
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 864

Session of
1987

INTRODUCED BY RHOADES, STAUFFER, ROCKS, REIBMAN, SHUMAKER,
HELFRICK, FUMO, FISHER, LINCOLN, SHAFFER, MADIGAN, MUSTO,
LEMMOND, PETERSON, ANDREZESKI AND O'PAKE, JUNE 1, 1987

REFERRED TO COMMUNITY AND ECONOMIC DEVELOPMENT, JUNE 1, 1987

AN ACT

1 Amending the act of July 2, 1984 (P.L.545, No.109), entitled "An
2 act establishing a loan program for capital development
3 projects; providing for the use of funds made available under
4 the Appalachian Regional Development Act of 1965 and the
5 Public Works and Economic Development Act of 1965; providing
6 for loans, loan guarantees and other programs for capital
7 development projects of small businesses; creating the
8 Capital Loan Fund; providing standards for and requirements
9 of the program; and making appropriations," extending for two
10 years the period during which apparel industry loans may be
11 made.

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

14 Section 1. Section 4(d) of the act of July 2, 1984 (P.L.545,
15 No.109), known as the Capital Loan Fund Act, added December 20,
16 1985 (P.L.364, No.104), is amended to read:

17 Section 4. Eligibility for loans; terms and conditions.

18 * * *

19 (d) Apparel industry loans.--

20 (1) The secretary may make advances from the fund,
21 subject to the terms, conditions and restrictions provided
22 under this act, to area loan organizations for the purpose of

1 making loans to manufacturers of apparel products for capital
2 development projects limited to the modernization, upgrading
3 or replacement of equipment: Provided, however, That no loans
4 shall be made which would do any of the following:

5 (i) Cause, aid or assist in, directly or indirectly,
6 the relocation of any business operations from one part
7 of this Commonwealth to another, unless there is at least
8 a 15% increase in net employment.

9 (ii) Supplant funding that is otherwise available
10 expeditiously from private sector sources on commercially
11 reasonable terms.

12 (iii) Be for the purpose of refinancing any portion
13 of the total project cost or other existing loans or
14 debt.

15 (iv) Be for the purpose of financing projects
16 located outside the geographic boundaries of this
17 Commonwealth.

18 (v) Be for the purpose of paying off a creditor
19 which is inadequately secured and is in a position to
20 sustain a loss.

21 (vi) Provide funds, directly or indirectly, for
22 payment, distribution or as a loan to owners, partners or
23 shareholders of the small business enterprise, except as
24 ordinary compensation for services rendered.

25 (vii) Be for the purpose of repaying a debt owed to
26 a small business investment company.

27 (viii) Provide funds for speculation in any kind of
28 property, real or personal, tangible or intangible.

29 (2) Loans may be made in an amount not exceeding 50% of
30 the total project cost, or \$200,000, whichever is less:

1 Provided, however, That no loans shall be made which will
2 exceed \$10,000 for each employment opportunity created or
3 preserved by the project.

4 (3) All loans shall be secured by lien positions on
5 collateral at the highest level of priority which can
6 accommodate the borrower's ability to raise sufficient debt
7 and equity capital and shall be made for such period and
8 shall bear such interest as may be determined by the area
9 loan organization with the approval of the board: Provided,
10 however, That:

11 (i) The term of any loan shall not exceed seven
12 years.

13 (ii) The interest rate shall in no case be less than
14 3%.

15 (iii) The secretary may defer interest and principal
16 payments at his discretion.

17 (4) No apparel industry loans or other apparel industry
18 aid may be approved after June 30, [1987] 1989.

19 (5) A manufacturer of apparel products is not
20 disqualified from seeking Class I, II or III loans because of
21 eligibility to apply for an apparel industry loan: Provided,
22 however, That the loans approved shall not exceed in the
23 aggregate 50% of total project cost, or \$200,000, whichever
24 is less.

25 * * *

26 Section 2. This act shall be retroactive to June 30, 1987,
27 if enacted after that date.

28 Section 3. This act shall take effect immediately.