

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1437 Session of
2019

INTRODUCED BY M. K. KELLER, GALLOWAY, CAUSER, EVERETT, GREINER,
HERSHEY, JONES, JOZWIAK, KLUNK, MILLARD, PASHINSKI, PICKETT,
PUSKARIC, PYLE, ROTHMAN, SCHMITT, SNYDER, STRUZZI, TOOHL,
ZIMMERMAN, OWLETT, GLEIM, CALTAGIRONE AND HARKINS,
MAY 8, 2019

AS AMENDED ON SECOND CONSIDERATION, IN SENATE, JULY 13, 2020

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
2 act relating to tax reform and State taxation by codifying
3 and enumerating certain subjects of taxation and imposing
4 taxes thereon; providing procedures for the payment,
5 collection, administration and enforcement thereof; providing
6 for tax credits in certain cases; conferring powers and
7 imposing duties upon the Department of Revenue, certain
8 employers, fiduciaries, individuals, persons, corporations
9 and other entities; prescribing crimes, offenses and
10 penalties," IN CITY REVITALIZATION AND IMPROVEMENT ZONES, <--
11 FURTHER PROVIDING FOR REPORTS AND FOR RESTRICTIONS; AND, in
12 rural jobs and investment tax credit, further providing for <--
13 definitions, for rural growth funds, ~~for requirements, for~~
14 ~~rural growth fund failure to comply, for reporting~~
15 ~~obligations, for business firms, for tax credit certificates,~~
16 for claiming the tax credit, ~~for prohibitions,~~ AND for <--
17 revocation of tax credit certificates ~~and for exit.~~ <--

18 The General Assembly of the Commonwealth of Pennsylvania
19 hereby enacts as follows:

20 ~~Section 1. The definitions of "principal business~~ <--
21 ~~operations," "qualified tax liability," "rural business" and~~
22 ~~"rural growth investment" in section 1822-G of the act of March~~
23 ~~4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, are~~

1 ~~amended and the section is amended by adding definitions to~~
2 ~~read:~~

3 ~~SECTION 1. THE DEFINITION OF "QUALIFIED TAX LIABILITY" IN~~ <--
4 ~~SECTION 1822 G OF THE ACT OF MARCH 4, 1971 (P.L.6, NO.2), KNOWN~~
5 ~~AS THE TAX REFORM CODE OF 1971, IS AMENDED TO READ:~~

6 SECTION 1. SECTION 1809-C(A) AND (B) OF THE ACT OF MARCH 4, <--
7 1971 (P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE OF 1971, ARE
8 AMENDED AND SUBSECTION (C) IS AMENDED BY ADDING A PARAGRAPH TO
9 READ:

10 SECTION 1809-C. REPORTS.

11 (A) STATE ZONE REPORT.--NO LATER THAN JUNE 15 FOLLOWING THE
12 BASELINE YEAR AND EACH YEAR THEREAFTER, OR BY AUGUST 31 FOR
13 REPORTS DUE IN 2020, EACH QUALIFIED BUSINESS SHALL FILE A REPORT
14 WITH THE DEPARTMENT IN A FORM OR MANNER REQUIRED BY THE
15 DEPARTMENT WHICH INCLUDES ALL OF THE FOLLOWING:

16 (1) AMOUNT OF EACH ELIGIBLE TAX WHICH WAS PAID TO THE
17 COMMONWEALTH BY THE QUALIFIED BUSINESS IN THE PRIOR CALENDAR
18 YEAR.

19 (2) AMOUNT OF EACH ELIGIBLE TAX REFUND RECEIVED FROM THE
20 COMMONWEALTH IN THE PRIOR CALENDAR YEAR BY THE QUALIFIED
21 BUSINESS.

22 (B) LOCAL ZONE REPORT.--NO LATER THAN JUNE 15 FOLLOWING THE
23 BASELINE YEAR AND FOR EACH YEAR THEREAFTER, OR BY AUGUST 31 FOR
24 REPORTS DUE IN 2020, EACH QUALIFIED BUSINESS SHALL FILE A REPORT
25 WITH THE LOCAL TAXING AUTHORITY WHICH INCLUDES ALL OF THE
26 FOLLOWING:

27 (1) AMOUNT OF EACH ELIGIBLE TAX WHICH WAS PAID TO THE
28 LOCAL TAXING AUTHORITY BY THE QUALIFIED BUSINESS IN THE PRIOR
29 CALENDAR YEAR.

30 (2) AMOUNT OF EACH ELIGIBLE TAX REFUND RECEIVED FROM THE

1 LOCAL TAXING AUTHORITY IN THE PRIOR CALENDAR YEAR BY THE
2 QUALIFIED BUSINESS.

3 (C) PENALTIES.--

4 * * *

5 (5) NO PENALTY SHALL BE IMPOSED BY THE DEPARTMENT OR THE
6 LOCAL TAXING AUTHORITY FOR FAILURE TO FILE A TIMELY AND
7 COMPLETE REPORT UNDER SUBSECTION (A) OR (B) IN 2019 OR 2020.

8 SECTION 2. SECTION 1813-C(B) AND (C)(1) OF THE ACT ARE
9 AMENDED AND SUBSECTION (A) IS AMENDED BY ADDING A PARAGRAPH TO
10 READ:

11 SECTION 1813-C. RESTRICTIONS.

12 (A) UTILIZATION.--MONEY TRANSFERRED UNDER SECTION 1812-C MAY
13 ONLY BE UTILIZED FOR THE FOLLOWING:

14 * * *

15 (1.2) PAYMENT OF GRANTS AND LOANS TO QUALIFYING
16 BUSINESSES, POLITICAL SUBDIVISIONS AND MUNICIPAL AUTHORITIES
17 OPERATING WITHIN THE ZONE FOR BUSINESS OPERATING EXPENSES,
18 WORKING CAPITAL, BUSINESS LOAN PAYMENTS TO FINANCIAL
19 INSTITUTIONS, PAYROLL TO CURRENT EMPLOYEES AS A MEANS OF
20 RETAINING EMPLOYEES, ESTABLISHMENT OF LOAN GUARANTEE ACCOUNTS
21 WITH FINANCIAL INSTITUTIONS TO GUARANTEE SHORT-TERM LOAN
22 PROVIDED BY THE FINANCIAL INSTITUTIONS TO QUALIFYING
23 BUSINESSES NEGATIVELY IMPACTED BY THE PROCLAMATION OF
24 DISASTER EMERGENCY ISSUED BY THE GOVERNOR ON MARCH 6, 2020,
25 PUBLISHED AT 50 PA.B. 1644 (MARCH 21, 2020), AND ANY RENEWAL
26 OF THE STATE OF DISASTER EMERGENCY. THIS PARAGRAPH SHALL
27 EXPIRE JUNE 30, 2021.

28 * * *

29 (B) PROHIBITION.--

30 (1) MONEY TRANSFERRED UNDER SECTION 1812-C MAY NOT BE

1 UTILIZED FOR MAINTENANCE OR REPAIR OF A FACILITY.

2 (2) PARAGRAPH (1) SHALL NOT APPLY FOR THE PERIOD OF
3 APRIL 1, 2020, THROUGH JUNE 30, 2021.

4 (C) EXCESS MONEY.--

5 (1) EXCEPT AS SET FORTH IN PARAGRAPH (4), IF THE AMOUNT
6 OF MONEY TRANSFERRED TO THE FUND UNDER SECTIONS 1811-C(C) AND
7 1812-C IN ANY ONE CALENDAR YEAR EXCEEDS THE MONEY UTILIZED,
8 BUDGETED OR APPROPRIATED BY OFFICIAL RESOLUTION OF THE
9 CONTRACTING AUTHORITY UNDER THIS SECTION IN THAT CALENDAR
10 YEAR, THE CONTRACTING AUTHORITY SHALL SUBMIT BY APRIL 15
11 FOLLOWING THE END OF THE CALENDAR YEAR [THE EXCESS MONEY],
12 ANY MONEY NOT UTILIZED, BUDGETED OR APPROPRIATED BY OFFICIAL
13 RESOLUTION OF THE CONTRACTING AUTHORITY TO THE STATE
14 TREASURER FOR DEPOSIT INTO THE GENERAL FUND.

15 * * *

16 SECTION 3. THE DEFINITION OF "QUALIFIED TAX LIABILITY" IN
17 SECTION 1822-G OF THE ACT IS AMENDED TO READ:

18 Section 1822-G. Definitions.

19 The following words and phrases when used in this part shall
20 have the meanings given to them in this section unless the
21 context clearly indicates otherwise:

22 * * *

23 ~~"Full time equivalent employee." The quotient obtained by~~ <--
24 ~~dividing the total number of hours for which employees were~~
25 ~~compensated for employment over the preceding 12 month period by~~
26 ~~2,080.~~

27 * * *

28 ~~"Jobs created." Full time equivalent employee positions~~
29 ~~that:~~

30 ~~(1) Are created by the rural business.~~

1 ~~(2) Are currently located in this Commonwealth.~~

2 ~~(3) Were not located in this Commonwealth at the time of~~
3 ~~the rural growth investment in the rural business.~~

4 ~~(4) Pay at least 150% of the Federal or State minimum~~
5 ~~wage, whichever is greater.~~

6 ~~"Jobs retained." Full time equivalent employee positions~~
7 ~~that:~~

8 ~~(1) Are located in this Commonwealth.~~

9 ~~(2) Existed before the initial rural growth investment~~
10 ~~in the rural business.~~

11 ~~(3) Pay at least 150% of the Federal or State minimum~~
12 ~~wage, whichever is greater.~~

13 ~~(4) Would have been lost or moved out of this~~
14 ~~Commonwealth had a rural growth investment not been made, as~~
15 ~~certified in writing by an executive officer of the rural~~
16 ~~business and approved by the department.~~

17 ~~"Principal business operations." The place or places where~~
18 ~~at least 60% of a rural business' employees work or where~~
19 ~~employees that are paid at least 60% of the business' payroll~~
20 ~~work. An out of State business that has agreed to relocate~~
21 ~~employees or an in State business that has agreed to hire~~
22 ~~employees using the proceeds of a rural growth investment to~~
23 ~~establish principal business operations in a rural area in this~~
24 ~~Commonwealth shall be deemed to have the principal business~~
25 ~~operations in this new location if the business satisfies this~~
26 ~~definition within 180 days after receiving the rural growth~~
27 ~~investment, unless the department agrees to a later date.~~

28 "Qualified tax liability." The liability for taxes imposed
29 under Article VII, VIII, IX or XV, the tax under Article XVI of
30 the act of May 17, 1921 (P.L.682, No.284), known as The

1 Insurance Company Law of 1921, or amounts imposed under section
2 212 of the act of May 17, 1921 (P.L.789, No.285), known as The
3 Insurance Department Act of 1921 and any other retaliatory tax
4 imposed on a business firm in this Commonwealth.

5 * * *

6 ~~"Rural business." A business that, at the time of the~~ <--
7 ~~initial rural growth investment in the business by a rural~~
8 ~~growth fund, meets the following conditions:~~

9 (1) ~~Has fewer than [250] 150 employees and not more than~~
10 ~~\$15,000,000 in net income as determined by generally accepted~~
11 ~~accounting principles for the preceding calendar year.~~

12 (2) ~~Has principal business operations in one or more~~
13 ~~rural areas in this Commonwealth.~~

14 (3) ~~Is engaged in industries related to manufacturing,~~
15 ~~plant sciences, services or technology or, if not engaged in~~
16 ~~those industries, the department makes a determination that~~
17 ~~the investment will be highly beneficial to the economic~~
18 ~~growth of this Commonwealth.~~

19 * * *

20 ~~"Rural growth investment." A capital or equity investment in~~
21 ~~a rural business or any loan to a rural business with a stated~~
22 ~~maturity at least one year after the date of issuance. A secured~~
23 ~~loan or a revolving line of credit provided to a rural business~~
24 ~~is a rural growth investment only if the growth fund obtains an~~
25 ~~affidavit from the president or chief executive officer or~~
26 ~~equivalent position of the rural business attesting that the~~
27 ~~rural business sought and was denied similar financing from a~~
28 ~~commercial bank.~~

29 ~~"State repayment amount." The amount by which the rural~~
30 ~~growth fund's credit eligible capital contributions exceed the~~

1 ~~product obtained by multiplying \$30,000 by the aggregate number~~
2 ~~of jobs created and jobs retained reported in annual reports~~
3 ~~under section 1827-G(b).~~

4 * * *

5 Section 2. ~~Sections 1824-G(b)(2) and (3), (d)(4) and (e),~~
6 ~~1825-G(a)(2), 1826-G(a), 1827-G, 1828-G(c), 1829-G(b)(2.1) and~~
7 ~~(3), 1830-G, 1832-G(c), 1833-G(a) and 1834-G(a) of the act are~~
8 ~~amended to read:~~

9 SECTION 2 4. SECTION 1824-G(D) (2) AND (F) OF THE ACT ARE <--
10 AMENDED TO READ:

11 Section 1824-G. Rural growth funds.

12 * * *

13 ~~(b) Information. An application to qualify as a rural <--~~
14 ~~growth fund shall include all of the following:~~

15 * * *

16 ~~(2) Documents and other evidence sufficient to prove to~~
17 ~~the satisfaction of the department that the applicant meets~~
18 ~~all of the following criteria:~~

19 ~~(i) The applicant or an affiliate of the applicant~~
20 ~~is licensed as a rural business investment company under~~
21 ~~the Consolidated Farm and Rural Development Act (Public~~
22 ~~Law 87-128, 75 Stat. 307) or as a small business~~
23 ~~investment company under the Small Business Investment~~
24 ~~Act of 1958 (Public Law 85-699, 72 Stat. 689).~~

25 ~~(ii) Evidence that as of the date the application is~~
26 ~~submitted, the applicant or affiliates of the applicant~~
27 ~~have invested at least \$100,000,000 in nonpublic~~
28 ~~companies located in rural areas of this Commonwealth or~~
29 ~~other states.~~

30 ~~(iii) At least one principal in a rural business~~

~~investment company or a small business investment company
has been an officer or employee of the applicant or of an
affiliate of the applicant for at least four years prior
to the date the application is submitted.~~

~~(3) An estimate of the number of jobs [that will be]
created or retained in this Commonwealth [as a result of]
that will result from the applicant's rural growth
investments.~~

~~* * *~~

(d) Notice of approval or disapproval.--

~~* * *~~

~~(4) An applicant may resubmit the application within 30 <--
days after receipt of a notice of disapproval[.] and provide
additional information to complete, clarify or cure defects
identified in the application by the department. The
department shall consider that application submitted before
any pending applications submitted after the date the
application was originally submitted.~~

~~(e) Request for determination. A rural growth fund, before
making a rural growth investment, may request from the
department a written opinion as to whether the business in which
the rural growth fund [proposed] proposes to invest is a rural
business. The department shall notify the rural growth fund of
the determination within 15 days after receipt of the request.
If the department fails to notify a rural growth fund of the
determination within 15 days, the business in which the rural
growth fund proposes to invest shall be considered a rural
business.~~

~~* * *~~

~~Section 1825 G. Requirements.~~

1 ~~(a) Collections. Upon receiving approval under section~~
2 ~~1824 G, a rural growth fund must do all of the following within~~
3 ~~60 days:~~

4 ~~***~~

5 ~~(2) Collect one or more investments of cash that, when~~
6 ~~added to the contributions collected under paragraph (1),~~
7 ~~equal the rural growth fund's investment authority. At least~~
8 ~~10% of the rural growth fund's investment authority shall be~~
9 ~~comprised of equity investments contributed, directly or~~
10 ~~indirectly, by affiliates of the rural growth fund, including~~
11 ~~employees, officers and directors of the affiliates.~~

12 ~~***~~

13 ~~Section 1826 G. Rural growth fund failure to comply.~~

14 ~~(a) Revocation. If a rural growth fund fails to meet the~~
15 ~~requirements of section 1825 G, the rural growth fund's approval~~
16 ~~shall be revoked, and, the corresponding investment authority~~
17 ~~and credit eligible capital contributions may not be included in~~
18 ~~determining the limits on total investment authority and credit~~
19 ~~eligible capital contributions prescribed in sections 1824 G(f)~~
20 ~~and 1828 G(c), respectively.~~

21 ~~***~~

22 ~~Section 1827 G. Reporting obligations.~~

23 ~~(a) Initial report. Each rural growth fund shall submit a~~
24 ~~report to the department on or before the fifth business day~~
25 ~~after the second anniversary of the closing date. The report~~
26 ~~shall provide documentation as to the rural growth fund's rural~~
27 ~~growth investments and include the following information:~~

28 ~~(1) A bank statement evidencing each rural growth~~
29 ~~investment.~~

30 ~~(2) The name, location and industry of each business~~

1 ~~receiving a rural growth investment, including either the~~
2 ~~determination letter issued by the department under section~~
3 ~~1824 G(e) or other evidence that the business qualified as a~~
4 ~~rural business at the time the investment was made.~~

5 ~~(3) [The number of jobs created or retained as a result~~
6 ~~of the fund's rural growth investments as of the last day of~~
7 ~~the preceding calendar year.]~~

8 ~~(4)] Any other information required by the department.~~

9 ~~(b) Annual report. No later than March 1 of each year~~
10 ~~following the [year in which the report required under~~
11 ~~subsection (a) is due,] closing date the rural growth fund shall~~
12 ~~submit an annual report to the department that includes the~~
13 ~~following information:~~

14 ~~(1) The number of jobs created [or retained as a result~~
15 ~~of the fund's rural growth investments as of the last day of~~
16 ~~the preceding calendar year.] and retained at each rural~~
17 ~~business. The number of jobs created and retained shall be~~
18 ~~calculated as follows:~~

19 ~~(i) The number of jobs created by a rural business~~
20 ~~is calculated each year by subtracting the number of~~
21 ~~full-time equivalent employee positions in this~~
22 ~~Commonwealth at the time of the initial rural growth~~
23 ~~investment in the rural business from the monthly average~~
24 ~~of those employment positions for that year. If the~~
25 ~~number calculated is less than zero, the number shall be~~
26 ~~reported as zero. The monthly average of full-time~~
27 ~~equivalent employee positions for a year is calculated by~~
28 ~~adding together the number of full-time equivalent~~
29 ~~employee positions existing on the last day of each month~~
30 ~~of the year and dividing by 12.~~

~~(ii) The number of jobs retained by a rural business is calculated each year based on the monthly average of full-time equivalent employee positions for that year. The monthly average of full-time equivalent employee positions for a year is calculated by adding together the number of full-time equivalent employee positions existing on the last day of each month of the year and dividing by 12. The reported number of jobs retained for a year may not exceed the number reported on the annual report under this subsection. The rural growth fund shall reduce the number of jobs retained for a year if employment at the rural business drops below the number reported on the annual report.~~

~~(1.1) If not provided under subsection (a) (2), the name and location of each business receiving a rural growth investment, including either the determination letter issued by the department under section 1824 G(e) or other evidence that the business qualified as a rural business at the time the investment was made.~~

~~(2) The average [annual salary] hourly wage of the jobs reported in paragraph (1).~~

~~(3) Any other information required by the department.~~

(2) A NOTICE OF APPROVAL SHALL SPECIFY THE AMOUNT OF THE <--
APPLICANT'S INVESTMENT AUTHORITY AS DETERMINED BY THE
DEPARTMENT AFTER REVIEWING THE INFORMATION SUBMITTED IN
ACCORDANCE WITH SUBSECTION (B) AND THE AMOUNT OF CREDIT-
ELIGIBLE CONTRIBUTION AUTHORITY ALLOCATED TO EACH BUSINESS
FIRM THAT SUBMITTED AN AFFIDAVIT IN THE APPLICATION. AT LEAST
60% OF A GROWTH FUND'S INVESTMENT AUTHORITY SHALL BE
COMPRISED OF CREDIT-ELIGIBLE CAPITAL CONTRIBUTIONS.

1 * * *

2 (F) LIMITATION.--THE DEPARTMENT MAY NOT APPROVE MORE THAN
3 ~~[\$100,000,000]~~ \$50,000,000 IN INVESTMENT AUTHORITY UNDER THIS
4 PART.

5 SECTION ~~2.1~~ 5. SECTIONS ~~1828-G(C)~~, 1829-G(B)(3), 1830-G AND <--
6 1833-G(A) OF THE ACT, AMENDED JUNE 28, 2019 (P.L.50, NO.13), ARE
7 AMENDED TO READ:

8 ~~Section 1828-G. Business firms.~~ <--

9 * * *

10 ~~(c) Limitation. The department may not approve more than~~
11 ~~[\$4,000,000]~~ ~~[\$30,000,000]~~ \$60,000,000 in credit eligible <--
12 capital contributions under this part.

13 Section 1829-G. Tax credit certificates.

14 * * *

15 (b) Review, recommendation and approval.--

16 * * *

17 ~~(2.1) [A tax credit] Tax credits awarded under this~~ <--
18 ~~section to a business firm shall not exceed [90%] the amount~~
19 ~~of the credit eligible capital contributions made by [a] the~~
20 ~~business firm.~~

21 (3) In awarding tax credit certificates under this part,
22 the department:

23 (i) Beginning with fiscal year ~~[2017-2018]~~ 2019-2020 <--
24 [2019-2020] 2020-2021, may not award tax credit <--
25 certificates that would result in the utilization of more
26 than ~~[\$1,000,000]~~ ~~[\$12,000,000]~~ \$6,000,000 in tax credits <--
27 in any fiscal year, except for tax credits carried
28 forward.

29 (ii) May not award more than ~~[\$4,000,000]~~ <--
30 ~~[\$30,000,000]~~ \$60,000,000 in tax credit certificates, in <--

1 the aggregate, under this part.

2 Section 1830-G. Claiming the tax credit.

3 (a) Presentation.--Beginning July 1, ~~[2017]~~ ~~2019~~ [2019] <--
4 2020, upon presenting a tax credit certificate to the Department
5 of Revenue, a business firm may claim a tax credit of up to
6 ~~[25%]~~ ~~20%~~ 20% of the amount awarded under section 1829-G for <--
7 each of the taxable years that includes the third, fourth, fifth
8 ~~[and]~~ ~~r~~, sixth ~~and seventh~~ AND SEVENTH anniversaries of the <--
9 closing date, exclusive of any tax credit amounts carried over
10 under section 1831-G(b).

11 (b) Allowance.--The Department of Revenue shall allow a tax
12 credit against any tax due under Article VII, VIII, IX or XV,
13 the tax under Article XVI of the act of May 17, 1921 (P.L.682,
14 No.284), known as The Insurance Company Law of 1921, amounts
15 imposed under section 212 of the act of May 17, 1921 (P.L.789,
16 No.285), known as The Insurance Department Act of 1921, any
17 retaliatory taxes imposed by this Commonwealth or any tax
18 substituted in lieu of one of the taxes under this subsection.

19 ~~Section 1832-G. Prohibitions.~~ <--

20 * * *

21 ~~(c) Business activities. Neither a rural growth fund nor~~
22 ~~any business firm that invests in the rural growth fund shall be~~
23 ~~an affiliate of or have a pecuniary interest in a rural business~~
24 ~~that receives a rural growth investment from the rural growth~~
25 ~~fund prior to the rural growth fund's initial rural growth~~
26 ~~investment in the rural business.~~

27 Section 1833-G. Revocation of tax credit certificates.

28 (a) Revocation.--The department shall revoke a tax credit
29 certificate awarded under section 1829-G if any of the following
30 occur with respect to a rural growth fund before the rural <--

1 ~~growth~~ RURAL GROWTH fund exits the program under section 1834-G: <--

2 (1) The rural growth fund in which the credit-eligible
3 capital contribution was made does not invest all of its
4 investment authority in rural growth investments in this
5 Commonwealth within ~~[two]~~ ~~three~~ THREE years of the closing <--
6 date with at least 25% of its investment authority initially
7 invested in rural businesses engaged in manufacturing.

8 (2) The rural growth fund, after satisfying the
9 conditions of paragraph (1), fails to maintain rural growth
10 investments equal to 100% of its investment authority until
11 the ~~[sixth]~~ ~~seventh~~ SEVENTH anniversary of the closing date. <--
12 For the purposes of this paragraph, ~~[an]~~ ~~a rural growth~~ A <--
13 RURAL GROWTH investment is "maintained" even if the ~~rural~~ <--
14 ~~growth~~ RURAL GROWTH investment is sold or repaid so long as <--
15 the rural growth fund reinvests an amount equal to the
16 capital returned or recovered by the ~~rural growth~~ RURAL <--
17 GROWTH fund from the original ~~rural growth~~ RURAL GROWTH <--
18 investment, exclusive of any profits realized, in other rural
19 growth investments in this Commonwealth within 12 months of
20 the receipt of the capital. Amounts received periodically by
21 a rural growth fund shall be treated as continually invested
22 in rural growth investments if the amounts are reinvested in
23 one or more rural growth investments by the end of the
24 following calendar year. A rural growth fund is not required
25 to reinvest capital returned from rural growth investments
26 after the ~~[fifth]~~ ~~sixth~~ SIXTH anniversary of the closing <--
27 date, and the rural growth investments shall be considered
28 held continuously by the rural growth fund through the
29 ~~[sixth]~~ ~~seventh~~ SEVENTH anniversary of the closing date. <--

30 (3) The rural growth fund, before exiting the program in

1 accordance with section 1834-G, makes a distribution or
2 payment that results in the rural growth fund having less
3 than 100% of its investment authority invested in rural
4 growth investments in this Commonwealth or available for
5 investment in rural growth investments and held in cash and
6 other marketable securities.

7 ~~[(4) The rural growth fund invests more than 20% of its <--
8 investment authority in the same rural business, including
9 amounts invested in affiliates of the rural business.]~~

10 (4) THE RURAL GROWTH FUND INVESTS MORE THAN 20% OF ITS <--
11 INVESTMENT AUTHORITY, EXCLUSIVE OF RECEIPTS OR REDEEMED RURAL
12 GROWTH INVESTMENTS, IN THE SAME RURAL BUSINESS, INCLUDING
13 AMOUNTS INVESTED IN AFFILIATES OF THE RURAL BUSINESS.

14 (5) The rural growth fund makes a rural growth
15 investment in a rural business that directly or indirectly
16 through an affiliate owns, has the right to acquire an
17 ownership interest, makes a loan to or makes an investment in
18 the rural growth fund, an affiliate of the rural growth fund
19 or an investor in the rural growth fund. This paragraph does
20 not apply to investments in publicly traded securities by a
21 rural business or an owner or affiliate of a rural business.
22 For purposes of this paragraph, a rural growth fund shall not
23 be considered an affiliate of a rural business solely as a
24 result of its rural growth investment. ~~The amount by which a <--
25 rural growth investment in a rural business, exclusive of
26 receipts or redeemed rural growth investments, exceeds 20% of
27 a rural growth fund's investment authority may not count
28 toward the satisfaction of the requirements of subsections
29 (a)(1) and (2).~~ [THE AMOUNT BY WHICH A RURAL GROWTH <--
30 INVESTMENT IN A RURAL BUSINESS, EXCLUSIVE OF RECEIPTS OR

1 REDEEMED RURAL GROWTH INVESTMENTS, EXCEEDS 20% OF A RURAL
2 GROWTH FUND'S INVESTMENT AUTHORITY MAY NOT COUNT TOWARD THE
3 SATISFACTION OF THE REQUIREMENTS OF SUBSECTIONS (A) (1) AND
4 (2).]

5 * * *

6 ~~Section 1834 G. Exit.~~ <--

7 ~~(a) Application for exit. On or after the [sixth] seventh~~
8 ~~anniversary of the closing date, a rural growth fund may apply~~
9 ~~to the department to exit the Rural Jobs and Investment Tax~~
10 ~~Credit Program and no longer be subject to regulation under this~~
11 ~~part. A rural growth fund shall calculate the State repayment~~
12 ~~amount in its application for exit and if the product is greater~~
13 ~~than the rural growth fund's credit eligible capital~~
14 ~~contributions, the State repayment amount shall equal zero. The~~
15 ~~department shall respond to the application within 30 days after~~
16 ~~receipt and confirm the State repayment amount. In evaluating~~
17 ~~the application, the fact that no tax credit certificates have~~
18 ~~been revoked and that the rural growth fund has not received a~~
19 ~~notice of revocation that has not been cured under section 1833~~
20 ~~G(b) shall be sufficient evidence to show that the rural growth~~
21 ~~fund is eligible for exit. The department may not deny an~~
22 ~~application submitted under this subsection without reasonable~~
23 ~~cause. If the application is denied, the department shall issue~~
24 ~~a notice which shall include the reasons for the denial. If the~~
25 ~~rural growth fund owes a State repayment amount, the rural~~
26 ~~growth fund may not be permitted to make distributions or~~
27 ~~payments in excess of the investment authority until the rural~~
28 ~~growth fund first remits the State repayment amount to the~~
29 ~~department. All amounts received by the department under this~~
30 ~~section shall be credited to the general revenue fund.~~

1 * * *

2 ~~Section 3. This act shall take effect in 60 days.~~ <--

3 SECTION 6. THE AMENDMENT OF SECTION 1813-C(B) AND (C) (1) OF <--
4 THE ACT SHALL APPLY RETROACTIVELY TO JANUARY 1, 2019.

5 SECTION 7. THIS ACT SHALL TAKE EFFECT AS FOLLOWS:

6 (1) THE AMENDMENT OF SECTIONS 1822-G, 1824-G(D) (2) AND
7 (F), 1829-G(B) (3), 1830-G AND 1833-G(O) OF THE ACT SHALL TAKE
8 EFFECT IN 60 DAYS.

9 (2) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT
10 IMMEDIATELY.