

No. 2002-235

AN ACT

HB 1945

Amending the act of July 9, 1971 (P.L.206, No.34), entitled, as reenacted and amended, "An act authorizing local taxing authorities to provide for tax exemption for certain improvements to deteriorated dwellings and for improvement of deteriorating areas by the construction of new dwelling units; and providing for exemption schedules and other limitations," further providing for exemption schedules for purposes of deteriorating dwellings improvement and deteriorating area improvement.

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

Section 1. Sections 203 and 303 of the act of July 9, 1971 (P.L.206, No.34), known as the Improvement of Deteriorating Real Property or Areas Tax Exemption Act, reenacted and amended August 5, 1977 (P.L.167, No.42) and amended October 18, 2000 (P.L.613, No.83), are amended to read:

Section 203. Exemption Schedules; Maximum Exemption.—(a) A local taxing authority granting a tax exemption pursuant to the provisions of this article 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;

(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;

(3) For the first, second and third year for which improvements would otherwise be taxable, one hundred per cent of the eligible assessment shall be exempted; after the third year the exemption shall terminate; or

(4) For the first, second, third, fourth, fifth, sixth, seventh, eighth, ninth and tenth year for which improvements would otherwise be taxable, one hundred per cent of the eligible assessment shall be exempted; after the tenth year the exemption shall terminate.

(5) A local taxing authority may provide for tax exemption on the assessment attributable to the actual cost of construction of the dwelling unit in accordance with a schedule established by the taxing authority, provided that the exemption schedule does not exceed a period of ten years.

(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 article for any improvements to any dwelling unit in excess of [the maximum cost specified above] *limitation set forth in this subsection.*

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

Section 303. Exemption Schedule; Maximum Exemption.—(a) A local taxing authority granting a tax exemption pursuant to the provisions of this article may provide for tax exemption on the assessment attributable to the actual cost of construction of the new dwelling unit in accordance with one of the following schedules:

(1) For the first, second and third year for which said newly-constructed dwelling unit or units would otherwise be taxable, one hundred per cent of the eligible assessment shall be exempted; after the third year the exemption shall terminate;

(2) For the first year for which said newly-constructed dwelling unit or units 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

(3) For the first, second, third, fourth, fifth, sixth, seventh, eighth, ninth and tenth year for which said newly-constructed dwelling unit or units would otherwise be taxable, one hundred per cent of the eligible assessment shall be exempted; after the tenth year the exemption shall terminate.

(4) A local taxing authority may provide for tax exemption on the assessment attributable to the actual cost of construction of the new dwelling unit in accordance with a schedule established by the taxing authority, provided that the exemption schedule does not exceed a period of ten years.

(b) The exemption from taxes shall be limited to the assessment valuation attributable to the cost of construction of the new dwelling unit not in excess of the uniform maximum cost per dwelling unit specified by the municipal governing body. The exemption shall commence in the tax year immediately following the year in which the building permit is issued. No tax exemption shall be granted under the provisions of this article for the construction of any dwelling unit in excess of the uniform maximum cost specified by the municipal governing body.

(c) The exemption from taxes authorized by this article shall be upon the newly-constructed dwelling unit or units exempted and shall not terminate upon the sale or exchange of the property, unless otherwise provided in this article.

Section 2. This act shall take effect in 60 days.

APPROVED—The 30th day of December, A.D. 2002.

MARK S. SCHWEIKER