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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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# HOUSE BILL

## No. 1548 Session of 1999

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INTRODUCED BY EVANS, GEORGE, SANTONI, CAPPABIANCA, BELFANTI,  
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GRUCELA, VAN HORNE, DeLUCA, McCALL, STEELMAN AND YOUNGBLOOD,  
MAY 17, 1999

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REFERRED TO COMMITTEE ON EDUCATION, MAY 17, 1999

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AN ACT

1 Creating the Decision 2000 Commission; defining its powers and  
2 duties; establishing criteria for evaluation of various  
3 methods of public school financing; providing for a public  
4 referendum; imposing duties upon the General Assembly and the  
5 Secretary of Revenue; and making repeals.

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

8 Section 1. Short title.

9 This act shall be known and may be cited as the Decision 2000  
10 Act.

11 Section 2. Declaration of policy.

12 The General Assembly declares as follows:

13 (1) It is essential to provide immediate school property  
14 tax relief and a mechanism to ensure prompt legislative  
15 reform of the manner of financing education in this  
16 Commonwealth.

17 (2) The electorate should have direct input concerning

1 the effect of school finance systems upon taxpayers by means  
2 of a referendum to select a financing option.

3 (3) In order to simultaneously educate the children and  
4 insure the economic and social well-being of taxpayers, a  
5 commission should be established to prepare a set of  
6 meaningful, straightforward options for presentation to the  
7 electorate in the referendum.

8 (4) In order to provide the citizens with fair, viable  
9 options for school financing, the commission should be  
10 comprised of professionals who are knowledgeable concerning  
11 school financing and capable of determining which options for  
12 school financing equitably distribute the burden of payment,  
13 promote economic efficiency and growth, provide appropriate  
14 and timely revenues, are easy to understand and easy to  
15 administer and ensure accountability.

16 (5) The General Assembly recognizes that further  
17 procrastination with regard to resolution of school finance  
18 issues is unacceptable and declares its intention to enact  
19 legislation during the current legislative session upon  
20 certification of the results of the referendum.

### 21 Section 3. Definitions.

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

25 "Commission." The Decision 2000 Commission created under  
26 section 4.

27 "Secretary." The Secretary of the Commonwealth.

### 28 Section 4. Decision 2000 Commission.

29 The Decision 2000 Commission is hereby created as a temporary  
30 commission to develop and implement a comprehensive evaluation

1 of the school finance systems of this Commonwealth and to  
2 provide school finance options for presentation to the  
3 electorate in a referendum in the year 2000. The commission  
4 shall be dissolved at the close of the current legislative  
5 session.

6 Section 5. Membership.

7 The commission shall consist of the following 11 members, all  
8 of whom shall be appointed no later than 60 days after the  
9 effective date of this act: two appointed by the Governor, two  
10 each appointed by the Republican and Democratic caucus leaders  
11 of the Senate and the House of Representatives and one appointed  
12 by the chairperson of the Legislative Budget and Finance  
13 Committee. The members of the commission shall elect a  
14 chairperson at the first meeting. Each member of the commission  
15 shall be a person qualified to study and design school district  
16 finance systems. Qualifications may include significant  
17 experience or education in public finance, taxation, accounting  
18 or economics.

19 Section 6. Powers and duties of commission.

20 (a) Meetings.--The commission shall meet as frequently as it  
21 deems appropriate, but at least once during each month. The  
22 Governor shall designate a commission member to call the initial  
23 meeting of the commission, which shall take place within 30 days  
24 of the effective date of this act.

25 (b) Resources.--The commission may, at no cost, utilize the  
26 office facilities, staff and resources of the Legislative Budget  
27 and Finance Committee in order to discharge the duties and  
28 responsibilities set forth in this act. The members of the  
29 commission shall be reimbursed for actual and necessary expenses  
30 incurred while performing the business of the commission.

1 (c) Comprehensive fiscal review.--The commission shall  
2 conduct a comprehensive fiscal review of the finance sources for  
3 local school districts. The review shall have as its primary  
4 purpose the development of school finance options for  
5 presentation in the Statewide referendum required by section 9.  
6 The results of the review and all commission reports shall be  
7 presented in a manner that a lay person can easily understand.  
8 When preparing the review, the commission shall consider the  
9 evaluation criteria set forth in section 7.

10 (d) Scope of review.--The comprehensive fiscal review shall  
11 include all of the following:

12 (1) An evaluation of current finance sources for school  
13 districts.

14 (2) Consideration of options to redesign, modernize and  
15 improve the finance systems of school districts for  
16 presentation on a Statewide ballot.

17 (3) Consideration of short-term and long-term policy  
18 implications of finance options to be presented on a  
19 Statewide ballot.

20 (4) Estimates of the fiscal impact of such finance  
21 options for the first effective fiscal year and for each of  
22 the two succeeding fiscal years.

23 (5) Preparation of a compilation of all references, data  
24 sources and methodology used in conjunction with the review.

25 (6) An analysis, as appropriate, of the relationship of  
26 school district finance systems to factors that impact such  
27 revenue systems, including, but not limited to, general  
28 economic and demographic trends, patterns of business methods  
29 and organization, economic activity, Federal and State  
30 legislative and administrative actions, accounting standards

1 and regulatory requirements.

2 (e) Criteria for financing options.--Each set of finance  
3 options to be presented to the electorate shall:

4 (1) Provide property tax relief.

5 (2) Improve structural deficiencies in the existing  
6 local school district finance systems.

7 (3) Provide straightforward, fair, efficient and  
8 reliable revenue sources.

9 (4) Not generate excess revenues.

10 Section 7. Evaluation criteria.

11 When carrying out its duties, where appropriate, the  
12 commission shall take into consideration the following:

13 (1) The simplicity of the taxes and the ability of  
14 individual taxpayers to easily understand and comply with  
15 them.

16 (2) The overall mix of all taxes levied by the  
17 Commonwealth and its political subdivisions.

18 (3) Whether the tax burden is distributed fairly among  
19 taxpayers in terms of ability to pay and the relationship  
20 between benefits received and payments made.

21 (4) The need to eliminate subjective interpretation of  
22 taxes.

23 (5) The reliability of taxes and whether their bases  
24 yield automatic growth and cyclical stability in revenues  
25 generated.

26 (6) The collection and enforcement costs associated with  
27 the various taxes and the ability to easily administer the  
28 taxes.

29 (7) Whether the taxes create incentives for individuals  
30 and firms to alter their behavior in order to minimize their

1 tax burden.

2 (8) The system of taxation within various jurisdictions  
3 and the incentives for households to move and firms to  
4 relocate activities to jurisdictions which provide more  
5 favorable tax treatment.

6 (9) The value of tax incentives and whether they meet  
7 the performance requirements on which they are based.

8 (10) The responsiveness of revenue systems to economic  
9 and social conditions, including the goals of economic  
10 development policy.

11 Section 8. Completion of comprehensive fiscal review.

12 The comprehensive fiscal review required by section 6 shall  
13 be completed no later than January 7, 2000. When the commission  
14 issues its report of the results of the review, the commission  
15 shall simultaneously publish all of the following in the  
16 Pennsylvania Bulletin:

17 (1) A summary of the comprehensive fiscal review.

18 (2) Notice of availability of the text of the report.

19 (3) The finance options to be presented on the ballot.

20 Section 9. Ballot requirement.

21 The finance options developed by the commission shall be  
22 presented to the electorate on the ballot at the next Statewide  
23 election after the commission's submission of the comprehensive  
24 fiscal review, but in any event no later than the next Statewide  
25 election after March 1, 2000. The secretary shall transmit to  
26 each county board of elections, at least 13 weeks before the  
27 election, the finance options developed by the commission.  
28 Beginning not earlier than 12 weeks nor later than 11 weeks  
29 before the election, each county board of elections shall  
30 publish in newspapers, as provided by section 106 of the act of

1 June 3, 1937 (P.L.1333, No.320), known as the Pennsylvania  
2 Election Code, a notice setting forth the finance options to be  
3 presented on the ballot. The notice shall also contain the date  
4 of the election when the questions will be presented and a  
5 notice of the availability of the text of the commission's  
6 comprehensive fiscal review. The notice shall be published once  
7 each week for two successive weeks in counties of the first and  
8 second class and once in all other counties.

9 Section 10. Duty of General Assembly.

10 The General Assembly will enact legislation implementing the  
11 choice of the electorate within nine months after certification  
12 of the results of the referendum.

13 Section 11. Duty of secretary.

14 (a) General Assembly.--Upon failure of the members of the  
15 General Assembly to appoint a commission member within the  
16 deadline set by section 5 or to enact legislation within the  
17 deadline set by section 10, the secretary shall immediately  
18 publish in the Pennsylvania Bulletin a notice certifying the  
19 failure to meet the deadline.

20 (b) Governor.--Upon failure of the Governor to appoint a  
21 commission member within the deadline set by section 5, the  
22 secretary shall immediately publish in the Pennsylvania Bulletin  
23 a notice certifying the failure to meet the deadline.

24 (c) Commission.--Upon failure of the commission to meet the  
25 deadline set by section 8, the secretary shall immediately  
26 publish in the Pennsylvania Bulletin a notice certifying the  
27 failure to meet the deadline.

28 (d) Referendum.--In the event that the referendum required  
29 by section 9 is not conducted within the required time, the  
30 secretary shall immediately publish in the Pennsylvania Bulletin

1 a notice certifying the failure to timely conduct the  
2 referendum.

3 Section 12. Repeals.

4 Section 507 and Article VI of the act of March 10, 1949  
5 (P.L.30, No.14), known as the Public School Code of 1949, are  
6 repealed to the extent that they authorize the collection of  
7 taxes on real property.

8 Section 13. Effective date.

9 This act shall take effect as follows:

10 (1) Section 12 shall take effect upon publication of any  
11 of the notices described in section 11.

12 (2) The remainder of this act shall take effect  
13 immediately.