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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 359 Session of  
2025

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INTRODUCED BY POWELL, SANCHEZ, GIRAL, HILL-EVANS, BRENNAN,  
CIRESI, FREEMAN, FLEMING, FRANKEL, DEASY AND GREEN,  
JANUARY 27, 2025

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REFERRED TO COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT,  
JANUARY 27, 2025

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AN ACT

1 Amending the act of July 11, 1990 (P.L.465, No.113), entitled  
2 "An act providing for the creation of tax increment  
3 districts; providing for additional powers and duties to be  
4 exercised by redevelopment authorities and by industrial and  
5 commercial development authorities; authorizing the creation  
6 and approval of project plans for tax increment financing;  
7 providing for the establishment of a tax increment base;  
8 allocating the payment of positive tax increments; providing  
9 for the financing of project costs; and providing for the  
10 issuance of tax increment bonds and notes," further providing  
11 for definitions, for creation of tax increment districts and  
12 approval of project plans and for financing of project costs.

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

15 Section 1. The definitions of "project" and "project costs"  
16 in section 3 of the act of July 11, 1990 (P.L.465, No.113),  
17 known as the Tax Increment Financing Act, are amended and the  
18 section is amended by adding definitions to read:

19 Section 3. Definitions.

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

1 "Anti-displacement activity." Projects, programs and  
2 operations that prevent or compensate for the effects of  
3 involuntary relocation of a resident or business from the  
4 resident's or business's current location where the resident or  
5 business otherwise would want to remain if not for socioeconomic  
6 and environmental pressures that make staying infeasible or  
7 undesirable.

8 "Area of impact." The term includes the area of the project  
9 and the proximate surrounding area as outlined in the project  
10 plan approved by the governing body.

11 \* \* \*

12 "Project." The undertakings and activities of an authority  
13 in a tax increment district for the elimination and prevention  
14 of the development or spread of blight, which may include  
15 property acquisition, clearance, redevelopment, rehabilitation  
16 or conservation in a tax increment district, or a combination or  
17 part thereof in accordance with a project plan. The term  
18 includes anti-displacement activities in the tax increment  
19 district and area of impact, as described in the project plan.

20 "Project costs." Any expenditures made or estimated to be  
21 made or monetary obligations incurred or estimated to be  
22 incurred which are listed in a project plan as costs of public  
23 works or improvements or residential, commercial or industrial  
24 development or revitalization or anti-displacement activities  
25 within a tax increment district, plus any costs incidental  
26 thereto. Project costs include, but are not limited to:

27 (1) Capital costs, including the actual costs of the  
28 construction of public works or improvements or residential,  
29 commercial or industrial development or revitalization, new  
30 buildings, structures and fixtures; the demolition,

1 alteration, remodeling, repair or reconstruction of existing  
2 buildings, structures and fixtures; the acquisition, upgrade  
3 or rehabilitation of machinery and equipment; and the  
4 acquisition, clearing and grading of land. Capital costs also  
5 include the actual cost of the construction, rehabilitation  
6 or repair of publicly owned infrastructure improvements  
7 located outside the boundaries of a tax increment district  
8 which are of direct benefit to a project.

9 (2) Financing costs, including all costs of issuance of  
10 tax increment bonds or notes, reserve funds for tax increment  
11 bonds or notes, all interest paid to holders of evidences of  
12 indebtedness issued to pay for project costs, and any premium  
13 paid over the principal amount thereof because of the  
14 redemption of such obligations prior to maturity.

15 (3) Real property assembly costs, meaning any deficit  
16 incurred resulting from the sale or lease as lessor by the  
17 authority of real property within a tax increment district  
18 for consideration which is less than its cost to the  
19 authority.

20 (4) Professional service costs, including those costs  
21 incurred for architectural, planning, engineering and legal  
22 advice and services.

23 (5) Administrative costs, including reasonable charges  
24 for the time spent by employees of a municipality or an  
25 authority in connection with the implementation of a project  
26 plan.

27 (6) Relocation [costs.] and anti-displacement activity  
28 costs. Anti-displacement activity costs also include the area  
29 of impact as described in the project plan.

30 (7) Organizational costs, including the costs of

1 conducting environmental impact and other studies and the  
2 costs of informing the public with respect to the creation of  
3 tax increment districts and the implementation of project  
4 plans.

5 (8) Costs which are found to be necessary or convenient  
6 to the creation of tax increment districts or the  
7 implementation of project plans, or for the reimbursement of  
8 prior expenditures made for any of the costs under this  
9 definition.

10 \* \* \*

11 Section 2. Sections 5(a)(4)(i) and (6)(i) and (ii) and 9(d)  
12 of the act are amended to read:

13 Section 5. Creation of tax increment districts and approval of  
14 project plans.

15 (a) General rule.--A tax increment district shall be created  
16 in the following manner:

17 \* \* \*

18 (4) The authority shall prepare a project plan for each  
19 tax increment district and submit the plan to the governing  
20 body of the municipality which will create the district and  
21 to the governing body of any other municipality or school  
22 district that levies property taxes within the boundaries of  
23 the proposed district. The plan shall include the following:

24 (i) A statement listing the kind, number and  
25 location of all proposed public works or improvements  
26 and/or all residential, commercial or industrial  
27 development and revitalization improvements and anti-  
28 displacement activities.

29 \* \* \*

30 (6) In order to create a district and adopt a project

1 plan, the governing body of the municipality which will  
2 create the tax increment district shall adopt, not earlier  
3 than three weeks after the public hearing described in  
4 paragraph (5) has been held, a resolution or ordinance which:

5 (i) Describes the boundaries of a tax increment  
6 district with sufficient definiteness to identify with  
7 ordinary and reasonable certainty the territory included.  
8 The governing body shall take care that the boundaries  
9 include only those whole units of property assessed for  
10 general property tax purposes. The governing body shall  
11 also describe any area of impact outside the district  
12 where anti-displacement activities may occur.

13 (ii) Creates the district as of a given date. A tax  
14 increment district may exist for a period not to exceed  
15 [20] 25 years, unless an amendment is made to the project  
16 plan under paragraph (8).

17 \* \* \*

18 Section 9. Financing of project costs.

19 \* \* \*

20 (d) Amount and term.--Tax increment bonds or notes may not  
21 be issued in an amount exceeding the aggregate project costs.  
22 The bonds or notes shall mature over a period not exceeding [20]  
23 25 years from the date of issue. The principal and interest on  
24 the bonds and notes may be payable at any time and at any place.  
25 The bonds or notes may be payable to bearer or may be registered  
26 as to the principal or principal and interest. The bonds or  
27 notes may be in any denominations. The bonds or notes may be  
28 sold at public or private sale.

29 \* \* \*

30 Section 3. This act shall take effect in 60 days.