
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 398 Session of
2011

INTRODUCED BY BROWNE, PILEGGI, EARLL, M. WHITE, FONTANA, COSTA,
SOLOBAY, BOSCOLA, WOZNIAK AND YUDICHAK, FEBRUARY 4, 2011

REFERRED TO FINANCE, FEBRUARY 4, 2011

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 the definitions of "tax increment" and "tax increment
12 base."

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

15 Section 1. The definitions of "tax increment" and "tax
16 increment base" in section 3 of the act of July 11, 1990 (P.L.
17 465, No.113), known as the Tax Increment Financing Act, amended
18 December 16, 1992 (P.L.1240, No.164), are amended to read:

19 Section 3. Definitions.

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

23 * * *

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

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

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

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

25 (4) The incremental tax revenues resulting from an
26 increase in total gross receipts or gross or net profits or
27 income realized by persons or entities from business
28 conducted in a tax increment district. This paragraph applies
29 only to those taxes levied under the authority of the act of
30 August 5, 1932 (Sp.Sess., P.L.45, No.45), referred to as the

1 Sterling Act, the act of December 31, 1965 (P.L.1257, No.
2 511), known as The Local Tax Enabling Act, and the act of May
3 30, 1984 (P.L.345, No.69), known as the First Class City
4 Business Tax Reform Act.

5 (5) The incremental tax revenues resulting from an
6 increase in the total taxable earnings realized by:

7 (i) unincorporated businesses operating in the tax
8 increment district; and

9 (ii) employees working for persons or governmental
10 entities that are conducting business in the tax
11 increment district.

12 This paragraph shall apply to revenues from taxes levied
13 under the Sterling Act, the act of March 10, 1949 (P.L.30,
14 No.14), known as the Public School Code of 1949, and The
15 Local Tax Enabling Act.

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

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

21 (2) In a district where the governing body has levied a
22 tax on the business use and occupancy of real estate, the
23 average aggregate market value of real property located
24 within the district and used or occupied for business
25 purposes during the last available 12-month period preceding
26 the date of creation of the district.

27 (3) In a district where the governing body has levied a
28 sales tax, the total amount of taxable sales, rentals and
29 services subject to the sales tax of the Commonwealth and
30 occurring within the district during the last calendar year

1 or the last available 12-month period preceding the date of
2 creation of the district.

3 (4) In a district where the governing body has levied a
4 mercantile license tax, business privilege tax, net profits
5 tax or similar tax for the privilege of engaging in business
6 within the district, the total amount of taxable gross
7 receipts, net income or net profits, as the case may be,
8 realized by taxpayers at locations within the district during
9 their last taxable period which ended before the date of
10 creation of the district.

11 (5) In a district where the governing body has levied an
12 earned income tax, the total amount of taxable net earnings
13 realized by taxpayers at locations within the district during
14 their last taxable period which ended before the date of the
15 creation of the district.

16 * * *

17 Section 2. This act shall take effect in 60 days.