
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 10

Session of
1997

INTRODUCED BY ROBBINS, HART, MUSTO, SALVATORE, O'PAKE, HELFRICK,
COSTA, WHITE, KUKOVICH, THOMPSON, AFFLERBACH AND MADIGAN,
JANUARY 29, 1997

AS REPORTED FROM COMMITTEE ON COMMERCE AND ECONOMIC DEVELOPMENT,
HOUSE OF REPRESENTATIVES, AS AMENDED, OCTOBER 20, 1997

AN ACT

1 Amending the act of June 29, 1996 (P.L.434, No.67), entitled "An
2 act to enhance job creation and economic development by
3 providing for an annual financing strategy, for opportunity
4 grants, for job creation tax credits, for small business
5 assistance and for the Small Business Advocacy Council;
6 conferring powers and duties on various administrative
7 agencies and authorities; further providing for various
8 funds; and making repeals," further defining "financing
9 programs"; and providing for the Community Development Bank
10 Grant and Loan Program.

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

13 Section 1. The definition of "financing ~~program~~ PROGRAMS" in <—
14 section 103 of the act of June 29, 1996 (P.L.434, No.67), known
15 as the Job Enhancement Act, is amended to read:

16 Section 103. Definitions.

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

20 * * *

"Financing programs." All of the following programs:

(1) The Pennsylvania Industrial Development Authority.

(2) Pennsylvania Economic Development Financing
Authority.

(3) Pennsylvania Minority Business Development Authority
Board.

(4) The Infrastructure Development Program.

(5) The Opportunity Grant Program.

(6) The Industrial Sites Reuse Program.

(7) The Customized Job Training Program.

(8) The Machinery and Equipment Loan Program.

(9) The Small Business First Program.

(10) Job Creation Tax Credit.

(10.1) The Community Development Bank Grant and Loan
Program.

(11) Any other similar program operated by the
department.

* * *

Section 2. The act is amended by adding a chapter to read:

CHAPTER 15

COMMUNITY DEVELOPMENT BANK GRANT

AND LOAN PROGRAM

Section 1501. Declaration of purpose.

The purpose of this chapter is to create a program to more
effectively address the capital needs of local community
development and economic development institutions IN
ECONOMICALLY DISTRESSED AND LOW-INCOME AREAS by encouraging and
supporting the creation, development and operations of community
development financial institutions through a program of grants
and loans.

<—

1 Section 1502. Definitions.

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

5 "Authority." The Pennsylvania Economic Development Financing
6 Authority.

7 "Board." The Board of Directors of the Pennsylvania Economic
8 Development Financing Authority.

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

13 "Community development loan." A loan from a community
14 development financial institution to low-income individuals,
15 businesses and nonprofit organizations for the purpose of
16 revitalizing distressed communities and buildings.

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

19 "Eligible institution." A community development financial
20 institution which has been accredited by the Department of
21 Community and Economic Development under section 1506.

22 "Participating investors." Public or private entities which
23 elect to participate with the authority in the loan programs set
24 forth in this chapter.

25 "Program." The Community Development Bank Grant and Loan
26 Program established under this chapter.

27 Section 1503. Establishment.

28 There is hereby established within the Pennsylvania Economic
29 Development Financing Authority, a grant and loan program to be
30 administered in accordance with the act of August 23, 1967

(P.L.251, No.102), known as the Economic Development Financing Law.

Section 1504. Operation of Pennsylvania Community Development Bank.

(a) Operation.--The authority shall have the power to operate the program under the name of the Pennsylvania Community Development Bank.

~~(b) Operational committee.--The authority may operate the program by establishing a 15 member committee of the board to which the authority may delegate all or part of its powers to operate the program.~~ THE AUTHORITY SHALL ESTABLISH BY RESOLUTION

A 15-MEMBER COMMITTEE OF THE BOARD TO WHICH THE AUTHORITY SHALL DELEGATE ITS POWERS TO OPERATE THIS PROGRAM. The committee shall consist of the Secretary of Community and Economic Development, who shall act as chairman, the Secretary of Banking, one member appointed by the President pro tempore of the Senate, one member appointed by the Speaker of the House of Representatives, one member appointed by the Minority Leader of the Senate, one member appointed by the Minority Leader of the House of Representatives and nine members appointed by the Governor representing participating investors and members of the general public.

(c) Limitation on voting.--No representative of an eligible institution may serve as a voting member of the committee.

(d) Terms.--The members shall serve at the pleasure of the appointing authority.

(e) Expenses.--The members of the committee shall be entitled to no compensation for their services but shall be entitled to reimbursement for all necessary expenses incurred in connection with the performance of their duties as members of

1 the committee.

2 (f) Quorum.--A majority of the members of the committee
3 shall constitute a quorum for the transaction of any program
4 business.

5 Section 1505. Deposits.

6 (a) Special accounts.--Money appropriated to the program may
7 be deposited by the authority in banks or trust companies in
8 special accounts. The special accounts must be continuously
9 secured by a pledge of direct obligations of the United States
10 or the Commonwealth, having an aggregate market value, exclusive
11 of accrued interest, at least equal to the balance on deposit in
12 the account. The securities shall be deposited with the
13 authority or be held by a trustee or agent approved by the
14 authority. Banks and trust companies are authorized to give
15 security under this paragraph.

16 (b) Disbursements.--Money in accounts under subsection (a)
17 shall be paid out on order of the authority.

18 Section 1506. Accreditation.

19 (a) General rule.--The department shall accredit community
20 development financial institutions to participate in the program
21 established under section 1503. The department may revoke
22 accreditation from community development financial institutions
23 which no longer meet accreditation criteria. ACCREDITATION OF A <—
24 COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION UNDER THIS CHAPTER
25 DOES NOT, IN AND OF ITSELF, QUALIFY AN INSTITUTION TO
26 PARTICIPATE IN ANY OTHER FINANCING PROGRAM ADMINISTERED BY THE
27 DEPARTMENT.

28 (b) Criteria.--Department criteria for accreditation shall
29 include certification under the Community Development Banking
30 and Financial Institutions Act of 1994 (Public Law 103-325, 108

1 Stat. 2163) and such other criteria as the department deems
2 appropriate.

3 (C) GEOGRAPHIC DIVERSITY.--THE DEPARTMENT SHALL ACCREDIT <—
4 ELIGIBLE INSTITUTIONS IN A MANNER TO ENSURE THE USE OF COMMUNITY
5 DEVELOPMENT FINANCIAL INSTITUTIONS IN ALL GEOGRAPHIC REGIONS OF
6 THIS COMMONWEALTH TO THE GREATEST EXTENT POSSIBLE.

7 Section 1507. Grants.

8 The authority may issue grants to eligible institutions or to
9 nonprofit organizations which are attempting to obtain Federal
10 certification or department accreditation as a community
11 development financial institution. The authority may issue
12 grants for the purpose of developing or enhancing the ability of
13 the community development financial institution or nonprofit
14 organization to be accredited as an eligible institution and to
15 participate in the loan program established by this chapter IN A <—
16 MANNER TO ENSURE THE USE OF COMMUNITY DEVELOPMENT FINANCIAL
17 INSTITUTIONS IN ALL GEOGRAPHIC REGIONS OF THIS COMMONWEALTH TO
18 THE GREATEST EXTENT POSSIBLE. THE AUTHORITY MAY ALSO ISSUE
19 GRANTS OR LOANS FROM THE PROGRAM TO NONPROFIT ORGANIZATIONS
20 WHICH HAVE ENTERED INTO A WRITTEN CONTRACT WITH A PENNSYLVANIA-
21 ACCREDITED COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION OR A
22 NONPROFIT ORGANIZATION RECEIVING GRANTS FROM THE AUTHORITY TO
23 OBTAIN CERTIFICATION AND ACCREDITATION. IN AREAS WHERE NO
24 COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION EXISTS, AND NO
25 NONPROFIT ORGANIZATION IS WORKING TO OBTAIN CERTIFICATION AND
26 ACCREDITATION AS A COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION,
27 THE AUTHORITY MAY ISSUE GRANTS TO A NONPROFIT ORGANIZATION
28 DEEMED BY THE DEPARTMENT TO BE PERFORMING ACTIVITIES CONSISTENT
29 WITH THE GOALS OF THE COMMUNITY DEVELOPMENT BANKING AND
30 FINANCIAL INSTITUTION ACT OF 1994 (PUBLIC LAW 103-325, 108 STAT.

2163). THE GRANTS SHALL PROVIDE TECHNICAL ASSISTANCE, TRAINING
OR OTHER SUPPORT TO SMALL BUSINESSES AND, WHERE APPLICABLE,
SHALL BE CONSISTENT WITH THE COMMUNITY DEVELOPMENT FINANCIAL
INSTITUTION'S DEVELOPMENT PLAN.

Section 1508. Authority loans.

The authority may make loans to eligible institutions from
moneys appropriated to the program on such terms and conditions
as the authority may determine. Any such loans shall be made by
the authority pursuant to the act of August 23, 1967 (P.L.251,
No.102), known as the Economic Development Financing Law, AND
SHALL BE CONSISTENT WITH THE REQUIREMENTS OF THE COMMUNITY
DEVELOPMENT BANKING AND FINANCIAL INSTITUTIONS ACT (PUBLIC LAW
103-325, 108 STAT. 2163) OR ANY SUCCESSOR THERETO. Loans to
eligible institutions may be made by the authority as the sole
lender or may be made in cooperation with participating
investors pursuant to agreements entered into in accordance with
this chapter. Loan repayments shall be used by the authority to
make new loans to eligible institutions.

Section 1509. Community development loans.

(A) USES.--COMMUNITY DEVELOPMENT LOANS MADE UNDER THIS
SECTION MAY BE USED BY ELIGIBLE INSTITUTIONS IN A MANNER
CONSISTENT WITH THE COMMUNITY DEVELOPMENT BANKING AND FINANCIAL
INSTITUTIONS ACT OF 1994 (PUBLIC LAW 103-325, 108 STAT. 2163) OR
ANY SUCCESSOR THERETO.

~~(a)~~ (B) Requirement.--Eligible institutions that receive
loans from the authority under section 1508 shall make community
development loans pursuant to guidelines established by the
department. THE GUIDELINES SHALL INCLUDE CRITERIA FOR THE
APPROVAL OF A PORTFOLIO OF LOANS SUBMITTED BY ELIGIBLE
INSTITUTIONS.

1 ~~(b)~~ (C) Certification required.--In connection with <—
2 community development loans under this section, the recipient of
3 a loan must provide certification to the department that the
4 recipient does not have any outstanding municipal debts in the
5 form of delinquent real estate taxes or municipal utility bills
6 that are more than one year outstanding.

7 ~~(e)~~ (D) Definition.--As used in this section, the term <—
8 "certification" means proof by any of the following:

9 (1) Receipts of paid real estate taxes and municipal
10 utility bills.

11 (2) A notarized affidavit by the recipient evidencing
12 payment of real estate taxes and municipal utility bills.

13 Section 1510. Agreements.

14 The authority may enter into agreements and contracts as it
15 shall determine are appropriate for the exercise of the powers
16 granted to it by this chapter, including agreements with
17 participating investors.

18 Section 1511. Report.

19 Within 90 days of the end of the fiscal year, the authority
20 shall prepare, in consultation with the committee, an annual
21 report to the majority chairman and minority chairman of the
22 Appropriations Committee of the Senate and the majority chairman
23 and minority chairman of the Appropriations Committee of the
24 House of Representatives, which shall be for the immediately
25 prior fiscal year. The report, which shall be for the
26 immediately prior fiscal year, shall include the amount of funds
27 appropriated to the program deposited by the authority in
28 special accounts in banks or trust companies, the amount of
29 disbursements made from the special accounts, the number, name
30 and location of community development financial institutions

1 accredited by the department, the number and amount of grants
2 made by the department to community development financial
3 institutions or nonprofit organizations.

4 Section 1512. Additional powers.

5 In order to operate the program, the authority shall have all
6 other powers granted to it pursuant to the act of August 23,
7 1967 (P.L.251, No.102), known as the Economic Development
8 Financing Law. The authority may operate other community
9 development programs under the name of the Pennsylvania
10 Community Development Bank, including programs authorized and
11 funded under the Federal Rural Development Block Grants Program.

12 Section 3. This act shall take effect July 1, 1997, or
13 immediately, whichever is later.