



SENATE OF PENNSYLVANIA BILL SUMMARY

House Bill 1788 Printer's No. 2734

Prime Sponsor: Representative White

Committee: Community, Economic and Recreational Development

SYNOPSIS:

Amends the Community and Economic Improvement Act (CEI Act – Act 174 of 1998) that provides for the establishment of Neighborhood Improvement Districts (NID) relating to cities of the first class (Philadelphia) by clarifying the circumstances in which a NID established under the CEI Act overlaps with a Tax Increment Financing District (TIF) established under the act of July 11, 1990 (P.L.465, No.113), known as the Tax Increment Financing District Act (TIF Act).

SUMMARY:

House Bill 1788, Printer's No. 2734, amends the act of December 21, 1998 (P.L.1307, No.174), known as the Community and Economic Improvement Act (CEI Act) that provides for the establishment of Neighborhood Improvement Districts (NID) relating to cities of the first class (Philadelphia) by providing for special financing assessments. More specifically this legislation clarifies the circumstances in which a NID established under the CEI Act overlaps with a Tax Increment Financing District (TIF) established under the act of July 11, 1990 (P.L.465, No.113), known as the Tax Increment Financing District Act (TIF Act).

The proposed changes are administrative in nature and are meant to synchronize existing discrepancies between the various definitions and procedures contained in the CEI Act and TIF Act as follows:

- Coordinate definitions of the district boundaries between the CEI Act and TIF Act.
- Enable the same authority to issue debt under both acts and use certain NID revenues to service TIF debt.
- Enable the same authority to administer the district under both acts.
- Eliminate the requirement for separate plans when the Acts are used in conjunction.
- Rationalize provisions of the CEI Act with debt service requirements of TIF lenders.
- Provide consistency in eligible uses of the funds between the two Acts.

This legislation {adds} Section 11.3 (Special financing assessments) that provides as follows:

- {Applicability}
 - This section shall apply to any NID located within a TIF and to any related NIDMA included in the TIF's NID plan or an amendment to the plan.
 - The provisions of this section shall be in addition to the existing provisions in the CEI Act and shall control in the event of any inconsistencies.
- {Additional powers of municipal corporation}
 - To establish/designate an NIDMA.

- To appropriate and expand funds as specified.
 - To advance funds to an authority as required.
 - To issue bonds, etc.
 - To levy special financing assessments as authorized under this section.
 - To pledge special financing assessments authorized under this section as security for and in repayment of bonds or notes issued pursuant to the TIF Act.
- {Individual consent} – In the event a special financing assessments authorized under this section is imposed, an affected property owner whose property is not located in the related TIF may be assessed for those purposes only if the affected property owner elects to be subject to the assessment.
 - {Neighborhood improvement district plan} – NID plan comprised of a project plan for TIF shall be satisfactory.
 - {Administration of neighborhood improvement district management association (NIDMA)}
 - Notwithstanding section 6(b), if an NIDMA is created pursuant to this act, the NID may be administered by an NIDMA that is an authority.
 - Notwithstanding section 6(d), an NIDMA that is an authority may not be required to have an administrative board. The board shall be appointed pursuant to the authority’s applicable authority statute.
 - {Additional powers of Neighborhood Improvement District Management Association (NIDMA)} – In addition to the powers enumerated in section 7 and any other powers per applicable statute an NIDMA shall have the power:
 - To appropriate and expend in accordance with the specific provisions of the municipal enabling ordinance.
 - Invest or reinvest all funds and revenues of the NID.
 - Exercise all powers and rights from the specific powers granted to NIDMAs in this act to carry out the purpose/intent of this act.
 - {Payment of special financing assessments}
 - Notwithstanding section 7(c), a governing body may by ordinance authorize payment of special financing assessments.
 - Notwithstanding section 7(d), in the case of default, the ordinance authorizing the special financing assessment shall provide solely for the enforcement of the claim as to the overdue installment.
 - Claims to secure the special financing assessments authorized under this section shall be entered in the county prothonotary’s office.
 - {Dissolution of neighborhood improvement district management association and neighborhood improvement district}
 - The reference to bonds in section 8(a) shall be deemed to include issued pursuant to this act or the TIF Act.
 - A request for termination of an NID and NIDMA pursuant to section 8(b) shall not be accepted unless all bonds issued pursuant to this act or TIF Act in connection with the related TIF have been paid and discharged.
 - {Authority bonds} – An authority may issue bonds in accordance with its authorizing statute.

- {Tax Increment Financing Act} – With respect to bonds issued by authority in connection with the related TIF, any conflict between the TIF Act and this act shall be controlled by the TIF Act.
- {Definitions} – The following words and phrases shall have the meanings given them:
 - “Authority.” – A body established under the Urban Redevelopment Law, Economic Development Financing Law or otherwise authorized to issue tax increment bonds.
 - “Bonds.”
 - “Cost of improvements.”
 - “Neighborhood improvement.”
 - “Neighborhood improvement district management association.” *The term shall include the authority serving as administrator of related tax increment financing district appointed pursuant to either the project plan, as defined in the Tax Increment Financing Act, or a separate agreement among the municipal corporation, other taxing bodies and the administrator.*
 - “Neighborhood improvement district plan.” *The term includes a project plan as defined in the Tax Increment Financing Act, for the related Tax Increment District.*
 - “Project.” *The term shall include the acquisition, development, construction, improvement, rehabilitation, demolition, operation or maintenance of a neighborhood improvement and any project, as defined in the Tax Increment Financing Act, with respect to the related tax increment district.*
 - “Rational nexus.”
 - “Related tax increment district.”
 - “Special financing assessments.”
 - “Tax Incremental Financing Act.” *The act of July 11, 1990 (P.L.465, No.113), known as the Tax Increment Financing Act.*

Effective Date: Shall take effect in 60 days.

BILL HISTORY:

The Community and Economic Improvement Act of 1998 (CEI Act 174 of 1998) provides for the establishment of Neighborhood Improvement Districts by cities of the first class (Philadelphia). Neighborhood Improvement Districts are defined as a limited geographic area within a municipality, in which a special assessment is levied on all designated property, other than tax-exempt property, for the purpose of promoting the economic and general welfare of the district and the municipality, herein after referred to as NID. Such districts shall be referred to generally as neighborhood improvement district (NID) and specifically as business improvement district (BID), residential improvement district (RID), industrial improvement district (IID), institutional improvement district (INID) or mixed-use improvement district (MID), depending on the type of district established.

The Tax Increment Financing Act of 1990 (TIF Act 113 of 1990) provides for the establishment of a Tax Increment Financing District as a mechanism available to all PA municipalities to combat blight and promote economic development. A TIF is a defined geographic area within which all or a portion of the incremental real estate tax or other taxes (i.e., amusement, hotel, business privilege taxes, etc.) on revenue generated from the development within the TIF can be used to finance private or public improvement associated with economic development.

Prepared by: Brehouse 4/13/2016