

## AN ACT

## SB 150

Authorizing local taxing authorities to provide for tax exemption for certain improvements to deteriorated dwellings; providing for an exemption schedule and other limitations.

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

Section 1. Construction.—This act shall be construed to authorize local taxing authorities to exempt improvements to certain deteriorated residential property thereby implementing clause (iii) of subsection (b) of section 2 of Article VIII of the Constitution of Pennsylvania.

Section 2. Definitions.—As used in this act:

(1) “Deteriorated property” means a dwelling unit located in a deteriorated neighborhood, as hereinafter provided, or a dwelling unit which has been or upon request is certified by a health, housing or building inspection agency as unfit for human habitation for rent withholding, or other health or welfare purposes, or has been the subject of an order by such an agency requiring the unit to be vacated, condemned or demolished by reason of noncompliance with laws, ordinances or regulations.

(2) “Dwelling unit” means, unless otherwise defined in the ordinance or resolution providing for tax exemption, a house, apartment, or group of rooms intended for occupancy as separate living quarters by family or other groups or a person living alone, containing a kitchen or cooking equipment for the exclusive use of the occupants.

(3) “Improvement” means repair, construction or reconstruction, including alterations and additions, having the effect of rehabilitating a structure so that it becomes habitable or attains higher standards of housing safety, health or amenity, or is brought into compliance with laws, ordinances or regulations governing housing standards; ordinary upkeep and maintenance shall not be deemed an improvement.

(4) “Local taxing authority” means a county, city, borough, incorporated town, township or school district having authority to levy real property taxes.

Section 3. Deteriorated Neighborhoods; Procedures.—(a) Each local taxing authority may by ordinance or resolution exempt from real property taxation the assessed valuation of improvements to deteriorated properties in the amounts and in accordance with the schedules and limitations hereinafter provided. Prior to the adoption of the ordinance or resolution authorizing the granting of tax exemptions, the local taxing authority shall affix the boundaries of a deteriorated neighborhood or neighborhoods, wholly or partially located within its jurisdiction, if any. At

least one public hearing shall be held by the local taxing authority for the purpose of determining said boundaries. At the public hearing the planning commission or redevelopment authority and other public and private agencies and individuals, knowledgeable and interested in the improvement of deteriorated neighborhoods, shall present their recommendations concerning the location of boundaries of a deteriorated neighborhood or neighborhoods for the guidance of the local taxing authorities, such recommendations taking into account the criteria set forth in the act of May 24, 1945 (P.L.991), known as the "Urban Redevelopment Law," for the determination of "blighted areas," and the criteria set forth in the act of November 29, 1967 (P.L.636), known as the "Neighborhood Assistance Act," for the determination of "impoverished areas," and the following criteria: unsafe, unsanitary and overcrowded buildings; vacant, overgrown and unsightly lots of ground; a disproportionate number of tax delinquent properties; excessive land coverage, defective design or arrangement of buildings, street or lot layouts; economically and socially undesirable land uses. The ordinance shall specify a description of each such neighborhood as determined by the local taxing authority, as well as the cost of improvements per dwelling unit to be exempted, and the schedule of taxes exempted as hereinafter provided.

(b) Two or more local taxing authorities may join together for the purpose of determining the boundaries of a deteriorated neighborhood, and such local taxing authorities shall cooperate fully with each other for the purposes of implementing this act. The local taxing authorities may by implementing ordinance or resolution agree to adopt tax exemptions contingent upon the similar adoption by an adjacent or conterminous local taxing authority, within the limitations provided herein.

Section 4. Exemption Schedules; Maximum Exemption.—(a) A local taxing authority granting a tax exemption pursuant to the provisions of this act may provide for tax exemption on the assessment attributable to the actual cost of improvements up to the maximum cost per dwelling unit herein specified or up to any lesser multiple of one thousand dollars (\$1,000). If a local taxing authority by ordinance or resolution specifies a lesser cost than the maximum provided by this act, such amount shall not be increased by any subsequent ordinance or resolution for a period of two years, nor shall the schedule of taxes exempted be changed for such period. Whether or not the assessment eligible for exemption is based upon a maximum cost or a lesser cost, the actual amount of taxes exempted shall be in accordance with one of the following schedules:

(1) For the first year for which improvements would otherwise be taxable, one hundred per cent of the eligible assessment shall be exempted; for the second year, ninety per cent of the eligible assessment shall be exempted; for the third through tenth years, eighty, seventy, sixty, fifty, forty, thirty, twenty, and ten per cent, respectively, of the eligible

assessment shall be exempted; after the tenth year, the exemption shall terminate, or

(2) For the first year for which improvements would otherwise be taxable, one hundred per cent of the eligible assessment shall be exempted; for the second year, eighty per cent of the eligible assessment shall be exempted; for the third through fifth years, sixty, forty, and twenty per cent, respectively, of the eligible assessment shall be exempted; after the fifth year, the exemption shall terminate.

(b) The exemption from taxes shall be limited to the additional assessment valuation attributable to the actual costs of improvements to deteriorated property not in excess of the maximum cost per dwelling unit specified herein. The maximum cost shall be ten thousand dollars (\$10,000) per dwelling unit for improvements constructed during 1971. Maximum cost for improvements constructed during each year thereafter shall be the maximum cost for the preceding year multiplied by the ratio of the United States Bureau of the Census New One-Family Houses Price Index for the current year to such index for the preceding year. The date of the construction shall be the date of issuance of the building permit, improvement record or other required notification of construction. No tax exemption shall be granted under the provisions of this act for any improvements to any dwelling unit in excess of the maximum cost specified above.

(c) The exemption from taxes authorized by this act shall be upon the property exempted and shall not terminate upon the sale or exchange of the property, unless otherwise provided in this act.

Section 5. Nonrecognition for Other Purposes of Increased Assessed Valuation.—If a deteriorated property is granted tax exemption pursuant to this act, the improvement shall not during the exemption period be considered as a factor in assessing other properties.

Section 6. Procedure for Obtaining Exemption.—Any person desiring tax exemption pursuant to ordinances or resolutions adopted pursuant to this act, shall notify each local taxing authority granting such exemption in writing on a form provided by it submitted at the time he secures the building permit, or if no building permit or other notification of improvement is required, at the time he commences construction. A copy of the exemption request shall be forwarded to the board of assessment and revision of taxes or other appropriate assessment agency. The assessment agency shall, after completion of the improvement, assess separately the improvement and calculate the amounts of the assessment eligible for tax exemption in accordance with the limits established by the local taxing authorities and notify the taxpayer and the taxing authorities of the reassessment and amounts of the assessment eligible for exemption. Appeals from the reassessment and the amounts eligible for the exemption may be taken by the taxpayer or the local taxing authorities as provided by law.

The cost of improvements per dwelling unit to be exempted and the schedule of taxes exempted existing at the time of the initial request for tax exemption shall be applicable to that exemption request, and subsequent amendments to the ordinance, if any, shall not apply to requests initiated prior to their adoption.

Section 7. This act shall take effect January 1, 1971.

APPROVED—The 9th day of July, A. D. 1971.

MILTON J. SHAPP

The foregoing is a true and correct copy of Act of the General Assembly No. 34.

A handwritten signature in black ink, reading "C. McLaughlin Tucker". The signature is written in a cursive, flowing style.

*Secretary of the Commonwealth.*