

## No. 1980-49

## AN ACT

## SB 1200

Amending the act of May 17, 1956 (1955 P.L.1609, No.537), 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 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," providing for the designation of critical economic areas annually or for periods of less than one year; changing the definition of industrial enterprise to include office buildings utilized as National or regional headquarters or computer or clerical operations centers; correcting the definition of industrial development fund; adding the definition of small business; extending the life of the Authority; repealing subsections (c) and (d) of section 6; providing for increased percentages of loans to be made to industrial development agencies based upon varying and increased rates of unemployment in critical economic areas and providing for larger loans for small businesses and removing the industrial development agency project percentage in certain instances.

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

Section 1. Clauses (d), (h) and (n) of section 3, act of May 17, 1956 (1955 P.L.1609, No.537), known as the "Pennsylvania Industrial Development Authority Act," clause (d) amended June 16, 1972 (P.L.475, No.153) and clause (n) added July 10, 1963 (P.L.221, No.125), are amended and the section is amended by adding a clause to read:

Section 3. Definitions.—The following terms, whenever used or referred to in this act, shall have the following meanings, except in those instances where the context clearly indicates otherwise:

\* \* \*

(d) The term "critical economic area" shall mean the area encompassing any municipality or group of municipalities, county, group of counties or region of the Commonwealth reasonably defined by the Authority wherein critical conditions of unemployment, economic depression, wide-spread reliance on public assistance and unemployment compensation are found to exist by the Authority. Prior to

determination and designation of any area of the Commonwealth as a critical economic area the Authority shall conduct such investigations of the area and of the records and statistical indices of the Department of Labor and Industry, [the Department of Agriculture, the Department of Public Welfare and the Department of Commerce of the Commonwealth,] as well as the declarations and statistics of any *other State or* Federal agencies as shall be necessary to establish the existence of the above conditions in such area and to establish that: (i) an average of not less than (6%) of the labor force of such area has been unemployed for any five years of the preceding ten years, hereinafter designated "critical economic area A"; or (ii) an average of not less than (4%) of the labor force of such area has been unemployed for a period of not less than twelve months, hereinafter designated "critical economic area B"; or (iii) an average of not less than 4% of the labor force of such area has been unemployed for any five years of the preceding ten years, hereinafter designated "critical economic area C," immediately prior to the date of such investigations and findings *utilized by the Authority*. No area of the Commonwealth shall be designated a critical economic area without such investigations and findings having been first made and certified to in the permanent records of the Authority. An area of the Commonwealth having once been designated a critical economic area A or area C shall remain so for a period of six months following the month in which it ceases to qualify as a critical economic area as above defined and designated by the Authority. *The Authority may designate critical economic areas annually for each fiscal year of the Commonwealth based on investigations and findings for the previous calendar year, or for periods of less than one year, at the discretion of the Authority.*

\* \* \*

(h) The term "Industrial Development Fund" shall mean the account created by section [nine] *eight* of this act.

\* \* \*

(n) The term "industrial enterprise" shall mean an enterprise other than a mercantile, commercial or retail enterprise, which by virtue of its size requires substantial capital and which by its nature and size has created or will create substantial employment opportunities. The term "industrial enterprise" may include warehouse and terminal facilities, *and office buildings utilized as National or regional headquarters or computer or clerical operations centers*, provided they require substantial capital and have or will create substantial employment opportunities.

\* \* \*

(s) *The term "small business" shall mean and refer to respective responsible buyers or tenants occupying and operating an industrial enterprise, a manufacturing enterprise, a research and development enterprise or an agricultural enterprise and who, or which, together with parents, subsidiaries or affiliated corporations or other related*

*business entities employ, in the aggregate, less than fifty full time employes on an annual basis.*

Section 2. Subsection (i) of section 5 of the act is amended to read:

Section 5. Powers of the Authority; General.—\* \* \*

(i) To have existence for a term of fifty years *from July 1, 1980*;

\* \* \*

Section 3. Subsections (c) and (d) of section 6 of the act are repealed.

Section 4. Section 6 of the act is amended by adding a subsection to read:

Section 6. Powers of the Authority; Loans to Industrial Development Agencies.—When it has been determined by the Authority upon application of an industrial development agency and hearing thereon in the manner hereinafter provided, that the establishment of a particular industrial development project of such industrial development agency in a critical economic area has accomplished or will accomplish the public purposes of this act, the Authority may contract to loan such industrial development agency an amount not in excess of the percentage of the cost of such industrial development project, as established or to be established as hereinafter set forth, subject, however, to the following conditions:

\* \* \*

*(f) Where a contract to loan to an industrial development agency is to be made under the provisions of subsection (a), the following shall apply: that, in critical economic areas A, B or C where an average of 8% or more of the labor force has been unemployed for the preceding calendar year, the Authority may contract to loan the industrial development agency an amount not in excess of 50% of the cost of an industrial development project and an amount not in excess of 60% of the cost of an industrial development project wherein the responsible buyer or tenant is a small business on the date of the application; and where an average of 10% or more of the labor force has been unemployed for the preceding calendar year, the Authority may contract to loan the industrial development agency an amount not in excess of 60% of the cost of an industrial development project and an amount not in excess of 70% of the cost of an industrial development project wherein the responsible buyer or tenant is a small business on the date of application; further, provided that in each such instance the industrial development agency project percentage shall be removed. Where a contract to loan to an industrial development agency is to be made under the provisions of subsection (a), the following shall apply: that, in critical economic areas A, B or C where an average of 4% or more of the labor force has been unemployed for the preceding calendar year, the Authority may contract to loan the industrial development agency an amount not in excess of 40% of the cost of an industrial development project wherein the responsible*

*buyer or tenant is a small business and where an average of 6% or more of the labor force has been unemployed for the preceding calendar year, the Authority may contract to loan the industrial development agency an amount not in excess of 50% of the cost of an industrial development project wherein the responsible buyer or tenant is a small business and in such latter instance the industrial development agency project percentage shall be removed.*

\* \* \*

Section 5. This act shall take effect immediately.

APPROVED—The 15th day of May, A. D. 1980.

DICK THORNBURGH