

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2077 Session of 2011

INTRODUCED BY MASSER, EVERETT, FARRY, GINGRICH, F. KELLER, KILLION, MAJOR, MALONEY, MILLARD, PICKETT, QUINN, CULVER, TOBASH, VULAKOVICH AND TOOHIL, DECEMBER 13, 2011

AS REPORTED FROM COMMITTEE ON APPROPRIATIONS, HOUSE OF REPRESENTATIVES, AS AMENDED, MARCH 26, 2012

AN ACT

1 Providing for a Small Business Flood Relief SUPPLEMENTATION ←  
2 Program; making an appropriation; and providing for  
3 termination of the program.

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

6 Section 1. Short title.

7 This act shall be known and may be cited as the Small  
8 Business Flood Relief SUPPLEMENTATION Act of 2011. ←

9 Section 2. Declaration of policy.

10 (1) Hurricane Irene and Tropical Storm Lee and the  
11 resulting flood emergency impacted many small businesses of  
12 this Commonwealth, causing substantial economic and physical  
13 damage.

14 (2) Small businesses are an integral part of communities  
15 and a vital component to Pennsylvania's economy.

16 (3) Federal emergency declarations designated certain  
17 areas as eligible for business disaster assistance.

1 (4) Pursuant to section 17(b) of Article VIII of the  
2 Constitution of Pennsylvania, the Commonwealth should provide  
3 additional assistance to certain businesses to supplement  
4 compensation received from private insurance and the Federal  
5 Government.

6 Section 3. Definitions.

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

10 ~~"Adjusted loss." The difference between:~~ ←

11 ~~(1) eligible loss; and~~

12 ~~(2) covered loss.~~

13 ~~"Covered loss." Any amount received by or due the recipient~~  
14 ~~from private insurance and Federal loans on account of an~~  
15 ~~eligible loss. The term does not include an insurance deductible~~  
16 ~~paid by the recipient.~~

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

19 "Eligible loss." Damage caused as a result of Hurricane  
20 Irene and Tropical Storm Lee to a small business and certified  
21 by the Pennsylvania Emergency Management Agency.

22 "Program." The Small Business Flood Relief SUPPLEMENTATION ←  
23 Program established under section 6.

24 ~~"Small business." A person that is engaged in a for-profit~~ ←  
25 ~~enterprise and that employs 100 or fewer individuals.~~

26 ~~"Working capital." Capital used by a small business for~~  
27 ~~operations, excluding fixed assets and machinery and equipment.~~

28 "SMALL BUSINESS." A PERSON THAT: ←

29 (1) IS ENGAGED IN A FOR-PROFIT ENTERPRISE;

30 (2) EMPLOYS 100 OR FEWER INDIVIDUALS; AND

1 (3) HAS APPLIED TO THE FEDERAL SMALL BUSINESS  
2 ADMINISTRATION AND HAS BEEN GRANTED A LOAN FOR AN ELIGIBLE  
3 LOSS.

4 Section 4. Powers and duties of department.

5 The department shall adopt guidelines to administer the  
6 program.

7 Section 5. Restricted account.

8 A restricted account is established in the State Treasury to  
9 be known as the Small Business Flood Relief SUPPLEMENTATION  
10 Account. The account shall be for the purpose of making ~~loans~~  
11 ~~that shall be provided~~ GRANTS to small businesses ~~eligible for~~  
12 ~~assistance under the program authorized under section 6 and be~~  
13 ~~funded by the appropriation contained in section 7 from which~~  
14 ~~loans to small businesses shall be provided by the department to~~  
15 ~~eligible small businesses~~ TO SUBSIDIZE INTEREST CHARGED BY THE  
16 FEDERAL SMALL BUSINESS ADMINISTRATION ON LOANS FOR ELIGIBLE  
17 LOSSES.

18 Section 6. Small Business Flood Relief SUPPLEMENTATION Program. ←

19 (a) Establishment.--There is established the Small Business  
20 Flood Relief SUPPLEMENTATION Program. ←

21 (b) Eligibility.--To be eligible for a ~~loan~~ GRANT, a small ←  
22 business must meet all of the following:

23 (1) Be located in a county that has been declared a  
24 Federal disaster area as a result of Hurricane Irene or  
25 Tropical Storm Lee.

26 (2) Suffer an eligible loss.

27 (3) Meet the definition of small business in section 3.

28 (4) Be registered and in good standing with the  
29 Department of Revenue.

30 (5) HAVE APPLIED TO AND BEEN APPROVED FOR A LOAN FROM ←

1 THE FEDERAL SMALL BUSINESS ADMINISTRATION FOR AN ELIGIBLE  
2 LOSS.

3 (c) Procedure.--

4 (1) A small business shall apply for a ~~loan~~ GRANT under ←  
5 this section on a form furnished by the department, setting  
6 forth the facts establishing eligibility. An application  
7 under this paragraph is subject to 18 Pa.C.S. § 4904  
8 (relating to unsworn falsification to authorities).

9 (2) The department shall investigate the application to  
10 determine eligibility.

11 (3) Within 30 days of receipt of the application, the  
12 department shall make an eligibility and ~~loan~~ GRANT ←  
13 determination.

14 ~~(d) Loans.~~ ←

15 ~~(1) The minimum loan amount to be awarded is \$10,000 and~~  
16 ~~the maximum loan amount to be awarded under this program is~~  
17 ~~\$100,000.~~

18 ~~(2) Loan proceeds may be used for working capital,~~  
19 ~~inventory, equipment purchase and real property improvements,~~  
20 ~~if owned by the borrower, but cannot be used for refinancing~~  
21 ~~existing debt or outstanding debt payments. Equipment and~~  
22 ~~real property must be located within this Commonwealth.~~

23 ~~(3) Loan proceeds must be drawn within 60 days of the~~  
24 ~~loan approval date. Failure to draw funds within the required~~  
25 ~~time period will result in revocation of the loan.~~

26 ~~(4) Loan~~

27 (D) GRANTS.-- ←

28 (1) THE MAXIMUM GRANT AMOUNT TO BE AWARDED UNDER THIS  
29 PROGRAM TO A SMALL BUSINESS IS \$20,000 OR THE AGGREGATE  
30 AMOUNT OF INTEREST CHARGED BY THE SMALL BUSINESS

1 ADMINISTRATION ON THE LOAN OF THE SMALL BUSINESS, WHICHEVER  
2 IS LESS.

3 (2) GRANT applications will be reviewed and ~~loans~~ GRANTS ←  
4 approved on a first-come, first-served basis until available  
5 funds are exhausted.

6 ~~(c) Loan terms.~~ ←

7 ~~(1) A loan for working capital or inventory shall be~~  
8 ~~made at an interest rate not to exceed 3% for the term of the~~  
9 ~~loan. The repayment period shall not exceed five years.~~

10 ~~(2) A loan for equipment purchase or real property~~  
11 ~~improvement shall be made at an interest rate not to exceed~~  
12 ~~1% for the term of the loan. The repayment period shall not~~  
13 ~~exceed 10 years.~~

14 Section 7. Appropriation.

15 The sum of ~~\$15,000,000~~ \$7,500,000, or as much as may be ←  
16 necessary, is appropriated to the department FROM THE SMALL ←  
17 BUSINESS FIRST FUND to carry out the purpose of this act.

18 Section 8. Termination.

19 The program and account established under sections 5 and 6  
20 shall terminate on ~~June 30, 2012~~ DECEMBER 31, 2012, and any ←  
21 money remaining in the account shall be transferred to the  
22 ~~General Fund~~ SMALL BUSINESS FIRST FUND. ←

23 Section 9. Effective date.

24 This act shall take effect immediately.