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[In re Coatesville Area School District](#)

Commonwealth Court of Pennsylvania - August 19, 2022 - A.3d - 2022 WL 3567766

City and school district sought judicial review of county board of assessment's grant of a partial real estate tax exemption in separate actions, which was based on purported charitable purposes of tax-exempt taxpayer's property.

Following remand by the Commonwealth Court, the Court of Common Pleas issued two essentially identical, but differently captioned decisions and orders upholding the county board of assessment's grant of partial real estate tax exemption, the Commonwealth Court consolidated appeals and dismissed, holding that appeal of the trial court decision and order was precluded by unappealed essentially identical decision and order, which the Supreme Court vacated and remanded for decision on the merits.

The Commonwealth Court held that:

- Trial court properly held that taxpayer's purpose of preservation of historic resource constituted advancement of charitable purpose;
- Taxpayer's service of preservation and maintenance of historic structure was rendered gratuitously;
- Trial court properly found that beneficiaries of taxpayer's activities of preservation and conservation included the public at large
- Taxpayer's maintenance and preservation of historic building had relieved Commonwealth of its assumed burden of preserving and maintaining historic structures;
- Revenue that taxpayer received from tenants occupying offices in historic building that taxpayer owned did not preclude taxpayer from receiving exemption from property taxes as a purely public charity; and
- Taxpayer was entitled to 100% exemption from property taxes.

Trial court properly held that taxpayer's purpose of preservation of historic resource constituted advancement of charitable purpose, as supported finding that taxpayer was purely public charity exempt from property taxes under provision of state constitution and statute providing for real property tax exemption for purely public charities, although taxpayer was wholly-owned subsidiary of trust; deed restrictions on property required that it only be used as office building and for purposes consistent with preservation and conservation as historic structure, property had consistently been operated at loss with subsidization of shortfalls by trust, and preservation of historic and esthetic values was matter of express public policy.

Taxpayer's service of preservation and maintenance of historic structure was rendered gratuitously, as weighed in favor of finding that taxpayer was purely public charity exempt from property taxes pursuant to provision of state constitution and statute providing for real property tax exemption for purely public charities, although taxpayer had derived income from charging rents to occupants for renting out space in building; costs of preservation and maintenance of building had exceeded income derived from rents, and law did not require that gratuitous services rendered by entity

seeking exemption had to provide a tangible benefit.

Trial court properly found that beneficiaries of taxpayer's activities of preservation and conservation included the public at large, which enjoyed a historic resource it would otherwise lack, as supported finding that taxpayer was purely public charity exempt from property taxes pursuant to provision of state constitution and statute providing for real property tax exemption for purely public charities, although property was not open to the public; preservation and maintenance of property would not be within resources of general public, property was accessible to general public through museum operated on site, and historic and architectural features of building could be publicly viewed and appreciated.

Taxpayer's maintenance and preservation of historic building had relieved Commonwealth of its assumed burden of preserving and maintaining historic structures, as weighed in favor of finding that taxpayer was purely public charity exempt from property taxes pursuant to provision of state constitution and statute providing for real property tax exemption for purely public charities, although Commonwealth was not statutorily required to preserve historic structures; Environmental Rights Amendment (ERA) to state constitution and statute declaring policy that Commonwealth was trustee for the preservation of the historic values of the environment vested Pennsylvania Historical and Museum Commission with duty to conserve and maintain historic structures.

Revenue that taxpayer received from tenants occupying offices in historic building that taxpayer owned did not preclude taxpayer from receiving exemption from property taxes as a purely public charity; property operated at substantial loss that was subsidized by taxpayer's parent entity, and tenants benefited from taxpayer's mission of preserving and maintaining the property as taxpayer provided heat, electricity, ventilation, air conditioning, basic janitorial services, repairs, and exterior maintenance to all tenants.

Taxpayer was entitled to 100% exemption from property taxes assessed by school district as a purely public charity pursuant to provision of state constitution and statute providing for real property tax exemption for purely public charities, where rents collected by property were used to support its charitable purpose of preserving and maintaining historic property by offsetting some of the expense to maintain it, and property had operated at a deficit.