

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 940 Session of  
1993

INTRODUCED BY HARLEY, FLICK, TRELLO, GLADECK, HECKLER, BAKER,  
MICOZZIE, M. N. WRIGHT, DeLUCA, BUNT, L. I. COHEN, THOMAS AND  
TOMLINSON, MARCH 25, 1993

REFERRED TO COMMITTEE ON FINANCE, MARCH 25, 1993

AN ACT

1 Creating the Local Infrastructure and Environmental Fund and the  
2 Distressed Municipalities Fund; imposing duties on the  
3 Department of Revenue; and providing for return of a portion  
4 of sales and income tax revenues to certain municipalities.

5 The General Assembly of the Commonwealth of Pennsylvania  
6 hereby enacts as follows:

7 Section 1. Short title.

8 This act shall be known and may be cited as the Local  
9 Infrastructure and Environmental Fund Act.

10 Section 2. Definitions.

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

14 "Municipality." Any city, borough, incorporated town,  
15 township or home rule municipality, excluding counties.

16 Section 3. Task force.

17 The Department of Revenue shall establish a special task  
18 force to collect the data necessary to implement this act, to

1 include data identifying the municipality where sales and income  
2 taxes are collected and the total amount of sales and income  
3 taxes collected in each municipality. The task force shall  
4 complete its report concerning the collection of the data within  
5 six months of the effective date of this act.

6 Section 4. Purpose.

7 The purpose of this act is to share certain tax revenues with  
8 the municipalities in order to provide incentives for  
9 municipalities to meet their long-term infrastructure and  
10 environmental needs, to encourage regional infrastructure  
11 projects across municipal boundaries and to provide adequate  
12 transportation and infrastructure networks to keep pace with  
13 economic development. The intent of this program is not to  
14 replace the existing State infrastructure or environmental  
15 programs. The calculations will be based upon the difference  
16 between the total sales and income tax revenues of the current  
17 year and the total revenue collected for the previous year for  
18 each municipality. Revenue will be apportioned in a two-year  
19 cycle on a 30% basis with a 5% bonus based on total revenue  
20 growth since the last base year. The remaining revenues are  
21 retained by the Commonwealth. The revenues will not be  
22 distributed to an eligible municipality until they are received  
23 by the Commonwealth. The following chart shall illustrate how  
24 this program is to work:

	REVENUE	GAIN SHARE
	(million)	
27 89-BASE	10	-
28 90	12	600,000 (30%)
29 91-BASE	14	600,000 (30%)
30		200,000 (5% bonus)

1			since 89-BASE)
2	92	16	600,000 (30%)
3	93-BASE	18	600,000 (30%)
4			200,000 (5% bonus)
5	94	20	600,000 (30%)

6 Section 5. Decrease in revenue.

7 In the event of a year in which the sales and income tax  
8 revenues are less than the previous year and the municipality is  
9 not eligible to participate, the municipality will not share any  
10 revenue with the Commonwealth, but the lower revenue year shall  
11 constitute a new base year upon which future calculations will  
12 be made.

13 Section 6. Local Infrastructure and Environmental Fund.

14 (a) Fund created.--The Local Infrastructure and  
15 Environmental Fund is hereby created. The moneys collected by  
16 the Department of Revenue for distribution to municipalities in  
17 accordance with section 4 shall be placed in the Local  
18 Infrastructure and Environmental Fund. These moneys shall be  
19 used only for environmental, capital and infrastructure projects  
20 and shall be placed in separate municipal restricted accounts  
21 for use in accordance with this act.

22 (b) Projects.--The infrastructure projects shall be limited  
23 to infrastructure-related facilities and systems to be  
24 considered when developing the county infrastructure plan as  
25 required by this act, including, but not limited to, any  
26 highway, road, alley, driveway, bridge, tunnel, parking garage  
27 and other parking facility, sidewalk, traffic-control device,  
28 mass transit or other transportation system, including airports  
29 and ports, recycling facility, resource recovery facility and  
30 system, water supply and distribution system, including, without

1 limitation, any reservoir, dam, well, catch basin, surface drain  
2 or other water storage and collection facility, aqueduct, pipe,  
3 main, pumping and ventilating station or any other devices,  
4 structures, improvements or facilities for water treatment,  
5 distribution or flood control, sewer and any other components of  
6 a wastewater collection and treatment system, or hazardous waste  
7 disposal system, pollution control facility, solid waste  
8 disposal facility and any other structure, facility, system,  
9 improvement, fixture and equipment similar to, or necessary or  
10 convenient to the effective operation of any of the foregoing.

11 (c) Distressed municipalities.--Prior to distribution of  
12 funds pursuant to section 4, 2% of the moneys in the Local  
13 Infrastructure and Environmental Fund shall be restricted for  
14 distribution to distressed municipalities as evidenced by the  
15 Department of Community Affairs.

16 Section 7. Time constraints.

17 (a) General rule.--Except as provided in subsection (b),  
18 each eligible municipality must spend moneys received pursuant  
19 to this act within three years of date of receipt of the moneys.  
20 If the moneys are not spent within the three-year period, the  
21 interest earned on such moneys shall be deposited into the  
22 Distressed Municipalities Fund and earmarked for use by  
23 distressed communities.

24 (b) Exceptions.--The following circumstances shall permit  
25 spending of moneys beyond the three-year period:

26 (1) Unusual delay in the contract process beyond the  
27 control of the municipality.

28 (2) Construction contracts that have been executed but  
29 not fully completed.

30 (3) The municipality is making a good faith effort to

1       comply with this act as determined by the Department of  
2       Community Affairs.

3       (c) Distressed Municipalities Fund.--The Distressed  
4       Municipalities Fund is hereby created in the Department of  
5       Community Affairs. Its moneys shall be used by distressed  
6       municipalities in accordance with law.

7       Section 8. Submission of plan.

8       Before any moneys may be spent the municipality must submit  
9       an infrastructure development plan to the county planning  
10      commission and the Department of Transportation District  
11      Engineer for review and comment. The review and comment period  
12      shall be no longer than 60 days.

13      Section 9. Initiation of program.

14      Revenue sharing shall be initiated when economic growth  
15      exceeds 3% of the average of the Consumer Price Index and the  
16      Producer Price Index as determined by the Department of  
17      Commerce.

18      Section 10. Additional use of funds.

19      Revenue obtained under this act may be used as a down payment  
20      or for collateral loan purposes for loans or other Federal match  
21      programs provided that the funds are used for purposes  
22      consistent with this act.

23      Section 11. Effective date.

24      This act shall take effect in 60 days.