



## HOUSE COMMITTEE ON APPROPRIATIONS

# FISCAL NOTE

SENATE BILL NO. 330

PRINTERS NO. 1459

PRIME SPONSOR: Scarnati

### COST / (SAVINGS)

FUND	FY 2010/11	FY 2011/12
General Fund	\$0	\$0

**SUMMARY:** Senate Bill 330, Printer's Number 1459, amends Act 1, Special Session 1 of 2006, further providing for public referendum requirements and for installment payment of school real property taxes.

**ANALYSIS:** This legislation amends the Taxpayer Relief Act allowing for small businesses to pay school property taxes in installments. No later than June 30, 2012, school boards shall adopt a resolution which authorizes an installment payment plan for small businesses. A small business is defined as a business that is located in this Commonwealth and has no more than 50 employees.

Section 333 of the Taxpayer Relief Act (Public referendum requirements for increasing certain taxes) is amended by deleting the following referendum exceptions: (1) costs incurred in responding to or recovering from an emergency or disaster; (2) costs to implement a court or administrative order; (3) costs to pay interest and principal on academic and non-academic buildings; (4) costs incurred with responding to conditions posing an immediate threat or physical harm; (5) costs necessary to maintain per-student local tax revenue or actual instruction expense per average daily membership; (6) costs incurred to maintain revenues from property taxes, income taxes, and basic education and special education funding allocations at the level of the index; and (7) costs of providing health care related benefits attributable to a collective bargaining agreement.

The referendum exceptions which are maintained are as follows: (1) costs to pay interest and principal on indebtedness incurred prior to September 4, 2004 for Act 72 schools and prior to June 27, 2006 for non-Act 72 schools; (2) costs to pay interest and principal on electoral debt; (3) costs incurred in providing special education programs and services (such costs shall be net of State special education payments); and (4) costs due to increases of more than the index in the school's share of payments to PSERS taking into account only the increase in the PSERS contribution rate.

The act shall take effect in 60 days. The amendment to the referendum section applies to school district fiscal years beginning after January 1, 2012.

**FISCAL IMPACT:** Enactment of this legislation will have no adverse fiscal impact on Commonwealth funds. To the extent that small businesses utilize installment payments to pay their school property taxes, school district property tax revenue collections will be delayed. Elimination of the referendum exceptions limits a school district's ability to raise property taxes without going to the electorate for approval.

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House Appropriations Committee (R)

**DATE:** June 30, 2011

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*