

No. 1998-133

AN ACT

SB 510

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," defining "delinquent" taxes; further providing for discharge of tax claims; and requiring successful bidders of property subject to sale to provide a certification that they do not have delinquent real estate taxes or municipal utility bills that are more than one year outstanding.

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

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

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

* * *

"Delinquent," taxes shall be considered delinquent on December 31 of each calendar year for all taxing districts.

* * *

Section 2. Section 501 of the act, amended January 29, 1998 (P.L.24, No.5), 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 or, with the approval of the lienholding political subdivision, [noninterested] *disinterested* person may cause the discharge of tax claims and liens entered against the property 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 calculated under paragraph (1) [or], (2) *or* (3). 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 [either] *any* of the following amounts:

(1) An amount equal to the sum of:

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

(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

(iv) the record costs, 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.

(3) With respect to two (2) or more claims or judgments transferred by a political subdivision to a person, an amount less than the aggregate amount due for such claims or judgments under paragraph (1) if the political subdivision agrees to accept that amount.

(a.1) 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 or **[noninterested]** *disinterested*, 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 due to the political subdivision, regardless of whether the property was discharged from tax claim by payment under subsection (a)(1) [or], (2)

or (3). 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).

(e) If any interested or disinterested person holding a judgment certificate sells real or personal property subject to a judgment certificate at a judicial or a private sale and the proceeds of the sale are less than the amount of the judgment certificate and any municipal or other claim with liens on the property that are coequal or senior to the lien of the person holding the judgment certificate, the proceeds of the sale shall be distributed in the following order of priority:

(1) first to the costs of enforcement and sale, including attorney fees or commissions, incurred by the person holding the judgment certificate in enforcing its rights against the property;

(2) to any and all claims senior in priority to that of the holder of the judgment certificate in proportion to such claims; and

(3) the balance to all municipal claims coequal in lien priority with the judgment certificate, including the claim to which the judgment certificate relates, in proportion to such claims.

Section 3. The act is amended by adding a section to read:

Section 619.1. Additional Restrictions.—(a) Within twenty (20) days following any sale under this act, a successful bidder shall be required to provide certification to the bureau that the person is not delinquent in paying real estate taxes to any of the taxing districts where the property is located and that the person has no municipal utility bills that are more than one year outstanding.

(b) As used in this section, the following terms shall have the following meanings:

“Certification,” shall mean proof via receipts of paid real estate taxes and municipal utility bills within the jurisdiction or a notarized affidavit by the bidder evidencing payment of such real estate taxes and municipal utility bills.

“Municipal utility bills,” shall mean bills for services provided by a utility which is wholly owned and operated by a municipality or municipal

authority. The term shall include, but not be limited to, water, sewer and solid waste disposal utility bills.

“Municipality,” refers to 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 authorized by statute.

“Person,” includes a corporation; partnership; limited liability company; business trust; other association; government entity, other than the Commonwealth; estate; trust; foundation; or natural person.

Section 4. This act shall apply to all sales conducted on or after the effective date of this act.

Section 5. This act shall take effect in 60 days.

APPROVED—The 21st day of December, A.D. 1998.

THOMAS J. RIDGE