

TAXATION AND FISCAL AFFAIRS (72 PA.C.S.) - MICROENTERPRISE LOAN  
PROGRAMS AND ABATING REAL PROPERTY ASSESSMENT

Act of Jun. 30, 2021, P.L. 190, No. 37

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Session of 2021  
No. 2021-37

HB 827

AN ACT

Amending Title 72 (Taxation and Fiscal Affairs) of the Pennsylvania Consolidated Statutes, establishing microenterprise loan programs and abating real property assessment.

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

Section 1. Title 72 of the Pennsylvania Consolidated Statutes is amended by adding a chapter to read:

**CHAPTER 31  
MICROENTERPRISE ASSISTANCE**

**Subchapter**

- A. Preliminary Provisions**
- B. Microenterprise Loan Programs**

**SUBCHAPTER A  
PRELIMINARY PROVISIONS**

**Sec.**

**3101. Definitions.**

**§ 3101. Definitions.**

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

"Administrative entity." Any of the following:

(1) An entity certified by the Pennsylvania Industrial Development Authority under 64 Pa.C.S. § 1123 (relating to certification of economic development organizations).

(2) A public instrumentality of the Commonwealth and a body politic and corporate created under the act of August 23, 1967 (P.L.251, No.102), known as the Economic Development Financing Law.

(3) An authority organized and existing under the former act of May 2, 1945 (P.L.382, No.164), known as the Municipality Authorities Act of 1945, or an authority established under 53 Pa.C.S. Ch. 56 (relating to municipal authorities).

(4) A redevelopment authority established under the act of May 24, 1945 (P.L.991, No.385), known as the Urban Redevelopment Law.

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

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

"Disadvantaged business." As defined in 74 Pa.C.S. § 303(b) (relating to diverse business participation).

"Diverse group." A disadvantaged business, minority-owned business, women-owned business, service-disabled veteran-owned

small business or veteran-owned small business that has been certified by a third-party certifying organization.

"Low income." A household with total income at or below 80% of the area median income, adjusted for household size, as defined annually by the United States Department of Housing and Urban Development.

"Microenterprise." A start-up entrepreneur that, together with its affiliates, has 25 or fewer employees and average gross receipts of \$3,000,000 or less averaged over the previous three years.

"Minority-owned business." As defined in 74 Pa.C.S. § 303(b).

"Municipality." A county, city, borough, incorporated town, township or home rule municipality.

"Program." A microenterprise assistance program authorized by this chapter.

"Real property." Land and all structures and fixtures thereon and all estates and interests in land, including easements, covenants and leaseholders.

"School district." As to any real property acquired, owned or conveyed by an administrative entity, the school district within which the geographical jurisdiction of the real property is located.

"Service-disabled veteran-owned small business." As defined in 51 Pa.C.S. § 9601 (relating to definitions).

"Start-up entrepreneur." An individual who is a resident of this Commonwealth, a partnership or worker cooperative corporation formed or incorporated within this Commonwealth and the owners of which partnership or worker cooperative corporation are residents of this Commonwealth or a single-member limited liability company incorporated in this Commonwealth, the owner of which is a resident of this Commonwealth. The term does not include:

(1) A worker cooperative corporation incorporated within this Commonwealth, the owners of which do not have a controlling ownership interest in the worker cooperative corporation.

(2) A single-member limited liability company incorporated within this Commonwealth, the single-member of which is another limited liability company or other business entity.

"Third-party certifying organization." As defined in 74 Pa.C.S. § 303(b).

"Veteran-owned small business." As defined in 51 Pa.C.S. § 9601.

"Women-owned business." As defined in 74 Pa.C.S. § 303(b).

#### SUBCHAPTER B MICROENTERPRISE LOAN PROGRAMS

Sec.

3111. Purpose.

3112. Powers of administrative entity.

3113. Acquisition of property and responsibilities.

3114. Funding.

3115. Property tax exemption schedule of real property.

3116. Microenterprise loans.

3117. Administration of program.

3118. Disposition of property.

§ 3111. Purpose.

An administrative entity may create a microenterprise loan program to assist start-up entrepreneurs and, to the extent

possible, low-income individuals and diverse groups in the establishment of a microenterprise.

§ 3112. Powers of administrative entity.

(a) General rule.--In addition to powers granted to an administrative entity in other laws, an administrative entity shall have the following powers necessary to operate a program:

(1) To issue loans to microenterprises that will operate on property owned by the administrative entity and leased to the microenterprise. The program shall target microenterprises owned by low-income individuals and diverse groups who are residents of this Commonwealth.

(2) To negotiate for loans and grants from both public and private sources in order to fund the program.

(3) To acquire property to lease to start-up entrepreneurs in order to facilitate the establishment of a microenterprise.

(4) To enter into an intergovernmental cooperation agreement with other administrative entities or municipalities relative to the operations of the program.

(b) Eminent domain.--An administrative entity does not possess the power of eminent domain by establishing and implementing a program.

§ 3113. Acquisition of property and responsibilities.

(a) General rule.--An administrative entity may acquire real property to lease to start-up entrepreneurs who receive a microenterprise loan under the program in the following manners:

(1) An administrative entity may acquire real property by purchase contracts, lease purchase agreements, installment sales contracts and land contracts and may accept transfers from municipalities upon terms and conditions as agreed to by the administrative entity and the municipality.

(2) A municipality may transfer to an administrative entity real property and interests in real property of the municipality on terms and conditions and according to procedures determined by the municipality so long as the real property is located within the jurisdiction of the municipality.

(3) A redevelopment authority may, with the consent of the local governing body and without a redevelopment contract, convey property which the redevelopment authority acquired before the effective date of this paragraph to the administrative entity. A conveyance under this paragraph shall be with fee simple title, free of all liens and encumbrances.

(4) An administrative entity may, if authorized by the jurisdiction that created an authority or otherwise by intergovernmental cooperation agreement, accept donations of real property and extinguish delinquent claims for taxes as to the property under section 5.1 of the act of May 16, 1923 (P.L.207, No.153), referred to as the Municipal Claim and Tax Lien Law, or section 303 of the act of July 7, 1947 (P.L.1368, No.542), known as the Real Estate Tax Sale Law. For the purposes of this paragraph, the administrative entity shall have all rights and obligations of the municipality provided for in section 5.1 of the Municipal Claim and Tax Lien Law.

(5) Notwithstanding any other provision of law to the contrary, if a tax-delinquent property offered at judicial sale is not sold, the trustee may donate the property to an administrative entity for the purpose of this chapter after written notification of the transfer to all interested parties.

(b) Title to be held in its name.--An administrative entity shall hold in its own name all real property it acquires to administer the microenterprise program under this chapter.

§ 3114. Funding.

(a) General rule.--The administrative entity may receive funding through grants from:

- (1) The Federal Government.
- (2) The Commonwealth.
- (3) A municipality that created the administrative entity.
- (4) Private sources.

(b) Revenue.--An administrative entity may receive and retain payments for services rendered, for rents and leasehold payments received, for consideration for disposition of real and personal property, for proceeds of insurance coverage for losses incurred, for income from investments and for an asset and activity lawfully permitted to the administrative entity under this chapter.

§ 3115. Property tax exemption schedule of real property.

A municipality and school district shall have the power and authority to grant property tax abatement, in accordance with this section, to properties leased to a microenterprise for one or more consecutive years and owned by an administrative entity. The following apply:

(1) For the first, second and third years for which the property would otherwise be taxable and is continually leased to the microenterprise, 100% of the eligible assessment shall be exempted.

(2) For the fourth year for which the property would otherwise be taxable and is continually leased to the microenterprise, 90% of the eligible assessment shall be exempted.

(3) For the fifth year for which the property would otherwise be taxable and is continually leased to the microenterprise, 75% of the eligible assessment shall be exempted.

(4) For the sixth year for which the property would otherwise be taxable and is continually leased to the microenterprise, 60% of the eligible assessment shall be exempted.

(5) For the seventh year for which the property would otherwise be taxable and is continually leased to the microenterprise, 45% of the eligible assessment shall be exempted.

(6) For the eighth year for which the property would otherwise be taxable and is continually leased to the microenterprise, 30% of the eligible assessment shall be exempted.

(7) For the ninth year for which the property would otherwise be taxable and is continually leased to the microenterprise, 15% of the eligible assessment shall be exempted.

(8) For the tenth year for which the property would otherwise be taxable and is continually leased to the microenterprise, 10% of the eligible assessment shall be exempted.

(9) After the tenth year of being continually leased to the microenterprise, the exemption shall terminate.

§ 3116. Microenterprise loans.

(a) Loan issuance.--

(1) An administrative entity may issue a loan to a microenterprise that operates on property owned by the administrative entity within the program.

(2) An administrative entity may partner with a private entity that issues microloans for the purpose of providing a loan under paragraph (1).

(3) If a loan payment becomes delinquent, the administrative entity may offer a hardship agreement to the microenterprise to restructure the payment process.

(b) Training.--

(1) For the purpose of reducing the financial risk involved in issuing a loan under subsection (a)(1) and providing loan applicants with the skills necessary to succeed, a loan applicant must complete business courses and workshops on operating a business, creating market strategy and customer interaction to be eligible to receive a loan.

(2) If the loan applicant is a worker cooperative corporation, all owners of the worker cooperative corporation must complete the business courses and workshops under paragraph (1).

(c) Training resources.--

(1) Upon request by an administrative entity, the department shall assist the administrative entity in identifying organizations that can provide the business training required under subsection (b) to loan applicants. The administrative entity shall direct loan applicants to the organizations that provide the business training.

(2) The administrative entity may partner with a private entity, including commercial and nonprofits or organizations specializing in training start-up entrepreneurs, for any of the following:

(i) using the private entity's facilities or expertise to help loan applicants fulfill the business training required under subsection (b); or

(ii) acquiring building space, whether the building space is leased or donated, for the purpose of conducting business training required under subsection (b).

(d) Eligible applicants.--

(1) An administrative entity shall impose requirements for eligible applicants, and the requirements shall be readily available to the public. The requirements shall include provisions that:

(i) An applicant must be low income and located in this Commonwealth.

(ii) An applicant must demonstrate need for capital and technical assistance to operate a business, with need defined by the administrative entity.

(iii) An applicant must have an established business plan and provide a summary of the plan to the administrative entity, if requested.

(2) (Reserved).

§ 3117. Administration of program.

(a) Limitation on administrative cost.--The cost of administering a program may not exceed 10% of the program's operating budget.

(b) Maintenance.--An administrative entity shall maintain all of its real property in accordance with the laws of this Commonwealth and ordinances of the jurisdiction in which the real property is located.

§ 3118. Disposition of property.

(a) Public access to inventory.--An administrative entity shall maintain and make available for public review and

inspection an inventory of real property held by the administrative entity for the program.

(b) Power.--The administrative entity may convey, exchange, sell, transfer, lease, grant or mortgage interests in real property of the administrative entity in the form and by the method determined by the administrative entity to be in the best interests of the microenterprise loan program.

(c) Consideration.--

(1) The administrative entity shall determine the amount and form of consideration necessary to convey, exchange, sell, transfer, lease as lessor, grant or mortgage interests in real property.

(2) Consideration may take the form of monetary payments and secured financial obligations, covenants and conditions related to the present and future use of the property, contractual commitments of the transferee and other forms of consideration as determined by the administrative entity to be in the best interest of the program.

(d) Policies and procedures.--

(1) An administrative entity shall create policies and procedures providing the general terms and conditions for consideration to be received by the administrative entity for the transfer of real property and interests in real property.

(2) Requirements which may be applicable to the disposition of real property and interests in real property by municipalities shall not be applicable to the disposition of real property and interests in real property by the administrative entity.

(e) Land use plans.--The administrative entity shall consider all adopted land use plans and make reasonable efforts to coordinate the disposition of an administrative entity's real property with the land use plans.

Section 2. This act shall take effect in 60 days.

APPROVED--The 30th day of June, A.D. 2021.

TOM WOLF