



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 756

PRINTERS NO. 1009

PRIME SPONSOR: Schwank

COST / (SAVINGS)

FUND	FY 2015/16	FY 2016/17
General Fund	See fiscal impact	See fiscal impact

SUMMARY: Senate Bill 756, printer's number 1009, amends Title 64 (Public Authorities and Quasi-Public Corporations) of the Pennsylvania Consolidated Statutes, to further provide for the Commonwealth Financing Authority (CFA) First Industries Program expiration provision. The effective date is immediately upon enactment.

ANALYSIS: The bill amends Section 1552 of Title 64 to remove the July 15, 2015 sunset provisions for the CFA First Industries Loan Guarantee program. The bill also removes the optional investment requirement for First Industries Loan Guarantee projects to have at least \$1,000,000 of private funds invested in a project. The requirement for projects to have a private funds investment of \$500,000 or have received a CFA planning grant remains.

The removal of the sunset provision will allow the CFA to continue to make loan guarantees to commercial lending institutions and community development financial institutions for guarantees of 51% to 90% of the principal amount of a loan made to assist with the financing of a project related to agriculture, and not exceeding 50% of outstanding principal amount of the loan, or \$2,500,000, for tourism projects. A guarantee is subject to a one-time fee of 2% of the amount of the loan multiplied by the percentage of the guarantee.

According to the Department of Community and Economic Development, currently the CFA has approved \$36,607,750 in First Industries Fund tourism loan guarantees and \$26,650,468 in First Industries Fund agriculture loan guarantees.

FISCAL IMPACT: The enactment of this bill will result in costs to the Commonwealth only to the extent that First Industries Loan Guarantee Program guarantees to commercial lending institutions and community development financial institutions are approved and the guarantees are called. To date, one claim of \$112,073.74 has been paid for a First Industries Fund tourism loan guarantee and two claims, totaling \$780,003.14 have been paid for First Industries Fund agriculture loan guarantees. Loan guarantees have been paid from CFA interest earnings, which were \$8,497,802.33 at June 30, 2015. If CFA interest earnings are unavailable, CFA loan guarantees would have to be paid through a General Fund appropriation or through bond issuance authorized by the CFA authorizing statute, Act 22 of 2004.

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House Appropriations Committee (R)

DATE: December 2, 2015

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