

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1307 Session of 2024

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

SENATOR HUTCHINSON, FINANCE, AS AMENDED, OCTOBER 1, 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.~~ ACCOUNTANT IN ACCORDANCE WITH <--
10 GENERALLY ACCEPTED AUDITING STANDARDS.

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

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

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

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

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

13 (j) Limitation on action.--

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

17 (i) borrow additional money;

18 (ii) issue additional bonds; or

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

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

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

30 (1) The administrator shall provide administrative

1 services and staff to the authority and the board.

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

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

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

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

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

16 § 1712. Board.

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

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

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

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

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

28 (5) Four legislative appointees:

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

1 (A) One individual appointed by the President
2 pro tempore of the Senate.

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

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

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

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

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

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

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

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

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

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

30 (v) One board member appointed by the other members

1 of the board by a vote of a majority, whose initial term
2 shall be 10 years and a term of 10 years thereafter.

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

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

12 (d) Quorum.--~~A majority~~ TWO-THIRDS OF THE MEMBERS of the <--
13 board shall constitute a quorum. ~~A majority of the quorum of the~~ <--
14 ~~board~~ THE CONSENT OF AT LEAST TWO-THIRDS OF THE MEMBERS OF THE <--
15 BOARD, WITH AT LEAST FOUR OF THE CONSENTING MEMBERS BEING
16 APPOINTED UNDER SUBSECTION (A) (5), shall be necessary to take
17 any action on behalf of the authority.

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

23 (f) Fiduciary relationship.--The members of the board and
24 the professional personnel of the board shall stand in a
25 fiduciary relationship with the authority as to the money in the
26 accounts of the authority and investments of the authority.

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

1 (h) Liability.--Members of the board shall not be personally
2 liable on any obligations of the authority, including bonds of
3 the authority.

4 (i) Initial appointment and vacancy.--Appointing authorities
5 shall appoint initial members to the board within 30 days of the
6 effective date of this subsection. If a vacancy occurs on the
7 board, the appointing authority shall appoint a successor member
8 within 30 days of the vacancy. If the appointing authority does
9 not make an appointment during the 30-day period, the remainder
10 of the board may select a replacement member to serve in the
11 role, subject to replacement by the authorized appointing
12 authority.

13 § 1713. Powers.

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

15 (1) Adopt bylaws and guidelines.

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

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

19 (4) Establish accounts necessary or desirable for its
20 corporate purposes.

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

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

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

30 (8) Contract and execute instruments, including

1 financing agreements, loan agreements, letter of credit
2 agreements, liquidity agreements, guarantees, sureties,
3 mortgages, standby loan commitments and contracts of
4 insurance, which are necessary or appropriate for carrying on
5 the business of the authority. Power under this paragraph
6 includes the ability to make and execute contracts for the
7 servicing of loans and mortgages acquired by the authority.

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

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

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

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

18 (13) Foreclose on a mortgage or security interest in
19 default.

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

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

26 (16) Impose and collect fees and charges in connection
27 with loan commitments and servicing, including reimbursement
28 of costs of financing.

29 (17) Acquire, accept, purchase, receive, collect, hold,
30 convey and invest money, fees and property, whether tangible

1 or intangible, from all sources, directly or by assignment,
2 pledge or otherwise.

3 (18) Acquire, buy, sell, lease, encumber, mortgage,
4 hypothecate, pledge, assign, transfer, convey or dispose of
5 any property, whether tangible or intangible, including the
6 authority's property or interest in projects, mortgages,
7 deeds of trust, indentures of mortgage or trust, leases,
8 purchase or sale or other financing agreements, or similar
9 instruments, bonds, notes and security interests in property
10 or contracts entered into or acquired in connection with
11 bonds.

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

17 (20) Employ or appoint agents, employees, finance
18 professionals and special advisors.

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

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

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

1 vendors and suppliers.

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

4 (25) Invest money of the authority not required for
5 immediate use, including proceeds from the sale of bonds, as
6 the board determines, subject to any agreement with
7 bondholders stated in the authorizing resolution providing
8 for the issuance of bonds.

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

11 (27) Promulgate regulations and adopt guidelines and
12 statements of policy containing restrictions as the authority
13 may deem necessary and appropriate to effectuate the public
14 purposes of this chapter.

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

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

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

29 (ii) The applicants or project users to pay or cause
30 to be paid all other costs of acquiring, constructing,

1 maintaining and operating the projects being financed.

2 (iii) Conveyance with or without consideration of
3 any part or all of a project being financed to the
4 project user or applicant on or before payment of all
5 bonds and contractual obligations of the authority
6 incurred with respect to the project.

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

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

13 (31) Carry out appropriate acts necessary or convenient
14 to:

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

16 (ii) exercise the powers specified in this
17 subsection, including any act reasonably implied from
18 those powers.

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

22 SUBCHAPTER C

23 BONDS

24 Sec.

25 1721. Bonds issuance.

26 1722. Commonwealth taxation.

27 1723. Federal taxation.

28 1724. Validity of bonds and limitation on actions.

29 1725. Provisions of bonds and trust agreements.

30 1726. Validity of pledge.

1 1727. Commonwealth pledges.
2 1728. Bonds to be legal investments.
3 1729. Rights and remedies of obligees.
4 1730. Benefits to Commonwealth.

5 § 1721. Bonds issuance.

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

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

12 (c) Authorization requirements.--

13 (1) Bonds of the authority shall be authorized by a
14 resolution of the board.

15 (2) The resolution of the board authorizing an issuance
16 of bonds or the documents approved by the resolution shall
17 provide that the bonds:

18 (i) be of a series;

19 (ii) bear a date or dates;

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

22 (iv) be in denominations;

23 (v) be in any form, either coupon or fully
24 registered without coupons or in certificated or book-
25 entry-only form;

26 (vi) carry registration, exchangeability and
27 interchangeability privileges;

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

30 (viii) mature on a date or dates not to exceed 50

1 years from the bonds' original issue date; and

2 (ix) be subject to terms of redemption or tender, if
3 any.

4 (3) Bonds shall be signed by or shall bear the facsimile
5 signature of the officer designated by the board.

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

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

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

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

18 (8) The authority may not issue bonds to finance a
19 capital improvement project unless the political subdivision
20 within which the project is to be located approves the
21 financing of the project.

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

23 (1) Bonds issued under this chapter shall not be a debt
24 or liability of the Commonwealth and shall not create or
25 constitute any indebtedness, liability or obligation of the
26 Commonwealth.

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

1 the following:

2 (i) The proceeds of bonds.

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

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

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

11 (ii) neither the Commonwealth nor any political
12 subdivision is obligated to pay the principal of or
13 interest on the bonds; and

14 (iii) neither the faith and credit nor the taxing
15 power of the Commonwealth or any political subdivision is
16 pledged to the payment of the principal of or the
17 interest on the bonds.

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

20 (f) Interim receipts.--Pending the preparation of the
21 definitive bonds, interim receipts may be issued to the
22 purchaser or purchasers of the bonds and shall contain the terms
23 and conditions established by the authority.

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

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

29 (1) Making loans, grants or guarantees.

30 (2) Purchasing loans, mortgages, security interests or

1 loan participations.

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

5 (4) Paying expenses of authorizing and issuing the
6 bonds.

7 (5) Paying principal, redemption or purchase price and
8 interest on bonds.

9 (6) Funding reserves.

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

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

21 § 1722. Commonwealth taxation.

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

27 (b) No tax liability.--The authority, as a public
28 instrumentality of the Commonwealth performing essential
29 governmental functions, is not required to pay any taxes or
30 assessments upon any property located in this Commonwealth

1 acquired or used or permitted to be used by the authority for
2 the authority's purposes.

3 (c) Bonds.--The transfer and the income from bonds issued by
4 the authority for projects, including profit made on their sale,
5 are not subject to State and local taxation within this
6 Commonwealth. The exclusion to tax under this subsection shall
7 not extend to gift, estate, succession or inheritance taxes or
8 any other taxes not levied directly on the bonds, the bonds'
9 transfers, the income from the bonds or the realization of
10 profits on the bonds' sales.

11 § 1723. Federal taxation.

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

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

23 (1) The authority and the local jurisdiction, if
24 applicable, has conducted a public hearing, with appropriate
25 public notice, concerning the purposes for which the bonds
26 are to be issued.

27 (2) A description of the project or projects to be
28 financed.

29 (3) A description of the method of financing the project
30 or projects.

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

3 § 1724. Validity of bonds and limitation on actions.

4 (a) Presumption.--Bonds issued by the authority to
5 accomplish the public purposes of this chapter shall be
6 conclusively deemed in any suit, action or proceeding involving
7 the validity or enforceability of the bonds or their security to
8 have been issued for the public purposes of this chapter.

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

14 § 1725. Provisions of bonds and trust agreements.

15 A resolution authorizing the issuance of bonds or any trust
16 agreement approved in or by a resolution authorizing the
17 issuance of bonds may contain provisions which do any of the
18 following:

19 (1) Secure the bonds.

20 (2) Covenant against any of the following:

21 (i) Pledging or granting a security interest in any
22 part of the authority's revenues or any part of the
23 authority's property to which its right or title exists
24 or which may later come into existence.

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

27 (iii) Extending the time for the payment of bonds or
28 interest.

29 (3) Covenant with respect to limiting the authority's
30 right to sell, pledge or otherwise dispose of bonds or notes

1 of governmental units, loan agreements or other property.

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

3 (i) Additional bonds to be issued.

4 (ii) Limitations on additional bonds.

5 (iii) Terms and conditions of additional bonds.

6 (iv) Custody, application, investment and
7 disposition of proceeds of bonds.

8 (v) Incurring of other debts or obligations by the
9 authority.

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

11 (vii) Sources and methods of payment.

12 (viii) Rank or priority of bonds with respect to
13 liens or security interests.

14 (ix) Redemption, purchase and tender of bonds by the
15 authority or the bondholders and the privilege of
16 exchange of the bonds for other bonds.

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

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

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

23 (5) Provide for any of the following:

24 (i) Replacement of lost, stolen, destroyed or
25 mutilated bonds.

26 (ii) Maintenance of the authority's real and
27 personal property.

28 (iii) Replacement of the authority's real and
29 personal property.

30 (iv) Insurance to be carried on the authority's real

1 and personal property and the use and disposition of the
2 insurance proceeds.

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

5 (6) Create or authorize the creation of special funds or
6 accounts to be held in trust or otherwise for the benefit of
7 bondholders or of reserves for debt service or other
8 purposes.

9 (7) Provide for obtaining letters of credit, bond
10 insurance and other facilities for credit enhancement and
11 liquidity.

12 (8) Prescribe any of the following:

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

15 (ii) Percentage of the principal amount of bonds the
16 holders of which must consent to the amendment or
17 abrogation of any contract.

18 (iii) Manner in which the consent under subparagraph
19 (ii) may be given.

20 (9) Prescribe any of the following:

21 (i) Events of default.

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

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

27 (10) Pay the costs or expenses incident to any of the
28 following:

29 (i) The enforcement of the bonds.

30 (ii) The provisions of the resolution authorizing

1 the issuance of the bonds.

2 (iii) The trust agreement securing the bonds.

3 (iv) A covenant or agreement of the authority with
4 the holders of the bonds or other obligees of the
5 authority.

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

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

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

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

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

23 (16) Do or refrain from doing any other act to better
24 secure the bonds of the authority or make bonds of the
25 authority more marketable.

26 § 1726. Validity of pledge.

27 A pledge or grant of a security interest in revenues or
28 instruments made by the authority shall be valid and binding
29 from the time the pledge is made. The revenues, receipts, money
30 or other property or instruments pledged and later received by

1 the authority shall immediately be subject to the lien of the
2 pledge or security interest without any physical delivery of the
3 property pledged or further act. The lien of the pledge or
4 security interest shall be valid and binding as against all
5 parties having claims of any kind in tort, contract or otherwise
6 against the authority irrespective of whether the parties have
7 notice of the lien, pledge or security interest. No instrument
8 by which a pledge or security interest is created, evidenced or
9 noticed need be recorded or filed to perfect the pledge or
10 security interest except in the records of the authority.

11 § 1727. Commonwealth pledges.

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

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

27 § 1728. Bonds to be legal investments.

28 (a) Investments.--Bonds issued under this chapter are made
29 securities in which all of the following may properly and
30 legally invest money, including capital, deposits or other money

1 in their control or belonging to them:

2 (1) Government agencies.

3 (2) Insurance companies.

4 (3) Trust companies.

5 (4) Banking associations, banking corporations and
6 savings banks.

7 (5) Investment companies.

8 (6) Executors, trustees and other fiduciaries.

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

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

16 § 1729. Rights and remedies of obligees.

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

23 § 1730. Benefits to Commonwealth.

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

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