

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1946 Session of  
2001

INTRODUCED BY REINARD, KENNEY, PETRONE, ARGALL, PHILLIPS,  
BROWNE, L. I. COHEN, HESS, LEDERER, DIVEN, MANN, M. WRIGHT,  
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HARHART, McILHINNEY, RUBLEY, TRELLO, FREEMAN, WATSON,  
M. COHEN, MICOZZIE, McILHATTAN, FEESE, WALKO, JAMES, BEBKO-  
JONES, CAPPELLI AND DAILEY, SEPTEMBER 26, 2001

REFERRED TO COMMITTEE ON URBAN AFFAIRS, SEPTEMBER 26, 2001

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 providing  
11 for tax increment districts and tax exemptions.

12 The General Assembly of the Commonwealth of Pennsylvania  
13 hereby enacts as follows:

14 Section 1. The definition of "tax increment district" or  
15 "district" in section 3 of the act of July 11, 1990 (P.L.465,  
16 No.113), known as the Tax Increment Financing Act, is amended to  
17 read:

18 Section 3. Definitions.

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

1 context clearly indicates otherwise:

2 \* \* \*

3 "Tax increment district" or "district." A contiguous  
4 geographic area [within a redevelopment area] defined and  
5 created by resolution or ordinance of the governing body of the  
6 municipality creating the district in accordance with section 5.

7 \* \* \*

8 Section 2. Section 5 of the act, amended December 16, 1995  
9 (P.L.1240, No.164), is amended to read:

10 Section 5. Creation of tax increment districts and approval of  
11 project plans.

12 (a) General rule.--A tax increment district shall be created  
13 in the following manner:

14 (1) The authority shall make a formal presentation to  
15 the governing bodies of all municipalities and school  
16 districts which levy property taxes within the area in which  
17 the proposed tax increment district will be located. The  
18 presentation shall include a description of the proposed  
19 boundaries of the district, the tentative plans for the  
20 development or redevelopment of the district, and an estimate  
21 of the general impact of the proposed district on property  
22 values and tax revenues.

23 (2) Each affected municipality and school district shall  
24 designate a representative to meet with the authority to  
25 discuss the project plan and the tax increment financing, and  
26 shall notify the authority of its designated representative.  
27 The authority shall meet with the designated representative  
28 to discuss the creation of the district, the boundaries of  
29 the district, development within the district, the tax  
30 increment that the municipality and school district would

1 contribute to the tax increment fund, the exclusion of  
2 particular parcels of property from the district, tax  
3 collection for the district and any other matter relevant to  
4 the proposed tax increment district.

5 (3) The authority shall recommend the boundaries of a  
6 tax increment district to be created and shall submit the  
7 recommendation to the governing body of the municipality  
8 which will create the district. The municipality may be a  
9 county.

10 (4) The authority shall prepare a project plan for each  
11 tax increment district and submit the plan to the governing  
12 body of the municipality which will create the district and  
13 to the governing body of any other municipality or school  
14 district that levies property taxes within the boundaries of  
15 the proposed district. The plan shall include the following:

16 (i) A statement listing the kind, number and  
17 location of all proposed public works or improvements  
18 and/or all residential, commercial or industrial  
19 development and revitalization improvements.

20 (ii) An economic feasibility study of the project  
21 and the fiscal effects on the municipal tax base.

22 (iii) A detailed list of estimated project costs.

23 (iv) A description of the methods of financing all  
24 estimated project costs and the time when related costs  
25 or monetary obligations are to be incurred.

26 (v) A map showing existing uses and conditions of  
27 real property in the district.

28 (vi) A map showing proposed improvements and uses  
29 therein.

30 (vii) Proposed changes of any zoning ordinance,

1 master plan, map, building code or ordinance.

2 (viii) A list of estimated nonproject costs.

3 (ix) A statement of a proposed method for the  
4 relocation of families, persons and businesses to be  
5 temporarily or permanently displaced from housing or  
6 commercial facilities in the project area by  
7 implementation of the plan.

8 (5) The governing body of the municipality which will  
9 create the tax increment district shall hold at least one  
10 public hearing at which interested parties are afforded a  
11 reasonable opportunity to express their views on the concept  
12 of tax increment financing, on the proposed creation of a tax  
13 increment district and its proposed boundaries, on the  
14 proposed adoption of a project plan for the district and the  
15 benefits to the municipality. Notice of the hearing shall be  
16 published in accordance with the terms of the act of July 3,  
17 1986 (P.L.388, No.84), known as the Sunshine Act, and said  
18 notice shall be provided by first class mail, postage  
19 prepaid, to the governing body of any municipality or school  
20 district that levies property taxes within the boundaries of  
21 a proposed tax increment district. This notice shall be  
22 provided not less than 30 days before the date of the  
23 hearing.

24 (6) In order to create a district and adopt a project  
25 plan, the governing body of the municipality which will  
26 create the tax increment district shall adopt, not earlier  
27 than three weeks after the public hearing described in  
28 paragraph (5) has been held, a resolution or ordinance which:

29 (i) Describes the boundaries of a tax increment  
30 district with sufficient definiteness to identify with

1 ordinary and reasonable certainty the territory included.  
2 The governing body shall take care that the boundaries  
3 include only those whole units of property assessed for  
4 general property tax purposes.

5 (ii) Creates the district as of a given date. A tax  
6 increment district may exist for a period not to exceed  
7 [20] the greater of 30 years or the period during which  
8 tax increment bonds or notes for the district are  
9 outstanding, unless an amendment is made to the project  
10 plan under paragraph (8). The issuance of tax increment  
11 bonds or notes, including refunding bonds or notes, shall  
12 not require an amendment to the project plan, unless the  
13 aggregate project costs have increased.

14 (iii) Assigns a name to the district for  
15 identification purposes.

16 (iv) Contains findings that, among other things:

17 (A) The district is a contiguous geographic area  
18 [within a redevelopment area].

19 (B) The improvement of the area is likely to  
20 enhance significantly the value of substantially all  
21 of the other real property in the district. It is not  
22 necessary to identify the specific parcels meeting  
23 this criterion.

24 (C) The aggregate value of equalized taxable  
25 property of the district, plus all existing tax  
26 increment districts, does not exceed 10% of the total  
27 value of equalized taxable property within the  
28 municipality.

29 (D) The area comprising the district as a whole  
30 has not been subject to adequate growth and

1 development through investment by private enterprise  
2 or would not reasonably be anticipated to be  
3 adequately developed or further developed without the  
4 adoption of the plan.

5 (E) A feasible method exists for the  
6 compensation of individuals, families and small  
7 businesses that will be displaced by the project and  
8 for their relocation to decent, safe and sanitary  
9 dwelling accommodations within their means, without  
10 undue hardship to such individuals, families and  
11 businesses.

12 (F) The project plan conforms to the municipal  
13 or county master plan, if any.

14 (G) The project plan will afford [maximum]  
15 reasonable opportunity, consistent with the sound  
16 needs of the community as a whole, for the  
17 rehabilitation or redevelopment of the tax increment  
18 district by private enterprise.

19 [(H) The district is a blighted area containing  
20 characteristics of blight as described in the Urban  
21 Redevelopment Law and the project to be undertaken is  
22 necessary to eliminate such conditions of blight.]

23 (7) The governing body of a municipality or school  
24 district that levies property taxes within the boundaries of  
25 a proposed tax increment district shall, by ordinance or  
26 resolution, agree to participate or opt not to participate in  
27 whole or in part in the tax increment district. Such  
28 ordinance or resolution shall be adopted and a copy thereof  
29 delivered to the governing body of the municipality which  
30 will create the district on or before the date on which the

1 public hearing described in paragraph (5) is held.

2 (8) The governing body of the municipality creating the  
3 tax increment district may at any time, subject to the  
4 provisions of section 6(c), adopt an amendment to a project  
5 plan which shall be subject to approval in the same manner as  
6 the original project plan.

7 (b) Cities of the first class.--In cities of the first  
8 class, a tax increment district shall be permitted only in a  
9 certified redevelopment area created pursuant to the Urban  
10 Redevelopment Law.

11 Section 3. Section 9(d) and (k) of the act are amended to  
12 read:

13 Section 9. Financing of project costs.

14 \* \* \*

15 (d) Amount and term.--Tax increment bonds or notes may not  
16 be issued in an amount exceeding the aggregate project costs.  
17 The bonds or notes shall mature over a period not exceeding [20]  
18 30 years from the date of issue. The principal and interest on  
19 the bonds and notes may be payable at any time and at any place.  
20 The bonds or notes may be payable to bearer or may be registered  
21 as to the principal or principal and interest. The bonds or  
22 notes may be in any denominations. The bonds or notes may be  
23 sold at public or private sale.

24 \* \* \*

25 (k) Applicability of other laws.--

26 (1) Tax increment bonds and notes issued under this act  
27 shall be subject to the provisions of the act of December 20,  
28 1985 (P.L.483, No.113), known as the Tax-Exempt Bond  
29 Allocation Act, to the extent required by Federal law.

30 (2) Except for guarantees of tax increment bonds and

1 notes as provided in subsection (h), tax increment bonds and  
2 notes issued under this act shall not be subject to the  
3 provisions of the Local Government Unit Debt Act.

4 (3) With respect to property located within a tax  
5 increment district, a governing body may not grant, prior to  
6 the dissolution of the district, any tax exemptions pursuant  
7 to the provisions of the act of December 1, 1977 (P.L.237,  
8 No.76), known as the Local Economic Revitalization Tax  
9 Assistance Act, or the act of July 9, 1971 (P.L.206, No.34),  
10 known as the Improvement of Deteriorating Real Property or  
11 Areas Tax Exemption Act.

12 Section 4. This act shall take effect in 60 days.