
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2841 Session of
2008

INTRODUCED BY REICHLEY, BEYER, GILLESPIE, GODSHALL, GRELL,
HARHART, HERSHEY, MENSCH, PEIFER, VULAKOVICH AND WATSON,
NOVEMBER 17, 2008

REFERRED TO COMMITTEE ON FINANCE, NOVEMBER 17, 2008

AN ACT

1 Providing a special tax exemption from school property tax
2 increases for certain persons.

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

5 Section 1. Short title.

6 This act shall be known and may be cited as the Supplemental
7 Taxpayer Relief and Freeze Act.

8 Section 2. Establishment of special tax provisions.

9 The General Assembly finds and declares as follows:

10 (1) The General Assembly, in recognition of the powers
11 contained in section 2(b)(ii) of Article VIII of the
12 Constitution of Pennsylvania, which provides for the
13 establishing as a class or classes of subjects of taxation
14 the property or privileges of persons who, because of
15 poverty, are determined to be in need of special tax
16 provisions, hereby declares as its legislative intent and
17 purpose to implement such power under such Constitutional

1 provision by establishing special tax provisions as provided
2 in this act.

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

11 (3) The General Assembly, having determined that there
12 are persons within this Commonwealth whose incomes are such
13 that imposition of school property tax increases would
14 deprive them and their dependents of the bare necessities of
15 life, deems it to be sound public policy to provide special
16 tax provisions for the class of persons designated under this
17 act to relieve their economic burden.

18 (4) A claimant who meets the standards of eligibility
19 established by this act shall be deemed to be a subject of
20 taxation of a separate class and, as such, shall be entitled
21 to the benefit of the special provisions of this act.

22 Section 3. Definitions.

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

26 "Base year." The taxable year of a claimant immediately
27 preceding the taxable year for which a claim for special tax
28 provisions under this act is made or the taxable year of the
29 claimant immediately preceding the first taxable year in a
30 series of consecutive taxable years in which the claimant

1 qualified for a payment on account of school property tax
2 increases under this act, whichever is earlier.

3 "Claimant." A homeowner 65 years of age or older with income
4 of no more than \$100,000.

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

6 "Fund." The School Tax Freeze Fund established under section
7 7(a).

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

9 (1) an individual domiciled in this Commonwealth;

10 (2) a grantor who has placed real property in a
11 revocable trust and who is an individual domiciled in this
12 Commonwealth; or

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

18 "Homestead." The homeowner-occupied, primary residence and
19 the parcel of land within this Commonwealth on which the
20 residence is located and other improvements located on the
21 parcel. If a portion of such residence is used for a
22 nonresidential purpose, the term means that portion of the
23 property used as the primary residence of the owner-occupant.

24 "Income." All income enumerated and classified under section
25 303 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax
26 Reform Code of 1971.

27 "Residence." A structure used as a place of habitation by
28 the owner of the structure.

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

1 independent school district.

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

11 "School property tax increase." The difference between the
12 school property tax levied in the taxable year and the school
13 property tax levied in the base year for a claimant, but not
14 less than zero, computed after the application of any credits,
15 exemptions, exclusions or special provisions.

16 "Secretary." The Secretary of Revenue of the Commonwealth.

17 "Taxable year." As defined under Article III of the act of
18 March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of
19 1971.

20 Section 4. School property tax freeze.

21 A claimant shall be exempt from payment of a school property
22 tax increase after the effective date of this act if all of the
23 following apply:

24 (1) The claimant occupied the homestead during the
25 entire taxable year.

26 (2) The claimant occupied the same homestead during the
27 entire taxable year that the claimant occupied in the base
28 year.

29 (3) The claimant is not delinquent with any prior school
30 property tax liabilities.

1 (4) The claimant timely applies in the form and manner
2 prescribed by the department.

3 Section 5. Administration.

4 (a) General rule.--The department shall administer this act
5 and promulgate any regulations necessary for its implementation.

6 (b) List.--By July 1, 2009, and each July 1 thereafter, the
7 department shall provide each school district with a list of
8 eligible claimants residing within the school district.

9 (c) Tax report.--By August 1, 2009, and each August 1
10 thereafter, each school district shall provide the department
11 with the total amount of school property tax increase for all
12 eligible claimants within the school district.

13 (d) Notification to State Treasurer.--By August 15, 2009,
14 and each August 15 thereafter, the secretary shall notify the
15 State Treasurer of the total amount of school property tax
16 increase for all eligible claimants in each district.

17 (e) Payment to school districts.--By September 1, 2009, and
18 each September 1 thereafter, the State Treasurer shall pay from
19 the fund to each eligible school district an amount equal to the
20 school property tax increase for all eligible claimants within
21 the school district.

22 Section 6. Denial of claim.

23 A homeowner whose claim for payment under this act is denied,
24 corrected or otherwise adversely affected by the department may
25 petition for administrative review in the manner prescribed by
26 the department. An individual aggrieved by the department's
27 action in connection with the administrative review may petition
28 for review in the manner specified under sections 1311, 1312 and
29 1313 of the act of June 27, 2006 (1st Sp.Sess., P.L.1873, No.1),
30 known as the Taxpayer Relief Act.

1 Section 7. School Tax Freeze Fund.

2 (a) Establishment.--There is hereby established in the State
3 Treasury a fund to be known as the School Tax Freeze Fund.

4 (b) Disposition.--The following shall apply:

5 (1) Revenue in the fund shall be used for making
6 payments to school districts as provided in section 5(e).

7 (2) By October 1, 2009, and each October 1 thereafter,
8 the State Treasurer shall transfer any revenue remaining in
9 the fund, after payment to school districts pursuant to
10 section 5(e), to the Property Tax Relief Fund established
11 under 4 Pa.C.S. § 1409(a) (relating to Property Tax Relief
12 Fund) to be used as provided under 4 Pa.C.S. § 1409(b).

13 Section 8. Sales and use tax.

14 (a) General rule.--In addition to the tax imposed under
15 Article II of the act of March 4, 1971 (P.L.6, No.2), known as
16 the Tax Reform Code of 1971, there shall be a tax equal to 1.0%
17 of the purchase price of property and services subject to
18 taxation under Article II.

19 (b) Construction.--The tax imposed under this section shall
20 be in addition to any tax imposed under Article II of the Tax
21 Reform Code of 1971. The provisions of Article II of the Tax
22 Reform Code of 1971 dealing with definitions, imposition, and
23 implementation shall apply to the tax imposed under this
24 section.

25 (c) Computation of sales and use tax.--Within 30 days of the
26 effective date of this section, the department shall establish a
27 schedule for computation of the State sales and use tax. The
28 department shall publish the schedule in the Pennsylvania
29 Bulletin immediately following establishment of the schedule.

30 (d) Deposit.--Within 30 days of the close of any calendar

1 month, all revenue generated in the previous month from the
2 sales and use tax imposed under this section shall be
3 transferred to the fund.

4 Section 9. Applicability.

5 This act shall apply to claims for payment under this act for
6 taxable years beginning after December 31, 2008.

7 Section 10. Effective date.

8 This act shall take effect as follows:

9 (1) Section 8(a), (b) and (d) shall take effect July 1,
10 2009.

11 (2) The remainder of this act shall take effect
12 immediately.