

No. 1998-5

## AN ACT

SB 538

Amending the act of July 7, 1947 (P.L.1368, No.542), entitled, as amended, "An act amending, revising and consolidating the laws relating to delinquent county, city, except of the first and second class and second class A, borough, town, township, school district, except of the first class and school districts within cities of the second class A, and institution district taxes, providing when, how and upon what property, and to what extent liens shall be allowed for such taxes, the return and entering of claims therefor; the collection and adjudication of such claims, sales of real property, including seated and unseated lands, subject to the lien of such tax claims; the disposition of the proceeds thereof, including State taxes and municipal claims recovered and the redemption of property; providing for the discharge and divestiture by certain tax sales of all estates in property and of mortgages and liens on such property, and the proceedings therefor; creating a Tax Claim Bureau in each county, except counties of the first and second class, to act as agent for taxing districts; defining its powers and duties, including sales of property, the management of property taken in sequestration, and the management, sale and disposition of property heretofore sold to the county commissioners, taxing districts and trustees at tax sales; providing a method for the service of process and notices; imposing duties on taxing districts and their officers and on tax collectors, and certain expenses on counties and for their reimbursement by taxing districts; and repealing existing laws," further providing for discharge of tax claims; restricting the rights of certain persons to purchase property subject to sale under this act; and imposing additional powers and duties on local municipalities and tax claim bureaus.

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

Section 1. Section 501 of the act of July 7, 1947 (P.L.1368, No.542), known as the Real Estate Tax Sale Law, amended July 3, 1986 (P.L.351, No.81), is amended to read:

Section 501. Discharge of Tax Claims.—

(a) Any owner, his heirs or legal representatives, or any lien creditor, his heirs, assigns or legal representative, or other *interested* person [interested, if such other person has a duly executed power of attorney from the owner, his heirs or assigns or legal representative or any of them empowering such person to make payment] *or, with the approval of the lienholding political subdivision, noninterested person* may cause the discharge of tax claims and liens entered against the property [for the benefit of the owner] by payment to the bureau of the amount of the aforesaid claim and interest thereon, the amount of any other tax claim or tax judgment due on such property and interest thereon, and the amount of all accrued taxes which have been returned and remain unpaid, the record costs, including pro rata costs of the notice or notices given in connection with the returns or claims[. If] *calculated under paragraph (1) or (2). The subject property*

*shall be removed from exposure to sale and shall not be listed in any advertisement relating to sale of property for delinquent taxes if, prior to July 1 of the year following the notice of claim, payment is made in [an] either of the following amounts:*

*(1) An amount equal to the sum of:*

*[(1)] (i) the outstanding taxes entered on notice of claim and interest due on those taxes;*

*[(2)] (ii) the amount of any other tax claim on or tax judgment against such property and interest on that claim or judgment;*

*(iii) the amount of all accrued taxes which have been returned and remain unpaid; and*

*[(3)] (iv) the record costs[;*

*then the subject property shall be removed from exposure to sale and shall not be listed in any advertisement relating to sale of property for delinquent taxes.], including pro rata costs of notice given in connection with returns and claims.*

*(2) An amount less than the total amount due under paragraph (1) if the political subdivision agrees to accept that amount. In no event shall a property be discharged under this paragraph for an amount less than fifty per centum (50%) of the amount specified in paragraph (1). If payment is made after July 1 of the year following the notice of claim, but before the actual sale of the property, the property shall not be sold, but the property and name of owner may appear in an advertisement relating to the sale of property for delinquent taxes.*

Upon receipt of payment or upon certification to the bureau that payment of all taxes and other charges otherwise payable to the bureau under this act has been made to a taxing district, the bureau shall issue written acknowledgement of receipt and a certificate of discharge and shall enter satisfaction on the record. All payments received shall be distributed to the taxing district entitled thereto not less than once every three (3) months.

(b) When any property is discharged from tax claim by payment by a lien creditor, or his heirs, assigns or legal representatives, or by any person, *whether* interested [for the benefit of the owner] or *noninterested*, the certificate shall be issued to the person making the payment and shall state the fact of the discharge, a brief description of the property discharged and the amount of the discharge payment. This certificate may be entered in the office of the prothonotary as a judgment against the owner of the property for the *entire* amount [stated therein] *due to the political subdivision, regardless of whether the property was discharged from tax claim by payment under subsection (a)(1) or (2).* The lien of any such judgment shall have priority over all other liens against such property in the same manner and to the same extent as the taxes involved in the discharge.

*(b.1) In addition to any other remedy provided by law, a certificate under subsection (b) enables the person for whose benefit judgment was entered to proceed by action in assumpsit and recover the amount of tax*

*due by an owner and to recover related attorney fees and court costs and reasonable collection costs related thereto. An action under this subsection must be commenced within six (6) years after the taxes first became due.*

(c) There shall be no redemption of any property after the actual sale thereof.

(d) *Nothing in this section shall preclude the bureau from retaining the five per centum (5%) commission on all money collected by the bureau and any interest earned on money held by the bureau as provided in section 205(c).*

Section 2. The act is amended by adding a section to read:

*Section 619. Restrictions on Purchases.—(a) Deeds for any property exposed for any sale under subarticle (b) of Article VI shall not be exchanged any sooner than twenty (20) days nor later than forty-five (45) days after any sale held under subarticle (b) of Article VI.*

(b) *A municipality may, within fifteen (15) days of any sale held under subarticle (b) of Article VI, petition the court of common pleas to prohibit the transfer of any deed for any property exposed for any sale under subarticle (b) of Article VI which is located in that municipality to any purchaser who is proven to meet any of the criteria set forth in the municipality's petition.*

(c) (1) *The petition of the municipality shall allege that the purchaser has over the last three (3) years preceding the filing of the petition exhibited a course of conduct which demonstrates that a purchaser permitted an uncorrected housing code violation to continue unabated after being convicted of such violation and:*

(i) *failed to maintain property owned by that purchaser in a reasonable manner such that it posed a threat to health, safety or property; or*

(ii) *permitted the use of property in an unsafe, illegal or unsanitary manner such that it posed a threat to health, safety or property.*

(2) *A person who acts as an agent for a purchaser who sought to avoid the limitations placed on the purchase of property by this section shall be subject to the restrictions imposed by this section.*

(3) *Allegations under this subsection shall be proved by a preponderance of the evidence. In ruling on the petition, a court shall consider whether violations were caused by malicious acts of a current non-owner occupant and the control exercised by a purchaser in regard to his ownership interest or rights with other properties.*

(d) *A change of name or business status shall not defeat the purpose of this section.*

(e) *As used in this section:*

*“Municipality,” any county, city, borough, incorporated town, township, home rule municipality, optional plan municipality, optional charter municipality or any similar general purpose unit of government which may be created or authorized by statute.*

*“Purchaser,” any individual, partner, limited or general partner, shareholder, trustee, beneficiary, any other individual with any ownership interest or right in a business association, sole proprietorship, partnership, limited partnership, S or C corporation, limited liability company or corporation, trust, business trust or any other business association.*

*“Uncorrected housing code violation,” any conviction of a violation of the local building, housing, property maintenance or fire code which is not remedied within six (6) months of conviction.*

*“Violation,” any conviction under a building, housing, property maintenance or fire code which posed a threat to health, safety or property, but not a conviction deemed by a court to be de minimis.*

Section 3. The addition of section 619 of the act shall apply to all sales conducted on or after the effective date of this act.

Section 4. This act shall take effect in 60 days.

APPROVED—The 29th day of January, A.D. 1998.

THOMAS J. RIDGE