

## AN ACT

1 Amending the act of November 26, 1997 (P.L.508, No.55), entitled  
2 "An act providing for the tax exemption of institutions of  
3 purely public charity; exempting real property owned by  
4 State-related universities or Federal Government  
5 instrumentalities from taxation; providing for unfair  
6 competition; imposing penalties; and making repeals," further  
7 providing for definitions, for State-related institutions and  
8 for criteria for institutions of purely public charity.

9 The General Assembly of the Commonwealth of Pennsylvania  
10 hereby enacts as follows:

11 Section 1. The definition of "institution of purely public  
12 charity" in section 3 of the act of November 26, 1997 (P.L.508,  
13 No.55), known as the Institutions of Purely Public Charity Act,  
14 is amended and the section is amended by adding definitions to  
15 read:

16 Section 3. Definitions.

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

20 \* \* \*

1 "Institution of purely public charity." An institution which  
2 meets the criteria under section 5. The term does not include a  
3 State-related university or other institution of higher  
4 education.

5 \* \* \*

6 "Other institution of higher education." Any of the  
7 following:

8 (1) An institution within the State System of Higher  
9 Education.

10 (2) A community college established under Article XIX-A  
11 of the act of March 10, 1949 (P.L.30, No.14), known as the  
12 Public School Code of 1949, or the act of August 24, 1963  
13 (P.L.1132, No.484), known as the Community College Act of  
14 1963.

15 (3) An independent institution of higher education that:

16 (i) is located in this Commonwealth and incorporated  
17 or chartered by the Commonwealth;

18 (ii) is entitled to confer degrees under 24 Pa.C.S.  
19 § 6505 (relating to power to confer degrees);

20 (iii) uses the designation "college," "university"  
21 or "seminary" as provided for by standards and  
22 qualifications prescribed by the State Board of Education  
23 under 24 Pa.C.S. Ch. 65 (relating to private colleges,  
24 universities and seminaries); and

25 (iv) receives, directly or indirectly, funding  
26 through a State appropriation.

27 \* \* \*

28 "State-related university." Any of the following:

29 (1) The Pennsylvania State University and its affiliate.

30 (2) The Pennsylvania College of Technology.

1           (3) The University of Pittsburgh.

2           (4) Temple University and its subsidiaries Temple  
3           University Hospital, Inc., and Temple University Children's  
4           Hospital, Inc..

5           (5) Lincoln University.

6           (6) An institution designated by act of the General  
7           Assembly as "State-related."

8 Section 2. Sections 4 and 5(b) of the act are amended to read:

9 Section 4. State-related universities and other institutions of  
10           higher education.

11       [(a) General rule.--It is the intent of the General Assembly  
12 to recognize that the State-related universities provide a  
13 direct public benefit and serve the public purposes of this  
14 Commonwealth by declaring the real property of State-related  
15 universities to be public property for purposes of exemption  
16 from State and local taxation when the property is actually and  
17 regularly used for public purposes, provided that nothing in  
18 this section is intended or shall be construed to affect the  
19 title to real property of State-related universities or the  
20 power and authority of the governing bodies of State-related  
21 universities with respect to such real property. Further,  
22 nothing in this section is intended or shall be construed to  
23 affect, impair or terminate any contract or agreement in effect  
24 on or before the effective date of this section by and between a  
25 State-related university and any political subdivision wherein  
26 the State-related university pays real estate taxes, amounts in  
27 lieu of real estate taxes or other charges, fees or  
28 contributions for government services.]

29       (b) Real property.--Notwithstanding any other provision of  
30 this act or other law to the contrary:

1       (1) All real property owned by State-related  
2 universities or owned by the Commonwealth and used by a  
3 State-related university [is and shall be deemed public  
4 property for purposes of the Constitution of Pennsylvania  
5 and] shall be subject to the laws of this Commonwealth  
6 relating to the assessment, taxation and exemption of real  
7 estate and shall not be exempt from [all] State and local  
8 taxation [when actually and regularly used for public  
9 purposes].

10       (2) All real property owned by other institutions of  
11 higher education shall be subject to the laws of this  
12 Commonwealth relating to the assessment, taxation and  
13 exemption of real estate and shall not be exempt from State  
14 and local taxation.

15       [(c) Exception.--This section shall not include the property  
16 of a State-related university the possession and control of  
17 which has been transferred to a for-profit entity not otherwise  
18 entitled to tax-exempt status, irrespective of whether that  
19 entity is affiliated with the university. The execution of a  
20 management services contract with a third party entity to  
21 provide operational services to the university which would  
22 otherwise be provided or conducted directly by the university  
23 shall not, however, be considered a transfer of possession and  
24 control of real property within the meaning of this section.

25       (d) Definitions.--As used in this section, the following  
26 words and phrases shall have the meanings given to them in this  
27 subsection:

28       "Public purposes." All activities relating to the  
29 educational mission of State-related universities, including  
30 teaching, research, service and activities incident or ancillary

1 thereto which provide services to or for students, employees or  
2 the public.

3 "State-related universities." The Pennsylvania State  
4 University and its affiliate, the Pennsylvania College of  
5 Technology, the University of Pittsburgh, Temple University and  
6 its subsidiaries Temple University Hospital, Inc., and Temple  
7 University Children's Hospital, Inc., and Lincoln University.]  
8 Section 5. Criteria for institutions of purely public charity.

9 \* \* \*

10 (b) Charitable purpose.--The institution must advance a  
11 charitable purpose. This criterion is satisfied if the  
12 institution is organized and operated primarily to fulfill any  
13 one or combination of the following purposes:

14 (1) Relief of poverty.

15 (2) Advancement and provision of education. This  
16 paragraph includes postsecondary education[.], except if  
17 provided by a State-related university or other institution  
18 of higher education.

19 (3) Advancement of religion.

20 (4) Prevention and treatment of disease or injury,  
21 including mental retardation and mental disorders.

22 (5) Government or municipal purposes.

23 (6) Accomplishment of a purpose which is recognized as  
24 important and beneficial to the public and which advances  
25 social, moral or physical objectives.

26 \* \* \*

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