
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

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES,
MARCH 25, 2020

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 or, if no such
20 code exists, any compatible code enacted by the act of
21 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 abandoned water wells, shafts, basements,
26 excavations and unsafe fences or other structures, or
27 which contains an unauthorized entry, unsafe equipment or
28 other safety risk.

29 (2) A dwelling that has been condemned or otherwise
30 deemed unfit for occupancy or use by the local authority

1 having jurisdiction due to dilapidated, unsanitary, unsafe or
2 vermin-infested condition or that is lacking in the
3 facilities and equipment as required by the Pennsylvania
4 Construction Code Act.

5 (3) A structure determined by the local authority having
6 jurisdiction to be a fire hazard or otherwise that could
7 easily catch fire or cause a fire and endanger public health,
8 safety and welfare.

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

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

19 (6) A vacant or unimproved lot or parcel of ground that
20 is subject to a municipal lien for the cost of demolition of
21 a structure previously located on the property and for which
22 no payments on the lien have been made for a period of 12
23 months.

24 (7) A vacant or unimproved lot or parcel of ground on
25 which the total municipal liens for delinquent real estate
26 and property tax or any other type of municipal claim are
27 greater than 150% of the fair market value of the property as
28 established by the board of assessment appeals or other body
29 with legal authority to determine the taxable value of the
30 property.

1 (8) A property that has been declared abandoned in
2 writing by the owner, including an estate that is in
3 possession of the property.

4 "Deteriorated area." An area designated by a municipal
5 corporation to consist of blighted property. The term includes
6 an impoverished area.

7 "Exemption schedule." The tax exemption schedule under
8 section 5.

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

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

22 "Local taxing authority." A county, city, borough,
23 incorporated town, township, institution district or school
24 district having authority to levy real property taxes.

25 "Mixed-use housing and development." Any urban, suburban,
26 village development or single building that combines
27 residential, commercial, cultural, institutional or industrial
28 uses to provide more efficiency for the community in terms of
29 space, transportation and economic development.

30 "Municipal corporation." A city, borough, incorporated town

1 or township.

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

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

10 Section 4. Deteriorated areas.

11 (a) Real property tax exemption.--

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

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

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

26 (b) Boundaries.--Prior to the adoption of the ordinance or
27 resolution authorizing the granting of tax exemptions, the
28 municipal corporation must affix the boundaries of the
29 deteriorated area, wholly or partially located within its
30 jurisdiction, if any.

1 (c) Public hearing.--

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

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

14 (3) THE PUBLIC HEARING SHALL BE HELD IN ACCORDANCE WITH <--
15 65 PA.C.S. CH. 7 (RELATING TO OPEN MEETINGS).

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

22 (e) Municipal cooperation.--

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

29 (2) The local taxing authorities may, by implementing
30 ordinances or resolutions, agree to adopt tax-exemption

1 schedules contingent upon the similar adoption by an adjacent
2 local taxing authority or by a local taxing authority with
3 mutual jurisdiction, within the limitations provided under
4 this act.

5 (f) Rescinding blighted area designation.--A local taxing
6 authority may rescind an ordinance or resolution adopted under
7 subsection (a) if the local taxing authority determines that the
8 tax exemption in the deteriorated area within the boundaries
9 established under subsection (b) has accomplished the goal of
10 revitalizing the deteriorated area. Property granted tax
11 exemption within the boundaries of the deteriorated area prior
12 to the ordinance or resolution being rescinded shall continue to
13 receive the tax exemption granted until the tax exemption is
14 terminated under section 5(b).

15 Section 5. Exemption schedule.

16 (a) General rule.--A local taxing authority granting a tax
17 exemption under this act may provide for tax exemption on the
18 assessment attributable to the actual cost of new construction
19 or improvements or up to any maximum cost uniformly established
20 by the municipal corporation. The maximum cost shall uniformly
21 apply to all eligible blighted property in the deteriorated area
22 within the local taxing authority's jurisdiction.

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

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

30 (2) For the fourth year for which new construction or

1 improvements would otherwise be taxable, 90% of the eligible
2 assessment shall be exempted.

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

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

9 (5) For the seventh year for which new construction or
10 improvements would otherwise be taxable, 45% of the eligible
11 assessment shall be exempted.

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

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

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

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

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

27 (d) Sale or exchange.--The exemption from taxes shall be
28 upon the property exempted and shall not terminate upon the sale
29 or exchange of the property.

30 (e) Estimate.--A local taxing authority shall provide upon

1 request an estimate of the amount of assessment exempted for
2 each eligible property based on the exemption schedule under
3 subsection (b).

4 (f) Repayment.--

5 (1) A local taxing authority shall be entitled to a
6 return of its proportional share of taxes exempted under the
7 provisions of this act if, within five years following
8 completion of the new construction or improvements, there
9 exists on the property a serious violation of a State law or
10 a property maintenance code and the owner has taken no
11 substantial steps to correct the violation within six months
12 following notification of the violation and for which fines
13 or other penalties or a judgment to abate or correct were
14 imposed by a magisterial district judge or municipal court,
15 or a judgment at law or in equity was imposed by a court of
16 common pleas.

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

29 Section 6. Procedure for obtaining exemption incentives.

30 (a) Notification.--A person desiring tax exemption

1 authorized by an ordinance or resolution adopted under this act
2 shall notify the local taxing authority granting the exemption
3 in writing on an application form provided by the local taxing
4 authority, submitted at the time the person secures the building
5 permit or, if no building permit or other notification of new
6 construction or improvement is required, at the time the person
7 commences construction. The application shall include the
8 following information:

9 (1) Statement of tax obligations, signed by the
10 applicant and the local taxing authority and notarized.

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

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

17 (i) Be on contractor letterhead.

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

19 (iii) Be signed by the applicant.

20 (4) Preliminary architectural drawings or blueprints for
21 the new construction or improvement.

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

23 (6) An applicable building permit application or
24 building permit.

25 (7) An income and expense report for the property, which
26 income and expense report should be submitted directly to the
27 county assessment office in order to protect the
28 confidentiality of the information.

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

1 (9) The signature of the applicant and the date of
2 signing.

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

8 (c) County assessment office.--

9 (1) A copy of the exemption request shall be forwarded
10 to the county assessment office. The county assessment office
11 shall, after completion of the new construction or
12 improvement, assess separately the new construction or
13 improvement and calculate the amounts of the assessment
14 eligible for tax exemption in accordance with the limits
15 established by the local taxing authorities and notify the
16 taxpayer and the local taxing authorities of the reassessment
17 and amounts of the assessment eligible for exemption.

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

21 (d) Amendment of ordinance.--The cost of new construction or
22 improvements to be exempted and the schedule of taxes exempted
23 existing at the time of the initial request for tax exemption
24 shall be applicable to that exemption request, and subsequent
25 amendment to the ordinance, if any, shall not apply to requests
26 initiated prior to adoption of the amendment.

27 Section 7. Eligibility requirements.

28 (a) General rule.--The completed new construction or
29 improvement must:

30 (1) Conform to zoning ordinance requirements. However,

1 if mixed-use development is permitted in a designated
2 deteriorated area, any improvement must meet any applicable
3 mixed-use housing and development standards.

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

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

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

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

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

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

17 (4) The property owner has a legal or equitable interest
18 in other property for which property taxes are delinquent,
19 unless the delinquent taxes are paid prior to construction or
20 payment of delinquent taxes has been arranged with the local
21 taxing authority in accordance with an installment plan.

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

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

27 (c) Restriction.--For an improvement under this act that
28 involves mixed-use housing and development, certain
29 establishments may not be sited on the first floor for health
30 and safety reasons. The establishments include, but are not

1 limited to, the following:

2 (1) Gas stations or automobile service stations.

3 (2) Drive-through establishments.

4 (3) Adult entertainment establishments.

5 (4) Storage trailers and outdoor storage of goods
6 associated with commercial use unless use of the structure is
7 necessary during construction.

8 (5) Junkyards.

9 (6) Recycling service centers.

10 (7) Animal hospitals and animal sales.

11 (8) Heavy manufacturing.

12 (9) Establishments that utilize biohazards.

13 (10) Establishments that sell firearms and other
14 weapons, unless the occupant is the owner of the
15 establishment.

16 (d) Exception.--The amount of assessment eligible for
17 exemption under this act shall be offset by the amount of
18 property tax rebate received under Chapter 13 of the act of June
19 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as the Taxpayer
20 Relief Act.

21 (e) Limitations.--The property qualifying and receiving a
22 tax exemption under the program shall be ineligible for or
23 receive an additional tax exemption under this program for a
24 minimum of 15 years from the date the property received a tax
25 exemption under the program.

26 (f) Prohibitions.--For the period of time that a property
27 receives a tax exemption under the program, no purchase or sale
28 of the property or any portion thereof shall be structured in a
29 manner that excludes or exempts the transaction from a realty
30 transfer tax due to a taxing authority that would otherwise not

1 be excluded or exempt, except in the following cases:

2 (1) a sheriff sale or tax claim bureau sale;

3 (2) a corrective deed;

4 (3) a transfer by the mortgagor to the holder of a bona
5 fide mortgage in default in lieu of a foreclosure;

6 (4) a transfer to a judicial sale in which the
7 successful bidder is the bona fide holder of a mortgage; or

8 (5) any other transaction excluded from the realty
9 transfer tax under Article XI-C of the act of March 4, 1971

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

11 Section 8. Effective date.

12 This act shall take effect in 60 days.