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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 1010 Session of  
2015

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INTRODUCED BY TEPLITZ, SCHWANK, BOSCOLA, TARTAGLIONE, BREWSTER,  
RAFFERTY, YUDICHAK AND BROWNE, SEPTEMBER 25, 2015

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REFERRED TO FINANCE, SEPTEMBER 25, 2015

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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," in taxation by school districts,  
11 further providing for reimbursement, for homestead and  
12 farmstead applications and for school district tax notices,  
13 and providing for duties of the Department of Revenue; in  
14 State funds formula, further providing for definitions and  
15 for State property tax reduction allocation; in school  
16 district choice and voter participation, further providing  
17 for definitions and for school district choice; and, in  
18 miscellaneous provisions, further providing for regulations.

19 The General Assembly of the Commonwealth of Pennsylvania

20 hereby enacts as follows:

21 Section 1. Section 324(3) of the act of June 27, 2006 (1st  
22 Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act, is  
23 amended to read:

24 Section 324. Reimbursement.

25 Notwithstanding any other provisions of law to the contrary,  
26 the following apply:

1 \* \* \*

2 (3) Except as set forth in paragraph (4), an amount  
3 equal to the aggregate amount of the tax credited under  
4 paragraph (2) shall be paid from the fund to the school  
5 district of residence of each taxpayer under paragraph (1)  
6 for the purpose of funding homestead and farmstead exclusions  
7 in accordance with this chapter. The Department of Revenue,  
8 in consultation with the department, shall prescribe  
9 procedures to calculate the amount due to each school  
10 district qualifying under this paragraph and shall publish  
11 the procedures in the Pennsylvania Bulletin.

12 \* \* \*

13 Section 2. Section 341 of the act is amended to read:

14 Section 341. Homestead and farmstead applications.

15 (a) [(Reserved).] Notification by Department of Revenue.--No  
16 later than 90 days prior to the application deadline in  
17 subsection (c), the Department of Revenue shall notify by first  
18 class mail the owner of each parcel of residential property  
19 within each school district of the existence of the school  
20 district's homestead and farmstead exclusion program, the need  
21 to file an application in accordance with 53 Pa.C.S. § 8584(a)  
22 (relating to administration and procedure) in order to qualify  
23 for the program and the application deadline. The Department of  
24 Revenue may limit the annual notification to owners of  
25 residential property:

26 (1) who are not currently approved; or

27 (2) whose approval is due to expire.

28 [(b) Annual notification.--No later than 60 days prior to  
29 the application deadline in subsection (c), a board of school  
30 directors shall notify by first class mail the owner of each

1 parcel of residential property within the district of the  
2 existence of the school district's homestead and farmstead  
3 exclusion program, the need to file an application in accordance  
4 with 53 Pa.C.S. § 8584(a) (relating to administration and  
5 procedure) in order to qualify for the program and the  
6 application deadline. A school district may limit the annual  
7 notification to owners of residential property:

8 (1) who are not currently approved; or

9 (2) whose approval is due to expire.]

10 (c) Application deadline.--In accordance with 53 Pa.C.S. §  
11 8584(b), the deadline for filing an application with the  
12 assessor shall be March 1.

13 (d) Action on application.--Real property for which an  
14 application has been filed by the application deadline shall be  
15 deemed to be a homestead or farmstead property which is eligible  
16 for a homestead or farmstead exclusion unless the assessor  
17 denies the application. Denials of application by the assessor  
18 and the right to appeal that decision shall be in accordance  
19 with 53 Pa.C.S. § 8584(d) and (e).

20 (e) Application review and submission.--Except as set forth  
21 in 53 Pa.C.S. § 8584(j), an assessor shall not require the owner  
22 of a previously approved property to resubmit an application  
23 more than one time every [three] 10 years.

24 (f) Applicability.--The provisions of 53 Pa.C.S. § 8584(f),  
25 (g) [,] and (h) [and (j)] shall apply to any application filed  
26 under this section.

27 (f.1) Notification on change of use.--

28 (1) In addition to any notification required under 53  
29 Pa.C.S. § 8584(j), an owner whose property is approved as  
30 homestead or farmstead property and which property no longer

1 qualifies as homestead or farmstead property shall notify the  
2 Department of Revenue within 45 days of the date the property  
3 no longer qualifies as homestead or farmstead property.  
4 Failure to notify the Department of Revenue as required by  
5 this subsection shall be treated in the same manner as a  
6 false application under 53 Pa.C.S. § 8584(g).

7 (2) The recorder of deeds shall periodically provide to  
8 the Department of Revenue a list of real property conveyance  
9 documents which have been presented for recording. The list  
10 shall include the name of the grantor and the address of the  
11 property. For the purposes of this paragraph, the word  
12 "document" shall have the meaning ascribed to it in section  
13 1101-C of the Tax Reform Code.

14 (g) Duties of assessors.--

15 (1) The assessor shall mail to the owner of property for  
16 which an application has been submitted and approved or  
17 denied under this section notice of such fact no later than  
18 30 days after receipt of the application.

19 (2) (i) The assessor shall notify the owner of any  
20 homestead or farmstead property designated as such under  
21 any other statute of the need, if any, to resubmit an  
22 application to maintain the property's eligibility as a  
23 homestead or farmstead property.

24 (ii) Nothing in this paragraph shall be construed to  
25 prohibit a county assessor from designating property  
26 previously determined to be homestead property under any  
27 other statute as homestead or farmstead property for  
28 purposes of this section.

29 (3) The assessor shall provide the Department of Revenue  
30 and each school district with a certified report, as provided

1 in 53 Pa.C.S. § 8584(i), no later than May 1. The Department  
2 of Revenue may assess a civil penalty of up to \$1,000 per  
3 week upon a county for failure of the assessor of the county  
4 to file the certified report.

5 (h) Uniform application and instructions.--The application  
6 to designate property as homestead or farmstead property shall  
7 be uniform and shall include instructions for completing the  
8 application. The Department of [Community and Economic  
9 Development] Revenue shall develop a uniform application and  
10 instructions to be used by county assessors and shall publish  
11 the uniform application and instructions [no later than 15 days  
12 after the effective date of this section. Nothing in this  
13 subsection shall be construed to require the department to  
14 develop and publish the uniform allocation and instructions if  
15 the department did so during calendar year 2004.]. The  
16 Department of Revenue shall:

17 (1) Clearly state on the application the source of the  
18 property tax relief for which an owner may be eligible,  
19 including moneys from casino revenues.

20 (2) Post the application and instructions on its  
21 publicly accessible Internet website such that an owner may  
22 complete and submit the application online to the appropriate  
23 assessor's office.

24 (3) Post county-specific information for owners on its  
25 Internet website.

26 (4) Establish a toll-free number for owners to obtain  
27 information relating to property tax relief through school  
28 districts' homestead and farmstead exclusion programs.

29 (i) Prohibitions.--[A] Neither the Department of Revenue nor  
30 a county shall [not] require an application fee for the filing

1 or review of an application submitted under this section or  
2 under 53 Pa.C.S. § 8584(a).

3 (j) Applications previously filed.--An application filed  
4 between September 3, 2004, and the effective date of this  
5 section shall be used to qualify an applicant for the program.

6 Section 3. Section 343 of the act is amended to read:

7 Section 343. [School district tax notices] Notice of property  
8 tax relief.

9 (a) [Tax notice] School district itemization of property tax  
10 relief.--A school district that implements homestead and  
11 farmstead exclusions shall itemize the homestead and farmstead  
12 exclusion on tax bills sent to homestead and farmstead owners,  
13 indicating the original amount of tax liability, the amount of  
14 the exclusion and the net amount of tax due after the exclusion  
15 is applied. The tax bill shall be easily understandable and  
16 include a notice pursuant to subsection (b).

17 (b) [Notice of property tax relief.--A school district that  
18 implements homestead and farmstead exclusions shall include with  
19 the homestead or farmstead owner's tax bill a notice that the  
20 tax bill includes a homestead or farmstead exclusion. The notice  
21 shall at a minimum take the following form:] Department of  
22 Revenue notice of property tax relief.--No later than July 15 of  
23 each year, the Department of Revenue shall notify by mail, in an  
24 envelope the front of which prominently communicates the subject  
25 of the letter as property tax relief, all homestead and  
26 farmstead owners of the property tax relief they are to receive  
27 for the current fiscal year. At a minimum, the notice shall  
28 include the following:

29 (1) The amount of property tax relief due to the  
30 property owner.

1       (2) The property for which the property relief is to be  
2 applied and the owner or owners of the property.

3       (3) The year for which the property relief is to be  
4 applied.

5       (4) That a property owner whose property is approved as  
6 homestead property or farmstead property and which property  
7 no longer qualifies as homestead property or farmstead  
8 property must notify the Department of Revenue within 45 days  
9 of the date the property no longer qualifies as homestead  
10 property or farmstead property and the penalties associated  
11 with failure of the owner to provide notice as required.

12       (5) The following statement:

13                   NOTICE OF PROPERTY TAX RELIEF

14       Your [enclosed] tax bill this year includes a tax reduction  
15       for your homestead and/or farmstead property. As an eligible  
16       homestead and/or farmstead property owner, you have received  
17       tax relief through a homestead and/or farmstead exclusion  
18       which has been provided under the Pennsylvania Taxpayer  
19       Relief Act, a law passed by the Pennsylvania General Assembly  
20       designed to reduce your property taxes.

21       Section 4. The act is amended by adding a section to read:

22 Section 344. Duties of Department of Revenue.

23       (a) Oversight.--The Department of Revenue shall oversee the  
24 administration of homestead and farmstead exclusions under this  
25 act. The Department of Revenue shall coordinate the homestead  
26 and farmstead exclusion process among Commonwealth agencies,  
27 assessors and school districts as necessary to achieve maximum  
28 efficiency and homestead and farmstead owner participation.

29       (b) Clearinghouse.--The Department of Revenue shall serve as  
30 a clearinghouse for information about the homestead and

1 farmstead exclusion process.

2 (c) Compliance.--The Department of Revenue shall  
3 periodically review the administration of homestead and  
4 farmstead exclusions by assessors, tax collectors and school  
5 districts to ensure compliance with this act. Upon  
6 recommendation by the department, an assessor, tax collector or  
7 school district shall modify its administration of homestead and  
8 farmstead exclusions.

9 (d) State tax return.--

10 (1) The Department of Revenue shall provide information  
11 concerning homestead and farmstead property tax exclusion  
12 eligibility in its instructions which accompany State  
13 individual income tax return forms, including the following:

14 (i) Potential benefits to Pennsylvania taxpayers.

15 (ii) An explanation of the process for obtaining an  
16 exclusion.

17 (iii) An explanation of how the exclusion is applied  
18 to reduce property tax.

19 (iv) Notification that a property owner whose  
20 property is approved as homestead property or farmstead  
21 property and which property no longer qualifies as  
22 homestead property or farmstead property must notify the  
23 Department of Revenue within 45 days of the date the  
24 property no longer qualifies as homestead property or  
25 farmstead property and the penalties associated with  
26 failure of the owner to provide notice as required.

27 (2) The Department of Revenue shall provide a  
28 questionnaire as part of the State individual income tax  
29 return form on which a taxpayer shall indicate the following:

30 (i) Whether the taxpayer is an owner of homestead or



1 farmstead property.

2 (ii) Whether the taxpayer applied for and was  
3 granted a homestead or farmstead exclusion.

4 (iii) Whether the status of the taxpayer's property  
5 under subparagraph (ii) changed during the preceding tax  
6 year and, if so, the address of the property and the  
7 nature of the change.

8 (3) The Department of Revenue shall analyze the  
9 information from the questionnaires and use its analysis to  
10 further the efficient administration of this act. The  
11 Department of Revenue shall:

12 (i) Notify, in accordance with section 341(a), a  
13 taxpayer who indicates that the taxpayer owns homestead  
14 or farmstead property and has not received a homestead or  
15 farmstead exclusion.

16 (ii) For a taxpayer who indicates that the status of  
17 the taxpayer's property has changed such that it no  
18 longer qualifies for a homestead or farmstead exclusion,  
19 confirm the change in status with the assessor and the  
20 recorder of deeds and update its list of homestead or  
21 farmstead exclusion properties accordingly.

22 (e) Report.--The Department of Revenue shall prepare and  
23 submit a report to the General Assembly on the department's  
24 duties relating to the administration of homestead and farmstead  
25 exclusions. The report shall be submitted by November 1, 2020,  
26 and shall contain the following information:

27 (1) Summary data by county and school district, which  
28 includes, but is not limited to, information provided by  
29 assessors to the department under section 341(g) (3).

30 (2) The percentage of homesteads and farmsteads by

1 county and school district that are eligible for and  
2 receiving property tax relief under this act.

3 (3) The percentage of homesteads and farmsteads by  
4 county and school district that are eligible for, but are not  
5 receiving, property tax relief under this act.

6 (4) A description of outreach efforts to inform owners  
7 about the homestead and farmstead exclusion process and  
8 increase participation.

9 (5) Any recommendation for legislation to improve  
10 effectiveness in the administration of homestead and  
11 farmstead exclusions.

12 (f) Report update.--The Department of Revenue shall review  
13 and update the report under subsection (e) at five-year  
14 intervals.

15 (g) Cooperation.--Assessors, tax collectors and school  
16 districts shall cooperate in providing the necessary information  
17 as requested by the Department of Revenue in connection with the  
18 department's duties under this section.

19 Section 5. The definition of "department" in section 502 of  
20 the act is amended to read:

21 Section 502. Definitions.

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

25 \* \* \*

26 "Department." The Department of [Education] Revenue of the  
27 Commonwealth.

28 \* \* \*

29 Section 6. Sections 505, 902, 903(a) and 5004.1 of the act  
30 are amended to read:

1 Section 505. State property tax reduction allocation.

2 (a) [Administration.--The department] Duties of Department  
3 of Education.--The Department of Education shall do all of the  
4 following:

5 (1) Array the 2002 personal income valuation divided by  
6 the 2003-2004 average daily membership, the 2004-2005 market  
7 value/income aid ratio, the 2002-2003 equalized millage and  
8 the 2002-2003 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.

29 (3) Provide a report to the department detailing its  
30 calculations under this subsection.

1     (a.1) Calculation of allocation.--If the department receives  
2 authorization under section 503(d), the department shall  
3 allocate the property tax reduction for each school district as  
4 follows:

5           [(i)] (1) Calculate the property tax reduction  
6 allocation as follows:

7           [(A)] (i) Multiply the school district's 2003-2004  
8 average daily membership by the school district's  
9 property tax reduction index.

10           [(B)] (ii) Multiply the product under [clause (A)]  
11 subparagraph (i) by the dollar amount necessary to  
12 allocate all of the money available for distribution  
13 under section 503(e). If the amount for distribution  
14 under section 503(e) is less than \$750,000,000, the  
15 dollar amount shall be the dollar amount necessary to  
16 allocate \$750,000,000.

17           [(C)] (iii) If applicable, provide for the allocation  
18 minimum or allocation maximum under [subparagraph (ii) or  
19 (iii)] paragraph (2) or (3).

20           [(ii)] (2) If the sum of the allocation under this  
21 [paragraph] subsection and the estimated local revenue  
22 calculation certified under section 503(b) is less than the  
23 product of the residential property taxes collected during  
24 the 2001-2002 fiscal year and the allocation minimum for a  
25 school district, the school district shall receive an  
26 additional amount so that the sum of the total allocation  
27 under this [paragraph] subsection and the estimated local  
28 revenue calculation certified under section 503(b) is equal  
29 to the product of the residential property taxes collected  
30 during the 2001-2002 fiscal year and the allocation minimum.

1            [(iii)] (3) Except as set forth in subsection (c), if  
2 the sum of the total allocation under this [paragraph]  
3 subsection and the estimated local revenue calculation  
4 certified under section 503(b) is greater than the product of  
5 the residential property taxes collected during the 2001-2002  
6 fiscal year and the allocation maximum for a school district,  
7 the school district shall receive a total allocation such  
8 that the sum of the total allocation and the estimated local  
9 revenue calculation certified under section 503(b) is equal  
10 to the product of the residential property taxes collected  
11 during the 2001-2002 fiscal year and the allocation maximum.

12            [(iv)] (4) If the amount for distribution under section  
13 503(e) is less than \$750,000,000, each school district shall  
14 receive a pro rata share of the property tax reduction  
15 allocation calculated under this [paragraph] subsection at  
16 \$750,000,000.

17            [(4) Notify] (a.2) Verification and notification.--The  
18 department shall:

19            (1) Verify the calculations made by the Department of  
20 Education under this section.

21            (2) Make any necessary adjustments to the calculations  
22 in consultation with the Department of Education.

23            (3) Notify each school district of the amount of its  
24 property tax reduction allocation no later than May 1 of each  
25 year.

26            (b) Payment.--For the fiscal year commencing July 1, 2006,  
27 and July 1 of each fiscal year thereafter, except as set forth  
28 in subsection (c), the department shall pay to each eligible  
29 school district a property tax reduction allocation equal to the  
30 amount calculated under subsection [(a) (3)] (a.1). The property

1 tax reduction allocation shall be divided into two equal  
2 payments, which shall be made on the fourth Thursday of August  
3 and the fourth Thursday of October. Each school district shall  
4 be eligible to receive a property tax reduction allocation under  
5 this section unless its board of school directors takes action  
6 under section 903.

7 (c) First class school districts.--The property tax  
8 reduction allocation for a school district of the first class  
9 shall be paid by the department to a city of the first class.  
10 The limitations set forth in subsection [(a)(3)(iii)] (a.1)(3)  
11 shall not apply to the calculation of the property tax reduction  
12 allocation for a school district of the first class.

13 (d) Reduction of wage taxes in a city of the first class.--A  
14 city council of a city of the first class shall reduce any tax  
15 imposed on the wages of residents and nonresidents under the  
16 authority of the act of August 5, 1932 (Sp.Sess., P.L.45,  
17 No.45), referred to as the Sterling Act, in a manner consistent  
18 with Chapter 7 and in accordance with the following:

19 (1) For residents, by an amount equal to the amount of  
20 the property tax reduction allocation received from the  
21 Commonwealth pursuant to subsection (b) in an amount not to  
22 exceed the limitations set forth in subsection [(a)(3)(iii)]  
23 (a.1)(3) had such limitations applied.

24 (2) For nonresidents, by any amount equal to the amount  
25 of the property tax reduction allocation received from the  
26 Commonwealth pursuant to subsection (b) in excess of the  
27 limitations set forth in subsection [(a)(3)(iii)] (a.1)(3)  
28 had such limitations applied.

29 (3) If the amount for distribution under section 503(e)  
30 is less than \$750,000,000, the tax reductions under

1 paragraphs (1) and (2) shall be a pro rata share of the  
2 property tax reduction allocation to a school district of the  
3 first class calculated under [subsection (a)] subsections (a)  
4 and (a.1) at \$750,000,000.

5 Section 902. [(Reserved).] Definitions.

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

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

10 Section 903. School district choice.

11 (a) General rule.--Within 30 days of receipt of the notice  
12 required under section [505(a)(4)] 505(a.2), a board of school  
13 directors of a school district, except a school district of the  
14 first class, may by resolution reject the property tax reduction  
15 allocation provided to the school district pursuant to Chapter  
16 5.

17 \* \* \*

18 Section 5004.1. Regulations.

19 (a) General rule.--The Department of Revenue may promulgate  
20 regulations to implement and enforce the requirements of this  
21 act.

22 (b) Required regulations.--The Department of Revenue shall  
23 promulgate regulations which are necessary for implementation of  
24 a local personal income tax. Proposed rulemaking shall be  
25 omitted under section 204 of the act of July 31, 1968 (P.L.769,  
26 No.240), referred to as the Commonwealth Documents Law. The  
27 regulations shall be consistent with the act of March 4, 1971  
28 (P.L.6, No.2), known as the Tax Reform Code of 1971, and shall  
29 be submitted as final-omit regulations under section 5(a) of the  
30 act of June 25, 1982 (P.L.633, No.181), known as the Regulatory

1 Review Act.

2 Section 7. This act shall take effect in 60 days.