
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1115 Session of
2020

INTRODUCED BY HUGHES, BLAKE, SANTARSIERO, FARNESE, FONTANA,
SCHWANK, BREWSTER, DINNIMAN, COSTA, A. WILLIAMS, KEARNEY AND
STEFANO, APRIL 15, 2020

REFERRED TO COMMUNITY, ECONOMIC AND RECREATIONAL DEVELOPMENT,
APRIL 15, 2020

AN ACT

1 Amending Title 64 (Public Authorities and Quasi-Public
2 Corporations) of the Pennsylvania Consolidated Statutes, in
3 Commonwealth Financing Authority, further providing for First
4 Industries Program.

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

7 Section 1. Section 1552(a) and (f) of Title 64 of the
8 Pennsylvania Consolidated Statutes are amended and the section
9 is amended by adding subsections to read:

10 § 1552. First Industries Program.

11 (a) Establishment.--There is established a program to be
12 known as the First Industries Program. The program shall:

13 (1) provide financial assistance for projects related to
14 tourism and agriculture located within this Commonwealth. The
15 board shall allocate funds made available to the program
16 among the different methods of financing authorized in this
17 section[.]; and

18 (2) while under the proclamation of disaster emergency

1 issued by the Governor on March 6, 2020, published at 50
2 Pa.B. 1644 (March 21, 2020), and any renewal of the state of
3 disaster emergency, provide loan guarantees to commercial
4 lending institutions that make loans to manufacturing
5 businesses to convert or retrofit existing manufacturing
6 facilities to enable the business to manufacture personal
7 protective equipment or equipment necessary to manufacture
8 personal protective equipment needed by health care
9 professionals to respond to the COVID-19 pandemic of 2020.

10 * * *

11 (b.1) Application for enrollment.--A commercial lending
12 institution may apply for enrollment in the program to provide
13 loan guarantees to commercial lending institutions that make
14 loans to manufacturing businesses to convert or retrofit
15 existing manufacturing facilities to enable the business to
16 manufacture personal protective equipment or equipment necessary
17 to manufacture personal protective equipment needed by health
18 care professionals to respond to the COVID-19 pandemic of 2020
19 and authorized by this section. The application shall be on the
20 form prescribed by the board and shall include or demonstrate
21 all of the following:

22 (1) The name and address of the commercial lending
23 institution and the name and title of the individual who will
24 serve as the point of contact for the commercial lending
25 institution.

26 (2) A statement defining the service area of the
27 commercial lending institution.

28 (3) A statement describing the commercial lending
29 activities engaged in by the commercial lending institution
30 and how the institution intends to assist manufacturers in

1 responding to the COVID-19 pandemic as a result of its
2 participation in the program authorized by this section.

3 (4) Any other information required by the board.

4 (b.2) Enrollment approval.--Upon being satisfied that all
5 requirements have been met, the board may enroll the commercial
6 lending institution in the program to provide loan guarantees to
7 commercial lending institutions that make loans to manufacturing
8 businesses to convert or retrofit existing manufacturing
9 facilities to enable the business to manufacture personal
10 protective equipment or equipment necessary to manufacture
11 personal protective equipment needed by health care
12 professionals to respond to the COVID-19 pandemic of 2020 for
13 purposes of providing loans authorized by this section, and, if
14 enrolled, the authority shall execute a master guarantee
15 agreement in favor of the commercial lending institution. In
16 addition to any other terms and conditions required by the
17 board, the master guarantee agreement shall provide for the
18 following:

19 (1) The procedure for the submission of a claim for
20 payment by the commercial lending institution. This procedure
21 shall require that the commercial lending institution
22 demonstrate that it has exhausted all available remedies
23 against the borrower, other guarantors and collateral for the
24 loan before seeking payment under the agreement.

25 (2) A requirement that a percentage of any money
26 recovered by the commercial lending institution subsequent to
27 any payment made under the master guarantee agreement by the
28 authority be remitted to the authority.

29 (3) Periodic reporting requirements by the commercial
30 lending institution regarding itself and regarding the loans

1 for which guarantee certificates have been issued under this
2 section.

3 * * *

4 (e.3) Application for guarantee.--A commercial lending
5 institution enrolled in the program to provide loan guarantees
6 to commercial lending institutions that make loans to
7 manufacturing businesses to convert or retrofit existing
8 manufacturing facilities to enable the business to manufacture
9 personal protective equipment or equipment necessary to
10 manufacture personal protective equipment needed by health care
11 professionals to respond to the COVID-19 pandemic of 2020
12 authorized by this section may submit an application to the
13 authority for the guarantee of a proposed loan. The application
14 shall be on the form prescribed by the board and shall include
15 or demonstrate all of the following:

16 (1) The name and address of the borrower, the type of
17 business the borrower conducts, the location and age of the
18 business and the names and addresses of the principals of the
19 borrower.

20 (2) A copy of the borrower's last two years of financial
21 statements prepared or reported on by an independent
22 certified public accountant.

23 (3) A statement describing the purpose of the loan, the
24 requested amount of the loan, a copy of the commercial
25 lending institution's commitment letter and applicable credit
26 underwriting that supports the repayment of the loan, as well
27 as the collateral and other guarantees offered by the
28 borrower to support the loan.

29 (4) Any other information required by the board.

30 (e.4) Application review.--The following shall apply to the

1 review of applications:

2 (1) The board shall review the application to determine
3 all of the following:

4 (i) That the borrower owns and operates a
5 manufacturing business.

6 (ii) That the borrower is financially responsible
7 and has the ability to repay the loan.

8 (iii) That the loan proceeds will be used by the
9 borrower for costs associated with converting or
10 retrofitting a manufacturing facility to allow the
11 production of personal protective equipment or equipment
12 necessary to manufacture personal protective equipment
13 for use by health care professionals to assist the
14 Commonwealth in responding to the COVID-19 pandemic of
15 2020.

16 (iv) That the borrower's business is located within
17 this Commonwealth.

18 (v) That the borrower and the commercial lending
19 institution have met all other requirements established
20 by the board.

21 (2) Upon being satisfied that all requirements have been
22 met, the board may approve the guarantee, and, if approved,
23 the authority shall issue a guarantee certificate for the
24 loan to the commercial lending institution stating the terms
25 and amount of the guarantee.

26 (3) The board may establish a subcommittee composed of
27 one or more members of the board and staff of the department
28 to review and approve applications for guarantees under this
29 subsection and subsection (e.3).

30 (f) Limitations.--

1 (1) No more than \$10,000,000 of the funds available for
2 the program authorized by this section may be used for
3 planning grants awarded under subsection (c).

4 (2) At least two-thirds of the funds available for the
5 program authorized by this section shall be used for
6 financing of projects related to agriculture.

7 (3) For a loan guarantee relating to the program
8 providing loan guarantees to commercial lending institutions
9 that make loans to manufacturing businesses to convert or
10 retrofit existing manufacturing facilities to enable the
11 business to manufacture personal protective equipment needed
12 by health care professionals to respond to the COVID-19
13 pandemic of 2020, the following shall apply:

14 (i) The guarantee may not exceed 90% of the
15 outstanding principal amount of the loan.

16 (ii) At no time may a guarantee exceed \$3,000,000
17 for any one loan.

18 (g) Definitions.--As used in this section, the following
19 words and phrases shall have the meanings given to them in this
20 subsection unless the context clearly indicates otherwise:

21 "Personal protective equipment." Any product deemed
22 necessary by the Secretary of Health.

23 Section 2. This act shall take effect immediately.