
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 284 Session of
2015

INTRODUCED BY THOMAS, LONGIETTI, COHEN, KINSEY AND V. BROWN,
FEBRUARY 2, 2015

REFERRED TO COMMITTEE ON COMMERCE, FEBRUARY 2, 2015

AN ACT

1 Establishing the Pennsylvania Small Business Forgivable Loan
2 Program; and conferring powers and imposing duties on the
3 Department of Community and Economic Development.

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

6 Section 1. Short title.

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

9 Section 2. Declaration of purpose.

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

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

16 (2) Help small businesses grow and improve the quality
17 of their goods and services to allow them to become social
18 anchors in terms of employment and neighborhood

1 stabilization.

2 Section 3. Definitions.

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

6 "Department." The Department of Community and Economic
7 Development of the Commonwealth.

8 "Eligible improvements." The term includes, but is not
9 limited to, improvements made to, or addition of, any of the
10 following:

- 11 (1) Security systems.
- 12 (2) Telephone systems.
- 13 (3) Alarm systems.
- 14 (4) Point of sale equipment.
- 15 (5) Kitchen equipment.
- 16 (6) Computer ordering systems.
- 17 (7) Millwork.
- 18 (8) Flooring.
- 19 (9) Lighting.
- 20 (10) Sound systems.
- 21 (11) Theater seating.
- 22 (12) Display of furnishings and shelving.
- 23 (13) HVAC equipment.
- 24 (14) Coolers and refrigeration units.
- 25 (15) Specialty piping, not including normal plumbing
26 expenditures.
- 27 (16) Any other similar improvement imperative for
28 growth.

29 "Program." The Pennsylvania Small Business Forgivable Loan
30 Program established under section 4.

1 "Qualified applicant." A small business that:

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

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

8 Section 4. Establishment of program.

9 The Pennsylvania Small Business Forgivable Loan Program is
10 established to help small businesses make eligible improvements
11 in a new location or an existing location. The program shall be
12 administered by the department.

13 Section 5. Requirements for program.

14 (a) Application.--The department shall establish a process
15 for qualified applicants to apply and be approved for
16 participation in the program. The department may require
17 applicants to provide certain information, including, but not
18 limited to:

19 (1) A business plan.

20 (2) Various financial documents.

21 (3) Any other documentation the department deems
22 necessary.

23 (b) Evaluation.--Applications shall be evaluated by the
24 department on a competitive basis using a variety of criteria,
25 including, but not limited to, the following:

26 (1) Whether the project will result in any of the
27 following:

28 (i) Enhancement of an existing cluster of retail,
29 food or creative businesses.

30 (ii) Generation of increased foot traffic to a

1 commercial corridor by attracting or enhancing a business
2 that will serve as a destination for new visitors.

3 (iii) Improvement of the retail mix found within a
4 commercial corridor by starting a new business that meets
5 an identified, unmet need for specific goods and
6 services.

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

9 (3) Whether the applicant has demonstrated community
10 support.

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

13 (c) Amount.--The amount of a loan issued under the program
14 shall not be less than \$25,000 nor more than \$50,000.

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

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

19 (2) If the recipient does not meet the guidelines of the
20 program for five years, the recipient shall repay the amount
21 of the loan to the department within a period of five years.
22 The principal of the loan shall accrue interest beginning at
23 the time the recipient fails to meet the guidelines of the
24 program. The department shall use the money which is repaid
25 to make future loans under the program.

26 Section 6. Funding.

27 Loans issued under the program may be made to the extent that
28 funds are appropriated by the General Assembly or available from
29 other sources and are sufficient to cover the administration of
30 the program.

1 Section 7. Annual report.

2 (a) Development of report.--The department shall publish a
3 report by December 31, 2016, and every year thereafter for the
4 immediately preceding fiscal year. The report shall provide
5 information regarding the operation of the program, including:

6 (1) The number of program applications received and
7 approved by the department.

8 (2) The amount of each loan issued under the program by
9 the department.

10 (3) Any department recommendations for improvements and
11 adjustments to program guidelines.

12 (b) Submission.--The annual report shall be submitted to the
13 Governor, the chairman and minority chairman of the
14 Appropriations Committee of the Senate, the chairman and
15 minority chairman of the Community, Economic and Recreational
16 Development Committee of the Senate, the chairman and minority
17 chairman of the Appropriations Committee of the House of
18 Representatives and the chairman and minority chairman of the
19 Commerce Committee of the House of Representatives.

20 Section 8. Tax applicability.

21 Loan forgiveness under this act shall not be considered
22 taxable income for purposes of Article III of the act of March
23 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

24 Section 9. Responsibility of the department.

25 The department shall administer the program and shall adopt
26 such regulations, guidelines, policies, procedures and forms as
27 are necessary and not inconsistent with the provisions of this
28 act.

29 Section 10. Effective date.

30 This act shall take effect in 90 days.