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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 2503 Session of  
2008

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INTRODUCED BY GIBBONS, CALTAGIRONE, CAPPELLI, EACHUS, FRANKEL,  
GEORGE, HARKINS, McILHATTAN, SAINATO, SURRA, BIANCUCCI,  
YUDICHAK, KULA, SIPTROTH, J. WHITE, MURT, THOMAS AND  
K. SMITH, MAY 7, 2008

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AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,  
JUNE 2, 2008

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AN ACT

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

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

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

9 § 2902. Definitions.

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

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

17 "Business enterprise." A for-profit corporation, partnership

1 or proprietorship. The term includes a medical facility.

2 "Farm commodity." Any Pennsylvania-grown agricultural,  
3 horticultural, aquacultural, vegetable, fruit and floricultural  
4 product of the soil, livestock and meats, wools, hides, furs,  
5 poultry, eggs, dairy products, nuts, mushrooms, honey products  
6 and forest products.

7 "Fund." The Machinery and Equipment Loan Fund created and  
8 established by this chapter.

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

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

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

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

22 § 2903. Establishment.

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

28 § 2904. Machinery and Equipment Loan Fund.

29 (a) Creation.--There is created a special account in the  
30 Treasury Department, to be known as the Machinery and Equipment

1 Loan Fund, to which shall be credited all program appropriations  
2 made by the General Assembly, all [proceeds from loan <—  
3 repayments] LOAN REPAYMENTS FROM LOANS made through June 30, <—  
4 2008, and any and all other deposits, payments or contributions  
5 from any other source made available to the fund. Loan  
6 repayments from loans made after June 30, 2008, shall be paid to  
7 the authority. The fund shall operate as a revolving fund  
8 whereby all appropriations, payments and interest made thereto  
9 may be applied and reapplied to the purposes of this chapter.

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

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

21 § 2905. Eligibility for loans; terms and conditions.

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

1 and utilization of computer hardware and software.

2 (1) All loans shall be subject to all of the following  
3 conditions:

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

6 (ii) Have a maximum loan ceiling of \$5,000,000 or  
7 50% of the cost of the project, whichever is less.

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

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

20 (v) Have an interest rate which shall be established  
21 by the secretary.

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

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

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1 Section 2. Title 12 is amended by adding a section to read:  
2 § 2913. Loans from authority.

3 (a) Review of application.--Prior to the review and  
4 investigation of an application submitted under section 2906  
5 (relating to application and administration), the secretary may  
6 forward the application to the authority to be reviewed and  
7 investigated by the authority for a possible loan from the  
8 authority in lieu of a loan from the department under this  
9 chapter.

10 (b) Loans from authority.--In addition to the powers of the  
11 authority under the PIDA Act, the authority is authorized to  
12 make loans meeting the eligibility and other requirements of  
13 this chapter.

14 (c) Minimum loan amount.--

15 (1) Except as set forth in paragraph (2), no less than  
16 25% of the amount loaned by the authority in a single fiscal  
17 year must meet the requirements of section 2905 (relating to  
18 eligibility for loans; terms and conditions).

19 (2) If the total of applications under this chapter are  
20 eligible for less than 25% of the amount loaned by the  
21 authority in a single fiscal year, unused funds may be loaned  
22 by the authority in accordance with the PIDA Act.

23 (d) Requirements.--A recipient of any loan made under this  
24 section shall be subject to the requirements of this chapter as  
25 though the secretary made the advances for the loan under  
26 section 2905(a).

27 (e) Repayment.--Repayments of loans made by the authority  
28 with funds transferred to the authority under section 2904(c)  
29 (relating to Machinery and Equipment Loan Fund) shall be made  
30 directly to the authority.

1 Section 3. This act shall take effect immediately.