

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 72

Special Session No. 1 of  
2005

INTRODUCED BY ROEBUCK, D. EVANS, BLACKWELL, MYERS AND PARKER,  
DECEMBER 14, 2005

REFERRED TO COMMITTEE ON FINANCE, DECEMBER 14, 2005

AN ACT

1 Amending the act of July 5, 2004 (P.L.654, No.72), entitled "An  
2 act providing for taxation by school districts, for State  
3 funds and for wage and net profits tax relief in cities of  
4 the first class; and making an appropriation," providing for  
5 homestead exclusion applicability; further providing for  
6 State property tax reduction allocation and for tax relief;  
7 and making an appropriation.

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

10 Section 1. The act of July 5, 2004 (P.L.654, No.72), known  
11 as the Homeowner Tax Relief Act, is amended by adding a section  
12 to read:

13 Section 344. Applicability.

14 The provisions of 53 Pa.C.S. Ch. 85 Subch. F (relating to  
15 homestead property exclusion) shall apply to a school district  
16 of the first class notwithstanding the provisions of 53 Pa.C.S.  
17 § 8405 (relating to applicability) for purposes of implementing  
18 the provisions of this subchapter in any school district of the  
19 first class providing for property tax reduction from a property  
20 tax reduction allocation received from the Commonwealth pursuant

1 to section 505(b).

2 Section 2. Sections 505(c) and (d), 703(a) and 5002 of the  
3 act are amended to read:

4 Section 505. State property tax reduction allocation.

5 \* \* \*

6 (c) First class school districts.--The property tax  
7 reduction allocation under subsection (d)(1) and (2) for a  
8 school district of the first class shall be paid by the  
9 department to a city of the first class. The limitations set  
10 forth in subsection (a)(3)(iii) shall not apply to the  
11 calculation of the property tax reduction allocation for a  
12 school district of the first class.

13 (d) Reduction of wage taxes in a city of the first class.--A  
14 city council of a city of the first class shall reduce any tax  
15 imposed on the wages of residents and nonresidents under the  
16 authority of the act of August 5, 1932 (Sp.Sess., P.L.45,  
17 No.45), referred to as the Sterling Act, in a manner consistent  
18 with Chapter 7 and in accordance with the following:

19 (1) For residents, by an amount equal to the amount of  
20 no more than 50% of the property tax reduction allocation  
21 received from the Commonwealth pursuant to subsection (b) in  
22 an amount not to exceed the limitations set forth in  
23 subsection (a)(3)(iii) had such limitations applied.

24 (2) For nonresidents, by [any] an amount equal to 100%  
25 of the amount of the property tax reduction allocation  
26 received from the Commonwealth pursuant to subsection (b) in  
27 excess of the limitations set forth in subsection (a)(3)(iii)  
28 had such limitations applied.

29 (3) If the certification under section 503(a)(1)(i) is  
30 less than \$750,000,000, the tax reductions under paragraphs

(1) and (2) shall be a pro rata share of the property tax reduction allocation to a school district of the first class calculated under subsection (a) at \$750,000,000.

Section 703. Tax relief.

(a) Tax rate reduction.--[A]

(1) In order to be eligible to receive a property tax reduction allocation under Chapter 5, a city of the first class shall:

(i) reduce the rate of wage and net profits tax on residents and nonresidents levied under the act of August 5, 1932 (Sp.Sess., P.L.45, No.45), referred to as the Sterling Act., in order to be eligible to receive a property tax reduction allocation under Chapter 5.]

(ii) in the first year that the Secretary of the Budget certifies an amount resulting in a distribution, establish a revenue-neutral tax rate which limits the total amount of taxes levied for that year against the real properties levied against in the preceding year to not more than the total amount it levied on the properties the preceding year, notwithstanding the increased valuations of the properties under the revised assessment. After first establishing a revenue-neutral tax rate, a city of the first class may, by a separate and specific vote, establish a final tax rate for its real estate taxes on the revised assessment or valuation.

(2) If the city elects to reduce taxes pursuant to this chapter, all money received from the fund shall be used to offset a reduction by the city in fiscal year 2005-2006 and each fiscal year thereafter in the rate of tax on wages and net profits for both residents and nonresidents as provided

1 for in subsection (b). The reductions shall remain in effect  
2 for so long as a tax reduction allocation pursuant to Chapter  
3 5 is paid to the city in an amount equal to the cost of such  
4 reductions.

5 \* \* \*

6 Section 5002. Appropriation.

7 The sum of [\$3,000,000] \$4,000,000, or as much thereof as may  
8 be necessary, is hereby appropriated from the Property Tax  
9 Relief Reserve Fund to the Department of Community and Economic  
10 Development for the purpose of making one-time transition grants  
11 to counties [other than], with counties of the first class  
12 receiving no less than \$1,000,000, for costs associated with  
13 implementing the Homeowner Tax Relief Act. Grants shall be made  
14 pursuant to guidelines adopted by the department and shall be  
15 limited to funds appropriated for this purpose. The Department  
16 of Community and Economic Development shall not draw a warrant  
17 upon the State Treasurer for this appropriation until the State  
18 Treasurer certifies that the Property Tax Relief Reserve Fund  
19 has at least a [\$3,000,000] \$4,000,000 balance.

20 Section 3. This act shall take effect immediately.