



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 1490

PRINTERS NO. 2542

PRIME SPONSOR: Petri

### COST / (SAVINGS)

FUND	FY 2015/16	FY 2016/17
General Fund	\$0	\$0
Municipal Funds	\$0	\$0

**SUMMARY:** Amends the Neighborhood Improvement District Act into its own chapter in Title 53 (Municipalities Generally) and expands the act to allow for the creation of cultural improvement districts. This legislation would take effect in 60 days.

**ANALYSIS:** This legislation amends the Neighborhood Improvement District Act into Title 53 (Municipalities Generally) and adds a new type of district to the act.

**Cultural Improvement Districts:** This legislation will allow municipalities to establish a Cultural Improvement District (CID) that uses the guidelines established in the Neighborhood Improvement District Act, along with special provisions that will apply only to CIDs.

**CID Advisory Committee:** This legislation provides local governments with a process to create a CID advisory committee, which will:

- Be established by ordinance.
- Have members appointed by the governing body of the host municipality.
- Have no less than five members, but no more than nine.
- Allow the municipality to appoint residents, representatives of nonprofit organizations and institutions, and business owners who live or work in the CID. Members of the committee will not be compensated; however, they may be reimbursed for reasonable expenses at the discretion of the governing body.

The CID advisory committees shall have the following duties:

- Hold public meetings to consider:
  - Possible programs of benefit (ex., nonprofit organizations, foundations, trusts, or similar entities) that the CID can work with to improve the CID.
  - A potential referendum to implement a special tax to support a CID
- Provide a report that contains its findings and recommendations to the governing body of the host municipality within 180 day of its creation.

- Consider possible programs to be utilized to support an area/institution of cultural/historical significance, such as:
  - Establishment of a CID.
  - Creation of a tax increment financing district.
  - Tax exemptions for improvement of deteriorated homes.
  - Creation of an historic district.
  - Grants, loans, and tax credits through:
    - The Keystone Communities Program and other neighborhood improvement programs.
    - The PA Historical and Museum Commission.

**Funding – Local Taxing Options:** This legislation authorizes municipalities, by recommendation of the committee, to:

- Via ordinance, and in addition to the statutory limits on real estate taxes, levy a CID tax on real property, not to exceed the millage authorized by referendum.
  - Any real estate tax increase approved shall include tax exemptions for open space property, real property subjected to an easement, and real property held by the municipality.
- Via ordinance, impose a CID tax on the earned income of the residents of the municipality, not exceeding the rate authorized by referendum.
- Local taxing options will not be exercised unless the municipality by ordinance provides for a referendum question and a majority of those voting on the question vote in favor of the imposition of the tax.
- The additional tax may not be repealed before five years of imposition.
- If the referendum question fails, the increase in rate limit of the real estate or earned income tax shall be repealed effective in the fiscal year following the referendum.
- Regardless of whether question passes or fails, another referendum to implement either tax will not be held sooner than five years.

The legislation limits the use of any revenues generated by any levy approved by the voters to the following:

- To be appropriated to establish a CID.
- To be appropriated to develop, improve, design, and maintain a property in the CID.
- To be deposited into a CID maintenance fund established by the municipality, but not in excess of 25% of the revenue collected.

**Repeal/Continuation of Neighborhood Improvement District Act (Act 130 of 2000):** The provisions of Act 130 are repealed, and the language of the Act is continued and added to Title 53 Chapter 62 Subchapter C.

Any neighborhood improvement district or other type of improvement district authorized by Act 130 and currently operating will continue to operate and will not have to be re-established due to the authorizing legislation being moved into Title 53.

**FISCAL IMPACT:** This legislation would have no adverse fiscal impact on Commonwealth or municipal funds.

**PREPARED BY:** Tim Rodrigo  
House Appropriations Committee (R)

**DATE:** November 17, 2015

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*