

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 474 Session of 2011

INTRODUCED BY FARNESE, FONTANA, ERICKSON, COSTA, BOSCOLA, STACK,
TARTAGLIONE AND FERLO, FEBRUARY 22, 2011

REFERRED TO FINANCE, FEBRUARY 22, 2011

AN ACT

1 Amending the act of December 1, 1977 (P.L.237, No.76), entitled,
2 as amended, "An act authorizing local taxing authorities to
3 provide for tax exemption for certain deteriorated
4 industrial, commercial and other business property and for
5 new construction in deteriorated areas of economically
6 depressed communities; providing for an exemption schedule
7 and establishing standards and qualifications," further
8 providing for definitions, for areas and for exemptions.

9 The General Assembly of the Commonwealth of Pennsylvania

10 hereby enacts as follows:

11 Section 1. Section 3 of the act of December 1, 1977
12 (P.L.237, No.76), known as the Local Economic Revitalization Tax
13 Assistance Act, is amended to read:

14 Section 3. Definitions.

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

18 "Depressed area." That portion of a deteriorating area which
19 the governing body determines to be in greater need of economic
20 revitalization and improvement than other areas of the
21 deteriorating area.

1 "Deteriorated property." Any industrial, commercial or other
2 business property owned by an individual, association or
3 corporation, and located in a deteriorating area, as hereinafter
4 provided, or any such property which has been the subject of an
5 order by a government agency requiring the unit to be vacated,
6 condemned or demolished by reason of noncompliance with laws,
7 ordinance or regulations.

8 "Improvement." Repair, construction or reconstruction,
9 including alterations and additions, having the effect of
10 rehabilitating a deteriorated property so that it becomes
11 habitable or attains higher standards of safety, health,
12 economic use or amenity, or is brought into compliance with
13 laws, ordinances or regulations governing such standards.
14 Ordinary upkeep and maintenance shall not be deemed an
15 improvement.

16 "Local taxing authority." A county, city, borough,
17 incorporated town, township, institution district or school
18 district having authority to levy real property taxes.

19 "Municipal governing body." A city, borough, incorporated
20 town or township.

21 Section 2. Sections 4 and 5 of the act, amended July 13,
22 1988 (P.L.518, No.90), are amended to read:

23 Section 4. Deteriorated and depressed areas.

24 (a) Each local taxing authority may by ordinance or
25 resolution exempt from real property taxation the assessed
26 valuation of improvements to deteriorated properties and the
27 assessed valuation of new construction within the respective
28 municipal governing bodies designated deteriorated areas or
29 depressed areas of economically depressed communities in the
30 amounts and in accordance with the provisions and limitations

1 hereinafter set forth. Prior to the adoption of the ordinance or
2 resolution authorizing the granting of tax exemptions, the
3 municipal governing body shall affix the boundaries of [a]
4 deteriorated [area or] areas and depressed areas, wholly or
5 partially located within its jurisdiction, if any. At least one
6 public hearing shall be held by the municipal governing body for
7 the purpose of determining said boundaries. At the public
8 hearing the local taxing authorities, planning commission or
9 redevelopment authority and other public and private agencies
10 and individuals, knowledgeable and interested in the improvement
11 of deteriorated areas, shall present their recommendations
12 concerning the location of boundaries of [a] deteriorated [area
13 or] areas and depressed areas for the guidance of the municipal
14 governing bodies, such recommendations taking into account the
15 criteria set forth in the act of May 24, 1945 (P.L.991, No.385),
16 known as the "Urban Redevelopment Law," for the determination of
17 "blighted areas," and the criteria set forth in the act of
18 November 29, 1967 (P.L.636, No.292), known as the "Neighborhood
19 Assistance Act," for the determination of "impoverished areas,"
20 and the following criteria: unsafe, unsanitary and overcrowded
21 buildings; vacant, overgrown and unsightly lots of ground; a
22 disproportionate number of tax delinquent properties, excessive
23 land coverage, defective design or arrangement of buildings,
24 street or lot layouts; economically and socially undesirable
25 land uses. Property adjacent to areas meeting the criteria of
26 this section, but which would not otherwise qualify, may be
27 included within the deteriorated area or depressed area
28 designated if the local taxing authority determines that new
29 construction on such property would encourage, enhance or
30 accelerate improvement of the deteriorated properties within

1 economically depressed communities. The ordinance or resolution
2 shall specify a description of each such area as determined by
3 the municipal governing body, as well as the cost of
4 improvements per unit to be exempted, and the schedule of taxes
5 exempted as hereinafter provided.

6 (b) Two or more municipal governing bodies may join together
7 for the purpose of determining the boundaries of a deteriorated
8 area and to establish the uniform maximum cost per unit, and
9 such municipal governing bodies shall cooperate fully with each
10 other for the purposes of implementing this act. The local
11 taxing authorities may by implementing ordinance or resolution
12 agree to adopt tax exemptions contingent upon the similar
13 adoption by an adjacent local taxing authority or by a local
14 taxing authority with mutual jurisdiction, within the
15 limitations provided herein.

16 Section 5. Exemption schedule.

17 (a) A local taxing authority granting a tax exemption
18 pursuant to the provisions of this act may provide for tax
19 exemption on the assessment attributable to the actual cost of
20 new construction or improvements or up to any maximum cost
21 uniformly established by the municipal governing body. Such
22 maximum cost shall uniformly apply to all eligible deteriorated
23 property within the local taxing authority jurisdiction.

24 (b) Whether or not the assessment eligible for exemption is
25 based upon actual cost or a maximum cost, the actual amount of
26 taxes exempted shall be in accordance with the schedule of taxes
27 exempted established by a local taxing authority subject to the
28 following limitations:

- 29 (1) The length of the schedule of taxes exempted shall
30 not exceed ten years in a deteriorated area nor exceed 15

1 years in a depressed area.

2 (2) The schedule of taxes exempted shall stipulate the
3 portion of new construction or improvements to be exempted
4 each year.

5 (3) The exemption from taxes shall be limited to the
6 additional assessment valuation attributable to the actual
7 costs of new construction or improvements to deteriorated
8 property or not in excess of the maximum cost per unit
9 established by a municipal governing body.

10 (c) The exemption from taxes authorized by this act shall be
11 upon the property exempted and shall not terminate upon the sale
12 or exchange of the property.

13 Section 3. This act shall take effect in 60 days.