
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2406 Session of
2024

INTRODUCED BY GUZMAN, KINSEY, SCHLOSSBERG, MADSEN, JAMES,
SANCHEZ, DONAHUE, HADDOCK, NEILSON, CIRESI, ZIMMERMAN, HILL-
EVANS, KAZEEM, DELLOSO, BOYD, GREEN AND CEPEDA-FREYTIZ,
JUNE 11, 2024

REFERRED TO COMMITTEE ON FINANCE, JUNE 11, 2024

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
2 act relating to tax reform and State taxation by codifying
3 and enumerating certain subjects of taxation and imposing
4 taxes thereon; providing procedures for the payment,
5 collection, administration and enforcement thereof; providing
6 for tax credits in certain cases; conferring powers and
7 imposing duties upon the Department of Revenue, certain
8 employers, fiduciaries, individuals, persons, corporations
9 and other entities; prescribing crimes, offenses and
10 penalties," in city revitalization and improvement zones,
11 further providing for definitions, for establishment or
12 designation of contracting authority, for approval, for
13 functions of contracting authorities, for qualified
14 businesses, for funds, for reports, for calculation of
15 baseline, for certification, for transfers, for restrictions
16 and for transfer of property, providing for floating zones,
17 further providing for Commonwealth pledges and for
18 confidentiality, providing for operational funding and
19 technical support and further providing for guidelines and
20 for review.

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

23 Section 1. The definitions of "bond," "city," "city
24 revitalization and improvement zone," "contracting authority,"
25 "eligible tax," "facility," "pilot zone," "qualified business,"
26 "zone" and "zone fund" in section 1802-C of the act of March 4,

1 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, are
2 amended to read:

3 Section 1802-C. Definitions.

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

7 * * *

8 "Bond." The term includes any [public or private financing,]
9 note, [mortgage, loan, deed of trust,] instrument, refunding
10 note or other evidence of indebtedness or obligation.

11 * * *

12 "City." A city of the [second class A or] third class [or a
13 home rule municipality] with a population of at least 20,000
14 based on the most recent Federal decennial census.

15 "City revitalization and improvement zone." An area of not
16 more than 130 acres, [that may include an area in one or more
17 contiguous municipalities,] comprised of parcels designated by
18 the contracting authority, which will provide economic
19 development and job creation within a city[.], township or
20 borough, whether or not the entity is in financial distress,
21 with a population at least 7,000.

22 * * *

23 "Contracting authority." [A new or existing authority
24 established or designated by a city, municipality or home rule
25 county to designate and administer zones. The term shall
26 include:

27 (1) An authority established under 53 Pa.C.S. Ch. 56
28 (relating to municipal authorities).

29 (2) An authority established under the former act of
30 December 27, 1994 (P.L.1375, No.162), known as the Third

1 Class County Convention Center Authority Act, or under
2 Article XXIII(n) or (o) of the act of August 9, 1955
3 (P.L.323, No.130), known as the County Code.

4 (3) An authority established by a contiguous
5 municipality under 53 Pa.C.S. Ch. 56 for the purposes of this
6 act.] An authority established under 53 Pa.C.S. Ch. 56
7 (relating to municipal authorities) by a city or home rule
8 county for the purposes of:

9 (1) designating zones; and

10 (2) engaging in the construction, including related site
11 preparation and infrastructure, reconstruction or renovation
12 of facilities.

13 * * *

14 "Eligible tax." Any of the following taxes:

15 (1) Corporate net income tax, capital stock and
16 franchise tax, bank shares tax[, personal income tax paid by
17 shareholders, members or partners of Subchapter S
18 corporations, limited liability companies, partnerships or
19 sole proprietors on income other than passive activity income
20 as defined under section 469 of the Internal Revenue Code of
21 1986 (Public Law 99-516, 26 U.S.C. § 1 et seq.)] or business
22 privilege tax, calculated and apportioned as to amount
23 attributable to the location within the zone and calculated
24 under section 1904-B(b) and (c).

25 (2) Amusement tax, only to the extent the tax is related
26 to the activity of a qualified business within the zone.

27 (3) Sales and use tax, only to the extent the tax is
28 related to the activity of a qualified business within the
29 zone. [The term includes sales and use taxes on material used
30 for construction in the zone and business personal property

1 to be used by the qualified business in the zone.

2 (3.1) The hotel occupancy tax imposed under Part V of
3 Article II.]

4 (4) Personal income tax withheld from its employees by a
5 qualified business for work performed in the zone.

6 (5) Local services tax withheld from its employees by a
7 qualified business for work performed in the zone.

8 (6) Earned income tax withheld from its employees by a
9 qualified business for work performed in the zone.

10 (7) [All taxes] Tax paid to the Commonwealth[, or an
11 amount equal to all of the taxes paid to the Commonwealth,
12 related to the purchase or] on the sale of liquor, wine or
13 malt or brewed beverages [by a licensee located in the zone
14 for purchases that occurred outside] in the zone.

15 (8) Insurance premium tax paid by domestic and foreign
16 insurance companies for the privilege of doing business in
17 the Commonwealth.

18 (9) Any new State-level tax imposed after January 1,
19 2024.

20 The term does not include cigarette tax.

21 "Facility." A structure or complex of structures [in a zone]
22 to be used for commercial, [industrial,] sports, exhibition,
23 hospitality, conference, retail, community, office, recreational
24 or mixed-use purposes.

25 * * *

26 ["Pilot zone." An area of not more than 100 acres designated
27 by the contracting authority following application and approval
28 by the Department of Community and Economic Development, the
29 office and the department which will provide economic
30 development and job creation within one or more municipalities,

1 with a total population of at least 7,000 based on the most
2 recent Federal decennial census.]

3 * * *

4 "Qualified business." As follows:

5 (1) An entity located or partially located in a zone
6 which meets the requirements of all of the following:

7 (i) Has conducted an active trade or business in the
8 zone.

9 (ii) Appears on the timely filed list under section
10 1807-C(a).

11 (2) A construction contractor engaged in construction,
12 including infrastructure or site preparation, reconstruction
13 or renovation of a facility located in or partially in the
14 zone.

15 (3) The term does not include an agent, broker or
16 representative of a business.

17 "Zone." [Any of the following:

18 (1)] A city revitalization and improvement zone.

19 [(2) A pilot zone.]

20 "Zone Fund." A city revitalization and improvement zone [or
21 pilot zone] fund established under section 1808-C.

22 Section 2. Sections 1803-C and 1804-C(a), (c), (d) and (e)
23 of the act are amended to read:

24 Section 1803-C. Establishment [or designation] of contracting
25 authority.

26 (a) [Authorization] Cities.--Except as set forth in
27 subsection (b), a city[, municipality or home rule county] may
28 establish [or designate] a contracting authority to designate a
29 zone under this article.

30 (b) Distressed [cities.--A city] municipalities.--A

1 municipality that is a distressed [city] municipality under the
2 act of July 10, 1987 (P.L.246, No.47), known as the
3 Municipalities Financial Recovery Act, [and is located in a home
4 rule county] may not establish a contracting authority under
5 this article until such time as the municipality is removed from
6 financially distressed status.

7 [(c) Counties.--The home rule county where a distressed city
8 under the Municipalities Financial Recovery Act is located may
9 establish a contracting authority to designate a zone under this
10 article within the distressed city.]

11 (d) Additional consideration.--Municipalities that remain in
12 nondistressed status as determined under the Municipalities
13 Financial Recovery Act for a period of five or more years shall
14 receive additional consideration in determining zone status
15 within their respective municipal boundaries.

16 Section 1804-C. Approval.

17 (a) Submission.--A contracting authority may apply to the
18 Department of Community and Economic Development for approval of
19 a zone plan. The application must include all of the following:

20 (1) A plan to establish one or more facilities which
21 will promote economic development.

22 (2) An economic development plan[, including a plan for
23 the repayment of all bonds].

24 (3) Specific information relating to the facility which
25 will be constructed, including infrastructure and site
26 preparation, reconstructed or renovated as part of the plan.

27 (4) Other information as required by the Department of
28 Community and Economic Development, the office or the
29 department.

30 (5) A designation of the specific geographic area,

1 including parcel numbers and a map of the zone with parcel
2 numbers, of which the zone will consist.

3 * * *

4 (c) Approval schedule.--The Department of Community and
5 Economic Development shall develop a schedule for the approval
6 of applications under this section as follows:

7 (1) Following the effective date of this paragraph,
8 applications for two initial [city revitalization and
9 improvement] zones [and one pilot zone] may be approved.

10 (2) Beginning in 2016, applications for two additional
11 zones may be approved each calendar year.

12 * * *

13 (d) Time.--[The Department of Community and Economic
14 Development shall establish and publish application deadlines in
15 the Pennsylvania Bulletin and on its publicly accessible
16 Internet website.] An application under this section shall be
17 approved or disapproved within 90 days of the postmark date of
18 submission. An application which is not disapproved within the
19 time period under this subsection shall be deemed to be
20 approved.

21 (e) Reapplication.--If an application is not approved under
22 this section, the applicant may revise [and resubmit] the
23 application and plan and reapply for approval.

24 * * *

25 Section 3. Section 1806-C(a) of the act is amended and the
26 section is amended by adding subsections to read:

27 Section 1806-C. Functions of contracting authorities.

28 (a) Powers.--The contracting authority may do all of the
29 following:

30 (1) Designate a zone where a facility may be [acquired,]

1 constructed, including infrastructure and site preparation,
2 reconstructed or renovated.

3 (2) [Engage in the acquisition, development,
4 construction, including infrastructure and site preparation,
5 reconstruction or renovation of facilities.

6 (3) Engage in the public or private financing of the
7 acquisition, development, construction, including
8 infrastructure and site preparation, reconstruction or
9 renovation of facilities.

10 (4) Utilize money under section 1813-C.] Provide or
11 borrow money for any of the following purposes:

12 (i) Development or improvement within a zone.

13 (ii) Construction, including infrastructure and site
14 preparation, reconstruction or renovation of a facility
15 within a zone which will result in economic development
16 in accordance with the contracting authority's plan.

17 (a.1) New city revitalization and improvement zones.--The
18 designation of up to two new city revitalization and improvement
19 zones every four years shall be permitted for townships and
20 boroughs in or not in financial distress with populations of
21 7,000 to 19,999 residents and up to two new city revitalization
22 and improvement zones every four years with populations of
23 20,000 or more residents for a total of up to four new city
24 revitalization zones per year.

25 (a.2) Cap.--For city revitalization and improvement zones in
26 a township or borough not in financial distress meeting
27 population requirements, the city revitalization and improvement
28 zones shall be capped at \$5,000,000.

29 (a.3) Designation.--New city revitalization and improvement
30 zones shall not be required to be designated on an annual basis.

1 (a.4) Contracting authority.--A contracting authority may
2 permit a municipality that is determined to be in financial
3 distress under the act of July 10, 1987 (P.L.246, No.47), known
4 as the Municipalities Financial Recovery Act, to create a city
5 revitalization and improvement zone, except that the
6 municipality that is determined to be in financial distress
7 under the Municipalities Financial Recovery Act must meet
8 standards developed and set by the contracting authority. A
9 contracting authority shall develop unique standards specific to
10 each municipality that is determined to be in financial distress
11 under the Municipalities Financial Recovery Act to apply time
12 lines for standards 90 days after the date of the application.

13 * * *

14 Section 4. Sections 1807-C(a) and (c) and 1808-C(b) of the
15 act are amended to read:

16 Section 1807-C. Qualified businesses.

17 (a) List.--By June 1 following the end of the baseline year,
18 and for every year thereafter, each contracting authority shall
19 file with the department a complete list of all businesses
20 located in the zone and all [businesses] business' construction
21 contractors engaged in [acquisition, development,] construction,
22 including infrastructure and site preparation, reconstruction or
23 renovation of a facility in the zone in the prior calendar year.
24 The list shall include for each business the address, [the names
25 of the business owners or corporate officers,] State tax
26 identification number and parcel number and a map of the zone
27 with parcel numbers.

28 * * *

29 (c) Audit.--The contracting authority shall hire an
30 independent auditing firm to perform an annual audit verifying

1 all of the following [and shall submit the audit to the
2 Department of Community and Economic Development and the
3 Department of Revenue as well as post on the contracting
4 authority's publicly accessible Internet website]:

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

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

9 (3) The moneys transferred to the fund were expended [in
10 accordance with this article].

11 (4) The correct amount that was requested to be
12 transferred in the notification required under section [1812-
13 C(c)] 1812-C(c)(1).

14 Section 1808-C. Funds.

15 * * *

16 (b) Establishment.--Upon receipt of notice under subsection
17 (a), the State Treasurer shall establish for each zone a special
18 fund for the benefit of the contracting authority to be known as
19 the City Revitalization and Improvement Zone Fund [or Pilot Zone
20 Fund]. Interest income derived from investment of money in the
21 [zone fund] City Revitalization and Improvement Zone Fund shall
22 be credited by the State Treasury to the [zone fund] General
23 Fund.

24 Section 5. Section 1809-C(a) introductory paragraph, (b)
25 introductory paragraph and (c)(2), (3) and (4) of the act,
26 amended July 8, 2022 (P.L.513, No.53), are amended to read:
27 Section 1809-C. Reports.

28 (a) State zone report.--No later than June 15 following the
29 baseline year and each year thereafter, [or by August 31 for
30 reports due in 2020,] each qualified business shall file a

1 report with the department in a form or manner required by the
2 department which includes all of the following:

3 * * *

4 (b) Local zone report.--No later than June 15 following the
5 baseline year and for each year thereafter, [or by August 31 for
6 reports due in 2020,] each qualified business shall file a
7 report with the local taxing authority which includes all of the
8 following:

9 * * *

10 (c) Penalties.--

11 * * *

12 (2) [The department shall notify the contracting
13 authority of all qualified businesses that violated
14 subsection (a) prior to December 31 of the year in which the
15 report was to be filed.] A penalty for a violation of
16 subsection (a) shall be imposed, assessed and collected by
17 the department under procedures set forth in Article II.
18 Money collected under this paragraph shall be deposited in
19 the General Fund.

20 (3) A penalty for a violation of subsection (b) shall be
21 imposed, assessed and collected by the [city or municipality]
22 political subdivision under procedures for imposing penalties
23 under local tax collection laws.

24 (4) If a local taxing authority imposes the penalty, the
25 money shall be transferred to the State Treasurer for deposit
26 in the [zone] fund of the contracting authority.

27 * * *

28 Section 6. Sections 1810-C(a) and (b), 1811-C(a)(1)(i) and
29 (ii) and (2) and (c)(1)(i), (ii) and (iii), 1812-C(b), (c)(1),
30 (4) and (5), 1813-C(a)(1), (2) and (6), (b), (c)(1), (2) and (3)

1 and (d) (1), (2) and (3) of the act are amended to read:

2 Section 1810-C. Calculation of baseline.

3 (a) Baseline tax amount.--By October 15 following the end of
4 the baseline year and for each year thereafter, the department
5 shall verify the State baseline tax amount [for each qualified
6 business in a zone] which consists of the following:

7 (1) For [each] qualified [business] businesses that
8 [files] file timely State zone reports under section 1809-
9 C(a), the amount of eligible State tax paid, less State
10 eligible tax refunds.

11 (2) For [each] qualified [business] businesses not
12 included under paragraph (1) but located or partially located
13 in the zone as determined by the department or included in
14 the information received by the department under section
15 1809-C(a), the amount of State eligible tax paid, less State
16 eligible tax refunds.

17 (3) The department may use data from a municipality's
18 past five years as the baseline year.

19 (b) Moves and noninclusions.--

20 (1) This subsection applies to a qualified business
21 that:

22 (i) moves into a zone from within this Commonwealth
23 after the baseline year; or

24 (ii) is in a zone but not included in the
25 calculation of the State baseline tax amount under
26 subsection (a).

27 (2) A qualified business subject to paragraph (1) shall
28 file a State zone report under section 1809-C following the
29 end of the first full calendar year in which the qualified
30 business conducted business in the zone and each calendar

1 year thereafter. The amount of eligible State tax verified by
2 the department for the qualified business for the [first full
3 calendar] prior calendar year shall be [the qualified
4 business' fixed baseline tax amount. The amount added shall
5 remain part of the baseline tax amount each year thereafter
6 until such time as the qualified business ceases to conduct
7 business in the zone, upon which event such amount previously
8 added shall be deducted from] added to the State baseline tax
9 amount for the zone for the prior calendar year and each year
10 thereafter.

11 (3) [The following taxes shall be excluded from the
12 baseline tax amount calculation under this section:

13 (i) Taxes on business personal property to be
14 utilized at a new facility.

15 (ii) The eligible taxes of:

16 (A) A new business.

17 (B) A qualified business moving into the zone
18 from outside this Commonwealth.

19 (C) A contractor engaged in acquisition,
20 development or construction, including infrastructure
21 and site preparation, reconstruction or renovation of
22 a facility.] The calculation under this section shall
23 not include the eligible taxes of a qualifying
24 business moving into the zone from outside this
25 Commonwealth.

26 * * *

27 Section 1811-C. Certification.

28 (a) Amounts.--By the October 15 following the baseline year,
29 and each year thereafter, the department shall do all of the
30 following for [each qualified business within a zone for] the

1 prior calendar year:

2 (1) [Subject to paragraph (1.1), make] Make the
3 following calculation for qualified businesses which file
4 State zone reports under section 1809-C(a), separately for
5 each [business] zone:

6 (i) Subtract:

7 (A) the amount of eligible State tax refunds
8 received; from

9 (B) the amount of eligible State tax paid.

10 (ii) [Except as set forth in subparagraph (iii),
11 subtract] Subtract:

12 (A) the State tax baseline amount for the
13 [business] zone; from

14 (B) the difference under subparagraph (i).

15 * * *

16 (2) Certify to the office the [sum derived from adding
17 paragraph (1) to paragraph (1.1)] difference under paragraph
18 (1)(ii).

19 * * *

20 (c) Submission.--The following shall apply:

21 (1) An entity collecting a local eligible tax within the
22 zone [for each qualified business which files a zone report
23 under section 1809-C(b)] shall, by October 15 following the
24 baseline year and each year thereafter, submit the following
25 to the State Treasurer for transfer to the fund:

26 (i) The local eligible tax collected in the prior
27 calendar year.

28 (ii) Less the amount of local eligible tax refunds
29 issued in the prior calendar year.

30 (iii) Less the amount of local baseline tax [amount]

1 for the zone.

2 * * *

3 Section 1812-C. Transfers.

4 * * *

5 (b) State Treasurer.--Within ten days of receiving direction
6 under subsection (a), the State Treasurer shall pay into the
7 fund the amount directed under subsection (a) until bonds issued
8 to finance the [acquisition, development,] construction,
9 including related infrastructure and site preparation,
10 reconstruction or renovation of a facility or other eligible
11 project in the zone, are retired.

12 (c) Notification.--The following shall apply:

13 (1) If the transfers under subsection (a) and section
14 1811-C(c) are insufficient to make payments on the bonds
15 issued under section 1813-C(a) (1) for the calendar year when
16 the transfers are made, the contracting authority shall
17 notify the Department of Community and Economic Development,
18 the office and the department of the amount of [the
19 deficiency and may request the] additional money necessary to
20 make payments on the bonds.

21 * * *

22 (4) Money transferred under paragraph (3):

23 (i) shall be limited to [50%] 30% of the State tax
24 baseline amount for the calendar year prior to the date
25 the amount is verified under paragraph (2), not to exceed
26 \$7,500,000; and

27 (ii) must occur in the first seven calendar years
28 following the baseline year.

29 (5) Money transferred under paragraph (3) shall be
30 repaid to the General Fund by the contracting authority. If

1 money transferred under paragraph (3) is not repaid to the
2 General Fund by the contracting authority [within 12 calendar
3 years following the baseline year, the city, municipality or
4 home rule county which established or designated the
5 contracting authority shall pay the money not repaid to the
6 General Fund plus an additional penalty of 10% of the amount
7 outstanding on] by the date of the final payment on the bonds
8 originally issued under section 1813-C(a) (1) [.], the city or
9 county which established the contracting authority shall pay
10 the money not repaid to the General Fund plus an additional
11 penalty of 10% of the amount outstanding on the date of the
12 final payment on the bonds originally issued under section
13 1813-C(a) (1).

14 Section 1813-C. Restrictions.

15 (a) Utilization.--[Money] If the use was approved in an
16 application filed under section 1804-C, money transferred under
17 section 1812-C may only be utilized for the following:

18 (1) Payment of debt service on bonds issued [or
19 refinanced] for the [acquisition, development,] construction,
20 including related infrastructure and site preparation,
21 reconstruction, renovation or [refinancing] renovation of a
22 facility in the zone [and normal and customary fees for
23 professional services associated with the issuance or
24 refinance of the bonds].

25 * * *

26 (2) [Acquisition, development, construction,]
27 Construction, including related infrastructure and site
28 preparation, reconstruction[,] or renovation [or refinancing]
29 of all or a part of a facility.

30 * * *

1 (6) Improvement projects, including fixtures and
2 equipment for a facility owned[, in whole or in part,] by a
3 public authority.

4 * * *

5 (b) Prohibition.--

6 [(1)] Money transferred under section 1812-C may not be
7 utilized for maintenance or repair of a facility.

8 [(2) Paragraph (1) shall not apply for the period of
9 April 1, 2020, through June 30, 2021.]

10 (c) Excess money.--

11 (1) [Except as set forth in paragraph (4), if] If the
12 amount of money transferred to the fund under sections 1811-
13 C(c) and 1812-C in any one calendar year exceeds the money
14 utilized[, budgeted or appropriated by official resolution of
15 the contracting authority] under this section in that
16 calendar year[, the contracting authority shall submit by
17 April 15 following the end of the calendar year any money not
18 utilized, budgeted or appropriated by official resolution of
19 the contracting authority to the State Treasurer for deposit
20 into the General Fund.

21 (2) At the time of submission to the State Treasurer,
22 the], a zone may carry over revenue received for a period of
23 10 years to build funding for projects impactful to the
24 municipality. The carryover amount shall be capped at
25 \$5,000,000 per zone.

26 (2) The contracting authority shall submit to the State
27 Treasurer, the office and the department a detailed
28 accounting of the calculation resulting in the excess money.

29 (3) The excess money shall be credited to the
30 contracting authority [and applied to the amount required to

1 be repaid under section 1812-C(c)(5) until there is full
2 repayment]. Upon the conclusion of the 10-year period, any
3 excess revenue not transferred by the zone shall be repaid to
4 the Commonwealth.

5 * * *

6 (d) Matching funds.--

7 (1) The amount of money transferred from the fund
8 utilized for the [acquisition, development,] construction,
9 including related site preparation and infrastructure,
10 reconstruction or renovation of facilities, or normal and
11 customary fees for professional services shall be matched by
12 private[, Federal or local] money at a ratio of five fund
13 dollars to one private[, Federal or local] dollar. [The
14 contracting authority shall verify the private, Federal or
15 local match for a project at the time of the bond and report
16 proof of the match to the agencies. All of the following
17 shall be deemed private money:

18 (i) Equity.

19 (ii) Private developer debt and financing.

20 (iii) Soft costs associated with land development.

21 (iv) Costs of professional services associated with
22 development.

23 (v) Costs associated with improvements of the
24 parcel.

25 (vi) Costs of land acquisition and real estate
26 transactions.]

27 * * *

28 (2) By April 1 following the baseline year and for each
29 year thereafter, the contracting authority shall file an
30 annual report with the Department of Community and Economic

1 Development, the office and the department that contains a
2 detailed account of the fund money expenditures and the
3 private[, Federal or local] money expenditures and a
4 calculation of the ratio in paragraph (1) for the prior
5 calendar year. The agencies shall determine whether
6 sufficient private money was utilized.

7 (3) If it is determined that insufficient private[,
8 Federal or local] money was utilized under paragraph (1), the
9 amount of fund money utilized under paragraph (1) in the
10 prior calendar year shall be deducted from the next transfer
11 of the fund.

12 Section 7. Section 1814-C(a) and (b) of the act are amended
13 and the section is amended by adding a subsection to read:

14 Section 1814-C. Transfer of property.

15 (a) Property.--Parcels [in] of a zone where a facility has
16 not been constructed, reconstructed or renovated using money
17 under this article may be transferred out of the zone[, if the
18 contracting authority provides a notarized certification,
19 confirmed in the annual audit required under section 1807-C(c),
20 that no fund dollars were used on the property]. Additional
21 acreage[, not to exceed the acreage transferred out of the
22 zone,] may be added to the zone.

23 * * *

24 (a.3) New parcels.--New parcels may be added to replace
25 removed parcels. Newly added parcels shall not have to be the
26 same acreage as the removed parcels.

27 (b) Approval.--A transfer under [subsections] subsection (a)
28 [and (a.2)] or (a.3) must be approved by the owner of the parcel
29 and the Department of Community and Economic Development, in
30 consultation with the office and the department. Requests to

1 transfer parcels must be approved or denied within 90 days from
2 the date of the parcel transfer request. Parcel transfer
3 requests must be made in writing and submitted to the Department
4 of Community and Economic Development.

5 Section 8. The act is amended by adding a section to read:
6 Section 1815.1-C. Floating zones.

7 (a) Expansion.--A contracting authority may authorize a
8 floating zone allowing for the expansion of a portion of a zone
9 that has been sufficiently developed. The zone portion may be
10 expanded to allow for the development of additional areas of the
11 municipality.

12 (b) Transfer.--The expanded zones shall be transferred out
13 of a zone to allow the new floating zone to be transferred into
14 the city revitalization and improvement zone. The new floating
15 zone shall not be required to be the same size as the former
16 zone being transferred out of the city revitalization and
17 improvement zone.

18 (c) Increment revenue.--A floating zone shall be permitted
19 to utilize 25% to 30% in increment revenue generated in excess
20 of debt service payments to fund nonincrement-producing
21 activities, including:

22 (1) residential projects, such as the creation of new
23 housing stock; and

24 (2) recreational projects, such as improvements at a
25 local community park.

26 (d) Requirements.--Any additional approved zone fund
27 disbursements for nonincrement-producing activities shall be
28 subject to legal and programmatic requirements in effect on the
29 effective date of this subsection, mandated for increment-
30 producing activities.

1 (e) Definition.--For the purpose of this section, the term
2 "sufficiently developed" means a zone that has reached the level
3 of development required to fulfill its intended purpose.

4 Section 9. Section 1816-C(a)(1) and (2) of the act are
5 amended to read:

6 Section 1816-C. Commonwealth pledges.

7 (a) Pledge.--If and to the extent the contracting authority
8 pledges amounts required to be transferred to its fund under
9 section 1812-C for payment of bonds issued by the contracting
10 authority, until all of the bonds secured by the pledge of the
11 contracting authority, together with interest on the bonds, are
12 fully paid or provided for, the Commonwealth pledges to and
13 agrees with any person, firm, corporation or government agency,
14 in this Commonwealth or elsewhere, and pledges to and agrees
15 with any Federal agency subscribing to or acquiring the bonds of
16 the contracting authority that the Commonwealth itself will not,
17 nor will it authorize any government entity to, do any of the
18 following:

19 (1) Abolish or reduce the size of the zone[, or transfer
20 zone designation from a parcel contrary to section 1814-C].

21 (2) Amend or repeal section 1810-C[,] or 1811-C[, 1812-
22 C, 1813-C, 1814-C, 1815-C or this section to the detriment of
23 the issuer of any bonds].

24 * * *

25 Section 10. Section 1817-C(a) of the act, amended July 8,
26 2022 (P.L.513, No.53), is amended to read:

27 Section 1817-C. Confidentiality.

28 (a) Sole use.--A zone report or certification under this
29 article shall only be used by the contracting authority to
30 verify the amount of the State tax baseline amount calculated

1 under section 1810-C[,] and the State tax certification under
2 section 1811-C [and the amount allocated to any uses specified
3 under section 1813-C].

4 * * *

5 Section 11. The act is amended by adding a section to read:
6 Section 1817.1-C. Operational funding and technical support.

7 (a) Transfer.--The General Assembly shall transfer funds in
8 an amount to be determined by the General Assembly from the
9 General Fund to the Department of Community and Economic
10 Development for zone-related operational costs in zones with
11 populations of 20,000 or more and for the provision of technical
12 support, planning and zone operations for the first five years
13 of a new zone. For smaller municipalities of 7,000 to 19,999 in
14 population, the zone fund transfer shall be prorated by the
15 Department of Community and Economic Development at 35% of other
16 city revitalization and improvement zones.

17 (b) Additional administrative support.--

18 (1) Of the amount transferred under subsection (a),
19 additional administrative support funds not to exceed 2% of
20 the total transfer shall be allocated to the Department of
21 Community and Economic Development for the hiring of one new
22 staff member for every two new zones to manage the new
23 programs.

24 (2) Of the amount transferred under subsection (a),
25 additional administrative support funds not to exceed 2% of
26 the total transfer shall be provided to the Department of
27 Revenue for the hiring of one new staff member per new zone
28 designated to assist in the tax certification process in each
29 zone.

30 Section 12. Section 1818-C of the act is amended to read:

1 Section 1818-C. Guidelines.

2 [The] By October 31, 2024, the Department of Community and
3 Economic Development, the office and the department shall
4 develop[, update] and publish guidelines necessary to implement
5 this article.

6 Section 13. Section 1819-C(a) of the act is amended by
7 adding a paragraph to read:

8 Section 1819-C. Review.

9 (a) Department of Community and Economic Development.--By
10 December 31, 2021, the Department of Community and Economic
11 Development shall, in cooperation with the office and the
12 department, complete a review and analysis of all active zones.
13 The review shall include an analysis of:

14 * * *

15 (5) Annual performance reports, to be compiled and
16 submitted by the Department of Community and Economic
17 Development in partnership with the office and the
18 department, to the General Assembly. The entities shall have
19 the authority to collect the necessary data needed at no cost
20 and shall have the full cooperation of Commonwealth, city,
21 county and municipal entities in securing the data parcels.

22 * * *

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