



Senate Finance Committee

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BILL SUMMARY

Legislation: House Bill 1913, P.N. 3211
Sponsor: Representative Culver
Act Amended: Enacts the Real Estate Tax Abatement for Properties Damaged by Hurricane Irene or Tropical Storm Lee Act
Topic: Property Taxes
Date: April 20, 2012

Synopsis:

Enacts the Real Estate Tax Abatement for Properties Damaged by Hurricane Irene or Tropical Storm Lee Act.

Summary:

The legislation permits a "taxing authority" to abate 2011 real estate taxes for real property damaged or destroyed by Hurricane Irene or Tropical Storm Lee. The legislation requires a taxing authority to provide a copy of the resolution or ordinance providing for the abatement of taxes to the county assessment office.

The legislation requires that the abatement be limited to the difference between the assessed value prior to the damages and any increase in valuation of the property due to the actual cost of reconstruction or repairs to the original structure.

The legislation authorizes county assessment offices to reassess damaged properties to reflect reductions in property value due to damage resulting from Hurricane Irene or Tropical Storm Lee.

The legislation permits the use of a FEMA damage assessment to determine the scale of the abatement of real estate taxes.

The legislation permits tax credits in subsequent tax years by a taxing authority to reflect portions of assessed value of the property lost by taxpayers.

The legislation specifies that the amount of real estate tax abated, credited or refunded by any taxing authority may not exceed \$30,000 for any single property, notwithstanding any other exclusion applicable to the property.

The legislation prohibits the abatement, credit or refund to a property owner who did not own the property at the time of Hurricane Irene or Tropical Storm Lee.

The legislation authorizes a “taxing authority” to exempt from real property taxation the assessed valuation of reconstruction or repairs made to properties damaged or destroyed by Hurricane Irene or Tropical Storm Lee.

The legislation limits the exemption to the difference between the assessed valuation of the property prior to the damages and any increase in valuation of the property due to the actual cost of reconstruction or repairs to the original structure.

The legislation sets forth the following schedule:

- in the first year of exemption, 100% of the eligible assessment may be exempted;
- in the second year of exemption, 50% of the eligible assessment may be exempted;
- in the third year of exemption, 25% of the eligible assessment may be exempted; and
- the exemption terminates after the third year.

The legislation specifies that the exemption is contingent upon reconstruction or repair beginning within three years of the date of the storm. The exemption from taxation will terminate upon the sale, transfer, conveyance or exchange of the property.

The legislation is effective immediately.

Background:

The legislation is identical to Senate Bill 1267. On October 26, 2011, the Senate Finance Committee reported out Senate Bill 1267 unanimously and on November 16, 2011 Senate Bill 1267 passed the Senate (49-0).