AN ACT

Amending Title 64 (Public Authorities and Quasi-Public Corporations) of the Pennsylvania Consolidated Statutes, in Commonwealth Financing Authority, further providing for First Industries Program.

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

Section 1. Section 1552(a) and (f) of Title 64 of the Pennsylvania Consolidated Statutes are amended and the section is amended by adding subsections to read:

§ 1552. First Industries Program.

(a) Establishment.--There is established a program to be known as the First Industries Program. The program shall:

(1) provide financial assistance for projects related to tourism and agriculture located within this Commonwealth. The board shall allocate funds made available to the program among the different methods of financing authorized in this section[.] and

(2) while under the proclamation of disaster emergency
issued by the Governor on March 6, 2020, published at 50 Pa.B. 1644 (March 21, 2020), and any renewal of the state of disaster emergency, provide loan guarantees to commercial lending institutions that make loans to manufacturing businesses to convert or retrofit existing manufacturing facilities to enable the business to manufacture personal protective equipment or equipment necessary to manufacture personal protective equipment needed by health care professionals to respond to the COVID-19 pandemic.

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(b.1) Application for enrollment.--A commercial lending institution may apply for enrollment in the program to provide loan guarantees to commercial lending institutions that make loans to manufacturing businesses to convert or retrofit existing manufacturing facilities to enable the business to manufacture personal protective equipment or equipment necessary to manufacture personal protective equipment needed by health care professionals to respond to the COVID-19 pandemic and authorized by this section. The application shall be on the form prescribed by the board and shall include or demonstrate all of the following:

(1) The name and address of the commercial lending institution and the name and title of the individual who will serve as the point of contact for the commercial lending institution.

(2) A statement defining the service area of the commercial lending institution.

(3) A statement describing the commercial lending activities engaged in by the commercial lending institution and how the institution intends to assist manufacturers in
responding to the COVID-19 pandemic as a result of its participation in the program authorized by this section.

(4) Any other information required by the board.

(b.2) Enrollment approval.—Upon being satisfied that all requirements have been met, the board may enroll the commercial lending institution in the program to provide loan guarantees to commercial lending institutions that make loans to manufacturing businesses to convert or retrofit existing manufacturing facilities to enable the business to manufacture personal protective equipment or equipment necessary to manufacture personal protective equipment needed by health care professionals to respond to the COVID-19 pandemic for purposes of providing loans authorized by this section, and, if enrolled, the authority shall execute a master guarantee agreement in favor of the commercial lending institution. In addition to any other terms and conditions required by the board, the master guarantee agreement shall provide for the following:

(1) The procedure for the submission of a claim for payment by the commercial lending institution. This procedure shall require that the commercial lending institution demonstrate that it has exhausted all available remedies against the borrower, other guarantors and collateral for the loan before seeking payment under the agreement.

(2) A requirement that a percentage of any money recovered by the commercial lending institution subsequent to any payment made under the master guarantee agreement by the authority be remitted to the authority.

(3) Periodic reporting requirements by the commercial lending institution regarding itself and regarding the loans for which guarantee certificates have been issued under this
section.

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(e.3) Application for guarantee.--A commercial lending
institution enrolled in the program to provide loan guarantees
to commercial lending institutions that make loans to
manufacturing businesses to convert or retrofit existing
manufacturing facilities to enable the business to manufacture
personal protective equipment or equipment necessary to
manufacture personal protective equipment needed by health care
professionals to respond to the COVID-19 pandemic authorized by
this section may submit an application to the authority for the
guarantee of a proposed loan. The application shall be on the
form prescribed by the board and shall include or demonstrate
all of the following:

(1) The name and address of the borrower, the type of
business the borrower conducts, the location and age of the
business and the names and addresses of the principals of the
borrower.

(2) A copy of the borrower's last two years of financial
statements prepared or reported on by an independent
certified public accountant.

(3) A statement describing the purpose of the loan, the
requested amount of the loan, a copy of the commercial
lending institution's commitment letter and applicable credit
underwriting that supports the repayment of the loan, as well
as the collateral and other guarantees offered by the
borrower to support the loan.

(4) Any other information required by the board.

(e.4) Application review.--The following shall apply to the
review of applications:
(1) The board shall review the application to determine all of the following:

(i) That the borrower owns and operates a manufacturing business.
(ii) That the borrower is financially responsible and has the ability to repay the loan.
(iii) That the loan proceeds will be used by the borrower for costs associated with converting or retrofitting a manufacturing facility to allow the production of personal protective equipment or equipment necessary to manufacture personal protective equipment for use by health care professionals to assist the Commonwealth in responding to the COVID-19 pandemic.
(iv) That the borrower's business is located within this Commonwealth.
(v) That the borrower and the commercial lending institution have met all other requirements established by the board.

(2) Upon being satisfied that all requirements have been met, the board may approve the guarantee, and, if approved, the authority shall issue a guarantee certificate for the loan to the commercial lending institution stating the terms and amount of the guarantee.

(3) The board may establish a subcommittee composed of one or more members of the board and staff of the department to review and approve applications for guarantees under this subsection and subsection (e.3).

(f) Limitations.--

(1) No more than $10,000,000 of the funds available for the program authorized by this section may be used for
(2) At least two-thirds of the funds available for the program authorized by this section shall be used for financing of projects related to agriculture.

(3) For a loan guarantee relating to the program providing loan guarantees to commercial lending institutions that make loans to manufacturing businesses to convert or retrofit existing manufacturing facilities to enable the business to manufacture personal protective equipment needed by health care professionals to respond to the COVID-19 pandemic, the following shall apply:

(i) The guarantee may not exceed 90% of the outstanding principal amount of the loan.

(ii) At no time may a guarantee exceed $3,000,000 for any one loan.

(g) Definitions.—As used in this section, the following words and phrases shall have the meanings given to them in this subsection unless the context clearly indicates otherwise:

"Personal protective equipment." Any product deemed necessary by the Secretary of Health.

Section 2. This act shall take effect immediately.