
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

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AS REPORTED FROM COMMITTEE ON BUSINESS AND COMMERCE, HOUSE OF
REPRESENTATIVES, AS AMENDED, FEBRUARY 6, 1980

AN ACT

1 Establishing a State corporation to foster industrial and
2 commercial and technological development to develop
3 employment opportunities and making an appropriation.

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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 "Pennsylvania
7 Employment Opportunities Improvement Act."

8 Section 2. Legislative purpose.

9 The General Assembly finds and declares that there exists in
10 Pennsylvania a significant need for industrial and commercial
11 development and activity in order to provide and increase
12 employment opportunities and tax revenues; that assistance and
13 encouragement of industrial and commercial development to
14 provide and increase such employment opportunities and revenues
15 is an important function of the State government that the
16 availability of financial assistance is an important inducement
17 to industrial and commercial enterprises to remain or locate in
18 this State; that there exists in the State a serious shortage of
19 venture capital to promote the development and exploitation of
20 invention and new products; that this shortage has resulted and
21 will result in a serious decrease in the development of new
22 business enterprise and job opportunities in Pennsylvania; and,
23 further, that providing State financial assistance for the
24 development of products, innovation and invention for industry
25 in this State will assist in the creation of new products and
26 industry in this State, resulting in increased employment and
27 public revenues; and, therefore, the necessity in the public
28 interest and for the public benefit and good for the provisions
29 of this act is hereby declared as a matter of legislative
30 determination.

1 Section 3. Definitions.

2 The following words and phrases when used in this act shall
3 have, unless the context clearly indicates otherwise, the
4 meanings given to them in this section:

5 "Corporation." The Pennsylvania Product Development
6 Corporation as created under section 4.

7 "Financial aid." The infusion of risk capital to persons for
8 use in the development and exploitation of specific inventions
9 and products.

10 "INNOVATION." THE PROCESS BY WHICH AN INVENTION OR AN IDEA <—
11 IS TRANSLATED INTO THE ECONOMY FOR UTILIZATION.

12 "Invention." Any new products, new process or new technique
13 without regard to whether a patent has or could be granted.

14 "Person." Any individual, partnership, corporation or joint
15 venture carrying on business, or proposing to carry on business,
16 within the State.

17 "Product." Any product, device, technique or process, which
18 is or may be exploitable commercially; such term shall not refer
19 to pure research but shall be construed to apply to such
20 products, devices, techniques or processes which have advanced
21 beyond the theoretic stage and are readily capable of being, or
22 has been, reduced to practice.

23 "Venture." Without limitation, any contractual arrangement
24 with any person whereby the corporation obtains rights from or
25 in an invention or product or proceeds therefrom in exchange for
26 the granting of financial aid to such person.

27 Section 4. Corporation established.

28 (a) There is hereby created a nonprofit body corporate to be
29 known as the "Pennsylvania Product Development Corporation."
30 Such corporation is constituted a quasi-public instrumentality

1 and the exercise by the corporation of the powers conferred in
2 this act shall be deemed and held to be the performance of an
3 essential public function.

4 (b) The corporation shall be governed by a board of ~~six~~ <—
5 SEVEN directors to be appointed by the Governor, at least four <—
6 of whom shall be knowledgeable and have favorable reputations
7 for skill, knowledge and experience, in the areas of the
8 development of technological invention. On or before May 1,
9 1980, the Governor shall so appoint ~~six~~ SEVEN members of said <—
10 board, two to serve for two years, two for four years and ~~two~~ <—
11 THREE for six years from July 1, 1980. On or before May 1 of the <—
12 even-numbered years thereafter, the Governor shall so appoint
13 directors to succeed those whose terms expire for terms of six
14 years from July 1 in the year of their appointment and until
15 their successors have been appointed. A director shall be
16 eligible for reappointment. The Governor shall fill any vacancy
17 for the unexpired term.

18 (c) The directors shall annually elect one of the number as
19 chairman and one as secretary. The board may elect such other
20 officers of the board as it deems proper. Members shall receive
21 no compensation for the performance of their duties hereunder
22 but shall be reimbursed for necessary expenses incurred in the
23 performance thereof.

24 (d) Each director of the corporation before entering upon
25 his duties shall take and subscribe the oath or affirmation
26 required by Article VI of the Constitution. A record of each
27 such oath of affirmation shall be filed in the office of the
28 Secretary of State.

29 (E) NO DIRECTOR SHALL BE PERSONALLY LIABLE FOR DAMAGE OR <—
30 INJURY, NOT WANTON OR WILFUL, CAUSED IN THE PERFORMANCE OF HIS

1 DUTIES AND WITHIN THE SCOPE OF HIS EMPLOYMENT.

2 Section 5. Operation of corporation.

3 The corporation shall have perpetual succession and shall
4 adopt, amend and repeal bylaws and regulations for the conduct
5 of its affairs. The operations of the corporation shall be
6 designed to accomplish the legislative purposes set forth in
7 this act. Such succession shall continue until the existence of
8 the corporation is terminated by law, provided no such
9 termination shall affect any outstanding contractual obligation
10 of the corporation to assist any person and the State shall
11 succeed to the obligations of the corporation under such
12 contract. Upon termination of the corporation its rights and
13 properties shall pass to the State.

14 Section 6. Powers and duties.

15 The powers of the corporation shall be vested in and
16 exercised by the board of directors. Four members of the board
17 shall constitute a quorum and the affirmative vote of a majority
18 of the members present at a meeting of the board shall be
19 necessary and sufficient for any action taken by the board. No
20 vacancy in the membership of the board shall impair the right of
21 a quorum to exercise all the rights and perform all the duties
22 of the board. Any action taken by the board may be authorized by
23 resolution at any regular or special meeting and shall take
24 effect immediately unless otherwise provided in the resolution.
25 Notice of any meeting, whether special or regular, shall be
26 given by telephone or orally, not less than 48 hours prior to
27 the meeting. The board may delegate to one or more of its
28 members, or its officers, agents and employees such powers and
29 duties as it may deem proper.

30 Section 7. Corporation president.

1 The board shall appoint a president of the corporation who
2 shall not be a member of the board and who shall serve at the
3 pleasure of the board and shall receive such compensation as
4 shall be determined by the board. The president shall be the
5 chief administrative and operational officer of the corporation
6 and shall direct and supervise administrative affairs and the
7 general management of the corporation. The president may be a
8 State employee performing these functions part time for the
9 first two years of operation of the corporation. The president
10 may employ such other employees as shall be designated by the
11 board of directors; shall attend all meetings of the board; keep
12 a record of all proceedings and maintain and be custodian of all
13 books, documents and papers filed with the corporation and of
14 the minute book of the corporation and of its official seal. He
15 may cause copies to be made of all minutes and other records and
16 documents of the corporation and may give certificates under the
17 official seal of the corporation to the effect that such copies
18 are true copies and all persons dealing with the corporation may
19 rely upon such certificates.

20 Section 8. Corporate purpose.

21 The purpose of the corporation shall be to stimulate and
22 encourage the development AND COMMERCIALIZATION of new products <—
23 within Pennsylvania by the infusion of financial aid for
24 invention and innovation in situations in which such financial
25 aid would not otherwise be reasonably available from commercial
26 sources and for this purpose the corporation shall have the
27 following powers:

28 (1) To have perpetual succession as a body corporate and
29 to adopt bylaws, policies and procedures for the regulation
30 of its affairs and conduct of its businesses as provided in

1 section 5.

2 (2) To enter into venture agreements with persons doing
3 business in Pennsylvania, upon such terms and on such
4 conditions as are consistent with the purposes of this act,
5 for the advancement of financial aid to such persons for the
6 development of specific products, procedures and techniques,
7 to be developed and produced in this State and to condition
8 such agreements upon contractual assurances that the benefits
9 of increasing employment and tax revenues shall accrue to
10 this State and shall remain in it for a sufficient time
11 period to justify the State's involvement.

12 (3) To receive and accept loans, aid or contributions
13 from any source of money, property or labor or other things
14 of value, to be held, used and applied to carry out the
15 purposes of this act, subject to the conditions upon which
16 such grants and contributions may be made, including but not
17 limited to, gifts or grants from any department or agency of
18 the United States or the State.

19 (4) To acquire, lease, purchase, manage, hold and
20 dispose of real and personal property in the State of
21 Pennsylvania and lease, convey or deal in or enter into
22 contracts with respect to such property on any terms
23 necessary or incidental to the carrying out of these
24 purposes.

25 (5) To borrow money to the extent permitted under this
26 act.

27 (6) To hold patents, copyrights, trademarks or any other
28 evidences of protection of exclusivity as to any products as
29 defined herein, issued under the laws of the United States or
30 any state or any nation.

1 (7) To employ such assistants, agents and other
2 employees, who shall be State employees in the unclassified
3 service and to engage consultants and appraisers as may be
4 necessary or desirable to carry out its purposes in
5 accordance with this act.

6 (8) To make and enter into all contracts and agreements
7 necessary or incidental to the performance of its duties and
8 the execution of its powers under this act.

9 (9) To sue and be sued, plead and be impleaded, adopt a
10 seal and alter the same at pleasure.

11 (10) To invest with the approval of the State Treasurer,
12 any funds not needed for immediate use or disbursement,
13 including any funds held in reserve, in obligations issued or
14 guaranteed by the United States of America or the
15 Commonwealth of Pennsylvania and in other obligations which
16 are legal investments for banks in this State.

17 (11) To procure insurance against any loss in connection
18 with its property and other assets in such amounts and from
19 such insurers as it deems desirable.

20 (12) To the extent permitted under its contract with
21 other persons, to consent to any termination, modification,
22 forgiveness or other change of any term of any contractual
23 right, payment, royalty, contract or agreement of any kind to
24 which the corporation is a party.

25 (13) To invest and reinvest the funds of the corporation
26 including the returns of prior investment in projects
27 furthering the purposes of this act.

28 (14) TO MAKE GRANTS TO BUSINESS DEVELOPMENT CREDIT
29 CORPORATIONS FOR PURPOSES OF PROVIDING VENTURE CAPITAL.

30 ~~(14)~~ (15) To do all acts and things necessary and

<—

<—

1 convenient to carry out the purposes of this act.

2 Section 9. Application for financial aid.

3 All applications for financial aid shall be forwarded,
4 together with an application fee prescribed by the corporation,
5 to the president of the corporation. The president, after
6 preparing necessary records for the corporation, shall forward
7 each application to the staff of the corporation, for an
8 investigation and report concerning any other factors deemed
9 relevant by the corporation. Such investigation and report shall
10 include, but shall not be limited to, such facts about the
11 company under consideration as its history, wage standards, job
12 opportunities, stability of employment, past and present
13 financial condition and structure, pro forma income statements,
14 present and future markets and prospects, integrity of
15 management as well as the feasibility of the proposed product
16 and invention to be granted financial aid, including the state
17 of development of such product as well as the likelihood of its
18 commercial feasibility. After receipt and consideration of the
19 above report and after such other action as is deemed
20 appropriate, the corporation shall approve or deny the
21 application. The applicant shall be promptly notified of such
22 action by the corporation. Such approval shall be conditioned
23 upon payment to the corporation, within such reasonable time
24 after notification of approval as may be specified by the
25 corporation, of a commitment fee prescribed by the corporation.

26 Section 10. Appropriation.

27 ~~(a)~~ The sum of \$1,000,000 is hereby specifically <—
28 appropriated to the Pennsylvania ~~Industrial Development~~ <—
29 ~~Authority~~ PRODUCT DEVELOPMENT CORPORATION for the ~~sole and~~ <—
30 ~~specific purpose of a loan to the nonprofit corporation~~ PURPOSES <—

1 established by this act.

2 ~~(b) The Pennsylvania Industrial Development Authority shall~~ <—
3 ~~authorize this loan whereupon the corporation may requisition~~
4 ~~such amount from the Industrial Development Fund as may be~~
5 ~~necessary to provide adequate funds to carry out the purposes of~~
6 ~~this act. It is the intent of this act that the funds hereby~~
7 ~~appropriated shall be set aside as a separate revolving fund in~~
8 ~~the Industrial Development Fund, and the repayment of the loans~~
9 ~~made by the Pennsylvania Industrial Development Authority shall~~
10 ~~be credited to such separate revolving fund and if available~~
11 ~~under the terms of the loan, made available for further~~
12 ~~investment pursuant to the terms of this act.~~

13 ~~(c) The said loan by the Pennsylvania Industrial Development~~
14 ~~Authority shall be without interest and shall not require~~
15 ~~repayment until the operations of this corporation have produced~~
16 ~~sufficient additional capital for this corporation to carry out~~
17 ~~the purposes of this act without the use of the funds produced~~
18 ~~by said loan.~~

19 Section 11. Annual report.

20 On September 1 of each year the corporation shall report on
21 its operations for the preceding fiscal year to the Governor.
22 Such report shall include a summary of the activities of the
23 corporation and a complete operating and financial statement.
24 The corporation shall be subject to examination by the
25 Department of the Auditor General. The accounts of the
26 corporation shall be subject to annual audits by the Department
27 of the Auditor General.

28 Section 12. Nonintervention clause.

29 The Commonwealth of Pennsylvania does hereby pledge to and
30 agree with any person with whom the corporation may enter into

1 contracts pursuant to the provisions of this act, that the
2 Commonwealth will not limit or alter the rights hereby vested in
3 the corporation until such contracts and the obligations
4 thereunder are fully met and performed on the part of the
5 corporation, provided nothing herein contained shall preclude
6 such limitation or alteration if adequate provision shall be
7 made by law for the protection of such persons entering into
8 contracts with the corporation.

9 Section 13. Construction.

10 The powers enumerated in this act shall be interpreted
11 broadly to effectuate the purposes thereof and shall not be
12 construed as a limitation of powers.

13 Section 14. Tax exempt.

14 The corporation shall be and is hereby declared tax exempt
15 from all franchise, corporate business and income taxes levied
16 by the State, provided nothing herein shall be construed to
17 exempt from any such taxes, or from any taxes levied in
18 connection with the manufacture or sale of any products which
19 are the subject of any agreement made by the corporation, any
20 person entering into any agreement with the corporation.

21 Section 15. Effective date.

22 This act shall take effect in 60 days.