

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 AND
KHAN, OCTOBER 27, 2023

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES,
APRIL 10, 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 "~~Affordable~~ ATTAINABLE housing." Any of the following: <--

8 (1) A single-family residence that is subject to home
9 ~~affordability~~ ATTAINABLE deed restrictions and occupied by an <--
10 individual or family whose income is not more than 60% of the
11 area median 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 ~~"Mixed use redevelopment." An urban, suburban, village~~ <--
12 ~~development or single building that combines residential,~~
13 ~~commercial, cultural, institutional or industrial uses to~~
14 ~~provide efficiency for the community in terms of space,~~
15 ~~transportation and economic development.~~

16 "Municipal corporation." A city, borough, incorporated town
17 or township.

18 "Project agreement." An agreement between a developer and a
19 local taxing authority stating the terms and conditions of the
20 ~~mixed use~~ redevelopment of a shopping mall authorized by the <--
21 local taxing authority for a tax exemption or special tax
22 provision under section 5.

23 "Property maintenance code." A municipal ordinance that
24 regulates the maintenance or development of real property. The
25 term includes a building code, zoning code, housing code and
26 public safety code.

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

29 "Redevelopment." Repair, construction or reconstruction,
30 including alterations and additions, having the effect of

1 rehabilitating a shopping mall so that the shopping mall attains
2 higher standards of safety, health, economic use or amenity or
3 is brought into compliance with laws, ordinances or regulations
4 governing safety, health, economic use or amenity standards. The
5 term shall not include ordinary upkeep and maintenance.

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

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

14 "Special tax provision." The refund or forgiveness of a
15 portion of a taxpayer's real estate tax liability as provided by
16 this act.

17 Section 4. ECONOMIC DEVELOPMENT AND Mixed-Use Redevelopment <--
18 Advisory Committee.

19 (a) Establishment.--The board shall establish the ECONOMIC <--
20 DEVELOPMENT AND Mixed-Use Redevelopment Advisory Committee for
21 the purpose of providing municipal corporations with guidance
22 and best practices for the redevelopment of shopping malls into
23 ~~affordable~~ ATTAINABLE housing and other mixed-use spaces for the <--
24 benefit of the community.

25 (b) Composition.--

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

28 (i) Real estate development.

29 (ii) Municipal planning.

30 (iii) Economic development.

1 (iv) Land use planning.

2 (2) The committee shall include a member of a Statewide
3 trade association of real estate professionals involved in
4 all aspects of the residential and commercial real estate
5 industry.

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

11 Section 5. Authority to provide special tax provisions.

12 (a) Construction.--This act shall be construed to authorize
13 local taxing authorities to provide special tax provisions
14 related to an increase in the value of real estate resulting
15 from ~~mixed-use~~ THE redevelopment of shopping malls within the <--
16 boundaries of the local taxing authority, implementing section
17 2(b) (iv) of Article VIII of the Constitution of Pennsylvania.

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

25 (c) Notice.--

26 (1) Upon adoption of an ordinance or resolution adopting
27 the tax exemption or special tax provision under subsection
28 (a), each local taxing authority must post a notice of the
29 approval in a newspaper of general circulation in the area. A
30 local taxing authority may also post the notice on its

publicly accessible Internet website, if the local taxing authority possesses a publicly accessible Internet website.

(2) If multiple local taxing authorities have mutual jurisdiction to levy real estate taxes on a property, a joint notice of implementation of the tax exemption or special tax provision must be published in a newspaper of general circulation in the area upon adoption by each local taxing authority with mutual jurisdiction to levy real estate taxes on the property and each local taxing authority must post a notice of the adoption on its publicly accessible Internet website, if the local taxing authority possesses a publicly accessible Internet website.

Section 6. Exemption schedule.

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

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

(1) For the first 10 years, 100% of the eligible assessment is exempt for ECONOMIC DEVELOPMENT AND ~~mixed-use~~ redevelopment.

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(2) For any ECONOMIC DEVELOPMENT AND ~~mixed-use~~ redevelopment that is approved by the municipal corporation

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1 in which the shopping mall is located, 100% of the eligible
2 assessment shall be exempt for an additional two years if at
3 least one of the following criteria is met to the
4 satisfaction of and by a date established by the local taxing
5 authority, and 100% of the eligible assessment shall be
6 exempt for an additional five years if at least two of the
7 following criteria are met to the satisfaction of and by a
8 date established by the local taxing authority:

9 (i) A minimum amount of ~~affordable~~ ATTAINABLE <--
10 housing as defined and determined by the local taxing
11 authority granting the exemption in consultation with the
12 local planning authority.

13 (ii) Improved energy efficiency.

14 (iii) Installation of a renewable energy system that
15 provides electricity for 50% of the average electricity
16 needs for the ECONOMIC DEVELOPMENT AND mixed-use <--
17 redevelopment.

18 (iv) Creation of greener or open space.

19 (v) Creation of lifestyle improvement projects,
20 including outdoor recreation space, walking paths,
21 bicycle paths or farmers markets.

22 (vi) Installation of charging stations for electric
23 vehicles.

24 (vii) Access to public transit.

25 (viii) The ~~mixed-use~~ redevelopment of the shopping <--
26 mall is subject to a project labor agreement.

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

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

5 (e) Repayment.--

6 (1) A local taxing authority shall receive a return of
7 the local taxing authority's proportional share of taxes
8 exempt under this act if, within five years following the
9 redevelopment of the shopping mall, the following occur:

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

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

22 (2) At the time a project agreement is executed, if the
23 developer has not completed each requirement for exemption
24 under section 8(a) or is ineligible under section 8(b) or
25 (c), the local taxing authority shall file a lien against the
26 tax-exempt property at the rate of the estimated amount of
27 assessment under subsection (d). The lien shall be satisfied
28 by the local taxing authority at the end of the fifth year
29 following the completion of the redevelopment if there have
30 been no serious violations against the property that have not

1 been corrected to the satisfaction of the local taxing
2 authority. The lien on the property remains under subsection
3 (c) upon the sale or exchange of the shopping mall.

4 Section 7. Exemption incentives procedure.

5 (a) Notification.--A developer desiring tax exemption for
6 the redeveloped property as authorized by an ordinance or
7 resolution adopted under this act must notify the local taxing
8 authority granting the exemption in writing on an application
9 form provided by the local taxing authority, which must be
10 submitted at the time the developer secures the building permit
11 or, if no building permit or other notification is required for
12 the redevelopment of the property, at the time the developer
13 commences construction. The application must include the
14 following information:

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

17 (2) An outline of specifications for the redevelopment
18 of the shopping mall indicating, with as much specificity as
19 practicable, the materials to be used for exterior and
20 interior finishes.

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

23 (i) be on contractor letterhead; and

24 (ii) indicate the property address of the
25 redevelopment project.

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

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

29 (6) An applicable building permit application or
30 building permit.

1 (7) An income and expense report for the shopping mall,
2 which may be submitted directly to the county assessment
3 office in order to protect the confidentiality of the
4 information.

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

7 (9) The signature of the applicant and the date of
8 signing.

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

11 (b) Estimate.--The amount of assessment deemed eligible for
12 tax exemption under subsection (c) shall be available for public
13 inspection and copying so that a subsequent purchaser may be
14 informed of the amount of taxes to be paid after the exemption
15 expires.

16 (c) County assessment office.--

17 (1) A copy of the application submitted under subsection
18 (a) shall be forwarded to the county assessment office. After
19 completion of the redevelopment of the shopping mall, the
20 county assessment office shall:

21 (i) Separately assess the redevelopment and
22 calculate the amounts of the assessment eligible for tax
23 exemption in accordance with the limits established by
24 the local taxing authorities.

25 (ii) Notify the developer and the local taxing
26 authorities of the reassessment and amounts of the
27 assessment eligible for exemption.

28 (2) Appeals from a reassessment and the amounts eligible
29 for the exemption may be made by the developer or the local
30 taxing authorities.

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

Section 8. Eligibility requirements.

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

(1) Conform to zoning ordinance requirements.

(2) Correct any municipal code violation.

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

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

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

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

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

(5) The property owner has a legal or equitable interest in other property with the boundaries of the municipal corporation for which there exists a serious violation that has not been remedied prior to filing the application under

1 section 7.

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

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

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

12 (2) A corrective deed.

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

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

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

20 Section 9. Effective date.

21 This act shall take effect in 60 days.