
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1701

Session of
1989

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LEVANSKY, WOZNIAK, DeWEESE, DIETTERICK, BILLOW AND MAINE,
JUNE 14, 1989

AS AMENDED ON THIRD CONSIDERATION, IN SENATE, JUNE 30, 1989

AN ACT

1 Establishing an industrial communities action program for making
2 grants to industrial communities to complement private
3 investment at industrial sites; and prescribing requirements
4 of and conditions for grants.

5 The General Assembly of the Commonwealth of Pennsylvania
6 hereby enacts as follows:

7 Section 1. Short title.

8 This act shall be known and may be cited as the Industrial
9 Communities Action Program Act.

10 Section 2. Legislative findings and policy.

11 (a) Findings.--The general Assembly finds and declares as
12 follows:

13 (1) There exists in communities throughout this
14 Commonwealth industrial sites that have become blighted
15 because of depressed economic conditions resulting in:

16 (i) Plant closings and shutdowns.

1 (ii) Industries abandoning plans to expand or
2 relocate.

3 (iii) Facilities standing idle for several months or
4 years and subsequently becoming unusable through waste
5 and neglect.

6 (iv) Out-of-date and antiquated facilities being
7 passed over as unattractive industrial sites.

8 (2) Blighted industrial sites decrease motivation for
9 private investment in industry as a whole within and near
10 such sites.

11 (3) The condition of blighted industrial sites is such
12 that rehabilitation or development by private enterprise
13 under existing law is economically prohibitive without
14 additional alternatives being provided to encourage the
15 stimulation of investment.

16 (4) The Commonwealth's present mechanism for stimulating
17 development of industrial sites in severely blighted areas in
18 insufficient to alleviate these conditions.

19 (5) Commonwealth financing incentives in the form of
20 loans and grants are necessary for the rehabilitation and
21 development of blighted industrial sites.

22 (6) The failure to rehabilitate and develop blighted
23 industrial sites:

24 (i) Threatens public health and safety.

25 (ii) Contributes to unemployment and
26 underemployment.

27 (iii) Depreciates property values.

28 (iv) Reduces tax revenues.

29 (v) Is generally harmful to the social and economic
30 well-being of the communities in which such sites exit.

(7) Increasing the number of rehabilitation and development projects in blighted areas by providing capital to stimulate private investment at industrial sites will reduce or eliminate blight and act as a catalyst for further private investment.

(b) Policy.--It is hereby declared to be the policy of the Commonwealth of Pennsylvania to promote the welfare, safety, morals, right to gainful employment, business opportunities and general welfare of the inhabitants of this Commonwealth and to promote the public purpose of alleviating unemployment and underemployment by providing financing incentives for the rehabilitation and development of industrial sites in blighted areas. These purposes are hereby declared to be public uses for which public money may be spent.

Section 3. Definitions.

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

"Community." A city, borough, incorporated town, township or home rule municipality other than a county.

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

"Investor/developer." Any person, partnership, corporation or other business entity that is engaged in the development, for use by occupants, of one or more projects and that is determined by the department to be financially responsible to assume all obligations in the acquisition, development, construction, leasing, sale, operation and financing, in whole or part, of a project.

"Local sponsor." The term includes the following:

- 1 (1) A municipality.
- 2 (2) An industrial and commercial development authority
3 organized pursuant to, or industrial development ~~company~~ <—
4 AUTHORITY as certified by the department under the act of <—
5 August 23, 1967 (P.L.251, No.102), known as the Industrial
6 and Commercial Development Authority Law.
- 7 (3) An industrial development ~~company~~ CORPORATION <—
8 certified under the act of May 17, 1956 (1955 P.L.1609,
9 No.537), known as the Pennsylvania Industrial Development
10 Authority Act,
- 11 (4) A council of government organization or any
12 multimunicipal agency organization created under the act of
13 July 12, 1972 (P.L.762, No.180), referred to as the
14 Intergovernmental Cooperation Law,
- 15 (5) A municipal authority organized under the act of May
16 2, 1945 (P.L.382, No.164), known as the Municipality
17 Authorities Act of 1945,
- 18 (6) A redevelopment authority organized under the act of
19 May 24, 1945 (P.L.991, No.385), known as the Urban
20 Redevelopment Law,
- 21 (7) A local development district of the Appalachian
22 Regional Commission.
- 23 "Municipality." Any county, city, borough, incorporated
24 town, township or home rule municipality.
- 25 "Program." The Industrial Communities Action Program
26 established by this act.
- 27 "Project." Any of the following activities:
- 28 (1) The acquisition of land and buildings.
- 29 (2) The demolition of buildings.
- 30 (3) The clearing and preparation of land.

1 (4) the construction of new industrial or manufacturing
2 facilities.

3 (5) The renovation of existing industrial or
4 manufacturing facilities.

5 "Secretary." The Secretary of Commerce of the Commonwealth.
6 Section 4. Establishment of program.

7 There is hereby established, under the direction of the
8 department, a program to be known as the Industrial Communities
9 Action Program for the purpose of making grants to local
10 sponsors in order to complement private investment by
11 investor/developers at blighted industrial sites, to reuse
12 dormant manufacturing and industrial facilities, and to create
13 jobs.

14 Section 5. Project eligibility.

15 (a) Eligibility.--A local sponsor shall be eligible for a
16 grant under the program for a project that meets all the
17 following conditions:

18 (1) The project will create multitenant facilities for
19 manufacturing, industrial, research and development, or other
20 industries that produce goods, as determined by the
21 department.

22 (2) The project will be carried out under the direction
23 and control of a responsible investor/developer, as
24 determined by the department.

25 (3) The project shall demonstrate the potential to
26 create, within five years after the completion of the
27 project, one employment opportunity for each \$50,000 granted
28 under the program.

29 (4) The investor/developer shall contribute equity to
30 the project in an amount equal to at least 5% of the total

1 eligible project cost.

2 (b) Maximum grant amount.--The maximum amount of grant funds
3 awarded for any project shall not exceed ~~60%~~ 25% of the total <—
4 eligible project cost, and in no case shall the maximum amount
5 of any one grant exceed ~~\$2,500,000~~ \$1,000,000 NOR A TOTAL OF <—
6 \$2,000,000 FOR ANY NUMBER OF FISCAL YEARS. In addition, the
7 total amount of grant funds awarded in any one fiscal year must
8 be matched by private investment in an aggregate total equal to
9 or greater than three times the amount of grant funds awarded.

10 (c) Private match.--In addition to the equity required under
11 subsection (a), private match for the balance of project
12 financing shall be identified to the satisfaction of the
13 department. Private match may include other forms of private and
14 public financing, but in no case may funds derived directly from
15 Commonwealth sources be considered as private match. for the
16 purposes of this act, funds received by local sponsors from the
17 Commonwealth for pass-through to private companies or private
18 developers shall be considered Commonwealth funds.

19 Section 6. Application procedures.

20 (a) Establishment of procedures.--Application and
21 administration procedures shall be established by the secretary.

22 (b) Application submission.--The secretary shall receive
23 applications from local sponsors. Applications shall be
24 submitted to the secretary in the form and manner as the
25 department may require, and shall be accompanied by such
26 additional documentation as the department may require.

27 (c) Application review.--Upon receipt of the application,
28 the secretary shall investigate and review the application and
29 either approve or disapprove the grant by proper action of the
30 department. The decision of the secretary shall be based upon

1 criteria which shall include, but not be limited to, any of the
2 following:

3 (1) The ability of the investor/developer to repay the
4 loan.

5 (2) The amount of private leverage in the project.

6 (3) The economic condition of the community.

7 (4) The severity of blight at the industrial site.

8 (5) The potential for job creation.

9 (d) Action on application.--The secretary shall notify the
10 local sponsor of final approval or disapproval of the
11 application within a reasonable period of time following receipt
12 of the completed application and all accompanying documentation
13 required by the department.

14 Section 7. Conditions for award of grants.

15 (a) Loans to investor/developers.--All grants awarded to a
16 local sponsor for a project shall be lent by the local sponsor
17 to the investor/developer at an interest rate and term to be
18 determined by the department. All loans shall be evidenced by a
19 note executed by the investor/developer and shall be secured, at
20 a minimum, by a lien on the industrial site at the highest
21 available level of priority without jeopardizing private
22 financing for the project.

23 (b) Repayment.--

24 (1) Repayment of loan principal and payment of accrued
25 interest thereon shall be made to the department. However, if
26 the local sponsor submits a plan, approved by the department,
27 for carrying out future projects for public uses consistent
28 with the requirements of the program and if the local sponsor
29 has made a significant contribution to the original project,
30 as determined by the department, then repayment of loan

1 principal and payment of accrued interest thereon shall be
2 divided between the local sponsor and the department, with
3 60% thereof repaid to the local sponsor and 40% thereof
4 repaid to the department.

5 (2) All repayment of loan principal and payment of
6 accrued interest to the department shall be deposited in
7 accordance with the terms of section 3(b) of the act of July
8 2, 1984 (P.L.512, No.104), known as the Pennsylvania Economic
9 Revitalization Act.

10 Section 8. Additional powers and duties of department.

11 (a) Rules and forms.--The department may promulgate such
12 guidelines, rules, regulations, statements of policy and forms
13 as may be necessary to implement and carry out the provisions of
14 this act.

15 (b) Professional services.--The department may obtain, by
16 contract, the temporary services of professional financial and
17 real estate analysts as it deems necessary in order to provide
18 adequate review of applications submitted for funding under the
19 program. Payment for such services may come from the
20 appropriation made for the program, provided that payment for
21 all such services does not exceed \$100,000 in any fiscal year.

22 (c) Annual reports.--On or before September 30 of each year,
23 the secretary shall provide a report to the Chief Clerk of the
24 House of Representatives and to the Secretary of the Senate. The
25 report shall describe all relevant activities of the department
26 pursuant to this act and shall include the following:

27 (1) A list of local sponsors receiving grants from the
28 department and the amounts and terms of this assistance.

29 (2) The source and amount of private investment for each
30 project.

1 (3) Loan amounts repaid to the local sponsor or to the
2 department.

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

5 (5) Jobs created at projects financed under the program.

6 (6) Other relevant information, as determined by the
7 secretary.

8 SECTION 9. TIME LIMIT ON AWARD OF GRANTS.

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9 NO GRANTS SHALL BE AWARDED BY THE DEPARTMENT TO ANY ELIGIBLE
10 APPLICANT UNDER THIS ACT AFTER JUNE 30, 1992.

11 Section ~~9~~ 10. Conflict of interest.

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12 No officer or employee of the Commonwealth or of the local
13 sponsor shall, either directly or indirectly, have an adverse
14 interest, as defined by the act of July 19, 1957 (P.L.1017,
15 No.451), known as the State Adverse Interest Act, in a project
16 financed with funds made available through the program.

17 Section ~~10~~ 11. Effective date.

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18 This act shall take effect immediately.