

**CHAPTER 121. ENTERPRISE DEVELOPMENT AREA INITIATIVE—  
STATEMENT OF POLICY**

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**Source**

The provisions of this Chapter 121 adopted February 11, 1983, effective February 12, 1983, 13 Pa.B. 747; renumbered from 16 Pa. Code Chapter 23, May 16, 1997, effective May 17, 1997, 27 Pa.B. 2415. Immediately preceding text appears at serial pages (125693) to (125710).

**Cross References**

This chapter cited in 12 Pa. Code § 61.1 (relating to definitions); 12 Pa. Code § 81.147 (relating to general); 12 Pa.B. § 135.41b (relating to special program priorities); and 12 Pa. Code § 135.47 (relating to submission of plans).

**§ 121.1. Goals.**

The following is a list of program goals:

- (1) To build the capacity of the local government in a disadvantaged municipality to improve the local business climate.
- (2) To enable the local government in a disadvantaged municipality to facilitate growth in the quantity and quality of employment opportunities.
- (3) To increase the capabilities of the local government in a distressed municipality to respond effectively to local business expansion opportunities and constraints.
- (4) To assist the local government and the local business community in the formation of public/private partnerships which will develop and sustain increased rates of business investment and job creation in a disadvantaged municipality.

**Source**

The provisions of this § 121.1 adopted February 11, 1983, effective February 12, 1983, 13 Pa.B. 747; amended April 1, 1988, effective April 2, 1988, 18 Pa.B. 1493. Immediately preceding text appears at serial pages (117009) to (117010).

**§ 121.2. Objectives.**

The following is the list of program objectives:

- (1) To enable local governments to formulate a business development strategy that will address local needs for economic growth.
- (2) To provide, or arrange the provision of, site identification or expansion facility identification services.
- (3) To increase the access of local firms to financing by lending institutions on mutually advantageous terms.
- (4) To provide, or to arrange the provision of, expert business development technical or financial assistance, or both, to specific smaller firms in the enterprise zone as identified and requested by each firm's principals.
- (5) When requested by principals of firms located in, or committed to location in, the enterprise zone, to do the following:
  - (i) Arrange assistance in opportunities for export market expansion.
  - (ii) Arrange assistance in technology transfer applications or new product line technology assessments.
  - (iii) Improve community infrastructure facilities, such as streets and water and sewer systems, which will meet the stated business development needs of firms with contingent commitments to expand, start up or locate in enterprise zones.
  - (iv) Enable local governments in disadvantaged communities to increase the number and value of tax ratables in their municipal tax bases.

**Source**

The provisions of this § 121.2 adopted February 11, 1983, effective February 12, 1983, 13 Pa.B. 747; amended April 1, 1988, effective April 2, 1988, 18 Pa.B. 1493. Immediately preceding text appears at serial page (117010).

**§ 121.3. Enterprise zone program funding sequence.**

Enterprise zone program funds are available for enterprise planning zone funding, designated enterprise zone funding and designated enterprise zone refunding. Planning funds are awarded to enable the municipality to prepare a local business development strategy for its proposed enterprise zone. The completed strategy document will provide the basis for application for designation of the enterprise zone by the Secretary. Designated enterprise zone funding and subsequent refunding are available to implement the local business development strategy.

**Source**

The provisions of this § 121.3 adopted February 11, 1983, effective February 12, 1983, 13 Pa.B. 747; amended April 1, 1988, effective April 2, 1988, 18 Pa.B. 1493. Immediately preceding text appears at serial pages (117010) and (103721).

**§ 121.4. Support from other Commonwealth resources.**

(a) The Department will give priority, in rating applications for its other programs, to local governments having designated enterprise zones or local nonprofit organizations applying for funds for use in the municipality. These programs include housing and redevelopment assistance, neighborhood assistance and employment and community conservation.

(b) The Department will encourage other Commonwealth agencies to give similar priority consideration in rating applications for assistance under their programs.

**Source**

The provisions of this § 121.4 adopted February 11, 1983, effective February 12, 1983, 13 Pa.B. 747; amended April 1, 1988, effective April 2, 1988, 18 Pa.B. 1493. Immediately preceding text appears at serial page (103721).

**§ 121.5. Planning for an enterprise zone.**

(a) *Eligibility to apply for planning funds.* An applicant shall be a financially disadvantaged municipality under the Financially Disadvantaged Municipalities Matching Assistance Act (73 P. S. §§ 398.1—398.9).

(b) *Application procedure:*

(1) An eligible municipality can apply directly to the Department or through a redevelopment authority for planning funding for a proposed enterprise zone. The application shall be accompanied by a copy of a resolution by the local governing body authorizing submittal of the application directly to the Department or on behalf of the local governing body by the county redevelopment authority.

(2) In those instances in which the functional area of a proposed zone overlaps municipal boundaries, the Department encourages a joint application from the involved municipalities. An approved joint application would be funded by the Department through a county in which the proposed zone is located, or through a regional agency serving the county. The application shall include a copy of a resolution from each participating local governing body authorizing the method of submittal selected.

(3) If a multi-municipal enterprise planning zone application involves a third-class or larger city with a city redevelopment authority, the application may be submitted by the city government on behalf of the other participating municipalities. Multi-municipal applications involving third-class or larger cities shall include signed resolutions from each participating municipality authorizing the submittal of the application by the city government on behalf of the participating municipalities.

(4) Smaller municipalities preparing an application for funding are encouraged by the Department to utilize the small business development experience

and expertise of existing agencies or consultants having a proven track record of assistance to successful small business development projects.

(c) *Priority in selection for funding.*

(1) A municipality determined by the Secretary of the Department to be financially distressed under the Financially Distressed Municipalities Act (53 P. S. §§ 11701.101—11701.501), may be given priority consideration for enterprise zone planning grants.

(2) Priority in selection for funding will be accorded to a municipality proposing a zone containing the largest number of smaller firms or organizations within the municipality which market products or services outside the metropolitan or multi-county regional area. Examples of the export firms are: industrial, manufacturing, fabricating, molding and assembly plants; regional medical centers; regional or national headquarters of financial institutions and data services; and construction and engineering firms.

(i) Export firms customarily employ a range of skill levels compensated at greater than minimum wage, and the structure of their work forces offers opportunity for advancement. Export firms export products or services and import cash earnings creating the opportunity for continuing business expansion in the community. Export firms also provide superior opportunities for spin off new firms or expansion of firms with objectives, such as additional product or service innovation or as local supplier firms. Export firms produce multiplier effects on community employment through the secondary firms they help to create.

(ii) Proposed zones which exhibit potential to develop a predominance of export firms are acceptable.

(iii) Proposed zones selected for a planning grant, especially in smaller municipalities, will often include a mix of business firms. Although retail, commercial and consumer services firms are not included in the primary focus of the enterprise zone program, approval for the use of program resources to assist these firms will be granted where the assistance can be shown to strengthen the strategy to assist export firms.

(3) Special consideration will be given to awarding planning funds for at least one proposed zone in an urban area, or a proposed zone in a rural area including several small municipalities, which will involve technical assistance and day-by-day project administration by a multi-county regional planning and development commission. The applications should provide ample and regular opportunity for input by the applicant local elected officials and reserve for them the final determination of the direction the project is to take.

(d) *Size of proposed zone.* No specific criteria govern the size of a proposed zone. Consideration should be given to the practicality of size in view of the availability of local financial and technical assistance resources for economic development. The greater business firm density of urban areas is generally accompanied by greater availability of financial and technical business develop-

ment resources of financial institutions and other economic development organizations. The lower business firm density of small municipalities in predominantly rural areas provides a reasonable prospect of even one economic development professional working effectively with firms spread over a larger geographical area than would be possible in an urban area. In most rural and in many smaller urban areas, adherence to the program priority on export firms will likely indicate proposed zone boundaries. In rural areas, this consideration may suggest combining areas within contiguous municipalities into a single proposed zone. In the central cities, the density of business development may justify a proposed zone which is essentially neighborhood in size.

(e) *Application contents.* The application for planning funds shall contain the following:

(1) A clear and complete description of the boundaries of the proposed zone, accompanied by a map in which each item in the description is clearly legible. The description and the map should indicate the names of perimeter and interior streets, bridges, streams and creeks, as well as other natural and manmade landmarks and monuments. Approximate total acreage or square mileage and the most recent population, employment and percentage of poverty figures for the proposed zone should also be included.

(2) A brief narrative concerning what is generally known about the following items in relation to the proposed zone:

(i) The business environment of the area in terms of prevailing patterns of business expansion or contraction.

(ii) The impact of subparagraph (i) on recent employment opportunities and unemployment rates.

(iii) Particular area characteristics which either facilitate or impede business expansion, such as: labor costs, composition, reliability and availability; convenience of transportation; access to customers and suppliers; the current availability of business sites and structures at competitive prices with adequate infrastructure and energy availability; adequacy of transportation services and facilities to the proposed zone; proximity to educational and training institutions relevant to business work forces; area quality of life in terms of environmental quality, cost of living, availability of cultural amenities and recreational facilities; business climate in terms of government responsiveness and community attitudes toward business; corporate or university research and development facilities nearby; capital availability in terms of conventional commercial credit, seed and venture capital and government financing programs available to firms in the proposed zone; regulation of development by local government within the proposed zone; and capital budget and capital improvement programs utilized by the local government in which the proposed zone is located.

(3) A commitment to undertake a business development survey interview of firms located within the proposed zone. No specific criteria govern the

extent of the firms to be surveyed. The percentage of firms in the proposed zone to be included in the survey will depend upon the business density and will be determined by the applicant. The budget for the application should reserve a portion of the anticipated planning grant or indicate other resources which are available for the survey task. The business development survey serves two important objectives:

(i) To gain an understanding on a firm-by-firm basis of the business development opportunities and constraints of firms in the proposed zone.

(ii) On the basis of subparagraph (i) to allocate business development resources available to the proposed zone in a manner which will lower business costs, increase business investment and increase the quantity and quality of employment opportunities. The survey process may be divided into seven parts, each of which should appear as a work element in the narrative work program of the application:

(A) The survey interview of firms in the proposed zone. Survey forms are available from the Department; however, other forms may be used with prior Departmental approval in order to assure comparability of survey results.

(B) Identification of types of business development assistance needed on a firm-by-firm basis to undertake business expansion or to remove local constraints to business expansion.

(C) Inventory of all sources of business development technical and financial assistance which can be made available to firms in the proposed zone to assist in their expansion. Typical of important services are the following:

(I) Small business incubator technical assistance.

(II) Business plan preparation/revision assistance.

(III) Business loan/grant packaging.

(IV) Federal government procurement bid assistance.

(V) Foreign export market development assistance.

(VI) Job training assistance.

(VII) Technology transfer applications technical assistance.

(VIII) Development/commercialization of new technologies assistance.

(IX) Production site location services.

(X) Arrangement with each prospective provider agency of business development technical assistance to respond to requests from the zone coordinator for assistance to individual firms in the proposed zone.

(D) Preparation of a business file and an individualized business expansion plan of assistance for each surveyed firm requesting the assistance, based on findings from the survey interview.

(E) Provision, or arrangement of provision, through referral to appropriate business development resources, of the indicated types of assistance to each surveyed firm requesting the assistance.

(F) Follow-up with each firm requesting assistance to ensure that the assistance is being delivered as promptly and effectively as possible, that the desired impact is being achieved and that new opportunities or constraints identified in the interim are being responded to.

(G) Upon completion of this first cycle, adaptation of the process to a suitable continuous and cyclical activity for the enterprise planning zone local business development strategy document which, in turn, will be the basis of the application to the Secretary for zone designation. The types of modifications made and the length anticipated for each cycle should be described and explained in the strategy document.

(f) *Application submission.* Four copies of the application shall be submitted to the Department. One copy shall be submitted to the appropriate regional office and three copies shall be submitted to the Strategic Planning and Operations Office. Addresses of these offices will be published annually as a notice in the *Pennsylvania Bulletin*.

#### Source

The provisions of this § 121.5 adopted February 11, 1983, effective February 12, 1983, 13 Pa.B. 747; amended April 1, 1988, effective April 2, 1988, 18 Pa.B. 1493. Immediately preceding text appears at serial page (103722).

### § 121.6. Planning grant administration.

Successful applicants for enterprise planning funds should immediately obtain the services of an individual knowledgeable in economic development to administer the project, if the arrangement has not been made before the award. If administration has been delegated to an agency with previous successful business development program administrative experience, the delegate agency shall assign one member of that agency's staff to be responsible for project administration and to report to the enterprise zone organization as it may require. The Department's regional office staff is available to assist successful applicants in selecting an administrator.

#### Source

The provisions of this § 121.6 adopted February 11, 1983, effective February 12, 1983, 13 Pa.B. 747; corrected February 25, 1983, effective February 12, 1983, 13 Pa.B. 833; amended April 1, 1988, effective April 2, 1988, 18 Pa.B. 1493. Immediately preceding text appears at serial pages (103722) to (103725).

### § 121.7. Enterprise zone organization.

(a) Successful applicants for enterprise planning zone grants are expected to develop an enterprise zone organization with membership which is representative

of the vital interests of the local business community and includes representation from other community interest groups. Since the purpose of the organization is business development, representatives of the local business community should comprise a majority of the voting members of the organization. Owners and managers of local firms should be prominently represented. Other members of this majority segment should include commercial loan officers from local financial institutions and, if possible, a faculty member from the business department and one from the engineering department of a local college or university. Representatives of local unions should be invited to become members of the zone organization to provide additional insights on labor/management relations.

(b) The balance of membership should include, in addition to the chief elected municipal official or designee and a member of council, at least one member from each of the following:

- (1) A representative who can speak knowledgeably on behalf of neighborhood organizations or interests.
- (2) A member knowledgeable about the training capabilities of local institutions, including vo-tech schools, community colleges and other training and educational institutions.

#### Source

The provisions of this § 121.7 adopted February 11, 1983, effective February 12, 1983, 13 Pa.B. 747; corrected February 25, 1983, effective February 12, 1983, 13 Pa.B. 833; amended April 1, 1988, effective April 2, 1988, 18 Pa.B. 1493. Immediately preceding text appears at serial pages (103725) to (103727).

### § 121.8. Length of planning cycle.

To accommodate grantees encountering unusual problems in the completion of the local business development strategy during the first year of planning, the Department will consider a request to extend the duration of the first year planning grant. The initial grant is the extent of financial assistance available under the enterprise zone program for completion of the strategy, unless exceptional circumstances occur which require limited additional resources to complete the business strategy.

#### Source

The provisions of this § 121.8 adopted February 11, 1983, effective February 12, 1983, 13 Pa.B. 747; corrected February 25, 1983, effective February 12, 1983, 13 Pa.B. 833; amended April 1, 1988, effective April 2, 1988, 18 Pa.B. 1493. Immediately preceding text appears at serial pages (103727) and (103728).

### § 121.9. Local business development strategy document.

(a) The end product of the planning process is the strategy document resulting from the business interview cycle. The strategy document should contain a list of individual items of assistance to be undertaken at the request of the prin-

cipals of individual firms in the proposed zone. The list should include technical assistance which may range from small business development services to technical assistance on municipal land controls, building codes, municipal infrastructure maintenance and services. The list may also include financial assistance to secure conventional financing and financial assistance for required infrastructure installation. Each item of assistance should include a contingent commitment by the prospective business beneficiary in terms of the approximate amount of business investment and jobs that will be created, by the anticipated month and year.

(b) The strategy document should describe 5-year objectives which address the substantive improvements which the applicant expects to achieve in the proposed zone—the applicant's view of what the proposed zone can and should become in 5 years. These objectives should refer to, and be justified by, findings from the business survey. Annual reassessment of the target estimates listed in this subsection will be included in applications for refunding in subsequent years. The objectives should set quantified 5-year target estimates for the following:

- (1) Amount of new/expansion business investment.
- (2) Number of new jobs.
- (3) Amount of nonenterprise zone program public investment.
- (4) Dollar value increase in taxable business property.

(c) The strategy document should list the amount and source of funding likely to be required to implement the 5-year objectives, by the estimated year in which each project could be most advantageously undertaken for small business development purposes within the proposed zone.

(d) The strategy document shall be submitted to the Department with the application for enterprise zone designation and second-year funding of a basic grant.

#### Source

The provisions of this § 121.9 adopted April 1, 1988, effective April 2, 1988, 18 Pa.B. 1493.

### § 121.10. Application for enterprise zone designation and second-year funding.

(a) *Eligibility to apply.* An applicant shall have completed the enterprise zone planning cycle, including development of the required local business development strategy for the proposed zone in order to be eligible to apply.

(b) *Type of grant.* Applicants granted enterprise zone designation and approval for funding receive a basic grant for administrative support and seed money for projects relatively modest in scale.

(c) *Application contents.* The application for zone designation and second-year funding shall contain the following:

- (1) A clear and complete description of the boundaries of the proposed zone, accompanied by a map in which each item in the description is clearly legible. Copies of clear boundary descriptions and maps from the applicant's

enterprise planning zone application are acceptable. Approximate total acreage or square mileage and the most recent population, employment and percentage of poverty figures for the proposed zone should be included.

(2) A summary of the description in the applicant's preceding enterprise planning zone application concerning particular area characteristics which either facilitate or impede business expansion. Representative case examples, from the small business survey interview results included in the strategy document, which either confirm or modify what was previously known about business expansion opportunities or constraints in the zone should also be listed. The general size of the firms in terms of small, medium or large work force and the type of product or service provided by the firm should be indicated, although the names of individual firms do not need to be provided in the case example. The significance of the selected case examples to the earlier description should be briefly explained.

(3) The types and costs of resources needed to increase or redirect the economic development capacity of the applicant in order to implement the local business development strategy with continued funding for the designated enterprise zone. The amounts of funds needed and identification of funding source should be included under the proper column of the budget form for this application when expenditures for this purpose are required. Examples of budget items include establishment of a development corporation, hiring or reassignment of qualified staff or contracting with an experienced consultant.

(4) A brief general summary of the methods and activities that will be used to accomplish the objectives of the strategy, including the types of assistance typically requested by firms in the proposed zone, and the activities to be implemented to respond to these requests. The strategy document should be the source of these descriptions.

(5) A project sheet for each item of assistance requested by individual firms as identified in the strategy document and the enterprise zone program application budget sheet. Project sheets and the budget sheet are provided in the grant application package. A project sheet should be completed for each business assistance activity which is expected to account for a significant part of the anticipated enterprise zone program grant, and the budget sheet should reflect the activities as budget line items. A signed letter on the business letterhead of the prospective beneficiary firm requesting the assistance should be attached to the completed project sheet. The letter should contain contingent commitments to approximate amounts of new/additional business investment and new jobs. The project sheet should list the private and public resources identified as available, and additional private and public resources required for successful implementation of the project. For each required resource not yet available, an expected date of availability should be listed.

(6) Documentation from business survey findings of a need for business development finance services to justify a revolving loan fund work activity and

budget line item. This work activity shall include provision for counseling and technical assistance in review and revision or preparation as needed of a creditable business plan for each prospective revolving loan fund applicant to ensure that conventional bank financing, Pennsylvania Industrial Development Assistance, and other sources are available to the maximum extent and on the most advantageous terms possible. A local inter-bank commitment of pooled resources should be negotiated to supplement enterprise zone program capitalization of the revolving loan fund. Local bank commercial loan officers and local business people should comprise the bulk of the loan review committee. Effort should be made to secure participation from minority and women among local business firms and banks. Applicants without at least 3 years of successful experience in the administration of business loan funds shall name a cooperative agency with appropriate experience to administer the revolving loan fund. Documentation should be provided of the nature and length of the proposed administering agency's experience, a copy of the agency's loan policies, additional detail required to identify sources of capitalization in the revolving loan fund, the composition by qualification of the loan committee, and a general but quantitative review of performance of outstanding loans in terms of payment regularity, defaults and nonperforming loans.

(d) *Application submission.* Four copies of the application shall be submitted to the Department with one sent to the appropriate regional office and three sent to the Strategic Planning and Operations Office. Addresses of these offices will be published annually as a notice in the *Pennsylvania Bulletin*.

**Source**

The provisions of this § 121.10 adopted April 1, 1988, effective April 2, 1988, 18 Pa.B. 1493.

**§ 121.11. Application for refunding 3rd through 5th year.**

(a) *Eligibility to apply.* Applicants who previously received zone designation and second-year funding may apply for refunding at the end of the grant period. The basis for the application is an annual review and updating of the local business development strategy.

(b) *Type of grant.* Basic grants are available for administrative support and seed money for modestly sized projects.

(c) *Application contents.* The application should contain the following:

(1) A status report of the overall strategy 5-year objectives including the quantified objectives and the current status—quantified—of achieving each objective.

(2) A description and analysis of outstanding business development successes during the current year, and the degree to which they confirm the effectiveness of the current strategy and priorities for the coming year, or the degree to which they suggest changes for enhanced effectiveness for the coming year.

(3) A description and analysis of instructively unsuccessful projects related to pursuit of the present strategy and priorities which suggest changes for enhanced effectiveness during the coming year. This information is vital for the Department's periodic assessment of the effectiveness of Departmental policies. It is not the Department's view that an unsuccessful project is a sign of an ineffective agency. It has often been noted that the most successful agencies are the least inhibited in discussing their unsuccessful projects.

(4) A brief description of each project successfully or unsuccessfully concluded during the current year. For designated enterprise zones experiencing a pattern of frustration in their business development projects, the Department will attempt, in consultation with the applicant, to arrange expert technical assistance to reduce problems mutually identified to manageable proportions within present or achievable agency capabilities.

(5) Updated project sheets for projects active but not completed during the current year, which are to be continued during the coming year. These projects should be identified as "Continuing" at the top of the front page of each project sheet.

(6) Project sheets for new projects to be undertaken during the coming year.

(7) A line-item budget for the anticipated grant.

(8) A detailed and legible map of enterprise zone boundaries, approximate total acreage or square miles, and the most recent population, unemployment and percentage of poverty figures for the designated enterprise zone.

(d) *Amendment to zone boundaries.* Once during a fiscal year an applicant may propose a change in the zone boundary. An addition to the zone shall involve only an area contiguous to the existing zone. The applicant shall state how the change would complement the local business development strategy and how the change would affect the zone's ability to achieve the goals of the strategy.

(e) *Application submission.* Four copies of the application shall be submitted to the Department. One copy shall be sent to the appropriate regional office and three copies shall be sent to the Strategic Planning and Operations Office. Addresses of the offices listed in this subsection will be published annually as a notice in the *Pennsylvania Bulletin*.

#### Source

The provisions of this § 121.11 adopted April 1, 1988, effective April 2, 1988, 18 Pa.B. 1493.

### § 121.12. Application for refunding 6th year and beyond.

(a) *Eligibility to apply.* The Department will inform each municipality having a designated enterprise zone whether it is eligible to apply for refunding for a 6th year and beyond. Eligibility to apply for a 6th year of funding will be determined by the Department based upon its examination, during the 5th year of funding for

a zone, of the degree to which the 5-year objectives have been achieved, either as originally stated or as most recently accepted in amended form by the Department.

(1) Factors considered during the examination will include the following:

(i) The overall pattern of development occurring within the zone as compared to the dominant pattern of development sought in the 5-year objectives.

(ii) The number of new jobs created.

(iii) The amount of new/additional business investment.

(iv) Current strategy objectives.

(v) Business development.

(vi) New job creation prospects.

(vii) The increase in available financial resources for implementation developed over the 5-year period.

(2) Examples of the factors listed in paragraph (1) include: documented arrangements with county or regionally-administered business loan funds and customized job training organizations for prompt consideration of zone-business development finance or skill training requests; access to pooled area banks' or municipal CDBG funds' capitalization of a small business revolving loan fund; arrangements with Senior Corps of Retired Executives financial executives to provide assistance to small business start-ups and small expanding firms in need of help to prepare or revise their business plans; and arrangements with a regional agency to provide or arrange assistance in preparation of a Federal procurement contract bid, export market development or technology transfer application.

(3) Assessments of each zone will be individualized to the extent permitted by available data to avoid unfair comparisons of raw numbers between metropolitan and nonmetropolitan zones. Special circumstances will be carefully considered and may influence an assessment, but will rarely provide the basis for the Department's conclusions about each zone's 5-year performance.

(4) Eligibility of a municipality to apply for funding beyond the 6th year will be determined by the Department based upon its annual reviews.

(b) *Type of grant.* Basic grants are available for administrative support and seed money for modestly sized projects.

(c) *Application contents.*

(1) For the 6th year and for each subsequent year of funding, applicants should produce clear evidence of progress toward attainment of project objectives of improved job quality which include increased full-time employment or opportunities for full-time employment at above minimum wage levels with fringe benefits and opportunity for advancement.

(2) Updated project sheets shall be provided for projects active but incomplete during the current year, which are to be continued during the coming year. These projects should be identified as "Continuing" at the top of the front page

of each project sheet. Project sheets for new projects to be undertaken during the coming year and a line-item budget for the anticipated grant should also be included.

(d) *Application submission.* Four copies of the application shall be submitted to the Department. One copy shall be sent to the appropriate regional office and three copies shall be sent to the Strategic Planning and Operations Office. The addresses listed in this subsection will be published annually in the *Pennsylvania Bulletin*.

(e) *Phase down or discontinuation of basic grants.* The Department generally will not extend designated zone basic grant funding beyond a maximum of 8 years. The persistence on a multi-year basis of an absence of progress on job quality objectives within the zone may result in reduced or discontinued funding. The final 2 years of basic grant funding for successful zones will be at reduced levels, but the zones will remain eligible for priority access to other Commonwealth resources. Municipalities with more than one zone may opt for continuation of basic grants beyond the 8th year, or may opt for closing of the zones and apply for planning grants for new zones.

#### Source

The provisions of this § 121.12 adopted April 1, 1988, effective April 2, 1988, 18 Pa.B. 1493.

### § 121.13. Competitive grants.

In addition to basic grant funding, additional support is available through competitive grants for implementation of the local business development strategy or new opportunities that would have a significant impact on the designated enterprise zone. The competitive grant is reserved for projects of larger scale and greater impact requiring commensurately larger resources to facilitate higher levels of new job generation or job retention, or both, and business investment and for which other contingent investment commitments are in place. Priority will be given to applicants for competitive grants that demonstrate a direct benefit to the applicant in its award of these funds to a business through assumption of an equity position or other assets of the business.

(1) *Eligibility to apply.* Designated enterprise zones are eligible to apply for competitive grants beginning with 2nd-year basic grant funding and annually through zone termination.

(2) *Eligible uses of funds.* It is the intent of the Department to utilize the competitive grant component of the enterprise zone program as a catalyst for targets of opportunity that will retain or create employment within the designated enterprise zone. Eligible activities include the following:

(i) Stabilization of existing export business or industry so that the firms will become competitive as a result of the requested funds.

(ii) Expansion of existing export businesses' or industries' facilities or operations or production capabilities.

(iii) Modernization of the methods used by export firms without displacing current employees.

(iv) Attraction of new export firms to the enterprise zone as a direct result of funds requested under the competitive grants component of the enterprise zone program.

(v) New technology ventures approved for funding support through the Ben Franklin Partnership are eligible for use of competitive grant funds.

(3) *Eligible costs.* Eligible costs include infrastructure development, purchases or improvement of equipment and machinery, and property acquisition or improvements. The Department will also consider as eligible up to 40% of the total cost of working capital or inventory costs, based on documentation of market prospects to support the request.

(4) *Application contents.* An applicant shall show how the proposed project to be supported by the competitive grant would fit into an economic development strategy for the designated enterprise zone and result in jobs which are in export firms. Proposed projects resulting in jobs in commercial and retail operations will receive low priority. The application shall include evidence of firm financial commitment on the part of business and lending institutions and evidence that the project will be under construction within 120 days of receipt of a grant contract. The Department is interested in funding projects which will result in the creation of at least one job for every \$15,000 of enterprise zone program competitive grant funds invested, and in which at least 50% of the jobs created will be of higher than minimum wage.

(5) *Amount of grant.* It is the Department's intention to award a limited number of competitive grants each fiscal year, subject to the availability of required funding. If the total available appropriation is committed for a fiscal year, applications received subsequently will be held until funds become available. No municipality may receive a competitive grant which when added to basic grants to zones in the municipality would be more than 20% of the total enterprise zone program appropriation. No competitive grant will be in excess of 30% of the project cost.

(6) *Submission of application.* Three copies of the application shall be submitted to the Department's Strategic Planning and Operations Office and one copy shall be submitted to the appropriate regional office. Applications will be accepted throughout the year.

#### Source

The provisions of this § 121.13 adopted April 1, 1988, effective April 2, 1988, 18 Pa.B. 1493.

### § 121.14. Termination of zones.

(a) *Termination at the request of the municipality.* Designated zones which develop and sustain increased rates of business investment and job creation in a shorter period of time than originally expected will be encouraged to enter the

final 2 phase-down years of reduced funding promptly. These successful grantees are encouraged to submit applications for enterprise planning zone grants within the same municipalities, or in the case of multi-municipal zones, within a nearby distressed municipality. Successful applicants for new planning funds would proceed through the enterprise planning zone cycle of activities described in this chapter.

(b) *Termination by action of the Department.* If, as a result of an annual review, the Department determines there is no evidence of progress in implementing the local business development strategy or in achieving goals of the strategy, or no evidence of the capacity of the grantee to manage the program, the Department will take action to terminate the zone.

**Source**

The provisions of this § 121.14 adopted April 1, 1988, effective April 2, 1988, 18 Pa.B. 1493.

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