

AN ACT

1 Establishing the School District Millage Rate Reduction Fund and
2 the School District Homestead and Farmstead Relief Fund;
3 providing for additional taxation; and repealing provisions
4 of the Taxpayer Relief Act.

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20 The General Assembly of the Commonwealth of Pennsylvania
21 hereby enacts as follows:

22 CHAPTER 1

23 PRELIMINARY PROVISIONS

24 Section 101. Short title.

25 This act shall be known and may be cited as the School
26 Property Tax Reform Act.

27 Section 102. Definitions.

28 The following words and phrases when used in this act shall
29 have the meanings given to them in this section unless the
30 context clearly indicates otherwise:

1 "Average daily membership." The term as defined in section
2 2501 of the act of March 10, 1949 (P.L.30, No.14), known as the
3 Public School Code of 1949.

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

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

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

9 "Equalized millage." The term as defined in section
10 2501(9.2) of the act of March 10, 1949 (P.L.30, No.14), known as
11 the Public School Code of 1949.

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

14 "Farmstead property." The term as defined in 53 Pa.C.S. §
15 8582 (relating to definitions).

16 "Homestead." The term defined in 53 Pa.C.S. § 8401 (relating
17 to definitions).

18 "Homestead property." The term as defined in 53 Pa.C.S. §
19 8401 (relating to definitions).

20 "Index." The term defined in section 302 of the Taxpayer
21 Relief Act.

22 "Real property tax." The total dollar value of real property
23 taxes paid by property owners in a school district determined by
24 adding the real property taxes collected by, or on behalf of,
25 the school district plus State millage rate reduction
26 allocations, State homestead and farmstead exclusion allocations
27 and State property tax reduction allocations. The term does not
28 include an allocation under section 505(d) of the act of June
29 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as the Taxpayer
30 Relief Act.

1 "Residential property tax." The dollar value of real
2 property taxes paid by residential property owners in a school
3 district, determined by multiplying the real property taxes
4 collected by the school district times the percentage of the
5 total property value in the school district classified as
6 residential by the State Tax Equalization Board for the calendar
7 year in which the tax year began.

8 "School district." A school district of the first class,
9 first class A, second class, third class or fourth class.

10 "School District Homestead and Farmstead Relief Fund." The
11 fund established in section 104.

12 "School District Millage Rate Reduction Fund." The fund
13 established in section 103.

14 "Secretary." The Secretary of the Budget of the
15 Commonwealth.

16 "State homestead and farmstead exclusion allocation." The
17 allocation under section 523.

18 "State millage rate reduction allocation." The allocation
19 under section 512.

20 "State property tax reduction allocation." A payment made
21 under section 505 of the Taxpayer Relief Act.

22 "State Treasurer." The State Treasurer of the Commonwealth.

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

25 "Taxpayer Relief Act." The act of June 27, 2006 (1st
26 Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act.
27 Section 103. School District Millage Rate Reduction Fund.

28 (a) Establishment.--The School District Millage Rate
29 Reduction Fund is established as a special fund in the State
30 Treasury. The fund shall not lapse.

1 (b) Purpose.--Money in the fund shall be distributed to
2 school districts under section 512 and shall be used exclusively
3 for the purposes enumerated in this act.

4 (c) Deposits into the fund.--Funds generated by the tax
5 under section 301 shall be deposited into the fund.

6 (d) Transfer from the fund.--

7 (1) In order to ensure that the General Fund is not
8 negatively impacted by the imposition of the tax under
9 section 301, not later than June 30, 2017, and each June 30
10 thereafter, an amount equal to the refund reimbursement
11 factor multiplied by the amount of refunds issued under
12 Article III of the Tax Reform Code for tax years in which the
13 tax imposed under section 301 is applicable shall be
14 transferred from the fund to the General Fund.

15 (2) For the purpose of this subsection, "refund
16 reimbursement factor" means a fraction equal to the rate of
17 tax imposed under section 301 divided by the sum of the rate
18 of tax imposed under section 301 plus the rate of tax imposed
19 under Article III of the Tax Reform Code.

20 Section 104. School District Homestead and Farmstead Relief
21 Fund.

22 (a) Establishment.--The School District Homestead and
23 Farmstead Relief Fund is established as a special fund in the
24 State Treasury. The fund shall not lapse.

25 (b) Purpose.--Money in the fund shall be distributed to
26 school districts under section 523 and shall be used exclusively
27 for the purposes enumerated in this act.

28 (c) Deposits.--Funds generated by the tax under section 302
29 shall be deposited into the fund.

30 (d) Transfers.--Upon authorization by the secretary in order

1 to comply with section 502(a)(3), the State Treasurer shall
2 transfer from the fund to the School District Millage Rate
3 Reduction Fund an amount sufficient to ensure that the total
4 amount of revenue in the School District Millage Rate Reduction
5 Fund for a fiscal year is not less than the amount distributed
6 from the previous fiscal year.

7 CHAPTER 3

8 SCHOOL PROPERTY TAX REDUCTIONS

9 FROM STATEWIDE SOURCES

10 Section 301. Additional personal income tax imposed.

11 (a) Personal income tax.--For taxable years beginning after
12 December 31, 2015, there is imposed an additional tax upon each
13 class of income as defined in Article III of the Tax Reform
14 Code. The tax shall be calculated, collected and paid over to
15 the Commonwealth in the same manner as provided in Article III
16 of the Tax Reform Code.

17 (b) Rate.--The tax imposed by subsection (a) shall be at the
18 rate of 0.63%.

19 (c) Deposit of tax proceeds.--The Department of Revenue
20 shall deposit taxes collected under this section in the School
21 District Millage Rate Reduction Fund. The amount shall be the
22 sum of the taxes collected under this section and Article III of
23 the Tax Reform Code multiplied by a fraction equal to the rate
24 of tax under section 301 divided by the sum of the rate of tax
25 under section 301 and the rate of tax under section 302 of the
26 Tax Reform Code.

27 (d) Rules and regulations.--The rules and regulations of the
28 Department of Revenue promulgated under Article III of the Tax
29 Reform Code, or any other act, shall be applicable to the tax
30 imposed by this section to the extent that they are applicable.

1 (e) Construction.--The tax imposed by this section shall be
2 in addition to any tax imposed under Article III of the Tax
3 Reform Code or section 321(c) of the Taxpayer Relief Act. The
4 provisions of Article III of the Tax Reform Code shall apply to
5 the tax imposed by this section.

6 Section 302. Additional sales and use tax imposed.

7 (a) Additional taxation.--The tax imposed by this section
8 shall be in addition to any tax imposed under Article II or II-B
9 of the Tax Reform Code, section 503 of the act of June 5, 1991
10 (P.L.9, No.6), known as the Pennsylvania Intergovernmental
11 Cooperation Authority Act for Cities of the First Class, or
12 section 3152-B of the act of July 28, 1953 (P.L.73, No.230),
13 known as the Second Class County Code. The provisions of Article
14 II of the Tax Reform Code shall apply to the tax imposed by this
15 section.

16 (b) Sales tax.--Beginning January 1, 2016, there is imposed
17 a tax upon each separate sale at retail of tangible personal
18 property or services. The tax under this subsection shall be
19 imposed upon the purchase price. The tax shall be collected by
20 the vendor from the purchaser and shall be paid over to the
21 Commonwealth in the same manner as provided in Article II of the
22 Tax Reform Code.

23 (c) Use tax.--Beginning January 1, 2016, there is imposed a
24 tax upon the use of tangible personal property purchased at
25 retail and on services purchased at retail. The tax under this
26 subsection shall be imposed upon the purchase price. The tax
27 shall be paid over to the Commonwealth by the person who makes
28 such use. The tax imposed under this subsection shall not be
29 paid over to the Commonwealth by any person who has paid the tax
30 imposed under subsection (b) or has paid the tax imposed under

1 this subsection to the vendor with respect to such use.

2 (d) Hotel tax.--Beginning January 1, 2016, there is hereby
3 imposed an excise tax on the rent upon every occupancy of a room
4 or rooms in a hotel, as defined in Article II of the Tax Reform
5 Code. The tax shall be collected by the operator or owner from
6 the occupant and paid over to the Commonwealth.

7 (e) Rate.--The tax imposed by subsections (b), (c) and (d)
8 shall be at a rate of 1%.

9 (f) Tax computation.--The tax imposed under subsections (b),
10 (c) and (d) shall be computed as follows:

11 (1) If the purchase price is 50¢ or less, no tax shall
12 be collected.

13 (2) If the purchase price is 51¢ or more but less than
14 \$1.51, 1¢ shall be collected.

15 (3) If the purchase price is \$1.51 or more but less than
16 \$2.51, 2¢ shall be collected.

17 (4) If the purchase price is \$2.51 or more but less than
18 \$3.51, 3¢ shall be collected.

19 (5) If the purchase price is \$3.51 or more but less than
20 \$4.51, 4¢ shall be collected.

21 (6) If the purchase price is \$4.51 or more but less than
22 \$5.51, 5¢ shall be collected.

23 (7) If the purchase price is \$5.51 or more but less than
24 \$6.51, 6¢ shall be collected.

25 (8) If the purchase price is \$6.51 or more but less than
26 \$7.51, 7¢ shall be collected.

27 (9) If the purchase price is \$7.51 or more but less than
28 \$8.51, 8¢ shall be collected.

29 (10) If the purchase price is \$8.51 or more but less
30 than \$9.51, 9¢ shall be collected.

1 (11) If the purchase price is \$9.51 or more but less
2 than \$10.01, 10¢ shall be collected.

3 (12) If the purchase price is more than \$10, 1% of each
4 \$10 purchase price plus the above bracket charges upon any
5 fractional part of a \$10 increment shall be collected.

6 (g) Deposit of tax proceeds.--The Department of Revenue
7 shall deposit taxes collected under this section in the School
8 District Homestead and Farmstead Relief Fund. The amount shall
9 be one-seventh of the sum of the amount collected under this
10 section and Article II of the Tax Reform Code.

11 (h) Rules and regulations.--The rules and regulations of the
12 Department of Revenue which are promulgated under Article II of
13 the Tax Reform Code, or any other act, shall be applicable to
14 the tax imposed by this section to the extent that they are
15 applicable to the tax imposed under Article II of the Tax Reform
16 Code.

17 (i) Definitions.--As used in this section, the following
18 words and phrases shall have the meanings given to them in this
19 subsection unless the context clearly indicates otherwise:

20 "Purchase price." As defined in Article II of the Tax Reform
21 Code.

22 "Sale at retail." As defined in Article II of the Tax Reform
23 Code.

24 "Tangible personal property." As defined in Article II of
25 the Tax Reform Code.

26 CHAPTER 5

27 STATE FUNDS FORMULAE

28 SUBCHAPTER A

29 PRELIMINARY PROVISIONS

30 Section 501. Scope of chapter.

1 This chapter relates to the allocation of State funds for the
2 dollar-for-dollar reduction of school district property taxes
3 through millage rate reductions and funding homestead property
4 exclusions.

5 Section 502. Certifications.

6 (a) Secretary certifications.--

7 (1) Not later than April 15, 2016, and April 15 of each
8 year thereafter, the secretary shall certify all of the
9 following:

10 (i) The total amount of revenue in the School
11 District Millage Rate Reduction Fund and the School
12 District Homestead and Farmstead Relief Fund. In
13 calculating the total amount of revenue in each of the
14 funds, the secretary shall take into account all of the
15 following:

16 (A) For the certification to be completed not
17 later than April 15, 2016, revenue which:

18 (I) has been deposited into the fund prior
19 to the date of the certification; and

20 (II) is reasonably projected to be deposited
21 into the fund during the six months following the
22 date on which the certification is made; and

23 (B) For certifications in subsequent fiscal
24 years:

25 (I) revenue which has been deposited into
26 the fund during the six months prior to the date
27 on which the certification is made; and

28 (II) revenue enumerated in clause (A)(II).

29 (ii) In certifying the amount available for
30 distribution from each fund under subsection (c), the

1 secretary shall only certify an amount that is
2 sustainable in subsequent years.

3 (2) If the actual revenue deposited into each of the
4 funds during the six months following the date on which the
5 certification is made exceeds projections, any revenue in
6 excess of projections shall remain in that fund and may be
7 included in the certification for the subsequent fiscal year.

8 (3) The secretary may not certify an amount of revenue
9 in the School District Millage Rate Reduction Fund which is
10 less than the dollar amount certified in the previous fiscal
11 year.

12 (b) Notification of Department of Education.--By April 20,
13 2016, and April 20 each year thereafter, the secretary shall
14 notify the Department of Education whether it is authorized to
15 provide school districts with State millage rate reduction
16 allocations and State homestead and farmstead exclusion
17 allocations under Subchapters B and C.

18 (c) Distribution.--

19 (1) For fiscal year 2016-2017 and for each fiscal year
20 thereafter, the secretary shall authorize the Department of
21 Education to distribute from the School District Millage Rate
22 Reduction Fund the amount certified for the fund under
23 subsection (a) (1).

24 (2) For fiscal year 2016-2017 and for each fiscal year
25 thereafter, the secretary shall authorize the Department of
26 Education to distribute from the School District Homestead
27 and Farmstead Relief Fund the difference between the amount
28 certified for the fund under subsection (a) (1) (i) and the
29 amount sufficient to fund additional reimbursements to
30 eligible school districts under section 522. The amount

1 deducted under this subsection shall be calculated based on
2 the information provided by school districts under section
3 503(b)(2) of the Taxpayer Relief Act.

4 Section 503. Disclosure of relief.

5 (a) Tax notice.--A school district which receives a State
6 property tax reduction allocation, a State homestead and
7 farmstead exclusion allocation or a State millage rate reduction
8 allocation shall itemize the total homestead and farmstead
9 exclusion and millage rate reductions on tax bills sent to
10 taxpayers. At minimum, a tax bill must show the tax liability
11 which was due for the property in the previous tax year, the
12 amount of the applicable exclusion and the amount of reduced tax
13 liability due to rate reductions. The tax bill shall be easily
14 understandable and include a notice under subsection (b).

15 (b) Notice of property tax relief.--

16 (1) For a taxpayer who is a homestead property or
17 farmstead property owner, the tax bill must include a notice
18 that the tax bill includes a homestead or farmstead exclusion
19 and a millage rate reduction. The notice shall, at a minimum,
20 be in the following form:

21 NOTICE OF PROPERTY TAX RELIEF

22 Your enclosed tax bill includes a tax reduction for your
23 homestead and/or farmstead property. As an eligible
24 homestead and/or farmstead property owner, you have
25 received tax relief through a homestead and/or farmstead
26 exclusion which has been provided under the School
27 Property Tax Reform Act and the Taxpayer Relief Act, two
28 laws passed by the Pennsylvania General Assembly designed
29 to reduce your property taxes. Your tax bill also
30 includes a reduction in the tax rate on real property

1 provided through the Education Finance Reform Act.

2 (2) For a taxpayer that is not a homestead property or
3 farmstead property owner, the tax bill must include a notice
4 that the tax bill includes a millage rate reduction. The
5 notice shall, at a minimum, be in the following form:

6 NOTICE OF PROPERTY TAX RELIEF

7 Your enclosed tax bill includes a reduction in the tax
8 rate on real property. This reduction has been provided
9 under the School Property Tax Reform Act, a law passed by
10 the Pennsylvania General Assembly designed to reduce your
11 property taxes.

12 Section 504. Information collection and verification.

13 (a) Information collection.--The Department of Education
14 shall develop an information collection policy to gather
15 information which will allow the department to confirm that
16 State millage rate reduction allocations and State homestead and
17 farmstead exclusion allocations are being used for the purposes
18 enumerated in this act and that State property tax reduction
19 allocations are being used for the purposes enumerated in the
20 Taxpayer Relief Act. The information collection policy may
21 include requiring a school district to provide information in
22 the uniform form prepared under section 312(b) of the Taxpayer
23 Relief Act that would allow the Department of Education to
24 comply with the requirements of this section.

25 (b) Verification.--The Department of Education shall develop
26 procedures to routinely analyze the information collected under
27 subsection (a) to identify a school district which is not using
28 a State millage rate reduction allocation or State homestead and
29 farmstead exclusion allocation for the purposes enumerated in
30 this act or is using a State property tax reduction allocation

1 for the purposes enumerated in the Taxpayer Relief Act.

2

SUBCHAPTER B

3

STATE ALLOCATION DISTRIBUTION

4

FOR MILLAGE RATE REDUCTIONS

5 Section 511. Scope of subchapter.

6 This subchapter relates to the allocation of State funds
7 generated by the additional tax under section 301 for the
8 dollar-for-dollar reduction of school district property taxes
9 through millage rate reductions.

10 Section 512. State millage rate reduction allocation.

11 (a) Administration.--The Department of Education shall
12 calculate the State millage rate reduction allocation for each
13 school district as follows:

14 (1) For the 2016-2017 fiscal year:

15 (i) Multiply the school district's 2012-2013
16 equalized millage by the dollar amount necessary to
17 allocate all the money in the School District Millage
18 Rate Reduction Fund as authorized under section 502(c).

19 (ii) If the allocation under this paragraph is less
20 than the product of the real property taxes collected
21 during the 2012-2013 fiscal year and a numerical value of
22 0.12 for a school district, the school district shall
23 receive an additional amount so that the total allocation
24 under this paragraph is equal to the product of the real
25 property taxes collected during the 2012-2013 fiscal year
26 and a numerical value of 0.12.

27 (iii) If the allocation under this paragraph is
28 greater than the product of the real property taxes
29 collected during the 2012-2013 fiscal year and a
30 numerical value of 0.19 for a school district, the school

1 district shall receive a total allocation equal to the
2 product of the real property taxes collected during the
3 2012-2013 fiscal year and a numerical value of 0.19.

4 (2) For the 2017-2018 fiscal year:

5 (i) Multiply the school district's equalized millage
6 for the 2013-2014 fiscal year by the dollar amount
7 necessary to allocate all the money in the School
8 District Millage Rate Reduction Fund as authorized under
9 section 502(c).

10 (ii) If the allocation under this paragraph is less
11 than the product of the real property taxes collected
12 during the 2013-2014 fiscal year and a numerical value of
13 0.2 for a school district, the school district shall
14 receive an additional amount so that the total allocation
15 under this paragraph is equal to the product of the real
16 property taxes collected during the 2013-2014 fiscal year
17 and a numerical value of 0.2.

18 (iii) If the allocation under this paragraph is
19 greater than the product of the real property taxes
20 collected during the 2013-2014 fiscal year and a
21 numerical value of 0.3 for a school district, the school
22 district shall receive a total allocation equal to the
23 product of the real property taxes collected during the
24 2013-2014 fiscal year and a numerical value of 0.3.

25 (3) For all fiscal years beginning after the 2017-2018
26 fiscal year:

27 (i) Multiply the allocation from the previous fiscal
28 year by the percentage change in the amount to be
29 collected from the tax under section 301, except that the
30 percentage calculated under this paragraph may not be

1 less than zero.

2 (ii) Add the amount in subparagraph (i) to the
3 allocation from the previous fiscal year.

4 (b) Notification.--The Department of Education shall notify
5 each school district of the amount of its State millage rate
6 reduction allocation not later than May 1 of each year.

7 (c) Payment.--For the fiscal year commencing July 1, 2016,
8 and each fiscal year thereafter, except as set forth in
9 subsection (d), the Department of Education shall pay from the
10 School District Millage Rate Reduction Fund to each eligible
11 school district a State millage rate reduction allocation equal
12 to the amount calculated under subsection (a). The State millage
13 rate allocation shall be divided into two equal payments, which
14 shall be made on the fourth Thursday of August and the fourth
15 Thursday of October.

16 (d) First class school districts.--The State millage rate
17 reduction allocation for a school district of the first class
18 shall be paid by the Department of Education to a city of the
19 first class for use for a school district of the first class as
20 prescribed in section 513.

21 Section 513. Mandatory use of State millage rate reduction
22 allocation to reduce rate of real property tax.

23 (a) Reduction in first fiscal year.--For the first fiscal
24 year in which a school district receives a State millage rate
25 reduction allocation and except for a tax increase which is
26 approved by the electorate under section 333(c) of the Taxpayer
27 Relief Act, a board of school directors may not adopt a final
28 budget under section 312 of the Taxpayer Relief Act which
29 includes a tax on real property which would generate revenue
30 greater than:

1 (1) the sum of the maximum amount of revenue which could
2 be raised by the allowable increase under the index and the
3 amount permitted under the referendum exceptions in section
4 333(f) or (n) of the Taxpayer Relief Act, minus;

5 (2) the school district's State millage rate reduction
6 allocation.

7 (b) Subsequent reductions and limitations.--For the second
8 fiscal year in which a school district receives a State millage
9 rate reduction allocation and for all fiscal years in which a
10 school district receives a State millage rate reduction
11 allocation thereafter and except for a tax increase which is
12 approved by the electorate under section 333(c) of the Taxpayer
13 Relief Act, a board of school directors may not adopt a final
14 budget under section 312 of the Taxpayer Relief Act which
15 includes a tax on real property which would generate revenue
16 greater than:

17 (1) the sum of the maximum amount of revenue which could
18 be raised by the allowable increase under the index and the
19 amount permitted under the referendum exceptions in section
20 333(f) or (n) of the Taxpayer Relief Act, minus;

21 (2) the increase in the school district's State millage
22 rate reduction allocation from the previous fiscal year.

23 (c) Continued applicability.--A tax rate which is reduced or
24 otherwise subject to this section shall remain subject to the
25 provisions of section 333 of the Taxpayer Relief Act.

26 SUBCHAPTER C

27 STATE ALLOCATION DISTRIBUTION TO FUND 28 FOR HOMESTEAD AND FARMSTEAD EXCLUSIONS

29 Section 521. Scope of subchapter.

30 This subchapter relates to the allocation of State funds

1 generated by the additional tax under section 302 for the
2 dollar-for-dollar reduction of school district property taxes
3 through the funding of homestead and farmstead exclusions.
4 Section 522. Additional reimbursement.

5 In addition to the amount calculated under section 523(c), a
6 school district shall receive a payment equal to the aggregate
7 amount of the tax credited under section 324(2) of the Taxpayer
8 Relief Act minus its reimbursement under section 324(4) of the
9 Taxpayer Relief Act.

10 Section 523. State homestead and farmstead exclusion
11 allocation.

12 (a) Administration.--The Department of Education shall
13 calculate the State homestead and farmstead exclusion allocation
14 for each school district, except the portion which is calculated
15 under section 522, as follows:

16 (1) For the 2016-2017 fiscal year:

17 (i) Multiply the school district's 2012-2013 average
18 daily membership by the school district's 2012-2013
19 equalized millage.

20 (ii) Multiply the product under subparagraph (i) by
21 the dollar amount necessary to allocate all the money in
22 the School District Homestead and Farmstead Relief Fund
23 as authorized under section 502(c).

24 (iii) If the allocation under this paragraph is less
25 than the product of the residential property taxes
26 collected during the 2012-2013 fiscal year and a
27 numerical value of 0.1 for a school district, the school
28 district shall receive an additional amount so that the
29 total allocation under this paragraph is equal to the
30 product of the residential property taxes collected

1 during the 2012-2013 fiscal year and a numerical value of
2 0.1.

3 (iv) If the allocation under this paragraph is
4 greater than the product of the residential property
5 taxes collected during the 2012-2013 fiscal year and a
6 numerical value of 0.16 for a school district, the school
7 district shall receive a total allocation equal to the
8 product of the residential property taxes collected
9 during the 2012-2013 fiscal year and a numerical value of
10 0.16.

11 (2) For subsequent fiscal years:

12 (i) Multiply the school district's average daily
13 membership for the fourth fiscal year immediately
14 preceding the fiscal year for which the allocation is
15 being made by the school district's equalized millage for
16 the fourth fiscal year immediately preceding the fiscal
17 year for which the allocation is being made.

18 (ii) Multiply the product under subparagraph (i) by
19 the dollar amount necessary to allocate all the money in
20 the School District Homestead and Farmstead Relief Fund
21 as authorized under section 502(c).

22 (iii) If the allocation under this paragraph is less
23 than the product of the residential property taxes
24 collected during the fourth fiscal year immediately
25 preceding the fiscal year for which the allocation is
26 being made and a numerical value of 0.15 for a school
27 district, the school district shall receive an additional
28 amount so that the total allocation under this paragraph
29 is equal to the product of the residential property taxes
30 collected during the fourth fiscal year immediately

1 preceding the fiscal year for which the allocation is
2 being made and a numerical value of 0.15.

3 (iv) If the allocation under this paragraph is
4 greater than the product of the residential property
5 taxes collected during the fourth fiscal year immediately
6 preceding the fiscal year for which the allocation is
7 being made and a numerical value of 0.25 for a school
8 district, the school district shall receive a total
9 allocation equal to the product of the residential
10 property taxes collected during the fourth fiscal year
11 immediately preceding the fiscal year for which the
12 allocation is being made and a numerical value of 0.25.

13 (b) Notification.--The Department of Education shall notify
14 each school district of the amount of its State homestead and
15 farmstead exclusion allocation not later than May 1 of each
16 year.

17 (c) Payment.--For the fiscal year commencing July 1, 2016,
18 and each fiscal year thereafter, except as set forth in
19 subsection (d), the Department of Education shall pay to each
20 eligible school district a State homestead and farmstead
21 exclusion allocation equal to the amount calculated under
22 subsection (a) plus the payment as calculated under section 522.
23 The State homestead and farmstead exclusion allocation shall be
24 divided into two equal payments, which shall be made on the
25 fourth Thursday of August and the fourth Thursday of October.

26 (d) First class school districts.--The State homestead and
27 farmstead exclusion allocation for a school district of the
28 first class shall be paid by the Department of Education to a
29 city of the first class for use for a school district of the
30 first class as prescribed in section 524.

1 Section 524. Disposition of State homestead and farmstead
2 exclusion allocation.

3 (a) Homestead and farmstead exclusions.--A board of school
4 directors for a school district which receives a State homestead
5 and farmstead exclusion allocation shall use the allocation to
6 fund exclusions for homestead and farmstead property or, if
7 applicable, may utilize any revenue in excess of the revenue
8 required to fund the maximum homestead and farmstead exclusions
9 authorized under 53 Pa.C.S. § 8586 (relating to limitations) to
10 reduce the property tax rate on all properties subject to the
11 property tax in the school district.

12 (b) Homestead and farmstead exclusion process.--Each fiscal
13 year in which a school district imposes a tax authorized under
14 section 321 of the Taxpayer Relief Act or receives a State
15 homestead and farmstead exclusion allocation or State property
16 tax reduction allocation, the board of school directors of a
17 school district shall calculate a homestead and farmstead
18 exclusion for the purpose of reducing school district property
19 taxes. The school district shall adopt a resolution implementing
20 the homestead and farmstead exclusion not later than the last
21 day of the fiscal year immediately preceding the fiscal year in
22 which the homestead and farmstead exclusions shall take effect.

23 CHAPTER 9

24 MISCELLANEOUS PROVISIONS

25 Section 901. Additional provisions.

26 (a) Other provisions.--Any school district property tax
27 reduction approved under Subchapter D of Chapter 3 of the
28 Taxpayer Relief Act shall continue in effect.

29 (b) Applicability.--Except as otherwise provided, a school
30 district shall remain subject to the Taxpayer Relief Act.

1 Section 902. Repeals.

2 Repeals are as follows:

3 (1) The General Assembly declares that the repeals under
4 paragraph (2) are necessary to effectuate this act.

5 (2) Sections 342 and 343 of the Taxpayer Relief Act are
6 repealed.

7 Section 903. Effective date.

8 This act shall take effect immediately.