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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 1238 Session of  
2018

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INTRODUCED BY SCAVELLO, GORDNER, SCHWANK, WARD, ARGALL,  
VULAKOVICH, RAFFERTY, YUDICHAK, BARTOLOTTA, KILLION AND  
BOSCOLA, SEPTEMBER 10, 2018

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REFERRED TO COMMUNITY, ECONOMIC AND RECREATIONAL DEVELOPMENT,  
SEPTEMBER 10, 2018

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AN ACT

1 Amending the act of December 20, 2000 (P.L.949, No.130),  
2 entitled "An act establishing Neighborhood Improvement  
3 Districts; conferring powers and duties on municipal  
4 corporations and neighborhood improvement districts;  
5 providing for annual audits; and making repeals," further  
6 providing for definitions; and providing for special  
7 financing assessments.

8 The General Assembly of the Commonwealth of Pennsylvania  
9 hereby enacts as follows:

10 Section 1. The definition of "neighborhood improvement  
11 district" in section 3 of the act of December 20, 2000 (P.L.949,  
12 No.130), known as the Neighborhood Improvement District Act, is  
13 amended to read:

14 Section 3. Definitions.

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

18 \* \* \*

19 "Neighborhood improvement district." A limited geographic

1 area within a municipality, in which a special assessment is  
2 levied on all designated property, other than tax-exempt  
3 property, for the purpose of promoting the economic and general  
4 welfare of the district and the municipality, hereinafter  
5 referred to as NID. Such districts shall be referred to  
6 generally as neighborhood improvement district (NID) and  
7 specifically as business improvement district (BID), residential  
8 improvement district (RID), industrial improvement district  
9 (IID), institutional improvement district (INID) or mixed-use  
10 improvement district (MID), depending on the type of district  
11 established. [A designated property may not be included in more  
12 than one neighborhood improvement district.]

13 \* \* \*

14 Section 2. The act is amended by adding a section to read:  
15 Section 9.1. Special financing assessments.

16 (a) Applicability.--

17 (1) This section shall apply to any NID that is located  
18 within, in whole or in part, a tax increment district created  
19 under the Tax Increment Financing Act, and to any related  
20 NIDMA that has included in its neighborhood improvement  
21 district plan or an amendment to its plan, duly authorized  
22 under section 5, the authority to levy a special financing  
23 assessment.

24 (2) With respect to any NID and related NIDMA to which  
25 this section applies, the provisions of this section shall be  
26 in addition to the provisions contained in the remainder of  
27 this act, except that any conflicts between this section and  
28 the remainder of this act shall be controlled by this  
29 section.

30 (b) Additional powers of municipal corporation.--With

1 respect to an NID, in addition to the powers enumerated under  
2 section 4, a municipal corporation shall have the power:

3 (1) To establish or designate an NIDMA to administer the  
4 NID under sections 6 and 7.

5 (2) To appropriate and expend, in accordance with the  
6 specific provisions of the municipal enabling ordinance,  
7 municipal funds as may be required to prepare or have  
8 prepared preliminary planning or feasibility studies to  
9 determine needed improvements with respect to an NID,  
10 including, but not limited to, neighborhood improvements,  
11 graffiti removal, security, marketing, promotions,  
12 advertising, business retention and recruitment activities,  
13 master leasing and property management, joint advertising,  
14 research and planning as well as the provision of additional  
15 services to supplement, not replace, existing municipal  
16 services or the existing services of a previously authorized  
17 special services district provided within the NID.

18 (3) To advance funds to an authority as may be required  
19 to carry out the purposes of this act.

20 (4) To issue bonds, notes or guarantees, in accordance  
21 with the provisions of general laws in the amounts and for  
22 the periods necessary, to finance or refinance costs of  
23 improvements, projects and services authorized under this  
24 act.

25 (5) To levy special financing assessments authorized  
26 under this section on affected property owners under an  
27 approved methodology providing for a fair and reasonable  
28 allocation of such special assessments based on the benefits  
29 derived in order to finance or refinance costs of  
30 improvements, neighborhood improvements and projects and any

1 additional supplemental programs, services and improvements  
2 to be provided or made under this act and to establish  
3 procedures allowing for the prepayment of the special  
4 financing assessments.

5 (6) To pledge special financing assessments authorized  
6 under this section as security for and in repayment of bonds  
7 or notes issued under the Tax Increment Financing Act in  
8 connection with a related tax increment district. Any pledge  
9 of funds by a municipality under this section to secure, in  
10 whole or in part, payment of bonds or notes issued by an  
11 authority shall be made in a written agreement authorized by  
12 an ordinance of the municipality, which agreement shall  
13 benefit, and be enforceable on behalf of, the holders of the  
14 indebtedness secured by the special financing assessments.

15 (c) Individual consent.--In the event that the municipal  
16 corporation provides in the neighborhood improvement district  
17 plan a provision that special financing assessments authorized  
18 under this section shall be imposed and pledged as security for  
19 and in repayment of bonds or notes issued under the Tax  
20 Increment Financing Act, an affected property owner whose  
21 property is not located in the related tax increment district  
22 may be assessed for those purposes only if the affected property  
23 owner elects to be subject to the assessment. An election by an  
24 affected property owner to be subject to a special financing  
25 assessment for purposes of this section shall remain binding and  
26 run with the property in the event of a future disposition or  
27 transfer of the property.

28 (d) Neighborhood improvement district plan.--For purposes of  
29 section 5, a neighborhood improvement district plan that is  
30 comprised of a project plan for such tax increment district

1 shall be deemed to satisfy the requirements of section 5(c),  
2 provided that such project plan will include an approved  
3 assessment methodology providing for a fair and reasonable  
4 allocation of special assessments on property owners based on  
5 the benefits derived by such property owners.

6 (e) Administration of neighborhood improvement district  
7 management association.--

8 (1) Notwithstanding section 6(b), if an NIDMA is created  
9 under this act, the NID may be administered by an NIDMA that  
10 is an authority.

11 (2) Notwithstanding section 6(d), an NIDMA that is an  
12 authority may not be required to have an administrative  
13 board. The board shall be appointed under the authority's  
14 applicable authorizing statute.

15 (f) Additional powers of neighborhood improvement district  
16 management association.--In addition to the powers enumerated  
17 under section 7 and any other powers provided under the  
18 applicable authorizing statute, an NIDMA shall have the power:

19 (1) To appropriate and expend, in accordance with the  
20 specific provisions of the municipal enabling ordinance,  
21 municipal funds as may be required to acquire by purchase or  
22 lease real or personal property to effectuate the purposes of  
23 this act, including making neighborhood improvements.

24 (2) To invest or reinvest all funds and revenues of the  
25 NID, including special financing assessments if provided in  
26 and subject to the ordinance establishing the NID.

27 (3) To exercise all rights and powers necessary or  
28 incidental to or implied from the specific powers granted to  
29 NIDMAs in this act to carry out the purposes and intent of  
30 this act.

1 (g) Payment of special financing assessments.--

2 (1) Notwithstanding section 7(c), a governing body may  
3 by ordinance authorize the payment of special financing  
4 assessments authorized under this section in annual or more  
5 frequent installments, which need not be equal.

6 (2) Notwithstanding section 7(d), in the case of default  
7 in the payment of an installment and interest for a period of  
8 90 days after the payment becomes due, the ordinance  
9 authorizing the special financing assessment shall provide  
10 solely for the enforcement of the claim as to the overdue  
11 installment, with interest and penalties, which installment,  
12 with accrued interest and penalties shall become a lien from  
13 the due date of the installment.

14 (3) Claims to secure the special financing assessments  
15 authorized under this section shall be entered in the  
16 prothonotary's office of the county at the same time and in  
17 the same form and collected in the same manner as municipal  
18 tax claims are filed and collected, provided special  
19 financing assessment liens shall not take priority over real  
20 estate tax liens.

21 (h) Dissolution of neighborhood improvement district  
22 management association and neighborhood improvement district.--

23 (1) The reference to "bonds" in section 8(a) shall be  
24 deemed to include bonds issued under this act or the Tax  
25 Increment Financing Act in connection with a related tax  
26 increment district, which together with the interest due  
27 thereon shall have been secured, in whole or in part, by a  
28 pledge of any of the special financing assessments authorized  
29 under this section.

30 (2) A request for termination of an NID and NIDMA under

1 section 8(b) shall not be accepted, considered or approved by  
2 a governing body unless all bonds issued under this act or  
3 the Tax Increment Financing Act in connection with the  
4 related tax increment district have finally been paid and  
5 discharged.

6 (i) Authority bonds.--An authority may issue bonds in  
7 accordance with its applicable authorizing statute in the  
8 amounts and for the periods necessary to finance or refinance  
9 costs of improvements, projects and services authorized under  
10 this act, provided the bonds are secured, in whole or in part,  
11 by the pledge of special financing assessments in accordance  
12 with the provisions of this section.

13 (j) Tax Increment Financing Act.--With respect to bonds  
14 issued by an authority in connection with a related tax  
15 increment district, any conflict between the Tax Increment  
16 Financing Act and this act that affect the applicable NID shall  
17 be controlled by the Tax Increment Financing Act.

18 (k) Definitions.--As used in this section, the following  
19 words and phrases shall have the meanings given to them in this  
20 subsection unless the context clearly indicates otherwise:

21 "Authority." The term shall include a body politic and  
22 corporate, that is:

23 (1) established under the act of May 24, 1945 (P.L.991,  
24 No.385), known as the Urban Redevelopment Law;

25 (2) established under the act of August 23, 1967  
26 (P.L.251, No.102), known as the Economic Development  
27 Financing Law; or

28 (3) otherwise authorized to issue tax increment bonds  
29 and notes under the Tax Increment Financing Act in connection  
30 with a tax increment district in which an NID or portion of

1 an NID is located.

2 "Bonds." The term shall include the notes, bonds and other  
3 evidence of indebtedness or obligations which any authority is  
4 authorized to issue under subsection (i).

5 "Costs of improvements." The term shall include property and  
6 right-of-way acquisition costs, entitlements, costs of  
7 development and construction, including any redevelopment,  
8 reconstruction and renovation, capitalized interest, costs of  
9 issuance, operating expense, debt service and other reserves,  
10 any other expenditures necessary and incidental to the  
11 development, construction or completion of a project, and any  
12 project costs as defined in the Tax Increment Financing Act.

13 "Neighborhood improvement." The term shall include capital  
14 improvements, traditional streetscape and building renovations,  
15 clearing and grading of land, roads, bridges, traffic lights,  
16 parking garages, utility lines and connections including  
17 electric, gas, telecommunications and other utilities servicing  
18 the NID, and all neighborhood improvements that are capital in  
19 nature or repairs to neighborhood improvements, located outside  
20 the boundaries of an NID and directly benefit the designated  
21 properties located within the NID.

22 "Neighborhood improvement district management association."  
23 The term shall include the authority serving as administrator of  
24 related tax increment financing district appointed pursuant to  
25 either the project plan, as defined in the Tax Increment  
26 Financing Act, or a separate agreement among the municipal  
27 corporation, other taxing bodies and the administrator.

28 "Neighborhood improvement district plan." The term includes a  
29 project plan as defined in the Tax Increment Financing Act, for  
30 the related tax increment district.



1 "Project." The term shall include the acquisition,  
2 development, construction, improvement, rehabilitation,  
3 demolition, operation or maintenance of a neighborhood  
4 improvement and any project, as defined in the Tax Increment  
5 Financing Act, with respect to the related tax increment  
6 district.

7 "Rational nexus." Requiring a rational, definable benefit  
8 that accrues to a property owner assessed a fee for the benefit  
9 in a neighborhood improvement district created under this act.  
10 All property owners within a designated neighborhood improvement  
11 district paying a special assessment fee for designated  
12 improvements, facilities or services under this act must benefit  
13 directly or indirectly from such improvements, facilities or  
14 services, provided, however, that property owners need not  
15 benefit equally.

16 "Related tax increment district." A tax increment district  
17 created under the Tax Increment Financing Act in which an NID or  
18 portion of an NID is located.

19 "Special financing assessments." Assessment fees imposed  
20 upon affected property owners that are used for the express  
21 purposes provided in subsection (b) (5) and (6).

22 "Tax Increment Financing Act." The act of July 11, 1990  
23 (P.L.465, No.113), known as the Tax Increment Financing Act.

24 Section 3. This act shall take effect in 60 days.