



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 352

PRINTERS NO. 1607

PRIME SPONSOR: J. Ward

COST / (SAVINGS)

FUND	FY 2019/20	FY 2020/21
General Fund	\$0	\$0

SUMMARY: Senate Bill 352, Printer's Number 1607, creates a stand-alone act authorizing local taxing authorities to provide for tax exemption incentives for certain deteriorated industrial, commercial, business and residential property and for new construction in deteriorated areas, providing for an exemption schedule and establishing standards and qualifications.

ANALYSIS: This legislation creates the Tax Exemption and Mixed-Use Incentive Program Act authorizing local taxing authorities to provide for tax exemption incentives for new construction in deteriorated areas and improvements to certain deteriorated industrial, commercial, business and residential property with emphasis on mixed-use housing and development.

A local taxing authority may, by ordinance or resolution, exempt from real property taxation the assessed valuation of improvements to blighted properties and the assessed valuation of new construction within a deteriorated area. Prior to adoption of the ordinance or resolution, the municipal corporation must affix the boundaries of the deteriorated area, wholly or partially located within its jurisdiction, and hold at least one public hearing for the purpose of determining the boundaries. Two or more municipal governing bodies may join together for the purpose of determining the boundaries of a deteriorated area.

A local taxing authority may provide for tax exemption on the assessment attributable to the actual cost of new construction or improvements or up to any maximum cost uniformly established by the municipal corporation. The exemption schedule shall be as follows:

- 100% for the first, second and third years
- 90% for the fourth year
- 75% for the fifth year
- 60% for the sixth year
- 45% for the seventh year
- 30% for the eighth year
- 15% for the ninth year
- 10% for the tenth year
- After the tenth year, the exemption shall terminate.

A local taxing authority shall be entitled to a return of its proportional share of taxes exempted if, within five years following completion of the new construction or improvements, there exists on the property a serious violation of State law or a property maintenance code and the owner has taken no substantial steps to correct the violation within six months following the notification. The local taxing authority shall file a lien on the tax-exempt properties for the amount of the tax exemptions and the lien shall be forgiven by the local taxing authority at the end of the fifth year following the completion of the new construction or improvements.

A person desiring a tax exemption under this act shall notify the local taxing authority granting the exemption in writing on an application form provided by the local taxing authority. To be eligible, the new construction or improvements must conform to zoning ordinance requirements, applicable mixed-use housing and development standards, increase property value by at least 25% and, if applicable, correct all code violations. A property is not eligible if it is receiving other tax abatements or exemptions, the owner or developer is delinquent on any property taxes or has a legal or equitable interest in any other property for which property taxes are delinquent, new construction or improvement has commenced prior to filing an application, or the property includes an improvement that poses a health or safety risk to individuals residing on the property.

The act shall take effect in 60 days.

FISCAL IMPACT: Enactment of this legislation will have no adverse fiscal impact on Commonwealth funds. The legislation provides a process, at the discretion of the local taxing authority, whereby new construction and improvements to blighted properties would allow these properties to be refurbished and/or rebuilt and brought back into use, gradually generating additional property tax revenue for a local taxing authority.

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House Appropriations Committee (R)

DATE: June 23, 2020

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.