

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2398 Session of
2002

INTRODUCED BY BUNT, DALEY, BASTIAN, FORCIER, ARMSTRONG,
M. BAKER, BROWNE, CAPPELLI, COY, DeWEESE, EGOLF, FAIRCHILD,
FEESE, FICHTER, GEORGE, GODSHALL, GORDNER, HENNESSEY, HERMAN,
LAUGHLIN, MANN, MARSICO, McCALL, MCGILL, McILHATTAN,
PHILLIPS, PICKETT, RUBLEY, SAYLOR, SOLOBAY, STABACK, STERN,
TIGUE, WALKO, WATSON AND ZUG, MARCH 7, 2002

REFERRED TO COMMITTEE ON AGRICULTURE AND RURAL AFFAIRS,
MARCH 7, 2002

AN ACT

1 Amending the act of June 29, 1996 (P.L.434, No.67), entitled, as
2 amended, "An act to enhance job creation and economic
3 development by providing for an annual financing strategy,
4 for opportunity grants, for job creation tax credits, for
5 small business assistance, for the Small Business Advocacy
6 Council, for a family savings program, for industrial
7 development assistance, for community development bank grants
8 and loans and for tax-exempt bond allocation; conferring
9 powers and duties on various administrative agencies and
10 authorities; further providing for various funds; and making
11 repeals," further providing for small business definitions
12 and loan eligibility and terms.

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

15 Section 1. The definitions of "capital development project"
16 and "small business enterprise" in section 1301 of the act of
17 June 29, 1996 (P.L.434, No.67), known as the Job Enhancement
18 Act, added December 3, 1998 (P.L.788, No.100), are amended and
19 the section is amended by adding definitions to read:

20 Section 1301. Definitions.

1 The following words and phrases when used in this chapter
2 shall have the meanings given to them in this section unless the
3 context clearly indicates otherwise:

4 * * *

5 "Agricultural producer." A person involved in the management
6 and use of a normal agricultural operation for the production of
7 a farm commodity.

8 * * *

9 "Capital development project" or "project." Land, buildings,
10 equipment and machinery and working capital which is acquired,
11 constructed, renovated or used by a small business enterprise:

12 (1) As part of a for-profit project or venture not of a
13 mercantile or service-related nature, except for hospitality
14 industry projects.

15 (2) To bring a small business enterprise into compliance
16 with Federal or State environmental laws or regulations or to
17 complete an approved remediation project or to permit the
18 small business enterprise to adopt generally acceptable
19 pollution prevention practices.

20 (3) To provide assistance to small business enterprises
21 that are recyclers of municipal or commercial waste or that
22 are manufacturers using recycled municipal or commercial
23 waste materials.

24 (4) To assist a small business enterprise with defense
25 conversion activities.

26 (5) For the manufacture of products to be exported out
27 of the United States by a small business enterprise as part
28 of a for-profit project or venture not of a mercantile or
29 service-related nature, except for export-related services
30 and international export-related mercantile ventures or

1 advanced technology and computer-related services and
2 mercantile ventures, which will increase this Commonwealth's
3 national or international market shares.

4 (6) As part of a for-profit project or venture that
5 meets the requirements of section 1303(a.1) and (a.3).

6 * * *

7 "Normal agricultural operation." The activities, practices,
8 equipment and procedures which agricultural producers adopt, use
9 or engage in in the production and preparation for market of
10 farm commodities. The term includes new activities, practices,
11 equipment and procedures consistent with technological
12 development within the agricultural industry.

13 * * *

14 "Small business [enterprises] enterprise." A for-profit
15 corporation, partnership or proprietorship which meets the
16 eligibility requirements established by the department. The term
17 shall include, but is not limited to, a small business
18 [enterprises] enterprise which:

19 (1) is located in a small business incubator
20 [facilities, small business enterprises which are] facility;

21 (2) is an agricultural [processors and small business
22 enterprises which manufacture] processor;

23 (3) is an agricultural producer; or

24 (4) manufactures apparel products.

25 * * *

26 Section 2. Section 1303(a.2) and (b) of the act, amended
27 November 17, 1998 (P.L.788, No.100), are amended and the section
28 is amended by adding a subsection to read:

29 Section 1303. Eligibility for and terms and conditions of
30 loans.

1 * * *

2 (a.2) Pollution prevention assistance loans.--The Pollution
3 Prevention Assistance Account created under section 1302(b.1)
4 shall provide revolving loans to small [businesses] business
5 enterprises.

6 (1) The loans shall be for the purpose of enabling the
7 small business enterprise to adopt or install pollution
8 prevention equipment or processes to:

9 (i) Reduce or reuse raw materials onsite.

10 (ii) Reduce the production of waste.

11 (iii) Reduce energy consumption.

12 (2) The Pollution Prevention Assistance Account shall
13 not invest on the basis of direct financial return and shall
14 not be held to the loan loss standards of commercial lenders.
15 Loans shall be for the purpose of reducing pollution through
16 source reduction technologies or processes.

17 (3) A loan under this subsection may not exceed the
18 lesser of:

19 (i) \$50,000; or

20 (ii) 75% of eligible project costs.

21 (4) Loans under this subsection shall have an interest
22 rate of 2% per year and a maximum repayment term of seven
23 years.

24 (5) An industrial resource center receiving funds under
25 the act of July 2, 1993 (P.L.439, No.64), known as the Ben
26 Franklin/IRC Partnership Act, may utilize the account to
27 provide assistance to a small business enterprise for which a
28 loan application has been made.

29 (6) Loans under this subsection shall be used to further
30 the goal of pollution prevention through the purchase and

1 installation of equipment to make operational changes and
2 modify production practices.

3 (a.3) Loans to small business enterprises which are
4 agricultural producers.--

5 (1) The department may provide loans to small business
6 enterprises which are agricultural producers. Loans shall be
7 made in accordance with the provisions of this chapter except
8 as follows:

9 (i) The provisions of subsection (b) relating to
10 required increases in employment shall not apply to loans
11 made under this subsection.

12 (ii) The department may authorize flexible repayment
13 terms and an interest rate of not less than 2%.

14 (iii) The department may utilize additional area
15 loan organizations, including community development
16 financial institutions, to receive loan applications and
17 administer loans.

18 (iv) The department may use its best judgment to
19 identify and secure collateral.

20 (2) The department and area loan organizations shall not
21 make loans under this subsection on the basis of direct
22 financial return on investment and shall not be held to the
23 loan loss standards of private commercial lenders. Loans
24 shall be for the purpose of enhancement and growth of normal
25 agricultural operations.

26 (b) Terms and conditions.--

27 (1) The department may make advances from the Small
28 Business First Fund, subject to the terms, conditions and
29 restrictions provided under this chapter, to area loan
30 organizations for the purpose of making loans to eligible

1 small business enterprises for capital development projects
2 which demonstrate a substantial likelihood of creating or
3 preserving employment opportunities. All loans shall be
4 limited to projects that demonstrate the creation or
5 preservation of one job for every \$25,000 received from the
6 Small Business First Fund.

7 (2) No loans shall be made which would do any of the
8 following:

9 (i) Cause, aid or assist in, directly, the
10 relocation of any business operations from one part of
11 this Commonwealth to another unless there is at least a
12 25% net increase in employment.

13 (ii) Refinance any portion of the total project cost
14 or other existing loans or debt.

15 (iii) Finance projects located outside the
16 geographic boundaries of this Commonwealth.

17 (iv) Provide funds, directly or indirectly, for
18 payment, distribution or as loan owners, partners or
19 shareholders of the small business enterprise, except as
20 ordinary compensation for services rendered.

21 (v) Provide funds for speculation in any kind of
22 property, real or personal, tangible or intangible.

23 (3) All loans shall carry an interest rate and term and
24 shall be secured by lien positions on collateral at the
25 highest level of priority as may be determined by the area
26 loan organization with the approval of the department.

27 Section 3. This act shall take effect immediately.