

THE GENERAL ASSEMBLY OF PENNSYLVANIA

# HOUSE BILL

No. 41

Session of  
2003

INTRODUCED BY STEIL, GRUCELA, MELIO, RUBLEY, BASTIAN, CAPPELLI,  
CORRIGAN, COSTA, CREIGHTON, DAILEY, DALEY, FEESE, FLICK,  
FREEMAN, GODSHALL, HARHAI, HENNESSEY, HERMAN, HERSHEY,  
HORSEY, LEH, MARSICO, McNAUGHTON, NAILOR, PIPPY, ROSS,  
SAYLOR, SCHRODER, B. SMITH, SOLOBAY, R. STEVENSON, TANGRETTI,  
E. Z. TAYLOR, THOMAS, TIGUE, VANCE, WALKO, WATSON, WILT,  
WRIGHT, YOUNGBLOOD AND YUDICHAK, JANUARY 29, 2003

REFERRED TO COMMITTEE ON FINANCE, JANUARY 29, 2003

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  
18 pay any indebtedness that may at any time hereafter be created

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

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

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

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

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

27 Section 631. Power to Incur Debt; Limitations.--The board of  
28 school directors in any school district may, in any year, create  
29 and incur an indebtedness against such school district and issue  
30 bonds to secure the same, payable as provided by [the act of

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

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

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

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

12 (3.1) To lease for an extended period building facilities or  
13 portions of buildings constructed for school use and/or existing  
14 building facilities or portions of existing building facilities  
15 altered for school use;

16 (4) To purchase school buses;

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

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

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

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

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

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

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

30 Section 4. Section 632 of the act, reenacted and amended

1 March 16, 1967 (P.L.9, No.3), is amended to read:

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

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

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

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

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

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

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

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

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

30 (2) An amount sufficient to pay the interest on, and retire

1 at maturity the principal of, the indebtedness of said district  
2 incurred as authorized by law.

3 (2.1) An amount sufficient to pay any rentals agreed to be  
4 paid to the State Public School Building Authority or any other  
5 authority created by the General Assembly, having State-wide  
6 jurisdiction.

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

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

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

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

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

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

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



1 Property Tax),

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

4 (iv) Real property tax acts:

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

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

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

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

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

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

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

12 (2) In addition to the taxing authority set forth in the act  
13 of August 24, 1961 (P.L.1135, No.508), (Income Tax), by  
14 ordinance, a tax of one per centum (1%) on wages, salaries,  
15 commissions and other earned income of individuals: Provided,  
16 however, That the total tax levied under the act of August 24,  
17 1961 (P.L.1135, No.508) and the total tax levied under this  
18 subsection on wages, salaries, commissions and other earned  
19 income of individuals may equal but shall not exceed two per  
20 centum (2%).

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

27 (4) In addition thereto, by ordinance on any persons,  
28 transactions, occupations, privileges, subjects and real or  
29 personal property as they shall determine not prohibited by  
30 section 2 of the act of December 31, 1965 (P.L.1257, No.511),

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

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

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

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

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

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

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

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

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

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

1 school district, which tax shall be unlimited[, and].

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

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

17 (d) The boards of school directors of all independent school  
18 districts in which the board members are elected or appointed by  
19 court may, annually, levy a tax as herein authorized, at the  
20 same time and in the same manner as other school districts of  
21 the same class to which such independent district belongs, in an  
22 amount which shall be sufficient with all other taxes imposed by  
23 such district to pay the expenses of such district as set forth  
24 in subsection (b) of this section and to pay all other expenses  
25 and requirements of such district: Provided, That such tax shall  
26 not be more than seventy-five (75) mills on the dollar on the  
27 total amount of the assessed valuation of all property taxable  
28 for school purposes within such district. Each such district may  
29 also collect, annually, a per capita tax in an amount of not  
30 less than one dollar (\$1) and not more than ten dollars (\$10) on

1 each resident or inhabitant of such district over eighteen (18)  
2 years of age.]

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

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

or funding of appropriate debt service reserves. The increase shall be rescinded following the final payment of interest and principal.

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

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

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

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

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

[Section 672.2. School Districts Lying in More Than One County; Tax Levy on Occupations.--(a) Any school district which lies in more than one (1) county and which levies an occupation tax, shall levy such tax uniformly upon each occupational

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

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

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

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

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

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

28 [Section 680. List of Residents for Per Capita Tax  
29 Purposes.--(a) In order that the board of school directors of  
30 each school district of the second, third, or fourth class may



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

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

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

29 Section 11. Section 680.1 of the act, added October 20, 1988  
30 (P.L.827, No.110), is amended to read:

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

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

ARTICLE VI-A

PERSONAL INCOME TAX

Section 601-A. Short title of article.

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

Section 602-A. Definitions.

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

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

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

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

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

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

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

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

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

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

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

30    "Nonresident." A person, association or other entity

domiciled outside the school district.

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

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

"Political subdivision." A school district.

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

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

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

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

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

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

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

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

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

Section 603-A. Preemption.

No act of the General Assembly heretofore or hereinafter enacted shall vacate or preempt any resolution passed or adopted

under the authority of this article, or any other act, providing authority for the imposition of a tax by a school district, unless the act of the General Assembly expressly vacates or preempts the authority to pass or adopt such resolutions.

Section 604-A. Personal income tax authorization.

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

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

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

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

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

(4) A tax on personal property.

(5) The earned income tax previously levied under the act of December 31, 1965 (P.L.1257, No.511), known as The

1     Local Tax Enabling Act.

2     Section 605-A. Continuity of tax.

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

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

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

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

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

25    Section 607-A. Collection of personal income tax by

26                   Commonwealth.

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

1 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax  
2 Reform Code of 1971.

3 Section 608-A. Limitation on assessment.

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

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

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

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

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

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

1 amount of tax due.

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

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

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

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

30 (f) Collection rights preserved.--Nothing in this section



1 shall be deemed to affect or impair the right of any school  
2 district or the Department of Revenue to pursue and collect  
3 delinquent taxes validly imposed prior to the effective date of  
4 this section.

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

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

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

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

25 Section 612-A. Notice to taxpayer.

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

receipt card for registered mail shall be marked delivered to addressee only, and the cost of notification by registered mail shall be included in the costs for collecting taxes.

Section 613-A. Collection of taxes by suit.

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

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

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

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

(3) If there is a substantial understatement of tax liability of 25% or more and no fraud, suit shall be

1     instituted within six years.

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

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

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

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

17             (1) For school districts where fiscal year begins on  
18     January 1, this act shall take effect January 1, 2004.

19             (2) For school districts where fiscal year begins on  
20     July 1, this act shall take effect July 1, 2004.