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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 805 Session of  
2019

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INTRODUCED BY SCAVELLO, BOSCOLA, STEFANO, BREWSTER AND YUDICHAK,  
AUGUST 7, 2019

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REFERRED TO FINANCE, AUGUST 7, 2019

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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," providing for a 100% homestead  
11 and farmstead exclusion and establishing the 100% Homestead  
12 and Farmstead Exclusion Account.

13 The General Assembly of the Commonwealth of Pennsylvania  
14 hereby enacts as follows:

15 Section 1. The act of June 27, 2006 (1st Sp.Sess., P.L.1873,  
16 No.1), known as the Taxpayer Relief Act, is amended by adding a  
17 chapter to read:

18 CHAPTER 19

19 100% HOMESTEAD AND FARMSTEAD EXCLUSION

20 SUBCHAPTER A

21 GENERAL PROVISIONS

22 Section 1901. Definitions.

23 The following words and phrases when used in this chapter

1 shall have the meanings given to them in this section unless the  
2 context clearly indicates otherwise:

3 "Account." The 100% Homestead and Farmstead Exclusion  
4 Account established in section 1932.

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

7 "Board of school directors." The term includes the  
8 following:

9 (1) A board of school directors of a school district of  
10 the first class A, second class, third class or fourth class.

11 (2) A city council of a city of the first class.

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

13 "Earned income." As defined in section 501 of the Local Tax  
14 Enabling Act.

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

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

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

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

20 "Index." The term as defined in section 302.

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

23 "Personal income." Income enumerated in section 303 of the  
24 Tax Reform Code, as determined by the department, subject to any  
25 correction for fraud, evasion or error as finally  
26 determined by the Commonwealth.

27 "School district." A school district of the first class,  
28 first class A, second class, third class or fourth 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 SUBCHAPTER B

3 PUBLIC EDUCATION TAX

4 Section 1911. Scope of subchapter.

5 This subchapter imposes an additional tax on personal income  
6 for the purpose of funding 100% homestead and farmstead  
7 exclusions to provide property tax relief.

8 Section 1912. Additional tax imposed.

9 (a) Personal income tax.--For taxable years beginning after  
10 December 31, 2019, an additional tax upon personal income shall  
11 be imposed. The tax shall be calculated, collected and paid to  
12 the Commonwealth in the same manner as provided under Article  
13 III of the Tax Reform Code.

14 (b) Rate.--The tax imposed under subsection (a) shall be at  
15 the rate of 1.8%.

16 (c) Deposit of tax proceeds.--The department shall deposit  
17 taxes collected under this section into the account.

18 (d) Combination of tax forms.--The department shall  
19 incorporate the taxpayer reporting requirement for the  
20 implementation of this section into the forms utilized by the  
21 department under Article III of the Tax Reform Code.

22 (e) Definitions.--The words and phrases used in this section  
23 shall have the same meanings given to them in Article III of the  
24 Tax Reform Code.

25 SUBCHAPTER C

26 ESTABLISHMENT AND PROCEDURE

27 Section 1921. Implementation.

28 A school district that chooses to provide a 100% homestead  
29 and farmstead exclusion shall adopt a resolution implementing a  
30 100% homestead and farmstead exclusion program no later than the

1 last day of the fiscal year immediately preceding the fiscal  
2 year in which the 100% homestead and farmstead exclusion shall  
3 take effect.

4 Section 1922. Application and procedure.

5 The 100% homestead and farmstead exclusion shall be  
6 incorporated into the homestead and farmstead exclusion  
7 application provided for under Chapter 3 and follow the same  
8 procedure and approval requirements provided for under Chapter  
9 3.

10 Section 1923. School district certification.

11 No later than July 20, 2020, and each July 20 thereafter, a  
12 school district shall certify to the Department of Education the  
13 dollar value of the real property taxes levied on homesteads and  
14 farmsteads within the school district for the school year in  
15 which the certification falls, which shall be calculated by  
16 multiplying the sum of the assessed value of homesteads and  
17 farmsteads in the school district by the millage rate for the  
18 school year. The certification shall include the number of  
19 approved homesteads and farmsteads, the assessed value of the  
20 approved homesteads and farmsteads and the school district  
21 millage rate.

22 Section 1924. Notification.

23 Following adoption of a 100% homestead and farmstead  
24 exclusion, and no later than 60 days prior to the application  
25 deadline provided for under Chapter 3, a board of school  
26 directors shall notify by first class mail the owner of each  
27 parcel of residential property within the district of the  
28 existence of the school district's homestead and farmstead  
29 exclusion program, the need to file an application to qualify  
30 for the 100% homestead and farmstead exclusion and the

1 application deadline.

2 SUBCHAPTER D

3 100% HOMESTEAD AND FARMSTEAD EXCLUSION ACCOUNT

4 Section 1931. Definitions.

5 The following words and phrases when used in this subchapter  
6 shall have the meanings given to them in this section unless the  
7 context clearly indicates otherwise:

8 "Real property tax." The total dollar value of real property  
9 taxes owed by homestead and farmstead properties in a school  
10 district determined prior to the addition of any discount or  
11 penalty.

12 Section 1932. 100% Homestead and Farmstead Exclusion Account.

13 (a) Establishment.--The 100% Homestead and Farmstead  
14 Exclusion Account is established as a restricted account within  
15 the General Fund.

16 (b) Use.--The Department of Education shall use the account  
17 to make disbursements under section 1934.

18 (c) Continuing appropriation.--The money of the account is  
19 continuously appropriated to the Department of Education as  
20 provided for under this chapter and shall not lapse.

21 Section 1933. Sources and transfers.

22 (a) Deposit.--The following shall be deposited into the  
23 account:

24 (1) Money collected by the department under section  
25 1912.

26 (2) Appropriations.

27 (3) Accrued interest in the account.

28 (b) Transfer.--The Secretary of the Budget, in consultation  
29 with the secretary, shall compute the amount of tax refund  
30 payments that result from the imposition of the tax under

1 section 1912 and that are payable from the General Fund. The  
2 Secretary of the Budget shall transfer that amount of funding  
3 from the account to the General Fund no later than June 5 of  
4 each year. The Secretary of the Budget shall provide 10 days'  
5 prior notification of the amount to be transferred to the  
6 chairperson and minority chairperson of the Appropriations  
7 Committee of the Senate and the chairperson and minority  
8 chairperson of the Appropriations Committee of the House of  
9 Representatives.

10 Section 1934. Standard disbursements to school districts.

11 (a) General rule.--In fiscal year 2020-2021 and each fiscal  
12 year thereafter, the Department of Education shall disburse to  
13 each school district that implements a 100% homestead and  
14 farmstead exclusion an amount equal to the amount of real  
15 property taxes owed to the school district from homestead  
16 properties less any amount disbursed to the school district  
17 under section 503(e).

18 (b) Distributions.--Distributions under subsection (a) shall  
19 be made during each school year as follows:

20 (1) Twenty-five percent of the amount to be distributed  
21 shall be paid on the fourth Thursday in July.

22 (2) The balance of the amount to be distributed shall be  
23 paid in nine equal installments on the fourth Thursday of  
24 August, September, October, November, December, January,  
25 February, March and April.

#### SUBCHAPTER E

#### MISCELLANEOUS PROVISIONS

28 Section 1941. Regulations.

29 (a) Department of Education.--Except as provided under  
30 subsection (b), the Department of Education shall have

1 jurisdiction over and shall promulgate regulations necessary for  
2 the proper administration of this chapter.

3 (b) Department of Revenue.--The department shall have  
4 jurisdiction over and shall promulgate regulations as necessary  
5 for the proper administration of Subchapter B.

6 Section 2. This act shall take effect in 60 days.