

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 950 Session of
1995INTRODUCED BY SERAFINI, THOMAS, TRELLO, YOUNGBLOOD, CIVERA,
DALEY AND STABACK, MARCH 1, 1995AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,
FEBRUARY 7, 1996

AN ACT

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

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

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

18 Section 123. Powers and duties of municipalities.

19 * * *

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

21 (1) After a municipality has adopted a plan under
22 Subchapter C of Chapter 2, it may petition the court of

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

4 (2) If a tax increase above existing limits is granted
5 by the courts, the increase shall be effective for a period
6 of one year. [from the date a final plan is adopted by the
7 governing body pursuant to section 245.] The one-year
8 increase shall run from the date specified in the petition
9 filed with the court, or if no such date is specified, from
10 the beginning of the current fiscal year of the municipality.
11 Subsequent increases in rates of taxation may be granted by
12 the court upon annual petition of the municipality. The
13 additional amount of taxes resulting from the petition shall
14 not be subject to sharing with a school district.

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

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

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

approval of a court, local electors or any collective bargaining unit; and

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

Section 141. Jurisdiction of court of common pleas.

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

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

Section 2. This act shall apply to petitions to increase rates of taxation that relate to tax years beginning after the

1 effective date of this act.

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