
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1520 Session of
2023

INTRODUCED BY PARKER, MADDEN, HILL-EVANS, KINSEY, SANCHEZ,
GIRAL, HOHENSTEIN, CIRESI, D. WILLIAMS, KRAJEWSKI AND GREEN,
JUNE 26, 2023

REFERRED TO COMMITTEE ON COMMERCE, JUNE 26, 2023

AN ACT

1 Establishing the Pennsylvania Local Business Forgivable Loan
2 Program; conferring powers and imposing duties on the
3 Department of Community and Economic Development; and making
4 an appropriation.

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

7 Section 1. Short title.

8 This act shall be known and may be cited as the Pennsylvania
9 Local Business Forgivable Loan Program Act.

10 Section 2. Declaration of purpose.

11 The primary purpose of the Pennsylvania Local Business
12 Forgivable Loan Program is to strengthen local businesses in
13 low-income to moderate-income neighborhoods across this
14 Commonwealth. The program intends to provide assistance to:

15 (1) Support a vital mix of local businesses that
16 contribute to a successful commercial corridor.

17 (2) Help local businesses grow and improve the quality
18 of their goods and services to allow them to become social

1 anchors in terms of employment and neighborhood
2 stabilization.

3 Section 3. Definitions.

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

7 "Applicant." A local business that:

8 (1) is located within an eligible commercial corridor,
9 as determined by the department; or

10 (2) will be located within an eligible commercial
11 corridor, as determined by the department, no later than six
12 months after the applicant is approved for a loan under the
13 program.

14 "Commercial corridor." A qualified opportunity zone
15 established under 26 U.S.C. § 1400Z-1 (relating to qualified
16 opportunity zone) or other areas or neighborhoods that have a
17 high poverty rate as determined by the official poverty line
18 defined under 42 U.S.C. § 9902(2) (relating to definitions).

19 "Department." The Department of Community and Economic
20 Development of the Commonwealth.

21 "Eligible improvements." The term includes, but is not
22 limited to, improvements made to, or addition of, any of the
23 following:

- 24 (1) Security systems.
- 25 (2) Telephone systems.
- 26 (3) Alarm systems.
- 27 (4) Point of sale equipment.
- 28 (5) Kitchen equipment.
- 29 (6) Computer ordering systems.
- 30 (7) Millwork.

- 1 (8) Flooring.
- 2 (9) Lighting.
- 3 (10) Sound systems.
- 4 (11) Theater seating.
- 5 (12) Display of furnishings and shelving.
- 6 (13) HVAC equipment.
- 7 (14) Coolers and refrigeration units.
- 8 (15) Specialty piping, not including normal plumbing
- 9 expenditures.
- 10 (16) Any other similar improvement imperative for
- 11 growth.

12 "Program." The Pennsylvania Local Business Forgivable Loan
13 Program established under section 4.

14 Section 4. Establishment of program.

15 The Pennsylvania Local Business Forgivable Loan Program is
16 established to help local businesses make eligible improvements
17 in a new location or an existing location. The program shall be
18 administered by the department. The department shall identify
19 commercial corridors for the purpose of administering this act.

20 Section 5. Requirements for program.

21 (a) Application.--The department shall establish a process
22 for applicants to apply and be approved for participation in the
23 program. The department may require applicants to provide
24 certain information, including, but not limited to:

- 25 (1) A business plan.
- 26 (2) Financial documents as determined by the department.
- 27 (3) Any other documentation the department deems
- 28 necessary.

29 (b) Evaluation.--Applications shall be evaluated by the
30 department on a competitive basis using a variety of criteria,

1 including:

2 (1) Whether the project will result in one or more of
3 the following:

4 (i) Enhancement of an existing cluster of retail,
5 food or creative businesses.

6 (ii) Generation of increased foot traffic to a
7 commercial corridor by attracting or enhancing a business
8 that will serve as a destination for new visitors.

9 (iii) Improvement of the retail mix found within a
10 commercial corridor by starting a new business that meets
11 an identified, unmet need for specific goods and
12 services.

13 (2) Whether financial feasibility and equity investment
14 from the applicant match or exceed the loan amount.

15 (3) Whether the applicant has demonstrated community
16 support.

17 (4) Whether the project will impact job retention and
18 job creation and the effects of that impact.

19 (c) Amount.--The amount of a loan issued under the program
20 shall be not less than \$25,000 and not more than \$50,000.

21 (d) Forgiveness.--The following shall apply:

22 (1) A loan issued under the program shall be forgiven
23 provided the recipient meets the guidelines of the program,
24 as determined by the department, for five years.

25 (2) If the recipient does not meet the guidelines of the
26 program for five years, the recipient shall repay the amount
27 of the loan to the department within a period of five years.
28 The principal of the loan shall accrue interest beginning at
29 the time the recipient fails to meet the guidelines of the
30 program. The department shall use the money that is repaid to

1 make future loans under the program.

2 Section 6. Funding.

3 In addition to any other funds appropriated to the department
4 for loans under this act, the sum of \$20,000,000 is appropriated
5 to the department for the purpose of providing loans under this
6 act. This appropriation shall not lapse.

7 Section 7. Annual report.

8 (a) Development of report.--The department shall publish a
9 report by December 31, 2024, and every year thereafter for the
10 immediately preceding fiscal year. The report shall provide
11 information regarding the operation of the program, including:

12 (1) The number of program applications received and
13 approved by the department.

14 (2) The amount of each loan issued under the program by
15 the department.

16 (3) Any department recommendations for improvements and
17 adjustments to program guidelines.

18 (b) Submission.--The annual report under subsection (a)
19 shall be submitted to the Governor, the chairperson and minority
20 chairperson of the Appropriations Committee of the Senate, the
21 chairperson and minority chairperson of the Appropriations
22 Committee of the House of Representatives, the chairperson and
23 minority chairperson of the Community, Economic and Recreational
24 Development Committee of the Senate and the chairperson and
25 minority chairperson of the Commerce Committee of the House of
26 Representatives.

27 Section 8. Tax applicability.

28 Loan forgiveness under this act shall not be considered
29 taxable income for purposes of Article III of the act of March
30 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

1 Section 9. Responsibility of the department.

2 The department shall administer the program and adopt
3 regulations, guidelines, policies, procedures and forms as
4 necessary that are not inconsistent with the provisions of this
5 act.

6 Section 10. Effective date.

7 This act shall take effect in 90 days.