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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 2541 Session of  
2024

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INTRODUCED BY MADSEN, KINKEAD, SIEGEL, PIELLI, RABB, HILL-EVANS,  
FREEMAN, T. DAVIS, CEPEDA-FREYTIZ, BURGOS, SANCHEZ, DONAHUE,  
GALLAGHER, KENYATTA, PROKOPIAK AND GIRAL, AUGUST 21, 2024

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REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, AUGUST 21, 2024

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AN ACT

1 Authorizing local taxing authorities to provide for tax  
2 exemptions for improvements and redevelopment of churches,  
3 hospitals and schools; establishing the Economic Development  
4 and Mixed-Use Redevelopment Advisory Committee within the  
5 State Planning Board; and conferring powers and imposing  
6 duties on the Department of Community and Economic  
7 Development.

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

10 Section 1. Short title.

11 This act shall be known and may be cited as the Economic  
12 Development and Mixed-Use Redevelopment of Churches, Hospitals  
13 and Schools Act.

14 Section 2. Findings and declarations.

15 The General Assembly finds and declares as follows:

16 (1) There exists in this Commonwealth a number of  
17 underutilized and deteriorating churches, hospitals and  
18 schools that present an economic liability to the communities  
19 in which they are located.

20 (2) It is in the public interest to promote the

1 redevelopment of these properties and return them to a  
2 functional purpose in accordance with sound and approved  
3 plans to promote public convenience and welfare.

4 Section 3. Definitions.

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

8 "Attainable housing." Any of the following:

9 (1) A single-family residence that is subject to home  
10 attainable deed restrictions and occupied by an individual or  
11 family whose income is not more than 60% of the area median  
12 gross income.

13 (2) A multiunit residential dwelling where at least a  
14 percentage, as determined by the municipality, of the  
15 residential units are:

16 (i) rent-restricted; and

17 (ii) occupied by an individual or family whose  
18 income is not more than 60% of the area median income.

19 "Board." The State Planning Board established by the act of  
20 April 9, 1929 (P.L.117, No.175), known as The Administrative  
21 Code of 1929.

22 "Church." A building used for religious worship or other  
23 religious purposes.

24 "Committee." The Economic Development and Mixed-Use  
25 Redevelopment Advisory Committee established by the board under  
26 section 4(a).

27 "Department." The Department of Community and Economic  
28 Development of the Commonwealth.

29 "Developer." A taxpayer redeveloping an eligible building  
30 for economic development and mixed-use redevelopment purposes.

1 "Economic development." Creating the conditions for economic  
2 growth and improved quality of life by expanding the capacity of  
3 individuals, businesses and communities to maximize the use of  
4 their talents and skills to support innovation, job creation and  
5 private investment.

6 "Economic development and mixed-use redevelopment." An  
7 urban, suburban, village development or single building that  
8 combines residential, commercial, cultural, institutional or  
9 industrial uses to provide efficiency for the community in terms  
10 of space, transportation and economic development.

11 "Eligible building." A building that was formerly used as a  
12 church, hospital or school.

13 "Exemption." An exemption authorized under section 5(a).

14 "Hospital." A building, having an organized medical staff,  
15 used for the purpose of providing the following to inpatients,  
16 by or under the supervision of physicians, who are injured,  
17 disabled, pregnant, diseased, sick or mentally ill:

18 (1) Diagnostic and therapeutic services.

19 (2) Rehabilitation services.

20 "Local taxing authority." A county, municipal corporation,  
21 institution district or school district having authority to levy  
22 real estate taxes.

23 "Municipal corporation." A city, borough, incorporated town  
24 or township.

25 "Project agreement." An agreement between a developer and a  
26 local taxing authority stating the terms and conditions of the  
27 redevelopment of an eligible building authorized by the local  
28 taxing authority for a tax exemption or special tax provision  
29 under section 5.

30 "Property maintenance code." A municipal ordinance that

1 regulates the maintenance or development of real property. The  
2 term includes a building code, zoning code, housing code and  
3 public safety code.

4 "Real estate tax." A tax on a homestead imposed or  
5 authorized to be imposed by a local taxing authority.

6 "Redevelopment."

7 (1) Repair, construction or reconstruction, including  
8 alternations and additions, having the effect of  
9 rehabilitating an eligible building so that the eligible  
10 building:

11 (i) attains higher standards of safety, health,  
12 economic use or amenity; or

13 (ii) is brought into compliance with laws,  
14 ordinances or regulations governing safety, health,  
15 economic use or amenity standards.

16 (2) The term shall not include ordinary upkeep and  
17 maintenance.

18 "School." A building under the control of any of the  
19 following where classes are taught or extracurricular activities  
20 are conducted on a regular basis:

21 (1) School district.

22 (2) Intermediate unit.

23 (3) Area career and technical school.

24 (4) Charter school or regional charter school.

25 (5) Nonpublic school entity used for educational  
26 purposes.

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

1 "Special tax provision." The refund or forgiveness of a  
2 portion of a taxpayer's real estate tax liability as provided by  
3 this act.

4 Section 4. Economic Development and Mixed-Use Redevelopment  
5 Advisory Committee.

6 (a) Establishment.--The board shall establish the Economic  
7 Development and Mixed-Use Redevelopment Advisory Committee for  
8 the purpose of providing municipal corporations with guidance  
9 and best practices for the redevelopment of an eligible building  
10 into attainable housing and other mixed-use spaces for the  
11 benefit of the community.

12 (b) Composition.--

13 (1) The committee shall be composed of members, as  
14 determined by the board, with expertise in area planning and  
15 development, including:

16 (i) Real estate development.

17 (ii) Municipal planning.

18 (iii) Economic development.

19 (iv) Land use planning.

20 (2) The committee shall include a member of a Statewide  
21 trade association of real estate professionals involved in  
22 all aspects of the residential and commercial real estate  
23 industry.

24 (c) Guidelines.--The committee shall draft best practices  
25 guidelines for the redevelopment of an eligible building based  
26 on national standards and models. The guidelines shall be posted  
27 on the department's publicly accessible Internet website within  
28 six months of the effective date of this subsection.

29 Section 5. Authority to provide special tax provisions.

30 (a) Authorization.--A local taxing authority, in accordance

1 with this act, may provide tax exemptions and special tax  
2 provisions related to an increase in the value of real estate  
3 resulting from the redevelopment of an eligible building within  
4 the boundaries of the local taxing authority, implementing  
5 section 2(b)(iii) of Article VIII of the Constitution of  
6 Pennsylvania.

7 (b) Approval required.--A tax exemption or special tax  
8 provision authorized under this act is not enforceable until the  
9 governing body of any one local taxing authority with  
10 jurisdiction to levy real estate taxes on a property has  
11 approved an ordinance or resolution adopting the tax exemption  
12 or special tax provision. Other local taxing authorities may  
13 approve a tax exemption or special tax provision subsequently.

14 (c) Notice.--

15 (1) Upon adoption of an ordinance or resolution adopting  
16 the tax exemption or special tax provision under subsection  
17 (a), each local taxing authority must post a notice of the  
18 approval in a newspaper of general circulation in the area. A  
19 local taxing authority shall post the notice on its publicly  
20 accessible Internet website, if available.

21 (2) If multiple local taxing authorities have mutual  
22 jurisdiction to levy real estate taxes on a property, a joint  
23 notice of implementation of the tax exemption or special tax  
24 provision must be published in a newspaper of general  
25 circulation in the area upon adoption by each local taxing  
26 authority with mutual jurisdiction to levy real estate taxes  
27 on the property and each local taxing authority must post a  
28 notice of the adoption on its publicly accessible Internet  
29 website, if available.

30 Section 6. Exemption.

1 (a) Exemption amount.--A local taxing authority may provide  
2 for a tax exemption on the assessment attributable to the actual  
3 cost of the redevelopment of an eligible building or up to a  
4 maximum cost uniformly established by the municipal corporation.  
5 The maximum cost must uniformly apply within the local taxing  
6 authority's jurisdiction.

7 (b) Schedule.--Notwithstanding if an assessment eligible for  
8 exemption is based upon actual cost or a maximum cost as  
9 provided under subsection (a), the actual amount of taxes exempt  
10 must be in accordance with at least one of the following  
11 schedules, as determined by the local taxing authority:

12 (1) For the first 10 years, 100% of the eligible  
13 assessment is exempt for economic development and mixed-use  
14 redevelopment.

15 (2) In addition to the exemption under paragraph (1):

16 (i) for any economic development and mixed-use  
17 redevelopment that is approved by the municipal  
18 corporation in which the eligible building is located,  
19 100% of the eligible assessment shall be exempt for an  
20 additional two years if at least one of the following  
21 criteria is met to the satisfaction of, and by a date  
22 established by, the local taxing authority.

23 (ii) 100% of the eligible assessment shall be exempt  
24 for an additional five years if at least two of the  
25 following criteria are met to the satisfaction of, and by  
26 a date established by, the local taxing authority:

27 (A) A minimum amount of attainable housing as  
28 defined and determined by the local taxing authority  
29 granting the exemption in consultation with the local  
30 planning authority.

1 (B) Improved energy efficiency.

2 (C) Installation of a renewable energy system  
3 that provides electricity for 50% of the average  
4 electricity needs for the economic development and  
5 mixed-use redevelopment.

6 (D) Creation of greener or open space.

7 (E) Creation of lifestyle improvement projects,  
8 including outdoor recreation space, walking paths,  
9 bicycle paths or farmers markets.

10 (F) Installation of charging stations for  
11 electric vehicles.

12 (G) Access to public transit.

13 (H) The redevelopment of the eligible building  
14 is subject to a project labor agreement.

15 (c) Sale or exchange.--A tax exemption authorized by an  
16 ordinance or resolution adopted under this act is specific to  
17 real property of the eligible building and shall not terminate  
18 upon the sale or exchange of the property.

19 (d) Estimate.--A local taxing authority must provide upon  
20 request, and within 30 days of an estimate of, the amount of  
21 assessment exempted for each eligible property based on the  
22 exemption schedule under subsection (b).

23 (e) Repayment.--

24 (1) A local taxing authority shall receive a return of  
25 the local taxing authority's proportional share of taxes  
26 exempt under this act if either of the following occur within  
27 five years following the redevelopment of the eligible  
28 building:

29 (i) A serious violation of State law or a property  
30 maintenance code exists on the property and the owner has



1 taken no substantial steps to correct the violation  
2 within six months following notification of the violation  
3 and for which fines or other penalties or a judgment to  
4 abate or correct were imposed by a magisterial district  
5 judge at law or in equity, not subject to appellate  
6 review, or imposed by a court of common pleas.

7 (ii) The developer is subject to a municipal permit  
8 denial under 53 Pa.C.S. Ch. 61 (relating to neighborhood  
9 blight reclamation and revitalization) in connection with  
10 the redevelopment of the eligible building.

11 (2) At the time a project agreement is executed, if the  
12 developer has not completed each requirement for exemption  
13 under section 8(a) or is ineligible under section 8(b) or  
14 (c), the local taxing authority shall file a lien against the  
15 tax-exempt property at the rate of the estimated amount of  
16 assessment under subsection (d). The lien shall be satisfied  
17 by the local taxing authority at the end of the fifth year  
18 following the completion of the redevelopment if there have  
19 been no serious violations against the property that have not  
20 been corrected to the satisfaction of the local taxing  
21 authority. The lien on the property under subsection (c)  
22 shall remain upon the sale or exchange of the eligible  
23 building.

24 Section 7. Exemption incentives procedure.

25 (a) Notification and application.--A developer desiring tax  
26 exemption for the redeveloped property as authorized by an  
27 ordinance or resolution adopted under this act must notify the  
28 local taxing authority granting the exemption in writing on an  
29 application form provided by the local taxing authority, which  
30 must be submitted at the time the developer secures the building

1 permit or, if no building permit or other notification is  
2 required for the redevelopment of the property, at the time the  
3 developer commences construction. The application must include  
4 the following information:

5 (1) A notarized statement of tax obligations, signed by  
6 the applicant and the local taxing authority.

7 (2) An outline of specifications for the redevelopment  
8 of the eligible building indicating, with as much specificity  
9 as practicable, the materials to be used for exterior and  
10 interior finishes.

11 (3) An itemized cost estimate for the redevelopment of  
12 the eligible building, which must:

13 (i) be on contractor letterhead; and

14 (ii) indicate the property address of the  
15 redevelopment project.

16 (4) A preliminary architectural drawing or blueprint for  
17 the redevelopment.

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

19 (6) An applicable building permit application or  
20 building permit.

21 (7) An income and expense report for the eligible  
22 building, which may be submitted directly to the county  
23 assessment office in order to protect the confidentiality of  
24 the information.

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

27 (9) The signature of the applicant and the date of  
28 signing.

29 (10) Proof of a project labor agreement for the  
30 redevelopment, if applicable.

1 (b) Estimate.--The amount of assessment deemed eligible for  
2 tax exemption under subsection (c) shall be available for public  
3 inspection and copying so that a subsequent purchaser may be  
4 informed of the amount of taxes to be paid after the exemption  
5 expires.

6 (c) County assessment office.--

7 (1) A copy of the application submitted under subsection  
8 (a) shall be forwarded to the county assessment office. After  
9 completion of the redevelopment of the eligible building, the  
10 county assessment office shall:

11 (i) separately assess the redevelopment and  
12 calculate the amounts of the assessment eligible for tax  
13 exemption in accordance with the limits established by  
14 the local taxing authorities; and

15 (ii) notify the developer and the local taxing  
16 authorities of the reassessment and amounts of the  
17 assessment eligible for exemption.

18 (2) Appeals from a reassessment and the amounts eligible  
19 for the exemption may be made by the developer or the local  
20 taxing authorities.

21 (d) Amendment of ordinance or resolution.--The cost of  
22 redevelopment to be exempt and the schedule of taxes exempt that  
23 exist at the time of the initial request for tax exemption shall  
24 apply to the exemption request. A subsequent amendment to the  
25 ordinance or resolution shall not apply to a request initiated  
26 prior to adoption of the amendment.

27 Section 8. Eligibility requirements.

28 (a) General rule.--The completed redevelopment must:

29 (1) Conform to zoning ordinance requirements.

30 (2) Correct any municipal code violation.

1 (b) Ineligibility.--A property shall be deemed ineligible  
2 for a tax exemption if any of the following apply:

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

5 (2) The property receives tax relief through a State  
6 program.

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

12 (4) The property owner has a legal or equitable interest  
13 in other property for which taxes are delinquent, unless:

14 (i) the delinquent taxes are paid prior to  
15 redevelopment; or

16 (ii) payment of delinquent taxes has been arranged  
17 with the local taxing authority in accordance with an  
18 installment plan.

19 (5) The property owner has a legal or equitable interest  
20 in other property within the boundaries of the municipal  
21 corporation for which there exists a serious violation that  
22 has not been remedied prior to filing the application under  
23 section 7(a).

24 (6) Construction or other improvements for the  
25 redevelopment of the eligible building has commenced prior to  
26 filing an application under section 7(a).

27 (7) The property is owned by a nonprofit entity.

28 (c) Prohibitions.--For the period of time that a property  
29 receives a tax exemption, a purchase or sale of the property or  
30 a portion of the property may not be structured to exclude or

1 exempt the transaction from a realty transfer tax due to a  
2 taxing authority that would not be excluded or exempt, except  
3 for the following:

4 (1) A sheriff sale or tax claim bureau sale.

5 (2) A corrective deed.

6 (3) A transfer by a mortgagor to the holder of a bona  
7 fide mortgage in default in lieu of a foreclosure.

8 (4) A transfer to a judicial sale in which the  
9 successful bidder is the bona fide holder of a mortgage.

10 (5) A transaction excluded from the realty transfer tax  
11 under Article XI-C of the act of March 4, 1971 (P.L.6, No.2),  
12 known as the Tax Reform Code of 1971.

13 Section 9. Effective date.

14 This act shall take effect in 60 days.