

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL**No. 2638** Session of
2018

INTRODUCED BY STEPHENS, READSHAW, DAVIS, DRISCOLL AND
B. O'NEILL, SEPTEMBER 12, 2018

AS REPORTED FROM COMMITTEE ON COMMERCE, HOUSE OF
REPRESENTATIVES, AS AMENDED, SEPTEMBER 24, 2018

AN ACT

1 Amending the act of December 8, 2004 (P.L.1801, No.238),
2 entitled "An act empowering municipalities, counties and
3 public transportation agencies to work cooperatively to
4 establish Transit Revitalization Investment Districts (TRID),
5 including partnerships with the National Railroad Passenger
6 Corporation requiring planning studies, comprehensive plan
7 and zoning amendments and use of existing statutes and
8 techniques to achieve transit-oriented development,
9 redevelopment, community revitalization and enhanced
10 community character through TRID creation; establishing value
11 capture areas as a means to reserve and use future,
12 designated incremental tax revenues for public transportation
13 capital improvements, related site development improvements
14 and maintenance; promoting the involvement of and
15 partnerships with the private sector in TRID development and
16 implementation; encouraging public involvement during TRID
17 planning and implementation; and providing for duties of the
18 Department of Community and Economic Development," in general
19 provisions, further providing for declaration of policy and
20 for definitions; and adding provisions relating to military
21 installation remediation.

22 The General Assembly of the Commonwealth of Pennsylvania
23 hereby enacts as follows:

24 Section 1. Section 102 of the act of December 8, 2004
25 (P.L.1801, No.238), known as the Transit Revitalization
26 Investment District Act, is amended to read:
27 Section 102. Declaration of policy.

1 The General Assembly finds and declares as follows:

2 (1) The overall purpose and legislative intent of this
3 act is to authorize public transportation agencies throughout
4 this Commonwealth to work cooperatively with counties, local
5 governments, transportation authorities, the private sector
6 and the National Railroad Passenger Corporation (AMTRAK) and
7 other providers of public transportation and passenger rail
8 services to create and designate Transit Revitalization
9 Investment Districts (TRIDs).

10 (2) The specific purposes and intent of a designated
11 TRID are to:

12 (i) Promote local, county and regional economic
13 development and revitalization activities through private
14 sector investment, reinvestment and joint development
15 activities in conjunction with public transportation
16 improvements.

17 (ii) Encourage multimunicipal, cooperative
18 approaches to generate new investment, reinvestment and
19 revitalization through transit-oriented development
20 around rail transit stations and along public
21 transportation corridors.

22 (iii) Increase overall ridership on public
23 transportation systems, including AMTRAK, while
24 generating additional revenues for current and expanded
25 services, capital improvements and related ongoing
26 maintenance.

27 (iv) Encourage and support municipal and
28 multimunicipal comprehensive plan implementation,
29 including consistency of plans at the local, county and
30 regional levels.

1 (v) Stimulate public-private partnerships created by
2 prospective development opportunities around, within or
3 adjacent to the transit system, station areas and transit
4 system components.

5 (vi) Establish appropriate mechanisms to capture the
6 real estate taxation and other values added by joint
7 development activities for reinvestment in the transit
8 system and local communities.

9 (vii) Encourage greater community involvement in
10 TRID location, design and implementation and resulting
11 investment activities.

12 (viii) Promote flexible, cooperative, coordinated
13 and enhanced support for innovative, intermodal solutions
14 in TRID development and implementation activities by
15 municipal officials, public agencies, nonprofit
16 organizations and the private sector.

17 (ix) Support TRID implementation by maximizing use
18 of existing Federal and State laws and programs that are
19 consistent with the purposes of this act.

20 (3) There is a lack of funding and knowledge relating to
21 remediation needed at military installations to address PFAS
22 contamination, and there is a need to provide for proper
23 infrastructure in the water systems on military installations
24 and surrounding parcels.

25 Section 2. Section 103 of the act is amended by adding
26 definitions to read:

27 Section 103. Definitions.

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

1 * * *

2 "Deteriorated property." The term shall have the same
3 meaning as in section 103 of the act of October 6, 1998
4 (P.L.705, No.92), known as the Keystone Opportunity Zone,
5 Keystone Opportunity Expansion Zone and Keystone Opportunity
6 Improvement Zone Act.

7 * * *

8 "Military installation remediation project." ~~The costs due~~ <--
9 ~~to contamination from a qualified former military installation,~~
10 ~~including:~~ ANY OF THE FOLLOWING: <--

11 (1) The cost of remediation relating to perfluorinated
12 compounds present in drinking water related to the presence
13 of a qualified former military installation.

14 (2) ~~The cost relating to~~ transportation infrastructure <--
15 and economic development ~~components~~ COSTS within a qualified <--
16 municipality TO ENCOURAGE REDEVELOPMENT OF THE QUALIFIED <--
17 FORMER MILITARY INSTALLATION.

18 * * *

19 "Qualified authority." A municipal authority established
20 under 53 Pa.C.S. Ch. 56 (relating to municipal authorities)
21 after the effective date of this definition by a qualified
22 municipality for the purpose of issuing grants for a military
23 installation remediation project.

24 "Qualified former military installation." A parcel that was
25 previously used by a branch of the United States Armed Forces
26 for a military installation that was closed based on the
27 recommendation of the Defense Base Closure and Realignment
28 Commission no more than 15 years prior to the effective date of
29 this definition.

30 "Qualified municipality." A municipality which has within

1 its geographic bounds a qualified former military installation.

2 "Qualified tax." All of the following:

3 (1) Corporate net income tax, bank shares tax, personal
4 income tax paid by shareholders, members or partners of
5 Subchapter S corporations, limited liability companies,
6 partnerships or amounts paid by sole proprietors on income
7 other than passive activity income as defined under section
8 469 of the Internal Revenue Code of 1986 (Public Law 99-516,
9 26 U.S.C. § 1 et seq.), calculated and apportioned as to the
10 amount attributable to the location within a qualified former
11 military installation.

12 (2) Sales and use tax, only to the extent the tax is
13 related to the activity of a qualified business within a
14 qualified former military installation. The term includes
15 sales and use taxes on material used for construction in a
16 qualified former military installation and business personal
17 property to be used by a qualified business in a qualified
18 former military installation.

19 (3) Personal income tax withheld from employees by a
20 qualified business for work performed in a qualified former
21 military installation.

22 (4) Realty transfer tax paid to the Commonwealth, for
23 property purchased within a qualified former military
24 installation.

25 (5) Local taxes designated by a local taxing entity.

26 The term does not include a cigarette tax.

27 "Qualified taxpayer." A person conducting business for
28 profit in a parcel designated under section 301-A(a)(4) or an
29 individual whose primary residence is in a parcel designated
30 under section 301-A(4). The term does not include a person

1 conducting business for profit that moved operations from a non-
2 designated parcel to the designated parcel.

3 * * *

4 "Tax Reform Code of 1971." The act of March 4, 1971 (P.L.6,
5 No.2), known as the Tax Reform Code of 1971.

6 * * *

7 Section 3. The act is amended by adding a chapter to read:

8 CHAPTER 3-A

9 MILITARY INSTALLATION REMEDIATION

10 Section 301-A. Military installation remediation program.

11 (a) Applications.--

12 (1) A qualified authority shall submit an application to
13 the Department of Revenue with a list of parcels. The list
14 may include the following:

15 (i) A qualified former military installation.

16 (ii) A parcel in the qualified municipality which
17 was previously subject to development restrictions due to
18 the presence of the qualified former military
19 installation.

20 (iii) No more than 100 acres of parcels in the
21 qualified municipality which are deteriorated.

22 (2) The application shall include a copy of the
23 development plan, relevant geographic data, parcel numbers
24 and an economic impact report containing potential State and
25 local revenue impact and such additional information as
26 proscribed by the Department of Revenue.

27 (3) The application shall include a certificate from the
28 local governing boards that approves designating local taxes
29 to be part of the qualified taxes.

30 (4) Parcels included within applications that meet

1 Department of Revenue criteria shall receive full designation
2 for the program described in this section.

3 (b) List.--By June 1 following the effective date of this
4 section and for each June 1 thereafter, a qualified authority
5 shall file with the Department of Revenue a list of all
6 qualified taxpayers located in parcels designated under
7 subsection (a) for the prior calendar year.

8 (c) Contents.--The list under subsection (b) shall include
9 all businesses and residents located in or residing in the
10 designated parcels and all businesses engaged in acquisition,
11 development and construction in designated parcels during the
12 prior calendar year. The list shall include for each business
13 the address, the names of the business owners or corporate
14 officers, State tax identification number and parcel number and
15 a map with parcel numbers.

16 (d) Time.--If the list under subsection (b) is not timely
17 provided to the Department of Revenue, no eligible tax may be
18 certified by the Department of Revenue for the purpose of the
19 transfer under subsection (j) for the calendar year.

20 (e) Parcel report.--No later than June 15 following the
21 effective date of this section and for each June 15 thereafter,
22 each qualified taxpayer shall file a program report with the
23 Department of Revenue in a form or manner required by the
24 department that includes all of the following:

25 (1) The amount of each qualified tax paid to the
26 Commonwealth by the qualified taxpayer in the prior calendar
27 year.

28 (2) The amount of each qualified tax refund received
29 from the Commonwealth in the prior calendar year by the
30 qualified taxpayer.

1 (f) Penalties.--

2 (1) Failure to file a timely and complete report under
3 subsection (d) may result in the imposition of a penalty of
4 the lesser of:

5 (i) ten percent of all eligible tax due the taxing
6 authority in the prior calendar year; or

7 (ii) one thousand dollars.

8 (2) A penalty for a violation of subsection (a) shall be
9 imposed, assessed and collected by the department under
10 procedures specified in Article II. Money collected under
11 this paragraph shall be deposited in the General Fund.

12 (3) Failure by a municipality to include all eligible
13 local revenue shall disqualify the municipality from the
14 receipt of any State or local revenue.

15 (g) Certification.--By November 15 following the effective
16 date of this section and for each November 15 thereafter, the
17 Department of Revenue shall:

18 (1) Determine the amount of eligible tax paid by each
19 qualified taxpayer in the prior calendar year, which
20 qualified taxpayer appears on a timely filed list under
21 subsection (b) and that made a timely program report under
22 subsection (d).

23 (2) Determine the amount of eligible State tax refunds
24 received less the amount of eligible State tax paid.

25 (3) Certify to the Office of the Budget, the sum derived
26 from adding the amounts determined under paragraphs (1) and
27 paragraph (2).

28 (h) Content.--

29 (1) The certification may include the following:

30 (i) Qualified taxes actually paid by qualified

1 taxpayers in the prior calendar year.

2 (ii) Qualified tax refunds paid to qualified
3 taxpayers in the prior calendar year.

4 (2) The certification shall not include the following:

5 (i) Qualified taxes paid by a qualified taxpayer
6 that did not file a timely program report.

7 (ii) Qualified taxes paid by a qualified taxpayer
8 not appearing on the timely filed parcel list.

9 (i) State tax liability apportionment.--For the purpose of
10 making the calculations under the certification, the qualified
11 tax liability of a qualified taxpayer shall be apportioned to
12 the designated parcels under section 301-A(a) (4) by multiplying
13 the State tax liability by a fraction, the numerator of which is
14 the property factor plus the payroll factor plus the sales
15 factor and the denominator of which is three, in accordance with
16 the following:

17 (1) The property factor is a fraction, the numerator of
18 which is the average value of the qualified taxpayers' real
19 and tangible personal property owned or rented and used in
20 the designated parcels during the tax period and the
21 denominator of which is the average value of all the
22 qualified business' real and tangible personal property owned
23 or rented and used in this Commonwealth during the tax period
24 but shall not include the security interest of any
25 corporation as seller or lessor in personal property sold or
26 leased under a conditional sale, bailment lease, chattel
27 mortgage or other contract providing for the retention of a
28 lien or title as security for the sale price of the property.

29 (2) The following apply:

30 (i) The payroll factor is a fraction, the numerator

1 of which is the total amount paid in the designated
2 parcels during the tax period by the qualified taxpayer
3 for compensation and the denominator of which is the
4 total compensation paid in this Commonwealth during the
5 tax period.

6 (ii) Compensation is paid in the designated parcels
7 if:

8 (A) the person's service is performed entirely
9 within the designated parcels;

10 (B) the person's service is performed both
11 within and without the designated parcels, but the
12 service performed without the designated parcels is
13 incidental to the person's service within the
14 designated parcels; or

15 (C) some of the service is performed in the
16 designated parcels and the base of operations or, if
17 there is no base of operations, the place from which
18 the service is directed or controlled is in the
19 designated parcels, or the base of operations or the
20 place from which the service is directed or
21 controlled is not in any location in which some part
22 of the service is performed, but the person's
23 residence is in the designated parcels.

24 (3) The sales factor is a fraction, the numerator of
25 which is the total sales of the qualified taxpayer in the
26 designated parcels during the tax period and the denominator
27 of which is the total sales of the taxpayer in this
28 Commonwealth during the tax period.

29 (i) Sales of tangible personal property are in the
30 designated parcels if the property is delivered or

1 shipped to a purchaser that takes possession within the
2 designated parcels regardless of the F.O.B. point or
3 other conditions of the sale.

4 (ii) Sales other than sales of tangible personal
5 property are in the designated parcels if:

6 (A) the income-producing activity is performed
7 in the designated parcels; or

8 (B) the income-producing activity is performed
9 both within and without the designated parcels and a
10 greater proportion of the income-producing activity
11 is performed in the designated parcels than in any
12 other location, based on costs of performance.

13 (j) Transfer.--Within 10 days of receiving the certification
14 from the Department of Revenue, the Office of the Budget shall
15 direct the State Treasurer to transfer the amount of certified
16 qualified tax from the General Fund to each special fund
17 established for the benefit of a qualified authority under
18 section 302-A.

19 (k) State Treasurer.--Within 10 days of receiving direction
20 under subsection (j), the State Treasurer shall pay into each
21 special fund established under section 302-A the amount directed
22 to the respective authority for use only as provided under
23 section 303-A(a).

24 Section 302-A. Special funds.

25 (a) Notice.--Following the approval of an application under
26 section 301-A, a qualified authority shall notify the State
27 Treasurer AND CREATE A SPECIAL FUND TO BE KNOWN AS THE MILITARY <--
28 INSTALLATION REMEDIATION FUND.

29 (b) Establishment.--Upon receipt of notice under subsection
30 (a), the State Treasurer shall establish for each qualified

1 former military installation a RESTRICTED ACCOUNT WITHIN THE <--
2 special fund for the benefit of the qualified authority to be <--
3 known as the (name of qualified authority) Military Installation
4 Remediation Fund. Interest income derived from the investment of
5 money in the fund A RESTRICTED ACCOUNT shall be credited by the <--
6 State Treasury to the fund RESTRICTED ACCOUNT. <--

7 Section 303-A. Restrictions.

8 (a) Utilization.--Money transferred under section 301-A may
9 only be utilized for a military installation remediation project
10 or, the payment of debt service on bonds issued or refinanced <--
11 for the acquisition, development, construction, including
12 related infrastructure and site preparation, reconstruction,
13 renovation or refinancing of military installation remediation
14 projects, OR OPERATIONAL COSTS FOR THE QUALIFIED AUTHORITY. <--

15 (b) Local effort.--Money transferred to a special fund under
16 section 301-A may not exceed 500% of the local taxes and
17 additional money designated and transferred to the qualified
18 authority by the local taxing authorities for the prior year.

19 (c) Excess money.--

20 (1) If the amount of money transferred to a fund in any
21 one calendar year exceeds the money utilized under this
22 section in that calendar year, the qualified authority shall
23 submit by April 15 following the end of the calendar year the
24 excess money to the State Treasurer for deposit into the
25 General Fund.

26 (2) At the time of submission to the State Treasurer,
27 the contracting authority shall submit to the State
28 Treasurer, the Office of the Budget and the Department of
29 Revenue a detailed accounting of the calculation resulting in
30 the excess money.

1 Section 304-A. Duration.

2 An application approved under section 301-A(a) shall be in
3 effect for a period no later than 30 years from the effective
4 date of this section.

5 Section 305-A. Qualified authority.

6 (a) Composition.--Notwithstanding 53 Pa.C.S. § 5610(a)
7 (relating to governing body), the governing body of a qualified
8 authority shall be composed of the following members:

9 (1) One member subject to the following:

10 (i) If a member of the Senate has a permanent
11 residence in the qualified municipality, the member shall
12 be a member of the governing body.

13 (ii) If subparagraph (i) does not apply, the
14 President pro tempore of the Senate shall appoint a
15 PERMANENT resident of the qualified municipality to the <--
16 governing body.

17 (2) One member subject to the following:

18 (i) If a member of the House of Representatives has
19 a permanent residence in the qualified municipality, the
20 member shall be a member of the governing body.

21 (ii) If subparagraph (i) does not apply, the Speaker
22 of the House of Representatives shall appoint a PERMANENT <--
23 resident of the qualified municipality to the governing
24 body.

25 (3) One permanent resident of the qualified municipality
26 appointed by a school district which has within its
27 geographic bounds a qualified former military installation.

28 (4) One permanent resident of the qualified municipality
29 appointed by an authority established to redevelop the
30 qualified former military installation.

1 (5) One permanent resident of the qualified municipality
2 appointed by the governing body of the qualified
3 municipality.

4 (b) ~~(Reserved)~~. TERMS.--THE FOLLOWING SHALL APPLY: <--

5 (1) MEMBERS APPOINTED UNDER SUBSECTION (A) (1), (2) AND
6 (4) SHALL SERVE FOR A TERM OF FIVE YEARS.

7 (2) ALL OTHER MEMBERS SHALL SERVE FOR A TERM OF FOUR
8 YEARS.

9 Section 4. This act shall take effect immediately.