
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 931 Session of
2015

INTRODUCED BY LAWRENCE, STEPHENS, R. BROWN, DUNBAR, GABLER,
MENTZER, TOOHL, TOPPER, TURZAI, DIAMOND, GROVE, MACKENZIE
AND PICKETT, MAY 11, 2015

REFERRED TO COMMITTEE ON FINANCE, MAY 11, 2015

AN ACT

1 Providing a procedure for the approval of a lease-backed debt
2 obligation.

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

5 Section 1. Short title.

6 This act shall be known and may be cited as the Lease-backed
7 Debt Obligation Act.

8 Section 2. Definitions.

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

12 "Financing instrument." An instrument, including a revenue
13 bond, certificate of participation, lease purchase agreement or
14 installment purchase agreement.

15 "Lease-backed debt obligation." An obligation in which a
16 Commonwealth appropriation for a lease or lease payment is
17 pledged as security for a financing instrument issued by

1 Commonwealth authorities or other Commonwealth entities.

2 "Office." The Governor's Budget Office.

3 Section 3. Approval.

4 (a) Requirement.--A lease-backed debt obligation to be
5 entered into, extended or modified by a Commonwealth agency,
6 department, authority, instrumentality or entity that would
7 require an appropriation of money from Commonwealth funds on an
8 annual or intermittent basis to support the lease-backed debt
9 obligation must first be approved by:

10 (1) a two-thirds vote in both houses of the General
11 Assembly; and

12 (2) the Governor.

13 Section 4. Process.

14 (a) Bill.--A debt obligation budget prepared in accordance
15 with subsection (b) must be submitted for each fiscal year by
16 the Governor to the General Assembly and shall be considered in
17 the form of a bill as provided in Article III of the
18 Constitution of Pennsylvania.

19 (b) Requirement.--

20 (1) Except as provided under paragraph (2), a lease-
21 backed debt obligation itemization bill must specifically
22 itemize the debt obligations to be financed in whole or in
23 part from the proceeds of lease payments by the Commonwealth.
24 Each lease-backed debt obligation itemization must include
25 all of the following:

26 (i) The department, agency or authority that will
27 enter into the proposed lease-backed debt obligation.

28 (ii) The party with whom the department, agency or
29 authority will enter into the proposed lease-backed debt
30 obligation.

1 (iii) The purpose for the lease-backed debt
2 obligation.

3 (iv) The maximum annual payment required by the
4 proposed lease-backed debt obligation.

5 (v) The total principal amount of the proposed
6 lease-backed debt obligation.

7 (vi) The terms of the proposed lease-backed debt
8 obligation, including:

9 (A) The number of years in which payments would
10 be made.

11 (B) The amount of principal and interest that
12 would be paid over the course of the obligation.

13 (2) Paragraph (1) shall not apply if the itemization has
14 been approved by the Legislature and enacted by the Governor
15 in prior legislation referred to in a lease-backed debt
16 obligation itemization bill or one or more supplemental
17 lease-backed debt obligation itemization bills.

18 (c) Written analysis.--The office shall provide a written
19 analysis with details regarding the lease-backed debt obligation
20 in addition to the information required under subsection (b) to
21 the General Assembly. The following shall apply:

22 (1) The additional analysis required under this
23 subsection must be provided to the following:

24 (i) The President pro tempore of the Senate.

25 (ii) The Speaker of the House of Representatives.

26 (iii) The Majority Leader and Minority Leader of the
27 Senate and the Majority Leader and Minority Leader of the
28 House of Representatives.

29 (iv) The chairman and minority chairman of the
30 Appropriations Committee of the Senate and the chairman

1 and minority chairman of the Appropriations Committee of
2 the House of Representatives.

3 (2) Additional information provided by the office to the
4 General Assembly under this subsection shall be considered a
5 legislative record for purposes of the act of February 14,
6 2008 (P.L.6, No.3), known as the Right-to-Know Law.

7 Section 5. Effective date.

8 This act shall take effect in 60 days.