

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 489 Session of 2009

INTRODUCED BY ARGALL, BRENNAN, DALEY, GEIST, GROVE, HARPER,
MANN, MELIO, O'NEILL, PYLE, READSHAW, REICHLEY, SIPTROTH,
VULAKOVICH, WANSACZ, WHEATLEY AND FREEMAN, FEBRUARY 18, 2009

REFERRED TO COMMITTEE ON COMMERCE, FEBRUARY 18, 2009

AN ACT

1 Providing for the establishment of cooperative community
2 development programs throughout this Commonwealth utilizing
3 the resources of the Commonwealth, local municipalities and
4 employers to encourage employees to locate near and reside in
5 communities located close to employer worksites; establishing
6 a tax credit program to encourage employer participation; and
7 imposing additional powers and duties on the Department of
8 Community and Economic Development and the Department of
9 Revenue.

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

12 Section 1. Short title.

13 This act shall be known and may be cited as the Live Near
14 Your Work Program Act.

15 Section 2. Legislative purpose.

16 The General Assembly by enactment of this legislative
17 proposal intends to accomplish the following objectives:

18 (1) Stimulate home ownership in designated neighborhoods
19 which qualify for participation in a Live Near Your Work
20 project.

21 (2) Promote public-private partnerships to strengthen,

1 revitalize and preserve communities.

2 (3) Support Commonwealth transportation policy by
3 promoting shorter commuting times and use of mass transit.

4 (4) Support employer compliance with the Clean Air Act
5 Amendments of 1990 (Public Law 101-549, 42 U.S.C. § 7401 et
6 seq.).

7 (5) Promote the controlled, planned, ecologically sound
8 and people friendly growth of Pennsylvania communities.

9 Section 3. Definitions.

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

13 "Borrower income." The combined income of an employee-owner
14 and any co-owner of an eligible residence who are assisted
15 pursuant to the provisions of this act.

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

18 "Designated neighborhood." A neighborhood in a city of the
19 first class, second class, second class A or third class or a
20 borough in Pennsylvania that has been designated as a Live Near
21 Your Work area neighborhood where employees may purchase homes
22 under an LNYW program. The employee's plan and the designated
23 neighborhood must be approved by the Department of Community and
24 Economic Development.

25 "Eligible employee." An individual who meets all of the
26 following criteria:

27 (1) Is employed by an employer participating in the Live
28 Near Your Work Tax Credit Program.

29 (2) Is 18 years of age or older.

30 (3) Has a contract to purchase an eligible residence

1 located in the employer's applicable LNYW area.

2 (4) Holds or will hold title to an eligible residence
3 and certifies that the individual will occupy the residence
4 as the primary residence.

5 (5) Makes or will make a cash contribution of at least
6 \$1,000 from the individual's own verifiable funds toward the
7 cost of the down payment or settlement costs in connection
8 with purchasing an eligible residence.

9 (6) Has income not exceeding the maximum allowable
10 amount established by the program.

11 (7) Meets any additional eligibility requirements
12 imposed by the local municipality, the participating employer
13 or by the Department of Community and Economic Development
14 and is approved by the department.

15 "Eligible residence." A residential dwelling unit that
16 satisfies all of the following requirements:

17 (1) The dwelling unit is, or will be, the primary
18 residence of an eligible employee.

19 (2) The dwelling unit is located in the Live Near Your
20 Work area of the employer of the eligible employee.

21 (3) The dwelling unit is a single unit, a townhouse or a
22 condominium unit.

23 "Income." The amount of Pennsylvania taxable income listed
24 on the Pennsylvania Personal Income Tax Return of an eligible
25 employee or any co-owner with an eligible employee for the
26 calendar year in which assistance under this act is received.

27 "Live Near Your Work Program" or "LNYW." The Live Near Your
28 Work Program established under section 4.

29 "LNYW area." An area within a local municipality that:

30 (1) Is designated as the area where eligible employees

of an employer may purchase a residence.

(2) Has a relationship to the employer's worksite location that supports the objectives of the program.

(3) Is approved by the local municipality in which the area exists for consistency with the local comprehensive zoning plan.

(4) Is approved by the Department of Community and Economic Development.

"LNYW grant." The funds granted by the employer to the eligible employee under the terms of this act.

"LNYW project." The program operated by the local municipality within the Live Near Your Work boundary for the local municipality.

"Local municipality." A city of the first class, second class, second class A or third class or borough located within this Commonwealth.

"Settlement costs." Reasonable and customary costs which are paid by the buyer of a residence at the time of settlement, including, but not limited to:

(1) Any credit or mortgage application fee.

(2) Any title insurance premium and title search fees.

(3) Any attorney fees.

(4) Any document preparation fee.

(5) Any real property inspection or appraisal fees.

(6) Any portion of the Realty Transfer Tax paid by the buyer.

Section 4. Live Near Your Work Program.

The department shall establish, implement and administer the Live Near Your Work Program. The LNYW Program shall be a cooperative effort between the Commonwealth, local

1 municipalities and employers to designate LNYW areas within
2 local municipalities where LNYW projects may be located and
3 where employer assistance may be given to eligible employees to
4 purchase eligible residences within the LNYW project.

5 Section 5. Employer eligibility criteria for participation in
6 LNYW Program.

7 (a) Specific criteria.--Any employer who wishes to
8 participate in a program and designate an LNYW area shall meet
9 all of the following requirements:

10 (1) In conjunction with the local municipality, apply to
11 the department for the approval of a designated area or areas
12 within a local municipality as an LNYW area.

13 (2) Agree to provide an LNYW cash grant equal to at
14 least \$500 per household to each participating employee who
15 purchases a residential dwelling unit within an LNYW area to
16 reimburse the employee for a portion of the settlement costs
17 incurred for the purchase.

18 (3) In coordination with the local municipality
19 designate an LNYW area.

20 (4) Coordinate participation in the LNYW Program with
21 the local municipality.

22 (5) Submit all other materials to and comply with any
23 restrictions imposed by the local municipality or the
24 department.

25 (6) Make all contributions in the form of a cash grant.

26 (7) Designate LNYW area neighborhoods within a
27 reasonable distance by bicycle or by foot or mass transit
28 from the participating employer.

29 (b) Additional criteria.--Consistent with the purposes of
30 this act, the department shall, and a local municipality may,

1 promulgate and adopt additional criteria necessary to carry out
2 the provisions of this act.

3 (c) Multiple employer locations.--If an employer has more
4 than one worksite location, there may be an LNYW area for each
5 worksite location, each of which shall comply with this act and
6 any department and local municipal regulations regarding the
7 designation and approval of an LNYW area. The LNYW areas for an
8 employer under this section may overlap. In addition to any
9 other requirements of this act, an employee and a residence
10 shall only be eligible if the residence is located in the LNYW
11 area of the employer for the worksite location where the
12 employee works.

13 Section 6. Employee eligibility to participate in LNYW Program.

14 In addition to any other criteria established by the
15 department, the local municipality and the employer for
16 participation by an employee, an employee who has a Pennsylvania
17 taxable income in excess of 150% of Statewide median income in
18 the year of application for a cash grant shall not be eligible
19 for participation.

20 Section 7. LNYW tax credit.

21 (a) Eligibility.--Each employer who establishes an approved
22 LNYW area and makes a minimum of \$12,000 per taxable year of
23 cash grants to eligible employees shall, subject to subsection
24 (b), be eligible to receive a tax credit equal to 50% of the
25 amount of money invested in the LNYW area and paid as cash
26 grants.

27 (b) Annual approval.--The department and each local
28 municipality where the employer has an approved LNYW area shall
29 annually certify to the Department of Revenue that the employer
30 applicant for a tax credit has complied with the provisions of

1 this act and the regulations promulgated by the department and
2 local municipality.

3 (c) Grant of tax credit.--The Department of Revenue, after
4 receipt of an application under subsection (a) and the
5 certification under subsection (b), shall grant a tax credit as
6 provided in subsection (a) to be used by the employer to satisfy
7 any Pennsylvania tax liability due under Article III, IV, VI,
8 VII, VIII, IX or XV of the act of March 4, 1971 (P.L.6, No.2),
9 known as the Tax Reform Code of 1971.

10 (d) Annual limitations.--Annually, the total amount of tax
11 credits approved under this section shall not exceed \$2,000,000.

12 (e) Employer limitations.--The following limitations shall
13 apply to any employer who receives a tax credit under this
14 section:

15 (1) The tax credit used in any one taxable year shall
16 not exceed the tax liability of the employer.

17 (2) An employer which is a bank, bank and trust company,
18 insurance company, trust company, national bank, savings
19 association, mutual savings bank or building and loan
20 association shall not be eligible to receive any tax credits
21 under this section for activities that are part of their
22 normal course of business or for which they receive credit
23 under the Community Reinvestment Act of 1977 (91 Stat. 1111,
24 12 U.S.C. § 2901 et seq.).

25 (f) Carryforward of unused tax credit.--Any tax credit not
26 used in the period the investment was made may be carried
27 forward for the next five succeeding calendar or fiscal years
28 until the full credit has been exhausted.

29 Section 8. Taxability of cash grant.

30 Any LNYW cash grant received under this act shall not be

1 taxable for any purposes under Article III of the act of March
2 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

3 Section 9. Additional duties of department.

4 (a) Annual list of approved LNYW areas.--The department
5 shall compile a list of all applications for LNYW areas
6 submitted under this act. The list shall also include the
7 disposition of each application. This list shall be submitted by
8 the department to the Governor and the General Assembly annually
9 on or before October 1.

10 (b) Written response.--The decision of the Secretary of
11 Community and Economic Development to approve or disapprove an
12 application under section 7 shall be in writing, and if the
13 proposal is approved, it shall state the maximum credit
14 allowable to the employer. A copy of the decision of the
15 secretary shall be transmitted to the Secretary of Revenue.

16 Section 10. Expiration.

17 This act shall expire July 1, 2012.

18 Section 11. Effective date.

19 This act shall take effect in 90 days.