

LOCAL ECONOMIC REVITALIZATION TAX ASSISTANCE ACT

Act of Dec. 1, 1977, P.L. 237, No. 76

Cl. 53

AN ACT

Authorizing local taxing authorities to provide for tax exemption for certain deteriorated industrial, commercial and other business property and for new construction in deteriorated areas of economically depressed communities; providing for an exemption schedule and establishing standards and qualifications. (Title amended July 13, 1988, P.L.518, No.90)

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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 "Local Economic Revitalization Tax Assistance Act."

Section 2. Construction.

This act shall be construed to authorize local taxing authorities to exempt new construction in deteriorated areas of economically depressed communities and improvements to certain deteriorated industrial, commercial and other business property thereby implementing Article VIII, section 2(b)(iii) of the Constitution of Pennsylvania.

(2 amended July 13, 1988, P.L.518, No.90)

Section 3. Definitions.

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

"Deteriorated property." Any industrial, commercial or other business property owned by an individual, association or corporation, and located in a deteriorating area, as hereinafter provided, or any such property which has been the subject of an order by a government agency requiring the unit to be vacated, condemned or demolished by reason of noncompliance with laws, ordinance or regulations.

"Improvement." Repair, construction or reconstruction, including alterations and additions, having the effect of rehabilitating a deteriorated property so that it becomes habitable or attains higher standards of safety, health, economic use or amenity, or is brought into compliance with laws, ordinances or regulations governing such standards. Ordinary upkeep and maintenance shall not be deemed an improvement.

"Local taxing authority." A county, city, borough, incorporated town, township, institution district or school district having authority to levy real property taxes.

"Municipal governing body." A city, borough, incorporated town or township.

Section 4. Deteriorated areas.

(a) Each local taxing authority may by ordinance or resolution exempt from real property taxation the assessed

valuation of improvements to deteriorated properties and the assessed valuation of new construction within the respective municipal governing bodies designated deteriorated areas of economically depressed communities in the amounts and in accordance with the provisions and limitations hereinafter set forth. Prior to the adoption of the ordinance or resolution authorizing the granting of tax exemptions, the municipal governing body shall affix the boundaries of a deteriorated area or areas, wholly or partially located within its jurisdiction, if any. At least one public hearing shall be held by the municipal governing body for the purpose of determining said boundaries. At the public hearing the local taxing authorities, planning commission or redevelopment authority and other public and private agencies and individuals, knowledgeable and interested in the improvement of deteriorated areas, shall present their recommendations concerning the location of boundaries of a deteriorated area or areas for the guidance of the municipal governing bodies, such recommendations taking into account the criteria set forth in the act of May 24, 1945 (P.L.991, No.385), 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, No.292), 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. Property adjacent to areas meeting the criteria of this section, but which would not otherwise qualify, may be included within the deteriorated area designated if the local taxing authority determines that new construction on such property would encourage, enhance or accelerate improvement of the deteriorated properties within economically depressed communities. The ordinance or resolution shall specify a description of each such area as determined by the municipal governing body, as well as the cost of improvements per unit to be exempted, and the schedule of taxes exempted as hereinafter provided. ((a) amended July 13, 1988, P.L.518, No.90)

(b) Two or more municipal governing bodies may join together for the purpose of determining the boundaries of a deteriorated area and to establish the uniform maximum cost per unit, and such municipal governing bodies 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 local taxing authority or by a local taxing authority with mutual jurisdiction, within the limitations provided herein.

Section 5. Exemption schedule.

(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 new construction or improvements or up to any maximum cost uniformly established by the municipal governing body. Such maximum cost shall uniformly apply to all eligible deteriorated property within the local taxing authority jurisdiction.

(b) 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 a local taxing authority subject to the following limitations:

(1) The length of the schedule of taxes exempted shall not exceed ten years.

(2) The schedule of taxes exempted shall stipulate the portion of new construction or improvements to be exempted each year.

(3) The exemption from taxes shall be limited to the additional assessment valuation attributable to the actual costs of new construction or improvements to deteriorated property or not in excess of the maximum cost per unit established by a municipal governing body.

(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.

(5 amended July 13, 1988, P.L.518, No.90)

Section 6. Procedure for obtaining exemption.

(a) 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 new construction or 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 new construction or improvement, assess separately the new construction or 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 local 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.

(b) The cost of new construction or improvements 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 amendment to the ordinance, if any, shall not apply to requests initiated prior to their adoption.

(6 amended July 13, 1988, P.L.518, No.90)

Section 7. Severability.

The provisions of this act shall be severable and, if any of the provisions hereof shall be held unconstitutional, such decision shall not affect the validity of any of the remaining provisions.

Section 8. Effective date.

This act shall take effect immediately.