

Lancaster City Revitalization & Improvement Zone (CRIZ)

2018 Contractor Reporting & Information Packet

For Calendar Year Reporting January 1 - December 31, 2018
Due on or before June 15, 2019



What is the City Revitalization & Improvement Zone (CRIZ)?

Created by a state law in 2013, the City Revitalization & Improvement Zone (CRIZ) is a special district that encourages development and revitalization in certain sized communities across the Commonwealth. Lancaster is one of two cities to receive the first designations. The CRIZ consists of approximately 130 acres in downtown Lancaster and in selected areas in the remaining parts of the city. Under the law, certain state and local tax revenues generated by new and existing businesses within the CRIZ, as well as contractors working on CRIZ-financed projects, can be used to pay debt on bonds and loans that are issued for qualifying capital improvements in the zone. The baseline year is the year the zone was approved. Lancaster's baseline year is 2013.

The CRIZ is overseen and managed by the Lancaster City Revitalization and Improvement Zone Authority. The Authority meets on the 4th Tuesday of every month beginning at 4 p.m. Meetings are held in the City Commission Meeting Room on the 1st floor of City Hall, 120 North Duke Street. For more information, visit the CRIZ Authority website here:

<http://cityoflanasterpa.com/government/criz-authority>

To see if your business is in the CRIZ, go to the Authority's link below:
www.cityoflanasterpa.com/business/criz

Click on the CRIZ map and then type in the street address.

Why was the CRIZ created?

The Commonwealth created the CRIZ to spur the revitalization of communities like the City of Lancaster by capturing certain state and local taxes and channeling those taxes back to the local municipality to help finance redevelopment and new construction opportunities.

As a business and/or property owner located in the CRIZ, your business activity will contribute toward your community's growth simply by filing the required annual, confidential reports to state and local officials to ensure that eligible taxes are captured and redirected back to Lancaster. Over time, areas included in the CRIZ are expected to see further redevelopment which translates into additional jobs, reduced vacancies, more foot traffic for businesses and improved safety and cleanliness.

The CRIZ program is a long-term investment by the Commonwealth, the City, its businesses and property owners in the economic health of Lancaster.

CRIZ Benefits to Lancaster:

- New commerce, increased tourism, new companies
- New jobs
- A strengthened, more collaborative and dynamic community
- A range of housing options
- A distinctive, attractive, and vibrant downtown and neighborhood commercial hubs
- Smart growth that encourages multiple land uses while preserving open space and historic buildings

CRIZ Benefits to Your Business:

- Opportunity to finance small scale projects to improve or expand your business if it is located within the CRIZ
- Increased investor confidence in the city
- Expected property value increase if you own property in the city
- Improved safety & streetscapes
- Increased foot traffic with:
 - More visitors and tourists visiting the city
 - New or expanded hotels, restaurants, retail
 - More people working in the CRIZ that could patronize your business

CRIZ Reporting - what do I have to do?

Business owners and contractors doing business in the CRIZ will not incur any additional taxes as a result of the CRIZ. However, under the CRIZ law, you are required to report the taxes your business already pays and reports to state and local agencies. Please begin completing your CRIZ reporting forms well in advance of the deadline.

WHAT

Reporting is on a CASH BASIS...meaning, you report what your business has **actually paid** from January 1, 2018 through December 31, 2018, regardless of what tax year it's for. You must complete and file all forms for 2018 to be received by the Pennsylvania Department of Revenue (DOR) and the City of Lancaster (COL) on or before **June 15, 2019**. Please begin reporting efforts well before the deadline noted above and maintain evidence of timely filing. Assistance is available—see page 9.

Below is a list of CRIZ tax reports that need to be filed. Please see the next page for a complete table of applicable state and local taxes.

Pennsylvania State (Department of Revenue) Form - **STATE:**

- 1** CRIZ Zone Program Tax Report - MUST BE FILED ELECTRONICALLY

Electronic filing and instructions will be available from April 1 to June 15, 2019 at:

<https://www.etides.state.pa.us/NIZCRIZ/ESignature/Account/LogOn?ReturnUrl=%2fNIZCRIZ%2fDefault.aspx>

When you are ready to file the CRIZ report online, you must sign in using your e-TIDES account number. If you don't have one, please obtain one by following "New Users" registration. **Once you have filed and before signing off, print the state filing for your records (includes a four-digit confirmation number).**

Read the CRIZ legislation here: <http://bit.ly/1np31F1> (and scroll down to Article XVIII-C.)

Visit the Department of Community & Economic Development's CRIZ website here: <http://bit.ly/1jBsnz1>

City of Lancaster Form - **LOCAL:**

- 1** CRIZ Program Local Tax Report - City of Lancaster - MUST BE MAILED, E-MAILED OR HAND-DELIVERED

Please visit the City of Lancaster's website at:
www.cityoflancasterpa.com/business/criz

Complete and send or e-mail completed form to:

City of Lancaster
Attn: CRIZ Reports
P.O. Box 1599
Lancaster, PA 17608-1599
or CrizReports@cityoflancasterpa.com

CRIZ Attributable Tax Summary - Lancaster Contractors

Applicable state and local taxes are noted below.

From this list of taxes, determine which of these taxes your business paid on a cash basis in 2018 and report those payments on the forms.

1 STATE Pennsylvania State (Department of Revenue) Taxes:

See Example

5	Employer Withholding Tax - includes CRIZ Projects	EWH-CRIZ Project
7	Sales & Use Tax Paid by Contractor for Materials for Projects in the Zone	C-SU
9	PIT Passthrough Tax - Excludes Passive Income - includes CRIZ Projects	PIT-CRIZ Project

1 LOCAL City of Lancaster Taxes:

See Example

1	Local Employer Wage	EIT/PIT-CRIZ Project
2	Earned Income Tax (PIT - Excludes Passive Income)	EIT/PIT-CRIZ Project
3	Local Service Tax	LST-CRIZ Project

How does the CRIZ reporting process work?

BASELINE YEAR: 2013

REPORTING

START

My business is located in the CRIZ or I am a contractor working on a CRIZ project.

YES

Business included on master business listing (provided to taxing bodies by June 1, 2019) & required to file local & state CRIZ tax report by June 15, 2019 for 2018 calendar year (for cash basis tax payments made during 12 months of calendar year). See list of taxes on page 4.

Qualified business or contractor sends CRIZ Tax Reports.

To be received by June 15, 2019

BASELINE

State (PA Department of Revenue)

Local (City of Lancaster)

By October 15, 2019

Verifies the state baseline tax amount.

Verifies the local baseline tax amount.

By October 15, 2019

CERTIFICATION

Includes all state CRIZ attributable taxes.

Certification by October 15, 2019

Certifies amounts paid less refunds received to the Office of the Budget and then sends money to State Treasurer.

Includes all local CRIZ attributable taxes.

Certification by October 15, 2019

Certifies amounts paid less refunds received to DCED, DOR and Office of Budget and then sends money to State Treasurer.

STATE TREASURER

Within 10 days of receiving instructions from Office of Budget

CRIZ Revenues sent from General Fund to CRIZ Fund.

OFFICE OF BUDGET

Directs State Treasurer to transfer amount certified from General Fund to CRIZ Fund (CRIZ Revenues).

Within 10 days of receiving certification

LANCASTER AUTHORITY

Distributes money to proper accounts based on approved process and guidelines.

This process is repeated each year. The process allows tax money paid to state and local taxing bodies to be sent to Lancaster CRIZ Authority for community revitalization.

By January 15, 2020

Excess Money (Remaining monies returned to state and local taxing bodies.)

TBD by Authority

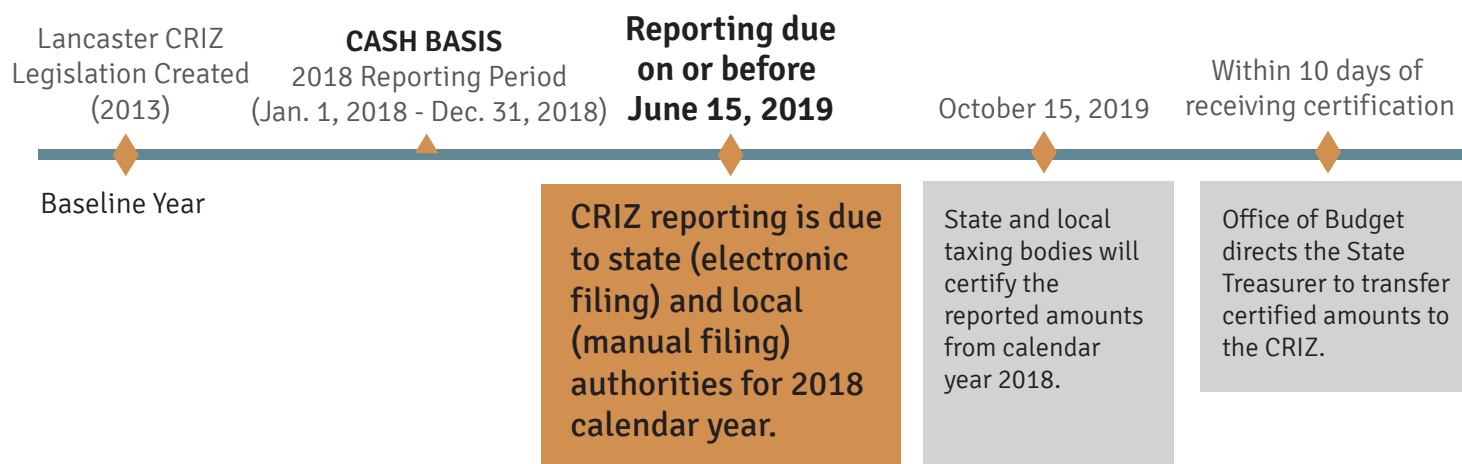
CRIZ Revenues

Authority flexibility

CRIZ Reporting - when is it due and why?

WHEN

Must be received on or before June 15, 2019 for the calendar year ended December 31, 2018 (January 1, 2018 through December 31, 2018). **Filings will not be accepted by the Department of Revenue after June 15, 2019 (their system is shut off after 11:59 p.m. on June 15, 2019).** Those who do not file by then will be assessed a penalty on all state taxes, and the Lancaster community will not be allowed to utilize the revenues for revitalization, so please don't delay. Please keep copies of your STATE and LOCAL reports filed.



WHY

So that the state and local taxing bodies can certify the amount of tax revenue that was paid which the Lancaster CRIZ Authority can use to fund the CRIZ area development projects.

What if I have questions and need help?

We are waiting to help you. Here's how you can reach us:

- Make an appointment to come visit our team. We can help you file the forms for FREE.
- Contact Deana Zosky, the Lancaster Authority's CRIZ compliance contact by email at deana@four-score.com for questions about reporting. FourScore is a consultant engaged by the Authority to assist business with their reporting requirements.
- Contact our tax hotline at 484-951-1289 or lancastercrizcompliance@four-score.com where a tax specialist can answer your questions. Please leave a message if you don't reach us directly and a specialist will respond within 24 hours with help.

Please contact us so we can help you easily complete the CRIZ reporting. Thanks for being a part of Lancaster's revitalization!

**PA Employer Withholding Tax - CRIZ Project
2018**

Example
EWH-CRIZ
Project

**Example Company, Inc.
Payroll Taxes Paid from 1/1/2018 to 12/31/2018**

PLEASE COMPLETE A SEPARATE CRIZ REPORT (UNIQUE LOCATION NUMBER) FOR EACH CRIZ PROJECT ADDRESS

Example Company, Inc. is working on a CRIZ project as a contractor. They have two people working on the project. Each of the people working on the project are spending a different percentage of their hours working on the project. The taxes paid related to the hours worked on the project that were remitted to the PA Dept. of Revenue, using Form PA-W3 (Employer Quarterly Return of Withholding Tax), in January (Q4-2017), April (Q1-2018), July (Q2-2018) and October (Q3-2018) totaled \$805.88 for the year.

	Working on CRIZ Project	Gross Wages	Withholding @ 3.07%	Percentage of total time working on CRIZ project	Gross Wages related to CRIZ project	Withholding @ 3.07%
Employee #1	n	\$ 42,000.00	\$ 1,289.40	0%	\$ -	\$ -
Employee #2	n	\$ 34,000.00	\$ 1,043.80	0%	\$ -	\$ -
Employee #3	y	\$ 30,000.00	\$ 921.00	65%	\$ 19,500.00	\$ 598.65
Employee #4	y	\$ 15,000.00	\$ 460.50	45%	\$ 6,750.00	\$ 207.23
		\$ 121,000.00	\$ 3,714.70		\$ 26,250.00	\$ 805.88

Total Tax Payments Made

All Pennsylvania Locations (Column A)

\$ 3,714.70

Total tax remitted in the form of a payment, received by the department for consolidated employer withholding.

CRIZ Location (Column B)

\$ 805.88

Total employer withholding attributable to the CRIZ Project.

Total Tax Refunds Received

All Pennsylvania Locations (Column A)

\$ 0

Refunds granted attributable to consolidated employer withholding.

CRIZ Location (Column B)

\$ 0

Refunds granted attributable to the CRIZ Project.

**Sales and Use Taxes paid on the purchase of materials used in construction in CRIZ (CRIZ Project)
2018**

Example
C-SU

Example Company, Inc.

Sales and Use Taxes paid from 1/1/2018 to 12/31/2018

NOTE: Taxpayer must maintain evidence of invoices to support amount reported and have the Invoice Date, Invoice Number, Purchase Amount, and Tax Paid available for input at time of filing.

Invoice Date	Invoice Number	Purchase Amount	Sales Tax Paid	Vendor listed on Invoice
2/15/18	12568	\$1,700,000.00	\$102,000.00	US Steel
3/7/18	1257	\$750,000.00	\$45,000.00	Acme Lumber Co.
4/15/18	18825	\$125.00	\$7.50	Home Depot
Total		\$2,450,125.00		
CRIZ Project		TOTAL	\$147,007.50	

***NOTE:** Included above should be total payments of sales tax on an invoice to a vendor or supplier and/or payments to Pennsylvania for use tax on invoices not charging sales tax.

NOTE - Columns A & B are the same as this is the tax paid for the CRIZ Project (each CRIZ Project should be reported separately using the approved CRIZ Project Address).

Total Tax Payments Made

All Pennsylvania Locations (Column A)

\$ 147,007.50 Total tax remitted in the form of a payment, received by the department for consolidated tax type identified above.

CRIZ Project (Column B)

\$ 147,007.50 Total tax type identified above attributable to the location within the CRIZ.

Total Tax Refunds Received

All Pennsylvania Locations (Column A)

\$ 0 Refunds granted for consolidated tax type identified above.

CRIZ Project (Column B)

\$ 0 Refunds granted for tax type identified above attributable to the location within the CRIZ.

**Personal Income Tax (PIT) Imposed on Passthrough Entity Income - CRIZ Project
2018**

Example Company, Inc.

Tax Paid from 1/1/2018 to 12/31/2018

Example
PIT-CRIZ
Project

PLEASE COMPLETE A SEPARATE CRIZ REPORT (UNIQUE LOCATION NUMBER) FOR EACH CRIZ PROJECT ADDRESS

Example Company, Inc. is working on a CRIZ project as a contractor. They have one person working on the project that is a member of the firm, which is an LLC. This member had income of \$75,000.00 on his personal return of which \$3,500.00 was related to a CRIZ Project. Taxes were remitted to the PA Dept. of Revenue on his tax return.

NOTE: EXCLUDES PIT on passive income--must be actively working on the CRIZ project.

	Working on CRIZ Project	Income Subject to PIT	PIT @ 3.07%	Income on CRIZ Project	PIT on CRIZ Project @ 3.07%
Member #1	y	\$ 75,000.00	\$ 2,302.50	\$ 3,500.00	\$ 107.45
		\$ 75,000.00	\$ 2,302.50	\$ 3,500.00	\$ 107.45
Total Tax Payments Made					
All Pennsylvania Locations (Column A)					
\$ 2,302.50			Total personal income tax paid.		
CRIZ Location (Column B)					
\$ 107.45			Total personal income tax attributable to the CRIZ Project.		
Total Tax Refunds Received					
All Pennsylvania Locations (Column A)					
\$ 0			Refunds granted to personal income tax.		
CRIZ Location (Column B)					
\$ 0			Refunds granted to personal income tax attributable to the CRIZ Project.		

**Local Employer Wage/Earned Income Tax Schedule
2018**

Example Company, Inc.

Local Earned Income Tax Paid from 1/1/2018 to 12/31/2018

Example
EIT/PIT-
CRIZ
Project

Example Company, Inc. has an office in Manheim Township but is working on a CRIZ Authority Approved Project. They have four employees; two reside in Lancaster and the other two reside in Manheim Township, but only one of the Lancaster residents works on the CRIZ Authority Approved Project for 50% of their total hours. In 2018 the company paid withholding taxes to the local tax collector in January (Q4-2017), April (Q1-2018), July (Q2-2018), and October (Q3-2018) that totaled \$1,540 for the year.

NOTE: This report is prepared on a cash basis. Amounts are reported in the period that they are paid, not when they are incurred. For PIT, amounts paid in 2018 to the City of Lancaster (for residents livings in PSD code 361001), include amount paid in April 2018 (from 2017 return) plus any estimated payments made in 2018.

NOTE: PIT EXCLUDES passive income.

	<u>Reside in Lancaster</u>	<u>Working on CRIZ Approved Project</u>	<u>Gross Wages</u>	<u>Local Withholding</u>	<u>Local Withholding CRIZ Project</u>
Employee #1	y	y	\$ 52,500.00	\$ 525.00	\$ 262.50
Employee #2	y	n	\$ 34,000.00	\$ 340.00	\$ -
Employee #3	n	y	\$ 30,000.00	\$ 300.00	\$ -
Employee #4	n	n	\$ 15,000.00	\$ 225.00	\$ -
			\$ 131,500.00	\$ 1,390.00	\$ 262.50

TAX TYPE	PROJECT LOCATION(S) within the City of Lancaster in the 2018 CALENDAR YEAR (less cash refunds)	
	TOTAL	CRIZ%=55%
Local Employer Wage OR Earned Income Tax (EIT) only for those Employees or Business Owners working on a CRIZ Authority Approved Project AND who reside in the City of Lancaster (Live in PSD 361001)	\$ 262.50	\$ 144.37
Local Services Tax (LST) for Employees or Business Owners working in the City of Lancaster (Work in PSD 361001)	\$ 26.00	\$ 23.50
Total Taxes remitted to the City of Lancaster attributable to CRIZ AUTHORITY APPROVED PROJECTS		\$ 167.87

**Local Service Tax Schedule
2018**

**Example Company, Inc.
Local Services Tax Paid from 1/1/2018 to 12/31/2018**

Example
LST-
CRIZ
Project

Example Company, Inc. has an office in Manheim Township and is working on a CRIZ Authority Approved Project. They have four employees, one of whom work on the CRIZ Authority Approved Project for 50% of their total hours. In 2018 the company paid Local Services Tax to the local taxing authority in January (Q4-2017), April (Q1-2018), July (Q2-2018) and October (Q3-2018) that totaled \$260 for the year.

NOTE: This report is prepared on a cash basis. Amounts are reported in the period that they are paid, not when they are incurred.

	Work on CRIZ Approved Project	Gross Wages	LST Paid	LST CRIZ Project
Employee #1	y	\$ 52,500.00	\$ 52.00	\$ 26.00
Employee #2	y	\$ 34,000.00	\$ 52.00	\$ -
Employee #3	n	\$ 30,000.00	\$ 52.00	\$ -
Employee #4	n	\$ 15,000.00	\$ 52.00	\$ -
		\$ 131,500.00	\$ 208.00	\$ 26.00

TAX TYPE	PROJECT LOCATION(S) within the City of Lancaster in	
Local Employer Wage OR Earned Income Tax (EIT) only for those Employees or Business Owners working on a CRIZ Authority Approved Project AND who reside in the City of Lancaster (Live in PSD 361001)	TOTAL	CRIZ%=55%
	\$ 262.50	\$ 144.37
Local Services Tax (LST) for Employees or Business Owners working in the City of Lancaster (Work in PSD 361001)	TOTAL	CRIZ%=90.4%
	\$ 26.00	\$ 23.50
Total Taxes remitted of the City of Lancaster attributable to CRIZ AUTHORITY APPROVED PROJECTS		\$ 167.87