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**Bill number:** 250174

**Introduced by:** Gauthier

**Cosponsor(s):** Phillips, Gilmore Richardson, Thomas, Landau, Brooks, Harrity, O'Rourke, Driscoll, Squilla, Bass

**Assigned committee:** Finance

**Date introduced:** 03/06/2025

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## Fiscal Note

### Overview

This bill would address extending the deadline for low-income taxpayers to apply for a refund or forgiveness of real estate taxes and create retroactive eligibility for applicants to apply for the program in previous years. The anticipated cost to the City and School District of Philadelphia is about \$6.2 million over five years.

### Legislative Summary

#### *Deadline Extension*

This bill would change the deadline to file an application for a real estate tax refund or forgiveness of taxes from January 31<sup>st</sup> to September 30<sup>th</sup> of each calendar year in which real estate taxes are due.

#### *Retroactive Eligibility*

This bill would also consider certain applications filed on time for previous tax years. Consideration of timely applications would be subject to the following:

- Taxpayers must be eligible for a refund or forgiveness of real estate taxes under the program commonly known as the Low-Income Real Estate Tax Freeze (as described in Chapter 19-4600).
- Except for years before tax year 2025, eligible taxpayers would be entitled to receive forgiveness for the portion of their real estate taxes caused by any real estate tax increase, or an increase in the assessed value of the taxpayer's property in prior tax years. However, such taxpayers would not be eligible to receive a refund or credit for any real estate taxes paid for previous tax years.

- The Department of Revenue would identify eligible taxpayers to the maximum extent possible. The Department would use reasonable efforts to obtain all available government and consumer reporting data. Upon identifying eligible taxpayers, the Department would automatically enroll them into the program.

## Proposed Effective Date

This legislation would be effective immediately after enactment.

## Fiscal Impact Analysis

The estimated cost of implementing this legislation is summarized in the below table. The total cost is estimated to be about \$6.2 million over five years.

<b>Fiscal Impact Summary</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>FY29</b>	<b>FY30</b>	<b>Total</b>
<b>Revenues Increase/(Decrease)</b>						
General Fund	(\$495,072)	(\$506,770)	(\$526,098)	(\$549,295)	(\$643,301)	<b>(\$2,720,536)</b>
<b>Revenues Increase/(Decrease)</b>						
School District of Philadelphia	(\$630,113)	(\$645,003)	(\$669,603)	(\$699,127)	(\$835,583)	<b>(\$3,479,429)</b>
<b>Net Cost/(Savings)</b>	<b>\$1,125,185</b>	<b>\$1,151,773</b>	<b>\$1,195,701</b>	<b>\$1,248,422</b>	<b>\$1,478,884</b>	<b>\$6,199,965</b>

### Revenues

If a homeowner meets certain income requirements, the Low-Income Real Estate Tax Freeze program prevents their real estate tax bill from increasing. The City and the School District of Philadelphia each receive a portion of the revenues from the real estate tax. If enacted, this bill would create a loss of revenue for the City and the School District of Philadelphia as reflected in the table above. The loss of revenue is caused by two components included in the bill:

1. **Deadline Extension:** The bill would extend the deadline that applicants could apply for the program from January 31<sup>st</sup> to September 30<sup>th</sup> of each year. The extended deadline would allow more applicants to apply to the program. The Department of Revenue estimated the cost of the deadline extension based on the projected monthly enrollment numbers and applying an average tax benefit of \$518 based on the current average tax benefit of Low-Income Real Estate Tax Freeze participants that receive a benefit from the program. The Department estimates about 340 enrollees each month from February to September will receive a tax benefit. Approximately 80 percent of new enrollees are expected to receive a benefit based on the current percentage of Low-Income Real Estate Tax Freeze participants receiving a tax benefit.

2. **Retroactive Eligibility:** This bill would allow applicants to apply retroactively for the program. For example, if an applicant applies to the program in 2027, but they can prove that they would have been eligible for the program in 2025, then their tax rate would freeze to the 2025 level instead of 2027. In this example, the cost would be the difference of the real estate tax owed between the two years. This bill would allow retroactive eligibility to apply to previous tax years as far back as 2025. The Department of Revenue estimated the costs using enrollment projections, a current average benefit of \$518 per enrollee receiving a tax benefit, and the Real Estate Tax growth rate projected in the proposed FY2026-2030 Five-Year Plan.

## **Legislative History**

**2024**

### ***Bill 240059 – Enacted***

Bill number 240059 was introduced by Councilmember Gauthier and signed into law by the Mayor on June 14, 2025. This bill differed in that it listed the deadline to file an application for a real estate tax refund or forgiveness of real estate taxes as January 31<sup>st</sup> of each calendar year. In summary, this bill created the program commonly known as the Low-Income Real Estate Tax Freeze.

**Prepared by:** Policy and Fiscal Analyst Unit, Mayor's Office of Legislative Affairs

**Date:** 06/04/2025

This document is a summary of proposed legislation as introduced and is prepared by the Mayor's Office of Legislative Affairs for general information only. It does not represent the official legal position of the City. Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.