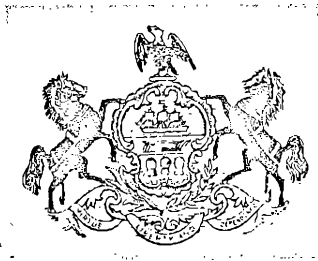


TAX EXEMPTION AND AUDITING LEGISLATION
IMPLEMENTING THE PENNSYLVANIA CONSTITUTION,
ARTICLE VIII, SECTIONS 2 AND 10



General Assembly
of the
Commonwealth of Pennsylvania
JOINT STATE GOVERNMENT COMMISSION
Harrisburg, Pennsylvania
1969

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1969-1971

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LETTER OF TRANSMITTAL

To the Members of the General Assembly of the Commonwealth of Pennsylvania:

This report contains recommendations of the Joint State Government Commission pursuant to Senate Concurrent Resolution Serial No. 152 (Session of 1968) which provides in part: "RESOLVED, That the Joint State Government Commission is hereby directed to undertake immediately a review of existing law affected by the amendments to the Constitution contained in . . . Proposals Numbers 3, 4 and 5 (taxation and State finance), . . . and the preparation of appropriate implementing legislation required thereby, and to report its findings and recommendations to the General Assembly;".

Revisions of Article VIII (taxation and finance) of the Constitution contained in Proposals Numbers 3, 4 and 5 pertain to the following subject matter areas: Commonwealth indebtedness; budgets and financial plans; auditing, tax exemption and public utility taxation.

The Commission has completed its review of existing and proposed legislation concerning tax exemption and auditing and submits its recommendations together with drafts of appropriate implementing legislation in those subject areas.

The Commission is still undertaking its assignments in the areas of budgets and financial plans and public utility taxation and expects to report concerning these in early 1970.

The Executive Committee authorized the creation of a task force and appointed an advisory committee of citizens with established reputations in the fields of taxation and state finance to assist in carrying out the Commission's assignment. The contribution of the task force, under the able leadership of Senator Thomas F. Lamb and Representative H. Jack Seltzer, Co-Chairmen, is fully recognized and appreciated. On behalf of the Commission, the counsel and guidance of the members of the advisory committee are gratefully acknowledged.

FRED J. SHUPNIK, Chairman

Joint State Government Commission
Capitol Building
Harrisburg, Pennsylvania
November 1969

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$$\text{density} = \rho(\vec{r}, t)$$

$$\vec{v} = \vec{v}(\vec{r}, t)$$

$$\text{pressure} = p(\vec{r}, t)$$

$$\text{viscosity} = \eta(\vec{r}, t)$$

$$\text{etc.}$$

SUMMARY OF RECOMMENDATIONS

TAX EXEMPTIONS

- I. The appropriate sections of The General County Assessment Law and The Fourth to Eighth Class County Assessment Law should be amended to conform the provisions granting tax exemption for property used for public, religious or charitable purposes, to the language of the 1968 constitutional amendments.
- II. Special tax provisions should be adopted to encourage improvement of deteriorating dwellings.
- III. Temporary tax exemption for certain residential construction should be enacted.
- IV. Local taxing authorities should be authorized to exempt low income persons from per capita, occupation and occupational privilege taxes.
- V. Property tax assistance should be provided for aged persons with limited incomes.

AUDITING

- I. Disbursement functions currently carried out by the Auditor General should be transferred to the State Treasurer, thereby ensuring the Auditor General's availability to post-audit the financial affairs of the Commonwealth.
- II. A Legislative Audit Advisory Commission should be created to examine auditing standards and recommend measures for the improvement of auditing functions.

TAX EXEMPTION

I. CONFORMING THE STATUTORY PROVISIONS GRANTING TAX EXEMPTION FOR PROPERTY USED FOR PUBLIC, RELIGIOUS, OR CHARITABLE PURPOSES TO THE LANGUAGE OF THE 1968 CONSTITUTIONAL AMENDMENTS

Constitutional Provisions

The 1968 constitutional amendments retained in slightly modified form the previous provisions which authorized the General Assembly to exempt from taxation property used for public, religious, or charitable purposes.

A comparison of the provisions of Article VIII, Section 2(a) of the Pennsylvania Constitution as amended 1968, with the comparable prior language, is provided in the tabulation on page 2.

The statutory implementation of the constitutional authority to exempt property used for public, religious, or charitable purposes is contained in the basic property assessment statutes of the Commonwealth: The General County Assessment Law, Act of May 22, 1933, P.L. 853, and The Fourth to Eighth Class County Assessment Law, Act of May 21, 1943, P.L. 571. In general, the existing exemption provisions in these statutes conform to the constitutional language repealed by the 1968 amendments.

Recommendations

The Commission recommends the enactment of amendments to the assessment statutes to conform the language of these statutes dealing

COMPARISON OF ARTICLE VIII, SECTION 2(a)
OF PENNSYLVANIA CONSTITUTION AS AMENDED 1968
WITH PRIOR CONSTITUTION

1968 Pa. Const. Art. VIII, Section 2(a)	Former Art. VIII, Sec. 1, Repealed by 1968 Amendments
(1)	(2)
Section 2. Exemptions and Special Provisions.--	
(a) The General Assembly may by law exempt from taxation:	
(i) Actual places of regularly stated religious worship;	"actual places of religious worship"
(ii) Actual places of burial, when used or held by a person or organization deriving no private or corporate profit therefrom and no substantial part of whose activity consists of selling personal property in connection therewith;	"places of burial not used or held for private or corporate profit"
(iii) That portion of public property which is actually and regularly used for public purposes;	"public property used for public purposes"
(iv) That portion of the property owned and occupied by any branch, post or camp of honorably discharged servicemen or servicewomen which is actually and regularly used for benevolent, charitable or patriotic purposes; and	"real and personal property owned, occupied and used by any branch, post or camp of honorably discharged soldiers, sailors, and marines"
(v) Institutions of purely public charity, but in the case of any real property tax exemptions only that portion of real property of such institution which is actually and regularly used for the purposes of the institution.	"institutions of purely public charity"

with tax exemption for property used for public, religious, or charitable purposes, to the language of the 1968 constitutional amendments without otherwise affecting the scope of these exemptions.

Proposed Legislation

The foregoing recommendation is implemented in the amendments to Section 202 of The Fourth to Eighth Class County Assessment Law, set forth on page 15. Similar amendments are required to Section 204 of The General County Assessment Law.

II. SPECIAL TAX PROVISIONS TO ENCOURAGE IMPROVEMENT OF DETERIORATING PROPERTY

Constitutional Provisions

Article VIII, Section 2(b) (iii) of the 1968 Constitution of Pennsylvania provides, in part:

"(b) The General Assembly may, by law . . .

"(iii) Establish standards and qualifications by which local taxing authorities may make uniform special tax provisions applicable to a taxpayer for a limited period of time to encourage improvement of deteriorating property or areas by an individual, association or corporation . . ."

This provision of the Constitution represents the initial step in establishing a public policy of utilizing property tax exemptions as incentives to promote private investment in deteriorating areas and in improvements to deteriorating properties. Prior to 1968 such a public policy could not have been implemented in Pennsylvania as it would have violated the uniformity clause of then Article IX, Section 1 of the Constitution. In fact, 1967 House Bill No. 1327, which proposed to exclude from taxation for a limited period of time

certain improvements to real estate in counties of the second class was vetoed by the Governor on the ground that it was invalid under the Constitution.

Recommendations

The Commission recommends the enactment of legislation authorizing local taxing jurisdictions to exempt improvements to deteriorated dwellings under the following conditions and limitations:

1. The exemption shall be limited to the additional property assessment attributable to improvements to dwelling units either located in a deteriorated neighborhood or certified as unfit for human habitation.

2. Each local taxing jurisdiction may determine the maximum cost of improvements which it will exempt up to \$10,000. The \$10,000 maximum shall be adjusted in future years in accordance with changes in a readily available construction price index.

3. The amount of tax exemption shall be in accordance with either of two schedules at the option of the taxing authority:

a. A ten-year schedule providing for exemption from taxes of 100 percent of the eligible assessment for the first year for which the improvement would otherwise be taxable, 90 percent for the second year, and 80, 70, 60, 50, 40, 30, 20, and 10 percent for the third through tenth years, respectively; or

b. A five-year schedule providing for exemption of 100 percent of the eligible assessment for the first year, 80 percent for the second year, and 60, 40, and 20 percent for the third through fifth years, respectively.

The recommended policies will provide a substantial incentive for individuals, organizations, or corporations to improve deteriorated dwelling units in those counties where taxing authorities imposing the bulk of the property taxes adopt exemption programs.

It is anticipated that the ten-year schedule will be required to provide sufficient incentive for a substantial volume of investment in the widespread blighted areas of our cities. Other taxing authorities may find that the five-year schedule provides sufficient incentive to promote improvements without the greater tax loss that would be encountered under the ten-year schedule. The difference in tax loss can be illustrated: an improvement costing \$10,000 could receive a maximum tax benefit of \$1,046 under the ten-year schedule, calculated on the basis of the statewide average assessment ratio and tax rate currently prevailing in Pennsylvania and an interest rate of 7 percent; the comparable present value under the five-year schedule would be \$633. If it is assumed that future tax rates will increase 3 percent annually, the ten-year schedule would involve a present value of future tax benefits of \$1,133 while the comparable benefits under the five-year schedule would be \$657.

Proposed Legislation

The foregoing recommendations are implemented in the proposed legislation, set forth on page 17.

III. TEMPORARY TAX EXEMPTION FOR RESIDENTIAL CONSTRUCTION

Constitutional Provisions

Article VIII, Section 2(b) (iv) of the 1968 Constitution of Pennsylvania provides:

"(b) The General Assembly may, by law . . .

"(iv) Make special tax provisions on any increase in value of real estate resulting from residential construction. Such special tax provisions shall be applicable for a period not to exceed two years."

Floor discussion at the Constitutional Convention, (Journal of the Constitutional Convention, pp. 678-681) makes it clear that this clause was intended to authorize the General Assembly to reverse the decision of the Supreme Court of Pennsylvania in Madway v. Board of Assessment and Revision of Taxes, 427 Pa. 138 (1967). In Madway the court had voided statutes exempting new residential construction from interim assessment as being violative of the uniformity clause of then Article IX, Section 1 of the Pennsylvania Constitution. The interim assessment of new construction between annual assessment dates had been legislated during the decade of the fifties. A series of 1963 amendments, slightly modified in 1965, prohibited the interim assessment of new residential construction until the property had been occupied or conveyed.

Recommendations

The Commission recommends the enactment of amendments to the appropriate assessment and taxation statutes providing for mandatory uniform exemption of new residential construction from assessment for property tax purposes until occupied or conveyed to a bona fide purchaser, or until the expiration of two years from the date of construction.

The extent of the tax loss to local taxing authorities which would be generated by enactment of the above recommendation cannot be estimated with any degree of reliability. Part of the difficulty lies in the fact that interim assessment practices have not been

uniformly applied throughout the Commonwealth. Such evidence as is available indicates that some county assessment officials, unaware of the 1967 court decision, continue to exempt new residential construction from interim assessment unless occupied or sold even for those jurisdictions (first class townships and school districts) specifically at issue in Madway. Exemption of residential construction from interim assessment in other taxing jurisdictions (counties, second class townships, third class cities and boroughs) which had been provided by the 1963 amendments was not before the court and strictly speaking was not involved in Madway.

It is estimated that the amount of property taxes on new residential construction totals about \$20 million annually. Given the rapidity with which new residential properties are currently occupied and the continued practice of exempting some residential properties from interim assessment, the net additional annual tax loss which would be generated by enactment of the Commission's recommendation is likely to be only a small fraction of \$20 million.

Proposed Legislation

The foregoing recommendation is implemented in the proposed amendment to The Third Class City Code, set forth on page 22. Similar amendments will be required to The General County Assessment Law, The Fourth To Eighth Class County Assessment Law, The County Code, The Second Class County Code, The First Class Township Code, The Second Class Township Code, The Borough Code, and The Public School Code of 1949.

IV. DISCRETIONARY EXEMPTION OF LOW INCOME PERSONS FROM SELECTED
LOCAL PERSONAL TAXES

Constitutional Provisions

Article VIII, Section 2(b) (ii) of the 1968 Constitution of Pennsylvania provides:

"(b) The General Assembly may, by law . . .

"(ii) Establish as a class or classes of subjects of taxation the property or privileges of persons who, because of age, disability, infirmity or poverty are determined to be in need of tax exemption or of special tax provisions, and for any such class or classes, uniform standards and qualifications. The Commonwealth, or any other taxing authority, may adopt or employ such class or classes and standards and qualifications, and except as herein provided may impose taxes, grant exemptions, or make special tax provisions in accordance therewith. No exemption or special provision shall be made under this clause with respect to taxes upon the sale or use of personal property, and no exemption from any tax upon real property shall be granted by the General Assembly under this clause unless the General Assembly shall provide for the reimbursement of local taxing authorities by or through the Commonwealth for revenue losses occasioned by such exemption; . . ."

A 1965 constitutional amendment to former Article IX, Section 1 provided, that:

". . . Any taxing authority may exempt from occupational privilege taxes, persons deriving less than one thousand dollars per year from such occupation."

The report of the Taxation and State Finance Committee of the Constitutional Convention accompanying Proposal No. 5, which formed the basis of the tax exemption provisions quoted above, noted that:

". . . Because the scope of the exemptions authorized in this subsection is such as to cover classes of persons who may be found to be in need of such exemptions, . . . specific authority for exempting from occupational privilege taxes persons deriving less than \$1,000 per year from such occupation have been deleted from the present . . . constitutional provision." (Journal of the Constitutional Convention, p. 429)

In the absence of implementing legislation, the exemption from occupational privilege taxes will expire, under the schedule adopted for the Constitution, ". . . as soon as possible, but no later than July 1, 1970."

Recommendations

The Commission recommends the enactment of amendments to the appropriate statutes to authorize local taxing authorities to exempt from per capita, occupation, and occupational privilege taxes any persons whose total annual income from all sources is less than \$2,000.

Proposed Legislation

The foregoing recommendation is implemented in a proposed amendment to The Local Tax Enabling Act, set forth on page 25. Similar amendments will be required to The General County Assessment Law; the act of June 21, 1939, P. L. 626 relating to tax assessment in second class counties; The Fourth to Eighth Class County Assessment Law; the acts of August 5, 1932, P. L. 45, and of August 9, 1963, P. L. 640, relating to taxing powers of cities of the first class; and The Public School Code of 1949.

V. PROPERTY TAX ASSISTANCE FOR AGED HOMEOWNERS WITH LIMITED INCOMES

Constitutional Provisions

Article VIII, Section 2(b) (ii), quoted in full in the preceding section, refers to special tax provisions for ". . . persons . . . because of age, disability, infirmity or poverty . . ." The objective of this provision as regards local real estate taxes is clearly stated in the committee report accompanying the proposal which formed the basis for the constitutional provision.

". . . That objective is to provide some means of lowering the burden of taxation on certain classes of subjects who are determined to need such assistance in order to remain in their own homes and/or subject to the care of relatives and friends, rather than to have to turn to public institutions for housing and maintenance." (Journal of the Constitutional Convention, p. 428)

Recommendations

The Commission recommends granting property tax assistance to aged homeowners by the enactment of a statute with the following provisions:

1. Homeowners age 65 or over, or living with a spouse age 65 or over, shall be reimbursed by the Commonwealth for all or part of property taxes on their dwellings paid to local taxing jurisdictions in accordance with the following schedule:

<u>Household Income</u>	<u>Percentage of Real Property Taxes Allowed as Assistance</u>
\$ 0 - \$ 999	100%
1,000 - 1,499	90
1,500 - 1,999	80
2,000 - 2,499	70
2,500 - 2,999	60
3,000 - 3,499	50
3,500 - 3,999	40
4,000 - 4,999	30
5,000 - 5,999	20
6,000 - 7,499	10

2. The maximum amount of property tax assistance paid shall not exceed \$200 per year for any dwelling, with a minimum claim of \$10.

3. The statute would become effective for taxes paid during the year starting January 1, 1970, with reimbursement to be paid during the subsequent year.

The estimated cost of this proposal and the estimated number of households benefited is summarized in the following tabulation:

Estimated Number of Households and
Average Property Tax Assistance Payment by
Income Class, 1969

<u>Household Income</u> (1)	<u>Number of Households</u> (2)	<u>Average Assistance Payment</u> (3)	<u>Total Assistance Payment</u> (4)
Less than \$2,000	127,000	\$136	\$17,272,000
\$2,000 - \$3,499	113,000	118	13,334,000
\$3,500 - \$4,499	72,000	83	5,976,000
\$5,000 - \$7,499	<u>81,000</u>	<u>47</u>	<u>3,807,000</u>
Total	393,000	103	40,389,000

The number of households and the total payments will be less to the extent of increases in Social Security benefits contemplated for 1970.

For property tax relief, the Constitution suggests a procedure of local tax exemption and reimbursement to local taxing jurisdictions. However, due to the complexity of the property tax collection systems which obtain throughout most of the Commonwealth an equitable tax relief program is not administratively practical under an exemption-reimbursement program. In approximately twenty-five other states that have provisions for property tax relief for elderly homeowners, eight states finance the program with state funds. Four

of these states reimburse local taxing units and four, California, Minnesota, Vermont, and Wisconsin, grant the relief directly to the elderly beneficiaries.

Proposed Legislation

The foregoing recommendation is implemented in the proposed legislation, Aged Persons Property Assistance Act, set forth on page 27.

AUDITING

Constitutional Provisions

Prior to the 1968 amendments the Constitution did not include any provisions relating to auditing. The auditing provisions added in 1968 are contained in Section 10 of Article VIII:

"The financial affairs of any entity funded or financially aided by the Commonwealth, and all departments, boards, commissions, agencies, instrumentalities, authorities and institutions of the Commonwealth, shall be subject to audits made in accordance with generally accepted auditing standards.

"Any Commonwealth officer whose approval is necessary for any transaction relative to the financial affairs of the Commonwealth shall not be charged with the function of auditing that transaction after its occurrence."

At present, the Auditor General participates in disbursement functions by preparing a warrant, as provided in many existing statutes, which is forwarded to the State Treasurer prior to the issuance of the check. A review of existing law indicated that there are no statutorily defined auditing standards or practices. The Schedule of the Constitution provides that Section 10 shall become effective ". . . as soon as possible but no later than July 1, 1970."

Recommendations

The Commission recommends that the disbursement functions currently carried out by the Auditor General should be transferred to the State Treasurer, thereby ensuring the Auditor General's constitutional availability to post-audit the financial affairs of the Commonwealth.

The Commission recommends that a Legislative Audit Advisory Commission should be created to examine the standards of audits performed and recommend measures for the improvement of pre-auditing and post-auditing of the financial affairs of the Commonwealth. It also recommends that in order to facilitate the transfer of the disbursement function, the legislation become effective as of the fiscal year beginning July 1, 1970.

Proposed Legislation

Legislation was introduced on June 18, 1969 by Representatives Irvis, Fineman, and Prendergast to accomplish the transfer of the present disbursement duties from the Auditor General to the Treasury Department. (House Bills Nos. 1337, 1354, 1355, 1356, 1357, 1358, 1359, and 1360)

The foregoing recommendations are implemented in amendments to House Bill No. 1337, Pr. No. 1938 set forth on page 32, and House Bill No. 1355, Pr. No. 1786 set forth on page 44. Amendments will also be required changing the effective date of House Bills Nos. 1354, 1358, 1359, and 1360, to July 1, 1970. The provisions of House Bills Nos. 1356 and 1357 are incorporated in the proposed amendments to House Bill No. 1337.

AN ACT

Amending the act of May 21, 1943 (P. L. 571), entitled, as amended, "An act relating to assessment for taxation in counties of the fourth, fifth, sixth, seventh and eighth classes; designating the subjects, property and persons subject to and exempt from taxation for county, borough, town, township, school, except in cities and county institution district purposes; and providing for and regulating the assessment and valuation thereof for such purposes; creating in each such county a board for the assessment and revision of taxes; defining the powers and duties of such boards; providing for the acceptance of this act by cities; regulating the office of ward, borough, town and township assessors; abolishing the office of assistant triennial assessor in townships of the first class; providing for the appointment of a chief assessor, assistant assessors and other employes; providing for their compensation payable by such counties; prescribing certain duties of and certain fees to be collected by the recorder of deeds and municipal officers who issue building permits; imposing duties on taxables making improvements on land and grantees of land; prescribing penalties; and eliminating the triennial assessment," conforming language relating to certain exemptions to the language of the Constitution.

THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA HEREBY ENACTS AS FOLLOWS:

Section 1. Clauses (1), (2) and (8) of subsection (a) and subsections (b) and (c) of section 202, act of May 21, 1943 (P. L. 571), known as "The Fourth to Eighth Class County Assessment Law," are amended to read:

Section 202. Exemptions from Taxation.--(a) The following property shall be exempt from all county, borough, town, township, road, poor, county institution district and school (except in cities) tax, to wit:

(1) All churches, meeting-houses or other [regular] actual places of regularly stated religious worship, with the ground thereto annexed necessary for the occupancy and enjoyment of the same.

(2) All actual places of burial, including burial grounds and all mausoleums, vaults, crypts or structures, intended to hold or contain the bodies of the dead [not used or held for private or corporate profit] when used or held by a person or organi-

zation deriving no private or corporate profit therefrom and no substantial part of whose activity consists of selling personal property in connection therewith.

* * *

(8) All real and personal property owned, occupied and used by any branch, post or camp of honorably discharged [soldiers, sailors and marines] servicemen or servicewomen and actually and regularly used for benevolent, charitable or patriotic purposes.

* * *

(b) Except as otherwise provided in clause (11), subsection (a) of this section, all property, real or personal, other than that which is [in actual use and occupation] actually and regularly used and occupied for the purposes specified in this section, and all such property from which any income or revenue is derived, other than from recipients of the bounty of the institution or charity, shall be subject to taxation, except where exempted by law for state purposes, and nothing herein contained shall exempt same therefrom.

(c) Except as otherwise provided in clause (10), subsection (a) of this section, all property, real and personal, [in actual use and occupation] actually and regularly used and occupied for the purposes specified in this section, shall be subject to taxation unless the person or persons, associations or corporation so using and occupying the same shall be seized of the legal or equitable title in the realty and possessor of the personal property absolutely.

AN ACT

Authorizing local taxing authorities to provide for tax exemption for certain improvements to deteriorated dwellings; providing for an exemption schedule and other limitations.

THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA HEREBY ENACTS AS FOLLOWS:

Section 1. Construction.--This act shall be construed to authorize local taxing authorities to exempt improvements to certain deteriorated residential property thereby implementing clause (iii) of subsection (b) of section 2 of Article VIII of the Constitution of Pennsylvania.

Section 2. Definitions.--As used in this act:

(1) "Deteriorated property" means a dwelling unit located in a deteriorated neighborhood, as hereinafter provided, or a dwelling unit which has been or upon request is certified by a health, housing or building inspection agency as unfit for human habitation for rent withholding, or other health or welfare purposes, or has been the subject of an order by such an agency requiring the unit to be vacated, condemned or demolished by reason of noncompliance with laws, ordinances or regulations.

(2) "Dwelling unit" means, unless otherwise defined in the ordinance or resolution providing for tax exemption, a house, apartment, or group of rooms intended for occupancy as separate living quarters by family or other groups or a person living alone, containing a kitchen or cooking equipment for the exclusive use of the occupants.

(3) "Improvement" means repair, construction or reconstruction, including alterations and additions, having the effect of rehabilitating a structure so that it becomes habitable or attains higher standards of housing safety, health or amenity, or is brought into compliance with laws, ordinances or regulations governing housing standards; ordinary upkeep and maintenance shall not be deemed an improvement.

(4) "Local taxing authority" means a county, city, borough, incorporated town, township or school district having authority to levy real property taxes.

Section 3. Deteriorated Neighborhoods; Procedures.--(a) Each local taxing authority may by ordinance or resolution exempt from real property taxation the assessed valuation of improvements to deteriorated properties in the amounts and in accordance with the schedules and limitations hereinafter provided. Prior to the adoption of the ordinance or resolution authorizing the granting of tax exemptions, the local taxing authority shall affix the boundaries of a deteriorated neighborhood or neighborhoods, wholly or partially located within its jurisdiction, if any. At least one public hearing shall be held by the local taxing authority for the purpose of determining said boundaries. At the public hearing the planning commission or redevelopment authority and other public and private agencies and individuals, knowledgeable and interested in the improvement of deteriorated neighborhoods, shall present their recommendations concerning the location of boundaries of a deteriorated neighborhood or neighborhoods for the guidance of the local taxing authorities, such recommendations taking into account the criteria set forth in the act of May 24, 1945 (P. L. 991), known as the "Urban Redevelopment Law," for the determination of "blighted areas," and the criteria set forth in the act of November 29, 1967 (P. L. 636), known as the "Neighborhood Assistance Act," for the determination of "impoverished areas," and the following criteria: unsafe, unsanitary and overcrowded buildings; vacant, overgrown and unsightly lots of ground; a disproportionate number of tax delinquent properties; excessive land coverage, defective design or arrangement of buildings, street or lot layouts; economically and socially undesirable land uses. The ordinance shall specify a description of each such neighborhood as determined by the local taxing authority, as well as the cost of improvements per dwelling unit to be exempted, and the schedule of taxes exempted as hereinafter provided.

(b) Two or more local taxing authorities may join together for the purpose of determining the boundaries of a deteriorated neighborhood, and such local taxing authorities shall cooperate fully with each other for the purposes of implementing this act. The local taxing authorities may by implementing ordinance or resolution agree to adopt tax exemptions contingent upon the similar adoption by an adjacent or contiguous local taxing authority, within the limitations provided herein.

Section 4. Exemption Schedules; Maximum Exemption.--(a) A local taxing authority granting a tax exemption pursuant to the provisions of this act may provide for tax exemption on the assessment attributable to the actual cost of improvements up to the maximum cost per dwelling unit herein specified or up to any lesser multiple of one thousand dollars (\$1,000). If a local taxing authority by ordinance or resolution specifies a lesser cost than the maximum provided by this act, such amount shall not be increased by any subsequent ordinance or resolution for a period of two years, nor shall the schedule of taxes exempted be changed for such period. Whether or not the assessment eligible for exemption is based upon a maximum cost or a lesser cost, the actual amount of taxes exempted shall be in accordance with one of the following schedules:

(1) For the first year for which improvements would otherwise be taxable, one hundred per cent of the eligible assessment shall be exempted; for the second year, ninety per cent of the eligible assessment shall be exempted; for the third through tenth years, eighty, seventy, sixty, fifty, forty, thirty, twenty, and ten per cent, respectively, of the eligible assessment shall be exempted; after the tenth year, the exemption shall terminate, or

(2) For the first year for which improvements would otherwise be taxable, one hundred per cent of the eligible assessment shall be exempted; for the second year, eighty per cent of the eligible assessment shall be exempted; for the third through fifth years, sixty, forty, and twenty per cent, respectively, of the eligible assessment shall be exempted; after the fifth year, the exemption shall terminate.

(b) The exemption from taxes shall be limited to the additional assessment valuation attributable to the actual costs of improvements to deteriorated property not in excess of the maximum cost per dwelling unit specified herein. The maximum cost shall be ten thousand dollars (\$10,000) per dwelling unit for improvements constructed during 1970. Maximum cost for improvements constructed during each year thereafter shall be the maximum cost for the preceding year multiplied by the ratio of the United States Bureau of the Census New One-Family Houses Price Index for the current year to such index for the preceding year. The date of the construction shall be the date of issuance of the building permit, improvement record or other required notification of construction. No tax exemption shall be granted under the provisions of this act for any improvements to any dwelling unit in excess of the maximum cost specified above.

(c) The exemption from taxes authorized by this act shall be upon the property exempted and shall not terminate upon the sale or exchange of the property, unless otherwise provided in this act.

Section 5. Nonrecognition for Other Purposes of Increased Assessed Valuation.-- If a deteriorated property is granted tax exemption pursuant to this act, the improvement shall not during the exemption period be considered as a factor in assessing other properties.

Section 6. Procedure for Obtaining Exemption.--Any person desiring tax exemption pursuant to ordinances or resolutions adopted pursuant to this act, shall notify each local taxing authority granting such exemption in writing on a form provided by it submitted at the time he secures the building permit, or if no building permit or other notification of improvement is required, at the time he commences construction. A copy of the exemption request shall be forwarded to the board of assessment and revision of taxes or other appropriate assessment agency. The assess-

ment agency shall, after completion of the improvement, assess separately the improvement and calculate the amounts of the assessment eligible for tax exemption in accordance with the limits established by the local taxing authorities and notify the taxpayer and the taxing authorities of the reassessment and amounts of the assessment eligible for exemption. Appeals from the reassessment and the amounts eligible for the exemption may be taken by the taxpayer or the local taxing authorities as provided by law.

The cost of improvements per dwelling unit to be exempted and the schedule of taxes exempted existing at the time of the initial request for tax exemption shall be applicable to that exemption request, and subsequent amendments to the ordinance, if any, shall not apply to requests initiated prior to their adoption.

Section 7. This act shall take effect January 1, 1970.

AN ACT

Amending the act of June 23, 1931 (P. L. 932), entitled "An act relating to cities of the third class; and amending, revising, and consolidating the law relating thereto," further regulating the valuation or assessment of dwellings for the purpose of real property taxes.

THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA HEREBY ENACTS AS FOLLOWS:

Section 1. The act of June 23, 1931 (P. L. 932), known as "The Third Class City Code," reenacted and amended June 28, 1951 (P. L. 662), is amended by adding the following section to read:

Section 2504.1. Temporary Tax Exemption for Residential Construction.--(a)

As used in this section, the word "dwellings" means buildings or portions thereof intended for permanent use as homes or residences.

(b) New single and multiple dwellings constructed for residential purposes and improvements to existing unoccupied dwellings or improvements to existing structures for purposes of conversion to dwellings, shall not be valued or assessed for purposes of real property taxes until (1) occupied, (2) conveyed to a bona fide purchaser, or (3) two years from the first day of the month in which falls the sixtieth day after which the building permit was issued or, if no building permit or other notification of improvement was required, then from the date construction commenced. The assessment of any multiple dwelling because of occupancy shall be upon such proportion which the value of the occupied portion bears to the value of the entire multiple dwelling.

Section 2. Section 2516.1 of the act, amended August 19, 1965 (P. L. 365) is amended to read:

Section 2516.1. Additions and Revisions to Duplicates.--Whenever in any city there is any construction of a building or buildings not otherwise exempt as a dwelling

after the city council has prepared a duplicate of the assessment of city taxes and the building is not included in the tax duplicate of the city, the authority responsible for assessments in the city shall, upon the request of the city council, direct the assessor in the city to inspect and reassess, subject to the right of appeal and adjustment provided by the act of Assembly under which assessments are made, all taxable property in the city to which major improvements have been made after the original duplicates were prepared and to give notice of such reassessments within ten days to the authority responsible for assessments, the city and the property owner. [: Provided, That in the case of new construction of single and multiple dwellings for residential purposes, no increased valuation or assessment shall be made when new construction of single and multiple dwellings for residential purposes occurs until there has been a conveyance to a bona fide purchaser or the premises have been occupied whichever is the earlier to occur. In no event shall such postponement of increased valuation or assessment extend beyond the date on which the next annual tax duplicate is completed. In the period between the preparation of a duplicate of the assessment of city taxes and the completion of the next annual tax duplicate, reassessment of newly constructed multiple dwellings which have been conveyed to bona fide purchasers or which have been occupied, may be made not oftener than twice, at times designated by the authority responsible for assessments in the city. The assessment of any multiple dwelling because of occupancy shall be upon such proportion which the occupied portion of the multiple dwelling bears to the entire multiple dwelling at the time of the reassessment.] The property shall then be added to the duplicate and shall be taxable for city purposes at the reassessed valuation for that proportionate part of the fiscal year of the city remaining after the property was improved. Any improvement made during the month shall be computed as having been made on the first of the month. A certified copy of the additions or revisions to the duplicate shall be furnished by the city council to the city

treasurer, together with their warrant for collection of the same, and within ten days thereafter the city treasurer shall notify the owner of the property of the taxes due the city.

Section 3. This act shall take effect immediately.

AN ACT

- Amending the act of December 31, 1965 (P. L. 1257), entitled "An act empowering cities of the second class, cities of the second class A, cities of the third class, boroughs, towns, townships of the first class, townships of the second class, school districts of the second class, school districts of the third class and school districts of the fourth class including independent school districts, to levy, assess, collect or to provide for the levying, assessment and collection of certain taxes subject to maximum limitations for general revenue purposes; authorizing the establishment of bureaus and the appointment and compensation of officers, agencies and employes to assess and collect such taxes; providing for joint collection of certain taxes, prescribing certain definitions and other provisions for taxes levied and assessed upon earned income, providing for annual audits and for collection of delinquent taxes, and permitting and requiring penalties to be imposed and enforced, including penalties for disclosure of confidential information, providing an appeal from the ordinance or resolution levying such taxes to the court of quarter sessions and to the Supreme Court and Superior Court," authorizing exemptions from certain taxes.

THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA HEREBY ENACTS AS FOLLOWS:

Section 1. The introductory paragraph of section 2 act of December 31, 1965 (P. L. 1257), known as "The Local Tax Enabling Act," is amended to read:

Section 2. Delegation of Taxing Powers and Restrictions Thereon.--The duly constituted authorities of the following political subdivisions, cities of the second class, cities of the second class A, cities of the third class, boroughs, towns, townships of the first class, townships of the second class, school districts of the second class, school districts of the third class, and school districts of the fourth class, in all cases including independent school districts, may, in their discretion, by ordinance or resolution, for general revenue purposes, levy, assess and collect or provide for the levying, assessment and collection of such taxes as they shall determine on persons, transactions, occupations, privileges, subjects and personal property within the limits of such political subdivisions, and upon the transfer of real property, or of any interest in real property, situate within the political subdivision levying and assessing the tax, regardless of where the instruments making the transfers are made, executed

or delivered or where the actual settlements on such transfer take place. The taxing authority may provide that the transferee shall remain liable for any unpaid realty transfer taxes imposed by virtue of this act. Each local taxing authority may, by ordinance or resolution, exempt any person whose total income from all sources is less than two thousand dollars (\$2,000) per annum from the per capita or similar head tax, occupation tax and occupational privilege tax, or any portion thereof, and may adopt regulations for the processing of claims for exemptions. Such local authorities shall not have authority by virtue of this act:

* * *

reg. 111.103

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AN ACT

Providing property tax assistance to certain aged persons with limited incomes; establishing uniform standards and qualifications for eligibility to receive assistance; imposing duties upon the Department of Revenue and making an appropriation.

THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA HEREBY ENACTS AS FOLLOWS:

Section 1. Short Title.--This act shall be known and may be cited as the "Aged Persons Property Tax Assistance Act."

Section 2. Declaration of Policy.--In recognition of the severe economic plight of aged real property owners with fixed and limited incomes who are faced with rising living costs and constantly increasing tax burdens upon their homesteads, the General Assembly, pursuant to the mandates of the Constitutional Convention of 1968, considers it to be a matter of sound public policy to make special provisions for property tax assistance to that class of aged real property taxpayers who are without adequate means of support to enable them to remain in peaceable possession of their homes and relieving their economic burden.

Section 3. Definitions.--As used in this act: --

(1) "Income" means all income from whatever source derived, including but not limited to salaries, wages, bonuses, commissions, income from self-employment, alimony, support money, cash public assistance and relief, the gross amount of any pensions or annuities including railroad retirement benefits, all benefits received under the Federal Social Security Act (except Medicare benefits), all benefits received under state unemployment insurance laws and veterans' disability payments, all interest received from the Federal or any state government, or any instrumentality or political subdivision thereof, realized capital gains, rentals, workmen's compensation and the

gross amount of loss of time insurance benefits, life insurance benefits and proceeds, and gifts of cash or property (other than transfers by gift between members of a household) in excess of a total value of three hundred dollars (\$300), but shall not include surplus food or other relief in kind supplied by a governmental agency or property tax assistance.

(2) "Household income" means all income received by the claimant and all other persons while residing in the homestead during a calendar year in which real property taxes are due and payable, but shall not include the income of residents not related to the claimant paying reasonable fixed rents.

(3) "Homestead" means a dwelling and so much of the land surrounding it, not exceeding two acres, as is reasonably necessary for use of the dwelling as a home, occupied by a claimant having a legal or equitable ownership interest therein. A homestead shall also include premises occupied by reason of ownership in a cooperative housing corporation, mobile homes which are assessed as realty for local property tax purposes and the land, if owned by the claimant, upon which the mobile home is situated, and other similar living accommodations, as well as a part of a multi-dwelling or multi-purpose building and a part of the land upon which it is built. It shall also include premises occupied by reason of the claimant's ownership of a dwelling located on land owned by a nonprofit incorporated association, of which the claimant is a member, if the claimant is required to pay a pro rata share of the property taxes levied against the association's land. It shall also include premises occupied by a claimant if he is required by law to pay a property tax by reason of his ownership (including a possessory interest) in the dwelling, the land, or both. An owner includes a person in possession under a contract of sale, deed of trust, life estate, joint tenancy or tenancy in common.

(4) "Real property taxes" means all taxes on a homestead (exclusive of municipal assessments, delinquent charges, and interest) due and payable during a calendar year.

(5) "Claimant" means a person who files a claim for property tax assistance and was sixty-five years of age or over, or whose spouse (if a member of the household) was sixty-five years of age or over, during a calendar year in which real property taxes were due and payable.

(6) "Department" means the Department of Revenue.

Section 4. Property Tax Assistance.--(a) The amount of any claim for property tax assistance for real property taxes due and payable during any calendar year beginning January 1, 1970, and thereafter shall be determined in accordance with the following schedule:

Household Income	Percentage of Real Property Taxes Allowed as Assistance
\$ 0 - \$ 999	100%
1,000 - 1,499	90
1,500 - 1,999	80
2,000 - 2,499	70
2,500 - 2,999	60
3,000 - 3,499	50
3,500 - 3,999	40
4,000 - 4,999	30
5,000 - 5,999	20
6,000 - 7,499	10

(b) No claim shall be allowed if the amount of property tax assistance computed in accordance with this section is less than ten dollars (\$10), and the maximum amount of assistance payable shall not exceed two hundred dollars (\$200).

(c) If a homestead is owned and occupied for only a portion of a year or is owned in part by a person who does not meet the qualifications for a claimant, ex-

clusive of any interest owned by a claimant's spouse, the department shall apportion the real property taxes in accordance with the period or degree of ownership of the claimant in determining the amount of assistance for which a claimant is eligible.

Section 5. Filing of Claim.--A claim for property tax assistance shall be filed with the department on or after January 1 succeeding the calendar year in which real property taxes were due and payable. No assistance for any year shall be granted unless a claim is filed within two years after the date that a claim may first be filed. Only one claimant from a homestead each year shall be entitled to property tax assistance. If two or more persons are able to meet the qualifications for a claimant, they may determine who the claimant shall be. If they are unable to agree, the department shall determine to whom assistance is to be paid.

Section 6. Proof of Claim.--Each claim shall include reasonable proof of household income, the size and nature of the property claimed as a homestead, and the tax receipt or other proof that the real property taxes on the homestead have been paid by the claimant. The first claim filed shall include proof that the claimant or his spouse was age sixty-five or over during the calendar year in which real property taxes were due and payable.

Section 7. Incorrect Claim.--Whenever on audit of any claim, the department finds the claim to have been incorrectly determined, it shall redetermine the correct amount of the claim and notify the claimant of the reason of the redetermination and the amount of the corrected claim.

Section 8. Claim Forms and Rules and Regulations.--The department shall prescribe necessary rules and regulations and shall make available suitable forms for filing a claim.

Section 9. Fraudulent Claim; Conveyance to Obtain Benefits.--In any case in which a claim is excessive and was filed with fraudulent intent, the claim shall be dis-

allowed in full and a penalty of twenty-five per cent of the amount claimed shall be imposed. The penalty and the amount of the disallowed claim, if the claim has been paid, shall bear interest at the rate of one-half of one per cent per month from the date of the claim until repaid. The claimant and any person who assisted in the preparation or filing of a fraudulent claim shall be guilty of a misdemeanor, and, upon conviction thereof, shall be sentenced to pay a fine not exceeding one thousand dollars (\$1,000), or undergo imprisonment not exceeding one year, or both.

A claim shall be disallowed if the claimant received title to the homestead primarily for the purpose of receiving property tax assistance.

Section 10. Appeal. -- Appeals from any action or determination of the department in administering this act shall be taken to the Board of Finance and Revenue, as otherwise provided by law. Appeals from the decision of the Board of Finance and Revenue may be taken to the Commonwealth Court in accordance with the act of June 4, 1945 (P. L. 1388), known as the "Administrative Agency Law."

Section 11. Effective Date. -- This act shall take effect immediately, applicable to tax years beginning January 1, 1970, and thereafter.

House Bill No. 1337, Printer's No. 1938
With Proposed Amendments Incorporated Therein

PRIOR PRINTER'S NOS. 1635, 1713, 1783 Printer's No. 1938

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1337 Session of
1969

INTRODUCED BY MESSRS. IRVIS, FINNAN AND PRENDERGAST,
JUNE 18, 1969

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,
JULY 28, 1969

AN ACT

Amending the act of April 9, 1929 (P. L. 343), entitled "An act relating to the finances of the State government; providing for the settlement, assessment, collection, and lien of taxes, bonus, and all other accounts due the Commonwealth, the collection and recovery of fees and other money or property due or belonging to the Commonwealth, or any agency thereof, including escheated property and the proceeds of its sale, the custody and disbursement or other disposition of funds and securities belonging to or in the possession of the Commonwealth, and the settlement of claims against the Commonwealth, the resettlement of accounts and appeals to the courts, refunds of moneys erroneously paid to the Commonwealth, auditing the accounts of the Commonwealth and all agencies thereof, of all public officers collecting moneys payable to the Commonwealth, or any agency thereof, and all receipts of appropriations from the Commonwealth and imposing penalties; affecting every department, board, commission, and officer of the State government, every political subdivision of the State, and certain officers of such subdivisions, every person, association, and corporation required to pay, assess, or collect taxes, or to make returns or reports under the laws imposing taxes for State purposes, or to pay license fees or other moneys to the Commonwealth, or any agency thereof, every State depository and every debtor or creditor of the Commonwealth," implementing the provisions of Article VIII, section 10 of the Constitution of Pennsylvania by changing the audit and warrant procedures for the disbursement of money from the State Treasury and; conferring powers and imposing duties on certain officers in connection therewith; AND TRANSFERRING PERSONNEL, APPROPRIATIONS, ALLOCATIONS, CONTRACTS, AGREEMENTS, EQUIPMENT, FILES, OBLIGATIONS AND OTHER MATERIAL FROM THE BUREAU OF DISBURSEMENTS IN THE DEPARTMENT OF THE AUDITOR GENERAL TO THE TREASURY DEPARTMENT.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:
The first paragraph of section 2 and section
Section 1. ~~Section~~ 306, act of April 9, 1929 (P. L. 343), known as "The Fiscal Code," is ^{are} amended to read:

Section 2. General Scope of the Act.--This act is intended to define the powers and duties of the Department of Revenue, the Treasury Department, the Department of the Auditor General, the Secretary of the Commonwealth, the Board of Finance and Revenue, the Board of Fish Commissioners, the Board of Game Commissioners, the Legislative Audit Advisory Commission, county treasurers, registers of wills, mercantile appraisers, and other statutory agents, with respect to the collection of taxes and other moneys due the Commonwealth, the custody and disbursement or other disposition of all funds and securities belonging to or in the possession of the Commonwealth, and the settlement of claims against the Commonwealth.

* * *

Section 306. Examination and Audit of Requisitions and Adjustment of Claims.--The Treasury Department shall examine and audit requisitions for money prior to disbursement thereof and the Treasury Department shall cooperate with the Department of Auditor General [in the examination and audit of requisitions for disbursements, and] in the examination and adjustment of claims against the Commonwealth, as hereinafter in this act provided.

Section 2. Section 307 of the act, amended July 2, 1953 (P. L. 352), is amended to read:

Section 307. Audits of and Warrants for Disbursements.--The Treasury Department shall carefully audit and examine all requisitions calling upon the State Treasurer to draw his warrant for the payment of any money out of any fund of the State Treasury, and warrants shall be drawn by the State Treasurer, only after his approval of the requisition.

No money shall be paid from any of the funds of the State Treasury, except upon warrant of the [Auditor General] State

Treasurer, issued upon requisition pursuant to law except (1) moneys in the State Workmen's Insurance Fund, which may be disbursed by check of the State Treasurer upon requisition of the Secretary of Labor and Industry and (2) moneys in the Surplus Commodities Stamp Fund which may be disbursed by check of the State Treasurer upon requisition of the Secretary of Public Assistance.

Section 3. The first paragraph of section 402 of the act, amended May 31, 1957 (P. L. 237), is amended to read:

Section 402. Audits of Affairs of Departments, Boards and Commissions.--[It] Except as may otherwise be provided by law it shall be the duty of the Department of the Auditor General to make all audits of transactions after their occurrence, which may be necessary, in connection with the administration of the financial affairs of the government of this Commonwealth, with the exception of those of the Department of the Auditor General. It shall be the duty of the Governor to cause such audits to be made of the affairs of the Department of the Auditor General.

* * *

Section 4. Section 404 of the act is amended to read:

Section 404. [Audits of and Warrants for Disbursements.--The Department of the Auditor General shall carefully audit and examine all requisitions calling upon the Auditor General to draw his warrant upon the State Treasurer for the payment of any money out of any fund of the State Treasury, and warrants shall be drawn by the Auditor General, only after approval of the requisition by the State Treasurer or the Governor, as hereinafter provided.] Officers Responsible for Audits.--No officer of this Commonwealth charged with the function of auditing transactions after their occurrence shall approve the same transactions prior to their occurrence. Notwithstanding any

provision of any law to the contrary, from and after the effective date of this act, the Auditor General shall not be required or empowered to pre-approve or pre-audit any transaction with respect to which said officer is empowered or required to conduct an audit after the transaction has occurred.

Section 5. The act is amended by adding a new article to read:

ARTICLE IV-A
Legislative Audit Advisory Commission

Section 401-A. Legislative Audit Advisory Commission.--(a) There shall be an independent advisory commission, to be known as the Legislative Audit Advisory Commission, which shall consist of eight members, a majority and a minority member of the House of Representatives and two public members appointed by the Speaker of the House of Representatives, and a majority and a minority member of the Senate and two public members appointed by the President Pro Tempore of the Senate. The commission shall organize annually by electing from among themselves a chairman and a secretary.

(b) Members shall receive no compensation but shall receive traveling and actual expenses incurred as members of the commission.

(c) The powers and duties of the commission shall be to:

(1) Examine the standards of audits performed under the provisions of section 10 of Article VIII, of the Constitution of Pennsylvania, and recommend measures for the improvement of pre-auditing and post-auditing of the financial affairs of the Commonwealth.

(2) Report annually to the General Assembly upon the activities of the commission, which report shall contain recommendations and suggested legislation, if any, for the improvement of auditing in the Commonwealth.

(3) Recommend from time to time special audits by the Auditor General.

(d) The Auditor General shall be the administrative officer of the Legislative Audit Advisory Commission, and he shall provide administrative services for and on behalf of the commission for the implementation of the commission's duties. The Auditor General shall include in his budget request such sums on behalf of the commission as it shall determine necessary to carry out its responsibilities as provided herein.

Section 6. Section 504 of the act, amended January 24, 1956 (P. L. 943), is amended to read:

Section 504. Refund of Money Subject to Escheat Paid Into the State Treasury; Appeal.--The owner of any moneys which shall have been paid into the State Treasury by order of court, entered upon petition of the Attorney General alleging that such moneys were subject to escheat, or the legal representatives of such owner, may at any time apply to the Board of Finance and Revenue for a refund of the same, and, upon his making proof of his ownership or right of possession to the satisfaction of the board, such moneys shall be paid him, on the requisition of the board, and the warrant of [the Auditor General drawn on] the State Treasurer in conformity therewith, out

of any moneys in the State Treasury appropriated for the purpose, and, if the money was originally on deposit as an interest bearing item, with interest thereon at the rate of two per centum per annum from the date when said moneys were paid into the State Treasury to the date of the refund thereof, and any moneys escheatable under the provisions of any act of Assembly, which have been heretofore voluntarily paid into the State Treasury, or which may be hereafter so paid, shall be likewise refunded in the same manner in which moneys so paid pursuant to an order of court are refunded under the provisions of this act. Any corporation or association, its successors or assigns, which shall have transmitted or delivered any shares or certificates of stock or other securities or the proceeds thereof, to the State Treasury, or which shall have paid any moneys into the State Treasury, either voluntarily or under the provisions of an order of court entered upon petition of the Attorney General asking for payment of such moneys or property into the State Treasury without escheat, may, at any time, apply to the Board of Finance and Revenue for a refund of the same, and upon making proof to the satisfaction of the board that such moneys or property were legally subject to escheat in any other state or territory of the United States and not legally subject to escheat by the Commonwealth of Pennsylvania or to payment into the State Treasury without escheat, such moneys or property, or the proceeds thereof, shall be paid to such claimant on the requisition of the board and the warrant of [the Auditor General drawn on] the State Treasurer in conformity therewith, out of any moneys in the State Treasury appropriated for the purpose, with interest thereon, if entitled thereto, at the rate of two per centum per annum from the date when said moneys were paid into the State Treasury to the date of the refund thereof, or if moneys so appropriated are inadequate or if no such appropriation has been made, the amount to be refunded, together with interest as aforesaid to the date of the allowance of the refund, shall be entered by the Department of Revenue as a credit to the account of the claimant. Such credit or any part thereof shall be assignable to any other person, firm, association, or corporation, and may be used by any such assignee in payment and satisfaction of any obligation or liability then or thereafter due by such assignee to the Commonwealth of Pennsylvania. The determination by the board or the court in the event of an appeal, as hereinafter provided, whether such moneys or property were legally subject to escheat by the Commonwealth of Pennsylvania or to payment into the State Treasury without escheat, shall be made irrespective of whether said moneys or property were paid voluntarily, or pursuant to an order of court entered upon petition of the Attorney General asking for payment of such moneys or property into the State Treasury without escheat.

Any claimant for any such refund may appeal, by petition to the court of common pleas of Dauphin County, from an adverse decision of the Board of Finance and Revenue, which court shall thereupon hear such testimony as may be offered in support of the claim and determine whether or not the claimant is entitled to any refund, and, if so, the amount thereof. If the court find that he is so entitled, it shall report its findings to the board, and order the making of a refund of the proper amount. Thereupon the refund shall be made in the manner hereinbefore provided. No such appeal shall be entertained, however, unless the claimant shall file with his

petition an affidavit that all the proof which he proposes to offer in support of his claim had been presented to the Board of Finance and Revenue before that board acted adversely upon his claim.

Any depository, or trustee, or other fiduciary, or any debtor who or which shall, through mistake or compulsion of law, pay the amount of any unclaimed deposit, trust fund, or debt, subject to escheat under the provisions of any act of the General Assembly, to the depositor or beneficiary thereof, or person to whom the debt is owing, after such amount shall have been paid into the State Treasury, either voluntarily or pursuant to an order of court, may make application for and obtain a refund thereof from the State Treasury in the manner and subject to the conditions hereinbefore in this section provided.

7.

Section ~~5~~ Section 1501 of the act, amended August 21, 1953 (P. L. 1331), is amended to read:

Section 1501. Requisitions. --No money shall be paid out of any fund in the State Treasury, except (1) the State Workmen's Insurance Fund, and except (2) the Surplus Commodities Stamp Fund, until a requisition therefor shall have been presented to or prepared by the [Auditor General] State Treasurer.

For money appropriated to the Governor or to the Executive Board, the Governor shall prepare requisitions and present them to the [Department of the Auditor General] Treasury Department.

For money appropriated to the Lieutenant Governor he shall prepare requisitions and present them to the [Department of the Auditor General] Treasury Department.

For money appropriated to administrative departments, or to independent administrative boards or commissions, the respective departments, boards, or commissions, shall prepare their requisitions, with the written approval of their respective comptrollers noted thereon, and present them to the [Department of the Auditor General] Treasury Department.

For money appropriated to departmental administrative boards or commissions, or advisory boards or commissions, such boards or commissions shall prepare requisitions, and forward them to

the departments with which they are respectively connected. Such departments, if they approve the requisitions, shall so signify in writing, and shall transmit them to the [Department of the Auditor General] Treasury Department. No requisition of a departmental administrative board or commission, or of an advisory board or commission, shall be valid without the approval in writing of the head and the comptroller of the department with which such board or commission is connected.

For money appropriated to a person, association, corporation, or agency, not a part of the executive branch of the State Government, the person, association, corporation, or agency, to whom or to which the appropriation was made, shall prepare requisitions and present them to the [Department of the Auditor General] Treasury Department, but whenever, in any such case, any other act of Assembly requires the requisition to be approved by an administrative department of the State Government, other than the [Department of the Auditor General] Treasury Department, it shall be forwarded to the [Department of the Auditor General] Treasury Department through such other administrative department.

For money appropriated for a purpose, without designation of the expending agency, the [Department of the Auditor General] Treasury Department shall prepare requisitions.

Section 6⁸ of the act is amended to read:

Section 1502. Audit of Requisitions and Issuance of Warrants.--All requisitions shall be audited by the [Department of the Auditor General] Treasury Department, and, if they appear to be lawful and correct, [the department shall approve them and transmit them to the Treasury Department for examination and approval] the State Treasurer shall issue his warrant for the

payment thereof. Otherwise, they shall be returned to the source from which they came for revision, correction, or cancellation.

[If the Treasury Department shall approve a requisition, which has been approved by the Department of the Auditor General, it shall note its approval thereon in writing and return the same to the Department of the Auditor General. Thereupon the Auditor General shall draw his warrant upon the State Treasurer for the payment of the amount in which the requisition has been approved.

If on the other hand, the Treasury Department shall disapprove such requisition, in whole or in part, it shall note its disapproval in writing, together with its reasons for disapproval, and shall return the requisition to the Department of the Auditor General, and thereupon the Department of the Auditor General shall reconsider its approval.

If the Treasury Department shall have entirely disapproved of the requisition, and, upon reconsideration, the Department of the Auditor General shall agree with such action, the requisition shall be returned to the source from which it came, together with a written statement from the Department of the Auditor General explaining why the requisition has been disapproved.

If the Treasury Department has approved a requisition in part only, and, upon reconsideration, the Department of the Auditor General shall agree with the Treasury Department that the requisition should be approved in part only, it shall modify its prior approval of the requisition, and the Auditor General shall issue his warrant on the State Treasurer for the amount in which both departments have approved the requisition.

If the Department of the Auditor General, upon reconsideration, shall be unable to agree with the views of the

Treasury Department, it shall lay before the Governor the requisition, together with all the papers and correspondence attached or appertaining thereto, and the Governor shall decide the issue raised between the two departments. Should the Governor determine that the requisition ought to be approved in whole or in part, it shall be the duty of the Auditor General to issue his warrant in accordance with the directions of the Governor. Should the Governor determine that the requisition ought to be disapproved, the Department of the Auditor General shall, upon receiving it from the Governor, return it to the source from which it came, with a written statement of the reasons for which it was disapproved.]

After the payment thereof, the State Treasurer shall transmit the approved requisitions, together with evidence of payment thereof and all documents and records pertaining thereto, to the Auditor General for audit. The Auditor General shall retain the same and preserve such records as required by the act of April 9, 1929 (P. L. 177), known as "The Administrative Code of 1929."

Section 7⁹ Subsection (b) of section 1503 of the act, added June 6, 1939 (P. L. 261), is amended to read:

Section 1503. Payments.--* * *

(b) All payments out of the several funds in the State Treasury appropriated for public assistance shall be made by check of a form prescribed and furnished by the Treasury Department, but filled in as to name of payee and amount by the Department of Public Assistance. As soon after the effective date of this act as practicable but not later than sixty (60) days after such date, the Department of Public Assistance shall requisition the Treasury Department for supplies of serially numbered blank checks upon which to prepare disbursements for public assistance grants, and shall give its receipt to the Treasury Department for such blank checks, provided the

Department of Public Assistance shall thereupon enter the name and address of the payee and the amount of payment and such other information as shall be necessary, after which it shall prepare a requisition on the [Auditor General] State Treasurer in the total amount of such checks, and [the Auditor General shall issue his warrant on the Treasury Department in the same total amount. Upon receipt of this warrant,] the Treasury Department shall issue its warrant in the total amount thereof, and shall sign and mail the checks to the payees designated thereon. This procedure shall be followed in Harrisburg and at such points outside the City of Harrisburg as the Governor shall determine.

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Section 2- Section 1504 of the act, amended June 28, 1947 (P. L. 1006), is amended to read: (to be) Eviden.

Section 1504. Advances Out of Appropriations.--Whenever an appropriation shall have been made to (1) a department, board, or commission of the State government, or to the board of trustees or other agency in charge of any semi-State institution, which is intended for expenses of such a nature as to make it impracticable for such department, board, commission, board of trustees, or agency, to file with the [Department of the Auditor General] Treasury Department itemized receipts or vouchers prior to the payment of such expenses, upon requisition and warrant in the usual way, such department, board, commission, board of trustees, or other agency, may make requisition upon the [Auditor General] State Treasurer from time to time, for such sum or sums of the appropriation as may be necessary to meet such expenses, and the [Auditor General] State Treasurer shall

draw his warrant [upon the State Treasurer] for such sum or sums, to be paid out of the appropriation. The total amount of requisitions for advancements from any appropriation less the total amount of properly itemized receipts or vouchers filed with the [Auditor General] State Treasurer accounting for such advancements shall never exceed an amount approved by the Governor nor shall it in any case exceed the amount of the bond of the officers or individuals having control of the disbursements from the funds advanced.

Requisitions for advances hereunder to any departmental administrative board or commission, must be approved by the department with which such board or commission is connected prior to the presentation thereof to the [Auditor General] State Treasurer.

Any department, board, commission, board of trustees, or agency, having received an advance hereunder shall,

(1) Whenever required by the [Auditor General] State Treasurer file specifically itemized vouchers, in such form as may be prescribed by him, accounting for all money expended out of such advance;

(2) At the end of the appropriation period, return to the State Treasury all unexpended balances of such advance, before any advance shall be made out of any succeeding appropriation or requisition, the [Auditor General] State Treasurer to credit the expiring appropriation, and charge the new appropriation with the exact amount of cash on hand at end of the period: Provided, That advances to local county boards of assistance under the Public Assistance Law for reasonable emergency funds may be made before unexpended balances of advancements out of any previous appropriation are actually returned by such boards to the State Treasury;

(3) Deposit all moneys advanced, in the name of the Commonwealth, in a State depository, and certify the name thereof to the State Treasurer.

SECTION 9¹¹ / ALL PERSONNEL, APPROPRIATIONS, ALLOCATIONS, CONTRACTS, AGREEMENTS, EQUIPMENT, FILES, OBLIGATIONS, AND OTHER MATERIAL WHICH RELATE TO THE ADMINISTRATION AND ENFORCEMENT OF THE LAWS OF THIS COMMONWEALTH AS THEY RELATE TO THE BUREAU OF DISBURSEMENTS IN THE DEPARTMENT OF THE AUDITOR GENERAL ARE HEREBY TRANSFERRED TO THE TREASURY DEPARTMENT WITH THE SAME FORCE AND EFFECT AS IF THE APPROPRIATIONS HAD BEEN MADE TO THE TREASURY DEPARTMENT IN THE FIRST INSTANCE, AND SAID CONTRACTS, AGREEMENTS, AND OBLIGATIONS OF THE BUREAU OF DISBURSEMENTS IN THE DEPARTMENT OF THE AUDITOR GENERAL HAD BEEN INCURRED OR ENTERED INTO BY SAID TREASURY DEPARTMENT.

SECTION 9¹² / This act shall take effect ~~ninety-days-after~~ ~~final-enactment~~ July 1, 1970.

House Bill No. 1355, Printer's No. 1786
With Proposed Amendments Incorporated Therein

PRIOR PRINTER'S NO. 1668

Printer's No. 1786

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1355

Session of
1969

INTRODUCED BY MESSRS. FINEHAN AND IRVIS, JUNE 24, 1959

AS REPORTED FROM COMMITTEE ON STATE GOVERNMENT, HOUSE OF
REPRESENTATIVES, AS AMENDED, JULY 15, 1969

AN ACT

Amending the act of April 9, 1929 (P. L. 177), entitled "An act providing for and reorganizing the conduct of the executive and administrative work of the Commonwealth by the Executive Department thereof and the administrative departments, boards, commissions, and officers thereof, including the boards of trustees of State Normal Schools, or Teachers Colleges; abolishing, creating, reorganizing or authorizing the reorganization of certain administrative departments, boards, and commissions; defining the powers and duties of the Governor and other executive and administrative officers, and of the several administrative departments, boards, commissions, and officers; fixing the salaries of the Governor, Lieutenant Governor, and certain other executive and administrative officers; providing for the appointment of certain administrative officers, and of all deputies and other assistants and employes in certain departments, boards, and commissions; and prescribing the manner in which the number and compensation of the deputies and all other assistants and employes of certain departments, boards and commissions shall be determined," implementing the provisions of Article VIII, section 10 of the Constitution of Pennsylvania by changing the membership of the Board of Commissioners of Public Grounds and Buildings, and by transferring certain powers and duties from the Auditor General to the State Treasurer and adding references to the Legislative Audit Advisory Commission.

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

Section 1. Section 446, act of April 9, 1929 (P. L. 177), known as "The Administrative Code of 1929," amended June 6, 1939 (P. L. 250), is amended to read:

Section 446. Board of Commissioners of Public Grounds and Buildings.--The Board of Commissioners of Public Grounds and Buildings shall consist of the Governor, the [Auditor General] Attorney General, and the State Treasurer. The Governor may authorize the Secretary to the Governor, or some other employe of the Governor's office, to serve in his stead on said board. The [Auditor General] Attorney General and the State Treasurer may authorize a named deputy, of their respective departments, to serve in their stead on said board: Provided, however, That any such person designated by the Governor, the [Auditor General] Attorney General or the State Treasurer, shall not have the right to exercise any power or perform any duty which the Constitution of the Commonwealth of Pennsylvania requires such officials personally to exercise or perform.

Section 2. The third paragraph of section 604 of the act, amended June 3, 1943 (P. L. 833), is amended to read:

Section 604. Estimates of Current Expenditures by Departments, Boards, and Commissions.--* * *

If any department, board, or commission, to which this section applies, shall fail or refuse to submit to the Governor estimates of expenditures, in accordance with the Governor's request, the Governor may notify the [Auditor General] State Treasurer, in writing, of such failure or refusal, and, after receipt of such notice, the [Auditor General] State Treasurer

shall not draw any warrant in favor of such department, board, or commission, until the Governor shall have notified the [Auditor General] State Treasurer, in writing, that the delinquent department, board, or commission has furnished him with, and he has approved, the estimate as required by this section.

Section 3. The act is amended by adding a new section to read:
Section 1002. Legislative Audit Advisory Commission.--Subject to any inconsistent provisions in this act contained, the Legislative Audit Advisory Commission shall exercise its powers and perform its duties as provided in "The Fiscal Code" and other applicable laws.

4

Section 3-/ The fourth, fifteenth and eighteenth paragraphs of section 2409 of the act, amended June 21, 1937 (P. L. 1865), are amended to read:

Section 2409. Method of Awarding Contracts for Stationery, Paper, Fuel, Repairs, Furnishings and Supplies.--* * *

The schedules shall also provide, whenever practicable, a per diem penalty or forfeiture, after a stated time, for the failure of a contractor to finish or furnish the work or materials contracted for, which penalty or forfeiture shall be deducted by the [Auditor General] State Treasurer from the amount of the contractor's bill, before settlement is made, when so directed to do by the department.

* * *

All contracts awarded shall be severally void unless first approved by the Governor, [the Auditor General,] and the State Treasurer, and when so approved, together with all checks or bonds given for their faithful performance, be filed with the department, which shall keep a record of the same and shall,

within twenty days after the award, certify copies of all said contracts to the State Treasurer and the Auditor General. The bonds and certified checks of all unsuccessful bidders shall be returned to such bidders as soon as practicable after contracts have been awarded and approved, but not later than sixty days after the date of opening the proposals.

* * *

In all cases where a lump sum contract, containing a provision for partial payments, on account of materials delivered and work done, is entered into by the department, a percentage to be fixed by the department, of the amount due, as set forth in the contract, shall be withheld from the contractor by the [Auditor General] State Treasurer, until the department shall certify that the contract has been fully complied with.

* * *

5.

Section 47/ This act shall take effect ~~July 1, 1969~~ ~~NINETY-~~
~~DAYS AFTER ENACTMENT~~ July 1, 1970.

