

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1246 Session of  
1997

INTRODUCED BY DEMPSEY, WALKO, BROWNE, STETLER, BUXTON, TULLI,  
FICHTER, FEESE, STURLA, KREBS, HENNESSEY, DENT, BROWN, BEBKO-  
JONES, BOYES, CAPPABIANCA, SEYFERT, PIPPY, MASLAND, BAKER,  
FARGO, SEMMEL, LYNCH, HERMAN, GEIST, ALLEN, COLAIZZO,  
CORRIGAN, SHANER, RAYMOND, TRELLO, GIGLIOTTI, PESCI,  
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VAN HORNE, GANNON, CALTAGIRONE, S. H. SMITH, SCRIMENTI,  
RUBLEY, NICKOL, LEVDANSKY, BLAUM, CAWLEY, WOGAN, STABACK,  
FAIRCHILD, ORIE AND HALUSKA, APRIL 7, 1997

REFERRED TO COMMITTEE ON FINANCE, APRIL 7, 1997

AN ACT

1 Providing for an annual grant program for counties and  
2 municipalities relating to tax-exempt real property;  
3 establishing a special fund in the State Treasury; and  
4 imposing powers and duties on the Department of Community and  
5 Economic Development.

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

8 Section 1. Short title.

9 This act shall be known and may be cited as the Local Tax-  
10 exempt Property Grant Act.

11 Section 2. Definitions.

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

15 "Common level ratio." The ratio of assessed value to current  
16 market value used generally in the county as last determined by

1 the State Tax Equalization Board under the act of June 27, 1947  
2 (P.L.1046, No.447), referred to as the State Tax Equalization  
3 Board Law.

4 "Department." The Department of Community and Economic  
5 Development of the Commonwealth.

6 "Fund." The Local Tax-exempt Property Fund established under  
7 section 4.

8 "Municipality." Any city, borough, incorporated town or  
9 township or any home rule municipality which is not a county.

10 "Realty transfer tax." The tax imposed on real estate  
11 transfers by the Commonwealth under the provisions of Article  
12 XI-C of the act of March 4, 1971 (P.L.6, No.2), known as the Tax  
13 Reform Code of 1971.

14 "Qualified tax-exempt property." Real property which is  
15 exempt from local real property taxes and which is owned by one  
16 of the following:

17 (1) the Federal Government or an instrumentality of the  
18 Federal Government;

19 (2) the Commonwealth or an instrumentality of the  
20 Commonwealth;

21 (3) a political subdivision, except:

22 (i) real property owned by the municipality in which  
23 the property is located; and

24 (ii) real property owned by any authority,  
25 corporation or other entity owned or controlled by the  
26 municipality in which the property is located; or

27 (4) an entity which has obtained the exemption from real  
28 property taxation pursuant to the authority granted to the  
29 General Assembly under section 2(a)(i), (ii), (iv) or (v) of  
30 Article VIII of the Constitution of Pennsylvania.

1 The term shall not include real property for which a Federal or  
2 State program provides any reimbursement to a county or  
3 municipality for that tax-exempt real property.

4 Section 3. Tax-exempt property compilation.

5 (a) Annual report.--Beginning in calendar year 1998 every  
6 county shall submit to the department an annual report providing  
7 the information required in subsection (b) and such additional  
8 information as required by the department to administer this  
9 act. The report required under this section shall be filed on or  
10 before June 30 of each year.

11 (b) Contents.--The report required under subsection (a)  
12 shall be a compilation of all property located within the county  
13 that is exempt from the real property tax as of January 1 in the  
14 year the report is required to be filed. The report shall also  
15 contain the following:

16 (1) The owner of each property.

17 (2) The provisions under which the property is tax-  
18 exempt, differentiating between qualified tax-exempt property  
19 and other property which is tax-exempt.

20 (3) The location of the property, including mailing  
21 address, name of the municipality where the property is  
22 located and the block and lot designation.

23 (4) The assessed value of the property.

24 (5) The estimated market value of the property, which  
25 shall be determined by dividing the assessed value of the  
26 property by the common level ratio.

27 (6) An indication whether payment in lieu of tax or  
28 other funding is received under any Federal or State program  
29 based on that property.

30 (7) The millage rate for the tax on real property in

1 effect in the municipality where the property is located as  
2 of January 1 of the year in which the report is required to  
3 be filed.

4 (8) The assessed value of all property in each  
5 municipality in the county.

6 (9) The market value of all property in each  
7 municipality in the county.

8 (c) Failure to file reports.--

9 (1) Any county that fails to provide to the department  
10 the report required under this section by June 30 shall be  
11 penalized 25% of the distribution computed under section 6,  
12 the amount of the penalty shall be redistributed among the  
13 municipalities within that county.

14 (2) Notwithstanding any other provision of this act, any  
15 county that fails to provide to the department the report  
16 required under this section by July 31 shall, together with  
17 all municipalities within that county, forfeit the right to  
18 share in the next following distribution required to be made  
19 pursuant to this act.

20 Section 4. Local Tax-exempt Property Fund.

21 (a) Establishment.--There is hereby established in the State  
22 Treasury a fund to be known as the Local Tax-exempt Property  
23 Fund. The money deposited in this fund shall be used exclusively  
24 for the purpose of making annual grants pursuant to this act.

25 (b) Funds for base grant program.--Revenues received by the  
26 Commonwealth from imposition of the realty transfer tax shall be  
27 transferred to the fund as provided in this section.

28 (1) For fiscal year 1997-1998 and fiscal year 1998-1999,  
29 \$25,000,000 shall be transferred to the fund.

30 (2) For fiscal year 1990-2000, \$30,000,000 shall be

transferred to the fund.

(3) For fiscal year 2000-2001, and each fiscal year thereafter, the amount to be transferred to the fund under this subsection shall be the product of the amount computed under paragraph (2) and the quotient of the Consumer Price Index for Urban Consumers for December of the year prior to the year in which the transfer is required divided by the Consumer Price Index for Urban Consumers for December 1999.

(4) Funds transferred under this subsection shall be distributed as provided in sections 6 and 7(a).

(c) Funds for supplemental grant program.--

(1) In addition to the transfer required by subsection (b), for fiscal year 1998-1999 and 1999-2000, \$10,000,000 of the revenues received by the Commonwealth from imposition of the realty transfer tax shall be transferred to the fund.

(2) For fiscal year 2000-2001 and each fiscal year thereafter, the amount to be transferred to the fund under this subsection shall be product of the amount computed under paragraph (1) and the quotient of the Consumer Price Index for Urban Consumers for December of the year prior to the year in which the transfer is required divided by the Consumer Price Index for Urban Consumers for December 1999.

(3) Funds transferred under this subsection shall be distributed as provided in section 7(b).

(d) Timing of transfers.--Revenues required to be transferred under this section shall be transferred by the Secretary of Revenue in five equal installments before the last day of February, March, April, May and June of each fiscal year in which a transfer is required.

(e) Appropriation.--All moneys in the fund are hereby

1 appropriated to the department for purposes of making  
2 distributions pursuant to this act. These funds shall be a  
3 continuing appropriation and the funds shall not lapse at the  
4 end of the fiscal year.

5 (f) Definition.--As used in this section, the Consumer Price  
6 Index for Urban Consumers shall be the Consumer Price Index for  
7 Urban Consumers computed by the United States Department of  
8 Labor, Bureau of Labor Statistics.

9 Section 5. Allocation of funds and requirement to make grants.

10 (a) Base grant funds.--Five percent of the moneys in the  
11 fund transferred under section 4(b) shall be set aside for  
12 annual distribution to the various counties under section 6.  
13 Ninety-five percent of the moneys in the fund transferred under  
14 section 4(b) shall be set aside for annual distribution to the  
15 various municipalities under section 7(a).

16 (b) Supplemental grant funds.--All the moneys in the fund  
17 transferred under section 4(c) shall be set aside for annual  
18 distribution to the various municipalities under section 7(b).

19 (c) Mandatory grants.--Subject to the allocations made under  
20 this section, all moneys in the fund at the end of a fiscal year  
21 shall be distributed by the department on or before the  
22 September 15 next following the end of the fiscal year in the  
23 manner required under sections 6 and 7.

24 Section 6. County cost reimbursement.

25 The annual distribution to each county shall be equal to the  
26 product of the total amount of moneys set aside for distribution  
27 to all counties in section 5(a) and the percentage determined by  
28 dividing the market value of all qualified tax-exempt property  
29 in the county by the market value of all qualified tax-exempt  
30 property in all counties reporting.

1 Section 7. Municipal tax-exempt property grants.

2 (a) Municipal base grants.--The annual base grant to each  
3 eligible municipality shall be the amount calculated in  
4 paragraphs (1) through (3).

5 (1) The market value of the eligible municipality's  
6 qualified tax-exempt property shall be reduced, but not below  
7 zero, by the amount which is equal to 10% of the total of the  
8 market value of all property in the municipality.

9 (2) The result of paragraph (1) shall be divided by the  
10 sum of the values computed under paragraph (1) for all  
11 eligible municipalities.

12 (3) The result of paragraph (2) shall be multiplied by  
13 the amount available for distribution to municipalities  
14 computed under section 5(a).

15 (b) Municipal supplemental grants.--The annual supplemental  
16 grant to each eligible municipality shall be the amount  
17 calculated in paragraphs (1) through (3).

18 (1) The market value of the eligible municipality's  
19 qualified tax-exempt property shall be reduced, but not below  
20 zero, by the amount which is equal to 25% of the total of the  
21 market value of all property in the municipality.

22 (2) The result of paragraph (1) shall be divided by the  
23 sum of the values computed under paragraph (1) for all  
24 eligible municipalities.

25 (3) The result of paragraph (2) shall be multiplied by  
26 the amount available for distribution to municipalities  
27 computed under section 5(b).

28 (c) Maximum grants.--Notwithstanding any other provision of  
29 this act, the annual base and supplemental grants for a  
30 municipality computed under subsections (a) and (b) shall not

1 exceed 33.3% of the municipal real property tax which would be  
2 otherwise due in that calendar year, but for the tax exemption,  
3 on the amount calculated in subsection (a)(1).

4 (d) Definition.--As used in this section, the term "eligible  
5 municipality" means a municipality for which the county has made  
6 a report under section 3.

7 Section 8. Regulations.

8 The department shall promulgate the rules and regulations  
9 necessary to implement this act.

10 Section 9. Effective date.

11 This act shall take effect in 60 days.