



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 1062

PRINTER'S NO. 1717

PRIME SPONSOR: Sturla

### COST / (SAVINGS)

FUND	FY 2023/24	FY 2024/25
General Fund	See Fiscal Impact	See Fiscal Impact

### SUMMARY:

House Bill 1062 amends Title 53 (Municipalities Generally) by creating the Property Maintenance Code Serious Violations Registry, the Property maintenance Code Serious Violations Registry Account, and making a transfer from the General Fund.

### ANALYSIS:

This bill creates a new sub-chapter to Chapter 61 (Neighborhood Blight Reclamation and Revitalization Act of 2010) in Title 53 to create a statewide blight data collection system operated by the Department of Community and Economic Development or a third-party entity selected by the department. This system will be known as the Property Maintenance Code Serious Violations Registry and shall contain property maintenance code serious violations filed by municipalities.

This bill outlines that a municipality may file a property maintenance code violation report for a person who owns real property with serious violations that remain unaddressed for at least one year unless the municipality can demonstrate it has previously, for at least one year, cited violations prior to the establish of the registry. These reports shall include:

- The name of the owner of the real property being cited. If the property is owned by a limited liability company or other business entity, the department or its third-party entity shall attempt to find the principals or their agents and add their names, along with the name of the LLC or business, to the registry.
- A copy of the citation issued to the real property owner.
- The physical address, tax parcel number, and county of the real property.
- The number of municipal claims or liens attached to the real property by the filing municipality.

The department shall make the registry accessible electronically to all municipalities and the public, as well as make the database searchable by property owner and by property address. Information contained in a violation report shall be accessible for inspection and duplication in accordance with the Right-to-Know Law. Municipalities may request a copy for a violation report on a pending applicant for a municipal permit by submitting a request form to the department or by requesting the form electronically. The department shall disseminate a violation report to the requesting municipality within 5 business days of receipt of the request. If the applicant is denied due to information based on the report the municipality shall notify the applicant of this reasoning.

A Commonwealth agency or the attorney general may request a copy of a violation report on a pending applicant for a permit, licensing, or certification by submitting a request form to the department or by requesting the form electronically. The department shall disseminate a violation report within 30 days of receipt of request from an agency or the attorney general. If the applicant is denied due to information based on the report the agency or attorney general shall notify the applicant of this reasoning.

If requested by a property owner, the department shall hold a hearing regarding why a property owner is listed on the registry. If the property owner can produce a certificate or letter of code compliance from a municipality, the department shall update the official record within 48 hours. The department shall also maintain a listing of Commonwealth agencies, municipalities, and other entities that have requested information on a real property owner. The attorney general shall be exempt from this listening to protect the confidentiality of investigations. The department may not assess a fee for the dissemination of property maintenance code violation information.

A municipality shall provide the property owner with a certificate of compliance once the property is declared within code compliance. The property owner shall forward a copy of that certificate to the department if the owner wishes to have the property's status changed to "cured" on the registry. The department shall include this information as part of the official record for the specific property and owner of the real property.

The auditor general may conduct annual performance audits of registry operations for the first three years of the registry's existence and then every five years afterwards. During an audit, the department shall provide auditors with access to all records, reports, and listings necessary. The audit shall report in writing deficiencies and recommendations for correcting the deficiencies.

A property owner in serious violation of a municipal property maintenance code for over one year that has been placed on the registry by a municipality may be subject to a penalty in the amount of \$1,000 for each serious violation. Regarding this penalty:

- The penalty shall be in addition to any other applicable fees or charges collected by the municipality and court.
- The municipality shall collect the penalty and deduct administrative costs before remitting the remaining money to the department quarterly.
- The penalty may take the form of a lien on the real property, and the municipality may file the lien with the county prothonotary or equivalent office.
- Money generated by the penalty shall be deposited into a special restricted account.
- The department may distribute excess money to municipalities participating in the registry.

Upon a future appropriation, \$1,000,000 is to be transferred from the General Fund into a special restricted account within the treasury for the purposes of maintaining the registry. The department may distribute money from this account, known as the Property Maintenance Code Serious Violations Registry Account, to municipalities participating in the registry. Money in this account may be used for:

- The department to reimburse the department for administrative costs in carrying out its responsibilities under this subchapter.
- The Unified Judicial System to conduct training of the judiciary in accordance with 42 PA.C.S § 1907.
- The department of the auditor general to reimburse that department for the costs of conducting audits.

The attorney general may assist a municipality that requests assistance in pursuing compliance of a property owner if that property owner lives out of state if:

- A serious code violation has been cited.
- The property owner is charged under 53 PA.C.S. § 6115 (relating to failure to comply with a code requirement).
- The property owner was property notified of the violations.

The attorney general may send a warning letter to the property owner or file a court proceeding on behalf to the municipality.

This bill shall take effect in 120 days.

#### **FISCAL IMPACT:**

The fiscal impact of this legislation could vary greatly depending on how many municipalities take part in the registry and is therefore indeterminable. At a minimum, the Department of Community and Economic Development believes the enactment of House Bill 1062 would necessitate the hiring of two

additional full-time staff members at an annual salary of approximately \$100,000 including benefits. A third-party entity was consulted about potential cost estimates and estimated a price of \$100 per property to add to a registry. The department estimates that there are at least 300,000 blighted structures in Pennsylvania, with at least 70,000 in Philadelphia. If a third-party entity was used, that would equate to a cost of \$30,000,000 if all municipalities took part in the registry, with \$7,000,000 million coming from Philadelphia alone. Part of the fiscal impact could be offset by the \$1,000,000 appropriation and revenue generated by the penalty, but that amount is also indeterminable without knowing how many municipalities would participate in the registry.

**PREPARED BY:** Chris Fetterman  
House Appropriations Committee (D)

**DATE:** 10/3/23

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*