
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2208 Session of 2005

INTRODUCED BY R. MILLER, BOYD, CALTAGIRONE, CAWLEY, CRAHALLA,
FLEAGLE, GEIST, GILLESPIE, GINGRICH, GRUCELA, HANNA,
HENNESSEY, HERMAN, HERSHEY, KOTIK, MACKERETH, MANDERINO,
MARKOSEK, S. MILLER, MUSTIO, NICKOL, REICHLEY, SAYLOR,
SCAVELLO, SCHRODER, R. STEVENSON, J. TAYLOR, TIGUE, WATSON,
YOUNGBLOOD, ZUG, SAINATO AND SEMMEL, NOVEMBER 14, 2005

REFERRED TO COMMITTEE ON FINANCE, NOVEMBER 14, 2005

AN ACT

1 Providing for a deferment of real estate tax for certain
2 eligible persons and for powers and duties of the Department
3 of Community and Economic Development.

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

6 Section 1. Short title.

7 This act shall be known and may be cited as the Pennsylvania
8 Real Estate Tax Deferment Act.

9 Section 2. Special tax provisions for poverty and age.

10 The General Assembly, in recognition of the powers contained
11 in section 2(b)(ii) of Article VIII of the Constitution of
12 Pennsylvania which provides therein for the establishing as a
13 class or classes of subjects of taxation the property or
14 privileges of persons who, because of poverty and age, are
15 determined to be in need of special tax provisions hereby
16 declares as its legislative intent and purpose to implement such

1 power under such constitutional provision by establishing
2 special tax provisions as provided in this act.

3 Section 3. Definitions.

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

7 "Base payment." The amount of property tax paid by an
8 applicant in the base year.

9 "Base year." The tax year preceding the first tax year for
10 which a taxing authority implements the provisions of this act
11 or the tax year immediately preceding an applicant's entry into
12 the tax deferral program.

13 "Claimant." A person whose household income does not exceed
14 the limit provided for in section 4.

15 "Department." The Department of Community and Economic
16 Development of the Commonwealth.

17 "Household income." All income as defined in the act of
18 March 11, 1971 (P.L.104, No.3), known as the Senior Citizens
19 Rebate and Assistance Act, received by a claimant and by the
20 claimant's spouse during the calendar year for which a tax
21 deferral is claimed.

22 "Increase in real property taxes." An increase in the
23 property taxes above the base payment resulting from a millage
24 increase, a change in the assessment ratio or method or by a
25 revaluing of all properties within a political subdivision.

26 "Secretary." The Secretary of Community and Economic
27 Development.

28 Section 4. Income eligibility.

29 A claimant shall be eligible for a tax deferral if the
30 claimant and the claimant's spouse have a household income not

1 exceeding the maximum household income eligibility limitations
2 set forth in the act of March 11, 1971 (P.L.104, No.3), known as
3 the Senior Citizens Rebate and Assistance Act.

4 Section 5. Tax deferral.

5 (a) Amount.--An annual real estate tax deferral granted
6 under this act shall equal the increase in real property taxes
7 upon the homestead of the claimant.

8 (b) Prohibition.--

9 (1) The department may not grant a tax deferral under
10 this act if:

11 (i) the total amount of deferred taxes plus the
12 total amount of all other unsatisfied liens on the
13 homestead of the claimant plus the outstanding principal
14 on any and all mortgages on the homestead exceeds 85% of
15 the market value of the homestead; or

16 (ii) the outstanding principal on any and all
17 mortgages on the homestead exceeds 70% of the market
18 value of the homestead.

19 (2) Market value shall equal assessed value divided by
20 the common level ratio as most recently determined by the
21 State Tax Equalization Board for the county in which the
22 property is located.

23 Section 6. Application procedure.

24 (a) Initial application.--A person eligible for a tax
25 deferral under this act may apply annually to the department. In
26 the initial year of application, the following information shall
27 be provided in the manner required by the department:

28 (1) A written request for the tax deferral.

29 (2) A certification that the applicant or the applicant
30 and his spouse jointly are the owners in fee simple of the

homestead upon which the real property taxes are imposed.

(3) A certification that the applicant's homestead is adequately insured under a homeowner's policy to the extent of all outstanding liens.

(4) Receipts showing timely payment of the immediately preceding year's nondeferred real property tax liability.

(5) Proof of income eligibility under section 4.

(6) Any other information required by the department.

(b) Subsequent years.--After the initial entry into the program, a claimant shall remain eligible for tax deferral in subsequent years so long as the claimant continues to meet the eligibility requirements of this act.

Section 7. Contents of application.

An application for a tax deferral that is distributed by the department to persons under this act shall contain the following:

(1) A statement that the tax deferral granted under this act is provided in exchange for a lien against the homestead of the applicant.

(2) An explanation of the manner in which the deferred taxes shall become due, payable and delinquent and include, at a minimum, the consequences of noncompliance with the provisions of this act.

Section 8. Attachment and satisfaction of liens.

(a) Nature of lien.--All taxes deferred under this act shall constitute a prior lien on the homestead of the claimant in favor of the Commonwealth of Pennsylvania and shall attach as of the date and in the same manner as other real estate tax liens. The deferred taxes shall be collected as other real estate tax liens, but the deferred taxes shall be due, payable and

1 delinquent only as provided in subsection (b).

2 (b) Payment.--

3 (1) All or part of the deferred taxes may at any time be
4 paid to the Commonwealth of Pennsylvania.

5 (2) In the event that the deferred taxes are not paid by
6 the claimant or the claimant's spouse during his or her
7 lifetime or during their continued ownership of the
8 homestead, the deferred taxes shall be paid either:

9 (i) prior to the conveyance of the homestead to any
10 third party; or

11 (ii) prior to the passing of the legal or equitable
12 title, either by will or by statute, to the heirs of the
13 claimant or the claimant's spouse.

14 (3) The surviving spouse of a claimant shall not be
15 required to pay the deferred taxes by reason of his
16 acquisition of the homestead due to death of the claimant as
17 long as the surviving spouse maintains his domicile in the
18 property. The surviving spouse may continue to participate in
19 the tax deferral program in subsequent years provided the
20 surviving spouse is eligible under the provisions of this
21 act.

22 Section 9. Payments to school districts.

23 (a) Registry.--The department shall maintain a record of all
24 real property tax deferrals granted under this act and the
25 aggregate amount of deferred taxes that would otherwise be due
26 to each school district.

27 (b) Certification.--The secretary shall certify to the State
28 Treasurer annually the aggregate amount of real property taxes
29 deferred under this act that would otherwise be due to each
30 school district.

1 (c) Payments to school districts.--The State Treasurer shall
2 pay an allocation, as certified by the secretary under
3 subsection (b), to each school district annually in the amount
4 of the total increase in real property taxes that have been
5 deferred under this act for claimants owning real property
6 within the respective school district.

7 Section 10. Rules and regulations.

8 The department shall promulgate rules and regulations
9 necessary to implement the provisions of this act.

10 Section 11. Effective date.

11 This act shall take effect immediately.