

# House Bill 13 – Bill Reference Sheet

(version 15)

This document serves to condense 300+ pages into an easily referenced document. It highlights the material additions/changes implemented by HB13.

**NOTE:** This is a document put together by the Property Tax Elimination working group. It is not authoritative, but we believe it to be correct to the best of our knowledge.

Current as of HB13 Printers Number 2472

## Section 1: The introduction and details of the School Property Tax Elimination Act

Page 1-4	Title/Explains the rationale for the bill
§ 9002 Page 5	<p>Definitions (notable ones listed)</p> <ul style="list-style-type: none"> <li>• “Base year”: 1<sup>st</sup> fiscal year of SD after June 30, 2024</li> <li>• 2 funds specified: <ul style="list-style-type: none"> <li>• School District Property Tax Elimination Fund</li> <li>• School District Emergency Fund</li> </ul> </li> </ul>
§ 9011 Page 6	<ul style="list-style-type: none"> <li>• Prohibits levy/assess/collection of property taxes for schools on beginning fiscal year after <b>Dec 31, 2024</b>, other than delinquent tax collection</li> <li>• Penalty: A school reinstating property tax will not get \$ from the fund, nor impose an income tax</li> </ul>
§ 9012 Page 6	<p>Description of the members and responsibilities of the School District Property Tax Elimination Appeals Board</p> <p>Duties of the board:</p> <ul style="list-style-type: none"> <li>• Inform SD about fund and requirements</li> <li>• Base year plus first 3 fiscal years after base year, evaluate if negatively impacted</li> <li>• Make a determination on requests for supplemental funding</li> </ul>
§ 9013 Page 8	<p>SD Emergency Fund</p> <ul style="list-style-type: none"> <li>• Separate fund</li> <li>• Used to make disbursements for supplemental funding</li> <li>• \$500k (funded \$250k in year 2022-2023, funded \$250k in year 2023-2024)</li> <li>• <b>Aug 1, 2024</b> (and thereafter): 0.25% of each SD budget should go to the fund.</li> <li>• <b>Sept 1, 2024</b> (and thereafter): Dept of Edu transfers collected amount to the emergency fund</li> <li>• SD may not receive more funding than contained in the emergency fund, or each SD’s individual amount (of the 0.25%)</li> </ul>
§ 9014 Page 9	<p>Supplemental Funding (from Emergency Fund)</p> <ul style="list-style-type: none"> <li>• For School Districts negatively impacted by elimination of property taxes</li> <li>• Board must review the request made by SD and determine amount of funding</li> <li>• Reciprocity: If no reciprocity agreement, money from General Fund gets paid to the SD</li> </ul>
§ 9015 Page 10	<p>Excess Money:</p> <ul style="list-style-type: none"> <li>• If SD receives supplemental funding that pushes it over their approved budget: <ul style="list-style-type: none"> <li>○ SD must reduce Income Tax</li> <li>○ or give the difference back</li> </ul> </li> </ul>
§ 9016 Page 11	Not intended to alter the Basic Education Funding allocation
§ 9017	Rent Reduction:

Page 11	<ul style="list-style-type: none"> <li>• Landlord should reduce rent equal to amount of property taxes</li> <li>• Except, if the last 5 years of property tax increases were not passed on to each tenant</li> <li>• Amount per tenant should be based on square footage or other 'reasonable' criteria to make the reduction proportional to tenants</li> <li>• Timing: 1<sup>st</sup> date of rent after property tax is eliminated. Lasts through the lease end</li> <li>• Month-to-Month leases would only be reduced for the 1<sup>st</sup> month.</li> <li>• Rent reduction received is not a taxable</li> </ul>
§ 9018 Page 12	<p>Training:</p> <ul style="list-style-type: none"> <li>• Budget and Financial Management for SD officials may be administered by the Board or institution of higher education who has expertise</li> </ul>
§ 90A02 Page 13	<p>Introduction, Definitions. Notable items:</p> <ul style="list-style-type: none"> <li>• County Sales and use Tax Account: Separate account established for each county</li> <li>• Requires each county and SD to levy/assess/collect taxes</li> </ul>
§ 90A11 Page 15	<p>Subjects of Taxation:</p> <ul style="list-style-type: none"> <li>• Each county should collect taxes</li> <li>• Each SD should collect taxes within the limits of the School District</li> <li>• Ensures that these new local taxes to fund schools don't interfere with taxes collected under the "Local Tax Enabling Act" of Dec 31, 1965</li> </ul>
§ 90A12 Page 16	Taxes continue each calendar/fiscal year unless the rate of tax is increased or repealed
§ 90A22 Page 16	<p><b>Oct 1, 2024:</b> Sales, Use, and Occupancy Tax imposed at 2%, deposited into the School District Prop Tax Elimination Fund</p> <ul style="list-style-type: none"> <li>• Clothing (except sale of used clothing by 501c)</li> <li>• Food and beverages</li> <li>• Candy/gum</li> </ul>
§ 90A23-24 Page 18,19	Determines the location in which a tax is collected for. (Example: Premium Cable, it should be collected based on the service address of the customer)
§ 90A25 Page 20	Administrative/Collection costs by the Dept of Revenue can be kept
§ 90A26 Page 20	Public notice must be given
§ 90A31 – 32 Page 21	<b>Oct 1, 2024:</b> School District can impose a maximum Income Tax at 1.85%.
§ 90A33 Page 21	School Districts have the same powers for collection under the Local Tax Enabling Act
§ 90A35 Page 22	Public Notice must be given
§ 90A41 Page 22	References how credits are handled. Uses section 317 of the Local Tax Enabling Act
§ 90A42 Page 22	Low-income tax provisions: Poverty provisions should be considered by school districts
§ 90A51 Page 23	<p>SD Property Tax Elimination Fund</p> <ul style="list-style-type: none"> <li>• Separate fund in the State Treasury</li> <li>• Dept of Edu makes disbursements to school districts</li> <li>• Fund sources: Money collected, Money appropriated/transferred, Interest, Grants/gifts/donations</li> </ul>
§ 90A52 Page 23	<p>Payments to Counties:</p> <ul style="list-style-type: none"> <li>• First 3 years following base year: SD is funded the amount equivalent to Prop Tax collected in the base year</li> </ul>

	<ul style="list-style-type: none"> <li>• Fund must be kept solvent by the Gen Assembly</li> <li>• Each county “County Sales and use Tax Account” has a separate account in the fund</li> <li>• 4<sup>th</sup> year, Taxes collected go to the county accounts at least every 2 weeks</li> <li>• Money must stay in the fund. Can be invested, but interest goes to each account</li> <li>• Treasurer makes disbursements to each county from the Sales and use tax account</li> </ul>
§ 90A53 Page 25	Payments by Counties: <ul style="list-style-type: none"> <li>• Each county should distribute a portion to school districts:             <ul style="list-style-type: none"> <li>○ Total disbursement x (avg Daily Membership / Daily membership of all SD in county)</li> <li>○ If spanning more than 1 county, multiply by a factor of square milage for each SD</li> </ul> </li> </ul>

## Section 2: Title 72 / Act II and III consolidation

Most of this section is not changing. It’s consolidation of Title 72 “Act II” and “Act III” with formatting changes to fit a new format. ONLY items that have materially changed are listed below:

PAGE/SECTION/LINE	WHAT CHANGED
§ 1321 (17) Page 89	Permits the 2% clothing tax from being exempted (“Except as provided for under subparagraph (ii)”)
§ 1321 (19) Page 89	Permits the 2% food/beverage tax from being exempted (“Except as provided for under subparagraph (ii)”)
§ 1358 Page 123	Added: <b>Oct 1, 2021</b> : 2% tax on remote sellers goes to counties
§ 2102 Definitions “Compensation” (2)(ii) Page 186	Compensation expanded to include retirement, and excludes SS, SS ‘in lieu of’, Military, and contributions as part of distributions
§ 2102 Definitions “Compensation” (3)(iii) Page 187	Removed the exception for retirement income
§ 2102 Definitions “Compensation” (3)(iii.1) Page 187	After <b>December 31, 2024</b> : Compensation does not include contributions made to retirement plans
§ 2102 Definitions “Poverty Income” (3) Page 193	Clarified “Poverty Income” verbiage so that SS/SS-in-lieu-of/Military/Contributions are not counted as poverty income
§ 2102 Definitions “Social Security substitute pension” Page 195	Defined what “Social Security substitute pension” is

## Section 3: Repeals

Section 3 (2)(i) Page 310	Section of “The Fiscal Code” repealed	Section 1730-E. Department of Revenue. (a) Income.--For the purposes of section 1303 of the act of June 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act, the definition of "income" shall exclude, for a person who receives pension benefits as
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		<p>a beneficiary through the Federal Civil Service Retirement System that accrued during a period of employment for which the beneficiary was not required to make contributions under the Social Security Act (49 Stat. 620, 42 U.S.C. § 301 et seq.), an amount determined by the Department of Revenue which shall equal 50% of the average retired worker Social Security payment for the previous calendar year for which the data is available from the Social Security Administration and published on the Social Security Administration's Internet website. (b) Applicability.--The provisions of subsection (a) shall apply to property tax or rent rebate claims for tax or rent due and payable in calendar year 2018 and each calendar year thereafter.</p>
<p>Section 3 (2) (ii) Page 310</p>	<p>Sections of the "Second Class County Code" repealed</p>	<p>REPEALED:</p> <p>(ii) a program for property tax rebate or rent rebate in lieu of property taxes modeled by the county or city after the act of March 11, 1971 (P.L.104, No.3), known as the "Senior Citizens Rebate and Assistance Act," for longtime owner-occupants of personal residences. Property eligible for tax relief under this clause shall be limited to a primary personal residence owned by a single person age 62 or older or by married persons if either spouse is 62 years of age or older. Tax relief provided pursuant to this clause shall be limited to persons whose income as defined under the act of March 11, 1971 (P.L.104, No.3), known as the "Senior Citizens Rebate and Assistance Act," does not exceed twenty-five thousand dollars (\$25,000); or</p> <p>(iii) a program for property tax rebate or rent rebate in lieu of property taxes modeled by the county or city after the "Senior Citizens Rebate and Assistance Act" for longtime owner-occupants of personal residences. Property eligible for tax relief under this clause shall be limited to a primary personal residence owned by a single person age 60 or older or by married persons if either spouse is 60 years of age or older. Tax relief provided pursuant to this clause shall be limited to persons whose income as defined under the "Senior Citizens Rebate and Assistance Act" does not exceed thirty thousand dollars (\$30,000).</p> <p>For purposes of this clause, "longtime owner-occupant" shall mean any person who for at least ten continuous years has owned and has occupied a dwelling place within the county as a principal residence and domicile, or any person who for at least five years has owned and occupied a dwelling within the county as a principal residence and domicile if that person received assistance in the acquisition of the property as part of a government or nonprofit housing program.</p>
		<p>REPEALED</p> <p>(2) Municipalities other than the county and the city shall utilize all or a portion of disbursements received for the purpose of reducing local taxes for the implementation of programs for real property tax relief. Such programs may consist of a program as provided by subsection (a)(4), a program for property tax rebate or rent rebate in lieu of property taxes modeled after the "Senior Citizens Rebate and Assistance Act," a reduction in the millage rate across all properties or a combination of the foregoing.</p>

Section 3 (2) (iii) Page 310	Repeals entire Chap 13: "Taxpayer Relief Act"	<a href="https://www.pa.gov/documents/000001/2006-Special-Session-1-Act-1-PA-General-Assembly/state.pa.us">2006 Special Session #1 Act 1 - PA General Assembly (state.pa.us)</a>
Section 3 (4) Page 310	Repeals entire Section 688 "Limitations on Certain Unreserved Fund Balances"	<a href="https://www.pa.gov/documents/000001/2019-Act-14-PA-General-Assembly/state.pa.us">Act of Mar. 10, 1949,P.L. 30, No. 14 Cl. 24 - PUBLIC SCHOOL CODE OF 1949 (state.pa.us)</a>
Section 3 (5) through (8) Page 310,311	Repeals Article II (Sales) and III (Income) and replaces it with consolidated Article II Subpart A (Sales) and B (Income)	
Section 3 (9) (i) Page 311	Blanket statement that covers "any other law" that permits levy/assess/collection of property tax	
Section 3 (9) (ii) Page 311	Ensures 1 <sup>st</sup> class cities that created their own charters (like SD of Phila) don't have any conflicting language with HB13	<a href="https://www.pa.gov/documents/000001/2019-Act-14-PA-General-Assembly/state.pa.us">First Class City Public Education Home Rule Act (state.pa.us)</a>
Section 3 (9) (iii) Page 311	Blanket statement for any other items in the Taxpayer Relief Act	
Section 3 (10) Page 311	Blanket statement that repeals "all acts and parts of acts" that conflict	

## Section 4-7: Notes / Effective Dates

Section 4 (1) Page 311	Ensures continuity of Title 72 during transition from 'repealed' to new consolidated state
Section 4 (2) Page 312	No material changes, despite tons of consolidation, with exceptions below
Section 4 (3) Page 312	Calls out exceptions where material changes were made. Nothing new that hasn't already been identified above.
Section 5 (1) Page 312	Article III (Personal Income Tax) was merged into Article II (Sales Tax), and this section ensures continuity during transition from 'repealed' to new 'consolidated' state
Section 5 (2) Page 313	No material changes, despite tons of consolidation, with exceptions below
Section 5 (3) Page 313	Calls our exceptions where material changes were made. Nothing new that hasn't been identified already
Section 6 (1) Page 313	Repeals begin for prohibition of Prohibit levy/assessment/collection of property taxes by SD beginning <b>Jan 1, 2023</b> if schools use Jan-Dec fiscal year
Section 6 (2) Page 313	Repeals begin for prohibition of levy/assessment/collection of property taxes by SD beginning <b>Jul 1, 2023</b> if schools use Jul-Jun fiscal year
Section 7 Page 313	<p><b>Oct 1, 2022:</b></p> <ul style="list-style-type: none"> <li>Statues are consolidated into 'Part II' of 72 Pa.C.S (Sales/Income tax)</li> <li>Section 3(6) (Act II for sales tax) repealed</li> <li>Section 3(8) (Act III for income tax) repealed</li> </ul> <p><b>Jan 1, 2023:</b></p> <ul style="list-style-type: none"> <li>Section 3 (all other repeals) go into effect</li> </ul>

	<b>Immediately:</b>
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- “the remainder of this act shall take effect immediately”