
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1585 Session of
2019

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REFERRED TO COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY,
JUNE 6, 2019

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
2 act relating to tax reform and State taxation by codifying
3 and enumerating certain subjects of taxation and imposing
4 taxes thereon; providing procedures for the payment,
5 collection, administration and enforcement thereof; providing
6 for tax credits in certain cases; conferring powers and
7 imposing duties upon the Department of Revenue, certain
8 employers, fiduciaries, individuals, persons, corporations
9 and other entities; prescribing crimes, offenses and
10 penalties," providing for infrastructure revenue; and making
11 a related repeal.

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

14 Section 1. The act of March 4, 1971 (P.L.6, No.2), known as

1 the Tax Reform Code of 1971, is amended by adding an article to
2 read:

3 ARTICLE XXVI

4 INFRASTRUCTURE REVENUE

5 PART I

6 PRELIMINARY PROVISIONS

7 Section 2601. Short title.

8 This article shall be known and may be cited as the Restore
9 Pennsylvania Act.

10 Section 2602. Definitions.

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

14 "Average annual price of natural gas." As defined in 58
15 Pa.C.S. § 2301 (relating to definitions).

16 "Fund." The Restore Pennsylvania Fund established under
17 section 2636.

18 "Lease." An agreement conveying to a lessee the right to
19 remove or recover oil, natural gas or gas of any other
20 designation from land of the lessor.

21 "Meter." A device to measure the passage of volumes of gases
22 or liquids past a certain point.

23 "Natural gas." As defined in 58 Pa.C.S. § 2301.

24 "Producer." As defined in 58 Pa.C.S. § 2301.

25 "Royalty payment." A payment made by a lessee to a lessor in
26 accordance with section 2612 and the act of July 20, 1979
27 (P.L.183, No.60), known as the Oil and Gas Lease Act.

28 "Sever." The extraction or other removal of natural gas from
29 an unconventional formation in this Commonwealth. The term does
30 not include the extraction or other removal of natural gas, in

1 gaseous or liquid form, which is burned, used, consumed or
2 otherwise employed in oil and gas operations at a natural gas
3 well site:

- 4 (1) for secondary recovery;
- 5 (2) for re-pressuring;
- 6 (3) for pressure maintenance; or
- 7 (4) as fuel for equipment.

8 "Storage field." A natural gas formation or other site that
9 is used to store natural gas that did not originate from and has
10 been transplanted into the formation or site.

11 "Trigger date." The date 60 days after the effective date of
12 this section.

13 "Unconventional formation." As defined in 58 Pa.C.S. § 2301.

14 "Unconventional gas well." As defined in 58 Pa.C.S. § 2301.

15 "Unit." A thousand cubic feet (MCF) of natural gas at a
16 temperature of 60 degrees Fahrenheit and an absolute pressure of
17 14.73 pounds per square inch, in accordance with American Gas
18 Association (AGA) standards and according to Boyle's law for the
19 measurement of gas under varying pressures with deviations
20 therefrom as follows:

21 (1) The average absolute atmospheric pressure shall be
22 assumed to be 14.4 pounds to the square inch, notwithstanding
23 the actual elevation or location of point of delivery above
24 sea level or variations in the atmospheric pressure.

25 (2) The temperature of the gas passing the meters shall
26 be determined by the continuous use of a recording
27 thermometer installed so that the thermometer may properly
28 record the temperature of the gas flowing through the meters.
29 The arithmetic average of the temperature recorded each 24-
30 hour day shall be used in computing gas volumes. If a

1 recording thermometer is not installed, or if installed and
2 not operating properly, an average flowing temperature of 60
3 degrees Fahrenheit shall be used in computing gas volume.

4 (3) The specific gravity of the gas shall be determined
5 by tests made by the use of an Edwards or Acme gravity
6 balance annually or at intervals as are found necessary in
7 practice. Specific gravity shall be used in computing gas
8 volumes.

9 (4) The deviation of the natural gas from Boyle's law
10 shall be determined by tests annually or at other shorter
11 intervals as are found necessary in practice. The apparatus
12 and the method to be used in making the tests shall be in
13 accordance with recommendations of the National Bureau of
14 Standards of the Department of Commerce or Report No. 3 of
15 the Gas Measurement Committee of the American Gas
16 Association, or any amendments of the report. The results of
17 the tests shall be used in computing the volume of gas
18 delivered.

19 "Wellhead meter." A meter placed at a producing site to
20 measure the actual volume of natural gas severed.

21 PART II

22 IMPOSITION AND PAYMENT OF TAX

23 Section 2611. Volumetric severance tax.

24 (a) Imposition.--Each unconventional gas well shall pay a
25 volumetric severance tax. The imposition of the volumetric
26 severance tax under this article shall not affect the collection
27 and distribution of the unconventional gas well fee imposed
28 under 58 Pa.C.S. Ch. 23 (relating to unconventional gas well
29 fee).

30 (b) Computation.--The volumetric severance tax payable under

1 subsection (a) shall be calculated by applying the applicable
2 rate under subsection (b.1) to natural gas severed from the
3 unconventional gas well subject to the tax during the imposition
4 period under subsection (b.2).

5 (b.1) Tax rate.--The tax rate shall be as follows:

6 (1) If the average annual price of natural gas for the
7 calendar year immediately preceding the start of the
8 imposition period is less than \$3.00, the tax rate shall be
9 \$0.091 per unit severed.

10 (2) If the average annual price of natural gas for the
11 calendar year immediately preceding the start of the
12 imposition period is equal to or greater than \$3.00 and less
13 than \$5.00, the tax rate shall be \$0.109 per unit severed.

14 (3) If the average annual price of natural gas for the
15 calendar year immediately preceding the start of the
16 imposition period is equal to or greater than \$5.00 and less
17 than \$6.00, the tax rate shall be \$0.131 per unit severed.

18 (4) If the average annual price of natural gas for the
19 calendar year immediately preceding the start of the
20 imposition period is equal to or greater than \$6.00, the tax
21 rate shall be \$0.157 per unit severed.

22 (b.2) Imposition period.--The imposition period shall be as
23 follows:

24 (1) For fiscal year 2019-2020, the imposition period
25 shall be from January 1, 2020, to April 30, 2020.

26 (2) For fiscal year 2020-2021 and each fiscal year
27 thereafter, the imposition period shall be from May 1 of the
28 preceding fiscal year to April 30 of the current fiscal year.

29 (b.3) Payment.--The volumetric severance tax imposed under
30 this article shall be due on the same day the report is due

1 under subsection (b.4). The tax shall become delinquent if not
2 remitted to the Department of Revenue on the reporting date.

3 (b.4) Report.--By June 15, 2020, and June 15 of each year
4 thereafter, each producer shall submit payment of the volumetric
5 severance tax to the Department of Revenue and a report on a
6 form prescribed by the Department of Revenue for the imposition
7 period.

8 (b.5) Exemptions.--The volumetric severance tax imposed
9 under this article shall not be imposed on the following:

10 (1) natural gas severed, sold and delivered by a
11 producer at or within five miles of the producing site for
12 the processing or manufacture of tangible personal property
13 as defined under section 201;

14 (2) natural gas severed under a natural gas lease and
15 provided to a lessor for no consideration for the lessor's
16 own use;

17 (3) natural gas severed from a storage field; or

18 (4) a stripper well as defined under 58 Pa.C.S. § 2301
19 (relating to definitions).

20 (c) Volume measurement.--

21 (1) Except as provided under paragraph (2), for purposes
22 of computing the volumetric severance tax, natural gas
23 severed shall be measured at the wellhead meter.

24 (2) Natural gas severed prior to the trigger date shall
25 be measured according to the standards and methods used for
26 reporting natural gas production to the Department of
27 Environmental Protection.

28 (d) Administration.--The Department of Revenue shall enforce
29 the provisions of this article and may prescribe, adopt,
30 promulgate and enforce rules and regulations relating to any

1 matter or thing pertaining to the administration or enforcement
2 of the provisions of this article and the collection of taxes
3 imposed by this article.

4 (e) Deposit.--Money collected from the volumetric severance
5 tax under this section shall be deposited by the State Treasurer
6 into the fund.

7 (f) Payment of tax.--A producer may not make the tax imposed
8 under this section on natural gas severed under a lease an
9 obligation, indebtedness or liability of the lessor and may not
10 otherwise require the lessor to reimburse the producer for the
11 amount of the tax.

12 Section 2612. Minimum royalty.

13 (a) Royalty.--The term "royalty" under the act of July 20,
14 1979 (P.L.183, No.60), known as the Oil and Gas Lease Act, shall
15 mean the lessor's ownership interest in the gross proceeds
16 generated at the first arm's length point of sale of oil,
17 natural gas or gas of other designations, to a third-party
18 purchaser unaffiliated with the lessee, or to the extent the
19 underlying lease allows the lessor to take the lessor's royalty
20 in-kind, the lessor's ownership interest in the oil, natural gas
21 or gas of other designations at the same location, but from
22 which ownership interest is excluded the costs of development
23 and drilling and all postproduction expenses incurred by the
24 lessee between the well-head and the point of sale.

25 (b) Applicability.--The application of the term "royalty"
26 under subsection (a) shall only apply to oil, natural gas or gas
27 of any other designation recovered and sold by a lessee on or
28 after the effective date of this section.

29 Section 2613. Remedy.

30 (a) Civil action and venue.--A lessor who is party to a

1 lease may file an action for failure of the lessee to pay the
2 royalty as defined in section 2612 in the court of common pleas
3 of the county where the land of the lessor is located or the
4 county in this Commonwealth in which the lessor resides.

5 (b) Burden of proof.--

6 (1) Demonstration by a lessor who is party to a lease
7 that the lessee has made a royalty payment which is less than
8 the amount required under section 2612(a) shall create a
9 presumption that a violation has occurred.

10 (2) The presumption under paragraph (1) may be rebutted
11 if the lessee presents clear and convincing evidence that the
12 required royalty payment was made.

13 (c) Effect of notice and failure to cure.--In an action in
14 which a court finds that the lessee who is party to a lease has
15 violated the terms relating to guaranteed royalty, the lessor
16 shall be entitled to the remedies under subsections (d) and (e)
17 if, before filing suit, the lessor gave to the lessee 30 days'
18 written notice by certified mail of the deficiency and the
19 lessee failed to cure the deficiency.

20 (d) Additional remedies.--In addition to actual damages and
21 any other remedy deemed appropriate by the court, the court
22 shall award to the lessor reasonable attorney fees and costs in
23 bringing the action, including expert witness fees.

24 (e) Treble damages.--If the court finds that the lessee
25 acted willfully in failing to pay the royalty payment due or
26 where a lessee has been previously found to have failed to pay
27 the royalty payment due, the court may award treble damages to
28 the lessor.

29 (f) Other remedies not precluded.--The remedies provided
30 under this section are not exclusive of, do not require

1 exhaustion of and shall be in addition to any other remedies
2 provided by the lease, by law or in equity.

3 PART III

4 RESTORE PENNSYLVANIA PROGRAM

5 Section 2621. Definitions.

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

9 "Authority." The Pennsylvania Economic Development Financing
10 Authority.

11 "Board." The Restore Pennsylvania Board established under
12 section 2623.

13 "Commonwealth agency." A department, board, commission,
14 authority or other officer or agency of the Commonwealth. The
15 term does not include any court or other officer or agency of
16 the unified judicial system or the General Assembly or an
17 officer or agency of the General Assembly.

18 "Department." The Department of Community and Economic
19 Development.

20 "Program." The Restore Pennsylvania Program established
21 under section 2622.

22 Section 2622. Establishment of program.

23 There is established the Restore Pennsylvania Program. The
24 program shall provide financial assistance in the form of
25 grants, loans or other forms of financing or funding for
26 eligible uses under section 2624.

27 Section 2623. Restore Pennsylvania Board.

28 (a) Establishment.--The Restore Pennsylvania Board is
29 established within the department.

30 (b) Composition.--The board shall be composed of the

1 following members:

2 (1) Three individuals appointed by the Governor.

3 (2) One individual appointed by the President pro
4 tempore of the Senate.

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

7 (4) One individual appointed by the Speaker of the House
8 of Representatives.

9 (5) One individual appointed by the Minority Leader of
10 the House of Representatives.

11 (c) Chairperson.--The Governor shall select a member of the
12 board to serve as chairperson. The members of the board shall
13 select from among themselves any other officers as they shall
14 determine.

15 (d) Meetings.--The board shall meet at the call of the
16 chairperson. The board shall meet at least once every 12 months.

17 (e) Quorum.--Six members of the board shall constitute a
18 quorum. The following apply:

19 (1) Consent of at least six members shall be necessary
20 to take action to allocate funds under section 2624(a).

21 (2) A majority of the members of the board shall be
22 necessary to take any other action.

23 (f) Participation and voting.--The following apply:

24 (1) Members of the board may participate in a meeting by
25 telephone conference or other electronic technology by means
26 in which all individuals participating in the meeting can
27 hear each other.

28 (2) Members of the board may delegate votes to designees
29 acting on their behalf only after informing the chairperson
30 in writing.

1 (g) Compensation.--The members of the board shall receive no
2 compensation for their services as members of the board but
3 shall be reimbursed for all necessary and reasonable expenses
4 incurred in connection with the performance of their duties as
5 members of the board.

6 (h) Appointments.--Appointing authorities shall appoint
7 initial members to the board within 30 days of the effective
8 date of this subsection. Any appointee to the board may be
9 removed with or without cause by the appointing authority.
10 Whenever a vacancy occurs on the board, the appointing authority
11 shall appoint a successor member within 30 days of the vacancy.

12 (i) Administrative assistance.--The department shall provide
13 administrative assistance to the board.

14 Section 2624. Use of funds.

15 (a) Allocation of funds.--The following apply:

16 (1) After the bond proceeds have been applied under Part
17 IV, the board shall allocate the remaining bond proceeds
18 among all of the following categories:

19 (i) High-speed Internet access.

20 (ii) Flood control infrastructure.

21 (iii) Disaster response.

22 (iv) Green infrastructure.

23 (v) Blight demolition and redevelopment.

24 (vi) Storm water infrastructure.

25 (vii) Brownfield clean-up.

26 (viii) Contaminant remediation.

27 (ix) Business development and site selection.

28 (x) Energy efficiency.

29 (xi) Transportation infrastructure.

30 (2) The board may annually adjust the allocations under

1 paragraph (1) as permitted by law.

2 (3) Within 15 days of the determination of the
3 allocations or adjustment of the allocations under paragraph
4 (1) or (2), the board shall provide the authority and the
5 Secretary of the Budget with a written notification of the
6 allocations of funds.

7 (b) Financial assistance.--After the board provides the
8 written notification required under subsection (a)(3), the funds
9 shall be used to provide financial assistance in the form of
10 grants, loans or other forms of financing or funding, as
11 determined by the Secretary of the Budget, as provided under
12 subsection (c).

13 (c) Use.--The following apply:

14 (1) For high-speed Internet access, funds may be used by
15 the department for the establishment by the department of a
16 Pennsylvania Broadband Development Program. The Pennsylvania
17 Broadband Development Program shall provide grants, loans or
18 other forms of financing for the planning and construction of
19 infrastructure to provide broadband service to unserved and
20 underserved areas of this Commonwealth. The following may
21 apply for funding under the Pennsylvania Broadband
22 Development Program:

23 (i) For-profit and nonprofit entities.

24 (ii) Commonwealth agencies and political
25 subdivisions.

26 (iii) Rural electric cooperatives organized or
27 qualified to do business in this Commonwealth under 15
28 Pa.C.S. Ch. 73 (relating to electric cooperative
29 corporations).

30 (2) For flood control infrastructure, funds may be used

1 as follows:

2 (i) For the Stream Improvement Program administered
3 by the Department of Environmental Protection to provide
4 grants to municipalities and county conservation
5 districts for stream restoration and maintenance
6 projects.

7 (ii) For grants from the Pennsylvania Infrastructure
8 Investment Authority to Commonwealth agencies and
9 political subdivisions for the acquisition, construction,
10 improvement, including the installation of security
11 measures, expansion, repair or rehabilitation of all or
12 part of a flood control system. As used in this
13 subparagraph, the term "flood control system" includes
14 levees, dikes, walls, culverts, revetments, dams,
15 including high hazard unsafe dams, lakes, reservoirs and
16 other works and improvements deemed necessary to prevent
17 floods or control, preserve, restore and regulate the
18 flow of rivers and streams.

19 (3) For disaster response measures, funds may be used by
20 the Pennsylvania Emergency Management Agency as follows:

21 (i) To establish the Disaster Assistance Trust Fund
22 for the purpose of providing grants to meet disaster-
23 related necessary expenses or serious needs of
24 individuals or families directly affected by a declared
25 disaster emergency under 35 Pa.C.S. Ch. 73 Subch. A
26 (relating to the Governor and disaster emergencies),
27 regardless of whether a Presidential disaster declaration
28 was issued for the area. Grants under this subparagraph
29 shall be limited to expenses or needs that are not
30 covered by private insurance or do not qualify for

1 Federal assistance.

2 (ii) To establish the Pipeline Preparedness and
3 Response Fund for the following purposes:

4 (A) Funding State-administered emergency
5 response training, planning and coordination for
6 county or municipal employees, volunteer firefighters
7 or volunteer emergency medical technicians.

8 (B) Providing grants to counties, municipalities
9 and school districts where a natural gas or hazardous
10 liquid pipeline is located in a high consequence area
11 as determined by the Pennsylvania Emergency
12 Management Agency. Grants under this clause shall be
13 awarded for emergency planning, coordination,
14 communication and implementation, training and
15 equipment acquisition.

16 (iii) To provide a reimbursement for the costs
17 incurred by a county or municipality during a response to
18 an emergency relating to pipelines within the county or
19 municipality. The costs eligible for reimbursement may
20 include police and fire protection costs for the county
21 or municipality during the response.

22 (4) For green infrastructure, funds may be used as
23 follows:

24 (i) By the Department of Environmental Protection
25 for existing programs for watershed protection, mine and
26 acid mine drainage remediation and for plugging of
27 abandoned oil and gas wells.

28 (ii) By the Department of Conservation and Natural
29 Resources for existing programs to improve State parks
30 and State forests, watershed restoration and open space

1 preservation, and provide community park and recreation
2 grants.

3 (iii) By the Department of Agriculture for existing
4 programs for county-based farmland preservation and for
5 transfer to the State Conservation Commission to provide
6 financial and technical assistance grants to conservation
7 districts for the implementation of best management
8 practices on farms within this Commonwealth.

9 (iv) By the department to fund main street and
10 downtown redevelopment relating to smart growth.

11 (v) By the Pennsylvania Fish and Boat Commission for
12 capital improvement projects for existing lands and
13 facilities.

14 (vi) By the Pennsylvania Game Commission for capital
15 improvement projects to existing lands and facilities.

16 (vii) By the Department of Transportation and the
17 Department of Conservation and Natural Resources for the
18 purpose of funding the development of new all-terrain
19 vehicle trails, connectors and feasibility studies.

20 (5) For blight demolition and redevelopment, funds may
21 be used by the department to establish the Blight Demolition
22 and Redevelopment Fund for the purpose of providing grants,
23 loans or other forms of financing to local entities,
24 including land banks, counties, cities, municipalities,
25 redevelopment authorities, economic development groups,
26 community development agencies and others for the planning,
27 demolition, remediation and redevelopment of blighted areas.

28 (6) For storm water infrastructure, funds may be used by
29 the Department of Environmental Protection for the
30 establishment of the Storm Water Control Grant Program for

1 the purpose of providing grants to authorities and
2 municipalities with separate storm sewers as defined by 40
3 CFR 122.26(b) (8) (relating to storm water discharges
4 (applicable to State NPDES programs, see § 123.25)) to
5 implement pollution reduction plans and for compliance with
6 the act of October 4, 1978 (P.L.864, No.167), known as the
7 Storm Water Management Act. Priority for participation in the
8 Storm Water Control Grant Program shall be given to eligible
9 applicants that are currently subject to a Federal or State
10 court or agency order, consent decree or new permit discharge
11 requirements and eligible applicants that propose to work to
12 achieve cost effective compliance as part of a regional
13 collaborative approach.

14 (7) For brownfield clean-up, funds may be used for
15 providing funding to the Hazardous Sites Cleanup Fund
16 established under section 1761-A of The Fiscal Code, for uses
17 consistent with the act of October 18, 1988 (P.L.756,
18 No.108), known as the Hazardous Sites Cleanup Act.

19 (8) The following apply:

20 (i) For contaminant remediation, funds may be used
21 as follows:

22 (A) By the Department of Health to provide
23 grants to abate lead contaminated paint found in
24 schools, child care centers and residences in this
25 Commonwealth.

26 (B) By the Department of Education and the
27 Department of Human Services to provide grants to
28 remediate lead contamination in the drinking water of
29 schools and child care centers in this Commonwealth.

30 (C) By the Pennsylvania Infrastructure

1 Investment Authority for funding a Perfluorinated
2 Compound Remediation Program to provide grants to
3 treat per- and polyfluoroalkyl substances (PFAS) in
4 drinking water throughout this Commonwealth. The
5 Pennsylvania Infrastructure Investment Authority
6 shall be authorized to recover funds from responsible
7 parties.

8 (ii) As used in this paragraph, "child care center"
9 means the premises where care is provided at any one time
10 for seven or more children unrelated to the operator.

11 (9) For business development and site selection, funds
12 may be used for the Business in Our Sites Program established
13 under 64 Pa.C.S. § 1551 (relating to Business in Our Sites
14 Program) to provide financial assistance.

15 (10) For energy efficiency, funds may be used as
16 follows:

17 (i) By the department for the Alternative and Clean
18 Energy Program to provide grants or loans for the
19 utilization, development and construction of alternative
20 and clean energy projects in this Commonwealth.

21 (ii) To provide funds to the Natural Gas
22 Infrastructure Development Fund established under section
23 1742-A.1 of the act of April 9, 1929 (P.L.343, No.176),
24 known as The Fiscal Code.

25 (11) For transportation infrastructure, funds may be
26 used as follows:

27 (i) By the Department of Transportation to provide
28 funds to the Multimodal Transportation Fund for all of
29 the following purposes:

30 (A) The construction, reconstruction or

1 maintenance of any roads and bridges owned or
2 maintained by a county, municipality, person,
3 association or corporation, other than a highway or
4 bridge owned, controlled or maintained by the
5 Department of Transportation or any tolling
6 authority.

7 (B) To increase bike and pedestrian paths and
8 access.

9 (ii) By the Department of Transportation to fund the
10 maintenance of State-owned four-digit roads in counties
11 with a population of less than 150,000.

12 (iii) By the Department of Conservation and Natural
13 Resources and the State Conservation Commission to
14 provide grants for dirt, gravel and low-volume road
15 maintenance as provided under 75 Pa.C.S. § 9106 (relating
16 to dirt, gravel and low-volume road maintenance).

17 (iv) To provide funds to the Public Transportation
18 Trust Fund to provide financial assistance for programs
19 of Statewide significance under 74 Pa.C.S. § 1516
20 (relating to programs of Statewide significance).

21 (d) Diversity.--In providing financial assistance in the
22 form of grants, loans or other forms of financing or funding
23 under subsection (b), a Commonwealth agency shall consider
24 regional and socioeconomic diversity. When a Commonwealth agency
25 uses a competitive grant process as the method for providing
26 financial assistance, the Commonwealth agency shall provide
27 outreach and educational programming to encourage and support
28 the submission of applications from varying types of
29 communities.

30 (e) Matching funds.--

1 (1) Notwithstanding any other provision of law, a
2 Commonwealth agency shall determine whether financial
3 assistance provided under subsection (b) shall be matched
4 with other funds. When matching is required, the Commonwealth
5 agency shall establish criteria for the amount and type of
6 matching funds.

7 (2) Nothing in this part shall be construed to prohibit
8 an applicant or a Commonwealth agency from using the funds
9 received under this section as matching funds for other grant
10 opportunities or from using other Federal or State funds to
11 match funds received under this section.

12 (f) Applications.--To the extent feasible, Commonwealth
13 agencies may permit an applicant to apply to more than one grant
14 program in one application.

15 (g) Rules and regulations.--A Commonwealth agency may
16 promulgate any rules, regulations, guidelines, forms or
17 procedures and standards as it deems necessary to administer
18 this section.

19 (h) Program administration.--In order to facilitate the
20 administration of the Restore Pennsylvania Program, a
21 Commonwealth agency may promulgate, adopt and use guidelines
22 which shall be transmitted to the Legislative Reference Bureau
23 for publication in the Pennsylvania Bulletin. Guidelines under
24 this subsection shall not be subject to review under any of the
25 following:

26 (1) Section 205 of the act of July 31, 1968 (P.L.769,
27 No.240), referred to as the Commonwealth Documents Law.

28 (2) Sections 204(b) and 301(10) of the act of October
29 15, 1980 (P.L.950, No.164), known as the Commonwealth
30 Attorneys Act.

1 (3) The act of June 25, 1982 (P.L.633, No.181), known as
2 the Regulatory Review Act.

3 PART IV

4 RESTORE PENNSYLVANIA BONDS

5 Section 2631. Definitions.

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

9 "Authority." The Pennsylvania Economic Development Financing
10 Authority.

11 "Bond." Any type of revenue obligation, including a bond or
12 series of bonds, note, certificate or other instrument, issued
13 by the authority under this part.

14 "Bond administrative expenses." Expenses incurred to
15 administer bonds as provided under the Financing Law, or as
16 otherwise necessary to ensure compliance with applicable Federal
17 or State laws.

18 "Bond obligations." The principal of a bond and any premium
19 and interest payable on a bond, together with any amount owed
20 under a related credit agreement or a related resolution of the
21 authority authorizing a bond.

22 "Commonwealth agency." A department, board, commission,
23 authority or other officer or agency of the Commonwealth. The
24 term does not include any court or other officer or agency of
25 the unified judicial system or the General Assembly or an
26 officer or agency of the General Assembly.

27 "Credit agreement." Any loan agreement, revolving credit
28 agreement, agreement establishing a line of credit, letter of
29 credit or another agreement that enhances the marketability,
30 security or creditworthiness of a bond.

1 "Department." The Department of Community and Economic
2 Development of the Commonwealth.

3 "Financing Law." The act of August 23, 1967 (P.L.251,
4 No.102), known as the Economic Development Financing Law, as
5 amended.

6 "Restore Pennsylvania Bond Account" or "account." The
7 restricted account established under section 2635.

8 "Restore Pennsylvania Program" or "program." The program
9 established under section 2622.

10 "Secretary." The Secretary of the Budget of the
11 Commonwealth.

12 Section 2632. Program funding.

13 (a) Declaration of policy.--The General Assembly finds and
14 declares that funding the Restore Pennsylvania Program through
15 the authority protects the health, safety and general welfare of
16 the residents of this Commonwealth, is in the best interest of
17 this Commonwealth and is consistent with the Financing Law.

18 (b) Financing.--Notwithstanding any other provision of law,
19 the following apply:

20 (1) The authority may issue bonds under the Financing
21 Law, consistent with this article, to provide funding for the
22 Restore Pennsylvania Program or refunding or redeeming of
23 prior bonds.

24 (2) Participation of an industrial and commercial
25 development authority shall not be required to finance the
26 program or any project or use of funds permitted by this
27 article.

28 (3) A Commonwealth agency shall be an eligible project
29 applicant under the Financing Law for the purposes consistent
30 with this article.

1 (c) Debt or liabilities.--

2 (1) Bonds issued under this article shall not be a debt
3 or liability of the Commonwealth and shall not create or
4 constitute any indebtedness, liability or obligation of the
5 Commonwealth.

6 (2) Bond obligations and bond administrative expenses
7 shall be payable solely from revenues or funds pledged or
8 available for the repayment of the bond obligations and bond
9 administrative expenses as authorized under this article.
10 Revenues or funds pledged or available under this paragraph
11 include the proceeds of any issuance of bonds.

12 (3) Each bond shall contain on the bond's face the
13 following statement:

14 The authority is obligated to pay the principal of
15 the bond or the interest on the bond only from funds
16 made available under Article XXVI of the act of March
17 4, 1971 (P.L.6, No.2), known as the Tax Reform Code
18 of 1971. The Commonwealth or a political subdivision
19 is not obligated to pay the principal or interest of
20 the bond. The full faith and credit of the
21 Commonwealth is not pledged to the payment of the
22 principal or interest of the bond.

23 Section 2633. Bond terms.

24 (a) Terms.--

25 (1) The department and the authority, in consultation
26 with the secretary, shall determine all of the the following:

27 (i) The maximum principal amount of the bonds for
28 each separate bond issue.

29 (ii) The maximum term of the bonds, which shall not
30 exceed 20 years.

1 (2) The total principal amount of bonds outstanding
2 under this article for all bonds issued shall not exceed
3 \$4,500,000,000.

4 (b) Refunding bonds.--Notwithstanding any other limitation,
5 the authority may issue refunding bonds at any time while bonds
6 that were issued under this article are outstanding.

7 Section 2634. Issuance of bonds and security.

8 (a) Issuance.--The issuance of bonds shall be subject to the
9 provisions of the Financing Law, unless otherwise specified
10 under this article.

11 (b) Agreements.--The authority and the department may enter
12 into loan agreements, credit agreements, bond purchase
13 agreements and other contracts, instruments, service agreements
14 and other agreements in connection with the bonds as necessary
15 to effectuate the purposes of the Financing Law and this
16 article.

17 (c) Security.--

18 (1) Bond obligations and bond administrative expenses
19 are secured, for the benefit of the holders of the bonds and
20 the obligees under an agreement under subsection (b), by
21 pledge of security interest in and first lien on all of the
22 following:

23 (i) All money deposited in the Restore Pennsylvania
24 Bond Account established under section 2635, including
25 all investment income on the money in the account.

26 (ii) All money relating to the bonds held on deposit
27 in any other fund or account under an instrument or
28 agreement pertaining to the bonds, including bond
29 reserves and interest income on the money.

30 (2) The security provided under this subsection shall

1 not apply to money in any fund relating to arbitrage rebate
2 obligations.

3 (d) General revenue.--The Commonwealth may pledge revenues
4 collected by the Commonwealth for the payment of bond
5 obligations and bond administrative expenses. If money deposited
6 in the Restore Pennsylvania Bond Account is insufficient to
7 timely pay in full bond obligations and bond administrative
8 expenses, the department shall request an appropriation as
9 provided for in the service agreement authorized in section
10 2637. Payments of general revenue money are subject to and
11 dependent upon the appropriation of money by the General
12 Assembly.

13 Section 2635. Restore Pennsylvania Bond Account.

14 (a) Establishment.--There is established in the State
15 Treasury a restricted account in the General Fund to be known as
16 the Restore Pennsylvania Bond Account.

17 (b) Transfers.--The following apply:

18 (1) Money held in the fund established under section
19 2636 and certified by the secretary for the payment of bond
20 obligations and bond administrative expenses for bonds issued
21 under this article shall be deposited into the Restore
22 Pennsylvania Bond Account in sufficient amounts to ensure the
23 timely payment of bond obligations and bond administrative
24 expenses and replenishment of bond reserves under any
25 instrument or agreement relating to the bonds.

26 (2) General revenues pledged by the Commonwealth under
27 section 2634(d) and certified by the secretary for payment of
28 bond obligations and bond administrative expenses shall be
29 deposited in the Restore Pennsylvania Bond Account to
30 supplement money received under paragraph (1).

1 Section 2636. Restore Pennsylvania Fund.

2 (a) Establishment.--The Restore Pennsylvania Fund is
3 established as a special nonlapsing fund in the State Treasury.

4 (b) Allocations.--Money deposited into the Restore
5 Pennsylvania Fund shall first be allocated to meet the bond
6 obligations and bond administrative expenses as specified under
7 section 2634. The secretary shall certify to the State Treasurer
8 the amounts necessary to meet the bond obligations and bond
9 administrative expenses for the fiscal year, and the State
10 Treasurer shall transfer the amount certified to the Restore
11 Pennsylvania Bond Account without further appropriation.

12 (c) Excess money.--Money not required to meet the
13 requirements under subsection (b) shall be used for the purposes
14 under section 2624(c).

15 Section 2637. Service agreements.

16 The authority and the department may enter into a service
17 agreement to effectuate the provisions of this article,
18 including an agreement to secure bonds issued for the program.
19 Under the service agreement, the department shall agree to pay
20 service charges to the authority in each fiscal year that the
21 bonds or refunding bonds are outstanding in amounts sufficient
22 to timely pay in full the bond obligations and bond
23 administrative expenses and any other financing costs due on the
24 bonds issued for the program. The department's payment of the
25 service charges shall be subject to and dependent upon the
26 appropriation of money by the General Assembly to the department
27 for the payment of the service charges. The service agreement
28 may be amended or supplemented by the department and the
29 authority in connection with the issuance of any series of bonds
30 or refunding bonds authorized under this article.

1 Section 2638. Use of bond proceeds.

2 Upon the issuance of bonds, the proceeds shall be applied in
3 the following order:

4 (1) Paying the costs of the issuance of the bonds.

5 (2) Funding bond reserves.

6 (3) Paying for bond administrative expenses.

7 (4) Redeeming or purchasing outstanding bonds, if
8 applicable.

9 (5) Paying bond obligations.

10 (6) Refunding outstanding bonds, if applicable.

11 (7) Making any other deposit required under any
12 instrument or agreement pertaining to the bonds.

13 Section 2639. Limitation on appropriations.

14 (a) Fund payments.--The amount of payments from the Restore
15 Pennsylvania Fund that are pledged and certified by the
16 secretary for the payments of bond obligations and bond
17 administrative expenses and any other financing costs due on the
18 bonds issued under this article and excess money under section
19 2636 shall not be subject to an appropriation.

20 (b) Account payments.--Payments from the Restore
21 Pennsylvania Bond Account relating to the issuance of bonds
22 under this article shall not be subject to an appropriation.

23 Section 2640. Impairment bond-related obligations.

24 The Commonwealth pledges that it shall not do any of the
25 following actions:

26 (1) Limit or alter the rights and responsibilities of
27 the authority or the department under this article, including
28 paying bond obligations and bond administrative expenses and
29 complying with any other instrument or agreement pertaining
30 to bonds.

1 (2) Alter or limit the security interest or pledge
2 granted under section 2634.

3 (3) Impair the rights and remedies of the holders of
4 bonds, until the bonds and interest on the bonds are fully
5 met and discharged.

6 Section 2641. Personal liability.

7 The members, directors, officers and employees of the
8 department and the authority shall not be personally liable as a
9 result of good faith exercise of the duties provided under this
10 article.

11 Section 2642. Annual report.

12 (a) Submission.--No later than March 1 of the year following
13 the first year that bonds are issued under this article and each
14 year thereafter, if bond obligations exist in the prior year,
15 the department shall submit an annual report with the available
16 data on the bonds for the prior year to all of the following:

17 (1) The chairperson and minority chairperson of the
18 Appropriations Committee of the Senate.

19 (2) The chairperson and minority chairperson of the
20 Appropriations Committee of the House of Representatives.

21 (b) Contents.--The report under subsection (a) shall
22 include, but not be limited to, all of the following
23 information:

24 (1) Existing and anticipated bond principal and
25 interest.

26 (2) Administrative costs, revenue, repayments,
27 refinancing and overall benefits from the bonds.

28 (3) Any other relevant data, facts and statistics as
29 determined by the department.

30 Section 2643. Expiration of article.

1 (a) Notice.--Within 30 days following the repayment of bond
2 obligations, bond administrative expenses and other financing
3 costs incurred under this article, the secretary shall transmit
4 notice to the Legislative Reference Bureau for publication in
5 the Pennsylvania Bulletin.

6 (b) Expiration.--This article shall expire on the date when
7 the notice under subsection (a) is published in the Pennsylvania
8 Bulletin.

9 PART IX

10 MISCELLANEOUS PROVISIONS

11 Section 2661. Severability.

12 The provisions of this article are severable. If any
13 provision of this article or its application to any person or
14 circumstance is held invalid, the invalidity shall not affect
15 other provisions or applications of this article which can be
16 given effect without the invalid provision or application.

17 Section 2. Repeals are as follows:

18 (1) The General Assembly declares that the repeal under
19 paragraph (2) is necessary to effectuate the addition of
20 Article XXVI of the act.

21 (2) 58 Pa.C.S. § 2318 is repealed.

22 Section 3. This act shall take effect immediately.