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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 2018 Session of  
2014

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INTRODUCED BY FREEMAN, MOUL, KIM, O'BRIEN, FABRIZIO, HARKINS,  
SCHLOSSBERG, LONGIETTI, SAMUELSON, CARROLL, KAUFFMAN, STURLA,  
KULA, ROCK, READSHAW, BROOKS, CALTAGIRONE, DeLUCA, THOMAS,  
MURT, SAINATO, EVERETT AND BRADFORD, JULY 1, 2014

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REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, JULY 1, 2014

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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, 1996  
19 (P.L.403, No.58), known as the Community and Economic

1 Development Enhancement Act.

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 2014, 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 moneys shall be  
30 retained in the fund for allocation in the next year.

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

12 Section 7. Regulations.

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

20 Section 8. Repeal.

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

28 Section 9. Effective date.

29       This act shall take effect in 60 days.