifying this.

9 (b) Appropriation.--The proceeds of all bonds sold under
10 this act are hereby appropriated on a continuing basis to the
11 Pennsylvania Infrastructure Investment Authority for the purpose
12 of making loans and grants under this act.

13 (c) Borrowing authorized.--

14 (1) If and when the electorate approves a referendum
15 question for the incurring of indebtedness in the amount and
16 for the purposes prescribed in this act, the issuing
17 officials, under section 7(a)(3) of Article VIII of the
18 Constitution of Pennsylvania, are authorized and directed to
19 borrow, on the credit of the Commonwealth, money not
20 exceeding in the aggregate sum of \$400,000,000, not including
21 money borrowed to refund outstanding bonds, notes or
22 replacement notes, as may be found necessary to carry out the
23 purposes of this act.

24 (2) As evidence of the indebtedness, general obligation
25 bonds of the Commonwealth shall be issued from time to time
26 to provide moneys necessary to carry out the purposes of this
27 act for such total amounts, in such form, in such
28 denominations and subject to such terms and conditions of
29 issue, redemption and maturity, rate of interest and time of
30 payment of interest as the issuing officials direct, except

1 that the latest stated maturity date shall not exceed 20
2 years from the date of the first obligation issued to
3 evidence the debt, the obligations shall be issued in \$100
4 increments and at a rate of 5%.

5 (3) All bonds and notes issued under the authority of
6 this act shall bear facsimile signatures of the issuing
7 officials and a facsimile of the Great Seal of the
8 Commonwealth and shall be countersigned by a duly authorized
9 officer of a duly authorized loan and transfer agent of the
10 Commonwealth.

11 (4) All bonds and notes issued in accordance with this
12 act shall be direct obligations of the Commonwealth, and the
13 full faith and credit of the Commonwealth is hereby pledged
14 for the payment of the interest thereon, as it becomes due,
15 and the payment of the principal at maturity. The principal
16 of and interest on the bonds and notes shall be payable in
17 lawful money of the United States.

18 (5) All bonds and notes issued under this act shall be
19 exempt from taxation for State and local purposes.

20 (6) The bonds may be issued as coupon bonds or
21 registered as to both principal and interest as the issuing
22 officials may determine. If interest coupons are attached,
23 they shall contain the facsimile signature of the State
24 Treasurer.

25 (7) The issuing officials shall provide for the
26 amortization of the bonds in substantial and regular amounts
27 over the term of the debt so that the bonds of each issue
28 allocated to the projects to be funded from the bond issue
29 shall mature within a period not to exceed the appropriate
30 amortization period for each project as specified by the

1 issuing officials, but in no case in excess of 20 years. The
2 first retirement of principal shall be stated to mature prior
3 to the expiration of a period of time equal to one-tenth of
4 the time from the date of the first obligation issued to
5 evidence the debt to the date of the expiration of the term
6 of debt. Retirements of principal shall be regular and
7 substantial if made in annual or semiannual amounts whether
8 by stated serial maturities or by mandatory sinking fund
9 retirements.

10 (8) The issuing officials are authorized to provide by
11 resolution for the issuance of refunding bonds for the
12 purpose of refunding any debt issued under this act and then
13 outstanding, either by voluntary exchange with the holders of
14 the outstanding debt or providing funds to redeem and retire
15 the outstanding debt with accrued interest, any premium
16 payable thereon and the costs of issuance and retirement of
17 the debt at maturity or at any call date. The issuance of the
18 refunding bonds, the maturities and other details thereof,
19 the rights of the holders thereof and the duties of the
20 issuing official in respect thereto shall be governed by this
21 section insofar as they may be applicable. Refunding bonds,
22 which are not subject to the aggregate limitation of
23 \$400,000,000 of debt to be issued under this act, may be
24 issued by the issuing officials to refund debt originally
25 issued or to refund bonds previously issued for refunding
26 purposes.

27 (9) Whenever any action is to be taken or decision made
28 by the Governor, the Auditor General and the State Treasurer
29 acting as issuing officials and the these officials are not
30 able unanimously to agree, the action or decision of the

1 Governor and either the Auditor General or the State
2 Treasurer shall be binding and final.

3 (d) Sale of bonds.--

4 (1) Whenever bonds are issued, they shall be offered for
5 sale at not less than 98% of the principal amount and accrued
6 interest and shall be sold by the issuing officials to the
7 highest and best bidder or bidders after due public
8 advertisement on the terms and conditions and upon such open
9 competitive bidding as the issuing officials shall direct.
10 The manner and character of the advertisement and the time of
11 advertising shall be prescribed by the issuing officials. No
12 commission shall be allowed or paid for the sale of any bonds
13 issued under the authority of this act.

14 (2) Any portion of any bond issue so offered and not
15 sold or subscribed for at public sale may be disposed of by
16 private sale by the issuing officials in such manner and at
17 such prices, not less than 98% of the principal amount and
18 accrued interest, as the Governor shall direct. No commission
19 shall be allowed or paid for the sale of any bonds issued
20 under the authority of this act.

21 (3) When bonds are issued from time to time, the bonds
22 of each issue shall constitute a separate series to be
23 designated by the issuing officials or may be combined for
24 sale as one series with other general obligation bonds of the
25 Commonwealth.

26 (4) Until permanent bonds can be prepared, the issuing
27 officials may, in their discretion, issue, in lieu of
28 permanent bonds, temporary bonds in such form and with such
29 privileges as to registration and exchange from permanent
30 bonds as may be determined by the issuing officials.

1 (5) The proceeds realized from the sale of bonds and
2 notes, except refunding bonds and replacement notes, under
3 this act shall be paid into the fund. The proceeds shall be
4 paid by the State Treasurer periodically to those
5 Commonwealth officers and Commonwealth agencies authorized to
6 expend them at such times and in such amounts as may be
7 necessary to satisfy the funding needs thereof. The proceeds
8 of the sale of refunding bonds and replacement notes shall be
9 paid to the State Treasurer and applied to the payment of
10 principal, the accrued interest and premium, if any, and cost
11 of redemption of the bonds and notes for which the
12 obligations shall have been issued.

13 (6) Pending their application for the purposes
14 authorized, moneys held or deposited by the State Treasurer
15 may be invested or reinvested as are other funds in the
16 custody of the State Treasurer in the manner provided by law.
17 All earnings received from the investment or deposit of the
18 funds shall be paid into the State Treasury to the credit of
19 the fund. The earnings in excess of bond discounts allowed,
20 expenses paid for the issuance of bonds and notes and
21 interest arbitrage rebates due to the Federal Government
22 shall be transferred annually to the fund. Any interest or
23 investment income shall be applied to assist in the payment
24 of the debt service incurred in connection with this act.

25 (7) The Auditor General shall prepare the necessary
26 registry book to be kept in the office of the duly authorized
27 loan and transfer agent of the Commonwealth for the
28 registration of any bonds, at the request of owners thereof,
29 according to the terms and conditions of issue directed by
30 the issuing officials.

1 (8) There is hereby appropriated to the State Treasurer
2 from the fund as much money as may be necessary for all costs
3 and expenses in connection with the issue, sale and
4 registration of the bonds and notes in connection with this
5 act and the payment of interest arbitrage rebates or proceeds
6 of such bonds and notes.

7 (e) Temporary financing authorization.--

8 (1) Pending the issuance of bonds of the Commonwealth as
9 authorized, the issuing officials are hereby authorized, in
10 accordance with this act and on the credit of the
11 Commonwealth, to make temporary borrowings not to exceed
12 three years in anticipation of the issue of bonds in order to
13 provide funds in such amounts as may from time to time be
14 deemed advisable prior to the issue of bonds. In order to
15 provide for and in connection with the temporary borrowings,
16 the issuing officials are authorized in the name and on
17 behalf of the Commonwealth to enter into any purchase, loan
18 or credit agreement or agreements or other agreement or
19 agreements with any banks or trust companies or other lending
20 institutions, investment banking firms or persons in the
21 United States having power to enter into the same, which
22 agreements may contain provisions not inconsistent with the
23 provisions of this act as may be authorized by the issuing
24 officials.

25 (2) All temporary borrowings made under the
26 authorization of this section shall be evidenced by notes of
27 the Commonwealth which shall be issued from time to time for
28 amounts not exceeding in the aggregate the applicable
29 statutory and constitutional debt limitation in the form and
30 in the denominations and subject to terms and conditions of

1 sale and issue, prepayment or redemption and maturity, rate
2 or rates of interest and time of payment of interest as the
3 issuing officials shall authorize and direct and in
4 accordance with this act. The authorization and direction may
5 provide for the subsequent issuance of replacement notes to
6 refund outstanding notes or replacement notes, which
7 replacement notes, shall, upon issuance thereof, evidence the
8 borrowing and may specify other terms and conditions with
9 respect to the notes and replacement notes thereby authorized
10 for issuance as the issuing officials may determine and
11 direct.

12 (3) When the authorization and direction of the issuing
13 officials provide for the issuance of replacement notes, the
14 issuing officials are hereby authorized in the name and on
15 behalf of the Commonwealth to issue, enter into or authorize
16 and direct the State Treasurer to enter into agreements with
17 any banks, trust companies, investment banking firms or other
18 institutions or persons in the United States having the power
19 to enter the same:

20 (i) To purchase or underwrite an issue or series of
21 issues or notes.

22 (ii) To credit, to enter into any purchase, loan or
23 credit agreement, to draw moneys pursuant to any such
24 agreements on the terms and conditions set forth therein
25 and to issue notes as evidence of borrowings made under
26 any such agreements.

27 (iii) To appoint as issuing and payment agent or
28 agents with respect to notes.

29 (iv) To do such other acts as may be necessary or
30 appropriate to provide for the payment, when due, of the

1 interest on and the principal of such notes. Such
2 agreements may provide for the compensation of any
3 purchasers or underwriters of notes or replacement notes
4 by discounting the purchase price of the notes or by
5 payment of a fixed fee or commission at the time of
6 issuance thereof, and all other costs and expenses,
7 including fees for agreements related to the notes,
8 issuing and paying agent costs and costs and expenses of
9 issuance, may be paid from the proceeds of the notes.

10 (4) When the authorization and direction of the issuing
11 officials provide for the issuance of replacement notes, the
12 State Treasurer shall, at or prior to the time of delivery of
13 these notes or replacement notes, determine the principal
14 amounts, dates of issue, interest rate or rates or procedures
15 for establishing such rates from time to time, rates of
16 discount, denominations and all other terms and conditions
17 relating to the issuance and shall perform all acts and
18 things necessary to pay or cause to be paid, when due, all
19 principal of and interest on the notes being refunded by
20 replacement notes and to assure that the same may draw upon
21 any moneys available for that purpose pursuant to any
22 purchase, loan or credit agreements established with respect
23 thereto, all subject to the authorization and direction of
24 the issuing officials.

25 (5) Outstanding notes evidencing such borrowings may be
26 funded and retired by the issuance and sale of the bonds of
27 the Commonwealth as authorized in subsection (f). The
28 refunding bonds must be issued and sold not later than a date
29 three years after the date of issuance of the first notes
30 evidencing the borrowings to the extent that payment of such

1 notes has not otherwise been made or provided for by sources
2 other than proceeds of replacement notes.

3 (6) The proceeds of all such temporary borrowing shall
4 be paid to the State Treasurer to be held and disposed of in
5 accordance with this act.

6 (f) Debt retirement--

7 (1) All bonds issued under the authority of this act
8 shall be redeemed at maturity, together with all interest due
9 from time to time on the bonds, and these principal and
10 interest payments shall be paid from the Pennsylvania
11 Infrastructure Bond Sinking Fund, which is created. For the
12 specific purpose of redeeming the bonds at maturity and
13 paying all interest thereon in accordance with the
14 information received from the Governor, the General Assembly
15 shall appropriate moneys to the Pennsylvania Infrastructure
16 Bond Sinking Fund for the payment of interest on the bonds
17 and notes and the principal thereof at maturity. All moneys
18 paid into the Pennsylvania Infrastructure Bond Sinking Fund
19 and all of the moneys not necessary to pay accruing interest
20 shall be invested by the State Treasurer in such securities
21 as are provided by law for the investment of the sinking
22 funds of the Commonwealth.

23 (2) The State Treasurer, with the approval of the
24 Governor, is authorized at any time to use any of the moneys
25 in the fund not necessary for the purposes of the referendum
26 authorizing the indebtedness necessary to carry out this act,
27 for the purchase and retirement of all or any part of the
28 bonds and notes issued pursuant to the authorization of this
29 act. In the event that all or part of the bonds and notes are
30 purchased, they shall be canceled and returned to the loan

1 and transfer agent as canceled and paid bonds and notes, and
2 thereafter, all payments of interest thereon shall cease. The
3 canceled bonds, notes and coupons, together with any other
4 canceled bonds, notes and coupons, shall be destroyed as
5 promptly as possible after cancellation but not later than
6 two years after cancellation. A certification evidencing the
7 destruction of the canceled bonds, notes and coupons shall be
8 provided by the loan and transfer agent to the issuing
9 officials. All canceled bonds, notes and coupons shall be so
10 marked as to make the canceled bonds, notes and coupons
11 nonnegotiable.

12 (3) The State Treasurer shall determine and report to
13 the Secretary of the Budget by November 1 of each year the
14 amount of money necessary for the payment of interest on
15 outstanding obligations and the principal of the obligations,
16 if any, for the following fiscal year and the times and
17 amounts of the payments. It shall be the duty of the Governor
18 to include in every budget submitted to the General Assembly
19 full information relating to the issuance of bonds and notes
20 under this act and the status of the Pennsylvania
21 Infrastructure Bond Sinking Fund for the payment of interest
22 on the bonds and notes and the principal thereof at maturity.

23 (4) The General Assembly shall appropriate an amount
24 equal to the sum as may be necessary to meet repayment
25 obligations for principal and interest for deposit into the
26 Pennsylvania Infrastructure Bond Sinking Fund.

27 (g) Expiration.--Authorization to issue bonds and notes, not
28 including refunding bonds and replacement notes, for the
29 purposes of this act shall expire ten years from the effective
30 date of this section.

1 Section 9. Powers and duties of board.

2 (a) General rule.--The board shall implement and administer
3 the proceeds of the bond under section 8 in conformity with the
4 provisions of section 10 of the act of March 1, 1988 (P.L.82,
5 No.16), known as the Pennsylvania Infrastructure Investment
6 Authority Act.

7 (b) Specific powers of board.--In addition to any powers
8 under subsection (a), the board shall have the power to:

9 (1) Implement and administer the proceeds of the bonds
10 under section 8 to improve the adequacy or efficiency of all
11 Pennsylvania infrastructure.

12 (2) Develop forms for the applications of grants and
13 loans.

14 (3) Promulgate regulations to implement this act.

15 (4) Provide for the implementation of a commercial paper
16 program and the issuance of bonds, notes or other obligations
17 in groups or individually in a manner consistent with the
18 requirements of section 7 of the Pennsylvania Infrastructure
19 Investment Authority Act. Bonds issued under the program
20 established under this paragraph shall not be required to be
21 sold at public sale.

22 (5) Take all other actions necessary to implement and
23 administer the provisions of this act.

24 Section 20. Effective date.

25 This act shall take effect immediately.