

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 922 Session of 2023

INTRODUCED BY SHUSTERMAN, SANCHEZ, MADDEN, CIRESI, GALLOWAY, HILL-EVANS, BURGOS, T. DAVIS, GUENST, INNAMORATO, N. NELSON AND KENYATTA, APRIL 17, 2023

AS REPORTED FROM COMMITTEE ON COMMERCE, HOUSE OF REPRESENTATIVES, AS AMENDED, MAY 3, 2023

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
4 Second Stage Loan Program.

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

7 Section 1. Section 1553(a), (d)(2), (e)(1)(ii) and (f) of <--
8 Title 64 of the Pennsylvania Consolidated Statutes are amended
9 and subsection (d) is amended by adding a paragraph to read:

10 § 1553. Second Stage Loan Program.

11 (a) Establishment. There is established a program to be
12 known as the Second Stage Loan Program. The program shall
13 provide loan guarantees to commercial lending institutions that
14 make loans to life sciences, advanced technology or
15 manufacturing businesses located within this Commonwealth.

16 * * *

17 (d) Application for guarantee. A commercial lending
18 institution enrolled in the program authorized by this section

1 may submit an application to the authority for the guarantee of
2 a proposed loan. The application shall be on the form prescribed
3 by the board and shall include or demonstrate all of the
4 following:

5 * * *

6 (2) ~~[The number of projected new or retained employees
7 of the borrower as a result of the loan.] That the use of the
8 loan proceeds by the borrower will result in jobs being
9 created or retained within this Commonwealth and an estimate
10 as to the number of projected new or retained employees as a
11 result of the loan.~~

12 ~~(2.1) A statement that the borrower's business is
13 located within the commercial lending institution's service
14 area within this Commonwealth.~~

15 * * *

16 (e) Application review.—

17 (1) The board shall review the application to determine
18 all of the following:

19 * * *

20 (ii) That the borrower's business has been in
21 existence for at least two years ~~[but no more than seven
22 years]~~ at the time of application.

23 * * *

24 (f) Limitations.—

25 (1) ~~[During the first two years of the term of a loan
26 for which a guarantee certificate has been issued, the
27 guarantee may not exceed 50% of the outstanding principal
28 amount of the loan. From the end of year two through either
29 the end of year seven or the end of the term of the loan,
30 whichever occurs first, the guarantee may not exceed 25% of~~

1 ~~the outstanding principal amount of the loan. The guarantee~~
2 ~~will] The maximum guarantee amount and percentage shall be~~
3 ~~determined by the authority and shall terminate at the end of~~
4 ~~seven years.~~

5 ~~(2) At no time may a guarantee exceed \$1,000,000 for any~~
6 ~~one loan.~~

7 SECTION 1. SECTION 1553(A), (B) INTRODUCTORY PARAGRAPH, (1), <--
8 (2) AND (3), (C), (D) INTRODUCTORY PARAGRAPH, (2) AND (4), (E)
9 (1)(II), (V) AND (VI) AND (2) AND (F) (1) OF TITLE 64 OF THE
10 PENNSYLVANIA CONSOLIDATED STATUTES ARE AMENDED, SUBSECTION (D)
11 IS AMENDED BY ADDING PARAGRAPHS AND THE SECTION IS AMENDED BY
12 ADDING A SUBSECTION TO READ:

13 § 1553. SECOND STAGE LOAN PROGRAM.

14 (A) ESTABLISHMENT.--THERE IS ESTABLISHED A PROGRAM TO BE
15 KNOWN AS THE SECOND STAGE LOAN PROGRAM. THE PROGRAM SHALL
16 PROVIDE LOAN GUARANTEES TO [COMMERCIAL LENDING INSTITUTIONS]
17 ELIGIBLE APPLICANTS THAT MAKE LOANS TO LIFE SCIENCES, ADVANCED
18 TECHNOLOGY OR MANUFACTURING BUSINESSES LOCATED WITHIN THIS
19 COMMONWEALTH.

20 (B) APPLICATION FOR ENROLLMENT.--[A COMMERCIAL LENDING
21 INSTITUTION] AN ELIGIBLE APPLICANT MAY APPLY FOR ENROLLMENT IN
22 THE PROGRAM AUTHORIZED BY THIS SECTION. THE APPLICATION SHALL BE
23 ON THE FORM PRESCRIBED BY THE BOARD AND SHALL INCLUDE OR
24 DEMONSTRATE ALL OF THE FOLLOWING:

25 (1) THE NAME AND ADDRESS OF THE [COMMERCIAL LENDING
26 INSTITUTION] ELIGIBLE APPLICANT AND THE NAME AND TITLE OF THE
27 INDIVIDUAL WHO WILL SERVE AS THE POINT OF CONTACT FOR THE
28 [COMMERCIAL LENDING INSTITUTION] ELIGIBLE APPLICANT.

29 (2) A STATEMENT DEFINING THE SERVICE AREA OF THE
30 [COMMERCIAL LENDING INSTITUTION] ELIGIBLE APPLICANT.

1 (3) A STATEMENT DESCRIBING THE COMMERCIAL LENDING
2 ACTIVITIES ENGAGED IN BY THE [COMMERCIAL LENDING INSTITUTION]
3 ELIGIBLE APPLICANT AND HOW THE [INSTITUTION] ELIGIBLE
4 APPLICANT INTENDS TO EXPAND THOSE ACTIVITIES AS A RESULT OF
5 ITS PARTICIPATION IN THE PROGRAM AUTHORIZED BY THIS SECTION.

6 * * *

7 (C) ENROLLMENT APPROVAL.--UPON BEING SATISFIED THAT ALL
8 REQUIREMENTS HAVE BEEN MET, THE BOARD MAY ENROLL THE [COMMERCIAL
9 LENDING INSTITUTION] ELIGIBLE APPLICANT IN THE PROGRAM
10 AUTHORIZED BY THIS SECTION, AND, IF ENROLLED, THE AUTHORITY
11 SHALL EXECUTE A MASTER GUARANTEE AGREEMENT IN FAVOR OF THE
12 [COMMERCIAL LENDING INSTITUTION] ELIGIBLE APPLICANT. IN ADDITION
13 TO ANY OTHER TERMS AND CONDITIONS REQUIRED BY THE BOARD, THE
14 MASTER GUARANTEE AGREEMENT SHALL PROVIDE FOR THE FOLLOWING:

15 (1) THE PROCEDURE FOR THE SUBMISSION OF A CLAIM FOR
16 PAYMENT BY THE [COMMERCIAL LENDING INSTITUTION] ELIGIBLE
17 APPLICANT. THIS PROCEDURE SHALL REQUIRE THAT THE [COMMERCIAL
18 LENDING INSTITUTION] ELIGIBLE APPLICANT DEMONSTRATE THAT IT
19 HAS EXHAUSTED ALL AVAILABLE REMEDIES AGAINST THE BORROWER,
20 OTHER GUARANTORS AND COLLATERAL FOR THE LOAN BEFORE SEEKING
21 PAYMENT UNDER THE AGREEMENT.

22 (2) A REQUIREMENT THAT A PERCENTAGE OF ANY MONEYS
23 RECOVERED BY THE [COMMERCIAL LENDING INSTITUTION] ELIGIBLE
24 APPLICANT SUBSEQUENT TO ANY PAYMENT MADE UNDER THE MASTER
25 GUARANTEE AGREEMENT BY THE AUTHORITY BE REMITTED TO THE
26 AUTHORITY.

27 (3) PERIODIC REPORTING REQUIREMENTS BY THE [COMMERCIAL
28 LENDING INSTITUTION] ELIGIBLE APPLICANT REGARDING ITSELF AND
29 REGARDING THE LOANS FOR WHICH GUARANTEE CERTIFICATES HAVE
30 BEEN ISSUED UNDER THIS SECTION.

1 (D) APPLICATION FOR GUARANTEE.-- [A COMMERCIAL LENDING
2 INSTITUTION] AN ELIGIBLE APPLICANT ENROLLED IN THE PROGRAM
3 AUTHORIZED BY THIS SECTION MAY SUBMIT AN APPLICATION TO THE
4 AUTHORITY FOR THE GUARANTEE OF A PROPOSED LOAN. THE APPLICATION
5 SHALL BE ON THE FORM PRESCRIBED BY THE BOARD AND SHALL INCLUDE
6 OR DEMONSTRATE ALL OF THE FOLLOWING:

7 * * *

8 [(2) THE NUMBER OF PROJECTED NEW OR RETAINED EMPLOYEES
9 OF THE BORROWER AS A RESULT OF THE LOAN.]

10 (2.1) A STATEMENT DEMONSTRATING THAT THE USE OF THE LOAN
11 PROCEEDS BY THE BORROWER WILL RESULT IN JOBS BEING CREATED OR
12 RETAINED WITHIN THIS COMMONWEALTH AND AN ESTIMATE OF THE
13 NUMBER OF PROJECTED NEW OR RETAINED EMPLOYEES AS A RESULT OF
14 THE LOAN.

15 (2.2) A STATEMENT DEMONSTRATING THAT THE BORROWER'S
16 BUSINESS IS LOCATED WITHIN THE ELIGIBLE APPLICANT'S SERVICE
17 AREA WITHIN THIS COMMONWEALTH.

18 * * *

19 (4) A STATEMENT DESCRIBING THE PURPOSE OF THE LOAN, THE
20 REQUESTED AMOUNT OF THE LOAN, A COPY OF THE [COMMERCIAL
21 LENDING INSTITUTION'S] ELIGIBLE APPLICANT'S COMMITMENT LETTER
22 AND APPLICABLE CREDIT UNDERWRITING THAT SUPPORTS THE
23 REPAYMENT OF THE LOAN, AS WELL AS THE COLLATERAL AND OTHER
24 GUARANTEES OFFERED BY THE BORROWER TO SUPPORT THE LOAN.

25 * * *

26 (E) APPLICATION REVIEW.--

27 (1) THE BOARD SHALL REVIEW THE APPLICATION TO DETERMINE
28 ALL OF THE FOLLOWING:

29 * * *

30 (II) THAT THE BORROWER'S BUSINESS HAS BEEN IN

1 EXISTENCE FOR AT LEAST TWO YEARS [BUT NO MORE THAN SEVEN
2 YEARS] AT THE TIME OF APPLICATION.

3 * * *

4 (V) THAT THE BORROWER'S BUSINESS IS LOCATED WITHIN
5 THE [COMMERCIAL LENDING INSTITUTION'S] ELIGIBLE
6 APPLICANT'S SERVICE AREA AND WITHIN THIS COMMONWEALTH.

7 (VI) THAT THE BORROWER AND THE [COMMERCIAL LENDING
8 INSTITUTION] ELIGIBLE APPLICANT HAVE MET ALL OTHER
9 REQUIREMENTS ESTABLISHED BY THE BOARD.

10 (2) UPON BEING SATISFIED THAT ALL REQUIREMENTS HAVE BEEN
11 MET, THE BOARD MAY APPROVE THE GUARANTEE, AND, IF APPROVED,
12 THE AUTHORITY SHALL ISSUE A GUARANTEE CERTIFICATE FOR THE
13 LOAN TO THE [COMMERCIAL LENDING INSTITUTION] ELIGIBLE
14 APPLICANT STATING THE TERMS AND AMOUNT OF THE GUARANTEE.

15 * * *

16 (F) LIMITATIONS.--

17 (1) [DURING THE FIRST TWO YEARS OF THE TERM OF A LOAN
18 FOR WHICH A GUARANTEE CERTIFICATE HAS BEEN ISSUED, THE
19 GUARANTEE MAY NOT EXCEED 50% OF THE OUTSTANDING PRINCIPAL
20 AMOUNT OF THE LOAN. FROM THE END OF YEAR TWO THROUGH EITHER
21 THE END OF YEAR SEVEN OR THE END OF THE TERM OF THE LOAN,
22 WHICHEVER OCCURS FIRST, THE GUARANTEE MAY NOT EXCEED 25% OF
23 THE OUTSTANDING PRINCIPAL AMOUNT OF THE LOAN. THE GUARANTEE
24 WILL] THE AUTHORITY SHALL DETERMINE THE MAXIMUM GUARANTEE
25 BASED ON A PERCENTAGE OF THE OUTSTANDING PRINCIPAL AMOUNT OF
26 THE LOAN. THE GUARANTEE SHALL TERMINATE AT THE END OF SEVEN
27 YEARS.

28 * * *

29 (G) DEFINITIONS.--AS USED IN THIS SECTION, THE FOLLOWING
30 WORDS AND PHRASES SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS

1 SUBSECTION UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE:

2 "CERTIFIED ECONOMIC DEVELOPMENT ORGANIZATION." AS DEFINED IN
3 SECTION 1102 (RELATING TO DEFINITIONS).

4 "ELIGIBLE APPLICANT." A COMMERCIAL LENDING INSTITUTION,
5 COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION OR CERTIFIED
6 ECONOMIC DEVELOPMENT ORGANIZATION.

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