

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 612 Session of 2019

INTRODUCED BY RYAN, BARRAR, BERNSTINE, KEEFER, STAATS AND ZIMMERMAN, FEBRUARY 28, 2019

REFERRED TO COMMITTEE ON URBAN AFFAIRS, FEBRUARY 28, 2019

AN ACT

1 Amending the act of July 7, 1947 (P.L.1368, No.542), entitled  
 2 "An act amending, revising and consolidating the laws  
 3 relating to delinquent county, city, except of the first and  
 4 second class and second class A, borough, town, township,  
 5 school district, except of the first class and school  
 6 districts within cities of the second class A, and  
 7 institution district taxes, providing when, how and upon what  
 8 property, and to what extent liens shall be allowed for such  
 9 taxes, the return and entering of claims therefor; the  
 10 collection and adjudication of such claims, sales of real  
 11 property, including seated and unseated lands, subject to the  
 12 lien of such tax claims; the disposition of the proceeds  
 13 thereof, including State taxes and municipal claims recovered  
 14 and the redemption of property; providing for the discharge  
 15 and divestiture by certain tax sales of all estates in  
 16 property and of mortgages and liens on such property, and the  
 17 proceedings therefor; creating a Tax Claim Bureau in each  
 18 county, except counties of the first and second class, to act  
 19 as agent for taxing districts; defining its powers and  
 20 duties, including sales of property, the management of  
 21 property taken in sequestration, and the management, sale and  
 22 disposition of property heretofore sold to the county  
 23 commissioners, taxing districts and trustees at tax sales;  
 24 providing a method for the service of process and notices;  
 25 imposing duties on taxing districts and their officers and on  
 26 tax collectors, and certain expenses on counties and for  
 27 their reimbursement by taxing districts; and repealing  
 28 existing laws," in short title and definitions, further  
 29 providing for definitions; and, in sale of property, further  
 30 providing for upset sale price and for hearing and order for  
 31 judicial sale and providing for sale of residential property.

32 The General Assembly of the Commonwealth of Pennsylvania

1 hereby enacts as follows:

2 Section 1. Section 102 of the act of July 7, 1947 (P.L.1368,  
3 No.542), known as the Real Estate Tax Sale Law, is amended by  
4 adding a definition to read:

5 Section 102. Definitions.--As used in this act, the  
6 following words shall be construed as herein defined, unless the  
7 context clearly indicates otherwise:

8 \* \* \*

9 "Minimum value," the following:

10 (1) (i) eighty per centum (80%) of the value of a  
11 residential property as determined by a real estate appraiser  
12 licensed or certified by the State Board of Certified Real  
13 Estate Appraisers for the year in which notice of sale is given  
14 under section 602 or during the prior three years; or  
15 (ii) if there has been more than one appraisal during that  
16 period, the value as determined by the most recent appraisal; or  
17 (2) a value jointly stipulated by the bureau and the owner  
18 of the residential property.

19 \* \* \*

20 Section 2. Section 605 of the act is amended to read:

21 Section 605. Upset Sale Price.--The bureau shall fix as the  
22 upset price to be realized at the sale of any property upon a  
23 claim absolute, the sum of (a) the tax liens of the  
24 Commonwealth, (b) the amount of the claim absolute and interest  
25 thereon on which the sale is being held, (c) the amount of any  
26 other tax claim or tax judgment due on such property and  
27 interest on the judgment to the date of sale, (d) the amount of  
28 all accrued taxes including taxes levied for the current year,  
29 whether or not returned, a record of which shall be furnished to  
30 the bureau by tax collectors, receivers of taxes and taxing

1 districts, (e) the amount of the municipal claims against the  
2 property, and (f) the record costs and costs of sale, including  
3 pro rata costs of the publication of notice and costs of mail  
4 and posted notices in connection with the return of the claim  
5 and mail and posted notices of sale[.], provided that, for the  
6 sale of owner-occupied residential real estate, the upset price  
7 shall not be less than the minimum value of the property unless  
8 the property is purchased by the holder of an obligation secured  
9 by a mortgage on the property.

10 It shall be the duty of all taxing districts, and municipal  
11 authorities having municipal claims against any such property,  
12 to certify, by August 30 of the year of the scheduled sale, the  
13 amount thereof to the bureau for the purpose of including the  
14 same in the upset price. If a taxing district or municipal  
15 authority fails to certify the amount of any municipal claim  
16 which has become a claim against the property prior to August 1  
17 of the year of the scheduled sale, the claim shall be divested  
18 by the upset sale, notwithstanding any provision of this act to  
19 the contrary.

20 No sale of property shall be made by the bureau unless a bid  
21 equal to the upset price is made. If no bid equal to the upset  
22 price is received, the sale shall be continued without further  
23 advertisement in order to give the bureau a chance to sell the  
24 property at private sale, or to petition court for an order to  
25 sell the same, freed and discharged of all liens as hereinafter  
26 provided. No upset sale may be continued beyond the end of the  
27 calendar year, and no property may be sold at private sale or  
28 judicial sale unless the property has first been exposed to  
29 upset sale and was not sold at upset sale.

30 Section 3. Section 612(a) of the act is amended and the

1 section is amended by adding a subsection to read:

2 Section 612. Hearing and Order for Judicial Sale.--

3 (a) If upon hearing, the court is satisfied that service of  
4 the rule has been made upon the parties named in the rule, in  
5 the manner provided by this act, and that the facts stated in  
6 the petition are true, it shall order and decree that [said] the  
7 property be sold at a subsequent day to be fixed by the court or  
8 in the manner provided under subsection (e), freed and cleared  
9 of all tax and municipal claims, mortgages, liens, charges and  
10 estates, except separately taxed ground rents, to the highest  
11 bidder or the purchaser for a sale as provided under subsection  
12 (e), and that the purchaser at such sale shall take and  
13 thereafter have an absolute title to the property sold free and  
14 clear of all tax and municipal claims, mortgages, liens, charges  
15 and estates of whatsoever kind, except ground rents, separately  
16 taxed. Out of the proceeds of such sale shall be paid the costs  
17 set forth in the upset price at the prior sale, and the  
18 additional costs incurred relative to this sale, including the  
19 fee for title search and any broker's commission under  
20 subsection (e). The court order may specify that no sale shall  
21 be made except to the county unless a bid equal to such costs is  
22 offered. The remainder of said proceeds shall be distributed by  
23 the office designated by the county commissioners under section  
24 205. After the purchaser shall have paid over the purchase  
25 price, the bureau shall make and deliver a deed in the manner  
26 hereinbefore provided.

27 \* \* \*

28 (e) Except for the sale of property to the holder of an  
29 obligation secured by a mortgage on the property, a judicial  
30 sale of a residential property shall be made by listing the

1 property for sale by a real estate broker licensed by the State  
2 Real Estate Commission and selected in an open and competitive  
3 manner by the bureau. In selecting a broker, the bureau may  
4 contract to retain for use by the bureau, the county or any  
5 taxing district, a portion of the commission payable upon the  
6 sale of the property. The broker shall offer the property for  
7 sale in a commercially reasonable manner at a price no lower  
8 than the minimum value and on the terms and conditions  
9 established by the bureau. If the broker does not obtain an  
10 offer to purchase the property for at least the minimum value  
11 within a reasonable time, the court, after hearing, may:

12 (1) approve the highest outstanding offer, if any;

13 (2) reduce the minimum value of the property to a  
14 commercially reasonable amount and order that the property  
15 continue to be offered for an additional time; or

16 (3) order that the property be sold as otherwise provided  
17 under this act.

18 Section 4. The act is amended by adding a section to read:

19 Section 620. Sale of Residential Property.--The requirements  
20 under sections 605 and 612 relating to the minimum sale price  
21 and procedures for the sale of residential property shall apply  
22 to a sale of residential property to satisfy municipal claims or  
23 delinquent taxes under the act of May 16, 1923 (P.L.207,  
24 No.153), referred to as the Municipal Claim and Tax Lien Law,  
25 and the act of October 11, 1984 (P.L.876, No.171), known as the  
26 Second Class City Treasurer's Sale and Collection Act, except  
27 that the authority granted to the bureau under sections 605 and  
28 612 shall be granted to the claimant under the Municipal Claim  
29 and Tax Lien Law or to the city treasurer under the Second Class  
30 City Treasurer's Sale and Collection Act.

1 Section 5. This act shall take effect in 120 days.