

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2261 Session of
2018

INTRODUCED BY SNYDER AND MADDEN, APRIL 16, 2018

REFERRED TO COMMITTEE ON FINANCE, APRIL 16, 2018

AN ACT

1 Providing for supplemental State-funded tax relief; establishing
2 the Personal Income Tax Property Tax Reduction Fund; and
3 providing for distributions from fund.

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8 The General Assembly of the Commonwealth of Pennsylvania
9 hereby enacts as follows:

10 CHAPTER 1

11 PRELIMINARY PROVISIONS

12 Section 101. Short title.

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

15 Section 102. Definitions.

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

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

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

22 "Fund." The Personal Income Tax Property Tax Reduction Fund.

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

25 "School district." A school district of the first class,
26 first class A, second class, third class or fourth class.

27 "School district of the first class." Includes the governing
28 body of a city of the first class.

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

30 "Tax Reform Code." The act of March 4, 1971 (P.L.6, No.2),

1 known as the Tax Reform Code of 1971.

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

4 CHAPTER 3

5 PERSONAL INCOME TAX PROPERTY TAX REDUCTION FUND

6 Section 301. Establishment.

7 There is established in the State Treasury a restricted
8 receipts account to be known as the Personal Income Tax Property
9 Tax Reduction Fund.

10 Section 302. Nonlapse.

11 The money in the fund is appropriated on a continuing basis
12 to the department for the purposes specified in section 701 and
13 Chapter 13, and shall not lapse at the end of any fiscal year.

14 CHAPTER 5

15 STATE TAXATION

16 Section 501. Personal income surtax.

17 In addition to the tax imposed under Article III of the Tax
18 Reform Code, there shall be a surtax equal to 0.83% imposed on
19 the taxable income of resident and nonresident individuals as
20 provided for under Article III of the Tax Reform Code. The
21 surtax shall be in addition to the tax imposed under Article III
22 of the Tax Reform Code.

23 Section 502. Construction.

24 The personal income surtax imposed by this chapter shall be
25 in addition to any tax imposed under Article III of the Tax
26 Reform Code. The provisions of Article III of the Tax Reform
27 Code shall apply to the definitions, imposition and
28 implementation of the surtax.

29 Section 503. Notification of personal income surtax.

30 The department shall publish the personal income tax rate

1 along with the personal income surtax rate in the next
2 succeeding publication of the Pennsylvania Bulletin following
3 the effective date of this section.

4 Section 504. Transfer to fund.

5 Within 30 days of the close of any calendar month, all
6 revenue generated in the previous month from the personal income
7 surtax imposed under this chapter shall be transferred to the
8 fund.

9 CHAPTER 7

10 (Reserved)

11 CHAPTER 9

12 HOMESTEAD AND FARMSTEAD EXCLUSION

13 Section 901. Homestead and farmstead exclusion process.

14 (a) Calculation.--Each year in which a school district
15 receives a local property tax reduction allocation pursuant to
16 this act or the Taxpayer Relief Act, the school district shall
17 calculate a homestead and farmstead exclusion which is equal to
18 the amount necessary to fully fund the maximum amount of
19 homestead or farmstead exclusion under 53 Pa.C.S. § 8586
20 (relating to limitations).

21 (b) Resolution.--The school district shall adopt a
22 resolution implementing the homestead and farmstead exclusion
23 calculated under subsection (a). The resolution shall state the
24 maximum amount of homestead or farmstead exclusion an owner of a
25 homestead or farmstead may receive. A resolution may not
26 authorize a homestead or farmstead exclusion which exceeds the
27 amount under 53 Pa.C.S. § 8586. The requirements of this
28 subsection shall not be construed to require more than one
29 resolution adoption for implementing homestead and farmstead
30 exclusions. Where such requirements exist in other acts, they

1 shall be administered in conjunction with this subsection.

2 Section 902. School district tax notices.

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

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

14 CHAPTER 11

15 (Reserved)

16 CHAPTER 13

17 DISTRIBUTIONS FROM FUND

18 Section 1301. State allocation.

19 The department shall pay from the fund a State allocation to
20 a school district of the first class for use by the city of the
21 first class for the reimbursement of lost real property tax
22 revenues under the act of July 2, 1996 (P.L.529, No.91),
23 entitled "An act implementing the provisions of section 2(b)(ii)
24 of Article VIII of the Constitution of Pennsylvania by
25 authorizing cities of the first class to provide for special tax
26 provisions relating to real property taxes for certain persons
27 who meet the established standards and qualifications for age
28 and poverty," and 53 Pa.C.S. § 8584 (relating to administration
29 and procedure), to provide for homestead and farmstead
30 exclusions.

1 Section 1302. Property tax reduction allocations.

2 (a) Duty of Secretary of the Budget.--

3 (1) No later than April 15, 2018, and April 15 of each
4 year thereafter, the Secretary of the Budget shall certify
5 the total amount of revenue in the fund.

6 (2) In certifying the amount available for distribution
7 under subsection (e), the Secretary of the Budget shall only
8 certify an amount that is sustainable in subsequent years.

9 (3) If the actual revenue deposited into the fund during
10 the six months following the date on which the certification
11 is made exceeds projections, any revenue in excess of
12 projections shall remain in the fund and may be included in
13 the certification for the subsequent fiscal year.

14 (b) Additional certification.--

15 (1) The department shall calculate each school
16 district's estimated local revenue calculation and certify
17 the calculation to the Secretary of the Budget no later than
18 30 days after the effective date of this section.

19 (2) By the first December 15 after the date of enactment
20 and December 15 of each year thereafter, each school district
21 subject to section 324 of the Taxpayer Relief Act shall
22 certify to the department the total amount of tax credits
23 under section 324(2) of the Taxpayer Relief Act.

24 (c) (Reserved).

25 (d) Notification.--

26 (1) By April 20, 2018, and April 20 of each year
27 thereafter, the Secretary of the Budget shall notify the
28 department whether the department is authorized to provide
29 school districts with property tax reduction allocations
30 under section 901.

1 (2) The Secretary of the Budget shall not authorize the
2 department to provide the first property tax reduction
3 allocations until the amount available for distribution under
4 subsection (e) is equal to or greater than the amount
5 necessary to provide the entire allocation.

6 (e) Distribution.--For fiscal year 2019-2020 and each fiscal
7 year thereafter, the secretary shall distribute the amount
8 sufficient to fund homestead and farmstead exclusions for
9 eligible school districts under this act. The amount deducted
10 under this paragraph shall be calculated based on the
11 information provided by school districts under this section.

12 CHAPTER 15

13 MISCELLANEOUS PROVISIONS

14 Section 1501. (Reserved).

15 Section 1502. Effective date.

16 This act shall take effect in 60 days.