

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1788 Session of
2005

INTRODUCED BY CIVERA, ARGALL, E. Z. TAYLOR, S. H. SMITH, FEESE,
PERZEL, MICOZZIE, RAYMOND, KILLION, ADOLPH, KENNEY, BUNT,
FLICK, DALLY, GINGRICH, McCALL, JOSEPHS AND WATSON,
JUNE 23, 2005

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,
JUNE 30, 2005

AN ACT

1 Amending the act of May 25, 1945 (P.L.1050, No.394), entitled
2 "An act relating to the collection of taxes levied by
3 counties, county institution districts, cities of the third
4 class, boroughs, towns, townships, certain school districts
5 and vocational school districts; conferring powers and
6 imposing duties on tax collectors, courts and various
7 officers of said political subdivisions; and prescribing
8 penalties," further providing for title of act and for
9 installment payment of taxes; authorizing ~~monthly~~ installment <—
10 payment of school taxes and payment of school property tax
11 increases to certain claimants who occupy homesteads; and
12 providing for the powers and duties of the Department of
13 Revenue.

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

16 Section 1. The title of the act of May 25, 1945 (P.L.1050,
17 No.394), known as the Local Tax Collection Law, is amended to
18 read:

19 Relating to the collection of taxes levied by counties, county
20 institution districts, cities of the third class, boroughs,
21 towns, townships, certain school districts and vocational
22 school districts; conferring powers and imposing duties on

1 tax collectors, courts and various officers of said political
2 subdivisions; authorizing payment for school property tax
3 increases to certain claimants who occupy homesteads;
4 providing for the powers and duties of the Department of
5 Revenue; and prescribing penalties.

6 Section 2. Section 11 of the act, amended December 20, 2000
7 (P.L.735, No.104), is amended to read:

8 Section 11. Installment Payment of Taxes.--(a) [Any] Except
9 as otherwise provided in section 11.1, any taxing district shall
10 have power to provide by ordinance or resolution for the
11 collection and payment of its taxes in not more than four
12 installments. Where payment of taxes is made on the installment
13 basis, no abatement or discount shall be allowed on said taxes.

14 (b) (1) Any such ordinance or resolution shall set forth
15 the number of installments in which taxes shall be paid and the
16 dates when the respective installments become due and
17 delinquent. Notwithstanding the complete and final settlement
18 made in accordance with section 26, a taxing district may set
19 installment payment dates subsequent to December 31. The unpaid
20 installments shall not be considered delinquent if paid on or
21 before the respective installment dates established by ordinance
22 or resolution of the taxing district. To each installment on the
23 date when it becomes delinquent, a penalty of up to ten per
24 centum shall be added, which shall be collected by the tax
25 collector. No further penalties, except as hereinafter provided,
26 shall be added to any installment of taxes, unless one or more
27 installments remain unpaid, and the lands upon which such
28 installments are due are returned under existing laws to the
29 county commissioners for nonpayment of taxes, or in case a lien
30 for such unpaid installment or installments is filed under

1 existing laws in the office of the prothonotary, in which case,
2 the additional penalty or interest provided for by such existing
3 return and lien laws shall apply.

4 (2) If a taxing district has set installment payment dates
5 subsequent to December 31, the following shall apply:

6 (i) Installment payments subsequent to December 31 of the
7 year in which the taxes are levied shall be collected by the
8 elected tax collector.

9 (ii) The elected tax collector shall, upon the certification
10 over to him of installments remaining unpaid, proceed to collect
11 the same from the persons respectively charged therewith, for
12 which purpose he shall have all the authority and power now
13 vested by law in any tax collector for the collection of such
14 taxes. The taxing district issuing the original warrants shall
15 issue an additional warrant to the collector of installment
16 payments.

17 (iii) Installments to be made on or before December 31 of
18 the year in which taxes are levied shall be collected by the
19 elected tax collector. The elected tax collector shall be
20 allowed a credit for the total amount of all uncollected,
21 nonlienable installments not required to be paid by December 31,
22 and this amount shall be identified and carried forward on the
23 reporting form prepared by the Department of Community and
24 Economic Development in accordance with this act as nonlienable
25 installments to be collected by the installment collector.

26 (iv) The elected tax collector shall be paid such
27 commissions or compensation at the same rate on installment
28 payments as is paid for the collection of taxes generally. Such
29 commissions or compensation shall be paid by proper orders drawn
30 on the taxing district. Every elected tax collector shall be

1 responsible and accountable to the taxing district for all such
2 taxes collected by the tax collector, and the final accounts and
3 records, returns and payments, and duplicates shall be audited
4 annually in the year in which the installments are collected in
5 like manner and in accordance with the laws pertaining to tax
6 collections.

7 (c) (1) The payment of the first installment by a taxpayer
8 before the same becomes delinquent shall conclusively evidence
9 an intention to pay his taxes on the installment plan, as
10 provided by said ordinance or resolution.

11 (2) If installment payments are permitted subsequent to
12 December 31 of the year in which taxes are levied, a taxpayer
13 shall evidence his intention to make installment payments of
14 taxes after December 31 either by the timely payment to the tax
15 collector of a first installment before December 31 or, if the
16 first payment is not due before December 31, by notifying the
17 elected tax collector in writing of his intention to make
18 installment payments.

19 (d) Where a taxpayer shall fail to evidence an intention to
20 pay on the installment plan, as hereinbefore provided, his taxes
21 shall become due and payable and be collected as elsewhere
22 provided in this act, subject to the discounts and penalties
23 provided thereby.

24 (e) The provisions of this section shall apply to cities of
25 the second class A.

26 Section 3. The act is amended by adding sections to read:

27 Section 11.1. ~~Monthly~~ Installment Payment of School Real <—
28 Property Taxes.--(a) (1) Not later than July 1, 2006, every
29 school district shall provide by ordinance or resolution for the
30 collection and payment of its real property taxes in twelve

monthly installments by residents of the school district and businesses located in the school district, in such a manner that the residents and businesses can begin making monthly installment payments not later than January 31, 2007.

<—

(2) The ordinance or resolution shall include a process by which residents and businesses can choose to make monthly installment payments for school real property taxes.

<—

(2.1) THE ORDINANCE OR RESOLUTION SHALL INCLUDE WHETHER THE INSTALLMENT PAYMENT WILL BE MADE ON A MONTHLY OR QUARTERLY BASIS DURING THE CALENDAR YEAR FOR SCHOOL PROPERTY TAXES.

<—

(3) The monthly installment payments shall be scheduled in even installments over the course of a calendar year for any resident or business which chooses to participate.

<—

(4) The monthly installment payments in a given calendar year shall be based on the tax due in the school fiscal year which commenced in the preceding July.

<—

(b) (1) Any such ordinance or resolution shall set forth the dates when the respective installments become due and delinquent. Notwithstanding the complete and final settlement made in accordance with section 26, a school district may set installment payment dates subsequent to December 31. The unpaid installments shall not be considered delinquent if paid on or before the respective installment dates established by ordinance or resolution of the school district. To each installment on the date when it becomes delinquent, a penalty of up to ten per centum shall be added, which shall be collected by the tax collector. No further penalties, except as hereinafter provided, shall be added to any installment of taxes, unless one or more installments remain unpaid, and the lands upon which such installments are due are returned under existing laws to the

county commissioners for nonpayment of taxes, or in case a lien for such unpaid installment or installments is filed under existing laws in the office of the prothonotary, in which case, the additional penalty or interest provided for by such existing return and lien laws shall apply.

(2) The tax collector may contract with a tax bureau independent of the school district for collection of installments under this section. A tax bureau may contract with more than one tax collector. The tax collector shall be paid such commissions or compensation at the same rate on installment payments as is paid for the collection of taxes generally. Such commissions or compensation shall be paid by proper orders drawn on the school district. Every tax collector shall be responsible and accountable to the school district for all such taxes collected by the tax collector, and the final accounts and records, returns and payments, and duplicates shall be audited annually in the year in which the installments are collected in like manner and in accordance with the laws pertaining to tax collections.

(c) (1) The payment of the first installment by a taxpayer before the same becomes delinquent shall conclusively evidence an intention to pay his taxes on the installment plan, as provided by said ordinance or resolution.

(2) If installment payments are permitted subsequent to December 31 of the year in which taxes are levied, a taxpayer shall evidence his intention to make installment payments of taxes after December 31 either by the timely payment to the tax collector of a first installment before December 31 or, if the first payment is not due before December 31, by notifying the tax collector in writing of his intention to make installment

1 payments.

2 (d) Where a taxpayer shall fail to evidence an intention to
3 pay on the installment plan, as hereinbefore provided, his taxes
4 shall become due and payable and be collected as elsewhere
5 provided in this act, subject to the discounts and penalties
6 provided thereby.

7 Section 11.2. Payment for School Property Tax Increases.--

8 (a) The General Assembly finds and declares as follows:

9 (1) The General Assembly, in recognition of the powers
10 contained in section 2(b)(ii) of Article VIII of the
11 Constitution of Pennsylvania which provides for the establishing
12 as a class or classes of subjects of taxation the property or
13 privileges of persons who, because of poverty, are determined to
14 be in need of special tax provisions, hereby declares as its
15 legislative intent and purpose to implement such power under
16 such Constitutional provision by establishing special tax
17 provisions as provided in this section.

18 (2) The General Assembly, in recognition of the requirements
19 of section 2(b)(ii) of Article VIII of the Constitution of
20 Pennsylvania relating to special provisions for the real
21 property tax, hereby declares its intention that provisions of
22 this section provide an administratively efficient means for the
23 Commonwealth to absorb the cost of real estate tax increases for
24 the class of persons designated by this section.

25 (3) The General Assembly having determined that there are
26 persons within this Commonwealth whose incomes are such that
27 imposition of school property tax increases would deprive them
28 and their dependents of the bare necessities of life and having
29 further determined that poverty is a relative concept
30 inextricably joined with actual income and the number of people

dependent upon such income deems it to be a matter of public policy to provide special tax provisions for that class of persons designated in this act to relieve their economic burden.

(4) Any claimant who meets the standards of eligibility established by this section shall be deemed a separate class of subject of taxation and, as such, shall be entitled to the benefit of the special provisions of this section.

(b) A payment equal to the value of the school property tax increase shall be issued to a claimant on account of such increases for a homestead if all of the following apply:

(1) The claimant occupied the homestead during the entire taxable year.

(2) The claimant occupied the same homestead during the entire taxable year that the claimant occupied in the base year.

(3) The claimant paid school real property tax levied on the homestead during the taxable year in an amount equal to or greater than the amount of the school property tax increase.

(4) The claimant applies in a form and time prescribed by the department.

(c) The payment on account of school property tax increases may not exceed five hundred dollars for any taxable year for a homestead.

(d) If two or more claimants residing at any homestead meet the qualification for a payment under this section, they may determine among themselves who shall receive the payment. If they are unable to agree, the department shall determine to whom the payment is to apply.

(e) The department shall administer this section and shall promulgate any regulations necessary for its implementation. To the extent possible, the department shall administer the

provisions of this section in conjunction with its
administration of the special tax provisions provided under
Article III of the act of March 4, 1971 (P.L.6, No.2), known as
the Tax Reform Code of 1971.

(f) A homeowner whose claim for payment under this section
is either denied, corrected or otherwise adversely affected by
the department may petition for administrative review in the
manner prescribed by the department. An individual aggrieved by
the department's action in connection with the administrative
review may petition for review in the manner specified in
sections 11.1 and 11.2 of the act of March 11, 1971 (P.L.104,
No.3), known as the Senior Citizens Rebate and Assistance Act.
Neither the administrative review process nor the petition for
review provided for in this section shall apply to any
determination regarding special tax provisions under Article III
of the Tax Reform Code of 1971.

(g) This section shall apply to claims for payment under
this act for the taxable year beginning after December 31, 2005,
and to each taxable year thereafter.

(h) Definitions.--As used in this section, the following
words and phrases shall have the meanings given to them in this
subsection:

"Base year" shall mean the taxable year of a claimant
immediately preceding the taxable year for which a claim for
special tax provisions under this section is made or the taxable
year of the claimant immediately preceding the first taxable
year in a series of consecutive taxable years in which the
claimant qualified for a payment on account of school property
tax increases under this section, whichever is earlier.

"Claimant" shall mean homeowner who is an eligible claimant

for special tax provisions under Article III of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, regardless of whether the homeowner had income subject to tax under Article III of the Tax Reform Code of 1971.

"Department" shall mean the Department of Revenue of the Commonwealth.

"Homeowner" shall mean an owner of a homestead who is:

(1) an individual domiciled in this Commonwealth;

(2) a grantor who has placed real property in a revocable trust and who is an individual domiciled in this Commonwealth; or

(3) a partner of a family farm partnership or a shareholder of a family farm corporation as the terms are defined in section 1101-C of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, and who is a natural person domiciled in this Commonwealth.

"Homestead" shall mean the owner-occupied, primary residence and the parcel of land within this Commonwealth on which the residence is located and other improvements located on the parcel. If a portion of such residence is used for a nonresidential purpose, the term means that portion of the property used as the primary residence of the owner-occupant.

"Residence" shall mean a structure used as a place of habitation by the owner of the structure.

"School district" shall mean a school district of the first class, first class A, second class, third class or fourth class and an independent school district.

"School property tax" shall mean the total real property tax levied by a school district on a homestead of a claimant in a taxable year. Real property tax levied by a city of the first

1 class shall constitute taxes levied by a school district for the
2 purposes of this definition to the extent that the city of the
3 first class allocates such property tax revenue to a school
4 district of the first class. The term does not include payments
5 made in lieu of taxes or any penalties or interest paid in
6 connection with the tax.

7 "School property tax increase" shall mean the difference
8 between the school property tax levied in the taxable year and
9 the school property tax levied in the base year for a claimant,
10 but not less than zero, multiplied by the percentage of tax
11 forgiveness computed for the claimant under section 304 of the
12 act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code
13 of 1971, computed after the application of any locally
14 authorized credits, exemptions, exclusions or special
15 provisions.

16 "Taxable year" shall mean this term shall have the same
17 meaning given it in Article III of the act of March 4, 1971
18 (P.L.6, No.2), known as the Tax Reform Code of 1971.

19 Section 4. This act shall take effect in 60 days.