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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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**HOUSE BILL**

**No. 745**      Session of  
2007

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INTRODUCED BY SCAVELLO, CALTAGIRONE, CAPPELLI, CARROLL,  
CREIGHTON, GALLOWAY, GEIST, GODSHALL, HARRIS, HERSHEY,  
LEVDANSKY, MACKERETH, MELIO, MURT, PEIFER, PYLE, SANTONI,  
SAYLOR, SIPTROTH AND WALKO, MARCH 19, 2007

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REFERRED TO COMMITTEE ON FINANCE, MARCH 19, 2007

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AN ACT

1 Providing for supplemental State-funded tax relief; and  
2 establishing the Supplemental Homeowner Property Tax Relief  
3 Fund.

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

6 CHAPTER 1

7 PRELIMINARY PROVISIONS

8 Section 1. Short title.

9 This act shall be known and may be cited as the Supplemental  
10 Homeowner Property Tax Relief Act.

11 Section 102. Definitions.

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

15 "Allocation maximum." A numerical value of 0.30.

16 "Allocation minimum." A numerical value of 0.225.

17 "Average daily membership." As used in the act of March 10,

1 1949 (P.L.30, No.14), known as the Public School Code of 1949.

2 "Department." The Department of Education of the  
3 Commonwealth.

4 "Equalized millage." The term shall have the same usage as  
5 defined in section 2501(9.2) of the act of March 10, 1949  
6 (P.L.30, No.14), known as the Public School Code of 1949.

7 "Farmstead." As defined in 53 Pa.C.S. § 8582 (relating to  
8 definitions).

9 "Fund." The Supplemental Homeowner Property Tax Relief Fund.

10 "Homestead." As defined in 53 Pa.C.S. § 8401 (relating to  
11 definitions).

12 "Real property tax." The total dollar value of real property  
13 taxes paid by property owners in a school district determined by  
14 adding the real property taxes collected by or on behalf of the  
15 school district plus all State allocations received pursuant to  
16 the act of June 27, 2006 (1st Sp.Sess., P.L. , No.1), known as  
17 the Taxpayer Relief Act.

18 "Real property tax liability." The assessed value of the  
19 real property of the taxpayer multiplied by the millage rate of  
20 the school district.

21 "Residential property tax." The dollar value of real  
22 property taxes paid by residential property owners in a school  
23 district, determined by multiplying:

24 (1) the real property taxes collected by the school  
25 district; by

26 (2) the percentage of the total property value in the  
27 school district classified as residential by the State Tax  
28 Equalization Board.

29 "School district." A school district of the first class,  
30 first class A, second class, third class or fourth class.

1 "School district of the first class." Includes the governing  
2 body of a city of the first class.

3 "Secretary." The Secretary of the Budget of the  
4 Commonwealth.

5 "Tax Reform Code." The act of March 4, 1971 (P.L.6, No.2),  
6 known as the Tax Reform Code of 1971.

7 "Taxpayer." A person required to pay a real property tax.

8 CHAPTER 3

9 SUPPLEMENTAL HOMEOWNER PROPERTY TAX RELIEF FUND

10 Section 301. Establishment.

11 There is hereby established in the State Treasury a  
12 restricted receipts account to be known as the Supplemental  
13 Homeowner Property Tax Relief Fund.

14 Section 302. Nonlapse.

15 The money in the fund is continuously appropriated to the  
16 fund and shall not lapse at the end of any fiscal year.

17 CHAPTER 5

18 STATE TAXATION

19 Section 501. Sales and use surtax.

20 In addition to the tax imposed under Article II of the Tax  
21 Reform Code, there shall be a surtax equal to 1.0% imposed on  
22 the purchase price of property and services subject to taxation  
23 under Article II of the Tax Reform Code. The surtax shall be in  
24 addition to the tax imposed under Article II of the Tax Reform  
25 Code.

26 Section 502. Construction.

27 The sales and use surtax imposed by this chapter shall be in  
28 addition to any tax imposed under Article II of the Tax Reform  
29 Code. The provisions of Article II of the Tax Reform Code shall  
30 apply to the definitions, imposition and implementation of the

1 surtax.

2 Section 503. Computation of sales and use tax.

3 Within 30 days of the effective date of this section, the  
4 Department of Revenue shall establish a schedule for the  
5 computation of the State sales and use tax and the State sales  
6 and use surtax as established under this chapter. The Department  
7 of Revenue shall publish the schedule providing for the  
8 computation of the State sales and use tax and the State sales  
9 and use surtax in the next succeeding publication of the  
10 Pennsylvania Bulletin following establishment of the schedule.

11 Section 504. Personal income surtax.

12 In addition to the tax imposed under Article III of the Tax  
13 Reform Code, there shall be a surtax equal to 0.22% imposed on  
14 the taxable income of resident and nonresident individuals as  
15 provided for under Article III of the Tax Reform Code. The  
16 surtax shall be in addition to the tax imposed under Article III  
17 of the Tax Reform Code.

18 Section 505. Construction.

19 The personal income surtax imposed by this chapter shall be  
20 in addition to any tax imposed under Article III of the Tax  
21 Reform Code. The provisions of Article III of the Tax Reform  
22 Code shall apply to the definitions, imposition and  
23 implementation of the surtax.

24 Section 506. Notification of personal income surtax.

25 The Department of Revenue shall publish the personal income  
26 tax rate along with the personal income surtax rate in the next  
27 succeeding publication of the Pennsylvania Bulletin following  
28 the effective date of this section.

29 Section 507. Transfer to fund.

30 Within 30 days of the close of any calendar month, all

1 revenue generated in the previous month from the sales and use  
2 surtax and personal income surtax imposed under this chapter  
3 shall be transferred to the fund.

4 CHAPTER 7

5 FORMULA

6 Section 701. Certification.

7 (a) Initial.--By April 15, 2007, the secretary shall certify  
8 the total amount of revenue that is reasonably projected to be  
9 deposited into the fund for the period through June 30, 2008.

10 (b) Annual.--Beginning by April 15, 2008, and each April 15  
11 thereafter, the secretary shall certify the total amount of  
12 revenue that is reasonably expected to be deposited into the  
13 fund during the immediately following fiscal year.

14 (c) Excess.--If the actual revenue deposited into the fund  
15 in any one fiscal year exceeds the amount certified in this  
16 section, any revenue in excess of projections shall remain in  
17 the fund and shall be included in the certification for the  
18 subsequent fiscal year.

19 (d) Shortage.--If the actual revenue deposited into the fund  
20 in any one fiscal year is less than the amount certified in this  
21 section, the amount certified for the subsequent fiscal year  
22 shall be reduced by the difference between the amount certified  
23 and the actual revenue deposited.

24 Section 702. Notification.

25 By April 20, 2007, and each April 20 thereafter, the  
26 secretary shall notify the department of the amount certified  
27 pursuant to section 701 for calculation of the allocation for  
28 each school district under section 703.

29 Section 703. State allocation.

30 (a) Calculation.--The department shall calculate the State

1 allocation pursuant to this chapter for each school district as  
2 follows:

3 (1) For the 2007-2008 fiscal year:

4 (i) Multiply the school district's 2004-2005 average  
5 daily membership by the school district's 2004-2005  
6 equalized millage.

7 (ii) Multiply the product under subparagraph (i) by  
8 the dollar amount necessary to allocate all of the money  
9 in the fund as certified under section 701.

10 (iii) If the allocation under this paragraph is less  
11 than the product of the residential property taxes  
12 collected during the 2004-2005 fiscal year and the  
13 allocation minimum for a school district, the school  
14 district shall receive an additional amount so that the  
15 total allocation under this paragraph is equal to the  
16 product of the residential property taxes collected  
17 during the 2004-2005 fiscal year and the allocation  
18 minimum.

19 (iv) If the allocation under this paragraph is  
20 greater than the product of the residential property  
21 taxes collected during the 2004-2005 fiscal year and the  
22 allocation maximum for a school district, the school  
23 district shall receive a total allocation equal to the  
24 product of the residential property taxes collected  
25 during the 2004-2005 fiscal year and the allocation  
26 maximum.

27 (2) For subsequent fiscal years:

28 (i) Multiply the school district's average daily  
29 membership for the third fiscal year immediately  
30 preceding the fiscal year for which the allocation is

1 being made by the school district's equalized millage for  
2 the third fiscal year immediately preceding the fiscal  
3 year for which the allocation is being made.

4 (ii) Multiply the product under subparagraph (i) by  
5 the dollar amount necessary to allocate all of the money  
6 in the fund as certified under section 701.

7 (iii) If the allocation under this paragraph is less  
8 than the product of the residential property taxes  
9 collected during the third fiscal year immediately  
10 preceding the fiscal year for which the allocation is  
11 being made and the allocation minimum for a school  
12 district, the school district shall receive an additional  
13 amount so that the total allocation under this paragraph  
14 is equal to the product of the residential property taxes  
15 collected during the third fiscal year immediately  
16 preceding the fiscal year for which the allocation is  
17 being made and the allocation minimum.

18 (iv) If the allocation under this paragraph is  
19 greater than the product of the residential property  
20 taxes collected during the third fiscal year immediately  
21 preceding the fiscal year for which the allocation is  
22 being made and the allocation maximum for a school  
23 district, the school district shall receive a total  
24 allocation equal to the product of the residential  
25 property taxes collected during the third fiscal year  
26 immediately preceding the fiscal year for which the  
27 allocation is being made and the allocation maximum.

28 (b) Notice.--By May 15, 2007, and each May 15 thereafter,  
29 the department shall notify each school district of the amount  
30 of the State allocation it is eligible to receive.

1 (c) Payment.--For each fiscal year commencing after June 30,  
2 2007, the department shall pay from the fund to each school  
3 district a State allocation, which shall be divided into two  
4 payments. The first payment, which shall be equal to 80% of the  
5 district's State allocation, shall be made on the last Thursday  
6 of August. The second payment, which shall equal the remainder  
7 of the State allocation, shall be made on the last Thursday of  
8 October.

9 (d) Cities of the first class.--In accordance with 53  
10 Pa.C.S. § 8584 (relating to administration and procedure), the  
11 State allocation for a school district of the first class shall  
12 be paid by the department to a city of the first class for use  
13 by the city for homestead and farmstead exclusions.

14 CHAPTER 9

15 HOMESTEAD AND FARMSTEAD EXCLUSION

16 Section 901. Homestead and farmstead exclusion process.

17 (a) Calculation.--Each year in which a school district  
18 receives a local property tax reduction allocation pursuant to  
19 this act, the school district shall calculate a homestead and  
20 farmstead exclusion which is equal to the lesser of:

21 (1) the maximum amount of homestead or farmstead  
22 exclusion authorized by 53 Pa.C.S. § 8586 (relating to  
23 limitations); or

24 (2) the amount of State allocation the district is  
25 eligible to receive.

26 (b) Resolution.--The school district shall adopt a  
27 resolution implementing the homestead and farmstead exclusion  
28 calculated under subsection (a). The resolution shall state the  
29 maximum amount of homestead or farmstead exclusion an owner of a  
30 homestead or farmstead may receive. A resolution may not

1 authorize a homestead or farmstead exclusion which exceeds the  
2 amount authorized by 53 Pa.C.S. § 8586.

3 Section 902. School district tax notices.

4 (a) Tax notice.--School districts shall itemize the  
5 homestead and farmstead exclusion on tax bills sent to homestead  
6 and farmstead owners, indicating the original amount of real  
7 property tax liability, the amount of the exclusion and the net  
8 amount of tax due after the exclusion is applied. The tax bill  
9 shall be easily understandable and include a notice pursuant to  
10 subsection (b).

11 (b) Notice of property tax relief.--School districts shall  
12 include with the homestead or farmstead owner's tax bill a  
13 notice that the tax bill includes a homestead or farmstead  
14 exclusion.

15 CHAPTER 11

16 DEBT

17 Section 1101. Borrowing.

18 Tax anticipation notes may be issued under Article XVI-A of  
19 the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal  
20 Code, in anticipation of revenue under this act which is  
21 authorized to be transferred to the fund under section 507.

22 CHAPTER 52

23 MISCELLANEOUS PROVISIONS

24 Section 5201. Effective date.

25 This act shall take effect as follows:

26 (1) Sections 501, 502 and 503 shall take effect June 1,  
27 2007.

28 (2) Sections 504, 505 and 506 shall take effect July 1,  
29 2007.

30 (3) The remainder of this act shall take effect

1 immediately.