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## MEMORANDUM

**To:** Frank Breslin, Revenue Commissioner

**CC:** Rebecca LopezKriss, Deputy Revenue Commissioner

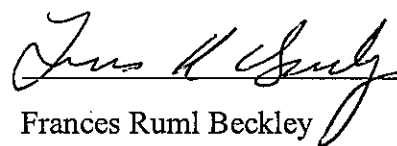
**From:** Frances Ruml Beckley, Chief Revenue Counsel

**Date:** August 10, 2023

**Re:** *Amendments to Real Estate Tax Regulations – Section 402, 403, and 404 – Exemptions from Real Estate Taxes*

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I have reviewed the attached amendments to Section 402, 403, and 404 of the Real Estate Tax Regulations to incorporate the amendments to Philadelphia Code Section 19-1300 made by Bill No. 200573, signed by the Mayor on January 20, 2021. I find the amendments to be legal and in proper form. In accordance with Section 8-407(a) of the Philadelphia Home Charter Rule, you may now forward the amendment to the Department of Records where it will be made available for public inspection.

  
Frances Ruml Beckley

Section 402, Section 403, and Section 404 of the Real Estate Tax Regulations are being amended to incorporate the amendments of Philadelphia Code Section 19-1300, entitled, “Real Estate Taxes,” by clarifying definitions and process regarding qualification for certain tax abatements based on tax delinquency, all under certain terms and conditions, made by Bill. No. 200573 and signed by the Mayor on January 20, 2021.

**CITY OF PHILADELPHIA  
DEPARTMENT OF REVENUE**

**REAL ESTATE TAX REGULATIONS FOR CITY OF PHILADELPHIA AND SCHOOL  
DISTRICT OF PHILADELPHIA**

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**ARTICLE IV: DISCOUNTS AND ADDITIONS TO TAX; EXEMPTIONS FROM REAL  
ESTATE TAXES**

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**Section 402. Exemption from Real Estate Taxes on Improvements to Residential  
Properties.**

(a) Definitions. In this Section the following definitions shall apply:

- (1) “Delinquent City and School District of Philadelphia Taxes, Charges, Fees, Rents or Claims.” All City and School District of Philadelphia taxes, charges, fees, rents or claims not paid when due (*including the failure of any employer to pay over to the City any wage taxes that were collected, or that should have been collected but for misclassification of workers*) whether or not liens for such have been filed in the Office of the Prothonotary of the county, and shall include all penalties, additions, interest, and costs due on such delinquent taxes, charges, fees, rents or claims.

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(d) Procedure for Obtaining Exemption.

- (1) At the time a building permit for the construction of an improvement, for which exemption is desired, is approved, the permit issuing division of the Department of Licenses and Inspection shall notify, in writing, the taxpayer of the possibility of an exemption under this Section and § 19-1303(2) of the Code, the taxpayer shall apply to the OPA<sup>1</sup> for such exemption. The application shall be in writing upon forms prescribed by the OPA.

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<sup>1</sup> Although the Code provides that the application is made to the BRT, the OPA assumed the BRT’s assessment functions as of October 1, 2010. The voters approved an ordinance abolishing the Board of Revision of Taxes at a special election held on May 18, 2010. Thereafter, the Supreme Court of Pennsylvania invalidated the addition of Sections 2-301, 2-302

- (2) The OPA shall determine whether the exemption shall be granted. A copy of the approved request for exemption shall be forwarded by the OPA to the taxpayer.
- (3) The OPA in determining whether the exemption shall be granted shall inquire of the Department of Revenue of the City of Philadelphia whether the taxpayer is indebted to the City or School District of Philadelphia for or on account of any delinquent taxes, charges, fees, rents or claims. *The taxpayer shall provide to the Department such documentation as the Department shall require in order to determine whether there is any delinquency, including whether the taxpayer has paid over to the City all required wage taxes.* The OPA shall withhold approval of the application until the taxpayer pays or enters into an agreement with the City of Philadelphia to pay the tax, charge, fee, rent or claim. The OPA shall withdraw approval where the taxpayer fails to pay delinquent taxes, charges, fees, rents or claims during the exemption period or fails to comply with his agreement to pay as provided herein. Any withholding or withdrawal of the exemption by the OPA pursuant to this subsection shall not be construed to stay the tolling of the exemption period for which a taxpayer would otherwise qualify.

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#### **Section 403. Exemption from Real Estate Taxes on Improvements to Deteriorated Industrial, Commercial, or Other Business Properties.**

- (a) Definitions. In this Section, the following definitions shall apply:
  - (1) “Delinquent City and School District of Philadelphia Taxes, Charges, Fees, Rents or Claims.” All City and School District of Philadelphia taxes, charges, fees, rents or claims not paid when due (*including the failure of any employer to pay over to the City any wage taxes that were collected, or that should have been collected but for misclassification of workers*) whether or not liens for such have been filed in the Office of Prothonotary of the county, and shall include all penalties, additions, interest, and costs due on such delinquent taxes, charges, fees, rents or claims.

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- (b) Procedure for Obtaining Exemption.
  - (1) The OPA shall determine whether the exemption shall be granted. A copy of the approved request for exemption shall be forwarded by the OPA to the taxpayer.

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and 2-303 to the Code, Section 2-307 insofar as it transfers employees of the Board of Revision of Taxes to the Board of Appeals, and such other parts of the ordinance relating to the Board of Property Assessment Appeals; and upheld the ordinance in all other respects. See *Board of Revision of Taxes v. City of Philadelphia*, 4 A.3d 610 (Pa. Sept. 20, 2010). In essence, the decision allowed City Council to transfer the assessment function of the BRT to the newly-formed Office of Property Assessment but said City Council did not have power to transfer the Board of Revision of Taxes’ appellate function to another entity.

- (2) The OPA in determining whether the exemption shall be granted shall inquire of the Department of Revenue of the City of Philadelphia whether the taxpayer is indebted to the City or School District of Philadelphia for or on account of any delinquent taxes, charges, fees, rents or claims. The OPA shall withhold approval of the application until the taxpayer pays or enters into an agreement with the City of Philadelphia to pay the tax, charge, fee, rent or claims. *The taxpayer shall provide to the Department such documentation as the Department shall require in order to determine whether there is any delinquency, including whether the taxpayer has paid over to the City all required wage taxes.* The OPA shall withdraw approval where the taxpayer fails to pay delinquent taxes, charges, fees, rents or claims during the exemption period or fails to comply with his agreement to pay as provided herein. Any withholding shall not be construed to stay the tolling of the exemption period for which a taxpayer would otherwise qualify.

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#### **Section 404. Exemption from Real Estate Taxes on New Construction of Residential Properties.**

- (a) Definitions. In this Section, the following definitions shall apply:
  - (1) "Applicant." Any person who applies for a building permit or tax exemption pursuant to this Section, and, when the application and implementation of this Section so indicates, a builder, developer, taxpayer or other appropriate interested party.
  - (2) "Delinquent City and School District of Philadelphia Taxes, Charges, Fees, Rents or Claims." All City and School District of Philadelphia taxes, charges, fees, rents or claims not paid when due (*including the failure of any employer to pay over to the City any wage taxes that were collected, or that should have been collected but for misclassification of workers*) whether or not liens for such have been filed in the Office of the Prothonotary of the county, and shall include all penalties, additions, interest, and costs due on such delinquent taxes, charges, fees, rents or claims.

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- (b) Procedure for Obtaining Exemption.
  - (1) At the time a building permit for residential construction is applied for, the Department of Licenses and Inspections shall notify the applicant by a printed notice of the possibility of a tax exemption under this ordinance. Within sixty (60) days of the date that the building permit is issued, or within 365 days of the date that the certificate of occupancy of the property is issued provided that the certificate of occupancy is issued

after March 1, 2000 and prior to June 30, 2002, the applicant shall apply to the OPA<sup>2</sup> for an exemption. The application shall be upon forms prescribed by the OPA and must be filed within the specified time period.

- (2) The OPA shall determine whether the exemption shall be granted. The OPA shall forward a copy of the approved request for exemption to the applicant. At the same time, the OPA shall notify the applicant that the grant of exemption is contingent upon the payment of delinquent taxes, charges, fees, rents or claims.
- (3) The OPA in determining whether the exemption shall be granted shall inquire of the Department of Revenue of the City of Philadelphia whether the taxpayer is indebted to the City of Philadelphia or School District of Philadelphia for or on account of any delinquent taxes, charges, fees, rents or claims. ***The taxpayer shall provide to the Department such documentation as the Department shall require in order to determine whether there is any delinquency, including whether the taxpayer has paid over to the City all required wage taxes.*** The OPA shall withhold approval of the application until the taxpayer pays or enters into an agreement with the City of Philadelphia to pay the tax, charge, fee, rent or claim. The OPA shall withdraw approval where the taxpayer fails to pay delinquent taxes, charges, fees, rents or claims during the exemption period for failure to comply with his agreement to pay as provided herein. Any withholding or withdrawal of the exemption by the OPA pursuant to this subsection shall not be construed to stay the tolling of the exemption period for which a taxpayer would otherwise qualify.

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***Bold italics denotes new matter***

~~Strikethrough denoted deletion~~

Date: August 10, 2023



Frank Breslin, Revenue Commissioner

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<sup>2</sup> Although the Code provides that the application is made to the BRT, the OPA assumed the BRT's assessment functions as of October 1, 2010. See note 5 for details.