

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 41

Session of
2003

INTRODUCED BY STEIL, GRUCELA, MELIO, RUBLEY, BASTIAN, CAPPELLI, CORRIGAN, COSTA, CREIGHTON, DAILEY, DALEY, FEESE, FLICK, FREEMAN, GODSHALL, HARHAI, HENNESSEY, HERMAN, HERSHEY, HORSEY, LEH, MARSICO, McNAUGHTON, NAILOR, PIPPY, ROSS, SAYLOR, SCHRODER, B. SMITH, SOLOBAY, R. STEVENSON, TANGRETTI, E. Z. TAYLOR, THOMAS, TIGUE, VANCE, WALKO, WATSON, WILT, WRIGHT, YOUNGBLOOD AND YUDICHAK, JANUARY 29, 2003

REFERRED TO COMMITTEE ON FINANCE, JANUARY 29, 2003

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 tax levies and
6 information related to taxes; authorizing the imposition of
7 personal income taxes by school district; making editorial
8 changes; and making a repeal.

9 The General Assembly of the Commonwealth of Pennsylvania
10 hereby enacts as follows:

11 Section 1. Section 507 of the act of March 10, 1949 (P.L.30,
12 No.14), known as the Public School Code of 1949, amended April
13 27, 1998 (P.L.270, No.46), is amended to read:

14 Section 507. General Powers; Taxation.--In order to
15 establish, enlarge, equip, furnish, operate, and maintain any
16 schools or departments herein provided, or to pay any school
17 indebtedness which any school district is required to pay, or to
18 pay any indebtedness that may at any time hereafter be created

1 by any school district, or to enable it to carry out any
2 provisions of this act, the board of school directors in each
3 school district is hereby vested with all the necessary
4 authority and power annually to levy and collect, in the manner
5 herein provided, the necessary real property taxes, realty
6 transfer taxes and personal income taxes required, in addition
7 to the annual State appropriation, and shall have, and be vested
8 with, all necessary power and authority to comply with and carry
9 out any or all of the provisions of this act. In the case of a
10 school district of the first class, the duties imposed by this
11 section shall apply to a city of the first class that is
12 coterminous with a school district of the first class.

13 Section 2. Section 603 of the act, amended June 2, 1965
14 (P.L.86, No.59) and September 1, 1965 (P.L.433, No.218), is
15 amended to read:

16 Section 603. Only One Annual Tax Levy.--There shall be but
17 one levy of school taxes made in each school district in each
18 year, which shall be assessed, levied, and collected for all the
19 purposes provided in this act, and shall be uniform throughout
20 the territorial limit of each school district, except that
21 those school taxes which school districts are empowered to levy
22 under the authority of the act of June 25, 1947 (P.L.1145), as
23 amended, may be levied at any time during the period authorized
24 for the assessment and levy of any school taxes: Provided, That
25 (1) where two or more school districts have voted to become a
26 union school district in accordance with the provisions of this
27 act and prior to the actual creation of the union school
28 district, the school board members by a majority vote of all the
29 members comprising said school boards shall assess and levy a
30 uniform school tax in all of the districts comprising said union

1 school district for general revenue purposes necessary to
2 operate said union school district commencing the first day of
3 July following the vote establishing said union district, and
4 (2) whenever hereafter a school district of the second, third,
5 or fourth class shall be annexed to and merged in, and become a
6 part of a school district of the first class or first class A,
7 or shall be merged into and become a part of a school district
8 of the first class A as a reorganized district under the
9 provisions of Article II, subdivision (i) of this act, the board
10 of public education of said school district of the first class
11 or first class A shall have power to levy a special school tax
12 on the territory which comprised said annexed and merged school
13 district or on the territory which comprised the school district
14 into and becoming a part of a school district of the first class
15 A as a reorganized district, to provide for the expense and
16 maintenance of the schools thereof from the end of the school
17 year of said annexed and merged or merged by force of
18 reorganization school district to the beginning of the next
19 school year in said school district of the first class or first
20 class A, and to provide for and pay the floating indebtedness of
21 said annexed and merged or merged by force of reorganization
22 school district. Said levy shall not exceed one-half of the last
23 previous total annual millage levied by said school district of
24 the first class or first class A.]

25 Section 3. Section 631 of the act, amended December 6, 1972
26 (P.L.1445, No.323), is amended to read:

27 Section 631. Power to Incur Debt; Limitations.--The board of
28 school directors in any school district may, in any year, create
29 and incur an indebtedness against such school district and issue
30 bonds to secure the same, payable as provided by [the act of

1 July 12, 1972 (Act No.185), known as the "Local Government Unit
2 Debt Act,"] 53 Pa.C.S. Pt. VII, Subpt. B (relating to
3 indebtedness and borrowing) or any amendment or re-enactment
4 thereof, for any or all of the following purposes:

5 (1) To purchase or acquire proper sites, buildings or
6 grounds for school use, or any lands additional to any existing
7 school sites or grounds;

8 (2) To erect, enlarge, equip or furnish any building for
9 school use;

10 (3) To repair, remodel or rebuild any building of the school
11 district;

12 (3.1) To lease for an extended period building facilities or
13 portions of buildings constructed for school use and/or existing
14 building facilities or portions of existing building facilities
15 altered for school use;

16 (4) To purchase school buses;

17 (5) To pay any indebtedness incurred by any municipality for
18 or on account of the school district or for school purposes, and
19 required by this act to be assumed by the school district;

20 (6) To pay any refund of taxes decreed by an order of court;

21 (7) To refund certain bonds, as hereinafter provided;

22 (8) To fund floating indebtedness incurred for current
23 expenses and debt service;

24 (9) To fund temporary indebtedness incurred for permanent
25 improvements, or in anticipation of proceeds from a bond issue;

26 (10) To purchase or acquire buildings for school use.

27 The indebtedness of any school district shall never exceed
28 fifteen (15) per centum of the last assessed valuation of
29 property taxable for school purposes therein.

30 Section 4. Section 632 of the act, reenacted and amended

1 March 16, 1967 (P.L.9, No.3), is amended to read:

2 [Section 632. Assent of Electors; When Necessary and When
3 Not Necessary.--The assent of the electors shall be required in
4 all school districts of the second, third and fourth class, to
5 issue bonds which will incur any new debt or increase the
6 indebtedness to an amount in excess of five (5) per centum of
7 the assessed valuation of property taxable for school purposes
8 therein. The assent of the electors shall be required in school
9 districts of the first class and first class A to issue bonds
10 which will incur any new debt or increase the indebtedness to an
11 amount in excess of five (5) per centum of the assessed
12 valuation of property taxable for school purposes therein. The
13 board of school directors of any school district of the first,
14 first class A, second, third, or fourth class shall have
15 authority, without the assent of the electors, to issue bonds
16 which will incur upon its own authority any amount of such
17 indebtedness not in excess of five (5) per centum of the last
18 assessed valuation of property taxable for school purposes
19 therein.

20 If the amount of bonds of any bond issue maturing in any
21 single year is in excess of five percent of the total amount of
22 such bond issue, the amount in excess of five percent of such
23 bond issue may be refunded by the board of school directors of
24 any school district, upon its own authority, without submitting
25 any such refunding bond issue to a vote of the electors.

26 Any school district which calls bonds for payment prior to
27 the date of maturity may issue bonds for the purpose of paying
28 any or all such bonds as may be called for payment. All bonds
29 issued for the purpose of refunding bonds shall be issued as
30 hereinbefore provided for the issuing of such bonds.]

1 Section 5. Section 652 of the act, amended August 5, 1977
2 (P.L.178, No.46), is amended to read:

3 Section 652. Tax Levy; Purposes; Limitations.--In all school
4 districts of the first class the school taxes for the following
5 fiscal year shall be levied annually[, by the board of public
6 education thereof,] on or after the second Monday of November
7 and before the first Monday of December following. In all school
8 districts of the first class A the school taxes for the
9 following fiscal year shall be levied annually by the board of
10 public education on or after the first Monday of December and
11 before the end of the current fiscal year. [The board of public
12 education thereof shall annually levy a tax on each dollar of
13 the total assessments of all property assessed and certified for
14 taxation in said district, which tax shall be ascertained,
15 determined, and fixed by adding together the following:

16 (1) An amount which, with all moneys received from the
17 Commonwealth applicable thereto, shall be sufficient to pay the
18 minimum salaries and increments of the teaching and supervisory
19 staff thereof as fixed and provided by law and to pay the
20 contributions of said district to the teachers' retirement
21 system. For the purpose of computing the amount required to pay
22 the minimum salaries and increments fixed by law, but without
23 otherwise limiting the rights of the district to employ teachers
24 or other employes, (i) The number of teachers on the salary
25 schedule of the elementary schools shall not exceed one for
26 every thirty pupils in average daily membership in such schools,
27 (ii) The number of teachers on the salary schedule of the junior
28 high schools shall not exceed one for every twenty-two pupils in
29 average daily membership in such schools, (iii) The number of
30 teachers on the salary schedule of the senior high schools shall

1 not exceed one for every twenty-two pupils in average daily
2 membership in such schools, (iv) The number of teachers with
3 salaries and increments fixed by law, on any salary schedule now
4 established or hereafter established, and not specially
5 mentioned in this act, shall not exceed one for every twenty-two
6 pupils in average daily membership, (v) The number of principals
7 in the elementary schools, and the principals in charge of all
8 other character of schools now established or hereafter
9 established, and not specially mentioned in this act, shall not
10 exceed one for every six hundred pupils in average daily
11 membership in such schools, (vi) The number of principals in the
12 junior and senior high schools shall not exceed one for every
13 twelve hundred pupils in average daily membership in such
14 schools, (vii) The number of supervisors in all schools shall
15 not exceed one for every fifteen hundred pupils in average daily
16 membership, (viii) The number of attendance officers and home
17 and school visitors shall not exceed one for every two thousand
18 pupils in average daily membership in all elementary and
19 secondary schools, (ix) In all adult and extension school
20 classes, the number of teachers shall not exceed one for every
21 twenty pupils in average daily membership in such schools.

22 The salary and increments, fixed by law, of members of the
23 teaching and supervisory staff whose number is not in some
24 manner limited hereby, shall not be included within the purposes
25 authorized by clause (1) of this section, but shall be construed
26 and regarded as constituting expenses within the meaning of
27 clause (3) of this section.

28 Average daily membership, as used herein, shall be based upon
29 membership during the preceding school term.

30 (2) An amount sufficient to pay the interest on, and retire

1 at maturity the principal of, the indebtedness of said district
2 incurred as authorized by law.

3 (2.1) An amount sufficient to pay any rentals agreed to be
4 paid to the State Public School Building Authority or any other
5 authority created by the General Assembly, having State-wide
6 jurisdiction.

7 (3) An amount sufficient to pay all other expenses and
8 requirements of said school district, which amount shall be
9 equivalent to not less than three, nor more than five, mills on
10 the dollar of the total assessment of all property assessed and
11 certified for taxation therein.

12 The total annual school tax levy for all purposes in any
13 school district of the first class shall not be more than eleven
14 and three-quarter (11 3/4) mills on the dollar of the total
15 assessment of all property assessed and certified for taxation
16 in the territory constituting the district.]

17 Section 6. Section 652.1 of the act, amended June 25, 1982
18 (P.L.643, No.182), is amended to read:

19 Section 652.1. Taxing Power of Elected Board of Public
20 Education of School Districts of the First Class A.--(a) The
21 elected Board of Public Education in any school district of the
22 first class A shall have authority to impose real property
23 taxes, realty transfer taxes and personal income taxes for the
24 purposes of such school district as provided in section 672. [as
25 follows:

26 (1) Without ordinance and under the following statutes their
27 reenactments and amendments, at the rates fixed therein, namely:

28 (i) Act of June 20, 1947 (P.L.745, No.320), (Mercantile
29 License Tax),

30 (ii) Act of June 20, 1947 (P.L.733, No.319), (Personal

1 Property Tax),

2 (iii) Act of August 24, 1961 (P.L.1135, No.508), (Income
3 Tax),

4 (iv) Real property tax acts:

5 Act of March 10, 1949 (P.L.30, No.14), 11.75 mills,

6 Act of November 30, 1955 (P.L.793, No.226), 1.5 mills,

7 Act of July 12, 1957 (P.L.837, No.386), .75 mills,

8 Act of November 19, 1959 (P.L.1552, No.557), 2 mills,

9 Act of October 21, 1965 (P.L.650, No.321), 1 mill,

10 Act of November 26, 1968 (P.L.1098, No.340), 6 mills,

11 Act of December 15, 1975 (P.L.483, No.143), 6 mills.

12 (2) In addition to the taxing authority set forth in the act
13 of August 24, 1961 (P.L.1135, No.508), (Income Tax), by
14 ordinance, a tax of one per centum (1%) on wages, salaries,
15 commissions and other earned income of individuals: Provided,
16 however, That the total tax levied under the act of August 24,
17 1961 (P.L.1135, No.508) and the total tax levied under this
18 subsection on wages, salaries, commissions and other earned
19 income of individuals may equal but shall not exceed two per
20 centum (2%).

21 (3) In addition to the taxing authority set forth in the
22 real property tax acts referred to in section 652.1(a)(1)(iv),
23 by ordinance a tax, sufficient to meet the school district's
24 anticipated expenses on each dollar of the total assessment of
25 all property assessed and certified for taxation in the
26 territory constituting the district.

27 (4) In addition thereto, by ordinance on any persons,
28 transactions, occupations, privileges, subjects and real or
29 personal property as they shall determine not prohibited by
30 section 2 of the act of December 31, 1965 (P.L.1257, No.511),

1 known as "The Local Tax Enabling Act" and not specifically
2 excluded under paragraph (5) hereof; even if the ordinance
3 imposing such tax or taxes is duplicative of the taxes
4 enumerated in section 652.1(a)(1); but no ordinance shall
5 authorize the imposition of a tax on the wages, salary or net
6 income of any person not a resident of such school district.

7 (5)] (a.1) No tax of any kind may be imposed on admission to
8 places of amusement, athletic events, motion picture theaters,
9 occupations or occupational privilege, gross receipts of
10 businesses, including institutions and nonprofit services, and
11 parking, but this [paragraph] subsection shall not apply to
12 taxes imposed on the whole volume of business transacted by
13 retail and wholesale dealers in goods, wares and merchandise.

14 (b) Any ordinance authorizing a tax, other than under a
15 statute and at the rate fixed thereby, shall fix the rate
16 thereof and provide for the levy, assessment and collection of
17 the same.

18 Section 7. Section 672 of the act, amended or added June 16,
19 1972 (P.L.449, No.138), December 10, 1974 (P.L.914, No.302),
20 February 4, 1982 (P.L.1, No.1) and June 7, 1993 (P.L.49, No.16),
21 is amended to read:

22 Section 672. Tax Levy; Limitations.--(a) In all school
23 districts of the second, third, and fourth class, all school
24 taxes shall be levied and assessed by the board of school
25 directors therein, during the month of February or March or
26 April or May or June each year, for the ensuing fiscal year,
27 except in districts of the second class where the fiscal year
28 begins on the first day of January, in which the school taxes
29 shall be levied and assessed during the month of October or
30 November of each year. [In such school districts the tax rate

1 shall not exceed twenty-five mills on the dollar, on the total
2 amount of the assessed valuation of all property taxable for
3 school purposes therein. Each school district of the second,
4 third or fourth class may also collect a per capita tax on each
5 resident or inhabitant of such district over eighteen years of
6 age, as herein provided.]

7 (b) Boards of school directors of districts of the second,
8 third, and fourth classes are hereby authorized to levy
9 annually[, a tax on each dollar of the total assessment of all
10 property assessed and certified for taxation therein, (1)]:

11 (1) A personal income tax under Article VI-A to pay [up to
12 and including the salaries and increments of the teaching and
13 supervisory staff, (2) to pay rentals due any municipality
14 authority or nonprofit corporation or due the State Public
15 School Building Authority,] only the instructional costs of the
16 school district. For purposes of this section, the phrase
17 "instructional costs" means all costs incurred and related to
18 those activities dealing directly with the interaction between
19 teachers and students which can be directly attributed to a
20 program of instruction. All costs that are not "instructional
21 costs" shall be classified as other costs of the school
22 district.

23 (2) A real property tax on each dollar of the total
24 assessment of all real property assessed and certified for
25 taxation within the school district and a realty transfer tax to
26 pay for all other costs of the school district.

27 (3) [to] To pay interest and principal on any indebtedness
28 incurred pursuant to the act of July 12, 1972 (P.L.781, No.185),
29 known as the "Local Government Unit Debt Act," or any prior or
30 subsequent act governing the incurrence of indebtedness of the

1 school district, which tax shall be unlimited[, and].

2 (4) [to] To pay for the amortization of a bond issue which
3 provided a school building prior to the first Monday of July,
4 1959.

5 (c) The personal income tax levied to pay [salaries and
6 increments of the teaching and supervisory staff] instructional
7 costs shall not be invalidated by reason of the fact that in
8 determining the amount to be raised by such tax [for the payment
9 of salaries and increments] no deduction was made for
10 appropriations or reimbursements paid or payable by the
11 Commonwealth to the School District, [which are applicable
12 directly or indirectly to the salaries and increments. None of
13 said taxes shall be invalidated or affected by reason of the
14 fact that it may increase the total annual school tax levy of
15 any school district beyond the millage fixed or limited by this
16 section.

17 (d) The boards of school directors of all independent school
18 districts in which the board members are elected or appointed by
19 court may, annually, levy a tax as herein authorized, at the
20 same time and in the same manner as other school districts of
21 the same class to which such independent district belongs, in an
22 amount which shall be sufficient with all other taxes imposed by
23 such district to pay the expenses of such district as set forth
24 in subsection (b) of this section and to pay all other expenses
25 and requirements of such district: Provided, That such tax shall
26 not be more than seventy-five (75) mills on the dollar on the
27 total amount of the assessed valuation of all property taxable
28 for school purposes within such district. Each such district may
29 also collect, annually, a per capita tax in an amount of not
30 less than one dollar (\$1) and not more than ten dollars (\$10) on

1 each resident or inhabitant of such district over eighteen (18)
2 years of age.]

3 (e) The board of school directors of any school district of
4 the third class with a coterminous boundary with a third class
5 city may in any year levy separate and different rates of real
6 property taxation for school purposes on all real estate
7 classified as land, exclusive of the buildings thereon, and on
8 all real estate classified as buildings on land. When real
9 [estate] property taxes are so levied, (1) the rates shall be
10 determined annually by a vote of the board of school directors
11 of a school district of the third class based upon passage of
12 the school district's annual budget, (2) the rates may be levied
13 by a school district of the third class: Provided, That (i) the
14 revenue obtained in the first year of the levy is not in excess
15 of one hundred fifteen (115) per centum of the aggregate revenue
16 which the school district collected from a levy on real estate
17 in the prior year, and (ii) in the second and subsequent years,
18 the school district levy on real estate shall not be in excess
19 of the aggregate revenue which a school district is empowered to
20 collect under existing statute, and (3) the rates levied by a
21 school district of the third class shall be uniform as to all
22 real estate within the classification.

23 (f) After reduction of the rate of real property tax imposed
24 by a school district to account for the increase in tax revenue
25 due to the imposition of a personal income tax under Article VI-
26 A, the board of school directors of a school district may
27 increase the rate of the real property tax as long as that rate
28 does not cause local tax revenue, excluding real property taxes
29 to be levied on newly constructed buildings or structures or on
30 increased valuations based on new improvements made to existing

1 houses, to increase by more than the percentage increase in the
2 Statewide average weekly wage in the preceding year. Prior to
3 any increase under this subsection, the board of school
4 directors must certify to the court of common pleas in the
5 judicial district in which the school district is located the
6 estimates of total local tax revenues used in the calculation
7 under this subsection. The court may, on its own motion or on
8 petition of a person having standing under subsection (i),
9 revise the estimates certified by the board of school directors
10 and reduce the allowable increase in the rate of the real
11 property tax under this subsection.

12 (g) The provisions of subsection (c) shall not apply to
13 increases in the rate of tax on real property:

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

20 (2) To implement a court order or an administrative order
21 from a Federal or State agency that requires the expenditure of
22 funds that exceed current available revenues. The rate increase
23 shall be rescinded following fulfillment of the court order or
24 administrative order.

25 (3) To pay interest and principal on any indebtedness
26 incurred under 53 Pa.C.S. Pt. VII Subpt. B (relating to
27 indebtedness and borrowing). However, in no case may a school
28 district incur additional debt under this paragraph, except for
29 the refinancing of existing debt, including the payment of costs
30 and expenses related to such refinancing and the establishment

1 or funding of appropriate debt service reserves. The increase
2 shall be rescinded following the final payment of interest and
3 principal.

4 (4) To respond to conditions that pose an immediate threat
5 of serious physical harm or injury to the students, staff or
6 residents of the school district until the circumstances causing
7 the threat have been fully resolved.

8 (5) Special purpose tax levies approved by the electorate.

9 (6) To maintain per-student local tax revenue in the school
10 district at an amount not exceeding the amount of per-student
11 local tax revenue at the level of the preceding year, adjusted
12 for the percentage increase in the Statewide average weekly
13 wage. This paragraph shall apply only if the percentage growth
14 in student enrollment in the school district between the current
15 fiscal year and the third fiscal year immediately preceding the
16 current fiscal year exceeds 10%. For the purposes of this
17 paragraph, student enrollment shall be measured by average daily
18 membership as defined in this act. For the purposes of this
19 paragraph, per-student local tax revenue shall be determined by
20 dividing local tax revenue by average daily membership.

21 (h) A person shall have standing as a party to a proceeding
22 under this subsection as long as the person resides within or
23 pays real property taxes to the taxing jurisdiction of the
24 school district instituting the action.

25 Section 8. Section 672.2 of the act, added November 20, 1979
26 (P.L.465, No.97), is amended to read:

27 [Section 672.2. School Districts Lying in More Than One
28 County; Tax Levy on Occupations.--(a) Any school district which
29 lies in more than one (1) county and which levies an occupation
30 tax, shall levy such tax uniformly upon each occupational

1 category existing in all counties in which the district lies, at
2 the lowest assessed valuation for each equivalent occupational
3 category as certified to the school district by the counties in
4 which the district lies.

5 (b) This section shall not apply to any school district
6 which levies an occupational assessment tax on the effective
7 date hereof unless the school district by resolution elected to
8 be subject thereto.]

9 Section 9. Section 679 of the act, amended November 26, 1982
10 (P.L.760, No.215), is amended to read:

11 [Section 679. Per Capita Taxes.--Each resident or
12 inhabitant, over eighteen years of age, in every school district
13 of the second, third, and fourth class, which shall levy such
14 tax, shall annually pay, for the use of the school district in
15 which he or she is a resident or inhabitant, a per capita tax of
16 not less than one dollar nor more than five dollars, as may be
17 assessed by the local school district. The tax collector shall
18 not proceed against a spouse or his employer until he has
19 pursued remedies against the delinquent taxpayer and the
20 taxpayer's employer under this section.

21 Each school district may exempt any person whose total income
22 from all sources is less than five thousand dollars per annum
23 from its per capita tax or any portion thereof. The school
24 district may adopt and employ regulations for the processing of
25 claims for the exemption.]

26 Section 10. Section 680 of the act, amended June 16, 1972
27 (P.L.449, No.138), is amended to read:

28 [Section 680. List of Residents for Per Capita Tax
29 Purposes.--(a) In order that the board of school directors of
30 each school district of the second, third, or fourth class may

1 assess, levy, and collect a per capita tax of not less than one
2 dollar nor more than five dollars on each resident or inhabitant
3 over eighteen years of age in the district, it shall be the duty
4 of the proper assessors in each such school district to prepare
5 a list of residents or inhabitants in such school district over
6 eighteen years of age, and return the same with the other
7 taxable property in the district, as provided by law. In each
8 school district all such lists of residents or inhabitants shall
9 be included and certified in the list of taxable property to be
10 certified to the board of school directors in each such school
11 district, as herein provided. Assessors whose assessment
12 district includes the whole or parts of more than one school
13 district shall return separate lists of residents and
14 inhabitants of each such school district.

15 (b) Every resident or inhabitant in any school district,
16 upon attaining eighteen years of age, and every person eighteen
17 years of age or over becoming a resident or inhabitant in any
18 school district, shall, within twelve months after the happening
19 thereof, notify the proper assessors of his becoming of age or
20 becoming a resident or inhabitant. Any person failing, within
21 said period, to notify the assessors of the school district
22 within which he resides, shall, in addition to the tax levied by
23 such school district, be liable to such school district in a
24 penal sum equal to such tax.

25 The board of school directors shall, at the same time as they
26 give public notice of a proposed budget, include a notice of the
27 requirements of this subsection, together with the name and
28 address of the assessor to be notified.]

29 Section 11. Section 680.1 of the act, added October 20, 1988
30 (P.L.827, No.110), is amended to read:

1 [Section 680.1. Temporary Continuance of Tax on Landfill or
2 Resource Recovery Facilities.--Notwithstanding the provisions of
3 the act of July 28, 1988 (P.L.556, No.101), known as the
4 "Municipal Waste Planning, Recycling and Waste Reduction Act,"
5 any school district that initially imposed a tax on a municipal
6 waste landfill or resource recovery facility on or before June
7 30, 1988, but after December 31, 1987, may continue to collect
8 such tax at the rate in effect on July 1, 1988, during the 1988-
9 1989 school year only.]

10 Section 12. The act is amended by adding articles to read:

11 ARTICLE VI-A

12 PERSONAL INCOME TAX

13 Section 601-A. Short title of article.

14 This article shall be known and may be cited as the School
15 District Personal Income Tax Authorization Act.

16 Section 602-A. Definitions.

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

20 "Association." A partnership, limited partnership or other
21 unincorporated group of two or more persons.

22 "Business." An enterprise, activity, profession or other
23 undertaking of an unincorporated nature conducted for profit or
24 ordinarily conducted for profit whether by a person, association
25 or other entity.

26 "Compensation." The classes of income included within the
27 definition of "compensation" set forth in section 301 of the act
28 of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of
29 1971, and upon which are imposed a personal income tax by the
30 Commonwealth.

1 "Corporation." A corporation or joint stock association
2 organized under the laws of the United States or the
3 Commonwealth of Pennsylvania or any other state, territory,
4 foreign country or dependency.

5 "Current year." The calendar year or fiscal year for which
6 the tax is levied.

7 "Department." The Department of Community and Economic
8 Development of the Commonwealth.

9 "Domicile." The place where one lives and has his permanent
10 home and to which he has the intention of returning whenever he
11 is absent. Actual residence is not necessarily domicile because
12 domicile is the fixed place of abode which, in the intention of
13 the taxpayer, is permanent rather than transitory. Domicile is
14 the voluntarily fixed place of habitation of a person, not for a
15 mere special or limited purpose, but with the present intention
16 of making a permanent home, until some event occurs to induce
17 him to adopt some other permanent home. In the case of
18 businesses or associations, the domicile is any place where the
19 business or association is conducting or engaging in a business
20 for profit within a school district.

21 "Employer." A person, association, corporation, governmental
22 unit or other entity employing one or more persons, other than
23 domestic servants for compensation.

24 "Governing body." The board of school directors of a school
25 district.

26 "Net profits." The class of income described as "net
27 profits" in section 303 of the act of March 4, 1971 (P.L.6,
28 No.2), known as the Tax Reform Code of 1971, and upon which is
29 imposed a personal income tax by the Commonwealth.

30 "Nonresident." A person, association or other entity

1 domiciled outside the school district.

2 "Person" or "individual." A natural person.

3 "Personal income." The classes of income enumerated in
4 section 303 of the act of March 4, 1971 (P.L.6, No.2), known as
5 the Tax Reform Code of 1971, and upon which is imposed a
6 personal income tax by the Commonwealth.

7 "Political subdivision." A school district.

8 "Preceding year." The calendar year or fiscal year before
9 the current year.

10 "Register." The register provided for in this article.

11 "Resident." A person, association, corporation or other
12 entity:

13 (1) living in or maintaining a permanent or fixed place
14 of abode in a school district; or

15 (2) conducting or engaging in a business for profit
16 within a school district.

17 "School district." A school district of the first class,
18 first class A, second class, third class or fourth class,
19 including any independent school district.

20 "Succeeding year." The calendar year or fiscal year
21 following the current year.

22 "Tax officer." The person, public employee or private agency
23 designated by a governing body to collect and administer a tax
24 imposed under this article, and the treasurer of a school
25 district of the first class A.

26 "Taxpayer." A person, association or other entity required
27 under this article to file a tax return or to pay a tax.

28 Section 603-A. Preemption.

29 No act of the General Assembly heretofore or hereinafter
30 enacted shall vacate or preempt any resolution passed or adopted

1 under the authority of this article, or any other act, providing
2 authority for the imposition of a tax by a school district,
3 unless the act of the General Assembly expressly vacates or
4 preempts the authority to pass or adopt such resolutions.

5 Section 604-A. Personal income tax authorization.

6 (a) School districts.--Except as provided in subsection (b),
7 each school district shall have the power and may, by
8 resolution, levy, assess and collect or provide for the levying,
9 assessment and collection of a tax for general revenue purposes
10 at a rate as it shall determine on personal income of the
11 residents of the school district and such other taxes that are
12 specifically permitted under this act. A school district may
13 only increase the rate of personal income tax when that school
14 district experiences an annual increase in weighted average
15 daily membership that equals or exceeds 1%. Any increase shall
16 be limited to a rate that will maintain gross personal income
17 tax revenue per student ratio which existed in the school year
18 immediately preceding the year of the tax increase.

19 (b) Exclusions.--No school district shall have any power or
20 authority to levy, assess or collect:

21 (1) A tax based upon a flat rate or on a millage rate on
22 an assessed valuation of a particular trade, occupation or
23 profession, commonly known as an occupation tax.

24 (2) A tax at a set or flat rate upon persons employed
25 within the taxing district, commonly known as an occupational
26 privilege tax.

27 (3) A per capita, poll, residence or similar head tax.

28 (4) A tax on personal property.

29 (5) The earned income tax previously levied under the
30 act of December 31, 1965 (P.L.1257, No.511), known as The

1 Local Tax Enabling Act.

2 Section 605-A. Continuity of tax.

3 Every tax levied under the provisions of this article shall
4 continue in force on a calendar or fiscal year basis, as the
5 case may be, without annual reenactment unless the rate of the
6 tax is subsequently changed.

7 Section 606-A. Exemption of low-income persons.

8 (a) Low-income exemption.--Each school district shall have
9 the power and shall exempt any person who qualifies under the
10 provisions of section 304 of the act of March 4, 1971 (P.L.6,
11 No.2) known as the Tax Reform Code of 1971, from payment of any
12 or all of the tax imposed under section 604.

13 (b) Special hardship exemption.--Each school district shall
14 have the power and may exempt persons who qualify as claimants
15 under the provisions of the act of March 11, 1971 (P.L.104,
16 No.3), known as the Senior Citizens Rebate and Assistance Act,
17 and who have household income as defined in the Senior Citizens
18 Rebate and Assistance Act which is equal to or less than the
19 maximum income requirement necessary to qualify for a property
20 tax rebate or rent rebate in lieu of property taxes or rent due
21 pursuant to the Senior Citizens Rebate and Assistance Act, from
22 the payment of any tax on personal income.

23 (c) Regulations.--Each school district shall adopt
24 regulations for the processing of claims for these exemptions.

25 Section 607-A. Collection of personal income tax by

26 Commonwealth.

27 The Department of Revenue shall be responsible for the
28 collection of all personal income tax imposed by a school
29 district in conjunction with the collection of any tax on
30 personal income imposed by the Commonwealth under the authority

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

3 Section 608-A. Limitation on assessment.

4 No assessment may be made of any personal income tax imposed
5 under this article more than five years after the date on which
6 such tax should have been paid except where a fraudulent return
7 or no return has been filed.

8 Section 609-A. Distress and sale of property of taxpayer.

9 (a) General rule.--In case of the neglect or refusal of any
10 person, association or corporation to make payment of the amount
11 of any personal income tax due after two months from the date of
12 the tax notice, the Department of Revenue shall have the power
13 to levy the amount of such tax, penalty, interest and costs
14 thereon, not exceeding costs and charges allowed constables for
15 similar services by distress and sale of the goods and chattels
16 of such delinquent, wherever located, upon giving at least ten
17 days' public notice of such sale by one advertisement in a
18 newspaper of general circulation published in the county.

19 (b) Effect on return.--No failure to demand or collect any
20 taxes by distress and sale of goods and chattels shall
21 invalidate any return made, or lien filed for nonpayment of
22 taxes, or any tax sale for the collection of taxes.

23 Section 610-A. Collection of delinquent taxes from employers.

24 (a) General rule.--The Department of Revenue shall demand,
25 receive and collect from all employers employing persons owing
26 delinquent personal income taxes or having in possession unpaid
27 compensation belonging to any person or persons owing delinquent
28 personal income taxes upon the presentation of a written notice
29 and demand certifying that the information contained therein is
30 true and correct and containing the name of the taxpayer and the

1 amount of tax due.

2 (b) Response to notice.--Upon the presentation of such
3 written notice and demand, the employer shall deduct from the
4 compensation of such employees then owing, or thereafter due, a
5 sum sufficient to pay the amount of the delinquent personal
6 income taxes, interest, penalty and costs shown upon the written
7 notice or demand, and shall pay the same to the Department of
8 Revenue by which such delinquent tax was levied within 60 days
9 after such notice was given.

10 (c) Limitation on deduction.--No more than 10% of the
11 compensation of the delinquent taxpayer may be deducted at any
12 one time for delinquent personal income taxes, penalty, interest
13 and costs.

14 (d) Deduction for costs.--Such employer shall be entitled to
15 deduct from the moneys collected from each employee the costs
16 incurred from the extra bookkeeping necessary to record such
17 transactions, not exceeding 2% of the amount collected and paid
18 over to the Department of Revenue.

19 (e) Forfeiture.--Upon the failure of any such employer to
20 deduct the amount of such taxes or to pay the same over to the
21 Department of Revenue, less the amount deducted under subsection
22 (d), within the time hereby required, such employer shall
23 forfeit and pay the amount of such tax for each such taxpayer
24 whose taxes are not withheld and paid over, or that are withheld
25 and not paid over together with a penalty of 10%, to be
26 recovered by a civil action to be instituted by the Department
27 of Revenue, as debts of like amount are now by law recoverable,
28 except that such person shall not have the benefit of any
29 exemption law or stay of execution.

30 (f) Collection rights preserved.--Nothing in this section

1 shall be deemed to affect or impair the right of any school
2 district or the Department of Revenue to pursue and collect
3 delinquent taxes validly imposed prior to the effective date of
4 this section.

5 Section 611-A. Collection of delinquent taxes from
6 Commonwealth.

7 (a) General rule.--Upon presentation of a written notice and
8 demand under oath to the State Treasurer or any other fiscal
9 officer of the Commonwealth, or its boards, authorities,
10 agencies or commissions, it shall be the duty of the treasurer
11 or officer to deduct from the compensation then owing a sum
12 sufficient to pay the amount of the delinquent personal income
13 taxes, interest, penalty and costs shown on the written notice.
14 The same shall be paid to the Department of Revenue within 60
15 days after such notice shall have been given.

16 (b) Limitation on deduction.--No more than 10% of the
17 compensation of the delinquent taxpayer may be deducted at any
18 one time for delinquent personal income taxes, interest, penalty
19 and costs.

20 (c) Collection rights preserved.--Nothing in this section
21 shall be deemed to affect or impair the right of a school
22 district or the Department of Revenue to pursue and collect
23 delinquent taxes validly imposed prior to the effective date of
24 this section.

25 Section 612-A. Notice to taxpayer.

26 The Department of Revenue shall, at least 15 days prior to
27 the presentation of a written notice and demand under section
28 610-A or 611-A, notify the taxpayer owing the delinquent tax by
29 registered mail that a written notice and demand shall be
30 presented to his employer unless such tax is paid. The return

1 receipt card for registered mail shall be marked delivered to
2 addressee only, and the cost of notification by registered mail
3 shall be included in the costs for collecting taxes.

4 Section 613-A. Collection of taxes by suit.

5 (a) General rule.--Each school district and the Department
6 of Revenue shall have power to collect unpaid taxes from
7 taxpayers and employers owing such taxes by a civil action or
8 other appropriate remedy. Upon judgment, execution may be issued
9 without any stay or benefit of any exemption law. The right to
10 collect unpaid taxes under the provisions of this section shall
11 not be affected by the fact that such taxes have been entered as
12 liens in the office of the prothonotary or the fact that the
13 property against which they were levied has been returned to the
14 county commissioners for taxes for prior years.

15 (b) Limitation of actions.--A suit brought to recover the
16 taxes under subsection (a) shall be instituted within three
17 years after the tax is due or within three years after a
18 declaration or return has been filed, whichever date is later,
19 except in the following cases:

20 (1) If no declaration or return was filed by any person
21 although a declaration or return was required to be filed
22 under provisions of the ordinance, there shall be no
23 limitation.

24 (2) If an examination of the declaration or return filed
25 by any person, or of other evidence relating to such
26 declaration or return in the possession of the Department of
27 Revenue, reveals a fraudulent evasion of taxes, there shall
28 be no limitation.

29 (3) If there is a substantial understatement of tax
30 liability of 25% or more and no fraud, suit shall be

1 instituted within six years.

2 (4) If any person has deducted taxes under the
3 provisions of the resolution, and has failed to pay the
4 amounts so deducted to the Department of Revenue, or if any
5 person has willfully failed or omitted to make the deductions
6 required by this section, there shall be no limitation.

7 (c) Regulations.--The Department of Revenue, by regulation,
8 shall establish the procedures for collecting the personal
9 income tax and paying the full amount collected over to the
10 school district on a quarterly basis.

11 Section 13. The act of December 31, 1965 (P.L.1257, No.511),
12 known as The Local Tax Enabling Act, is repealed insofar as it
13 authorizes the levy, assessment and collection of any tax, other
14 than the tax imposed on the transfer of real property which is
15 hereby specifically saved from repeal.

16 Section 14. This act shall take effect as follows:

17 (1) For school districts where fiscal year begins on
18 January 1, this act shall take effect January 1, 2004.

19 (2) For school districts where fiscal year begins on
20 July 1, this act shall take effect July 1, 2004.