

REQUEST FOR PROPOSALS

Redevelopment of Properties
Located within the City of Bethlehem
City Revitalization and Improvement Zone (CRIZ)

Deadline: November 30, 2016



The City of Bethlehem is seeking one or more projects from private developers and/or non-profit developers to certify as City Revitalization and Improvement Zone projects. These projects must be constructed on sites within the City on less than 2 acres. The City considers the allocation of CRIZ as critical importance to the revitalization of underdeveloped properties in the City.

REQUIREMENTS

Responses to this RFP are due Wednesday, November 30, at 1:00 PM. An informational meeting is scheduled at 12:00 PM on Monday, November 7, 2016 at City Hall, Conference Room 504, 10 East Church Street, Bethlehem, PA 18018. To confirm your attendance at the informational meeting, contact Amy Burkhart, phone (610) 997-7630 by Friday, November 4, 2016.

CRIZ BACKGROUND

The City of Bethlehem was awarded a City Revitalization and Improvement Zone (CRIZ) designation in December of 2013. At that time, the City had identified several projects for inclusion in the zone, including three projects associated with the Bethlehem Parking Authority (BPA). Since that time, two projects, totaling approximately 1.3 acres have been identified as no longer feasible as CRIZ projects. The BPA has requested decertification by the Bethlehem Revitalization and Improvement Authority (BRIA) and the Commonwealth of Pennsylvania. That decertification process is expected to commence by the end of 2016.

The CRIZ is expected to provide economic development and job creation within the City of Bethlehem. State and local taxes collected within the CRIZ will be used to repay debt serve to stimulate economic development projects within the zone. The focus of the program is to provide opportunity to spur new growth in Bethlehem, helping to revive downtowns and create jobs for the residents in the region. Vacant, desolate, underutilized or abandoned space will be developed, thereby creating jobs, increasing personal incomes, growing state and local tax revenues, reviving local economies and improving the lives of city residents and visitors.

A copy of the CRIZ law is included in Attachment A of this document.

ELIGIBLE PROJECTS

Included in the City's successful CRIZ application is a vision statement, which states:

"With a CRIZ designation, the City of Bethlehem will realize redevelopment of strategic sites that will result in transformational impacts to former industrial properties, key commercial corridors, and blighted neighborhoods."

To implement the City's vision, the following criteria will be used to when considering new CRIZ projects:

General Factors:

1. Economic impact of the zone.
2. Number of jobs that will be created.
3. Potential State and Local tax revenue impact.
4. Financial fitness and ability of the applicant to repay bonds.
5. The proximity to currently designated parcels.

Private Sector Factors:

1. Is the project financing secured or pledged.
2. Is there a viable project timeline.
3. Can the developer comply with CRIZ requirements:
 - a. Prevailing Wage rates
 - b. Construction activity reported on tax documents
 - c. Tenant activity reported on tax documents
 - d. Insurance of ongoing tenant compliance

City Factors:

1. Is the project adequately planned and approved.
2. Have permits been issued.
3. Is the project appropriately zoned.
4. Is the parcel vacant, underdeveloped, underutilized or blighted.
5. Does the project comply with the City's plans, policies, goals and objectives.
6. Does the project create an adequate number of new permanent jobs within the city.

Commonwealth Factors:

1. The cost and impact of the projects on the Commonwealth and the revenue to the Commonwealth.
2. Economic development to the Commonwealth.
3. Any negative impact on adjacent municipalities or the Commonwealth.

RESPONSE FORMAT & OTHER SUBMISSION REQUIREMENTS

Response Submission Requirements:

The response package must be submitted in the following format: six (6) original copies in 8 ½ x 11 format. Electronic copy of the paper submission, as well as completed Attachment B worksheet.

Project Information:

Provide the description of the project, including the address, parcel identification number, physical description of the structure and a description of the use of the building and renderings (See Attachment B Worksheet). In addition to the parcel number, please provide information on the square footage and/or acres of the building footprint. Please indicate the proposed use of the location and whether any tenants have been secured for the project.

Eligible Tax Increment:

Please provide detailed information on the expected state and local CRIZ eligible taxes. Please complete the Attachment B Worksheet and submit with the project information.

Developer Background:

Provide a description of the development company, including roles and responsibilities of key personnel and of any consultants and sub-consultants.

Experience:

Describe the related experience of the Project Team with urban developments. Additionally, the submittal shall provide the following:

- A list of at least three (3) similar projects you have undertaken and completed and your role in these projects
- Information on the location of past projects, their type, cost, funding sources, current status and any continued financial or operating interest in them
- Previous relevant development experience working with public entities
- Prior experience in retail/commercial marketing, leasing and/or property management
- Prior experience with State of Pennsylvania and CRIZ, NIZ, RACP, tax credit programs, and other incentives.

References

Provide a list of three (3) references from municipalities or clients with which members of the Team have worked. The list should include a specific contact name, address, phone number, and agency of employment. Each reference should include a brief description of the project.

Questions

All questions must be submitted in writing to Amy Burkhart at aburkhart@bethlehem-pa.gov and will be distributed weekly as Addendums to this RFP.

Section 34. Section 1802-C of the act, amended or added July 9, 2013 (P.L.270, No.52) and October 31, 2014 (P.L.2929, No.194), is amended to read:

Section 1802-C. Definitions.

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

"Baseline tax amount." The amount of State or local eligible taxes paid relating to each qualified business that is not a new business, less eligible State or local tax refunds, relating to each qualified business for the first full calendar year in which the qualified business established a presence in the zone.

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

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

"Business personal property." The term includes furniture, fixtures, equipment and other similar property purchased and used in the zone.

"City." A city of the second class A or third class or a home rule municipality with a population of at least [30,000] 20,000 based on the most recent Federal decennial census. [The term shall not include a city that has had a receiver appointed under Chapter 7 of the act of July 10, 1987 (P.L.246, No.47), known as the Municipalities Financial Recovery Act.]

"City revitalization and improvement zone." An area of not more than 130 acres, that may include an area in one or more contiguous municipalities, comprised of parcels designated by the contracting authority, which will provide economic development and job creation within a city.

"Contracting authority." [An authority established under 53 Pa.C.S. Ch. 56 (relating to municipal authorities) by a city, borough, township or home rule county for the purpose of:

(1) designating zones; and

(2) engaging in the construction, including related site preparation and infrastructure, reconstruction or renovation of facilities.] **A new or existing authority established or designated by a city, municipality or home rule county to designate and administer zones. The term shall include:**

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

(2) An authority established under the former act of December 27, 1994 (P.L.1375, No.162), known as the Third Class County Convention Center Authority Act, or under Article XXIII(n) or (o) of the act of August 9, 1955 (P.L.323, No.130), known as the County Code.

(3) An authority established by a contiguous municipality under 53 Pa.C.S. Ch. 56 for the purposes of this act.

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

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

"Eligible tax." Any of the following taxes:

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

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

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

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

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

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

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

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

The term does not include cigarette tax.

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

"Increment." **The amount of eligible taxes generated by a new business, taxes excluded from the baseline tax amount pursuant to section 1810-C(b) (3) and amount of eligible taxes generated**

by a qualified business above the qualified business's baseline tax amount.

"Infrastructure." Any improvements in or out of the zone primarily related to the development of and required by a facility in the zone, including, but not limited to, utilities, water, sewer, storm water, parking, road improvements or telecommunications within the city or municipality or within a municipality contiguous to that city or municipality.

"Licensee." An individual licensed under the act of April 12, 1951 (P.L.90, No.21), known as the Liquor Code.

"Lobbyist." As defined in 65 Pa.C.S. § 13A03 (relating to definitions).

"Municipality." An incorporated town, township or borough.

"New business." Any of the following:

(1) any new or separate legal entity that locates or has a location in the zone; or

(2) a business already located in this Commonwealth and conducting operations outside the zone which expands into the zone with a new operation as evidenced by a new facility, business personal property, products or additional employees and continues operations outside the zone without substantial change in business. Only eligible taxes related to activity within the zone shall be attributable to the location in the zone.

"Office." The Office of the Budget.

"Pilot zone." An area of not more than [130] **100** acres designated by the contracting authority following application and approval by the Department of Community and Economic Development, the office and the department which will provide economic development and job creation within [a township or borough] **one or more municipalities**, with a **total** population of at least 7,000 based on the most recent Federal decennial census.

"Professional services." Any of the following:

- (1) Legal services.
- (2) Advertising or public relations services.
- (3) Engineering services.
- (4) Architectural, landscaping or surveying services.
- (5) Accounting, auditing or actuarial services.
- (6) Security consultant services.
- (7) Computer and information technology services, except telephone service.
- (8) Insurance underwriting services.
- (9) Compliance services.
- (10) Financial auditing services.

"Qualified business." As follows:

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

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

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

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

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

"Zone." Any of the following:

(1) A city revitalization and improvement zone.

(2) A pilot zone.

"Zone Fund." A city revitalization and improvement zone **or pilot zone** fund established under section 1808-C.

Section 35. Section 1803-C heading and (a) of the act, amended October 31, 2014 (P.L.2929, No.194), are amended to read:

Section 1803-C. Establishment **or designation** of contracting authority.

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

* * *

Section 36. The act is amended by adding a section to read:
Section 1803.1-C. Contracting authority duties.

A contracting authority shall:

(1) **Hold at least one public hearing on the plan for the designation of a zone. At the public hearing, any interested party may be heard.**

(2) **Prior to designation of the zone, post the name and address of the owner of each business and property to be located within the zone and a map of the zone on the website of the city or municipality where the zone will be located, if one exists. If a website does not exist, the map and list of names shall be published in a newspaper of general circulation serving the county where the zone is located. The map and list of names shall be made available for public inspection.**

(3) **Issue bonds and engage in the financing, construction, acquisition, development, related site preparation and infrastructure, reconstruction or renovation of facilities in accordance with this article.**

Section 37. Sections 1804-C, 1806-C, 1807-C, 1808-C, 1809-C, 1810-C, 1811-C, 1812-C, 1813-C, 1814-C, 1816-C and 1818-C of the act, added July 9, 2013 (P.L.270, No.52), are amended to read:

Section 1804-C. Approval.

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

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

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

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

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

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

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

(b.1) Review.--The Department of Community and Economic Development, the department and the office shall consider the following when determining a designation:

(1) Economic impact of the zone.

(2) Number of jobs that will be created.

(3) Potential State and local tax revenue impact.

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

(5) The proximity to previously approved zones.

(6) Any other relevant factor.

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

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

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

[(3) Following the effective date of this paragraph, the Department of Community and Economic Development, the office and the department, may approve one pilot zone.]

(c.1) Agreement.--An area that covers contiguous cities or municipalities shall require an agreement among each participant to be included in the zone, evidenced by a resolution of each participant.

(d) Time.--[An application under this section shall be approved or disapproved within 90 days of the postmark date of

submission. An application which is not disapproved within the time period under this subsection shall be deemed to be approved.] **The Department of Community and Economic Development shall establish and publish application deadlines in the Pennsylvania Bulletin and on its publicly accessible Internet website.**

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

(f) Limitation.--No more than one zone may exist in a city or municipality at any given time.

Section 1806-C. Functions of contracting authorities.

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

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

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

(i) Development or improvement within a zone.

(ii) Construction, including infrastructure and site preparation, reconstruction or renovation of a facility within a zone which will result in economic development in accordance with the contracting authority's plan.] **Engage in the acquisition, development, construction, including infrastructure and site preparation, reconstruction or renovation of facilities.**

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

(4) **Utilize money under section 1813-C.**

(b) Money from fund.--A member of the contracting authority may not receive money directly or indirectly from the fund.

(c) Prohibitions.--The following shall apply:

(1) **A member, officer or employee of the contracting authority or a member of the governing body or the chief executive officer of the city, municipality or home rule county that created the contracting authority may not:**

(i) **Receive money from the zone fund for personal use.**

(ii) **Have a direct ownership interest in a property or parcel included in the zone.**

(2) **No member, officer, director or employee of the contracting authority, no member of the governing body and no chief executive officer may:**

(i) **Solicit, accept or receive from a person, firm, corporation or other business or professional organization**

doing business in the zone or with the contracting authority a gift or a gratuity. This subparagraph shall not apply to a gift or business entertainment of less than \$250.

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

(c.1) Disclosure.--The board of directors of the contracting authority, governing body of a city or municipality, consultant, lobbyist or independent contractor of the contracting authority, city or municipality or home rule county creating the contracting authority must disclose the nature and extent of any financial interest as defined in 65 Pa.C.S. Ch. 11 (relating to ethics standards and financial disclosure) or that of his or her immediate family in property within the zone to the contracting authority, the city or municipality where the zone is located and to the Department of Community and Economic Development. The Department of Community and Economic Development must place the disclosures on the Department of Community and Economic Development's publicly accessible Internet website.

(d) Action by contracting authority.--The board of directors of the contracting authority or the governing body of a city or municipality in which the zone is located must avoid a conflict of interest or impropriety with regard to a property or project in the zone or the operation or management of the zone. Each disclosure statement shall be made a part of the minutes of the contracting authority, city or municipality at a regular or special meeting.

(e) Copy.--The contracting authority must provide a copy of the disclosure under this section to each member, officer, director, employee, consultant, lobbyist and independent contractor of the contracting authority or governing body of the city or municipality in which the zone is located.

(f) Disciplinary action.--The contracting authority shall refer suspected violations to the State Ethics Commission or the county district attorney, if appropriate.

(g) Ethics.--A member of the contracting authority must comply with 65 Pa.C.S. Ch. 11.

Section 1807-C. Qualified businesses.

(a) List.--By June 1 following the end of the baseline year, and for every year thereafter, each contracting authority shall file with the department a complete list of all businesses located in the zone and all [construction contractors] **businesses** engaged in [construction,] **acquisition, development, construction, including infrastructure and site preparation,**

reconstruction or renovation of a facility in the zone in the prior calendar year. The list shall include for each business the address, **the names of the business owners or corporate officers**, State tax identification number and parcel number and a map of the zone with parcel numbers.

(b) Time.--If the list under subsection (a) is not timely provided to the department, no eligible State tax shall be certified by the department for the prior calendar year.

(c) Audit.--The contracting authority shall hire an independent auditing firm to perform an annual audit verifying all of the following[:] **and shall submit the audit to the Department of Community and Economic Development and the Department of Revenue as well as post on the contracting authority's publicly accessible Internet website:**

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

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

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

(4) The correct amount was requested under section 1812-C(c).

Section 1808-C. Funds.

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

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

Section 1809-C. Reports.

(a) State zone report.--[By] **No later than** June 15 following the baseline year and each year thereafter, each qualified business shall file a report with the department in a form or manner required by the department which includes all of the following:

(1) Amount of each eligible tax which was paid to the Commonwealth by the qualified business in the prior calendar year.

(2) Amount of each eligible tax refund received from the Commonwealth in the prior calendar year by the qualified business.

(b) Local zone report.--[By] **No later than** June 15 following the baseline year and for each year thereafter, each qualified business shall file a report with the local taxing authority which includes all of the following:

(1) Amount of each eligible tax which was paid to the local taxing authority by the qualified business in the prior calendar year.

(2) Amount of each eligible tax refund received from the local taxing authority in the prior calendar year by the qualified business.

(c) Penalties.--

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

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

(ii) one thousand dollars.

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

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

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

Section 1810-C. Calculation of baseline.

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

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

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

(b) Moves and noninclusions.--

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

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

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

(2) A qualified business subject to paragraph (1) shall file a State zone report under section 1809-C following the

end of the first full calendar year in which the qualified business conducted business in the zone and each calendar year thereafter. The amount of eligible State tax verified by the department for the qualified business for the [prior calendar year shall be added to the State baseline tax amount for the zone for the prior calendar year and each year thereafter.] **first full calendar year shall be the qualified business' fixed baseline tax amount. The amount added shall remain part of the baseline tax amount each year thereafter until such time as the qualified business ceases to conduct business in the zone, upon which event such amount previously added shall be deducted from the State baseline tax amount.**

(3) [The calculation under this section may not include the eligible taxes of a qualifying business moving into the zone from outside this Commonwealth.] **The following taxes shall be excluded from the baseline tax amount calculation under this section:**

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

(ii) **The eligible taxes of:**

(A) **A new business.**

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

(C) **A contractor engaged in acquisition, development or construction, including infrastructure and site preparation, reconstruction or renovation of a facility.**

(c) **Recalculation.--The department shall not recalculate the baseline of a zone designated prior to the effective date of this subsection to include the hotel occupancy tax imposed under Part V of Article II.**

Section 1811-C. Certification.

(a) **Amounts.--By the October 15 following the baseline year, and each year thereafter, the department shall do all of the following for each qualified business within a zone for the prior calendar year:**

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

(i) **Subtract:**

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

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

(ii) [Subtract] **Except as set forth in subparagraph**

(iii), subtract:

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

(B) the difference under subparagraph (i).

(iii) If the difference under subparagraph (ii) is a negative number, state the difference as zero.

(1.1) Make the following calculation for a qualified business subject to section 1810-C(b)(1) separately for each business:

(i) Subtract:

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

(B) the amount of State eligible tax paid.

(ii) Except as set forth in subparagraph (iii), subtract:

(A) the State tax baseline amount for the business; from

(B) the difference under subparagraph (i).

(iii) If the difference under subparagraph (ii) is a negative number, state the difference as zero.

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

(b) Content.--

(1) The certification may include the following:

(i) Adjustment made to timely filed zone reports by the department for **State** eligible [State] tax actually paid by a qualified business in the prior calendar year.

(ii) [Eligible State] **State eligible** tax refunds paid to a qualified business in the zone in a prior calendar year.

(iii) State tax penalties paid by a qualified business in the prior year under section 1809-C(c).

(2) The certification shall not include the following:

(i) Tax paid by a qualified business that did not file a timely State zone report under section 1809-C(a).

(ii) Tax paid by a qualified business whose tax was not included in the State tax baseline amount calculation under section 1810-C.

(iii) Tax paid by a qualified business not appearing on a timely filed list under section 1807-C(a).

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

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

(i) [the] **The local** eligible [local] tax collected in the prior calendar year[;].

(ii) [less] **Less** the amount of **local** eligible [local] tax refunds issued in the prior calendar year[; and].

(iii) [less] **Less** the amount of local baseline tax [for the zone.] **amount**.

(iv) If the difference under subparagraph (iii) is a negative number, state the difference as zero.

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

(d) Confidential report.--No later than October 15 of the baseline year and each year thereafter, the department and the local taxing authority shall provide the contracting authority with a report detailing the baseline tax amount for each qualified business and the amount of eligible tax paid by each qualified business. The report shall be confidential and shall not be publicly accessible under the act of February 14, 2008 (P.L.6, No.3), known as the Right-to-Know Law.

Section 1812-C. Transfers.

(a) Office.--Within ten days of receiving the certification from the department under section 1811-C, the office shall direct the State Treasurer to transfer the amount of certified eligible State zone tax from the General Fund to each fund of a contracting authority.

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

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

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

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

(3) Notwithstanding 53 Pa.C.S. § 5607(e) (relating to purposes and powers), within 90 days of the date of the notification request, the office shall direct the State Treasurer to establish a restricted account within the General Fund. The office shall direct the State Treasurer to transfer the amount verified under paragraph (2) from the General Fund to the restricted account for the use of the contracting authority to make payments on the bonds issued under section 1813-C(a) (1).

(4) Money transferred under paragraph (3):

(i) shall be limited to 50% of the State tax baseline amount for the calendar year prior to the date the amount is verified under paragraph (2), not to exceed [\$10,000,000] **\$7,500,000**; and

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

(4.1) Under extraordinary circumstances, a contracting authority may request money in excess of the limitations in paragraph (4)(i). The Department of Community and Economic Development, the office and the department shall determine whether the circumstances merit additional money and the amount to be transferred. The money shall be transferred under the procedure under this section.

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

Section 1813-C. Restrictions.

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

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

(2) [Construction] **Acquisition, development, construction**, including related infrastructure and site preparation,

reconstruction [or], renovation **or refinancing** of all or a part of a facility.

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

(4) Employment of an independent auditing firm to perform the duties under section 1807-C(c).

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

(6) Improvement projects, including fixtures and equipment for a facility owned, **in whole or in part**, by a public authority.

(7) Payment or reimbursement of reasonable administrative, auditing and compliance services required by this article. Reasonable administrative costs may not exceed 5% of the money transferred under section 1812-C. For purposes of this paragraph, professional services shall not be considered administrative costs.

(b) Prohibition.--Money transferred under section 1812-C may not be utilized for maintenance or repair of a facility.

(c) Excess money.--

(1) If the amount of money transferred to the fund under sections 1811-C(c) and 1812-C in any one calendar year exceeds the money utilized under this section in that calendar year, the contracting authority shall submit by [January] **April 15** following the end of the calendar year the excess money to the State Treasurer for deposit into the General Fund.

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

(3) The excess money shall be credited to the contracting authority and applied to the amount required to be repaid under section 1812-C(c)(5) until there is full repayment.

(d) Matching funds.--

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

(i) Equity.

(ii) Private developer debt and financing.

(iii) Soft costs associated with land development.

(iv) Costs of professional services associated with development.

(v) Costs associated with improvements of the parcel.

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

(1.1) Private, Federal or local dollars invested in any single year or multiple years may be amortized over the term of the private or public financing provided to the project in order to meet the matching fund ratio of five fund dollars to one private, Federal or local dollar invested in the project.

(2) By April 1 following the baseline year and for each year thereafter, the contracting authority shall file an annual report with the Department of Community and Economic Development, the office and the department that contains a detailed account of the fund money expenditures and the private, **Federal or local** money expenditures and a calculation of the ratio in paragraph (1) for the prior calendar year. [The agencies shall determine whether sufficient private money was utilized.]

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

Section 1814-C. Transfer of property.

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

(a.1) Public meeting.--Prior to requesting approval, the contracting authority shall hold a public meeting to consider the proposed transfer. At the meeting, any interested party may attend and offer comment on the proposal change.

(a.2) Infeasibility.--

(1) If no activity in furtherance of development has taken place on the parcel within eight years of the enactment of this section or designation of the zone, whichever occurs later, the contracting authority may conduct a public hearing on the feasibility of the parcel to continue with the designation pursuant to a request from the city or municipality where the parcel sits. The hearing shall be held and notice provided to the owner of the parcel in accordance with section 908 of the act of July 31, 1968 (P.L.805,

No.247), known as the Pennsylvania Municipalities Planning Code. For purposes of this section, activity shall include, but not be limited to, construction, building, renovation, reconstruction, site preparation and site development.

(2) If the contracting authority determines that the project is no longer feasible, the contracting authority shall issue a written opinion within 45 days of the hearing setting forth the reasons supporting the determination and verifying that no activity has taken place. The decision may be appealed in accordance with section 1001-A of the Pennsylvania Municipalities Planning Code.

(b) Approval.--A transfer under [subsection (a)] **subsections (a) and (a.2)** must be approved by the Department of Community and Economic Development in consultation with the office and the department.

Section 1816-C. Commonwealth pledges.

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

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

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

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

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

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

Section 1818-C. Guidelines.

[By October 31, 2013, the] **The** Department of Community and Economic Development, the office and the department shall

develop, **update** and publish guidelines necessary to implement this article.

Section 38. The act is amended by adding a section to read:
Section 1819-C. Review.

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

(1) The number of new jobs created.

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

(3) Economic development to the city, or municipality in a zone and to the Commonwealth.

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

(b) **Other review.--By June 30, 2021, the Independent Fiscal Office shall complete a review and analysis of all zones. The review shall include an analysis of the factors under subsection (a).**

(c) **Posting.--Reviews under subsections (a) and (b) shall be posted on the Department of Community and Economic Development's publicly accessible Internet website as well as the Independent Fiscal Office's publicly accessible Internet website.**