

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1222 Session of  
2011

INTRODUCED BY PILEGGI, BROWNE, VOGEL, TARTAGLIONE, FONTANA,  
BAKER, BOSCOLA, RAFFERTY, ERICKSON, ARGALL, SOLOBAY, SCHWANK,  
WAUGH, FOLMER, YUDICHAK, TOMLINSON AND MENSCH, AUGUST 3, 2011

REFERRED TO FINANCE, AUGUST 3, 2011

AN ACT

1 Amending the act of June 27, 2006 (1st Sp.Sess., P.L.1873,  
2 No.1), entitled "An act providing for taxation by school  
3 districts, for the State funds formula, for tax relief in  
4 first class cities, for school district choice and voter  
5 participation, for other school district options and for a  
6 task force on school cost reduction; making an appropriation;  
7 prohibiting prior authorized taxation; providing for  
8 installment payment of taxes; restricting the power of  
9 certain school districts to levy, assess and collect taxes;  
10 and making related repeals," further providing for  
11 certification and calculation of minimum and maximum  
12 modifiers and for the Property Tax Relief Reserve Fund;  
13 providing for senior citizen tax relief; and further  
14 providing for State property tax reduction allocation.

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

17 Section 1. Section 503(e)(2) introductory paragraph of the  
18 act of June 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as  
19 the Taxpayer Relief Act, is amended and the subsection is  
20 amended by adding a paragraph to read:

21 Section 503. Certification; calculation of minimum and maximum  
22 modifiers.

23 \* \* \*

1 (e) Distribution.--

2 \* \* \*

3 (2) For fiscal year 2009-2010 [and each fiscal year  
4 thereafter], the secretary shall distribute the difference  
5 between the amount certified under subsection (a)(1)(i) and  
6 the sum of all of the following:

7 \* \* \*

8 (3) For fiscal year 2012-2013 and each fiscal year  
9 thereafter, the secretary shall distribute the difference  
10 between the amount certified under subsection (a)(1)(i) and  
11 the sum of all of the following:

12 (i) The difference between the sum of:

13 (A) the amount of approved claims to be paid in  
14 the next fiscal year under section 1304(a)(2)(i) and  
15 (3); and

16 (B) the amount of approved claims paid in the  
17 2006-2007 fiscal year under section 1304(a)(1).

18 (ii) The sum of all of the following:

19 (A) The amount sufficient to fund reimbursements  
20 to eligible school districts pursuant to section 324.

21 The amount deducted under this clause shall be  
22 calculated based on the information provided by  
23 school districts under subsection (b)(2).

24 (B) The amount of approved claims under section  
25 704.

26 (C) The amount of approved claims under section  
27 1304(a)(2)(ii).

28 (D) The amount of payments to school districts  
29 under section 504.1.

30 Section 2. Section 504(d)(1) of the act is amended to read:

1 Section 504. Property Tax Relief Reserve Fund.

2 \* \* \*

3 (d) Transfers.--

4 (1) The secretary may authorize a transfer from the  
5 Property Tax Relief Reserve Fund to the fund if the amount  
6 for distribution under section 503(e) in 2013 is less than  
7 the amount for distribution under section 503(e) [made in the  
8 prior year] in 2012 or any year thereafter. [The] Beginning  
9 in 2014 and each year thereafter, the amount of the transfer  
10 under this subsection shall be equal to the difference  
11 between the amount for distribution under section 503(e) and  
12 the amount for distribution under section 503(e) made in the  
13 prior year.

14 \* \* \*

15 Section 3. The act is amended by adding a section to read:

16 Section 504.1. Senior citizen tax relief.

17 (a) Tax freeze.--Notwithstanding any other law, an eligible  
18 claimant shall be entitled to a freeze of school property taxes  
19 imposed by a school district on the person's homestead and shall  
20 not be required to pay any increases in those school property  
21 taxes in excess of the claimant's base payment.

22 (b) Application.--An eligible claimant must apply for the  
23 tax freeze under subsection (a) by filing the following with the  
24 school district imposing the school property tax on a form  
25 prescribed by the department:

26 (1) A request for the tax freeze and a copy of the most  
27 recent school property tax bill.

28 (2) Certification that the claimant or the claimant's  
29 spouse is the owner of the homestead upon which the school  
30 property taxes are imposed.

1       (3) Receipts showing prompt payment of the current  
2 year's school property tax liability.

3 (c) Timing.--

4       (1) The application under subsection (b) must be filed  
5 within 45 days of the date the school property tax under  
6 subsection (b)(1) is due.

7       (2) Within 15 days of receipt of an application, the  
8 school district shall determine the claimant to be eligible  
9 or ineligible. A determination of ineligibility under this  
10 paragraph is subject to 2 Pa.C.S. Ch. 7 Subch. B (relating to  
11 judicial review of local agency action).

12 (d) Termination.--

13       (1) Subject to paragraph (2), the tax rate on and the  
14 assessment of school property tax shall become current on the  
15 sale or transfer of the real property subject to the tax,  
16 including any transfer under a recorded real property sales  
17 contract.

18       (2) A tax freeze under this section shall remain in  
19 effect upon the transfer of the affected real property to a  
20 surviving spouse if, at the time of the death of the  
21 claimant, the surviving spouse is at least 65 years of age or  
22 will be 65 years of age within six months of the date of  
23 death of the claimant.

24 (e) Commonwealth payment.--

25       (1) Beginning April 2012 and each April thereafter, the  
26 secretary shall pay school districts, from the fund, the  
27 amount of each eligible claimant's increase in school  
28 property taxes in excess of the claimant's base payment.  
29 Payments under this section shall be made prior to any  
30 distribution of funds under subsection 504(c).

1       (2) The school district shall provide notification and  
2 documentation to the department of the total balance due to  
3 the local taxing authorities for increases in school property  
4 tax for eligible claimants.

5       (3) The department shall certify the total amount due to  
6 increase in school property tax for each school district.

7       (f) Definitions.--The following words and phrases when used  
8 in this section shall have the meanings given to them in this  
9 subsection unless the context clearly indicates otherwise:

10       "Base payment."

11       (1) Except as set forth in paragraph (2), the amount of  
12 school property tax paid by the eligible claimant either in  
13 the tax year beginning January 1, 2011, or in the first tax  
14 year during which the claimant first becomes eligible,  
15 whichever occurs later, on the principal residence in which  
16 the claimant has maintained continuous occupancy and  
17 ownership since either January 1, 2011, or the date the  
18 claimant first becomes eligible.

19       (2) If the claimant purchases a principal residence  
20 after January 1, 2011, or after the date upon which the  
21 claimant first becomes eligible, the amount of school  
22 property tax paid during the tax year in which the purchase  
23 was made.

24       "Base year." The tax year under paragraph (1) or (2) of the  
25 definition of "base payment."

26       "Eligible claimant." An individual who meets all of the  
27 following for the base year and each succeeding year up to and  
28 including the year for which the freeze is sought:

29       (1) Was at least 65 years of age or whose spouse, if a  
30 member of the household, was at least 65 years of age during

1 the base year.

2 (2) Has held a homestead exemption for the previous five  
3 years.

4 (3) Has paid the full amount of property taxes due for  
5 each succeeding year up to and including the year for which  
6 the freeze is sought.

7 "Homestead." As defined in section 302.

8 "School property tax." The property tax levied by a school  
9 district on the homestead of an eligible claimant. The term does  
10 not include a penalty, interest or a payment made in lieu of  
11 tax.

12 "School property tax increase." The increase in school  
13 property tax levied in a calendar year over school property tax  
14 levied in the base year.

15 Section 4. Section 505(a) of the act is amended by adding a  
16 paragraph and the section is amended by adding a subsection to  
17 read:

18 Section 505. State property tax reduction allocation.

19 (a) Administration.--The department shall do all of the  
20 following:

21 \* \* \*

22 (2.1) Prior to calculating the property tax reduction  
23 under paragraph (3), the department shall calculate the  
24 amount due to school districts under section 504.1.

25 \* \* \*

26 (a.1) Initial payment.--For the fiscal year commencing July  
27 1, 2012, and July 1 of each year thereafter, prior to making a  
28 payment under subsection (b), the department shall pay to each  
29 school district the amount due under section 504.1(e).

30 \* \* \*

1 Section 5. This act shall take effect immediately.