

repaid to the Motor License Fund in accordance with the provisions of Article IX., Section 18 of the Constitution of the Commonwealth of Pennsylvania.

Section 3. This act shall become effective the first day of June, one thousand nine hundred fifty-six.

APPROVED—The 15th day of May, A. D. 1956.

GEORGE M. LEADER

No. 537

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.

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

Section 1. Short Title.—This act shall be known and may be cited as the “Pennsylvania Industrial Development Authority Act.”

Pennsylvania
Industrial De-
velopment
Authority Act.

Section 2. Findings and Declaration of Policy.—It is hereby determined and declared as a matter of legislative finding—

Legislative
finding.

(a) That there currently exists in certain areas of the Commonwealth a critical condition of unemployment and that such condition may well exist, from time to time, in other areas of the Commonwealth;

(b) That in some areas of the Commonwealth such conditions are chronic and of long standing and that, without remedial measures, they may become so in other areas of the Commonwealth;

(c) That economic insecurity due to unemployment is a serious menace to the health, safety, morals and general welfare of not only the people of the affected areas but of the people of the entire Commonwealth;

(d) That involuntary unemployment and its resulting burden of indigency falls with crushing force upon the unemployed worker and ultimately upon the Commonwealth in the form of public assistance and unemployment compensation;

(e) That the absence of employment and business opportunities for the youth of such areas is a threat to the strength and permanence of their faith in our American political and economic institutions and the philosophy of freedom on which those institutions are based;

(f) That unemployment and the absence of new economic opportunities in such areas has caused thousands of workers and their families to migrate elsewhere to find work and establish homes, and that this exodus has tended to reduce the tax base of counties, cities, boroughs and other local governmental jurisdictions, and impair their financial ability to support education and other local governmental services;

(g) That security against unemployment and the resulting spread of indigency and economic stagnation in the areas affected can best be provided by the promotion, attraction, stimulation, rehabilitation and revitalization of commerce, industry and manufacturing in such areas;

(h) That the present and prospective health, safety, morals, right to gainful employment and general welfare of the people of the Commonwealth requires as a public purpose the promotion and development within areas of critical unemployment of new and expanded industrial and manufacturing enterprises;

(i) That the device under which private community industrial development organizations in Pennsylvania acquire or build industrial buildings with funds raised through popular subscription, mortgage borrowing or otherwise, for lease and sale to expanding industries has proven effective in creating new employment and business opportunities locally, is in accord with the American tradition of community initiative and enterprise, and requires and deserves encouragement and support from the Commonwealth, as a means toward alleviation of unemployment and chronic economic distress;

(j) That community industrial development corporations in Pennsylvania have themselves invested substantial funds in successful industrial development projects and experience difficulty in undertaking additional such projects by reason of the partial inadequacy of their own funds or funds potentially available from local subscription sources and by reason of limitations of local financial institutions in providing additional and sufficiently sizeable first mortgage loans;

(k) That there is a need to stimulate a larger flow of private investment funds from banks, investment houses, insurance companies and other financial institutions into such community industrial building programs in areas of chronic economic distress;

(l) That by increasing the number of community industrial building projects presenting attractive opportunities for private investment in such areas, a larger portion of the private capital available in Pennsylvania for investment can be put to use in the general economic development of the Commonwealth.

Therefore, it is hereby declared to be the policy of the Commonwealth of Pennsylvania to promote the **health, safety, morals, right to gainful employment**, business opportunities and general welfare of the inhabitants thereof by the creation of a body corporate and politic to be known as "The Pennsylvania Industrial Development Authority" which shall exist and operate for the public purpose of alleviating unemployment with its resulting spread of indigency and economic stagnation by the promotion and development of industrial and manufacturing enterprises in those areas of the Commonwealth in which conditions of critical unemployment currently or may from time to time exist. Such purposes are hereby declared to be public purposes for which public money may be spent.

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: Definitions.

(a) The term "Authority" shall mean the public body corporate and politic created by this act.

(b) The term "board" shall mean the governing body of the Authority.

(c) The term "county" shall mean any county of this Commonwealth, other than a county of the first class.

(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 Internal Affairs, the Department of

Labor and Industry, the Department of Public Assistance and the Department of Commerce of the Commonwealth, as well as the declarations and statistics of any Federal agencies as shall be necessary to establish the existence of the above conditions in such area and to establish that an average of not less than (6%) of the labor force of such area has been unemployed for a period of not less than three years, or an average of not less than (9%) of the labor force of such area has been unemployed for a period of not less than eighteen months, immediately prior to the date of such investigations and findings. 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.

(e) The term "Federal agency" shall mean and include the United States of America, The President of the United States of America, and any department of, or corporation, agency or instrumentality heretofore or hereafter created, designated or established by the United States of America.

(f) The term "government" shall mean the State and Federal governments, or any political subdivision, agency or instrumentality, corporate or otherwise, or either of them.

(g) The term "industrial development agency" shall mean any incorporated organization, foundation, association or agency, regardless of the particular name, and to whose members or shareholders no profit shall enure, which shall have as its primary function the promotion, encouragement and development of industrial and manufacturing enterprises in a critical economic area.

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

(i) The term "industrial development project" shall mean any site, structure, facility or undertaking comprising or being connected with or being a part of an industrial or manufacturing enterprise established or to be established by an industrial development agency in a critical economic area.

(j) The term "municipality" shall mean any city, borough, town or township of the Commonwealth of Pennsylvania.

(k) The term "responsible buyer" shall mean any person, partnership, firm, company or corporation organized for profit deemed by the Authority, after proper investigation, to be financially responsible to assume all obligations prescribed by the Authority in the acquisition of an industrial development project from an in-

dustrial development agency, and in the operation of an industrial or manufacturing enterprise therein or thereon.

(l) The term "responsible tenant" shall mean any person, partnership, firm, company or corporation organized for profit deemed by the Authority, after proper investigation, to be financially responsible to assume all rental and all other obligations prescribed by the Authority in the leasing of an industrial development project and in the operation of an industrial or manufacturing enterprise therein or thereon.

(m) The words "cost of establishing an industrial development project" shall embrace any or all of the following: The cost of construction, the cost of all lands, property, rights, easements and franchises acquired, which are deemed necessary for such construction, financing charges, interest prior to and during construction, cost of engineering and legal expense, plans, specifications, surveys, estimates of costs and other expenses necessary or incident to determining the feasibility or practicability of any industrial development project together with such other expenses as may be necessary or incident to the financing and the construction of the industrial development project and the placing of the same in operation; the cost of all machinery and equipment and its installation and maintenance shall not be included in the "cost of establishing an industrial development project," but shall be provided by the responsible tenant or responsible buyer.

Section 4. The Pennsylvania Industrial Development Authority.—There is hereby created a body corporate and politic, constituting a public corporation and government instrumentality by the name of "The Pennsylvania Industrial Development Authority," the board of members of which shall be composed of the following: The Secretary of Commerce, who will serve as Chairman, the Secretary of Labor and Industry, the Secretary of Internal Affairs and the Secretary of Banking and their respective successors in office and seven additional members who shall be appointed by the Governor with the advice and consent of the Senate who shall represent the general public and the public interest. The members of the Authority initially appointed by the Governor shall continue in office for terms of one to seven years, respectively, from the date of their appointment and until their respective successors shall be duly appointed and qualified, the term of each appointed member to be designated by the Governor at the time of his appointment; but their successors shall each be appointed for a term of seven years, except that any person appointed to fill a vacancy shall serve

Creation, composition, appointment and term of members, and reimbursement for necessary expenses.

only for the unexpired term, and any appointed member of the Authority shall be eligible for re-appointment. Said members of the Authority shall be entitled to no compensation for their services as members, but shall be entitled to reimbursement for all necessary expenses incurred in connection with the performance of their duties as members.

General powers.

Section 5. Powers of the Authority; General.—The Authority, as a public corporation and governmental instrumentality exercising public powers of the Commonwealth, is hereby granted and shall have and may exercise all powers necessary or appropriate to carry out and effectuate the purposes of this act, including the following powers, in addition to others herein granted:

(a) To make determination and designation of critical economic areas;

(b) To co-operate with industrial development agencies in their efforts to promote the expansion of industrial and manufacturing activity in critical economic areas;

(c) To determine, upon proper application of industrial development agencies, whether the declared public purpose of this act has been accomplished or will be accomplished by the establishment by such industrial development agencies of an industrial development project in a critical economic area;

(d) To conduct examinations and investigations and to hear testimony and take proof, under oath or affirmation, at public or private hearings, on any matter material for its information and necessary to the determination and designation of critical economic areas and the establishment of industrial development projects therein;

(e) To issue subpoenas requiring the attendance of witnesses and the production of books and papers pertinent to any hearing before such Authority, or before one or more members of the Authority appointed by it to conduct such hearing;

(f) To apply to any court, having territorial jurisdiction of the offense, to have punished for contempt any witness who refuses to obey a subpoena, or who refuses to be sworn or affirmed or to testify, or who is guilty of any contempt after summons to appear;

(g) To authorize any member or members of such Authority to conduct hearings and to administer oaths, take affidavits and issue subpoenas;

(h) To make, upon proper application of industrial development agencies, loans to such industrial development agencies of moneys held in the Industrial Development Fund for industrial development projects in

critical economic areas and to provide for the repayment and redeposit of such allocations and loans in the manner hereinafter provided;

(i) To have existence for a term of fifty years;

(j) To sue and be sued, implead and be impleaded, complain and defend in all courts;

(k) To adopt, use and alter at will a corporate seal;

(l) To make by-laws for the management and regulation of its affairs;

(m) To appoint officers, agents, employes and servants; and to prescribe their duties and to fix their compensation, within the limitations provided by law;

(n) To make contracts of every name and nature and to execute all instruments necessary or convenient for the carrying on of its business;

(o) Without limitation of the foregoing, accept grants from, and to enter into contracts or other transactions with any Federal agency;

(p) To take title by foreclosure to any industrial development project where such acquisition is necessary to protect any loan previously made therefor by the Authority and to sell, transfer and convey any such industrial development project to any responsible buyer; in the event such sale, transfer and conveyance cannot be effected with reasonable promptness, the Authority may, in order to minimize financial losses and sustain employment, lease such industrial development project to a responsible tenant or tenants; the Authority shall not lease industrial development projects except under the conditions and for the purposes cited in this section.

Provided, however, That the Authority shall have no power at any time to borrow money or in any manner to pledge the credit or taxing power of the Commonwealth or any of its municipalities or political subdivisions, nor shall any of its obligations be deemed to be obligations of the Commonwealth or any of its political subdivisions.

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

Loans.

(30%) of the cost or estimated cost of such industrial development project, as established or to be established, subject, however, to the following conditions:

(a) Industrial development projects to be established.

(i) The Authority shall have first determined that the industrial development agency holds funds in an amount equal to, or property of a value equal to, not less than (20%) of the estimated cost of establishing the industrial development project, which funds or property are available for and shall be applied to the establishment of such project, and (ii) the Authority shall have also determined that the industrial development agency has obtained from other independent and responsible sources, such as banks and insurance companies or otherwise, a firm commitment for all other funds, over and above the loan of the Authority and such funds or property as the industrial development agency may hold, necessary for payment of all the estimated cost of establishing the industrial development project, and that the sum of all these funds, together with the machinery and equipment to be provided by the responsible tenant or responsible buyer is adequate to insure completion and operation of the plant or facility.

(b) Industrial development projects established without initial Authority loan participation. (i) The Authority shall have first determined that the industrial development agency has expended funds in an amount equal to, or has applied property of a value equal to, not less than (20%) of the cost of establishing the industrial development project, and (ii) the Authority shall have also determined that the industrial development agency obtained from other independent and responsible sources such as banks and insurance companies or otherwise, other funds necessary for payment of all the cost of establishing the industrial development project, and that the industrial development agency participation and these funds, together with the machinery and equipment provided by the responsible tenant or responsible buyer, has been adequate to insure completion and operation of the plant or facility: **Provided, however,** That the proceeds of any loan made by the Authority to the industrial development agency pursuant to this subsection (b) shall be used only for the establishment of additional industrial development projects in furtherance of the public purposes of this act.

Provido.

Any such loan of the Authority shall be for such period of time and shall bear interest at such rate as shall be determined by the Authority and shall be secured by bond of the industrial development agency and by mortgage on the industrial development project for which

such loan was made, such mortgage to be second and subordinate only to the mortgage securing the first lien obligation issued to secure the commitment of funds from the aforesaid independent and responsible sources and used in the financing of the industrial development project.

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

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

Loans by the Authority to an industrial development agency for an industrial development project shall be made only in the manner and to the extent as in this section six provided, except, however, in those instances wherein an agency of the Federal government participates in the financing of an industrial development project by loan, grant or otherwise of Federal funds. When any Federal agency does so participate the Authority may adjust the required ratios of financial participation by the industrial development agency, the source of independent funds, and the Authority in such manner as to insure the maximum benefit available to the industrial development agency, the Authority, or both, by the participation of the Federal agency: Provido Provided, however, That no such adjustment of such ratios shall cause the Authority to grant a loan to the industrial development agency in excess of (30%) of the cost or estimated cost of the industrial development project.

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

Section 7. Loan Application Requirements.—Prior to the loaning of any funds to an industrial development agency for an industrial development project in a critical economic area, the Authority shall receive from such industrial development agency a loan application in form adopted by the Authority which shall contain, without being limited to, the following provisions:

Loan application requirements.

(a) A general description of the industrial development project and a general description of the industrial or manufacturing enterprise for which the industrial development project has been or is to be established;

(b) A legal description of all real estate necessary for the industrial development project;

(c) Such plans and other documents as may be required to show the type, structure and general character of the industrial development project;

(d) A general description of the type, classes and number of employes employed or to be employed in the operation of the industrial development project;

(e) Cost or estimates of cost of establishing the industrial development project;

(f) A general description and statement of value of any property, real or personal, of the industrial development agency applied or to be applied to the establishment of the industrial project;

(g) A statement of cash funds previously applied, or then held by the industrial development agency which are available for and are to be applied, to the establishment of the industrial development project;

(h) Evidence of the arrangement made by the industrial development agency for the financing of all costs of the industrial development project over and above the participation of the industrial development agency;

(i) A general description of the responsible tenant to which the industrial development agency has leased or will lease the industrial development project or of the responsible buyer to which the industrial development agency has sold or will sell the project;

(j) A general description of the form of lease or sales agreement entered into or to be entered into by and between the industrial development agency and its responsible tenant or responsible buyer;

(k) Evidence that the establishment of the industrial development project will not cause the removal of an industrial or manufacturing plant or facility from one area of the Commonwealth to another area of the Commonwealth.

The board of the Authority shall hold such hearings and examinations as to each loan application received as shall be necessary to determine whether the public purposes of this act will be accomplished by the granting of loans within such applications requested.

When the board shall have determined said facts favorable as to any application, it is authorized and empowered, having due regard to the promotion of the public purposes herein declared, to grant a loan to an industrial development agency in the manner and to the extent as in this act provided.

Section 8. Appropriation; Industrial Development Fund.—The sum of five million dollars (\$5,000,000) is hereby specifically appropriated to the Authority for the purposes set forth in this act. Appropriation.

There is hereby created a special account in the Treasury of the Commonwealth to be known as the Industrial Development Fund to which shall be accredited the above provided appropriation and any subsequent appropriations made by the Legislature to the Authority, as well as such other deposits as in this section provided.

As often as may be necessary, the Authority shall requisition from the Industrial Development Fund such amounts as may be necessary to provide adequate funds for the payment of the administration of the purpose of this act.

The Authority shall also requisition, from time to time, from the Industrial Development Fund such amounts as shall be allocated and appropriated by the Authority for loans to industrial development agencies for industrial development projects. When and as the amounts so allocated and appropriated by the Authority as loans to industrial development agencies are repaid to the Authority pursuant to the terms of the mortgages and other agreements made and entered into by the Authority, the Authority shall pay such amounts into the Industrial Development Fund, it being the intent of this act that the Industrial Development Fund shall operate as a revolving fund whereby all appropriations and payments made thereto may be applied and reapplied to the purposes of this act.

At any time that the Authority shall determine that funds held for the credit of the Industrial Development Fund are in excess of the amount needed by the Authority to carry out the purposes of this act, the Authority shall take such action as shall be required to release such excess from the Industrial Development Fund and transfer the same to the General Fund of the State Treasury.

Section 9. Governing Body.—The powers of the Authority shall be exercised by a governing body consisting of the members of the Authority acting as a board. Within ninety (90) days after this act shall become effective, the board shall meet and organize. The Secretary of Commerce and his successor in office shall be the

chairman and chief executive officer and the Board shall elect a secretary and treasurer from their number. At the first meeting in each year thereafter, they shall elect from their number a secretary and treasurer.

A majority of the members shall constitute a quorum of the board for the purpose of organizing the Authority and conducting the business thereof, and, except in the instance of loan applications, all action may be taken by a vote of a majority of the members present, unless in any case the by-laws shall require a larger number; approval or rejection of loan applications shall be by a majority vote of the full membership of the board.

The board shall have full authority to manage the properties and business of the Authority, and to prescribe, amend and repeal by-laws, rules and regulations governing the manner in which the business of the Authority may be conducted, and the powers granted to it may be exercised and embodied.

The Department of Commerce shall provide staff services to the Authority for its administration of the act, including liaison between the Authority and industrial development agencies and related organizations, and between the Authority and other agencies of the Commonwealth whose facilities and services may be useful to the Authority in its work.

The Authority is authorized to make reimbursement to any agency of the Commonwealth for such special expenses as may be incurred in the provision of any services or the use of any facilities required by the Authority.

In addition, the Authority may employ an executive director, appoint, subject to the Administrative Code, its own counsel and legal staff, and, as required for special studies and surveys, retain such temporary engineering, finance and other consultants and technicians as it may require.

Section 10. Moneys of the Authority.—All moneys of the Authority from whatever source derived shall be paid to the treasurer of the Authority. Said moneys shall be deposited in the first instance by the treasurer in one or more banks or trust companies, in one or more special accounts, and each of such special accounts shall be continuously secured by a pledge of direct obligations of the United States of America or of the Commonwealth, having an aggregate market value, exclusive of accrued interest, at all times at least equal to the balance on deposit in such account. Such securities shall either be deposited with the treasurer or be held by a trustee or agent satisfactory to the Authority. All banks and trust companies are authorized to give such security for such deposits. The moneys in said accounts shall be paid

out on the warrant or other order of the treasurer of the Authority, or of such other person or persons as the Authority may authorize to execute such warrants or orders.

Section 11. No member of the Authority or officer or employe thereof shall either directly or indirectly be a party to or be in any manner interested in any contract or agreement with the Authority for any matter, cause or thing whatsoever by reason whereof any liability or indebtedness shall in any way be created against such Authority. If any contract or agreement shall be made in violation of the provisions of this section the same shall be null and void and no action shall be maintained thereon against such Authority.

Conflict of interests prohibited.

Section 12. Limitation of Powers.—The Commonwealth does hereby pledge to and agree with the United States and any other Federal agency that in the event that any Federal agency shall construct or loan or contribute any funds for the construction, extension, improvement or enlargement of any industrial development project, or any portion thereof, the Commonwealth will not alter or limit the rights and powers of the Authority in any manner which would be inconsistent with the due performance of any agreements between the Authority and any such Federal agency, and the Authority shall continue to have and may exercise all powers herein granted, so long as the same shall be necessary or desirable for the carrying out of the purposes of this act.

Limitation of powers.

Section 13. Examination and Audit of Authority Affairs.—The accounts and books of the Authority, including its receipts, disbursements, contracts, mortgages, investments and other matters relating to its finances, operation and affairs shall be examined and audited from time to time by the Auditor General as provided in the Administrative Code.

Examination and audit.

Section 14. Constitutional Construction.—The provisions of this act shall be severable, and if any of the provisions thereof shall be held unconstitutional, such decisions shall not affect the validity of any of the remaining provisions of this act. It is hereby declared as the legislative intent that this act would have been adopted had such unconstitutional provision not been included therein.

Severability.

Section 15. The provisions of this act shall become effective immediately upon enactment.

Effective date.

APPROVED—The 17th day of May, A. D. 1956.

GEORGE M. LEADER