
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2398 Session of
2002

INTRODUCED BY BUNT, DALEY, BASTIAN, FORCIER, ARMSTRONG,
M. BAKER, BROWNE, CAPPELLI, COY, DeWEESE, EGOLF, FAIRCHILD,
FEESE, FICHTER, GEORGE, GODSHALL, GORDNER, HENNESSEY, HERMAN,
LAUGHLIN, MANN, MARSICO, McCALL, McGILL, McILHATTAN,
PHILLIPS, PICKETT, RUBLEY, SAYLOR, SOLOBAY, STABACK, STERN,
TIGUE, WALKO, WATSON, ZUG, HERSHEY, HESS, SATHER, ALLEN,
E. Z. TAYLOR, CREIGHTON, ROBERTS, HARHAI, STEELMAN,
R. MILLER, MAJOR, SHANER, MAITLAND, B. SMITH, LUCYK, GRUCELA,
ROSS, THOMAS, SEMMEL, YOUNGBLOOD, FREEMAN, BENNINGHOFF,
PALLONE, TRICH AND CLYMER, MARCH 7, 2002

SENATOR THOMPSON, APPROPRIATIONS, IN SENATE, RE-REPORTED AS
AMENDED, JUNE 10, 2002

AN ACT

1 Amending the act of June 29, 1996 (P.L.434, No.67), entitled, as
2 amended, "An act to enhance job creation and economic
3 development by providing for an annual financing strategy,
4 for opportunity grants, for job creation tax credits, for
5 small business assistance, for the Small Business Advocacy
6 Council, for a family savings program, for industrial
7 development assistance, for community development bank grants
8 and loans and for tax-exempt bond allocation; conferring
9 powers and duties on various administrative agencies and
10 authorities; further providing for various funds; and making
11 repeals," further providing for small business definitions
12 and loan eligibility and terms.

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

15 Section 1. The definition of "small business enterprise" in
16 section 1301 of the act of June 29, 1996 (P.L.434, No.67), known
17 as the Job Enhancement Act, is amended and the section is
18 amended by adding definitions to read:

1 Section 1301. 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 * * *

6 "Agricultural producer." A person or entity involved in the
7 management and use of a normal agricultural operation for the
8 production of a farm commodity.

9 * * *

10 ~~"Natural disaster." As defined in 35 Pa.C.S. § 7102~~ <—
11 ~~(relating to definitions).~~

12 "Normal agricultural operation." ~~The activities, practices,~~ <—
13 ~~equipment and procedures which agricultural producers adopt, use~~
14 ~~or engage in in the production and preparation for market of~~
15 ~~farm commodities. The term includes new activities, practices,~~
16 ~~equipment and procedures consistent with technological~~
17 ~~development within the agricultural industry.~~ AS DEFINED IN <—
18 SECTION 2 OF THE ACT OF JUNE 10, 1982 (P.L.454, NO.133),
19 ENTITLED "AN ACT PROTECTING AGRICULTURAL OPERATIONS FROM
20 NUISANCE SUITS AND ORDINANCES UNDER CERTAIN CIRCUMSTANCES."

21 * * *

22 "Small business [enterprises] enterprise." A for-profit
23 corporation, partnership [or], propriatorship, limited liability
24 company or other entity which meets the eligibility requirements
25 established by the department. The term shall include, but is
26 not limited to, a small business [enterprises] enterprise which:

- 27 (1) is located in a small business incubator
28 [facilities, small business enterprises which are] facility;
29 (2) is an agricultural [processors and small business
30 enterprises which manufacture] processor;

1 ~~(5) An industrial resource center receiving funds under~~
2 ~~the act of July 2, 1993 (P.L. 439, No. 64), known as the Ben~~
3 ~~Franklin/IRC Partnership Act, may utilize the account to~~
4 ~~provide assistance to a small business enterprise for which a~~
5 ~~loan application has been made.~~

6 ~~(6) Loans under this subsection shall be used to further~~
7 ~~the goal of pollution prevention through the purchase and~~
8 ~~installation of equipment to make operational changes and~~
9 ~~modify production practices.~~

10 (b) Terms and conditions.--

11 (1) The department may make advances from the Small
12 Business First Fund, subject to the terms, conditions and
13 restrictions provided under this chapter, to area loan
14 organizations for the purpose of making loans to eligible
15 small business enterprises for capital development projects
16 which demonstrate a substantial likelihood of creating or
17 preserving employment opportunities[.] or, in the case of a
18 small business enterprise that is an agricultural producer,
19 loans which demonstrate a substantial likelihood of the
20 enhancement and growth of normal agricultural operations. All
21 loans, except loans provided to a small business enterprise
22 which is an agricultural producer, shall be limited to
23 projects that demonstrate the creation or preservation of one
24 job for every \$25,000 received from the Small Business First
25 Fund.

26 (2) No loans shall be made which would do any of the
27 following:

28 (i) Cause, aid or assist in, directly, the
29 relocation of any business operations from one part of
30 this Commonwealth to another unless there is at least a

1 25% net increase in employment.

2 (ii) Refinance any portion of the total project cost
3 or other existing loans or debt.

4 (iii) Finance projects located outside the
5 geographic boundaries of this Commonwealth.

6 (iv) Provide funds, directly or indirectly, for
7 payment, distribution or as loan owners, partners or
8 shareholders of the small business enterprise, except as
9 ordinary compensation for services rendered.

10 (v) Provide funds for speculation in any kind of
11 property, real or personal, tangible or intangible.

12 (3) All loans shall carry an interest rate and term and
13 shall be secured by lien positions on collateral at the
14 highest level of priority as may be determined by the area
15 loan organization with the approval of the department.

16 ~~Section 3. Section 1310 of the act is amended to read:~~ <—

17 ~~Section 1310. [Transitional] Eligibility provisions.~~

18 ~~The following eligibility requirements and eligible uses~~
19 ~~shall apply to all requests for funding [received after this~~
20 ~~chapter becomes effective and before submission of the first~~
21 ~~annual financing strategy]:~~

22 ~~(1) A small business enterprise with 100 full time~~
23 ~~employees or less that proposes to undertake a capital~~
24 ~~development.~~

25 ~~(2) (i) The maximum loan amount for land, buildings and~~
26 ~~machinery and equipment is \$200,000 or 50% of the total~~
27 ~~eligible project costs, whichever is less. The maximum~~
28 ~~loan amount for working capital is \$100,000 or 50% of the~~
29 ~~total eligible project costs, whichever is less.~~

30 ~~(ii) Loans used for real estate shall have a~~

1 ~~repayment period of up to ten years. Loans used for~~
2 ~~machinery and equipment shall have a repayment period of~~
3 ~~up to seven years. Loans used for working capital shall~~
4 ~~have a repayment period of up to three years. In projects~~
5 ~~where two or more uses of funds are planned, the loan~~
6 ~~terms may be blended.~~

7 ~~(iii) Interest rates shall [be fixed at 5%.] not~~
8 ~~exceed 5%, except as provided in clause (iv).~~

9 ~~(iv) Loans made to a small business enterprise that~~
10 ~~is an agricultural producer shall be made at an interest~~
11 ~~rate of not less than 2% for the term of the loan if a~~
12 ~~declaration under 35 Pa.C.S. § 7301(c) (relating to~~
13 ~~general authority of Governor) is in effect for a natural~~
14 ~~disaster. A small business enterprise that is an~~
15 ~~agricultural producer must be physically located in the~~
16 ~~area of the natural disaster and must make loan~~
17 ~~application within nine months of a declaration specified~~
18 ~~in this subparagraph.~~

19 ~~[(iv)] (v) All loans must be adequately secured.~~

20 ~~(3) (i) Applications for assistance under the Capital~~
21 ~~Loan Fund Act which have been approved prior to the~~
22 ~~effective date of this chapter will be processed in~~
23 ~~accordance with the act of July 2, 1984 (P.L.545,~~
24 ~~No.109), known as the Capital Loan Fund Act. Applications~~
25 ~~for assistance which have been received but which have~~
26 ~~not been approved prior to the effective date of this~~
27 ~~chapter will be evaluated and processed in accordance~~
28 ~~with this chapter.~~

29 ~~(ii) Applications for assistance under section 7.13~~
30 ~~of the act of January 8, 1960 (1959 P.L.2119, No.787),~~

1 ~~known as the Air Pollution Control Act, section 709 of~~
2 ~~the act of July 6, 1989 (P.L.169, No.32), known as the~~
3 ~~Storage Tank and Spill Prevention Act, and the Recycling~~
4 ~~Incentive Development Account which have been approved~~
5 ~~prior to the effective date of this chapter shall be~~
6 ~~processed in accordance with those respective provisions.~~
7 ~~Applications for assistance which have been received but~~
8 ~~which have not been approved prior to the effective date~~
9 ~~of this chapter shall be evaluated and processed in~~
10 ~~accordance with this chapter.~~

11 ~~Section 4. The act is amended by adding a section to read:~~

12 ~~Section 5106.2. Reporting to General Assembly.~~

13 ~~In addition to the annual financing strategy submitted to the~~
14 ~~General Assembly, in accordance with section 301, the department~~
15 ~~shall report to the General Assembly in January and June for~~
16 ~~each of their programs on the number and type of requests for~~
17 ~~department financing during the current fiscal year, the number,~~
18 ~~amount and description of approvals and the available financing~~
19 ~~still remaining.~~

20 Section 5 3. This act shall take effect immediately.

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