

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 971 Session of
1997

INTRODUCED BY REINARD, DENT, M. N. WRIGHT, ITKIN, STABACK,
BELARDI, ARGALL, CAWLEY, TRAVAGLIO, RAYMOND, GEIST,
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MARCH 25, 1997

REFERRED TO COMMITTEE ON URBAN AFFAIRS, MARCH 25, 1997

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 tax increment districts and tax exemptions.

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

14 Section 1. The definition of "tax increment district" or
15 "district" in section 3 of the act of July 11, 1990 (P.L.465,
16 No.113), known as the Tax Increment Financing Act, is amended to
17 read:

18 Section 3. Definitions.

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

1 * * *

2 "Tax increment district" or "district." A contiguous
3 geographic area [within a redevelopment area] defined and
4 created by resolution or ordinance of the governing body of the
5 municipality creating the district in accordance with section 5.

6 * * *

7 Section 2. Section 5 of the act, amended December 16, 1995
8 (P.L.1240, No.164), is amended to read:

9 Section 5. Creation of tax increment districts and approval of
10 project plans.

11 (a) General rule.--A tax increment district shall be created
12 in the following manner:

13 (1) The authority shall make a formal presentation to
14 the governing bodies of all municipalities and school
15 districts which levy property taxes within the area in which
16 the proposed tax increment district will be located. The
17 presentation shall include a description of the proposed
18 boundaries of the district, the tentative plans for the
19 development or redevelopment of the district, and an estimate
20 of the general impact of the proposed district on property
21 values and tax revenues.

22 (2) Each affected municipality and school district shall
23 designate a representative to meet with the authority to
24 discuss the project plan and the tax increment financing, and
25 shall notify the authority of its designated representative.
26 The authority shall meet with the designated representative
27 to discuss the creation of the district, the boundaries of
28 the district, development within the district, the tax
29 increment that the municipality and school district would
30 contribute to the tax increment fund, the exclusion of

1 particular parcels of property from the district, tax
2 collection for the district and any other matter relevant to
3 the proposed tax increment district.

4 (3) The authority shall recommend the boundaries of a
5 tax increment district to be created and shall submit the
6 recommendation to the governing body of the municipality
7 which will create the district. The municipality may be a
8 county.

9 (4) The authority shall prepare a project plan for each
10 tax increment district and submit the plan to the governing
11 body of the municipality which will create the district and
12 to the governing body of any other municipality or school
13 district that levies property taxes within the boundaries of
14 the proposed district. The plan shall include the following:

15 (i) A statement listing the kind, number and
16 location of all proposed public works or improvements
17 and/or all residential, commercial or industrial
18 development and revitalization improvements.

19 (ii) An economic feasibility study of the project
20 and the fiscal effects on the municipal tax base.

21 (iii) A detailed list of estimated project costs.

22 (iv) A description of the methods of financing all
23 estimated project costs and the time when related costs
24 or monetary obligations are to be incurred.

25 (v) A map showing existing uses and conditions of
26 real property in the district.

27 (vi) A map showing proposed improvements and uses
28 therein.

29 (vii) Proposed changes of any zoning ordinance,
30 master plan, map, building code or ordinance.

1 (viii) A list of estimated nonproject costs.

2 (ix) A statement of a proposed method for the
3 relocation of families, persons and businesses to be
4 temporarily or permanently displaced from housing or
5 commercial facilities in the project area by
6 implementation of the plan.

7 (5) The governing body of the municipality which will
8 create the tax increment district shall hold at least one
9 public hearing at which interested parties are afforded a
10 reasonable opportunity to express their views on the concept
11 of tax increment financing, on the proposed creation of a tax
12 increment district and its proposed boundaries, on the
13 proposed adoption of a project plan for the district and the
14 benefits to the municipality. Notice of the hearing shall be
15 published in accordance with the terms of the act of July 3,
16 1986 (P.L.388, No.84), known as the Sunshine Act, and said
17 notice shall be provided by first class mail, postage
18 prepaid, to the governing body of any municipality or school
19 district that levies property taxes within the boundaries of
20 a proposed tax increment district. This notice shall be
21 provided not less than 30 days before the date of the
22 hearing.

23 (6) In order to create a district and adopt a project
24 plan, the governing body of the municipality which will
25 create the tax increment district shall adopt, not earlier
26 than three weeks after the public hearing described in
27 paragraph (5) has been held, a resolution or ordinance which:

28 (i) Describes the boundaries of a tax increment
29 district with sufficient definiteness to identify with
30 ordinary and reasonable certainty the territory included.

1 The governing body shall take care that the boundaries
2 include only those whole units of property assessed for
3 general property tax purposes.

4 (ii) Creates the district as of a given date. A tax
5 increment district may exist for a period not to exceed
6 [20] the greater of 30 years or the period during which
7 tax increment bonds or notes for the district are
8 outstanding, unless an amendment is made to the project
9 plan under paragraph (8). The issuance of tax increment
10 bonds or notes, including refunding bonds or notes, shall
11 not require an amendment to the project plan, unless the
12 aggregate project costs have increased.

13 (iii) Assigns a name to the district for
14 identification purposes.

15 (iv) Contains findings that, among other things:

16 (A) The district is a contiguous geographic area
17 [within a redevelopment area].

18 (B) The improvement of the area is likely to
19 enhance significantly the value of substantially all
20 of the other real property in the district. It is not
21 necessary to identify the specific parcels meeting
22 this criterion.

23 (C) The aggregate value of equalized taxable
24 property of the district, plus all existing tax
25 increment districts, does not exceed 10% of the total
26 value of equalized taxable property within the
27 municipality.

28 (D) The area comprising the district as a whole
29 has not been subject to adequate growth and
30 development through investment by private enterprise

1 or would not reasonably be anticipated to be
2 adequately developed or further developed without the
3 adoption of the plan.

4 (E) A feasible method exists for the
5 compensation of individuals, families and small
6 businesses that will be displaced by the project and
7 for their relocation to decent, safe and sanitary
8 dwelling accommodations within their means, without
9 undue hardship to such individuals, families and
10 businesses.

11 (F) The project plan conforms to the municipal
12 or county master plan, if any.

13 (G) The project plan will afford [maximum]
14 reasonable opportunity, consistent with the sound
15 needs of the community as a whole, for the
16 rehabilitation or redevelopment of the tax increment
17 district by private enterprise.

18 [(H) The district is a blighted area containing
19 characteristics of blight as described in the Urban
20 Redevelopment Law and the project to be undertaken is
21 necessary to eliminate such conditions of blight.]

22 (7) The governing body of a municipality or school
23 district that levies property taxes within the boundaries of
24 a proposed tax increment district shall, by ordinance or
25 resolution, agree to participate or opt not to participate in
26 whole or in part in the tax increment district. Such
27 ordinance or resolution shall be adopted and a copy thereof
28 delivered to the governing body of the municipality which
29 will create the district on or before the date on which the
30 public hearing described in paragraph (5) is held.

(8) The governing body of the municipality creating the tax increment district may at any time, subject to the provisions of section 6(c), adopt an amendment to a project plan which shall be subject to approval in the same manner as the original project plan.

(b) Cities of the first class.--In cities of the first class, a tax increment district shall be permitted only in a certified redevelopment area created pursuant to the Urban Redevelopment Law.

Section 3. Section 9(d) and (k) of the act are amended to read:

Section 9. Financing of project costs.

* * *

(d) Amount and term.--Tax increment bonds or notes may not be issued in an amount exceeding the aggregate project costs. The bonds or notes shall mature over a period not exceeding [20] 30 years from the date of issue. The principal and interest on the bonds and notes may be payable at any time and at any place. The bonds or notes may be payable to bearer or may be registered as to the principal or principal and interest. The bonds or notes may be in any denominations. The bonds or notes may be sold at public or private sale.

* * *

(k) Applicability of other laws.--

(1) Tax increment bonds and notes issued under this act shall be subject to the provisions of the act of December 20, 1985 (P.L.483, No.113), known as the Tax-Exempt Bond Allocation Act, to the extent required by Federal law.

(2) Except for guarantees of tax increment bonds and notes as provided in subsection (h), tax increment bonds and

1 notes issued under this act shall not be subject to the
2 provisions of the Local Government Unit Debt Act.

3 (3) With respect to property located within a tax
4 increment district, a governing body may not grant, prior to
5 the dissolution of the district, any tax exemptions pursuant
6 to the provisions of the act of December 1, 1977 (P.L.237,
7 No.76), known as the Local Economic Revitalization Tax
8 Assistance Act, or the act of July 9, 1971 (P.L.206, No.34),
9 known as the Improvement of Deteriorating Real Property or
10 Areas Tax Exemption Act.

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