

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2117 Session of 1995

INTRODUCED BY J. TAYLOR, BROWNE, RAMOS, WOGAN, KENNEY, HABAY,
STETLER, McGEEHAN, DONATUCCI, ADOLPH, DENT, CORNELL, FICHTER,
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DEMPSEY, MCGILL, O'BRIEN, PETRONE, VAN HORNE AND PETTIT,
OCTOBER 18, 1995

REFERRED TO COMMITTEE ON FINANCE, OCTOBER 18, 1995

AN ACT

1 Providing for neighborhood assistance tax credit; and making a
2 repeal.

3 The General Assembly of the Commonwealth of Pennsylvania
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the Neighborhood
7 Assistance Act.

8 Section 2. Definitions.

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

12 "Business firm." Any business entity authorized to do
13 business in this Commonwealth and subject to taxes imposed by
14 Article IV, VI, VII, VII-A, VIII, VIII-A, IX, X or XV of the act
15 of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of
16 1971.

1 "Community services." Any type of counseling and advice,
2 emergency assistance, energy assistance or medical care
3 furnished to individuals or groups in an impoverished area. The
4 term includes food assistance and nutrition services offered by
5 organizations such as food banks.

6 "Comprehensive service plan." A strategy developed jointly
7 by a neighborhood organization and a sponsoring business firm or
8 private company for the stabilization and improvement of an
9 impoverished area within an urban neighborhood or rural
10 community.

11 "Comprehensive service project." Any activity conducted
12 jointly by a neighborhood organization and a sponsoring business
13 firm which implements a comprehensive service plan.

14 "Crime prevention." Any activity which aids in the reduction
15 of crime in an impoverished area.

16 "Education." Any type of scholastic instruction or
17 scholarship assistance to an individual who resides in an
18 impoverished area that enables that individual to prepare for
19 better life opportunities.

20 "Enterprise zones." Specific locations with identifiable
21 boundaries within impoverished areas which are designated as
22 enterprise zones by the Secretary of Community Affairs.

23 "Impoverished area." Any area in this Commonwealth which is
24 certified as such by the Department of Community Affairs and the
25 certification is approved by the Governor. This certification
26 shall be made on the basis of Federal census studies and current
27 indexes of social and economic conditions.

28 "Job training." Any type of instruction to an individual who
29 resides in an impoverished area that enables that individual to
30 acquire vocational skills so that that individual can become

1 employable or be able to seek a higher grade of employment.

2 "Neighborhood assistance." Furnishing financial assistance,
3 labor, material and technical advice to aid in the physical
4 improvement of any part or all of an impoverished area.

5 "Neighborhood organization." Any organization performing
6 community services, offering neighborhood assistance or
7 providing job training, education or crime prevention in an
8 impoverished area, holding a ruling from the Internal Revenue
9 Service of the United States Department of the Treasury that the
10 organization is exempt from income taxation under the provisions
11 of the Internal Revenue Code of 1986 (Public Law 99-514, 26
12 U.S.C. § 1 et seq.) and approved by the Department of Community
13 Affairs.

14 "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.102), known as the Economic
20 Development Financing Law.

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

27 "Secretary." The Secretary of Community Affairs of the
28 Commonwealth.

29 "Tax Reform Code of 1971." The act of March 4, 1971 (P.L.6,
30 No.2), known as the Tax Reform Code of 1971.

1 Section 3. Public policy.

2 It is hereby declared to be public policy of this
3 Commonwealth to encourage investment by business firms in
4 offering neighborhood assistance and providing job training,
5 education, crime prevention and community services, to encourage
6 contributions by business firms to neighborhood organizations
7 which offer and provide such assistance and services and to
8 promote qualified investments made by private companies to
9 rehabilitate, expand or improve buildings or land which promote
10 community economic development and which occur in portions of
11 impoverished areas which have been designated as enterprise
12 zones.

13 Section 4. Tax credit.

14 (a) Business contributing to neighborhood organization.--Any
15 business firm which engages or contributes to a neighborhood
16 organization which engages in the activities of providing
17 neighborhood assistance, job training or education for
18 individuals, community services or crime prevention in an
19 impoverished area or private company which makes qualified
20 investment to rehabilitate, expand or improve buildings or land
21 located within portions of impoverished areas which have been
22 designated as enterprise zones shall receive a tax credit as
23 provided in section 1905-A of the Tax Reform Code of 1971 if the
24 secretary annually approves the proposal of such business firm
25 or private company. The proposal shall set forth the program to
26 be conducted, the impoverished area selected, the estimated
27 amount to be invested in the program and the plans for
28 implementing the program.

29 (b) Rules and regulations.--The secretary is hereby
30 authorized to promulgate rules and regulations for the approval

1 or disapproval of proposals by business firms or private
2 companies and provide a listing of all applications received and
3 their disposition in each fiscal year to the General Assembly by
4 October 1 of the following fiscal year.

5 (c) Total amount of credit.--The total amount of tax credit
6 granted for programs approved under this act shall not exceed
7 \$20,000,000 of tax credit in any fiscal year, subject to the
8 following:

9 (1) \$5,000,000 of the total amount of tax credit shall
10 be allocated for comprehensive service projects, but the
11 secretary may reallocate any unused portion of the \$5,000,000
12 for any other program authorized by this act or the Tax
13 Reform Code of 1971 if insufficient applications are made for
14 comprehensive service projects; and

15 (2) \$5,000,000 of the total amount of tax credit shall
16 be set aside exclusively for private companies which make
17 qualified investments to rehabilitate, expand or improve
18 buildings or land which promote community economic
19 development and which occur in portions of impoverished areas
20 which have been designated as enterprise zones.

21 Section 5. Grant of tax credit.

22 The Department of Revenue shall grant a tax credit against
23 any tax due under Article III, IV, VI, VII, VII-A, VIII, VIII-A,
24 IX, X or XV of the Tax Reform Code of 1971, or any tax
25 substituted in lieu thereof in an amount which shall not exceed
26 50% of the total amount invested during the taxable year by the
27 business firm or 20% of qualified investments by a private
28 company in programs approved under section 4. However, a tax
29 credit of up to 70% of the total amount invested during the
30 taxable year by a business firm or up to 30% of the amount of

1 qualified investments by a private company may be allowed for
2 investment in programs where activities fall within the scope of
3 special program priorities as defined with the approval of the
4 Governor in regulations promulgated by the secretary.
5 Regulations establishing special program priorities are to be
6 promulgated during the first month of each fiscal year and at
7 such times during the year as the public interest dictates. Such
8 credit shall not exceed \$500,000 annually, except in the case of
9 comprehensive service projects which shall be allowed an
10 additional credit equal to 70% of the qualifying investments
11 made in comprehensive service projects. However, such additional
12 credit shall not exceed \$175,000 annually. No tax credit shall
13 be granted to any bank, bank and trust company, insurance
14 company, trust company, national bank, savings association,
15 mutual savings bank or building and loan association for
16 activities that are a part of its normal course of business. Any
17 tax credit not used in the period the investment was made may be
18 carried over for the next ten succeeding calendar or fiscal
19 years until the full credit has been allowed. The total amount
20 of all tax credits allowed under this act shall not exceed
21 \$20,000,000 in any one fiscal year.

22 Section 6. Decision in writing.

23 The decision of the secretary to approve or disapprove a
24 proposal under section 4 shall be in writing, and, if it
25 approves the proposal, it shall state the maximum credit
26 allowable to the business firm. A copy of the decision of the
27 secretary shall be transmitted to the Governor and to the
28 Secretary of Revenue.

29 Section 7. Repeal.

30 Article XIX-A of the act of March 4, 1971 (P.L.6, No.2),

- 1 known as the Tax Reform Code of 1971, is repealed.
- 2 Section 8. Effective date.
- 3 This act shall take effect immediately.