



# Property Tax Relief UPDATE FOR SENIORS

FROM STATE SENATOR ROBERT D. ROBBINS

Dear Friend:

Rising property taxes are a concern for all homeowners, but are an extraordinary burden for seniors on a low or fixed income.

While it is extremely difficult to enact legislation completely eliminating property taxes, the General Assembly has passed and the Governor has signed into law the Pennsylvania Taxpayer Relief Act – a law that will provide for substantial reductions in property taxes for all homeowners while expanding the popular Property Tax and Rent Rebate Program for senior citizens.

The expansion of the Property Tax and Rent Rebate Program will increase rebate payments for seniors (see chart) by \$200 million and add over 400,000 new claimants.

The new law gives taxpayers in each school district the option to increase the local 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 new 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 Butler, Crawford, Lawrence and Mercer Counties, the average property taxpayer will see a 28% 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 future school property tax increases that exceed the rate of inflation.

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.

I believe that this new law is a solid step in providing tangible property tax relief – with a focus on assisting seniors on low or fixed incomes.

Sincerely,

A handwritten signature in blue ink that reads "Bob Robbins". The signature is written in a cursive, flowing style.

Bob

**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 program 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 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.

Additionally, the Taxpayer Relief Act:

- Allows taxpayers to go to the ballot box and directly influence the taxing and spending decisions of their school districts.
- 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.
- 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
<b>TOTAL</b>		<b>761,019</b>	<b>\$323,588,476</b>	<b>\$425</b>

**Senator Robert D. Robbins**

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