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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 545 Session of  
2017

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INTRODUCED BY THOMAS, CALTAGIRONE, V. BROWN, DRISCOLL AND  
BULLOCK, FEBRUARY 17, 2017

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REFERRED TO COMMITTEE ON COMMERCE, FEBRUARY 17, 2017

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AN ACT

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

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

6 Section 1. Short title.

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

9 Section 2. Declaration of purpose.

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

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

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

1 stabilization.

2 Section 3. Definitions.

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

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

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

- 11 (1) Security systems.
- 12 (2) Telephone systems.
- 13 (3) Alarm systems.
- 14 (4) Point of sale equipment.
- 15 (5) Kitchen equipment.
- 16 (6) Computer ordering systems.
- 17 (7) Millwork.
- 18 (8) Flooring.
- 19 (9) Lighting.
- 20 (10) Sound systems.
- 21 (11) Theater seating.
- 22 (12) Display of furnishings and shelving.
- 23 (13) HVAC equipment.
- 24 (14) Coolers and refrigeration units.
- 25 (15) Specialty piping, not including normal plumbing  
26 expenditures.
- 27 (16) Any other similar improvement imperative for  
28 growth.

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

1 "Qualified applicant." A small business that:

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

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

8 Section 4. Establishment of program.

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

13 Section 5. Requirements for program.

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

19 (1) A business plan.

20 (2) Various financial documents.

21 (3) Any other documentation the department deems  
22 necessary.

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

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

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

30 (ii) Generation of increased foot traffic to a

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

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

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

9 (3) Whether the applicant has demonstrated community  
10 support.

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

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

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

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

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

## 26 Section 6. Funding.

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

1 Section 7. Annual report.

2 (a) Development of report.--The department shall publish a  
3 report by December 31, 2018, and every year thereafter for the  
4 immediately preceding fiscal year. The report shall provide  
5 information regarding the operation of the program, including:

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

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

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

12 (b) Submission.--The annual report shall be submitted to the  
13 Governor, the chairperson and minority chairperson of the  
14 Appropriations Committee of the Senate, the chairperson and  
15 minority chairperson of the Community, Economic and Recreational  
16 Development Committee of the Senate, the chairperson and  
17 minority chairperson of the Appropriations Committee of the  
18 House of Representatives and the chairperson and minority  
19 chairperson of the Commerce Committee of the House of  
20 Representatives.

21 Section 8. Tax applicability.

22 Loan forgiveness under this act shall not be considered  
23 taxable income for purposes of Article III of the act of March  
24 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

25 Section 9. Responsibility of the department.

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

29 Section 10. Effective date.

30 This act shall take effect in 90 days.