
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2503 Session of
2008

INTRODUCED BY GIBBONS, CALTAGIRONE, CAPPELLI, EACHUS, FRANKEL,
GEORGE, HARKINS, McILHATTAN, SAINATO, SURRA, BIANCUCCI AND
YUDICHAK, MAY 7, 2008

REFERRED TO COMMITTEE ON COMMERCE, MAY 7, 2008

AN ACT

1 Amending Title 12 (Commerce and Trade) of the Pennsylvania
2 Consolidated Statutes, providing for loans from the
3 Pennsylvania Industrial Development Authority.

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

6 Section 1. Sections 2902, 2903, 2904 and 2905(a) of Title 12
7 of the Pennsylvania Consolidated Statutes are amended to read:

8 § 2902. Definitions.

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

12 "Authority." The Pennsylvania Industrial Development
13 Authority established under the act of May 17, 1956 (1955
14 P.L.1609, No.537), known as the Pennsylvania Industrial
15 Development Authority Act.

16 "Business enterprise." A for-profit corporation, partnership
17 or proprietorship. The term includes a medical facility.

18 "Farm commodity." Any Pennsylvania-grown agricultural,

1 horticultural, aquacultural, vegetable, fruit and floricultural
2 product of the soil, livestock and meats, wools, hides, furs,
3 poultry, eggs, dairy products, nuts, mushrooms, honey products
4 and forest products.

5 "Fund." The Machinery and Equipment Loan Fund created and
6 established by this chapter.

7 "Medical facility." An entity licensed as a hospital under
8 the act of June 13, 1967 (P.L.31, No.21), known as the Public
9 Welfare Code, or the act of July 19, 1979 (P.L.130, No.48),
10 known as the Health Care Facilities Act.

11 "Normal agricultural operation." The term shall have the
12 same meaning as given to it in section 2 of the act of June 10,
13 1982 (P.L.454, No.133), entitled "An act protecting agricultural
14 operations from nuisance suits and ordinances under certain
15 circumstances."

16 "PIDA Act." The act of May 17, 1956 (1955 P.L.1609, No.537),
17 known as the Pennsylvania Industrial Development Authority Act.

18 "Production agriculture." The management and use of a normal
19 agricultural operation for the production of a farm commodity.

20 § 2903. Establishment.

21 There is established within the department a program to be
22 known as the Machinery and Equipment Loan Program. [The] Except
23 as otherwise provided in this chapter, the program shall be
24 administered by the department and provide loans to business
25 enterprises for machinery and equipment.

26 § 2904. Machinery and Equipment Loan Fund.

27 (a) Creation.--There is created a special account in the
28 Treasury Department, to be known as the Machinery and Equipment
29 Loan Fund, to which shall be credited all program appropriations
30 made by the General Assembly, all proceeds from loan repayments

1 made through June 30, 2008, and any and all other deposits,
2 payments or contributions from any other source made available
3 to the fund. All proceeds from loan repayments made after June
4 30, 2008, shall be paid to the authority. The fund shall operate
5 as a revolving fund whereby all appropriations, payments and
6 interest made thereto may be applied and reapplied to the
7 purposes of this chapter.

8 (b) Credits to fund.--All appropriations, deposits and
9 contributions made to the fund shall be immediately credited in
10 full to the fund, and earnings on the moneys held in the fund
11 shall also be credited to the fund for the purposes of this
12 chapter.

13 (c) Transfers to the authority.--At the beginning of each
14 fiscal year commencing with the fiscal year beginning July 1,
15 2008, a portion of the unencumbered moneys in the fund, as
16 determined by the secretary, shall be transferred to the
17 authority. The authority may use such funds for any purpose
18 authorized under law.

19 § 2905. Eligibility for loans; terms and conditions.

20 (a) Loans; general rules.--The secretary may make advances
21 from the fund, subject to the terms, conditions and restrictions
22 provided under this chapter, for the purpose of making loans to
23 business enterprises involved in industrial processes, mining,
24 manufacturing, production agriculture, information technology,
25 biotechnology, service as a medical facility or other industrial
26 or technology sectors, as defined by the department, to acquire
27 and install new machinery and equipment or upgrade existing
28 machinery and equipment, including the acquisition, application
29 and utilization of computer hardware and software.

30 (1) All loans shall be subject to all of the following

1 conditions:

2 (i) Be made to eligible business enterprises under
3 the provisions of this chapter.

4 (ii) Have a maximum loan ceiling of \$5,000,000 or
5 50% of the cost of the project, whichever is less.

6 (iii) Be limited to the purchase and installation of
7 new equipment and machinery or the upgrade of existing
8 machinery and equipment. This subparagraph includes the
9 acquisition, application and utilization of computer
10 hardware and software.

11 (iv) Be limited to projects that demonstrate [the
12 creation or retention of one job for every \$25,000
13 received from the fund] job creation or retention at a
14 rate determined by the department. This subparagraph does
15 not apply to loans made to business enterprises involved
16 in production agriculture or to loans made to medical
17 facilities.

18 (v) Have an interest rate which shall be established
19 by the secretary.

20 (vi) Have a term of [not in excess of] ten years or
21 less.

22 (2) For loans to medical facilities, loan funds may be
23 used only to finance the acquisition, installation and
24 utilization of machinery and equipment, including computer
25 hardware and software components, to be used in the
26 prescribing and dispensing of medication for medical facility
27 patients.

28 * * *

29 Section 2. Title 12 is amended by adding a section to read:

30 § 2913. Loans from authority.

1 Prior to the review and investigation of an application
2 submitted under section 2906 (relating to application and
3 administration), the secretary may forward the application to
4 the authority to be reviewed and investigated by the authority
5 for a possible loan from the authority in lieu of a loan from
6 the department under this chapter. In addition to the powers of
7 the authority under the PIDA Act, the authority is hereby
8 authorized to make loans meeting the eligibility and other
9 requirements of this chapter. In such event, a recipient of any
10 such loan shall be subject to the requirements of this chapter
11 as though the secretary made the advances for the loan under
12 section 2905(a) (relating to eligibility for loans; terms and
13 conditions). Repayments of loans made by the authority with
14 funds transferred to the authority under section 2904(c)
15 (relating to Machinery and Equipment Loan Fund) shall be made
16 directly to the authority.

17 Section 3. This act shall take effect immediately.