

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2487 Session of 2022

INTRODUCED BY MERSKI, BENHAM, MADDEN, HILL-EVANS, HOHENSTEIN, GUENST, SANCHEZ, MALAGARI, LONGIETTI, DELLOSO, GUZMAN, SCHLOSSBERG, PARKER, BROOKS, NEILSON, CIRESI AND GAYDOS, APRIL 5, 2022

REFERRED TO COMMITTEE ON COMMERCE, APRIL 5, 2022

AN ACT

1 Amending the act of April 9, 1929 (P.L.343, No.176), entitled  
 2 "An act relating to the finances of the State government;  
 3 providing for cancer control, prevention and research, for  
 4 ambulatory surgical center data collection, for the Joint  
 5 Underwriting Association, for entertainment business  
 6 financial management firms, for private dam financial  
 7 assurance and for reinstatement of item vetoes; providing for  
 8 the settlement, assessment, collection, and lien of taxes,  
 9 bonus, and all other accounts due the Commonwealth, the  
 10 collection and recovery of fees and other money or property  
 11 due or belonging to the Commonwealth, or any agency thereof,  
 12 including escheated property and the proceeds of its sale,  
 13 the custody and disbursement or other disposition of funds  
 14 and securities belonging to or in the possession of the  
 15 Commonwealth, and the settlement of claims against the  
 16 Commonwealth, the resettlement of accounts and appeals to the  
 17 courts, refunds of moneys erroneously paid to the  
 18 Commonwealth, auditing the accounts of the Commonwealth and  
 19 all agencies thereof, of all public officers collecting  
 20 moneys payable to the Commonwealth, or any agency thereof,  
 21 and all receipts of appropriations from the Commonwealth,  
 22 authorizing the Commonwealth to issue tax anticipation notes  
 23 to defray current expenses, implementing the provisions of  
 24 section 7(a) of Article VIII of the Constitution of  
 25 Pennsylvania authorizing and restricting the incurring of  
 26 certain debt and imposing penalties; affecting every  
 27 department, board, commission, and officer of the State  
 28 government, every political subdivision of the State, and  
 29 certain officers of such subdivisions, every person,  
 30 association, and corporation required to pay, assess, or  
 31 collect taxes, or to make returns or reports under the laws  
 32 imposing taxes for State purposes, or to pay license fees or

1 other moneys to the Commonwealth, or any agency thereof,  
2 every State depository and every debtor or creditor of the  
3 Commonwealth.," in emergency COVID-19 response, providing for  
4 COVID-19 Start-Up Business Grant Program.

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

7 Section 1. The act of April 9, 1929 (P.L.343, No.176), known  
8 as The Fiscal Code, is amended by adding a section to read:

9 Section 135-C. COVID-19 Start-Up Business Grant Program.

10 (a) County block grants.--From money appropriated by the  
11 General Assembly for the distribution of grants under this  
12 section, each county shall receive an amount equal to the  
13 population proportion amount as determined under paragraph (2).

14 The following shall apply:

15 (1) The department shall distribute funding to counties  
16 in accordance with this subsection no later than 21 days  
17 after the effective date of this section.

18 (2) For the purpose of this subsection, the population  
19 proportion amount shall be determined as follows:

20 (i) divide the population estimate of the county, as  
21 determined under paragraph (3), by the sum of the  
22 population estimates of all counties; and

23 (ii) multiply the quotient under subparagraph (i) by  
24 the total amount appropriated by the general assembly for  
25 the distribution of grants under this section.

26 (3) For the purpose of this subsection, a county's  
27 population shall be equal to the published estimate by the  
28 United States Census Bureau's population estimates program  
29 for calendar year 2019.

30 (b) COVID-19 Start-Up Business Grant Program.--The county  
31 block grant COVID-19 Start-Up Business Grant Program is  
32 established within the department for the purpose of awarding

1 grants under this section. The following shall apply to the  
2 program:

3 (1) No later than 22 days after the effective date of  
4 this section, each county that receives a grant under this  
5 section shall contract at least one CEDO or CDFI designated  
6 to serve the county to award grants under this section.

7 (2) Subject to the prohibition under subparagraph (ii),  
8 grants under this section may be awarded to eligible  
9 applicants for the purpose of alleviating revenue losses and  
10 paying eligible operating expenses. The following shall apply  
11 to grants awarded under this section:

12 (i) A grant awarded to an eligible applicant may not  
13 exceed \$15,000.

14 (ii) A grant may not be awarded to pay for the same  
15 eligible operating expenses for which an eligible  
16 applicant receives or received payment, reimbursement, or  
17 loan forgiveness from the following sources:

18 (A) Money that is not required to be repaid to  
19 the Federal government under the Cares Act or  
20 Consolidated Appropriations Act, 2021.

21 (B) The Act of May 29, 2020 (P.L. , NO. 2A),  
22 known as the COVID-19 Emergency Supplement to the  
23 General Appropriation Act of 2019.

24 (3) The receipt of a loan or grant issued under the  
25 authority of the Federal Government, or the Commonwealth  
26 shall not disqualify an applicant from eligibility for a  
27 grant under this section.

28 (4) Priority in the awarding of grants under this  
29 section shall be given to an eligible applicant that meets  
30 any of the following:

1           (i) The eligible applicant has not received a loan  
2           or grant issued under the authority of the Commonwealth  
3           or the Commonwealth's political subdivisions or by the  
4           Federal Government under the Cares Act or Consolidated  
5           Appropriations Act, 2021.

6           (ii) The eligible applicant was subject to closure  
7           by the Proclamation of Disaster Emergency issued by the  
8           Governor on March 6, 2020, published at 50 PA.B. 1644  
9           (March 21, 2020), and any renewal of the State of  
10           Disaster Emergency.

11           (iii) The eligible applicant can demonstrate less  
12           than expected earnings for the period beginning after  
13           March 31, 2020, and ending before December 31, 2021.

14           (5) The following shall apply to applications to receive  
15           grants under this section:

16           (i) Applications shall be in a form determined by a  
17           county with input from a CEDO or CDFI processing the  
18           application on behalf of a county.

19           (ii) Applications shall contain documentation as  
20           required by the county.

21           (iii) Applications shall be available  
22           electronically.

23           (iv) No later than 45 days after the starting date,  
24           a CEDO or CDFI shall receive and consider applications on  
25           a rolling basis until funding for grants received by the  
26           county under subsection (a) have been completely  
27           expended, or 130 days after the starting date, whichever  
28           occurs first. Upon completely expending the funds  
29           available for grants, a CEDO or CDFI shall notify the  
30           department.

1           (6) The following shall apply to reviewing applications  
2 for grants under this section:

3           (i) No later than 160 days after the starting date,  
4 a CEDO or CDFI shall approve or disapprove applications  
5 for grants.

6           (ii) Upon approving an application under  
7 subparagraph (i), a CEDO or CDFI shall enter into a grant  
8 agreement with the eligible applicant in order to award  
9 the grant.

10          (iii) The grant agreement under subparagraph (ii)  
11 shall explain the terms and conditions of the grant,  
12 including the applicable laws of this Commonwealth and  
13 reporting requirements.

14          (iv) The grant agreement under subparagraph (ii) may  
15 be electronically signed and returned to the CEDO or CDFI  
16 that approved the application.

17          (7) An eligible applicant or authorized representative  
18 of the eligible applicant that submits an application for a  
19 grant under this section shall certify in good faith to all  
20 of the following:

21          (i) The eligible applicant has started operations  
22 between January 1, 2020, and December 31, 2021, and if  
23 required, paid income taxes to the Federal Government and  
24 the Commonwealth, as reported on individual or business  
25 tax returns.

26          (ii) The eligible applicant remains in operation and  
27 does not intend to permanently cease operations within  
28 one year of the date of application.

29          (iii) COVID-19 had an adverse economic impact on the  
30 eligible applicant, which makes the grant request

1 necessary to support the ongoing operations of the  
2 eligible applicant.

3 (iv) The grant will be used to pay for COVID-19-  
4 related economic impacts.

5 (v) The information provided in the application and  
6 all supporting documents and forms are true and accurate  
7 in all material respects. An eligible applicant or an  
8 authorized representative of the eligible applicant that  
9 knowingly makes a false statement to obtain a grant shall  
10 be subject to 18 PA.C.S. § 4904 (relating to unsworn  
11 falsification to uthorities).

12 (8) The following shall apply to the awarding of grants  
13 under this section:

14 (i) A CEDO or CDFI may award grants in increments of  
15 \$5,000, not to exceed the limitation under paragraph (2)  
16 (i).

17 (ii) A fully executed grant agreement under  
18 paragraph (6)(ii) shall be required before the  
19 disbursement of grant funds.

20 (iii) The aggregate amount of all grants awarded may  
21 not exceed the amount of money received by the county  
22 under subsection (a).

23 (9) A CEDO or CDFI may charge a fee not to exceed \$500  
24 per completed and reviewed application for a grant under this  
25 section. Fees charged under this paragraph shall be deducted  
26 from the total amount of money distributed to the county  
27 under subsection (a) and may not reduce the amount of the  
28 grant awarded to an eligible applicant.

29 (10) A grant awarded under this section shall be paid to  
30 an eligible applicant no later than 175 days after the

1 starting date.

2 (11) A county that provides grants under this section  
3 shall compile a report, which shall include all of the  
4 following:

5 (i) A list of each grant awarded.

6 (ii) The name and address of each grant recipient.

7 (iii) The amount of the grant and a description of  
8 the financial impact to the grant recipient.

9 (iv) The name of the CEDO or CDFI that processed the  
10 grant.

11 (12) A county shall submit the report under paragraph  
12 (11) to the department no later than 200 days after the  
13 starting date.

14 (13) The department shall prepare a consolidated report  
15 with the information in the reports submitted under paragraph  
16 (12) from all counties and submit the consolidated report to  
17 the chair and minority chair of the Appropriations Committee  
18 of the Senate and the chair and minority chair of the  
19 Appropriations Committee of the House of Representatives no  
20 later than 235 days after the starting date.

21 (14) The county shall post and maintain the report under  
22 paragraph (11) on the county's publicly accessible Internet  
23 website.

24 (15) The department shall post and maintain the  
25 consolidated report under paragraph (14) on the department's  
26 publicly accessible Internet website.

27 (16) A county awarding grants and a CEDO or CDFI  
28 processing grants on behalf of a county under this section  
29 shall provide documentation to the Department of the Auditor  
30 General or the department, upon request, for purposes of an

1 audit review.

2 (17) The department may not impose additional  
3 requirements on counties that are not specified in this  
4 section.

5 (c) Definitions.--As used in this section, the following  
6 words and phrases shall have the meanings given to them in this  
7 subsection unless the context clearly indicates otherwise:

8 "CDFI." A community development financial institution that  
9 is certified by the United States Department of the Treasury, is  
10 headquartered in this Commonwealth, is part of the 17-member  
11 Pennsylvania Community Development Financial Institution Network  
12 and primarily provides business loans to low-to-moderate income  
13 individuals and business owners.

14 "CEDO." An economic development organization that has been  
15 certified by the Pennsylvania industrial development authority  
16 or an economic development organization that serves more than  
17 one county and is accredited by the International Economic  
18 Development Council.

19 "Consolidated Appropriations Act, 2021." The Consolidated  
20 Appropriations Act, 2021 (Public Law 116-260, 134 Stat. 1182).

21 "Department." The Department of Community and Economic  
22 Development of the Commonwealth.

23 "Economic development organization." Any local development  
24 district, industrial development agency, industrial resource  
25 center, redevelopment authority, community development financial  
26 institution or any other nonprofit economic development  
27 organization that is certified to participate in the  
28 Pennsylvania Industrial Development Authority Loan Program.

29 "Eligible applicant." An entity that submits an application  
30 for a grant under this section and meets all of the following:



1           (1) The entity is not publicly traded.

2           (2) The entity began operating between January 1, 2020,  
3 and December 31, 2021.

4           (3) The entity can demonstrate a loss in earnings due to  
5 COVID-19.

6           (4) The entity meets all of the following conditions as  
7 of March 1, 2020:

8                 (i) The entity is a retail or personal service  
9 employer within this Commonwealth.

10                (ii) The entity has no more than 10 full-time  
11 employees.

12                (iii) If the entity was operating, has gross  
13 receipts for the prior fiscal year that did not exceed  
14 \$1,000,000.

15           "Eligible operating expense." An operating expense,  
16 including a payroll and nonpayroll expense, that is common and  
17 accepted in an eligible applicant's industry, helpful and  
18 appropriate for the eligible applicant's trade or business and  
19 subject to the following limitations:

20                 (1) The operating expense must have been incurred  
21 between March 1, 2020, and December 31, 2021.

22                 (2) For a mortgage obligation, the mortgage must have  
23 been in force before December 31, 2021.

24                 (3) For rent, under lease agreements, the lease  
25 agreement must have been in force before December 31, 2021.

26                 (4) For utility costs, service must have begun before  
27 December 31, 2021.

28                 (5) For the purpose of paragraphs (2) and (3), if an  
29 existing mortgage obligation or lease agreement is in force  
30 before December 31, 2021, and is refinanced or restructured

1 after December 31, 2021, the mortgage obligation or lease  
2 agreement is deemed to have been in force before December 31,  
3 2021.

4 "Full-time equivalent employee." The quotient obtained by  
5 dividing the total number of hours for which employees were  
6 compensated for employment over the preceding 12-month period by  
7 2,080.

8 "Gross receipts." Revenue in whatever form received or  
9 accrued, in accordance with the recipient's accounting method,  
10 from whatever source, including from the sales of products or  
11 services, interest, dividends, rents, royalties, fees or  
12 commissions, reduced by returns and allowances. The term does  
13 not include any of the following:

14 (1) Taxes collected for and remitted to a taxing  
15 authority if included in gross or total income, including  
16 sales or other taxes collected from customers and excluding  
17 taxes levied on an entity or the entity's employees.

18 (2) Proceeds from transactions between an entity and the  
19 entity's domestic or foreign affiliates.

20 (3) Amounts collected for another by a travel agent,  
21 real estate agent, advertising agent or conference management  
22 service provider.

23 "Program." The county block grant COVID-19 Start-Up Business  
24 Grant Program established under subsection (b).

25 "Starting date." The effective date of this section or the  
26 effective date of an appropriation for distribution of grants  
27 under this section, whichever is later.

28 Section 2. This act shall take effect in 30 days.