



## BILL SUMMARY

<b><u>COMMITTEE:</u></b>	Local Government	<b><u>DATE:</u></b>	2/6/14
<b><u>PRIME SPONSOR:</u></b>	Toepel	<b><u>BILL NO.:</u></b>	HB 1523
<b><u>PREPARED BY:</u></b>	Wanda Snader, Esq.	<b><u>PRINTER'S NO.:</u></b>	2030
		<b><u>PHONE NO.:</u></b>	<del>                    </del>

### A. SYNOPSIS:

Authorizes additional uses of the revenue from the open space tax and provides for a method of repeal.

### B. BILL SUMMARY:

HB 1523 amends the Open Space Law to authorize a local government unit, other than a county or county authority, that collects the open space tax to:

- (1) Use the open space tax for expenses necessary to prepare the required resource, recreation or land use plan;
- (2) Either (i) annually, use up to 25% of the *accumulated balance* of the revenue generated from the open space tax for development, improvement, design, engineering and maintenance of property acquired pursuant to the Open Space Law, or (ii) create a maintenance fund into which up to 25% of the *annual revenue* from the open space tax may be deposited to be used for development, improvement, design, engineering and maintenance of property acquired pursuant to the Open Space Law;
- (3) Provide that the annual debt service and acquisition fees of acquired properties must be satisfied before any portion of the open space tax may be used for development, improvement, design, engineering and maintenance; and
- (4) Provide that, if funds have been set aside for development, improvement, design, engineering and maintenance of open space property, nothing will prohibit the local government unit from instead using those funds to acquire additional open space property.

HB 1523 also provides for a method of repeal of the open space tax. The repeal may only be pursuant to a referendum which can be held no sooner than five years after the imposition of the

open space tax or whenever the indebtedness incurred for payment of the acquired open space property has been repaid, whichever is later. If the electorate chooses to repeal the open space tax, then the repeal is effective in the fiscal year following the referendum. Regardless of the outcome of the referendum, a subsequent referendum to continue or repeal the tax cannot be held any sooner than five years.

Effective date: Immediately.

### **C. CURRENT LAW:**

The Open Space Law (Act 442 of 1967) authorizes local government units, excluding counties and county authorities, to impose by ordinance, a tax that either increases the real estate millage or earned income tax rate beyond what is otherwise statutorily authorized. The increase in tax may only be exercised if the governing body of the local government unit provides, by ordinance, for a referendum on the question of the imposition at a specific rate of the additional tax to be imposed and a majority of those voting on the referendum question vote in favor of the imposition of the tax. If the referendum question is approved, the revenue from the increased rate of tax must be used to retire the indebtedness incurred in purchasing interests in real property or in making additional acquisitions of real property for securing an open space benefit or benefits pursuant to the Open Space Law or the Agricultural Area Security Law (Act 43 of 1981), or for transactional fees incidental to the acquisitions.

Currently, there is no authorization for payment of expenditures relating to development, improvement, design, engineering or maintenance of the acquired open space properties. There is also no current mechanism in law to repeal the increase in the real estate or earned income tax after it has been approved by referendum.

WS/db