

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1782 Session of  
2012

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YOUNGBLOOD, DECEMBER 21, 2011

REFERRED TO COMMITTEE ON URBAN AFFAIRS, DECEMBER 21, 2011

AN ACT

1 Amending Title 53 (Municipalities Generally) of the Pennsylvania  
2 Consolidated Statutes, providing for tax foreclosure; and  
3 making related repeals.

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

6 Section 1. Title 53 of the Pennsylvania Consolidated  
7 Statutes is amended by adding a chapter to read:

8 CHAPTER 90

9 TAX FORECLOSURE

10 Sec.

11 9001. Definitions.

12 9002. Scope of chapter.

13 9003. Tax collection bureaus.

14 9004. Liens; priority.

15 9005. Delinquency.

16 9006. Commencement of foreclosure action.

17 9007. Redemption.

1 9008. Foreclosure sale.  
2 9009. Transfers in absence of minimum bid.  
3 9010. Post-sale duties of bureau.  
4 9011. Hardship protections.  
5 9012. Taxpayer advocate.  
6 § 9001. Definitions.

7 The following words and phrases when used in this chapter  
8 shall have the meanings given to them in this section unless the  
9 context clearly indicates otherwise:

10 "Bureau." A tax collection bureau established under section  
11 9003 (relating to tax collection bureaus).

12 "Hardship payment plan." The plan entered into under a  
13 program under section 9011 (relating to hardship protections).

14 "Interested party." The owner or reputed owner of the  
15 subject property, any person who has a recorded interest in the  
16 property which may be affected by the sale and any person who  
17 has an interest in the property not of record which is  
18 reasonably likely to be affected by the sale and of which the  
19 bureau has knowledge, including, but not limited to, any person  
20 found in possession of the property.

21 "Owner-occupant." A natural person with a legal ownership  
22 interest in property which was the primary residence of the  
23 person for at least three consecutive months in the year  
24 preceding the date of delinquency.

25 "Redemption amount." The full amount of delinquent ad  
26 valorem real property taxes. The term includes:

27 (1) accrued interest;

28 (2) penalties; and

29 (3) costs incurred by the bureau in collecting the taxes.

30 "Taxing district." Any county, city, borough, town,

township, home rule municipality, optional plan municipality,  
optional charter municipality, school district or any similar  
general purpose unit of government created or authorized by  
statute which has the authority to levy ad valorem real property  
taxes.

§ 9002. Scope of chapter.

This chapter shall be the sole law authorizing and governing  
the sale of real property for the payment of delinquent taxes.

The scope of this chapter is limited to proceedings in rem and  
is not intended to nor shall it be construed to affect any law  
respecting personal liability for any encumbrance on real  
property.

§ 9003. Tax collection bureaus.

(a) Establishment.--Each county shall establish a tax  
collection bureau or shall enter into a joint agreement under  
Subchapter A of Chapter 23 (relating to intergovernmental  
cooperation), to establish a regional tax collection bureau.  
Each bureau shall act as agent for the taxing districts within  
its jurisdiction in the collection and enforcement of delinquent  
real property taxes.

(b) Successor.--A tax collection bureau created under  
subsection (a) shall succeed to the authority of tax claim  
bureaus and all similar agencies authorized and created under  
prior law.

(c) Powers and duties nontransferable.--The powers and  
duties of the tax collection bureaus shall not be transferable  
or assignable. A bureau shall have the authority to enter into  
contracts or other agreements for legal or other services as  
provided by the laws respecting local governance; provided that,  
notwithstanding any provision of law or ordinance to the

1 contrary, a bureau may not sell or assign any lien or claim for  
2 taxes or the right to collect delinquent taxes.

3 (d) Availability of data.--Each bureau shall create and  
4 maintain an Internet website for the purpose of posting  
5 information concerning the tax status of each parcel within its  
6 jurisdiction and shall make the same information available for  
7 inspection during regular office hours.

8 (1) The bureau shall be responsible for keeping the  
9 information posted on the Internet website current; however,  
10 data provided on the website or in any notice or database  
11 connected therewith shall not be construed to constitute a  
12 guarantee or legal document and the bureau shall not be  
13 liable for direct or indirect damages resulting from use of  
14 the data.

15 (2) The Internet website shall include the following  
16 information for each tax delinquent property:

17 (i) the address;

18 (ii) the parcel identification number;

19 (iii) the name of the owner;

20 (iv) the property type;

21 (v) the acreage;

22 (vi) the deed book and page in which the property  
23 appears;

24 (vii) the date of last sale;

25 (viii) the amount for which the property was last  
26 sold;

27 (ix) the taxing district;

28 (x) the tax year of the delinquency;

29 (xi) the redemption amount;

30 (xii) a notice of proceedings against the property,

1 including the docket number and the date and time  
2 scheduled for any hearing or sale under this chapter; and  
3 (xiii) the other notices required under this  
4 chapter.

5 (3) The Internet website may permit users to register to  
6 receive notices related to specific properties and may also  
7 provide forms, general notices and any other relevant  
8 information or services.

9 (e) Binding effect of  certification.--Upon the  
10 written request of any person, the bureau shall issue a  
11 certification showing the amount of any taxes due on the  
12 property as of the date of the issuance. If any certification  
13 incorrectly indicates that a tax has been paid or that less than  
14 the true and correct amount is owed and any person acts in  
15 reliance upon such representations by acquiring, for valuable  
16 consideration, an interest in the property, no lien may be  
17 imposed on the property for the amount of the error. If a tax  
18 certification is requested in connection with a particular  
19 transaction, the parties to the transaction shall be presumed to  
20 have acted in reliance upon the representations in the  
21 certification.

22 (f) Fees.--Except where otherwise prohibited by law, a  
23 bureau may require the payment of reasonable fees for services  
24 under this chapter, including, but not limited to, issuing tax  
25 certifications and notices, making copies of records, filing tax  
26 returns and recording deeds.

27 § 9004. Liens; priority.

28 Notwithstanding any other provision of law, all taxes on real  
29 property are declared a first lien on the real property, second  
30 only to a lien of the Commonwealth.

1 § 9005. Delinquency.

2 (a) General rule.--Taxes assessed against real property  
3 shall be deemed delinquent on the first day the taxes are due  
4 and remain unpaid.

5 (b) Penalties.--All unpaid taxes shall be subject to a  
6 penalty equal to 5% on the 30th calendar day of delinquency. At  
7 the end of every subsequent week of delinquency, the unpaid  
8 taxes shall be subject to a penalty equal to 2% of the full  
9 amount owed. The penalty will be computed and added to the total  
10 amount due until the date upon which foreclosure proceedings may  
11 be commenced or until the owner enrolls in a hardship payment  
12 plan.

13 (c) Fees.--The bureau may impose reasonable fees for costs  
14 actually incurred in the collection and enforcement of the  
15 property tax.

16 § 9006. Commencement of foreclosure action.

17 (a) General rule.--Twelve months after the date of initial  
18 delinquency, the bureau shall commence foreclosure proceedings  
19 against the tax delinquent property, provided that the owner is  
20 not enrolled in good standing in a hardship payment plan under  
21 section 9011 (relating to hardship protections).

22 (b) Form and procedure.--Except as otherwise provided, the  
23 rules of civil procedure pertaining to venue, commencement of  
24 action, notice, service of process, judgment and execution in  
25 actions for mortgage foreclosure shall apply to actions for  
26 foreclosure and sale under this chapter. References to "sheriff"  
27 shall be considered to be references to "tax collector" or "tax  
28 collection bureau."

29 (c) Disallowance of claims.--The complaint for foreclosure  
30 shall not include any claim related to personal property or

personal liability and shall relate only to the tax delinquent property. No counterclaims shall be permitted.

(d) Complaint.--The complaint shall set forth:

(1) the name and address of each interested party, along with a description of the interest;

(2) the grounds for subject matter jurisdiction, in rem jurisdiction over the defendant property, and venue;

(3) a general description of the property, including the address and tax parcel number;

(4) an itemized statement of the redemption amount and the time and place where payment may be made; and

(5) a request for relief.

(e) Amendment of complaint.--The complaint may be amended at any time prior to entry of judgment to include the amount of any additional fees or subsequent tax delinquency.

§ 9007. Redemption.

(a) Authorization.--An interested party may redeem the property from sale by paying the full redemption amount at any time prior to entry of an order for the sale of the property. Except as otherwise provided by Federal law, entry of an order for sale shall extinguish all rights of redemption.

(b) Result.--Upon receipt of the redemption amount, the petitioner shall notify the court of the same and shall file for dismissal of the action without prejudice. Dismissal does not affect the rights and interests of interested parties.

(c) Payment by party other than fee simple owner.--If payment of the redemption amount is by a party other than a fee simple owner, the bureau shall issue to the payor a certificate which, when filed with the appropriate office in the county for the recording of civil judgments, shall evidence possession of a

1 lien on the property for full amount of the payment. The lien,  
2 when properly recorded, shall have the same priority as the lien  
3 for delinquent tax. The lienholder shall not otherwise succeed  
4 to the powers of the tax collection bureau under this chapter.  
5 § 9008. Foreclosure sale.

6 (a) Sale.--Upon entry of judgment and order for foreclosure,  
7 the property shall be exposed for sale at a public sale. The  
8 sale shall not occur earlier than 45 days following the date of  
9 issuance of the court's order or later than 90 days following  
10 the date of the issuance of the court's order.

11 (b) Bidding.--

12 (1) Any person or entity who wishes to bid at the sale  
13 must first sign a sworn affidavit that the person or entity  
14 is not, either personally or as a principal of any business  
15 entity:

16 (i) delinquent on any real property taxes in any  
17 jurisdiction;

18 (ii) in knowing violation of property maintenance or  
19 public health codes in any municipality of the  
20 Commonwealth; or

21 (iii) bidding on behalf of another who is not  
22 eligible to bid.

23 (2) Notwithstanding any other provision of law, the  
24 petitioner may bid at the sale.

25 (3) The minimum bid price for the sale of the property  
26 shall be the redemption amount.

27 (4) The property shall be sold to the highest bidder.

28 (c) Effect.--At the conclusion of the sale, the winning  
29 bidder shall pay the full amount of the bid. Failure to pay the  
30 full amount of the bid shall result in the immediate re-exposure



1 of the property to sale.

2 § 9009. Transfers in absence of minimum bid.

3 (a) Tax collection bureau as trustee.--If, after offering  
4 the property for sale in accordance with section 9008 (relating  
5 to foreclosure sale), the minimum bid is not met, all rights in  
6 the property shall transfer to the bureau as trustee by  
7 operation of law. The bureau shall maintain a list of such  
8 properties on its Internet website and in its office. From time  
9 to time, the bureau may publish a list of these properties in a  
10 locally circulating newspaper.

11 (b) Subsequent disposition.--The bureau may, in its  
12 discretion:

13 (1) hold another public sale;

14 (2) with the written consent of all the taxing districts  
15 where the property is located, accept an offer of any price  
16 for the property; or

17 (3) transfer the property to political subdivisions or  
18 third parties on such terms and conditions and for such  
19 consideration as are mutually acceptable to the bureau and  
20 the transferee.

21 § 9010. Post-sale duties of bureau.

22 (a) Deed.--The bureau shall, as trustee grantor, make and  
23 deliver to the purchaser or transferee a deed in fee simple,  
24 without warranties, for the property. It shall be the duty of  
25 the bureau to ensure that the deed is properly recorded.

26 (b) Forms and returns.--The bureau shall file all required  
27 tax returns and all other forms or declarations required by law  
28 as a result of the transfer.

29 (c) Distribution of proceeds.--The bureau shall distribute  
30 sale proceeds in accordance with the amount and priority of each

1 party's interest. If the sale price exceeds the minimum bid, the  
2 bureau shall deposit into an escrow account the amount of the  
3 surplus and shall publish a proposed schedule of distribution.  
4 The proposed schedule shall be posted in the office and on the  
5 Internet website of the bureau not less than ten days before  
6 distribution. Exceptions to the proposed schedule must be  
7 submitted in writing to the bureau within ten days of the date  
8 of posting. The court with original jurisdiction over the action  
9 in foreclosure shall hear any disputes arising from exceptions  
10 to the proposed schedule of distribution.

11 § 9011. Hardship protections.

12 (a) Requirement.--Each bureau shall create a program to  
13 alleviate undue hardship which may be caused by a claim for  
14 delinquent real property taxes. In developing program policies  
15 and internal guidelines, the bureau shall take into  
16 consideration the important public interests of preventing  
17 homelessness and avoiding property abandonment and blight.

18 (b) Eligibility.--In order to participate in a hardship  
19 payment plan, an applicant must be an "owner-occupant," as  
20 defined in section 9001 (relating to definitions), and must not  
21 have defaulted on a prior hardship payment plan for delinquent  
22 taxes. The bureau shall approve an application for enrollment in  
23 a hardship payment plan if it determines, based on information  
24 in the application, that the tax claim constitutes an actual  
25 hardship for the applicant and the tax has remained delinquent  
26 through no significant fault of the applicant.

27 (c) Application.--The application must be submitted to the  
28 bureau no later than ten days following service of original  
29 process in a foreclosure action and shall include the following:

30 (1) proof that the applicant is an "owner-occupant";

1       (2) proof of household income and expenses;

2       (3) a list of all debts of the applicant along with the  
3       amount of the debt and interest rate; and

4       (4) an explanation of any extenuating circumstances  
5       which occurred or persisted during the preceding two years  
6       and which significantly affected the ability of the applicant  
7       to pay the taxes as they became due.

8       (d) Notice and enrollment.--The bureau shall notify the  
9       applicant of its decision or shall request additional  
10       documentation of the information contained in the application  
11       within 14 days of receipt. If the application is approved, the  
12       bureau shall include with the notification a payment schedule.

13       (e) Right of appeal.--An applicant may appeal the decision  
14       of the bureau to the body charged with hearing appeals from  
15       assessments of property value in that jurisdiction. All appeals  
16       must be made within 14 days after notice of the decision. The  
17       decision on appeal shall be final and binding.

18       (f) Terms of repayment.--The bureau shall determine the  
19       terms of a hardship payment plan in accordance with the program  
20       policies adopted under subsection (a), subject to the following  
21       limitations:

22               (1) no payment schedule may incorporate any tax  
23               forgiveness or abatement not otherwise authorized by law;

24               (2) no payment schedule may exceed the duration of 24  
25               months;

26               (3) the payment schedule shall permit the taxpayer to  
27               make payment of the amount due in at least four separate  
28               payments, spaced at least 30 days apart; and

29               (4) the initial payment shall not exceed 25% of the  
30               amount of delinquent taxes.

1     (g) Default.--The bureau shall cause foreclosure proceedings  
2 to be stayed for the duration of enrollment in a hardship  
3 payment plan. Proceedings shall be recommenced within two weeks  
4 of any default. Two or more consecutive missed payments or  
5 failure to timely pay any taxes levied on the property after the  
6 date of enrollment in the hardship payment plan shall constitute  
7 default under this section.

8     (h) Modification.--A request for a modification of a  
9 hardship payment plan must be submitted to the bureau prior to  
10 the second missed payment.

11 § 9012. Taxpayer advocate.

12     (a) Appointment.--Each bureau shall appoint at least one  
13 individual, who has sufficient knowledge of consumer finances,  
14 as a taxpayer advocate. The taxpayer advocate may be a public  
15 officer or employee or a volunteer, provided the individual  
16 appointed may not have the authority to approve or disapprove an  
17 application for enrollment in a hardship protection program or  
18 exercise any powers of enforcement under this chapter.

19     (b) Duties.--The taxpayer advocate shall, whenever possible,  
20 contact and offer assistance to any delinquent taxpayer that the  
21 taxpayer advocate has reason to believe may be infirmed or  
22 incapacitated by reason of age, disease or physical or mental  
23 condition. With the consent and assistance of the taxpayer, the  
24 taxpayer advocate shall identify and educate friends or family  
25 members who might provide continuing support. Where appropriate,  
26 the taxpayer advocate shall assist the taxpayer in preparing an  
27 application for enrollment in a hardship payment plan.

28     (c) Powers.--A taxpayer advocate shall have no authority to  
29 act on behalf of the taxpayer except as expressly granted. Any  
30 information obtained in the course of the duties of the taxpayer

1 advocate shall be confidential.

2 Section 2. Repeals are as follows:

3 (1) The General Assembly declares that the repeals under  
4 paragraph (2) are necessary to effectuate the addition of 53  
5 Pa.C.S. Ch. 90.

6 (2) The following acts and parts of acts are repealed:

7 (i) The act of May 16, 1923 (P.L.207, No.153),  
8 referred to as the Municipal Claim and Tax Lien Law, is  
9 repealed insofar as it is inconsistent with the addition  
10 of 53 Pa.C.S. Ch. 90.

11 (ii) Article VI of the act of July 7, 1947  
12 (P.L.1368, No.542), known as the Real Estate Tax Sale  
13 Law, is repealed absolutely.

14 (iii) The act of June 28, 1967 (P.L.122, No.32),  
15 entitled "An act authorizing and empowering city  
16 treasurers of cities of the second class A to sell at  
17 public sale, lands or real estate upon which the taxes,  
18 assessed and levied by the city, are delinquent and  
19 unpaid; fixing the interests of all taxing authorities  
20 where such lands are purchased by the city; providing for  
21 the distribution of moneys received as income from or  
22 resale of such lands; and providing for a method of  
23 reselling such lands purchased, by the city, or by the  
24 city at any sale for the nonpayment of taxes, free and  
25 clear of all mortgages, ground rents, interest in or  
26 claims against said lands; authorizing an agreement  
27 between cities of the second class A purchasing property  
28 at treasurer's sales and all other taxing authorities  
29 having an interest in such lands with respect to the  
30 distribution of rents, income and the proceeds of the

1 resale of such lands," is repealed insofar as it is  
2 inconsistent with the addition of 53 Pa.C.S. Ch. 90.

3 (iv) The act of October 11, 1984 (P.L.876, No.171),  
4 known as the Second Class City Treasurer's Sale and  
5 Collection Act, is repealed insofar as it is inconsistent  
6 with the addition of 53 Pa.C.S. Ch. 90.

7 (3) All acts and parts of acts are repealed insofar as  
8 they are inconsistent with the addition of 53 Pa.C.S. Ch. 90.

9 Section 3. The addition of 53 Pa.C.S. Ch. 90 shall apply to  
10 ad valorem real property taxes which are delinquent as of July  
11 1, 2012.

12 Section 4. This act shall take effect in 60 days.