

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 275 Session of
2005

INTRODUCED BY FRANKEL, BROWNE, CALTAGIRONE, GEIST, PALLONE,
THOMAS AND WILT, FEBRUARY 8, 2005

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 8, 2005

AN ACT

1 Amending the act of July 11, 1990 (P.L.465, No.113), entitled
2 "An act providing for the creation of tax increment
3 districts; providing for additional powers and duties to be
4 exercised by redevelopment authorities and by industrial and
5 commercial development authorities; authorizing the creation
6 and approval of project plans for tax increment financing;
7 providing for the establishment of a tax increment base;
8 allocating the payment of positive tax increments; providing
9 for the financing of project costs; and providing for the
10 issuance of tax increment bonds and notes," further providing
11 for the definitions of "tax increment" and "tax increment
12 base."

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

15 Section 1. The definitions of "tax increment" and "tax
16 increment base" in section 3 of the act of July 11, 1990
17 (P.L.465, No.113), known as the Tax Increment Financing Act,
18 amended December 16, 1992 (P.L.1240, No.164), are amended to
19 read:

20 Section 3. Definitions.

21 The following words and phrases when used in this act shall
22 have the meanings given to them in this section unless the

1 context clearly indicates otherwise:

2 * * *

3 "Tax increment." Generally, the incremental tax revenues,
4 determined with reference to the tax increment base, resulting
5 from the increase in property values or from the increase in
6 commercial activity as a result of a project. More specifically,
7 the term includes the following:

8 (1) The incremental tax revenues resulting from an
9 increase in the total market value of taxable real property
10 situated in a tax increment district and an increase in the
11 [business] use and occupancy of such [taxable] real property.
12 This paragraph applies only to ad valorem taxes on real
13 property and [tax] taxes imposed by the governing body on the
14 use and occupancy of real property, including a parking tax.

15 (2) The payment in lieu of taxes assigned to or agreed
16 to be paid by governmental entities or nonprofit
17 organizations with property situated or otherwise assignable
18 to a tax increment district. Whether all or only a portion of
19 this payment is to be considered part of the tax increment
20 shall be determined at the time the tax increment district is
21 created.

22 (3) The incremental tax revenues resulting from an
23 increase in total taxable sales and rentals of tangible
24 personal property and in the rendition of taxable services by
25 vendors located in a tax increment district. This paragraph
26 applies only to a sales tax levied by a governing body.

27 (4) The incremental tax revenues resulting from an
28 increase in total gross receipts or gross or net profits or
29 income realized by persons or entities from business
30 conducted in a tax increment district. This paragraph applies

1 only to those taxes levied under the authority of the act of
2 August 5, 1932 (Sp.Sess., P.L.45, No.45), referred to as the
3 Sterling Act, the act of December 31, 1965 (P.L.1257,
4 No.511), known as The Local Tax Enabling Act, and the act of
5 May 30, 1984 (P.L.345, No.69), known as the First Class City
6 Business Tax Reform Act.

7 "Tax increment base." The term means one or more of the
8 following, as appropriate:

9 (1) The aggregate market value of all taxable real
10 property located within a tax increment district on the date
11 the district is created.

12 (2) In a district where the governing body has levied a
13 tax on the business use and occupancy of real estate, the
14 average aggregate market value of real property located
15 within the district and used or occupied for business
16 purposes during the last available 12-month period preceding
17 the date of creation of the district.

18 (3) In a district where the governing body has levied a
19 sales, use or parking tax, the total amount of taxable sales,
20 rentals [and], services and transactions subject to the
21 [sales] tax [of the Commonwealth] and occurring within the
22 district during the last calendar year or the last available
23 12-month period preceding the date of creation of the
24 district.

25 (4) In a district where the governing body has levied a
26 mercantile license tax, business privilege tax, net profits
27 tax or similar tax for the privilege of engaging in business
28 within the district, the total amount of taxable gross
29 receipts, net income or net profits, as the case may be,
30 realized by taxpayers at locations within the district during

1 their last taxable period which ended before the date of
2 creation of the district.

3 * * *

4 Section 2. This act shall take effect in 60 days.