

2019D07397NAD:EJH

No. _____

LEGISLATIVE REFERENCE BUREAU

AN ACT

Amending the act of June 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act, in taxation by school districts, repealing provisions relating to local tax study commission and adoption of further referendum.

INTRODUCED _____ **20**_____

By _____ **District NO.** _____

By _____ **District NO.** _____

By _____ **District NO.** _____

By _____ **District NO.** _____

See next page for additional co-sponsors.

Prior Session _____

Referred to Committee on	
Date _____	20 _____
Reported _____	20 _____
As Committed-Amended	
Recommendation	

By Hon. _____	

AN ACT

1 Amending the act of June 27, 2006 (1st Sp.Sess., P.L.1873,
2 No.1), entitled "An act providing for taxation by school
3 districts, for the State funds formula, for tax relief in
4 first class cities, for school district choice and voter
5 participation, for other school district options and for a
6 task force on school cost reduction; making an appropriation;
7 prohibiting prior authorized taxation; providing for
8 installment payment of taxes; restricting the power of
9 certain school districts to levy, assess and collect taxes;
10 and making related repeals," in taxation by school districts,
11 repealing provisions relating to local tax study commission
12 and adoption of further referendum.

13 The General Assembly of the Commonwealth of Pennsylvania
14 hereby enacts as follows:

15 Section 1. Sections 331 and 332 of the act of June 27, 2006
16 (1st Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief
17 Act, are repealed:

18 [Section 331. Local tax study commission.

19 (a) Appointment.--A board of school directors shall appoint
20 a local tax study commission prior to adopting a resolution
21 under section 331.2(b) or 332(b)(1). The local tax study
22 commission shall be appointed no later than 180 days prior to

1 the date on which the board of school directors is required to
2 adopt a resolution under section 331.2(b) or 332(b)(1).

3 (b) Membership.--The local tax study commission shall
4 consist of five, seven or nine members who are resident
5 individuals or taxpayers of the school district and shall
6 reflect the socioeconomic, age and occupational diversity of the
7 school district to the extent possible, except that one member
8 of the local tax study commission may be a member of the board
9 of school directors and no member shall be an official or
10 employee or a relative thereof of the school district.

11 (c) Staff and expenses.--The school district shall provide
12 necessary and reasonable support staff and shall reimburse the
13 members of the local tax study commission for necessary and
14 reasonable expenses in the discharge of their duties. Receipts
15 shall be required for all reimbursable expenses under this
16 subsection.

17 (d) Contents of study.--The local tax study commission shall
18 study the existing taxes levied, assessed and collected by the
19 school district and the effect of any county or municipal taxes
20 imposed concurrently with the school district. The local tax
21 study commission shall determine how the tax policies of the
22 school district could be improved by the levy, assessment and
23 collection of the taxes authorized under section 321. The study
24 shall include consideration of all of the following:

25 (1) Historic and present rates of and revenue from taxes
26 currently levied, assessed and collected.

27 (2) The percentage of total revenues provided by taxes
28 currently levied, assessed and collected.

29 (3) The age, income, employment and property use
30 characteristics of the existing tax base.

1 (4) Projected revenues of taxes currently levied,
2 assessed and collected, including taxes authorized and taxes
3 not levied under this chapter.

4 (e) Recommendation.--Within 90 days of its appointment, the
5 local tax study commission shall make a nonbinding
6 recommendation to the board of school directors regarding the
7 imposition of the taxes authorized under section 321, commencing
8 in the subsequent fiscal year. Prior to making its
9 recommendation, the local tax study commission shall hold at
10 least one public hearing. The recommendation of the local tax
11 study commission shall be presented at a public meeting of the
12 board of school directors. The board of school directors shall
13 make such recommendation available to interested persons upon
14 request.

15 (f) Failure to issue a recommendation.--If the local tax
16 study commission fails to make a recommendation under subsection
17 (e), the board of school directors shall discharge the local tax
18 study commission.

19 (g) Adoption of recommendation.--The board of school
20 directors shall accept or reject the recommendation of the local
21 tax study commission prior to adopting a resolution under
22 section 331.2(b) or section 332(b)(1).

23 (h) Materials.--All records of the local tax study
24 commission, including receipts, tapes, minutes of meetings and
25 written communications, for public inspection during the regular
26 business hours of the school district.

27 Section 332. Adoption of further referendum.

28 (a) General rule.--In addition to the provisions of section
29 331.2, a board of school directors may:

30 (1) Levy, assess and collect an earned income and net

1 profits tax authorized under section 321(b)(2) only after
2 obtaining the approval of the electorate of the school
3 district in a public referendum at a municipal election. The
4 first such public referendum must be conducted no earlier
5 than the municipal election of 2009.

6 (2) Levy, assess and collect a personal income tax
7 authorized under section 321(c) only after obtaining the
8 approval of the electorate of the school district in a public
9 referendum at a municipal election. The first such public
10 referendum must be conducted no earlier than the municipal
11 election of 2009, and no such public referendum may be
12 conducted until the Department of Revenue receives final
13 approval of regulations governing the collection of a
14 personal income tax.

15 (b) Submittal of referendum.--

16 (1) A board of school directors may submit, at a
17 municipal election, a referendum question to the electors of
18 the school district seeking voter approval allowing the
19 school district to levy, assess and collect an earned income
20 and net profits tax or a personal income tax for the purpose
21 of annually funding homestead and farmstead exclusions or
22 millage reductions in certain circumstances. Prior to placing
23 a referendum question on the ballot, the board of school
24 directors must adopt a resolution pursuant to this section.
25 The board of school directors must give public notice of its
26 intent to adopt the resolution in the manner provided by
27 section 4 of the Local Tax Enabling Act and must conduct at
28 least one public hearing on the resolution.

29 (2) The board of school directors shall submit the
30 referendum question required under this section to the

1 election officials of each county in which the school
2 district is situate no later than 60 days prior to a
3 municipal election. The election officials shall cause the
4 referendum question to be submitted to the electors of the
5 school district.

6 (3) The referendum question shall state the rate of the
7 proposed earned income and net profits tax or personal income
8 tax to be levied, the reason for the tax, the estimated per
9 homestead tax reduction and the current rate of earned income
10 and net profits or personal income tax levied by the school
11 district. The question shall be clear and in language that is
12 readily understandable by a layperson and shall be framed in
13 one of the following forms with the school district
14 resolution enumerating the variable amounts represented by
15 the terms X, Y and Z:

16 (i) Do you favor imposing an additional X% (insert
17 name of tax)? The revenue generated from the increased
18 tax rate will be used to reduce taxes on qualified
19 residential property by an estimated amount of \$Y. The
20 current (insert name of tax) rate for the school district
21 is Z%.

22 (ii) Do you favor imposing a personal income tax at
23 X%? The revenue generated from the tax will be used to
24 reduce taxes on qualified residential properties by
25 (insert amount of reduction).

26 (iii) Do you favor converting the school district's
27 current earned income and net profits tax into a personal
28 income tax at X%? The revenue generated from the personal
29 income tax will be used to reduce taxes on qualified
30 residential property by an estimated amount of (insert

1 amount of reduction) and to replace the revenue from the
2 current school district's earned income tax. The current
3 earned income tax rate is Z%.

4 (4) The election officials of each county shall, in
5 consultation with the board of school directors, draft a
6 nonlegal interpretative statement which shall accompany the
7 referendum question in accordance with section 201.1 of the
8 act of June 3, 1937 (P.L.1333, No.320), known as the
9 Pennsylvania Election Code. The nonlegal interpretative
10 statement shall inform the voters of:

11 (i) the reason for the tax;

12 (ii) the estimated increase in revenue which the
13 board of school directors has included in the proposed
14 tax rate as authorized under section 321(b)(4) or section
15 321(c)(6);

16 (iii) the estimated per homestead tax reduction; and

17 (iv) the current rate of earned income and net
18 profits tax or, if applicable, personal income tax levied
19 by the school district.

20 (c) Proposed tax rate.--The proposed rate of the earned
21 income and net profits tax or personal income tax shall be
22 established by the board of school directors of the school
23 district and shall not exceed the rate, when combined with the
24 tax rate authorized under section 331.2, required to provide an
25 exclusion for homestead property and farmstead property equal to
26 the maximum exclusion under 53 Pa.C.S. § 8586 (relating to
27 limitations).

28 (d) Effective date.--If the referendum question under this
29 section is approved, the new rate of the earned income and net
30 profits tax or personal income tax shall take effect pursuant to

1 section 321(d).

2 (e) Majority approval.--Approval of the referendum required
3 under this subsection shall be by a majority of the electors
4 voting on the question in the school district.

5 (f) (Reserved).

6 (g) Effect on certain school districts.--This section shall
7 not apply to a school district of the first class.

8 (h) School districts operating under 53 Pa.C.S. Ch. 87.--

9 (1) (Reserved).

10 (2) (Reserved).

11 (2.1) This subsection shall apply to a school district
12 which is subject to 53 Pa.C.S. Ch. 87 (relating to other
13 subjects of taxation).

14 (3) A school district under this subsection shall
15 convert its earned income and net profits tax authorized
16 under 53 Pa.C.S. § 8703 (relating to adoption of referendum)
17 to an earned income and net profits tax authorized under this
18 subsection at the same rate as the tax was levied under 53
19 Pa.C.S. § 8703 on the date of conversion. The tax authorized
20 under this subsection shall be subject to the provisions of
21 sections 323, 324, 325 and 326.

22 (4) A school district under this subsection shall
23 combine all revenue generated for funding homestead and
24 farmstead exclusions under 53 Pa.C.S. § 8703 with any revenue
25 collected for the purposes of funding homestead and farmstead
26 exclusions under this chapter.

27 (i) Pennsylvania Election Code provisions.--Proceedings
28 under this section shall be in accordance with the provisions of
29 the Pennsylvania Election Code.]

30 Section 2. This act shall take effect in 60 days.