

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 167 Session of 2011

INTRODUCED BY MARSICO, BAKER, BARRAR, BOYD, D. COSTA, J. EVANS,
GINGRICH, GOODMAN, GROVE, HARHART, HARRIS, HICKERNELL,
HORNAMAN, HUTCHINSON, KAUFFMAN, KILLION, KNOWLES, KORTZ,
MAJOR, METCALFE, METZGAR, MILLARD, O'NEILL, PYLE, RAPP,
SCHRODER, STEVENSON, SWANGER, TALLMAN, PICKETT, GEIST,
B. BOYLE, GABLER AND M.K. KELLER, JANUARY 24, 2011

REFERRED TO COMMITTEE ON FINANCE, JANUARY 24, 2011

AN ACT

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

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

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

18 Section 123. Powers and duties of municipalities.

19 * * *

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

21 (1) After a municipality has adopted a plan under

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

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

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

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

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

1 bargaining unit; and

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

6 (4) A petition filed under this subsection by a city of
7 the third class that has opted under the act of July 15, 1957
8 (P.L.901, No.399), known as the Optional Third Class City
9 Charter Law, or 53 Pa.C.S. Pt. III Subpt. E (relating to home
10 rule and optional plan government) to be governed by a mayor-
11 council form of government and which has a population in
12 excess of 45,000 but less than 50,000 may not include an
13 increase in a tax on nonresident income.

14 Section 2. The addition of section 123(c)(4) of the act
15 shall apply to petitions to increase rates of taxation that
16 relate to tax years beginning after December 31, 2011.

17 Section 3. This act shall take effect immediately.