

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 265 Session of
2019

INTRODUCED BY BREWSTER, HUGHES, YUDICHAK, FONTANA, SANTARSIERO,
COSTA, SCHWANK, TARTAGLIONE AND FARNESE, FEBRUARY 7, 2019

REFERRED TO COMMUNITY, ECONOMIC AND RECREATIONAL DEVELOPMENT,
FEBRUARY 7, 2019

AN ACT

1 Amending Title 12 (Commerce and Trade) of the Pennsylvania
2 Consolidated Statutes, in machinery and equipment loans,
3 further providing for definitions, for establishment and for
4 eligibility for loans and terms and conditions and providing
5 for machinery and equipment grants; and making editorial
6 changes.

7 The General Assembly of the Commonwealth of Pennsylvania
8 hereby enacts as follows:

9 Section 1. The heading of Chapter 29 of Title 12 of the
10 Pennsylvania Consolidated Statutes is amended to read:

11 CHAPTER 29

12 MACHINERY AND EQUIPMENT LOANS AND GRANTS

13 Section 2. The definitions of "fund," "medical facility" and
14 "program" in section 2902 of Title 12 are amended and the
15 section is amended by adding definitions to read:

16 § 2902. Definitions.

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

* * *

"Area vocational-technical school." As provided for in section 1841 of the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949.

* * *

"Fund." The Machinery and Equipment Loan and Grant Fund created and established by this chapter.

"Medical facility." An entity licensed as a hospital under the act of June 13, 1967 (P.L.31, No.21), known as the [Public Welfare] Human Services Code, or the act of July 19, 1979 (P.L.130, No.48), known as the Health Care Facilities Act.

"New or high demand technologies." Technologies that are focused on improvement of manufacturing processes, techniques or equipment in order to reduce costs, increase efficiency, enhance reliability or to incorporate safety and antipollution measures.

* * *

"Program." The Machinery and Equipment Loan and Grant Program established under section 2903 (relating to establishment).

"School district." As defined in section 102 of the Public School Code of 1949.

Section 3. Sections 2903, 2904 and 2905(a) of Title 12 are amended to read:

§ 2903. Establishment.

There is established a program to be known as the Machinery and Equipment Loan and Grant Program. The program shall be administered by the authority and provide [loans to business enterprises for machinery and equipment.]:

(1) loans to business enterprises for machinery and equipment or retrofitting existing facilities with new or

1 high demand technologies; and

2 (2) grants to assist area vocational-technical schools
3 and school districts offering approved vocational-technical
4 education programs in purchasing machinery and equipment.

5 § 2904. Machinery and Equipment Loan and Grant Fund.

6 (a) Creation.--There is created a special account in the
7 Treasury Department, to be known as the Machinery and Equipment
8 Loan and Grant Fund, to which shall be credited all program
9 appropriations made by the General Assembly, all proceeds from
10 loan repayments and any and all other deposits, payments or
11 contributions from any other source made available to the fund.
12 The fund shall operate as a revolving fund whereby all
13 appropriations, payments and interest made thereto may be
14 applied and reapplied to the purposes of this chapter.

15 (b) Credits to fund.--All appropriations, deposits and
16 contributions made to the fund shall be immediately credited in
17 full to the fund, and earnings on the moneys held in the fund
18 shall also be credited to the fund for the purposes of this
19 chapter.

20 (c) Amount of grants.--For the 2019-2020 school year and
21 each school year thereafter, the authority shall provide no more
22 than \$5,000,000 of grants to area vocational-technical schools
23 and school districts under this chapter.

24 § 2905. Eligibility for loans; terms and conditions.

25 (a) Loans; general rules.--The authority may make advances
26 from the fund, subject to the terms, conditions and restrictions
27 provided under this chapter, for the purpose of making loans to
28 business enterprises involved in industrial processes, mining,
29 manufacturing, production agriculture, information technology,
30 biotechnology, service as a medical facility or other industrial

1 or technology sectors, as defined by the authority, to acquire
2 and install new machinery and equipment or upgrade existing
3 machinery and equipment, including the acquisition, application
4 and utilization of computer hardware and software or to retrofit
5 existing facilities with new or high demand technologies, as
6 defined by the authority.

7 (1) All loans shall be subject to all of the following
8 conditions:

9 (i) Be made to eligible business enterprises under
10 the provisions of this chapter.

11 (ii) Have a maximum loan ceiling of [\$5,000,000]
12 \$7,500,000 or 50% of the cost of the project, whichever
13 is less.

14 (iii) Be limited to the purchase and installation of
15 new equipment and machinery [or], the upgrade of existing
16 machinery and equipment or the retrofitting of existing
17 facilities with new or high demand technologies. This
18 subparagraph includes the acquisition, application and
19 utilization of computer hardware and software.

20 (iv) Be limited to projects that demonstrate the
21 creation or retention of one job for every \$25,000
22 received from the fund. This subparagraph does not apply
23 to loans made to business enterprises involved in
24 production agriculture or to loans made to medical
25 facilities. The authority may, by submitting notice to
26 the Legislative Reference Bureau for publication in the
27 Pennsylvania Bulletin, periodically update the amount
28 under this subparagraph, based on changes in unemployment
29 statistics, inflation, the authority's cash flow and the
30 need to keep this Commonwealth and the businesses of this

Commonwealth competitive.

(v) Have an interest rate which shall be established by the authority.

(vi) Have a term of not in excess of ten years.

(2) For loans to medical facilities, loan funds may be used only to finance the acquisition, installation and utilization of machinery and equipment, including computer hardware and software components, to be used in the prescribing and dispensing of medication for medical facility patients.

* * *

Section 4. Title 12 is amended by adding a section to read:

§ 2905.1. Eligibility for grants; terms and conditions.

(a) General rule.--The authority may make advances from the fund, subject to the terms, conditions and restrictions provided under this chapter, for the purpose of funding a competitive grant program to assist area vocational-technical schools and school districts offering approved vocational-technical education programs in purchasing machinery and equipment that meet industry standards for the purpose of providing training for students.

(b) Restrictions.--The following shall apply:

(1) The grants provided under this chapter shall be limited to the purchase of machinery or equipment in the following program areas:

(i) Automotive technology.

(ii) Auto body.

(iii) Diesel technology.

(iv) Precision machine technology.

(v) Heating, ventilation and air conditioning.

1 (vi) Printing.

2 (vii) Electronics.

3 (viii) Building trades.

4 (ix) Other program areas approved by the authority.

5 (2) No area vocational-technical school or school
6 district applying for a grant under this chapter shall be
7 awarded a grant or grants in excess of \$500,000 in a single
8 fiscal year.

9 Section 5. Section 2906 heading of Title 12 is amended to
10 read:

11 § 2906. Application and administration for loans.

12 * * *

13 Section 6. Title 12 is amended by adding a section to read:

14 § 2906.1. Application for grants.

15 The application to apply for a grant under this chapter shall
16 be developed by the authority within 30 days of the effective
17 date of this section and require the following information,
18 which may be collected electronically:

19 (1) Name, address, e-mail address and telephone number
20 of the area vocational-technical school or school district.

21 (2) Name, e-mail address and telephone number of an
22 employee of the area vocational-technical school or school
23 district who will be available to answer questions regarding
24 the grant application.

25 (3) Description of the machinery or equipment for which
26 the requested grant will be used, the career and technical
27 education program in which the machinery or equipment will be
28 used, the date on which the occupational advisory committee
29 recommended the purchase of the machinery or equipment and
30 verification that the machinery or equipment will be used for

1 technical classroom instruction.

2 Section 7. Section 2908(a) and 2911(a) of Title 12 are
3 amended to read:

4 § 2908. Reporting and inspection.

5 (a) Inspection.--Each business enterprise which applies for
6 or receives [assistance] a loan under this chapter shall, upon
7 request, permit authorized employees of the authority or its
8 agent to inspect the plant, books and records of the business
9 enterprise.

10 * * *

11 § 2911. Reports to General Assembly.

12 (a) Annual reports.--On or before September 1 of each year,
13 the authority shall provide a report to the Secretary of the
14 Senate and to the Chief Clerk of the House of Representatives.
15 The report shall describe all relevant activities of the
16 authority pursuant to this chapter and shall include the
17 following:

18 (1) List of business enterprises receiving loans from
19 the fund and the amounts and terms of this assistance.

20 (2) Loan amounts repaid. Information under this
21 paragraph may be reported in the aggregate.

22 (3) Loans outstanding, balances due and any penalties
23 imposed. Information under this paragraph may be reported in
24 the aggregate.

25 (4) Jobs created by businesses receiving [funds] a loan
26 in previous years. Information under this paragraph may be
27 reported in the aggregate.

28 (5) Other relevant information as determined by the
29 authority.

30 * * *

1 Section 8. This act shall take effect in 60 days.