

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 598 Session of
1989

INTRODUCED BY PERZEL, MRKONIC, RYBAK, KOSINSKI, CORNELL,
DIETTERICK, NAHILL, COLAIZZO, CAWLEY, FARGO, CIVERA, RITTER,
J. TAYLOR, ROBINSON, GANNON, OLASZ, SERAFINI AND ACOSTA,
FEBRUARY 15, 1989

REFERRED TO COMMITTEE ON YOUTH AND AGING, FEBRUARY 15, 1989

AN ACT

1 Authorizing economically disadvantaged senior citizens to defer
2 their property tax liabilities.

3 In recognition of the severe economic plight of certain
4 senior citizens and permanently disabled persons with fixed and
5 limited income who own real property and who are faced with
6 rising living costs and constantly increasing property tax
7 burdens, and in recognition that the State Lottery Fund created
8 by the act of August 26, 1971 (P.L.351, No.91), known as the
9 State Lottery Law, does not generate sufficient revenue in order
10 to pay the full amount of percentage refunds of property tax
11 allowed by section 4(a) of the act of March 11, 1971 (P.L.104,
12 No.3), known as the Senior Citizens Rebate and Assistance Act,
13 but can only pay refunds less than or equal to \$400, and in
14 recognition that property tax millage increases, assessment
15 ratio adjustments and reassessments can have devastating impacts
16 on elderly persons living on fixed incomes, the General
17 Assembly, pursuant to section 2(b) of Article VIII of the

1 Constitution of Pennsylvania, considers it to be a matter of
2 sound public policy to allow economically disadvantaged senior
3 citizens to defer their property tax liabilities and to remain
4 in peaceful possession of their homesteads.

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

7 Section 1. Short title.

8 This act shall be known and may be cited as the Senior
9 Citizens Property Tax Deferral Act.

10 Section 2. Definitions.

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

14 "Base payment." The amount of property tax paid by the
15 claimant either in the tax year beginning January 1, 1989, or in
16 the first tax year during which the claimant or the claimant's
17 spouse first becomes eligible, whichever occurs later, on the
18 personal residence in which the claimant has maintained
19 continuous occupancy and ownership since either January 1, 1989,
20 or the date upon which either the claimant or the claimant's
21 spouse first became eligible. In the event the claimant
22 purchases a residence after January 1, 1989, or after the date
23 upon which either the claimant or the claimant's spouse first
24 becomes eligible, the base payment means property taxes paid
25 during the tax year in which the purchase was made.

26 "Household income." All income, from whatever source
27 derived, received during a calendar year by the claimant and by
28 the claimant's spouse while residing in the homestead. The term
29 does not include income from interest or dividends.

30 "Increases in property taxes." The additional payments due

1 above the base amount, resulting from millage increases,
2 modifications in the assessment ratio or assessment increase.

3 Section 3. Eligible applicants.

4 To be eligible for a deferral under this act, a claimant
5 shall be 65 years of age or older or permanently disabled and
6 shall have a household income of less than \$12,000.

7 Section 4. Tax deferral.

8 All persons who meet the eligibility requirements contained
9 herein shall be entitled to a real estate tax deferral amounting
10 to the lesser of the following:

11 (1) The increase in real property taxes in excess of the
12 claimant's base payment.

13 (2) The total amount that a claimant who is also
14 eligible and receives a rebate under the act of March 11,
15 1971 (P.L.104, No.3), known as the Senior Citizens Rebate and
16 Assistance Act, would be entitled to receive under that act
17 were there no maximum rebate, less such maximum.

18 No tax deferrals shall be granted if the total amount of
19 deferred taxes, plus the total amount of all other unsatisfied
20 liens on the homestead of the claimant, exceeds 85% of the
21 market value of the homestead, or if the outstanding principal
22 on the primary mortgage financing on the homestead is an amount
23 which exceeds 70% of the market value of the homestead. Market
24 value shall equal assessed value divided by the ratio of
25 assessed to market value as most recently determined by the
26 State Tax Equalization Board for the school district in which
27 the property is located.

28 Section 5. Application procedure.

29 Any person eligible for tax deferrals under section 3 may
30 apply for such deferrals by filing with the taxing authorities

1 the following documents:

2 (1) A statement of request for tax deferrals.

3 (2) A certification that the claimant, the claimant's
4 spouse, or the claimant and his or her spouse jointly are the
5 owners in fee simple of the residence upon which the property
6 taxes are imposed.

7 (3) A certification that the claimant's residence is
8 adequately insured to the extent of all outstanding liens.

9 (4) Receipts showing prompt payment of the current
10 year's property tax liability.

11 Section 6. Contents of application.

12 Forms distributed to claimants under section 5 shall:

13 (1) Clearly state the tax deferral granted pursuant to
14 this act is provided in exchange for a lien against the
15 homestead of the claimant.

16 (2) Explain the manner in which the deferred taxes shall
17 become due, payable and delinquent.

18 Section 7. Attachment and satisfaction of liens.

19 (a) Nature of lien.--All taxes deferred under this act shall
20 constitute a prior lien on the homestead of the claimant in
21 favor of the taxing authority and shall attach as of the date
22 and in the same manner and shall be collected as other liens for
23 taxes, but such deferred taxes shall be due, payable and
24 delinquent only as provided in this act, and no interest shall
25 be collected on the lien.

26 (b) Payment.--All or part of the deferred taxes may at any
27 time be paid to the taxing authority by:

28 (1) the owner of the property or the spouse of the
29 owner; or

30 (2) the next of kin of the owner, heir of the owner or

1 child of the owner or any person having or claiming a legal
2 or equitable interest in the property, provided no objection
3 is made by the owner within 30 days after the tax collector
4 notifies the owner of the fact that such payment has been
5 tendered.

6 Section 8. Applicability.

7 This act shall apply to tax years beginning January 1, 1990.

8 Section 9. Effective date.

9 This act shall take effect immediately.