
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 1212 Session of
1983

INTRODUCED BY COWELL AND GEIST, JUNE 15, 1983

REFERRED TO COMMITTEE ON BUSINESS AND COMMERCE, JUNE 15, 1983

AN ACT

1 Amending the act of July 1, 1978 (P.L.584, No.109), entitled "An
2 act establishing an agency to create the linkage necessary
3 for the planning of an economic development system for
4 Pennsylvania, and making an appropriation," authorizing the
5 Milrite Council to make recoverable grants and to provide
6 technical assistance to qualified employee groups, their
7 labor representatives or other groups to help finance
8 feasibility studies of the purchase of existing businesses in
9 Pennsylvania which are in danger of being shut down or moving
10 out of the Commonwealth; providing for administrative
11 assistance; specifying the procedures to be followed in
12 making such grants; and making an appropriation.

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

15 Section 1. Section 6 of the act of July 1, 1978 (P.L.584,
16 No.109), known as the Milrite Act, is amended to read:

17 Section 6. Powers and duties of council.

18 (1) Undertake research and investigation relating to the
19 promotion of the industrial potential of Pennsylvania.

20 (2) Create plans for economic revitalization of
21 Commonwealth industries.

22 (3) Recommend implementation procedures for all plans,

1 maximizing existing mechanisms with proven ability to
2 accomplish tasks, linkages among current programs, business,
3 labor and government insights into practicality and
4 workability of suggested approaches.

5 (4) Encourage and stimulate cooperation and coordination
6 among Federal, State and local programs.

7 (5) Recommend structural changes and updating of
8 economic delivery tools of State Government to the Governor
9 and General Assembly.

10 (6) Draw upon labor, management and government
11 participants to promulgate plans and implement procedures.

12 (7) Recommend organizational structure and participants
13 particularly suited to local needs and conditions.

14 (7.1) Commission feasibility studies for and provide
15 technical assistance to groups considering employee ownership
16 of existing enterprises in danger of being shut down or of
17 moving out of the Commonwealth.

18 (8) The council shall have the power to:

19 (i) Enter into contracts.

20 (ii) Appoint, fix compensation of, and prescribe
21 duties of an executive director, secretary and such other
22 personnel as the council deems necessary to accomplish
23 the purposes of this act.

24 (iii) Retain counsel.

25 (iv) Accept grants from public and private sources.

26 (v) Borrow money and issue obligations, secured or
27 unsecured, to acquire, hold, own and pledge or dispose of
28 funds, money, securities and other property, real or
29 personal, tangible or intangible to the extent necessary
30 to carry out the purposes of this act, including making

1 recoverable grants and providing technical assistance to
2 groups considering employee ownership, as defined in
3 section 6.1.

4 (vi) Adopt and promulgate rules and regulations
5 necessary to accomplish the provisions of this act.

6 Section 2. The act is amended by adding sections to read:

7 Section 6.1. Administration of employee ownership feasibility
8 studies.

9 (a) For purposes of this act, "enterprise" shall include a
10 company as an ongoing concern, the assets of an existing company
11 or the assets of a company which has been closed for no more
12 than one year as of the date of application for the feasibility
13 study grant.

14 (b) Applicants for feasibility study grants shall be limited
15 to:

16 (1) An employee group considering ownership of the
17 enterprise in which a majority of its members are presently
18 employed in or were employed by the enterprise.

19 (2) The labor representatives of an employee group
20 considering ownership of the enterprise in which the group's
21 members are employed or were employed.

22 (3) Any other representative of such an employee group
23 which the council accepts as a proper representative for the
24 purposes of this subsection.

25 (c) The council shall set annually a minimum capitation
26 amount per employee, which an applicant for a feasibility study
27 grant must meet by employee contributions or other means,
28 provided that the minimum amount set by the council shall be no
29 less than \$200 per employee. The council shall also establish
30 criteria and standards and set annually the maximum fee schedule

1 which shall apply to all services rendered as part of the
2 feasibility study. To the extent possible, private sector
3 corporations shall be employed in conducting feasibility
4 studies.

5 (d) The council shall require, as a precondition to making a
6 grant to a qualified employee group, a prefeasibility study
7 which meets the standards and criteria established by the
8 council.

9 (e) Upon a showing to the council by the applicant that the
10 application has:

11 (i) a prefeasibility study which indicates that
12 there is a likelihood that the applicant could operate
13 the company profitably; and

14 (ii) a contribution to the financing of the
15 feasibility study equal to the annual minimum capitation
16 rate multiplied by the number of employees whose
17 interests are at stake; and, upon determination by the
18 council that individuals or organizations rendering
19 services for the applicant meet the criteria and
20 standards established by the council, the council shall
21 set aside an amount equal to the difference between the
22 cost of the feasibility study and applicant's
23 contribution: Provided, That the amount set aside shall
24 not exceed the applicant's contribution or \$50,000,
25 whichever is less.

26 The number of employees whose interests are at stake shall be
27 equal to the number of employees in an enterprise as of the date
28 of application, if the enterprise is an ongoing business, or
29 equal to the number of employees as of the date of shut-down, if
30 the enterprise is no longer in operation.

1 (f) The feasibility study grants shall be recoverable and
2 the amounts disbursed returned to the General Fund of the
3 Commonwealth and shall be available to the council to be used
4 exclusively for the purposes outlined in this act:

5 (1) If the enterprise studied is purchased by the
6 employee group, the employee group shall reimburse the entire
7 amount of the grant in a lump sum at the closing of the
8 purchase of the company or within one year after the date of
9 the release of the grant by the council, whichever occurs
10 later. In addition to repaying the full amount disbursed, the
11 applicant shall, on the same date, also pay interest accrued
12 on the grant amount at the rate of two-thirds of the prime
13 rate as of January 1 of the year in which the grant is made.

14 (2) If the enterprise studied is not purchased by the
15 employee group, the applicant shall submit a final report
16 concerning the feasibility of repaying the grant.

17 Section 6.2. Administrative assistance to council.

18 The administrative departments and agencies of the
19 Commonwealth shall cooperate with and provide staff and
20 technical assistance to the council in carrying out the
21 provisions of this act.

22 Section 3. The sum of \$500,000, or as much thereof as may be
23 necessary, is hereby appropriated to the Milrite Council for the
24 fiscal year July 1, 1983 to June 30, 1984 for the financing of
25 feasibility study recoverable grants.

26 Section 4. This act shall take effect in 60 days.