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PA State Association of Boroughs Calls for Prompt Action on Tax-Exempt Property Bill

Harrisburg, April 8 – The House Local Government Committee approved House Bill 2018 today, which would effectively provide crucial state funding for borough communities that host a significant amount of tax-exempt properties within their borders.

The proposed *Tax Exempt Property Municipal Assistance Fund* would compensate boroughs and other municipalities through a dedicated revenue stream generated from the Johnstown Flood Tax, which was originally enacted by the legislature in 1936 to aid victims of the flood. Presently, the tax is levied on the sale of wine and liquor and provides nearly \$240 million in annual revenue to the Commonwealth.

Tom Klaum, Executive Vice President of the Pennsylvania State Association of Boroughs, commented: “We commend Representative Bob Freeman (D-Northampton) for his exceptional leadership in promoting this vital legislation. Many borough governments across the Commonwealth aggressively touted the need for this legislation, and we will continue to push for a legislative remedy to this fiscal disadvantage that hampers so many of our exceptional boroughs and college communities that have excessive tax exempt properties.”

House Bill 2018 would provide boroughs with formula-based compensation if they impose a property tax and have over a 15 percent total market value of tax-exempt properties within their municipal borders. The proposed funding formula is calculated to reflect the market value of the property if it was taxable. To ensure that small and mid-sized communities are able to equitably benefit from the program, the legislation establishes a funding ceiling that prevents any municipality from gaining more than 10 percent of the total revenue contained in the fund.

PSAB President Thomas Oliverio added: “Our Association will continue to be a leading advocate for this measure in an effort to alleviate the significant burden this has cast on taxpayers that reside in these communities. For those municipalities bearing an inordinate amount of tax-exempt properties, we cannot allow essential services such as police and fire protection to be reduced as a result of a diminishing tax base. Our legislative platform is firmly focused on providing fiscal relief to our boroughs, and as a result, the statewide push by our borough leaders continues to intensify.”

The proposed legislation will now move to the full House for consideration. PSAB invites your media inquiries for specific data on municipalities in your region of the Commonwealth.

About PSAB

Since 1911, the Pennsylvania State Association of Boroughs (PSAB) has represented the interests of boroughs and helped to shape the laws that have laid the foundation for boroughs and other municipal governments. Today, PSAB represents over 920 boroughs and more than 16,000 borough officials. With more than 2.6 million residents, borough officials strive to deliver quality leadership and service to borough citizens across the Commonwealth. For more information, visit www.boroughs.org.

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