

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 352 Session of 2019

INTRODUCED BY J. WARD, ARGALL, KILLION, K. WARD, YUDICHAK, STEFANO AND BROWNE, MARCH 4, 2019

SENATOR J. WARD, URBAN AFFAIRS AND HOUSING, AS AMENDED, JUNE 19, 2019

AN ACT

1 Authorizing local taxing authorities to provide for tax
2 exemption incentives for certain deteriorated industrial,
3 commercial, business and residential property and for new
4 construction in deteriorated areas of communities; providing
5 for an exemption schedule; and establishing standards and
6 qualifications.

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

9 Section 1. Short title.

10 This act shall be known and may be cited as the Tax Exemption
11 and Mixed-Use Incentive Program Act.

12 Section 2. Construction.

13 This act shall be construed to authorize local taxing
14 authorities to provide for tax exemption incentives for new
15 construction in deteriorated areas of communities and
16 improvements to certain deteriorated industrial, commercial,
17 business and residential property. In addition, this act shall
18 be construed to allow for mixed-use housing and development in
19 accordance with zoning ordinances within designated areas. This

1 act supplements the act of July 9, 1971 (P.L.206, No.34), known
2 as the Improvement of Deteriorating Real Property or Areas Tax
3 Exemption Act, and the act of December 1, 1977 (P.L.237, No.76),
4 known as the Local Economic Revitalization Tax Assistance Act,
5 which implement section 2(b)(iii) of Article VIII of the
6 Constitution of Pennsylvania.

7 Section 3. Definitions.

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

11 "Adult entertainment." As defined in 68 Pa.C.S. § 5502
12 (relating to definitions).

13 "Blighted property." The term includes:

14 (1) A premises:

15 (i) ascertained to be a public nuisance due to
16 physical condition or use, regarded as a public nuisance
17 at common law and deemed to be a danger to public health,
18 safety and welfare or public nuisance as regulated by a
19 locally adopted property maintenance code ~~and~~ OR, IF NO <--
20 SUCH CODE EXISTS, any compatible code enacted by the act
21 of November 10, 1999 (P.L.491, No.45), known as the
22 Pennsylvania Construction Code Act; or

23 (ii) the condition of which contains an attractive
24 nuisance created by physical condition, use or occupancy,
25 ~~including, but not limited to, an abandoned well, shaft, <--~~
26 ~~basement, excavation or unsafe fence or other structure,~~
27 ~~or a safety risk, including, but not limited to,~~
28 ~~unauthorized entry or unsafe equipment.~~ ABANDONED WATER <--
29 WELLS, SHAFTS, BASEMENTS, EXCAVATIONS AND UNSAFE FENCES
30 OR OTHER STRUCTURES, OR WHICH CONTAINS AN UNAUTHORIZED

1 ENTRY, UNSAFE EQUIPMENT OR OTHER SAFETY RISK.

2 (2) A dwelling that has been condemned or otherwise
3 deemed unfit for occupancy or use by the local authority
4 having jurisdiction due to dilapidated, unsanitary, unsafe, ~~OR~~ <--
5 OR vermin-infested condition or THAT IS lacking in the <--
6 ~~facility~~ FACILITIES and equipment as required by the <--
7 Pennsylvania Construction Code Act.

8 (3) A structure determined BY THE LOCAL AUTHORITY HAVING <--
9 JURISDICTION to be a fire hazard or OTHERWISE that could <--
10 easily catch fire or cause a fire and endanger public health,
11 safety and welfare.

12 (4) A vacant or unimproved lot or parcel of ground
13 located in a predominantly developed neighborhood that has
14 become a place for the accumulation of trash and debris or
15 haven for rodents and other vermin by reason of neglect or
16 lack of maintenance.

17 (5) A property that is vacant and has not been
18 rehabilitated within one year from receipt of notice for
19 corrective action as issued by the local authority having
20 jurisdiction, except a property where a valid construction
21 permit is in place.

22 (6) A vacant or unimproved lot or parcel of ground ~~on~~ <--
23 ~~which~~ THAT IS SUBJECT TO a municipal lien for the cost of <--
24 demolition of a structure previously located on the property
25 ~~has not been paid~~ AND FOR WHICH NO PAYMENTS ON THE LIEN HAVE <--
26 BEEN MADE for a period of 12 months.

27 (7) A vacant or unimproved lot or parcel of ground on
28 which the total municipal liens for delinquent real estate
29 and property tax or any other type of municipal claim are
30 greater than 150% of the fair market value of the property as

1 established by the board of assessment appeals or other body
2 with legal authority to determine the taxable value of the
3 property.

4 (8) A property that has been declared abandoned in
5 writing by the owner, including an estate that is in
6 possession of the property.

7 "Deteriorated area." An area designated by a municipal
8 corporation to consist of blighted property. The term includes
9 an impoverished area.

10 "Exemption schedule." The tax exemption schedule under
11 section 5.

12 "Impoverished area." Any area in this Commonwealth which is
13 certified as an impoverished area by the Department of Community
14 and Economic Development and the certification of which is
15 approved by the Governor. Certification shall be made on the
16 basis of Federal census studies and current indices of social
17 and economic conditions.

18 "Improvement." Repair, construction or reconstruction,
19 including alterations and additions, having the effect of
20 rehabilitating a blighted property so that it becomes habitable
21 or attains higher standards of safety, health, economic use or
22 amenity, or is brought into compliance with laws, ordinances or
23 regulations governing such standards. Ordinary upkeep and
24 maintenance shall not be deemed an improvement.

25 "Local taxing authority." A county, city, borough,
26 incorporated town, township, institution district or school
27 district having authority to levy real property taxes.

28 "Mixed-use housing and development." Any urban, suburban,
29 village development or single building that combines
30 residential, commercial, cultural, institutional or industrial

1 uses to provide more efficiency for the community in terms of
2 space, transportation and economic development.

3 "Municipal corporation." A city, borough, incorporated town
4 or township.

5 "Property maintenance code." A municipal ordinance which
6 regulates the maintenance or development of real property. The
7 term includes a building code, housing code and public safety
8 code.

9 "Serious violation." A violation of a State law or a
10 property maintenance code that poses an immediate imminent
11 threat to the health and safety of a dwelling occupant,
12 occupants in surrounding structures or passersby.

13 Section 4. Deteriorated areas.

14 (a) Real property tax exemption.--

15 (1) A local taxing authority may by ordinance or
16 resolution exempt from real property taxation the assessed
17 valuation of improvements to blighted properties and the
18 assessed valuation of new construction within a deteriorated
19 area in the amounts and in accordance with the provisions and
20 limitations specified in this act.

21 (2) If a deteriorated area is zoned for mixed-use
22 housing and development, improvements shall incorporate
23 mixed-use housing and development that benefit the efficiency
24 and economy of the community.

25 (3) The ordinance or resolution shall specify a
26 description of each deteriorated area, as well as the cost of
27 improvements per unit to be exempted, and the schedule or
28 taxes exempted as provided in this act.

29 (b) Boundaries.--Prior to the adoption of the ordinance or
30 resolution authorizing the granting of tax exemptions, the

1 municipal corporation must affix the boundaries of the
2 deteriorated area, wholly or partially located within its
3 jurisdiction, if any.

4 (c) Public hearing.--

5 (1) At least one public hearing shall be held by the
6 municipal corporation for the purpose of determining the
7 boundaries of a deteriorated area.

8 (2) At the public hearing the local taxing authorities,
9 planning commission or redevelopment authority and other
10 public and private agencies and individuals, knowledgeable
11 and interested in the improvement of deteriorated areas,
12 shall present their recommendations concerning the location
13 of boundaries of a deteriorated area for the guidance of the
14 municipal corporation. The recommendations shall take into
15 account the criteria required to establish an impoverished
16 area or blighted property.

17 (d) Adjacent property inclusions.--Property adjacent to a
18 deteriorated area may be included within the deteriorated area
19 if the local taxing authority determines that new construction
20 on the property would encourage, enhance or accelerate
21 improvement of the blighted properties within the deteriorated
22 area.

23 (e) Municipal cooperation.--

24 (1) Two or more municipal corporations may join together
25 for the purpose of determining the boundaries of a
26 deteriorated area and establishing the uniform maximum cost
27 per unit, and the municipal corporations shall cooperate
28 fully with each other for the purpose of implementing this
29 act.

30 (2) The local taxing authorities may, by implementing

1 ordinances or resolutions, agree to adopt tax-exemption
2 schedules contingent upon the similar adoption by an adjacent
3 local taxing authority or by a local taxing authority with
4 mutual jurisdiction, within the limitations provided under
5 this act.

6 Section 5. Exemption schedule.

7 (a) General rule.--A local taxing authority granting a tax
8 exemption under this act may provide for tax exemption on the
9 assessment attributable to the actual cost of new construction
10 or improvements or up to any maximum cost uniformly established
11 by the municipal corporation. The maximum cost shall uniformly
12 apply to all eligible blighted property in the deteriorated area
13 within the local taxing authority's jurisdiction.

14 (b) Schedule.--Whether or not the assessment eligible for
15 exemption is based upon actual cost or a maximum cost, the
16 actual amount of taxes exempted shall be in accordance with the
17 following:

18 (1) For the first, second and third years for which new
19 construction or improvements would otherwise be taxable, 100%
20 of the eligible assessment shall be exempted.

21 (2) For the fourth year for which new construction or
22 improvements would otherwise be taxable, 90% of the eligible
23 assessment shall be exempted.

24 (3) For the fifth year for which new construction or
25 improvements would otherwise be taxable, 75% of the eligible
26 assessment shall be exempted.

27 (4) For the sixth year for which new construction or
28 improvements would otherwise be taxable, 60% of the eligible
29 assessment shall be exempted.

30 (5) For the seventh year for which new construction or

1 improvements would otherwise be taxable, 45% of the eligible
2 assessment shall be exempted.

3 (6) For the eighth year for which new construction or
4 improvements would otherwise be taxable, 30% of the eligible
5 assessment shall be exempted.

6 (7) For the ninth year for which new construction or
7 improvements would otherwise be taxable, 15% of the eligible
8 assessment shall be exempted.

9 (8) For the tenth year for which new construction or
10 improvements would otherwise be taxable, 10% of the eligible
11 assessment shall be exempted.

12 (9) After the tenth year, the exemption shall terminate.

13 (c) Limitation.--The exemption from taxes shall be limited
14 to the additional assessment valuation attributable to the
15 actual costs of new construction or improvements to blighted
16 property or not in excess of the maximum cost per unit
17 established by a municipal corporation.

18 (d) Sale or exchange.--The exemption from taxes shall be
19 upon the property exempted and shall not terminate upon the sale
20 or exchange of the property.

21 (e) Estimate.--A local taxing authority shall provide upon
22 request an estimate of the amount of assessment exempted for
23 each eligible property based on the exemption schedule under
24 subsection (b).

25 (f) Repayment.--

26 (1) A local taxing authority shall be entitled to a
27 return of its proportional share of taxes exempted under the
28 provisions of this act if, within five years following
29 completion of the new construction or improvements, there
30 exists on the property a serious violation of a State law or

1 a property maintenance code and the owner has taken no
2 substantial steps to correct the violation within six months
3 following notification of the violation and for which fines
4 or other penalties or a judgment to abate or correct were
5 imposed by a magisterial district judge or municipal court,
6 or a judgment at law or in equity was imposed by a court of
7 common pleas.

8 (2) At the time the agreement is entered into between a
9 local taxing authority and the person who desires tax
10 exemption, if the person has completed all requirements under
11 section 6, the local taxing authorities shall file a lien
12 against the tax-exempt properties at the rate of the
13 estimated amount of assessment under subsection (b). The lien
14 shall be forgiven by the local taxing authority at the end of
15 the fifth year following the completion of the new
16 construction or improvements, if there have been no serious
17 violations against the property that have not been corrected.
18 The lien on the property shall transfer under subsection (d)
19 in cases of sale or exchange of the property.

20 Section 6. Procedure for obtaining exemption incentives.

21 (a) Notification.--A person desiring tax exemption
22 authorized by an ordinance or resolution adopted under this act
23 shall notify the local taxing authority granting the exemption
24 in writing on an application form provided by the local taxing
25 authority, submitted at the time the person secures the building
26 permit or, if no building permit or other notification of new
27 construction or improvement is required, at the time the person
28 commences construction. The application shall include the
29 following information:

30 (1) Statement of tax obligations, signed by the

1 applicant and the local taxing authority and notarized.

2 (2) Outline of specifications for the new construction
3 or improvement, indicating with as much specificity as
4 practicable, the materials to be used for exterior and
5 interior finishes.

6 (3) An itemized cost estimate for the new construction
7 or improvement. The itemization must:

8 (i) Be on contractor letterhead.

9 (ii) Indicate the property address of the project.

10 (iii) Be signed by the applicant.

11 (4) Preliminary architectural drawings or blueprints for
12 the new construction or improvement.

13 (5) A recent appraisal of the property, if available.

14 (6) An applicable building permit application or
15 building permit.

16 (7) An income and expense report for the property, which
17 income and expense report should be submitted directly to the
18 county assessment office in order to protect the
19 confidentiality of the information.

20 (8) The final decision of the zoning authority or other
21 regulatory agency granting relief, if applicable.

22 (9) The signature of the applicant and the date of
23 signing.

24 (b) Estimate.--The amount of assessment deemed eligible for
25 tax exemption under subsection (c) shall be available for public
26 inspection and copying so that any subsequent purchaser is
27 informed of the amount of taxes to be paid after the 10-year
28 exemption period.

29 (c) County assessment office.--

30 (1) A copy of the exemption request shall be forwarded

1 to the county assessment office. The county assessment office
2 shall, after completion of the new construction or
3 improvement, assess separately the new construction or
4 improvement and calculate the amounts of the assessment
5 eligible for tax exemption in accordance with the limits
6 established by the local taxing authorities and notify the
7 taxpayer and the local taxing authorities of the reassessment
8 and amounts of the assessment eligible for exemption.

9 (2) Appeals from the reassessment and the amounts
10 eligible for the exemption may be taken by the taxpayer or
11 the local taxing authorities as provided by law.

12 (d) Amendment of ordinance.--The cost of new construction or
13 improvements to be exempted and the schedule of taxes exempted
14 existing at the time of the initial request for tax exemption
15 shall be applicable to that exemption request, and subsequent
16 amendment to the ordinance, if any, shall not apply to requests
17 initiated prior to adoption of the amendment.

18 Section 7. Eligibility requirements.

19 (a) General rule.--The completed new construction or
20 improvement must:

21 (1) Conform to zoning ordinance requirements. However,
22 if mixed-use development is permitted in a designated
23 deteriorated area, any improvement must meet any applicable
24 mixed-use housing and development standards.

25 (2) Increase the value of the property by at least 25%.

26 (3) Correct all code violations, if applicable.

27 (b) Ineligibility.--A property is ineligible for tax
28 exemption under section 5(a) if:

29 (1) The property receives other property tax abatement
30 or exemption incentives for new construction or improvement.

1 (2) The property receives tax relief through a State
2 program, except as provided in subsection (d).

3 (3) The property owner or developer is delinquent on
4 property taxes related to the subject property, unless the
5 delinquent taxes are paid prior to construction or payment of
6 delinquent taxes has been arranged with the local taxing
7 authority in accordance with an installment plan.

8 (4) The property owner has a legal or equitable interest
9 in other property for which property taxes are delinquent,
10 unless the delinquent taxes are paid prior to construction or
11 payment of delinquent taxes has been arranged with the local
12 taxing authority in accordance with an installment plan.

13 (5) New construction or improvement has commenced prior
14 to filing an application under section 6.

15 (6) The property includes an improvement under
16 subsection (c) that poses a health or safety risk to an
17 individual residing above the first floor.

18 (c) Restriction.--For an improvement under this act that
19 involves mixed-use housing and development, certain
20 establishments may not be sited on the first floor for health
21 and safety reasons. The establishments include, but are not
22 limited to, the following:

23 (1) Gas stations or automobile service stations.

24 (2) Drive-through establishments.

25 (3) Adult entertainment establishments.

26 (4) Storage trailers and outdoor storage of goods
27 associated with commercial use unless use of the structure is
28 necessary during construction.

29 (5) Junkyards.

30 (6) Recycling service centers.

- 1 (7) Animal hospitals and animal sales.
2 (8) Heavy manufacturing.
3 (9) Establishments that utilize biohazards.
4 (10) Establishments that sell firearms and other
5 weapons, unless the occupant is the owner of the
6 establishment.

7 (d) Exception.--The amount of assessment eligible for
8 exemption under this act shall be offset by the amount of
9 property tax rebate received under Chapter 13 of the act of June
10 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as the Taxpayer
11 Relief Act.

12 (e) Limitations.--The property qualifying and receiving a
13 tax exemption under the program shall be ineligible for or
14 receive an additional tax exemption under this program for a
15 minimum of 15 years from the date the property received a tax
16 exemption under the program.

17 (f) Prohibitions.--For the period of time that a property
18 receives a tax exemption under the program, no purchase or sale
19 of the property or any portion thereof shall be structured in a
20 manner that excludes or exempts the transaction from a realty
21 transfer tax due to a taxing authority that would otherwise not
22 be excluded or exempt, except in the following cases:

- 23 (1) a sheriff sale or tax claim bureau sale;
24 (2) a corrective deed;
25 (3) a transfer by the mortgagor to the holder of a bona
26 fide mortgage in default in lieu of a foreclosure;
27 (4) a transfer to a judicial sale in which the
28 successful bidder is the bona fide holder of a mortgage; or
29 (5) any other transaction excluded from the realty
30 transfer tax under Article XI-C of the act of March 4, 1971

1 (P.L.6, No.2), known as the Tax Reform Code of 1971.

2 Section 8. Effective date.

3 This act shall take effect in 60 days.