
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 584 Session of
2017

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

REFERRED TO COMMITTEE ON COMMERCE, FEBRUARY 24, 2017

AN ACT

1 Amending Titles 64 (Public Authorities and Quasi-Public
2 Corporations) and 72 (Taxation and Fiscal Affairs) of the
3 Pennsylvania Consolidated Statutes, in Title 64, providing
4 for community development authorities; and, in Title 72,
5 providing for microenterprise assistance.

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

8 Section 1. Title 64 of the Pennsylvania Consolidated
9 Statutes is amended by adding a chapter to read:

10 CHAPTER 17

11 COMMUNITY DEVELOPMENT AUTHORITIES

12 Sec.

13 1701. Scope of chapter.

14 1702. Legislative findings and purpose.

15 1703. Definitions.

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6 1713. Borrowing and issuance of bonds.
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8 1715. Merger.
9 1716. Dissolution of authority.
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11 1718. Construction, intent and scope.
12 1719. Annual audit and report.
13 1720. Cost sharing.

14 § 1701. Scope of chapter.

15 This chapter relates to community development authorities.

16 § 1702. Legislative findings and purpose.

17 The General Assembly finds and declares that:

18 (1) Strong communities are important to the social and
19 economic vitality of this Commonwealth. Whether urban,
20 suburban or rural, many communities are struggling to cope
21 with vacant, abandoned and tax-delinquent properties.

22 (2) Citizens of this Commonwealth are affected adversely
23 by vacant, abandoned and tax-delinquent properties.

24 (3) Vacant, abandoned and tax-delinquent properties
25 impose significant costs on neighborhoods, communities and
26 municipalities by lowering property values, increasing fire
27 and police protection costs, decreasing tax revenues and
28 undermining community cohesion.

29 (4) There is an overriding public need to confront the
30 problems caused by vacant, abandoned and tax-delinquent

1 properties through the creation of new tools to enable
2 municipalities to turn vacant, abandoned and tax-delinquent
3 spaces into vibrant places.

4 (5) Community development authorities are one of the
5 tools that municipalities may use to facilitate the return of
6 vacant, abandoned and tax-delinquent properties to productive
7 use.

8 (6) One tool available to community development
9 authorities is leasing to microenterprises. Microenterprises
10 are part of the small business engine that forms the backbone
11 of our national and State economies.

12 (7) Community development authorities, by considering
13 current land use plans, can serve to help communities grow
14 and prosper through targeted enterprises.

15 (8) By providing support for microenterprises, a
16 powerful mechanism for job creation is strengthened and a
17 viable tool is made available to revitalize struggling
18 neighborhoods and improve the standard of living for
19 impoverished citizens of this Commonwealth. The support of
20 microenterprises will provide those in poverty an opportunity
21 for an improved and more prosperous lifestyle while
22 decreasing the number of individuals receiving public
23 assistance.

24 § 1703. Definitions.

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

28 "Area loan organization." A local development district or
29 any other nonprofit economic development organization certified
30 by the department as possessing the qualifications necessary to

1 evaluate and administer loans made under this chapter.

2 "Authority." A community development authority.

3 "Board." The board of directors of a community development
4 authority.

5 "Community development authority." A public body and a body
6 corporate and politic established under section 1704 (relating
7 to creation and existence), 53 Pa.C.S. Ch. 56 (relating to
8 municipal authorities) or the act of May 24, 1945 (P.L.991,
9 No.385), known as the Urban Redevelopment Law.

10 "Community development authority jurisdiction." Any of the
11 following:

12 (1) A municipality with a population of more than
13 10,000.

14 (2) Two or more municipalities comprising an area with a
15 population of more than 10,000 that is geographically
16 contiguous and located in the same county, if the
17 municipalities enter into an intergovernmental cooperation
18 agreement to establish and maintain a community development
19 authority.

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

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

26 "Financial institution." A bank, savings association,
27 operating subsidiary of a bank or savings association, community
28 development financial institution, credit union, association
29 licensed to originate mortgage loans or an assignee of a
30 mortgage or note originated by such an institution.

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

5 "Microenterprise." A business operated by a sole proprietor
6 or limited liability company that employs one to five employees
7 and has the qualifying amount of capital provided under the
8 Small Business Jobs Act of 2010 (Public Law 111-240, 124 Stat.
9 2504).

10 "Municipal authority." An authority established under 53
11 Pa.C.S. Ch. 56 (relating to municipal authorities).

12 "Municipality." A county, city, borough, incorporated town,
13 township or home rule municipality.

14 "Partnership." A partnership between a commercial or
15 nonprofit entity and an authority for the training of start-up
16 entrepreneurs. The term includes a partnership between an
17 authority and a nonprofit, commercial or religious entity the
18 sole purpose of which is to use the building space of the entity
19 for the training of start-up entrepreneurs.

20 "Political subdivision." Any county, city, borough,
21 incorporated town, township, school district, vocational school
22 district and county institution district.

23 "Real property." Land and all structures and fixtures
24 thereon and all estates and interests in land, including
25 easements, covenants and leaseholders.

26 "Redevelopment authority." A redevelopment authority
27 established under the act of May 24, 1945 (P.L.991, No.385),
28 known as the Urban Redevelopment Law.

29 "School district." Any of the classifications of school
30 districts specified in section 202 of the act of March 10, 1949

1 (P.L.30, No.14), known as the Public School Code of 1949. The
2 term includes, as to any real property acquired, owned or
3 conveyed by an authority, the school district within whose
4 geographical jurisdiction the real property is located.

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

7 "Start-up entrepreneur." An individual who establishes a
8 microenterprise.

9 § 1704. Creation and existence.

10 (a) Authority.--A community development authority
11 jurisdiction may elect to create an authority by the adoption of
12 an ordinance to create a binding legal obligation. The ordinance
13 must specify the following:

14 (1) The number of members of the board.

15 (2) The names of individuals to serve as initial members
16 of the board and the length of terms which they will serve.

17 (3) The qualifications, manner of selection or
18 appointment and terms of office of members of the board.

19 (4) The manner by which residents will be provided an
20 opportunity to have input into the authority decision-making
21 process.

22 (5) Additional terms and conditions the community
23 development authority jurisdiction deems reasonable and
24 necessary for operation of the authority.

25 (b) Filing.--The governing body of the community development
26 authority jurisdiction which creates an authority shall file a
27 copy of the ordinance with the department and with the
28 Department of State. After receipt of the ordinance, the
29 Secretary of the Commonwealth shall issue a certificate of
30 incorporation.

1 (c) Combinations.--

2 (1) The authority under subsection (a) may be exercised
3 in combination under an intergovernmental cooperation
4 agreement by:

5 (i) more than one community development authority
6 jurisdiction; or

7 (ii) a community development authority jurisdiction
8 and one or more municipalities.

9 (2) If an authority is established under paragraph (1),
10 the intergovernmental cooperation agreement must specify
11 matters identified in subsection (a).

12 (d) Limitation.--Except as set forth in subsection (c), if a
13 county establishes an authority, the authority shall have the
14 power to acquire real property only in those portions of the
15 county located outside of the geographical boundaries of any
16 other authority established by another community development
17 authority jurisdiction located partially or entirely within the
18 county.

19 (e) Legal status of authority.--An authority shall:

20 (1) be a public body corporate and politic; and

21 (2) have duration until terminated and dissolved under
22 section 1716 (relating to dissolution of authority).

23 (f) Collaboration.--An authority and political subdivision
24 and another municipal entity, municipal authority or
25 redevelopment authority may enter into an intergovernmental
26 cooperation agreement relative to the operations of an
27 authority.

28 § 1705. Board.

29 (a) Membership.--A board shall consist of at least 11
30 members. Unless restricted by the actions or agreements

1 specified in section 1704 (relating to creation and existence)
2 and subject to the limits stated in this section, the size of
3 the board may be adjusted in accordance with bylaws of the
4 authority, provided that the board consist of an odd number of
5 members. The board must include an experienced loan officer and
6 individuals qualified to properly administer a community
7 development fund established under section 1711(d) (relating to
8 financing of authority operations).

9 (b) Eligibility to serve on board.--

10 (1) Notwithstanding any law to the contrary, a public
11 officer shall not be eligible to serve as a board member.

12 (2) A municipal employee shall not be eligible to serve
13 as a board member.

14 (3) The governing body of a municipality and a school
15 district which are parties to an intergovernmental
16 cooperation agreement establishing an authority may nominate
17 two members to the board who meet the qualifications for
18 board members under this section. The following apply:

19 (i) A nomination recommendation may be made to the
20 governing body by a financial institution, nonprofit
21 organization or other entity that represents the
22 interests of the community.

23 (ii) Nominations under this paragraph may only be
24 made following establishment of the board and are subject
25 to board approval.

26 (iii) A nominee under this paragraph may not be a
27 relative of a public official.

28 (4) An established authority board shall include at
29 least one voting member who:

30 (i) is a resident of the community development

1 authority jurisdiction;

2 (ii) is an appointee of the chief executive officer
3 of the authority's authorizing jurisdiction;

4 (iii) is an appointee of the governing body of the
5 authority's authorizing jurisdiction;

6 (iv) is an appointee of the secretary;

7 (v) is a representative of a reputable financial
8 institution; and

9 (vi) maintains membership with a recognized civic
10 organization within the community development authority
11 jurisdiction.

12 (5) A member removed under subsection (d)(3) shall be
13 ineligible for reappointment to the board unless the
14 reappointment is confirmed unanimously by the board.

15 (6) As used in this subsection, the term "public
16 officer" means an individual who is elected to a municipal
17 office.

18 (c) Officers.--The members of the board shall select
19 annually from among their members a chairperson, vice
20 chairperson, secretary, treasurer and other officers as the
21 board determines.

22 (d) Rules.--The board shall establish rules on all of the
23 following:

24 (1) Duties of officers under subsection (c).

25 (2) Attendance and participation of members in its
26 regular and special meetings.

27 (3) A procedure to remove a member by a majority vote of
28 the other members for failure to comply with a rule.

29 (4) Other matters necessary to govern the conduct of an
30 authority.

1 (e) Vacancies.--A vacancy on the board shall be filled in
2 the same manner as the original appointment. Upon removal under
3 subsection (d)(3), the position shall become vacant.

4 (f) Compensation.--Board members shall serve without
5 compensation. The board may reimburse a member for expenses
6 actually incurred in the performance of duties on behalf of the
7 authority.

8 (g) Meetings.--

9 (1) The board shall meet as follows:

10 (i) In regular session according to a schedule
11 adopted by the board.

12 (ii) In special session:

13 (A) as convened by the chairperson; or

14 (B) upon written notice signed by a majority of
15 the members.

16 (2) A majority of the board, excluding vacancies,
17 constitutes a quorum. Physical presence is required under
18 this paragraph.

19 (h) Voting.--

20 (1) Except as set forth in paragraph (2) or (3), action
21 of the board must be approved by the affirmative vote of a
22 majority of the board present and voting.

23 (2) Action of the board on the following matters must be
24 approved by a majority of the entire board membership:

25 (i) Adoption of bylaws.

26 (ii) Adoption of rules under subsection (d).

27 (iii) Hiring or firing of an employee or contractor
28 of the authority. This function may, by majority vote of
29 the entire board membership, be delegated by the board to
30 a specified officer or committee of the authority.

- 1 (iv) Incurring of debt.
2 (v) Adoption or amendment of the annual budget.
3 (vi) Sale, lease, encumbrance or alienation of real
4 property or personal property with a value of more than
5 \$50,000.

6 (3) A resolution under section 1716 (relating to
7 dissolution of authority) must be approved by two-thirds of
8 the entire board membership.

9 (4) A member of the board may not vote by proxy.

10 (5) A member may request a recorded vote on any
11 resolution or action of the authority.

12 (i) Immunity.--A community development authority
13 jurisdiction which establishes an authority and a municipality
14 and a school district which are parties to an intergovernmental
15 cooperation agreement establishing an authority shall not be
16 liable personally on the bonds or other obligations of the
17 authority. Rights of creditors of an authority shall be solely
18 against the authority.

19 § 1706. Staff.

20 (a) Employees.--An authority may employ or enter into a
21 contract for an executive director, counsel and legal staff,
22 financial personnel to underwrite and manage loans issued by the
23 authority, technical experts and other individuals and may
24 determine the qualifications and fix the compensation and
25 benefits of those employees.

26 (b) Contracts.--An authority may enter into a contract with
27 a municipality for:

28 (1) the municipality to provide staffing services to the
29 authority; or

30 (2) the authority to provide staffing services to the

1 municipality.

2 (c) Cost.--The cost for administering an authority may not
3 exceed 10% of the authority's operating budget.

4 § 1707. Powers.

5 (a) General rule.--An authority constitutes a public body,
6 corporate and politic, exercising public powers of the
7 Commonwealth necessary or appropriate to carry out this chapter,
8 including the following powers:

9 (1) To adopt, amend and repeal bylaws for the regulation
10 of its affairs and the conduct of its business.

11 (2) To sue and be sued in its own name and be a party in
12 a civil action. This paragraph includes an action to clear
13 title to property of the authority.

14 (3) To adopt a seal and to alter the same at pleasure.

15 (4) To borrow from Federal Government funds, from the
16 Commonwealth, from private lenders or from municipalities, as
17 necessary, for the operation and work of the authority.

18 (5) To issue negotiable revenue bonds and notes
19 according to the provisions of this chapter.

20 (6) To enter into contracts and other instruments
21 necessary, incidental or convenient to the performance of its
22 duties and the exercise of its powers. This paragraph
23 includes intergovernmental cooperation agreements under 53
24 Pa.C.S. Ch. 23 Subch. A (relating to intergovernmental
25 cooperation) for the joint exercise of powers under this
26 chapter.

27 (7) To enter into contracts and intergovernmental
28 cooperation agreements with municipalities for the
29 performance of functions by municipalities on behalf of the
30 authority or by the authority on behalf of municipalities.

1 (8) To make and execute contracts and other instruments
2 necessary or convenient to the exercise of the powers of the
3 authority. Any contract or instrument signed shall be
4 executed by and for the authority if the contract or
5 instrument is signed, including an authorized facsimile
6 signature, by:

7 (i) the chairperson or vice chairperson of the
8 authority; and

9 (ii) either:

10 (A) the secretary or assistant secretary of the
11 authority; or

12 (B) the treasurer or assistant treasurer of the
13 authority.

14 (9) To procure insurance against losses in connection
15 with the real property, assets or activities of the
16 authority.

17 (10) To invest money of the authority at the discretion
18 of the board in instruments, obligations, securities or
19 property determined proper by the board and to name and use
20 depositories for its money.

21 (11) To enter into contracts for the management of, the
22 collection of rent from or the sale of real property of the
23 authority.

24 (12) To design, develop, construct, demolish,
25 reconstruct, rehabilitate, renovate, relocate and otherwise
26 improve real property or rights or interests in real
27 property.

28 (13) To fix, charge and collect rents, fees and charges
29 for the use of real property of the authority and for
30 services provided by the authority.

1 (14) To grant or acquire licenses, easements, leases or
2 options with respect to real property of the authority.

3 (15) To enter into partnerships, joint ventures and
4 other collaborative relationships with municipalities and
5 other public and private entities for the ownership,
6 management, development and disposition of real property.

7 (16) To organize and reorganize the executive,
8 administrative, clerical and other departments of the
9 authority and to fix the duties, powers and compensation of
10 employees, agents and consultants of the authority.

11 (17) To do all other things necessary or convenient to
12 achieve the objectives and purposes of the authority or other
13 law related to the purposes and responsibility of the
14 authority.

15 (b) Additional authority.--In addition to the powers granted
16 to an authority under subsection (a), an authority shall have
17 the following powers:

18 (1) To issue loans to microenterprises that will operate
19 on property owned by the authority. The loan program shall
20 target microenterprises of low-income individuals.

21 (2) To issue bonds for the purpose of repairing and
22 improving structures owned by the authority. The bond or
23 other obligation of an authority related to a bond shall not
24 be a debt of a municipality or of the Commonwealth.

25 (3) To negotiate for loans and grants from both public
26 and private sources, provided that the Commonwealth does not
27 guarantee these loans.

28 (4) To make loans to low-income start-up entrepreneurs.
29 § 1708. Eminent domain.

30 An authority does not possess the power of eminent domain.

1 § 1709. Acquisition of property.

2 (a) Title to be held in its name.--An authority shall hold
3 in its own name all real property it acquires.

4 (b) Tax exemption.--

5 (1) Except as set forth in paragraph (2), the real
6 property of an authority and its income and operations are
7 exempt from State and local tax.

8 (2) Paragraph (1) does not apply to real property of an
9 authority after the fifth consecutive year in which the real
10 property is continuously leased to a private third party.
11 However, real property shall continue to be exempt from State
12 and local taxes if it is leased to a nonprofit or
13 governmental agency at substantially less than fair market
14 value. A nonprofit agency qualifies under this paragraph if
15 it is acting within the scope and intent of this chapter to
16 further the development of the community and assist in the
17 creation of microenterprises.

18 (c) Acquisitions from municipalities.--

19 (1) An authority may acquire real property by purchase
20 contracts, lease purchase agreements, installment sales
21 contracts and land contracts and may accept transfers from
22 municipalities upon terms and conditions as agreed to by the
23 authority and the municipality.

24 (2) A municipality may transfer to an authority real
25 property and interests in real property of the municipality
26 on terms and conditions and according to procedures
27 determined by the municipality as long as the real property
28 is located within the jurisdiction of the authority.

29 (3) A redevelopment authority located within a community
30 development authority jurisdiction established under this

1 chapter may, with the consent of the local governing body and
2 without a redevelopment contract, convey property which it
3 acquired before the effective date of this paragraph to the
4 authority. A conveyance under this paragraph shall be with
5 fee simple title, free of all liens and encumbrances.

6 (d) Maintenance.--An authority shall maintain all of its
7 real property in accordance with the laws of this Commonwealth
8 and ordinances of the jurisdiction in which the real property is
9 located.

10 (e) Prohibition.--

11 (1) Subject to the provisions of paragraph (2), an
12 authority may not own or hold real property located outside
13 the jurisdictional boundaries of the entities which created
14 the authority under section 1704(c) (relating to creation and
15 existence).

16 (2) An authority may be granted authority pursuant to an
17 intergovernmental cooperation agreement with a municipality
18 to manage and maintain real property located within the
19 jurisdiction of the municipality.

20 (f) Tax claim bureaus.--A tax claim bureau may transfer to
21 an authority real property of the county held by the tax claim
22 bureau, as trustee for the county.

23 (g) Acquisition of tax delinquent properties.--If authorized
24 by the community development authority jurisdiction which
25 created an authority or otherwise by intergovernmental
26 cooperation agreement, an authority may accept donations of real
27 property and extinguish delinquent claims for taxes as to the
28 property under section 5.1 of the act of May 16, 1923 (P.L.207,
29 No.153), referred to as the Municipal Claim and Tax Lien Law, or
30 section 303 of the act of July 7, 1947 (P.L.1368, No.542), known

1 as the Real Estate Tax Sale Law. For the purposes of this
2 subsection, the authority shall have all rights and obligations
3 of the municipality provided for in section 5.1 of the Municipal
4 Claim and Tax Lien Law.

5 (h) Donation to microenterprise.--Notwithstanding any other
6 provision of law to the contrary, if a tax delinquent property
7 offered at judicial sale is not sold, the trustee may donate the
8 property to an authority for the purpose of a microenterprise
9 after written notification of the transfer to all interested
10 parties.

11 § 1710. Disposition of property.

12 (a) Public access to inventory.--An authority shall maintain
13 and make available for public review and inspection an inventory
14 of real property held by the authority.

15 (b) Power.--The authority may convey, exchange, sell,
16 transfer, lease, grant or mortgage interests in real property of
17 the authority in the form and by the method determined to be in
18 the best interests of the authority.

19 (c) Consideration.--

20 (1) The authority shall determine the amount and form of
21 consideration necessary to convey, exchange, sell, transfer,
22 lease as lessor, grant or mortgage interests in real
23 property.

24 (2) Consideration may take the form of monetary payments
25 and secured financial obligations, covenants and conditions
26 related to the present and future use of the property,
27 contractual commitments of the transferee and other forms of
28 consideration as determined by the board to be in the best
29 interest of the authority.

30 (d) Policies and procedures.--

1 (1) A board shall determine and state in the authority
2 policies and procedures the general terms and conditions for
3 consideration to be received by the authority for the
4 transfer of real property and interests in real property.

5 (2) Requirements which may be applicable to the
6 disposition of real property and interests in real property
7 by municipalities shall not be applicable to the disposition
8 of real property and interests in real property by the
9 authority.

10 (e) Land use plans.--The authority shall consider all duly
11 adopted land use plans and make reasonable efforts to coordinate
12 the disposition of an authority's real property with such land
13 use plans.

14 (f) Specific voting and approval requirements.--

15 (1) A community development authority jurisdiction may,
16 in its ordinance creating an authority or in the case of
17 multiple community development authority jurisdictions and
18 municipalities creating a single authority in the applicable
19 intergovernmental cooperation agreement, require that a
20 particular form of disposition of real property or a
21 disposition of real property located within specified
22 jurisdictions be subject to specified voting and approval
23 requirements of the board.

24 (2) Except as restricted or constrained under paragraph
25 (1), the board may delegate to officers and employees the
26 authority to enter into and execute agreements, instruments
27 of conveyance and other related documents pertaining to the
28 conveyance of real property by the authority.

29 § 1711. Financing of authority operations.

30 (a) General rule.--The authority may receive funding through

1 grants and loans from:

2 (1) the Federal Government;

3 (2) the Commonwealth;

4 (3) a municipality;

5 (4) the community development authority jurisdiction
6 which created the authority; and

7 (5) private sources.

8 (b) Funding.--An authority may receive and retain payments
9 for services rendered, for rents and leasehold payments
10 received, for consideration for disposition of real and personal
11 property, for proceeds of insurance coverage for losses
12 incurred, for income from investments and for an asset and
13 activity lawfully permitted to the authority under this chapter.

14 (c) Allocated real property taxes.--

15 (1) A community development authority may authorize the
16 remittance or dedication of a portion of real property taxes
17 collected pursuant to the laws of this Commonwealth to the
18 authority on real property conveyed by an authority.

19 (2) Allocation of property tax revenues in accordance
20 with this subsection, if authorized by the community
21 development authority jurisdiction, shall commence with the
22 first taxable year following the date of conveyance and
23 continue for a period of up to five years and may not exceed
24 a maximum of 50% of the aggregate property tax revenues
25 generated by the property.

26 (3) Remittance or dedication of real property taxes
27 shall include the real property taxes of a school district
28 only if the school district enters into an agreement with the
29 authority for the remittance or dedication.

30 (d) Community development fund.--

1 (1) In accordance with the provisions of subsection (a),
2 a municipality may establish, by ordinance, a community
3 development fund. Money in a community development fund may
4 be used to finance the operations of an authority, including:

5 (i) Acquiring or selling tax delinquent and
6 foreclosed properties in the municipality's jurisdiction,
7 except that no more than 15% of the money in the account
8 may be allocated to the authority for the purpose of
9 selling foreclosed or tax delinquent properties under the
10 act of May 24, 1945 (P.L.991, No.385), known as the Urban
11 Redevelopment Law.

12 (ii) Maintaining the authority's general fund
13 budget.

14 (iii) Remediating blighted properties and vacant
15 properties in the municipality's jurisdiction in any
16 manner decided upon by the board with consideration to
17 current land use plans of the municipality.

18 (iv) Financing the microloans offered by the
19 authority to microenterprises operated on the property
20 owned by the authority.

21 (2) A municipality that establishes a community
22 development fund shall deposit all of the following into the
23 account:

24 (i) Five dollars out of every \$100 generated by fees
25 imposed on real property that is found to have any
26 violations of a building code.

27 (ii) Five dollars out of every \$100 generated by
28 fees imposed on real property found to be in violation of
29 zoning requirements.

30 (iii) Five dollars out of every \$100 generated in

1 building permit fees.

2 (iv) Two dollars out of every \$100 collected on the
3 liens placed against the owner of a property that is
4 vacant, abandoned or blighted.

5 § 1712. Microenterprise loans.

6 (a) Loan issuance.--

7 (1) An authority may issue a loan to a microenterprise
8 that operates on property owned by the authority.

9 (2) An authority may partner with a private entity that
10 issues microloans for the purpose of providing a loan under
11 paragraph (1).

12 (b) Loan applicants.--For the purpose of reducing the
13 financial risk involved in issuing a loan under subsection (a)
14 (1) and providing loan applicants with the skills necessary to
15 succeed, a loan applicant must complete business courses and
16 workshops on operating a business, creating market strategy and
17 customer interaction to be eligible to receive a loan.

18 (c) Training resources.--

19 (1) Upon request by an authority, the department shall
20 assist the authority in identifying organizations that can
21 provide the business training required under subsection (b)
22 to loan applicants. The authority shall direct loan
23 applicants to the organizations that provide the business
24 training.

25 (2) The authority may partner with a private entity,
26 including commercial, nonprofit or religious entities
27 specializing in training start-up entrepreneurs, for any of
28 the following:

29 (i) Using the private entity's facilities or
30 expertise to help loan applicants fulfill the business

1 training required under subsection (b).

2 (ii) Acquiring building space, whether the building
3 space is leased or donated, for the purpose of conducting
4 business training required under subsection (b).

5 (3) The authority may enter into a contract with a
6 private entity to expand the private entity's operations to
7 provide the business training required under subsection (b).
8 Funds may not be allocated to expand the private entity's
9 operations to provide the business training required under
10 subsection (b) unless the board approves the allocation of
11 funds by a two-thirds vote.

12 (d) Loan terms.--

13 (1) If a loan payment becomes delinquent, the board
14 shall offer a hardship agreement to the microenterprise to
15 restructure the payment process.

16 (2) Special priority shall be given to qualified
17 veterans and minority applicants as determined by an area
18 loan organization.

19 § 1713. Borrowing and issuance of bonds.

20 (a) Authority.--

21 (1) An authority may issue a bond for any of its
22 corporate purposes.

23 (2) The principal and interest of a bond shall be
24 payable from the authority's general revenue.

25 (3) The bond may be secured by any of the following:

26 (i) A pledge of revenue. This subparagraph includes
27 a grant or contribution from:

28 (A) The Federal Government or a Federal agency
29 or instrumentality.

30 (B) The Commonwealth, a Commonwealth agency or

1 an instrumentality of the Commonwealth.

2 (ii) A mortgage of property of the authority.

3 (b) Nature.--The bond must meet the requirements of 13
4 Pa.C.S. § 3104 (relating to negotiable instrument).

5 (c) Tax exempt.--A bond and the income from the bond is
6 exempt from taxation by:

7 (1) the Commonwealth; and

8 (2) a political subdivision.

9 (d) Procedure.--

10 (1) A bond must be authorized by resolution of the board
11 and shall be a limited obligation of the authority.

12 (2) The principal and interest, costs of issuance and
13 other costs incidental to the bond shall be payable solely
14 from the income and revenue derived from the sale, lease or
15 other disposition of the assets of the authority. The
16 authority may secure the bond by a mortgage or other security
17 device covering all or part of the project from which the
18 pledged revenues may be derived.

19 (3) A refunding bond issued under this section:

20 (i) shall be payable from:

21 (A) a source described in this chapter; or

22 (B) the investment of the proceeds of the
23 refunding bonds; and

24 (ii) shall not constitute an indebtedness or pledge
25 of the general credit of a political subdivision within
26 the meaning of a constitutional or statutory limitation
27 of indebtedness and shall contain a recital to that
28 effect.

29 (4) A bond must comply with the authorizing resolution
30 as to:

- 1 (i) form;
- 2 (ii) denomination;
- 3 (iii) interest rate;
- 4 (iv) maturity; and
- 5 (v) execution.

6 (5) A bond may be subject to redemption at the option of
7 and in the manner determined by the board in the authorizing
8 resolution.

9 (e) Powers of municipalities.--A municipality may elect to
10 guarantee, insure or otherwise become primarily or secondarily
11 obligated on the indebtedness of the authority, subject,
12 however, to all other provisions of law of this Commonwealth
13 applicable to municipal indebtedness.

14 (f) Sale.--

15 (1) A bond shall be issued, sold and delivered in
16 accordance with the terms and provisions of the authorizing
17 resolution. The board, to effectuate its best interest, may
18 determine the manner of sale, public or private, and the
19 price of the bond.

20 (2) The resolution issuing a bond must be published in a
21 newspaper of general circulation within the jurisdiction in
22 which the authority is located.

23 (g) Liability.--

24 (1) Neither the members of an authority nor a person
25 executing the bond shall be liable personally on the bonds by
26 reason of the issuance of the bond.

27 (2) The bond or other obligation of the authority
28 related to a bond shall not be a debt of a municipality or of
29 the Commonwealth. A statement to this effect shall appear on
30 the face of the bond or obligation.

1 (3) On the bond or other obligation of the authority
2 related to a bond, all of the following apply:

3 (i) The Commonwealth has no liability. This
4 subparagraph applies to the revenue and property of the
5 Commonwealth.

6 (ii) A municipality has no liability. This
7 subparagraph applies to the revenue and property of a
8 municipality.

9 § 1714. Public records and public access.

10 (a) Public records.--A board shall keep minutes and a record
11 of its proceedings.

12 (b) Public access.--The authority is subject to:

13 (1) 65 Pa.C.S. Ch. 7 (relating to open meetings); and

14 (2) the act of February 14, 2008 (P.L.6, No.3), known as
15 the Right-to-Know Law.

16 § 1715. Merger.

17 (a) Merger and consolidation authorized.--An authority and
18 an existing economic development authority may be merged into
19 one authority, which for purposes of this section shall be
20 designated as the surviving authority, or consolidated into a
21 new authority.

22 (b) Articles of merger or consolidation.--Articles of merger
23 or articles of consolidation, as the case may be, shall first be
24 proposed by the governing body of the municipality or
25 municipalities creating the authority. The governing body of the
26 municipality or municipalities incorporating one or more of the
27 existing authorities shall each adopt an identical resolution
28 which shall contain the language of the proposed merger or
29 consolidation. The articles of merger or consolidation shall be
30 signed by the proper officers of the municipality or

1 municipalities and under their respective municipal seals and
2 shall set forth the following:

3 (1) The name of the surviving or new authority.

4 (2) The location of the registered office of the
5 surviving or new authority.

6 (3) The names and addresses and term of office of the
7 members of the board of the surviving or new authority as
8 specified in the plan of merger or consolidation.

9 (4) A statement indicating the date on which each
10 existing authority was formed and the purpose for which it
11 was formed, taken from the articles of incorporation, the
12 name of the original incorporating municipality or
13 municipalities and the name of any successor to the original
14 incorporating municipality or municipalities thereof.

15 (5) The time and place of the meetings of the governing
16 bodies of the municipality or municipalities party to the
17 plan of merger or consolidation.

18 (6) A statement of the plan of merger and a timeline for
19 implementing the plan for merger.

20 (7) Any changes in the articles of incorporation of the
21 surviving authority in the case of a merger and a statement
22 of the articles of incorporation in full in the case of the
23 new authority to be formed, in each case in conformity with
24 the provisions of this chapter relating to the incorporation
25 of authorities, except that any item required to be stated
26 which is covered elsewhere in the articles of merger or
27 consolidation need not be repeated.

28 (c) Publication of resolution.--Each municipality party to
29 the plan of merger or consolidation shall cause a notice of the
30 resolution setting forth the merger or consolidation to be

1 published at least one time in the legal periodical of the
2 county or counties in which the surviving authority is to be
3 organized and at least one time in a newspaper published and in
4 general circulation in such county or counties. The notice shall
5 contain a brief statement of the substance of the resolution,
6 including the substance of the articles of merger making
7 reference to this chapter, and shall state that on a day
8 certain, not less than three days after publication of the
9 notice, articles of merger or consolidation shall be filed with
10 the Secretary of the Commonwealth. The publication shall be in
11 sufficient compliance with the laws of this Commonwealth or any
12 existing laws dealing with publication for municipalities.

13 (d) Documentation.--The articles of merger or consolidation
14 shall be filed on or before the day specified in the
15 advertisement with the Secretary of the Commonwealth together
16 with the proof of publication of the notice required under
17 subsection (c).

18 (e) Certification of merger or consolidation.--The Secretary
19 of the Commonwealth shall file the articles of merger or
20 consolidation and the proof of advertisement required in
21 subsection (c), but not prior to the day specified in the
22 advertisement, certify the date of the filing when all fees and
23 charges have been paid and issue to the surviving or new
24 authority or its representative a certificate of merger or
25 consolidation to which shall be attached a copy of the filed
26 articles of merger or consolidation.

27 (f) Filing the articles of merger or consolidation.--Upon
28 the filing of the articles of merger or consolidation by the
29 Secretary of the Commonwealth, the merger or consolidation shall
30 be effective, and, in the case of a consolidation, the new

1 authority shall come into existence, and, in either case, the
2 articles of merger or consolidation shall constitute the
3 articles of incorporation of the surviving or new authority.

4 (g) Creation of surviving or new authority.--Upon the merger
5 or consolidation becoming effective, the several existing
6 authorities to the plan of merger or consolidation shall become
7 a single authority, which, in the case of a merger, shall be
8 that authority designated in the articles of merger as the
9 surviving authority and, in the case of a consolidation, shall
10 be a new authority as provided in the articles of consolidation.
11 The separate existence of all existing authorities named in the
12 articles of merger or consolidation shall cease, except that of
13 the surviving authority in the case of a merger.

14 (h) Disposition of property and accounts.--All of the
15 property, real, personal and mixed, and all interests in the
16 property of each of the existing authorities named in the plan
17 of merger or consolidation, all debts due and whatever amount
18 due to any of them, including their respective right, title and
19 interest in and to all lease rentals, sinking funds on deposit,
20 all funds deposited under lease or trust instruments shall be
21 taken and deemed to be transferred to and vested in the
22 surviving or new authority, as the case may be, without further
23 act or deed.

24 (i) Continuation of contracts.--The surviving authority or
25 the new authority shall be responsible for the liabilities and
26 obligations of each of the existing authorities so merged or
27 consolidated but shall be subject to the same limitations,
28 pledges, assignments, liens, charges, terms and conditions as to
29 revenues and restrictions and as to leases of properties as were
30 applicable to each existing authority. The liabilities of the

1 merging or consolidating authorities or the members of their
2 boards or officers shall not be affected nor shall the rights of
3 creditors thereof or any persons dealing with the merging or
4 consolidating authorities or any liens upon the property of the
5 merging or consolidating authorities or any outstanding bonds be
6 impaired by the merger or consolidation, and any claim existing
7 or action or proceeding pending by or against any such
8 authorities shall be prosecuted to judgment as if the merger or
9 consolidation had not taken place, or the surviving authority or
10 the new authority may be proceeded against or substituted in its
11 place.

12 § 1716. Dissolution of authority.

13 (a) General rule.--An authority may be dissolved as a public
14 body corporate and politic upon compliance with all of the
15 following:

16 (1) Sixty calendar days' advance written notice of
17 consideration of a resolution to request dissolution must:

18 (i) be given to the community development authority
19 jurisdiction which created the authority;

20 (ii) be published in a local newspaper of general
21 circulation; and

22 (iii) be sent by certified mail to the trustees of
23 outstanding bonds of the authority.

24 (2) A resolution requesting dissolution must be approved
25 under section 1705(h)(3) (relating to board).

26 (b) Authority.--Upon receipt of a proper resolution
27 described in subsection (a)(1), the community development
28 authority jurisdiction which created the authority may dissolve
29 the authority by adoption of an ordinance. If approved, the
30 governing body of the community development authority

1 jurisdiction which created the authority shall file a certified
2 copy of the ordinance with the Department of State, and the
3 Secretary of the Commonwealth shall cause the termination of the
4 existence of the authority to be noted on the record of
5 incorporation. Upon such filing, the authority shall cease to
6 function. The Secretary of the Commonwealth shall also notify
7 the department of the dissolution of the authority.

8 (c) Transfer of assets.--Upon dissolution of the authority,
9 real property, personal property and other assets of the
10 authority shall become the assets of the municipality in which
11 the property is located. The following shall apply:

12 (1) Personal property, including financial assets, of
13 the authority shall be divided among participating community
14 development authority jurisdictions in proportion to the
15 population of each jurisdiction.

16 (2) The municipality in which real property is located
17 shall approve the transfer of title to the municipality.

18 (d) Multiple jurisdictions.--If multiple community
19 development authority jurisdictions create an authority under
20 section 1704(c) (relating to creation and existence), the
21 withdrawal of one or more community development authority
22 jurisdictions shall not require dissolution of the authority
23 unless:

24 (1) the intergovernmental cooperation agreement provides
25 for dissolution in this event; and

26 (2) there is no community development authority
27 jurisdiction which desires to continue the existence of the
28 authority.

29 § 1717. Conflicts of interest.

30 (a) Applicability of adverse interest act.--The acts and

1 decisions of members of a board and of employees of the
2 authority shall be subject to the act of July 19, 1957
3 (P.L.1017, No.451), known as the State Adverse Interest Act.

4 (b) Ethical standards.--Board members and authority
5 employees are subject to 65 Pa.C.S. Ch. 11 (relating to ethics
6 standards and financial disclosure).

7 (c) Supplemental rules and guidelines.--The board may adopt:

8 (1) supplemental rules addressing potential conflicts of
9 interest; and

10 (2) ethical guidelines for members of the board and
11 employees of the authority.

12 § 1718. Construction, intent and scope.

13 This chapter shall be construed liberally to effectuate the
14 legislative intent and the purposes as complete and independent
15 authorization for the implementation of this chapter, and all
16 powers granted shall be broadly interpreted to effectuate the
17 intent and purposes and not as a limitation of powers.

18 § 1719. Annual audit and report.

19 The following shall apply:

20 (1) An authority shall annually, within 120 days after
21 the end of the fiscal year, submit an audit of income and
22 expenditures, together with a report of its activities for
23 the preceding year, to the department.

24 (2) A duplicate of the audit and the report shall be
25 filed with the governing body of:

26 (i) the community development authority jurisdiction
27 which created the authority; and

28 (ii) each municipality which opted to participate in
29 the authority pursuant to an intergovernmental agreement.

30 § 1720. Cost sharing.

1 If an authority acquires property in a city for demolition,
2 the former lienholder of the property acquired shall share the
3 authority's demolition costs.

4 Section 2. Title 72 is amended by adding a chapter to read:

5 CHAPTER 31

6 MICROENTERPRISE ASSISTANCE

7 Subchapter

8 A. Preliminary Provisions

9 B. Real Property Tax Abatement

10 SUBCHAPTER A

11 PRELIMINARY PROVISIONS

12 Sec.

13 3101. Definitions.

14 § 3101. Definitions.

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

18 "Microenterprise." As defined in 64 Pa.C.S. § 1703 (relating
19 to definitions).

20 "Taxing authority." The governing body of a political
21 subdivision that has the power to impose a real property tax.

22 SUBCHAPTER B

23 REAL PROPERTY TAX ABATEMENT

24 Sec.

25 3121. Abatement of real property tax.

26 3122. Abatement schedule.

27 § 3121. Abatement of real property tax.

28 Notwithstanding any other provision of law, a taxing
29 authority shall abate the real property taxes imposed on the
30 owner of real property as provided under section 3122 (relating

1 to abatement schedule) if the real property is used to develop a
2 microenterprise that has the effect of remediating blight.
3 § 3122. Abatement schedule.

4 A taxing authority subject to section 3121 (relating to
5 abatement of real property tax) shall abate the real property
6 taxes imposed on the owner for a period of no more than five
7 years as follows:

8 (1) Fifty percent of the tax for the first year the real
9 property is used for the operation of the microenterprise.

10 (2) Forty percent of the tax for the second year the
11 real property is used for the operation of the
12 microenterprise.

13 (3) Thirty percent of the tax for the third year the
14 real property is used for the operation of the
15 microenterprise.

16 (4) Twenty percent of the tax for the fourth year the
17 real property is used for the operation of the
18 microenterprise.

19 (5) Ten percent of the tax for the fifth year the real
20 property is used for the operation of the microenterprise.

21 Section 3. This act shall take effect in 60 days.