
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1921

Session of
1985

INTRODUCED BY MAYERNIK, TRELLO, MARKOSEK, J. L. WRIGHT,
ANGSTADT, JOHNSON, HALUSKA, TELEK, NAHILL, LEVDANSKY,
SIRIANNI, STABACK, BUNT, COY, MERRY, PISTELLA, COWELL,
HOWLETT, BELARDI, SEMMEL, HERMAN AND RICHARDSON,
NOVEMBER 20, 1985

AS AMENDED ON THIRD CONSIDERATION, IN SENATE, JULY 1, 1986

AN ACT

1 Empowering certain local taxing authorities to provide
2 exemptions from taxation for certain improvements made to
3 certain unimproved residential property.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Short title.

7 This act shall be known and may be cited as the New Home
8 Construction Local Tax Abatement Act.

9 Section 2. Construction.

10 This act shall be construed to authorize local taxing
11 authorities to exempt improvement to certain unimproved
12 residential property implementing section 2(b)(iv) of Article
13 VIII of the Constitution of Pennsylvania.

14 Section 3. Definitions.

15 The following words and phrases when used in this act shall
16 have the meanings given to them in this section unless the

1 context clearly indicates otherwise:

2 "Improvement." The erection or construction of one or more
3 residential buildings in compliance with laws, ordinances or
4 regulations governing such actions.

5 "Local taxing authority." A county, city, borough,
6 incorporated town, township, school district or home rule
7 municipality having authority to levy real property taxes.

8 "Municipal governing body." A city, borough, incorporated
9 town, township or home rule municipality.

10 "Unimproved residential property." Any unimproved real
11 estate owned by an individual, association, corporation or
12 governmental entity located in this Commonwealth, which is or
13 may be zoned, in accordance with the provisions of the act of
14 July 31, 1968 (P.L.805, No.247), known as the Pennsylvania
15 Municipalities Planning Code, for residential use.

16 ~~Section 4. New residential construction.~~

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17 ~~(a) Power to grant exemptions. Each local taxing authority~~
18 ~~may, by ordinance or resolution, exempt from real property~~
19 ~~taxation the assessed valuation of improvements to unimproved~~
20 ~~residential property in the amounts and in accordance with the~~
21 ~~provisions and limitations set forth in this act. Prior to the~~
22 ~~adoption of the ordinance or resolution authorizing the granting~~
23 ~~of tax exemptions, the municipal governing body shall conduct at~~
24 ~~least one public hearing for the purpose of discussion of the~~
25 ~~provisions of the ordinance, including, but not limited to, the~~
26 ~~abatement period and the exemption schedule. At the public~~
27 ~~hearing, local taxing authorities, planning commissioners,~~
28 ~~redevelopment authorities, and other public and private~~
29 ~~agencies, individuals, associations and corporations which are~~
30 ~~knowledgeable and interested in the improvement of unimproved~~

~~residential property shall present their recommendations. The ordinance or resolution adopted by a local taxing authority shall specify the cost of improvements per dwelling unit to be exempted, and the schedule of taxes exempted.~~

~~(b) Cooperation between municipalities. Two or more municipal governing bodies may join together for the purpose of this act. The local taxing authorities may, by implementing ordinance or resolution, agree to adopt tax exemptions contingent upon the similar adoption by an adjacent local taxing authority or by a local taxing authority with mutual jurisdiction, within the limitations provided herein.~~

~~(c) Limitation. In the event a local taxing authority enacts an abatement ordinance under section 4(a) of this act and subsequently amends the ordinance to shorten the abatement period provided for in the original or latest version of the ordinance, the taxing authority shall not reduce the abatement period for those property owners eligible for and participating in the previously enacted abatement program. In the event a local taxing authority enacts an abatement ordinance under section 4(a) of this act and subsequently amends the ordinance to extend the abatement period provided for in the original or latest version of the ordinance, the taxing authority may extend the abatement period for those property owners eligible for and participating in the previously enacted abatement program. Provided, however, That in no case shall the original period plus the extension result in an abatement period that exceeds two years.~~

~~Section 5. Exemption schedule.~~

~~(a) Amount of exemption. A local taxing authority granting a tax exemption pursuant to this act may provide for tax~~

~~exemption on the assessment attributable to the actual cost of improvements or up to any maximum cost uniformly established by the local taxing authority. The maximum cost shall apply uniformly to all eligible unimproved residential property within the local taxing authority jurisdiction.~~

~~(b) Schedule of taxes. Whether or not the assessment eligible for exemption is based upon actual cost or a maximum cost, the actual amount of taxes exempted shall be in accordance with the schedule of taxes exempted established by the local taxing authority, subject to the following limitations:~~

~~(1) The length of the schedule of taxes exempted, which shall be known as the abatement period, shall not exceed two years.~~

~~(2) The schedule of taxes exempted shall stipulate the portion of improvements to be exempted each year.~~

~~(3) The exemption from taxes shall be limited to the additional assessment valuation attributable to the actual cost of improvements to the property or not in excess of the maximum cost per unit established by the local taxing authority.~~

~~Section 6. Procedure for obtaining an exemption.~~

~~(a) Notification. Any person desiring tax exemption, pursuant to ordinances or resolutions adopted pursuant to this act, shall notify each local taxing authority granting the exemption on a form provided by the local taxing authority. The form shall be submitted at the time the person desiring tax exemption secures the building permit, or if no building permit or other notification of improvement is required, at the time the person commences construction. A copy of the exemption request shall be forwarded to the Board of Assessment and~~

~~Revision of Taxes or other appropriate assessment agency. The assessment agency shall, after completion of the improvement, assess separately the improvement and calculate the amounts of the assessment eligible for tax exemption in accordance with the limits established by the local taxing authorities and notify the taxpayer and local taxing authorities of the reassessment and the amounts of the assessment eligible for exemption. Appeals from the reassessment and the amounts eligible for the exemption may be taken by the taxpayer or the local taxing authorities as provided by law.~~

~~(b) Application of changes. Except as may be authorized in section 4(c), the cost of improvements to be exempted and the schedule of taxes exempted existing at the time of the submission of the form as provided in subsection (a) shall be applicable to that exemption request.~~

~~Section 7. Effective date.~~

~~This act shall take effect immediately.~~

SECTION 4. NEW RESIDENTIAL CONSTRUCTION.

(A) POWER TO GRANT EXEMPTIONS.--EACH LOCAL TAXING AUTHORITY MAY, BY ORDINANCE OR RESOLUTION, EXEMPT FROM REAL PROPERTY TAXATION THE ASSESSED VALUATION OF IMPROVEMENTS TO UNIMPROVED RESIDENTIAL PROPERTY IN THE AMOUNTS AND IN ACCORDANCE WITH THE PROVISIONS AND LIMITATIONS SET FORTH IN THIS ACT. PRIOR TO THE ADOPTION OF THE ORDINANCE OR RESOLUTION AUTHORIZING THE GRANTING OF TAX EXEMPTIONS, THE MUNICIPAL GOVERNING BODY BY ORDINANCE OR RESOLUTION SHALL AFFIX THE BOUNDARIES OF THE UNIMPROVED RESIDENTIAL PROPERTY OR PROPERTIES WHOLLY OR PARTIALLY LOCATED WITHIN ITS JURISDICTION FOR WHICH THE TAX EXEMPTION SHALL BE AVAILABLE. THE MUNICIPAL GOVERNING BODY SHALL CONDUCT AT LEAST ONE PUBLIC HEARING FOR THE PURPOSE OF DETERMINING THE

1 BOUNDARIES. AT THE PUBLIC HEARING, LOCAL TAXING AUTHORITIES,
2 PLANNING COMMISSIONERS, REDEVELOPMENT AUTHORITIES, AND OTHER
3 PUBLIC AND PRIVATE AGENCIES, INDIVIDUALS, ASSOCIATIONS AND
4 CORPORATIONS WHICH ARE KNOWLEDGEABLE AND INTERESTED IN THE
5 IMPROVEMENT OF UNIMPROVED RESIDENTIAL PROPERTY SHALL PRESENT
6 THEIR RECOMMENDATIONS CONCERNING THE LOCATION OF BOUNDARIES OF
7 THE UNIMPROVED RESIDENTIAL PROPERTY OR PROPERTIES FOR THE
8 GUIDANCE OF THE MUNICIPAL GOVERNING BODIES. THE ORDINANCE OR
9 RESOLUTION ADOPTED BY A LOCAL TAXING AUTHORITY SHALL SPECIFY A
10 DESCRIPTION OF THE BOUNDARIES OF THE UNIMPROVED RESIDENTIAL
11 PROPERTY OR PROPERTIES AS DETERMINED BY THE MUNICIPAL GOVERNING
12 BODY, THE COST OF IMPROVEMENTS PER DWELLING UNIT TO BE EXEMPTED,
13 AND THE SCHEDULE OF TAXES EXEMPTED.

14 (B) COOPERATION BETWEEN MUNICIPALITIES.--TWO OR MORE
15 MUNICIPAL GOVERNING BODIES MAY JOIN TOGETHER FOR THE PURPOSE OF
16 DETERMINING THE BOUNDARIES OF THE UNIMPROVED RESIDENTIAL
17 PROPERTY AND TO ESTABLISH THE UNIFORM MAXIMUM COST PER DWELLING
18 UNIT, AND THE MUNICIPAL GOVERNING BODIES SHALL COOPERATE FULLY
19 WITH EACH OTHER FOR THE PURPOSES OF IMPLEMENTING THIS ACT. THE
20 LOCAL TAXING AUTHORITIES MAY, BY IMPLEMENTING ORDINANCE OR
21 RESOLUTION, AGREE TO ADOPT TAX EXEMPTIONS CONTINGENT UPON THE
22 SIMILAR ADOPTION BY AN ADJACENT LOCAL TAXING AUTHORITY OR BY A
23 LOCAL TAXING AUTHORITY WITH MUTUAL JURISDICTION, WITHIN THE
24 LIMITATIONS PROVIDED HEREIN.

25 (C) LIMITATION.--IN THE EVENT A LOCAL TAXING AUTHORITY
26 ENACTS AN ORDINANCE UNDER SECTION 4(A) OF THIS ACT AND
27 SUBSEQUENTLY AMENDS THE ORDINANCE TO SHORTEN THE ABATEMENT
28 PERIOD PROVIDED FOR IN THE ORIGINAL OR LATEST VERSION OF THE
29 ORDINANCE, THE TAXING AUTHORITY SHALL NOT REDUCE THE ABATEMENT
30 PERIOD FOR THOSE PROPERTY OWNERS ELIGIBLE FOR AND PARTICIPATING

1 IN THE PREVIOUSLY ENACTED ABATEMENT PROGRAM. IN THE EVENT A
2 LOCAL TAXING AUTHORITY ENACTS AN ABATEMENT ORDINANCE UNDER
3 SECTION 4(A) OF THIS ACT AND SUBSEQUENTLY AMENDS THE ORDINANCE
4 TO EXTEND THE ABATEMENT PERIOD PROVIDED FOR IN THE ORIGINAL OR
5 LATEST VERSION OF THE ORDINANCE, THE TAXING AUTHORITY MAY EXTEND
6 THE ABATEMENT PERIOD FOR THOSE PROPERTY OWNERS ELIGIBLE FOR AND
7 PARTICIPATING IN THE PREVIOUSLY ENACTED ABATEMENT PROGRAM
8 PROVIDED, HOWEVER, THAT IN NO CASE SHALL THE ORIGINAL PERIOD
9 PLUS THE EXTENSION RESULT IN AN ABATEMENT PERIOD THAT EXCEEDS
10 TWO YEARS.

11 SECTION 5. EXEMPTION SCHEDULE.

12 (A) AMOUNT OF EXEMPTION.--A LOCAL TAXING AUTHORITY GRANTING
13 A TAX EXEMPTION PURSUANT TO THIS ACT MAY PROVIDE FOR TAX
14 EXEMPTION ON THE ASSESSMENT ATTRIBUTABLE TO THE ACTUAL COST OF
15 IMPROVEMENTS OR UP TO ANY MAXIMUM COST UNIFORMLY ESTABLISHED BY
16 THE LOCAL TAXING AUTHORITY. THE MAXIMUM COST SHALL APPLY
17 UNIFORMLY TO ALL ELIGIBLE UNIMPROVED RESIDENTIAL PROPERTY WITHIN
18 THE LOCAL TAXING AUTHORITY JURISDICTION.

19 (B) SCHEDULE OF TAXES.--WHETHER OR NOT THE ASSESSMENT
20 ELIGIBLE FOR EXEMPTION IS BASED UPON ACTUAL COST OR A MAXIMUM
21 COST, THE ACTUAL AMOUNT OF TAXES EXEMPTED SHALL BE IN ACCORDANCE
22 WITH THE SCHEDULE OF TAXES EXEMPTED ESTABLISHED BY THE LOCAL
23 TAXING AUTHORITY, SUBJECT TO THE FOLLOWING LIMITATIONS:

24 (1) THE LENGTH OF THE SCHEDULE OF TAXES EXEMPTED WHICH
25 SHALL BE KNOWN AS THE ABATEMENT PERIOD SHALL NOT EXCEED TWO
26 YEARS.

27 (2) THE SCHEDULE OF TAXES EXEMPTED SHALL STIPULATE THE
28 PORTION OF IMPROVEMENTS TO BE EXEMPTED EACH YEAR.

29 (3) THE EXEMPTION FROM TAXES SHALL BE LIMITED TO THE
30 ADDITIONAL ASSESSMENT VALUATION ATTRIBUTABLE TO THE ACTUAL

1 COST OF IMPROVEMENTS TO THE PROPERTY OR NOT IN EXCESS OF THE
2 MAXIMUM COST PER UNIT ESTABLISHED BY THE LOCAL TAXING
3 AUTHORITY.

4 SECTION 6. PROCEDURE FOR OBTAINING AN EXEMPTION.

5 (A) NOTIFICATION.--ANY PERSON DESIRING TAX EXEMPTION,
6 PURSUANT TO ORDINANCES OR RESOLUTIONS ADOPTED PURSUANT TO THIS
7 ACT, SHALL NOTIFY EACH LOCAL TAXING AUTHORITY GRANTING THE
8 EXEMPTION ON A FORM PROVIDED BY THE LOCAL TAXING AUTHORITY. THE
9 FORM SHALL BE SUBMITTED AT THE TIME THE PERSON DESIRING TAX
10 EXEMPTION SECURES THE BUILDING PERMIT, OR IF NO BUILDING PERMIT
11 OR OTHER NOTIFICATION OF IMPROVEMENT IS REQUIRED, AT THE TIME HE
12 COMMENCES CONSTRUCTION. A COPY OF THE EXEMPTION REQUEST SHALL BE
13 FORWARDED TO THE BOARD OF ASSESSMENT AND REVISION OF TAXES OR
14 OTHER APPROPRIATE ASSESSMENT AGENCY. THE ASSESSMENT AGENCY
15 SHALL, AFTER COMPLETION OF THE IMPROVEMENT, ASSESS SEPARATELY
16 THE IMPROVEMENT AND CALCULATE THE AMOUNTS OF THE ASSESSMENT
17 ELIGIBLE FOR TAX EXEMPTION IN ACCORDANCE WITH THE LIMITS
18 ESTABLISHED BY THE LOCAL TAXING AUTHORITIES AND NOTIFY THE
19 TAXPAYER AND LOCAL TAXING AUTHORITIES OF THE REASSESSMENT AND
20 THE AMOUNTS OF THE ASSESSMENT ELIGIBLE FOR EXEMPTION. APPEALS
21 FROM THE REASSESSMENT AND THE AMOUNTS ELIGIBLE FOR THE EXEMPTION
22 MAY BE TAKEN BY THE TAXPAYER OR THE LOCAL TAXING AUTHORITIES AS
23 PROVIDED BY LAW.

24 (B) APPLICATION OF CHANGES.--EXCEPT AS MAY BE AUTHORIZED IN
25 SECTION 4(C), THE COST OF IMPROVEMENTS TO BE EXEMPTED AND THE
26 SCHEDULE OF TAXES EXEMPTED EXISTING AT THE TIME OF THE
27 SUBMISSION OF THE FORM AS PROVIDED IN SUBSECTION (A) SHALL BE
28 APPLICABLE TO THAT EXEMPTION REQUEST.

29 SECTION 7. EFFECTIVE DATE.

30 THIS ACT SHALL TAKE EFFECT IMMEDIATELY.