

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1165

Session of
1983

INTRODUCED BY PRATT, F. E. TAYLOR, CAPPABIANCA, VAN HORNE,
SEVENTY, COLAFELLA, ALDERETTE, PISTELLA, MAIALE, OLASZ AND
PRESTON, JUNE 7, 1983

AS REPORTED FROM COMMITTEE ON BUSINESS AND COMMERCE, HOUSE OF
REPRESENTATIVES, AS AMENDED, SEPTEMBER 25, 1984

AN ACT

1 Amending the act of May 17, 1956 (1955 P.L.1609, No.537),
2 entitled "An act to promote the welfare of the people of the
3 Commonwealth by the reduction of unemployment in certain
4 areas of the Commonwealth determined to be critical economic
5 areas; providing for the establishment of industrial
6 development projects in such areas; creating The Pennsylvania
7 Industrial Development Authority as a body corporate and
8 politic with power to allocate funds for and make secured
9 loans to industrial development agencies for the payment of a
10 part of the cost of industrial development projects in
11 critical economic areas; authorizing the Authority to enter
12 into agreements with the Government of the United States or
13 any Federal agency or industrial development agency;
14 empowering the Authority to take title to, sell, convey and
15 lease industrial development projects where necessary to
16 protect loans made by the Pennsylvania Industrial Development
17 Authority on industrial development projects; providing that
18 no debt of the Commonwealth, its municipalities or political
19 subdivisions shall be incurred in the exercise of any powers
20 granted by this act; and providing for the examination of the
21 accounts and affairs of the Authority; and making an
22 appropriation," providing for performance audits to be
23 conducted by the Authority.

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

26 Section 1. ~~Section~~ SECTIONS 3 AND 5 of the act of May 17,
27 1955 (1956 P.L.1609, No.537), known as the Pennsylvania

<—

1 Industrial Development Authority Act, ~~is~~ ARE amended by adding <—
2 clauses to read:

3 SECTION 3. DEFINITIONS.--THE FOLLOWING TERMS, WHENEVER USED <—
4 OR REFERRED TO IN THIS ACT, SHALL HAVE THE FOLLOWING MEANINGS,
5 EXCEPT IN THOSE INSTANCES WHERE THE CONTEXT CLEARLY INDICATES
6 OTHERWISE:

7 * * *

8 (B.1) THE TERM "CONSTRUCTION" SHALL INCLUDE THE
9 REHABILITATION OF EXISTING FACILITIES OF A BUSINESS.

10 * * *

11 Section 5. Powers of the Authority; General.--The Authority,
12 as a public corporation and governmental instrumentality
13 exercising public powers of the Commonwealth, is hereby granted
14 and shall have and may exercise all powers necessary or
15 appropriate to carry out and effectuate the purposes of this
16 act, including the following powers, in addition to others
17 herein granted:

18 * * *

19 (s) To make loans to industrial development agencies for
20 industrial development projects which are conditional upon the
21 outcome of a performance audit conducted by the Authority within
22 the third year following the granting of any loan and to include
23 an acceleration clause in any such loan agreement to be
24 conditioned upon the outcome of any performance audit.

25 (t) To perform a performance audit conducted by the
26 Authority, within the third year following the granting of any
27 loan and to have included an acceleration clause in any such
28 agreement, whether or not the transaction is a local finance
29 transaction, and regardless of the parties involved.

30 * * *

SECTION 2. SECTION 6 OF THE ACT, REENACTED AND AMENDED
DECEMBER 19, 1975 (P.L.591, NO.166) AND AMENDED MAY 15, 1980
(P.L.131, NO.49), IS AMENDED TO READ:

SECTION 6. POWERS OF THE AUTHORITY; LOANS TO INDUSTRIAL
DEVELOPMENT AGENCIES.--WHEN IT HAS BEEN DETERMINED BY THE
AUTHORITY UPON APPLICATION OF AN INDUSTRIAL DEVELOPMENT AGENCY
AND HEARING THEREON IN THE MANNER HEREINAFTER PROVIDED, THAT THE
ESTABLISHMENT OF A PARTICULAR INDUSTRIAL DEVELOPMENT PROJECT OF
SUCH INDUSTRIAL DEVELOPMENT AGENCY IN A CRITICAL ECONOMIC AREA
HAS ACCOMPLISHED OR WILL ACCOMPLISH THE PUBLIC PURPOSES OF THIS
ACT, THE AUTHORITY MAY CONTRACT TO LOAN SUCH INDUSTRIAL
DEVELOPMENT AGENCY AN AMOUNT NOT IN EXCESS OF THE PERCENTAGE OF
THE COST OF SUCH INDUSTRIAL DEVELOPMENT PROJECT, AS ESTABLISHED
OR TO BE ESTABLISHED AS HEREINAFTER SET FORTH, SUBJECT, HOWEVER,
TO THE FOLLOWING CONDITIONS:

(A) INDUSTRIAL DEVELOPMENT PROJECTS TO BE ESTABLISHED:

(1) IF THE INDUSTRIAL DEVELOPMENT PROJECT IS EXCLUSIVELY A
RESEARCH AND DEVELOPMENT FACILITY OTHER THAN RESEARCH AND
DEVELOPMENT OF POLLUTION CONTROL TECHNOLOGY, THE AUTHORITY MAY,
IN EACH CLASS OF CRITICAL ECONOMIC AREA, CONTRACT TO LOAN THE
INDUSTRIAL DEVELOPMENT AGENCY [(45%)] 55% OF THE COST OF SUCH
INDUSTRIAL DEVELOPMENT PROJECT IF IT HAS DETERMINED THAT THE
INDUSTRIAL DEVELOPMENT AGENCY HOLDS FUNDS OR PROPERTY IN AN
AMOUNT OR VALUE EQUAL TO NOT LESS THAN (5%) OF THE COST OF
ESTABLISHING THE INDUSTRIAL DEVELOPMENT PROJECT, WHICH FUNDS OR
PROPERTY ARE AVAILABLE FOR AND SHALL BE APPLIED TO THE
ESTABLISHMENT OF SUCH PROJECT. IF THE INDUSTRIAL DEVELOPMENT
PROJECT IS EXCLUSIVELY A RESEARCH AND DEVELOPMENT FACILITY FOR
TECHNOLOGY CONCERNING POLLUTION CONTROL, THE AUTHORITY MAY
CONTRACT TO LOAN THE INDUSTRIAL DEVELOPMENT AGENCY IN CRITICAL

1 ECONOMIC AREA A AN AMOUNT NOT IN EXCESS OF [(55%)] 65% AND IN A
2 CRITICAL ECONOMIC AREA B OR A CRITICAL ECONOMIC AREA C AN AMOUNT
3 NOT IN EXCESS OF [(50%)] 60% OF THE COST OF THE INDUSTRIAL
4 DEVELOPMENT PROJECT: PROVIDED, HOWEVER, THAT IN EACH SUCH
5 INSTANCE, THE AUTHORITY HAS DETERMINED THAT THE INDUSTRIAL
6 DEVELOPMENT AGENCY HOLDS FUNDS OR PROPERTY IN AN AMOUNT OR VALUE
7 EQUAL TO NOT LESS THAN (5%) OF THE COST OF ESTABLISHING THE
8 INDUSTRIAL DEVELOPMENT PROJECT, WHICH FUNDS OR PROPERTY ARE
9 AVAILABLE FOR AND SHALL BE APPLIED TO THE ESTABLISHMENT OF SUCH
10 PROJECT.

11 (2) IF THE INDUSTRIAL DEVELOPMENT PROJECT IS ANY OTHER TYPE
12 OF INDUSTRIAL DEVELOPMENT PROJECT THAN EXCLUSIVELY A RESEARCH
13 AND DEVELOPMENT FACILITY, THE AUTHORITY MAY, IN CRITICAL
14 ECONOMIC AREA A CONTRACT TO LOAN THE INDUSTRIAL DEVELOPMENT
15 AGENCY AN AMOUNT NOT IN EXCESS OF [(40%)] 50% OF THE COST OF
16 SUCH INDUSTRIAL DEVELOPMENT PROJECT IF IT HAS DETERMINED THAT
17 THE INDUSTRIAL DEVELOPMENT AGENCY HOLDS FUNDS OR PROPERTY IN AN
18 AMOUNT OR VALUE EQUAL TO NOT LESS THAN (10%) OF THE COST OF
19 ESTABLISHING THE INDUSTRIAL DEVELOPMENT PROJECT, WHICH FUNDS OR
20 PROPERTY ARE AVAILABLE FOR AND SHALL BE APPLIED TO ESTABLISHMENT
21 OF SUCH PROJECT.

22 (3) IF THE INDUSTRIAL DEVELOPMENT PROJECT IS ANY OTHER TYPE
23 OF INDUSTRIAL DEVELOPMENT PROJECT THAN EXCLUSIVELY A RESEARCH
24 AND DEVELOPMENT FACILITY, THE AUTHORITY MAY, IN CRITICAL
25 ECONOMIC AREAS B AND C, CONTRACT TO LOAN THE INDUSTRIAL
26 DEVELOPMENT AGENCY AN AMOUNT NOT IN EXCESS OF [(30%)] 40% OF THE
27 COST OF SUCH INDUSTRIAL DEVELOPMENT PROJECT IF IT HAS DETERMINED
28 THAT THE INDUSTRIAL DEVELOPMENT AGENCY HOLDS FUNDS OR PROPERTY
29 IN AN AMOUNT OR VALUE EQUAL TO NOT LESS THAN (20%) OF THE COST
30 OF ESTABLISHING THE INDUSTRIAL DEVELOPMENT PROJECT, WHICH FUNDS

1 OR PROPERTY ARE AVAILABLE FOR OR SHALL BE APPLIED TO THE
2 ESTABLISHMENT OF SUCH PROJECT.

3 (4) PRIOR TO THE MAKING OF ANY LOAN UNDER THIS SUBSECTION
4 (A), THE AUTHORITY SHALL HAVE DETERMINED THAT THE INDUSTRIAL
5 DEVELOPMENT AGENCY HAS OBTAINED FROM OTHER INDEPENDENT AND
6 RESPONSIBLE SOURCES, SUCH AS BANKS AND INSURANCE COMPANIES OR
7 OTHERWISE, A FIRM COMMITMENT FOR ALL OTHER FUNDS, OVER AND ABOVE
8 THE LOAN OF THE AUTHORITY AND SUCH FUNDS OR PROPERTY AS THE
9 INDUSTRIAL DEVELOPMENT AGENCY MAY HOLD, NECESSARY FOR PAYMENT OF
10 ALL OF THE COST OF ESTABLISHING THE INDUSTRIAL DEVELOPMENT
11 PROJECT, AND THAT THE SUM OF ALL THESE FUNDS, TOGETHER WITH THE
12 MACHINERY AND EQUIPMENT TO BE PROVIDED BY THE RESPONSIBLE TENANT
13 OR RESPONSIBLE BUYER, IS ADEQUATE FOR THE COMPLETION AND
14 OPERATION OF THE INDUSTRIAL DEVELOPMENT PROJECT.

15 (B) THE AUTHORITY MAY, IN CRITICAL ECONOMIC AREAS A AND B,
16 CONTRACT TO LOAN TO AN INDUSTRIAL DEVELOPMENT AGENCY AN AMOUNT
17 NOT IN EXCESS OF [(40%)] 50% OF THE COST, AND IN CRITICAL
18 ECONOMIC AREA C, MAY CONTRACT TO LOAN TO AN INDUSTRIAL
19 DEVELOPMENT AGENCY AN AMOUNT NOT IN EXCESS OF [(30%)] 40% OF THE
20 COST, OF ESTABLISHING AN INDUSTRIAL DEVELOPMENT PROJECT
21 ESTABLISHED WITHOUT PRIOR AUTHORITY PARTICIPATION, IF AT THE
22 TIME OF MAKING SUCH LOAN THE AUTHORITY HAS DETERMINED:

23 (1) THAT IN CRITICAL ECONOMIC AREAS A AND B, THE INDUSTRIAL
24 DEVELOPMENT AGENCY HAS INVESTED IN THE INDUSTRIAL DEVELOPMENT
25 PROJECT FUNDS OR PROPERTY IN AN AMOUNT OR VALUE EQUAL TO NOT
26 LESS THAN (10%) OF THE COST OF SUCH INDUSTRIAL DEVELOPMENT
27 PROJECT AND ALL OF THE COSTS OF ESTABLISHING SAID INDUSTRIAL
28 DEVELOPMENT PROJECT HAVE BEEN PAID; AND IN A CRITICAL ECONOMIC
29 AREA C, THE INDUSTRIAL DEVELOPMENT AGENCY HAS INVESTED IN THE
30 INDUSTRIAL DEVELOPMENT PROJECT FUNDS OR PROPERTY IN AN AMOUNT OR

1 VALUE EQUAL TO NOT LESS THAN (20%) OF THE COST OF SUCH
2 INDUSTRIAL DEVELOPMENT PROJECT AND ALL COSTS OF ESTABLISHING
3 SAID INDUSTRIAL DEVELOPMENT PROJECT HAVE BEEN PAID.

4 (2) THAT THE INDUSTRIAL DEVELOPMENT PROJECT IS LEASED OR
5 SOLD TO A RESPONSIBLE TENANT OR PURCHASER WHICH HAS SUPPLIED THE
6 MACHINERY AND EQUIPMENT NECESSARY FOR THE OPERATION OF THE
7 INDUSTRIAL DEVELOPMENT PROJECT AND IS OCCUPYING THE SAME FOR THE
8 PURPOSES INTENDED.

9 (3) THAT NEITHER THE INDUSTRIAL DEVELOPMENT AGENCY NOR THE
10 RESPONSIBLE TENANT OR PURCHASER IS IN DEFAULT UNDER ANY OF THE
11 AGREEMENTS ENTERED INTO BY THEM IN RESPECT OF THE FINANCING AND
12 OPERATION OF THE INDUSTRIAL DEVELOPMENT PROJECT.

13 (4) THAT THERE IS SUFFICIENT INCOME FROM THE LEASE OR
14 AGREEMENT TO PURCHASE WITH THE INDUSTRIAL TENANT OR INDUSTRIAL
15 PURCHASER SUFFICIENT TO INSURE THE REPAYMENT OF THE LOAN OF THE
16 AUTHORITY MADE PURSUANT TO THIS SUBSECTION (B).

17 (5) THE PROCEEDS OF THE AUTHORITY LOAN TO THE INDUSTRIAL
18 DEVELOPMENT AGENCY MADE PURSUANT TO THIS SUBSECTION (B) SHALL BE
19 USED ONLY TO PAY A PART OF THE COST OF ESTABLISHING AN
20 INDUSTRIAL DEVELOPMENT PROJECT IN FURTHERANCE OF THE PUBLIC
21 PURPOSES OF THIS ACT.

22 (E) ANY SUCH LOAN OF THE AUTHORITY SHALL BE FOR SUCH PERIOD
23 OF TIME AND SHALL BEAR INTEREST AT SUCH RATE AS SHALL BE
24 DETERMINED BY THE AUTHORITY AND SHALL BE SECURED BY BOND OR NOTE
25 OF THE INDUSTRIAL DEVELOPMENT AGENCY AND BY MORTGAGE ON THE
26 INDUSTRIAL DEVELOPMENT PROJECT FOR WHICH SUCH LOAN WAS MADE,
27 SUCH MORTGAGE TO BE SECOND AND SUBORDINATE ONLY TO THE MORTGAGE
28 SECURING THE FIRST LIEN OBLIGATION ISSUED TO SECURE THE
29 COMMITMENT OF FUNDS FROM THE AFORESAID INDEPENDENT AND
30 RESPONSIBLE SOURCES AND USED IN THE FINANCING OF THE INDUSTRIAL

1 DEVELOPMENT PROJECT.

2 (F) WHERE A CONTRACT TO LOAN TO AN INDUSTRIAL DEVELOPMENT
3 AGENCY IS TO BE MADE UNDER THE PROVISIONS OF SUBSECTION (A), THE
4 FOLLOWING SHALL APPLY: THAT, IN CRITICAL ECONOMIC AREAS A, B OR
5 C WHERE AN AVERAGE OF 8% OR MORE OF THE LABOR FORCE HAS BEEN
6 UNEMPLOYED FOR THE PRECEDING CALENDAR YEAR, THE AUTHORITY MAY
7 CONTRACT TO LOAN THE INDUSTRIAL DEVELOPMENT AGENCY AN AMOUNT NOT
8 IN EXCESS OF 50% OF THE COST OF AN INDUSTRIAL DEVELOPMENT
9 PROJECT AND AN AMOUNT NOT IN EXCESS OF [60%] 70% OF THE COST OF
10 AN INDUSTRIAL DEVELOPMENT PROJECT WHEREIN THE RESPONSIBLE BUYER
11 OR TENANT IS A SMALL BUSINESS ON THE DATE OF THE APPLICATION;
12 AND WHERE AN AVERAGE OF 10% OR MORE OF THE LABOR FORCE HAS BEEN
13 UNEMPLOYED FOR THE PRECEDING CALENDAR YEAR, THE AUTHORITY MAY
14 CONTRACT TO LOAN THE INDUSTRIAL DEVELOPMENT AGENCY AN AMOUNT NOT
15 IN EXCESS OF [60%] 70% OF THE COST OF AN INDUSTRIAL DEVELOPMENT
16 PROJECT AND AN AMOUNT NOT IN EXCESS OF [70%] 80% OF THE COST OF
17 AN INDUSTRIAL DEVELOPMENT PROJECT WHEREIN THE RESPONSIBLE BUYER
18 OR TENANT IS A SMALL BUSINESS ON THE DATE OF APPLICATION;
19 FURTHER, PROVIDED THAT IN EACH SUCH INSTANCE THE INDUSTRIAL
20 DEVELOPMENT AGENCY PROJECT PERCENTAGE SHALL BE REMOVED. WHERE A
21 CONTRACT TO LOAN TO AN INDUSTRIAL DEVELOPMENT AGENCY IS TO BE
22 MADE UNDER THE PROVISIONS OF SUBSECTION (A), THE FOLLOWING SHALL
23 APPLY: THAT, IN CRITICAL ECONOMIC AREAS A, B OR C WHERE AN
24 AVERAGE OF 4% OR MORE OF THE LABOR FORCE HAS BEEN UNEMPLOYED FOR
25 THE PRECEDING CALENDAR YEAR, THE AUTHORITY MAY CONTRACT TO LOAN
26 THE INDUSTRIAL DEVELOPMENT AGENCY AN AMOUNT NOT IN EXCESS OF
27 [40%] 50% OF THE COST OF AN INDUSTRIAL DEVELOPMENT PROJECT
28 WHEREIN THE RESPONSIBLE BUYER OR TENANT IS A SMALL BUSINESS AND
29 WHERE AN AVERAGE OF 6% OR MORE OF THE LABOR FORCE HAS BEEN
30 UNEMPLOYED FOR THE PRECEDING CALENDAR YEAR, THE AUTHORITY MAY

1 CONTRACT TO LOAN THE INDUSTRIAL DEVELOPMENT AGENCY AN AMOUNT NOT
2 IN EXCESS OF [50%] 60% OF THE COST OF AN INDUSTRIAL DEVELOPMENT
3 PROJECT WHEREIN THE RESPONSIBLE BUYER OR TENANT IS A SMALL
4 BUSINESS AND IN SUCH LATTER INSTANCE THE INDUSTRIAL DEVELOPMENT
5 AGENCY PROJECT PERCENTAGE SHALL BE REMOVED.

6 MONEYS SO LOANED BY THE AUTHORITY TO INDUSTRIAL DEVELOPMENT
7 AGENCIES SHALL BE WITHDRAWN FROM THE INDUSTRIAL DEVELOPMENT FUND
8 SHALL BE AVAILABLE FOR DISBURSEMENT TO THE INDUSTRIAL
9 DEVELOPMENT AGENCY WITHIN 60 DAYS OF APPROVAL OF THE INDUSTRIAL
10 DEVELOPMENT PROJECT AND SHALL BE PAID OVER TO THE INDUSTRIAL
11 DEVELOPMENT AGENCY IN SUCH MANNER AS SHALL BE PROVIDED AND
12 PRESCRIBED BY THE RULES AND REGULATIONS OF THE AUTHORITY BUT AT
13 NO TIME SHALL THE MONEY PAID OVER TO SUCH INDUSTRIAL DEVELOPMENT
14 AGENCY EXCEED BY MORE THAN 15% THE COSTS OF AN INDUSTRIAL
15 DEVELOPMENT PROJECT WHICH HAVE ACCRUED AT THAT TIME.

16 ALL PAYMENTS OF INTEREST ON SAID LOANS AND THE PRINCIPAL
17 THEREOF SHALL BE DEPOSITED BY THE AUTHORITY IN THE INDUSTRIAL
18 DEVELOPMENT FUND.

19 LOANS BY THE AUTHORITY TO AN INDUSTRIAL DEVELOPMENT AGENCY
20 FOR AN INDUSTRIAL DEVELOPMENT PROJECT SHALL BE MADE ONLY IN THE
21 MANNER AND TO THE EXTENT AS IN THIS SECTION SIX PROVIDED,
22 EXCEPT, HOWEVER, IN THOSE INSTANCES WHEREIN AN AGENCY OF THE
23 FEDERAL GOVERNMENT PARTICIPATES IN THE FINANCING OF AN
24 INDUSTRIAL DEVELOPMENT PROJECT BY LOAN, GRANT OR OTHERWISE OF
25 FEDERAL FUNDS. WHEN ANY FEDERAL AGENCY DOES SO PARTICIPATE THE
26 AUTHORITY MAY ADJUST THE REQUIRED RATIOS OF FINANCIAL
27 PARTICIPATION BY THE INDUSTRIAL DEVELOPMENT AGENCY, THE SOURCE
28 OF INDEPENDENT FUNDS, AND THE AUTHORITY IN SUCH MANNER AS TO
29 INSURE THE MAXIMUM BENEFIT AVAILABLE TO THE INDUSTRIAL
30 DEVELOPMENT AGENCY, THE AUTHORITY, OR BOTH, BY THE PARTICIPATION

1 OF THE FEDERAL AGENCY.

2 WHERE ANY FEDERAL AGENCY PARTICIPATING IN THE FINANCING OF AN
3 INDUSTRIAL DEVELOPMENT PROJECT IS NOT PERMITTED TO TAKE AS
4 SECURITY FOR SUCH PARTICIPATION A MORTGAGE THE LIEN OF WHICH IS
5 JUNIOR TO THE MORTGAGE OF THE AUTHORITY, THE AUTHORITY SHALL IN
6 SUCH INSTANCES BE AUTHORIZED TO TAKE AS SECURITY FOR ITS LOAN TO
7 THE INDUSTRIAL DEVELOPMENT AGENCY A MORTGAGE JUNIOR IN LIEN TO
8 THAT OF THE FEDERAL AGENCY.

9 BEFORE ANY LOAN IS APPROVED BY THE AUTHORITY, THE RESPONSIBLE
10 TENANT OR PURCHASER MUST CERTIFY TO THE AUTHORITY THAT IT HAS
11 NOT BEEN CITED BY A GOVERNMENTAL AGENCY FOR CAUSING POLLUTION IN
12 THE COMMONWEALTH, OR IF IT HAS BEEN SO CITED, THAT IT IS
13 EMBARKED ON A SPECIFIC PROGRAM FOR ELIMINATING THE CAUSE OF THE
14 CITATION. THE RESPONSIBLE TENANT OR PURCHASER MUST ALSO CERTIFY
15 TO THE AUTHORITY THAT THE PROPOSED PROJECT WOULD BE DESIGNED SO
16 AS NOT TO CAUSE POLLUTION IN VIOLATION OF EXISTING STANDARDS.

17 IN THE EVENT OF THE IMPOSITION OF ANY CIVIL OR CRIMINAL
18 PENALTY ON A SPECIFIC INDUSTRIAL DEVELOPMENT PROJECT HEREINAFTER
19 APPROVED, RESULTING FROM THE VIOLATION OF ANY LAW OR REGULATION
20 RELATING TO ENVIRONMENTAL POLLUTION IN THE COMMONWEALTH, THE
21 RESPONSIBLE TENANT OR PURCHASER SHALL, AT THE REQUEST OF THE
22 AUTHORITY, BE REQUIRED TO EITHER SHOW EVIDENCE OF HAVING ENTERED
23 INTO AN AGREEMENT WITH THE APPROPRIATE GOVERNMENTAL AGENCY
24 PROVIDING FOR THE REQUIRED ABATEMENT, OR IF THE VIOLATION HAS
25 BEEN APPEALED TO THE COURTS, EVIDENCE OF HAVING COMPLIED WITH A
26 FINALLY ADJUDICATED DECISION OF A COURT OF LAW RELATING TO THE
27 VIOLATION. IF THE RESPONSIBLE TENANT OR PURCHASER SHALL FAIL TO
28 SHOW SUCH EVIDENCE, THE PENNSYLVANIA INDUSTRIAL DEVELOPMENT
29 AUTHORITY TOGETHER WITH THE ENVIRONMENTAL QUALITY BOARD OF THE
30 DEPARTMENT OF ENVIRONMENTAL RESOURCES MAY AT THEIR DISCRETION

1 TAKE SUCH ACTION AS THEY DEEM APPROPRIATE WITH REGARD TO THE
2 PROJECT LOAN.

3 Section ~~2~~ 3. Section 7 of the act is amended by adding a <—
4 clause to read:

5 Section 7. Loan Application Requirements.--Prior to the
6 loaning of any funds to an industrial development agency for an
7 industrial development project in a critical economic area, the
8 Authority shall receive from such industrial development agency
9 a loan application in form adopted by the Authority which shall
10 contain, without being limited to, the following provisions:

11 * * *

12 (1) A general provision which provides that the signing of
13 the document and completion of the application shall constitute
14 and operate as agreement by the applicants to all of the
15 provisions of the loan.

16 * * *

17 SECTION 4. SECTION 11 OF THE ACT IS AMENDED TO READ: <—

18 SECTION 11. NO MEMBER OF THE AUTHORITY OR OFFICER OR EMPLOYE
19 THEREOF SHALL EITHER DIRECTLY OR INDIRECTLY BE A PARTY TO OR BE
20 IN ANY MANNER INTERESTED IN ANY CONTRACT OR AGREEMENT WITH THE
21 AUTHORITY FOR ANY MATTER, CAUSE OR THING WHATSOEVER BY REASON
22 WHEREOF ANY LIABILITY OR INDEBTEDNESS SHALL IN ANY WAY BE
23 CREATED AGAINST SUCH AUTHORITY. IF ANY CONTRACT OR AGREEMENT
24 SHALL BE MADE IN VIOLATION OF THE PROVISIONS OF THIS SECTION THE
25 SAME SHALL BE NULL AND VOID AND NO ACTION SHALL BE MAINTAINED
26 THEREON AGAINST SUCH AUTHORITY. THE AUTHORITY SHALL NOT ENTER
27 INTO A LOAN AGREEMENT WITH AN INDUSTRIAL DEVELOPMENT AGENCY IF
28 ANY MEMBER OF SUCH AGENCY OR OFFICER OR EMPLOYE THEREOF SHALL
29 EITHER DIRECTLY OR INDIRECTLY BE IN ANY MANNER INTERESTED IN THE
30 INDUSTRIAL DEVELOPMENT PROJECT.

1 SECTION 5. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

2 SECTION 13.1. PERFORMANCE AUDITS.--THE AUTHORITY SHALL
3 CONDUCT A PERFORMANCE AUDIT NO SOONER THAN ONE YEAR BUT NO MORE
4 THAN THREE YEARS FOLLOWING THE GRANTING OF ANY LOAN TO DETERMINE
5 WHETHER THE INDUSTRIAL DEVELOPMENT PROJECT MET THE EMPLOYMENT
6 PROJECTIONS CONTAINED IN THE LOAN APPLICATION AND SHALL REPORT
7 ANNUALLY TO THE GENERAL ASSEMBLY ON THE RESULTS OF SUCH
8 PERFORMANCE AUDITS. THE INITIAL REPORT SHALL COVER THE PERIOD
9 BEGINNING JANUARY 1, 1975.

10 Section 3 6. This act shall take effect in 60 days.

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