

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2263 Session of
2000

INTRODUCED BY BROWNE, HARHART, BOYES, RUBLEY, TRELLO, ADOLPH, ALLEN, BAKER, BARD, BARLEY, BATTISTO, BEBKO-JONES, BELFANTI, BENNINGHOFF, BUNT, CALTAGIRONE, CAPPABIANCA, CAWLEY, CLARK, CLYMER, M. COHEN, CORNELL, CORRIGAN, COSTA, COY, DAILEY, DALEY, DALLY, DeLUCA, DEMPSEY, DeWEESE, DiGIROLAMO, DONATUCCI, EACHUS, EGOLF, FARGO, FICHTER, FLEAGLE, FLICK, FORCIER, FREEMAN, GANNON, GEORGE, GLADECK, GODSHALL, GORDNER, GRUCELA, HABAY, HALUSKA, HANNA, HARHAI, HASAY, HENNESSEY, HERMAN, HERSHEY, HORSEY, HUTCHINSON, JADLOWIEC, JOSEPHS, KENNEY, KIRKLAND, KREBS, LAUGHLIN, LAWLESS, LEDERER, LUCYK, LYNCH, MAHER, MAITLAND, MAJOR, MANDERINO, MANN, MARKOSEK, MARSICO, MASLAND, MAYERNIK, McCALL, McILHATTAN, McILHINNEY, McNAUGHTON, MELIO, METCALFE, MICOZZIE, R. MILLER, S. MILLER, MUNDY, MYERS, NAILOR, O'BRIEN, ORIE, PERZEL, PESCI, PETRARCA, PHILLIPS, PIPPY, PISTELLA, PLATTS, PRESTON, RAYMOND, READSHAW, REINARD, ROBINSON, ROEBUCK, ROSS, RUFFING, RYAN, SAINATO, SAMUELSON, SATHER, SCHULER, SEMMEL, SEYFERT, SHANER, B. SMITH, S. H. SMITH, SNYDER, STAIRS, STEELMAN, STEIL, STEVENSON, STRITTMATTER, E. Z. TAYLOR, THOMAS, TIGUE, TRAVAGLIO, TRUE, TULLI, VANCE, VITALI, WILLIAMS, WOGAN, WRIGHT, YEWIC, YUDICHAK, ZIMMERMAN, ZUG, CURRY, PETRONE, GRUITZA, SURRA, LESCOVITZ AND STURLA, FEBRUARY 14, 2000

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,
MARCH 13, 2000

AN ACT

1 ~~Providing property tax relief for individual homestead owners in~~ <—
2 ~~the form of a homestead rebate.~~
3 AMENDING THE ACT OF MARCH 4, 1971 (P.L.6, NO.2), ENTITLED "AN <—
4 ACT RELATING TO TAX REFORM AND STATE TAXATION BY CODIFYING
5 AND ENUMERATING CERTAIN SUBJECTS OF TAXATION AND IMPOSING
6 TAXES THEREON; PROVIDING PROCEDURES FOR THE PAYMENT,
7 COLLECTION, ADMINISTRATION AND ENFORCEMENT THEREOF; PROVIDING
8 FOR TAX CREDITS IN CERTAIN CASES; CONFERRING POWERS AND
9 IMPOSING DUTIES UPON THE DEPARTMENT OF REVENUE, CERTAIN
10 EMPLOYERS, FIDUCIARIES, INDIVIDUALS, PERSONS, CORPORATIONS
11 AND OTHER ENTITIES; PRESCRIBING CRIMES, OFFENSES AND
12 PENALTIES," FURTHER PROVIDING FOR SPECIAL TAX PROVISIONS FOR

1 POVERTY AND FOR THE IMPOSITION OF THE CAPITAL STOCK AND
2 FRANCHISE TAX; AND PROVIDING PROPERTY TAX RELIEF FOR
3 INDIVIDUAL HOMESTEAD OWNERS IN THE FORM OF A HOMESTEAD
4 REBATE.

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

7 ~~Section 1. Short title.~~

<—

8 ~~This act shall be known and may be cited as the Keystone~~
9 ~~Homestead Rebate Act.~~

10 ~~Section 2. Definitions.~~

11 ~~The following words and phrases when used in this act shall~~
12 ~~have the meanings given to them in this section unless the~~
13 ~~context clearly indicates otherwise:~~

14 ~~"Assessor." The chief assessor of the county, the equivalent~~
15 ~~position in a home rule county or the equivalent position in a~~
16 ~~city of the third class that performs its own assessments of~~
17 ~~real property.~~

18 ~~"Department." The Department of Revenue of the Commonwealth~~
19 ~~or its designee.~~

20 ~~"Homestead." The primary residence and the parcel of land~~
21 ~~within this Commonwealth on which the residence is located and~~
22 ~~other improvements located on the parcel, except that:~~

23 ~~(1) If the person who owns the residence does not own~~
24 ~~the land, the homestead does not include the land on which~~
25 ~~the residence is located.~~

26 ~~(2) If the residence is a unit in a condominium, as~~
27 ~~defined in 68 Pa.C.S. § 3103 (relating to definitions), or a~~
28 ~~cooperative, as defined in 68 Pa.C.S. § 4103 (relating to~~
29 ~~definitions), the homestead is the unit, the value of which~~
30 ~~shall be determined in a manner consistent with the~~
31 ~~assessment of real property taxes on units under 68 Pa.C.S.~~

~~(relating to real and personal property) or as otherwise provided by law. If the unit is not separately assessed for real property taxes, the homestead's value shall be a pro rata share of the real property.~~

~~(3) If a portion of the structure is not used as the residence, the homestead is equal to the portion of the structure that is used as a residence.~~

~~This definition of "homestead" shall have no effect, evidentiary or otherwise, concerning the issue of whether the property constitutes a homestead or homestead property under any other act.~~

~~"Real property tax." The total real property tax imposed by a school district on a homestead for the tax year. The term does not include payments made in lieu of taxes or any penalties or interest paid in connection with the tax.~~

~~"Rebate." An amount equal to 100% of the real property tax paid on the assessed value of a homestead to a school district for the tax year, except that no rebate paid pursuant to this act shall exceed \$100.~~

~~"Residence." A structure used as a place of habitation by a resident.~~

~~"Resident." Any of the following:~~

~~(1) An individual who is a natural person domiciled in this Commonwealth.~~

~~(2) A grantor who has placed real property in a revocable trust, provided that the grantor is a natural person domiciled in this Commonwealth.~~

~~(3) A partner of a family farm partnership or a shareholder of a family farm corporation as the terms are defined in section 1101 C of the act of March 4, 1971 (P.L.6,~~

~~No.2), known as the Tax Reform Code of 1971, provided that the partner or shareholder is a natural person domiciled in this Commonwealth.~~

~~"School district." A school district of the first class, first class A, second class, third class or fourth class, including any independent school district.~~

~~"Tax year." The school district's fiscal year 1999-2000 during which real property tax is due and payable.~~

~~Section 3. Rebate qualifications.~~

~~(a) General rule. Subject to section 4, a rebate shall be issued for a homestead if all of the following apply:~~

~~(1) The resident occupied the homestead during the tax year.~~

~~(2) The resident paid real property tax to a school district for the tax year.~~

~~(3) The resident is the owner of record as of July 1, 1999.~~

~~A resident shall not receive more than one rebate.~~

~~(b) Multiple owners. If title to a homestead is held by more than one individual, a rebate shall be issued in the names appearing on the local property tax record to be divided by the owners.~~

~~Section 4. Rebate administration.~~

~~(a) Regulations. The department, on behalf of local taxing authorities, shall establish administrative procedures or policies, and regulations as necessary, to implement and administer this act. The department may enter into any contracts which are necessary to administer this act.~~

~~(b) Submission of certified lists. Within 30 days of the effective date of this act, every assessor shall submit to the~~

~~department a certified list, categorized by school district, of all residential and farm real property and owners of record within its jurisdiction. The certified list shall only include those owners of record who have fully paid their 1999-2000 real property tax.~~

~~(c) Departmental review. Only certified lists submitted within 30 days of the effective date of this act shall be reviewed by the department. The department shall make the initial eligibility determination by June 30, 2000, from information submitted by that date. The department shall thereafter forward the reviewed list of residents to the assessors.~~

~~(d) Verification of lists. Within 30 days after receipt of the reviewed list of residents, the assessor shall verify the list and report to the department any corrections to the list.~~

~~(e) Issuance of rebates. The department shall make, as it deems necessary and appropriate, any corrections to the verified list and authorize rebates by August 31, 2000. The rebate shall be issued and mailed to all residents listed on the corrected verified list by October 20, 2000. If the assessor fails to verify the list or notify the department of any corrections within the time limitation set forth under subsection (d), the department shall authorize rebates to all residents that it recommended to the assessor.~~

~~Section 5. Petitions for review.~~

~~A resident whose rebate is either denied, corrected or otherwise adversely affected by either the department or the assessor may petition for administrative review in the manner prescribed by the department. An individual aggrieved by the department's action in connection with the administrative review~~

~~may petition for review in the manner specified in sections 11.1 and 11.2 of the act of March 11, 1971 (P.L.104, No.3), known as the Senior Citizens Rebate and Assistance Act.~~

~~Section 6.— Penalties.~~

~~Any resident who receives a rebate through false or misleading conduct or action shall be required to do all of the following:~~

~~(1) Refund to the department the amount of rebate received, plus simple interest computed at the rate provided in section 806 of the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal Code.~~

~~(2) Pay a civil penalty of \$50 to the department.~~

~~Section 7.— Erroneous rebates.~~

~~(a) General rule.— If the department determines or finds a rebate to have been incorrectly or erroneously paid, it shall redetermine the correct amount of the rebate, if any, and notify the resident of the reason for the correction and the amount of the rebate.~~

~~(b) Recovery.— If a rebate has been issued in error and the resident fails to refund the rebate upon the department's request, the rebate shall be recoverable by the department in the same manner as assessments as provided for in section 338 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.~~

~~Section 8.— Effective date.~~

~~This act shall take effect immediately.~~

SECTION 1. SECTION 304(D) 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) AND MAY 12, 1999 (P.L.26, NO.4), IS AMENDED TO READ:

<—

1 SECTION 304. SPECIAL TAX PROVISIONS FOR POVERTY.--* * *

2 (D) ANY CLAIM FOR SPECIAL TAX PROVISIONS HEREUNDER SHALL BE
3 DETERMINED IN ACCORDANCE WITH THE FOLLOWING:

4 (1) IF THE POVERTY INCOME OF THE CLAIMANT DURING AN ENTIRE
5 TAXABLE YEAR IS SIX THOUSAND FIVE HUNDRED DOLLARS (\$6,500) OR
6 LESS, OR, IN THE CASE OF A MARRIED CLAIMANT, IF THE JOINT
7 POVERTY INCOME OF THE CLAIMANT AND THE CLAIMANT'S SPOUSE DURING
8 AN ENTIRE TAXABLE YEAR IS THIRTEEN THOUSAND DOLLARS (\$13,000) OR
9 LESS, THE CLAIMANT SHALL BE ENTITLED TO A REFUND OR FORGIVENESS
10 OF ANY MONEYS WHICH HAVE BEEN PAID OVER TO (OR WOULD EXCEPT FOR
11 THE PROVISIONS OF THIS ACT BE PAYABLE TO) THE COMMONWEALTH UNDER
12 THE PROVISIONS OF THIS ARTICLE, WITH AN ADDITIONAL INCOME
13 ALLOWANCE OF [SIX THOUSAND FIVE HUNDRED DOLLARS (\$6,500)] SEVEN
14 THOUSAND FIVE HUNDRED DOLLARS (\$7,500) IF CLAIMED BY MARRIED
15 CLAIMANTS OR OF [SIX THOUSAND FIVE HUNDRED DOLLARS (\$6,500)]
16 SEVEN THOUSAND FIVE HUNDRED DOLLARS (\$7,500) IF CLAIMED BY A
17 SINGLE CLAIMANT FOR THE FIRST ADDITIONAL DEPENDENT AND AN
18 ADDITIONAL INCOME ALLOWANCE OF [SIX THOUSAND FIVE HUNDRED
19 DOLLARS (\$6,500)] SEVEN THOUSAND FIVE HUNDRED DOLLARS (\$7,500)
20 FOR EACH ADDITIONAL DEPENDENT OF THE CLAIMANT. FOR PURPOSES OF
21 THIS SUBSECTION, A CLAIMANT SHALL NOT BE CONSIDERED TO BE
22 MARRIED IF:

23 (I) THE CLAIMANT AND THE CLAIMANT'S SPOUSE FILE SEPARATE
24 RETURNS; AND

25 (II) THE CLAIMANT AND THE CLAIMANT'S SPOUSE LIVE APART AT
26 ALL TIMES DURING THE LAST SIX MONTHS OF THE TAXABLE YEAR OR ARE
27 SEPARATED PURSUANT TO A WRITTEN SEPARATION AGREEMENT.

28 (2) IF THE POVERTY INCOME OF THE CLAIMANT DURING AN ENTIRE
29 TAXABLE YEAR DOES NOT EXCEED THE POVERTY INCOME LIMITATIONS
30 PRESCRIBED BY CLAUSE (1) BY MORE THAN THE DOLLAR CATEGORY

1 CONTAINED IN SUBCLAUSES (I), (II), (III), (IV), (V), (VI),
2 (VII), (VIII) OR (IX) OF THIS CLAUSE, THE CLAIMANT SHALL BE
3 ENTITLED TO A REFUND OR FORGIVENESS BASED ON THE PER CENTAGE
4 PRESCRIBED IN SUCH SUBCLAUSES OF ANY MONEYS WHICH HAVE BEEN PAID
5 OVER TO (OR WOULD EXCEPT FOR THE PROVISIONS HEREIN BE PAYABLE
6 TO) THE COMMONWEALTH UNDER THIS ARTICLE:

7 (I) NINETY PER CENT IF NOT IN EXCESS OF TWO HUNDRED FIFTY
8 DOLLARS (\$250).

9 (II) EIGHTY PER CENT IF NOT IN EXCESS OF FIVE HUNDRED
10 DOLLARS (\$500).

11 (III) SEVENTY PER CENT IF NOT IN EXCESS OF SEVEN HUNDRED
12 FIFTY DOLLARS (\$750).

13 (IV) SIXTY PER CENT IF NOT IN EXCESS OF ONE THOUSAND DOLLARS
14 (\$1,000).

15 (V) FIFTY PER CENT IF NOT IN EXCESS OF ONE THOUSAND TWO
16 HUNDRED FIFTY DOLLARS (\$1,250).

17 (VI) FORTY PER CENT IF NOT IN EXCESS OF ONE THOUSAND FIVE
18 HUNDRED DOLLARS (\$1,500).

19 (VII) THIRTY PER CENT IF NOT IN EXCESS OF ONE THOUSAND SEVEN
20 HUNDRED FIFTY DOLLARS (\$1,750).

21 (VIII) TWENTY PER CENT IF NOT IN EXCESS OF TWO THOUSAND
22 DOLLARS (\$2,000).

23 (IX) TEN PER CENT IF NOT IN EXCESS OF TWO THOUSAND TWO
24 HUNDRED FIFTY DOLLARS (\$2,250).

25 (3) IF AN INDIVIDUAL HAS A TAXABLE YEAR OF LESS THAN TWELVE
26 MONTHS, THE POVERTY INCOME THEREOF SHALL BE ANNUALIZED IN SUCH
27 MANNER AS THE DEPARTMENT MAY PRESCRIBE.

28 SECTION 2. SECTION 602(B), (F), (H) AND (I) OF THE ACT,
29 AMENDED MAY 12, 1999 (P.L.26, NO.4) AND DECEMBER 15, 1999
30 (P.L.926, NO.63), ARE AMENDED TO READ:

1 SECTION 602. IMPOSITION OF TAX.--* * *

2 (B) (1) EVERY FOREIGN ENTITY FROM WHICH A REPORT IS
3 REQUIRED UNDER SECTION 601 HEREOF, SHALL BE SUBJECT TO AND PAY
4 TO THE DEPARTMENT ANNUALLY, A FRANCHISE TAX WHICH IS THE GREATER
5 OF (I) THE AMOUNT COMPUTED BY MULTIPLYING EACH DOLLAR OF THE
6 CAPITAL STOCK VALUE AS DEFINED IN SECTION 601(A) BY THE
7 APPROPRIATE RATE OF TAX AS SET FORTH IN SUBSECTION (H); OR (II)
8 THE MINIMUM TAX SET FORTH IN SUBSECTION (I), UPON A TAXABLE
9 VALUE TO BE DETERMINED IN THE FOLLOWING MANNER. THE CAPITAL
10 STOCK VALUE SHALL BE ASCERTAINED IN THE MANNER PRESCRIBED IN
11 SECTION 601(A) OF THIS ARTICLE. THE TAXABLE VALUE SHALL THEN BE
12 DETERMINED BY EMPLOYING THE RELEVANT APPORTIONMENT FACTORS SET
13 FORTH IN ARTICLE IV: PROVIDED, THAT THE MANUFACTURING,
14 PROCESSING, RESEARCH AND DEVELOPMENT EXEMPTIONS CONTAINED UNDER
15 SECTION 602(A) SHALL ALSO APPLY TO FOREIGN CORPORATIONS. IN
16 DETERMINING THE RELEVANT APPORTIONMENT FACTORS, THE FOLLOWING
17 SHALL APPLY:

18 (I) FOR ALL TAXABLE YEARS OTHER THAN SPECIFICALLY SET FORTH
19 IN SUBCLAUSE (II), THE NUMERATOR OF THE PROPERTY, PAYROLL OR
20 SALES FACTORS SHALL NOT INCLUDE ANY PROPERTY, PAYROLL OR SALES
21 ATTRIBUTABLE TO MANUFACTURING, PROCESSING, RESEARCH OR
22 DEVELOPMENT ACTIVITIES IN THE COMMONWEALTH;

23 (II) FOR THE TAXABLE YEARS BEGINNING AFTER DECEMBER 31,
24 1998, [AND BEGINNING BEFORE JANUARY 1, 2001,] THE NUMERATOR OF
25 THE PROPERTY OR PAYROLL FACTORS SHALL NOT INCLUDE ANY PROPERTY
26 OR PAYROLL ATTRIBUTABLE TO MANUFACTURING, PROCESSING, RESEARCH
27 OR DEVELOPMENT ACTIVITIES IN THE COMMONWEALTH, AND ANY PROPERTY
28 OR PAYROLL ATTRIBUTABLE TO MANUFACTURING, PROCESSING, RESEARCH
29 OR DEVELOPMENT ACTIVITIES OUTSIDE OF THE COMMONWEALTH SHALL ALSO
30 BE EXCLUDED FROM THE NUMERATOR OF THE PROPERTY OR PAYROLL

1 FACTORS. EXCEPT FOR THE IMPOSITION OF THE MINIMUM TAX SET FORTH
2 IN SUBSECTION (I), THE PROVISIONS OF THIS SECTION SHALL NOT
3 APPLY TO THE TAXATION OF SO MUCH OF THE CAPITAL STOCK VALUE
4 ATTRIBUTABLE TO STUDENT LOAN ASSETS OWNED OR HELD BY AN ENTITY
5 CREATED FOR THE SECURITIZATION OF STUDENT LOANS OR BY A TRUSTEE
6 ON ITS BEHALF. ANY FOREIGN CORPORATION, JOINT-STOCK ASSOCIATION,
7 LIMITED PARTNERSHIP OR COMPANY SUBJECT TO THE TAX PRESCRIBED
8 HEREIN MAY ELECT TO COMPUTE AND PAY ITS TAX UNDER SECTION
9 602(A): PROVIDED, THAT ANY FOREIGN CORPORATION, JOINT-STOCK
10 ASSOCIATION, LIMITED PARTNERSHIP OR COMPANY ELECTING TO COMPUTE
11 AND PAY ITS TAX UNDER SECTION 602(A) SHALL BE TREATED AS IF IT
12 WERE A DOMESTIC CORPORATION FOR THE PURPOSE OF DETERMINING WHICH
13 OF ITS ASSETS ARE EXEMPT FROM TAXATION AND FOR THE PURPOSE OF
14 DETERMINING THE PROPORTION OF THE VALUE OF ITS CAPITAL STOCK
15 WHICH IS SUBJECT TO TAXATION.

16 (2) THE PROVISIONS OF THIS ARTICLE SHALL APPLY TO THE
17 TAXATION OF ENTITIES ORGANIZED FOR MANUFACTURING, PROCESSING,
18 RESEARCH OR DEVELOPMENT PURPOSES, BUT SHALL NOT APPLY TO SUCH
19 ENTITIES AS ENJOY AND EXERCISE THE RIGHT OF EMINENT DOMAIN.

20 * * *

21 (F) EVERY DOMESTIC CORPORATION AND EVERY FOREIGN CORPORATION
22 (I) REGISTERED TO DO BUSINESS IN PENNSYLVANIA; (II) WHICH
23 MAINTAINS AN OFFICE IN PENNSYLVANIA; (III) WHICH HAS FILED A
24 TIMELY ELECTION TO BE TAXED AS A REGULATED INVESTMENT COMPANY
25 WITH THE FEDERAL GOVERNMENT; AND (IV) WHICH DULY QUALIFIES TO BE
26 TAXED AS A REGULATED INVESTMENT COMPANY UNDER THE PROVISIONS OF
27 THE INTERNAL REVENUE CODE OF 1954 AS AMENDED, SHALL BE TAXED AS
28 A REGULATED INVESTMENT COMPANY AND SHALL BE SUBJECT TO THE
29 CAPITAL STOCK OR FRANCHISE TAX IMPOSED BY SECTION 602, EXCEPT AS
30 PROVIDED IN CLAUSE (2)(E) IN EITHER CASE FOR THE PRIVILEGE OF

1 HAVING AN OFFICE IN PENNSYLVANIA, WHICH TAX SHALL BE COMPUTED
2 PURSUANT TO THE PROVISIONS OF THIS SUBSECTION IN LIEU OF ALL
3 OTHER PROVISIONS OF THIS SECTION 602. THE TAX SHALL BE IN AN
4 AMOUNT WHICH IS THE GREATER OF THE MINIMUM TAX SET FORTH IN
5 SUBSECTION (I) OR THE SUM OF THE AMOUNTS DETERMINED PURSUANT TO
6 CLAUSES (1) AND (2):

7 (1) THE AMOUNT DETERMINED PURSUANT TO THIS CLAUSE SHALL BE
8 SEVENTY-FIVE DOLLARS (\$75) TIMES THAT NUMBER WHICH IS THE RESULT
9 OF DIVIDING THE NET ASSET VALUE OF THE REGULATED INVESTMENT
10 COMPANY BY ONE MILLION, ROUNDED TO THE NEAREST MULTIPLE OF
11 SEVENTY-FIVE DOLLARS (\$75). NET ASSET VALUE SHALL BE DETERMINED
12 BY ADDING THE MONTHLY NET ASSET VALUES AS OF THE LAST DAY OF
13 EACH MONTH DURING THE TAXABLE PERIOD AND DIVIDING THE TOTAL SUM
14 BY THE NUMBER OF MONTHS INVOLVED. EACH SUCH MONTHLY NET ASSET
15 VALUE SHALL BE THE ACTUAL MARKET VALUE OF ALL ASSETS OWNED
16 WITHOUT ANY EXEMPTIONS OR EXCLUSIONS, LESS ALL LIABILITIES,
17 DEBTS AND OTHER OBLIGATIONS.

18 (2) THE AMOUNT DETERMINED PURSUANT TO THIS CLAUSE SHALL BE
19 THE AMOUNT WHICH IS THE RESULT OF MULTIPLYING THE RATE OF
20 TAXATION APPLICABLE FOR PURPOSES OF THE PERSONAL INCOME TAX
21 DURING THE SAME TAXABLE YEAR TIMES THE APPORTIONED UNDISTRIBUTED
22 PERSONAL INCOME TAX INCOME OF THE REGULATED INVESTMENT COMPANY.
23 FOR THE PURPOSES OF THIS CLAUSE:

24 (A) PERSONAL INCOME TAX INCOME SHALL MEAN INCOME TO THE
25 EXTENT ENUMERATED AND CLASSIFIED IN SECTION 303.

26 (B) UNDISTRIBUTED PERSONAL INCOME TAX INCOME SHALL MEAN ALL
27 PERSONAL INCOME TAX INCOME OTHER THAN PERSONAL INCOME TAX INCOME
28 UNDISTRIBUTED ON ACCOUNT OF THE CAPITAL STOCK OR FOREIGN
29 FRANCHISE TAX, LESS ALL PERSONAL INCOME TAX INCOME DISTRIBUTED
30 TO SHAREHOLDERS. AT THE ELECTION OF THE COMPANY, INCOME

1 DISTRIBUTED AFTER THE CLOSE OF A TAXABLE YEAR, BUT DEEMED
2 DISTRIBUTED DURING THE TAXABLE YEAR FOR FEDERAL INCOME TAX
3 PURPOSES, SHALL BE DEEMED DISTRIBUTED DURING THAT YEAR FOR
4 PURPOSES OF THIS CLAUSE. IF A COMPANY IN A TAXABLE YEAR HAS BOTH
5 CURRENT INCOME AND INCOME ACCUMULATED FROM A PRIOR YEAR,
6 DISTRIBUTIONS DURING THE YEAR SHALL BE DEEMED TO HAVE BEEN MADE
7 FIRST FROM CURRENT INCOME.

8 (C) UNDISTRIBUTED PERSONAL INCOME TAX INCOME SHALL BE
9 APPORTIONED TO PENNSYLVANIA BY A FRACTION, THE NUMERATOR OF
10 WHICH IS ALL INCOME DISTRIBUTED DURING THE TAXABLE PERIOD TO
11 SHAREHOLDERS WHO ARE RESIDENT INDIVIDUALS, ESTATES OR TRUSTS AND
12 THE DENOMINATOR OF WHICH IS ALL INCOME DISTRIBUTED DURING THE
13 TAXABLE PERIOD. RESIDENT TRUSTS SHALL NOT INCLUDE CHARITABLE,
14 PENSION OR PROFIT-SHARING, OR RETIREMENT TRUSTS.

15 (D) PERSONAL INCOME TAX INCOME AND OTHER INCOME OF A COMPANY
16 SHALL EACH BE DEEMED TO BE EITHER DISTRIBUTED TO SHAREHOLDERS OR
17 UNDISTRIBUTED IN THE PROPORTION EACH CATEGORY BEARS TO ALL
18 INCOME RECEIVED BY THE COMPANY DURING THE TAXABLE YEAR.

19 (E) NO TAX SHALL BE IMPOSED UNDER THIS SUBSECTION FOR
20 TAXABLE YEARS BEGINNING ON OR AFTER JANUARY 1, 2004.

21 * * *

22 (H) THE RATE OF TAX FOR PURPOSES OF THE CAPITAL STOCK AND
23 FRANCHISE TAX FOR TAXABLE YEARS BEGINNING WITHIN THE DATES SET
24 FORTH SHALL BE AS FOLLOWS:

TAXABLE YEAR	REGULAR RATE	SURTAX	TOTAL RATE
JANUARY 1, 1971, TO			
DECEMBER 31, 1986	10 MILLS	0	10 MILLS
JANUARY 1, 1987, TO			
DECEMBER 31, 1987	9 MILLS	0	9 MILLS
JANUARY 1, 1988, TO			

1	DECEMBER 31, 1990	9.5 MILLS	0	9.5 MILLS
2	JANUARY 1, 1991, TO			
3	DECEMBER 31, 1991	11 MILLS	2 MILLS	13 MILLS
4	JANUARY 1, 1992, TO			
5	DECEMBER 31, 1997	11 MILLS	1.75 MILLS	12.75 MILLS
6	JANUARY 1, 1998,			
7	TO DECEMBER 31, 1998	11 MILLS	.99 MILLS	11.99 MILLS
8	JANUARY 1, 1999, [AND EACH			
9	YEAR THEREAFTER]			
10	<u>TO DECEMBER 31, 1999</u>	10.99 MILLS	0	10.99 MILLS
11	<u>JANUARY 1, 2000,</u>			
12	<u>TO DECEMBER 31, 2000</u>	<u>8.75 MILLS</u>	<u>0</u>	<u>8.75 MILLS</u>
13	<u>JANUARY 1, 2001,</u>			
14	<u>TO DECEMBER 31, 2001</u>	<u>6.50 MILLS</u>	<u>0</u>	<u>6.50 MILLS</u>
15	<u>JANUARY 1, 2002,</u>			
16	<u>TO DECEMBER 31, 2002</u>	<u>4.25 MILLS</u>	<u>0</u>	<u>4.25 MILLS</u>
17	<u>JANUARY 1, 2003,</u>			
18	<u>TO DECEMBER 31, 2003</u>	<u>2 MILLS</u>	<u>0</u>	<u>2 MILLS</u>
19	<u>JANUARY 1, 2004, AND</u>			
20	<u>EACH YEAR THEREAFTER</u>	<u>0</u>	<u>0</u>	<u>0</u>

21 (I) THE MINIMUM AMOUNT OF CAPITAL STOCK AND FRANCHISE TAX
22 FOR THE TAXABLE YEARS BEGINNING WITHIN THE DATES SET FORTH SHALL
23 BE AS FOLLOWS:

24	TAXABLE YEAR BEGINNING	MINIMUM TAX
25	JANUARY 1, 1971, TO DECEMBER 31, 1983	NO MINIMUM TAX IMPOSED
26	JANUARY 1, 1984, TO DECEMBER 31, 1990	\$75 MINIMUM TAX
27	JANUARY 1, 1991, TO DECEMBER 31, 1998	\$300 MINIMUM TAX
28	JANUARY 1, 1999, [AND EACH TAXABLE YEAR	
29	THEREAFTER]	
30	<u>TO DECEMBER 31, 1999</u>	\$200 MINIMUM TAX

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

ARTICLE XXIX-B

HOMESTEAD REBATES

SECTION 2901-B. SHORT TITLE.--THIS ARTICLE SHALL BE KNOWN
AND MAY BE CITED AS THE "KEYSTONE HOMESTEAD REBATE ACT."

SECTION 2902-B. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND
PHRASES, WHEN USED IN THIS ARTICLE, SHALL HAVE THE MEANINGS
ASCRIED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT
CLEARLY INDICATES A DIFFERENT MEANING:

"ASSESSOR." THE CHIEF ASSESSOR OF THE COUNTY, THE EQUIVALENT
POSITION IN A HOME RULE COUNTY OR THE EQUIVALENT POSITION IN A
CITY OF THE THIRD CLASS THAT PERFORMS ITS OWN ASSESSMENTS OF
REAL PROPERTY.

"DEPARTMENT." THE DEPARTMENT OF REVENUE OF THE COMMONWEALTH
OR ITS DESIGNEE.

"HOMESTEAD." THE PRIMARY RESIDENCE AND THE PARCEL OF LAND
WITHIN THIS COMMONWEALTH ON WHICH THE RESIDENCE IS LOCATED AND
OTHER IMPROVEMENTS LOCATED ON THE PARCEL, EXCEPT THAT:

(1) IF THE PERSON WHO OWNS THE RESIDENCE DOES NOT OWN THE
LAND, THE HOMESTEAD DOES NOT INCLUDE THE LAND ON WHICH THE
RESIDENCE IS LOCATED.

(2) IF THE RESIDENCE IS A UNIT IN A CONDOMINIUM, AS DEFINED
IN 68 PA.C.S. § 3103 (RELATING TO DEFINITIONS), OR A
COOPERATIVE, AS DEFINED IN 68 PA.C.S. § 4103 (RELATING TO
DEFINITIONS), THE HOMESTEAD IS THE UNIT, THE VALUE OF WHICH
SHALL BE DETERMINED IN A MANNER CONSISTENT WITH THE ASSESSMENT
OF REAL PROPERTY TAXES ON UNITS UNDER 68 PA.C.S. (RELATING TO
REAL AND PERSONAL PROPERTY) OR AS OTHERWISE PROVIDED BY LAW. IF
THE UNIT IS NOT SEPARATELY ASSESSED FOR REAL PROPERTY TAXES, THE
HOMESTEAD'S VALUE SHALL BE A PRO RATA SHARE OF THE REAL

1 PROPERTY.

2 (3) IF A PORTION OF THE STRUCTURE IS NOT USED AS THE
3 RESIDENCE, THE HOMESTEAD IS EQUAL TO THE PORTION OF THE
4 STRUCTURE THAT IS USED AS A RESIDENCE.

5 THIS DEFINITION OF "HOMESTEAD" SHALL HAVE NO EFFECT, EVIDENTIARY
6 OR OTHERWISE, CONCERNING THE ISSUE OF WHETHER THE PROPERTY
7 CONSTITUTES A HOMESTEAD OR HOMESTEAD PROPERTY UNDER ANY OTHER
8 ACT.

9 "REAL PROPERTY TAX." THE TOTAL REAL PROPERTY TAX IMPOSED BY
10 A SCHOOL DISTRICT ON A HOMESTEAD FOR THE TAX YEAR. THE TERM DOES
11 NOT INCLUDE PAYMENTS MADE IN LIEU OF TAXES OR ANY PENALTIES OR
12 INTEREST PAID IN CONNECTION WITH THE TAX.

13 "REBATE." AN AMOUNT EQUAL TO ONE HUNDRED PER CENT OF THE
14 REAL PROPERTY TAX PAID ON THE ASSESSED VALUE OF A HOMESTEAD TO A
15 SCHOOL DISTRICT FOR THE TAX YEAR, EXCEPT THAT NO REBATE PAID
16 PURSUANT TO THIS ARTICLE SHALL EXCEED ONE HUNDRED DOLLARS
17 (\$100).

18 "RESIDENCE." A STRUCTURE USED AS A PLACE OF HABITATION BY A
19 RESIDENT.

20 "RESIDENT." ANY OF THE FOLLOWING:

21 (1) AN INDIVIDUAL WHO IS A NATURAL PERSON DOMICILED IN THIS
22 COMMONWEALTH.

23 (2) A GRANTOR WHO HAS PLACED REAL PROPERTY IN A REVOCABLE
24 TRUST, PROVIDED THAT THE GRANTOR IS A NATURAL PERSON DOMICILED
25 IN THIS COMMONWEALTH.

26 (3) A PARTNER OF A FAMILY FARM PARTNERSHIP OR A SHAREHOLDER
27 OF A FAMILY FARM CORPORATION AS THE TERMS ARE DEFINED IN SECTION
28 1101-C OF ARTICLE XI-C, PROVIDED THAT THE PARTNER OR SHAREHOLDER
29 IS A NATURAL PERSON DOMICILED IN THIS COMMONWEALTH.

30 "SCHOOL DISTRICT." A SCHOOL DISTRICT OF THE FIRST CLASS,

FIRST CLASS A, SECOND CLASS, THIRD CLASS OR FOURTH CLASS,
INCLUDING ANY INDEPENDENT SCHOOL DISTRICT.

"TAX YEAR." THE SCHOOL DISTRICT'S FISCAL YEAR 1999-2000
DURING WHICH REAL PROPERTY TAX IS DUE AND PAYABLE.

SECTION 2903-B. REBATE QUALIFICATIONS.--(A) SUBJECT TO
SECTION 2904-B, A REBATE SHALL BE ISSUED FOR A HOMESTEAD IF ALL
OF THE FOLLOWING APPLY:

(1) THE RESIDENT OCCUPIED THE HOMESTEAD DURING THE TAX YEAR.

(2) THE RESIDENT PAID REAL PROPERTY TAX TO A SCHOOL DISTRICT
FOR THE TAX YEAR.

(3) THE RESIDENT IS THE OWNER OF RECORD AS OF JULY 1, 1999.
A RESIDENT SHALL NOT RECEIVE MORE THAN ONE REBATE.

(B) IF TITLE TO A HOMESTEAD IS HELD BY MORE THAN ONE
INDIVIDUAL, A REBATE SHALL BE ISSUED IN THE NAMES APPEARING ON
THE LOCAL PROPERTY TAX RECORD TO BE DIVIDED BY THE OWNERS.

SECTION 2904-B. REBATE ADMINISTRATION.--(A) THE DEPARTMENT,
ON BEHALF OF LOCAL TAXING AUTHORITIES, SHALL ESTABLISH
ADMINISTRATIVE PROCEDURES OR POLICIES, AND REGULATIONS AS
NECESSARY, TO IMPLEMENT AND ADMINISTER THIS ARTICLE. THE
DEPARTMENT MAY ENTER INTO ANY CONTRACTS WHICH ARE NECESSARY TO
ADMINISTER THIS ARTICLE.

(B) WITHIN THIRTY DAYS OF THE EFFECTIVE DATE OF THIS
ARTICLE, EVERY ASSESSOR SHALL SUBMIT TO THE DEPARTMENT A
CERTIFIED LIST, CATEGORIZED BY SCHOOL DISTRICT, OF ALL
RESIDENTIAL AND FARM REAL PROPERTY AND OWNERS OF RECORD WITHIN
ITS JURISDICTION. THE CERTIFIED LIST SHALL ONLY INCLUDE THOSE
OWNERS OF RECORD WHO HAVE FULLY PAID THEIR 1999-2000 REAL
PROPERTY TAX.

(C) ONLY CERTIFIED LISTS SUBMITTED WITHIN THIRTY DAYS OF THE
EFFECTIVE DATE OF THIS ARTICLE SHALL BE REVIEWED BY THE

1 DEPARTMENT. THE DEPARTMENT SHALL MAKE THE INITIAL ELIGIBILITY
2 DETERMINATION BY JUNE 30, 2000, FROM INFORMATION SUBMITTED BY
3 THAT DATE. THE DEPARTMENT SHALL THEREAFTER FORWARD THE REVIEWED
4 LIST OF RESIDENTS TO THE ASSESSORS.

5 (D) WITHIN THIRTY DAYS AFTER RECEIPT OF THE REVIEWED LIST OF
6 RESIDENTS, THE ASSESSOR SHALL VERIFY THE LIST AND REPORT TO THE
7 DEPARTMENT ANY CORRECTIONS TO THE LIST.

8 (E) THE DEPARTMENT SHALL MAKE, AS IT DEEMS NECESSARY AND
9 APPROPRIATE, ANY CORRECTIONS TO THE VERIFIED LIST AND AUTHORIZE
10 REBATES BY AUGUST 31, 2000. THE REBATE SHALL BE ISSUED AND
11 MAILED TO ALL RESIDENTS LISTED ON THE CORRECTED VERIFIED LIST BY
12 OCTOBER 20, 2000. IF THE ASSESSOR FAILS TO VERIFY THE LIST OR
13 NOTIFY THE DEPARTMENT OF ANY CORRECTIONS WITHIN THE TIME
14 LIMITATION SET FORTH UNDER SUBSECTION (D), THE DEPARTMENT SHALL
15 AUTHORIZE REBATES TO ALL RESIDENTS THAT IT RECOMMENDED TO THE
16 ASSESSOR.

17 SECTION 2905-B. PETITIONS FOR REVIEW.--A RESIDENT WHOSE
18 REBATE IS EITHER DENIED, CORRECTED OR OTHERWISE ADVERSELY
19 AFFECTED BY EITHER THE DEPARTMENT OR THE ASSESSOR MAY PETITION
20 FOR ADMINISTRATIVE REVIEW IN THE MANNER PRESCRIBED BY THE
21 DEPARTMENT. AN INDIVIDUAL AGGRIEVED BY THE DEPARTMENT'S ACTION
22 IN CONNECTION WITH THE ADMINISTRATIVE REVIEW MAY PETITION FOR
23 REVIEW IN THE MANNER SPECIFIED IN SECTIONS 11.1 AND 11.2 OF THE
24 ACT OF MARCH 11, 1971 (P.L.104, NO.3), KNOWN AS THE "SENIOR
25 CITIZENS REBATE AND ASSISTANCE ACT."

26 SECTION 2906-B. PENALTIES.--ANY RESIDENT WHO RECEIVES A
27 REBATE THROUGH FALSE OR MISLEADING CONDUCT OR ACTION SHALL BE
28 REQUIRED TO DO ALL OF THE FOLLOWING:

29 (1) REFUND TO THE DEPARTMENT THE AMOUNT OF REBATE RECEIVED,
30 PLUS SIMPLE INTEREST COMPUTED AT THE RATE PROVIDED IN SECTION

1 806 OF THE ACT OF APRIL 9, 1929 (P.L.343, NO.176), KNOWN AS "THE
2 FISCAL CODE."

3 (2) PAY A CIVIL PENALTY OF FIFTY DOLLARS (\$50) TO THE
4 DEPARTMENT.

5 SECTION 2907-B. ERRONEOUS REBATES.--(A) IF THE DEPARTMENT
6 DETERMINES OR FINDS A REBATE TO HAVE BEEN INCORRECTLY OR
7 ERRONEOUSLY PAID, IT SHALL REDETERMINE THE CORRECT AMOUNT OF THE
8 REBATE, IF ANY, AND NOTIFY THE RESIDENT OF THE REASON FOR THE
9 CORRECTION AND THE AMOUNT OF THE REBATE.

10 (B) IF A REBATE HAS BEEN ISSUED IN ERROR AND THE RESIDENT
11 FAILS TO REFUND THE REBATE UPON THE DEPARTMENT'S REQUEST, THE
12 REBATE SHALL BE RECOVERABLE BY THE DEPARTMENT IN THE SAME MANNER
13 AS ASSESSMENTS AS PROVIDED FOR IN SECTION 338 OF ARTICLE III.

14 SECTION 4. THE AMENDMENT OF SECTIONS 304(D) AND 602(B), (F),
15 (H) AND (I) OF THE ACT SHALL APPLY TO TAXABLE YEARS BEGINNING
16 AFTER DECEMBER 31, 1999.

17 SECTION 5. THIS ACT SHALL TAKE EFFECT IMMEDIATELY.