THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2082 Session of 2007

INTRODUCED BY NICKOL, ARGALL, BOYD, CAPPELLI, CARROLL,
    DePASQUALE, GEIST, GILLESPIE, GINGRICH, GODSHALL, HENNESSEY,
    HERSHEY, HESS, McILVAINE SMITH, R. MILLER, MOYER, PEIFER,
    PETRONE, PHILLIPS, REICHLEY, ROSS, RUBLEY, SAYLOR, SCAVELLO,
    SIPTROTH, SONNEY, STEIL, TURZAI AND WATSON, DECEMBER 4, 2007

REFERRED TO COMMITTEE ON FINANCE, DECEMBER 4, 2007

AN ACT

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 1  Amending the act of June 27, 2006 (1st Sp.Sess., P.L.1873,
 2     No.1), entitled "An act providing for taxation by school
 3     districts, for the State funds formula, for tax relief in
 4     first class cities, for school district choice and voter
 5     participation, for other school district options and for a
 6     task force on school cost reduction; making an appropriation;
 7     prohibiting prior authorized taxation; providing for
 8     installment payment of taxes; restricting the power of
 9     certain school districts to levy, assess and collect taxes;
10     and making related repeals," further providing for State
11     property tax reduction allocation and for school district
12     choice.

13     The General Assembly of the Commonwealth of Pennsylvania

14  hereby enacts as follows:

15     Section 1.  Sections 505 and 903 of the act of June 27, 2006

16  (1st Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief

17  Act, are amended to read:

18  Section 505.  State property tax reduction allocation.

19     (a)  [Administration.--The] Duty of department.--The

20  department shall annually calculate a State property tax

21  reduction allocation as provided under subsections (a.1) and
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1   (a.2).

2   (a.1) Initial administration.--For the purposes of applying

3   the certification made by the secretary that is required to be

4   made by April 15, 2008, under section 503(a), the department

5   shall do all of the following:

6   (1) Array the [2002] 2005 personal income valuation

7   divided by the [2003-2004] 2006-2007 average daily

8   membership, the [2004-2005] 2006-2007 market value/income aid

9   ratio, the [2002-2003] 2006-2007 equalized millage and the

10   [2002-2003] 2006-2007 school tax ratio of each school

11   district in rank order and assign each school district a

12   discreet numerical rank for its personal income valuation per

13   average daily membership, its market value/income aid ratio,

14   its equalized millage and its school tax ratio. For the

15   numerical rank of a school district's personal income

16   valuation per average daily membership, the school district

17   with the lowest personal income valuation per average daily

18   membership shall have the highest numerical rank. For the

19   numerical rank of a school district's market value/income aid

20   ratio, the school district with the highest market

21   value/income aid ratio shall have the highest numerical rank,

22   provided that all school districts with a market value/income

23   aid ratio equal to 0.15 shall receive a ranking of 1. For the

24   numerical rank of a school district's equalized millage, the

25   school district with the highest equalized millage shall have

26   the highest numerical rank. For the numerical rank of a

27   school district's school tax ratio, the school district with

28   the highest school tax ratio shall have the highest numerical

29   rank.

30   (2) Assign each school district a property tax reduction

1   index.

2   (3) If the department receives authorization under

3   section 503(d), allocate the property tax reduction for each

4   school district as follows:

5   (i) Calculate the property tax reduction allocation

6   as follows:

7   (A) Multiply the school district's [2003-2004]

8   2006-2007 average daily membership by the school

9   district's property tax reduction index.

10   (B) Multiply the product under clause (A) by the

11   dollar amount necessary to allocate all of the money

12   available for distribution under section 503(e). If

13   the amount for distribution under section 503(e) is

14   less than $750,000,000, the dollar amount shall be

15   the dollar amount necessary to allocate $750,000,000.

16   (C) If applicable, provide for the allocation

17   minimum or allocation maximum under subparagraph (ii)

18   or (iii).

19   (ii) If the sum of the allocation under this

20   paragraph and the estimated local revenue calculation

21   certified under section 503(b) is less than the product

22   of the residential property taxes collected during the

23   [2001-2002] 2006-2007 fiscal year and the allocation

24   minimum for a school district, the school district shall

25   receive an additional amount so that the sum of the total

26   allocation under this paragraph and the estimated local

27   revenue calculation certified under section 503(b) is

28   equal to the product of the residential property taxes

29   collected during the [2001-2002] 2006-2007 fiscal year

30   and the allocation minimum.

1   (iii) Except as set forth in subsection (c), if the

2   sum of the total allocation under this paragraph and the

3   estimated local revenue calculation certified under

4   section 503(b) is greater than the product of the

5   residential property taxes collected during the [2001-

6   2002] 2006-2007 fiscal year and the allocation maximum

7   for a school district, the school district shall receive

8   a total allocation such that the sum of the total

9   allocation and the estimated local revenue calculation

10   certified under section 503(b) is equal to the product of

11   the residential property taxes collected during the

12   [2001-2002] 2006-2007 fiscal year and the allocation

13   maximum.

14   (iv) If the amount for distribution under section

15   503(e) is less than $750,000,000, each school district

16   shall receive a pro rata share of the property tax

17   reduction allocation calculated under this paragraph at

18     $750,000,000.

19   (4) Notify each school district of the amount of its

20 property tax reduction allocation no later than May 1 of each

21 year.

22 (a.2) Subsequent annual administration.--For the purposes of

23 applying the certification made by the secretary under section

24 503(a) which is required to be made by April 15, 2009, and each

25 April 15 thereafter, the department shall do all of the

26 following:

27   (1) Array the personal income valuation for the second

28 calendar year immediately prior to the most recently ended

29 calendar year divided by the average daily membership for the

30 most recently completed fiscal year, the market value/income

1 aid ratio for the most recently completed fiscal year, the

2 equalized millage for the most recently completed fiscal year

3 and the school tax ratio of each school district in rank

4 order and assign each school district a discrete numerical

5 rank for its personal income valuation per average daily

6 membership, its market value/income aid ratio, its equalized

7 millage and its school tax ratio. For the numerical rank of a

8 school district's personal income valuation per average daily

9 membership, the school district with the lowest personal

10 income valuation per average daily membership shall have the

11 highest numerical rank. For the numerical rank of a school

12 district's market value/income aid ratio, the school district

13 with the highest market value/income aid ratio shall have the

14 highest numerical rank, provided that all school districts

15 with a market value/income aid ratio equal to 0.15 shall

16 receive a ranking of 1. For the numerical rank of a school

17 district's equalized millage, the school district with the

18 highest equalized millage shall have the highest numerical

19 rank. For the numerical rank of a school district's school

20 tax ratio, the school district with the highest school tax

21 ratio shall have the highest numerical rank.

22   (2) Assign each school district a property tax reduction

23 index.

24   (3) If the department receives authorization under

25 section 503(d), allocate the property tax reduction for each

26 school district as follows:

27   (i) Calculate the property tax reduction allocation

28   as follows:

29   (A) Multiply the school district's average daily

30   membership for the most recently completed fiscal

1	year by the school district's property tax reduction
2	index.
3	(B) Multiply the product under clause (A) by the
4	dollar amount necessary to allocate all of the money
5	available for distribution under section 503(e). If
6	the amount for distribution under section 503(e) is
7	less than $750,000,000, the dollar amount shall be
8	the dollar amount necessary to allocate $750,000,000.
9	(C) If applicable, provide for the allocation
10	minimum or allocation maximum under subparagraph (ii)
11	or (iii).
12	(ii) If the sum of the allocation under this
13	paragraph and the estimated local revenue calculation
14	certified under section 503(b) is less than the product
15	of the residential property taxes collected during the
16	most recently completed fiscal year and the allocation
17	minimum for a school district, the school district shall
18	receive an additional amount so that the sum of the total
19	allocation under this paragraph and the estimated local
20	revenue calculation certified under section 503(b) is
21	equal to the product of the residential property taxes
22	collected during the most recently completed fiscal year
23	and the allocation minimum.
24	(iii) Except as set forth in subsection (c), if the
25	sum of the total allocation under this paragraph and the
26	estimated local revenue calculation certified under
27	section 503(b) is greater than the product of the
28	residential property taxes collected during the most
29	recently completed fiscal year and the allocation maximum
30	for a school district, the school district shall receive

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 1            a total allocation such that the sum of the total

 2            allocation and the estimated local revenue calculation

 3            certified under section 503(b) is equal to the product of

 4            the residential property taxes collected during the most

 5            recently completed fiscal year and the allocation

 6            maximum.

 7                (iv)  If the amount of distribution under section

 8            503(e) is less than $750,000,000, each school district

 9            shall receive a pro rata share of the property tax

10            reduction allocation calculated under this paragraph at

11            $750,000,000.

12            (4)  Notify each school district of the amount of its

13       property tax reduction allocation no later than May 1 of each

14       year.

15       (b)  Payment.--For the fiscal year commencing July 1, 2006,

16  and July 1 of each fiscal year thereafter, except as set forth

17  in subsection (c), the department shall pay to each eligible

18  school district a property tax reduction allocation equal to the

19  amount calculated under subsection [(a)(3)] (a.1)(3) or

20  (a.2)(3). The property tax reduction allocation shall be divided

21  into two equal payments, which shall be made on the fourth

22  Thursday of August and the fourth Thursday of October. Each

23  school district shall be eligible to receive a property tax

24  reduction allocation under this section unless its board of

25  school directors takes action under section 903.

26       (c)  First class school districts.--The property tax

27  reduction allocation for a school district of the first class

28  shall be paid by the department to a city of the first class.

29  The limitations set forth in subsection [(a)(3)(iii)]

30  (a.1)(3)(iii) or (a.2)(3)(iii) shall not apply to the
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1   calculation of the property tax reduction allocation for a

2   school district of the first class.

3   (d) Reduction of wage taxes in a city of the first class.--A

4   city council of a city of the first class shall reduce any tax

5   imposed on the wages of residents and nonresidents under the

6   authority of the act of August 5, 1932 (Sp.Sess., P.L.45,

7   No.45), referred to as the Sterling Act, in a manner consistent

8   with Chapter 7 and in accordance with the following:

9   (1) For residents, by an amount equal to the amount of

10   the property tax reduction allocation received from the

11   Commonwealth pursuant to subsection (b) in an amount not to

12   exceed the limitations set forth in subsection [(a)(3)(iii)]

13   (a.1)(3)(iii) or (a.2)(3)(iii) had such limitations applied.

14   (2) For nonresidents, by any amount equal to the amount

15   of the property tax reduction allocation received from the

16   Commonwealth pursuant to subsection (b) in excess of the

17   limitations set forth in subsection [(a)(3)(iii)]

18   (a.1)(3)(iii) or (a.2)(3)(iii) had such limitations applied.

19   (3) If the amount for distribution under section 503(e)

20   is less than $750,000,000, the tax reductions under

21   paragraphs (1) and (2) shall be a pro rata share of the

22   property tax reduction allocation to a school district of the

23   first class calculated under subsection [(a)] (a.1) or (a.2)

24   at $750,000,000.

25   Section 903. School district choice.

26   (a) General rule.--Within 30 days of receipt of the notice

27   required under section [505(a)(4)] 505(a.1) or (a.2), a board of

28   school directors of a school district, except a school district

29   of the first class, may by resolution reject the property tax

30   reduction allocation provided to the school district pursuant to

1 Chapter 5.

2   (b) Notice to department.--Within five days after adopting

3 the resolution, the board of school directors shall notify the

4 department in a form and manner prescribed by the department.

5   (c) Effect of resolution.--A school district that adopts a

6 resolution pursuant to subsection (a) shall be ineligible to

7 receive a property tax reduction allocation pursuant to Chapter

8 5 for the upcoming fiscal year, and the school district's

9 property tax reduction allocation shall be deposited into the

10 Property Tax Relief Reserve Fund.

11   Section 2. This act shall take effect immediately.