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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 2301 Session of  
2020

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INTRODUCED BY SIMMONS, ROTHMAN, RYAN AND GROVE,  
FEBRUARY 24, 2020

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REFERRED TO COMMITTEE ON COMMERCE, FEBRUARY 24, 2020

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AN ACT

1 Amending Title 14 (Community Affairs) of the Pennsylvania  
2 Consolidated Statutes, consolidating provisions relating to  
3 the Community Development Bank Grant and Loan Program; and  
4 making a related repeal.

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

7 Section 1. Title 14 of the Pennsylvania Consolidated  
8 Statutes is amended by adding parts to read:

9 PART I

10 PRELIMINARY PROVISIONS

11 (Reserved)

12 PART II

13 (Reserved)

14 PART III

15 COMMUNITY REVITALIZATION

16 Chapter

17 31. Preliminary Provisions (Reserved)

18 32. (Reserved)

19 33. (Reserved)

1     34. (Reserved)

2     35. Community Development Bank Grant and Loan Program

3                     CHAPTER 31

4                     PRELIMINARY PROVISIONS

5                     (Reserved)

6                     CHAPTER 32

7                     (Reserved)

8                     CHAPTER 33

9                     (Reserved)

10                    CHAPTER 34

11                    (Reserved)

12                    CHAPTER 35

13                    COMMUNITY DEVELOPMENT BANK GRANT

14                    AND LOAN PROGRAM

15   Sec.

16   3501. Definitions.

17   3502. Continuation.

18   3503. Operation of Pennsylvania Community Development Bank.

19   3504. Deposits.

20   3505. Accreditation.

21   3506. Grants.

22   3507. Authority loans.

23   3508. Community development loans.

24   3509. Agreements.

25   3510. Report.

26   3511. Additional powers.

27   § 3501. Definitions.

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

1 "Authority." The Pennsylvania Economic Development Financing  
2 Authority.

3 "Board." The board of directors of the Pennsylvania Economic  
4 Development Financing Authority.

5 "Certification." Proof by any of the following:

6 (1) Receipts of paid taxes and municipal utility bills.

7 (2) Notarized affidavit by a recipient stating payments  
8 of real estate taxes and utility bills.

9 "Community development financial institution." A community  
10 development financial institution certified in accordance with  
11 the Community Development Banking and Financial Institutions Act  
12 of 1994 (Public Law 103-325, 108 Stat. 2163).

13 "Community development loan." A loan from a community  
14 development financial institution to low-income individuals,  
15 businesses and nonprofit organizations for the purpose of  
16 revitalizing distressed communities and buildings.

17 "Eligible institution." A community development financial  
18 institution which has been accredited by the department under  
19 section 3505 (relating to accreditation).

20 "Participating investors." Public or private entities which  
21 elect to participate with the authority in the loan programs  
22 under this chapter.

23 "Program." The Community Development Bank Grant and Loan  
24 Program continued under this chapter.

25 "Recipient." A person that receives a grant or loan under  
26 the program.

27 § 3502. Continuation.

28 (a) Program continued.--The Community Development Bank Grant  
29 and Loan Program is continued within the Pennsylvania Economic  
30 Development Financing Authority to be administered in accordance

1 with the act of August 23, 1967 (P.L.251, No.102), known as the  
2 Economic Development Financing Law.

3 (b) Name.--The program shall operate under the name of the  
4 Pennsylvania Community Development Bank.

5 § 3503. Operation of Pennsylvania Community Development Bank.

6 (a) Operational committee.--The authority shall establish,  
7 by resolution, a committee of the board consisting of not more  
8 than 21 members who shall be authorized by the authority to  
9 operate the program. The committee shall consist of all of the  
10 following:

11 (1) The secretary who shall be the chair of the  
12 committee.

13 (2) The State Treasurer.

14 (3) The Secretary of Banking and Securities.

15 (4) No more than 14 members appointed by the Governor  
16 representing participating investors and members of the  
17 general public.

18 (5) One member appointed by the President pro tempore of  
19 the Senate.

20 (6) One member appointed by the Speaker of the House of  
21 Representatives.

22 (7) One member appointed by the Minority Leader of the  
23 Senate.

24 (8) One member appointed by the Minority Leader of the  
25 House of Representatives.

26 (b) Limitation on voting.--No representative of an eligible  
27 institution may serve as a voting member of the committee.

28 (c) Terms.--The members shall serve at the pleasure of the  
29 appointing authority.

30 (d) Expenses.--The members of the committee may not receive

1 compensation for their services but shall be entitled to  
2 reimbursement for all necessary expenses incurred in connection  
3 with the performance of their duties.

4 (e) Quorum.--A majority of the members of the committee  
5 shall constitute a quorum.

6 § 3504. Deposits.

7 (a) Special accounts.--Money appropriated to the program may  
8 be deposited by the authority in banks or trust companies in  
9 special accounts. The following apply:

10 (1) Funds in the special accounts may be prudently  
11 invested in any of the following:

12 (i) Obligations of the Federal Government, its  
13 agencies and instrumentalities, which have a liquid  
14 market with a readily determinable market value.

15 (ii) Certificates of deposit and other evidences of  
16 deposit at financial institutions, bankers' acceptances  
17 and commercial paper rated in the highest tier by a  
18 nationally recognized rating agency.

19 (iii) Obligations of State and local governments and  
20 public authorities, which are rated in one of the top  
21 three rating categories by a nationally recognized rating  
22 agency.

23 (iv) Repurchase agreements with underlying purchased  
24 securities consisting of investments under subparagraph  
25 (i), (ii) or (iii).

26 (v) Money market funds regulated by the Securities  
27 and Exchange Commission having aggregate assets of at  
28 least \$50,000,000 on the date of investment with a  
29 portfolio consisting only of dollar-denominated  
30 securities.

1           (2) Investments under this subsection shall be made with  
2 judgment and care under circumstances then prevailing which  
3 persons of prudence, discretion and intelligence exercise in  
4 the management of their own affairs. Investments under this  
5 subsection shall not be for the purpose of speculation but  
6 for investment, considering the probable safety of their  
7 capital as well as the probable income to be derived.

8           (3) Investments under this subsection shall be made in  
9 accordance with written policies. The investment policies  
10 shall address liquidity, diversification, safety of  
11 principal, yield, maturity and quality and the capability of  
12 investment management, with a primary emphasis on safety and  
13 liquidity.

14       (b) Disbursements.--Money in special accounts under  
15 subsection (a) shall be paid out upon an order of the authority.  
16 § 3505. Accreditation.

17       (a) Participation.--The department shall accredit community  
18 development financial institutions to participate in the  
19 program. The department may revoke accreditation from a  
20 community development financial institution which no longer  
21 meets accreditation criteria. Accreditation of a community  
22 development financial institution under this chapter shall not,  
23 in and of itself, qualify an institution to participate in any  
24 other financing program administered by the department.

25       (b) Criteria.--The department's criteria for accreditation  
26 shall include certification under the Community Development  
27 Banking and Financial Institutions Act of 1994 (Public Law 103-  
28 325, 108 Stat. 2163) and other such criteria as the department  
29 deems appropriate.

30       (c) Geographic diversity.--The department shall accredit

1 eligible institutions in a manner to ensure the use of community  
2 development financial institutions in all geographic regions of  
3 this Commonwealth to the greatest extent possible.

4 § 3506. Grants.

5 (a) Certification or accreditation.--The authority may issue  
6 grants to an eligible institution or nonprofit organization  
7 which is seeking to obtain Federal certification or department  
8 accreditation as an eligible institution.

9 (b) Program participation.--In accordance with section  
10 3505(c) (relating to accreditation), the authority may issue  
11 grants for the purpose of developing or enhancing the ability of  
12 an eligible institution or nonprofit organization seeking to  
13 obtain Federal certification or department accreditation as an  
14 eligible institution to participate in the program.

15 (c) Contractual agreements.--The authority may issue grants  
16 or loans from the program to nonprofit organizations which have  
17 entered into a written contract with an eligible institution or  
18 a nonprofit organization receiving grants from the authority  
19 under subsection (b).

20 (d) Certain areas.--In areas where no eligible institution  
21 exists and no nonprofit organization is seeking to obtain  
22 Federal certification or department accreditation as an eligible  
23 institution, the authority may issue grants to a nonprofit  
24 organization deemed by the department to be performing  
25 activities consistent with the purposes of the Community  
26 Development Banking and Financial Institutions Act of 1994  
27 (Public Law 103-325, 108 Stat. 2163).

28 (e) Grant requirements.--Grants issued under this section  
29 shall provide technical assistance, training or other support to  
30 small businesses and, if applicable, shall be consistent with

1 the development plan of a community development financial  
2 institution.

3 § 3507. Authority loans.

4 (a) Terms and conditions.--The authority may make loans to  
5 an eligible institution from money appropriated to the program  
6 with terms and conditions as the authority may determine.

7 (b) Use of loans.--Loans under this section shall be made  
8 and used in accordance with August 23, 1967 (P.L.251, No.102),  
9 known as the Economic Development Financing Law, and the  
10 Community Development Banking and Financial Institutions Act of  
11 1994 (Public Law 103-325, 108 Stat. 2163) or any successor  
12 Federal law.

13 (c) Lenders or investors.--Loans under this section may be  
14 made by the authority as the sole lender or in cooperation with  
15 participating investors under agreements entered into in  
16 accordance with this chapter.

17 (d) Repayments.--Loan repayments under this section shall be  
18 used by the authority to make new loans to eligible  
19 institutions.

20 § 3508. Community development loans.

21 (a) Guidelines.--An eligible institution that receives loans  
22 under section 3507 (relating to authority loans) shall make and  
23 use community development loans in accordance guidelines  
24 established by the department and in a manner consistent with  
25 the Community Development Banking and Financial Institutions Act  
26 of 1994 (Public Law 103-325, 108 Stat. 2163). The guidelines  
27 shall include criteria for the approval of a portfolio of loans  
28 submitted by an eligible institution.

29 (b) Certification required.--An eligible institution that  
30 receives loans under section 3507 shall provide certification to



1 the department that the eligible institution does not have any  
2 outstanding municipal debts in the form of delinquent real  
3 estate taxes or municipal utility bills that are more than one  
4 year outstanding.

5 § 3509. Agreements.

6 The authority may enter into agreements and contracts as  
7 appropriate to implement the authority's duties under this  
8 chapter, including agreements with participating investors.

9 § 3510. Report.

10 Within 90 days of the end of each fiscal year, the authority  
11 shall prepare, in consultation with the committee established  
12 under section 3503(a) (relating to operation of Pennsylvania  
13 Community Development Bank), an annual report to the chair and  
14 minority chair of the Appropriations Committee of the Senate and  
15 the chair and minority chair of the Appropriations Committee of  
16 the House of Representatives. The report, which shall be for the  
17 immediately preceding fiscal year, shall include all of the  
18 following information:

19 (1) The amount of money appropriated to the program and  
20 deposited by the authority in special accounts in banks or  
21 trust companies under section 3504(a) (relating to deposits).

22 (2) The amount of disbursements made from the special  
23 accounts under section 3504(b).

24 (3) The number, name and location of community  
25 development financial institutions accredited by the  
26 department.

27 (4) The number and amount of grants to community  
28 development financial institutions or nonprofit  
29 organizations.

30 § 3511. Additional powers.

1 The authority shall have all other powers granted to the  
2 authority under the act of August 23, 1967 (P.L.251, No.102),  
3 known as the Economic Development Financing Law. The authority  
4 may operate other community development programs under the name  
5 of the Pennsylvania Community Development Bank, including  
6 programs authorized and funded under the Federal Rural  
7 Development Block Grant Program.

8 Section 2. Repeals are as follows:

9 (1) The General Assembly declares that the repeal under  
10 paragraph (2) is necessary to effectuate the addition of 14  
11 Pa.C.S. Ch. 35.

12 (2) Chapter 25 of the act of June 29, 1996 (P.L.434,  
13 No.67), known as the Job Enhancement Act, is repealed.

14 Section 3. The addition of 14 Pa.C.S. Ch. 35 is a  
15 continuation of Chapter 25 of the act of June 29, 1996 (P.L.434,  
16 No.67), known as the Job Enhancement Act. The following apply:

17 (1) Except as otherwise provided in 14 Pa.C.S. Ch. 35,  
18 all activities initiated under Chapter 25 of the Job  
19 Enhancement Act shall continue and remain in full force and  
20 effect and may be completed under 14 Pa.C.S. Ch. 35. Orders,  
21 regulations, rules and decisions which were made under  
22 Chapter 25 of the Job Enhancement Act and which are in effect  
23 on the effective date of section 2(2) of this act shall  
24 remain in full force and effect until revoked, vacated or  
25 modified under 14 Pa.C.S. Ch. 35. Contracts, obligations and  
26 collective bargaining agreements entered into under Chapter  
27 25 of the Job Enhancement Act are not affected nor impaired  
28 by the repeal of Chapter 25 of the Job Enhancement Act.

29 (2) Any difference in language between 14 Pa.C.S. Ch. 35  
30 and Chapter 25 of the Job Enhancement Act is intended only to

1 conform to the style of the Pennsylvania Consolidated  
2 Statutes and is not intended to change or affect the  
3 legislative intent, judicial construction or administration  
4 and implementation of Chapter 25 of the Job Enhancement Act.  
5 Section 4. This act shall take effect in 60 days.