
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1307 Session of
2024

INTRODUCED BY ARGALL, STREET, PENNYCUICK, COSTA AND MILLER,
SEPTEMBER 10, 2024

REFERRED TO FINANCE, SEPTEMBER 10, 2024

AN ACT

1 Amending Title 64 (Public Authorities and Quasi-Public
2 Corporations) of the Pennsylvania Consolidated Statutes, in
3 economic development financing, providing for Keystone
4 National Finance Authority.

5 The General Assembly of the Commonwealth of Pennsylvania
6 hereby enacts as follows:

7 Section 1. Part II of Title 64 of the Pennsylvania
8 Consolidated Statutes is amended by adding a chapter to read:

9 CHAPTER 17

10 KEYSTONE NATIONAL FINANCE AUTHORITY

11 Subchapter

12 A. General Provisions

13 B. Structure and Powers

14 C. Bonds

15 SUBCHAPTER A

16 GENERAL PROVISIONS

17 Sec.

18 1701. Scope of chapter.

19 1702. Findings and declaration of policy.

1 1703. Definitions.

2 § 1701. Scope of chapter.

3 This chapter relates to the Keystone National Finance
4 Authority.

5 § 1702. Findings and declaration of policy.

6 The General Assembly finds and declares as follows:

7 (1) Activities which lead to the creation and retention
8 of jobs in this Commonwealth and throughout the United
9 States, the establishment of economically viable communities,
10 the reuse of abandoned industrial, commercial and other
11 previously utilized sites and the investment of private
12 capital in enterprises improve the health, safety and general
13 welfare of the people of this Commonwealth and the United
14 States by increasing employment, revitalizing communities by
15 reducing, eliminating and preventing blight and providing a
16 source of additional revenue to the Commonwealth.

17 (2) Many existing industrial, commercial and other
18 economic activities throughout this Commonwealth and the
19 United States could become more competitive and could expand
20 more rapidly if additional means of financing were available.
21 Additional activities could be attracted to this Commonwealth
22 and other states if additional means of financing were
23 available to acquire, construct, rehabilitate and expand
24 facilities. Financing for cost-saving activities related to
25 buildings, plants, machinery and equipment and other
26 facilities would further the purposes specified under this
27 paragraph.

28 (3) A minimum level of unemployment and a maximum level
29 of business opportunity can best be provided by the
30 promotion, attraction, stimulation, rehabilitation and

1 revitalization of industrial, commercial, technological,
2 tourist, agricultural and other economic activities in this
3 Commonwealth and throughout the United States.

4 (4) Industrial, commercial and residential facilities
5 should be promoted by the financing of the facilities which
6 will eliminate blight or otherwise improve an area for
7 industrial, commercial or other economic activity.

8 (5) Housing and affordable housing are scarce in many
9 areas of the nation and could be advanced by mixed-use and
10 transit-oriented development. Transit expansion, including
11 passenger rail expansion, throughout the nation will create
12 opportunities for the growth of adjacent commercial,
13 residential and mixed-use development in nearby communities.

14 (6) To further encourage economic development and
15 efficiency within this Commonwealth and the United States by
16 providing basic services and facilities, it is necessary to
17 provide additional or alternative means of financing
18 infrastructure facilities, transportation systems, industrial
19 parks, energy conversion facilities, facilities for the
20 furnishing of energy, water and telecommunications,
21 facilities for the collection or treatment of wastewater and
22 storm water, tourism, parking facilities, health care
23 facilities and other basic service and related facilities
24 which are conducive to economic activity within this
25 Commonwealth and the United States and which are consistent
26 with the purposes of this chapter.

27 (7) It is the policy of this Commonwealth to promote the
28 health, safety, employment, business opportunities, economic
29 activity and general welfare of the people by establishing an
30 authority to exist and operate as a public instrumentality of

1 the Commonwealth, which is not intended to compete with any
2 Commonwealth agency or any other authority created under the
3 laws of this Commonwealth.

4 § 1703. Definitions.

5 The following words and phrases when used in this chapter
6 shall have the meanings given to them in this section unless the
7 context clearly indicates otherwise:

8 "Administrator." The person contracted by the authority
9 under section 1713(a)(10) (relating to powers) to operate the
10 authority, which person or the leadership of the person shall be
11 a registered municipal advisor that has significant experience
12 operating a governmental entity or authority that issues bonds
13 for projects throughout the United States.

14 "Authority." The Keystone National Finance Authority
15 established in section 1711 (relating to authority).

16 "Board." The board of the authority established in section
17 1712 (relating to board).

18 "Bonds." Bonds, notes, instruments, refunding notes and
19 bonds and other evidences of indebtedness or obligations which
20 the authority is authorized to issue under this chapter.

21 "Commonwealth agency." An agency, authority or other
22 instrumentality of the Commonwealth.

23 "Conduit borrower." The borrower of the proceeds of the
24 bonds issued by the authority.

25 "Conduit financing." The financing of the costs of a project
26 in which the authority is only obligated to repay bonds from
27 revenues received from a conduit borrower.

28 "Conduit revenue bonds." Bonds or other evidence of
29 indebtedness of the authority.

30 "Cost of the project" or "cost." Any of the following:

1 (1) Costs and expenses of acquisition of interests in
2 land, infrastructure, buildings, structures, equipment,
3 furnishings, fixtures and other tangible or intangible
4 property, which comprise the project.

5 (2) Costs and expenses of construction, reconstruction,
6 erection, equipping, expansion, extension, improvement,
7 installation, rehabilitation, renovation or repair of the
8 buildings, structures and equipment, which comprise the
9 project.

10 (3) Costs and expenses of demolishing, removing or
11 relocating buildings or structures on lands acquired or to be
12 acquired and the expense of acquiring land to which the
13 buildings or structures may be moved or relocated.

14 (4) Costs and expenses of preparing land for
15 development.

16 (5) Costs and expenses of engineering services,
17 financial services, accounting services and legal services,
18 plans, specifications, studies and surveys necessary or
19 incidental to determining the feasibility or practicability
20 of the project.

21 (6) Working capital or other capital needs related to
22 the project.

23 (7) Other costs and expenses deemed necessary by the
24 authority.

25 "Finance." Providing funding to pay for costs of a project.

26 "Government agency." The following:

27 (1) A State agency.

28 (2) The Unified Judicial System and its courts, officers
29 and agencies.

30 (3) The General Assembly or its officers and agencies.

1 (4) A political subdivision.

2 (5) A municipal authority or other local authority.

3 (6) A local, regional or metropolitan transportation
4 authority.

5 (7) A board, commission or other agency or
6 instrumentality of a political subdivision, a municipal
7 authority or other local authority.

8 "Independent agency." A board, commission or other agency or
9 officer of the Commonwealth which is not subject to the policy,
10 supervision and control of the Governor. The term does not
11 include a State-affiliated entity, a court or other officer or
12 agency of the Unified Judicial System, the General Assembly and
13 its officers and agencies, a State-related institution, a
14 political subdivision or a local, regional or metropolitan
15 transportation authority.

16 "Municipal authority." A public authority created under the
17 governing laws of any state.

18 "Obligee of the authority." Any of the following:

19 (1) A holder or owner of bonds of the authority.

20 (2) A trustee or other fiduciary for any holder or owner
21 of bonds of the authority.

22 (3) A provider of a letter of credit, policy of
23 municipal bond insurance or other credit enhancement or
24 liquidity facility for bonds of the authority.

25 (4) A lessor or installment seller demising property to
26 the authority in connection with a project.

27 (5) A provider of an interest rate exchange agreement or
28 other agreement or arrangement authorized under section
29 1713(a)(28).

30 "Project." A capital improvement, purchase of receivables,

1 property, assets, commodities, bonds or other revenue streams or
2 related assets, working capital program or any activity that
3 promotes economic development or opportunities within any state
4 or territory of the United States.

5 "Project user." A person, political subdivision, municipal
6 authority, state or other entity that owns, leases, uses or
7 occupies all or any part of a project.

8 "Registered municipal advisor." A person that is registered
9 as a municipal advisor under rules promulgated by the Securities
10 and Exchange Commission.

11 "Tax-exempt bonds." Bonds or other evidence of indebtedness,
12 the interest on which is excludable from gross income for
13 Federal income taxation purposes.

14 "Taxable bonds." Bonds or other evidence of indebtedness,
15 the interest on which is includable in gross income for Federal
16 income taxation purposes.

17 SUBCHAPTER B

18 STRUCTURE AND POWERS

19 Sec.

20 1711. Authority.

21 1712. Board.

22 1713. Powers.

23 § 1711. Authority.

24 (a) Establishment.--The Keystone National Finance Authority
25 is established as an independent authority. The authority is an
26 instrumentality of the Commonwealth and a body corporate and
27 politic, with corporate succession.

28 (b) Governance.--The authority shall be governed by the
29 board. The powers of the authority shall be exercised by the
30 board.

1 (c) Expenses.--Expenses of the authority shall be paid from
2 assets or income of the authority. The Commonwealth shall not be
3 responsible for funding the expenses of the authority.

4 (d) Fiscal year.--The fiscal year of the authority shall end
5 on June 30.

6 (e) Audit.--

7 (1) The accounts and books of the authority shall be
8 examined and audited annually by an independent certified
9 public accounting firm.

10 (2) The authority shall, by December 31 of each year,
11 file a copy of the audit required under paragraph (1) with
12 the Secretary of the Senate and the Chief Clerk of the House
13 of Representatives.

14 (f) Publication.--The authority shall annually transmit a
15 financial statement to the Legislative Reference Bureau for
16 publication in the next available issue of the Pennsylvania
17 Bulletin.

18 (g) Cooperation.--Executive agencies shall cooperate with
19 and provide assistance to the authority without financial
20 reimbursement.

21 (h) Existence and dissolution.--The authority may be
22 dissolved by law if all outstanding liabilities of the
23 authority, including bonds and other contractual obligations,
24 have been fully paid, retired, satisfied or discharged or
25 provision has been made for payment of all outstanding
26 liabilities of the authority, including bonds and other
27 contractual obligations. Upon the dissolution of the authority,
28 all money, assets and other property of the authority shall vest
29 in the Commonwealth.

30 (i) Procurement.--The authority shall be exempt from the

1 provisions of 62 Pa.C.S. (relating to procurement) relating to
2 operations of Commonwealth agencies. The authority shall adopt
3 policies and procedures for procurement in a manner that the
4 board determines best balances efficiency, effectiveness and
5 transparency, which may include delegation of certain tasks to
6 the Department of Community and Economic Development or the
7 Department of General Services and which may incorporate by
8 reference elements of 62 Pa.C.S. The board shall publish the
9 policies and procedures within 180 days of the effective date of
10 this subsection, subject to further adjustment by the board, on
11 the authority's publicly accessible Internet website.

12 (j) Limitation on action.--

13 (1) If any provision of this section or section 1712
14 (relating to board) is held invalid by a court of competent
15 jurisdiction, the authority shall not thereafter:

16 (i) borrow additional money;

17 (ii) issue additional bonds; or

18 (iii) disburse proceeds of any issue of bonds
19 previously authorized.

20 (2) All provisions of outstanding bonds of the authority
21 and all rights and remedies of obligees of the authority
22 under this chapter shall be and shall remain valid and
23 enforceable.

24 (k) Administrator.--The administrator shall operate the
25 authority. The cost of the administrator shall be payable from
26 fees generated by the authority. Neither the Commonwealth nor
27 the authority shall be responsible for the cost of the
28 administrator. The following apply:

29 (1) The administrator shall provide administrative
30 services and staff to the authority and the board.

1 (2) The authority may enter into agreements with the
2 administrator specifying the rights and obligations the
3 parties have to each other in carrying out their respective
4 responsibilities under and to further the intent of this
5 chapter.

6 (1) Applicability.--The following acts shall apply to the
7 authority and the board relating to notice and open meetings:

8 (1) The act of July 19, 1957 (P.L.1017, No.451), known
9 as the State Adverse Interest Act.

10 (2) The act of February 14, 2008 (P.L.6, No.3), known as
11 the Right-to-Know Law.

12 (3) The provisions of 65 Pa.C.S. Chs. 7 (relating to
13 open meetings) and 11 (relating to ethics standards and
14 financial disclosure).

15 § 1712. Board.

16 (a) Composition.--The board shall be comprised as follows:

17 (1) An individual with large-scale construction
18 experience appointed by the Governor, who shall serve at the
19 pleasure of the Governor.

20 (2) An individual with public finance or project finance
21 experience appointed by the Governor, who shall serve at the
22 pleasure of the Governor.

23 (3) An individual appointed by the State Treasurer, who
24 shall serve at the pleasure of the State Treasurer.

25 (4) An individual appointed by the Auditor General, who
26 shall serve at the pleasure of the Auditor General.

27 (5) Four legislative appointees:

28 (i) Appointments under this paragraph shall be as
29 follows:

30 (A) One individual appointed by the President

1 pro tempore of the Senate.

2 (B) One individual appointed by the Speaker of
3 the House of Representatives.

4 (C) One individual appointed by the Minority
5 Leader of the Senate.

6 (D) One individual appointed by the Minority
7 Leader of the House of Representatives.

8 (ii) Legislative appointees shall serve at the
9 pleasure of the appointing authority.

10 (iii) An individual appointed to the board under
11 subparagraph (i) may not be a member of the General
12 Assembly or staff of a member of the General Assembly.

13 (6) Five appointees who shall be appointed to an initial
14 term within 180 days of the effective date of this paragraph,
15 as follows:

16 (i) One board member appointed by the other members
17 of the board by a vote of a majority, whose initial term
18 shall be two years and a term of 10 years thereafter.

19 (ii) One board member appointed by the other members
20 of the board by a vote of a majority, whose initial term
21 shall be four years and a term of 10 years thereafter.

22 (iii) One board member appointed by the other
23 members of the board by a vote of a majority, whose
24 initial term shall be six years and a term of 10 years
25 thereafter.

26 (iv) One board member appointed by the other members
27 of the board by a vote of a majority, whose initial term
28 shall be eight years and a term of 10 years thereafter.

29 (v) One board member appointed by the other members
30 of the board by a vote of a majority, whose initial term

1 shall be 10 years and a term of 10 years thereafter.

2 (b) Organization.--The Governor shall select a member of the
3 board to serve as chairperson. The members shall select other
4 officers from among members of the board as the board
5 determines.

6 (c) Meetings and proxy.--The board shall meet at the call of
7 the chairperson. The board may hold virtual or telephonic
8 meetings. A board member may designate a proxy to act on the
9 board member's behalf by notifying the board in writing of the
10 proxy.

11 (d) Quorum.--A majority of the board shall constitute a
12 quorum. A majority of the quorum of the board shall be necessary
13 to take any action on behalf of the authority.

14 (e) Compensation.--The members of the board shall not be
15 compensated for their service as members of the board but shall
16 be entitled to reimbursement for all necessary and reasonable
17 expenses incurred in connection with the performance of their
18 duties as members of the board.

19 (f) Fiduciary relationship.--The members of the board and
20 the professional personnel of the board shall stand in a
21 fiduciary relationship with the authority as to the money in the
22 accounts of the authority and investments of the authority.

23 (g) Standard of care.--The members of the board in
24 performance of their duties under this chapter shall exercise
25 the standard of care required by 20 Pa.C.S. Ch. 73 (relating to
26 municipalities investments).

27 (h) Liability.--Members of the board shall not be personally
28 liable on any obligations of the authority, including bonds of
29 the authority.

30 (i) Initial appointment and vacancy.--Appointing authorities

1 shall appoint initial members to the board within 30 days of the
2 effective date of this subsection. If a vacancy occurs on the
3 board, the appointing authority shall appoint a successor member
4 within 30 days of the vacancy. If the appointing authority does
5 not make an appointment during the 30-day period, the remainder
6 of the board may select a replacement member to serve in the
7 role, subject to replacement by the authorized appointing
8 authority.

9 § 1713. Powers.

10 (a) Powers.--The authority may do all of the following:

11 (1) Adopt bylaws and guidelines.

12 (2) Sue and be sued, implead and be impleaded,
13 interplead, complain and defend in any court.

14 (3) Adopt, use and alter a corporate seal.

15 (4) Establish accounts necessary or desirable for its
16 corporate purposes.

17 (5) Employ an executive director, if necessary.

18 (6) Retain attorneys, accountants, auditors and
19 financial experts to render services and engage the services
20 of other advisors, consultants and agents as necessary. For
21 the purposes of this paragraph, the authority shall be
22 considered an independent agency for purposes of the act of
23 October 15, 1980 (P.L.950, No.164), known as the Commonwealth
24 Attorneys Act.

25 (7) Pay or satisfy obligations of the authority.

26 (8) Contract and execute instruments, including
27 financing agreements, loan agreements, letter of credit
28 agreements, liquidity agreements, guarantees, sureties,
29 mortgages, standby loan commitments and contracts of
30 insurance, which are necessary or appropriate for carrying on

1 the business of the authority. Power under this paragraph
2 includes the ability to make and execute contracts for the
3 servicing of loans and mortgages acquired by the authority.

4 (9) Borrow money, issue bonds, obtain lines and letters
5 of credit and incur debt.

6 (10) Contract with an administrator to operate the
7 authority.

8 (11) Use or pledge an account for a special purpose,
9 including debt service reserves and other reserves, as may be
10 necessary or desirable to carry out the authority's powers
11 and duties.

12 (12) Negotiate modifications or alterations to financing
13 agreements, mortgages or security interests.

14 (13) Foreclose on a mortgage or security interest in
15 default.

16 (14) Commence any action necessary to protect or enforce
17 any right conferred upon the authority by law, mortgage,
18 security agreement, contract or other agreement.

19 (15) Bid for or purchase property which was the subject
20 of a mortgage or security interest at a foreclosure or other
21 sale and acquire and take possession of that property.

22 (16) Impose and collect fees and charges in connection
23 with loan commitments and servicing, including reimbursement
24 of costs of financing.

25 (17) Acquire, accept, purchase, receive, collect, hold,
26 convey and invest money, fees and property, whether tangible
27 or intangible, from all sources, directly or by assignment,
28 pledge or otherwise.

29 (18) Acquire, buy, sell, lease, encumber, mortgage,
30 hypothecate, pledge, assign, transfer, convey or dispose of

1 any property, whether tangible or intangible, including the
2 authority's property or interest in projects, mortgages,
3 deeds of trust, indentures of mortgage or trust, leases,
4 purchase or sale or other financing agreements, or similar
5 instruments, bonds, notes and security interests in property
6 or contracts entered into or acquired in connection with
7 bonds.

8 (19) Acquire and sell loans, mortgages and security
9 interests at public or private sale and make loans to, lease
10 property from or to or enter into any other kind of an
11 agreement with a participant or other entity, in connection
12 with financing or refinancing a project.

13 (20) Employ or appoint agents, employees, finance
14 professionals and special advisors.

15 (21) Apply for an allocation of volume cap, tax credit,
16 subsidy, grant, loan, credit enhancement or any other
17 Federal, State or local program in connection with the
18 financing of a project.

19 (22) Establish and collect fees and administrative
20 expenses from participants that benefit from the authority's
21 services or services provided by an outside entity.

22 (23) Develop, adopt and implement binding policies or
23 guidelines assuring that all persons are accorded equal
24 opportunity in employment and contracting associated with the
25 authority. This paragraph includes the authority's
26 contractors, subcontractors, assignees, lessees, agents,
27 vendors and suppliers.

28 (24) Exercise rights provided by law for the benefit or
29 protection of the authority or obligees of the authority.

30 (25) Invest money of the authority not required for

1 immediate use, including proceeds from the sale of bonds, as
2 the board determines, subject to any agreement with
3 bondholders stated in the authorizing resolution providing
4 for the issuance of bonds.

5 (26) Procure insurance against any loss in connection
6 with the authority's programs, property and other assets.

7 (27) Promulgate regulations and adopt guidelines and
8 statements of policy containing restrictions as the authority
9 may deem necessary and appropriate to effectuate the public
10 purposes of this chapter.

11 (28) Negotiate and enter into interest rate exchange
12 agreements, interest rate cap agreements, collar agreements,
13 corridor agreements, ceiling agreements, floor agreements,
14 forward agreements, float agreements and other similar
15 arrangements which, in the judgment of the authority, will
16 assist the authority in managing the interest costs of the
17 authority.

18 (29) Enter into agreements with applicants and project
19 users providing for any of the following:

20 (i) Loan, rental or purchase price payments or other
21 payments, sufficient to amortize the principal, interest
22 and premium, if any, of bonds and contractual obligations
23 of the authority incurred to provide money to pay the
24 costs of the projects being financed.

25 (ii) The applicants or project users to pay or cause
26 to be paid all other costs of acquiring, constructing,
27 maintaining and operating the projects being financed.

28 (iii) Conveyance with or without consideration of
29 any part or all of a project being financed to the
30 project user or applicant on or before payment of all

1 bonds and contractual obligations of the authority
2 incurred with respect to the project.

3 (iv) Other matters as determined by the authority.

4 (30) Implement a program to communicate business
5 opportunities to a range of entities, including businesses
6 owned or operated by veterans, members of underrepresented
7 demographic groups and small businesses located in this
8 Commonwealth.

9 (31) Carry out appropriate acts necessary or convenient
10 to:

11 (i) effectuate the purposes of this chapter; or

12 (ii) exercise the powers specified in this
13 subsection, including any act reasonably implied from
14 those powers.

15 (b) Duties.--The authority shall finance projects in one or
16 more states or territories of the United States by issuing
17 conduit revenue bonds.

18 SUBCHAPTER C

19 BONDS

20 Sec.

21 1721. Bonds issuance.

22 1722. Commonwealth taxation.

23 1723. Federal taxation.

24 1724. Validity of bonds and limitation on actions.

25 1725. Provisions of bonds and trust agreements.

26 1726. Validity of pledge.

27 1727. Commonwealth pledges.

28 1728. Bonds to be legal investments.

29 1729. Rights and remedies of obligees.

30 1730. Benefits to Commonwealth.

1 § 1721. Bonds issuance.

2 (a) Authorization.--The authority may engage in conduit
3 financing to issue limited obligation revenue bonds and other
4 types of limited obligation revenue financing. Bonds issued
5 under this subchapter shall be in the name of the authority.

6 (b) Taxability.--The authority may issue tax-exempt bonds
7 and taxable bonds to fund projects.

8 (c) Authorization requirements.--

9 (1) Bonds of the authority shall be authorized by a
10 resolution of the board.

11 (2) The resolution of the board authorizing an issuance
12 of bonds or the documents approved by the resolution shall
13 provide that the bonds:

14 (i) be of a series;

15 (ii) bear a date or dates;

16 (iii) bear or accrue interest at any rate or rates,
17 whether fixed or variable;

18 (iv) be in denominations;

19 (v) be in any form, either coupon or fully
20 registered without coupons or in certificated or book-
21 entry-only form;

22 (vi) carry registration, exchangeability and
23 interchangeability privileges;

24 (vii) be payable in any medium of payment and at any
25 place or places;

26 (viii) mature on a date or dates not to exceed 50
27 years from the bonds' original issue date; and

28 (ix) be subject to terms of redemption or tender, if
29 any.

30 (3) Bonds shall be signed by or shall bear the facsimile

1 signature of the officer designated by the board.

2 (4) Interest coupons shall be attached to coupon bonds
3 and shall bear the facsimile signature of the officer
4 designated by the board.

5 (5) Bonds may be authenticated by an authenticating
6 agent, fiscal agent or trustee.

7 (6) Bonds may be issued and delivered notwithstanding
8 that the officer signing the bonds or whose facsimile
9 signature is on a coupon has ceased to be the officer at the
10 time when bonds are actually delivered.

11 (7) The proceeds of a bond issued under this section may
12 be used for one or more projects located in this Commonwealth
13 or one or more states or territories of the United States.

14 (8) The authority may not issue bonds to finance a
15 capital improvement project unless the political subdivision
16 within which the project is to be located approves the
17 financing of the project.

18 (d) No debt or liability of the Commonwealth.--

19 (1) Bonds issued under this chapter shall not be a debt
20 or liability of the Commonwealth and shall not create or
21 constitute any indebtedness, liability or obligation of the
22 Commonwealth.

23 (2) Bonds shall be payable solely from money received by
24 the authority from revenues derived from the operation of the
25 project or accounts pledged or available for repayment of the
26 bonds as authorized in this chapter, which may include any of
27 the following:

28 (i) The proceeds of bonds.

29 (ii) Money appropriated to the authority for
30 repayment as authorized in this chapter.

1 (3) All bonds shall contain on their faces statements to
2 the effect that:

3 (i) the authority is obligated to pay the principal
4 of or the interest on the bonds only from the authority's
5 revenues, receipts or money pledged or available for
6 their payment as authorized under this chapter;

7 (ii) neither the Commonwealth nor any political
8 subdivision is obligated to pay the principal of or
9 interest on the bonds; and

10 (iii) neither the faith and credit nor the taxing
11 power of the Commonwealth or any political subdivision is
12 pledged to the payment of the principal of or the
13 interest on the bonds.

14 (e) Sale.--Bonds may be sold at public sale, invited sale or
15 private sale for the price or prices the authority determines.

16 (f) Interim receipts.--Pending the preparation of the
17 definitive bonds, interim receipts may be issued to the
18 purchaser or purchasers of the bonds and shall contain the terms
19 and conditions established by the authority.

20 (g) Negotiable instruments.--Bonds of the authority shall
21 have the qualities of negotiable instruments under 13 Pa.C.S.
22 (relating to Commercial Code).

23 (h) Use.--The authority may use the proceeds of bonds for
24 any of the following:

25 (1) Making loans, grants or guarantees.

26 (2) Purchasing loans, mortgages, security interests or
27 loan participations.

28 (3) Paying expenses in connection with activity under
29 paragraphs (1) and (2), including administrative costs of the
30 authority and the administrator.

1 (4) Paying expenses of authorizing and issuing the
2 bonds.

3 (5) Paying principal, redemption or purchase price and
4 interest on bonds.

5 (6) Funding reserves.

6 (7) Any other purpose deemed necessary or appropriate by
7 the authority.

8 (i) Refunding.--Subject to provisions of this chapter and
9 the terms of bonds or other contractual obligations issued in
10 accordance with this chapter, the authority may refund any
11 outstanding debt of the authority whether the debt represents
12 principal or interest, in whole or in part, at any time. For the
13 purposes of this subsection, the term "refund" and its
14 variations means the issuance and sale of obligations the
15 proceeds of which are used or are to be used for the payment or
16 redemption of outstanding obligations upon or prior to maturity.
17 § 1722. Commonwealth taxation.

18 (a) General rule.--The effectuation of the purposes of the
19 authority is for the benefit of the public in this Commonwealth
20 and nationally, for the increase of commerce and prosperity and
21 for the improvement of health, safety, welfare and living
22 conditions.

23 (b) No tax liability.--The authority, as a public
24 instrumentality of the Commonwealth performing essential
25 governmental functions, is not required to pay any taxes or
26 assessments upon any property located in this Commonwealth
27 acquired or used or permitted to be used by the authority for
28 the authority's purposes.

29 (c) Bonds.--The transfer and the income from bonds issued by
30 the authority for projects, including profit made on their sale,

1 are not subject to State and local taxation within this
2 Commonwealth. The exclusion to tax under this subsection shall
3 not extend to gift, estate, succession or inheritance taxes or
4 any other taxes not levied directly on the bonds, the bonds'
5 transfers, the income from the bonds or the realization of
6 profits on the bonds' sales.

7 § 1723. Federal taxation.

8 (a) Allocation.--If the bonds issued by the authority for a
9 project are tax-exempt bonds for which Federal law requires an
10 allocation, the authority may apply for the allocation upon
11 receipt of a written request by the board. An allocation must be
12 issued by the appropriate allocating entity prior to the date of
13 issuance of the bonds.

14 (b) Approval.--If gubernatorial approval is required by
15 Federal or State law, the Governor may approve the issuance of
16 bonds by the authority upon receipt of written request for
17 approval from the board. The written request must state all of
18 the following:

19 (1) The authority and the local jurisdiction, if
20 applicable, has conducted a public hearing, with appropriate
21 public notice, concerning the purposes for which the bonds
22 are to be issued.

23 (2) A description of the project or projects to be
24 financed.

25 (3) A description of the method of financing the project
26 or projects.

27 (4) A summary of the comments made and questions posed
28 at the public hearing.

29 § 1724. Validity of bonds and limitation on actions.

30 (a) Presumption.--Bonds issued by the authority to

1 accomplish the public purposes of this chapter shall be
2 conclusively deemed in any suit, action or proceeding involving
3 the validity or enforceability of the bonds or their security to
4 have been issued for the public purposes of this chapter.

5 (b) Estoppel.--After issuance, bonds shall be conclusively
6 presumed to be fully authorized and issued under the laws of
7 this Commonwealth, and any person shall be estopped from
8 questioning their validity, sale, execution or delivery by the
9 authority.

10 § 1725. Provisions of bonds and trust agreements.

11 A resolution authorizing the issuance of bonds or any trust
12 agreement approved in or by a resolution authorizing the
13 issuance of bonds may contain provisions which do any of the
14 following:

15 (1) Secure the bonds.

16 (2) Covenant against any of the following:

17 (i) Pledging or granting a security interest in any
18 part of the authority's revenues or any part of the
19 authority's property to which its right or title exists
20 or which may later come into existence.

21 (ii) Permitting or suffering any lien on all or any
22 part of its revenues or property.

23 (iii) Extending the time for the payment of bonds or
24 interest.

25 (3) Covenant with respect to limiting the authority's
26 right to sell, pledge or otherwise dispose of bonds or notes
27 of governmental units, loan agreements or other property.

28 (4) Covenant relating to any of the following:

29 (i) Additional bonds to be issued.

30 (ii) Limitations on additional bonds.

1 (iii) Terms and conditions of additional bonds.

2 (iv) Custody, application, investment and
3 disposition of proceeds of bonds.

4 (v) Incurring of other debts or obligations by the
5 authority.

6 (vi) Payment of principal of or interest on bonds.

7 (vii) Sources and methods of payment.

8 (viii) Rank or priority of bonds with respect to
9 liens or security interests.

10 (ix) Redemption, purchase and tender of bonds by the
11 authority or the bondholders and the privilege of
12 exchange of the bonds for other bonds.

13 (x) Use, investment and disposition of the money
14 held in special funds, accounts or reserves.

15 (xi) Use of any or all of the authority's real or
16 personal property.

17 (xii) Warrant of title to the authority's real or
18 personal property.

19 (5) Provide for any of the following:

20 (i) Replacement of lost, stolen, destroyed or
21 mutilated bonds.

22 (ii) Maintenance of the authority's real and
23 personal property.

24 (iii) Replacement of the authority's real and
25 personal property.

26 (iv) Insurance to be carried on the authority's real
27 and personal property and the use and disposition of the
28 insurance proceeds.

29 (v) Rights, liabilities, powers and duties arising
30 upon the breach of a covenant, condition or obligation.

1 (6) Create or authorize the creation of special funds or
2 accounts to be held in trust or otherwise for the benefit of
3 bondholders or of reserves for debt service or other
4 purposes.

5 (7) Provide for obtaining letters of credit, bond
6 insurance and other facilities for credit enhancement and
7 liquidity.

8 (8) Prescribe any of the following:

9 (i) Procedure by which the terms of a contract with
10 bondholders may be amended or abrogated.

11 (ii) Percentage of the principal amount of bonds the
12 holders of which must consent to the amendment or
13 abrogation of any contract.

14 (iii) Manner in which the consent under subparagraph
15 (ii) may be given.

16 (9) Prescribe any of the following:

17 (i) Events of default.

18 (ii) Terms and conditions upon which the bonds
19 become or may be declared due and payable before stated
20 maturity following an event of default.

21 (iii) Terms and conditions upon which the
22 declaration of default and its consequence may be waived.

23 (10) Pay the costs or expenses incident to any of the
24 following:

25 (i) The enforcement of the bonds.

26 (ii) The provisions of the resolution authorizing
27 the issuance of the bonds.

28 (iii) The trust agreement securing the bonds.

29 (iv) A covenant or agreement of the authority with
30 the holders of the bonds or other obligees of the

1 authority.

2 (11) Vest in a trustee, within or outside this
3 Commonwealth, any property, rights, powers and duties in
4 trust, including rights with respect to the sale or other
5 disposition of notes and bonds, of governmental units and
6 other instruments and security pledged under a resolution or
7 trust agreement for the benefit of bondholders and rights, by
8 suit or action, to foreclose a mortgage pledged under a
9 resolution or trust indenture for the benefit of bondholders.

10 (12) Limit the rights, powers and duties of a trustee
11 and the right of bondholders to appoint a trustee.

12 (13) Establish the terms and conditions upon which a
13 trustee or the bondholders may enforce a covenant or rights
14 securing or relating to the bonds.

15 (14) Exercise all or any part or combination of the
16 powers granted in this chapter.

17 (15) Make covenants other than and in addition to the
18 covenants expressly authorized by this chapter.

19 (16) Do or refrain from doing any other act to better
20 secure the bonds of the authority or make bonds of the
21 authority more marketable.

22 § 1726. Validity of pledge.

23 A pledge or grant of a security interest in revenues or
24 instruments made by the authority shall be valid and binding
25 from the time the pledge is made. The revenues, receipts, money
26 or other property or instruments pledged and later received by
27 the authority shall immediately be subject to the lien of the
28 pledge or security interest without any physical delivery of the
29 property pledged or further act. The lien of the pledge or
30 security interest shall be valid and binding as against all

1 parties having claims of any kind in tort, contract or otherwise
2 against the authority irrespective of whether the parties have
3 notice of the lien, pledge or security interest. No instrument
4 by which a pledge or security interest is created, evidenced or
5 noticed need be recorded or filed to perfect the pledge or
6 security interest except in the records of the authority.
7 § 1727. Commonwealth pledges.

8 (a) Bondholders.--The Commonwealth pledges to and agrees
9 with each obligee of the authority that the Commonwealth will
10 not limit or alter the rights and powers vested in the authority
11 or otherwise created by this chapter in any manner inconsistent
12 with the obligations of the authority to the obligees of the
13 authority until all bonds at any time issued, together with the
14 interest on the bonds, are fully paid and discharged.

15 (b) Lessees.--The Commonwealth pledges and agrees with any
16 person that, as owner of property which is leased or subleased
17 to or from the authority, the Commonwealth will not limit or
18 alter the rights and powers vested in the authority or otherwise
19 created by this chapter in any manner which impairs the
20 obligations of the authority until all the obligations of the
21 authority under the lease or sublease are fully met and
22 discharged.

23 § 1728. Bonds to be legal investments.

24 (a) Investments.--Bonds issued under this chapter are made
25 securities in which all of the following may properly and
26 legally invest money, including capital, deposits or other money
27 in their control or belonging to them:

28 (1) Government agencies.

29 (2) Insurance companies.

30 (3) Trust companies.

1 (4) Banking associations, banking corporations and
2 savings banks.

3 (5) Investment companies.

4 (6) Executors, trustees and other fiduciaries.

5 (7) Trustees of any retirement, pension or annuity fund
6 or system of the Commonwealth.

7 (b) Deposits.--Bonds issued by the authority are made
8 securities which may properly and legally be deposited with and
9 received by a government agency for any purpose for which the
10 deposit of bonds or other obligations of the Commonwealth are
11 authorized by law.

12 § 1729. Rights and remedies of obligees.

13 The rights and remedies conferred upon or granted to obligees
14 of the authority under this chapter shall be in addition to and
15 not in limitation of rights and remedies lawfully granted to the
16 obligees of the authority by resolution providing for the
17 issuance of bonds or by any trust agreement or other agreement
18 under which the bonds may be issued or secured.

19 § 1730. Benefits to Commonwealth.

20 The authority shall pay, on an annual basis, to the
21 Commonwealth, the money generated by the authority after the
22 payment of all costs and expenses to operate the authority,
23 including payments to the administrator and the retention of
24 money to maintain reasonable reserves as determined by the
25 board.

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