

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 277 Session of 2015

INTRODUCED BY DeLUCA, THOMAS, KINSEY, STEPHENS, DAVIS, McNEILL, MILLARD, KORTZ, BARRAR, O'BRIEN, BOBACK, MENTZER, A. HARRIS, MULLERY, D. COSTA, BROWNLEE, READSHAW, TRUITT, MAHONEY AND GIBBONS, FEBRUARY 2, 2015

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 2, 2015

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," in State funds formula, further  
 11 providing for certification and calculation of minimum and  
 12 maximum modifiers and for the Property Tax Relief Reserve  
 13 Fund; 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] through fiscal year 2014-2015, the secretary  
5 shall distribute the difference between the amount certified  
6 under subsection (a)(1)(i) and the sum of all of the  
7 following:

8 \* \* \*

9 (3) For fiscal year 2016-2017 and each fiscal year  
10 thereafter, the secretary shall distribute the difference  
11 between the amount certified under subsection (a)(1)(i) and  
12 the sum of all of the following:

13 (i) The difference between the sum of:

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

17 (B) the amount of approved claims paid in the  
18 2006-2007 fiscal year under section 1304(a)(1).

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

20 (A) The amount sufficient to fund reimbursements  
21 to eligible school districts under section 324. The  
22 amount deducted under this clause shall be calculated  
23 based on the information provided by school districts  
24 under subsection (b)(2).

25 (B) The amount of approved claims under section  
26 704.

27 (C) The amount of approved claims under section  
28 1304(a)(2)(ii).

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

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

2 Section 504. Property Tax Relief Reserve Fund.

3 \* \* \*

4 (d) Transfers.--

5 (1) The secretary may authorize a transfer from the  
6 Property Tax Relief Reserve Fund to the fund if the amount  
7 for distribution under section 503(e) in 2016 is less than  
8 the amount for distribution under section 503(e) [made in the  
9 prior year] in 2015 or any year thereafter. [The] Beginning  
10 in 2017 and each year thereafter, the amount of the transfer  
11 under this subsection shall be equal to the difference  
12 between the amount for distribution under section 503(e) and  
13 the amount for distribution under section 503(e) made in the  
14 prior year.

15 \* \* \*

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

17 Section 504.1. Senior citizen tax relief.

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

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

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

29 (2) Certification that the claimant or the claimant's  
30 spouse is the owner of the homestead upon which the school

1 property taxes are imposed.

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

4 (c) Timing.--

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

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

13 (d) Termination.--

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

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

25 (e) Commonwealth payment.--

26 (1) Beginning April 2016 and each April thereafter, the  
27 secretary shall pay school districts, from the fund, the  
28 amount of each eligible claimant's increase in school  
29 property taxes in excess of the claimant's base payment.

30 Payments under this section shall be made prior to a

1 distribution of funds under subsection 504(c).

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

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

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

11 "Base payment."

12 (1) Except as set forth in paragraph (2), the amount of  
13 school property tax paid by the eligible claimant either in  
14 the tax year beginning January 1, 2015, or in the first tax  
15 year during which the claimant first becomes eligible,  
16 whichever occurs later, on the principal residence in which  
17 the claimant has maintained continuous occupancy and  
18 ownership since either January 1, 2015, or the date the  
19 claimant first becomes eligible.

20 (2) If the claimant purchases a principal residence  
21 after January 1, 2015, or after the date upon which the  
22 claimant first becomes eligible, the amount of school  
23 property tax paid during the tax year in which the purchase  
24 was made.

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

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

30 (1) Was at least 65 years of age or whose spouse, if a

1 member of the household, was at least 65 years of age during  
2 the base year.

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

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

8 "Homestead." As defined in section 302.

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

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

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

19 Section 505. State property tax reduction allocation.

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

22 \* \* \*

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

26 \* \* \*

27 (a.1) Initial payment.--For the fiscal year commencing July  
28 1, 2015, and July 1 of each year thereafter, prior to making a  
29 payment under subsection (b), the department shall pay to each  
30 school district the amount due under section 504.1(e).

1 \* \* \*

2 Section 5. This act shall take effect immediately.