

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1802 Session of
1991

INTRODUCED BY MURPHY, FAJT, COWELL, McNALLY, RITTER, STURLA,
CORRIGAN, ITKIN, JOHNSON, COLAIZZO, ROBINSON, MICHLOVIC,
VEON, BELFANTI, HERMAN, KRUSZEWSKI, JOSEPHS, PESCI, NAHILL,
CARONE, DALEY, GIGLIOTTI, FARMER, PRESTON, LEVDANSKY, MUNDY,
HARPER, BELARDI, THOMAS, HAGARTY, FREEMAN, PISTELLA, CIVERA,
DERMODY, STEELMAN, RUDY AND RICHARDSON, JUNE 26, 1991

REFERRED TO COMMITTEE ON STATE GOVERNMENT, JUNE 26, 1991

AN ACT

1 Creating a Women's Equity Fund for women entrepreneurs seeking
2 to establish or expand a business within this Commonwealth;
3 providing small capital infusions to women-owned businesses;
4 specifying the conditions of and requirements for investment;
5 establishing the Women's Equity Fund Board and providing for
6 its powers and duties; granting authorization to expend
7 appropriated funds to the Bureau of Women's Business
8 Development; and making appropriations.

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

11 Section 1. Short title.

12 This act shall be known and may be cited as the Women's
13 Business Development Act.

14 Section 2. Definitions.

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

18 "Board." The Women's Equity Fund Board established in
19 section 4.

1 "Bureau." The Bureau of Women's Business Development in the
2 Department of Commerce.

3 "Department." The Department of Commerce of the
4 Commonwealth.

5 "Fund." The disposition of a challenge grant awarded by the
6 Women's Equity Fund Board to a local sponsor which will provide
7 specialized investment mechanisms or devices to provide equity,
8 capital or other forms of security to women-owned business
9 during development or expansion.

10 "Local sponsor" or "sponsor." A regional organization
11 directed by a board of which the majority of members are women
12 and which has as its purpose the improvement of the economic
13 status of women residing in this Commonwealth and which, if a
14 successful applicant, will enter into a written agreement with
15 the Women's Equity Fund Board to establish, operate and
16 administer a women's equity fund.

17 "Women." Citizens of the United States of America and
18 residents of this Commonwealth who are of the female gender.

19 "Women-owned business" or "women's business enterprise." A
20 for-profit business concern that is any one of the following:

21 (1) A sole proprietorship, owned and controlled by a
22 woman.

23 (2) A partnership or joint venture controlled by women
24 in which at least 51% of the beneficial ownership interests
25 are held by women.

26 (3) A corporation or other entity controlled by women in
27 which at least 51% of the voting interests and 51% of the
28 beneficial ownership interests are held by women.

29 Section 3. Women's Business Development Program.

30 There is hereby established under the direction of the board

1 the Women's Business Development Program which will provide
2 grants, loans or other funding to local sponsors to assist in
3 the establishment, operation, expansion and support of women-
4 owned businesses or women's business enterprises.

5 Section 4. Women's Equity Fund Board.

6 (a) Establishment.--There is hereby established the Women's
7 Equity Fund Board to develop, implement and administer the
8 Women's Business Development Program.

9 (b) Appointment of members.--The board shall be composed of
10 seven members appointed as follows:

11 (1) One member of the Senate appointed by the President
12 pro tempore of the Senate.

13 (2) One member of the House of Representatives appointed
14 by the Speaker of the House of Representatives.

15 (3) The Executive Director of the Bureau of Women's
16 Business Development in the Department of Commerce.

17 (4) Four members appointed by the Governor with two
18 members representing women-owned businesses and two members
19 promoting the economic status of women. Members may be
20 reappointed without limit.

21 (c) Terms.--Except as provided for the initial board
22 members, the term of appointment of all board members shall be
23 four years. The initial board members shall serve terms as
24 follows:

25 (1) Two appointees of the Governor as designated by the
26 Governor shall serve for two years.

27 (2) Two appointees of the Governor as designated by the
28 Governor shall serve for three years.

29 (3) The remaining initial board members shall serve for
30 four years.

1 (d) Vacancies.--The appointing power may fill any vacancy
2 for the unexpired portion of the term.

3 (e) Quorum.--Four members of the board shall constitute a
4 quorum for all business of the board.

5 (f) Expenses.--The members of the board shall be reimbursed
6 for all necessary expenses incurred in the performance of their
7 duties.

8 Section 5. Powers and duties of board.

9 The board shall have the following powers and its duties
10 shall be:

11 (1) To develop, implement and administer the Women's
12 Business Development Program.

13 (2) To award grants to local sponsors.

14 (3) To receive and review applications from local
15 sponsors for challenge grants.

16 (4) To conduct ongoing reviews of local sponsors to
17 determine compliance with the provisions of this act.

18 (5) To receive and evaluate quarterly and annually
19 financial reports received from local sponsors.

20 (6) TO develop plans to promote and encourage the
21 location of women-owned businesses in economically distressed
22 areas or enterprise zones.

23 (7) To promulgate such rules, regulations, statements of
24 policy, forms and guidelines as may be necessary to implement
25 the provisions of this act.

26 Section 6. Applications for grants.

27 (a) Contents of applications.--Local sponsors engaged in the
28 creation of or the expansion or improvement of women-owned
29 businesses or improvements in the economic status of women in
30 this Commonwealth may submit applications to the board for the

award of grants to assist in the establishment of equity funds.

Each application shall:

(1) Describe the purpose of the proposed fund, including the types of businesses to receive investments and the types of investments to be made.

(2) Explain the need for the grant in attracting additional investment of the proposed fund.

(3) Present a plan for establishing the proposed fund, including the amount sought, the strategy for obtaining the investments and the persons or organizations who may manage the fund.

(4) Submit written commitments equivalent to at least \$75,000 from other sources.

(5) Be prepared to match each dollar of grant funds with at least \$1 of private investment.

(6) Submit a plan providing for the return of the grant to the board at the end of the investment period.

(b) Application approval.--After review of the submitted applications and the verification of the financial data submitted therein, the board may award one or more grants to successful local sponsor applicants. Each successful local sponsor shall:

(1) Provide the board with written verification of the information submitted under subsection (a)(4) and (5).

(2) Guarantee that all investments of the local sponsor will be made exclusively to women-owned businesses within this Commonwealth.

(3) Provide a plan for the return of the grant to the board at the end of the investment period.

(c) Nondiscrimination.--No grant shall be made to a local

1 sponsor unless it certifies to the board, in a form satisfactory
2 to the board, that it shall not discriminate against any
3 employee or against any applicants for employment because of
4 race, religion, color, national origin, sex or age.

5 Section 7. Local sponsors.

6 (a) Utilization of grants.--

7 (1) Each local sponsor which receives a grant shall use
8 that grant to establish a fund for investment in women-owned
9 businesses or women's business enterprises.

10 (2) The local sponsor equity fund shall be invested
11 utilizing standard structures such as preferred stock with
12 guarantees, convertible preferred stocks, or debt with
13 royalty or revenue participation. Eligible applicants for
14 investments from the fund shall not be restricted by
15 industrial sector or size of business. Eligible uses of the
16 fund include operating capital, business acquisitions,
17 consolidation of debts and acquisition of fixed assets. The
18 amount of investment shall be a minimum of \$1,000 to a
19 maximum of \$100,000 depending on the needs of the business
20 and the size of the fund. No more than 10% of the fund may be
21 invested in any one women-owned business. The fund shall not
22 invest funds in excess of 50% of the project costs. All
23 successful applications for investment must be certified as a
24 women-owned business by a State or local government agency.
25 The maximum term of investment is ten years. All investments
26 must provide a policy for return of that investment to the
27 local sponsor.

28 (b) Responsibilities.--A local sponsor receiving a grant
29 shall have the following responsibilities and duties in
30 establishing and operating a fund:

1 (1) Establish written policies and criteria for
2 investments, including policies for the return of the
3 investment to local sponsors at the end of the investment
4 period.

5 (2) Market the program and services within the
6 designated service area.

7 (3) Require women-owned business applicants to
8 demonstrate a match of \$1 for every \$1 of equity funds
9 invested.

10 (4) Obtain and verify the applicant's certification as a
11 women-owned business.

12 (5) Provide financial consulting, marketing and
13 management assistance services or arrange for the provision
14 of these services through partner organizations.

15 (6) Work in conjunction with conventional lenders and
16 secondary lenders to leverage additional funds for women-
17 owned businesses.

18 (7) Present financial reports to the board on a
19 quarterly basis.

20 (8) Provide annual reports to the board which address at
21 least all of the following:

22 (i) Policies and procedures used for the investments
23 from the fund.

24 (ii) The amount of public and private investments in
25 the fund.

26 (iii) The amount, number and types of women-owned
27 businesses receiving investments from the fund.

28 Section 8. Annual board report.

29 Annually, on or before March 1, the board shall provide a
30 report to the Secretary of the Senate and the Chief Clerk of the

House of Representatives which shall include, but not be limited to, the following:

(1) The number of women's equity funds established with grants.

(2) the amount of additional investment in the funds.

(3) The number, types and amounts of investment in women-owned firms by the funds.

(4) Average gross revenues of firms receiving funds, projected State taxes paid and reductions in public assistance due to women becoming self-employed or establishing a business through the utilization of equity funds.

(5) The number, types and amounts of investment from private sources in women-owned firms.

Section 9. Expenditure authorization.

The Bureau of Women's Business Development is hereby authorized to expend any sum appropriated to it to carry out the purposes of this act.

Section 10. Appropriation.

The sum of \$500,000, or as much thereof as may be necessary, is hereby appropriated for the fiscal year July 1, 1991, to June 30, 1992, to the Women's Equity Fund Board in the Department of Commerce, for challenge grants to local sponsors pursuant to this act.

Section 11. Effective date.

This act shall take effect immediately.