

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 818 Session of
2005

INTRODUCED BY ORIE, RAFFERTY, PIPPY, LOGAN AND COSTA,
JUNE 30, 2005

REFERRED TO FINANCE, JUNE 30, 2005

AN ACT

1 Amending the act of July 28, 1953 (P.L.723, No.230), entitled,
2 as amended, "An act relating to counties of the second class
3 and second class A; amending, revising, consolidating and
4 changing the laws relating thereto," providing for an
5 exemption from increases in school real property taxes for
6 eligible taxpayers of school districts in counties of the
7 second class because of the age, disability or marital status
8 and income level of the taxpayers and for the reimbursement
9 of those school districts by the Commonwealth; and
10 prescribing penalties for fraudulent claims.

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

13 Section 1. The act of July 28, 1953 (P.L.723, No.230), known
14 as the Second Class County Code, is amended by adding an article
15 to read:

16 ARTICLE XIX-C

17 SCHOOL REAL PROPERTY TAX FREEZE

18 Section 1901-C. Scope.

19 This article applies only to school districts in counties of
20 the second class.

21 Section 1902-C. 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:

"Base amount." The amount of school real property taxes owed on a homestead in the base year.

"Base year." The tax year immediately preceding the tax year during which an eligible taxpayer becomes 65 years of age. If the taxpayer did not own the homestead during the tax year immediately preceding the tax year during which the taxpayer became 65 years of age, the base year shall be the first tax year during which the eligible taxpayer owned the homestead and was 65 years of age or older.

"Eligible taxpayer." A taxpayer who meets the requirements of section 1905-C.

"Homestead." Any real property that meets the requirements of section 1906-C.

"Household income." All income as defined in the act of March 11, 1971 (P.L.104, No.3), known as the Senior Citizens Rebate and Assistance Act, received by the eligible taxpayer and the eligible taxpayer's spouse during the calendar year immediately preceding the tax year for which a tax exemption is claimed.

"Increase in school real property taxes." An increase in the school real property taxes above the base amount resulting from a millage increase, a change in the assessment ratio or method or by a revaluing of all properties.

"School district." A school district in a county of the second class.

Section 1903-C. School real property tax exemption.

(a) General rule.--Pursuant to section 2(b) of Article VIII

1 of the Constitution of Pennsylvania, school districts shall
2 grant an annual exemption from increases in school real property
3 taxes for eligible taxpayers because of their age and income
4 level.

5 (b) Applicability.--This exemption shall apply only to
6 school real property taxes on an eligible taxpayer's homestead.
7 Section 1904-C. Amount of exemption.

8 The annual school real property tax exemption granted under
9 this article shall be based on the increase in school real
10 property taxes on the eligible taxpayer's homestead. The amount
11 shall be calculated by subtracting the amount of school real
12 property taxes on the homestead in the base year from the amount
13 of school real property taxes on the homestead in the tax year
14 for which a claim for an exemption is filed. The difference, if
15 any, shall be multiplied by one of the following percentages as
16 determined by actual household income:

<u>Household Income</u>	<u>Percentage of Real Estate Increase</u>
	<u>Tax Exemption</u>
19 <u>\$ 0-\$14,999</u>	<u>100%</u>
20 <u>15,000- 19,999</u>	<u>90%</u>
21 <u>20,000- 24,999</u>	<u>75%</u>
22 <u>25,000- 29,999</u>	<u>60%</u>
23 <u>30,000- 34,999</u>	<u>40%</u>
24 <u>35,000- 39,999</u>	<u>20%</u>

25 Section 1905-C. Eligible taxpayer.

26 The real property tax exemption shall apply to each taxpayer
27 in a school district meeting the following requirements:

28 (1) The taxpayer is:

29 (i) at least 65 years of age;

30 (ii) permanently disabled and is at least 18 years

1 of age; or

2 (iii) a widow or widower, at least 50 years of age
3 and has not remarried.

4 (2) The taxpayer has an annual household income not
5 exceeding \$40,000.

6 (3) The taxpayer is not delinquent in paying school real
7 property taxes on the homestead.

8 (4) The taxpayer has filed a claim for the exemption,
9 including all necessary and required information, on a
10 standard form and has paid a fee equal to 1% of the actual
11 household income used in making the claim. The school
12 district shall make such forms available upon request.

13 Section 1906-C. Homestead.

14 The exemption from the tax upon real property authorized
15 under section 1903-C shall apply only to school real property
16 taxes on an eligible taxpayer's homestead. For purposes of this
17 article, an eligible taxpayer's homestead is real property which
18 qualifies as a homestead under the act of March 11, 1971
19 (P.L.104, No.3), known as the Senior Citizens Rebate and
20 Assistance Act, except real property which is rented or leased
21 to the eligible taxpayer.

22 Section 1907-C. Commonwealth reimbursement.

23 Pursuant to section 2(b) of Article VIII of the Constitution
24 of Pennsylvania, the Commonwealth shall reimburse school
25 districts for revenue losses occasioned by the tax exemption
26 provided by this article. The Department of Education shall,
27 upon submission by a school district of documentation as the
28 department may require, reimburse the school district for the
29 amount of revenue lost to the school district because of this
30 exemption. The reimbursement shall occur within 60 days of

1 submission of the documentation.

2 Section 1908-C. Fraudulent claims.

3 (a) Claim rejection.--In any case in which a claim is
4 excessive and was filed with fraudulent intent, the claim shall
5 be disallowed in full and a penalty of 25% of the amount claimed
6 shall be imposed. The penalty and the amount of the disallowed
7 claim, if the claim has been paid, shall bear interest at the
8 rate of 1/2 of 1% per month from the date of the claim until
9 repaid.

10 (b) Penalty.--The preparation of or filing of a fraudulent
11 claim shall be a misdemeanor punishable by a fine of not more
12 than \$1,000 or a term of imprisonment of not more than one year,
13 or both.

14 Section 1909-C. Applicability.

15 This article shall apply to the tax year beginning July 1,
16 2005, and each tax year thereafter.

17 Section 2. This act shall take effect immediately.