



July 10, 2006

# EDUCATION LAW WATCH

## Act 1 Slot Money, Tax, and Referendum Legislation Overview

### Homeowner Mailing By December 31

There is a chance homeowners will receive real estate tax reduction in 2007 – either from slot money, or from the mandatory May 2007 referendum on tax shifting from real estate to earned income tax. This means that despite many prior false starts, it is important for the first time that homeowners file and obtain approval of a homestead exclusion application form.

Act 1 includes a requirement for school districts to notify homeowners concerning the application deadline. Specifically, Act 1 § 341(b) states that no later than 60 days before each March 1, school districts “shall notify, by first class mail, the owner of each parcel of residential property within the district of the existence of the school district’s homestead and farmstead exclusion program,

the need to file an application in accordance with 53 Pa. C.S. § 8584(a) in order to qualify for the program, and the application deadline.” In most years, 60 days before March 1 is December 31.

*Accordingly, the second Act 1 priority (after launching Tax Study Commission steps) is for school districts to gear up for the required homeowner mailing.* This includes drafting a homeowner notification form, obtaining homeowner lists from the County assessment office, and making mailing arrangements.

The Act 1 homeowner notification requirements are identical to Act 72, with two exceptions. The first exception is that Act 72 required school districts to include with the notice a copy of the homestead exclusion application form; Act 1 is silent, leaving this as a school district option. The second is that Act 1 grandfathers homestead applications filed under Act 72, so that homeowners who filed under Act 72 are not required to file again.

Many school districts in 2004 arranged Act 72 homeowner notices through standard forms and procedures implemented by the Intermediate Unit. In any event, whether through the IU or not, school districts should now commence steps to ensure the required mailing, including drafting the notification letter, decision on whether to include an application form, and plans for mailing logistics.

As with 2004 Act 72 mailings, school districts must depend on information from the County assessment office for the required mailings, and close coordination will be required with the assessment office.



***Act 1 requires that the mailing be made to all residential property owners, except those who are already approved and whose approval is not due to expire in the subsequent year (2007).***

The property owner must file an application by March 1 with the County assessment office.

The County assessment office makes a decision on the application within 30 days of receipt, and is required no later than May 1 to give the school district a listing of approved homestead and farmstead properties and the assessed values of each.

As with Act 72, Act 1 states that, except where there has been a change in use, the assessment office may not require the owner of a previously approved property to resubmit an application more than one time every 3 years. This means that approval of a property will last at least 3 years. Subject to this minimum 3-year time period, the County assessment office must establish a policy concerning how long property approvals will last.

KKAG believes the statute requires that approval of a property applies to subsequent property owners. However, the Pennsylvania Association of County Commissioners previously took the position that homestead and farmstead approvals do not apply to a subsequent property owner after property transfer. Accordingly, this issue remains unresolved, and it is possible different counties will follow different interpretations on this point.

As with so many aspects of the predecessor Acts 50 and 72, taxpayers will likely be confused and skeptical about Act 1. This will be at least the third time taxpayers have been advised to file a homestead exclusion application. Since the two prior occasions did not result in any homestead tax reduction, many taxpayers are likely to doubt the reality and importance of the new mailing. With this background, school districts should not only undertake the required mailing, but should look for other opportunities to engage in public outreach by providing explanation of Act 1 and urging that homestead exclusion application forms be filed if not previously filed and approved.

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We hope you find this issue of KKAG's Education Law Watch helpful and informative. Please understand that the Law Watch is designed to provide information about current developments and required actions. It does not constitute legal advice, and school districts should consult a lawyer knowledgeable in this area of the law prior to taking specific actions on the issues addressed. If you have any questions regarding any education law matter, including the issues discussed in this newsletter, please do not hesitate to contact us.