

No. 2000-130

AN ACT

HB 1142

Establishing Neighborhood Improvement Districts; conferring powers and duties on municipal corporations and neighborhood improvement districts; providing for annual audits; and making repeals.

TABLE OF CONTENTS

- Section 1. Short title.
- Section 2. Legislative findings.
- Section 3. Definitions.
- Section 4. Powers of municipal corporation.
- Section 5. Creation of neighborhood improvement district.
- Section 6. Creation of neighborhood improvement district management association.
- Section 7. Powers of neighborhood improvement district management association.
- Section 8. Dissolution of neighborhood improvement district management association and neighborhood improvement district.
- Section 9. Annual audit; report.
- Section 10. Applicability.
- Section 11. Effective date.

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

Section 1. Short title.

This act shall be known and may be cited as the Neighborhood Improvement District Act.

Section 2. Legislative findings.

The General Assembly finds that:

(1) Existing tax rates in many municipalities are at or near their statutory cap.

(2) The General Fund revenue derived from these taxes many times is not sufficient to provide adequate municipal services or additional services needed in specific geographic areas within the municipality, including, but not limited to, downtown commercial districts.

(3) As a result, municipalities should be encouraged to create, where feasible and desired, assessment-based neighborhood improvement districts which would include, but not be limited to, downtown commercial districts. Designated district management associations would initiate and administer programs to promote and enhance more attractive and safer commercial, industrial, residential and mixed-use neighborhoods; economic growth; increased employment opportunities;

and improved commercial, industrial, business districts and business climates.

(4) Municipalities should be given the broadest possible discretion in establishing by local ordinance the type of assessment-based programs most consistent with neighborhood needs, goals and objectives as determined and expressed by property owners in the designated district.

Section 3. Definitions.

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

“Authority.” A body politic and corporate, created pursuant to the act of May 2, 1945 (P.L.382, No.164), known as the Municipality Authorities Act of 1945.

“Benefited property.” Those properties located within a neighborhood improvement district which profit from district improvements based on a rational nexus test. Properties need not profit equally to be considered to have benefited.

“Bonds.” The term shall include the notes, bonds and other evidence of indebtedness or obligations which each municipal corporation is authorized to issue under section 4(7).¹

“Business improvement.” In the case of neighborhood improvement district management associations created for the purpose of making improvements or providing administrative services within a neighborhood improvement district, the term shall mean those improvements needed in specific areas or to individual properties, including, but not limited to, sidewalks, retaining walls, street paving, parks, recreational equipment and facilities, open space, street lighting, parking lots, parking garages, trees and shrubbery, pedestrian walks, sewers, water lines, rest areas and the acquisition and rehabilitation or demolition of blighted buildings or structures.

“Business improvement district.” A business improvement district (BID) created prior to the effective date of this act, governed by the act of May 2, 1945 (P.L.382, No.164), known as the Municipality Authorities Act of 1945, insofar as it relates to business improvement districts or 53 Pa.C.S. Ch. 54 (relating to business improvement districts). On or after the effective date of this act, the term shall mean a limited geographical area comprised of real property which is used for any for-profit activity involving trade and traffic, or commerce in general.

“Commercial.” Relating to or associated with any for-profit activity involving trade and traffic or commerce in general.

“Construction expenditures.” Property and right-of-way acquisition costs where applicable.

¹4(5).” in enrolled bill.

“Costs of improvements.” The term includes architectural fees, engineering fees, attorney fees, consulting fees, professional fees, preliminary planning expenditures, feasibility study expenditures, financing costs and any other expenditures necessary and incidental to the development, construction or completion of the improvement.

“District advisory council.” A committee comprised of property owners from a neighborhood improvement district established under section 7(a) for the purpose of providing guidance and direction to the neighborhood improvement district management association concerning association activities within the district.

“Industrial district.” A limited geographical area comprised of real property which is used predominantly for manufacturing, commercial or any other activity related to the distribution of goods and services and intermediate and final products, including, but not limited to, warehousing, shipping, transportation, remanufacturing, stockpiling of raw materials, repair and maintenance of machinery and equipment, storage, administration or business activities and research and development.

“Institution.” The term includes, but is not limited to, colleges, universities, schools, hospitals, museums, theaters, churches, synagogues, art centers or similar facilities.

“Institutional district.” A limited geographical area comprised predominantly of real property on which educational, health-related or cultural activities occur within buildings and structures, including, but not limited to, colleges, universities, schools, hospitals, museums, theaters, churches, synagogues and art centers.

“Mixed-use district.” A limited geographical area comprised of real property used for any or all purposes contained within a business, residential, industrial or institutional district.

“Municipal corporation.” The body or board authorized by law to enact ordinances or adopt resolutions for the particular municipality.

“Municipality.” With the exception of cities of the first class, any city, borough, incorporated town, township, home rule, optional plan or optional charter municipality located within this Commonwealth.

“Neighborhood.” A limited geographic area within a municipality establishing a neighborhood improvement district, the limits of which form the neighborhood improvement district boundary.

“Neighborhood improvement.” Improvements needed in specific geographic areas or to individual properties within those areas, including, but not limited to, sidewalks, retaining walls, street paving, parks, recreational equipment and facilities, open space, street lighting, parking lots, trees and shrubbery, sewers, water lines, rest areas and the acquisition and rehabilitation or demolition of deteriorated buildings or structures.

“Neighborhood improvement district.” 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, hereinafter 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 district established. A designated property may not be included in more than one neighborhood improvement district.

“Neighborhood improvement district management association.” The governing body which oversees the management of neighborhood improvement districts in a municipality as established under section 5, which hereinafter shall be referred to as the NIDMA. Such body shall be incorporated as a nonprofit corporation in this Commonwealth or an authority as established pursuant to the act of May 2, 1945 (P.L.382, No.164), known as the Municipality Authorities Act of 1945.

“Neighborhood improvement district plan.” The strategic plan for neighborhood improvements required by section 5, hereinafter referred to as NIDP, and all projects, programs and supplemental services to be provided within the district to implement the plan by the neighborhood improvement district management association.

“Neighborhood improvement district services.” In the case of neighborhood improvement district management associations created for the purpose of making improvements or providing expanded services within any neighborhood business improvement districts established, the term shall include, but not be limited to, those services which improve the ability of the commercial establishments within the district to serve the consumer, such as free or reduced-fee parking for customers, transportation-related expenses, public relations programs, group advertising and district maintenance and security services. For services provided within any residential, industrial, institutional or mixed-use neighborhood improvement district, the term shall include, but not be limited to, those services which improve the ability of property owners to enjoy a safer and more attractive neighborhood through the provision of increased or expanded services, including street lighting, street cleaning, street maintenance, parks, recreational equipment and facilities, open space and/or security services.

“Nonprofit corporation.” A legal entity that is incorporated within this Commonwealth and specifies in its charter or bylaws that no part of the net earnings may benefit any private shareholder or individual holding interest in such entity.

“Private security officer.” Any person or firm employed by the neighborhood improvement district management association for the purpose of providing increased security or protective patrol services within the neighborhood improvement district. The term may include off-duty police officers provided that the use of such officers for this purpose is approved by

the governing body of the municipality in which the neighborhood improvement district is located or the municipality where the officer is employed if different.

"Project." The acquisition, development, construction, improvement, rehabilitation, operation and/or maintenance of any building, facility, equipment or structure, by purchase, lease or contract, by a neighborhood improvement district management association to facilitate neighborhood and business improvements as authorized by this act.

"Rational nexus." The legal principle which requires that there is a rational, definable benefit which accrues to any property owner assessed a fee for said benefit in a neighborhood improvement district created under this act. All property owners within a designated neighborhood improvement district paying a special assessment fee must benefit directly or indirectly from facilities or services provided by a neighborhood improvement district management association within the neighborhood improvement district, provided, however, that property owners need not benefit equally.

"Residential district." A limited geographical area comprised of real property consisting predominantly of buildings and structures for housing individuals and families, including, but not limited to, single-family detached homes, single-family semidetached homes, townhouses, condominiums, apartments, manufactured homes, modular homes or any combination of same.

"Service area." The area within the boundaries of the neighborhood improvement district established by a municipality under this act in which the neighborhood improvement district management association provides programs, services and improvements. The term may also include an area outside of the neighborhood improvement district where services are being provided by the neighborhood improvement district management association under contract.

"Special assessment fee." The fee assessed on property owners within a neighborhood improvement district levied by the municipality establishing a neighborhood improvement district under section 4(10)¹ for the purposes of providing programs, improvements and services under section 7.

"Sunset provision." The term means a provision in the neighborhood improvement district plan under section 5(c), establishing a neighborhood improvement district, which provides for the automatic termination of the neighborhood improvement district on a date specified in the neighborhood improvement district plan and in the municipal ordinance establishing the neighborhood improvement district. The neighborhood improvement district may be continued beyond that date, provided the municipal enabling ordinance creating the original neighborhood improvement district is reenacted, following a review of the neighborhood improvement district and

¹"4(8)" in enrolled bill.

the neighborhood improvement district management association programs and services provided within the neighborhood improvement district, by the municipality.

Section 4. Powers of municipal corporation.

Every municipal corporation shall have the power:

(1) To establish within the municipality an area or areas designated as an NID.

(2) To establish an authority to administer the NID or to designate an existing community development corporation or other existing nonprofit corporation to administer same or to create a community development corporation or other nonprofit corporation to administer same under sections 6 and 7.

(3) To appropriate and expend, in accordance with the specific provisions of the municipal enabling ordinance, municipal funds as may be required to:

(i) Acquire by purchase or lease real or personal property deemed necessary to effectuate the purposes of the NID.

(ii) Prepare or have prepared preliminary planning or feasibility studies to determine needed improvements in an NID, including, but not limited to, capital improvements, traditional streetscape and building renovations, retaining walls, street paving, street lighting, parking lots, parking garages, trees and shrubbery, pedestrian walks, sewers, water lines, rest areas, acquisition, rehabilitation or demolition of blighted buildings and structures, graffiti removal, security, marketing, promotions, advertising, business retention and recruitment activities, master leasing and property management, joint advertising, research and planning as well as the provision of additional services to supplement, not replace, existing municipal services provided within the NID.

(4) To advance funds to an NIDMA as may be required to carry out the purposes of this act.

(5) To collect special property assessments on behalf of the NIDMA levied on designated property owners within the NID and to employ any legal methods to insure collection of the assessments.

(6) To acquire by gift, purchase or eminent domain, land, real property or rights-of-way which may be needed for the purposes of making physical improvements within the NID.

(7) To issue bonds, notes or guarantees, in accordance with the provisions of general laws in the amounts and for the periods necessary, to finance needed improvements within any NID.

(8) To review all proposed expenditures of funds within NIDs by NIDMAs and suggest changes to same where a nonprofit corporation is the NIDMA.

(9) To include a sunset provision of no less than five years in the municipal enabling ordinance creating the NID and in the contract with the NIDMA.

(10) To levy an assessment fee on property owners located within an NID needed to finance additional supplemental programs, services and improvements to be provided or made by the NIDMA.

Section 5. Creation of neighborhood improvement district.

(a) Establishment.—

(1) The governing body of the municipality or any municipal businesses or residents or combination thereof may initiate action to establish an NID or NIDs within the municipality under this act.

(2) In the case of businesses or residents or both desiring to establish an NID where the municipality has not taken action to do so, the governing body of the municipality may be petitioned to establish an NID under the procedures provided for by this act.

(3) In no case where the governing body of a municipality is petitioned to establish an NID under paragraph (2) shall the municipality be required to establish an NID.

(b) Specific procedures.—

(1) A copy of everything required under this section, as well as the date, location and time of any public hearing required by this act, shall be provided by the municipal corporation to all property owners and lessees of property owners located in the proposed NID at least 30 days prior to the first public hearing required by this section.

(2) At least one public hearing, no earlier than 15 days apart, for the purpose of receiving public comment from affected property owners within the proposed NID, on the proposed NIDP, shall be held by the municipality before the establishment of an NID. Notice of the hearing shall be advertised at least ten days prior thereto in a newspaper of general circulation in the municipality.

(3) Any objections by property owners within the proposed NID must be made in writing by persons representing the ownership of 40%, in numbers, of the benefited properties within the NID. Objections must be signed by the property owner and filed in the office of the clerk for the governing body of the municipality in which the NID is proposed.

(c) Contents of preliminary plan.—The plan shall include the following:

(1) A map indicating the boundaries, by street, of the proposed NID; however, a designated property may not be included in more than one NID.

(2) A written report from the municipality containing:

(i) The name of the proposed district.

(ii) A detailed description of the service areas of the proposed district.

(iii) A list of all properties to be assessed.

(iv) A list of proposed improvements within the NID and their estimated cost.

(v) A proposed budget for the first fiscal year, including, but not limited to, the following: personnel and administration, programs and services, maintenance and operation, and capital expenditures.

(vi) The proposed revenue sources for financing all proposed improvements, programs and services.

(vii) The estimated time for implementation and completion of all proposed improvements, programs and services.

(viii) A statement identifying the administrative body which will govern and administer the NID.

(ix) Any other information, including the statutory authority or, in the case of a nonprofit corporation, the bylaws, which describe the powers and duties of and the method for making decisions by the NIDMA.

(x) The method of determining the amount of the assessment fee to be levied on property owners within the NID under section 7.

(3) In addition, the plan shall also:

(i) Identify in detail the specific duties and responsibilities of both the NIDMA and the municipal corporation with respect to the NID.

(ii) Require that a written agreement be signed by the municipal corporation and the NIDMA describing in detail their respective duties and responsibilities.

(iii) Allow for and encourage tax-exempt property owners located within the NID to provide in-kind services or a financial contribution to the NIDMA, if not assessed, in lieu of a property assessment fee.

(iv) Require in the agreement between the municipal corporation and the NIDMA that the municipality must maintain the same level of municipal programs and services provided within the NID before NID designation as after NID designation.

(v) Allow the municipal corporation the right to include in the agreement with the NIDMA and in the enabling ordinance establishing the NID a sunset provision of no less than five years for renewal of the agreement.

(vi) Require in the agreement with the NIDMA that the municipality establishing an NID shall be responsible for the collection of all property assessment fees levied within the NID if so desired by the NIDMA.

(vii) Provide that a negative vote of at least 40% of the property owners within the NID proposed in the final plan shall be required to defeat the establishment of the proposed NID by filing objections with the clerk for the governing body of the municipality within 45 days of presentation of the final plan where the governing body of municipality is inclined to establish the NID.

(d) Final plan.—Prior to the establishment of an NID, the municipality shall submit a revised final plan to property owners located within the proposed NID which incorporates changes made to the plan based on comments from affected property owners within the NID provided at the public hearings or at some other time. Changes to the final plan which differ from the preliminary plan shall also be so indicated in an easily discernible method for the reader, including, but not limited to, changes being in boldfaced or italicized type.

(e) Public hearing.—At least one public hearing for the purpose of receiving public comment on any revisions to the preliminary plan made following suggestions by affected property owners within the proposed NID and reflected in the final NIDP shall be held by the municipal corporation before enacting an ordinance establishing an NID. Notice of the hearing shall be advertised at least ten days prior thereto in a newspaper of general circulation in the municipality.

(f) Veto of final plan for NID.—

(1) Following the last public hearing required under subsection (e) or under subsection (g) if an amendment to the final plan, affected property owners located within a proposed NID shall have 45 days from the date of the hearing to object to and disapprove the final plan or any amendment to the final plan under the requirements of subsection (b)(3).

(2) If 40% or more of the affected property owners within the proposed NID fail to register their disapproval of the final plan or amendment to the final plan in writing with the clerk of the governing body of the municipality in which the NID is proposed, the governing body of the municipality may, following the 45-day period, enact a municipal ordinance establishing an NID under this act or, in the case of an amendment to the final plan, adopt any amendments to the ordinance.

(g) Amendments to final plan.—

(1) The final plan may be amended by the NIDMA any time after the establishment of an NID, pursuant to the provisions of this act, upon the recommendation of the NIDMA board, provided there is concurrence with 60% of the property owners within the NID.

(2) Amendments to the final plan which also require the approval of the governing body of the municipality establishing the NID include:

(i) Substantially changed or added programs, improvements and/or services to be provided in the NID.

(ii) Increased expenditures affecting more than 25% of the total NIDMA budget for the fiscal year.

(iii) Incurring increased indebtedness.

(iv) Changing the assessment fee structure levied on property owners in the NID.

(v) Changing the legal entity (NIDMA) which provides programs, improvements and services within the NID.

(vi) Changing the NID service area boundary.

Prior to the governing body of the municipality approving any of the changes in this paragraph, the governing body shall hold at least one public hearing to determine that such changes are in the public interest as it relates to affected property owners within the NID.

(3) The municipality shall provide public notice of the hearing for any amendments by publication of a notice in at least one newspaper having a general circulation in the NID specifying the time and the place of such hearing and the amendments to be considered. This notice shall be published once at least 10 days prior to the date of the hearing.

(4) The governing body of the municipality may within 30 days following the public hearing and at its sole discretion approve or disapprove of any amendments to the plan. If approved, such amendments shall be effective upon the date of such approval.

(5) Prior to the adoption of any amendment to the NID boundary which increases the size of the NID, any owner of property to be added to the NID shall be notified of the date, time and location of the public hearing on the proposed amendment to the final plan and provided all information required by subsection (c).

Section 6. Creation of neighborhood improvement district management association.

(a) Association designated.—When a municipality establishes an NID under this act, a neighborhood improvement district management association shall be designated by the governing body of the municipality in which the NID is to be located to administer programs, improvements and services within the NID.

(b) Administration.—

(1) NIDs created pursuant to this act shall be administered by an NIDMA which shall be an authority created pursuant to the act of May 2, 1945 (P.L.382, No.164), known as the Municipality Authorities Act of 1945, an existing nonprofit development corporation, an existing nonprofit corporation or a nonprofit development corporation or nonprofit corporation established by the governing body or authorized to be established by the governing body of the municipality in which the NID is to be located, to administer the NIDP.

(2) If an active nonprofit development corporation already exists within the geographic boundaries of the NID and formally indicates its interest to the governing body of the municipality to become the designated NIDMA, the governing body of the municipality shall grant that request unless 40% or more of the affected property owners within the proposed NID register their disapproval of this designation in writing with the clerk of the governing body within a 45-day period following the formal written request for designation by the nonprofit development corporation to become the NIDMA.

(c) Powers.—An NIDMA created under this act shall assume all powers provided for in section 7 immediately upon the effective date of the municipal ordinance enacted under section 4 creating an NID.

(d) Board.—Every NIDMA shall have an administrative board.

(1) Where an authority created pursuant to the Municipality Authorities Act of 1945 serves as the NIDMA, the board shall be appointed pursuant to the Municipality Authorities Act of 1945.

(2) Where an existing nonprofit development corporation or other nonprofit corporation is to serve as the NIDMA, the board shall be appointed according to the bylaws of the NIDMA filed with the Department of State.

(3) Where a nonprofit development corporation or other nonprofit corporation is established to serve as the NIDMA for an NID, the board shall be comprised of an odd number of members, between five and nine, with at least one member representing the municipal corporation in which the NID is located.

(4) In all cases, NIDMA boards shall include a representative of property owners located in the NID, business owners located in the NID and any institutions located in the NID. Institutional members may appoint a designee to represent them. All board members need not be residents of the NID.

Section 7. Powers of neighborhood improvement district management association.

(a) General powers.—An NIDMA shall have, in addition to any other powers provided pursuant to the act of May 2, 1945 (P.L.382, No.164), known as the Municipality Authorities Act of 1945, where the NIDMA is an authority, or in addition to any other powers provided pursuant to the charter establishing a nonprofit development corporation or other nonprofit corporation, where the NIDMA is a nonprofit development corporation or other nonprofit corporation, the power to:

(1) Sue or be sued, implead or be impleaded, complain and defend in all courts.

(2) Employ an executive director or administrator and any necessary supporting staff or contract for the provision of same.

(3) Prepare planning or feasibility studies or contract for the preparation of same to determine needed capital improvements or administrative programs and services within the NID.

(4) Make capital improvements or provide administrative programs and services within an NID.

(5) Purchase, own, construct, renovate, develop, operate, rehabilitate, manage, sell and/or dispose of real property.

(6) Contract with existing businesses within the NID.

(7) Contract for the provision of products or services by the NIDMA to clients located inside and outside of the NID, including billing and collection of assessment fees by another NIDMA.

(8) Appropriate and expend NID funds which would include any Federal, State or municipal funds received by the NIDMA. The funds shall be expended in accordance with any specific provisions contained in the municipal enabling ordinance establishing the NID and may be used:

(i) To acquire by purchase or lease real or personal property to effectuate the purposes of this act, including making common improvements within the NID, including, but not limited to, sidewalks, retaining walls, street paving, parks, recreational equipment and facilities, open space, street lighting, parking lots, parking garages, trees and shrubbery, pedestrian walks, sewers, water lines, rest areas and the acquisition, rehabilitation or demolition of blighted buildings or comparable structures.

(ii) To provide free or reduced-fee parking for customers of businesses within the NID, transportation-related expenditures, public relations programs, group advertising and NID maintenance and security services.

(iii) To impose special assessment fees.

(9) Solicit in-kind services or financial contributions from tax-exempt property owners within the NID in lieu of property assessment fees. This may include entering into voluntary multiyear agreements (VMAs) between the NIDMA and tax-exempt property owners located within an NID for the provision of same.

(10) Impose liens on property for the nonpayment of property assessments. NIDs administered by nonprofit corporations would have any such liens filed by the municipal corporation.

(11) Hire additional off-duty police officers or private security officers whose patrol area responsibilities would be limited to the geographical area incorporated within the designated NID service area and whose responsibility would be to support existing municipal and volunteer efforts aimed at reducing crime and improving security in the NID.

(12) Designate a district advisory committee, referred to as the DAC, for each NID established within the municipality. Each DAC shall consist of an odd number of members, between five and nine, who shall be representative of the neighborhood's character, including, but not limited to, age, sex and cultural diversity.

(b) Assessments.—

(1) The NIDMA shall, upon approval by the governing body of the municipality, have the power to assess property owners within the NID a special property assessment fee. Revenues from the fee shall be accounted for and used by the NIDMA to make improvements and provide programs and services within the NID as authorized by this act. Where the district established is a BID, the NIDMA shall have the

authority to exempt residential property owners from any special assessment fees levied.

(2) All assessments authorized under this section shall be calculated using January 1 as the first day of the fiscal year.

(3) All special property assessment fees shall be based upon the estimated cost of the programs, improvements or services to be provided in such NID as stated in the final plan under section 5(d). In no case shall the aggregate amount of all fees levied by the NIDMA during the year exceed the estimated cost of proposed programs, improvements and services for the year.

(4) In the case of an NID which contains a combination of business, residential, industrial and/or institutional areas and uses, a weighted assessment may be instituted. In such case, the fee levied on property owners generally may be weighted higher for business, industrial or institutional properties than that levied on residential property owners, provided the basis for the calculation of the fee meets the rational nexus test.

(5) The total costs of improvements, programs and administrative services provided by the NIDMA shall be assessed to all designated properties within the NID by one of the following methods:

(i) An assessment determined by multiplying the total service and improvement costs by the ratio of the assessed value of the benefited property to the total assessed valuation of all designated benefited properties in the NID.

(ii) An assessment upon the several properties in the NID in proportion to benefits as ascertained by viewers appointed in accordance with law.

(iii) Any method that equitably apportions costs among benefiting properties.

(iv) In the case of improvements benefiting properties abutting the NID by the front-foot method, with equitable adjustments for corner properties and other cases provided for in the municipal ordinance. Any property which cannot be equitably assessed by the front-foot method may be assessed by any of the above methods.

(c) Payment.—The governing body may by ordinance authorize the payment of the assessment in equal annual or more frequent installments over such time and bearing interest at the rate specified in the municipal ordinance. If bonds have been issued and sold or notes or guarantees have been given or issued to provide for the cost of the services and improvements, the assessment in equal installments shall not be payable beyond the term for which the bonds, notes or guarantees are payable.

(d) Liens.—

(1) Notwithstanding the filing of the claims, all assessments which are made payable in installments shall constitute liens and encumbrances upon the respective benefited properties at the beginning of each

calendar year, except as provided in subsection (c), and only in an amount equal to the sum of:

(i) the annual or other installments becoming payable in such year, with interest and penalties, if any, thereon; and

(ii) the total of all installments, with interest and penalties thereon, which became due during prior years and which remain due and unpaid at the beginning of the current year.

(2) In the case of default in the payment of any installment and interest for a period of 90 days after the payment becomes due, the assessment ordinance may provide either for the entire assessment, with accrued interest and penalties, to become due and become a lien from the due date of the installment or may provide solely for the enforcement of the claim as to the overdue installment, with interest and penalties, in which case the ordinance shall further provide that if any installment or portion thereof remains due and unpaid for one year after it has become due and payable, then the entire assessment with accrued interest and penalties shall become due and become a lien from the due date of the installment.

(3) No action taken to enforce a claim for any installment or installments shall affect the status of any subsequent installment of the same assessment, each of which shall continue to become a lien upon the property annually pursuant to paragraph (1).

(4) The ordinance may contain any other provision relating to installment assessments which is not inconsistent with applicable law.

(5) Any owner of property against whom an assessment has been made may pay the assessment in full at any time, with accrued interest and costs thereon, and such a payment shall discharge the lien of the assessment or installments then constituting a lien and shall also release the claim to any later installments.

(6) Claims to secure the assessments shall be entered in the prothonotary's office of the county at the same time and in the same form and collected in the same manner as municipal tax claims are filed and collected, notwithstanding the provisions of this section as to installment payments.

Section 8. Dissolution of neighborhood improvement district management association and neighborhood improvement district.

(a) Conveying projects.—When any NIDMA shall have finally paid and discharged all bonds which together with the interest due thereon shall have been secured by a pledge of any of the revenues or receipts of a project, it may, subject to any agreements concerning the operation or disposition of such project and the NIDMA bylaws, convey such project or projects to the municipal corporation which established or had established the NIDMA.

(b) Request for termination.—Any request for the termination of the NID and NIDMA approved by 40% of the assessed property owners, in numbers, located in the NID shall be submitted to the governing body of the

municipality in writing. The governing body shall hold a hearing on the merits of same, pursuant to section 5(b)(2) as it relates to the required procedure of holding a hearing. Such written request shall be considered by the governing body of the municipality. If the request is approved by the governing body of the municipality, then a resolution to that effect shall be filed with the Secretary of the Commonwealth, and the secretary shall note the termination of the existence on the record of incorporation and return the resolution with his or her approval shown on the resolution to the municipal corporation. Then the property of the NIDMA shall pass to the municipal corporation, as the case may be, and the NIDMA and NID shall cease to exist. Any request for the termination of the NID and NIDMA by the governing body of the municipality in which the NID is located shall result in a hearing on the merits of same, pursuant to section 5(b)(2) as it relates to the required procedure for holding a hearing. Before the decision to terminate an NID and NIDMA is made, such termination must be approved by 40% of the assessed property owners, in numbers, located in the NID and shall be submitted to the governing body of the municipality in writing. Such written request shall be considered by the governing body of the municipality. If the request is approved by the governing body of the municipality, then a resolution to that effect shall be filed with the Secretary of the Commonwealth, and the secretary shall note the termination of the existence on the record of incorporation and return the resolution with his or her approval shown to the municipal corporation. The property of the NIDMA shall pass to the municipal corporation, as the case may be, and the NIDMA and NID shall cease to exist.

Section 9. Annual audit; report.

The NIDMA shall annually:

(1) submit an audit of all income and expenditures to the Department of Community and Economic Development and the governing body of the municipality in which the NID is located within 120 days after the end of each fiscal year; and

(2) submit a report, including financial and programmatic information, including a summary of audit findings, to the governing body of the municipality in which the NID is located and to all assessed property owners located in the NID.

Section 10. Applicability.

(a) Existing districts.—Except as provided for in subsection (d), any existing business improvement district or downtown improvement district established prior to the effective date of this act shall remain in existence and shall be governed by the act of May 2, 1945 (P.L.382, No.164), known as the Municipality Authorities Act of 1945, insofar as it relates to business improvement districts or 53 Pa.C.S. Ch. 54 (relating to business improvement districts).

(b) Districts created subsequently.—Any NID established subsequent to the effective date of this act shall be governed by the provisions of this act.

(c) Previously terminated districts.—Any business improvement district or downtown improvement district in existence prior to the effective date of this act which is terminated shall, upon its reestablishment, be governed by the provisions of this act. This shall include any termination resulting from a sunset provision in any municipal agreement or ordinance.

(d) Additional requirements.—Any business improvement district or downtown improvement district in existence on the effective date of this act shall:

(1) be required to carry out any duty or responsibility imposed on NIDs under this act; and

(2) possess any additional power given to NIDs under this act without having to restructure or reorganize under this act.

Section 11. Effective date.

This act shall take effect in 60 days.

APPROVED—The 20th day of December, A.D. 2000.

THOMAS J. RIDGE