

No. 208

AN ACT

HB 2117

Authorizing the indebtedness, with the approval of the electors, of ten million dollars for loans to volunteer fire companies, volunteer ambulance services and volunteer rescue squads for the purpose of establishing or modernizing facilities to house fire fighting apparatus equipment, ambulances, and rescue vehicles, and for purchasing new fire fighting apparatus equipment, ambulances, and rescue vehicles, protective and communications equipment, and any other accessory equipment necessary for the proper performance of such organizations' duties.

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

Section 1. Short Title.—This act shall be known and may be cited as the “Volunteer Fire Company, Ambulance Service and Rescue Squad Assistance Act.”

Section 2. Legislative Findings; Declaration of Purpose.—(a) The General Assembly finds as a fact that pursuant to the provisions of section 7(a)(3) of Article VIII of the Pennsylvania Constitution the voters of the Commonwealth approved by referendum on November 4, 1975, the incurring of indebtedness of \$10,000,000 for loans to volunteer fire companies, volunteer ambulance services and volunteer rescue squads for the purpose of establishing or modernizing facilities to house fire fighting apparatus equipment, ambulances, and rescue vehicles, and for purchasing new fire fighting apparatus equipment, ambulances, and rescue vehicles, protective and communications equipment, and any other accessory equipment necessary for the proper performance of such organizations' duties.

(b) It is the purpose of this act to implement section 5 of the act of September 25, 1975 (No.95), entitled “An act authorizing the indebtedness, with the approval of the electors, of ten million dollars for loans to volunteer fire companies, volunteer ambulance services and volunteer rescue squads for the purpose of establishing or modernizing facilities to house fire fighting apparatus equipment, ambulances, and rescue vehicles, and for purchasing new fire fighting apparatus equipment, ambulances, and rescue vehicles, protective and communications equipment, and any other accessory equipment necessary for the proper performance of such organizations' duties,” by providing for loans to volunteer fire, ambulance and rescue companies to protect the lives and property of the citizens of the Commonwealth pursuant to and to execute the above favorable referendum. The General Assembly has determined that volunteer fire companies are most in need of loans, and therefor intends that, to the extent possible, a significant portion of the Volunteer Companies Loan Fund be used to provide loans to volunteer fire companies and that the balance be allocated to provide loans to volunteer ambulance and

volunteer rescue companies. The General Assembly intends that loans provided under this act be used to replace outmoded or unsafe equipment and buildings of volunteer companies, and that loans be provided to volunteer companies which are experiencing a need for equipment or facilities to meet an increasing demand for a higher level of service in the communities which they serve.

Section 3. Definitions.—As used in this act:

“Accessory equipment” means fire fighting, ambulance, rescue equipment necessary to carry out its ordinary functions of supporting fires, life, and rescue activities.

“Apparatus equipment” means elevated equipment, pumpers, tankers, ladder trucks, ambulances, rescue vehicles or other large equipment used for fire fighting and emergency.

“Communications equipment” means any voice or original transmission system required to support the operation of the volunteer fire company, volunteer ambulance service and volunteer rescue squad.

“Department” means the Department of Community Affairs of the Commonwealth of Pennsylvania.

“Facilities” means facilities used to house fire fighting equipment, ambulances and rescue vehicles and shall not include meeting halls, social rooms, or any other facilities not directly related to fire fighting.

“Protective equipment” means any equipment used by fire fighters, volunteer ambulance service personnel or volunteer rescue service personnel, to protect their person from injury while performing their functions, including but not limited to helmets, turnout coats and pants, boots, eyeshields, gloves and self-contained respiratory protection units.

“Volunteer ambulance service” means any nonprofit chartered corporation, association, or organization located in this Commonwealth and which is regularly engaged in the service of providing emergency medical care and transportation of patients.

“Volunteer fire company” means any nonprofit chartered corporation, association or organization located in this Commonwealth which provides fire protection services and other voluntary emergency services within the Commonwealth. Voluntary emergency services provided by a volunteer fire company may include voluntary ambulance and voluntary rescue services.

“Volunteer rescue service” means any nonprofit chartered corporation, association or organization located in this Commonwealth which provides rescue services in the Commonwealth.

“Volunteer Companies Loan Fund” means the fund established under this act.

Section 4. Assistance to Volunteer Fire Companies, Ambulance Service and Rescue Squads.—(a) The department is hereby authorized, upon application of any volunteer fire company, volunteer ambulance service and volunteer rescue squad, to make loans to said volunteer companies for the following purposes:

(1) Establishing or modernizing facilities that house fire fighting equipment, ambulance or rescue vehicles. The amount of a loan for establishing or modernizing facilities made to any one volunteer fire company, ambulance service or rescue squad shall not exceed 50% of the total cost of the facilities or modernization or \$40,000, whichever is less, and a notarized financial statement filed under subsection (c) shall show that the applicant has available 20% of the total cost of the facilities in unobligated funds. Proceeds of the loan shall be used only for purposes of land acquisition or construction, and shall not be used for payment of fees for design, planning, preparation of applications, or any other cost not directly attributable to land acquisition or construction.

(2) Purchasing fire fighting apparatus, ambulances or rescue vehicles. The amount of a loan made for purchasing fire fighting apparatus, ambulances, or rescue vehicles to any one volunteer fire company shall not exceed \$35,000 for any single fire fighting apparatus equipment, or 50% of the total cost of the equipment, whichever is less. The amount of a loan made to any one volunteer fire company, ambulance service or rescue squad for any ambulance or rescue vehicle shall not exceed \$15,000 or 50% of the cost of the ambulance or rescue vehicle, whichever is less, and a notarized financial statement filed under subsection (c) shall show that the applicant has available 20% of the total cost of the vehicle in unobligated funds.

(3) Purchasing protective, accessory or communication equipment. No volunteer fire company, ambulance service or rescue squad shall receive a loan for protective, accessory or communicative equipment more than once in any five-year period. Each volunteer fire company, ambulance service or rescue squad may apply for a loan for mobile and portable radio unit for each existing serviceable apparatus equipment, ambulance, or rescue vehicle. Radio equipment obtained through loans under this act shall be equipped with a frequency or frequencies licensed by the Federal Communications Commission for fire fighting or emergency response purpose. A notarized financial statement shall be filed and loans under this act for the purchase of protective, accessory or communicative equipment shall not exceed \$5,000.

Loans under this act may be made for any of the purposes of this subsection undertaken by a volunteer fire company, volunteer ambulance service and volunteer rescue squad on or after November 4, 1975, the date of the approval of the referendum approving the borrowing of money for the purposes of this act.

(b) Loans made by the department shall be for a period of not more than ten years, and any loan of the amount of \$5,000 or less shall be for a period of not more than five years. Loans shall be subject to the payment of interest at 2% per annum and shall be subject to such security as shall be determined by the department. The total amount of interest earned by the investment or reinvestment of all or any part of the principal of any loan shall be returned to the department and transferred to the Volunteer

Companies Loan Fund, and shall not be credited as payment of principal or interest on the loan. The minimum amount of any loan shall be \$2,500.

(c) Every application for a loan under this act shall be accompanied by a notarized financial statement of the volunteer fire company, ambulance service or rescue squad; and a financial plan to show amount of assets and projected revenues for the repayment of the loan, any other obligations of the volunteer company, and operating expense over the period of the loan. Every application shall be accompanied by evidence sufficient to show that all costs except the amount of the loan have been obtained by assets of the volunteer company and other loans or sources of revenue.

(d) Loans under this act shall be used only for the acquisition by volunteer companies of new apparatus equipment, new ambulances, new rescue vehicles, new communications equipment, new accessory equipment or new protective equipment, or for the construction or modernization of facilities and shall not be used for operating expenses or for the refinancing of construction or modernization of facilities, apparatus equipment, communication equipment, accessory equipment, nor shall under this act be made or used to reduce any debt or other obligations issued prior to the effective date of this act.

(e) Loans made by the department shall be paid from the Volunteer Companies Loan Fund to the volunteer fire companies, ambulance services and rescue squads in accordance with rules and regulations promulgated by the department.

(f) All payments of interest on said loans and the principal thereof shall be deposited by the department in the Volunteer Companies Loan Fund.

(g) A volunteer fire company, ambulance service and rescue squad shall be eligible for a loan under this act regardless of legal ownership in whole or part by any political subdivision of any facilities or apparatus equipment used by the volunteer fire company, volunteer ambulance and volunteer rescue squad.

Section 5. Volunteer Companies Loan Fund.—(a) There is hereby created a special fund in the Treasury Department to be known as the “Volunteer Companies Loan Fund” to which shall be credited all appropriations made by the General Assembly other than appropriations for expenses of administering this act or grants from other sources to the department as well as repayment of principal and interest on loans made pursuant to this act.

(b) Upon approval of the loan, the department shall routinely requisition from the Volunteer Companies Loan Fund such amounts as shall be allocated by the department for loans to volunteer companies. When and as the amounts so allocated by the department as loans to volunteer companies are repaid to the department pursuant to the terms of the agreements made and entered into with the department, the department shall pay such amounts into the Volunteer Companies Loan Fund, it being the intent of this act that the Volunteer Companies Loan Fund shall operate as a revolving fund whereby all appropriations and payments made thereto may be applied and reapplied to the purposes of this act.

Section 6. Powers and Duties of the Department.—(a) The powers and duties of the department shall be:

(1) to appoint agents, employees, necessary to the administration of this act, and to prescribe their duties and to fix their compensation within the limitations provided by law;

(2) to accept grants from the Federal Government and any other individual, agency, or government for use in the Volunteer Companies Loan Fund;

(3) to loan money over a term of years, but in no case in excess of ten years; and

(4) to promulgate such rules and regulations as it deems necessary to carry out its powers and duties of this act.

(b) The powers and duties of the department may be:

(1) to require security for all loans; and

(2) to specify priority of liens against any facilities, apparatus equipment, ambulances, rescue vehicles, or any equipment purchased by volunteer companies using funds loaned under this act to pay all or any part of the purchase price, as the department may require by regulation.

Section 7. Authority to Borrow.—Pursuant to the provisions of section 7(a)(3) of Article VIII of the Pennsylvania Constitution and the referendum approved by the electorate on November 4, 1975, the Governor, Auditor General and State Treasurer are hereby authorized and directed to borrow, on the credit of the Commonwealth, money not exceeding in the aggregate the sum of \$10,000,000 to implement this act and the act of September 25, 1975 (No.95) entitled “An act authorizing the indebtedness, with the approval of the electors, of ten million dollars for loans to volunteer fire companies, volunteer ambulance services and volunteer rescue squads for the purpose of establishing or modernizing facilities to house fire fighting apparatus equipment, ambulances, and rescue vehicles, and for purchasing new fire fighting apparatus equipment, ambulances, and rescue vehicles, protective and communications equipment, and any other accessory equipment necessary for the proper performance of such organizations’ duties.”

Section 8. Bonds, Issue, Maturity, Interest, Etc.—(a) As evidence of the indebtedness herein authorized, general obligation bonds of the Commonwealth of Pennsylvania shall be issued from time to time for such total amounts, in such form, in such denominations, and subject to such terms and conditions of issue, redemption and maturity, rate or rates of interest, and time of payment of interest, as the Governor, Auditor General and State Treasurer shall direct, except that the latest stated maturity date shall not exceed 30 years from the date of the bond first issued for each such series.

(b) All bonds issued under the authority of this act shall bear facsimile signatures of the Governor, Auditor General and State Treasurer, and a facsimile of the Great Seal of the Commonwealth of Pennsylvania, and shall be countersigned by two duly authorized officers of the duly authorized loan and transfer agents of the Commonwealth.

(c) All bonds issued in accordance with the provisions of this act shall be direct obligations of the Commonwealth of Pennsylvania, and the full faith and credit of the Commonwealth are hereby pledged for the payment of the interest thereon as the same shall become due and the payment of the principal thereof at maturity. All bonds issued under the provisions of this act shall be exempt from taxation for State and local purposes. The principal of and interest on such bonds shall be payable in lawful money of the United States of America.

(d) Such bonds may be issued as coupon bonds or registered as to both principal and interest as the issuing officials may determine. If interest coupons are attached, they shall contain the facsimile signature of the State Treasurer.

(e) The issuing officials shall provide for the amortization of the bonds in substantial and regular amounts over the term of the debt: Provided, That the first retirement of principal shall be stated to mature prior to the expiration of a period of time equal to one-tenth of the time from the date of the first obligation issue to evidence such debt to the date of the expiration of the term of the debt. Retirements of principal shall be regular and substantial if made in annual or semiannual amounts whether by stated serial maturities or by mandatory sinking fund retirements computed in accordance with either a level annual debt service plan, as nearly as may be, or upon the equal annual maturities plan.

(f) The Governor, the Auditor General and the State Treasurer shall proceed to have the necessary bonds prepared and printed. The bonds, as soon as they are prepared and printed, shall be forthwith deposited with the duly authorized loan and transfer agent of the Commonwealth, there to remain until sold in accordance with the provisions of this act.

Section 9. Sale of Bonds.—(a) Whenever bonds are so issued, they shall be offered for sale at not less than 98% of the principal amount and accrued interest and shall be sold by the Governor, the Auditor General and State Treasurer to the highest and best bidder or bidders after due public advertisement, on such terms and conditions and upon such open competitive bidding, as the Governor, Auditor General and State Treasurer shall direct. The manner and character of such advertisement and the times of advertising shall be prescribed by the Governor, the Auditor General and the State Treasurer.

(b) Any portion of any bond issue so offered and not sold or subscribed for may be disposed of by private sale by the Governor, the Auditor General and the State Treasurer, in such manner and at such prices, not less than 98% of the principal amount and accrued interest, as the Governor shall direct. No commission shall be allowed or paid for the sale of any bonds issued under the authority of this act.

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

Section 10. Refunding Bonds.—The Governor, Auditor General and the State Treasurer are hereby authorized to provide, by resolution, for the issuance of refunding bonds for the purpose of refunding any bonds issued under the provisions of this act and then outstanding, either by voluntary exchange with the holders of such outstanding bonds, or to provide funds to redeem and retire such outstanding bonds with accrued interest and any premium payable thereon, at maturity or at any call date. The issuance of such refunding bonds, the maturities and other details thereof, the rights of the holders thereof, and the duties of the Governor, Auditor General and the State Treasurer in respect to the same, shall be governed by the foregoing provisions of this act, in so far as the same may be applicable. Refunding bonds may be issued by the Governor, Auditor General and the State Treasurer to refund bonds originally issued or to refund bonds previously issued for refunding purposes.

Section 11. Disposition and Use of Proceeds.—(a) The proceeds realized from the sale of bonds under the provisions of this act shall be paid into the Volunteer Companies Loan Fund and are specifically dedicated to the purposes of the referendum of November 4, 1975 as implemented by this act. The moneys shall be paid by the State Treasurer periodically to those departments, agencies, or authorities authorized to expend same at such times and in such amounts as may be necessary to satisfy the funding needs of the department, agency or authority.

(b) Pending their application to the purposes authorized, moneys held or deposited by the State Treasurer may be invested or reinvested as are other funds in the custody of the State Treasurer in the manner provided by law. All earnings received from the investment or deposit of such funds shall be paid into the State treasury to the credit of the Volunteer Companies Loan Fund.

Section 12. Registration of Bonds.—The Auditor General shall prepare the necessary registry book to be kept in the office of the duly authorized loan and transfer agent of the Commonwealth for the registration of any bonds, at the request of owners thereof, according to the terms and conditions of issue directed by the Governor, the Auditor General and the State Treasurer. All bonds which are issued without interest coupons attached shall be registered in the registry books kept by the duly authorized loan and transfer agent of the Commonwealth.

Section 13. Information to General Assembly.—It shall be the duty of the Governor to include in every budget submitted to the General Assembly, full information relating to the issuance of bonds under the provisions of this act, and the status of the sinking fund of the Commonwealth for the payment of the interest on said bonds and the principal thereof at maturity.

Section 14. Volunteer Company Loan Sinking Fund; Investments.—All bonds issued under the authority of this article shall be redeemed at maturity and all interest due from time to time on such bonds shall be paid from the Volunteer Company Loan Sinking Fund, which is

hereby created. For the specific purpose of redeeming said bonds at maturity and paying all interest thereon in accordance with the information received from the Governor, the General Assembly shall appropriate moneys to the Volunteer Company Loan Sinking Fund for the payment of interest on said bonds and the principal thereof at maturity. All moneys paid into the Volunteer Company Loan Sinking Fund, and all of such moneys not necessary to pay accruing interest shall be invested by the Board of Finance and Revenue in such securities as are provided by law for the investment of the sinking funds of the Commonwealth.

Section 15. Expenses of Preparation, Issue and Sale of Bonds.—There is hereby appropriated to the State Treasurer from the proceeds of the bonds issued as much moneys as may be necessary for all costs and expenses in connection with the issue of and sale and registration of said bonds in connection with this act.

Section 16. Volunteer Company Loan Sinking Fund.—The General Assembly shall appropriate an amount equal to moneys received from the agency pursuant to section 5 and such other moneys as may be necessary to meet repayment obligations for principal and interest into the Volunteer Company Loan Sinking Fund.

Section 17. Quorum.—Whenever in this act any action is to be taken or decision made by the Governor, the Auditor General and the State Treasurer, and the three officers shall not be able unanimously to agree, the action or decision of the Governor and either the Auditor General or State Treasurer shall be binding and final.

Section 18. Temporary Financing Authorization.—(a) Pending the issuance of bonds of the Commonwealth, the Governor, Auditor General and State Treasurer are authorized on the credit of the Commonwealth to make temporary borrowings of such moneys as may from time to time be necessary to carry out the purposes of this act and are authorized in the name and on behalf of the Commonwealth to enter into loan or credit agreements with any banks or trust companies or other lending institutions or persons in the United States having power to enter into the same.

(b) All temporary borrowings made under the authority of this section shall be evidenced by notes of the Commonwealth, which shall be issued from time to time for such amounts not exceeding in the aggregate the sum of \$10,000,000 in such form and in such denominations, and subject to such terms and conditions of issue, prepayment or redemption and maturity, rate of interest, and time of payment of interest, as the issuing officials shall direct. All notes issued under the authority of this section shall bear the facsimile signatures of the issuing officials and a facsimile of the Great Seal of the Commonwealth of Pennsylvania, and shall be countersigned by two duly authorized officers of a duly authorized loan and transfer agent of the Commonwealth.

(c) All such notes shall be funded and retired by the issuance and sale of bonds of the Commonwealth to the extent that payment of such notes has not otherwise been made or provided for.

(d) The proceeds of all such temporary borrowings shall be paid into the Volunteer Companies Loan Fund.

Section 19. Appropriation.—The sum of \$10,000,000 or as much thereof as is able to be borrowed by temporary financing or by bonds, is hereby appropriated to the Volunteer Companies Loan Fund for the purposes set forth in this act. The General Assembly may make appropriations from time to time to the Volunteer Companies Loan Fund or to the department to carry out the purposes of this act which appropriations shall be continuing appropriations and shall not lapse.

Section 20. Effective Date.—This act shall take effect immediately, except that no loan shall be made under this act until 120 days after the effective date.

APPROVED—The 15th day of July, A. D. 1976.

MILTON J. SHAPP