

THE GENERAL ASSEMBLY OF PENNSYLVANIA

# HOUSE BILL

## No. 20

Session of  
1987

INTRODUCED BY TRELLO, DALEY, STABACK, COWELL, COLAFELLA,  
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DeLUCA, VEON, RITTER, PRESTON, MICOZZIE, CARLSON, RAYMOND,  
MORRIS, BALDWIN, CARN, FOX, STUBAN AND LaGROTTA, JANUARY 28,  
1987

REFERRED TO COMMITTEE ON FINANCE, JANUARY 28, 1987

### AN ACT

1 Providing for the establishment of a municipal revenue-sharing  
2 program; imposing powers and duties on the Department of  
3 Revenue; and allocating certain revenues received by the  
4 Commonwealth.

5 The General Assembly of the Commonwealth of Pennsylvania  
6 hereby enacts as follows:

7 Section 1. Short title.

8 This act shall be known and may be cited as the Commonwealth  
9 Municipal Revenue-Sharing Act.

10 Section 2. Declaration of policy.

11 (a) Providers of services.--Local municipal government in  
12 Pennsylvania is the principal supplier of taxpayer services in  
13 such areas as public safety, water and sewer facilities, solid  
14 waste collection disposal and street construction and  
15 maintenance. While the cost of providing basic governmental  
16 services continues to rise, the revenue sources for local

1 municipal government remain fixed.

2 (b) Termination of Federal revenue sharing.--The Federal  
3 Government has expressed its intention to end the General  
4 Revenue Sharing Entitlements to local municipal governments,  
5 thus forcing a shortfall in their revenues. Therefore, it is  
6 necessary that local municipal governments in Pennsylvania have  
7 access to additional revenues to meet their needs. With the  
8 Commonwealth reporting surplus revenues, it is apparent that the  
9 time has come for the establishment of a direct plan for  
10 Commonwealth revenue sharing with local municipal governments.

11 Section 3. Definitions.

12 The following words and phrases when used in this act shall  
13 have the meanings given to them in this section unless the  
14 context clearly indicates otherwise:

15 "Account." The restricted receipts account established in  
16 section 5.

17 "Annual." Each one-year period beginning on July 1 of the  
18 current year and ending on June 30 of the succeeding year.

19 "Department." The Department of Revenue of the Commonwealth.

20 Section 4. Revenue-sharing program.

21 (a) Establishment.--There is established the Commonwealth  
22 Municipal Revenue-Sharing Program which shall provide an annual  
23 distribution of certain Commonwealth revenues to municipalities  
24 for any use authorized by the corporated powers of the  
25 municipalities. The total amount of revenue sharing for any one  
26 year shall not exceed \$130,000,000.

27 (b) Payments.--The annual distribution shall be in the form  
28 of two semiannual payments to each municipality. The first  
29 payment shall be made on April 1 and shall consist of 75% of the  
30 total municipal allotment. The second payment shall be made on

1 October 1 and shall consist of the remaining balance of each  
2 municipal allotment. The initial distribution shall occur on  
3 April 1, 1988.

4 (c) Administration.--Subject to the limitations set forth in  
5 section 7, the department, in cooperation with the Department of  
6 Commerce and the Department of Community Affairs, shall  
7 administer this program.

8 Section 5. Restricted receipts account.

9 (a) Establishment.--There is established in the State  
10 Treasury a restricted receipts account to be known as the  
11 Municipal Revenue-Sharing Account.

12 (b) Deposits.--At least 30 days prior to the April 1  
13 distribution, the following funds shall be deposited into the  
14 account:

15 (1) That portion of the annual revenues raised under  
16 Article III of the act of March 4, 1971 (P.L.6, No.2), known  
17 as the Tax Reform Code of 1971, which is equal to 0.1% of all  
18 taxable income under that article.

19 (2) Any interest earned on investment of the moneys in  
20 the account prior to distribution.

21 (c) Limitation on carryover balance.--After the annual  
22 distribution, the balance then remaining in the account shall  
23 not exceed \$5,000,000. Any excess balance shall be transferred  
24 to the General Fund.

25 Section 6. Calculation of annual distribution.

26 (a) General rule.--Except as provided in subsection (b),  
27 each municipal allocation shall be an amount which bears the  
28 same ratio to \$130,000,000 as the share of such municipality  
29 under Entitlement 17 of the Federal Revenue Sharing Program  
30 bears to the total Pennsylvania allocation under said

1 Entitlement 17.

2 (b) Reduction for insufficient revenue.--In the event that  
3 the revenue sources under section 5(b) fail to generate at least  
4 \$130,000,000 in any one year, the distribution under subsection  
5 (a) shall be based on the amount of revenue generated. If the  
6 revenue sources exceed \$130,000,000 in any one year, the  
7 distribution under subsection (a) shall be based on  
8 \$130,000,000.

9 Section 7. Administration.

10 (a) Department of Revenue.--The department shall be  
11 responsible for administering the provisions of this act,  
12 including calculations, distributions, determinations and other  
13 factors used for this act.

14 (b) Department of Commerce and Department of Community  
15 Affairs.--The Department of Commerce and the Department of  
16 Community Affairs shall, in a timely fashion, furnish  
17 information on populations and incomes to the Department of  
18 Revenue.

19 (c) Auditor General.--The Auditor General shall audit, on a  
20 biennial schedule, each municipality receiving any distribution.  
21 The Auditor General may, in the initial audit, examine up to  
22 one-half of the municipalities on an annual basis and thereafter  
23 audit all municipalities on the biennial basis.

24 Section 8. Rules and regulations.

25 The department shall promulgate appropriate rules and  
26 regulations necessary to carry out the provisions of this act.

27 Section 9. Appeals.

28 Any municipality aggrieved by a decision or determination of  
29 the department may appeal that decision or determination in  
30 accordance with Title 2 of the Pennsylvania Consolidated

1 Statutes (relating to administrative law and procedure).

2 Section 10. Continuing appropriations.

3 Such sums as may be necessary to meet the requirements of  
4 section 5(b)(1) are hereby appropriated on a continuing basis  
5 from the General Fund to the Department of Revenue for purposes  
6 of this act.

7 Section 11. Applicability.

8 (a) General rule.--Except as provided in subsection (b),  
9 this act shall not be applicable until the Federal revenue-  
10 sharing program is abolished or phased out.

11 (b) Phased-in application.--If the Federal Government  
12 chooses to eliminate the Federal revenue-sharing program by  
13 gradually reducing the amounts available to municipalities, then  
14 the provisions of this act shall become applicable to the same  
15 extent that the Federal provisions are withdrawn.

16 Section 12. Effective date.

17 This act shall take effect January 1, 1988.