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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 2141 Session of  
2014

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INTRODUCED BY GILLESPIE, HARHAI, THOMAS, LONGIETTI, SCHLOSSBERG,  
COHEN, SAYLOR, GROVE, STERN, CALTAGIRONE, MURT, R. MILLER,  
GINGRICH AND MILNE, APRIL 2, 2014

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REFERRED TO COMMITTEE ON URBAN AFFAIRS, APRIL 2, 2014

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AN ACT

1 Amending Titles 64 (Public Authorities and Quasi-Public  
2 Corporations) and 72 (Taxation and Fiscal Affairs) of the  
3 Pennsylvania Consolidated Statutes, in Title 64, providing  
4 for community development authorities; and, in Title 72,  
5 providing for microenterprise assistance.

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

8 Section 1. Title 64 of the Pennsylvania Consolidated  
9 Statutes is amended by adding a chapter to read:

10 CHAPTER 17

11 COMMUNITY DEVELOPMENT AUTHORITIES

12 Sec.

13 1701. Scope of chapter.

14 1702. Legislative findings and purpose.

15 1703. Definitions.

16 1704. Creation and existence.

17 1705. Board.

18 1706. Staff.

19 1707. Powers.

- 1 1708. Eminent domain.  
2 1709. Acquisition of property.  
3 1710. Disposition of property.  
4 1711. Financing of authority operations.  
5 1712. Fund.  
6 1713. Borrowing and issuance of bonds.  
7 1714. Public records and public access.  
8 1715. Merger.  
9 1716. Dissolution of authority.  
10 1717. Conflicts of interest.  
11 1718. Construction, intent and scope.  
12 1719. Annual audit and report.  
13 1720. Collaboration of community development financial  
14 institutions with authorities.  
15 1721. Cost sharing.

16 § 1701. Scope of chapter.

17 This chapter relates to community development authorities.

18 § 1702. Legislative findings and purpose.

19 The General Assembly finds and declares that:

20 (1) Strong communities are important to the social and  
21 economic vitality of this Commonwealth. Whether urban,  
22 suburban or rural, many communities are struggling to cope  
23 with vacant, abandoned and tax-delinquent properties.

24 (2) Citizens of this Commonwealth are affected adversely  
25 by vacant, abandoned and tax-delinquent properties, including  
26 properties which have been vacated or abandoned due to  
27 mortgage foreclosure.

28 (3) Vacant, abandoned and tax-delinquent properties  
29 impose significant costs on neighborhoods, communities and  
30 municipalities by lowering property values, increasing fire

1 and police protection costs, decreasing tax revenues and  
2 undermining community cohesion.

3 (4) There is an overriding public need to confront the  
4 problems caused by vacant, abandoned and tax-delinquent  
5 properties through the creation of new tools to enable  
6 municipalities to turn vacant, abandoned and tax-delinquent  
7 spaces into vibrant places.

8 (5) Community development authorities are one of the  
9 tools that municipalities may use to facilitate the return of  
10 vacant, abandoned and tax-delinquent properties to productive  
11 use.

12 (6) One tool available to community development  
13 authorities is leasing to microenterprises. Microenterprises  
14 are part of the small business engine that forms the backbone  
15 of our national and State economies.

16 (7) By providing support for microenterprises, a  
17 powerful mechanism for job creation is strengthened and a  
18 viable tool is made available to revitalize struggling  
19 neighborhoods and improve the standard of living for  
20 impoverished citizens of this Commonwealth. The support of  
21 microenterprises will provide those in poverty an opportunity  
22 for an improved and more prosperous lifestyle while  
23 decreasing the number of individuals receiving public  
24 assistance.

25 § 1703. Definitions.

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

29 "Area loan organization." A local development district or  
30 any other nonprofit economic development organization certified

1 by the department as possessing the qualifications necessary to  
2 evaluate and administer loans made under this chapter.

3 "Authority." A community development authority.

4 "Board." The board of directors of a community development  
5 authority.

6 "City." A city of the first class, second class, second  
7 class A or third class.

8 "Community development authority." A public body and a body  
9 corporate and politic established under section 1704 (relating  
10 to creation and existence).

11 "Community development authority jurisdiction." Any of the  
12 following:

13 (1) A municipality with a population of more than  
14 10,000.

15 (2) Two or more municipalities comprising an area with a  
16 population of more than 10,000 that is geographically  
17 contiguous and located in the same county, if the  
18 municipalities enter into an intergovernmental cooperation  
19 agreement to establish and maintain a community development  
20 authority.

21 "Community development financial institution." A community  
22 development financial institution certified in accordance with  
23 the Community Development Banking and Financial Institutions Act  
24 of 1994 (Public Law 103-325, 108 Stat. 2163).

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

27 "Financial institution." A bank, savings association,  
28 operating subsidiary of a bank or savings association, community  
29 development financial institution, credit union, association  
30 licensed to originate mortgage loans or an assignee of a

1 mortgage or note originated by such an institution.

2 "Fund." The Community Small Business Development Fund  
3 established in section 1712 (relating to fund).

4 "Fund board." The board of directors of the Community Small  
5 Business Development Fund.

6 "Low income." A household with total income at or below 80%  
7 of the area median income, adjusted for household size, as  
8 defined annually by the United States Department of Housing and  
9 Urban Development.

10 "Microenterprise." A business operated by a sole proprietor  
11 or limited liability company that employs one to five employees  
12 and has the qualifying amount of capital provided under the  
13 Small Business Jobs Act of 2010 (Public Law 111-240, 124 Stat.  
14 2504).

15 "Municipality." A city, borough, incorporated town, township  
16 or home rule municipality.

17 "Owner-occupant." A natural person with a legal or equitable  
18 ownership interest in property which was the primary residence  
19 of the person for at least three consecutive months at any point  
20 in the year preceding the date of initial delinquency.

21 "Partnership." A partnership between a commercial or  
22 nonprofit entity and an authority for the training of start-up  
23 entrepreneurs. The term includes a partnership between an  
24 authority and a nonprofit, commercial or religious entity the  
25 sole purpose of which is to use the building space of the entity  
26 for the training of start-up entrepreneurs.

27 "Political subdivision." Any county, city, borough,  
28 incorporated town, township, school district, vocational school  
29 district and county institution district.

30 "Real property." Land and all structures and fixtures

1 thereon and all estates and interests in land, including  
2 easements, covenants and leaseholders.

3 "School district." Any of the classifications of school  
4 districts specified in section 202 of the act of March 10, 1949  
5 (P.L.30, No.14), known as the Public School Code of 1949. The  
6 term includes, as to any real property acquired, owned or  
7 conveyed by an authority, the school district within whose  
8 geographical jurisdiction the real property is located.

9 "Secretary." The Secretary of Community and Economic  
10 Development of the Commonwealth.

11 "Start-up entrepreneur." An individual who establishes a  
12 microenterprise.

13 § 1704. Creation and existence.

14 (a) Authority.--A community development authority  
15 jurisdiction may elect to create an authority by the adoption of  
16 an ordinance to create a binding legal obligation. The ordinance  
17 must specify the following:

18 (1) The number of members of the board.

19 (2) The names of individuals to serve as initial members  
20 of the board and the length of terms which they will serve.

21 (3) The qualifications, manner of selection or  
22 appointment and terms of office of members of the board.

23 (4) The manner by which residents will be provided an  
24 opportunity to have input into the authority decision-making  
25 process.

26 (5) Additional terms and conditions the community  
27 development authority jurisdiction deems reasonable and  
28 necessary for operation of the authority.

29 (b) Filing.--The governing body of the community development  
30 authority jurisdiction which creates an authority shall file a

1 copy of the ordinance with the department and with the  
2 Department of State. After receipt of the ordinance, the  
3 Secretary of the Commonwealth shall issue a certificate of  
4 incorporation.

5 (c) Combinations.--

6 (1) The authority under subsection (a) may be exercised  
7 in combination pursuant to an intergovernmental cooperation  
8 agreement by:

9 (i) more than one community development authority  
10 jurisdiction; or

11 (ii) a community development authority jurisdiction  
12 and one or more municipalities.

13 (2) If an authority is established under paragraph (1),  
14 the intergovernmental cooperation agreement must specify  
15 matters identified in subsection (a).

16 (d) Limitation.--Except as set forth in subsection (c), if a  
17 county establishes an authority, the authority shall have the  
18 power to acquire real property only in those portions of the  
19 county located outside of the geographical boundaries of any  
20 other authority established by another community development  
21 authority jurisdiction located partially or entirely within the  
22 county.

23 (e) Legal status of authority.--An authority shall:

24 (1) be a public body corporate and politic; and

25 (2) have duration until terminated and dissolved under  
26 section 1716 (relating to dissolution of authority).

27 (f) Collaboration.--An authority and political subdivision  
28 and another municipal entity may enter into an intergovernmental  
29 cooperation agreement relative to the operations of an  
30 authority.

1 § 1705. Board.

2 (a) Membership.--A board shall consist of at least 11  
3 members. Unless restricted by the actions or agreements  
4 specified in section 1704 (relating to creation and existence)  
5 and subject to the limits stated in this section, the size of  
6 the board may be adjusted in accordance with bylaws of the  
7 authority, provided that the board consist of an odd number of  
8 members. The board must include an experienced loan officer and  
9 individuals qualified to properly administer the fund.

10 (b) Eligibility to serve on board.--

11 (1) Notwithstanding any law to the contrary, a public  
12 officer shall not be eligible to serve as a board member.

13 (2) A municipal employee shall not be eligible to serve  
14 as a board member.

15 (3) The governing body of a municipality and a school  
16 district which are parties to an intergovernmental  
17 cooperation agreement establishing an authority may nominate  
18 two members to the board who meet the qualifications for  
19 board members under this section. The following apply:

20 (i) A nomination recommendation may be made to the  
21 governing body by a financial institution, nonprofit  
22 organization or other entity that represents the  
23 interests of the community.

24 (ii) Nominations under this paragraph may only be  
25 made following establishment of the board and are subject  
26 to board approval.

27 (iii) A nominee under this paragraph may not be a  
28 relative of a public official.

29 (4) An established authority board shall include at  
30 least one voting member who:



1           (i) is a resident of the community development  
2 authority jurisdiction;

3           (ii) is an appointee of the chief executive officer  
4 of the authority's authorizing jurisdiction;

5           (iii) is an appointee of the governing body of the  
6 authority's authorizing jurisdiction;

7           (iv) is an appointee of the secretary;

8           (v) is a representative of a reputable financial  
9 institution; and

10          (vi) maintains membership with a recognized civic  
11 organization within the community development authority  
12 jurisdiction.

13          (5) A member removed under subsection (d)(3) shall be  
14 ineligible for reappointment to the board unless the  
15 reappointment is confirmed unanimously by the board.

16          (6) As used in this subsection, the term "public  
17 officer" means an individual who is elected to a municipal  
18 office.

19          (c) Officers.--The members of the board shall select  
20 annually from among their members a chairperson, vice  
21 chairperson, secretary, treasurer and other officers as the  
22 board determines.

23          (d) Rules.--The board shall establish rules on all of the  
24 following:

25           (1) Duties of officers under subsection (c).

26           (2) Attendance and participation of members in its  
27 regular and special meetings.

28           (3) A procedure to remove a member by a majority vote of  
29 the other members for failure to comply with a rule.

30           (4) Other matters necessary to govern the conduct of an

1 authority.

2 (e) Vacancies.--A vacancy on the board shall be filled in  
3 the same manner as the original appointment. Upon removal under  
4 subsection (d) (3), the position shall become vacant.

5 (f) Compensation.--Board members shall serve without  
6 compensation. The board may reimburse a member for expenses  
7 actually incurred in the performance of duties on behalf of the  
8 authority.

9 (g) Meetings.--

10 (1) The board shall meet as follows:

11 (i) In regular session according to a schedule  
12 adopted by the board.

13 (ii) In special session:

14 (A) as convened by the chairperson; or

15 (B) upon written notice signed by a majority of  
16 the members.

17 (2) A majority of the board, excluding vacancies,  
18 constitutes a quorum. Physical presence is required under  
19 this paragraph.

20 (h) Voting.--

21 (1) Except as set forth in paragraph (2) or (3), action  
22 of the board must be approved by the affirmative vote of a  
23 majority of the board present and voting.

24 (2) Action of the board on the following matters must be  
25 approved by a majority of the entire board membership:

26 (i) Adoption of bylaws.

27 (ii) Adoption of rules under subsection (d).

28 (iii) Hiring or firing of an employee or contractor  
29 of the authority. This function may, by majority vote of  
30 the entire board membership, be delegated by the board to

1 a specified officer or committee of the authority.

2 (iv) Incurring of debt.

3 (v) Adoption or amendment of the annual budget.

4 (vi) Sale, lease, encumbrance or alienation of real  
5 property or personal property with a value of more than  
6 \$50,000.

7 (3) A resolution under section 1716 (relating to  
8 dissolution of authority) must be approved by two-thirds of  
9 the entire board membership.

10 (4) A member of the board may not vote by proxy.

11 (5) A member may request a recorded vote on any  
12 resolution or action of the authority.

13 (i) Immunity.--A community development authority  
14 jurisdiction which establishes an authority and a municipality  
15 and a school district which are parties to an intergovernmental  
16 cooperation agreement establishing an authority shall not be  
17 liable personally on the bonds or other obligations of the  
18 authority. Rights of creditors of an authority shall be solely  
19 against the authority.

20 § 1706. Staff.

21 (a) Employees.--An authority may employ or enter into a  
22 contract for an executive director, counsel and legal staff,  
23 financial personnel to underwrite and manage loans issued by the  
24 authority, technical experts and other individuals and may  
25 determine the qualifications and fix the compensation and  
26 benefits of those employees.

27 (b) Contracts.--An authority may enter into a contract with  
28 a municipality for:

29 (1) the municipality to provide staffing services to the  
30 authority; or

1           (2) the authority to provide staffing services to the  
2           municipality.

3           (c) Cost.--The cost for administering an authority may not  
4           exceed 10% of the authority's operating budget.

5           § 1707. Powers.

6           (a) General rule.--An authority constitutes a public body,  
7           corporate and politic, exercising public powers of the  
8           Commonwealth necessary or appropriate to carry out this chapter,  
9           including the following powers:

10           (1) To adopt, amend and repeal bylaws for the regulation  
11           of its affairs and the conduct of its business.

12           (2) To sue and be sued in its own name and be a party in  
13           a civil action. This paragraph includes an action to clear  
14           title to property of the authority.

15           (3) To adopt a seal and to alter the same at pleasure.

16           (4) To borrow from Federal Government funds, from the  
17           Commonwealth, from private lenders or from municipalities, as  
18           necessary, for the operation and work of the authority.

19           (5) To issue negotiable revenue bonds and notes  
20           according to the provisions of this chapter.

21           (6) To enter into contracts and other instruments  
22           necessary, incidental or convenient to the performance of its  
23           duties and the exercise of its powers. This paragraph  
24           includes intergovernmental cooperation agreements under 53  
25           Pa.C.S. Ch. 23 Subch. A (relating to intergovernmental  
26           cooperation) for the joint exercise of powers under this  
27           chapter.

28           (7) To enter into contracts and intergovernmental  
29           cooperation agreements with municipalities for the  
30           performance of functions by municipalities on behalf of the

1 authority or by the authority on behalf of municipalities.

2 (8) To make and execute contracts and other instruments  
3 necessary or convenient to the exercise of the powers of the  
4 authority. Any contract or instrument signed shall be  
5 executed by and for the authority if the contract or  
6 instrument is signed, including an authorized facsimile  
7 signature, by:

8 (i) the chairperson or vice chairperson of the  
9 authority; and

10 (ii) either:

11 (A) the secretary or assistant secretary of the  
12 authority; or

13 (B) the treasurer or assistant treasurer of the  
14 authority.

15 (9) To procure insurance against losses in connection  
16 with the real property, assets or activities of the  
17 authority.

18 (10) To invest money of the authority at the discretion  
19 of the board in instruments, obligations, securities or  
20 property determined proper by the board and to name and use  
21 depositories for its money.

22 (11) To enter into contracts for the management of, the  
23 collection of rent from or the sale of real property of the  
24 authority.

25 (12) To design, develop, construct, demolish,  
26 reconstruct, rehabilitate, renovate, relocate and otherwise  
27 improve real property or rights or interests in real  
28 property.

29 (13) To fix, charge and collect rents, fees and charges  
30 for the use of real property of the authority and for

1 services provided by the authority.

2 (14) To grant or acquire licenses, easements, leases or  
3 options with respect to real property of the authority.

4 (15) To enter into partnerships, joint ventures and  
5 other collaborative relationships with municipalities and  
6 other public and private entities for the ownership,  
7 management, development and disposition of real property.

8 (16) To organize and reorganize the executive,  
9 administrative, clerical and other departments of the  
10 authority and to fix the duties, powers and compensation of  
11 employees, agents and consultants of the authority.

12 (17) To do all other things necessary or convenient to  
13 achieve the objectives and purposes of the authority or other  
14 law related to the purposes and responsibility of the  
15 authority.

16 (b) Additional authority.--In addition to the powers granted  
17 to an authority under subsection (a), an authority shall have  
18 the following powers:

19 (1) To issue loans to microenterprises that will operate  
20 on property owned by the authority. The loan program shall  
21 target microenterprises of low-income and moderate-income  
22 individuals.

23 (2) To issue bonds for the purpose of repairing and  
24 improving structures owned by the authority. The bond or  
25 other obligation of an authority related to a bond shall not  
26 be a debt of a municipality or of the Commonwealth.

27 (3) To negotiate for loans and grants from both public  
28 and private sources, provided that the Commonwealth does not  
29 guarantee these loans.

30 (4) To make loans to low-income and moderate-income

1 start-up entrepreneurs.

2 § 1708. Eminent domain.

3 An authority does not possess the power of eminent domain.

4 § 1709. Acquisition of property.

5 (a) Title to be held in its name.--An authority shall hold  
6 in its own name all real property it acquires.

7 (b) Tax exemption.--

8 (1) Except as set forth in paragraph (2), the real  
9 property of an authority and its income and operations are  
10 exempt from State and local tax.

11 (2) Paragraph (1) does not apply to real property of an  
12 authority after the fifth consecutive year in which the real  
13 property is continuously leased to a private third party.  
14 However, real property shall continue to be exempt from State  
15 and local taxes if it is leased to a nonprofit or  
16 governmental agency at substantially less than fair market  
17 value. A nonprofit agency qualifies under this paragraph if  
18 it is acting within the scope and intent of this chapter to  
19 further the development of the community and assist in the  
20 creation of microenterprises.

21 (c) Acquisitions from municipalities.--

22 (1) An authority may acquire real property by purchase  
23 contracts, lease purchase agreements, installment sales  
24 contracts and land contracts and may accept transfers from  
25 municipalities upon terms and conditions as agreed to by the  
26 authority and the municipality.

27 (2) A municipality may transfer to an authority real  
28 property and interests in real property of the municipality  
29 on terms and conditions and according to procedures  
30 determined by the municipality as long as the real property

1 is located within the jurisdiction of the authority.

2 (3) A redevelopment authority located within a community  
3 development authority jurisdiction established under this  
4 chapter may, with the consent of the local governing body and  
5 without a redevelopment contract, convey property which it  
6 acquired before the effective date of this paragraph to the  
7 authority. A conveyance under this paragraph shall be with  
8 fee simple title, free of all liens and encumbrances.

9 (d) Maintenance.--An authority shall maintain all of its  
10 real property in accordance with the statutes and ordinances of  
11 the jurisdiction in which the real property is located.

12 (e) Prohibition.--

13 (1) Subject to the provisions of paragraph (2), an  
14 authority may not own or hold real property located outside  
15 the jurisdictional boundaries of the entities which created  
16 the authority under section 1704(c) (relating to creation and  
17 existence).

18 (2) An authority may be granted authority pursuant to an  
19 intergovernmental cooperation agreement with a municipality  
20 to manage and maintain real property located within the  
21 jurisdiction of the municipality.

22 (f) Tax claim bureaus.--A tax claim bureau may transfer to  
23 an authority real property of the county held by the tax claim  
24 bureau, as trustee for the county.

25 (g) Acquisition of tax delinquent properties.--If authorized  
26 by the community development authority jurisdiction which  
27 created an authority or otherwise by intergovernmental  
28 cooperation agreement, an authority may accept donations of real  
29 property and extinguish delinquent claims for taxes as to the  
30 property under section 5.1 of the act of May 16, 1923 (P.L.207,



1 No.153), referred to as the Municipal Claim and Tax Lien Law, or  
2 section 303 of the act of July 7, 1947 (P.L.1368, No.542), known  
3 as the Real Estate Tax Sale Law. For the purposes of this  
4 subsection, the authority shall have all rights and obligations  
5 of the municipality provided for in section 5.1 of the Municipal  
6 Claim and Tax Lien Law.

7 (h) Donation to microenterprise.--Notwithstanding any other  
8 provision of law to the contrary, if a tax delinquent property  
9 offered at judicial sale is not sold, the trustee may donate the  
10 property to an authority for the purpose of a microenterprise  
11 after written notification of the transfer to all interested  
12 parties.

13 § 1710. Disposition of property.

14 (a) Public access to inventory.--An authority shall maintain  
15 and make available for public review and inspection an inventory  
16 of real property held by the authority.

17 (b) Power.--The authority may convey, exchange, sell,  
18 transfer, lease, grant or mortgage interests in real property of  
19 the authority in the form and by the method determined to be in  
20 the best interests of the authority.

21 (c) Consideration.--

22 (1) The authority shall determine the amount and form of  
23 consideration necessary to convey, exchange, sell, transfer,  
24 lease as lessor, grant or mortgage interests in real  
25 property.

26 (2) Consideration may take the form of monetary payments  
27 and secured financial obligations, covenants and conditions  
28 related to the present and future use of the property,  
29 contractual commitments of the transferee and other forms of  
30 consideration as determined by the board to be in the best

1 interest of the authority.

2 (d) Policies and procedures.--

3 (1) A board shall determine and state in the authority  
4 policies and procedures the general terms and conditions for  
5 consideration to be received by the authority for the  
6 transfer of real property and interests in real property.

7 (2) Requirements which may be applicable to the  
8 disposition of real property and interests in real property  
9 by municipalities shall not be applicable to the disposition  
10 of real property and interests in real property by the  
11 authority.

12 (e) Land use plans.--The authority shall consider all duly  
13 adopted land use plans and make reasonable efforts to coordinate  
14 the disposition of an authority's real property with such land  
15 use plans.

16 (f) Specific voting and approval requirements.--

17 (1) A community development authority jurisdiction may,  
18 in its ordinance creating an authority or in the case of  
19 multiple community development authority jurisdictions and  
20 municipalities creating a single authority in the applicable  
21 intergovernmental cooperation agreement, require that a  
22 particular form of disposition of real property or a  
23 disposition of real property located within specified  
24 jurisdictions be subject to specified voting and approval  
25 requirements of the board.

26 (2) Except as restricted or constrained under paragraph  
27 (1), the board may delegate to officers and employees the  
28 authority to enter into and execute agreements, instruments  
29 of conveyance and other related documents pertaining to the  
30 conveyance of real property by the authority.

1 § 1711. Financing of authority operations.

2 (a) General rule.--The authority may receive funding through  
3 grants and loans from:

4 (1) the Federal Government;

5 (2) the Commonwealth;

6 (3) a municipality;

7 (4) the community development authority jurisdiction  
8 which created the authority; and

9 (5) private sources.

10 (b) Funding.--An authority may receive and retain payments  
11 for services rendered, for rents and leasehold payments  
12 received, for consideration for disposition of real and personal  
13 property, for proceeds of insurance coverage for losses  
14 incurred, for income from investments and for an asset and  
15 activity lawfully permitted to the authority under this chapter.

16 (c) Allocated real property taxes.--

17 (1) A taxing jurisdiction may authorize the remittance  
18 or dedication of a portion of real property taxes collected  
19 pursuant to the laws of this Commonwealth to the authority on  
20 real property conveyed by an authority.

21 (2) Allocation of property tax revenues in accordance  
22 with this subsection, if authorized by the taxing  
23 jurisdiction, shall commence with the first taxable year  
24 following the date of conveyance and continue for a period of  
25 up to five years and may not exceed a maximum of 50% of the  
26 aggregate property tax revenues generated by the property.

27 (3) Remittance or dedication of real property taxes  
28 shall include the real property taxes of a school district  
29 only if the school district enters into an agreement with the  
30 authority for the remittance or dedication.

1 § 1712. Fund.

2 (a) Fund established.--A separate fund within the State  
3 Treasury, to be known as the Community Small Business  
4 Development Fund, is established. The following apply:

5 (1) The State Treasurer shall invest 20% of the fund.

6 (2) The fund shall operate as a revolving fund whereby  
7 all appropriations and payments made thereto may be applied  
8 and reapplied to the purposes of this section.

9 (3) The balance of the fund at any time may not be less  
10 than 20% of the initial funding.

11 (a.1) Source.--The fund shall receive moneys from the  
12 following sources:

13 (1) State appropriations.

14 (2) Federal appropriations.

15 (3) Repayment of loan principal.

16 (4) Payment on interest loans made by the fund board.

17 (5) Gifts and other contributions from public and  
18 private sources. Contributions from a financial institution  
19 to the fund may be used by the financial institution to meet  
20 the requirements of the Community Reinvestment Act of 1977  
21 (91 Stat. 1111, 12 U.S.C. § 2901 et seq.) to the extent  
22 permissible under that act.

23 (b) Grants.--The fund shall be in part supplemented by  
24 matching grants through private partners, including financial  
25 institutions. Grants shall be made by an authority in  
26 partnership with private financial institutions to  
27 microenterprises. A total of two grants shall be made to  
28 microenterprises as follows:

29 (1) The initial grant shall be at least 1.5% and no more  
30 than 5% of the amount of the State contribution to the fund,

1 with an equal amount to be contributed by the private partner  
2 and a portion of the total amount of the grant to be used to  
3 finance a delinquency fund to cover losses incurred by the  
4 fund.

5 (2) The second grant to be contributed by the private  
6 partner shall be an amount equal to 10% of the loan provided  
7 by a community development financial institution to the  
8 microenterprise. A grant under this paragraph is limited to  
9 \$50,000.

10 (c) Board.--The fund shall be under the general supervision  
11 of a board of directors, which board shall be an independent  
12 board in the department. The fund board shall be comprised of  
13 the following members:

14 (1) The secretary or a designee of the secretary, who  
15 shall serve as chairperson of the fund board.

16 (2) Two members appointed by the President pro tempore  
17 of the Senate and two members appointed by the Minority  
18 Leader of the Senate.

19 (3) Two members appointed by the Speaker of the House of  
20 Representatives and two members appointed by the Minority  
21 Leader of the House of Representatives.

22 (4) No more than four members appointed by the secretary  
23 who represent the fund's private partners chosen from a list  
24 of nominees provided by the fund's private partners.

25 (d) Loan.--An authority may apply to the fund board for a  
26 loan under this section. Upon approval of the loan by the fund  
27 board, a loan shall be made to an authority from the fund in  
28 accordance with the following:

29 (1) A loan shall be made from the fund to an authority  
30 for the purpose of lending funds to microenterprises that are

1 operating on the property owned by the authority. A loan to a  
2 microenterprise shall be a minimum of \$5,000 and a maximum of  
3 \$10,000.

4 (2) If the fund board approves by a 60% majority vote, a  
5 loan from the fund may be made to microenterprises in cities  
6 under the act of July 10, 1987 (P.L.246, No.47), known as the  
7 Municipalities Financial Recovery Act, or their successors.

8 (3) Authorities may partner with private entities that  
9 issue microloans for the purpose of providing loans to  
10 existing microenterprises for business expansion.

11 (4) For the purpose of reducing the risk involved with  
12 making the loan and providing applicants the skills necessary  
13 to succeed, all applicants for a loan from an authority must  
14 complete business courses and workshops on operating a  
15 business, creating market strategy and customer interaction.  
16 The department shall assist authorities in identifying  
17 organizations that can partner with or provide training  
18 resources to applicants. The authority shall direct  
19 applicants to the organizations that provide the training  
20 required by this paragraph.

21 (5) Authorities may partner with private entities to use  
22 their facilities or expertise to help facilitate the required  
23 entrepreneurial training for applicants. The following apply:

24 (i) Private partners under this paragraph may  
25 include commercial or nonprofit groups specializing in  
26 training start-up entrepreneurs.

27 (ii) The authority may enter into contracts to pay  
28 private partners to expand their operations to provide  
29 the applicant training. Moneys may not be paid for this  
30 purpose unless the fund board approves the expenditure by

1           a two-thirds majority vote.

2           (iii) An authority may also form a partnership with  
3           a commercial, nonprofit or religious entity for the  
4           purpose of acquiring building space, which may be leased  
5           or donated, for applicant training.

6           (6) The terms of the loan are to be established by the  
7           authority, the fund board and an area loan organization. The  
8           fund board shall develop loan program criteria that is  
9           consistent with criteria used by area loan organizations.

10          (7) If loan payments become delinquent, the fund board  
11          shall offer a hardship agreement to the microenterprise to  
12          restructure the payment process.

13          (8) Special priority is to be given to qualified  
14          veterans and minority applicants as determined by the area  
15          loan organizations.

16 § 1713. Borrowing and issuance of bonds.

17          (a) Authority.--

18           (1) An authority may issue a bond for any of its  
19           corporate purposes.

20           (2) The principal and interest of a bond shall be  
21           payable from the authority's general revenue.

22           (3) The bond may be secured by any of the following:

23           (i) A pledge of revenue. This subparagraph includes  
24           a grant or contribution from:

25                   (A) The Federal Government or a Federal agency  
26                   or instrumentality.

27                   (B) The Commonwealth, a Commonwealth agency or  
28                   an instrumentality of the Commonwealth.

29           (ii) A mortgage of property of the authority.

30          (b) Nature.--The bond must meet the requirements of 13

1 Pa.C.S. § 3104 (relating to negotiable instrument).

2 (c) Tax exempt.--A bond and the income from the bond is  
3 exempt from taxation by:

4 (1) the Commonwealth; or

5 (2) a political subdivision.

6 (d) Procedure.--

7 (1) A bond must be authorized by resolution of the board  
8 and shall be a limited obligation of the authority.

9 (2) The principal and interest, costs of issuance and  
10 other costs incidental to the bond shall be payable solely  
11 from the income and revenue derived from the sale, lease or  
12 other disposition of the assets of the authority. The  
13 authority may secure the bond by a mortgage or other security  
14 device covering all or part of the project from which the  
15 pledged revenues may be derived.

16 (3) A refunding bond issued under this section:

17 (i) shall be payable from:

18 (A) a source described in this chapter; or

19 (B) the investment of the proceeds of the  
20 refunding bonds; and

21 (ii) shall not constitute an indebtedness or pledge  
22 of the general credit of a political subdivision within  
23 the meaning of a constitutional or statutory limitation  
24 of indebtedness and shall contain a recital to that  
25 effect.

26 (4) A bond must comply with the authorizing resolution  
27 as to:

28 (i) form;

29 (ii) denomination;

30 (iii) interest rate;



1           (iv) maturity; and

2           (v) execution.

3           (5) A bond may be subject to redemption at the option of  
4 and in the manner determined by the board in the authorizing  
5 resolution.

6           (e) Powers of municipalities.--A municipality may elect to  
7 guarantee, insure or otherwise become primarily or secondarily  
8 obligated on the indebtedness of the authority, subject,  
9 however, to all other provisions of law of this Commonwealth  
10 applicable to municipal indebtedness.

11          (f) Sale.--

12           (1) A bond shall be issued, sold and delivered in  
13 accordance with the terms and provisions of the authorizing  
14 resolution. The board, to effectuate its best interest, may  
15 determine the manner of sale, public or private, and the  
16 price of the bond.

17           (2) The resolution issuing a bond must be published in a  
18 newspaper of general circulation within the jurisdiction in  
19 which the authority is located.

20          (g) Liability.--

21           (1) Neither the members of an authority nor a person  
22 executing the bond shall be liable personally on the bonds by  
23 reason of the issuance of the bond.

24           (2) The bond or other obligation of the authority  
25 related to a bond shall not be a debt of a municipality or of  
26 the Commonwealth. A statement to this effect shall appear on  
27 the face of the bond or obligation.

28           (3) On the bond or other obligation of the authority  
29 related to a bond, all of the following apply:

30           (i) The Commonwealth has no liability. This

1 subparagraph applies to the revenue and property of the  
2 Commonwealth.

3 (ii) A municipality has no liability. This  
4 subparagraph applies to the revenue and property of a  
5 municipality.

6 § 1714. Public records and public access.

7 (a) Public records.--A board shall keep minutes and a record  
8 of its proceedings.

9 (b) Public access.--The authority is subject to:

10 (1) 65 Pa.C.S. Ch. 7 (relating to open meetings); and

11 (2) the act of February 14, 2008 (P.L.6, No.3), known as  
12 the Right-to-Know Law.

13 § 1715. Merger.

14 (a) Merger and consolidation authorized.--An authority and  
15 an existing economic development authority may be merged into  
16 one authority, which for purposes of this section shall be  
17 designated as the surviving authority, or consolidated into a  
18 new authority.

19 (b) Articles of merger or consolidation.--Articles of merger  
20 or articles of consolidation, as the case may be, shall first be  
21 proposed by the governing body of the municipality or  
22 municipalities creating the authority. The governing body of the  
23 municipality or municipalities incorporating one or more of the  
24 existing authorities shall each adopt a resolution which shall  
25 contain the language of the proposed merger or consolidation.  
26 The articles of merger or consolidation shall be signed by the  
27 proper officers of the municipality or municipalities and under  
28 their respective municipal seals and shall set forth the  
29 following:

30 (1) The name of the surviving or new authority.

1           (2) The location of the registered office of the  
2 surviving or new authority.

3           (3) The names and addresses and term of office of the  
4 members of the board of the surviving or new authority as  
5 specified in the plan of merger or consolidation.

6           (4) A statement indicating the date on which each  
7 existing authority was formed and the purpose for which it  
8 was formed, taken from the articles of incorporation, the  
9 name of the original incorporating municipality or  
10 municipalities and the name of any successor to the original  
11 incorporating municipality or municipalities thereof.

12           (5) The time and place of the meetings of the governing  
13 bodies of the municipality or municipalities party to the  
14 plan of merger or consolidation.

15           (6) A statement of the plan of merger and a timeline for  
16 implementing the plan for merger.

17           (7) Any changes in the articles of incorporation of the  
18 surviving authority in the case of a merger and a statement  
19 of the articles of incorporation in full in the case of the  
20 new authority to be formed, in each case in conformity with  
21 the provisions of this chapter relating to the incorporation  
22 of authorities, except that any item required to be stated  
23 which is covered elsewhere in the articles of merger or  
24 consolidation need not be repeated.

25           (c) Publication of resolution.--Each municipality party to  
26 the plan of merger or consolidation shall cause a notice of the  
27 resolution setting forth the merger or consolidation to be  
28 published at least one time in the legal periodical of the  
29 county or counties in which the surviving authority is to be  
30 organized and at least one time in a newspaper published and in

1 general circulation in such county or counties. The notice shall  
2 contain a brief statement of the substance of the resolution,  
3 including the substance of the articles of merger making  
4 reference to this chapter, and shall state that on a day  
5 certain, not less than three days after publication of the  
6 notice, articles of merger or consolidation shall be filed with  
7 the Secretary of the Commonwealth. The publication shall be in  
8 sufficient compliance with the laws of this Commonwealth or any  
9 existing laws dealing with publication for municipalities.

10 (d) Documentation.--The articles of merger or consolidation  
11 shall be filed on or before the day specified in the  
12 advertisement with the Secretary of the Commonwealth together  
13 with the proof of publication of the notice required under  
14 subsection (c).

15 (e) Certification of merger or consolidation.--The Secretary  
16 of the Commonwealth shall file the articles of merger or  
17 consolidation and the proof of advertisement required in  
18 subsection (c), but not prior to the day specified in the  
19 advertisement, certify the date of the filing when all fees and  
20 charges have been paid and issue to the surviving or new  
21 authority or its representative a certificate of merger or  
22 consolidation to which shall be attached a copy of the filed  
23 articles of merger or consolidation.

24 (f) Filing the articles of merger or consolidation.--Upon  
25 the filing of the articles of merger or consolidation by the  
26 Secretary of the Commonwealth, the merger or consolidation shall  
27 be effective, and, in the case of a consolidation, the new  
28 authority shall come into existence, and, in either case, the  
29 articles of merger or consolidation shall constitute the  
30 articles of incorporation of the surviving or new authority.

1     (g) Creation of surviving or new authority.--Upon the merger  
2 or consolidation becoming effective, the several existing  
3 authorities to the plan of merger or consolidation shall become  
4 a single authority, which in the case of a merger shall be that  
5 authority designated in the articles of merger as the surviving  
6 authority and in the case of a consolidation shall be a new  
7 authority as provided in the articles of consolidation. The  
8 separate existence of all existing authorities named in the  
9 articles of merger or consolidation shall cease, except that of  
10 the surviving authority in the case of a merger.

11     (h) Disposition of property and accounts.--All of the  
12 property, real, personal and mixed, and all interests in the  
13 property of each of the existing authorities named in the plan  
14 of merger or consolidation, all debts due and whatever amount  
15 due to any of them, including their respective right, title and  
16 interest in and to all lease rentals, sinking funds on deposit,  
17 all funds deposited under lease or trust instruments shall be  
18 taken and deemed to be transferred to and vested in the  
19 surviving or new authority, as the case may be, without further  
20 act or deed.

21     (i) Continuation of contracts.--The surviving authority or  
22 the new authority shall be responsible for the liabilities and  
23 obligations of each of the existing authorities so merged or  
24 consolidated but shall be subject to the same limitations,  
25 pledges, assignments, liens, charges, terms and conditions as to  
26 revenues and restrictions and as to leases of properties as were  
27 applicable to each existing authority. The liabilities of the  
28 merging or consolidating authorities or the members of their  
29 boards or officers shall not be affected nor shall the rights of  
30 creditors thereof or any persons dealing with the merging or

1 consolidating authorities or any liens upon the property of the  
2 merging or consolidating authorities or any outstanding bonds be  
3 impaired by the merger or consolidation, and any claim existing  
4 or action or proceeding pending by or against any such  
5 authorities shall be prosecuted to judgment as if the merger or  
6 consolidation had not taken place, or the surviving authority or  
7 the new authority may be proceeded against or substituted in its  
8 place.

9 § 1716. Dissolution of authority.

10 (a) General rule.--An authority may be dissolved as a public  
11 body corporate and politic upon compliance with all of the  
12 following:

13 (1) Sixty calendar days' advance written notice of  
14 consideration of a resolution to request dissolution must:

15 (i) be given to the community development authority  
16 jurisdiction which created the authority;

17 (ii) be published in a local newspaper of general  
18 circulation; and

19 (iii) be sent by certified mail to the trustees of  
20 outstanding bonds of the authority.

21 (2) A resolution requesting dissolution must be approved  
22 under section 1705(h) (3) (relating to board).

23 (b) Authority.--Upon receipt of a proper resolution  
24 described in subsection (a) (1), the community development  
25 authority jurisdiction which created the authority may dissolve  
26 the authority by adoption of an ordinance subject to the  
27 approval of the mayor in a city or the county executive in a  
28 home rule county. If approved, the governing body of the  
29 community development authority jurisdiction which created the  
30 authority shall file a certified copy of the ordinance with the

1 Department of State, and the Secretary of the Commonwealth shall  
2 cause the termination of the existence of the authority to be  
3 noted on the record of incorporation. Upon such filing, the  
4 authority shall cease to function. The Secretary of the  
5 Commonwealth shall also notify the department of the dissolution  
6 of the authority.

7 (c) Transfer of assets.--Upon dissolution of the authority,  
8 real property, personal property and other assets of the  
9 authority shall become the assets of the municipality in which  
10 the property is located. The following shall apply:

11 (1) Personal property, including financial assets, of  
12 the authority shall be divided among participating community  
13 development authority jurisdictions in proportion to the  
14 population of each jurisdiction.

15 (2) The municipality in which real property is located  
16 shall approve the transfer of title to the municipality.

17 (d) Multiple jurisdictions.--If multiple community  
18 development authority jurisdictions create an authority under  
19 section 1704(c) (relating to creation and existence), the  
20 withdrawal of one or more community development authority  
21 jurisdictions shall not require dissolution of the authority  
22 unless:

23 (1) the intergovernmental cooperation agreement provides  
24 for dissolution in this event; and

25 (2) there is no community development authority  
26 jurisdiction which desires to continue the existence of the  
27 authority.

28 § 1717. Conflicts of interest.

29 (a) Applicability of adverse interest act.--The acts and  
30 decisions of members of a board and of employees of the

1 authority shall be subject to the act of July 19, 1957  
2 (P.L.1017, No.451), known as the State Adverse Interest Act.

3 (b) Ethical standards.--Board members and authority  
4 employees are subject to 65 Pa.C.S. Ch. 11 (relating to ethics  
5 standards and financial disclosure).

6 (c) Supplemental rules and guidelines.--The board may adopt:

7 (1) supplemental rules addressing potential conflicts of  
8 interest; and

9 (2) ethical guidelines for members of the board and  
10 employees of the authority.

11 § 1718. Construction, intent and scope.

12 This chapter shall be construed liberally to effectuate the  
13 legislative intent and the purposes as complete and independent  
14 authorization for the implementation of this chapter, and all  
15 powers granted shall be broadly interpreted to effectuate the  
16 intent and purposes and not as a limitation of powers.

17 § 1719. Annual audit and report.

18 The following shall apply:

19 (1) An authority shall annually, within 120 days after  
20 the end of the fiscal year, submit an audit of income and  
21 expenditures, together with a report of its activities for  
22 the preceding year, to the department.

23 (2) A duplicate of the audit and the report shall be  
24 filed with the governing body of:

25 (i) the community development authority jurisdiction  
26 which created the authority; and

27 (ii) each municipality which opted to participate in  
28 the authority pursuant to an intergovernmental agreement.

29 § 1720. Collaboration of community development financial  
30 institutions with authorities.



1 Community development financial institutions within a city  
2 are eligible for financial assistance for the purpose of  
3 providing loans to microenterprises that operate on leased  
4 property acquired by an authority. The financial assistance:

5 (1) Shall be paid from the fund.

6 (2) Is limited to an amount equal to 50% of the loan to  
7 the microenterprise.

8 (3) May not exceed \$10,000.

9 § 1721. Cost sharing.

10 If an authority acquires property in a city for demolition,  
11 the former lienholder of the property acquired shall share the  
12 authority's demolition costs.

13 Section 2. Title 72 is amended by adding a chapter to read:

14 CHAPTER 31

15 MICROENTERPRISE ASSISTANCE

16 Subchapter

17 A. Preliminary Provisions

18 B. Tax Credit for Community Small Business Development

19 C. Microenterprise Tax Credit

20 D. Business Entity Tax Credit

21 E. Tax Credit for Mixed-use and Space-sharing Projects

22 F. Miscellaneous Provisions

23 SUBCHAPTER A

24 PRELIMINARY PROVISIONS

25 Sec.

26 3101. Definitions.

27 § 3101. 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 "Company." Any corporation, partnership, limited liability  
2 company, limited liability partnership, business trust,  
3 affiliate, unincorporated joint venture or other business entity  
4 doing business within this Commonwealth.

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

7 "Fund." The Community Small Business Development Fund.

8 "Microenterprise." A business operated by a sole proprietor  
9 or limited liability company that employs one to five employees  
10 and has the qualifying amount of capital provided under the  
11 Small Business Jobs Act of 2010 (Public Law 111-240, 124 Stat.  
12 2504).

13 "Qualified microenterprise expenditures." The increase in  
14 costs and expenses incurred by a qualified taxpayer:

15 (1) for new equipment or for the cost of equipment  
16 repairs over costs expended in the prior year for equipment;  
17 and

18 (2) for leasing space over costs expended in the prior  
19 year for leasing space.

20 "Qualified tax liability." The liability for taxes imposed  
21 under Article III, IV or IX of the act of March 4, 1971 (P.L.6,  
22 No.2), known as the Tax Reform Code of 1971. The term includes  
23 the liability for taxes imposed under Article III of the Tax  
24 Reform Code of 1971 on the owner or owners of a pass-through  
25 entity. The term does not include amounts withheld or required  
26 to be withheld from employees under Article III of the Tax  
27 Reform Code of 1971.

28 "Qualified taxpayer." Any natural person, corporation,  
29 business trust, limited liability company, partnership, limited  
30 liability partnership, association or any other form of legal

1 business entity that is subject to a tax imposed under Article  
2 III, IV or IX of the Tax Reform Code of 1971 excluding any tax  
3 withheld by an employer under Article III of the Tax Reform Code  
4 of 1971.

5 "Tax credit." A tax credit provided under this chapter.

6 SUBCHAPTER B

7 TAX CREDIT FOR COMMUNITY SMALL BUSINESS DEVELOPMENT

8 Sec.

9 3121. Tax credit.

10 3122. Duties.

11 3123. Use of tax credits by qualified taxpayers.

12 3124. Sale, carryover and carryback.

13 3125. Sale of tax credits to qualified taxpayers.

14 3126. Payment for tax credits purchased and certificates.

15 3127. Failure to make contribution of capital and reallocation.

16 § 3121. Tax credit.

17 A qualified taxpayer may purchase tax credits from the  
18 department in accordance with this subchapter and may apply the  
19 tax credits against its qualified tax liability in accordance  
20 with this chapter.

21 § 3122. Duties.

22 The department shall have the authority to sell up to  
23 \$50,000,000 in tax credits to qualified taxpayers. The sale of  
24 the tax credits shall be in accordance with section 3125  
25 (relating to sale of tax credits to qualified taxpayers). No tax  
26 credits may be sold after December 31, 2019.

27 § 3123. Use of tax credits by qualified taxpayers.

28 (a) Use against qualified tax liability.--A qualified  
29 taxpayer that purchases tax credits under section 3125 (relating  
30 to sale of tax credits to qualified taxpayers) may claim the

1 credits beginning in calendar year 2015 against qualified tax  
2 liability incurred for the taxable year that begins on or after  
3 January 1, 2014, and must apply the credits against qualified  
4 tax liability beginning no later than the taxable year that  
5 begins in calendar year 2017.

6 (b) Application to department.--A qualified taxpayer seeking  
7 to use purchased tax credits may submit an application to the  
8 department in a manner prescribed by the department.

9 (c) Limitations.--The credit to be applied in any one year  
10 may not exceed:

11 (1) The qualified tax liability of the qualified  
12 taxpayer for that taxable year.

13 (2) Twenty percent of the purchased credit.

14 § 3124. Sale, carryover and carryback.

15 (a) Carryover.--If the qualified taxpayer cannot use the  
16 entire amount of the tax credit for the taxable year in which  
17 the taxpayer is eligible for the credit, the excess may be  
18 carried over to no more than the next succeeding three taxable  
19 years and used as a credit against the qualified tax liability  
20 of the taxpayer for those taxable years, provided that the  
21 credit may not be carried over to any taxable year that begins  
22 after December 31, 2025.

23 (b) Sale.--No sooner than 30 days after providing the  
24 department written notice of the intent to transfer tax credits,  
25 a qualified taxpayer may transfer tax credits held without  
26 restriction to any entity that is a qualified taxpayer in good  
27 standing with the Department of Revenue and that agrees to  
28 assume all of the transferor's obligations with respect to the  
29 tax credit.

30 (c) Carryback.--A qualified taxpayer may not carry back a

1 tax credit.

2 § 3125. Sale of tax credits to qualified taxpayers.

3 (a) Conduct of sale.--The sale of tax credits authorized  
4 under section 3122 (relating to duties) shall be conducted in  
5 accordance with this section.

6 (b) Process.--The department may sell the tax credits  
7 authorized under this subchapter or may contract with an  
8 independent third party to conduct a bidding process among  
9 qualified taxpayers to purchase the tax credits. In raising  
10 capital for the fund, the department shall have the discretion  
11 to distribute tax credits using a market-driven approach or any  
12 approach that maximizes the yield to the Commonwealth.

13 (c) Application.--A qualified taxpayer seeking to purchase  
14 tax credits may apply to the department in the manner prescribed  
15 by the department.

16 (d) Bidding process.--Using procedures adopted by the  
17 department or, if applicable, by an independent third party,  
18 each qualified taxpayer that submits an application shall make a  
19 timely and irrevocable offer, subject only to the department's  
20 issuance to the taxpayer of tax credit certificates, to make  
21 specified contributions of capital to the department for payment  
22 into the fund on dates specified by the department.

23 (e) Contents of offer.--The offer under subsection (d) must  
24 include all of the following:

25 (1) The requested amount of tax credits, which may not  
26 be more than a total of \$2,000,000.

27 (2) The qualified taxpayer's capital contribution for  
28 each tax credit dollar requested, which may not be less than  
29 the greater of either of the following:

30 (i) Seventy-five percent of the requested dollar

1           amount of tax credits.

2           (ii) The percentage of the requested dollar amount  
3           of tax credits that the department and, if applicable,  
4           the independent third party, determines to be consistent  
5           with market conditions as of the offer date.

6           (3) Any other information the department or, if  
7           applicable, independent third party requires.

8           (f) Notice of approval.--Each qualified taxpayer that  
9           submits an application under this section shall receive a  
10           written notice from the department indicating whether it has  
11           been approved as a purchaser of tax credits and, if so, the  
12           amount of tax credits allocated.

13           § 3126. Payment for tax credits purchased and certificates.

14           (a) Payment of capital.--Twenty-five percent of the capital  
15           committed by a qualified taxpayer shall be paid to the  
16           department for deposit into the fund, and the remaining capital  
17           shall be paid to the department for deposit into the General  
18           Fund. Nothing under this section shall prohibit the department  
19           from establishing an installment payment schedule for capital  
20           payments to be made by the qualified taxpayer.

21           (b) Issuance of tax credit certificates.--On receipt of  
22           payment of capital, the department shall issue to each qualified  
23           taxpayer a tax credit certificate representing a fully vested  
24           credit against qualified tax liability.

25           (c) Certificate issued in accordance with bidding process.--  
26           The department shall issue tax credit certificates to qualified  
27           taxpayers in accordance with the bidding process selected by the  
28           department or the independent third party. The department may  
29           give priority for the purchase of credits to qualified taxpayers  
30           that are smaller companies.

1 (d) Contents.--The tax credit certificate shall state all of  
2 the following:

3 (1) The total amount of tax credits that the qualified  
4 taxpayer may claim.

5 (2) The amount of capital that the qualified taxpayer  
6 has contributed or agreed to contribute in return for the  
7 issuance of the tax credit certificate.

8 (3) The dates on which the tax credits will be available  
9 for use by the qualified taxpayer.

10 (4) Any penalties or other remedies for noncompliance.

11 (5) The procedures to be used for transferring the tax  
12 credits.

13 (6) Any other requirements the department considers  
14 necessary.

15 § 3127. Failure to make contribution of capital and  
16 reallocation.

17 (a) Prohibition.--A tax credit certificate under section  
18 3126 (relating to payment for tax credits purchased and  
19 certificates) may not be issued to any qualified taxpayer that  
20 fails to make a contribution of capital within the time the  
21 department specifies.

22 (b) Penalty.--A qualified taxpayer that fails to make a  
23 contribution of capital within the time the department specifies  
24 shall be subject to a penalty equal to 10% of the amount of  
25 capital that remains unpaid. The penalty shall be paid to the  
26 department within 30 days after demand.

27 (c) Reallocation.--The department may offer to reallocate  
28 the defaulted capital among other qualified taxpayers, so that  
29 the result after reallocation is the same as if the initial  
30 allocation had been performed without considering the tax credit

1 allocation to the defaulting qualified taxpayer.

2 (d) Contribution.--If the reallocation of capital under  
3 subsection (c) results in the contribution by another qualified  
4 taxpayer of the amount of capital not contributed by the  
5 defaulting qualified taxpayer, the department may waive the  
6 penalty provided under subsection (b).

7 (e) Transfer.--A qualified taxpayer that fails to make a  
8 contribution of capital within the time specified may avoid the  
9 imposition of the penalty by transferring the allocation of tax  
10 credits to a new or existing qualified taxpayer within 30 days  
11 after the due date of the defaulted installment. Any transferee  
12 of an allocation of tax credits of a defaulting qualified  
13 taxpayer under this subsection shall agree to make the required  
14 contribution of capital within 30 days after the date of the  
15 transfer.

16 SUBCHAPTER C

17 MICROENTERPRISE TAX CREDIT

18 Sec.

19 3141. Microenterprise tax credit.

20 § 3141. Microenterprise tax credit.

21 (a) Application.--

22 (1) A qualified taxpayer that is a microenterprise owner  
23 may apply to the department for a tax credit certificate  
24 under this section.

25 (2) The application shall be on the form required by the  
26 department.

27 (3) The application shall be filed on or before February  
28 1 for qualified microenterprise expenditures incurred.

29 (b) Procedure.--If the department approves the application,  
30 it shall issue the qualified taxpayer a tax credit certificate



1 by April 1. A tax credit certificate issued under this section  
2 shall not exceed 20% of qualified microenterprise expenditures  
3 determined by the department under paragraph (1) of the  
4 definition of "qualified microenterprise expenditures" in  
5 section 3101 (relating to definitions) and an additional amount  
6 not to exceed 20% of qualified microenterprise expenditures  
7 determined by the department under paragraph (2) of the  
8 definition of "qualified microenterprise expenditures" in  
9 section 3101.

10 (c) Claiming the credit.--Upon presenting a tax credit  
11 certificate to the Department of Revenue, the qualified taxpayer  
12 may claim a tax credit against the qualified tax liability of  
13 the qualified taxpayer. A tax credit certificate received by the  
14 Department of Revenue in a taxable year first shall be applied  
15 against the qualified taxpayer's qualified tax liability for the  
16 current taxable year as of the date on which the credit was  
17 issued before the tax credit can be applied against any  
18 qualified tax liability under section 3124 (relating to sale,  
19 carryover and carryback).

20 (d) Limitation.--A qualified taxpayer may apply for a tax  
21 credit under this section no more than twice in a two-year  
22 period.

#### 23 SUBCHAPTER D

#### 24 BUSINESS ENTITY TAX CREDIT

25 Sec.

26 3151. Business entity tax credit.

27 § 3151. Business entity tax credit.

28 (a) Application.--

29 (1) A qualified taxpayer that is a company may apply to  
30 the department for a tax credit certificate under this

1 section.

2 (2) The application shall be on the form required by the  
3 department.

4 (3) The application shall be filed on or before February  
5 1.

6 (b) Procedure.--If the department approves the application,  
7 it shall issue the qualified taxpayer a tax credit certificate  
8 by April 1. A tax credit under this section shall be equal to:

9 (1) Fifteen percent of the value of any equipment sold  
10 by the company to a microenterprise, as determined by the  
11 department.

12 (2) A tax credit in the amount of \$300 for each  
13 microenterprise owner that the company provides with on-the-  
14 job training.

15 (c) Claiming the credit.--Upon presenting a tax credit  
16 certificate to the Department of Revenue, the qualified taxpayer  
17 may claim a tax credit against the qualified tax liability of  
18 the qualified taxpayer. A tax credit certificate received by the  
19 Department of Revenue in a taxable year first shall be applied  
20 against the qualified taxpayer's qualified tax liability for the  
21 current taxable year as of the date on which the credit was  
22 issued before the tax credit can be applied against any  
23 qualified tax liability under section 3124 (relating to sale,  
24 carryover and carryback).

25 (d) Conditions.--

26 (1) The equipment sold shall not be defective or of  
27 deficient quality.

28 (2) The equipment sold must be subject to a warranty for  
29 a term of at least six months.

30 (e) User error.--Reasonably expected user error by a

1 microenterprise which damages or prevents the use of the  
2 equipment does not affect eligibility for a tax credit under  
3 subsection (b).

4 SUBCHAPTER E

5 TAX CREDIT FOR MIXED-USE AND SPACE-SHARING PROJECTS

6 Sec.

7 3161. Tax credit for developing mixed-use and space-sharing  
8 projects.

9 3162. Tax credit for developing space-sharing projects.

10 § 3161. Tax credit for developing mixed-use and space-sharing  
11 projects.

12 (a) Tax credit.--A qualified taxpayer that purchases  
13 property for development from an authority is eligible for a tax  
14 credit under this section if:

15 (1) The authority has demolished any improvements to the  
16 property.

17 (2) The property development by the qualified taxpayer  
18 is a mixed-use development project.

19 (b) Amount of credit.--The tax credit under this section  
20 shall be equal to 15% of the net profit attributable to the  
21 mixed-use development project and applied against the qualified  
22 taxpayer's qualified tax liabilities incurred in the taxable  
23 year for which the credit was approved. If the net profit is  
24 reinvested in other mixed-use development, the tax credit shall  
25 be equal to 15% of those profits and applied against the  
26 qualified taxpayer's qualified tax liabilities incurred in the  
27 taxable year for which the credit was approved.

28 § 3162. Tax credit for developing space-sharing projects.

29 A qualified taxpayer in a city is eligible to receive a tax  
30 credit for developing shared space for microenterprises located

1 in a city. The tax credit shall be equal to 15% percent of the  
2 net profit attributable to the shared-space development and  
3 applied against the qualified taxpayer's qualified tax  
4 liabilities incurred in the taxable year for which the credit  
5 was approved. If the net profit is reinvested in other shared-  
6 space development, the tax credit shall be equal to 15% of those  
7 profits and applied against the qualified taxpayer's qualified  
8 tax liabilities incurred in the taxable year for which the  
9 credit was approved.

10 SUBCHAPTER F

11 MISCELLANEOUS PROVISIONS

12 Sec.

13 3191. Carryover, carryback and sale.

14 3192. Regulations.

15 § 3191. Carryover, carryback and sale.

16 (a) Carryover.--If a qualified taxpayer under Subchapter B  
17 (relating to tax credit for community small business  
18 development), C (relating to microenterprise tax credit), D  
19 (relating to business entity tax credit) or E (relating to tax  
20 credit for mixed-use and space-sharing projects) cannot use the  
21 entire amount of the tax credit for the taxable year in which  
22 the taxpayer is eligible for the credit, the excess may be  
23 carried over to succeeding taxable years and used as a credit  
24 against the qualified tax liability of the taxpayer for those  
25 taxable years.

26 (b) Carryback.--A qualified taxpayer under Subchapter B, C,  
27 D or E may not carry back or obtain a refund of an unused tax  
28 credit.

29 (c) Sale or assignment.--The following shall apply:

30 (1) A qualified taxpayer, upon application to and

1 approval by the department, may sell or assign, in whole or  
2 in part, a tax credit granted to the qualified taxpayer under  
3 Subchapter B, C, D or E.

4 (2) Before an application is approved, the department  
5 must find that the applicant has filed all required State tax  
6 reports and returns for all applicable taxable years and paid  
7 any balance of State tax due as determined at settlement,  
8 assessment or determination by the department.

9 § 3192. Regulations.

10 The department, in consultation with the Department of  
11 Revenue, shall promulgate regulations implementing this chapter.

12 Section 3. This act shall take effect in 60 days.