

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1951 Session of 2007

INTRODUCED BY PERZEL, SCAVELLO, ADOLPH, BAKER, BENNINGHOFF, BEYER, CAPPELLI, CIVERA, DALEY, DeLUCA, J. EVANS, EVERETT, FAIRCHILD, GEORGE, GILLESPIE, GINGRICH, GODSHALL, HERSHEY, HESS, HORNAMAN, W. KELLER, KENNEY, KILLION, KOTIK, MACKERETH, MARSHALL, MENSCH, MICOZZIE, MOYER, MUSTIO, MYERS, PEIFER, PETRARCA, PETRONE, PHILLIPS, PICKETT, PYLE, RAPP, RAYMOND, ROSS, RUBLEY, SIPTROTH, SOLOBAY, STAIRS, STERN, J. TAYLOR, VEREB, WANSACZ, WATERS, YOUNGBLOOD, YUDICHAK, BASTIAN, SWANGER, HENNESSEY, R. TAYLOR, HARPER, CAUSER, KING, JAMES, MILNE AND GALLOWAY, NOVEMBER 7, 2007

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES, AS AMENDED, JULY 3, 2008

AN ACT

1 Providing for the elimination of property tax for older
2 Pennsylvanians and, FOR A ONE-YEAR CAP ON REAL PROPERTY TAX <—
3 INCREASES FOR SCHOOL PROPERTY TAX PURPOSES AND FOR THE
4 ELIMINATION OF AUTHORITY TO LEVY REAL PROPERTY TAXES FOR THE
5 SUPPORT OF PUBLIC SCHOOLS; IMPOSING ADDITIONAL DUTIES ON THE
6 DEPARTMENT OF EDUCATION; PROVIDING for the transfer of
7 certain funds; and making related repeals.

8 The General Assembly of the Commonwealth of Pennsylvania
9 hereby enacts as follows:

10 Section 1. Short title.

11 This act shall be known and may be cited as the Older <—
12 Pennsylvanian PENNSYLVANIA Property Tax Elimination Act. <—

13 Section 2. Legislative intent and purpose.

14 (1) The General Assembly, in recognition of the powers
15 contained in section 2(b)(ii) of Article VIII of the
16 Constitution of Pennsylvania, which provides for the

1 establishment as a class or classes of subjects of taxation
2 on the property or privileges of persons who, because of
3 poverty, are determined to be in need of special tax
4 provisions, declares as its legislative intent and purpose to
5 implement that power under that constitutional provision by
6 establishing special tax provisions as provided under this
7 act.

8 (2) The General Assembly, having determined that there
9 are persons within this Commonwealth whose ages and incomes
10 are such that imposition of a property tax on them would
11 deprive them of the bare necessities of life, deems it to be
12 a matter of public policy to provide special tax provisions
13 for that class of persons to relieve their economic burden.

14 (3) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT A ONE- ←
15 YEAR CAP ON SCHOOL DISTRICT REAL PROPERTY TAXES AND THE
16 ELIMINATION OF AUTHORITY TO LEVY REAL PROPERTY TAXES FOR
17 SUPPORT OF THE PUBLIC SCHOOLS IS THE MOST EFFECTIVE MEANS TO
18 PROMOTE A MORE EQUITABLE FUNDING METHOD FOR THE SUPPORT OF
19 PUBLIC EDUCATION IN THIS COMMONWEALTH.

20 Section 3. Definitions.

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

24 "Claimant." An individual who seeks assistance under section
25 5.

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

27 "Household income." All income received by a claimant and
28 the claimant's spouse while residing in the homestead during the
29 calendar year for which a rebate is claimed.

30 "Program." The Property Tax Assistance Program.

1 "Property tax." A tax levied by a school district on real
2 property.

3 "TAXPAYER." ANY PERSON OR ENTITY WHO OR WHICH IS SUBJECT TO
4 A LEVY ASSESSED ON REAL PROPERTY FOR THE SUPPORT OF ANY PUBLIC
5 SCHOOL DISTRICT IN THIS COMMONWEALTH.

6 Section 4. Administration.

7 The department shall have the following powers and duties in
8 the administration of ~~this act~~ SECTION 6:

9 (1) Implementing the program.

10 (2) Prescribing an application form under section
11 5(c)(1)(i).

12 (3) Promulgating regulations to implement section 5(e)
13 6(C) and (d).

14 SECTION 5. ADMINISTRATION BY DEPARTMENT OF EDUCATION.

15 THE DEPARTMENT OF EDUCATION SHALL HAVE THE FOLLOWING POWERS
16 AND DUTIES:

17 (1) IN ADDITION TO ANY REPORTS REQUIRED UNDER SECTION
18 311 OF THE ACT OF JUNE 27, 2006 (1ST SP.SESS., P.L.1873,
19 NO.1), KNOWN AS THE TAXPAYER RELIEF ACT, THE DEPARTMENT SHALL
20 REQUIRE ALL SCHOOL DISTRICTS TO REPORT THE DIFFERENCE BETWEEN
21 THE REVENUES RAISED UNDER THE REAL PROPERTY TAX RATE CAP
22 ESTABLISHED UNDER SECTION 7(A) OF THIS ACT FOR THE FISCAL
23 YEAR 2009-2010 AND THE AMOUNT OF REVENUES THAT WOULD
24 OTHERWISE BE PERMITTED TO BE GENERATED UNDER THE PROVISIONS
25 OF THE TAXPAYER RELIEF ACT.

26 (2) CALCULATE AN AMOUNT OF MONEY NECESSARY TO DISTRIBUTE
27 TO EACH SCHOOL DISTRICT THE REVENUE NECESSARY TO MAKE UP THE
28 DIFFERENCE BETWEEN THE REVENUES RECEIVED AND THE REVENUES
29 THAT WOULD OTHERWISE BE PERMITTED TO BE GENERATED UNDER THE
30 PROVISIONS OF THE TAXPAYER RELIEF ACT. IF INSUFFICIENT FUNDS

1 EXIST TO MEET ALL THE REQUIRED COSTS, THE DEPARTMENT SHALL
2 REDUCE EACH SCHOOL DISTRICT ALLOCATION PRO RATA.

3 (3) PROVIDE FOR THE PAYMENT OF EACH SCHOOL DISTRICT'S
4 ALLOCATION UNDER PARAGRAPH (2).

5 Section 5 6. Program. ←

6 (a) Establishment.--The department shall establish the
7 Property Tax Assistance Program to assist eligible claimants in
8 the payment of school property taxes.

9 (b) Eligibility.--To be eligible to participate in the
10 program, a claimant must comply with all of the following:

11 (1) Be over 65 years of age.

12 (2) Have an annual household income of not more than
13 \$40,000.

14 (c) Application.--The following shall apply:

15 (1) To participate in the program, a claimant must
16 submit to the department all of the following:

17 (i) An application on a form prescribed by the
18 department establishing eligibility under subsection (b).

19 (ii) The school property tax bill for which
20 assistance is sought.

21 (2) The material under paragraph (1) must be submitted
22 within 45 days of the date the property tax relating to the
23 school property tax bill under paragraph (1)(ii) is due.

24 (d) Determination.--The following shall apply:

25 (1) Within 15 days of receipt of an application under
26 subsection (c), the department shall determine if the
27 claimant is eligible or ineligible and shall notify the
28 claimant of its determination.

29 (2) Failure to comply with the time requirement under
30 paragraph (1) shall be deemed a determination of

1 ineligibility.

2 (3) A determination of ineligibility under paragraph (1)
3 or (2) shall be subject to 2 Pa.C.S. Ch. 7 Subch. A (relating
4 to judicial review of Commonwealth agency action).

5 (e) Payment.--For each eligible claimant, the department
6 shall pay the tax bill under subsection (c)(1)(ii) in whole from
7 the Property Tax Relief Fund. Payment shall be mailed to the
8 claimant and shall be made out to the school district to which
9 the claimant is liable for property taxes.

10 SECTION 7. REAL PROPERTY TAX RATE CAP AND TAX AUTHORITY

←

11 ELIMINATION.

12 (A) TAX RATE LIMITATION.--FOR THE TAX YEAR FOR SCHOOL
13 DISTRICTS BEGINNING AFTER DECEMBER 31, 2008, NO SCHOOL DISTRICT
14 OR TAXING AUTHORITY ON BEHALF OF A SCHOOL DISTRICT SHALL HAVE
15 ANY AUTHORITY TO INCREASE THE RATE OF TAX LEVIED AND ASSESSED ON
16 REAL PROPERTY BEYOND THE RATE OF TAX IMPOSED FOR THE SCHOOL TAX
17 YEAR BEGINNING IMMEDIATELY AFTER DECEMBER 31, 2007.

18 (B) ELIMINATION OF REAL PROPERTY TAX AUTHORITY.--FOR ALL TAX
19 YEARS BEGINNING AFTER DECEMBER 31, 2009, NO SCHOOL DISTRICT AND
20 NO TAXING AUTHORITY ACTING ON BEHALF OF A SCHOOL DISTRICT SHALL
21 HAVE ANY POWER TO LEVY AND ASSESS ANY TAX ON REAL PROPERTY FOR
22 THE SUPPORT OF PUBLIC EDUCATION.

23 Section ~~6~~ 8. Transfers.

←

24 (a) Annual transfer.--The State Treasurer shall transfer
25 \$150,000,000 annually from the State Lottery Fund established by
26 the act of August 26, 1971 (P.L.351, No.91), known as the State
27 Lottery Law, to the Property Tax Relief Fund for payment of
28 claims under this act.

29 (b) Single transfer.--On the effective date of this section,
30 the State Treasurer shall transfer any money in the Property Tax

1 Relief Reserve Fund to the Property Tax Relief Fund.

2 (C) TRANSFER FROM TAX STABILIZATION RESERVE FUND.--EFFECTIVE <—
3 SEPTEMBER 1, 2008, ALL MONEYS IN THE TAX STABILIZATION RESERVE
4 FUND SHALL BE TRANSFERRED TO THE PROPERTY TAX RELIEF FUND AND BE
5 USED SOLELY FOR THE PURPOSES OF PAYMENTS TO SCHOOL DISTRICTS
6 UNDER SECTION 5.

7 Section ~~7~~ 9. Repeals. <—

8 (1) The General Assembly declares that the repeal under
9 ~~paragraph (2)~~ PARAGRAPHS (2) AND (3) is necessary to <—
10 effectuate this act.

11 (2) ARTICLE XVII-A OF THE ACT OF APRIL 9, 1929 (P.L.343, <—
12 NO.176), KNOWN AS THE FISCAL CODE, IS REPEALED.

13 ~~(2)~~ (3) Sections 501, 502, 503(c), (d) and (e), 505, 704 <—
14 and Chapter 13 of the act of June 27, 2006 (1st Sp.Sess.,
15 P.L.1873, No.1), known as the Taxpayer Relief Act, are
16 repealed.

17 Section ~~20~~ 10. Effective date. <—

18 This act shall take effect immediately.