

AMENDMENTS TO HOUSE BILL NO. 537

Sponsor: REPRESENTATIVE CIRESI

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1 Amend Bill, page 2, lines 5 through 7, by striking out
2 "providing for small business grant program," in line 5 and all
3 of lines 6 and 7 and inserting
4 in emergency COVID-19 response, establishing the County Block
5 Grant - Small Business Grant Program.

6 Amend Bill, page 2, lines 10 through 33; pages 3 and 4, lines
7 1 through 30; page 5, lines 1 through 28; by striking out all of
8 said lines on said pages and inserting

9 Section 1. The act of April 9, 1929 (P.L.343, No.176), known
10 as The Fiscal Code, is amended by adding a section to read:
11 Section 135-C. Small Business Grant Program.

12 (a) County block grants.--From money appropriated by the
13 General Assembly for the distribution of grants under this
14 section, each county shall receive an amount equal to the
15 population proportion amount as determined under paragraph (2).
16 The following shall apply:

17 (1) The department shall distribute funding to counties
18 in accordance with this subsection no later than 21 days
19 after the starting date.

20 (2) For the purpose of this subsection, the population
21 proportion amount shall be determined as follows:

22 (i) Divide:

23 (A) the population estimate of the county; by

24 (B) the sum of the population estimates of all
25 counties; and

26 (ii) Multiply the quotient under subparagraph (i) by
27 the total amount appropriated by the General Assembly for
28 the distribution of grants under this section.

29 (3) For the purpose of this subsection, a county's
30 population shall be equal to the published estimate by the
31 United States Census Bureau's Population Estimates Program
32 for calendar year 2019.

33 (b) Small Business Grant Program.--The County Block Grant -
34 Small Business Grant Program is established within the

1 department for the purpose of awarding grants under this
2 section. The following shall apply to the program:

3 (1) No later than 22 days after the starting date, each
4 county that receives a grant under this section shall
5 contract with at least one CEDO or CDFI designated to serve
6 that county to award grants under this section.

7 (2) Subject to the prohibition under subparagraph (ii),
8 grants under this section may be awarded to eligible
9 applicants for the purpose of alleviating revenue losses and
10 paying eligible operating expenses. The following shall apply
11 to grants awarded under this section:

12 (i) A grant awarded to an eligible applicant may not
13 exceed \$15,000.

14 (ii) A grant may not be awarded to pay for the same
15 eligible operating expenses for which an eligible
16 applicant receives or received payment, reimbursement or
17 loan forgiveness from the following sources:

18 (A) Money that is not required to be repaid to
19 the Federal Government under the CARES Act or
20 Consolidated Appropriations Act, 2021.

21 (B) The act of May 29, 2020 (P.L. , No.2A),
22 known as the COVID-19 Emergency Supplement to the
23 General Appropriation Act of 2019.

24 (3) The receipt of a loan or grant issued under the
25 authority of the Federal Government or the Commonwealth shall
26 not disqualify an applicant from eligibility for a grant
27 under this section.

28 (4) Priority in the awarding of grants under this
29 section shall be given to an eligible applicant that meets
30 any of the following:

31 (i) The eligible applicant has not received a loan
32 or grant issued under the authority of the Commonwealth
33 or the Commonwealth's political subdivisions or by the
34 Federal Government under the CARES Act or Consolidated
35 Appropriations Act, 2021.

36 (ii) The eligible applicant was subject to closure
37 by the proclamation of disaster emergency issued by the
38 Governor on March 6, 2020, published at 50 Pa.B. 1644
39 (March 21, 2020), and any renewal of the state of
40 disaster emergency.

41 (iii) The eligible applicant can demonstrate a
42 reduction in revenue that meets any of the following:

43 (A) A reduction in gross receipts of 50% or more
44 for the period beginning after March 31, 2020, and
45 ending before December 31, 2020, in comparison to the
46 period beginning after March 31, 2019, and ending
47 before December 31, 2019.

48 (B) If the eligible applicant was not in
49 operation during the entire comparison period under
50 clause (A), but was in operation on March 1, 2020, a
51 monthly average reduction in gross receipts of 50% or

1 more for the period beginning after March 31, 2020,
2 and ending before December 31, 2020, in comparison to
3 the period beginning after January 1, 2020, and
4 ending before April 1, 2020.

5 (5) The following shall apply to applications to receive
6 grants under this section:

7 (i) Applications shall be in a form determined by a
8 county with input from a CEDO or CDFI processing the
9 application on behalf of a county.

10 (ii) Applications shall contain documentation as
11 required by the county.

12 (iii) Applications shall be available
13 electronically.

14 (iv) No later than 45 days after the starting date,
15 a CEDO or CDFI shall receive and consider applications on
16 a rolling basis until funding for grants received by the
17 county under subsection (a) has been completely expended,
18 or 130 days after the starting date, whichever occurs
19 first. Upon completely expending the funds available for
20 grants, a CEDO or CDFI shall notify the department.

21 (6) The following shall apply to reviewing applications
22 for grants under this section:

23 (i) No later than 160 days after the starting date,
24 a CEDO or CDFI shall approve or disapprove applications
25 for grants.

26 (ii) Upon approving an application under
27 subparagraph (i), a CEDO or CDFI shall enter into a grant
28 agreement with the eligible applicant in order to award
29 the grant.

30 (iii) The grant agreement under subparagraph (ii)
31 shall explain the terms and conditions of the grant,
32 including the applicable laws of this Commonwealth and
33 reporting requirements.

34 (iv) The grant agreement under subparagraph (ii) may
35 be electronically signed and returned to the CEDO or CDFI
36 that approved the application.

37 (7) An eligible applicant or authorized representative
38 of the eligible applicant that submits an application for a
39 grant under this section shall certify in good faith to all
40 of the following:

41 (i) The eligible applicant was in operation on March
42 1, 2020, and, if required, paid income taxes to the
43 Federal Government and the Commonwealth, as reported on
44 individual or business tax returns.

45 (ii) The eligible applicant remains in operation and
46 does not intend to permanently cease operations within
47 one year of the date of application.

48 (iii) COVID-19 had an adverse economic impact on the
49 eligible applicant, which makes the grant request
50 necessary to support the ongoing operations of the
51 eligible applicant.

1 (iv) The grant will be used to pay for COVID-19-
2 related economic impacts.

3 (v) During the period beginning January 1, 2021, and
4 ending 150 days after the starting date, the eligible
5 applicant has not and will not receive another grant
6 under this section.

7 (vi) The information provided in the application
8 and all supporting documents and forms is true and
9 accurate in all material respects. An eligible applicant
10 or an authorized representative of the eligible applicant
11 that knowingly makes a false statement to obtain a grant
12 shall be subject to 18 Pa.C.S. § 4904 (relating to
13 unsworn falsification to authorities).

14 (8) The following shall apply to the awarding of grants
15 under this section:

16 (i) A CEDO or CDFI may award grants in increments of
17 \$5,000, not to exceed the limitation under paragraph (2)
18 (i).

19 (ii) A fully executed grant agreement under
20 paragraph (6)(ii) shall be required before the
21 disbursement of grant funds.

22 (iii) The aggregate amount of all grants awarded may
23 not exceed the amount of money received by the county
24 under subsection (a).

25 (9) A CEDO or CDFI may charge a fee not to exceed \$500
26 per completed and reviewed application for a grant under this
27 section. Fees charged under this paragraph shall be deducted
28 from the total amount of money distributed to the county
29 under subsection (a) and may not reduce the amount of the
30 grant awarded to an eligible applicant.

31 (10) A grant awarded under this section shall be paid to
32 an eligible applicant no later than 175 days after the
33 starting date.

34 (11) A county that provides grants under this section
35 shall compile a report, which shall include all of the
36 following:

37 (i) A list of each grant awarded.

38 (ii) The name and address of each grant recipient.

39 (iii) The amount of the grant and a description of
40 the financial impact to the grant recipient.

41 (iv) The name of the CEDO or CDFI that processed the
42 grant.

43 (12) A county shall submit the report under paragraph
44 (11) to the department no later than 200 days after the
45 starting date.

46 (13) The department shall prepare a consolidated report
47 with the information in the reports submitted under paragraph
48 (12) from all counties and submit the consolidated report to
49 the chair and minority chair of the Appropriations Committee
50 of the Senate and the chair and minority chair of the
51 Appropriations Committee of the House of Representatives no

1 later than 235 days after the starting date.

2 (14) The county shall post and maintain the report under
3 paragraph (11) on the county's publicly accessible Internet
4 website.

5 (15) The department shall post and maintain the
6 consolidated report under paragraph (14) on the department's
7 publicly accessible Internet website.

8 (16) A county awarding grants and a CEDO or CDFI
9 processing grants on behalf of a county under this section
10 shall provide documentation to the Department of the Auditor
11 General or the department, upon request, for purposes of an
12 audit review.

13 (17) The department may not impose additional
14 requirements on counties that are not specified in this
15 section.

16 (c) (Reserved).

17 (d) (Reserved).

18 (e) Definitions.--As used in this section, the following
19 words and phrases shall have the meanings given to them in this
20 subsection unless the context clearly indicates otherwise:

21 "CDFI." A community development financial institution that
22 is certified by the United States Department of the Treasury, is
23 headquartered in this Commonwealth, is part of the 17-member
24 Pennsylvania community development financial institution network
25 and primarily provides business loans to low-to-moderate income
26 individuals and business owners.

27 "CEDO." An economic development organization that has been
28 certified by the Pennsylvania Industrial Development Authority
29 or an economic development organization that serves more than
30 one county and is accredited by the International Economic
31 Development Council.

32 "Consolidated Appropriations Act, 2021." The Consolidated
33 Appropriations Act, 2021 (Public Law 116-260, 134 Stat. 1182).

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

36 "Economic development organization." Any local development
37 district, industrial development agency, industrial resource
38 center, redevelopment authority, community development financial
39 institution or any other nonprofit economic development
40 organization that is certified to participate in the
41 Pennsylvania Industrial Development Authority loan program.

42 "Eligible applicant." An entity that submits an application
43 for a grant under this section and meets all of the following:

44 (1) The entity is not publicly traded.

45 (2) The entity experienced a reduction in revenue in
46 calendar year 2020, measured as follows:

47 (i) The entity had gross receipts during the first,
48 second, third or fourth quarter in calendar year 2020
49 that demonstrate at least a 25% reduction from the
50 entity's gross receipts during the same quarter in
51 calendar year 2019.

1 (ii) If the entity was not in business during the
2 first or second quarter of calendar year 2019, but was in
3 business during the third and fourth quarters of calendar
4 year 2019, the entity had gross receipts during the
5 first, second, third or fourth quarter of calendar year
6 2020 that demonstrate at least a 25% reduction from the
7 entity's gross receipts during the third or fourth
8 quarter of calendar year 2019.

9 (iii) If the entity was not in business during the
10 first, second or third quarter of calendar year 2019, but
11 was in business during the fourth quarter of calendar
12 year 2019, the entity had gross receipts during the
13 first, second, third or fourth quarter of calendar year
14 2020 that demonstrate at least a 25% reduction from the
15 fourth quarter of calendar year 2019.

16 (iv) If the entity was not in business during
17 calendar year 2019, but was in operation on March 1,
18 2020, the entity had gross receipts during the second,
19 third or fourth quarter of calendar year 2020 that
20 demonstrate at least a 25% reduction from the gross
21 receipts of the entity during the first quarter of
22 calendar year 2020.

23 (v) For the purpose of this definition, if the
24 entity was in operation in all four quarters of calendar
25 year 2019, the entity shall be deemed to have experienced
26 the revenue reduction under subparagraph (i) if the
27 entity experienced a reduction in annual receipts of at
28 least 25% in calendar year 2020 compared to calendar year
29 2019 and the entity provides copies of the entity's
30 annual Federal tax forms substantiating the revenue
31 decline.

32 (vi) For the purpose of this definition, if the
33 entity changed ownership or control in calendar year
34 2020, the entity may measure the entity's reduction in
35 revenue in calendar year 2020 under subparagraph (i),
36 (ii), (iii), (iv) or (v) using the gross receipts of the
37 entity for calendar year 2019.

38 (3) The entity meets all of the following conditions as
39 of March 1, 2020:

40 (i) The entity is a retail or personal service
41 employer within this Commonwealth.

42 (ii) The entity has no more than 10 full-time
43 employees.

44 (iii) The entity has gross annual receipts for the
45 prior fiscal year that did not exceed \$1,500,000.

46 "Eligible operating expense." An operating expense,
47 including a payroll and non-payroll expense, that is common and
48 accepted in an eligible applicant's industry, helpful and
49 appropriate for the eligible applicant's trade or business and
50 subject to the following limitations:

51 (1) The operating expense must have been incurred

1 between March 1, 2020, and 130 days after the starting date,
2 or prior to submission of an application for a grant under
3 this section, whichever occurs first.

4 (2) For a mortgage obligation, the mortgage must have
5 been in force before March 1, 2020.

6 (3) For rent, under lease agreements, the lease
7 agreement must have been in force before March 1, 2020.

8 (4) For utility costs, service must have begun before
9 March 1, 2020.

10 (5) For the purpose of paragraphs (2) and (3), if an
11 existing mortgage obligation or lease agreement is in force
12 before March 1, 2020, and is refinanced or restructured after
13 March 1, 2020, the mortgage obligation or lease agreement is
14 deemed to have been in force before March 1, 2020.

15 "Full-time equivalent employee." The quotient obtained by
16 dividing the total number of hours for which employees were
17 compensated for employment over the preceding 12-month period by
18 2,080.

19 "Gross receipts." Revenue in whatever form received or
20 accrued, in accordance with the recipient's accounting method,
21 from whatever source, including from the sales of products or
22 services, interest, dividends, rents, royalties, fees or
23 commissions, reduced by returns and allowances. The term does
24 not include any of the following:

25 (1) Taxes collected for and remitted to a taxing
26 authority if included in gross or total income, including
27 sales or other taxes collected from customers and excluding
28 taxes levied on an entity or the entity's employees.

29 (2) Proceeds from transactions between an entity and the
30 entity's domestic or foreign affiliates.

31 (3) Amounts collected for another by a travel agent,
32 real estate agent, advertising agent or conference management
33 service provider.

34 "Program." The County Block Grant - Small Business Grant
35 Program established under subsection (b).

36 "Starting date." The effective date of this section or the
37 effective date of an appropriation for distribution of grants
38 under this section, whichever is later.

39 Section 2. This act shall take effect immediately.