
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 324 Session of
2019

INTRODUCED BY GILLESPIE, SCHLOSSBERG, RABB, BERNSTINE, SAYLOR,
ZIMMERMAN, LONGIETTI AND FREEMAN, FEBRUARY 1, 2019

REFERRED TO COMMITTEE ON URBAN AFFAIRS, FEBRUARY 1, 2019

AN ACT

1 Amending Title 72 (Taxation and Fiscal Affairs) of the
2 Pennsylvania Consolidated Statutes, establishing
3 microenterprise loan programs and abating real property
4 assessment.

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

7 Section 1. Title 72 of the Pennsylvania Consolidated
8 Statutes is amended by adding a chapter to read:

9 CHAPTER 31

10 MICROENTERPRISE ASSISTANCE

11 Subchapter

12 A. Preliminary Provisions

13 B. Microenterprise Loan Programs

14 SUBCHAPTER A

15 PRELIMINARY PROVISIONS

16 Sec.

17 3101. Definitions.

18 § 3101. Definitions.

19 The following words and phrases when used in this chapter

1 shall have the meanings given to them in this section unless the
2 context clearly indicates otherwise:

3 "Administrative entity." Any of the following:

4 (1) An entity certified by the Pennsylvania Industrial
5 Development Authority under 64 Pa.C.S. § 1123 (relating to
6 certification of economic development organizations).

7 (2) A public instrumentality of the Commonwealth and a
8 body politic and corporate created under the act of August
9 23, 1967 (P.L.251, No.102), known as the Economic Development
10 Financing Law.

11 (3) An authority organized and existing under the former
12 act of May 2, 1945 (P.L.382, No.164), known as the
13 Municipality Authorities Act of 1945, or an authority
14 established under 53 Pa.C.S. Ch. 56 (relating to municipal
15 authorities).

16 (4) A redevelopment authority established under the act
17 of May 24, 1945 (P.L.991, No.385), known as the Urban
18 Redevelopment Law.

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

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

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

29 "Microenterprise." A start-up entrepreneur that employs one
30 to five employees who are residents of this Commonwealth and has

1 the qualifying amount of capital under the Small Business Jobs
2 Act of 2010 (Public Law 111-240, 124 Stat. 2504).

3 "Municipality." A county, city, borough, incorporated town,
4 township or home rule municipality.

5 "Program." A microenterprise assistance program authorized
6 by this chapter.

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

10 "School district." As to any real property acquired, owned
11 or conveyed by an administrative entity, the school district
12 within which the geographical jurisdiction of the real property
13 is located.

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

16 "Start-up entrepreneur." An individual who is a resident of
17 this Commonwealth, a partnership or worker cooperative
18 corporation formed or incorporated within this Commonwealth and
19 the owners of which partnership or worker cooperative
20 corporation are residents of this Commonwealth or a single-
21 member limited liability company incorporated in this
22 Commonwealth, the owner of which is a resident of this
23 Commonwealth. The term does not include:

24 (1) A worker cooperative corporation incorporated within
25 this Commonwealth, the owners of which do not have a
26 controlling ownership interest in the worker cooperative
27 corporation.

28 (2) A single-member limited liability company
29 incorporated within this Commonwealth, the single-member of
30 which is another limited liability company or other business

1 entity.

2 SUBCHAPTER B

3 MICROENTERPRISE LOAN PROGRAMS

4 Sec.

5 3111. Purpose.

6 3112. Powers of administrative entity.

7 3113. Acquisition of property and responsibilities.

8 3114. Funding.

9 3115. Property tax exemption schedule of real property.

10 3116. Microenterprise loans.

11 3117. Administration of program.

12 3118. Disposition of property.

13 § 3111. Purpose.

14 An administrative entity may create a microenterprise loan
15 program to assist start-up entrepreneurs and, to the extent
16 possible, low-income individuals in the establishment of a
17 microenterprise.

18 § 3112. Powers of administrative entity.

19 (a) General rule.--In addition to powers granted to an
20 administrative entity in other laws, an administrative entity
21 shall have the following powers necessary to operate a program:

22 (1) To issue loans to microenterprises that will operate
23 on property owned by the administrative entity and leased to
24 the microenterprise. The program shall target
25 microenterprises owned by low-income individuals who are
26 residents of this Commonwealth.

27 (2) To negotiate for loans and grants from both public
28 and private sources in order to fund the program.

29 (3) To acquire property to lease to start-up
30 entrepreneurs in order to facilitate the establishment of a

1 microenterprise.

2 (4) To enter into an intergovernmental cooperation
3 agreement with other administrative entities or
4 municipalities relative to the operations of the program.

5 (b) Eminent domain.--An administrative entity does not
6 possess the power of eminent domain by establishing and
7 implementing a program.

8 § 3113. Acquisition of property and responsibilities.

9 (a) General rule.--An administrative entity may acquire real
10 property to lease to start-up entrepreneurs who receive a
11 microenterprise loan under the program in the following manners:

12 (1) An administrative entity may acquire real property
13 by purchase contracts, lease purchase agreements, installment
14 sales contracts and land contracts and may accept transfers
15 from municipalities upon terms and conditions as agreed to by
16 the administrative entity and the municipality.

17 (2) A municipality may transfer to an administrative
18 entity real property and interests in real property of the
19 municipality on terms and conditions and according to
20 procedures determined by the municipality so long as the real
21 property is located within the jurisdiction of the
22 municipality.

23 (3) A redevelopment authority may, with the consent of
24 the local governing body and without a redevelopment
25 contract, convey property which the redevelopment authority
26 acquired before the effective date of this paragraph to the
27 administrative entity. A conveyance under this paragraph
28 shall be with fee simple title, free of all liens and
29 encumbrances.

30 (4) An administrative entity may, if authorized by the

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

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

18 (b) Title to be held in its name.--An administrative entity
19 shall hold in its own name all real property it acquires to
20 administer the microenterprise program under this chapter.

21 § 3114. Funding.

22 (a) General rule.--The administrative entity may receive
23 funding through grants from:

24 (1) The Federal Government.

25 (2) The Commonwealth.

26 (3) A municipality that created the administrative
27 entity.

28 (4) Private sources.

29 (b) Revenue.--An administrative entity may receive and
30 retain payments for services rendered, for rents and leasehold

1 payments received, for consideration for disposition of real and
2 personal property, for proceeds of insurance coverage for losses
3 incurred, for income from investments and for an asset and
4 activity lawfully permitted to the administrative entity under
5 this chapter.

6 § 3115. Property tax exemption schedule of real property.

7 A municipality and school district shall have the power and
8 authority to grant property tax abatement, in accordance with
9 this section, to properties leased to a microenterprise for one
10 or more consecutive years, and owned by an administrative
11 entity. The following apply:

12 (1) For the first, second and third years for which the
13 property would otherwise be taxable and is continually leased
14 to the microenterprise, 100% of the eligible assessment shall
15 be exempted.

16 (2) For the fourth year for which the property would
17 otherwise be taxable and is continually leased to the
18 microenterprise, 90% of the eligible assessment shall be
19 exempted.

20 (3) For the fifth year for which the property would
21 otherwise be taxable and is continually leased to the
22 microenterprise, 75% of the eligible assessment shall be
23 exempted.

24 (4) For the sixth year for which the property would
25 otherwise be taxable and is continually leased to the
26 microenterprise, 60% of the eligible assessment shall be
27 exempted.

28 (5) For the seventh year for which the property would
29 otherwise be taxable and is continually leased to the
30 microenterprise, 45% of the eligible assessment shall be

1 exempted.

2 (6) For the eighth year for which the property would
3 otherwise be taxable and is continually leased to the
4 microenterprise, 30% of the eligible assessment shall be
5 exempted.

6 (7) For the ninth year for which the property would
7 otherwise be taxable and is continually leased to the
8 microenterprise, 15% of the eligible assessment shall be
9 exempted.

10 (8) For the tenth year for which the property would
11 otherwise be taxable and is continually leased to the
12 microenterprise, 10% of the eligible assessment shall be
13 exempted.

14 (9) After the tenth year of being continually leased to
15 the microenterprise, the exemption shall terminate.

16 § 3116. Microenterprise loans.

17 (a) Loan issuance.--

18 (1) An administrative entity may issue a loan to a
19 microenterprise that operates on property owned by the
20 administrative entity within the program.

21 (2) An administrative entity may partner with a private
22 entity that issues microloans for the purpose of providing a
23 loan under paragraph (1).

24 (3) If a loan payment becomes delinquent, the
25 administrative entity may offer a hardship agreement to the
26 microenterprise to restructure the payment process.

27 (b) Training.--

28 (1) For the purpose of reducing the financial risk
29 involved in issuing a loan under subsection (a)(1) and
30 providing loan applicants with the skills necessary to

1 succeed, a loan applicant must complete business courses and
2 workshops on operating a business, creating market strategy
3 and customer interaction to be eligible to receive a loan.

4 (2) If the loan applicant is a worker cooperative
5 corporation, all owners of the worker cooperative corporation
6 must complete the business courses and workshops under
7 paragraph (1).

8 (c) Training resources.--

9 (1) Upon request by an administrative entity, the
10 department shall assist the administrative entity in
11 identifying organizations that can provide the business
12 training required under subsection (b) to loan applicants.
13 The administrative entity shall direct loan applicants to the
14 organizations that provide the business training.

15 (2) The administrative entity may partner with a private
16 entity, including commercial and nonprofits or organizations
17 specializing in training start-up entrepreneurs, for any of
18 the following:

19 (i) using the private entity's facilities or
20 expertise to help loan applicants fulfill the business
21 training required under subsection (b); or

22 (ii) acquiring building space, whether the building
23 space is leased or donated, for the purpose of conducting
24 business training required under subsection (b).

25 (d) Eligible applicants.--

26 (1) An administrative entity shall impose requirements
27 for eligible applicants, and the requirements shall be
28 readily available to the public. The requirements shall
29 include provisions that:

30 (i) An applicant must be low income and located in

1 this Commonwealth.

2 (ii) An applicant must demonstrate need for capital
3 and technical assistance to operate a business, with need
4 defined by the administrative entity.

5 (iii) An applicant must have an established business
6 plan and provide a summary of the plan to the
7 administrative entity, if requested.

8 (2) (Reserved).

9 § 3117. Administration of program.

10 (a) Limitation on administrative cost.--The cost of
11 administering a program may not exceed 10% of the program's
12 operating budget.

13 (b) Maintenance.--An administrative entity shall maintain
14 all of its real property in accordance with the laws of this
15 Commonwealth and ordinances of the jurisdiction in which the
16 real property is located.

17 § 3118. Disposition of property.

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

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

27 (c) Consideration.--

28 (1) The administrative entity shall determine the amount
29 and form of consideration necessary to convey, exchange,
30 sell, transfer, lease as lessor, grant or mortgage interests

1 in real property.

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

8 (d) Policies and procedures.--

9 (1) An administrative entity shall create policies and
10 procedures providing the general terms and conditions for
11 consideration to be received by the administrative entity for
12 the transfer of real property and interests in real property.

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

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

22 Section 2. This act shall take effect in 60 days.