

# City of Philadelphia



(Bill No. 220497)

## AN ORDINANCE

Amending Chapter 19-3900 of The Philadelphia Code, entitled “Tax Exemptions for Longtime Owner-Occupants of Residential Properties,” to modify parameters of tax exemptions for longtime residential owner-occupants, all under certain terms and conditions.

*THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

SECTION 1. Chapter 19-3900 of The Philadelphia Code is hereby amended to read as follows:

### CHAPTER 19-3900. TAX EXEMPTIONS FOR LONGTIME OWNER-OCCUPANTS OF RESIDENTIAL PROPERTIES

§ 19-3901. Declaration of Policy.

The Council of the City of Philadelphia has determined that:

\* \* \*

(4) Beginning with assessments performed in calendar year 2018 for tax year 2019, because of changes in market conditions, properties that experience a fifty percent (50%) or greater increase in certified market value from one year to the next, *or that experience a seventy-five percent (75%) increase within a five-year period*, are deemed to have experienced an increase in market value as a consequence of the refurbishing or renovating of other residences or the construction of new residences in the area surrounding the property.

\* \* \*

§ 19-3903. Eligibility for Exemption of Real Property Taxes.

(1) Real property shall be eligible for the exemptions provided for under this Chapter if it meets all of the following conditions:

\* \* \*

(f) For each year, the total household income is less than or equal to [one hundred fifty percent (150%)] *one hundred twenty percent (120%)* of the Area Median Income, adjusted for household size, as established by the U.S. Department of Housing and Urban Development in its most recent publication for Philadelphia County. *Notwithstanding this condition, any otherwise eligible household that began receiving the exemptions in this Chapter prior to the*

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*2023 tax year may continue to receive them so long as total household income is, for each year, less than or equal to one hundred fifty percent (150%) of the Area Median Income.*

\* \* \*

## § 19-3905. Benefit Determinations.

(1) For purposes of calculating City and School District real estate taxes, upon application pursuant to subsection (2), below:

\* \* \*

(b) If the certified market value of an eligible property for any tax year after tax year 2018 *and through tax year 2022*, minus any homestead exclusion, is more than one and a half (1.5) times the certified market value of such property for the immediately preceding tax year, then the certified market value of such property for such tax year shall be deemed to equal one and a half (1.5) times the certified market value of such property for the immediately preceding tax year, and no further homestead exclusion shall be allowed; provided that:

\* \* \*

(c) *If the certified market value of an eligible property for any tax year after tax year 2022 is more than one and a half (1.5) times the certified market value of such property for the immediately preceding tax year, then the certified market value of such property for such tax year shall be deemed to equal one and a half (1.5) times the certified market value of such property for the immediately preceding tax year, and no further homestead exclusion shall be allowed.*

(d) *If the certified market value of an eligible property for any tax year after tax year 2022 is more than one and three quarters (1.75) times the lowest certified market value of such property during the previous five tax years, then the certified market value of such property for such tax year shall be deemed to equal one and three quarters (1.75) times the lowest certified market value of such property during the previous five tax years, and no further homestead exclusion shall be allowed.*

Regardless of whether the property is subsequently assessed at a lower or higher market value, the foregoing deemed certified market value, as provided in subsection (1)(a), [or] (1)(b) *or* (1)(c), shall remain the deemed certified market value for so long as the eligible taxpayer remains eligible, until such property is sold, transferred or is no longer the principal residence of the eligible taxpayer, or until the eligible taxpayer voluntarily opts out of the program.

(1.1) *Opting out of the program.* An eligible taxpayer who is participating in the program authorized by this Chapter may subsequently opt out of the program, provided that such election shall be irrevocable with respect to the property being removed from the program. A

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taxpayer who opts out of the program may then apply for a homestead exclusion with respect to such property, which shall be evaluated according to the provisions of Section 19-1301.1.

(2) The Department of Revenue shall provide notice prior to the annual property tax bill to each taxpayer who could benefit from apply for or opting out of the program, including:

\* \* \*

(b) The steps a taxpayer must take to enter into the program and the deadline for doing so;

(c) The steps a taxpayer must take to opt out of the program and thereafter apply for a homestead exclusion, and an explanation that if the taxpayer opts out, the real estate taxes due on the property will thereafter be based on its actual certified market value (minus any homestead exclusion, if any); and

(d) An application form and an opt-out form, which may be combined into one form. The Department and the OPA shall post a downloadable version of the application and opt-out forms on their respective websites.

(3) Except as otherwise provided in this subsection, no later than [February 17] *September 30* of each tax year, the owner of any property that meets the criteria set forth in Section 19-3903 and who wishes to participate in the program must apply to the OPA for certification as a participant in the program.

\* \* \*

(7) (a) If, for any tax year through and including tax year 2018, the total City and School District taxes exempted pursuant to the foregoing on all properties in the City, as certified by the Department no later than forty- five days after the deadline for applications under this Chapter, are in excess of twenty million dollars (\$20,000,000) then, notwithstanding subsection (1), above, the exemptions shall be allocated among all eligible taxpayers on a pro rata basis so that the total taxes exempted do not exceed twenty million dollars (\$20,000,000).

(b) If, for tax year 2019 [or any tax year thereafter] *through and including tax year 2022*, the total City and School District taxes exempted pursuant to the foregoing on all properties in the City, as certified by the Department no later than forty-five days after the deadline for applications under this Chapter, are in excess of twenty-five million dollars (\$25,000,000) then, notwithstanding subsection (1), above, the exemptions shall be allocated among all eligible taxpayers on a pro rata basis so that the total taxes exempted do not exceed twenty-five million dollars (\$25,000,000); provided that, for tax year 2019 only, this five million dollar (\$5,000,000) increase in the maximum taxes exempted shall be applied instead to the following tax year, so that the total taxes exempted for tax year 2020 only shall not exceed thirty million dollars (\$30,000,000).

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*(c) If, for tax year 2023 or any tax year thereafter, the total City and School District taxes exempted pursuant to the foregoing on all properties in the City, as certified by the Department no later than forty-five days after the deadline for applications under this Chapter, are in excess of thirty-five million dollars (\$35,000,000) then, notwithstanding subsection (1), above, the exemptions shall be allocated among all eligible taxpayers on a pro rata basis so that the total taxes exempted do not exceed thirty-five million dollars (\$35,000,000).*

*(d) The Department of Revenue shall submit to Council quarterly reports on the utilization of benefits under this Chapter. Those reports shall include, at minimum, the following data, both citywide and for each Council district: the amount of exemptions, the number of enrolled households, and the distribution by income of enrolled households.*

\* \* \*

SECTION 2. Effective Date. This Ordinance shall take effect immediately.

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CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on June 23, 2022. The Bill was Signed by the Mayor on July 27, 2022.



Michael A. Decker  
Chief Clerk of the City Council