

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## HOUSE BILL

No. 1614 Session of  
2003

INTRODUCED BY FRANKEL, BROWNE, CORRIGAN, CURRY, GERGELY,  
JOSEPHS, PISTELLA, READSHAW, SOLOBAY, TANGRETTI, WALKO AND  
YUDICHAK, JUNE 16, 2003

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES,  
DECEMBER 22, 2003

## 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 determination of tax increment and tax increment base~~  
12 DEFINING "BLIGHTED PROPERTY," "PRIME AGRICULTURAL LAND," <—  
13 "WETLAND" AND "WILD TROUT STREAM"; FURTHER DEFINING "FINANCE  
14 OFFICER," "GOVERNING BODY," "REDEVELOPMENT AREA" AND "SCHOOL  
15 DISTRICT"; FURTHER PROVIDING FOR CREATION OF TAX INCREMENT  
16 DISTRICTS AND APPROVAL OF PROJECT PLANS, FOR ALLOCATION OF  
17 POSITIVE TAX INCREMENTS, FOR DETERMINATION OF TAX INCREMENT  
18 AND TAX INCREMENT BASE, FOR ALLOCATION OF POSITIVE TAX  
19 INCREMENTS, FOR FINANCING OF PROJECT COSTS AND FOR REPORTING  
20 REQUIREMENTS; AND MAKING AN EDITORIAL CHANGE.

21 The General Assembly of the Commonwealth of Pennsylvania

22 hereby enacts as follows:

23 ~~Section 1. Section 6 of the act of July 11, 1990 (P.L.465,~~ <—  
24 ~~No.113), known as the Tax Increment Financing Act, is amended by~~  
25 ~~adding a subsection to read:~~

26 ~~Section 6. Determination of tax increment and tax increment~~

1                   base.

2           \* \* \*

3           SECTION 1. THE DEFINITIONS OF "FINANCE OFFICER," "GOVERNING <—  
4 BODY," "REDEVELOPMENT AREA" AND "SCHOOL DISTRICT" IN SECTION 3  
5 OF THE ACT OF JULY 11, 1990 (P.L.465, NO.113), KNOWN AS THE TAX  
6 INCREMENT FINANCING ACT, ARE AMENDED AND THE SECTION IS AMENDED  
7 BY ADDING DEFINITIONS TO READ:

8           SECTION 3. 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           \* \* \*

13           "BLIGHTED PROPERTY." RESIDENTIAL, INDUSTRIAL OR COMMERCIAL  
14 REAL PROPERTY THAT IS ABANDONED, UNSAFE, VACANT, UNDERVALUED,  
15 UNDERUTILIZED, OVERGROWN, DEFECTIVE, CONDEMNED OR DEMOLISHED.  
16 THE TERM SHALL INCLUDE REAL PROPERTY ADJACENT TO BLIGHTED  
17 PROPERTY IF THAT ADJACENT REAL PROPERTY IS SIGNIFICANTLY  
18 UNDERVALUED AND UNDERUTILIZED DUE TO THE PROXIMITY OF THE  
19 BLIGHTED PROPERTY. THE TERM SHALL NOT INCLUDE PRIME AGRICULTURAL  
20 LAND, WETLANDS AND WILD TROUT STREAMS.

21           \* \* \*

22           "FINANCE OFFICER." THE LEGALLY AUTHORIZED AGENT OF A  
23 MUNICIPALITY [OR SCHOOL DISTRICT] RESPONSIBLE BY LAW FOR RECEIPT  
24 AND DISBURSEMENT OF THE REVENUES OF THE MUNICIPALITY [OR SCHOOL  
25 DISTRICT].

26           "GOVERNING BODY." THE LEGISLATIVE BODY OF A MUNICIPALITY  
27 AUTHORIZED BY LAW TO LEVY TAXES. [THE TERM INCLUDES THE BOARD OF  
28 DIRECTORS OF A SCHOOL DISTRICT AUTHORIZED BY LAW TO LEVY TAXES.]

29           \* \* \*

30           "PRIME AGRICULTURAL LAND." REAL PROPERTY USED FOR

1 AGRICULTURAL PURPOSES THAT CONTAINS SOILS OF THE FIRST, SECOND  
2 OR THIRD CLASS AS DEFINED BY THE UNITED STATES DEPARTMENT OF  
3 AGRICULTURE, NATURAL RESOURCES CONSERVATION SERVICE'S COUNTY  
4 SOIL SURVEY.

5 \* \* \*

6 "REDEVELOPMENT AREA." ANY AREA, WHETHER IMPROVED OR  
7 UNIMPROVED, WHICH A PLANNING COMMISSION MAY FIND TO [BE BLIGHTED  
8 BECAUSE OF THE EXISTENCE OF THE CONDITIONS ENUMERATED IN SECTION  
9 2 OF THE ACT OF MAY 24, 1945 (P.L.991, NO.385), KNOWN AS THE  
10 URBAN REDEVELOPMENT LAW] CONTAIN BLIGHTED PROPERTY, SO AS TO  
11 REQUIRE REDEVELOPMENT UNDER THE PROVISIONS OF THE ACT OF MAY 24,  
12 1945 (P.L.991, NO.385), KNOWN AS THE URBAN REDEVELOPMENT LAW OR  
13 THIS ACT.

14 \* \* \*

15 ["SCHOOL DISTRICT." THE TERM INCLUDES SCHOOL DISTRICTS OF  
16 ALL CLASSES AS DEFINED BY THE ACT OF MARCH 10, 1949 (P.L.30,  
17 NO.14), KNOWN AS THE PUBLIC SCHOOL CODE OF 1949.]

18 \* \* \*

19 "WETLAND." AN AREA THAT IS INUNDATED OR SATURATED BY SURFACE  
20 WATER OR GROUNDWATER AT A FREQUENCY AND DURATION SUFFICIENT TO  
21 SUPPORT, AND THAT UNDER NORMAL CIRCUMSTANCES ACTUALLY SUPPORT, A  
22 PREVALENCE OF VEGETATION TYPICALLY ADAPTED FOR LIFE IN SATURATED  
23 SOIL CONDITIONS, INCLUDING A SWAMP, MARSH, BOG AND SIMILAR AREA.

24 "WILD TROUT STREAM." A STREAM CLASSIFIED BY THE PENNSYLVANIA  
25 FISH AND BOAT COMMISSION AS SUPPORTING NATURALLY REPRODUCING  
26 TROUT POPULATIONS.

27 SECTION 2. SECTION 5(A)(2), (4), (5) AND (7) OF THE ACT,  
28 AMENDED DECEMBER 16, 1992 (P.L.1240, NO.164), ARE AMENDED TO  
29 READ:

30 SECTION 5. CREATION OF TAX INCREMENT DISTRICTS AND APPROVAL OF

1 PROJECT PLANS.

2 (A) GENERAL RULE.--A TAX INCREMENT DISTRICT SHALL BE CREATED  
3 IN THE FOLLOWING MANNER:

4 \* \* \*

5 (2) EACH AFFECTED MUNICIPALITY [AND SCHOOL DISTRICT]  
6 SHALL DESIGNATE A REPRESENTATIVE TO MEET WITH THE AUTHORITY  
7 TO DISCUSS THE PROJECT PLAN AND THE TAX INCREMENT FINANCING,  
8 AND SHALL NOTIFY THE AUTHORITY OF ITS DESIGNATED  
9 REPRESENTATIVE. THE AUTHORITY SHALL MEET WITH THE DESIGNATED  
10 REPRESENTATIVE TO DISCUSS THE CREATION OF THE DISTRICT, THE  
11 BOUNDARIES OF THE DISTRICT, DEVELOPMENT WITHIN THE DISTRICT,  
12 THE TAX INCREMENT THAT THE MUNICIPALITY [AND SCHOOL DISTRICT]  
13 WOULD CONTRIBUTE TO THE TAX INCREMENT FUND, THE EXCLUSION OF  
14 PARTICULAR PARCELS OF PROPERTY FROM THE DISTRICT, TAX  
15 COLLECTION FOR THE DISTRICT AND ANY OTHER MATTER RELEVANT TO  
16 THE PROPOSED TAX INCREMENT DISTRICT.

17 \* \* \*

18 (4) THE AUTHORITY SHALL PREPARE A PROJECT PLAN FOR EACH  
19 TAX INCREMENT DISTRICT AND SUBMIT THE PLAN TO THE GOVERNING  
20 BODY OF THE MUNICIPALITY WHICH WILL CREATE THE DISTRICT AND  
21 TO THE GOVERNING BODY OF ANY OTHER MUNICIPALITY [OR SCHOOL  
22 DISTRICT] THAT LEVIES PROPERTY TAXES WITHIN THE BOUNDARIES OF  
23 THE PROPOSED DISTRICT. THE PLAN SHALL INCLUDE THE FOLLOWING:

24 (I) A STATEMENT LISTING THE KIND, NUMBER AND  
25 LOCATION OF ALL PROPOSED PUBLIC WORKS OR IMPROVEMENTS  
26 AND/OR ALL RESIDENTIAL, COMMERCIAL OR INDUSTRIAL  
27 DEVELOPMENT AND REVITALIZATION IMPROVEMENTS.

28 (II) AN ECONOMIC FEASIBILITY STUDY OF THE PROJECT  
29 AND THE FISCAL EFFECTS ON THE MUNICIPAL TAX BASE.

30 (III) A DETAILED LIST OF ESTIMATED PROJECT COSTS.

1 (IV) A DESCRIPTION OF THE METHODS OF FINANCING ALL  
2 ESTIMATED PROJECT COSTS AND THE TIME WHEN RELATED COSTS  
3 OR MONETARY OBLIGATIONS ARE TO BE INCURRED.

4 (V) A MAP SHOWING EXISTING USES AND CONDITIONS OF  
5 REAL PROPERTY IN THE DISTRICT.

6 (VI) A MAP SHOWING PROPOSED IMPROVEMENTS AND USES  
7 THEREIN.

8 (VII) PROPOSED CHANGES OF ANY ZONING ORDINANCE,  
9 MASTER PLAN, MAP, BUILDING CODE OR ORDINANCE.

10 (VIII) A LIST OF ESTIMATED NONPROJECT COSTS.

11 (IX) A STATEMENT OF A PROPOSED METHOD FOR THE  
12 RELOCATION OF FAMILIES, PERSONS AND BUSINESSES TO BE  
13 TEMPORARILY OR PERMANENTLY DISPLACED FROM HOUSING OR  
14 COMMERCIAL FACILITIES IN THE PROJECT AREA BY  
15 IMPLEMENTATION OF THE PLAN.

16 (5) THE GOVERNING BODY OF THE MUNICIPALITY WHICH WILL  
17 CREATE THE TAX INCREMENT DISTRICT SHALL HOLD AT LEAST ONE  
18 PUBLIC HEARING AT WHICH INTERESTED PARTIES ARE AFFORDED A  
19 REASONABLE OPPORTUNITY TO EXPRESS THEIR VIEWS ON THE CONCEPT  
20 OF TAX INCREMENT FINANCING, ON THE PROPOSED CREATION OF A TAX  
21 INCREMENT DISTRICT AND ITS PROPOSED BOUNDARIES, ON THE  
22 PROPOSED ADOPTION OF A PROJECT PLAN FOR THE DISTRICT AND THE  
23 BENEFITS TO THE MUNICIPALITY. NOTICE OF THE HEARING SHALL BE  
24 PUBLISHED IN ACCORDANCE WITH THE TERMS OF THE ACT OF JULY 3,  
25 1986 (P.L.388, NO.84), KNOWN AS THE SUNSHINE ACT, AND SAID  
26 NOTICE SHALL BE PROVIDED BY FIRST CLASS MAIL, POSTAGE  
27 PREPAID, TO THE GOVERNING BODY OF ANY MUNICIPALITY [OR SCHOOL  
28 DISTRICT] THAT LEVIES PROPERTY TAXES WITHIN THE BOUNDARIES OF  
29 A PROPOSED TAX INCREMENT DISTRICT. THIS NOTICE SHALL BE  
30 PROVIDED NOT LESS THAN 30 DAYS BEFORE THE DATE OF THE

1 HEARING.

2 \* \* \*

3 (7) THE GOVERNING BODY OF A MUNICIPALITY [OR SCHOOL  
4 DISTRICT] THAT LEVIES PROPERTY TAXES WITHIN THE BOUNDARIES OF  
5 A PROPOSED TAX INCREMENT DISTRICT SHALL, BY ORDINANCE OR  
6 RESOLUTION, AGREE TO PARTICIPATE OR OPT NOT TO PARTICIPATE IN  
7 WHOLE OR IN PART IN THE TAX INCREMENT DISTRICT. SUCH  
8 ORDINANCE OR RESOLUTION SHALL BE ADOPTED AND A COPY THEREOF  
9 DELIVERED TO THE GOVERNING BODY OF THE MUNICIPALITY WHICH  
10 WILL CREATE THE DISTRICT ON OR BEFORE THE DATE ON WHICH THE  
11 PUBLIC HEARING DESCRIBED IN PARAGRAPH (5) IS HELD.

12 \* \* \*

13 SECTION 3. SECTION 6(E) OF THE ACT IS AMENDED AND THE  
14 SECTION IS AMENDED BY ADDING A SUBSECTION TO READ:

15 SECTION 6. DETERMINATION OF TAX INCREMENT AND TAX INCREMENT  
16 BASE.

17 \* \* \*

18 (E) IDENTIFICATION.--THE ASSESSOR FOR THE MUNICIPALITY WHICH  
19 CREATED THE DISTRICT SHALL IDENTIFY UPON THE ASSESSMENT ROLL,  
20 RETURNED AND EXAMINED IN ACCORDANCE WITH LAW, THOSE PARCELS OF  
21 PROPERTY WHICH ARE WITHIN EACH EXISTING TAX INCREMENT DISTRICT,  
22 SPECIFYING THE NAME OF EACH DISTRICT. A SIMILAR NOTATION SHALL  
23 ALSO APPEAR ON THE TAX ROLL MADE BY THE FINANCE OFFICER FOR THE  
24 MUNICIPALITY CREATING THE DISTRICT AND BY THE FINANCE OFFICER  
25 FOR ANY MUNICIPALITY [OR SCHOOL DISTRICT] THAT PARTICIPATES IN A  
26 TAX INCREMENT DISTRICT.

27 (f) Calculation for education subsidy for school  
28 districts.--In determining the market value of real property in  
29 each school district, the State Tax Equalization Board shall  
30 exclude any increase in value to the property above the tax

increment base on the date in which the district was created, to the extent and during the period of time that real estate tax revenues attributable to such increased value are not available to the school district for general school district purposes.

~~Section 2. This act shall take effect immediately.~~ <—

SECTION 4. SECTIONS 7(B) AND (C) AND 9(H) OF THE ACT ARE  
AMENDED TO READ: <—

SECTION 7. ALLOCATION OF POSITIVE TAX INCREMENTS.

\* \* \*

(B) COLLECTION AND PAYMENT OF TAX INCREMENTS.--

NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE FINANCE OFFICER FOR THE MUNICIPALITY WHICH CREATED THE DISTRICT AND THE FINANCE OFFICER FOR ANY MUNICIPALITY [OR SCHOOL DISTRICT] WHICH PARTICIPATES IN A TAX INCREMENT DISTRICT SHALL, ON THE NEXT SETTLEMENT DATE PROVIDED BY LAW, PAY OVER TO THE ISSUING AUTHORITY, OUT OF ALL SUCH TAXES WHICH HAVE BEEN COLLECTED, THAT PORTION WHICH REPRESENTS THE TAX INCREMENT ALLOCABLE TO THE ISSUING AUTHORITY.

(C) DEPOSIT OF TAX INCREMENTS.--ALL TAX INCREMENTS RECEIVED BY THE ISSUING AUTHORITY SHALL BE DEPOSITED INTO THE TAX INCREMENT FUND FOR THE DISTRICT. EACH FINANCE OFFICER MAY ALSO TRANSMIT, FOR DEPOSIT INTO THE FUND, ADDITIONAL MONEYS PURSUANT TO AN APPROPRIATION BY THE GOVERNING BODY THE OFFICER REPRESENTS OR FROM ANY OTHER SOURCE. MONEYS SHALL BE PAID OUT OF THE FUND BY THE ISSUING AUTHORITY IN ACCORDANCE WITH SECTION 9(H). TO THE EXTENT THAT ANY MONEYS REMAIN IN THE FUND AFTER ALL FOREGOING COSTS HAVE BEEN PAID OR SATISFIED, THE REMAINING MONEYS SHALL BE DISTRIBUTED ON AN EQUAL BASIS TO ALL MUNICIPALITIES [AND SCHOOL DISTRICTS] WHICH PARTICIPATED IN THE TAX INCREMENT DISTRICT.

SECTION 9. FINANCING OF PROJECT COSTS.

1       \* \* \*

2       (H) PAYMENT OF BONDS AND NOTES.--TAX INCREMENT BONDS OR  
3 NOTES ARE PAYABLE IN WHOLE OR IN PART FROM THE TAX INCREMENT  
4 FUND. TO THE EXTENT THAT BONDS OR NOTES ARE PAYABLE IN WHOLE,  
5 EACH BOND OR NOTE SHALL CONTAIN RECITALS AS ARE NECESSARY TO  
6 SHOW THAT IT IS ONLY SO PAYABLE AND THAT IT DOES NOT CONSTITUTE  
7 AN INDEBTEDNESS OF ANY MUNICIPALITY [OR SCHOOL DISTRICT] OR A  
8 CHARGE AGAINST THE GENERAL TAXING POWER THEREOF. THE ISSUING  
9 AUTHORITY SHALL IRREVOCABLY PLEDGE ALL OR A PART OF THE TAX  
10 INCREMENT FUND TO THE PAYMENT OF THE BONDS OR NOTES. THE FUND OR  
11 DESIGNATED PART THEREOF MAY THEREAFTER BE USED ONLY FOR THE  
12 PAYMENT OF THE BONDS OR NOTES AND INTEREST UNTIL THEY HAVE BEEN  
13 FULLY PAID, AND A HOLDER OF THE BONDS OR NOTES OR OF ANY COUPONS  
14 APPERTAINING THERETO SHALL HAVE A LIEN AGAINST THE FUND FOR  
15 PAYMENT OF THE BONDS OR NOTES AND INTEREST, AND MAY EITHER AT  
16 LAW OR IN EQUITY PROTECT AND ENFORCE THE LIEN. NOTWITHSTANDING  
17 THE FOREGOING, A MUNICIPALITY [OR SCHOOL DISTRICT] MAY GUARANTEE  
18 THE PAYMENT OF TAX INCREMENT BONDS OR NOTES PURSUANT TO THE  
19 PROVISIONS OF THE ACT OF JULY 12, 1972 (P.L.781, NO.185), KNOWN  
20 AS THE LOCAL GOVERNMENT UNIT DEBT ACT. IN SUCH INSTANCE,  
21 APPROPRIATE NOTATION OF SUCH SHALL BE REFLECTED IN THE RECITALS  
22 OF EACH BOND OR NOTE.

23       \* \* \*

24       SECTION 5. SECTION 9.1 OF THE ACT, ADDED DECEMBER 16, 1992  
25 (P.L.1240, NO.164), IS AMENDED TO READ:  
26 SECTION 9.1. RULES AND REGULATIONS.

27       THE SECRETARY OF [COMMERCE] COMMUNITY AND ECONOMIC  
28 DEVELOPMENT MAY, IN THE MANNER PROVIDED BY LAW, PROMULGATE THE  
29 RULES AND REGULATIONS NECESSARY TO CARRY OUT THIS ACT.  
30 REGULATIONS SO PROMULGATED SHALL NOT APPLY TO DISTRICTS CREATED



1 PRIOR TO THE EFFECTIVE DATE OF SUCH REGULATIONS.

2 SECTION 6. SECTION 10 OF THE ACT IS AMENDED TO READ:

3 SECTION 10. [COMPREHENSIVE REPORT.] REPORTING REQUIREMENTS.

4 (A) COMPREHENSIVE REPORT.--THE DEPARTMENT OF [COMMERCE]  
5 COMMUNITY AND ECONOMIC DEVELOPMENT, IN COOPERATION WITH OTHER  
6 STATE AGENCIES AND LOCAL GOVERNMENTS, SHALL MAKE A COMPREHENSIVE  
7 REPORT TO THE GOVERNOR AND THE GENERAL ASSEMBLY EVERY TWO YEARS  
8 COMMENCING JANUARY 1, 1992, AS TO THE SOCIAL, ECONOMIC, AND  
9 FINANCIAL EFFECTS AND IMPACT OF TAX INCREMENT FINANCING  
10 PROJECTS.

11 (B) MUNICIPALITY REPORTS.--THE GOVERNING BODY OF A  
12 MUNICIPALITY THAT CREATES A TAX INCREMENT DISTRICT AND ADOPTS A  
13 RESOLUTION OR ORDINANCE IN ACCORDANCE WITH SECTION 5(A)(6),  
14 SHALL REPORT TO THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
15 DEVELOPMENT WITHIN 30 DAYS OF THE ADOPTION THEREOF, SUCH  
16 INFORMATION AS REQUIRED BY REGULATION OF THE DEPARTMENT. A COPY  
17 OF THE RESOLUTION OR ORDINANCE SHALL BE ATTACHED TO THE REPORT.

18 SECTION 7. THIS ACT SHALL TAKE EFFECT AS FOLLOWS:

19 (1) THE FOLLOWING PROVISIONS SHALL TAKE EFFECT  
20 IMMEDIATELY:

21 (I) THIS SECTION.

22 (II) THE ADDITION OF SECTION 6(F) OF THE ACT.

23 (III) THE AMENDMENT OF SECTIONS 9.1 AND 10 OF THE  
24 ACT.

25 (2) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT IN 60  
26 DAYS.