
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 827 Session of
2021

INTRODUCED BY GILLESPIE, HILL-EVANS, ROTHMAN, LONGIETTI,
NEILSON, ZIMMERMAN, FREEMAN, SAYLOR, ROZZI, PISCIOTTANO,
R. BROWN, C. WILLIAMS AND RABB, MARCH 8, 2021

AS AMENDED ON THIRD CONSIDERATION, IN SENATE, JUNE 23, 2021

AN ACT

1 Amending Title 72 (Taxation and Fiscal Affairs) of the
2 Pennsylvania Consolidated Statutes, establishing
3 microenterprise loan programs and abating real property
4 assessment.

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

7 Section 1. Title 72 of the Pennsylvania Consolidated
8 Statutes is amended by adding a chapter to read:

9 CHAPTER 31

10 MICROENTERPRISE ASSISTANCE

11 Subchapter

12 A. Preliminary Provisions

13 B. Microenterprise Loan Programs

14 SUBCHAPTER A

15 PRELIMINARY PROVISIONS

16 Sec.

17 3101. Definitions.

18 § 3101. Definitions.

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

4 "Administrative entity." Any of the following:

5 (1) An entity certified by the Pennsylvania Industrial
6 Development Authority under 64 Pa.C.S. § 1123 (relating to
7 certification of economic development organizations).

8 (2) A public instrumentality of the Commonwealth and a
9 body politic and corporate created under the act of August
10 23, 1967 (P.L.251, No.102), known as the Economic Development
11 Financing Law.

12 (3) An authority organized and existing under the former
13 act of May 2, 1945 (P.L.382, No.164), known as the
14 Municipality Authorities Act of 1945, or an authority
15 established under 53 Pa.C.S. Ch. 56 (relating to municipal
16 authorities).

17 (4) A redevelopment authority established under the act
18 of May 24, 1945 (P.L.991, No.385), known as the Urban
19 Redevelopment Law.

20 (5) A community development financial institution
21 certified in accordance with the Community Development
22 Banking and Financial Institutions Act of 1994 (Public Law
23 103-325, 108 Stat. 2163).

24 "Department." The Department of Community and Economic
25 Development of the Commonwealth.

26 "DISADVANTAGED BUSINESS." AS DEFINED IN 74 PA.C.S. § 303(B) <--
27 (RELATING TO DIVERSE BUSINESS PARTICIPATION).

28 "DIVERSE GROUP." A DISADVANTAGED BUSINESS, MINORITY-OWNED
29 BUSINESS, WOMEN-OWNED BUSINESS, SERVICE-DISABLED VETERAN-OWNED
30 SMALL BUSINESS OR VETERAN-OWNED SMALL BUSINESS THAT HAS BEEN

1 CERTIFIED BY A THIRD-PARTY CERTIFYING ORGANIZATION.

2 "Low income." A household with total income at or below 80%
3 of the area median income, adjusted for household size, as
4 defined annually by the United States Department of Housing and
5 Urban Development.

6 "Microenterprise." A start-up entrepreneur that employs one <--
7 to five employees who are residents of this Commonwealth and has
8 the qualifying amount of capital under the Small Business Jobs
9 Act of 2010 (Public Law 111 240, 124 Stat. 2504)., TOGETHER WITH <--
10 ITS AFFILIATES, HAS 25 OR FEWER EMPLOYEES AND AVERAGE GROSS
11 RECEIPTS OF \$3,000,000 OR LESS AVERAGED OVER THE PREVIOUS THREE
12 YEARS.

13 "MINORITY-OWNED BUSINESS." AS DEFINED IN 74 PA.C.S. §
14 303(B).

15 "Municipality." A county, city, borough, incorporated town,
16 township or home rule municipality.

17 "Program." A microenterprise assistance program authorized
18 by this chapter.

19 "Real property." Land and all structures and fixtures
20 thereon and all estates and interests in land, including
21 easements, covenants and leaseholders.

22 "School district." As to any real property acquired, owned
23 or conveyed by an administrative entity, the school district
24 within which the geographical jurisdiction of the real property
25 is located.

26 "SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESS." AS DEFINED <--
27 IN 51 PA.C.S. § 9601 (RELATING TO DEFINITIONS).

28 "Start-up entrepreneur." An individual who is a resident of
29 this Commonwealth, a partnership or worker cooperative
30 corporation formed or incorporated within this Commonwealth and

1 the owners of which partnership or worker cooperative
2 corporation are residents of this Commonwealth or a single-
3 member limited liability company incorporated in this
4 Commonwealth, the owner of which is a resident of this
5 Commonwealth. The term does not include:

6 (1) A worker cooperative corporation incorporated within
7 this Commonwealth, the owners of which do not have a
8 controlling ownership interest in the worker cooperative
9 corporation.

10 (2) A single-member limited liability company
11 incorporated within this Commonwealth, the single-member of
12 which is another limited liability company or other business
13 entity.

14 "THIRD-PARTY CERTIFYING ORGANIZATION." AS DEFINED IN 74 <--
15 PA.C.S. § 303(B).

16 "VETERAN-OWNED SMALL BUSINESS." AS DEFINED IN 51 PA.C.S. §
17 9601.

18 "WOMEN-OWNED BUSINESS." AS DEFINED IN 74 PA.C.S. § 303(B).

19 SUBCHAPTER B

20 MICROENTERPRISE LOAN PROGRAMS

21 Sec.

22 3111. Purpose.

23 3112. Powers of administrative entity.

24 3113. Acquisition of property and responsibilities.

25 3114. Funding.

26 3115. Property tax exemption schedule of real property.

27 3116. Microenterprise loans.

28 3117. Administration of program.

29 3118. Disposition of property.

30 § 3111. Purpose.

1 An administrative entity may create a microenterprise loan
2 program to assist start-up entrepreneurs and, to the extent
3 possible, low-income individuals AND DIVERSE GROUPS in the <--
4 establishment of a microenterprise.

5 § 3112. Powers of administrative entity.

6 (a) General rule.--In addition to powers granted to an
7 administrative entity in other laws, an administrative entity
8 shall have the following powers necessary to operate a program:

9 (1) To issue loans to microenterprises that will operate
10 on property owned by the administrative entity and leased to
11 the microenterprise. The program shall target
12 microenterprises owned by low-income individuals AND DIVERSE <--
13 GROUPS who are residents of this Commonwealth.

14 (2) To negotiate for loans and grants from both public
15 and private sources in order to fund the program.

16 (3) To acquire property to lease to start-up
17 entrepreneurs in order to facilitate the establishment of a
18 microenterprise.

19 (4) To enter into an intergovernmental cooperation
20 agreement with other administrative entities or
21 municipalities relative to the operations of the program.

22 (b) Eminent domain.--An administrative entity does not
23 possess the power of eminent domain by establishing and
24 implementing a program.

25 § 3113. Acquisition of property and responsibilities.

26 (a) General rule.--An administrative entity may acquire real
27 property to lease to start-up entrepreneurs who receive a
28 microenterprise loan under the program in the following manners:

29 (1) An administrative entity may acquire real property
30 by purchase contracts, lease purchase agreements, installment

1 sales contracts and land contracts and may accept transfers
2 from municipalities upon terms and conditions as agreed to by
3 the administrative entity and the municipality.

4 (2) A municipality may transfer to an administrative
5 entity real property and interests in real property of the
6 municipality on terms and conditions and according to
7 procedures determined by the municipality so long as the real
8 property is located within the jurisdiction of the
9 municipality.

10 (3) A redevelopment authority may, with the consent of
11 the local governing body and without a redevelopment
12 contract, convey property which the redevelopment authority
13 acquired before the effective date of this paragraph to the
14 administrative entity. A conveyance under this paragraph
15 shall be with fee simple title, free of all liens and
16 encumbrances.

17 (4) An administrative entity may, if authorized by the
18 jurisdiction that created an authority or otherwise by
19 intergovernmental cooperation agreement, accept donations of
20 real property and extinguish delinquent claims for taxes as
21 to the property under section 5.1 of the act of May 16, 1923
22 (P.L.207, No.153), referred to as the Municipal Claim and Tax
23 Lien Law, or section 303 of the act of July 7, 1947
24 (P.L.1368, No.542), known as the Real Estate Tax Sale Law.
25 For the purposes of this paragraph, the administrative entity
26 shall have all rights and obligations of the municipality
27 provided for in section 5.1 of the Municipal Claim and Tax
28 Lien Law.

29 (5) Notwithstanding any other provision of law to the
30 contrary, if a tax-delinquent property offered at judicial

1 sale is not sold, the trustee may donate the property to an
2 administrative entity for the purpose of this chapter after
3 written notification of the transfer to all interested
4 parties.

5 (b) Title to be held in its name.--An administrative entity
6 shall hold in its own name all real property it acquires to
7 administer the microenterprise program under this chapter.

8 § 3114. Funding.

9 (a) General rule.--The administrative entity may receive
10 funding through grants from:

11 (1) The Federal Government.

12 (2) The Commonwealth.

13 (3) A municipality that created the administrative
14 entity.

15 (4) Private sources.

16 (b) Revenue.--An administrative entity may receive and
17 retain payments for services rendered, for rents and leasehold
18 payments received, for consideration for disposition of real and
19 personal property, for proceeds of insurance coverage for losses
20 incurred, for income from investments and for an asset and
21 activity lawfully permitted to the administrative entity under
22 this chapter.

23 § 3115. Property tax exemption schedule of real property.

24 A municipality and school district shall have the power and
25 authority to grant property tax abatement, in accordance with
26 this section, to properties leased to a microenterprise for one
27 or more consecutive years and owned by an administrative entity.

28 The following apply:

29 (1) For the first, second and third years for which the
30 property would otherwise be taxable and is continually leased

1 to the microenterprise, 100% of the eligible assessment shall
2 be exempted.

3 (2) For the fourth year for which the property would
4 otherwise be taxable and is continually leased to the
5 microenterprise, 90% of the eligible assessment shall be
6 exempted.

7 (3) For the fifth year for which the property would
8 otherwise be taxable and is continually leased to the
9 microenterprise, 75% of the eligible assessment shall be
10 exempted.

11 (4) For the sixth year for which the property would
12 otherwise be taxable and is continually leased to the
13 microenterprise, 60% of the eligible assessment shall be
14 exempted.

15 (5) For the seventh year for which the property would
16 otherwise be taxable and is continually leased to the
17 microenterprise, 45% of the eligible assessment shall be
18 exempted.

19 (6) For the eighth year for which the property would
20 otherwise be taxable and is continually leased to the
21 microenterprise, 30% of the eligible assessment shall be
22 exempted.

23 (7) For the ninth year for which the property would
24 otherwise be taxable and is continually leased to the
25 microenterprise, 15% of the eligible assessment shall be
26 exempted.

27 (8) For the tenth year for which the property would
28 otherwise be taxable and is continually leased to the
29 microenterprise, 10% of the eligible assessment shall be
30 exempted.

1 (9) After the tenth year of being continually leased to
2 the microenterprise, the exemption shall terminate.

3 § 3116. Microenterprise loans.

4 (a) Loan issuance.--

5 (1) An administrative entity may issue a loan to a
6 microenterprise that operates on property owned by the
7 administrative entity within the program.

8 (2) An administrative entity may partner with a private
9 entity that issues microloans for the purpose of providing a
10 loan under paragraph (1).

11 (3) If a loan payment becomes delinquent, the
12 administrative entity may offer a hardship agreement to the
13 microenterprise to restructure the payment process.

14 (b) Training.--

15 (1) For the purpose of reducing the financial risk
16 involved in issuing a loan under subsection (a)(1) and
17 providing loan applicants with the skills necessary to
18 succeed, a loan applicant must complete business courses and
19 workshops on operating a business, creating market strategy
20 and customer interaction to be eligible to receive a loan.

21 (2) If the loan applicant is a worker cooperative
22 corporation, all owners of the worker cooperative corporation
23 must complete the business courses and workshops under
24 paragraph (1).

25 (c) Training resources.--

26 (1) Upon request by an administrative entity, the
27 department shall assist the administrative entity in
28 identifying organizations that can provide the business
29 training required under subsection (b) to loan applicants.
30 The administrative entity shall direct loan applicants to the

1 organizations that provide the business training.

2 (2) The administrative entity may partner with a private
3 entity, including commercial and nonprofits or organizations
4 specializing in training start-up entrepreneurs, for any of
5 the following:

6 (i) using the private entity's facilities or
7 expertise to help loan applicants fulfill the business
8 training required under subsection (b); or

9 (ii) acquiring building space, whether the building
10 space is leased or donated, for the purpose of conducting
11 business training required under subsection (b).

12 (d) Eligible applicants.--

13 (1) An administrative entity shall impose requirements
14 for eligible applicants, and the requirements shall be
15 readily available to the public. The requirements shall
16 include provisions that:

17 (i) An applicant must be low income and located in
18 this Commonwealth.

19 (ii) An applicant must demonstrate need for capital
20 and technical assistance to operate a business, with need
21 defined by the administrative entity.

22 (iii) An applicant must have an established business
23 plan and provide a summary of the plan to the
24 administrative entity, if requested.

25 (2) (Reserved).

26 § 3117. Administration of program.

27 (a) Limitation on administrative cost.--The cost of
28 administering a program may not exceed 10% of the program's
29 operating budget.

30 (b) Maintenance.--An administrative entity shall maintain

1 all of its real property in accordance with the laws of this
2 Commonwealth and ordinances of the jurisdiction in which the
3 real property is located.

4 § 3118. Disposition of property.

5 (a) Public access to inventory.--An administrative entity
6 shall maintain and make available for public review and
7 inspection an inventory of real property held by the
8 administrative entity for the program.

9 (b) Power.--The administrative entity may convey, exchange,
10 sell, transfer, lease, grant or mortgage interests in real
11 property of the administrative entity in the form and by the
12 method determined by the administrative entity to be in the best
13 interests of the microenterprise loan program.

14 (c) Consideration.--

15 (1) The administrative entity shall determine the amount
16 and form of consideration necessary to convey, exchange,
17 sell, transfer, lease as lessor, grant or mortgage interests
18 in real property.

19 (2) Consideration may take the form of monetary payments
20 and secured financial obligations, covenants and conditions
21 related to the present and future use of the property,
22 contractual commitments of the transferee and other forms of
23 consideration as determined by the administrative entity to
24 be in the best interest of the program.

25 (d) Policies and procedures.--

26 (1) An administrative entity shall create policies and
27 procedures providing the general terms and conditions for
28 consideration to be received by the administrative entity for
29 the transfer of real property and interests in real property.

30 (2) Requirements which may be applicable to the

1 disposition of real property and interests in real property
2 by municipalities shall not be applicable to the disposition
3 of real property and interests in real property by the
4 administrative entity.

5 (e) Land use plans.--The administrative entity shall
6 consider all adopted land use plans and make reasonable efforts
7 to coordinate the disposition of an administrative entity's real
8 property with the land use plans.

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