

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 205 Session of 2011

INTRODUCED BY SCAVELLO, CALTAGIRONE, CARROLL, GEIST, GODSHALL,  
GROVE, HORNAMAN AND PICKETT, JANUARY 25, 2011

REFERRED TO COMMITTEE ON FINANCE, JANUARY 25, 2011

AN ACT

1 Providing for supplemental State-funded tax relief; and  
2 establishing the Supplemental Homeowner Property Tax Relief  
3 Fund.

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

6 CHAPTER 1

7 PRELIMINARY PROVISIONS

8 Section 1. Short title.

9 This act shall be known and may be cited as the Supplemental  
10 Homeowner Property Tax Relief Act.

11 Section 102. Definitions.

12 The following words and phrases when used in this act shall  
13 have the meanings given to them in this section unless the  
14 context clearly indicates otherwise:

15 "Allocation maximum." A numerical value of 0.30.

16 "Allocation minimum." A numerical value of 0.225.

17 "Average daily membership." As used in the act of March 10,  
18 1949 (P.L.30, No.14), known as the Public School Code of 1949.

1 "Department." The Department of Education of the  
2 Commonwealth.

3 "Equalized millage." The term shall have the same usage as  
4 defined in section 2501(9.2) of the act of March 10, 1949 (P.L.  
5 30, No.14), known as the Public School Code of 1949.

6 "Farmstead." As defined in 53 Pa.C.S. § 8582 (relating to  
7 definitions).

8 "Fund." The Supplemental Homeowner Property Tax Relief Fund.

9 "Homestead." As defined in 53 Pa.C.S. § 8401 (relating to  
10 definitions).

11 "Real property tax." The total dollar value of real property  
12 taxes paid by property owners in a school district determined by  
13 adding the real property taxes collected by or on behalf of the  
14 school district plus all State allocations received pursuant to  
15 the act of June 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known  
16 as the Taxpayer Relief Act.

17 "Real property tax liability." The assessed value of the  
18 real property of the taxpayer multiplied by the millage rate of  
19 the school district.

20 "Residential property tax." The dollar value of real  
21 property taxes paid by residential property owners in a school  
22 district, determined by multiplying:

23 (1) the real property taxes collected by the school  
24 district; by

25 (2) the percentage of the total property value in the  
26 school district classified as residential by the State Tax  
27 Equalization Board.

28 "School district." A school district of the first class,  
29 first class A, second class, third class or fourth class.

30 "School district of the first class." Includes the governing

1 body of a city of the first class.

2 "Secretary." The Secretary of the Budget of the  
3 Commonwealth.

4 "Tax Reform Code." The act of March 4, 1971 (P.L.6, No.2),  
5 known as the Tax Reform Code of 1971.

6 "Taxpayer." A person required to pay a real property tax.

7 CHAPTER 3

8 SUPPLEMENTAL HOMEOWNER PROPERTY TAX RELIEF FUND

9 Section 301. Establishment.

10 There is hereby established in the State Treasury a  
11 restricted receipts account to be known as the Supplemental  
12 Homeowner Property Tax Relief Fund.

13 Section 302. Nonlapse.

14 The money in the fund is continuously appropriated to the  
15 fund and shall not lapse at the end of any fiscal year.

16 CHAPTER 5

17 STATE TAXATION

18 Section 501. Sales and use surtax.

19 In addition to the tax imposed under Article II of the Tax  
20 Reform Code, there shall be a surtax equal to 1.0% imposed on  
21 the purchase price of property and services subject to taxation  
22 under Article II of the Tax Reform Code. The surtax shall be in  
23 addition to the tax imposed under Article II of the Tax Reform  
24 Code.

25 Section 502. Construction.

26 The sales and use surtax imposed by this chapter shall be in  
27 addition to any tax imposed under Article II of the Tax Reform  
28 Code. The provisions of Article II of the Tax Reform Code shall  
29 apply to the definitions, imposition and implementation of the  
30 surtax.

1 Section 503. Computation of sales and use tax.

2 Within 30 days of the effective date of this section, the  
3 Department of Revenue shall establish a schedule for the  
4 computation of the State sales and use tax and the State sales  
5 and use surtax as established under this chapter. The Department  
6 of Revenue shall publish the schedule providing for the  
7 computation of the State sales and use tax and the State sales  
8 and use surtax in the next succeeding publication of the  
9 Pennsylvania Bulletin following establishment of the schedule.

10 Section 504. Personal income surtax.

11 In addition to the tax imposed under Article III of the Tax  
12 Reform Code, there shall be a surtax equal to 0.22% imposed on  
13 the taxable income of resident and nonresident individuals as  
14 provided for under Article III of the Tax Reform Code. The  
15 surtax shall be in addition to the tax imposed under Article III  
16 of the Tax Reform Code.

17 Section 505. Construction.

18 The personal income surtax imposed by this chapter shall be  
19 in addition to any tax imposed under Article III of the Tax  
20 Reform Code. The provisions of Article III of the Tax Reform  
21 Code shall apply to the definitions, imposition and  
22 implementation of the surtax.

23 Section 506. Notification of personal income surtax.

24 The Department of Revenue shall publish the personal income  
25 tax rate along with the personal income surtax rate in the next  
26 succeeding publication of the Pennsylvania Bulletin following  
27 the effective date of this section.

28 Section 507. Transfer to fund.

29 Within 30 days of the close of any calendar month, all  
30 revenue generated in the previous month from the sales and use

1 surtax and personal income surtax imposed under this chapter  
2 shall be transferred to the fund.

## 3 CHAPTER 7

### 4 FORMULA

#### 5 Section 701. Certification.

6 (a) Initial.--By April 15, 2011, the secretary shall certify  
7 the total amount of revenue that is reasonably projected to be  
8 deposited into the fund for the period through June 30, 2012.

9 (b) Annual.--Beginning by April 15, 2012, and each April 15  
10 thereafter, the secretary shall certify the total amount of  
11 revenue that is reasonably expected to be deposited into the  
12 fund during the immediately following fiscal year.

13 (c) Excess.--If the actual revenue deposited into the fund  
14 in any one fiscal year exceeds the amount certified in this  
15 section, any revenue in excess of projections shall remain in  
16 the fund and shall be included in the certification for the  
17 subsequent fiscal year.

18 (d) Shortage.--If the actual revenue deposited into the fund  
19 in any one fiscal year is less than the amount certified in this  
20 section, the amount certified for the subsequent fiscal year  
21 shall be reduced by the difference between the amount certified  
22 and the actual revenue deposited.

#### 23 Section 702. Notification.

24 By April 20, 2011, and each April 20 thereafter, the  
25 secretary shall notify the department of the amount certified  
26 pursuant to section 701 for calculation of the allocation for  
27 each school district under section 703.

#### 28 Section 703. State allocation.

29 (a) Calculation.--The department shall calculate the State  
30 allocation pursuant to this chapter for each school district as

1 follows:

2 (1) For the 2011-2012 fiscal year:

3 (i) Multiply the school district's 2008-2009 average  
4 daily membership by the school district's 2008-2009  
5 equalized millage.

6 (ii) Multiply the product under subparagraph (i) by  
7 the dollar amount necessary to allocate all of the money  
8 in the fund as certified under section 701.

9 (iii) If the allocation under this paragraph is less  
10 than the product of the residential property taxes  
11 collected during the 2008-2009 fiscal year and the  
12 allocation minimum for a school district, the school  
13 district shall receive an additional amount so that the  
14 total allocation under this paragraph is equal to the  
15 product of the residential property taxes collected  
16 during the 2008-2009 fiscal year and the allocation  
17 minimum.

18 (iv) If the allocation under this paragraph is  
19 greater than the product of the residential property  
20 taxes collected during the 2008-2009 fiscal year and the  
21 allocation maximum for a school district, the school  
22 district shall receive a total allocation equal to the  
23 product of the residential property taxes collected  
24 during the 2008-2009 fiscal year and the allocation  
25 maximum.

26 (2) For subsequent fiscal years:

27 (i) Multiply the school district's average daily  
28 membership for the third fiscal year immediately  
29 preceding the fiscal year for which the allocation is  
30 being made by the school district's equalized millage for

1 the third fiscal year immediately preceding the fiscal  
2 year for which the allocation is being made.

3 (ii) Multiply the product under subparagraph (i) by  
4 the dollar amount necessary to allocate all of the money  
5 in the fund as certified under section 701.

6 (iii) If the allocation under this paragraph is less  
7 than the product of the residential property taxes  
8 collected during the third fiscal year immediately  
9 preceding the fiscal year for which the allocation is  
10 being made and the allocation minimum for a school  
11 district, the school district shall receive an additional  
12 amount so that the total allocation under this paragraph  
13 is equal to the product of the residential property taxes  
14 collected during the third fiscal year immediately  
15 preceding the fiscal year for which the allocation is  
16 being made and the allocation minimum.

17 (iv) If the allocation under this paragraph is  
18 greater than the product of the residential property  
19 taxes collected during the third fiscal year immediately  
20 preceding the fiscal year for which the allocation is  
21 being made and the allocation maximum for a school  
22 district, the school district shall receive a total  
23 allocation equal to the product of the residential  
24 property taxes collected during the third fiscal year  
25 immediately preceding the fiscal year for which the  
26 allocation is being made and the allocation maximum.

27 (b) Notice.--By May 15, 2011, and each May 15 thereafter,  
28 the department shall notify each school district of the amount  
29 of the State allocation it is eligible to receive.

30 (c) Payment.--For each fiscal year commencing after June 30,

1 2011, the department shall pay from the fund to each school  
2 district a State allocation, which shall be divided into two  
3 payments. The first payment, which shall be equal to 80% of the  
4 district's State allocation, shall be made on the last Thursday  
5 of August. The second payment, which shall equal the remainder  
6 of the State allocation, shall be made on the last Thursday of  
7 October.

8 (d) Cities of the first class.--In accordance with 53  
9 Pa.C.S. § 8584 (relating to administration and procedure), the  
10 State allocation for a school district of the first class shall  
11 be paid by the department to a city of the first class for use  
12 by the city for homestead and farmstead exclusions.

## 13 CHAPTER 9

### 14 HOMESTEAD AND FARMSTEAD EXCLUSION

15 Section 901. Homestead and farmstead exclusion process.

16 (a) Calculation.--Each year in which a school district  
17 receives a local property tax reduction allocation pursuant to  
18 this act, the school district shall calculate a homestead and  
19 farmstead exclusion that is equal to the lesser of:

20 (1) the maximum amount of homestead or farmstead  
21 exclusion authorized by 53 Pa.C.S. § 8586 (relating to  
22 limitations); or

23 (2) the amount of State allocation the district is  
24 eligible to receive.

25 (b) Resolution.--The school district shall adopt a  
26 resolution implementing the homestead and farmstead exclusion  
27 calculated under subsection (a). The resolution shall state the  
28 maximum amount of homestead or farmstead exclusion an owner of a  
29 homestead or farmstead may receive. A resolution may not  
30 authorize a homestead or farmstead exclusion that exceeds the



1 amount authorized by 53 Pa.C.S. § 8586.

2 Section 902. School district tax notices.

3 (a) Tax notice.--School districts shall itemize the  
4 homestead and farmstead exclusion on tax bills sent to homestead  
5 and farmstead owners, indicating the original amount of real  
6 property tax liability, the amount of the exclusion and the net  
7 amount of tax due after the exclusion is applied. The tax bill  
8 shall be easily understandable and include a notice pursuant to  
9 subsection (b).

10 (b) Notice of property tax relief.--School districts shall  
11 include with the homestead or farmstead owner's tax bill a  
12 notice that the tax bill includes a homestead or farmstead  
13 exclusion.

14 CHAPTER 11

15 DEBT

16 Section 1101. Borrowing.

17 Tax anticipation notes may be issued under Article XVI-A of  
18 the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal  
19 Code, in anticipation of revenue under this act that is  
20 authorized to be transferred to the fund under section 507.

21 CHAPTER 52

22 MISCELLANEOUS PROVISIONS

23 Section 5201. Effective date.

24 This act shall take effect as follows:

25 (1) Sections 501, 502 and 503 shall take effect June 1,  
26 2011.

27 (2) Sections 504, 505 and 506 shall take effect July 1,  
28 2011.

29 (3) The remainder of this act shall take effect  
30 immediately.