

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1438 Session of
2008

INTRODUCED BY EARLL, PUNT, RAFFERTY, PIPPY, ORIE, KITCHEN,
BOSCOLA, M. WHITE AND WOZNIAK, JUNE 9, 2008

REFERRED TO COMMUNITY, ECONOMIC AND RECREATIONAL DEVELOPMENT,
JUNE 9, 2008

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
18 or proprietorship. The term includes a medical facility.

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

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

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

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

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

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

21 § 2903. Establishment.

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

27 § 2904. Machinery and Equipment Loan Fund.

28 (a) Creation.--There is created a special account in the
29 Treasury Department, to be known as the Machinery and Equipment
30 Loan Fund, to which shall be credited all program appropriations

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

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

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

20 § 2905. Eligibility for loans; terms and conditions.

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

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

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

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

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

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

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

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

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

29 * * *

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

1 § 2913. Loans from authority.

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

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

13 (c) Minimum loan amount.--

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

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

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

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

30 Section 3. This act shall take effect immediately.