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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE RESOLUTION

No. 147 Session of  
2005

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INTRODUCED BY EACHUS, ALLEN, ARGALL, BENNINGHOFF, BOYD, BUNT, CALTAGIRONE, CAPPELLI, CLYMER, CORRIGAN, CRAHALLA, DeLUCA, DENLINGER, DERMODY, DeWEESE, FABRIZIO, FREEMAN, GEORGE, GERGELY, GOOD, GOODMAN, GRUCELA, HERSHEY, JOSEPHS, LEVDANSKY, McILHATTAN, NICKOL, PETRARCA, PETRONE, PICKETT, READSHAW, ROEBUCK, RUBLEY, SANTONI, SAYLOR, SOLOBAY, STABACK, STURLA, SURRA, TANGRETTI, THOMAS, TIGUE, WALKO, WANSACZ, WHEATLEY, YOUNGBLOOD AND YUDICHAK, MARCH 15, 2005

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REFERRED TO COMMITTEE ON COMMERCE, MARCH 15, 2005

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A RESOLUTION

1 Directing the Legislative Budget and Finance Committee to  
2 determine the effectiveness of keystone opportunity zones,  
3 keystone opportunity expansion zones and keystone opportunity  
4 improvement zones.

5 WHEREAS, The Keystone Opportunity Zone, Keystone Opportunity  
6 Expansion Zone and Keystone Opportunity Improvement Zone Act was  
7 established to provide for the creation of keystone opportunity  
8 zones, keystone opportunity expansion zones and keystone  
9 opportunity improvement zones to foster economic opportunities  
10 in this Commonwealth; and

11 WHEREAS, The primary components of keystone opportunity  
12 zones, keystone opportunity expansion zones and keystone  
13 opportunity improvement zones enable qualifying business and  
14 residential property tax owners to be exempt from certain State  
15 and local taxes, including real property taxes; and

16 WHEREAS, The real estate tax is the main source of locally

1 generated revenue to fund Pennsylvania's school districts and  
2 municipalities and the base for the property tax is the value of  
3 all real property within the borders of each school district and  
4 municipality; and

5 WHEREAS, School districts and municipalities must often  
6 increase property taxes because of an increase in revenue needs,  
7 a reduction in the actual collection of revenues or an  
8 alteration of the tax base; and

9 WHEREAS, Such reductions in the collection of revenues will  
10 likely result when a significant portion of a school district's  
11 or municipality's property is exempted from local property taxes  
12 under the keystone opportunity zone, keystone opportunity  
13 expansion zone or the keystone opportunity improvement zone  
14 programs; and

15 WHEREAS, School districts and municipalities will be  
16 encouraged to shift this financial burden to the remaining  
17 taxable property in their boundaries; and

18 WHEREAS, No measurable data has been collected with regard to  
19 the overall effectiveness of the keystone opportunity zone,  
20 keystone opportunity expansion zone and keystone opportunity  
21 improvement zone programs in sustaining real and long-term  
22 economic growth in qualifying regions; therefore be it

23 RESOLVED, That the House of Representatives direct the  
24 Legislative Budget and Finance Committee to determine the  
25 effectiveness of the keystone opportunity zone, keystone  
26 opportunity expansion zone and keystone opportunity improvement  
27 zone programs in this Commonwealth; and be it further

28 RESOLVED, That, in furtherance of its study, the Legislative  
29 Budget and Finance Committee shall:

30 (1) Identify the programs' effects on economic

1 development in keystone opportunity zone, keystone  
2 opportunity expansion zone and keystone opportunity  
3 improvement zone areas as compared to nearby areas that do  
4 not contain tax-free zones.

5 (2) Discuss any major trends in the types of new  
6 business that have resulted from these programs and include  
7 an estimate of the total number of new jobs that have been  
8 created since the programs' inception.

9 (3) Examine the potential effects of statutory  
10 requirements on school districts and municipalities  
11 throughout Pennsylvania.

12 (4) Identify the potential loss of revenue from tax-  
13 exempt properties that will shift to those remaining in the  
14 tax base of each applicable school district and municipality  
15 and discuss alternative means for school districts and  
16 municipalities to recoup this revenue;

17 and be it further

18 RESOLVED, That the Legislative Budget and Finance Committee  
19 report all findings, conclusions and recommendations to the  
20 House of Representatives within six months of the passage of  
21 this resolution.