

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 907 Session of 2015

INTRODUCED BY ARGALL, VULAKOVICH, SCAVELLO, TEPLITZ, LEACH, BROOKS, WARD, HUTCHINSON, YUDICHAK, MENSCH, STEFANO, BREWSTER AND HUGHES, JUNE 29, 2015

REFERRED TO FINANCE, JUNE 29, 2015

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
 2 act relating to tax reform and State taxation by codifying
 3 and enumerating certain subjects of taxation and imposing
 4 taxes thereon; providing procedures for the payment,
 5 collection, administration and enforcement thereof; providing
 6 for tax credits in certain cases; conferring powers and
 7 imposing duties upon the Department of Revenue, certain
 8 employers, fiduciaries, individuals, persons, corporations
 9 and other entities; prescribing crimes, offenses and
 10 penalties," in city revitalization and improvement districts,
 11 expanding the scope to all municipalities by further
 12 providing for definitions, for establishment of contracting
 13 authority, for funds and for transfers; and making editorial
 14 changes.

15 The General Assembly of the Commonwealth of Pennsylvania
 16 hereby enacts as follows:

17 Section 1. Article XVIII-C heading of the act of March 4,
 18 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971,
 19 amended July 9, 2013 (P.L.270, No.52), is amended to read:

ARTICLE XVIII-C

21 [CITY] MUNICIPALITY REVITALIZATION AND IMPROVEMENT ZONES

22 Section 2. Section 1801-C of the act, added July 9, 2013
 23 (P.L.270, No.52), is amended to read:

1 Section 1801-C. Scope of article.

2 This article relates to [city] municipality revitalization
3 and improvement zones.

4 Section 3. Section 1802-C of the act, amended or added July
5 9, 2013 (P.L.270, No.52) and October 31, 2014 (P.L.2929,
6 No.194), is amended to read:

7 Section 1802-C. Definitions.

8 The following words and phrases when used in this article
9 shall have the meanings given to them in this section unless the
10 context clearly indicates otherwise:

11 "Baseline year." The calendar year in which a zone was
12 established.

13 "Bond." The term includes any note, instrument, refunding
14 note or other evidence of indebtedness or obligation.

15 "City." A city of the third class with a population of at
16 least 30,000 based on the most recent Federal decennial census
17 prior to the effective date of section 1803.1-C. The term shall
18 not include a city [that has had a receiver] for which a
19 receiver was appointed under Chapter 7 of the act of July 10,
20 1987 (P.L.246, No.47), known as the Municipalities Financial
21 Recovery Act, prior to the effective date of section 1803.1-C.

22 "City revitalization and improvement zone." An area of not
23 more than 130 acres, comprised of parcels designated by the
24 contracting authority, which will provide economic development
25 and job creation within a city.

26 "Contracting authority." An authority established under 53
27 Pa.C.S. Ch. 56 (relating to municipal authorities) by a [city,
28 borough, township or home rule county] municipality for the
29 purpose of:

30 (1) designating zones; and

1 (2) engaging in the construction, including related site
2 preparation and infrastructure, reconstruction or renovation
3 of facilities.

4 "Department." The Department of Revenue of the Commonwealth.

5 "Earned income tax." A tax imposed on earned income within a
6 zone under the act of December 31, 1965 (P.L.1257, No.511),
7 known as The Local Tax Enabling Act, which a [city]
8 municipality, or a school district contained entirely within the
9 boundaries of or coterminous with the [city] municipality, is
10 entitled to receive.

11 "Eligible tax." Any of the following taxes:

12 (1) Corporate net income tax, capital stock and
13 franchise tax, bank shares tax or business privilege tax,
14 calculated and apportioned as to amount attributable to the
15 location within the zone and calculated under section 1904-
16 B(b) and (c).

17 (2) Amusement tax, only to the extent the tax is related
18 to the activity of a qualified business within the zone.

19 (3) Sales and use tax, only to the extent the tax is
20 related to the activity of a qualified business within the
21 zone.

22 (4) Personal income tax withheld from its employees by a
23 qualified business for work performed in the zone.

24 (5) Local services tax withheld from its employees by a
25 qualified business for work performed in the zone.

26 (6) Earned income tax withheld from its employees by a
27 qualified business for work performed in the zone.

28 (7) Tax paid to the Commonwealth on the sale of liquor,
29 wine or malt or brewed beverages in the zone.

30 The term does not include cigarette tax.

1 "Facility." A structure or complex of structures to be used
2 for commercial, sports, exhibition, hospitality, conference,
3 retail, community, office, recreational or mixed-use purposes.

4 "Municipality." A city of any class, township, borough or
5 incorporated town in this Commonwealth.

6 "Municipality revitalization and improvement zone." An area
7 of not more than 130 acres, comprised of parcels designated by
8 the contracting authority, which will provide economic
9 development and job creation within a municipality.

10 "Office." The Office of the Budget.

11 "Pilot zone." An area of not more than 130 acres designated
12 by the contracting authority following application and approval
13 by the Department of Community and Economic Development, the
14 office and the department which will provide economic
15 development and job creation within a township or borough, with
16 a population of at least 7,000 based on the most recent Federal
17 decennial census.

18 "Qualified business." As follows:

19 (1) An entity located or partially located in a zone
20 which meets the requirements of all of the following:

21 (i) Has conducted an active trade or business in the
22 zone.

23 (ii) Appears on the timely filed list under section
24 1807-C(a).

25 (2) A construction contractor engaged in construction,
26 including infrastructure or site preparation, reconstruction
27 or renovation of a facility located in or partially in the
28 zone.

29 (3) The term does not include an agent, broker or
30 representative of a business.

1 "Zone." Any of the following:

2 (1) A city revitalization and improvement zone
3 established prior to the effective date of section 1803.1-C.

4 (2) A pilot zone.

5 (3) A municipality revitalization and improvement zone.

6 "Zone Fund." A [city] municipality revitalization and
7 improvement zone fund established under section 1808-C. The term
8 includes a city revitalization and improvement zone fund
9 established prior to the effective date of section 1803.1-C.

10 Section 4. Section 1803-C of the act, amended October 31,
11 2014 (P.L.2929, No.194), is repealed:

12 [Section 1803-C. Establishment of contracting authority.

13 (a) Authorization.--Except as set forth in subsection (b), a
14 city, borough or township may establish a contracting authority
15 to designate a zone under this article.

16 (b) Distressed cities.--A city that is a distressed city
17 under the act of July 10, 1987 (P.L.246, No.47), known as the
18 Municipalities Financial Recovery Act, and is located in a home
19 rule county may not establish a contracting authority under this
20 article.

21 (c) Counties.--The home rule county where a distressed city
22 under the Municipalities Financial Recovery Act is located may
23 establish a contracting authority to designate a zone under this
24 article within the distressed city.]

25 Section 5. The act is amended by adding a section to read:

26 Section 1803.1-C. Contracting authorities.

27 A municipality may establish a contracting authority to
28 designate a zone under this article.

29 Section 6. Sections 1808-C and 1812-C(c) (5) of the act,
30 added July 9, 2013 (P.L.270, No.52), are amended to read:

1 Section 1808-C. Funds.

2 (a) Notice.--Following the designation of a zone, the
3 contracting authority shall notify the State Treasurer.

4 (b) Establishment.--Upon receipt of notice under subsection
5 (a), the State Treasurer shall establish for each zone a special
6 fund for the benefit of the contracting authority to be known as
7 the [City] Municipality Revitalization and Improvement Zone
8 Fund. Interest income derived from investment of money in a fund
9 shall be credited by the State Treasury to the fund.

10 Section 1812-C. Transfers.

11 * * *

12 (c) Notification.--The following shall apply:

13 * * *

14 (5) Money transferred under paragraph (3) shall be
15 repaid to the General Fund by the contracting authority. If
16 money transferred under paragraph (3) is not repaid to the
17 General Fund by the contracting authority by the date of the
18 final payment on the bonds originally issued under section
19 1813-C(a)(1), the [city or county] municipality which
20 established the contracting authority shall pay the money not
21 repaid to the General Fund plus an additional penalty of 10%
22 of the amount outstanding on the date of the final payment on
23 the bonds originally issued under section 1813-C(a)(1).

24 Section 7. All activities initiated for a city
25 revitalization and improvement zone established under Article
26 XVIII-C of the act prior to the effective date of this section
27 shall continue and remain in full force and effect and may be
28 completed as a municipality revitalization and improvement zone
29 under Article XVIII-C of the act. Orders, regulations, rules and
30 decisions which were made relating to a city revitalization and

1 improvement zone established under Article XVIII-C of the act
2 prior to the effective date of this section and which are in
3 effect on the effective date of this section shall remain in
4 full force and effect until revoked, vacated or modified as a
5 municipality revitalization and improvement zone under Article
6 XVIII-C of the act. Contracts, obligations and collective
7 bargaining agreements entered into relating to a city
8 revitalization and improvement zone established under Article
9 XVIII-C of the act prior to the effective date of this section
10 are not affected nor impaired by the authorization of
11 municipality revitalization and improvement zones under Article
12 XVIII-C of the act.

13 Section 8. This act shall take effect in 60 days.