

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 768 Session of 2017

INTRODUCED BY COSTA, HUGHES, BLAKE, FONTANA, TARTAGLIONE,  
FARNESE, YUDICHAK, HAYWOOD AND BREWSTER, JUNE 15, 2017

REFERRED TO FINANCE, JUNE 15, 2017

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An  
2 act relating to tax reform and State taxation by codifying  
3 and enumerating certain subjects of taxation and imposing  
4 taxes thereon; providing procedures for the payment,  
5 collection, administration and enforcement thereof; providing  
6 for tax credits in certain cases; conferring powers and  
7 imposing duties upon the Department of Revenue, certain  
8 employers, fiduciaries, individuals, persons, corporations  
9 and other entities; prescribing crimes, offenses and  
10 penalties," in sales and use tax, further providing for  
11 imposition of tax, repealing provisions relating to  
12 computation of tax, providing for tax table and further  
13 providing for alternate imposition of tax and credits and for  
14 hotel occupancy tax imposition; in personal income tax,  
15 further providing for imposition of tax; providing for school  
16 district property tax and rent rebates; and establishing the  
17 School District Property Tax and Rent Rebate Fund.

18 The General Assembly of the Commonwealth of Pennsylvania  
19 hereby enacts as follows:

20 Section 1. Section 202 of the act of March 4, 1971 (P.L.6,  
21 No.2), known as the Tax Reform Code of 1971, is amended to read:

22 Section 202. Imposition of Tax.--(a) There is hereby  
23 imposed upon each separate sale at retail of tangible personal  
24 property or services, as defined herein, within this  
25 Commonwealth a tax of six and six-tenths per cent of the

1 purchase price, which tax shall be collected by the vendor from  
2 the purchaser, and shall be paid over to the Commonwealth as  
3 herein provided.

4 (b) There is hereby imposed upon the use, on and after the  
5 effective date of this article, within this Commonwealth of  
6 tangible personal property purchased at retail on or after the  
7 effective date of this article, and on those services described  
8 herein purchased at retail on and after the effective date of  
9 this article, a tax of six and six-tenths per cent of the  
10 purchase price, which tax shall be paid to the Commonwealth by  
11 the person who makes such use as herein provided, except that  
12 such tax shall not be paid to the Commonwealth by such person  
13 where he has paid the tax imposed by subsection (a) of this  
14 section or has paid the tax imposed by this subsection (b) to  
15 the vendor with respect to such use. [The tax at the rate of six  
16 per cent imposed by this subsection shall not be deemed  
17 applicable where the tax has been incurred under the provisions  
18 of the "Tax Act of 1963 for Education."]

19 (c) Notwithstanding any other provisions of this article,  
20 the tax with respect to telecommunications service within the  
21 meaning of clause (m) of section 201 of this article shall,  
22 except for telegrams paid for in cash at telegraph offices, be  
23 computed at the rate of six and six-tenths per cent upon the  
24 total amount charged to customers for such services,  
25 irrespective of whether such charge is based upon a flat rate or  
26 upon a message unit charge, but in no event shall charges for  
27 telephone calls paid for by inserting money into a telephone  
28 accepting direct deposits of money to operate be subject to this  
29 tax. A telecommunications service provider shall have no  
30 responsibility or liability to the Commonwealth for billing,

1 collecting or remitting taxes that apply to services, products  
2 or other commerce sold over telecommunications lines by third-  
3 party vendors. To prevent actual multistate taxation of  
4 interstate telecommunications service, any taxpayer, upon proof  
5 that the taxpayer has paid a similar tax to another state on the  
6 same interstate telecommunications service, shall be allowed a  
7 credit against the tax imposed by this section on the same  
8 interstate telecommunications service to the extent of the  
9 amount of such tax properly due and paid to such other state.

10 (d) Notwithstanding any other provisions of this article,  
11 the sale or use of food and beverages dispensed by means of coin  
12 operated vending machines shall be taxed at the rate of six and  
13 six-tenths per cent of the receipts collected from any such  
14 machine which dispenses food and beverages heretofore taxable.

15 (e) (1) Notwithstanding any provisions of this article, the  
16 sale or use of prepaid telecommunications evidenced by the  
17 transfer of tangible personal property shall be subject to the  
18 tax imposed by subsections (a) and (b).

19 (2) The sale or use of prepaid telecommunications not  
20 evidenced by the transfer of tangible personal property shall be  
21 subject to the tax imposed by subsections (a) and (b) and shall  
22 be deemed to occur at the purchaser's billing address.

23 (3) Notwithstanding clause (2), the sale or use of prepaid  
24 telecommunications service not evidenced by the transfer of  
25 tangible personal property shall be taxed at the rate of six and  
26 six-tenths per cent of the receipts collected on each sale if  
27 the service provider elects to collect the tax imposed by this  
28 article on receipts of each sale. The service provider shall  
29 notify the department of its election and shall collect the tax  
30 on receipts of each sale until the service provider notifies the

1 department otherwise.

2 (e.1) (1) Notwithstanding any other provision of this  
3 article, the sale or use of prepaid mobile telecommunications  
4 service evidenced by the transfer of tangible personal property  
5 shall be subject to the tax imposed by subsections (a) and (b).

6 (2) The sale or use of prepaid mobile telecommunications  
7 service not evidenced by the transfer of tangible personal  
8 property shall be subject to the tax imposed by subsections (a)  
9 and (b) and shall be deemed to occur at the purchaser's billing  
10 address or the location associated with the mobile telephone  
11 number or the point of sale, whichever is applicable.

12 (3) Notwithstanding clause (2), the sale or use of prepaid  
13 mobile telecommunications service not evidenced by the transfer  
14 of tangible personal property shall be taxed at the rate of six  
15 and six-tenths per cent of the receipts collected on each sale  
16 if the service provider elects to collect the tax imposed by  
17 this article on receipts of each sale. The service provider  
18 shall notify the department of its election and shall collect  
19 the tax on receipts of each sale until the service provider  
20 notifies the department otherwise.

21 (f) Notwithstanding any other provision of this article, tax  
22 with respect to sales of prebuilt housing shall be imposed on  
23 the prebuilt housing builder at the time of the prebuilt housing  
24 sale within this Commonwealth and shall be paid and reported by  
25 the prebuilt housing builder to the department in the time and  
26 manner provided in this article: Provided, however, That a  
27 manufacturer of prebuilt housing may, at its option, precollect  
28 the tax from the prebuilt housing builder at the time of sale to  
29 the prebuilt housing builder. In any case where prebuilt housing  
30 is purchased and the tax is not paid by the prebuilt housing

1 builder or precollected by the manufacturer, the prebuilt  
2 housing purchaser shall remit tax directly to the department if  
3 the prebuilt housing is used in this Commonwealth without regard  
4 to whether the prebuilt housing becomes a real estate structure.

5 (g) Notwithstanding any other provisions of this article and  
6 in accordance with the Mobile Telecommunications Sourcing Act (4  
7 U.S.C. § 116), the sale or use of mobile telecommunications  
8 services which are deemed to be provided to a customer by a home  
9 service provider under section 117(a) and (b) of the Mobile  
10 Telecommunications Sourcing Act shall be subject to the tax of  
11 six and six-tenths per cent of the purchase price, which tax  
12 shall be collected by the home service provider from the  
13 customer, and shall be paid over to the Commonwealth as herein  
14 provided if the customer's place of primary use is located  
15 within this Commonwealth, regardless of where the mobile  
16 telecommunications services originate, terminate or pass  
17 through. For purposes of this subsection, words and phrases used  
18 in this subsection shall have the same meanings given to them in  
19 the Mobile Telecommunications Sourcing Act.

20 Section 2. Section 203 of the act is repealed:

21 [Section 203. Computation of Tax.--The amount of tax imposed  
22 by section 202 of this article shall be computed as follows:

23 (a) If the purchase price is ten cents (10¢) or less, no tax  
24 shall be collected.

25 (b) If the purchase price is eleven cents (11¢) or more but  
26 less than eighteen cents (18¢), one cent (1¢) shall be  
27 collected.

28 (c) If the purchase price is eighteen cents (18¢) or more  
29 but less than thirty-five cents (35¢), two cents (2¢) shall be  
30 collected.

1 (d) If the purchase price is thirty-five cents (35¢) or more  
2 but less than fifty-one cents (51¢), three cents (3¢) shall be  
3 collected.

4 (e) If the purchase price is fifty-one cents (51¢) or more  
5 but less than sixty-eight cents (68¢), four cents (4¢) shall be  
6 collected.

7 (f) If the purchase price is sixty-eight cents (68¢) or more  
8 but less than eighty-five cents (85¢), five cents (5¢) shall be  
9 collected.

10 (g) If the purchase price is eighty-five cents (85¢) or more  
11 but less than one dollar and one cent (\$1.01), six cents (6¢)  
12 shall be collected.

13 (h) If the purchase price is more than one dollar (\$1.00),  
14 six per centum of each dollar of purchase price plus the above  
15 bracket charges upon any fractional part of a dollar in excess  
16 of even dollars shall be collected.]

17 Section 3. The act is amended by adding a section to read:

18 Section 203.1. Tax Table.--Within thirty days of the  
19 effective date of this section, the department shall prepare and  
20 publish as a notice in the Pennsylvania Bulletin a table setting  
21 forth the amount of tax imposed under section 202 for purchase  
22 prices that result in a tax containing a fraction of less than  
23 one cent (1¢).

24 Section 4. Sections 205, 210 and 302 of the act are amended  
25 to read:

26 Section 205. Alternate Imposition of Tax; Credits.--(a) If  
27 any person actively and principally engaged in the business of  
28 selling new or used motor vehicles, trailers or semi-trailers,  
29 and registered with the department in the "dealer's class,"  
30 acquires a motor vehicle, trailer or semi-trailer for the

1 purpose of resale, and prior to such resale, uses the motor  
2 vehicle, trailer or semi-trailer for a taxable use under this  
3 act, the person may pay a tax equal to six and six-tenths per  
4 cent of the fair rental value of the motor vehicle, trailer or  
5 semi-trailer during such use. This section shall not apply to  
6 the use of a vehicle as a wrecker, parts truck, delivery truck  
7 or courtesy car.

8 (b) A commercial aircraft operator who acquires an aircraft  
9 for the purpose of resale, or lease, or is entitled to claim  
10 another valid exemption at the time of purchase, and subsequent  
11 to such purchase, periodically uses the same aircraft for a  
12 taxable use under this act, may elect to pay a tax equal to six  
13 and six-tenths per cent of the fair rental value of the aircraft  
14 during such use.

15 Section 210. Imposition of Tax.--There is hereby imposed an  
16 excise tax of six and six-tenths per cent of the rent upon every  
17 occupancy of a room or rooms in a hotel in this Commonwealth,  
18 which tax shall be collected by the operator from the occupant  
19 and paid over to the Commonwealth as herein provided.

20 Section 302. Imposition of Tax.--(a) Every resident  
21 individual, estate or trust shall be subject to, and shall pay  
22 for the privilege of receiving each of the classes of income  
23 hereinafter enumerated in section 303, a tax upon each dollar of  
24 income received by that resident during that resident's taxable  
25 year at the rate [of three and seven hundredths per cent]  
26 prescribed under subsection (c).

27 (b) Every nonresident individual, estate or trust shall be  
28 subject to, and shall pay for the privilege of receiving each of  
29 the classes of income hereinafter enumerated in section 303 from  
30 sources within this Commonwealth, a tax upon each dollar of

1 income received by that nonresident during that nonresident's  
2 taxable year at the rate [of three and seven hundredths per  
3 cent] prescribed under subsection (c).

4 (c) The rate of tax to be imposed under this section shall  
5 be as follows:

6 (1) Three and seven hundredths per cent for taxable  
7 years commencing with or within calendar year 2004 through  
8 the first half of the taxable year commencing with or within  
9 calendar year 2017.

10 (2) Three and ninety-five hundredths per cent for the  
11 second half of the taxable year commencing with or within  
12 calendar year 2017 and each taxable year thereafter.

13 Section 5. The act is amended by adding an article to read:

14 ARTICLE XXIX-H

15 SCHOOL DISTRICT PROPERTY TAX AND RENT REBATES

16 Section 2901-H. Scope of article.

17 This article relates to school district property tax and rent  
18 rebates.

19 Section 2902-H. Definitions.

20 The following words and phrases when used in this article  
21 shall have the meanings given to them in this section unless the  
22 context clearly indicates otherwise:

23 "Assessor." The chief assessor of a county, the equivalent  
24 position in a home rule county or the equivalent position in a  
25 city of the third class that performs its own assessments of  
26 real property.

27 "Board." The Board of Finance and Revenue.

28 "City of the first class amount." The amount of the maximum  
29 rebate multiplied by the number of homestead exclusions awarded,  
30 as determined by the assessor and certified by the department in

1 a city of the first class.

2 "Claim." A rebate or a rent rebate authorized under this  
3 article.

4 "Claimant." A person who files a claim for a rebate or rent  
5 rebate.

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

7 "Fund." The School District Property Tax and Rent Rebate  
8 Fund established under section 2912-H.

9 "Homeowner." An owner of a homestead who is:

10 (1) an individual who is a natural person domiciled in  
11 this Commonwealth;

12 (2) a grantor who has placed real property in a  
13 revocable trust as long as the grantor is a natural person  
14 domiciled in this Commonwealth; or

15 (3) a partner or shareholder of a family farm business,  
16 as defined in section 1101-C and the partner or shareholder  
17 is a natural person domiciled in this Commonwealth.

18 "Homestead." The owner-occupied, primary residence and the  
19 parcel of land within this Commonwealth on which the residence  
20 is located. The term includes other improvements located on the  
21 parcel. If a portion of the structure is used for a  
22 nonresidential purpose, the homestead is equal to that portion  
23 of the property used as the primary residence of the owner-  
24 occupant. The term shall have no effect concerning the issue of  
25 whether the property constitutes a homestead or homestead  
26 property under any other act.

27 "Household income." Income received by a claimant and each  
28 other individual residing in the homestead during the calendar  
29 year for which a rebate is claimed.

30 "Income." As defined in Chapter 13 of the Taxpayer Relief

1 Act.

2 "Real property tax." The total real property tax imposed by  
3 a school district on a homestead for the tax year. Real property  
4 tax authorized by a city of the first class for a school  
5 district of the first class shall constitute taxes imposed by a  
6 school district for the purposes of this definition. The term  
7 does not include payments made in lieu of taxes or any penalties  
8 or interest paid in connection with the tax.

9 "Rebate." An amount equal to 100% of the real property tax  
10 paid, up to \$2,090, on the assessed value of a homestead to a  
11 school district for the tax year.

12 "Rent rebate." An amount equal to 100% of the rent paid for  
13 the tax year, except that no rebate paid pursuant to this  
14 article shall exceed \$500.

15 "Rental unit." A rented dwelling and as much of the land  
16 surrounding the rental dwelling as is reasonably necessary for  
17 the use of the dwelling as a renter-occupied primary residence  
18 by a claimant. The term includes:

19 (1) Premises occupied by reason of a lease in a  
20 cooperative housing corporation.

21 (2) Mobile homes which are assessed as realty for local  
22 property tax purposes and the land, if rented by the  
23 claimant, upon which the mobile home is situated and other  
24 similar living accommodations.

25 (3) A part of a multidwelling or multipurpose building  
26 and a part of the land upon which the building is built.

27 (4) Premises occupied by reason of the rental of a  
28 dwelling located on land owned by a nonprofit incorporated  
29 association, of which the claimant is a member, if the  
30 claimant is required to pay a pro rata share of the property

1 taxes levied against the association's land.

2 (5) Premises occupied by a claimant if the claimant is  
3 required by law to pay a property tax by reason of the  
4 claimant's rental, including a possessory interest, in the  
5 dwelling, the land or both.

6 "Renter." An individual who is a natural person domiciled in  
7 this Commonwealth who is the leaseholder of a rental unit and  
8 applies for a rent rebate.

9 "Residence." A structure used as a place of habitation by  
10 the owner of the structure.

11 "School district." A school district of the first class,  
12 first class A, second class, third class or fourth class,  
13 including any independent school district.

14 "Taxpayer Relief Act." The act of June 27, 2006 (1st  
15 Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act.

16 "Tax year." A school district's 2017-2018 fiscal year and  
17 each fiscal year thereafter during which real property tax is  
18 due and payable.

19 Section 2903-H. Property tax rebate qualifications.

20 (a) Issuance.--A rebate shall be issued to a homeowner if:

21 (1) The homeowner, in complying with section 2906-H(d),  
22 demonstrates qualification for a rebate to the satisfaction  
23 of the department.

24 (2) All of the following apply:

25 (i) The homeowner occupied the homestead during the  
26 tax year.

27 (ii) The homeowner has paid real property tax owed  
28 on the homestead for the tax year.

29 (iii) The homeowner is the owner of record.

30 (iv) The homeowner applies as required by section

1           2905-H.

2           (b) Multiple individuals on title.--If the title to a  
3 homestead is held by more than one individual, a rebate shall be  
4 issued in the name appearing on the school property tax record.

5           (c) Payment.--The homeowner may not be required to pay the  
6 tax directly.

7           (d) Limitations.--

8           (1) A homeowner may not be eligible for more than one  
9 rebate.

10           (2) A rebate may not exceed \$2,090.

11           (3) A rebate may not be issued by the department to a  
12 homeowner in a city of the first class.

13 Section 2904-H. Rent rebate.

14           (a) General rule.--Subject to subsections (c) and (d)(1), a  
15 rent rebate shall be issued to a renter if the renter, in  
16 complying with section 2906-H(e), demonstrates qualification for  
17 a rent rebate to the satisfaction of the department.

18           (b) Schedule.--The amount of any rent rebate for rent due  
19 and payable during calendar year 2017 and each calendar year  
20 thereafter shall be determined in accordance with the following:

<u>Household Income</u>	<u>Amount of Rent Rebate Allowed</u>
<u>\$0 - \$50,000</u>	<u>\$500</u>

23           (c) Limitations on rent rebate.--

24           (1) No rent rebate under subsection (a) shall be allowed  
25 if the renter obtains a rent rebate in lieu of property tax  
26 relief under Chapter 13 of the Taxpayer Relief Act.

27           (2) No rent rebate under subsection (a) shall be allowed  
28 if the renter is a child who is a dependent for purposes of  
29 section 151 of the Internal Revenue Code of 1986 (Public Law  
30 99-514, 26 U.S.C. § 151).

1           (3) Only one resident of a homestead occupied by  
2 multiple residents may apply for a rent rebate under  
3 subsection (a). If two or more residents are able to meet the  
4 qualification for a renter, the residents may determine who  
5 the renter shall be and, in the absence of a determination,  
6 the department shall determine to whom the rent rebate is to  
7 be paid.

8           (4) No rent rebate under subsection (a) shall be allowed  
9 if the renter is a tenant of an owner of real property which  
10 is exempt from real property taxes.

11           (5) No rent rebate under subsection (a) shall be allowed  
12 if the renter is eligible for or has received a property tax  
13 rebate under this section.

14 (d) Apportionment and public assistance.--

15           (1) In determining the amount of a rent rebate for which  
16 a renter is eligible the department shall apportion the rent  
17 in accordance with the period or degree of leasehold or  
18 eligibility of the renter if any of the following apply:

19           (i) A rental unit is owned or rented and occupied  
20 for only a portion of a year or is owned or rented in  
21 part by a person who does not meet the qualifications for  
22 a renter, exclusive of any interest owned or leased by a  
23 renter's spouse.

24           (ii) The renter is a widow or widower who remarries.

25           (iii) The renter is a formerly disabled person who  
26 is no longer disabled.

27           (2) A renter who receives public assistance from the  
28 Department of Human Services shall not be eligible for a rent  
29 rebate during those months within which the renter receives  
30 public assistance.

1 (e) Government subsidy.--Rent does not include a subsidy  
2 provided by or through a governmental agency.

3 Section 2905-H. Property tax rebate administration.

4 (a) Procedures.--The department shall establish  
5 administrative and application procedures and deadlines  
6 necessary to implement and administer this article. To  
7 facilitate the timely implementation of this article, the  
8 provisions of Part X of Article III and Article VII of the act  
9 of April 9, 1929 (P.L.343, No.176), known as The Fiscal Code,  
10 shall not apply to this article. The department may enter into  
11 contracts which are necessary to administer this article.

12 (b) List.--Each assessor shall submit to the department a  
13 list, categorized by school district, of residential and farm  
14 real property and owners of record as of July 1, 2017, within  
15 its jurisdiction. The list shall include only homeowners of  
16 record who have fully paid the real property tax owed on the  
17 homeowner's homestead for the previous taxable year.

18 (c) Review.--Only lists submitted by or within 30 days of  
19 the effective date of this article shall be reviewed by the  
20 department. The department shall return the list of potentially  
21 eligible homeowners to the assessor.

22 (d) Verification.--Within 30 days after receipt of the list  
23 of eligible homeowners, the assessor shall verify the list and  
24 report to the department any corrections to the list.

25 (e) Finalization.--The department shall finalize the list  
26 and notify each listed homeowner, by October 20, 2017, that the  
27 homeowner may apply for a rebate. The department shall make the  
28 initial determination of homeowner rebate eligibility from  
29 information submitted by the homeowner as required by this  
30 article.

1 Section 2906-H. Claims.

2 (a) Duties of department.--The department shall:

3 (1) Make available forms for the filing of claims.

4 (2) Receive all applications.

5 (3) Determine the eligibility of homeowners or renters.

6 (4) Hear appeals.

7 (5) Disburse payments.

8 (b) Filing.--A claim shall be filed with the department on  
9 or before June 30 of the year next succeeding the end of the  
10 calendar year in which real property tax was due and payable.

11 (c) Exception.--A claim filed after the June 30 deadline  
12 until December 31 of a calendar year shall be accepted by the  
13 department as long as funds are available to pay the benefits to  
14 the late filing homeowner.

15 (d) Property tax rebate application forms.--The department  
16 shall prescribe a form on which a homeowner may apply for a  
17 rebate. In order to qualify for a rebate, the homeowner shall  
18 complete the form and provide the department with:

19 (1) Proof the property has been occupied as the  
20 homestead during the tax year.

21 (2) The tax receipt or other proof that the real  
22 property taxes on the homestead have been paid.

23 (e) Rent rebate application forms.--The department shall  
24 prescribe a form on which a renter may apply for a rent rebate.  
25 In order to qualify for a rent rebate, the renter shall complete  
26 the form and provide the department with:

27 (1) Reasonable proof of household income.

28 (2) The size and nature of the property claimed as a  
29 rental unit.

30 (3) The rent receipt or other proof that rent in

1 connection with the occupancy of the rental unit has been  
2 paid.

3 (4) Other information required by the department.

4 (f) Regulations.--The department may prescribe necessary  
5 rules and promulgate regulations to administer the provisions of  
6 this article.

7 (g) Report to General Assembly.--The department shall  
8 collect the following information and issue a report to the  
9 chairman and minority chairman of the Appropriations Committee  
10 of the Senate and the chairman and minority chairman of the  
11 Appropriations Committee of the House of Representatives by  
12 September 30, 2017, and by September 30 of each year thereafter:

13 (1) The total number of claims which will be paid in the  
14 fiscal year in which the report is issued.

15 (2) The total amount of claims paid in the fiscal year  
16 in which the report is issued.

17 Section 2907-H. Petitions for review.

18 (a) Right to file.--A claimant whose application is denied,  
19 corrected or otherwise adversely affected by the department may  
20 file with the department a petition for redetermination on forms  
21 supplied by the department within 90 days after the date of  
22 mailing written notice by the department of the action.

23 (b) Contents.--The petition shall set forth the grounds on  
24 which the claimant alleges that the departmental action is  
25 erroneous or unlawful, in whole or in part, and shall contain an  
26 affidavit or affirmation that the facts contained in the  
27 petition are true and correct.

28 (c) Extension of time for filing.--

29 (1) An extension of time for filing the petition may be  
30 allowed for cause but may not exceed 120 days.

1           (2) The department shall hold hearings as may be  
2           necessary for the purpose of redetermination, and each  
3           claimant who has duly filed a petition for redetermination  
4           shall be notified by the department of the time when and the  
5           place where the hearing on the homeowner's or renter's case  
6           will be held.

7           (d) Time period for decision.--The department shall, within  
8           six months after receiving a petition for redetermination,  
9           dispose of the matters raised by the petition and shall mail  
10           notice of the department's decision to the claimant.

11           Section 2908-H. Review by board.

12           (a) Right to review.--Within 90 days after the date of  
13           official receipt by the claimant of notice mailed by the  
14           department of the department's decision on a petition for  
15           redetermination, the homeowner or renter who is adversely  
16           affected by the decision may by petition request the board to  
17           review the action.

18           (b) Effect of no decision from department.--The failure of  
19           the department to officially notify the claimant of a decision  
20           within the six-month period under section 2907-H shall act as a  
21           denial of the petition. A petition for review may be filed with  
22           the board within 120 days after written notice is officially  
23           received by the claimant that the department has failed to  
24           dispose of the petition within the six-month period.

25           (c) Contents of petition for redetermination.--A petition  
26           for redetermination shall state the reasons upon which the  
27           homeowner or renter relies or incorporate by reference the  
28           petition for redetermination in which the reasons were stated.  
29           The petition shall be supported by an affidavit that the facts  
30           set forth are correct and true.

1 (d) Time period for decision.--The board shall act in  
2 disposition of petitions within six months after the petition  
3 was received and, in the event of failure of the board to  
4 dispose of a petition within six months, the action taken by the  
5 department upon the petition for redetermination shall be deemed  
6 sustained.

7 (e) Relief authorized by board.--The board may sustain the  
8 action taken by the department on the petition for  
9 redetermination or take other action as the board deems  
10 necessary and consistent with provisions of this article.

11 (f) Form of notice.--Notice of the action of the board shall  
12 be given by mail to the department and to the claimant.

13 Section 2909-H. Appeal.

14 A claimant aggrieved by a decision of the board may appeal  
15 from the decision of the board in the manner provided by law for  
16 appeals from decisions of the board in tax cases.

17 Section 2910-H. Penalties.

18 (a) Civil penalty.--If a claim is excessive and is filed  
19 with fraudulent intent, the claim shall be disallowed in full,  
20 and a penalty of 25% of the amount claimed shall be imposed. The  
21 penalty and the amount of the disallowed claim, if the claim has  
22 been paid, shall bear interest at the rate of 1.5% per month  
23 from the date of the claim until the penalty is paid and the  
24 amount of the disallowed claim is repaid.

25 (b) Criminal penalty.--A claimant who files a fraudulent  
26 claim, and any person who assists in the preparation or filing  
27 of a fraudulent claim, commits a misdemeanor of the third degree  
28 and shall, upon conviction, be sentenced to pay a fine not  
29 exceeding \$1,000, or to imprisonment not exceeding one year, or  
30 both.

1 (c) Disallowance for receipt of title.--A rebate shall be  
2 disallowed if the homeowner received title to the homestead  
3 primarily for the purpose of receiving a rebate.

4 Section 2911-H. Erroneous rebates.

5 (a) Determination.--Whenever on audit of a claim the  
6 department finds the claim to have been incorrectly determined,  
7 it shall redetermine the correct amount of the claim and notify  
8 the claimant of the reason for the redetermination and the  
9 amount of the corrected claim.

10 (b) Recovery.--If a claim has been issued in error and the  
11 claimant fails to refund the claim upon the department's  
12 request, the claim shall be recoverable by the department in the  
13 same manner as provided for under Chapter 13 of the Taxpayer  
14 Relief Act.

15 Section 2912-H. Fund.

16 (a) Establishment.--There is established within the General  
17 Fund a restricted fund to be known as the School District  
18 Property Tax and Rent Rebate Fund. The money in the fund is  
19 appropriated to the department to carry out the provisions of  
20 this article.

21 (b) Payment.--Except as provided in subsection (c), claims  
22 approved by the department under this article shall be paid from  
23 the fund.

24 (c) Offset.--The department may offset any claim due to a  
25 homeowner or renter against collectible liabilities owed to the  
26 Commonwealth by the homeowner or renter for taxes imposed under  
27 Article III.

28 (d) Funding.--The following shall be deposited into the fund  
29 established under subsection (a):

30 (1) An amount equal to 1% of the tax imposed under

1 section 302.

2 (2) An amount equal to 0.25% of the tax imposed under  
3 section 202.

4 (3) Any interest earned on money in the fund.

5 (4) Any money collected under sections 2910-H and 2911-  
6 H.

7 (e) City of the first class transfer.--Beginning on July 1,  
8 2018, and each fiscal year thereafter, prior to a claim being  
9 paid from the fund under subsection (b), the department shall  
10 transfer to a city of the first class, the city of the first  
11 class amount for use in accordance with section 2913-H.  
12 Section 2913-H. City of the first class.

13 A city of the first class shall use the funds provided under  
14 section 2912-H(e) as follows:

15 (1) Up to \$73,600,000 to increase the homestead  
16 exclusion.

17 (2) Up to \$196,000,000 to reduce a tax imposed on the  
18 wages of residents and nonresidents under the authority of  
19 the act of August 5, 1932 (Sp.Sess., P.L.45, No.45), referred  
20 to as the Sterling Act.

21 (3) Up to \$83,600,000 to reduce the sales tax as  
22 authorized under section 201-B.

23 (4) Up to \$60,000,000 to reduce the cigarette tax  
24 authorized under 53 Pa.C.S. § 8722 (relating to local option  
25 cigarette tax in school districts of the first class).

26 (5) Up to \$24,800,000 to pension relief.

27 Section 2914-H. Construction.

28 Notwithstanding any other provision of law to the contrary, a  
29 claim received under this article may not be considered income  
30 under Article III or for purposes of determining eligibility for

1 a State government program, including those programs authorized  
2 by Chapter 13 of the Taxpayer Relief Act, or Chapter 5 of the  
3 act of August 26, 1971 (P.L.351, No.91), known as the State  
4 Lottery Law.

5 Section 6. This act shall apply to sales and uses occurring  
6 or commencing 120 days after the effective date of this section.

7 Section 7. This act shall take effect immediately.