

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1565 Session of
2019

INTRODUCED BY DeLUCA, T. DAVIS, ZABEL AND McNEILL,
SEPTEMBER 25, 2019

REFERRED TO COMMITTEE ON FINANCE, SEPTEMBER 25, 2019

AN ACT

1 Amending the act of June 27, 2006 (1st Sp.Sess., P.L.1873,
2 No.1), entitled "An act providing for taxation by school
3 districts, for the State funds formula, for tax relief in
4 first class cities, for school district choice and voter
5 participation, for other school district options and for a
6 task force on school cost reduction; making an appropriation;
7 prohibiting prior authorized taxation; providing for
8 installment payment of taxes; restricting the power of
9 certain school districts to levy, assess and collect taxes;
10 and making related repeals," in State funds formula, further
11 providing for certification and calculation of minimum and
12 maximum modifiers and for the Property Tax Relief Reserve
13 Fund, providing for senior citizen tax relief and further
14 providing for State property tax reduction allocation.

15 The General Assembly of the Commonwealth of Pennsylvania
16 hereby enacts as follows:

17 Section 1. Section 503(e)(2) introductory paragraph of the
18 act of June 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as
19 the Taxpayer Relief Act, is amended and the subsection is
20 amended by adding a paragraph to read:

21 Section 503. Certification; calculation of minimum and maximum
22 modifiers.

23 * * *

24 (e) Distribution.--

1 * * *

2 (2) For fiscal year 2009-2010 [and each fiscal year
3 thereafter] through fiscal year 2018-2019, the secretary
4 shall distribute the difference between the amount certified
5 under subsection (a) (1) (i) and the sum of all of the
6 following:

7 * * *

8 (3) For fiscal year 2019-2020 and each fiscal year
9 thereafter, the secretary shall distribute the difference
10 between the amount certified under subsection (a) (1) (i) and
11 the sum of all of the following:

12 (i) The difference between the sum of:

13 (A) the amount of approved claims to be paid in
14 the next fiscal year under section 1304(a) (2) (i) and
15 (3); and

16 (B) the amount of approved claims paid in the
17 2006-2007 fiscal year under section 1304(a) (1).

18 (ii) The sum of all of the following:

19 (A) The amount sufficient to fund reimbursements
20 to eligible school districts under section 324. The
21 amount deducted under this clause shall be calculated
22 based on the information provided by school districts
23 under subsection (b) (2).

24 (B) The amount of approved claims under section
25 704.

26 (C) The amount of approved claims under section
27 1304(a) (2) (ii).

28 (D) The amount of payments to school districts
29 under section 504.1.

30 Section 2. Section 504(d) (1) of the act is amended to read:

1 Section 504. Property Tax Relief Reserve Fund.

2 * * *

3 (d) Transfers.--

4 (1) The secretary may authorize a transfer from the
5 [Property Tax Relief Reserve Fund to the fund if the amount
6 for distribution under section 503(e) is less than the amount
7 for distribution under section 503(e) made in the prior
8 year.] General Fund to the fund in 2019 and each year
9 thereafter. The amount of the transfer under this subsection
10 shall be equal to the difference between the amount for
11 distribution under section 503(e) and the amount for
12 distribution under section 503(e) made in the prior year.

13 * * *

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

15 Section 504.1. Senior citizen tax relief.

16 (a) Tax freeze.--Notwithstanding any other provision of law,
17 an eligible claimant shall be entitled to a freeze of school
18 property taxes imposed by a school district on the person's
19 homestead and may not be required to pay a school property tax
20 increase in excess of the claimant's base payment.

21 (b) Application.--An eligible claimant must apply for the
22 tax freeze under subsection (a) by filing the following with the
23 school district imposing the school property tax on a form
24 prescribed by the department:

25 (1) A request for the tax freeze and a copy of the most
26 recent school property tax bill.

27 (2) Certification that the claimant or the claimant's
28 spouse is the owner of the homestead upon which the school
29 property taxes are imposed.

30 (3) Receipts showing prompt payment of the current

1 year's school property tax liability.

2 (4) Proof of annual household income, as defined by
3 section 1303, of \$40,000 or less.

4 (5) Certification that the claimant has not received a
5 property tax rebate, authorized by Chapter 13, for the same
6 tax year as the application for the tax freeze.

7 (c) Timing.--

8 (1) The application under subsection (b) must be filed
9 within 45 days of the date the school property tax under
10 subsection (b) (1) is due.

11 (2) Within 15 days of receipt of an application, the
12 school district shall determine the claimant to be eligible
13 or ineligible. A determination of ineligibility under this
14 paragraph is subject to 2 Pa.C.S. Ch. 7 Subch. B (relating to
15 judicial review of local agency action).

16 (d) Termination.--

17 (1) Subject to paragraph (2), the tax rate on and the
18 assessment of school property tax shall become current on the
19 sale or transfer of the real property subject to the tax,
20 including any transfer under a recorded real property sales
21 contract.

22 (2) A tax freeze under this section shall remain in
23 effect upon the transfer of the affected real property to a
24 surviving spouse if, at the time of the death of the
25 claimant, the surviving spouse is at least 65 years of age or
26 will be 65 years of age within six months of the date of
27 death of the claimant.

28 (e) Commonwealth payment.--

29 (1) Beginning April 2020 and each April thereafter, the
30 secretary shall pay school districts, from the General Fund,

1 the amount of each eligible claimant's increase in school
2 property taxes in excess of the claimant's base payment.

3 (2) The school district shall provide notification and
4 documentation to the department of the total balance due to
5 the local taxing authorities for increases in school property
6 tax for eligible claimants.

7 (3) The department shall certify the total amount due to
8 increase in school property tax for each school district.

9 (f) Definitions.--The following words and phrases when used
10 in this section shall have the meanings given to them in this
11 subsection unless the context clearly indicates otherwise:

12 "Base payment."

13 (1) Except as set forth in paragraph (2), the amount of
14 school property tax paid by the eligible claimant either in
15 the tax year beginning January 1, 2019, or in the first tax
16 year during which the claimant first becomes eligible,
17 whichever occurs later, on the principal residence in which
18 the claimant has maintained continuous occupancy and
19 ownership since either January 1, 2019, or the date the
20 claimant first becomes eligible.

21 (2) If the claimant purchases a principal residence
22 after January 1, 2019, or after the date upon which the
23 claimant first becomes eligible, the amount of school
24 property tax paid during the tax year in which the purchase
25 was made.

26 "Base year." The tax year under paragraph (1) or (2) of the
27 definition of "base payment."

28 "Eligible claimant." An individual who meets all of the
29 following for the base year and each succeeding year up to and
30 including the year for which the freeze is sought:

1 (1) Was at least 65 years of age or whose spouse, if a
2 member of the household, was at least 65 years of age during
3 the base year.

4 (2) Has held a homestead exemption for the previous five
5 years.

6 (3) Has paid the full amount of property taxes due for
7 each succeeding year up to and including the year for which
8 the freeze is sought.

9 (4) Has not received a property tax rebate, authorized
10 by Chapter 13, for the same tax year as the application for
11 the tax freeze.

12 "Homestead." As defined in section 302.

13 "School property tax." The property tax levied by a school
14 district on the homestead of an eligible claimant. The term does
15 not include a penalty, interest or a payment made in lieu of
16 tax.

17 "School property tax increase." The increase in school
18 property tax levied in a calendar year over school property tax
19 levied in the base year.

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

22 Section 4. Section 505(a) of the act is amended by adding a
23 paragraph and the section is amended by adding a subsection to
24 read:

25 Section 505. State property tax reduction allocation.

26 (a) Administration.--The department shall do all of the
27 following:

28 * * *

29 (2.1) Prior to calculating the property tax reduction
30 under paragraph (3), the department shall calculate the

1 amount due to school districts under section 504.1.

2 * * *

3 (a.1) Initial payment.--For the fiscal year commencing July
4 1, 2019, and July 1 of each year thereafter, prior to making a
5 payment under subsection (b), the department shall pay to each
6 school district the amount due under section 504.1(e).

7 * * *

8 Section 5. This act shall take effect immediately.