

HOMESTEAD/FARMSTEAD APPLICATIONS IN PROCESS

The final homestead/farmstead application changes are in process at the Department of Community and Economic Development. We anticipate the new applications will be ready in the next few weeks. We will continue to monitor the process and notify you when the new applications are ready. The form changes will be cosmetic to include new dates and removing Act 72 references.

ACT 1 CLARIFICATIONS-ACT 24 IMPACT AND FARMSTEAD EXCLUSIONS

During our presentations we provide many responses to questions on Act 1. In an effort to assure accurate and reliable information we want to clarify two issues. We erroneously indicated in our recent webcasts that a farmstead exclusion was equal to a homestead exclusion. Farmstead exclusions are in addition to a homestead exclusion and can be in any amount up to the amount of the homestead exclusion. The farmstead must be a domicile of the owner and therefore could qualify for a homestead exclusion as well as a farmstead exclusion. The other correction we need to make is the availability of Act 24 for districts that still levy the Occupation Assessment Tax (OAT). The replacement of the OAT with additional Earned Income Tax (EIT) is still allowed under Act 1, unless a district replaces the EIT with a Personal Income Tax (PIT). Act 1 prohibits levying an EIT and PIT so therefore districts that convert to the PIT can not utilize Act 24.

We have also received several calls about the inclusion of gaming funds in our Minimum and Maximum Exclusion and Variable EIT Rate Calculator on the TSC resource page found at <http://www.pasbo.org/ssact1resource.asp>. Gaming funds are included so that you know how close you may be to the maximum exclusion. It serves as a benchmark and can be disregarded by inserting "0". However, if additional EIT or new PIT revenues combined with state gaming funds (when they become available) take your district over the maximum homestead exclusion, you will have to reduce your property or income tax with excess funds.

TSC GUIDE FROM PDE

PDE has recently released a Guide for Local Tax Study Commissions. The seven page guide says that tax study commission members should request the following information from the business manager:

1. Has the school district experienced any major changes that could dramatically impact the tax base? Are any anticipated? These could include new housing developments, a new shopping center, or the opening or closing of a large business.
2. How has the assessed value of taxable property in the school district changed each year over the last five years? How has it changed for residential property only?
3. How has the EIT base of the school district changed each year over the last five years?
4. How has the PIT base of the school district changed each year over the last five years?
5. How are each of these tax bases projected to increase in the coming years? What are the implications for ensuring that the schools have sufficient revenue?

To print a copy of the Guide, go to:

<http://www.pde.state.pa.us/proptax/cwp/view.asp?a=3&q=107334#LTSC>