

Remarks of Rep. Mark Longietti – Prime Sponsor of HB 959 – CRIZ Expansion

Chairman Harris and members of the House Commerce Committee, I want to thank you for the opportunity to discuss a proposed expansion of the City Revitalization and Improvement Zone (CRIZ) program which was established by the legislature during the FY 2013-14 budget cycle. In the previous Session, I introduced HB 2123 which was similar to SB 1227 offered by Senators Judy Schwank and John Blake and HB 2044 offered by Representative Rob Matzie. I have reintroduced that legislation, in this Session, as HB 959. Each of these bills would expand the number of possible CRIZ designations through 2016 from 2 to 15, would permit cities with a population of less than 30,000 to be among those designations, would no longer exclude the City of Scranton from receiving a CRIZ designation, would provide priority status to Act 47 distressed communities to receive a CRIZ designation and would expand the number of Pilot CRIZ designations available to boroughs and townships from 1 to 5. My legislation also takes the additional step of reducing the population requirement for boroughs and townships eligible for a pilot CRIZ designation from 7,000 to 2,000 people.

The CRIZ concept was first tested in Allentown when Pennsylvania authorized the establishment of a Neighborhood Improvement Zone (NIZ) to help revitalize a section of that city and create new jobs. An Authority was created and a bond was issued to redevelop vacant, abandoned and blighted properties for commercial use. Most state and local taxes generated from the redeveloped property, both during and after construction, were dedicated to meet the debt service on the bond. In addition, private developers were required to provide at least 20% of the development costs. This public-private partnership has been quite successful to revitalize Allentown and became the template for the initial CRIZ legislation. However, under current law

only third class cities with a population of at least 30,000 are eligible to receive a CRIZ designation, which means only 8 Pennsylvania cities are eligible (Erie, Reading, Bethlehem, Lancaster, Altoona, York, Wilkes-Barre and Chester) Current law further restricts designations to 2 through 2016 with up to 2 more designations each year thereafter.

A few years ago, I visited Allentown and met with CRIZ developers and asked whether the concept would work in small Pennsylvania cities and towns. The developers provided an enthusiastic, affirmative response. These smaller communities face the same challenges as Pennsylvania's larger communities, but just on a different scale. In many cases, they are older communities that are land locked, with blighted commercial buildings, a significant percentage of tax exempt properties and the inability to effectively help themselves. In the spirit of fairness, we should provide these communities with the same tools that we provide to larger cities. Is it no wonder that we have seen 7 of these smaller cities become Act 47 distressed communities (Farrell, Aliquippa, Clairton, Duquesne, Johnstown, Nanticoke, and New Castle)? Additionally, all of the 8 boroughs and townships that are currently in Act 47 distressed status have populations less than 7,000 and would be ineligible for a Pilot CRIZ designation. Shouldn't these communities be eligible and be given priority status, since they are the most needy of state assistance to recover? My legislation would do just that. This is particularly important since a relatively new law will force communities to exit the Act 47 program without providing them with the tools needed to rebuild their tax bases and survive. CRIZ expansion offers one measure to help rebuild these core communities and revitalize local economies.

So, it is vital that we have this discussion today to replicate what works and to rebuild communities across Pennsylvania all to the benefit of our Commonwealth. Thank you.