
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2523 Session of
2018

INTRODUCED BY EMRICK, B. O'NEILL, SCHLEGEL CULVER, DAY, GROVE,
MACKENZIE, MILLARD, B. MILLER, RADER, ROTHMAN, RYAN, SAYLOR,
TOOHIL, WHEELAND, HEFFLEY AND COX, JUNE 21, 2018

REFERRED TO COMMITTEE ON FINANCE, JUNE 21, 2018

AN ACT

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," making editorial changes to
11 incorrect references.

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

14 Section 1. The definitions of "domicile," "earned income"
15 and "net profits" in section 302 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 302. Definitions.

19 The following words and phrases when used in this chapter
20 shall have the meanings given to them in this section unless the
21 context clearly indicates otherwise:

22 * * *

1 "Domicile." As defined in section [13] 501 of the act of
2 December 31, 1965 (P.L.1257, No.511), known as The Local Tax
3 Enabling Act.

4 "Earned income." As defined in section [13] 501 of the act
5 of December 31, 1965 (P.L.1257, No.511), known as The Local Tax
6 Enabling Act.

7 * * *

8 "Net profits." As defined in section [13] 501 of the act of
9 December 31, 1965 (P.L.1257, No.511), known as The Local Tax
10 Enabling Act.

11 * * *

12 Section 2. Sections 304(a), 322(a), 323(a), 326(1),
13 331.2(b), 332(b)(1), 334(c)(2) and 5005(2) of the act are
14 amended to read:

15 Section 304. Certain rates of taxation limited.

16 (a) Municipal rates.--If a municipality and school district
17 both impose an earned income and net profits tax on the same
18 individual under the Local Tax Enabling Act and are limited to
19 or have agreed upon a division of the tax rate in accordance
20 with section [8] 311 of the Local Tax Enabling Act, the
21 municipality shall remain subject to that limitation or
22 agreement in the event that the school district opts to impose
23 or increase an earned income and net profits tax authorized
24 under section 321(b) or a personal income tax authorized under
25 section 321(c). Nothing in this chapter shall be construed to
26 authorize a municipality to raise the rate of earned income and
27 net profits tax above the rate it levied under the previously
28 agreed upon division if a school district imposes or increases a
29 personal income tax under Subchapter C.

30 * * *

1 Section 322. Collections.

2 (a) Designation of tax collector.--A board of school
3 directors imposing an income tax under this chapter shall
4 designate a tax officer under section [10] 313 of the Local Tax
5 Enabling Act, or otherwise by law, as the collector of the tax.
6 In the performance of the tax collection duties under this
7 subchapter, the designated tax officer shall have all the same
8 powers, rights, responsibilities and duties for the collection
9 of the taxes which may be imposed under the Local Tax Enabling
10 Act, 53 Pa.C.S. Ch. 84 Subch. C (relating to local taxpayers
11 bill of rights) or as otherwise provided by law.

12 * * *

13 Section 323. Credits.

14 (a) Credit.--Except as set forth in subsection (b), the
15 provisions of section [14] 317 of the Local Tax Enabling Act
16 shall be applied by a board of school directors to determine any
17 credits applicable to a tax imposed under section 321(b) or (c).

18 * * *

19 Section 326. Regulations.

20 A school district that imposes:

21 (1) an earned income and net profits tax authorized
22 under section 321(b) shall be subject to [section 13] Chapter
23 5 of the Local Tax Enabling Act and may adopt procedures for
24 the processing of claims for credits or exemptions under
25 sections 323, 324 and 325; or

26 * * *

27 Section 331.2. 2007 referendum.

28 * * *

29 (b) Adoption of resolution.--No later than March 13, 2007, a
30 school district subject to this section shall adopt a resolution

1 authorizing the referendum question required under subsection
2 (a). The board of school directors shall give public notice of
3 its intent to adopt the resolution in the manner provided for in
4 section [4] 306 of the Local Tax Enabling Act and must conduct
5 at least one public hearing on the resolution.

6 * * *

7 Section 332. Adoption of further referendum.

8 * * *

9 (b) Submittal of referendum.--

10 (1) A board of school directors may submit, at a
11 municipal election, a referendum question to the electors of
12 the school district seeking voter approval allowing the
13 school district to levy, assess and collect an earned income
14 and net profits tax or a personal income tax for the purpose
15 of annually funding homestead and farmstead exclusions or
16 millage reductions in certain circumstances. Prior to placing
17 a referendum question on the ballot, the board of school
18 directors must adopt a resolution pursuant to this section.
19 The board of school directors must give public notice of its
20 intent to adopt the resolution in the manner provided by
21 section [4] 306 of the Local Tax Enabling Act and must
22 conduct at least one public hearing on the resolution.

23 * * *

24 Section 334. Disposition of income tax revenue and property tax
25 reduction allocations.

26 * * *

27 (c) Property tax reduction allocations.--

28 * * *

29 (2) Notwithstanding the provisions of paragraph (1), a
30 school district coterminous with a city of the second class A

1 may use up to 50% of the property tax reduction allocation
2 received under section 505 to reduce the rate of the earned
3 income and net profits tax levied by the school district
4 pursuant to any other act. If a board of school directors
5 elects to reduce the rate of earned income and net profits
6 tax pursuant to this paragraph, it shall adopt a resolution
7 reducing the rate of earned income and net profits tax no
8 later than the last day of the fiscal year immediately
9 preceding the fiscal year in which the new earned income and
10 net profits tax rate shall take effect. The board shall give
11 public notice of its intent to adopt the resolution in the
12 manner provided by section [4] 306 of the Local Tax Enabling
13 Act and shall conduct at least one public hearing on the
14 resolution. Any portion of the property tax reduction
15 allocation not used to reduce the rate of the earned income
16 and net profits tax shall be used as prescribed in paragraph
17 (1).

18 Section 5005. Repeals.

19 Repeals are as follows:

20 * * *

21 (2) Section [9] 312 of the act of December 31, 1965
22 (P.L.1257, No.511), known as The Local Tax Enabling Act, is
23 repealed insofar as it is inconsistent with the provisions of
24 section 351.

25 * * *

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