

Property Tax Relief Comes to Spring-Ford

Thanks to Act 1, the Pennsylvania Taxpayer Relief Act, Spring-Ford Area School District residents may be receiving tax relief starting this year. Through a provision of the law, school districts throughout the state will be receiving revenue generated by legalized gambling and the Sterling tax credit for Spring-Ford residents working in Philadelphia. Spring-Ford will receive \$2,283,435 and this revenue will be used to lower residents' property taxes.

The property tax reduction will come in the form of a reduction of a property's assessed value, not in the form of a rebate check like the one residents may have received from the federal government. When residents receive their tax bills in July, they may notice that their property's assessed value has been reduced, thereby reducing the overall tax bill.

Residents are only eligible for the property tax reduction if they have filed the appropriate homestead/farmstead exclusion form and have been approved for the exclusion by the county assessor's office.

The following are some Q&As that might help you to better understand how Act 1 may affect you this year.

Q. What are homestead and farmstead exclusions?

A. A homestead exclusion lowers property taxes by reducing the assessed value of the home. For example, if a home is assessed at \$153,093 and the homestead exclusion is \$9,317, then the homeowner only pays taxes on an assessed value of \$143,776. A homestead must be a permanent primary residence on which property taxes are paid. A farmstead applies to buildings used for agricultural purposes on a farm that is at least 10 contiguous acres. The farmstead must also be the primary residence of its owner. Farmers can be eligible for both a homestead and a farmstead exclusion since each covers a different part of the property.

Q. How can I get a homestead/farmstead exclusion form?

A. Spring-Ford is required to send applications to all residential property owners by Dec. 31st. However, annual notification may be limited to residential property owners not currently approved as homesteads or whose approval is due to expire. To obtain a form, visit www.spring-ford.net, and click on "administration" and select "business" from the pull-down menu. Links to the homestead/farmstead application can be found here.

Homestead applications, filed with the county assessor's office, are due by March 1 of every year. Homeowners cannot be required to resubmit their applications more than once every three years. Residents who acquire property in the school district after March 1 must wait until the following year to qualify for exclusion. The county assessor must notify the property owner of the approval or denial of the exclusion no later than 30 days after the application's receipt.

Q. When I receive my July 2008 school tax bill, will the homestead/farmstead exclusion be explained on my real estate tax notice?

A. Yes, on the back of the real estate tax notice a chart will be included to reflect the calculation of homestead/farmstead exclusions and the effect to the individual property owner's net tax liability. If the chart does not include dollar figures in the homestead/farmstead exclusion section, and you feel you qualify, you must submit a homestead/farmstead application to the county assessor's office to be eligible for the following tax year 2009-10.

Q. If I submitted a homestead/farmstead exclusion form under Act 72, do I need to resubmit it for Act 1?

A. No. Homestead/farmstead exclusions that were approved under Act 72 remain valid under Act 1. However, taxpayers may still be required to reapply for an exclusion every three years.

Q. Will every homeowner in the state get the same amount of property tax relief?

A. No, it will vary from district to district. A property tax relief formula designed to take equity into account will send the most state resources to the communities with the greatest tax burden and the least local wealth.

Q. What type of tax relief can I expect to see as a Spring-Ford property owner with an approved homestead/farmstead exclusion?

A. Each year it will depend upon the gaming funds available and the number of approved homesteads/farmsteads in the district. It will also depend upon the assessed value of a resident's property. This year, for example, residents with an average property assessment of \$153,093 will see a reduction of \$206.74 in their taxes. When netted against the property tax increase of \$140.85, these residents will see a \$65.89 decrease in their taxes. These are estimated numbers based on estimated millage. Final numbers will be determined when the School Board adopts the final budget at the end of June 2008.

Q. Will all Spring-Ford property owners with an approved homestead/farmstead receive the same reduction?

A. With the exception of those who have properties assessed below \$9,317, all property owners with approved homestead/farmstead applications will receive the same \$206.74 reduction.

Q. Taking the reduction and next year's proposed tax increase into account, what will the net tax impact be?

A. Your actual dollar decrease or increase will be based on your home's assessed value. Residents with homes that are assessed at \$224,715 or below will see their taxes decrease. Residents with homes that are assessed above \$224,715 will see taxes increase because the reduction will be canceled out by what they will have to pay for the proposed 2008-09 millage increase.

Q. What if I have not been approved for a homestead/farmstead exclusion? Will my taxes be reduced?

A. No. If you did not file the exclusion form prior to March 1, 2008, then you are not eligible for the reduction. To be eligible in future years, please fill out the form and submit it to the county assessor's office. To obtain a form, visit www.spring-ford.net, and click on "administration" and select "business" from the pull-down menu. Links to the homestead/farmstead application can be found here.

Q. Can a school district reject its property tax reduction allocation?

A. School boards are given a limited opportunity to "opt out" of receiving state property tax reduction allocations. After the Department of Education notifies each school district of its allocation, a school board can pass a resolution within one month to refuse it. If a school board votes not to accept the funding, the voters have the final say in a subsequent election. If a majority of voters approve of their district accepting state funds, then the district would receive tax relief beginning in the next fiscal year.