
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1891 Session of
2023

INTRODUCED BY CEPEDA-FREYTIZ, DALEY, ABNEY, KAZEEM, HILL-EVANS,
MADDEN, BRENNAN, SANCHEZ, HOHENSTEIN, HANBIDGE, KHAN, PROBST,
BELLMON, CIRESI AND GREEN, DECEMBER 8, 2023

REFERRED TO COMMITTEE ON TOURISM AND ECONOMIC AND RECREATIONAL
DEVELOPMENT, DECEMBER 8, 2023

AN ACT

1 Establishing tourism improvement districts and tourism
2 improvement district management associations; and providing
3 for powers of counties, for powers of tourism improvement
4 district management associations, for dissolution of tourism
5 improvement district, for annual audit and report and for
6 applicability.

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

9 Section 1. Short title.

10 This act shall be known and may be cited as the Tourism
11 Improvement District Act.

12 Section 2. Legislative findings and declarations.

13 The General Assembly finds and declares as follows:

14 (1) Existing tax rates in many counties are at or near
15 their statutory cap.

16 (2) The revenue derived from these taxes many times is
17 not sufficient to provide adequate tourism-enhancing
18 services.

19 (3) As a result, benefited businesses should be

1 authorized to create, where feasible and desired, assessment-
2 based tourism improvement districts and designated tourism
3 district management associations should initiate and
4 administer programs to promote and enhance tourism within the
5 district, as approved by a county.

6 (4) Counties should be given the broadest possible
7 discretion in establishing, by local ordinance, the type of
8 assessment-based programs most consistent with tourism
9 business needs, goals and objectives, as determined and
10 expressed by benefited business owners in the designated
11 tourism improvement district.

12 (5) This act is intended only to supplement and enhance
13 revenue for tourism activities and is not intended to
14 supplant or offset revenue from existing county ordinances
15 that assess hotels.

16 Section 3. Definitions.

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

20 "Authority." A body politic and corporate, created under 53
21 Pa.C.S. Ch. 56 (relating to municipal authorities).

22 "Benefited business." A hotel, as defined under section 209
23 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax
24 Reform Code of 1971, that is located within a tourism
25 improvement district and benefits from tourism improvement
26 district activities based on a rational nexus test.

27 "County." A county located within this Commonwealth.

28 "Nonprofit corporation." A legal entity that is incorporated
29 in this Commonwealth and specifies in its charter or bylaws that
30 no part of the net earnings may benefit a private shareholder or

1 individual holding an interest in the entity.

2 "Rational nexus test." The legal principle that requires
3 that there is a rational, definable benefit which accrues to a
4 business owner assessed a special assessment fee for the benefit
5 of a tourism improvement district created under this act.

6 "Service area." The area within the boundaries of a tourism
7 improvement district in which a tourism improvement district
8 management association provides tourism activities. The term
9 also includes the area outside of the tourism improvement
10 district where services are being provided by the tourism
11 improvement district management association under contract.

12 "Special assessment fee." The fee assessed on benefited
13 businesses levied by the county establishing a tourism
14 improvement district for the purposes of providing tourism
15 activities.

16 "Substantial amendment." An amendment to a preliminary plan
17 or an amendment to a final plan that does any of the following:

18 (1) Removes or adds tourism activities to be provided in
19 a tourism improvement district.

20 (2) Increases expenditures affecting more than 25% of
21 the total tourism improvement district management
22 association's budget for the fiscal year.

23 (3) Incurs increased indebtedness.

24 (4) Changes the assessment fee structure levied on
25 benefited business owners.

26 (5) Changes the tourism improvement district management
27 association that provides tourism activities within the
28 tourism improvement district.

29 (6) Changes the tourism improvement district's service
30 area boundary.

1 "Sunset provision." A provision in a tourism improvement
2 district plan establishing a tourism improvement district that
3 provides for the automatic termination of the tourism
4 improvement district on a date specified in the tourism
5 improvement district plan and in the county ordinance
6 establishing the tourism improvement district.

7 "Total room inventory." The cumulative number of rooms
8 available for occupancy across the benefited business within a
9 tourism improvement district.

10 "Tourism activities." An activity or service that provides a
11 benefit to benefited businesses, including any of the following:

12 (1) Marketing, sales, event promotion and other
13 promotional programs designed to increase tourism in a
14 tourism improvement district.

15 (2) Funding of special events designed to increase
16 tourism in a tourism improvement district.

17 (3) Destination product development activities designed
18 to improve the visitor experience in a tourism improvement
19 district.

20 (4) The personnel and administrative support necessary
21 to provide tourism activities.

22 (5) Any other activity, service or improvement that is
23 designed to increase tourism in a tourism improvement
24 district.

25 "Tourism improvement district" or "TID." A geographical area
26 composed of benefited businesses.

27 "Tourism improvement district management association" or
28 "TIDMA." The governing body that oversees the management of
29 tourism improvement districts in a county.

30 "Tourism improvement district plan." The strategic plan for

1 tourism activities within a tourism improvement district
2 approved by a tourism improvement district management
3 association.

4 Section 4. Establishment of tourism improvement districts.

5 (a) Establishment.--A benefited business may petition and
6 present a preliminary plan to the county to establish a TID in
7 the county.

8 (b) Specific procedures.--

9 (1) At least 30 days prior to the first public hearing
10 required under paragraph (2), the following shall be provided
11 by the county to each benefited business located in the
12 proposed TID via the United States Postal Service to the
13 address from which taxes are remitted:

14 (i) A copy of the petition.

15 (ii) A summary of the preliminary plan as presented
16 by the petitioning benefited business.

17 (iii) Objection procedures.

18 (iv) Amendment procedures.

19 (v) The date, location and time of the public
20 hearing.

21 (2) No sooner than 30 days from the mailing of the
22 information under paragraph (1), the county shall hold a
23 public hearing for the purpose of receiving public comment on
24 the preliminary plan for a proposed TID from benefited
25 businesses or their authorized representatives. Notice of the
26 hearing shall be published at least 10 days prior to the
27 hearing in at least one newspaper having a general
28 circulation in the proposed TID. The notice of the hearing
29 shall also be published at least 30 days prior to the hearing
30 on the county's publicly accessible Internet website. A

1 county may not vote on the ordinance to establish a TID until
2 a public hearing is held.

3 (3) Objections to the proposed TID may be filed by
4 benefited businesses or their authorized representatives. The
5 following apply:

6 (i) Objections shall be in writing, signed by the
7 benefited business owner or an authorized representative,
8 and identify the address of the benefited business for
9 which the objection is being made.

10 (ii) Objections must be filed in the office of the
11 chief clerk of the county in which the TID is being
12 proposed no later than three days prior to a vote by the
13 county on the ordinance establishing a TID.

14 (iii) If benefited businesses that make up 40% of
15 the total room inventory within the proposed TID file
16 objections, the county shall be prohibited from enacting
17 the ordinance establishing the TID.

18 (c) Contents of preliminary plan.--The preliminary plan
19 shall include all of the following:

20 (1) A map indicating the boundaries of the proposed TID.

21 (2) A written report containing the following
22 information relating to the proposed TID:

23 (i) The name.

24 (ii) A detailed description of the service areas.

25 (iii) A list of proposed tourism activities and
26 their estimated cost.

27 (iv) A proposed budget for the first fiscal year,
28 including:

29 (A) personnel and administration; and

30 (B) tourism activities.

1 (v) A proposed plan for the use of funds for the
2 upcoming five years.

3 (vi) The proposed revenue sources for financing all
4 proposed tourism activities.

5 (vii) The estimated time for implementation and
6 completion of all proposed tourism activities.

7 (viii) A statement identifying the TIDMA that will
8 govern and administer the TID, including:

9 (A) the number of TIDMA board members;

10 (B) board member terms;

11 (C) initial TIDMA board member term structure;

12 (D) initial TIDMA board member appointees; and

13 (E) the process for filling TIDMA board member
14 vacancies.

15 (ix) The method for determining the amount of the
16 special assessment fee to be levied, including an
17 exemption based upon the minimum number of rooms
18 maintained.

19 (3) Draft agreements between the county and TIDMA that
20 include the following:

21 (i) specifies their respective duties and
22 responsibilities of the county and the TIDMA;

23 (ii) requires the county to maintain the same level
24 of county programs and services provided within the
25 proposed TID after TID designation as before TID
26 designation;

27 (iii) permits the county to include in the agreement
28 and in the county ordinance establishing the TID a sunset
29 provision of no less than five years for renewal of the
30 agreement; and

1 (iv) requires that the county be responsible for the
2 collection of all special assessment fees levied within
3 the proposed TID. The county may collect an
4 administrative fee that shall not exceed 4% of the
5 assessment collected in any calendar year.

6 (d) Final plan.--Prior to the establishment of a TID, the
7 county shall provide the final plan to the office of the chief
8 clerk for the county. The final plan shall incorporate
9 amendments made to the preliminary plan based on comments from
10 benefited business owners or their authorized representatives
11 provided at the public hearings or at some other time. At least
12 30 days prior to the vote by the county on the ordinance
13 establishing the TID, the county shall make the final plan
14 available on the county's publicly accessible Internet website.

15 (e) Additional public hearing for substantial amendment to
16 preliminary plan.--Before voting on the ordinance establishing
17 the TID, the county shall hold at least one public hearing for
18 the purpose of receiving public comment on a substantial
19 amendment to the preliminary plan and contained in the final
20 plan. Notice of the hearing shall be advertised at least 10 days
21 prior to the hearing in at least one newspaper having a general
22 circulation in the proposed TID and shall be published at least
23 30 days prior to the hearing on the county's publicly accessible
24 Internet website. Notice of the hearing shall be provided to
25 each benefited business via the United States Postal Service to
26 the address from which taxes are remitted. At least 30 days
27 prior to the vote by the county on the ordinance establishing a
28 TID, the county shall make the final plan available on its
29 publicly accessible Internet website.

30 (f) Amendments to approved final plan.--The following shall

1 apply to amendments to an approved final plan:

2 (1) The final plan may be amended by the TIDMA after the
3 establishment of a TID upon the recommendation of a two-
4 thirds supermajority of the TIDMA board. A substantial
5 amendment to the final plan may only be proposed by a TIDMA
6 to a county upon the recommendation of a two-thirds
7 supermajority of the TIDMA board.

8 (2) A substantial amendment to the final plan shall only
9 be adopted by a county following the submission of the
10 proposed substantial amendment by a TIDMA and completion of
11 all of the following:

12 (i) At least 30 days prior to the vote on the
13 substantial amendment to the final plan, the county shall
14 hold at least one public hearing for the purpose of
15 receiving public comment on the substantial amendment to
16 the final plan. At least 10 days prior to the public
17 hearing, the county shall provide notice of the hearing
18 in at least one newspaper having a general circulation in
19 the TID. The notice shall specify the time and the place
20 of the hearing and the substantial amendments to be
21 considered. The notice shall be published on the county's
22 publicly accessible Internet website at least 30 days
23 prior to the date of the hearing. Notice of the hearing
24 shall be provided to each benefited business via the
25 United States Postal Service to the address from which
26 taxes are remitted.

27 (ii) For changes to a TID's service area boundary,
28 each benefited business proposed to be added to the TID
29 shall be notified at least 30 days prior to the public
30 hearing provided for under subparagraph (i). The notice

1 shall be provided via the United States Postal Service to
2 the address from which taxes are remitted. The notice
3 shall contain the date, time and location of the public
4 hearing and a copy of the final approved plan and
5 proposed substantial amendment.

6 (iii) Objections to the proposed substantial
7 amendment to the final plan may be filed by benefited
8 businesses or their authorized representatives located
9 within the TID and the proposed expanded TID service area
10 boundary. The following apply:

11 (A) Objections shall be in writing, signed by
12 the benefited business owner or an authorized
13 representative and identify the address of the
14 benefited business for which the objection is being
15 made.

16 (B) Objections must be filed in the office of
17 the chief clerk of the county in which the TID is
18 being proposed no later than three days prior to a
19 vote by the county on the substantial amendment to
20 the final plan.

21 (C) If benefited businesses that make up 40% of
22 the total room inventory within the proposed TID or
23 the proposed expanded TID service area boundary file
24 objections, the county shall be prohibited from
25 adopting the substantial amendment to the final plan.

26 (iv) Within 30 days from the public hearing provided
27 under subparagraph (i), the county may approve or
28 disapprove the substantial amendment to the final plan.
29 If approved, the substantial amendment to the final plan
30 shall take effect upon the date of the approval.

1 Section 5. Powers of counties.

2 Each county shall have the power to:

3 (1) Establish within the county an area or areas
4 designated as a TID. The following shall apply to the
5 establishment of a TID:

6 (i) A county may establish multiple TIDs within the
7 boundaries of the county.

8 (ii) A county may establish a TID that only includes
9 certain classifications of benefited businesses.

10 (iii) A benefited business may not be included in
11 any subsequently formed TIDs.

12 (iv) A county may levy a special assessment fee on
13 benefited businesses for the purpose of providing tourism
14 activities. The formula for determining the fee shall be
15 based on benefit to the benefited businesses and may
16 include a formula based on a percentage of gross rental
17 revenue or a fixed rate per occupied room per night. Each
18 benefited business paying a special assessment fee must
19 benefit directly or indirectly from tourism activities
20 provided by the TIDMA within the TID.

21 (2) Form a TIDMA by establishing an authority to
22 administer the TID, designating an existing nonprofit
23 corporation to administer the TID or creating a new nonprofit
24 corporation to administer the TID. The TIDMA must be
25 incorporated as a nonprofit corporation in this Commonwealth
26 or an authority.

27 (3) Appropriate and expend, in accordance with the
28 specific provisions of the county ordinance establishing the
29 TID, county funds as may be required to:

30 (i) Acquire, by purchase or lease, real or personal

1 property deemed necessary to effectuate the purposes of
2 the TID.

3 (ii) Prepare or have prepared preliminary planning
4 or feasibility studies to determine needed activities in
5 the TID, as well as the provision of additional services
6 to supplement existing municipal services provided within
7 the TID.

8 (4) Advance funds to a TIDMA as may be required by the
9 tourism improvement district plan.

10 (5) Levy a special assessment fee needed to finance
11 tourism activities to be provided or made by the TIDMA.

12 (6) Collect special assessment fees on behalf of the
13 TIDMA and to employ any legal methods to ensure collection of
14 the special assessment fees.

15 (7) Acquire, by gift, purchase or eminent domain, land,
16 real property or rights-of-way which may be needed for the
17 purposes of the TID, in accordance with the tourism
18 improvement district plan.

19 (8) Include a sunset provision of no less than five
20 years in the county ordinance establishing the TID and in the
21 contract with the TIDMA.

22 Section 6. Establishment of tourism improvement district
23 management associations.

24 (a) Association designated.--When a county establishes a TID
25 under this act, a TIDMA shall be designated by the county to
26 administer tourism activities within the TID according to the
27 tourism improvement district plan.

28 (b) Board.--Each TIDMA shall have an administrative board
29 and the following shall apply:

30 (1) Where a newly formed nonprofit corporation is

1 designated as the TIDMA, the certificate of incorporation or
2 bylaws shall provide that the governing board shall be
3 composed only of benefited business owners or their
4 authorized representatives. A representative of the county
5 may have a seat on the governing board.

6 (2) Where an existing nonprofit corporation is
7 designated as the TIDMA, the nonprofit shall create a
8 governing board composed only of benefited business owners or
9 their authorized representatives. A representative of the
10 county may have a seat on the governing board.

11 (3) Where an authority serves as the TIDMA, the
12 governing board shall be appointed under 53 Pa.C.S. Ch.
13 56. Notwithstanding 53 Pa.C.S. Ch. 56, the governing board of
14 an authority created to serve as a TIDMA shall be composed
15 only of benefited business owners or their authorized
16 representatives. A representative of the county may have a
17 seat on the governing board.

18 Section 7. Powers of tourism improvement district management
19 associations.

20 (a) General powers.--A TIDMA shall have the power to:

21 (1) Sue or be sued, implead or be impleaded, complain
22 and defend in all courts.

23 (2) Employ an executive director or administrator and
24 any necessary supporting staff or contract for the provision
25 of same.

26 (3) Prepare planning or feasibility studies or contract
27 for the preparation of planning or a feasibility study to
28 determine needed tourism activities or administrative
29 programs and services within the TID.

30 (4) Make, conduct or facilitate tourism activities or

1 provide administrative programs and services within a TID.

2 (5) Purchase, own, construct, renovate, develop,
3 operate, rehabilitate, manage, sell or dispose of real
4 property.

5 (6) Contract with existing businesses and other TIDMAS
6 or authorities within or outside of the TID.

7 (7) Appropriate and expend TID funds, including Federal,
8 State or municipal funds received by the TIDMA. The funds
9 shall be expended in accordance with specific provisions
10 contained in the county ordinance establishing the TID and in
11 accordance with the purposes of the tourism improvement
12 district plan.

13 (8) Impose liens, penalties and interest on benefited
14 businesses for the nonpayment of special assessment fees.

15 (b) Special assessment fees.--

16 (1) Revenues from the special assessment fee shall be
17 accounted for and used by the TIDMA to provide tourism
18 activities within the TID in accordance with the purposes of
19 the tourism improvement district plan. The TIDMA may exempt a
20 business category or a category based on benefit.

21 (2) A special assessment fee authorized under this
22 section shall be calculated using January 1 as the first day
23 of the fiscal year.

24 (3) A special assessment fee shall be based upon the
25 estimated cost of the tourism activities to be provided in
26 the TID, as stated in the final plan under section 5. If the
27 aggregate amount of all special assessment fees levied by the
28 county during the year exceeds the estimated cost of proposed
29 tourism activities for the year, the fees shall be carried
30 over and used for tourism activities within the TID in the

1 next fiscal year.

2 (4) The total costs of tourism activities provided by
3 the TIDMA shall be assessed to all designated benefited
4 businesses by a method that equitably apportions costs among
5 benefiting businesses.

6 (c) Payment.--The county may, by ordinance, authorize the
7 payment of the special assessment fees in equal annual or more
8 frequent installments, over time and bearing interest at the
9 rate specified in the county ordinance.

10 Section 8. Dissolution of tourism improvement district.

11 (a) Request for termination.--A written request for the
12 termination of a TID shall be approved by the benefited
13 businesses or their authorized representatives that represent at
14 least 40% of the total room inventory within the TID. The
15 request shall be filed in the office of the clerk for the county
16 in which the TID is located. Upon receipt of an approved request
17 for termination, the county shall hold at least one public
18 hearing for the purpose of receiving public comment from
19 benefited businesses within the TID or their authorized
20 representatives before terminating the TID. Notice of the
21 hearing shall be published at least 10 days prior to the hearing
22 in at least one newspaper having a general circulation and
23 published 30 days prior to the hearing on the county's publicly
24 accessible Internet website. Notice of the hearing shall be
25 provided to all benefited businesses via the United States
26 Postal Service to the address from which taxes are remitted. If
27 the benefited businesses or their authorized representatives
28 that represent more than 40% of the total room inventory within
29 the TID do not object to the termination of the TID and there is
30 no outstanding and unpaid indebtedness incurred to accomplish a

1 purpose of the TID, the county shall pass an ordinance
2 terminating the TID. Ownership in assets of the TIDMA shall
3 transfer to the county.

4 (b) Termination by the county.--A TID that does not have
5 outstanding and unpaid indebtedness incurred to accomplish a
6 purpose of the TID may be dissolved by an ordinance of the
7 county if the county finds that there has been misappropriation
8 of funds, malfeasance or a violation of law in connection with
9 the management of the TID. Prior to the county enacting an
10 ordinance terminating a TID, the county shall hold at least one
11 public hearing to determine if there has been misappropriation
12 of funds, malfeasance or a violation of law in connection with
13 the management of the TID. The county shall publish notice of
14 the termination hearing, including the time and place of the
15 hearing, in at least one newspaper having a general circulation
16 in the TID and on the county's publicly accessible Internet
17 website. This notice shall be published at least 30 days prior
18 to the date of the hearing. Upon approval of the termination by
19 the county, the property ownership of assets of the TIDMA shall
20 transfer to the county.

21 Section 9. Annual audit and report.

22 A TIDMA shall annually:

23 (1) submit an audit of the income and expenditures to
24 the county in which the TID is located within 120 days after
25 the end of each fiscal year; and

26 (2) submit a report, including financial and
27 programmatic information and a summary of audit findings, to
28 the county in which the TID is located and to all assessed
29 benefited businesses.

30 Section 10. Applicability.

1 (a) TIDs established prior to act.--A TID established prior
2 to the effective date of this subsection shall remain in
3 existence and shall not be governed by the provisions of this
4 act.

5 (b) TIDs established subsequent to act.--A TID established
6 after the effective date of this subsection shall be governed by
7 the provisions of this act.

8 (c) Additional requirements.--A TID in existence on the
9 effective date of this subsection shall:

10 (1) be required to carry out duties and responsibilities
11 imposed on a TID under this act; and

12 (2) possess additional powers given to a TID under this
13 act without having to restructure or reorganize under this
14 act.

15 Section 11. Effective date.

16 This act shall take effect in 60 days.