

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 775 Session of 2013

INTRODUCED BY BROWNE, YUDICHAK, STACK, FONTANA, MENSCH,  
ERICKSON, COSTA, WHITE, PILEGGI AND FARNESE, MARCH 27, 2013

REFERRED TO FINANCE, MARCH 27, 2013

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 defining  
11 "tax increment" and "tax increment base"; and further  
12 providing for determination of tax increment and tax  
13 increment base and for allocation of positive tax increments.

14 The General Assembly of the Commonwealth of Pennsylvania  
15 hereby enacts as follows:

16 Section 1. The definitions of "tax increment" and "tax  
17 increment base" in section 3 of the act of July 11, 1990  
18 (P.L.465, No.113), known as the Tax Increment Financing Act,  
19 amended December 16, 1992 (P.L.1240, No.164), are amended to  
20 read:

21 Section 3. Definitions.

22 The following words and phrases when used in this act shall  
23 have the meanings given to them in this section unless the

1 context clearly indicates otherwise:

2 \* \* \*

3 "Tax increment." Generally, the incremental tax revenues,  
4 determined with reference to the tax increment base, resulting  
5 from the increase in property values or from the increase in  
6 commercial activity as a result of a project. More specifically,  
7 the term includes the following:

8 (1) The incremental tax revenues resulting from an  
9 increase in the total market value of taxable real property  
10 situated in a tax increment district and an increase in the  
11 business use and occupancy of such taxable real property.  
12 This paragraph applies only to ad valorem taxes on real  
13 property and tax imposed by the governing body on the use and  
14 occupancy of real property.

15 (2) The payment in lieu of taxes assigned to or agreed  
16 to be paid by governmental entities or nonprofit  
17 organizations with property situated or otherwise assignable  
18 to a tax increment district. Whether all or only a portion of  
19 this payment is to be considered part of the tax increment  
20 shall be determined at the time the tax increment district is  
21 created.

22 (3) The incremental tax revenues resulting from an  
23 increase in total taxable sales and rentals of tangible  
24 personal property and in the rendition of taxable services by  
25 vendors located in a tax increment district. [This paragraph  
26 applies only to a sales tax levied by a governing body.]

27 (4) The incremental tax revenues resulting from an  
28 increase in total gross receipts or gross or net profits or  
29 income realized by persons or entities from business  
30 conducted in a tax increment district. This paragraph applies

1 only to those taxes levied under the authority of the act of  
2 August 5, 1932 (Sp.Sess., P.L.45, No.45), referred to as the  
3 Sterling Act, the act of December 31, 1965 (P.L.1257,  
4 No.511), known as The Local Tax Enabling Act, and the act of  
5 May 30, 1984 (P.L.345, No.69), known as the First Class City  
6 Business Tax Reform Act.

7 "Tax increment base." The term means one or more of the  
8 following, as appropriate:

9 (1) The aggregate market value of all taxable real  
10 property located within a tax increment district on the date  
11 the district is created.

12 (2) In a district where the governing body has levied a  
13 tax on the business use and occupancy of real estate, the  
14 average aggregate market value of real property located  
15 within the district and used or occupied for business  
16 purposes during the last available 12-month period preceding  
17 the date of creation of the district.

18 (3) [In a district where the governing body has levied a  
19 sales tax, the] The total amount of taxable sales, rentals  
20 and services subject to the sales tax of the Commonwealth  
21 under Article II of the act of March 4, 1971 (P.L.6, No.2),  
22 known as the Tax Reform Code of 1971, and occurring within  
23 the district during the last calendar year or the last  
24 available 12-month period preceding the date of creation of  
25 the district.

26 (4) In a district where the governing body has levied a  
27 mercantile license tax, business privilege tax, net profits  
28 tax or similar tax for the privilege of engaging in business  
29 within the district, the total amount of taxable gross  
30 receipts, net income or net profits, as the case may be,

1 realized by taxpayers at locations within the district during  
2 their last taxable period which ended before the date of  
3 creation of the district.

4 \* \* \*

5 Section 2. Section 6(b) of the act, amended December 16,  
6 1992 (P.L.1240, No.164), is amended and the section is amended  
7 by adding a subsection to read:

8 Section 6. Determination of tax increment and tax increment  
9 base.

10 \* \* \*

11 (b) Determination of base.--Upon application in writing by  
12 the finance officer of the municipality which created the  
13 district, the assessor for that municipality shall determine,  
14 according to its best judgment from all sources available to it,  
15 the full aggregate market value of the taxable property in the  
16 district as of the date on which the district was created. The  
17 finance officer of the municipality may determine the sales tax  
18 base of a sales tax levied by a governing body or any other tax  
19 increment base contemplated hereby, except for the State sales  
20 tax base, in any manner which is reasonable and prudent and  
21 meets sound business practice.

22 (b.1) Determination of sales tax base.--Upon application in  
23 writing by the finance officer of the municipality which created  
24 the district, the Department of Revenue shall calculate the  
25 State sales tax base under Article II of the act of March 4,  
26 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, with  
27 respect to vendors located within the tax incentive district.

28 \* \* \*

29 Section 3. Section 7 of the act is amended by adding a  
30 subsection to read:

1 Section 7. Allocation of positive tax increments.

2 \* \* \*

3 (b.1) Determination and transfer of State sales tax  
4 increments.--Within 30 days of the end of each quarter, the  
5 Department of Revenue shall calculate and notify the Secretary  
6 of the Budget of the amount of the positive State sales tax  
7 increment allocable to each tax increment district. Within ten  
8 days of receiving the notification, the Secretary of the Budget  
9 shall direct the State Treasurer to transfer an amount equal to  
10 the State sales tax increment from the General Fund to the  
11 appropriate issuing authority.

12 \* \* \*

13 Section 4. This act shall apply to tax increment districts  
14 created after the effective date of this section.

15 Section 5. This act shall take effect in 60 days.