

**SENATE APPROPRIATIONS COMMITTEE  
FISCAL NOTE**

**BILL NO.** Senate Bill 898

**PRINTER NO.** 1064

**AMOUNT**

No Fiscal Impact

**FUND**

General Fund

**DATE INTRODUCED**

June 18, 2015

**PRIME SPONSOR**

Senator Hutchinson

**DESCRIPTION AND PURPOSE OF BILL**

Senate Bill 898 amends the Second Class County Code (Act 230 of 1953) to expand the anti-windfall provisions to cover any special tax created through a referendum under the Taxpayer Relief Act of 2006.

The legislation provides clarification on provisions that require the adjustment of rates of taxes on real property following a countywide reassessment. Currently, the Second Class County Code contains language commonly referred to as "anti-windfall" provisions. The provisions specify that, if the outcome of a countywide reassessment of real property in the county will result in an increase in the revenues collected from the enacted tax rates, then the governing body of the political subdivision levying the tax must decrease the rate of tax to a rate that would be revenue neutral as compared to the previous year before any further action is taken on the tax. However, the governing body is permitted to increase the final tax rate such that the total amount of property tax revenue received can increase by up to 5% for the first year following reassessment, thus limiting the "windfall" of revenue following a reassessment.

Senate Bill 898 amends the Second Class County Code to specify that "each" tax must be made revenue neutral after a countywide reassessment, which clarifies that multiple tax rates cannot be adjusted differently so long as total revenue neutrality was the final outcome.

Additionally, the bill requires that tax rates previously set by referendum must also be adjusted in a revenue neutral manner, notwithstanding the fact that the rate was established by referendum. However, subsequent changes in the rate of those referendum taxes must be made according to the procedure established in the enabling act.

This act shall take effect in 60 days.

**FISCAL IMPACT:**

Senate Bill 898 will have no adverse fiscal impact on Commonwealth funds.