

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,
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WRIGHT, YOUNGBLOOD, YUDICHAK, PETRONE AND SEMMEL,
JANUARY 29, 2003

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES,
AS AMENDED, JULY 8, 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

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

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

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

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

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

28 Section 631. Power to Incur Debt; Limitations.--The board of
29 school directors in any school district may, in any year, create
30 and incur an indebtedness against such school district and issue

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

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

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

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

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

17 (4) To purchase school buses;

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

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

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

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

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

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

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

1 Section 4. Section 632 of the act, reenacted and amended
2 March 16, 1967 (P.L.9, No.3), is amended to read:

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

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

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

1 hereinbefore provided for the issuing of such bonds.]

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

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

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

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

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

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

1 (2) An amount sufficient to pay the interest on, and retire
2 at maturity the principal of, the indebtedness of said district
3 incurred as authorized by law.

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

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

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

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

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

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

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

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

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

(iv) Real property tax acts:

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

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

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

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

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

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

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

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

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

(4) In addition thereto, by ordinance on any persons, transactions, occupations, privileges, subjects and real or personal property as they shall determine not prohibited by

1 section 2 of the act of December 31, 1965 (P.L.1257, No.511),
2 known as "The Local Tax Enabling Act" and not specifically
3 excluded under paragraph (5) hereof; even if the ordinance
4 imposing such tax or taxes is duplicative of the taxes
5 enumerated in section 652.1(a)(1); but no ordinance shall
6 authorize the imposition of a tax on the wages, salary or net
7 income of any person not a resident of such school district.

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

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

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

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

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

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

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

24 (2) A SUBJECT TO THE LIMITATIONS UNDER PARAGRAPH (2.1), A <—
25 real property tax on each dollar of the total assessment of all
26 real property assessed and certified for taxation within the
27 school district and a realty transfer tax to pay for all other
28 costs of the school district,

29 ~~(3) [to] To pay interest and principal on any indebtedness~~ <—

30 [(3) TO PAY] INCLUDING THE PAYMENT OF INTEREST AND PRINCIPAL ON <—

1 ANY INDEBTEDNESS incurred pursuant to the act of July 12, 1972
2 (P.L.781, No.185), known as the "Local Government Unit Debt
3 Act," or any prior or subsequent act governing the incurrence of
4 indebtedness of the school district, which tax shall be
5 unlimited†, and† <—

6 ~~(4) [to] To~~ [(4)] TO pay for the amortization of a bond issue <—
7 which provided a school building prior to the first Monday of
8 July, 1959.

9 (2.1) EACH SCHOOL DISTRICT SHALL ADOPT THE PROVISIONS OF 53 <—
10 PA.C.S. CH. 85 SUBCH. F (RELATING TO HOMESTEAD PROPERTY
11 EXCLUSION) AND REDUCE RESIDENTIAL REAL PROPERTY TAXES BY THE
12 FULL AMOUNT OF THE HOMESTEAD EXCLUSION PRIOR TO REDUCING ALL
13 OTHER REAL PROPERTY TAXES.

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

26 (d) The boards of school directors of all independent school
27 districts in which the board members are elected or appointed by
28 court may, annually, levy a tax as herein authorized, at the
29 same time and in the same manner as other school districts of
30 the same class to which such independent district belongs, in an

1 amount which shall be sufficient with all other taxes imposed by
2 such district to pay the expenses of such district as set forth
3 in subsection (b) of this section and to pay all other expenses
4 and requirements of such district: Provided, That such tax shall
5 not be more than seventy-five (75) mills on the dollar on the
6 total amount of the assessed valuation of all property taxable
7 for school purposes within such district. Each such district may
8 also collect, annually, a per capita tax in an amount of not
9 less than one dollar (\$1) and not more than ten dollars (\$10) on
10 each resident or inhabitant of such district over eighteen (18)
11 years of age.]

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

1 real estate within the classification.

2 (f) After reduction of the rate of real property tax imposed
3 by a school district to account for the increase in tax revenue
4 due to the imposition of a personal income tax under Article VI-
5 A, the board of school directors of a school district may
6 increase the rate of the real property tax as long as that rate
7 does not cause local tax revenue, excluding real property taxes
8 to be levied on newly constructed buildings or structures or on
9 increased valuations based on new improvements made to existing
10 houses, to increase by more than the percentage increase in the
11 Statewide average weekly wage in the preceding year. Prior to
12 any increase under this subsection, the board of school
13 directors must certify to the court of common pleas in the
14 judicial district in which the school district is located the
15 estimates of total local tax revenues used in the calculation
16 under this subsection. The court may, on its own motion or on
17 petition of a person having standing under subsection (i),
18 revise the estimates certified by the board of school directors
19 and reduce the allowable increase in the rate of the real
20 property tax under this subsection.

21 (g) The provisions of subsection ~~(e)~~ (F) shall not apply to <—
22 increases in the rate of tax on real property:

23 (1) To respond to or recover from an emergency or disaster
24 declared pursuant to 35 Pa.C.S. § 7301 (relating to general
25 authority of Governor) or 75 Pa.C.S. § 6108 (relating to power
26 of Governor during emergency), only for the duration of the
27 emergency or disaster and for the costs of the recovery from the
28 emergency or disaster.

29 (2) To implement a court order or an administrative order
30 from a Federal or State agency that requires the expenditure of

funds that exceed current available revenues. The rate increase shall be rescinded following fulfillment of the court order or administrative order.

(3) To pay interest and principal on any indebtedness incurred under 53 Pa.C.S. Pt. VII Subpt. B (relating to indebtedness and borrowing). However, in no case may a school district incur additional debt under this paragraph, except for the refinancing of existing debt, including the payment of costs and expenses related to such refinancing and the establishment or funding of appropriate debt service reserves. The increase shall be rescinded following the final payment of interest and principal.

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

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

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

(7) TO MAINTAIN PER-STUDENT LOCAL TAX REVENUE IN THE SCHOOL

<—

DISTRICT AT AN AMOUNT NOT EXCEEDING THE AMOUNT OF PER-STUDENT
LOCAL TAX REVENUE AT THE LEVEL OF THE PRECEDING YEAR, ADJUSTED
FOR THE PERCENTAGE INCREASE IN THE STATEWIDE AVERAGE WEEKLY
WAGE.

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

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

[Section 672.2. School Districts Lying in More Than One
County; Tax Levy on Occupations.--(a) Any school district which
lies in more than one (1) county and which levies an occupation
tax, shall levy such tax uniformly upon each occupational
category existing in all counties in which the district lies, at
the lowest assessed valuation for each equivalent occupational
category as certified to the school district by the counties in
which the district lies.

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

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

[Section 679. Per Capita Taxes.--Each resident or
inhabitant, over eighteen years of age, in every school district
of the second, third, and fourth class, which shall levy such
tax, shall annually pay, for the use of the school district in
which he or she is a resident or inhabitant, a per capita tax of
not less than one dollar nor more than five dollars, as may be

1 assessed by the local school district. The tax collector shall
2 not proceed against a spouse or his employer until he has
3 pursued remedies against the delinquent taxpayer and the
4 taxpayer's employer under this section.

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

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

12 [Section 680. List of Residents for Per Capita Tax
13 Purposes.--(a) In order that the board of school directors of
14 each school district of the second, third, or fourth class may
15 assess, levy, and collect a per capita tax of not less than one
16 dollar nor more than five dollars on each resident or inhabitant
17 over eighteen years of age in the district, it shall be the duty
18 of the proper assessors in each such school district to prepare
19 a list of residents or inhabitants in such school district over
20 eighteen years of age, and return the same with the other
21 taxable property in the district, as provided by law. In each
22 school district all such lists of residents or inhabitants shall
23 be included and certified in the list of taxable property to be
24 certified to the board of school directors in each such school
25 district, as herein provided. Assessors whose assessment
26 district includes the whole or parts of more than one school
27 district shall return separate lists of residents and
28 inhabitants of each such school district.

29 (b) Every resident or inhabitant in any school district,
30 upon attaining eighteen years of age, and every person eighteen

1 years of age or over becoming a resident or inhabitant in any
2 school district, shall, within twelve months after the happening
3 thereof, notify the proper assessors of his becoming of age or
4 becoming a resident or inhabitant. Any person failing, within
5 said period, to notify the assessors of the school district
6 within which he resides, shall, in addition to the tax levied by
7 such school district, be liable to such school district in a
8 penal sum equal to such tax.

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

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

15 [Section 680.1. Temporary Continuance of Tax on Landfill or
16 Resource Recovery Facilities.--Notwithstanding the provisions of
17 the act of July 28, 1988 (P.L.556, No.101), known as the
18 "Municipal Waste Planning, Recycling and Waste Reduction Act,"
19 any school district that initially imposed a tax on a municipal
20 waste landfill or resource recovery facility on or before June
21 30, 1988, but after December 31, 1987, may continue to collect
22 such tax at the rate in effect on July 1, 1988, during the 1988-
23 1989 school year only.]

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

25 ARTICLE VI-A

26 PERSONAL INCOME TAX

27 Section 601-A. Short title of article.

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

30 Section 602-A. Definitions.

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

4 "Association." A partnership, limited partnership or other
5 unincorporated group of two or more persons.

6 "Business." An enterprise, activity, profession or other
7 undertaking of an unincorporated nature conducted for profit or
8 ordinarily conducted for profit whether by a person, association
9 or other entity.

10 "Compensation." The classes of income included within the
11 definition of "compensation" set forth in section 301 of the act
12 of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of
13 1971, and upon which are imposed a personal income tax by the
14 Commonwealth.

15 "Corporation." A corporation or joint stock association
16 organized under the laws of the United States or the
17 Commonwealth of Pennsylvania or any other state, territory,
18 foreign country or dependency.

19 "Current year." The calendar year or fiscal year for which
20 the tax is levied.

21 "Department." The Department of Community and Economic
22 Development of the Commonwealth.

23 "Domicile." The place where one lives and has his permanent
24 home and to which he has the intention of returning whenever he
25 is absent. Actual residence is not necessarily domicile because
26 domicile is the fixed place of abode which, in the intention of
27 the taxpayer, is permanent rather than transitory. Domicile is
28 the voluntarily fixed place of habitation of a person, not for a
29 mere special or limited purpose, but with the present intention
30 of making a permanent home, until some event occurs to induce

1 him to adopt some other permanent home. In the case of
2 businesses or associations, the domicile is any place where the
3 business or association is conducting or engaging in a business
4 for profit within a school district.

5 "Employer." A person, association, corporation, governmental
6 unit or other entity employing one or more persons, other than
7 domestic servants for compensation.

8 "Governing body." The board of school directors of a school
9 district.

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

14 "Nonresident." A person, association or other entity
15 domiciled outside the school district.

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

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

21 "Political subdivision." A school district.

22 "Preceding year." The calendar year or fiscal year before
23 the current year.

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

25 "Resident." A person, association, corporation or other
26 entity:

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

29 (2) conducting or engaging in a business for profit
30 within a school district.

1 "School district." A school district of the first class,
2 first class A, second class, third class or fourth class,
3 including any independent school district.

4 "Succeeding year." The calendar year or fiscal year
5 following the current year.

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

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

12 Section 603-A. Preemption.

13 No act of the General Assembly heretofore or hereinafter
14 enacted shall vacate or preempt any resolution passed or adopted
15 under the authority of this article, or any other act, providing
16 authority for the imposition of a tax by a school district,
17 unless the act of the General Assembly expressly vacates or
18 preempts the authority to pass or adopt such resolutions.

19 Section 604-A. Personal income tax authorization.

20 (a) School districts.--Except as provided in subsection (b),
21 each school district shall have the power and may, by
22 resolution, levy, assess and collect or provide for the levying,
23 assessment and collection of a tax for general revenue purposes
24 at a rate as it shall determine on personal income of the
25 residents of the school district and such other taxes that are
26 specifically permitted under this act. A school district may
27 only increase the rate of personal income tax when that school
28 district experiences an annual increase in weighted average
29 daily membership that equals or exceeds 1%. Any increase shall
30 be limited to a rate that will maintain gross personal income

1 tax revenue per student ratio which existed in the school year
2 immediately preceding the year of the tax increase.

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

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

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

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

12 (4) A tax on personal property.

13 (5) The earned income tax previously levied under the
14 act of December 31, 1965 (P.L.1257, No.511), known as The
15 Local Tax Enabling Act.

16 Section 605-A. Continuity of tax.

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

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

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

27 (b) Special hardship exemption.--Each school district shall
28 have the power and may exempt persons who qualify as claimants
29 under the provisions of the act of March 11, 1971 (P.L.104,
30 No.3), known as the Senior Citizens Rebate and Assistance Act,

1 and who have household income as defined in the Senior Citizens
2 Rebate and Assistance Act which is equal to or less than the
3 maximum income requirement necessary to qualify for a property
4 tax rebate or rent rebate in lieu of property taxes or rent due
5 pursuant to the Senior Citizens Rebate and Assistance Act, from
6 the payment of any tax on personal income.

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

9 Section 607-A. Collection of personal income tax by
10 Commonwealth.

11 The Department of Revenue shall be responsible for the
12 collection of all personal income tax imposed by a school
13 district in conjunction with the collection of any tax on
14 personal income imposed by the Commonwealth under the authority
15 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax
16 Reform Code of 1971.

17 Section 608-A. Limitation on assessment.

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

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

23 (a) General rule.--In case of the neglect or refusal of any
24 person, association or corporation to make payment of the amount
25 of any personal income tax due after two months from the date of
26 the tax notice, the Department of Revenue shall have the power
27 to levy the amount of such tax, penalty, interest and costs
28 thereon, not exceeding costs and charges allowed constables for
29 similar services by distress and sale of the goods and chattels
30 of such delinquent, wherever located, upon giving at least ten

days' public notice of such sale by one advertisement in a newspaper of general circulation published in the county.

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

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

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

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

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

(d) Deduction for costs.--Such employer shall be entitled to deduct from the moneys collected from each employee the costs incurred from the extra bookkeeping necessary to record such

1 transactions, not exceeding 2% of the amount collected and paid
2 over to the Department of Revenue.

3 (e) Forfeiture.--Upon the failure of any such employer to
4 deduct the amount of such taxes or to pay the same over to the
5 Department of Revenue, less the amount deducted under subsection
6 (d), within the time hereby required, such employer shall
7 forfeit and pay the amount of such tax for each such taxpayer
8 whose taxes are not withheld and paid over, or that are withheld
9 and not paid over together with a penalty of 10%, to be
10 recovered by a civil action to be instituted by the Department
11 of Revenue, as debts of like amount are now by law recoverable,
12 except that such person shall not have the benefit of any
13 exemption law or stay of execution.

14 (f) Collection rights preserved.--Nothing in this section
15 shall be deemed to affect or impair the right of any school
16 district or the Department of Revenue to pursue and collect
17 delinquent taxes validly imposed prior to the effective date of
18 this section.

19 Section 611-A. Collection of delinquent taxes from
20 Commonwealth.

21 (a) General rule.--Upon presentation of a written notice and
22 demand under oath to the State Treasurer or any other fiscal
23 officer of the Commonwealth, or its boards, authorities,
24 agencies or commissions, it shall be the duty of the treasurer
25 or officer to deduct from the compensation then owing a sum
26 sufficient to pay the amount of the delinquent personal income
27 taxes, interest, penalty and costs shown on the written notice.
28 The same shall be paid to the Department of Revenue within 60
29 days after such notice shall have been given.

30 (b) Limitation on deduction.--No more than 10% of the

compensation of the delinquent taxpayer may be deducted at any one time for delinquent personal income taxes, interest, penalty and costs.

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

Section 612-A. Notice to taxpayer.

The Department of Revenue shall, at least 15 days prior to the presentation of a written notice and demand under section 610-A or 611-A, notify the taxpayer owing the delinquent tax by registered mail that a written notice and demand shall be presented to his employer unless such tax is paid. The return receipt card for registered mail shall be marked delivered to addressee only, and the cost of notification by registered mail shall be included in the costs for collecting taxes.

Section 613-A. Collection of taxes by suit.

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

(b) Limitation of actions.--A suit brought to recover the taxes under subsection (a) shall be instituted within three

years after the tax is due or within three years after a
declaration or return has been filed, whichever date is later,
except in the following cases:

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

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

(3) If there is a substantial understatement of tax
liability of 25% or more and no fraud, suit shall be
instituted within six years.

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

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

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

Section 14. This act shall take effect as follows:

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

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