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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 2271 Session of  
2018

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INTRODUCED BY FREEMAN, MURT, SAINATO, LONGIETTI, SCHLOSSBERG,  
BARBIN, SAMUELSON, CALTAGIRONE, FLYNN, READSHAW, THOMAS AND  
ROZZI, APRIL 18, 2018

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REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, APRIL 18, 2018

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AN ACT

1 Providing for an annual revenue sharing program for  
2 municipalities relating to tax-exempt real property;  
3 establishing the Tax-exempt Property Municipal Assistance  
4 Fund; imposing powers and duties on the Department of  
5 Community and Economic Development; and making an  
6 inconsistent repeal.

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-exempt  
11 Property Municipal Assistance Act.

12 Section 2. Definitions.

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

16 "Common level ratio." The ratio of assessed value to current  
17 market value used generally in the county as last determined by  
18 the State Tax Equalization Board under the act of June 27, 1996  
19 (P.L.403, No.58), known as the Community and Economic

1 Development Enhancement Act.

2 "Department." The Department of Community and Economic  
3 Development of the Commonwealth.

4 "Eligible municipality." A municipality that imposes a tax  
5 on real property determined eligible under section 6(a).

6 "Fund." The Tax-exempt Property Municipal Assistance Fund  
7 established under section 4.

8 "Liquor tax." The tax imposed and assessed upon the net  
9 price of all liquors sold by the Pennsylvania Liquor Control  
10 Board under the act of June 9, 1936 (1st Sp.Sess., P.L.13,  
11 No.4).

12 "Market value." The value of property as calculated by the  
13 State Tax Equalization Board on an annual basis utilizing the  
14 common level ratio.

15 "Market value of tax-exempt property." The quotient of the  
16 base year market value of a property and the common level ratio  
17 as calculated by the State Tax Equalization Board.

18 "Municipality." Any of the following:

19 (1) A city, borough, incorporated town or township.

20 (2) A home rule municipality which is a city, borough,  
21 incorporated town or township.

22 "Qualified tax-exempt property." Real property which is  
23 exempt from local real property taxes and which is owned by one  
24 of the following:

25 (1) The Federal Government or an instrumentality of the  
26 Federal Government.

27 (2) The Commonwealth or an instrumentality of the  
28 Commonwealth.

29 (3) A political subdivision, except real property owned  
30 by the municipality in which the property is located.

1 (4) An entity which has obtained the exemption from real  
2 property taxation under the authority granted to the General  
3 Assembly under section 2(a)(i), (ii), (iv) or (v) of Article  
4 VIII of the Constitution of Pennsylvania.

5 (5) A local authority as defined in 1 Pa.C.S. § 1991  
6 (relating to definitions).

7 Section 3. Tax-exempt property compilation.

8 (a) Compilation.--Each county shall annually compile a list  
9 identifying the market value of tax-exempt property within the  
10 county.

11 (b) Annual report.--Beginning in calendar year 2018, each  
12 county assessment office shall submit to the department an  
13 annual report providing the information required in subsection  
14 (c) and any additional information required by the department to  
15 administer this act. The report shall be filed by June 30.

16 (c) Contents.--The report required under subsection (b)  
17 shall be a compilation of all property located within the county  
18 which is exempt from real property tax as of January 1 in the  
19 year the report is required to be filed. The report shall  
20 contain the following:

21 (1) The owner of each tax-exempt property.

22 (2) The location of the property, including mailing  
23 address, name of the municipality where the property is  
24 located and the uniform parcel identifier.

25 (3) The assessed value of the property.

26 (4) Payments in lieu of tax or other funding received  
27 under a Federal or State program based on the tax-exempt  
28 status of the property. The amounts of the payments shall be  
29 reported by the municipality to the county assessment office.

30 If the municipality fails to timely report this information

1 to the county assessment office, the county is not required  
2 to include the information in the report and the municipality  
3 shall report the information directly to the department.

4 (5) The millage rate for the tax on real property in  
5 effect in the municipality where the property is located as  
6 of January 1 of the year in which the report is required to  
7 be filed.

8 (6) The assessed value of all property in each  
9 municipality in the county.

10 (7) The market value of all property in each  
11 municipality in the county.

12 (d) Failure to file reports.--Notwithstanding any other  
13 provision of this act, a county which fails to provide to the  
14 department the report required under this section by July 31  
15 shall cause all municipalities within that county to forfeit the  
16 right to share in the distribution of funding for the year in  
17 which the information was required to be reported. A  
18 municipality located within a county that has failed to provide  
19 the department with the required report shall have the right to  
20 petition the court of common pleas to issue a writ of mandamus  
21 ordering the county to collect the data and file the report with  
22 the department.

23 Section 4. Fund.

24 (a) Establishment.--There is established in the State  
25 Treasury a special restricted account to be known as the Tax-  
26 exempt Property Municipal Assistance Fund. The money deposited  
27 in the fund shall be used exclusively for the purpose of making  
28 annual distributions to eligible municipalities.

29 (b) Funds for revenue sharing program.--All revenues  
30 received by the Commonwealth from imposition of the liquor tax

1 shall be transferred to the fund. All funds transferred under  
2 this subsection shall be distributed as provided in section 6.

3 (c) Timing of transfers.--Revenue required to be transferred  
4 under this section shall be transferred by the State Treasurer  
5 in five equal installments before the last day of February,  
6 March, April, May and June of each fiscal year in which a  
7 transfer is required.

8 (d) Appropriation.--Money in the fund is appropriated on a  
9 continuing basis to the department for purposes of making  
10 distributions under this act and shall not lapse at the end of  
11 any fiscal year.

12 Section 5. Allocation of fund.

13 The money in the fund shall be set aside for annual  
14 distributions to municipalities under section 6. Money in the  
15 fund at the end of a fiscal year shall be distributed by the  
16 department by September 15 next following the end of the fiscal  
17 year in the manner required under section 6.

18 Section 6. Tax-exempt properties assistance.

19 (a) Eligibility.--A municipality is eligible to receive  
20 distributions under this section if it is determined by the  
21 department that the municipality's total market value of tax-  
22 exempt property equals or exceeds 15% of the total market value  
23 of assessed property within the municipality.

24 (b) Revenue.--The department shall annually distribute funds  
25 available under section 5 to each eligible municipality based  
26 upon the following:

27 (1) Each municipality's total market value of qualified  
28 tax-exempt properties shall be divided by the total market  
29 value of qualified tax-exempt property in all eligible  
30 municipalities with the quotient expressed as a percentage.

1           (2) The percentage under paragraph (1) shall be  
2 multiplied by the funds available to determine the payment  
3 due to each municipality.

4           (3) No municipality shall receive more than 10% of the  
5 funds available. The following apply:

6           (i) Subject to subparagraph (ii), if a  
7 municipality's allocation as calculated exceeds the 10%  
8 limit, the municipality shall receive 10% of the funds  
9 available.

10          (ii) If it is determined that more than one  
11 municipality's allocation as calculated exceeds the 10%  
12 limit, the allocation to each municipality subject to the  
13 limit shall be calculated against the total amount of  
14 money in the fund at the end of the fiscal year.

15          (iii) For the remaining municipalities, the  
16 department shall recalculate the payment amounts using  
17 the formula in paragraphs (1) and (2), except that the  
18 recalculation shall exclude:

19           (A) a municipality whose allocation exceeds the  
20 10% limit; and

21           (B) the amount equivalent to the municipality's  
22 10% allocation.

23          (4) No municipality shall receive an amount exceeding  
24 \$100 per person based upon the population of the municipality  
25 as of the last Federal decennial census. The following apply:

26          (i) If it is determined that a municipality's  
27 allocation exceeds the per-person limit, the municipality  
28 shall receive a \$100 per-person allocation from the funds  
29 available.

30          (ii) If it is determined that more than one

1           municipality's allocation as calculated exceeds the \$100  
2           per-person limit, the allocation to each municipality  
3           subject to the per-person limit shall be calculated  
4           against the total amount of money in the fund at the end  
5           of the fiscal year.

6           (iii) For the remaining municipalities, the  
7           department shall recalculate the payment amounts using  
8           the formula in paragraphs (1) and (2), except that the  
9           recalculation shall exclude:

10                   (A) a municipality whose allocation exceeds the  
11                   \$100 per-person limit; and

12                   (B) the amount equivalent to the municipality's  
13                   \$100 per-person limit.

14           (5) If the total allocations as calculated result in  
15           \$1,000,000 or less remaining in the fund, the money shall be  
16           retained in the fund for allocation in the next fiscal year.

17           (6) If the total allocations as calculated result in  
18           \$1,000,000 or more remaining in the fund, the department  
19           shall recalculate the allocation amounts for the remaining  
20           eligible municipalities that are not subject to an allocation  
21           limitation under this subsection. The department shall use  
22           the formula under this subsection, except that the  
23           recalculation shall exclude a municipality subject to an  
24           allocation limitation and the amount equivalent to the  
25           municipality's limited allocation. If the recalculation  
26           results in money remaining in the fund, the money shall be  
27           retained in the fund for allocation in the next fiscal year.

28           (7) The amount of any payment under section 3(c)(4)  
29           shall be deducted from the final payment to a municipality,  
30           and the money deducted shall be returned to the department

1 and deposited into the fund for disbursement in the next  
2 fiscal year. If a municipality receives a payment from a  
3 government agency after it receives a payment, the  
4 municipality shall reimburse the fund the amount of the  
5 payment. In no case shall a municipality receive a payment  
6 under this act and a payment from a government agency for the  
7 same parcel of tax-exempt property in the same fiscal year.

8 Section 7. Regulations.

9 Within 180 days after the effective date of this section, the  
10 department shall promulgate regulations necessary to implement  
11 this act. The department shall submit proposed regulations to  
12 the Local Government Committee of the Senate and the Local  
13 Government Committee of the House of Representatives for  
14 comment.

15 Section 8. Repeal.

16 Section 2 of the act of June 9, 1936 (1st Sp.Sess., P.L.13,  
17 No.4) is repealed insofar as it requires funds to be credited to  
18 the General Fund.

19 Section 9. Effective date.

20 This act shall take effect in 60 days.