



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 1007

PRINTERS NO. 1121

PRIME SPONSOR: Vogel

COST / (SAVINGS)

FUND	FY 2010/11	FY 2011/12
General Fund	\$0	\$0

SUMMARY: Senate Bill 1007, printer's number 1121, amends Title 64 (Public Authorities and Quasi-Public Corporations) of the Pennsylvania Consolidated Statutes, to further provide for the First Industries Program. The effective date is immediately after enactment.

ANALYSIS: The bill amends Section 1552 (e) of Title 64 to extend the sunset dates of the First Industries Loan Guarantee Program administered by the Commonwealth Financing Authority (CFA). The First Industries Loan Guarantee Program provides loan guarantees to commercial lending institutions or community development financial institutions to assist with financing of projects related to tourism or agriculture. In order to qualify for a loan guarantee from the CFA the project has to have been awarded a First Industries Program planning grant or have at least \$1,000,000 in private funds invested in the project, or through June 30, 2011, an investment of at least \$500,000 of private funds in the project. The bill extends the sunset date for the \$500,000 private funds investment requirement from June 30, 2011 to July 15, 2015.

The bill also extends the sunset date to July 15, 2015, for the component of the First Industries Program that provides a loan guarantee of 51% to 90% of the principal amount of a loan to assist with the financing of a project related to agriculture. Additionally, the bill extends the eligibility for Farm Credit Institutions under the Farm Credit Act of 1971 to participate in the First Industries Guarantee Program to July 15, 2015. Current law would have terminated Farm Credit Institutions eligibility on June 30, 2011.

The CFA has approved \$43,323,628 in First Industries loan guarantees to date. A total of \$379,403.18 in claims against the loan guarantees have been made, including a claim of \$267,329.44 that is to be considered by the CFA at its July board meeting.

FISCAL IMPACT: The enactment of this legislation will only impact Commonwealth funds if large claims are made on the First Industries loan guarantees. To date, loan guarantee claims made by lending institutions have been/ will be paid from interest earnings on CFA bond proceeds. It is assumed that any additional loan guarantee claims will be very limited and will be able to be paid from interest earnings on CFA bond proceeds.

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House Appropriations Committee (R)

DATE: June 29, 2011

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.