

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2253 Session of
2003

INTRODUCED BY BROWNE, CAPPELLI, DALEY, DALLY, DENLINGER,
FORCIER, FRANKEL, GEIST, GEORGE, GOOD, HARRIS, HENNESSEY,
HORSEY, KILLION, LAUGHLIN, LEH, MANN, REICHLEY, STURLA,
WEBER, WILT AND YOUNGBLOOD, DECEMBER 11, 2003

REFERRED TO COMMITTEE ON FINANCE, DECEMBER 11, 2003

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

1 have the meanings given to them in this section unless the
2 context clearly indicates otherwise:

3 * * *

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

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

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

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

28 (4) The incremental tax revenues resulting from an
29 increase in total gross receipts or gross or net profits or
30 income realized by persons or entities from business

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

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

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

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

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

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

1 receipts, net income or net profits, as the case may be,
2 realized by taxpayers at locations within the district during
3 their last taxable period which ended before the date of
4 creation of the district.

5 * * *

6 Section 2. Section 6(b) of the act, amended December 16,
7 1992 (P.L.240, No.164), is amended and the section is amended by
8 adding a subsection to read:

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

11 * * *

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

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

30 * * *

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

3 Section 7. Allocation of positive tax increments.

4 * * *

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

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

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