

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1600 Session of  
2007

INTRODUCED BY LEVDANSKY, SCAVELLO, SIPTROTH, McCALL, ARGALL,  
DeWEESE, KESSLER, SEIP, GALLOWAY, GIBBONS, PEIFER, SANTONI,  
VULAKOVICH, YOUNGBLOOD, BEYER, BIANCUCCI, BRENNAN, BUXTON,  
CALTAGIRONE, CARROLL, CURRY, DALLY, DePASQUALE, DERMODY,  
FLECK, GERGELY, GILLESPIE, GOODMAN, HALUSKA, HERSHEY,  
HORNAMAN, KORTZ, KOTIK, MACKERETH, MAHONEY, MANTZ, R. MILLER,  
PETRONE, PRESTON, READSHAW, SAYLOR, K. SMITH, STABACK, SURRA,  
THOMAS, WALKO, WATSON AND YUDICHAK, JULY 17, 2007

REFERRED TO COMMITTEE ON FINANCE, JULY 17, 2007

AN ACT

1 Providing for supplemental State-funded tax relief; and  
2 establishing the Personal Income Tax Surcharge Fund.

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

5 CHAPTER 1

6 PRELIMINARY PROVISIONS

7 Section 101. Short title.

8 This act shall be known and may be cited as the Supplemental  
9 Homeowner Property Tax Relief Act.

10 Section 102. Definitions.

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

14 "Average daily membership." As used in the act of March 10,  
15 1949 (P.L.30, No.14), known as the Public School Code of 1949.

1 "Department." The Department of Education of the  
2 Commonwealth.

3 "Equalized millage." The term shall have the same usage as  
4 defined in section 2501(9.2) of the act of March 10, 1949  
5 (P.L.30, No.14), known as the Public School Code of 1949.

6 "Farmstead." As defined in 53 Pa.C.S. § 8582 (relating to  
7 definitions).

8 "Fund." The Personal Income Tax Surcharge Fund.

9 "Homestead." As defined in 53 Pa.C.S. § 8401 (relating to  
10 definitions).

11 "Real property tax liability." The assessed value of the  
12 real property of the taxpayer multiplied by the millage rate of  
13 the school district.

14 "School district." A school district of the first class,  
15 first class A, second class, third class or fourth class.

16 "School district of the first class." Includes the governing  
17 body of a city of the first class.

18 "Secretary." The Secretary of the Budget of the  
19 Commonwealth.

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

22 "Taxpayer." A person required to pay a real property tax.

23 CHAPTER 3

24 PERSONAL INCOME TAX SURCHARGE FUND

25 Section 301. Establishment.

26 There is hereby established in the State Treasury a  
27 restricted receipts account to be known as the Personal Income  
28 Tax Surcharge Fund.

29 Section 302. Nonlapse.

30 The money in the fund is continuously appropriated to the

1 fund and shall not lapse at the end of any fiscal year.

2 CHAPTER 5

3 STATE TAXATION

4 Section 501. Sales and use surtax.

5 In addition to the tax imposed under Article II of the Tax  
6 Reform Code, there shall be a surtax equal to .5% imposed on the  
7 purchase price of property and services subject to taxation  
8 under Article II of the Tax Reform Code. The surtax shall be in  
9 addition to the tax imposed under Article II of the Tax Reform  
10 Code.

11 Section 502. Construction.

12 The sales and use surtax imposed by this chapter shall be in  
13 addition to any tax imposed under Article II of the Tax Reform  
14 Code. The provisions of Article II of the Tax Reform Code shall  
15 apply to the definitions, imposition and implementation of the  
16 surtax.

17 Section 503. Computation of sales and use tax.

18 Within 30 days of the effective date of this section, the  
19 Department of Revenue shall establish a schedule for the  
20 computation of the State sales and use tax and the State sales  
21 and use surtax as established under this chapter. The Department  
22 of Revenue shall publish the schedule providing for the  
23 computation of the State sales and use tax and the State sales  
24 and use surtax in the next succeeding publication of the  
25 Pennsylvania Bulletin following establishment of the schedule.

26 Section 504. Personal income surtax.

27 In addition to the tax imposed under Article III of the Tax  
28 Reform Code, there shall be a surtax equal to 0.22% imposed on  
29 the taxable income of resident and nonresident individuals as  
30 provided for under Article III of the Tax Reform Code. The

1   surtax shall be in addition to the tax imposed under Article III  
2   of the Tax Reform Code.

3   Section 505.   Construction.

4       The personal income surtax imposed by this chapter shall be  
5   in addition to any tax imposed under Article III of the Tax  
6   Reform Code. The provisions of Article III of the Tax Reform  
7   Code shall apply to the definitions, imposition and  
8   implementation of the surtax.

9   Section 506.   Notification of personal income surtax.

10       The Department of Revenue shall publish the personal income  
11   tax rate along with the personal income surtax rate in the next  
12   succeeding publication of the Pennsylvania Bulletin following  
13   the effective date of this section.

14   Section 507.   Transfer to fund.

15       (a)   Personal income surtax revenues.--Within 30 days of the  
16   close of any calendar month, all revenue generated in the  
17   previous month from the personal income surtax imposed under  
18   this chapter shall be transferred to the fund.

19       (b)   Sales and use surtax revenues.--Within 30 days of the  
20   close of any calendar month, all revenue generated in the  
21   previous month from the sales and use surtax imposed under this  
22   chapter shall be transferred to the Property Tax Relief Fund  
23   established in the State Treasury.

24   CHAPTER 7

25   FORMULA

26   Section 701.   Certification.

27       (a)   Initial.--By February 15, 2008, the secretary shall  
28   certify the total amount of revenue that is reasonably projected  
29   to be deposited into the fund for the period through June 30,  
30   2009.

1 (b) Annual.--Beginning by February 15, 2009, and each  
2 February 15 thereafter, the secretary shall certify the total  
3 amount of revenue that is reasonably expected to be deposited  
4 into the fund during the immediately following fiscal year.

5 (c) Excess.--If the actual revenue deposited into the fund  
6 in any one fiscal year exceeds the amount certified in this  
7 section, any revenue in excess of projections shall remain in  
8 the fund and shall be included in the certification for the  
9 subsequent fiscal year.

10 (d) Shortage.--If the actual revenue deposited into the fund  
11 in any one fiscal year is less than the amount certified in this  
12 section, the amount certified for the subsequent fiscal year  
13 shall be reduced by the difference between the amount certified  
14 and the actual revenue deposited.

15 Section 702. Notification.

16 By February 20, 2008, and each February 20 thereafter, the  
17 secretary shall notify the department of the amount certified  
18 pursuant to section 701 for calculation of the allocation for  
19 each school district under section 703.

20 Section 703. State allocation.

21 (a) Calculation.--The department shall calculate the State  
22 allocation pursuant to this chapter for each school district as  
23 follows:

24 (1) For the 2008-2009 fiscal year:

25 (i) Multiply the school district's 2005-2006 average  
26 daily membership by the school district's 2005-2006  
27 equalized millage.

28 (ii) Multiply the product under subparagraph (i) by  
29 the dollar amount necessary to allocate all of the money  
30 in the fund as certified under section 701.

1 (2) For subsequent fiscal years:

2 (i) Multiply the school district's average daily  
3 membership for the third fiscal year immediately  
4 preceding the fiscal year for which the allocation is  
5 being made by the school district's equalized millage for  
6 the third fiscal year immediately preceding the fiscal  
7 year for which the allocation is being made.

8 (ii) Multiply the product under subparagraph (i) by  
9 the dollar amount necessary to allocate all of the money  
10 in the fund as certified under section 701.

11 (b) Notice.--By March 15, 2008, and each March 15  
12 thereafter, the department shall notify each school district of  
13 the amount of the State allocation it is eligible to receive.

14 (c) Payment.--For each fiscal year commencing after June 30,  
15 2008, the department shall pay from the fund to each school  
16 district a State allocation, which shall be divided into two  
17 payments. The first payment, which shall be equal to 80% of the  
18 district's State allocation, shall be made on the last Thursday  
19 of August. The second payment, which shall equal the remainder  
20 of the State allocation, shall be made on the last Thursday of  
21 October.

22 (d) Cities of the first class.--In accordance with 53  
23 Pa.C.S. § 8584 (relating to administration and procedure), the  
24 State allocation for a school district of the first class shall  
25 be paid by the department to a city of the first class for use  
26 by the city for homestead and farmstead exclusions.

27 CHAPTER 9

28 HOMESTEAD AND FARMSTEAD EXCLUSION

29 Section 901. Homestead and farmstead exclusion process.

30 (a) Calculation.--Each year in which a school district

1 receives a local property tax reduction allocation pursuant to  
2 this act, the school district shall calculate a homestead and  
3 farmstead exclusion which is equal to the lesser of:

4 (1) the maximum amount of homestead or farmstead  
5 exclusion authorized by 53 Pa.C.S. § 8586 (relating to  
6 limitations); or

7 (2) the amount of State allocation the district is  
8 eligible to receive.

9 (b) Resolution.--The school district shall adopt a  
10 resolution implementing the homestead and farmstead exclusion  
11 calculated under subsection (a). The resolution shall state the  
12 maximum amount of homestead or farmstead exclusion an owner of a  
13 homestead or farmstead may receive. A resolution may not  
14 authorize a homestead or farmstead exclusion which exceeds the  
15 amount authorized by 53 Pa.C.S. § 8586.

16 Section 902. School district tax notices.

17 (a) Tax notice.--School districts shall itemize the  
18 homestead and farmstead exclusion on tax bills sent to homestead  
19 and farmstead owners, indicating the original amount of real  
20 property tax liability, the amount of the exclusion and the net  
21 amount of tax due after the exclusion is applied. The tax bill  
22 shall be easily understandable and include a notice pursuant to  
23 subsection (b).

24 (b) Notice of property tax relief.--School districts shall  
25 include with the homestead or farmstead owner's tax bill a  
26 notice that the tax bill includes a homestead or farmstead  
27 exclusion.

## 28 CHAPTER 11

### 29 DEBT

30 Section 1101. Borrowing.

1 Tax anticipation notes may be issued under Article XVI-A of  
2 the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal  
3 Code, in anticipation of revenue under this act which is  
4 authorized to be transferred to the fund under section 507.

5 CHAPTER 52

6 MISCELLANEOUS PROVISIONS

7 Section 5201. Effective date.

8 This act shall take effect as follows:

9 (1) Sections 501, 502 and 503 shall take effect  
10 September 1, 2007.

11 (2) Sections 504, 505 and 506 shall take effect January  
12 1, 2008.

13 (3) The remainder of this act shall take effect  
14 immediately.