

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1419 Session of
2008

INTRODUCED BY ROBBINS, EARLL, ERICKSON, PUNT, RAFFERTY,
D. WHITE, WOZNIAK, RHOADES AND WASHINGTON, JUNE 11, 2008

REFERRED TO FINANCE, JUNE 11, 2008

AN ACT

1 Providing for an annual revenue sharing program for
2 municipalities relating to tax-exempt real property;
3 establishing the Tax-exempt Property Municipal Assistance
4 Fund; imposing powers and duties on the Department of
5 Community and Economic Development; and making an
6 inconsistent repeal.

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

9 Section 1. Short title.

10 This act shall be known and may be cited as the Tax-exempt
11 Property Municipal Assistance Act.

12 Section 2. Definitions.

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

16 "Common level ratio." The ratio of assessed value to current
17 market value used generally in the county as last determined by
18 the State Tax Equalization Board under the act of June 27, 1947
19 (P.L.1046, No.447), referred to as the State Tax Equalization

1 Board Law.

2 "Department." The Department of Community and Economic
3 Development of the Commonwealth.

4 "Fund." The Tax-exempt Property Municipal Assistance Fund
5 established under section 4.

6 "Liquor tax." The tax imposed and assessed upon the net
7 price of all liquors sold by the Pennsylvania Liquor Control
8 Board under the act of June 9, 1936 (Sp.Sess., P.L. 13, No.4),
9 entitled "An act imposing an emergency State tax on liquor, as
10 herein defined, sold by the Pennsylvania Liquor Control Board;
11 providing for the collection and payment of such tax; and
12 imposing duties upon the Department of Revenue and the
13 Pennsylvania Liquor Control Board."

14 "Market value." The value of property as calculated by the
15 State Tax Equalization Board on an annual basis utilizing the
16 common level ratio.

17 "Market value of tax-exempt property." The quotient of the
18 base year market value of a property and the common level ratio
19 as calculated by the State Tax Equalization Board.

20 "Municipality." Any of the following:

21 (1) A city, borough, incorporated town or township.

22 (2) A home rule municipality which is a city, borough,
23 incorporated town or township.

24 "Qualified tax-exempt property." Real property which is
25 exempt from local real property taxes and which is owned by one
26 of the following:

27 (1) The Federal Government or an instrumentality of the
28 Federal Government.

29 (2) The Commonwealth or an instrumentality of the
30 Commonwealth.

1 (3) A political subdivision, except real property owned
2 by the municipality in which the property is located.

3 (4) An entity which has obtained the exemption from real
4 property taxation pursuant to the authority granted to the
5 General Assembly under section 2(a)(i), (ii), (iv) or (v) of
6 Article VIII of the Constitution of Pennsylvania.

7 (5) A local authority as defined in 1 Pa.C.S. § 1991
8 (relating to definitions).

9 Section 3. Tax-exempt property compilation.

10 (a) Compilation.--Each county shall annually compile a list
11 identifying the market value of tax-exempt property within the
12 county.

13 (b) Annual report.--Beginning in calendar year 2009, each
14 county assessment office shall submit to the department an
15 annual report providing the information required in subsection
16 (c) and such additional information as required by the
17 department to administer this act. The report required under
18 this section shall be filed by June 30.

19 (c) Contents.--The report required under subsection (b)
20 shall be a compilation of all property located within the county
21 which is exempt from real property tax as of January 1 in the
22 year the report is required to be filed. The report shall
23 contain the following:

24 (1) The owner of each tax-exempt property.

25 (2) The location of the property, including mailing
26 address, name of the municipality where the property is
27 located and the uniform parcel identifier.

28 (3) The assessed value of the property.

29 (4) Payments in lieu of tax or other funding received
30 under any Federal or State program based on the tax-exempt

1 status of the property. The amounts of such payments shall be
2 reported by the municipality to the county assessment office.
3 If the municipality fails to timely report this information
4 to the county assessment office, the county is not required
5 to include the information in the report and the municipality
6 shall report the information directly to the department.

7 (5) The millage rate for the tax on real property in
8 effect in the municipality where the property is located as
9 of January 1 of the year in which the report is required to
10 be filed.

11 (6) The assessed value of all property in each
12 municipality in the county.

13 (7) The market value of all property in each
14 municipality in the county.

15 (d) Failure to file reports.--Notwithstanding any other
16 provision of this act, a county which fails to provide to the
17 department the report required under this section by July 31
18 shall cause all municipalities within that county to forfeit the
19 right to share in the distribution of funding for the year in
20 which the information was required to be reported. Any
21 municipality located within a county that has failed to provide
22 the department with the required report shall have the right to
23 petition the court of common pleas to issue a writ of mandamus
24 ordering the county to collect the data and file the report with
25 the department.

26 Section 4. Fund.

27 (a) Establishment.--There is established in the State
28 Treasury a special restricted account to be known as the Tax-
29 exempt Property Municipal Assistance Fund. The money deposited
30 in this fund shall be used exclusively for the purpose of making

1 annual revenue distributions pursuant to this act.

2 (b) Funds for revenue sharing program.--All revenues
3 received by the Commonwealth from imposition of the liquor tax
4 shall be transferred to the fund. All funds transferred under
5 this subsection shall be distributed as provided in section 6.

6 (c) Timing of transfers.--Revenue required to be transferred
7 under this section shall be transferred by the State Treasurer
8 in five equal installments before the last day of February,
9 March, April, May and June of each fiscal year in which a
10 transfer is required.

11 (d) Appropriation.--Moneys in the fund are appropriated on a
12 continuing basis to the department for purposes of making
13 distributions pursuant to this act and shall not lapse at the
14 end of any fiscal year.

15 Section 5. Allocation of fund.

16 The money in the fund shall be set aside for annual
17 distribution to municipalities under section 6. Money in the
18 fund at the end of a fiscal year shall be distributed by the
19 department by September 15 next following the end of the fiscal
20 year in the manner required under section 6.

21 Section 6. Tax-exempt properties assistance.

22 (a) Eligibility.--A municipality will be eligible to receive
23 distributions under this section if it imposes a tax on real
24 property and it is determined by the department that the
25 municipality's total market value of tax-exempt property equals
26 or exceeds 15% of the total market value of assessed property
27 within the municipality.

28 (b) Revenue.--The department shall determine annual sharing
29 of funds in accordance with section 5 by each eligible
30 municipality based upon the following:

1 (1) Each municipality's total market value of qualified
2 tax-exempt properties shall be divided by the total market
3 value of qualified tax-exempt property in all eligible
4 municipalities under subsection (a) with the quotient
5 expressed as a percentage.

6 (2) The percentage under paragraph (1) shall be
7 multiplied by the funds available under section 5 to
8 determine the amount of funding for each municipality.

9 (3) No municipality shall receive more than 10% of the
10 funds available under section 5. If it is determined that a
11 municipality's allocation would exceed the 10% limit, the
12 municipality shall receive 10% of the funds available under
13 section 5. In the event that the initial calculation under
14 paragraph (1) results in more than one municipality having a
15 quotient of 10% or more, the allocation to each municipality
16 entitled to a maximum 10% of the fund, under section 5, shall
17 be calculated against the total amount of money in the fund
18 at the end of the fiscal year. For the remaining
19 municipalities, the department shall recalculate the grant
20 amounts using the formula in paragraphs (1) and (2), except
21 that the recalculation shall exclude:

22 (i) the municipality whose allocation would exceed
23 the 10% limit; and

24 (ii) the amount equivalent to the municipality's 10%
25 allocation.

26 (4) No municipality shall receive an amount exceeding
27 \$100 per person based upon the population during the last
28 decennial census. If it is determined that a municipality
29 would exceed the \$100 per person limit, the municipality
30 shall receive a \$100 per person allocation from the funds

1 available under section 5. In the event that the initial
2 calculation under paragraph (1) results in more than one
3 municipality having an allocation exceeding the \$100 limit,
4 the allocation to each municipality entitled to the per
5 person limit of the fund under section 5 shall be calculated
6 against the total amount of money in the fund at the end of
7 the fiscal year. For the remaining municipalities, the
8 department shall recalculate the grant amounts using the
9 formula in paragraphs (1) and (2), except that the
10 recalculation shall exclude:

11 (i) any municipality whose allocation would exceed
12 the \$100 per person limit; and

13 (ii) the amount equivalent to the municipality's
14 \$100 per person limit.

15 (5) If the calculations as provided under this
16 subsection result in \$1,000,000 or less remaining in the
17 fund, the money shall be retained in the fund for allocation
18 in the next fiscal year. If the calculations as provided
19 under this subsection result in \$1,000,000 or more remaining
20 in the fund, the department shall recalculate the allocation
21 amounts for the remaining qualified municipalities that have
22 not reached any allocation limitation under this subsection.
23 The department shall use the formula under this subsection,
24 except that the recalculation shall exclude any municipality
25 whose allocation would exceed any allocation limitation in
26 this subsection as well as the amount equivalent to the
27 municipality's allocation limitation under this subsection.
28 If the recalculation as provided under this paragraph results
29 in any moneys remaining in the fund, the money shall be
30 retained in the fund for allocation in the next year.

(6) The amount of any payment under section 3(c)(4) shall be deducted from the final payment under this act and the money deducted shall be returned to the department and deposited into the fund for disbursement in the next fiscal year. If a municipality receives a payment from a government agency after it receives a disbursement under this act, the municipality shall reimburse the fund the amount of the payment. In no case shall a municipality receive a disbursement under this act and a payment from a government agency for the same parcel of tax-exempt property in the same fiscal year.

Section 7. Regulations.

Within 180 days after the effective date of this act, the department shall promulgate regulations necessary to implement this act in accordance with the act of June 25, 1982 (P.L.633, No.181), known as the Regulatory Review Act. The department shall submit any proposed regulations to the Local Government Committee of the Senate and the Local Government Committee of the House of Representatives for comment.

Section 8. Repeal.

Section 2 of the act of June 9, 1936 (Sp.Sess., P.L.13, No.4), entitled "An act imposing an emergency State tax on liquor, as herein defined, sold by the Pennsylvania Liquor Control Board; providing for the collection and payment of such tax; and imposing duties upon the Department of Revenue and the Pennsylvania Liquor Control Board," is repealed insofar as it requires funds to be credited to the General Fund.

Section 9. Effective date.

This act shall take effect in 60 days.