
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE RESOLUTION

No. 953 Session of
2020

INTRODUCED BY RABB, FREEMAN, ROTHMAN, PASHINSKI, HOHENSTEIN,
HILL-EVANS, ROZZI, DeLUCA, CIRESI, YOUNGBLOOD, CALTAGIRONE,
MADDEN, McNEILL AND INNAMORATO, JULY 30, 2020

REFERRED TO COMMITTEE ON FINANCE, JULY 30, 2020

A RESOLUTION

1 Directing the Legislative Budget and Finance Committee to
2 conduct a study on tax-exempt nonprofit corporations
3 registered with the Department of State.

4 WHEREAS, A nonprofit corporation is a corporation with
5 members or shareholders who may not receive any monetary profits
6 of the corporation; and

7 WHEREAS, A nonprofit corporation may be formed for reasons,
8 including, but not limited to, charity, education, health,
9 athletics, religion and civics; and

10 WHEREAS, A nonprofit corporation must be able to fulfill its
11 purpose without providing financial benefit to its director,
12 officers or members except for salaries and expenses; and

13 WHEREAS, Under the laws of this Commonwealth, many nonprofit
14 corporations are exempt from taxation due to the requirement
15 that nonprofit corporations are expected to contribute to the
16 common good of this Commonwealth and lessen the burden of State
17 government; and

18 WHEREAS, Section 2 of Article VIII of the Constitution of

1 Pennsylvania states that only "institutions of purely public
2 charity" may be exempt from paying State and local taxes,
3 however, ambiguity exists, as both the General Assembly and the
4 Supreme Court of the Commonwealth have struggled to establish
5 clear criteria for what constitutes a "purely public charity";
6 and

7 WHEREAS, Many tax-exempt nonprofit corporations generate
8 greater income than expenses, yet still retain a tax-exempt
9 status due to claims that the nonprofit corporations are of
10 value to this Commonwealth beyond a taxable amount; and

11 WHEREAS, It is imperative that the General Assembly have a
12 clear understanding of the current ecosystem of tax-exempt
13 nonprofit organizations in this Commonwealth to determine if the
14 nonprofit organizations are functioning in a manner that truly
15 contributes to the common good of this Commonwealth and lessens
16 the burden of State government, as opposed to placing an unfair
17 tax burden on working class residents of this Commonwealth;
18 therefore be it

19 RESOLVED, That the House of Representatives direct the
20 Legislative Budget and Finance Committee to conduct a study on
21 tax-exempt nonprofit corporations registered with the Department
22 of State; and be it further

23 RESOLVED, That, in conducting the study, the Legislative
24 Budget and Finance Committee shall review and evaluate the
25 Commonwealth's oversight of tax-exempt nonprofit corporations
26 through the Department of State and the Office of Attorney
27 General; and be it further

28 RESOLVED, That the study examine the impact that tax-exempt
29 nonprofit organizations have on tax revenue generated to the
30 Commonwealth; and be it further

1 RESOLVED, That the Legislative Budget and Finance Committee
2 report its findings to the General Assembly within one year from
3 the adoption of this resolution.