

THE GENERAL ASSEMBLY OF PENNSYLVANIA

# HOUSE BILL

No. 1631 Session of  
1997

INTRODUCED BY SANTONI, EVANS, EACHUS, GORDNER, BELARDI, TIGUE,  
MELIO, VAN HORNE, PISTELLA, BATTISTO, DALEY, STABACK, TRELLO,  
BELFANTI, YOUNGBLOOD AND PETRONE, JUNE 11, 1997

REFERRED TO COMMITTEE ON COMMERCE AND ECONOMIC DEVELOPMENT,  
JUNE 11, 1997

AN ACT

1 Establishing the Community Development Bank and its board of  
2 directors and providing for their powers and duties;  
3 establishing community development financial institutions and  
4 providing for their powers and duties; and providing for a  
5 program of grants and loans.

6 The General Assembly finds and declares that this act is  
7 necessary:

8 (1) To help stimulate the formation of small businesses  
9 within communities where most job opportunities occur.

10 (2) Because the future welfare of this Commonwealth  
11 depends on expanding and improving the quantity and quality  
12 of community services necessary for the development of a  
13 sound and viable community.

14 (3) Because the future of this Commonwealth depends on  
15 alleviating physical and economic distress through the  
16 stimulations of community revitalization, especially within  
17 certain targeted communities, by encouraging private  
18 investment in these communities to create a diversified yet

1       stable economy within them.

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

4       Section 1.   Definitions.

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

8       "Bank."   The Community Development Bank.

9       "Board."   The board of directors of the Community Development  
10 Bank.

11       "Community development financial institution" or "CDFI."   A  
12 community development financial institution certified in  
13 accordance with the Community Development Banking and Financial  
14 Institutions Act of 1994 (Public Law 103-325, 108 Stat 2163).

15       "Community development loan."   A loan from a community  
16 development financial institution to low-income individuals,  
17 businesses and nonprofit organizations for the purpose of  
18 revitalizing distressed communities and buildings.

19       "Department."   The Department of Community and Economic  
20 Development of the Commonwealth.

21       "Eligible institution."   A community development financial  
22 institution which has been accredited by the Department of  
23 Community and Economic Development.

24       "Participating investors."   Public or private entities which  
25 elect to participate with the authority in the loan programs set  
26 forth in this act.

27       "Program."   The Community Development Bank Grant and Loan  
28 Program established under this act.

29       "Targeted community."   Any of the following entities:

30               (1)   An enterprise zone established under the act of July

1 9, 1986 (P.L.1216, No.108), known as the Enterprise Zone  
2 Municipal Tax Exemption Reimbursement Act.

3 (2) A distressed community as defined under the act of  
4 July 10, 1987 (P.L.246, No.47), known as the Municipalities  
5 Financial Recovery Act.

6 (3) A community notified under the early warning system  
7 pursuant to the act of July 10, 1987 (P.L.246, No.47), known  
8 as the Municipalities Financial Recovery Act.

9 (4) An area designated by the Federal Government as an  
10 empowerment zone or an enterprise community.

11 (5) A county with an unemployment rate at least 150%  
12 above the seasonally adjusted Statewide average unemployment  
13 rate as determined by the Department of Labor and Industry.

14 (6) Any geographical area which has been designated as a  
15 targeted community by the Department of Labor and Industry  
16 due to one or more adverse economic factors within that area.

17 Section 2. Community Development Bank.

18 The Community Development Bank is hereby established within  
19 the Department of Community and Economic Development.

20 Section 3. Board of directors.

21 The bank shall be governed by the board which shall consist  
22 of nine members as follows:

23 (1) The Secretary of Banking.

24 (2) The Secretary of Community and Economic Development.

25 (3) Three members appointed by the Governor.

26 (4) One member appointed by the President pro tempore of  
27 the Senate.

28 (5) One member appointed by the Minority Leader of the  
29 Senate.

30 (6) One member appointed by the Speaker of the House of

Representatives.

(7) One member appointed by the Minority Leader of the House of Representatives.

#### Section 4. Terms.

The terms of the appointed members of the board under section 3(3), (4), (5), (6) and (7) shall be for five years. Of the initial appointment made by the Governor:

(1) One shall be for an initial term of two years.

(2) One shall be for an initial term of three years.

(3) One shall be for an initial term of five years.

(4) The initial appointment of the President pro tempore of the Senate shall be for five years.

(5) The initial appointment of the Speaker of the House of Representatives shall be for five years.

(6) The initial appointment of the Minority Leader of the Senate shall be for three years.

(7) The initial appointment of the Minority Leader of the House of Representatives shall be for two years.

#### Section 5. Qualifications, vacancies, etc.

(a) Qualifications.--The appointed members must have expertise in economic and community development.

(b) Vacancies.--A vacancy shall be filled by the original appointing authority for the remainder of the unexpired term.

(c) Designees.--The Secretary of Banking and the Secretary of Community and Economic Development may each appoint a designee to serve on the board.

(d) Chairman.--The chairman of the board shall be elected by the members.

(e) Expenses.--The members of the board shall be entitled to no compensation for their services but shall be entitled to

1 reimbursement for all reasonable and necessary expenses incurred  
2 in connection with the performance of their duties, in  
3 accordance with the rules of the Executive Board.

4 (f) Quorum.--A majority of the members shall constitute a  
5 quorum for the transaction of any business.

6 Section 6. Funding.

7 The bank shall be funded by a general obligation bond issue  
8 of \$100,000,000 and such funds as the General Assembly may from  
9 time to time appropriate.

10 Section 7. Grants and loans.

11 (a) Grants.--The bank shall provide grants to local  
12 community development financial institutions or those  
13 organizations intending to become local community development  
14 financial institutions.

15 (b) Loans.--A community development financial institution  
16 may only make the following loans:

17 (1) Loans to community based organizations that provide  
18 housing and economic opportunities, especially in targeted  
19 communities.

20 (2) Loans for housing and economic development projects  
21 that provide long-term benefits for communities, especially  
22 targeted communities.

23 (3) Loans for microenterprises, new business startups,  
24 small business expansions and business incubators.

25 A community development financial institution shall be available  
26 for technical assistance.

27 Section 8. Eligible applicants.

28 Eligible applicants shall include the following:

29 (1) Community loan funds which have received Federal  
30 certification as a community development financial

1 institution.

2 (2) Community loan funds which intend to become a  
3 federally certified development financial institution.

4 Section 9. Eligible uses.

5 A community development financial institution shall establish  
6 a revolving loan fund comprised of grants from the bank plus  
7 moneys from other sources.

8 Section 10. Powers and duties of bank.

9 The bank shall have the following powers and duties:

10 (1) To have perpetual existence.

11 (2) To sue and be sued.

12 (3) To adopt a seal.

13 (4) To adopt bylaws.

14 (5) To hire staff.

15 (6) To enter into grant agreements.

16 (7) To accept appropriations and other moneys.

17 (8) To invest moneys not needed for immediate use.

18 (9) To arrange for professional services.

19 (10) To have regulatory powers and to set application  
20 timelines and program guidelines including criteria to  
21 evaluate applications.

22 (11) To have all such other powers as necessary to carry  
23 out its functions.

24 Section 11. Repeals.

25 All acts and parts of acts are repealed insofar as they are  
26 inconsistent with this act.

27 Section 12. Effective date.

28 This act shall take effect in 60 days.