
 THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. **1550** Session of
2013

INTRODUCED BY MILNE, THOMAS, AUMENT, BAKER, BIZZARRO, CLYMER, CUTLER, P. DALEY, DENLINGER, D. EVANS, EVERETT, FLECK, GABLER, GIBBONS, GINGRICH, GODSHALL, GROVE, HARPER, C. HARRIS, HEFFLEY, JAMES, KAMPF, F. KELLER, M. K. KELLER, KILLION, KINSEY, LAWRENCE, LONGIETTI, MACKENZIE, MAJOR, MARSHALL, MARSICO, MICOZZIE, MILLARD, R. MILLER, MIRABITO, MIRANDA, MURT, MUSTIO, NEILSON, O'NEILL, OBERLANDER, PASHINSKI, PYLE, QUINN, REED, SACCONI, SANKEY, SAYLOR, SIMMONS, SONNEY, TALLMAN, TAYLOR, TOEPEL, TOOIL, TRUITT, WHEATLEY, HELM AND HANNA, JUNE 17, 2013

AS AMENDED ON THIRD CONSIDERATION, IN SENATE, OCTOBER 7, 2014

AN ACT

1 Amending Titles 12 (Commerce and Trade) and 64 (Public
2 Authorities and Quasi-Public Corporations) of the
3 Pennsylvania Consolidated Statutes, in economic development
4 financing strategy, further providing for definitions;
5 ESTABLISHING THE PENNSYLVANIA MILITARY COMMUNITY ENHANCEMENT <--
6 COMMISSION; in small business first, further providing for
7 definitions, for fund and accounts, for department
8 responsibilities, for capital development loans, for EDA
9 loans, for loans in distressed communities, for pollution
10 prevention assistance loans, and for export financing loans;
11 providing for delegation; and further providing for reporting
12 and inspection; in machinery and equipment loans, further
13 providing for definitions, for establishment, for eligibility
14 for loans and terms and conditions, for application and
15 administration, for powers of secretary, for reporting and
16 inspection, for nondiscrimination, for conflict of interest,
17 for reports to General Assembly and for guidelines; providing
18 for the Pennsylvania Industrial Development Program; in
19 Pennsylvania Industrial Development Authority, providing for
20 general provisions, for Pennsylvania Industrial Development
21 Program and transfer of loans; repealing certain provisions
22 of the Pennsylvania Industrial Development Authority Act; and
23 making editorial changes.

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

3 SECTION 1. THE GENERAL ASSEMBLY FINDS AND DECLARES AS <--
4 FOLLOWS:

5 (1) THE SUCCESSFUL OPERATION AND ENHANCEMENT OF THE ACTIVE,
6 RESERVE AND THE NATIONAL GUARD COMPONENTS OF OUR NATION'S
7 MILITARY ARE ESSENTIAL TO THE WELL-BEING AND SAFETY OF OUR
8 NATION AND TO THE CITIZENS OF THIS COMMONWEALTH.

9 (2) THE UNITED STATES MILITARY INSTALLATIONS, ORGANIZATIONS
10 AND DEFENSE-RELATED REGIONS COMPRISED OF MILITARY BASES AND
11 SUPPORTING PRIVATE SECTOR ENTERPRISES LOCATED IN THIS
12 COMMONWEALTH ARE OF VITAL IMPORTANCE TO THE EFFICIENT AND
13 EFFECTIVE OPERATION OF THE VARIOUS BRANCHES OF THE MILITARY AND
14 ARE A SIGNIFICANT CONTRIBUTOR TO THE COMMONWEALTH'S ECONOMY.

15 (3) THERE IS A NEED TO HAVE AN INTEGRATED APPROACH AMONG
16 FEDERAL, STATE AND LOCAL AGENCIES, THE GENERAL PUBLIC AND
17 PRIVATE BUSINESSES IN THE ECONOMIC ENHANCEMENT AND PRESERVATION
18 OF THE MILITARY INSTALLATIONS AND ORGANIZATIONS.

19 (4) THE COMMONWEALTH SHALL PROMOTE THE HEALTH, SAFETY,
20 EMPLOYMENT, BUSINESS OPPORTUNITIES, ECONOMIC ACTIVITY AND
21 GENERAL WELFARE OF OUR CITIZENS BY ESTABLISHING, WITHIN THE
22 DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, A COMMISSION
23 TO CARRY OUT THESE GOALS.

24 Section ± 1.1. Section 302 of Title 12 of the Pennsylvania <--
25 Consolidated Statutes is amended to read:

26 § 302. Definitions.

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

30 "Economic development program." A program which is

1 administered by the department, including programs administered
2 or staffed by the department, and which provides financial
3 assistance for economic development to persons. The term
4 includes all of the following:

5 (1) Any program created under Part III (relating to
6 economic development programs).

7 (2) Any program of an entity created under [Part IV] 64
8 Pa.C.S. Pt. II (relating to economic development financing).

9 (3) The Pennsylvania Industrial Development Authority.

10 (4) The Pennsylvania Minority Business Development
11 Authority.

12 (5) The Infrastructure Development Program.

13 (6) The Industrial Sites Reuse Program.

14 (7) The tax credit programs established in Articles
15 XVII-B and XVIII-B of the act of March 4, 1971 (P.L.6, No.2),
16 known as the Tax Reform Code of 1971.

17 SECTION 1.2. TITLE 12 IS AMENDED BY ADDING A CHAPTER TO <--
18 READ:

19 CHAPTER 4
20 PENNSYLVANIA MILITARY COMMUNITY ENHANCEMENT COMMISSION
21 SEC.

22 401. DEFINITIONS.

23 402. ESTABLISHMENT AND MEMBERSHIP.

24 403. POWERS AND DUTIES.

25 404. ADMINISTRATIVE ASSISTANCE.

26 405. REPORT.

27 § 401. DEFINITIONS.

28 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER
29 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
30 CONTEXT CLEARLY INDICATES OTHERWISE:

1 "COMMISSION." THE PENNSYLVANIA MILITARY COMMUNITY
2 ENHANCEMENT COMMISSION ESTABLISHED UNDER THIS CHAPTER.
3 § 402. ESTABLISHMENT AND MEMBERSHIP.

4 (A) ESTABLISHMENT.--THE COMMISSION IS HEREBY ESTABLISHED
5 WITHIN THE DEPARTMENT.

6 (B) MEMBERSHIP.--THE COMMISSION SHALL BE COMPRISED OF NOT
7 MORE THAN 17 MEMBERS AS FOLLOWS:

8 (1) THE LIEUTENANT GOVERNOR.

9 (2) A MEMBER APPOINTED BY THE PRESIDENT PRO TEMPORE OF
10 THE SENATE.

11 (3) A MEMBER APPOINTED BY THE MINORITY LEADER OF THE
12 SENATE.

13 (4) A MEMBER APPOINTED BY THE SPEAKER OF THE HOUSE OF
14 REPRESENTATIVES.

15 (5) A MEMBER APPOINTED BY THE MINORITY LEADER OF THE
16 HOUSE OF REPRESENTATIVES.

17 (6) UP TO 12 MEMBERS APPOINTED BY THE GOVERNOR AS
18 FOLLOWS:

19 (I) ONE MEMBER SHALL HAVE EXPERIENCE AT THE SENIOR
20 LEVEL OF THE MILITARY, SUCH AS AN ACTIVE DUTY RETIRED
21 THREE-STAR OR FOUR-STAR MILITARY OFFICER, AND SHALL BE
22 FAMILIAR WITH THE OPERATIONS REPRESENTED BY THE
23 INSTALLATIONS AND ORGANIZATIONS STATIONED IN THIS
24 COMMONWEALTH. THE MEMBER SHALL SERVE AS CHAIRPERSON IN
25 THE ABSENCE OF THE CHAIRPERSON ELECTED BY A MAJORITY OF
26 THE MEMBERS.

27 (II) AT LEAST TEN MEMBERS SHALL BE REPRESENTATIVES
28 OF THE MILITARY INSTALLATIONS OR ORGANIZATIONS STATIONED
29 IN THIS COMMONWEALTH AND SHALL HAVE KNOWLEDGE OF THE
30 MISSION AND OPERATIONS OF THE INSTALLATION OR

1 ORGANIZATION THAT THEY REPRESENT.

2 (III) ONE MEMBER SHALL BE AN EXPERT IN THE FIELD OF
3 ECONOMIC DEVELOPMENT AND SHALL BE KNOWLEDGEABLE IN THE
4 MISSIONS AND OPERATIONS OF THE MILITARY IN THEIR
5 RESPECTIVE REGIONS OF THIS COMMONWEALTH.

6 (C) CHAIRPERSON.--A CHAIRPERSON SHALL BE ELECTED BY A
7 MAJORITY OF THE COMMISSION MEMBERS.

8 (D) EXECUTIVE DIRECTOR.--THE GOVERNOR SHALL APPOINT AN
9 EXECUTIVE DIRECTOR WHO SHALL BE AN EMPLOYEE OF THE DEPARTMENT.

10 (E) MEMBERSHIP TERMS.--

11 (1) MEMBERS SHALL BE APPOINTED FOR A TERM OF TWO YEARS
12 AND SERVE UNTIL THEIR RESPECTIVE SUCCESSORS ARE APPOINTED. A
13 MEMBER MAY BE REAPPOINTED FOR ADDITIONAL TERMS. MEMBERS
14 APPOINTED BY THE GOVERNOR SHALL SERVE AT THE PLEASURE OF THE
15 GOVERNOR.

16 (2) IF A VACANCY OCCURS ON THE COMMISSION, A SUCCESSOR
17 SHALL BE APPOINTED IN THE SAME MANNER AS THE PREDECESSOR.

18 (3) A MEMBER WHO IS ABSENT FROM TWO CONSECUTIVE MEETINGS
19 OF THE COMMISSION WITHOUT A REASONABLE EXCUSE, AS DETERMINED
20 BY THE CHAIRPERSON, SHALL FORFEIT MEMBERSHIP ON THE
21 COMMISSION.

22 (4) MEMBERS SHALL NOT RECEIVE COMPENSATION FOR THEIR
23 SERVICES, BUT SHALL RECEIVE REIMBURSEMENT FOR THEIR NECESSARY
24 AND PROPER EXPENSES RELATED TO THEIR DUTIES ON THE
25 COMMISSION.

26 § 403. POWERS AND DUTIES.

27 THE COMMISSION SHALL HAVE THE FOLLOWING POWERS AND DUTIES:

28 (1) ADVISE ON THE EXPANSION OF ECONOMIC DEVELOPMENT
29 OPPORTUNITIES AND DEFENSE-RELATED INDUSTRY ORGANIZATIONS IN
30 PUBLIC OR PRIVATE SECTORS IN THIS COMMONWEALTH.

1 (2) ESTABLISH A VIABLE AND LONG-TERM RELATIONSHIP WITH EACH
2 MILITARY INSTALLATION, ORGANIZATION AND DEFENSE-RELATED
3 ORGANIZATION IN THIS COMMONWEALTH.

4 (3) CLOSELY MONITOR THE ACTIVITIES AT THE FEDERAL LEVEL
5 RELATING TO ANY INITIATIVE OR PROPOSAL THAT WILL AFFECT, EITHER
6 POSITIVELY OR NEGATIVELY, ANY MILITARY INSTALLATION OR
7 ORGANIZATION OR DEFENSE-RELATED ORGANIZATION IN THIS
8 COMMONWEALTH.

9 (4) EDUCATE AND ENGAGE STAKEHOLDERS AT THE FEDERAL, STATE
10 AND LOCAL LEVELS AND IN THE PUBLIC AND PRIVATE SECTORS ON THE
11 ENHANCEMENT AND PRESERVATION OF THE MILITARY INSTALLATIONS AND
12 ORGANIZATIONS AND DEFENSE-RELATED ORGANIZATIONS IN THIS
13 COMMONWEALTH.

14 (5) ADVOCATE AT THE FEDERAL, STATE AND LOCAL LEVELS FOR THE
15 ENHANCEMENT OF THE MILITARY INSTALLATIONS AND ORGANIZATIONS AND
16 DEFENSE-RELATED ORGANIZATIONS IN THIS COMMONWEALTH IN ORDER TO
17 FULLY SUPPORT OUR NATION'S MILITARY AT HOME AND ABROAD.

18 (6) IDENTIFY, IN COORDINATION WITH THE DEPARTMENT, SOURCES
19 OF FUNDING FOR ECONOMIC DEVELOPMENT PROJECTS, INCLUDING PROJECTS
20 UNDER THIS TITLE, 64 PA.C.S. (RELATING TO PUBLIC AUTHORITIES AND
21 QUASI-PUBLIC CORPORATIONS) OR PROJECTS UNDER THE ACT OF FEBRUARY
22 9, 1999 (P.L.1, NO.1), KNOWN AS THE CAPITAL FACILITIES DEBT
23 ENABLING ACT, RELATED TO MILITARY INSTALLATIONS AND DEFENSE-
24 RELATED ORGANIZATIONS AND FOR THE ENHANCEMENT OF MILITARY
25 INSTALLATIONS OR DEFENSE-RELATED ORGANIZATIONS IN THIS
26 COMMONWEALTH.

27 (7) ESTIMATE AN ANNUAL BUDGET FOR THE COMMISSION.
28 § 404. ADMINISTRATIVE ASSISTANCE.

29 THE DEPARTMENT SHALL PROVIDE APPROPRIATE ADMINISTRATIVE,
30 LEGAL AND TECHNICAL SUPPORT AS NEEDED BY THE COMMISSION IN ORDER

1 TO ACCOMPLISH ITS PURPOSE.

2 § 405. REPORT.

3 THE COMMISSION SHALL REPORT ITS ACTIVITIES NO LESS THAN
4 QUARTERLY TO THE GOVERNOR OR THE GOVERNOR'S DESIGNATED
5 REPRESENTATIVE AND ANNUALLY TO THE GENERAL ASSEMBLY.

6 Section ~~1.1~~ 1.3. The definitions of "area loan
7 organization," "community development institution," "distressed
8 community," "EDA loan," "hospitality industry project" and
9 "pollution prevention assistance agency" in section 2302 of
10 Title 12 are amended and the section is amended by adding
11 definitions to read:

<--

12 § 2302. Definitions.

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

16 * * *

17 ["Area loan organization." A local development district, an
18 industrial development agency organized and existing under the
19 act of May 17, 1956 (1955 P.L.1609, No.537), known as the
20 Pennsylvania Industrial Development Authority Act, or any other
21 nonprofit economic development organization certified by the
22 department as possessing the qualifications necessary to
23 evaluate and administer loans made under this chapter.]

24 "Authority." The Pennsylvania Industrial Development
25 Authority organized and existing under the act of May 17, 1956
26 (1955 P.L.1609, No.537), known as the Pennsylvania Industrial
27 Development Authority Act.

28 "Board." The board of directors of the authority.

29 * * *

30 "Certified economic development organization." An entity

1 certified by the authority under 64 Pa.C.S. § 1123 (relating to
2 certification of economic development organizations).

3 * * *

4 ["Community development institution." Any of the following:

5 (1) An area loan organization for a distressed
6 community.

7 (2) A community development financial institution
8 located in a distressed community and approved by the
9 department.]

10 "Distressed community." A community which has any of the
11 following:

12 (1) A census tract or other specifically defined
13 geographic area in which there is any of the following:

14 (i) A median income below 80% of the median income
15 for the United States or this Commonwealth.

16 (ii) Twenty percent or more of the population is
17 below the poverty level by family size published by the
18 Bureau of the Census.

19 (iii) An unemployment rate 50% higher than the
20 national average.

21 (2) An area which is designated a subzone, expansion
22 subzone or improvement subzone under the act of October 6,
23 1998 (P.L.705, No.92), known as the Keystone Opportunity Zone
24 and Keystone Opportunity Expansion Zone Act.

25 (3) Any other geographic area designated by the
26 [department] authority as distressed. The designation shall
27 be published in the Pennsylvania Bulletin.

28 "EDA loan." A loan made under this chapter utilizing funds
29 made available to the department or the authority under the
30 Public Works and Economic Development Act of 1965 (Public Law

1 89-136, 42 U.S.C. § 3121 et seq.).

2 * * *

3 "Hospitality industry project." A for-profit project or
4 venture which involves a small business that operates a hotel,
5 motel or other lodging facility and that employs at least five
6 full-time equivalent employees at the time an application is
7 submitted to the [department] authority for financing. The term
8 includes a for-profit project or venture which involves a small
9 business that operates a restaurant or food service operation
10 open to the public, that has been in continuous operation for at
11 least five years and that employs at least five full-time
12 equivalent employees at the time an application is submitted.

13 * * *

14 ["Pollution prevention assistance agency." Any of the
15 following:

16 (1) An area loan organization.

17 (2) An industrial resource center created pursuant to
18 the act of June 22, 2001 (P.L.400, No.31), known as the
19 Industrial Resources Center Partnership Act.]

20 * * *

21 Section 2. Sections 2303 and 2304(a)(1) and (6), (b)(1) and
22 (5), (c) and (d) of Title 12 are amended to read:

23 § 2303. Establishment.

24 There is established [within the department] a program to be
25 known as the Small Business First Program. The program shall be
26 administered by the [department] authority and provide loans to
27 eligible persons for certain projects which encourage job-
28 creating and job-preserving economic development within this
29 Commonwealth.

30 § 2304. Fund and accounts.

1 (a) Fund.--The Small Business First Fund, created under
2 section 1302(a) of the act of June 29, 1996 (P.L.434, No.67),
3 known as the Job Enhancement Act, is continued. The Treasury
4 Department shall credit the following to the fund:

5 (1) Appropriations made by the General Assembly to the
6 department or authority for the program.

7 * * *

8 (6) Any other deposits, payments or contributions from
9 any other source made available to the department or
10 authority for the program.

11 (b) Pollution prevention assistance.--The Pollution
12 Prevention Assistance Account, created under the act of June 29,
13 1996 (P.L.434, No.67), known as the Job Enhancement Act, is
14 continued. The Treasury Department shall credit the following to
15 this account:

16 (1) Appropriations made by the General Assembly to the
17 department or authority for pollution prevention assistance.

18 * * *

19 (5) Any other deposits, payments or contributions from
20 any other source made available to the department or
21 authority for pollution prevention assistance.

22 (c) Use of fund.--

23 (1) Money in the fund may be used as follows:

24 (i) By the [department] authority to make loans in
25 accordance with this chapter and for administrative costs
26 of the [department] authority in administering the
27 program.

28 (ii) By [area loan] certified economic development
29 organizations for administrative costs associated with
30 the program which are approved by the [department]

1 authority.

2 (2) Money from the fund derived from appropriations
3 specified for export financing assistance may be deposited by
4 the [department] authority in banks or trust companies in
5 special accounts. The special accounts must be continuously
6 secured by a pledge of direct obligations of the United
7 States or of the Commonwealth having an aggregate market
8 value, exclusive of accrued interest, at least equal to the
9 balance on deposit in the account. The securities shall be
10 deposited with the [department] authority to be held by a
11 trustee or agent satisfactory to the [department] authority.
12 Banks and trust companies are authorized to give security
13 under this paragraph. Money in these special accounts shall
14 be paid out on order of the [department] authority.

15 (d) Use of Pollution Prevention Assistance Account.--Money
16 in the Pollution Prevention Assistance Account may be used by
17 the [department] authority to provide loans to small businesses
18 for the adoption or installation of pollution-prevention or
19 energy-efficient equipment or processes in accordance with
20 section 2309 (relating to pollution prevention assistance
21 loans).

22 Section 3. Section 2305 heading, (a) introductory paragraph,
23 (4) and (5), (b) introductory paragraph, (1) and (3)
24 introductory paragraph of Title 12 are amended, subsection (a)
25 is amended by adding a paragraph and the section is amended by
26 adding a subsection to read:

27 § 2305. [Department] Authority responsibilities.

28 (a) General rule.--The [department] authority shall do all
29 of the following:

30 * * *

1 (4) Approve standards for [area loan] certified economic
2 development organization application fees.

3 [(5) Approve community development financial
4 institutions.]

5 (6) Except as provided under section 2306(c)(iii)
6 (relating to capital development loans), determine the job
7 retention or job creation requirements for each project
8 financed in whole or in part through a loan or line of credit
9 made under this chapter.

10 (b) Program.--In administering the program, the [department]
11 authority may do any of the following:

12 (1) Provide grants or other financial assistance to
13 [area loan] certified economic development organizations for
14 any of the following purposes:

15 (i) To establish loan reserve funds.

16 (ii) To reimburse loan losses to commercial banks
17 and other financial institutions as a means of
18 encouraging the expansion and financing of small
19 businesses.

20 * * *

21 (3) Utilize the outstanding portfolio of loans and lines
22 of credit made under this chapter to raise additional funds
23 by selling, securing, hypothecating or otherwise using such
24 loan proceeds as a financing vehicle if the funds raised are
25 used by the [department] authority for either of the
26 following purposes:

27 * * *

28 (c) Additional powers.--In addition to the powers authorized
29 under this chapter and 64 Pa.C.S. Ch. 11 (relating to
30 Pennsylvania Industrial Development Authority), the board may

1 administer the program by exercising the powers granted to it
2 under the act of May 17, 1956 (1955 P.L.1609, No.537), known as
3 the Pennsylvania Industrial Development Authority Act.

4 Section 4. Sections 2306(a), (b) (1) (viii) and (2), (c), (d),
5 (e) (1) and (2) (iii), (f) introductory paragraph and (9), (g) (1)
6 and (2) and (h), 2307, 2308(a), (b) (1) (i), (iii) and (v) and
7 (2), (c) heading (1) introductory paragraph, (2) and (3), (d),
8 (e) (1) and (2), (f), (g) (1) and (2) and (h), 2309(a), (b), (c)
9 (1) introductory paragraph and (i), (2) introductory paragraph
10 and (3), (d), (e) (1), (f), (g) (1) and (2) and (h) and 2310(a),
11 (b) introductory paragraph and (7), (c) introductory paragraph,
12 (d), (e), (f) (1) and (2) and (g) of Title 12 are amended to
13 read:

14 § 2306. Capital development loans.

15 (a) Application.--A small business may submit an application
16 and any applicable application fee to [its area loan] a
17 certified economic development organization requesting a loan or
18 line of credit for certain costs of a capital development
19 project under 64 Pa.C.S. § 1121 (relating to common application
20 process). The application shall be on the form required by the
21 [department] authority and shall include or demonstrate all of
22 the following, in addition to the contents required under 64
23 Pa.C.S. § 1121(b):

24 (1) The name and address of the applicant.

25 (2) A statement of the type and amount of [loan]
26 assistance sought.

27 (3) A statement of the capital development project,
28 including a detailed statement of the cost of the project.

29 (4) A financial commitment from a responsible source for
30 any cost of the capital development project in excess of the

1 amount requested.

2 (5) Any other information required by the [department]
3 authority.

4 (b) [Area loan] Certified economic development organization
5 review.--

6 (1) Upon receipt of a completed application, [an area
7 loan] a certified economic development organization shall
8 investigate and determine all of the following:

9 * * *

10 (viii) If the applicant complied with all other
11 criteria established by the [department] authority.

12 (2) Upon being satisfied that all requirements have been
13 met, the [area loan] certified economic development
14 organizations shall recommend the applicant to the
15 [department] authority and forward the application with all
16 supporting documentation to the [department] authority for
17 its review and approval.

18 (c) [Department] Authority review.--

19 (1) Within 30 days of receiving a recommendation and a
20 completed application, the [department] authority shall
21 review the application. If the [department] authority is
22 satisfied that all requirements have been met, the
23 [department] authority may approve the loan request in
24 accordance with the following:

25 (i) A loan for land, buildings and machinery and
26 equipment may not exceed [\$200,000] \$400,000 or 50% of
27 the total capital development project costs, whichever is
28 less. For the purposes of this subparagraph, capital
29 development project costs incurred during the 12-month
30 period prior to the date of submission of the application

1 to the [department] authority shall be considered part of
2 the total capital development project costs.

3 (ii) A loan or line of credit for working capital
4 may not exceed \$100,000 [or 50% of the total capital
5 development project costs, whichever is less].

6 (iii) Except for loans to agricultural producers, a
7 loan must create or preserve one job for every \$25,000
8 loaned. The authority may, by submitting notice to the
9 Legislative Reference Bureau for publication in the
10 Pennsylvania Bulletin, periodically update the amount
11 under this subparagraph, based on changes in unemployment
12 statistics, inflation, the authority's cash flow and the
13 need to keep this Commonwealth and the businesses of this
14 Commonwealth competitive.

15 (2) The [department] authority shall notify the [area
16 loan] certified economic development organization and
17 applicant of its decision.

18 (d) Approvals.--For applications which are approved, the
19 [department] authority shall draw an advance equal to the
20 principal amount of the loan from the fund. The advance shall be
21 forwarded to the [area loan] certified economic development
22 organization and, upon receipt by the [area loan] certified
23 economic development organization, shall become an obligation of
24 the [area loan] certified economic development organization.
25 Prior to providing loan funds to the applicant, the [area loan]
26 certified economic development organization shall require the
27 applicant to execute a note and to enter into a loan agreement.
28 In addition to the requirements of subsection (e), the loan
29 agreement shall include a provision requiring the recipient to
30 use the loan proceeds to pay the costs of the capital

1 development project. The [department] authority may require the
2 [area loan] certified economic development organization to
3 impose other terms and conditions on the recipient if the
4 [department] authority determines that they are in the best
5 interests of this Commonwealth, including a provision requiring
6 collateral for any penalty imposed under subsection (g).

7 (e) Loan terms.--A loan agreement entered into in accordance
8 with subsection (c) shall do all of the following:

9 (1) State the collateral securing the loan. All loans
10 shall be secured by lien positions on collateral at the
11 highest level of priority as may be determined by the [area
12 loan] certified economic development organization with the
13 approval of the [department] authority.

14 (2) State the repayment period in accordance with the
15 following:

16 * * *

17 (iii) A loan or line of credit for working capital
18 shall have a repayment period of up to three years. A
19 line of credit may be renewed for an additional three-
20 year period at the discretion of the authority.

21 * * *

22 (f) Loan administration.--A loan made under this section
23 shall be administered in accordance with [departmental]
24 authority policies and procedures by the [area loan] certified
25 economic development organization which made the loan. Each
26 [area loan] certified economic development organization shall
27 submit an annual report on the form required by the [department]
28 authority and which includes or demonstrates all of the
29 following:

30 * * *

1 (9) Any other information or documentation required by
2 the [department] authority.

3 (g) Penalty.--

4 (1) Except as provided in paragraph (2), the
5 [department] authority shall impose a penalty upon a
6 recipient if the recipient fails to create or preserve the
7 number of employment opportunities specified in its approved
8 application.

9 (2) The [department] authority may waive the penalty
10 required by paragraph (1) if the [department] authority
11 determines that the failure was due to circumstances outside
12 the control of the recipient.

13 * * *

14 (h) Defaults.--The [department] authority may by foreclosure
15 take title to a capital development project which it financed if
16 acquisition is necessary to protect a loan made under this
17 section. The [department] authority shall pay all costs arising
18 out of the foreclosure and acquisition from moneys held in the
19 fund. The [department] authority may, in order to minimize
20 financial losses and sustain employment, lease the capital
21 development project. The [department] authority may withdraw
22 moneys from the fund to purchase first mortgages and to make
23 payments on first mortgages on any capital development project
24 which it financed where purchase or payment is necessary to
25 protect a loan made under this section. The [department]
26 authority may sell, transfer, convey and assign the first
27 mortgages and shall deposit any moneys derived from the sale of
28 any first mortgages in the fund.

29 § 2307. EDA loans.

30 (a) Application and administration procedures.--The

1 [department] authority shall establish application and
2 administration procedures to be used for EDA loans. The
3 procedures shall be established by guidelines and shall conform
4 in all respects to those procedures required or established by
5 the Economic Development Administration for use of Federal funds
6 under the Public Works and Economic Development Act of 1965
7 (Public Law 89-136, 42 U.S.C. § 3121 et seq.) and, if
8 applicable, 64 Pa.C.S. § 1121 (relating to common application
9 process).

10 (b) Eligibility for EDA loans.--The [department] authority
11 shall establish eligibility requirements to be used for EDA
12 loans. The requirements shall be established by guidelines and
13 shall conform in all respects to those procedures required or
14 established by the Economic Development Administration for use
15 of Federal funds under the Public Works and Economic Development
16 Act of 1965.

17 § 2308. Loans in distressed communities.

18 (a) Application.--A small business located in a distressed
19 community may submit an application and any applicable
20 application fee to a [community development institution]
21 certified economic development organization requesting a loan or
22 line of credit for certain costs of a capital development
23 project under 64 Pa.C.S. § 1121(a) (relating to common
24 application process). The application shall be on the form
25 required by the [department] authority and shall include or
26 demonstrate all of the following, in addition to the contents
27 required under 64 Pa.C.S. § 1121(b):

28 (1) The name and address of the applicant.

29 (2) A statement that the small business is engaged in
30 business-to-public service or in the mercantile, commercial

1 or point-of-sale retail business sectors.

2 (3) A statement of the type and amount of [loan]
3 assistance sought.

4 (4) A statement of the capital development project,
5 including a detailed statement of the cost of the project.

6 (5) A financial commitment from a responsible source for
7 the cost of the capital development project in excess of the
8 amount requested.

9 (6) Any other information required by the [department]
10 authority.

11 (b) [Community development institution] Certified economic
12 development organization review.--

13 (1) Upon receipt of a completed application, a
14 [community development institution] certified economic
15 development organization shall investigate and determine all
16 of the following:

17 (i) If the applicant is a small business which is
18 engaged in business-to-public service or in the
19 mercantile, commercial or point-of-sale retail business
20 sectors in accordance with conditions or criteria
21 established by the [department] authority.

22 * * *

23 (iii) If the applicant has demonstrated a direct
24 impact on the community in which the capital development
25 project is or will be located, on residents of that
26 community or on the local and/or regional economy. The
27 [department] authority shall establish criteria that will
28 assist in making this demonstration.

29 * * *

30 (v) If the applicant complied with all other

1 criteria established by the [department] authority.

2 (2) Upon being satisfied that all requirements have been
3 met, the [community development institution] certified
4 economic development organization shall recommend the
5 applicant to the [department] authority and forward the
6 application with all supporting documentation to the
7 [department] authority for its review and approval.

8 (c) [Department] Authority review.--

9 (1) Upon receipt of a recommendation and a completed
10 application, the [department] authority shall investigate and
11 determine all of the following:

12 * * *

13 (2) If the [department] authority is satisfied that all
14 requirements have been met, the [department] authority may
15 approve the loan or line of credit request in an amount not
16 to exceed \$200,000 or 50% of the total capital development
17 project costs, whichever is less. For the purpose of this
18 paragraph, capital development project costs, except the
19 costs related to working capital, incurred during the 12-
20 month period prior to the date of submission of the
21 application to the [department] authority shall be considered
22 part of the total capital development project costs.

23 (3) The [department] authority shall notify the
24 [community development institution] certified economic
25 development organization and applicant of its decision.

26 (d) Approvals.--For applications which are approved, the
27 [department] authority shall draw an advance equal to the
28 principal amount of the loan from the fund and, prior to
29 providing loan funds to the applicant, the [department]
30 authority shall require the applicant to execute a note and to

1 enter into a loan agreement. In addition to the requirements of
2 subsection (e), the loan agreement shall include a provision
3 requiring the recipient to use the loan proceeds to pay the
4 costs of the capital development project. The [department]
5 authority may impose other terms and conditions on the recipient
6 if the [department] authority determines they are in the best
7 interests of this Commonwealth, including a provision requiring
8 collateral for any penalty imposed under subsection (g).

9 (e) Loan terms.--A loan agreement entered into in accordance
10 with subsection (d) shall do all of the following:

11 (1) State any collateral securing the loan. The
12 [department] authority may use its best judgment to identify
13 and secure collateral.

14 (2) State the repayment period which may be flexible[.],
15 except that a line of credit may not have a term of more than
16 three years. A line of credit may be renewed for an
17 additional three-year period at the discretion of the
18 authority.

19 * * *

20 (f) Loan administration.--A loan made under this section
21 shall be administered in accordance with [departmental]
22 authority policies and procedures.

23 (g) Penalty.--

24 (1) Except as provided in paragraph (2), the
25 [department] authority shall impose a penalty upon a
26 recipient if the recipient fails to preserve the number of
27 employment opportunities specified in its approved
28 application.

29 (2) The [department] authority may waive the penalty
30 required by paragraph (1) if the [department] authority

1 determines that the failure was due to circumstances outside
2 the control of the recipient.

3 * * *

4 (h) Defaults.--The [department] authority may take title by
5 foreclosure to a capital development project which it financed
6 where acquisition is necessary to protect a loan made under this
7 section. The [department] authority shall pay all costs arising
8 out of the foreclosure and acquisition from money held in the
9 fund. The [department] authority may, in order to minimize
10 financial losses and sustain employment, lease the capital
11 development project. The [department] authority may withdraw
12 money from the fund to purchase first mortgages and to make
13 payments on first mortgages on any capital development project
14 which it financed if purchase or payment is necessary to protect
15 a loan made under this section. The [department] authority may
16 sell, transfer, convey and assign the first mortgages and shall
17 deposit in the fund money derived from the sale of any first
18 mortgages.

19 § 2309. Pollution prevention assistance loans.

20 (a) Application.--A small business may submit an application
21 and any application fee to a [pollution prevention assistance
22 agency] certified economic development organization requesting a
23 loan for a pollution prevention infrastructure under 64 Pa.C.S.
24 § 1121(a) (relating to common application process). The
25 application shall be on the form required by the [department]
26 authority and shall include or demonstrate all of the following,
27 in addition to the contents required under 64 Pa.C.S. § 1121(b):

- 28 (1) The name and address of the applicant.
- 29 (2) A statement of the amount of loan assistance sought.
- 30 (3) A statement of the pollution prevention

1 infrastructure, including a detailed statement of the cost of
2 the infrastructure.

3 (4) A financial commitment from a responsible source for
4 the cost of the pollution prevention infrastructure in excess
5 of the amount requested.

6 (5) Any other information required by the [department]
7 authority.

8 (b) [Pollution prevention assistance agency] Certified
9 economic development organization review.--

10 (1) Upon receipt of a completed application, a
11 [pollution prevention assistance agency] certified economic
12 development organization shall investigate and determine all
13 of the following:

14 (i) If the applicant is a small business.

15 (ii) If the project is for pollution prevention
16 infrastructure.

17 (iii) If the applicant complied with all other
18 criteria established by the [department] authority.

19 (2) Upon being satisfied that all requirements have been
20 met, the [pollution prevention assistance agency] certified
21 economic development organization shall recommend the
22 applicant to the department and forward the application with
23 all supporting documentation to the [department] authority
24 for its review and approval.

25 (c) [Department] Authority review.--

26 (1) Upon receipt of a recommendation and a completed
27 application, the [department] authority shall investigate and
28 determine all of the following:

29 (i) If the pollution prevention infrastructure
30 demonstrates a substantial likelihood of preventing or

1 reducing pollution. The Department of Environmental
2 Protection shall assist the [department] authority in
3 reviewing the applications and provide technical
4 assistance.

5 * * *

6 (2) If the [department] authority is satisfied that all
7 requirements have been met, the [department] authority may
8 approve the loan request. A loan approved under this
9 subsection may not exceed the lesser of:

10 * * *

11 (3) The [department] authority shall notify the
12 [pollution prevention assistance agency] certified economic
13 development organization and applicant of its decision.

14 (d) Approvals.--For applications which are approved, the
15 [department] authority shall draw an advance equal to the
16 principal amount of the loan from the Pollution Prevention
17 Assistance Account. Prior to providing loan funds to the
18 applicant, the [department] authority shall require the
19 applicant to execute a note and to enter into a loan agreement.
20 In addition to the requirements of subsection (e), the loan
21 agreement shall include a provision requiring the recipient to
22 use the loan proceeds to pay the costs of the pollution
23 prevention infrastructure. The [department] authority may impose
24 other terms and conditions on the recipient if the [department]
25 authority determines they are in the best interests of this
26 Commonwealth, including a provision requiring collateral for any
27 penalty imposed under subsection (g).

28 (e) Loan terms.--A loan agreement entered into in accordance
29 with subsection (d) shall do all of the following:

30 (1) State the collateral securing the loan. All loans

1 shall be secured by lien positions on collateral at the
2 highest level of priority as may be determined by the
3 [department] authority.

4 * * *

5 (f) Loan administration.--A loan made under this section
6 shall be administered in accordance with [departmental]
7 authority policies and procedures.

8 (g) Penalty.--

9 (1) Except as provided in paragraph (2), the
10 [department] authority shall impose a penalty upon a
11 recipient if the recipient fails to carry out the pollution
12 prevention infrastructure project as specified in its
13 approved application.

14 (2) The [department] authority may waive the penalty
15 required by paragraph (1) if the [department] authority
16 determines that the failure was due to circumstances outside
17 the control of the recipient.

18 * * *

19 (h) Defaults.--The [department] authority may take title by
20 foreclosure to a pollution prevention infrastructure which it
21 financed if acquisition is necessary to protect a loan made
22 under this section. The [department] authority shall pay all
23 costs arising out of the foreclosure and acquisition from money
24 held in the Pollution Prevention Assistance Account. The
25 [department] authority may, in order to minimize financial
26 losses and sustain employment, lease the pollution prevention
27 infrastructure. The [department] authority may withdraw money
28 from the Pollution Prevention Assistance Account to purchase
29 first mortgages and to make payments on first mortgages on any
30 pollution prevention infrastructure which it financed if the

1 purchase or payment is necessary to protect a loan made under
2 this section. The [department] authority may sell, transfer,
3 convey and assign the first mortgages and shall deposit any
4 money derived from the sale of any first mortgages in the
5 Pollution Prevention Assistance Account.

6 § 2310. Export financing loans.

7 (a) Application.--A person may submit an application and any
8 applicable application fee to [the department or its area loan]
9 a certified economic development organization requesting a loan
10 for certain costs of a capital development project which will be
11 used in export activities under 64 Pa.C.S. § 1121(a) (relating
12 to common application process). The application must be on the
13 form required by the [department] authority and must include or
14 demonstrate all of the following, in addition to the contents
15 required under 64 Pa.C.S. § 1121(b):

16 (1) The name and address of the applicant.

17 (2) A statement of the amount of loan assistance sought.

18 (3) A statement of the capital development project,
19 including a detailed statement of the cost of the project.

20 (4) A financial commitment from a responsible source for
21 any cost of the capital development project in excess of the
22 amount requested.

23 (5) A statement that the loan, if approved, would not
24 supplant funding from private sector sources on commercially
25 reasonable terms.

26 (6) Any other information required by the [department]
27 authority.

28 (b) Review.--Upon receipt of a completed application, the
29 [department] authority shall investigate and determine all of
30 the following:

1 * * *

2 (7) If the applicant complied with all other criteria
3 established by the [department] authority.

4 (c) Approvals.--If the [department] authority is satisfied
5 that all requirements have been met, the [department] authority
6 may approve the loan request. A loan approved under this section
7 may not exceed \$350,000. The [department] authority shall notify
8 the applicant and, if applicable, the [area loan] certified
9 economic development organization of its decision. The
10 [department] authority shall reserve an amount equal to the
11 principal amount of the loan within the fund or the special
12 account authorized by section 2304(c)(2) (relating to fund and
13 accounts). Prior to providing funds to the applicant, the
14 [department] authority shall require the applicant to execute a
15 note and enter into a loan agreement. In addition to the
16 requirements of subsection (d), the loan agreement shall include
17 a provision requiring the recipient to use the loan proceeds to
18 pay the costs of the capital development project. The
19 [department] authority may impose other terms and conditions on
20 the recipient if the [department] authority determines they are
21 in the best interests of this Commonwealth, including any of the
22 following:

23 * * *

24 (d) Loan terms.--A loan agreement entered into in accordance
25 with subsection (c) shall do all of the following:

26 (1) State the collateral securing the loan. All loans
27 shall be secured by lien positions on collateral at the
28 highest level of priority as may be determined by the
29 [department] authority.

30 (2) State the repayment period as determined by the

1 [department] authority.

2 (3) State the interest rate as determined by the
3 [department] authority.

4 (e) Loan administration.--A loan made under this section
5 shall be administered in accordance with [departmental]
6 authority policies and procedures.

7 (f) Penalty.--

8 (1) Except as provided in paragraph (2), the
9 [department] authority shall impose a penalty upon a
10 recipient if the recipient fails to carry out the export
11 activities specified in its approved application.

12 (2) The [department] authority may waive the penalty
13 required by paragraph (1) if the [department] authority
14 determines that the failure was due to circumstances outside
15 the control of the recipient.

16 * * *

17 (g) Defaults.--The [department] authority may, by
18 foreclosure, take title to a capital development project which
19 it financed if acquisition is necessary to protect a loan made
20 under this section. The [department] authority shall pay all
21 costs arising out of the foreclosure and acquisition from money
22 held in the fund or a special account authorized by section
23 2304(c)(2). The [department] authority may, in order to minimize
24 financial losses and sustain employment, lease the capital
25 development project. The [department] authority may withdraw
26 money from the fund or a special account authorized by section
27 2304(c)(2) to purchase first mortgages and to make payments on
28 first mortgages on any capital development project which it
29 financed if purchase or payment is necessary to protect a loan
30 made under this section. The [department] authority may sell,

1 transfer, convey and assign the first mortgages and shall
2 deposit any money derived from the sale of any first mortgages
3 in the fund or a special account authorized by section 2304(c)
4 (2).

5 Section 5. Title 12 is amended by adding a section to read:

6 § 2310.1. Delegation.

7 For loans authorized under section 2306 (relating to capital
8 development loans), 2307 (relating to EDA loans), 2308 (relating
9 to loans in distressed communities), 2309 (relating to pollution
10 prevention assistance loans) or 2310 (relating to export
11 financing loans), the board may delegate the review and approval
12 of applications totaling less than \$200,000 to the authorized
13 staff of the authority by adopting a resolution authorizing the
14 delegation, subject to any conditions established by the board.
15 The resolution must do all of the following:

16 (1) Enumerate the qualifications and training required
17 for authority staff to be authorized to review and approve
18 applications.

19 (2) Set loan guidelines and underwriting standards for
20 the authorized staff to follow during the review and approval
21 of applications.

22 (3) Require authorized staff to provide a monthly report
23 to the board of all actions to a pending or approved
24 application taken during the reporting period.

25 Section 6. Section 2311 of Title 12 is amended to read:

26 § 2311. Reporting and inspection.

27 (a) Inspection.--An applicant or a recipient shall, upon
28 request, permit authorized employees of the [department]
29 authority or its agent to inspect the plant, books and records
30 of the applicant or recipient.

1 (b) Updating.--An applicant or a recipient shall provide
2 updated information to the [department] authority and its agents
3 if conditions change or to the extent that the information
4 originally given becomes inaccurate or misleading.

5 (c) Periodic reports.--A recipient shall provide the
6 [department] authority and its agents with such periodic
7 financial reports as the [department] authority may require
8 until the loan is repaid in full.

9 (d) Financial and performance audits.--An agent of the
10 [department] authority shall annually submit to the [department]
11 authority, at the agent's expense, an independent financial
12 audit. If the audit reveals misconduct of a material nature on
13 the part of the agent, the [department] authority shall take
14 appropriate action.

15 Section 7. Section 2902 of Title 12 is amended by adding
16 definitions to read:

17 § 2902. Definitions.

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

21 "Authority." The Pennsylvania Industrial Development
22 Authority organized and existing under the act of May 17, 1956
23 (1955 P.L.1609, No.537), known as the Pennsylvania Industrial
24 Development Authority Act.

25 "Board." The board of directors of the authority.

26 * * *

27 "Program." The Machinery and Equipment Loan Program
28 established under section 2903 (relating to establishment).

29 Section 8. Sections 2903, 2905(a) introductory paragraph and
30 (1)(iv) and (v) and (c), 2906(a), (b), (c) introductory

1 paragraph and (14), (d), (e) and (f), 2907, 2908, 2909, 2910,
2 2911 and 2912 of Title 12 are amended to read:

3 § 2903. Establishment.

4 There is established [within the department] a program to be
5 known as the Machinery and Equipment Loan Program. The program
6 shall be administered by the [department] authority and provide
7 loans to business enterprises for machinery and equipment.

8 § 2905. Eligibility for loans; terms and conditions.

9 (a) Loans; general rules.--The [secretary] authority may
10 make advances from the fund, subject to the terms, conditions
11 and restrictions provided under this chapter, for the purpose of
12 making loans to business enterprises involved in industrial
13 processes, mining, manufacturing, production agriculture,
14 information technology, biotechnology, service as a medical
15 facility or other industrial or technology sectors, as defined
16 by the [department] authority, to acquire and install new
17 machinery and equipment or upgrade existing machinery and
18 equipment, including the acquisition, application and
19 utilization of computer hardware and software.

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

22 * * *

23 (iv) Be limited to projects that demonstrate the
24 creation or retention of one job for every \$25,000
25 received from the fund. This subparagraph does not apply
26 to loans made to business enterprises involved in
27 production agriculture or to loans made to medical
28 facilities. The authority may, by submitting notice to
29 the Legislative Reference Bureau for publication in the
30 Pennsylvania Bulletin, periodically update the amount

1 under this subparagraph, based on changes in unemployment
2 statistics, inflation, the authority's cash flow and the
3 need to keep this Commonwealth and the businesses of this
4 Commonwealth competitive.

5 (v) Have an interest rate which shall be established
6 by the [secretary] authority.

7 * * *

8 (c) Security.--All loans shall be secured by no less than a
9 second lien position on the equipment purchased and other
10 sufficient collateral as determined by the [secretary]
11 authority.

12 § 2906. Application and administration.

13 (a) Procedures.--Application and administration procedures
14 for fund loans shall be established by the [secretary] authority
15 under 64 Pa.C.S. § 1121 (relating to common application
16 process).

17 (b) Receipt.--The [secretary] authority shall receive
18 applications from eligible business enterprises for machinery
19 and equipment loans. Applications shall be made to the
20 [secretary] authority in the form and manner as the [department]
21 authority may require.

22 (c) Investigation.--Upon receipt of the application, the
23 [secretary] authority shall investigate and review the
24 application and either approve or disapprove the loan
25 application by proper action of the [department] authority. The
26 decision of the [secretary] authority shall be based, in whole
27 or in part, upon the following criteria:

28 * * *

29 (14) Such information and documentation as the
30 [secretary] authority shall require.

1 (d) Notification.--The [secretary] authority shall notify
2 the applicant of final approval or disapproval of the loan
3 application within a reasonable period of time following the
4 receipt of the application. In the case of approval of a loan
5 application, the [secretary] authority shall arrange to draw the
6 loan amount from the fund and advance the sum to the recipient.
7 The advance shall be made available in the form of a loan
8 transaction, which loan shall be evidenced by a note executed by
9 the recipient and secured in a manner as the [secretary]
10 authority shall require in conformity in all respects to the
11 loan as approved by the [secretary] authority.

12 (e) Policy requirements [and report].--All loans shall be
13 administered and monitored by the [department] authority in
14 accordance with the policies and procedures prescribed by the
15 [secretary] authority. [On or before September 1 of each year,
16 the secretary shall prepare a report that includes the
17 following:

- 18 (1) Each outstanding loan.
- 19 (2) The date of approval.
- 20 (3) The original principal balance.
- 21 (4) The current principal balance.
- 22 (5) The interest rate.
- 23 (6) The purpose for which the loan was made.
- 24 (7) An enumeration of any problems or issues which have
25 arisen with regard to each loan.
- 26 (8) A statement regarding the progress of the business
27 enterprise in creating and retaining its requisite number of
28 employment opportunities.
- 29 (9) Such other information and documentation as the
30 secretary shall require.]

1 (f) Penalty for noncompliance.--In the event that a loan
2 recipient [shall] does not comply with its approved application
3 by failing to create or preserve the number of employment
4 opportunities specified in its approved application, the
5 [secretary] authority shall impose a penalty equal to an
6 increase in the interest rate to 2% greater than the current
7 prime interest rate for the remainder of the loan unless the
8 penalty is waived by the [secretary] authority because the
9 failure is due to circumstances outside the control of the loan
10 recipient. The penalty shall be payable in installments that the
11 [secretary] authority deems appropriate.

12 § 2907. Powers of [secretary] authority.

13 The [secretary] authority shall have and may exercise all
14 powers and authority necessary to the proper administration and
15 implementation of this chapter and shall have the authority to
16 adopt policies, procedures and guidelines and promulgate rules
17 and regulations necessary to effectuate the provisions of this
18 chapter. In addition to any powers authorized under this chapter
19 and 64 Pa.C.S. Ch.11 (relating to Pennsylvania Industrial
20 Development Authority), the board may administer the program by
21 exercising the powers granted to it under the act of May 17,
22 1956 (1955 P.L.1609, No.537), known as the Pennsylvania
23 Industrial Development Authority Act.

24 § 2908. Reporting and inspection.

25 (a) Inspection.--Each business enterprise which applies for
26 or receives assistance under this chapter, upon reasonable
27 request of the [department] authority, shall permit duly
28 authorized employees of the department or the authority to
29 inspect the plant, books and records of the business enterprise.

30 (b) Updating.--Each business enterprise shall update the

1 information given to the [department] authority in its
2 application if conditions change or to the extent that the
3 information given originally becomes inaccurate or misleading.

4 (c) Periodic reports.--Each recipient of assistance under
5 this chapter shall provide the [department] authority with
6 periodic financial reports as the [secretary] authority may
7 require until such time as the loan is paid off.

8 [§ 2909. Nondiscrimination.

9 No loan shall be made to a business enterprise unless the
10 business enterprise certifies to the department, in a form
11 satisfactory to the department, that it shall not discriminate
12 against any employee or any applicant for employment because of
13 race, religion, color, national origin, sex or age. The business
14 enterprise shall also certify to the department that it is not
15 currently under citation for pollution violations and that in
16 the future it will meet all applicable antipollution standards.

17 § 2910. Conflict of interest.

18 No employee of the department shall, either directly or
19 indirectly, be a party to or have any financial interest in any
20 contract or agreement arising pursuant to this chapter.]

21 § 2911. Reports to General Assembly.

22 (a) Annual reports.--On or before September 1 of each year,
23 the [secretary] authority shall provide a report to the
24 Secretary of the Senate and to the Chief Clerk of the House of
25 Representatives. The report shall describe all relevant
26 activities of the [department] authority pursuant to this
27 chapter and shall include the following:

28 (1) List of business enterprises receiving loans from
29 the fund and the amounts and terms of this assistance.

30 (2) Loan amounts repaid. Information under this

1 paragraph may be reported in the aggregate.

2 (3) Loans outstanding, balances due and any penalties
3 imposed. Information under this paragraph may be reported in
4 the aggregate.

5 (4) Jobs created by businesses receiving funds in
6 previous years. Information under this paragraph may be
7 reported in the aggregate.

8 (5) Other relevant information as determined by the
9 [secretary] authority.

10 (b) Availability of departmental reports.--Reports prepared
11 by the secretary under section 2906(e) (relating to application
12 and administration) shall be made available upon request to
13 members of the General Assembly.

14 § 2912. Guidelines.

15 The [department] authority shall develop written guidelines
16 for the implementation of this chapter.

17 Section 8.1. Title 12 is amended by adding a chapter to
18 read:

19 CHAPTER 30

20 PENNSYLVANIA INDUSTRIAL DEVELOPMENT PROGRAM

21 Sec.

22 3001. Scope of chapter.

23 3002. Definitions.

24 3003. Establishment.

25 3004. Industrial Development Fund.

26 3005. Application.

27 3006. Loans for industrial development projects.

28 3007. Loans for industrial parks.

29 3008. Loans for multiple-tenancy building projects.

30 3009. Reporting and inspection.

1 3010. Limitations.

2 3011. Job creation.

3 § 3001. Scope of chapter.

4 This chapter relates to the Pennsylvania Industrial
5 Development Program.

6 § 3002. Definitions.

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

10 "Agricultural processor." An entity that adds value by
11 subjecting one or more farm commodities to a process of
12 manufacture, development or preparation for sale or a person
13 that converts a farm product into a marketable form.

14 "Agricultural producer." A person or entity involved in the
15 management and use of an agricultural operation for the
16 production of a farm commodity.

17 "Agriculture." Any of the following:

18 (1) The management and use of an agricultural operation
19 for the production of a farm commodity.

20 (2) The sale of a farm commodity at wholesale.

21 (3) The sale of a farm commodity at retail by an urban
22 and rural supermarket in an underserved area or farmers'
23 markets.

24 (4) An energy-related activity impacting production
25 agriculture.

26 (5) An activity which implements best industry practices
27 related to an agricultural waste product, agriculture by-
28 product or fertilizer.

29 "Authority." The Pennsylvania Industrial Development
30 Authority organized and existing under the act of May 17, 1956

1 (1955 P.L.1609, No.537), known as the Pennsylvania Industrial
2 Development Authority Act.

3 "Board." The board of directors of the authority.

4 "Fund." The Industrial Development Fund.

5 "Industrial development project." A project sponsored by a
6 certified economic development organization involving the
7 acquisition or improvement of real property within this
8 Commonwealth which will be occupied and operated by any of the
9 following:

10 (1) An industrial enterprise.

11 (2) A manufacturing enterprise.

12 (3) A research and development enterprise.

13 (4) An agricultural producer.

14 (5) An agricultural processor.

15 "Industrial enterprise." An enterprise which has created or
16 will create substantial employment opportunities. The term may
17 include a warehouse, distribution and terminal facility and
18 office building utilized as national or regional headquarters or
19 computer or clerical operations centers. The term shall not
20 include a mercantile, commercial or retail enterprise.

21 "Industrial park project." A project sponsored by a
22 certified economic development organization for the purpose of
23 creating sites for the establishment of two or more industrial
24 development projects.

25 "Manufacturing enterprise." An enterprise which is engaged
26 in the giving of a new shape, new quality or new combination to
27 matter by the application of skill and labor.

28 "Multiple-tenancy building project." A project sponsored by
29 a certified economic development organization involving the
30 acquisition or construction of land, site, structure or facility

1 for occupancy by two or more industrial enterprises,
2 manufacturing enterprises, research and development enterprises,
3 agricultural producers or agricultural processors.

4 "Program." The Pennsylvania Industrial Development Program
5 established under section 3003 (relating to establishment).

6 "Research and development enterprise." An enterprise for the
7 discovery of new and the refinement of known substances,
8 processes, products, theories and ideas. The term does not
9 include an enterprise activity directed primarily to the
10 accumulation or analysis of commercial, financial or mercantile
11 data.

12 § 3003. Establishment.

13 There is established within the authority a program to be
14 known as the Pennsylvania Industrial Development Program. The
15 program shall be administered by the authority to provide loans
16 for industrial development projects, industrial parks and
17 multiple-tenancy building projects, to increase employment
18 levels and to improve the overall economic health of this
19 Commonwealth.

20 § 3004. Industrial Development Fund.

21 (Reserved).

22 § 3005. Application.

23 A certified economic development organization may submit an
24 application for assistance under this chapter and under 64
25 Pa.C.S. § 1121(a) (relating to common application process). The
26 application shall be on the form required by the authority and
27 shall include or demonstrate all of the following, in addition
28 to the contents required under 64 Pa.C.S. § 1121(b):

29 (1) A general description of the type, classes and
30 number of employees employed or to be employed in the

1 operation of the project.

2 (2) The cost or estimate of the cost of establishing the
3 project. As used in this paragraph, the term "cost" shall
4 include financing charges, including interest incurred before
5 and during construction, but shall not include the cost of
6 any machinery, equipment or fixtures necessary for the
7 project or the installation or maintenance of any of the
8 machinery, equipment or fixtures.

9 (3) Financial statements of the applicant, proposed
10 guarantors and any other party whose credit is significant to
11 the approval of the financial assistance. By guideline, the
12 authority may specify the period to be covered by the
13 financial statements and whether they must be compiled,
14 reviewed or prepared by a certified public accountant.

15 (4) Evidence of the arrangement made by the borrower for
16 the financing of all costs of the project exceeding the
17 amount to be financed by the authority.

18 (5) Evidence that the establishment of the project will
19 not cause the removal of an industrial enterprise,
20 manufacturing enterprise, research and development
21 enterprise, agricultural producer or agricultural processor
22 from one area of this Commonwealth to another area of this
23 Commonwealth, as determined by the authority.

24 (6) Evidence that the proposed project location has
25 undergone an environmental assessment.

26 (7) Any other information required by the authority.

27 § 3006. Loans for industrial development projects.

28 The authority may contract to loan an amount not to exceed
29 50% of the cost of establishing an industrial development
30 project, subject to the following conditions:

1 (1) Before making the loan, the authority shall
2 determine that:

3 (i) the borrower is responsible to assume all
4 obligations imposed by the authority in connection with
5 the project, financial or otherwise, and to undertake the
6 operation of the project; and

7 (ii) the borrower has obtained from other
8 independent and responsible sources a firm commitment for
9 any funds which, in addition to the loan and any other
10 property or assets held by the borrower, are necessary
11 for the completion and operation of the project.

12 (2) The authority shall determine the interest rate and
13 repayment period of the loan.

14 (3) The loan must be evidenced by note of the borrower,
15 and secured by a mortgage on the project for which the loan
16 was made, subordinate only to the mortgage securing the first
17 lien obligation issued to secure the commitment of funds
18 provided to pay the cost of the project from the independent
19 and responsible sources, and used in the financing of the
20 project.

21 (4) The authority may require additional security as it
22 may deem necessary.

23 § 3007. Loans for industrial parks.

24 The authority may contract to loan an amount not to exceed
25 75% of the cost of establishing an industrial park project,
26 subject to the following conditions:

27 (1) The authority shall determine the interest rate and
28 repayment period of the loan.

29 (2) The loan must be evidenced by note of the borrower
30 and secured by a first mortgage on the industrial park or by

1 participation in a first mortgage. If a Federal agency
2 participates in the financing of the industrial park, the
3 authority may take as security for its loan a mortgage on the
4 industrial park which is second only to the mortgage given to
5 the Federal agency.

6 (3) If the loan is secured by participation in a first
7 mortgage on the industrial park, a portion of the loan, not
8 to exceed 10% of the cost of the project, may be secured by a
9 second mortgage on the industrial park which is second only
10 to the participating first mortgage.

11 § 3008. Loans for multiple-tenancy building projects.

12 The authority may contract to loan an amount not to exceed
13 50% of the cost of establishing a multiple-tenancy building
14 project, subject to the following conditions:

15 (1) The authority shall determine the interest rate and
16 repayment period of the loan.

17 (2) The loan must be evidenced by note of the borrower
18 and secured by a first mortgage or participation in a first
19 mortgage on the multiple-tenancy building project.

20 (3) The authority may contract to loan an amount not to
21 exceed 50% of the cost of the project if the loan is secured
22 by a first mortgage or participation in a first mortgage on
23 the project. If the loan is not secured by a first mortgage
24 or participation in a first mortgage on the project, the
25 authority may contract to loan an amount not to exceed 40% of
26 the cost of the project.

27 (4) If the loan is secured by a participation in a first
28 mortgage on the project, the authority may permit a portion
29 of its loan, not to exceed 10% of the cost of the project, to
30 be secured by a second mortgage on the project which is

1 second only to the participating first mortgage.

2 § 3009. Reporting and inspection.

3 (a) Inspection.--An applicant or a recipient shall, upon
4 request, permit authorized employees of the authority or its
5 agent to inspect the plant, books and records of the applicant
6 or recipient.

7 (b) Updating.--An applicant or a recipient shall provide
8 updated information to the authority and its agents if
9 conditions change or to the extent that the information
10 originally given becomes inaccurate or misleading.

11 (c) Periodic reports.--A recipient shall provide the
12 authority and its agents with periodic financial reports as the
13 authority may require until the loan is repaid in full.

14 (d) Financial and performance audits.--A recipient shall
15 annually submit to the authority, at the recipient's expense, an
16 independent financial audit. If the audit reveals misconduct of
17 a material nature on the part of the recipient, the authority
18 shall take appropriate action.

19 § 3010. Limitations.

20 A loan may not be recommended or approved if the proceeds of
21 the loan could do any of the following:

22 (1) Cause, aid or assist directly in the relocation of
23 any business operations from one part of this Commonwealth to
24 another unless there is at least a 25% net increase in
25 employment.

26 (2) Refinance any portion of the total cost of an
27 industrial development project, industrial park or multiple-
28 tenancy building project or other existing loans or debt.

29 (3) Finance an industrial development project,
30 industrial park or multiple-tenancy building project located

1 outside the geographic boundaries of this Commonwealth.

2 (4) Provide funds, directly or indirectly, for payment
3 distribution or as loan owners, partners or shareholders of a
4 small business, except as ordinary compensation for services
5 rendered.

6 (5) Provide funds for speculation in real or personal
7 property, whether tangible or intangible.

8 § 3011. Job creation.

9 The authority shall establish minimum levels of job creation
10 for loans under this chapter, or a requirement that one new job
11 be created for a certain amount of funds loaned. In establishing
12 the minimum levels of job creation, the authority shall consider
13 unemployment statistics, inflation, the authority's cash flow
14 and the need to keep this Commonwealth and the businesses of
15 this Commonwealth competitive. Notice of job creation
16 requirements must be submitted to the Legislative Reference
17 Bureau for publication in the Pennsylvania Bulletin.

18 Section 8.2. Title 12 is amended by adding a part heading
19 immediately preceding Chapter 51 to read:

20 PART IV

21 COMMERCIAL PROTECTION

22 Chapter

23 51. Fraudulent Transfers

24 53. Trade Secrets

25 Section 8.3. The heading of Part IV of Title 12 is repealed:

26 [PART IV

27 ECONOMIC DEVELOPMENT AND FINANCING (Reserved)]

28 Section 9. The heading of Chapter 11 of Title 64 is amended
29 to read:

30 CHAPTER 11

1 PENNSYLVANIA INDUSTRIAL DEVELOPMENT AUTHORITY

2 [(Reserved)]

3 Section 9.1. Chapter 11 of Title 64 is amended by adding
4 subchapters to read:

5 SUBCHAPTER A

6 GENERAL PROVISIONS

7 Sec.

8 1101. Scope of chapter.

9 1102. Definitions.

10 § 1101. Scope of chapter.

11 This chapter relates to the Pennsylvania Industrial
12 Development Authority.

13 § 1102. Definitions.

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

17 "Application." A request for financial assistance from the
18 programs.

19 "Authority." The Pennsylvania Industrial Development
20 Authority organized and existing under the act of May 17, 1956
21 (1955 P.L.1609, No.537), known as the Pennsylvania Industrial
22 Development Authority Act.

23 "Board." The board of directors of the authority.

24 "Certified economic development organization." An entity
25 certified by the authority under section 1123 (relating to
26 certification of economic development organizations).

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

29 "Industrial Development Fund." The fund established under
30 section 8 of the act of May 17, 1956 (1955 P.L.1609, No.537),

1 known as the Pennsylvania Industrial Development Authority Act.

2 "Machinery and Equipment Loan Fund." The fund established
3 under 12 Pa.C.S. § 2904 (relating to Machinery and Equipment
4 Loan Fund).

5 "Machinery and Equipment Loan Program." The program
6 authorized by 12 Pa.C.S. Ch. 29 (relating to machinery and
7 equipment loans).

8 "Pennsylvania Industrial Development Program." The program
9 authorized under 12 Pa.C.S. Ch. 30 (relating to Pennsylvania
10 Industrial Development Program).

11 "Pollution Prevention Assistance Account." The account
12 continued under 12 Pa.C.S. § 2304 (relating to fund and
13 accounts).

14 "Programs." Any of the following:

15 (1) The Small Business First Program.

16 (2) The Machinery and Equipment Loan Program.

17 (3) The Pennsylvania Industrial Development Program.

18 (4) All programs authorized by the act of May 17, 1956
19 (1955 P.L.1609, No.537), known as the Pennsylvania Industrial
20 Development Authority Act.

21 "Small Business First Fund." The fund continued under 12
22 Pa.C.S. § 2304 (relating to fund and accounts).

23 "Small Business First Program." The program authorized by 12
24 Pa.C.S. Ch. 23 (relating to small business first).

25 SUBCHAPTER B

26 STRUCTURES AND POWERS

27 (Reserved)

28 SUBCHAPTER C

29 PROGRAM MANAGEMENT

30 Sec.

- 1 1120. Program management.
- 2 1121. Common application process.
- 3 1122. Regulations.
- 4 1123. Certification of economic development organizations.
- 5 1124. Transfer of funds.
- 6 1125. Conflict of interest.
- 7 § 1120. Program management.

8 The authority shall operate the programs in a coordinated and
9 integrated manner, utilizing to the maximum extent possible the
10 same criteria and standards in defining and administering the
11 projects to be funded under the programs.

12 § 1121. Common application process.

13 (a) Preparation.--An application for assistance under the
14 programs must be prepared and approved by a certified economic
15 development organization before it is submitted to the
16 authority, and the application shall comply with any additional
17 requirements of the programs.

18 (b) Contents.--The application, which shall be in the form
19 required by the authority, shall include the following
20 information, where applicable:

21 (1) The applicant's name.

22 (2) The applicant's address.

23 (3) A description of the type and amount of financial
24 assistance requested.

25 (4) A description of the applicant's business or, if the
26 applicant is not the borrower, the borrower's business,
27 including all of the following:

28 (i) The type of business conducted.

29 (ii) The location of the business.

30 (iii) The date the business was established.

1 (iv) The address of the business, including the
2 address of all offices of the business located in this
3 Commonwealth.

4 (v) The name and address of each principal.

5 (vi) The number of current employees and an estimate
6 of future employees.

7 (5) A description of the project, including all of the
8 following:

9 (i) The location of the project.

10 (ii) The total estimated cost of the project, as
11 calculated by an engineer or other qualified
12 professional.

13 (iii) An identification of all sources of capital
14 for the project.

15 (iv) A legal description of all real property held
16 or to be acquired for the establishment of the project.

17 (v) A general description and statement of value of
18 any real or personal property of the applicant and, if
19 applicable, the buyer or tenant of the project, to be
20 applied to the establishment of the project.

21 (6) A statement that the project is consistent with any
22 existing comprehensive county plan where the project is
23 located.

24 (7) A firm commitment from the intended project user to
25 use the project upon completion.

26 (8) A brief description of the anticipated economic
27 impact to this Commonwealth and the host municipality and
28 county as a result of the project.

29 (9) Any plans or other documents as may be required to
30 show the type, structure and general character of the

1 project.

2 (10) A statement that the applicant certifies to the
3 authority that it will not discriminate against any employee
4 or any applicant for employment because of race, religion,
5 color, national origin, sex or age.

6 (11) A statement that the applicant certifies to the
7 authority that it is not currently under citation for
8 pollution violations and that in the future it will meet all
9 applicable antipollution standards.

10 (12) Any information required by the program under which
11 financial assistance may be provided.

12 (13) Any other information required by the authority.

13 (c) Review and approval.--

14 (1) In reviewing the application, the authority shall
15 consider the following, where applicable:

16 (i) Whether the value of the proposed collateral and
17 the financial resources offered by the applicant are
18 sufficient to repay the loan.

19 (ii) Whether the project will enable future
20 employment opportunities in or have a net positive
21 economic impact on the surrounding community.

22 (iii) Whether the statement of the estimated cost of
23 the project is reasonable.

24 (iv) Whether the sources of financial commitments
25 for funds in excess of the amount requested under this
26 subchapter are reliable.

27 (v) Whether the applicant has complied with terms
28 required by the programs and under this subchapter.

29 (vi) Whether the applicant has a history of
30 investment in Pennsylvania-related companies.

1 (vii) Whether the applicant has demonstrated strong
2 relationships with organizations in this Commonwealth
3 which foster economic development.

4 (viii) Whether the applicant has a strong
5 performance record.

6 (ix) Whether the applicant has demonstrated an
7 ability to meet and satisfy debt service, if applicable,
8 as it becomes due and payable.

9 (x) Whether the applicant has any outstanding
10 environmental violations.

11 (xi) Any other information deemed to be relevant by
12 the authority.

13 (2) Subject to any applicable limitations under this
14 subchapter, the amount, duration, interest rate, security
15 required and any other terms of the loan shall be determined
16 at the discretion of the authority based upon its
17 determination of the potential financial risk to the
18 Commonwealth.

19 (3) Financial assistance may not be approved if the
20 proceeds would be used to:

21 (i) refinance any portion of the total cost of a
22 capital development project, pollution prevention
23 infrastructure or other existing loans or debt;

24 (ii) finance a project located outside the
25 geographic boundaries of this Commonwealth;

26 (iii) relocate a business to another part of this
27 Commonwealth, unless approved in advance by the authority
28 which shall consider the negative economic impact on the
29 community that the business is leaving; or

30 (iv) provide funds, directly or indirectly, for

1 payment distribution or as a loan to owners, partners or
2 shareholders of a small business, except as ordinary
3 compensation for services rendered.

4 (4) (i) The terms of all agreements for financial
5 assistance awarded under this subchapter shall include
6 any material terms, requirements or other conditions
7 provided for agreements entered into under this
8 subchapter. The authority may impose other terms and
9 conditions if it determines that they are in the best
10 interests of the Commonwealth, including a provision
11 requiring collateral for any penalty which may be
12 imposed.

13 (ii) Upon approving an application for a loan under
14 the programs, the authority shall draw an advance equal
15 to the principal amount of the loan from the appropriate
16 account and, before disbursing loan funds to the
17 applicant, require the applicant to execute a note and to
18 enter into a loan agreement and any other agreement as
19 the authority may require.

20 (d) Review and notice.--Upon reviewing the application, the
21 authority shall notify the applicant and the certified economic
22 development organization of its decision or request additional
23 information or certifications before making its decision.

24 (e) Reporting and inspection.--An applicant or a recipient
25 of financial assistance under the programs shall:

26 (1) permit the authority to inspect its premises, books
27 and records;

28 (2) provide updated information to the authority if
29 conditions change to the extent that the information
30 originally given becomes inaccurate or misleading; and

1 (3) provide the authority with any periodic financial
2 reports and audits that the authority may require.

3 (f) Employment projection audits.--The authority shall
4 implement a procedure to determine whether the employment
5 projections described in the application are achieved.

6 (g) Transition.--The board shall have all power and
7 authority necessary to implement a transition and continuation
8 of consideration of pending applications and any other pending
9 administrative actions under section 6 of the act of May 17,
10 1956 (1955 P.L.1609, No.537), known as the Pennsylvania
11 Industrial Development Authority Act, that are submitted to the
12 authority for consideration prior to the effective date of this
13 section.

14 § 1122. Regulations.

15 The board shall promulgate regulations necessary to
16 administer the programs.

17 § 1123. Certification of economic development organizations.

18 (a) General rule.--The authority shall establish guidelines
19 for the certification of eligible nonprofit organizations as
20 certified economic development organizations.

21 (b) Eligible applicants.--The following nonprofit
22 organizations may apply to be certified as a certified economic
23 development organization:

24 (1) A local development district organized and existing
25 under the act of act of December 7, 1994 (P.L.845, No.120),
26 known as the Local Development District Act.

27 (2) An industrial development agency organized and
28 existing under the act of May 17, 1956 (1955 P.L.1609,
29 No.537), known as the Pennsylvania Industrial Development
30 Authority Act.

1 (3) An industrial resource center organized and existing
2 under the act of June 22, 2001 (P.L.400, No.31), known as the
3 Industrial Resources Center Partnership Act.

4 (4) A redevelopment authority organized and existing
5 under the act of May 24, 1945 (P.L.982, No.383), known as the
6 Redevelopment Cooperation Law.

7 (5) A Community Development Financial Institution
8 certified by the Community Development Financial Institution
9 Fund established in section 104(a)(1) of the Riegle Community
10 Development and Regulatory Improvement Act of 1994 (Public
11 Law 103-325, 12 U.S.C. § 4703(a)(1)).

12 (6) Any other nonprofit economic development
13 organization determined by the authority as possessing the
14 qualifications necessary to evaluate and administer the
15 programs.

16 (c) Requirements.--The guidelines must, at minimum, set
17 requirements for annual training and professional development
18 for an organization's professional staff, standards for the
19 organization's facilities and technical capabilities, and
20 require the organization to adopt a code of ethics.

21 (d) Audit.--A certified economic development organization
22 must submit an audit to the authority every three years
23 demonstrating that requirements continue to be satisfied.

24 (e) Approval.--If the authority determines that the
25 application meets the requirements of the guidelines, the
26 authority may, in its sole and final discretion, certify the
27 applicant as a certified economic development organization.

28 § 1124. Transfer of funds.

29 Except for funds in the Pollution Prevention Assistance
30 Account, funds may be transferred by an action of the board

1 between the Small Business First Fund, the Machinery and
2 Equipment Loan Fund and the Industrial Development Fund to
3 maximize the effectiveness of the programs.

4 § 1125. Conflict of interest.

5 A member of the board or an employee of the authority may
6 not, either directly or indirectly, be a party to or have any
7 financial interest in any contract or agreement arising pursuant
8 to this chapter or the programs.

9 SUBCHAPTER D

10 TRANSFER OF LOANS

11 Sec.

12 1130. Transfer of loans from certain programs.

13 § 1130. Transfer of loans from certain programs.

14 (a) Loan transfer.--On the effective date of this section,
15 outstanding loans executed under the Small Business First
16 Program and the Machinery and Equipment Loan Program and
17 approved loan commitments that have not been executed by the
18 effective date of this section, including necessary
19 documentation and collateral security associated with the loans,
20 shall be transferred from the department to the authority.

21 (b) Loan commitments.--An approved loan commitment
22 transferred under subsection (a) shall be executed in accordance
23 with 12 Pa.C.S. Chs. 23 (relating to small business first) and
24 29 (relating to machinery and equipment loans).

25 (c) Legal actions.--On the effective date of this section,
26 each legal action relating to a loan under the Small Business
27 First Program or the Machinery and Equipment Loan Program shall
28 be transferred to the authority.

29 (d) Security or collateral.--No money deposited or to be
30 deposited into the Small Business First Fund or the Machinery

1 and Equipment Loan Fund may serve as security or collateral for
2 any debt incurred by the board before the effective date of this
3 section, unless proceeds made available by the debt are used by
4 the board to fund loans or other financial assistance under the
5 Small Business First Program or the Machinery and Equipment Loan
6 Program to effectively carry out the purposes of the programs.

7 Section 10. Repeals are as follows:

8 (1) The General Assembly declares that the repeals under
9 paragraph (2) are necessary to effectuate the addition of 12
10 Pa.C.S. Ch. 30.

11 (2) The following provisions of the act of May 17, 1956
12 (1955 P.L.1609, No.537), known as the Pennsylvania Industrial
13 Development Authority Act, are repealed:

14 (i) The definition of "critical economic area" in
15 section 3.

16 (ii) Section 6.

17 (iii) Section 7.

18 (iv) Section 7.1.

19 Section 11. The addition of 12 Pa.C.S. Ch. 30 is a
20 continuation of sections 6, 7 and 7.1 of the act of May 17, 1956
21 (1955 P.L.1609, No.537), known as the Pennsylvania Industrial
22 Development Authority Act. Except as otherwise provided in 12
23 Pa.C.S. Ch. 30, all activities initiated under sections 6, 7 and
24 7.1 of the Pennsylvania Industrial Development Authority Act
25 shall continue and remain in full force and effect and may be
26 completed under 12 Pa.C.S. Ch. 30. Orders, regulations, rules
27 and decisions which were made under sections 6, 7 and 7.1 of the
28 Pennsylvania Industrial Development Authority Act and which are
29 in effect on the effective date of section 10(2)(ii), (iii) and
30 (iv) of this act shall remain in full force and effect until

1 revoked, vacated or modified under 12 Pa.C.S. Ch. 30. Contracts,
2 obligations and collective bargaining agreements entered into
3 under sections 6, 7 and 7.1 of the Pennsylvania Industrial
4 Development Authority Act are not affected nor impaired by the
5 repeal of sections 6, 7 and 7.1 of the Pennsylvania Industrial
6 Development Authority Act.

7 Section 12. This act shall take effect as follows:

8 (1) The following shall take effect in 60 days:

9 (i) The amendment of 12 Pa.C.S. § 302.

10 (II) THE ADDITION OF 12 PA.C.S. CH. 4. <--

11 ~~(ii)~~ (III) The addition of Part IV heading <--
12 immediately preceding Chapter 51 of Title 12.

13 ~~(iii)~~ (IV) The repeal of Part IV heading of Title <--
14 12.

15 (2) This section shall take effect immediately.

16 (3) The remainder of this act shall take effect ~~July~~ <--
17 NOVEMBER 1, 2014, or immediately, whichever is later. <--