



## ***PARSS Legislative Update***

***April 22, 2024***

### **Homestead Exemption to Grow for School Property Taxpayers**

A record amount of school property tax relief under Special Session Act 1 of 2006 (Taxpayer Relief Act) has been certified by Governor Shapiro's Budget Secretary Uri Monson. The boost in funds provided to schools for homestead relief is about 20 percent, from \$750 million to \$900 million.

The current amount of the homestead exemption has been flat since the inception of the program. The certification indicates that the increase is sustainable for the next five years. The certification communication says that "...thanks to strong revenues and conservative projections from the Office of the Budget, the Shapiro Administration is able to make available a historic amount of state funding for property tax relief. Today's announcement means that an additional \$150 million will be available per year, for each of the next 5 years to help cut taxes and lower costs for Pennsylvanians." You can read the Budget Secretary's certification communication by [clicking here](#).

The full scope of the tax relief will exceed one billion dollars when factoring in an increase in the state's expanded Property Tax and Rent Rebate Program and Sterling Act funding provided to school districts that have workers subject to Philadelphia's local income tax who claim a credit against their property taxes in their district of residence.

School districts will know the increased amounts of state funding for homestead exemptions on May 1. Act 1 says that the PA Department of

Education shall “notify each school district of the amount of its property tax reduction allocation no later than May 1 of each year.”

While gaming revenue dipped during the Pandemic, there has been a strong recovery. For the current fiscal year, Gaming Fund tax revenues are estimated to grow from \$1.186 billion to \$1.243 billion and then up to an estimated \$1.275 billion for 2024-25. In comparison, the Gaming Fund tax revenue ten years ago was \$818 million. In addition, the Property Tax Relief Fund, which provides the homestead exemption funds to schools after transfers from the Gaming Fund, is required by Act 1 to maintain a \$150 million reserve fund.