

LOCAL GOVERNMENT COMMISSION

Wednesday
June 17, 2026

9:00 A.M.

515 Irvis Office Building/
Zoom Livestream

MEMBERS

Senator Scott E. Hutchinson, Chairman
Senator Cris Dush
Senator Dawn Keefer
Senator Timothy P. Kearney
Senator Patty Kim
Representative Robert Freeman
Representative Christina D. Sappey
Representative Ismail Smith-Wade-El
Representative R. Lee James
Representative Brett R. Miller

STAFF

David A. Greene, Executive Director
Kristopher J. Gazsi, Assistant Director-Legal Counsel
Martin A. Toth, Associate Legal Counsel
Julia E. Frey, Senior Research Analyst
Rex Burman, Research Analyst
Karen S. Bear, Executive Assistant
Sonya I. Ebersole, Fiscal Administrator

AGENDA

1. The meeting is called to order.
2. Approval of the minutes of the May 27, 2026, meeting.
3. Approval of the financial reports for May 2026.
4. Potential Commission Legislation:
 - a. Changing the date for municipal filing of Statement of Financial Condition.
 - b. Broadening the definition of “neighborhood organizations” authorized to receive funds from the Neighborhood Assistance Tax Credit.
5. Other business.
6. Adjournment.

Join Zoom Meeting:

<https://us02web.zoom.us/j/88618223771?pwd=US9SVUJJJaXNjQ0paODhwd0JBZEdUeZ09>

Meeting ID: 886 1822 3771

Passcode: 751860

IN-PERSON AND LIVESTREAM BUSINESS MEETING OF THE LOCAL GOVERNMENT COMMISSION

Wednesday, May 27, 2026

The meeting of the Local Government Commission (Commission) was called to order by Representative Robert Freeman at 9:03 a.m. in Room 515 Irvis Office Building with the following Commission Members, staff and guests participating in-person and remotely:

MEMBERS

- Representative Robert Freeman, First Vice Chairman**
- Representative R. Lee James**
- Representative Brett R. Miller**
- Senator Cris Dush**
- Senator Dawn Keefer**
- Senator Timothy Kearney**
- Senator Patty Kim**

STAFF

- David A. Greene, Executive Director**
- Kristopher J. Gazsi, Assistant Director**
- Martin A. Toth, Associate Legal Counsel**
- Julia E. Frey, Senior Research Analyst**
- Rex Burman, Research Analyst**
- Karen S. Bear, Executive Assistant**
- Sonya I. Ebersole, Fiscal Administrator**

GUESTS

- Justin Leventry, Senator Hutchinson’s Office**
- Sam Arnold, Senator Kearney’s Office**
- Luc Miron, Senator Kim’s Office**
- Abreham Kittel, Senator Kim’s Office**
- Brianna Medevich, Senator Kim’s Office**
- Joshua Walker, Senate Local Government Committee (R)**
- Kyle Schaeffer, House Local Government Committee (R)**
- Matthew Buck, Pennsylvania Municipal Authorities Association**
- Amy Sturges, Pennsylvania Municipal League**
- Kaitlin Errickson, Pennsylvania Municipal League**
- Jan Murphy, Pennsylvania NewsMedia Association**
- Ron Grutza, Pennsylvania State Association of Boroughs**
- Logan Stover, Pennsylvania State Association of Boroughs**
- Clint Cullison, Greenlee Partners**
- Tirzah Christopher, PennLive**

The Executive Director made a statement that the in-person and virtual meeting was being recorded and conducted with both Member and Commission staff participation. On Friday, May 8, 2026, notice of the meeting was posted on the committee meeting pages of the Senate of Pennsylvania and the House of Representatives through the Legislative Data Processing Center. The meeting agenda was posted on the Commission’s website, www.lgc.state.pa.us, on Thursday, May 21, 2026, and outside of the Commission’s office located at 506 Irvis Office Building. Any questions on agenda

IN-PERSON AND LIVESTREAM BUSINESS MEETING OF THE LOCAL GOVERNMENT COMMISSION

Page 2 – May 27, 2026

items for consideration by the Commission were addressed during the meeting. The recording of the Commission's business meeting may be found on YouTube.com.

As the first order of business, the Members reviewed the minutes of the March 18, 2026, meeting, which were unanimously approved on a motion by Senator Kearney and a second by Representative Miller. The financial reports for the months of March and April 2026 were presented, and an explanation was given by the Executive Director. The financial reports were unanimously approved on a motion by Senator Dush and a second by Representative James.

Two suggested amendments to Title 8 (Boroughs and Incorporated Towns) of the Pennsylvania Consolidated Statutes were discussed by the Members. The first amendment provides language to Section 905 that would permit the borough council to: (a) appoint temporary auditors based on the number of vacancies, (b) have authority to determine the length of the temporary appointment, and (c) provide discretion to determine the qualification of the temporary auditor.

The second amendment to Title 8 adds language to Section 1310, which states that borough council shall adopt a budget but shall not have total appropriations exceed all estimated revenues as available for the fiscal year. This language mirrors that found in the other municipal codes. Both amendments were suggested by the Pennsylvania Department of Community and Economic Development. After some discussion, the Members unanimously agreed on a motion by Senator Dush and a second by Senator Kim to introduce both amendments into the Senate of Pennsylvania and the House of Representatives as part of the Commission's 2025-2026 legislative package. Senator Kearney and Representative Miller volunteered to be the prime sponsors.

Assistant Director Kris Gazsi gave a summary of the recent Pennsylvania Supreme Court decision *Borough of West Chester vs. PA State System of Higher Education and West Chester University of Pennsylvania*. Mr. Gazsi stated that the Borough of West Chester appealed a decision of the Commonwealth Court finding that its stormwater charge, imposed by ordinance under its home rule powers on the impervious surface of developed land, constitutes a tax, not a fee. Appellee, Pennsylvania State System of Higher Education (PASSHE), opposed West Chester's assertion that the charge be paid by West Chester University (a PASSHE institution) because it is a Commonwealth entity and therefore immune from local taxes. The Supreme Court, in a 4-3 decision with several concurring and dissenting opinions, upheld the Commonwealth Court, finding that providing stormwater management is a duty of local government within its public capacity, and not a quasi-private service that falls within municipal discretion as something that could be provided (or not) by the municipality, or delegated to another entity. Only those charges for services which are quasi-private in nature and funded by a charge reasonably proportional to the extent of use or value of service rendered can be construed as a fee for service. Dissenting justices would have upheld the charge as a fee paid for the service of collecting and removing excess stormwater akin to other forms of waste or wastewater collection and removal.

Simply, the majority found the program to be a public service and distinguished the stormwater management program from traditionally private services like water service and sewer service by noting the sweeping applicability of the charge and rejecting that there is any meaningful implied or express contract relationship between the payor and the service, where a payor has no discretion not to receive the service without razing its structures. Instead, it found that the municipality is carrying out its stormwater program as a duty to the public generally without regard to the extent or value of the service provided to any payor. Thus, the charge is a tax.

IN-PERSON AND LIVESTREAM BUSINESS MEETING OF THE LOCAL GOVERNMENT COMMISSION

Page 3 – May 27, 2026

For background information, the borough of West Chester is a home rule borough with a Municipal Separate Stormwater System (MS4) as well as other stormwater facilities. The borough, by ordinance, imposed a stormwater charge on all developed properties deemed benefited by the system. The amount of the charge reflected the amount of impervious surface on each developed property. The revenue collected from the charge is deposited in its stormwater management fund to be used for enumerated purposes including implementation of the stormwater management program, constructing repairing and operating the system, debt service on capital projects and related costs. A portion of West Chester University campus, comprised of PASSHE and university buildings, lies within the jurisdiction of the borough, and at least a portion of the stormwater that occurs on the campus enters and flows through the borough system or into a nearby watercourse. For this reason, the borough had imposed the stormwater charges against the property.

The Executive Director announced that the House of Representatives and the Commission have signed a memorandum of understanding (MOU) to extend the use of office space by the Commission in the Irvis Office Building of the Pennsylvania State Capitol Complex until August 31, 2029. The original MOU of March 1, 2019, sets forth the terms and conditions for the use of the office space.

As originally discussed at the March 18, 2026, business meeting, the fellowship placement with the Commission through The Pennsylvania State University's Commonwealth of Pennsylvania Science and Technology Policy Program (COPA-STEP) is advancing. Interviews of candidates are scheduled for June 2026 with the selected fellow slated to begin an internship with the Commission in September 2026. COPA-STEP provides dedicated scientific and technical expertise by placing Ph.D.-level scientists and technologists in offices across the General Assembly to evaluate complex scientific and technical issues, interpret data, and contribute as full-time members of their host offices. The aim is to strengthen ties between the scientific community and the General Assembly, while encouraging and equipping more scientists and engineers with the skills for effective careers in public service.

The Executive Director stated he is hopeful that the Commission will receive an increase in its appropriation for fiscal year (FY) 2026-2027, since the Commission's annual appropriation has remained the same since FY 2019-2020. Pennsylvania's 2026-2027 state budget deadline is June 30.

As the last order of business, Senior Research Analyst Julia Frey announced that planning is underway for the sixth annual Local Government Symposium, which is slated for Thursday, September 24. Commission Members were encouraged to share topic ideas with the staff.

The next business meeting is scheduled for Wednesday, June 17, 2026, at 9:00 a.m. in Room 515 Irvis Office Building.

The meeting was adjourned at 9:54 a.m.

ATTESTED:


June 4, 2026

LOCAL GOVERNMENT COMMISSION
FINANCIAL STATEMENT
MONTH OF MAY 2026
GENERAL ACCOUNT

3

APPROPRIATION: 30118

Fiscal Year	Balance as of 07/01/2025	Balance as of 05/01/2026	Current Month Change	Year-to-Date Change	Balance as of 05/31/2026
2023-24	FY Beginning Balance	\$1,283,000.00			
	Monthly Beginning Balance		\$342,190.36		
	Monthly Expenses		(\$14,661.51)		
	Monthly Refunds or Transfers		\$0.00		
	Net Change		(\$14,661.51)	(\$955,471.15)	
	Year-to-Date Balance				\$327,528.85
2024-25	FY Beginning Balance	\$1,104,962.92			
	Monthly Beginning Balance		\$1,228,534.65		
	Monthly Expenses		\$0.00		
	Monthly Refunds or Transfers		\$0.00		
	Net Change		\$0.00	\$123,571.73	
	Year-to-Date Balance				\$1,228,534.65
2025-26	FY Beginning Balance	\$0.00			
	Monthly Beginning Balance		\$1,089,310.60		
	Monthly Expenses		(\$97,678.22)		
	Monthly Refunds or Transfers		\$0.00		
	Net Change		(\$97,678.22)	\$991,632.38	
	Year-to-Date Balance				\$991,632.38
Total Available		\$2,387,962.92			\$2,547,695.88
Three Month Reserve		(268,500.00)			(268,500.00)
Leave Liability as of May 31, 2026		(269,279.48)			(269,279.48)
Total Available Less Reserve & Leave Liability		\$1,850,183.44			\$2,009,916.40

EXPENDITURES: 30118

Monthly Expenses

July	\$105,989.18	Oct.	\$109,286.04	Jan.	\$96,647.60	Apr.	\$97,228.25
Aug.	\$96,180.77	Nov.	\$102,758.14	Feb.	\$112,602.15	May	\$112,339.73
Sept	\$94,019.21	Dec.	\$96,461.15	Mar.	\$99,754.82	Jun	

Itemized Expenses

	Total for Month	Total to Date
Salaries	\$34,389.33	\$372,224.94
Federal Withholding Tax	\$4,696.87	\$51,076.62
State Income Tax	\$1,601.58	\$17,514.52
Keystone - Local Wage Tax	\$894.02	\$9,778.87
Employee Social Security & Medicare	\$3,875.72	\$42,360.21
Employee Senate Benefits	\$510.50	\$5,581.81
State Employee Combined Appeal	\$0.00	\$120.00
Deferred Compensation	\$1,280.00	\$17,905.00
Local Service Tax	\$91.00	\$1,001.00
Employee Unemployment Compensation	\$35.82	\$391.59
State Social Security & Medicare	\$3,875.72	\$42,360.21
Highmark Blue Shield	\$16,955.30	\$183,285.80
Senate Benefits	\$6,509.94	\$70,480.35
State Employee Assistance Program (SEAP)	\$0.00	\$200.00
SWIF	\$0.00	\$1,368.21
Employer Unemployment Compensation	\$0.00	\$1,112.01
Conferences	\$557.56	\$2,805.74
Miscellaneous	\$1,679.12	\$20,666.18
Employer Annuitant Benefits	\$14,661.51	\$56,433.60
Symposium	\$0.00	\$53.00
Retirement - Employee Defined Benefits	\$3,332.52	\$36,446.12
Retirement - Employee Defined Contribution	\$342.72	\$3,769.92
Retirement - Employer Defined Benefits	\$16,813.24	\$183,594.81
Retirement - Employer Defined Contributions	\$237.26	\$2,736.53
Total	\$112,339.73	\$1,123,267.04

**LOCAL GOVERNMENT COMMISSION
CHECKS WRITTEN IN MAY**

5/1/2026	
VT#04500000055351	
Employer Annuitant Benefits	14,661.51
5/1/2026	
VT#20254501011	
Federal income tax deductions	2,308.27
Social Security	1,570.55
Social security deductions	1,570.55
Prescription drug insurance	2,749.44
Harrisburg wage tax deductions	447.01
Dental care insurance	345.17
Medicare insurance	367.31
Local Services Tax	45.50
Medicare deductions	367.31
Vision care insurance	54.43
Employee Contributions deduction	255.25
Hospitalization insurance	8,477.65
State tax deductions	800.79
Group life insurance, additional	22.54
Group life insurance	74.89
UC deductions	17.91
Wages	17,234.83
5/5/2026	
IT#04500000055400	
State Employees' Retirement System	8,406.62
State Employees' Retirement System	1,666.26
5/5/2026	
VT#04500000055401	
Deferred Comp deductions	640.00
Retirement - EmployER Defined Contributions	118.63
Retirement - EmployEE Defined Contribution	171.36
5/7/2026	
VT#04500000055462	
GoTo Communications, Inc.	220.61
Burman, Rex B	254.39
5/18/2026	
VT#20254501012	
Social security deductions	1,570.55
Long-term disability insurance	91.89
Federal income tax deductions	2,388.60
Social Security	1,570.55
Dental care insurance	345.17
Prescription drug insurance	2,749.44
Harrisburg wage tax deductions	447.01
Local Services Tax	45.50
Medicare insurance	367.31
Vision care insurance	54.43
Medicare deductions	367.31
Hospitalization insurance	8,477.65
Employee Contributions deduction	255.25

Group life insurance, additional	22.54
State tax deductions	800.79
UC deductions	17.91
Wages	17,154.50
5/20/2026	
VT#04500000055646	
Thomson Reuters - West	1,204.12
Toth, Martin A	275.00
Gazsi, Kristopher J.	282.56
5/21/2026	
IT#04500000055673	
State Employees' Retirement System	8,406.62
State Employees' Retirement System	1,666.26
5/21/2026	
VT#04500000055674	
Deferred Comp deductions	640.00
Retirement - EmployER Defined Contributions	118.63
Retirement - EmployEE Defined Contribution	171.36

LOCAL GOVERNMENT COMMISSION
 FINANCIAL STATEMENT
 MONTH OF MAY 2026
 CODE ACCOUNT

APPROPRIATION: 30121

Fiscal Year		Balance as of 07/01/2025	Balance as of 05/01/2026	Current Month Change	Year-to-Date Change	Balance as of 05/31/2026
2017-18	FY Beginning Balance	\$117,355.54	\$80,044.00			\$80,044.00
	Monthly Beginning Balance					
	Monthly Expenses			\$0.00		
	Monthly Refunds or Transfers			\$0.00		
	Net Change			\$0.00	(\$37,311.54)	
	Year-to-Date Balance					
2018-19	FY Beginning Balance	\$23,065.40	\$23,065.40			\$23,065.40
	Monthly Beginning Balance					
	Monthly Expenses			\$0.00		
	Monthly Refunds or Transfers			\$0.00		
	Net Change			\$0.00	\$0.00	
	Year-to-Date Balance					
2019-20	FY Beginning Balance	\$24,063.00	\$24,063.00			\$24,063.00
	Monthly Beginning Balance					
	Monthly Expenses			\$0.00		
	Monthly Refunds or Transfers			\$0.00		
	Net Change			\$0.00	\$0.00	
	Year-to-Date Balance					
2020-21	FY Beginning Balance	\$24,000.00	\$24,000.00			\$24,000.00
	Monthly Beginning Balance					
	Monthly Expenses			\$0.00		
	Monthly Refunds or Transfers			\$0.00		
	Net Change			\$0.00	\$0.00	
	Year-to-Date Balance					
2021-22	FY Beginning Balance	\$23,845.20	\$23,845.20			\$23,845.20
	Monthly Beginning Balance					
	Monthly Expenses			\$0.00		
	Monthly Refunds or Transfers			\$0.00		
	Net Change			\$0.00	\$0.00	
	Year-to-Date Balance					
2022-23	FY Beginning Balance	\$20,401.25	\$20,401.25			\$20,401.25
	Monthly Beginning Balance					
	Monthly Expenses			\$0.00		
	Monthly Refunds or Transfers			\$0.00		
	Net Change			\$0.00	\$0.00	
	Year-to-Date Balance					
2023-24	FY Beginning Balance	\$20,273.95	\$20,273.95			\$20,273.95
	Monthly Beginning Balance					
	Monthly Expenses			\$0.00		
	Monthly Refunds or Transfers			\$0.00		
	Net Change			\$0.00	\$0.00	
	Year-to-Date Balance					
2024-25	FY Beginning Balance	\$19,465.00	\$19,265.80			\$19,265.80
	Monthly Beginning Balance					
	Monthly Expenses			\$0.00		
	Monthly Refunds or Transfers			\$0.00		
	Net Change			\$0.00	(\$199.20)	
	Year-to-Date Balance					
2025-26	FY Beginning Balance	\$0.00	\$24,000.00			\$24,000.00
	Monthly Beginning Balance					
	Monthly Expenses			\$0.00		
	Monthly Refunds or Transfers			\$0.00		
	Net Change			\$0.00	\$24,000.00	
	Year-to-Date Balance					
Total Available		\$272,469.34				\$258,958.60

LOCAL GOVERNMENT COMMISSION
 FINANCIAL STATEMENT
 MONTH OF MAY 2026
 CODE ACCOUNT

EXPENDITURES: 30121

Monthly Expenses

July	Oct.		Jan.		Apr.	\$730.00
Aug.	Nov.	\$31,437.00	Feb.	\$5,345.54	May	
Sept	Dec.		Mar.		June	

Itemized Expenses

	<u>Total for Month</u>	<u>Total to Date</u>
Miscellaneous	\$0.00	\$51.00
Metered mail postage	\$0.00	\$5,345.54
Other publications	\$0.00	\$32,116.00
Total	\$0.00	\$37,512.54

Section 123. Powers and duties of municipalities.

(a) File completed survey.--On or before [March 15] January 31 of each year, every municipality shall return to the department a completed Survey of Financial Conditions referred to in section 121(a). No municipality shall receive its [alloted] allotted payments pursuant to the act of June 1, 1956 (1955 P.L.1944, No.655), referred to as the Liquid Fuels Tax Municipal Allocation Law, unless it complies with the provisions of this section, notwithstanding a provision of law to the contrary, [including any provisions which require payment prior to March 15,] and the Department of Transportation may not disburse funds to a municipality pursuant to the Liquid Fuels Tax Municipal Allocation Law until notified by the department that the municipality has complied with the provisions of this section.



4B

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**LOCAL GOVERNMENT
COMMISSION**
Created in 1935

EXECUTIVE DIRECTOR
David A. Greene

ASSISTANT DIRECTOR
Kristopher J. Gazsi

MEMBERS

Senator Scott E. Hutchinson
Senator Cris Dush
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Representative Brett R. Miller

17 June 2026

TO: Members of the Local Government Commission

FROM: Rex Burman, Research Analyst

SUBJECT: Neighborhood Assistance Program

Neighborhood Assistance Program (NAP)

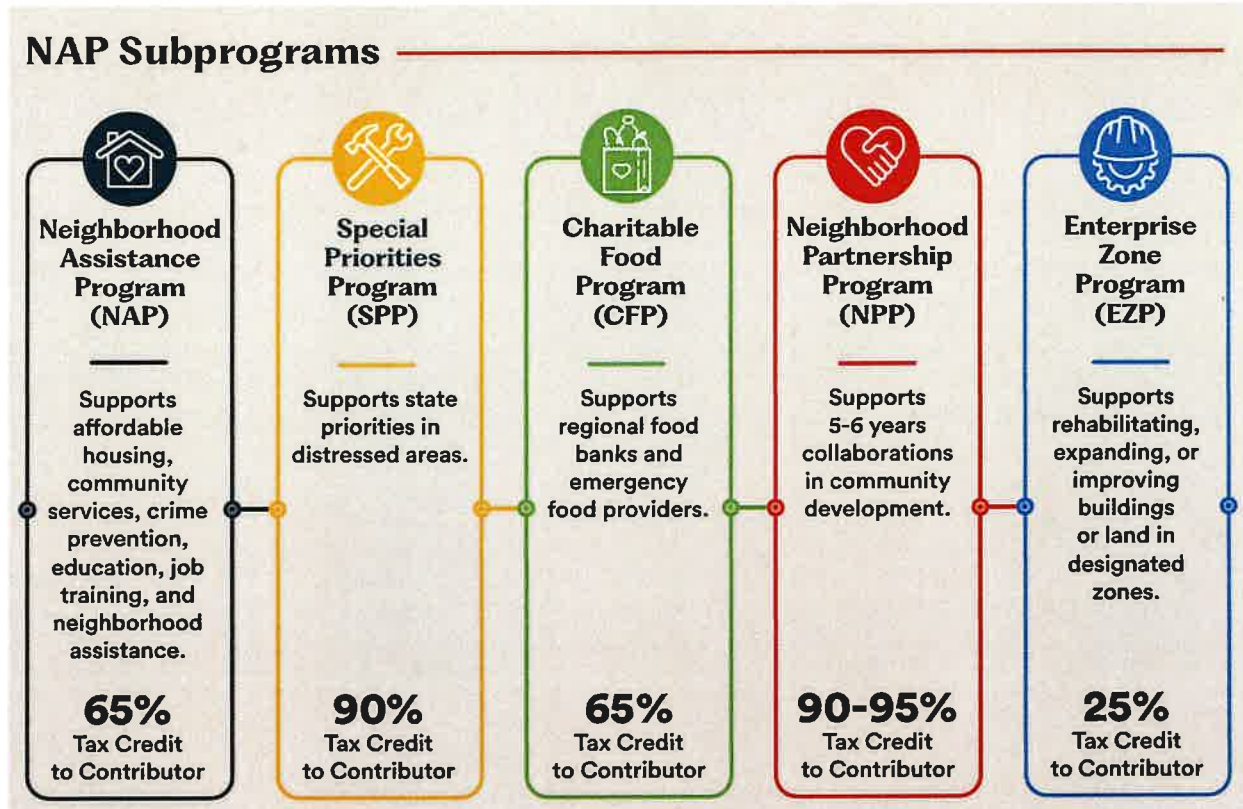
Overview

The goals of NAP are to provide resources to assist low-income and distressed neighborhoods and communities, encourage positive health outcomes, and address the safety and welfare of their residents. As a result, NAP encourages communities to pursue and achieve fiscal well-being and self-sufficiency.¹

There are five components: The Neighborhood Assistance Program Tax Credit (NAP), the Special Program Priorities (SPP), the Neighborhood Partnership Program (NPP), the Charitable Food Program (CFP) and the Enterprise Zone Program Tax Credit (EZP).²

¹ [Neighborhood Assistance Program Guidelines 2026](#)

² [Neighborhood Assistance Program Guidelines 2026](#)



Source: DCED³

The goal of NAP is to encourage community participation and partnerships among nonprofits, businesses and residents, aiming to benefit distressed areas and/or low-income populations.⁴

NAP helps nonprofits achieve their goals by supporting projects that revitalize and energize Pennsylvania communities. Tax credit programs like NAP foster vital relationships between nonprofits and the private sector. NAP is a potent way for nonprofits to offset project costs while also empowering businesses to make meaningful contributions to their communities.⁵

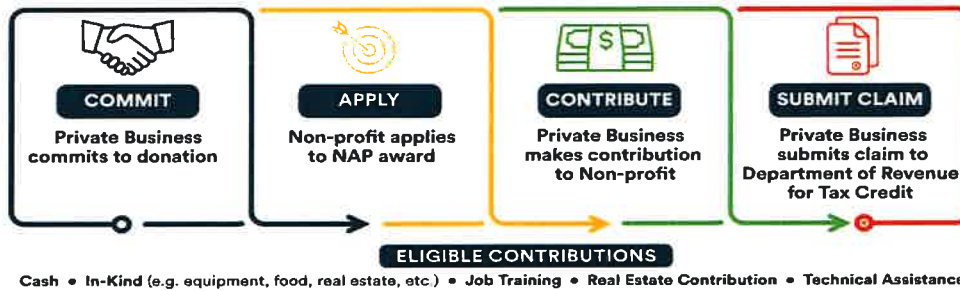
Process

Eligible neighborhood nonprofits (“Applicants”) apply for tax credits based on pending contributions from for-profit companies (“Contributors”).⁶

³ [Neighborhood Assistance Program \(NAP\) Brochure](#)
⁴ [Neighborhood Assistance Program \(NAP\) Brochure](#)
⁵ [Neighborhood Assistance Program \(NAP\) Brochure](#)
⁶ [Neighborhood Assistance Program Guidelines 2026](#)

How it Works

After DCED reviews all applications and announces awards, businesses must make their contributions to committed organizations by June 30 in the year in which the credits were awarded. Businesses have until December 31 of the following year to apply for their tax credit from the Commonwealth.



Source: DCED⁷

Each program, except the Enterprise Zone Program (EZP), has its own checklist for application which can be found here: [Neighborhood Assistance Program \(NAP\) - PA Department of Community & Economic Development](#).

The EZP has its own set of guidelines. Eligible applicants include:

- Units of local government to include counties, cities, boroughs, townships, towns, and home rule municipalities,
- Redevelopment authorities and authorities,
- Nonprofit organizations to include economic development organizations,
- Community development corporations,
- and Business improvement districts, neighborhood improvement districts, downtown improvement districts, and similar organizations incorporated as authorities.⁸

The Pennsylvania Department of Revenue evaluates all contributors for state tax compliance prior to project approval. Applications from eligible contributors cleared for state tax compliance during the clearance verification period will move forward in the tax credit approval process.⁹

DCED Priorities

In FY2026-27, the Department will prioritize applications that align with the vision and goals of newly developed Commonwealth's Housing Action Plan & Economic Development Strategy in addition to childcare. These priorities include:

- Affordable Housing Development
- Affordable Housing Support Services
- Access to Affordable and Reliable Childcare¹⁰

⁷ [Neighborhood Assistance Program \(NAP\)](#)

⁸ [Enterprise Zone Program Designations Guidelines](#)

⁹ [NAP Business Contributor Handbook](#)

¹⁰ [Neighborhood Assistance Program Guidelines 2026](#)

Approval Process¹¹

1. Approval Letter

- a. Upon approval of an application by DCED, an approval letter will be issued. The approval letter is the offer of a binding agreement that outlines the terms and conditions of the award.
- b. To become effective, the approval letter must be signed by the applicant and returned to DCED within 60 days of the offer.
- c. The approval letter becomes a binding agreement between DCED and the applicant when it is signed and remitted to DCED. This binding agreement may be referred to as a contract.

2. Upon receipt of the binding agreement from the applicant, DCED will:

- a. Notify the contributor(s) the tax credit project is approved, and
- b. Provide a copy of the binding agreement to the contributor and provide a blank Application for Tax Credit under the Neighborhood Assistance Act form to the contributor(s) for completion and return to DCED with documentation that the contribution is complete. This form may be found on the website under the Neighborhood Assistance Program information.

3. Applications not approved for funding will receive letters notifying applicants of DCED's decision.

4. NAP should not be considered as an ongoing entitlement program. All applications are reviewed and scored on a yearly basis. Prior-year approvals or awards under this program do not guarantee automatic approval of any application or project regardless of its type of tax credit.

Tax Credits¹²

The Neighborhood Assistance Program (NAP) makes it easy for businesses to support their communities while getting valuable tax benefits. By contributing to a local project, businesses can receive up to 95% in Pennsylvania state tax credits, reducing the financial cost of their donation. Businesses can apply NAP tax credits to:

- Personal Income Tax (via pass-through entities)
- Corporate Net Income Tax
- Bank Shares Tax
- Title Insurance & Trust Company Shares Tax
- Insurance Premiums Tax (excluding surplus lines, unauthorized, and marine insurance)
- Mutual Thrift Institutions Tax

¹¹[Neighborhood Assistance Program Guidelines 2026](#)

¹²[Neighborhood Assistance Program: Business Contributor - PA Department of Community & Economic Development](#)

ARTICLE XIX-A

NEIGHBORHOOD ASSISTANCE TAX CREDIT

(Art. added June 16, 1994, P.L.279, No.48)

Compiler's Note: Section 301(a)(9) of Act 58 of 1996, which created the Department of Community and Economic Development and abolished the Department of Community Affairs, provided that housing, community assistance and other functions under Article XIX-A are transferred from the Department of Community Affairs to the Department of Community and Economic Development.

Section 1901-A. Short Title.--This article shall be known and may be cited as the Neighborhood Assistance Act.

(1901-A added June 16, 1994, P.L.279, No.48)

Section 1902-A. Definitions.--The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

"Affordable housing." Housing that serves median-income, low-income, very low-income and extremely low-income families as those terms are defined in section 3 of the United States Housing Act of 1937 (50 Stat. 888, 42 U.S.C. § 1437 et seq.) based on the area median income as determined by the Federal Housing Finance Agency. (Def. added July 13, 2016, P.L.526, No.84)

"Business firm." Any business entity authorized to do business in this Commonwealth and subject to taxes imposed by Article III, IV, VI, VII, VIII, IX or XV of this act. The term shall include a pass-through entity. (Def. amended July 25, 2007, P.L.373, No.55)

"Charitable food program." An emergency food provider or a regional food bank as defined in section 2 of the act of December 11, 1992 (P.L.807, No.129), known as the "State Food Purchase Program Act." (Def. added July 2, 2012, P.L.751, No.85)

"Community services." Any type of counseling and advice, emergency assistance, food assistance or medical care furnished to individuals or groups in an impoverished area. (Def. amended July 2, 2012, P.L.751, No.85)

"Comprehensive service plan." A strategy developed jointly by a neighborhood organization and a sponsoring business firm or private company for the stabilization and improvement of an impoverished area within an urban neighborhood or rural community.

"Comprehensive service project." Any activity conducted jointly by a neighborhood organization and a sponsoring business firm which implements a comprehensive service plan.

"Crime prevention." Any activity which aids in the reduction of crime in an impoverished area.

"Domestic violence or veterans' housing assistance." Furnishing financial assistance, labor, material and technical advice to aid in the acquisition, construction, renovation or rehabilitation of real property in an impoverished area that will be used to provide housing for victims of domestic violence or veterans. (Def. added July 13, 2016, P.L.526, No.84)

"Education." Any type of scholastic instruction or scholarship assistance to an individual who resides in an impoverished area that enables that individual to prepare for better life opportunities.

"Enterprise zones." Specific locations with identifiable boundaries within impoverished areas which are designated as enterprise zones by the Secretary of Community and Economic Development.

"Impoverished area." Any area in this Commonwealth which is certified as such by the Department of Community and Economic Development and the certification is approved by the Governor. Such certification shall be made on the basis of Federal census studies and current indices of social and economic conditions.

"Job training." Any type of instruction to an individual who resides in an impoverished area that enables that individual to acquire vocational skills so that the individual can become employable or be able to seek a higher grade of employment.

"Neighborhood assistance." Furnishing financial assistance, labor, material and technical advice to aid in the physical improvement of any part or all of an impoverished area.

"Neighborhood organization." Any organization performing community services, offering neighborhood assistance or providing job training, affordable housing, domestic violence or veterans' housing assistance, education or crime prevention in an impoverished area, that is approved by the Department of Community and Economic Development and is either:

- (1) holding a ruling from the Internal Revenue Service of the United States Department of the Treasury that the organization is exempt from income taxation under the provisions of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.) [and approved by the Department of Community and Economic Development.] (Def. amended July 13, 2016, P.L.526, No.84) ;or**
- (2) a council of government, consortium or other similar entity established by two or more municipalities under 53 Pa.C.S. Ch. 23, Sbch. A.**

"Pass-through entity." A partnership as defined under section 301(n.0) or a Pennsylvania S corporation as defined under section 301(n.1). (Def. added July 25, 2007, P.L.373, No.55)

"Private company." Any agricultural, industrial, manufacturing or research and development enterprise as defined in section 3 of the act of May 17, 1956 (1955 P.L.1609, No.537), known as the

"Pennsylvania Industrial Development Authority Act," or any commercial enterprise as defined in section 3 of the act of August 23, 1967 (P.L.251, No.102), known as the "Economic Development Financing Law."

"Qualified investments." Any investments made by a private company which promote community economic development pursuant to a plan which has been developed in cooperation with and approved by a neighborhood organization operating pursuant to a plan for the administration of tax credits approved by the Department of Community and Economic Development.

"Secretary." The Secretary of Community and Economic Development of the Commonwealth.

"Youth and adolescent development services." Financial assistance to provide services to youth and adolescents who are 21 years of age and younger, including job training and apprenticeship programs, job placement and retention training, education and after school programs, such as school programs with shared governance by students, teachers and parents, and activities for youth between the hours of 3 p.m. and 11 p.m., mentoring programs, conflict resolution skills training, sports, arts, life skills, employment and recreation programs, summer jobs, summer recreation programs and alternative school resources for youth who have dropped out of school or demonstrate chronic truancy. (Def. added June 28, 2019, P.L.50, No.13)

(1902-A amended May 7, 1997, P.L.85, No.7)

Section 1903-A. Public Policy.--It is hereby declared to be public policy of this Commonwealth to encourage investment by business firms in offering neighborhood assistance and providing job training, education, crime prevention, youth and adolescent development services and community services, to encourage contributions by business firms to neighborhood organizations which offer and provide such assistance and services and to promote qualified investments made by private companies to rehabilitate, expand or improve buildings or land which promote community economic development and which occur in portions of impoverished areas which have been designated as enterprise zones.

(1903-A amended June 28, 2019, P.L.50, No.13)

Section 1904-A. Tax Credit.--(a) Any business firm which engages or contributes to a neighborhood organization which engages in the activities of providing neighborhood assistance, comprehensive service projects, affordable housing, domestic violence or veterans' housing assistance, job training or education for individuals, community services, youth and adolescent development services or crime prevention in an impoverished area or private company which makes qualified investment to rehabilitate, expand or improve buildings or land located within portions of impoverished areas which have been designated as enterprise zones shall receive a tax credit as provided in section 1905-A if the secretary annually approves the proposal of such business firm or private company. The proposal shall set forth the program to be conducted, the impoverished area selected, the estimated amount to be invested in the program and the plans for implementing the program. ((a) amended June 28, 2019, P.L.50, No.13)

(b) The secretary is hereby authorized to promulgate rules and regulations for the approval or disapproval of such proposals by business firms or private companies. The secretary shall provide a

report listing of all applications received and their disposition in each fiscal year to the General Assembly by October 1 of the following fiscal year. The secretary's report shall include all taxpayers utilizing the credit and the amount of credits approved, sold or assigned. Notwithstanding any law providing for the confidentiality of tax records, the information in the report shall be public information, and all report information shall be posted on the secretary's Internet website.

(b.1) The secretary shall take into special consideration, when approving applications for neighborhood assistance tax credits, applications which involve:

- (1) multiple projects in various markets throughout this Commonwealth;
- (2) charitable food programs; and
- (3) youth and adolescent development services.

((b.1) amended June 28, 2019, P.L.50, No.13)

(b.2) The secretary, in cooperation with the Department of Agriculture, shall promulgate guidelines for the approval or disapproval of applications for tax credits by business firms that contribute food or money to charitable food programs.

(b.3) The secretary, in cooperation with the Department of Military and Veterans Affairs, shall promulgate guidelines for the approval or disapproval for tax credits by business firms that contribute to veterans' housing assistance.

(c) The total amount of tax credit granted for programs approved under this act shall not exceed seventy-two million dollars (\$72,000,000) of tax credit in any fiscal year. ((c) amended July 11, 2024, P.L.674, No.56)

(c.1) No more than two million dollars (\$2,000,000) of the total amount of tax credit available under subsection (c) shall be used for youth and adolescent development services. ((c.1) added June 28, 2019, P.L.50, No.13)

(d) A taxpayer, upon application to and approval by the Department of Community and Economic Development, may sell or assign, in whole or in part, a neighborhood assistance tax credit granted to the business firm under this article if no claim for allowance of the credit is filed within one year from the date the credit is granted by the Department of Revenue under section 1905-A. The Department of Community and Economic Development and the Department of Revenue shall jointly promulgate guidelines for the approval of applications under this subsection.

(e) The purchaser or assignee of a neighborhood assistance tax credit under subsection (d) shall immediately claim the credit in the taxable year in which the purchase or assignment is made. The purchaser or assignee may not carry over, carry back, obtain a refund of or sell or assign the neighborhood assistance tax credit. The purchaser or assignee shall notify the Department of Revenue of the seller or assignor of the neighborhood assistance tax credit in compliance with procedures specified by the Department of Revenue.

(f) The neighborhood assistance tax credit approved by the Department of Community and Economic Development shall be applied against the business firm's tax liability for the taxes under section 1905-A for the current taxable year as of the date on which the credit was approved before the neighborhood assistance tax credit may be carried over, sold or assigned.

(1904-A amended July 13, 2016, P.L.526, No.84)

Compiler's Note: Section 30(9) of Act 56 of 2024 provided that the amendment of subsection (c) shall apply to fiscal years beginning after June 30, 2024.

Section 1905-A. Grant of Tax Credit.--(a) The Department of Revenue shall grant a tax credit against any tax due under Article III, IV, VI, VII, VIII, IX or XV of this act, or any tax substituted in lieu thereof in an amount which shall not exceed sixty-five per cent of the total amount contributed during the taxable year by a business firm or twenty-five per cent of qualified investments by a private company in programs approved pursuant to section 1904-A of this act: Provided, That a tax credit of up to ninety per cent of the total amount contributed during the taxable year by a business firm or up to thirty-five per cent of the amount of qualified investments by a private company may be allowed for investment in programs where activities fall within the scope of special program priorities as defined with the approval of the Governor in regulations promulgated by the secretary, and Provided further, That a tax credit of up to ninety per cent of the total amount contributed during the taxable year by a business firm in comprehensive service projects with five-year commitments and up to ninety-five per cent of the total amount contributed during the taxable year by a business firm in comprehensive service projects with six-year or longer commitments shall be granted, and Provided further, That a tax credit of up to ninety per cent of the total amount contributed during the taxable year by a business firm in veterans' housing assistance approved under section 1904-A(b.3) shall be granted. Such credit shall not exceed one million dollars (\$1,000,000) annually for contributions or investments to fewer than four projects or two million five hundred thousand dollars (\$2,500,000) annually for contributions or investments to four or more projects. No tax credit shall be granted to any bank, bank and trust company, insurance company, trust company, national bank, savings association, mutual savings bank or building and loan association for activities that are a part of its normal course of business. Any tax credit not used in the period the contribution or investment was made may be carried over for the next five succeeding calendar or fiscal years until the full credit has been allowed. A business firm shall not be entitled to carry back or obtain a refund of an unused tax credit. The total amount of all tax credits allowed pursuant to this act shall not exceed seventy-two million dollars (\$72,000,000) in any one fiscal year. Of that amount, two million dollars (\$2,000,000) shall be allocated exclusively for pass-through entities. However, if the total amounts allocated to either the group of applicants, exclusive of pass-through entities, or the group of pass-through entity applicants is not approved in any fiscal year, the unused portion shall become available for use by the other group of qualifying taxpayers. ((a) amended July 11, 2024, P.L.674, No.56)

(b) Notwithstanding any other provision of law and except for the tax credits which are granted under subsection (a) on the effective date of this subsection, no additional tax credits may be granted under this article.

(1905-A amended Oct. 24, 2018, P.L.675, No.100)

Compiler's Note: Section 30(9) of Act 56 of 2024 provided that the amendment of subsection (a) shall apply to fiscal years beginning after June 30, 2024.

Section 1906-A. Decision in Writing.--The decision of the secretary to approve or disapprove a proposal pursuant to section 1904-A of this act shall be in writing, and, if it approves the proposal, it shall state the maximum credit allowable to the business firm. A copy of the decision of the secretary shall be transmitted to the Governor and to the Secretary of Revenue.

(1906-A amended May 7, 1997, P.L.85, No.7)

Section 1907-A. Pass-Through Entity.--(a) If a pass-through entity has any unused tax credit under section 1905-A, the entity may elect, in writing, according to the department's procedures, to transfer all or a portion of the credit to shareholders, members or partners in proportion to the share of the entity's distributive income to which the shareholder, member or partner is entitled.

(b) The credit provided under subsection (a) is in addition to any neighborhood assistance tax credit to which a shareholder, member or partner of a pass-through entity is otherwise entitled under this article. However, a pass-through entity and a shareholder, member or partner of a pass-through entity may not claim a credit under this article for the same qualified neighborhood assistance investment or contribution.

(c) A shareholder, member or partner of a pass-through entity to whom credit is transferred under subsection (a) must immediately claim the credit in the taxable year in which the transfer is made. The shareholder, member or partner may not carry forward, carry back, obtain a refund of or sell or assign the credit.

(1907-A added July 25, 2007, P.L.373, No.55)

Section 1908-A. Reporting.--The Department of Community and Economic Development shall issue a report within 12 months of the effective date of this section and each five years thereafter. The report shall include a funding evaluation of the neighborhood assistance program and recommendations for the tax credit, specifically including ways the department can interact with and promote the inclusion of community organizations that have not previously been included in projects receiving credits. Copies of the report shall be submitted to the chair and minority chair of the Finance Committee of the Senate and the chair and minority chair of the Finance Committee of the House of Representatives.

(1908-A added Oct. 24, 2018, P.L.675, No.100)



REQUEST FOR PANEL PARTICIPANTS Local Government Symposium - - September 24, 2026

The Local Government Commission is requesting proposals for panel participation for its 6th Annual Local Government Symposium. The Symposium, much like the overall mission of the Commission itself, will provide a platform where practitioners, policymakers, and researchers can connect, share research and policy proposals, spread awareness of local government issues and successes, and work towards increasing the effectiveness and efficiency of municipal government in Pennsylvania.

Municipalities provide the closest link between citizens and their government. The needs and expectations that citizens have are constantly evolving, and often that evolution creates a more complex environment in which local governments must operate. How have local governments adapted to these changes? What challenges do they still face? This year's Symposium will feature several panels on topics facing municipalities, both today and in the future. In addition to original panel topic submissions, we are particularly interested in panels discussing:

- Land Use and Planning (particularly in regard to data centers)
- Municipal Management
- Right to Know Law (particularly dealing with AI and malicious use issues)
- Stormwater Management (in the wake of *West Chester v. PASSHE*)
- Challenges, Strategies, and Opportunities of Hosting Major Events (from street fairs to international events)
- Blight Mitigation and Remediation
- Privacy Concerns in an Increasingly Technological Society

We look forward to hearing from experts, practitioners and researchers. We are anticipating panel participants to include local government officials, university faculty and students, state and regional professionals who study and work with local governments, state legislators, and other stakeholders. The Symposium will be a **fully online** event this year, with presentations livestreamed via Zoom. Video recordings of the panels, along with any supporting documentation, will be posted on the Local Government Commission website after the Symposium.

By **August 14, 2026**, please submit a brief abstract of your proposed panel participation. Proposals should include, in addition to identifying the topic from above in which you would like to participate (or propose your own panel), your background relevant to Pennsylvania local government. Successful participants will be notified by **September 1, 2026**. The symposium will take place on **Thursday, September 24, 2026**.

Please email abstracts, and any questions you may have regarding the event, to Julia Frey no later than **August 14, 2026**.

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