

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 277 Session of 2011

INTRODUCED BY ARGALL, FONTANA, D. WHITE AND RAFFERTY,  
JANUARY 31, 2011

REFERRED TO FINANCE, JANUARY 31, 2011

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 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 municipalities and employers to designate LNYW areas within

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

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

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

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

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

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

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

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

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

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

28 (b) Additional criteria.--Consistent with the purposes of  
29 this act, the department shall, and a local municipality may,  
30 promulgate and adopt additional criteria necessary to carry out

1 the provisions of this act.

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

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

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

19 Section 7. LNYW tax credit.

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

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

1 local municipality.

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

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

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

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

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

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

28 Section 8. Taxability of cash grant.

29 Any LNYW cash grant received under this act shall not be  
30 taxable for any purposes under Article III of the act of March

1 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

2 Section 9. Additional duties of department.

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

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

15 Section 10. Expiration.

16 This act shall expire July 1, 2012.

17 Section 11. Effective date.

18 This act shall take effect in 90 days.