

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2141 Session of 2014

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

AS REPORTED FROM COMMITTEE ON URBAN AFFAIRS, HOUSE OF REPRESENTATIVES, AS AMENDED, MAY 6, 2014

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.

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2 1708. Eminent domain.
3 1709. Acquisition of property.
4 1710. Disposition of property.
5 1711. Financing of authority operations.
6 1712. Fund.
7 1713. Borrowing and issuance of bonds.
8 1714. Public records and public access.
9 1715. Merger.
10 1716. Dissolution of authority.
11 1717. Conflicts of interest.
12 1718. Construction, intent and scope.
13 1719. Annual audit and report.
14 1720. Collaboration of community development financial
15 institutions with authorities.
16 1721. Cost sharing.
17 § 1701. Scope of chapter.

18 This chapter relates to community development authorities.

19 § 1702. Legislative findings and purpose.

20 The General Assembly finds and declares that:

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

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

29 (3) Vacant, abandoned and tax-delinquent properties
30 impose significant costs on neighborhoods, communities and

1 municipalities by lowering property values, increasing fire
2 and police protection costs, decreasing tax revenues and
3 undermining community cohesion.

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

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

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

17 (7) COMMUNITY DEVELOPMENT AUTHORITIES, BY CONSIDERING <--
18 CURRENT LAND USE PLANS, CAN SERVE TO HELP COMMUNITIES GROW
19 AND PROSPER THROUGH TARGETED ENTERPRISES AROUND EXISTING OR
20 PROPOSED METHODS OF TRANSPORTATION.

21 ~~(7)~~ (8) By providing support for microenterprises, a <--
22 powerful mechanism for job creation is strengthened and a
23 viable tool is made available to revitalize struggling
24 neighborhoods and improve the standard of living for
25 impoverished citizens of this Commonwealth. The support of
26 microenterprises will provide those in poverty an opportunity
27 for an improved and more prosperous lifestyle while
28 decreasing the number of individuals receiving public
29 assistance.

30 § 1703. Definitions.

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

4 "Area loan organization." A local development district or
5 any other nonprofit economic development organization certified
6 by the department as possessing the qualifications necessary to
7 evaluate and administer loans made under this chapter.

8 "Authority." A community development authority.

9 "Board." The board of directors of a community development
10 authority.

11 "City." A city of the first class, second class, second
12 class A or third class.

13 "Community development authority." A public body and a body
14 corporate and politic established under section 1704 (relating
15 to creation and existence).

16 "Community development authority jurisdiction." Any of the
17 following:

18 (1) A municipality with a population of more than
19 10,000.

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

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

30 "Department." The Department of Community and Economic

1 Development of the Commonwealth.

2 "Financial institution." A bank, savings association,
3 operating subsidiary of a bank or savings association, community
4 development financial institution, credit union, association
5 licensed to originate mortgage loans or an assignee of a
6 mortgage or note originated by such an institution.

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

9 "Fund board." The board of directors of the Community Small
10 Business Development Fund.

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

15 "Microenterprise." A business operated by a sole proprietor
16 or limited liability company that employs one to five employees
17 and has the qualifying amount of capital provided under the
18 Small Business Jobs Act of 2010 (Public Law 111-240, 124 Stat.
19 2504).

20 "Municipality." A COUNTY, city, borough, incorporated town, <--
21 township or home rule municipality.

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

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

1 for the training of start-up entrepreneurs.

2 "Political subdivision." Any county, city, borough,
3 incorporated town, township, school district, vocational school
4 district and county institution district.

5 "Real property." Land and all structures and fixtures
6 thereon and all estates and interests in land, including
7 easements, covenants and leaseholders.

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

14 "Secretary." The Secretary of Community and Economic
15 Development of the Commonwealth.

16 "Start-up entrepreneur." An individual who establishes a
17 microenterprise.

18 § 1704. Creation and existence.

19 (a) Authority.--A community development authority
20 jurisdiction may elect to create an authority by the adoption of
21 an ordinance to create a binding legal obligation. The ordinance
22 must specify the following:

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

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

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

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

1 (5) Additional terms and conditions the community
2 development authority jurisdiction deems reasonable and
3 necessary for operation of the authority.

4 (b) Filing.--The governing body of the community development
5 authority jurisdiction which creates an authority shall file a
6 copy of the ordinance with the department and with the
7 Department of State. After receipt of the ordinance, the
8 Secretary of the Commonwealth shall issue a certificate of
9 incorporation.

10 (c) Combinations.--

11 (1) The authority under subsection (a) may be exercised
12 in combination pursuant to an intergovernmental cooperation
13 agreement by:

14 (i) more than one community development authority
15 jurisdiction; or

16 (ii) a community development authority jurisdiction
17 and one or more municipalities.

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

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

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

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

30 (2) have duration until terminated and dissolved under

1 section 1716 (relating to dissolution of authority).

2 (f) Collaboration.--An authority and political subdivision
3 and another municipal entity may enter into an intergovernmental
4 cooperation agreement relative to the operations of an
5 authority.

6 § 1705. Board.

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

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

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

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

20 (3) The governing body of a municipality and a school
21 district which are parties to an intergovernmental
22 cooperation agreement establishing an authority may nominate
23 two members to the board who meet the qualifications for
24 board members under this section. The following apply:

25 (i) A nomination recommendation may be made to the
26 governing body by a financial institution, nonprofit
27 organization or other entity that represents the
28 interests of the community.

29 (ii) Nominations under this paragraph may only be
30 made following establishment of the board and are subject

1 to board approval.

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

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

6 (i) is a resident of the community development
7 authority jurisdiction;

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

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

12 (iv) is an appointee of the secretary;

13 (v) is a representative of a reputable financial
14 institution; and

15 (vi) maintains membership with a recognized civic
16 organization within the community development authority
17 jurisdiction.

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

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

24 (c) Officers.--The members of the board shall select
25 annually from among their members a chairperson, vice
26 chairperson, secretary, treasurer and other officers as the
27 board determines.

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

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

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

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

5 (4) Other matters necessary to govern the conduct of an
6 authority.

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

10 (f) Compensation.--Board members shall serve without
11 compensation. The board may reimburse a member for expenses
12 actually incurred in the performance of duties on behalf of the
13 authority.

14 (g) Meetings.--

15 (1) The board shall meet as follows:

16 (i) In regular session according to a schedule
17 adopted by the board.

18 (ii) In special session:

19 (A) as convened by the chairperson; or

20 (B) upon written notice signed by a majority of
21 the members.

22 (2) A majority of the board, excluding vacancies,
23 constitutes a quorum. Physical presence is required under
24 this paragraph.

25 (h) Voting.--

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

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

1 (i) Adoption of bylaws.

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

3 (iii) Hiring or firing of an employee or contractor
4 of the authority. This function may, by majority vote of
5 the entire board membership, be delegated by the board to
6 a specified officer or committee of the authority.

7 (iv) Incurring of debt.

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

9 (vi) Sale, lease, encumbrance or alienation of real
10 property or personal property with a value of more than
11 \$50,000.

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

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

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

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

25 § 1706. Staff.

26 (a) Employees.--An authority may employ or enter into a
27 contract for an executive director, counsel and legal staff,
28 financial personnel to underwrite and manage loans issued by the
29 authority, technical experts and other individuals and may
30 determine the qualifications and fix the compensation and

1 benefits of those employees.

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

4 (1) the municipality to provide staffing services to the
5 authority; or

6 (2) the authority to provide staffing services to the
7 municipality.

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

10 § 1707. Powers.

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

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

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

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

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

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

26 (6) To enter into contracts and other instruments
27 necessary, incidental or convenient to the performance of its
28 duties and the exercise of its powers. This paragraph
29 includes intergovernmental cooperation agreements under 53
30 Pa.C.S. Ch. 23 Subch. A (relating to intergovernmental

1 cooperation) for the joint exercise of powers under this
2 chapter.

3 (7) To enter into contracts and intergovernmental
4 cooperation agreements with municipalities for the
5 performance of functions by municipalities on behalf of the
6 authority or by the authority on behalf of municipalities.

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

13 (i) the chairperson or vice chairperson of the
14 authority; and

15 (ii) either:

16 (A) the secretary or assistant secretary of the
17 authority; or

18 (B) the treasurer or assistant treasurer of the
19 authority.

20 (9) To procure insurance against losses in connection
21 with the real property, assets or activities of the
22 authority.

23 (10) To invest money of the authority at the discretion
24 of the board in instruments, obligations, securities or
25 property determined proper by the board and to name and use
26 depositories for its money.

27 (11) To enter into contracts for the management of, the
28 collection of rent from or the sale of real property of the
29 authority.

30 (12) To design, develop, construct, demolish,

1 reconstruct, rehabilitate, renovate, relocate and otherwise
2 improve real property or rights or interests in real
3 property.

4 (13) To fix, charge and collect rents, fees and charges
5 for the use of real property of the authority and for
6 services provided by the authority.

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

9 (15) To enter into partnerships, joint ventures and
10 other collaborative relationships with municipalities and
11 other public and private entities for the ownership,
12 management, development and disposition of real property.

13 (16) To organize and reorganize the executive,
14 administrative, clerical and other departments of the
15 authority and to fix the duties, powers and compensation of
16 employees, agents and consultants of the authority.

17 (17) To do all other things necessary or convenient to
18 achieve the objectives and purposes of the authority or other
19 law related to the purposes and responsibility of the
20 authority.

21 (b) Additional authority.--In addition to the powers granted
22 to an authority under subsection (a), an authority shall have
23 the following powers:

24 (1) To issue loans to microenterprises that will operate
25 on property owned by the authority. The loan program shall
26 target microenterprises of low-income and moderate-income
27 individuals.

28 (2) To issue bonds for the purpose of repairing and
29 improving structures owned by the authority. The bond or
30 other obligation of an authority related to a bond shall not

1 be a debt of a municipality or of the Commonwealth.

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

5 (4) To make loans to low-income and moderate-income
6 start-up entrepreneurs.

7 § 1708. Eminent domain.

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

9 § 1709. Acquisition of property.

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

12 (b) Tax exemption.--

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

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

26 (c) Acquisitions from municipalities.--

27 (1) An authority may acquire real property by purchase
28 contracts, lease purchase agreements, installment sales
29 contracts and land contracts and may accept transfers from
30 municipalities upon terms and conditions as agreed to by the

1 authority and the municipality.

2 (2) A municipality may transfer to an authority real
3 property and interests in real property of the municipality
4 on terms and conditions and according to procedures
5 determined by the municipality as long as the real property
6 is located within the jurisdiction of the authority.

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

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

17 (e) Prohibition.--

18 (1) Subject to the provisions of paragraph (2), an
19 authority may not own or hold real property located outside
20 the jurisdictional boundaries of the entities which created
21 the authority under section 1704(c) (relating to creation and
22 existence).

23 (2) An authority may be granted authority pursuant to an
24 intergovernmental cooperation agreement with a municipality
25 to manage and maintain real property located within the
26 jurisdiction of the municipality.

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

30 (g) Acquisition of tax delinquent properties.--If authorized

1 by the community development authority jurisdiction which
2 created an authority or otherwise by intergovernmental
3 cooperation agreement, an authority may accept donations of real
4 property and extinguish delinquent claims for taxes as to the
5 property under section 5.1 of the act of May 16, 1923 (P.L.207,
6 No.153), referred to as the Municipal Claim and Tax Lien Law, or
7 section 303 of the act of July 7, 1947 (P.L.1368, No.542), known
8 as the Real Estate Tax Sale Law. For the purposes of this
9 subsection, the authority shall have all rights and obligations
10 of the municipality provided for in section 5.1 of the Municipal
11 Claim and Tax Lien Law.

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

18 § 1710. Disposition of property.

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

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

26 (c) Consideration.--

27 (1) The authority shall determine the amount and form of
28 consideration necessary to convey, exchange, sell, transfer,
29 lease as lessor, grant or mortgage interests in real
30 property.

1 (2) Consideration may take the form of monetary payments
2 and secured financial obligations, covenants and conditions
3 related to the present and future use of the property,
4 contractual commitments of the transferee and other forms of
5 consideration as determined by the board to be in the best
6 interest of the authority.

7 (d) Policies and procedures.--

8 (1) A board shall determine and state in the authority
9 policies and procedures the general terms and conditions for
10 consideration to be received by the authority for the
11 transfer of real property and interests in real property.

12 (2) Requirements which may be applicable to the
13 disposition of real property and interests in real property
14 by municipalities shall not be applicable to the disposition
15 of real property and interests in real property by the
16 authority.

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

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

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

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

6 § 1711. Financing of authority operations.

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

9 (1) the Federal Government;

10 (2) the Commonwealth;

11 (3) a municipality;

12 (4) the community development authority jurisdiction
13 which created the authority; and

14 (5) private sources.

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

21 (c) Allocated real property taxes.--

22 (1) A taxing jurisdiction may authorize the remittance
23 or dedication of a portion of real property taxes collected
24 pursuant to the laws of this Commonwealth to the authority on
25 real property conveyed by an authority.

26 (2) Allocation of property tax revenues in accordance
27 with this subsection, if authorized by the taxing
28 jurisdiction, shall commence with the first taxable year
29 following the date of conveyance and continue for a period of
30 up to five years and may not exceed a maximum of 50% of the

1 aggregate property tax revenues generated by the property.

2 (3) Remittance or dedication of real property taxes
3 shall include the real property taxes of a school district
4 only if the school district enters into an agreement with the
5 authority for the remittance or dedication.

6 § 1712. Fund.

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

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

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

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

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

18 (1) State appropriations.

19 (2) Federal appropriations.

20 (3) Repayment of loan principal.

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

22 (5) Gifts and other contributions from public and
23 private sources. Contributions from a financial institution
24 to the fund may be used by the financial institution to meet
25 the requirements of the Community Reinvestment Act of 1977
26 (91 Stat. 1111, 12 U.S.C. § 2901 et seq.) to the extent
27 permissible under that act.

28 (b) Grants.--The fund shall be in part supplemented by
29 matching grants through private partners, including financial
30 institutions. Grants shall be made by an authority in

1 partnership with private financial institutions to
2 microenterprises. A total of two grants shall be made to
3 microenterprises as follows:

4 (1) The initial grant shall be at least 1.5% and no more
5 than 5% of the amount of the State contribution to the fund,
6 with an equal amount to be contributed by the private partner
7 and a portion of the total amount of the grant to be used to
8 finance a delinquency fund to cover losses incurred by the
9 fund.

10 (2) The second grant to be contributed by the private
11 partner shall be an amount equal to 10% of the loan provided
12 by a community development financial institution to the
13 microenterprise. A grant under this paragraph is limited to
14 \$50,000.

15 (c) Board.--The fund shall be under the general supervision
16 of a board of directors, which board shall be an independent
17 board in the department. The fund board shall be comprised of
18 the following members:

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

21 (2) Two members appointed by the President pro tempore
22 of the Senate and two members appointed by the Minority
23 Leader of the Senate.

24 (3) Two members appointed by the Speaker of the House of
25 Representatives and two members appointed by the Minority
26 Leader of the House of Representatives.

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

30 (d) Loan.--An authority may apply to the fund board for a

1 loan under this section. Upon approval of the loan by the fund
2 board, a loan shall be made to an authority from the fund in
3 accordance with the following:

4 (1) A loan shall be made from the fund to an authority
5 for the purpose of lending funds to microenterprises that are
6 operating on the property owned by the authority. A loan to a
7 microenterprise shall be a minimum of \$5,000 and a maximum of
8 \$10,000.

9 (2) If the fund board approves by a 60% majority vote, a
10 loan from the fund may be made to microenterprises in ~~cities~~ <--
11 MUNICIPALITIES under the act of July 10, 1987 (P.L.246, <--
12 No.47), known as the Municipalities Financial Recovery Act,
13 or their successors.

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

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

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

30 (i) Private partners under this paragraph may

1 include commercial or nonprofit groups specializing in
2 training start-up entrepreneurs.

3 (ii) The authority may enter into contracts to pay
4 private partners to expand their operations to provide
5 the applicant training. Moneys may not be paid for this
6 purpose unless the fund board approves the expenditure by
7 a two-thirds majority vote.

8 (iii) An authority may also form a partnership with
9 a commercial, nonprofit or religious entity for the
10 purpose of acquiring building space, which may be leased
11 or donated, for applicant training.

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

16 (7) If loan payments become delinquent, the fund board
17 shall offer a hardship agreement to the microenterprise to
18 restructure the payment process.

19 (8) Special priority is to be given to qualified
20 veterans and minority applicants as determined by the area
21 loan organizations.

22 § 1713. Borrowing and issuance of bonds.

23 (a) Authority.--

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

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

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

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

1 (A) The Federal Government or a Federal agency
2 or instrumentality.

3 (B) The Commonwealth, a Commonwealth agency or
4 an instrumentality of the Commonwealth.

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

6 (b) Nature.--The bond must meet the requirements of 13
7 Pa.C.S. § 3104 (relating to negotiable instrument).

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

10 (1) the Commonwealth; or

11 (2) a political subdivision.

12 (d) Procedure.--

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

15 (2) The principal and interest, costs of issuance and
16 other costs incidental to the bond shall be payable solely
17 from the income and revenue derived from the sale, lease or
18 other disposition of the assets of the authority. The
19 authority may secure the bond by a mortgage or other security
20 device covering all or part of the project from which the
21 pledged revenues may be derived.

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

23 (i) shall be payable from:

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

25 (B) the investment of the proceeds of the
26 refunding bonds; and

27 (ii) shall not constitute an indebtedness or pledge
28 of the general credit of a political subdivision within
29 the meaning of a constitutional or statutory limitation
30 of indebtedness and shall contain a recital to that

1 effect.

2 (4) A bond must comply with the authorizing resolution
3 as to:

4 (i) form;

5 (ii) denomination;

6 (iii) interest rate;

7 (iv) maturity; and

8 (v) execution.

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

12 (e) Powers of municipalities.--A municipality may elect to
13 guarantee, insure or otherwise become primarily or secondarily
14 obligated on the indebtedness of the authority, subject,
15 however, to all other provisions of law of this Commonwealth
16 applicable to municipal indebtedness.

17 (f) Sale.--

18 (1) A bond shall be issued, sold and delivered in
19 accordance with the terms and provisions of the authorizing
20 resolution. The board, to effectuate its best interest, may
21 determine the manner of sale, public or private, and the
22 price of the bond.

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

26 (g) Liability.--

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

30 (2) The bond or other obligation of the authority

1 related to a bond shall not be a debt of a municipality or of
2 the Commonwealth. A statement to this effect shall appear on
3 the face of the bond or obligation.

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

6 (i) The Commonwealth has no liability. This
7 subparagraph applies to the revenue and property of the
8 Commonwealth.

9 (ii) A municipality has no liability. This
10 subparagraph applies to the revenue and property of a
11 municipality.

12 § 1714. Public records and public access.

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

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

16 (1) 65 Pa.C.S. Ch. 7 (relating to open meetings); and

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

19 § 1715. Merger.

20 (a) Merger and consolidation authorized.--An authority and
21 an existing economic development authority may be merged into
22 one authority, which for purposes of this section shall be
23 designated as the surviving authority, or consolidated into a
24 new authority.

25 (b) Articles of merger or consolidation.--Articles of merger
26 or articles of consolidation, as the case may be, shall first be
27 proposed by the governing body of the municipality or
28 municipalities creating the authority. The governing body of the
29 municipality or municipalities incorporating one or more of the
30 existing authorities shall each adopt a AN IDENTICAL resolution <--

1 which shall contain the language of the proposed merger or
2 consolidation. The articles of merger or consolidation shall be
3 signed by the proper officers of the municipality or
4 municipalities and under their respective municipal seals and
5 shall set forth the following:

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

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

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

12 (4) A statement indicating the date on which each
13 existing authority was formed and the purpose for which it
14 was formed, taken from the articles of incorporation, the
15 name of the original incorporating municipality or
16 municipalities and the name of any successor to the original
17 incorporating municipality or municipalities thereof.

18 (5) The time and place of the meetings of the governing
19 bodies of the municipality or municipalities party to the
20 plan of merger or consolidation.

21 (6) A statement of the plan of merger and a timeline for
22 implementing the plan for merger.

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

1 (c) Publication of resolution.--Each municipality party to
2 the plan of merger or consolidation shall cause a notice of the
3 resolution setting forth the merger or consolidation to be
4 published at least one time in the legal periodical of the
5 county or counties in which the surviving authority is to be
6 organized and at least one time in a newspaper published and in
7 general circulation in such county or counties. The notice shall
8 contain a brief statement of the substance of the resolution,
9 including the substance of the articles of merger making
10 reference to this chapter, and shall state that on a day
11 certain, not less than three days after publication of the
12 notice, articles of merger or consolidation shall be filed with
13 the Secretary of the Commonwealth. The publication shall be in
14 sufficient compliance with the laws of this Commonwealth or any
15 existing laws dealing with publication for municipalities.

16 (d) Documentation.--The articles of merger or consolidation
17 shall be filed on or before the day specified in the
18 advertisement with the Secretary of the Commonwealth together
19 with the proof of publication of the notice required under
20 subsection (c).

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

30 (f) Filing the articles of merger or consolidation.--Upon

1 the filing of the articles of merger or consolidation by the
2 Secretary of the Commonwealth, the merger or consolidation shall
3 be effective, and, in the case of a consolidation, the new
4 authority shall come into existence, and, in either case, the
5 articles of merger or consolidation shall constitute the
6 articles of incorporation of the surviving or new authority.

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

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

27 (i) Continuation of contracts.--The surviving authority or
28 the new authority shall be responsible for the liabilities and
29 obligations of each of the existing authorities so merged or
30 consolidated but shall be subject to the same limitations,

1 pledges, assignments, liens, charges, terms and conditions as to
2 revenues and restrictions and as to leases of properties as were
3 applicable to each existing authority. The liabilities of the
4 merging or consolidating authorities or the members of their
5 boards or officers shall not be affected nor shall the rights of
6 creditors thereof or any persons dealing with the merging or
7 consolidating authorities or any liens upon the property of the
8 merging or consolidating authorities or any outstanding bonds be
9 impaired by the merger or consolidation, and any claim existing
10 or action or proceeding pending by or against any such
11 authorities shall be prosecuted to judgment as if the merger or
12 consolidation had not taken place, or the surviving authority or
13 the new authority may be proceeded against or substituted in its
14 place.

15 § 1716. Dissolution of authority.

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

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

21 (i) be given to the community development authority
22 jurisdiction which created the authority;

23 (ii) be published in a local newspaper of general
24 circulation; and

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

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

29 (b) Authority.--Upon receipt of a proper resolution
30 described in subsection (a)(1), the community development

1 authority jurisdiction which created the authority may dissolve
 2 the authority by adoption of an ordinance ~~subject to the~~
 3 ~~approval of the mayor in a city or the county executive in a~~
 4 ~~home rule county.~~ If approved, the governing body of the
 5 community development authority jurisdiction which created the
 6 authority shall file a certified copy of the ordinance with the
 7 Department of State, and the Secretary of the Commonwealth shall
 8 cause the termination of the existence of the authority to be
 9 noted on the record of incorporation. Upon such filing, the
 10 authority shall cease to function. The Secretary of the
 11 Commonwealth shall also notify the department of the dissolution
 12 of the authority.

13 (c) Transfer of assets.--Upon dissolution of the authority,
 14 real property, personal property and other assets of the
 15 authority shall become the assets of the municipality in which
 16 the property is located. The following shall apply:

17 (1) Personal property, including financial assets, of
 18 the authority shall be divided among participating community
 19 development authority jurisdictions in proportion to the
 20 population of each jurisdiction.

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

23 (d) Multiple jurisdictions.--If multiple community
 24 development authority jurisdictions create an authority under
 25 section 1704(c) (relating to creation and existence), the
 26 withdrawal of one or more community development authority
 27 jurisdictions shall not require dissolution of the authority
 28 unless:

29 (1) the intergovernmental cooperation agreement provides
 30 for dissolution in this event; and

1 (2) there is no community development authority
2 jurisdiction which desires to continue the existence of the
3 authority.

4 § 1717. Conflicts of interest.

5 (a) Applicability of adverse interest act.--The acts and
6 decisions of members of a board and of employees of the
7 authority shall be subject to the act of July 19, 1957
8 (P.L.1017, No.451), known as the State Adverse Interest Act.

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

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

13 (1) supplemental rules addressing potential conflicts of
14 interest; and

15 (2) ethical guidelines for members of the board and
16 employees of the authority.

17 § 1718. Construction, intent and scope.

18 This chapter shall be construed liberally to effectuate the
19 legislative intent and the purposes as complete and independent
20 authorization for the implementation of this chapter, and all
21 powers granted shall be broadly interpreted to effectuate the
22 intent and purposes and not as a limitation of powers.

23 § 1719. Annual audit and report.

24 The following shall apply:

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

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

1 PRELIMINARY PROVISIONS

2 Sec.

3 3101. Definitions.

4 § 3101. Definitions.

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

8 "Company." Any corporation, partnership, limited liability
9 company, limited liability partnership, business trust,
10 affiliate, unincorporated joint venture or other business entity
11 doing business within this Commonwealth.

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

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

15 "Microenterprise." A business operated by a sole proprietor
16 or limited liability company that employs one to five employees
17 and has the qualifying amount of capital provided under the
18 Small Business Jobs Act of 2010 (Public Law 111-240, 124 Stat.
19 2504).

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

22 (1) for new equipment or for the cost of equipment
23 repairs over costs expended in the prior year for equipment;
24 and

25 (2) for leasing space over costs expended in the prior
26 year for leasing space.

27 "Qualified tax liability." The liability for taxes imposed
28 under Article III, IV or IX of the act of March 4, 1971 (P.L.6,
29 No.2), known as the Tax Reform Code of 1971. The term includes
30 the liability for taxes imposed under Article III of the Tax

1 Reform Code of 1971 on the owner or owners of a pass-through
2 entity. The term does not include amounts withheld or required
3 to be withheld from employees under Article III of the Tax
4 Reform Code of 1971.

5 "Qualified taxpayer." Any natural person, corporation,
6 business trust, limited liability company, partnership, limited
7 liability partnership, association or any other form of legal
8 business entity that is subject to a tax imposed under Article
9 III, IV or IX of the Tax Reform Code of 1971 excluding any tax
10 withheld by an employer under Article III of the Tax Reform Code
11 of 1971.

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

13 SUBCHAPTER B

14 TAX CREDIT FOR COMMUNITY SMALL BUSINESS DEVELOPMENT

15 Sec.

16 3121. Tax credit.

17 3122. Duties.

18 3123. Use of tax credits by qualified taxpayers.

19 3124. Sale, carryover and carryback.

20 3125. Sale of tax credits to qualified taxpayers.

21 3126. Payment for tax credits purchased and certificates.

22 3127. Failure to make contribution of capital and reallocation.

23 § 3121. Tax credit.

24 A qualified taxpayer may purchase tax credits from the
25 department in accordance with this subchapter and may apply the
26 tax credits against its qualified tax liability in accordance
27 with this chapter.

28 § 3122. Duties.

29 The department shall have the authority to sell up to
30 \$50,000,000 in tax credits to qualified taxpayers. The sale of

1 the tax credits shall be in accordance with section 3125
2 (relating to sale of tax credits to qualified taxpayers). No tax
3 credits may be sold after December 31, 2019.

4 § 3123. Use of tax credits by qualified taxpayers.

5 (a) Use against qualified tax liability.--A qualified
6 taxpayer that purchases tax credits under section 3125 (relating
7 to sale of tax credits to qualified taxpayers) may claim the
8 credits beginning in calendar year 2015 against qualified tax
9 liability incurred for the taxable year that begins on or after
10 January 1, 2014, and must apply the credits against qualified
11 tax liability beginning no later than the taxable year that
12 begins in calendar year 2017.

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

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

18 (1) The qualified tax liability of the qualified
19 taxpayer for that taxable year.

20 (2) Twenty percent of the purchased credit.

21 § 3124. Sale, carryover and carryback.

22 (a) Carryover.--If the qualified taxpayer cannot use the
23 entire amount of the tax credit for the taxable year in which
24 the taxpayer is eligible for the credit, the excess may be
25 carried over to no more than the next succeeding three taxable
26 years and used as a credit against the qualified tax liability
27 of the taxpayer for those taxable years, provided that the
28 credit may not be carried over to any taxable year that begins
29 after December 31, 2025.

30 (b) Sale.--No sooner than 30 days after providing the

1 department written notice of the intent to transfer tax credits,
2 a qualified taxpayer may transfer tax credits held without
3 restriction to any entity that is a qualified taxpayer in good
4 standing with the Department of Revenue and that agrees to
5 assume all of the transferor's obligations with respect to the
6 tax credit.

7 (c) Carryback.--A qualified taxpayer may not carry back a
8 tax credit.

9 § 3125. Sale of tax credits to qualified taxpayers.

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

13 (b) Process.--The department may sell the tax credits
14 authorized under this subchapter or may contract with an
15 independent third party to conduct a bidding process among
16 qualified taxpayers to purchase the tax credits. In raising
17 capital for the fund, the department shall have the discretion
18 to distribute tax credits using a market-driven approach or any
19 approach that maximizes the yield to the Commonwealth.

20 (c) Application.--A qualified taxpayer seeking to purchase
21 tax credits may apply to the department in the manner prescribed
22 by the department.

23 (d) Bidding process.--Using procedures adopted by the
24 department or, if applicable, by an independent third party,
25 each qualified taxpayer that submits an application shall make a
26 timely and irrevocable offer, subject only to the department's
27 issuance to the taxpayer of tax credit certificates, to make
28 specified contributions of capital to the department for payment
29 into the fund on dates specified by the department.

30 (e) Contents of offer.--The offer under subsection (d) must

1 include all of the following:

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

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

7 (i) Seventy-five percent of the requested dollar
8 amount of tax credits.

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

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

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

20 § 3126. Payment for tax credits purchased and certificates.

21 (a) Payment of capital.--Twenty-five percent of the capital
22 committed by a qualified taxpayer shall be paid to the
23 department for deposit into the fund, and the remaining capital
24 shall be paid to the department for deposit into the General
25 Fund. Nothing under this section shall prohibit the department
26 from establishing an installment payment schedule for capital
27 payments to be made by the qualified taxpayer.

28 (b) Issuance of tax credit certificates.--On receipt of
29 payment of capital, the department shall issue to each qualified
30 taxpayer a tax credit certificate representing a fully vested

1 credit against qualified tax liability.

2 (c) Certificate issued in accordance with bidding process.--
3 The department shall issue tax credit certificates to qualified
4 taxpayers in accordance with the bidding process selected by the
5 department or the independent third party. The department may
6 give priority for the purchase of credits to qualified taxpayers
7 that are smaller companies.

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

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

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

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

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

18 (5) The procedures to be used for transferring the tax
19 credits.

20 (6) Any other requirements the department considers
21 necessary.

22 § 3127. Failure to make contribution of capital and
23 reallocation.

24 (a) Prohibition.--A tax credit certificate under section
25 3126 (relating to payment for tax credits purchased and
26 certificates) may not be issued to any qualified taxpayer that
27 fails to make a contribution of capital within the time the
28 department specifies.

29 (b) Penalty.--A qualified taxpayer that fails to make a
30 contribution of capital within the time the department specifies

1 shall be subject to a penalty equal to 10% of the amount of
2 capital that remains unpaid. The penalty shall be paid to the
3 department within 30 days after demand.

4 (c) Reallocation.--The department may offer to reallocate
5 the defaulted capital among other qualified taxpayers, so that
6 the result after reallocation is the same as if the initial
7 allocation had been performed without considering the tax credit
8 allocation to the defaulting qualified taxpayer.

9 (d) Contribution.--If the reallocation of capital under
10 subsection (c) results in the contribution by another qualified
11 taxpayer of the amount of capital not contributed by the
12 defaulting qualified taxpayer, the department may waive the
13 penalty provided under subsection (b).

14 (e) Transfer.--A qualified taxpayer that fails to make a
15 contribution of capital within the time specified may avoid the
16 imposition of the penalty by transferring the allocation of tax
17 credits to a new or existing qualified taxpayer within 30 days
18 after the due date of the defaulted installment. Any transferee
19 of an allocation of tax credits of a defaulting qualified
20 taxpayer under this subsection shall agree to make the required
21 contribution of capital within 30 days after the date of the
22 transfer.

23 SUBCHAPTER C

24 MICROENTERPRISE TAX CREDIT

25 Sec.

26 3141. Microenterprise tax credit.

27 § 3141. Microenterprise tax credit.

28 (a) Application.--

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

1 under this 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 for qualified microenterprise expenditures incurred.

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 certificate issued under this section
9 shall not exceed 20% of qualified microenterprise expenditures
10 determined by the department under paragraph (1) of the
11 definition of "qualified microenterprise expenditures" in
12 section 3101 (relating to definitions) and an additional amount
13 not to exceed 20% of qualified microenterprise expenditures
14 determined by the department under paragraph (2) of the
15 definition of "qualified microenterprise expenditures" in
16 section 3101.

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

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

30 SUBCHAPTER D

1 BUSINESS ENTITY TAX CREDIT

2 Sec.

3 3151. Business entity tax credit.

4 § 3151. Business entity tax credit.

5 (a) Application.--

6 (1) A qualified taxpayer that is a company may apply to
7 the department for a tax credit certificate under this
8 section.

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

11 (3) The application shall be filed on or before February
12 1.

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

16 (1) Fifteen percent of the value of any equipment sold
17 by the company to a microenterprise, as determined by the
18 department.

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

22 (c) Claiming the credit.--Upon presenting a tax credit
23 certificate to the Department of Revenue, the qualified taxpayer
24 may claim a tax credit against the qualified tax liability of
25 the qualified taxpayer. A tax credit certificate received by the
26 Department of Revenue in a taxable year first shall be applied
27 against the qualified taxpayer's qualified tax liability for the
28 current taxable year as of the date on which the credit was
29 issued before the tax credit can be applied against any
30 qualified tax liability under section 3124 (relating to sale,

1 carryover and carryback).

2 (d) Conditions.--

3 (1) The equipment sold shall not be defective or of
4 deficient quality.

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

7 (e) User error.--Reasonably expected user error by a
8 microenterprise which damages or prevents the use of the
9 equipment does not affect eligibility for a tax credit under
10 subsection (b).

11 SUBCHAPTER E

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

13 Sec.

14 3161. Tax credit for developing mixed-use and space-sharing
15 projects.

16 3162. Tax credit for developing space-sharing projects.

17 § 3161. Tax credit for developing mixed-use and space-sharing
18 projects.

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

22 (1) The authority has demolished any improvements to the
23 property.

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

26 (b) Amount of credit.--The tax credit under this section
27 shall be equal to 15% of the net profit attributable to the
28 mixed-use development project and applied against the qualified
29 taxpayer's qualified tax liabilities incurred in the taxable
30 year for which the credit was approved. If the net profit is

1 reinvested in other mixed-use development, the tax credit shall
2 be equal to 15% of those profits and applied against the
3 qualified taxpayer's qualified tax liabilities incurred in the
4 taxable year for which the credit was approved.

5 § 3162. Tax credit for developing space-sharing projects.

6 A qualified taxpayer in a city MUNICIPALITY is eligible to <--
7 receive a tax credit for developing shared space for
8 microenterprises located in a city. The tax credit shall be
9 equal to 15% percent of the net profit attributable to the
10 shared-space development and applied against the qualified
11 taxpayer's qualified tax liabilities incurred in the taxable
12 year for which the credit was approved. If the net profit is
13 reinvested in other shared-space development, the tax credit
14 shall be equal to 15% of those profits and applied against the
15 qualified taxpayer's qualified tax liabilities incurred in the
16 taxable year for which the credit was approved.

17 SUBCHAPTER F

18 MISCELLANEOUS PROVISIONS

19 Sec.

20 3191. Carryover, carryback and sale.

21 3192. Regulations.

22 § 3191. Carryover, carryback and sale.

23 (a) Carryover.--If a qualified taxpayer under Subchapter B
24 (relating to tax credit for community small business
25 development), C (relating to microenterprise tax credit), D
26 (relating to business entity tax credit) or E (relating to tax
27 credit for mixed-use and space-sharing projects) cannot use the
28 entire amount of the tax credit for the taxable year in which
29 the taxpayer is eligible for the credit, the excess may be
30 carried over to succeeding taxable years and used as a credit

1 against the qualified tax liability of the taxpayer for those
2 taxable years.

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

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

7 (1) A qualified taxpayer, upon application to and
8 approval by the department, may sell or assign, in whole or
9 in part, a tax credit granted to the qualified taxpayer under
10 Subchapter B, C, D or E.

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

16 § 3192. Regulations.

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

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