
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2943

Session of
2002

INTRODUCED BY FRANKEL, STERN, BEBKO-JONES, BROWNE, BUNT,
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STEELMAN, STETLER, STURLA, THOMAS, YOUNGBLOOD AND YUDICHAK,
OCTOBER 23, 2002

REFERRED TO COMMITTEE ON FINANCE, OCTOBER 23, 2002

AN ACT

1 Providing for tax credits for historic commercial sites;
2 imposing powers and duties on the Pennsylvania Historical and
3 Museum Commission, the Department of Community and Economic
4 Development and the Department of Revenue; and establishing
5 the Historic Rehabilitation and Urban Revitalization Tax
6 Credit Board.

7 The General Assembly of the Commonwealth of Pennsylvania
8 hereby enacts as follows:

9 Section 1. Short title.

10 This act shall be known and may be cited as the Historic
11 Rehabilitation and Urban Revitalization Tax Credit Act.

12 Section 2. Definitions.

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

16 "Board." The Historic Rehabilitation and Urban
17 Revitalization Tax Credit Board established in section 3.

1 "Commission." The Pennsylvania Historical and Museum
2 Commission.

3 "Contracting agency." A nonprofit entity approved by the
4 Pennsylvania Historical and Museum Commission as dedicated to
5 historic preservation in this Commonwealth.

6 "Cost of rehabilitation or restoration." Costs attributed to
7 the rehabilitation or restoration of a building, including
8 historic decorative elements; upgrading of the structural,
9 mechanical, electrical and plumbing systems to applicable code;
10 internal additions and alterations associated with the
11 conversion of the building to commercial use. The term does not
12 include costs attributable to the acquisition of the real
13 property; the enlargement of an existing building; landscaping,
14 driveways and other site features; and personal labor performed
15 by the owner.

16 "Department." The Department of Community and Economic
17 Development of the Commonwealth.

18 "Historic commercial site." A building which complies with
19 all of the following paragraphs:

20 (1) The building has been in existence for at least 50
21 years.

22 (2) The building:

23 (i) has been designated by Federal or State
24 Government as a historic property;

25 (ii) is located in an area designated by Federal or
26 State Government as a historic district;

27 (iii) is located in an area designated as a historic
28 district under section 2 of the act of June 13, 1961
29 (P.L.282, No.167), entitled "An act authorizing counties,
30 cities, boroughs, incorporated towns and townships to

1 create historic districts within their geographic
2 boundaries; providing for the appointment of Boards of
3 Historical Architectural Review; empowering governing
4 bodies of political subdivisions to protect the
5 distinctive historical character of these districts and
6 to regulate the erection, reconstruction, alteration,
7 restoration, demolition or razing of buildings within the
8 historic districts";

9 (iv) has been designated as a historic property or
10 is located in an area designated as a historic district
11 pursuant to the Historic Preservation Ordinance, Section
12 14-2007 of the Philadelphia City Code; or

13 (v) has been designated as a historic property or is
14 located in an area designated as a historic district
15 pursuant to Title 11 of the Pittsburgh City Code, chapter
16 1, section 3, as amended by City Council on July 22,
17 1997.

18 (3) The building is "blighted property" as defined in
19 section 12.1(c) of the act of May 24, 1945 (P.L.991, No.385),
20 known as the Urban Redevelopment Law.

21 Section 3. Historic Rehabilitation and Urban Revitalization Tax
22 Credit Board.

23 (a) Establishment.--The Historic Rehabilitation and Urban
24 Revitalization Tax Credit Board is established within the
25 department.

26 (b) Membership.--The following are members of the board:

27 (1) The Secretary of Community and Economic Development,
28 who shall serve as chairperson.

29 (2) The executive director of the commission.

30 (3) The executive director of the Pennsylvania Housing

1 Finance Agency.

2 (c) Powers and duties.--The board has the following powers
3 and duties:

4 (1) Award tax credits under section 4.

5 (2) Promulgate regulations, in conformity with
6 applicable Federal regulations, to set rehabilitation and
7 restoration criteria based on historic value and community
8 development.

9 (3) Advise the commission, the department and the
10 Department of Revenue on the implementation of section 4.

11 (4) Coordinate activities of the commission, the
12 department and the Department of Revenue to implement section
13 4.

14 Section 4. Tax credits.

15 (a) Allowance.--The board may award a person that satisfies
16 subsection (b) a credit against the tax imposed by Article III
17 or IV of the act of March 4, 1971 (P.L.6, No.2), known as the
18 Tax Reform Code of 1971.

19 (b) Eligibility.--Eligibility for a tax credit under
20 subsection (a) requires all of the following:

21 (1) A person rehabilitates or restores a historic
22 commercial site, with the total cost of rehabilitation or
23 restoration in excess of \$5,000.

24 (2) The rehabilitation or restoration is approved by the
25 commission in accordance with 36 CFR 67.7 (relating to
26 standards for rehabilitation).

27 (3) The person enters into a covenant with the
28 commission providing all of the following:

29 (i) The building will be used for income-producing
30 purposes for at least five years from completion of the

1 rehabilitation or restoration.

2 (ii) Neither the owner nor a successor in interest
3 will make a material alteration, as determined by the
4 commission, to the work approved under paragraph (2) for
5 at least five consecutive years, including the date the
6 covenant was entered into with the commission.

7 (c) Amount.--The amount of the credit under subsection (a)
8 is 20% of the cost of rehabilitation or restoration expended
9 during the taxable year in which the credit is sought. If the
10 person cannot use the entire amount of the credit for the
11 taxable year in which the expenditure is made, then the excess
12 may be carried over to a succeeding taxable year for up to five
13 taxable years.

14 (d) Procedure.--

15 (1) A person seeking a credit under this section must do
16 all of the following:

17 (i) Make an application to the board on a form
18 prescribed by the board.

19 (ii) Establish compliance with subsection (b).

20 (2) The board shall award a credit based on the
21 following:

22 (i) Compliance with regulations under section
23 3(c)(2).

24 (ii) Availability of total tax credits:

25 (A) No more than \$20,000,000 in total tax
26 credits under this section may be awarded in a fiscal
27 year.

28 (B) No individual project shall receive more
29 than \$1,000,000 per year in tax credits for any five-
30 year period.

1 (3) The board shall act on an application within 120
2 days. Failure to act within this time period shall be deemed
3 a denial of a credit.

4 (4) Denial of a credit is subject to appeal under 2
5 Pa.C.S. Ch. 7 Subch. A (relating to judicial review of
6 Commonwealth agency action).

7 (e) Expiration.--

8 (1) Except as set forth in paragraph (2), this section
9 shall expire June 30, 2013.

10 (2) Notwithstanding paragraph (1), credits under
11 subsection (c) may be applied to taxable years ending before
12 July 1, 2018.

13 Section 5. Penalty.

14 (a) Notice.--The commission shall notify the Department of
15 Revenue if a person breaches a covenant under section 4(b)(3).

16 (b) Imposition.--If a person breaches a covenant under
17 section 4(b)(3), the Department of Revenue shall assess a
18 penalty against the person in the amount of 110% of the tax
19 credit the person received under section 4.

20 Section 6. Review.

21 By November 30, 2008, the board, the commission, the
22 department and the Department of Revenue shall report to the
23 General Assembly on the tax credit program under this act for
24 fiscal years through 2007-2008.

25 Section 20. Effective date.

26 This act shall take effect in 60 days.