

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1461 Session of  
1993

INTRODUCED BY MILLER, PETRONE, LYNCH, ARGALL, STERN, TRELLO,  
CARONE, WOGAN, PLATTS, FAIRCHILD, GEIST, LAUGHLIN, FLICK,  
SAURMAN, ROBERTS, DENT, PETTIT, FARMER, GERLACH, MICOZZIE AND  
CORNELL, APRIL 27, 1993

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, APRIL 27, 1993

AN ACT

1 Authorizing local taxing authorities to establish a real estate  
2 tax deferral program for certain persons.

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

5 Section 1. Short title.

6 This act shall be known and may be cited as the Tax Deferment  
7 Program Act.

8 Section 2. Findings and legislative intent.

9 (a) Findings.--The General Assembly finds as follows:

10 (1) Many tax jurisdictions are forced into an increasing  
11 reliance on the real property tax.

12 (2) The high level of real property taxes in some taxing  
13 jurisdictions makes it difficult for many individuals to keep  
14 a home.

15 (3) The high level of real property taxes in many taxing  
16 jurisdictions creates a tremendous hardship on many  
17 taxpayers, especially those on fixed incomes.

1           (4) When counties conduct countywide reassessments many  
2       taxpayers experience substantial increases in their real  
3       property taxes.

4       (b) Intent.--It is the intent of the General Assembly to  
5       provide relief to residential property owners from tax increases  
6       caused by changes in the millage rate, or assessment rates or  
7       method or by a countywide reassessment. It is the further intent  
8       of the General Assembly to create a program which will allow  
9       counties, municipalities and school districts to defer the  
10      increased portion of real property taxes when certain conditions  
11      are met.

#### 12   Section 3. Definitions.

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

16      "Base payment." The amount of property tax paid by an  
17      applicant in the base year.

18      "Base year." The tax year preceding the first tax year for  
19      which a taxing authority implements the provisions of this act  
20      or the tax year immediately preceding an applicant's entry into  
21      the tax deferral program.

22      "Claimant." A person who qualifies as a claimant under the  
23      provisions of the act of March 11, 1971 (P.L.104, No.3), known  
24      as the Senior Citizens Rebate and Assistance Act, whether or not  
25      a claim is filed under that act and whose household income does  
26      not exceed the limit provided for in section 5.

27      "Homestead." Real property which qualifies as a homestead  
28      under the provisions of the act of March 11, 1971 (P.L.104,  
29      No.3), known as the Senior Citizens Rebate and Assistance Act,  
30      except real property which is rented or leased to a claimant.

1 "Household income." All income as defined in the act of  
2 March 11, 1971 (P.L.104, No.3), known as the Senior Citizens  
3 Rebate and Assistance Act, received by the claimant and by the  
4 claimant's spouse while residing in the homestead during the  
5 calendar year for which a tax deferral is claimed.

6 "Increases in property taxes." An increase in the property  
7 tax above the base payment, resulting from a millage increase, a  
8 change in the assessment ratio or method, or any other reason.

9 "Taxing authority." A county, city, borough, town, township  
10 and school district.

#### 11 Section 4. Authority.

12 All taxing authorities shall have the power and authority to  
13 grant annual tax deferrals in the manner provided in this act.

#### 14 Section 5. Income eligibility.

15 (a) First year of enactment.--During the first calendar year  
16 this act takes effect, a person shall be eligible for a tax  
17 deferral if the person has a household income of \$15,000 or  
18 less.

19 (b) Subsequent years.--The amount of household income  
20 provided for in subsection (a) shall be increased \$500 each  
21 calendar year following the calendar year this act takes effect.

#### 22 Section 6. Tax deferral.

23 (a) Amount.--An annual real estate tax deferral granted  
24 under this act shall equal the increase in real property taxes  
25 in excess of the person's base payment.

26 (b) Prohibition.--No tax deferrals shall be granted if the  
27 total amount of deferred taxes, plus the total amount of all  
28 other unsatisfied liens on the homestead of the claimant,  
29 exceeds 85% of the market value of the homestead or if the  
30 outstanding principal on any and all mortgages on the homestead

1 exceeds 70% of the market value of the homestead. Market value  
2 shall equal assessed value divided by the common level ratio as  
3 most recently determined by the State Tax Equalization Board for  
4 the county in which the property is located.

5 Section 7. Application procedure.

6 (a) Initial application.--Any person eligible for a tax  
7 deferral under this act may apply annually to the taxing  
8 authority. In the initial year of application the following  
9 information shall be provided in the manner required by the  
10 taxing authority:

11 (1) A statement of request for the tax deferral.

12 (2) A certification that the applicant or the applicant  
13 and his or her spouse jointly are the owners in fee simple  
14 and residents of the property upon which the real property  
15 taxes are imposed.

16 (3) A certification that the applicant's residence is  
17 adequately insured under a homeowner's policy to the extent  
18 of all outstanding liens.

19 (4) Receipts showing timely payment of the current  
20 year's nondeferred real property tax liability.

21 (5) Proof of income eligibility under section 5.

22 (b) Subsequent years.--After the initial entry into the  
23 program a claimant shall remain eligible for tax deferral in  
24 subsequent years so long as the claimant continues to meet the  
25 eligibility requirements of this act.

26 Section 8. Contents of application.

27 Any application for a tax deferral distributed to persons  
28 shall contain the following:

29 (1) A statement that the tax deferral granted under this  
30 act is provided in exchange for a lien against the homestead

of the applicant.

(2) An explanation of the manner in which the deferred taxes shall become due, payable and delinquent and include, at a minimum, the consequences of noncompliance with the provisions of this act.

#### Section 9. Attachment and satisfaction of liens.

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

#### (b) Payment.--

(1) All or part of the deferred taxes may at any time be paid to the taxing authority.

(2) In the event that the deferred taxes are not paid by the claimant or the claimant's spouse during his or her lifetime or during their continued ownership of the property, the deferred taxes shall be paid either:

(i) prior to the conveyance of the property to any third party; or

(ii) prior to the passing of the legal or equitable title, either by will or by statute, to the heirs of the claimant or the claimant's spouse.

(3) The surviving spouse of a claimant shall not be required to pay the deferred taxes by reason of his or her acquisition of the property due to death of the claimant as long as the surviving spouse maintains his or her residence

1       in the property. The surviving spouse may continue to  
2       participate in the tax deferral program in subsequent years  
3       provided he or she is eligible under the provisions of this  
4       act.

5   Section 10.   Effective date.

6       This act shall take effect in 60 days.