



Senate Finance Committee

Senator John H. Eichelberger, Jr.
Chairman



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ANALYSIS

BILL NUMBER: Senate Bill 4, P.N. 168

SPONSOR: Aument

SUMMARY:

A Joint Resolution to amends the Pennsylvania Constitution to establish that it is exclusively the role of the General Assembly to write laws providing for the qualifications of institutions of purely public charity.

BACKGROUND/EXISTING LAW:

Article VIII, Section 2 of the Constitution of Pennsylvania provides that the General Assembly may exempt from taxation: "...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." Notably, the phrase "institution of purely public charity" was not defined and became a term of art subject to judicial interpretation and litigation.

In 1997, Act 55 the Institutions of Purely Public Charity Act was enacted, using standards which originated from the courts. In it, the General attempted to implement Art.VIII, Sec. 2 to provide clear standards in statute that define which institutions may claim an exemption, and to better enable implementation of the provision allowing an exemption only to "portions of real property" which are actually used for charitable purposes. In 2012, the Supreme Court, in the case of *Mesivtah Eitz Chaim of Bobov, Inc. v. Pike County Board of Assessment Appeals*, found some form of conflict between its prior rulings and Act 55, creating further confusion over the law as to charitable exemptions.

ANALYSIS:

Senate Bill 4 would provide in Section VIII, Sec.2(b) that the General Assembly may by law:

- (vii) Establish uniform standards and qualifications which shall be the criteria to determine qualification as institutions of purely public charity under clause (v) of subsection (a) of this section.

This same language appears in the Constitution with regard to exemptions the General Assembly may provide for land preservation, blighted properties, age, disability, infirmity or poverty. Senate Bill 4 would allow the General Assembly to do the same for purely public charity exemptions.

EFFECTIVE DATE:

Upon the second passage by the General Assembly of this proposed constitutional amendment the Secretary of the Commonwealth must comply with the advertising requirements of the Pennsylvania Constitution and submit the proposed amendment to the electorate.