
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. **377** Session of
1961

INTRODUCED BY MESSRS. KALMAN, MURRAY, LANE, SCOTT,
FLACK, MCGINNIS AND HAYS, MARCH 7, 1961.

REFERRED TO COMMITTEE ON STATE GOVERNMENT,
MARCH 7, 1961.

AN ACT

Amending the act of May 17 1956 (P L 1609) entitled "An act to promote the welfare of the people of the Commonwealth by the reduction of unemployment in certain areas of the Commonwealth determined to be critical economic areas providing for the establishment of industrial development projects in such areas creating The Pennsylvania Industrial Development Authority as a body corporate and politic with power to allocate funds for and make secured loans to industrial development

KEYLAWYER—CAPITAL LETTERS indicate new matter added to bill. Matter stricken through is to be omitted from bill.
Underscoring indicates new matter added to existing law. [Brackets] indicate matter stricken from existing law.

agencies for the payment of a part of the cost of industrial development projects in critical economic areas authorizing the Authority to enter into agreements with the Government of the United States or any Federal agency or industrial development agency empowering the Authority to take title to sell convey and lease industrial development projects where necessary to protect loans made by the Pennsylvania Industrial Development Authority on industrial development projects providing that no debt of the Commonwealth its municipalities or political subdivisions shall be incurred in the exercise of any powers granted by this act and providing for the examination of the accounts and affairs of the Authority and making an appropriation" further providing for the amount the Authority can contract to loan and the amount that must be provided for by the industrial development agency

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows

- 1 Section 1 Section 6 act of May 17 1956 (P L 1609) known as the
- 2 "Pennsylvania Industrial Development Authority Act" is amended to
- 3 read

1 Section 6 Powers of the Authority Loans to Industrial Develop-
2 ment Agencies When it has been determined by the Authority upon
3 application of an industrial development agency and hearing thereon
4 in the manner hereinafter provided that the establishment of a par-
5 ticular industrial development project of such industrial development
6 agency in a critical economic area has accomplished or will accomplish
7 the public purposes of this act the Authority may contract to loan such
8 industrial development agency an amount dependent upon the amount
9 of unemployment in the critical economic area but not in excess of
10 [(30%)] (45%) of the cost or estimated cost of such industrial develop-
11 ment project as established or to be established subject however to the
12 following conditions and limitations

13 (a) Industrial development projects to be established [(i)] The
14 Authority shall [have first determined that] first determine what the
15 percentage of unemployment is within the critical economic area If
16 the amount of unemployment is (7%) or less the Authority may con-
17 tract to loan (30%) of the cost or estimated cost if the industrial de-
18 velopment agency holds funds in an amount equal to or property of a
19 value equal to not less than (20%) of the estimated cost of establish-
20 ing the industrial development project which funds or property are

1 available for and shall be applied to the establishment of such project
2 [and (ii) the] If the Authority determines that the percentage of un-
3 employment is (8%) but less than (13%) they may contract to loan
4 (35%) of the cost or estimated cost if the industrial development
5 agency has at least (15%) as provided in this subsection If the Author-
6 ity determines that the percentage of unemployment is (13%) but less
7 than (21%) they may contract to loan (40%) of the cost or estimated
8 cost if the industrial development agency has at least (10%) as provided
9 in this subsection If the Authority determines that the percentage of
10 unemployment is greater than (20%) they may contract to loan (45%)
11 of the cost or estimated cost if the industrial development agency has
12 at least (5%) as provided in this subsection The Authority shall have
13 also determined that the industrial development agency has obtained
14 from other independent and responsible sources such as banks and in-
15 surance companies or otherwise a firm commitment for all other funds
16 over and above the loan of the Authority and such funds or property
17 as the industrial development agency may hold necessary for payment
18 of all the estimated cost of establishing the industrial development
19 project and that the sum of all these funds together with the machinery
20 and equipment to be provided by the responsible tenant or responsible

1 buyer is adequate to insure completion and operation of the plant or
2 facility

3 (b) Industrial development projects established without initial Au-
4 thority loan participation [(i)] The Authority shall [have first deter-
5 mined that] first determine what the percentage of unemployment is
6 within the critical economic area If the amount of unemployment is
7 (7%) or less the Authority may contract to loan (30%) of the cost or
8 estimated cost if the industrial development agency has expended funds
9 in an amount equal to or has applied property of a value equal to not
10 less than (20%) of the cost of establishing the industrial development
11 project [and (ii) tho] If the Authority determines that the percentage
12 of unemployment is (8%) but less than (13%) they may contract to
13 loan (35%) of the cost if the industrial development agency has ex-
14 pended funds in an amount equal to or has applied property of a value
15 equal to not less than (15%) If the Authority determines that the per-
16 centage of unemployment is (13%) but less than (20%) they may
17 contract to loan (40%) of the cost if the industrial development agency
18 has expended funds in an amount equal to or has applied property of
19 a value equal to not less than (10%) If the Authority determines that
20 the percentage of unemployment is greater than (21%) they may con-

1 tract to loan (45%) of the cost if the industrial development agency
2 has expended funds in an amount equal to or has applied property of a
3 value equal to not less than (5%) The Authority shall have also de-
4 termined that the industrial development agency obtained from other
5 independent and responsible sources such as banks and insurance com-
6 panies or otherwise other funds necessary for payment of all the cost
7 of establishing the industrial development project and that the indus-
8 trial development agency participation and these funds together with
9 the machinery and equipment provided by the responsible tenant or
10 responsible buyer has been adequate to insure completion and opera-
11 tion of the plant or facility Provided however That the proceeds of any
12 loan made by the Authority to the industrial development agency pur-
13 suant to this subsection (b) shall be used only for the establishment of
14 additional industrial development projects in furtherance of the public
15 purposes of this act

16 Any such loan of the Authority shall be for such period of time
17 and shall bear interest at such rate as shall be determined by the Au-
18 thority and shall be secured by bond of the industrial development
19 agency and by mortgage on the industrial development project for which
20 such loan was made such mortgage to be second and subordinate only

1 to the mortgage securing the first lien obligation issued to secure the
2 commitment of funds from the aforesaid independent and responsible
3 sources and used in the financing of the industrial development project

4 Moneys so loaned by the Authority to industrial development
5 agencies shall be withdrawn from the Industrial Development Fund and
6 paid over to the industrial development agency in such manner as shall
7 be provided and prescribed by the rules and regulations of the Authority

8 All payments of interest on said loans and the principal thereof
9 shall be deposited by the Authority in the Industrial Development Fund

10 Loans by the Authority to an industrial development agency for
11 an industrial development project shall be made only in the manner
12 and to the extent as in this section six provided except however in those
13 instances wherein an agency of the Federal government participates in
14 the financing of an industrial development project by loan grant or
15 otherwise of Federal funds When any Federal agency does so participate
16 the Authority may adjust the required ratios of financial participation
17 by the industrial development agency the source of independent funds
18 and the Authority in such manner as to insure the maximum benefit
19 available to the industrial development agency the Authority or both
20 by the participation of the Federal agency Provided however That no

1 such adjustment of such ratios shall cause the Authority to grant a
2 loan to the industrial development agency in excess of [(30%)] (45%)
3 of the cost or estimated cost of the industrial development project

4 Where any Federal agency participating in the financing of an
5 industrial development project is not permitted to take as security for
6 such participation a mortgage the lien of which is junior to the mortgage
7 of the Authority the Authority shall in such instances be authorized
8 to take as security for its loan to the industrial development agency a
9 mortgage junior in lien to that of the Federal agency

We certify that this bill has passed the Senate and the House of
Representatives.

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Chief Clerk, Senate

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President pro tempore, Senate

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Speaker, House of Representatives

Approved The day of A. D. 1961.

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Governor