

# Property Tax Reduction – Approved Homestead/Farmstead How much am I going to receive?



## Each Year It Depends

Calculated on amount of Gaming Funds available (prorated by State) and # of approved Homesteads/Farmsteads

## Property Tax Bill

Reduction is reflected by reduced assessment. However, netted against property tax millage increase

Average Assessment 153,093  
-\$206.74 Act 1 Reduction  
\$145.44 Tax Increase  
-\$ 61.30 Decrease in Taxes

12/11/07	<b>Special Board Meeting</b>	Present Preliminary Budget
01/22/08	<b>Board Workshop</b>	Adopt Preliminary Budget and Exceptions
02/22/08	<b>Referendum</b>	Question to election officials if the district is seeking voter approval of a tax rate increase in excess of its index
02/27/08	<b>PDE</b>	Rules on district's exceptions
03/01/08	<b>Homesteads/Farmsteads</b>	Deadline for filing homestead/farmstead applications
04/22/08	<b>Primary Election Day</b>	
05/01/08	<b>County Assessors</b>	Certify number of approved homesteads/farmsteads
05/19/08	<b>Board Workshop</b>	<b>Present and approve Proposed final budget</b>
06/23/08	<b>Board Meeting</b>	Approve final budget, tax millage, and exclusion

# Overview – PA Tax Payers Relief Act (Act 1)

- Gambling Machines/Slots
- Expansion of Property Tax and Rebate Program
- Primary Election Referendum 2007 – “Do you favor reducing property taxes by imposing additional EIT rate ....”; Local Tax Study Commission; ballot defeated
- Mandatory Backend Referendum/Spending Controls
- Property Tax Installment Payments
- School Cost Study
- Accelerated Budget Process and Mandatory Time Lines
- Tax Limitations – State Index, Filing for Exceptions, etc.
- Distribution of Gambling Funds to Eligible Property Owners – Homestead/Farmstead Exclusion

## Important Dates Pertaining to Homesteads/Farmsteads

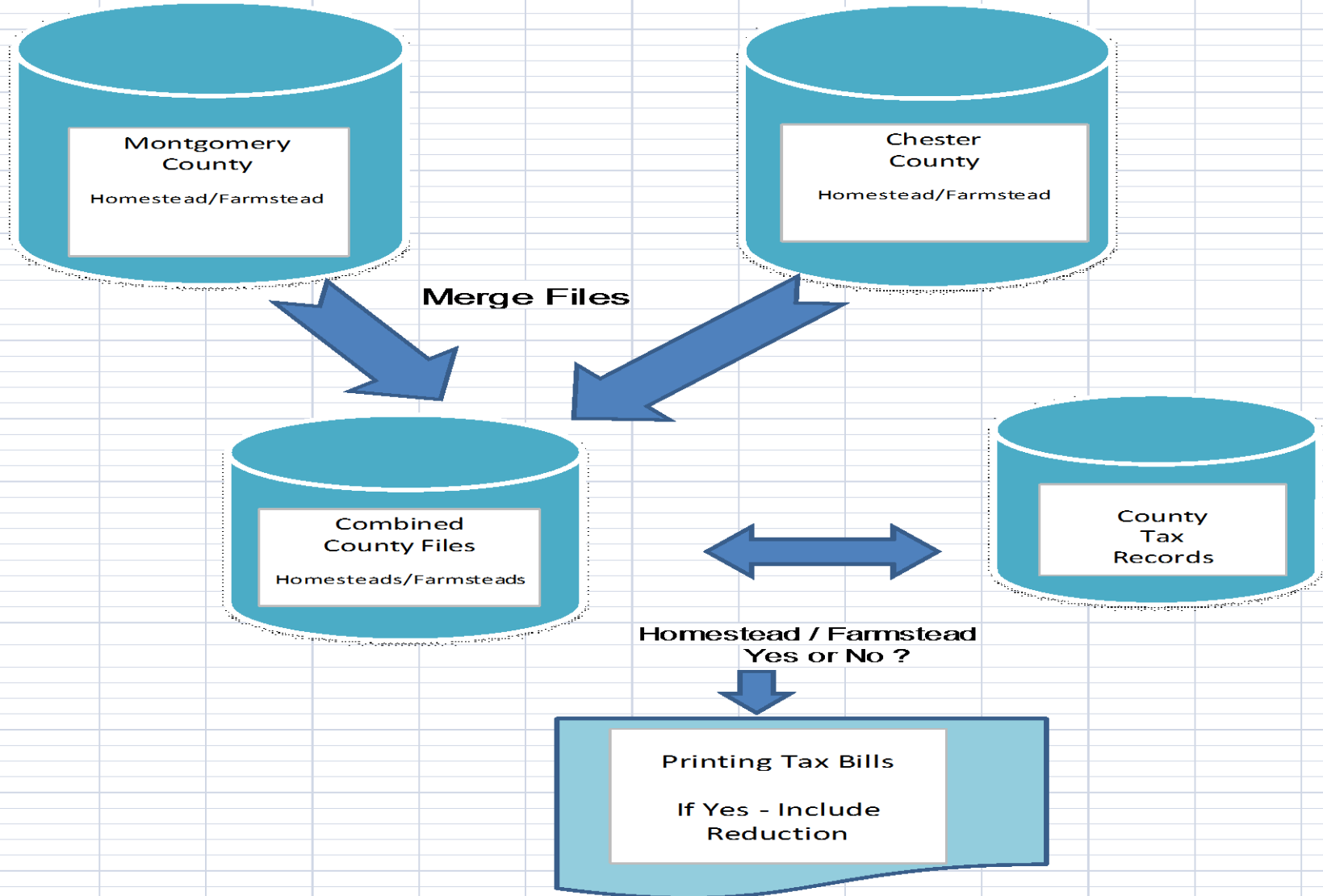
12/31/07 Deadline for school boards to notify property owners of the homestead/farmstead exclusion program by first class mail.

03/01/08 Deadline for a homeowner to file a homestead and farmstead application with the county assessor.

03/31/08 County assessor notifies owner of approval or denial of homestead/farmstead application.

05/01/08 No later than May 1, the county assessor will provide to the school district a certified homestead/farmstead report

# 03/01/08 Residence Complete Homestead / Farmstead Application



# SLOTS REVENUE REFUND

## 2008/09 State Property Tax Reduction Allocation

Slot Machines collected	\$ 905,000,000
Fully-funded Section 505	\$750,000,000.00
Fully-funded Sterling	\$22,580,749.12
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	\$772,580,749.12
Property tax and Rent Rebate Program - low income	\$48,500,000.00
Keeping in Reserves	\$273,000,000.00

## 2008/09 State Funds Available

## State Funds

Gaming Funds

\$582,233,365.53 Gaming Funds reduced to pay Property Tax & Rent Rebate Program

Philadelphia Suburban Wage Tax

\$30,666,634.34 and Sterling Funds (Philadelphia Suburban Wage Tax).

\$612,899,999.87 79.33% \$772,580,749.12

<http://www.pde.state.pa.us/proptax/cwp/view.asp?a=3&q=125387>

## Spring-Fords Allocation

Prorated Property Tax Reduction

\$2,000,188.52

Prorated Sterling Tax Credit

\$283,246.80

Fully Funded Property Tax Reduction

\$2,283,435.32 ←

Allocation based on Components of Formula Distribution

# Spring-Ford's Homestead/Farmstead Totals and 2008/2009 Allocation from Property Tax Relief Fund

Act 1	Applications Mailed (eligible properties)	Homestead/Farmstead Parcels	Percent	2007/08 Median Assessed Value
Montgomery County	14,254	9,791	69%	145,010
Chester County	932	608	65%	91,105
	<b>15,186</b>	<b>10,399</b>	<b>68%</b>	<b>140,280</b>

Act 1	2008/09 Eligible Applications Mailed (eligible properties)	2008/09 Approved Homestead/Farmstead Parcels	Percent	2008/09 Median Assessed Value
Montgomery County	14,254	10,410	73%	147,130
Chester County	930	637	68%	90,680
	<b>15,184</b>	<b>11,047</b>	<b>73%</b>	<b>142,145</b>
	Increase	648		

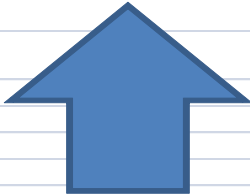

<b>Property Tax Reduction Allocation</b>	<b>\$2,283,435.32</b>	→ \$206.70	Equates to a reduced assessment	9,315
	<b>7 properties under</b>	<u>\$0.04</u>	Properties under 9,315	
	<b>11,025 properties</b>	<b>\$206.74</b>		
			Reduction / millage = reduced assessment (206.74/.02219 = 9,317)	



# HOMESTEAD REDUCTION CALCULATION

Number of Approved Homesteads			11,029	
Number of Approved Farmsteads			18	
<b>Total Approved Homesteads/Farmsteads</b>				<b>11,047</b>
Dollar value for each Property Tax Reduction				206.70
2008/09 Millage Rate	22.19			0.02219
<b>Converted Assessment Reduction</b>				<b>9,315</b>
<b>7 Properties Under Converted Assessment. Reduction</b>	Assessment Value			
Homestead	5,000	9,315		
Homestead	8,180			
Homestead	8,490			
Farmstead	8,030			
Farmstead	7,880			
Farmstead	3,700			
Farmstead	1,970			
	43,250	65,205	21,955	
	0.02219		0.02219	
	959.72		487.18	
<b>Additional dollars to spread to other Homesteads</b>				
<b>Property Tax Reduction</b>				<b>\$2,283,435.32</b>
<b>Minus Homesteads under converted assessment reduction</b>				<b>-959.72</b>
				<b>\$2,282,475.60</b>
Total Approved Homesteads/Farmsteads	11,047			
Total Homestead/Farmstead under converted assessment	-7			
	11,040			<b>11,040</b>
<b>Dollar Value of Homestead Reduction</b>				<b>206.74</b>
<b>Converted Assessment Reduction Reflected on Tax Bill</b>				<b>9,317</b>
			(\$206.74 / .02219 = )	

# 2008/2009 Net Tax Impact with Act 1 Reduction

	2007/08	2008/09	Difference
<b>Average Assessment Value</b>	153,093	153,093	
<small>From County Assessment Reports</small>			
<b>Millage Rate</b>	0.02127	0.02219	
	\$3,256.29	\$3,397.13	\$140.85
<b>Act 1 Reduction - Fixed Amount</b>		-\$206.74	-\$206.74
	\$3,256.29	\$3,190.39	-\$65.89
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<b>Act 1 Reduction</b>			
Prorated Property Tax Reduction	\$ 2,000,188.52	$\$206.74 / .02219 = 9,317$	
Prorated Sterling Tax Credit	\$ 283,246.80		
<b>Fully Funded Property Tax Reduction</b>	\$ 2,283,435.32		
<b>Number of Approved Homesteads/Farmsteads</b>	11,047		

# Net Tax Impact w/Act 1 Reduction – Compared to 2007/08 Taxes

MORE

Assessment	07/08 Millage	07/08 Taxes	08/09 Millage	08/09 Taxes	Difference Between Yrs.	Tax Reduction	Tax Difference	
400,000	0.02127	8,508.00	0.02219	8,876.00	368.00	206.74	161.26	
375,000	0.02127	7,976.25	0.02219	8,321.25	345.00	206.74	138.26	
350,000	0.02127	7,444.50	0.02219	7,766.50	322.00	206.74	115.26	
325,000	0.02127	6,912.75	0.02219	7,211.75	299.00	206.74	92.26	
300,000	0.02127	6,381.00	0.02219	6,657.00	276.00	206.74	69.26	
275,000	0.02127	5,849.25	0.02219	6,102.25	253.00	206.74	46.26	
250,000	0.02127	5,317.50	0.02219	5,547.50	230.00	206.74	23.26	
224,715	0.02127	4,779.69	0.02219	4,986.43	206.74	206.74	(0.00)	Breakeven
200,000	0.02127	4,254.00	0.02219	4,438.00	184.00	206.74	(22.74)	
175,000	0.02127	3,722.25	0.02219	3,883.25	161.00	206.74	(45.74)	
153,093	0.02127	3,256.29	0.02219	3,397.13	140.85	206.74	(65.89)	Average Assmt.
150,000	0.02127	3,190.50	0.02219	3,328.50	138.00	206.74	(68.74)	
125,000	0.02127	2,658.75	0.02219	2,773.75	115.00	206.74	(91.74)	
100,000	0.02127	2,127.00	0.02219	2,219.00	92.00	206.74	(114.74)	
50,000	0.02127	1,063.50	0.02219	1,109.50	46.00	206.74	(160.74)	

LESS

# Net Tax Impact w/Act Reduction Compared to 2007/08 Taxes Assessment of 224,715 Equals Breakeven

	Beginning	Ending	Number of Homes	Percentage
Homes under the Breakeven	1	8,885	8,885	81%
Homes over the Breakeven	8,886	11,030	2,144	19%
			11,029	100%

There are a total of 8,885 homes or 81% of all approved Homestead properties that will pay no more in 2008/09 taxes as compared to 2007/08 (assessments of 224,715 equals breakeven). A total of 11,029 properties will benefit by a assessment reduction of 9,317 equaling \$204.74.

2008/2009 REAL ESTATE TAX NOTICE FOR SPRING-FORD AREA SCHOOL DISTRICT

Date:

Parcel Number:

<b>PROPERTY ASSESSMENT</b>			<b>TAX LIABILITY</b>	
County Assessment	153,093		Original Tax Liability	\$3,397.13
SD Homestead Exclusion	* (9,317)		Homestead Tax Reduction	* (\$206.74)
SD Farmstead Exclusion	* -		Farmstead Tax Reduction	* 0
Net Assessment	143,776		Net Tax Amount	\$3,190.39

\* If you qualify for homestead/farmstead the following applies:

**NOTICE OF PROPERTY TAX RELIEF**

Your enclosed tax bill includes a tax reduction for your homestead and/or farmstead property. As an eligible homestead and/or farmstead property owner, you have received tax relief through a homestead and/or farmstead exclusion which has been provided under the Pennsylvania Tax Relief Act, a law passed by the Pennsylvania General Assembly designed to reduce your property taxes.