
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1144 Session of
2015

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PASHINSKI, DeLISSIO, DAVIDSON, THOMAS, COHEN, WHEATLEY, ROZZI
AND ROEBUCK, MAY 14, 2015

REFERRED TO COMMITTEE ON FINANCE, MAY 14, 2015

AN ACT

1 Providing for school district tax relief.

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11 The General Assembly of the Commonwealth of Pennsylvania
12 hereby enacts as follows:

13 CHAPTER 1

14 PRELIMINARY PROVISIONS

15 Section 101. Short title.

16 This act shall be known and may be cited as the School
17 District Real Property Tax Relief Act.

18 Section 102. Definitions.

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

22 "Allocation minimum." A numerical value of 0.2.

23 "Average daily membership." The term shall have the same
24 usage as in the Public School Code.

25 "Department." The Department of Education of the
26 Commonwealth.

27 "Earned income." As defined in section 501 of The Local Tax
28 Enabling Act.

29 "Equalized millage." As defined in section 2501(9.2) of the
30 Public School Code.

1 "Estimated local revenue calculation." The compensation and
2 net profits component of the 2012 personal income valuation
3 certified by the Secretary of Revenue as in section 2501(9.1) of
4 the Public School Code, multiplied by 0.1%.

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

7 "Farmstead property." As defined in 53 Pa.C.S. § 8582.

8 "Fund." The Property Tax Relief Fund established under 4
9 Pa.C.S. § 1409 (relating to Property Tax Relief Fund).

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

12 "Homestead property." As defined in 53 Pa.C.S. § 8401.

13 "Local tax revenue." The revenue from taxes actually levied
14 and assessed by a school district, including delinquent taxes.
15 The term does not include interest or dividend earnings, Federal
16 or State grants, contracts or appropriations, income generated
17 from operations or any other source which is not derived from
18 taxes levied and assessed by a school district.

19 "Market value/income aid ratio." As defined in section
20 2501(14.1) of the Public School Code.

21 "Net profits." As defined in section 501 of The Local Tax
22 Enabling Act.

23 "Personal income." Income enumerated in section 303 of the
24 act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code
25 of 1971, as determined by the Department of Revenue, subject to
26 any correction thereof for fraud, evasion or error as finally
27 determined by the Commonwealth.

28 "Personal income valuation." As defined in section 2501(9.1)
29 of the Public School Code.

30 "Property tax reduction index." A quotient equal to the sum

1 of the numerical rank of a school district's personal income
2 valuation per average daily membership, the numerical rank of
3 its market value or income aid ratio, the numerical rank of its
4 equalized millage and the numerical rank of its school tax
5 ratio, divided by 1,000.

6 "Public School Code." The act of March 10, 1949 (P.L.30,
7 No.14), known as the Public School Code of 1949.

8 "Residential property tax." The dollar value of real
9 property taxes paid by residential property owners in a school
10 district, determined by multiplying the real property taxes
11 collected by the school district by the percentage of the total
12 property value in the school district classified as residential
13 by the State Tax Equalization Board and including any property
14 tax reduction allocation under Chapter 5 of the Taxpayer Relief
15 Act.

16 "Secretary." The Secretary of the Budget.

17 "School district." A school district of the first class,
18 first class A, second class, third class or fourth class.

19 "School tax ratio." The dollar value of local taxes
20 collected by the school district or by a city of the first class
21 for a school district of the first class divided by the personal
22 income valuation of the school district.

23 "Taxpayer Relief Act." The act of June 27, 2006 (1st
24 Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act.

25 "The Local Tax Enabling Act." The act of December 31, 1965
26 (P.L.1257, No.511), known as The Local Tax Enabling Act.

27 CHAPTER 3

28 SCHOOL PROPERTY TAX REDUCTIONS

29 Section 301. Distributions to school districts.

30 (a) General rule.--The Secretary of Education shall make

1 distributions to each school district as provided in this
2 section.

3 (b) Amount of distributions.--Each school district shall
4 receive allocations calculated by the department as follows:

5 (1) Array the 2012 personal income valuation divided by
6 the 2012-2013 average daily membership, the 2014-2015 market
7 value/income aid ratio, the 2012-2013 equalized millage and
8 the 2012-2013 school tax ratio of each school district in
9 rank order and assign each school district a discreet
10 numerical rank for its personal income valuation per average
11 daily membership, its market value/income aid ratio, its
12 equalized millage and its school tax ratio. For the numerical
13 rank of a school district's personal income valuation per
14 average daily membership, the school district with the lowest
15 personal income valuation per average daily membership shall
16 have the highest numerical rank. For the numerical rank of a
17 school district's market value/income aid ratio, the school
18 district with the highest market value/income aid ratio shall
19 have the highest numerical rank, provided that all school
20 districts with a market value/income aid ratio equal to 0.15
21 shall receive a ranking of 1. For the numerical rank of a
22 school district's equalized millage, the school district with
23 the highest equalized millage shall have the highest
24 numerical rank. For the numerical rank of a school district's
25 school tax ratio, the school district with the highest school
26 tax ratio shall have the highest numerical rank.

27 (2) Assign each school district a property tax reduction
28 index which shall be the greater of the calculation under
29 this act or the property tax reduction index under the
30 Taxpayer Relief Act.

1 (3) Calculate the property tax reduction allocation as
2 follows:

3 (i) Multiply the school district's 2012-2013 average
4 daily membership by the school district's property tax
5 reduction index.

6 (ii) Multiply the product under subparagraph (i) by
7 the dollar amount necessary to allocate \$3,800,000,000
8 under this paragraph and paragraphs (4), (5) and (6).

9 (iii) If applicable, provide for the allocation
10 minimum under paragraph (4), the amount of taxes credited
11 under paragraph (5) and any reduction required under
12 paragraph (6).

13 (4) If the sum of the allocation under this subsection
14 and the estimated local revenue calculation is less than the
15 product of the residential property taxes collected during
16 the 2012-2013 fiscal year and the allocation minimum for a
17 school district, the school district shall receive an
18 additional amount so that the sum of the total allocation
19 under paragraph (3) and this paragraph and the estimated
20 local revenue calculation is equal to the product of the
21 residential property taxes collected during the 2012-2013
22 fiscal year and the allocation minimum.

23 (5) Each school district shall receive an allocation in
24 the amount of any taxes credited under section 324 of the
25 Taxpayer Relief Act.

26 (6) A school district may not receive an allocation
27 under this subsection that exceeds the total amount of
28 property tax revenue received by the school district for the
29 2012-2013 fiscal year, including any property tax reduction
30 allocation under Chapter 5 of the Taxpayer Relief Act.

1 (c) Certification.--No later than April 15, 2016, and April
2 15 of each year thereafter, the secretary shall certify that
3 there is projected to be sufficient revenue in the fund for
4 distribution in the following fiscal year and shall notify the
5 Secretary of Education of the amount available for distribution
6 to school districts. The Secretary of Education shall notify
7 each school district of the school district's allocation under
8 this part no later than May 1 of each year. The secretary shall
9 publish notification of the certification in the Pennsylvania
10 Bulletin.

11 (d) Frequency of distributions.--Distributions to school
12 districts under this section shall be made in October of each
13 year in which a distribution occurs.

14 (e) Use of proceeds.--Except as provided in section 701, the
15 following shall apply:

16 (1) A school district shall use the allocation under
17 subsection (b) to fund exclusions for homestead and farmstead
18 property.

19 (2) A school district shall utilize an allocation under
20 subsection (b) in excess of the revenue required to fund the
21 maximum homestead and farmstead exclusions authorized under
22 53 Pa.C.S. § 8586 (relating to limitations) to reduce the
23 property tax rate on all properties subject to the property
24 tax in the school district.

25 Section 302. Homestead and farmstead exclusions.

26 (a) Homestead and farmstead exclusion process.--Each fiscal
27 year in which a school district receives an allocation under
28 section 301, the school district shall calculate a homestead and
29 farmstead exclusion for the purpose of reducing school district
30 property taxes. The school district shall adopt a resolution

1 implementing the homestead and farmstead exclusion no later than
2 the last day of the fiscal year immediately preceding the fiscal
3 year in which the homestead and farmstead exclusions shall take
4 effect.

5 (b) Tax notice.--A school district shall itemize the
6 homestead and farmstead exclusion on tax bills sent to homestead
7 and farmstead owners indicating the original amount of tax
8 liability, the amount of any reduction in the property tax rate
9 on all properties of the exclusion and the net amount of tax due
10 after the exclusion and any reduction on all properties are
11 applied. The tax bill shall be easily understandable and include
12 a notice under subsection (c).

13 (c) Notice of property tax relief.--A school district shall
14 include with the homestead or farmstead owner's tax bill a
15 notice that the tax bill includes a homestead or farmstead
16 exclusion. The notice shall at a minimum take the following
17 form:

18 NOTICE OF PROPERTY TAX RELIEF

19 Your enclosed tax bill includes a tax reduction for your
20 homestead and/or farmstead property. You have received
21 tax relief through a homestead and/or farmstead exclusion
22 which has been provided under the School District Tax
23 Relief Act, a law passed by the Pennsylvania General
24 Assembly designed to reduce your property taxes.

25 If the school district has reduced the property tax rate on all
26 properties subject to the property tax in the school district
27 under section 301(e) (2):

28 (1) The notice included with the homestead or farmstead
29 owner's tax bill shall at a minimum take the following form:

30 NOTICE OF PROPERTY TAX RELIEF

1 Your enclosed tax bill includes a tax reduction. You
2 have received tax relief through a homestead and/or
3 farmstead exclusion and additional tax relief through
4 a reduction in your property tax rate, which have
5 been provided under the School District Tax Relief
6 Act, a law passed by the Pennsylvania General
7 Assembly designed to reduce your property taxes.

8 (2) A school district shall include with all property
9 tax bills other than those for a homestead or farmstead owner
10 a notice that the tax bill includes a property tax reduction.
11 The notice shall at a minimum take the following form:

12 NOTICE OF PROPERTY TAX RELIEF

13 Your enclosed tax bill includes a tax reduction. You
14 have received tax relief through a reduction in your
15 property tax rate, which has been provided under the
16 School District Tax Relief Act, a law passed by the
17 Pennsylvania General Assembly designed to reduce your
18 property taxes.

19 Section 303. Additional limits on future property tax
20 increases.

21 (a) Restrictions.--Notwithstanding section 688(a) of the
22 Public School Code, no school district may approve an increase
23 in real property taxes unless the school district has adopted a
24 budget that includes an estimated ending unassigned fund balance
25 equal to or less than 4% of its total budgeted expenditures.

26 (b) Continuation of prohibitions.--Section 333 of the
27 Taxpayer Relief Act, as amended, shall remain in effect.

28 CHAPTER 5

29 RELIEF FOR RENTERS

30 Section 501. Definitions.

1 The following words and phrases when used in this chapter
2 shall have the meanings given to them in this section unless the
3 context clearly indicates otherwise:

4 "Claimant." A person who files a claim for supplemental rent
5 rebate relief.

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

7 "Homestead." A rented dwelling and as much of the land
8 surrounding the rental dwelling as is reasonably necessary for
9 the use of the dwelling as a renter-occupied primary residence
10 by a claimant. The term includes:

11 (1) Premises occupied by reason of a lease in a
12 cooperative housing corporation.

13 (2) Mobile homes which are assessed as realty for local
14 property tax purposes and the land, if rented by the
15 claimant, upon which the mobile home is situated and other
16 similar living accommodations.

17 (3) A part of a multidwelling or multipurpose building
18 and a part of the land upon which the building is built.

19 (4) Premises occupied by reason of the claimant's rental
20 of a dwelling located on land owned by a nonprofit
21 incorporated association, of which the claimant is a member,
22 if the claimant is required to pay a pro rata share of the
23 property taxes levied against the association's land.

24 (5) Premises occupied by a claimant if the claimant is
25 required by law to pay a property tax by reason of the
26 claimant's rental, including a possessory interest, in the
27 dwelling, the land or both.

28 "Household income." Income received by a claimant and each
29 other individual residing in the homestead during the calendar
30 year for which a rebate is claimed.

1 "Income." As defined in Chapter 13 of the Taxpayer Relief
2 Act.

3 "Supplemental rent rebate relief." Amounts actually paid in
4 cash or its equivalent in any calendar year to a landlord in
5 connection with the occupancy of a homestead by a claimant,
6 irrespective of whether the amount constitutes payment solely
7 for the right of occupancy.

8 Section 502. Supplemental rent rebate relief.

9 (a) Schedule.--The amount of any claim for supplemental rent
10 rebate relief for rent due and payable during calendar year 2015
11 and each calendar year thereafter shall be determined in
12 accordance with the following:

13	Amount of Rent Rebate in
14	Lieu of Property Taxes
15	Allowed as Rebate
16	Household Income
17	\$0 - \$50,000
18	\$500

17 (b) Limitations on claims.--

18 (1) No claim under subsection (a) shall be allowed if
19 the claimant obtains rent rebate in lieu of property tax
20 relief under Chapter 13 of the Taxpayer Relief Act.

21 (2) No claim under subsection (a) shall be allowed if
22 the claimant is a child who is a dependent for purposes of
23 section 151 of the Internal Revenue Code of 1986 (Public Law
24 99-514, 26 U.S.C. § 151).

25 (3) Only one resident of a homestead occupied by
26 multiple residents may apply for supplemental rent rebate
27 relief under subsection (a). If two or more residents are
28 able to meet the qualification for a claimant, the residents
29 may determine who the claimant shall be and, in the absence
30 of a determination, the department shall determine to whom

1 the rebate is to be paid.

2 (4) No claim under subsection (a) shall be allowed if
3 the claimant is a tenant of an owner of real property which
4 is exempt from real property taxes.

5 (c) Public assistance.--A claimant who receives public
6 assistance from the Department of Human Services shall not be
7 eligible for supplemental rent rebate relief during a month
8 within which the claimant receives public assistance.

9 (d) Government subsidy.--Rent may not include a subsidy
10 provided by or through a governmental agency.

11 Section 503. Filing of claim.

12 (a) General rule.--Except as provided in subsection (b), a
13 claim for supplemental rent rebate relief must be filed with the
14 department on or before June 30 of the year next succeeding the
15 end of the calendar year in which the rent was due and payable.

16 (b) Exception.--A claim filed after the June 30 deadline
17 until December 31 of that year shall be accepted by the
18 department if funds are available to pay the benefits to the
19 late-filing claimant.

20 Section 504. Proof of claim.

21 (a) Contents.--Each claim shall include:

22 (1) Reasonable proof of household income.

23 (2) The size and nature of the property claimed as a
24 homestead.

25 (3) The rent receipt or other proof that rent in
26 connection with the occupancy of the homestead has been paid.

27 (4) Other information required by the department.

28 (b) Direct payment of rent.--The department may not require
29 that rent was paid directly by the claimant if the rent has been
30 paid when the claim is filed.

1 Section 505. Incorrect claim.

2 If an audit of a claim finds the claim to have been
3 incorrectly determined, the department shall redetermine the
4 correct amount of the claim and notify the claimant of the
5 reason for the redetermination and the amount of the corrected
6 claim.

7 Section 506. Claim forms.

8 The department shall:

9 (1) Receive all applications.

10 (2) Determine the eligibility of claimants.

11 (3) Hear appeals.

12 (4) Disburse payments.

13 (5) Make available suitable forms for the filing of
14 claims.

15 Section 507. Fraudulent claims.

16 (a) Civil penalty.--If a claim is excessive and was filed
17 with fraudulent intent, the claim shall be disallowed in full,
18 and a penalty of 25% of the amount claimed shall be imposed. The
19 penalty and the amount of the disallowed claim, if the claim has
20 been paid, shall bear interest at the rate of 1.5% per month
21 from the date of the claim until the penalty is paid and the
22 amount of the disallowed claim is repaid.

23 (b) Criminal penalty.--The claimant and any person who
24 assisted in the preparation of filing a fraudulent claim commits
25 a misdemeanor of the third degree and, upon conviction, shall be
26 sentenced to pay a fine not exceeding \$1,000 or to imprisonment
27 not exceeding one year or both.

28 Section 508. Applicability.

29 Sections 1311, 1312 and 1313 of the Taxpayer Relief Act shall
30 apply to claims filed under this chapter.

1 Section 509. Regulations.

2 The department may promulgate regulations to implement this
3 chapter.

4 CHAPTER 7

5 MISCELLANEOUS PROVISIONS

6 Section 701. Applicability to school districts of the first
7 class.

8 (a) School districts of the first class.--The allocation
9 under section 301 for a school district of the first class shall
10 be paid by the department to a city of the first class.

11 (b) Reduction of taxes in a city of the first class.--
12 Notwithstanding the provisions of section 301(e), an allocation
13 under section 301(b) for a school district of the first class
14 shall be used as follows:

15 (1) The governing body of a city of the first class
16 shall repeal and fully offset the elimination of the local
17 option cigarette tax established under 53 Pa.C.S. § 8722
18 (relating to local option cigarette tax in school districts
19 of the first class), based on the total annualized revenue
20 received from the tax in the first full fiscal year in which
21 it was levied.

22 (2) Notwithstanding Article II-B of the act of March 4,
23 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, the
24 governing body of a city of the first class shall reduce and
25 fully offset the reduction from 1% to 0.4% in the rate of a
26 sales and use tax imposed by a city of the first class under
27 Article II-B of the Tax Reform Code, based on the total
28 revenue projected to be received from the tax in the 2016-
29 2017 fiscal year. Article II-B of the Tax Reform Code shall
30 apply to the receipt and use of the funds as if the funds

1 were generated by the sales and use tax imposed by a city of
2 the first class.

3 (3) The governing body of a city of the first class
4 shall reduce any tax imposed on the wages of residents and
5 nonresidents under the authority of the act of August 5, 1932
6 (Sp.Sess., P.L.45, No.45), referred to as the Sterling Act,
7 in accordance with the following:

8 (i) For residents, by an amount equal to the amount
9 of the property tax reduction allocation that would be
10 calculated for a school district of the first class under
11 section 301(b), excluding the allocation in section
12 301(b) (5), if:

13 (A) The total amount available for distribution
14 was \$2,000,000,000.

15 (B) The maximum modifier and minimum modifier
16 are applied as defined in the Taxpayer Relief Act.

17 (C) The limitation set forth in section 505(a)
18 (3)(iii) of the Taxpayer Relief Act had applied.

19 (ii) For nonresidents, by an amount in excess of the
20 limitations set forth in section 505(a) (3) (iii) of the
21 Taxpayer Relief Act had the limitations applied to the
22 property tax reduction allocation that would be
23 calculated for a school district of the first class under
24 section 301(b), excluding the allocation in section
25 301(b) (5), if the total amount available for distribution
26 was \$2,000,000,000 and the maximum modifier and minimum
27 modifier applied as defined in the Taxpayer Relief Act.

28 (iii) The reductions under this paragraph shall be
29 in addition to any reductions included in an approved
30 five-year financial plan of a city of the first class in

1 effect on January 1, 2015. The reductions shall replace
2 any reductions under section 505(d) of the Taxpayer
3 Relief Act. Except as otherwise provided, the reductions
4 shall be implemented in a manner consistent with Chapter
5 7 of the Taxpayer Relief Act.

6 (4) For the remaining allocation, as provided under
7 section 301(e).

8 Section 702. Additional provisions.

9 (a) Other provisions.--Any school district property tax
10 reduction approved under Subchapter D of Chapter 3 of the
11 Taxpayer Relief Act shall continue in effect.

12 (b) Applicability.--Except as otherwise provided, a school
13 district shall remain subject to the Taxpayer Relief Act.

14 Section 703. Repeals.--Repeals are as follows:

15 (1) The General Assembly declares that the repeal under
16 paragraph (2) is necessary to effectuate this act.

17 (2) Sections 342, 343, 503(a) and 505(b) of the act of
18 June 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as the
19 Taxpayer Relief Act, are repealed.

20 Section 704. Effective date.

21 This act shall take effect as follows:

22 (1) Sections 302, 303 and 703 shall take effect upon
23 publication in the Pennsylvania Bulletin of notice that the
24 secretary has certified the availability of funds under
25 section 301(c).

26 (2) The remainder of this act shall take effect
27 immediately.