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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 655

Session of  
1987

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INTRODUCED BY PERZEL, CAWLEY, RYBAK, KOSINSKI, J. L. WRIGHT,  
McHALE, FOX, KENNEY, GANNON, FISCHER, GEIST, ANGSTADT, WOGAN,  
HERMAN, TRELLO, RAYMOND, DeLUCA, OLASZ, CIVERA, RITTER,  
HALUSKA, KASUNIC, NAHILL, CORNELL, REBER, MILLER, DURHAM,  
WESTON, McVERRY AND DONATUCCI, MARCH 9, 1987

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REFERRED TO COMMITTEE ON FINANCE, MARCH 9, 1987

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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

1 Assembly, pursuant to section 2(b) of Article VIII of the  
2 Constitution of Pennsylvania, considers it to be a matter of  
3 sound public policy to allow economically disadvantaged senior  
4 citizens to defer their property tax liabilities and to remain  
5 in peaceful possession of their homesteads.

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

8 Section 1. Short title.

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

11 Section 2. Definitions.

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

15 "Base payment." The amount of property tax paid by the  
16 claimant either in the tax year beginning January 1, 1987, or in  
17 the first tax year during which the claimant or the claimant's  
18 spouse first becomes eligible, whichever occurs later, on the  
19 personal residence in which the claimant has maintained  
20 continuous occupancy and ownership since either January 1, 1987,  
21 or the date upon which either the claimant or the claimant's  
22 spouse first became eligible. In the event the claimant  
23 purchases a residence after January 1, 1987, or after the date  
24 upon which either the claimant or the claimant's spouse first  
25 becomes eligible, the base payment means property taxes paid  
26 during the tax year in which the purchase was made.

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

1 "Increases in property taxes." The additional payments due  
2 above the base amount, resulting from millage increases,  
3 modifications in the assessment ratio or assessment increase.

4 Section 3. Eligible applicants.

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

8 Section 4. Tax deferral.

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

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

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

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

29 Section 5. Application procedure.

30 Any person eligible for tax deferrals under section 3 may

1 apply for such deferrals by filing with the taxing authorities  
2 the following documents:

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

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

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

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

12 Section 6. Contents of application.

13 Forms distributed to claimants under section 5 shall:

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

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

19 Section 7. Attachment and satisfaction of liens.

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

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

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

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

7 Section 8. Applicability.

8 This act shall apply to tax years beginning January 1, 1988.

9 Section 9. Effective date.

10 This act shall take effect immediately.