
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 636

Session of
1983

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A. C. FOSTER, JR., LEHR AND CESSAR, MARCH 23, 1983

REFERRED TO COMMITTEE ON BUSINESS AND COMMERCE, MARCH 23, 1983

AN ACT

- 1 Authorizing the creation and management of enterprise zones; and
2 imposing powers and duties on the Department of Commerce.

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

4 Section 1. Short title.

5 This act shall be known and may be cited as the Enterprise
6 Zone Act.

7 Section 2. Legislative purpose.

8 It is hereby declared to be essential to the welfare of the
9 people of Pennsylvania to aid, assist and foster economic
10 redevelopment in urban, suburban and rural areas of the
11 Commonwealth which are suffering from acute unemployment,
12 poverty and general distress by encouraging cooperation between
13 the State, its political subdivisions and the private sector for
14 the purpose of providing economic, regulatory and financial
15 assistance in the rehabilitation of chronically depressed areas
16 of Pennsylvania.

17 Section 3. Definitions.

18 The following words and phrases when used in this act shall
19 have the meanings given to them in this section unless the
20 context clearly indicates otherwise:

21 "Enterprise zone." An area suffering from pervasive poverty,
22 unemployment and general distress which is designated by the
23 governing authority of a county, city, borough, township, town
24 or home rule municipality as an enterprise zone and approved by
25 the Secretary of Commerce as an enterprise zone under the
26 provisions of this act.

27 "Pervasive poverty, unemployment and general distress." The
28 fulfillment of any one of the following criteria:

29 (1) Designation as a low income poverty area by the
30 Bureau of Census during the most recent census.

1 (2) Existence of an average unemployment rate in the
2 most recent 18-month period which is at least 1 1/2 times the
3 Statewide average unemployment rate for the same period.

4 (3) Existence of chronic abandonment or demolition of
5 commercial or residential structures.

6 (4) An incidence of at least 50% of commercial or
7 residential structures being 50 years of age or older.

8 (5) Occurrence of substantial real estate tax arrearages
9 on commercial, industrial or residential structures.

10 (6) Lack of viable, widespread commercial, industrial or
11 other economic activity.

12 (7) Occurrence of at least a 10% decrease in population
13 in all census tracts between 1970 and 1980.

14 (8) Existence of a substantial out-migration of jobs.

15 (9) Existence of the criteria set forth for designation
16 as deteriorated areas in section 4 of the act of December 1,
17 1977 (P.L.237, No.76), known as the Local Economic
18 Revitalization Tax Assistance Act.

19 "Rehabilitation." Improvement, construction or
20 reconstruction, including alterations and additions requiring
21 substantial investment and having the effect of rehabilitating
22 the structure so that it attains higher standards of safety,
23 health or economic utility.

24 "Secretary." The Secretary of Commerce.

25 Section 4. Designation of enterprise zones.

26 The governing authority of any county, city, borough,
27 township, town or home rule municipality may, with the approval
28 of the secretary, designate as an enterprise zone an area within
29 its boundaries which is suffering from pervasive poverty,
30 unemployment and general distress. The secretary shall ensure

1 the substantially equal designation and approval of urban,
2 suburban and rural areas as enterprise zones. Designation and
3 approval of an area as an enterprise zone shall continue in full
4 force and effect for a period of 12 years.

5 Section 5. Local commitment.

6 Before the secretary approves the designation of an area as
7 an enterprise zone, the county, city, borough, township, town or
8 home rule municipality shall submit to the secretary an
9 accountable plan of local commitment to the revitalization of
10 the area. This local commitment plan shall include, but not be
11 limited to:

12 (1) The provision of increased fire, police, sanitation
13 and other local services.

14 (2) Guarantees of flexibility in local regulatory
15 requirements, including the relaxation or modification of
16 zoning ordinances and local building codes.

17 (3) The provision under the act of December 1, 1977
18 (P.L.237, No.76), known as the Local Economic Revitalization
19 Tax Assistance Act, of credits against or exemptions from
20 taxes levied under authority of the act of December 31, 1965
21 (P.L.1257, No.511), known as The Local Tax Enabling Act. All
22 revenue lost by the provision of such credits or exemptions
23 shall be reimbursed by the Commonwealth.

24 Section 6. Revocation of designation.

25 The secretary may revoke any designation of an area only if
26 the secretary determines, following notice and opportunity to be
27 heard, that the county, city, borough, township, town or home
28 rule municipality which designated such area is not
29 substantially complying with the plan of local commitment as
30 approved by the secretary.

1 Section 7. Eligible business organizations.

2 Any sole proprietorship, partnership, corporation or other
3 business organization which establishes a place of business, or
4 rehabilitates an existing place of business, within an
5 enterprise zone shall be entitled to tax credits as provided in
6 section 8.

7 Section 8. Credits and allowances.

8 (a) Grant of credit.--The Department of Revenue shall grant
9 a tax credit against any tax due under Article IV of the act of
10 March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of
11 1971, or against any tax due from a bank, bank and trust
12 company, trust company, insurance company other than a foreign
13 fire or casualty insurance company, national bank, savings
14 association, mutual savings bank or building and loan
15 association under Articles VII, VIII or IX of the Tax Reform
16 Code of 1971, or under the act of June 22, 1964 (P.L.16, No.2),
17 known as The Mutual Thrift Institutions Tax Act, or any tax
18 substituted in lieu thereof, to business organizations eligible
19 under section 7 in an amount specified in subsection (c).

20 (b) Special costs.--For purposes of Article III of the Tax
21 Reform Code of 1971, sole proprietorship and partnerships
22 meeting the criteria of section 6 shall be deemed to have
23 incurred special costs and expenses in the conduct of business
24 operations because of being located in an enterprise zone in an
25 amount specified in subsection (c).

26 (c) Extent of business credit.--The credit or business
27 expense provided for in subsections (a) and (b) shall be equal
28 to 35% of earned income attributable to operation within a
29 designated enterprise zone. Each such business organization
30 shall be entitled to a credit or business expense for each year

1 of the eight-year period following the commencement of initial
2 operations.

3 Section 9. Loans to business organizations.

4 The Department of Revenue shall grant to the lender a credit
5 in the amount of 100% of all income received during any two-year
6 period commencing after the effective date of this act on loans
7 extended by commercial banks, mutual savings institutions or
8 savings and loan associations to business organizations
9 operating within enterprise zones, for use solely in connection
10 with opening or rehabilitating business operations in the
11 enterprise zone, against any tax due under Article VII of the
12 act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code
13 of 1971, or under the act of June 22, 1964 (P.L.16, No.2), known
14 as The Mutual Thrift Institutions Tax Act. The credit provided
15 by this section shall be claimed only for income received on and
16 attributable to such loans during the tax year.

17 Section 10. Liability of business organizations.

18 Any business organization which operates within a designated
19 and approved enterprise zone and which receives benefits under
20 the provisions of this act shall continue to operate for a
21 period of at least 12 years following receipt of initial
22 benefits. Failure to continue operations for such period, except
23 in case of insolvency, bankruptcy or other conditions beyond the
24 control of the business organization, shall render the business
25 organization liable to the Commonwealth in an amount equal to
26 the total revenue lost due to extension of benefits under this
27 act.

28 Section 11. Additional duties of the secretary.

29 The secretary shall assist business organizations operating
30 within designated and approved enterprise zones in obtaining

1 benefits under the following statutes:

2 (1) Act of May 17, 1956 (1955 P.L.1609, No.537), known
3 as the Pennsylvania Industrial Development Authority Act.

4 (2) Act of November 29, 1967 (P.L.636, No.292), known as
5 the Neighborhood Assistance Act.

6 (3) Act of December 1, 1977 (P.L.237, No.76), known as
7 the Local Economic Revitalization Tax Assistance Act.

8 Section 12. Effective date.

9 This act shall take effect in 60 days.