

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 868 Session of 2023

INTRODUCED BY D. WILLIAMS, ABNEY, BURGOS, CEPEDA-FREYTIZ, CIRESI, T. DAVIS, DEASY, DELLOSO, DONAHUE, FLEMING, FREEMAN, GALLAGHER, GUENST, HILL-EVANS, KINSEY, MADDEN, MALAGARI, McNEILL, NEILSON, PIELLI, PROBST, SANCHEZ, SAPPEY, SHUSTERMAN, TAKAC, WARREN AND WATRO, APRIL 10, 2023

REFERRED TO COMMITTEE ON FINANCE, APRIL 10, 2023

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.

1 * * *

2 (e) Distribution.--

3 * * *

4 (2) For fiscal year 2009-2010 [and each fiscal year
5 thereafter] through fiscal year 2022-2023, the secretary
6 shall distribute the difference between the amount certified
7 under subsection (a)(1)(i) and the sum of all of the
8 following:

9 * * *

10 (3) For fiscal year 2023-2024 and each fiscal year
11 thereafter, the secretary shall distribute the difference
12 between the amount certified under subsection (a)(1)(i) and
13 the sum of all of the following:

14 (i) The difference between the sum of:

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

18 (B) the amount of approved claims paid in the
19 2010-2011 fiscal year under section 1304(a)(1).

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

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

26 (B) The amount of approved claims under section
27 704.

28 (C) The amount of approved claims under section
29 1304(a)(2)(ii).

30 (D) The amount of payments to school districts

1 under section 504.1.

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

3 Section 504. Property Tax Relief Reserve Fund.

4 * * *

5 (d) Transfers.--

6 (1) The secretary may authorize a transfer from the
7 Property Tax Relief Reserve Fund to the fund if the amount
8 for distribution under section 503(e) in 2024 is less than
9 the amount for distribution under section 503(e) [made in the
10 prior year] in 2023 or any year thereafter. [The] Beginning
11 in 2025 and each year thereafter, the amount of the transfer
12 under this subsection shall be equal to the difference
13 between the amount for distribution under section 503(e) and
14 the amount for distribution under section 503(e) made in the
15 prior year.

16 * * *

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

18 Section 504.1. Senior citizen tax relief.

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

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

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

30 (2) Certification that the claimant or the claimant's

1 spouse is the owner of the homestead upon which the school
2 property taxes are imposed.

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

5 (c) Timing.--

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

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

14 (d) Termination.--

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

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

26 (e) Commonwealth payment.--

27 (1) Beginning April 2023 and each April thereafter, the
28 secretary shall pay school districts, from the fund, the
29 amount of each eligible claimant's increase in school
30 property taxes in excess of the claimant's base payment.

1 Payments under this section shall be made prior to any
2 distribution of funds under section 504(c).

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

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

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

12 "Base payment."

13 (1) Except as set forth in paragraph (2), the amount of
14 school property tax paid by the eligible claimant either in
15 the tax year beginning January 1, 2023, or in the first tax
16 year during which the claimant first becomes eligible,
17 whichever occurs later, on the principal residence in which
18 the claimant has maintained continuous occupancy and
19 ownership since either January 1, 2023, or the date the
20 claimant first becomes eligible.

21 (2) If the claimant purchases a principal residence
22 after January 1, 2023, or after the date upon which the
23 claimant first becomes eligible, the amount of school
24 property tax paid during the tax year in which the purchase
25 was made.

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

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

1 (1) Was at least 65 years of age or whose spouse, if a
2 member of the household, was at least 65 years of age during
3 the base year.

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

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

9 "Homestead." As defined in section 302.

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

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

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

20 Section 505. State property tax reduction allocation.

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

23 * * *

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

27 * * *

28 (a.1) Initial payment.--For the fiscal year commencing July
29 1, 2023, and July 1 of each year thereafter, prior to making a
30 payment under subsection (b), the department shall pay to each

1 school district the amount due under section 504.1(e).

2 * * *

3 Section 5. This act shall take effect immediately.