Amending the act of June 27, 2006 (1st Sp.Sess., P.L.1873, No.1), entitled "An act providing for taxation by school districts, for the State funds formula, for tax relief in first class cities, for school district choice and voter participation, for other school district options and for a task force on school cost reduction; making an appropriation; prohibiting prior authorized taxation; providing for installment payment of taxes; restricting the power of certain school districts to levy, assess and collect taxes; and making related repeals," further providing for PUBLIC REFERENDUM REQUIREMENTS AND FOR installment payment of school real property taxes.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

SECTION 1.  SECTION 333 OF THE ACT OF JUNE 27, 2006 (1ST SP.SESS., P.L.1873, NO.1), KNOWN AS THE TAXPAYER RELIEF ACT, IS
AMENDED TO READ:

SECTION 333. PUBLIC REFERENDUM REQUIREMENTS FOR INCREASING CERTAIN TAXES.

(A) APPLICABILITY.--THE FOLLOWING PROVISIONS SHALL APPLY TO THIS SECTION:

(1) FOR THE 2006-2007 FISCAL YEAR, THE TAX INCREASE PROPOSED BY ANY BOARD OF SCHOOL DIRECTORS SHALL NOT EXCEED THE INDEX UNLESS AN EXCEPTION UNDER SUBSECTION (F) OR (N) IS APPROVED PURSUANT TO SUBSECTION [(I) OR] (J), PROVIDED THAT A BOARD OF SCHOOL DIRECTORS THAT DID NOT ELECT TO PARTICIPATE IN THE FORMER ACT OF JULY 5, 2004 (P.L.654, NO.72), KNOWN AS THE HOMEOWNER TAX RELIEF ACT, SHALL HAVE THE AUTHORITY TO PETITION THE COURT OF COMMON PLEAS FOR AN ADDITIONAL TAX RATE INCREASE IF THE TAX RATE INCREASE ALLOWED BY THE INDEX AND ANY EXCEPTION APPROVED PURSUANT TO SUBSECTION [(I) OR] (J) IS INSUFFICIENT TO BALANCE THE PROPOSED BUDGET. NO LATER THAN JULY 15, 2006, THE COURT SHALL GRANT THE SCHOOL DISTRICT'S REQUEST FOR THE TAX RATE INCREASE UPON GOOD CAUSE SHOWN IF THE SCHOOL DISTRICT PROVES BY CLEAR AND CONVINCING EVIDENCE THAT THE TAX RATE INCREASE AUTHORIZED UNDER THIS PARAGRAPH IS INSUFFICIENT TO BALANCE THE PROPOSED BUDGET. FOR A BOARD OF SCHOOL DIRECTORS SUBJECT TO THIS PARAGRAPH, THE DATES BY WHICH THE BOARD OF SCHOOL DIRECTORS, THE DEPARTMENT AND THE COURT OF COMMON PLEAS SHALL BE REQUIRED TO COMPLY WITH SECTION 311 AND SUBSECTIONS (E)[, (I)] AND (J) SHALL BE 92 DAYS AFTER THE DATES SET FORTH IN THOSE PROVISIONS, EXCEPT THAT THE DATE BY WHICH THE BOARD OF SCHOOL DIRECTORS SHALL BE REQUIRED TO COMPLY WITH ALL OF THE PROVISIONS OF SECTION 311(C) SHALL BE TEN DAYS PRIOR TO THE DATE BY WHICH THE BOARD OF SCHOOL DIRECTORS IS REQUIRED TO ADOPT A PRELIMINARY
BUDGET. ANY EXCEPTIONS GRANTED TO A BOARD OF SCHOOL DIRECTORS UNDER SECTION 333 OF THE FORMER HOMEOWNER TAX RELIEF ACT SHALL REMAIN IN FULL FORCE AND EFFECT. NOTWITHSTANDING THE PROVISIONS OF THIS PARAGRAPH, A BOARD OF SCHOOL DIRECTORS THAT SOUGHT AND WAS GRANTED APPROVAL FOR ONE OR MORE EXCEPTIONS UNDER SECTION 333 OF THE FORMER HOMEOWNER TAX RELIEF ACT MAY APPLY FOR ANY EXCEPTION UNDER SUBSECTIONS (F) (V) [AND (IX)] AND (N), WHERE THE DOLLAR AMOUNT OF AN EXCEPTION APPROVED BY THE DEPARTMENT UNDER THE FORMER HOMEOWNER TAX RELIEF ACT IS LESS THAN THE DOLLAR AMOUNT OF THE EXCEPTION FOR WHICH THE SCHOOL DISTRICT IS ELIGIBLE UNDER THIS ACT.

(2) THIS SECTION SHALL APPLY TO EACH BOARD OF SCHOOL DIRECTORS BEGINNING WITH ANY PROPOSED TAX INCREASE THAT TAKES EFFECT IN THE 2007-2008 FISCAL YEAR AND EACH FISCAL YEAR THEREAFTER.

(B) PROHIBITIONS.—EXCEPT AS SET FORTH IN SUBSECTION [(I) AND] (J), UNLESS THERE IS COMPLIANCE WITH SUBSECTION (C), A BOARD OF SCHOOL DIRECTORS MAY NOT DO ANY OF THE FOLLOWING:

(1) INCREASE THE RATE OF A TAX LEVIED FOR THE SUPPORT OF THE PUBLIC SCHOOLS BY MORE THAN THE INDEX. FOR PURPOSES OF COMPLIANCE WITH THIS PARAGRAPH, A SCHOOL DISTRICT WHICH IS SITUATED IN MORE THAN ONE COUNTY AND WHICH LEVIES REAL ESTATE TAXES UNDER SECTION 672.1 OF THE ACT OF MARCH 10, 1949 (P.L.30, NO.14), KNOWN AS THE PUBLIC SCHOOL CODE OF 1949, SHALL APPLY THE INDEX TO EACH SEPARATE RATE OF REAL ESTATE TAXES LEVIED.

(2) LEVY A TAX FOR THE SUPPORT OF THE PUBLIC SCHOOLS WHICH WAS NOT LEVIED IN THE 2005-2006 FISCAL YEAR.

(3) RAISE THE RATE OF THE EARNED INCOME AND NET PROFITS
TAX IF ALREADY IMPOSED UNDER THE AUTHORITY OF THE LOCAL TAX
ENABLING ACT EXCEPT AS OTHERWISE PROVIDED FOR UNDER SECTION
331.2 OR 332.

(4) NOTWITHSTANDING ANY OTHER PROVISION OF THIS CHAPTER
TO THE CONTRARY, THE ADOPTION OF A REFERENDUM UNDER SECTION
331.2 OR 332 CONFERS ON THE BOARD OF SCHOOL DIRECTORS THE
AUTHORITY TO RAISE INCOME TAXES ONLY TO THE EXTENT CONTAINED
IN THE LANGUAGE OF THE REFERENDUM, AND ANY FUTURE INCREASE OF
AN INCOME TAX TO BE USED FOR THE PURPOSE OF PROPERTY TAX
REDUCTION SHALL BE SUBMITTED TO THE ELECTORS OF THE SCHOOL
DISTRICT AT A SUBSEQUENT MUNICIPAL ELECTION PURSUANT TO THE
PROVISIONS OF SECTION 332.

(C) REFERENDUM.--

(1) IN ORDER TO TAKE AN ACTION PROHIBITED UNDER
SUBSECTION (B)(1), AT THE ELECTION IMMEDIATELY PRECEDING THE
START OF THE SCHOOL DISTRICT FISCAL YEAR IN WHICH THE
PROPOSED TAX INCREASE WOULD TAKE EFFECT, A REFERENDUM STATING
THE SPECIFIC RATE OR RATES OF THE TAX INCREASE MUST BE
SUBMITTED TO THE ELECTORS OF THE SCHOOL DISTRICT, AND A
MAJORITY OF THE ELECTORS VOTING ON THE QUESTION MUST APPROVE
THE INCREASE.

(2) IN ORDER TO TAKE AN ACTION UNDER SUBSECTION (B)(2),
AT THE ELECTION IMMEDIATELY PRECEDING THE START OF THE SCHOOL
DISTRICT FISCAL YEAR IN WHICH THE PROPOSED TAX WOULD TAKE
EFFECT, A REFERENDUM STATING THE PROPOSED TAX AND THE RATE AT
WHICH IT WILL BE LEVIED MUST BE SUBMITTED TO THE ELECTORS OF
THE SCHOOL DISTRICT, AND A MAJORITY OF THE ELECTORS VOTING ON
THE QUESTION MUST APPROVE THE TAX.

(3) EXCEPT AS SET FORTH IN [SUBSECTIONS (I) AND]

SUBSECTION (J), A SCHOOL DISTRICT ACTING PURSUANT TO THIS
SUBSECTION SHALL SUBMIT THE REFERENDUM QUESTION REQUIRED TO THE ELECTION OFFICIALS OF EACH COUNTY IN WHICH IT IS SITUATE NO LATER THAN 60 DAYS PRIOR TO THE ELECTION IMMEDIATELY PRECEDING THE FISCAL YEAR IN WHICH THE TAX INCREASE WOULD TAKE EFFECT.


(D) FAILURE TO APPROVE REFERENDUM.--

(1) IF A REFERENDUM QUESTION SUBMITTED UNDER SUBSECTION (C)(1) IS NOT APPROVED, THE BOARD OF SCHOOL DIRECTORS MAY APPROVE AN INCREASE IN THE TAX RATE OF NOT MORE THAN THE INDEX.

(2) IF A REFERENDUM QUESTION SUBMITTED UNDER SUBSECTION (C)(2) IS NOT APPROVED, THE BOARD OF SCHOOL DIRECTORS MAY NOT LEVY THE TAX.

(E) TAX RATE SUBMISSIONS.--A SCHOOL DISTRICT THAT HAS ADOPTED A PRELIMINARY BUDGET PROPOSAL UNDER SECTION 311 THAT INCLUDES AN INCREASE IN THE RATE OF ANY TAX LEVIED FOR THE SUPPORT OF PUBLIC SCHOOLS SHALL SUBMIT INFORMATION ON THE INCREASE TO THE DEPARTMENT ON A UNIFORM FORM PREPARED BY THE DEPARTMENT. THE SCHOOL DISTRICT SHALL SUBMIT SUCH INFORMATION NO LATER THAN 85 DAYS PRIOR TO THE DATE OF THE ELECTION IMMEDIATELY
PRECEDING THE BEGINNING OF THE SCHOOL DISTRICT'S FISCAL YEAR.

THE DEPARTMENT SHALL COMPARE THE PROPOSED PERCENTAGE INCREASE IN
THE RATE OF ANY TAX WITH THE INDEX. WITHIN TEN DAYS OF THE
RECEIPT OF THE INFORMATION REQUIRED UNDER THIS SUBSECTION BUT NO
LATER THAN 75 DAYS PRIOR TO THE DATE OF THE ELECTION IMMEDIATELY
PRECEDING THE BEGINNING OF THE SCHOOL DISTRICT'S FISCAL YEAR,
THE DEPARTMENT SHALL INFORM THE SCHOOL DISTRICT WHETHER THE
PROPOSED TAX RATE INCREASE IS LESS THAN OR EQUAL TO THE INDEX.
IF THE DEPARTMENT DETERMINES THAT THE PROPOSED PERCENTAGE
INCREASE IN THE RATE OF THE TAX EXCEEDS THE INDEX, THE
DEPARTMENT SHALL NOTIFY THE SCHOOL DISTRICT THAT:

(1) THE PROPOSED TAX INCREASE MUST BE REDUCED TO AN
AMOUNT LESS THAN OR EQUAL TO THE INDEX;
(2) THE PROPOSED TAX INCREASE MUST BE APPROVED BY THE
ELECTORATE UNDER SUBSECTION (C)(1); OR
(3) AN EXCEPTION MUST BE SOUGHT UNDER [SUBSECTIONS (I)
AND] SUBSECTION (J).

(F) REFERENDUM EXCEPTIONS.—A SCHOOL DISTRICT MAY, WITHOUT
SEEKING VOTER APPROVAL UNDER SUBSECTION (C), INCREASE THE RATE
OF A TAX LEVIED FOR THE SUPPORT OF THE PUBLIC SCHOOLS BY MORE
THAN THE INDEX IF ALL OF THE FOLLOWING APPLY:

(1) THE REVENUE RAISED BY THE ALLOWABLE INCREASE UNDER
THE INDEX IS INSUFFICIENT TO BALANCE THE PROPOSED BUDGET DUE
TO ONE OR MORE OF THE EXPENDITURES LISTED IN PARAGRAPH (2).
(2) THE REVENUE GENERATED BY INCREASING THE RATE OF A
TAX BY MORE THAN THE INDEX WILL BE USED TO PAY FOR ANY OF THE
FOLLOWING:

[(I) COSTS INCURRED IN RESPONDING TO OR RECOVERING
FROM AN EMERGENCY OR DISASTER DECLARED PURSUANT TO 35
PA.C.S. § 7301 (RELATING TO GENERAL AUTHORITY OF
GOVERNOR) OR 75 PA.C.S. § 6108 (RELATING TO POWER OF
GOVERNOR DURING EMERGENCY).

(II) COSTS TO IMPLEMENT A COURT ORDER OR AN
ADMINISTRATIVE ORDER FROM A FEDERAL OR STATE AGENCY AS
LONG AS THE TAX INCREASE IS RESCINDED FOLLOWING
FULFILLMENT OF THE COURT ORDER OR ADMINISTRATIVE ORDER.

(III) COSTS ASSOCIATED WITH THE FOLLOWING:

(A) FOR A BOARD OF SCHOOL DIRECTORS THAT ELECTED
TO PARTICIPATE IN THE FORMER ACT OF JULY 5, 2004
(P.L.654, NO.72), KNOWN AS THE HOMEOWNER TAX RELIEF
ACT, TO PAY INTEREST AND PRINCIPAL ON ANY
INDEBTEDNESS INCURRED UNDER 53 PA.C.S. PT. VII SUBPT.
B (RELATING TO INDEBTEDNESS AND BORROWING) PRIOR TO
SEPTEMBER 4, 2004. IN NO CASE MAY THE SCHOOL DISTRICT
INCUR ADDITIONAL DEBT UNDER THIS CLAUSE EXCEPT FOR
THE REFINANCING OF EXISTING DEBT, INCLUDING THE
PAYMENT OF COSTS AND EXPENSES RELATED TO SUCH
REFINANCING AND THE ESTABLISHMENT OF FUNDING OF
APPROPRIATE DEBT SERVICE RESERVES. AN INCREASE UNDER
THIS CLAUSE SHALL BE RESCINDED FOLLOWING THE FINAL
PAYMENT OF INTEREST AND PRINCIPAL.

(A.1) FOR A BOARD OF SCHOOL DIRECTORS THAT DID
NOT ELECT TO PARTICIPATE IN THE FORMER ACT OF JULY 5,
2004 (P.L.654, NO.72), KNOWN AS THE HOMEOWNER TAX
RELIEF ACT, TO PAY INTEREST AND PRINCIPAL ON ANY
INDEBTEDNESS INCURRED UNDER 53 PA.C.S. PT. VII SUBPT.
B PRIOR TO THE EFFECTIVE DATE OF THIS ACT. IN NO CASE
MAY THE SCHOOL DISTRICT INCUR ADDITIONAL DEBT UNDER
THIS CLAUSE EXCEPT FOR THE REFINANCING OF EXISTING
DEBT, INCLUDING THE PAYMENT OF COSTS AND EXPENSES
RELATED TO SUCH REFINANCING AND THE ESTABLISHMENT OF FUNDING OF APPROPRIATE DEBT SERVICE RESERVES. AN INCREASE UNDER THIS CLAUSE SHALL BE RESCINDED FOLLOWING THE FINAL PAYMENT OF INTEREST AND PRINCIPAL.

(B) TO PAY INTEREST AND PRINCIPAL ON ANY ELECTORAL DEBT INCURRED UNDER 53 PA.C.S. PT. VII SUBPT. B. AN INCREASE UNDER THIS CLAUSE SHALL BE RESCINDED FOLLOWING THE FINAL PAYMENT OF INTEREST AND PRINCIPAL.

[(C) TO PAY INTEREST AND PRINCIPAL ON INDEBTEDNESS FOR UP TO 60% OF THE CONSTRUCTION COST AVERAGE ON A SQUARE-FOOT BASIS IF ALL OF THE FOLLOWING APPLY:

(I) THE INDEBTEDNESS IS FOR A SCHOOL CONSTRUCTION PROJECT UNDER 22 PA. CODE CH. 21 (RELATING TO SCHOOL BUILDINGS).


(II.1) FOR A BOARD OF SCHOOL DIRECTORS THAT DID NOT ELECT TO PARTICIPATE IN THE FORMER HOMEOWNER TAX RELIEF ACT, THE INDEBTEDNESS TO FUND APPROPRIATE DEBT SERVICE RESERVES FOR THE PROJECT IS INCURRED ON OR AFTER THE EFFECTIVE DATE OF THIS ACT.

(III) THE INCREASE SOUGHT UNDER THIS CLAUSE IS RESCINDED FOLLOWING FINAL PAYMENT OF INTEREST
AND PRINCIPAL.

(IV) THE INDEBTEDNESS IS INCURRED ONLY AFTER EXISTING FUND BALANCES FOR SCHOOL CONSTRUCTION AND ANY UNDESIGNATED FUND BALANCES HAVE BEEN FULLY COMMITTED TO FUND THE PROJECT.

(V) THE INDEBTEDNESS IS FOR AN ACADEMIC ELEMENTARY OR ACADEMIC SECONDARY SCHOOL BUILDING. FOR PURPOSES OF THIS SUBCLAUSE, THE FOLLOWING SHALL NOT BE CONSIDERED TO BE AN ACADEMIC ELEMENTARY OR ACADEMIC SECONDARY SCHOOL BUILDING:

- NATATORIUM, STADIUM BLEACHERS, ATHLETIC FIELD,
- ATHLETIC FIELD LIGHTING EQUIPMENT AND APPARATUS USED TO PROMOTE AND CONDUCT INTERSCHOLASTIC ATHLETICS.


(D) TO PAY INTEREST AND PRINCIPAL ON INDEBTEDNESS FOR UP TO $250,000 OF THE CONSTRUCTION COST OF A NONACADEMIC SCHOOL CONSTRUCTION PROJECT, AS ADJUSTED ANNUALLY BY THE PERCENTAGE INCREASE IN THE 20110SB0330PN1459 - 9 -
AVERAGE OF THE STATEWIDE AVERAGE WEEKLY WAGE AND THE
EMPLOYMENT COST INDEX. AN INCREASE UNDER THIS CLAUSE
SHALL BE RESCINDED FOLLOWING THE FINAL PAYMENT OF
INTEREST AND PRINCIPAL.]

(E) FOR PURPOSES OF THIS SUBPARAGRAPH, ELECTORAL
DEBT INCLUDES THE REFINANCING OR REFINANCING OF
ELECTORAL DEBT FOR WHICH AN EXCEPTION IS PERMITTED
UNDER CLAUSE (B) AS LONG AS THE REFINANCING OR
REFINANCING INCURS NO ADDITIONAL DEBT OTHER THAN FOR:

(I) COSTS AND EXPENSES RELATED TO THE
REFUNDING OR REFINANCING; AND

(II) FUNDING OF APPROPRIATE DEBT SERVICE
RESERVES.

(F) FOR PURPOSES OF THIS SUBPARAGRAPH,
INDEBTEDNESS INCLUDES THE REFINANCING OR REFINANCING OF
INDEBTEDNESS FOR WHICH AN EXCEPTION IS PERMITTED
UNDER CLAUSES (A) [, (A.1), (C) AND (D)] AND (A.1) AS
LONG AS THE REFINANCING OR REFINANCING INCURS NO
ADDITIONAL DEBT OTHER THAN FOR:

(I) COSTS AND EXPENSES RELATED TO THE
REFUNDING OR REFINANCING; AND

(II) FUNDING OF APPROPRIATE DEBT SERVICE
RESERVES.

[(IV) COSTS TO RESPOND TO CONDITIONS WHICH POSE AN
IMMEDIATE THREAT OF SERIOUS PHYSICAL HARM OR INJURY TO
THE STUDENTS, STAFF OR RESIDENTS OF THE SCHOOL DISTRICT
BUT ONLY UNTIL THE CONDITIONS CAUSING THE THREAT HAVE
BEEN FULLY RESOLVED.]

(V) COSTS INCURRED IN PROVIDING SPECIAL EDUCATION
PROGRAMS AND SERVICES TO STUDENTS WITH DISABILITIES IF
THE INCREASE IN EXPENDITURES ON SPECIAL EDUCATION PROGRAMS AND SERVICES, NET OF STATE SPECIAL EDUCATION PAYMENTS, WAS GREATER THAN THE INDEX. THE DOLLAR AMOUNT OF THIS EXCEPTION SHALL BE EQUAL TO THE PORTION OF THE INCREASE THAT EXCEEDS THE INDEX.

[(VI) COSTS WHICH:

(A) WERE INCURRED IN THE IMPLEMENTATION OF A SCHOOL IMPROVEMENT PLAN REQUIRED UNDER SECTION 1116(B) OF THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965 (PUBLIC LAW 89-10, 20 U.S.C. § 6316(B)); AND

(B) WERE NOT OFFSET BY A STATE ALLOCATION.

(VII) COSTS NECESSARY TO MAINTAIN:

(A) PER-STUDENT LOCAL TAX REVENUE, ADJUSTED BY THE INDEX, IF THE PERCENTAGE GROWTH IN AVERAGE DAILY MEMBERSHIP BETWEEN THE SCHOOL YEAR DETERMINED UNDER SUBSECTION (J)(4) AND THE THIRD SCHOOL YEAR PRECEDING THE SCHOOL YEAR DETERMINED UNDER SUBSECTION (J)(4) EXCEEDS 7.5%; OR

(B) ACTUAL INSTRUCTION EXPENSE PER AVERAGE DAILY MEMBERSHIP, ADJUSTED BY THE INDEX, IF THE INCREASE IN ACTUAL INSTRUCTION EXPENSE PER AVERAGE DAILY MEMBERSHIP BETWEEN THE SCHOOL YEAR DETERMINED UNDER SUBSECTION (J)(4) AND THE SCHOOL YEAR PRECEDING THE SCHOOL YEAR DETERMINED UNDER SUBSECTION (J)(4) IS LESS THAN THE INDEX.

(VIII) THE MAINTENANCE OF REVENUES DERIVED FROM REAL PROPERTY TAXES, EARNED INCOME AND NET PROFITS TAXES, PERSONAL INCOME TAXES, BASIC EDUCATION FUNDING ALLOCATIONS AND SPECIAL EDUCATION FUNDING ALLOCATIONS, ADJUSTED BY THE INDEX, FOR A SCHOOL DISTRICT WHERE THE
PERCENTAGE INCREASE IN REVENUES DERIVED FROM REAL
PROPERTY TAXES, EARNED INCOME AND NET PROFITS TAXES,
PERSONAL INCOME TAXES, BASIC EDUCATION FUNDING
ALLOCATIONS AND SPECIAL EDUCATION FUNDING ALLOCATIONS
BETWEEN THE SCHOOL YEAR DETERMINED UNDER SUBSECTION (J)
(4) AND THE SCHOOL YEAR PRECEDING THE SCHOOL YEAR
DETERMINED UNDER SUBSECTION (J)(4) IS LESS THAN THE
INDEX.

(IX) COSTS INCURRED FOR PROVIDING HEALTH CARE-
RELATED BENEFITS WHICH ARE DIRECTLY ATTRIBUTABLE TO A
COLLECTIVE BARGAINING AGREEMENT IN EFFECT ON JANUARY 1,
2006, BETWEEN THE SCHOOL DISTRICT AND ITS EMPLOYEES'
ORGANIZATION IF THE ANTICIPATED INCREASE IN THE COST OF
HEALTH CARE-RELATED BENEFITS BETWEEN THE CURRENT YEAR AND
THE UPCOMING YEAR IS GREATER THAN THE INDEX. THE DOLLAR
AMOUNT OF THIS EXCEPTION SHALL BE EQUAL TO THE PORTION OF
THE INCREASE WHICH EXCEEDS THE INDEX. THIS SUBPARAGRAPH
SHALL NOT APPLY TO A COLLECTIVE BARGAINING AGREEMENT
RENEWED, EXTENDED OR ENTERED INTO AFTER JANUARY 1, 2006.]

(G) REVENUE DERIVED FROM INCREASE.--ANY REVENUE DERIVED FROM
AN INCREASE IN THE RATE OF ANY TAX ALLOWED PURSUANT TO
SUBSECTION (F)(2)(III) SHALL NOT EXCEED THE ANTICIPATED DOLLAR
AMOUNT OF THE EXPENDITURE.

(H) LIMITATION ON TAX RATE.--THE INCREASE IN THE RATE OF ANY
TAX ALLOWED PURSUANT TO AN EXCEPTION UNDER SUBSECTION [(F)(2)
(I), (II), (IV), (V), (VI), (VII), (VIII) OR (IX)] (F)(2)(V) OR
(N) SHALL NOT EXCEED THE RATE INCREASE REQUIRED AS DETERMINED BY
[A COURT OF COMMON PLEAS OR] THE DEPARTMENT PURSUANT TO
SUBSECTION [(I) OR ](J).

[(I) COURT ACTION.--
(1) PRIOR TO THE IMPOSITION OF A TAX INCREASE UNDER
SUBSECTION (F)(2)(I), (II) AND (IV) AND NO LATER THAN 75 DAYS
PRIOR TO THE ELECTION IMMEDIATELY PRECEDING THE BEGINNING OF
THE SCHOOL DISTRICT'S FISCAL YEAR, APPROVAL BY THE COURT OF
COMMON PLEAS IN THE JUDICIAL DISTRICT IN WHICH THE
ADMINISTRATIVE OFFICE OF THE SCHOOL DISTRICT IS LOCATED MUST
BE SOUGHT. THE BOARD OF SCHOOL DIRECTORS SHALL PUBLISH IN A
NEWSPAPER OF GENERAL CIRCULATION AND ON THE DISTRICT'S
PUBLICLY ACCESSIBLE INTERNET SITE, IF ONE IS MAINTAINED,
NOTICE OF ITS INTENT TO FILE A PETITION UNDER THIS SUBSECTION
AT LEAST ONE WEEK PRIOR TO THE FILING OF THE PETITION. THE
BOARD OF SCHOOL DIRECTORS SHALL ALSO PUBLISH IN A NEWSPAPER
OF GENERAL CIRCULATION AND ON THE DISTRICT'S PUBLICLY
ACCESSIBLE INTERNET SITE, IF ONE IS MAINTAINED, NOTICE, AS
SOON AS POSSIBLE FOLLOWING NOTIFICATION FROM THE COURT THAT A
HEARING HAS BEEN SCHEDULED, STATING THE DATE, TIME AND PLACE
OF THE HEARING ON THE PETITION. THE FOLLOWING SHALL APPLY TO
ANY PROCEEDINGS INSTITUTED UNDER THIS SUBSECTION:

   (I) THE SCHOOL DISTRICT MUST PROVE BY CLEAR AND
       CONVINCING EVIDENCE THAT IT QUALIFIES FOR EACH EXCEPTION
       SOUGHT.

   (II) THE SCHOOL DISTRICT MUST PROVE BY CLEAR AND
       CONVINCING EVIDENCE THE ANTICIPATED DOLLAR AMOUNT OF THE
       EXPENDITURE FOR EACH EXCEPTION SOUGHT.

(2) THE COURT SHALL RULE ON THE SCHOOL DISTRICT'S
PETITION AND INFORM THE SCHOOL DISTRICT OF ITS DECISION NO
LATER THAN 55 DAYS PRIOR TO THE DATE OF THE ELECTION
IMMEDIATELY PRECEDING THE BEGINNING OF THE SCHOOL DISTRICT'S
FISCAL YEAR. IF THE COURT APPROVES THE PETITION, THE COURT
SHALL ALSO DETERMINE THE DOLLAR AMOUNT OF THE EXPENDITURE FOR

(J) DEPARTMENT APPROVAL.--

(1) A SCHOOL DISTRICT THAT SEEKS TO INCREASE THE RATE OF TAX DUE TO AN EXPENDITURE UNDER SUBSECTION (F)(2)(III), (V), (VI), (VII), (VIII) OR (IX) OR (N) SHALL OBTAIN THE APPROVAL OF THE DEPARTMENT BEFORE IMPOSING THE TAX INCREASE. THE DEPARTMENT SHALL ESTABLISH PROCEDURES FOR ADMINISTERING THE PROVISIONS OF THIS SUBSECTION, WHICH MAY INCLUDE AN ADMINISTRATIVE HEARING ON THE SCHOOL DISTRICT'S SUBMISSION.

(2) A SCHOOL DISTRICT PROCEEDING UNDER THE PROVISIONS OF THIS SUBSECTION SHALL PUBLISH IN A NEWSPAPER OF GENERAL CIRCULATION AND ON THE DISTRICT'S PUBLICLY ACCESSIBLE INTERNET SITE, IF ONE IS MAINTAINED, NOTICE OF ITS INTENT TO SEEK DEPARTMENT APPROVAL AT LEAST ONE WEEK PRIOR TO SUBMITTING ITS REQUEST FOR APPROVAL TO THE DEPARTMENT. IF THE DEPARTMENT SCHEDULES A HEARING ON THE SCHOOL DISTRICT'S REQUEST, THE SCHOOL DISTRICT SHALL PUBLISH NOTICE OF THE HEARING IN A NEWSPAPER OF GENERAL CIRCULATION AND ON THE DISTRICT'S PUBLICLY ACCESSIBLE INTERNET SITE, IF ONE IS MAINTAINED, IMMEDIATELY UPON RECEIVING THE INFORMATION FROM THE DEPARTMENT. THE NOTICE SHALL INCLUDE THE DATE, TIME AND PLACE OF THE HEARING.

(3) THE DEPARTMENT SHALL APPROVE A SCHOOL DISTRICT'S
REQUEST UNDER THIS SUBSECTION IF A REVIEW OF THE DATA UNDER
Paragraph (4) demonstrates that:

(I) The school district qualifies for one or more
exceptions under Subsection (F)(2)(III)[,] or (V)[, (VI),
(VII), (VIII) or (IX)] or (N); and

(II) The sum of the dollar amounts of the exceptions
for which the school district qualifies makes the school
district eligible under Subsection (F)(1).

(4) For the purpose of determining the eligibility of a
school district for an exception under Subsection (F)(2)(V),
[(VI), (VII) or (VIII),] the department shall utilize data
from the most recent school years for which annual financial
report data required under section 2553 of the Public School
Code of 1949 has been received. The department shall inform
school districts of the school years determined under this
subsection no later than 30 days prior to the date on which
public inspection of proposed school budgets is required
under Section 311(C).

(5) (I) The department shall rule on the school
district's request and shall inform the school district
of its decision no later than 55 days prior to the date
of the election immediately preceding the beginning of
the school district's fiscal year.

(II) If the department approves the request, the
department shall determine the dollar amount of the
expenditure for which the exception is sought and the tax
rate increase required to fund the exception.

(III) If the department denies the request, the
school district may submit a referendum question under
Subsection (C)(1). The question must be submitted to the
ELECTION OFFICIALS NO LATER THAN 50 DAYS PRIOR TO THE
DATE OF THE ELECTION IMMEDIATELY PRECEDING THE BEGINNING
OF THE SCHOOL DISTRICT'S FISCAL YEAR.

(6) WITHIN 30 DAYS OF THE DEADLINE UNDER PARAGRAPH (5)
(I), THE DEPARTMENT SHALL SUBMIT A REPORT TO THE PRESIDENT
PRO TEMPORE OF THE SENATE, THE MINORITY LEADER OF THE SENATE,
THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE MINORITY
LEADER OF THE HOUSE OF REPRESENTATIVES ENUMERATING THE SCHOOL
DISTRICTS WHICH SOUGHT AN EXCEPTION UNDER THIS SUBSECTION.
THE DEPARTMENT SHALL ALSO PUBLISH THE REPORT ON ITS PUBLICLY
ACCESSIBLE INTERNET SITE. THE REPORT SHALL INCLUDE:

(I) THE NAME OF EACH SCHOOL DISTRICT MAKING A
REQUEST UNDER THIS SUBSECTION.

(II) THE SPECIFIC EXCEPTIONS REQUESTED BY EACH
SCHOOL DISTRICT AND THE DOLLAR AMOUNT OF THE EXPENDITURE
FOR EACH EXCEPTION.

(III) THE DEPARTMENT'S RULING ON THE REQUEST FOR THE
EXCEPTION.

(IV) IF THE EXCEPTION WAS APPROVED, THE DOLLAR
AMOUNT OF THE EXPENDITURE FOR WHICH THE EXCEPTION WAS
SOUGHT AND THE TAX RATE INCREASE REQUIRED TO FUND THE
EXCEPTION.

(V) A STATISTICAL SUMMARY OF THE INFORMATION IN
SUBPARAGRAPHS (II), (III) AND (IV).

[(K) OBJECTIONS.--ANY PERSON WHO RESIDES WITHIN OR PAYS REAL
PROPERTY TAXES TO THE SCHOOL DISTRICT FILING A PETITION UNDER
SUBSECTION (I) MAY FILE WITH THE COURT WRITTEN OBJECTIONS TO ANY
PETITION FILED UNDER THIS SECTION.]

(L) INDEX CALCULATION.--NO LATER THAN AUGUST 15, 2005, AND
EACH AUGUST 15 THEREAFTER, THE DEPARTMENT SHALL CALCULATE THE
INDEX. THE DEPARTMENT SHALL PUBLISH THE INDEX BY SEPTEMBER 1, 2005, AND EACH SEPTEMBER 1 THEREAFTER IN THE PENNSYLVANIA BULLETIN.

(M) ELECTION INTERFERENCE PROHIBITED.--

(1) NO PUBLIC FUNDS MAY BE USED TO URGE ANY ELECTOR TO VOTE FOR OR AGAINST A REFERENDUM OR BE APPROPRIATED FOR POLITICAL OR CAMPAIGN PURPOSES.

(2) THIS SUBSECTION SHALL NOT BE CONSTRUED TO PROHIBIT THE USE OF PUBLIC FUNDS FOR DISSEMINATION OF FACTUAL INFORMATION RELATIVE TO A REFERENDUM APPEARING ON AN ELECTION BALLOT.

(3) AS USED IN THIS SUBSECTION, THE TERM "PUBLIC FUNDS" MEANS ANY FUNDS APPROPRIATED BY THE GENERAL ASSEMBLY OR BY A POLITICAL SUBDIVISION.

(N) TREATMENT OF CERTAIN REQUIRED PAYMENTS.--

(1) THE PROVISIONS OF SUBSECTIONS (F) AND (J) SHALL APPLY TO A SCHOOL DISTRICT'S SHARE OF PAYMENTS TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AS REQUIRED UNDER 24 PA.C.S. § 8327 (RELATING TO PAYMENTS BY EMPLOYERS) IF THE INCREASE IN [THE ACTUAL DOLLAR AMOUNT OF] ESTIMATED PAYMENTS BETWEEN THE CURRENT YEAR AND THE UPCOMING YEAR, AS DETERMINED BY THE DEPARTMENT UNDER THIS SECTION, IS GREATER THAN THE INDEX. [THE DOLLAR AMOUNT TO WHICH SUBSECTION (F) APPLIES SHALL EQUAL THAT PORTION OF THE INCREASE WHICH EXCEEDS THE PRODUCT OF THE INDEX AND THE ACTUAL DOLLAR VALUE OF PAYMENTS FOR THE CURRENT YEAR.]

(2) FOR PURPOSES OF THIS SUBSECTION, THE FOLLOWING APPLY:

(I) THE SCHOOL DISTRICT'S SHARE OF PAYMENTS AS REQUIRED BY 24 PA.C.S. § 8327 FOR THE CURRENT YEAR SHALL
BE DETERMINED BY THE DEPARTMENT USING:

(A) THE LESSER OF THE SCHOOL DISTRICT'S TOTAL
COMPENSATION FOR THE CURRENT YEAR OR THE SCHOOL
DISTRICT'S TOTAL COMPENSATION FOR THE 2011-2012
SCHOOL YEAR.

(B) THE EMPLOYER CONTRIBUTION RATE UNDER 24
PA.C.S. § 8328 (RELATING TO ACTUARIAL COST METHOD)
FOR THE CURRENT YEAR.

(C) A STATE RETIREMENT SUBSIDY CALCULATION BASED
ON THE SCHOOL DISTRICT'S TOTAL COMPENSATION UNDER
CLAUSE (A) AND THE EMPLOYER CONTRIBUTION RATE UNDER
CLAUSE (B).

(II) THE SCHOOL DISTRICT'S SHARE OF PAYMENTS AS
REQUIRED BY 24 PA.C.S. § 8327 FOR THE UPCOMING YEAR SHALL
BE DETERMINED BY THE DEPARTMENT USING ALL OF THE
FOLLOWING:

(A) THE LESSER OF THE SCHOOL DISTRICT'S:

(I) ESTIMATED TOTAL COMPENSATION FOR THE
UPCOMING YEAR; OR

(II) TOTAL COMPENSATION FOR THE 2011-2012
SCHOOL YEAR.

(B) THE EMPLOYER CONTRIBUTION RATE UNDER 24
PA.C.S. § 8328 FOR THE UPCOMING YEAR.

(C) A STATE RETIREMENT SUBSIDY CALCULATION BASED
ON THE SCHOOL DISTRICT'S TOTAL COMPENSATION UNDER
CLAUSE (A) AND THE EMPLOYER CONTRIBUTION RATE UNDER
CLAUSE (B).

(3) THE DOLLAR AMOUNT TO WHICH SUBSECTION (F) APPLIES
SHALL BE DETERMINED AS FOLLOWS:

(I) MULTIPLY:
(A) THE INDEX; BY

(B) THE SCHOOL DISTRICT'S SHARE OF PAYMENTS FOR
THE CURRENT YEAR, AS DETERMINED BY THE DEPARTMENT
UNDER THIS SUBSECTION.

(II) SUBTRACT:

(A) THE PRODUCT UNDER SUBPARAGRAPH (I); FROM
(B) THE AMOUNT OF INCREASE, AS DETERMINED BY THE
DEPARTMENT UNDER THIS SUBSECTION, IN THE SCHOOL
DISTRICT'S SHARE OF PAYMENTS BETWEEN:

(I) THE CURRENT YEAR; AND

(II) THE UPCOMING YEAR.

(4) AS USED IN THIS SUBSECTION, THE TERM "COMPENSATION"
HAS THE MEANING ASCRIBED IN 24 PA.C.S. § 8102 (RELATING TO
DEFINITIONS).

(O) RECISSION. --

(1) ANY INCREASE IN A RATE OF A TAX LEVIED FOR SUPPORT
OF THE PUBLIC SCHOOLS IMPOSED PRIOR TO OR DURING THE
2011-2012 SCHOOL YEAR UNDER A REFERENDUM EXCEPTION GRANTED,
PRIOR TO THE EFFECTIVE DATE OF THIS SUBSECTION, UNDER
SUBSECTION (F)(2)(I), (II) OR (III)(C) AND (D) SHALL BE
RESCINDED:

(I) IMMEDIATELY FOLLOWING FULFILLMENT OF THE COURT
ORDER OR ADMINISTRATIVE ORDER THAT WAS THE BASIS FOR THE
REFERENDUM EXCEPTION;

(II) IMMEDIATELY FOLLOWING THE PAYMENT OF COSTS TO
RESOLVE A CONDITION WHICH POSED AN IMMEDIATE THREAT OF
SERIOUS PHYSICAL HARM OR INJURY TO THE STUDENTS, STAFF OR
RESIDENTS OF THE SCHOOL DISTRICT THAT WAS THE BASIS FOR
THE REFERENDUM EXCEPTION; OR

(III) FOLLOWING THE FINAL PAYMENT OF INTEREST AND
PRINCIPAL RELATED TO THE INDEBTEDNESS.

(2) FOR THE PURPOSES OF THIS SUBSECTION, THE TERM "FINAL PAYMENT OF INTEREST AND PRINCIPAL" DOES NOT INCLUDE A SCHOOL DISTRICT'S PAYMENT OF DEBT AS A RESULT OF REFINANCING OR REFUNDING THE DEBT.

SECTION 2. SECTION 1502(D) OF THE ACT IS AMENDED AND THE SECTION IS AMENDED BY ADDING SUBSECTIONS TO READ:

Section 1502. Installment payment of school real property taxes.

* * *

(b.1) Adoption of resolution for small business.--No later than June 30, 2012, a board of school directors of a school district of the second, third or fourth class shall adopt a resolution which, for calendar year 2012 and each year thereafter, authorizes the collection and payment of school real property taxes, excluding any interim or delinquent school property taxes, in installments from small business owners.

* * *

(c.1) Contents of resolution for small business.--The resolution adopted pursuant to subsection (b.1) shall set forth all of the following:

(1) Permit taxpayers that own small businesses to be eligible to pay school real property taxes in installments.

(2) The same requirements as set forth under subsection (c)(2), (3) and (4).

(d) Notice.--A board of school directors of a school district to which this section applies shall annually set forth information regarding the payment of school real property taxes in installments and the dates on which such payments are due or delinquent on the tax notice sent to a homestead or farmstead
property owner or to a small business owner. 

(e) Definition.--For purposes of this section, "small business" means a business that is located in this Commonwealth and has no more than 50 employees.

Section 2. This act shall take effect in 60 days.

Section 3. The amendment of section 333 of the act shall apply to fiscal years of school districts which begin after January 1, 2012.

Section 4. This act shall take effect as follows:

(1) The following provisions shall take effect immediately:

(I) The amendment of section 333 of the act.

(II) Section 3 of this act.

(III) This section.

(2) The remainder of this act shall take effect in 60 days.