

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1742 Session of
2011

INTRODUCED BY PETRI, JUNE 28, 2011

REFERRED TO COMMITTEE ON FINANCE, JUNE 28, 2011

AN ACT

1 Providing for the elimination of property tax for older
2 Pennsylvanians, for a one-year cap on real property tax
3 increases for school property tax purposes and for the
4 elimination of authority to levy real property taxes for the
5 support of public schools; imposing additional duties on the
6 Department of Education; providing for the transfer of
7 certain funds; and making related repeals.

8 The General Assembly of the Commonwealth of Pennsylvania
9 hereby enacts as follows:

10 Section 1. Short title.

11 This act shall be known and may be cited as the Pennsylvania
12 Property Tax Elimination Act.

13 Section 2. Legislative intent and purpose.

14 (1) The General Assembly, in recognition of the powers
15 contained in section 2(b)(ii) of Article VIII of the
16 Constitution of Pennsylvania, which provides for the
17 establishment as a class or classes of subjects of taxation
18 on the property or privileges of persons who, because of
19 poverty, are determined to be in need of special tax
20 provisions, declares as its legislative intent and purpose to
21 implement that power under that constitutional provision by

1 establishing special tax provisions as provided under this
2 act.

3 (2) The General Assembly, having determined that there
4 are persons within this Commonwealth whose ages and incomes
5 are such that imposition of a property tax on them would
6 deprive them of the bare necessities of life, deems it to be
7 a matter of public policy to provide special tax provisions
8 for that class of persons to relieve their economic burden.

9 (3) The General Assembly finds and declares that a one-
10 year cap on school district real property taxes and the
11 elimination of authority to levy real property taxes for
12 support of the public schools is the most effective means to
13 promote a more equitable funding method for the support of
14 public education in this Commonwealth.

15 Section 3. Definitions.

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

19 "Claimant." An individual who seeks assistance under section
20 5.

21 "Department." The Department of Revenue of the Commonwealth.

22 "Household income." All income received by a claimant and
23 the claimant's spouse while residing in the homestead during the
24 calendar year for which a rebate is claimed.

25 "Program." The Property Tax Assistance Program.

26 "Property tax." A tax levied by a school district on real
27 property.

28 "Taxpayer." Any person or entity who or which is subject to
29 a levy assessed on real property for the support of any public
30 school district in this Commonwealth.

1 Section 4. Administration.

2 The department shall have the following powers and duties in
3 the administration of section 6:

4 (1) Implementing the program.

5 (2) Prescribing an application form under section 5(c)
6 (1)(i).

7 (3) Promulgating regulations to implement section 6(c)
8 and (d).

9 Section 5. Administration by Department of Education.

10 The Department of Education shall have the following powers
11 and duties:

12 (1) In addition to any reports required under section
13 311 of the act of June 27, 2006 (1st Sp.Sess., P.L.1873,
14 No.1), known as the Taxpayer Relief Act, the department shall
15 require all school districts to report the difference between
16 the revenues raised under the real property tax rate cap
17 established under section 7(a) of this act for the fiscal
18 year 2009-2010 and the amount of revenues that would
19 otherwise be permitted to be generated under the provisions
20 of the Taxpayer Relief Act.

21 (2) Calculate an amount of money necessary to distribute
22 to each school district the revenue necessary to make up the
23 difference between the revenues received and the revenues
24 that would otherwise be permitted to be generated under the
25 provisions of the Taxpayer Relief Act. If insufficient funds
26 exist to meet all the required costs, the department shall
27 reduce each school district allocation pro rata.

28 (3) Provide for the payment of each school district's
29 allocation under paragraph (2).

30 Section 6. Property Tax Assistance Program.

1 (a) Establishment.--The department shall establish the
2 Property Tax Assistance Program to assist eligible claimants in
3 the payment of school property taxes.

4 (b) Eligibility.--To be eligible to participate in the
5 program, a claimant must comply with all of the following:

6 (1) Be over 65 years of age.

7 (2) Have an annual household income of not more than
8 \$40,000.

9 (c) Application.--The following shall apply:

10 (1) To participate in the program, a claimant must
11 submit to the department all of the following:

12 (i) An application on a form prescribed by the
13 department establishing eligibility under subsection (b).

14 (ii) The school property tax bill for which
15 assistance is sought.

16 (2) The material under paragraph (1) must be submitted
17 within 45 days of the date the property tax relating to the
18 school property tax bill under paragraph (1)(ii) is due.

19 (d) Determination.--The following shall apply:

20 (1) Within 15 days of receipt of an application under
21 subsection (c), the department shall determine if the
22 claimant is eligible or ineligible and shall notify the
23 claimant of its determination.

24 (2) Failure to comply with the time requirement under
25 paragraph (1) shall be deemed a determination of
26 ineligibility.

27 (3) A determination of ineligibility under paragraph (1)
28 or (2) shall be subject to 2 Pa.C.S. Ch. 7 Subch. A (relating
29 to judicial review of Commonwealth agency action).

30 (e) Payment.--For each eligible claimant, the department

1 shall pay the tax bill under subsection (c)(1)(ii) in whole from
2 the Property Tax Relief Fund. Payment shall be mailed to the
3 claimant and shall be made out to the school district to which
4 the claimant is liable for property taxes.

5 Section 7. Real property tax rate cap and tax authority
6 elimination.

7 (a) Tax rate limitation.--For the tax year for school
8 districts beginning after December 31, 2012, no school district
9 or taxing authority on behalf of a school district shall have
10 any authority to increase the rate of tax levied and assessed on
11 real property beyond the rate of tax imposed for the school tax
12 year beginning immediately after December 31, 2011.

13 (b) Elimination of real property tax authority.--For all tax
14 years beginning after December 31, 2013, no school district and
15 no taxing authority acting on behalf of a school district shall
16 have any power to levy and assess any tax on real property for
17 the support of public education.

18 Section 8. Transfers.

19 (a) Annual transfer.--The State Treasurer shall transfer
20 \$150,000,000 annually from the State Lottery Fund established by
21 the act of August 26, 1971 (P.L.351, No.91), known as the State
22 Lottery Law, to the Property Tax Relief Fund for payment of
23 claims under this act.

24 (b) Single transfer.--On the effective date of this section,
25 the State Treasurer shall transfer any money in the Property Tax
26 Relief Reserve Fund to the Property Tax Relief Fund.

27 (c) Transfer from Tax Stabilization Reserve Fund.--Effective
28 September 1, 2012, all moneys in the Tax Stabilization Reserve
29 Fund shall be transferred to the Property Tax Relief Fund and be
30 used solely for the purposes of payments to school districts

1 under section 5.

2 Section 9. Repeals.

3 (1) The General Assembly declares that the repeals under
4 paragraphs (2) and (3) are necessary to effectuate this act.

5 (2) Article XVII-A of the act of April 9, 1929 (P.L.343,
6 No.176), known as The Fiscal Code, is repealed.

7 (3) Sections 501, 502, 503(c), (d) and (e), 505, 704 and
8 Chapter 13 of the act of June 27, 2006 (1st Sp.Sess.,
9 P.L.1873, No.1), known as the Taxpayer Relief Act, are
10 repealed.

11 Section 10. Effective date.

12 This act shall take effect immediately.