
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1214 Session of
1985

INTRODUCED BY DALEY, KASUNIC, DeLUCA, SWEET, STABACK, BELFANTI,
MAIALE, SALOOM, AFFLERBACH, FOX, HALUSKA, LINTON, RAYMOND,
TRELLO, PRATT AND BALDWIN, MAY 14, 1985

REFERRED TO COMMITTEE ON URBAN AFFAIRS, MAY 14, 1985

AN ACT

1 Providing for the establishment of a municipal revenue sharing
2 program; imposing powers and duties on the Department of
3 Revenue; and allocating certain revenues received by the
4 Commonwealth.

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

7 Section 1. Short title.

8 This act shall be known and may be cited as the Commonwealth
9 Municipal Revenue Sharing Act.

10 Section 2. Declaration of policy.

11 Municipalities in Pennsylvania are the principal suppliers of
12 taxpayer services in such areas as public safety, water and
13 sewer facilities, solid waste collection disposal, and street
14 construction and maintenance. While the cost of providing basic
15 municipal services continue to rise, the revenue sources for
16 municipalities remain fixed. The time has come to implement a
17 revenue source that will not increase the existing local tax
18 burden to the public but will add to the flow of tax dollars to

1 municipalities. This can be achieved through a sharing of tax
2 revenues, particularly the remaining portion of the tax revenues
3 collected by the Commonwealth from privately owned utilities
4 under the Public Utility Realty Tax presently retained by the
5 Commonwealth, and a sharing of the equitable State personal
6 income tax revenues.

7 Section 3. Definitions.

8 The following words and phrases when used in this act shall
9 have the meanings given to them in this section unless the
10 context clearly indicates otherwise:

11 "Account." The restricted receipts account established in
12 section 5.

13 "Annual." Each one-year period beginning on July 1 of the
14 current year and ending on June 30 of the succeeding year.

15 "Department." The Department of Revenue of the Commonwealth
16 of Pennsylvania.

17 "General tax effort." The net amount of local taxes
18 collected by the municipality during a calendar year, divided by
19 the total income of all individuals residing in the municipality
20 during that same calendar year.

21 "Municipality." Any county, city, borough, incorporated
22 town, township or home rule municipality.

23 "Population." The population of each municipality as finally
24 determined by the Federal Census Bureau in the latest decennial
25 census.

26 "Relative income factor." A fraction in which the numerator
27 is the per capita income of the Commonwealth and the denominator
28 is the per capita income of each municipality.

29 Section 4. Revenue sharing program.

30 (a) Establishment.--There is established the Commonwealth

1 Municipal Revenue Sharing Program which shall provide an annual
2 distribution of certain Commonwealth revenues to municipalities
3 for any use authorized by the corporated powers of the
4 municipalities. The total amount of revenue sharing for any one
5 year shall not exceed \$125,000,000.

6 (b) Payments.--The annual distribution shall be in the form
7 of two semiannual payments to each municipality. The first
8 payment shall be made on April 1 and shall consist of 75% of the
9 total municipal allotment. The second payment shall be made on
10 October 1 and shall consist of the remaining balance of each
11 municipal allotment. The initial distribution shall occur on
12 April 1, 1986.

13 (c) Administration.--Subject to the limitations set forth in
14 section 7, the department, in cooperation with the Department of
15 Commerce and the Department of Community Affairs, shall
16 administer this program.

17 Section 5. Restricted receipts account.

18 (a) Establishment.--There is established in the State
19 Treasury a restricted receipts account to be known as the
20 Municipal Revenue Sharing Account.

21 (b) Deposits.--At least 30 days prior to the April 1
22 distribution the following funds shall be deposited into the
23 account:

24 (1) That part of the annual revenues raised under
25 Article XI-A of the act of March 4, 1971 (P.L.6, No.2), known
26 as the Tax Reform Code of 1971, which is not distributed to
27 municipalities under section 1107-A of the Tax Reform Code of
28 1971.

29 (2) A portion of the annual revenues raised under
30 Article III of the Tax Reform Code of 1971 sufficient to

1 obtain the sum of \$125,000,000, but under no circumstances
2 shall such allocation exceed 2% of the annual revenues raised
3 under Article III.

4 (3) Any interest earned on investment of the moneys in
5 the account prior to distribution.

6 (c) Limitation on carryover balance.--After the annual
7 distribution, the balance then remaining in the account shall
8 not exceed \$5,000,000. Any excess balance shall be transferred
9 to the General Fund.

10 Section 6. Calculation of annual distribution.

11 (a) General rule.--Except as provided in subsection (b),
12 each municipal allocation shall be the amount bearing the same
13 ratio to \$125,000,000 as the population of that municipality,
14 multiplied by the general tax effort factor of that
15 municipality, multiplied by the relative income factor of that
16 municipality, bears to the sum of all such factors determined
17 for all municipalities.

18 (b) Limitation.--No one municipality shall receive more than
19 15% of the total amount of money available for distribution.

20 Section 7. Administration.

21 (a) Department of Revenue.--The department shall be
22 responsible for administering the provisions of this act,
23 including calculations, distributions, determinations and other
24 factors used for this act.

25 (b) Department of Commerce and Department of Community
26 Affairs.--The Department of Commerce and the Department of
27 Community Affairs shall, in a timely fashion, furnish
28 information on populations and incomes to the Department of
29 Revenue.

30 (c) Auditor General.--The Auditor General shall audit, on a

1 biennial schedule, each municipality receiving any distribution.
2 The Auditor General may, in the initial audit, examine up to
3 one-half of the municipalities on an annual basis and thereafter
4 audit all municipalities on the biennial basis.

5 Section 8. Rules and regulations.

6 The department shall promulgate appropriate rules and
7 regulations necessary to carry out the provisions of this act.

8 Section 9. Appeals.

9 Any municipality aggrieved by a decision or determination of
10 the department may appeal that decision or determination in
11 accordance with Title 2 of the Pennsylvania Consolidated
12 Statutes (relating to administrative law and procedure).

13 Section 10. Applicability.

14 (a) General rule.--Except as provided in subsection (b),
15 this act shall not be applicable until the Federal revenue
16 sharing program is abolished or phased out.

17 (b) Phased-in application.--If the Federal Government
18 chooses to eliminate the Federal revenue sharing program by
19 gradually reducing the amounts available to municipalities, then
20 the provisions of this act shall become applicable in the same
21 extent that the Federal provisions are withdrawn.

22 Section 11. Effective date.

23 This act shall take effect January 1, 1986.