

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2616 Session of  
2002

INTRODUCED BY STEIL, RUBLEY, MELIO, GRUCELA, ARMSTRONG, BASTIAN,  
BUNT, CAPPELLI, CIVERA, CORRIGAN, CREIGHTON, CURRY, DAILEY,  
DALEY, DALLY, DIGIROLAMO, DIVEN, FEESE, FLICK, FREEMAN,  
GODSHALL, HANNA, HARHAI, HENNESSEY, HERMAN, HERSHEY, LEH,  
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THOMAS, TIGUE, VANCE, WALKO, WATSON, M. WRIGHT, YOUNGBLOOD,  
YUDICHAK AND ZIMMERMAN, MAY 1, 2002

REFERRED TO COMMITTEE ON FINANCE, MAY 1, 2002

AN ACT

1 Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An  
2 act relating to the public school system, including certain  
3 provisions applicable as well to private and parochial  
4 schools; amending, revising, consolidating and changing the  
5 laws relating thereto," further providing for tax levies and  
6 information related to taxes; authorizing the imposition of  
7 personal income taxes by school district; making editorial  
8 changes; and making a repeal.

9 The General Assembly of the Commonwealth of Pennsylvania  
10 hereby enacts as follows:

11 Section 1. Section 507 of the act of March 10, 1949 (P.L.30,  
12 No.14), known as the Public School Code of 1949, amended April  
13 27, 1998 (P.L.270, No.46), is amended to read:

14 Section 507. General Powers; Taxation.--In order to  
15 establish, enlarge, equip, furnish, operate, and maintain any  
16 schools or departments herein provided, or to pay any school  
17 indebtedness which any school district is required to pay, or to

1 pay any indebtedness that may at any time hereafter be created  
2 by any school district, or to enable it to carry out any  
3 provisions of this act, the board of school directors in each  
4 school district is hereby vested with all the necessary  
5 authority and power annually to levy and collect, in the manner  
6 herein provided, the necessary real property taxes, realty  
7 transfer taxes and personal income taxes required, in addition  
8 to the annual State appropriation, and shall have, and be vested  
9 with, all necessary power and authority to comply with and carry  
10 out any or all of the provisions of this act. In the case of a  
11 school district of the first class, the duties imposed by this  
12 section shall apply to a city of the first class that is  
13 coterminous with a school district of the first class.

14 Section 2. Section 603 of the act, amended June 2, 1965  
15 (P.L.86, No.59) and September 1, 1965 (P.L.433, No.218), is  
16 amended to read:

17 Section 603. Only One Annual Tax Levy.--There shall be but  
18 one levy of school taxes made in each school district in each  
19 year, which shall be assessed, levied, and collected for all the  
20 purposes provided in this act, and shall be uniform throughout  
21 the territorial limit of each school district, except that  
22 those school taxes which school districts are empowered to levy  
23 under the authority of the act of June 25, 1947 (P.L.1145), as  
24 amended, may be levied at any time during the period authorized  
25 for the assessment and levy of any school taxes: Provided, That  
26 (1) where two or more school districts have voted to become a  
27 union school district in accordance with the provisions of this  
28 act and prior to the actual creation of the union school  
29 district, the school board members by a majority vote of all the  
30 members comprising said school boards shall assess and levy a

1 uniform school tax in all of the districts comprising said union  
2 school district for general revenue purposes necessary to  
3 operate said union school district commencing the first day of  
4 July following the vote establishing said union district, and  
5 (2) whenever hereafter a school district of the second, third,  
6 or fourth class shall be annexed to and merged in, and become a  
7 part of a school district of the first class or first class A,  
8 or shall be merged into and become a part of a school district  
9 of the first class A as a reorganized district under the  
10 provisions of Article II, subdivision (i) of this act, the board  
11 of public education of said school district of the first class  
12 or first class A shall have power to levy a special school tax  
13 on the territory which comprised said annexed and merged school  
14 district or on the territory which comprised the school district  
15 into and becoming a part of a school district of the first class  
16 A as a reorganized district, to provide for the expense and  
17 maintenance of the schools thereof from the end of the school  
18 year of said annexed and merged or merged by force of  
19 reorganization school district to the beginning of the next  
20 school year in said school district of the first class or first  
21 class A, and to provide for and pay the floating indebtedness of  
22 said annexed and merged or merged by force of reorganization  
23 school district. Said levy shall not exceed one-half of the last  
24 previous total annual millage levied by said school district of  
25 the first class or first class A.]

26 Section 3. Section 631 of the act, amended December 6, 1972  
27 (P.L.1445, No.323), is amended to read:

28 Section 631. Power to Incur Debt; Limitations.--The board of  
29 school directors in any school district may, in any year, create  
30 and incur an indebtedness against such school district and issue

1 bonds to secure the same, payable as provided by [the act of  
2 July 12, 1972 (Act No.185), known as the "Local Government Unit  
3 Debt Act,"] 53 Pa.C.S. Pt. VII, Subpt. B (relating to  
4 indebtedness and borrowing) or any amendment or re-enactment  
5 thereof, for any or all of the following purposes:

6 (1) To purchase or acquire proper sites, buildings or  
7 grounds for school use, or any lands additional to any existing  
8 school sites or grounds;

9 (2) To erect, enlarge, equip or furnish any building for  
10 school use;

11 (3) To repair, remodel or rebuild any building of the school  
12 district;

13 (3.1) To lease for an extended period building facilities or  
14 portions of buildings constructed for school use and/or existing  
15 building facilities or portions of existing building facilities  
16 altered for school use;

17 (4) To purchase school buses;

18 (5) To pay any indebtedness incurred by any municipality for  
19 or on account of the school district or for school purposes, and  
20 required by this act to be assumed by the school district;

21 (6) To pay any refund of taxes decreed by an order of court;

22 (7) To refund certain bonds, as hereinafter provided;

23 (8) To fund floating indebtedness incurred for current  
24 expenses and debt service;

25 (9) To fund temporary indebtedness incurred for permanent  
26 improvements, or in anticipation of proceeds from a bond issue;

27 (10) To purchase or acquire buildings for school use.

28 The indebtedness of any school district shall never exceed  
29 fifteen (15) per centum of the last assessed valuation of  
30 property taxable for school purposes therein.

1 Section 4. Section 632 of the act, reenacted and amended  
2 March 16, 1967 (P.L.9, No.3), is amended to read:

3 [Section 632. Assent of Electors; When Necessary and When  
4 Not Necessary.--The assent of the electors shall be required in  
5 all school districts of the second, third and fourth class, to  
6 issue bonds which will incur any new debt or increase the  
7 indebtedness to an amount in excess of five (5) per centum of  
8 the assessed valuation of property taxable for school purposes  
9 therein. The assent of the electors shall be required in school  
10 districts of the first class and first class A to issue bonds  
11 which will incur any new debt or increase the indebtedness to an  
12 amount in excess of five (5) per centum of the assessed  
13 valuation of property taxable for school purposes therein. The  
14 board of school directors of any school district of the first,  
15 first class A, second, third, or fourth class shall have  
16 authority, without the assent of the electors, to issue bonds  
17 which will incur upon its own authority any amount of such  
18 indebtedness not in excess of five (5) per centum of the last  
19 assessed valuation of property taxable for school purposes  
20 therein.

21 If the amount of bonds of any bond issue maturing in any  
22 single year is in excess of five percent of the total amount of  
23 such bond issue, the amount in excess of five percent of such  
24 bond issue may be refunded by the board of school directors of  
25 any school district, upon its own authority, without submitting  
26 any such refunding bond issue to a vote of the electors.

27 Any school district which calls bonds for payment prior to  
28 the date of maturity may issue bonds for the purpose of paying  
29 any or all such bonds as may be called for payment. All bonds  
30 issued for the purpose of refunding bonds shall be issued as

1   hereinbefore provided for the issuing of such bonds.]

2       Section 5.   Section 652 of the act, amended August 5, 1977  
3   (P.L.178, No.46), is amended to read:

4       Section 652.   Tax Levy; Purposes; Limitations.--In all school  
5   districts of the first class the school taxes for the following  
6   fiscal year shall be levied annually[, by the board of public  
7   education thereof,] on or after the second Monday of November  
8   and before the first Monday of December following. In all school  
9   districts of the first class A the school taxes for the  
10   following fiscal year shall be levied annually by the board of  
11   public education on or after the first Monday of December and  
12   before the end of the current fiscal year. [The board of public  
13   education thereof shall annually levy a tax on each dollar of  
14   the total assessments of all property assessed and certified for  
15   taxation in said district, which tax shall be ascertained,  
16   determined, and fixed by adding together the following:

17       (1)   An amount which, with all moneys received from the  
18   Commonwealth applicable thereto, shall be sufficient to pay the  
19   minimum salaries and increments of the teaching and supervisory  
20   staff thereof as fixed and provided by law and to pay the  
21   contributions of said district to the teachers' retirement  
22   system. For the purpose of computing the amount required to pay  
23   the minimum salaries and increments fixed by law, but without  
24   otherwise limiting the rights of the district to employ teachers  
25   or other employes, (i) The number of teachers on the salary  
26   schedule of the elementary schools shall not exceed one for  
27   every thirty pupils in average daily membership in such schools,  
28   (ii) The number of teachers on the salary schedule of the junior  
29   high schools shall not exceed one for every twenty-two pupils in  
30   average daily membership in such schools, (iii) The number of

1 teachers on the salary schedule of the senior high schools shall  
2 not exceed one for every twenty-two pupils in average daily  
3 membership in such schools, (iv) The number of teachers with  
4 salaries and increments fixed by law, on any salary schedule now  
5 established or hereafter established, and not specially  
6 mentioned in this act, shall not exceed one for every twenty-two  
7 pupils in average daily membership, (v) The number of principals  
8 in the elementary schools, and the principals in charge of all  
9 other character of schools now established or hereafter  
10 established, and not specially mentioned in this act, shall not  
11 exceed one for every six hundred pupils in average daily  
12 membership in such schools, (vi) The number of principals in the  
13 junior and senior high schools shall not exceed one for every  
14 twelve hundred pupils in average daily membership in such  
15 schools, (vii) The number of supervisors in all schools shall  
16 not exceed one for every fifteen hundred pupils in average daily  
17 membership, (viii) The number of attendance officers and home  
18 and school visitors shall not exceed one for every two thousand  
19 pupils in average daily membership in all elementary and  
20 secondary schools, (ix) In all adult and extension school  
21 classes, the number of teachers shall not exceed one for every  
22 twenty pupils in average daily membership in such schools.

23 The salary and increments, fixed by law, of members of the  
24 teaching and supervisory staff whose number is not in some  
25 manner limited hereby, shall not be included within the purposes  
26 authorized by clause (1) of this section, but shall be construed  
27 and regarded as constituting expenses within the meaning of  
28 clause (3) of this section.

29 Average daily membership, as used herein, shall be based upon  
30 membership during the preceding school term.

1 (2) An amount sufficient to pay the interest on, and retire  
2 at maturity the principal of, the indebtedness of said district  
3 incurred as authorized by law.

4 (2.1) An amount sufficient to pay any rentals agreed to be  
5 paid to the State Public School Building Authority or any other  
6 authority created by the General Assembly, having State-wide  
7 jurisdiction.

8 (3) An amount sufficient to pay all other expenses and  
9 requirements of said school district, which amount shall be  
10 equivalent to not less than three, nor more than five, mills on  
11 the dollar of the total assessment of all property assessed and  
12 certified for taxation therein.

13 The total annual school tax levy for all purposes in any  
14 school district of the first class shall not be more than eleven  
15 and three-quarter (11 3/4) mills on the dollar of the total  
16 assessment of all property assessed and certified for taxation  
17 in the territory constituting the district.]

18 Section 6. Section 652.1 of the act, amended June 25, 1982  
19 (P.L.643, No.182), is amended to read:

20 Section 652.1. Taxing Power of Elected Board of Public  
21 Education of School Districts of the First Class A.--(a) The  
22 elected Board of Public Education in any school district of the  
23 first class A shall have authority to impose real property  
24 taxes, realty transfer taxes and personal income taxes for the  
25 purposes of such school district as provided in section 672. [as  
26 follows:

27 (1) Without ordinance and under the following statutes their  
28 reenactments and amendments, at the rates fixed therein, namely:

29 (i) Act of June 20, 1947 (P.L.745, No.320), (Mercantile  
30 License Tax),



(ii) Act of June 20, 1947 (P.L.733, No.319), (Personal Property Tax),

(iii) Act of August 24, 1961 (P.L.1135, No.508), (Income Tax),

(iv) Real property tax acts:

Act of March 10, 1949 (P.L.30, No.14), 11.75 mills,

Act of November 30, 1955 (P.L.793, No.226), 1.5 mills,

Act of July 12, 1957 (P.L.837, No.386), .75 mills,

Act of November 19, 1959 (P.L.1552, No.557), 2 mills,

Act of October 21, 1965 (P.L.650, No.321), 1 mill,

Act of November 26, 1968 (P.L.1098, No.340), 6 mills,

Act of December 15, 1975 (P.L.483, No.143), 6 mills.

(2) In addition to the taxing authority set forth in the act of August 24, 1961 (P.L.1135, No.508), (Income Tax), by ordinance, a tax of one per centum (1%) on wages, salaries, commissions and other earned income of individuals: Provided, however, That the total tax levied under the act of August 24, 1961 (P.L.1135, No.508) and the total tax levied under this subsection on wages, salaries, commissions and other earned income of individuals may equal but shall not exceed two per centum (2%).

(3) In addition to the taxing authority set forth in the real property tax acts referred to in section 652.1(a)(1)(iv), by ordinance a tax, sufficient to meet the school district's anticipated expenses on each dollar of the total assessment of all property assessed and certified for taxation in the territory constituting the district.

(4) In addition thereto, by ordinance on any persons, transactions, occupations, privileges, subjects and real or personal property as they shall determine not prohibited by

1 section 2 of the act of December 31, 1965 (P.L.1257, No.511),  
2 known as "The Local Tax Enabling Act" and not specifically  
3 excluded under paragraph (5) hereof; even if the ordinance  
4 imposing such tax or taxes is duplicative of the taxes  
5 enumerated in section 652.1(a)(1); but no ordinance shall  
6 authorize the imposition of a tax on the wages, salary or net  
7 income of any person not a resident of such school district.

8 (5)] (a.1) No tax of any kind may be imposed on admission to  
9 places of amusement, athletic events, motion picture theaters,  
10 occupations or occupational privilege, gross receipts of  
11 businesses, including institutions and nonprofit services, and  
12 parking, but this [paragraph] subsection shall not apply to  
13 taxes imposed on the whole volume of business transacted by  
14 retail and wholesale dealers in goods, wares and merchandise.

15 (b) Any ordinance authorizing a tax, other than under a  
16 statute and at the rate fixed thereby, shall fix the rate  
17 thereof and provide for the levy, assessment and collection of  
18 the same.

19 Section 7. Section 672 of the act, amended or added June 16,  
20 1972 (P.L.449, No.138), December 10, 1974 (P.L.914, No.302),  
21 February 4, 1982 (P.L.1, No.1) and June 7, 1993 (P.L.49, No.16),  
22 is amended to read:

23 Section 672. Tax Levy; Limitations.--(a) In all school  
24 districts of the second, third, and fourth class, all school  
25 taxes shall be levied and assessed by the board of school  
26 directors therein, during the month of February or March or  
27 April or May or June each year, for the ensuing fiscal year,  
28 except in districts of the second class where the fiscal year  
29 begins on the first day of January, in which the school taxes  
30 shall be levied and assessed during the month of October or

1 November of each year. [In such school districts the tax rate  
2 shall not exceed twenty-five mills on the dollar, on the total  
3 amount of the assessed valuation of all property taxable for  
4 school purposes therein. Each school district of the second,  
5 third or fourth class may also collect a per capita tax on each  
6 resident or inhabitant of such district over eighteen years of  
7 age, as herein provided.]

8 (b) Boards of school directors of districts of the second,  
9 third, and fourth classes are hereby authorized to levy  
10 annually[, a tax on each dollar of the total assessment of all  
11 property assessed and certified for taxation therein, (1)]:

12 (1) A personal income tax under Article VI-A to pay [up to  
13 and including the salaries and increments of the teaching and  
14 supervisory staff, (2) to pay rentals due any municipality  
15 authority or nonprofit corporation or due the State Public  
16 School Building Authority,] only the instructional costs of the  
17 school district. For purposes of this section, the phrase  
18 "instructional costs" means all costs incurred and related to  
19 those activities dealing directly with the interaction between  
20 teachers and students which can be directly attributed to a  
21 program of instruction. All costs that are not "instructional  
22 costs" shall be classified as other costs of the school  
23 district.

24 (2) A real property tax on each dollar of the total  
25 assessment of all real property assessed and certified for  
26 taxation within the school district and a realty transfer tax to  
27 pay for all other costs of the school district.

28 (3) [to] To pay interest and principal on any indebtedness  
29 incurred pursuant to the act of July 12, 1972 (P.L.781, No.185),  
30 known as the "Local Government Unit Debt Act," or any prior or

1 subsequent act governing the incurrence of indebtedness of the  
2 school district, which tax shall be unlimited[, and].

3 (4) [to] To pay for the amortization of a bond issue which  
4 provided a school building prior to the first Monday of July,  
5 1959.

6 (c) The personal income tax levied to pay [salaries and  
7 increments of the teaching and supervisory staff] instructional  
8 costs shall not be invalidated by reason of the fact that in  
9 determining the amount to be raised by such tax [for the payment  
10 of salaries and increments] no deduction was made for  
11 appropriations or reimbursements paid or payable by the  
12 Commonwealth to the School District, [which are applicable  
13 directly or indirectly to the salaries and increments. None of  
14 said taxes shall be invalidated or affected by reason of the  
15 fact that it may increase the total annual school tax levy of  
16 any school district beyond the millage fixed or limited by this  
17 section.

18 (d) The boards of school directors of all independent school  
19 districts in which the board members are elected or appointed by  
20 court may, annually, levy a tax as herein authorized, at the  
21 same time and in the same manner as other school districts of  
22 the same class to which such independent district belongs, in an  
23 amount which shall be sufficient with all other taxes imposed by  
24 such district to pay the expenses of such district as set forth  
25 in subsection (b) of this section and to pay all other expenses  
26 and requirements of such district: Provided, That such tax shall  
27 not be more than seventy-five (75) mills on the dollar on the  
28 total amount of the assessed valuation of all property taxable  
29 for school purposes within such district. Each such district may  
30 also collect, annually, a per capita tax in an amount of not

1 less than one dollar (\$1) and not more than ten dollars (\$10) on  
2 each resident or inhabitant of such district over eighteen (18)  
3 years of age.]

4 (e) The board of school directors of any school district of  
5 the third class with a coterminous boundary with a third class  
6 city may in any year levy separate and different rates of real  
7 property taxation for school purposes on all real estate  
8 classified as land, exclusive of the buildings thereon, and on  
9 all real estate classified as buildings on land. When real  
10 [estate] property taxes are so levied, (1) the rates shall be  
11 determined annually by a vote of the board of school directors  
12 of a school district of the third class based upon passage of  
13 the school district's annual budget, (2) the rates may be levied  
14 by a school district of the third class: Provided, That (i) the  
15 revenue obtained in the first year of the levy is not in excess  
16 of one hundred fifteen (115) per centum of the aggregate revenue  
17 which the school district collected from a levy on real estate  
18 in the prior year, and (ii) in the second and subsequent years,  
19 the school district levy on real estate shall not be in excess  
20 of the aggregate revenue which a school district is empowered to  
21 collect under existing statute, and (3) the rates levied by a  
22 school district of the third class shall be uniform as to all  
23 real estate within the classification.

24 (f) After reduction of the rate of real property tax imposed  
25 by a school district to account for the increase in tax revenue  
26 due to the imposition of a personal income tax under Article VI-  
27 A, the board of school directors of a school district may  
28 increase the rate of the real property tax as long as that rate  
29 does not cause local tax revenue, excluding real property taxes  
30 to be levied on newly constructed buildings or structures or on

increased valuations based on new improvements made to existing houses, to increase by more than the percentage increase in the Statewide average weekly wage in the preceding year. Prior to any increase under this subsection, the board of school directors must certify to the court of common pleas in the judicial district in which the school district is located the estimates of total local tax revenues used in the calculation under this subsection. The court may, on its own motion or on petition of a person having standing under subsection (i), revise the estimates certified by the board of school directors and reduce the allowable increase in the rate of the real property tax under this subsection.

(g) The provisions of subsection (c) shall not apply to increases in the rate of tax on real property:

(1) To respond to or recover from an emergency or disaster declared pursuant to 35 Pa.C.S. § 7301 (relating to general authority of Governor) or 75 Pa.C.S. § 6108 (relating to power of Governor during emergency), only for the duration of the emergency or disaster and for the costs of the recovery from the emergency or disaster.

(2) To implement a court order or an administrative order from a Federal or State agency that requires the expenditure of funds that exceed current available revenues. The rate increase shall be rescinded following fulfillment of the court order or administrative order.

(3) To pay interest and principal on any indebtedness incurred under 53 Pa.C.S. Pt. VII Subpt. B (relating to indebtedness and borrowing). However, in no case may a school district incur additional debt under this paragraph, except for the refinancing of existing debt, including the payment of costs

1 and expenses related to such refinancing and the establishment  
2 or funding of appropriate debt service reserves. The increase  
3 shall be rescinded following the final payment of interest and  
4 principal.

5 (4) To respond to conditions that pose an immediate threat  
6 of serious physical harm or injury to the students, staff or  
7 residents of the school district until the circumstances causing  
8 the threat have been fully resolved.

9 (5) Special purpose tax levies approved by the electorate.

10 (6) To maintain per-student local tax revenue in the school  
11 district at an amount not exceeding the amount of per-student  
12 local tax revenue at the level of the preceding year, adjusted  
13 for the percentage increase in the Statewide average weekly  
14 wage. This paragraph shall apply only if the percentage growth  
15 in student enrollment in the school district between the current  
16 fiscal year and the third fiscal year immediately preceding the  
17 current fiscal year exceeds 10%. For the purposes of this  
18 paragraph, student enrollment shall be measured by average daily  
19 membership as defined in this act. For the purposes of this  
20 paragraph, per-student local tax revenue shall be determined by  
21 dividing local tax revenue by average daily membership.

22 (h) A person shall have standing as a party to a proceeding  
23 under this subsection as long as the person resides within or  
24 pays real property taxes to the taxing jurisdiction of the  
25 school district instituting the action.

26 Section 8. Section 672.2 of the act, added November 20, 1979  
27 (P.L.465, No.97), is amended to read:

28 [Section 672.2. School Districts Lying in More Than One  
29 County; Tax Levy on Occupations.--(a) Any school district which  
30 lies in more than one (1) county and which levies an occupation

1 tax, shall levy such tax uniformly upon each occupational  
2 category existing in all counties in which the district lies, at  
3 the lowest assessed valuation for each equivalent occupational  
4 category as certified to the school district by the counties in  
5 which the district lies.

6 (b) This section shall not apply to any school district  
7 which levies an occupational assessment tax on the effective  
8 date hereof unless the school district by resolution elected to  
9 be subject thereto.]

10 Section 9. Section 679 of the act, amended November 26, 1982  
11 (P.L.760, No.215), is amended to read:

12 [Section 679. Per Capita Taxes.--Each resident or  
13 inhabitant, over eighteen years of age, in every school district  
14 of the second, third, and fourth class, which shall levy such  
15 tax, shall annually pay, for the use of the school district in  
16 which he or she is a resident or inhabitant, a per capita tax of  
17 not less than one dollar nor more than five dollars, as may be  
18 assessed by the local school district. The tax collector shall  
19 not proceed against a spouse or his employer until he has  
20 pursued remedies against the delinquent taxpayer and the  
21 taxpayer's employer under this section.

22 Each school district may exempt any person whose total income  
23 from all sources is less than five thousand dollars per annum  
24 from its per capita tax or any portion thereof. The school  
25 district may adopt and employ regulations for the processing of  
26 claims for the exemption.]

27 Section 10. Section 680 of the act, amended June 16, 1972  
28 (P.L.449, No.138), is amended to read:

29 [Section 680. List of Residents for Per Capita Tax  
30 Purposes.--(a) In order that the board of school directors of



1 each school district of the second, third, or fourth class may  
2 assess, levy, and collect a per capita tax of not less than one  
3 dollar nor more than five dollars on each resident or inhabitant  
4 over eighteen years of age in the district, it shall be the duty  
5 of the proper assessors in each such school district to prepare  
6 a list of residents or inhabitants in such school district over  
7 eighteen years of age, and return the same with the other  
8 taxable property in the district, as provided by law. In each  
9 school district all such lists of residents or inhabitants shall  
10 be included and certified in the list of taxable property to be  
11 certified to the board of school directors in each such school  
12 district, as herein provided. Assessors whose assessment  
13 district includes the whole or parts of more than one school  
14 district shall return separate lists of residents and  
15 inhabitants of each such school district.

16 (b) Every resident or inhabitant in any school district,  
17 upon attaining eighteen years of age, and every person eighteen  
18 years of age or over becoming a resident or inhabitant in any  
19 school district, shall, within twelve months after the happening  
20 thereof, notify the proper assessors of his becoming of age or  
21 becoming a resident or inhabitant. Any person failing, within  
22 said period, to notify the assessors of the school district  
23 within which he resides, shall, in addition to the tax levied by  
24 such school district, be liable to such school district in a  
25 penal sum equal to such tax.

26 The board of school directors shall, at the same time as they  
27 give public notice of a proposed budget, include a notice of the  
28 requirements of this subsection, together with the name and  
29 address of the assessor to be notified.]

30 Section 11. Section 680.1 of the act, added October 20, 1988

1 (P.L.827, No.110), is amended to read:

2 [Section 680.1. Temporary Continuance of Tax on Landfill or  
3 Resource Recovery Facilities.--Notwithstanding the provisions of  
4 the act of July 28, 1988 (P.L.556, No.101), known as the  
5 "Municipal Waste Planning, Recycling and Waste Reduction Act,"  
6 any school district that initially imposed a tax on a municipal  
7 waste landfill or resource recovery facility on or before June  
8 30, 1988, but after December 31, 1987, may continue to collect  
9 such tax at the rate in effect on July 1, 1988, during the 1988-  
10 1989 school year only.]

11 Section 12. The act is amended by adding articles to read:

12 ARTICLE VI-A

13 PERSONAL INCOME TAX

14 Section 601-A. Short title of article.

15 This article shall be known and may be cited as the School  
16 District Personal Income Tax Authorization Act.

17 Section 602-A. Definitions.

18 The following words and phrases when used in this article  
19 shall have the meanings given to them in this section unless the  
20 context clearly indicates otherwise:

21 "Association." A partnership, limited partnership or other  
22 unincorporated group of two or more persons.

23 "Business." An enterprise, activity, profession or other  
24 undertaking of an unincorporated nature conducted for profit or  
25 ordinarily conducted for profit whether by a person, association  
26 or other entity.

27 "Compensation." The classes of income included within the  
28 definition of "compensation" set forth in section 301 of the act  
29 of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of  
30 1971, and upon which are imposed a personal income tax by the

1 Commonwealth.

2 "Corporation." A corporation or joint stock association  
3 organized under the laws of the United States or the  
4 Commonwealth of Pennsylvania or any other state, territory,  
5 foreign country or dependency.

6 "Current year." The calendar year or fiscal year for which  
7 the tax is levied.

8 "Department." The Department of Community and Economic  
9 Development of the Commonwealth.

10 "Domicile." The place where one lives and has his permanent  
11 home and to which he has the intention of returning whenever he  
12 is absent. Actual residence is not necessarily domicile because  
13 domicile is the fixed place of abode which, in the intention of  
14 the taxpayer, is permanent rather than transitory. Domicile is  
15 the voluntarily fixed place of habitation of a person, not for a  
16 mere special or limited purpose, but with the present intention  
17 of making a permanent home, until some event occurs to induce  
18 him to adopt some other permanent home. In the case of  
19 businesses or associations, the domicile is any place where the  
20 business or association is conducting or engaging in a business  
21 for profit within a school district.

22 "Employer." A person, association, corporation, governmental  
23 unit or other entity employing one or more persons, other than  
24 domestic servants for compensation.

25 "Governing body." The board of school directors of a school  
26 district.

27 "Net profits." The class of income described as "net  
28 profits" in section 303 of the act of March 4, 1971 (P.L.6,  
29 No.2), known as the Tax Reform Code of 1971, and upon which is  
30 imposed a personal income tax by the Commonwealth.

1     "Nonresident." A person, association or other entity  
2     domiciled outside the school district.

3     "Person" or "individual." A natural person.

4     "Personal income." The classes of income enumerated in  
5     section 303 of the act of March 4, 1971 (P.L.6, No.2), known as  
6     the Tax Reform Code of 1971, and upon which is imposed a  
7     personal income tax by the Commonwealth.

8     "Political subdivision." A school district.

9     "Preceding year." The calendar year or fiscal year before  
10    the current year.

11    "Register." The register provided for in this article.

12    "Resident." A person, association, corporation or other  
13    entity:

14        (1) living in or maintaining a permanent or fixed place  
15        of abode in a school district; or

16        (2) conducting or engaging in a business for profit  
17        within a school district.

18    "School district." A school district of the first class,  
19    first class A, second class, third class or fourth class,  
20    including any independent school district.

21    "Succeeding year." The calendar year or fiscal year  
22    following the current year.

23    "Tax officer." The person, public employee or private agency  
24    designated by a governing body to collect and administer a tax  
25    imposed under this article, and the treasurer of a school  
26    district of the first class A.

27    "Taxpayer." A person, association or other entity required  
28    under this article to file a tax return or to pay a tax.

29    Section 603-A. Preemption.

30    No act of the General Assembly heretofore or hereinafter

1 enacted shall vacate or preempt any resolution passed or adopted  
2 under the authority of this article, or any other act, providing  
3 authority for the imposition of a tax by a school district,  
4 unless the act of the General Assembly expressly vacates or  
5 preempts the authority to pass or adopt such resolutions.

6 Section 604-A. Personal income tax authorization.

7 (a) School districts.--Except as provided in subsection (b),  
8 each school district shall have the power and may, by  
9 resolution, levy, assess and collect or provide for the levying,  
10 assessment and collection of a tax for general revenue purposes  
11 at a rate as it shall determine on personal income of the  
12 residents of the school district and such other taxes that are  
13 specifically permitted under this act. A school district may  
14 only increase the rate of personal income tax when that school  
15 district experiences an annual increase in weighted average  
16 daily membership that equals or exceeds 1%. Any increase shall  
17 be limited to a rate that will maintain gross personal income  
18 tax revenue per student ratio which existed in the school year  
19 immediately preceding the year of the tax increase.

20 (b) Exclusions.--No school district shall have any power or  
21 authority to levy, assess or collect:

22 (1) A tax based upon a flat rate or on a millage rate on  
23 an assessed valuation of a particular trade, occupation or  
24 profession, commonly known as an occupation tax.

25 (2) A tax at a set or flat rate upon persons employed  
26 within the taxing district, commonly known as an occupational  
27 privilege tax.

28 (3) A per capita, poll, residence or similar head tax.

29 (4) A tax on personal property.

30 (5) The earned income tax previously levied under the

1 act of December 31, 1965 (P.L.1257, No.511), known as The  
2 Local Tax Enabling Act.

3 Section 605-A. Continuity of tax.

4 Every tax levied under the provisions of this article shall  
5 continue in force on a calendar or fiscal year basis, as the  
6 case may be, without annual reenactment unless the rate of the  
7 tax is subsequently changed.

8 Section 606-A. Exemption of low-income persons.

9 (a) Low-income exemption.--Each school district shall have  
10 the power and shall exempt any person who qualifies under the  
11 provisions of section 304 of the act of March 4, 1971 (P.L.6,  
12 No.2) known as the Tax Reform Code of 1971, from payment of any  
13 or all of the tax imposed under section 604.

14 (b) Special hardship exemption.--Each school district shall  
15 have the power and may exempt persons who qualify as claimants  
16 under the provisions of the act of March 11, 1971 (P.L.104,  
17 No.3), known as the Senior Citizens Rebate and Assistance Act,  
18 and who have household income as defined in the Senior Citizens  
19 Rebate and Assistance Act which is equal to or less than the  
20 maximum income requirement necessary to qualify for a property  
21 tax rebate or rent rebate in lieu of property taxes or rent due  
22 pursuant to the Senior Citizens Rebate and Assistance Act, from  
23 the payment of any tax on personal income.

24 (c) Regulations.--Each school district shall adopt  
25 regulations for the processing of claims for these exemptions.

26 Section 607-A. Collection of personal income tax by  
27 Commonwealth.

28 The Department of Revenue shall be responsible for the  
29 collection of all personal income tax imposed by a school  
30 district in conjunction with the collection of any tax on

1 personal income imposed by the Commonwealth under the authority  
2 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax  
3 Reform Code of 1971.

4 Section 608-A. Limitation on assessment.

5 No assessment may be made of any personal income tax imposed  
6 under this article more than five years after the date on which  
7 such tax should have been paid except where a fraudulent return  
8 or no return has been filed.

9 Section 609-A. Distress and sale of property of taxpayer.

10 (a) General rule.--In case of the neglect or refusal of any  
11 person, association or corporation to make payment of the amount  
12 of any personal income tax due after two months from the date of  
13 the tax notice, the Department of Revenue shall have the power  
14 to levy the amount of such tax, penalty, interest and costs  
15 thereon, not exceeding costs and charges allowed constables for  
16 similar services by distress and sale of the goods and chattels  
17 of such delinquent, wherever located, upon giving at least ten  
18 days' public notice of such sale by one advertisement in a  
19 newspaper of general circulation published in the county.

20 (b) Effect on return.--No failure to demand or collect any  
21 taxes by distress and sale of goods and chattels shall  
22 invalidate any return made, or lien filed for nonpayment of  
23 taxes, or any tax sale for the collection of taxes.

24 Section 610-A. Collection of delinquent taxes from employers.

25 (a) General rule.--The Department of Revenue shall demand,  
26 receive and collect from all employers employing persons owing  
27 delinquent personal income taxes or having in possession unpaid  
28 compensation belonging to any person or persons owing delinquent  
29 personal income taxes upon the presentation of a written notice  
30 and demand certifying that the information contained therein is

1 true and correct and containing the name of the taxpayer and the  
2 amount of tax due.

3 (b) Response to notice.--Upon the presentation of such  
4 written notice and demand, the employer shall deduct from the  
5 compensation of such employees then owing, or thereafter due, a  
6 sum sufficient to pay the amount of the delinquent personal  
7 income taxes, interest, penalty and costs shown upon the written  
8 notice or demand, and shall pay the same to the Department of  
9 Revenue by which such delinquent tax was levied within 60 days  
10 after such notice was given.

11 (c) Limitation on deduction.--No more than 10% of the  
12 compensation of the delinquent taxpayer may be deducted at any  
13 one time for delinquent personal income taxes, penalty, interest  
14 and costs.

15 (d) Deduction for costs.--Such employer shall be entitled to  
16 deduct from the moneys collected from each employee the costs  
17 incurred from the extra bookkeeping necessary to record such  
18 transactions, not exceeding 2% of the amount collected and paid  
19 over to the Department of Revenue.

20 (e) Forfeiture.--Upon the failure of any such employer to  
21 deduct the amount of such taxes or to pay the same over to the  
22 Department of Revenue, less the amount deducted under subsection  
23 (d), within the time hereby required, such employer shall  
24 forfeit and pay the amount of such tax for each such taxpayer  
25 whose taxes are not withheld and paid over, or that are withheld  
26 and not paid over together with a penalty of 10%, to be  
27 recovered by a civil action to be instituted by the Department  
28 of Revenue, as debts of like amount are now by law recoverable,  
29 except that such person shall not have the benefit of any  
30 exemption law or stay of execution.



1     (f) Collection rights preserved.--Nothing in this section  
2     shall be deemed to affect or impair the right of any school  
3     district or the Department of Revenue to pursue and collect  
4     delinquent taxes validly imposed prior to the effective date of  
5     this section.

6     Section 611-A. Collection of delinquent taxes from  
7                     Commonwealth.

8     (a) General rule.--Upon presentation of a written notice and  
9     demand under oath to the State Treasurer or any other fiscal  
10    officer of the Commonwealth, or its boards, authorities,  
11    agencies or commissions, it shall be the duty of the treasurer  
12    or officer to deduct from the compensation then owing a sum  
13    sufficient to pay the amount of the delinquent personal income  
14    taxes, interest, penalty and costs shown on the written notice.  
15    The same shall be paid to the Department of Revenue within 60  
16    days after such notice shall have been given.

17    (b) Limitation on deduction.--No more than 10% of the  
18    compensation of the delinquent taxpayer may be deducted at any  
19    one time for delinquent personal income taxes, interest, penalty  
20    and costs.

21    (c) Collection rights preserved.--Nothing in this section  
22    shall be deemed to affect or impair the right of a school  
23    district or the Department of Revenue to pursue and collect  
24    delinquent taxes validly imposed prior to the effective date of  
25    this section.

26    Section 612-A. Notice to taxpayer.

27    The Department of Revenue shall, at least 15 days prior to  
28    the presentation of a written notice and demand under section  
29    610-A or 611-A, notify the taxpayer owing the delinquent tax by  
30    registered mail that a written notice and demand shall be

1 presented to his employer unless such tax is paid. The return  
2 receipt card for registered mail shall be marked delivered to  
3 addressee only, and the cost of notification by registered mail  
4 shall be included in the costs for collecting taxes.

5 Section 613-A. Collection of taxes by suit.

6 (a) General rule.--Each school district and the Department  
7 of Revenue shall have power to collect unpaid taxes from  
8 taxpayers and employers owing such taxes by a civil action or  
9 other appropriate remedy. Upon judgment, execution may be issued  
10 without any stay or benefit of any exemption law. The right to  
11 collect unpaid taxes under the provisions of this section shall  
12 not be affected by the fact that such taxes have been entered as  
13 liens in the office of the prothonotary or the fact that the  
14 property against which they were levied has been returned to the  
15 county commissioners for taxes for prior years.

16 (b) Limitation of actions.--A suit brought to recover the  
17 taxes under subsection (a) shall be instituted within three  
18 years after the tax is due or within three years after a  
19 declaration or return has been filed, whichever date is later,  
20 except in the following cases:

21 (1) If no declaration or return was filed by any person  
22 although a declaration or return was required to be filed  
23 under provisions of the ordinance, there shall be no  
24 limitation.

25 (2) If an examination of the declaration or return filed  
26 by any person, or of other evidence relating to such  
27 declaration or return in the possession of the Department of  
28 Revenue, reveals a fraudulent evasion of taxes, there shall  
29 be no limitation.

30 (3) If there is a substantial understatement of tax

1 liability of 25% or more and no fraud, suit shall be  
2 instituted within six years.

3 (4) If any person has deducted taxes under the  
4 provisions of the resolution, and has failed to pay the  
5 amounts so deducted to the Department of Revenue, or if any  
6 person has willfully failed or omitted to make the deductions  
7 required by this section, there shall be no limitation.

8 (c) Regulations.--The Department of Revenue, by regulation,  
9 shall establish the procedures for collecting the personal  
10 income tax and paying the full amount collected over to the  
11 school district on a quarterly basis.

12 Section 13. The act of December 31, 1965 (P.L.1257, No.511),  
13 known as The Local Tax Enabling Act, is repealed insofar as it  
14 authorizes the levy, assessment and collection of any tax, other  
15 than the tax imposed on the transfer of real property which is  
16 hereby specifically saved from repeal.

17 Section 14. This act shall take effect as follows:

18 (1) For school districts where fiscal year begins on  
19 January 1, this act shall take effect January 1, 2003.

20 (2) For school districts where fiscal year begins on  
21 July 1, this act shall take effect July 1, 2003.