
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 100 Session of
2003

INTRODUCED BY JUBELIRER, BRIGHTBILL, PICCOLA, RHOADES, DENT,
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WONDERLING AND ARMSTRONG, MARCH 24, 2003

SENATE AMENDMENTS TO HOUSE AMENDMENTS, JULY 2, 2004

AN ACT

1 ~~Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An~~ <—
2 ~~act relating to the public school system, including certain~~
3 ~~provisions applicable as well to private and parochial~~
4 ~~schools; amending, revising, consolidating and changing the~~
5 ~~laws relating thereto," further providing for per capita~~
6 ~~taxes and for distress in school districts of the first~~
7 ~~class; providing for the imposition and collection of an~~
8 ~~earned income and net profits tax or personal income tax by~~
9 ~~school districts after approval by the electors, for State~~
10 ~~matching funds formula, for wage and net profits tax relief~~
11 ~~in cities of the first class and for applicability of~~
12 ~~referendum exceptions; and further providing for the mandate~~
13 ~~waiver program.~~
14 PROVIDING FOR TAXATION BY SCHOOL DISTRICTS, FOR STATE FUNDS AND <—
15 FOR WAGE AND NET PROFITS TAX RELIEF IN CITIES OF THE FIRST
16 CLASS; AND MAKING AN APPROPRIATION.

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19 SECTION 5003. EFFECTIVE DATE.

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

22 ~~Section 1. Section 679 of the act of March 10, 1949 (P.L.30, <—~~
23 ~~No.14), known as the Public School Code of 1949, amended~~
24 ~~November 26, 1982 (P.L.760, No.215), is amended to read:~~

25 ~~Section 679. Per Capita Taxes. Each resident or inhabitant,~~
26 ~~over eighteen years of age, in every school district of the~~
27 ~~second, third, and fourth class, which shall levy such tax,~~
28 ~~shall annually pay, for the use of the school district in which~~
29 ~~he or she is a resident or inhabitant, a per capita tax of not~~
30 ~~less than one dollar nor more than five dollars, as may be~~

1 ~~assessed by the local school district. The tax collector shall~~
2 ~~not proceed against a spouse or his employer until he has~~
3 ~~pursued remedies against the delinquent taxpayer and the~~
4 ~~taxpayer's employer under this section.~~

5 ~~Each school district may exempt any person whose total income~~
6 ~~from all sources is less than [five thousand dollars] ten~~
7 ~~thousand dollars per annum from its per capita tax or any~~
8 ~~portion thereof. The school district may adopt and employ~~
9 ~~regulations for the processing of claims for the exemption.~~

10 ~~Section 2. Section 696(h)(1) of the act, amended June 29,~~
11 ~~2002 (P.L.524, No.88), is amended to read:~~

12 ~~Section 696. Distress in School Districts of the First~~
13 ~~Class. * * *~~

14 ~~(h) The School Reform Commission shall be responsible for~~
15 ~~financial matters related to the distressed school district of~~
16 ~~the first class and:~~

17 ~~(1) [All] Except as provided in Article VI C, all taxes~~
18 ~~authorized to be levied by a school district of the first class~~
19 ~~or for a school district of the first class by a city or county~~
20 ~~of the first class on the date of the declaration of distress~~
21 ~~shall continue to be authorized and levied in accordance with~~
22 ~~this act and shall be transmitted to the school district. For~~
23 ~~the first fiscal year or part thereof and every fiscal year~~
24 ~~thereafter in which the school district is declared to be~~
25 ~~distressed, the amount appropriated or paid by the city or~~
26 ~~county to the school district and the tax authorized by the city~~
27 ~~or county to be levied for the school district or dedicated to~~
28 ~~the school district shall be an amount or tax not less than the~~
29 ~~highest amount paid by the city or county to the school district~~
30 ~~or authorized by the city or county to be levied for the school~~

1 ~~district or dedicated to the school district during any of the~~
2 ~~three full preceding fiscal years. In addition, the city of the~~
3 ~~first class shall provide to the school district of the first~~
4 ~~class all other available local non tax revenue, including~~
5 ~~grants, subsidies or payments made during the prior year.~~

6 * * *

7 ~~Section 3. The act is amended by adding articles to read:~~

8 ARTICLE VI A

9 TAXATION BY SCHOOL DISTRICTS

10 (a) General Provisions

11 Section 601 A. Short title of article.

12 This article shall be known and may be cited as the Taxpayer
13 Choice Act.

14 Section 602 A. Definitions.

15 The following words and phrases when used in this article
16 shall have the meanings given to them in this section unless the
17 context clearly indicates otherwise:

18 "Assessor." As defined in 53 Pa.C.S. § 8582 (relating to
19 definitions).

20 "Average index" or "index." The average of the percentage
21 increase in the Statewide average weekly wage and the employment
22 cost index calculated by the Department of Education and
23 published in the Pennsylvania Bulletin under section 614 A(k).

24 "Board of school directors." A board of school directors of
25 a school district of the first class A, second class, third
26 class or fourth class.

27 "Current year." The fiscal year for which a tax is levied.

28 "Domicile." As defined in section 13 of the act of December
29 31, 1965 (P.L.1257, No.511), known as The Local Tax Enabling
30 Act.

1 ~~"Earned income." As defined in section 13 of the act of~~
2 ~~December 31, 1965 (P.L.1257, No.511), known as The Local Tax~~
3 ~~Enabling Act.~~

4 ~~"Election officials." The county board of elections of a~~
5 ~~county.~~

6 ~~"Employer." As defined in section 301 of the act of March 4,~~
7 ~~1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.~~

8 ~~"Employment Cost Index." The most recent official figures,~~
9 ~~for the previous 12 month period for the Employment Cost Index~~
10 ~~Series for Elementary and Secondary Schools, reported by the~~
11 ~~Bureau of Labor Statistics of the Department of Labor.~~

12 ~~"Farmstead." As defined in 53 Pa.C.S. §8582 (relating to~~
13 ~~definitions).~~

14 ~~"Farmstead property." A farmstead for which an application~~
15 ~~has been submitted and approved under 53 Pa.C.S. § 8584~~
16 ~~(relating to administration and procedure).~~

17 ~~"Fund." The Property Tax Relief Fund.~~

18 ~~"Homestead." As defined in 53 Pa.C.S. § 8401 (relating to~~
19 ~~definitions).~~

20 ~~"Homestead property." A homestead for which an application~~
21 ~~has been submitted and approved under 53 Pa.C.S. § 8584~~
22 ~~(relating to administration and procedure).~~

23 ~~"Income tax." A tax on earned income and net profits or a~~
24 ~~tax on personal income imposed pursuant to this article.~~

25 ~~"Local Tax Enabling Act." The act of December 31, 1965~~
26 ~~(P.L.1257, No.511), known as The Local Tax Enabling Act.~~

27 ~~"Local tax revenue." The revenue from taxes actually levied~~
28 ~~and assessed by a school district. The term does not include~~
29 ~~interest or dividend earnings, Federal or State grants,~~
30 ~~contracts or appropriations, income generated from operations or~~

1 ~~any other source that is not derived from taxes levied and~~
2 ~~assessed by a school district.~~

3 ~~"Municipality." As defined in 1 Pa.C.S. § 1991 (relating to~~
4 ~~definitions).~~

5 ~~"Net profits." As defined in section 13 of the act of~~
6 ~~December 31, 1965 (P.L.1257, No.511), known as The Local Tax~~
7 ~~Enabling Act.~~

8 ~~"Personal income." Income enumerated in section 303 of the~~
9 ~~act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code~~
10 ~~of 1971, as returned to and ascertained by the Department of~~
11 ~~Revenue, subject, however, to any correction thereof for fraud,~~
12 ~~evasion or error as finally determined by the Commonwealth.~~

13 ~~"Political subdivision." As defined in 1 Pa.C.S. § 1991~~
14 ~~(relating to definitions).~~

15 ~~"Preceding year." The fiscal year before the current year.~~

16 ~~"Resident individual." An individual who is domiciled in a~~
17 ~~school district.~~

18 ~~"School district." A school district of the first class A,~~
19 ~~second class, third class or fourth class.~~

20 ~~"Statewide average weekly wage." That amount determined~~
21 ~~annually for each calendar year by the Department of Labor and~~
22 ~~Industry under section 105.1 of the act of June 2, 1915~~
23 ~~(P.L.736, No.338), known as the Workers' Compensation Act.~~

24 ~~"Succeeding year." The fiscal year following the current~~
25 ~~year.~~

26 ~~"Tax Reform Code." The act of March 4, 1971 (P.L.6, No.2),~~
27 ~~known as the Tax Reform Code of 1971.~~

28 ~~"Taxpayer." An individual required under this article to~~
29 ~~file a tax return or to pay a tax.~~

30 ~~Section 603 A. Intent; scope and limitations.~~

1 ~~(a) Intent.~~

2 ~~(1) It is the intent of this article to ultimately~~
3 ~~provide qualifying school districts with State funds which,~~
4 ~~when supplemented with the minimum local contribution, are~~
5 ~~sufficient so that school districts in the aggregate are able~~
6 ~~to reduce property taxes on homestead property and farmstead~~
7 ~~property by \$5 for every dollar of local contribution.~~

8 ~~(2) It is the intent of this article to permit school~~
9 ~~districts to supplement the minimum local contribution and~~
10 ~~the State funds with additional local funds to permit further~~
11 ~~reductions in property taxes on homestead property and~~
12 ~~farmstead property.~~

13 ~~(b) General rule.~~

14 ~~(1) Each school district in which the governing body has~~
15 ~~adopted a resolution under section 611 A(a)(1) and each~~
16 ~~school district in which the electors have approved a~~
17 ~~referendum under section 613 A(b)(2)(i)(A) shall be qualified~~
18 ~~for a distribution of funds from the fund pursuant to Article~~
19 ~~VI B for the purpose of providing exclusions for homestead~~
20 ~~property and farmstead property.~~

21 ~~(2) If a school district chooses to impose the tax~~
22 ~~authorized by section 611 A(a)(1), it shall have the power to~~
23 ~~impose, subject to section 613 A, additional earned income~~
24 ~~and net profits tax or personal income tax for the purpose of~~
25 ~~homestead and farmstead exclusions.~~

26 ~~(3) This article shall not be construed to affect the~~
27 ~~power of a school district to do any of the following:~~

28 ~~(i) To elect to place a referendum question on the~~
29 ~~ballot pursuant to the act of June 22, 2001 (P.L.374,~~
30 ~~No.24), known as the Optional Occupation Tax Elimination~~

~~Act. A school district may place such referendum question on the ballot at the same municipal election as a referendum question placed on the ballot pursuant to Subdivision (b).~~

~~(ii) To eliminate its occupation tax pursuant to the Optional Occupation Tax Elimination Act.~~

~~Section 604 A. (Reserved).~~

~~Section 605 A. Certain rates of taxation limited.~~

~~If a municipality and school district both impose an earned income and net profits tax on the same individual under the Local Tax Enabling Act and the municipality and school district are limited to or have agreed upon a division of the tax rate in accordance with section 8 of the Local Tax Enabling Act, then the municipality that continues to levy the earned income and net profits tax under the Local Tax Enabling Act shall remain subject to that limitation or agreement in the event that the school district opts to impose an income tax under section 621-A.~~

~~(b) Tax Authorization~~

~~Section 611 A. General tax authorization.~~

~~(a) Minimum local contribution.~~

~~(1) Notwithstanding the provisions of section 613 A, each school district may, by resolution, levy, assess and collect an earned income and net profits tax in the amount of one tenth of one percent (.1%) under subdivision (c) in order to qualify for distribution of money from the fund under Article VI B.~~

~~(2) Not later than 30 days after the effective date of this article, the board of school directors shall adopt a resolution imposing the tax authorized by paragraph (1) and~~

1 ~~shall immediately notify the Department of Education in order~~
2 ~~to establish the school district's eligibility to receive a~~
3 ~~property tax reduction allocation pursuant to Article VI B.~~
4 ~~The tax imposed under the authority of this subsection shall~~
5 ~~be effective beginning on the first day of the school~~
6 ~~district's first school year commencing after December 31,~~
7 ~~2003.~~

8 ~~(i) Fifteen days after the deadline in paragraph~~
9 ~~(2), the Department of Education shall notify the county~~
10 ~~board of elections of each county of the school districts~~
11 ~~in that county which have failed to take the action~~
12 ~~required under this paragraph.~~

13 ~~(ii) The county board of elections shall proceed to~~
14 ~~have the referendum question set forth in section 613-~~
15 ~~A(b)(2)(i)(A) and (B) placed on the ballot at the~~
16 ~~municipal election of 2003.~~

17 ~~(iii) The county board of elections shall certify to~~
18 ~~the Department of Education the results of the referendum~~
19 ~~referred to in subparagraph (ii) as soon as practicable.~~

20 ~~(iv) If, subsequent to initial notification that a~~
21 ~~school district had not complied with the requirements of~~
22 ~~this paragraph, the Department of Education notifies the~~
23 ~~board that the school district has subsequently complied,~~
24 ~~the county board of elections may take whatever action it~~
25 ~~deems appropriate to either remove the question from the~~
26 ~~ballot in that school district or declare the vote or~~
27 ~~potential vote null and void.~~

28 ~~(b) Supplemental tax relief.—~~

29 ~~(1) Subject to section 613 A, each school district may~~
30 ~~under Subdivision (c), by resolution, levy, assess and~~

1 ~~collect:~~

2 ~~(i) an additional tax on earned income and net~~
3 ~~profits up to the maximum rate authorized under section~~
4 ~~621 A(b); or~~

5 ~~(ii) a tax on personal income up to the maximum rate~~
6 ~~authorized under section 621 A(c). If a school district~~
7 ~~imposes a personal income tax, it shall relinquish the~~
8 ~~right to impose an earned income and net profits tax~~
9 ~~under this article or any other act and shall convert any~~
10 ~~existing income tax to a personal income tax pursuant to~~
11 ~~the requirements of section 621 A(c)(2).~~

12 ~~(2) Imposition of the tax authorized by 611 A(a)(1)~~
13 ~~shall require the school district to submit a referendum~~
14 ~~question to the voters requesting their approval for either~~
15 ~~the imposition of an additional rate of earned income and net~~
16 ~~profits tax or a newly imposed personal income tax to be used~~
17 ~~for an additional degree of homestead exclusions, consistent~~
18 ~~with the requirements of section 613 A. If the school~~
19 ~~district determines and the Department of Education confirms~~
20 ~~that estimated tax collections pursuant to the tax authorized~~
21 ~~by this section together with the estimated property tax~~
22 ~~reduction allocation, as certified to it by the Department of~~
23 ~~Education, provide funding sufficient to grant homestead and~~
24 ~~farmstead exclusions equal to or greater than 50% of the~~
25 ~~maximum amount authorized by the Constitution of~~
26 ~~Pennsylvania, the school district shall not be required to~~
27 ~~place any referendum on the ballot pursuant to section 613 A,~~
28 ~~except that a school district may submit a question to the~~
29 ~~voters under section 613 A if it desires to provide~~
30 ~~additional residential property tax relief.~~

1 ~~Section 612 A. Continuity of tax.~~

2 ~~An earned income and net profits tax or personal income tax~~
3 ~~levied under the provisions of Subdivision (c) shall continue in~~
4 ~~force on a fiscal year basis without annual reenactment except~~
5 ~~in a year in which the rate of tax is increased or the tax is~~
6 ~~subsequently repealed.~~

7 ~~Section 613 A. Adoption of referendum.~~

8 ~~(a) General rule.—~~

9 ~~(1) The following apply:~~

10 ~~(i) All school districts are authorized to impose a~~
11 ~~one tenth of one percent (.1%) earned income and net~~
12 ~~profits tax pursuant to section 611 A(a)(1) without~~
13 ~~submitting the issue to a referendum of the voters.~~
14 ~~Action under this paragraph will trigger the school~~
15 ~~district's eligibility to obtain a State match from the~~
16 ~~fund for the sole purpose of providing for homestead or~~
17 ~~farmstead property tax exclusions. Taking this action~~
18 ~~shall require the school district to submit a referendum~~
19 ~~to the voters requesting their approval for either the~~
20 ~~imposition of an additional rate of an earned income and~~
21 ~~net profits tax or a newly imposed personal income tax to~~
22 ~~be used for an additional degree of homestead exclusions~~
23 ~~to bring the rate of exclusion in the school district to~~
24 ~~at least 50% of the amount allowed under the Constitution~~
25 ~~of Pennsylvania. If the minimum local contribution,~~
26 ~~together with the State match from the fund, provide~~
27 ~~enough revenue to provide for 50% of the allowable~~
28 ~~homestead exclusion without resorting to further local~~
29 ~~tax increases, no referendum shall be required. The board~~
30 ~~of school directors could choose to request permission to~~

1 ~~increase income taxes to be able to provide up to the~~
2 ~~full homestead exclusion permitted by the Constitution of~~
3 ~~Pennsylvania. If the board chooses to request permission~~
4 ~~to enact a personal income tax and the voters approve the~~
5 ~~referendum, then any earned income and net profits tax~~
6 ~~imposed by the school district which was in existence~~
7 ~~prior to the effective date of this article and the~~
8 ~~earned income and net profits tax newly imposed pursuant~~
9 ~~to section 611 A(a)(1) will be converted into a personal~~
10 ~~income tax at the rate determined under section 621-~~
11 ~~A(c)(2).~~

12 ~~(ii) If a school district fails to impose the one~~
13 ~~tenth of one percent (.1%) earned income and net profits~~
14 ~~tax pursuant to the authorization provided for in section~~
15 ~~611 A(a)(1) to allow its homeowners to share in the~~
16 ~~proceeds of the fund, the county board of elections shall~~
17 ~~place two questions on the ballot in the school district.~~
18 ~~The first question shall seek voter approval for a one~~
19 ~~tenth of one percent (.1%) increase in the earned income~~
20 ~~tax in order to obtain the State matching funds for~~
21 ~~homestead and farmstead property tax exclusions, and the~~
22 ~~second question shall seek voter approval of an~~
23 ~~additional earned income and net profits tax increase to~~
24 ~~provide for a total homestead exclusion of 50% of the~~
25 ~~permitted amount.~~

26 ~~(iii) If a school district adopts a resolution~~
27 ~~imposing the one tenth of one percent (.1%) earned income~~
28 ~~and net profits tax but fails to place a referendum on~~
29 ~~the ballot seeking additional income taxes for property~~
30 ~~tax relief, the county board of elections shall place a~~

~~question on the ballot in the school district seeking voter approval of an additional earned income and net profits tax increase to provide for a total homestead exclusion of 50% of the permitted amount.~~

~~(2) In order to levy, in addition to the tax imposed under section 611 A(a)(1), an earned income and net profits tax or personal income tax under Subdivision (c), a board of school directors shall use the procedures set forth in subsection (b).~~

~~(3) If a school district does not take action to impose the tax authorized under section 611 A(a)(1), the procedure set forth in subsection (b)(2)(i) shall apply.~~

~~(4) A board of school directors after making an election to levy an earned income and net profits tax or personal income tax under Subdivision (c) may, after a period of at least four full fiscal years, elect under the provisions of subsection (f) to end participation under this subdivision. If the electorate approves, at a general or municipal election, a referendum to do so, the board of school directors may not continue to levy an earned income and net profits tax or personal income tax under Subdivision (c).~~

~~(b) Public referendum requirements. Except as set forth in subsection (d) the following apply:~~

~~(1) A board of school directors may, in addition to the tax imposed under section 611 A(a)(1), levy the earned income and net profits tax or personal income tax under Subdivision (c) only by obtaining the approval of the electorate of the affected school district in a public referendum at only the municipal election preceding the fiscal year when the earned income and net profits tax or personal income tax will be~~

1 ~~initially imposed. The county board of elections shall cause~~
2 ~~the referendum question required by this section to be~~
3 ~~submitted to the electors of the school district.~~

4 ~~(2) Except in the case of a referendum required if a~~
5 ~~school district fails to adopt the tax authorized by section~~
6 ~~611 A(a)(1) or fails, after having adopted the tax, to take~~
7 ~~action to place a referendum on the ballot under this~~
8 ~~subsection, the referendum question shall state the initial~~
9 ~~rate of the proposed earned income and net profits tax or~~
10 ~~personal income tax to be levied under Subdivision (c) and~~
11 ~~the reason for the tax. The referendum question shall be~~
12 ~~framed in one of the following forms with the school district~~
13 ~~resolution or, if necessary, action by the county board of~~
14 ~~elections determining the variable percentages represented by~~
15 ~~the terms "X" and "Y" in the form of the question chosen by~~
16 ~~the school district or mandated by this section:~~

17 ~~(i) If a school district fails to take any action,~~
18 ~~the referendum questions submitted to the voters shall be~~
19 ~~in the following form:~~

20 ~~(A) Do you favor imposition and collection of an~~
21 ~~increase in the earned income and net profits tax of~~
22 ~~one tenth of one percent (.1%) in order to obtain~~
23 ~~State matching funds in a multiple determined by the~~
24 ~~level of proceeds in the Property Tax Relief Fund to~~
25 ~~provide for residential property tax relief?~~

26 ~~(B) Do you favor the imposition of an X%~~
27 ~~additional earned income and net profits tax above~~
28 ~~the amount required to obtain State matching funds in~~
29 ~~order to provide further residential property tax~~
30 ~~reductions of up to 50% of the allowable maximum~~

1 ~~homestead exclusion?~~

2 ~~(ii) If a school district enacts by resolution a one~~
3 ~~tenth of one percent (.1%) increase in the earned income~~
4 ~~and net profits tax to obtain the State matching funds, a~~
5 ~~referendum question shall be submitted to the voters in~~
6 ~~one of the following forms:~~

7 ~~(A) Do you favor the imposition of an X% earned~~
8 ~~income and net profits taxes in order to provide~~
9 ~~further residential property tax reductions of up to~~
10 ~~Y%?~~

11 ~~(B) Do you favor abolishing your current earned~~
12 ~~income and net profits tax and converting it into a~~
13 ~~personal income tax at X% in order to generate funds~~
14 ~~to provide for residential property tax reductions of~~
15 ~~Y% in addition to replacing the revenue from the~~
16 ~~abolished earned income and net profits tax.~~

17 ~~(iii) If a school district enacts by resolution a~~
18 ~~one tenth of one percent (.1%) increase in the earned~~
19 ~~income and net profits tax to obtain the State matching~~
20 ~~funds but fails to take action to submit a referendum~~
21 ~~question to the voters to provide for additional~~
22 ~~homestead property tax relief, the following question~~
23 ~~shall be submitted to the voters:~~

24 ~~Do you favor the imposition of an X% earned~~
25 ~~income and net profits tax in order to provide~~
26 ~~further homestead property tax reductions of up to~~
27 ~~50% of the allowable maximum homestead exclusion?~~

28 ~~(3) A nonlegal interpretative statement shall accompany~~
29 ~~the referendum question in accordance with section 201.1 of~~
30 ~~the act of June 3, 1937 (P.L.1333, No.320), known as the~~

1 ~~Pennsylvania Election Code.~~

2 ~~(c) Tax implementation and public referendum requirements~~
3 ~~for the municipal election of 2003. In addition to the~~
4 ~~provisions of subsection (b), the following shall apply for the~~
5 ~~municipal election of 2003:~~

6 ~~(1) Not later than 30 days after the effective date of~~
7 ~~this article, the board of school directors shall adopt a~~
8 ~~resolution imposing the tax authorized by section 611 A(a)(1)~~
9 ~~and shall determine the parameters necessary for the~~
10 ~~submission of the referendum question required to be~~
11 ~~submitted to the voters by this section.~~

12 ~~(2) The referendum question required by this section~~
13 ~~shall be submitted to the electors of each school district~~
14 ~~for the municipal election of 2003.~~

15 ~~(i) No later than 30 days after the effective date~~
16 ~~of this subparagraph or 15 days after the Department of~~
17 ~~Education certifies to the school district its initial~~
18 ~~estimated property tax reduction allocation, whichever is~~
19 ~~later, the board of school directors of each school~~
20 ~~district shall adopt the resolution required under~~
21 ~~section 626 A(a) authorizing the referendum question. The~~
22 ~~resolution and the referendum question shall be based on~~
23 ~~the calculation provided for under section 626 A(b).~~

24 ~~(ii) If the board of school directors fails to adopt~~
25 ~~the resolution required under section 626 A(a) by the~~
26 ~~date specified in this paragraph, the county board of~~
27 ~~elections shall prepare a referendum question pursuant to~~
28 ~~subsection (b)(2)(iii) that authorizes an earned income~~
29 ~~and net profits tax for the school district at the rate~~
30 ~~necessary to provide for a homestead exclusion of at~~

1 ~~least 50% of the maximum rate permitted, based on the~~
2 ~~calculation provided for under section 626 A(b).~~

3 ~~(iii) The county board of elections shall cause the~~
4 ~~referendum question required by this subsection to be~~
5 ~~submitted to the electors of the school district~~
6 ~~consistent with the provisions of this section. The~~
7 ~~county may seek reasonable costs associated with the~~
8 ~~preparation of the referendum question from a school~~
9 ~~district located within the county which fails to adopt a~~
10 ~~resolution required under this section.~~

11 ~~(d) Segregated amounts. When a majority of the electors~~
12 ~~vote in favor of the referendum question submitted to them under~~
13 ~~subsection (b)(2)(i)(A), the new tax rate shall be self-~~
14 ~~executing and shall apply to a school district's first school~~
15 ~~year commencing after December 31, 2003 and each school year~~
16 ~~thereafter. Collections of the new tax shall be held in a~~
17 ~~segregated account of the school district and used in~~
18 ~~conjunction with its property tax reduction allocation from the~~
19 ~~Commonwealth only for homestead and farmstead property tax~~
20 ~~relief. No property tax reduction allocation shall be paid to~~
21 ~~the school district until it ratifies the referendum by~~
22 ~~resolution and passes the resolution required under subsection~~
23 ~~(e).~~

24 ~~(e) Resolution implementing tax provisions required. When a~~
25 ~~majority of the electors voting on a referendum question which~~
26 ~~was not placed on the ballot by the affirmative action of the~~
27 ~~board of school directors vote in favor of the question, the~~
28 ~~school district shall, within 30 days of the certification of~~
29 ~~the passage of the referendum by the county board of elections,~~
30 ~~adopt a resolution implementing the tax provisions mandated by~~

1 ~~the voters. Failure to adopt a resolution shall suspend the~~
2 ~~school district's right to receive the distribution of its~~
3 ~~property tax reduction allocation under Article VI B until a~~
4 ~~resolution is adopted. The school district's allocation shall be~~
5 ~~reserved by the Department of Education in a separate account~~
6 ~~for payment when the school district satisfies the requirements~~
7 ~~of this subsection.~~

8 ~~(f) Public referendum requirements to end participation~~
9 ~~under this subdivision. Subject to the notice and public~~
10 ~~hearing requirements in section 4 of the Local Tax Enabling Act,~~
11 ~~a board of school directors may elect to end participation under~~
12 ~~this subdivision in accordance with subsection (a)(4) by~~
13 ~~obtaining the approval of the electorate of the affected school~~
14 ~~district in a public referendum at a municipal election.~~

15 ~~(g) Effect on certain school districts.~~

16 ~~(1) This section shall not apply to a school district of~~
17 ~~the first class.~~

18 ~~(2) Except for subsection (b)(2)(i)(A), this section~~
19 ~~shall not apply to a school district of the first class A or~~
20 ~~a school district certified as distressed pursuant to section~~
21 ~~691 or an educational empowerment school district pursuant to~~
22 ~~section 1705 B or 1707 B.~~

23 ~~(3) Except for subsections (b)(2)(i)(A), (h), (i), (j)~~
24 ~~and (k), this section shall not apply to a school district in~~
25 ~~which a referendum question under 53 Pa.C.S. § 8703 (relating~~
26 ~~to adoption of referendum) has been approved and implemented.~~

27 ~~(h) Election. A school district in which a referendum~~
28 ~~question under 53 Pa.C.S. § 8703 has been approved and~~
29 ~~implemented may, by resolution, make an election to adopt the~~
30 ~~provisions of section 611 A. The adoption of a resolution~~

1 ~~authorizing election under this article shall have the same~~
2 ~~effect as a public referendum question under this section~~
3 ~~receiving a majority vote, and the provisions of this article~~
4 ~~shall apply in a manner designed to attain that outcome. If a~~
5 ~~school board of directors makes an election under this~~
6 ~~subsection, the school district shall no longer be required to~~
7 ~~implement the provisions of 53 Pa.C.S. Ch. 87.~~

8 ~~(i) Effect on tax rates and homestead and farmstead~~
9 ~~exclusions. An election under subsection (h) shall not affect~~
10 ~~the current rate of earned income and net profits tax currently~~
11 ~~imposed, nor shall the amount of the homestead and farmstead~~
12 ~~exclusion currently enacted be changed unless the school~~
13 ~~district elects to change the tax rate or homestead and~~
14 ~~farmstead exclusion consistent with the provisions of this~~
15 ~~article.~~

16 ~~(j) Pending referendum questions to elect participation. A~~
17 ~~school district which, by resolution, has elected to place a~~
18 ~~referendum question on the ballot in accordance with the~~
19 ~~provisions of 53 Pa.C.S. § 8703(b) in the municipal election of~~
20 ~~2003, may, by resolution, require that the referendum question~~
21 ~~be removed from the ballot. If a school district elects to~~
22 ~~withdraw the question for the municipal election of 2003, it~~
23 ~~shall comply with this section.~~

24 ~~(k) Pending referendum questions to end participation. A~~
25 ~~school district which, by resolution, has elected to end~~
26 ~~participation under 53 Pa.C.S. § 8703(c) in a municipal election~~
27 ~~may, by resolution, require that the referendum question be~~
28 ~~removed from the ballot. If a school district elects not to~~
29 ~~remove the question and the question receives a majority of the~~
30 ~~vote by the electorate, then the school district shall place a~~

~~the voters at a subsequent referendum pursuant to the provisions of section 613 A.~~

~~(c) Referendum.~~

~~(1) In order to take an action under subsection (b)(1), at the primary election immediately preceding the fiscal year in which the proposed tax increase would take effect:~~

~~(i) a referendum stating the specific rate or rates of the tax increase must be submitted to the electors residing in the school district; and~~

~~(ii) a majority of the electors voting on the referendum must approve the increase.~~

~~(2) In order to take an action under subsection (b)(2), at the primary election immediately preceding the fiscal year in which the proposed tax would take effect:~~

~~(i) a referendum stating the specific tax and rate to be levied must be submitted to the electors residing in the school district; and~~

~~(ii) a majority of the electors voting on the referendum must approve the tax.~~

~~(d) Failure to approve referendum.~~

~~(1) If there is no approval under subsection (c)(1)(ii), the board of school directors may approve an increase in the tax rate of not more than the percentage increase in the index in the preceding year.~~

~~(2) If there is no approval under subsection (c)(2)(ii), the board of school directors may not levy the tax.~~

~~(c) Exception to general rule. The provisions of subsection (b)(1) shall not apply to an increase in the rate of any tax levied for the support of the public schools which is less than or equal to the percentage increase in the index in the~~

1 ~~preceding year. Prior to any increase under this subsection, the~~
2 ~~board of school directors shall certify to the Department of~~
3 ~~Education the estimates of local tax rates under this~~
4 ~~subsection. The Department of Education may, on its own motion~~
5 ~~or on petition of a person having standing under subsection (j),~~
6 ~~revise the estimates certified by the board of school directors~~
7 ~~and reduce the allowable increase in the rate of any tax under~~
8 ~~this subsection.~~

9 ~~(f) Referendum exceptions. The provisions of subsection~~
10 ~~(b)(1) shall not apply to an increase in the rate of any tax~~
11 ~~levied for the support of the public schools where the increase~~
12 ~~is necessary to respond to one or more of the following~~
13 ~~conditions:~~

14 ~~(1) To respond to or recover from an emergency or~~
15 ~~disaster declared pursuant to 35 Pa.C.S. § 7301 (relating to~~
16 ~~general authority of Governor) or 75 Pa.C.S. § 6108 (relating~~
17 ~~to power of Governor during emergency), only for the duration~~
18 ~~of the emergency or disaster.~~

19 ~~(2) To implement a court order or an administrative~~
20 ~~order from a Federal or State agency that requires the~~
21 ~~expenditure of funds that exceed current available revenues,~~
22 ~~provided that the rate increase is rescinded following~~
23 ~~fulfillment of the court order or administrative order.~~

24 ~~(3) As follows:~~

25 ~~(i) To pay interest and principal on any~~
26 ~~indebtedness incurred under 53 Pa.C.S. Pt. VII Subpt. B~~
27 ~~(relating to indebtedness and borrowing) prior to the~~
28 ~~effective date of this section, provided that in no case~~
29 ~~may the school district incur additional debt under this~~
30 ~~paragraph, except for the refinancing of existing debt,~~

1 ~~including the payment of costs and expenses related to~~
2 ~~such refinancing and the establishment or funding of~~
3 ~~appropriate debt service reserves and provided further~~
4 ~~that the increase is rescinded following the final~~
5 ~~payment of interest and principal.~~

6 ~~(ii) To pay interest and principal on any electoral~~
7 ~~debt incurred under 53 Pa.C.S. Pt VII Subpt. B.~~

8 ~~(iii) To pay interest and principal on any~~
9 ~~indebtedness incurred for school construction projects~~
10 ~~under 22 Pa. Code Ch. 21 (relating to school buildings),~~
11 ~~whether such indebtedness is incurred before or after the~~
12 ~~enactment of this article, when the project has received~~
13 ~~Plan Con A approval by the Department of Education prior~~
14 ~~to the effective date of this section and to establish~~
15 ~~and fund appropriate debt service reserved, provided that~~
16 ~~the increase is rescinded following final payment of~~
17 ~~interest and principal.~~

18 ~~(iv) The exception provided under this paragraph may~~
19 ~~not be used in lieu of the referendum under subsection~~
20 ~~(c)(2) to pay for costs which could not be financed by~~
21 ~~the issuance of debt under 53 Pa.C.S. (relating to~~
22 ~~municipalities generally).~~

23 ~~(4) To respond to conditions that pose an immediate~~
24 ~~threat of serious physical harm or injury to the students,~~
25 ~~staff or residents of the school district, but only until the~~
26 ~~conditions causing the threat have been fully resolved.~~

27 ~~(5) Special purpose tax levies approved by the~~
28 ~~electorate.~~

29 ~~(6) To pay costs attributable to an increase in the sum~~
30 ~~of selected school expenditures where such expenditures~~

1 ~~exceed the sum of selected State allocations as defined in~~
2 ~~this paragraph.~~

3 ~~(i) For the purposes of this paragraph, such~~
4 ~~"selected school expenditures" shall include any increase~~
5 ~~in costs associated with new, unfunded federally mandated~~
6 ~~educational programs, payments made to charter schools~~
7 ~~located in the district, payments made to intermediate~~
8 ~~units or community colleges for vocational education~~
9 ~~expenses and changes in the payments on behalf of active~~
10 ~~members of the Public School Employees' Retirement System~~
11 ~~as required pursuant to 24 Pa.C.S. § 8327 (relating to~~
12 ~~payments by employers) between the school year prior to~~
13 ~~the school year in which an exception under this~~
14 ~~paragraph is sought and the school year in which an~~
15 ~~exception under this paragraph is sought.~~

16 ~~(ii) For the purposes of this paragraph, "selected~~
17 ~~State allocations" shall include any increase or decrease~~
18 ~~in payments provided through the basic education funding~~
19 ~~allocation, special education funding allocation and~~
20 ~~provided under sections 2502.16, 2502.30, 2541, 2542,~~
21 ~~2543, 2572, 2574, 2574.1, 2574.2, 2574.3, 2575, 2575.1,~~
22 ~~2575.2 and 2580 between the school year prior to the~~
23 ~~school year in which an exception under this paragraph is~~
24 ~~sought and the school year in which an exception under~~
25 ~~this paragraph is sought.~~

26 ~~(7) (i) To maintain per student local tax revenue in~~
27 ~~the school district at an amount not exceeding the amount~~
28 ~~of per student local tax revenue at the level of the~~
29 ~~preceding year, adjusted for the percentage increase in~~
30 ~~the index in the preceding year.~~

~~(ii) This paragraph shall apply only if the percentage growth in average daily membership in the school district between the current fiscal year and the third fiscal year immediately preceding the current fiscal year exceeds 10%. For the purposes of this paragraph, per student local tax revenue shall be determined by dividing local tax revenue by average daily membership.~~

~~(8) To compensate for a one year decrease of 10% or more in the school district's real property tax base. For the purposes of this paragraph, the decrease shall be measured by the percent change in the assessed value of all taxable property within the school district between the fiscal year in which an exception under this paragraph is sought and the fiscal year immediately preceding the fiscal year in which an exception under this paragraph is sought.~~

~~(g) Revenue derived from increase. Any revenue derived from an increase in the rate of any tax allowed pursuant to an exception under subsection (f)(3) or (5) shall not exceed the anticipated dollar value of the expenditure for which the exception under subsection (f) was sought.~~

~~(h) Limitation on rate. The increase in the rate of any tax allowed pursuant to an exception under subsection (f)(1), (2), (4), (6), (7) or (8) shall not exceed the rate increase required as determined by a court of common pleas pursuant to subsection (i).~~

~~(i) Court action. Prior to the imposition of the tax increase under subsection (f)(1), (2), (4), (6), (7) or (8), approval by the court of common pleas in the judicial district in which the administrative office of the school district is~~

1 ~~located must be obtained. The board of school directors shall~~
2 ~~publish in a newspaper of general circulation a notice of its~~
3 ~~intent to file an action under this subsection at least one week~~
4 ~~prior to the filing of the petition. The board of school~~
5 ~~directors shall also publish in a newspaper of general~~
6 ~~circulation notice, as soon as possible following notification~~
7 ~~from the court that a hearing has been scheduled, stating the~~
8 ~~date, time and place of the hearing on the petition. The~~
9 ~~following shall apply to any proceedings instituted under this~~
10 ~~subsection:~~

11 ~~(1) The board of school directors must prove by clear~~
12 ~~and convincing evidence the necessity for the tax increase.~~

13 ~~(2) The board of school directors must prove by clear~~
14 ~~and convincing evidence the anticipated dollar value of the~~
15 ~~expenditure for which an exception under subsection (f) is~~
16 ~~sought.~~

17 ~~(3) The board of school directors must prove by clear~~
18 ~~and convincing evidence that there are no assets or other~~
19 ~~feasible alternatives available to the school district.~~

20 ~~(4) The court shall determine the dollar value of the~~
21 ~~expenditure for which an exception under subsection (f) is~~
22 ~~sought, the rate increase required and the appropriate~~
23 ~~duration of the increase. The court may retain continuing~~
24 ~~jurisdiction and may, on its own motion or on petition of an~~
25 ~~interested party, revoke approval for or order rescission of~~
26 ~~a tax increase.~~

27 ~~(j) Standing. A person shall have standing as a party to a~~
28 ~~proceeding under this section as long as the person resides~~
29 ~~within or pays real property taxes to the taxing jurisdiction of~~
30 ~~the board of school directors instituting the action.~~

~~(k) Averaged index calculation. On or about January 15 of each year, the Department of Education shall calculate the average of the percentage increases in the Statewide average weekly wage and the percentage increase in the Employment Cost Index for the previous 12 month period. The Department of Education shall publish notice of this calculated average by February 1 of each year in the Pennsylvania Bulletin.~~

~~Section 615 A. Property tax limits on reassessment.~~

~~After any county makes a countywide revision of assessment of real property at values based upon an established predetermined ratio as required by law or after any county changes its established predetermined ratio, a board of school directors in a school district which has adopted a resolution imposing the tax under section 611 A(a)(1) or in which a referendum under section 613 A has been approved, which after the effective date of this section for the first time levies its real estate taxes on that revised assessment or valuation, shall for the first year reduce its tax rate, if necessary, for the purpose of having the percentage increase in taxes levied for that year against the real properties contained in the duplicate for the preceding year be less than or equal to the percentage increase in the average index for the preceding year notwithstanding the increased valuations of such properties under the revised assessment. For the purpose of determining the total amount of taxes to be levied for the first year, the amount to be levied on newly constructed buildings or structures or on increased valuations based on new improvements made to existing houses need not be considered. The tax rate shall be fixed for that year at a figure which will accomplish this purpose. The provisions of section 614 A shall apply to increases in the tax~~

1 ~~rate above the limits provided in this section.~~

2 ~~(c) Earned Income and Net Profits Tax~~
3 ~~or Personal Income Tax~~

4 ~~Section 621 A. Authorization.~~

5 ~~(a) General rule. A board of school directors may choose to~~
6 ~~levy, assess and collect a tax on earned income and net profits~~
7 ~~or a personal income tax under this section.~~

8 ~~(b) Earned income and net profits tax.~~

9 ~~(1) A board of school directors may levy, assess and~~
10 ~~collect a tax on earned income and net profits of resident~~
11 ~~individuals of the school district at the rate and pursuant~~
12 ~~to the authority provided in section 611 A(a)(1) without~~
13 ~~submitting the question to the voters in a referendum under~~
14 ~~section 613 A.~~

15 ~~(2) A board of school directors may levy, assess and~~
16 ~~collect an additional tax on the earned income and net~~
17 ~~profits of resident individuals of the school district.~~

18 ~~(3) The combined rate of the earned income and net~~
19 ~~profits tax authorized under paragraphs (1) and (2) shall not~~
20 ~~be at a rate less than the rate required to provide revenue,~~
21 ~~in addition to the State match from the fund, for an~~
22 ~~exclusion for farmstead property and an exclusion for~~
23 ~~homestead property equal to 50% of the maximum exclusion~~
24 ~~under 53 Pa.C.S. § 8586 (relating to limitations) and shall~~
25 ~~not exceed the rate required to provide an exclusion for~~
26 ~~farmstead property and an exclusion for homestead property~~
27 ~~equal to the maximum exclusion under 53 Pa.C.S. § 8586. The~~
28 ~~board of school directors shall round the rate of the earned~~
29 ~~income and net profits tax levied pursuant to this section to~~
30 ~~the nearest tenth of a percent. The exclusion for farmstead~~

~~property granted under this section shall not exceed the amount granted for the exclusion for homestead property.~~

~~(c) Personal income tax.~~

~~(1) A board of school directors may levy, assess and collect a tax on the personal income of resident individuals of the school district at a rate determined by the board of school directors.~~

~~(2) The personal income tax authorized under paragraph (1) shall equal the sum of the rate required to generate the same amount of earned income and net profits tax revenue received by the school district prior to the adoption of this subsection and pursuant to section 611 A(a)(1) and to provide an exclusion for farmstead property and an exclusion for homestead property equal to 50% of the maximum exclusion under 53 Pa.C.S. § 8586 and shall not exceed the rate required to provide an exclusion for farmstead property and an exclusion for homestead property equal to the maximum exclusion under 53 Pa.C.S. § 8586. The board of school directors shall round the rate of the personal income tax pursuant to this section to the nearest tenth of a percent. The exclusion for farmstead property granted under this section shall not exceed the amount granted for the exclusion for homestead property.~~

~~(3) If a board of school directors elects to impose a personal income tax under this subsection, the board of school directors shall not be permitted to impose the earned income and net profits tax under subsection (b) or under the Local Tax Enabling Act.~~

~~(4) A personal income tax imposed under the authority of this article shall be levied and assessed on the same basis~~

1 ~~and administered in the same fashion as the tax imposed by~~
2 ~~Article III of the Tax Reform Code, the provisions of which~~
3 ~~are incorporated by reference into this article.~~

4 ~~(i) Notwithstanding the provisions of section 353(f)~~
5 ~~of the Tax Reform Code, the Department of Revenue may~~
6 ~~permit the proper officer of a school district imposing a~~
7 ~~tax pursuant to this article to inspect the tax returns~~
8 ~~of any taxpayer or may furnish to the officer or an~~
9 ~~authorized representative an abstract of the return of~~
10 ~~income of any current or former resident of the school~~
11 ~~district, or supply information concerning any item of~~
12 ~~income contained in any tax return. The officer or~~
13 ~~authorized agent of the school district imposing a tax~~
14 ~~under this article shall be furnished the requested~~
15 ~~information upon payment to the department of the cost of~~
16 ~~collecting and reproducing the requested information.~~

17 ~~(ii) (A) Except for official purposes or as~~
18 ~~provided by law, it shall be unlawful for any~~
19 ~~officer, agent or employee of a school district to do~~
20 ~~any of the following:~~

21 ~~(I) Disclose the amount or source of income,~~
22 ~~profits, losses, expenditures or any particular~~
23 ~~information concerning income, profits, losses or~~
24 ~~expenditures contained in any return.~~

25 ~~(II) Permit any return or copy of a return~~
26 ~~or any book containing any abstract or~~
27 ~~particulars to be seen or examined.~~

28 ~~(III) Print or publish in any manner any~~
29 ~~return or any particular information concerning~~
30 ~~the return.~~

1 ~~(IV) Print or publish in any manner any~~
2 ~~amount or source of income, profits, losses,~~
3 ~~expenditures or any particular information~~
4 ~~concerning income, profits, losses or~~
5 ~~expenditures contained in any return.~~

6 ~~(B) Any officer, agent or employee of a school~~
7 ~~district that violates clause (A):~~

8 ~~(I) May be fined not more than \$1,000 or~~
9 ~~imprisoned for not more than one year, or both.~~

10 ~~(II) Shall be dismissed from office or~~
11 ~~discharged from employment.~~

12 ~~(d) Prohibitions.—~~

13 ~~(1) A school district that levies a local personal~~
14 ~~income tax under this section shall have no power to levy,~~
15 ~~assess or collect the earned income and net profits tax under~~
16 ~~this section.~~

17 ~~(2) Payment of any tax on income to any state other than~~
18 ~~Pennsylvania or to any political subdivision located outside~~
19 ~~the boundaries of this Commonwealth, by residents of a school~~
20 ~~district located in Pennsylvania shall not be credited to and~~
21 ~~allowed as a deduction from the liability of such person for~~
22 ~~any income tax imposed by the school district of residence.~~

23 ~~Section 622 A. Collections.~~

24 ~~A board of school directors imposing a tax under this article~~
25 ~~shall designate a tax officer under section 10 of the Local Tax~~
26 ~~Enabling Act, or otherwise by law, as the collector of the~~
27 ~~earned income and net profits tax or personal income tax. In the~~
28 ~~performance of the tax collection duties under this subdivision,~~
29 ~~the designated tax officer shall have all the same powers,~~
30 ~~rights, responsibilities and duties for the collection of the~~

1 ~~taxes which may be imposed under the Local Tax Enabling Act, 53~~
2 ~~Pa.C.S. Ch. 84 Subch. C (relating to local taxpayers bill of~~
3 ~~rights) or as otherwise provided by law.~~

4 ~~Section 623 A. Credits and reimbursement.~~

5 ~~(a) Credit. The provisions of section 14 of the Local Tax~~
6 ~~Enabling Act shall be applied by a board of school directors to~~
7 ~~determine any credits under the provisions of this subdivision~~
8 ~~for a tax imposed under section 621 A.~~

9 ~~(b) Reimbursement. Notwithstanding any other provisions of~~
10 ~~law to the contrary, the following apply:~~

11 ~~(1) This subsection only applies to a taxpayer who is a~~
12 ~~resident of this Commonwealth and not a resident of a city of~~
13 ~~the first class but who is subject to the tax on salaries,~~
14 ~~wages, commissions or other compensation imposed by a city of~~
15 ~~the first class under the authority of the act of August 5,~~
16 ~~1932 (Sp.Sess., P.L.45, No.45), referred to as the Sterling~~
17 ~~Act.~~

18 ~~(2) Payment of a tax on salaries, wages, commission or~~
19 ~~other compensation as set forth in paragraph (1) shall be~~
20 ~~credited to the school district of the taxpayer's residence~~
21 ~~at an amount no greater than the rate of tax imposed on the~~
22 ~~earned income and net profits of the taxpayer by the school~~
23 ~~district in which the taxpayer resides.~~

24 ~~(3) For fiscal years beginning after June 30, 2004, an~~
25 ~~amount equal to the aggregate amount of the tax credited~~
26 ~~under paragraph (2) shall be paid from the fund to the school~~
27 ~~district of residence of each taxpayer under paragraph (1)~~
28 ~~for the sole purpose of funding homestead and farmstead~~
29 ~~exclusions in accordance with this article. The Department of~~
30 ~~Education shall prescribe procedures to calculate the amount~~

1 ~~due to each school district qualifying under this paragraph.~~

2 ~~Section 624 A. Exemption and special provisions.~~

3 ~~(a) General rule. A school district that imposes an earned~~
4 ~~income and net profits tax under section 621 A may exempt from~~
5 ~~the payment of that tax any person whose total income from all~~
6 ~~sources is less than \$10,000.~~

7 ~~(b) Applicability. The provisions of section 304 of the Tax~~
8 ~~Reform Code shall apply to the local personal income tax by any~~
9 ~~school district that levies a tax on personal income of~~
10 ~~residents under section 621 A(c).~~

11 ~~Section 625 A. Rules and regulations.~~

12 ~~A school district that imposes:~~

13 ~~(1) an earned income and net profits tax under section~~
14 ~~621 A shall be subject to all regulations adopted under~~
15 ~~section 13 of the Local Tax Enabling Act and may adopt~~
16 ~~regulations for the processing of claims for credits or~~
17 ~~exemptions under sections 623 A and 624 A; or~~

18 ~~(2) a personal income tax under section 621 A shall be~~
19 ~~subject to all regulations adopted by the Department of~~
20 ~~Revenue in administering the tax due to the Commonwealth~~
21 ~~under section 302 of the Tax Reform Code.~~

22 ~~Section 626 A. Procedure and administration.~~

23 ~~(a) Levy. In order to levy a tax under section 621 A, the~~
24 ~~board of school directors must adopt a resolution referring to~~
25 ~~this subdivision prior to placing a referendum question on the~~
26 ~~ballot under section 613 A. Prior to adopting a resolution~~
27 ~~imposing a tax under section 621 A(b)(2) or (c), the board of~~
28 ~~school directors must give public notice of its intent to adopt~~
29 ~~the resolution in the manner provided by section 4 of the Local~~
30 ~~Tax Enabling Act and must conduct at least one public hearing~~

1 ~~regarding the proposed adoption of the resolution.~~

2 ~~(b) Calculation. For the purposes of proposing a resolution~~
3 ~~and referendum under section 613 A(c), the board of school~~
4 ~~directors shall calculate:~~

5 ~~(1) The value of homestead property in the school~~
6 ~~district by dividing the total assessed value of residential~~
7 ~~property in the school district in calendar year 2002, as~~
8 ~~compiled by the State Tax Equalization Board, by the total~~
9 ~~number of owner occupied housing units in the school district~~
10 ~~as reported by the United States Census Bureau for the 2000~~
11 ~~census in Summary File 1.~~

12 ~~(2) The maximum homestead exclusion by multiplying the~~
13 ~~quotient from paragraph (1) by 0.50.~~

14 ~~(3) The proposed homestead exclusion for the school~~
15 ~~district by multiplying the product from paragraph (2) by a~~
16 ~~number as determined by the board of school directors,~~
17 ~~providing that such number is greater than or equal to 0.50~~
18 ~~and less than or equal to 1.0.~~

19 ~~(4) The proposed reduction in real property taxes for~~
20 ~~the school district by multiplying the product from paragraph~~
21 ~~(3) by the real property tax millage rate of the school~~
22 ~~district in effect for the 2001 2002 school year.~~

23 ~~(c) Conflict. In any situation where there is a conflict~~
24 ~~involving the authority conferred on a local tax collector, by~~
25 ~~the provisions of the Local Tax Enabling Act and the Tax Reform~~
26 ~~Code, the provisions of the Local Tax Enabling Act shall~~
27 ~~control.~~

28 ~~Section 627 A. Disposition of income tax revenue.~~

29 ~~(a) School year of implementation.~~

30 ~~(1) For the first school year that a tax imposed~~

~~pursuant to section 611 A(a)(1) or a tax authorized pursuant to section 613 A is implemented, an increase in revenue received by a school district that is directly attributable to any of the following shall be used by the school district to provide for a reduction in the school district property tax by means of an exclusion for farmstead property and homestead property:~~

~~(i) Implementation of a new tax on earned income and net profits.~~

~~(ii) Implementation of a new tax on personal income.~~

~~(iii) An increase in the rate of a tax on earned income and net profits.~~

~~(iv) A conversion of a tax on personal income from a tax on earned income and net profits.~~

~~(2) In the second school year and each school year thereafter, the funds derived from the sources delineated in paragraph (1) shall be used to the extent necessary to continue to provide for a reduction in school district property taxes at the level established in the immediately prior school year.~~

~~(b) Subsequent rate increases or base changes.—~~

~~(1) For the school year of implementation of an increase in the rate of an existing tax imposed under section 621 A or the conversion of a tax on personal income from a tax on earned income and net profits under this article, all revenue received by a school district directly attributable to the increased rate or conversion shall be used to reduce the school district real property tax by means of an exclusion for farmstead property and homestead property pursuant to section 621 A.~~

~~(2) In the second school year after the implementation of an increase referred to in paragraph (1) and each school year thereafter, the funds derived from the sources delineated in paragraph (1) shall be used to the extent necessary to continue to provide for a reduction in school district property taxes at the level established in the immediately prior school year.~~

~~(c) School district costs. Not more than 2% of the increase in revenue calculated under subsection (a)(1) may be retained by the school district to offset costs to implement this article.~~

~~(d) Exclusive use. All funds received by a school district from the fund in any school year pursuant to its property tax reduction allocation shall be used exclusively to provide for a reduction in the school district real property tax by means of an exclusion from farmstead property and homestead property pursuant to the provisions of subdivision (d).~~

~~(d) Homestead Exclusion~~

~~Section 691 A. Changes to the amount of the homestead exclusion.~~

~~(a) Increases in the homestead exclusion. A school district may increase the amount of the exclusion for homestead property required pursuant to section 627 A consistent with the prohibitions in 53 Pa.C.S. § 8586 (relating to limitations).~~

~~(b) Decreases in the homestead exclusion. A school district may only reduce the exclusion for homestead property below the level authorized pursuant to subsection (c), section 692 A(b) and the referendum required under section 613 A, when the median assessed value used in calculating the homestead exclusion decreases.~~

~~(c) Reassessment. After a revision of assessments by means~~

1 ~~of revaluing all properties, the governing body providing an~~
2 ~~exclusion for homestead property under section 613 A shall~~
3 ~~adjust the amount of the exclusion pursuant to 53 Pa.C.S. §~~
4 ~~8583(e) (relating to exclusion for homestead property).~~

5 ~~(d) Excess funding. A school district which collects or~~
6 ~~anticipates collecting revenue from taxes authorized under this~~
7 ~~article, together with State funds received pursuant to Article~~
8 ~~VI B, in an amount greater than that necessary to provide for~~
9 ~~homestead exclusions equal to 100% of the amount authorized~~
10 ~~pursuant to the Constitution of Pennsylvania shall use those~~
11 ~~excess to either:~~

12 ~~(1) reduce the rate of its earned income and net profits~~
13 ~~tax or its personal income tax to a level that returns to~~
14 ~~those taxpayers all excess funds; or~~

15 ~~(2) reduce the millage rate on all taxable real property~~
16 ~~within the school district to the extent necessary to use all~~
17 ~~the excess revenue for property tax relief.~~

18 ~~(e) Reduction in funding. In any year subsequent to a year~~
19 ~~in which an income tax rate was reduced pursuant to subsection~~
20 ~~(d), if the revenue collected or anticipated to be collected~~
21 ~~under this article and Article VI B falls below the amount~~
22 ~~necessary to maintain homestead property tax exclusions at 100%~~
23 ~~of the maximum, the school district may reraise the rate of the~~
24 ~~income tax so reduced by the amount previously reduced without~~
25 ~~complying with the referendum provisions of section 613 A or~~
26 ~~614 A.~~

27 ~~Section 692 A. Homestead exclusion process.~~

28 ~~(a) Notification to property owners. If the board of school~~
29 ~~directors imposes a tax under section 611 A(a)(1) or if the~~
30 ~~electors of a school district approve a referendum question~~

1 ~~pursuant to section 613 A, the board of school directors shall,~~
2 ~~by first class mail, notify the owners of each parcel of~~
3 ~~property within the district of the following information at a~~
4 ~~minimum:~~

5 ~~(1) The rate of additional earned income and net profits~~
6 ~~tax or personal income tax approved pursuant to sections 611-~~
7 ~~A and 613 A.~~

8 ~~(2) The estimated dollar amount of property tax relief~~
9 ~~realized for each qualifying homestead and farmstead property~~
10 ~~as projected by section 626 A. This information shall be~~
11 ~~accompanied by a statement that the actual dollar property~~
12 ~~tax relief may be affected by the total number of~~
13 ~~applications received and approved.~~

14 ~~(3) The requirement to submit a completed application as~~
15 ~~required under 53 Pa.C.S. Ch. 85 Subch. F (relating to~~
16 ~~homestead property exclusion) in order to qualify for the~~
17 ~~property tax reductions estimated in paragraph (2).~~

18 ~~The notice required by this section shall include a copy of the~~
19 ~~application required by the assessor of the county where the~~
20 ~~property is located and the instructions for completing and~~
21 ~~returning the application. The notice required by this~~
22 ~~subsection shall be made by December 15, 2003, and again by~~
23 ~~January 31, 2004.~~

24 ~~(b) Revisions to the initial calculation of homestead and~~
25 ~~farmstead exclusion for school districts. If the board of~~
26 ~~school directors imposes a tax under section 611 A(a)(1) or if~~
27 ~~the electors of a school district approve a referendum question~~
28 ~~pursuant to 613 A(c), the board of school directors shall revise~~
29 ~~the calculation utilized under section 626 A(b) with information~~
30 ~~derived from the supplemental report from the assessor under~~

~~1 this section. Such revised calculation shall be used to provide
2 homestead and farmstead exclusions. Where the tax imposed under
3 section 621 A is insufficient to provide the homestead and
4 farmstead exclusions authorized through approval of a referendum
5 question, the exclusions may be reduced accordingly.~~

~~6 (c) Appeals. Real property for which an application under
7 53 Pa.C.S. § 8584 (relating to administration and procedure) has
8 been filed by March 1, 2004, shall be deemed to be a homestead
9 property or farmstead property, as the case may be, for the
10 purposes of implementing a homestead or farmstead exclusion
11 under 53 Pa.C.S. § 8717 (relating to disposition of earned
12 income and net profits tax revenue) in the school district
13 fiscal year beginning July 1, 2004, unless the assessor denies
14 the application within the time provided by law and the denial
15 is unappealed or unappealable. The school district is authorized
16 to collect taxes, interest and penalties relating to a homestead
17 or farmstead exclusion that is denied after the denial is
18 unappealed or unappealable.~~

~~19 (d) Reports. In addition to the report required under 53
20 Pa.C.S. § 8584(i), the assessor shall be required to provide a
21 supplemental report containing the information required under 53
22 Pa.C.S. § 8584(i) for applications filed by March 1, 2004. The
23 date of the supplemental report shall be set by the school
24 district, but shall not be earlier than June 1, 2004.~~

~~25 (e) Duties of assessors The assessor shall mail to the
26 owner of each homestead property and farmstead property for
27 which an application has been submitted and approved prior to
28 the effective date of this section a notice stating the date by
29 which the owner would be required to resubmit an application to
30 maintain the property's status as homestead property or~~

1 ~~farmstead property under the county's schedule for review or~~
2 ~~reapplication for homestead and farmstead exclusions. The notice~~
3 ~~under this section shall be made by first class mail no later~~
4 ~~than December 15, 2003.~~

5 ~~(f) Prohibition. A county shall not require an application~~
6 ~~fee for the submission or review of applications submitted to~~
7 ~~qualify for a homestead exclusion or farmstead exclusion under~~
8 ~~this article or under 53 Pa.C.S. Ch. 85 Subch. F.~~

9 ~~(g) Applicability. With the exception of subsection (f),~~
10 ~~this section shall apply only to school districts in which the~~
11 ~~board of school directors imposes a tax under section 611-~~
12 ~~A(a)(1) or which approves a referendum under section 613 A at~~
13 ~~the 2003 municipal election.~~

14 ~~(e) Register~~

15 ~~Section 693 A. Register for taxes.~~

16 ~~(a) General rule. The Department of Community and Economic~~
17 ~~Development shall maintain an official continuing register~~
18 ~~supplemented annually of all earned income and net profits taxes~~
19 ~~or personal income taxes levied under Subdivision (c).~~

20 ~~(b) Contents of register. The register shall list:~~

21 ~~(1) The school districts levying the tax.~~

22 ~~(2) The rate of tax as stated in the resolution levying~~
23 ~~the tax.~~

24 ~~(3) The rate on taxpayers.~~

25 ~~(4) The name and address of the official responsible for~~
26 ~~administering the collection of the tax and from whom~~
27 ~~information, forms and copies of regulations are available.~~

28 ~~Section 694 A. Information for register.~~

29 ~~Information for the register shall be furnished by the school~~
30 ~~district to the Department of Community and Economic Development~~

~~1 as prescribed by the department. The information must be
2 received by the department no later than July 15 of each year to
3 show new tax enactments, repeals and changes. Failure to comply
4 with the filing date may result in the omission of the tax levy
5 from the register for that year. Failure of the department to
6 receive information of taxes continued without change may be
7 construed by the department to mean that the information
8 contained in the previous register remains in force.~~

~~9 Section 695 A. Availability and effective period of register.~~

~~10 The register, with such annual supplements as may be required
11 by new tax enactments, repeals or changes, shall be available
12 upon request no later than August 15 of each year. The effective
13 period for each register shall be from July 1 of the year in
14 which it is issued to June 30 of the following year.~~

~~15 Section 696 A. Effect of nonfiling.~~

~~16 Employers shall not be required by any ordinance to withhold
17 from the compensation of their employees any local earned income
18 and net profits tax or personal income tax imposed under
19 Subdivision (c) which is not listed in the register or to make
20 reports of compensation in connection with taxes not so listed.
21 If the register is not available by August 15, the register of
22 the previous year shall continue to be effective for an
23 additional period of not more than one year.~~

~~24 Section 697 A. Effect of subdivision on liability of taxpayer.~~

~~25 The provisions of this subdivision shall not be construed to
26 affect the liability of any taxpayer for taxes lawfully imposed
27 under Subdivisions (b) and (c).~~

28 ARTICLE VI B

29 STATE MATCHING FUNDS FORMULA

30 Section 601 B. Scope.

1 ~~This article relates to the State matching funds formula.~~

2 ~~Section 602 B. Definitions.~~

3 ~~The following words and phrases when used in this article~~
4 ~~shall have the meanings given to them in this section unless the~~
5 ~~context clearly indicates otherwise:~~

6 ~~"Property tax reduction index." A quotient equal to the sum~~
7 ~~of the numerical rank of a school district's personal income~~
8 ~~valuation per average daily membership, the numerical rank of~~
9 ~~its market value/income aid ratio, the numerical rank of its~~
10 ~~equalized millage and the numerical rank of its school tax~~
11 ~~ratio, divided by 1,000.~~

12 ~~"Residential property tax." The dollar value of real~~
13 ~~property taxes paid by residential property owners in a school~~
14 ~~district, determined by multiplying the real property taxes~~
15 ~~collected by the school district times the percentage of the~~
16 ~~total property value in the school district classified as~~
17 ~~residential by the State Tax Equalization Board.~~

18 ~~"School tax ratio." The dollar value of local taxes~~
19 ~~collected by the school district or by a city of the first class~~
20 ~~for a school district of the first class divided by the personal~~
21 ~~income valuation of the school district.~~

22 ~~Section 603 B. State property tax reduction allocation.~~

23 ~~(a) Administration. By August 15, 2003, the Department of~~
24 ~~Education shall do all of the following:~~

25 ~~(1) Array the 2001 personal income valuation divided by~~
26 ~~the 2001-2002 average daily membership, the 2003-2004 market~~
27 ~~value/income aid ratio, the 2001-2002 equalized millage and~~
28 ~~the 2001-2002 school tax ratio of each school district in~~
29 ~~rank order and assign each school district a discreet~~
30 ~~numerical rank for its personal income valuation per average~~

~~daily membership, its market value/income aid ratio, its equalized millage and its school tax ratio. For the numerical rank of a school district's personal income valuation per average daily membership, the school district with the lowest personal income valuation per average daily membership shall have the highest numerical rank. For the numerical rank of a school district's market value/income aid ratio, the school district with the highest market value/income aid ratio shall have the highest numerical rank; provided that all school districts with a market value/income aid ratio equal to 0.15 shall receive a ranking of 1. For the numerical rank of a school district's equalized millage, the school district with the highest equalized millage shall have the highest numerical rank. For the numerical rank of a school district's school tax ratio, the school district with the highest school tax ratio shall have the highest numerical rank.~~

~~(2) Assign each school district a property tax reduction index.~~

~~(3) Calculate the property tax reduction allocation for each school district by multiplying the school district's estimated 2002-2003 average daily membership by the property tax reduction index of the school district and multiplying that product by the necessary factor in order to allocate all of the funds in the fund as certified by the Secretary of Education and the Department of Revenue, except as follows:~~

~~(i) A school district for which the allocation under this paragraph is less than the product of the 2001-2002 residential property tax of the school district and 0.15 shall receive an additional amount so that the total allocation under this paragraph is equal to the product~~

~~of the residential property tax of the school district
and 0.15.~~

~~(ii) A school district for which the allocation
under this paragraph is greater than the product of the
2001-2002 residential property tax of the school district
and 0.50 shall receive a total allocation equal to the
product of the residential property tax of the school
district and 0.50, except as provided in subsection (d).~~

~~(4) Notify each school district of the amount of its
property tax reduction allocation by August 15, 2003, and
March 1 of each year thereafter.~~

~~(b) Payment. For the fiscal year commencing July 1, 2004,
and July 1 of each fiscal year thereafter, the Commonwealth
shall pay to each eligible school district a property tax
reduction allocation under the provisions of Article VI A equal
to the amount calculated under subsection (a)(3). Payments
required under this subsection shall be made pursuant to section
2517(c).~~

~~(c) Data. The data elements used to determine the
calculations within this section shall be based on the most
recent data, certified by the department by August 15, 2003.~~

~~(d) First class school districts. The limitation in
subsection (a)(3)(ii) shall not apply to the calculation of the
property tax reduction allocation for a school district of the
first class.~~

~~(e) Reduction of wage taxes in a city of the first class. A
city council of a city of the first class shall reduce any tax
imposed on the wages of residents and nonresidents under the
authority of the act of August 5, 1932 (Sp.Sess., P.L.45,
No.45), referred to as the Sterling Act, in a manner consistent~~

1 ~~with Article VI C and in accordance with the following:~~

2 ~~(1) For residents, by an amount equal to the amount of~~
3 ~~the property tax reduction allocation received from the~~
4 ~~Commonwealth pursuant to subsection (b) in an amount not to~~
5 ~~exceed the limitations set forth in subsection (a)(3)(ii) had~~
6 ~~such limitations applied.~~

7 ~~(2) For nonresidents, by any amount equal to the amount~~
8 ~~of the property tax reduction allocation received from the~~
9 ~~Commonwealth pursuant to subsection (b) in excess of the~~
10 ~~limitations set forth in subsection (a)(3)(ii) had such~~
11 ~~limitations applied.~~

12 ~~ARTICLE VI C~~

13 ~~WAGE AND NET PROFITS TAX RELIEF IN CITIES~~

14 ~~OF THE FIRST CLASS~~

15 ~~Section 601 C. Scope.~~

16 ~~This article relates to wage and net profits tax relief in~~
17 ~~cities of the first class.~~

18 ~~Section 602 C. Definitions.~~

19 ~~(Reserved)~~

20 ~~Section 603 C. Tax relief.~~

21 ~~(a) Tax reduction. A city of the first class may reduce the~~
22 ~~rate of wage and net profits tax to obtain the Commonwealth~~
23 ~~funding under this article. If the city elects to reduce taxes~~
24 ~~pursuant to this article, funds received by a city of the first~~
25 ~~class under this article from the fund shall be used to offset a~~
26 ~~reduction by the city in fiscal year 2004 2005 and each fiscal~~
27 ~~year thereafter in the rate of tax on wages and net profits for~~
28 ~~both residents and nonresidents as provided for in subsection~~
29 ~~(b) which reductions shall remain in effect for so long as such~~
30 ~~funds are paid to the city in an amount equal to the cost of~~

1 ~~such reductions.~~

2 ~~(b) Calculation of reduction.~~

3 ~~(1) The city shall calculate the amount of the rate~~
4 ~~reductions so that they equal, based on estimates certified~~
5 ~~by the city's director of finance and approved by the~~
6 ~~Pennsylvania Intergovernmental Cooperation Authority prior to~~
7 ~~the implementation of the reductions, in combination with any~~
8 ~~reduction in the rate of unearned income tax imposed by a~~
9 ~~school district in the city of the first class required by~~
10 ~~the act of August 9, 1963 (P.L.640, No.338), entitled "An act~~
11 ~~empowering cities of the first class, coterminous with school~~
12 ~~districts of the first class, to authorize the boards of~~
13 ~~public education of such school districts to impose certain~~
14 ~~additional taxes for school district purposes, and providing~~
15 ~~for the levy, assessment and collection of such taxes," as a~~
16 ~~result of the reduction in the rate of wage and net profits~~
17 ~~tax, the amount paid to the city from the fund for tax~~
18 ~~reductions. The city shall, each year, transfer to such~~
19 ~~school district an amount equal to the cost of any reduction~~
20 ~~in the rate of unearned income tax caused by the rate; and~~
21 ~~such transfer shall not be subject to the provisions of~~
22 ~~section 696(h).~~

23 ~~(2) The tax rate reductions implemented by a city of the~~
24 ~~first class pursuant to this paragraph shall be in addition~~
25 ~~to the following schedule of percentages of wage and net~~
26 ~~profits tax rate reductions already scheduled to occur:~~

27 ~~(i) In 2005, 2.0728% for residents and 0.8402% for~~
28 ~~nonresidents.~~

29 ~~(ii) In 2006, 0.8581% for residents and 0.8473% for~~
30 ~~nonresidents.~~

1 ~~(iii) In 2007, 0.8656% for residents and 0.8545% for~~
2 ~~nonresidents.~~

3 ~~(iv) In 2008, 0.8731% for residents and 0.8619% for~~
4 ~~nonresidents.~~

5 ~~(c) Exceptions. The wage and net profits tax rates can only~~
6 ~~be raised above the rates specified in subsection (b)(2) by such~~
7 ~~amount that is necessary to respond to any of the following:~~

8 ~~(1) A fiscal threat or condition, as certified by the~~
9 ~~city's director of finance and approved by the Pennsylvania~~
10 ~~Intergovernmental Cooperation Authority, that occurs to the~~
11 ~~city as set forth in section 614 A(f) or an equivalent fiscal~~
12 ~~threat that affects the citizens of the city. It shall be the~~
13 ~~responsibility of the city's director of finance with the~~
14 ~~approval of the Pennsylvania Intergovernmental Cooperation~~
15 ~~Authority to insure that the additional tax revenue raised is~~
16 ~~equal to the amount expended to respond to the fiscal threat~~
17 ~~or condition. If the amount of revenue raised through rate~~
18 ~~adjustment exceeds the amount necessary to respond, over the~~
19 ~~course of the city's approved financial plan, to the fiscal~~
20 ~~threat, all of the excess amount shall be used for wage tax~~
21 ~~and net profits tax reduction in the immediately succeeding~~
22 ~~approved financial plan, but only if the rate reduction~~
23 ~~(expressed as the difference between the two rates) would~~
24 ~~exceed .0002.~~

25 ~~(2) A decrease of more than 2% in the amount of total~~
26 ~~tax collections plus any funds provided under this article~~
27 ~~from the preceding year's collections. Such a determination~~
28 ~~of a decrease must be attested to by the city's director of~~
29 ~~finance and agreed to by the Pennsylvania Intergovernmental~~
30 ~~Cooperation Authority.~~

~~(3) A declaration by the Pennsylvania Intergovernmental Cooperation Authority that the city's five year plan is disapproved pursuant to section 209 of the act of June 5, 1991 (P.L.9, No.6), known as the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class.~~

~~(4) Federal or State law imposes a new unfunded mandate on the city that costs the city more than 1.5% of the city's total general fund expenditures in any fiscal year.~~

~~(5) The cost to the city of an existing mandate imposed by Federal or State law increases by more than 1.5% of the city's total general fund expenditures in any fiscal year and funds to pay for the increase are not appropriated to the city by the Federal or State government.~~

~~(6) Existing Federal or State funding is decreased by 1.5% of the city's total general fund expenditures in any fiscal year.~~

~~(d) Excess funds. If in any fiscal year the sums received by a city of the first class from the fund are in excess of the value of the tax rate reductions actually made by the city pursuant to subsection (a), the city shall, within 60 days following the certification by the director of finance, in consultation with the Secretary of the Budget and with the approval of the Pennsylvania Intergovernmental Cooperation Authority of the amount of the excess, do any of the following:~~

~~(1) repay to the fund the excess sums; or~~

~~(2) further reduce wage and net profits tax rates and unearned income tax rates, if required, in the fiscal year next following the determination of the excess, by an amount that will result in total tax rate reductions required for~~

1 ~~the amount received from the fund. To the extent the rate~~
2 ~~reduction provided for in paragraph (2), expressed as the~~
3 ~~difference between the two rates, would not exceed .0002,~~
4 ~~this subsection shall not apply.~~

5 ~~(c) Insufficient funds. If in any fiscal year the director~~
6 ~~of finance certifies, in consultation with the Secretary of the~~
7 ~~Budget and with the approval of the Pennsylvania~~
8 ~~Intergovernmental Cooperation Authority, that the amount of sums~~
9 ~~received by the city from the fund are less than the value of~~
10 ~~the tax rate reductions actually made by the city pursuant to~~
11 ~~subsection (a), the city may, in the fiscal year next following~~
12 ~~the determination of the amount, increase the city's wage and~~
13 ~~net profits tax rate above the rates specified in subsection~~
14 ~~(b)(2) by an amount that will result in an overall tax rate~~
15 ~~reduction equal to that required for the amount received by the~~
16 ~~city from the fund. To the extent the rate increase provided for~~
17 ~~in this subsection, expressed as the difference between the two~~
18 ~~rates, would not exceed .0002, this subsection shall not apply.~~

19 Section 4. Section 1714 B(g) of the act, added May 10, 2000
20 (P.L.44, No.16), is amended to read:

21 Section 1714 B. Mandate Waiver Program. * * *

22 (g) The following provisions of this act shall not be
23 subject to waiver pursuant to this section: sections 108, 110,
24 111, 321, 322, 323, 324, 325, 326, 327, 431, 436, 437, 440.1,
25 443, 510, 513, 518, 527, 701.1, 708, 736, 737, 738, 739, 740,
26 741, 752, 753, 755, 771, 776, 777, 808, 809, 810, 1303(a), 1310,
27 1317, 1317.1, 1317.2, 1318, 1327, 1327.1, 1330, 1332, 1361,
28 1366, 1501, 1502, 1513, 1517, 1518, 1521, 1523, 1546 and 1547;
29 provisions prohibiting discrimination; Articles VI, VI A, VI B,
30 VI C, XI, XI A, XII, XIII A, XIV and XVII A and this article.

1 TAXATION BY SCHOOL DISTRICTS

2 SUBCHAPTER A

3 GENERAL PROVISIONS

4 SECTION 301. SCOPE.

5 THIS CHAPTER RELATES TO HOMEOWNER TAX RELIEF.

6 SECTION 302. DEFINITIONS.

7 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER
8 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
9 CONTEXT CLEARLY INDICATES OTHERWISE:

10 "ASSESSOR." AS DEFINED IN 53 PA.C.S. § 8582 (RELATING TO
11 DEFINITIONS).

12 "BOARD OF SCHOOL DIRECTORS." A BOARD OF SCHOOL DIRECTORS OF
13 A SCHOOL DISTRICT OF THE FIRST CLASS A, SECOND CLASS, THIRD
14 CLASS OR FOURTH CLASS.

15 "CONSTRUCTION COST AVERAGE ON A SQUARE-FOOT BASIS." AN
16 AMOUNT EQUAL TO \$128 PER SQUARE FOOT FOR AN ELEMENTARY SCHOOL
17 BUILDING AND \$133 PER SQUARE FOOT FOR A SECONDARY SCHOOL
18 BUILDING, AS ADJUSTED ANNUALLY BY THE PERCENTAGE INCREASE IN THE
19 AVERAGE OF THE STATEWIDE AVERAGE WEEKLY WAGE AND THE EMPLOYMENT
20 COST INDEX.

21 "DEPARTMENT." THE DEPARTMENT OF EDUCATION OF THE
22 COMMONWEALTH.

23 "DOMICILE." AS DEFINED IN SECTION 13 OF THE ACT OF DECEMBER
24 31, 1965 (P.L.1257, NO.511), KNOWN AS THE LOCAL TAX ENABLING
25 ACT.

26 "EARNED INCOME." AS DEFINED IN SECTION 13 OF THE ACT OF
27 DECEMBER 31, 1965 (P.L.1257, NO.511), KNOWN AS THE LOCAL TAX
28 ENABLING ACT.

29 "ELECTION OFFICIALS." THE BOARD OF ELECTIONS OF A COUNTY.

30 "EMPLOYER." AS DEFINED IN SECTION 301 OF THE ACT OF MARCH 4,

1 1971 (P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE OF 1971.

2 "EMPLOYMENT COST INDEX." THE MOST RECENT OFFICIAL FIGURES,
3 FOR THE PREVIOUS 12-MONTH PERIOD BEGINNING JULY 1 AND ENDING
4 JUNE 30 FOR THE EMPLOYMENT COST INDEX SERIES FOR ELEMENTARY AND
5 SECONDARY SCHOOLS, REPORTED BY THE BUREAU OF LABOR STATISTICS OF
6 THE FEDERAL DEPARTMENT OF LABOR.

7 "FARMSTEAD." AS DEFINED IN 53 PA.C.S. § 8582 (RELATING TO
8 DEFINITIONS).

9 "FARMSTEAD PROPERTY." AS DEFINED IN 53 PA.C.S. § 8582
10 (RELATING TO DEFINITIONS).

11 "FUND." THE PROPERTY TAX RELIEF FUND ESTABLISHED IN THE
12 STATE TREASURY.

13 "HOMESTEAD." AS DEFINED IN 53 PA.C.S. § 8401 (RELATING TO
14 DEFINITIONS).

15 "HOMESTEAD PROPERTY." AS DEFINED IN 53 PA.C.S § 8401
16 (RELATING TO DEFINITIONS).

17 "INCOME TAX." A TAX ON EARNED INCOME AND NET PROFITS OR A
18 TAX ON PERSONAL INCOME IMPOSED PURSUANT TO THIS CHAPTER.

19 "INDEX." AS FOLLOWS:

20 (1) EXCEPT AS SET FORTH IN PARAGRAPH (2), THE AVERAGE OF
21 THE PERCENTAGE INCREASE IN THE STATEWIDE AVERAGE WEEKLY WAGE
22 AND THE EMPLOYMENT COST INDEX.

23 (2) FOR A SCHOOL DISTRICT WITH A MARKET-VALUE/INCOME-AID
24 RATIO GREATER THAN 0.400 FOR THE SCHOOL YEAR PRIOR TO THE
25 SCHOOL YEAR FOR WHICH THE INDEX IS CALCULATED, THE VALUE
26 UNDER PARAGRAPH (1) MULTIPLIED BY THE SUM OF:

27 (I) 0.75; AND

28 (II) THE SCHOOL DISTRICT'S MARKET-VALUE/INCOME-AID
29 RATIO FOR THE SCHOOL YEAR PRIOR TO THE SCHOOL YEAR FOR
30 WHICH THE INDEX IS CALCULATED.

1 "LOCAL TAX ENABLING ACT." THE ACT OF DECEMBER 31, 1965
2 (P.L.1257, NO.511), KNOWN AS THE LOCAL TAX ENABLING ACT.

3 "LOCAL TAX REVENUE." THE REVENUE FROM TAXES ACTUALLY LEVIED
4 AND ASSESSED BY A SCHOOL DISTRICT, INCLUDING DELINQUENT TAXES.
5 THE TERM DOES NOT INCLUDE INTEREST OR DIVIDEND EARNINGS, FEDERAL
6 OR STATE GRANTS, CONTRACTS OR APPROPRIATIONS, INCOME GENERATED
7 FROM OPERATIONS OR ANY OTHER SOURCE WHICH IS NOT DERIVED FROM
8 TAXES LEVIED AND ASSESSED BY A SCHOOL DISTRICT.

9 "NET PROFITS." AS DEFINED IN SECTION 13 OF THE ACT OF
10 DECEMBER 31, 1965 (P.L.1257, NO.511), KNOWN AS THE LOCAL TAX
11 ENABLING ACT.

12 "PERSONAL INCOME." INCOME ENUMERATED IN SECTION 303 OF THE
13 ACT OF MARCH 4, 1971 (P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE
14 OF 1971, AS DETERMINED BY THE DEPARTMENT OF REVENUE, SUBJECT TO
15 ANY CORRECTION THEREOF FOR FRAUD, EVASION OR ERROR AS FINALLY
16 DETERMINED BY THE COMMONWEALTH.

17 "RESIDENT INDIVIDUAL." AN INDIVIDUAL WHO IS DOMICILED IN A
18 SCHOOL DISTRICT.

19 "SCHOOL DISTRICT." A SCHOOL DISTRICT OF THE FIRST CLASS A,
20 SECOND CLASS, THIRD CLASS OR FOURTH CLASS.

21 "STATEWIDE AVERAGE WEEKLY WAGE." THAT AMOUNT DETERMINED BY
22 THE DEPARTMENT OF LABOR AND INDUSTRY IN THE SAME MANNER THAT IT
23 DETERMINES THE AVERAGE WEEKLY WAGE UNDER SECTION 404(E)(2) OF
24 THE ACT OF DECEMBER 5, 1936 (2ND SP.SESS., 1937 P.L.2897, NO.1),
25 KNOWN AS THE UNEMPLOYMENT COMPENSATION LAW, EXCEPT THAT IT SHALL
26 BE CALCULATED FOR THE PRECEDING CALENDAR YEAR.

27 "TAX REFORM CODE." THE ACT OF MARCH 4, 1971 (P.L.6, NO.2),
28 KNOWN AS THE TAX REFORM CODE OF 1971.

29 "TAXPAYER." AN INDIVIDUAL REQUIRED UNDER THIS CHAPTER TO PAY
30 A TAX.

1 SECTION 303. LIMITATIONS.

2 THIS CHAPTER SHALL NOT BE CONSTRUED TO AFFECT THE POWER OF A
3 SCHOOL DISTRICT TO DO ANY OF THE FOLLOWING:

4 (1) TO ELIMINATE ITS OCCUPATION TAX PURSUANT TO THE ACT
5 OF JUNE 22, 2001 (P.L.374, NO.24), KNOWN AS THE OPTIONAL
6 OCCUPATION TAX ELIMINATION ACT. EXCEPT FOR THE MUNICIPAL
7 ELECTION OF 2007, OR FOR AN ELECTION IN WHICH A SCHOOL
8 DISTRICT SEEKS TO IMPOSE A PERSONAL INCOME TAX UNDER SECTION
9 321(C), A SCHOOL DISTRICT MAY PLACE SUCH REFERENDUM QUESTION
10 ON THE BALLOT AT THE SAME MUNICIPAL ELECTION AS A REFERENDUM
11 QUESTION PLACED ON THE BALLOT PURSUANT TO SUBCHAPTER D. IF A
12 SCHOOL DISTRICT CONVERTS ITS EARNED INCOME AND NET PROFITS
13 TAX TO A PERSONAL INCOME TAX UNDER THIS CHAPTER, THE SCHOOL
14 DISTRICT MAY NOT UTILIZE THE OPTIONAL OCCUPATION TAX
15 ELIMINATION ACT.

16 (2) TO LEVY, ASSESS OR COLLECT A TAX ON EARNED INCOME
17 AND NET PROFITS UNDER THE LOCAL TAX ENABLING ACT.

18 (3) TO IMPOSE SPECIAL PURPOSE TAX LEVIES APPROVED BY THE
19 ELECTORATE.

20 SECTION 304. CERTAIN RATES OF TAXATION LIMITED.

21 (A) MUNICIPAL RATES.--IF A MUNICIPALITY AND SCHOOL DISTRICT
22 BOTH IMPOSE AN EARNED INCOME AND NET PROFITS TAX ON THE SAME
23 INDIVIDUAL UNDER THE LOCAL TAX ENABLING ACT AND ARE LIMITED TO
24 OR HAVE AGREED UPON A DIVISION OF THE TAX RATE IN ACCORDANCE
25 WITH SECTION 8 OF THE LOCAL TAX ENABLING ACT, THE MUNICIPALITY
26 SHALL REMAIN SUBJECT TO THAT LIMITATION OR AGREEMENT IN THE
27 EVENT THAT THE SCHOOL DISTRICT OPTS TO IMPOSE OR INCREASE AN
28 EARNED INCOME AND NET PROFITS TAX AUTHORIZED UNDER SECTION
29 321(B) OR A PERSONAL INCOME TAX AUTHORIZED UNDER SECTION 321(C).
30 NOTHING IN THIS CHAPTER SHALL BE CONSTRUED TO AUTHORIZE A

1 MUNICIPALITY TO RAISE THE RATE OF EARNED INCOME AND NET PROFITS
2 TAX ABOVE THE RATE IT LEVIED UNDER THE PREVIOUSLY AGREED UPON
3 DIVISION IF A SCHOOL DISTRICT IMPOSES OR INCREASES A PERSONAL
4 INCOME TAX UNDER SUBCHAPTER C.

5 (B) SCHOOL DISTRICTS.--A SCHOOL DISTRICT WHICH IMPOSES A TAX
6 UNDER THIS CHAPTER IS SUBJECT TO SECTION 688 OF THE ACT OF MARCH
7 10, 1949 (P.L.30, NO.14), KNOWN AS THE PUBLIC SCHOOL CODE OF
8 1949.

9 SUBCHAPTER B

10 SCHOOL DISTRICT BUDGETS

11 SECTION 311. ADOPTION OF PRELIMINARY BUDGET PROPOSALS.

12 (A) ADOPTION.--BEGINNING WITH THE FISCAL YEAR TO WHICH
13 SECTION 333 APPLIES, EACH BOARD OF SCHOOL DIRECTORS SHALL ADOPT
14 A PRELIMINARY BUDGET PROPOSAL FOR THE FOLLOWING FISCAL YEAR NO
15 LATER THAN 90 DAYS PRIOR TO THE DATE OF THE ELECTION IMMEDIATELY
16 PRECEDING THE FISCAL YEAR IN WHICH THE PRELIMINARY BUDGET WILL
17 TAKE EFFECT.

18 (B) CONTENTS.--THE PRELIMINARY BUDGET PROPOSAL SHALL INCLUDE
19 ESTIMATED REVENUES AND EXPENDITURES AND ANY PROPOSED TAX RATES
20 AND SHALL BE PREPARED ON A UNIFORM FORM FURNISHED BY THE
21 DEPARTMENT.

22 (C) PUBLIC INSPECTION.--THE BOARD OF SCHOOL DIRECTORS SHALL
23 PRINT THE PRELIMINARY BUDGET PROPOSAL AND MAKE IT AVAILABLE FOR
24 PUBLIC INSPECTION AT LEAST 20 DAYS PRIOR TO ITS ADOPTION. THE
25 BOARD OF SCHOOL DIRECTORS SHALL GIVE PUBLIC NOTICE OF ITS INTENT
26 TO ADOPT THE PRELIMINARY BUDGET AT LEAST TEN DAYS PRIOR TO
27 ADOPTION AND MAY HOLD A PUBLIC HEARING PRIOR TO ITS ADOPTION.

28 SECTION 312. ADOPTION OF ANNUAL BUDGETS.

29 (A) ADOPTION.--BEGINNING WITH THE FISCAL YEAR TO WHICH
30 SECTION 333 APPLIES, EACH BOARD OF SCHOOL DIRECTORS SHALL ADOPT

1 ITS ANNUAL BUDGET FOR THE FOLLOWING FISCAL YEAR NO LATER THAN
2 THE LAST DAY OF THE FISCAL YEAR BEFORE THE FISCAL YEAR IN WHICH
3 THE BUDGET TAKES EFFECT.

4 (B) CONTENTS.--THE ANNUAL BUDGET SHALL INCLUDE ESTIMATED
5 REVENUES AND EXPENDITURES AND ANY PROPOSED TAX RATES AND BE
6 PREPARED ON A UNIFORM FORM FURNISHED BY THE DEPARTMENT.

7 (C) PUBLIC INSPECTION.--THE BOARD OF SCHOOL DIRECTORS SHALL
8 PRINT THE ANNUAL BUDGET AND MAKE IT AVAILABLE FOR PUBLIC
9 INSPECTION AT LEAST 20 DAYS PRIOR TO ITS ADOPTION. THE BOARD OF
10 SCHOOL DIRECTORS SHALL GIVE PUBLIC NOTICE OF ITS INTENT TO ADOPT
11 THE ANNUAL BUDGET AT LEAST TEN DAYS PRIOR TO ADOPTION AND MAY
12 HOLD A PUBLIC HEARING PRIOR TO ITS ADOPTION.

13 SECTION 313. INFORMATION TO SCHOOL DISTRICTS.

14 NO LATER THAN SEPTEMBER 30 OF THE YEAR IN WHICH A PROPERTY
15 TAX REDUCTION ALLOCATION UNDER SECTION 505 IS MADE, AND
16 SEPTEMBER 30 OF EACH YEAR THEREAFTER, THE DEPARTMENT SHALL
17 PROVIDE EACH SCHOOL DISTRICT WITH THE FOLLOWING INFORMATION:

18 (1) THE DATES BY WHICH ACTIONS REQUIRED UNDER THIS
19 CHAPTER SHALL TAKE PLACE.

20 (2) THE INDEX FOR THE APPLICABLE FISCAL YEAR.

21 SUBCHAPTER C

22 GENERAL TAX AUTHORIZATION

23 SECTION 321. GENERAL TAX AUTHORIZATION.

24 (A) GENERAL RULE.--A BOARD OF SCHOOL DIRECTORS MAY LEVY,
25 ASSESS AND COLLECT A TAX ON EARNED INCOME AND NET PROFITS OR A
26 TAX ON PERSONAL INCOME AS PROVIDED IN THIS SECTION FOR THE
27 PURPOSE OF FUNDING HOMESTEAD AND FARMSTEAD EXCLUSIONS TO REDUCE
28 SCHOOL DISTRICT PROPERTY TAXES.

29 (B) EARNED INCOME AND NET PROFITS TAX.--

30 (1) PURSUANT TO SECTION 331, A BOARD OF SCHOOL DIRECTORS

1 MAY LEVY, ASSESS AND COLLECT A TAX OF 0.1% ON EARNED INCOME
2 AND NET PROFITS OF RESIDENT INDIVIDUALS FOR PURPOSES OF
3 QUALIFYING FOR A PROPERTY TAX REDUCTION ALLOCATION UNDER
4 CHAPTER 5 TO FUND HOMESTEAD AND FARMSTEAD EXCLUSIONS.

5 (2) IN ADDITION TO THE AUTHORIZATION PROVIDED UNDER
6 PARAGRAPH (1), A SCHOOL DISTRICT MAY, IN ACCORDANCE WITH
7 SECTION 332, LEVY AN ADDITIONAL TAX ON EARNED INCOME AND NET
8 PROFITS OF RESIDENT INDIVIDUALS FOR THE PURPOSE OF FURTHER
9 FUNDING HOMESTEAD AND FARMSTEAD EXCLUSIONS.

10 (3) EXCEPT AS AUTHORIZED IN PARAGRAPH (4), THE COMBINED
11 RATE OF THE EARNED INCOME AND NET PROFITS TAX AUTHORIZED
12 UNDER PARAGRAPHS (1) AND (2) SHALL NOT EXCEED THE RATE
13 REQUIRED TO RAISE REVENUE WHICH, WHEN COMBINED WITH THE
14 SCHOOL DISTRICT'S PROPERTY TAX REDUCTION ALLOCATION UNDER
15 CHAPTER 5, ALL REVENUE RECEIVED UNDER SECTION 324 AND ALL
16 OTHER REVENUE CURRENTLY COLLECTED TO FUND HOMESTEAD AND
17 FARMSTEAD EXCLUSIONS, WILL BE SUFFICIENT TO FUND EXCLUSIONS
18 FOR HOMESTEAD PROPERTY AND FARMSTEAD PROPERTY EQUAL TO THE
19 MAXIMUM EXCLUSION UNDER 53 PA.C.S. § 8586 (RELATING TO
20 LIMITATIONS). THE BOARD OF SCHOOL DIRECTORS SHALL ROUND THE
21 RATE OF THE EARNED INCOME AND NET PROFITS TAX LEVIED PURSUANT
22 TO THIS SECTION TO THE NEAREST 0.1%. FOR PURPOSES OF
23 CALCULATING THE COMBINED TAX RATE, THE PORTION OF TAX
24 DEDICATED TO THE INCREASE IN REVENUE PERMITTED UNDER
25 PARAGRAPH (4), IF ANY, SHALL BE EXCLUDED.

26 (4) NOTWITHSTANDING SECTION 334, THE RATE OF THE EARNED
27 INCOME AND NET PROFITS TAX PROPOSED TO BE LEVIED AND ASSESSED
28 FOR THE FISCAL YEAR IMMEDIATELY FOLLOWING THE YEAR IN WHICH
29 THE TAX IS AUTHORIZED MAY PROVIDE FOR AN INCREASE IN REVENUE
30 OF NOT MORE THAN 2% OF THE ESTIMATED REVENUE FROM THE EARNED

1 INCOME AND NET PROFITS TAX AUTHORIZED UNDER PARAGRAPH (2),
2 WHICH MAY BE USED FOR THE OPERATIONS OF THE SCHOOL DISTRICT.

3 (C) PERSONAL INCOME TAX.--

4 (1) AFTER COMPLYING WITH SECTION 331, A BOARD OF SCHOOL
5 DIRECTORS MAY LEVY, ASSESS AND COLLECT A TAX ON THE PERSONAL
6 INCOME OF RESIDENT INDIVIDUALS AT A RATE DETERMINED BY THE
7 BOARD OF SCHOOL DIRECTORS.

8 (2) A SCHOOL DISTRICT WHICH SEEKS TO LEVY THE TAX
9 AUTHORIZED UNDER PARAGRAPH (1) MUST COMPLY WITH SECTION 332
10 AND THE FOLLOWING:

11 (I) THE SCHOOL DISTRICT SHALL CONVERT, IN A REVENUE-
12 NEUTRAL MANNER, ANY EXISTING EARNED INCOME AND NET
13 PROFITS TAX RATES LEVIED PURSUANT TO ANY OTHER ACT TO A
14 PERSONAL INCOME TAX RATE.

15 (II) THE 0.1% EARNED INCOME AND NET PROFITS TAX
16 IMPOSED PURSUANT TO SECTION 331 SHALL BE CONVERTED TO A
17 PERSONAL INCOME TAX RATE WHICH GENERATES THE SAME AMOUNT
18 OF TAX REVENUE AND SHALL BE USED FOR FUNDING EXCLUSIONS
19 FOR HOMESTEAD AND FARMSTEAD PROPERTY.

20 (III) A SCHOOL DISTRICT MAY, IN ACCORDANCE WITH
21 SECTION 332, LEVY AN ADDITIONAL TAX ON THE PERSONAL
22 INCOME OF RESIDENT INDIVIDUALS FOR THE PURPOSE OF FURTHER
23 FUNDING HOMESTEAD AND FARMSTEAD EXCLUSIONS.

24 (IV) FOR PURPOSES OF THE REFERENDUM QUESTION
25 REQUIRED UNDER SECTION 332, THE PERSONAL INCOME TAX
26 AUTHORIZED UNDER PARAGRAPH (1) SHALL BE LEVIED AT A RATE
27 WHICH, WHEN COMBINED WITH THE REVENUE GENERATED UNDER
28 SUBPARAGRAPH (II), THE SCHOOL DISTRICT'S PROPERTY TAX
29 REDUCTION ALLOCATION UNDER CHAPTER 5, ALL REVENUE
30 RECEIVED UNDER SECTION 324 AND ALL OTHER REVENUE

1 CURRENTLY COLLECTED TO FUND HOMESTEAD AND FARMSTEAD
2 EXCLUSIONS, DOES NOT EXCEED THE TAX RATE REQUIRED TO FUND
3 EXCLUSIONS FOR HOMESTEAD AND FARMSTEAD PROPERTY EQUAL TO
4 THE MAXIMUM EXCLUSION UNDER 53 PA.C.S. § 8586. THE BOARD
5 OF SCHOOL DIRECTORS SHALL ROUND THE RATE OF THE PERSONAL
6 INCOME TAX LEVIED PURSUANT TO THIS SUBPARAGRAPH TO THE
7 NEAREST 0.1%. FOR PURPOSES OF CALCULATING THE COMBINED
8 TAX RATE, THE PORTION OF TAX DEDICATED TO THE INCREASE IN
9 REVENUE PERMITTED UNDER PARAGRAPH (6), IF ANY, SHALL BE
10 EXCLUDED.

11 (3) ALL REVENUE GENERATED BY A SCHOOL DISTRICT PURSUANT
12 TO PARAGRAPH (2)(II) AND (III) SHALL BE USED AS PROVIDED IN
13 SECTION 334 FOR THE PURPOSE OF FUNDING EXCLUSIONS FOR
14 HOMESTEAD AND FARMSTEAD PROPERTY.

15 (4) IF A BOARD OF SCHOOL DIRECTORS SEEKS TO IMPOSE A
16 PERSONAL INCOME TAX UNDER THIS SUBSECTION AND THE REFERENDUM
17 UNDER SECTION 332 IS APPROVED BY THE ELECTORATE, THE BOARD OF
18 SCHOOL DIRECTORS SHALL HAVE NO AUTHORITY TO IMPOSE AN EARNED
19 INCOME AND NET PROFITS TAX UNDER SUBSECTION (B) OR UNDER ANY
20 OTHER ACT.

21 (5) A PERSONAL INCOME TAX IMPOSED UNDER THE AUTHORITY OF
22 THIS SECTION SHALL BE LEVIED BY THE SCHOOL DISTRICT ON EACH
23 OF THE CLASSES OF INCOME SPECIFIED IN SECTION 303 OF THE TAX
24 REFORM CODE AND REGULATIONS UNDER THAT SECTION, THE
25 PROVISIONS OF WHICH ARE INCORPORATED BY REFERENCE INTO THIS
26 CHAPTER.

27 (I) NOTWITHSTANDING THE PROVISIONS OF SECTION 353(F)
28 OF THE TAX REFORM CODE, THE DEPARTMENT OF REVENUE MAY
29 PERMIT THE PROPER OFFICER OR AN AUTHORIZED AGENT OF A
30 SCHOOL DISTRICT IMPOSING A PERSONAL INCOME TAX PURSUANT

1 TO THIS CHAPTER TO INSPECT THE TAX RETURNS OF ANY
2 TAXPAYER OF THE SCHOOL DISTRICT OR MAY FURNISH TO THE
3 OFFICER OR AN AUTHORIZED AGENT AN ABSTRACT OF THE RETURN
4 OF INCOME OF ANY CURRENT OR FORMER RESIDENT OF THE SCHOOL
5 DISTRICT, OR SUPPLY INFORMATION CONCERNING ANY ITEM OF
6 INCOME CONTAINED IN ANY TAX RETURN. THE OFFICER OR
7 AUTHORIZED AGENT OF THE SCHOOL DISTRICT IMPOSING A TAX
8 UNDER THIS CHAPTER SHALL BE FURNISHED THE REQUESTED
9 INFORMATION UPON PAYMENT TO THE DEPARTMENT OF REVENUE OF
10 THE ACTUAL COST OF PROVIDING THE REQUESTED INFORMATION.

11 (II) (A) EXCEPT FOR OFFICIAL PURPOSES OR AS
12 PROVIDED BY LAW, IT SHALL BE UNLAWFUL FOR ANY OFFICER
13 OR AUTHORIZED AGENT OF A SCHOOL DISTRICT TO DO ANY OF
14 THE FOLLOWING:

15 (I) DISCLOSE TO ANY OTHER INDIVIDUAL OR
16 ENTITY THE AMOUNT OR SOURCE OF INCOME, PROFITS,
17 LOSSES, EXPENDITURES OR ANY PARTICULAR
18 INFORMATION CONCERNING INCOME, PROFITS, LOSSES OR
19 EXPENDITURES CONTAINED IN ANY RETURN.

20 (II) PERMIT ANY OTHER INDIVIDUAL OR ENTITY
21 TO VIEW OR EXAMINE ANY RETURN OR COPY OF A RETURN
22 OR ANY BOOK CONTAINING ANY ABSTRACT OR
23 PARTICULARS.

24 (III) PRINT, PUBLISH OR PUBLICIZE IN ANY
25 MANNER ANY RETURN; ANY PARTICULAR INFORMATION
26 CONTAINED IN OR CONCERNING THE RETURN; ANY AMOUNT
27 OR SOURCE OF INCOME, PROFITS, LOSSES OR
28 EXPENDITURES IN OR CONCERNING THE RETURN; OR ANY
29 PARTICULAR INFORMATION CONCERNING INCOME,
30 PROFITS, LOSSES OR EXPENDITURES CONTAINED IN OR

1 RELATING TO ANY RETURN.

2 (B) ANY OFFICER OR AUTHORIZED AGENT OF A SCHOOL
3 DISTRICT THAT VIOLATES CLAUSE (A):

4 (I) MAY BE FINED NOT MORE THAN \$1,000 OR
5 IMPRISONED FOR NOT MORE THAN ONE YEAR, OR BOTH.

6 (II) MAY BE REMOVED FROM OFFICE OR
7 DISCHARGED FROM EMPLOYMENT.

8 (6) NOTWITHSTANDING SECTION 334, THE RATE OF THE
9 PERSONAL INCOME TAX PROPOSED TO BE LEVIED AND ASSESSED FOR
10 THE FIRST FISCAL YEAR IMMEDIATELY FOLLOWING THE YEAR IN WHICH
11 THE TAX IS AUTHORIZED MAY PROVIDE FOR AN INCREASE IN REVENUE
12 OF NOT MORE THAN 2% OF THE ESTIMATED REVENUE FROM THE
13 PERSONAL INCOME TAX AUTHORIZED UNDER PARAGRAPH (2)(III),
14 WHICH MAY BE USED FOR THE OPERATIONS OF THE SCHOOL DISTRICT.

15 (D) EXECUTION OF TAX RATE.--AN EARNED INCOME AND NET PROFITS
16 TAX RATE OR PERSONAL INCOME TAX RATE AUTHORIZED UNDER THIS
17 SECTION AND IMPOSED PURSUANT TO SECTION 331 SHALL BE SELF-
18 EXECUTING AND SHALL BE EFFECTIVE BEGINNING ON THE FIRST DAY OF
19 THE FISCAL YEAR IN WHICH A SCHOOL DISTRICT WILL RECEIVE A
20 PAYMENT UNDER SECTION 505(B). A TAX AUTHORIZED UNDER SECTION 332
21 SHALL BE SELF-EXECUTING AND SHALL BE EFFECTIVE BEGINNING ON THE
22 FIRST DAY OF THE FISCAL YEAR WHICH BEGINS AFTER THE TAX IS
23 AUTHORIZED. A TAX RATE UNDER THIS SUBSECTION SHALL CONTINUE IN
24 FORCE ON A FISCAL YEAR BASIS WITHOUT ANNUAL REENACTMENT EXCEPT
25 IN A YEAR IN WHICH THE RATE OF THE TAX IS CHANGED OR THE TAX IS
26 REPEALED.

27 SECTION 322. COLLECTIONS.

28 (A) DESIGNATION OF TAX COLLECTOR.--A BOARD OF SCHOOL
29 DIRECTORS IMPOSING AN INCOME TAX UNDER THIS CHAPTER SHALL
30 DESIGNATE A TAX OFFICER UNDER SECTION 10 OF THE LOCAL TAX

1 ENABLING ACT, OR OTHERWISE BY LAW, AS THE COLLECTOR OF THE TAX.
2 IN THE PERFORMANCE OF THE TAX COLLECTION DUTIES UNDER THIS
3 SUBCHAPTER, THE DESIGNATED TAX OFFICER SHALL HAVE ALL THE SAME
4 POWERS, RIGHTS, RESPONSIBILITIES AND DUTIES FOR THE COLLECTION
5 OF THE TAXES WHICH MAY BE IMPOSED UNDER THE LOCAL TAX ENABLING
6 ACT, 53 PA.C.S. CH. 84 SUBCH. C (RELATING TO LOCAL TAXPAYERS
7 BILL OF RIGHTS) OR AS OTHERWISE PROVIDED BY LAW.

8 (B) CONFLICT.--IN ANY SITUATION WHERE THERE IS A CONFLICT
9 INVOLVING THE AUTHORITY CONFERRED ON A LOCAL TAX COLLECTOR BY
10 THE PROVISIONS OF THE LOCAL TAX ENABLING ACT AND THE TAX REFORM
11 CODE, THE PROVISIONS OF THE LOCAL TAX ENABLING ACT SHALL
12 CONTROL.

13 SECTION 323. CREDITS.

14 (A) CREDIT.--EXCEPT AS SET FORTH IN SUBSECTION (B), THE
15 PROVISIONS OF SECTION 14 OF THE LOCAL TAX ENABLING ACT SHALL BE
16 APPLIED BY A BOARD OF SCHOOL DIRECTORS TO DETERMINE ANY CREDITS
17 APPLICABLE TO A TAX IMPOSED UNDER SECTION 321.

18 (B) LIMITATION.--PAYMENT OF ANY TAX ON INCOME TO ANY STATE
19 OTHER THAN PENNSYLVANIA OR TO ANY POLITICAL SUBDIVISION LOCATED
20 OUTSIDE THE BOUNDARIES OF THIS COMMONWEALTH, BY A RESIDENT OF A
21 SCHOOL DISTRICT LOCATED IN THIS COMMONWEALTH, SHALL NOT BE
22 CREDITED TO AND ALLOWED AS A DEDUCTION FROM THE LIABILITY OF
23 SUCH PERSON FOR ANY INCOME TAX IMPOSED BY THE SCHOOL DISTRICT OF
24 RESIDENCE PURSUANT TO THIS CHAPTER.

25 SECTION 324. REIMBURSEMENT.

26 NOTWITHSTANDING ANY OTHER PROVISIONS OF LAW TO THE CONTRARY,
27 THE FOLLOWING APPLY:

28 (1) THIS SECTION ONLY APPLIES TO A TAXPAYER WHO IS A
29 RESIDENT OF THIS COMMONWEALTH AND NOT A RESIDENT OF A CITY OF
30 THE FIRST CLASS BUT WHO IS SUBJECT TO THE TAX ON SALARIES,

1 WAGES, COMMISSIONS OR OTHER COMPENSATION IMPOSED BY A CITY OF
2 THE FIRST CLASS UNDER THE AUTHORITY OF THE ACT OF AUGUST 5,
3 1932 (SP.SESS., P.L.45, NO.45), REFERRED TO AS THE STERLING
4 ACT.

5 (2) FOR TAX YEARS BEGINNING IN THE FIRST CALENDAR YEAR
6 IN WHICH A PAYMENT UNDER SECTION 505(B) IS MADE AND EACH TAX
7 YEAR THEREAFTER, PAYMENT OF A TAX ON SALARIES, WAGES,
8 COMMISSIONS OR OTHER COMPENSATION AS SET FORTH IN PARAGRAPH
9 (1) SHALL BE CREDITED TO THE SCHOOL DISTRICT OF THE
10 TAXPAYER'S RESIDENCE AT AN AMOUNT NO GREATER THAN THE TAX ON
11 SALARIES, WAGES, COMMISSIONS OR OTHER COMPENSATION AS SET
12 FORTH IN PARAGRAPH (1) IMPOSED BY THE SCHOOL DISTRICT IN
13 WHICH THE TAXPAYER RESIDES.

14 (3) EXCEPT AS SET FORTH IN PARAGRAPH (4), AN AMOUNT
15 EQUAL TO THE AGGREGATE AMOUNT OF THE TAX CREDITED UNDER
16 PARAGRAPH (2) SHALL BE PAID FROM THE FUND TO THE SCHOOL
17 DISTRICT OF RESIDENCE OF EACH TAXPAYER UNDER PARAGRAPH (1)
18 FOR THE PURPOSE OF FUNDING HOMESTEAD AND FARMSTEAD EXCLUSIONS
19 IN ACCORDANCE WITH THIS CHAPTER. THE DEPARTMENT SHALL
20 PRESCRIBE PROCEDURES TO CALCULATE THE AMOUNT DUE TO EACH
21 SCHOOL DISTRICT QUALIFYING UNDER THIS PARAGRAPH, AND SHALL
22 PUBLISH THE PROCEDURES IN THE PENNSYLVANIA BULLETIN.

23 (4) NOTWITHSTANDING PARAGRAPH (3), IF THE CERTIFICATION
24 UNDER SECTION 503(A)(1)(I) IS LESS THAN \$750,000,000, EACH
25 ELIGIBLE SCHOOL DISTRICT SHALL RECEIVE A PRO RATA SHARE OF
26 THE REIMBURSEMENT CALCULATED UNDER THIS SECTION AT
27 \$750,000,000.

28 SECTION 325. EXEMPTION AND SPECIAL PROVISIONS.

29 (A) EARNED INCOME AND NET PROFITS TAX.--A SCHOOL DISTRICT
30 THAT IMPOSES AN EARNED INCOME AND NET PROFITS TAX AUTHORIZED

1 UNDER SECTION 321(B) MAY EXEMPT FROM THE PAYMENT OF THAT TAX ANY
2 PERSON WHOSE TOTAL INCOME FROM ALL SOURCES IS LESS THAN \$10,000.

3 (B) APPLICABILITY TO PERSONAL INCOME TAX.--SECTION 304 OF
4 THE TAX REFORM CODE SHALL APPLY TO ANY PERSONAL INCOME TAX
5 LEVIED BY A SCHOOL DISTRICT UNDER SECTION 321(C).
6 SECTION 326. REGULATIONS.

7 A SCHOOL DISTRICT THAT IMPOSES:

8 (1) AN EARNED INCOME AND NET PROFITS TAX AUTHORIZED
9 UNDER SECTION 321(B) SHALL BE SUBJECT TO SECTION 13 OF THE
10 LOCAL TAX ENABLING ACT AND MAY ADOPT PROCEDURES FOR THE
11 PROCESSING OF CLAIMS FOR CREDITS OR EXEMPTIONS UNDER SECTIONS
12 323, 324 AND 325; OR

13 (2) A PERSONAL INCOME TAX AUTHORIZED UNDER SECTION
14 321(C) SHALL BE SUBJECT TO ALL REGULATIONS ADOPTED BY THE
15 DEPARTMENT OF REVENUE IN ADMINISTERING THE TAX DUE TO THE
16 COMMONWEALTH UNDER ARTICLE III OF THE TAX REFORM CODE.

17 SECTION 327. PROPERTY TAX LIMITS ON REASSESSMENT.

18 NOTWITHSTANDING ANY OTHER PROVISION OF LAW, INCLUDING THIS
19 ACT, AFTER ANY COUNTY MAKES A COUNTYWIDE REVISION OF ASSESSMENT
20 OF REAL PROPERTY AT VALUES BASED UPON AN ESTABLISHED
21 PREDETERMINED RATIO AS REQUIRED BY LAW OR AFTER ANY COUNTY
22 CHANGES ITS ESTABLISHED PREDETERMINED RATIO, A BOARD OF SCHOOL
23 DIRECTORS IN A SCHOOL DISTRICT LOCATED WITHIN THAT COUNTY THAT
24 HAS ADOPTED A RESOLUTION IMPOSING THE TAX UNDER SECTION 331 OR
25 IN WHICH A REFERENDUM UNDER SECTION 332 HAS BEEN APPROVED BY THE
26 ELECTORATE, WHICH AFTER THE EFFECTIVE DATE OF THIS SECTION, FOR
27 THE FIRST TIME LEVIES ITS REAL ESTATE TAXES ON THAT REVISED
28 ASSESSMENT OR VALUATION, SHALL FOR THE FIRST YEAR REDUCE ITS TAX
29 RATE, IF NECESSARY, FOR THE PURPOSE OF HAVING THE PERCENTAGE
30 INCREASE IN TAXES LEVIED FOR THAT YEAR AGAINST THE REAL

1 PROPERTIES CONTAINED IN THE DUPLICATE FOR THE PRECEDING YEAR BE
2 LESS THAN OR EQUAL TO THE INDEX FOR THE PRECEDING YEAR
3 NOTWITHSTANDING THE INCREASED VALUATIONS OF SUCH PROPERTIES
4 UNDER THE REVISED ASSESSMENT. FOR THE PURPOSE OF DETERMINING THE
5 TOTAL AMOUNT OF TAXES TO BE LEVIED FOR THE FIRST YEAR, THE
6 AMOUNT TO BE LEVIED ON NEWLY CONSTRUCTED BUILDINGS OR STRUCTURES
7 OR ON INCREASED VALUATIONS BASED ON NEW IMPROVEMENTS MADE TO
8 EXISTING HOUSES NEED NOT BE CONSIDERED. THE TAX RATE SHALL BE
9 FIXED FOR THAT YEAR AT A FIGURE WHICH WILL ACCOMPLISH THIS
10 PURPOSE. THE PROVISIONS OF SECTION 333 SHALL APPLY TO INCREASES
11 IN THE TAX RATE ABOVE THE LIMITS PROVIDED IN THIS SECTION.

12 SUBCHAPTER D

13 SCHOOL DISTRICT PROPERTY TAX REDUCTION

14 SECTION 331. QUALIFYING CONTRIBUTION.

15 (A) GENERAL RULE.--EXCEPT AS SET FORTH IN SUBSECTION (B), A
16 SCHOOL DISTRICT SHALL, BY RESOLUTION, LEVY, ASSESS AND COLLECT
17 THE 0.1% EARNED INCOME AND NET PROFITS TAX AUTHORIZED UNDER
18 SECTION 321(B)(1) IN ORDER TO QUALIFY FOR A PROPERTY TAX
19 REDUCTION ALLOCATION UNDER SECTION 505. THE BOARD OF SCHOOL
20 DIRECTORS SHALL ADOPT THE RESOLUTION BY MAY 30 OF THE FIRST YEAR
21 IN WHICH A CERTIFICATION UNDER SECTION 503(A) IS MADE. WITHIN
22 FIVE DAYS AFTER ADOPTING THE RESOLUTION, THE BOARD OF SCHOOL
23 DIRECTORS SHALL NOTIFY THE DEPARTMENT IN A FORM AND MANNER
24 PRESCRIBED BY THE DEPARTMENT IN ORDER TO ESTABLISH THE SCHOOL
25 DISTRICT'S ELIGIBILITY TO RECEIVE A PROPERTY TAX REDUCTION
26 ALLOCATION PURSUANT TO CHAPTER 5.

27 (B) EXCEPTION.--SUBSECTION (A) SHALL NOT APPLY IF ANY OF THE
28 FOLLOWING APPLY:

29 (1) A SCHOOL DISTRICT WHICH DOES NOT, PRIOR TO MAY 30 OF
30 THE YEAR IN WHICH A SCHOOL DISTRICT WILL RECEIVE A PAYMENT

1 UNDER SECTION 505(B), IMPOSE AN EARNED INCOME AND NET PROFITS
2 TAX UNDER THE LOCAL TAX ENABLING ACT OR ANY OTHER STATUTE,
3 MAY QUALIFY FOR A PROPERTY TAX REDUCTION ALLOCATION UNDER
4 CHAPTER 5 WITHOUT LEVYING THE TAX REQUIRED UNDER SUBSECTION
5 (A) IF THE SCHOOL DISTRICT PROPOSES A REFERENDUM REQUIRED
6 UNDER SECTION 332(E). THE BOARD OF SCHOOL DIRECTORS SHALL
7 ADOPT A RESOLUTION PROPOSING A REFERENDUM BY MAY 30 OF THE
8 YEAR IN WHICH A CERTIFICATION UNDER SECTION 503(A) IS MADE.
9 WITHIN FIVE DAYS AFTER ADOPTING THE RESOLUTION, THE BOARD OF
10 SCHOOL DIRECTORS SHALL NOTIFY THE DEPARTMENT IN A FORM AND
11 MANNER PRESCRIBED BY THE DEPARTMENT IN ORDER TO ESTABLISH THE
12 SCHOOL DISTRICT'S ELIGIBILITY TO RECEIVE A PROPERTY TAX
13 REDUCTION ALLOCATION PURSUANT TO CHAPTER 5. IF A REFERENDUM
14 PROPOSED UNDER SECTION 332(E) IS NOT APPROVED BY THE
15 ELECTORATE, A DISTRICT SHALL ENACT, BY RESOLUTION, THE 0.1%
16 EARNED INCOME NET PROFITS TAX AUTHORIZED UNDER SECTION
17 321(B)(1) IN ORDER TO MAINTAIN ELIGIBILITY FOR A PROPERTY TAX
18 REDUCTION ALLOCATION UNDER CHAPTER 5.

19 (2) A REFERENDUM PROPOSED UNDER SECTION 332(D.1) IS
20 APPROVED BY THE ELECTORATE.

21 SECTION 332. ADOPTION OF REFERENDUM.

22 (A) GENERAL RULE.--A BOARD OF SCHOOL DIRECTORS THAT COMPLIES
23 WITH SECTION 331 MAY LEVY, ASSESS AND COLLECT AN EARNED INCOME
24 AND NET PROFITS TAX AUTHORIZED UNDER SECTION 321(B)(2) OR A
25 PERSONAL INCOME TAX AUTHORIZED UNDER SECTION 321(C), ONLY AFTER
26 OBTAINING THE APPROVAL OF THE ELECTORATE OF THE SCHOOL DISTRICT
27 IN A PUBLIC REFERENDUM.

28 (B) SUBMITTAL OF REFERENDUM.--IN ADDITION TO THE REFERENDUM
29 QUESTION REQUIRED UNDER SUBSECTION (E):

30 (1) A BOARD OF SCHOOL DIRECTORS MAY SUBMIT, AT A

1 MUNICIPAL ELECTION, A REFERENDUM QUESTION TO THE ELECTORS OF
2 THE SCHOOL DISTRICT SEEKING VOTER APPROVAL ALLOWING THE
3 SCHOOL DISTRICT TO LEVY, ASSESS AND COLLECT AN EARNED INCOME
4 AND NET PROFITS TAX OR A PERSONAL INCOME TAX FOR THE PURPOSE
5 OF ANNUALLY FUNDING HOMESTEAD AND FARMSTEAD EXCLUSIONS. PRIOR
6 TO PLACING A REFERENDUM QUESTION ON THE BALLOT, THE BOARD OF
7 SCHOOL DIRECTORS MUST ADOPT A RESOLUTION PURSUANT TO THIS
8 CHAPTER. THE BOARD OF SCHOOL DIRECTORS MUST GIVE PUBLIC
9 NOTICE OF ITS INTENT TO ADOPT THE RESOLUTION IN THE MANNER
10 PROVIDED BY SECTION 4 OF THE LOCAL TAX ENABLING ACT AND MUST
11 CONDUCT AT LEAST ONE PUBLIC HEARING ON THE RESOLUTION.

12 (2) THE BOARD OF SCHOOL DIRECTORS SHALL SUBMIT THE
13 REFERENDUM QUESTION REQUIRED UNDER THIS SECTION TO THE
14 ELECTION OFFICIALS OF EACH COUNTY IN WHICH THE SCHOOL
15 DISTRICT IS SITUATE NO LATER THAN 60 DAYS PRIOR TO A
16 MUNICIPAL ELECTION. THE ELECTION OFFICIALS SHALL CAUSE THE
17 REFERENDUM QUESTION TO BE SUBMITTED TO THE ELECTORS OF THE
18 SCHOOL DISTRICT.

19 (3) THE REFERENDUM QUESTION SHALL STATE THE RATE OF THE
20 PROPOSED EARNED INCOME AND NET PROFITS TAX OR PERSONAL INCOME
21 TAX TO BE LEVIED, THE REASON FOR THE TAX, THE ESTIMATED PER
22 HOMESTEAD TAX REDUCTION AND THE CURRENT RATE OF EARNED INCOME
23 AND NET PROFITS OR PERSONAL INCOME TAX LEVIED BY THE SCHOOL
24 DISTRICT. THE QUESTION SHALL BE CLEAR AND IN LANGUAGE THAT IS
25 READILY UNDERSTANDABLE BY A LAYPERSON AND SHALL BE FRAMED IN
26 ONE OF THE FOLLOWING FORMS WITH THE SCHOOL DISTRICT
27 RESOLUTION ENUMERATING THE VARIABLE AMOUNTS REPRESENTED BY
28 THE TERMS X, Y AND Z:

29 (I) DO YOU FAVOR IMPOSING AN ADDITIONAL X% (INSERT
30 NAME OF TAX)? THE REVENUE GENERATED FROM THE INCREASED

1 TAX RATE WILL BE USED TO REDUCE TAXES ON QUALIFIED
2 RESIDENTIAL PROPERTY BY AN ESTIMATED AMOUNT OF \$Y. THE
3 CURRENT (INSERT NAME OF TAX) FOR THE SCHOOL DISTRICT IS
4 Z%.

5 (II) DO YOU FAVOR CONVERTING THE SCHOOL DISTRICT'S
6 CURRENT EARNED INCOME AND NET PROFITS TAX INTO A PERSONAL
7 INCOME TAX AT X%? THE REVENUE GENERATED FROM THE PERSONAL
8 INCOME TAX WILL BE USED TO REDUCE TAXES ON QUALIFIED
9 RESIDENTIAL PROPERTY BY AN ESTIMATED AMOUNT OF \$Y AND TO
10 REPLACE THE REVENUE FROM THE CURRENT SCHOOL DISTRICT'S
11 EARNED INCOME AND NET PROFITS TAX, WHICH IS NOW LEVIED AT
12 Z%.

13 (4) THE ELECTION OFFICIALS OF EACH COUNTY SHALL, IN
14 CONSULTATION WITH THE BOARD OF SCHOOL DIRECTORS, DRAFT A
15 NONLEGAL INTERPRETATIVE STATEMENT WHICH SHALL ACCOMPANY THE
16 REFERENDUM QUESTION IN ACCORDANCE WITH SECTION 201.1 OF THE
17 ACT OF JUNE 3, 1937 (P.L.1333, NO.320), KNOWN AS THE
18 PENNSYLVANIA ELECTION CODE. THE NONLEGAL INTERPRETATIVE
19 STATEMENT SHALL INFORM THE VOTERS OF:

20 (I) THE REASON FOR THE TAX;

21 (II) THE ESTIMATED INCREASE IN REVENUE WHICH THE
22 BOARD HAS INCLUDED IN THE PROPOSED TAX RATE, AS
23 AUTHORIZED UNDER SECTION 321(B)(4) OR SECTION 321(C)(6);

24 (III) THE ESTIMATED PER HOMESTEAD TAX REDUCTION; AND

25 (IV) THE CURRENT RATE OF EARNED INCOME AND NET
26 PROFITS TAX OR, IF APPLICABLE, PERSONAL INCOME TAX LEVIED
27 BY THE SCHOOL DISTRICT.

28 (C) PROPOSED TAX RATE.--THE PROPOSED RATE OF THE EARNED
29 INCOME AND NET PROFITS TAX OR PERSONAL INCOME TAX SHALL BE
30 ESTABLISHED BY THE BOARD OF SCHOOL DIRECTORS OF THE SCHOOL

1 DISTRICT, IN ACCORDANCE WITH THE FOLLOWING:

2 (1) FOR THE MUNICIPAL ELECTION OF 2007, THE PROPOSED TAX
3 RATE SHALL NOT BE LESS THAN THE RATE REQUIRED TO PROVIDE AN
4 EXCLUSION FOR HOMESTEAD PROPERTY AND FARMSTEAD PROPERTY EQUAL
5 TO 50% OF THE MAXIMUM EXCLUSION UNDER 53 PA.C.S. § 8586
6 (RELATING TO LIMITATIONS). THE PROPOSED TAX RATE SHALL NOT
7 EXCEED THE RATE REQUIRED TO PROVIDE AN EXCLUSION FOR
8 HOMESTEAD PROPERTY AND FARMSTEAD PROPERTY EQUAL TO THE
9 MAXIMUM EXCLUSION UNDER 53 PA.C.S. § 8586. IN CALCULATING THE
10 PROPOSED MINIMUM TAX RATE UNDER THIS PARAGRAPH, A SCHOOL
11 DISTRICT SHALL INCLUDE:

12 (I) FUNDS GENERATED FROM THE TAX IMPOSED UNDER
13 SECTION 331;

14 (II) FUNDS RECEIVED PURSUANT TO A PROPERTY TAX
15 REDUCTION ALLOCATION UNDER CHAPTER 5;

16 (III) FUNDS RECEIVED UNDER SECTION 324(B); AND

17 (IV) ANY FUNDS CURRENTLY COLLECTED FOR THE PURPOSES
18 OF PROVIDING HOMESTEAD AND FARMSTEAD EXCLUSIONS.

19 (2) FOR SUBSEQUENT MUNICIPAL ELECTIONS, THE PROPOSED TAX
20 RATE SHALL NOT EXCEED THE RATE REQUIRED TO PROVIDE AN
21 EXCLUSION FOR HOMESTEAD PROPERTY AND FARMSTEAD PROPERTY EQUAL
22 TO THE MAXIMUM EXCLUSION UNDER 53 PA.C.S. § 8586.

23 (D) EFFECTIVE DATE.--WHERE THE REFERENDUM QUESTION UNDER
24 THIS SECTION IS APPROVED BY THE ELECTORATE, THE NEW RATE OF THE
25 EARNED INCOME AND NET PROFITS TAX OR PERSONAL INCOME TAX SHALL
26 TAKE EFFECT PURSUANT TO SECTION 321(D).

27 (D.1) MUNICIPAL ELECTION OF 2005.--IN ACCORDANCE WITH
28 SUBSECTION (B), A BOARD OF SCHOOL DIRECTORS MAY PROPOSE A
29 REFERENDUM QUESTION AT THE MUNICIPAL ELECTION OF 2005. IF A
30 REFERENDUM QUESTION UNDER THIS SUBSECTION IS APPROVED BY THE

1 ELECTORATE, THE SCHOOL DISTRICT SHALL BE DEEMED TO HAVE
2 SATISFIED THE REQUIREMENTS OF SECTION 331. IF A REFERENDUM
3 QUESTION UNDER THIS SUBSECTION IS NOT APPROVED BY THE
4 ELECTORATE, ALL OF THE FOLLOWING APPLY:

5 (1) THE BOARD OF SCHOOL DIRECTORS SHALL IMPOSE THE
6 EARNED INCOME AND NET PROFITS TAX REQUIRED UNDER SECTION 331
7 ON RESIDENTS OF THE SCHOOL DISTRICT.

8 (2) THE TAX UNDER PARAGRAPH (1) SHALL TAKE EFFECT
9 BEGINNING ON THE FIRST DAY OF THE FISCAL YEAR IN WHICH THE
10 SCHOOL DISTRICT RECEIVES A PAYMENT UNDER SECTION 505(B).

11 (E) MUNICIPAL ELECTION OF 2007.--IN ACCORDANCE WITH
12 SUBSECTIONS (B) AND (C)(1), A BOARD OF SCHOOL DIRECTORS SHALL
13 PROPOSE A REFERENDUM QUESTION AT THE MUNICIPAL ELECTION OF 2007.
14 IF A BOARD OF SCHOOL DIRECTORS FAILS TO PROPOSE A REFERENDUM
15 QUESTION AT THE MUNICIPAL ELECTION OF 2007, THE SCHOOL DISTRICT
16 SHALL BE INELIGIBLE TO RECEIVE A PROPERTY TAX REDUCTION
17 ALLOCATION UNDER SECTION 505 UNTIL A REFERENDUM QUESTION
18 PURSUANT TO SUBSECTION (C)(1) IS PROPOSED IN A SUBSEQUENT
19 GENERAL OR MUNICIPAL ELECTION.

20 (F) PUBLIC REFERENDUM REQUIREMENTS TO END PARTICIPATION
21 UNDER THIS CHAPTER.--SUBJECT TO THE NOTICE AND PUBLIC HEARING
22 REQUIREMENTS IN SECTION 4 OF THE LOCAL TAX ENABLING ACT AND
23 AFTER A PERIOD OF AT LEAST FOUR FULL FISCAL YEARS OF ANY TAX
24 AUTHORIZED UNDER SECTION 321 BEING LEVIED, A BOARD OF SCHOOL
25 DIRECTORS MAY SEEK TO END PARTICIPATION UNDER THIS CHAPTER BY
26 OBTAINING THE APPROVAL OF THE ELECTORS OF THE SCHOOL DISTRICT IN
27 A PUBLIC REFERENDUM AT A MUNICIPAL ELECTION.

28 (G) EFFECT ON CERTAIN SCHOOL DISTRICTS.--

29 THIS SECTION SHALL NOT APPLY TO:

30 (1) A SCHOOL DISTRICT OF THE FIRST CLASS.

1 (2) A SCHOOL DISTRICT WHICH REACHES THE MAXIMUM
2 HOMESTEAD EXCLUSION ALLOWED UNDER 53 PA.C.S. § 8586 WHEN
3 COMBINING THE TAX IMPOSED UNDER SECTION 331, THE PROPERTY TAX
4 REDUCTION ALLOCATION RECEIVED UNDER SECTION 505, FUNDS
5 RECEIVED UNDER SECTION 324(B) AND ANY FUNDS CURRENTLY
6 COLLECTED FOR THE PURPOSE OF PROVIDING HOMESTEAD EXCLUSIONS.

7 (3) A SCHOOL DISTRICT THAT REACHES 50% OF THE MAXIMUM
8 HOMESTEAD EXCLUSION ALLOWED UNDER 53 PA.C.S. § 8586 WHEN
9 COMBINING THE TAX IMPOSED UNDER SECTION 331, THE PROPERTY TAX
10 REDUCTION ALLOCATION RECEIVED UNDER SECTION 505, FUNDS
11 RECEIVED UNDER SECTION 324(B) AND ANY FUNDS CURRENTLY
12 COLLECTED FOR THE PURPOSE OF PROVIDING HOMESTEAD EXCLUSIONS.

13 NOTHING IN THIS PARAGRAPH SHALL PROHIBIT A SCHOOL DISTRICT
14 FROM SEEKING VOTER APPROVAL TO PROVIDE FURTHER HOMESTEAD AND
15 FARMSTEAD EXCLUSIONS SHOULD IT ELECT TO DO SO UNDER
16 SUBSECTION (B).

17 (H) SCHOOL DISTRICTS OPERATING UNDER 53 PA.C.S. CH. 87.--

18 (1) A SCHOOL DISTRICT WHICH IS SUBJECT TO 53 PA.C.S. CH.
19 87 (RELATING TO OTHER SUBJECTS OF TAXATION) MAY ADOPT THE
20 PROVISIONS OF THIS CHAPTER PURSUANT TO THIS SUBSECTION.

21 (2) A SCHOOL DISTRICT WHICH CURRENTLY LEVIES AN EARNED
22 INCOME AND NET PROFITS TAX UNDER 53 PA.C.S. § 8703 (RELATING
23 TO ADOPTION OF REFERENDUM) SHALL, BY RESOLUTION, COMPLY WITH
24 SECTION 331 IN ORDER TO ESTABLISH ELIGIBILITY TO RECEIVE A
25 PROPERTY TAX REDUCTION ALLOCATION UNDER CHAPTER 5.

26 (3) A SCHOOL DISTRICT UNDER THIS SUBSECTION SHALL
27 CONVERT ITS EARNED INCOME AND NET PROFITS TAX AUTHORIZED
28 UNDER 53 PA.C.S. § 8703 TO AN EARNED INCOME AND NET PROFITS
29 TAX AUTHORIZED UNDER THIS SUBSECTION AT THE SAME RATE AS THE
30 TAX WAS LEVIED UNDER SECTION 53 PA.C.S. 8703 ON THE DATE OF

1 CONVERSION. THE TAX AUTHORIZED UNDER THIS SUBSECTION SHALL BE
2 SUBJECT TO THE PROVISIONS OF SECTIONS 323, 324, 325 AND 326.

3 (4) A SCHOOL DISTRICT UNDER THIS SUBSECTION SHALL
4 COMBINE ALL REVENUE GENERATED FOR FUNDING HOMESTEAD AND
5 FARMSTEAD EXCLUSIONS UNDER 53 PA.C.S. § 8703 WITH ANY REVENUE
6 COLLECTED FOR THE PURPOSES OF FUNDING HOMESTEAD AND FARMSTEAD
7 EXCLUSIONS UNDER THIS CHAPTER.

8 (5) UNLESS SUBSECTION (G)(3) APPLIES, A SCHOOL DISTRICT
9 UNDER THIS SUBSECTION SHALL BE REQUIRED TO PLACE A REFERENDUM
10 QUESTION ON THE BALLOT PURSUANT TO SUBSECTION (E). WHEN
11 CALCULATING THE PROPOSED RATE OF EARNED INCOME AND NET
12 PROFITS TAX OR PERSONAL INCOME TAX PURSUANT TO SUBSECTION
13 (C), THE SCHOOL DISTRICT SHALL INCLUDE ANY REVENUE COLLECTED
14 FOR THE PURPOSES OF HOMESTEAD AND FARMSTEAD EXCLUSIONS.

15 (6) A SCHOOL DISTRICT TAKING ACTION UNDER PARAGRAPH (2)
16 SHALL NO LONGER IMPLEMENT ANY PROVISIONS OF 53 PA.C.S. CH.
17 87.

18 (I) ELECTION CODE PROVISIONS.--PROCEEDINGS UNDER THIS
19 SECTION SHALL BE IN ACCORDANCE WITH THE PROVISIONS OF THE
20 PENNSYLVANIA ELECTION CODE.

21 SECTION 333. PUBLIC REFERENDUM REQUIREMENTS FOR INCREASING
22 CERTAIN TAXES.

23 (A) APPLICABILITY.--

24 (1) THIS SECTION SHALL APPLY TO A BOARD OF SCHOOL
25 DIRECTORS OF A SCHOOL DISTRICT THAT HAS TAKEN ACTION UNDER
26 SECTION 331.

27 (2) FOR SCHOOL DISTRICTS UNDER PARAGRAPH (1), THIS
28 SECTION SHALL APPLY TO FISCAL YEARS BEGINNING WITH THE 2006-
29 2007 FISCAL YEAR.

30 (B) PROHIBITIONS.--EXCEPT AS SET FORTH IN SUBSECTION (F),

1 UNLESS THERE IS COMPLIANCE WITH SUBSECTION (C), A BOARD OF
2 SCHOOL DIRECTORS MAY NOT DO ANY OF THE FOLLOWING:

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

11 (2) LEVY A TAX FOR THE SUPPORT OF THE PUBLIC SCHOOLS
12 WHICH WAS NOT LEVIED IN THE FISCAL YEAR IN WHICH A TAX UNDER
13 SECTION 321 WAS IMPOSED.

14 (3) RAISE THE RATE OF THE EARNED INCOME AND NET PROFITS
15 TAX, IF ALREADY IMPOSED UNDER THE AUTHORITY OF THE LOCAL TAX
16 ENABLING ACT, EXCEPT AS OTHERWISE PROVIDED FOR UNDER SECTION
17 332.

18 (4) NOTWITHSTANDING ANY OTHER PROVISION OF THIS CHAPTER
19 TO THE CONTRARY, THE ADOPTION OF A REFERENDUM UNDER SECTION
20 332 CONFERS ON THE BOARD OF SCHOOL DIRECTORS THE AUTHORITY TO
21 RAISE INCOME TAXES ONLY TO THE EXTENT CONTAINED IN THE
22 LANGUAGE OF THE REFERENDUM AND ANY FUTURE INCREASE OF AN
23 INCOME TAX TO BE USED FOR THE PURPOSE OF PROPERTY TAX
24 REDUCTION SHALL BE SUBMITTED TO THE ELECTORS OF THE SCHOOL
25 DISTRICT AT A SUBSEQUENT MUNICIPAL ELECTION PURSUANT TO THE
26 PROVISIONS OF SECTION 332(C)(2).

27 (C) REFERENDUM.--

28 (1) IN ORDER TO TAKE AN ACTION PROHIBITED UNDER
29 SUBSECTION (B)(1), AT THE ELECTION IMMEDIATELY PRECEDING THE
30 START OF THE SCHOOL DISTRICT FISCAL YEAR IN WHICH THE

1 PROPOSED TAX INCREASE WOULD TAKE EFFECT, A REFERENDUM STATING
2 THE SPECIFIC RATE OR RATES OF THE TAX INCREASE MUST BE
3 SUBMITTED TO THE ELECTORS OF THE SCHOOL DISTRICT; AND A
4 MAJORITY OF THE ELECTORS VOTING ON THE QUESTION MUST APPROVE
5 THE INCREASE.

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

13 (3) EXCEPT AS SET FORTH IN SUBSECTIONS (I) AND (J), A
14 SCHOOL DISTRICT ACTING PURSUANT TO THIS SUBSECTION SHALL
15 SUBMIT THE REFERENDUM QUESTION REQUIRED UNDER THIS SECTION TO
16 THE ELECTION OFFICIALS OF EACH COUNTY IN WHICH IT IS SITUATE
17 NO LATER THAN 60 DAYS PRIOR TO THE ELECTION IMMEDIATELY
18 PRECEDING THE FISCAL YEAR IN WHICH THE TAX INCREASE WOULD
19 TAKE EFFECT.

20 (4) THE ELECTION OFFICIALS OF EACH COUNTY SHALL, IN
21 CONSULTATION WITH THE BOARD OF SCHOOL DIRECTORS, DRAFT A
22 NONLEGAL INTERPRETATIVE STATEMENT WHICH SHALL ACCOMPANY THE
23 REFERENDUM QUESTION IN ACCORDANCE WITH SECTION 201.1 OF THE
24 ACT OF JUNE 3, 1937 (P.L.1333, NO.320), KNOWN AS THE
25 PENNSYLVANIA ELECTION CODE. THE NONLEGAL INTERPRETATIVE
26 STATEMENT SHALL INCLUDE INFORMATION THAT REFERENCES THE ITEMS
27 OF EXPENDITURE FOR WHICH THE TAX INCREASE IS SOUGHT AND THE
28 CONSEQUENCE OF THE REFERENDUM BEING DISAPPROVED BY THE
29 ELECTORATE.

30 (D) FAILURE TO APPROVE REFERENDUM.--

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

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

8 (E) TAX RATE SUBMISSIONS.--A SCHOOL DISTRICT THAT HAS
9 ADOPTED A PRELIMINARY BUDGET PROPOSAL UNDER SECTION 311 THAT
10 INCLUDES AN INCREASE IN THE RATE OF ANY TAX LEVIED FOR THE
11 SUPPORT OF PUBLIC SCHOOLS SHALL SUBMIT INFORMATION ON THE
12 INCREASE TO THE DEPARTMENT ON A UNIFORM FORM PREPARED BY THE
13 DEPARTMENT. THE SCHOOL DISTRICT SHALL SUBMIT SUCH INFORMATION NO
14 LATER THAN 85 DAYS PRIOR TO THE DATE OF THE ELECTION IMMEDIATELY
15 PRECEDING THE BEGINNING OF THE SCHOOL DISTRICT'S FISCAL YEAR.
16 THE DEPARTMENT SHALL COMPARE THE PROPOSED PERCENTAGE INCREASE IN
17 THE RATE OF ANY TAX WITH THE INDEX. WITHIN TEN DAYS OF THE
18 RECEIPT OF THE INFORMATION REQUIRED UNDER THIS SUBSECTION BUT NO
19 LATER THAN 75 DAYS PRIOR TO THE DATE OF THE ELECTION IMMEDIATELY
20 PRECEDING THE BEGINNING OF THE SCHOOL DISTRICT'S FISCAL YEAR,
21 THE DEPARTMENT SHALL INFORM THE SCHOOL DISTRICT WHETHER THE
22 PROPOSED TAX RATE INCREASE IS LESS THAN OR EQUAL TO THE INDEX.
23 IF THE DEPARTMENT DETERMINES THAT THE PROPOSED PERCENTAGE
24 INCREASE IN THE RATE OF THE TAX EXCEEDS THE INDEX, THE
25 DEPARTMENT SHALL NOTIFY THE SCHOOL DISTRICT THAT:

26 (1) THE PROPOSED TAX INCREASE MUST BE REDUCED TO AN
27 AMOUNT LESS THAN OR EQUAL TO THE INDEX;

28 (2) THE PROPOSED TAX INCREASE MUST BE APPROVED BY THE
29 ELECTORATE UNDER SUBSECTION (C)(1); OR

30 (3) AN EXCEPTION MUST BE SOUGHT UNDER SUBSECTION (F).

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

5 (1) THE REVENUE RAISED BY THE ALLOWABLE INCREASE UNDER
6 THE INDEX IS INSUFFICIENT TO BALANCE THE PROPOSED BUDGET DUE
7 TO ONE OR MORE OF THE EXPENDITURES LISTED IN PARAGRAPH (2).

8 (2) THE REVENUE GENERATED BY INCREASING THE RATE OF A
9 TAX BY MORE THAN THE INDEX WILL BE USED TO PAY FOR ANY OF THE
10 FOLLOWING:

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

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

20 (III) COSTS ASSOCIATED WITH THE FOLLOWING:

21 (A) TO PAY INTEREST AND PRINCIPAL ON ANY
22 INDEBTEDNESS INCURRED UNDER 53 PA.C.S. PT. VII SUBPT.
23 B (RELATING TO INDEBTEDNESS AND BORROWING) PRIOR TO
24 THE EFFECTIVE DATE OF THIS SECTION. IN NO CASE MAY
25 THE SCHOOL DISTRICT INCUR ADDITIONAL DEBT UNDER THIS
26 CLAUSE EXCEPT FOR THE REFINANCING OF EXPENSES RELATED
27 TO SUCH REFINANCING AND THE ESTABLISHMENT OF FUNDING
28 OF APPROPRIATE DEBT SERVICE RESERVES. AN INCREASE
29 UNDER THIS CLAUSE SHALL BE RESCINDED FOLLOWING THE
30 FINAL PAYMENT OF INTEREST AND PRINCIPAL.

1 (B) TO PAY INTEREST AND PRINCIPAL ON ANY
2 ELECTORAL DEBT INCURRED UNDER 53 PA.C.S. PT. VII
3 SUBPT. B.

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

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

11 (II) THE INDEBTEDNESS TO FUND APPROPRIATE
12 DEBT SERVICE RESERVES FOR THE PROJECT IS INCURRED
13 AFTER THE EFFECTIVE DATE OF THIS SECTION.

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

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

21 (V) THE INDEBTEDNESS IS FOR AN ACADEMIC
22 ELEMENTARY OR ACADEMIC SECONDARY SCHOOL BUILDING.
23 FOR PURPOSES OF THIS SUBCLAUSE, THE FOLLOWING
24 SHALL NOT BE CONSIDERED TO BE AN ACADEMIC
25 ELEMENTARY OR ACADEMIC SECONDARY SCHOOL BUILDING:
26 NATATORIUM, STADIUM BLEACHERS, ATHLETIC FIELD,
27 ATHLETIC FIELD LIGHTING EQUIPMENT AND APPARATUS
28 USED TO PROMOTE AND CONDUCT INTERSCHOLASTIC
29 ATHLETICS.

30 (VI) THE PROJECT HAS BEEN APPROVED BY THE

1 DEPARTMENT UNDER SECTION 731 OF THE ACT OF MARCH
2 10, 1949 (P.L.30, NO.14), KNOWN AS THE PUBLIC
3 SCHOOL CODE OF 1949.

4 (D) TO PAY INTEREST AND PRINCIPAL ON
5 INDEBTEDNESS FOR UP TO \$250,000 OF THE CONSTRUCTION
6 COST OF A NONACADEMIC SCHOOL CONSTRUCTION PROJECT, AS
7 ADJUSTED ANNUALLY BY THE PERCENTAGE INCREASE IN THE
8 AVERAGE OF THE STATEWIDE AVERAGE WEEKLY WAGE AND THE
9 EMPLOYMENT COST INDEX.

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

15 (V) COSTS INCURRED IN PROVIDING SPECIAL EDUCATION
16 PROGRAMS AND SERVICES TO STUDENTS WITH DISABILITIES IF
17 THE INCREASE IN EXPENDITURES ON SPECIAL EDUCATION
18 PROGRAMS AND SERVICES WAS GREATER THAN 10%. THE DOLLAR
19 AMOUNT OF THIS EXCEPTION SHALL BE EQUAL TO THE PORTION OF
20 THE INCREASE THAT EXCEEDS 10%.

21 (VI) COSTS WHICH:

22 (A) WERE INCURRED IN THE IMPLEMENTATION OF A
23 SCHOOL IMPROVEMENT PLAN REQUIRED UNDER SECTION
24 1116(B) OF THE ELEMENTARY AND SECONDARY EDUCATION ACT
25 OF 1965 (PUBLIC LAW 89-10, 20 U.S.C. § 6316(B)); AND

26 (B) WERE NOT OFFSET BY A STATE ALLOCATION.

27 (VII) COSTS NECESSARY TO MAINTAIN:

28 (A) PER-STUDENT LOCAL TAX REVENUE, ADJUSTED BY
29 THE INDEX, IF THE PERCENTAGE GROWTH IN AVERAGE DAILY
30 MEMBERSHIP BETWEEN THE SCHOOL YEAR DETERMINED UNDER

1 SUBSECTION (J)(4) AND THE THIRD SCHOOL YEAR PRECEDING
2 THE SCHOOL YEAR DETERMINED UNDER SUBSECTION (J)(4)
3 EXCEEDS 7.5%; OR

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

11 (VIII) THE MAINTENANCE OF REVENUES DERIVED FROM REAL
12 PROPERTY TAXES, EARNED INCOME AND NET PROFITS TAXES,
13 PERSONAL INCOME TAXES, BASIC EDUCATION FUNDING
14 ALLOCATIONS AND SPECIAL EDUCATION FUNDING ALLOCATIONS,
15 ADJUSTED BY THE INDEX, FOR A SCHOOL DISTRICT WHERE THE
16 PERCENTAGE INCREASE IN REVENUES DERIVED FROM REAL
17 PROPERTY TAXES, EARNED INCOME AND NET PROFITS TAXES,
18 PERSONAL INCOME TAXES, BASIC EDUCATION FUNDING
19 ALLOCATIONS AND SPECIAL EDUCATION FUNDING ALLOCATIONS
20 BETWEEN THE SCHOOL YEAR DETERMINED UNDER SUBSECTION
21 (J)(4) AND THE SCHOOL YEAR PRECEDING THE SCHOOL YEAR
22 DETERMINED UNDER SUBSECTION (J)(4) IS LESS THAN THE
23 INDEX.

24 (IX) COSTS INCURRED FOR PROVIDING HEALTH CARE
25 RELATED BENEFITS WHICH ARE DIRECTLY ATTRIBUTABLE TO A
26 COLLECTIVE BARGAINING AGREEMENT IN EFFECT ON THE
27 EFFECTIVE DATE OF THIS SECTION BETWEEN THE SCHOOL
28 DISTRICT AND ITS EMPLOYEES' ORGANIZATION IF THE
29 ANTICIPATED INCREASE IN THE COST OF HEALTH CARE RELATED
30 BENEFITS BETWEEN THE CURRENT YEAR AND THE UPCOMING YEAR

1 IS GREATER THAN THE INDEX. THE DOLLAR AMOUNT OF THIS
2 EXCEPTION SHALL BE EQUAL TO THE PORTION OF THE INCREASE
3 WHICH EXCEEDS THE INDEX. THIS SUBPARAGRAPH SHALL NOT
4 APPLY TO A COLLECTIVE BARGAINING AGREEMENT RENEWED,
5 EXTENDED OR ENTERED INTO AFTER THE EFFECTIVE DATE OF THIS
6 SECTION.

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

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

17 (I) COURT ACTION.--

18 (1) PRIOR TO THE IMPOSITION OF A TAX INCREASE UNDER
19 SUBSECTION (F)(2)(I), (II) AND (IV) AND NO LATER THAN 75 DAYS
20 PRIOR TO THE ELECTION IMMEDIATELY PRECEDING THE BEGINNING OF
21 THE SCHOOL DISTRICT'S FISCAL YEAR, APPROVAL BY THE COURT OF
22 COMMON PLEAS IN THE JUDICIAL DISTRICT IN WHICH THE
23 ADMINISTRATIVE OFFICE OF THE SCHOOL DISTRICT IS LOCATED MUST
24 BE SOUGHT. THE BOARD OF SCHOOL DIRECTORS SHALL PUBLISH IN A
25 NEWSPAPER OF GENERAL CIRCULATION AND ON THE DISTRICT'S
26 PUBLICLY ACCESSIBLE WORLD WIDE WEB SITE, IF ONE IS
27 MAINTAINED, NOTICE OF ITS INTENT TO FILE A PETITION UNDER
28 THIS SUBSECTION AT LEAST ONE WEEK PRIOR TO THE FILING OF THE
29 PETITION. THE BOARD OF SCHOOL DIRECTORS SHALL ALSO PUBLISH IN
30 A NEWSPAPER OF GENERAL CIRCULATION AND ON THE DISTRICT'S

1 PUBLICLY ACCESSIBLE WORLD WIDE WEB SITE, IF ONE IS
2 MAINTAINED, NOTICE, AS SOON AS POSSIBLE FOLLOWING
3 NOTIFICATION FROM THE COURT THAT A HEARING HAS BEEN
4 SCHEDULED, STATING THE DATE, TIME AND PLACE OF THE HEARING ON
5 THE PETITION. THE FOLLOWING SHALL APPLY TO ANY PROCEEDINGS
6 INSTITUTED UNDER THIS SUBSECTION:

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

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

13 (2) THE COURT SHALL RULE ON THE SCHOOL DISTRICT'S
14 PETITION AND INFORM THE SCHOOL DISTRICT OF ITS DECISION NO
15 LATER THAN 55 DAYS PRIOR TO THE DATE OF THE ELECTION
16 IMMEDIATELY PRECEDING THE BEGINNING OF THE SCHOOL DISTRICT'S
17 FISCAL YEAR. IF THE COURT APPROVES THE PETITION, THE COURT
18 SHALL ALSO DETERMINE THE DOLLAR AMOUNT OF THE EXPENDITURE FOR
19 WHICH AN EXCEPTION IS GRANTED, THE TAX RATE INCREASE REQUIRED
20 TO FUND THE EXCEPTION AND THE APPROPRIATE DURATION OF THE
21 INCREASE. IF THE COURT DENIES THE PETITION, THE SCHOOL
22 DISTRICT MAY SUBMIT A REFERENDUM QUESTION UNDER SUBSECTION
23 (C)(1). THE QUESTION MUST BE SUBMITTED TO THE ELECTION
24 OFFICIALS NO LATER THAN 50 DAYS PRIOR TO THE DATE OF THE
25 ELECTION IMMEDIATELY PRECEDING THE BEGINNING OF THE SCHOOL
26 DISTRICT'S FISCAL YEAR.

27 (J) DEPARTMENT APPROVAL.--

28 (1) A SCHOOL DISTRICT THAT SEEKS TO INCREASE THE RATE OF
29 TAX DUE TO AN EXPENDITURE UNDER SUBSECTION (F)(2)(III), (V),
30 (VI), (VII), (VIII) OR (IX) OR (N) SHALL OBTAIN THE APPROVAL

1 OF THE DEPARTMENT BEFORE IMPOSING THE TAX INCREASE. THE
2 DEPARTMENT SHALL ESTABLISH PROCEDURES FOR ADMINISTERING THE
3 PROVISIONS OF THIS SUBSECTION, WHICH MAY INCLUDE AN
4 ADMINISTRATIVE HEARING ON THE SCHOOL DISTRICT'S SUBMISSION.

5 (2) A SCHOOL DISTRICT PROCEEDING UNDER THE PROVISIONS OF
6 THIS SUBSECTION SHALL PUBLISH IN A NEWSPAPER OF GENERAL
7 CIRCULATION AND ON THE DISTRICT'S PUBLICLY ACCESSIBLE WORLD
8 WIDE WEB SITE, IF ONE IS MAINTAINED, NOTICE OF ITS INTENT TO
9 SEEK DEPARTMENT APPROVAL AT LEAST ONE WEEK PRIOR TO
10 SUBMITTING ITS REQUEST FOR APPROVAL TO THE DEPARTMENT. IF THE
11 DEPARTMENT SCHEDULES A HEARING ON THE SCHOOL DISTRICT'S
12 REQUEST, THE SCHOOL DISTRICT SHALL PUBLISH NOTICE OF THE
13 HEARING IN A NEWSPAPER OF GENERAL CIRCULATION AND ON THE
14 DISTRICT'S PUBLICLY ACCESSIBLE WORLD WIDE WEB SITE, IF ONE IS
15 MAINTAINED, IMMEDIATELY UPON RECEIVING THE INFORMATION FROM
16 THE DEPARTMENT. THE NOTICE SHALL INCLUDE THE DATE, TIME AND
17 PLACE OF THE HEARING.

18 (3) THE DEPARTMENT SHALL APPROVE A SCHOOL DISTRICT'S
19 REQUEST UNDER THIS SUBSECTION IF A REVIEW OF THE DATA UNDER
20 PARAGRAPH (4) DEMONSTRATES THAT:

21 (I) THE SCHOOL DISTRICT QUALIFIES FOR ONE OR MORE
22 EXCEPTIONS UNDER SUBSECTION (F)(2)(III), (V), (VI),
23 (VII), (VIII) OR (IX) OR (N); AND

24 (II) THE SUM OF THE DOLLAR AMOUNTS OF THE EXCEPTIONS
25 FOR WHICH THE SCHOOL DISTRICT QUALIFIES MAKES THE SCHOOL
26 DISTRICT ELIGIBLE UNDER SUBSECTION (F)(1).

27 (4) FOR THE PURPOSE OF DETERMINING THE ELIGIBILITY OF A
28 SCHOOL DISTRICT FOR AN EXCEPTION UNDER SUBSECTION (F)(2)(V),
29 (VI), (VII) OR (VIII), THE DEPARTMENT SHALL UTILIZE DATA FROM
30 THE MOST RECENT SCHOOL YEARS FOR WHICH ANNUAL FINANCIAL

1 REPORT DATA REQUIRED UNDER SECTION 2553 OF THE ACT OF MARCH
2 10, 1949 (P.L.30, NO.14), KNOWN AS THE PUBLIC SCHOOL CODE OF
3 1949, HAS BEEN RECEIVED FOR ALL SCHOOL DISTRICTS. THE
4 DEPARTMENT SHALL INFORM SCHOOL DISTRICTS OF THE SCHOOL YEARS
5 DETERMINED UNDER THIS SUBSECTION NO LATER THAN 30 DAYS PRIOR
6 TO THE DATE ON WHICH PUBLIC INSPECTION OF PROPOSED SCHOOL
7 BUDGETS IS REQUIRED UNDER SECTION 311(C).

8 (5) THE DEPARTMENT SHALL RULE ON THE SCHOOL DISTRICT'S
9 REQUEST AND SHALL INFORM THE SCHOOL DISTRICT OF ITS DECISION
10 NO LATER THAN 55 DAYS PRIOR TO THE DATE OF THE ELECTION
11 IMMEDIATELY PRECEDING THE BEGINNING OF THE SCHOOL DISTRICT'S
12 FISCAL YEAR. IF THE DEPARTMENT APPROVES THE REQUEST, THE
13 DEPARTMENT SHALL DETERMINE THE DOLLAR AMOUNT OF THE
14 EXPENDITURE FOR WHICH THE EXCEPTION IS SOUGHT AND THE TAX
15 RATE INCREASE REQUIRED TO FUND THE EXCEPTION. IF THE
16 DEPARTMENT DENIES THE REQUEST, THE SCHOOL DISTRICT MAY SUBMIT
17 A REFERENDUM QUESTION UNDER SUBSECTION (C)(1). THE QUESTION
18 MUST BE SUBMITTED TO THE ELECTION OFFICIALS NO LATER THAN 50
19 DAYS PRIOR TO THE DATE OF THE ELECTION IMMEDIATELY PRECEDING
20 THE BEGINNING OF THE SCHOOL DISTRICT'S FISCAL YEAR.

21 (6) WITHIN 30 DAYS OF THE DEADLINE UNDER PARAGRAPH (5),
22 THE DEPARTMENT SHALL SUBMIT A REPORT TO THE PRESIDENT PRO
23 TEMPORE OF THE SENATE, THE MINORITY LEADER OF THE SENATE, THE
24 SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE MINORITY
25 LEADER OF THE HOUSE OF REPRESENTATIVES ENUMERATING THE SCHOOL
26 DISTRICTS WHICH SOUGHT AN EXCEPTION UNDER THIS SUBSECTION.
27 THE DEPARTMENT SHALL ALSO PUBLISH THE REPORT ON ITS PUBLICLY
28 ACCESSIBLE WORLD WIDE WEB SITE. THE REPORT SHALL INCLUDE:

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

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

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

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

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

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

16 (L) INDEX CALCULATION.--NO LATER THAN AUGUST 15, 2005, AND
17 EACH AUGUST 15 THEREAFTER, THE DEPARTMENT SHALL CALCULATE THE
18 INDEX. THE DEPARTMENT SHALL PUBLISH THE INDEX BY SEPTEMBER 1,
19 2005, AND EACH SEPTEMBER 1 THEREAFTER IN THE PENNSYLVANIA
20 BULLETIN.

21 (M) ELECTION INTERFERENCE PROHIBITED.--

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

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

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

1 (N) TREATMENT OF CERTAIN REQUIRED PAYMENTS.--THE PROVISIONS
2 OF SUBSECTIONS (F) AND (J) SHALL APPLY TO A SCHOOL DISTRICT'S
3 SHARE OF PAYMENTS TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
4 SYSTEM AS REQUIRED UNDER 24 PA.C.S. § 8327 (RELATING TO PAYMENTS
5 BY EMPLOYERS) IF THE ACTUAL DOLLAR AMOUNT OF PAYMENTS BETWEEN
6 THE CURRENT YEAR AND THE UPCOMING YEAR IS GREATER THAN 7.5%. THE
7 DOLLAR AMOUNT TO WHICH SUBSECTION (F) APPLIES SHALL EQUAL THAT
8 PORTION OF THE INCREASE WHICH EXCEEDS 7.5% OF THE ACTUAL DOLLAR
9 VALUE OF PAYMENTS BETWEEN THE CURRENT YEAR AND THE UPCOMING
10 YEAR.

11 SECTION 334. DISPOSITION OF INCOME TAX REVENUE AND PROPERTY TAX
12 REDUCTION ALLOCATIONS.

13 (A) EARNED INCOME AND NET PROFITS TAX REVENUE.--ALL EARNED
14 INCOME AND NET PROFITS TAX REVENUE RECEIVED BY THE SCHOOL
15 DISTRICT PURSUANT TO THIS CHAPTER SHALL BE USED AS FOLLOWS:

16 (1) IN THE FISCAL YEAR THAT THE TAX UNDER SECTION
17 321(B)(1) IS IMPLEMENTED, ALL REVENUE RECEIVED BY A SCHOOL
18 DISTRICT THAT IS DIRECTLY ATTRIBUTABLE TO THAT TAX SHALL BE
19 USED TO FUND EXCLUSIONS FOR HOMESTEAD AND FARMSTEAD PROPERTY.

20 (2) IN THE SECOND FISCAL YEAR AND EACH FISCAL YEAR
21 THEREAFTER, THE REVENUE RECEIVED BY THE SCHOOL DISTRICT SHALL
22 BE USED TO MAINTAIN THE AMOUNT ESTABLISHED IN PARAGRAPH (1).
23 ALL REMAINING REVENUE MAY BE USED FOR THE OPERATIONS OF THE
24 SCHOOL DISTRICT.

25 (3) EXCEPT AS SET FORTH IN SECTION 321(B)(4), IN THE
26 FISCAL YEAR THAT A TAX UNDER SECTION 321(B)(2) IS IMPLEMENTED
27 OR INCREASED, ALL REVENUE RECEIVED BY A SCHOOL DISTRICT THAT
28 IS DIRECTLY ATTRIBUTABLE TO THAT TAX SHALL BE USED TO FUND
29 EXCLUSIONS FOR HOMESTEAD AND FARMSTEAD PROPERTY.

30 (4) IN THE SECOND FISCAL YEAR AND EACH FISCAL YEAR

1 ASSESSOR OF THE COUNTY WHERE THE PROPERTY IS LOCATED,
2 INSTRUCTIONS FOR COMPLETING THE APPLICATION AND THE DEADLINE TO
3 APPLY. A SCHOOL DISTRICT MAY LIMIT THE SECOND NOTICE TO THOSE
4 OWNERS OF RESIDENTIAL PROPERTY THAT HAVE NOT RESPONDED TO THE
5 INITIAL NOTIFICATION.

6 (B) ANNUAL NOTIFICATION.--NO LATER THAN 60 DAYS PRIOR TO THE
7 APPLICATION DEADLINE IN SUBSECTION (C), A BOARD OF SCHOOL
8 DIRECTORS SHALL NOTIFY, BY FIRST CLASS MAIL, THE OWNER OF EACH
9 PARCEL OF RESIDENTIAL PROPERTY WITHIN THE DISTRICT OF THE
10 EXISTENCE OF THE SCHOOL DISTRICT'S HOMESTEAD AND FARMSTEAD
11 EXCLUSION PROGRAM, THE NEED TO FILE AN APPLICATION IN ACCORDANCE
12 WITH 53 PA.C.S. § 8584(A) IN ORDER TO QUALIFY FOR THE PROGRAM
13 AND THE APPLICATION DEADLINE. THE ANNUAL NOTICE SHALL INCLUDE
14 ALL INFORMATION REQUIRED UNDER SUBSECTION (A). A SCHOOL DISTRICT
15 MAY LIMIT THE ANNUAL NOTIFICATION TO THOSE OWNERS OF RESIDENTIAL
16 PROPERTY:

17 (1) WHO ARE NOT CURRENTLY APPROVED; OR

18 (2) WHOSE APPROVAL IS DUE TO EXPIRE.

19 (C) APPLICATION DEADLINE.--IN ACCORDANCE WITH 53 PA.C.S. §
20 8584(B), THE DEADLINE FOR FILING AN APPLICATION WITH THE
21 ASSESSOR SHALL BE MARCH 1.

22 (D) ACTION ON APPLICATION.--REAL PROPERTY FOR WHICH AN
23 APPLICATION HAS BEEN FILED BY THE APPLICATION DEADLINE SHALL BE
24 DEEMED TO BE A HOMESTEAD OR FARMSTEAD PROPERTY WHICH IS ELIGIBLE
25 FOR A HOMESTEAD OR FARMSTEAD EXCLUSION, UNLESS THE ASSESSOR
26 DENIES THE APPLICATION. DENIALS OF APPLICATION BY THE ASSESSOR
27 AND THE RIGHT TO APPEAL THAT DECISION SHALL BE IN ACCORDANCE
28 WITH 53 PA.C.S. § 8584(D) AND (E).

29 (E) APPLICATION REVIEW AND SUBMISSION.--EXCEPT AS SET FORTH
30 IN 53 PA.C.S. § 8584(J), AN ASSESSOR SHALL NOT REQUIRE THE OWNER

1 OF A PREVIOUSLY APPROVED PROPERTY TO RESUBMIT AN APPLICATION
2 MORE THAN ONE TIME EVERY THREE YEARS.

3 (F) APPLICABILITY.--THE PROVISIONS OF 53 PA.C.S. § 8584(F),
4 (G), (H) AND (J) SHALL APPLY TO ANY APPLICATION FILED UNDER THIS
5 SECTION.

6 (G) DUTIES OF ASSESSORS.--

7 (1) THE ASSESSOR SHALL MAIL TO THE OWNER OF PROPERTY FOR
8 WHICH AN APPLICATION HAS BEEN SUBMITTED AND APPROVED OR
9 DENIED UNDER THIS SECTION NOTICE OF SUCH FACT NO LATER THAN
10 30 DAYS AFTER RECEIPT OF THE APPLICATION.

11 (2) THE ASSESSOR SHALL NOTIFY THE OWNER OF ANY HOMESTEAD
12 OR FARMSTEAD PROPERTY DESIGNATED AS SUCH UNDER ANY OTHER
13 STATUTE OF THE NEED, IF ANY, TO RESUBMIT AN APPLICATION TO
14 MAINTAIN THE PROPERTY'S ELIGIBILITY AS A HOMESTEAD OR
15 FARMSTEAD PROPERTY. NOTHING IN THIS PARAGRAPH SHALL PROHIBIT
16 A COUNTY ASSESSOR FROM DESIGNATING PROPERTY PREVIOUSLY
17 DETERMINED TO BE HOMESTEAD PROPERTY UNDER ANY OTHER STATUTE
18 AS HOMESTEAD OR FARMSTEAD PROPERTY FOR PURPOSES OF THIS
19 SECTION.

20 (3) THE ASSESSOR SHALL PROVIDE EACH SCHOOL DISTRICT WITH
21 A CERTIFIED REPORT, AS PROVIDED IN 53 PA.C.S. § 8584(I), NO
22 LATER THAN MAY 1.

23 (H) UNIFORM APPLICATION AND INSTRUCTIONS.--THE APPLICATION
24 TO DESIGNATE PROPERTY AS HOMESTEAD OR FARMSTEAD PROPERTY SHALL
25 BE UNIFORM AND SHALL INCLUDE INSTRUCTIONS FOR COMPLETING THE
26 APPLICATION. THE DEPARTMENT OF COMMUNITY AND ECONOMIC
27 DEVELOPMENT SHALL DEVELOP THE UNIFORM APPLICATION AND
28 INSTRUCTIONS TO BE USED BY COUNTY ASSESSORS AND SHALL PUBLISH
29 THE UNIFORM APPLICATION AND INSTRUCTIONS NO LATER THAN 15 DAYS
30 AFTER THE EFFECTIVE DATE OF THIS CHAPTER.

1 (I) PROHIBITIONS.--A COUNTY SHALL NOT REQUIRE AN APPLICATION
2 FEE FOR THE FILING OR REVIEW OF AN APPLICATION SUBMITTED UNDER
3 THIS SECTION OR UNDER 53 PA.C.S. § 8584(A).

4 SECTION 342. HOMESTEAD AND FARMSTEAD EXCLUSION PROCESS.

5 (A) HOMESTEAD AND FARMSTEAD EXCLUSIONS.--EACH FISCAL YEAR IN
6 WHICH A SCHOOL DISTRICT IMPOSES AN INCOME TAX AUTHORIZED UNDER
7 SECTION 321 AND RECEIVES A PROPERTY TAX REDUCTION ALLOCATION
8 PURSUANT TO CHAPTER 5, THE DISTRICT SHALL CALCULATE A HOMESTEAD
9 AND FARMSTEAD EXCLUSION FOR THE PURPOSE OF REDUCING SCHOOL
10 DISTRICT PROPERTY TAXES. THE SCHOOL DISTRICT SHALL ADOPT A
11 RESOLUTION IMPLEMENTING THE HOMESTEAD AND FARMSTEAD EXCLUSION NO
12 LATER THAN THE LAST DAY OF THE FISCAL YEAR IMMEDIATELY PRECEDING
13 THE FISCAL YEAR IN WHICH THE HOMESTEAD AND FARMSTEAD EXCLUSIONS
14 SHALL TAKE EFFECT.

15 (B) EXCESS FUNDING.--A SCHOOL DISTRICT WHICH COLLECTS OR
16 ANTICIPATES COLLECTING REVENUE FROM ANY SOURCE FOR THE PURPOSES
17 OF PROVIDING HOMESTEAD AND FARMSTEAD EXCLUSIONS, IN AN AMOUNT
18 GREATER THAN NECESSARY TO PROVIDE FOR HOMESTEAD EXCLUSIONS EQUAL
19 TO THE MAXIMUM AUTHORIZED UNDER 53 PA.C.S. § 8586 (RELATING TO
20 LIMITATIONS) SHALL USE SUCH EXCESS REVENUE TO REDUCE THE RATE OF
21 ITS EARNED INCOME AND NET PROFITS TAX OR ITS PERSONAL INCOME TAX
22 TO A LEVEL THAT RETURNS TO THOSE TAXPAYERS ALL EXCESS FUNDS.

23 (C) REDUCTION IN FUNDING.--IN ANY YEAR SUBSEQUENT TO A YEAR
24 IN WHICH AN INCOME TAX RATE WAS REDUCED PURSUANT TO SUBSECTION
25 (B), IF THE REVENUE COLLECTED OR ANTICIPATED TO BE COLLECTED
26 UNDER THIS CHAPTER AND CHAPTER 5 FALLS BELOW THE AMOUNT
27 NECESSARY TO MAINTAIN THE MAXIMUM HOMESTEAD PROPERTY TAX
28 EXCLUSION, THE SCHOOL DISTRICT MAY RAISE THE RATE OF THE INCOME
29 TAX LEVIED UP TO THE AMOUNT PREVIOUSLY REDUCED UNDER SUBSECTION
30 (B) WITHOUT COMPLYING WITH THE REFERENDUM PROVISIONS OF SECTION

1 332.

2 SECTION 343. SCHOOL DISTRICT TAX NOTICES.

3 (A) TAX NOTICE.--SCHOOL DISTRICTS WHICH IMPLEMENT HOMESTEAD
4 AND FARMSTEAD EXCLUSIONS SHALL ITEMIZE THE HOMESTEAD AND
5 FARMSTEAD EXCLUSION ON TAX BILLS SENT TO HOMESTEAD AND FARMSTEAD
6 OWNERS, INDICATING THE ORIGINAL AMOUNT OF TAX LIABILITY, THE
7 AMOUNT OF THE EXCLUSION AND THE NET AMOUNT OF TAX DUE AFTER THE
8 EXCLUSION IS APPLIED. THE TAX BILL SHALL BE EASILY
9 UNDERSTANDABLE AND INCLUDE A NOTICE PURSUANT TO SUBSECTION (B).

10 (B) NOTICE OF PROPERTY TAX RELIEF.--SCHOOL DISTRICTS WHICH
11 IMPLEMENT HOMESTEAD AND FARMSTEAD EXCLUSIONS SHALL INCLUDE WITH
12 THE HOMESTEAD OR FARMSTEAD OWNER'S TAX BILL A NOTICE THAT THE
13 TAX BILL INCLUDES A HOMESTEAD OR FARMSTEAD EXCLUSION. THE NOTICE
14 SHALL, AT A MINIMUM, TAKE THE FOLLOWING FORM:

15 NOTICE OF PROPERTY TAX RELIEF

16 YOUR ENCLOSED TAX BILL INCLUDES A TAX REDUCTION FOR YOUR
17 HOMESTEAD AND/OR FARMSTEAD PROPERTY. AS AN ELIGIBLE HOMESTEAD
18 AND/OR FARMSTEAD PROPERTY OWNER, YOU HAVE RECEIVED TAX RELIEF
19 THROUGH A HOMESTEAD AND/OR FARMSTEAD EXCLUSION, WHICH HAS
20 BEEN PROVIDED UNDER THE HOMEOWNER TAX RELIEF ACT, A LAW
21 PASSED BY THE PENNSYLVANIA GENERAL ASSEMBLY DESIGNED TO
22 REDUCE YOUR PROPERTY TAXES.

23 SUBCHAPTER F

24 REGISTER

25 SECTION 351. REGISTER FOR TAXES.

26 (A) GENERAL RULE.--THE DEPARTMENT OF COMMUNITY AND ECONOMIC
27 DEVELOPMENT SHALL MAINTAIN A CONTINUING REGISTER UPDATED
28 ANNUALLY OF ALL EARNED INCOME AND NET PROFITS TAXES OR PERSONAL
29 INCOME TAXES LEVIED UNDER SUBCHAPTER C.

30 (B) CONTENTS OF REGISTER.--THE REGISTER SHALL LIST:

1 (1) THE SCHOOL DISTRICTS LEVYING THE TAX.
2 (2) THE RATE OF TAX LEVIED UNDER THIS CHAPTER.
3 (3) THE TOTAL TAX RATE ON TAXPAYERS.
4 (4) THE NAME AND ADDRESS OF THE OFFICIAL RESPONSIBLE FOR
5 ADMINISTERING THE COLLECTION OF THE TAX AND FROM WHOM
6 INFORMATION, FORMS AND COPIES OF REGULATIONS ARE AVAILABLE.
7 SECTION 352. INFORMATION FOR REGISTER.

8 INFORMATION FOR THE REGISTER SHALL BE FURNISHED BY THE SCHOOL
9 DISTRICT TO THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
10 AS PRESCRIBED BY THE DEPARTMENT OF COMMUNITY AND ECONOMIC
11 DEVELOPMENT. THE INFORMATION MUST BE RECEIVED BY THE DEPARTMENT
12 OF COMMUNITY AND ECONOMIC DEVELOPMENT NO LATER THAN JULY 15 OF
13 EACH YEAR TO SHOW NEW TAX ENACTMENTS, REPEALS AND CHANGES.
14 FAILURE TO COMPLY WITH THE FILING DATE MAY RESULT IN THE
15 OMISSION OF THE TAX LEVY FROM THE REGISTER FOR THAT YEAR.
16 FAILURE TO RECEIVE INFORMATION OF TAXES CONTINUED WITHOUT CHANGE
17 MAY BE CONSTRUED BY THE DEPARTMENT OF COMMUNITY AND ECONOMIC
18 DEVELOPMENT TO MEAN THAT THE INFORMATION CONTAINED IN THE
19 PREVIOUS REGISTER REMAINS IN FORCE.

20 SECTION 353. AVAILABILITY AND EFFECTIVE PERIOD OF REGISTER.

21 THE REGISTER, WITH SUCH ANNUAL SUPPLEMENTS AS MAY BE REQUIRED
22 BY NEW TAX ENACTMENTS, REPEALS OR CHANGES, SHALL BE AVAILABLE
23 UPON REQUEST NO LATER THAN AUGUST 15 OF EACH YEAR. THE EFFECTIVE
24 PERIOD FOR EACH REGISTER SHALL BE FROM JULY 1 OF THE YEAR IN
25 WHICH IT IS ISSUED TO JUNE 30 OF THE FOLLOWING YEAR.

26 SECTION 354. EFFECT OF NONFILING.

27 EMPLOYERS SHALL NOT BE REQUIRED BY ANY ORDINANCE TO WITHHOLD
28 FROM THE COMPENSATION OF THEIR EMPLOYEES ANY LOCAL EARNED INCOME
29 AND NET PROFITS TAX OR PERSONAL INCOME TAX IMPOSED UNDER
30 SUBCHAPTER C WHICH IS NOT LISTED IN THE REGISTER OR TO MAKE

1 REPORTS OF COMPENSATION IN CONNECTION WITH TAXES NOT SO LISTED.
2 IF THE REGISTER IS NOT AVAILABLE BY AUGUST 15, THE REGISTER OF
3 THE PREVIOUS YEAR SHALL CONTINUE TO BE EFFECTIVE FOR AN
4 ADDITIONAL PERIOD OF NOT MORE THAN ONE YEAR.

5 SECTION 355. EFFECT OF SUBCHAPTER ON LIABILITY OF TAXPAYER.

6 THE PROVISIONS OF THIS SUBCHAPTER SHALL NOT BE CONSTRUED TO
7 AFFECT THE LIABILITY OF ANY TAXPAYER FOR TAXES LAWFULLY IMPOSED
8 UNDER SUBCHAPTER C AND D.

9 CHAPTER 5

10 STATE FUNDS FORMULA

11 SECTION 501. SCOPE.

12 THIS CHAPTER RELATES TO THE STATE FUNDS FORMULA.

13 SECTION 502. DEFINITIONS.

14 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER
15 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
16 CONTEXT CLEARLY INDICATES OTHERWISE:

17 "ALLOCATION MAXIMUM." A NUMERICAL VALUE OF 0.4 PLUS THE
18 MODIFIER CALCULATED UNDER SECTION 503(C)(2). THE VALUE,
19 INCLUDING THE MAXIMUM MODIFIER, SHALL NOT EXCEED 0.6.

20 "ALLOCATION MINIMUM." A NUMERICAL VALUE OF 0.1 PLUS THE
21 MODIFIER CALCULATED UNDER SECTION 503(C)(1). THE VALUE,
22 INCLUDING THE MINIMUM MODIFIER, SHALL NOT EXCEED 0.15.

23 "DEPARTMENT." THE DEPARTMENT OF EDUCATION OF THE
24 COMMONWEALTH.

25 "FUND." AS DEFINED IN SECTION 302.

26 "INCOME TAX." A TAX ON EARNED INCOME AND NET PROFITS OR A
27 TAX ON PERSONAL INCOME PURSUANT TO CHAPTER 3.

28 "PROPERTY TAX REDUCTION INDEX." A QUOTIENT EQUAL TO THE SUM
29 OF THE NUMERICAL RANK OF A SCHOOL DISTRICT'S PERSONAL INCOME
30 VALUATION PER AVERAGE DAILY MEMBERSHIP, THE NUMERICAL RANK OF

1 ITS MARKET-VALUE/INCOME-AID RATIO, THE NUMERICAL RANK OF ITS
2 EQUALIZED MILLAGE AND THE NUMERICAL RANK OF ITS SCHOOL TAX
3 RATIO, DIVIDED BY 1,000.

4 "QUALIFYING CONTRIBUTION." THE REVENUE ESTIMATED TO BE
5 COLLECTED FROM THE IMPOSITION OF THE TAX AUTHORIZED UNDER
6 SECTION 321(B)(1) IN THE FIRST FISCAL YEAR THAT THE TAX IS
7 IMPLEMENTED.

8 "RESIDENTIAL PROPERTY TAX." THE DOLLAR VALUE OF REAL
9 PROPERTY TAXES PAID BY RESIDENTIAL PROPERTY OWNERS IN A SCHOOL
10 DISTRICT, DETERMINED BY MULTIPLYING THE REAL PROPERTY TAXES
11 COLLECTED BY THE SCHOOL DISTRICT TIMES THE PERCENTAGE OF THE
12 TOTAL PROPERTY VALUE IN THE SCHOOL DISTRICT CLASSIFIED AS
13 RESIDENTIAL BY THE STATE TAX EQUALIZATION BOARD.

14 "SCHOOL TAX RATIO." THE DOLLAR VALUE OF LOCAL TAXES
15 COLLECTED BY THE SCHOOL DISTRICT OR BY A CITY OF THE FIRST CLASS
16 FOR A SCHOOL DISTRICT OF THE FIRST CLASS DIVIDED BY THE PERSONAL
17 INCOME VALUATION OF THE SCHOOL DISTRICT.

18 SECTION 503. CERTIFICATION; CALCULATION OF MINIMUM AND MAXIMUM
19 MODIFIERS.

20 (A) SECRETARY OF THE BUDGET CERTIFICATION.--

21 (1) NO LATER THAN APRIL 15, 2005, AND APRIL 15 OF EACH
22 YEAR THEREAFTER, THE SECRETARY OF THE BUDGET SHALL CERTIFY
23 ALL OF THE FOLLOWING:

24 (I) THE TOTAL AMOUNT OF REVENUE IN THE FUND. IN
25 CALCULATING THE TOTAL AMOUNT OF REVENUE IN THE FUND, THE
26 SECRETARY SHALL TAKE INTO ACCOUNT ALL OF THE FOLLOWING:

27 (A) FOR THE CERTIFICATION TO BE COMPLETED NO
28 LATER THAN APRIL 15, 2005, REVENUE WHICH:

29 (I) HAS BEEN DEPOSITED INTO THE FUND PRIOR
30 TO THE DATE OF THE CERTIFICATION;

1 (II) IS REASONABLY PROJECTED TO BE DEPOSITED
2 INTO THE FUND DURING THE SIX MONTHS FOLLOWING THE
3 DATE ON WHICH THE CERTIFICATION IS MADE; AND

4 (III) HAS BEEN APPROPRIATED UNDER SECTION
5 5002.

6 (B) FOR CERTIFICATIONS IN SUBSEQUENT FISCAL
7 YEARS:

8 (I) REVENUE WHICH HAS BEEN DEPOSITED INTO
9 THE FUND DURING THE SIX MONTHS PRIOR TO THE DATE
10 ON WHICH THE CERTIFICATION IS MADE; AND

11 (II) REVENUE ENUMERATED IN CLAUSE (A)(II).

12 (II) THE TOTAL AMOUNT OF REVENUE IN THE PROPERTY TAX
13 RELIEF RESERVE FUND ESTABLISHED UNDER SECTION 504.

14 (III) IN CERTIFYING THE AMOUNT AVAILABLE FOR
15 DISTRIBUTION UNDER SUBSECTION (E), THE SECRETARY SHALL
16 ONLY CERTIFY AN AMOUNT THAT IS SUSTAINABLE IN SUBSEQUENT
17 YEARS.

18 (2) IF THE ACTUAL REVENUE DEPOSITED INTO THE FUND DURING
19 THE SIX MONTHS FOLLOWING THE DATE ON WHICH THE CERTIFICATION
20 IS MADE EXCEEDS PROJECTIONS, ANY REVENUE IN EXCESS OF
21 PROJECTIONS SHALL REMAIN IN THE FUND AND MAY BE INCLUDED IN
22 THE CERTIFICATION FOR THE SUBSEQUENT FISCAL YEAR.

23 (B) SCHOOL DISTRICT CERTIFICATION.--

24 (1) BY DECEMBER 15, 2004, EACH SCHOOL DISTRICT SHALL
25 CERTIFY TO THE DEPARTMENT THE ESTIMATED AMOUNT OF ITS
26 QUALIFYING CONTRIBUTION. THE CERTIFICATION SHALL BE BASED
27 UPON THE PREVIOUS YEAR'S EARNED INCOME AND NET PROFITS TAX
28 REVENUES AND CASH FLOW EXPERIENCE. A SCHOOL DISTRICT WHICH
29 DOES NOT IMPOSE AN EARNED INCOME AND NET PROFITS TAX PRIOR TO
30 THE IMPLEMENTATION OF THIS CHAPTER SHALL ESTIMATE THE AMOUNT

1 OF ITS QUALIFYING CONTRIBUTION BASED UPON THE MOST RECENT
2 FINANCIAL DATA FORWARDED TO THE DEPARTMENT BY THE DEPARTMENT
3 OF REVENUE. THE DEPARTMENT SHALL PROVIDE THE DATA TO THE
4 SCHOOL DISTRICT NO LATER THAN DECEMBER 1, 2004. FOLLOWING
5 RECEIPT OF THE SCHOOL DISTRICT CERTIFICATIONS, THE DEPARTMENT
6 SHALL PROVIDE THE CERTIFICATIONS TO THE SECRETARY OF THE
7 BUDGET NO LATER THAN JANUARY 15.

8 (2) BY DECEMBER 15, 2004, AND DECEMBER 15 OF EACH YEAR
9 THEREAFTER, EACH SCHOOL DISTRICT SUBJECT TO SECTION 324 SHALL
10 CERTIFY TO THE DEPARTMENT THE TOTAL AMOUNT OF TAX CREDITS
11 UNDER SECTION 324(2).

12 (C) ALLOCATION MODIFIERS.--THE SECRETARY SHALL CALCULATE
13 MODIFIERS FOR THE ALLOCATION MAXIMUM AND THE ALLOCATION MINIMUM
14 BASED ON THE AMOUNT CERTIFIED UNDER SUBSECTION (A)(1)(I).

15 (1) IF THE AMOUNT CERTIFIED BY THE SECRETARY FOR A
16 FISCAL YEAR EXCEEDS \$750,000,000, THE MINIMUM MODIFIER FOR
17 THE ALLOCATION MINIMUM SHALL BE A VALUE OF .005 PER
18 \$50,000,000 IN EXCESS OF \$750,000,000. THE MODIFIER FOR THE
19 ALLOCATION MINIMUM SHALL NOT EXCEED 0.05.

20 (2) IF THE AMOUNT CERTIFIED BY THE SECRETARY FOR A
21 FISCAL YEAR EXCEEDS \$750,000,000, THE MINIMUM MODIFIER FOR
22 THE ALLOCATION MAXIMUM SHALL BE A VALUE OF .02 PER
23 \$50,000,000 IN EXCESS OF \$750,000,000. THE MODIFIER FOR THE
24 ALLOCATION MAXIMUM SHALL NOT EXCEED 0.2.

25 (D) NOTIFICATION.--

26 (1) BY APRIL 20, 2005, AND APRIL 20 EACH YEAR
27 THEREAFTER, THE SECRETARY SHALL NOTIFY THE DEPARTMENT WHETHER
28 IT IS AUTHORIZED TO PROVIDE ELIGIBLE SCHOOL DISTRICTS WITH
29 PROPERTY TAX REDUCTION ALLOCATIONS UNDER SECTION 505.

30 (2) THE SECRETARY SHALL NOT AUTHORIZE THE DEPARTMENT TO

1 PROVIDE THE FIRST PROPERTY TAX REDUCTION ALLOCATIONS UNTIL:

2 (I) THE CERTIFICATION UNDER SUBSECTION (A)(1)(II) IS
3 NO LESS THAN \$400,000,000; AND

4 (II) THE CERTIFICATION UNDER SUBSECTION (A)(1)(I) IS
5 EQUAL TO OR GREATER THAN \$500,000,000.

6 (3) SUBSEQUENT PROPERTY TAX REDUCTION ALLOCATIONS SHALL
7 ONLY BE AUTHORIZED WHEN THE BALANCE REQUIRED UNDER SECTION
8 504(C)(1) IS NO LESS THAN \$400,000,000.

9 (E) DISTRIBUTION.--IN CALCULATING THE REVENUE AVAILABLE FOR
10 DISTRIBUTION, THE SECRETARY SHALL, FROM THE TOTAL AMOUNT
11 CERTIFIED UNDER SUBSECTION (A)(1)(I), DEDUCT ALL OF THE
12 FOLLOWING:

13 (1) AN AMOUNT SUFFICIENT TO FUND REIMBURSEMENTS TO
14 ELIGIBLE SCHOOL DISTRICTS PURSUANT TO SECTION 324. THE AMOUNT
15 DEDUCTED PURSUANT TO THIS PARAGRAPH SHALL BE CALCULATED BASED
16 ON THE INFORMATION PROVIDED BY SCHOOL DISTRICTS PURSUANT TO
17 SUBSECTION (B)(2).

18 (2) AN AMOUNT SUFFICIENT TO FUND THE PROGRAM UNDER
19 SECTION 704.

20 SECTION 504. PROPERTY TAX RELIEF RESERVE FUND.

21 (A) FUND ESTABLISHED.--THERE IS ESTABLISHED IN THE STATE
22 TREASURY A RESTRICTED RECEIPTS ACCOUNT TO BE KNOWN AS THE
23 PROPERTY TAX RELIEF RESERVE FUND.

24 (B) RECEIPTS.--THE SECRETARY IS AUTHORIZED TO TRANSFER FUNDS
25 FROM THE FUND INTO THE PROPERTY TAX RELIEF RESERVE FUND
26 NECESSARY TO COMPLY WITH THE REQUIREMENTS OF SUBSECTION (C).

27 (C) BALANCE.--

28 (1) THE SECRETARY SHALL ENSURE THAT NO LESS THAN
29 \$400,000,000 EXISTS IN THE PROPERTY TAX RELIEF RESERVE FUND
30 PRIOR TO MAKING A CERTIFICATION UNDER SECTION 503(A)(1).

1 (2) IF A DISTRIBUTION WAS MADE UNDER SUBSECTION (D) IN
2 THE PRIOR YEAR, THE SECRETARY SHALL DEPOSIT FUNDS NECESSARY
3 TO ENSURE THAT \$400,000,000 IS AVAILABLE IN THE PROPERTY TAX
4 RELIEF RESERVE FUND PRIOR TO MAKING CERTIFICATION UNDER
5 SECTION 503(A)(1).

6 (D) TRANSFERS.--

7 (1) THE SECRETARY MAY AUTHORIZE A TRANSFER FROM THE
8 PROPERTY TAX RELIEF RESERVE FUND TO THE FUND IF THE
9 CERTIFICATION UNDER SECTION 503(A)(1)(I) IS LESS THAN THE
10 CERTIFICATION UNDER SECTION 503(A)(1)(I) MADE IN THE PRIOR
11 YEAR. THE AMOUNT OF THE DISTRIBUTION UNDER THIS SUBSECTION
12 SHALL BE EQUAL TO THE DIFFERENCE BETWEEN THE CERTIFICATION
13 UNDER SECTION 503(A)(1)(I) AND THE CERTIFICATION UNDER
14 SECTION 503(A)(1)(I) MADE IN THE PRIOR YEAR.

15 (2) THE SECRETARY SHALL TRANSFER ANY INTEREST THAT HAS
16 ACCRUED FROM THE REVENUE IN THE PROPERTY TAX RELIEF RESERVE
17 FUND TO THE FUND ON AN ANNUAL BASIS.

18 (E) NONLAPSE.--THE MONEY IN THE PROPERTY TAX RELIEF RESERVE
19 FUND IS CONTINUOUSLY APPROPRIATED TO THE PROPERTY TAX RELIEF
20 RESERVE FUND AND SHALL NOT LAPSE AT THE END OF ANY FISCAL YEAR.
21 SECTION 505. STATE PROPERTY TAX REDUCTION ALLOCATION.

22 (A) ADMINISTRATION.--THE DEPARTMENT SHALL DO ALL OF THE
23 FOLLOWING:

24 (1) ARRAY THE 2002 PERSONAL INCOME VALUATION DIVIDED BY
25 THE 2003-2004 AVERAGE DAILY MEMBERSHIP, THE 2004-2005 MARKET-
26 VALUE/INCOME-AID RATIO, THE 2002-2003 EQUALIZED MILLAGE AND
27 THE 2002-2003 SCHOOL TAX RATIO OF EACH SCHOOL DISTRICT IN
28 RANK ORDER AND ASSIGN EACH SCHOOL DISTRICT A DISCREET
29 NUMERICAL RANK FOR ITS PERSONAL INCOME VALUATION PER AVERAGE
30 DAILY MEMBERSHIP, ITS MARKET-VALUE/INCOME-AID RATIO, ITS

1 EQUALIZED MILLAGE AND ITS SCHOOL TAX RATIO. FOR THE NUMERICAL
2 RANK OF A SCHOOL DISTRICT'S PERSONAL INCOME VALUATION PER
3 AVERAGE DAILY MEMBERSHIP, THE SCHOOL DISTRICT WITH THE LOWEST
4 PERSONAL INCOME VALUATION PER AVERAGE DAILY MEMBERSHIP SHALL
5 HAVE THE HIGHEST NUMERICAL RANK. FOR THE NUMERICAL RANK OF A
6 SCHOOL DISTRICT'S MARKET-VALUE/INCOME-AID RATIO, THE SCHOOL
7 DISTRICT WITH THE HIGHEST MARKET-VALUE/INCOME-AID RATIO SHALL
8 HAVE THE HIGHEST NUMERICAL RANK; PROVIDED THAT ALL SCHOOL
9 DISTRICTS WITH A MARKET-VALUE/INCOME-AID RATIO EQUAL TO 0.15
10 SHALL RECEIVE A RANKING OF 1. FOR THE NUMERICAL RANK OF A
11 SCHOOL DISTRICT'S EQUALIZED MILLAGE, THE SCHOOL DISTRICT WITH
12 THE HIGHEST EQUALIZED MILLAGE SHALL HAVE THE HIGHEST
13 NUMERICAL RANK. FOR THE NUMERICAL RANK OF A SCHOOL DISTRICT'S
14 SCHOOL TAX RATIO, THE SCHOOL DISTRICT WITH THE HIGHEST SCHOOL
15 TAX RATIO SHALL HAVE THE HIGHEST NUMERICAL RANK.

16 (2) ASSIGN EACH SCHOOL DISTRICT A PROPERTY TAX REDUCTION
17 INDEX.

18 (3) IF THE DEPARTMENT RECEIVES AUTHORIZATION UNDER
19 SECTION 503(D), ALLOCATE THE PROPERTY TAX REDUCTION FOR EACH
20 SCHOOL DISTRICT AS FOLLOWS:

21 (I) CALCULATE THE PROPERTY TAX REDUCTION ALLOCATION
22 AS FOLLOWS:

23 (A) MULTIPLY THE SCHOOL DISTRICT'S 2003-2004
24 AVERAGE DAILY MEMBERSHIP BY THE SCHOOL DISTRICT'S
25 PROPERTY TAX REDUCTION INDEX.

26 (B) MULTIPLY THE PRODUCT UNDER CLAUSE (A) BY THE
27 DOLLAR AMOUNT NECESSARY TO ALLOCATE ALL OF THE MONEY
28 IN THE FUND AS CERTIFIED UNDER SECTION 503(A)(1)(I).
29 IF THE CERTIFICATION UNDER SECTION 503(A)(1)(I) IS
30 LESS THAN \$750,000,000, THE DOLLAR AMOUNT SHALL BE

1 THE DOLLAR AMOUNT NECESSARY TO ALLOCATE \$750,000,000.

2 (C) IF APPLICABLE, PROVIDE FOR THE ALLOCATION
3 MINIMUM OR ALLOCATION MAXIMUM UNDER SUBPARAGRAPH (II)
4 OR (III).

5 (II) IF THE SUM OF THE ALLOCATION UNDER THIS
6 PARAGRAPH AND THE QUALIFYING CONTRIBUTION CERTIFIED UNDER
7 SECTION 503(B) ON JANUARY 15, 2005, IS LESS THAN THE
8 PRODUCT OF THE RESIDENTIAL PROPERTY TAXES COLLECTED
9 DURING THE 2001-2002 FISCAL YEAR AND THE ALLOCATION
10 MINIMUM FOR A SCHOOL DISTRICT, THE SCHOOL DISTRICT SHALL
11 RECEIVE AN ADDITIONAL AMOUNT SO THAT THE SUM OF THE TOTAL
12 ALLOCATION UNDER THIS PARAGRAPH AND THE QUALIFYING
13 CONTRIBUTION CERTIFIED UNDER SECTION 503(B) ON JANUARY
14 15, 2005, IS EQUAL TO THE PRODUCT OF THE RESIDENTIAL
15 PROPERTY TAXES COLLECTED DURING THE 2001-2002 FISCAL YEAR
16 AND THE ALLOCATION MINIMUM.

17 (III) EXCEPT AS SET FORTH IN SUBSECTION (C), IF THE
18 SUM OF THE TOTAL ALLOCATION UNDER THIS PARAGRAPH AND THE
19 QUALIFYING CONTRIBUTION CERTIFIED UNDER SECTION 503(B) ON
20 JANUARY 15, 2005, IS GREATER THAN THE PRODUCT OF THE
21 RESIDENTIAL PROPERTY TAXES COLLECTED DURING THE 2001-2002
22 FISCAL YEAR AND THE ALLOCATION MAXIMUM FOR A SCHOOL
23 DISTRICT, THE SCHOOL DISTRICT SHALL RECEIVE A TOTAL
24 ALLOCATION SUCH THAT THE SUM OF THE TOTAL ALLOCATION AND
25 THE QUALIFYING CONTRIBUTION CERTIFIED UNDER SECTION
26 503(B) ON JANUARY 15, 2005, IS EQUAL TO THE PRODUCT OF
27 THE RESIDENTIAL PROPERTY TAXES COLLECTED DURING THE 2001-
28 2002 FISCAL YEAR AND THE ALLOCATION MAXIMUM.

29 (IV) IF THE CERTIFICATION UNDER SECTION 503(A)(1)(I)
30 IS LESS THAN \$750,000,000, EACH SCHOOL DISTRICT SHALL

1 RECEIVE A PRO RATA SHARE OF THE PROPERTY TAX REDUCTION
2 ALLOCATION CALCULATED UNDER THIS PARAGRAPH AT
3 \$750,000,000.

4 (4) NOTIFY EACH SCHOOL DISTRICT OF THE AMOUNT OF ITS
5 PROPERTY TAX REDUCTION ALLOCATION NO LATER THAN MAY 1, 2005,
6 AND MAY 1 OF EACH YEAR THEREAFTER.

7 (B) PAYMENT.--FOR THE FISCAL YEAR COMMENCING JULY 1, 2005,
8 AND JULY 1 OF EACH FISCAL YEAR THEREAFTER, EXCEPT AS SET FORTH
9 IN SUBSECTION (C), THE DEPARTMENT SHALL PAY TO EACH ELIGIBLE
10 SCHOOL DISTRICT A PROPERTY TAX REDUCTION ALLOCATION EQUAL TO THE
11 AMOUNT CALCULATED UNDER SUBSECTION (A)(3). THE PROPERTY TAX
12 REDUCTION ALLOCATION SHALL BE DIVIDED INTO TWO EQUAL PAYMENTS,
13 WHICH SHALL BE MADE ON THE FOURTH THURSDAY OF AUGUST AND THE
14 FOURTH THURSDAY OF OCTOBER.

15 (C) FIRST CLASS SCHOOL DISTRICTS.--THE PROPERTY TAX
16 REDUCTION ALLOCATION FOR A SCHOOL DISTRICT OF THE FIRST CLASS
17 SHALL BE PAID BY THE DEPARTMENT TO A CITY OF THE FIRST CLASS.
18 THE LIMITATIONS SET FORTH IN SUBSECTION (A)(3)(III) SHALL NOT
19 APPLY TO THE CALCULATION OF THE PROPERTY TAX REDUCTION
20 ALLOCATION FOR A SCHOOL DISTRICT OF THE FIRST CLASS.

21 (D) REDUCTION OF WAGE TAXES IN A CITY OF THE FIRST CLASS.--A
22 CITY COUNCIL OF A CITY OF THE FIRST CLASS SHALL REDUCE ANY TAX
23 IMPOSED ON THE WAGES OF RESIDENTS AND NONRESIDENTS UNDER THE
24 AUTHORITY OF THE ACT OF AUGUST 5, 1932 (SP.SESS., P.L.45,
25 NO.45), REFERRED TO AS THE STERLING ACT, IN A MANNER CONSISTENT
26 WITH CHAPTER 7 AND IN ACCORDANCE WITH THE FOLLOWING:

27 (1) FOR RESIDENTS, BY AN AMOUNT EQUAL TO THE AMOUNT OF
28 THE PROPERTY TAX REDUCTION ALLOCATION RECEIVED FROM THE
29 COMMONWEALTH PURSUANT TO SUBSECTION (B) IN AN AMOUNT NOT TO
30 EXCEED THE LIMITATIONS SET FORTH IN SUBSECTION (A)(3)(III)

1 HAD SUCH LIMITATIONS APPLIED.

2 (2) FOR NONRESIDENTS, BY ANY AMOUNT EQUAL TO THE AMOUNT
3 OF THE PROPERTY TAX REDUCTION ALLOCATION RECEIVED FROM THE
4 COMMONWEALTH PURSUANT TO SUBSECTION (B) IN EXCESS OF THE
5 LIMITATIONS SET FORTH IN SUBSECTION (A)(3)(III) HAD SUCH
6 LIMITATIONS APPLIED.

7 (3) IF THE CERTIFICATION UNDER SECTION 503(A)(1)(I) IS
8 LESS THAN \$750,000,000, THE TAX REDUCTIONS UNDER PARAGRAPHS
9 (1) AND (2) SHALL BE A PRO RATA SHARE OF THE PROPERTY TAX
10 REDUCTION ALLOCATION TO A SCHOOL DISTRICT OF THE FIRST CLASS
11 CALCULATED UNDER SUBSECTION (A) AT \$750,000,000.

12 CHAPTER 7

13 TAX RELIEF IN CITIES OF THE FIRST CLASS

14 SECTION 701. SHORT TITLE.

15 THIS CHAPTER SHALL BE KNOWN AND MAY BE CITED AS THE LOCAL TAX
16 RELIEF ACT.

17 SECTION 702. (RESERVED)

18 SECTION 703. TAX RELIEF.

19 (A) TAX RATE REDUCTION.--A CITY OF THE FIRST CLASS SHALL
20 REDUCE THE RATE OF WAGE AND NET PROFITS TAX ON RESIDENTS AND
21 NONRESIDENTS LEVIED UNDER THE ACT OF AUGUST 5, 1932 (SP.SESS.,
22 P.L.45, NO.45), REFERRED TO AS THE STERLING ACT, IN ORDER TO BE
23 ELIGIBLE TO RECEIVE A PROPERTY TAX REDUCTION ALLOCATION UNDER
24 CHAPTER 5. IF THE CITY ELECTS TO REDUCE TAXES PURSUANT TO THIS
25 CHAPTER, ALL MONEY RECEIVED FROM THE FUND SHALL BE USED TO
26 OFFSET A REDUCTION BY THE CITY IN FISCAL YEAR 2005-2006 AND EACH
27 FISCAL YEAR THEREAFTER IN THE RATE OF TAX ON WAGES AND NET
28 PROFITS FOR BOTH RESIDENTS AND NONRESIDENTS AS PROVIDED FOR IN
29 SUBSECTION (B). THE REDUCTIONS SHALL REMAIN IN EFFECT FOR SO
30 LONG AS A TAX REDUCTION ALLOCATION PURSUANT TO CHAPTER 5 IS PAID

1 TO THE CITY IN AN AMOUNT EQUAL TO THE COST OF SUCH REDUCTIONS.

2 (B) CALCULATION OF REDUCTION.--

3 (1) THE CITY SHALL CALCULATE THE AMOUNT OF THE TAX RATE
4 REDUCTIONS SO THAT THEY EQUAL, BASED ON ESTIMATES CERTIFIED
5 BY THE CITY'S DIRECTOR OF FINANCE AND APPROVED BY THE
6 PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY PRIOR TO
7 THE IMPLEMENTATION OF THE REDUCTIONS, IN COMBINATION WITH ANY
8 REDUCTION IN THE RATE OF UNEARNED INCOME TAX IMPOSED BY A
9 SCHOOL DISTRICT IN THE CITY OF THE FIRST CLASS REQUIRED BY
10 THE ACT OF AUGUST 9, 1963 (P.L.640, NO.338), ENTITLED "AN ACT
11 EMPOWERING CITIES OF THE FIRST CLASS, COTERMINOUS WITH SCHOOL
12 DISTRICTS OF THE FIRST CLASS, TO AUTHORIZE THE BOARDS OF
13 PUBLIC EDUCATION OF SUCH SCHOOL DISTRICTS TO IMPOSE CERTAIN
14 ADDITIONAL TAXES FOR SCHOOL DISTRICT PURPOSES, AND PROVIDING
15 FOR THE LEVY, ASSESSMENT AND COLLECTION OF SUCH TAXES," AS A
16 RESULT OF THE REDUCTION IN THE RATE OF WAGE AND NET PROFITS
17 TAX, THE AMOUNT PAID TO THE CITY FROM THE FUND FOR TAX
18 REDUCTIONS. THE CITY SHALL, EACH YEAR, TRANSFER TO SUCH
19 SCHOOL DISTRICT AN AMOUNT EQUAL TO THE COST OF ANY REDUCTION
20 IN THE RATE OF UNEARNED INCOME TAX; AND SUCH TRANSFER SHALL
21 NOT BE SUBJECT TO THE PROVISIONS OF SECTION 696(H) OF THE ACT
22 OF MARCH 10, 1949 (P.L.30, NO.14), KNOWN AS THE PUBLIC SCHOOL
23 CODE OF 1949.

24 (2) THE TAX RATE REDUCTIONS IMPLEMENTED BY A CITY OF THE
25 FIRST CLASS PURSUANT TO THIS SECTION SHALL BE IN ADDITION TO
26 THE FOLLOWING SCHEDULE OF PERCENTAGES OF WAGE AND NET PROFITS
27 TAX RATE REDUCTIONS:

28 (I) ON JANUARY 1, 2005, 2.9468% FOR RESIDENTS AND
29 1.5567% FOR NONRESIDENTS.

30 (II) ON JANUARY 1, 2006, 0.6927% FOR RESIDENTS AND

1 1.2593% FOR NONRESIDENTS.

2 (III) ON JANUARY 1, 2007, 0.9533% FOR RESIDENTS AND
3 0.4216% FOR NONRESIDENTS.

4 (IV) ON JANUARY 1, 2008, 0.9624% FOR RESIDENTS AND
5 0.8387% FOR NONRESIDENTS.

6 (V) ON JANUARY 1, 2009, 1.1851% FOR RESIDENTS AND
7 1.0526% FOR NONRESIDENTS.

8 (C) EXCEPTIONS.--THE WAGE AND NET PROFITS TAX RATES CAN ONLY
9 BE RAISED ABOVE THE RATES SPECIFIED IN SUBSECTION (B)(2) IF ALL
10 OF THE FOLLOWING APPLY:

11 (1) THE INCREASE IS APPROVED BY AN AFFIRMATIVE VOTE OF
12 AT LEAST TEN MEMBERS OF A CITY COUNCIL OF A CITY OF THE FIRST
13 CLASS.

14 (2) THE PENNSYLVANIA INTERGOVERNMENTAL COOPERATION
15 AUTHORITY CERTIFIES THAT A CONDITION UNDER PARAGRAPH (3)
16 EXISTS.

17 (3) THE INCREASE IS NECESSARY TO RESPOND TO ANY OF THE
18 FOLLOWING:

19 (I) A FISCAL THREAT OR CONDITION, AS CERTIFIED BY
20 THE CITY'S DIRECTOR OF FINANCE, THAT OCCURS TO THE CITY
21 AS SET FORTH IN SECTION 333(F) OR AN EQUIVALENT FISCAL
22 THREAT THAT AFFECTS THE CITIZENS OF THE CITY. IT SHALL BE
23 THE RESPONSIBILITY OF THE CITY'S DIRECTOR OF FINANCE WITH
24 THE APPROVAL OF THE PENNSYLVANIA INTERGOVERNMENTAL
25 COOPERATION AUTHORITY TO ENSURE THAT ANY ADDITIONAL TAX
26 REVENUE RAISED IS EQUAL TO THE AMOUNT EXPENDED TO RESPOND
27 TO THE FISCAL THREAT OR CONDITION. IF THE AMOUNT OF
28 REVENUE RAISED THROUGH RATE ADJUSTMENT EXCEEDS THE AMOUNT
29 NECESSARY TO RESPOND, OVER THE COURSE OF THE CITY'S
30 APPROVED FINANCIAL PLAN, TO THE FISCAL THREAT, THE EXCESS

1 AMOUNT SHALL BE USED FOR WAGE TAX AND NET PROFITS TAX
2 REDUCTION IN THE IMMEDIATELY SUCCEEDING APPROVED
3 FINANCIAL PLAN, BUT ONLY IF THE TAX RATE REDUCTION,
4 EXPRESSED AS THE DIFFERENCE BETWEEN THE TWO TAX RATES,
5 WOULD EXCEED .0002.

6 (II) A DECREASE OF MORE THAN 2% IN THE AMOUNT OF
7 TOTAL TAX COLLECTIONS PLUS ANY FUNDS PROVIDED UNDER THIS
8 CHAPTER FROM THE PRECEDING YEAR'S COLLECTIONS. SUCH A
9 DETERMINATION OF A DECREASE MUST BE ATTESTED TO BY THE
10 CITY'S DIRECTOR OF FINANCE.

11 (III) A DECLARATION BY THE PENNSYLVANIA
12 INTERGOVERNMENTAL COOPERATION AUTHORITY THAT THE CITY'S
13 FIVE-YEAR PLAN IS DISAPPROVED PURSUANT TO SECTION 209 OF
14 THE ACT OF JUNE 5, 1991 (P.L.9, NO.6), KNOWN AS THE
15 PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY ACT
16 FOR CITIES OF THE FIRST CLASS.

17 (IV) FEDERAL OR STATE LAW IMPOSES A NEW UNFUNDED
18 MANDATE ON THE CITY THAT COSTS THE CITY MORE THAN 1.5% OF
19 THE CITY'S TOTAL GENERAL FUND EXPENDITURES IN ANY FISCAL
20 YEAR.

21 (V) THE COST TO THE CITY OF AN EXISTING MANDATE
22 IMPOSED BY FEDERAL OR STATE LAW INCREASES BY MORE THAN
23 1.5% OF THE CITY'S TOTAL GENERAL FUND EXPENDITURES IN ANY
24 FISCAL YEAR AND FUNDS TO PAY FOR THE INCREASE ARE NOT
25 APPROPRIATED TO THE CITY BY THE FEDERAL OR STATE
26 GOVERNMENT.

27 (VI) EXISTING FEDERAL OR STATE FUNDING IS DECREASED
28 BY 1.5% OF THE CITY'S TOTAL GENERAL FUND EXPENDITURES IN
29 ANY FISCAL YEAR.

30 (D) EXCESS FUNDS.--IF IN ANY FISCAL YEAR THE SUMS RECEIVED

1 BY A CITY OF THE FIRST CLASS FROM THE FUND ARE IN EXCESS OF THE
2 VALUE OF THE TAX RATE REDUCTIONS ACTUALLY MADE BY THE CITY AND
3 THE SCHOOL DISTRICT OF THE FIRST CLASS PURSUANT TO SUBSECTION
4 (A), THE CITY SHALL, WITHIN 60 DAYS FOLLOWING THE CERTIFICATION
5 BY THE DIRECTOR OF FINANCE, IN CONSULTATION WITH THE SECRETARY
6 OF THE BUDGET AND WITH THE APPROVAL OF THE PENNSYLVANIA
7 INTERGOVERNMENTAL COOPERATION AUTHORITY OF THE AMOUNT OF THE
8 EXCESS, DO ANY OF THE FOLLOWING:

9 (1) REPAY TO THE FUND THE EXCESS SUMS; OR

10 (2) FURTHER REDUCE WAGE AND NET PROFITS TAX RATES AND
11 UNEARNED INCOME TAX RATES, IF REQUIRED, IN THE FISCAL YEAR
12 NEXT FOLLOWING THE DETERMINATION OF THE EXCESS, BY AN AMOUNT
13 THAT WILL RESULT IN TOTAL TAX RATE REDUCTIONS REQUIRED FOR
14 THE AMOUNT RECEIVED FROM THE FUND. TO THE EXTENT THE TAX RATE
15 REDUCTION PROVIDED FOR IN THIS PARAGRAPH, EXPRESSED AS THE
16 DIFFERENCE BETWEEN THE TWO TAX RATES, WOULD NOT EXCEED .0002,
17 THIS SUBSECTION SHALL NOT APPLY.

18 (E) INSUFFICIENT FUNDS.--IF IN ANY FISCAL YEAR THE DIRECTOR
19 OF FINANCE CERTIFIES, IN CONSULTATION WITH THE SECRETARY OF THE
20 BUDGET AND WITH THE APPROVAL OF THE PENNSYLVANIA
21 INTERGOVERNMENTAL COOPERATION AUTHORITY, THAT THE AMOUNT OF SUMS
22 RECEIVED BY THE CITY FROM THE FUND ARE LESS THAN THE VALUE OF
23 THE TAX RATE REDUCTIONS ACTUALLY MADE BY THE CITY AND SCHOOL
24 DISTRICT OF THE FIRST CLASS PURSUANT TO SUBSECTION (A), THE CITY
25 MAY, IN THE FISCAL YEAR NEXT FOLLOWING THE DETERMINATION OF THE
26 AMOUNT, INCREASE THE CITY'S WAGE AND NET PROFITS TAX RATE ABOVE
27 THE RATES SPECIFIED IN SUBSECTION (B)(2) BY AN AMOUNT THAT WILL
28 RESULT IN AN OVERALL TAX RATE REDUCTION EQUAL TO THAT REQUIRED
29 FOR THE AMOUNT RECEIVED BY THE CITY FROM THE FUND. TO THE EXTENT
30 THE TAX RATE INCREASE PROVIDED FOR IN THIS SUBSECTION, EXPRESSED

1 AS THE DIFFERENCE BETWEEN THE TWO TAX RATES, WOULD NOT EXCEED
2 .0002, THIS SUBSECTION SHALL NOT APPLY.

3 SECTION 704. SENIOR CITIZEN HOMESTEAD PROPERTY TAX REDUCTION IN
4 CITIES OF THE FIRST CLASS.

5 (A) ELIGIBILITY.--FOR TAX YEARS BEGINNING IN THE FIRST YEAR
6 IN WHICH A PAYMENT UNDER SECTION 503(B) IS MADE, AND EACH TAX
7 YEAR THEREAFTER, THE FOLLOWING APPLY:

8 (1) EXCEPT AS PROVIDED IN PARAGRAPH (2), ANY RESIDENT OF
9 A CITY OF THE FIRST CLASS WHO IS ELIGIBLE TO RECEIVE A
10 PROPERTY TAX REBATE PURSUANT TO THE ACT OF MARCH 11, 1971
11 (P.L.104, NO.3), KNOWN AS THE SENIOR CITIZENS REBATE AND
12 ASSISTANCE ACT, SHALL BE ELIGIBLE TO RECEIVE AN ADDITIONAL
13 PROPERTY TAX REBATE EQUAL TO 50% OF THE AMOUNT THE INDIVIDUAL
14 IS ELIGIBLE TO RECEIVE UNDER THE SENIOR CITIZENS REBATE AND
15 ASSISTANCE ACT.

16 (2) AN ADDITIONAL REBATE UNDER PARAGRAPH (1) MAY NOT
17 EXCEED THE DIFFERENCE BETWEEN THE PROPERTY TAX PAID BY THE
18 ELIGIBLE RESIDENT AND THE REBATE RECEIVED BY THE ELIGIBLE
19 RESIDENT UNDER THE SENIOR CITIZENS REBATE AND ASSISTANCE ACT
20 FOR THE SAME TAX YEAR.

21 (B) TRANSFER AUTHORIZED.--BY JUNE 30 OF THE YEAR IN WHICH A
22 PAYMENT UNDER SECTION 503(B) WILL BE MADE, THE STATE TREASURER
23 SHALL TRANSFER FROM THE FUND AN AMOUNT SUFFICIENT TO FUND THE
24 PROPERTY TAX REBATES AUTHORIZED UNDER SUBSECTION (A) TO THE
25 STATE LOTTERY FUND. ALL REVENUE TRANSFERRED PURSUANT TO THIS
26 SUBSECTION SHALL BE DISTRIBUTED IN ACCORDANCE WITH THE
27 PROVISIONS OF THE SENIOR CITIZENS REBATE AND ASSISTANCE ACT.

28 (C) PROHIBITION.--THIS SECTION SHALL NOT APPLY TO A RESIDENT
29 OF A CITY OF THE FIRST CLASS WHO IS ENTITLED TO RECEIVE RENT
30 REBATE IN LIEU OF PROPERTY TAXES UNDER THE SENIOR CITIZENS

1 REBATE AND ASSISTANCE ACT.

2 CHAPTER 50

3 MISCELLANEOUS PROVISIONS

4 SECTION 5001. OTHER SUBJECTS OF TAXATION.

5 NO SCHOOL DISTRICT WHICH HAS NOT ALREADY MADE AN ELECTION TO
6 ADOPT THE PROVISIONS OF 53 PA.C.S. CH. 87 (RELATING TO OTHER
7 SUBJECTS OF TAXATION) MAY MAKE AN ELECTION TO DO SO AFTER THE
8 EFFECTIVE DATE OF THIS SECTION.

9 SECTION 5002. APPROPRIATION.

10 THE SUM OF \$3,000,000, OR AS MUCH THEREOF AS MAY BE
11 NECESSARY, IS HEREBY APPROPRIATED FROM THE PROPERTY TAX RELIEF
12 RESERVE FUND TO THE DEPARTMENT OF COMMUNITY AND ECONOMIC
13 DEVELOPMENT FOR THE PURPOSE OF MAKING ONE-TIME TRANSITION GRANTS
14 TO COUNTIES OTHER THAN COUNTIES OF THE FIRST CLASS FOR COSTS
15 ASSOCIATED WITH IMPLEMENTING THE HOMEOWNER TAX RELIEF ACT.
16 GRANTS SHALL BE MADE PURSUANT TO GUIDELINES ADOPTED BY THE
17 DEPARTMENT AND SHALL BE LIMITED TO FUNDS APPROPRIATED FOR THIS
18 PURPOSE. THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
19 SHALL NOT DRAW A WARRANT UPON THE STATE TREASURER FOR THIS
20 APPROPRIATION UNTIL THE STATE TREASURER CERTIFIES THAT THE
21 PROPERTY TAX RELIEF RESERVE FUND HAS AT LEAST A \$3,000,000
22 BALANCE.

23 SECTION 5003. EFFECTIVE DATE.

24 THIS ACT SHALL TAKE EFFECT IN 60 DAYS.