

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1677 Session of 2019

INTRODUCED BY FREEMAN, MOUL, LONGIETTI, KIM, MURT, SCHLOSSBERG, DEASY, SAINATO, CIRESI, HILL-EVANS, DeLUCA, STURLA, KORTZ, McNEILL, RADER, WEBSTER, COMMITTA, SAMUELSON, MERSKI AND LEE, JUNE 26, 2019

AS REPORTED FROM COMMITTEE ON LOCAL GOVERNMENT, HOUSE OF REPRESENTATIVES, AS AMENDED, JANUARY 22, 2020

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

1 (P.L.403, No.58), known as the Community and Economic  
2 Development Enhancement Act.

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

5 "Eligible municipality." A municipality that imposes a tax  
6 on real property determined eligible under section 6(a).

7 "Fund." The Tax-exempt Property Municipal Assistance Fund  
8 established under section 4.

9 "Liquor tax." The tax imposed and assessed upon the net  
10 price of all liquors sold by the Pennsylvania Liquor Control  
11 Board under the act of June 9, 1936 (1st Sp.Sess., P.L.13,  
12 No.4), entitled "An act imposing an emergency State tax on  
13 liquor, as herein defined, sold by the Pennsylvania Liquor  
14 Control Board; providing for the collection and payment of such  
15 tax; and imposing duties upon the Department of Revenue and the  
16 Pennsylvania Liquor Control Board."

17 "Market value." The value of property as calculated by the  
18 State Tax Equalization Board on an annual basis utilizing the  
19 common level ratio.

20 "Market value of tax-exempt property." The quotient of the  
21 base year market value of a property and the common level ratio  
22 as calculated by the State Tax Equalization Board.

23 "Municipality." Any of the following:

24 (1) A city, borough, incorporated town or township.

25 (2) A home rule municipality which is a city, borough,  
26 incorporated town or township.

27 "Qualified tax-exempt property." Real property which is  
28 exempt from local real property taxes and which is owned by one  
29 of the following:

30 (1) The Federal Government or an instrumentality of the

1 Federal Government.

2 (2) The Commonwealth or an instrumentality of the  
3 Commonwealth.

4 (3) A political subdivision, except real property owned  
5 by the municipality in which the property is located.

6 (4) An entity which has obtained the exemption from real  
7 property taxation under the authority granted to the General  
8 Assembly under section 2(a)(i), (ii), (iv) or (v) of Article  
9 VIII of the Constitution of Pennsylvania.

10 (5) A local authority as defined in 1 Pa.C.S. § 1991  
11 (relating to definitions).

12 Section 3. Tax-exempt property compilation.

13 (a) Compilation.--Each county shall annually compile a list  
14 identifying the market value of tax-exempt property within the  
15 county.

16 (b) Annual report.--Beginning in calendar year 2020, each  
17 county assessment office shall submit to the department an  
18 annual report providing the information required in subsection  
19 (c) and any additional information required by the department to  
20 administer this act. The report shall be filed by June 30.

21 (c) Contents.--The report required under subsection (b)  
22 shall be a compilation of all property located within the county  
23 which is exempt from real property tax as of January 1 in the  
24 year the report is required to be filed. The report shall  
25 contain the following:

26 (1) The owner of each tax-exempt property.

27 (2) The location of the property, including mailing  
28 address, name of the municipality where the property is  
29 located and the uniform parcel identifier.

30 (3) The assessed value of the property.

1           (4) Payments in lieu of tax or other funding received  
2 under a Federal or State program based on the tax-exempt  
3 status of the property. The amounts of the payments shall be  
4 reported by the municipality to the county assessment office.  
5 If the municipality fails to timely report this information  
6 to the county assessment office, the county is not required  
7 to include the information in the report, and the  
8 municipality shall report the information directly to the  
9 department.

10           (5) The millage rate for the tax on real property in  
11 effect in the municipality where the property is located as  
12 of January 1 of the year in which the report is required to  
13 be filed.

14           (6) The assessed value of all property in each  
15 municipality in the county.

16           (7) The market value of all property in each  
17 municipality in the county.

18           (d) Failure to file reports.--Notwithstanding any other  
19 provision of this act, a county which fails to provide to the  
20 department the report required under this section by July 31  
21 shall cause all municipalities within that county to forfeit the  
22 right to share in the distribution of funding for the year in  
23 which the information was required to be reported. A  
24 municipality located within a county that has failed to provide  
25 the department with the required report shall have the right to  
26 petition the court of common pleas to issue a writ of mandamus  
27 ordering the county to collect the data and file the report with  
28 the department.

29 Section 4. Fund.

30           (a) Establishment.--There is established in the State

1 Treasury a special restricted account to be known as the Tax-  
2 exempt Property Municipal Assistance Fund. The money deposited  
3 in the fund shall be used exclusively for the purpose of making  
4 annual distributions to eligible municipalities under section 6.

5 (b) Funds for revenue sharing program.--All revenues  
6 received by the Commonwealth from imposition of the liquor tax  
7 shall be transferred to the fund. All funds transferred under  
8 this subsection shall be distributed as provided in section 6.

9 (c) Timing of transfers.--Revenue required to be transferred  
10 under this section shall be transferred by the State Treasurer  
11 in five equal installments before the last day of February,  
12 March, April, May and June of each fiscal year in which a  
13 transfer is required.

14 (d) Appropriation.--Money in the fund is appropriated on a  
15 continuing basis to the department for purposes of making  
16 distributions under this act and shall not lapse at the end of  
17 any fiscal year.

18 Section 5. Funds available for distribution.

19 Money in the fund at the end of a fiscal year shall be  
20 distributed by the department by September 15 ~~next following the~~ <--  
21 ~~end of the~~ OF THE FOLLOWING fiscal year IN WHICH THEY WERE <--  
22 COLLECTED in the manner required under section 6.

23 Section 6. Tax-exempt properties assistance.

24 (a) Eligibility.--A municipality is eligible to receive  
25 distributions under this section if it is determined by the  
26 department that the municipality's total market value of tax-  
27 exempt property equals or exceeds 15% of the total market value  
28 of assessed property within the municipality.

29 (b) Revenue.--The department shall annually distribute funds  
30 available under section 5 to each eligible municipality based

1 upon the following:

2 (1) Each municipality's total market value of qualified  
3 tax-exempt properties shall be divided by the total market  
4 value of qualified tax-exempt property in all eligible  
5 municipalities with the quotient expressed as a percentage.

6 (2) The percentage under paragraph (1) shall be  
7 multiplied by the funds available to determine the payment  
8 due to each municipality.

9 (3) No municipality shall receive more than 10% of the  
10 funds available. The following apply:

11 (i) Subject to subparagraph (ii), if a  
12 municipality's allocation as calculated exceeds the 10%  
13 limit, the municipality shall receive 10% of the funds  
14 available.

15 (ii) If it is determined that more than one  
16 municipality's allocation as calculated exceeds the 10%  
17 limit, the allocation to each municipality subject to the  
18 limit shall be calculated against the total amount of  
19 money in the fund at the end of the fiscal year.

20 (iii) For the remaining municipalities, the  
21 department shall recalculate the payment amounts using  
22 the formula in paragraphs (1) and (2), except that the  
23 recalculation shall exclude:

24 (A) a municipality whose allocation exceeds the  
25 10% limit; and

26 (B) the amount equivalent to the municipality's  
27 10% allocation.

28 (4) No municipality shall receive an amount exceeding  
29 \$100 per person based upon the population of the municipality  
30 as of the last Federal decennial census. The following apply:

1 (i) If it is determined that a municipality's  
2 allocation exceeds the per-person limit, the municipality  
3 shall receive a \$100 per-person allocation from the funds  
4 available.

5 (ii) If it is determined that more than one  
6 municipality's allocation as calculated exceeds the \$100  
7 per-person limit, the allocation to each municipality  
8 subject to the per-person limit shall be calculated  
9 against the total amount of money in the fund at the end  
10 of the fiscal year.

11 (iii) For the remaining municipalities, the  
12 department shall recalculate the payment amounts using  
13 the formula in paragraphs (1) and (2), except that the  
14 recalculation shall exclude:

15 (A) a municipality whose allocation exceeds the  
16 \$100 per-person limit; and

17 (B) the amount equivalent to the municipality's  
18 \$100 per-person limit.

19 (5) If the total allocations as calculated result in  
20 \$1,000,000 or less remaining in the fund, the money shall be  
21 retained in the fund for allocation in the next fiscal year.

22 (6) If the total allocations as calculated result in  
23 ~~\$1,000,000~~ or more THAN \$1,000,000 remaining in the fund, the <--  
24 department shall recalculate the allocation amounts for the  
25 remaining eligible municipalities that are not subject to an  
26 allocation limitation under this subsection. The department  
27 shall use the formula under this subsection, except that the  
28 recalculation shall exclude a municipality subject to an  
29 allocation limitation and the amount equivalent to the  
30 municipality's limited allocation. If the recalculation

1 results in money remaining in the fund, the money shall be  
2 retained in the fund for allocation in the next fiscal year.

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

14 Section 7. Regulations.

15 Within 180 days after the effective date of this section, the  
16 department shall ~~promulgate regulations necessary to implement~~ <--  
17 DEVELOP WRITTEN GUIDELINES FOR THE IMPLEMENTATION OF THE <--  
18 PROVISIONS OF this act. The department shall submit ~~proposed~~ <--  
19 ~~regulations~~ THE GUIDELINES to the Local Government Committee of <--  
20 the Senate and the Local Government Committee of the House of  
21 Representatives ~~for comment~~ UPON COMPLETION. <--

22 Section 8. Repeal.

23 Section 2 of the act of June 9, 1936 (1st Sp.Sess., P.L.13,  
24 No.4) is repealed insofar as it requires funds to be credited to  
25 the General Fund.

26 Section 9. Effective date.

27 This act shall take effect in 60 days.