
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 983 Session of
2021

INTRODUCED BY AUMENT, YAW, MARTIN, ROBINSON, SCAVELLO, BAKER,
BROOKS, MENSCH, PITTMAN, STEFANO, MASTRIANO, PHILLIPS-HILL
AND BARTOLOTTA, DECEMBER 29, 2021

REFERRED TO COMMUNITY, ECONOMIC AND RECREATIONAL DEVELOPMENT,
DECEMBER 29, 2021

AN ACT

1 Providing for loans to small businesses; establishing the Small
2 Business Loan Bond Fund; and authorizing Commonwealth
3 indebtedness.

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

6 Section 1. Definitions.

7 The following words and phrases when used in this act shall
8 have the meanings given to them in this section unless the
9 context clearly indicates otherwise:

10 "Bond fund." The Small Business Loan Bond Fund established
11 under section 3.

12 "COVID-19 disaster emergency." The duration of the
13 proclamation of disaster emergency issued by the Governor on
14 March 6, 2020, published at 50 Pa.B. 1644 (March 21, 2020), and
15 any renewal of the state of disaster emergency.

16 Section 2. Commonwealth indebtedness.

17 (a) Borrowing authorized.--

1 (1) Pursuant to section 7(a)(3) of Article VIII of the
2 Constitution of Pennsylvania, the issuing officials of the
3 Treasury Department are authorized and directed to borrow, on
4 the credit of the Commonwealth, money not exceeding in the
5 aggregate the sum of \$500,000,000 in the form of a five-year
6 bond issued after the effective date of this section.

7 (2) The bond and note issued under this section shall
8 be:

9 (i) exempt from taxation for State and local
10 purposes; and

11 (ii) eligible for tax-exempt bond funding status
12 under existing Federal tax law.

13 (3) Borrowing authorized under paragraph (1) shall be
14 carried out in accordance with the provisions of sections 307
15 and 308 of the act of February 9, 1999 (P.L.1, No.1), known
16 as the Capital Facilities Debt Enabling Act, including the
17 terms and conditions of section 307(c).

18 (b) Sale of bond and note.--

19 (1) The sale of the bond and note shall be made in
20 accordance with the provisions of section 309 of the Capital
21 Facilities Debt Enabling Act.

22 (2) The proceeds realized from the sale of the bond or
23 note shall be used solely to fund the loan program under
24 section 3. The proceeds of the sale of refunding bonds and
25 replacement notes shall be paid to the State Treasurer and
26 applied to the payment of principal, any accrued interest and
27 premium and cost of redemption of the bond for which the
28 obligations have been issued.

29 (3) Money held or deposited by the State Treasurer may
30 be invested or reinvested as is other money in the custody of

1 the State Treasurer in the manner provided by law. Earnings
2 received from the investment or deposit of the money shall be
3 used for the same purposes as the proceeds realized from the
4 sale of the bond and note under this section.

5 (4) The necessary registry book shall be kept in the
6 office of the authorized loan and transfer agent of the
7 Commonwealth for the registration of bonds, at the request of
8 owners of the bonds, according to the terms and conditions of
9 issue directed by the issuing officials.

10 (5) Money is appropriated to the State Treasurer from
11 the proceeds realized from the sale of the bond and note
12 under this section as much money as may be necessary for all
13 costs and expenses in connection with the issue and sale and
14 registration of the bond in connection with this section and
15 the payment of interest arbitrage rebates.

16 (c) Temporary financing authorization.--

17 (1) Pending the issuance of the bond of the Commonwealth
18 as authorized, the issuing officials are authorized, in
19 accordance with this act and on the credit of the
20 Commonwealth, to make temporary borrowings not to exceed one
21 year in anticipation of the issuance of the bond in order to
22 provide money in amounts as deemed advisable prior to the
23 issuance of the bond. In order to provide for and in
24 connection with any temporary borrowing, the issuing
25 officials are authorized in the name and on behalf of the
26 Commonwealth to enter into purchase, loan or credit
27 agreements, or other agreements with any bank or trust
28 company, other lending institution, investment banking firm
29 or person in the United States having power to enter into the
30 agreement. The agreements may contain provisions not

1 inconsistent with this section as authorized by the issuing
2 officials.

3 (2) Temporary borrowings made under this subsection
4 shall be made in accordance with section 306(b), (c) and (d)
5 of the Capital Facilities Debt Enabling Act.

6 (3) Outstanding notes evidencing the borrowings may be
7 funded and retired by the issuance and sale of the bond or
8 note of the Commonwealth as authorized in this paragraph. The
9 refunding bond shall be issued and sold not later than a date
10 one year after the date of issuance of the first note
11 evidencing the borrowing to the extent that payment of the
12 note has not otherwise been made or provided for by sources
13 other than proceeds of replacement notes.

14 (4) The proceeds of all temporary borrowing shall be
15 paid to the State Treasurer to be held and disposed of in
16 accordance with this act.

17 (d) Debt retirement.--

18 (1) All bonds issued under this act shall be redeemed at
19 maturity, together with all interest due. Principal and
20 interest payments shall be paid as provided in this act.

21 (2) By November 1 of each year, the State Treasurer
22 shall determine and report the following to the Secretary of
23 the Budget:

24 (i) The amount of money necessary for the payment of
25 interest on the outstanding obligations.

26 (ii) The principal of the obligation for the
27 following fiscal year.

28 (iii) The times and amounts of the payments.

29 (3) The Governor shall include in each annual budget
30 submitted to the General Assembly complete information

1 relating to:

2 (i) The issuance of the bond and note under this
3 act.

4 (ii) The status of the bond fund created under
5 section 3.

6 (iii) The payment of principal of and interest on
7 the bond and note at maturity.

8 (4) The Secretary of the Budget, upon approval by the
9 Governor, shall utilize money in the bond fund on an annual
10 basis for payment of principle and interest for debt service
11 on the bond issued pursuant to this section and any other
12 debt incurred by the Commonwealth for loans eligible for
13 funding under section 3.

14 (e) Refunding bonds.--The issuing officials may by
15 resolution issue refunding bonds for the purpose of refunding
16 any outstanding debt issued under this section, either by
17 voluntary exchange with the holders of the outstanding debt or
18 to provide money to redeem and retire the outstanding debt with
19 accrued interest, and premium payable thereon, and to pay the
20 costs of issuance and retirement of the debt, at maturity or at
21 any call date. The issuance of the refunding bonds, the
22 maturities and other details, the rights of the holders of the
23 bond and the duties of the issuing officials shall be governed
24 by the provisions of this subsection, as applicable. Refunding
25 bonds may be issued by the issuing officials to refund debt
26 originally issued or to refund the bond previously issued for
27 refunding purposes.

28 (f) Proceeds restricted.--The proceeds from the sale of the
29 bond under this section shall only be used to fund loans under
30 section 3 and shall not be used for salaries and other

1 administrative costs or expenses.

2 (g) Prohibition.--A loan funded by the proceeds of the
3 obligations incurred under this section may not be used if the
4 loan would cause the bond to lose its Federal tax-exempt status
5 under the Internal Revenue Code of 1986 (Public Law 99-514, 26
6 U.S.C. § 1 et seq.).

7 Section 3. Establishment of bond fund and allocation and use of
8 bond proceeds.

9 (a) Establishment of bond fund.--The Small Business Loan
10 Bond Fund is established a special fund in the State Treasury.
11 Prior to allocation, money in the bond fund may be invested or
12 reinvested as is other money in the custody of the State
13 Treasurer in a manner provided by law. The following shall be
14 deposited by the Treasury Department into the bond fund:

15 (1) Money borrowed under section 2.

16 (2) Earnings derived from the investment of the money in
17 the bond fund after deduction of investment expenses.

18 (3) Any other money appropriated to the bond fund.

19 (b) Plan.--An annual allocation plan for the bond fund shall
20 be submitted by the Governor to the General Assembly as part of
21 the Governor's annual budget. The allocation plan shall be open
22 for review and comment by the members of the General Assembly
23 and shall include a detailed listing of the loans to be funded
24 for the fiscal year. The General Assembly may review and provide
25 comment on the allocation plan.

26 (c) Allocation and use of money.--Money in the bond fund
27 shall be allocated to the Department of Community and Economic
28 Development for the award of loans to a business that:

29 (1) has 500 employees or less; and

30 (2) was not considered "life-sustaining" and ordered to

1 cease operations under the COVID-19 business closure order
2 issued by the Governor on March 19, 2020.

3 (d) Limitation.--The power to award loans under this section
4 shall expire 180 days after termination of the COVID-19 disaster
5 emergency or expires under 35 Pa.C.S. § 7301(c) (relating to
6 general authority of Governor).

7 Section 4. This act shall take effect immediately.