

No. 1986-98

AN ACT

HB 1832

Amending the act of December 20, 1985 (P.L.483, No.113), entitled "An act providing for tax-exempt bonds; and imposing powers and duties on the Secretary of Commerce," adding provisions relating to changes in Federal law.

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

Section 1. Section 6 of the act of December 20, 1985 (P.L.483, No.113), known as the Tax-Exempt Bond Allocation Act, is amended to read:

Section 6. Federal law change.

(a) Promulgation of regulations.—In the event that Federal law regulating tax-exempt bonds is changed and that such change would, in the opinion of the secretary, conflict with this act in such a way as to impair the ability of the Commonwealth to use tax-exempt bonds to their maximum benefit, the secretary shall, *with the approval of the Governor*, have the power to promulgate regulations which become effective when the Federal law takes effect and which shall enable the Commonwealth to utilize tax-exempt bonds to their maximum benefit and which shall, to the largest extent possible, carry out the purposes set forth in this act. *Provisions of this act may be suspended by the secretary to the extent deemed necessary to implement the regulations authorized by this subsection.*

(b) Standby allocation.—*In the event that the pendency of any proposed Federal legislation, including, but not limited to, H.R. 3838, known as the Tax Reform Act of 1985, conflicts with this act in such a way as to impair the ability of the Commonwealth to use tax-exempt bonds to their maximum benefit, the Governor shall adopt as an executive order a standby allocation of tax-exempt borrowing authority to be in effect during the pendency of any such Federal legislation. Any standby allocations shall be provided in addition to allocations made pursuant to other provisions of this act or pursuant to Article IV-B of the act of December 3, 1959 (P.L.1688, No.621), known as the Housing Finance Agency Law, and shall comply with any pending Federal requirements, including, but not limited to, the unified volume limitation provided by section 145 of H.R. 3838. Standby allocations shall enable the Commonwealth to utilize tax-exempt bonds to their maximum benefit and shall, to the largest extent possible, carry out the purposes set forth in this act. In the event any standby allocations provided by this subsection are superseded by regulations adopted pursuant to subsection (a) of this section, such regulations shall, to the fullest extent otherwise permissible under State and Federal law, give full force and effect to any standby allocations. For the purpose of providing standby allocations pursuant to H.R. 3838, this subsection shall be deemed to override the specified percentage set aside for housing related bonds provided by section 145(h) of H.R. 3838.*

Any allocations made by the executive order pursuant to this subsection in response to the pendency of H.R. 3838 shall provide the following:

(1) An allocation of an amount equal to \$25 multiplied by the population of Pennsylvania for "qualified 501(c)(3) bonds" as defined by section 144(b) of H.R. 3838.

(2) An initial allocation of \$300,000,000 to the board of the Housing Finance Agency to be further allocated by the board for its own use or to other issues for "housing related bonds" as defined by section 145(h) of H.R. 3838.

(3) The initial allocation of the remainder of the volume cap provided by section 145 of H.R. 3838 in the same manner in which tax-exempt bond authority is allocated pursuant to section 5(a) of this act.

(4) The reallocation to any type of eligible project of any unutilized initial allocations provided by paragraph (3) of this subsection in the manner provided by section 5(b) and (c) of this act and the reallocation to any type of eligible project of any unutilized allocations provided by paragraph (2) of this subsection at the discretion of the board of the Housing Finance Agency, but not later than November 1, 1986.

(5) That standby allocations shall be made first to all tax-exempt bonds issued prior to the effective date of this section, provided that the issuer files or has on file with the secretary a copy of the Internal Revenue Service Form 8038 filed with the Federal Government with respect to such bonds within 30 days after such effective date.

Section 2. Section 6(b) of the act relating to Federal law changes shall expire January 31, 1987, unless extended by statute.

Section 3. This act shall take effect immediately.

APPROVED—The 9th day of July, A. D. 1986.

DICK THORNBURGH