

## **Memorandum**

**TO:** All Members of the House of Representatives

**FROM:** Representative Ted Harhai

**DATE:** January 12, 2011

**SUBJECT:** Co-sponsorship of Legislation – Reintroduction of HB 2733 (2009-2010 Session)

In the near future, I will reintroduce legislation to amend the Public School Code of 1949 to provide temporary aid to school districts suffering a loss of payment in lieu of taxes from local sources. This legislation is fundamentally identical to HB 2733 introduced last session.

The current economic climate around the state has resulted in a number of businesses closing or relocating in an attempt to save costs. When a large employer suddenly leaves a municipality, local tax revenues, including school district budgets, often take a profound and sudden monetary hit. In light of current fiscal constraints, school boards from one end of the state to the other have cut staff, trimmed expenses, and raised taxes in an attempt to combat significantly lower tax revenues and ever-rising costs.

In some school districts, one employer is often responsible for generating a large amount of revenue for the support of the local public school system. As such, when these businesses suddenly relocate it can have a disastrous effect on school budgets. In an effort to address this, my legislation will allow school districts which experience at least a 25 percent loss in payment in lieu of taxes caused by the relocation of a business to be eligible to receive temporary aid from the Department of Education for a period of two years. Funds under this legislation shall be provided by undistributed basic education funds to the extent that such funds are available. My legislation will allow school districts affected by the abrupt relocation of a business some financial breathing room when balancing their budgets and meeting short-term expenditures. Similar temporary special aid programs are available when a district loses revenue as a result of property reassessments or bankruptcy of businesses in the district.

If you would like to co-sponsor this important piece of legislation, please contact Elisa Klee in my Harrisburg office at 717-772-2820 or [eklee@pahouse.net](mailto:eklee@pahouse.net).