



City of Philadelphia

City Council
Chief Clerk's Office
402 City Hall
Philadelphia, PA 19107

BILL NO. 120476

Introduced May 24, 2012

**Councilmember Greenlee
for
Council President Clarke**

**Referred to the
Committee of the Whole**

AN ORDINANCE

Authorizing real estate taxes for the City of Philadelphia and the School District of Philadelphia for Fiscal Year 2013 and thereafter, by amending Chapter 19-1300 of The Philadelphia Code, entitled "Real Estate Taxes," to provide for a tax and tax rate on real property, for exclusions, and for an established predetermined ratio; and by amending Chapter 19-1800 of The Philadelphia Code, entitled "School Tax Authorization," to further authorize the Board of Education of the School District of Philadelphia to impose a tax on real estate within the City of Philadelphia, and providing for a tax rate and for exclusions; all under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Chapter 19-1300 of The Philadelphia Code is amended to read as follows:

CHAPTER 19-1300. REAL ESTATE TAXES

§ 19-1301. Real Estate Taxes.

(1) For each of the following years, a tax is hereby levied at the following respective rates on each one hundred (100) dollars of the assessed value of taxable real property returned by the Board of Revision of Taxes in the year immediately preceding the stated year:

Year of Tax	Tax Rate
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* * *	* * *
2011 through 2012	\$4.123
[2013 and each year thereafter]	[\$3.305]

(2) For tax year 2013 and thereafter:

(a) The Tax Rate shall be calculated by dividing the Target Revenue Number by the Total Net Taxable Assessed Value.

(.1) The Target Revenue Number shall be \$557,817,248.

(.2) Total Net Taxable Assessed Value shall be calculated by adding together the Net Taxable Assessed Value of all taxable real property in the City, as returned by the Office of Property Assessment and as calculated pursuant to subsection (b) below, as certified by the OPA on or before November 15 of the year preceding the tax year. Taxable real property shall include only properties, or portions of properties, not subject to exemption from or abatement of real estate tax.

(b) A tax is hereby levied on all real property in the City in an amount equal to the Tax Rate multiplied by the Net Taxable Assessed Value of the property. Net Taxable Assessed Value shall be calculated by subtracting the amount of Homestead Exclusion, if any, provided for in § 19-1301.1, from the Taxable Assessed Value, as defined below, but in no event may Net Taxable Assessed Value be less than zero.

(.1) For tax year 2013: Taxable Assessed Value shall be calculated by adding together (i) two times the certified market value used by the OPA in calculating the assessed value returned by the OPA in 2011 for tax year 2012; and (ii) the certified market value used by the OPA in calculating the assessed value returned by the OPA in 2012 for tax year 2013; and dividing that sum by three.

(.2) For tax year 2014: Taxable Assessed Value shall be calculated by adding together (i) the certified market value used by the OPA in calculating the assessed value returned by the OPA in 2011 for tax year 2012; and (ii) two times the certified market value used by the OPA in calculating the assessed value returned by the OPA in 2013 for tax year 2014; and dividing that sum by three.

(.3) For tax year 2015 and thereafter: Taxable Assessed Value shall equal the assessed value returned by the OPA in the year immediately preceding the tax year.

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(.4) OPA stands for the Office of Property Assessment.

(.5) In the event a court of competent jurisdiction enters a final order from which all appeals have been exhausted, determining that City Council lacked the authority to levy taxes based on certified market value, then, in calculating Taxable Assessed Value, the quotient produced by dividing the assessed value by the established predetermined ratio used to determine the assessed value shall be used instead of certified market value.

[(2) If the Commonwealth of Pennsylvania fails to provide legislation enabling City Council to enact Bill No. 131, introduced April 26, 1984, providing for the imposition of Business Privilege Taxes for Fiscal Year 1985, or if City Council fails to adopt Bill No. 131 for Fiscal Year 1985, the rate of tax shall be three (3) dollars and seventy- five and one-half (75 1/2) cents for the years 1985 through 1988.]

(3) In the event that a court of competent jurisdiction enters a final order from which all appeals have been exhausted, determining that City Council lacked the authority to impose [this rate for the year 1989, the rate shall revert to three dollars and fifty and one-half cents (\$3.50 1/2) for the year 1989] *the tax in the manner set forth in subsection (2), then, except as provided in subsection (2)(b)(.5), above, the tax on real property for tax year 2013 and thereafter shall be calculated by multiplying a Tax Rate of One One-Hundreth (0.01) by the assessed value of taxable real property; for purposes of this subsection, "assessed value" shall mean the assessed value returned by the OPA in the year immediately preceding the tax year, minus any homestead exclusion provided for in § 19-1301.1, if allowed.*

§ 19-1301.1. Homestead Exclusion.

(1) For purposes of this Section, the following terms have the following meanings:

(a) "Homestead property" shall mean a dwelling, including the parcel of land on which the dwelling is located and the other improvements located on the parcel, for which any of the following apply, as determined by the [Board of Revision of Taxes] *Office of Property Assessment* upon application of the property owner:

(.1) The dwelling is primarily used as the domicile of an owner who is a natural person. "Homestead property" shall not include the land on which the dwelling is located if the land is not owned by a person who owns the dwelling.

(.2) The dwelling is a unit in a condominium as the term is defined in 68 Pa. C.S. § 3103 (relating to definitions) and the unit is primarily used as the

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domicile of a natural person who is an owner of the unit; or the dwelling is a unit in a cooperative as the term is defined in 68 Pa. C.S. § 4103 (relating to definitions) and the unit is primarily used as the domicile of a natural person who is an owner of the unit. The homestead for a unit in a condominium or a cooperative shall be limited to the assessed value of the unit, which shall be determined in a manner consistent with the assessment of real property taxes on those units under 68 Pa. C.S. (relating to real and personal property) or as otherwise provided by law. If the unit is not separately assessed for real property taxes, the homestead shall be a pro rata share of the real property.

(.3) The dwelling does not qualify under paragraphs (.1) or (.2) and a portion of the dwelling is used as the domicile of an owner who is a natural person. The homestead for real property qualifying under this paragraph shall be the portion of the real property that is equal to the portion of the dwelling that is used as the domicile of an owner.

(b) "Homestead Exclusion." \$_____, provided that, for any Year of Tax for which the Board certifies that it has performed a revision of assessment by means of revaluing all properties, the amount of the Homestead Exclusion shall automatically be adjusted, as follows:]

[(.1) If the assessment base is revised by applying a change in the established predetermined ratio, the Homestead Exclusion shall be adjusted by the percentage change between the existing predetermined ratio and the newly established predetermined ratio.]

[(.2) If the Board performs a revision of assessments by revaluing all properties and applying an established predetermined ratio, the Homestead Exclusion shall be adjusted by dividing the Homestead Exclusion for the year preceding the revision of assessments by the common level ratio and multiplying the quotient by the newly established predetermined ratio.]

(c) "Established predetermined ratio." As set forth at 53 Pa. C.S. § 8582.]

(d) "Common level ratio." As set forth at 53 Pa. C.S. § 8582.]

(b) "OPA." *Office of Property Assessment.*

(c) "BRT." *Board of Revision of Taxes.*

(2) Commencing in the first year authorized by the General Assembly, a homestead exclusion is hereby [provided, as follows: For purposes of calculating the

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amount of tax levied under Section 19-1301 on a taxpayer's homestead property, "the assessed value of taxable real property returned by the Board of Revision of Taxes" shall be such amount actually returned by the Board as the assessed value less an amount equal to the Homestead Exclusion, but no less than zero] *provided in the amount of fifteen thousand dollars (\$15,000).*

(3) The exclusion authorized under subsection (2) for a dwelling that is used as homestead property for only a portion of the year prior to the Year of Tax, whether because of new construction or otherwise, shall be prorated in a manner consistent with the assessment of real property taxes on that dwelling.

(4) Administration and procedure.

(a) No later than [March 1] *July 31* of the year prior to the year in which the tax is due, the owner or owners of real property may apply to the [Board] *OPA* for designation of property as homestead property. Such application shall be in such form as the [Board] *OPA* shall prescribe, consistent with any form mandated by the Department of Community and Economic Development.

(b) The [Board] *OPA* shall provide sufficient notice to the public regarding the availability of applications to designate real property as Homestead Property and all filing deadlines. The [Board] *OPA* shall make applications available at least [75] *thirty (30)* days before the filing deadline.

(c) An application shall be deemed approved unless the [Board] *OPA* provides, by no later than [June 29] *November 30* of the year prior to the year in which the tax is due, a written statement setting out all reasons for any denial, in whole or in part, of an application.

(d) An owner aggrieved by the determination of the [Board] *OPA* hereunder may appeal to the [Board] *BRT* for a review of the determination in a manner consistent with the provisions for appeal of assessments under the applicable assessment law. Appeals under this subsection shall be limited to whether the application meets the requirements of subsection (a) and whether the parcel for which the appeal is made meets the definition of homestead property under subsection (1).

(e) Appeals regarding the assessed value of real property under the applicable assessment law shall be based on the assessed value of the real property before application of the exclusion for homestead property. The issue of qualification as Homestead Property shall not be raised in an appeal except as provided in subsection (d).

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(5) Change of use. The owner of any property approved as homestead property shall notify the [Board] *OPA* within 45 days of any change in use that renders the property no longer eligible as homestead property.

(6) False applications; Penalties. Any person who files an application under subsection (4) which is false as to any material matter, or who fails to file notice of change of use pursuant to subsection (5), shall:

(a) Pay any taxes which would have been due but for the false application or failure to provide notice, plus simple interest computed at the rate provided in section 806 of the act of April 9, 1929 (P.L. 343, No. 176), known as The Fiscal Code;

(b) Pay a penalty equal to 10% of the unpaid taxes computed under subsection (a); and

(c) Upon conviction for failing to provide notice pursuant to subsection [(4)] (5) or filing an application under subsection (3) which a person knows to be fraudulent, be guilty of a misdemeanor of the third degree and be sentenced to pay a fine not to exceed \$2,500.

* * *

§ 19-1308. Assessment Ratio [Changes by the Board of Revision of Taxes].

(1) [Definitions.] *For assessments returned by the Office of Property Assessment in the year 2012 and thereafter, the Established Predetermined Ratio, to be used by the Office of Property Assessment in determining the assessed value of real property, shall be one hundred percent (100%).*

[(a) Assessment Ratio. Either the ratio the BRT uses to determine the market value of a property from its actual market value (71% for tax year 2004), or the pre-determined ratio the BRT uses to determine the assessed value of a property from its market value (32% for tax year 2004).

(b) BRT. Board of Revision of Taxes.

(2) Whenever the BRT proposes to change an Assessment Ratio, it shall file notice of such proposal with the Clerk of Council, with copies to all members of Council. No such change to an Assessment Ratio shall be effective unless:

(a) Council by ordinance adjusts real estate tax rates (both under this Chapter and under Chapter 19-1800) to a level that Council finds will render the change

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in Assessment Ratio approximately revenue neutral. Such a finding shall be contained in the ordinance adjusting real estate tax rates, but it shall not be reviewable, and no tax rate shall be subject to challenge on the ground that Council's finding of approximate revenue neutrality was in error; or

(b) Council by ordinance makes a finding as to the impact the change in Assessment Ratio will have on tax revenues, and expressly approves such impact and the change in Assessment Ratio. Such ordinance may also adjust real estate tax rates (both under this Chapter and under Chapter 19-1800) to lessen the revenue impact of the change in Assessment Ratio.

(3) If the BRT has filed notice of a proposal to change an Assessment Ratio with the Clerk of Council, but no ordinance required by subsection (2) has been enacted into law at the time the BRT must certify its assessments, then the BRT shall certify assessments based upon the Assessment Ratio last used by the BRT.]

SECTION 2. Chapter 19-1800 of The Philadelphia Code is amended to read as follows:

CHAPTER 19-1800. SCHOOL TAX AUTHORIZATION

§ 19-1801. Authorization of Tax.

(1) The Board of Education of The School District of Philadelphia is authorized to impose an annual tax for school district purposes on real estate within the City of Philadelphia for the years 1964 through [2012] 2013 and thereafter.

(2) For each of the following years, the tax imposed by the Board of Education of the School District of Philadelphia shall be at the following respective rates on each one hundred dollars (\$100) of assessed value of taxable real property as returned by the Board of Revisions of Taxes as the assessment made in the year immediately preceding the stated year:

Year of Tax	Tax Rate
* * *	* * *
2012	\$3.634
[2013 and each year thereafter]	[\$3.284]

(3) For tax year 2013 and thereafter:

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(a) The Tax Rate shall be calculated by dividing the Target Revenue Number by the Total Net Taxable Assessed Value.

(.1) The Target Revenue Number shall be \$662,705,872.

(.2) Total Net Taxable Assessed Value shall be calculated by adding together the Net Taxable Assessed Value of all taxable real property in the City, as returned by the Office of Property Assessment and as calculated pursuant to subsection (b) below, as certified by the OPA on or before November 15 of the year preceding the tax year. Taxable real property shall include only properties, or portions of properties, not subject to exemption from or abatement of real estate tax.

(b) The tax imposed by the Board of Education shall be calculated, for all taxable real estate, by multiplying the Tax Rate by the Net Taxable Assessed Value of the property. Net Taxable Assessed Value shall be calculated by subtracting the amount of Homestead Exclusion, if any, provided for in § 19-1301.1, from the Taxable Assessed Value, as defined below, but in no event may Net Taxable Assessed Value be less than zero.

(.1) For tax year 2013: Taxable Assessed Value shall be calculated by adding together (i) two times the certified market value used by the OPA in calculating the assessed value returned by the OPA in 2011 for tax year 2012; and (ii) the certified market value used by the OPA in calculating the assessed value returned by the OPA in 2012 for tax year 2013; and dividing that sum by three.

(.2) For tax year 2014: Taxable Assessed Value shall be calculated by adding together (i) the certified market value used by the OPA in calculating the assessed value returned by the OPA in 2011 for tax year 2012; and (ii) two times the certified market value used by the OPA in calculating the assessed value returned by the OPA in 2013 for tax year 2014; and dividing that sum by three.

(.3) For tax year 2015 and thereafter: Taxable Assessed Value shall equal the assessed value returned by the OPA in the year immediately preceding the tax year.

(.4) OPA stands for the Office of Property Assessment.

(.5) In the event a court of competent jurisdiction enters a final order from which all appeals have been exhausted, determining that City Council lacked the authority to authorize, or the Board of Education lacked the authority to impose, taxes based on certified market value, then, in calculating Taxable Assessed Value, the

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quotient produced by dividing the assessed value by the established predetermined ratio used to determine the assessed value shall be used instead of certified market value.

[(3) If the Commonwealth of Pennsylvania fails to provide legislation enabling City Council to enact Bill No. 131, introduced April 26, 1984, providing for the imposition of Business Privilege Taxes for Fiscal Year 1985, or if City Council fails to adopt Bill No. 131 for Fiscal Year 1985, the rate of tax shall be two (2) dollars and four and one-half (4 1/2) cents for the year 1985.]

(4) In the event that a court of competent jurisdiction enters a final order from which all appeals have been exhausted, determining that City Council lacked the authority to [impose this rate effective July 1, 1988 for the year 1989, the rate shall revert to two dollars twenty-nine and one-half cents (\$2.29 1/2) on each one hundred (\$100) dollars of taxable real property for the year 1989.] *authorize, or the Board of Education lacked the authority to impose, the tax in the manner set forth in subsection (3), then, except as provided in subsection (3)(b)(.6), above, the tax on real property for tax year 2013 and thereafter shall be calculated by multiplying a Tax Rate of Fifteen One-Thousandths (0.015) by the assessed value of taxable real property; for purposes of this subsection, "assessed value" shall mean the assessed value returned by the OPA in the year immediately preceding the tax year, minus any homestead exclusion provided for in § 19-1301.1, if allowed.*

§19-1801.1. Homestead Exclusion.

(1) Any homestead exclusion provided for by § 19-1301.1 with respect to City real estate tax shall apply to the same extent and in like manner to any tax on real estate imposed by the Board of Education pursuant to § 19-1801, above.

Explanation:

[Brackets] indicate matter deleted.
Italics indicate new matter added.

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