

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## HOUSE RESOLUTION

No. 459 Session of  
2007

INTRODUCED BY CURRY, ARGALL, BRENNAN, BUXTON, CALTAGIRONE,  
CAPPELLI, CAUSER, COHEN, DePASQUALE, FAIRCHILD, FLECK,  
FRANKEL, FREEMAN, HALUSKA, HORNAMAN, JAMES, JOSEPHS, KOTIK,  
KULA, McILHATTAN, R. MILLER, NICKOL, PETRONE, RAPP, READSHAW,  
SIPTROTH, K. SMITH, SONNEY, STURLA, WALKO, WHEATLEY,  
WOJNAROSKI, YOUNGBLOOD, FABRIZIO, MOUL, HENNESSEY AND KORTZ,  
OCTOBER 18, 2007

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES,  
AS AMENDED, JUNE 4, 2008

## A RESOLUTION

1 Directing the Legislative Budget and Finance Committee to study  
2 the fiscal impact of tax-exempt properties on the finances of  
3 municipalities and school districts; to review the policies  
4 of other states in addressing the burden of limited tax bases  
5 as a result of tax-exempt properties; and to make  
6 recommendations on ways to assist tax authorities with a high  
7 concentration of tax-exempt properties.

8 WHEREAS, Property taxes are a major source of revenue for  
9 school districts and municipalities across this Commonwealth;

10 and

11 WHEREAS, Certain municipalities within this Commonwealth  
12 contain a high concentration of property exempt from local  
13 property taxes under the law; and

14 WHEREAS, Government buildings, STATE FOREST LANDS AND STATE  
15 GAME LANDS, public schools and universities, hospitals, museums,  
16 prisons and nonprofit organizations are examples of tax-exempt  
17 properties not obligated to pay local property taxes; and

&lt;—

1 WHEREAS, While they are not able to generate tax revenue from  
2 the tax-exempt properties, host municipalities are still  
3 responsible for providing a variety of municipal services,  
4 including fire and police coverage; and

5 WHEREAS, Residents of municipalities with a high  
6 concentration of tax-exempt properties are burdened with higher  
7 property taxes in order to compensate for the limited local tax  
8 base and the inability to recoup costs from local tax-exempt  
9 properties; and

10 WHEREAS, Local governments and school districts often  
11 struggle to find additional revenue due to the property tax  
12 exemption, but are limited in how they may generate additional  
13 revenues; and

14 WHEREAS, Many states, including ~~this~~ THE Commonwealth, have <—  
15 explored "Payment in Lieu of Tax" programs, also referred to as  
16 PILOT programs, to raise revenues from tax-exempt organizations  
17 AND FROM THE COMMONWEALTH, only to have mixed results; and <—

18 WHEREAS, In 2003, several cities requested that nonprofits  
19 make "fair share" payments and that colleges pay a fee per  
20 student in order to pay the cost of government services, but  
21 unfortunately these payments were still insufficient; therefore  
22 be it

23 RESOLVED, That the Legislative Budget and Finance Committee  
24 conduct a study to determine the number of tax-exempt properties  
25 within this Commonwealth; and be it further

26 RESOLVED, That the Legislative Budget and Finance Committee  
27 identify localities with a high percentage of tax-exempt  
28 properties and the impact that such a high concentration of tax-  
29 exempt properties is having on the local tax base; and be it  
30 further

1       RESOLVED, THAT THE LEGISLATIVE BUDGET AND FINANCE COMMITTEE  
2 IDENTIFY THE NUMBER OF PAYMENT IN LIEU OF TAX PROGRAMS IN THIS  
3 COMMONWEALTH, THE NUMBER OF TAX-EXEMPT ENTITIES THAT PARTICIPATE  
4 IN PAYMENT IN LIEU OF TAX PROGRAMS, THE TOTAL AMOUNT OF PAYMENTS  
5 IN LIEU OF TAXES RECEIVED BY POLITICAL SUBDIVISIONS FROM  
6 PARTICIPATING TAX-EXEMPT ENTITIES AND THE TOTAL AMOUNT OF LOCAL  
7 PROPERTY TAXES THAT POLITICAL SUBDIVISIONS WOULD HAVE RECEIVED  
8 IF TAX-EXEMPT ENTITIES WERE REQUIRED TO PAY LOCAL PROPERTY  
9 TAXES; AND BE IT FURTHER

10       RESOLVED, THAT THE LEGISLATIVE BUDGET AND FINANCE COMMITTEE  
11 IDENTIFY THE POLITICAL SUBDIVISIONS WHICH REQUESTED FAIR SHARE  
12 PAYMENTS FROM NONPROFIT ENTITIES AND EDUCATIONAL INSTITUTIONS,  
13 THE NUMBER OF TAX-EXEMPT ENTITIES THAT CONTRIBUTED FAIR SHARE  
14 PAYMENTS TO POLITICAL SUBDIVISIONS, THE AMOUNT OF THE FAIR SHARE  
15 PAYMENTS RECEIVED BY POLITICAL SUBDIVISIONS AND THE TOTAL AMOUNT  
16 OF LOCAL PROPERTY TAXES POLITICAL SUBDIVISIONS WOULD HAVE  
17 RECEIVED IF TAX-EXEMPT ENTITIES IN A FAIR SHARE TAX PROGRAM  
18 WOULD HAVE BEEN REQUIRED TO PAY LOCAL PROPERTY TAXES; AND BE IT  
19 FURTHER

20       RESOLVED, THAT THE LEGISLATIVE BUDGET AND FINANCE COMMITTEE  
21 IDENTIFY THE TOTAL ACREAGE OF TAX-EXEMPT STATE FOREST LANDS AND  
22 STATE GAME LANDS, THE AMOUNT OF PAYMENTS IN LIEU OF TAXES  
23 RECEIVED BY POLITICAL SUBDIVISIONS FROM THE COMMONWEALTH FOR THE  
24 STATE FOREST LANDS AND STATE GAME LANDS AND THE TOTAL AMOUNT OF  
25 LOCAL PROPERTY TAXES POLITICAL SUBDIVISIONS WOULD HAVE RECEIVED  
26 IF THE COMMONWEALTH WOULD HAVE BEEN REQUIRED TO PAY LOCAL  
27 PROPERTY TAXES ON THOSE LANDS, INCLUDING LOCAL PROPERTY TAXES  
28 AND PAYMENT IN LIEU OF TAXES ON NATURAL RESOURCES TAKEN FROM  
29 THOSE LANDS.

30       RESOLVED, That the Legislative Budget and Finance Committee

1 analyze the manner in which other states have tried to alleviate  
2 the problems associated with tax-exempt properties; and be it  
3 further

4 RESOLVED, THAT THE LEGISLATIVE BUDGET AND FINANCE COMMITTEE <—  
5 ANALYZE AND INCLUDE IN ITS REPORT THE ASSESSED VALUES OF TAX-  
6 EXEMPT PROPERTIES, INCLUDING AN ANALYSIS OF THE ASSESSED VALUES  
7 OF TAX-EXEMPT PROPERTIES AS COMPARED TO THE ASSESSED VALUES OF  
8 OTHER PROPERTIES WITHIN THE COUNTY, AS WELL AS THE UNIFORMITY OF  
9 ASSESSED VALUES OF SIMILAR TAX-EXEMPT PROPERTIES WITHIN THE  
10 COUNTY AND ACROSS THIS COMMONWEALTH; AND BE IT FURTHER

11 RESOLVED, That the Legislative Budget and Finance Committee  
12 review the options available to this Commonwealth, both under  
13 the law and through new legislative proposals that would address  
14 the burden associated with tax-exempt properties; ~~and be if,~~ <—  
15 INCLUDING THE ADEQUACY OF ANNUAL INFLATIONARY ADJUSTMENTS FOR  
16 POLITICAL SUBDIVISIONS' PAYMENT IN LIEU OF TAX AGREEMENTS AS  
17 POLITICAL SUBDIVISIONS' COSTS ANNUALLY INCREASE AND CURRENT  
18 PAYMENT AGREEMENTS DO NOT REFLECT THE LOCAL REVENUE LOST; AND BE  
19 IT further

20 RESOLVED, That the Legislative Budget and Finance Committee  
21 issue a report containing its findings and recommendations to  
22 the House of Representatives no later than one year from the  
23 adoption of this resolution.