

# Property Tax/Rent Rebate Expansion



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The Property Tax/Rent Rebate (PTRR) program provides property tax relief to Pennsylvania’s elderly, widows, widowers and permanently disabled citizens in the form of rebates. Under program parameters through 2022, rebates of \$250 to \$650 were provided to eligible homeowners who earned \$35,000 or less of qualified income and rebates of \$500 to \$650 to eligible renters who earned \$15,000 or less of qualified income.<sup>1</sup> Eligible homeowners/renters meet one of four criteria: (1) age 65 or older, (2) have a spouse age 65 or older, (3) widow age 50 or older or (4) age 18 or older and permanently disabled. For 2021, the PTRR program provided \$350.6 million in rebates to 429,137 claimants. That amount includes \$144.3 million in one-time bonus rebates that were authorized by Act 54 of 2022. **Table 1** provides rebate and dollar amounts for 2021 by household income and claimant type. The table shows that \$208.1 million (59.4%) went to homeowners and \$142.5 million (40.6%) went to renters. It also shows that most rebates went to elderly (\$255.1 million, 72.8%) and disabled (\$89.4 million, 25.5%) residents.

**Table 1: PTRR Statistics for 2021**

Household Income	Claimants			Rebates (\$ millions)		
	Owner	Renter	Total	Owner	Renter	Total
\$0 to \$8,000	36,515	108,681	145,196	\$48.6	\$106.1	\$154.7
\$8,001 to \$15,000	74,056	43,270	117,326	\$78.1	\$36.3	\$114.4
\$15,001 to \$18,000	28,013	--	28,013	\$17.1	--	\$17.1
\$18,001 to \$35,000	<u>138,602</u>	--	<u>138,602</u>	<u>\$64.4</u>	--	<u>\$64.4</u>
<b>Total</b>	<b>277,186</b>	<b>151,951</b>	<b>429,137</b>	<b>\$208.1</b>	<b>\$142.5</b>	<b>\$350.6</b>

  

Claimant Type	Claimants			Rebates (\$ millions)		
	Owner	Renter	Total	Owner	Renter	Total
Aged 65+	247,250	82,341	329,591	\$179.5	\$75.6	\$255.1
Spouse 65+	918	111	1,029	\$0.6	\$0.1	\$0.7
Widowed	4,959	1,387	6,346	\$4.1	\$1.3	\$5.4
Disabled	<u>24,059</u>	<u>68,112</u>	<u>92,171</u>	<u>\$24.0</u>	<u>\$65.4</u>	<u>\$89.4</u>
<b>Total</b>	<b>277,186</b>	<b>151,951</b>	<b>429,137</b>	<b>\$208.1</b>	<b>\$142.5</b>	<b>\$350.6</b>

Note: Rebate amounts include one-time bonus rebates for claim year 2021 authorized by Act 54 of 2022. Bonus rebates were equal to 70 percent of the standard rebate amount and totaled \$144.3 million.

Source: Property Tax/Rent Rebate Program 2021 Statistical Report, Pennsylvania Department of Revenue.

Act 7 of 2023 expands the PTRR program (changes detailed in **Table 2** on next page). For 2023, the act increases the maximum rebate for all claimants and increases the income eligibility cap from \$35,000 to \$45,000 for homeowners and from \$15,000 to \$45,000 for renters. For homeowners and renters with \$8,000 or less in household income, the maximum rebate increases from \$650 to \$1,000 (+\$350 or 54%). Other rebate caps increase by a similar percentage (52% to 54%). The act creates an additional income group for homeowners (\$35,001 to \$45,000) and three additional income groups for renters (\$15,001 to \$18,000; \$18,001 to \$35,000; and \$35,001 to \$45,000). Beginning with claim year 2024, PTRR income eligibility thresholds will be indexed to inflation.

<sup>1</sup> Qualified income for purposes of the PTRR program excludes 50% of Social Security. Supplemental rebates equal to 50% of the base PTRR rebate are paid to high burden homeowners or those homeowners located in specified local jurisdictions. These supplemental rebates are included in Table 1.

The IFO estimates that the changes will increase rebates by \$159.1 million for claim year 2023. Homeowners are estimated to receive \$91.8 million (57.7%) due to expansion, and renters receive \$67.3 million (42.3%) (see table below). Higher rebate caps account for \$80.0 million of the expansion for homeowners (\$49.6 million, 62.0%) and renters (\$30.4 million, 38.0%). New claimants resulting from the higher income caps expand rebates by \$79.1 million for homeowners (\$42.2 million, 53.4%) and renters (\$36.9 million, 46.6%).

**Table 2: PTRR Expansion Impact**

Income	Maximum Rebate <sup>1</sup>		Affected Claimants <sup>2</sup>		Impact (\$ millions)	
	Prior	New	Owner	Renter	Owner	Renter
\$0 to \$8,000	\$650	\$1,000	24,017	58,080	\$8.6	\$20.5
\$8,001 to \$15,000	\$500	\$770	61,071	37,344	\$20.4	\$9.9
\$15,001 to \$18,000	\$300	\$460	24,927	17,258	\$3.8	\$7.9
\$18,001 to \$35,000	\$250	\$380	125,111	57,070	\$16.9	\$21.7
\$35,001 to \$45,000	--	\$380	<u>111,082</u>	<u>19,045</u>	<u>\$42.2</u>	<u>\$7.2</u>
<b>Total</b>			<b>346,208</b>	<b>188,798</b>	<b>\$91.8</b>	<b>\$67.3</b>

Notes:

1 Maximum rebates under prior law for households with incomes over \$15,000 are applicable to homeowners only. Maximum rebates under the expansion are applicable to all households.

2 Affected claimants include (1) current PTRR claimants who receive a higher rebate and (2) those newly eligible due to higher income thresholds.

The **higher rebate caps** (+\$80.0 million) have the following impacts:

- The average rebate increases \$242. The average increase for homeowners is \$211 and the average increase for renters is \$319.
- Based on income level, the shares (in dollars) are as follows: \$8,000 or less (36.4%); \$8,001 to \$15,000 (37.8%); \$15,001 to \$18,000 (4.7%); and \$18,001 to \$35,000 (21.1%).
- Based on claimant type, the shares (in dollars) are as follows: Age 65+ (73.5%), Spouse 65+ (0.2%), Widow/Widower (1.6%) and Disabled (24.7%).

The **higher income caps** (+\$79.1 million) have the following impacts:<sup>2</sup>

- Adds an estimated 111,080 new homeowner claimants with household income between \$35,001 and \$45,000. The average rebate amount is \$380.
- Adds an estimated 93,400 new renter claimants with household income between \$15,001 and \$45,000. The average rebate amount is \$395.
- Due to lack of data, the impact on newly eligible disabled claimants could not be computed reliably, and the great majority would likely be renters. If the 200% increase in the renter income threshold increases the number of disabled renter claimants by 100%, then 68,000 more disabled renters would claim total rebates of \$27.2 million (\$400 average). This impact is excluded from Tables 2 and 3.

<sup>2</sup> Estimates for the impact of higher income caps are based on data from the U.S. Census Bureau's 2021 American Community Survey (ACS). The IFO adjusts household income reported in the ACS to account for known underreporting of retirement income. Social Security income is grown by 15.1% to reflect COLAs effective for 2022 and 2023. The analysis assumes that 80% of newly eligible homeowners and renters claim a rebate.

**Table 3** displays the estimated impact of the expansion by county. The higher rebate impact is apportioned to counties based on published 2021 claimant data from the PA Department of Revenue. The higher income cap impact is apportioned to counties based on Social Security beneficiary counts for 2021.

**Table 3: Expansion Impact by County**

County	Affected Claimants		Total Increase (\$000s)		Avg. Increase
	Owner	Renter	Owner	Renter	
Adams	3,224	1,293	\$895	\$472	\$303
Allegheny	31,048	18,660	\$8,300	\$6,601	\$300
Armstrong	3,225	1,328	\$788	\$469	\$276
Beaver	6,698	3,025	\$1,723	\$1,069	\$287
Bedford	2,159	761	\$500	\$274	\$265
Berks	11,280	6,649	\$3,073	\$2,363	\$303
Blair	5,231	2,605	\$1,222	\$908	\$272
Bradford	2,224	1,131	\$551	\$399	\$283
Bucks	12,417	6,407	\$3,669	\$2,356	\$320
Butler	5,419	2,589	\$1,394	\$928	\$290
Cambria	6,822	2,701	\$1,522	\$956	\$260
Cameron	279	108	\$65	\$37	\$264
Carbon	2,989	1,057	\$790	\$372	\$287
Centre	2,735	1,535	\$714	\$550	\$296
Chester	7,118	4,541	\$2,191	\$1,676	\$332
Clarion	1,469	707	\$341	\$250	\$272
Clearfield	3,732	1,294	\$848	\$461	\$260
Clinton	1,476	816	\$360	\$283	\$281
Columbia	2,646	1,140	\$666	\$399	\$281
Crawford	3,493	1,777	\$856	\$625	\$281
Cumberland	5,883	2,954	\$1,612	\$1,066	\$303
Dauphin	6,177	4,269	\$1,667	\$1,508	\$304
Delaware	9,785	6,139	\$2,986	\$2,225	\$327
Elk	1,739	489	\$383	\$175	\$251
Erie	8,475	5,457	\$2,290	\$1,913	\$302
Fayette	6,033	2,817	\$1,412	\$999	\$272
Forest	263	87	\$61	\$31	\$264
Franklin	5,018	2,203	\$1,281	\$790	\$287
Fulton	591	220	\$147	\$79	\$279
Greene	1,006	656	\$248	\$233	\$289
Huntingdon	1,902	713	\$456	\$255	\$272
Indiana	3,334	1,376	\$792	\$490	\$272
Jefferson	1,824	814	\$420	\$288	\$268
Juniata	996	382	\$238	\$135	\$271

Sources: Pennsylvania Department of Revenue, U.S. Census Bureau American Community Survey, Social Security Administration. Calculations by the IFO.

**Table 3 Continued: Expansion Impact by County**

County	Affected Claimants		Total Increase (\$000s)		Avg. Increase
	Owner	Renter	Owner	Renter	
Lackawanna	6,732	4,182	\$1,899	\$1,468	\$309
Lancaster	12,295	7,676	\$3,442	\$2,736	\$309
Lawrence	3,633	1,671	\$929	\$590	\$286
Lebanon	4,378	2,314	\$1,141	\$821	\$293
Lehigh	8,542	5,713	\$2,464	\$2,015	\$314
Luzerne	11,379	5,739	\$3,021	\$2,019	\$294
Lycoming	4,312	2,364	\$1,136	\$831	\$295
McKean	1,771	793	\$409	\$278	\$268
Mercer	4,893	2,308	\$1,170	\$809	\$275
Mifflin	2,342	1,075	\$572	\$374	\$277
Monroe	4,518	1,806	\$1,287	\$658	\$308
Montgomery	13,316	7,858	\$4,043	\$2,893	\$328
Montour	699	249	\$171	\$90	\$275
Northampton	8,001	4,554	\$2,292	\$1,619	\$312
Northumberland	3,656	1,974	\$858	\$687	\$274
Perry	1,501	601	\$389	\$217	\$288
Philadelphia	26,376	23,553	\$7,070	\$8,364	\$309
Pike	1,524	561	\$438	\$211	\$311
Potter	815	285	\$199	\$102	\$274
Schuylkill	6,475	2,466	\$1,584	\$869	\$274
Snyder	1,567	531	\$389	\$190	\$276
Somerset	3,694	1,414	\$828	\$502	\$260
Sullivan	310	109	\$71	\$40	\$265
Susquehanna	1,314	618	\$340	\$221	\$290
Tioga	1,535	692	\$382	\$247	\$282
Union	1,201	537	\$309	\$191	\$288
Venango	2,308	1,012	\$520	\$359	\$265
Warren	1,571	627	\$368	\$226	\$270
Washington	6,485	3,446	\$1,666	\$1,227	\$291
Wayne	1,880	778	\$536	\$282	\$308
Westmoreland	15,012	6,055	\$3,764	\$2,171	\$282
Wyoming	913	407	\$251	\$146	\$301
York	12,551	6,130	\$3,452	\$2,187	\$302
<b>Total</b>	<b>346,208</b>	<b>188,798</b>	<b>\$91,848</b>	<b>\$67,273</b>	<b>\$297</b>

Sources: Pennsylvania Department of Revenue, U.S. Census Bureau American Community Survey, Social Security Administration. Calculations by the IFO.

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