
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1861 Session of
2007

INTRODUCED BY D. EVANS, DALEY, PARKER AND WHEATLEY,
OCTOBER 2, 2007

REFERRED TO COMMITTEE ON COMMERCE, OCTOBER 2, 2007

AN ACT

1 Providing for the establishment of a banking development
2 district program and for the powers and duties of the
3 Department of Banking; and authorizing a certain tax
4 exemption.

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 Banking
9 Development District 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 "Bank." A bank, trust company, national bank or credit
15 union.

16 "Banking services." The term includes, but is not limited
17 to, deposit taking, check-cashing, sale of money orders,
18 origination of residential or commercial mortgages, consumer

1 loans, financial education and commercial loans.

2 "Branch." A full-service branch providing banking services
3 with tellers, financial educators and loan officers available at
4 least 40 hours per week.

5 "Department." The Department of Banking of the Commonwealth.

6 "District." A banking development district approved under
7 this act.

8 "Program." The Banking Development District Program.

9 "Secretary." The Secretary of Banking of the Commonwealth.

10 Section 3. Establishment of Banking Development District
11 Program.

12 The banking development district program is established in
13 the department. The purpose of the program shall be to encourage
14 the establishment of bank branches in geographic locations in
15 this Commonwealth where there is a demonstrated need for banking
16 services.

17 Section 4. Duty of department to establish criteria by
18 regulation.

19 The department, in consultation with the Department of
20 Community and Economic Development, shall promulgate rules and
21 regulations, after public hearing and comment, which set forth
22 the criteria for the establishment of banking development
23 districts. The criteria shall include, but not be limited to,
24 the following:

25 (1) The location, number and proximity of sites where
26 banking services are available within the district.

27 (2) The identification of consumer needs for banking
28 services within the district.

29 (3) The economic viability and local credit needs of the
30 community within the district.

1 (4) The existing commercial development within the
2 district.

3 (5) The impact additional banking services would have on
4 potential economic development in the district.

5 (6) Such other criteria that the secretary in his or her
6 discretion shall identify as appropriate.

7 Section 5. Approval process.

8 (a) Application.--A municipality, in conjunction with a
9 bank, may submit an application to the secretary for the
10 designation of a banking development district.

11 (b) Decision by secretary.--The secretary shall issue a
12 determination on an application within 60 days of receipt of the
13 application. If an application is approved, the secretary shall
14 transmit notification of the approval to the municipality, the
15 bank, the State Treasurer, the Secretary of Revenue, the
16 Secretary of Community and Economic Development, the Board of
17 Finance and Revenue, the President pro tempore of the Senate and
18 the Speaker of the House of Representatives.

19 (c) Existing branches.--

20 (1) Notwithstanding any other provision of law, an
21 application may be submitted by a municipality in conjunction
22 with a bank which has already opened a branch within the
23 area, provided the branch was opened after December 31, 2007.

24 (2) In addition to considering the criteria authorized
25 under section 4, the secretary shall also take into account
26 the importance and benefits of preserving the banking
27 services offered by the existing branch.

28 Section 6. Applicable laws.

29 The establishment of a branch in a district by a bank shall
30 be subject to all applicable Federal and State laws regarding

1 the establishment of branch offices. A bank may submit an
2 application to open a branch office simultaneously with the
3 submission of the application for the designation of a banking
4 development district.

5 Section 7. Regulations.

6 Notwithstanding any other provision of law, the department
7 shall promulgate rules and regulations to authorize the
8 participation of saving banks, savings and loan associations,
9 Federal savings banks and Federal savings and loan associations
10 in the program.

11 Section 8. Deposit of public funds.

12 (a) Funds of the Commonwealth.--

13 (1) Subject to the provisions of Article II of the act
14 of April 9, 1929 (P.L.343, No.176), known as The Fiscal Code,
15 the State Treasurer, in consultation with the Board of
16 Finance and Revenue, may select a bank in a district as an
17 inactive depository for funds of the Commonwealth or funds
18 that are otherwise in the custody of the State Treasurer.

19 (2) Subject to an agreement between the State Treasurer
20 and the bank, funds of the Commonwealth deposited in the bank
21 may earn a fixed rate of interest which is at or below the
22 bank's posted rate for two-year certificates of deposit.

23 (b) Funds of municipalities.--

24 (1) Unless otherwise provided for by law, the governing
25 body of a municipality in which a banking development
26 district has been designated by the secretary may, by
27 resolution, select a bank in the district as a depository for
28 funds of the municipality. The resolution must state the
29 maximum amount which may be on deposit at any time with the
30 bank and such other terms and conditions as are agreeable to

1 the governing body of the municipality.

2 (2) Subject to an agreement between the governing body
3 of the municipality and the bank, funds of the municipality
4 deposited in the bank may earn a fixed rate of interest which
5 is at or below the bank's posted rate for two-year
6 certificates of deposit.

7 (3) The selection of a bank or the terms and conditions
8 of a bank under this subsection may be changed at any time by
9 the governing body of the municipality.

10 Section 9. Exemption from real property taxation.

11 (a) General rule.--Any real property that is altered,
12 constructed, installed or improved for use as a branch of a bank
13 located in a district shall be exempt from taxation by the
14 municipality in which the branch is located for an exemption
15 period of ten years, provided that the governing body of the
16 municipality after a public hearing adopts a resolution to
17 provide the exemption. The municipality shall provide a copy of
18 the resolution to the appropriate tax assessor.

19 (b) Amount of exemption.--Where a resolution is adopted
20 under subsection (a), the branch of the bank shall be exempt
21 from such taxation for one year at an amount equal to 50% of the
22 exemption base as calculated under subsection (c), and the
23 exemption shall be decreased by 5% each year during the ten-year
24 examination period.

25 (c) Calculation of exemption base.--

26 (1) The exemption base shall be the extent of the
27 increase in assessed value attributable to the alteration,
28 construction, installation or improvement as determined in
29 the initial year for which application for exemption is made
30 pursuant to this section, except as provided in paragraph

1 (4).

2 (2) If there is subsequent alteration, construction,
3 installation or improvement during the term of the exemption,
4 the exemption base shall be revised to include the increase
5 in assessed value attributable to such alteration,
6 construction, installation or improvement.

7 (3) (i) If in any year a change in level of assessment
8 of 15% or more is certified for an assessment roll
9 pursuant to law, the exemption base shall be adjusted by
10 such change in level or assessment. The exemption on that
11 assessment roll shall thereupon be recomputed,
12 notwithstanding the fact that the assessor receives the
13 certification after the completion, verification and
14 filing of the final assessment roll.

15 (ii) In the event that the assessor does not have
16 custody of the roll when such certification is received,
17 the assessor shall certify the recomputed exemption to
18 the local officers having custody and control of the roll
19 and such local officers shall enter the recomputed
20 exemption certified by the assessor on the roll.

21 (iii) The assessor shall give written notice of such
22 recomputed exemption to the property owner, who may, if
23 the property owner believes that the exemption was
24 recomputed incorrectly, apply for a correction in the
25 manner provided by law.

26 (4) The following table shall be used to calculate the
27 tax exemption:

Year of exemption	Percentage of exemption
1	50
2	45

1	3	40
2	4	35
3	5	30
4	6	25
5	7	20
6	8	15
7	9	10
8	10	5

9 (d) Eligibility for exemption.--No exemption shall be
10 granted under this section unless:

11 (1) The alteration, construction, installation or
12 improvement commenced on or after the date the district was
13 designated by the secretary.

14 (2) The property is located in a district designated by
15 the secretary.

16 (e) Procedure.--

17 (1) The exemption shall be granted only upon written
18 application of the owner of the real property on a form
19 prescribed by the secretary. The application shall be filed
20 with the assessor of the municipality having the power to
21 assess property for taxation. The application shall be filed
22 no later than one year from the date of completion of the
23 alteration, construction, installation or improvement.

24 (2) If the assessor receives an application by the owner
25 of the real property and is satisfied that the applicant is
26 entitled to an exemption pursuant to this section, the
27 assessor shall approve the application and the real property
28 shall thereafter be exempt from taxation as provided under
29 this section. The assessed value of any exemption granted
30 pursuant to this section shall be entered by the assessor on

1 the assessment roll with the taxable property, with the
2 amount of the exemption entered in a separate column.
3 (f) Definition.--For purposes of this section the term
4 "alteration, construction, installation or improvement" shall
5 not include ordinary maintenance and repairs.
6 Section 10. Effective date.
7 This act shall take effect in 60 days.