

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 152 Session of
1999

INTRODUCED BY DEMPSEY, GEIST, BUXTON, GEORGE, MASLAND, GORDNER,
CAWLEY, HENNESSEY, TIGUE, ARMSTRONG, MAITLAND, FARGO,
E. Z. TAYLOR, STURLA, TRELLO, VAN HORNE, FLICK, SOLOBAY,
ROBINSON, HUTCHINSON, SAINATO, BELARDI, HARHAI, BROWNE,
SAYLOR AND BOYES, JANUARY 27, 1999

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES,
AS AMENDED, SEPTEMBER 27, 1999

AN ACT

1 Providing for an annual grant program for counties and
2 municipalities relating to tax-exempt real property;
3 establishing a special fund in the State Treasury; and
4 imposing powers and duties on the Department of Community and
5 Economic Development.

6 The General Assembly of the Commonwealth of Pennsylvania
7 hereby enacts as follows:

8 Section 1. Short title.

9 This act shall be known and may be cited as the Local Tax-
10 Exempt Property Grant Act.

11 Section 2. Definitions.

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

15 "Common level ratio." The ratio of assessed value to current
16 market value used generally in the county as last determined by
17 the State Tax Equalization Board under the act of June 27, 1947

1 (P.L.1046, No.447), referred to as the State Tax Equalization
2 Board Law.

3 "Department." The Department of Community and Economic
4 Development of the Commonwealth.

5 "Fund." The Local Tax-Exempt Property Fund established under
6 section 4.

7 "Millage rate." The rate of real property tax levied by a
8 municipality. In the event that a municipality levies differing
9 millage rates on land and improvements, then any reference in
10 this act to the millage rate shall be deemed to refer to a
11 single combined millage rate for both land and improvements
12 which shall result in the collection of the same amount of tax.

13 "Municipality." Any of the following:

14 (1) A city, borough, incorporated town or township.

15 (2) A home rule municipality which is a city, borough,
16 incorporated town or township.

17 "Qualified tax-exempt property." Real property which is
18 exempt from local real property taxes and which is owned by one
19 of the following:

20 (1) the Federal Government or an instrumentality of the
21 Federal Government;

22 (2) the Commonwealth or an instrumentality of the
23 Commonwealth;

24 (3) a political subdivision, except:

25 (i) real property owned by the municipality in which
26 the property is located; and

27 (ii) real property owned by any authority,
28 corporation or other entity owned or controlled by the
29 municipality in which the property is located; or

30 (4) an entity which has obtained the exemption from real

property taxation pursuant to the authority granted to the General Assembly under section 2(a)(i), (ii), (iv) or (v) of Article VIII of the Constitution of Pennsylvania.

The term shall not include real property for which a Federal or State program provides any reimbursement to a county or municipality for that tax-exempt real property.

~~"Realty transfer tax." The tax imposed on real estate transfers by the Commonwealth under the provisions of Article XI C of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.~~

Section 3. Tax-exempt property compilation.

(a) Annual report.--Beginning in calendar year ~~1998~~ 2000 every county shall submit to the department an annual report providing the information required in subsection (b) and such additional information as required by the department to administer this act. The report required under this section shall be filed on or before June 30 of each year.

(b) Contents.--The report required under subsection (a) shall be a compilation of all property located within the county that is exempt from the real property tax as of January 1 in the year the report is required to be filed. The report shall also contain the following:

(1) The owner of each tax-exempt property.

(2) The provisions under which the property is tax-exempt, differentiating between qualified tax-exempt property and other property which is tax-exempt.

(3) The location of the property, including mailing address, name of the municipality where the property is located and the block and lot designation.

(4) The assessed value of the property.

1 (5) The estimated market value of the property, which
2 shall be determined by dividing the assessed value of the
3 property by the common level ratio.

4 (6) An indication whether payment in lieu of tax or
5 other funding is received under any Federal or State program
6 based on that property.

7 (7) The millage rate for the tax on real property in
8 effect in the municipality where the property is located as
9 of January 1 of the year in which the report is required to
10 be filed.

11 (8) The assessed value of all property in each
12 municipality in the county.

13 (9) The market value of all property in each
14 municipality in the county.

15 (c) Failure to file reports.--

16 (1) Any county that fails to provide to the department
17 the report required under this section by June 30 shall be
18 penalized 25% of the distribution computed under section 6,
19 the amount of the penalty shall be redistributed among the
20 municipalities within that county.

21 (2) Notwithstanding any other provision of this act, any
22 county that fails to provide to the department the report
23 required under this section by July 31 shall, together with
24 all municipalities within that county, forfeit the right to
25 share in the next following distribution required to be made
26 pursuant to this act.

27 Section 4. Local Tax-Exempt Property Fund.

28 (a) Establishment.--There is hereby established in the State
29 Treasury a fund to be known as the Local Tax-Exempt Property
30 Fund. The money deposited in this fund shall be used exclusively

1 for the purpose of making annual grants pursuant to this act.

2 (b) Funds for base grant program.--Revenues received by the
3 Commonwealth ~~from imposition of the realty transfer tax~~ shall be <—
4 transferred to the fund as provided in this section.

5 (1) For fiscal year ~~1998-1999 and fiscal year 1999-2000~~ <—
6 2000-2001 AND FISCAL YEAR 2001-2002, \$25,000,000 shall be <—
7 transferred to the fund.

8 (2) For fiscal year ~~2000-2001~~ 2002-2003, \$30,000,000 <—
9 shall be transferred to the fund.

10 (3) For fiscal year ~~2001-2002~~ 2003-2004, and each fiscal <—
11 year thereafter, the amount to be transferred to the fund
12 under this subsection shall be the product of the amount
13 computed under paragraph (2) and the quotient of the Consumer
14 Price Index for Urban Consumers for December of the year
15 prior to the year in which the transfer is required divided
16 by the Consumer Price Index for Urban Consumers for December
17 ~~1999~~ 2001. <—

18 (4) Funds transferred under this subsection shall be
19 distributed as provided in sections 6 and 7(a).

20 (c) Funds for supplemental grant program.--

21 (1) In addition to the transfer required by subsection
22 (b), for fiscal year ~~1999-2000 and 2000-2001~~ 2001-2002 AND <—
23 2002-2003, \$10,000,000 of the revenues received by the
24 Commonwealth from imposition of the realty transfer tax shall
25 be transferred to the fund.

26 (2) For fiscal year ~~2001-2002~~ 2003-2004 and each fiscal <—
27 year thereafter, the amount to be transferred to the fund
28 under this subsection shall be product of the amount computed
29 under paragraph (1) and the quotient of the Consumer Price
30 Index for Urban Consumers for December of the year prior to

1 the year in which the transfer is required divided by the
2 Consumer Price Index for Urban Consumers for December ~~2001~~ <—
3 2003.

4 (3) Funds transferred under this subsection shall be
5 distributed as provided in section 7(b).

6 (d) Timing of transfers.--Revenues required to be
7 transferred under this section shall be transferred by the
8 Secretary of Revenue in five equal installments before the last
9 day of February, March, April, May and June of each fiscal year
10 in which a transfer is required.

11 (e) Appropriation.--All moneys in the fund are hereby
12 appropriated to the department for purposes of making
13 distributions pursuant to this act. These funds shall be a
14 continuing appropriation and the funds shall not lapse at the
15 end of the fiscal year.

16 (f) Definition.--As used in this section, the Consumer Price
17 Index for Urban Consumers shall be the Consumer Price Index for
18 Urban Consumers computed by the United States Department of
19 Labor, Bureau of Labor Statistics.

20 Section 5. Allocation of funds and requirement to make grants.

21 (a) Base grant funds.--Five percent of the moneys in the
22 fund transferred under section 4(b) shall be set aside for
23 annual distribution to the various counties under section 6.
24 Ninety-five percent of the moneys in the fund transferred under
25 section 4(b) shall be set aside for annual distribution to the
26 various municipalities under section 7(a).

27 (b) Supplemental grant funds.--All the moneys in the fund
28 transferred under section 4(c) shall be set aside for annual
29 distribution to the various municipalities under section 7(b).

30 (c) Mandatory grants.--Subject to the allocations made under

1 this section, all moneys in the fund at the end of a fiscal year
2 shall be distributed by the department on or before the
3 September 15 next following the end of the fiscal year in the
4 manner required under sections 6 and 7.

5 Section 6. County cost reimbursement.

6 The annual distribution to each county shall be equal to the
7 product of the total amount of moneys set aside for distribution
8 to all counties in section 5(a) and the percentage determined by
9 dividing the market value of all qualified tax-exempt property
10 in the county by the market value of all qualified tax-exempt
11 property in all counties reporting.

12 Section 7. Municipal tax-exempt property grants.

13 (a) Municipal base grants.--The annual base grant to each
14 eligible municipality shall be the amount calculated in
15 paragraphs (1) through (3).

16 (1) The market value of the eligible municipality's
17 qualified tax-exempt property shall be reduced, but not below
18 zero, by the amount which is equal to 10% of the total of the
19 market value of all property in the municipality.

20 (2) The result of paragraph (1) shall be divided by the
21 sum of the values computed under paragraph (1) for all
22 eligible municipalities.

23 (3) The result of paragraph (2) shall be multiplied by
24 the amount available for distribution to municipalities
25 computed under section 5(a).

26 (b) Municipal supplemental grants.--The annual supplemental
27 grant to each eligible municipality shall be the amount
28 calculated in paragraphs (1) through (3).

29 (1) The market value of the eligible municipality's
30 qualified tax-exempt property shall be reduced, but not below

1 zero, by the amount which is equal to 25% of the total of the
2 market value of all property in the municipality.

3 (2) The result of paragraph (1) shall be divided by the
4 sum of the values computed under paragraph (1) for all
5 eligible municipalities.

6 (3) The result of paragraph (2) shall be multiplied by
7 the amount available for distribution to municipalities
8 computed under section 5(b).

9 (c) Maximum grants.--Notwithstanding any other provision of
10 this act, the annual base and supplemental grants for a
11 municipality computed under subsections (a) and (b) shall not
12 exceed 33.3% of the municipal real property tax which would be
13 otherwise due in that calendar year, but for the tax exemption,
14 on the amount calculated in subsection (a)(1).

15 (d) Definition.--As used in this section, the term "eligible
16 municipality" means a municipality for which the county has made
17 a report under section 3.

18 Section 8. Regulations.

19 The department shall promulgate the rules and regulations
20 necessary to implement this act.

21 Section 9. Effective date.

22 This act shall take effect in 60 days.