

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## SENATE BILL

No. 10

Session of  
1997

INTRODUCED BY ROBBINS, HART, MUSTO, SALVATORE, O'PAKE, HELFRICK,  
COSTA, WHITE, KUKOVICH, THOMPSON, AFFLERBACH AND MADIGAN,  
JANUARY 29, 1997

AS AMENDED ON THIRD CONSIDERATION, JUNE 10, 1997

## AN ACT

1 Amending the act of June 29, 1996 (P.L.434, No.67), entitled "An  
2 act to enhance job creation and economic development by  
3 providing for an annual financing strategy, for opportunity  
4 grants, for job creation tax credits, for small business  
5 assistance and for the Small Business Advocacy Council;  
6 conferring powers and duties on various administrative  
7 agencies and authorities; further providing for various  
8 funds; and making repeals," further defining "financing  
9 programs"; and providing for the Community Development Bank  
10 Grant and Loan Program.

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

13 Section 1. The definition of "financing program" in section  
14 103 of the act of June 29, 1996 (P.L.434, No.67), known as the  
15 Job Enhancement Act, is amended to read:

16 Section 103. Definitions.

17 The following words and phrases when used in this act shall  
18 have the meanings given to them in this section unless the  
19 context clearly indicates otherwise:

20 \* \* \*

21 "Financing programs." All of the following programs:

- (1) The Pennsylvania Industrial Development Authority.
- (2) Pennsylvania Economic Development Financing Authority.
- (3) Pennsylvania Minority Business Development Authority Board.
- (4) The Infrastructure Development Program.
- (5) The Opportunity Grant Program.
- (6) The Industrial Sites Reuse Program.
- (7) The Customized Job Training Program.
- (8) The Machinery and Equipment Loan Program.
- (9) The Small Business First Program.
- (10) Job Creation Tax Credit.
- (10.1) The Community Development Bank Grant and Loan Program.
- (11) Any other similar program operated by the department.

\* \* \*

Section 2. The act is amended by adding a chapter to read:

CHAPTER 15

COMMUNITY DEVELOPMENT BANK GRANT

AND LOAN PROGRAM

Section 1501. Declaration of purpose.

The purpose of this chapter is to create a program to more effectively address the capital needs of local community development and economic development institutions by encouraging and supporting the creation, development and operations of community development financial institutions through a program of grants and loans.

Section 1502. Definitions.

The following words and phrases when used in this chapter

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

3 "Authority." The Pennsylvania Economic Development Financing  
4 Authority.

5 "Board." The Board of Directors of the Pennsylvania Economic  
6 Development Financing Authority.

7 "Community development financial institution." A community  
8 development financial institution certified in accordance with  
9 the Community Development Banking and Financial Institutions Act  
10 of 1994 (Public Law 103-325, 108 Stat 2163).

11 "Community development loan." A loan from a community  
12 development financial institution to low-income individuals,  
13 businesses and nonprofit organizations for the purpose of  
14 revitalizing distressed communities and buildings.

15 "Department." The Department of Community and Economic  
16 Development of the Commonwealth.

17 "Eligible institution." A community development financial  
18 institution which has been accredited by the Department of  
19 Community and Economic Development under section 1506.

20 "Participating investors." Public or private entities which  
21 elect to participate with the authority in the loan programs set  
22 forth in this chapter.

23 "Program." The Community Development Bank Grant and Loan  
24 Program established under this chapter.  
25 Section 1503. Establishment.

26 There is hereby established within the Pennsylvania Economic  
27 Development Financing Authority, a grant and loan program to be  
28 administered in accordance with the act of August 23, 1967  
29 (P.L.251, No.102), known as the Economic Development Financing  
30 Law.

Section 1504. Operation of Pennsylvania Community Development Bank.

(a) Operation.--The authority shall have the power to operate the program under the name of the Pennsylvania Community Development Bank.

(b) Operational committee.--The authority may operate the program by establishing a 15-member committee of the board to which the authority may delegate all or part of its powers to operate the program. The committee shall consist of the Secretary of Community and Economic Development, who shall act as chairman, the Secretary of Banking, one member appointed by the President pro tempore of the Senate, one member appointed by the Speaker of the House of Representatives, one member appointed by the Minority Leader of the Senate, one member appointed by the Minority Leader of the House of Representatives and nine members appointed by the Governor representing participating investors and members of the general public.

(c) Limitation on voting.--No representative of an eligible institution may serve as a voting member of the committee.

(d) Terms.--The members shall serve at the pleasure of the appointing authority.

(e) Expenses.--The members of the committee shall be entitled to no compensation for their services but shall be entitled to reimbursement for all necessary expenses incurred in connection with the performance of their duties as members of the committee.

(f) Quorum.--A majority of the members of the committee shall constitute a quorum for the transaction of any program business.

Section 1505. Deposits.

1     (a) Special accounts.--Money appropriated to the program may  
2 be deposited by the authority in banks or trust companies in  
3 special accounts. The special accounts must be continuously  
4 secured by a pledge of direct obligations of the United States  
5 or the Commonwealth, having an aggregate market value, exclusive  
6 of accrued interest, at least equal to the balance on deposit in  
7 the account. The securities shall be deposited with the  
8 authority or be held by a trustee or agent approved by the  
9 authority. Banks and trust companies are authorized to give  
10 security under this paragraph.

11     (b) Disbursements.--Money in accounts under subsection (a)  
12 shall be paid out on order of the authority.

13 Section 1506. Accreditation.

14     (a) General rule.--The department shall accredit community  
15 development financial institutions to participate in the program  
16 established under section 1503. The department may revoke  
17 accreditation from community development financial institutions  
18 which no longer meet accreditation criteria.

19     (b) Criteria.--Department criteria for accreditation shall  
20 include certification under the Community Development Banking  
21 and Financial Institutions Act of 1994 (Public Law 103-325, 108  
22 Stat. 2163) and such other criteria as the department deems  
23 appropriate.

24 Section 1507. Grants.

25     The authority may issue grants to eligible institutions or to  
26 nonprofit organizations which are attempting to obtain Federal  
27 certification or department accreditation as a community  
28 development financial institution. The authority may issue  
29 grants for the purpose of developing or enhancing the ability of  
30 the community development financial institution or nonprofit

organization to be accredited as an eligible institution and to participate in the loan program established by this chapter.

Section 1508. Authority loans.

The authority may make loans to eligible institutions from moneys appropriated to the program on such terms and conditions as the authority may determine. Any such loans shall be made by the authority pursuant to the act of August 23, 1967 (P.L.251, No.102), known as the Economic Development Financing Law. Loans to eligible institutions may be made by the authority as the sole lender or may be made in cooperation with participating investors pursuant to agreements entered into in accordance with this chapter. Loan repayments shall be used by the authority to make new loans to eligible institutions.

Section 1509. Community development loans.

(A) REQUIREMENT.--Eligible institutions that receive loans from the authority under section 1508 shall make community development loans pursuant to guidelines established by the department.

(B) CERTIFICATION REQUIRED.--IN CONNECTION WITH COMMUNITY DEVELOPMENT LOANS UNDER THIS SECTION, THE RECIPIENT OF A LOAN MUST PROVIDE CERTIFICATION TO THE DEPARTMENT THAT THE RECIPIENT DOES NOT HAVE ANY OUTSTANDING MUNICIPAL DEBTS IN THE FORM OF DELINQUENT REAL ESTATE TAXES OR MUNICIPAL UTILITY BILLS THAT ARE MORE THAN ONE YEAR OUTSTANDING.

(C) DEFINITION.--AS USED IN THIS SECTION, THE TERM "CERTIFICATION" MEANS PROOF BY ANY OF THE FOLLOWING:

(1) RECEIPTS OF PAID REAL ESTATE TAXES AND MUNICIPAL UTILITY BILLS.

(2) A NOTARIZED AFFIDAVIT BY THE RECIPIENT EVIDENCING PAYMENT OF REAL ESTATE TAXES AND MUNICIPAL UTILITY BILLS.

1 Section 1510. Agreements.

2 The authority may enter into agreements and ~~contacts~~ <—  
3 CONTRACTS as it shall determine are appropriate for the exercise <—  
4 of the powers granted to it by this chapter, including  
5 agreements with participating investors.

6 Section 1511. Report.

7 Within 90 days of the end of the fiscal year, the authority  
8 shall prepare, in consultation with the committee, an annual  
9 report to the majority chairman and minority chairman of the  
10 Appropriations Committee of the Senate and the majority chairman  
11 and minority chairman of the Appropriations Committee of the  
12 House of Representatives, which shall be for the immediately  
13 prior fiscal year. The report, which shall be for the  
14 immediately prior fiscal year, shall include the amount of funds  
15 appropriated to the program deposited by the authority in  
16 special accounts in banks or trust companies, the amount of  
17 disbursements made from the special accounts, the number, name  
18 and location of community development financial institutions  
19 accredited by the department, the number and amount of grants  
20 made by the department to community development financial  
21 institutions or nonprofit organizations.

22 Section 1512. Additional powers.

23 In order to operate the program, the authority shall have all  
24 other powers granted to it pursuant to the act of August 23,  
25 1967 (P.L.251, No.102), known as the Economic Development  
26 Financing Law. The authority may operate other community  
27 development programs under the name of the Pennsylvania  
28 Community Development Bank, including programs authorized and  
29 funded under the Federal Rural Development Block Grants Program.

30 Section 3. This act shall take effect July 1, 1997, or

1 immediately, whichever is later.