

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 460 Session of 2017

INTRODUCED BY DeLUCA, DAVIS, BOBACK, THOMAS, SIMS, NEILSON,
 V. BROWN, D. COSTA, BARRAR, MENTZER, McNEILL, READSHAW,
 KINSEY, SNYDER AND ZIMMERMAN, FEBRUARY 13, 2017

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 13, 2017

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 Property Tax Relief Reserve Fund,
 13 providing for senior citizen tax relief and further providing
 14 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 2016-2017, 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 2018-2019 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 2018 is less than
8 the amount for distribution under section 503(e) [made in the
9 prior year. The] in 2017 or any year thereafter. Beginning in
10 2019 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 2018 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 section 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, 2017, 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, 2017, or the date the
19 claimant first becomes eligible.

20 (2) If the claimant purchases a principal residence
21 after January 1, 2017, 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, 2017, 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.