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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 899 Session of  
2023

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INTRODUCED BY GUZMAN, MADDEN, ROZZI, PIELLI, KAZEEM, CEPEDA-FREYTIZ, HILL-EVANS, SANCHEZ, KINSEY, JAMES, BIZZARRO, DELLOSO AND DONAHUE, APRIL 12, 2023

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REFERRED TO COMMITTEE ON FINANCE, APRIL 12, 2023

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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," providing for expanded neighborhood improvement  
11 zones.

12 The General Assembly of the Commonwealth of Pennsylvania  
13 hereby enacts as follows:

14 Section 1. The act of March 4, 1971 (P.L.6, No.2), known as  
15 the Tax Reform Code of 1971, is amended by adding an article to  
16 read:

17 ARTICLE XIX-B.1

18 EXPANDED NEIGHBORHOOD IMPROVEMENT ZONES

19 Section 1901-B.1. Scope of article.

20 This article relates to expanded neighborhood improvement  
21 zones.

22 Section 1902-B.1. Definitions.

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

4 "Affordable housing." As follows:

5 (1) Housing in which the occupant is paying no more than  
6 30% of gross income for housing costs, including utilities.

7 (2) Affordable housing units must comprise at least 30%  
8 of the units in an affordable housing building.

9 "Bonds." Includes notes, instruments, refunding notes and  
10 bonds and other evidences of indebtedness or obligations.

11 "Capital Facilities Debt Enabling Act." The act of February  
12 9, 1999 (P.L.1, No.1), known as the Capital Facilities Debt  
13 Enabling Act.

14 "City." A city of the third class or a city of the second  
15 class A, on the date of the designation of an expanded  
16 neighborhood improvement zone by the contracting authority.

17 "Contracting authority." An authority created under 53  
18 Pa.C.S. Ch. 56 (relating to municipal authorities) for the  
19 purpose of designating an expanded neighborhood improvement zone  
20 and constructing a facility or other authority created under the  
21 laws of this Commonwealth which is eligible to apply for and  
22 receive redevelopment assistance capital grants under Chapter 3  
23 of the Capital Facilities Debt Enabling Act.

24 "Department." The Department of Revenue of the Commonwealth.

25 "Earned income tax." A tax or portion of a tax imposed on  
26 earned income within an expanded neighborhood improvement zone  
27 under the act of December 31, 1965 (P.L.1257, No.511), known as  
28 The Local Tax Enabling Act, which a city, or a school district  
29 contained entirely within the boundaries of or coterminous with  
30 the city, is entitled to receive.

1 "Expanded neighborhood improvement zone." An expanded  
2 neighborhood improvement zone designated by the contracting  
3 authority for the purposes of an expanded neighborhood  
4 improvement and development within a city.

5 "Facility." A structure or complex of structures to be used  
6 for residential, affordable housing, commercial, sports  
7 exhibition, hospitality, conference, retail, community, office,  
8 recreational or mixed-use purposes.

9 "Fund." The Expanded Neighborhood Improvement Zone Fund  
10 established under section 1904-B.1.

11 "Master list." A list maintained by the contracting  
12 authority that includes:

13 (1) The legal business names, principal business  
14 addresses within an expanded neighborhood improvement zone  
15 and parcel numbers of all qualified businesses which are  
16 required to file reports for the calendar year under section  
17 1904-B.1(b) (1).

18 (2) The name, telephone number and email address of the  
19 person employed by the qualified business who is primarily  
20 responsible for completing reports for the qualified business  
21 required under section 1904-B.1(b).

22 "Operating organization." An entity that contracts directly  
23 with the contracting authority to lease or operate a facility.

24 "Professional sports organization." A sole proprietorship,  
25 corporation, limited liability company, partnership or  
26 association that meets all of the following:

27 (1) Owns a professional sports franchise.

28 (2) Conducts professional athletic events of the sports  
29 franchise at a facility.

30 "Qualified business." An entity authorized to conduct

1 business in this Commonwealth which is located or partially  
2 located within an expanded neighborhood improvement zone and is  
3 engaged in the active conduct of a trade or business for the  
4 taxable year. An agent, broker or representative of a business  
5 shall not be considered to be in the active conduct of trade or  
6 business for the business.

7 Section 1903-B.1. Facility.

8 A contracting authority may:

9 (1) Designate an expanded neighborhood improvement zone  
10 of not greater than 130 acres in which a facility may be  
11 constructed.

12 (2) Borrow money for the purpose of:

13 (i) Improvement and development within the expanded  
14 neighborhood improvement zone.

15 (ii) Construction of a facility within the expanded  
16 neighborhood improvement zone.

17 Section 1904-B.1. Expanded Neighborhood Improvement Zone Fund  
18 and accounts.

19 (a) Fund and accounts.--

20 (1) Within 10 days after a contracting authority makes a  
21 designation of an expanded neighborhood improvement zone, the  
22 contracting authority shall notify the State Treasurer of the  
23 designation.

24 (2) Upon the notice under paragraph (1), the State  
25 Treasurer shall establish a fund to be known as the Expanded  
26 Neighborhood Improvement Zone Fund, which shall contain an  
27 account for each contracting authority. Interest income  
28 derived from investment of the money in the fund shall be  
29 credited by the Treasury Department to the fund for each  
30 account of the contracting authority.

1 (b) Certification.--

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

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

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

10 (A) The refund is for a tax:

11 (I) specified in subsection (e); and

12 (II) certified as paid under subsection (e).

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

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

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

19 (i) Failure to file a timely and complete report  
20 under paragraph (1) shall result in the imposition of a  
21 penalty of 10% of all State taxes, calculated in  
22 accordance with subsection (e), which were payable by the  
23 qualified business in the prior calendar year. The  
24 following apply:

25 (A) The penalty imposed shall not be less than  
26 \$1,000.

27 (B) When the penalty is received, the money  
28 shall be transferred from the General Fund to the  
29 account of the contracting authority that designated  
30 the expanded neighborhood improvement zone in which

1 the qualifying business is located.

2 (C) Failure to file a timely and complete report  
3 under paragraph (4) shall result in the imposition of  
4 a penalty of 10% of all local taxes, calculated in  
5 accordance with subsection (e) by a contracting  
6 authority which were payable by the qualified  
7 business in the prior calendar year. The penalty  
8 imposed under this clause shall not be less than  
9 \$250.

10 (ii) Failure to report a qualified business  
11 operating in the facility to the contracting authority by  
12 an operating organization in accordance with subsection  
13 (d)(2) shall result in the imposition of a penalty by the  
14 contracting authority upon the operating organization, of  
15 100% of the taxes which would be certified under  
16 subsection (e) for each qualified business which is not  
17 reported to the contracting authority or \$1,000,  
18 whichever is greater. The following apply:

19 (A) The contracting authority may not waive or  
20 abate any penalties imposed under this subparagraph.

21 (B) When the penalty is received, the money  
22 shall be transferred from the General Fund to the  
23 account of the contracting authority that designated  
24 the expanded neighborhood improvement zone in which  
25 the qualifying business is located.

26 (iii) Failure to file a timely and complete report  
27 under paragraph (1) by a qualified business engaged in  
28 the active conduct of a trade or business during the  
29 calendar year in the facility shall result in the  
30 imposition of a penalty by the contracting authority upon

1 the operating organization equal to 100% of the taxes  
2 paid which would be certified under subsection (e) for  
3 each qualified business which fails to file a timely and  
4 complete report. The following apply:

5 (A) The penalty imposed shall not be less than  
6 \$1,000.

7 (B) If the qualified business is properly  
8 included on the master list provided under subsection  
9 (d), the contracting authority may waive or abate  
10 penalties imposed under this subparagraph equal to  
11 the total taxes paid by the qualified business which  
12 are certified under subsection (e).

13 (C) When the penalty is received, the money  
14 shall be deposited into the account of the  
15 contracting authority that designated the expanded  
16 neighborhood improvement zone in which the qualifying  
17 business is located.

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

27 (4) Within 31 days of the end of each calendar year,  
28 each qualified business shall file a report with the local  
29 taxing authority reporting all local taxes, calculated in  
30 accordance with subsection (e), which were paid by the

1 qualified business in the prior calendar year. The following  
2 apply:

3 (i) The report from each qualified business shall  
4 also list any local tax refunds of taxes specified in  
5 subsection (e) received in the prior calendar year by the  
6 qualified business and any refunds related to the local  
7 taxes as calculated in accordance with subsection (e).

8 (ii) The report shall be in a form and manner  
9 required by the department.

10 (c) Transition.--

11 (1) Subject to paragraphs (3) and (4), within 15 days of  
12 the receipt of a penalty or report from the qualified  
13 business, the State Treasurer shall:

14 (i) Determine the amount of money in the fund which  
15 is attributable to each expanded neighborhood improvement  
16 zone.

17 (ii) Transfer the amount of money in the fund for  
18 each contracting authority for which money was deposited.

19 (2) An entity collecting a local tax that is in  
20 possession of money attributable to a local tax not included  
21 in the amount to be calculated and certified under subsection  
22 (e) shall promptly remit that money to the local taxing  
23 authority entitled to receive the money.

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

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

27 (A) Determine the amount of money deposited into  
28 the fund which was attributable to earned income  
29 taxes that a contracting authority is not entitled to  
30 receive under subsection (e).



1                   (B) Deduct the amount of money determined under  
2                   clause (A) from the money to be transferred under  
3                   paragraph (1).

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

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

15                  (i) Identify the local taxing authorities that were  
16                  entitled to receive the money which was deposited into  
17                  the fund.

18                  (ii) Determine the amount to which each local taxing  
19                  authority was entitled.

20                  (iii) Remit the amount under subparagraph (ii) to  
21                  the proper local taxing authority.

22                  (d) Master list.--

23                  (1) Except as provided under paragraph (2), within five  
24                  days of the end of each month, the following shall be  
25                  provided to the contracting authority by or on behalf of the  
26                  qualified business for purposes of inclusion on the master  
27                  list:

28                  (i) The legal business names, business addresses  
29                  within the expanded neighborhood improvement zone and  
30                  parcel numbers of all qualified businesses engaged in the

1 active conduct of a trade or business during the previous  
2 month.

3 (ii) The name, telephone number and email address of  
4 the person employed by the qualified business who is  
5 primarily responsible for completing reports for the  
6 qualified business required under subsection (b).

7 (2) For purposes of inclusion on the master list, within  
8 five days of the end of each month during a calendar year, an  
9 operating organization shall provide to the contracting  
10 authority the legal business names and business addresses  
11 within the expanded neighborhood improvement zone of all  
12 qualified businesses engaged in the active conduct of a trade  
13 or business in the facility during the previous month along  
14 with the name, telephone number and email address of the  
15 individual employed by the qualified business who is  
16 primarily responsible for completing the reports for the  
17 qualified business required under subsection (b).

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

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

26 (e) Calculation.--

27 (1) Within 60 days of the end of each calendar year, the  
28 department shall certify separately for each expanded  
29 neighborhood improvement zone the amounts of State taxes  
30 paid, less any State tax refunds received, by the qualified

1 businesses filing reports under subsection (b)(1) to the  
2 Office of the Budget.

3 (2) Beginning in the first full calendar year following  
4 the designation of an expanded neighborhood improvement zone  
5 and in each calendar year thereafter, by November 1, the  
6 department shall calculate, in accordance with this  
7 subsection, amounts of State taxes actually received by the  
8 Commonwealth from each qualified business that filed a report  
9 under subsection (b)(1) in the prior calendar year, and the  
10 department shall certify the amounts received to the Office  
11 of the Budget.

12 (3) The department shall include reports filed five  
13 months after the due date under subsection (b)(1) in the  
14 November 1 certification.

15 (4) An entity collecting a local tax within the expanded  
16 neighborhood improvement zone shall, within 31 days of the  
17 end of each calendar year, submit all of the local taxes that  
18 are to be calculated under this subsection and which were  
19 paid in the prior calendar year, less any certified local tax  
20 refunds received by a qualified business in the prior  
21 calendar year, to the State Treasurer to be deposited under  
22 subsection (g).

23 (5) This subsection shall not apply to any taxes subject  
24 to a valid pledge or security interest entered into in order  
25 to secure debt service on bonds if the pledge or security  
26 interest was entered into prior to the designation of an  
27 expanded neighborhood improvement zone, and is still in  
28 effect.

29 (6) The following shall be the amounts calculated and  
30 certified separately for each expanded neighborhood

1 improvement zone:

2 (i) An amount equal to all corporate net income tax,  
3 capital stock and franchise tax, personal income tax,  
4 business privilege tax, business privilege licensing fees  
5 and earned income tax related to the ownership and  
6 operation of a professional sports organization  
7 conducting professional athletic events at the facility.

8 (ii) An amount equal to all of the following:

9 (A) All personal income tax, earned income tax  
10 and local services tax withheld from employees by a  
11 professional sports organization conducting  
12 professional athletic events at the facility.

13 (B) All personal income tax, earned income tax  
14 and local services tax withheld from the employees of  
15 any provider of events at or services to or any  
16 operator of an enterprise in the facility.

17 (C) All personal income tax, earned income tax  
18 and local services tax to which the Commonwealth  
19 would be entitled from performers or other  
20 participants, including visiting teams, at an event  
21 or activity at the facility.

22 (iii) An amount equal to all sales and use tax  
23 related to the operation of the professional sports  
24 organization and the facility and enterprises developed  
25 as part of the facility. This subparagraph shall include  
26 sales and use tax paid by a provider of events or  
27 activities at or services to the facility, including  
28 sales and use tax paid by vendors and concessionaires and  
29 contractors at the facility.

30 (iv) An amount equal to all tax paid to the

1 Commonwealth related to the sale of any liquor, wine or  
2 malt or brewed beverage in the facility.

3 (v) The amount paid by the professional sports  
4 organization or by any provider of events or activities  
5 at or services to the facility of any new tax enacted by  
6 the Commonwealth after the effective date of this  
7 subparagraph.

8 (vi) An amount equal to all personal income tax,  
9 earned income tax and local services tax withheld from  
10 personnel by the professional sports organization or by a  
11 contractor or other entity involved in the construction  
12 of the facility.

13 (vii) An amount equal to all sales and use tax paid  
14 on materials and other construction costs, whether  
15 withheld or paid by the professional sports organization  
16 or other entity, directly related to the construction of  
17 the facility.

18 (viii) An amount equal to all of the following:

19 (A) All corporate net income tax, capital stock  
20 and franchise tax, personal income tax, business  
21 privilege tax, business privilege licensing fees and  
22 earned income tax related to the ownership and  
23 operation of any qualified business within the  
24 expanded neighborhood improvement zone.

25 (B) All personal income tax, earned income tax  
26 and local services tax withheld from employees by a  
27 qualified business within the expanded neighborhood  
28 improvement zone.

29 (C) All personal income tax, earned income tax  
30 and local services tax withheld from the employees of

1 a qualified business that provides events, activities  
2 or services in the expanded neighborhood improvement  
3 zone.

4 (D) All personal income tax, earned income tax  
5 and local services tax to which the Commonwealth  
6 would be entitled from performers or other  
7 participants at an event or activity in the expanded  
8 neighborhood improvement zone.

9 (E) All sales and use tax related to the  
10 operation of a qualified business within the expanded  
11 neighborhood improvement zone. This clause shall  
12 include sales and use tax paid by a qualified  
13 business that provides events, activities or services  
14 in the expanded neighborhood improvement zone.

15 (F) All tax paid by a qualified business to the  
16 Commonwealth related to the sale of any liquor, wine  
17 or malt or brewed beverage within the expanded  
18 neighborhood improvement zone.

19 (G) The amount paid by a qualified business  
20 within the expanded neighborhood improvement zone of  
21 any new tax enacted by the Commonwealth following  
22 October 9, 2009.

23 (H) All personal income tax, earned income tax  
24 and local services tax withheld from personnel by a  
25 qualified business involved in the improvement,  
26 development or construction of the expanded  
27 neighborhood improvement zone.

28 (I) All sales and use tax paid on materials and  
29 other construction costs, whether withheld or paid by  
30 the professional sports organization or other

1 qualified business, directly related to the  
2 improvement, development or construction of the  
3 expanded neighborhood improvement zone.

4 (J) An amount equal to any amusement tax paid by  
5 a qualified business operating in the expanded  
6 neighborhood improvement zone. A political  
7 subdivision or other entity authorized to collect  
8 amusement taxes may not impose or increase the rate  
9 of any tax on admissions to places of entertainment,  
10 exhibition or amusement or upon athletic events in  
11 the expanded neighborhood improvement zone which are  
12 not in effect on the date the expanded neighborhood  
13 improvement zone is designated by the contracting  
14 authority.

15 (ix) Except for a tax levied against real property  
16 and notwithstanding any other provision of law, an amount  
17 equal to any tax imposed by the Commonwealth or any of  
18 the Commonwealth's political subdivisions on a qualified  
19 business engaged in an activity within the expanded  
20 neighborhood improvement zone or directly or indirectly  
21 on any sale or purchase of goods or services, where the  
22 point of sale or purchase is within the expanded  
23 neighborhood improvement zone.

24 (f) State tax liability apportionment.--For the purpose of  
25 making the calculations under subsection (e), the State tax  
26 liability of a qualified business shall be apportioned to the  
27 expanded neighborhood improvement zone by multiplying the  
28 Pennsylvania State tax liability by a fraction, the numerator of  
29 which is the property factor plus the payroll factor plus the  
30 sales factor and the denominator of which is three, in

1 accordance with the following:

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

14 (2) The following apply:

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

21 (ii) Compensation is paid in the expanded  
22 neighborhood improvement zone, if:

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

25 (B) the person's service is performed both  
26 within and outside the expanded neighborhood  
27 improvement zone, but the service performed outside  
28 the expanded neighborhood improvement zone is  
29 incidental to the person's service within the  
30 expanded neighborhood improvement zone; or



1           (C) some of the service is performed in the  
2           expanded neighborhood improvement zone and the base  
3           of operations or, if there is no base of operations,  
4           the place from which the service is directed or  
5           controlled is in the expanded neighborhood  
6           improvement zone, or the base of operations or the  
7           place from which the service is directed or  
8           controlled is not in any location in which some part  
9           of the service is performed, but the person's  
10           residence is in the expanded neighborhood improvement  
11           zone.

12           (3) The sales factor is a fraction, the numerator of  
13           which is the total sales of the taxpayer in the expanded  
14           neighborhood improvement zone during the tax period and the  
15           denominator of which is the total sales of the taxpayer in  
16           this Commonwealth during the tax period. The following apply:

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

23           (ii) Sales other than sales of tangible personal  
24           property are in the expanded neighborhood improvement  
25           zone, if:

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

28           (B) the income-producing activity is performed  
29           both within and outside the expanded neighborhood  
30           improvement zone and a greater proportion of the

1 income-producing activity is performed in the  
2 expanded neighborhood improvement zone than in any  
3 other location, based on costs of performance.

4 (g) Transfers.--

5 (1) Within 10 days of receiving certification under  
6 subsection (e), the Secretary of the Budget shall direct the  
7 State Treasurer to, notwithstanding any other provision of  
8 law, transfer the amounts certified under subsection (e) for  
9 each expanded neighborhood improvement zone from the General  
10 Fund to the account of the contracting authority that  
11 established the expanded neighborhood improvement zone.

12 (2) Beginning in the second calendar year following the  
13 designation of an expanded neighborhood improvement zone and  
14 in each year thereafter, the amounts certified by the  
15 Secretary of the Budget to the State Treasurer and the  
16 amounts transferred by the State Treasurer to the account of  
17 each contracting authority shall be determined as follows:

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

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

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

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

30 (3) The State Treasurer shall provide an annual transfer

1 to the contracting authority until the bonds issued to  
2 finance and refinance the improvement and development of the  
3 expanded neighborhood improvement zone and the construction  
4 of the facility are retired. Each annual transfer to the  
5 contracting authority shall be equal to the balance of the  
6 account of the contracting authority on the date of the  
7 transfer under paragraph (1).

8 (h) Restriction on use of money.--Money transferred under  
9 subsection (g) is subject to the following:

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

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

17 (A) the improvement and development of all or  
18 any part of the expanded neighborhood improvement  
19 zone; and

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

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

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

27 (2) The term of a bond to be refunded shall not exceed  
28 the maximum term permitted for the original bond issued for  
29 the improvement or development of the expanded neighborhood  
30 improvement zone and the construction of a facility.

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

4           (i) Ticket surcharge.--The entity operating the facility may  
5 collect a capital repair and improvement ticket surcharge, the  
6 proceeds of which shall be deposited into the account of each  
7 contracting authority. The account of each contracting authority  
8 shall be maintained and utilized as follows:

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

13           (2) Upon the expiration of the expanded neighborhood  
14 improvement zone under section 1909-B.1, any and all portions  
15 of the fund attributable to the ticket surcharge shall be  
16 immediately transferred to the contracting authority to be  
17 held in escrow where the money shall be unencumbered and  
18 maintained by the contracting authority in the same manner as  
19 the fund. Upon the transfer, any ticket surcharge collected  
20 by the operating entity shall thereafter be deposited in the  
21 account maintained by the contracting authority and dispersed  
22 for a capital repair and improvement project upon request by  
23 the operating entity.

24           (j) Excess money.--Within 30 days of the end of each  
25 calendar year, any money remaining in the account of each  
26 contracting authority at the end of the prior calendar year  
27 after the required payments under subsection (g) (2) were made in  
28 the prior calendar year shall be refunded in the following  
29 manner:

30           (1) Money shall first be returned to the General Fund to

1 the extent that the excess money is part of the transfer  
2 under subsection (g)(1).

3 (2) Money shall next be paid to the contracting  
4 authority to the extent that the amounts paid under  
5 subsection (g)(2) consisted of local taxes. The contracting  
6 authority shall return the money to the appropriate entities  
7 collecting local tax who submitted the local taxes to the  
8 State Treasurer under subsection (e).

9 (k) Audit.--

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

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

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

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

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

22 (2) A copy of each annual audit under paragraph (1)  
23 shall be sent to the department and the Secretary of the  
24 Budget.

25 (3) For purposes of this subsection, an auditing firm  
26 shall not be considered independent if the auditing firm  
27 provides services to an operating organization or any  
28 qualified business within an expanded neighborhood  
29 improvement zone which is a party to a separate agreement  
30 with a contracting authority for the allocation of funds from

1 the contracting authority.

2 Section 1905-B.1. Taxes.

3 (a) Prohibition.--A division of local government may not  
4 assess real estate taxes on any property in an expanded  
5 neighborhood improvement zone owned by a contracting authority.

6 (b) Local hotel tax.--Notwithstanding any other provision of  
7 law, revenue generated from local hotel taxes levied in an  
8 expanded neighborhood improvement zone must first be set aside  
9 for new development and capital improvement of hotel properties  
10 in the expanded neighborhood improvement zone. If there is no  
11 new hotel property development or capital improvement in the  
12 expanded neighborhood improvement zone, the revenue generated  
13 from hotel taxes shall be distributed as provided under local  
14 hotel tax law.

15 (c) Amount.--For purposes of this article, revenue collected  
16 from local hotel taxes shall only include the amount of local  
17 hotel taxes collected from hotel activities which exceed the  
18 amount collected from hotel activities occurring prior to the  
19 designation of an expanded neighborhood improvement zone by the  
20 contracting authority.

21 Section 1906-B.1. Property assessment.

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

1 Section 1907-B.1. Transfer of property.

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

6 (1) The department certifies that there is currently no  
7 activity in the parcels transferred in the zone that  
8 generates tax receipts or other revenue to the Commonwealth.

9 (2) The municipality where the zone is located certifies  
10 that there is currently no activity in the parcels  
11 transferred into the zone that generates tax receipts or  
12 other revenue, other than taxes on real property, to the  
13 municipality and the school district and county where the  
14 zone is located.

15 (b) Public hearing.--

16 (1) For a parcel identified by the contracting authority  
17 to be transferred out of the zone, the contracting authority  
18 may conduct a public hearing pursuant to a request from an  
19 owner of real estate located within the parcel or the city or  
20 municipality where the parcel sits. The hearing shall be held  
21 and notice of the hearing provided to the owner of the parcel  
22 in accordance with section 908 of the act of July 31, 1968  
23 (P.L.805, No.247), known as the Pennsylvania Municipalities  
24 Planning Code.

25 (2) If the contracting authority determines that it will  
26 transfer a parcel out of the zone, the contracting authority  
27 shall issue a written opinion within 45 days of the hearing  
28 specifying the reasons supporting the determination.

29 Section 1908-B.1. Keystone Opportunity Zone.

30 Within four months following the designation of an expanded

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

11 Section 1909-B.1. Duration.

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

18 Section 1910-B.1. Commonwealth pledges.

19 If and to the extent that the contracting authority pledges  
20 amounts required to be transferred to the account of the  
21 contracting authority under section 1904-B.1 for the payment of  
22 bonds issued by the contracting authority, until all bonds  
23 secured by the pledge of the contracting authority, together  
24 with the interest on the bonds, are fully paid or provided for,  
25 the Commonwealth pledges to and agrees with any person, firm,  
26 corporation or government agency, whether in this Commonwealth  
27 or elsewhere, and to and with any Federal agency subscribing to  
28 or acquiring the bonds issued by the contracting authority that  
29 the Commonwealth itself will not nor will it authorize any  
30 government entity to abolish or reduce the size of the expanded



1 neighborhood improvement zone, to amend or repeal section 1904-  
2 B.1(b), (e) or (g), to limit or alter the rights vested in the  
3 contracting authority in a manner inconsistent with the  
4 obligations of the contracting authority with respect to the  
5 bonds issued by the contracting authority or to otherwise impair  
6 revenues to be paid under this article to the contracting  
7 authority necessary to pay debt service on bonds. Nothing in  
8 this section shall limit the authority of the Commonwealth or  
9 any government entity to change the rate, tax bases or any  
10 subject of any specific tax or repealing or enacting any tax.

11 Section 1911-B.1. Confidentiality.

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

23 Section 1912-B.1. Exceptions.

24 Beginning with the 2024 calendar year, none of the following  
25 may be employed by, be contracting with or provide services for  
26 a contracting authority:

27 (1) An individual employed by, contracting with or  
28 providing service for a city that has an expanded  
29 neighborhood improvement zone.

30 (2) An entity contracting with or providing services for

1 a city that has an expanded neighborhood improvement zone.

2 (3) An individual owning an entity or an entity with  
3 ownership interest in a separate entity which is contracting  
4 with a city that has an expanded neighborhood improvement  
5 zone.

6 (4) An individual or an entity employed by, contracting  
7 with or providing services for a qualified business within  
8 the expanded neighborhood improvement zone which is party to  
9 a separate agreement with a contracting authority for the  
10 allocation of funds from the contracting authority.

11 (5) An individual or an entity employed by, contracting  
12 with or providing services for an operating organization.

13 (6) A current board member of a contracting authority.

14 (7) An entity that is owned by or employs a current  
15 board member of a contracting authority.

16 Section 2. This act shall take effect in 60 days.