



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1189

PRINTERS NO. 2427

PRIME SPONSOR: Grove

COST / (SAVINGS)

FUND	FY 2013/14	FY 2014/15
General Fund	\$0	\$0

SUMMARY: House Bill 1189, Printer's Number 2427, amends the Local Tax Enabling Act (Act 511 of 1965), providing for optional property tax elimination.

ANALYSIS: This legislation adds Chapter 6 authorizing a school board to levy, assess and collect an elimination tax as a means of eliminating or reducing school district property taxes. An "elimination tax" is defined as any of the following: (1) an earned income and net profits tax (EIT); (2) a mercantile tax; or (3) a business privilege tax (BPT).

A board of school directors may impose an elimination tax by adopting a resolution. Prior to adopting the resolution the board must give public notice of its intent and conduct at least one public hearing. All funds generated from an elimination tax shall be used to directly eliminate or reduce school district real property tax millage rates. The rate of the mercantile or BPT imposed shall not generate revenues in excess of 50% of the total elimination tax revenues generated. A school board that eliminates real property tax millage rates shall be prohibited from levying, assessing or collecting a real property tax in the future.

The act shall take effect in 60 days.

FISCAL IMPACT: Enactment of this legislation will have no adverse fiscal impact on Commonwealth funds. The legislation provides the ability to a school board, at its own discretion, to eliminate or reduce real property taxes on a dollar-for-dollar basis within its taxing jurisdiction by levying an elimination tax.

PREPARED BY: Ritchie LaFaver
House Appropriations Committee (R)

DATE: October 2, 2013

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