
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 559 Session of
2005

INTRODUCED BY GRUCELA, ALLEN, BARRAR, BEBKO-JONES, BELARDI, BENNINGHOFF, BOYD, BUNT, BUXTON, CALTAGIRONE, CAPPELLI, CLYMER, CORRIGAN, CURRY, DALEY, DeWEESE, J. EVANS, FORCIER, GEIST, GEORGE, GOODMAN, HENNESSEY, HERSHEY, HICKERNELL, KILLION, KOTIK, LaGROTTA, LEDERER, LEH, LEVDANSKY, McCALL, McNAUGHTON, R. MILLER, NICKOL, READSHAW, REICHLLEY, RUBLEY, SCAVELLO, SCHRODER, SEMMEL, SHANER, STABACK, STERN, TANGRETTI, THOMAS, WALKO, WASHINGTON, WATSON, WOJNAROSKI, YUDICHAK, PISTELLA, PETRARCA, BASTIAN, MANDERINO AND FABRIZIO, FEBRUARY 15, 2005

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 15, 2005

AN ACT

1 Authorizing payment for school property tax increases to certain
2 claimants who occupied homesteads; and providing for the
3 powers and duties of the Department of Revenue.

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 School Property Tax Freeze Act.

9 Section 2. Legislative intent.

10 The General Assembly finds and declares as follows:

11 (1) The General Assembly, in recognition of the powers
12 contained in section 2(b)(ii) of Article VIII of the
13 Constitution of Pennsylvania which provides for the
14 establishing as a class or classes of subjects of taxation

1 the property or privileges of persons who, because of
2 poverty, are determined to be in need of special tax
3 provisions, hereby declares as its legislative intent and
4 purpose to implement such power under such Constitutional
5 provision by establishing special tax provisions as provided
6 in this act.

7 (2) The General Assembly, in recognition of the
8 requirements of section 2(b)(ii) of Article VIII of the
9 Constitution of Pennsylvania relating to special provisions
10 for the real property tax, hereby declares its intention that
11 provisions of this act provide an administratively efficient
12 means for the Commonwealth to absorb the cost of real estate
13 tax increases for the class of persons designated by this
14 act.

15 (3) The General Assembly having determined that there
16 are persons within this Commonwealth whose incomes are such
17 that imposition of school property tax increases would
18 deprive them and their dependents of the bare necessities of
19 life and having further determined that poverty is a relative
20 concept inextricably joined with actual income and the number
21 of people dependent upon such income deems it to be a matter
22 of public policy to provide special tax provisions for that
23 class of persons designated in this act to relieve their
24 economic burden.

25 (4) Any claimant who meets the standards of eligibility
26 established by this act shall be deemed a separate class of
27 subject of taxation and, as such, shall be entitled to the
28 benefit of the special provisions of this act.

29 Section 3. Definitions.

30 The following words and phrases when used in this act shall

1 have the meanings given to them in this section unless the
2 context clearly indicates otherwise:

3 "Base year." The taxable year of a claimant immediately
4 preceding the taxable year for which a claim for special tax
5 provisions under this act is made or the taxable year of the
6 claimant immediately preceding the first taxable year in a
7 series of consecutive taxable years in which the claimant
8 qualified for a payment on account of school property tax
9 increases under this act, whichever is earlier.

10 "Claimant." A homeowner who is an eligible claimant for
11 special tax provisions under Article III of the act of March 4,
12 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971,
13 regardless of whether the homeowner had income subject to tax
14 under Article III of the Tax Reform Code of 1971.

15 "Department." The Department of Revenue of the Commonwealth.

16 "Homeowner." An owner of a homestead who is:

17 (1) an individual domiciled in this Commonwealth;

18 (2) a grantor who has placed real property in a
19 revocable trust and who is an individual domiciled in this
20 Commonwealth; or

21 (3) a partner of a family farm partnership or a
22 shareholder of a family farm corporation as the terms are
23 defined in section 1101-C of the act of March 4, 1971 (P.L.6,
24 No.2), known as the Tax Reform Code of 1971, and who is a
25 natural person domiciled in this Commonwealth.

26 "Homestead." The owner-occupied, primary residence and the
27 parcel of land within this Commonwealth on which the residence
28 is located and other improvements located on the parcel. If a
29 portion of such residence is used for a nonresidential purpose,
30 the term means that portion of the property used as the primary

1 residence of the owner-occupant.

2 "Residence." A structure used as a place of habitation by
3 the owner of the structure.

4 "School district." A school district of the first class,
5 first class A, second class, third class or fourth class and an
6 independent school district.

7 "School property tax." The total real property tax levied by
8 a school district on a homestead of a claimant in a taxable
9 year. Real property tax levied by a city of the first class
10 shall constitute taxes levied by a school district for the
11 purposes of this definition to the extent that the city of the
12 first class allocates such property tax revenue to a school
13 district of the first class. The term does not include payments
14 made in lieu of taxes or any penalties or interest paid in
15 connection with the tax.

16 "School property tax increase." The difference between the
17 school property tax levied in the taxable year and the school
18 property tax levied in the base year for a claimant, but not
19 less than zero, multiplied by the percentage of tax forgiveness
20 computed for the claimant under section 304 of the act of March
21 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971,
22 computed after the application of any locally authorized
23 credits, exemptions, exclusions or special provisions.

24 "Taxable year." This term shall have the same meaning given
25 it in Article III of the act of March 4, 1971 (P.L.6, No.2),
26 known as the Tax Reform Code of 1971.

27 Section 4. Payment for school property tax increases.

28 (a) General rule.--A payment equal to the value of the
29 school property tax increase shall be issued to a claimant on
30 account of such increases for a homestead if all of the

1 following apply:

2 (1) The claimant occupied the homestead during the
3 entire taxable year.

4 (2) The claimant occupied the same homestead during the
5 entire taxable year that the claimant occupied in the base
6 year.

7 (3) The claimant paid school real property tax levied on
8 the homestead during the taxable year in an amount equal to
9 or greater than the amount of the school property tax
10 increase.

11 (4) The claimant applies in a form and time prescribed
12 by the department.

13 (b) Limitation.--The payment on account of school property
14 tax increases may not exceed \$500 for any taxable year for a
15 homestead.

16 (c) Multiple claimants for same homestead.--If two or more
17 claimants residing at any homestead meet the qualification for a
18 payment under this act, they may determine among themselves who
19 shall receive the payment. If they are unable to agree, the
20 department shall determine to whom the payment is to apply.

21 Section 5. Administration and regulations.

22 The department shall administer this act and shall promulgate
23 any regulations necessary for its implementation. To the extent
24 possible, the department shall administer the provisions of this
25 act in conjunction with its administration of the special tax
26 provisions provided under Article III of the act of March 4,
27 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

28 Section 6. Petitions for review.

29 A homeowner whose claim for payment under this act is either
30 denied, corrected or otherwise adversely affected by the

1 department may petition for administrative review in the manner
2 prescribed by the department. An individual aggrieved by the
3 department's action in connection with the administrative review
4 may petition for review in the manner specified in sections 11.1
5 and 11.2 of the act of March 11, 1971 (P.L.104, No.3), known as
6 the Senior Citizens Rebate and Assistance Act. Neither the
7 administrative review process nor the petition for review
8 provided for in this section shall apply to any determination
9 regarding special tax provisions under Article III of the act of
10 March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of
11 1971.

12 Section 7. Applicability.

13 This act shall apply to claims for payment under this act for
14 the taxable year beginning after December 31, 2004, and to each
15 taxable year thereafter.

16 Section 8. Effective date.

17 This act shall take effect immediately.