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Feb. 24, 2014

When a store wants to move merchandise, it lowers the price. And when a state wants to move loans, it does the same.

The Pennsylvania state Department of Community and Economic Development and the Pennsylvania Industrial Development Authority have done just that. DCED and PIDA said Wednesday they have sharply cut the interest rates and waived fees they charge on loans to businesses, to spark demand.

“We're happy to see it,” said John Biemiller, executive vice president and chief operating officer of EDC Finance, which administers the programs here. “It certainly will help to spur interest in those programs.”

Until July 1, the rates on loans from the DCED's Machinery & Equipment Loan Fund, Export Financing Program and Small Business First program have been cut from 4.0 percent to 1.75 percent.

For DCED's Pollution Prevention Assistance Program, the rate was cut from 2.0 percent to 1.75 percent. PIDA reduced its rates from 3.0 percent (adjusted after seven years) or 4.5 percent to 2.25 percent.

Both DCED and PIDA also waived their loan fees, typically 1 percent of the loan amount. In announcing the rate and fee action, the DCED noted that a similar reduction about a year ago was very successful.

The reduction from December 2012 through June 2013 prompted more than double

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