THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 504 Session of 2015

INTRODUCED BY GABLER, BAKER, BENNINGHOFF, CALTAGIRONE, CAUSER,
CUTLER, EVERETT, GIBBONS, GROVE, A. HARRIS, IRVIN, F. KELLER,
M. K. KELLER, MAJOR, METCALFE, METZGAR, MILLARD, OBERLANDER,
PEIFER, PICKETT, SANKEY, SAYLOR, SONNEY AND WARNER,
FEBRUARY 17, 2015

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES,
MAY 12, 2015

AN ACT

Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
act relating to tax reform and State taxation by codifying
and enumerating certain subjects of taxation and imposing
taxes thereon; providing procedures for the payment,
collection, administration and enforcement thereof; providing
for tax credits in certain cases; conferring powers and
imposing duties upon the Department of Revenue, certain
employers, fiduciaries, individuals, persons, corporations
and other entities; prescribing crimes, offenses and
penalties," in tax for education, further providing for sales
and use tax for timbering; ESTABLISHING THE SCHOOL DISTRICT
MILLAGES RATE REDUCTION FUND AND THE SCHOOL DISTRICT HOMESTEAD
AND FARMSTEAD RELIEF FUND; PROVIDING FOR ADDITIONAL TAXATION
AND FOR SENIOR CITIZENS PROPERTY TAX AND RENT REBATE
ASSISTANCE; AND REPEALING PROVISIONS OF THE TAXPAYER RELIEF
ACT.

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

Section 1. Section 201(k)(8) and (o)(4)(B) of the act of
March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of
1971, amended April 23, 1998 (P.L.239, No.45), are amended to
read:

SECTION 1. THE TITLE OF THE ACT OF MARCH 4, 1971 (P.L.6, }--
NO.2), KNOWN AS THE TAX REFORM CODE OF 1971, IS AMENDED TO READ:

AN ACT

RELATING TO TAX REFORM AND STATE TAXATION BY CODIFYING AND
ENUMERATING CERTAIN SUBJECTS OF TAXATION AND IMPOSING TAXES
THEREON; PROVIDING PROCEDURES FOR THE PAYMENT, COLLECTION,
ADMINISTRATION AND ENFORCEMENT THEREOF; PROVIDING FOR
PROPERTY TAX RELIEF AND FOR TAX CREDITS IN CERTAIN CASES;
CONFERRING POWERS AND IMPOSING DUTIES UPON THE DEPARTMENT OF
REVENUE, CERTAIN EMPLOYERS, FIDUCIARIES, INDIVIDUALS,
PERSONS, CORPORATIONS AND OTHER ENTITIES; PRESCRIBING CRIMES,
OFFENSES AND PENALTIES.

SECTION 2. SECTION 201(K)(8) AND (O)(4)(B) OF THE ACT,
AMENDED APRIL 23, 1998 (P.L.239, NO.45), ARE AMENDED TO READ:

Section 201. Definitions.--The following words, terms and
phrases when used in this Article II shall have the meaning
ascribed to them in this section, except where the context
clearly indicates a different meaning:

* * *

(k) "Sale at retail."

* * *

(8) Any retention of possession, custody or a license to use
or consume tangible personal property or any further obtaining
of services described in subclauses (2), (3) and (4) of this
clause pursuant to a rental or service contract or other
arrangement (other than as security).

The term "sale at retail" shall not include (i) any such
transfer of tangible personal property or rendition of services
for the purpose of resale, or (ii) such rendition of services or
the transfer of tangible personal property including, but not
limited to, machinery and equipment and parts therefor and

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supplies to be used or consumed by the purchaser directly in the
operations of--

(A) The manufacture of tangible personal property.

(B) Farming, dairying, agriculture, timbering, horticulture
or floriculture when engaged in as a business enterprise. The
term "farming" shall include the propagation and raising of
ranch raised fur-bearing animals and the propagation of game
birds for commercial purposes by holders of propagation permits
issued under 34 Pa.C.S. (relating to game) and the propagation
and raising of horses to be used exclusively for commercial
racing activities. The term "timbering" shall include:

(1) The business of producing or harvesting trees from
forests, woodlots or tree farms for the purpose of the
commercial production of wood, paper or energy products derived
from wood.

(2) All operations prior to the transport of the harvested
product necessary for the removal of timber or forest products
from the site, in-field processing of trees into logs or chips,
complying with environmental protection and safety requirements
applicable to the harvest of forest products, creating access to
the harvest site, loading of forest products onto highway
vehicles for transport to storage or processing facilities and
postharvest site reclamation, including those activities
necessary to improve timber growth or ensure natural or direct
reforestation of the site.

(C) The producing, delivering or rendering of a public
utility service, or in constructing, reconstructing, remodeling,
repairing or maintaining the facilities which are directly used
in producing, delivering or rendering such service.

(D) Processing as defined in clause (d) of this section.
The exclusions provided in paragraphs (A), (B), (C) and (D) shall not apply to any vehicle required to be registered under The Vehicle Code, except those vehicles used directly by a public utility engaged in business as a common carrier; to maintenance facilities; or to materials, supplies or equipment to be used or consumed in the construction, reconstruction, remodeling, repair or maintenance of real estate other than directly used machinery, equipment, parts or foundations therefor that may be affixed to such real estate.

The exclusions provided in paragraphs (A), (B), (C) and (D) shall not apply to tangible personal property or services to be used or consumed in managerial sales or other nonoperational activities, nor to the purchase or use of tangible personal property or services by any person other than the person directly using the same in the operations described in paragraphs (A), (B), (C) and (D) herein.

The exclusion provided in paragraph (C) shall not apply to (i) construction materials, supplies or equipment used to construct, reconstruct, remodel, repair or maintain facilities not used directly by the purchaser in the production, delivering or rendition of public utility service, (ii) construction materials, supplies or equipment used to construct, reconstruct, remodel, repair or maintain a building, road or similar structure, or (iii) tools and equipment used but not installed in the maintenance of facilities used directly in the production, delivering or rendition of a public utility service.

The exclusions provided in paragraphs (A), (B), (C) and (D) shall not apply to the services enumerated in clauses (k)(11) through (18) and (w) through (kk), except that the exclusion provided in this subclause for farming, dairying and agriculture
shall apply to the service enumerated in clause (z).

* * *

(o) "Use."

* * *

(4) The obtaining by a purchaser of the service of repairing, altering, mending, pressing, fitting, dyeing, laundering, drycleaning or cleaning tangible personal property other than wearing apparel or shoes or applying or installing tangible personal property as a repair or replacement part of other tangible personal property other than wearing apparel or shoes, whether or not the services are performed directly or by any means other than by means of coin-operated self-service laundry equipment for wearing apparel or household goods, and whether or not any tangible personal property is transferred to the purchaser in conjunction therewith, except such services as are obtained in the construction, reconstruction, remodeling, repair or maintenance of real estate: Provided, however, That this subclause shall not be deemed to impose tax upon such services in the preparation for sale of new items which are excluded from the tax under clause (26) of section 204, or upon diaper service: And provided further, That the term "use" shall not include--

* * *

(B) The use or consumption of tangible personal property, including but not limited to machinery and equipment and parts therefor, and supplies or the obtaining of the services described in subclauses (2), (3) and (4) of this clause directly in the operations of--

(i) The manufacture of tangible personal property.

(ii) Farming, dairying, agriculture, timbering, horticulture
or floriculture when engaged in as a business enterprise. The term "farming" shall include the propagation and raising of ranch-raised furbearing animals and the propagation of game birds for commercial purposes by holders of propagation permits issued under 34 Pa.C.S. (relating to game) and the propagation and raising of horses to be used exclusively for commercial racing activities. The term "timbering" shall include:

(1) The business of producing or harvesting trees from forests, woodlots or tree farms for the purpose of the commercial production of wood, paper or energy products derived from wood.

(2) All operations prior to the transport of the harvested product necessary for the removal of timber or forest products from the site, in-field processing of trees into logs or chips, complying with environmental protection and safety requirements applicable to the harvest of forest products, creating access to the harvest site, loading of forest products onto highway vehicles for transport to storage or processing facilities and postharvest site reclamation, including those activities necessary to improve timber growth or ensure natural or direct reforestation of the site.

(iii) The producing, delivering or rendering of a public utility service, or in constructing, reconstructing, remodeling, repairing or maintaining the facilities which are directly used in producing, delivering or rendering such service.

(iv) Processing as defined in subclause (d) of this section.

The exclusions provided in subparagraphs (i), (ii), (iii) and (iv) shall not apply to any vehicle required to be registered under The Vehicle Code except those vehicles directly used by a public utility engaged in the business as a common carrier; to
maintenance facilities; or to materials, supplies or equipment
to be used or consumed in the construction, reconstruction,
remodeling, repair or maintenance of real estate other than
directly used machinery, equipment, parts or foundations
therefor that may be affixed to such real estate. The exclusions
provided in subparagraphs (i), (ii), (iii) and (iv) shall not
apply to tangible personal property or services to be used or
consumed in managerial sales or other nonoperational activities,
nor to the purchase or use of tangible personal property or
services by any person other than the person directly using the
same in the operations described in subparagraphs (i), (ii),
(iii) and (iv).

The exclusion provided in subparagraph (iii) shall not apply
to (A) construction materials, supplies or equipment used to
construct, reconstruct, remodel, repair or maintain facilities
not used directly by the purchaser in the production, delivering
or rendition of public utility service or (B) tools and
equipment used but not installed in the maintenance of
facilities used directly in the production, delivering or
rendition of a public utility service.

The exclusion provided in subparagraphs (i), (ii), (iii) and
(iv) shall not apply to the services enumerated in clauses (o)
(9) through (16) and (w) through (kk), except that the exclusion
provided in subparagraph (ii) for farming, dairying and
agriculture shall apply to the service enumerated in clause (z).

* * *

SECTION 3. THE ACT IS AMENDED BY ADDING ARTICLES TO READ:

ARTICLE XVI

SCHOOL PROPERTY TAX REFORM

PART I

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PRELIMINARY PROVISIONS

SECTION 1601. SHORT TITLE OF ARTICLE.

THIS ARTICLE SHALL BE KNOWN AND MAY BE CITED AS THE SCHOOL PROPERTY TAX REFORM ACT.

SECTION 1602. DEFINITIONS.

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


"BOARD OF SCHOOL DIRECTORS." THE TERM INCLUDES THE FOLLOWING:

(1) A BOARD OF SCHOOL DIRECTORS OF A SCHOOL DISTRICT OF THE FIRST CLASS A, SECOND CLASS, THIRD CLASS OR FOURTH CLASS.

(2) A CITY COUNCIL OF A CITY OF THE FIRST CLASS.

"DEPARTMENT." THE DEPARTMENT OF REVENUE OF THE COMMONWEALTH.


"FARMSTEAD." AS DEFINED IN 53 PA.C.S. § 8582 (RELATING TO DEFINITIONS).

"FARMSTEAD PROPERTY." THE TERM AS DEFINED IN 53 PA.C.S. § 8582 (RELATING TO DEFINITIONS).

"HOMESTEAD." THE TERM DEFINED IN 53 PA.C.S. § 8401 (RELATING TO DEFINITIONS).

"HOMESTEAD PROPERTY." THE TERM AS DEFINED IN 53 PA.C.S. § 8401 (RELATING TO DEFINITIONS).

"INDEX." THE TERM DEFINED IN SECTION 302 OF THE TAXPAYER RELIEF ACT.
"REAL PROPERTY TAX." THE TOTAL DOLLAR VALUE OF REAL PROPERTY TAXES PAID BY PROPERTY OWNERS IN A SCHOOL DISTRICT DETERMINED BY ADDING THE REAL PROPERTY TAXES COLLECTED BY, OR ON BEHALF OF, THE SCHOOL DISTRICT PLUS STATE MILLAGE RATE REDUCTION ALLOCATIONS, STATE HOMESTEAD AND FARMSTEAD EXCLUSION ALLOCATIONS AND STATE PROPERTY TAX REDUCTION ALLOCATIONS. THE TERM DOES NOT INCLUDE AN ALLOCATION UNDER SECTION 505(D) OF THE TAXPAYER RELIEF ACT.

"RESIDENTIAL PROPERTY TAX." THE DOLLAR VALUE OF REAL PROPERTY TAXES PAID BY RESIDENTIAL PROPERTY OWNERS IN A SCHOOL DISTRICT, DETERMINED BY MULTIPLYING THE REAL PROPERTY TAXES COLLECTED BY THE SCHOOL DISTRICT TIMES THE PERCENTAGE OF THE TOTAL PROPERTY VALUE IN THE SCHOOL DISTRICT CLASSIFIED AS RESIDENTIAL BY THE STATE TAX EQUALIZATION BOARD FOR THE CALENDAR YEAR IN WHICH THE TAX YEAR BEGAN.

"SCHOOL DISTRICT." A SCHOOL DISTRICT OF THE FIRST CLASS, FIRST CLASS A, SECOND CLASS, THIRD CLASS OR FOURTH CLASS.

"SCHOOL DISTRICT HOMESTEAD AND FARMSTEAD RELIEF FUND." THE FUND ESTABLISHED IN SECTION 1604.

"SCHOOL DISTRICT MILLAGE RATE REDUCTION FUND." THE FUND ESTABLISHED IN SECTION 1603.

"SECRETARY." THE SECRETARY OF THE BUDGET OF THE COMMONWEALTH.

"STATE HOMESTEAD AND FARMSTEAD EXCLUSION ALLOCATION." THE ALLOCATION UNDER SECTION 1643.

"STATE MILLAGE RATE REDUCTION ALLOCATION." THE ALLOCATION UNDER SECTION 1632.

"STATE PROPERTY TAX REDUCTION ALLOCATION." A PAYMENT MADE UNDER SECTION 505 OF THE TAXPAYER RELIEF ACT.

"STATE TREASURER." THE STATE TREASURER OF THE COMMONWEALTH.
"TAXPAYER RELIEF ACT." THE ACT OF JUNE 27, 2006 (1ST SP.SESS., P.L.1873, NO.1), KNOWN AS THE TAXPAYER RELIEF ACT.

SECTION 1603. SCHOOL DISTRICT MILLAGE RATE REDUCTION FUND.

(A) ESTABLISHMENT.--THE SCHOOL DISTRICT MILLAGE RATE REDUCTION FUND IS ESTABLISHED AS A SPECIAL FUND IN THE STATE TREASURY. THE FUND SHALL NOT LAPSE.

(B) PURPOSE.--MONEY IN THE FUND SHALL BE DISTRIBUTED TO SCHOOL DISTRICTS UNDER SECTION 1632 AND SHALL BE USED EXCLUSIVELY FOR THE PURPOSES ENUMERATED IN THIS ARTICLE.

(C) DEPOSITS INTO THE FUND.--FUNDS GENERATED BY THE TAX UNDER SECTION 1611 SHALL BE DEPOSITED INTO THE FUND.

(D) TRANSFER FROM THE FUND.--

(1) IN ORDER TO ENSURE THAT THE GENERAL FUND IS NOT NEGATIVELY IMPACTED BY THE IMPOSITION OF THE TAX UNDER SECTION 1611, NOT LATER THAN JUNE 30, 2017, AND EACH JUNE 30 THEREAFTER, AN AMOUNT EQUAL TO THE REFUND REIMBURSEMENT FACTOR MULTIPLIED BY THE AMOUNT OF REFUNDS ISSUED UNDER ARTICLE III FOR TAX YEARS IN WHICH THE TAX IMPOSED UNDER SECTION 1611 IS APPLICABLE SHALL BE TRANSFERRED FROM THE FUND TO THE GENERAL FUND.

(2) FOR THE PURPOSE OF THIS SUBSECTION, "REFUND REIMBURSEMENT FACTOR" MEANS A FRACTION EQUAL TO THE RATE OF TAX IMPOSED UNDER SECTION 1611 DIVIDED BY THE SUM OF THE RATE OF TAX IMPOSED UNDER SECTION 1611 PLUS THE RATE OF TAX IMPOSED UNDER ARTICLE III.

SECTION 1604. SCHOOL DISTRICT HOMESTEAD AND FARMSTEAD RELIEF FUND.

(A) ESTABLISHMENT.--THE SCHOOL DISTRICT HOMESTEAD AND FARMSTEAD RELIEF FUND IS ESTABLISHED AS A SPECIAL FUND IN THE STATE TREASURY. THE FUND SHALL NOT LAPSE.
(B) PURPOSE.--EXCEPT AS PROVIDED UNDER SECTION 2908-G(C), MONEY IN THE FUND SHALL BE DISTRIBUTED TO SCHOOL DISTRICTS UNDER SECTION 1643 AND SHALL BE USED EXCLUSIVELY FOR THE PURPOSES ENUMERATED IN THIS ARTICLE.

(C) DEPOSITS.--FUNDS GENERATED BY THE TAX UNDER SECTION 1612 SHALL BE DEPOSITED INTO THE FUND.

(D) TRANSFERS.--UPON AUTHORIZATION BY THE SECRETARY IN ORDER TO COMPLY WITH SECTION 1622(A)(3), THE STATE TREASURER SHALL TRANSFER FROM THE FUND TO THE SCHOOL DISTRICT MILLAGE RATE REDUCTION FUND AN AMOUNT SUFFICIENT TO ENSURE THAT THE TOTAL AMOUNT OF REVENUE IN THE SCHOOL DISTRICT MILLAGE RATE REDUCTION FUND FOR A FISCAL YEAR IS NOT LESS THAN THE AMOUNT DISTRIBUTED FROM THE PREVIOUS FISCAL YEAR.

PART II

SCHOOL PROPERTY TAX REDUCTIONS

FROM STATEWIDE SOURCES

SECTION 1611. ADDITIONAL PERSONAL INCOME TAX IMPOSED.

(A) PERSONAL INCOME TAX.--FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2015, THERE IS IMPOSED AN ADDITIONAL TAX UPON EACH CLASS OF INCOME AS DEFINED IN ARTICLE III. THE TAX SHALL BE CALCULATED, COLLECTED AND PAID OVER TO THE COMMONWEALTH IN THE SAME MANNER AS PROVIDED IN ARTICLE III.

(B) RATE.--THE TAX IMPOSED BY SUBSECTION (A) SHALL BE AT THE RATE OF 0.63%.

(C) DEPOSIT OF TAX PROCEEDS.--THE DEPARTMENT SHALL DEPOSIT TAXES COLLECTED UNDER THIS SECTION IN THE SCHOOL DISTRICT MILLAGE RATE REDUCTION FUND. THE AMOUNT SHALL BE THE SUM OF THE TAXES COLLECTED UNDER THIS SECTION AND ARTICLE III MULTIPLIED BY A FRACTION EQUAL TO THE RATE OF TAX UNDER THIS SECTION DIVIDED BY THE SUM OF THE RATE OF TAX UNDER THIS SECTION AND THE RATE OF 20150HB0504PN1560 - 11 -
TAX UNDER SECTION 302.

   (D) RULES AND REGULATIONS.--THE RULES AND REGULATIONS OF THE
DEPARTMENT PROMULGATED UNDER THIS ACT OR ANY OTHER ACT, SHALL BE
APPLICABLE TO THE TAX IMPOSED BY THIS SECTION TO THE EXTENT THAT
THEY ARE APPLICABLE TO THE TAX IMPOSED UNDER ARTICLE III.

   (E) CONSTRUCTION.--THE TAX IMPOSED BY THIS SECTION SHALL BE
IN ADDITION TO ANY TAX IMPOSED UNDER ARTICLE III OR SECTION
321(C) OF THE TAXPAYER RELIEF ACT. THE PROVISIONS OF ARTICLE III
SHALL APPLY TO THE TAX IMPOSED BY THIS SECTION.

SECTION 1612. ADDITIONAL SALES AND USE TAX IMPOSED.

   (A) ADDITIONAL TAXATION.--THE TAX IMPOSED BY THIS SECTION
SHALL BE IN ADDITION TO ANY TAX IMPOSED UNDER ARTICLE II OR II-
B, SECTION 503 OF THE ACT OF JUNE 5, 1991 (P.L.9, NO.6), KNOWN
AS THE PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY ACT
FOR CITIES OF THE FIRST CLASS, OR SECTION 3152-B OF THE ACT OF
JULY 28, 1953 (P.L.73, NO.230), KNOWN AS THE SECOND CLASS COUNTY
CODE. THE PROVISIONS OF ARTICLE II SHALL APPLY TO THE TAX
IMPOSED BY THIS SECTION.

   (B) SALES TAX.--BEGINNING JANUARY 1, 2016, THERE IS IMPOSED
A TAX UPON EACH SEPARATE SALE AT RETAIL OF TANGIBLE PERSONAL
PROPERTY OR SERVICES. THE TAX UNDER THIS SUBSECTION SHALL BE
IMPOSED UPON THE PURCHASE PRICE. THE TAX SHALL BE COLLECTED BY
THE VENDOR FROM THE PURCHASER AND SHALL BE PAID OVER TO THE
COMMONWEALTH IN THE SAME MANNER AS PROVIDED IN ARTICLE II.

   (C) USE TAX.--BEGINNING JANUARY 1, 2016, THERE IS IMPOSED A
TAX UPON THE USE OF TANGIBLE PERSONAL PROPERTY PURCHASED AT
RETAIL AND ON SERVICES PURCHASED AT RETAIL. THE TAX UNDER THIS
SUBSECTION SHALL BE IMPOSED UPON THE PURCHASE PRICE. THE TAX
SHALL BE PAID OVER TO THE COMMONWEALTH BY THE PERSON WHO MAKES
SUCH USE. THE TAX IMPOSED UNDER THIS SUBSECTION SHALL NOT BE
PAID OVER TO THE COMMONWEALTH BY ANY PERSON WHO HAS PAID THE TAX IMPOSED UNDER SUBSECTION (B) OR HAS PAID THE TAX IMPOSED UNDER THIS SUBSECTION TO THE VENDOR WITH RESPECT TO SUCH USE.

(D) HOTEL TAX.--BEGINNING JANUARY 1, 2016, THERE IS HEREBY IMPOSED AN EXCISE TAX ON THE RENT UPON EVERY OCCUPANCY OF A ROOM OR ROOMS IN A HOTEL, AS DEFINED IN ARTICLE II. THE TAX SHALL BE COLLECTED BY THE OPERATOR OR OWNER FROM THE OCCUPANT AND PAID OVER TO THE COMMONWEALTH.

(E) RATE.--THE TAX IMPOSED BY SUBSECTIONS (B), (C) AND (D) SHALL BE AT A RATE OF 1%.

(F) TAX COMPUTATION.--THE TAX IMPOSED UNDER SUBSECTIONS (B), (C) AND (D) SHALL BE COMPUTED AS FOLLOWS:

(1) IF THE PURCHASE PRICE IS 50¢ OR LESS, NO TAX SHALL BE COLLECTED.

(2) IF THE PURCHASE PRICE IS 51¢ OR MORE BUT LESS THAN $1.51, 1¢ SHALL BE COLLECTED.

(3) IF THE PURCHASE PRICE IS $1.51 OR MORE BUT LESS THAN $2.51, 2¢ SHALL BE COLLECTED.

(4) IF THE PURCHASE PRICE IS $2.51 OR MORE BUT LESS THAN $3.51, 3¢ SHALL BE COLLECTED.

(5) IF THE PURCHASE PRICE IS $3.51 OR MORE BUT LESS THAN $4.51, 4¢ SHALL BE COLLECTED.

(6) IF THE PURCHASE PRICE IS $4.51 OR MORE BUT LESS THAN $5.51, 5¢ SHALL BE COLLECTED.

(7) IF THE PURCHASE PRICE IS $5.51 OR MORE BUT LESS THAN $6.51, 6¢ SHALL BE COLLECTED.

(8) IF THE PURCHASE PRICE IS $6.51 OR MORE BUT LESS THAN $7.51, 7¢ SHALL BE COLLECTED.

(9) IF THE PURCHASE PRICE IS $7.51 OR MORE BUT LESS THAN $8.51, 8¢ SHALL BE COLLECTED.
(10) If the purchase price is $8.51 or more but less than $9.51, 9¢ shall be collected.

(11) If the purchase price is $9.51 or more but less than $10.01, 10¢ shall be collected.

(12) If the purchase price is more than $10, 1% of each $10 purchase price plus the above bracket charges upon any fractional part of a $10 increment shall be collected.

(G) Deposit of tax proceeds.--The department shall deposit taxes collected under this section in the school district homestead and farmstead relief fund. The amount shall be one-seventh of the sum of the amount collected under this section and Article II. The tax collected under this section shall be subject to the transfers under Section 281.2 and 74 Pa.C.S. §1506(c)(1) and (3.4) in the same way as the tax imposed under Article II.

(H) Rules and regulations.--The rules and regulations of the department which are promulgated under this act or any other act, shall be applicable to the tax imposed by this section to the extent that they are applicable to the tax imposed under Article II.

(I) Definitions.--As used in this section, the following words and phrases shall have the meanings given to them in this subsection unless the context clearly indicates otherwise:

"purchase price." as defined in Article II.

"sale at retail." as defined in Article II.

"tangible personal property." as defined in Article II.

PART III

STATE FUNDS FORMULAE

SUBPART A

PRELIMINARY PROVISIONS
SECTION 1621. SCOPE OF PART.

THIS PART RELATES TO THE ALLOCATION OF STATE FUNDS FOR THE DOLLAR-FOR-DOLLAR REDUCTION OF SCHOOL DISTRICT PROPERTY TAXES THROUGH MILLAGE RATE REDUCTIONS AND FUNDING HOMESTEAD PROPERTY EXCLUSIONS.

SECTION 1622. CERTIFICATIONS.

(A) SECRETARY CERTIFICATIONS.--

(1) NOT LATER THAN APRIL 15, 2016, AND APRIL 15 OF EACH YEAR THEREAFTER, THE SECRETARY SHALL CERTIFY ALL OF THE FOLLOWING:

(I) THE TOTAL AMOUNT OF REVENUE IN THE SCHOOL DISTRICT MILLAGE RATE REDUCTION FUND AND THE SCHOOL DISTRICT HOMESTEAD AND FARMSTEAD RELIEF FUND. IN CALCULATING THE TOTAL AMOUNT OF REVENUE IN EACH OF THE FUNDS, THE SECRETARY SHALL TAKE INTO ACCOUNT ALL OF THE FOLLOWING:

(A) FOR THE CERTIFICATION TO BE COMPLETED NOT LATER THAN APRIL 15, 2016, REVENUE WHICH:

(I) HAS BEEN DEPOSITED INTO THE FUND PRIOR TO THE DATE OF THE CERTIFICATION; AND

(II) IS REASONABLY PROJECTED TO BE DEPOSITED INTO THE FUND DURING THE SIX MONTHS FOLLOWING THE DATE ON WHICH THE CERTIFICATION IS MADE; AND

(B) FOR CERTIFICATIONS IN SUBSEQUENT FISCAL YEARS:

(I) REVENUE WHICH HAS BEEN DEPOSITED INTO THE FUND DURING THE SIX MONTHS PRIOR TO THE DATE ON WHICH THE CERTIFICATION IS MADE; AND

(II) REVENUE ENUMERATED IN CLAUSE (A)(II).

(II) IN CERTIFYING THE AMOUNT AVAILABLE FOR
DISTRIBUTION FROM EACH FUND UNDER SUBSECTION (C), THE
SECRETARY SHALL ONLY CERTIFY AN AMOUNT THAT IS
SUSTAINABLE IN SUBSEQUENT YEARS.

(2) IF THE ACTUAL REVENUE DEPOSITED INTO EACH OF THE
FUNDS DURING THE SIX MONTHS FOLLOWING THE DATE ON WHICH THE
CERTIFICATION IS MADE EXCEEDS PROJECTIONS, ANY REVENUE IN
EXCESS OF PROJECTIONS SHALL REMAIN IN THAT FUND AND MAY BE
INCLUDED IN THE CERTIFICATION FOR THE SUBSEQUENT FISCAL YEAR.

(3) THE SECRETARY MAY NOT CERTIFY AN AMOUNT OF REVENUE
IN THE SCHOOL DISTRICT MILLAGE RATE REDUCTION FUND WHICH IS
LESS THAN THE DOLLAR AMOUNT CERTIFIED IN THE PREVIOUS FISCAL
YEAR.

(B) NOTIFICATION OF DEPARTMENT OF EDUCATION.--BY APRIL 20,
2016, AND APRIL 20 EACH YEAR THEREAFTER, THE SECRETARY SHALL
NOTIFY THE DEPARTMENT OF EDUCATION WHETHER IT IS AUTHORIZED TO
PROVIDE SCHOOL DISTRICTS WITH STATE MILLAGE RATE REDUCTION
ALLOCATIONS AND STATE HOMESTEAD AND FARMSTEAD EXCLUSION
ALLOCATIONS UNDER SUBPARTS B AND C.

(C) DISTRIBUTION.--

(1) FOR FISCAL YEAR 2016-2017 AND FOR EACH FISCAL YEAR
THEREAFTER, THE SECRETARY SHALL AUTHORIZE THE DEPARTMENT OF
EDUCATION TO DISTRIBUTE FROM THE SCHOOL DISTRICT MILLAGE RATE
REDUCTION FUND THE AMOUNT CERTIFIED FOR THE FUND UNDER
SUBSECTION (A)(1).

(2) FOR FISCAL YEAR 2016-2017 AND FOR EACH FISCAL YEAR
THEREAFTER, THE SECRETARY SHALL AUTHORIZE THE DEPARTMENT OF
EDUCATION TO DISTRIBUTE FROM THE SCHOOL DISTRICT HOMESTEAD
AND FARMSTEAD RELIEF FUND THE DIFFERENCE BETWEEN THE AMOUNT
CERTIFIED FOR THE FUND UNDER SUBSECTION (A)(1) AND THE SUM OF
ALL OF THE FOLLOWING:
(I) THE AMOUNT SUFFICIENT TO FUND ADDITIONAL REIMBURSEMENTS TO ELIGIBLE SCHOOL DISTRICTS UNDER SECTION 1642; AND

(II) THE AMOUNT UNDER 2908-G(C).

THE AMOUNT DEDUCTED UNDER THIS SUBSECTION FOR ADDITIONAL REIMBURSEMENTS UNDER SECTION 1642 SHALL BE CALCULATED BASED ON THE INFORMATION PROVIDED BY SCHOOL DISTRICTS UNDER SECTION 503(B)(2) OF THE TAXPAYER RELIEF ACT.

SECTION 1623. DISCLOSURE OF RELIEF.

(A) TAX NOTICE.--A SCHOOL DISTRICT WHICH RECEIVES A STATE PROPERTY TAX REDUCTION ALLOCATION, A STATE HOMESTEAD AND FARMSTEAD EXCLUSION ALLOCATION OR A STATE MILLAGE RATE REDUCTION ALLOCATION SHALL ITEMIZE THE TOTAL HOMESTEAD AND FARMSTEAD EXCLUSION AND MILLAGE RATE REDUCTIONS ON TAX BILLS SENT TO TAXPAYERS. AT MINIMUM, A TAX BILL MUST SHOW THE TAX LIABILITY WHICH WAS DUE FOR THE PROPERTY IN THE PREVIOUS TAX YEAR, THE AMOUNT OF THE APPLICABLE EXCLUSION AND THE AMOUNT OF REDUCED TAX LIABILITY DUE TO RATE REDUCTIONS. THE TAX BILL SHALL BE EASILY UNDERSTANDABLE AND INCLUDE A NOTICE UNDER SUBSECTION (B).

(B) NOTICE OF PROPERTY TAX RELIEF.--

(1) FOR A TAXPAYER WHO IS A HOMESTEAD PROPERTY OR FARMSTEAD PROPERTY OWNER, THE TAX BILL MUST INCLUDE A NOTICE THAT THE TAX BILL INCLUDES A HOMESTEAD OR FARMSTEAD EXCLUSION AND A MILLAGE RATE REDUCTION. THE NOTICE SHALL, AT A MINIMUM, BE IN THE FOLLOWING FORM:

NOTICE OF PROPERTY TAX RELIEF

YOUR ENCLOSED TAX BILL INCLUDES A TAX REDUCTION FOR YOUR HOMESTEAD AND/OR FARMSTEAD PROPERTY. AS AN ELIGIBLE HOMESTEAD AND/OR FARMSTEAD PROPERTY OWNER, YOU HAVE RECEIVED TAX RELIEF THROUGH A HOMESTEAD AND/OR FARMSTEAD
EXCLUSION WHICH HAS BEEN PROVIDED UNDER THE SCHOOL
PROPERTY TAX REFORM ACT AND THE TAXPAYER RELIEF ACT, TWO
LAWS PASSED BY THE PENNSYLVANIA GENERAL ASSEMBLY DESIGNED
TO REDUCE YOUR PROPERTY TAXES. YOUR TAX BILL ALSO
INCLUDES A REDUCTION IN THE TAX RATE ON REAL PROPERTY
PROVIDED THROUGH THE EDUCATION FINANCE REFORM ACT.

(2) FOR A TAXPAYER THAT IS NOT A HOMESTEAD PROPERTY OR
FARMSTEAD PROPERTY OWNER, THE TAX BILL MUST INCLUDE A NOTICE
THAT THE TAX BILL INCLUDES A MILLAGE RATE REDUCTION. THE
NOTICE SHALL, AT A MINIMUM, BE IN THE FOLLOWING FORM:

NOTICE OF PROPERTY TAX RELIEF
YOUR ENCLOSED TAX BILL INCLUDES A REDUCTION IN THE TAX
RATE ON REAL PROPERTY. THIS REDUCTION HAS BEEN PROVIDED
UNDER THE SCHOOL PROPERTY TAX REFORM ACT, A LAW PASSED BY
THE PENNSYLVANIA GENERAL ASSEMBLY DESIGNED TO REDUCE YOUR
PROPERTY TAXES.

SECTION 1624. INFORMATION COLLECTION AND VERIFICATION.
(A) INFORMATION COLLECTION.--THE DEPARTMENT OF EDUCATION
SHALL DEVELOP AN INFORMATION COLLECTION POLICY TO GATHER
INFORMATION WHICH WILL ALLOW THE DEPARTMENT TO CONFIRM THAT
STATE MILLAGE RATE REDUCTION ALLOCATIONS AND STATE HOMESTEAD AND
FARMSTEAD EXCLUSION ALLOCATIONS ARE BEING USED FOR THE PURPOSES
ENUMERATED IN THIS ARTICLE AND THAT STATE PROPERTY TAX REDUCTION
ALLOCATIONS ARE BEING USED FOR THE PURPOSES ENUMERATED IN THE
TAXPAYER RELIEF ACT. THE INFORMATION COLLECTION POLICY MAY
INCLUDE REQUIRING A SCHOOL DISTRICT TO PROVIDE INFORMATION IN
THE UNIFORM FORM PREPARED UNDER SECTION 312(B) OF THE TAXPAYER
RELIEF ACT THAT WOULD ALLOW THE DEPARTMENT OF EDUCATION TO
COMPLY WITH THE REQUIREMENTS OF THIS SECTION.

(B) VERIFICATION.--THE DEPARTMENT OF EDUCATION SHALL DEVELOP
PROCEDURES TO ROUTINELY ANALYZE THE INFORMATION COLLECTED UNDER SUBSECTION (A) TO IDENTIFY A SCHOOL DISTRICT WHICH IS NOT USING A STATE MILLAGE RATE REDUCTION ALLOCATION OR STATE HOMESTEAD AND FARMSTEAD EXCLUSION ALLOCATION FOR THE PURPOSES ENUMERATED IN THIS ARTICLE OR IS USING A STATE PROPERTY TAX REDUCTION ALLOCATION FOR THE PURPOSES ENUMERATED IN THE TAXPAYER RELIEF ACT.

SUBPART B

STATE ALLOCATION DISTRIBUTION
FOR MILLAGE RATE REDUCTIONS

SECTION 1631. SCOPE OF SUBPART.
THIS SUBPART RELATES TO THE ALLOCATION OF STATE FUNDS GENERATED BY THE ADDITIONAL TAX UNDER SECTION 1611 FOR THE DOLLAR-FOR-DOLLAR REDUCTION OF SCHOOL DISTRICT PROPERTY TAXES THROUGH MILLAGE RATE REDUCTIONS.

SECTION 1632. STATE MILLAGE RATE REDUCTION ALLOCATION.
(A) ADMINISTRATION.—THE DEPARTMENT OF EDUCATION SHALL CALCULATE THE STATE MILLAGE RATE REDUCTION ALLOCATION FOR EACH SCHOOL DISTRICT AS FOLLOWS:

(1) FOR THE 2016-2017 FISCAL YEAR ALL OF THE FOLLOWING APPLY:

(I) MULTIPLY THE SCHOOL DISTRICT'S 2012-2013 EQUALIZED MILLAGE BY THE DOLLAR AMOUNT NECESSARY TO ALLOCATE ALL THE MONEY IN THE SCHOOL DISTRICT MILLAGE RATE REDUCTION FUND AS AUTHORIZED UNDER SECTION 1622(C).

(II) IF THE ALLOCATION UNDER THIS PARAGRAPH IS LESS THAN THE PRODUCT OF THE REAL PROPERTY TAXES COLLECTED DURING THE 2012-2013 FISCAL YEAR AND A NUMERICAL VALUE OF 0.12 FOR A SCHOOL DISTRICT, THE SCHOOL DISTRICT SHALL RECEIVE AN ADDITIONAL AMOUNT SO THAT THE TOTAL ALLOCATION
UNDER THIS PARAGRAPH IS EQUAL TO THE PRODUCT OF THE REAL
PROPERTY TAXES COLLECTED DURING THE 2012-2013 FISCAL YEAR
AND A NUMERICAL VALUE OF 0.12.

(III) IF THE ALLOCATION UNDER THIS PARAGRAPH IS
GREATER THAN THE PRODUCT OF THE REAL PROPERTY TAXES
COLLECTED DURING THE 2012-2013 FISCAL YEAR AND A
NUMERICAL VALUE OF 0.19 FOR A SCHOOL DISTRICT, THE SCHOOL
DISTRICT SHALL RECEIVE A TOTAL ALLOCATION EQUAL TO THE
PRODUCT OF THE REAL PROPERTY TAXES COLLECTED DURING THE
2012-2013 FISCAL YEAR AND A NUMERICAL VALUE OF 0.19.

(2) FOR THE 2017-2018 FISCAL YEAR ALL OF THE FOLLOWING
APPLY:

(I) MULTIPLY THE SCHOOL DISTRICT'S EQUALIZED MILLAGE
FOR THE 2013-2014 FISCAL YEAR BY THE DOLLAR AMOUNT
NECESSARY TO ALLOCATE ALL THE MONEY IN THE SCHOOL
DISTRICT MILLAGE RATE REDUCTION FUND AS AUTHORIZED UNDER
SECTION 1622(C).

(II) IF THE ALLOCATION UNDER THIS PARAGRAPH IS LESS
THAN THE PRODUCT OF THE REAL PROPERTY TAXES COLLECTED
DURING THE 2013-2014 FISCAL YEAR AND A NUMERICAL VALUE OF
0.2 FOR A SCHOOL DISTRICT, THE SCHOOL DISTRICT SHALL
RECEIVE AN ADDITIONAL AMOUNT SO THAT THE TOTAL ALLOCATION
UNDER THIS PARAGRAPH IS EQUAL TO THE PRODUCT OF THE REAL
PROPERTY TAXES COLLECTED DURING THE 2013-2014 FISCAL YEAR
AND A NUMERICAL VALUE OF 0.2.

(III) IF THE ALLOCATION UNDER THIS PARAGRAPH IS
GREATER THAN THE PRODUCT OF THE REAL PROPERTY TAXES
COLLECTED DURING THE 2013-2014 FISCAL YEAR AND A
NUMERICAL VALUE OF 0.3 FOR A SCHOOL DISTRICT, THE SCHOOL
DISTRICT SHALL RECEIVE A TOTAL ALLOCATION EQUAL TO THE
PRODUCT OF THE REAL PROPERTY TAXES COLLECTED DURING THE 2013-2014 FISCAL YEAR AND A NUMERICAL VALUE OF 0.3.

(3) FOR ALL FISCAL YEARS BEGINNING AFTER THE 2017-2018 FISCAL YEAR:

(I) MULTIPLY THE ALLOCATION FROM THE PREVIOUS FISCAL YEAR BY THE PERCENTAGE CHANGE IN THE AMOUNT TO BE COLLECTED FROM THE TAX UNDER SECTION 1611, EXCEPT THAT THE PERCENTAGE CHANGE UNDER THIS PARAGRAPH MAY NOT BE LESS THAN ZERO.

(II) ADD THE AMOUNT IN SUBPARAGRAPH (I) TO THE ALLOCATION FROM THE PREVIOUS FISCAL YEAR.

(B) NOTIFICATION.--THE DEPARTMENT OF EDUCATION SHALL NOTIFY EACH SCHOOL DISTRICT OF THE AMOUNT OF ITS STATE MILLAGE RATE REDUCTION ALLOCATION NOT LATER THAN MAY 1 OF EACH YEAR.

(C) PAYMENT.--FOR THE FISCAL YEAR COMMENCING JULY 1, 2016, AND EACH FISCAL YEAR THEREAFTER, EXCEPT AS SET FORTH IN SUBSECTION (D), THE DEPARTMENT OF EDUCATION SHALL PAY FROM THE SCHOOL DISTRICT MILLAGE RATE REDUCTION FUND TO EACH ELIGIBLE SCHOOL DISTRICT A STATE MILLAGE RATE REDUCTION ALLOCATION EQUAL TO THE AMOUNT CALCULATED UNDER SUBSECTION (A). THE STATE MILLAGE RATE ALLOCATION SHALL BE DIVIDED INTO TWO EQUAL PAYMENTS, WHICH SHALL BE MADE ON THE FOURTH THURSDAY OF AUGUST AND THE FOURTH THURSDAY OF OCTOBER.

(D) FIRST CLASS SCHOOL DISTRICTS.--THE STATE MILLAGE RATE REDUCTION ALLOCATION FOR A SCHOOL DISTRICT OF THE FIRST CLASS SHALL BE PAID BY THE DEPARTMENT OF EDUCATION TO A CITY OF THE FIRST CLASS FOR USE FOR A SCHOOL DISTRICT OF THE FIRST CLASS AS PREScribed IN SECTION 1633.

SECTION 1633. MANDATORY USE OF STATE MILLAGE RATE REDUCTION ALLOCATION TO REDUCE RATE OF REAL PROPERTY TAX.
(A) REDUCTION IN FIRST FISCAL YEAR.--FOR THE FIRST FISCAL YEAR IN WHICH A SCHOOL DISTRICT RECEIVES A STATE MILLAGE RATE REDUCTION ALLOCATION AND EXCEPT FOR A TAX INCREASE WHICH IS APPROVED BY THE ELECTORATE UNDER SECTION 333(C) OF THE TAXPAYER RELIEF ACT, A BOARD OF SCHOOL DIRECTORS MAY NOT ADOPT A FINAL BUDGET, INCLUDING A FINAL BUDGET UNDER SECTION 312 OF THE TAXPAYER RELIEF ACT, WHICH INCLUDES A TAX ON REAL PROPERTY WHICH WOULD GENERATE REVENUE GREATER THAN:

(1) THE SUM OF THE MAXIMUM AMOUNT OF REVENUE WHICH COULD BE RAISED BY THE ALLOWABLE INCREASE UNDER THE INDEX AND THE AMOUNT PERMITTED UNDER THE REFERENDUM EXCEPTIONS IN SECTION 333(F) OR (N) OF THE TAXPAYER RELIEF ACT, MINUS;

(2) THE SCHOOL DISTRICT'S STATE MILLAGE RATE REDUCTION ALLOCATION.

(B) SUBSEQUENT REDUCTIONS AND LIMITATIONS.--FOR THE SECOND FISCAL YEAR IN WHICH A SCHOOL DISTRICT RECEIVES A STATE MILLAGE RATE REDUCTION ALLOCATION AND FOR ALL FISCAL YEARS IN WHICH A SCHOOL DISTRICT RECEIVES A STATE MILLAGE RATE REDUCTION ALLOCATION THEREAFTER AND EXCEPT FOR A TAX INCREASE WHICH IS APPROVED BY THE ELECTORATE UNDER SECTION 333(C) OF THE TAXPAYER RELIEF ACT, A BOARD OF SCHOOL DIRECTORS MAY NOT ADOPT A FINAL BUDGET, INCLUDING A FINAL BUDGET UNDER SECTION 312 OF THE TAXPAYER RELIEF ACT, WHICH INCLUDES A TAX ON REAL PROPERTY WHICH WOULD GENERATE REVENUE GREATER THAN:

(1) THE SUM OF THE MAXIMUM AMOUNT OF REVENUE WHICH COULD BE RAISED BY THE ALLOWABLE INCREASE UNDER THE INDEX AND THE AMOUNT PERMITTED UNDER THE REFERENDUM EXCEPTIONS IN SECTION 333(F) OR (N) OF THE TAXPAYER RELIEF ACT, MINUS;

(2) THE INCREASE IN THE SCHOOL DISTRICT'S STATE MILLAGE RATE REDUCTION ALLOCATION FROM THE PREVIOUS FISCAL YEAR.
(C) CONTINUED APPLICABILITY.--A TAX RATE WHICH IS REDUCED OR
OTHERWISE SUBJECT TO THIS SECTION SHALL REMAIN SUBJECT TO THE
PROVISIONS OF SECTION 333 OF THE TAXPAYER RELIEF ACT.

(D) APPLICABLE TAX RATE FOR FIRST CLASS SCHOOL DISTRICT.--
THIS SECTION AND SECTION 333, EXCEPT SECTION 333(B)(2), OF THE
TAXPAYER RELIEF ACT SHALL APPLY TO A TAX ON REAL PROPERTY LEVIED
BY A CITY OF THE FIRST CLASS FOR THE BENEFIT OF A SCHOOL
DISTRICT OF THE FIRST CLASS.

SUBPART C

STATE ALLOCATION DISTRIBUTION TO FUND
FOR HOMESTEAD AND FARMSTEAD EXCLUSIONS

SECTION 1641. SCOPE OF SUBPART.

THIS SUBPART RELATES TO THE ALLOCATION OF STATE FUNDS
GENERATED BY THE ADDITIONAL TAX UNDER SECTION 1612 FOR THE
DOLLAR-FOR-DOLLAR REDUCTION OF SCHOOL DISTRICT PROPERTY TAXES
THROUGH THE FUNDING OF HOMESTEAD AND FARMSTEAD EXCLUSIONS.

SECTION 1642. ADDITIONAL REIMBURSEMENT.

A SCHOOL DISTRICT SHALL RECEIVE A PAYMENT EQUAL TO THE
AGGREGATE AMOUNT OF THE TAX CREDITED UNDER SECTION 324(2) OF THE
TAXPAYER RELIEF ACT MINUS ITS REIMBURSEMENT UNDER SECTION 324(4)
OF THE TAXPAYER RELIEF ACT.

SECTION 1643. STATE HOMESTEAD AND FARMSTEAD EXCLUSION
ALLOCATION.

(A) ADMINISTRATION.--THE DEPARTMENT OF EDUCATION SHALL
CALCULATE THE STATE HOMESTEAD AND FARMSTEAD EXCLUSION ALLOCATION
FOR EACH SCHOOL DISTRICT, EXCEPT THE PORTION WHICH IS CALCULATED
UNDER SECTION 1642, AS FOLLOWS:

(1) FOR THE 2016-2017 FISCAL YEAR ALL OF THE FOLLOWING

APPLY:

(I) MULTIPLY THE SCHOOL DISTRICT'S 2012-2013 AVERAGE
DAILY MEMBERSHIP BY THE SCHOOL DISTRICT'S 2012-2013 EQUALIZED MILLAGE.

(II) MULTIPLY THE PRODUCT UNDER SUBPARAGRAPH (I) BY THE DOLLAR AMOUNT NECESSARY TO ALLOCATE ALL THE MONEY IN THE SCHOOL DISTRICT HOMESTEAD AND FARMSTEAD RELIEF FUND AS AUTHORIZED UNDER SECTION 1622(C).

(III) IF THE ALLOCATION UNDER THIS PARAGRAPH IS LESS THAN THE PRODUCT OF THE RESIDENTIAL PROPERTY TAXES COLLECTED DURING THE 2012-2013 FISCAL YEAR AND A NUMERICAL VALUE OF 0.1 FOR A SCHOOL DISTRICT, THE SCHOOL DISTRICT SHALL RECEIVE AN ADDITIONAL AMOUNT SO THAT THE TOTAL ALLOCATION UNDER THIS PARAGRAPH IS EQUAL TO THE PRODUCT OF THE RESIDENTIAL PROPERTY TAXES COLLECTED DURING THE 2012-2013 FISCAL YEAR AND A NUMERICAL VALUE OF 0.1.

(IV) IF THE ALLOCATION UNDER THIS PARAGRAPH IS GREATER THAN THE PRODUCT OF THE RESIDENTIAL PROPERTY TAXES COLLECTED DURING THE 2012-2013 FISCAL YEAR AND A NUMERICAL VALUE OF 0.16 FOR A SCHOOL DISTRICT, THE SCHOOL DISTRICT SHALL RECEIVE A TOTAL ALLOCATION EQUAL TO THE PRODUCT OF THE RESIDENTIAL PROPERTY TAXES COLLECTED DURING THE 2012-2013 FISCAL YEAR AND A NUMERICAL VALUE OF 0.16.

(2) FOR ALL FISCAL YEARS BEGINNING AFTER THE 2016-2017 FISCAL YEAR ALL OF THE FOLLOWING APPLY:

(I) MULTIPLY THE SCHOOL DISTRICT'S AVERAGE DAILY MEMBERSHIP FOR THE FOURTH FISCAL YEAR IMMEDIATELY PRECEDING THE FISCAL YEAR FOR WHICH THE ALLOCATION IS BEING MADE BY THE SCHOOL DISTRICT'S EQUALIZED MILLAGE FOR THE FOURTH FISCAL YEAR IMMEDIATELY PRECEDING THE FISCAL
YEAR FOR WHICH THE ALLOCATION IS BEING MADE.

(II) MULTIPLY THE PRODUCT UNDER SUBPARAGRAPH (I) BY THE DOLLAR AMOUNT NECESSARY TO ALLOCATE ALL THE MONEY IN THE SCHOOL DISTRICT HOMESTEAD AND FARMSTEAD RELIEF FUND AS AUTHORIZED UNDER SECTION 1622(C).


(IV) IF THE ALLOCATION UNDER THIS PARAGRAPH IS GREATER THAN THE PRODUCT OF THE RESIDENTIAL PROPERTY TAXES COLLECTED DURING THE FOURTH FISCAL YEAR IMMEDIATELY PRECEDING THE FISCAL YEAR FOR WHICH THE ALLOCATION IS BEING MADE AND A NUMERICAL VALUE OF 0.23 FOR A SCHOOL DISTRICT, THE SCHOOL DISTRICT SHALL RECEIVE A TOTAL ALLOCATION EQUAL TO THE PRODUCT OF THE RESIDENTIAL PROPERTY TAXES COLLECTED DURING THE FOURTH FISCAL YEAR IMMEDIATELY PRECEDING THE FISCAL YEAR FOR WHICH THE ALLOCATION IS BEING MADE AND A NUMERICAL VALUE OF 0.23.

(B) NOTIFICATION.--THE DEPARTMENT OF EDUCATION SHALL NOTIFY EACH SCHOOL DISTRICT OF THE AMOUNT OF ITS STATE HOMESTEAD AND FARMSTEAD EXCLUSION ALLOCATION NOT LATER THAN MAY 1 OF EACH YEAR.
(C) PAYMENT.--FOR THE FISCAL YEAR COMMENCING JULY 1, 2016, AND EACH FISCAL YEAR THEREAFTER, EXCEPT AS SET FORTH IN SUBSECTION (D), THE DEPARTMENT OF EDUCATION SHALL PAY TO EACH ELIGIBLE SCHOOL DISTRICT A STATE HOMESTEAD AND FARMSTEAD EXCLUSION ALLOCATION EQUAL TO THE AMOUNT CALCULATED UNDER SUBSECTION (A) PLUS THE PAYMENT AS CALCULATED UNDER SECTION 1642. THE STATE HOMESTEAD AND FARMSTEAD EXCLUSION ALLOCATION SHALL BE DIVIDED INTO TWO EQUAL PAYMENTS, WHICH SHALL BE MADE ON THE FOURTH THURSDAY OF AUGUST AND THE FOURTH THURSDAY OF OCTOBER.

(D) FIRST CLASS SCHOOL DISTRICTS.--THE STATE HOMESTEAD AND FARMSTEAD EXCLUSION ALLOCATION FOR A SCHOOL DISTRICT OF THE FIRST CLASS SHALL BE PAID BY THE DEPARTMENT OF EDUCATION TO A CITY OF THE FIRST CLASS FOR USE FOR A SCHOOL DISTRICT OF THE FIRST CLASS AS PRESCRIBED IN SECTION 1644.

SECTION 1644. DISPOSITION OF STATE HOMESTEAD AND FARMSTEAD EXCLUSION ALLOCATION.

(A) HOMESTEAD AND FARMSTEAD EXCLUSIONS.--A BOARD OF SCHOOL DIRECTORS FOR A SCHOOL DISTRICT WHICH RECEIVES A STATE HOMESTEAD AND FARMSTEAD EXCLUSION ALLOCATION SHALL USE THE ALLOCATION TO FUND EXCLUSIONS FOR HOMESTEAD AND FARMSTEAD PROPERTY OR, IF APPLICABLE, MAY UTILIZE ANY REVENUE IN EXCESS OF THE REVENUE REQUIRED TO FUND THE MAXIMUM HOMESTEAD AND FARMSTEAD EXCLUSIONS AUTHORIZED UNDER 53 PA.C.S. § 8586 (RELATING TO LIMITATIONS) TO REDUCE THE PROPERTY TAX RATE ON ALL PROPERTIES SUBJECT TO THE PROPERTY TAX IN THE SCHOOL DISTRICT.

(B) HOMESTEAD AND FARMSTEAD EXCLUSION PROCESS.--EACH FISCAL YEAR IN WHICH A SCHOOL DISTRICT IMPOSES A TAX AUTHORIZED UNDER SECTION 321 OF THE TAXPAYER RELIEF ACT OR RECEIVES A STATE HOMESTEAD AND FARMSTEAD EXCLUSION ALLOCATION OR STATE PROPERTY
TAX REDUCTION ALLOCATION, THE BOARD OF SCHOOL DIRECTORS OF A
SCHOOL DISTRICT SHALL CALCULATE A HOMESTEAD AND FARMSTEAD
EXCLUSION FOR THE PURPOSE OF REDUCING SCHOOL DISTRICT PROPERTY
TAXES. THE SCHOOL DISTRICT SHALL ADOPT A RESOLUTION IMPLEMENTING
THE HOMESTEAD AND FARMSTEAD EXCLUSION NOT LATER THAN THE LAST
DAY OF THE FISCAL YEAR IMMEDIATELY PRECEDING THE FISCAL YEAR IN
WHICH THE HOMESTEAD AND FARMSTEAD EXCLUSIONS SHALL TAKE EFFECT.

PART IV

MISCELLANEOUS PROVISIONS

SECTION 1691. ADDITIONAL PROVISIONS.

(A) OTHER PROVISIONS.--ANY SCHOOL DISTRICT PROPERTY TAX
REDUCTION APPROVED UNDER SUBCHAPTER D OF CHAPTER 3 OF THE
TAXPAYER RELIEF ACT SHALL CONTINUE IN EFFECT.

(B) APPLICABILITY.--EXCEPT AS OTHERWISE PROVIDED, A SCHOOL
DISTRICT SHALL REMAIN SUBJECT TO THE TAXPAYER RELIEF ACT.

ARTICLE XXIX-G

SENIOR CITIZENS PROPERTY TAX AND
RENT REBATE ASSISTANCE

SECTION 2901-G. SCOPE OF ARTICLE.

THIS ARTICLE PROVIDES SENIOR CITIZENS WITH ASSISTANCE IN THE
FORM OF PROPERTY TAX AND RENT REBATES.

SECTION 2902-G. (RESERVED).

SECTION 2903-G. DEFINITIONS.

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

"BOARD." THE BOARD OF FINANCE AND REVENUE OF THE
COMMONWEALTH.

"CLAIMANT." A PERSON WHO FILES A CLAIM FOR PROPERTY TAX
REBATE OR RENT REBATE IN LIEU OF PROPERTY TAXES AND:
(1) Was at least 65 years of age or whose spouse, if a member of the household, was at least 65 years of age during a calendar year in which real property taxes or rent were due and payable;

(2) Was a widow or widower and was at least 50 years of age during a calendar year or part thereof in which real property taxes or rent were due and payable; or

(3) Was a permanently disabled person 18 years of age or older during a calendar year or part thereof in which the real property taxes or rent were due and payable.

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

"HOMESTEAD." A dwelling, whether owned or rented, and so much of the land surrounding it, as is reasonably necessary for the use of the dwelling as a home, occupied by a claimant. The term includes, but is not limited to:

(1) Premises occupied by reason of ownership or lease in a cooperative housing corporation.

(2) Mobile homes which are assessed as realty for local property tax purposes and the land, if owned or rented by the claimant, upon which the mobile home is situated, and other similar living accommodations.

(3) A part of a multidwelling or multipurpose building and a part of the land upon which it is built.

(4) Premises occupied by reason of the claimant's ownership or rental of a dwelling located on land owned by a nonprofit incorporated association, of which the claimant is a member, if the claimant is required to pay a pro rata share of the property taxes levied against the association's land.

(5) Premises occupied by a claimant if the claimant is required by law to pay a property tax by reason of the
CLAIMANT'S OWNERSHIP OR RENTAL, INCLUDING A POSSESSORY INTEREST, IN THE DWELLING, THE LAND OR BOTH. AN OWNER INCLUDES A PERSON IN POSSESSION UNDER A CONTRACT OF SALE, DEED OF TRUST, LIFE ESTATE, JOINT TENANCY OR TENANCY IN COMMON OR BY REASON OF STATUTES OF DESCENT AND DISTRIBUTION.

"HOUSEHOLD INCOME." ALL INCOME RECEIVED BY A CLAIMANT AND THE CLAIMANT'S SPOUSE WHILE RESIDING IN THE HOMESTEAD DURING THE CALENDAR YEAR FOR WHICH A REBATE IS CLAIMED.

"INCOME." ALL INCOME FROM WHATEVER SOURCE DERIVED, INCLUDING, BUT NOT LIMITED TO:

(1) SALARIES, WAGES, BONUSES, COMMISSIONS, INCOME FROM SELF-EMPLOYMENT, ALIMONY, SUPPORT MONEY, CASH PUBLIC ASSISTANCE AND RELIEF.

(2) THE GROSS AMOUNT OF ANY PENSIONS OR ANNUITIES, INCLUDING RAILROAD RETIREMENT BENEFITS FOR CALENDAR YEARS PRIOR TO 1999 AND 50% OF RAILROAD RETIREMENT BENEFITS FOR CALENDAR YEARS 1999 AND THEREAFTER.

(3) (I) ALL BENEFITS RECEIVED UNDER THE SOCIAL SECURITY ACT (49 STAT. 620, 42 U.S.C. § 301 ET SEQ.), EXCEPT MEDICARE BENEFITS, FOR CALENDAR YEARS PRIOR TO 1999, AND 50% OF ALL BENEFITS RECEIVED UNDER THE SOCIAL SECURITY ACT, EXCEPT MEDICARE BENEFITS, FOR CALENDAR YEARS 1999 AND THEREAFTER.

(II) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT TO THE CONTRARY, PERSONS WHO, AS OF DECEMBER 31, 2012, ARE ELIGIBLE FOR THE PROPERTY TAX OR RENT REBATE SHALL REMAIN ELIGIBLE IF THE HOUSEHOLD INCOME LIMIT IS EXCEEDED DUE SOLELY TO A SOCIAL SECURITY COST-OF-LIVING ADJUSTMENT.

(III) ELIGIBILITY IN THE PROPERTY TAX AND RENT
REBATE PROGRAM PURSUANT TO SUBPARAGRAPH (II) SHALL EXPIRE ON DECEMBER 31, 2016.

(4) ALL BENEFITS RECEIVED UNDER STATE UNEMPLOYMENT INSURANCE LAWS AND VETERANS' DISABILITY PAYMENTS.

(5) ALL INTEREST RECEIVED FROM THE FEDERAL OR ANY STATE GOVERNMENT OR ANY INSTRUMENTALITY OR POLITICAL SUBDIVISION THEREOF.

(6) REALIZED CAPITAL GAINS AND RENTALS.

(7) WORKERS' COMPENSATION.

(8) THE GROSS AMOUNT OF LOSS OF TIME INSURANCE BENEFITS, LIFE INSURANCE BENEFITS AND PROCEEDS, EXCEPT THE FIRST $5,000 OF THE TOTAL OF DEATH BENEFIT PAYMENTS.

(9) GIFTS OF CASH OR PROPERTY, OTHER THAN TRANSFERS BY GIFT BETWEEN MEMBERS OF A HOUSEHOLD, IN EXCESS OF A TOTAL VALUE OF $300.

THE TERM DOES NOT INCLUDE SURPLUS FOOD OR OTHER RELIEF IN KIND SUPPLIED BY A GOVERNMENTAL AGENCY, PROPERTY TAX OR RENT REBATE OR INFLATION DIVIDEND.

"PERMANENTLY DISABLED PERSON." A PERSON WHO IS UNABLE TO ENGAGE IN ANY SUBSTANTIAL GAINFUL ACTIVITY BY REASON OF ANY MEDICALLY DETERMINABLE PHYSICAL OR MENTAL IMPAIRMENT WHICH CAN BE EXPECTED TO CONTINUE INDEFINITELY, EXCEPT AS PROVIDED IN SECTION 2904-G(B)(3) AND (C).

"REAL PROPERTY TAXES." ALL TAXES ON A HOMESTEAD, EXCLUSIVE OF MUNICIPAL ASSESSMENTS, DELINQUENT CHARGES AND INTEREST, DUE AND PAYABLE DURING A CALENDAR YEAR.

"RENT REBATE IN LIEU OF PROPERTY TAXES." TWENTY PERCENT OF THE GROSS AMOUNT ACTUALLY PAID IN CASH OR ITS EQUIVALENT IN ANY CALENDAR YEAR TO A LANDLORD IN CONNECTION WITH THE OCCUPANCY OF A HOMESTEAD BY A CLAIMANT, IRRESPECTIVE OF WHETHER SUCH AMOUNT
CONSTITUTES PAYMENT SOLELY FOR THE RIGHT OF OCCUPANCY OR OTHERWISE.

"SECRETARY." THE SECRETARY OF REVENUE OF THE COMMONWEALTH.

"WIDOW" OR "WIDOWER." THE SURVIVING WIFE OR THE SURVIVING HUSBAND, AS THE CASE MAY BE, OF A DECEASED INDIVIDUAL AND WHO HAS NOT REMARRIED EXCEPT AS PROVIDED IN SECTION 2904-G(B)(3) AND (C).

SECTION 2904-G. PROPERTY Tax: AND RENT REBATE.

(A) SCHEDULE OF REBATES.--

(1) THE AMOUNT OF ANY CLAIM FOR PROPERTY TAX REBATE OR RENT REBATE IN LIEU OF PROPERTY TAXES FOR REAL PROPERTY TAXES OR RENT DUE AND PAYABLE DURING CALENDAR YEARS 1985 THROUGH 2005 SHALL BE DETERMINED IN ACCORDANCE WITH THE FOLLOWING SCHEDULE:

<table>
<thead>
<tr>
<th>HOUSEHOLD INCOME</th>
<th>PERCENTAGE OF REAL PROPERTY TAXES OR RENT REBATE IN LIEU OF</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $4,999</td>
<td>100%</td>
</tr>
<tr>
<td>5,000 - 5,499</td>
<td>100</td>
</tr>
<tr>
<td>5,500 - 5,999</td>
<td>90</td>
</tr>
<tr>
<td>6,000 - 6,499</td>
<td>80</td>
</tr>
<tr>
<td>6,500 - 6,999</td>
<td>70</td>
</tr>
<tr>
<td>7,000 - 7,499</td>
<td>60</td>
</tr>
<tr>
<td>7,500 - 7,999</td>
<td>50</td>
</tr>
<tr>
<td>8,000 - 8,499</td>
<td>40</td>
</tr>
<tr>
<td>8,500 - 8,999</td>
<td>35</td>
</tr>
<tr>
<td>9,000 - 9,999</td>
<td>25</td>
</tr>
<tr>
<td>10,000 - 11,999</td>
<td>20</td>
</tr>
<tr>
<td>12,000 - 12,999</td>
<td>15</td>
</tr>
<tr>
<td>13,000 - 15,000</td>
<td>10</td>
</tr>
</tbody>
</table>
(2) THE FOLLOWING APPLY:

(I) THE BASE AMOUNT OF ANY CLAIM FOR PROPERTY TAX REBATE FOR REAL PROPERTY TAXES DUE AND PAYABLE DURING:

(A) EXPECT AS PROVIDED UNDER CLAUSE (B),

CALENDAR YEAR 2006 AND THEREAFTER SHALL BE DETERMINED IN ACCORDANCE WITH THE FOLLOWING SCHEDULE:

<table>
<thead>
<tr>
<th>HOUSEHOLD INCOME</th>
<th>AMOUNT OF REAL PROPERTY TAXES ALLOWED AS REBATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $8,000</td>
<td>$650</td>
</tr>
<tr>
<td>8,001 - 15,000</td>
<td>500</td>
</tr>
<tr>
<td>15,001 - 18,000</td>
<td>300</td>
</tr>
<tr>
<td>18,001 - 35,000</td>
<td>250</td>
</tr>
</tbody>
</table>

(B) FOR CALENDAR YEAR 2016 AND THEREAFTER, A CLAIMANT SHALL BE ELIGIBLE FOR AN ADDITIONAL BASE AMOUNT IN ADDITION TO THE BASE AMOUNT UNDER CLAUSE (A) IN ACCORDANCE WITH THE FOLLOWING SCHEDULE:

<table>
<thead>
<tr>
<th>HOUSEHOLD INCOME</th>
<th>ADDITIONAL AMOUNT OF REAL PROPERTY TAXES ALLOWED AS REBATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $8,000</td>
<td>$200</td>
</tr>
<tr>
<td>8,001 - 15,000</td>
<td>200</td>
</tr>
<tr>
<td>15,001 - 18,000</td>
<td>200</td>
</tr>
<tr>
<td>18,001 - 35,000</td>
<td>200</td>
</tr>
</tbody>
</table>

(II) THE SUPPLEMENTAL AMOUNT FOR A CLAIMANT WITH A HOUSEHOLD INCOME EQUAL TO OR LESS THAN $30,000 AND AN ELIGIBLE CLAIM FOR PROPERTY TAX REBATE FOR REAL PROPERTY TAXES DUE AND PAYABLE DURING THE CALENDAR YEAR PRECEDING THE FIRST YEAR IN WHICH A PAYMENT UNDER SECTION 505(B) OF THE ACT OF JUNE 27, 2006 (1ST SP.SESS., P.L.1873, NO.1), KNOWN AS THE TAXPAYER RELIEF ACT, IS MADE AND EACH YEAR.
THEREAFTER AND WHOSE REAL PROPERTY TAXES EXCEED 15% OF
THE CLAIMANT'S HOUSEHOLD INCOME SHALL BE EQUAL TO 50% OF
THE BASE AMOUNT DETERMINED UNDER SUBPARAGRAPH (I). A
CLAIMANT WHO IS A RESIDENT OF A CITY OF THE FIRST CLASS,
A CITY OF THE SECOND CLASS A OR A SCHOOL DISTRICT OF THE
FIRST CLASS A SHALL BE INELIGIBLE FOR THE SUPPLEMENTAL
AMOUNT UNDER THIS SUBPARAGRAPH.

(3) THE AMOUNT OF ANY CLAIM FOR RENT REBATE IN LIEU OF
PROPERTY TAXES FOR RENT DUE AND PAYABLE DURING:

(I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II),
CALENDAR YEAR 2006 AND THEREAFTER SHALL BE DETERMINED IN
ACCORDANCE WITH THE FOLLOWING:

<table>
<thead>
<tr>
<th>HOUSEHOLD INCOME</th>
<th>ALLOWED AS REBATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 0 - $ 8,000</td>
<td>$650</td>
</tr>
<tr>
<td>8,001 - 15,000</td>
<td>500</td>
</tr>
<tr>
<td>15,001 - 18,000</td>
<td>0</td>
</tr>
<tr>
<td>18,001 - 35,000</td>
<td>0</td>
</tr>
</tbody>
</table>

(II) FOR CALENDAR YEAR 2016 AND THEREAFTER, A
CLAIMANT SHALL BE ELIGIBLE FOR AN ADDITIONAL BASE AMOUNT
IN ADDITION TO THE BASE AMOUNT UNDER SUBPARAGRAPH (I) IN
ACCORDANCE WITH THE FOLLOWING SCHEDULE:

<table>
<thead>
<tr>
<th>HOUSEHOLD INCOME</th>
<th>ALLOWED AS REBATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 0 - $ 8,000</td>
<td>$200</td>
</tr>
<tr>
<td>8,001 - 15,000</td>
<td>200</td>
</tr>
<tr>
<td>15,001 - 18,000</td>
<td>200</td>
</tr>
<tr>
<td>18,001 - 35,000</td>
<td>200</td>
</tr>
</tbody>
</table>
(B) LIMITATIONS ON CLAIMS.--

(1) No claim through calendar year 2005 shall be allowed if the amount of property tax or rent rebate computed in accordance with this section is less than $10, and the maximum amount of property tax or rent rebate payable shall not exceed $500.

(2) For calendar year 2006 and thereafter, the maximum amount of property tax or rent rebate in lieu of property taxes payable shall not exceed the lesser of:

(I) the amount of a claim under subsection (A)(2) or (3);

(II) the amount of real property taxes actually paid; or

(III) 20% of gross rent actually paid.

(3) No claim shall be allowed if the claimant is a tenant of an owner of real property exempt from real property taxes.

(C) APPORTIONMENT AND PUBLIC ASSISTANCE.--

(1) If any of the following exist relating to a claim:

(I) a homestead is owned or rented and occupied for only a portion of a year or is owned or rented in part by a person who does not meet the qualifications for a claimant, exclusive of any interest owned or leased by a claimant's spouse;

(II) the claimant is a widow or widower who remarries; or

(III) the claimant is a formerly disabled person who is no longer disabled,

the department shall apportion the real property taxes or rent in accordance with the period or degree of ownership or
LEASEHOLD OR ELIGIBILITY OF THE CLAIMANT IN DETERMINING THE
AMOUNT OF REBATE FOR WHICH A CLAIMANT IS ELIGIBLE.

(2) A CLAIMANT WHO RECEIVES PUBLIC ASSISTANCE FROM THE
DEPARTMENT OF PUBLIC WELFARE SHALL NOT BE ELIGIBLE FOR RENT
REBATE IN LIEU OF PROPERTY TAXES DURING THOSE MONTHS WITHIN
WHICH THE CLAIMANT RECEIVES PUBLIC ASSISTANCE.

(D) GOVERNMENT SUBSIDIES.--RENT SHALL NOT INCLUDE SUBSIDIES
PROVIDED BY OR THROUGH A GOVERNMENTAL AGENCY.

SECTION 2905-G. FILING OF CLAIM.

(A) GENERAL RULE.--EXCEPT AS OTHERWISE PROVIDED IN
SUBSECTION (B), A CLAIM FOR PROPERTY TAX OR RENT REBATE SHALL BE
FILED WITH THE DEPARTMENT ON OR BEFORE THE 30TH DAY OF JUNE OF
THE YEAR NEXT SUCCEEDING THE END OF THE CALENDAR YEAR IN WHICH
REAL PROPERTY TAXES OR RENT WAS DUE AND PAYABLE.

(B) EXCEPTION.--A CLAIM FILED AFTER THE JUNE 30 DEADLINE
UNTIL DECEMBER 31 OF SUCH CALENDAR YEAR SHALL BE ACCEPTED BY THE
SECRETARY AS LONG AS FUNDS ARE AVAILABLE TO PAY THE BENEFITS TO
THE LATE FILING CLAIMANT.

(C) PAYMENTS FROM STATE LOTTERY FUND.--NO REIMBURSEMENT ON A
CLAIM SHALL BE MADE FROM THE STATE LOTTERY FUND EARLIER THAN THE
DAY FOLLOWING THE 30TH DAY OF JUNE PROVIDED IN THIS ARTICLE ON
WHICH THAT CLAIM MAY BE FILED WITH THE DEPARTMENT.

(D) ELIGIBILITY OF CLAIMANTS.--

(1) ONLY ONE CLAIMANT FROM A HOMESTEAD EACH YEAR SHALL
BE ENTITLED TO THE PROPERTY TAX OR RENT REBATE.

(2) IF TWO OR MORE PERSONS ARE ABLE TO MEET THE
QUALIFICATIONS FOR A CLAIMANT, THEY MAY DETERMINE WHO THE
CLAIMANT SHALL BE.

(3) IF THEY ARE UNABLE TO AGREE, THE DEPARTMENT SHALL
DETERMINE TO WHOM THE REBATE IS TO BE PAID.

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SECTION 2906-G. PROOF OF CLAIM.

(A) CONTENTS.--EACH CLAIM SHALL INCLUDE:

(1) REASONABLE PROOF OF HOUSEHOLD INCOME.

(2) THE SIZE AND NATURE OF THE PROPERTY CLAIMED AS A HOMESTEAD.

(3) THE RENT, TAX RECEIPT OR OTHER PROOF THAT THE REAL PROPERTY TAXES ON THE HOMESTEAD HAVE BEEN PAID OR RENT IN CONNECTION WITH THE OCCUPANCY OF A HOMESTEAD HAS BEEN PAID.

(4) IF THE CLAIMANT IS A WIDOW OR WIDOWER, A DECLARATION OF SUCH STATUS IN SUCH MANNER AS PRESCRIBED BY THE SECRETARY.

(B) PROOF OF DISABILITY.--

(1) PROOF THAT A CLAIMANT IS ELIGIBLE TO RECEIVE DISABILITY BENEFITS UNDER THE SOCIAL SECURITY ACT (49 STAT. 620, 42 U.S.C. § 301 ET SEQ.) SHALL CONSTITUTE PROOF OF DISABILITY UNDER THIS ARTICLE.

(2) NO PERSON WHO HAS BEEN FOUND NOT TO BE DISABLED BY THE SOCIAL SECURITY ADMINISTRATION SHALL BE GRANTED A REBATE UNDER THIS ARTICLE.

(3) A CLAIMANT NOT COVERED UNDER THE SOCIAL SECURITY ACT SHALL BE EXAMINED BY A PHYSICIAN DESIGNATED BY THE DEPARTMENT AND SUCH STATUS DETERMINED USING THE SAME STANDARDS USED BY THE SOCIAL SECURITY ADMINISTRATION.

(C) DIRECT PAYMENT OF TAXES OR RENT NOT REQUIRED.--IT SHALL NOT BE NECESSARY THAT SUCH TAXES OR RENT WERE PAID DIRECTLY BY THE CLAIMANT IF THE RENT OR TAXES HAVE BEEN PAID WHEN THE CLAIM IS FILED.

(D) PROOF OF AGE ON FIRST CLAIM.--THE FIRST CLAIM FILED SHALL INCLUDE PROOF THAT THE CLAIMANT OR THE CLAIMANT'S SPOUSE WAS AT LEAST 65 YEARS OF AGE, OR AT LEAST 50 YEARS OF AGE IN THE CASE OF A WIDOW OR WIDOWER DURING THE CALENDAR YEAR IN WHICH
REAL PROPERTY TAXES OR RENT WERE DUE AND PAYABLE.

SECTION 2907-G. INCORRECT CLAIM.

WHenever on audit of a claim the department finds the claim
to have been incorrectly determined, it shall redetermine the
correct amount of the claim and notify the claimant of the
reason for the redetermination and the amount of the corrected
claim.

SECTION 2908-G. FUNDS FOR PAYMENT OF CLAIMS.

(A) Payment.--Approved claims shall be paid from the state
lottery fund established by the act of August 26, 1971 (P.L.351,
No.91), known as the state lottery law.

(B) Transfers.--The secretary of the budget shall transfer
the following amounts from the property tax relief fund to the
state lottery:

   (1) Notwithstanding any other provision of law, an
amount equal to $100,000,000 of the total slot machine
license fees paid by successful applicants for a category 1
slot machine license under 4 Pa.C.S. § 1209 (relating to slot
machine license fee). The transfer under this paragraph shall
occur upon deposit in the property tax relief fund of moneys
derived from the fee from the fourth successful applicant for
a category 1 slot machine license.

   (2) Notwithstanding any other provision of law, an
amount equal to $100,000,000 of the total slot machine
license fees paid by successful applicants for a category 2
slot machine license under 4 Pa.C.S. § 1209. The transfer
under this paragraph shall occur upon deposit in the property
tax relief fund of moneys derived from the fee from the third
successful applicant for a category 2 slot machine license.

   (3) For fiscal years 2007-2008 and 2008-2009, an amount
EQUAL TO THE SUM OF APPROVED CLAIMS TO BE PAID IN EACH OF
THOSE FISCAL YEARS UNDER SECTIONS 704 OF THE ACT OF JUNE 27,
2006 (1ST SP.SESS., P.L.1873, NO.1), KNOWN AS THE TAXPAYER
RELIEF ACT, AND 2904-G(A)(2)(II) OF THIS ACT, IF ANY.

(4) FOR FISCAL YEAR 2009-2010 AND EACH FISCAL YEAR
THEREAFTER, THE SUM OF ALL OF THE FOLLOWING, MINUS THE AMOUNT
UNDER SUBSECTION (C):

(I) THE DIFFERENCE BETWEEN THE SUM OF THE AMOUNT OF
APPROVED CLAIMS TO BE PAID IN THE NEXT FISCAL YEAR UNDER
SECTION 2904-G(A)(2)(I) AND (3) AND THE AMOUNT OF
APPROVED CLAIMS PAID IN FISCAL YEAR 2006-2007 UNDER
SECTION 2904-G(A)(1).

(II) THE SUM OF THE AMOUNT OF APPROVED CLAIMS TO BE
PAID IN THE NEXT FISCAL YEAR UNDER SECTION 704 OF THE
TAXPAYER RELIEF ACT AND 2904-G(A)(2)(II) OF THIS ACT, IF
ANY.

(5) BEGINNING IN FISCAL YEAR 2009-2010 AND UNTIL THE
DIFFERENCE BETWEEN THE SUM OF SUBPARAGRAPHS (I) AND (II) AND
$200,000,000 IS PAID, AN AMOUNT OF NOT LESS THAN $40,000,000
ANNUALLY OR THE AMOUNT OF THE DIFFERENCE, WHICHEVER IS LESS.
ALL TRANSFERS UNDER THIS PARAGRAPH SHALL BE COMPLETED NO
LATER THAN FOUR YEARS AFTER THE TRANSFER REQUIRED BY
PARAGRAPH (2).

(I) THE DIFFERENCE BETWEEN THE SUM OF THE AMOUNT OF
APPROVED CLAIMS TO BE PAID IN FISCAL YEAR 2007-2008 UNDER
SECTION 2904-G(A)(2)(I) AND (3) AND THE AMOUNT OF
APPROVED CLAIMS PAID IN FISCAL YEAR 2006-2007 UNDER
SECTION 2904-G(A)(1).

(II) THE DIFFERENCE BETWEEN THE SUM OF THE AMOUNT OF
APPROVED CLAIMS TO BE PAID IN FISCAL YEAR 2008-2009 UNDER
SECTION 2904-G(A)(2)(I) AND (3) AND THE AMOUNT OF
APPROVED CLAIMS PAID IN FISCAL YEAR 2006-2007 UNDER
SECTION 2904-G(A)(1).

(C) FOR FISCAL YEARS 2017-2018 AND EACH FISCAL YEAR
THEREAFTER, THE SECRETARY OF THE BUDGET SHALL TRANSFER FROM THE
SCHOOL DISTRICT HOMESTEAD AND FARMSTEAD RELIEF FUND TO THE STATE
LOTTERY AN AMOUNT SUFFICIENT TO PROVIDE THE FOLLOWING:

(I) THE ADDITIONAL BASE AMOUNTS IN SECTION 2904-G(A)
(2)(I)(B).

(II) THE ADDITIONAL AMOUNTS IN SECTION 2904-G(A)(3)

(II).

(III) THE INCREASED SUPPLEMENTAL AMOUNTS UNDER
SECTION 2904-G(A)(2)(II) AS THE RESULT OF THE ADDITIONAL

(IV) THE INCREASED SUPPLEMENTAL AMOUNTS UNDER
SECTION 704 OF THE TAXPAYER RELIEF ACT AS THE RESULT OF
THE ADDITIONAL BASE AMOUNTS UNDER SECTION 2904-G(A)(2)(I)
(B).

SECTION 2909-G. CLAIM FORMS AND RULES AND REGULATIONS.

(A) GENERAL RULE.--NECESSARY RULES AND REGULATIONS SHALL BE
PRESCRIBED BY A COMMITTEE CONSISTING OF THE SECRETARY OF AGING,
THE SECRETARY OF REVENUE AND THE SECRETARY OF COMMUNITY AND
ECONOMIC DEVELOPMENT. THE SECRETARY OF AGING SHALL SERVE AS THE
CHAIRMAN OF THE COMMITTEE. THE DEPARTMENT SHALL RECEIVE ALL
APPLICATIONS, DETERMINE THE ELIGIBILITY OF CLAIMANTS, HEAR
APPEALS, DISBURSE PAYMENTS AND MAKE AVAILABLE SUITABLE FORMS FOR
THE FILING OF CLAIMS.

(B) REPORT TO GENERAL ASSEMBLY.--IN ADDITION TO ANY RULES
AND REGULATIONS PRESCRIBED UNDER SUBSECTION (A), THE DEPARTMENT
SHALL COLLECT THE FOLLOWING INFORMATION AND ISSUE A REPORT.
INCLUDING SUCH INFORMATION TO THE CHAIRMAN AND MINORITY CHAIRMAN
OF THE APPROPRIATIONS COMMITTEE OF THE SENATE AND THE CHAIRMAN
AND MINORITY CHAIRMAN OF THE APPROPRIATIONS COMMITTEE OF THE
HOUSE OF REPRESENTATIVES BY SEPTEMBER 30, 2006, AND SEPTEMBER 30
OF EACH YEAR THEREAFTER:

(1) THE TOTAL NUMBER OF CLAIMS WHICH WILL BE PAID IN THE
FISCAL YEAR IN WHICH THE REPORT IS ISSUED WITH THE
INFORMATION PROVIDED BY SCHOOL DISTRICT, BY COUNTY AND FOR
EACH HOUSEHOLD INCOME LEVEL UNDER SECTION 2904-G(A)(2)(I).

(2) THE TOTAL AMOUNT OF REBATES PAID IN THE FISCAL YEAR
IN WHICH THE REPORT IS ISSUED WITH THE INFORMATION PROVIDED
BY SCHOOL DISTRICT, BY COUNTY AND FOR EACH HOUSEHOLD INCOME
LEVEL UNDER SECTION 2904-G(A)(2)(I).

SECTION 2910-G. FRAUDULENT CLAIMS AND CONVEYANCES TO OBTAIN
BENEFITS.

(A) CIVIL PENALTY.—IN ANY CASE IN WHICH A CLAIM IS
EXCESSIVE AND WAS FILED WITH FRAUDULENT INTENT, THE CLAIM SHALL
BE DISALLOWED IN FULL, AND A PENALTY OF 25% OF THE AMOUNT
CLAIMED SHALL BE IMPOSED. THE PENALTY AND THE AMOUNT OF THE
DISALLOWED CLAIM, IF THE CLAIM HAS BEEN PAID, SHALL BEAR
INTEREST AT THE RATE OF 1.5% PER MONTH FROM THE DATE OF THE
CLAIM UNTIL REPAID.

(B) CRIMINAL PENALTY.—THE CLAIMANT AND ANY PERSON WHO
ASSISTED IN THE PREPARATION OR FILING OF A FRAUDULENT CLAIM
COMMITS A MISDEMEANOR OF THE THIRD DEGREE AND, UPON CONVICTION
THEREOF, SHALL BE SENTENCED TO PAY A FINE NOT EXCEEDING $1,000
OR TO IMPRISONMENT NOT EXCEEDING ONE YEAR, OR BOTH.

(C) DISALLOWANCE FOR RECEIPT OF TITLE.—A CLAIM SHALL BE
DISALLOWED IF THE CLAIMANT RECEIVED TITLE TO THE HOMESTEAD
PRIMARILY FOR THE PURPOSE OF RECEIVING PROPERTY TAX REBATE.
SECTION 2911-G. PETITION FOR REDETERMINATION.

(A) RIGHT TO FILE.--A CLAIMANT WHOSE CLAIM IS EITHER DENIED, CORRECTED OR OTHERWISE ADVERSELY AFFECTED BY THE DEPARTMENT MAY FILE WITH THE DEPARTMENT A PETITION FOR REDETERMINATION ON FORMS SUPPLIED BY THE DEPARTMENT WITHIN 90 DAYS AFTER THE DATE OF MAILING OF WRITTEN NOTICE BY THE DEPARTMENT OF SUCH ACTION.

(B) CONTENTS.--THE PETITION SHALL SET FORTH THE GROUNDS UPON WHICH THE CLAIMANT ALLEGES THAT SUCH DEPARTMENTAL ACTION IS ERRONEOUS OR UNLAWFUL, IN WHOLE OR PART, AND SHALL CONTAIN AN AFFIDAVIT OR AFFIRMATION THAT THE FACTS CONTAINED IN THE PETITION ARE TRUE AND CORRECT.

(C) EXTENSION OF TIME FOR FILING.--

(1) AN EXTENSION OF TIME FOR FILING THE PETITION MAY BE ALLOWED FOR CAUSE BUT MAY NOT EXCEED 120 DAYS.

(2) THE DEPARTMENT SHALL HOLD SUCH HEARINGS AS MAY BE NECESSARY FOR THE PURPOSE OF REDETERMINATION, AND EACH CLAIMANT WHO HAS DULY FILED SUCH PETITION FOR REDETERMINATION SHALL BE NOTIFIED BY THE DEPARTMENT OF THE TIME WHEN AND THE PLACE WHERE SUCH HEARING IN THE CLAIMANT'S CASE WILL BE HELD.

(D) TIME PERIOD FOR DECISION.--THE DEPARTMENT SHALL, WITHIN SIX MONTHS AFTER RECEIVING A FILED PETITION FOR REDETERMINATION, DISPOSE OF THE MATTERS RAISED BY SUCH PETITION AND SHALL MAIL NOTICE OF THE DEPARTMENT'S DECISION TO THE CLAIMANT.

SECTION 2912-G. REVIEW BY BOARD OF FINANCE AND REVENUE.

(A) RIGHT TO REVIEW.--WITHIN 90 DAYS AFTER THE DATE OF OFFICIAL RECEIPT BY THE CLAIMANT OF NOTICE MAILED BY THE DEPARTMENT OF ITS DECISION ON A PETITION FOR REDETERMINATION FILED WITH IT, THE CLAIMANT WHO IS ADVERSELY AFFECTED BY THE DECISION MAY BY PETITION REQUEST THE BOARD TO REVIEW SUCH ACTION.

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(B) EFFECT OF NO DECISION FROM DEPARTMENT.--THE FAILURE OF THE DEPARTMENT TO OFFICIALLY NOTIFY THE CLAIMANT OF A DECISION WITHIN THE SIX-MONTH PERIOD PROVIDED FOR BY SECTION 2911-G SHALL ACT AS A DENIAL OF THE PETITION, AND A PETITION FOR REVIEW MAY BE FILED WITH THE BOARD WITHIN 120 DAYS AFTER WRITTEN NOTICE IS OFFICIALLY RECEIVED BY THE CLAIMANT THAT THE DEPARTMENT HAS FAILED TO DISPOSE OF THE PETITION WITHIN THE SIX-MONTH PERIOD.

(C) CONTENTS OF PETITION FOR REDETERMINATION.--A PETITION FOR REDETERMINATION FILED SHALL STATE THE REASONS UPON WHICH THE CLAIMANT RELIES OR SHALL INCORPORATE BY REFERENCE THE PETITION FOR REDETERMINATION IN WHICH SUCH REASONS WERE STATED. THE PETITION SHALL BE SUPPORTED BY AFFIDAVIT THAT THE FACTS SET FORTH THEREIN ARE CORRECT AND TRUE.

(D) TIME PERIOD FOR DECISION.--THE BOARD SHALL ACT IN DISPOSITION OF PETITIONS FILED WITH IT WITHIN SIX MONTHS AFTER THEY HAVE BEEN RECEIVED, AND, IN THE EVENT OF FAILURE OF THE BOARD TO DISPOSE OF ANY PETITION WITHIN SIX MONTHS, THE ACTION TAKEN BY THE DEPARTMENT UPON THE PETITION FOR REDETERMINATION SHALL BE DEEMED SUSTAINED.

(E) RELIEF AUTHORIZED BY BOARD.--THE BOARD MAY SUSTAIN THE ACTION TAKEN BY THE DEPARTMENT ON THE PETITION FOR REDETERMINATION OR IT MAY TAKE SUCH OTHER ACTION AS IT SHALL DEEM NECESSARY AND CONSISTENT WITH PROVISIONS OF THIS ARTICLE.

(F) FORM OF NOTICE.--NOTICE OF THE ACTION OF THE BOARD SHALL BE GIVEN BY MAIL TO THE DEPARTMENT AND TO THE CLAIMANT.

SECTION 2913-G. APPEAL.

A CLAIMANT AGGRIEVED BY A DECISION OF THE BOARD MAY APPEAL FROM THE DECISION OF THE BOARD IN THE MANNER PROVIDED BY LAW FOR APPEALS FROM DECISIONS OF THE BOARD IN TAX CASES.

SECTION 5. REPEALS ARE AS FOLLOWS:

(1) The General Assembly declares that the repeals under paragraph (2) are necessary to effectuate the addition of articles XVI and XXIX-G of the act.

(2) Sections 342 and 343 and chapter 13 of the act of June 27, 2006 (1ST SP.SESS., P.L.1873, NO.1), known as the Taxpayer Relief Act, are repealed.

Section 2 6. This act shall take effect in 60 days. As follows:

(1) The amendment of section 201(K)(8) and (O)(4)(B) of the act shall take effect in 60 days.

(2) The remainder of this act shall take effect immediately.