

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 2021 Session of
1997

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YOUNGBLOOD, CASORIO, ADOLPH, BARD, TRELLO, TRICH, ROBINSON,
BELFANTI, BUNT, PETRONE, RAMOS AND CIVERA, NOVEMBER 25, 1997

REFERRED TO COMMITTEE ON COMMERCE AND ECONOMIC DEVELOPMENT,
NOVEMBER 25, 1997

AN ACT

1 Establishing a loan program for the purpose of making loans to
2 business enterprises for the purchase of emissions testing
3 equipment; establishing the Auto Emissions Testing Equipment
4 Loan Fund; providing for the use of funds made available
5 through the Auto Emissions Testing Equipment Loan Fund;
6 establishing standards for and requirements of the program;
7 and making an appropriation.

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

10 Section 1. Short title.

11 This act shall be known and may be cited as the Auto
12 Emissions Testing Equipment Loan Fund Act.

13 Section 2. Definitions.

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

17 "Business enterprise." A for-profit corporation, partnership
18 or proprietorship.

1 "Department." The Department of Community and Economic
2 Development of the Commonwealth.

3 "Fund." The Auto Emissions Testing Equipment Loan Fund
4 established under this act.

5 "Secretary." The Secretary of Community and Economic
6 Development of the Commonwealth.

7 Section 3. Auto Emissions Testing Equipment Loan Fund.

8 (a) Establishment.--There is hereby established a special
9 account in the Department of Community and Economic Development
10 to be known as the Auto Emissions Testing Equipment Loan Fund,
11 to which shall be credited all program appropriations made by
12 the General Assembly, all proceeds from loan repayments and any
13 and all other deposits, payments or contributions from any other
14 source made available to the fund. The fund shall operate as a
15 revolving fund in which all appropriations, payments and
16 interest credited to the fund may be applied and reapplied to
17 the purposes of this act.

18 (b) Credits to fund.--All appropriations, deposits and
19 contributions made to the fund shall be immediately credited in
20 full to the fund, and earnings on money held in the fund shall
21 also be credited to the fund for the purposes of this act.

22 Section 4. Eligibility for loans, terms and conditions.

23 (a) General rules.--The secretary shall make advances from
24 the fund, subject to the terms, conditions and restrictions
25 under this act, for the purpose of making loans to business
26 enterprises involved in auto emissions testing and inspecting,
27 as defined by the department, to acquire or upgrade auto
28 emissions testing equipment. All loans shall be subject to the
29 following conditions:

30 (1) Be for firms eligible under this act.

1 (2) Have a maximum loan ceiling of \$50,000.

2 (3) Be limited to the purchase and installation of new
3 auto emissions testing equipment or the upgrade of existing
4 auto emissions testing equipment.

5 (4) Have a 3% per annum interest rate.

6 (5) Have a term of not in excess of ten years or the
7 useful life of the equipment purchased or upgraded, whichever
8 is less.

9 (b) Restrictions.--No loans shall be made that do any of the
10 following:

11 (1) Supplant funding that is otherwise available
12 expeditiously from private sector sources on commercially
13 reasonable terms.

14 (2) Be for the purpose of refinancing any portion of
15 existing loans or debt.

16 (3) Be for the purpose of financing projects located
17 outside the geographic boundaries of this Commonwealth.

18 (4) Be for the purpose of paying off a creditor that is
19 inadequately secured and is in a position to sustain a loss.

20 (5) Be for the purpose of repaying a debt owed to a
21 small business investment company.

22 (6) Provide funds for speculation in any kind of
23 property, real or personal, tangible or intangible.

24 (c) Security.--All loans shall be secured by liens on the
25 equipment purchased and other sufficient collateral as
26 determined by the secretary.

27 Section 5. Application and administration.

28 (a) Procedures.--Application and administration procedures
29 for fund loans shall be established by the secretary.

30 (b) Applications.--The secretary shall receive applications

1 from eligible firms for automobile emissions testing equipment
2 loans. Applications shall be made to the secretary in the form
3 and manner as the department may require.

4 (c) Investigation.--Upon receipt of the application, the
5 secretary shall investigate and review the application and
6 either approve or disapprove the loan application. The decision
7 of the secretary shall be based, in whole or in part, upon the
8 following criteria:

9 (1) Ability of the applicant to meet and satisfy all
10 debt service as it becomes due and payable.

11 (2) Sufficiency of available collateral, including
12 satisfactory lien positions on real and personal property.

13 (3) Eligibility of the applicant as a business
14 enterprise involved in automobile emissions testing and
15 inspecting.

16 (4) Sufficient evidence that funds shall be used only to
17 acquire and install new auto emissions testing equipment or
18 upgrade existing auto emissions testing equipment.

19 (5) Capital need of the applicant.

20 (6) Conformity of the project to the provisions of this
21 act.

22 (7) Relevant criminal and credit history and ratings of
23 applicant as determined from outside credit reporting
24 services and other sources.

25 (8) Analysis of how loan will aid the Commonwealth in
26 its efforts to assist business enterprises.

27 (9) Compliance with loan amount limitations.

28 (10) Payment of all outstanding tax obligations due and
29 owing to the Commonwealth or any political subdivision.

30 (11) Conformity of all aspects of the loan transaction

1 with the substantive and procedural provisions of this act
2 and regulations promulgated under this act.

3 (12) Such information and documentation as the secretary
4 shall require.

5 (d) Notification.--The secretary shall notify the applicant
6 of final approval or disapproval of the loan application within
7 a reasonable period of time following the receipt of the
8 application. In the case of approval of a loan application, the
9 secretary shall arrange to draw the loan amount from the fund
10 and advance the sum to the recipient. The advance shall be made
11 available in the form of a loan transaction evidenced by a note
12 executed by the recipient and secured as the secretary shall
13 require.

14 (e) Policy requirements and report.--All loans shall be
15 administered and monitored by the department in accordance with
16 policies and procedures prescribed by the secretary.

17 Section 6. Powers of secretary.

18 The secretary shall have and may exercise all powers and
19 authority necessary to the proper administration and
20 implementation of this act and shall have the authority to adopt
21 policies, procedures and guidelines and promulgate regulations
22 necessary to effectuate this act.

23 Section 7. Reporting and inspection.

24 (a) Inspection.--Each business enterprise which applies for
25 or receives assistance under this act, upon reasonable request
26 of the department, shall permit duly authorized employees of the
27 department to inspect the service station, books and records of
28 the business enterprise.

29 (b) Updating.--Each business enterprise shall update the
30 information given to the department in its application if

1 conditions change or to the extent that the information given
2 originally becomes inaccurate or misleading.

3 (c) Periodic reports.--Each recipient of assistance under
4 this act shall provide the department with periodic financial
5 reports as the secretary may require until the loan is paid off.

6 Section 8. Nondiscrimination.

7 No loan shall be made to a business enterprise unless the
8 business enterprise certifies to the department, in a form
9 satisfactory to the department, that it shall not discriminate
10 against any employee or any applicant for employment because of
11 race, religion, color, national origin, sex or age.

12 Section 9. Conflict of interest.

13 No employee of the department shall, either directly or
14 indirectly, be a party to or have any financial interest in any
15 contract or agreement arising under this act.

16 Section 10. Reports to General Assembly.

17 On or before June 30 of each year, the secretary shall
18 provide a report to the Secretary of the Senate and to the Chief
19 Clerk of the House of Representatives. The report shall describe
20 all relevant activities of the department pursuant to this act
21 and shall include the following:

22 (1) List of business enterprises receiving loans from
23 the fund and the amounts and terms of this assistance.

24 (2) Loan amounts repaid.

25 (3) Loans outstanding and balances due, including
26 delinquent payments.

27 (4) Jobs created by businesses receiving funds in all
28 previous years.

29 (5) Other relevant information as determined by the
30 secretary.

1 Section 11. Appropriation.

2 The sum of \$50,000,000, or as much thereof as may be
3 necessary, is hereby appropriated to the Department of Community
4 and Economic Development for the fiscal year July 1, 1997, to
5 June 30, 1998, for the Auto Emissions Testing Equipment Loan
6 Fund.

7 Section 12. Effective date.

8 This act shall take effect immediately.