

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

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**HOUSE BILL****No. 2018** Session of  
2007

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INTRODUCED BY FREEMAN, MOUL, WALKO, BAKER, BOYD, BRENNAN,  
BUXTON, CALTAGIRONE, CAPPELLI, CARROLL, CAUSER, COSTA, CURRY,  
DeLUCA, DePASQUALE, FABRIZIO, FAIRCHILD, FRANKEL, GEIST,  
GEORGE, GRUCELA, HARHAI, HENNESSEY, KOTIK, KULA, LEACH,  
MAHONEY, MANN, McILHATTAN, M. O'BRIEN, PASHINSKI, PETRONE,  
PRESTON, REED, SAINATO, SAMUELSON, SCAVELLO, SHAPIRO,  
SOLOBAY, STURLA, WHEATLEY, WOJNAROSKI, YOUNGBLOOD, YUDICHAK,  
KORTZ, ELLIS, LONGIETTI, K. SMITH, BEYER, SHIMKUS, MANTZ,  
HARKINS, LENTZ, McILVAINE SMITH, MENSCH, R. STEVENSON,  
BROOKS, HANNA AND MOYER, NOVEMBER 14, 2007

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AS REPORTED FROM COMMITTEE ON LOCAL GOVERNMENT, HOUSE OF  
REPRESENTATIVES, AS AMENDED, APRIL 8, 2008

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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:

1 "Common level ratio." The ratio of assessed value to current  
2 market value used generally in the county as last determined by  
3 the State Tax Equalization Board under the act of June 27, 1947  
4 (P.L.1046, No.447), referred to as the State Tax Equalization  
5 Board Law.

6 "Department." The Department of Community and Economic  
7 Development of the Commonwealth.

8 "Fund." The Tax-exempt Property Municipal Assistance Fund  
9 established under section 4.

10 "Liquor tax." The tax imposed and assessed upon the net  
11 price of all liquors sold by the Pennsylvania Liquor Control  
12 Board under the act of June 9, 1936 (Sp.Sess., P.L. 13, No.4),  
13 entitled "An act imposing an emergency State tax on liquor, as  
14 herein defined, sold by the Pennsylvania Liquor Control Board;  
15 providing for the collection and payment of such tax; and  
16 imposing duties upon the Department of Revenue and the  
17 Pennsylvania Liquor Control Board."

18 ~~"Millage rate." The rate of real property tax levied by a~~ <—  
19 ~~municipality. In the event that a municipality levies differing~~  
20 ~~millage rates on land and improvements, then any reference in~~  
21 ~~this act to the millage rate shall be deemed to refer to a~~  
22 ~~single combined millage rate for both land and improvements~~  
23 ~~which shall result in the collection of the same amount of tax.~~  
24 ~~Millage shall refer only to that millage levied for general tax~~  
25 ~~purposes and shall not include any millage imposed for special~~  
26 ~~tax purposes.~~

27 "MARKET VALUE." THE VALUE OF PROPERTY AS CALCULATED BY THE <—  
28 STATE TAX EQUALIZATION BOARD ON AN ANNUAL BASIS UTILIZING THE  
29 COMMON LEVEL RATIO.

30 "MARKET VALUE OF TAX-EXEMPT PROPERTY." THE QUOTIENT OF THE

1 BASE YEAR MARKET VALUE OF A PROPERTY AND THE COMMON LEVEL RATIO  
2 AS CALCULATED BY THE STATE TAX EQUALIZATION BOARD.

3 "Municipality." Any of the following:

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

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

7 "Qualified tax-exempt property." Real property which is  
8 exempt from local real property taxes and which is owned by one  
9 of the following:

10 (1) The Federal Government or an instrumentality of the  
11 Federal Government.

12 (2) The Commonwealth or an instrumentality of the  
13 Commonwealth.

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

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

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

22 Section 3. Tax-exempt property compilation.

23 ~~(a) Assessment. Each county through the county assessment~~ <—  
24 ~~office shall annually assess the value of all property within~~  
25 ~~the county, including property designated as tax exempt.~~

26 (A) COMPILATION.--EACH COUNTY SHALL ANNUALLY COMPILE A LIST <—  
27 IDENTIFYING THE MARKET VALUE OF TAX-EXEMPT PROPERTY WITHIN THE  
28 COUNTY.

29 (b) Annual report.--Beginning in calendar year ~~2008~~ 2009, <—  
30 each county assessment office shall submit to the department an

1 annual report providing the information required in subsection  
2 (c) and such additional information as required by the  
3 department to administer this act. The report required under  
4 this section shall be filed by June 30.

5 (c) Contents.--The report required under subsection (b)  
6 shall be a compilation of all property located within the county  
7 which is exempt from real property tax as of January 1 in the  
8 year the report is required to be filed. The report shall  
9 contain the following:

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

11 ~~(2) The reason the property is tax exempt,~~ <—  
12 ~~differentiating between qualified tax exempt property and~~  
13 ~~other property which is tax exempt.~~

14 ~~(3)~~ (2) The location of the property, including mailing <—  
15 address, name of the municipality where the property is  
16 located and the ~~block and lot designation~~ UNIFORM PARCEL <—  
17 IDENTIFIER.

18 ~~(4)~~ (3) The assessed value of the property. <—

19 ~~(5)~~ (4) Payments in lieu of tax or other funding <—  
20 received under any Federal or State program based on the tax-  
21 exempt status of the property. The amounts of such payments  
22 shall be reported by the municipality to the county  
23 assessment office. IF THE MUNICIPALITY FAILS TO TIMELY REPORT <—  
24 THIS INFORMATION TO THE COUNTY ASSESSMENT OFFICE, THE COUNTY  
25 IS NOT REQUIRED TO INCLUDE THE INFORMATION IN THE REPORT AND  
26 THE MUNICIPALITY SHALL REPORT THE INFORMATION DIRECTLY TO THE  
27 DEPARTMENT.

28 ~~(6)~~ (5) The millage rate for the tax on real property in <—  
29 effect in the municipality where the property is located as  
30 of January 1 of the year in which the report is required to

1 be filed.

2 ~~(7)~~ (6) The assessed value of all property in each ←  
3 municipality in the county.

4 ~~(8)~~ (7) The market value of all property in each ←  
5 municipality in the county.

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

17 Section 4. Fund.

18 (a) Establishment.--There is established in the State  
19 Treasury a special restricted account to be known as the Tax-  
20 exempt Property Municipal Assistance Fund. The money deposited  
21 in this fund shall be used exclusively for the purpose of making  
22 annual revenue distributions pursuant to this act.

23 (b) Funds for revenue sharing program.--All revenues  
24 received by the Commonwealth from imposition of the liquor tax  
25 shall be transferred to the fund. All funds transferred under  
26 this subsection shall be distributed as provided in section 6.

27 (c) Timing of transfers.--Revenue required to be transferred  
28 under this section shall be transferred by the State Treasurer  
29 in five equal installments before the last day of February,  
30 March, April, May and June of each fiscal year in which a

1 transfer is required.

2 (d) Appropriation.--Moneys in the fund are appropriated on a  
3 continuing basis to the department for purposes of making  
4 distributions pursuant to this act and shall not lapse at the  
5 end of any fiscal year.

6 Section 5. Allocation of fund.

7 The money in the fund shall be set aside for annual  
8 distribution to municipalities under section 6. Money in the  
9 fund at the end of a fiscal year shall be distributed by the  
10 department by September 15 next following the end of the fiscal  
11 year in the manner required under section 6.

12 Section 6. Tax-exempt properties assistance.

13 (a) Eligibility.--A municipality will be eligible to receive  
14 distributions under this section if it IMPOSES A TAX ON REAL <—  
15 PROPERTY AND IT is determined by the department that the  
16 municipality's total ~~assessed~~ MARKET value of tax-exempt <—  
17 property equals or exceeds ~~17%~~ 15% of the total MARKET value of <—  
18 assessed property within the municipality.

19 (b) Revenue.--The department shall determine annual sharing  
20 of funds in accordance with section 5 by each eligible  
21 municipality based upon the following:

22 (1) Each municipality's total ~~assessed~~ MARKET value of <—  
23 qualified tax-exempt properties shall be divided by the total  
24 ~~assessed~~ MARKET value of qualified tax-exempt property in all <—  
25 eligible municipalities under subsection (a) with the  
26 quotient expressed as a percentage.

27 (2) The percentage under paragraph (1) shall be  
28 multiplied by the funds available under section 5 to  
29 determine the amount of funding for each municipality.

30 (3) No municipality shall receive more than 10% of the

1 funds available under section 5. If it is determined that a  
2 municipality's allocation would exceed the 10% limit, the  
3 municipality shall receive 10% of the funds available under  
4 section 5. In the event that the initial calculation under  
5 paragraph (1) results in more than one municipality having a  
6 quotient of 10% or more, the allocation to each municipality  
7 entitled to a maximum 10% of the fund, under section 5, shall  
8 be calculated against the total amount of money in the fund  
9 at the end of the fiscal year. For the remaining  
10 municipalities, the department shall recalculate the grant  
11 amounts using the formula in paragraphs (1) and (2), except  
12 that the recalculation shall exclude:

13 (i) the municipality whose allocation would exceed  
14 the 10% limit; and

15 (ii) the amount equivalent to the municipality's 10%  
16 allocation.

17 (4) NO MUNICIPALITY SHALL RECEIVE AN AMOUNT EXCEEDING ←  
18 \$100 PER PERSON BASED UPON THE POPULATION DURING THE LAST  
19 DECENNIAL CENSUS. IF IT IS DETERMINED THAT A MUNICIPALITY  
20 WOULD EXCEED THE \$100 PER PERSON LIMIT, THE MUNICIPALITY  
21 SHALL RECEIVE A \$100 PER PERSON ALLOCATION FROM THE FUNDS  
22 AVAILABLE UNDER SECTION 5. IN THE EVENT THAT THE INITIAL  
23 CALCULATION UNDER PARAGRAPH (1) RESULTS IN MORE THAN ONE  
24 MUNICIPALITY HAVING AN ALLOCATION EXCEEDING THE \$100 LIMIT,  
25 THE ALLOCATION TO EACH MUNICIPALITY ENTITLED TO THE PER  
26 PERSON LIMIT OF THE FUND UNDER SECTION 5 SHALL BE CALCULATED  
27 AGAINST THE TOTAL AMOUNT OF MONEY IN THE FUND AT THE END OF  
28 THE FISCAL YEAR. FOR THE REMAINING MUNICIPALITIES, THE  
29 DEPARTMENT SHALL RECALCULATE THE GRANT AMOUNTS USING THE  
30 FORMULA IN PARAGRAPHS (1) AND (2), EXCEPT THAT THE

1 RECALCULATION SHALL EXCLUDE:

2 (I) ANY MUNICIPALITY WHOSE ALLOCATION WOULD EXCEED  
3 THE \$100 PER PERSON LIMIT; AND

4 (II) THE AMOUNT EQUIVALENT TO THE MUNICIPALITY'S  
5 \$100 PER PERSON LIMIT.

6 (5) IF THE CALCULATIONS AS PROVIDED UNDER THIS  
7 SUBSECTION RESULT IN \$1,000,000 OR LESS REMAINING IN THE  
8 FUND, THE MONEY SHALL BE RETAINED IN THE FUND FOR ALLOCATION  
9 IN THE NEXT FISCAL YEAR. IF THE CALCULATIONS AS PROVIDED  
10 UNDER THIS SUBSECTION RESULT IN \$1,000,000 OR MORE REMAINING  
11 IN THE FUND, THE DEPARTMENT SHALL RECALCULATE THE ALLOCATION  
12 AMOUNTS FOR THE REMAINING QUALIFIED MUNICIPALITIES THAT HAVE  
13 NOT REACHED ANY ALLOCATION LIMITATION UNDER THIS SUBSECTION.  
14 THE DEPARTMENT SHALL USE THE FORMULA UNDER THIS SUBSECTION,  
15 EXCEPT THAT THE RECALCULATION SHALL EXCLUDE ANY MUNICIPALITY  
16 WHOSE ALLOCATION WOULD EXCEED ANY ALLOCATION LIMITATION IN  
17 THIS SUBSECTION AS WELL AS THE AMOUNT EQUIVALENT TO THE  
18 MUNICIPALITY'S ALLOCATION LIMITATION UNDER THIS SUBSECTION.  
19 IF THE RECALCULATION AS PROVIDED UNDER THIS PARAGRAPH RESULTS  
20 IN ANY MONEYS REMAINING IN THE FUND, THE MONEY SHALL BE  
21 RETAINED IN THE FUND FOR ALLOCATION IN THE NEXT YEAR.

22 ~~(4)~~ (6) The amount of any payment under section ~~3(e)(5)~~ <—  
23 3(C)(4) shall be deducted from the final payment under this <—  
24 act and the money deducted shall be returned to the  
25 department and deposited into the fund for disbursement in  
26 the next fiscal year. If a municipality receives a payment  
27 from a government agency after it receives a disbursement  
28 under this act, the municipality shall reimburse the fund the  
29 amount of the payment. In no case shall a municipality  
30 receive a disbursement under this act and a payment from a



1 government agency for the same parcel of tax-exempt property  
2 in the same fiscal year.

3 Section 7. Regulations.

4 Within 180 days after the effective date of this act, the  
5 department shall promulgate regulations necessary to implement  
6 this act in accordance with the act of June 25, 1982 (P.L.633,  
7 No.181), known as the Regulatory Review Act. The department  
8 shall submit any proposed regulations to the Local Government  
9 Committee of the Senate and the Local Government Committee of  
10 the House of Representatives for comment.

11 Section 8. Repeal.

12 Section 2 of the act of June 9, 1936 (Sp.Sess., P.L.13,  
13 No.4), entitled "An act imposing an emergency State tax on  
14 liquor, as herein defined, sold by the Pennsylvania Liquor  
15 Control Board; providing for the collection and payment of such  
16 tax; and imposing duties upon the Department of Revenue and the  
17 Pennsylvania Liquor Control Board," is repealed insofar as it  
18 requires funds to be credited to the General Fund.

19 Section 9. Effective date.

20 This act shall take effect in 60 days.