

Homestead/Farmstead Program

What's it all about?

LOCAL TAX STUDY COMMISSIONS: The new property tax relief law requires all school districts to establish a Local Tax Study Commission. Each school district's commission will be made up of non-school board members from the district. The role of the Local Tax Study Commission is to make recommendations to the school board on the tax mix that it believes is most appropriate for the community the school district serves. Voters will have the power in the Spring 2007 primary election to reduce their property taxes by shifting to local income taxes.

To help the Local Tax Study Commissions to complete their research, and to aid in formulating recommendations, the Assessment Office will provide information for each district such as median assessed values, average assessed values for each type of land use, number of homestead/farmstead eligible properties and other data on hand at the assessment office. The information provided by the assessment office will be part of the resources used by the Commissions to arrive at their recommendation to the various school boards. Additional information on the Local Tax Study Commissions is available through the business office of your local school district.

DECEMBER 2006 UPDATE: Benefits to the Tax Payer provided by the Taxpayer Relief Act (Act 1) include:

- Guarantees that homeowners in every school district can benefit from state-funded property tax relief.
- It protects taxpayers in every school district from extraordinary tax increases in the future by implementing voter controls through a fair referendum requirement that gives voters control over the most severe tax increases while protecting school districts' ability to raise the funds they need.
- It provides extra property tax relief to senior citizens through a major expansion of the state Property Tax and Rent Rebate Program.

- It gives local communities new options to choose the right mix of local taxes to fund their schools.
- It requires all school districts to adopt a resolution by June 30, 2007, authorizing the collection and payment of school district property taxes in installments for homeowners.

Property taxes may be lowered through homestead and farmstead exclusions. Homestead exclusion lowers property taxes by reducing the assessed value of the home. A homestead must be a Pennsylvanian's permanent primary residence on which property taxes are paid. Farmstead exclusion provides property tax relief to farmers. A farmstead applies to buildings used for agricultural purposes on a farm that is at least 10 contiguous acres and used for farm operations. The farmstead must also be the primary residence of its owner. To receive a homestead or farmstead exclusion, a Pennsylvania resident must submit an application to the county assessor. School Districts are responsible for sending out the applications by December 31 of each year. If an application was approved under Act 72, the application is still valid and one need not reapply. Lawrence County Assessment Office is mailing a post-card to all approved properties. To offset the loss in property tax revenue, Act 1 provides for an increase to the Earned Income Tax or switch to a Personal Income Tax at the May 2007 primary election. If approved, the new rate will become effective July 1, 2007. Additional information may be obtained from your local school district business office or www.pde.state.pa.us using the "Learn About" menu on the left side of the page.

Timeline for Application:

The Homeowner Tax Relief Act applications will be mailed prior December 31. The deadline for property owners to apply with the County Assessment Office is March 1. There is no application fee for filing. All applicants will be notified by the County Assessment Office regarding the status of their application. An owner aggrieved by the decision of the Chief Assessor may request an appeal to the board for a review of the decision in a manner consistent with the provisions for the appeals under the 4th through 8th class counties assessment law. In subsequent years every eligible property that has not responded will receive an application at least 60 days prior to the March 1 deadline.

What Is The Homeowners Tax Relief Act?

The Homeowner Tax Relief Act, Act 72 of 2004, was signed into law by Governor Rendell on July 5, 2004, to allow school districts to reduce property taxes through a homestead exclusion. Property tax relief will be funded by a combination of state revenue from gaming and dedicated local income taxes. Under a homestead property tax exclusion, the assessed value of each home is reduced by the same amount before the property tax is computed. In June of 2006 Act 72 was amended and changes are now apart of Act 1 of 2006.

Frequently Asked Questions:

What is a “homestead property?”

A homestead property is a dwelling primarily used by an owner as his or her permanent home. The owner may be living temporarily at another location, but he or she must have the intention of returning to that home. No one can have more than one permanent home at any one time. Homestead properties do not include rental units, vacation homes, camps or other homes in which the owner does not live on a permanent basis. In general, it is the address where the owner registered to vote and has registered his or her driver’s license. The homestead property includes the land under the dwelling, as long as it is owned by the same person who owns the dwelling. The formal definition of property is the same as that used for determining residence status for the earned income tax.

What is a “farmstead property?”

A farmstead property includes all buildings and structures that are used primarily for agricultural purposes (such as housing animals or storing supplies, production or machinery) on a farm of ten contiguous acres or more in size. The farmstead must be the permanent residence of at least one owner, as defined under the homestead definition. The farmstead exclusion would be applied to buildings and structures that are not already exempt from real property taxation under other laws. The requirement that an owner live on the farm means that farms owned and operated by absentee owners will not be eligible for the farmstead exclusion.

What are homestead and farmstead exclusions?

To receive a homestead or farmstead exclusion, a Pennsylvania resident must submit an application to the county assessor. School districts are required to send an application to all owners of residential property in the district.

Can a school district decide not to participate in Act 72?

Yes. Participating in the provisions of Act 72 is optional, not mandatory. School districts that do not participate in Act 72 property tax relief are not subject to the Act's taxpayer referendum requirements and will not qualify for state property tax relief funding.

When will state property tax relief start? How much will there be?

The Commonwealth will use a portion of the tax revenue from expanded gaming to provide state funding for property tax relief. There is a slight possibility that state funding for property tax relief could begin as early as the 2005-06 school year, but the first distribution will more likely occur in 2006-07 or 2007-08. Because distribution of funding in 2005-06 is possible, Act 72 provides a set of deadlines for decisions during the 2004-05 school years.

Act 72 indicates that the distribution of state funding for property tax relief can occur once the Property Tax Relief Fund has a total of \$500 million available for distribution to school districts and the Property Tax Relief Reserve Fund has a total of \$400 million.

Spreadsheets prepared by the Pennsylvania Department of Education provide projected distribution amounts for the minimum distribution of \$500 million and the upper level projection of \$1 billion annually.

I have applied for homestead exclusion in 2004, am I required to apply again?

Act 1 only required the Assessment Office to mail out new application to those people who were denied or did not respond to the mailing in 2004. All property owners who were approved in 2004-2006 are still approved and will be sent notification in the mail by the Lawrence County Assessment Office.

Do I qualify for an exclusion if the property is not deeded in my name?

A homestead/farmstead property is a dwelling primarily used by an owner as his or her permanent home, so it's important to identify the definition of owner under the Act:

“Owner.” Includes any of the following:

- A joint tenant or tenant in common.
- A person who is purchasing real property under a contract.
- A partial owner.
- A person who owns real property as a result of being a beneficiary of a will or trust or as a result of intestate succession.
- A person who owns or is purchasing a dwelling on leased land.
- A person in possession under a life estate.
- A grantor who has placed the real property in a revocable trust.
- A member of a cooperative as defined in 68 Pa.C.S. § 4103 (relating to definitions.)
- A unit owner of a condominium as defined in 68 Pa.C.S. § 3103 (relating to definitions)
- A partner of a family farm partnership or a shareholder of a family farm corporation as the terms are defined in section 1101-C of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

Does the homestead/farmstead exclusion have any effect on clean and green status?

No. Farmers can be eligible for a farmstead exclusion that provides tax relief to buildings used for agricultural purposes, and a homestead exclusion which provides tax relief to the primary residence. The exclusion would be applied to the clean and green assessed value.

I own my home, but not the parcel of land beneath my home. Should I apply?

Yes, the exclusion would be applied to the assessed value of the home regardless of who owns the parcel of land beneath.

**LAWRENCE COUNTY
APPLICATION FOR HOMESTEAD AND FARMSTEAD EXCLUSION**

Please read the instructions before completing this application. This application must be filed with the County Assessors Office by March 1st. The County Assessor's phone numbers are 724-656-2176 and 724-656-1938. Mailing address is 430 Court St, New Castle Pa 16101.

BASIC INFORMATION

Name / Address Correction

- 1. Property Owner(s) _____
- 2. Property Address _____
- 3. Township/ City/ Boro _____
- 4. School District _____
- 5. Mailing Address _____

- City/ State/ Zip _____

- 6. Phone Number _____

HOMESTEAD INFORMATION

- 7. Do you use this property as your primary residence? Yes No
- 8. Do you claim anywhere else as your primary residence, or do you or your spouse receive a homestead tax abatement or other homestead benefit from any other county or state? Yes No
- 9. Is your residence part of a cooperative or a condominium where some or all of the property taxes are paid jointly? Yes No
- 10. If you answered yes to question 9, do you pay a portion of the jointly paid taxes? Yes No
- 11. Do you use any portion of this property for something other than your primary residence, such as a business or rental property? Yes No
- 12. If you answered yes to question 11, what percentage of the property is used solely as your residence? %
- 13. Your Parcel Identification Number is: _____

**FARMSTEAD INFORMATION
(This section only needs to be completed if you are also applying for a farmstead exclusion)**

- 14. Does this property include at least ten contiguous acres of farm land? Yes No
- 15. Are there buildings and structures on the property that are used primarily to:
 - a. Produce or store any farm product for purposes of commercial agricultural production? Yes No
 - b. House animals raised or maintained on the farm for the purpose of commercial agricultural production? Yes No
 - c. Store machinery or equipment used on the farm for the purpose of commercial agricultural production? Yes No
- 16. If you answered yes to questions 15 a, b, or c, do any farm buildings or structures receive abatement of property tax under any other law? Yes No

I hereby certify that all the above information is true and correct.

Signature(s) _____ Date _____

Any person who knowingly files an application which is false to any material matter shall be subject to payment of taxes due, plus interest, plus penalty and shall be subject to prosecution as a misdemeanor of the third degree and a fine of up to \$2,500.

DO NOT WRITE BELOW THIS LINE

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Assessment Information:

Date Filed _____ Land: _____

Reviewed by _____ Improvements _____

Applicable Years _____ TOTAL _____