

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 221

Session of
1985

INTRODUCED BY DORR, CAPPABIANCA, F. E. TAYLOR, L. E. SMITH,
GALLEN, PRESTON, HALUSKA, BURD, LESCOVITZ, LIVENGOD,
SEVENTY, GREENWOOD, VAN HORNE, GEIST, BELFANTI, KENNEDY,
VROON, BOOK, MACKOWSKI, BOWSER, BUSH, G. M. SNYDER, B. SMITH,
CLYMER, NOYE, HAYES, HERMAN, McVERRY, HAGARTY, SERAFINI,
DeVERTER, WASS, JOHNSON, E. Z. TAYLOR, PITTS, BUNT, SEMMEL,
HONAMAN, REBER, NAHILL, CORNELL, BLACK, CARLSON, GRUPPO,
SCHULER, JACKSON, ROBBINS, DAVIES, LANGTRY, BOYES, FARGO,
SCHEETZ, MERRY, FOX, DISTLER, BROUJOS AND LINTON,
FEBRUARY 11, 1985

REFERRED TO COMMITTEE ON BUSINESS AND COMMERCE,
FEBRUARY 11, 1985

AN ACT

1 Amending the act of December 1, 1959 (P.L.1647, No.606),
2 entitled "An act to provide for the incorporation of Business
3 Development Credit Corporations to assist, promote,
4 encourage, develop and advance the business prosperity and
5 economic welfare of the Commonwealth; defining the powers,
6 restrictions, limitations, purposes and functions of such
7 corporations; conferring powers on certain corporations and
8 financial institutions in connection therewith, and
9 conferring certain powers on the Department of Banking,"
10 empowering business development credit corporations to loan
11 money for venture capital.

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

14 Section 1. Section 2 of the act of December 1, 1959
15 (P.L.1647, No.606), known as the Business Development Credit
16 Corporation Law, is amended by adding a clause to read:

17 Section 2. Definitions.--The following words, as used in
18 this act, shall have the meanings herein assigned to them,

1 unless the context clearly indicates otherwise:

2 * * *

3 (6) "Venture capital" means that amount of money which may
4 be made available by a corporation to a qualified applicant for
5 the purposes of initiating and continuing commercial production,
6 marketing or application of a prototypical product or idea for
7 general public usage.

8 Section 2. Section 3 of the act, amended August 14, 1963
9 (P.L.830, No.404), is amended to read:

10 Section 3. Purposes.--

11 The purposes of a corporation formed hereunder shall be to
12 assist, promote, encourage and, through the cooperative efforts
13 of its shareholders and the institutions which from time to time
14 shall become parties to lending agreements therewith, develop
15 and advance the business prosperity and economic welfare of this
16 Commonwealth; to encourage and assist in the location of new
17 business and industry in this Commonwealth, and to rehabilitate
18 existing business and industry, to stimulate and assist in the
19 expansion of all kinds of business activity, including new and
20 unproven business activities by means of providing venture
21 capital, which will tend to promote the business development and
22 maintain the economic stability of the Commonwealth, provide
23 maximum opportunities for employment, encourage thrift and
24 improve the standard of living of the citizens of the
25 Commonwealth; to cooperate and act in conjunction with other
26 organizations, public or private, the objects of which are the
27 promotion and advancement of industrial, commercial,
28 agricultural and recreational development in the Commonwealth;
29 to furnish money and credit to approved and deserving applicants
30 for the promotion, development and conduct of all kinds of

1 business activity in the Commonwealth, thereby establishing a
2 source of capital and credit not otherwise readily available
3 therefor.

4 Section 3. Section 4(2) and (6) of the act, amended August
5 14, 1963 (P.L.830, No.404), are amended and the section is
6 amended by adding a clause read:

7 Section 4. General Powers.--

8 Corporations formed hereunder shall have all of the powers,
9 rights, privileges and immunities conferred on business
10 corporations by the act of May 5, 1933 (P.L.364, No.106), as
11 amended, known as the "Business Corporation Law," and in
12 addition thereto and subject to the restrictions and limitations
13 hereinafter set forth, shall have the following general powers:

14 * * *

15 (2) To lend money to and to guarantee, endorse or act as
16 surety on the bonds, notes, contracts or other obligations of,
17 or otherwise assist financially, including, but not limited to,
18 business arrangements providing venture capital, any person,
19 firm, corporation, joint stock company or association, and to
20 establish and regulate the terms and conditions with respect to
21 any such loans or financial assistance and the charges for
22 interest and service connected therewith. No loan or financial
23 assistance shall be made available unless the loan or financial
24 assistance applied for is not otherwise available to the
25 applicant from financial institutions on reasonable terms, it
26 being the intent hereof that customary sources of credit be
27 utilized whenever possible.

28 * * *

29 (6) To accept grants, loans, subsidies and other aids from
30 and to enter into agreements or other transactions with any

1 Federal agency, and to participate with such Federal agency and
2 with other corporations formed under this act in making loans
3 and rendering financial assistance, including venture capital
4 assistance, to any person, firm, corporation, joint stock
5 company or association.

6 * * *

7 (8) To accept grants, loans and other aids from and to enter
8 into agreements or other transactions with the Pennsylvania
9 Product Development Corporation.

10 Section 4. The act is amended by adding a section to read:

11 Section 7.1. Applications for Venture Capital Assistance and
12 Approval.--(a) Prior to granting any venture capital funds to
13 provide financial aid to an applicant, the business development
14 credit corporation shall receive an application which shall
15 contain, without being limited to, the following information:

16 (1) A detailed description of the industrial or commercial
17 project, including plans and other documents necessary to firmly
18 establish the type and character of the project.

19 (2) A detailed description of the project developer which
20 shall include, but not be limited to, organization, ownership,
21 financial history, financial projections and related activities.

22 (3) A general description of the type, classes and number of
23 employees employed or to be employed in the operation of the
24 project.

25 (4) Cost or estimates of cost of establishing the project.

26 (5) A statement of cash funds which are available for and
27 are to be applied to the establishment of the project.

28 (6) Evidence of the arrangement made by the developer for
29 financing the costs of the project.

30 (7) A statement or report of any local industrial

1 development authority or community development corporation which
2 has expressed an interest in the project together with an
3 indication of the extent to which such local agency is willing
4 to participate in financing the project.

5 (b) When it has been determined by the business development
6 credit corporation that financial aid to a particular developer
7 in connection with a commercial or industrial project will
8 accomplish the public purpose of this act, the business
9 development credit corporation may provide such financial aid
10 under business terms, including, but not limited to, terms which
11 require royalty payments to the business development credit
12 corporation, which it deems in the best interests of the
13 business development credit corporation.

14 Section 5. This act shall take effect in 60 days.