

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1799 Session of 2023

INTRODUCED BY SIEGEL, PISCIOTTANO, HILL-EVANS, MADDEN, BOROWSKI, FREEMAN, SCHLOSSBERG, BRENNAN, SANCHEZ, STURLA, SCHWEYER, MALAGARI, CEPEDA-FREYTIZ, SMITH-WADE-EL, CONKLIN, GREEN, KHAN, T. DAVIS, TAKAC AND WEBSTER, OCTOBER 27, 2023

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES, APRIL 15, 2024

AN ACT

1 Authorizing local taxing authorities to provide for tax
2 exemptions for improvements and redevelopment of shopping
3 malls; establishing the Economic Development and Mixed-Use
4 Redevelopment Advisory Committee within the State Planning
5 Board; and conferring powers and imposing duties on the
6 Department of Community and Economic Development.

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

9 Section 1. Short title.

10 This act shall be known and may be cited as the Economic
11 Development and Mixed-Use Redevelopment of Shopping Malls Act.

12 Section 2. Findings and declaration of policy.

13 It is determined and declared as a matter of legislative
14 finding that there exists in this Commonwealth a number of
15 underutilized shopping malls which provide an economic liability
16 to the communities in which they sit. It is in the public
17 interest to promote redevelopment of these large parcels and
18 return them to function in accordance with sound and approved

1 plans for their redevelopment that will promote public safety,
2 convenience and welfare.

3 Section 3. Definitions.

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

7 "Attainable housing." Any of the following:

8 (1) A single-family residence that is subject to home
9 attainable deed restrictions and occupied by an individual or
10 family whose income is not more than 60% of the area median
11 gross income.

12 (2) A multiunit residential dwelling where at least a
13 percentage, as defined by the municipality, of the
14 residential units are:

15 (i) rent-restricted; and

16 (ii) occupied by an individual or family whose
17 income is not more than 60% of area median income.

18 "Board." The State Planning Board established by the act of
19 April 9, 1929 (P.L.177, No.175), known as The Administrative
20 Code of 1929.

21 "Committee." The Economic Development and Mixed-Use
22 Redevelopment Advisory Committee established by the board under
23 section 4.

24 "Department." The Department of Community and Economic
25 Development of the Commonwealth.

26 "Developer." A taxpayer redeveloping a shopping mall for
27 economic development and mixed-use redevelopment purposes.

28 "Economic development." Creating the conditions for economic
29 growth and improved quality of life by expanding the capacity of
30 individuals, businesses and communities to maximize the use of

1 their talents and skills to support innovation, job creation and
2 private investment.

3 "Economic development and mixed-use redevelopment." An
4 urban, suburban, village development or single building that
5 combines residential, commercial, cultural, institutional or
6 industrial uses to provide efficiency for the community in terms
7 of space, transportation and economic development.

8 "Local taxing authority." A county, municipal corporation,
9 institution district or school district having authority to levy
10 real estate taxes.

11 "Municipal corporation." A city, borough, incorporated town
12 or township.

13 "Project agreement." An agreement between a developer and a
14 local taxing authority stating the terms and conditions of the
15 redevelopment of a shopping mall authorized by the local taxing
16 authority for a tax exemption or special tax provision under
17 section 5.

18 "Property maintenance code." A municipal ordinance that
19 regulates the maintenance or development of real property. The
20 term includes a building code, zoning code, housing code and
21 public safety code.

22 "Real estate tax." A tax on a homestead imposed or
23 authorized to be imposed by a local taxing authority.

24 "Redevelopment." Repair, construction or reconstruction,
25 including alterations and additions, having the effect of
26 rehabilitating a shopping mall so that the shopping mall attains
27 higher standards of safety, health, economic use or amenity or
28 is brought into compliance with laws, ordinances or regulations
29 governing safety, health, economic use or amenity standards. The
30 term shall not include ordinary upkeep and maintenance.

1 "Serious violation." A violation of a State law or a
2 property maintenance code that poses an immediate imminent
3 threat to the health and safety of a dwelling occupant,
4 occupants in surrounding structures or passersby.

5 "Shopping mall." A large building or series of connected
6 buildings containing a variety of stores for the purpose of
7 retail, food service or recreation. The term includes shopping
8 plazas, shopping centers and mini malls.

9 "Special tax provision." The refund or forgiveness of a
10 portion of a taxpayer's real estate tax liability as provided by
11 this act.

12 Section 4. Economic Development and Mixed-Use Redevelopment
13 Advisory Committee.

14 (a) Establishment.--The board shall establish the Economic
15 Development and Mixed-Use Redevelopment Advisory Committee for
16 the purpose of providing municipal corporations with guidance
17 and best practices for the redevelopment of shopping malls into
18 attainable housing and other mixed-use spaces for the benefit of
19 the community.

20 (b) Composition.--

21 (1) The committee shall be composed of members with
22 expertise in areas, including:

23 (i) Real estate development.

24 (ii) Municipal planning.

25 (iii) Economic development.

26 (iv) Land use planning.

27 (2) The committee shall include a member of a Statewide
28 trade association of real estate professionals involved in
29 all aspects of the residential and commercial real estate
30 industry.

1 (c) Guidelines.--The committee shall draft best practices
2 guidelines for the redevelopment of shopping malls based on
3 national standards and models. The guidelines shall be posted on
4 the department's publicly accessible Internet website within six
5 months of the effective date of this section.

6 Section 5. Authority to provide special tax provisions.

7 (a) Construction.--This act shall be construed to authorize
8 local taxing authorities to provide special tax provisions
9 related to an increase in the value of real estate resulting
10 from the redevelopment of shopping malls within the boundaries
11 of the local taxing authority, implementing section ~~2(b)(iv)~~ <--
12 2(B)(III) of Article VIII of the Constitution of Pennsylvania. <--

13 (b) Approval required.--A tax exemption or special tax
14 provision authorized under this act is not enforceable until the
15 governing body of any one local taxing authority with
16 jurisdiction to levy real estate taxes on a property has
17 approved an ordinance or resolution adopting the tax exemption
18 or special tax provision. Other local taxing authorities may
19 approve a tax exemption or special tax provision subsequently.

20 (c) Notice.--

21 (1) Upon adoption of an ordinance or resolution adopting
22 the tax exemption or special tax provision under subsection
23 (a), each local taxing authority must post a notice of the
24 approval in a newspaper of general circulation in the area. A
25 local taxing authority may also post the notice on its
26 publicly accessible Internet website, if the local taxing
27 authority possesses a publicly accessible Internet website.

28 (2) If multiple local taxing authorities have mutual
29 jurisdiction to levy real estate taxes on a property, a joint
30 notice of implementation of the tax exemption or special tax

1 provision must be published in a newspaper of general
2 circulation in the area upon adoption by each local taxing
3 authority with mutual jurisdiction to levy real estate taxes
4 on the property and each local taxing authority must post a
5 notice of the adoption on its publicly accessible Internet
6 website, if the local taxing authority possesses a publicly
7 accessible Internet website.

8 Section 6. Exemption schedule.

9 (a) General rule.--A local taxing authority granting a tax
10 exemption under this act may provide for a tax exemption on the
11 assessment attributable to the actual cost of the redevelopment
12 of shopping malls or up to a maximum cost uniformly established
13 by the municipal corporation. The maximum cost must uniformly
14 apply within the local taxing authority's jurisdiction.

15 (b) Schedule.--Notwithstanding if an assessment eligible for
16 exemption is based upon actual cost or a maximum cost, the
17 actual amount of taxes exempt must be in accordance with at
18 least one of the following schedules, as determined by the local
19 taxing authority:

20 (1) For the first 10 years, 100% of the eligible
21 assessment is exempt for economic development and mixed-use
22 redevelopment.

23 (2) For any economic development and mixed-use
24 redevelopment that is approved by the municipal corporation
25 in which the shopping mall is located, 100% of the eligible
26 assessment shall be exempt for an additional two years if at
27 least one of the following criteria is met to the
28 satisfaction of and by a date established by the local taxing
29 authority, and 100% of the eligible assessment shall be
30 exempt for an additional five years if at least two of the

1 following criteria are met to the satisfaction of and by a
2 date established by the local taxing authority:

3 (i) A minimum amount of attainable housing as
4 defined and determined by the local taxing authority
5 granting the exemption in consultation with the local
6 planning authority.

7 (ii) Improved energy efficiency.

8 (iii) Installation of a renewable energy system that
9 provides electricity for 50% of the average electricity
10 needs for the economic development and mixed-use
11 redevelopment.

12 (iv) Creation of greener or open space.

13 (v) Creation of lifestyle improvement projects,
14 including outdoor recreation space, walking paths,
15 bicycle paths or farmers markets.

16 (vi) Installation of charging stations for electric
17 vehicles.

18 (vii) Access to public transit.

19 (viii) The redevelopment of the shopping mall is
20 subject to a project labor agreement.

21 (c) Sale or exchange.--A tax exemption authorized by an
22 ordinance or resolution adopted under this act is specific to
23 real property of the shopping mall and shall not terminate upon
24 the sale or exchange of the property.

25 (d) Estimate.--A local taxing authority must provide upon
26 request and within 30 days an estimate of the amount of
27 assessment exempted for each eligible property based on the
28 exemption schedule under subsection (b).

29 (e) Repayment.--

30 (1) A local taxing authority shall receive a return of

1 the local taxing authority's proportional share of taxes
2 exempt under this act if, within five years following the
3 redevelopment of the shopping mall, the following occur:

4 (i) a serious violation of State law or a property
5 maintenance code exists on the property and the owner has
6 taken no substantial steps to correct the violation
7 within six months following notification of the violation
8 and for which fines or other penalties or a judgment to
9 abate or correct were imposed by a magisterial district
10 judge at law or in equity, not subject to appellate
11 review, or imposed by a court of common pleas; or

12 (ii) the developer is subject to a municipal permit
13 denial under 53 Pa.C.S. Ch. 61 (relating to neighborhood
14 blight reclamation and revitalization) in connection with
15 the redevelopment of the shopping mall.

16 (2) At the time a project agreement is executed, if the
17 developer has not completed each requirement for exemption
18 under section 8(a) or is ineligible under section 8(b) or
19 (c), the local taxing authority shall file a lien against the
20 tax-exempt property at the rate of the estimated amount of
21 assessment under subsection (d). The lien shall be satisfied
22 by the local taxing authority at the end of the fifth year
23 following the completion of the redevelopment if there have
24 been no serious violations against the property that have not
25 been corrected to the satisfaction of the local taxing
26 authority. The lien on the property remains under subsection
27 (c) upon the sale or exchange of the shopping mall.

28 Section 7. Exemption incentives procedure.

29 (a) Notification.--A developer desiring tax exemption for
30 the redeveloped property as authorized by an ordinance or

1 resolution adopted under this act must notify the local taxing
2 authority granting the exemption in writing on an application
3 form provided by the local taxing authority, which must be
4 submitted at the time the developer secures the building permit
5 or, if no building permit or other notification is required for
6 the redevelopment of the property, at the time the developer
7 commences construction. The application must include the
8 following information:

9 (1) A notarized statement of tax obligations, signed by
10 the applicant and the local taxing authority.

11 (2) An outline of specifications for the redevelopment
12 of the shopping mall indicating, with as much specificity as
13 practicable, the materials to be used for exterior and
14 interior finishes.

15 (3) An itemized cost estimate for the redevelopment of
16 the shopping mall. The itemization must:

17 (i) be on contractor letterhead; and

18 (ii) indicate the property address of the
19 redevelopment project.

20 (4) A preliminary architectural drawing or blueprint for
21 the redevelopment.

22 (5) A recent appraisal of the property, if available.

23 (6) An applicable building permit application or
24 building permit.

25 (7) An income and expense report for the shopping mall,
26 which may be submitted directly to the county assessment
27 office in order to protect the confidentiality of the
28 information.

29 (8) The final decision of the zoning authority or other
30 regulatory agency granting relief, if applicable.

1 (9) The signature of the applicant and the date of
2 signing.

3 (10) Proof of a project labor agreement for the
4 redevelopment, if applicable.

5 (b) Estimate.--The amount of assessment deemed eligible for
6 tax exemption under subsection (c) shall be available for public
7 inspection and copying so that a subsequent purchaser may be
8 informed of the amount of taxes to be paid after the exemption
9 expires.

10 (c) County assessment office.--

11 (1) A copy of the application submitted under subsection
12 (a) shall be forwarded to the county assessment office. After
13 completion of the redevelopment of the shopping mall, the
14 county assessment office shall:

15 (i) Separately assess the redevelopment and
16 calculate the amounts of the assessment eligible for tax
17 exemption in accordance with the limits established by
18 the local taxing authorities.

19 (ii) Notify the developer and the local taxing
20 authorities of the reassessment and amounts of the
21 assessment eligible for exemption.

22 (2) Appeals from a reassessment and the amounts eligible
23 for the exemption may be made by the developer or the local
24 taxing authorities.

25 (d) Amendment of ordinance or resolution.--The cost of
26 redevelopment to be exempt and the schedule of taxes exempt that
27 exist at the time of the initial request for tax exemption must
28 apply to the exemption request. A subsequent amendment to the
29 ordinance or resolution does not apply to a request initiated
30 prior to adoption of the amendment.

1 Section 8. Eligibility requirements.

2 (a) General rule.--The completed redevelopment must:

3 (1) Conform to zoning ordinance requirements.

4 (2) Correct any municipal code violation.

5 (b) Ineligibility.--A property is deemed ineligible for tax
6 exemption under section 7(a) if any of the following apply:

7 (1) The property receives other property tax abatement
8 or exemption incentives for new construction or improvement.

9 (2) The property receives tax relief through a State
10 program.

11 (3) The property owner or developer is delinquent on
12 property taxes related to the subject property, unless the
13 delinquent taxes are paid prior to redevelopment, or payment
14 of delinquent taxes has been arranged with the local taxing
15 authority in accordance with an installment plan.

16 (4) The property owner has a legal or equitable interest
17 in other property for which taxes are delinquent, unless the
18 delinquent taxes are paid prior to redevelopment, or payment
19 of delinquent taxes has been arranged with the local taxing
20 authority in accordance with an installment plan.

21 (5) The property owner has a legal or equitable interest
22 in other property ~~with~~ WITHIN the boundaries of the municipal <--
23 corporation for which there exists a serious violation that
24 has not been remedied prior to filing the application under
25 section 7.

26 (6) Construction or other improvements for the
27 redevelopment of the shopping mall has commenced prior to
28 filing an application under section 7.

29 (c) Prohibitions.--For the period of time that a property
30 receives tax exemption under this act, a purchase or sale of the

1 property or a portion of the property may not be structured to
2 exclude or exempt the transaction from a realty transfer tax due
3 to a taxing authority that would not be excluded or exempt,
4 except for the following:

5 (1) A sheriff sale or tax claim bureau sale.

6 (2) A corrective deed.

7 (3) A transfer by a mortgagor to the holder of a bona
8 fide mortgage in default in lieu of a foreclosure.

9 (4) A transfer to a judicial sale in which the
10 successful bidder is the bona fide holder of a mortgage.

11 (5) A transaction excluded from the realty transfer tax
12 under Article XI-C of the act of March 4, 1971 (P.L.6, No.2),
13 known as the Tax Reform Code of 1971.

14 Section 9. Effective date.

15 This act shall take effect in 60 days.