

72 P.S. § 8901-B

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§ 8901-B. Scope of article

This article relates to neighborhood improvement zones.

History

[Act 2013-52](#) (H.B. 465), P.L. 270, § 32, approved July 9, 2013, eff. immediately.

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72 P.S. § 8902-B

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§ 8902-B. Definitions

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

“BONDS.” INCLUDES NOTES, INSTRUMENTS, REFUNDING NOTES AND BONDS AND OTHER EVIDENCES OF INDEBTEDNESS OR OBLIGATIONS.

“CAPITAL FACILITIES DEBT ENABLING ACT.” THE ACT OF FEBRUARY 9, 1999 (P.L. 1, NO. 1), KNOWN AS THE CAPITAL FACILITIES DEBT ENABLING ACT.

“CITY.” A CITY OF THE THIRD CLASS WITH, ON THE DATE OF THE DESIGNATION OF A NEIGHBORHOOD IMPROVEMENT ZONE BY THE CONTRACTING AUTHORITY, A POPULATION OF AT LEAST 106,000, BASED ON THE MOST RECENT FEDERAL DECENNIAL CENSUS.

“CONTRACTING AUTHORITY.” AN AUTHORITY CREATED UNDER 53 PA.C.S. CH. 56 (RELATING TO MUNICIPAL AUTHORITIES) FOR THE PURPOSE OF DESIGNATING A NEIGHBORHOOD IMPROVEMENT ZONE AND CONSTRUCTING A FACILITY OR OTHER AUTHORITY CREATED UNDER THE LAWS OF THIS COMMONWEALTH WHICH IS ELIGIBLE TO APPLY FOR AND RECEIVE REDEVELOPMENT ASSISTANCE CAPITAL GRANTS UNDER CHAPTER 3 OF THE ACT OF FEBRUARY 9, 1999 (P.L. 1, NO. 1), KNOWN AS THE CAPITAL FACILITIES DEBT ENABLING ACT.

“DEPARTMENT.” THE DEPARTMENT OF REVENUE OF THE COMMONWEALTH.

“EARNED INCOME TAX.” A TAX OR PORTION OF A TAX IMPOSED ON EARNED INCOME WITHIN A NEIGHBORHOOD IMPROVEMENT ZONE UNDER THE ACT OF DECEMBER 31, 1965 (P.L. 1257, NO. 511), KNOWN AS THE LOCAL TAX ENABLING ACT, WHICH A CITY, OR A SCHOOL DISTRICT CONTAINED ENTIRELY WITHIN THE BOUNDARIES OF OR COTERMINOUS WITH THE CITY, IS ENTITLED TO RECEIVE.

“FACILITY.” A STADIUM, ARENA OR OTHER STRUCTURE OWNED OR LEASED BY A PROFESSIONAL SPORTS ORGANIZATION AT WHICH PROFESSIONAL ATHLETIC EVENTS ARE CONDUCTED IN THE PRESENCE OF INDIVIDUALS WHO PAY ADMISSION TO VIEW THE EVENT CONSTRUCTED OR OPERATED BY THE CONTRACTING AUTHORITY.

“FACILITY COMPLEX.” A DEVELOPMENT OR COMPLEX OF RESIDENTIAL, COMMERCIAL, EXHIBITION, HOSPITALITY, CONFERENCE, RETAIL AND COMMUNITY USES WHICH INCLUDES A STADIUM ARENA OR OTHER PLACE OWNED, LEASED OR UTILIZED BY A PROFESSIONAL SPORTS ORGANIZATION AT WHICH A PROFESSIONAL ATHLETIC EVENT OR OTHER EVENTS ARE CONDUCTED IN THE PRESENCE OF INDIVIDUALS WHO PAY ADMISSION TO VIEW THE EVENT.

“FUND.” A NEIGHBORHOOD IMPROVEMENT ZONE FUND ESTABLISHED UNDER SECTION 1904-B.

§ 8902-B. Definitions

“MASTER LIST.” A LIST MAINTAINED BY THE CONTRACTING AUTHORITY OF THE LEGAL BUSINESS NAMES, PRINCIPAL BUSINESS ADDRESSES WITHIN A NEIGHBORHOOD IMPROVEMENT ZONE AND PARCEL NUMBERS OF ALL QUALIFIED BUSINESSES WHICH ARE REQUIRED TO FILE REPORTS FOR THE CALENDAR YEAR UNDER SECTION 1904-B(A.1)(1). THE TERM SHALL ALSO INCLUDE THE NAME, TELEPHONE NUMBER AND E-MAIL ADDRESS OF THE PERSON EMPLOYED BY THE QUALIFIED BUSINESS WHO IS PRIMARILY RESPONSIBLE FOR COMPLETING REPORTS FOR THE QUALIFIED BUSINESS REQUIRED UNDER SECTION 1904-B(A.1).

“NEIGHBORHOOD IMPROVEMENT ZONE.” A NEIGHBORHOOD IMPROVEMENT ZONE DESIGNATED BY THE CONTRACTING AUTHORITY FOR THE PURPOSES OF NEIGHBORHOOD IMPROVEMENT AND DEVELOPMENT WITHIN A CITY.

“OPERATING ORGANIZATION.” AN ENTITY WHICH CONTRACTS DIRECTLY WITH THE CONTRACTING AUTHORITY TO LEASE OR OPERATE A FACILITY.

“PROFESSIONAL SPORTS ORGANIZATION.” A SOLE PROPRIETORSHIP, CORPORATION, LIMITED LIABILITY COMPANY, PARTNERSHIP OR ASSOCIATION THAT MEETS ALL OF THE FOLLOWING:

- (1) Owns a professional sports franchise.
- (2) Conducts professional athletic events of the sports franchise at a facility.

“QUALIFIED BUSINESS.” AN ENTITY AUTHORIZED TO CONDUCT BUSINESS IN THIS COMMONWEALTH WHICH IS LOCATED OR PARTIALLY LOCATED WITHIN A NEIGHBORHOOD IMPROVEMENT ZONE AND IS ENGAGED IN THE ACTIVE CONDUCT OF A TRADE OR BUSINESS FOR THE TAXABLE YEAR. AN AGENT, BROKER OR REPRESENTATIVE OF A BUSINESS SHALL NOT BE CONSIDERED TO BE IN THE ACTIVE CONDUCT OF TRADE OR BUSINESS FOR THE BUSINESS.

History

[Act 2013-52](#) (H.B. 465), P.L. 270, § 32, approved July 9, 2013, eff. immediately; [Act 2016-84](#) (H.B. 1198), § 39, approved July 13, 2016, effective August 12, 2016.

72 P.S. § 8903-B

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§ 8903-B. Facility

The contracting authority may designate a neighborhood improvement zone of not greater than 130 acres in which a facility or facility complex may be constructed and may borrow funds for the purpose of improvement and development within the neighborhood improvement zone and construction of a facility or facility complex within the zone.

History

[Act 2013-52](#) (H.B. 465), P.L. 270, § 32, approved July 9, 2013, eff. immediately.

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72 P.S. § 8904-B

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§ 8904-B. Neighborhood Improvement Zone Funds

(a) **SPECIAL FUNDS.**— Following the designation of a neighborhood improvement zone, the contracting authority shall, within ten days of making the designation or, in the case of a neighborhood improvement zone designated prior to July 1, 2012, within ten days of July 2, 2012, notify the State Treasurer of the designation. Upon the notice, the State Treasurer shall establish a special fund for the benefit of each contracting authority to be known as the Neighborhood Improvement Zone Fund. Interest income derived from investment of the money in each fund shall be credited by the Treasury Department to the fund.

(a.1) CERTIFICATION.

(1) Within 31 days of the end of each calendar year, each qualified business shall file a report with the department which complies with all of the following:

(i) States each State tax, calculated in accordance with subsection (b), which was paid by the qualified business in the prior calendar year.

(ii) Lists each State tax refund which complies with all of the following:

(A) The refund is for a tax:

(I) set forth in subsection (b); and

(II) certified as paid under subsection (b).

(B) The refund was received in the prior calendar year by the qualified business.

(iii) Is in a form and manner required by the department.

(2) In addition to any penalties imposed under this act for failure to timely pay State taxes, the following shall apply:

(i) Failure to file a timely and complete report under paragraph (1) shall result in the imposition of a penalty of 10% of all State taxes, calculated in accordance with subsection (b), which were payable by the qualified business in the prior calendar year. In no case shall the penalty imposed be less than \$1,000. When the penalty is received, the money shall be transferred from the General Fund to the fund of the contracting authority that designated the neighborhood improvement zone in which the qualifying business is located. Failure to file a timely and complete report under paragraph (4) shall result in the imposition of a penalty of 10% of all local taxes, calculated in accordance with subsection (b) by a contracting authority which were payable by the qualified business in the prior calendar year. In no case shall the penalty imposed be less than \$250.

(ii) Failure to report a qualified business operating in the facility to the contracting authority by an operating organization in accordance with subsection (a.3)(2) shall result in the imposition of a penalty by the contracting authority upon the operating organization, of 100% of the taxes which would be certified under subsection (b) for each qualified business which is not reported to the

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contracting authority or \$1,000, whichever is greater. The contracting authority may not waive or abate any penalties imposed under this subparagraph. When the penalty is received, the money shall be transferred from the General Fund to the fund of the contracting authority that designated the neighborhood improvement zone in which the qualifying business is located.

(iii) Failure to file a timely and complete report under paragraph (1) by a qualified business engaged in the active conduct of a trade or business during the calendar year in the facility shall result in the imposition of a penalty by the contracting authority upon the operating organization equal to 100% of the taxes paid which would be certified under subsection (b) for each qualified business which fails to file a timely and complete report. The penalty may not be less than \$1,000. If the qualified business is properly included on the master list provided under subsection (a.3), the contracting authority may waive or abate penalties imposed under this subparagraph equal to the total taxes paid by the qualified business which are certified under subsection (b). When the penalty is received, the money shall be deposited in the fund of the contracting authority that designated the neighborhood improvement zone in which the qualifying business is located.

(3) Except as otherwise provided under paragraph (2)(ii) and (iii), any penalty imposed under this subsection shall be imposed, assessed and collected by the department under the provisions for imposing, assessing and collecting penalties under Article II. When the penalty is received, the money shall be transferred from the General Fund to the fund of the contracting authority that designated the neighborhood improvement zone in which the qualified business is located.

(4) Within 31 days of the end of each calendar year, each qualified business shall file a report with the local taxing authority reporting all local taxes, calculated in accordance with subsection (b), which were paid by the qualified business in the prior calendar year. The report from each qualified business shall also list any local tax refunds of taxes set forth in subsection (b) received in the prior calendar year by the qualified business and any refunds related to the local taxes as calculated in accordance with subsection (b). The report shall be in a form and manner required by the department.

(a.2) TRANSITION.

(1) Subject to paragraphs (3) and (4), within 15 days of July 2, 2012, the State Treasurer shall:

- (i) determine the amount of money in the Neighborhood Improvement Zone Fund existing on July 2, 2012, which is attributable to each neighborhood improvement zone; and
- (ii) transfer the amount of money in the Neighborhood Improvement Zone Fund existing on July 2, 2012, to the fund for each contracting authority for which money was deposited.

(2) An entity collecting a local tax that, on July 2, 2012, is in possession of money attributable to a local tax not included in the amount to be calculated and certified under subsection (b) shall promptly remit that money to the local taxing authority entitled to receive the money.

(3) Transfer and repayment is subject to the following:

(i) Before making the transfer under paragraph (1), the State Treasurer shall:

- (A) determine the amount of money deposited in the fund which was attributable to earned income taxes that a contracting authority is not entitled to receive under subsection (b); and
- (B) deduct the amount of money determined under clause (A) from the money to be transferred under paragraph (1).

(ii) If any amount of the money under subparagraph (i)(A) has already been transferred to a contracting authority, the State Treasurer shall take action as necessary to recover the money from the contracting authority, including by way of setoff from money to be paid to the contracting authority under paragraph (1). The contracting authority shall comply with a demand made by the State Treasurer for the repayment of money under this paragraph.

(4) As to the money deducted or recovered under paragraph (3), the State Treasurer shall:

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- (i) identify the local taxing authorities that were entitled to receive the money which was deposited in the fund;
- (ii) determine the amount to which each local taxing authority was entitled; and
- (iii) remit the amount under subparagraph (ii) to the proper local taxing authority.

(a.3) MASTER LIST. The following shall apply:

(1) Except as provided under paragraph (2), within five days of the end of each month, the legal business names, business addresses within the neighborhood improvement zone and parcel numbers of all qualified businesses engaged in the active conduct of a trade or business during the previous month shall be provided to the contracting authority by or on behalf of the qualified business for purposes of inclusion on the master list. The name, telephone number and e-mail address of the person employed by the qualified business who is primarily responsible for completing reports for the qualified business required under subsection (a.1) shall also be provided.

(2) For purposes of inclusion on the master list, within five days of the end of each month during a calendar year, an operating organization shall provide to the contracting authority the legal business names and business addresses within the neighborhood improvement zone of all qualified businesses engaged in the active conduct of a trade or business in the facility during the previous month along with the name, phone number and e-mail address of the individual employed by the qualified business who is primarily responsible for completing the reports for the qualified business required under subsection (a.1).

(3) Within 10 days of the end of each calendar year, the contracting authority shall provide to the department the master list. The department may not certify any taxes paid directly or indirectly by a qualified business as provided under subsection (b) during the prior calendar year when the qualified business is not included on the master list.

(4) A contracting authority shall impose penalties for failure to comply with this section.

(b) CALCULATION.— Within 60 days of the end of each calendar year, the department shall certify separately for each neighborhood improvement zone the amounts of State taxes paid, less any State tax refunds received, by the qualified businesses filing reports under subsection (a.1)(1) to the Office of the Budget. Beginning in the first full calendar year following the designation of a neighborhood improvement zone and in each calendar year thereafter, by November 1, the department shall calculate, in accordance with this subsection, amounts of State taxes actually received by the Commonwealth from each qualified business that filed a report under subsection (a.1)(1) in the prior calendar year, and the department shall certify the amounts received to the office. The department shall include reports filed five months after the due date under subsection (a.1)(1) in the November 1 certification. An entity collecting a local tax within the neighborhood improvement zone shall, within 31 days of the end of each calendar year, submit all of the local taxes that are to be calculated under this subsection and which were paid in the prior calendar year, less any certified local tax refunds received by a qualified business in the prior calendar year, to the State Treasurer to be deposited in the fund under subsection (d) of the contracting authority that established the neighborhood improvement zone. This subsection shall not apply to any taxes subject to a valid pledge or security interest entered into in order to secure debt service on bonds if the pledge or security interest was entered into prior to May 1, 2011, or, in the case of the neighborhood improvement zone designated after July 1, 2011, on the date of the designation, and is still in effect. The following shall be the amounts calculated and certified separately for each neighborhood improvement zone:

- (1)** An amount equal to all corporate net income tax, capital stock and franchise tax, personal income tax, business privilege tax, business privilege licensing fees and earned income tax related to the ownership and operation of a professional sports organization conducting professional athletic events at the facility or facility complex.
- (2)** An amount equal to all of the following:

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- (i) All personal income tax, earned income tax and local services tax withheld from its employees by a professional sports organization conducting professional athletic events at the facility or facility complex.
 - (ii) All personal income tax, earned income tax and local services tax withheld from the employees of any provider of events at or services to or any operator of an enterprise in the facility or facility complex.
 - (iii) All personal income tax, earned income tax and local services tax to which the Commonwealth would be entitled from performers or other participants, including visiting teams, at an event or activity at the facility or facility complex.
- (3) An amount equal to all sales and use tax related to the operation of the professional sports organization and the facility and enterprises developed as part of the facility complex. This paragraph shall include sales and use tax paid by any provider of events or activities at or services to the facility or facility complex, including sales and use tax paid by vendors and concessionaires and contractors at the facility or facility complex.
- (4) An amount equal to all tax paid to the Commonwealth related to the sale of any liquor, wine or malt or brewed beverage in the facility or facility complex.
- (5) The amount paid by the professional sports organization or by any provider of events or activities at or services to the facility or facility complex of any new tax enacted by the Commonwealth following October 9, 2009.
- (6) An amount equal to all personal income tax, earned income tax and local services tax withheld from personnel by the professional sports organization or by a contractor or other entity involved in the construction of the facility or facility complex.
- (7) An amount equal to all sales and use tax paid on materials and other construction costs, whether withheld or paid by the professional sports organization or other entity, directly related to the construction of the facility or facility complex.
- (8) An amount equal to all of the following:
- (i) All corporate net income tax, capital stock and franchise tax, personal income tax, business privilege tax, business privilege licensing fees and earned income tax related to the ownership and operation of any qualified business within the neighborhood improvement zone.
 - (ii) All personal income tax, earned income tax and local services tax withheld from its employees by a qualified business within the neighborhood improvement zone.
 - (iii) All personal income tax, earned income tax and local services tax withheld from the employees of a qualified business that provides events, activities or services in the neighborhood improvement zone.
 - (iv) All personal income tax, earned income tax and local services tax to which the Commonwealth would be entitled from performers or other participants at an event or activity in the neighborhood improvement zone.
 - (v) All sales and use tax related to the operation of a qualified business within the neighborhood improvement zone. This subparagraph shall include sales and use tax paid by a qualified business that provides events, activities or services in the neighborhood improvement zone.
 - (vi) All tax paid by a qualified business to the Commonwealth related to the sale of any liquor, wine or malt or brewed beverage within the neighborhood improvement zone.
 - (vii) The amount paid by a qualified business within the neighborhood improvement zone of any new tax enacted by the Commonwealth following October 9, 2009.

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(viii) All personal income tax, earned income tax and local services tax withheld from personnel by a qualified business involved in the improvement, development or construction of the neighborhood improvement zone.

(ix) All sales and use tax paid on materials and other construction costs, whether withheld or paid by the professional sports organization or other qualified business, directly related to the improvement, development or construction of the neighborhood improvement zone.

(x) An amount equal to any amusement tax paid by a qualified business operating in the neighborhood improvement zone. No political subdivision or other entity authorized to collect amusement taxes may impose or increase the rate of any tax on admissions to places of entertainment, exhibition or amusement or upon athletic events in the neighborhood improvement zone which are not in effect on the date the neighborhood improvement zone is designated by the contracting authority.

(9) Except for a tax levied against real property and notwithstanding any other law, an amount equal to any tax imposed by the Commonwealth or any of its political subdivisions on a qualified business engaged in an activity within the neighborhood improvement zone or directly or indirectly on any sale or purchase of goods or services, where the point of sale or purchase is within the neighborhood improvement zone.

(c) STATE TAX LIABILITY APPORTIONMENT.— For the purpose of making the calculations under subsection (b), the State tax liability of a qualified business shall be apportioned to the neighborhood improvement zone by multiplying the Pennsylvania State tax liability by a fraction, the numerator of which is the property factor plus the payroll factor plus the sales factor and the denominator of which is three, in accordance with the following:

(1) The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned or rented and used in the neighborhood improvement zone during the tax period and the denominator of which is the average value of all the taxpayer's real and tangible personal property owned or rented and used in this Commonwealth during the tax period but shall not include the security interest of any corporation as seller or lessor in personal property sold or leased under a conditional sale, bailment lease, chattel mortgage or other contract providing for the retention of a lien or title as security for the sale price of the property.

(2) The following apply:

(i) The payroll factor is a fraction, the numerator of which is the total amount paid in the neighborhood improvement zone during the tax period by the taxpayer for compensation and the denominator of which is the total compensation paid in this Commonwealth during the tax period.

(ii) Compensation is paid in the neighborhood improvement zone if:

(A) the person's service is performed entirely within the neighborhood improvement zone;

(B) the person's service is performed both within and without the neighborhood improvement zone, but the service performed without the neighborhood improvement zone is incidental to the person's service within the neighborhood improvement zone; or

(C) some of the service is performed in the neighborhood improvement zone and the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in the neighborhood improvement zone, or the base of operations or the place from which the service is directed or controlled is not in any location in which some part of the service is performed, but the person's residence is in the neighborhood improvement zone.

(3) The sales factor is a fraction, the numerator of which is the total sales of the taxpayer in the neighborhood improvement zone during the tax period and the denominator of which is the total sales of the taxpayer in this Commonwealth during the tax period.

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(i) Sales of tangible personal property are in the neighborhood improvement zone if the property is delivered or shipped to a purchaser that takes possession within the neighborhood improvement zone regardless of the F.O.B. point or other conditions of the sale.

(ii) Sales other than sales of tangible personal property are in the neighborhood improvement zone if:

(A) the income-producing activity is performed in the neighborhood improvement zone; or

(B) the income-producing activity is performed both within and without the neighborhood improvement zone and a greater proportion of the income-producing activity is performed in the neighborhood improvement zone than in any other location, based on costs of performance.

(d) TRANSFERS.

(1) Within ten days of receiving certification under subsection (b), the Secretary of the Budget shall direct the State Treasurer to, notwithstanding any other law, transfer the amounts certified under subsection (b) for each neighborhood improvement zone from the General Fund to the fund of the contracting authority that established the neighborhood improvement zone. Beginning in the second calendar year following the designation of a neighborhood improvement zone and in each year thereafter, the amounts certified by the secretary to the State Treasurer and the amounts transferred by the State Treasurer to the fund of each contracting authority shall be determined as follows:

(i) Add amounts certified by the department under subsection (b) for the prior calendar year.

(ii) Subtract from the sum under subparagraph (i) any State tax refunds paid as certified by the department under subsection (b).

(iii) Add to the difference under subparagraph (ii) any amounts certified under subsection (b) with respect to the second prior calendar year.

(iv) Subtract from the sum under subparagraph (iii) any amounts certified under subsection (b) which are less than the amounts previously certified under subsection (b) with respect to the second prior calendar year.

(2) The State Treasurer shall provide an annual transfer to the contracting authority until the bonds issued to finance and refinance the improvement and development of the neighborhood improvement zone and the construction of the facility or facility complex are retired. Each annual transfer to the contracting authority shall be equal to the balance of the fund of the contracting authority on the date of the transfer under paragraph (1).

(e) RESTRICTION ON USE OF MONEY.— Money transferred under subsection (d) is subject to the following:

(1) The money may only be utilized as follows:

(i) For payment of debt service, directly or indirectly through a multitiered ownership structure or other structure authorized by a contracting authority to facilitate financing mechanisms, on bonds or on refinancing loans used to repay bonds issued to finance or refinance:

(A) the improvement and development of all or any part of the neighborhood improvement zone; and

(B) the construction of all or part of a facility or facility complex.

(ii) For payment of debt service on bonds issued to refund those bonds.

(iii) For replenishment of amounts required in any debt service reserve funds established to pay debt service on bonds.

(1.1) The term of a bond to be refunded shall not exceed the maximum term permitted for the original bond issued for the improvement or development of the neighborhood improvement zone and the construction of a facility or facility complex.

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(2) The money may not be utilized for purposes of renovating or repairing a facility or facility complex, except for capital maintenance and improvement projects.

(f) **TICKET SURCHARGE.**— The entity operating the facility may collect a capital repair and improvement ticket surcharge, the proceeds of which shall be deposited into the fund of each contracting authority. The fund of each contracting authority shall be maintained and utilized as follows:

(1) The money deposited under this subsection may not be encumbered for any reason and shall be transferred to the entity for capital repair and improvement projects upon request from the entity.

(2) Upon the expiration of the neighborhood improvement zone under section 1906-B, any and all portions of the fund attributable to the ticket surcharge shall be immediately transferred to the contracting authority to be held in escrow where they shall be unencumbered and maintained by the contracting authority in the same manner as the fund. Upon the transfer, any ticket surcharge collected by the operating entity shall thereafter be deposited in the account maintained by the contracting authority and dispersed for a capital repair and improvement project upon request by the operating entity.

(g) **EXCESS MONEY.**— Within 30 days of the end of each calendar year, any money remaining in the fund of each contracting authority at the end of the prior calendar year after the required payments under subsection (d)(2) were made in the prior calendar year shall be refunded in the following manner:

(1) Money shall first be returned to the General Fund to the extent that the excess money is part of the transfer under subsection (d)(1).

(2) Money shall next be paid to the contracting authority to the extent that the amounts paid under subsection (d)(2) consisted of local taxes. The contracting authority shall return the money to the appropriate entities collecting local tax who submitted the local taxes to the State Treasurer under subsection (b).

(h) **AUDIT.**

(1) The contracting authority shall hire an independent auditing firm to perform an annual audit verifying all of the following:

(i) The correct amount of the eligible local tax was submitted to the local taxing authorities.

(ii) The local taxing authorities transferred the correct amount of eligible local tax to the State Treasurer.

(iii) The money transferred to the fund was properly expended.

(iv) The correct amount of excess money was refunded in accordance with the provisions of subsection (g).

(2) A copy of the annual audit shall be sent to the Department of Revenue and the Secretary of the Budget.

(3) For purposes of this paragraph, an auditing firm will not be considered independent if it provides services to an operating organization or any qualified business within a neighborhood improvement zone which is a party to a separate agreement with a contracting authority for the allocation of funds from the contracting authority.

History

[Act 2013-52](#) (H.B. 465), P.L. 270, § 32, approved July 9, 2013, eff. immediately; [Act 2016-84](#) (H.B. 1198), § 40, approved July 13, 2016, effective August 12, 2016.

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8904.1-B Taxes

(a) Prohibition.— A division of local government may not assess real estate taxes on any property in a neighborhood improvement zone owned by a contracting authority.

(b) Local hotel tax.— Notwithstanding any other law, revenue generated from local hotel taxes levied in a neighborhood improvement zone must first be set aside for new development and capital improvement of hotel properties in the neighborhood improvement zone. If there is no new hotel property development or capital improvement in the neighborhood improvement zone, the revenue generated from hotel taxes must be distributed as provided under local hotel tax law.

(c) Amount.— For purposes of this article, revenue collected from local hotel taxes shall only include the amount of local hotel taxes collected from hotel activities which exceed the amount collected from hotel activities occurring prior to the designation of a neighborhood improvement zone by the contracting authority.

History

[Act 2016-84](#) (H.B. 1198), § 41, approved July 13, 2016, effective August 12, 2016.

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8904.2-B Property assessment

Notwithstanding 53 Pa.C.S. Ch. 88 (relating to consolidated county assessment), for purposes of determining the assessed value of property located in a neighborhood improvement zone, the actual fair market value of the property shall be established without utilizing or considering the cost approach to valuation and any funds received by the contracting authority and utilized directly or indirectly in connection with the property shall not be considered real property or income attributable to the property.

History

[Act 2016-84](#) (H.B. 1198), § 41, approved July 13, 2016, effective August 12, 2016.

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§ 8904.3-B. Transfer of property

(a) Transfer of parcels.— Parcels in a zone may be transferred out of the zone and replaced with parcels not to exceed the acreage transferred out of the zone by the contracting authority, if:

- (1)** The department certifies that there is currently no activity in the parcels transferred in the zone that generates tax receipts or other revenue to the Commonwealth.
- (2)** The municipality where the zone is located certifies that there is currently no activity in the parcels transferred into the zone that generates tax receipts or other revenue, other than taxes on real property, to the municipality and the school district and county where the zone is located.

(b) Public hearing.— The following apply:

- (1)** For a parcel identified by the contracting authority to be transferred out of the zone, the contracting authority may conduct a public hearing pursuant to a request from an owner of real estate located within the parcel or the city or municipality where the parcel sits. The hearing shall be held and notice of the hearing provided to the owner of the parcel in accordance with section 908 of the act of July 31, 1968 (P.L.805, No.247), known as the Pennsylvania Municipalities Planning Code.
- (2)** If the contracting authority determines that it will transfer a parcel out of the zone, the contracting authority shall issue a written opinion within 45 days of the hearing setting forth the reasons supporting the determination.

History

[Act 2017-43](#) (H.B. 542), § 39, approved October 30, 2017, effective October 30, 2018.

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72 P.S. § 8905-B

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Pennsylvania Statutes, Annotated by LexisNexis® > Pennsylvania Statutes (§§ 1 — 2710) > Title 72. Taxation and Fiscal Affairs (Chs. 1 — 5) > Chapter 5. Tax Reform Code of 1971 (Arts. I — XXX) > Article XIX-B. Neighborhood Improvement Zones (§§ 8901-B — 8909-B)

§ 8905-B. Keystone Opportunity Zone

Within four months following the designation of a neighborhood improvement zone, a city may apply to the Department of Community and Economic Development to decertify and remove the designation of all or part of the Keystone Opportunity Zone on behalf of all political subdivisions. The provisions of section 309 of the act of October 6, 1998 (P.L. 705, No. 92), known as the Keystone Opportunity Zone, Keystone Opportunity Expansion Zone and Keystone Opportunity Improvement Zone Act, shall be deemed satisfied as to all political subdivisions. The Department of Community and Economic Development shall act on the application within 30 days.

History

[Act 2013-52](#) (H.B. 465), P.L. 270, § 32, approved July 9, 2013, eff. immediately.

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72 P.S. § 8906-B

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§ 8906-B. Duration

The neighborhood improvement zone shall be in effect for a period equal to one year following retirement of all bonds issued to finance or refinance the improvement and development of the neighborhood improvement zone or the construction of the facility or the facility complex. The maximum term of the bond, including the refunding of the bond, shall not exceed 30 years.

History

[Act 2013-52](#) (H.B. 465), P.L. 270, § 32, approved July 9, 2013, eff. immediately.

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72 P.S. § 8907-B

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§ 8907-B. Commonwealth pledges

If and to the extent that the contracting authority pledges amounts required to be transferred to the fund of the contracting authority under section 1904-B for the payment of bonds issued by the contracting authority, until all bonds secured by the pledge of the contracting authority, together with the interest on the bonds, are fully paid or provided for, the Commonwealth pledges to and agrees with any person, firm, corporation or government agency, whether in this Commonwealth or elsewhere, and to and with any Federal agency subscribing to or acquiring the bonds issued by the contracting authority that the Commonwealth itself will not nor will it authorize any government entity to abolish or reduce the size of the neighborhood improvement zone; to amend or repeal section 1904-b(a.1), (b) or (d); to limit or alter the rights vested in the contracting authority in a manner inconsistent with the obligations of the contracting authority with respect to the bonds issued by the contracting authority; or to otherwise impair revenues to be paid under this article to the contracting authority necessary to pay debt service on bonds. Nothing in this section shall limit the authority of the Commonwealth or any government entity to change the rate, tax bases or any subject of any specific tax or repealing or enacting any tax.

History

[Act 2013-52](#) (H.B. 465), P.L. 270, § 32, approved July 9, 2013, eff. immediately.

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72 P.S. § 8908-B

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§ 8908-B. Confidentiality.

Notwithstanding any law providing for the confidentiality of tax records, the contracting authority and the local taxing authorities shall have access to any reports and certifications filed under this article, and the contracting authority shall have access to any State or local tax information filed by a qualified business in the neighborhood improvement zone solely for the purpose of documenting the certifications required by this article or determining the amount allocated to any uses specified under section 1904-B(e)(1). Any other use of the tax information shall be prohibited as provided under law.

History

[Act 2013-52](#) (H.B. 465), P.L. 270, § 32, approved July 9, 2013, eff. immediately; [Act 2022-53](#) (H.B. 1342), § 12, approved July 8, 2022, effective July 8, 2022.

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72 P.S. § 8909-B

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§ 8909-B. Exceptions.

Beginning with the 2016 calendar year, none of the following may be employed by, be contracting with or provide services for a contracting authority:

- (1) An individual employed by, contracting with or providing service for a city that has a neighborhood improvement zone.
- (2) An entity contracting with or providing services for a city that has a neighborhood improvement zone.
- (3) An individual owning an entity or an entity with ownership interest in a separate entity which is contracting with a city that has a neighborhood improvement zone.
- (4) An individual or an entity employed by, contracting with or providing services for a qualified business within the neighborhood improvement zone which is party to a separate agreement with a contracting authority for the allocation of funds from the contracting authority.
- (5) An individual or an entity employed by, contracting with or providing services for an operating organization.
- (6) A current board member of a contracting authority.
- (7) An entity which is owned by or employs a current board member of a contracting authority.

History

[Act 2016-84](#) (H.B. 1198), § 41, approved July 13, 2016, effective August 12, 2016.

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