

No. 1986-202

AN ACT

HB 1921

Empowering certain local taxing authorities to provide exemptions from taxation for certain improvements made to certain unimproved residential property.

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

Section 1. Short title.

This act shall be known and may be cited as the New Home Construction Local Tax Abatement Act.

Section 2. Construction.

This act shall be construed to authorize local taxing authorities to exempt improvement to certain unimproved residential property implementing section 2(b)(iv) of Article VIII of the Constitution of Pennsylvania.

Section 3. Definitions.

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

“Improvement.” The erection or construction of one or more residential buildings in compliance with laws, ordinances or regulations governing such actions.

“Local taxing authority.” A county, city, borough, incorporated town, township, school district or home rule municipality having authority to levy real property taxes.

“Unimproved residential property.” Any unimproved real estate owned by an individual, association, corporation or governmental entity located in this Commonwealth, which is or may be zoned, in accordance with the provisions of the act of July 31, 1968 (P.L.805, No.247), known as the Pennsylvania Municipalities Planning Code, for residential use.

Section 4. New residential construction.

(a) Power to grant exemptions.—Each local taxing authority may, by ordinance or resolution, exempt from real property taxation the assessed valuation of improvements to unimproved residential property in the amounts and in accordance with the provisions and limitations set forth in this act. Prior to the adoption of the ordinance or resolution authorizing the granting of tax exemptions, the local taxing authority by ordinance or resolution shall affix the boundaries of the unimproved residential property or properties wholly or partially located within its jurisdiction for which the tax exemption shall be available. Such ordinance or resolution shall also specify the purpose for determining such boundaries, including, but not limited to, maintenance of neighborhoods, consistency of zoning districts, rejuvenation of blighted areas and development of vacant property. Prior to the adoption of the ordinance or resolution authorizing the granting of tax exemptions, the local

taxing authority shall conduct at least one public hearing for the purpose of discussion of the provisions of the ordinance, including, but not limited to, the abatement period and the exemption schedule. At the public hearing, local taxing authorities, planning commissioners, redevelopment authorities, and other public and private agencies, individuals, associations and corporations which are knowledgeable and interested in the improvement of unimproved residential property may present their recommendations concerning the location of boundaries of the unimproved residential property or properties for the guidance of the local taxing authority. The ordinance or resolution adopted by a local taxing authority shall specify the cost of improvements per dwelling unit to be exempted, and the schedule of taxes exempted.

(b) Cooperation between municipalities.—Two or more local taxing authorities may join together for the purpose 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 local taxing authority or by a local taxing authority with mutual jurisdiction, within the limitations provided herein.

(c) Limitation.—In the event a local taxing authority enacts an ordinance under subsection (a) and subsequently amends the ordinance to shorten the abatement period provided for in the original or latest version of the ordinance, the taxing authority shall not reduce the abatement period for those property owners eligible for and participating in the previously enacted abatement program. In the event a local taxing authority enacts an abatement ordinance under subsection (a) and subsequently amends the ordinance to extend the abatement period provided for in the original or latest version of the ordinance, the taxing authority may extend the abatement period for those property owners eligible for and participating in the previously enacted abatement program provided, however, that in no case shall the original period plus the extension result in an abatement period that exceeds two years.

Section 5. Exemption schedule.

(a) Amount of exemption.—A local taxing authority granting a tax exemption pursuant to this act may provide for tax exemption on the assessment attributable to the actual cost of improvements or up to any maximum cost uniformly established by the local taxing authority. The maximum cost shall apply uniformly to all eligible unimproved residential property within the local taxing authority jurisdiction.

(b) Schedule of taxes.—Whether or not the assessment eligible for exemption is based upon actual cost or a maximum cost, the actual amount of taxes exempted shall be in accordance with the schedule of taxes exempted established by the local taxing authority, subject to the following limitations:

- (1) The length of the schedule of taxes exempted which shall be known as the abatement period shall not exceed two years.
- (2) The schedule of taxes exempted shall stipulate the portion of improvements to be exempted each year.
- (3) The exemption from taxes shall be limited to the additional assessment valuation attributable to the actual cost of improvements to the

property or not in excess of the maximum cost per unit established by the local taxing authority.

Section 6. Procedure for obtaining an exemption.

(a) **Notification.**—Any person desiring tax exemption, pursuant to ordinances or resolutions adopted pursuant to this act, shall notify each local taxing authority granting the exemption on a form provided by the local taxing authority. The form shall be submitted at the time the person desiring tax exemption 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 not be required to reassess that portion of the property which has been exempted by the municipality for taxation purposes until the exemption period has expired. Appeals from any reassessment and the amounts eligible for the exemption may be taken by the taxpayer or the local taxing authorities as provided by law.

(b) **Application of changes.**—Except as may be authorized in section 4(c), the cost of improvements to be exempted and the schedule of taxes exempted existing at the time of the submission of the form as provided in subsection (a) shall be applicable to that exemption request.

Section 7. Effective date.

This act shall take effect immediately.

APPROVED—The 17th day of December, A. D. 1986.

DICK THORNBURGH