

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 946 Session of 2015

INTRODUCED BY FONTANA AND SCHWANK, JULY 10, 2015

REFERRED TO FINANCE, JULY 10, 2015

AN ACT

1 Amending the act of November 26, 1997 (P.L.508, No.55), entitled  
 2 "An act providing for the tax exemption of institutions of  
 3 purely public charity; exempting real property owned by  
 4 State-related universities or Federal Government  
 5 instrumentalities from taxation; providing for unfair  
 6 competition; imposing penalties; and making repeals," further  
 7 providing for legislative findings, for definitions and for  
 8 criteria for institutions of purely public charity; and  
 9 providing for tax on real estate.

10 The General Assembly of the Commonwealth of Pennsylvania  
 11 hereby enacts as follows:

12 Section 1. Section 2(a) of the act of November 26, 1997  
 13 (P.L.508, No.55), known as the Institutions of Purely Public  
 14 Charity Act, is amended by adding a paragraph to read:

15 Section 2. Legislative intent.

16 (a) Findings.--The General Assembly finds and declares as  
 17 follows:

18 \* \* \*

19 (8) It is necessary and proper for local governments to  
 20 have the option to ensure the continued viability of certain  
 21 essential services it provides or causes to be provided by  
 22 requiring a contribution from owners of tax-exempt properties

1 toward the cost of the services.

2 \* \* \*

3 Section 2. Section 3 of the act is amended by adding a  
4 definition to read:

5 Section 3. Definitions.

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

9 \* \* \*

10 "Governing body." Any city council, borough council,  
11 incorporated town council, board of county commissioners or  
12 their home rule successor in function, board of township  
13 commissioners, board of township supervisors, governing council  
14 of a home rule municipality or optional plan municipality or  
15 governing council of a similar general purpose unit of  
16 government that may be created by statute after the effective  
17 date of this definition.

18 \* \* \*

19 Section 3. Section 5(b)(6) of the act is amended to read:  
20 Section 5. Criteria for institutions of purely public charity.

21 \* \* \*

22 (b) Charitable purpose.--The institution must advance a  
23 charitable purpose. This criterion is satisfied if the  
24 institution is organized and operated primarily to fulfill any  
25 one or combination of the following purposes:

26 \* \* \*

27 (6) Accomplishment of a purpose which is recognized as  
28 important and beneficial to the public and which advances  
29 social, scientific, environmental, moral or physical  
30 objectives.

1 \* \* \*

2 Section 4. The act is amended by adding a section to read:

3 Section 7.1. Tax on real estate.

4 (a) Authorization.--Notwithstanding any other provision of  
5 law, the governing body of a municipality may, through  
6 ordinance, impose the real estate tax authorized under  
7 subsection (b) on real property owned by an institution of  
8 purely public charity within the municipality.

9 (b) Real estate tax.--The governing body may impose a real  
10 estate tax on real property located within the municipality and  
11 owned by an institution of purely public charity. The following  
12 shall apply:

13 (1) The tax shall be imposed on 100% of the assessed  
14 value of the land owned by the institution of purely public  
15 charity and may not be imposed on the assessed value of any  
16 structure that sits upon the land.

17 (2) The tax may not be levied on a per-parcel basis but  
18 shall be levied against the aggregate assessed value of the  
19 real property owned by the institution of purely public  
20 charity within the municipality.

21 (3) The ordinance authorizing the real estate tax shall  
22 exempt the first \$500,000 of aggregate assessed value of the  
23 real property owned by the institution of purely public  
24 charity from taxation.

25 (c) Enactment of ordinance or resolution.--

26 (1) Prior to adopting an ordinance imposing a real  
27 estate tax under this section, the governing body shall adopt  
28 a proposed ordinance that shall include all of the following  
29 information:

30 (i) The content of the ordinance that will be

1 enacted, including the effective date.

2 (ii) A statement that the proposed ordinance is  
3 being adopted pursuant to and subject to the requirements  
4 of this section.

5 (2) The governing body shall make the proposed ordinance  
6 available for public inspection at least 20 days prior to its  
7 adoption and shall hold at least one public hearing on the  
8 proposed ordinance prior to its adoption.

9 (3) The governing body must give public notice of its  
10 intent to adopt the proposed ordinance. Publication of the  
11 notice shall be made by advertisement once a week for three  
12 weeks in a newspaper of general circulation within the  
13 municipality if there is a newspaper of general circulation  
14 and, if there is not, the publication shall be made in a  
15 newspaper of general circulation within the county in which  
16 the advertising municipality is located.

17 (d) Prohibition.--Nothing in this section may be construed  
18 to permit a governing body to impose a real estate tax on any of  
19 the following:

20 (1) Property owned by the Commonwealth.

21 (2) Property owned by a political subdivision of the  
22 Commonwealth.

23 (3) Property owned by the Commonwealth and local  
24 authorities.

25 (4) Property owned by police, fire, including volunteer  
26 fire and relief, public works or emergency services.

27 (5) Property owned by the Federal Government.

28 (e) Uniformity.--A real estate tax imposed under this  
29 section shall apply to all institutions of purely public charity  
30 owning tax-exempt property within the municipality.

1 Section 5. This act shall take effect in 60 days.