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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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# SENATE BILL

No. **629** Session of  
1961

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INTRODUCED BY MESSRS. WEINER, KALMAN, LANE AND  
MURRAY, MAY 9, 1961.

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REFERRED TO COMMITTEE ON STATE GOVERNMENT,  
MAY 9, 1961.

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## 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 agencies for

EXPLANATION—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.

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" empowering the Authority to purchase first mortgages and to make payments on first mortgages on industrial development projects where necessary to protect loans made by the Authority on industrial development projects and increasing the amount the Authority can contract to loan and decreasing the amount that must be provided by industrial development agencies in the financing of industrial development projects and removing the limitation as to the amount of

Authority loans on industrial development projects where Federal agencies participate in the financing of such projects

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

1 Section 1 Section 5 act of May 17 1956 (P L 1609) known as the  
2 "Pennsylvania Industrial Development Authority Act" is amended by  
3 adding at the end thereof a new sub-paragraph (q) to read

4 Section 3 Powers of the Authority General The Authority as  
5 a public corporation and governmental instrumentality exercising  
6 public powers of the Commonwealth is hereby granted and shall  
7 have and may exercise all powers necessary or appropriate to carry  
8 out and effectuate the purposes of this act including the following  
9 powers in addition to others herein granted

10 \* \* \*

11 (q) To purchase first mortgages and to make payments on first  
12 mortgages on any industrial development project where such purchase  
13 or payment is necessary to protect any loan previously made  
14 therefor by the Authority and to sell transfer convey and assign  
15 any such first mortgage Moneys so used by the Authority in the  
16 purchase of any first mortgages or any payments thereon shall be

1 withdrawn from the Industrial Development Fund and any moneys  
2 derived from the sale of any first mortgages shall be deposited by  
3 the Authority in the Industrial Development Fund

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

7 Section 6 Powers of the Authority Loans to Industrial De-  
8 velopment Agencies When it has been determined by the Authority  
9 upon application of an industrial development agency and hearing  
10 thereon in the manner hereinafter provided that the establishment  
11 of a particular industrial development project of such industrial  
12 development agency in a critical economic area has accomplished or  
13 will accomplish the public purposes of this act the Authority may  
14 contract to loan such industrial development agency an amount not  
15 in excess of [~~(30%)~~] (40%) of the cost or estimated cost of such  
16 industrial development project as established or to be established  
17 subject however to the following conditions

18 (a) Industrial development projects to be established (i) The  
19 Authority shall have first determined that the industrial develop-  
20 ment agency holds funds in an amount equal to or property of a

1 value equal to not less than [(20%)] (10%) of the estimated cost  
2 of establishing the industrial development project which funds or  
3 property are available for and shall be applied to the establishment  
4 of such project and (ii) the Authority shall have also determined  
5 that the industrial development agency has obtained from other  
6 independent and responsible sources such as banks and insurance  
7 companies or otherwise a firm commitment for all other funds over  
8 and above the loan of the Authority and such funds or property  
9 as the industrial development agency may hold necessary for pay-  
10 ment of all the estimated cost of establishing the industrial develop-  
11 ment project and that the sum of all these funds together with the  
12 machinery and equipment to be provided by the responsible tenant  
13 or responsible buyer is adequate to insure completion and operation  
14 of the plant or facility

15 (b) Industrial development projects established without initial  
16 Authority loan participation (i) The Authority shall have first  
17 determined that the industrial development agency has expended  
18 funds in an amount equal to or has applied property of a value equal  
19 to not less than (20%) of the cost of establishing the industrial

1 development project and (ii) the Authority shall have also deter-  
2 mined that the industrial development agency obtained from other  
3 independent and responsible sources such as banks and insurance  
4 companies or otherwise other funds necessary for payment of all  
5 the cost of establishing the industrial development project and that  
6 the industrial development agency participation and these funds  
7 together with the machinery and equipment provided by the re-  
8 sponsible tenant or responsible buyer has been adequate to insure  
9 completion and operation of the plant or facility Provided however  
10 That the proceeds of any loan made by the Authority to the in-  
11 dustrial development agency pursuant to this subsection (b) shall  
12 be used only for the establishment of additional industrial develop-  
13 ment projects in furtherance of the public purposes of this act

14 Any such loan of the Authority shall be for such period of time  
15 and shall bear interest at such rate as shall be determined by the  
16 Authority and shall be secured by bond or note of the industrial  
17 development agency and by mortgage on the industrial development  
18 project for which such loan was made such mortgage to be second  
19 and subordinate only to the mortgage securing the first lien obliga-  
20 tion issued to secure the commitment of funds from the aforesaid

1 independent and responsible sources and used in the financing of the  
2 industrial development project

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

11 Loans by the Authority to an industrial development agency  
12 for an industrial development project shall be made only in the  
13 manner and to the extent as in this section six provided except how-  
14 ever in those instances wherein an agency of the Federal govern-  
15 ment participates in the financing of an industrial development proj-  
16 ect by loan grant or otherwise of Federal funds When any Federal  
17 agency does so participate the Authority may adjust the required  
18 ratios of financial participation by the industrial development agency  
19 the source of independent funds and the Authority in such manner  
20 as to insure the maximum benefit available to the industrial develop-

1       ment agency the Authority or both by the participation of the Fed-  
2       eral agency [Provided however That no such adjustment of such  
3       ratios shall cause the Authority to grant a loan to the industrial  
4       development agency in excess of (30%) of the cost or estimated  
5       cost of the industrial development project]

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

12      Section 3 The provisions of this act shall become effective immidi-  
13      ately upon enactment

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