

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE RESOLUTION

No. 115 Session of
2007

INTRODUCED BY EACHUS, McCALL, COHEN, ARGALL, MUNDY, KIRKLAND,
M. O'BRIEN, STABACK, SANTONI, GEORGE, GRUCELA, PETRONE,
NICKOL, CARROLL, MANN, CAPPELLI, FAIRCHILD, BENNINGHOFF,
CLYMER, MILLARD, MARKOSEK, KING, JOSEPHS, FABRIZIO, K. SMITH,
HORNAMAN, YOUNGBLOOD, KORTZ, SIPTROTH AND CALTAGIRONE,
MARCH 19, 2007

AS AMENDED, HOUSE OF REPRESENTATIVES, APRIL 25, 2007

A RESOLUTION

1 Directing the Legislative Budget and Finance Committee to
2 determine the effectiveness of keystone opportunity zones,
3 keystone opportunity expansion zones and keystone opportunity
4 improvement zones.

5 WHEREAS, The Keystone Opportunity Zone, Keystone Opportunity
6 Expansion Zone and Keystone Opportunity Improvement Zone Act was
7 established to provide for the creation of keystone opportunity
8 zones, keystone opportunity expansion zones and keystone
9 opportunity improvement zones to foster economic opportunities
10 in this Commonwealth; and

11 WHEREAS, The primary components of keystone opportunity
12 zones, keystone opportunity expansion zones and keystone
13 opportunity improvement zones enable qualifying business and
14 residential property tax owners to be exempt from certain State
15 and local taxes, including real property taxes; and

16 WHEREAS, The real estate tax is the main source of locally
17 generated revenue to fund Pennsylvania's school districts and

1 municipalities and the base for the property tax is the value of
2 all real property within the borders of each school district and
3 municipality; and

4 WHEREAS, School districts and municipalities must often
5 increase property taxes because of an increase in revenue needs,
6 a reduction in the actual collection of revenues or an
7 alteration of the tax base; and

8 WHEREAS, Such reductions in the collection of revenues will
9 likely result when a significant portion of a school district's
10 or municipality's property is exempted from local property taxes
11 under the keystone opportunity zone, keystone opportunity
12 expansion zone or the keystone opportunity improvement zone
13 programs; and

14 WHEREAS, School districts and municipalities will be
15 encouraged to shift this financial burden to the remaining
16 taxable property in their boundaries; and

17 WHEREAS, No measurable data has been collected with regard to
18 the overall effectiveness of the keystone opportunity zone,
19 keystone opportunity expansion zone and keystone opportunity
20 improvement zone programs in sustaining real and long-term
21 economic growth in qualifying regions; therefore be it

22 RESOLVED, That the House of Representatives direct the
23 Legislative Budget and Finance Committee to determine the
24 effectiveness of the keystone opportunity zone, keystone
25 opportunity expansion zone and keystone opportunity improvement
26 zone programs in this Commonwealth; and be it further

27 RESOLVED, That, in furtherance of its study, the Legislative
28 Budget and Finance Committee shall:

29 (1) Identify the programs' effects on economic
30 development in keystone opportunity zone, keystone

1 opportunity expansion zone and keystone opportunity
2 improvement zone areas as compared to nearby areas that do
3 not contain tax-free zones.

4 (2) COMPARE THE CURRENT KEYSTONE OPPORTUNITY ZONE, <—
5 KEYSTONE OPPORTUNITY EXPANSION ZONE AND KEYSTONE OPPORTUNITY
6 IMPROVEMENT ZONE PROGRAMS WHICH PERMIT THE USE OF BOTH
7 BLIGHTED SITES AS WELL AS PRIME REAL ESTATE TO LIMITING THE
8 PROGRAMS' BENEFITS TO AID ONLY BLIGHTED SITES AND FINANCIALLY
9 TROUBLED COMMUNITIES.

10 (3) EVALUATE THE IMPACT OF THE CURRENT KEYSTONE
11 OPPORTUNITY ZONE, KEYSTONE OPPORTUNITY EXPANSION ZONE AND
12 KEYSTONE OPPORTUNITY IMPROVEMENT ZONE PROGRAMS ON JOB
13 CREATION IN RURAL PARTS OF THIS COMMONWEALTH AS COMPARED TO
14 SUBURBAN AND URBAN AREAS.

15 (4) DETERMINE IF THERE IS A NEED TO EXPAND THE TIME
16 PERIOD FOR THOSE KEYSTONE OPPORTUNITY ZONE, KEYSTONE
17 OPPORTUNITY EXPANSION ZONE AND KEYSTONE OPPORTUNITY
18 IMPROVEMENT ZONE PROGRAMS WHICH HAVE NOT ATTAINED THEIR
19 DESIRED RESULTS.

20 (5) COMPARE THE UPDATED RESULTS OF THE PENNSYLVANIA,
21 MICHIGAN, MINNESOTA AND MAINE TAX-FREE ZONE PROGRAMS.

22 ~~(2)~~ (6) Discuss any major trends in the types of new <—
23 business that have resulted from these programs and include
24 an estimate of the total number of new jobs that have been
25 created since the programs' inception.

26 ~~(3)~~ (7) Examine the potential effects of statutory <—
27 requirements on school districts and municipalities
28 throughout Pennsylvania.

29 ~~(4)~~ (8) Identify the potential loss of revenue from tax- <—
30 exempt properties that will shift to those remaining in the

1 tax base of each applicable school district and municipality
2 and discuss alternative means for school districts and
3 municipalities to recoup this revenue;
4 and be it further

5 RESOLVED, That the Legislative Budget and Finance Committee
6 report all findings, conclusions and recommendations to the
7 House of Representatives within six months of the passage of
8 this resolution.