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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 1217 Session of  
2023

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INTRODUCED BY NEILSON, MEHAFFIE, McNEILL, HILL-EVANS, DELLOSO  
AND GREEN, MAY 24, 2023

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REFERRED TO COMMITTEE ON FINANCE, MAY 24, 2023

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AN ACT

1 Amending the act of November 26, 1997 (P.L.508, No.55), entitled  
2 "An act providing for the tax exemption of institutions of  
3 purely public charity; exempting real property owned by  
4 State-related universities or Federal Government  
5 instrumentalities from taxation; providing for unfair  
6 competition; imposing penalties; and making repeals," further  
7 providing for criteria for institutions of purely public  
8 charity.

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

11 Section 1. Section 5(e)(5) introductory paragraph of the act  
12 of November 26, 1997 (P.L.508, No.55), known as the Institutions  
13 of Purely Public Charity Act, is amended and the subsection is  
14 amended by adding a paragraph to read:

15 Section 5. Criteria for institutions of purely public charity.

16 \* \* \*

17 (e) Charity to persons.--

18 \* \* \*

19 (5) [An] Except as provided under paragraph (6), an  
20 institution shall not be considered to benefit a substantial  
21 and indefinite class of persons who are legitimate subjects

1 of charity if:

2 \* \* \*

3 (6) Notwithstanding paragraph (5), an institution shall  
4 be considered to benefit a substantial and indefinite class  
5 of persons who are legitimate subjects of charity if:

6 (i) the institution is a domestic fraternal society,  
7 order or association, that operates under a lodge system,  
8 the net earnings of which are devoted to religious,  
9 charitable, scientific, literary, educational and  
10 fraternal purposes and qualifies for an exemption from  
11 taxation under 26 U.S.C. § 501(c)(8) and (10) (relating  
12 to exemption from tax on corporations, certain trusts,  
13 etc.) and:

14 (A) the organization has been operating in this  
15 Commonwealth for at least 100 years; and

16 (B) the organization has not been issued a  
17 license under the act of April 12, 1951 (P.L.90,  
18 No.21), known as the Liquor Code.

19 (ii) the institution is a title-holding organization  
20 that qualifies for an exemption from taxation under 26  
21 U.S.C. § 501(c)(2) that is wholly owned or controlled by  
22 one or more qualifying fraternal organization described  
23 under subparagraph (i).

24 \* \* \*

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