
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 352 Session of
2019

INTRODUCED BY J. WARD, ARGALL, KILLION, K. WARD, YUDICHAK,
STEFANO AND BROWNE, MARCH 4, 2019

REFERRED TO URBAN AFFAIRS AND HOUSING, MARCH 4, 2019

AN ACT

1 Authorizing local taxing authorities to provide for tax
2 exemption incentives for certain deteriorated industrial,
3 commercial, business and residential property and for new
4 construction in deteriorated areas of communities; providing
5 for an exemption schedule; and establishing standards and
6 qualifications.

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 Exemption
11 and Mixed-Use Incentive Program Act.

12 Section 2. Construction.

13 This act shall be construed to authorize local taxing
14 authorities to provide for tax exemption incentives for new
15 construction in deteriorated areas of communities and
16 improvements to certain deteriorated industrial, commercial,
17 business and residential property. In addition, this act shall
18 be construed to allow for mixed-use housing and development in
19 accordance with zoning ordinances within designated areas. This
20 act supplements the act of July 9, 1971 (P.L.206, No.34), known

1 as the Improvement of Deteriorating Real Property or Areas Tax
2 Exemption Act, and the act of December 1, 1977 (P.L.237, No.76),
3 known as the Local Economic Revitalization Tax Assistance Act,
4 which implement section 2(b)(iii) of Article VIII of the
5 Constitution of Pennsylvania.

6 Section 3. Definitions.

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

10 "Adult entertainment." As defined in 68 Pa.C.S. § 5502
11 (relating to definitions).

12 "Blighted property." The term includes:

13 (1) A premises:

14 (i) ascertained to be a public nuisance due to
15 physical condition or use, regarded as a public nuisance
16 at common law and deemed to be a danger to public health,
17 safety and welfare or public nuisance as regulated by a
18 locally adopted property maintenance code and any
19 compatible code enacted by the act of November 10, 1999
20 (P.L.491, No.45), known as the Pennsylvania Construction
21 Code Act; or

22 (ii) the condition of which contains an attractive
23 nuisance created by physical condition, use or occupancy,
24 including, but not limited to, an abandoned well, shaft,
25 basement, excavation or unsafe fence or other structure,
26 or a safety risk, including, but not limited to,
27 unauthorized entry or unsafe equipment.

28 (2) A dwelling that has been condemned or otherwise
29 deemed unfit for occupancy or use by the local authority
30 having jurisdiction due to dilapidated, unsanitary, unsafe,

1 vermin-infested condition or lacking in the facility and
2 equipment as required by the Pennsylvania Construction Code
3 Act.

4 (3) A structure determined to be a fire hazard or that
5 could easily catch fire or cause a fire and endanger public
6 health, safety and welfare.

7 (4) A vacant or unimproved lot or parcel of ground
8 located in a predominantly developed neighborhood that has
9 become a place for the accumulation of trash and debris or
10 haven for rodents and other vermin by reason of neglect or
11 lack of maintenance.

12 (5) A property that is vacant and has not been
13 rehabilitated within one year from receipt of notice for
14 corrective action as issued by the local authority having
15 jurisdiction, except a property where a valid construction
16 permit is in place.

17 (6) A vacant or unimproved lot or parcel of ground on
18 which a municipal lien for the cost of demolition of a
19 structure previously located on the property has not been
20 paid for a period of 12 months.

21 (7) A vacant or unimproved lot or parcel of ground on
22 which the total municipal liens for delinquent real estate
23 and property tax or any other type of municipal claim are
24 greater than 150% of the fair market value of the property as
25 established by the board of assessment appeals or other body
26 with legal authority to determine the taxable value of the
27 property.

28 (8) A property that has been declared abandoned in
29 writing by the owner, including an estate that is in
30 possession of the property.

1 "Deteriorated area." An area designated by a municipal
2 corporation to consist of blighted property. The term includes
3 an impoverished area.

4 "Exemption schedule." The tax exemption schedule under
5 section 5.

6 "Impoverished area." Any area in this Commonwealth which is
7 certified as an impoverished area by the Department of Community
8 and Economic Development and the certification of which is
9 approved by the Governor. Certification shall be made on the
10 basis of Federal census studies and current indices of social
11 and economic conditions.

12 "Improvement." Repair, construction or reconstruction,
13 including alterations and additions, having the effect of
14 rehabilitating a blighted property so that it becomes habitable
15 or attains higher standards of safety, health, economic use or
16 amenity, or is brought into compliance with laws, ordinances or
17 regulations governing such standards. Ordinary upkeep and
18 maintenance shall not be deemed an improvement.

19 "Local taxing authority." A county, city, borough,
20 incorporated town, township, institution district or school
21 district having authority to levy real property taxes.

22 "Mixed-use housing and development." Any urban, suburban,
23 village development or single building that combines
24 residential, commercial, cultural, institutional or industrial
25 uses to provide more efficiency for the community in terms of
26 space, transportation and economic development.

27 "Municipal corporation." A city, borough, incorporated town
28 or township.

29 "Property maintenance code." A municipal ordinance which
30 regulates the maintenance or development of real property. The

1 term includes a building code, housing code and public safety
2 code.

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

7 Section 4. Deteriorated areas.

8 (a) Real property tax exemption.--

9 (1) A local taxing authority may by ordinance or
10 resolution exempt from real property taxation the assessed
11 valuation of improvements to blighted properties and the
12 assessed valuation of new construction within a deteriorated
13 area in the amounts and in accordance with the provisions and
14 limitations specified in this act.

15 (2) If a deteriorated area is zoned for mixed-use
16 housing and development, improvements shall incorporate
17 mixed-use housing and development that benefit the efficiency
18 and economy of the community.

19 (3) The ordinance or resolution shall specify a
20 description of each deteriorated area, as well as the cost of
21 improvements per unit to be exempted, and the schedule or
22 taxes exempted as provided in this act.

23 (b) Boundaries.--Prior to the adoption of the ordinance or
24 resolution authorizing the granting of tax exemptions, the
25 municipal corporation must affix the boundaries of the
26 deteriorated area, wholly or partially located within its
27 jurisdiction, if any.

28 (c) Public hearing.--

29 (1) At least one public hearing shall be held by the
30 municipal corporation for the purpose of determining the

1 boundaries of a deteriorated area.

2 (2) At the public hearing the local taxing authorities,
3 planning commission or redevelopment authority and other
4 public and private agencies and individuals, knowledgeable
5 and interested in the improvement of deteriorated areas,
6 shall present their recommendations concerning the location
7 of boundaries of a deteriorated area for the guidance of the
8 municipal corporation. The recommendations shall take into
9 account the criteria required to establish an impoverished
10 area or blighted property.

11 (d) Adjacent property inclusions.--Property adjacent to a
12 deteriorated area may be included within the deteriorated area
13 if the local taxing authority determines that new construction
14 on the property would encourage, enhance or accelerate
15 improvement of the blighted properties within the deteriorated
16 area.

17 (e) Municipal cooperation.--

18 (1) Two or more municipal corporations may join together
19 for the purpose of determining the boundaries of a
20 deteriorated area and establishing the uniform maximum cost
21 per unit, and the municipal corporations shall cooperate
22 fully with each other for the purpose of implementing this
23 act.

24 (2) The local taxing authorities may, by implementing
25 ordinances or resolutions, agree to adopt tax-exemption
26 schedules contingent upon the similar adoption by an adjacent
27 local taxing authority or by a local taxing authority with
28 mutual jurisdiction, within the limitations provided under
29 this act.

30 Section 5. Exemption schedule.

1 (a) General rule.--A local taxing authority granting a tax
2 exemption under this act may provide for tax exemption on the
3 assessment attributable to the actual cost of new construction
4 or improvements or up to any maximum cost uniformly established
5 by the municipal corporation. The maximum cost shall uniformly
6 apply to all eligible blighted property in the deteriorated area
7 within the local taxing authority's jurisdiction.

8 (b) Schedule.--Whether or not the assessment eligible for
9 exemption is based upon actual cost or a maximum cost, the
10 actual amount of taxes exempted shall be in accordance with the
11 following:

12 (1) For the first, second and third years for which new
13 construction or improvements would otherwise be taxable, 100%
14 of the eligible assessment shall be exempted.

15 (2) For the fourth year for which new construction or
16 improvements would otherwise be taxable, 90% of the eligible
17 assessment shall be exempted.

18 (3) For the fifth year for which new construction or
19 improvements would otherwise be taxable, 75% of the eligible
20 assessment shall be exempted.

21 (4) For the sixth year for which new construction or
22 improvements would otherwise be taxable, 60% of the eligible
23 assessment shall be exempted.

24 (5) For the seventh year for which new construction or
25 improvements would otherwise be taxable, 45% of the eligible
26 assessment shall be exempted.

27 (6) For the eighth year for which new construction or
28 improvements would otherwise be taxable, 30% of the eligible
29 assessment shall be exempted.

30 (7) For the ninth year for which new construction or

1 improvements would otherwise be taxable, 15% of the eligible
2 assessment shall be exempted.

3 (8) For the tenth year for which new construction or
4 improvements would otherwise be taxable, 10% of the eligible
5 assessment shall be exempted.

6 (9) After the tenth year, the exemption shall terminate.

7 (c) Limitation.--The exemption from taxes shall be limited
8 to the additional assessment valuation attributable to the
9 actual costs of new construction or improvements to blighted
10 property or not in excess of the maximum cost per unit
11 established by a municipal corporation.

12 (d) Sale or exchange.--The exemption from taxes shall be
13 upon the property exempted and shall not terminate upon the sale
14 or exchange of the property.

15 (e) Estimate.--A local taxing authority shall provide upon
16 request an estimate of the amount of assessment exempted for
17 each eligible property based on the exemption schedule under
18 subsection (b).

19 (f) Repayment.--

20 (1) A local taxing authority shall be entitled to a
21 return of its proportional share of taxes exempted under the
22 provisions of this act if, within five years following
23 completion of the new construction or improvements, there
24 exists on the property a serious violation of a State law or
25 a property maintenance code and the owner has taken no
26 substantial steps to correct the violation within six months
27 following notification of the violation and for which fines
28 or other penalties or a judgment to abate or correct were
29 imposed by a magisterial district judge or municipal court,
30 or a judgment at law or in equity was imposed by a court of

1 common pleas.

2 (2) At the time the agreement is entered into between a
3 local taxing authority and the person who desires tax
4 exemption, if the person has completed all requirements under
5 section 6, the local taxing authorities shall file a lien
6 against the tax-exempt properties at the rate of the
7 estimated amount of assessment under subsection (b). The lien
8 shall be forgiven by the local taxing authority at the end of
9 the fifth year following the completion of the new
10 construction or improvements, if there have been no serious
11 violations against the property that have not been corrected.
12 The lien on the property shall transfer under subsection (d)
13 in cases of sale or exchange of the property.

14 Section 6. Procedure for obtaining exemption incentives.

15 (a) Notification.--A person desiring tax exemption
16 authorized by an ordinance or resolution adopted under this act
17 shall notify the local taxing authority granting the exemption
18 in writing on an application form provided by the local taxing
19 authority, submitted at the time the person secures the building
20 permit or, if no building permit or other notification of new
21 construction or improvement is required, at the time the person
22 commences construction. The application shall include the
23 following information:

24 (1) Statement of tax obligations, signed by the
25 applicant and the local taxing authority and notarized.

26 (2) Outline of specifications for the new construction
27 or improvement, indicating with as much specificity as
28 practicable, the materials to be used for exterior and
29 interior finishes.

30 (3) An itemized cost estimate for the new construction

1 or improvement. The itemization must:

2 (i) Be on contractor letterhead.

3 (ii) Indicate the property address of the project.

4 (iii) Be signed by the applicant.

5 (4) Preliminary architectural drawings or blueprints for
6 the new construction or improvement.

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

8 (6) An applicable building permit application or
9 building permit.

10 (7) An income and expense report for the property, which
11 income and expense report should be submitted directly to the
12 county assessment office in order to protect the
13 confidentiality of the information.

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

16 (9) The signature of the applicant and the date of
17 signing.

18 (b) Estimate.--The amount of assessment deemed eligible for
19 tax exemption under subsection (c) shall be available for public
20 inspection and copying so that any subsequent purchaser is
21 informed of the amount of taxes to be paid after the 10-year
22 exemption period.

23 (c) County assessment office.--

24 (1) A copy of the exemption request shall be forwarded
25 to the county assessment office. The county assessment office
26 shall, after completion of the new construction or
27 improvement, assess separately the new construction or
28 improvement and calculate the amounts of the assessment
29 eligible for tax exemption in accordance with the limits
30 established by the local taxing authorities and notify the

1 taxpayer and the local taxing authorities of the reassessment
2 and amounts of the assessment eligible for exemption.

3 (2) Appeals from the reassessment and the amounts
4 eligible for the exemption may be taken by the taxpayer or
5 the local taxing authorities as provided by law.

6 (d) Amendment of ordinance.--The cost of new construction or
7 improvements to be exempted and the schedule of taxes exempted
8 existing at the time of the initial request for tax exemption
9 shall be applicable to that exemption request, and subsequent
10 amendment to the ordinance, if any, shall not apply to requests
11 initiated prior to adoption of the amendment.

12 Section 7. Eligibility requirements.

13 (a) General rule.--The completed new construction or
14 improvement must:

15 (1) Conform to zoning ordinance requirements. However,
16 if mixed-use development is permitted in a designated
17 deteriorated area, any improvement must meet any applicable
18 mixed-use housing and development standards.

19 (2) Increase the value of the property by at least 25%.

20 (3) Correct all code violations, if applicable.

21 (b) Ineligibility.--A property is ineligible for tax
22 exemption under section 5(a) if:

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

25 (2) The property receives tax relief through a State
26 program, except as provided in subsection (d).

27 (3) The property owner or developer is delinquent on
28 property taxes related to the subject property, unless the
29 delinquent taxes are paid prior to construction or payment of
30 delinquent taxes has been arranged with the local taxing

1 authority in accordance with an installment plan.

2 (4) The property owner has a legal or equitable interest
3 in other property for which property taxes are delinquent,
4 unless the delinquent taxes are paid prior to construction or
5 payment of delinquent taxes has been arranged with the local
6 taxing authority in accordance with an installment plan.

7 (5) New construction or improvement has commenced prior
8 to filing an application under section 6.

9 (6) The property includes an improvement under
10 subsection (c) that poses a health or safety risk to an
11 individual residing above the first floor.

12 (c) Restriction.--For an improvement under this act that
13 involves mixed-use housing and development, certain
14 establishments may not be sited on the first floor for health
15 and safety reasons. The establishments include, but are not
16 limited to, the following:

17 (1) Gas stations or automobile service stations.

18 (2) Drive-through establishments.

19 (3) Adult entertainment establishments.

20 (4) Storage trailers and outdoor storage of goods
21 associated with commercial use unless use of the structure is
22 necessary during construction.

23 (5) Junkyards.

24 (6) Recycling service centers.

25 (7) Animal hospitals and animal sales.

26 (8) Heavy manufacturing.

27 (9) Establishments that utilize biohazards.

28 (10) Establishments that sell firearms and other
29 weapons, unless the occupant is the owner of the
30 establishment.

1 (d) Exception.--The amount of assessment eligible for
2 exemption under this act shall be offset by the amount of
3 property tax rebate received under Chapter 13 of the act of June
4 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as the Taxpayer
5 Relief Act.

6 (e) Limitations.--The property qualifying and receiving a
7 tax exemption under the program shall be ineligible for or
8 receive an additional tax exemption under this program for a
9 minimum of 15 years from the date the property received a tax
10 exemption under the program.

11 (f) Prohibitions.--For the period of time that a property
12 receives a tax exemption under the program, no purchase or sale
13 of the property or any portion thereof shall be structured in a
14 manner that excludes or exempts the transaction from a realty
15 transfer tax due to a taxing authority that would otherwise not
16 be excluded or exempt, except in the following cases:

- 17 (1) a sheriff sale or tax claim bureau sale;
18 (2) a corrective deed;
19 (3) a transfer by the mortgagor to the holder of a bona
20 fide mortgage in default in lieu of a foreclosure;
21 (4) a transfer to a judicial sale in which the
22 successful bidder is the bona fide holder of a mortgage; or
23 (5) any other transaction excluded from the realty
24 transfer tax under Article XI-C of the act of March 4, 1971
25 (P.L.6, No.2), known as the Tax Reform Code of 1971.

26 Section 8. Effective date.

27 This act shall take effect in 60 days.