October 14, 2016

Honorable Randy Albright
Secretary of the Budget
Governor’s Budget Office
238 Main Capitol Building
Harrisburg, PA 17120

Dear Secretary Albright

I hereby certify, pursuant to Act 84 of 2016, that the amount of state taxes attributable to the Lancaster City Revitalization and Improvement Zone (CRIZ) in 2015 to be transferred from the General Fund to the Lancaster CRIZ Fund totals $3,400,253.77 as of June 15, 2016.

This amount reflects $258,844.58 in state taxes remitted between Jan. 1 and Dec. 31, 2015 by 41 businesses, as defined under Act 84 as “new businesses” within the program and $3,141,409.19 in incremental tax growth by 433 businesses with an established baseline.

The 2015 official state tax baseline for the Lancaster CRIZ is $12,432,704.32. This includes $194,089.61 in state taxes reported by 79 businesses existing within or relocating into the zone that filed CRIZ state tax reports for the first time for 2015 and a reduction to the baseline of ($1,515,958.71) from adjustments to the baseline in the previous year.

Respectfully,

Eileen McNulty
Secretary of Revenue

cc:  C. Daniel Hassell, Deputy Secretary for Tax Policy
     Matt Forti, Economic Development Coordinator
CITY REVITALIZATION AND IMPROVEMENT ZONE (CRIZ) 
LANCASTER PROGRAM RECORD

STATE RECORD

PROGRAM YEAR: 2015

TAX PERIOD: January 1 to December 31, 2015

Total State Taxes Attributable to the Lancaster CRIZ

$ 13,608,071.03 Total business trust fund taxes attributable to the CRIZ, including employer withholding, sales, use and hotel occupancy tax from businesses and contractors

$ 1,396,972.12 Total corporation taxes and miscellaneous taxes attributable to the CRIZ

$ (109,084.99) Total refunds granted to taxpayers reducing state taxes attributable to the CRIZ.

$ 14,895,958.16 Total 2015 General Fund tax revenue attributable to the Lancaster CRIZ.

State Taxes Certified as Attributable to the Lancaster CRIZ from businesses as defined under Act 84 as "new businesses" within the program.

$ 258,844.58 Total 2015 General Fund tax revenue classified as growth attributable to new tax revenue within the Lancaster CRIZ.

Calculation of Baseline Increment

$ 3,141,409.19 Increment calculated on a per business basis between the official baseline established per business entity and 2015 General Fund tax revenue attributable to each business entity within the Lancaster CRIZ.

Fund Transfer

$ 3,400,253.77 Total tax dollars certified for transfer to the Lancaster CRIZ Authority

Baseline Recalculation

$ 13,754,573.43 2014 baseline for the CRIZ program

$ (1,321,869.11) 2015 baseline adjustments (increases or decreases to the baseline as required by changes in the baseline population).

$ 12,432,704.32 Official 2015 state tax baseline for the Lancaster CRIZ

$ 6,216,352.16 Maximum state borrowing permitted for debt service on bonds issued by the Authority
Filing Compliance

553 Total CRIZ tax reports received by the June 15 filing deadline from businesses identified as within the CRIZ by the Lancaster CRIZ Authority.

672 Total businesses identified by the authority on June 1, 2016, to the Department of Revenue as qualified businesses required to file CRIZ reports.

Some businesses appropriately filed multiple CRIZ state tax reports reflecting taxes attributable to different parcels within the Lancaster CRIZ.

The state tax baseline will be reviewed and adjusted on an annual basis. Any qualified business within the zone that did not file a CRIZ report by the June 15 filing deadline will have opportunity to file CRIZ reports in future years, and each first-year's report will be added to the tax baseline. In addition, all businesses classified as Pennsylvania relocations will be added to the baseline upon filing a first-year report.