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Business Finance Resource Guide

BUSINESS FINANCE RESOURCE GUIDE

Capital Region Economic Development Corporation

PURPOSE

The Commonwealth of Pennsylvania offers dozens of programs that provide financial assistance to businesses seeking to establish, relocate to or expand in the state. Often however, businesses do not know how these resources function.

As a local economic development authority that connects businesses to resources available through government and non-profit organizations, the Capital Region Economic Development Corporation (CREDC) has developed this Business Finance Resource Guide to provide a single point of reference outlining specific financial assistance available to businesses in South Central Pennsylvania. If you as a business are having a challenge funding your next project or purchasing your next property, there may be a grant or loan available to close the financial gap.

CREDC can offer financial assistance to businesses seeking grants and loans; provide advice, guidance and resources for individuals starting up new businesses; and offer assistance with site selection and determining business locations within the community.

The programs outlined in the guide are those in which CREDC specializes and include the following:

- **Grants:** Grants are typically awarded on a reimbursement basis and do not need to be repaid. Once approved for a grant, a business completes their project, pays the associated invoices and then requests reimbursement from the state.
- **Loans:** Like commercial loans, state loans need to be repaid according to the terms. Unlike commercial loans, however, state loans typically offer lower interest rates, fixed for longer terms, and the possibility of reducing cash injection.

On behalf of CREDC, we hope this Guide is a valuable resource for you to grow and expand your business in South Central Pennsylvania.

Melissa Stone
Vice President
Capital Regional Economic Development Corporation (CREDC)

INDUSTRIAL SITES REUSE PROGRAM (ISRP)

Pennsylvania Department of Community and Economic Development

Program Overview

OVERVIEW

Program: Industrial Sites Reuse Program (ISRP)

Incentive Type: Grant/Loan

Description: The Industrial Sites Reuse Program (ISRP) provides grants and low-interest loans for environmental assessments and remediation. The program is designed to foster the cleanup of environmental contamination **at industrial sites**, thereby bringing blighted land into productive reuse.

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AWARD AMOUNT

Grants for Assessment Projects: The total maximum award amount is \$200,000 or 75% of the total cost of the project, whichever is less.

Grants for Remediation Projects: The total maximum award amount is \$1,000,000 or 75% of the total cost of the project, whichever is less.

Loans for Assessment & Remediation Projects:

- Interest rate: 2%
- Loan term for assessments: 5 years max
- Loan term for remediation: 15 years max, varies based on nature of remediation

ELIGIBILITY

Industrial Sites Reuse Program funds may be used for environmental assessments and remediation only by eligible applicants who did not cause or contribute to environmental contamination at sites where industrial activity was conducted prior to July 18, 1995.

Private businesses are not eligible to apply directly, but they can use the program by coordinating details and applying through an eligible applicant. **CREDC is one such eligible applicant for this grant program.**

Eligible applicants for this project include, but are not limited to:

- A nonprofit corporation or association whose purpose is the promotion or construction of industrial development projects.
- Any business, professional, or other enterprise. (Not grant eligible)
- Investors and Developers

APPLICATION PERIOD

Interested parties may submit a Letter of Intent, which is accepted on an ongoing basis. Successful applicants will be invited to submit a full application.

RESOURCES

CREDC Website:

<https://www.harrisburgregionalchamber.org/economic-business-development/attracting-business-workforce/>

ISRP Homepage:

<https://dced.pa.gov/programs/industrial-sites-reuse-program-isrp/>

PA INDUSTRIAL DEVELOPMENT AUTHORITY (PIDA)

Pennsylvania Department of Community and Economic Development

Program Overview

OVERVIEW

Program: Pennsylvania Industrial Development Authority (PIDA)

Incentive Type: Loan

Description: PIDA provides low-interest loans and lines of credit for eligible businesses that commit to creating and retaining full-time jobs and for the development of industrial parks and multi-tenant facilities. Loan applications are packaged and underwritten by a network of Certified Economic Development Organizations (CEDOs) that partner with PIDA to administer the program. **CREDC is the CEDO for Cumberland, Dauphin, and Perry Counties.**

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AWARD AMOUNT

Loan Amount: The total maximum loan amount is 50% of the project costs up to \$2.25 million. One job must be created or retained for every \$75,000 loaned.

Interest Rates: Rates are set by PIDA at the start of each calendar quarter based on the 10-year Treasury and often times run much lower than going commercial bank rates. Depending on the project, rates and terms can be fixed up to 15 years.

ELIGIBILITY

A variety of different industry sectors are eligible for PIDA financing including manufacturing, industrial, agricultural, research and development, healthcare, hospitality, defense conversion, recycling, construction, child day-care, retail and service, export, and computer-related service enterprises.

ELIGIBLE USE

Eligible businesses are able to utilize funds for the following uses:

- Real Estate acquisition, construction, expansion and/or renovation
- Working capital lines of credit
- Accounts receivable lines of credit

APPLICATION PERIOD

All applications for PIDA financing must be submitted through a CEDO. Applications are accepted anytime so long as funding is available.

RESOURCES

CREDC Website:

<https://www.harrisburgregionalchamber.org/economic-business-development/attracting-business-workforce/>

REDEVELOPMENT ASSISTANCE CAPITAL PROGRAM (RACP)

Pennsylvania Department of Community and Economic Development

Program Overview

OVERVIEW

Program: Redevelopment Assistance Capital Program (RACP)

Incentive Type: Grant

Description: The Redevelopment Assistance Capital Program (RACP) is a Commonwealth grant program administered by the Office of the Budget for the acquisition and construction of regional economic, cultural, civic, recreational, and historical improvement projects. RACP projects are state-funded projects that cannot obtain primary funding under other state programs.

Typical projects have a regional or multi-jurisdictional impact, and generate substantial increases or maintain current levels of employment, tax revenues, or other measures of economic activity.

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AWARD AMOUNT

Award Amount: The primary focus of RACP is to fund hard construction costs of a projects that are at least one million dollars. The total minimum award amount is 50% of eligible project costs up to \$1 million. There is no maximum award.

ELIGIBILITY

Eligibility for the Redevelopment Assistance Capital Program (RACP) in Pennsylvania is determined by the state of Pennsylvania.

To be eligible for RACP funding, a project must meet certain criteria, including:

- Be located and operated in the state of Pennsylvania
- Have a clear public purpose
- Be of regional or statewide significance
- Demonstrate a need for state support
- Be financially feasible

While private businesses are not directly eligible applicants, they can still benefit from this program by working with one of several eligible applicants listed in the RACP guidelines. These include state and local government entities, such as municipalities, counties, and state agencies, as well as certain non-profit organizations, **including CREDC.**

All submissions that pass an initial review of eligibility and completeness will be considered for a RACP grant award.

APPLICATION PERIOD

Activated intermittently throughout the year at the discretion of the Governor. The initial application window is typically open for four to six weeks.

If you are curious about the application window, please call our office

RESOURCES

PA Office of the Budget: [RACP \(pa.gov\)](https://www.pa.gov/)

Application Flow Chart: [Process Overview Flowchart \(commencement of e-RACP App\).pdf](#)

CREDC Website:

<https://www.harrisburgregionalchamber.org/economic-business-development/attracting-business-workforce/>

THE PENNSYLVANIA CATALYST LOAN FUND

State Small Business Credit Initiative Program

Program Overview

OVERVIEW

Program: State Small Business Credit Initiative

Incentive Type: Loan

Description: SSBCI is a state-level program designed to support small businesses and promote economic growth by providing access to credit, which can help businesses purchase equipment, real estate, and other important assets. It provides a variety of financing options to eligible small businesses in the state, including loan loss reserves, guarantees, and other forms of credit enhancement.

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AWARD AMOUNT

Award Amount: The exact amount of the award depends on the specific financing option, the amount of the loan requested by the small business, and the creditworthiness of the business.

ELIGIBILITY

To be eligible for the Pennsylvania Catalyst Loan Fund, a small business must:

- Be located and operate in the state of Pennsylvania
- Meet the definition of a small business according to the SBA size standards
- Have a demonstrated need for credit
- Be a for-profit business

Additional eligibility criteria may include requirements related to the type of business, credit history, and financial standing. **CREDC can offer assistance with determining your eligibility.**

APPLICATION PERIOD

The application period for the Pennsylvania State Small Business Credit Initiative (SSBCI) is on a rolling basis, meaning that applications are accepted at any time. There is no specific deadline or set time frame for submitting an application.

RESOURCES

CREDC Website:

<https://www.harrisburgregionalchamber.org/economic-business-development/attracting-business-workforce/>

SMALL BUSINESS ADMINISTRATION 504 LOAN (SBA 504)

U.S. Small Business Administration

Program Overview

OVERVIEW

Program: SBA 504 Loan

Incentive Type: Loan

Description: The SBA 504 Loan is a federal government loan program aimed at providing small businesses with long-term, fixed-rate financing for the purchase of fixed assets such as real estate, equipment, and machinery. The program provides financing through certified development companies (CDCs) working in partnership with banks, credit unions, and other lenders. **CREDC partners with a CDC to deliver this program directly to our region's businesses**

The goal of the SBA 504 Loan program is to help small businesses grow and create jobs in their communities.

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AWARD AMOUNT

Award Amount: The SBA provides direct loans to cover up to 40% of the eligible project costs loan, 60% must be provided by a partnering lender such as a bank or credit union, and the balance would represent the borrower's required equity injection. The loan terms range from 10 to 25 years and the interest rate is typically below market rate.

ELIGIBILITY

To be eligible for an SBA 504 loan through CREDC, a small business must meet the following criteria:

- Be a for-profit, operating small business
- Have a net worth less than \$15 million and average net income less than \$5 million after taxes for the previous two years
- Use the loan proceeds for the real estate costs such as acquisition, construction, expansion and/or renovation or for the acquisition of machinery and equipment.
- Meet job creation or retention requirements
- Be located in and operate in Pennsylvania.

Additionally, the small business must meet the SBA's size standards, which vary by industry.

APPLICATION PERIOD

The application period for SBA 504 loans is ongoing, meaning there is no set time frame for when you can apply. Eligible small businesses can apply for an SBA 504 loan at any time as long as they meet the eligibility criteria. The process of obtaining an SBA 504 loan typically takes several months, so it's recommended to start the application process well in advance of when you need the funds.

RESOURCES

SBA Website: <https://www.sba.gov/funding-programs/loans/504-loans#section-header-0>

CREDC Website: <https://www.harrisburgregionalchamber.org/economic-business-development/attracting-business-workforce/>

