

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL  
No. 1674 Session of  
2011

INTRODUCED BY KULA, MIRABITO, MAHONEY, STURLA, BARBIN,  
CALTAGIRONE, CARROLL, DAVIS, DONATUCCI, FABRIZIO, GIBBONS,  
HARKINS, HORNAMAN, KAVULICH, MULLERY, MUNDY, MURPHY, PARKER,  
PASHINSKI, SAMUELSON AND SWANGER, JUNE 15, 2011

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, JUNE 15, 2011

AN ACT

1 Amending Title 53 (Municipalities Generally) of the Pennsylvania  
2 Consolidated Statutes, further providing for subjects of  
3 local taxation and for valuation of property.

4 The General Assembly of the Commonwealth of Pennsylvania  
5 hereby enacts as follows:

6 Section 1. Section 8811 of Title 53 of the Pennsylvania  
7 Consolidated Statutes, amended October 27, 2010 (P.L.895,  
8 No.93), is amended to read:

9 § 8811. Subjects of local taxation.

10 (a) Subjects of taxation enumerated.--Except as provided in  
11 subsection (b), all subjects and property made taxable by the  
12 laws of this Commonwealth for county, city, borough, town,  
13 township and school district purposes shall, as provided in this  
14 chapter, be valued and assessed at the annual rates, including  
15 all:

16 (1) Real estate, namely:

17 (i) houses;

1           (ii) house trailers and mobile homes permanently  
2 attached to land or connected with water, gas, electric  
3 or sewage facilities;

4           (iii) buildings permanently attached to land or  
5 connected with water, gas, electric or sewage facilities;

6           (iv) lands, lots of ground and ground rents, trailer  
7 parks and parking lots;

8           (v) mills and manufactories of all kinds, furnaces,  
9 forges, bloomeries, distilleries, sugar houses, malt  
10 houses, breweries, tan yards, fisheries, ferries and  
11 wharves;

12          (vi) all office buildings;

13          (vii) that portion of a steel, lead, aluminum or  
14 like melting and continuous casting structure which  
15 encloses or provides shelter or protection from the  
16 elements for the various machinery, tools, appliances,  
17 equipment, materials or products involved in the mill,  
18 mine, manufactory or industrial process; and

19          (viii) telecommunication towers that have become  
20 affixed to land.

21       (1.1) Rights held pursuant to a lease or other agreement  
22 subject to the act of July 20, 1979 (P.L.183, No.60),  
23 entitled "An act regulating the terms and conditions of  
24 certain leases regarding natural gas and oil," to extract,  
25 remove or recover gas, including natural gas, or oil shall be  
26 subject to taxation as real estate for all county, city,  
27 borough, town, township and school district purposes. The  
28 rights shall be assessed and taxed separately from the  
29 surface property assessment, in the name of the holder of  
30 such rights, and valued in accordance with section 8842(d)

1 (relating to valuation of property). The following apply:

2 (i) For the first tax year after the effective date  
3 of this paragraph that the chief assessor has implemented  
4 the provisions of this paragraph and has rated and valued  
5 leases under this paragraph and placed the value on the  
6 county's permanent set of records, each political  
7 subdivision for which the total amount of taxes levied  
8 for that year against real properties contained in the  
9 duplicate for the preceding year exceeds 110% of the  
10 total amount it levied on those properties in the  
11 preceding year, shall for that first year, reduce its tax  
12 rate, if necessary, for the purpose of having the total  
13 amount of taxes levied for that year against the real  
14 properties contained in the duplicate for the preceding  
15 year, equal the total amount it levied on those  
16 properties the preceding year, notwithstanding the  
17 increased valuations of the properties under the revised  
18 assessment. The tax rate shall be fixed at a figure which  
19 will accomplish this purpose.

20 (ii) After establishing a tax rate under  
21 subparagraph (i), a political subdivision may increase  
22 its tax rate by a separate and specific vote.

23 (iii) For the purpose of determining the total  
24 amount of taxes to be levied in the first year under  
25 subparagraphs (i) and (ii), the amount to be levied on  
26 newly constructed buildings or structures, or on  
27 increased valuations based on new improvements made to  
28 existing houses, need not be considered.

29 (iv) The provisions of this paragraph are not  
30 intended, nor shall they be construed, to affect any

other determination, including, but not limited to, the  
determination of royalty due under mineral leases.  
Notwithstanding any other provision of law, any tax  
imposed by this chapter shall not reduce any royalty  
payments due under mineral leases, and the producer under  
a mineral lease may not recover any portion of the tax  
paid from the royalty owner through other means of  
deduction or reallocation, notwithstanding any provision  
in the lease, contract or agreement.

(2) All other things now taxable by the laws of this Commonwealth for taxing districts.

(b) Exceptions.--The following are not subject to tax:

(1) Machinery, tools, appliances and other equipment contained in any mill, mine, manufactory or industrial establishment shall not be considered or included as a part of the real estate in determining the value for taxation of the mill, mine, manufactory or industrial establishment.

(2) Silos used predominantly for processing or storage of animal feed incidental to operation of the farm on which it is located, freestanding detachable grain bins or corn cribs used exclusively for processing or storage of animal feed incidental to the operation of the farm on which it is located and inground and aboveground structures and containments used predominantly for processing and storage of animal waste and composting facilities incidental to operation of the farm on which the structures and containments are located shall not be considered or included as part of the real estate.

(3) No amusement park rides shall be assessed or taxed as real estate regardless of whether they have become affixed

1 to the real estate.

2 (4) No sign or sign structure primarily used to support  
3 or display a sign shall be assessed as real property by a  
4 county for purposes of the taxation of real property by the  
5 county or a political subdivision located within the county  
6 or by a municipality located within the county authorized to  
7 assess real property for purposes of taxation, regardless of  
8 whether the sign or sign structure has become affixed to the  
9 real estate.

10 (5) No wind turbine generators or related wind energy  
11 appliances and equipment, including towers and tower  
12 foundations, shall be considered or included as part of the  
13 real property in determining the fair market value and  
14 assessment of real property used for the purpose of wind  
15 energy generation. Real property used for the purpose of wind  
16 energy generation shall be valued under section 8842(b) (2)  
17 [(relating to valuation of property)].

18 Section 2. Section 8842 of Title 53, amended October 27,  
19 2010 (P.L.895, No.93), is amended by adding a subsection to  
20 read:

21 § 8842. Valuation of property.

22 \* \* \*

23 (d) Gas and oil leases.--The valuation of rights held  
24 pursuant to a lease or other agreement subject to the act of  
25 July 20, 1979 (P.L.183, No.60), entitled "An act regulating the  
26 terms and conditions of certain leases regarding natural gas and  
27 oil," to extract, remove or recover gas, including natural gas,  
28 or oil shall be developed by the county assessor utilizing the  
29 income approach to value based upon the discounted value of the  
30 rights, supplemented by the sales comparison data approach as

1 deemed necessary by the county assessor. The lessee or operator,  
2 or lessor on behalf of the lessee or operator, shall annually,  
3 no later than July 1, provide the county assessor with such  
4 nonproprietary lease and lease income information as the  
5 assessor determines is reasonably needed to determine value. The  
6 board may change the assessed valuation of the rights in the  
7 event information becomes available that would significantly  
8 affect the valuation, including, but not limited to,  
9 commencement of production on or near the property and the  
10 depletion of the hydrocarbon gas subject to the lease and  
11 related production.

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