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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 587 Session of  
2021

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INTRODUCED BY SCAVELLO, STEFANO, YUDICHAK, BOSCOLA, BREWSTER AND  
PITTMAN, APRIL 20, 2021

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REFERRED TO FINANCE, APRIL 20, 2021

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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 21

19 100% HOMESTEAD AND FARMSTEAD EXCLUSION

20 SUBCHAPTER A

21 GENERAL PROVISIONS

22 Section 2101. 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 2132.

5 "Board of school directors." The term includes the  
6 following:

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

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

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

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

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

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

17 "Personal income." Income enumerated in section 303 of the  
18 Tax Reform Code, as determined by the department, subject to any  
19 correction for fraud, evasion or error as finally  
20 determined by the Commonwealth.

21 "School district." A school district of the first class,  
22 first class A, second class, third class or fourth class.

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

24 "Tax Reform Code." The act of March 4, 1971 (P.L.6, No.2),  
25 known as the Tax Reform Code of 1971.

26 SUBCHAPTER B

27 PUBLIC EDUCATION TAX

28 Section 2111. Scope of subchapter.

29 This subchapter imposes an additional tax on personal income  
30 for the purpose of funding 100% homestead and farmstead

1 exclusions to provide property tax relief.

2 Section 2112. Additional tax imposed.

3 (a) Personal income tax.--For taxable years beginning after  
4 December 31, 2020, an additional tax upon personal income shall  
5 be imposed. The tax shall be calculated, collected and paid to  
6 the Commonwealth in the same manner as provided under Article  
7 III of the Tax Reform Code.

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

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

12 (d) Combination of tax forms.--The department shall  
13 incorporate the taxpayer reporting requirement for the  
14 implementation of this section into the forms utilized by the  
15 department under Article III of the Tax Reform Code.

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

19 SUBCHAPTER C

20 ESTABLISHMENT AND PROCEDURE

21 Section 2121. Implementation.

22 A school district that chooses to provide a 100% homestead  
23 and farmstead exclusion shall adopt a resolution implementing a  
24 100% homestead and farmstead exclusion program no later than the  
25 last day of the fiscal year immediately preceding the fiscal  
26 year in which the 100% homestead and farmstead exclusion shall  
27 take effect.

28 Section 2122. Application and procedure.

29 The 100% homestead and farmstead exclusion shall be  
30 incorporated into the homestead and farmstead exclusion

1 application provided for under Chapter 3 and follow the same  
2 procedure and approval requirements provided for under Chapter  
3 3.

4 Section 2123. School district certification.

5 No later than July 20, 2021, and each July 20 thereafter, a  
6 school district shall certify to the Department of Education the  
7 dollar value of the real property taxes levied on homesteads and  
8 farmsteads within the school district for the school year in  
9 which the certification falls, which shall be calculated by  
10 multiplying the sum of the assessed value of homesteads and  
11 farmsteads in the school district by the millage rate for the  
12 school year. The certification shall include the number of  
13 approved homesteads and farmsteads, the assessed value of the  
14 approved homesteads and farmsteads and the school district  
15 millage rate.

16 Section 2124. Notification.

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

#### 26 SUBCHAPTER D

#### 27 100% HOMESTEAD AND FARMSTEAD EXCLUSION ACCOUNT

28 Section 2131. Definitions.

29 The following words and phrases when used in this subchapter  
30 shall have the meanings given to them in this section unless the

1 context clearly indicates otherwise:

2 "Real property tax." The total dollar value of real property  
3 taxes owed by homestead and farmstead properties in a school  
4 district determined prior to the addition of any discount or  
5 penalty.

6 Section 2132. 100% Homestead and Farmstead Exclusion Account.

7 (a) Establishment.--The 100% Homestead and Farmstead  
8 Exclusion Account is established as a restricted account within  
9 the General Fund.

10 (b) Use.--The Department of Education shall use the account  
11 to make disbursements under section 2134.

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

15 Section 2133. Sources and transfers.

16 (a) Deposit.--The following shall be deposited into the  
17 account:

18 (1) Money collected by the department under section  
19 2112.

20 (2) Appropriations.

21 (3) Accrued interest in the account.

22 (b) Transfer.--The Secretary of the Budget, in consultation  
23 with the secretary, shall compute the amount of tax refund  
24 payments that result from the imposition of the tax under  
25 section 2112 and that are payable from the General Fund. The  
26 Secretary of the Budget shall transfer that amount of funding  
27 from the account to the General Fund no later than June 5 of  
28 each year. The Secretary of the Budget shall provide 10 days'  
29 prior notification of the amount to be transferred to the  
30 chairperson and minority chairperson of the Appropriations

1 Committee of the Senate and the chairperson and minority  
2 chairperson of the Appropriations Committee of the House of  
3 Representatives.

4 Section 2134. Standard disbursements to school districts.

5 (a) General rule.--In fiscal year 2021-2022 and each fiscal  
6 year thereafter, the Department of Education shall disburse to  
7 each school district that implements a 100% homestead and  
8 farmstead exclusion an amount equal to the amount of real  
9 property taxes owed to the school district from homestead  
10 properties less any amount disbursed to the school district  
11 under section 503(e).

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

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

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

20 SUBCHAPTER E

21 MISCELLANEOUS PROVISIONS

22 Section 2141. Regulations.

23 (a) Department of Education.--Except as provided under  
24 subsection (b), the Department of Education shall have  
25 jurisdiction over and shall promulgate regulations necessary for  
26 the proper administration of this chapter.

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

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