
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2480 Session of
2020

INTRODUCED BY RYAN, THOMAS, READSHAW, JOZWIAK AND KEEFER,
MAY 4, 2020

REFERRED TO COMMITTEE ON FINANCE, MAY 4, 2020

AN ACT

1 Implementing the provisions of clause (1) of subsection (a) of
2 section 7 of Article VIII of the Constitution of the
3 Commonwealth of Pennsylvania authorizing the incurring of
4 debt for the rehabilitation of areas of this Commonwealth
5 affected by the COVID-19 disaster emergency; imposing duties
6 upon the Governor, the Auditor General and State Treasurer;
7 prescribing the procedures for the issuance, sale and payment
8 of general obligations bonds, the funding of debt and
9 refunding of bonds; exempting bonds from State and local
10 taxation; establishing certain funds; providing for
11 allocation of proceeds and for a legislative COVID-19
12 disaster oversight committee; and making appropriations.

13 TABLE OF CONTENTS

14 Chapter 1. Preliminary Provisions
15 Section 101. Short title.
16 Section 102. Definitions.
17 Chapter 3. Bonds
18 Section 301. Borrowing of money authorized.
19 Section 302. General obligation bonds authorized.
20 Section 303. Disposition and use of proceeds.
21 Section 304. Issuance of bonds, interest and maturity.
22 Section 305. Direct obligations, exemption from taxation and
23 means of payment.

1 Section 306. Sale of bonds.
2 Section 307. Temporary financing authorization.
3 Section 308. Disaster Relief Redemption Fund.
4 Section 309. Refunding bonds.
5 Section 310. Reporting requirements.
6 Section 311. Registration of bonds.
7 Section 312. Voting requirements.
8 Chapter 5. Appropriations
9 Section 501. Appropriations.
10 Chapter 7. Legislative COVID-19 Disaster Oversight Committee
11 Section 701. Legislative COVID-19 Disaster Oversight Committee.
12 Chapter 21. Miscellaneous Provisions
13 Section 2101. Effective date.

14 The General Assembly of the Commonwealth of Pennsylvania
15 hereby enacts as follows:

16 CHAPTER 1

17 PRELIMINARY PROVISIONS

18 Section 101. Short title.

19 This act shall be known and may be cited as the COVID-19
20 Disaster Recovery Act.

21 Section 102. Definitions.

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

25 "COVID-19." The novel coronavirus as identified in the
26 proclamation of disaster emergency issued issued by the Governor
27 on March 6, 2020, published at 50 Pa.B. 1644 (March 21, 2020).

28 "Issuing officials." The Governor, the Auditor General and
29 the State Treasurer.

30 CHAPTER 3

BONDS

Section 301. Borrowing of money authorized.

Pursuant to the provisions of clause (1) of subsection (a) of section 7 of Article VIII of the Constitution of Pennsylvania, the Commonwealth is hereby authorized and directed to borrow from time to time money not exceeding in the aggregate the sum of \$5,000,000,000, not including money borrowed to refund outstanding bonds, notes or replacement notes, as may be found necessary to carry out the rehabilitation of areas of this Commonwealth affected by the COVID-19 disaster emergency.

Section 302. General obligation bonds authorized.

The indebtedness authorized under this act shall be incurred from time to time and shall be evidenced by one or more series of general obligation bonds or notes of the Commonwealth in the aggregate principal amount for each series as the Governor, Auditor General and State Treasurer shall determine, but the latest stated maturity date shall not exceed 20 years from the date of the bond first issued for each series.

Section 303. Disposition and use of proceeds.

(a) Deposit.--The proceeds from the sale of bonds and notes, except refunding bonds and replacement notes, issued pursuant to this act shall be paid to the State Treasurer for deposit into the COVID-19 Disaster Relief Account, which is established as a restricted receipts account within the Budget Stabilization Reserve Fund.

(b) Dedication of funds.--Money in the COVID-19 Disaster Relief Account is hereby specifically dedicated to meeting the costs of the rehabilitation of areas of this Commonwealth affected by the COVID-19 disaster emergency, including, but not limited to, public assistance and disaster mitigation as defined

1 in or authorized by The Robert T. Stafford Disaster Relief and
2 Emergency Assistance Act (Public Law 93-288, 88 Stat. 143), and
3 paying the costs and expenses of issuing bonds and notes.

4 (c) Interest earnings.--Pending its application to the
5 purposes authorized, money held or deposited by the State
6 Treasurer may be invested and reinvested as are other funds in
7 the custody of the State Treasurer in the manner provided by
8 law. All earnings received from the investment or deposit of the
9 funds shall be paid into the State Treasury to the credit of the
10 COVID-19 Disaster Relief Account.

11 (d) Allocation of proceeds.--Subject to the total limit of
12 \$5,000,000,000, the money authorized to be borrowed by section
13 301 shall be allocated as follows:

14 (1) (Reserved).

15 (2) (Reserved).

16 (e) Transfer of unused funds.--Money in the COVID-19
17 Disaster Relief Account not necessary to pay unexpired contracts
18 or to pay potential legal obligations shall be transferred by
19 the State Treasurer, with the approval of the Governor, to the
20 COVID-19 Disaster Relief Redemption Fund and shall be used to
21 pay debt service on the existing COVID-19 disaster relief bonds.
22 Section 304. Issuance of bonds, interest and maturity.

23 (a) Series and issues.--When bonds are issued from time to
24 time, the bonds of each issue shall constitute a separate series
25 to be designated by the issuing officials or may be combined for
26 sale as one series with other general obligation bonds of the
27 Commonwealth. Each series of bonds shall bear the rate or rates
28 of interest as may be determined by the issuing officials. The
29 bonds shall be issued in the denominations and in the form,
30 whether coupon or registered as to both principal and interest,

1 and with or without provisions for interchangeability as the
2 issuing officials may determine. In case interest coupons are
3 attached, the coupons shall contain the facsimile signature of
4 the State Treasurer.

5 (b) Terms.--Except as otherwise set forth in this act, the
6 terms and conditions of issue, redemption and maturity and time
7 of payment of interest shall be as the issuing officials shall
8 specify. The issuing officials shall provide for the
9 amortization of the bonds in substantial and regular amounts
10 over the term of the debt. The first retirement of principal
11 shall be stated to mature prior to the expiration of a period of
12 time equal to one-tenth of the time from the date of the first
13 obligation issued to evidence the debt to the date of the
14 expiration of the term of the debt. Retirements of principal
15 shall be regular and substantial if made in annual or semiannual
16 amounts whether by stated serial maturities or by mandatory
17 sinking fund retirements computed in accordance with either a
18 level annual debt service plan, as nearly as may be, or upon the
19 equal annual maturities plan. The issuing officials are
20 authorized to carry out the provisions of this act relating to
21 the issuance of bonds and shall determine all matters in
22 connection with the issuance of the bonds subject to the
23 provisions of this act.

24 (c) Signatures.--All bonds issued under the authority of
25 this act shall bear the facsimile signatures of the issuing
26 officials and a facsimile of the Great Seal of the Commonwealth
27 of Pennsylvania and shall be countersigned by a duly authorized
28 officer of a duly authorized loan and transfer agent of the
29 Commonwealth.

30 Section 305. Direct obligations, exemption from taxation and

1 means of payment.

2 All bonds issued in accordance with this act shall be direct
3 obligations of the Commonwealth, and the full faith and credit
4 of the Commonwealth are hereby pledged for the payment of the
5 interest on the bonds as the same shall become due and the
6 payment of the principal of the bonds at maturity. All bonds
7 issued under this act shall be exempt from taxation for State
8 and local purposes, except as provided under Article XXIX of the
9 act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code
10 of 1971. The principal of and interest on the bonds shall be
11 payable in lawful money of the United States.

12 Section 306. Sale of bonds.

13 (a) Requirements.--If bonds are issued in accordance with
14 this act, the bonds shall be offered for sale at not less than
15 98% of the principal amount of the bonds and accrued interest
16 and shall be sold by the issuing officials to the highest and
17 best bidder or bidders after due public advertisement on terms
18 and conditions and upon open competitive bidding as the issuing
19 officials shall direct. The manner and times of advertising
20 shall be prescribed by the issuing officials.

21 (b) Private sale.--Any portion of any bond issue offered and
22 not sold or subscribed for may be disposed of by private sale by
23 the issuing officials in the manner and at the prices, not less
24 than 98% of the principal amount of the bonds and accrued
25 interest, as the Governor shall direct. No commission shall be
26 allowed or paid for the sale of any bonds issued under the
27 authority of this act.

28 (c) Temporary bonds.--Until permanent bonds can be prepared,
29 the issuing officials may in their discretion issue in lieu of
30 permanent bonds, temporary bonds in a form and with the

1 privileges as to registration and exchange for permanent bonds
2 as may be determined by the issuing officials.

3 Section 307. Temporary financing authorization.

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

21 (b) Evidence of debt.--All temporary borrowings made under
22 the authorization of this section shall be evidenced by notes of
23 the Commonwealth, which shall be issued from time to time for
24 amounts not exceeding in the aggregate the applicable statutory
25 and constitutional debt limitation, in a form and in the
26 denominations and subject to terms and condition of sale and
27 issue, prepayment or redemption and maturity, rate or rates of
28 interest and time of payment of interest as the issuing
29 officials shall authorize and direct and in accordance with this
30 act. The authorization and direction may provide for the

1 subsequent issuance of replacement notes to refund outstanding
2 notes or replacement notes, which replacement notes shall, upon
3 issuance, evidence the borrowing, and may specify other terms
4 and conditions with respect to the notes and replacement notes
5 authorized for issuance as the issuing officials may determine
6 and direct.

7 (c) Replacement notes.--If the authorization and direction
8 of the issuing officials provide for the issuance of replacement
9 notes, the issuing officials are authorized in the name and on
10 behalf of the Commonwealth to issue, enter into or authorize and
11 direct the State Treasurer to enter into agreements with any
12 banks, trust companies, investment banking firms or other
13 institutions or persons in the United States having the power to
14 enter the same:

15 (1) To purchase or underwrite an issue or series of
16 issues of notes.

17 (2) To credit, to enter into any purchase, loan or
18 credit agreements, to draw money pursuant to the agreements
19 on the terms and conditions set forth in the agreements and
20 to issue notes as evidence of borrowings made under the
21 agreements.

22 (3) To appoint as issuing and paying agent or agents
23 with respect to notes.

24 (4) To perform other acts as may be necessary or
25 appropriate to provide for the payment, when due, of the
26 interest on and the principal of the notes.

27 (d) Terms.--The agreements under subsection (c) may provide
28 for the compensation of any purchasers or underwriters of notes
29 or replacement notes by discounting the purchase price of the
30 notes or by payment of a fixed fee or commission at the time of

1 issuance of the notes, and all other costs and expenses,
2 including fees for agreements related to the notes, issuing and
3 paying agent costs and costs and expenses of issuance, may be
4 paid from the proceeds of the notes.

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

20 (f) Retirement of outstanding notes.--Outstanding notes
21 evidencing the borrowings may be funded and retired by the
22 issuance and sale of the bonds of the Commonwealth as authorized
23 in this act. The refunding bonds must be issued and sold not
24 later than a date three years after the date of issuance of the
25 first notes evidencing the borrowings to the extent that payment
26 of the notes has not otherwise been made or provided for by
27 sources other than proceeds of replacement notes.

28 (g) Disposition of proceeds.--The proceeds of all the
29 temporary borrowing shall be paid to the State Treasurer to be
30 held and disposed of in accordance with the provisions of this

1 act.

2 Section 308. Disaster Relief Redemption Fund.

3 (a) Establishment.--All bonds issued under the authority of
4 this act shall be paid at maturity and all interest due from
5 time to time on the bonds and on all notes issued under this act
6 shall be paid from the COVID-19 Disaster Relief Redemption Fund,
7 which is hereby established. The General Assembly shall
8 appropriate annually the money necessary to pay the interest on
9 the bonds and notes and the principal of the bonds and notes at
10 maturity for which other provision is not made. All money
11 appropriated shall be paid into the COVID-19 Disaster Relief
12 Redemption Fund by the State Treasurer. All money received prior
13 to the date for disbursement shall be invested by the State
14 Treasurer pending disbursement in the securities as are provided
15 by law for the investment of surplus money of the Commonwealth.

16 (b) Use of fund.--The investment of the money and the
17 accumulations on the investment in the COVID-19 Disaster Relief
18 Redemption Fund shall be devoted to and be used exclusively for
19 the payment of the interest accruing on the bonds and notes and
20 for the redemption of the bonds and notes at maturity or upon
21 the redemption date, if called for prior redemption. The State
22 Treasurer, with the approval of the Governor, is authorized at
23 any time to use any of the funds for the purchase and retirement
24 of all or any part of the bonds issued under this act. No
25 purchase shall be made which will reduce the money in the COVID-
26 19 Disaster Relief Redemption Fund below the amount necessary to
27 pay all principal and interest still to become due in the fiscal
28 year of the purchase. In the event that all or any part of the
29 bonds shall be purchased by the Commonwealth, the bonds shall be
30 canceled and returned to the State Treasurer as canceled and

1 paid bonds, and thereafter all payments of interest on the bonds
2 shall cease, and the canceled bonds and coupons shall be
3 destroyed as promptly as possible after cancellation but not
4 later than two years after cancellation. A certificate
5 evidencing the destruction of the canceled bonds, notes and
6 coupons shall be provided by the loan and transfer agent to the
7 issuing officials. All canceled bonds, notes and coupons shall
8 be mutilated as to make the canceled bonds, notes and coupons
9 nonnegotiable.

10 Section 309. Refunding bonds.

11 The issuing officials are authorized to provide by resolution
12 for the issuance of refunding bonds for the purpose of refunding
13 any debt issued under this act and then outstanding, either by
14 voluntary exchange with the holders of the outstanding debt or
15 to provide funds to redeem and retire the outstanding debt with
16 accrued interest, any premium payable and the costs of issuance
17 and retirement of the debt, at maturity or at any call date. The
18 issuance of the refunding bonds, the maturities and other
19 details of the refunding bonds, the rights of the holders of the
20 refunding bonds and the duties of the issuing officials in
21 respect to the refunding bonds shall be governed by the
22 provisions of this section insofar as they may be applicable.

23 Refunding bonds which are not subject to the aggregate
24 limitation of \$5,000,000,000 of debt to be issued pursuant to
25 this act may be issued by the issuing officials to refund debt
26 originally issued or to refund bonds previously issued for
27 refunding purposes.

28 Section 310. Reporting requirements.

29 The State Treasurer shall determine and report to the
30 Secretary of the Budget by November of each year the amount of

1 money necessary for the payment of interest on outstanding
2 obligations and the principal of the obligations, if any, for
3 the following fiscal year and the times and amounts of the
4 payments.

5 Section 311. Registration of bonds.

6 The Auditor General shall prepare the necessary registry
7 books to be kept in the office of the duly authorized loan and
8 transfer agent of the Commonwealth for the registration of any
9 bonds of the Commonwealth, at the request of the owners of the
10 bonds, according to the terms and conditions of issue specified
11 by the issuing officials. All bonds which are issued without
12 interest coupons attached shall be registered in the registry
13 books kept by the duly authorized loan and transfer agent of the
14 Commonwealth.

15 Section 312. Voting requirements.

16 Whenever in this act any action is to be taken or decision
17 made by the issuing officials and the three officers shall not
18 be able to agree unanimously, the action or decision of the
19 Governor and either the Auditor General or State Treasurer shall
20 be binding and final.

21 CHAPTER 5

22 APPROPRIATIONS

23 Section 501. Appropriations.

24 (a) Appropriation.--The net proceeds, less the costs and
25 expenses of issuing the obligations, of the sale of the
26 \$5,000,000,000 of obligations authorized under this act shall be
27 appropriated from the COVID-19 Disaster Relief Account in
28 accordance with section 1703-A of the act of April 9, 1929
29 (P.L.343, No.176), known as The Fiscal Code, to the Governor for
30 allocation by the Secretary of the Budget as provided in section

1 303(d).

2 (b) Appropriation to State Treasurer.--There is hereby
3 appropriated to the State Treasurer from the COVID-19 Disaster
4 Relief Account as much money as may be necessary for all costs
5 and expenses in connection with the issue of and sale and
6 registration of the bonds and notes in connection with this act
7 and the payment of interest arbitrage rebates on proceeds of
8 the bonds and notes.

9 CHAPTER 7

10 LEGISLATIVE COVID-19 DISASTER OVERSIGHT COMMITTEE

11 Section 701. Legislative COVID-19 Disaster Oversight Committee.

12 (a) Establishment.--A special legislative committee to be
13 known as the Legislative COVID-19 Disaster Oversight Committee
14 is established and shall be composed of the following:

15 (1) The Majority Leader of the Senate.

16 (2) The Minority Leader of the Senate.

17 (3) The Majority Leader of the House of Representatives.

18 (4) The Minority Leader of the House of Representatives.

19 (5) The Executive Director of the Pennsylvania Emergency
20 Management Agency.

21 (b) Powers and duties.--The Legislative COVID-19 Disaster
22 Oversight Committee may recommend policies for implementation of
23 this act to the Pennsylvania Emergency Management Agency and may
24 inquire into delays and issues related to distribution of public
25 assistance and other grants authorized under this act.

26 CHAPTER 21

27 MISCELLANEOUS PROVISIONS

28 Section 2101. Effective date.

29 This act shall take effect immediately.