

The following are amendments made to Section 407, entitled “*Exemptions for Longtime Owner-Occupants of Residential Properties*”, and to Section 501, entitled “*Senior Citizen Low Income Special Tax Provisions*”, of the City of Philadelphia – Department of Revenue’s Real Estate Tax Regulations to reflect changes due to the enactment of City Council Bill Numbers 181103 and 190004 respectively.

CITY OF PHILADELPHIA
DEPARTMENT OF REVENUE

REAL ESTATE TAX REGULATIONS FOR CITY OF PHILADELPHIA AND SCHOOL
DISTRICT OF PHILADELPHIA

ARTICLE I
GENERAL PROVISIONS

Section 101. Definitions.

The following words and phrases when used in these regulations shall have the meanings given to them in this Section unless specifically provided otherwise or unless the text clearly indicates otherwise:

ARTICLE IV

DISCOUNTS AND ADDITIONS TO TAX; EXEMPTIONS FROM REAL ESTATE TAXES

Section 407. Exemptions for Longtime Owner-Occupants of Residential Properties

(a) Definitions. For purposes of this Section, the following definitions shall apply:

(b) Eligibility for Exemption of Real Property Taxes.

- (1) Real property shall be eligible for the exemptions provided for under Chapter 19-3900 of the Code if it meets all of the following conditions:

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- (A) The property is owned and occupied by a Longtime Owner-Occupant on January 1 of the tax year.
- (B) The property is the Principal Residence and domicile of the Longtime Owner-Occupant.
- (C) The property is located in an eligible long-established residential area or area of deteriorated, vacant or abandoned homes and properties as defined by Section 19-3904 of the Code and subsection (c) of this Section.
- (D) All real estate taxes on the property are current or subject to a payment agreement that is not in default, except in the following circumstances:
 - (i) A taxpayer shall not be found ineligible pursuant to this paragraph while the taxpayer has an application for a payment agreement pending determination by the Department.
- (E) **(i) For applications filed in or before calendar year 2018:** The property has not previously received an abatement of taxes under § 19-1303(2), § 19-1303(3), § 19-1303(4) or § 19-1303(5) of the Code or under Section 402, Section 403, Section 404, or Section 405 of these regulations.
- (ii) For applications filed in or after calendar year 2019:** **The property has not received an abatement under § 19-1303(2), § 19-1303(3), § 19-1303(4) or § 19-1303(5) of the Code (or under Section 402, Section 403, Section 404, or Section 405 of these regulations) during the time in which the property was owned by the current owner or, where the owner qualifies as an owner under 19-3903(3)(d) or (e), during the time in which the property was owned by the spouse, life partner, parent, stepparent, child, brother, sister, aunt, uncle grandparent or step-grandparent from which the current owner acquired the property.**
- (iii)** This condition of eligibility shall not apply to a property the owner of which received or benefited from assistance provided in connection with the acquisition of the property as part of a government or nonprofit subsidized low or moderate income housing program.
- (F) For each year, the total household income is less than or equal to one hundred fifty percent (150%) of the Area Median Income, adjusted for household size, as established by the U.S. Department of Housing and Urban Development (“HUD”) in its most recent publication for Philadelphia County.

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EXAMPLE: Area Median Income for Philadelphia County as determined by HUD for Fiscal Year 2013 is \$79,200;

Household Size	1	2	3	4	5	6	7	8
Maximum Income (150% of Area Median Income)								
	\$83,200	\$95,050	\$106,950	\$118,800	\$128,350	\$137,850	\$147,350	\$156,850

(G) Where the owner is not the owner of record, the owner makes a good faith effort to obtain record title within three years of applying for the exemption provided for by this section, Upon a determination that the owner has not made the required good faith effort, the OPA may notify the owner in writing that the exemption is being revoked; provided that, the OPA shall not revoke an exemption unless the OPA had previously notified the owner in writing of this obligation at the time of the owner's application or thereafter, and at least three years prior to the revocation.

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(2) The OPA may request, at its discretion, that an owner submit documentation for proof of eligibility i.e., ownership, residency.

(c) Eligible Areas.

(1) The following areas of the City are hereby declared to be established residential areas or areas of deteriorated, vacant or abandoned homes and properties:

(A) All wards of the City.

(d) Benefit Determinations.

(1) For purposes of calculating City and School District real estate taxes, upon application pursuant to paragraph (3) of this subsection: [.]

(A) **I**[i]f the Certified Market Value of an eligible property for any tax year **through and including 2018**, minus any Homestead Exclusion, is more than three times the Certified Market Value of such property for the immediately preceding tax year, then the Certified Market Value of such property for such tax year shall be deemed to equal three times the Certified Market Value of

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such property for the immediately preceding tax year, and no further Homestead Exclusion shall be allowed.

(B) If the certified market value of an eligible property for any tax year after tax year 2018, minus any homestead exclusion, is more than one and a half (1.5) times the certified market value of such property for the immediately preceding tax year, then the certified market value of such property for such tax year shall be deemed to equal one and a half (1.5) times the certified market value of such property for the immediately preceding tax year, and no further homestead exclusion shall be allowed; provided that:

(i) For Tax year 2019 only: the taxes exempted by this subparagraph (B) shall be paid in full in tax year 2019, as if there were no exemption, and shall be credited against the taxes owing by the taxpayer for tax year 2020; provided, further, that, if the property is no longer the principal residence and domicile of the long-time owner occupant on January 1, 2020, no credit shall be provided and the credit shall immediately expire.

(C) For purposes of this subsection, [R] regardless of whether the property is subsequently assessed at a lower or higher market value, the foregoing deemed Certified Market Value shall remain the deemed Certified Market Value as long as the eligible taxpayer remains eligible, until such property is sold, transferred or is no longer the Principal Residence of the eligible taxpayer, or until the eligible taxpayer voluntarily opts out of the program.

(2) Opting out of the program. An eligible taxpayer who is participating in the program authorized by [this] Chapter 19-3900 of the Code may subsequently opt out of the program, provided that such election shall be irrevocable with respect to the property being removed from the program. A taxpayer who opts out of the program may then apply for a homestead exclusion with respect to such property, which shall be evaluated according to the provisions of Section 19-1301.1 of the Code.

EXAMPLE 1

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EXAMPLE 3

The CMV of the taxpayer's property (Principal Residence) for Tax Year 2014 is \$300,000 and the Homestead Exclusion is \$30,000; the CMV for Tax Year 2013 is \$100,000. Determination of the benefit would be as follows:

- o $\$300,000 - \$30,000 = \$270,000$; $\$270,000/\$100,000 = 2.7$
- o The property is not eligible because the CMV for the property for Tax Year 2014 minus the Homestead Exclusion is not more than three times the CMV of such property for Tax Year 2014. The property cannot be enrolled in LOOP but the taxpayer can still take advantage of the Homestead Exclusion.

EXAMPLE 4 – For Tax Year 2019 only

The CMV of the taxpayer's principal residence for Tax Year 2018 was \$300,000. The CMV for Tax Year 2019 is \$520,000 and the Homestead Exclusion is \$40,000.

Determination of the tax benefit is as follows:

- o **$\$520,000 - \$40,000 = \$480,000$; $\$480,000/\$300,000 = 1.6$**
- o **The property is eligible for the benefit since the 2019 CMV less the Homestead Exclusion (i.e. \$480,000) is more than one and a half (1.5) times the CMV of the property for Tax Year 2018 (i.e. $\$300,000 * 1.5 = \$450,000$). However, as required under subparagraph 1(B) of this subsection, the Real Estate Tax for 2019 will be paid in full (as if the benefit did not exist) based on the taxable value of \$480,000 (\$520,000 CMV - \$40,000 Homestead Exclusion). The $\$480,000 - \$450,000 = \$30,000$ benefit that was not used in Tax Year 2019 will be credited to Tax Year 2020 provided that the property remains to be the principal residence of the long-time owner occupant on January 1, 2020. However, the new CMV for Tax Year 2019 is \$450,000**

(3) [(2)] The Department of Revenue shall provide notice prior to the annual property tax bill to each taxpayer who could benefit from applying for or opting out of the program, including:

(A)[(a)] A notice clearly describing the program authorized by this Chapter;

(B)[(b)] The steps a taxpayer must take to enter into the program and the deadline for doing so;

(C)[(c)] The steps a taxpayer must take to opt out of the program and thereafter apply for a homestead exemption, and an explanation that if the taxpayer opts out, the real estate taxes due on the property will thereafter be

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based on its actual certified market value (minus any homestead exemption, if any); and

(D)[(d)] An application for and an opt-out form, which may be combined into one form. The Department and the OPA shall post a downloadable version of the application and opt-out forms on their respective websites.

(4) [(3)] Except as otherwise provided in this subsection, no later than February 17 of each tax year, the owner of any property that meets the criteria set forth in Section 19-3903 of the Code – and subsection (b) of this Section – and who wishes to participate in the program must apply to the OPA for certification as a participant in the program. (See subsection (e).)

(A) Effective October 1, 2014, the OPA, at its discretion, is authorized to grant

(B) Extended deadline for first year of the program. An owner of property who would have been eligible for the exemption of real property taxes beginning in Tax Year 2014, but who failed to submit an application by February 17, 2014, shall be deemed to have submitted a timely application if such application is submitted no later than February 17, **[2015] 2021**, subject to the following:

- i. The owner must be eligible for the exemption as of the date the application is actually submitted;
- ii. If the OPA approves an application pursuant to subsection 19-3905 (3)(b) of the Code and subsection (d)(3)(B) of this Section, the resulting "deemed certified market value" shall first take effect with respect to taxes due on or after the date a timely application is filed, **but no sooner than tax year 2020**, and shall remain the deemed certified market value no longer than an exemption applied for on or before February 17, 2014;
- iii. If the total City and School District taxes exempted pursuant to subsection 19-3905(3)(b) of the Code and subsection (d)(3)(B) of this section, for any tax year, as certified by the Department no later than forty-five days after the deadline for applications under this subsection, when added to the total City and School District taxes already exempted pursuant to this Section for such tax year, exceeds **[twenty million dollars (\$20,000,000)], the maximum**

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exemptions permitted pursuant to subparagraph (6), below, the exemptions allocated pursuant to subsection 19-3905(3)(b) of the Code and subsection (d)(3)(B) of this section shall be allocated among all eligible taxpayers on a pro rata basis so that the total taxes exempted do not exceed [~~\$20,000,000~~] such maximum; and

- iv. Each exemption authorized pursuant to subsection 19-3905(3)(b) of the Code and subsection (d)(3)(B) of this Section, shall in all other respects be subject to the requirements of Chapter 19-3900 of the Code.

(C) For tax year 2019 only, a property owner shall have until June 30, 2019, to apply to OPA for certification as a participant in the program.

(5) [(4)] The OPA shall approve or deny the application and shall determine the exemption amount to which the Longtime Owner-Occupant is entitled. The OPA may also deny the application for lack of complete documentation with leave to refile within a stated period of time. This may include requiring recertification of income eligibility under Section 19-3903(1)(f).

(6) [(5)] Nothing in this Section and Chapter 19-3900 of the Code shall be construed as a limitation on the eligibility or the amount of any special tax provisions of any Longtime Owner-Occupant who qualifies for the special tax provisions established in Chapter 19-2900 of the Code entitled "Senior Citizen Low Income Special Provisions".

(7) [6] (A) If, for any tax year through and including tax year 2018, the total City and School District of Philadelphia taxes exempted pursuant to the foregoing on all properties in the City, as certified by the Department no later than forty-five days after the deadline for applications under Chapter 19-3900 of the Code, are in excess of twenty million dollars (~~\$20,000,000~~) then, notwithstanding subsection 19-3905(1) of the Code and this subsection, the exemptions shall be allocated among all eligible taxpayers on a pro rata basis so that the total taxes exempted do not exceed \$20,000,000.

(B) If, for tax year 2019 or any tax year thereafter, the total City and School District taxes exempted pursuant to the foregoing on all properties in the City, as certified by the Department no later than forty-five days after the deadline for applications under

this Section, are in excess of twenty-five million dollars (\$25,000,000) then, notwithstanding subsection (d) above, the exemptions shall be allocated among all eligible taxpayers on a pro rata basis so that the total taxes exempted do not exceed \$25,000,000; provided that, for tax year 2019 only, this five million (\$5,000,000) increase in the maximum taxes exempted shall be applied instead to the following tax year, so that the total taxes exempted for tax year 2020 only shall not exceed thirty million dollars (\$30,000,000).

ARTICLE V

SPECIAL TAX PROVISIONS

Section 501. Senior Citizen Low Income Special Tax Provisions.

(c) Application; Proof of Claim.

- (1) Except as otherwise provided in this subsection, 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, **provided however, that for calendar year 2019, an application for real estate tax refund or forgiveness of taxes shall be filed with the Department or or before the 15th day of March**. 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.

Bold and Underline ___ denotes new matter.

Bold and Brackets [] denotes matter deleted.



Date: 4/29/19

Frank Breslin CPA, Revenue Commissioner

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