

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1799 Session of 2023

INTRODUCED BY SIEGEL, PISCIOTTANO, HILL-EVANS, MADDEN, BOROWSKI, FREEMAN, SCHLOSSBERG, BRENNAN, SANCHEZ, STURLA, SCHWEYER, MALAGARI, CEPEDA-FREYTIZ, SMITH-WADE-EL, CONKLIN AND GREEN, OCTOBER 27, 2023

AS REPORTED FROM COMMITTEE ON LOCAL GOVERNMENT, HOUSE OF REPRESENTATIVES, AS AMENDED, MARCH 20, 2024

AN ACT

1 Authorizing local taxing authorities to provide for tax
2 exemptions for improvements and redevelopment of shopping
3 malls; establishing the Mixed-Use Redevelopment ADVISORY <--
4 COMMITTEE WITHIN THE STATE PLANNING Board; and conferring
5 powers and imposing duties on the Department of Community and
6 Economic Development.

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 Mixed-Use
11 Redevelopment of Shopping Malls Act.

12 Section 2. Findings and declaration of policy.

13 It is determined and declared as a matter of legislative
14 finding that there exists in this Commonwealth a number of empty <--
15 UNDERUTILIZED shopping malls which provide an economic liability <--
16 to the communities in which they sit. It is in the public
17 interest to promote redevelopment of these large parcels and
18 return them to function in accordance with sound and approved

1 plans for their redevelopment that will promote public safety,  
2 convenience and welfare.

3 Section 3. Definitions.

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

7 "Affordable housing." Any of the following:

8 (1) A single-family residence that is subject to HOME <--  
9 AFFORDABILITY deed restrictions and occupied by an individual  
10 or family whose income is not more than 60% of the area  
11 median gross income.

12 (2) A multiunit residential dwelling where at least a  
13 percentage, as defined by the municipality, of the  
14 residential units are:

15 (i) rent-restricted; and

16 (ii) occupied by an individual or family whose  
17 income is not more than 60% of area median income.

18 "Board." The ~~Mixed Use Redevelopment Board established under~~ <--  
19 ~~section 4.~~ STATE PLANNING BOARD ESTABLISHED BY THE ACT OF APRIL <--  
20 9, 1929 (P.L.177, NO.175), KNOWN AS THE ADMINISTRATIVE CODE OF  
21 1929.

22 "COMMITTEE." THE MIXED-USE REDEVELOPMENT ADVISORY COMMITTEE  
23 ESTABLISHED BY THE BOARD UNDER SECTION 4.

24 "Department." The Department of Community and Economic  
25 Development of the Commonwealth.

26 "Developer." A taxpayer redeveloping a shopping mall FOR <--  
27 MIXED-USE REDEVELOPMENT PURPOSES.

28 "Local taxing authority." A county, ~~city, borough,~~ <--  
29 ~~incorporated town, township,~~ MUNICIPAL CORPORATION, institution <--  
30 district or school district having authority to levy real estate

1 taxes.

2 "Mixed-use redevelopment." An urban, suburban, village  
3 development or single building that combines residential,  
4 commercial, cultural, institutional or industrial uses to  
5 provide efficiency for the community in terms of space,  
6 transportation and economic development.

7 "Municipal corporation." A city, borough, incorporated town  
8 or township.

9 "PROJECT AGREEMENT." AN AGREEMENT BETWEEN A DEVELOPER AND A <--  
10 LOCAL TAXING AUTHORITY STATING THE TERMS AND CONDITIONS OF THE  
11 MIXED-USE REDEVELOPMENT OF A SHOPPING MALL AUTHORIZED BY THE  
12 LOCAL TAXING AUTHORITY FOR A TAX EXEMPTION OR SPECIAL TAX  
13 PROVISION UNDER SECTION 5.

14 "Property maintenance code." A municipal ordinance that  
15 regulates the maintenance or development of real property. The  
16 term includes a building code, ZONING CODE, housing code and <--  
17 public safety code.

18 "Real estate tax." A tax on a homestead imposed or  
19 authorized to be imposed by a local taxing authority.

20 "Redevelopment." Repair, construction or reconstruction,  
21 including alterations and additions, having the effect of  
22 rehabilitating a shopping mall so that the shopping mall attains  
23 higher standards of safety, health, economic use or amenity or  
24 is brought into compliance with laws, ordinances or regulations  
25 governing safety, health, economic use or amenity standards. The  
26 term shall not include ordinary upkeep and maintenance.

27 "Serious violation." A violation of a State law or a  
28 property maintenance code that poses an immediate imminent  
29 threat to the health and safety of a dwelling occupant,  
30 occupants in surrounding structures or passersby.

1 "Shopping mall." A large building or series of connected  
2 buildings containing a variety of stores for the purpose of  
3 retail, food service or recreation. The term includes shopping  
4 plazas, shopping centers and mini malls.

5 "Special tax provision." The refund or forgiveness of a  
6 portion of a taxpayer's real estate tax liability as provided by  
7 this act.

8 Section 4. Mixed-Use Redevelopment ~~Board~~ ADVISORY COMMITTEE. <--

9 (a) Establishment.--~~The Mixed Use Redevelopment Board is~~ <--  
10 ~~established in the department to provide~~ THE BOARD SHALL <--  
11 ESTABLISH THE MIXED-USE REDEVELOPMENT ADVISORY COMMITTEE FOR THE  
12 PURPOSE OF PROVIDING MUNICIPAL CORPORATIONS WITH guidance and  
13 best practices for the redevelopment of shopping malls into  
14 affordable housing and other mixed-use spaces for the benefit of  
15 the community.

16 ~~(b) Composition.~~ <--

17 ~~(1) The board shall be composed of the following~~  
18 ~~members:~~

19 ~~(i) The Secretary of Community and Economic~~  
20 ~~Development or a designee.~~

21 ~~(ii) Four legislative appointees who shall have~~  
22 ~~experience in real estate development or economic~~  
23 ~~development as follows:~~

24 ~~(A) One individual appointed by the President~~  
25 ~~pro tempore of the Senate.~~

26 ~~(B) One individual appointed by the Minority~~  
27 ~~Leader of the Senate.~~

28 ~~(C) One individual appointed by the Speaker of~~  
29 ~~the House of Representatives.~~

30 ~~(D) One individual appointed by the Minority~~

1 ~~Leader of the House of Representatives.~~

2 ~~(iii) Two gubernatorial appointees who shall have~~  
3 ~~experience in real estate development.~~

4 ~~(2) Legislative appointees under paragraph (1) (ii) shall~~  
5 ~~serve at the pleasure of the appointing authority.~~

6 ~~(3) An individual appointed to the board under paragraph~~  
7 ~~(1) (ii) shall not be a member of the General Assembly or~~  
8 ~~staff of a member of the General Assembly.~~

9 ~~(c) Organization. The Governor shall select a member of the~~  
10 ~~board to serve as chairperson. The members shall select from~~  
11 ~~among themselves officers as they shall determine.~~

12 ~~(d) Meetings. The board shall meet at the call of the~~  
13 ~~chair.~~

14 ~~(e) Quorum. Five members of the board shall constitute a~~  
15 ~~quorum.~~

16 ~~(f) Compensation. The members of the board shall be~~  
17 ~~entitled to no compensation for their service as members of the~~  
18 ~~board but shall be entitled to reimbursement for all necessary~~  
19 ~~and reasonable expenses incurred in connection with the~~  
20 ~~performance of their duties as members of the board.~~

21 ~~(g) Fiduciary relationship. The members of the board and~~  
22 ~~the professional personnel of the board shall stand in a~~  
23 ~~fiduciary relationship with the Commonwealth.~~

24 ~~(h) Initial appointment and vacancy. Appointing authorities~~  
25 ~~shall appoint initial members to the board within 30 days of the~~  
26 ~~effective date of this subsection. If a vacancy occurs on the~~  
27 ~~board, the appointing authority shall appoint a successor member~~  
28 ~~within 30 days of the vacancy.~~

29 ~~Section 5. Powers of board.~~

30 ~~The board shall do all of the following:~~

1           ~~(1) Adopt bylaws and guidelines proposed by the~~  
2           ~~department as necessary.~~

3           ~~(2) Promulgate regulations and adopt guidelines and~~  
4           ~~statements of policy containing restrictions as the board may~~  
5           ~~deem necessary and appropriate to effectuate the public~~  
6           ~~purposes of this act.~~

7           ~~(3) Prepare and publish best practices for the~~  
8           ~~redevelopment of shopping malls based on national standards~~  
9           ~~and models within six months of the creation of the board.~~

10          (B) COMPOSITION.--

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11           (1) THE COMMITTEE SHALL BE COMPOSED OF MEMBERS WITH  
12           EXPERTISE IN AREAS, INCLUDING:

13                   (I) REAL ESTATE DEVELOPMENT.

14                   (II) MUNICIPAL PLANNING.

15                   (III) ECONOMIC DEVELOPMENT.

16                   (IV) LAND USE PLANNING.

17           (2) THE COMMITTEE SHALL INCLUDE A MEMBER OF A STATEWIDE  
18           TRADE ASSOCIATION OF REAL ESTATE PROFESSIONALS INVOLVED IN  
19           ALL ASPECTS OF THE RESIDENTIAL AND COMMERCIAL REAL ESTATE  
20           INDUSTRY.

21          (C) GUIDELINES.--THE COMMITTEE SHALL DRAFT BEST PRACTICES  
22          GUIDELINES FOR THE REDEVELOPMENT OF SHOPPING MALLS BASED ON  
23          NATIONAL STANDARDS AND MODELS. THE GUIDELINES SHALL BE POSTED ON  
24          THE DEPARTMENT'S PUBLICLY ACCESSIBLE INTERNET WEBSITE WITHIN SIX  
25          MONTHS OF THE EFFECTIVE DATE OF THIS SECTION.

26          Section 6 5. Authority to provide special tax provisions.

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27           (a) Construction.--This act shall be construed to authorize  
28           local taxing authorities to provide special tax provisions  
29           related to an increase in the value of real estate resulting  
30           from mixed-use redevelopment OF SHOPPING MALLS within the

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1 boundaries of the local taxing authority, implementing section  
2 2(b) (iv) of Article VIII of the Constitution of Pennsylvania.

3 (b) Approval required.--A tax exemption or special tax  
4 provision authorized under this act is not enforceable until the  
5 governing body of any one local taxing authority with  
6 jurisdiction to levy real estate taxes on a property has  
7 approved an ordinance or resolution adopting the tax exemption  
8 or special tax provision. Other local taxing authorities may  
9 approve a tax exemption or special tax provision subsequently.

10 (c) Notice.--

11 (1) Upon adoption of an ordinance or resolution adopting  
12 the tax exemption or special tax provision under subsection  
13 (a), each local taxing authority must post a notice of the  
14 approval IN A NEWSPAPER OF GENERAL CIRCULATION IN THE AREA. A <--  
15 LOCAL TAXING AUTHORITY MAY ALSO POST THE NOTICE on its  
16 publicly accessible Internet website, IF THE LOCAL TAXING <--  
17 AUTHORITY POSSESSES A PUBLICLY ACCESSIBLE INTERNET WEBSITE.

18 ~~(2) If a local taxing authority does not possess a <--~~  
19 ~~publicly accessible Internet website, notice of the approval~~  
20 ~~of the tax exemption or special tax provision must be~~  
21 ~~published in a newspaper of general circulation in the area.~~

22 ~~(3)~~ (2) If multiple local taxing authorities have mutual <--  
23 jurisdiction to levy real estate taxes on a property, a joint  
24 notice of implementation of the tax exemption or special tax  
25 provision must be published in a newspaper of general  
26 circulation in the area upon adoption by each local taxing  
27 authority with mutual jurisdiction to levy real estate taxes  
28 on the property. AND EACH LOCAL TAXING AUTHORITY MUST POST A <--  
29 NOTICE OF THE ADOPTION ON ITS PUBLICLY ACCESSIBLE INTERNET  
30 WEBSITE, IF THE LOCAL TAXING AUTHORITY POSSESSES A PUBLICLY

1 ACCESSIBLE INTERNET WEBSITE.

2 Section 7 6. Exemption schedule. <--

3 (a) General rule.--A local taxing authority granting a tax  
4 exemption under this act may provide for a tax exemption on the  
5 assessment attributable to the actual cost of the mixed-use  
6 redevelopment ~~construction~~ OF SHOPPING MALLS or up to a maximum <--  
7 cost uniformly established by the municipal corporation. The  
8 maximum cost must uniformly apply within the local taxing  
9 authority's jurisdiction.

10 (b) Schedule.--Notwithstanding if an assessment eligible for  
11 exemption is based upon actual cost or a maximum cost, the  
12 actual amount of taxes exempt must be in accordance with at  
13 least one of the following schedules, as determined by the local  
14 taxing authority:

15 (1) For the first 10 years, 100% of the eligible  
16 assessment is exempt for mixed-use redevelopment.

17 (2) For any ~~of the following~~ MIXED-USE REDEVELOPMENT <--  
18 that ~~are~~ IS approved by the municipal corporation in which <--  
19 the shopping mall is located, 100% of the eligible assessment  
20 shall be exempt for an additional two years if at least one  
21 ~~is completed by a date as established by the municipality OF~~ <--  
22 THE FOLLOWING CRITERIA IS MET TO THE SATISFACTION OF AND BY A  
23 DATE ESTABLISHED BY THE LOCAL TAXING AUTHORITY, and 100% of  
24 the eligible assessment shall be exempt for an additional  
25 five years if at least two ~~are completed by a date as~~ <--  
26 ~~established by the municipality OF THE FOLLOWING CRITERIA ARE~~ <--  
27 MET TO THE SATISFACTION OF AND BY A DATE ESTABLISHED BY THE  
28 LOCAL TAXING AUTHORITY:

29 (i) A minimum amount of affordable housing as  
30 defined and determined by the local taxing authority

1 granting the exemption in consultation with the local  
2 planning authority.

3 (ii) Improved energy efficiency.

4 (iii) Installation of a renewable energy system that  
5 provides electricity for 50% of the average electricity  
6 needs for the mixed-use redevelopment.

7 (iv) Creation of greener or open space.

8 (v) Creation of lifestyle improvement projects,  
9 including outdoor recreation space, walking paths,  
10 bicycle paths or farmers markets.

11 (vi) Installation of charging stations for electric  
12 vehicles.

13 (vii) Access to public transit.

14 (viii) The MIXED-USE redevelopment OF THE SHOPPING <--  
15 MALL is subject to a project labor agreement.

16 (c) Sale or exchange.--A tax exemption authorized by an  
17 ordinance or resolution adopted under this act ~~shall be upon the~~ <--  
18 ~~shopping mall exempt~~ IS SPECIFIC TO REAL PROPERTY OF THE <--  
19 SHOPPING MALL and shall not terminate upon the sale or exchange  
20 of the property.

21 (d) Estimate.--A local taxing authority must provide upon  
22 request AND WITHIN 30 DAYS an estimate of the amount of <--  
23 assessment exempted for each eligible property based on the  
24 exemption schedule under subsection (b).

25 (e) Repayment.--

26 (1) A local taxing authority shall receive a return of  
27 the local taxing authority's proportional share of taxes  
28 exempt under this act if, within five years following the  
29 redevelopment OF THE SHOPPING MALL, the following occur: <--

30 (i) a serious violation of State law or a ~~municipal~~ <--

1 ~~code~~ PROPERTY MAINTENANCE CODE exists on the property and <--  
2 the owner has taken no substantial steps to correct the  
3 violation within six months following notification of the  
4 violation and for which fines or other penalties or a  
5 judgment to abate or correct were imposed by a  
6 magisterial district judge at law or in equity, not  
7 subject to appellate review, or imposed by a court of  
8 common pleas; or

9 (ii) the developer is subject to a municipal permit  
10 denial under 53 Pa.C.S. Ch. 61 (relating to neighborhood  
11 blight reclamation and revitalization) IN CONNECTION WITH <--  
12 THE REDEVELOPMENT OF THE SHOPPING MALL.

13 (2) At the time ~~the~~ A PROJECT agreement is ~~entered into~~ <--  
14 ~~between a local taxing authority and a developer who desires~~  
15 ~~a tax exemption under this act~~ EXECUTED, if the developer has <--  
16 not completed each requirement for exemption under section  
17 ~~9(a)~~ 8(A) or is ineligible under section ~~9(b)~~ 8(B) or (c), <--  
18 the local taxing authority shall file a lien against the tax-  
19 exempt property at the rate of the estimated amount of  
20 assessment under subsection (d). The lien shall be ~~forgiven~~ <--  
21 SATISFIED by the local taxing authority at the end of the  
22 fifth year following the completion of the redevelopment if  
23 there have been no serious violations against the property  
24 that have not been corrected TO THE SATISFACTION OF THE LOCAL <--  
25 TAXING AUTHORITY. The lien on the property ~~transfers~~ REMAINS <--  
26 under subsection (c) ~~for~~ UPON the sale or exchange of the <--  
27 shopping mall.

28 Section § 7. Exemption incentives procedure. <--

29 (a) Notification.--A developer desiring tax exemption FOR <--  
30 THE REDEVELOPED PROPERTY AS authorized by an ordinance or

1 resolution adopted under this act must notify the local taxing  
2 authority granting the exemption in writing on an application  
3 form provided by the local taxing authority, which must be  
4 submitted at the time the developer secures the building permit  
5 or, if no building permit or other notification is required for  
6 the redevelopment of the property, at the time the developer  
7 commences construction. The application must include the  
8 following information:

9 (1) A NOTARIZED statement of tax obligations, signed by <--  
10 the applicant and the local taxing authority ~~and notarized.~~ <--

11 (2) An outline of specifications for the redevelopment  
12 of the shopping mall indicating, with as much specificity as  
13 practicable, the materials to be used for exterior and  
14 interior finishes.

15 (3) An itemized cost estimate for the redevelopment of  
16 the shopping mall. The itemization must:

17 (i) be on contractor letterhead; and

18 (ii) indicate the property address of the  
19 redevelopment project.

20 (4) A preliminary architectural drawing or blueprint for  
21 the redevelopment.

22 (5) A recent appraisal of the property, if available.

23 (6) An applicable building permit application or  
24 building permit.

25 (7) An income and expense report for the shopping mall,  
26 which may be submitted directly to the county assessment  
27 office in order to protect the confidentiality of the  
28 information.

29 (8) The final decision of the zoning authority or other  
30 regulatory agency granting relief, if applicable.

1 (9) The signature of the applicant and the date of  
2 signing.

3 (10) Proof of a project labor agreement for the  
4 redevelopment, IF APPLICABLE. <--

5 (b) Estimate.--The amount of assessment deemed eligible for  
6 tax exemption under subsection (c) shall be available for public  
7 inspection and copying so that a subsequent purchaser may be  
8 informed of the amount of taxes to be paid after the exemption  
9 EXPIRES. <--

10 (c) County assessment office.--

11 (1) A copy of the application submitted under subsection  
12 (a) shall be forwarded to the county assessment office. After  
13 completion of the ~~developer's new construction or improvement~~ <--  
14 REDEVELOPMENT OF THE SHOPPING MALL, the county assessment <--  
15 office shall:

16 (i) Separately assess the redevelopment and  
17 calculate the amounts of the assessment eligible for tax  
18 exemption in accordance with the limits established by  
19 the local taxing authorities.

20 (ii) Notify the developer and the local taxing  
21 authorities of the reassessment and amounts of the  
22 assessment eligible for exemption.

23 (2) Appeals from a reassessment and the amounts eligible  
24 for the exemption may be ~~taken~~ MADE by the developer or the <--  
25 local taxing authorities.

26 (d) Amendment of ordinance or resolution.--The cost of  
27 redevelopment to be exempt and the schedule of taxes exempt that  
28 exist at the time of the initial request for tax exemption must  
29 apply to the exemption request. A subsequent amendment to the  
30 ordinance or resolution does not apply to a request initiated

1 prior to adoption of the amendment.

2 Section ~~9~~ 8. Eligibility requirements. <--

3 (a) General rule.--The completed redevelopment must:

4 (1) Conform to zoning ordinance requirements.

5 (2) Correct any municipal code violation.

6 (b) Ineligibility.--A property is deemed ineligible for tax  
7 exemption under section ~~8(a)~~ 7(A) if any of the following apply: <--

8 (1) The property receives other property tax abatement  
9 or exemption incentives for new construction or improvement.

10 (2) The property receives tax relief through a State  
11 program.

12 (3) The property owner or developer is delinquent on  
13 property taxes related to the subject property, unless the  
14 delinquent taxes are paid prior to redevelopment, or payment  
15 of delinquent taxes has been arranged with the local taxing  
16 authority in accordance with an installment plan.

17 (4) The property owner has a legal or equitable interest  
18 in other property for which taxes are delinquent, unless the  
19 delinquent taxes are paid prior to redevelopment, or payment  
20 of delinquent taxes has been arranged with the local taxing  
21 authority in accordance with an installment plan.

22 (5) THE PROPERTY OWNER HAS A LEGAL OR EQUITABLE INTEREST <--  
23 IN OTHER PROPERTY WITH THE BOUNDARIES OF THE MUNICIPAL  
24 CORPORATION FOR WHICH THERE EXISTS A SERIOUS VIOLATION THAT  
25 HAS NOT BEEN REMEDIED PRIOR TO FILING THE APPLICATION UNDER  
26 SECTION 7.

27 ~~(5)~~ (6) Construction or other improvements for the <--  
28 redevelopment of the shopping mall has commenced prior to  
29 filing an application under section ~~8~~ 7. <--

30 (c) Prohibitions.--For the period of time that a property

1 receives tax exemption under this act, a purchase or sale of the  
2 property or a portion of the property may not be structured to  
3 exclude or exempt the transaction from a realty transfer tax due  
4 to a taxing authority that would not be excluded or exempt,  
5 except for the following:

6 (1) A sheriff sale or tax claim bureau sale.

7 (2) A corrective deed.

8 (3) A transfer by a mortgagor to the holder of a bona  
9 fide mortgage in default in lieu of a foreclosure.

10 (4) A transfer to a judicial sale in which the  
11 successful bidder is the bona fide holder of a mortgage.

12 (5) A transaction excluded from the realty transfer tax  
13 under Article XI-C of the act of March 4, 1971 (P.L.6, No.2),  
14 known as the Tax Reform Code of 1971.

15 Section ~~10~~ 9. Effective date.

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16 This act shall take effect in 60 days.