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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 616 Session of  
2015

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INTRODUCED BY GILLESPIE, CALTAGIRONE, COHEN, GROVE, HARHAI, KIM,  
MOUL, MURT, PETRI, PICKETT, READSHAW, SAYLOR, SCHLOSSBERG AND  
ZIMMERMAN, FEBRUARY 24, 2015

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REFERRED TO COMMITTEE ON URBAN AFFAIRS, FEBRUARY 24, 2015

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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. Microenterprise loans.  
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. Cost sharing.  
14 § 1701. Scope of chapter.

15 This chapter relates to community development authorities.

16 § 1702. Legislative findings and purpose.

17 The General Assembly finds and declares that:

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

22 (2) Citizens of this Commonwealth are affected adversely  
23 by vacant, abandoned and tax-delinquent properties.

24 (3) Vacant, abandoned and tax-delinquent properties  
25 impose significant costs on neighborhoods, communities and  
26 municipalities by lowering property values, increasing fire  
27 and police protection costs, decreasing tax revenues and  
28 undermining community cohesion.

29 (4) There is an overriding public need to confront the  
30 problems caused by vacant, abandoned and tax-delinquent

1 properties through the creation of new tools to enable  
2 municipalities to turn vacant, abandoned and tax-delinquent  
3 spaces into vibrant places.

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

8 (6) One tool available to community development  
9 authorities is leasing to microenterprises. Microenterprises  
10 are part of the small business engine that forms the backbone  
11 of our national and State economies.

12 (7) Community development authorities, by considering  
13 current land use plans, can serve to help communities grow  
14 and prosper through targeted enterprises.

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

24 § 1703. Definitions.

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

28 "Area loan organization." A local development district or  
29 any other nonprofit economic development organization certified  
30 by the department as possessing the qualifications necessary to

1 evaluate and administer loans made under this chapter.

2 "Authority." A community development authority.

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

5 "Community development authority." A public body and a body  
6 corporate and politic established under section 1704 (relating  
7 to creation and existence), 53 Pa.C.S. Ch. 56 (relating to  
8 municipal authorities) or the act of May 24, 1945 (P.L.991,  
9 No.385), known as the Urban Redevelopment Law.

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

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

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

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

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

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

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

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

10 "Municipal authority." An authority established under 53  
11 Pa.C.S. Ch. 56 (relating to municipal authorities).

12 "Municipality." A county, city, borough, incorporated town,  
13 township or home rule municipality.

14 "Partnership." A partnership between a commercial or  
15 nonprofit entity and an authority for the training of start-up  
16 entrepreneurs. The term includes a partnership between an  
17 authority and a nonprofit, commercial or religious entity the  
18 sole purpose of which is to use the building space of the entity  
19 for the training of start-up entrepreneurs.

20 "Political subdivision." Any county, city, borough,  
21 incorporated town, township, school district, vocational school  
22 district and county institution district.

23 "Real property." Land and all structures and fixtures  
24 thereon and all estates and interests in land, including  
25 easements, covenants and leaseholders.

26 "Redevelopment authority." A redevelopment authority  
27 established under the act of May 24, 1945 (P.L.991, No.385),  
28 known as the Urban Redevelopment Law.

29 "School district." Any of the classifications of school  
30 districts specified in section 202 of the act of March 10, 1949

1 (P.L.30, No.14), known as the Public School Code of 1949. The  
2 term includes, as to any real property acquired, owned or  
3 conveyed by an authority, the school district within whose  
4 geographical jurisdiction the real property is located.

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

7 "Start-up entrepreneur." An individual who establishes a  
8 microenterprise.

9 § 1704. Creation and existence.

10 (a) Authority.--A community development authority  
11 jurisdiction may elect to create an authority by the adoption of  
12 an ordinance to create a binding legal obligation. The ordinance  
13 must specify the following:

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

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

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

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

22 (5) Additional terms and conditions the community  
23 development authority jurisdiction deems reasonable and  
24 necessary for operation of the authority.

25 (b) Filing.--The governing body of the community development  
26 authority jurisdiction which creates an authority shall file a  
27 copy of the ordinance with the department and with the  
28 Department of State. After receipt of the ordinance, the  
29 Secretary of the Commonwealth shall issue a certificate of  
30 incorporation.

1 (c) Combinations.--

2 (1) The authority under subsection (a) may be exercised  
3 in combination pursuant to an intergovernmental cooperation  
4 agreement by:

5 (i) more than one community development authority  
6 jurisdiction; or

7 (ii) a community development authority jurisdiction  
8 and one or more municipalities.

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

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

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

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

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

23 (f) Collaboration.--An authority and political subdivision  
24 and another municipal entity, municipal authority or  
25 redevelopment authority may enter into an intergovernmental  
26 cooperation agreement relative to the operations of an  
27 authority.

28 § 1705. Board.

29 (a) Membership.--A board shall consist of at least 11  
30 members. Unless restricted by the actions or agreements

1 specified in section 1704 (relating to creation and existence)  
2 and subject to the limits stated in this section, the size of  
3 the board may be adjusted in accordance with bylaws of the  
4 authority, provided that the board consist of an odd number of  
5 members. The board must include an experienced loan officer and  
6 individuals qualified to properly administer a community  
7 development fund established under section 1711(d) (relating to  
8 financing of authority operations).

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

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

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

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

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

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

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

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

30 (i) is a resident of the community development



1 authority jurisdiction;  
2 (ii) is an appointee of the chief executive officer  
3 of the authority's authorizing jurisdiction;  
4 (iii) is an appointee of the governing body of the  
5 authority's authorizing jurisdiction;  
6 (iv) is an appointee of the secretary;  
7 (v) is a representative of a reputable financial  
8 institution; and  
9 (vi) maintains membership with a recognized civic  
10 organization within the community development authority  
11 jurisdiction.

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

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

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

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

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

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

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

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

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

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

8 (g) Meetings.--

9 (1) The board shall meet as follows:

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

12 (ii) In special session:

13 (A) as convened by the chairperson; or

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

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

19 (h) Voting.--

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

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

25 (i) Adoption of bylaws.

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

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

- 1           (iv) Incurring of debt.  
2           (v) Adoption or amendment of the annual budget.  
3           (vi) Sale, lease, encumbrance or alienation of real  
4           property or personal property with a value of more than  
5           \$50,000.

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

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

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

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

19          § 1706. Staff.

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

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

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

30               (2) the authority to provide staffing services to the

1 municipality.

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

4 § 1707. Powers.

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

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

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

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

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

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

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

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

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

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

9           (ii) either:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28       (4) To make loans to low-income start-up entrepreneurs.  
29 § 1708. Eminent domain.

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

1 § 1709. Acquisition of property.

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

4 (b) Tax exemption.--

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

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

18 (c) Acquisitions from municipalities.--

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

24 (2) A municipality may transfer to an authority real  
25 property and interests in real property of the municipality  
26 on terms and conditions and according to procedures  
27 determined by the municipality as long as the real property  
28 is located within the jurisdiction of the authority.

29 (3) A redevelopment authority located within a community  
30 development authority jurisdiction established under this

1 chapter may, with the consent of the local governing body and  
2 without a redevelopment contract, convey property which it  
3 acquired before the effective date of this paragraph to the  
4 authority. A conveyance under this paragraph shall be with  
5 fee simple title, free of all liens and encumbrances.

6 (d) Maintenance.--An authority shall maintain all of its  
7 real property in accordance with the laws of this Commonwealth  
8 and ordinances of the jurisdiction in which the real property is  
9 located.

10 (e) Prohibition.--

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

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

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

23 (g) Acquisition of tax delinquent properties.--If authorized  
24 by the community development authority jurisdiction which  
25 created an authority or otherwise by intergovernmental  
26 cooperation agreement, an authority may accept donations of real  
27 property and extinguish delinquent claims for taxes as to the  
28 property under section 5.1 of the act of May 16, 1923 (P.L.207,  
29 No.153), referred to as the Municipal Claim and Tax Lien Law, or  
30 section 303 of the act of July 7, 1947 (P.L.1368, No.542), known



1 as the Real Estate Tax Sale Law. For the purposes of this  
2 subsection, the authority shall have all rights and obligations  
3 of the municipality provided for in section 5.1 of the Municipal  
4 Claim and Tax Lien Law.

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

11 § 1710. Disposition of property.

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

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

19 (c) Consideration.--

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

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

30 (d) Policies and procedures.--

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

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

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

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

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

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

29      § 1711. Financing of authority operations.

30      (a) General rule.--The authority may receive funding through

1 grants and loans from:

2 (1) the Federal Government;

3 (2) the Commonwealth;

4 (3) a municipality;

5 (4) the community development authority jurisdiction

6 which created the authority; and

7 (5) private sources.

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

14 (c) Allocated real property taxes.--

15 (1) A community development authority may authorize the  
16 remittance or dedication of a portion of real property taxes  
17 collected pursuant to the laws of this Commonwealth to the  
18 authority on real property conveyed by an authority.

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

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

30 (d) Community development fund.--

1       (1) In accordance with the provisions of subsection (a),  
2 a municipality may establish, by ordinance, a community  
3 development fund. Moneys in a community development fund may  
4 be used to finance the operations of an authority, including:

5           (i) Acquiring or selling tax delinquent and  
6 foreclosed properties in the municipality's jurisdiction,  
7 except that no more than 15% of the moneys in the account  
8 may be allocated to the authority for the purpose of  
9 selling foreclosed or tax delinquent properties under the  
10 act of May 24, 1945 (P.L.991, No.385), known as the Urban  
11 Redevelopment Law.

12           (ii) Maintaining the authority's general fund  
13 budget.

14           (iii) Remediating blighted properties and vacant  
15 properties in the municipality's jurisdiction in any  
16 manner decided upon by the board with consideration to  
17 current land use plans of the municipality.

18           (iv) Financing the microloans offered by the  
19 authority to microenterprises operated on the property  
20 owned by the authority.

21       (2) A municipality that establishes a community  
22 development fund shall deposit all of the following into the  
23 account:

24           (i) Five dollars out of every \$100 generated by fees  
25 imposed on real property that is found to have any  
26 violations of a building code.

27           (ii) Five dollars out of every \$100 generated by  
28 fees imposed on real property found to be in violation of  
29 zoning requirements.

30           (iii) Five dollars out of every \$100 generated in

1 building permit fees.

2 (iv) Two dollars out of every \$100 collected on the  
3 liens placed against the owner of a property that is  
4 vacant, abandoned or blighted.

5 § 1712. Microenterprise loans.

6 (a) Loan issuance.--

7 (1) An authority may issue a loan to a microenterprise  
8 that operates on property owned by the authority.

9 (2) An authority may partner with a private entity that  
10 issues microloans for the purpose of providing a loan under  
11 paragraph (1).

12 (b) Loan applicants.--For the purpose of reducing the  
13 financial risk involved in issuing a loan under subsection (a)  
14 (1) and providing loan applicants with the skills necessary to  
15 succeed, a loan applicant must complete business courses and  
16 workshops on operating a business, creating market strategy and  
17 customer interaction to be eligible to receive a loan.

18 (c) Training resources.--

19 (1) Upon request by an authority, the department shall  
20 assist the authority in identifying organizations that can  
21 provide the business training required under subsection (b)  
22 to loan applicants. The authority shall direct loan  
23 applicants to the organizations that provide the business  
24 training.

25 (2) The authority may partner with a private entity,  
26 including commercial, nonprofit or religious entities  
27 specializing in training start-up entrepreneurs, for any of  
28 the following:

29 (i) Using the private entity's facilities or  
30 expertise to help loan applicants fulfill the business

1 training required under subsection (b).

2 (ii) Acquiring building space, whether the building  
3 space is leased or donated, for the purpose of conducting  
4 business training required under subsection (b).

5 (3) The authority may enter into a contract with a  
6 private entity to expand the private entity's operations to  
7 provide the business training required under subsection (b).  
8 Funds may not be allocated to expand the private entity's  
9 operations to provide the business training required under  
10 subsection (b) unless the board approves the allocation of  
11 funds by a two-thirds vote.

12 (d) Loan terms.--

13 (1) If a loan payment becomes delinquent, the board  
14 shall offer a hardship agreement to the microenterprise to  
15 restructure the payment process.

16 (2) Special priority shall be given to qualified  
17 veterans and minority applicants as determined by an area  
18 loan organization.

19 § 1713. Borrowing and issuance of bonds.

20 (a) Authority.--

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

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

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

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

28 (A) The Federal Government or a Federal agency  
29 or instrumentality.

30 (B) The Commonwealth, a Commonwealth agency or

1 an instrumentality of the Commonwealth.

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

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

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

7 (1) the Commonwealth; and

8 (2) a political subdivision.

9 (d) Procedure.--

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

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

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

20 (i) shall be payable from:

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

22 (B) the investment of the proceeds of the  
23 refunding bonds; and

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

29 (4) A bond must comply with the authorizing resolution  
30 as to:

- 1           (i) form;
- 2           (ii) denomination;
- 3           (iii) interest rate;
- 4           (iv) maturity; and
- 5           (v) execution.

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

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

14          (f) Sale.--

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

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

23          (g) Liability.--

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

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



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

3       (i) The Commonwealth has no liability. This  
4 subparagraph applies to the revenue and property of the  
5 Commonwealth.

6       (ii) A municipality has no liability. This  
7 subparagraph applies to the revenue and property of a  
8 municipality.

9 § 1714. Public records and public access.

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

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

13 (1) 65 Pa.C.S. Ch. 7 (relating to open meetings); and

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

16 § 1715. Merger.

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

22 (b) Articles of merger or consolidation.--Articles of merger  
23 or articles of consolidation, as the case may be, shall first be  
24 proposed by the governing body of the municipality or  
25 municipalities creating the authority. The governing body of the  
26 municipality or municipalities incorporating one or more of the  
27 existing authorities shall each adopt an identical resolution  
28 which shall contain the language of the proposed merger or  
29 consolidation. The articles of merger or consolidation shall be  
30 signed by the proper officers of the municipality or

1 municipalities and under their respective municipal seals and  
2 shall set forth the following:

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

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

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

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

15 (5) The time and place of the meetings of the governing  
16 bodies of the municipality or municipalities party to the  
17 plan of merger or consolidation.

18 (6) A statement of the plan of merger and a timeline for  
19 implementing the plan for merger.

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

28 (c) Publication of resolution.--Each municipality party to  
29 the plan of merger or consolidation shall cause a notice of the  
30 resolution setting forth the merger or consolidation to be

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

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

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

27 (f) Filing the articles of merger or consolidation.--Upon  
28 the filing of the articles of merger or consolidation by the  
29 Secretary of the Commonwealth, the merger or consolidation shall  
30 be effective, and, in the case of a consolidation, the new

1 authority shall come into existence, and, in either case, the  
2 articles of merger or consolidation shall constitute the  
3 articles of incorporation of the surviving or new authority.

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

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

24 (i) Continuation of contracts.--The surviving authority or  
25 the new authority shall be responsible for the liabilities and  
26 obligations of each of the existing authorities so merged or  
27 consolidated but shall be subject to the same limitations,  
28 pledges, assignments, liens, charges, terms and conditions as to  
29 revenues and restrictions and as to leases of properties as were  
30 applicable to each existing authority. The liabilities of the

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

12 § 1716. Dissolution of authority.

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

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

18 (i) be given to the community development authority  
19 jurisdiction which created the authority;

20 (ii) be published in a local newspaper of general  
21 circulation; and

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

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

26 (b) Authority.--Upon receipt of a proper resolution  
27 described in subsection (a)(1), the community development  
28 authority jurisdiction which created the authority may dissolve  
29 the authority by adoption of an ordinance. If approved, the  
30 governing body of the community development authority

1 jurisdiction which created the authority shall file a certified  
2 copy of the ordinance with the Department of State, and the  
3 Secretary of the Commonwealth shall cause the termination of the  
4 existence of the authority to be noted on the record of  
5 incorporation. Upon such filing, the authority shall cease to  
6 function. The Secretary of the Commonwealth shall also notify  
7 the department of the dissolution of the authority.

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

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

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

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

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

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

29 § 1717. Conflicts of interest.

30 (a) Applicability of adverse interest act.--The acts and

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

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

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

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

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

12 § 1718. Construction, intent and scope.

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

18 § 1719. Annual audit and report.

19 The following shall apply:

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

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

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

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

30 § 1720. Cost sharing.

1 If an authority acquires property in a city for demolition,  
2 the former lienholder of the property acquired shall share the  
3 authority's demolition costs.

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

5 CHAPTER 31

6 MICROENTERPRISE ASSISTANCE

7 Subchapter

8 A. Preliminary Provisions

9 B. Real Property Tax Abatement

10 C. Miscellaneous Provisions

11 SUBCHAPTER A

12 PRELIMINARY PROVISIONS

13 Sec.

14 3101. Definitions.

15 § 3101. Definitions.

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

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

21 "Microenterprise." A business operated by a sole proprietor  
22 or limited liability company that employs one to five employees  
23 and has the qualifying amount of capital provided under the  
24 Small Business Jobs Act of 2010 (Public Law 111-240, 124 Stat.  
25 2504).

26 SUBCHAPTER B

27 REAL PROPERTY TAX ABATEMENT

28 Sec.

29 3121. Real property tax assistance.

30 3122. Real property tax assistance methodology.



1 § 3121. Real property tax assistance.

2 Notwithstanding any other provision of law, the taxing  
3 authority of a political subdivision shall abate the real  
4 property taxes imposed on the owner of real property as provided  
5 under section 3122 (relating to real property tax assistance  
6 methodology) if the real property is used to develop a  
7 microenterprise or remediate blight.

8 § 3122. Real property tax assistance methodology.

9 The taxing authority of the political subdivision shall abate  
10 the real property taxes imposed on the owner for a period of no  
11 more than five years as follows:

12 (1) Fifty percent of the tax for the first year the real  
13 property is used for the operation of a microenterprise.

14 (2) Forty percent of the tax for the second year the  
15 real property is used for the operation of a microenterprise.

16 (3) Thirty percent of the tax for the third year the  
17 real property is used for the operation of a microenterprise.

18 (4) Twenty percent of the tax for the fourth year the  
19 real property is used for the operation of a microenterprise.

20 (5) Ten percent of the tax for the fifth year the real  
21 property is used for the operation of a microenterprise.

22 SUBCHAPTER C

23 MISCELLANEOUS PROVISIONS

24 Sec.

25 3151. Regulations.

26 § 3151. Regulations.

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

29 Section 3. This act shall take effect as follows:

30 (1) The addition of 72 Pa.C.S. Ch. 31 Subch. B shall

1 take effect January 1, 2016.

2 (2) This section shall take effect immediately.

3 (3) The remainder of this act shall take effect in 60  
4 days.