City of Philadelphia

City Council
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Title: Amending Title 19 of The Philadelphia Code, entitled “Finances, Taxes and Collections,” by adding a new Chapter 19-4600, entitled “Low-Income Tax Provisions,” providing for the refund or forgiveness of real estate tax liability of certain low-income residents attributable to real estate tax increases and increases in the assessed value of the taxpayer’s homestead, under certain terms and conditions.

Sponsors: Councilmember Gauthier, Councilmember Landau, Councilmember O'Rourke, Councilmember Brooks, Councilmember Gilmore Richardson, Councilmember Lozada, Councilmember Squilla

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Date	Ver.	Action By	Action	Result	Tally
6/14/2024	0	MAYOR	SIGNED		
6/6/2024	0	CITY COUNCIL	READ AND PASSED	Pass	17:0
5/16/2024	0	CITY COUNCIL	READ AND ORDERED PLACED ON NEXT WEEK'S SECOND READING CALENDAR		
5/16/2024	0	CITY COUNCIL	ORDERED PLACED ON THIS DAY`S FIRST READING CALENDAR		
5/16/2024	0	CITY COUNCIL	SUSPEND THE RULES OF THE COUNCIL		
5/13/2024	0	Committee on Finance	HEARING NOTICES SENT		
5/13/2024	0	Committee on Finance	HEARING HELD		
5/13/2024	0	Committee on Finance	REPORTED FAVORABLY, RULE SUSPENSION REQUESTED		
2/1/2024	0	CITY COUNCIL	Introduced and Referred		

Amending Title 19 of The Philadelphia Code, entitled “Finances, Taxes and Collections,” by adding a new Chapter 19-4600, entitled “Low-Income Tax Provisions,” providing for the refund or forgiveness of real estate tax liability of certain low-income residents attributable to real estate tax increases and increases in the assessed value of the taxpayer’s homestead, under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Title 19 of The Philadelphia Code, entitled “Finances, Taxes and Collections,” is hereby amended by adding a new Chapter 19-4600 to read as follows:

CHAPTER 19-4600. LOW-INCOME TAX PROVISIONS

§ 19-4601. Declaration of Policy.

(1) The General Assembly of the Commonwealth of Pennsylvania, pursuant to powers granted by Section 2(b)(ii) of Article VIII of the Constitution of the Commonwealth of Pennsylvania, as enabled in 72 P.S. § 4728.101 - § 4728.205, which provides for the establishing as a class or classes of taxation the property or privileges of persons who because of poverty and age are determined to be in need of special tax provisions, has enacted the Affordable Housing Unit Tax Exemption Act of 2022, which act, subject to certain limitations, authorizes local taxing authorities of the Commonwealth of Pennsylvania to provide, by ordinance, for special tax provisions for real estate taxes.

(2) The Council of the City of Philadelphia, having determined that there are persons within this City whose incomes are such that imposition of the full amount of real estate taxes on such persons deprives them and their dependents of the bare necessities of life and having further determined that poverty is a relative concept inextricably joined with actual income and the number of people dependent upon such income, deems it to be a matter of public policy to provide tax provisions to relieve the economic burden of that class of persons hereinafter designated.

§ 19-4602. Definitions

As used in this Chapter:

(1) Homestead.

(a) A dwelling used as a home, occupied by a taxpayer as a primary residence.

(b) The term includes:

(i) A mobile home which is assessed as realty for local property tax purposes and the land upon which the mobile home is situated and other similar living accommodations, as well as a part of a multi-dwelling or multi-purpose building and a part of the land upon which it is built to the extent that the eligible taxpayer is chargeable by the City for property taxes.

(ii) A premise occupied by an eligible taxpayer if the eligible taxpayer is required by law to pay a property tax by reason of the taxpayer's ownership or rental (including a possessory interest) in the dwelling, the land, or both. As used in this subparagraph:

(A) The term "by law" shall not include a contractual obligation between the eligible taxpayer and a person who would otherwise be responsible to the City for the amount of the tax.

(B) An owner includes a person in possession under contract of sale, deed of trust, life estate, joint tenancy or tenancy in common.

(2) Low-income taxpayer.

(a) For tax year 2025 and thereafter, a taxpayer whose income does not exceed the "maximum annual income" allowable for an "eligible claimant" to participate in the Commonwealth's program for Pharmaceutical Assistance Contract for the Elderly Needs Enhancement Tier ("PACENET") established under Chapter 5 of the State Lottery Law, 72 P.S. §§ 3761-501 et seq.

(b) For purposes of this Section, "income" shall be defined as it is in Chapter 5 of the State Lottery Law.

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(3) Real estate taxes. All taxes on a homestead imposed or authorized to be imposed pursuant to Sections 19-1301 and 19-1801.

§ 19-4603. Tax Provisions for Impoverished Residents, Refund or Forgiveness of Real Estate Taxes.

(1) For the tax year 2025 and each year thereafter taxpayers who meet the standards of eligibility established by this Chapter shall be deemed a separate class of subjects of taxation and, as such, shall be entitled to the benefit of the provisions of this Chapter.

(2) Eligible taxpayers shall be entitled to a refund or forgiveness of real estate taxes which have been paid over to (or would except for the provisions of this Chapter be payable to) the City and School District of Philadelphia for real estate taxes under the provisions of Sections 19-1301 and 19-1801, in accordance with the following provisions:

> *(a) A low-income taxpayer shall be entitled to a refund or forgiveness of that part of the low-income taxpayer's real estate tax liability attributable to a real estate tax rate increase or an increase in the assessed value of the taxpayer's homestead occurring after the effective date of this Chapter.*
>
> *(b) If a taxpayer who had previously been eligible to receive a refund or forgiveness of real estate taxes under this Chapter is no longer eligible by reason of failing to meet the low-income requirement provided for herein, the taxpayer shall be billed and shall pay real estate taxes at the then current real estate tax rate and assessed value. If a taxpayer reestablishes eligibility by meeting the low-income requirement in subsequent tax years, the amount of real estate taxes that the taxpayer is then eligible to have refunded or forgiven is that part of the real estate tax liability attributable to any real estate tax rate increase or an increase in the assessed value of the taxpayer's homestead occurring no earlier than the calendar year prior to the tax year for which the taxpayer reestablishes eligibility.*

(3) If a homestead is owned for only a portion of a year or is owned in part by a person who is not a low-income taxpayer, the Department shall apportion the real estate taxes in accordance with the period or portion of ownership of the eligible taxpayer in determining the amount of refund or forgiveness for which a taxpayer is eligible.

§ 19-4604. Application; Proof of Claim.

(1) An application for real estate tax refund or forgiveness of taxes shall be filed with the Department on or before the thirty-first day of January of the calendar year in which real estate taxes are due and payable. Only one taxpayer for each homestead shall be entitled to the real estate tax refund or forgiveness of taxes. If two or more persons residing at any homestead meet the qualification for a real estate tax refund or forgiveness of taxes, they may determine among themselves who shall receive the refund or forgiveness of taxes. If they are unable to agree, the Department shall determine to whom the refund or forgiveness of taxes is to apply.

> *(a) The Department is authorized to grant exceptions to the deadline provided in subsection (1) upon provision by an owner of real property of evidence of hardship or evidence of other good cause, at its discretion. The Department shall promulgate such regulations and forms as are deemed necessary to effectuate the purpose of this subsection. The Tax Review Board is authorized to review any adverse final determination by the Department relating to an individual's application for an exception, in like manner and with the same effect as a petition for review, as provided in Chapter 19-1700.*

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(2) Each application shall include reasonable proof of taxpayer income, the location and nature of the property claimed as a homestead and the tax bill or receipt for the real estate taxes owed or paid in connection with the occupancy of the homestead. It shall not be necessary that real estate taxes are paid directly by the taxpayer.

§ 19-4605. Rules and Regulations.

(1) The Department may prescribe such rules, regulations, schedules or procedures as it deems necessary for the submission and establishment of proof of the eligibility of taxpayers for the tax provisions or other matters relating to the provisions of this Chapter including, but not limited to, rules and regulations to establish forms and/or procedures:

(a) to make application for tax provisions relating to refunds or forgiveness of real estate taxes;

(b) to obtain recognition as a low-income taxpayer; and

(c) to provide rules for the proper calculation of the tax provision of this Chapter in specific situations, including, but not limited to, cooperative buildings.

§ 19-4606. Prohibited Conduct: Penalties and Additions.

(1) No taxpayer shall intentionally make any false statement when making application for eligibility to receive the benefit of the tax provisions of this Chapter. If it is determined that a taxpayer made application for the tax provisions on the basis of a false statement the eligibility for the tax provisions is null and void and the applicant shall be required to pay the City outstanding tax liability and any additions, interest or penalties computed as if the taxpayer had never been granted tax provisions.

§ 19-4607. Review by Tax Review Board.

(1) The Tax Review Board is authorized to review any adverse final decision or determination of the Department relating to a taxpayer's initial and continued eligibility for the tax provisions as provided herein, in like manner and with the same effect as a petition for review, as provided in Chapter 19-1700.

§ 19-4608. Effect of Reduction in Tax Rates or Property Assessment.

(1) As used in this Section:

(a) Program refers to the low-income tax provision authorized by this Chapter.

(2) If a reduction in tax rates or a reassessment of property for the next calendar year would cause the taxes owed by a current participant in the program to be lower in the next calendar year than the level at which such taxes are currently frozen but for the low-income tax provision, then the participant's application on file with the Department shall be deemed a re-application to participate in the program beginning the next calendar year at the lower amount of tax. No additional application shall be required for the purpose of benefiting from the reduced tax rate or reassessment.

(3) With respect to a taxpayer whose real estate taxes have been frozen for the current calendar year pursuant to this Chapter: Before sending such taxpayer a bill for real estate taxes due for the next calendar year, the Department shall compare the amount of taxes due for the current calendar year under the program to the amount that would be due for the next calendar year as if the taxpayer were first applying to participate in the

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program for the next year, and shall bill the taxpayer for the lesser amount.

(a) In performing this calculation, the Department shall take into account the homestead exemption authorized by Section 19-1301.1. If the taxpayer has not filed an application for that exemption, the Department shall, for the purposes of determining the taxes due under this Chapter, treat the most recently approved application for the tax provision authorized by this Chapter as a completed homestead exemption application.

(4) The Department shall provide taxpayers with the following information:

(a) A clear explanation of the provisions in subsection (2) and the calculation performed pursuant to subsection (3);

(b) An explanation that, so long as the taxpayer remains an active, approved participant in the program authorized under this Chapter, if he or she receives a notice of an increased property assessment, that increase will not trigger an increase in taxes due; and

(c) Notification that the taxpayer should formally apply for the homestead exclusion provided for in Section 19-1301.1 if he or she has not already done so, along with a copy of the application.

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