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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 1462 Session of  
1986

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INTRODUCED BY SHAFFER, SINGEL, SALVATORE, JUBELIRER, FISHER,  
PETERSON, REIBMAN, PECORA, STOUT, HELFRICK, MOORE, CORMAN,  
KRATZER, LEMMOND, WILT, RHOADES, O'PAKE, STAUFFER, ROSS,  
SHUMAKER, MADIGAN, LOEPER, ZEMPRELLI, SCANLON, ROMANELLI,  
LINCOLN, BRIGHTBILL, HANKINS, BODACK AND MUSTO, APRIL 10,  
1986

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REFERRED TO COMMUNITY AND ECONOMIC DEVELOPMENT, APRIL 10, 1986

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AN ACT

1 Amending the act of November 29, 1967 (P.L.636, No.292),  
2 entitled "An act granting a tax credit to certain business  
3 firms who contribute to neighborhood organizations or who  
4 engage in activities which tend to upgrade impoverished  
5 areas," further providing tax credits for investments made to  
6 rehabilitate, expand or improve buildings or land used by  
7 private companies which promote community and economic  
8 development.

9 The General Assembly of the Commonwealth of Pennsylvania  
10 hereby enacts as follows:

11 Section 1. Section 2 of the act of November 29, 1967  
12 (P.L.636, No.292), known as the Neighborhood Assistance Act,  
13 amended July 31, 1968 (P.L.733, No.231), July 30, 1969 (P.L.203,  
14 No.81) and November 26, 1978 (P.L.1272, No.304), is amended to  
15 read:

16 Section 2. [As used in this act] The following words and  
17 phrases when used in this act shall have the meanings given to  
18 them in this section unless the context clearly indicates  
19 otherwise:

(1) "Community services." [means any] Any type of counselling and advice, emergency assistance or medical care furnished to individuals or groups in an impoverished area.

(2) "Impoverished area." [means any] Any area in Pennsylvania which is certified as such by the Department of Community Affairs and the certification is approved by the Governor. Such certification shall be made on the basis of Federal census studies and current indices of social and economic conditions.

(3) "Neighborhood organization." [means any] Any organization performing community services, offering neighborhood assistance, or providing job training, education, or crime prevention in an impoverished area [and], holding a ruling from the Internal Revenue Service of the United States Department of the Treasury that the organization is exempt from income taxation under the provisions of the Internal Revenue Code and approved by the Department of Community Affairs.

(4) "Neighborhood assistance." [means furnishing] Furnishing financial assistance, labor, material, and technical advice to aid in the physical improvement of any part or all of an impoverished area.

(5) "Business firm." [means any] Any business entity authorized to do business in the Commonwealth of Pennsylvania and subject to [the Corporate Net Income Tax Act or a bank, bank and trust company, insurance company, trust company, national bank, savings association, mutual savings bank or building and loan association] taxes imposed by Articles III, IV, VI, VII, VIII, IX, X, XIII, XIV, XIV-A, XV or XVI of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code.

(6) "Job training." [means any] Any type of instruction to

1 an individual who resides in an impoverished area that enables  
2 him to acquire vocational skills so that he can become  
3 employable or be able to seek a higher grade of employment.

4 (7) "Education." [means any] Any type of scholastic  
5 instruction or scholarship assistance to an individual who  
6 resides in an impoverished area that enables him to prepare  
7 himself for better life opportunities.

8 (8) "Crime prevention." [means any] Any activity which aids  
9 in the reduction of crime in an impoverished area.

10 (9) "Enterprise zones." Specific locations with  
11 identifiable boundaries within impoverished areas which are  
12 designated as enterprise zones by the Secretary of Community  
13 Affairs.

14 (10) "Private company." Any agricultural, industrial,  
15 manufacturing or research and development enterprise as defined  
16 in section 3 of the act of May 17, 1956 (1955 P.L.1609, No.537),  
17 known as the Pennsylvania Industrial Development Authority Act,  
18 or any commercial enterprise as defined in section 3 of the act  
19 of August 23, 1967 (P.L.251, No.108), known as the Industrial  
20 and Commercial Development Authority Law.

21 (11) "Qualified investments." Any investments made by a  
22 private company which promote community economic development  
23 pursuant to a plan which has been developed in cooperation with  
24 and approved by a neighborhood organization operating pursuant  
25 to a plan for the administration of tax credits approved by the  
26 Department of Community Affairs.

27 Section 2. Section 3 of the act, amended November 26, 1978  
28 (P.L.1272, No.304), is amended to read:

29 Section 3. It is hereby declared to be public policy of the  
30 Commonwealth of Pennsylvania to encourage investment by business

1 firms in offering neighborhood assistance and providing job  
2 training, education, crime prevention, and community services  
3 [and], to encourage contributions by business firms to  
4 neighborhood organizations which offer and provide such  
5 assistance and services and to promote qualified investments  
6 made by private companies to rehabilitate, expand or improve  
7 buildings or land which promote community economic development  
8 and which occur in portions of impoverished areas which have  
9 been designated as enterprise zones.

10 Section 3. Section 4 of the act, amended November 26, 1978  
11 (P.L.1272, No.304), is amended to read:

12 Section 4. Any business firm which engages or contributes to  
13 a neighborhood organization which engages in the activities of  
14 providing neighborhood assistance, job training or education for  
15 individuals, community services, or crime prevention in an  
16 impoverished area or private company which makes qualified  
17 investment to rehabilitate, expand or improve buildings or land  
18 located within portions of impoverished areas which have been  
19 designated as enterprise zones shall receive a tax credit as  
20 provided in section 5 of this act if the Secretary of Community  
21 Affairs annually approves the proposal of such business firm or  
22 private company. The proposal shall set forth the program to be  
23 conducted, the impoverished area selected, the estimated amount  
24 to be invested in the program and the plans for implementing the  
25 program. The Secretary of Community Affairs is hereby authorized  
26 to promulgate rules and regulations for the approval or  
27 disapproval of such proposals by business firms or private  
28 companies. The total amount of tax credit granted for programs  
29 approved under this act [for the first fiscal year] shall not  
30 exceed [one million seven hundred fifty thousand dollars

1 (\$1,750,000) to be increased by no more than one million seven  
2 hundred fifty thousand dollars (\$1,750,000) each succeeding  
3 fiscal year until the total tax credit granted reaches eight  
4 million seven hundred fifty thousand dollars (\$8,750,000) and  
5 thereafter no more than eight million seven hundred fifty  
6 thousand dollars (\$8,750,000) of tax credit shall be approved in  
7 any fiscal year] twelve million seven hundred fifty thousand  
8 dollars (\$12,750,000) of tax credit in any fiscal year, at least  
9 four million dollars (\$4,000,000) of which shall be set aside  
10 exclusively for private companies which make qualified  
11 investments to rehabilitate, expand or improve buildings or land  
12 which promote community economic development and which occur in  
13 portions of impoverished areas which have been designated as  
14 enterprise zones.

15 Section 4. Section 5 of the act, amended July 9, 1976  
16 (P.L.925, No.174), is amended to read:

17 Section 5. The Department of Revenue shall grant a tax  
18 credit against any tax due under [Article IV] Articles III, IV,  
19 VI, VII, VIII, IX, X, XIII, XIV, XIV-A, XV or XVI of the act of  
20 March 4, 1971 (P.L.6, No.2), known as the "Tax Reform Code of  
21 1971," [or against any tax due from a bank, bank and trust  
22 company, trust company, insurance company, other than a foreign  
23 fire or casualty insurance company, national bank, savings  
24 association, mutual savings bank or building and loan  
25 association, under Article VII, Article VIII or Article IX of  
26 the act of March 4, 1971 (P.L.6, No.2), or the act of June 22,  
27 1964 (P.L.16, No.2), known as "The Mutual Thrift Institutions  
28 Tax Act"] or any tax substituted in lieu thereof in an amount  
29 which shall not exceed fifty per cent of the total amount  
30 invested during the taxable year by the business firm or private

1 company in programs approved pursuant to section 4 of this act:  
2 Provided, That a tax credit of up to seventy per cent may be  
3 allowed for investment in programs where activities fall within  
4 the scope of special program priorities as defined with the  
5 approval of the Governor in regulations promulgated by the  
6 Secretary of the Department of Community Affairs. Regulations  
7 establishing special program priorities are to be promulgated  
8 during the first month of each fiscal year and at such times  
9 during the year as the public interest dictates. Such credit  
10 shall not exceed two hundred fifty thousand dollars (\$250,000)  
11 annually [provided that no tax credit shall be granted to any  
12 bank, bank and trust company, insurance company, trust company,  
13 national bank, savings association, mutual savings bank or  
14 building and loan association for activities that are a part of  
15 its normal course of business]: Provided, That any tax credit  
16 not used in the period the investment was made may be carried  
17 over for the next five succeeding calendar or fiscal years until  
18 the full credit has been allowed: And, provided further, That  
19 the total amount of all tax credits allowed pursuant to this act  
20 shall not exceed [eight million seven hundred fifty thousand  
21 dollars (\$8,750,000)] twelve million seven hundred thousand  
22 dollars (\$12,750,000) in any one fiscal year.

23 Section 5. This act shall take effect July 1, 1986.