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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 827 Session of  
2021

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INTRODUCED BY GILLESPIE, HILL-EVANS, ROTHMAN, LONGIETTI,  
NEILSON, ZIMMERMAN, FREEMAN, SAYLOR, ROZZI, PISCIOTTANO AND  
R. BROWN, MARCH 8, 2021

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REFERRED TO COMMITTEE ON URBAN AFFAIRS, MARCH 8, 2021

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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.

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

4 "Administrative entity." Any of the following:

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

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

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

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

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

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

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

30 "Microenterprise." A start-up entrepreneur that employs one

1 to five employees who are residents of this Commonwealth and has  
2 the qualifying amount of capital under the Small Business Jobs  
3 Act of 2010 (Public Law 111-240, 124 Stat. 2504).

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

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

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

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

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

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

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

SUBCHAPTER B

MICROENTERPRISE LOAN PROGRAMS

Sec.

3111. Purpose.

3112. Powers of administrative entity.

3113. Acquisition of property and responsibilities.

3114. Funding.

3115. Property tax exemption schedule of real property.

3116. Microenterprise loans.

3117. Administration of program.

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§ 3111. Purpose.

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

§ 3112. Powers of administrative entity.

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

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

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

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

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

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

7 § 3113. Acquisition of property and responsibilities.

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

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

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

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

29           (4) An administrative entity may, if authorized by the  
30 jurisdiction that created an authority or otherwise by

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

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

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

20 § 3114. Funding.

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

23 (1) The Federal Government.

24 (2) The Commonwealth.

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

27 (4) Private sources.

28 (b) Revenue.--An administrative entity may receive and  
29 retain payments for services rendered, for rents and leasehold  
30 payments received, for consideration for disposition of real and

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

5 § 3115. Property tax exemption schedule of real property.

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

10 The following apply:

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

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

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

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

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

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

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

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

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

15 § 3116. Microenterprise loans.

16 (a) Loan issuance.--

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

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

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

26 (b) Training.--

27       (1) For the purpose of reducing the financial risk  
28 involved in issuing a loan under subsection (a)(1) and  
29 providing loan applicants with the skills necessary to  
30 succeed, a loan applicant must complete business courses and



1 workshops on operating a business, creating market strategy  
2 and customer interaction to be eligible to receive a loan.

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

7 (c) Training resources.--

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

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

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

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

24 (d) Eligible applicants.--

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

29 (i) An applicant must be low income and located in  
30 this Commonwealth.

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

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

7           (2) (Reserved).

8   § 3117. Administration of program.

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

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

16   § 3118. Disposition of property.

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

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

26          (c) Consideration.--

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

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

7 (d) Policies and procedures.--

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

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

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

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