

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 519 Session of
1989

INTRODUCED BY SHAFFER, HOPPER, CORMAN, PETERSON, WENGER,
GREENWOOD, MUSTO, JUBELIRER, SHUMAKER, FATTAH, O'PAKE,
LOEPER, AFFLERBACH, HELFRICK, ANDREZESKI, REGOLI, SALVATORE,
ARMSTRONG, WILT AND LEMMOND, FEBRUARY 13, 1989

REFERRED TO COMMUNITY AND ECONOMIC DEVELOPMENT,
FEBRUARY 13, 1989

AN ACT

1 Amending the act of July 2, 1984 (P.L.545, No.109), entitled "An
2 act establishing a loan program for capital development
3 projects; providing for the use of funds made available under
4 the Appalachian Regional Development Act of 1965 and the
5 Public Works and Economic Development Act of 1965; providing
6 for loans, loan guarantees and other programs for capital
7 development projects of small businesses; creating the
8 Capital Loan Fund; providing standards for and requirements
9 of the program; and making appropriations," further defining
10 "small business enterprise"; and further providing for loan
11 eligibility, terms, conditions, applications and
12 administration.

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

15 Section 1. The definition of "small business enterprise" in
16 section 2 and sections 4(e)(6), 5(c)(2)(iv), (3)(ii) and (6) and
17 6(a) of the act of July 2, 1984 (P.L.545, No.109), known as the
18 Capital Loan Fund Act, amended or added July 9, 1986 (P.L.1226,
19 No.111), are amended to read:

20 Section 2. Definitions.

21 The following words and phrases when used in this act shall

1 have the meanings given to them in this section unless the
2 context clearly indicates otherwise:

3 * * *

4 "Small business enterprise." A for-profit corporation,
5 partnership or proprietorship which is small enough to be aided
6 by assistance provided under this act, including small business
7 enterprises located in small business incubator facilities. For
8 the purpose of export assistance loans, the term is restricted
9 to a for-profit corporation, partnership or proprietorship
10 which, together with its parents, affiliates and subsidiaries,
11 employs in the aggregate less than 500 full-time employees.

12 * * *

13 Section 4. Eligibility for loans; terms and conditions.

14 * * *

15 (e) Export assistance loans.--

16 * * *

17 (6) Export assistance loan recipients are not
18 disqualified from receiving Class I, II or III or apparel
19 loans because of eligibility to apply for an export
20 assistance loan: Provided, however, That, except for loans
21 guaranteed under section 6, the loans approved shall not
22 exceed in the aggregate 50% of the total project cost or
23 \$200,000, whichever is less.

24 Section 5. Application and administration.

25 * * *

26 (c) Class III and export assistance loans.--

27 * * *

28 (2) Upon receipt of the application, the area loan
29 organization shall investigate and review the application and
30 either approve or disapprove the loan application by proper

1 action of the governing body of the organization. The
2 decision action of the organization shall be based, in whole
3 or in part, upon the following criteria:

4 * * *

5 (iv) Number of net new employment opportunities
6 created by the proposed project. This criterion shall not
7 apply to export assistance loans.

8 * * *

9 (3) Upon approval of the loan application by the area
10 loan organization, the organization shall forward the
11 application and all supporting documentation which the
12 secretary shall require, including a copy of the proper
13 resolution of the governing body, to the secretary for review
14 and final approval or disapproval. The secretary shall review
15 each application and supporting documentation to ensure the
16 following:

17 * * *

18 (ii) Creation of a satisfactory number of new net
19 employment opportunities within the Commonwealth. This
20 criterion shall not apply to export assistance loans.

21 * * *

22 (6) In the event that a small business enterprise shall
23 fail to comply with and create the number of new employment
24 opportunities specified in its approved application, the
25 secretary shall impose a penalty equal to an increase in the
26 interest to 2% greater than the current prime interest rate
27 for the remainder of the loan unless the penalty is waived by
28 the secretary because the failure is due to circumstances
29 outside of the control of the small business enterprise. This
30 penalty shall not apply to [companies receiving only] export

1 assistance loans. The penalty shall be payable in
2 installments which the secretary deems appropriate. Immediate
3 notice of penalties and waivers of penalties (with reasons
4 therefor) shall be submitted by the secretary to the Chief
5 Clerk of the House of Representatives and the Secretary of
6 the Senate.

7 * * *

8 Section 6. Loan guarantees; other programs.

9 (a) Guarantees; endorsements and sureties.--The secretary
10 may make advances or provide other means of guaranteed payment
11 from the Capital Loan Fund to area loan organizations for the
12 purpose of guaranteeing, endorsing or acting as surety on the
13 bonds, notes, contracts, mortgages or other obligations of small
14 business enterprises on such terms and conditions and according
15 to such policies and procedures as the secretary may prescribe.
16 Such guarantees, endorsements or sureties may be provided only
17 for those small business enterprises and manufacturers of
18 apparel products and in connection with those capital
19 development projects which conform in all respects to the
20 provisions of section 4(c) or (d), or for export development
21 projects which conform in all respects to the provisions of
22 section 4(e) except that loan guarantees may be made in an
23 amount not exceeding the lesser of 90% of the total project cost
24 or \$500,000. Further, area loan organizations and the secretary
25 shall, in reviewing applications for guarantees, endorsements or
26 sureties, base their respective decisions regarding approval or
27 disapproval upon the findings and determinations required under
28 section 5(c).

29 * * *

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