



Property Tax Relief UPDATE FOR SENIORS

FROM STATE SENATOR DOMINIC F. PILEGGI

Dear Friend:

Rising property taxes are a concern for all homeowners, but particularly for seniors on a low or fixed income. I've been working with my colleagues in the Senate and House to craft a tax reform law that will provide the opportunity for substantial reductions in property taxes for all homeowners within the next year. This historic expansion of the Property Tax and Rent Rebate Program will increase rebate payments for seniors by \$200 million and add over 400,000 new claimants.

The Pennsylvania Taxpayer Relief Act will do just that – in addition to providing expanded tax relief for eligible seniors.

The new law gives taxpayers in each school district the option to increase the Earned Income Tax (EIT) rate in exchange for a reduction in their property taxes through a referendum question on the Spring 2007 ballot.

Under the law, the minimum property tax reduction offered in the referendum will be at least 50 percent of the maximum homestead exclusion. This would mean real savings to Pennsylvania families. In this senatorial district, the average property taxpayer will see a 23.8% reduction in property taxes if the local referenda are approved.

Just as important, voters in each school district will have the authority to vote "yes" or "no" on any school property tax increase that exceeds an inflation rate.

Unlike other plans that sought to increase the state personal income tax or increase the sales tax, this law gives local communities the first word in determining whether to switch to a new school tax system and the last word in deciding on future property tax increases.

Sincerely,

A handwritten signature in blue ink that reads "D. Pileggi". The signature is stylized and written in a cursive-like font.

The Pennsylvania Taxpayer Relief Act has four major benefits to taxpayers:

- It doubles the size of the Property Tax and Rent Rebate Program for low-income seniors in Pennsylvania.
- It provides the opportunity for significant school real estate tax relief.
- It implements the backend referendum – voter controls on future property tax increases – to give taxpayers the final say.
- It allows voters in a school district to vote to switch from a property tax to an earned income tax.

Increasing the Property Tax Rent Rebate will provide significant tax relief for many older Pennsylvanians. This Lottery-funded program – one of the most successfully operated by the state on behalf of senior citizens – is a substantial source of assistance to older people burdened by high rent or skyrocketing property taxes.

Under the program, a person living on a limited income may be eligible to receive a refund of some part of the money he or she paid for property taxes or rent during the previous calendar year. The income guidelines were changed a few years ago by the Legislature to help those who were pushed out of the program by small Social Security increases. The change that was enacted, with my strong support, allows senior citizens to exclude 50 percent of their Social Security/Railroad Retirement income when

determining annual income for eligibility purposes. The program is open to state residents age 65 or older; widows and widowers age 50 or older; and permanently disabled persons age 18 and over who meet the Social Security disability requirements.

Under the new law, the eligibility limits for the Property Tax and Rent Rebate Program will be raised significantly. The current income limit will rise from \$15,000 to \$35,000, providing tax relief to an estimated 400,000 more Pennsylvanians. The maximum benefit will also increase, providing an additional \$200 million in rebate payments.

The funding will be permanent, meaning that many more seniors will have reduced tax bills.

I believe this new law is the best for Pennsylvania for a number of reasons.

- The Taxpayer Relief Act allows taxpayers to go to the ballot box and directly influence the taxing and spending decisions of their school districts.
- The Taxpayer Relief Act allows taxpayers in Pennsylvania’s diverse communities to design tax systems that reflect their local goals and attitudes. What’s more, local tax dollars stay in local school districts and do not get rerouted to Harrisburg.
- The law gives local taxpayers and officials the flexibility to reduce the reliance on property taxes in favor of a system based upon ability to pay – a system that will benefit retirees and others on fixed incomes.

Property Tax/Rent Rebate Program Under Expanded Program

SUMMARY

Household Income Range	Maximum Assistance	Estimated Number of Claimants	Total Property Tax/Rent Assistance	Average Assistance per Claim
\$0 – \$8,000	\$650	263,255	\$147,327,107	\$560
\$8,001 – \$15,000	\$500	223,881	\$105,635,892	\$472
\$15,001 – \$18,000	\$300	59,083	\$17,469,941	\$296
\$18,001 – \$35,000	\$250	214,800	\$53,155,536	\$247
TOTAL		761,019	\$323,588,476	\$425

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