
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 451 Session of
2023

INTRODUCED BY FREEMAN, MOUL, SAMUELSON, JAMES, SCHLOSSBERG,
SANCHEZ, SIEGEL, HILL-EVANS, PROBST, MADDEN, KINKEAD, STURLA,
CIRESI, BRENNAN AND N. NELSON, MARCH 16, 2023

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, MARCH 16, 2023

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 a repeal.

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

8 Section 1. Short title.

9 This act shall be known and may be cited as the Tax-exempt
10 Property Municipal Assistance Act.

11 Section 2. Definitions.

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

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

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

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

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

7 "Liquor tax." The tax imposed and assessed upon the net
8 price of all liquors sold by the Pennsylvania Liquor Control
9 Board under the act of June 9, 1936 (1st Sp.Sess., P.L.13,
10 No.4), entitled "An act imposing an emergency State tax on
11 liquor, as herein defined, sold by the Pennsylvania Liquor
12 Control Board; providing for the collection and payment of such
13 tax; and imposing duties upon the Department of Revenue and the
14 Pennsylvania Liquor Control Board."

15 "Market value." The value of property as calculated by the
16 State Tax Equalization Board on an annual basis utilizing the
17 common level ratio.

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

21 "Municipality." Any of the following:

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

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

25 "Qualified tax-exempt property." Real property which is
26 exempt from local real property taxes and which is owned by one
27 of the following:

28 (1) The Federal Government or an instrumentality of the
29 Federal Government.

30 (2) The Commonwealth or an instrumentality of the

1 Commonwealth.

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

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

8 (5) A local authority.

9 Section 3. Tax-exempt property compilation.

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

13 (b) Annual report.--Beginning in calendar year 2024, each
14 county assessment office shall submit to the department an
15 annual report providing the information required in subsection
16 (c) and any additional information required by the department to
17 administer this act. The report shall be filed by June 30.

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

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

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

27 (3) The assessed value of the property.

28 (4) Payments in lieu of tax or other funding received
29 under a Federal or State program based on the tax-exempt
30 status of the property. The amounts of the payments shall be

1 reported by the municipality to the county assessment office.
2 If the municipality fails to timely report this information
3 to the county assessment office, the county is not required
4 to include the information in the report, and the
5 municipality shall report the information directly to the
6 department.

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

11 (6) The assessed value of all property in each
12 municipality in the county.

13 (7) The market value of all property in each
14 municipality in the county.

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

26 Section 4. Tax-exempt Property Municipal Assistance Fund.

27 (a) Establishment.--The Tax-exempt Property Municipal
28 Assistance Fund is established in the State Treasury. The money
29 deposited into the fund shall be used exclusively for the
30 purpose of making annual distributions to eligible

1 municipalities under section 6.

2 (b) Revenue sharing program.--All revenues received by the
3 Commonwealth from imposition of the liquor tax shall be
4 transferred to the fund. All money transferred under this
5 subsection shall be distributed as provided in section 6.

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

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

15 Section 5. Distribution of funding.

16 Money in the fund at the end of a fiscal year shall be
17 distributed by the department by September 15 of the following
18 fiscal year in which they were collected in the manner required
19 under section 6.

20 Section 6. Tax-exempt properties assistance.

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

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

29 (1) Each municipality's total market value of qualified
30 tax-exempt properties shall be divided by the total market

1 value of qualified tax-exempt property in all eligible
2 municipalities with the quotient expressed as a percentage.

3 (2) The percentage under paragraph (1) shall be
4 multiplied by the money in the fund at the end of the fiscal
5 year to determine the payment due to each municipality.

6 (3) A municipality may not receive more than 10% of the
7 money available. The following apply:

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

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

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

21 (A) a municipality whose allocation exceeds the
22 10% limit; and

23 (B) the amount equivalent to the municipality's
24 10% allocation.

25 (4) A municipality may not receive an amount exceeding
26 \$100 per person based upon the population of the municipality
27 as of the last Federal decennial census. The following apply:

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

1 available.

2 (ii) If it is determined that more than one
3 municipality's allocation as calculated exceeds the \$100
4 per-person limit, the allocation to each municipality
5 subject to the per-person limit shall be calculated
6 against the total amount of money in the fund at the end
7 of the fiscal year.

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

12 (A) a municipality whose allocation exceeds the
13 \$100 per-person limit; and

14 (B) the amount equivalent to the municipality's
15 \$100 per-person limit.

16 (5) If the total allocations as calculated result in
17 \$1,000,000 or less remaining in the fund, the money shall be
18 retained in the fund for allocation in the next fiscal year.

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

30 (7) The amount of any payment under section 3(c)(4)

1 shall be deducted from the final payment to a municipality,
2 and the money deducted shall be returned to the department
3 and deposited into the fund for disbursement in the next
4 fiscal year. If a municipality receives a payment from a
5 government agency under section 3(c)(4) after it receives a
6 payment under this section, the municipality shall reimburse
7 the fund the amount of the payment made under this section.
8 In no case shall a municipality receive a payment under this
9 act and a payment from a government agency for the same
10 parcel of tax-exempt property in the same fiscal year.

11 Section 7. Regulations.

12 Within 180 days after the effective date of this section, the
13 department shall develop written guidelines for the
14 implementation of the provisions of this act. The department
15 shall submit the guidelines to the Local Government Committee of
16 the Senate and the Local Government Committee of the House of
17 Representatives upon completion.

18 Section 8. Repeal.

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

22 Section 9. Effective date.

23 This act shall take effect in 60 days.