

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1930

Session of
1993

INTRODUCED BY BUXTON, GEORGE, STISH, MIHALICH, LAUGHLIN,
GORDNER, KUKOVICH, MELIO, BATTISTO, ROONEY, DeLUCA, SANTONI,
VAN HORNE, COY, STABACK, ROBINSON, MANDERINO, LEVDANSKY,
PISTELLA, FREEMAN, JOSEPHS, PETRARCA, VEON, BELFANTI,
RAYMOND, ADOLPH, LAUB, HANNA, TANGRETTI, TRELLO, STURLA,
STEELMAN, MICHLOVIC AND PETRONE, JUNE 23, 1993

AS REPORTED FROM COMMITTEE ON URBAN AFFAIRS, HOUSE OF
REPRESENTATIVES, AS AMENDED, SEPTEMBER 28, 1993

AN ACT

~~Providing for the designation of certain enterprise zones as
recycling manufacturing zones; providing for powers and
duties of the Department of Community Affairs; and providing
tax credits for investments in recycling manufacturing zones.~~

AMENDING THE ACT OF NOVEMBER 29, 1967 (P.L.636, NO.292),
ENTITLED "AN ACT GRANTING A TAX CREDIT TO CERTAIN BUSINESS
FIRMS WHO CONTRIBUTE TO NEIGHBORHOOD ORGANIZATIONS OR WHO
ENGAGE IN ACTIVITIES WHICH TEND TO UPGRADE IMPOVERISHED
AREAS," FURTHER PROVIDING FOR STATEMENT OF PUBLIC POLICY;
INCREASING THE TOTAL AMOUNT OF ANNUAL TAX CREDIT GRANTED;
PROVIDING FOR THE DESIGNATION OF CERTAIN ENTERPRISE ZONES AS
RECYCLING MANUFACTURING ZONES; PROVIDING FOR POWERS AND
DUTIES OF THE DEPARTMENT OF COMMUNITY AFFAIRS; PROVIDING TAX
CREDITS FOR INVESTMENTS IN RECYCLING MANUFACTURING ZONES; AND
MAKING EDITORIAL CHANGES.

THE GENERAL ASSEMBLY FINDS AS FOLLOWS:

(1) THE CITIZENS OF THIS COMMONWEALTH HAVE EMBRACED
RECYCLING WITH ENTHUSIASM AND ARE DIVERTING INCREASING
AMOUNTS OF MATERIALS FROM THE WASTE STREAM FOR THE PURPOSE OF
RECYCLING.

(2) THERE IS AN ONGOING NEED TO STIMULATE THE DEMAND FOR
RECYCLED MATERIALS IN ORDER TO EFFECTIVELY DIVERT AND RECYCLE
INCREASING VOLUMES OF WASTE.

(3) THESE DIVERTED MATERIALS MUST BE REMANUFACTURED INTO
USEFUL FINISHED PRODUCTS IN ORDER FOR THE PROCESS OF
RECYCLING TO BE COMPLETED.

(4) THE REMANUFACTURING PROCESS USUALLY INCLUDES
SERVICES PROVIDED BY SEVERAL BUSINESSES, SUCH AS SORTING,
PROCESSING, GRINDING, COMPACTING, WASHING AND FINISHED-

1 PRODUCT MANUFACTURE.

2 (5) IF ANY STEP IN THE REMANUFACTURE PROCESS IS NOT
3 IMMEDIATELY AVAILABLE, THE COMPLETE RECYCLING PROCESS CANNOT
4 TAKE PLACE OR DOES NOT TAKE PLACE EFFICIENTLY.

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 Recycling~~
9 ~~Economic Development Act.~~

10 ~~Section 2. Findings and declaration of purpose.~~

11 ~~(a) Findings. The General Assembly finds as follows:~~

12 ~~(1) The citizens of this Commonwealth have embraced~~
13 ~~recycling with enthusiasm and are diverting increasing~~
14 ~~amounts of materials from the waste stream for the purpose of~~
15 ~~recycling.~~

16 ~~(2) There is an ongoing need to stimulate the demand for~~
17 ~~recycled materials in order to effectively divert and recycle~~
18 ~~increasing volumes of waste.~~

19 ~~(3) These diverted materials must be remanufactured into~~
20 ~~useful finished products in order for the process of~~
21 ~~recycling to be completed.~~

22 ~~(4) The remanufacturing process usually includes~~
23 ~~services provided by several businesses, such as sorting,~~
24 ~~processing, grinding, compacting, washing and finished~~
25 ~~product manufacture.~~

26 ~~(5) If any step in the remanufacture process is not~~
27 ~~immediately available, the complete recycling process cannot~~
28 ~~take place or does not take place efficiently.~~

29 ~~(6) Recyclable materials are found in the greatest~~
30 ~~densities in urban areas where population densities are high.~~

31 ~~(7) Commercial and industrial space is often available~~

~~in surplus in urban areas.~~

~~(b) Declaration of purpose. It is the purpose of this act to:~~

~~(1) Increase the economic activity related to recycling in urban areas in this Commonwealth.~~

~~(2) Designate several recycling manufacturing zones to assist in the attraction of recycling related businesses to urban areas.~~

~~(3) Provide incentives to attract businesses to recycling manufacturing zones which provide services in the recycling process not currently being provided.~~

~~(4) Direct State resources to recycling manufacturing zones.~~

~~(5) Provide for reporting requirements related to recycling activity.~~

~~Section 3. Definitions.~~

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

~~"Department." The Department of Community Affairs of the Commonwealth.~~

~~"Enterprise zones." Geographical areas designated as enterprise zones by the Department of Community Affairs under the act of July 9, 1986 (P.L.1216, No.108), known as the Enterprise Zone Municipal Tax Exemption Reimbursement Act.~~

~~"Recycle materials." The term includes, but is not limited to, clear glass bottles, colored glass bottles, plastics, bimetal (tin) cans, aluminum cans, newspaper, office paper, corrugated paper (cardboard), tires, batteries, scrap steel, white goods (refrigerators and stoves) and demolition waste.~~

~~"Recycling." The process of converting materials which would otherwise be disposed of or processed as waste into useful products. The process usually consists of a number of steps, such as sorting, processing, grinding, compacting, washing and finished product manufacture.~~

~~"Recycling manufacturing zone." An enterprise zone that is designated a recycling manufacturing zone by the Department of Community Affairs.~~

~~Section 4. Designation of recycling manufacturing zones.~~

~~(a) Criteria. The department shall solicit applications for designation as a recycling manufacturing zone from existing enterprise zones. Criteria for designation as a recycling manufacturing zone shall include the following:~~

~~(1) The need, in the geographical area, in order to complete the remanufacturing of recycled materials into useful finished products, for certain types of businesses, such as businesses providing sorting, baling, grinding, compacting and washing services and finished product manufacture.~~

~~(2) The presence of existing recycling related businesses in the enterprise zone.~~

~~(3) The existence of local government incentives, such as property tax abatements.~~

~~(4) The presence of existing, vacant commercial and industrial buildings in the enterprise zone.~~

~~(5) The enterprise zone's prior activity and effectiveness in meeting the goals of the enterprise zone program.~~

~~(6) Other criteria the department deems appropriate.~~

~~(b) Number. The department shall select not fewer than ten~~

~~recycling manufacturing zones from the existing pool of enterprise zones. The recycling manufacturing zones shall retain all of their benefits as enterprise zones under existing department programs.~~

~~Section 5. Local recycling economic development professional.~~

~~The department shall assure that each recycling manufacturing zone has a local staff person who functions as a recycling economic development professional. This person shall:~~

~~(1) market the recycling manufacturing zone to the business community;~~

~~(2) assist new and expanding recycling related businesses in the recycling manufacturing zone in obtaining financial and technical support from State and other sources;~~

~~(3) assist new and expanding recycling related businesses in the recycling manufacturing zone with local contacts related to zoning, infrastructure, labor and other matters; and~~

~~(4) report on recycling economic development activity under section 6.~~

~~Section 6. Reports.~~

~~Each recycling manufacturing zone shall complete periodic reports at least semiannually on the recycling economic development activity in the zone. The report shall include the following:~~

~~(1) The activity of the recycling economic development professional.~~

~~(2) The tons or pounds of recycled material then being processed in the zone.~~

~~(3) The tons or pounds of material expected to be processed in the zone during the next 12 months.~~

~~(4) The need for specific businesses in the geographical area in order to complete the remanufacturing of recycled materials into useful finished products.~~

~~(5) Other information related to the success of recycling economic development in the recycling manufacturing zone.~~

~~Section 7. Tax credits for investments in recycling manufacturing zones.~~

~~(a) Eligibility. The department shall set aside from funds appropriated by the General Assembly for the Enterprise Zone Tax Credit Program under the act of November 29, 1967 (P.L.636, No.292), known as the Neighborhood Assistance Act, the sum of \$2,000,000 for the purpose of providing tax credits to private companies, as defined in section 2 of the Neighborhood Assistance Act, that make investments to rehabilitate, expand or improve buildings or land which promote recycling in recycling manufacturing zones.~~

~~(b) Taxes against which credit may be taken. The tax credits may be taken against taxes imposed by Article IV, VI, VII, VIII, IX, X or XV of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.~~

~~(c) Criteria and limitations. The criteria for granting tax credits and the limitations on tax credits available under this act shall be the same as the criteria and limitations contained in sections 4 and 5 of the Neighborhood Assistance Act.~~

~~(d) Unused funds. If the amount of credits granted under this act is less than the amount set aside under subsection (a), the remaining funds shall be returned to and expended for the Enterprise Zone Tax Credit Program.~~

~~Section 8. Effective date.~~

1 CRIME PREVENTION, AND COMMUNITY SERVICES[, TO ENCOURAGE]_.

2 (2) ENCOURAGE CONTRIBUTIONS BY BUSINESS FIRMS TO
3 NEIGHBORHOOD ORGANIZATIONS WHICH OFFER AND PROVIDE SUCH
4 ASSISTANCE AND SERVICES [AND TO PROMOTE]_.

5 (3) PROMOTE QUALIFIED INVESTMENTS MADE BY PRIVATE COMPANIES
6 TO REHABILITATE, EXPAND OR IMPROVE BUILDINGS OR LAND WHICH
7 PROMOTE COMMUNITY ECONOMIC DEVELOPMENT AND WHICH OCCUR IN
8 PORTIONS OF IMPOVERISHED AREAS WHICH HAVE BEEN DESIGNATED AS
9 ENTERPRISE ZONES[.] OR RECYCLING MANUFACTURING ZONES.

10 (4) INCREASE THE ECONOMIC ACTIVITY RELATED TO RECYCLING IN
11 THIS COMMONWEALTH.

12 (5) DESIGNATE SEVERAL RECYCLING MANUFACTURING ZONES TO
13 ASSIST IN THE ATTRACTION OF RECYCLING-RELATED BUSINESSES TO
14 THOSE ZONES.

15 (6) PROVIDE INCENTIVES TO ATTRACT BUSINESSES TO RECYCLING
16 MANUFACTURING ZONES WHICH PROVIDE SERVICES IN THE RECYCLING
17 PROCESS NOT CURRENTLY BEING PROVIDED.

18 (7) DIRECT STATE RESOURCES TO RECYCLING MANUFACTURING ZONES.

19 (8) PROVIDE FOR REPORTING REQUIREMENTS RELATED TO RECYCLING
20 ACTIVITY.

21 SECTION 4. ANY BUSINESS FIRM WHICH ENGAGES OR CONTRIBUTES TO
22 A NEIGHBORHOOD ORGANIZATION WHICH ENGAGES IN THE ACTIVITIES OF
23 PROVIDING NEIGHBORHOOD ASSISTANCE, JOB TRAINING OR EDUCATION FOR
24 INDIVIDUALS, COMMUNITY SERVICES, OR CRIME PREVENTION IN AN
25 IMPOVERISHED AREA OR PRIVATE COMPANY WHICH MAKES QUALIFIED
26 INVESTMENT TO REHABILITATE, EXPAND OR IMPROVE BUILDINGS OR LAND
27 LOCATED WITHIN PORTIONS OF IMPOVERISHED AREAS WHICH HAVE BEEN
28 DESIGNATED AS ENTERPRISE ZONES OR RECYCLING MANUFACTURING ZONES
29 SHALL RECEIVE A TAX CREDIT AS PROVIDED IN SECTION 5 OF THIS ACT
30 IF THE SECRETARY OF COMMUNITY AFFAIRS ANNUALLY APPROVES THE

1 PROPOSAL OF SUCH BUSINESS FIRM OR PRIVATE COMPANY. THE PROPOSAL
2 SHALL SET FORTH THE PROGRAM TO BE CONDUCTED, THE IMPOVERISHED
3 AREA SELECTED, THE ESTIMATED AMOUNT TO BE INVESTED IN THE
4 PROGRAM AND THE PLANS FOR IMPLEMENTING THE PROGRAM. THE
5 SECRETARY OF COMMUNITY AFFAIRS IS HEREBY AUTHORIZED TO
6 PROMULGATE RULES AND REGULATIONS FOR THE APPROVAL OR DISAPPROVAL
7 OF SUCH PROPOSALS BY BUSINESS FIRMS OR PRIVATE COMPANIES AND
8 PROVIDE A LISTING OF ALL APPLICATIONS RECEIVED AND THEIR
9 DISPOSITION IN EACH FISCAL YEAR TO THE GENERAL ASSEMBLY BY
10 OCTOBER 1 OF THE FOLLOWING FISCAL YEAR. THE TOTAL AMOUNT OF TAX
11 CREDIT GRANTED FOR PROGRAMS APPROVED UNDER THIS ACT SHALL NOT
12 EXCEED [TWELVE MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS
13 (\$12,750,000)] THIRTEEN MILLION SEVEN HUNDRED FIFTY THOUSAND
14 DOLLARS (\$13,750,000) OF TAX CREDIT IN ANY FISCAL YEAR, FOUR
15 MILLION DOLLARS (\$4,000,000) OF WHICH SHALL BE SET ASIDE
16 EXCLUSIVELY FOR PRIVATE COMPANIES WHICH MAKE QUALIFIED
17 INVESTMENTS TO REHABILITATE, EXPAND OR IMPROVE BUILDINGS OR LAND
18 WHICH PROMOTE COMMUNITY ECONOMIC DEVELOPMENT AND WHICH OCCUR IN
19 PORTIONS OF IMPOVERISHED AREAS WHICH HAVE BEEN DESIGNATED AS
20 ENTERPRISE ZONES AND ONE MILLION DOLLARS (\$1,000,000) OF WHICH
21 SHALL BE SET ASIDE EXCLUSIVELY FOR PRIVATE COMPANIES WHICH MAKE
22 QUALIFIED INVESTMENTS TO REHABILITATE, EXPAND OR IMPROVE
23 BUILDINGS OR LAND WHICH PROMOTE RECYCLING IN RECYCLING
24 MANUFACTURING ZONES.

25 SECTION 5. THE DEPARTMENT OF REVENUE SHALL GRANT A TAX
26 CREDIT AGAINST ANY TAX DUE UNDER ARTICLE IV, VI, VII, VIII, IX,
27 X[, XIII, XIV, XIV-A,] OR XV [OR XVI] OF THE ACT OF MARCH 4,
28 1971 (P.L.6, NO.2), KNOWN AS THE "TAX REFORM CODE OF 1971," OR
29 ANY TAX SUBSTITUTED IN LIEU THEREOF IN AN AMOUNT WHICH SHALL NOT
30 EXCEED FIFTY PER CENT OF THE TOTAL AMOUNT INVESTED DURING THE

1 TAXABLE YEAR BY THE BUSINESS FIRM OR TWENTY PER CENT OF
2 QUALIFIED INVESTMENTS BY A PRIVATE COMPANY IN PROGRAMS APPROVED
3 PURSUANT TO SECTION 4 OF THIS ACT: PROVIDED, THAT A TAX CREDIT
4 OF UP TO SEVENTY PER CENT OF THE TOTAL AMOUNT INVESTED DURING
5 THE TAXABLE YEAR BY A BUSINESS FIRM OR UP TO THIRTY PER CENT OF
6 THE AMOUNT OF QUALIFIED INVESTMENTS BY A PRIVATE COMPANY MAY BE
7 ALLOWED FOR INVESTMENT IN PROGRAMS WHERE ACTIVITIES FALL WITHIN
8 THE SCOPE OF SPECIAL PROGRAM PRIORITIES AS DEFINED WITH THE
9 APPROVAL OF THE GOVERNOR IN REGULATIONS PROMULGATED BY THE
10 SECRETARY OF [THE DEPARTMENT OF] COMMUNITY AFFAIRS. REGULATIONS
11 ESTABLISHING SPECIAL PROGRAM PRIORITIES ARE TO BE PROMULGATED
12 DURING THE FIRST MONTH OF EACH FISCAL YEAR AND AT SUCH TIMES
13 DURING THE YEAR AS THE PUBLIC INTEREST DICTATES. SUCH CREDIT
14 SHALL NOT EXCEED TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000)
15 ANNUALLY PROVIDED THAT NO TAX CREDIT SHALL BE GRANTED TO ANY
16 BANK, BANK AND TRUST COMPANY, INSURANCE COMPANY, TRUST COMPANY,
17 NATIONAL BANK, SAVINGS ASSOCIATION, MUTUAL SAVINGS BANK OR
18 BUILDING AND LOAN ASSOCIATION FOR ACTIVITIES THAT ARE A PART OF
19 ITS NORMAL COURSE OF BUSINESS: PROVIDED, THAT ANY TAX CREDIT NOT
20 USED IN THE PERIOD THE INVESTMENT WAS MADE MAY BE CARRIED OVER
21 FOR THE NEXT FIVE SUCCEEDING CALENDAR OR FISCAL YEARS UNTIL THE
22 FULL CREDIT HAS BEEN ALLOWED: AND, PROVIDED FURTHER, THAT THE
23 TOTAL AMOUNT OF ALL TAX CREDITS ALLOWED PURSUANT TO THIS ACT
24 SHALL NOT EXCEED [TWELVE MILLION SEVEN HUNDRED FIFTY THOUSAND
25 DOLLARS (\$12,750,000)] THIRTEEN MILLION SEVEN HUNDRED FIFTY
26 THOUSAND DOLLARS (\$13,750,000) IN ANY ONE FISCAL YEAR.

27 SECTION 3. THE ACT IS AMENDED BY ADDING SECTIONS TO READ:

28 SECTION 6.1. (A) THE DEPARTMENT SHALL SOLICIT APPLICATIONS
29 FOR DESIGNATION AS A RECYCLING MANUFACTURING ZONE FROM EXISTING
30 ENTERPRISE ZONES. CRITERIA FOR DESIGNATION AS A RECYCLING

1 MANUFACTURING ZONE SHALL INCLUDE THE FOLLOWING:

2 (1) THE NEED, IN THE GEOGRAPHICAL AREA, IN ORDER TO COMPLETE
3 THE REMANUFACTURING OF RECYCLED MATERIALS INTO USEFUL FINISHED
4 PRODUCTS, FOR CERTAIN TYPES OF BUSINESSES, SUCH AS BUSINESSES
5 PROVIDING SORTING, BALING, GRINDING, COMPACTING AND WASHING
6 SERVICES AND FINISHED-PRODUCT MANUFACTURE.

7 (2) THE PRESENCE OF EXISTING RECYCLING-RELATED BUSINESSES IN
8 THE ENTERPRISE ZONE.

9 (3) THE EXISTENCE OF LOCAL GOVERNMENT INCENTIVES, SUCH AS
10 PROPERTY TAX ABATEMENTS.

11 (4) THE PRESENCE OF EXISTING, VACANT COMMERCIAL AND
12 INDUSTRIAL BUILDINGS IN THE ENTERPRISE ZONE.

13 (5) THE ENTERPRISE ZONE'S PRIOR ACTIVITY AND EFFECTIVENESS
14 IN MEETING THE GOALS OF THE ENTERPRISE ZONE PROGRAM.

15 (6) OTHER CRITERIA THE DEPARTMENT DEEMS APPROPRIATE.

16 (B) THE DEPARTMENT SHALL SELECT NOT FEWER THAN TEN RECYCLING
17 MANUFACTURING ZONES FROM THE EXISTING POOL OF ENTERPRISE ZONES.
18 THE RECYCLING MANUFACTURING ZONES SHALL RETAIN ALL OF THEIR
19 BENEFITS AS ENTERPRISE ZONES UNDER EXISTING DEPARTMENT PROGRAMS.

20 (C) THE STAFF PRESENTLY RESPONSIBLE FOR THE ADMINISTRATION
21 OF THE ENTERPRISE ZONE TAX CREDIT PROGRAM SHALL ADMINISTER THE
22 RECYCLING ZONE TAX CREDIT PROGRAM, INCLUDING THE DUTIES OF
23 RECYCLING ECONOMIC DEVELOPMENT PROFESSIONALS UNDER SECTION 6.2.

24 SECTION 6.2. THE RECYCLING ECONOMIC DEVELOPMENT PROFESSIONAL
25 SHALL:

26 (1) MARKET THE RECYCLING MANUFACTURING ZONE TO THE BUSINESS
27 COMMUNITY;

28 (2) ASSIST NEW AND EXPANDING RECYCLING-RELATED BUSINESSES IN
29 THE RECYCLING MANUFACTURING ZONE IN OBTAINING FINANCIAL AND
30 TECHNICAL SUPPORT FROM STATE AND OTHER SOURCES;

1 (3) ASSIST NEW AND EXPANDING RECYCLING-RELATED BUSINESSES IN
2 THE RECYCLING MANUFACTURING ZONE WITH LOCAL CONTACTS RELATED TO
3 ZONING, INFRASTRUCTURE, LABOR AND OTHER MATTERS; AND

4 (4) REPORT ON RECYCLING ECONOMIC DEVELOPMENT ACTIVITY UNDER
5 SECTION 6.3 OF THIS ACT.

6 SECTION 6.3. EACH RECYCLING MANUFACTURING ZONE SHALL
7 COMPLETE PERIODIC REPORTS AT LEAST SEMIANNUALLY ON THE RECYCLING
8 ECONOMIC DEVELOPMENT ACTIVITY IN THE ZONE. THE REPORT SHALL
9 INCLUDE THE FOLLOWING:

10 (1) THE ACTIVITY OF THE RECYCLING ECONOMIC DEVELOPMENT
11 PROFESSIONAL.

12 (2) THE TONS OR POUNDS OF RECYCLED MATERIAL THEN BEING
13 PROCESSED IN THE ZONE.

14 (3) THE TONS OR POUNDS OF MATERIAL EXPECTED TO BE PROCESSED
15 IN THE ZONE DURING THE NEXT TWELVE MONTHS.

16 (4) THE NEED FOR SPECIFIC BUSINESSES IN THE GEOGRAPHICAL
17 AREA IN ORDER TO COMPLETE THE REMANUFACTURING OF RECYCLED
18 MATERIALS INTO USEFUL FINISHED PRODUCTS.

19 (5) OTHER INFORMATION RELATED TO THE SUCCESS OF RECYCLING
20 ECONOMIC DEVELOPMENT IN THE RECYCLING MANUFACTURING ZONE.

21 SECTION 6.4. IF THE AMOUNT OF CREDITS GRANTED RECYCLING
22 MANUFACTURING ZONES UNDER THIS ACT IS LESS THAN THE AMOUNT SET
23 ASIDE UNDER SECTION 4 OF THIS ACT, THE REMAINING FUNDS SHALL BE
24 RETURNED TO AND EXPENDED FOR THE ENTERPRISE ZONE TAX CREDIT
25 PROGRAM.

26 SECTION 4. THE AMENDMENT OR ADDITION OF SECTIONS 2, 3, 4, 5,
27 6.1, 6.2, 6.3 AND 6.4 OF THE ACT SHALL ONLY APPLY TO TAX YEARS
28 BEGINNING JANUARY 1, 1994, THROUGH DECEMBER 31, 1996.

29 SECTION 5. THIS ACT SHALL TAKE EFFECT IN 60 DAYS.