

No. 1986-70

AN ACT

SB 655

To provide a convention center facility in cities of the first class; creating the Pennsylvania Convention Center Authority; defining its powers and duties; and authorizing a hotel room rental tax.

TABLE OF CONTENTS

- Section 1. Short title.
- Section 2. Findings and declaration of policy.
- Section 3. Definitions.
- Section 4. Authority created.
- Section 5. Purposes and powers; general.
- Section 6. Capital and operating budgets.
- Section 7. Purposes and powers; bonds.
- Section 8. Provisions of bonds, trusts, indentures and mortgages.
- Section 9. Remedies of an obligee of the authority.
- Section 10. Additional remedies conferrable by the authority.
- Section 11. Governing board.
- Section 12. Sovereign immunity.
- Section 13. Moneys of the authority.
- Section 14. Transfer of existing facilities or funds; making of annual grants and lease payments to the authority; Commonwealth bonds.
- Section 15. Award of contracts.
- Section 16. Interests of public officers, public employees and party officers.
- Section 17. Acquisition of lands.
- Section 18. Use and operation of convention center.
- Section 19. Limitation of powers.
- Section 20. Exemption from taxation.
- Section 21. Lease by authorities.
- Section 22. Cooperation.
- Section 23. Hotel room rental tax.
- Section 24. Repeals.
- Section 25. Effective date.

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 Pennsylvania Convention Center Authority Act.

Section 2. Findings and declaration of policy.

It is hereby determined and declared as a matter of legislative finding:

(1) That the health, safety and general welfare of the people of this Commonwealth are directly dependent upon the continual encouragement, development, growth and expansion of business, industry, commerce and tourism within this Commonwealth.

(2) That unemployment, the spread of indigency, and the heavy burden of public assistance and unemployment compensation can be avoided by the promotion, attraction, stimulation, development and expansion of business, industry, commerce and tourism in this Commonwealth.

(3) That development of a major convention center is most appropriate in a city of the first class which, because of size, is capable of attracting major national conventions, and that the attraction of business to this Commonwealth as a result of such development is an important factor in the continual encouragement, promotion, attraction, stimulation, development, growth and expansion of business, industry, commerce and tourism within such a city, the surrounding counties and this Commonwealth as a whole.

(4) That the purpose of such a convention center should be the promotion, attraction, stimulation, development and expansion of business, industry, commerce and tourism in such a city, the surrounding counties and this Commonwealth as a whole.

(5) That the development of such a convention center will provide benefits to the hotel industry throughout the entire area of such a city where such a center is developed.

(6) That the development of such a convention center will also provide benefits to the restaurant and entertainment industries throughout the entire area of such city where such a center is located, to all other businesses and individuals benefited by the attraction of major conventions and tourists, to other individual businesses whose livelihood is dependent thereon and to the general public.

(7) That the need for the type of facility and the promotion thereof which will provide significant benefits to the general public will require the expenditure of public money and that it is therefore appropriate to authorize such a city to impose and collect a tax, applicable within the entire territorial limits of such city, to facilitate the development of a convention facility and the promotion of tourism within such cities.

(8) That, to promote the development of such a convention center within this Commonwealth, it is necessary to provide additional and flexible means of developing, constructing, designing, managing, financing and operating such a convention center.

(9) That an important aspect of the development of such a convention center should be the removal of blighted areas and the redevelopment thereof.

Therefore, it is hereby declared to be the policy of this Commonwealth to promote the health, safety, employment, business opportunities and general

welfare of the people thereof by providing for the creation of a convention center authority which shall exist and operate as a public instrumentality of this Commonwealth for the public purpose of promoting, attracting, stimulating, developing and expanding business, industry, commerce and tourism in this Commonwealth. Such purpose is hereby declared to be a public purpose supporting the enactment of all provisions of this act and for which public money may be spent, taxes may be imposed and private property may be acquired by the exercise of the power of eminent domain.

Section 3. Definitions.

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

“Authority” or “Pennsylvania Convention Center Authority.” An agency and public instrumentality of this Commonwealth and a body politic and corporate created pursuant to this act.

“Board.” The governing body of an authority.

“Bonds.” Notes, bonds, refunding notes and bonds, interim certificates, debentures and other evidence of indebtedness or obligations which the authority is authorized to issue pursuant to this act.

“City.” Any city or county of the first class.

“Construct,” “to construct” or “construction.” The acquisition, design, erection, extension, renovation, rehabilitation, conversion, furnishing, fixturing, equipping, enlargement or substantial repair of a convention center, or part thereof, and activities substantially related to such acquisition, design, erection, extension, renovation, rehabilitation, conversion, furnishing, fixturing, equipping, enlargement or substantial repair of a convention center, or part thereof.

“Convention center.” Any land, improvement, structure, building, or part thereof, or property interest therein, whether owned by or leased by or to or otherwise acquired by the authority, appropriate for any of the following: large public assemblies, the holding of conventions, conferences, trade exhibitions, and other business, social, cultural, scientific and public interest events, and all facilities, furniture, fixtures and equipment necessary or incident thereto, including meeting rooms, dining rooms, kitchens, ballrooms, reception areas, registration and prefunction areas, truck loading areas (including access thereto), access ways, common areas, lobbies, offices, and areas appurtenant to any of the aforesaid (together hereinafter “Main Convention Area”) and also including other buildings, structures or facilities for use in conjunction with the foregoing, including, but not limited to, provision for offstreet parking, retail areas and other improvements related to the center owned by or leased by or to the authority for the purpose of producing revenues to assist in defraying any costs or expenses of the convention center.

“Cost of a project.” All or any part of the cost of construction, acquisition, alteration, enlargement, furnishing, fixturing and equipping, reconstruction and rehabilitation of a convention center project, including, without limitation, the cost of all lands, structures, real or personal property, rights, rights-of-way, roads, franchises, easements and interests acquired or

used for or in connection with a project, the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved or located, the cost of all utility lines, structures or equipment, the charges, interest prior to, during and for a period of six months after completion of such construction and acquisition, provisions for reserves for principal and interest and for extensions, enlargements, additions and improvements, cost of architectural, engineering, financial and legal services, plans, specifications, studies, surveys, estimates of cost and of revenues, expenses necessary or incident to determining the feasibility or practicability of constructing the project and such other capital cost or expense as may be necessary or incident to the construction, development and acquisition of the project, the financing of such construction, development and acquisition and the placing of the project in operation, including, without limitation, a proper allowance for contingencies and the provisions of reasonable initial working capital for operating the project.

“Federal agency” or “Federal Government.” The United States of America, the President of the United States of America and any department or corporation, agency or instrumentality heretofore or hereafter created, designated or established by the United States of America.

“Obligee of the authority” or “obligee.” Any bondholder, trustee or trustees for any bondholders when a party to any contract with the authority.

“Philadelphia Metropolitan Statistical Area.” The Pennsylvania part of the Philadelphia Standard Metropolitan Statistical Area as determined by the United States Census Bureau, 1980 Census, comprising the Pennsylvania counties of Philadelphia, Delaware, Bucks, Montgomery and Chester.

“Project.” Any site, building, structure, equipment, furnishing and other facilities or undertaking in respect of a convention center which the authority is authorized to acquire, construct, improve, install, maintain or operate under the provisions of this act.

“State public body.” The Commonwealth and its agencies (executive, administrative and independent), departments, officers, boards, authorities, commissions and instrumentalities.

“Substantial completion.” Construction that is sufficiently completed in accordance with contract documents and certified by the convention center authority’s architect or engineer, as modified by change orders which are subject to review and approval by the Secretary of the Budget of the Commonwealth and the chief financial officer of the city, so that the main convention area can be used, occupied or operated for its intended use. In no event shall a project be certified as substantially complete until at least 90% of the work on the main convention area is completed.

Section 4. Authority created.

A body corporate and politic, named the Pennsylvania Convention Center Authority, is hereby created as a public authority and government instrumentality to have continuing succession until its existence shall be terminated by law. The exercise by the authority of the powers conferred by this act is hereby declared to be and shall for all purposes be deemed and held to be the performance of an essential public function.

Section 5. Purposes and powers; general.

(a) General powers.—Every authority created by this act shall be a public body, corporate and politic, exercising public powers of the Commonwealth as an agency and instrumentality thereof and shall be for the purpose, without limitation, by itself or by agreement in cooperation with others, of acquiring, holding, developing, designing, constructing, improving, maintaining, managing, operating, financing, furnishing, fixturing, equipping, repairing, leasing or subleasing, either in the capacity of lessor or lessee or sublessor or sublessee, and owning a convention center, or parts thereof.

(b) Specific powers.—The authority is granted all powers necessary or convenient for the carrying out of the aforesaid purposes, including, without limiting the generality of the foregoing, the following rights and powers:

- (1) To have continuing succession.
- (2) To sue and be sued, implead and be impleaded, complain and defend in all courts.
- (3) To adopt, use and alter at will a corporate seal.
- (4) To acquire by gift or otherwise, purchase, hold, receive, lease, sublease and use any license, franchise or property, real, personal or mixed, tangible or intangible, or any interest therein, including a convention center, or parts thereof.
- (5) To sell, transfer or dispose of any property or interest therein with adequate and fair consideration.
- (6) To acquire, hold, develop, design, construct, improve, maintain, manage, operate, furnish, fixture, equip, repair, own, lease or sublease a convention center, or parts thereof, and to make, enter into and award contracts with any person, association, partnership or corporation for the development, design, financing, construction, improvement, maintenance, operation, management, furnishing, fixturing, equipping and repair of a convention center, or parts thereof.
- (7) To make bylaws for the management and regulation of its affairs and issue rules, regulations and policies in connection with the performance of its functions and duties.
- (8) To appoint officers, agents, employees and servants, to prescribe their duties and to fix their compensation.
- (9) To fix, alter, charge and collect rentals, admissions, license fees and other charges.
- (10) To borrow money for the purpose of paying the costs of any project and to evidence the same; make and issue negotiable bonds of the authority; secure the payment of such bonds, or any part thereof, by pledge or deed of trust of all or any of its revenues, rentals, receipts and contract rights; make such agreements with the purchasers or holders of such bonds or with other obligees of the authority in connection with any bonds, whether issued or to be issued, as the authority shall deem advisable, which agreements shall constitute contracts with such holders or purchasers; obtain such credit enhancement or liquidity facilities in connection with any bonds as the authority shall determine to be advantageous; and, in general, provide for the security for said bonds and the rights of the holders thereof.

(11) To make, enter into and award contracts of every name and nature and to execute all instruments necessary or convenient for the carrying out of its business.

(12) To borrow money and accept grants and to enter into contracts, leases, subleases, licenses or other transactions with any Federal agency, State public body, political subdivision, person, association, partnership or corporation.

(13) To have the power of eminent domain within a city of the first class. Any condemnation by the authority shall be in the manner provided by the act of June 22, 1964 (Sp.Sess., P.L.84, No.6), known as the Eminent Domain Code.

(14) To pledge, hypothecate or otherwise encumber any of its property, real, personal or mixed, tangible or intangible, and its revenues or receipts, including, but not limited to, any interest the authority may have in any lease or sublease of a convention center, or parts thereof.

(15) To procure such insurance containing such coverages, including, without limitation, insurance covering the timely payment in full of principal of and interest on bonds of the authority, in such amounts, from such insurers, as the authority may determine to be necessary or desirable for its purposes.

(16) To invest its money.

(17) To cooperate with any Federal agency, State public body or political subdivision.

(18) To invest any funds held in reserve or sinking funds, or any funds not required for immediate disbursements, as authorized by section 13(d).

(19) To appoint all officers, agents and employees required for the performance of its duties and fix and determine their qualifications, duties and compensation and retain or employ other agents or consultants, including, but not limited to, architects, auditors, engineers, private counsel and private consultants on a contract basis or otherwise for rendering professional or technical services and advice.

(20) To enroll its employees in an existing retirement system of the State, city or other governmental entity.

(21) To appoint and fix the compensation of chief counsel and such assistant counsel to provide it with legal assistance, for which purpose the authority shall not be considered either an executive agency or an independent agency for the purpose of the act of October 15, 1980 (P.L.950, No.164), known as the Commonwealth Attorneys Act, but shall possess the same status for such purpose as the Auditor General, State Treasurer and the Pennsylvania Public Utility Commission, except that the provisions of section 204(b) and (f) of the Commonwealth Attorneys Act shall not apply to the authority, and, notwithstanding the provisions of 42 Pa.C.S. § 8525 (relating to legal assistance), the authority through its counsel shall defend actions brought against the authority and its officers and employees when acting within the scope of their official duties.

(22) To maintain an office in the city.

(23) To appoint an executive director, who shall be the chief executive officer of the authority, who shall devote his full time during business hours to the duties of his office and who shall receive compensation as the board shall determine.

(24) To do all acts and things necessary or convenient for the promotion of its purposes and the general welfare of the authority and to carry out the powers granted to it by this act or any other acts.

(c) Limitation.—The authority shall have no power to pledge the credit or taxing powers of any State public body, any political subdivision or the city, nor shall any of its obligations be deemed obligations of any State public body, any political subdivision or the city, nor shall any State public body, any political subdivision or the city be liable for the payment of principal or interest on such obligations.

(d) Affirmative action.—The authority shall develop and implement an affirmative action plan to assure that all persons are accorded equality of opportunity in employment and contracting by the authority, its contractors, subcontractors, assignees, lessees, agents, vendors and suppliers.

Section 6. Capital and operating budgets.

(a) Capital budget.—At least 90 days before the commencing of the ensuing fiscal year of the authority, the board shall cause to be prepared and submitted to it a recommended capital budget. The capital budget shall show in detail the capital expenditures to be made or incurred in the next fiscal year which are to be financed from funds subject to control or appropriation by the board. The capital budget shall be prepared with the aid of the Secretary of the Budget of the Commonwealth and the chief financial officer of the city and shall be in form and detail satisfactory to them. In the event that the capital budget is not in form and detail satisfactory to either the Secretary of the Budget of the Commonwealth or the chief financial officer of the city, either official may require that the capital budget be redrafted and resubmitted, and such official or officials shall not be considered in receipt of the capital budget or any amendments thereto unless the form and detail of the capital budget is satisfactory. For each separate purpose, project, facility or other property, there shall show the amount and the source of the money that has been spent, encumbered or is intended to be spent or encumbered during the fiscal year. No later than the date of the adoption of the annual operating budget, the board shall, by a majority vote of its members, adopt a capital budget.

(b) Operating budget.—At least 90 days before the commencing of the ensuing fiscal year of the authority, the board shall cause to be prepared and submitted to it a recommended operating budget. The operating budget shall be prepared with the aid of the chief financial officer of the city and shall be in form and detail satisfactory to him. In the event that the operating budget is not in form and detail satisfactory to the chief financial officer of the city, such official may require that the operating budget be redrafted and resubmitted, and such official shall not be considered to be in receipt of the operating budget or any amendments thereto unless the form and detail is to the official's satisfaction. The operating budget should set forth the estimated

receipts and revenues of the authority during the next fiscal year. The board shall, at least 30 days before the end of the fiscal year, adopt, by a majority vote of its members, an operating budget for the next fiscal year.

(c) Additional approvals or disapprovals.—If the Secretary of the Budget of the Commonwealth or the chief financial officer of the city in which the convention center is located are among the members appointed to the board of the authority or if they sit as ex officio members of the board, each shall have the right to approve or disapprove each line item of the capital budget of the authority and any amendments thereto as well as all change orders. In addition, the chief financial officer of the city shall have the right to approve or disapprove the total amount of the operating budget of the authority and any amendments increasing the aggregate amount thereto. In the case of both the capital and operating budgets and change orders of the authority, approval shall be presumed unless the chief financial officer of the city has disapproved the entire operating budget or relevant amendments thereto, or either the chief financial officer of the city or the Secretary of the Budget has disapproved all or part of the capital budget of the authority or amendments thereto or change orders, within 30 days of the receipt of the respective budgets, amendments thereto or change orders. The Secretary of the Budget of the Commonwealth or the chief financial officer of the city may, from time to time, establish a threshold level below which such officers will not exercise their right to disapprove change orders and may identify categories or types of change orders for which they will not exercise such right.

(d) Project design.—Notwithstanding any other provisions of this law to the contrary and until substantial completion of the main convention area and for one year thereafter, the design for any capital project undertaken by the authority shall be submitted to the Secretary of the Budget of the Commonwealth and the chief financial officer of the city for approval. No such capital project may be undertaken by the authority unless and until the schematic design and the preliminary design development documents have been approved by the Secretary of the Budget of the Commonwealth and the chief financial officer of the city: Provided, however, That the design and construction of the center may be divided into stages or phases for which schematic design and preliminary design development documents may be approved separately by the Secretary of the Budget of the Commonwealth and the chief financial officer of the city and which may be undertaken by the authority as if each stage or phase was a separate capital project. In the case of the schematic design and preliminary design development documents for any capital project or any stage or phase of a capital project, approval shall be presumed unless the Secretary of the Budget of the Commonwealth or the chief financial officer of the city has disapproved the design, and expressly set forth his objections to the documents, within 45 days of the receipt of the documents. Further design approval shall not be required provided the construction documents are consistent with the design set forth in the schematic and preliminary design development documents.

(e) On-site inspectors.—Until the main convention area is substantially complete and for one year thereafter, the Secretary of the Budget of the Commonwealth may appoint and designate an inspector or inspectors who shall have complete authority to inspect any and all aspects of the construction of any capital project undertaken by the authority. Any inspection shall be made during normal business hours and shall be conducted in such a manner as to not disrupt the work of constructing the center and shall be made solely for the purpose of observing the construction of the project. The inspectors shall report to the Secretary of the Budget for the purpose of assisting the secretary in carrying out his duties and responsibilities as provided by this section.

Section 7. Purposes and powers; bonds.

(a) Bond issues to be authorized.—The bonds of any authority hereinabove referred to and authorized to be issued shall be authorized by resolution of the board thereof and shall be of such series, bear such date or dates, mature at such time or times not exceeding 40 years from their respective dates, bear interest at such rate or rates as shall be determined by the board as necessary to issue and sell the authorized bonds, be in such denominations, be in such form, either coupon or fully registered without coupons, carry such registration, exchangeability and interchangeability privileges, be payable in such medium of payment and at such place or places, be subject to such terms of redemption, and be entitled to such priorities in the revenues or receipts of the authority, as such resolution or resolutions may provide. The bonds shall be signed by or shall bear the facsimile signatures of such officers as the authority shall determine, and coupon bonds shall have attached thereto interest coupons bearing the facsimile signature of the treasurer of the authority, and all bonds shall be authenticated by an authenticating agent, fiscal agent or trustee, all as may be prescribed in such resolution or resolutions. Any such bonds may be issued and delivered notwithstanding that one or more of the officers signing such bonds or the treasurer whose facsimile signature shall be upon the coupon or any thereof shall have ceased to be such officer or officers at the time when such bonds shall actually be delivered.

(b) Sale of bonds.—Said bonds may be sold at public sale for such price or prices and at such rate of interest as the authority shall determine. Pending the preparation of the definitive bonds, interim receipts may be issued to the purchaser or purchasers of such bonds and may contain such terms and conditions as the authority may determine. Such bonds may be sold at private sale only if:

- (1) the authority makes a written public explanation of the circumstances and justification for the private sale; and
- (2) the board approves the private sale by a vote of at least seven members.

(c) Bonds to be negotiable instruments.—Said bonds shall have the qualities of negotiable instruments under 13 Pa.C.S. (relating to commercial code).

(d) Use of net proceeds.—The net proceeds of the issue of bonds or notes may be used to pay the costs of the project or to reimburse any costs initially paid by any State public body, the city, other political subdivision, agency, organization or person.

(e) Refunding authorized.—

(1) Subject to the provisions of the outstanding bonds, notes or other obligations and subject to the provisions of this act, the authority shall have the right and power to refund any outstanding debt, in whole or in part, at any time and shall have the right and power to refund any outstanding notes with bonds or bonds with notes.

(2) The term “refund” and its variations shall mean the issuance and sale of obligations the proceeds of which are used, or are to be used, for the payment or redemption of outstanding obligations upon or prior to maturity.

Section 8. Provisions of bonds, trusts, indentures and mortgages.

In connection with the issuance of bonds or the incurring of obligations under leases, and in order to secure the payment of such bonds and obligations, the authority, in addition to its other powers, shall have the power to:

(1) Pledge all or any part of its gross or net revenues to which its right then exists or may thereafter come into existence.

(2) Mortgage all or any part of its real or personal property then owned or thereafter acquired.

(3) Covenant against pledging all or any part of its revenues, or against mortgaging all or any part of its real or personal property to which its right or title exists or may thereafter come into existence, or against permitting or suffering any lien on such revenues or property; to covenant with respect to limitations on its right to sell, lease or otherwise dispose of any of its real property; and to covenant as to what other or additional debts or obligations may be incurred by it.

(4) Covenant as to the bonds to be issued and as to the issuance of such bonds, in escrow or otherwise, and as to the use and disposition of the proceeds thereof; to provide for the replacement of lost, destroyed or mutilated bonds, to covenant against extending the time for the payment of its bonds or interest thereon; and to redeem the bonds, and to covenant for their redemption, and to provide the terms and conditions thereof.

(5) Covenant as to the amount of revenues to be raised each year or other period of time by the authority, as well as to the use and disposition to be made thereof, to create or to authorize the creation of special funds for debt service or other purposes, and to covenant as to the use and disposition of the moneys held in such funds.

(6) Prescribe the procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds, the holders of which must consent thereto, and the manner in which such consent may be given.

(7) Covenant as to the use of any or all of its real or personal property, to warrant its title, and to covenant as to the maintenance of its real and personal property, the replacement thereof, the insurance to be carried thereon and the use and disposition of insurance moneys.

(8) Covenant as to the rights, liabilities, powers and duties arising upon the breach by it of any covenant, condition or obligation, and to covenant and prescribe, in the event of default, as to terms and conditions upon which any or all of its bonds or obligations shall become or may be declared due before maturity, and as to the terms and conditions upon which such declaration and its consequences may be waived.

(9) Vest in a trustee or the holders of bonds, or any proportion of them, the right to enforce the payment of the bonds or any covenants securing or relating to the bonds; to vest in a trustee the right, in the event of a default by the authority, to take possession and use, operate and manage any real property and to collect the rents and revenues arising therefrom and to dispose of such moneys in accordance with the agreement of the authority with said trustee; to provide for the powers and duties of a trustee and to limit liabilities thereof; and to provide the terms and conditions upon which the trustee or the holders of bonds, or any proportion of them, may enforce any covenant or rights securing or relating to the bonds.

(10) Obtain letters of credit and bond insurance.

(11) Exercise all or any part or combination of the powers herein granted, to make covenants other than and in addition to the covenants herein expressly authorized, to make such covenants and to do any and all such acts and things as may be necessary or convenient or desirable in order to secure its bonds, or, in the absolute discretion of the authority, as will tend to accomplish the purposes of this act, by making the bonds more marketable notwithstanding that such covenants, acts or things may not be specifically enumerated herein.

Section 9. Remedies of an obligee of the authority.

An obligee of the authority shall have the right, in addition to all other rights which may be conferred on such obligee, subject only to any contractual restrictions binding upon such obligee:

(1) By mandamus, suit, action or proceeding at law or in equity, to compel the authority and the members, officers, agents or employees thereof to perform each and every term, provision and covenant contained in any bond or contract of the authority with or for the benefit of such obligee, and to require the carrying out of any or all such covenants and agreements of the authority and the fulfillment of all duties imposed upon the authority by this act.

(2) By proceeding in equity, to obtain an injunction against any acts or things which may be unlawful or the violation of any of the rights of such obligee of the authority.

Section 10. Additional remedies conferrable by the authority.

(a) Additional remedies.—The authority shall have power, by its resolution, trust, indenture or mortgage, to confer upon any obligees holding or representing a specified percentage of bonds, the right, in addition to all rights that may otherwise be conferred, upon the happening of an event of default as defined in such resolution or instrument, by suit, action or proceeding in any court of competent jurisdiction:

(1) to obtain the appointment of a receiver of any real property or leasehold interest of the authority and of the rents and profits therefrom (if such receiver be appointed, he may enter and take possession of such real property or any leasehold interest, operate the same and collect and receive all revenues or other income thereafter arising therefrom, and shall keep such moneys in a separate account and apply the same in accordance with the obligations of the authority as the court shall direct); or

(2) to require the authority and the members thereof to account as if it and they were the trustees of an express trust.

(b) Authority of receiver.—Nothing in this section or any other section of this act shall authorize any receiver appointed pursuant to this act for the purpose of operating and maintaining any facilities of the authority to sell, assign, mortgage or otherwise dispose of any of the assets, of whatever kind or character, belonging to the authority. It is the intention of this act to limit the powers of such receiver to the operation and maintenance of the facilities of the authority as the court shall direct, and no holder or holders of bonds of the authority nor any trustee or other obligee shall ever have the right in any suit, action or proceeding, at law or in equity, to compel a receiver, nor shall any receiver ever be authorized, or any court be empowered to direct the receiver, to sell, assign, mortgage or otherwise dispose of any assets, of whatever kind or character, belonging to the authority.

Section 11. Governing board.

(a) Power.—The power of the authority shall be exercised by a governing board (hereinafter called the “board”) composed of nine members.

(1) The Governor shall appoint two members who shall be residents of counties within the Philadelphia Metropolitan Statistical Area, excluding counties which are coterminous with cities of the first class. The members initially appointed pursuant to this paragraph shall serve until substantial completion of the main convention area. Upon substantial completion of the main convention area, or the occurrence of any vacancy in the seat of a gubernatorial appointee which occurs prior to substantial completion of the main convention area, the members provided by this subsection shall be appointed by the boards of county commissioners or county councils of counties within the Philadelphia Metropolitan Statistical Area, excluding counties which are coterminous with cities of the first class, by majority vote of the boards of county commissioners or county councils. Each board of county commissioners or county council shall cast one vote in the process of selecting members, which vote shall be determined by a majority vote of the members of each such board of county commissioners or county council. The term of appointment of members appointed by the boards of county commissioners or county councils shall be four years, except that the initial term of members appointed after substantial completion of the main convention area, shall expire on the third January 31 following the commencement of the term of office of the Governor.

(2) The Governor shall appoint two members who shall represent the Commonwealth at large, who shall not be members of the same political party. The members initially appointed pursuant to this paragraph shall

serve until substantial completion of the main convention area and thereafter shall serve for terms coincident with the term of the Governor. Upon substantial completion of the main convention area, the Governor shall appoint two members, who shall not be members of the same political party, from each of two lists of at least four nominees, each prepared and submitted to the Governor respectively by the floor leaders of the Senate and the House of Representatives who belong to the same political party. Each floor leader may contribute at least two names to the appropriate list and shall submit such nominees to the Governor. The Governor shall select a member from each list within 30 days of receipt of each list, or else may request one substitute list of nominees from both or either group of floor leaders. If both or either group of floor leaders fail to submit a list of nominees within 30 days of substantial completion of the main convention area or fail to submit a substitute list within 30 days of receipt of a request to do so, the Governor may appoint such member or members, for which lists of nominees were not submitted, at his discretion. In the event one of the two floor leaders responsible for the submission of nominees for a list fails to submit such nominees, the Governor shall act upon the nominees submitted by the other floor leader as if he had received nominees from both floor leaders. If the Governor fails to select a member from either list of nominees within 30 days of receipt of such list and fails to request a substitute list, or fails to select a member from the substitute list within 30 days of receipt of such list, the floor leaders who prepared the list may appoint a member to serve on the board. Whenever a vacancy occurs prior to the completion of the term of office of a member appointed pursuant to this subsection, the floor leaders belonging to the same political party as the board member whose seat has become vacant did at the time of appointment of such member shall submit a list of nominees to replace such member to the Governor. In the event of a vacancy in the office of an initial gubernatorial appointee, which occurs prior to substantial completion of the main convention area, a replacement member shall be appointed pursuant to the procedures set forth in this subsection for the appointment of members after substantial completion of the convention center.

(3) The chief executive officer of the city in which the convention center is located shall appoint two members. The terms of office of such members shall run concurrently with the term of office of such appointing authority.

(4) The council of the city in which the convention center is located shall appoint two members as provided herein. One member shall be appointed for the council by the president of the council, and one shall be appointed for the council by the minority leader of the council. The terms of office of such members shall run concurrently with the term of office of the chief executive officer of the city.

(5) The initial appointment of board members shall have no force and effect unless and until the eight members provided by paragraphs (1), (2), (3) and (4) have been appointed, which event shall constitute the formation of the board.

(6) The eight members so appointed shall appoint a ninth member, who shall serve as chairman of the board, by a vote of at least six members of the board. The initial term of the chairman shall be until substantial completion of the main convention area. Thereafter, the chairman shall serve for a term coincident with the term of members appointed pursuant to paragraph (3). In the event that the members cannot agree on the initial ninth member within 90 days of the creation of the authority, or the members cannot agree upon the selection of a chairman in the event the office of chairman becomes vacant within 90 days of the occurrence of such vacancy, the Governor shall appoint said member, which appointment shall be subject to the advice and consent of two-thirds of the members elected to the Senate. The member so appointed by either the members or the Governor shall serve as chairman of the board of the authority until his successor is duly appointed. Said chairman may be removed and a new chairman may be selected by the vote of seven members of the board.

(7) If, at any time prior to one year after substantial completion of the main convention area, the Secretary of the Budget of the Commonwealth is not an appointed member of the board, he shall serve as a nonvoting ex officio member of the board. If, at any time, the chief financial officer of the city in which the convention center is located is not an appointed member of the board, he shall serve as a nonvoting ex officio member of the board.

(b) Terms and vacancies.—Except as otherwise provided, initial board members shall serve until substantial completion of the main convention area and until their successors have been appointed and qualified. Thereafter, except as otherwise provided, members shall serve a term from the date of their appointment and until their successors have been appointed and qualified. If a vacancy shall occur by means of the death, disqualification, resignation or removal of a member or the chairman, subject to the provisions of subsection (a), the appointing authority shall appoint a successor to fill his unexpired term.

(c) Compensation.—Subject to such aggregate per annum limitation and any other rules and regulations as the board shall determine, a member shall receive \$125 per diem when engaged in the exercise of his duties for the authority and shall also be entitled to necessary expenses, including traveling expenses, incurred in the discharge of his duties. In addition, the chairman of the board of the authority shall be entitled to receive such additional compensation as the board shall determine. No other member of the board shall be entitled to any additional compensation for extra service provided to the authority. The per diem amount may be increased by a vote of seven members of the board, but any such increase shall not apply during the term of office of board members voting or eligible to vote on such per diem increase.

(d) Organization.—The members of the board shall select from among themselves a vice chairman and such other officers as the board may determine. Except as otherwise provided, all actions of the board shall be taken by

a vote of at least five members of the board, which shall constitute a majority of the board, unless the bylaws of the authority shall provide for a greater vote. The board shall have full authority to manage the properties and business of the authority and to prescribe, amend and repeal bylaws, rules and regulations governing the manner in which the business of the authority may be conducted and the powers granted to it may be exercised and embodied. Notwithstanding any other law, court decision, precedent or practice to the contrary, no actions by or on behalf of the board shall be taken by any officer of the board except upon the approval of a majority of the board. The term "actions by or on behalf of the board" means any action whatsoever of the board, including, but not limited to, the hiring, appointment, removal, transfer, promotion or demotion of any officers and employees, the retention, use or remuneration of any advisors, counsel, auditors, architects, engineers or consultants, the initiation of any legal action, the making of any contracts, leases, agreements, bonds, notes or covenants, the approval of requisitions, purchase orders, investments and reinvestments, and the adoption, amendment, revision or rescission of any rules and regulations, orders or other directives. The chairman, vice chairman or any other officer, committee or employee of the board may take actions by or on behalf of the board as authorized at least annually by a vote of six members of the board and subject always to the supervision and control of the board.

(e) Nonliability of members.—Members of the board shall not be liable personally on the bonds or other obligations of the authority, and the rights of creditors shall be solely against such authority. The authority, itself or by contract, shall defend board members, and the authority shall indemnify and hold harmless board members, whether currently employed by the authority or not, against and from any and all personal liabilities, actions, causes of action, and any and all claims made against them for whatever actions they perform within the scope of their duties as board members.

Section 12. Sovereign immunity.

It is hereby declared to be the intent of the General Assembly that the authority created pursuant to this act and its officers, officials and employees shall enjoy sovereign and official immunity, as provided in 1 Pa.C.S. § 2310 (relating to sovereign immunity reaffirmed; specific waiver), and remain immune from suit except as provided by and subject to the provisions of 42 Pa.C.S. §§ 8501 (relating to definitions) through 8528 (relating to limitations on damages). Notwithstanding the provisions of 42 Pa.C.S. § 8525 (relating to legal assistance), the authority through its counsel shall defend actions brought against the authority and its officers and employees when acting within the scope of their official duties.

Section 13. Moneys of the authority.

(a) Paid to treasurer.—All moneys of the authority, from whatever source derived, shall be paid to the treasurer of the authority.

(b) Funds to be invested.—The board shall invest authority funds consistent with sound business practice.

(c) Investment program.—The board shall provide for an investment program subject to restrictions contained in this act and in any other applicable statute and any rules and regulations adopted by the board.

(d) Authorized types of investments.—Authorized types of investments for authority funds shall be:

(1) Direct obligations of or obligations guaranteed by the United States of America.

(2) Any bond, debenture, note, participation certificate or other similar obligation issued by any one or combination of the following agencies: Government National Mortgage Corporation, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, United States Postal Service, Farmers Home Administration, the Student Loan Marketing Association and Export-Import Bank of the United States.

(3) Any bond, debenture, note, participation certificate or other similar obligation issued by the Federal National Mortgage Corporation to the extent such obligations are guaranteed by the Government National Mortgage Corporation or issued by any other Federal agency and backed by the full faith and credit of the United States of America.

(4) Deposits in interest-bearing time or demand deposits, or certificates of deposit, fully insured by the Federal Deposit Insurance Corporation, or its successors, or the Federal Savings and Loan Insurance Corporation, or its successor, or fully secured by any of the obligations described above to the extent not so insured.

(5) Repurchase agreements relating to, or investment agreements secured by or providing for the acquisition of and, if applicable, resale of, obligations described in paragraphs (1) through (4) or obligations of Federal Home Loan Mortgage Corporation or Federal National Mortgage Association, with:

(i) banks or trust companies (which may include any banking entity or depository);

(ii) brokers or broker-dealers registered under the Securities Exchange Act of 1934 (48 Stat. 881, 15 U.S.C. §§ 78a-78jj) acceptable to the authority; or

(iii) insurance companies rated A+ or better by Best's having a net capital and surplus of at least \$25,000,000 or certificates of deposit with such banks or trust companies fully secured as to principal and accrued interest by obligations described in paragraphs (1) through (4) deposited with or subject to the control of the authority.

(6) Money market deposit accounts of banks or trust companies having a net capital and surplus of at least \$25,000,000 (which may include any banking entity or depository).

(7) The description of authorized investments as set forth herein in paragraphs (5) and (6) shall only be met if the agreements referenced therein provide for the repayment of the principal amount invested at an amount not less than that so invested. Whenever security is required as set forth herein in paragraphs (4) through (6), such security shall be deposited with the treasurer of the authority or be held by a trustee or agent satisfactory to the authority. Moneys of the authority shall be paid out on the warrant or other order of the chairman of the authority or of such other

person or persons as the authority may authorize to execute such warrants or orders.

(e) Annual report to be filed; annual audits.—Every authority shall file an annual report with the Department of Commerce and with the city which shall make provisions for the accounting of revenues and expenses. The authority shall have its books, accounts and records audited annually in accordance with generally accepted auditing standards by an independent auditor who shall be a certified public accountant or competent public accountant, and a copy of his audit report shall be attached to and be made a part of the aforesaid annual report. A concise financial statement shall be published annually in the Pennsylvania Bulletin. If the authority fails to make such an audit, then the controller, auditors or accountants designated by the city are hereby authorized and empowered, from time to time, to examine, at the expense of the authority, the accounts and books of the authority, including its receipts, disbursements, contracts, leases, sinking funds, investments, and any other matters relating to its finances, operations and affairs.

(f) Power of inspection.—The Attorney General, Auditor General, Secretary of the Budget and the Chairmen and Minority Chairmen of the House of Representatives and Senate Appropriations Committees shall have the right to examine the books, accounts and records of the authority.

Section 14. Transfer of existing facilities or funds; making of annual grants and lease payments to the authority; Commonwealth bonds.

(a) Authority granted.—Any State public body, political subdivision or the city may and it is hereby authorized to sell, lease or sublease from or to, lend, grant, convey or otherwise transfer or pay over to the authority, with or without consideration, a convention center, or parts thereof, or any interest in property, real, personal or mixed, tangible or intangible, or any funds available, needed or obligated for development, acquisition, design, maintenance, management, operation, financing, leasing or subleasing construction or improvement purposes, including the proceeds of bonds previously or hereafter issued for construction or improvement of a convention center, or parts thereof. Any such property, funds or convention center, or parts thereof, received by the authority may be used for any lawful purpose of the authority. Nothing in this act nor in any other law shall be deemed to make any such authority or any persons, State-supported or State-aided institutions under any laws of this Commonwealth.

(b) Grants authorized.—The city may and it is hereby authorized to make grants from current revenues to the authority and to assist in defraying the costs of management, operation, maintenance, financing and debt service of a convention center, or parts thereof, and to enter into long-term agreements providing for the payment of the same and to enter into long-term leases or subleases as lessee or sublessee of all or part of a convention center: Provided, That obligations of the city to make grants, lease or sublease payments to an authority shall not, even if based on debt obligations of an authority, constitute debts of the city within the meaning of any constitu-

tional or statutory provision and shall be payable only to the extent that current revenues of the city are available. The city may issue general obligation bonds for the purpose of obtaining funds for local contributions pertaining to convention centers, or parts thereof.

(c) Redevelopment assistance project.—The Commonwealth may contribute to the capital costs of constructing a convention center by the issuance of Commonwealth bonds and notes pursuant to Article XVI-B of the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal Code. A convention center project undertaken by the authority is hereby deemed to be a redevelopment assistance project for which capital funds of the Commonwealth may be expended pursuant to the provisions of the act of May 20, 1949 (P.L.1633, No.493), known as the Housing and Redevelopment Assistance Law, and, notwithstanding any provisions of the Housing and Redevelopment Assistance Law, the Department of Community Affairs of the Commonwealth is hereby authorized to make capital grants directly to the authority in furtherance of this act.

Section 15. Award of contracts.

(a) Lowest responsible bidder.—All construction, reconstruction, repairs or work of any nature made by the authority, where the entire cost, value or amount of such construction, reconstruction, repairs or work, including labor and materials, shall exceed \$4,000, except construction, reconstruction, repairs or work done by employees of the authority, or by labor supplied under agreement with any Federal agency, State public body, political subdivision or city, with supplies and materials purchased as hereinafter provided, shall be done only under contract or contracts to be entered into by the authority with the lowest responsible bidder upon proper terms, after due public notice has been given asking for competitive bids as hereinafter provided, but the authority shall have the right to reject any or all bids or select a single item from any bid. No contract shall be entered into for construction or improvement or repair of any project or portion thereof, unless the contractor shall provide sufficient surety or sureties approved by the authority, and in an amount fixed by the authority, for the performance of the contract. All such contracts shall provide, among other things, that the person or corporation entering into such contract with the authority will pay for all materials furnished and services rendered for the performance of the contract, and that any person or corporation furnishing such materials or rendering such services may maintain an action to recover for the same against the obligor in the undertaking, as though such person or corporation was named therein, provided the action is brought within one year after the time the cause of action accrued. Nothing in this section shall be construed to limit the power of the authority to construct, repair or improve any project or portion thereof, or any addition, betterment or extension thereto, directly by the officers and employees of the authority. The authority may award the construction of a convention center as a single bid project without regard to the provisions of the act of May 1, 1913 (P.L.155, No.104), entitled "An act regulating the letting of certain contracts for the erection, construction, and alteration of public buildings," and shall not be subject to the act of Novem-

ber 26, 1978 (P.L.1309, No.317), entitled "An act regulating the awarding and execution of certain public contracts; providing for contract provisions relating to the retention, interest, and payment of funds payable under the contracts; and repealing inconsistent acts." Nothing in this section or any other law of this Commonwealth shall require the authority to competitively bid architectural design, engineering, construction management or other professional services required by the authority.

(b) Supplies and materials.—All supplies and materials costing \$4,000 or more to be acquired directly by the authority shall be purchased only after due advertisement as hereinafter provided. The authority shall accept the lowest bid or bids from a responsible bidder, kind, quality and material being equal, but the authority shall have the right to reject any or all bids or select a single item from any bid. The provisions as to bidding shall not apply to the purchase of unique supplies and materials or supplies and materials which cannot be obtained in the open market.

(c) Management prerogatives.—Nothing in this section or in any other law of the Commonwealth shall preclude the board, with the approval of six members, from negotiating contracts for management, operation, concession services, licensing or leasing of a convention center, or any part thereof. The authority shall not award any contract to any manager, operator, concessionaire, licensee, lessee or lessor that exceeds three years in duration unless six members of the board approve the awarding of a contract for a greater period of time.

(d) Application of city ordinances.—The authority, its contractors, sub-contractors, assignees, lessees, agents, vendors and suppliers shall not be subject to any city laws, ordinances, rules or regulations relating to any limits or preferences with regard to employment, contracting or procurement in the construction and operation of the convention center.

(e) Steel products.—The authority shall be subject to the act of March 3, 1978 (P.L.6, No.3), known as the Steel Products Procurement Act, and the act of April 4, 1984 (P.L.193, No.40), known as the Motor Vehicle Procurement Act.

(f) Definitions.—As used in this section the terms "advertisement" or "public notice" means a notice published at least ten days before the award of any contract, in a newspaper of general circulation published in the city: Provided, That such notice may be waived where the authority determines an emergency exists and such supplies and materials must be immediately purchased by the authority.

Section 16. Interests of public officers, public employees and party officers.

(a) Restrictions upon authority management-level employees.—

(1) No party officer, public officer, public official, public employee or a member of the immediate family of a party officer, public officer or public official shall be employed as a management-level authority employee. Notwithstanding the provisions of this paragraph, the Secretary of the Budget of the Commonwealth and any other member of the Governor's cabinet and the chief financial officer of the city in which the con-

vention center is located and any other member of the Mayor's cabinet may serve on the governing board of the authority as provided by section 11.

(2) No person convicted of an infamous crime shall be employed as a management-level employee by the authority.

(b) Restricted activities; statement of financial interests; public meetings and records.—The provisions of the act of October 4, 1978 (P.L.883, No.170), referred to as the Public Official and Employee Ethics Law, and the act of July 19, 1957 (P.L.1017, No.451), known as the State Adverse Interest Act, are hereby made specifically applicable to board members, officers and employees of the authority. For the purposes of application of such acts, employees of the authority shall be regarded as public employees of the Commonwealth and officers or board members of the authority shall be regarded as public officials of the Commonwealth, whether or not they receive compensation. The authority shall also be subject to the act of July 19, 1974 (P.L.486, No.175), referred to as the Public Agency Open Meeting Law, relating to open meetings, and the act of June 21, 1957 (P.L.390, No.212), referred to as the Right-to-Know Law, relating to the inspection and copying of public records.

(c) Conflicts of interest.—Notwithstanding the provisions of subsection (b) the following prohibitions shall apply to the authority created by this act:

(1) No management-level employee or other employee of the authority shall use his position with the authority, or any confidential information received through his position with the authority, to obtain financial gain other than compensation provided by law for himself, a member of his immediate family or a business with which he is associated.

(2) No person shall offer or give to a management-level employee or other employee of the board or a member of his immediate family or a business with which he is associated, and no management-level employee or other employee of the board shall solicit or accept anything of value, including a gift, loan, political contribution, reward or promise of future employment based on any understanding that the vote, official action or judgment of the management-level employee or other employee of the board would be influenced thereby.

(3) No management-level employee or other employee of the board or a member of his immediate family or any business in which the person or a member of the person's immediate family is a director, officer, owner or holder of stock exceeding 5% of the equity at fair market value of the business shall enter into any contract valued at \$500 or more to provide goods or services to the authority unless the contract has been awarded to the lowest responsible bidder through an open and public process, including prior public notice and subsequent public disclosure of all proposals considered and contracts awarded.

(4) No former management-level employee or other employee of the board shall represent a person, with or without compensation, on any matter before the authority with which he has been associated for one year after he leaves the authority.

(5) Any individual who is a State, city or county public officer or public official or any party officer or member of the immediate family of any such individuals, or business with which such individuals or members of their immediate families are associated, shall not have a financial interest in any contract valued at \$500 or more to provide goods or services to the authority either during the time such person holds such office, or for two years after such person terminates such office, unless such contract is executed pursuant to the provisions of paragraph (3). For purposes of this paragraph the term "financial interest" shall not include employment by, association with or ownership of a business association unless the public officer, public official, party officer or member of the immediate family of such individual owns shares of stock in any such corporation in an amount in excess of 5% of the total issue for the stock of any said corporation, or has an ownership interest in any noncorporate business association in an amount in excess of 5% of the total ownership of such a noncorporate business association.

(6) No management-level employee or other employee of the board or an advisor or consultant to the city, a county or the State having recommended to the authority which he serves, either the making of a contract relating to a convention center authority or a course of action of which the making of such a contract is an express or implied part, shall, at any time thereafter, have an adverse interest in such contract.

(7) No management-level employee or other employee of the authority, the city, a county or the State shall influence, or attempt to influence, the making of or supervise or in any manner deal with any contract with the authority in which he has an adverse interest.

(8) No management-level employee or other employee shall have an adverse interest in any contract with the authority.

(9) No person having an adverse interest in a contract with the authority shall become a management-level employee or other employee of the authority until such adverse interest shall have been wholly divested.

(10) No management-level employee or other employee of the authority, the city, a county or the State, except in the performance of his duties as such employee, shall, for remuneration, directly or indirectly, represent any other person upon any matter pending before the authority.

(d) Enforcement; penalties.—

(1) Any person who violates the provisions of this section shall have his employment by the authority immediately terminated by the appropriate person having the power to terminate and shall be liable to the authority to reimburse the authority for all compensation received by him from the authority while employed in violation of subsection (a).

(2) Any person who violates the provisions of subsection (c)(1) or (2) is guilty of a felony and shall be fined not more than \$10,000 or imprisoned for not more than five years, or be both fined and imprisoned.

(3) Any person who violates the provisions of subsection (c)(3) through (10) is guilty of a misdemeanor and shall be fined not more than \$1,000 or imprisoned for not more than one year, or be both fined and imprisoned.

(4) Any person who obtains financial gain from violating any provisions of subsection (c), in addition to any other penalty provided by law, shall pay into the accounts of the authority a sum of money equal to three times the financial gain resulting from such violation.

(5) Any person who violates the provisions of subsection (c) shall be barred for a period of five years from engaging in any business or contract with the authority, the city, the State and any political subdivision.

(6) Any employee of the city, State or any political subdivision or any public officer or public official who violates any of the provisions of subsection (c) shall automatically forfeit any such office or employment he may then hold.

(7) The penalties and sanctions provided by this section shall supersede any similar penalties and sanctions provided by the Public Official and Employee Ethics Law and State Adverse Interest Act.

(e) Definitions.—As used in this section the following words and phrases shall have the meanings given to them in this subsection:

“Business.” Any corporation, partnership, sole proprietorship, firm, enterprise, franchise, association, organization, self-employed individual, holding company, joint-stock company, receivership, trust or any legal entity organized for profit or as a not-for-profit corporation or organization.

“Business with which he is associated.” Any business in which the person or a member of the person’s immediate family is a director, officer, owner, employee or holder of stock.

“County.” A county within the Philadelphia Metropolitan Statistical Area as defined in this act.

“Immediate family.” A parent, spouse, child, brother, sister or like relative-in-law.

“Infamous crime.” Any violation and conviction for an offense which would disqualify an individual from holding public office pursuant to section 6 of Article II of the Constitution of Pennsylvania, or any conviction for a violation of this section, 18 Pa.C.S. § 4113 (relating to misapplication of entrusted property and property of government or financial institutions) or 18 Pa.C.S. Ch. 47 (relating to bribery and corrupt influence), 49 (relating to falsification and intimidation), 51 (relating to obstructing governmental operations) or 53 (relating to abuse of office) or any other violation of the laws of the Commonwealth for which an individual has been convicted within the preceding ten years and which is classified as a felony, and any similar violations of the laws of any other state or the Federal Government.

“Management-level authority employee.” The chairman and members of the board of the authority, counsel employed by the authority, the executive director of the authority and any authority employee with discretionary powers which may affect the outcome of the authority’s decision in relation to a private corporation or business or any employee who by virtue of his job function could influence the outcome of such a decision.

“Party officer.” The following members or officers of any political party:

- (1) a member of a national committee;
- (2) a chairman, vice chairman, secretary, treasurer or counsel of a State committee or member of the executive committee of a State committee;
- (3) a county chairman, vice chairman, counsel, secretary or treasurer of a county committee; or
- (4) a city chairman, vice chairman, counsel, secretary or treasurer of a city committee.

“Person.” A business, individual, corporation, union, association, firm, partnership, committee, club or other organization or group of persons.

“Public employee.” Any individual employed by the Commonwealth or a political subdivision who is responsible for taking or recommending official action of a nonministerial nature with regard to:

- (1) contracting or procurement;
- (2) administering or monitoring grants or subsidies;
- (3) planning or zoning;
- (4) inspecting, licensing, regulating or auditing any person; or
- (5) any other activity where the official action has an economic impact of greater than a de minimus nature on the interest of any person.

A public employee shall not include individuals who are employed by the State or any political subdivision thereof in teaching as distinguished from administrative duties.

“Public officer.” Every person elected to any public office of the Commonwealth or any political subdivision thereof.

“Public official.” Any elected or appointed official in the executive, legislative or judicial branch of the State or any political subdivision thereof, provided that it shall not include members of advisory boards that have no authority to expend public funds other than reimbursement for personal expense, or to otherwise exercise the power of the State or any political subdivision thereof. “Public official” shall not include any appointed official who receives no compensation other than reimbursement for actual expenses.

Section 17. Acquisition of lands.

The authority shall have the power to acquire, by purchase or eminent domain proceedings, either the fee or such right, title, interest or easement or any combination thereof in such lands within the city as the authority may deem necessary for the purpose mentioned in this act. The right of eminent domain shall be exercised by the authority in the manner provided by the act of June 22, 1964 (Sp.Sess., P.L.84, No.6), known as the Eminent Domain Code.

Section 18. Use and operation of convention center.

The use and operation of the convention center, and any parts thereof, and the operation of the business of the authority shall be subject to the rules and regulations from time to time adopted by the authority: Provided, however, That the authority shall not be authorized to do anything which will impair the security of the obligees of the authority or violate any agree-

ments with them or for their benefit, or violate any contracts, leases or other agreements awarded, made or entered into by the authority.

Section 19. Limitation of powers.

(a) **Commonwealth pledge.**—The Commonwealth does hereby pledge to and agree with any person, the city, political subdivision or Federal agency, subscribing to or acquiring the bonds to be issued by the authority for the construction or improvement of a convention center, or parts thereof, that the Commonwealth will not limit or alter the rights hereby vested in the authority in any manner inconsistent with the obligations to such bondholders until all bonds at any time issued, together with the interest thereon, are fully paid and discharged. The Commonwealth does further pledge to and agree with any Federal agency that in the event that any Federal agency shall construct or contribute any funds for the construction or improvement of a convention center, or parts thereof, that the Commonwealth will not alter or limit the rights and powers of the authority in any manner which would be inconsistent with the due performance of any agreements between the authority and any such Federal agency.

(b) **Additional Commonwealth pledge.**—The Commonwealth does hereby pledge to and agree with any person who, as owner thereof, leases or subleases a convention center, or parts thereof, to or from an authority created pursuant to this act, that the Commonwealth will not limit or alter the rights and powers hereby vested in the authority or otherwise created by this act in any manner which impairs the obligations of the authority until all such obligations of the authority under such lease or sublease are fully met and discharged.

Section 20. Exemption from taxation.

The effectuation of the authorized purposes of authorities created under this act shall and will be in all respects for the benefit of the people of this Commonwealth, for the increase of their commerce and prosperity and for the improvement of their health and living conditions; and, since authorities will, as public instrumentalities of the Commonwealth, be performing essential governmental functions in effectuating such purposes, such authorities shall not be required to pay any taxes or assessments upon a convention center, or parts thereof, or any property acquired or used or permitted to be used by them for such purposes; and the bonds issued by any authority, their transfer and the income therefrom (including any profits made on the sale thereof) shall, at all times, be free from State and local taxation within this Commonwealth. This exemption shall not extend to gift, estate, succession or inheritance taxes or any other taxes not levied directly on the bonds, the transfer thereof, the income therefrom or the realization of profits on the sale thereof.

Section 21. Lease by authorities.

A convention center, or part thereof, established under this act may be leased or subleased by the authority to and from the city, and the said city is hereby empowered to enter into leases, subleases, or both, for such purpose. Any such lease or sublease may be made for a specified or unlimited time and on any terms and conditions which may be approved by the city and which

may be agreed to by the authority in conformity with its contracts with the holders of any bonds.

Section 22. Cooperation.

(a) State public bodies and political subdivisions may cooperate.—For the purpose of aiding and cooperating with the authority and in the planning, acquisition, clearance, relocation, development, design, construction, rehabilitation, leasing, subleasing, alteration, expansion, financing, improvement, management or operation of a convention center, or parts thereof, any State public body, political subdivision or the city may, upon such terms, with or without consideration, as it may determine:

(1) Dedicate, sell, convey, lease or otherwise transfer any of its property or any interest therein, real, personal or mixed, tangible or intangible, to the authority.

(2) Cause parking, recreational or community facilities, or any other works, which it is otherwise empowered to undertake, to be furnished in or adjacent to any area selected for a convention center, or parts thereof.

(3) Furnish, dedicate, close, pave, install, grade, regrade, plan or replan streets, roads, roadways, alleys, sidewalks or other places which it is otherwise empowered so to do.

(4) Enter into agreements, extending over any period, with the authority or with the Federal Government respecting action to be taken by any State public body, pursuant to any of the powers granted by this section.

(5) Do any and all things necessary or convenient to aid and cooperate in the development, acquisition, design, construction, improvement, maintenance, management, operation, furnishing, fixturing, equipping, repairing, financing, owning, leasing and subleasing of a convention center, or parts thereof.

(6) In connection with any public improvements made by any State public body, political subdivision or the city, in exercising the powers herein granted, any State public body, political subdivision or the city may incur the entire expense thereof.

(7) The Secretary of General Services is authorized, with the approval of the Governor and Attorney General, to execute and deliver on behalf of the Commonwealth, conveyances, deeds and leases authorized under this act.

(b) City may contract with authority.—In connection with a convention center, or parts thereof, the city may contract with the authority or the Federal Government with respect to any sums which the said authority or the Federal Government may agree to pay during any year or period of years to such city for the improvements, services and facilities to be provided by it for the benefit of the authority, convention center, or parts thereof, or the persons occupying such area: Provided, however, That the absence of a contract for such payments shall, in no way, relieve the city from the duty to furnish for the benefit of the authority, convention center, or parts thereof, or the persons occupying such area, customary improvements and such services and facilities as the city usually furnishes without a service fee.

(c) City and State may designate authority as its agent.—The State or the city may, by written agreement, designate the authority as its agent within the authority's field of operation to perform any specified activity or to administer any specified program which the State or the city is authorized by law to do: Provided, however, That any such activities or programs shall be in furtherance of the public purposes specified in this act. Such activities may include, without being limited to, development, acquisition, design, construction, improvement, maintenance, leasing, management or operation of a convention center, or parts thereof.

(d) Powers in addition to other powers.—The powers conferred by this section shall be in addition and supplemental to the powers conferred by any other law.

Section 23. Hotel room rental tax.

(a) Definitions.—In addition to the definitions provided by section 3, the following words and phrases when used in this section shall have the meanings given to them in this section unless the context clearly requires otherwise:

“Consideration.” Receipts, fees, charges, rentals, leases, cash, credits, property of any kind or nature, or other payment received by operators in exchange for or in consideration of the use or occupancy by a transient of a room or rooms in a hotel for any temporary period.

“Hotel.” A hotel, motel, inn, guesthouse or other building located within the city which holds itself out by any means, including advertising, license, registration with any innkeeper's group, convention listing association, travel publication or similar association or with any government agency, as being available to provide overnight lodging or use of facility space for consideration to persons seeking temporary accommodation; any place which advertises to the public at large or any segment thereof that it will provide beds, sanitary facilities or other space for a temporary period to members of the public at large; and any place recognized as a hostelry, provided that portions of such facility which are devoted to persons who have established permanent residence shall not be included in this definition.

“Occupancy.” The use or possession or the right to the use or possession by any person other than a permanent resident of any room in a hotel for any purpose or the right to the use or possession of the furnishings or to the services accompanying the use and possession of the room.

“Operator.” Any individual, partnership, nonprofit or profit-making association or corporation or other person or group of persons who maintain, operate, manage, own, have custody of, or otherwise possess the right to rent or lease overnight accommodations in any hotel to the public for consideration.

“Patron.” Any person who pays the consideration for the occupancy of a room or rooms in a hotel.

“Permanent resident.” Any person who has occupied or has the right to occupy any room or rooms in a hotel as a patron or otherwise for a period exceeding 30 consecutive days.

“Room.” A space in a hotel set aside for use and occupancy by patrons, or otherwise, for consideration, having at least one bed or other sleeping accommodations provided therein.

“Temporary.” A period of time not exceeding 30 consecutive days.

“Tourist promotion agency.” The agency designated by the council of the city in which the convention center is located to be eligible for grants from the Department of Commerce pursuant to the act of April 28, 1961 (P.L.111, No.50), known as the Tourist Promotion Law.

“Transaction.” The activity involving the obtaining by a transient or patron of the use or occupancy of a hotel room from which consideration emanates to the operator under an express or an implied contract.

“Transient.” Any individual who obtains an accommodation in any hotel for himself by means of registering at the facility for the temporary occupancy of any room for the personal use of that individual by paying to the operator of the facility a fee in consideration therefor.

(b) Imposition of tax.—The council of the city in which the convention center is located is hereby authorized to impose an excise tax on the consideration received by each operator of a hotel within the city from each transaction of renting a room or rooms to accommodate transients. The tax shall be collected by the operator from the patron of the room and paid over to the city pursuant to subsection (e) and shall be known as the Hotel Room Rental Tax.

(c) Rate of tax.—The rate of tax imposed under this section by the council of the city in which the convention center is located shall not exceed:

- (1) three percent on the effective date of this act;
- (2) five percent effective July 1, 1986;
- (3) six percent effective 30 days after the substantial completion of the main convention area; and
- (4) in the event that construction of the main convention center proper is not commenced by December 31, 1988, the maximum rate of tax shall be 3% subject to the terms and conditions of subsection (d).

The total rate of tax imposed pursuant to this section and section 202 of Article II of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, shall not exceed 12%. In the event the rate of tax imposed pursuant to section 202 of Article II of the Tax Reform Code of 1971 shall exceed 6% and the rate of tax imposed pursuant to this section shall have reached 6%, the rate of tax imposed pursuant hereto shall be reduced in order that the aggregate tax rate not exceed 12%.

(d) Distribution of tax revenues.—There shall be annually deposited in a special fund, established pursuant to subsection (e), for the use of tourist promotion agencies for tourist promotion activities, 100% of all revenues to be received from taxes imposed pursuant to this section prior to July 1, 1986. Thereafter, there shall be annually deposited in the special fund, established pursuant to subsection (e), for the use of tourist promotion agencies for tourist promotion agency activities:

- (1) Sixty percent of all revenues received from taxes imposed pursuant to this section for the fiscal year of the city commencing July 1, 1986, until

the next fiscal year of the city following substantial completion of the main convention area.

(2) Forty-one and two-thirds percent of all revenues received pursuant to this section for the next fiscal year of the city commencing after the substantial completion of the main convention area and each fiscal year thereafter ending prior to July 1, 1999.

(3) Thirty-three and one-third percent of all revenues received pursuant to this section for the fiscal year of the city commencing on or after July 1, 1999, and each fiscal year thereafter ending prior to July 1, 2010.

(4) Twenty-nine and one hundred and sixty-six one thousandths percent of all revenues received pursuant to this section for the fiscal year of the city commencing on or after July 1, 2010, and each fiscal year thereafter ending prior to July 1, 2015.

(5) Twenty-five percent of all revenues received pursuant to this section for the fiscal year of the city commencing July 1, 2015, and thereafter.

The balance of revenues to be received from taxes imposed pursuant to this section shall be deposited annually in the special fund, established pursuant to subsection (e), for the use of the authority for convention center purposes, provided that, notwithstanding the other provisions of this subsection, in the event that construction of the main convention area is not commenced by December 31, 1988, all revenues received pursuant to this section for the period after December 31, 1988, shall be used for tourist promotion agency purposes.

(e) Deposit.—The tax collector of each city electing to impose the tax authorized under this section is hereby directed to collect the tax and to deposit the revenues received from the tax in special funds established for purposes set forth herein. Interest on moneys deposited in the funds shall accrue proportionately to the respective funds as provided herein. The tax collector is hereby authorized to establish rules and regulations concerning the collection of the tax.

(f) Expenditures.—Expenditures from the funds established pursuant to subsection (e) for the tourist promotion agency shall be used by the designated tourist promotion agency for:

(1) advertising and publicizing tourist attractions in the area served by the agency;

(2) promoting and attracting conventions, exhibitions and other functions to utilize facilities in the area served by the agency;

(3) promoting and otherwise encouraging the use of the facilities in the area served by the agency by the public as a whole; and

(4) costs associated with the development and operation of the convention center.

(g) Expenditures for convention center purposes.—Expenditures from the fund established pursuant to subsection (e) for the authority shall be used by the authority for the following uses:

(1) Projected annual debt service or lease payments of the convention center authority.

(2) Costs associated with financing, constructing, improving, maintaining, furnishing, fixturing and equipping the convention center.

(3) Costs associated with the development of the convention center, including, but not limited to, design, engineering and feasibility costs.

(4) Costs associated with the operation and management of the convention center.

(5) Costs associated with promoting, marketing and otherwise encouraging use of the convention center.

(6) General purposes of the convention center.

(h) Pledge to bondholders.—If and to the extent that the authority pledges its share of the proceeds of the tax authorized by this section as security for the payment of bonds issued by the authority for convention center purposes, the Commonwealth does hereby pledge to and agree with any person, firm or corporation subscribing to or acquiring bonds to be issued by the authority for convention center purposes that the Commonwealth itself will not, except to the extent provided in subsection (c), nor will it authorize any city to, reduce the rate of tax imposed for convention center purposes until all bonds so secured by the pledge of the authority, together with the interest thereon, are fully met and discharged.

(i) Tax year.—Each tax year for any tax imposed hereunder shall run concurrently with the city's fiscal year.

Section 24. Repeals.

(a) Specific repeal.—The act of December 7, 1982 (P.L.808, No.226), known as the First Class City Hotel Room Rental Tax Act, is repealed upon the effective date of any ordinance adopted by the council of the city in which the convention center is located enacting the tax authorized by section 23.

(b) General.—All acts and parts of acts are repealed insofar as they are inconsistent with this act.

Section 25. Effective date.

This act shall take effect immediately.

APPROVED—The 27th day of June, A. D. 1986.

DICK THORNBURGH