

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 475 Session of 2011

INTRODUCED BY FARNESE, FONTANA, ERICKSON, BOSCOLA, STACK,  
TARTAGLIONE, COSTA AND FERLO, FEBRUARY 22, 2011

REFERRED TO FINANCE, FEBRUARY 22, 2011

AN ACT

1 Amending the act of July 9, 1971 (P.L.206, No.34), entitled, as  
2 reenacted and amended, "An act authorizing local taxing  
3 authorities to provide for tax exemption for certain  
4 improvements to deteriorated dwellings and for improvement of  
5 deteriorating areas by the construction of new dwelling  
6 units; and providing for exemption schedules and other  
7 limitations," defining "depressed area"; and expanding  
8 applicability of the act to certain depressed areas.

9 The General Assembly of the Commonwealth of Pennsylvania

10 hereby enacts as follows:

11 Section 1. Section 103 of the act of July 9, 1971 (P.L.206,  
12 No.34), known as the Improvement of Deteriorating Real Property  
13 or Areas Tax Exemption Act, reenacted and amended August 5, 1977  
14 (P.L.167, No.42), is amended by adding a definition to read:

15 Section 103. Definitions.--As used in this act:

16 "Depressed area" means that portion of a deteriorated  
17 neighborhood or a deteriorating area which the governing body  
18 determines to be in greater need of economic revitalization and  
19 improvement than other areas of the deteriorated neighborhood or  
20 deteriorating area.

21 \* \* \*

Section 2. Sections 201 and 202 of the act are amended to read:

Section 201. Definitions.--As used in this article:

(1) "Deteriorated property" means a dwelling unit located in a deteriorated neighborhood or depressed area, as hereinafter provided, or a dwelling unit which has been or upon request is certified by a health, housing or building inspection agency as unfit for human habitation for rent withholding, or other health or welfare purposes, or has been the subject of an order by such an agency requiring the unit to be vacated, condemned or demolished by reason of noncompliance with laws, ordinances or regulations.

(2) "Dwelling unit" means, unless otherwise defined in the ordinance or resolution providing for tax exemption, a house, apartment, or group of rooms intended for occupancy as separate living quarters by family or other groups or a person living alone, containing a kitchen or cooking equipment for the exclusive use of the occupants.

(3) "Improvement" means repair, construction or reconstruction, including alterations and additions, having the effect of rehabilitating a structure so that it becomes habitable or attains higher standards of housing safety, health or amenity, or is brought into compliance with laws, ordinances or regulations governing housing standards; ordinary upkeep and maintenance shall not be deemed an improvement.

Section 202. Deteriorated Neighborhoods and Depressed Areas; Procedures.--(a) Each local taxing authority may by ordinance or resolution exempt from real property taxation the assessed valuation of improvements to deteriorated properties in the amounts and in accordance with the schedules and limitations

1 hereinafter provided. Prior to the adoption of the ordinance or  
2 resolution authorizing the granting of tax exemptions, the local  
3 taxing authority shall affix the boundaries of a deteriorated  
4 neighborhood or neighborhoods or a depressed area or areas,  
5 wholly or partially located within its jurisdiction, if any. At  
6 least one public hearing shall be held by the local taxing  
7 authority for the purpose of determining said boundaries. At the  
8 public hearing the planning commission or redevelopment  
9 authority and other public and private agencies and individuals,  
10 knowledgeable and interested in the improvement of deteriorated  
11 neighborhoods or depressed areas, shall present their  
12 recommendations concerning the location of boundaries of a  
13 deteriorated neighborhood or neighborhoods or a depressed area  
14 or areas for the guidance of the local taxing authorities, such  
15 recommendations taking into account the criteria set forth in  
16 the act of May 24, 1945 (P.L.991, No.385), known as the "Urban  
17 Redevelopment Law," for the determination of "blighted areas,"  
18 and the criteria set forth in the act of November 29, 1967  
19 (P.L.636, No.292), known as the "Neighborhood Assistance Act,"  
20 for the determination of "impoverished areas," and the following  
21 criteria: unsafe, unsanitary and overcrowded buildings; vacant,  
22 overgrown and unsightly lots of ground; a disproportionate  
23 number of tax delinquent properties; excessive land coverage,  
24 defective design or arrangement of buildings, street or lot  
25 layouts; economically and socially undesirable land uses. The  
26 ordinance shall specify a description of each such neighborhood  
27 or area as determined by the local taxing authority, as well as  
28 the cost of improvements per dwelling unit to be exempted, and  
29 the schedule of taxes exempted as hereinafter provided.

30 (b) Two or more local taxing authorities may join together

1 for the purpose of determining the boundaries of a deteriorated  
2 neighborhood or depressed area, and such local taxing  
3 authorities shall cooperate fully with each other for the  
4 purposes of implementing this act. The local taxing authorities  
5 may by implementing ordinance or resolution agree to adopt tax  
6 exemptions contingent upon the similar adoption by an adjacent  
7 or conterminous local taxing authority, within the limitations  
8 provided herein.

9 Section 3. Section 203 of the act, amended December 30, 2002  
10 (P.L.2085, No.235), is amended to read:

11 Section 203. Exemption Schedules; Maximum Exemption.--(a) A  
12 local taxing authority granting a tax exemption pursuant to the  
13 provisions of this article may provide for tax exemption on the  
14 assessment attributable to the actual cost of improvements up to  
15 the maximum cost per dwelling unit herein specified or up to any  
16 lesser multiple of one thousand dollars (\$1,000). If a local  
17 taxing authority by ordinance or resolution specifies a lesser  
18 cost than the maximum provided by this act, such amount shall  
19 not be increased by any subsequent ordinance or resolution for a  
20 period of two years, nor shall the schedule of taxes exempted be  
21 changed for such period. Whether or not the assessment eligible  
22 for exemption is based upon a maximum cost or a lesser cost, the  
23 actual amount of taxes exempted shall be in accordance with one  
24 of the following schedules:

25 (1) For the first year for which improvements would  
26 otherwise be taxable in a deteriorated neighborhood, one hundred  
27 per cent of the eligible assessment shall be exempted; for the  
28 second year, ninety per cent of the eligible assessment shall be  
29 exempted; for the third through tenth years, eighty, seventy,  
30 sixty, fifty, forty, thirty, twenty, and ten per cent,

1 respectively, of the eligible assessment shall be exempted;  
2 after the tenth year, the exemption shall terminate;

3 (2) For the first year for which improvements would  
4 otherwise be taxable in a deteriorated neighborhood, one hundred  
5 per cent of the eligible assessment shall be exempted; for the  
6 second year, eighty per cent of the eligible assessment shall be  
7 exempted; for the third through fifth years, sixty, forty, and  
8 twenty per cent, respectively, of the eligible assessment shall  
9 be exempted; after the fifth year, the exemption shall  
10 terminate;

11 (3) For the first, second and third year for which  
12 improvements would otherwise be taxable in a deteriorated  
13 neighborhood, one hundred per cent of the eligible assessment  
14 shall be exempted; after the third year the exemption shall  
15 terminate; [or]

16 (4) For the first, second, third, fourth, fifth, sixth,  
17 seventh, eighth, ninth and tenth year for which improvements  
18 would otherwise be taxable in a deteriorated neighborhood, one  
19 hundred per cent of the eligible assessment shall be exempted;  
20 after the tenth year the exemption shall terminate[.]; or

21 (4.1) For the first, second, third, fourth, fifth, sixth,  
22 seventh, eighth, ninth, tenth, eleventh, twelfth, thirteenth,  
23 fourteenth and fifteenth year for which improvements would  
24 otherwise be taxable in a depressed area, one hundred per cent  
25 of the eligible assessment shall be exempted; after the  
26 fifteenth year the exemption shall terminate.

27 [(5)] (a.1) A local taxing authority may provide for tax  
28 exemption on the assessment attributable to the actual cost of  
29 construction of the dwelling unit in accordance with a schedule  
30 established by the taxing authority, provided that the exemption

1 schedule does not exceed a period of ten years in a deteriorated  
2 neighborhood or fifteen years in a depressed area.

3 (b) The exemption from taxes shall be limited to the  
4 additional assessment valuation attributable to the actual costs  
5 of improvements to deteriorated property. The date of the  
6 construction shall be the date of issuance of the building  
7 permit, improvement record or other required notification of  
8 construction. No tax exemption shall be granted under the  
9 provisions of this article for any improvements to any dwelling  
10 unit in excess of limitation set forth in this subsection.

11 (c) The exemption from taxes authorized by this article  
12 shall be upon the property exempted and shall not terminate upon  
13 the sale or exchange of the property, unless otherwise provided  
14 in this article.

15 Section 4. Section 302 of the act is amended to read:

16 Section 302. Deteriorating Areas; Procedures.--(a) Each  
17 local taxing authority may, by ordinance or resolution, exempt  
18 from all real property taxation the assessed valuation of any  
19 residential construction built in a deteriorating area or  
20 depressed area from and after the effective date of this article  
21 in the amounts and in accordance with the schedule and  
22 limitations hereinafter provided. Prior to the adoption of the  
23 ordinance or resolution authorizing the granting of such  
24 exemptions from taxation, an interested municipal governing body  
25 shall determine the boundaries of deteriorating and depressed  
26 areas, wholly or partially located within its jurisdiction. At  
27 least one public hearing shall be held by the municipal  
28 governing body for the purposes of delineating said boundaries.  
29 At the public hearings any local taxing authority, planning  
30 commission or redevelopment authority and other public and

1 private agencies and individuals, knowledgeable and interested  
2 in the improvement of deteriorating and depressed areas, shall  
3 present their recommendations concerning the location of  
4 boundaries of a deteriorating area or areas or depressed area or  
5 areas for the guidance of the municipal governing bodies, such  
6 recommendations to take into account not only the standards set  
7 forth in section 301, but also those set forth in the act of May  
8 24, 1945 (P.L.991, No.385), known as the "Urban Redevelopment  
9 Law," for the determination of "blighted areas," and the act of  
10 November 29, 1967 (P.L.636, No.292), known as the "Neighborhood  
11 Assistance Act," for the determination of "impoverished areas."  
12 The ordinance or resolution shall specify a description of each  
13 such areas as determined by the municipal governing body, the  
14 maximum assessment per dwelling unit which may be exempted, and  
15 the schedule of taxes exempted as hereinafter provided.

16 (b) Two or more municipal governing bodies may join for the  
17 purpose of determining the boundaries of a deteriorating or  
18 depressed area and to establish the maximum cost per dwelling  
19 unit, and such municipal governing bodies shall cooperate fully  
20 with each other for the purpose of implementing this article.  
21 The local taxing authorities may, by implementing ordinance or  
22 resolution, agree to adopt tax exemptions contingent upon the  
23 similar adoption by an adjacent or coterminous local taxing  
24 authority, within the limitations provided herein.

25 (c) An area can be established as being deteriorating and  
26 decayed or depressed even though the area so designated is not a  
27 slum consisting exclusively of tangible physical blight. Any  
28 such deteriorating or depressed area may include buildings or  
29 improvements not in themselves blighted or dilapidated.

30 Section 5. Section 303 of the act, amended December 30, 2002

1 (P.L.2085, No.235), is amended to read:

2 Section 303. Exemption Schedule; Maximum Exemption.--(a) A  
3 local taxing authority granting a tax exemption pursuant to the  
4 provisions of this article may provide for tax exemption on the  
5 assessment attributable to the actual cost of construction of  
6 the new dwelling unit in accordance with one of the following  
7 schedules:

8 (1) For the first, second and third year for which said  
9 newly-constructed dwelling unit or units would otherwise be  
10 taxable in a deteriorating area, one hundred per cent of the  
11 eligible assessment shall be exempted; after the third year the  
12 exemption shall terminate;

13 (2) For the first year for which said newly-constructed  
14 dwelling unit or units would otherwise be taxable in a  
15 deteriorating area, one hundred per cent of the eligible  
16 assessment shall be exempted; for the second year, ninety per  
17 cent of the eligible assessment shall be exempted; for the third  
18 through tenth years, eighty, seventy, sixty, fifty, forty,  
19 thirty, twenty, and ten per cent, respectively, of the eligible  
20 assessment shall be exempted; after the tenth year, the  
21 exemption shall terminate; [or]

22 (3) For the first, second, third, fourth, fifth, sixth,  
23 seventh, eighth, ninth and tenth year for which said newly-  
24 constructed dwelling unit or units would otherwise be taxable in  
25 a deteriorating area, one hundred per cent of the eligible  
26 assessment shall be exempted; after the tenth year the exemption  
27 shall terminate[.]; or

28 (3.1) For the first, second, third, fourth, fifth, sixth,  
29 seventh, eighth, ninth, tenth, eleventh, twelfth, thirteenth,  
30 fourteenth and fifteenth year for which said newly constructed



dwelling unit or units would otherwise be taxable in a depressed area, one hundred per cent of the eligible assessment shall be exempted; after the fifteenth year the exemption shall terminate.

[(4)] (a.1) A local taxing authority may provide for tax exemption on the assessment attributable to the actual cost of construction of the new dwelling unit in accordance with a schedule established by the taxing authority, provided that the exemption schedule does not exceed a period of ten years in a deteriorating area or fifteen years in a depressed area.

(b) The exemption from taxes shall be limited to the assessment valuation attributable to the cost of construction of the new dwelling unit not in excess of the uniform maximum cost per dwelling unit specified by the municipal governing body. The exemption shall commence in the tax year immediately following the year in which the building permit is issued. No tax exemption shall be granted under the provisions of this article for the construction of any dwelling unit in excess of the uniform maximum cost specified by the municipal governing body.

(c) The exemption from taxes authorized by this article shall be upon the newly-constructed dwelling unit or units exempted and shall not terminate upon the sale or exchange of the property, unless otherwise provided in this article.

Section 6. This act shall take effect immediately.