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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 950 Session of  
1995

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INTRODUCED BY SERAFINI, THOMAS, TRELLO, YOUNGBLOOD, CIVERA,  
DALEY AND STABACK, MARCH 1, 1995

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SENATOR ROBBINS, LOCAL GOVERNMENT, IN SENATE, AS AMENDED,  
JUNE 18, 1996

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AN ACT

1 Amending the act of July 10, 1987 (P.L.246, No.47), entitled "An  
2 act empowering the Department of Community Affairs to declare  
3 certain municipalities as financially distressed; providing  
4 for the restructuring of debt of financially distressed  
5 municipalities; limiting the ability of financially  
6 distressed municipalities to obtain government funding;  
7 authorizing municipalities to participate in Federal debt  
8 adjustment actions and bankruptcy actions under certain  
9 circumstances; and providing for consolidation or merger of  
10 contiguous municipalities to relieve financial distress,"  
11 imposing a limitation on the right of a municipality to  
12 petition the court for an increase in the rate of taxation.

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

15 Section 1. Sections 123(c) and 141 of the act of July 10,  
16 1987 (P.L.246, No.47), known as the Municipalities Financial  
17 Recovery Act, are amended to read:

18 Section 123. Powers and duties of municipalities.

19 \* \* \*

20 (c) Right to petition court for tax increase.--

21 (1) After a municipality has adopted a plan under

1 Subchapter C of Chapter 2, it may petition the court of  
2 common pleas of the county in which the municipality is  
3 located to increase its rates of taxation for earned income,  
4 real property, or both, beyond maximum rates provided by law.

5 (2) If a tax increase above existing limits is granted  
6 by the courts, the increase shall be effective for a period  
7 of one year. [from the date a final plan is adopted by the  
8 governing body pursuant to section 245.] The one-year  
9 increase shall run from the date specified in the petition  
10 filed with the court, or if no such date is specified, from  
11 the beginning of the current fiscal year of the municipality.

12 Subsequent increases in rates of taxation may be granted by  
13 the court upon annual petition of the municipality. The  
14 additional amount of taxes resulting from the petition shall  
15 not be subject to sharing with a school district.

16 (3) A petition filed by a city of the second class A or <—  
17 a city of the third class under this subsection may not  
18 include an increase in a tax on nonresident income unless the  
19 municipality certifies to the court, with regard to those  
20 provisions of the plan having a measurable fiscal impact,  
21 that:

22 (i) the municipality has substantially implemented  
23 the provisions which are within the authority of the  
24 chief executive officer or governing body, including, but  
25 not limited to, provisions of the plan that call for  
26 increasing existing tax rates levied on residents and  
27 increasing fees charged by the municipality;

28 (ii) the municipality has taken those actions  
29 required to obtain the approval of other parties for  
30 those provisions which may not be implemented without

1 such approval, including, but not limited to, the  
2 approval of a court, local electors or any collective  
3 bargaining unit; and

4 (iii) the additional income from the aforementioned  
5 actions is insufficient to balance the municipal budget,  
6 necessitating additional revenue from an increase in the  
7 tax on nonresident income.

8 Section 141. Jurisdiction of court of common pleas.

9 (a) Increases in tax rates.--The court of common pleas of  
10 each county shall have jurisdiction to hear a petition filed by  
11 a municipality which has adopted a final plan pursuant to  
12 Subchapter C of Chapter 2 to increase rates of taxation for  
13 earned income, real property, or both, beyond maximum rates  
14 provided by law. The court may extend annually the increased  
15 taxing powers of the municipality until the termination date of  
16 the plan adopted by the municipality pursuant to Chapter 2.

17 (b) Involuntary compromises of delinquent taxes.--The court  
18 of common pleas of each county may hear a petition filed by at  
19 least two taxing authorities having taxing power over the  
20 properties within a municipality which has adopted a final plan  
21 pursuant to Subchapter C of Chapter 2 if the petition requests a  
22 compromise of delinquent taxes due on a property in that  
23 municipality. The court may order the property to be sold at a  
24 sheriff's sale and the proceeds to be divided among all  
25 authorities which are owed taxes for the property sold. If the  
26 property is sold at sheriff's sale and if the proceeds are  
27 insufficient to satisfy tax liens on the property, the court  
28 shall order a proration of the sale proceeds among the taxing  
29 authorities which fixed the liens.

30 Section 2. This act shall apply to petitions to increase

1 rates of taxation that relate to tax years beginning after the  
2 effective date of this act.

3 Section 3. This act shall take effect in 60 days.