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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 804 Session of  
2019

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INTRODUCED BY SCAVELLO, KILLION, SCHWANK AND YUDICHAK,  
AUGUST 7, 2019

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REFERRED TO COMMUNITY, ECONOMIC AND RECREATIONAL DEVELOPMENT,  
AUGUST 7, 2019

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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  
20 area within a municipality, in which a special assessment is

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

12 \* \* \*

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

15 (a) Applicability.--

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

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

29 (b) Additional powers of municipal corporation.--With  
30 respect to an NID, in addition to the powers enumerated under

1 section 4, a municipal corporation shall have the power:

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

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

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

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

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

1 to be provided or made under this act and to establish  
2 procedures allowing for the prepayment of the special  
3 financing assessments.

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

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

27 (d) Neighborhood improvement district plan.--For purposes of  
28 section 5, a neighborhood improvement district plan that is  
29 comprised of a project plan for such tax increment district  
30 shall be deemed to satisfy the requirements of section 5(c),

1 provided that such project plan will include an approved  
2 assessment methodology providing for a fair and reasonable  
3 allocation of special assessments on property owners based on  
4 the benefits derived by such property owners.

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

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

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

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

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

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

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

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

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

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

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

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

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

29           (2) A request for termination of an NID and NIDMA under  
30 section 8(b) shall not be accepted, considered or approved by

1 a governing body unless all bonds issued under this act or  
2 the Tax Increment Financing Act in connection with the  
3 related tax increment district have finally been paid and  
4 discharged.

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

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

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

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

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

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

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

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

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

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

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

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

30 "Project." The term shall include the acquisition,

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

6 "Related tax increment district." A tax increment district  
7 created under the Tax Increment Financing Act in which an NID or  
8 portion of an NID is located.

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

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

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