

# City of Philadelphia



(Bill No. 130417-A)

## AN ORDINANCE

Amending Chapter 19-1300 of The Philadelphia Code, entitled “Real Estate Taxes,” by further providing for deferrals for taxpayers experiencing significant increases in their real estate taxes, under certain terms and conditions.

*THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

SECTION 1. Chapter 19-1300 of The Philadelphia Code is amended to read as follows:

### CHAPTER 19-1300. REAL ESTATE TAXES.

\* \* \*

§ 19-1307. *Deferrals of Real Estate Tax for Taxpayers Based Upon Household Income, Household Expenses, and Available Liquid Assets.*

[(1) The Department of Revenue is authorized to grant deferrals, in whole or in part, of increases in Real Estate Taxes, that may be due the City of Philadelphia or the School District of Philadelphia, upon making a determination of the eligibility for deferral of a property owner.

(2) Eligibility for a deferral of payment of an increase in real estate taxes may be granted for any increase, or portion thereof, of Real Estate Taxes due to an increase in assessed value of real estate, that is greater than fifteen percent (15%), in any given year, upon consideration of the following factors:

- (a) Household Income; and
- (b) Reasonable Household Expenses including, but not limited to, housing, food, transportation, education, health care, debt service payments, and overall tax burden; and
- (c) Available liquid assets.

(3) Interest at the rate of six percent (6%) per year shall be assessed on the total deferred amount due.

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(4) The deferral shall be effective until the date of sale of the property.

(5) A property owner may satisfy the debt consisting of the deferred amount and the accumulated interest at any time prior to the sale of the property.]

(1) *The Department of Revenue is authorized to grant deferrals, in whole or in part, of increases in real estate tax on any real property, that may be due the City of Philadelphia or the School District of Philadelphia, upon making a determination of the eligibility for deferral of an Owner, as provided herein.*

(2) *For purposes of this Section:*

(a) *“Owner” shall mean:*

(.1) *The owner of record, as recorded with the Department of Records; or*

(.2) *An equitable owner, defined as a person who has inherited an interest in the property from the deceased owner of record; a person who has entered into an installment land contract to purchase the property from the owner of record; a person who was the owner of record before a fraudulent conveyance of the property occurred; or a person who can demonstrate some other ownership interest in the property; or*

(.3) *Where the owner of record either is deceased or cannot be located, a person who has registered his or her name with the Department as the person to whom tax bills should be sent and who has been paying such bills for at least the preceding five years.*

(.4) *Where the Owner acquired the property from a spouse, due to death or divorce, or from a life partner, due to death or termination of the life partnership, the Owner shall be deemed to have been the Owner throughout the period of ownership of the transferring spouse or life partner.*

(b) *“Real Estate Tax” shall mean the sum of any real estate tax imposed under Chapter 19-1300 and any real estate tax imposed by the School District of Philadelphia.*

(c) *“Household Income” shall mean all income received by the taxpayer and members of his or her household while residing in the homestead.*

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*(d) “Principal Residence” shall mean the dwelling place of a person, including the principal house and lot, and such lots as are used in connection therewith which contribute to its enjoyment, comfort and convenience. For purposes of this Chapter, the term may also include a building with a maximum of one commercial establishment and a maximum of three residential units of which one residential unit must be the principal residence of the longtime owner-occupant.*

*(3) Hardship deferral. A deferral of payment of an increase in real estate tax may be granted for any increase, or portion thereof, of real estate tax that is greater than fifteen percent (15%) in any given year, when such increase would create a financial hardship. Hardship shall be determined by consideration of the following factors:*

*(a) Household Income;*

*(.1) Real estate tax greater than the following percentages of annual household income shall be considered to support a finding of hardship:*

*(.a) Tier 1. For taxpayers with annual household income above seventy percent (70%) of Area Median Income for the Philadelphia metropolitan area, as determined by the United States Department of Housing and Urban Development, real estate tax greater than twenty-five percent (25%) of annual household income.*

*(.b) Tier 2. For taxpayers with annual household income ranging from greater than fifty percent (50%) up to and including seventy percent (70%) of Area Median Income, real estate tax greater than twelve percent (12%) of such annual household income;*

*(.c) Tier 3. For taxpayers with annual household income ranging from greater than thirty percent (30%) up to and including fifty percent (50%) of Area Median Income, real estate tax greater than eight percent (8%) of such annual household income;*

*(.d) Tier 4. For taxpayers with annual household income at or below thirty percent (30%) of Area Median Income, real estate tax greater than five percent (5%) of such annual household income;*

*(.2) Taxpayers with real estate tax that is equal to or less than their percentage of annual household income as outlined in Subsection (.1) may be found eligible for hardship deferral based on consideration of the totality of factors.*

*(b) Reasonable Household Expenses including, but not limited to, housing, food, utilities, transportation, education, health care, debt service payments, and overall tax burden; and*

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(c) *Available excess liquid assets.*

(d) *An increase in real estate taxes to two and a half (2.5) times the amount of real estate tax on the property in the immediately preceding tax year shall be considered to support a finding of hardship without regard to the factors set forth in subsections 3(a) through (3)(c).*

(4) *For purposes of determining whether a property has experienced an increase of greater than 15% for purposes of subsection (3), above (“Hardship deferral”), any abatements for the prior tax year, pursuant to Section 19-1303(2), (3), (4) or (5) or otherwise, shall be disregarded.*

(5) *No later than forty-five days after the enactment of this Section, the Department shall promulgate such regulations, schedules or procedures as it deems necessary to implement the provisions of this Section, including but not limited to, guidelines for determining eligibility for the hardship deferral authorized by this Section. The Department shall submit any such proposed regulations to the Mayor, the President of City Council, and the Chief Clerk of City Council no later than the date the Department submits the proposed regulations to the Department of Records under Section 8-407(a) of the Home Rule Charter.*

(6) *An Owner requesting deferral pursuant to this Section shall apply in form satisfactory to the Department no later than January 31 of the tax year, certifying that the Owner:*

(a) *Uses the property as the Owner’s principal residence; and*

(b) *Would suffer substantial hardship in the absence of the requested deferral. The Department may require the Owner to submit such materials as the Department deems necessary to evaluate the Owner’s assertion of hardship.*

(7) *The Department shall determine the deferral amount for which the Owner is eligible, if any, and shall advise the Owner of its decision no later than thirty (30) days after receiving a completed application. The Owner may elect to defer an amount less than the eligible amount. Subject to continuing eligibility and the conditions set forth in subsection (9), such deferral amount shall also be deferred from Real Estate Tax owing on the property in future years, so long as the Real Estate Tax on the property is at least equal to 115% of the Real Estate Tax in the year immediately preceding commencement of deferral.*

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(8) *The Tax Review Board is authorized to review any adverse final determination by the Department relating to an individual's initial or continued eligibility for a deferral pursuant to this Section, in like manner and with the same effect as a petition for review, as provided in Chapter 19-1700.*

(9) *Deferrals under this Section shall be subject to the following conditions:*

(a) *The deferred payments shall carry simple interest at an annual interest rate no greater than two (2) percentage points above the interest rate in effect on one year United States Treasury bills on the first day of each year for which interest is assessed.*

(b) *Deferred payments shall be exempt from additions and interest under Section 19-1303.*

(c) *Deferred payments shall be subject to lien by the City and School District, until payment.*

(d) *The deferral shall terminate upon transfer of the property.*

(e) *All real estate taxes on the property are current or subject to a payment agreement that is not in default, except in the following circumstances:*

*(.1) A taxpayer shall not be found ineligible pursuant to Subsection (e) while the taxpayer has an application for a payment agreement pending determination by the Department.*

(f) *An Owner may satisfy the debt, consisting of the deferred amount and the accumulated interest, at any time prior to the sale of the property.*

(10) *Any deferred payment shall remain deferred, subject to the conditions set forth in subsection (9).*

(11) *At its discretion, no more than once every twelve (12) months, the Department may request that a taxpayer recertify eligibility for deferral, including by providing necessary documentation. In the event a taxpayer is determined no longer to be eligible for deferral, no further deferrals shall be granted, but any previously granted deferrals shall remain in effect, subject to the conditions set forth in subsection (9).*

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(12) *The Department shall include a notice clearly describing the deferral program authorized by this Section, the steps a taxpayer must take to enter into the program, and the deadline for doing so, with the annual property tax bill sent to each taxpayer. The Department and the Office of Property Assessment shall post a downloadable version of the form on their respective websites.*

(13) *If, for any tax year, the total City and School District taxes deferred pursuant to the foregoing on all properties in the City, as certified by the Department no later than forty-five (45) days after the deadline for applications under this Section, are in excess of three million dollars (\$3,000,000.00) then, notwithstanding the initial determination of the deferral amount for which a taxpayer is eligible under subsections (3) and (6), deferrals shall be allocated among all eligible taxpayers on a pro rata basis so that the total taxes deferred do not exceed \$3,000,000.00 or such other amount greater than \$3,000,000.00 as the Mayor may authorize.*

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Explanation:

[Brackets] indicate matter deleted.  
*Italics* indicate new matter added.

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CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on June 20, 2013. The Bill was Signed by the Mayor on June 25, 2013.



Michael A. Decker  
Chief Clerk of the City Council