

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 584 Session of 2017

INTRODUCED BY GILLESPIE, LONGIETTI, V. BROWN, MILLARD, GROVE, MILNE, ZIMMERMAN AND RADER, FEBRUARY 24, 2017

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES, MARCH 14, 2018

AN ACT

1 Amending Title 72 (Taxation and Fiscal Affairs) of the
2 Pennsylvania Consolidated Statutes, establishing
3 microenterprise loan programs and abating real property
4 assessment.

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

7 Section 1. Title 72 of the Pennsylvania Consolidated
8 Statutes is amended by adding a chapter to read:

9 CHAPTER 31

10 MICROENTERPRISE ASSISTANCE

11 Subchapter

12 A. Preliminary Provisions

13 B. Microenterprise Loan Programs

14 SUBCHAPTER A

15 PRELIMINARY PROVISIONS

16 Sec.

17 3101. Definitions.

18 § 3101. Definitions.

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

4 "Administrative entity." Any of the following:

5 (1) An entity certified by the Pennsylvania Industrial
6 Development Authority under 64 Pa.C.S. § 1123 (relating to
7 certification of economic development organizations).

8 (2) A public instrumentality of the Commonwealth and a
9 body politic and corporate created under the act of August
10 23, 1967 (P.L.251, No.102), known as the Economic Development
11 Financing Law.

12 (3) An authority organized and existing under the former
13 act of May 2, 1945 (P.L.382, No.164), known as the
14 Municipality Authorities Act of 1945, or an authority
15 established under 53 Pa.C.S. Ch. 56 (relating to municipal
16 authorities).

17 (4) A redevelopment authority established under the act
18 of May 24, 1945 (P.L.991, No.385), known as the Urban
19 Redevelopment Law.

20 (5) A community development financial institution
21 certified in accordance with the Community Development
22 Banking and Financial Institutions Act of 1994 (Public Law
23 103-325, 108 Stat. 2163).

24 "Department." The Department of Community and Economic
25 Development of the Commonwealth.

26 "Low income." A household with total income at or below 80%
27 of the area median income, adjusted for household size, as
28 defined annually by the United States Department of Housing and
29 Urban Development.

30 "Microenterprise." A sole proprietorship, partnership or

<--

1 ~~limited liability company~~ START-UP ENTREPRENEUR that employs one <--
2 to five employees WHO ARE RESIDENTS OF THIS COMMONWEALTH and has <--
3 the qualifying amount of capital provided under the Small
4 Business Jobs Act of 2010 (Public Law 111-240, 124 Stat. 2504).

5 "Municipality." A county, city, borough, incorporated town,
6 township or home rule municipality.

7 "Program." A microenterprise assistance program authorized
8 by this chapter.

9 "Real property." Land and all structures and fixtures
10 thereon and all estates and interests in land, including
11 easements, covenants and leaseholders.

12 "School district." As to any real property acquired, owned
13 or conveyed by an administrative entity, the school district
14 within which the geographical jurisdiction of the real property
15 is located.

16 "Secretary." The Secretary of Community and Economic
17 Development of the Commonwealth.

18 "Start-up entrepreneur." An individual WHO IS A RESIDENT OF <--
19 THIS COMMONWEALTH, ~~A partnership, limited liability company that~~ <--
20 ~~establishes a microenterprise.~~ OR WORKER COOPERATIVE CORPORATION <--
21 FORMED OR INCORPORATED WITHIN THIS COMMONWEALTH AND THE OWNERS
22 OF WHICH PARTNERSHIP OR WORKER COOPERATIVE CORPORATION ARE
23 RESIDENTS OF THIS COMMONWEALTH OR A SINGLE-MEMBER LIMITED
24 LIABILITY COMPANY INCORPORATED IN THIS COMMONWEALTH, THE OWNER
25 OF WHICH IS A RESIDENT OF THIS COMMONWEALTH. THE TERM DOES NOT
26 INCLUDE:

27 (1) A WORKER COOPERATIVE CORPORATION INCORPORATED WITHIN
28 THIS COMMONWEALTH, THE OWNERS OF WHICH DO NOT HAVE A
29 CONTROLLING OWNERSHIP INTEREST IN THE WORKER COOPERATIVE
30 CORPORATION.

1 and private sources in order to fund the program.

2 ~~(3) To make loans to low income start-up entrepreneurs.~~ <--

3 ~~(4)~~ (3) To acquire property to lease to start-up <--
4 entrepreneurs in order to facilitate the establishment of a
5 microenterprise.

6 ~~(5)~~ (4) To enter into an intergovernmental cooperation <--
7 agreement with other administrative entities or
8 municipalities relative to the operations of the program.

9 (b) Eminent domain.--An administrative entity does not
10 possess the power of eminent domain by establishing and
11 implementing a program.

12 § 3113. Acquisition of property and responsibilities.

13 (a) General rule.--An administrative entity may acquire real
14 property to lease to start-up entrepreneurs who receive a
15 microenterprise loan under the program in the following manners:

16 (1) An administrative entity may acquire real property
17 by purchase contracts, lease purchase agreements, installment
18 sales contracts and land contracts and may accept transfers
19 from municipalities upon terms and conditions as agreed to by
20 the administrative entity and the municipality.

21 (2) A municipality may transfer to an administrative
22 entity real property and interests in real property of the
23 municipality on terms and conditions and according to
24 procedures determined by the municipality so long as the real
25 property is located within the jurisdiction of the
26 municipality.

27 (3) A redevelopment authority may, with the consent of
28 the local governing body and without a redevelopment
29 contract, convey property which the redevelopment authority
30 acquired before the effective date of this paragraph to the

1 administrative entity. A conveyance under this paragraph
2 shall be with fee simple title, free of all liens and
3 encumbrances.

4 (4) An administrative entity may, if authorized by the
5 jurisdiction that created an authority or otherwise by
6 intergovernmental cooperation agreement, accept donations of
7 real property and extinguish delinquent claims for taxes as
8 to the property under section 5.1 of the act of May 16, 1923
9 (P.L.207, No.153), referred to as the Municipal Claim and Tax
10 Lien Law, or section 303 of the act of July 7, 1947
11 (P.L.1368, No.542), known as the Real Estate Tax Sale Law.
12 For the purposes of this paragraph, the administrative entity
13 shall have all rights and obligations of the municipality
14 provided for in section 5.1 of the Municipal Claim and Tax
15 Lien Law.

16 (5) Notwithstanding any other provision of law to the
17 contrary, if a tax delinquent property offered at judicial
18 sale is not sold, the trustee may donate the property to an
19 administrative entity for the purpose of this chapter after
20 written notification of the transfer to all interested
21 parties.

22 (b) Title to be held in its name.--An administrative entity
23 shall hold in its own name all real property it acquires to
24 administer the microenterprise program under this chapter.

25 § 3114. Funding.

26 (a) General rule.--The administrative entity may receive
27 funding through grants from:

28 (1) The Federal Government.

29 (2) The Commonwealth.

30 (3) A municipality that created the authority

<--

1 ADMINISTRATIVE ENTITY. <--

2 (4) Private sources.

3 (b) Revenue.--An administrative entity may receive and
4 retain payments for services rendered, for rents and leasehold
5 payments received, for consideration for disposition of real and
6 personal property, for proceeds of insurance coverage for losses
7 incurred, for income from investments and for an asset and
8 activity lawfully permitted to the authority ADMINISTRATIVE <--
9 ENTITY under this chapter.

10 § 3115. Property tax exemption schedule of real property.

11 A municipality and school district shall have the power and
12 authority to grant property tax abatement, in the manner
13 provided in this section, to properties leased to a
14 microenterprise for one or more consecutive years, and owned by
15 an administrative entity:

16 (1) For the first, second and third years for which the
17 property would otherwise be taxable, and is continually
18 leased to the microenterprise, 100% of the eligible
19 assessment shall be exempted.

20 (2) For the fourth year for which the property would
21 otherwise be taxable, and is continually leased to the
22 microenterprise, 90% of the eligible assessment shall be
23 exempted.

24 (3) For the fifth year for which the property would
25 otherwise be taxable, and is continually leased to the
26 microenterprise, 75% of the eligible assessment shall be
27 exempted.

28 (4) For the sixth year for which the property would
29 otherwise be taxable, and is continually leased to the
30 microenterprise, 60% of the eligible assessment shall be

1 exempted.

2 (5) For the seventh year for which the property would
3 otherwise be taxable, and is continually leased to the
4 microenterprise, 45% of the eligible assessment shall be
5 exempted.

6 (6) For the eighth year for which the property would
7 otherwise be taxable, and is continually leased to the
8 microenterprise, 30% of the eligible assessment shall be
9 exempted.

10 (7) For the ninth year for which the property would
11 otherwise be taxable, and is continually leased to the
12 microenterprise, 15% of the eligible assessment shall be
13 exempted.

14 (8) For the tenth year for which the property would
15 otherwise be taxable, and is continually leased to the
16 microenterprise, 10% of the eligible assessment shall be
17 exempted.

18 (9) After the tenth year of being continually leased to
19 the microenterprise, the exemption shall terminate.

20 § 3116. Microenterprise loans.

21 (a) Loan issuance.--

22 (1) An administrative entity may issue a loan to a
23 microenterprise that operates on property owned by the
24 administrative entity within the program.

25 (2) An administrative entity may partner with a private
26 entity that issues microloans for the purpose of providing a
27 loan under paragraph (1).

28 (3) If a loan payment becomes delinquent, the
29 administrative entity may offer a hardship agreement to the
30 microenterprise to restructure the payment process.

1 ~~(b) Training. For the purpose of reducing the financial~~ <--

2 ~~(B) TRAINING.--~~ <--

3 (1) FOR THE PURPOSE OF REDUCING THE FINANCIAL risk
4 involved in issuing a loan under subsection (a)(1) and
5 providing loan applicants with the skills necessary to
6 succeed, a SUCCEED. <--

7 (2) A loan applicant must complete business courses and
8 workshops on operating a business, creating market strategy
9 and customer interaction to be eligible to receive a loan.

10 (3) IF THE LOAN APPLICANT IS A WORKER COOPERATIVE <--
11 CORPORATION, ALL OWNERS OF THE WORKER COOPERATIVE CORPORATION
12 MUST COMPLETE THE BUSINESS COURSES AND WORKSHOPS UNDER
13 PARAGRAPH (2).

14 ~~(c) Training resources.--~~

15 (1) Upon request by an administrative entity, the
16 department shall assist the administrative entity in
17 identifying organizations that can provide the business
18 training required under subsection (b) to loan applicants.
19 The administrative entity shall direct loan applicants to the
20 organizations that provide the business training.

21 (2) The administrative entity may partner with a private
22 entity, including commercial, and nonprofits or organizations
23 specializing in training start-up entrepreneurs, for any of
24 the following:

25 (i) using the private entity's facilities or
26 expertise to help loan applicants fulfill the business
27 training required under subsection (b); or

28 (ii) acquiring building space, whether the building
29 space is leased or donated, for the purpose of conducting
30 business training required under subsection (b).

1 (d) Eligible applicants.--

2 (1) An administrative entity shall impose requirements
3 for eligible applicants and the requirements are readily
4 available to the public. The requirements shall include, but
5 not be limited to:

6 (i) An applicant must be low income AND LOCATED IN <--
7 THIS COMMONWEALTH.

8 (ii) An applicant must demonstrate need for capital
9 and technical assistance to operate a business, with need
10 defined by the administrative entity.

11 (iii) An applicant must have an established business
12 plan and provide a summary of the plan to the
13 administrative entity, if requested.

14 (2) (Reserved).

15 § 3117. Administration of program.

16 (a) Limitation on administrative cost.--The cost of
17 administering a program may not exceed 10% of the program's
18 operating budget.

19 (b) Maintenance.--An administrative entity shall maintain
20 all of its real property in accordance with the laws of this
21 Commonwealth and ordinances of the jurisdiction in which the
22 real property is located.

23 § 3118. Disposition of property.

24 (a) Public access to inventory.--An administrative entity
25 shall maintain and make available for public review and
26 inspection an inventory of real property held by the
27 administrative entity for the program.

28 (b) Power.--The ~~authority~~ ADMINISTRATIVE ENTITY may convey, <--
29 exchange, sell, transfer, lease, grant or mortgage interests in
30 real property of the administrative entity in the form and by

1 the method determined by the administrative entity to be in the
2 best interests of the microenterprise loan program.

3 (c) Consideration.--

4 (1) The administrative entity shall determine the amount
5 and form of consideration necessary to convey, exchange,
6 sell, transfer, lease as lessor, grant or mortgage interests
7 in real property.

8 (2) Consideration may take the form of monetary payments
9 and secured financial obligations, covenants and conditions
10 related to the present and future use of the property,
11 contractual commitments of the transferee and other forms of
12 consideration as determined by the administrative entity to
13 be in the best interest of the program.

14 (d) Policies and procedures.--

15 (1) An administrative entity shall create policies and
16 procedures providing the general terms and conditions for
17 consideration to be received by the administrative entity for
18 the transfer of real property and interests in real property.

19 (2) Requirements which may be applicable to the
20 disposition of real property and interests in real property
21 by municipalities shall not be applicable to the disposition
22 of real property and interests in real property by the
23 administrative entity.

24 (e) Land use plans.--The administrative entity shall
25 consider all duly adopted land use plans and make reasonable
26 efforts to coordinate the disposition of an administrative
27 entity's real property with the land use plans.

28 Section 2. This act shall take effect in 60 days.