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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 1799 Session of  
2023

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

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REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, OCTOBER 27, 2023

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AN ACT

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

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

8 Section 1. Short title.

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

11 Section 2. Findings and declaration of policy.

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

1 welfare.

2 Section 3. Definitions.

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

6 "Affordable housing." Any of the following:

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

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

13 (i) rent-restricted; and

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

16 "Board." The Mixed-Use Redevelopment Board established under  
17 section 4.

18 "Department." The Department of Community and Economic  
19 Development of the Commonwealth.

20 "Developer." A taxpayer redeveloping a shopping mall.

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

24 "Mixed-use redevelopment." An urban, suburban, village  
25 development or single building that combines residential,  
26 commercial, cultural, institutional or industrial uses to  
27 provide efficiency for the community in terms of space,  
28 transportation and economic development.

29 "Municipal corporation." A city, borough, incorporated town  
30 or township.

1 "Property maintenance code." A municipal ordinance that  
2 regulates the maintenance or development of real property. The  
3 term includes a building code, housing code and public safety  
4 code.

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

7 "Redevelopment." Repair, construction or reconstruction,  
8 including alterations and additions, having the effect of  
9 rehabilitating a shopping mall so that the shopping mall attains  
10 higher standards of safety, health, economic use or amenity or  
11 is brought into compliance with laws, ordinances or regulations  
12 governing safety, health, economic use or amenity standards. The  
13 term shall not include ordinary upkeep and maintenance.

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

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

22 "Special tax provision." The refund or forgiveness of a  
23 portion of a taxpayer's real estate tax liability as provided by  
24 this act.

25 Section 4. Mixed-Use Redevelopment Board.

26 (a) Establishment.--The Mixed-Use Redevelopment Board is  
27 established in the department to provide guidance and best  
28 practices for the redevelopment of shopping malls into  
29 affordable housing and other mixed-use spaces for the benefit of  
30 the community.

1 (b) Composition.--

2 (1) The board shall be composed of the following  
3 members:

4 (i) The Secretary of Community and Economic  
5 Development or a designee.

6 (ii) Four legislative appointees who shall have  
7 experience in real estate development or economic  
8 development as follows:

9 (A) One individual appointed by the President  
10 pro tempore of the Senate.

11 (B) One individual appointed by the Minority  
12 Leader of the Senate.

13 (C) One individual appointed by the Speaker of  
14 the House of Representatives.

15 (D) One individual appointed by the Minority  
16 Leader of the House of Representatives.

17 (iii) Two gubernatorial appointees who shall have  
18 experience in real estate development.

19 (2) Legislative appointees under paragraph (1)(ii) shall  
20 serve at the pleasure of the appointing authority.

21 (3) An individual appointed to the board under paragraph  
22 (1)(ii) shall not be a member of the General Assembly or  
23 staff of a member of the General Assembly.

24 (c) Organization.--The Governor shall select a member of the  
25 board to serve as chairperson. The members shall select from  
26 among themselves officers as they shall determine.

27 (d) Meetings.--The board shall meet at the call of the  
28 chair.

29 (e) Quorum.--Five members of the board shall constitute a  
30 quorum.

1 (f) Compensation.--The members of the board shall be  
2 entitled to no compensation for their service as members of the  
3 board but shall be entitled to reimbursement for all necessary  
4 and reasonable expenses incurred in connection with the  
5 performance of their duties as members of the board.

6 (g) Fiduciary relationship.--The members of the board and  
7 the professional personnel of the board shall stand in a  
8 fiduciary relationship with the Commonwealth.

9 (h) Initial appointment and vacancy.--Appointing authorities  
10 shall appoint initial members to the board within 30 days of the  
11 effective date of this subsection. If a vacancy occurs on the  
12 board, the appointing authority shall appoint a successor member  
13 within 30 days of the vacancy.

14 Section 5. Powers of board.

15 The board shall do all of the following:

16 (1) Adopt bylaws and guidelines proposed by the  
17 department as necessary.

18 (2) Promulgate regulations and adopt guidelines and  
19 statements of policy containing restrictions as the board may  
20 deem necessary and appropriate to effectuate the public  
21 purposes of this act.

22 (3) Prepare and publish best practices for the  
23 redevelopment of shopping malls based on national standards  
24 and models within six months of the creation of the board.

25 Section 6. Authority to provide special tax provisions.

26 (a) Construction.--This act shall be construed to authorize  
27 local taxing authorities to provide special tax provisions  
28 related to an increase in the value of real estate resulting  
29 from mixed-use redevelopment within the boundaries of the local  
30 taxing authority, implementing section 2(b)(iv) of Article VIII

1 of the Constitution of Pennsylvania.

2 (b) Approval required.--A tax exemption or special tax  
3 provision authorized under this act is not enforceable until the  
4 governing body of any one local taxing authority with  
5 jurisdiction to levy real estate taxes on a property has  
6 approved an ordinance or resolution adopting the tax exemption  
7 or special tax provision. Other local taxing authorities may  
8 approve a tax exemption or special tax provision subsequently.

9 (c) Notice.--

10 (1) Upon adoption of an ordinance or resolution adopting  
11 the tax exemption or special tax provision under subsection  
12 (a), each local taxing authority must post a notice of the  
13 approval on its publicly accessible Internet website.

14 (2) If a local taxing authority does not possess a  
15 publicly accessible Internet website, notice of the approval  
16 of the tax exemption or special tax provision must be  
17 published in a newspaper of general circulation in the area.

18 (3) If multiple local taxing authorities have mutual  
19 jurisdiction to levy real estate taxes on a property, a joint  
20 notice of implementation of the tax exemption or special tax  
21 provision must be published in a newspaper of general  
22 circulation in the area upon adoption by each local taxing  
23 authority with mutual jurisdiction to levy real estate taxes  
24 on the property.

25 Section 7. Exemption schedule.

26 (a) General rule.--A local taxing authority granting a tax  
27 exemption under this act may provide for a tax exemption on the  
28 assessment attributable to the actual cost of the mixed-use  
29 redevelopment construction or up to a maximum cost uniformly  
30 established by the municipal corporation. The maximum cost must

1 uniformly apply within the local taxing authority's  
2 jurisdiction.

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

8 (1) For the first 10 years, 100% of the eligible  
9 assessment is exempt for mixed-use redevelopment.

10 (2) For any of the following that are approved by the  
11 municipal corporation in which the shopping mall is located,  
12 100% of the eligible assessment shall be exempt for an  
13 additional two years if at least one is completed by a date  
14 as established by the municipality, and 100% of the eligible  
15 assessment shall be exempt for an additional five years if at  
16 least two are completed by a date as established by the  
17 municipality:

18 (i) A minimum amount of affordable housing as  
19 defined and determined by the local taxing authority  
20 granting the exemption in consultation with the local  
21 planning authority.

22 (ii) Improved energy efficiency.

23 (iii) Installation of a renewable energy system that  
24 provides electricity for 50% of the average electricity  
25 needs for the mixed-use redevelopment.

26 (iv) Creation of greener or open space.

27 (v) Creation of lifestyle improvement projects,  
28 including outdoor recreation space, walking paths,  
29 bicycle paths or farmers markets.

30 (vi) Installation of charging stations for electric

1 vehicles.

2 (vii) Access to public transit.

3 (viii) The redevelopment is subject to a project  
4 labor agreement.

5 (c) Sale or exchange.--A tax exemption authorized by an  
6 ordinance or resolution adopted under this act shall be upon the  
7 shopping mall exempt and shall not terminate upon the sale or  
8 exchange of the property.

9 (d) Estimate.--A local taxing authority must provide upon  
10 request an estimate of the amount of assessment exempted for  
11 each eligible property based on the exemption schedule under  
12 subsection (b).

13 (e) Repayment.--

14 (1) A local taxing authority shall receive a return of  
15 the local taxing authority's proportional share of taxes  
16 exempt under this act if, within five years following the  
17 redevelopment, the following occur:

18 (i) a serious violation of State law or a municipal  
19 code exists on the property and the owner has taken no  
20 substantial steps to correct the violation within six  
21 months following notification of the violation and for  
22 which fines or other penalties or a judgment to abate or  
23 correct were imposed by a magisterial district judge at  
24 law or in equity, not subject to appellate review, or  
25 imposed by a court of common pleas; or

26 (ii) the developer is subject to a municipal permit  
27 denial under 53 Pa.C.S. Ch. 61 (relating to neighborhood  
28 blight reclamation and revitalization).

29 (2) At the time the agreement is entered into between a  
30 local taxing authority and a developer who desires a tax

1 exemption under this act, if the developer has not completed  
2 each requirement for exemption under section 9(a) or is  
3 ineligible under section 9(b) or (c), the local taxing  
4 authority shall file a lien against the tax-exempt property  
5 at the rate of the estimated amount of assessment under  
6 subsection (d). The lien shall be forgiven by the local  
7 taxing authority at the end of the fifth year following the  
8 completion of the redevelopment if there have been no serious  
9 violations against the property that have not been corrected.  
10 The lien on the property transfers under subsection (c) for  
11 the sale or exchange of the shopping mall.

12 Section 8. Exemption incentives procedure.

13 (a) Notification.--A developer desiring tax exemption  
14 authorized by an ordinance or resolution adopted under this act  
15 must notify the local taxing authority granting the exemption in  
16 writing on an application form provided by the local taxing  
17 authority, which must be submitted at the time the developer  
18 secures the building permit or, if no building permit or other  
19 notification is required for the redevelopment of the property,  
20 at the time the developer commences construction. The  
21 application must include the following information:

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

24 (2) An outline of specifications for the redevelopment  
25 of the shopping mall indicating, with as much specificity as  
26 practicable, the materials to be used for exterior and  
27 interior finishes.

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

30 (i) be on contractor letterhead; and

1           (ii) indicate the property address of the  
2 redevelopment project.

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

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

6           (6) An applicable building permit application or  
7 building permit.

8           (7) An income and expense report for the shopping mall,  
9 which may be submitted directly to the county assessment  
10 office in order to protect the confidentiality of the  
11 information.

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

14           (9) The signature of the applicant and the date of  
15 signing.

16           (10) Proof of a project labor agreement for the  
17 redevelopment.

18           (b) Estimate.--The amount of assessment deemed eligible for  
19 tax exemption under subsection (c) shall be available for public  
20 inspection and copying so that a subsequent purchaser may be  
21 informed of the amount of taxes to be paid after the exemption.

22           (c) County assessment office.--

23           (1) A copy of the application submitted under subsection  
24 (a) shall be forwarded to the county assessment office. After  
25 completion of the developer's new construction or  
26 improvement, the county assessment office shall:

27           (i) Separately assess the redevelopment and  
28 calculate the amounts of the assessment eligible for tax  
29 exemption in accordance with the limits established by  
30 the local taxing authorities.

1 (ii) Notify the developer and the local taxing  
2 authorities of the reassessment and amounts of the  
3 assessment eligible for exemption.

4 (2) Appeals from a reassessment and the amounts eligible  
5 for the exemption may be taken by the developer or the local  
6 taxing authorities.

7 (d) Amendment of ordinance or resolution.--The cost of  
8 redevelopment to be exempt and the schedule of taxes exempt that  
9 exist at the time of the initial request for tax exemption must  
10 apply to the exemption request. A subsequent amendment to the  
11 ordinance or resolution does not apply to a request initiated  
12 prior to adoption of the amendment.

13 Section 9. Eligibility requirements.

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

15 (1) Conform to zoning ordinance requirements.

16 (2) Correct any municipal code violation.

17 (b) Ineligibility.--A property is deemed ineligible for tax  
18 exemption under section 8(a) if any of the following apply:

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

21 (2) The property receives tax relief through a State  
22 program.

23 (3) The property owner or developer is delinquent on  
24 property taxes related to the subject property, unless the  
25 delinquent taxes are paid prior to redevelopment, or payment  
26 of delinquent taxes has been arranged with the local taxing  
27 authority in accordance with an installment plan.

28 (4) The property owner has a legal or equitable interest  
29 in other property for which taxes are delinquent, unless the  
30 delinquent taxes are paid prior to redevelopment, or payment

1 of delinquent taxes has been arranged with the local taxing  
2 authority in accordance with an installment plan.

3 (5) Construction or other improvements for the  
4 redevelopment of the shopping mall has commenced prior to  
5 filing an application under section 8.

6 (c) Prohibitions.--For the period of time that a property  
7 receives tax exemption under this act, a purchase or sale of the  
8 property or a portion of the property may not be structured to  
9 exclude or exempt the transaction from a realty transfer tax due  
10 to a taxing authority that would not be excluded or exempt,  
11 except for the following:

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

13 (2) A corrective deed.

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

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

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

21 Section 10. Effective date.

22 This act shall take effect in 60 days.