

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 93

Session of 2007

INTRODUCED BY YOUNGBLOOD, CRUZ, COHEN AND BLACKWELL, JANUARY 30, 2007

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES, AS AMENDED, NOVEMBER 1, 2007

AN ACT

1 Amending the act of July 2, 1996 (P.L.529, No.91), entitled "An
2 act implementing the provisions of section 2(b)(ii) of
3 Article VIII of the Constitution of Pennsylvania by
4 authorizing cities of the first class to provide for special
5 tax provisions relating to real property taxes for certain
6 persons who meet the established standards and qualifications
7 for age and poverty," further providing for construction, for
8 declaration of policy, FOR DEFINITIONS and for special tax <—
9 provisions; AND PROVIDING FOR LIMITATIONS ON REFUNDS OR <—
10 FORGIVENESS.

11 The General Assembly of the Commonwealth of Pennsylvania
12 hereby enacts as follows:

13 Section 1. Sections 1, 2, 3 and 4 of the act of July 2, 1996 <—
14 (P.L.529, No.91), entitled "An act implementing the provisions
15 of section 2(b)(ii) of Article VIII of the Constitution of
16 Pennsylvania by authorizing cities of the first class to provide
17 for special tax provisions relating to real property taxes for
18 certain persons who meet the established standards and
19 qualifications for age and poverty," are amended to read:

20 Section 1. Construction.

21 This act shall be construed to [authorize] require the

1 governing bodies of cities of the first class to provide by
2 ordinance for the implementation of the special tax provisions
3 contained in this act which allow for the refund or forgiveness
4 of real property tax liability of certain low-income, disabled, ←
5 infirm or senior citizens attributable to real property tax rate
6 increases and increases in the assessed value of the low-income
7 senior citizen's homestead, thereby implementing section
8 2(b)(ii) of Article VIII of the Constitution of Pennsylvania.
9 Section 2. Declaration of policy.

10 (1) In recognition of the powers contained in section
11 2(b)(ii) of Article VIII of the Constitution of Pennsylvania
12 which provides therein for the establishing as a class or
13 classes of subjects of taxation the property or privileges of
14 persons who, because of poverty, disability, infirmity or ←
15 age, are determined to be in need of special tax provisions,
16 it is the legislative intent and purpose of this act to
17 implement the powers under such constitutional provision by
18 establishing special tax provisions for a class of persons
19 within cities of the first class as provided in this act.

20 (2) Having determined that there are persons within
21 cities of the first class of this Commonwealth whose incomes
22 are such that the governing bodies of cities of the first
23 class may decide that the imposition of the full amount of
24 real estate taxes on these persons deprives them and their
25 dependents of the bare necessities of life and having further
26 determined that poverty is a relative concept inextricably
27 joined with actual income, the number of persons dependent
28 upon such income and the unlikelihood of a taxpayer being
29 able [by reason of age] to increase that income, it is deemed ←
30 to be a matter of public policy to provide special tax

1 provisions for that class of persons designated in this act
2 within cities of the first class to enable governing bodies
3 of cities of the first class to by ordinance relieve their
4 economic burden.

5 SECTION 3. DEFINITIONS. ←

6 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ACT SHALL
7 HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
8 CONTEXT CLEARLY INDICATES OTHERWISE:

9 "DEPENDENT." A CHILD WHO DERIVES MORE THAN ONE-HALF OF THE
10 CHILD'S TOTAL SUPPORT DURING THE ENTIRE TAXABLE YEAR FROM A
11 TAXPAYER ELIGIBLE FOR THE SPECIAL TAX PROVISIONS OF THIS ACT.
12 ANY PERSON WHO IS A DEPENDENT PURSUANT TO THE PROVISIONS OF THE
13 INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 1
14 ET SEQ.) DURING A TAXABLE YEAR SHALL PRIMA FACIE BE DEEMED A
15 DEPENDENT FOR THE PURPOSE OF THIS ACT.

16 "DISABLED PERSON." A TAXPAYER 18 YEARS OF AGE OR OLDER WHO
17 IS UNABLE TO ENGAGE IN ANY SUBSTANTIAL GAINFUL ACTIVITY BY
18 REASON OF ANY MEDICALLY DETERMINABLE PHYSICAL OR MENTAL
19 IMPAIRMENT WHICH CAN BE EXPECTED TO CONTINUE INDEFINITELY.

20 "HOMESTEAD." A DWELLING USED AS A HOME, OCCUPIED BY A
21 TAXPAYER AS A PRIMARY RESIDENCE. THE TERM INCLUDES, BUT IS NOT
22 LIMITED TO, MOBILE HOMES WHICH ARE ASSESSED AS REALTY FOR LOCAL
23 PROPERTY TAX PURPOSES AND THE LAND UPON WHICH THE MOBILE HOME IS
24 SITUATED AND OTHER SIMILAR LIVING ACCOMMODATIONS AS WELL AS A
25 PART OF A MULTIDWELLING OR MULTIPURPOSE BUILDING AND A PART OF
26 THE LAND UPON WHICH IT IS BUILT TO THE EXTENT THAT THE ELIGIBLE
27 TAXPAYER IS CHARGEABLE BY A CITY OF THE FIRST CLASS FOR PROPERTY
28 TAXES. THE TERM ALSO INCLUDES, BUT IS NOT LIMITED TO, PREMISES
29 OCCUPIED BY AN ELIGIBLE TAXPAYER IF HE IS REQUIRED BY LAW TO PAY
30 A PROPERTY TAX BY REASON OF HIS OWNERSHIP OR RENTAL OF,

1 INCLUDING A POSSESSORY INTEREST IN, THE DWELLING, THE LAND OR
2 BOTH. THE TERM "BY LAW" SHALL NOT BE DEEMED TO INCLUDE A
3 CONTRACTUAL OBLIGATION BETWEEN THE ELIGIBLE TAXPAYER AND A
4 PERSON WHO WOULD OTHERWISE BE RESPONSIBLE TO A CITY OF THE FIRST
5 CLASS FOR THE PAYMENT OF THE TAX. AN OWNER INCLUDES A PERSON IN
6 POSSESSION UNDER CONTRACT OF SALE, DEED OF TRUST, LIFE ESTATE,
7 JOINT TENANCY OR TENANCY IN COMMON.

8 "INCOME." ALL INCOME FROM WHATEVER SOURCE DERIVED,
9 INCLUDING, BUT NOT LIMITED TO, SALARIES, WAGES, BONUSES,
10 COMMISSIONS, INCOME FROM SELF-EMPLOYMENT, ALIMONY, SUPPORT
11 MONEY, CASH PUBLIC ASSISTANCE AND RELIEF, THE NET AMOUNT OF ANY
12 PENSIONS OR ANNUITIES, INCLUDING RAILROAD RETIREMENT BENEFITS,
13 ALL BENEFITS RECEIVED UNDER THE SOCIAL SECURITY ACT (49 STAT.
14 620, 42 U.S.C. § 301 ET SEQ.), EXCEPT MEDICARE BENEFITS, ALL
15 BENEFITS RECEIVED UNDER STATE EMPLOYMENT INSURANCE LAWS AND
16 VETERANS' DISABILITY PAYMENTS, ALL INTEREST RECEIVED FROM THE
17 FEDERAL OR ANY STATE GOVERNMENT, OR ANY INSTRUMENTALITY OR
18 POLITICAL SUBDIVISION THEREOF, REALIZED CAPITAL GAINS, NET
19 INCOME FROM RENTALS, WORKERS' COMPENSATION AND THE GROSS AMOUNT
20 OF LOSS OF TIME INSURANCE BENEFITS, LIFE INSURANCE BENEFITS AND
21 PROCEEDS, EXCEPT THE FIRST \$10,000 OF THE TOTAL OF DEATH BENEFIT
22 PAYMENT, AND GIFTS OF CASH OR PROPERTY, OTHER THAN TRANSFERS BY
23 GIFT BETWEEN MEMBERS OF A HOUSEHOLD, IN EXCESS OF A TOTAL VALUE
24 OF \$500, BUT SHALL NOT INCLUDE SURPLUS FOOD OR OTHER RELIEF IN
25 KIND SUPPLIED BY A GOVERNMENTAL AGENCY OR PROPERTY TAX REBATE.

26 "LOW-INCOME TAXPAYER." A TAXPAYER WHOSE INCOME DOES NOT
27 EXCEED 150% OF THE MAXIMUM ANNUAL INCOME ALLOWABLE FOR AN
28 ELIGIBLE CLAIMANT TO PARTICIPATE IN THE COMMONWEALTH'S PROGRAM
29 FOR PHARMACEUTICAL ASSISTANCE FOR THE ELDERLY, PURSUANT TO THE
30 [ACT OF AUGUST 14, 1991 (P.L.342, NO.36), KNOWN AS THE LOTTERY

1 FUND PRESERVATION ACT.] ACT OF AUGUST 26, 1971 (P.L.351, NO.91),
2 KNOWN AS THE STATE LOTTERY LAW.

3 "POVERTY." AN ECONOMIC CONDITION WHEREIN THE TOTAL AMOUNT OF
4 HOUSEHOLD INCOME IS INSUFFICIENT TO ADEQUATELY PROVIDE THE
5 TAXPAYER, THE TAXPAYER'S SPOUSE AND DEPENDENT CHILDREN WITH THE
6 NECESSITIES OF LIFE. FOR THE PURPOSE OF DETERMINING ELIGIBILITY
7 FOR THE TAX EXEMPTIONS AND SPECIAL TAX PROVISIONS OF THIS ACT, A
8 TAXPAYER IS DEEMED TO BE LIVING AT THE POVERTY LEVEL IF THE
9 TAXPAYER MEETS THE LOW-INCOME PROVISIONS DEFINED UNDER THIS ACT.

10 "REAL ESTATE TAXES." ALL TAXES ON A HOMESTEAD IMPOSED OR
11 AUTHORIZED TO BE IMPOSED FOR CITIES OF THE FIRST CLASS AND
12 SCHOOL DISTRICTS OF THE FIRST CLASS.

13 "SENIOR CITIZEN." A TAXPAYER WHO IS 65 YEARS OF AGE OR OLDER
14 OR WHOSE SPOUSE, IF A MEMBER OF THE HOUSEHOLD, IS 65 YEARS OF
15 AGE OR OLDER DURING A CALENDAR YEAR IN WHICH REAL PROPERTY TAXES
16 ARE DUE AND PAYABLE OR WAS A WIDOW OR WIDOWER OF SOMEONE WHO WAS
17 65 YEARS OF AGE OR OLDER AND WAS 50 YEARS OF AGE OR OLDER DURING
18 A CALENDAR YEAR OR PART THEREOF IN WHICH REAL ESTATE TAXES WERE
19 DUE AND PAYABLE. THE TERM "WIDOW" OR "WIDOWER" SHALL MEAN THE
20 SURVIVING WIFE OR THE SURVIVING HUSBAND, AS THE CASE MAY BE, OF
21 A DECEASED INDIVIDUAL WHO HAS NOT REMARRIED.

22 "SPECIAL TAX PROVISION." THE STANDARDS AND QUALIFICATIONS
23 PROVIDED UNDER THIS ACT TO ESTABLISH THE ELIGIBILITY FOR AND THE
24 REFUND OR FORGIVENESS OF A PORTION OF THE TAXPAYER'S REAL ESTATE
25 TAX LIABILITY.

26 "TAXPAYER." A PERSON RESPONSIBLE FOR THE PAYMENT OF REAL
27 ESTATE TAXES WHO IS A LOW-INCOME TAXPAYER, A DISABLED TAXPAYER
28 OR A SENIOR CITIZEN TAXPAYER.

29 Section 4. Special tax provisions; refund or forgiveness of
30 real estate taxes.

1 (a) General rule.--Any taxpayer within a city of the first
2 class who meets the standards and qualifications established by
3 this act shall be deemed a separate class of subjects of
4 taxation, and, as such, each governing body of a city of the
5 first class [may] shall by ordinance provide that such taxpayers
6 shall be entitled to the benefit of the special tax provisions
7 of this act.

8 (b) Refund or forgiveness of real estate taxes.--Pursuant to
9 the provisions of such ordinance, eligible taxpayers shall be
10 entitled to a refund or forgiveness which have been paid over to
11 or would, except for the provisions of this act, be payable to
12 cities of the first class and school districts of the first
13 class for real estate taxes authorized or imposed for city and
14 school district purposes in accordance with the following
15 provisions:

16 (1) Low-income, DISABLED OR senior citizens taxpayers <—
17 shall be entitled to receive refunds or forgiveness of that
18 part of their real estate tax liability attributable to any
19 real estate tax rate increase or an increase in the assessed
20 value of the taxpayer's homestead occurring after the
21 effective date of any ordinance implementing this act.

22 (2) In the event that a taxpayer who had previously been
23 eligible to receive refunds or forgiveness of taxes as
24 authorized by this act is no longer eligible by reason of
25 failing to meet the low-income, DISABILITY OR AGE requirement <—
26 provided under this act, the taxpayer shall be billed and
27 shall pay real estate taxes at the then current real estate
28 tax rate and assessed value. If for subsequent tax years a
29 taxpayer reestablishes eligibility for refunds or forgiveness
30 of real estate taxes by again meeting the low-income OR <—

1 DISABILITY requirements provided under his act, the amount of
2 real estate taxes that the taxpayer is eligible to have
3 refunded or forgiven is that part of their real estate tax
4 liability attributable to any real estate tax rate increase
5 or an increase in the assessed value of the taxpayer's
6 homestead occurring no earlier than the calendar year prior
7 to the tax year for which the taxpayer reestablishes
8 eligibility.

9 (3) The maximum amount of real estate taxes which may be
10 refunded or forgiven may be [limited] established by
11 ordinance.

12 (4) If a homestead is owned for only a portion of a year
13 or is owned in part by a person who is not a low-income
14 taxpayer, the tax collector shall apportion the real estate
15 taxes in accordance with the period or portion of ownership
16 of the eligible taxpayer in determining the amount of refund
17 or forgiveness for which a taxpayer is eligible.

18 SECTION 2. THE ACT IS AMENDED BY ADDING A SECTION TO READ: <—

19 SECTION 5.1. LIMITATIONS ON REFUNDS OR FORGIVENESS.

20 THE TOTAL AMOUNT OF REFUNDS OR FORGIVENESS FROM REAL ESTATE
21 TAX LIABILITY UNDER THIS ACT SHALL NOT EXCEED 25% OF THE STATE
22 ALLOCATION FOR THE FISCAL YEAR OF SUCH REFUNDS OR FORGIVENESS AS
23 CERTIFIED BY THE DEPARTMENT OF REVENUE FROM THE FUND ESTABLISHED
24 IN THE ACT OF _____ (P.L. _____, NO. _____), KNOWN AS THE
25 SUPPLEMENTAL HOMEOWNER PROPERTY TAX RELIEF ACT.

26 Section ~~2~~ 3. This act shall take effect in 60 days. <—