



'APR 27 2011

Senate of Pennsylvania

TO: All Senators  
FROM: Senator Edwin B. Erickson *ABC*  
DATE: April 27, 2011  
SUBJECT: Cosponsorship of Legislation – Local Tax Choice Act

I intend to reintroduce Senate Bill 741 of 2009. This legislation will authorize a tax shift referendum for political subdivisions, excluding school districts. The legislation will provide the following:

- The legislation will establish a freestanding act known as the “Local Tax Choice Act.” The act will give political subdivisions, including counties and municipalities, the option of levying either an earned income and net profits tax (EIT) or a personal income tax (PIT) with the objective of eliminating certain “nuisance taxes” and reducing real property taxes.
- Revenue raised through an EIT or PIT must be used in the following order:
  1. To offset lost revenue from prohibited taxes;
  2. To provide for an increase in budgeted revenues over the preceding fiscal year;
  3. To reduce real property taxes in the following order:
    - (a) Homestead exclusion;
    - (b) Reduction in the millage rate after maximum homestead exclusion is reached.
- Counties will be given the additional option of initiating a 1% Sales and Use Tax.

If you would like to cosponsor this legislation, please contact Linda Kauffman at 7-1350 or [lkauffman@pasen.gov](mailto:lkauffman@pasen.gov).