

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 784 Session of  
2005

INTRODUCED BY BROWNE, BOSCOLA, WONDERLING AND ARMSTRONG,  
JUNE 17, 2005

REFERRED TO FINANCE, JUNE 17, 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 definition 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 imposed by the governing body on the use and  
14 occupancy of real property.

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

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

(5) The incremental tax revenues resulting from an increase in the total taxable earnings realized by:

(i) unincorporated businesses operating in the tax increment district; and

(ii) employees working for persons or governmental entities, that are conducting business in the tax increment district.

This paragraph applies only to revenues from taxes levied under the Sterling Act; the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949; and The Local Tax Enabling Act.

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

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

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

(3) In a district where the governing body has levied a sales tax, the total amount of taxable sales, rentals and

1 services subject to the sales tax of the Commonwealth and  
2 occurring within the district during the last calendar year  
3 or the last available 12-month period preceding the date of  
4 creation of the district.

5 (4) In a district where the governing body has levied a  
6 mercantile license tax, business privilege tax, net profits  
7 tax or similar tax for the privilege of engaging in business  
8 within the district, the total amount of taxable gross  
9 receipts, net income or net profits, as the case may be,  
10 realized by taxpayers at locations within the district during  
11 their last taxable period which ended before the date of  
12 creation of the district.

13 (5) In a district where the governing body has levied an  
14 earned income tax, the total amount of taxable net earnings  
15 realized by taxpayers at locations within the district during  
16 their last taxable period which ended before the date of the  
17 creation of the district.

18 \* \* \*

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