



# Understanding Homestead:

2021 – 2022 and 2022 – 2023

# Need To Know Definitions:

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- Assessed value – the dollar value that is assigned to a property
- Median assessed value – the average dollar value assigned to the properties in CUSD
- Exclusion – the state of not being included, not considered
- Reassessment – the consideration of something again, in light of new or different factors
- Millage – based on the Latin word that means “thousandth” This is why 1 mill is equivalent to \$1 in taxes per \$1,000 in assessed value

# Facts about Homestead/Farmstead:

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Act 1 of 2006 (formerly Act 72) is the Homeowner Taxpayer Relief Act.

The homestead exclusion is a way to provide real property tax relief to homeowners who's permanent residence is in the Chester Upland School District.

The homestead exclusion lowers the assessed values of homestead properties, reducing the owed property tax for homestead recipients in the Chester Upland School District

The homestead exclusion allows homeowners real property tax relief of up to one half (50%) of the median assessed value of homesteads in the Chester Upland School District.

All homestead properties in the school district will receive the SAME size exclusion

Once you are approved for Homestead/Farmstead, you remain approved until you change your residence or sell the property. It does not expire.

If the property tax relief available EXCEEDS the amount necessary to provide the maximum allowable homestead exclusion, the school district can:

- Reduce the real estate tax rate for ALL properties, pursuant to section 335
- Reduce the earned income tax rate levied, pursuant to section 321

# How is my school tax bill determined?

School taxes are determined by multiplying a property's base assessment by the set millage rate. The millage rate is charged for EACH \$1,000 of the base assessment value.

In the example below, the set millage rate is **15.22 mills**. The base assessment is **88,250**. To calculate the dollar amount, the decimal point in the millage should be moved three times to the left.

**88,250 X .01522 - \$1,341.17 (base school taxes owed)**

TYPE OF TAXES	BILL RATE	BASIS	2.00% DISCOUNT UNTIL 09/14/22	AT BASE UNTIL 11/13/22	10.00% PENALTY AFTER 11/13/22
SCHOOL REAL ESTATE	15.22 ML	88,250.00	1,316.31	1,343.17	1,477.49

# How does Homestead/Farmstead work?

The homestead/farmstead exclusion **LOWERS** a property's **TAXABLE** assessment value.

In the example below, the **base assessment value 28,650**

The **homestead exclusion is 12,313**. The property owner will NOT pay taxes on this portion of the assessment value

The property will be taxed on the **net base assessment value of 16,337**

$$28,650 \text{ (base assessment)} - 12,313 \text{ (homestead exclusion)} = 16,337 \text{ (net base assessment)}$$

ASSESSMENT	BASE ASSESSMENT	LESS EXCLUSION	NET BASE ASSESSMENT
HOMESTEAD	28,650.00	12,313.00	16,337.00
FARMSTEAD	0.00	0.00	0.00
<b>TOTAL</b>	28,650.00		16,337.00

# How does Homestead/Farmstead benefit me?

Homestead **EXCLUDES** a portion of the amount I am required to pay in school taxes.

1. In the example below, the **base assessment value 28,650**. The base amount owed for school taxes is  $28,650 \times .01522$  (set millage rate) = **\$436.05**.
2. In the example below, the **homestead exclusion is 12,313**. The discount or, the amount of taxes excluded is  $12,313 \times .01522$  (set millage rate) = **\$187.40**.
3. In the example below, the **net base assessment value of 16,337**. The actual amount owed for school taxes is  $16,337 \times .01522$  (set millage rate) = **\$248.65**.

					1	2	3
ASSESSMENT	BASE ASSESSMENT	LESS EXCLUSION	NET BASE ASSESSMENT	TAX LIABILITY	BASE AMOUNT	LESS EXCLUSION	NET BASE AMOUNT
HOMESTEAD	28,650.00	12,313.00	16,337.00	HOMESTEAD	436.05	187.40	248.65
FARMSTEAD	0.00	0.00	0.00	FARMSTEAD	0.00	0.00	0.00
<b>TOTAL</b>	28,650.00		16,337.00	<b>TOTAL</b>	436.05		248.65*



# Facts About Chester Upland School District:

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The **median assessment value** of homestead properties in Chester Upland School District for school year 2021-2022 and school year 2022-2023 was **55,740**.

The MAXIMUM exclusion assessment value for a homestead property in CUSD is half of the **median assessment value**. (**55,740** divided by 2 = 27,870). This means the **MOST** a property in Chester Upland School District could have excluded from its property assessment value is **27,870**.

**For the 2021-2022 school year, CUSD issued an incorrect homestead exclusion assessment value of \$45,741.79.**

The pre-determined homestead assessment exclusion for Chester City for school year 2021-2022 and school year 2022-2023 was **12,313**.

The set millage rate for school years 2021-2022 and 2022-2023 is 15.22 mills **(no tax increase)**

The school district **DOES NOT** determine a property's base assessment value

# The impact of a reassessment:

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**\*\*\*Delaware County reassessed ALL properties in the county in 2020\*\*\***

## **How did the reassessment impact Chester Upland residents?**

- If, in 2019, your property was assessed at 25,000, and you were not eligible for homestead, your owed school taxes would have been **25,000 X .01522 = \$380.50**
- If, in 2021, your property was reassessed to 40,000, and you were not eligible for homestead, your owed school taxes would have been **40,000 X .01522 = \$608.80**
- **If, in 2019, your property was assessed at 25,000, and received the CORRECT homestead exclusion**, your owed school taxes would have been **(25,000 – 12,313) = 12,687 X .01522 = \$193.10**
- **If, in 2021, your property was reassessed to 40,000, and received the CORRECT homestead exclusion**, your owed school taxes would have been **(40,000 – 12,313) = 27,687 X .01522 = \$421.40**

**(Review a school tax bill prior to 2020 to see the difference in your property assessment value)**



# My school tax bill timeline:

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- The county reassessed all properties in 2020
- All school tax bills, beginning in July of 2021, naturally increased due to the reassessment
  - Example 1: A property, in **2019, assessed at 10,000** paid **\$152.20** in school taxes (10,000 X .01522)
  - Example 2: A property, in **2021, reassessed at 34,500** paid **\$525.09** in school taxes (34,500 X .01522)
- For fiscal year 2021-2022, Chester Upland School District issued Chester City residents a greater homestead exclusion than legally entitled to. In 2021, CUSD excluded **45,741.79 in assessed value. The correct homestead exclusion assessed value in 2021-2022 was 12,313.**
  - Example with **INCORRECT** homestead exclusion:  **$34,500 - 45,741.79 = 0 \times .01522 = \$0$**
  - Example with **CORRECT** homestead exclusion:  **$34,500 - 12,313 = 22,187 \times .01522 = \$337.69$**
- The District applied the correct homestead exclusion on the fiscal year 2022-2023 school tax bills (12,313)

# CUSD 2022-2023 Property Tax Relief Funding:

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- CUSD received **\$3,470,352** in property tax relief for the 2022-2023 school year
- ACT 1 directs School Districts to distribute EXCESS property tax relief funds to ALL real properties by lowering the real estate tax rate
- CUSD was awaiting confirmation and instruction from the Pennsylvania Department of Education regarding the excess funds
- The 2022-2023 school tax bills were printed prior to receiving communication from the Pennsylvania Department of Education
- The business office of CUSD will work with Delaware County, and the district's legal team, to determine the real estate tax credit owed to all real property owners for fiscal year 2022-2023
- The credit will be reflected on resident's fiscal year 2023-2024 school tax bill (next year)
- If you have additional questions, please contact the Business Office at 267-916-5079