Homestead Exclusion Ballot Question FAQ
General Election - November 7, 2017

On November 7, Pennsylvania voters will have the opportunity to vote on a ballot question to expand the state’s existing Homestead Exclusion Program.

The proposed constitutional amendment would allow local taxing bodies to exclude from taxation up to 100% of the assessed value of owner-occupied homes.

My office has received a number of questions regarding this referendum, so I have compiled a FAQ sheet for your reference as you seek to make an informed decision on Election Day.

Q: What is the homestead exclusion program?

The Commonwealth’s existing homestead exclusion program provides for property tax reductions on owner occupied homes and farms. Currently, only a primary residence is eligible for property tax relief. The exclusion allows for exclusion from taxation of up to 50% of the median assessed value of a homestead.

While any local taxing authority (county, municipality or school district) can exclude property taxes through the homestead program, most Pennsylvania homesteads receive the exclusion through their local school district. To provide the exclusion, funds are needed to offset the property tax.

The homestead exclusion program offered by local school districts is funded through funds collected from the state’s casino industry.

Q: Why don’t I currently receive the 50% exclusion under the existing program?

The level of exclusion is based on the funds available. Currently, the only funds in the homestead exclusion program are those that come from the state’s casinos. Contrary to what some politicians claimed, and what I have always spoken against, casino revenue was not the answer to our state’s school property tax problem.

Please see the following explanation from the PA Department of Community & Economic Development:

Under a homestead or farmstead property tax exclusion, the assessed value of each homestead or farmstead is reduced by the same amount before the property tax is computed. Homeowners are not guaranteed a homestead or farmstead exclusion unless and until an additional income tax for purposes of granting a homestead or farmstead exclusion is approved by voter referendum or sufficient funds have been collected to permit property tax reduction allocations to be made by the Commonwealth.

Q: What are we being asked to consider on Election Day?

Voters are being asked whether the existing homestead program should be expanded to allow taxing bodies to exclude from taxation up to 100% of the assessed value of owner-occupied homes.

The exact language of the ballot question requires a “yes” or “no” response and will read as follows:

Shall the Pennsylvania Constitution be amended to permit the General Assembly to enact legislation authorizing local taxing authorities to exclude from taxation up to 100 percent of the...
assessed value of each homestead property within a local taxing jurisdiction, rather than limit the exclusion to one-half of the median assessed value of all homestead property, which is the existing law?

Q: Does this mean my school property taxes will be eliminated if I vote “yes”?

The answer is: “No, but…”

The ballot question simply asks whether voters will agree to expand the existing program. Period. It does not address funding.

However, in the big picture, this is a two-part process. If voters agree to approve the referendum question, the legislature will need to implement enabling legislation to expand the existing program. This is the point at which the state can provide increased revenue to reduce or to eliminate school property taxes on owner-occupied homes. The full 100% elimination is my goal.

The legislature cannot act unless given the greenlight through approval of the referendum.

Q: Why would I vote to expand the existing program if it is still left up to the school districts to decide whether to give me a reduction in or elimination of my property taxes?

If the ballot referendum passes, I am prepared to introduce enabling legislation that provides the revenue to eliminate school property taxes on owner-occupied homes. The legislation would designate the state as the taxing authority for collecting the revenue and providing elimination for homeowners. It would be statewide, not based on an individual school district.

Q: Where would the increased revenue come from to provide property tax relief through the homestead exclusion?

Similar to Senate Bill 76, I would support an increase in the personal income tax (PIT) to exclude from taxation school property taxes on owner-occupied residences. It is estimated that an approximate 1.5 to 1.6% increase in PIT would be sufficient to eliminate school property taxes on homesteads throughout the Commonwealth.

This is less than the amount of PIT required to eliminate school property taxes in Senate Bill 76 and does not increase or expand the sales tax. For the vast majority of my constituents, if not all, the increased amount of personal income tax is significantly less than the annual school property taxes paid.

In addition, seniors on fixed income do not pay personal income tax.

Q: How does this differ from Senate Bill 76?

Senate Bill 76, the Property Tax Independence Act, is the bill that provides for full elimination of school property taxes on all residential and commercial property by 1) increasing the personal income tax from 3.07% to 4.95% and 2) increasing the state sales tax to 7% and expanding the base of goods and services that are taxed.

The proposed referendum, if passed, would apply to owner-occupied residential properties (homesteads).

This referendum is not to replace SB 76, which I have co-sponsored and supported since its inception, but is merely a parallel track that addresses owner-occupied residential school property taxes before
moving to broader elimination. Even opponents of SB 76 have agreed that we need to do something to help individuals stay in their homes.

Q: Does the property tax referendum change the school funding formula or distribution of school funding?

No. This is simply an expansion of the existing homestead program.

Q: I am a renter. Why would I want to vote to expand this program?

The ballot referendum being considered is an expansion of the existing homestead exclusion program for owner-occupied homes. If the referendum goes through and accompanying enabling legislation providing the 100% reduction, homeownership would be more affordable for renters.

Q: Will a property tax remain in place to cover school debt?

You are confusing the homestead exclusion program with Senate Bill 76. With SB 76, a portion of school property tax does remain in place to address school district debt.

However, if the homestead exclusion program expands, it simply addresses the amount of school property tax you pay.

For example, say a homeowner pays $5,000 of school property taxes annually. If the PIT were increased to provide additional revenue to eliminate school property taxes through the homestead exclusion, that homeowner would simply see $5,000 cancelled out of their school property tax bill.