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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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**SENATE BILL**

**No. 717**      Session of  
2007

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INTRODUCED BY LOGAN, ORIE, COSTA, LAVALLE, FONTANA, BOSCOLA,  
O'PAKE AND FERLO, JUNE 25, 2007

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REFERRED TO FINANCE, JUNE 25, 2007

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A JOINT RESOLUTION

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

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

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

9 (1) The rising cost of public education and local  
10 government services has resulted in political subdivisions  
11 placing a disproportionate reliance on the collection of  
12 residential property taxes. Not surprisingly, the increases  
13 in real property taxes imposed by school districts and  
14 municipalities have placed a significant financial burden on  
15 homeowners throughout this Commonwealth.

16 (2) The Commonwealth's current property tax system is  
17 structurally flawed and damaged beyond repair. It is highly  
18 subjective, inherently unfair and regressive as property

1 values often rise disproportionately with individual incomes.  
2 The end result is that under the current system, senior  
3 citizens and others face the very real possibility that  
4 increases in property tax rates will force them to sell their  
5 homes, while at the same time it is extremely difficult for  
6 newlyweds, young families and others to purchase a first  
7 home.

8 (3) Since 2003, over 118,000 Commonwealth residents have  
9 signed a petition seeking to abolish the power of political  
10 subdivisions to levy real estate taxes on homestead property.  
11 The petition, sponsored by a grass-roots organization called  
12 STOP TAXING OUR PROPERTIES (S.T.O.P.), is one of many  
13 sponsored by various grass-roots groups that are seeking the  
14 elimination of local property taxes.

15 (4) The Constitution currently prohibits the General  
16 Assembly from eliminating property taxes on homestead  
17 property only and from imposing a graduated personal income  
18 tax.

19 (5) This constitutional amendment is intended to seek  
20 voter approval to eliminate the ability of political  
21 subdivisions to impose real estate taxes on homestead  
22 property and to replace that revenue with funds derived from  
23 other sources. These sources include the imposition of a  
24 graduated income tax to be used solely to fund homestead  
25 property tax elimination.

26 (6) The Commonwealth is in the midst of a property tax  
27 crisis that needs to be addressed immediately and  
28 definitively. The citizens of this Commonwealth deserve  
29 quality schools which provide quality educations. Local  
30 governments must have the ability to properly fund necessary

1 services. However, these needs must be funded through an  
2 equitable system of taxation which does not rely on the  
3 taxing of homestead property.

4 (7) A major emergency threatens this Commonwealth and  
5 the safety and welfare of this Commonwealth and its citizens  
6 require the expedited amendment of the Constitution using the  
7 procedure set forth in Article XI.

8 Section 2. The following integrated amendments to the  
9 Constitution of Pennsylvania are proposed in accordance with  
10 Article XI:

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

12 § 1. Uniformity of taxation.

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

17 (b) Any political subdivision levying a tax on real property  
18 shall be prohibited from levying the tax on homestead property  
19 for any tax year beginning after June 30, 2008.

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

21 § 2. Exemptions and special provisions.

22 \* \* \*

23 (b) The General Assembly may, by law:

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

28 (ii) Establish as a class or classes of subjects of taxation  
29 the property or privileges of persons who, because of age,  
30 disability, infirmity or poverty are determined to be in need of

1 tax exemption or of special tax provisions, and for any such  
2 class or classes, uniform standards and qualifications. The  
3 Commonwealth, or any other taxing authority, may adopt or employ  
4 such class or classes and standards and qualifications, and  
5 except as herein provided may impose taxes, grant exemptions, or  
6 make special tax provisions in accordance therewith. No  
7 exemption or special provision shall be made under this clause  
8 with respect to taxes upon the sale or use of personal property,  
9 and no exemption from any tax upon real property shall be  
10 granted by the General Assembly under this clause unless the  
11 General Assembly shall provide for the reimbursement of local  
12 taxing authorities by or through the Commonwealth for revenue  
13 losses occasioned by such exemption;

14 (iii) Establish standards and qualifications by which local  
15 taxing authorities may make uniform special tax provisions  
16 applicable to a taxpayer for a limited period of time to  
17 encourage improvement of deteriorating property or areas by an  
18 individual, association or corporation, or to encourage  
19 industrial development by a non-profit corporation; and

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

24 (v) Establish standards and qualifications by which local  
25 taxing authorities in counties of the first and second class may  
26 make uniform special real property tax provisions applicable to  
27 taxpayers who are longtime owner-occupants as shall be defined  
28 by the General Assembly of residences in areas where real  
29 property values have risen markedly as a consequence of the  
30 refurbishing or renovating of other deteriorating residences or

1 the construction of new residences.

2 (vi) Authorize local taxing authorities to exclude from  
3 taxation an amount based on the assessed value of homestead  
4 property. The exclusions authorized by this clause shall not  
5 exceed one-half of the median assessed value of all homestead  
6 property within a local taxing jurisdiction. A local taxing  
7 authority may not increase the millage rate of its tax on real  
8 property to pay for these exclusions.

9 (vii) For purposes of funding the elimination of local real  
10 estate taxes on homestead property, establish nonuniform rates  
11 of taxation for any tax levied on personal income, increasing in  
12 proportion to the level of personal income.

13 \* \* \*

14 Section 3. (a) The General Assembly hereby determines that  
15 a major emergency threatens or is about to threaten this  
16 Commonwealth, and the safety or welfare of this Commonwealth  
17 requires prompt amendment of the Constitution of Pennsylvania by  
18 these constitutional amendments.

19 (b) Upon passage by the General Assembly of these proposed  
20 constitutional amendments, the Secretary of the Commonwealth  
21 shall proceed immediately to comply with the advertising  
22 requirements of section 1(a) of Article XI of the Constitution  
23 of Pennsylvania and shall transmit the required advertisements  
24 to two newspapers in every county in which such newspapers are  
25 published in sufficient time after passage of these proposed  
26 constitutional amendments. The Secretary of the Commonwealth  
27 shall submit these proposed constitutional amendments to the  
28 qualified electors of this Commonwealth as a single ballot  
29 question at the first primary, general or municipal election  
30 occurring at least one month after the proposed constitutional

1 amendments are passed by the General Assembly which meets the  
2 requirements of and is in conformance with section 1(a) of  
3 Article XI of the Constitution of Pennsylvania.