
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1354 Session of
2014

INTRODUCED BY ARGALL, PILEGGI, COSTA AND HUTCHINSON,
APRIL 28, 2014

REFERRED TO FINANCE, APRIL 28, 2014

AN ACT

1 Providing for city revitalization and improvement zones; and
2 making a related repeal.

3 The General Assembly of the Commonwealth of Pennsylvania
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the City
7 Revitalization and Improvement Zones Act.

8 Section 2. Definitions.

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

12 "Baseline year." The calendar year in which a zone was
13 established.

14 "Bond." The term includes any note, instrument, refunding
15 note or other evidence of indebtedness or obligation.

16 "City." A city of the third class with a population of at
17 least 30,000 based on the most recent Federal decennial census.

18 The term shall not include a city that has had a receiver

1 appointed under Chapter 7 of the act of July 10, 1987 (P.L.246,
2 No.47), known as the Municipalities Financial Recovery Act.

3 "City revitalization and improvement zone." An area of not
4 more than 130 acres, comprised of parcels designated by the
5 contracting authority, which will provide economic development
6 and job creation within a city.

7 "Contracting authority." As follows:

8 (1) Except as provided under paragraph (2), an authority
9 established under 53 Pa.C.S. Ch. 56 (relating to municipal
10 authorities) by a city or home rule county for the purpose
11 of:

12 (i) designating zones;

13 (ii) engaging in the construction, including related
14 site preparation and infrastructure, reconstruction or
15 renovation of facilities; and

16 (iii) oversight and operation of the zone.

17 (2) For the purpose of a pilot zone, an authority
18 established under 53 Pa.C.S. Ch. 56 by a borough or township
19 for the purpose of:

20 (i) designating pilot zones;

21 (ii) engaging in the construction, including related
22 site preparation and infrastructure, reconstruction or
23 renovation of facilities; and

24 (iii) oversight and operation of the zone.

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

26 "Distressed city." A city that is a distressed city under
27 the act of July 10, 1987 (P.L.246, No.47), known as the
28 Municipalities Financial Recovery Act, and is located in a home
29 rule county.

30 "Earned income tax." A tax imposed on earned income within a

1 zone under the act of December 31, 1965 (P.L.1257, No.511),
2 known as The Local Tax Enabling Act, which a city, or a school
3 district contained entirely within the boundaries of or
4 coterminous with the city, is entitled to receive.

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

6 (1) Corporate net income tax, capital stock and
7 franchise tax, bank shares tax or business privilege tax,
8 calculated and apportioned as to amount attributable to the
9 location within the zone and calculated under section
10 1904-B(b) and (c) of the Tax Reform Code.

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

13 (3) Sales and use tax, only to the extent the tax is
14 related to the activity of a qualified business within the
15 zone.

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

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

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

22 (7) Tax paid to the Commonwealth on the sale of liquor,
23 wine or malt or brewed beverages in the zone.

24 The term does not include cigarette tax.

25 "Facility." A structure or complex of structures to be used
26 for commercial, sports, exhibition, hospitality, conference,
27 retail, community, office, recreational or mixed-use purposes.

28 "Office." The Office of the Budget.

29 "Pilot zone." An area of not more than 130 acres designated
30 by the authority following application and approval by the

1 Department of Community and Economic Development, the office and
2 the department which will provide economic development and job
3 creation within a township or borough, with a population of at
4 least 7,000 based on the most recent Federal decennial census.

5 "Qualified business." As follows:

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

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

10 (ii) Appears on the timely filed list under section
11 8(a).

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

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

18 "Tax Reform Code." The act of March 4, 1971 (P.L.6, No.2),
19 known as the Tax Reform Code of 1971.

20 "Zone." Any of the following:

21 (1) A city revitalization and improvement zone.

22 (2) A pilot zone.

23 "Zone fund." The City Revitalization and Improvement Zone
24 Fund established under section 9.

25 Section 3. Establishment of contracting authority.

26 (a) Cities.--Except as set forth in subsection (b), a city
27 may establish or designate a contracting authority to designate
28 and administer a zone under this act.

29 (b) Distressed cities.--A distressed city that is located in
30 a home rule county may not establish a contracting authority

1 under this act.

2 (c) Counties.--The home rule county where a distressed city
3 is located may establish a contracting authority to designate a
4 zone under this act within the distressed city.

5 (d) Other municipalities.--A borough or township may
6 establish or designate a contracting authority to designate and
7 administer a pilot zone within the borough or township or
8 combination of boroughs and townships.

9 (e) Existing contracting authority.--A city, a home rule
10 county under subsection (c), a borough or a township may use an
11 existing authority established under 53 Pa.C.S. Ch. 56 (relating
12 to municipal authorities) or establish a new contracting
13 authority to designate and administer a zone under this act if
14 the bylaws of the contracting authority reflect the authority to
15 designate and operate a zone.

16 Section 4. Contracting authority duties.

17 A contracting authority shall:

18 (1) Hold at least one public hearing on the plan for the
19 designation of a city revitalization and improvement zone.

20 (2) Prior to designation of the zone, publish the name
21 and a map of each business and property owner to be located
22 within the zone. The map and list of names shall be posted on
23 the Internet website of the municipality where the zone will
24 be located, if one exists, and shall be made available for
25 public inspection.

26 Section 5. Approval.

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

30 (1) A plan to establish one or more facilities which

1 will promote economic development.

2 (2) An economic development plan, including a plan for
3 the repayment of all bonds.

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

7 (4) A designation of the specific geographic area,
8 including parcel numbers and a map of the zone with parcel
9 numbers, of which the zone will consist.

10 (5) Other information as required by the Department of
11 Community and Economic Development, the office or the
12 department.

13 (b) Agencies.--The Department of Community and Economic
14 Development, the office and the department must approve each
15 application.

16 (c) Review.--The Department of Community and Economic
17 Development shall consider the following when determining a
18 designation:

19 (1) Economic impact of the zone.

20 (2) Number of jobs that will be created.

21 (3) Potential State and local tax revenue impact.

22 (4) Financial fitness and ability of the applicant to
23 repay bonds.

24 (d) Approval schedule.--The Department of Community and
25 Economic Development shall develop a schedule for the approval
26 of applications under this section as follows:

27 (1) In addition to a zone approved under former Article
28 XVIII-C of the act of March 4, 1971 (P.L.6, No.2), known as
29 the Tax Reform Code of 1971, following the effective date of
30 this paragraph, applications for zones may be approved as

1 follows:

2 (i) In 2014, applications for three additional zones
3 may be approved.

4 (ii) In 2015, applications for two additional zones
5 may be approved.

6 (iii) Beginning in 2014, the Department of Community
7 and Economic Development, the office and the department,
8 may approve four pilot zones located in a borough or
9 township. A pilot zone may be established by approval of
10 a joint application for a zone comprised of up to three
11 contiguous boroughs or townships or combinations of three
12 boroughs and townships.

13 (2) No additional zones may be approved after December
14 30, 2015.

15 (e) Time.--The Department of Community and Economic
16 Development shall establish application deadlines. An
17 application under this section shall be approved or disapproved
18 within 90 days of the postmark date of submission. An
19 application which is not disapproved within the time period
20 under this subsection shall be deemed to be approved.

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

24 (g) Limitation.--No more than one zone may be approved in a
25 county.

26 Section 6. Exclusions.

27 (a) Other zone.--The county, city, township or borough must
28 apply for decertification of a keystone opportunity zone,
29 keystone opportunity expansion zone, keystone opportunity
30 improvement zone, keystone innovation zone, keystone special

1 development zone, neighborhood improvement zone or strategic
2 development area located within the zone within 60 days of
3 approval of the zone.

4 (b) Redevelopment assistance capital project.--A zone may
5 include a redevelopment assistance capital project approved
6 under the act of February 9, 1999 (P.L.1, No.1), known as the
7 Capital Facilities Debt Enabling Act, prior to the establishment
8 of the zone.

9 (c) Parcel.--A parcel of property may not be divided with
10 part of the parcel inside of the zone and part of the parcel
11 outside of the zone.

12 Section 7. Functions of contracting authorities.

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

15 (1) Designate a zone where a facility may be
16 constructed, including infrastructure and site preparation,
17 reconstructed or renovated.

18 (2) Provide or borrow money for any of the following
19 purposes:

20 (i) Development or improvement within a zone.

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

25 (b) Restrictions.--

26 (1) A member, officer or employee of a contracting
27 authority may not:

28 (i) Receive money directly or indirectly from the
29 fund.

30 (ii) Have a direct or indirect interest in a

1 property or parcel included in the zone.

2 (2) A member, officer, director, employee, consultant,
3 lobbyist or independent contractor of a contracting authority
4 may not:

5 (i) Solicit, accept or receive from a person, firm,
6 corporation or other business or professional
7 organization doing business in the zone a gift, loan,
8 gratuity, favor or service. This subparagraph shall not
9 apply to a gift or business entertainment of less than
10 \$200.

11 (ii) Directly or indirectly use for personal gain
12 information not available to the public concerning the
13 development of a project which comes to that individual
14 as a result of the affiliation with the contracting
15 authority or municipality involved in the development or
16 operation of the zone.

17 (iii) Provide information to others not directly
18 connected with the contracting authority or municipality
19 in which the zone is located concerning the development
20 of a property or project in the zone.

21 (3) A consultant or lobbyist may not offer or provide a
22 gift to a member, officer, director or employee of a
23 contracting authority.

24 (c) Disclosure.--A consultant, lobbyist or independent
25 contractor of the contracting authority or municipality creating
26 the authority shall disclose the nature and extent of an
27 interest in property within the zone to the authority and the
28 municipality where the zone is located. The disclosure shall
29 include:

30 (1) A financial interest in the property or project in

1 the zone.

2 (2) An interest of a spouse, sibling, minor child or
3 unemancipated child in a property or project in the zone.

4 (3) An employer-employee, partnership, corporate or
5 fiduciary relationship with a person financially interested
6 in a property or project in the zone.

7 (4) A matter that might reasonably be expected to
8 influence the person in the discharge of the person's
9 official duties concerning a property or project in the zone
10 or the operation or management of the zone.

11 (d) Action by authority.--The board of directors of a
12 contracting authority or the governing body of a municipality in
13 which the zone is located shall take action as necessary to
14 avoid a conflict of interest or impropriety with regard to a
15 property or project in the zone or the operation or management
16 of the zone based on the disclosure of information under
17 subsection (c). Each disclosure statement shall be made
18 available to the members of the contracting authority of the
19 governing body of the municipality where the zone is located and
20 shall be made a part of the minutes of the authority or
21 municipality at a regular or special meeting.

22 (e) Copy.--A contracting authority shall provide a copy of
23 this section to each member, officer, director, employee,
24 consultant, lobbyist and independent contractor of the
25 contracting authority or governing body of the municipality in
26 which the zone is located and to each proposed beneficial owner
27 and occupant of property in the zone.

28 (f) Disciplinary action.--Failure to disclose or any other
29 breach of this section shall result in disciplinary action by
30 the contracting authority or municipality against the member,

1 officer, director, employee, consultant, lobbyist or independent
2 contractor which shall include suspension, removal or dismissal.
3 A violation shall also be grounds for disapproval of an
4 application or rescission of a commitment to include property in
5 a zone.

6 (g) Representation.--

7 (1) A contracting authority and the beneficial owner or
8 occupant of a property in the zone may not be represented by
9 the same attorney or law firm in matters relating to the
10 authority's loans. The same attorney or law firm may not
11 represent both the contracting authority and beneficial owner
12 or occupant without the consent of the contracting authority.

13 (2) An attorney, lobbyist or other consultant may not
14 represent a city, authority, home rule county, township or
15 borough in a matter relating to the zone on a contingency fee
16 basis.

17 (h) Ethics.--A member of the contracting authority must meet
18 the requirements of 65 Pa.C.S. Ch. 11 (relating to ethics
19 standards and financial disclosure).

20 Section 8. Qualified businesses.

21 (a) List.--By June 1 following the end of the baseline year
22 and for every year thereafter, each contracting authority shall
23 file with the department a complete list of all businesses
24 located in the zone and all construction contractors engaged in
25 construction, reconstruction or renovation of a facility in the
26 zone in the prior calendar year. The list shall include for each
27 business the address, State tax identification number and parcel
28 number and a map of the zone with parcel numbers.

29 (b) Time.--If the list under subsection (a) is not timely
30 provided to the department, no eligible State tax shall be

1 certified by the department for the prior calendar year.

2 (c) Audit.--The contracting authority shall hire an
3 independent auditing firm to perform an annual audit verifying
4 all of the following:

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 act and the approved zone plan.

11 (4) The correct amount was requested under section
12 13(c).

13 (d) Time of filing.--The annual audit report under
14 subsection (c) shall be filed with the Department of Community
15 and Economic Development, the office and the department by June
16 30 for the prior calendar year.

17 Section 9. Funds.

18 (a) Notice.--Following the designation of a zone, the
19 contracting authority shall notify the State Treasurer.

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

26 Section 10. Reports.

27 (a) State zone report.--By June 15 following the baseline
28 year and each year thereafter, each qualified business shall
29 file a report with the department in a form or manner required
30 by the department which includes all of the following:

1 (1) Amount of each eligible tax which had a due date in
2 the prior calendar year and which was paid to the
3 Commonwealth by the qualified business in the prior calendar
4 year.

5 (2) Amount of each eligible tax refund plus interest
6 received by or credited to the qualified business in the
7 prior calendar year.

8 (b) Local zone report.--By June 15 following the baseline
9 year and for each year thereafter, each qualified business shall
10 file a report with the local taxing authority which includes all
11 of the following:

12 (1) Amount of each eligible tax which had a due date in
13 the prior calendar year and which was paid to the local
14 taxing authority by the qualified business in the prior
15 calendar year.

16 (2) Amount of each eligible tax refund plus interest
17 received by or credited to the qualified business in the
18 prior calendar year.

19 (c) Penalties.--

20 (1) Failure to file a timely and complete report under
21 subsection (a) or (b) may result in the imposition of a
22 penalty of the lesser of:

23 (i) ten percent of all eligible tax due the taxing
24 authority in the prior calendar year; or

25 (ii) one thousand dollars.

26 (2) A penalty for a violation of subsection (a) shall be
27 imposed, assessed and collected by the department under
28 procedures set forth in Article II of the Tax Reform Code.
29 Money collected under this paragraph shall be deposited in
30 the General Fund.

1 (3) A penalty for a violation of subsection (b) shall be
2 imposed, assessed and collected by the political subdivision
3 under procedures for imposing penalties under local tax
4 collection laws.

5 (4) If a local taxing authority imposes the penalty, the
6 money shall be transferred to the State Treasurer for deposit
7 in the fund of the contracting authority.

8 Section 11. Calculation of baseline.

9 (a) Baseline tax.--By October 15 following the end of the
10 baseline year and for each year thereafter, the department shall
11 verify the State baseline tax amount which consists of the
12 following:

13 (1) For qualified businesses that file timely State zone
14 reports under section 10(a), the amount of eligible State tax
15 paid, less eligible State tax refunds.

16 (2) For qualified businesses not included under
17 paragraph (1), but located or partially located in the zone
18 as determined by the department or included in the
19 information received by the department under section 10(a),
20 the amount of eligible State tax paid, less eligible State
21 tax refunds.

22 (b) Eligible taxes paid.--

23 (1) By October 1 following the end of the baseline year
24 and for each year thereafter, each local taxing authority
25 collecting an eligible tax shall report the following to the
26 department:

27 (i) Each qualified business that filed a timely
28 local zone report under section 10(b).

29 (ii) The amount of eligible tax paid for each
30 eligible category of local tax by each qualified

1 business.

2 (iii) The amount of eligible local tax refunds by
3 category of eligible local tax paid to each qualified
4 business.

5 (2) By October 15 following the end of the baseline year
6 and each year thereafter, the department shall verify the
7 local baseline tax amount as follows:

8 (i) For qualified businesses that file reports under
9 section 10(b) in a timely manner, the amount of eligible
10 local tax paid, minus eligible local tax refunds.

11 (ii) For qualified businesses that are not required
12 to file a report under section 10(b) and which are
13 located or partially located in the zone as determined by
14 the department or included in the information received by
15 the department under section 10(b), the amount of
16 eligible local tax paid, minus eligible local tax
17 refunds.

18 (c) Moves and noninclusions.--

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

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

23 (ii) is in a zone but not included in the
24 calculation of the State baseline tax under subsection
25 (a); or

26 (iii) is a new business as evidenced by additional
27 employees, new sales, new furniture and equipment, new
28 fixtures or new products.

29 (2) An operation opened in a zone by a qualified
30 business already located in this Commonwealth shall be

1 presumed not to be a new business under this subsection. The
2 presumption must be overcome by presenting evidence to the
3 Department of Community and Economic Development, the office
4 and the department. The Department of Community and Economic
5 Development, the office and the department shall have sole
6 discretion to determine whether an operation is a new
7 operation.

8 (3) A qualified business subject to paragraph (1) shall
9 file a State zone report under section 10 following the end
10 of the first full calendar year in which the qualified
11 business conducted business in the zone and each calendar
12 year thereafter. The amount of eligible State tax verified by
13 the department for the qualified business for the prior
14 calendar year shall be added to the State baseline tax amount
15 for the zone for the prior calendar year and each year
16 thereafter.

17 (4) The calculation under this section may not include
18 the eligible taxes of a qualifying business moving into the
19 zone from outside this Commonwealth.

20 Section 12. Certification.

21 (a) Amounts.--By the October 15 following the baseline year
22 and each year thereafter, the department shall do all of the
23 following for the prior calendar year:

24 (1) Make the following calculation for qualified
25 businesses that file State zone reports under section 10(a)
26 separately for each zone:

27 (i) Subtract:

28 (A) the amount of eligible State tax refunds
29 received; from

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

1 (ii) Subtract:

2 (A) the State tax baseline amount for the zone;

3 from

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

5 (2) Certify to the office the difference under paragraph

6 (1)(ii).

7 (b) Content.--

8 (1) The certification may include the following:

9 (i) Adjustment made to timely filed zone reports by

10 the department for eligible State tax actually paid by a

11 qualified business in the prior calendar year.

12 (ii) Eligible State tax refunds paid to a qualified

13 business in the zone in a prior calendar year.

14 (iii) State tax penalties paid by a qualified

15 business in the prior year under section 10(c).

16 (2) The certification shall not include the following:

17 (i) Tax paid by a qualified business that did not

18 file a timely State zone report under section 10(a).

19 (ii) Tax paid by a qualified business whose tax was

20 not included in the State tax baseline amount calculation

21 under section 11.

22 (iii) Tax paid by a qualified business not appearing

23 on a timely filed list under section 8(a).

24 (iv) Interest or penalty paid to a qualified

25 business.

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

27 (1) An entity collecting an eligible local tax within

28 the zone shall, by October 15 following the baseline year and

29 each year thereafter, submit the following to the State

30 Treasurer for transfer to the fund:

1 (i) the eligible local tax collected in the prior
2 calendar year;
3 (ii) less the amount of eligible local tax refunds
4 issued in the prior calendar year; and
5 (iii) less the amount of local baseline tax for the
6 zone.

7 (2) The information under this subsection shall also be
8 certified by the local taxing authority to the Department of
9 Community and Economic Development, the office and the
10 department.

11 Section 13. Transfers.

12 (a) Office.--Within ten days of receiving the certification
13 from the department under section 12, the office shall direct
14 the State Treasurer to transfer the amount of certified eligible
15 State zone tax from the General Fund to each fund of a
16 contracting authority.

17 (b) State Treasurer.--Within ten days of receiving direction
18 under subsection (a), the State Treasurer shall pay into the
19 fund the amount directed under subsection (a) until bonds issued
20 to finance the construction, including related infrastructure
21 and site preparation, reconstruction or renovation of a facility
22 or other eligible project in the zone, are retired.

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

24 (1) If the transfers under subsection (a) and section
25 12(c) are insufficient to make payments on the bonds issued
26 under section 14(a)(1) for the calendar year when the
27 transfers are made, the contracting authority shall notify
28 the Department of Community and Economic Development, the
29 office and the department of the amount of additional money
30 necessary to make payments on the bonds.

1 (2) The notification under paragraph (1) must be
2 accompanied by a detailed account of the contracting
3 authority's expenditures and the calculation which resulted
4 in the request for additional money. The Department of
5 Community and Economic Development, the office or the
6 department may request additional information from the
7 contracting authority and shall jointly verify the proper
8 amount of money necessary to make the payments on the bonds.

9 (3) Notwithstanding 53 Pa.C.S. § 5607(e) (relating to
10 purposes and powers), within 90 days of the date of the
11 notification request, the office shall direct the State
12 Treasurer to establish a restricted account within the
13 General Fund. The office shall direct the State Treasurer to
14 transfer the amount verified under paragraph (2) from the
15 General Fund to the restricted account for the use of the
16 contracting authority to make payments on the bonds issued
17 under section 14(a)(1).

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

19 (i) shall be limited to 50% of the State tax
20 baseline amount for the calendar year prior to the date
21 the amount is verified under paragraph (2), not to exceed
22 \$10,000,000; and

23 (ii) must occur in the first seven calendar years
24 following the baseline year.

25 (4.1) Under extraordinary circumstances, a contracting
26 authority may request money in excess of the limitations in
27 paragraph (4)(i). The Department of Community and Economic
28 Development, the office and the department shall determine
29 whether the circumstances merit additional money and the
30 amount to be transferred. The money shall be transferred

1 under the procedure under this section.

2 (5) Money transferred under paragraph (3), (4) or (4.1)
3 shall be repaid to the General Fund by the contracting
4 authority. If money transferred under paragraph (3), (4) or
5 (4.1) is not repaid to the General Fund by the contracting
6 authority by the date of the final payment on the bonds
7 originally issued under section 14 or the former section
8 1813-C(a)(1) of the Tax Reform Code, the city, county,
9 township or borough which established the contracting
10 authority shall pay the money not repaid to the General Fund
11 plus an additional penalty of 10% of the amount outstanding
12 on the date of the final payment on the bonds originally
13 issued under section 14 or the former section 1813-C(a)(1).

14 (6) Notwithstanding any other law, if money due under
15 paragraph (5), including penalties, are not repaid, the city,
16 county, township or borough which established the contracting
17 authority may not receive any money from the Commonwealth for
18 any purpose until all money owed is fully repaid or the
19 amount of money withheld by the Commonwealth equals the
20 amount of money required to be repaid.

21 Section 14. Restrictions.

22 (a) Utilization.--If the use was approved in an application
23 filed under section 5, money transferred under section 13 may
24 only be utilized for the following:

25 (1) Payment of debt service on bonds issued for the
26 construction, including related infrastructure and site
27 preparation, reconstruction or renovation of a facility in
28 the zone.

29 (2) Construction, including related infrastructure and
30 site preparation, reconstruction or renovation of all or a

1 part of a facility.

2 (3) Replenishment of amounts in debt service reserve
3 funds established to pay debt service on bonds.

4 (4) Employment of an independent auditing firm to
5 perform the duties under section 8(c).

6 (5) Improvement or development of all or part of a zone.

7 (6) Improvement projects, including fixtures, furniture
8 and equipment for a facility owned by a public authority.

9 (b) Prohibition.--Money transferred under section 13 may not
10 be utilized for maintenance or repair of a facility.

11 (c) Excess money.--

12 (1) If the amount of money transferred to the fund under
13 sections 12(c) and 13 in any one calendar year exceeds the
14 money utilized under this section in that calendar year, the
15 contracting authority shall submit by January 15 following
16 the end of the calendar year the excess money to the State
17 Treasurer for deposit into the General Fund.

18 (2) At the time of submission to the State Treasurer,
19 the contracting authority shall submit to the State
20 Treasurer, the office and the department a detailed
21 accounting of the calculation resulting in the excess money.

22 (3) The excess money shall be credited to the
23 contracting authority and applied to the amount required to
24 be repaid under section 13(c) (5) until there is full
25 repayment.

26 (d) Matching funds.--

27 (1) The amount of money transferred from the fund
28 utilized for the construction, including related site
29 preparation and infrastructure, reconstruction or renovation
30 of facilities, shall be matched by private money at a ratio

1 of five fund dollars to one private dollar. Up to 15% of the
2 fund dollars may be comprised of Federal funds of the county,
3 city, township or borough.

4 (2) By June 30 following the baseline year and for each
5 year thereafter, the contracting authority shall file an
6 annual report with the Department of Community and Economic
7 Development, the office and the department that contains a
8 detailed account of the fund money expenditures and the
9 private money expenditures and a calculation of the ratio in
10 paragraph (1) for the prior calendar year. The agencies shall
11 determine whether sufficient private money was utilized.

12 (3) If it is determined that insufficient private money
13 was utilized under paragraph (1), the amount of fund money
14 utilized under paragraph (1) in the prior calendar year shall
15 be deducted from the next transfer of the fund.

16 Section 15. Transfer of property.

17 (a) Property.--Portions of a zone where a facility has not
18 been constructed, reconstructed or renovated using money under
19 this act may be transferred out of the zone. Additional acreage,
20 not to exceed the acreage in a city, borough or township
21 simultaneously transferred out of the zone, may be added to the
22 zone.

23 (b) Approval.--A transfer under subsection (a) must be
24 approved by the Department of Community and Economic Development
25 in consultation with the office and the department.

26 (c) Removal.--Money in the fund may not be expended on
27 property removed from the zone after the effective date of the
28 zone.

29 Section 16. Duration.

30 A zone shall be in effect for a period equal to the length of

1 time for the repayment of debt incurred for the zone, including
2 bonds issued. Bonds shall be paid, and all zones shall cease no
3 later than 30 years following the initial issuance of the bonds
4 or upon maturity of each bond secured by money from the zone
5 fund, whichever is later.

6 Section 17. 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 13 for payment of bonds issued by the contracting
10 authority, until all 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.

20 (2) Amend or repeal section 11 or 12.

21 (3) Limit or alter the rights vested in the contracting
22 authority in a manner inconsistent with the obligations of
23 the contracting authority with respect to the bonds issued by
24 the contracting authority.

25 (4) Impair revenue to be paid under this act to the
26 contracting authority necessary to pay debt service on bonds.

27 (b) Limitation.--Nothing in this section shall limit the
28 authority of the Commonwealth or a political subdivision
29 government entity to change the rate, base or subject of a
30 specific tax or to repeal or enact any tax.

1 Section 18. Review.

2 (a) Department of Community and Economic Development.--By
3 December 31, 2016, the Department of Community and Economic
4 Development shall, in cooperation with the office and the
5 department, complete a review and analysis of all active city
6 revitalization and improvement zones, including any pilot zones.
7 The review shall include an analysis of:

8 (1) The number of new jobs created.

9 (2) The cost to and impact of the zones on the
10 Commonwealth and the revenue of the Commonwealth.

11 (3) Economic development to the city, borough or
12 township in the zone and to the Commonwealth.

13 (4) Any negative impact on adjacent municipalities or
14 the Commonwealth.

15 (b) Other review.--By December 31, 2016, the Independent
16 Fiscal Office shall complete a review and analysis of all city
17 revitalization and improvement zones, including any pilot zones.
18 The review shall include an analysis of the factors under
19 subsection (a)(1), (2), (3) and (4).

20 Section 19. Confidentiality.

21 (a) Sole use.--A zone report or certification under this act
22 shall only be used by the contracting authority to verify the
23 amount of the State tax baseline amount calculated under section
24 11 and State tax certification under section 12.

25 (b) Prohibition.--Use of a zone report other than as set
26 forth in subsection (a) is prohibited and shall be subject to
27 the law applicable to the confidentiality of tax records.

28 Section 20. Penalties.

29 The department may deduct funds from the next transfer to the
30 fund if it determines that the contracting authority has

1 violated the act in an amount not to exceed \$5,000 per
2 violation.

3 Section 21. Guidelines.

4 By August 31, 2014, the Department of Community and Economic
5 Development, the office and the department shall develop and
6 publish guidelines necessary to implement this act.

7 Section 40. Repeals.

8 Article XVIII-C of the act of March 4, 1971 (P.L.6, No.2),
9 known as the Tax Reform Code of 1971, is repealed.

10 Section 41. Effective date.

11 This act shall take effect immediately.