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THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1023 Session of 2014

INTRODUCED BY THOMAS, BISHOP, BROWNLEE, YOUNGBLOOD AND READSHAW, MARCH 25, 2014

REFERRED TO COMMITTEE ON COMMERCE, MARCH 25, 2014

AN ACT

Establishing the Pennsylvania Small Business Forgivable Loan Program; and conferring powers and imposing duties on the Department of Community and Economic Development.

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

Section 1. Short title.

This act shall be known and may be cited as the Pennsylvania Small Business Forgivable Loan Program Act.

Section 2. Declaration of purpose.

The primary purpose of the Pennsylvania Small Business Forgivable Loan Program is to strengthen small businesses in low-income to moderate-income neighborhoods across this Commonwealth. The program intends to provide assistance to:

(1) Support a vital mix of small businesses that contribute to a successful commercial corridor.

(2) Help small businesses grow and improve the quality of their goods and services to allow them to become social anchors in terms of employment and neighborhood

stabilization.

Section 3. Definitions.

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

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

"Eligible improvements." The term includes, but is not limited to, improvements made to, or addition of, any of the following:

(1) Security systems.

(2) Telephone systems.

(3) Alarm systems.

(4) Point of sale equipment.

(5) Kitchen equipment.

(6) Computer ordering systems.

(7) Millwork.

(8) Flooring.

(9) Lighting.

(10) Sound systems.

(11) Theater seating.

(12) Displaying furnishings and shelving.

(13) HVAC equipment.

(14) Coolers and refrigeration units.

(15) Specialty piping, not including normal plumbing expenditures.

(16) Any other similar improvement imperative for growth.

"Program." The Pennsylvania Small Business Forgivable Loan Program established under section 4.

"Qualified applicant." A small business that:

(1) is located within an eligible commercial corridor, as determined by the department; or

(2) will be located within an eligible commercial corridor, as determined by the department, no later than six months after the applicant is approved for a loan under the program.

Section 4. Establishment of program.

The Pennsylvania Small Business Forgivable Loan Program is established to help small businesses make eligible improvements in a new location or an existing location. The program shall be administered by the department.

Section 5. Requirements for program.

(a) Application.--The department shall establish a process for qualified applicants to apply and be approved for participation in the program. The department may require applicants to provide certain information, including, but not limited to:

(1) A business plan.

(2) Various financial documents.

(3) Any other documentation the department deems necessary.

(b) Evaluation.--Applications shall be evaluated by the department on a competitive basis using a variety of criteria, including, but not limited to, the following:

(1) Whether the project will result in any of the following:

(i) Enhancement of an existing cluster of retail, food or creative businesses.

(ii) Generation of increased foot traffic to a

commercial corridor by attracting or enhancing a business that will serve as a destination for new visitors.

(iii) Improvement of the retail mix found within a commercial corridor by starting a new business that meets an identified, unmet need for specific goods and services.

(2) Whether financial feasibility and equity investment from the applicant match or exceed the loan amount.

(3) Whether the applicant has demonstrated community support.

(4) Whether the project will impact job retention and job creation and the effects of that impact.

(c) Amount.--The amount of a loan issued under the program shall not be less than $25,000 nor more than $50,000.

(d) Forgiveness.--The following shall apply:

(1) A loan issued under the program shall be forgiven provided the recipient meets the guidelines of the program, as determined by the department, for five years.

(2) If the recipient does not meet the guidelines of the program for five years, the recipient shall repay the amount of the loan to the department within a period of five years. The principal of the loan shall accrue interest beginning at the time the recipient fails to meet the guidelines of the program. The department shall use the money which is repaid to make future loans under the program.

Section 6. Funding.

Loans issued under the program may be made to the extent that funds are appropriated by the General Assembly or available from other sources and are sufficient to cover the administration of the program.

Section 7. Annual report.

(a) Development of report.--The department shall publish a report by December 31, 2015, and every year thereafter for the immediately preceding fiscal year. The report shall provide information regarding the operation of the program, including:

(1) The number of program applications received and approved by the department.

(2) The amount of each loan issued under the program by the department.

(3) Any department recommendations for improvements and adjustments to program guidelines.

(b) Submission.--The annual report shall be submitted to the Governor, the chairman and minority chairman of the Appropriations Committee of the Senate, the chairman and minority chairman of the Community, Economic and Recreational Development Committee of the Senate, the chairman and minority chairman of the Appropriations Committee of the House of Representatives and the chairman and minority chairman of the Commerce Committee of the House of Representatives.

Section 8. Tax applicability.

Loan forgiveness under this act shall not be considered taxable income for purposes of Article III of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

Section 9. Responsibility of the department.

The department shall administer the program and shall adopt such regulations, guidelines, policies, procedures and forms as are necessary and not inconsistent with the provisions of this act.

Section 10. Effective date.

This act shall take effect in 90 days.