

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1947 Session of
1995

INTRODUCED BY E. Z. TAYLOR, TRUE, MELIO, CORRIGAN, MILLER,
FICHTER, JAROLIN, OLASZ, BAKER, RAYMOND, JOSEPHS, TRELLO,
CLARK, HASAY, SATHER, BOSCOLA, FAIRCHILD, TIGUE, ROONEY,
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L. I. COHEN, WALKO, RAMOS, SCHRODER, FLICK AND GANNON,
JUNE 29, 1995

AS REPORTED FROM COMMITTEE ON AGING AND YOUTH, HOUSE OF
REPRESENTATIVES, AS AMENDED, OCTOBER 17, 1995

AN ACT

1 ~~Establishing the Day Care Facilities Loan Fund; providing for~~ <—
2 ~~terms and conditions of loans; providing penalties; and~~
3 ~~making an appropriation.~~

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4 ESTABLISHING THE DAY-CARE FACILITIES MICROLOAN PROGRAM;
5 PROVIDING FOR TERMS AND CONDITIONS OF LOANS; PROVIDING
6 PENALTIES; AND MAKING AN APPROPRIATION.

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21 SECTION 14. EFFECTIVE DATE.

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

24 ~~Section 1. Short title.~~

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25 ~~This act shall be known and may be cited as the Day Care~~
26 ~~Facilities Loan Act.~~

27 ~~Section 2. Definitions.~~

28 ~~The following words and phrases when used in this act shall~~
29 ~~have the meanings given to them in this section unless the~~
30 ~~context clearly indicates otherwise:~~

31 ~~"Adult day care." Services simultaneously provided at an~~

~~older adult daily living center for four or more clients who are not relatives of the operator for part of a 24 hour day.~~

~~"Child day care."— In lieu of parental care given for part of the 24 hour day to children under 16 years of age, away from their own homes. The term does not include child day care furnished in places of worship during religious services.~~

~~"Day care facility."— A State approved child day care or adult day care facility or program.~~

~~"Department."— The Department of Commerce of the Commonwealth.~~

~~"Fund."— The Day Care Facilities Loan Fund.~~

~~Section 3.— Fund.~~

~~(a)— Establishment.— There is hereby established a nonlapsing revolving fund in the State Treasury to be known as the Day Care Facilities Loan Fund for the purpose of making loans for the expansion or upgrading of day care facilities in order that such facilities may achieve compliance with State and local health and safety standards.~~

~~(b)— Administration.— The fund shall be administered by the department.~~

~~Section 4.— Application for loan assistance.~~

~~(a)— Form.— To apply for financial assistance, an applicant shall submit to the department an application on a form that the department provides.~~

~~(b)— Required information.— The application shall include:~~

~~(1)— A detailed description of the project.~~

~~(2)— An itemization of known and estimated costs.~~

~~(3)— The total amount of investment required to perform the contract.~~

~~(4)— The funds available to the applicant without loan~~

~~assistance from the department.~~

~~(5) The amount of loan assistance to be borrowed.~~

~~(6) Information that relates to the inability of the applicant to obtain adequate financing on reasonable terms through normal lending channels.~~

~~(7) Information that relates to the financial status of the applicant, including, if applicable:~~

~~(i) A current audited balance sheet.~~

~~(ii) A profit and loss statement.~~

~~(iii) Credit references.~~

~~(iv) Proof of viable administrative and financial management.~~

~~(8) Any other relevant information that the department requests.~~

~~Section 5. Type of financial assistance.~~

~~Subject to the restrictions of this act, the department, on application, may provide direct loans to qualified day care facilities for improvements for compliance with State and local health and safety standards.~~

~~Section 6. Prerequisites for loans.~~

~~The department may make a loan to a qualified applicant only if:~~

~~(1) The applicant meets the qualifications required under this act.~~

~~(2) The applicant meets any additional requirements imposed by the department.~~

~~(3) The loan is to be used to expand or upgrade a day care facility in order to bring the facility into compliance with State and local health and safety standards.~~

~~Section 7. Considerations in providing loans.~~

~~In consideration for providing loans under this act, the department shall consult with the Department of Aging for applications pertaining to older adult daily living centers and the Department of Public Welfare for applications pertaining to child day care facilities. The department shall, in determining eligibility for loans, give consideration to geographic distribution and community need.~~

~~Section 8. Terms and conditions.~~

~~(a) Authority of department. The department may set the terms and conditions for loans under this act.~~

~~(b) Loan documents. Upon approval of an application, the department shall prepare loan documents which shall include the following:~~

~~(1) The rate of interest on the loan.~~

~~(2) The amount of the loan.~~

~~(3) A requirement that before each disbursement of loan proceeds is released to the applicant, the applicant and the department cosign the request for the funds.~~

~~(4) Provisions for repayment of the loan.~~

~~(5) Any other provisions that the department determines are necessary, including the taking of liens and security interests in real and personal property.~~

~~(c) Foreclosure. Mortgages or deeds of trust held as security for loans made under this act which are in default may be foreclosed by the department in the same manner as provided by the Pennsylvania Rules of Civil Procedure.~~

~~(d) Term. The term of any loan approved may not exceed five years.~~

~~(e) Operation commitment. The applicant for a loan must agree to operate the day care facility for at least the term of~~

~~the loan and to repay the outstanding loan in full upon the loss of license or certification, termination of lease, transfer, sale or refinancing of the day care facility, as applicable, before the end of the term of the loan.~~

~~(f) Maximum amount of loan. Loans for day care facility improvements for compliance with State and local health and safety standards shall not exceed \$5,000.~~

~~Section 9. Receipts.~~

~~All receipts designated for the fund shall be placed in the fund, including:~~

~~(1) Federal funds allocated or granted to the fund.~~

~~(2) Private moneys donated or granted to the fund.~~

~~(3) Moneys appropriated by the Commonwealth to the fund.~~

~~(4) Fees, interest payments and interest accruing on investments of fund moneys and principal payments on loans.~~

~~(5) Proceeds from the sale, disposition, lease or rental of collateral relating to loans.~~

~~Section 10. Expenses and disbursements.~~

~~The fund shall be used to pay all expenses and disbursements authorized by the department for expanding or upgrading day care facilities for compliance with State and local health and safety standards, including expenses for administrative, legal, actuarial and other services.~~

~~Section 11. False statements or reports.~~

~~(a) Applications. A person may not knowingly make or cause any false statement or report to be made in any application or in any document furnished to the department.~~

~~(b) Influence of department actions. A person may not knowingly make or cause any false statement or report to be made for the purpose of influencing the action of the department on~~

1 ~~an application for financial assistance or for the purpose of~~
2 ~~influencing any action of the department affecting financial~~
3 ~~assistance whether or not this assistance may have already been~~
4 ~~extended.~~

5 ~~(c) Penalty. Any person or any aider or abettor who~~
6 ~~violates any provision of this act commits a misdemeanor of the~~
7 ~~first degree.~~

8 ~~Section 12. Rules and regulations.~~

9 ~~The department shall promulgate rules and regulations to~~
10 ~~carry out this act.~~

11 ~~Section 13. Appropriation.~~

12 ~~An initial sum of \$500,000 is hereby appropriated to the Day~~
13 ~~Care Facilities Loan Fund to carry out the provisions of this~~
14 ~~act. This appropriation shall not lapse. This appropriation is~~
15 ~~allocated for the fiscal periods indicated:~~

16	Amount	Fiscal Period
17	— \$100,000	—1996—1997
18	— \$100,000	—1997—1998
19	— \$100,000	—1998—1999
20	— \$100,000	—1999—2000
21	— \$100,000	—2000—2001

22 ~~Section 14. Effective date.~~

23 ~~This act shall take effect in 120 days.~~

24 SECTION 1. SHORT TITLE.

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25 THIS ACT SHALL BE KNOWN AND MAY BE CITED AS THE DAY-CARE
26 FACILITIES MICROLOAN PROGRAM.

27 SECTION 2. DEFINITIONS.

28 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ACT SHALL
29 HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
30 CONTEXT CLEARLY INDICATES OTHERWISE:

1 "ADULT DAY CARE." SERVICES SIMULTANEOUSLY PROVIDED AT AN
2 OLDER ADULT DAILY LIVING CENTER FOR FOUR OR MORE CLIENTS WHO ARE
3 NOT RELATIVES OF THE OPERATOR FOR PART OF A 24-HOUR DAY.

4 "CHILD DAY CARE." IN LIEU OF PARENTAL CARE GIVEN FOR PART OF
5 THE 24-HOUR DAY TO CHILDREN UNDER 16 YEARS OF AGE, AWAY FROM
6 THEIR OWN HOMES. THE TERM DOES NOT INCLUDE CHILD DAY CARE
7 FURNISHED IN PLACES OF WORSHIP DURING RELIGIOUS SERVICES.

8 "DAY-CARE FACILITY." A STATE-APPROVED CHILD DAY-CARE OR
9 ADULT DAY-CARE FACILITY OR PROGRAM.

10 "DEPARTMENT." THE DEPARTMENT OF COMMERCE OF THE
11 COMMONWEALTH.

12 "SECRETARY." THE SECRETARY OF COMMERCE OF THE COMMONWEALTH.
13 SECTION 3. PROGRAM ESTABLISHMENT.

14 (A) ESTABLISHMENT.--THERE IS HEREBY ESTABLISHED, UNDER THE
15 DIRECTION OF THE DEPARTMENT, A PROGRAM TO BE KNOWN AS THE DAY-
16 CARE FACILITIES MICROLOAN PROGRAM FOR THE PURPOSE OF
17 ESTABLISHING REGIONAL MICROLOAN FUNDS FOR THE EXPANSION OR
18 UPGRADING OF DAY-CARE FACILITIES IN ORDER THAT SUCH FACILITIES
19 MAY ACHIEVE COMPLIANCE WITH STATE AND LOCAL HEALTH AND SAFETY
20 STANDARDS.

21 (B) ADMINISTRATION.--THE PROGRAM SHALL BE ADMINISTERED BY
22 THE DEPARTMENT.

23 SECTION 4. ELIGIBILITY.

24 APPLICANTS ELIGIBLE TO RECEIVE GRANTS ARE ANY FOR-PROFIT OR
25 NOT-FOR-PROFIT INSTITUTION, CORPORATION OR ASSOCIATION WHICH IS
26 WILLING TO ADMINISTER A REVOLVING MICROLOAN PROGRAM FOR FIVE
27 YEARS. THIS CAN INCLUDE BANKS AND OTHER FINANCIAL INSTITUTIONS
28 AS WELL AS COMMUNITY OR CIVIC GROUPS.

29 SECTION 5. APPLICATIONS.

30 APPLICANTS MUST SUBMIT AN APPLICATION IN THE FORM AND MANNER

1 PRESCRIBED BY THE SECRETARY.

2 SECTION 6. USE OF FUNDS.

3 (A) GENERAL RULE.--GRANT FUNDS SHALL BE USED TO ESTABLISH
4 MICROLOAN PROGRAMS WHICH WILL PROVIDE DIRECT LOANS TO QUALIFIED
5 DAY-CARE FACILITIES FOR PHYSICAL PLANT IMPROVEMENTS WHICH WILL
6 FACILITATE COMPLIANCE WITH STATE AND LOCAL HEALTH AND SAFETY
7 STANDARDS.

8 (B) LOAN LIMIT.--

9 (1) APPLICANTS MUST AGREE TO LIMIT INDIVIDUAL LOANS TO
10 \$5,000 OR LESS.

11 (2) APPLICANTS MUST AGREE TO LIMIT LOAN TERMS TO FIVE
12 YEARS OR LESS.

13 (C) OPERATION OF FACILITY.--APPLICANTS MUST AGREE TO REQUIRE
14 BORROWERS TO OPERATE THE DAY-CARE FACILITY FOR AT LEAST THE TERM
15 OF THE LOAN AND TO REPAY THE OUTSTANDING LOAN IN FULL UPON THE
16 LOSS OF LICENSE OR CERTIFICATION, TERMINATION OF LEASE,
17 TRANSFER, SALE OR REFINANCING OF THE DAY-CARE FACILITY, AS
18 APPLICABLE, BEFORE THE END OF THE TERM OF THE LOAN.

19 (D) ANNUAL REPORTS.--ANNUAL REPORTS SHALL BE SUBMITTED TO
20 THE DEPARTMENT BY ADMINISTRATORS OF MICROLOAN PROGRAMS AND SHALL
21 INCLUDE A LIST OF LOAN RECIPIENTS, AMOUNT OF LOANS, USES OF
22 LOANS AND PAYBACK INFORMATION. THE DEPARTMENT MAY REQUIRE
23 ADDITIONAL INFORMATION IN THE ANNUAL REPORT.

24 (E) RETURN OF PRINCIPAL.--AT THE CONCLUSION OF THE FIVE-YEAR
25 LOAN PERIOD, THE PRINCIPAL OF THE GRANT MUST BE RETURNED TO THE
26 DEPARTMENT.

27 SECTION 7. APPLICATION PROCEDURES.

28 APPLICATIONS FOR THE DAY-CARE FACILITIES MICROLOAN PROGRAM
29 SHALL BE MADE TO THE DEPARTMENT IN A FORM AND MANNER PRESCRIBED
30 BY THE SECRETARY.

1 SECTION 8. GRANT EVALUATION CRITERIA.

2 THE DEPARTMENT SHALL, IN EVALUATING GRANT APPLICATIONS, GIVE
3 CONSIDERATION TO GEOGRAPHIC DISTRIBUTION, COMMUNITY NEED AND THE
4 ABILITY OF THE APPLICANT TO OPERATE A MICROLOAN PROGRAM.

5 SECTION 9. RECEIPTS.

6 ALL RECEIPTS DESIGNATED FOR THE FUNDS ESTABLISHED BY THE
7 APPLICANTS SHALL BE PLACED IN THE FUND, INCLUDING, BUT NOT
8 LIMITED TO: FEES, INTEREST PAYMENTS AND INTEREST ACCRUING ON
9 INVESTMENTS OF FUND MONEYS AND PRINCIPAL PAYMENTS ON LOANS.

10 SECTION 10. ADDITIONAL POWERS AND DUTIES OF DEPARTMENT.

11 THE DEPARTMENT MAY PRESCRIBE SUCH APPLICATION FORMS,
12 PROMULGATE AND PUBLISH RULES, REGULATIONS, PROCEDURES AND
13 APPLICATION MANUALS AND REQUEST SUCH INFORMATION AS MAY BE
14 NECESSARY TO CARRY OUT THIS ACT.

15 SECTION 11. FALSE STATEMENTS OR REPORTS.

16 (A) APPLICATIONS.--A PERSON SHALL NOT KNOWINGLY MAKE OR
17 CAUSE ANY FALSE STATEMENT OR REPORT TO BE MADE IN ANY
18 APPLICATION OR IN ANY DOCUMENT FURNISHED TO THE DEPARTMENT.

19 (B) INFLUENCE OF DEPARTMENT ACTIONS.--A PERSON SHALL NOT
20 KNOWINGLY MAKE OR CAUSE ANY FALSE STATEMENT OR REPORT TO BE MADE
21 FOR THE PURPOSE OF INFLUENCING THE ACTION OF THE DEPARTMENT ON
22 AN APPLICATION FOR FINANCIAL ASSISTANCE OR FOR THE PURPOSE OF
23 INFLUENCING ANY ACTION OF THE DEPARTMENT AFFECTING FINANCIAL
24 ASSISTANCE WHETHER OR NOT THIS ASSISTANCE MAY HAVE ALREADY BEEN
25 EXTENDED.

26 (C) PENALTY.--ANY PERSON OR ANY AIDER OR ABETTOR WHO
27 VIOLATES ANY PROVISION OF THIS ACT COMMITS A MISDEMEANOR OF THE
28 FIRST DEGREE.

29 SECTION 12. ANNUAL REPORT TO GENERAL ASSEMBLY.

30 THE DEPARTMENT SHALL SUBMIT AN ANNUAL REPORT TO THE GENERAL

1 ASSEMBLY WHICH SHALL INCLUDE THE INFORMATION REQUIRED TO BE
2 SUBMITTED TO THEM UNDER SECTION 6(E). THIS REPORT SHALL ALSO
3 INCLUDE INFORMATION SPECIFYING ANY COSTS TO BE INCURRED BY THE
4 DEPARTMENT IN THE ADMINISTRATION OF THIS PROGRAM AND ANY
5 RECOMMENDATIONS OF THE DEPARTMENT FOR IMPROVEMENTS TO THE DAY-
6 CARE FACILITIES MICROLOAN PROGRAM.

7 SECTION 13. APPROPRIATION.

8 AN INITIAL SUM OF \$500,000 IS HEREBY APPROPRIATED TO THE
9 DEPARTMENT TO CARRY OUT THIS ACT FOR THE FISCAL PERIOD JULY 1,
10 1995, THROUGH JUNE 30, 2001. NO MORE THAN \$100,000 SHALL BE
11 AVAILABLE FOR EXPENDITURE EACH FISCAL YEAR.

12 SECTION 14. EFFECTIVE DATE.

13 THIS ACT SHALL TAKE EFFECT IN 120 DAYS.