

No. 2004-218

AN ACT

SB 1102

Amending Titles 12 (Commerce and Trade) and 64 (Public Authorities and Quasi-Public Corporations) of the Pennsylvania Consolidated Statutes, further providing, in infrastructure and facilities improvement, for definitions, for application, for review and for approval; providing for water supply and wastewater infrastructure capitalization; further providing, in the Commonwealth Financing Authority, for definitions, for indebtedness and for the First Industries Program; and providing for the Water Supply and Wastewater Infrastructure Program and for the incurring of debt in order to facilitate the financing by PENNVEST of the repair of existing water and wastewater projects.

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

Section 1. The definitions of “project,” “project user” and “retail enterprise” in section 3402 of Title 12 of the Pennsylvania Consolidated Statutes are amended and the section is amended by adding a definition to read:

§ 3402. Definitions.

The following words and phrases when used in this chapter shall have the meaning given to them in this section unless the context clearly indicates otherwise:

* * *

“Project.” As follows:

- (1) If the project user is an industrial enterprise or retail enterprise:
 - (i) Infrastructure.
 - (ii) Remediation of environmental hazards which were not caused or contributed to by the applicant or the project user.
- (2) If the project user is a **research and development enterprise**, manufacturer, hospital, convention center or hotel establishment:
 - (i) Infrastructure.
 - (ii) Remediation of environmental hazards which were not caused or contributed to by the applicant or the project user.
 - (iii) Interests in land, buildings, structure or improvements required by the project user.

“Project user.” An industrial enterprise, retail enterprise, **research and development enterprise**, manufacturer, hospital, convention center or hotel establishment, which owns, leases or uses all or any part of a project.

“Research and development enterprise.” A for-profit business engaged in the discovery of new and the refinement of known substances, processes, products, theories and ideas.

“Retail enterprise.” An entity *or entities* engaged in retail sales which created or will create at least 200 full-time jobs and occupies or will occupy at least a 200,000-square-foot facility.

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Section 2. Sections 3404(5) and (8), 3405(a)(7) and 3406(b)(1), (2) and (3) of Title 12 are amended to read:

§ 3404. Application.

An issuing authority may submit an application to the department requesting financial assistance for a project. The application must be on a form required by the department and must include all of the following:

* * *

(5) A statement of the number of years a grant is being requested. If the applicant is requesting a grant for a project of a project user that is an industrial enterprise, a retail enterprise, a *research and development enterprise* or a manufacturer, the request may not exceed ten years. If the applicant is requesting a grant for a project of a project user that is a hospital, convention center or hotel establishment, the request may not exceed 20 years.

* * *

[(8) If the project is solely for infrastructure, a statement that a portion of the project is being funded under the act of July 11, 1990 (P.L.465, No.113), known as the Tax Increment Financing Act.]

* * *

§ 3405. Review.

(a) Project review.—Upon receiving a completed application, the department shall review the application to determine all of the following:

* * *

[(7) If the project is solely for infrastructure, that a portion of the project is being funded under the Tax Increment Financing Act.]

* * *

§ 3406. Approval.

* * *

(b) Grant approval.—Upon receipt of the notification required in subsection (a), the department may approve the application and award the applicant a grant in an annual amount not to exceed the amount established by the Secretary of the Budget. Prior to providing grant funds to the applicant, the department shall enter into a contract with the applicant and the project user. The contract shall include provisions which do all of the following:

(1) Specify the *base* amount of the grant per year [for the first three years].

(2) Specify the total number of years that grant funds may be provided to the applicant. If the applicant is an industrial enterprise, a retail enterprise, a *research and development enterprise* or a manufacturer, the number of years may not exceed ten years. If the applicant is a hospital, convention center or hotel establishment, the number of years may not exceed 20 years.

(3) If the grant will be awarded for more than ~~[three]~~ *four* years, establish the procedure for ~~[the award of a]~~ *awarding the* grant after ~~the fourth year [three]~~. To provide a grant beyond the initial ~~[three-year]~~ *four-year* period, the applicant shall be required to demonstrate to the satisfaction of the department, the Secretary of the Budget and the Department of Revenue ~~[all of the following]~~:

(i) ~~That the tax revenues specified in section 3405 during the first or second year generated an amount equal to or exceeding the amount of the grant awarded for that year.~~

(ii) ~~That the tax revenues specified in section 3405(a) during the third year are anticipated to be equal to or exceed the amount of the grant to be awarded during the third year.~~

(iii) ~~That the tax revenues specified in section 3405(a) during the succeeding two-year period are anticipated to be equal to or exceed the amount of the grant to be awarded during that same period. Grants must be verified prior to any subsequent request being granted.~~

(iv) ~~That the amount of the annual grant requested in year four and thereafter will not exceed the amount of the annual debt service owed on the project.] that the tax revenues specified in section 3405 are anticipated to be equal to or exceed the amount of the grant awarded in the previous year. If the department, the Secretary of the Budget and the Department of Revenue determine that the tax revenues specified in section 3405 are anticipated to equal or exceed the amount specified in paragraph (1), the applicant shall be awarded a grant for that year in the amount specified in paragraph (1). If the department, the Secretary of the Budget and the Department of Revenue determine that the tax revenues specified in section 3405 will not equal or exceed the amount specified in paragraph (1), the applicant shall be awarded a grant equal to the anticipated tax revenues specified in section 3405 for that year.~~

Section 3. Title 12 is amended by adding a chapter to read:

CHAPTER 39
WATER SUPPLY AND WASTEWATER
INFRASTRUCTURE CAPITALIZATION

Sec.

3901. Scope of chapter.

3902. Definitions.

3903. Establishment.

3904. Award of grants.

3905. Award and administration of loans.

3906. Funds.

3907. Commonwealth indebtedness.

§ 3901. Scope of chapter.

This chapter relates to the Water Supply and Wastewater Infrastructure Capitalization Program.

§ 3902. Definitions.

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

“Applicant.” A municipality, a municipal authority, industrial development corporation or an investor-owned water or wastewater enterprise that submits an application under 64 Pa.C.S. § 1558 (relating to Water Supply and Wastewater Infrastructure Program).

“Authority.” The Commonwealth Financing Authority established under 64 Pa.C.S. § 1511 (relating to authority).

“Cost of a water project.” Any of the following:

(1) Costs and expenses of acquisition of interests in land, infrastructure, buildings, structures, equipment, furnishings, fixtures and other tangible property which comprises the water project.

(2) Costs and expenses of construction, reconstruction, erection, equipping, expansion, improvement, installation, rehabilitation, renovation or repair of infrastructure, buildings, structures, equipment and fixtures which comprise the water project.

(3) Costs and expenses of demolishing, removing or relocating buildings or structures on lands acquired or to be acquired.

(4) Costs and expenses of preparing land for development.

(5) Costs and expenses of engineering services, financial services, accounting services, legal services, plans, specifications, studies and surveys necessary or incidental to determining the feasibility or practicability of the water project.

“Fund.” The Water Supply and Wastewater Treatment Fund established in section 3906(b) (relating to funds).

“Industrial development corporation.” An entity certified as an industrial development agency by the Pennsylvania Industrial Development Authority Board under the act of May 17, 1956 (1955 P.L.1609, No.537), known as the Pennsylvania Industrial Development Authority Act.

“Investor-owned water or wastewater enterprise.” A nonpublic entity which supplies water or provides wastewater services to the public for a fee.

“Municipal authority.” A public authority created under 53 Pa.C.S. Ch. 56 (relating to municipal authorities) or under the former act of May 2, 1945 (P.L.382, No.164), known as the Municipality Authorities Act of 1945, which supplies water or provides wastewater services to the public for a fee.

“Sinking fund.” The Water Supply and Wastewater Treatment Sinking Fund established in section 3906(b) (relating to funds).

“Water project.” As that term is defined in 64 Pa.C.S. § 1504 (relating to definitions).

§ 3903. Establishment.

There is established within the department a program to be known as the Water Supply and Wastewater Infrastructure Capitalization Program. The program shall finance single-year or multiyear grants to municipalities and municipal authorities and loans to municipalities, municipal authorities, industrial development corporations and investor-owned water or wastewater enterprises for water projects which are approved by the authority, which, when completed, construct, expand or improve water and wastewater infrastructure and which are related to economic development.

§ 3904. Award of grants.

Upon being notified by the authority that a grant has been approved under 64 Pa.C.S. § 1558(c) (relating to Water Supply and Wastewater Infrastructure Program) for an applicant, the department shall enter into a contract with the applicant. The contract shall be for the amount approved by the authority, and if the grant provided for improvements on a site of a private facility that has or will be receiving additional economic development assistance or job creation tax credits from the Commonwealth, the contract shall include a provision that ensures that if the facility is closed or is sold within five years after the approval of the application, the Commonwealth shall request reimbursement of the grant and shall place a lien for that amount on the real property of that facility to remain on the real property until the Commonwealth receives reimbursement. Upon entering into a contract with the applicant, the department shall award the grant for the amount specified in the contract.

§ 3905. Award and administration of loans.

(a) Award.—

(1) Upon being notified that a loan has been approved under 64 Pa.C.S. § 1558(d) (relating to Water Supply and Wastewater Infrastructure Program) for an applicant, the department shall enter into a contract with the applicant. The contract shall be for the amount approved and shall specify the terms of the loan in accordance with all of the following:

(i) A loan shall be at an interest rate not to exceed 2%.

(ii) A loan shall be for a term not to exceed 20 years.

(2) Upon entering into a contract with the applicant, the department shall award the loan for the amount specified in the contract.

(b) Administration.—Loans made under this section shall be administered by the department. Loan payments received by the department for a loan awarded under this section shall be deposited in the General Fund.

§ 3906. Funds.

(a) Proceeds.—Proceeds of the borrowing authorized by the electors pursuant to the act of February 12, 2004 (P.L.72, No.10), known as the Water and Wastewater Treatment Project Bond Act, shall be deposited in the fund.

(b) Fund.—

(1) The Water Supply and Wastewater Treatment Fund is established as a restricted fund in the State Treasury.

(2) The fund shall be used in accordance with the following:

(i) \$200,000,000 shall be used by the department to fund grants and loans in accordance with this chapter.

(ii) \$50,000,000 shall be used by the Pennsylvania Infrastructure Investment Authority to finance projects of existing water and wastewater systems which, when complete, do any of the following:

(A) Repair, rehabilitate or modernize existing water or wastewater systems to meet environmental or public health standards.

(B) Eliminate existing combined or sanitary wastewater overflow problems.

(C) Construct water or wastewater infrastructure to improve public health or eliminate environmental concerns.

(D) Construct wastewater infrastructure utilizing nutrient reduction technology.

(c) Sinking Fund.—The Water Supply and Wastewater Treatment Sinking Fund is established to make principal and interest payments under section 3907(d) (relating to Commonwealth indebtedness).

§ 3907. Commonwealth indebtedness.

(a) Borrowing authorized.—

(1) Pursuant to section 7(a)(3) of Article VIII of the Constitution of Pennsylvania and the approval by the electorate on April 27, 2004, of the referendum authorized by the act of February 12, 2004 (P.L.72, No.10), known as the Water and Wastewater Treatment Project Bond Act, the issuing officials are authorized and directed to borrow, on the credit of the Commonwealth, money not exceeding in the aggregate the sum of \$250,000,000, not including money borrowed to refund outstanding bonds, notes or replacement notes, as may be found necessary to carry out the purposes of this chapter.

(2) All bonds and notes issued under this chapter shall be:

(i) exempt from taxation for State and local purposes; and

(ii) eligible for tax-exempt status under existing Federal law.

(3) Borrowing authorized under paragraph (1) shall be made in accordance with the provisions of sections 307 and 308 of the act of February 9, 1999 (P.L.1, No.1), known as the Capital Facilities Debt Enabling Act.

(b) Sale of bonds.—

(1) If bonds are issued, all sales of the bonds shall be made in accordance with the provisions of section 309 of the Capital Facilities Debt Enabling Act.

(2) The proceeds realized from the sale of bonds and notes, except refunding bonds and replacement notes, under this chapter shall be paid into the fund and are specifically dedicated to the purposes of this chapter.

The proceeds shall be paid by the State Treasurer periodically to the department at times and in amounts as necessary to satisfy the funding needs of the department under this chapter. The proceeds of the sale of refunding bonds and replacement notes shall be paid to the State Treasurer and applied to the payment of principal, any accrued interest and premium and cost of redemption of the bonds and notes for which the obligations have been issued.

(3) Pending their application for the purposes authorized, money 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 the funds shall be paid into the State Treasury to the credit of the fund.

(4) The Auditor General shall prepare the necessary registry book to be kept in the office of the authorized loan and transfer agent of the Commonwealth for the registration of bonds, at the request of owners of the bonds, according to the terms and conditions of issue directed by the issuing officials.

(5) There is hereby appropriated to the State Treasurer from the fund as much money as may be necessary for all costs and expenses in connection with the issue of and sale and registration of the bonds and notes in connection with this chapter and the payment of interest arbitrage rebates.

(c) Temporary financing authorization.—

(1) Pending the issuance of bonds of the Commonwealth as authorized, the issuing officials are authorized, in accordance with this chapter and on the credit of the Commonwealth, to make temporary borrowings not to exceed one year in anticipation of the issue of bonds in order to provide funds in amounts as deemed advisable prior to the issue of bonds. In order to provide for and in connection with any temporary borrowing, the issuing officials are authorized in the name and on behalf of the Commonwealth to enter into purchase, loan or credit agreement or other agreement with any bank or trust company, other lending institution, investment banking firm or person in the United States having power to enter into the agreement. The agreement may contain provisions not inconsistent with this chapter as authorized by the issuing officials.

(2) Temporary borrowings made under this subsection shall be made in accordance with the provisions of section 306(b), (c) and (d) of the Capital Facilities Debt Enabling Act.

(3) Outstanding notes evidencing the borrowings may be funded and retired by the issuance and sale of the bonds of the Commonwealth as authorized in this paragraph. The refunding bonds shall be issued and sold not later than a date one year after the date of issuance of the first notes evidencing the borrowing to the extent that payment of the notes has not otherwise been made or provided for by sources other than proceeds of replacement notes.

(4) The proceeds of all temporary borrowing shall be paid to the State Treasurer to be held and disposed of in accordance with this chapter.

(d) Debt retirement.—

(1) All bonds issued under the authority of this chapter shall be redeemed at maturity, together with all interest due. Principal and interest payments shall be paid from the sinking fund. For the specific purpose of redeeming the bonds at maturity and paying all interest on the bonds in accordance with the information received from the Governor, the General Assembly shall appropriate money for the payment of interest on the bonds and notes and the principal of the bonds and notes at maturity. All money paid into the sinking fund and all of the money not necessary to pay accruing interest shall be invested by the State Treasurer in securities as are provided by law for the investment of the sinking funds of the Commonwealth.

(2) The State Treasurer shall determine and report to the Secretary of the Budget by November 1 of each year the amount of money necessary for the payment of any interest on outstanding obligations and the principal of the obligations for the following fiscal year and the times and amounts of the payments. The Governor shall include in every budget submitted to the General Assembly full information relating to the issuance of bonds and notes under this chapter and the status of the fund and the sinking fund for the payment of interest on the bonds and notes and the principal of the bonds and notes at maturity.

(3) The General Assembly shall appropriate for deposit into the sinking fund an amount equal to the sum necessary to meet repayment obligations for principal and interest.

(e) Definition.—As used in this section, the term “issuing officials” means the Governor, the Auditor General and the State Treasurer.

Section 3.1. Section 1504 of Title 64 is amended by adding definitions to read:

§ 1504. Definitions.

The following words and phrases when used in this chapter shall have the meaning given to them in this section unless the context clearly indicates otherwise:

* * *

“Community development financial institution.” A community development financial institution certified in accordance with the Community Development Banking and Financial Institutions Act of 1994 (Public Law 103-325, 108 Stat. 2163).

* * *

“Investor-owned water or wastewater enterprise.” A nonpublic entity which supplies water or provides wastewater services to the public for a fee.

* * *

“Wastewater system.” *A system for the collection, treatment or disposal of wastewater, including industrial waste. The term does not include a system used solely for residential purposes.*

“Water project.” *An activity to acquire land, easements or rights-of-way and to construct, improve, expand, extend, repair or rehabilitate a water system or wastewater system and which contributes to economic development.*

“Water system.” *A system for the supply, treatment, storage or distribution of water. The term does not include a system used solely for residential purposes.*

Section 4. Sections 1543(c) and 1552(e) of Title 64 are amended to read:
§ 1543. Indebtedness.

(c) Fiscal year limitations.—

(1) Except as provided in subsection (d) and paragraphs (2), (3) and (4), the aggregate amount of indebtedness incurred by the authority, including through the issuance of bonds, may not exceed \$250,000,000 reduced by the aggregate amount of Commonwealth indebtedness incurred [as a result of the act of February 12, 2004 (P.L.72, No.10), known as the **Water and Wastewater Treatment Project Bond Act** under 12 Pa.C.S. Ch. 39 (relating to water supply and wastewater infrastructure capitalization)].

(2) Except as provided in subsection (d) and paragraphs (3) and (4) and upon adoption of a resolution under subsection (f)(1), the aggregate amount of indebtedness incurred by the authority, including through the issuance of bonds, may not exceed \$500,000,000 reduced by the aggregate amount of Commonwealth indebtedness incurred [as a result of the **Water and Wastewater Treatment Project Bond Act** under 12 Pa.C.S. Ch. 39].

(3) Except as provided in subsection (d) and paragraph (4) and upon adoption of a resolution under subsection (f)(2), the aggregate amount of indebtedness incurred by the authority, including through the issuance of bonds, may not exceed \$750,000,000 reduced by the aggregate amount of Commonwealth indebtedness incurred [as a result of the **Water and Wastewater Treatment Project Bond Act** under 12 Pa.C.S. Ch. 39].

(4) Except as provided in subsection (d) and upon adoption of a resolution under subsection (f)(3), the aggregate amount of indebtedness incurred by the authority, including through the issuance of bonds, may not exceed \$1,000,000,000 reduced by the aggregate amount of Commonwealth indebtedness incurred [as a result of the **Water and Wastewater Treatment Project Bond Act** under 12 Pa.C.S. Ch. 39].

§ 1552. First Industries Program.

(e) Loan guarantees.—

(1) An applicant may request a guarantee for a loan to be made by a commercial lending institution *or community development financial institution* to assist with the financing of a project related to tourism or agriculture. The applicant may be the commercial lending institution *or community development financial institution* applying on behalf of a borrower. The application must be on the form required by the board and must include or demonstrate all of the following:

(i) The applicant's name and address. If the applicant is a commercial lending institution *or community development financial institution*, the borrower's name and address.

(ii) A description of the project.

(iii) A statement describing the anticipated economic impact to the Commonwealth and the host municipality as a result of the project.

(iv) A description of the proposed project financing, including terms, conditions and the collateral or security required for the loan for which the guarantee is being requested.

(v) A copy of the applicant's last two years of financial statements prepared or reported on by an independent certified public accountant. If the applicant is a commercial lending institution *or a community development financial institution*, a copy of the borrower's last two years of financial statements prepared or reported on by an independent certified public accountant.

(vi) The amount of the loan guarantee that is being requested.

(vii) The total project cost and the identification of all sources of capital for the project.

(viii) Any other information required by the board.

(2) The board shall review the application to determine all of the following:

(i) That the project has been awarded a planning grant under this section or that at least \$1,000,000 of private funds are being invested in the project.

(ii) That the value of the proposed collateral is sufficient to cover the full amount of the loan.

(iii) That the applicant complied with all other criteria established by the board.

(3) Upon being satisfied that all requirements have been met, the board may approve the guarantee, and, if approved, the authority shall execute a guarantee agreement in favor of the commercial lending institution *or community development financial institution* stating the terms and amounts of the guarantee. The guarantee may not exceed 50% of the outstanding principal amount of the loan or \$2,500,000 at any point in time, whichever is less. In addition to any other terms and conditions required by the board, the guarantee agreement shall provide for all of the following:

(i) The procedure for the submission by the commercial lending institution *or community development financial institution* of a claim for payment. This procedure shall require that the commercial lending institution *or community development financial institution* demonstrate that it has exhausted all available remedies against the borrower, other guarantors and collateral before seeking payment under the agreement.

(ii) A requirement that a percentage of any moneys recovered subsequent to the payment of a claim by the authority be remitted to the authority.

(iii) Periodic reporting requirements by the commercial lending institution *or community development financial institution* regarding itself and regarding the loans which have been awarded guarantees under this section.

(4) The board may establish a subcommittee composed of one or more board members and department staff to supervise the progress of projects for which loan guarantees have been awarded under this section.

* * *

Section 5. Title 64 is amended by adding a section to read:

§ 1558. *Water Supply and Wastewater Infrastructure Program.*

(a) *Establishment.*—*There is established a program to be known as the Water Supply and Wastewater Infrastructure Program. The program shall provide financial assistance in the form of single-year or multiyear grants to municipalities and municipal authorities and in the form of loans to municipalities, municipal authorities, industrial development corporations and investor-owned water or wastewater enterprises for water projects which, when completed, construct, expand or improve water and wastewater infrastructure and which are related to economic development.*

(b) *Application.*—*A municipality, a municipal authority, an industrial development corporation or an investor-owned water or wastewater enterprise may submit an application to the authority requesting financial assistance for a water project. The application must be on the form required by the board and must include or demonstrate all of the following:*

(1) *The name and address of the applicant.*

(2) *A statement of the type and amount of financial assistance sought. If the applicant is requesting financial assistance in the form of a grant, the request may not exceed 75% of the cost of the water project.*

(3) *A statement of the water project, including a detailed statement of the cost of the water project.*

(4) *A financial commitment from a responsible source for any cost of the water project in excess of the amount requested. If the applicant is requesting financial assistance in the form of a grant from the department, the financial commitment may not be in the form of a grant from a Commonwealth agency.*

(5) *A firm commitment from the project user to use the water project upon completion.*

(6) *Proof that the applicant has secured planning and permit approvals for the water project from the Department of Environmental Protection.*

(7) *Any other information required by the board.*

(c) *Review and approval of grant applications.—*

(1) *If an applicant is requesting financial assistance in the form of a grant, the authority, in conjunction with the Department of Environmental Protection, shall review the application to determine all of the following:*

(i) *That the applicant is not an investor-owned water or wastewater enterprise.*

(ii) *If the water project is related to economic development.*

(iii) *If there is a financial commitment for at least 25% of the water project.*

(iv) *If the source of the financial commitment is from a responsible source.*

(v) *If the applicant is firmly committed to using the water project upon completion.*

(vi) *If the applicant has secured planning and permit approvals for the water project from the Department of Environmental Protection. The water project must be generally consistent with any applicable county or local comprehensive plans.*

(vii) *If the applicant complied with all other criteria established by the board.*

(2) *Upon being satisfied that all program requirements have been met, the authority may approve the application consistent with all of the following:*

(i) *The grant may not exceed \$5,000,000 per water project.*

(ii) *Grants under this program shall not exceed \$10,000,000 in the aggregate per municipality or municipal authority.*

(iii) *The aggregate amount of grants awarded under this subsection shall not exceed \$125,000,000.*

(iv) *The board shall give priority consideration to water projects which are integral for development or redevelopment of sites which are planned for development.*

(v) *The board has received notice from the Secretary of the Budget that the water project satisfies the Federal tax status requirements of any bonds used to fund the grant.*

(3) *If the authority approves the application, the authority shall notify the department of the amount approved.*

(4) *Nothing in this subsection shall be construed to prohibit the awarding of grants to municipalities in which the water supply or*

wastewater services are provided in whole or in part by an investor-owned water or wastewater enterprise.

(d) Review and approval of loan applications.—

(1) If an applicant is requesting financial assistance in the form of a loan, the authority, in conjunction with the Department of Environmental Protection, shall review the application to determine all of the following:

(i) If the water project is related to economic development.

(ii) If a financial commitment exists for any cost of the water project in excess of the amount requested.

(iii) If the source of the financial commitment is from a responsible source.

(iv) If the water project user is firmly committed to using the water project upon completion.

(v) If the applicant has secured planning and permit approvals for the water project from the Department of Environmental Protection. The water project must be generally consistent with county and local comprehensive plans.

(vi) If the applicant complied with all other criteria established by the board.

(2) Upon being satisfied that all program requirements have been met, the board may approve the application consistent with all of the following:

(i) The loan may not exceed \$5,000,000 per water project.

(ii) Loans under this program shall not exceed \$25,000,000 in the aggregate per applicant.

(iii) The board shall give priority consideration to water projects which are integral for the development or redevelopment of sites which are planned for development.

(iv) The board must receive notice from the Secretary of the Budget that the water project satisfies the Federal tax status requirements of any bonds used to fund the loan.

(3) If the authority approves the application, the authority shall notify the department of the amount approved.

(e) Report to General Assembly.—

(1) The authority shall submit an annual report to the General Assembly no later than September 1 following the first fiscal year or any portion thereof in which the program is in effect and no later than September 1 for all succeeding fiscal years in which the program is in effect. The report shall include a list of all of the recipients of grants and loans awarded by the authority in the previous fiscal year, the amount of the grants or loans awarded, a description of the water project and the public purposes that it advances and the documentation submitted by the applicant demonstrating that the water project met at least one of the criteria of subsection (b)(7).

(2) The authority shall post a copy of the report to the General Assembly on the World Wide Web site of the Department of Community and Economic Development and the World Wide Web site of the Department of Environmental Protection. The reports shall remain on the sites until the reports for the next year are posted.

(f) Definition.—As used in this section, the term “economic development” means a project which involves the investment of capital in Pennsylvania enterprises and communities or which results in the creation of new or the preservation of existing jobs in this Commonwealth.

Section 6. The following shall apply:

(1) In order to facilitate the repair or rehabilitation of existing water and wastewater systems, the Commonwealth shall, by December 31, 2005, incur not less than \$50,000,000 nor more than \$100,000,000 of additional debt from the debt authorized under the act of March 16, 1992 (P.L.10, No.5), known as the Small Water Systems Assistance Act, and approved by the electorate at the April 28, 1992, General Election. The additional debt shall be incurred by the issuance of general obligation bonds issued in accordance with section 17 of the act of March 1, 1988 (P.L.82, No.16), known as the Pennsylvania Infrastructure Investment Authority Act.

(2) Proceeds from the sale of bonds required by paragraph (1) shall be transferred to the Pennsylvania Infrastructure Investment Authority.

(3) The Pennsylvania Infrastructure Investment Authority shall use the proceeds from the sale of bonds required by paragraph (1) to finance projects of existing water and wastewater systems which, when complete, do any of the following:

(i) Repair, rehabilitate or modernize existing water or wastewater systems to meet environmental or public health standards.

(ii) Eliminate existing combined or sanitary wastewater overflow problems.

(iii) Construct water or wastewater infrastructure to improve public health or eliminate environmental concerns.

(iv) Construct wastewater infrastructure utilizing nutrient reduction technology.

Section 7. This act shall take effect immediately.

APPROVED—The 30th day of November, A.D. 2004.

EDWARD G. RENDELL