

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 258 Session of 2009

INTRODUCED BY O'PAKE, LOGAN, MUSTO, STOUT, WASHINGTON, FONTANA,  
KASUNIC, KITCHEN AND BOSCOLA, FEBRUARY 19, 2009

REFERRED TO FINANCE, FEBRUARY 19, 2009

A JOINT RESOLUTION

1 Proposing integrated amendments to the Constitution of the  
2 Commonwealth of Pennsylvania, further providing for  
3 uniformity of taxation and for tax exemptions and special tax  
4 provisions.

5 The General Assembly of the Commonwealth of Pennsylvania  
6 hereby resolves as follows:

7 Section 1. The General Assembly finds and declares as  
8 follows:

9 (1) The system of funding public education in this  
10 Commonwealth is broken, relying too heavily on the real  
11 property tax, which does not accurately reflect an  
12 individual's ability to pay.

13 (2) Many senior citizens and others living on fixed to  
14 moderate incomes are being taxed out of their homes, while  
15 many young families just starting out are prevented from  
16 purchasing a first home and attaining the American dream of  
17 homeownership because of the additional financial burden of  
18 real property taxes.

19 (3) Of all the real property taxes imposed by political

1 subdivisions, the homeowner school property tax represents  
2 the greatest burden and an extreme financial hardship for too  
3 many of our citizens.

4 (4) The Constitution currently prohibits the General  
5 Assembly from eliminating property taxes on homestead  
6 property only and from imposing a graduated personal income  
7 tax.

8 (5) This constitutional amendment is intended to seek  
9 voter approval to eliminate the ability of school districts  
10 to impose real estate taxes on homestead property and to  
11 replace that revenue with funds derived from other sources.  
12 These sources include the imposition of a graduated income  
13 tax to be used solely to fund homestead property tax  
14 elimination.

15 (6) The Commonwealth is in the midst of a property tax  
16 crisis that needs to be addressed. The citizens of this  
17 Commonwealth, especially the children, deserve quality  
18 schools that provide quality educations. However, these needs  
19 must be funded through an equitable system of taxation which  
20 does not rely on the taxing of homestead property.

21 Section 2. The following integrated amendments to the  
22 Constitution of Pennsylvania are proposed in accordance with  
23 Article XI:

24 (1) That section 1 of Article VIII be amended to read:

25 § 1. Uniformity of taxation.

26 [All] (a) Except as provided under subsection (b), all taxes  
27 shall be uniform, upon the same class of subjects, within the  
28 territorial limits of the authority levying the tax, and shall  
29 be levied and collected under general laws.

30 (b) Any school district levying a tax on real property shall

be prohibited from levying the tax on homestead property for taxable years beginning after the last day of the fiscal year in which this subsection is ratified.

(2) That section 2(b) of Article VIII be amended to read:

§ 2. Exemptions and special provisions.

\* \* \*

(b) The General Assembly may, by law:

(i) Establish standards and qualifications for private forest reserves, agricultural reserves, and land actively devoted to agricultural use, and make special provision for the taxation thereof;

(ii) Establish as a class or classes of subjects of taxation the property or privileges of persons who, because of age, disability, infirmity or poverty are determined to be in need of tax exemption or of special tax provisions, and for any such class or classes, uniform standards and qualifications. The Commonwealth, or any other taxing authority, may adopt or employ such class or classes and standards and qualifications, and except as herein provided may impose taxes, grant exemptions, or make special tax provisions in accordance therewith. No exemption or special provision shall be made under this clause with respect to taxes upon the sale or use of personal property, and no exemption from any tax upon real property shall be granted by the General Assembly under this clause unless the General Assembly shall provide for the reimbursement of local taxing authorities by or through the Commonwealth for revenue losses occasioned by such exemption;

(iii) Establish standards and qualifications by which local taxing authorities may make uniform special tax provisions applicable to a taxpayer for a limited period of time to

1 encourage improvement of deteriorating property or areas by an  
2 individual, association or corporation, or to encourage  
3 industrial development by a non-profit corporation; and

4 (iv) Make special tax provisions on any increase in value of  
5 real estate resulting from residential construction. Such  
6 special tax provisions shall be applicable for a period not to  
7 exceed two years.

8 (v) Establish standards and qualifications by which local  
9 taxing authorities in counties of the first and second class may  
10 make uniform special real property tax provisions applicable to  
11 taxpayers who are longtime owner-occupants as shall be defined  
12 by the General Assembly of residences in areas where real  
13 property values have risen markedly as a consequence of the  
14 refurbishing or renovating of other deteriorating residences or  
15 the construction of new residences.

16 (vi) Authorize local taxing authorities to exclude from  
17 taxation an amount based on the assessed value of homestead  
18 property. The exclusions authorized by this clause shall not  
19 exceed one-half of the median assessed value of all homestead  
20 property within a local taxing jurisdiction. A local taxing  
21 authority may not increase the millage rate of its tax on real  
22 property to pay for these exclusions.

23 (vii) For purposes of funding the elimination of school  
24 district real estate taxes on homestead property, establish  
25 nonuniform rates of taxation for any tax levied on personal  
26 income, increasing in proportion to the level of personal  
27 income.

28 \* \* \*

29 Section 3. (a) Upon the first passage by the General  
30 Assembly of these proposed constitutional amendments, the

1 Secretary of the Commonwealth shall proceed immediately to  
2 comply with the advertising requirements of section 1 of Article  
3 XI of the Constitution of Pennsylvania and shall transmit the  
4 required advertisements to two newspapers in every county in  
5 which such newspapers are published in sufficient time after  
6 passage of these proposed constitutional amendments.

7 (b) Upon the second passage by the General Assembly of these  
8 proposed constitutional amendments, the Secretary of the  
9 Commonwealth shall proceed immediately to comply with the  
10 advertising requirements of section 1 of Article XI of the  
11 Constitution of Pennsylvania and shall transmit the required  
12 advertisements to two newspapers in every county in which such  
13 newspapers are published in sufficient time after passage of  
14 these proposed constitutional amendments. The Secretary of the  
15 Commonwealth shall submit the proposed constitutional amendments  
16 under section 1 to the qualified electors of this Commonwealth  
17 as a single ballot question at the first primary, general or  
18 municipal election which meets the requirements of and is in  
19 conformance with section 1 of Article XI of the Constitution of  
20 Pennsylvania and which occurs at least three months after the  
21 proposed constitutional amendments are passed by the General  
22 Assembly.