

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 39

Special Session No. 1 of  
2005

INTRODUCED BY WILT, DENLINGER, ROHRER, LEH, YEWIC, ALLEN,  
ARMSTRONG, BALDWIN, BASTIAN, BIRMELIN, BUNT, CALTAGIRONE,  
CAPPELLI, CLYMER, CREIGHTON, DIVEN, FORCIER, GILLESPIE,  
GOODMAN, HARRIS, HERSHEY, KAUFFMAN, MACKERETH, MARSICO,  
McILHATTAN, R. MILLER, S. MILLER, MUSTIO, PICKETT, PYLE,  
QUIGLEY, RAPP, ROBERTS, SATHER, SAYLOR, SCHRODER, SEMMEL,  
STEIL, STERN AND T. STEVENSON, OCTOBER 24, 2005

SENATOR TOMLINSON, APPROPRIATIONS, IN SENATE, RE-REPORTED AS  
AMENDED, FEBRUARY 6, 2006

AN ACT

1 ~~Amending the act of December 31, 1965 (P.L.1257, No.511),~~ <—  
2 ~~entitled "An act empowering cities of the second class,~~  
3 ~~cities of the second class A, cities of the third class,~~  
4 ~~boroughs, towns, townships of the first class, townships of~~  
5 ~~the second class, school districts of the second class,~~  
6 ~~school districts of the third class and school districts of~~  
7 ~~the fourth class including independent school districts, to~~  
8 ~~levy, assess, collect or to provide for the levying,~~  
9 ~~assessment and collection of certain taxes subject to maximum~~  
10 ~~limitations for general revenue purposes; authorizing the~~  
11 ~~establishment of bureaus and the appointment and compensation~~  
12 ~~of officers, agencies and employes to assess and collect such~~  
13 ~~taxes; providing for joint collection of certain taxes,~~  
14 ~~prescribing certain definitions and other provisions for~~  
15 ~~taxes levied and assessed upon earned income, providing for~~  
16 ~~annual audits and for collection of delinquent taxes, and~~  
17 ~~permitting and requiring penalties to be imposed and~~  
18 ~~enforced, including penalties for disclosure of confidential~~  
19 ~~information, providing an appeal from the ordinance or~~  
20 ~~resolution levying such taxes to the court of quarter~~  
21 ~~sessions and to the Supreme Court and Superior Court,"~~  
22 ~~restricting the power of certain school districts to levy,~~  
23 ~~assess and collect taxes.~~

24 PROVIDING FOR TAXATION BY SCHOOL DISTRICTS, FOR THE STATE FUNDS <—  
25 FORMULA, FOR TAX RELIEF IN FIRST CLASS CITIES, FOR SCHOOL  
26 DISTRICT CHOICE AND VOTER PARTICIPATION AND FOR OTHER SCHOOL  
27 DISTRICT OPTIONS; MAKING AN APPROPRIATION; PROHIBITING PRIOR

1 AUTHORIZED TAXATION; PROVIDING FOR INSTALLMENT PAYMENT OF  
2 TAXES; RESTRICTING THE POWER OF CERTAIN SCHOOL DISTRICTS TO  
3 LEVY, ASSESS AND COLLECT TAXES; AND MAKING RELATED REPEALS.

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

6 ~~Section 1. The act of December 31, 1965 (P.L.1257, No.511),~~ <—  
7 ~~known as The Local Tax Enabling Act, is amended by adding a~~  
8 ~~section to read:~~

9 ~~Section 1.1. Restriction on Authority to Levy Taxes. (a)~~  
10 ~~Except as provided in subsections (b) and (c), the authority of~~  
11 ~~any school district of the second, third and fourth class~~  
12 ~~including any independent school district to levy, assess and~~  
13 ~~collect any tax under this act shall expire at midnight on~~  
14 ~~December 31, 2007.~~

15 ~~(b) Each school district of the second class, each school~~  
16 ~~district of the third class and each school district of the~~  
17 ~~fourth class shall continue to have the power to levy a realty~~  
18 ~~transfer tax under this act or the act of March 4, 1971 (P.L.6,~~  
19 ~~No.2), known as the "Tax Reform Code of 1971," at a rate equal~~  
20 ~~to or less than the rate in effect on July 1, 2005. Any division~~  
21 ~~of the proceeds of the tax with any municipality which decreases~~  
22 ~~the percentage payable to the school district after July 1,~~  
23 ~~2005, shall be void and unenforceable. The tax, or portion of~~  
24 ~~the proceeds thereof payable to the school district, shall be~~  
25 ~~transmitted to the Department of Revenue for deposit into the~~  
26 ~~Education Operating Fund beginning January 1, 2008.~~

27 ~~(c) The provisions of subsection (a) shall not prevent or~~  
28 ~~interfere with any action of any school district of the second,~~  
29 ~~third and fourth class including any independent school district~~  
30 ~~to collect any tax imposed under the authority of this act that~~  
31 ~~is levied and assessed prior to January 1, 2008.~~



1 TAX COLLECTION LAW.

2 CHAPTER 3

3 TAXATION BY SCHOOL DISTRICTS

4 SUBCHAPTER A

5 GENERAL PROVISIONS

6 SECTION 301. SCOPE.

7 THIS CHAPTER RELATES TO HOMEOWNER PROPERTY TAX RELIEF.

8 SECTION 302. DEFINITIONS.

9 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER  
10 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
11 CONTEXT CLEARLY INDICATES OTHERWISE:

12 "ASSESSOR." AS DEFINED IN 53 PA.C.S. § 8582 (RELATING TO  
13 DEFINITIONS).

14 "BOARD OF SCHOOL DIRECTORS." A BOARD OF SCHOOL DIRECTORS OF  
15 A SCHOOL DISTRICT OF THE FIRST CLASS A, SECOND CLASS, THIRD  
16 CLASS OR FOURTH CLASS.

17 "CONSTRUCTION COST AVERAGE ON A SQUARE-FOOT BASIS." AN  
18 AMOUNT EQUAL TO \$137 PER SQUARE FOOT FOR AN ELEMENTARY SCHOOL  
19 BUILDING AND \$142 PER SQUARE FOOT FOR A SECONDARY SCHOOL  
20 BUILDING, AS ADJUSTED ANNUALLY BY THE PERCENTAGE INCREASE IN THE  
21 AVERAGE OF THE STATEWIDE AVERAGE WEEKLY WAGE AND THE EMPLOYMENT  
22 COST INDEX.

23 "DEPARTMENT." THE DEPARTMENT OF EDUCATION OF THE  
24 COMMONWEALTH.

25 "DOMICILE." AS DEFINED IN SECTION 13 OF THE ACT OF DECEMBER  
26 31, 1965 (P.L.1257, NO.511), KNOWN AS THE LOCAL TAX ENABLING  
27 ACT.

28 "EARNED INCOME." AS DEFINED IN SECTION 13 OF THE ACT OF  
29 DECEMBER 31, 1965 (P.L.1257, NO.511), KNOWN AS THE LOCAL TAX  
30 ENABLING ACT.

1 "ELECTION OFFICIALS." THE BOARD OF ELECTIONS OF A COUNTY.

2 "EMPLOYER." AS DEFINED IN SECTION 301 OF THE ACT OF MARCH 4,  
3 1971 (P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE OF 1971.

4 "EMPLOYMENT COST INDEX." THE MOST RECENT OFFICIAL FIGURES,  
5 FOR THE PREVIOUS 12-MONTH PERIOD BEGINNING JULY 1 AND ENDING  
6 JUNE 30 FOR THE EMPLOYMENT COST INDEX SERIES FOR ELEMENTARY AND  
7 SECONDARY SCHOOLS, REPORTED BY THE BUREAU OF LABOR STATISTICS OF  
8 THE FEDERAL DEPARTMENT OF LABOR.

9 "FARMSTEAD." AS DEFINED IN 53 PA.C.S. § 8582 (RELATING TO  
10 DEFINITIONS).

11 "FARMSTEAD PROPERTY." AS DEFINED IN 53 PA.C.S. § 8582  
12 (RELATING TO DEFINITIONS).

13 "FUND." THE PROPERTY TAX RELIEF FUND ESTABLISHED IN THE  
14 STATE TREASURY.

15 "HOMESTEAD." AS DEFINED IN 53 PA.C.S. § 8401 (RELATING TO  
16 DEFINITIONS).

17 "HOMESTEAD PROPERTY." AS DEFINED IN 53 PA.C.S § 8401  
18 (RELATING TO DEFINITIONS).

19 "INCOME TAX." A TAX ON EARNED INCOME AND NET PROFITS OR A  
20 TAX ON PERSONAL INCOME IMPOSED PURSUANT TO THIS CHAPTER.

21 "INDEX." AS FOLLOWS:

22 (1) EXCEPT AS SET FORTH IN PARAGRAPH (2), THE AVERAGE OF  
23 THE PERCENTAGE INCREASE IN THE STATEWIDE AVERAGE WEEKLY WAGE  
24 AND THE EMPLOYMENT COST INDEX.

25 (2) FOR A SCHOOL DISTRICT WITH A MARKET VALUE/INCOME AID  
26 RATIO GREATER THAN 0.400 FOR THE SCHOOL YEAR PRIOR TO THE  
27 SCHOOL YEAR FOR WHICH THE INDEX IS CALCULATED, THE VALUE  
28 UNDER PARAGRAPH (1) MULTIPLIED BY THE SUM OF:

29 (I) 0.75; AND

30 (II) THE SCHOOL DISTRICT'S MARKET VALUE/INCOME AID

1 RATIO FOR THE SCHOOL YEAR PRIOR TO THE SCHOOL YEAR FOR  
2 WHICH THE INDEX IS CALCULATED.

3 "LOCAL TAX ENABLING ACT." THE ACT OF DECEMBER 31, 1965  
4 (P.L.1257, NO.511), KNOWN AS THE LOCAL TAX ENABLING ACT.

5 "LOCAL TAX REVENUE." THE REVENUE FROM TAXES ACTUALLY LEVIED  
6 AND ASSESSED BY A SCHOOL DISTRICT, INCLUDING DELINQUENT TAXES.  
7 THE TERM DOES NOT INCLUDE INTEREST OR DIVIDEND EARNINGS, FEDERAL  
8 OR STATE GRANTS, CONTRACTS OR APPROPRIATIONS, INCOME GENERATED  
9 FROM OPERATIONS OR ANY OTHER SOURCE WHICH IS NOT DERIVED FROM  
10 TAXES LEVIED AND ASSESSED BY A SCHOOL DISTRICT.

11 "NET PROFITS." AS DEFINED IN SECTION 13 OF THE ACT OF  
12 DECEMBER 31, 1965 (P.L.1257, NO.511), KNOWN AS THE LOCAL TAX  
13 ENABLING ACT.

14 "PERSONAL INCOME." INCOME ENUMERATED IN SECTION 303 OF THE  
15 ACT OF MARCH 4, 1971 (P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE  
16 OF 1971, AS DETERMINED BY THE DEPARTMENT OF REVENUE, SUBJECT TO  
17 ANY CORRECTION THEREOF FOR FRAUD, EVASION OR ERROR AS FINALLY  
18 DETERMINED BY THE COMMONWEALTH.

19 "RESIDENT INDIVIDUAL." AN INDIVIDUAL WHO IS DOMICILED IN A  
20 SCHOOL DISTRICT.

21 "SCHOOL DISTRICT." A SCHOOL DISTRICT OF THE FIRST CLASS A,  
22 SECOND CLASS, THIRD CLASS OR FOURTH CLASS.

23 "STATEWIDE AVERAGE WEEKLY WAGE." THAT AMOUNT DETERMINED BY  
24 THE DEPARTMENT OF LABOR AND INDUSTRY IN THE SAME MANNER THAT IT  
25 DETERMINES THE AVERAGE WEEKLY WAGE UNDER SECTION 404(E)(2) OF  
26 THE ACT OF DECEMBER 5, 1936 (2ND SP.SESS., 1937 P.L.2897, NO.1),  
27 KNOWN AS THE UNEMPLOYMENT COMPENSATION LAW, EXCEPT THAT IT SHALL  
28 BE CALCULATED FOR THE PRECEDING CALENDAR YEAR.

29 "TAX REFORM CODE." THE ACT OF MARCH 4, 1971 (P.L.6, NO.2),  
30 KNOWN AS THE TAX REFORM CODE OF 1971.

1 "TAXPAYER." AN INDIVIDUAL REQUIRED UNDER THIS CHAPTER TO PAY  
2 A TAX.

3 SECTION 303. LIMITATIONS.

4 THIS CHAPTER SHALL NOT BE CONSTRUED TO AFFECT THE POWER OF A  
5 SCHOOL DISTRICT TO DO ANY OF THE FOLLOWING:

6 (1) TO ELIMINATE ITS OCCUPATION TAX PURSUANT TO THE ACT  
7 OF JUNE 22, 2001 (P.L.374, NO.24), KNOWN AS THE OPTIONAL  
8 OCCUPATION TAX ELIMINATION ACT. EXCEPT FOR AN ELECTION IN  
9 WHICH A SCHOOL DISTRICT SEEKS TO IMPOSE A PERSONAL INCOME TAX  
10 UNDER SECTION 321(C), A SCHOOL DISTRICT MAY PLACE SUCH  
11 REFERENDUM QUESTION ON THE BALLOT AT THE SAME MUNICIPAL  
12 ELECTION AS A REFERENDUM QUESTION PLACED ON THE BALLOT  
13 PURSUANT TO SUBCHAPTER D. IF A SCHOOL DISTRICT CONVERTS ITS  
14 EARNED INCOME AND NET PROFITS TAX TO A PERSONAL INCOME TAX  
15 UNDER THIS CHAPTER, THE SCHOOL DISTRICT MAY NOT UTILIZE THE  
16 OPTIONAL OCCUPATION TAX ELIMINATION ACT.

17 (2) TO LEVY, ASSESS OR COLLECT A TAX ON EARNED INCOME  
18 AND NET PROFITS UNDER THE LOCAL TAX ENABLING ACT.

19 (3) TO IMPOSE SPECIAL PURPOSE TAX LEVIES APPROVED BY THE  
20 ELECTORATE.

21 SECTION 304. CERTAIN RATES OF TAXATION LIMITED.

22 (A) MUNICIPAL RATES.--IF A MUNICIPALITY AND SCHOOL DISTRICT  
23 BOTH IMPOSE AN EARNED INCOME AND NET PROFITS TAX ON THE SAME  
24 INDIVIDUAL UNDER THE LOCAL TAX ENABLING ACT AND ARE LIMITED TO  
25 OR HAVE AGREED UPON A DIVISION OF THE TAX RATE IN ACCORDANCE  
26 WITH SECTION 8 OF THE LOCAL TAX ENABLING ACT, THE MUNICIPALITY  
27 SHALL REMAIN SUBJECT TO THAT LIMITATION OR AGREEMENT IN THE  
28 EVENT THAT THE SCHOOL DISTRICT OPTS TO IMPOSE OR INCREASE AN  
29 EARNED INCOME AND NET PROFITS TAX AUTHORIZED UNDER SECTION  
30 321(B) OR A PERSONAL INCOME TAX AUTHORIZED UNDER SECTION 321(C).

1 NOTHING IN THIS CHAPTER SHALL BE CONSTRUED TO AUTHORIZE A  
2 MUNICIPALITY TO RAISE THE RATE OF EARNED INCOME AND NET PROFITS  
3 TAX ABOVE THE RATE IT LEVIED UNDER THE PREVIOUSLY AGREED UPON  
4 DIVISION IF A SCHOOL DISTRICT IMPOSES OR INCREASES A PERSONAL  
5 INCOME TAX UNDER SUBCHAPTER C.

6 (B) SCHOOL DISTRICTS.--A SCHOOL DISTRICT WHICH IMPOSES A TAX  
7 UNDER THIS CHAPTER IS SUBJECT TO SECTION 688 OF THE PUBLIC  
8 SCHOOL CODE.

9 SUBCHAPTER B

10 SCHOOL DISTRICT BUDGETS

11 SECTION 311. ADOPTION OF PRELIMINARY BUDGET PROPOSALS.

12 (A) ADOPTION.--BEGINNING JANUARY 1, 2006, AND EXCEPT AS  
13 PROVIDED UNDER SECTION 333(A)(2), EACH BOARD OF SCHOOL DIRECTORS  
14 SHALL ADOPT A PRELIMINARY BUDGET PROPOSAL FOR THE FOLLOWING  
15 FISCAL YEAR NO LATER THAN 90 DAYS PRIOR TO THE DATE OF THE  
16 ELECTION IMMEDIATELY PRECEDING THE FISCAL YEAR IN WHICH THE  
17 PRELIMINARY BUDGET WILL TAKE EFFECT.

18 (B) CONTENTS.--THE PRELIMINARY BUDGET PROPOSAL SHALL INCLUDE  
19 ESTIMATED REVENUES AND EXPENDITURES AND ANY PROPOSED TAX RATES  
20 AND SHALL BE PREPARED ON A UNIFORM FORM FURNISHED BY THE  
21 DEPARTMENT.

22 (C) PUBLIC INSPECTION.--THE BOARD OF SCHOOL DIRECTORS SHALL  
23 PRINT THE PRELIMINARY BUDGET PROPOSAL AND MAKE IT AVAILABLE FOR  
24 PUBLIC INSPECTION AT LEAST 20 DAYS PRIOR TO ITS ADOPTION. THE  
25 BOARD OF SCHOOL DIRECTORS SHALL GIVE PUBLIC NOTICE OF ITS INTENT  
26 TO ADOPT THE PRELIMINARY BUDGET AT LEAST TEN DAYS PRIOR TO  
27 ADOPTION AND MAY HOLD A PUBLIC HEARING PRIOR TO ITS ADOPTION.

28 SECTION 312. ADOPTION OF ANNUAL BUDGETS.

29 (A) ADOPTION.--BEGINNING JANUARY 1, 2006, EACH BOARD OF  
30 SCHOOL DIRECTORS SHALL ADOPT ITS ANNUAL BUDGET FOR THE FOLLOWING



1 FISCAL YEAR NO LATER THAN THE LAST DAY OF THE FISCAL YEAR BEFORE  
2 THE FISCAL YEAR IN WHICH THE BUDGET TAKES EFFECT.

3 (B) CONTENTS.--THE ANNUAL BUDGET SHALL INCLUDE ESTIMATED  
4 REVENUES AND EXPENDITURES AND ANY PROPOSED TAX RATES AND BE  
5 PREPARED ON A UNIFORM FORM FURNISHED BY THE DEPARTMENT.

6 (C) PUBLIC INSPECTION.--THE BOARD OF SCHOOL DIRECTORS SHALL  
7 PRINT THE ANNUAL BUDGET AND MAKE IT AVAILABLE FOR PUBLIC  
8 INSPECTION AT LEAST 20 DAYS PRIOR TO ITS ADOPTION. THE BOARD OF  
9 SCHOOL DIRECTORS SHALL GIVE PUBLIC NOTICE OF ITS INTENT TO ADOPT  
10 THE ANNUAL BUDGET AT LEAST TEN DAYS PRIOR TO ADOPTION AND MAY  
11 HOLD A PUBLIC HEARING PRIOR TO ITS ADOPTION.

12 SECTION 313. INFORMATION TO SCHOOL DISTRICTS.

13 (1) NO LATER THAN SEPTEMBER 30, 2006, AND SEPTEMBER 30  
14 OF EACH YEAR THEREAFTER THE DEPARTMENT SHALL PROVIDE EACH  
15 SCHOOL DISTRICT WITH THE FOLLOWING INFORMATION:

16 (I) THE DATES BY WHICH ACTIONS REQUIRED UNDER THIS  
17 CHAPTER SHALL TAKE PLACE.

18 (II) THE INDEX FOR THE APPLICABLE FISCAL YEAR.

19 (2) FOR THE 2006-2007 SCHOOL YEAR, THE DEPARTMENT SHALL  
20 PROVIDE EACH SCHOOL DISTRICT WITH THE INFORMATION REQUIRED  
21 UNDER THIS SECTION NO LATER THAN TEN DAYS AFTER THE EFFECTIVE  
22 DATE OF THIS ACT.

23 SUBCHAPTER C

24 GENERAL TAX AUTHORIZATION

25 SECTION 321. GENERAL TAX AUTHORIZATION.

26 (A) GENERAL RULE.--A BOARD OF SCHOOL DIRECTORS MAY LEVY,  
27 ASSESS AND COLLECT A TAX ON EARNED INCOME AND NET PROFITS OR A  
28 TAX ON PERSONAL INCOME AS PROVIDED IN THIS SECTION FOR THE  
29 PURPOSE OF FUNDING HOMESTEAD AND FARMSTEAD EXCLUSIONS TO REDUCE  
30 SCHOOL DISTRICT PROPERTY TAXES.

1 (B) EARNED INCOME AND NET PROFITS TAX.--

2 (1) A BOARD OF SCHOOL DIRECTORS MAY, IN ACCORDANCE WITH  
3 SECTION 331.1, LEVY OR INCREASE A TAX ON EARNED INCOME AND  
4 NET PROFITS OF RESIDENT INDIVIDUALS FOR THE PURPOSE OF  
5 FUNDING HOMESTEAD AND FARMSTEAD EXCLUSIONS.

6 (1.1) A BOARD OF SCHOOL DIRECTORS MAY, IN ACCORDANCE  
7 WITH SECTION 331.2, LEVY OR INCREASE A TAX ON EARNED INCOME  
8 AND NET PROFITS OF RESIDENT INDIVIDUALS FOR THE PURPOSE OF  
9 FUNDING HOMESTEAD AND FARMSTEAD EXCLUSIONS.

10 (2) IN ADDITION TO THE AUTHORIZATION PROVIDED UNDER  
11 PARAGRAPHS (1) AND (1.1), A SCHOOL DISTRICT MAY, IN  
12 ACCORDANCE WITH SECTION 332, LEVY OR INCREASE A TAX ON EARNED  
13 INCOME AND NET PROFITS OF RESIDENT INDIVIDUALS FOR THE  
14 PURPOSE OF FURTHER FUNDING HOMESTEAD AND FARMSTEAD  
15 EXCLUSIONS. THE BOARD OF SCHOOL DIRECTORS SHALL ROUND THE  
16 RATE OF THE EARNED INCOME AND NET PROFITS TAX LEVIED PURSUANT  
17 TO THIS SECTION TO THE NEAREST 0.1%. FOR PURPOSES OF  
18 CALCULATING THE COMBINED TAX RATE AUTHORIZED UNDER PARAGRAPHS  
19 (1), (1.1) AND THIS PARAGRAPH, THE PORTION OF TAX DEDICATED  
20 TO THE INCREASE IN REVENUE PERMITTED UNDER PARAGRAPH (4), IF  
21 ANY, SHALL BE EXCLUDED.

22 (3) (RESERVED).

23 (4) NOTWITHSTANDING SECTION 334, THE RATE OF THE EARNED  
24 INCOME AND NET PROFITS TAX PROPOSED TO BE LEVIED AND ASSESSED  
25 FOR THE FISCAL YEAR IMMEDIATELY FOLLOWING THE YEAR IN WHICH  
26 THE TAX IS AUTHORIZED MAY PROVIDE FOR AN INCREASE IN REVENUE  
27 OF NOT MORE THAN 2% OF THE ESTIMATED REVENUE FROM THE EARNED  
28 INCOME AND NET PROFITS TAX AUTHORIZED UNDER PARAGRAPH (1),  
29 (1.1) OR (2), WHICH MAY BE USED FOR THE OPERATIONS OF THE  
30 SCHOOL DISTRICT.

1 (C) PERSONAL INCOME TAX.--

2 (1) A BOARD OF SCHOOL DIRECTORS MAY LEVY, ASSESS AND  
3 COLLECT A TAX ON THE PERSONAL INCOME OF RESIDENT INDIVIDUALS  
4 AT A RATE DETERMINED BY THE BOARD OF SCHOOL DIRECTORS.

5 (2) A SCHOOL DISTRICT WHICH SEEKS TO LEVY THE TAX  
6 AUTHORIZED UNDER PARAGRAPH (1) MUST COMPLY WITH SECTION 332  
7 AND THE FOLLOWING:

8 (I) THE SCHOOL DISTRICT SHALL CONVERT, IN A REVENUE-  
9 NEUTRAL MANNER, ANY EXISTING EARNED INCOME AND NET  
10 PROFITS TAX RATES LEVIED PURSUANT TO ANY OTHER ACT TO A  
11 PERSONAL INCOME TAX RATE.

12 (II) ANY EARNED INCOME AND NET PROFITS TAX IMPOSED  
13 PURSUANT TO SECTION 331.1, 331.2 OR 332 SHALL BE  
14 CONVERTED TO A PERSONAL INCOME TAX RATE WHICH GENERATES  
15 THE SAME AMOUNT OF TAX REVENUE AND SHALL BE USED FOR  
16 FUNDING EXCLUSIONS FOR HOMESTEAD AND FARMSTEAD PROPERTY.

17 (III) A SCHOOL DISTRICT MAY, IN ACCORDANCE WITH  
18 SECTION 332, LEVY AN ADDITIONAL TAX ON THE PERSONAL  
19 INCOME OF RESIDENT INDIVIDUALS FOR THE PURPOSE OF FURTHER  
20 FUNDING HOMESTEAD AND FARMSTEAD EXCLUSIONS.

21 (IV) FOR PURPOSES OF THE REFERENDUM QUESTION UNDER  
22 SECTION 332, THE BOARD OF SCHOOL DIRECTORS SHALL ROUND  
23 THE RATE OF THE PERSONAL INCOME TAX LEVIED PURSUANT TO  
24 THIS SUBPARAGRAPH TO THE NEAREST 0.1%. FOR PURPOSES OF  
25 CALCULATING THE COMBINED TAX RATE, THE PORTION OF TAX  
26 DEDICATED TO THE INCREASE IN REVENUE PERMITTED UNDER  
27 PARAGRAPH (6), IF ANY, SHALL BE EXCLUDED.

28 (3) ALL REVENUE GENERATED BY A SCHOOL DISTRICT PURSUANT  
29 TO PARAGRAPH (2)(II) AND (III) SHALL BE USED AS PROVIDED IN  
30 SECTIONS 334 AND 335 FOR THE PURPOSE OF FUNDING EXCLUSIONS

1 FOR HOMESTEAD AND FARMSTEAD PROPERTY.

2 (4) IF A BOARD OF SCHOOL DIRECTORS SEEKS TO IMPOSE A  
3 PERSONAL INCOME TAX UNDER THIS SUBSECTION AND THE REFERENDUM  
4 UNDER SECTION 332 IS APPROVED BY THE ELECTORATE, THE BOARD OF  
5 SCHOOL DIRECTORS SHALL HAVE NO AUTHORITY TO IMPOSE AN EARNED  
6 INCOME AND NET PROFITS TAX UNDER SUBSECTION (B) OR UNDER ANY  
7 OTHER ACT.

8 (5) A PERSONAL INCOME TAX IMPOSED UNDER THE AUTHORITY OF  
9 THIS SECTION SHALL BE LEVIED BY THE SCHOOL DISTRICT ON EACH  
10 OF THE CLASSES OF INCOME SPECIFIED IN SECTION 303 OF THE TAX  
11 REFORM CODE AND REGULATIONS UNDER THAT SECTION, THE  
12 PROVISIONS OF WHICH ARE INCORPORATED BY REFERENCE INTO THIS  
13 CHAPTER.

14 (I) NOTWITHSTANDING THE PROVISIONS OF SECTION 353(F)  
15 OF THE TAX REFORM CODE, THE DEPARTMENT OF REVENUE MAY  
16 PERMIT THE PROPER OFFICER OR AN AUTHORIZED AGENT OF A  
17 SCHOOL DISTRICT IMPOSING A PERSONAL INCOME TAX PURSUANT  
18 TO THIS CHAPTER TO INSPECT THE TAX RETURNS OF ANY  
19 TAXPAYER OF THE SCHOOL DISTRICT OR MAY FURNISH TO THE  
20 OFFICER OR AN AUTHORIZED AGENT AN ABSTRACT OF THE RETURN  
21 OF INCOME OF ANY CURRENT OR FORMER RESIDENT OF THE SCHOOL  
22 DISTRICT, OR SUPPLY INFORMATION CONCERNING ANY ITEM OF  
23 INCOME CONTAINED IN ANY TAX RETURN. THE OFFICER OR  
24 AUTHORIZED AGENT OF THE SCHOOL DISTRICT IMPOSING A TAX  
25 UNDER THIS CHAPTER SHALL BE FURNISHED THE REQUESTED  
26 INFORMATION UPON PAYMENT TO THE DEPARTMENT OF REVENUE OF  
27 THE ACTUAL COST OF PROVIDING THE REQUESTED INFORMATION.

28 (II) (A) EXCEPT FOR OFFICIAL PURPOSES OR AS  
29 PROVIDED BY LAW, IT SHALL BE UNLAWFUL FOR ANY OFFICER  
30 OR AUTHORIZED AGENT OF A SCHOOL DISTRICT TO DO ANY OF

1 THE FOLLOWING:

2 (I) DISCLOSE TO ANY OTHER INDIVIDUAL OR  
3 ENTITY THE AMOUNT OR SOURCE OF INCOME, PROFITS,  
4 LOSSES, EXPENDITURES OR ANY PARTICULAR  
5 INFORMATION CONCERNING INCOME, PROFITS, LOSSES OR  
6 EXPENDITURES CONTAINED IN ANY RETURN.

7 (II) PERMIT ANY OTHER INDIVIDUAL OR ENTITY  
8 TO VIEW OR EXAMINE ANY RETURN OR COPY OF A RETURN  
9 OR ANY BOOK CONTAINING ANY ABSTRACT OR  
10 PARTICULARS.

11 (III) PRINT, PUBLISH OR PUBLICIZE IN ANY  
12 MANNER ANY RETURN; ANY PARTICULAR INFORMATION  
13 CONTAINED IN OR CONCERNING THE RETURN; ANY AMOUNT  
14 OR SOURCE OF INCOME, PROFITS, LOSSES OR  
15 EXPENDITURES IN OR CONCERNING THE RETURN; OR ANY  
16 PARTICULAR INFORMATION CONCERNING INCOME,  
17 PROFITS, LOSSES OR EXPENDITURES CONTAINED IN OR  
18 RELATING TO ANY RETURN.

19 (B) ANY OFFICER OR AUTHORIZED AGENT OF A SCHOOL  
20 DISTRICT THAT VIOLATES CLAUSE (A):

21 (I) MAY BE FINED NOT MORE THAN \$1,000 OR  
22 IMPRISONED FOR NOT MORE THAN ONE YEAR, OR BOTH.

23 (II) MAY BE REMOVED FROM OFFICE OR  
24 DISCHARGED FROM EMPLOYMENT.

25 (6) NOTWITHSTANDING SECTION 334, THE RATE OF THE  
26 PERSONAL INCOME TAX PROPOSED TO BE LEVIED AND ASSESSED FOR  
27 THE FIRST FISCAL YEAR IMMEDIATELY FOLLOWING THE YEAR IN WHICH  
28 THE TAX IS AUTHORIZED MAY PROVIDE FOR AN INCREASE IN REVENUE  
29 OF NOT MORE THAN 2% OF THE ESTIMATED REVENUE FROM THE  
30 PERSONAL INCOME TAX AUTHORIZED UNDER PARAGRAPH (2)(III),

1 WHICH MAY BE USED FOR THE OPERATIONS OF THE SCHOOL DISTRICT.

2 (D) EXECUTION OF TAX RATE.--A TAX AUTHORIZED UNDER SECTION  
3 331.1, 331.2 OR 332 SHALL BE SELF-EXECUTING AND SHALL BE  
4 EFFECTIVE BEGINNING ON THE FIRST DAY OF THE FISCAL YEAR WHICH  
5 BEGINS AFTER THE TAX IS AUTHORIZED. A TAX RATE UNDER THIS  
6 SUBSECTION SHALL CONTINUE IN FORCE ON A FISCAL YEAR BASIS  
7 WITHOUT ANNUAL REENACTMENT EXCEPT IN A YEAR IN WHICH THE RATE OF  
8 THE TAX IS CHANGED OR THE TAX IS REPEALED.

9 SECTION 322. COLLECTIONS.

10 (A) DESIGNATION OF TAX COLLECTOR.--A BOARD OF SCHOOL  
11 DIRECTORS IMPOSING AN INCOME TAX UNDER THIS CHAPTER SHALL  
12 DESIGNATE A TAX OFFICER UNDER SECTION 10 OF THE LOCAL TAX  
13 ENABLING ACT, OR OTHERWISE BY LAW, AS THE COLLECTOR OF THE TAX.  
14 IN THE PERFORMANCE OF THE TAX COLLECTION DUTIES UNDER THIS  
15 SUBCHAPTER, THE DESIGNATED TAX OFFICER SHALL HAVE ALL THE SAME  
16 POWERS, RIGHTS, RESPONSIBILITIES AND DUTIES FOR THE COLLECTION  
17 OF THE TAXES WHICH MAY BE IMPOSED UNDER THE LOCAL TAX ENABLING  
18 ACT, 53 PA.C.S. CH. 84 SUBCH. C (RELATING TO LOCAL TAXPAYERS  
19 BILL OF RIGHTS) OR AS OTHERWISE PROVIDED BY LAW.

20 (B) CONFLICT.--IN ANY SITUATION WHERE THERE IS A CONFLICT  
21 INVOLVING THE AUTHORITY CONFERRED ON A LOCAL TAX COLLECTOR BY  
22 THE PROVISIONS OF THE LOCAL TAX ENABLING ACT AND THE TAX REFORM  
23 CODE, THE PROVISIONS OF THE LOCAL TAX ENABLING ACT SHALL  
24 CONTROL.

25 SECTION 323. CREDITS.

26 (A) CREDIT.--EXCEPT AS SET FORTH IN SUBSECTION (B), THE  
27 PROVISIONS OF SECTION 14 OF THE LOCAL TAX ENABLING ACT SHALL BE  
28 APPLIED BY A BOARD OF SCHOOL DIRECTORS TO DETERMINE ANY CREDITS  
29 APPLICABLE TO A TAX IMPOSED UNDER SECTION 321(B) OR (C).

30 (B) LIMITATION.--PAYMENT OF ANY TAX ON INCOME TO ANY STATE

1 OTHER THAN PENNSYLVANIA OR TO ANY POLITICAL SUBDIVISION LOCATED  
2 OUTSIDE THE BOUNDARIES OF THIS COMMONWEALTH BY A RESIDENT OF A  
3 SCHOOL DISTRICT LOCATED IN THIS COMMONWEALTH SHALL NOT BE  
4 CREDITED TO AND ALLOWED AS A DEDUCTION FROM THE LIABILITY OF  
5 SUCH PERSON FOR ANY INCOME TAX IMPOSED BY THE SCHOOL DISTRICT OF  
6 RESIDENCE PURSUANT TO THIS CHAPTER.

7 SECTION 324. REIMBURSEMENT.

8 NOTWITHSTANDING ANY OTHER PROVISIONS OF LAW TO THE CONTRARY,  
9 THE FOLLOWING APPLY:

10 (1) THIS SECTION ONLY APPLIES TO A TAXPAYER WHO IS A  
11 RESIDENT OF THIS COMMONWEALTH AND NOT A RESIDENT OF A CITY OF  
12 THE FIRST CLASS BUT WHO IS SUBJECT TO THE TAX ON SALARIES,  
13 WAGES, COMMISSIONS OR OTHER COMPENSATION IMPOSED BY A CITY OF  
14 THE FIRST CLASS UNDER THE AUTHORITY OF THE ACT OF AUGUST 5,  
15 1932 (SP.SESS., P.L.45, NO.45), REFERRED TO AS THE STERLING  
16 ACT.

17 (2) FOR TAX YEARS BEGINNING IN THE FIRST CALENDAR YEAR  
18 IN WHICH A PAYMENT UNDER SECTION 505(B) IS MADE AND EACH TAX  
19 YEAR THEREAFTER, PAYMENT OF A TAX ON SALARIES, WAGES,  
20 COMMISSIONS OR OTHER COMPENSATION AS SET FORTH IN PARAGRAPH  
21 (1) SHALL BE CREDITED TO THE SCHOOL DISTRICT OF THE  
22 TAXPAYER'S RESIDENCE AT AN AMOUNT NO GREATER THAN THE TAX ON  
23 SALARIES, WAGES, COMMISSIONS OR OTHER COMPENSATION AS SET  
24 FORTH IN PARAGRAPH (1) IMPOSED BY THE SCHOOL DISTRICT IN  
25 WHICH THE TAXPAYER RESIDES.

26 (3) EXCEPT AS SET FORTH IN PARAGRAPH (4), AN AMOUNT  
27 EQUAL TO THE AGGREGATE AMOUNT OF THE TAX CREDITED UNDER  
28 PARAGRAPH (2) SHALL BE PAID FROM THE FUND TO THE SCHOOL  
29 DISTRICT OF RESIDENCE OF EACH TAXPAYER UNDER PARAGRAPH (1)  
30 FOR THE PURPOSE OF FUNDING HOMESTEAD AND FARMSTEAD EXCLUSIONS

1 IN ACCORDANCE WITH THIS CHAPTER. THE DEPARTMENT SHALL  
2 PRESCRIBE PROCEDURES TO CALCULATE THE AMOUNT DUE TO EACH  
3 SCHOOL DISTRICT QUALIFYING UNDER THIS PARAGRAPH AND SHALL  
4 PUBLISH THE PROCEDURES IN THE PENNSYLVANIA BULLETIN. A SCHOOL  
5 DISTRICT THAT RECEIVES A PAYMENT UNDER THIS PARAGRAPH SHALL  
6 RECEIVE A FULL PAYMENT WHEN THE CERTIFICATION UNDER SECTION  
7 503(A)(1)(I) IS GREATER THAN OR EQUAL TO \$750,000,000.

8 (4) IF THE CERTIFICATION UNDER SECTION 503(A)(1)(I) IS  
9 LESS THAN \$750,000,000, EACH ELIGIBLE SCHOOL DISTRICT SHALL  
10 RECEIVE A PRO RATA SHARE OF THE REIMBURSEMENT CALCULATED  
11 UNDER THIS SECTION.

12 SECTION 325. EXEMPTION AND SPECIAL PROVISIONS.

13 (A) EARNED INCOME AND NET PROFITS TAX.--A SCHOOL DISTRICT  
14 THAT IMPOSES AN EARNED INCOME AND NET PROFITS TAX AUTHORIZED  
15 UNDER SECTION 321(B) MAY EXEMPT FROM THE PAYMENT OF THAT TAX ANY  
16 PERSON WHOSE TOTAL INCOME FROM ALL SOURCES IS LESS THAN \$12,000.

17 (B) APPLICABILITY TO PERSONAL INCOME TAX.--SECTION 304 OF  
18 THE TAX REFORM CODE SHALL APPLY TO ANY PERSONAL INCOME TAX  
19 LEVIED BY A SCHOOL DISTRICT UNDER SECTION 321(C).

20 SECTION 326. REGULATIONS.

21 A SCHOOL DISTRICT THAT IMPOSES:

22 (1) AN EARNED INCOME AND NET PROFITS TAX AUTHORIZED  
23 UNDER SECTION 321(B) SHALL BE SUBJECT TO SECTION 13 OF THE  
24 LOCAL TAX ENABLING ACT AND MAY ADOPT PROCEDURES FOR THE  
25 PROCESSING OF CLAIMS FOR CREDITS OR EXEMPTIONS UNDER SECTIONS  
26 323, 324 AND 325; OR

27 (2) A PERSONAL INCOME TAX AUTHORIZED UNDER SECTION  
28 321(C) SHALL BE SUBJECT TO ALL REGULATIONS ADOPTED BY THE  
29 DEPARTMENT OF REVENUE IN ADMINISTERING THE TAX DUE TO THE  
30 COMMONWEALTH UNDER ARTICLE III OF THE TAX REFORM CODE.



1 SECTION 327. PROPERTY TAX LIMITS ON REASSESSMENT.

2 NOTWITHSTANDING ANY OTHER PROVISION OF LAW, INCLUDING THIS  
3 ACT, AFTER ANY COUNTY MAKES A COUNTYWIDE REVISION OF ASSESSMENT  
4 OF REAL PROPERTY AT VALUES BASED UPON AN ESTABLISHED  
5 PREDETERMINED RATIO AS REQUIRED BY LAW OR AFTER ANY COUNTY  
6 CHANGES ITS ESTABLISHED PREDETERMINED RATIO, A BOARD OF SCHOOL  
7 DIRECTORS IN A SCHOOL DISTRICT LOCATED WITHIN THAT COUNTY WHICH,  
8 AFTER JULY 1, 2006, FOR THE FIRST TIME LEVIES ITS REAL ESTATE  
9 TAXES ON THAT REVISED ASSESSMENT OR VALUATION SHALL FOR THE  
10 FIRST YEAR REDUCE ITS TAX RATE, IF NECESSARY, FOR THE PURPOSE OF  
11 HAVING THE PERCENTAGE INCREASE IN TAXES LEVIED FOR THAT YEAR  
12 AGAINST THE REAL PROPERTIES CONTAINED IN THE DUPLICATE FOR THE  
13 PRECEDING YEAR BE LESS THAN OR EQUAL TO THE INDEX FOR THE  
14 PRECEDING YEAR NOTWITHSTANDING THE INCREASED VALUATIONS OF SUCH  
15 PROPERTIES UNDER THE REVISED ASSESSMENT. FOR THE PURPOSE OF  
16 DETERMINING THE TOTAL AMOUNT OF TAXES TO BE LEVIED FOR THE FIRST  
17 YEAR, THE AMOUNT TO BE LEVIED ON NEWLY CONSTRUCTED BUILDINGS OR  
18 STRUCTURES OR ON INCREASED VALUATIONS BASED ON NEW IMPROVEMENTS  
19 MADE TO EXISTING HOUSES NEED NOT BE CONSIDERED. THE TAX RATE  
20 SHALL BE FIXED FOR THAT YEAR AT A FIGURE WHICH WILL ACCOMPLISH  
21 THIS PURPOSE. THE PROVISIONS OF SECTION 333 SHALL APPLY TO  
22 INCREASES IN THE TAX RATE ABOVE THE LIMITS PROVIDED IN THIS  
23 SECTION.

24 SUBCHAPTER D  
25 SCHOOL DISTRICT PROPERTY TAX REDUCTION

26 SECTION 331. (RESERVED).

27 SECTION 331.1. PROPERTY TAX REDUCTION IN 2006.

28 (A) GENERAL RULE.--EXCEPT AS OTHERWISE PROVIDED IN THIS  
29 SECTION, A BOARD OF SCHOOL DIRECTORS MAY LEVY, ASSESS AND  
30 COLLECT AN ADDITIONAL EARNED INCOME AND NET PROFITS TAX, FOR THE

1 PURPOSE OF ANNUALLY FUNDING HOMESTEAD AND FARMSTEAD EXCLUSIONS.

2 (B) ADOPTION OF RESOLUTION.--IF A BOARD OF SCHOOL DIRECTORS  
3 ELECTS TO LEVY A TAX UNDER THIS SECTION, IT SHALL PROPOSE A  
4 RESOLUTION, NO LATER THAN 60 DAYS PRIOR TO THE ADOPTION OF ITS  
5 FINAL BUDGET FOR THE 2006-2007 FISCAL YEAR, AND GIVE NOTICE OF  
6 ITS INTENTION TO LEVY A TAX UNDER THIS SECTION IN THE MANNER  
7 PROVIDED FOR IN SECTION 4 OF THE LOCAL TAX ENABLING ACT. THE  
8 BOARD OF SCHOOL DIRECTORS SHALL CONDUCT AT LEAST ONE PUBLIC  
9 HEARING ON THE PROPOSED RESOLUTION NO LATER THAN 20 DAYS PRIOR  
10 TO THE ADOPTION OF ITS FINAL BUDGET AND SHALL ADOPT THE PROPOSED  
11 RESOLUTION PRIOR TO THE ADOPTION OF ITS FINAL BUDGET.

12 (C) PUBLIC NOTICE.--NO LATER THAN 15 DAYS PRIOR TO THE  
13 PUBLIC HEARING REQUIRED UNDER SUBSECTION (B), THE BOARD OF  
14 SCHOOL DIRECTORS SHALL PUBLISH A NOTICE IN A NEWSPAPER OF  
15 GENERAL CIRCULATION AND ON THE SCHOOL DISTRICT'S PUBLICLY  
16 ACCESSIBLE INTERNET WEBSITE. THE STATEMENT SHALL INCLUDE:

17 (1) THE REASON FOR THE TAX.

18 (2) THE ESTIMATED INCREASE IN REVENUE THAT THE BOARD OF  
19 SCHOOL DIRECTORS HAS INCLUDED IN THE PROPOSED TAX RATE AS  
20 AUTHORIZED UNDER SECTION 321(B)(4).

21 (3) THE ESTIMATED PER HOMESTEAD TAX REDUCTION.

22 (4) THE CURRENT RATE OF EARNED INCOME AND NET PROFITS  
23 TAX LEVIED BY THE SCHOOL DISTRICT.

24 (5) THE PROPOSED TAX RATE.

25 (D) PROPOSED TAX RATE.--THE BOARD OF SCHOOL DIRECTORS SHALL  
26 ESTABLISH THE PROPOSED RATE OF THE EARNED INCOME AND NET PROFITS  
27 TAX IN THE RESOLUTION REQUIRED UNDER SUBSECTION (B). THE  
28 PROPOSED TAX RATE SHALL NOT BE GREATER THAN THE RATE REQUIRED TO  
29 PROVIDE AN EXCLUSION FOR HOMESTEAD AND FARMSTEAD PROPERTY EQUAL  
30 TO 35% OF THE MAXIMUM HOMESTEAD EXCLUSION UNDER 53 PA.C.S. §

1 8586 (RELATING TO LIMITATIONS), PROVIDED THAT THE PROPOSED TAX  
2 RATE SHALL NOT EXCEED 1%.

3 (E) REQUIREMENTS.--A SCHOOL DISTRICT THAT IS SUBJECT TO 53  
4 PA.C.S. CH. 87 (RELATING TO OTHER SUBJECTS OF TAXATION) AND  
5 ELECTS TO LEVY A TAX UNDER THIS SECTION SHALL COMPLY WITH THE  
6 PROVISIONS OF THIS CHAPTER AND THE FOLLOWING:

7 (1) THE SCHOOL DISTRICT SHALL CONVERT ITS EARNED INCOME  
8 AND NET PROFITS TAX AUTHORIZED UNDER 53 PA.C.S. § 8703  
9 (RELATING TO ADOPTION OF REFERENDUM) TO AN EARNED INCOME AND  
10 NET PROFITS TAX AUTHORIZED UNDER THIS CHAPTER AT THE SAME  
11 RATE AS THE TAX WAS LEVIED UNDER 53 PA.C.S. § 8703 ON THE  
12 DATE OF CONVERSION. THE TAX AUTHORIZED UNDER THIS SUBSECTION  
13 SHALL BE SUBJECT TO THE PROVISIONS OF THIS SUBSECTION AND  
14 SECTIONS 323, 324, 325 AND 326.

15 (2) THE SCHOOL DISTRICT SHALL COMBINE ALL REVENUE  
16 GENERATED FOR FUNDING HOMESTEAD AND FARMSTEAD EXCLUSIONS  
17 UNDER 53 PA.C.S. § 8703 WITH ANY REVENUE COLLECTED FOR THE  
18 PURPOSES OF FUNDING HOMESTEAD AND FARMSTEAD EXCLUSIONS UNDER  
19 THIS CHAPTER.

20 (3) WHEN CALCULATING THE PROPOSED RATE OF EARNED INCOME  
21 AND NET PROFITS TAX PURSUANT TO SUBSECTIONS (B), (C) AND (D),  
22 THE SCHOOL DISTRICT SHALL INCLUDE ANY REVENUE COLLECTED FOR  
23 THE PURPOSES OF HOMESTEAD AND FARMSTEAD EXCLUSIONS.

24 (4) THE SCHOOL DISTRICT SHALL NO LONGER IMPLEMENT ANY  
25 PROVISION OF 53 PA.C.S. CH. 87.

26 (F) NONAPPLICABILITY TO CERTAIN SCHOOL DISTRICTS.--THIS  
27 SECTION SHALL NOT APPLY TO A SCHOOL DISTRICT OF THE FIRST CLASS,  
28 A SCHOOL DISTRICT OF THE FIRST CLASS A OR A SCHOOL DISTRICT  
29 COTERMINOUS WITH A CITY OF THE SECOND CLASS A.  
30 SECTION 331.2. 2007 REFERENDUM.

1 (A) GENERAL RULE.--A BOARD OF SCHOOL DIRECTORS THAT DOES NOT  
2 ELECT TO LEVY A TAX UNDER SECTION 331.1 SHALL SUBMIT AT THE  
3 PRIMARY ELECTION OF 2007 A REFERENDUM QUESTION TO THE ELECTORS  
4 OF THE SCHOOL DISTRICT SEEKING VOTER APPROVAL ALLOWING THE  
5 SCHOOL DISTRICT TO LEVY, ASSESS AND COLLECT AN EARNED INCOME AND  
6 NET PROFITS TAX FOR THE PURPOSE OF ANNUALLY FUNDING HOMESTEAD  
7 AND FARMSTEAD EXCLUSIONS. A BOARD OF SCHOOL DIRECTORS THAT DOES  
8 ELECT TO LEVY A TAX UNDER SECTION 333.1 MAY SUBMIT A REFERENDUM  
9 QUESTION TO THE ELECTORS UNDER THIS SECTION.

10 (B) ADOPTION OF RESOLUTION.--NO LATER THAN MARCH 13, 2007, A  
11 SCHOOL DISTRICT SUBJECT TO THIS SECTION SHALL ADOPT A RESOLUTION  
12 AUTHORIZING THE REFERENDUM QUESTION REQUIRED UNDER SUBSECTION  
13 (A). THE BOARD OF SCHOOL DIRECTORS SHALL GIVE PUBLIC NOTICE OF  
14 ITS INTENT TO ADOPT THE RESOLUTION IN THE MANNER PROVIDED FOR IN  
15 SECTION 4 OF THE LOCAL TAX ENABLING ACT AND MUST CONDUCT AT  
16 LEAST ONE PUBLIC HEARING ON THE RESOLUTION.

17 (C) PROPOSED TAX RATE.--THE BOARD OF SCHOOL DIRECTORS SHALL  
18 ESTABLISH THE RATE OF THE PROPOSED EARNED INCOME AND NET PROFITS  
19 TAX IN THE RESOLUTION REQUIRED UNDER SUBSECTION (B). THE RATE  
20 SHALL NOT EXCEED THE RATE REQUIRED TO PROVIDE AN EXCLUSION FOR  
21 HOMESTEAD PROPERTY AND FARMSTEAD PROPERTY EQUAL TO THE MAXIMUM  
22 EXCLUSION UNDER 53 PA.C.S. § 8586 (RELATING TO LIMITATIONS) AND  
23 SHALL NOT BE LESS THAN THE RATE REQUIRED TO PROVIDE AN EXCLUSION  
24 FOR HOMESTEAD AND FARMSTEAD PROPERTY EQUAL TO 35% OF THE MAXIMUM  
25 HOMESTEAD EXCLUSION, PROVIDED THAT A SCHOOL DISTRICT SHALL NOT  
26 BE REQUIRED TO PROPOSE AN EARNED INCOME AND NET PROFITS TAX  
27 UNDER THIS SECTION THAT IS GREATER THAN 1%.

28 (D) SUBMITTAL OF REFERENDUM TO COUNTY OFFICIALS.--A BOARD OF  
29 SCHOOL DIRECTORS SUBJECT TO THIS SECTION SHALL SUBMIT THE  
30 REFERENDUM QUESTION REQUIRED UNDER SUBSECTION (A) TO THE

1 ELECTION OFFICIALS OF EACH COUNTY IN WHICH THE SCHOOL DISTRICT  
2 IS SITUATE NO LATER THAN 30 DAYS PRIOR TO THE PRIMARY ELECTION  
3 OF 2007. THE ELECTION OFFICIALS SHALL CAUSE THE REFERENDUM  
4 QUESTION TO BE SUBMITTED TO THE ELECTORS OF THE SCHOOL DISTRICT  
5 AT THE PRIMARY ELECTION OF 2007.

6 (E) REFERENDUM QUESTION.--

7 (1) THE REFERENDUM QUESTION SUBMITTED TO THE ELECTORS OF  
8 THE SCHOOL DISTRICT AT THE PRIMARY ELECTION OF 2007 SHALL  
9 STATE THE RATE OF THE PROPOSED EARNED INCOME AND NET PROFITS  
10 TAX TO BE LEVIED, THE REASON FOR THE TAX, THE ESTIMATED PER  
11 HOMESTEAD TAX REDUCTION AND THE CURRENT RATE OF EARNED INCOME  
12 AND NET PROFITS TAX LEVIED BY THE SCHOOL DISTRICT. THE  
13 QUESTION SHALL BE CLEAR AND IN LANGUAGE THAT IS READILY  
14 UNDERSTANDABLE BY A LAYPERSON AND SHALL BE FRAMED IN THE  
15 FOLLOWING FORM:

16 DO YOU FAVOR IMPOSING AN ADDITIONAL X% EARNED INCOME TAX?  
17 THE REVENUE GENERATED FROM THE INCREASED TAX RATE WILL BE  
18 USED TO REDUCE TAXES ON QUALIFIED RESIDENTIAL PROPERTIES  
19 BY (INSERT AMOUNT OF REDUCTION). THE CURRENT EARNED  
20 INCOME TAX RATE IS Z%.

21 (2) THE ELECTION OFFICIALS OF EACH COUNTY SHALL, IN  
22 CONSULTATION WITH THE BOARD OF SCHOOL DIRECTORS, DRAFT A  
23 NONLEGAL INTERPRETATIVE STATEMENT WHICH SHALL ACCOMPANY THE  
24 REFERENDUM QUESTION IN ACCORDANCE WITH SECTION 201.1 OF THE  
25 ACT OF JUNE 3, 1937 (P.L.1333, NO.320), KNOWN AS THE  
26 PENNSYLVANIA ELECTION CODE. THE NONLEGAL INTERPRETATIVE  
27 STATEMENT SHALL INFORM THE VOTERS OF:

28 (I) THE REASON FOR THE TAX.

29 (II) THE ESTIMATED INCREASE IN REVENUE THAT THE  
30 BOARD OF SCHOOL DIRECTORS HAS INCLUDED IN THE PROPOSED

1 TAX RATE AS AUTHORIZED UNDER SECTION 321(B)(4).

2 (III) THE ESTIMATED PER HOMESTEAD TAX REDUCTION.

3 (IV) THE CURRENT RATE OF EARNED INCOME AND NET  
4 PROFITS TAX LEVIED BY THE SCHOOL DISTRICT.

5 (V) THE PROPOSED TAX RATE.

6 (3) THE ELECTION OFFICIALS OF A COUNTY SHALL CERTIFY THE  
7 RESULTS OF THE REFERENDUM REQUIRED UNDER THIS SECTION TO THE  
8 DEPARTMENT OF STATE IN ACCORDANCE WITH ARTICLE XIV OF THE  
9 PENNSYLVANIA ELECTION CODE AND SHALL NOTIFY THE SCHOOL  
10 DISTRICT OF THE CERTIFIED RESULTS AS SOON AS IS PRACTICABLE.

11 (4) APPROVAL OF THE REFERENDUM REQUIRED UNDER THIS  
12 SUBSECTION SHALL BE BY A MAJORITY OF THE ELECTORS VOTING ON  
13 THE QUESTION IN THE SCHOOL DISTRICT.

14 (5) WHERE THE REFERENDUM QUESTION UNDER THIS SUBSECTION  
15 IS APPROVED BY THE ELECTORATE, THE NEW TAX RATE SHALL TAKE  
16 EFFECT BEGINNING ON THE FIRST DAY OF THE FISCAL YEAR WHICH  
17 BEGINS AFTER THE TAX IS AUTHORIZED.

18 (6) A SCHOOL DISTRICT THAT IS SUBJECT TO 53 PA.C.S. CH.  
19 87 (RELATING TO OTHER SUBJECTS OF TAXATION) SHALL COMPLY WITH  
20 THE PROVISIONS OF THIS CHAPTER AND THE FOLLOWING:

21 (I) THE SCHOOL DISTRICT SHALL CONVERT ITS EARNED  
22 INCOME AND NET PROFITS TAX AUTHORIZED UNDER 53 PA.C.S. §  
23 8703 (RELATING TO ADOPTION OF REFERENDUM) TO AN EARNED  
24 INCOME AND NET PROFITS TAX AUTHORIZED UNDER THIS CHAPTER  
25 AT THE SAME RATE AS THE TAX LEVIED UNDER 53 PA.C.S. §  
26 8703 ON THE DATE OF CONVERSION. THE TAX AUTHORIZED UNDER  
27 THIS SUBSECTION SHALL BE SUBJECT TO THE PROVISIONS OF  
28 THIS SUBSECTION AND SECTIONS 323, 324, 325 AND 326.

29 (II) THE SCHOOL DISTRICT SHALL COMBINE ALL REVENUE  
30 GENERATED FOR FUNDING HOMESTEAD AND FARMSTEAD EXCLUSIONS

1 UNDER 53 PA.C.S. § 8703 WITH ANY REVENUE COLLECTED FOR  
2 THE PURPOSES OF FUNDING HOMESTEAD AND FARMSTEAD  
3 EXCLUSIONS UNDER THIS CHAPTER.

4 (III) WHEN CALCULATING THE PROPOSED RATE OF EARNED  
5 INCOME AND NET PROFITS TAX PURSUANT TO SUBSECTIONS (B),  
6 (C) AND (D), THE SCHOOL DISTRICT SHALL INCLUDE ANY  
7 REVENUE COLLECTED FOR THE PURPOSES OF HOMESTEAD AND  
8 FARMSTEAD EXCLUSIONS.

9 (IV) THE SCHOOL DISTRICT SHALL NO LONGER IMPLEMENT  
10 ANY PROVISION OF 53 PA.C.S. CH. 87.

11 (F) ELECTION PROCEEDINGS.--PROCEEDINGS UNDER THIS SECTION  
12 SHALL BE IN ACCORDANCE WITH THE PROVISIONS OF THE PENNSYLVANIA  
13 ELECTION CODE.

14 (G) NONAPPLICABILITY TO CERTAIN SCHOOL DISTRICTS.--THIS  
15 SECTION SHALL NOT APPLY TO A SCHOOL DISTRICT OF THE FIRST CLASS,  
16 A SCHOOL DISTRICT OF THE FIRST CLASS A OR A SCHOOL DISTRICT  
17 COTERMINOUS WITH A CITY OF THE SECOND CLASS A.

18 SECTION 332. ADOPTION OF FURTHER REFERENDUM.

19 (A) GENERAL RULE.--IN ADDITION TO THE PROVISIONS OF SECTIONS  
20 331.1 AND 331.2, A BOARD OF SCHOOL DIRECTORS MAY:

21 (1) LEVY, ASSESS AND COLLECT AN EARNED INCOME AND NET  
22 PROFITS TAX AUTHORIZED UNDER SECTION 321(B)(2) ONLY AFTER  
23 OBTAINING THE APPROVAL OF THE ELECTORATE OF THE SCHOOL  
24 DISTRICT IN A PUBLIC REFERENDUM AT A MUNICIPAL ELECTION. FOR  
25 A SCHOOL DISTRICT TO WHICH SECTION 331.1 OR 331.2 APPLIES,  
26 THE FIRST SUCH PUBLIC REFERENDUM MUST BE CONDUCTED NO EARLIER  
27 THAN THE MUNICIPAL ELECTION FOLLOWING THE YEAR IN WHICH A  
28 BOARD OF SCHOOL DIRECTORS TAKES ACTION UNDER SECTION 331.1 OR  
29 331.2. WHERE A BOARD OF SCHOOL DIRECTORS TAKES ACTION UNDER  
30 SECTIONS 331.1 AND 331.2, THE FIRST PUBLIC REFERENDUM MUST BE

1 CONDUCTED NO EARLIER THAN THE MUNICIPAL ELECTION FOLLOWING  
2 THE YEAR IN WHICH THE BOARD OF SCHOOL DIRECTORS TAKES ACTION  
3 UNDER SECTION 331.2.

4 (2) LEVY, ASSESS AND COLLECT A PERSONAL INCOME TAX  
5 AUTHORIZED UNDER SECTION 321(C) ONLY AFTER OBTAINING THE  
6 APPROVAL OF THE ELECTORATE OF THE SCHOOL DISTRICT IN A PUBLIC  
7 REFERENDUM AT A MUNICIPAL ELECTION. THE FIRST SUCH PUBLIC  
8 REFERENDUM MUST BE CONDUCTED NO EARLIER THAN THE MUNICIPAL  
9 ELECTION OF 2009 AND NO SUCH PUBLIC REFERENDUM MAY BE  
10 CONDUCTED UNTIL THE DEPARTMENT OF REVENUE RECEIVES FINAL  
11 APPROVAL OF REGULATIONS GOVERNING THE COLLECTION OF A  
12 PERSONAL INCOME TAX.

13 (B) SUBMITTAL OF REFERENDUM.--

14 (1) A BOARD OF SCHOOL DIRECTORS MAY SUBMIT, AT A  
15 MUNICIPAL ELECTION, A REFERENDUM QUESTION TO THE ELECTORS OF  
16 THE SCHOOL DISTRICT SEEKING VOTER APPROVAL ALLOWING THE  
17 SCHOOL DISTRICT TO LEVY, ASSESS AND COLLECT AN EARNED INCOME  
18 AND NET PROFITS TAX OR A PERSONAL INCOME TAX FOR THE PURPOSE  
19 OF ANNUALLY FUNDING HOMESTEAD AND FARMSTEAD EXCLUSIONS OR  
20 MILLAGE REDUCTIONS IN CERTAIN CIRCUMSTANCES. PRIOR TO PLACING  
21 A REFERENDUM QUESTION ON THE BALLOT, THE BOARD OF SCHOOL  
22 DIRECTORS MUST ADOPT A RESOLUTION PURSUANT TO THIS SECTION.  
23 THE BOARD OF SCHOOL DIRECTORS MUST GIVE PUBLIC NOTICE OF ITS  
24 INTENT TO ADOPT THE RESOLUTION IN THE MANNER PROVIDED BY  
25 SECTION 4 OF THE LOCAL TAX ENABLING ACT AND MUST CONDUCT AT  
26 LEAST ONE PUBLIC HEARING ON THE RESOLUTION.

27 (2) THE BOARD OF SCHOOL DIRECTORS SHALL SUBMIT THE  
28 REFERENDUM QUESTION REQUIRED UNDER THIS SECTION TO THE  
29 ELECTION OFFICIALS OF EACH COUNTY IN WHICH THE SCHOOL  
30 DISTRICT IS SITUATE NO LATER THAN 60 DAYS PRIOR TO A



1 MUNICIPAL ELECTION. THE ELECTION OFFICIALS SHALL CAUSE THE  
2 REFERENDUM QUESTION TO BE SUBMITTED TO THE ELECTORS OF THE  
3 SCHOOL DISTRICT.

4 (3) THE REFERENDUM QUESTION SHALL STATE THE RATE OF THE  
5 PROPOSED EARNED INCOME AND NET PROFITS TAX OR PERSONAL INCOME  
6 TAX TO BE LEVIED, THE REASON FOR THE TAX, THE ESTIMATED PER  
7 HOMESTEAD TAX REDUCTION AND THE CURRENT RATE OF EARNED INCOME  
8 AND NET PROFITS OR PERSONAL INCOME TAX LEVIED BY THE SCHOOL  
9 DISTRICT. THE QUESTION SHALL BE CLEAR AND IN LANGUAGE THAT IS  
10 READILY UNDERSTANDABLE BY A LAYPERSON AND SHALL BE FRAMED IN  
11 ONE OF THE FOLLOWING FORMS WITH THE SCHOOL DISTRICT  
12 RESOLUTION ENUMERATING THE VARIABLE AMOUNTS REPRESENTED BY  
13 THE TERMS X, Y AND Z:

14 (I) DO YOU FAVOR IMPOSING AN ADDITIONAL X% (INSERT  
15 NAME OF TAX)? THE REVENUE GENERATED FROM THE INCREASED  
16 TAX RATE WILL BE USED TO REDUCE TAXES ON QUALIFIED  
17 RESIDENTIAL PROPERTY BY AN ESTIMATED AMOUNT OF \$Y. THE  
18 CURRENT (INSERT NAME OF TAX) FOR THE SCHOOL DISTRICT IS  
19 Z%.

20 (II) DO YOU FAVOR CONVERTING THE SCHOOL DISTRICT'S  
21 CURRENT EARNED INCOME AND NET PROFITS TAX INTO A PERSONAL  
22 INCOME TAX AT X%? THE REVENUE GENERATED FROM THE PERSONAL  
23 INCOME TAX WILL BE USED TO REDUCE TAXES ON QUALIFIED  
24 RESIDENTIAL PROPERTY BY AN ESTIMATED AMOUNT OF \$Y AND TO  
25 REPLACE THE REVENUE FROM THE CURRENT SCHOOL DISTRICT'S  
26 EARNED INCOME AND NET PROFITS TAX, WHICH IS NOW LEVIED AT  
27 Z%.

28 (4) THE ELECTION OFFICIALS OF EACH COUNTY SHALL, IN  
29 CONSULTATION WITH THE BOARD OF SCHOOL DIRECTORS, DRAFT A  
30 NONLEGAL INTERPRETATIVE STATEMENT WHICH SHALL ACCOMPANY THE

1 REFERENDUM QUESTION IN ACCORDANCE WITH SECTION 201.1 OF THE  
2 ACT OF JUNE 3, 1937 (P.L.1333, NO.320), KNOWN AS THE  
3 PENNSYLVANIA ELECTION CODE. THE NONLEGAL INTERPRETATIVE  
4 STATEMENT SHALL INFORM THE VOTERS OF:

5 (I) THE REASON FOR THE TAX;

6 (II) THE ESTIMATED INCREASE IN REVENUE WHICH THE  
7 BOARD OF SCHOOL DIRECTORS HAS INCLUDED IN THE PROPOSED  
8 TAX RATE AS AUTHORIZED UNDER SECTION 321(B)(4) OR SECTION  
9 321(C)(6);

10 (III) THE ESTIMATED PER HOMESTEAD TAX REDUCTION; AND

11 (IV) THE CURRENT RATE OF EARNED INCOME AND NET  
12 PROFITS TAX OR, IF APPLICABLE, PERSONAL INCOME TAX LEVIED  
13 BY THE SCHOOL DISTRICT.

14 (C) PROPOSED TAX RATE.--THE PROPOSED RATE OF THE EARNED  
15 INCOME AND NET PROFITS TAX OR PERSONAL INCOME TAX SHALL BE  
16 ESTABLISHED BY THE BOARD OF SCHOOL DIRECTORS OF THE SCHOOL  
17 DISTRICT AND SHALL NOT EXCEED THE RATE, WHEN COMBINED WITH THE  
18 TAX RATE AUTHORIZED UNDER SECTION 331.1 OR 331.2, REQUIRED TO  
19 PROVIDE AN EXCLUSION FOR HOMESTEAD PROPERTY AND FARMSTEAD  
20 PROPERTY EQUAL TO THE MAXIMUM EXCLUSION UNDER 53 PA.C.S. § 8586.

21 (D) EFFECTIVE DATE.--IF THE REFERENDUM QUESTION UNDER THIS  
22 SECTION IS APPROVED BY THE ELECTORATE, THE NEW RATE OF THE  
23 EARNED INCOME AND NET PROFITS TAX OR PERSONAL INCOME TAX SHALL  
24 TAKE EFFECT PURSUANT TO SECTION 321(D).

25 (E) (RESERVED).

26 (F) (RESERVED).

27 (G) EFFECT ON CERTAIN SCHOOL DISTRICTS.--THIS SECTION SHALL  
28 NOT APPLY TO A SCHOOL DISTRICT OF THE FIRST CLASS.

29 (H) SCHOOL DISTRICTS OPERATING UNDER 53 PA.C.S. CH. 87.--

30 (1) (RESERVED).

1 (2) (RESERVED).

2 (2.1) THIS SUBSECTION SHALL APPLY TO A SCHOOL DISTRICT  
3 WHICH IS SUBJECT TO 53 PA.C.S. CH. 87 (RELATING TO OTHER  
4 SUBJECTS OF TAXATION).

5 (3) A SCHOOL DISTRICT UNDER THIS SUBSECTION SHALL  
6 CONVERT ITS EARNED INCOME AND NET PROFITS TAX AUTHORIZED  
7 UNDER 53 PA.C.S. § 8703 TO AN EARNED INCOME AND NET PROFITS  
8 TAX AUTHORIZED UNDER THIS SUBSECTION AT THE SAME RATE AS THE  
9 TAX WAS LEVIED UNDER 53 PA.C.S. § 8703 ON THE DATE OF  
10 CONVERSION. THE TAX AUTHORIZED UNDER THIS SUBSECTION SHALL BE  
11 SUBJECT TO THE PROVISIONS OF SECTIONS 323, 324, 325 AND 326.

12 (4) A SCHOOL DISTRICT UNDER THIS SUBSECTION SHALL  
13 COMBINE ALL REVENUE GENERATED FOR FUNDING HOMESTEAD AND  
14 FARMSTEAD EXCLUSIONS UNDER 53 PA.C.S. § 8703 WITH ANY REVENUE  
15 COLLECTED FOR THE PURPOSES OF FUNDING HOMESTEAD AND FARMSTEAD  
16 EXCLUSIONS UNDER THIS CHAPTER.

17 (I) PENNSYLVANIA ELECTION CODE PROVISIONS.--PROCEEDINGS  
18 UNDER THIS SECTION SHALL BE IN ACCORDANCE WITH THE PROVISIONS OF  
19 THE PENNSYLVANIA ELECTION CODE.

20 SECTION 333. PUBLIC REFERENDUM REQUIREMENTS FOR INCREASING  
21 CERTAIN TAXES.

22 (A) APPLICABILITY.--THIS SECTION SHALL APPLY AS FOLLOWS:

23 (1) FOR A BOARD OF SCHOOL DIRECTORS THAT ELECTED TO  
24 PARTICIPATE IN THE FORMER ACT OF JULY 5, 2004 (P.L.654,  
25 NO.72), KNOWN AS THE HOMEOWNER TAX RELIEF ACT, THIS SECTION  
26 SHALL APPLY BEGINNING WITH ANY PROPOSED TAX INCREASE THAT  
27 TAKES EFFECT IN THE 2006-2007 FISCAL YEAR.

28 (2) FOR A BOARD OF SCHOOL DIRECTORS THAT DID NOT ELECT  
29 TO PARTICIPATE IN THE FORMER HOMEOWNER TAX RELIEF ACT, ANY  
30 PROPOSED TAX INCREASE THAT TAKES EFFECT IN THE 2006-2007

1 FISCAL YEAR SHALL NOT EXCEED THE INDEX, UNLESS AN EXCEPTION  
2 UNDER SUBSECTION (F) OR (N) IS APPROVED PURSUANT TO  
3 SUBSECTION (I) OR (J), PROVIDED THAT A BOARD OF SCHOOL  
4 DIRECTORS SHALL HAVE THE AUTHORITY TO PETITION THE COURT OF  
5 COMMON PLEAS FOR AN ADDITIONAL TAX RATE INCREASE IF THE TAX  
6 RATE INCREASE ALLOWED BY THE INDEX AND ANY EXCEPTION APPROVED  
7 PURSUANT TO SUBSECTION (I) OR (J) IS INSUFFICIENT TO BALANCE  
8 THE PROPOSED BUDGET. THE COURT SHALL GRANT THE SCHOOL  
9 DISTRICT'S REQUEST FOR THE TAX RATE INCREASE UPON GOOD CAUSE  
10 SHOWN IF THE SCHOOL DISTRICT PROVES BY CLEAR AND CONVINCING  
11 EVIDENCE THAT THE TAX RATE INCREASE AUTHORIZED UNDER THIS  
12 PARAGRAPH IS INSUFFICIENT TO BALANCE THE PROPOSED BUDGET. FOR  
13 A BOARD OF SCHOOL DIRECTORS SUBJECT TO THIS PARAGRAPH, THE  
14 DATES BY WHICH THE BOARD OF SCHOOL DIRECTORS, THE DEPARTMENT  
15 OF EDUCATION OR THE COURT OF COMMON PLEAS SHALL BE REQUIRED  
16 TO COMPLY WITH SECTION 311 AND SUBSECTIONS (E), (I) AND (J)  
17 SHALL BE 50 DAYS AFTER THE DATES SET FORTH IN THOSE  
18 PROVISIONS.

19 (3) THIS SECTION SHALL APPLY TO EACH BOARD OF SCHOOL  
20 DIRECTORS BEGINNING WITH ANY PROPOSED TAX INCREASE THAT TAKES  
21 EFFECT IN THE 2007-2008 FISCAL YEAR AND EACH FISCAL YEAR  
22 THEREAFTER.

23 (B) PROHIBITIONS.--EXCEPT AS SET FORTH IN SUBSECTION (I) AND  
24 (J), UNLESS THERE IS COMPLIANCE WITH SUBSECTION (C), A BOARD OF  
25 SCHOOL DIRECTORS MAY NOT DO ANY OF THE FOLLOWING:

26 (1) INCREASE THE RATE OF A TAX LEVIED FOR THE SUPPORT OF  
27 THE PUBLIC SCHOOLS BY MORE THAN THE INDEX. FOR PURPOSES OF  
28 COMPLIANCE WITH THIS PARAGRAPH, A SCHOOL DISTRICT WHICH IS  
29 SITUATED IN MORE THAN ONE COUNTY AND WHICH LEVIES REAL ESTATE  
30 TAXES UNDER SECTION 672.1 OF THE ACT OF MARCH 10, 1949

1 (P.L.30, NO.14), KNOWN AS THE PUBLIC SCHOOL CODE OF 1949,  
2 SHALL APPLY THE INDEX TO EACH SEPARATE RATE OF REAL ESTATE  
3 TAXES LEVIED.

4 (2) LEVY A TAX FOR THE SUPPORT OF THE PUBLIC SCHOOLS  
5 WHICH WAS NOT LEVIED IN THE 2005-2006 FISCAL YEAR.

6 (3) RAISE THE RATE OF THE EARNED INCOME AND NET PROFITS  
7 TAX IF ALREADY IMPOSED UNDER THE AUTHORITY OF THE LOCAL TAX  
8 ENABLING ACT, EXCEPT AS OTHERWISE PROVIDED FOR UNDER SECTION  
9 331.1, 331.2 OR 332.

10 (4) NOTWITHSTANDING ANY OTHER PROVISION OF THIS CHAPTER  
11 TO THE CONTRARY, THE ADOPTION OF A REFERENDUM UNDER SECTION  
12 331.2 OR 332 CONFERS ON THE BOARD OF SCHOOL DIRECTORS THE  
13 AUTHORITY TO RAISE INCOME TAXES ONLY TO THE EXTENT CONTAINED  
14 IN THE LANGUAGE OF THE REFERENDUM, AND ANY FUTURE INCREASE OF  
15 AN INCOME TAX TO BE USED FOR THE PURPOSE OF PROPERTY TAX  
16 REDUCTION SHALL BE SUBMITTED TO THE ELECTORS OF THE SCHOOL  
17 DISTRICT AT A SUBSEQUENT MUNICIPAL ELECTION PURSUANT TO THE  
18 PROVISIONS OF SECTION 332.

19 (C) REFERENDUM.--

20 (1) IN ORDER TO TAKE AN ACTION PROHIBITED UNDER  
21 SUBSECTION (B)(1), AT THE ELECTION IMMEDIATELY PRECEDING THE  
22 START OF THE SCHOOL DISTRICT FISCAL YEAR IN WHICH THE  
23 PROPOSED TAX INCREASE WOULD TAKE EFFECT, A REFERENDUM STATING  
24 THE SPECIFIC RATE OR RATES OF THE TAX INCREASE MUST BE  
25 SUBMITTED TO THE ELECTORS OF THE SCHOOL DISTRICT, AND A  
26 MAJORITY OF THE ELECTORS VOTING ON THE QUESTION MUST APPROVE  
27 THE INCREASE.

28 (2) IN ORDER TO TAKE AN ACTION UNDER SUBSECTION (B)(2),  
29 AT THE ELECTION IMMEDIATELY PRECEDING THE START OF THE SCHOOL  
30 DISTRICT FISCAL YEAR IN WHICH THE PROPOSED TAX WOULD TAKE

1 EFFECT, A REFERENDUM STATING THE PROPOSED TAX AND THE RATE AT  
2 WHICH IT WILL BE LEVIED MUST BE SUBMITTED TO THE ELECTORS OF  
3 THE SCHOOL DISTRICT, AND A MAJORITY OF THE ELECTORS VOTING ON  
4 THE QUESTION MUST APPROVE THE TAX.

5 (3) EXCEPT AS SET FORTH IN SUBSECTIONS (I) AND (J), A  
6 SCHOOL DISTRICT ACTING PURSUANT TO THIS SUBSECTION SHALL  
7 SUBMIT THE REFERENDUM QUESTION REQUIRED UNDER THIS SECTION TO  
8 THE ELECTION OFFICIALS OF EACH COUNTY IN WHICH IT IS SITUATE  
9 NO LATER THAN 60 DAYS PRIOR TO THE ELECTION IMMEDIATELY  
10 PRECEDING THE FISCAL YEAR IN WHICH THE TAX INCREASE WOULD  
11 TAKE EFFECT.

12 (4) THE ELECTION OFFICIALS OF EACH COUNTY SHALL, IN  
13 CONSULTATION WITH THE BOARD OF SCHOOL DIRECTORS, DRAFT A  
14 NONLEGAL INTERPRETATIVE STATEMENT WHICH SHALL ACCOMPANY THE  
15 REFERENDUM QUESTION IN ACCORDANCE WITH SECTION 201.1 OF THE  
16 ACT OF JUNE 3, 1937 (P.L.1333, NO.320), KNOWN AS THE  
17 PENNSYLVANIA ELECTION CODE. THE NONLEGAL INTERPRETATIVE  
18 STATEMENT SHALL INCLUDE INFORMATION THAT REFERENCES THE ITEMS  
19 OF EXPENDITURE FOR WHICH THE TAX INCREASE IS SOUGHT AND THE  
20 CONSEQUENCE OF THE REFERENDUM BEING DISAPPROVED BY THE  
21 ELECTORATE.

22 (D) FAILURE TO APPROVE REFERENDUM.--

23 (1) IF A REFERENDUM QUESTION SUBMITTED UNDER SUBSECTION  
24 (C)(1) IS NOT APPROVED, THE BOARD OF SCHOOL DIRECTORS MAY  
25 APPROVE AN INCREASE IN THE TAX RATE OF NOT MORE THAN THE  
26 INDEX.

27 (2) IF A REFERENDUM QUESTION SUBMITTED UNDER SUBSECTION  
28 (C)(2) IS NOT APPROVED, THE BOARD OF SCHOOL DIRECTORS MAY NOT  
29 LEVY THE TAX.

30 (E) TAX RATE SUBMISSIONS.--A SCHOOL DISTRICT THAT HAS

1 ADOPTED A PRELIMINARY BUDGET PROPOSAL UNDER SECTION 311 THAT  
2 INCLUDES AN INCREASE IN THE RATE OF ANY TAX LEVIED FOR THE  
3 SUPPORT OF PUBLIC SCHOOLS SHALL SUBMIT INFORMATION ON THE  
4 INCREASE TO THE DEPARTMENT ON A UNIFORM FORM PREPARED BY THE  
5 DEPARTMENT. THE SCHOOL DISTRICT SHALL SUBMIT SUCH INFORMATION NO  
6 LATER THAN 85 DAYS PRIOR TO THE DATE OF THE ELECTION IMMEDIATELY  
7 PRECEDING THE BEGINNING OF THE SCHOOL DISTRICT'S FISCAL YEAR.  
8 THE DEPARTMENT SHALL COMPARE THE PROPOSED PERCENTAGE INCREASE IN  
9 THE RATE OF ANY TAX WITH THE INDEX. WITHIN TEN DAYS OF THE  
10 RECEIPT OF THE INFORMATION REQUIRED UNDER THIS SUBSECTION BUT NO  
11 LATER THAN 75 DAYS PRIOR TO THE DATE OF THE ELECTION IMMEDIATELY  
12 PRECEDING THE BEGINNING OF THE SCHOOL DISTRICT'S FISCAL YEAR,  
13 THE DEPARTMENT SHALL INFORM THE SCHOOL DISTRICT WHETHER THE  
14 PROPOSED TAX RATE INCREASE IS LESS THAN OR EQUAL TO THE INDEX.  
15 IF THE DEPARTMENT DETERMINES THAT THE PROPOSED PERCENTAGE  
16 INCREASE IN THE RATE OF THE TAX EXCEEDS THE INDEX, THE  
17 DEPARTMENT SHALL NOTIFY THE SCHOOL DISTRICT THAT:

18 (1) THE PROPOSED TAX INCREASE MUST BE REDUCED TO AN  
19 AMOUNT LESS THAN OR EQUAL TO THE INDEX;

20 (2) THE PROPOSED TAX INCREASE MUST BE APPROVED BY THE  
21 ELECTORATE UNDER SUBSECTION (C)(1); OR

22 (3) AN EXCEPTION MUST BE SOUGHT UNDER SUBSECTIONS (I)  
23 AND (J).

24 (F) REFERENDUM EXCEPTIONS.--A SCHOOL DISTRICT MAY, WITHOUT  
25 SEEKING VOTER APPROVAL UNDER SUBSECTION (C), INCREASE THE RATE  
26 OF A TAX LEVIED FOR THE SUPPORT OF THE PUBLIC SCHOOLS BY MORE  
27 THAN THE INDEX IF ALL OF THE FOLLOWING APPLY:

28 (1) THE REVENUE RAISED BY THE ALLOWABLE INCREASE UNDER  
29 THE INDEX IS INSUFFICIENT TO BALANCE THE PROPOSED BUDGET DUE  
30 TO ONE OR MORE OF THE EXPENDITURES LISTED IN PARAGRAPH (2).

1           (2) THE REVENUE GENERATED BY INCREASING THE RATE OF A  
2 TAX BY MORE THAN THE INDEX WILL BE USED TO PAY FOR ANY OF THE  
3 FOLLOWING:

4           (I) COSTS INCURRED IN RESPONDING TO OR RECOVERING  
5 FROM AN EMERGENCY OR DISASTER DECLARED PURSUANT TO 35  
6 PA.C.S. § 7301 (RELATING TO GENERAL AUTHORITY OF  
7 GOVERNOR) OR 75 PA.C.S. § 6108 (RELATING TO POWER OF  
8 GOVERNOR DURING EMERGENCY).

9           (II) COSTS TO IMPLEMENT A COURT ORDER OR AN  
10 ADMINISTRATIVE ORDER FROM A FEDERAL OR STATE AGENCY AS  
11 LONG AS THE TAX INCREASE IS RESCINDED FOLLOWING  
12 FULFILLMENT OF THE COURT ORDER OR ADMINISTRATIVE ORDER.

13           (III) COSTS ASSOCIATED WITH THE FOLLOWING:

14           (A) TO PAY INTEREST AND PRINCIPAL ON ANY  
15 INDEBTEDNESS INCURRED UNDER 53 PA.C.S. PT. VII SUBPT.  
16 B (RELATING TO INDEBTEDNESS AND BORROWING) PRIOR TO  
17 SEPTEMBER 4, 2004. IN NO CASE MAY THE SCHOOL DISTRICT  
18 INCUR ADDITIONAL DEBT UNDER THIS CLAUSE EXCEPT FOR  
19 THE REFINANCING OF EXISTING DEBT, INCLUDING THE  
20 PAYMENT OF COSTS AND EXPENSES RELATED TO SUCH  
21 REFINANCING AND THE ESTABLISHMENT OF FUNDING OF  
22 APPROPRIATE DEBT SERVICE RESERVES. AN INCREASE UNDER  
23 THIS CLAUSE SHALL BE RESCINDED FOLLOWING THE FINAL  
24 PAYMENT OF INTEREST AND PRINCIPAL.

25           (B) TO PAY INTEREST AND PRINCIPAL ON ANY  
26 ELECTORAL DEBT INCURRED UNDER 53 PA.C.S. PT. VII  
27 SUBPT. B. AN INCREASE UNDER THIS CLAUSE SHALL BE  
28 RESCINDED FOLLOWING THE FINAL PAYMENT OF INTEREST AND  
29 PRINCIPAL.

30           (C) TO PAY INTEREST AND PRINCIPAL ON



1 INDEBTEDNESS FOR UP TO 60% OF THE CONSTRUCTION COST  
2 AVERAGE ON A SQUARE-FOOT BASIS IF ALL OF THE  
3 FOLLOWING APPLY:

4 (I) THE INDEBTEDNESS IS FOR A SCHOOL  
5 CONSTRUCTION PROJECT UNDER 22 PA. CODE CH. 21  
6 (RELATING TO SCHOOL BUILDINGS).

7 (II) THE INDEBTEDNESS TO FUND APPROPRIATE  
8 DEBT SERVICE RESERVES FOR THE PROJECT IS INCURRED  
9 AFTER SEPTEMBER 3, 2004.

10 (III) THE INCREASE SOUGHT UNDER THIS CLAUSE  
11 IS RESCINDED FOLLOWING FINAL PAYMENT OF INTEREST  
12 AND PRINCIPAL.

13 (IV) THE INDEBTEDNESS IS INCURRED ONLY AFTER  
14 EXISTING FUND BALANCES FOR SCHOOL CONSTRUCTION  
15 AND ANY UNDESIGNATED FUND BALANCES HAVE BEEN  
16 FULLY COMMITTED TO FUND THE PROJECT.

17 (V) THE INDEBTEDNESS IS FOR AN ACADEMIC  
18 ELEMENTARY OR ACADEMIC SECONDARY SCHOOL BUILDING.  
19 FOR PURPOSES OF THIS SUBCLAUSE, THE FOLLOWING  
20 SHALL NOT BE CONSIDERED TO BE AN ACADEMIC  
21 ELEMENTARY OR ACADEMIC SECONDARY SCHOOL BUILDING:  
22 NATATORIUM, STADIUM BLEACHERS, ATHLETIC FIELD,  
23 ATHLETIC FIELD LIGHTING EQUIPMENT AND APPARATUS  
24 USED TO PROMOTE AND CONDUCT INTERSCHOLASTIC  
25 ATHLETICS.

26 (VI) FOR SCHOOL DISTRICTS OF THE SECOND,  
27 THIRD AND FOURTH CLASS, THE PROJECT HAS BEEN  
28 APPROVED BY THE DEPARTMENT UNDER SECTION 731 OF  
29 THE ACT OF MARCH 10, 1949 (P.L.30, NO.14), KNOWN  
30 AS THE PUBLIC SCHOOL CODE OF 1949. FOR

1 NONREIMBURSABLE PROJECTS IN SCHOOL DISTRICTS OF  
2 THE FIRST CLASS A, THE PLANS AND SPECIFICATIONS  
3 HAVE BEEN APPROVED BY THE BOARD OF SCHOOL  
4 DIRECTORS. FOR REIMBURSABLE PROJECTS IN SCHOOL  
5 DISTRICTS OF THE FIRST CLASS A, THE PLANS AND  
6 SPECIFICATIONS HAVE BEEN APPROVED BY THE  
7 DEPARTMENT PURSUANT TO 22 PA. CODE CH. 21.

8 (D) TO PAY INTEREST AND PRINCIPAL ON  
9 INDEBTEDNESS FOR UP TO \$250,000 OF THE CONSTRUCTION  
10 COST OF A NONACADEMIC SCHOOL CONSTRUCTION PROJECT, AS  
11 ADJUSTED ANNUALLY BY THE PERCENTAGE INCREASE IN THE  
12 AVERAGE OF THE STATEWIDE AVERAGE WEEKLY WAGE AND THE  
13 EMPLOYMENT COST INDEX. AN INCREASE UNDER THIS CLAUSE  
14 SHALL BE RESCINDED FOLLOWING THE FINAL PAYMENT OF  
15 INTEREST AND PRINCIPAL.

16 (E) FOR PURPOSES OF THIS SUBPARAGRAPH, ELECTORAL  
17 DEBT INCLUDES THE REFUNDING OR REFINANCING OF  
18 ELECTORAL DEBT FOR WHICH AN EXCEPTION IS PERMITTED  
19 UNDER CLAUSE (B) AS LONG AS THE REFUNDING OR  
20 REFINANCING INCURS NO ADDITIONAL DEBT OTHER THAN FOR:

21 (I) COSTS AND EXPENSES RELATED TO THE  
22 REFUNDING OR REFINANCING; AND

23 (II) FUNDING OF APPROPRIATE DEBT SERVICE  
24 RESERVES.

25 (F) FOR PURPOSES OF THIS SUBPARAGRAPH,  
26 INDEBTEDNESS INCLUDES THE REFUNDING OR REFINANCING OF  
27 INDEBTEDNESS FOR WHICH AN EXCEPTION IS PERMITTED  
28 UNDER CLAUSES (A), (C) AND (D) AS LONG AS THE  
29 REFUNDING OR REFINANCING INCURS NO ADDITIONAL DEBT  
30 OTHER THAN FOR:

1 (I) COSTS AND EXPENSES RELATED TO THE  
2 REFUNDING OR REFINANCING; AND

3 (II) FUNDING OF APPROPRIATE DEBT SERVICE  
4 RESERVES.

5 (IV) COSTS TO RESPOND TO CONDITIONS WHICH POSE AN  
6 IMMEDIATE THREAT OF SERIOUS PHYSICAL HARM OR INJURY TO  
7 THE STUDENTS, STAFF OR RESIDENTS OF THE SCHOOL DISTRICT,  
8 BUT ONLY UNTIL THE CONDITIONS CAUSING THE THREAT HAVE  
9 BEEN FULLY RESOLVED.

10 (V) COSTS INCURRED IN PROVIDING SPECIAL EDUCATION  
11 PROGRAMS AND SERVICES TO STUDENTS WITH DISABILITIES IF  
12 THE INCREASE IN EXPENDITURES ON SPECIAL EDUCATION  
13 PROGRAMS AND SERVICES WAS GREATER THAN 7.5%. THE DOLLAR  
14 AMOUNT OF THIS EXCEPTION SHALL BE EQUAL TO THE PORTION OF  
15 THE INCREASE THAT EXCEEDS 7.5%.

16 (VI) COSTS WHICH:

17 (A) WERE INCURRED IN THE IMPLEMENTATION OF A  
18 SCHOOL IMPROVEMENT PLAN REQUIRED UNDER SECTION  
19 1116(B) OF THE ELEMENTARY AND SECONDARY EDUCATION ACT  
20 OF 1965 (PUBLIC LAW 89-10, 20 U.S.C. § 6316(B)); AND

21 (B) WERE NOT OFFSET BY A STATE ALLOCATION.

22 (VII) COSTS NECESSARY TO MAINTAIN:

23 (A) PER-STUDENT LOCAL TAX REVENUE, ADJUSTED BY  
24 THE INDEX, IF THE PERCENTAGE GROWTH IN AVERAGE DAILY  
25 MEMBERSHIP BETWEEN THE SCHOOL YEAR DETERMINED UNDER  
26 SUBSECTION (J)(4) AND THE THIRD SCHOOL YEAR PRECEDING  
27 THE SCHOOL YEAR DETERMINED UNDER SUBSECTION (J)(4)  
28 EXCEEDS 7.5%; OR

29 (B) ACTUAL INSTRUCTION EXPENSE PER AVERAGE DAILY  
30 MEMBERSHIP, ADJUSTED BY THE INDEX, IF THE INCREASE IN

1 ACTUAL INSTRUCTION EXPENSE PER AVERAGE DAILY  
2 MEMBERSHIP BETWEEN THE SCHOOL YEAR DETERMINED UNDER  
3 SUBSECTION (J)(4) AND THE SCHOOL YEAR PRECEDING THE  
4 SCHOOL YEAR DETERMINED UNDER SUBSECTION (J)(4) IS  
5 LESS THAN THE INDEX.

6 (VIII) THE MAINTENANCE OF REVENUES DERIVED FROM REAL  
7 PROPERTY TAXES, EARNED INCOME AND NET PROFITS TAXES,  
8 PERSONAL INCOME TAXES, BASIC EDUCATION FUNDING  
9 ALLOCATIONS AND SPECIAL EDUCATION FUNDING ALLOCATIONS,  
10 ADJUSTED BY THE INDEX, FOR A SCHOOL DISTRICT WHERE THE  
11 PERCENTAGE INCREASE IN REVENUES DERIVED FROM REAL  
12 PROPERTY TAXES, EARNED INCOME AND NET PROFITS TAXES,  
13 PERSONAL INCOME TAXES, BASIC EDUCATION FUNDING  
14 ALLOCATIONS AND SPECIAL EDUCATION FUNDING ALLOCATIONS  
15 BETWEEN THE SCHOOL YEAR DETERMINED UNDER SUBSECTION  
16 (J)(4) AND THE SCHOOL YEAR PRECEDING THE SCHOOL YEAR  
17 DETERMINED UNDER SUBSECTION (J)(4) IS LESS THAN THE  
18 INDEX.

19 (IX) COSTS INCURRED FOR PROVIDING HEALTH CARE-  
20 RELATED BENEFITS WHICH ARE DIRECTLY ATTRIBUTABLE TO A  
21 COLLECTIVE BARGAINING AGREEMENT IN EFFECT ON JANUARY 1,  
22 2006, BETWEEN THE SCHOOL DISTRICT AND ITS EMPLOYEES'  
23 ORGANIZATION IF THE ANTICIPATED INCREASE IN THE COST OF  
24 HEALTH CARE-RELATED BENEFITS BETWEEN THE CURRENT YEAR AND  
25 THE UPCOMING YEAR IS GREATER THAN THE INDEX. THE DOLLAR  
26 AMOUNT OF THIS EXCEPTION SHALL BE EQUAL TO THE PORTION OF  
27 THE INCREASE WHICH EXCEEDS THE INDEX. THIS SUBPARAGRAPH  
28 SHALL NOT APPLY TO A COLLECTIVE BARGAINING AGREEMENT  
29 RENEWED, EXTENDED OR ENTERED INTO AFTER JANUARY 1, 2006.

30 (G) REVENUE DERIVED FROM INCREASE.--ANY REVENUE DERIVED FROM

1 AN INCREASE IN THE RATE OF ANY TAX ALLOWED PURSUANT TO  
2 SUBSECTION (F)(2)(III) SHALL NOT EXCEED THE ANTICIPATED DOLLAR  
3 AMOUNT OF THE EXPENDITURE.

4 (H) LIMITATION ON TAX RATE.--THE INCREASE IN THE RATE OF ANY  
5 TAX ALLOWED PURSUANT TO AN EXCEPTION UNDER SUBSECTION (F)(2)(I),  
6 (II), (IV), (V), (VI), (VII), (VIII) OR (IX) OR (N) SHALL NOT  
7 EXCEED THE RATE INCREASE REQUIRED AS DETERMINED BY A COURT OF  
8 COMMON PLEAS OR THE DEPARTMENT PURSUANT TO SUBSECTION (I) OR  
9 (J).

10 (I) COURT ACTION.--

11 (1) PRIOR TO THE IMPOSITION OF A TAX INCREASE UNDER  
12 SUBSECTION (F)(2)(I), (II) AND (IV) AND NO LATER THAN 75 DAYS  
13 PRIOR TO THE ELECTION IMMEDIATELY PRECEDING THE BEGINNING OF  
14 THE SCHOOL DISTRICT'S FISCAL YEAR, APPROVAL BY THE COURT OF  
15 COMMON PLEAS IN THE JUDICIAL DISTRICT IN WHICH THE  
16 ADMINISTRATIVE OFFICE OF THE SCHOOL DISTRICT IS LOCATED MUST  
17 BE SOUGHT. THE BOARD OF SCHOOL DIRECTORS SHALL PUBLISH IN A  
18 NEWSPAPER OF GENERAL CIRCULATION AND ON THE DISTRICT'S  
19 PUBLICLY ACCESSIBLE INTERNET SITE, IF ONE IS MAINTAINED,  
20 NOTICE OF ITS INTENT TO FILE A PETITION UNDER THIS SUBSECTION  
21 AT LEAST ONE WEEK PRIOR TO THE FILING OF THE PETITION. THE  
22 BOARD OF SCHOOL DIRECTORS SHALL ALSO PUBLISH IN A NEWSPAPER  
23 OF GENERAL CIRCULATION AND ON THE DISTRICT'S PUBLICLY  
24 ACCESSIBLE INTERNET SITE, IF ONE IS MAINTAINED, NOTICE, AS  
25 SOON AS POSSIBLE FOLLOWING NOTIFICATION FROM THE COURT THAT A  
26 HEARING HAS BEEN SCHEDULED, STATING THE DATE, TIME AND PLACE  
27 OF THE HEARING ON THE PETITION. THE FOLLOWING SHALL APPLY TO  
28 ANY PROCEEDINGS INSTITUTED UNDER THIS SUBSECTION:

29 (I) THE SCHOOL DISTRICT MUST PROVE BY CLEAR AND  
30 CONVINCING EVIDENCE THAT IT QUALIFIES FOR EACH EXCEPTION

1 SOUGHT.

2 (II) THE SCHOOL DISTRICT MUST PROVE BY CLEAR AND  
3 CONVINCING EVIDENCE THE ANTICIPATED DOLLAR AMOUNT OF THE  
4 EXPENDITURE FOR EACH EXCEPTION SOUGHT.

5 (2) THE COURT SHALL RULE ON THE SCHOOL DISTRICT'S  
6 PETITION AND INFORM THE SCHOOL DISTRICT OF ITS DECISION NO  
7 LATER THAN 55 DAYS PRIOR TO THE DATE OF THE ELECTION  
8 IMMEDIATELY PRECEDING THE BEGINNING OF THE SCHOOL DISTRICT'S  
9 FISCAL YEAR. IF THE COURT APPROVES THE PETITION, THE COURT  
10 SHALL ALSO DETERMINE THE DOLLAR AMOUNT OF THE EXPENDITURE FOR  
11 WHICH AN EXCEPTION IS GRANTED, THE TAX RATE INCREASE REQUIRED  
12 TO FUND THE EXCEPTION AND THE APPROPRIATE DURATION OF THE  
13 INCREASE. IF THE COURT DENIES THE PETITION, THE SCHOOL  
14 DISTRICT MAY SUBMIT A REFERENDUM QUESTION UNDER SUBSECTION  
15 (C)(1). THE QUESTION MUST BE SUBMITTED TO THE ELECTION  
16 OFFICIALS NO LATER THAN 50 DAYS PRIOR TO THE DATE OF THE  
17 ELECTION IMMEDIATELY PRECEDING THE BEGINNING OF THE SCHOOL  
18 DISTRICT'S FISCAL YEAR.

19 (J) DEPARTMENT APPROVAL.--

20 (1) A SCHOOL DISTRICT THAT SEEKS TO INCREASE THE RATE OF  
21 TAX DUE TO AN EXPENDITURE UNDER SUBSECTION (F)(2)(III), (V),  
22 (VI), (VII), (VIII) OR (IX) OR (N) SHALL OBTAIN THE APPROVAL  
23 OF THE DEPARTMENT BEFORE IMPOSING THE TAX INCREASE. THE  
24 DEPARTMENT SHALL ESTABLISH PROCEDURES FOR ADMINISTERING THE  
25 PROVISIONS OF THIS SUBSECTION, WHICH MAY INCLUDE AN  
26 ADMINISTRATIVE HEARING ON THE SCHOOL DISTRICT'S SUBMISSION.

27 (2) A SCHOOL DISTRICT PROCEEDING UNDER THE PROVISIONS OF  
28 THIS SUBSECTION SHALL PUBLISH IN A NEWSPAPER OF GENERAL  
29 CIRCULATION AND ON THE DISTRICT'S PUBLICLY ACCESSIBLE  
30 INTERNET SITE, IF ONE IS MAINTAINED, NOTICE OF ITS INTENT TO

1 SEEK DEPARTMENT APPROVAL AT LEAST ONE WEEK PRIOR TO  
2 SUBMITTING ITS REQUEST FOR APPROVAL TO THE DEPARTMENT. IF THE  
3 DEPARTMENT SCHEDULES A HEARING ON THE SCHOOL DISTRICT'S  
4 REQUEST, THE SCHOOL DISTRICT SHALL PUBLISH NOTICE OF THE  
5 HEARING IN A NEWSPAPER OF GENERAL CIRCULATION AND ON THE  
6 DISTRICT'S PUBLICLY ACCESSIBLE INTERNET SITE, IF ONE IS  
7 MAINTAINED, IMMEDIATELY UPON RECEIVING THE INFORMATION FROM  
8 THE DEPARTMENT. THE NOTICE SHALL INCLUDE THE DATE, TIME AND  
9 PLACE OF THE HEARING.

10 (3) THE DEPARTMENT SHALL APPROVE A SCHOOL DISTRICT'S  
11 REQUEST UNDER THIS SUBSECTION IF A REVIEW OF THE DATA UNDER  
12 PARAGRAPH (4) DEMONSTRATES THAT:

13 (I) THE SCHOOL DISTRICT QUALIFIES FOR ONE OR MORE  
14 EXCEPTIONS UNDER SUBSECTION (F)(2)(III), (V), (VI),  
15 (VII), (VIII) OR (IX) OR (N); AND

16 (II) THE SUM OF THE DOLLAR AMOUNTS OF THE EXCEPTIONS  
17 FOR WHICH THE SCHOOL DISTRICT QUALIFIES MAKES THE SCHOOL  
18 DISTRICT ELIGIBLE UNDER SUBSECTION (F)(1).

19 (4) FOR THE PURPOSE OF DETERMINING THE ELIGIBILITY OF A  
20 SCHOOL DISTRICT FOR AN EXCEPTION UNDER SUBSECTION (F)(2)(V),  
21 (VI), (VII) OR (VIII), THE DEPARTMENT SHALL UTILIZE DATA FROM  
22 THE MOST RECENT SCHOOL YEARS FOR WHICH ANNUAL FINANCIAL  
23 REPORT DATA REQUIRED UNDER SECTION 2553 OF THE PUBLIC SCHOOL  
24 CODE OF 1949 HAS BEEN RECEIVED. THE DEPARTMENT SHALL INFORM  
25 SCHOOL DISTRICTS OF THE SCHOOL YEARS DETERMINED UNDER THIS  
26 SUBSECTION NO LATER THAN 30 DAYS PRIOR TO THE DATE ON WHICH  
27 PUBLIC INSPECTION OF PROPOSED SCHOOL BUDGETS IS REQUIRED  
28 UNDER SECTION 311(C).

29 (5) (I) THE DEPARTMENT SHALL RULE ON THE SCHOOL  
30 DISTRICT'S REQUEST AND SHALL INFORM THE SCHOOL DISTRICT OF

1 ITS DECISION NO LATER THAN 55 DAYS PRIOR TO THE DATE OF THE  
2 ELECTION IMMEDIATELY PRECEDING THE BEGINNING OF THE SCHOOL  
3 DISTRICT'S FISCAL YEAR.

4 (II) IF THE DEPARTMENT APPROVES THE REQUEST, THE  
5 DEPARTMENT SHALL DETERMINE THE DOLLAR AMOUNT OF THE  
6 EXPENDITURE FOR WHICH THE EXCEPTION IS SOUGHT AND THE TAX  
7 RATE INCREASE REQUIRED TO FUND THE EXCEPTION.

8 (III) IF THE DEPARTMENT DENIES THE REQUEST, THE  
9 SCHOOL DISTRICT MAY SUBMIT A REFERENDUM QUESTION UNDER  
10 SUBSECTION (C)(1). THE QUESTION MUST BE SUBMITTED TO THE  
11 ELECTION OFFICIALS NO LATER THAN 50 DAYS PRIOR TO THE  
12 DATE OF THE ELECTION IMMEDIATELY PRECEDING THE BEGINNING  
13 OF THE SCHOOL DISTRICT'S FISCAL YEAR.

14 (6) WITHIN 30 DAYS OF THE DEADLINE UNDER PARAGRAPH  
15 (5)(I), THE DEPARTMENT SHALL SUBMIT A REPORT TO THE PRESIDENT  
16 PRO TEMPORE OF THE SENATE, THE MINORITY LEADER OF THE SENATE,  
17 THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE MINORITY  
18 LEADER OF THE HOUSE OF REPRESENTATIVES ENUMERATING THE SCHOOL  
19 DISTRICTS WHICH SOUGHT AN EXCEPTION UNDER THIS SUBSECTION.  
20 THE DEPARTMENT SHALL ALSO PUBLISH THE REPORT ON ITS PUBLICLY  
21 ACCESSIBLE INTERNET SITE. THE REPORT SHALL INCLUDE:

22 (I) THE NAME OF EACH SCHOOL DISTRICT MAKING A  
23 REQUEST UNDER THIS SUBSECTION.

24 (II) THE SPECIFIC EXCEPTIONS REQUESTED BY EACH  
25 SCHOOL DISTRICT AND THE DOLLAR AMOUNT OF THE EXPENDITURE  
26 FOR EACH EXCEPTION.

27 (III) THE DEPARTMENT'S RULING ON THE REQUEST FOR THE  
28 EXCEPTION.

29 (IV) IF THE EXCEPTION WAS APPROVED, THE DOLLAR  
30 AMOUNT OF THE EXPENDITURE FOR WHICH THE EXCEPTION WAS



1 SOUGHT AND THE TAX RATE INCREASE REQUIRED TO FUND THE  
2 EXCEPTION.

3 (V) A STATISTICAL SUMMARY OF THE INFORMATION IN  
4 SUBPARAGRAPHS (II), (III) AND (IV).

5 (K) OBJECTIONS.--ANY PERSON WHO RESIDES WITHIN OR PAYS REAL  
6 PROPERTY TAXES TO THE SCHOOL DISTRICT FILING A PETITION UNDER  
7 SUBSECTION (I) MAY FILE WITH THE COURT WRITTEN OBJECTIONS TO ANY  
8 PETITION FILED UNDER THIS SECTION.

9 (L) INDEX CALCULATION.--NO LATER THAN AUGUST 15, 2005, AND  
10 EACH AUGUST 15 THEREAFTER, THE DEPARTMENT SHALL CALCULATE THE  
11 INDEX. THE DEPARTMENT SHALL PUBLISH THE INDEX BY SEPTEMBER 1,  
12 2005, AND EACH SEPTEMBER 1 THEREAFTER IN THE PENNSYLVANIA  
13 BULLETIN.

14 (M) ELECTION INTERFERENCE PROHIBITED.--

15 (1) NO PUBLIC FUNDS MAY BE USED TO URGE ANY ELECTOR TO  
16 VOTE FOR OR AGAINST A REFERENDUM OR BE APPROPRIATED FOR  
17 POLITICAL OR CAMPAIGN PURPOSES.

18 (2) THIS SUBSECTION SHALL NOT BE CONSTRUED TO PROHIBIT  
19 THE USE OF PUBLIC FUNDS FOR DISSEMINATION OF FACTUAL  
20 INFORMATION RELATIVE TO A REFERENDUM APPEARING ON AN ELECTION  
21 BALLOT.

22 (3) AS USED IN THIS SUBSECTION, THE TERM "PUBLIC FUNDS"  
23 MEANS ANY FUNDS APPROPRIATED BY THE GENERAL ASSEMBLY OR BY A  
24 POLITICAL SUBDIVISION.

25 (N) TREATMENT OF CERTAIN REQUIRED PAYMENTS.--THE PROVISIONS  
26 OF SUBSECTIONS (F) AND (J) SHALL APPLY TO A SCHOOL DISTRICT'S  
27 SHARE OF PAYMENTS TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
28 SYSTEM AS REQUIRED UNDER 24 PA.C.S. § 8327 (RELATING TO PAYMENTS  
29 BY EMPLOYERS) IF THE INCREASE IN THE ACTUAL DOLLAR AMOUNT OF  
30 ESTIMATED PAYMENTS BETWEEN THE CURRENT YEAR AND THE UPCOMING

1 YEAR IS GREATER THAN THE INDEX. THE DOLLAR AMOUNT TO WHICH  
2 SUBSECTION (F) APPLIES SHALL EQUAL THAT PORTION OF THE INCREASE  
3 WHICH EXCEEDS THE PRODUCT OF THE INDEX AND THE ACTUAL DOLLAR  
4 VALUE OF PAYMENTS FOR THE CURRENT YEAR.

5 SECTION 334. DISPOSITION OF INCOME TAX REVENUE AND PROPERTY TAX  
6 REDUCTION ALLOCATIONS.

7 (A) EARNED INCOME AND NET PROFITS TAX REVENUE.--ALL EARNED  
8 INCOME AND NET PROFITS TAX REVENUE RECEIVED BY THE SCHOOL  
9 DISTRICT PURSUANT TO THIS CHAPTER SHALL BE USED AS FOLLOWS:

10 (1) (RESERVED).

11 (2) (RESERVED).

12 (3) EXCEPT AS SET FORTH IN SECTION 335(A) OR SECTION  
13 321(B)(4), IN THE FISCAL YEAR THAT A TAX UNDER SECTION  
14 321(B)(1), (1.1) OR (2) IS IMPLEMENTED OR INCREASED, ALL  
15 REVENUE RECEIVED BY A SCHOOL DISTRICT THAT IS DIRECTLY  
16 ATTRIBUTABLE TO THAT TAX SHALL BE USED TO FUND EXCLUSIONS FOR  
17 HOMESTEAD AND FARMSTEAD PROPERTY.

18 (4) EXCEPT AS SET FORTH IN SECTION 335(A), IN THE SECOND  
19 FISCAL YEAR AND EACH FISCAL YEAR THEREAFTER, AN AMOUNT  
20 EQUIVALENT TO THE REVENUE DIRECTLY ATTRIBUTABLE TO THE  
21 IMPOSITION OF THE TAX IN THE FIRST FULL FISCAL YEAR IN WHICH  
22 THE TAX IS LEVIED AND COLLECTED SHALL BE USED TO FUND  
23 EXCLUSIONS FOR HOMESTEAD AND FARMSTEAD PROPERTY. ALL  
24 REMAINING REVENUE MAY BE USED FOR THE OPERATIONS OF THE  
25 SCHOOL DISTRICT.

26 (B) PERSONAL INCOME TAX REVENUE.--ALL PERSONAL INCOME TAX  
27 REVENUE RECEIVED BY THE SCHOOL DISTRICT PURSUANT TO THIS CHAPTER  
28 SHALL BE USED AS FOLLOWS:

29 (1) EXCEPT AS SET FORTH IN SECTION 321(C)(6) OR 335(A),  
30 IN THE FISCAL YEAR THAT THE TAX UNDER SECTION 321(C) IS

1 IMPLEMENTED OR INCREASED, ALL REVENUE RECEIVED BY THE SCHOOL  
2 DISTRICT PURSUANT TO SECTION 321(C)(2)(III) SHALL BE USED TO  
3 FUND EXCLUSIONS FOR HOMESTEAD AND FARMSTEAD PROPERTY.

4 (2) EXCEPT AS SET FORTH IN SECTION 335(A), IN THE SECOND  
5 FISCAL YEAR AND EACH FISCAL YEAR THEREAFTER, AN AMOUNT  
6 EQUIVALENT TO THE REVENUE DIRECTLY ATTRIBUTABLE TO THE  
7 IMPOSITION OF THE TAX IN THE FIRST FULL FISCAL YEAR IN WHICH  
8 THE TAX IS LEVIED AND COLLECTED SHALL BE USED TO FUND  
9 EXCLUSIONS FOR HOMESTEAD AND FARMSTEAD PROPERTY. ALL  
10 REMAINING REVENUE MAY BE USED FOR THE OPERATIONS OF THE  
11 SCHOOL DISTRICT.

12 (C) PROPERTY TAX REDUCTION ALLOCATIONS.--

13 (1) A SCHOOL DISTRICT THAT RECEIVES A PROPERTY TAX  
14 REDUCTION ALLOCATION UNDER SECTION 505 SHALL USE THE PROPERTY  
15 TAX REDUCTION ALLOCATION TO FUND EXCLUSIONS FOR HOMESTEAD AND  
16 FARMSTEAD PROPERTY OR, WHERE SECTION 335(A)(2) APPLIES, TO  
17 REDUCE THE PROPERTY TAX RATE ON ALL PROPERTIES SUBJECT TO THE  
18 PROPERTY TAX IN THE SCHOOL DISTRICT.

19 (2) NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH (1), A  
20 SCHOOL DISTRICT COTERMINOUS WITH A CITY OF THE SECOND CLASS A  
21 MAY USE UP TO 50% OF THE PROPERTY TAX REDUCTION ALLOCATION  
22 RECEIVED UNDER SECTION 505 TO REDUCE THE RATE OF THE EARNED  
23 INCOME AND NET PROFITS TAX LEVIED BY THE SCHOOL DISTRICT  
24 PURSUANT TO ANY OTHER ACT. IF A BOARD OF SCHOOL DIRECTORS  
25 ELECTS TO REDUCE THE RATE OF EARNED INCOME AND NET PROFITS  
26 TAX PURSUANT TO THIS PARAGRAPH, IT SHALL ADOPT A RESOLUTION  
27 REDUCING THE RATE OF EARNED INCOME AND NET PROFITS TAX NO  
28 LATER THAN THE LAST DAY OF THE FISCAL YEAR IMMEDIATELY  
29 PRECEDING THE FISCAL YEAR IN WHICH THE NEW EARNED INCOME AND  
30 NET PROFITS TAX RATE SHALL TAKE EFFECT. THE BOARD SHALL GIVE

1 PUBLIC NOTICE OF ITS INTENT TO ADOPT THE RESOLUTION IN THE  
2 MANNER PROVIDED BY SECTION 4 OF THE LOCAL TAX ENABLING ACT  
3 AND SHALL CONDUCT AT LEAST ONE PUBLIC HEARING ON THE  
4 RESOLUTION. ANY PORTION OF THE PROPERTY TAX REDUCTION  
5 ALLOCATION NOT USED TO REDUCE THE RATE OF THE EARNED INCOME  
6 AND NET PROFITS TAX SHALL BE USED AS PRESCRIBED IN PARAGRAPH  
7 (1).

8 SECTION 335. SCHOOL DISTRICT OPTIONS.

9 (A) RECEIPT OF PROPERTY TAX REDUCTION ALLOCATION.--IN ANY  
10 FISCAL YEAR IN WHICH A SCHOOL DISTRICT RECEIVES A PROPERTY TAX  
11 REDUCTION ALLOCATION UNDER SECTION 505 AND THE SUM OF THE  
12 PROPERTY TAX REDUCTION ALLOCATION AND REVENUE FROM THE EARNED  
13 INCOME AND NET PROFITS TAX OR PERSONAL INCOME TAX RECEIVED BY  
14 THE SCHOOL DISTRICT UNDER THIS CHAPTER EXCEEDS THE AMOUNT  
15 REQUIRED TO FUND THE MAXIMUM HOMESTEAD AND FARMSTEAD EXCLUSIONS  
16 AUTHORIZED UNDER 53 PA.C.S. § 8586 (RELATING TO LIMITATIONS),  
17 THE SCHOOL DISTRICT MAY:

18 (1) REDUCE THE RATE OF THE EARNED INCOME AND NET PROFITS  
19 TAX OR PERSONAL INCOME TAX SUCH THAT THE SUM OF THE PROPERTY  
20 TAX REDUCTION ALLOCATION AND THE EARNED INCOME AND NET  
21 PROFITS TAX OR PERSONAL INCOME TAX REVENUE IS EQUAL TO THE  
22 AMOUNT REQUIRED TO FUND THE MAXIMUM HOMESTEAD AND FARMSTEAD  
23 EXCLUSIONS AUTHORIZED UNDER 53 PA.C.S. § 8586; OR

24 (2) MAINTAIN THE RATE OF THE EARNED INCOME AND NET  
25 PROFITS TAX OR PERSONAL INCOME TAX AND UTILIZE ANY REVENUE IN  
26 EXCESS OF THE REVENUE REQUIRED TO FUND THE MAXIMUM HOMESTEAD  
27 AND FARMSTEAD EXCLUSIONS AUTHORIZED UNDER 53 PA.C.S. § 8586  
28 TO REDUCE THE PROPERTY TAX RATE ON ALL PROPERTIES SUBJECT TO  
29 THE PROPERTY TAX IN THE SCHOOL DISTRICT.

30 (B) REDUCTION OF EARNED INCOME AND NET PROFITS TAX.--IN ANY

1 YEAR SUBSEQUENT TO A YEAR IN WHICH THE RATE OF THE EARNED INCOME  
2 AND NET PROFITS TAX OR PERSONAL INCOME TAX WAS REDUCED PURSUANT  
3 TO SUBSECTION (A)(1) AND THE SUM OF THE PROPERTY TAX REDUCTION  
4 ALLOCATION UNDER SECTION 505 AND REVENUE FROM THE EARNED INCOME  
5 AND NET PROFITS TAX OR PERSONAL INCOME TAX RECEIVED BY THE  
6 SCHOOL DISTRICT UNDER THIS CHAPTER IS LESS THAN THE AMOUNT  
7 NECESSARY TO MAINTAIN THE MAXIMUM HOMESTEAD AND FARMSTEAD  
8 EXCLUSIONS AUTHORIZED UNDER 53 PA.C.S. § 8586, THE SCHOOL  
9 DISTRICT MAY RAISE THE RATE OF THE EARNED INCOME AND NET PROFITS  
10 TAX OR PERSONAL INCOME TAX UP TO THE AMOUNT PREVIOUSLY REDUCED  
11 UNDER SUBSECTION (A)(1), WITHOUT COMPLYING WITH THE REFERENDUM  
12 PROVISIONS OF SECTION 332.

13 SUBCHAPTER E

14 HOMESTEAD EXCLUSION

15 SECTION 341. HOMESTEAD AND FARMSTEAD APPLICATIONS.

16 (A) (RESERVED).

17 (B) ANNUAL NOTIFICATION.--NO LATER THAN 60 DAYS PRIOR TO THE  
18 APPLICATION DEADLINE IN SUBSECTION (C), A BOARD OF SCHOOL  
19 DIRECTORS SHALL NOTIFY BY FIRST CLASS MAIL THE OWNER OF EACH  
20 PARCEL OF RESIDENTIAL PROPERTY WITHIN THE DISTRICT OF THE  
21 EXISTENCE OF THE SCHOOL DISTRICT'S HOMESTEAD AND FARMSTEAD  
22 EXCLUSION PROGRAM, THE NEED TO FILE AN APPLICATION IN ACCORDANCE  
23 WITH 53 PA.C.S. § 8584(A) IN ORDER TO QUALIFY FOR THE PROGRAM  
24 AND THE APPLICATION DEADLINE. FOR THE CALENDAR YEAR 2006 ONLY, A  
25 BOARD OF SCHOOL DIRECTORS THAT FAILED TO NOTIFY THE OWNERS OF  
26 RESIDENTIAL PROPERTY WITHIN THE DISTRICT OF THE EXISTENCE OF THE  
27 SCHOOL DISTRICT'S HOMESTEAD AND FARMSTEAD EXCLUSION PROGRAM BY  
28 JANUARY 1, 2006, SHALL CONDUCT THE NOTIFICATION REQUIRED UNDER  
29 THIS SUBSECTION NO LATER THAN 30 DAYS AFTER THE EFFECTIVE DATE  
30 OF THIS SECTION. A SCHOOL DISTRICT MAY LIMIT THE ANNUAL

1 NOTIFICATION TO OWNERS OF RESIDENTIAL PROPERTY:

2 (1) WHO ARE NOT CURRENTLY APPROVED; OR

3 (2) WHOSE APPROVAL IS DUE TO EXPIRE.

4 (C) APPLICATION DEADLINE.--IN ACCORDANCE WITH 53 PA.C.S. §  
5 8584(B), THE DEADLINE FOR FILING AN APPLICATION WITH THE  
6 ASSESSOR SHALL BE MARCH 1. FOR THE CALENDAR YEAR 2006 ONLY, THE  
7 DEADLINE FOR FILING AN APPLICATION WITH THE ASSESSOR SHALL BE  
8 MAY 1.

9 (D) ACTION ON APPLICATION.--REAL PROPERTY FOR WHICH AN  
10 APPLICATION HAS BEEN FILED BY THE APPLICATION DEADLINE SHALL BE  
11 DEEMED TO BE A HOMESTEAD OR FARMSTEAD PROPERTY WHICH IS ELIGIBLE  
12 FOR A HOMESTEAD OR FARMSTEAD EXCLUSION UNLESS THE ASSESSOR  
13 DENIES THE APPLICATION. DENIALS OF APPLICATION BY THE ASSESSOR  
14 AND THE RIGHT TO APPEAL THAT DECISION SHALL BE IN ACCORDANCE  
15 WITH 53 PA.C.S. § 8584(D) AND (E).

16 (E) APPLICATION REVIEW AND SUBMISSION.--EXCEPT AS SET FORTH  
17 IN 53 PA.C.S. § 8584(J), AN ASSESSOR SHALL NOT REQUIRE THE OWNER  
18 OF A PREVIOUSLY APPROVED PROPERTY TO RESUBMIT AN APPLICATION  
19 MORE THAN ONE TIME EVERY THREE YEARS.

20 (F) APPLICABILITY.--THE PROVISIONS OF 53 PA.C.S. § 8584(F),  
21 (G), (H) AND (J) SHALL APPLY TO ANY APPLICATION FILED UNDER THIS  
22 SECTION.

23 (G) DUTIES OF ASSESSORS.--

24 (1) THE ASSESSOR SHALL MAIL TO THE OWNER OF PROPERTY FOR  
25 WHICH AN APPLICATION HAS BEEN SUBMITTED AND APPROVED OR  
26 DENIED UNDER THIS SECTION NOTICE OF SUCH FACT NO LATER THAN  
27 30 DAYS AFTER RECEIPT OF THE APPLICATION.

28 (2) (I) THE ASSESSOR SHALL NOTIFY THE OWNER OF ANY  
29 HOMESTEAD OR FARMSTEAD PROPERTY DESIGNATED AS SUCH UNDER  
30 ANY OTHER STATUTE OF THE NEED, IF ANY, TO RESUBMIT AN

1 APPLICATION TO MAINTAIN THE PROPERTY'S ELIGIBILITY AS A  
2 HOMESTEAD OR FARMSTEAD PROPERTY.

3 (II) NOTHING IN THIS PARAGRAPH SHALL BE CONSTRUED TO  
4 PROHIBIT A COUNTY ASSESSOR FROM DESIGNATING PROPERTY  
5 PREVIOUSLY DETERMINED TO BE HOMESTEAD PROPERTY UNDER ANY  
6 OTHER STATUTE AS HOMESTEAD OR FARMSTEAD PROPERTY FOR  
7 PURPOSES OF THIS SECTION.

8 (3) THE ASSESSOR SHALL PROVIDE EACH SCHOOL DISTRICT WITH  
9 A CERTIFIED REPORT, AS PROVIDED IN 53 PA.C.S. § 8584(I), NO  
10 LATER THAN MAY 1.

11 (H) UNIFORM APPLICATION AND INSTRUCTIONS.--THE APPLICATION  
12 TO DESIGNATE PROPERTY AS HOMESTEAD OR FARMSTEAD PROPERTY SHALL  
13 BE UNIFORM AND SHALL INCLUDE INSTRUCTIONS FOR COMPLETING THE  
14 APPLICATION. THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
15 DEVELOPMENT SHALL DEVELOP A UNIFORM APPLICATION AND INSTRUCTIONS  
16 TO BE USED BY COUNTY ASSESSORS AND SHALL PUBLISH THE UNIFORM  
17 APPLICATION AND INSTRUCTIONS NO LATER THAN 15 DAYS AFTER THE  
18 EFFECTIVE DATE OF THIS SECTION. NOTHING IN THIS SUBSECTION SHALL  
19 BE CONSTRUED TO REQUIRE THE DEPARTMENT TO DEVELOP AND PUBLISH  
20 THE UNIFORM ALLOCATION AND INSTRUCTIONS IF THE DEPARTMENT DID SO  
21 DURING CALENDAR YEAR 2004.

22 (I) PROHIBITIONS.--A COUNTY SHALL NOT REQUIRE AN APPLICATION  
23 FEE FOR THE FILING OR REVIEW OF AN APPLICATION SUBMITTED UNDER  
24 THIS SECTION OR UNDER 53 PA.C.S. § 8584(A).

25 (J) APPLICATIONS PREVIOUSLY FILED.--AN APPLICATION FILED  
26 BETWEEN SEPTEMBER 3, 2004, AND THE EFFECTIVE DATE OF THIS  
27 SECTION SHALL BE USED TO QUALIFY AN APPLICANT FOR THE PROGRAM.  
28 SECTION 342. HOMESTEAD AND FARMSTEAD EXCLUSION PROCESS.

29 EACH FISCAL YEAR IN WHICH A SCHOOL DISTRICT IMPOSES A TAX  
30 AUTHORIZED UNDER SECTION 321 OR RECEIVES A PROPERTY TAX

1 REDUCTION ALLOCATION PURSUANT TO CHAPTER 5, THE DISTRICT SHALL  
2 CALCULATE A HOMESTEAD AND FARMSTEAD EXCLUSION FOR THE PURPOSE OF  
3 REDUCING SCHOOL DISTRICT PROPERTY TAXES. THE SCHOOL DISTRICT  
4 SHALL ADOPT A RESOLUTION IMPLEMENTING THE HOMESTEAD AND  
5 FARMSTEAD EXCLUSION NO LATER THAN THE LAST DAY OF THE FISCAL  
6 YEAR IMMEDIATELY PRECEDING THE FISCAL YEAR IN WHICH THE  
7 HOMESTEAD AND FARMSTEAD EXCLUSIONS SHALL TAKE EFFECT.

8 SECTION 343. SCHOOL DISTRICT TAX NOTICES.

9 (A) TAX NOTICE.--A SCHOOL DISTRICT THAT IMPLEMENTS HOMESTEAD  
10 AND FARMSTEAD EXCLUSIONS SHALL ITEMIZE THE HOMESTEAD AND  
11 FARMSTEAD EXCLUSION ON TAX BILLS SENT TO HOMESTEAD AND FARMSTEAD  
12 OWNERS, INDICATING THE ORIGINAL AMOUNT OF TAX LIABILITY, THE  
13 AMOUNT OF THE EXCLUSION AND THE NET AMOUNT OF TAX DUE AFTER THE  
14 EXCLUSION IS APPLIED. THE TAX BILL SHALL BE EASILY  
15 UNDERSTANDABLE AND INCLUDE A NOTICE PURSUANT TO SUBSECTION (B).

16 (B) NOTICE OF PROPERTY TAX RELIEF.--A SCHOOL DISTRICT THAT  
17 IMPLEMENTS HOMESTEAD AND FARMSTEAD EXCLUSIONS SHALL INCLUDE WITH  
18 THE HOMESTEAD OR FARMSTEAD OWNER'S TAX BILL A NOTICE THAT THE  
19 TAX BILL INCLUDES A HOMESTEAD OR FARMSTEAD EXCLUSION. THE NOTICE  
20 SHALL AT A MINIMUM TAKE THE FOLLOWING FORM:

21 NOTICE OF PROPERTY TAX RELIEF

22 YOUR ENCLOSED TAX BILL INCLUDES A TAX REDUCTION FOR YOUR  
23 HOMESTEAD AND/OR FARMSTEAD PROPERTY. AS AN ELIGIBLE HOMESTEAD  
24 AND/OR FARMSTEAD PROPERTY OWNER, YOU HAVE RECEIVED TAX RELIEF  
25 THROUGH A HOMESTEAD AND/OR FARMSTEAD EXCLUSION WHICH HAS BEEN  
26 PROVIDED UNDER THE PENNSYLVANIA TAXPAYER RELIEF ACT, A LAW  
27 PASSED BY THE PENNSYLVANIA GENERAL ASSEMBLY DESIGNED TO  
28 REDUCE YOUR PROPERTY TAXES.

29 SUBCHAPTER F

30 REGISTER



1 SECTION 351. TAX REGISTER AND LOCAL TAX WITHHOLDING REGISTER.

2 (A) GENERAL RULE.--THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
3 DEVELOPMENT SHALL MAINTAIN A TAX REGISTER AND LOCAL WITHHOLDING  
4 TAX REGISTER.

5 (B) TAX REGISTER.--THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
6 DEVELOPMENT SHALL MAINTAIN A TAX REGISTER, AN OFFICIAL  
7 CONTINUING REGISTER OF ALL COUNTY, MUNICIPAL AND SCHOOL TAX  
8 RATES WITHIN THIS COMMONWEALTH ON ITS PUBLICLY ACCESSIBLE  
9 INTERNET WEBSITE. INFORMATION FOR THE TAX REGISTER SHALL BE  
10 FURNISHED BY EACH COUNTY, MUNICIPALITY AND SCHOOL DISTRICT TO  
11 THE DEPARTMENT AS PRESCRIBED BY THE DEPARTMENT OF COMMUNITY AND  
12 ECONOMIC DEVELOPMENT. THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
13 DEVELOPMENT SHALL CONTINUOUSLY UPDATE THE TAX REGISTER AS NEW  
14 AND UPDATED INFORMATION IS PROVIDED.

15 (C) LOCAL WITHHOLDING TAX REGISTER.--AS PART OF THE TAX  
16 REGISTER, THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT  
17 SHALL MAINTAIN A LOCAL WITHHOLDING TAX REGISTER, AN OFFICIAL  
18 CONTINUING REGISTER OF ALL WITHHOLDING TAXES.

19 (D) CONTENTS OF LOCAL WITHHOLDING TAX REGISTER.--THE LOCAL  
20 WITHHOLDING TAX REGISTER SHALL BE ORGANIZED BY MUNICIPALITY AND  
21 SHALL LIST ALL OF THE FOLLOWING:

22 (1) EACH MUNICIPALITY AND COTERMINOUS SCHOOL DISTRICT.

23 (2) THE EFFECTIVE MUNICIPAL INCOME TAX RATE ON RESIDENT  
24 TAXPAYERS.

25 (3) THE EFFECTIVE SCHOOL DISTRICT INCOME TAX RATE ON  
26 RESIDENT TAXPAYERS.

27 (4) THE COMBINED MUNICIPAL AND SCHOOL DISTRICT INCOME  
28 TAX RATE ON TAXPAYERS RESIDING IN EACH MUNICIPALITY.

29 (5) THE EFFECTIVE INCOME TAX RATE ON RESIDENT AND  
30 NONRESIDENT TAXPAYERS WORKING WITHIN A MUNICIPALITY.

1 (6) WHETHER AN INCOME TAX IS A PERSONAL INCOME TAX  
2 LEVIED UNDER THIS CHAPTER.

3 (7) THE EFFECTIVE EMERGENCY AND MUNICIPAL SERVICES TAX  
4 RATE.

5 (8) THE EFFECTIVE SCHOOL DISTRICT EMERGENCY AND  
6 MUNICIPAL SERVICES TAX RATE.

7 (9) THE COMBINED MUNICIPAL AND SCHOOL DISTRICT EMERGENCY  
8 AND MUNICIPAL SERVICES TAX RATE.

9 (10) THE AMOUNT OF ANY OTHER WITHHOLDING TAX.

10 (11) THE NAME, TELEPHONE NUMBER, ADDRESS, E-MAIL  
11 ADDRESS, WHERE AVAILABLE, AND INTERNET WEBSITE, WHERE  
12 AVAILABLE, OF THE TAX OFFICER RESPONSIBLE FOR ADMINISTERING  
13 THE COLLECTION OF THE TAX AND FROM WHOM INFORMATION, FORMS  
14 AND COPIES OF REGULATIONS ARE AVAILABLE.

15 (12) ANY OTHER INFORMATION DEEMED TO BE NECESSARY BY THE  
16 DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT.

17 (E) OFFICIAL RELEASE AND EFFECTIVE PERIOD OF TAX RATES ON  
18 LOCAL WITHHOLDING TAX REGISTER.--ON JUNE 15 AND DECEMBER 15 OF  
19 EACH YEAR, THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT  
20 SHALL UPDATE AND OFFICIALLY RELEASE WITHHOLDING TAX RATES ON THE  
21 LOCAL TAX WITHHOLDING REGISTER. WITHHOLDING FOR TAX RATES  
22 RELEASED ON JUNE 15 SHALL BECOME EFFECTIVE ON JULY 1.  
23 WITHHOLDING FOR TAX RATES RELEASED ON DECEMBER 15 SHALL BECOME  
24 EFFECTIVE ON JANUARY 1 OF THE FOLLOWING YEAR. THE DEPARTMENT OF  
25 COMMUNITY AND ECONOMIC DEVELOPMENT MAY REVISE THE NOTIFICATION,  
26 OFFICIAL RELEASE AND EFFECTIVE DATES OF THE LOCAL WITHHOLDING  
27 TAX REGISTER FOR GOOD CAUSE AND WITH ADEQUATE NOTICE. THE  
28 DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT SHALL RELEASE A  
29 SUPPLEMENT TO THE LOCAL WITHHOLDING TAX REGISTER ON AUGUST 15,  
30 2006, SETTING FORTH THE INFORMATION FURNISHED BY SCHOOL

1 DISTRICTS THAT ELECT TO LEVY A TAX UNDER SECTION 331.1. THE TAX  
2 RATES RELEASED ON AUGUST 15, 2006, SHALL BE RETROACTIVE TO JULY  
3 1, 2006.

4 (F) INFORMATION FOR THE LOCAL WITHHOLDING TAX REGISTER.--  
5 INFORMATION FOR THE LOCAL WITHHOLDING TAX REGISTER SHALL BE  
6 FURNISHED BY EACH MUNICIPALITY AND SCHOOL DISTRICT TO THE  
7 DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT AS PRESCRIBED  
8 BY THE DEPARTMENT. THE INFORMATION SHALL INCLUDE A COPY OF THE  
9 ORDINANCE OR RESOLUTION ENACTING, REPEALING OR CHANGING THE TAX.  
10 THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT SHALL BE  
11 NOTIFIED AND RECEIVE INFORMATION REGARDING CHANGES TO THE LOCAL  
12 WITHHOLDING TAX REGISTER AS FOLLOWS:

13 (1) NEW TAX ENACTMENTS, REPEALS AND CHANGES SHALL BE  
14 RECEIVED BY THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
15 DEVELOPMENT NO LATER THAN JUNE 1 TO REQUIRE WITHHOLDING OF A  
16 NEW TAX, WITHHOLDING AT A NEW RATE, OR TO SUSPEND WITHHOLDING  
17 OF SUCH TAX EFFECTIVE JULY 1 OF THAT YEAR. ALL NEW TAX  
18 ENACTMENTS, REPEALS AND CHANGES RECEIVED BY THE DEPARTMENT OF  
19 COMMUNITY AND ECONOMIC DEVELOPMENT BY JUNE 1 SHALL BE  
20 OFFICIALLY RELEASED ON JUNE 15 AND BECOME EFFECTIVE ON JULY  
21 1. FAILURE OF THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
22 DEVELOPMENT TO RECEIVE INFORMATION BY JUNE 1 FROM  
23 MUNICIPALITIES AND SCHOOL DISTRICTS REGARDING CURRENT TAX  
24 RATES, NEW TAX ENACTMENTS, REPEALS AND CHANGES SHALL BE  
25 CONSTRUED TO MEAN THAT THE INFORMATION CONTAINED IN THE  
26 PREVIOUS RELEASE OF THE LOCAL TAX WITHHOLDING REGISTER IS  
27 STILL IN FORCE. INFORMATION RECEIVED BY THE DEPARTMENT OF  
28 COMMUNITY AND ECONOMIC DEVELOPMENT AFTER JUNE 1, BUT BEFORE  
29 DECEMBER 1, SHALL BE OFFICIALLY RELEASED ON DECEMBER 15. A  
30 SCHOOL DISTRICT THAT ELECTS TO LEVY A TAX UNDER SECTION 331.1

1 SHALL FURNISH INFORMATION FOR THE LOCAL TAX WITHHOLDING  
2 REGISTER NO LATER THAN JULY 15, 2006.

3 (2) NEW TAX ENACTMENTS, REPEALS AND CHANGES SHALL BE  
4 RECEIVED BY THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
5 DEVELOPMENT NO LATER THAN DECEMBER 1 TO REQUIRE WITHHOLDING  
6 OF A NEW TAX, WITHHOLDING AT A NEW RATE, OR TO SUSPEND  
7 WITHHOLDING OF SUCH TAX EFFECTIVE JANUARY 1 OF THE FOLLOWING  
8 YEAR. ALL NEW TAX ENACTMENTS, REPEALS AND CHANGES RECEIVED BY  
9 THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT BY  
10 DECEMBER 1 SHALL BE OFFICIALLY RELEASED ON DECEMBER 15 AND  
11 BECOME EFFECTIVE ON JANUARY 1 OF THE FOLLOWING YEAR. FAILURE  
12 OF THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT TO  
13 RECEIVE INFORMATION BY DECEMBER 1 FROM MUNICIPALITIES AND  
14 SCHOOL DISTRICTS REGARDING CURRENT TAX RATES, NEW TAX  
15 ENACTMENTS, REPEALS AND CHANGES SHALL BE CONSTRUED TO MEAN  
16 THAT THE INFORMATION CONTAINED IN THE PREVIOUS RELEASE OF THE  
17 LOCAL TAX WITHHOLDING REGISTER IS STILL IN FORCE. INFORMATION  
18 RECEIVED BY THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
19 DEVELOPMENT AFTER DECEMBER 1, BUT BEFORE JUNE 1, SHALL BE  
20 OFFICIALLY RELEASED ON JUNE 15.

21 (G) WITHHOLDING AND EFFECT OF LOCAL WITHHOLDING TAX  
22 REGISTER.--EMPLOYERS SHALL NOT BE REQUIRED TO WITHHOLD FROM THE  
23 COMPENSATION OF THEIR EMPLOYEES OR MAKE REPORTS OF COMPENSATION  
24 IN CONNECTION WITH ANY WITHHOLDING TAX THAT IS NOT OFFICIALLY  
25 RELEASED ON THE LOCAL WITHHOLDING TAX REGISTER AS OF JUNE 15 AND  
26 DECEMBER 15 OF EACH YEAR OR AS OF AUGUST 15, 2006, AS PROVIDED  
27 IN SUBSECTIONS (E) AND (F). NOTWITHSTANDING ANY LAW TO THE  
28 CONTRARY, NO SCHOOL DISTRICT, MUNICIPALITY OR TAX OFFICER MAY  
29 REQUIRE ANY EMPLOYER TO WITHHOLD A WITHHOLDING TAX AT A RATE OR  
30 AMOUNT WHICH IS NOT OFFICIALLY RELEASED ON THE LOCAL WITHHOLDING

1 TAX REGISTER. THE PROVISIONS OF THIS SECTION SHALL NOT AFFECT  
2 THE LIABILITY OF ANY TAXPAYER FOR TAXES LAWFULLY IMPOSED UNDER  
3 THIS ACT.

4 (H) WITHHOLDING AND EFFECT TO TAX REGISTER.--AN EMPLOYER MAY  
5 WITHHOLD AT THE MOST RECENTLY AVAILABLE RATE ON THE TAX REGISTER  
6 EVEN IF THE RATE IS DIFFERENT THAN THE TAX RATE OFFICIALLY  
7 RELEASED ON THE LOCAL WITHHOLDING TAX REGISTER AS PROVIDED IN  
8 SUBSECTIONS (D) AND (E). AN EMPLOYER SHALL NOT BE REQUIRED TO  
9 WITHHOLD A TAX RATE THAT IS NOT OFFICIALLY RELEASED ON THE LOCAL  
10 WITHHOLDING TAX REGISTER.

11 CHAPTER 5

12 STATE FUNDS FORMULA

13 SECTION 501. SCOPE.

14 THIS CHAPTER RELATES TO THE STATE FUNDS FORMULA FOR TAX  
15 RELIEF.

16 SECTION 502. DEFINITIONS.

17 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER  
18 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
19 CONTEXT CLEARLY INDICATES OTHERWISE:

20 "ALLOCATION MAXIMUM." A NUMERICAL VALUE OF 0.4 PLUS THE  
21 MODIFIER CALCULATED UNDER SECTION 503(C)(2). THE VALUE,  
22 INCLUDING THE MAXIMUM MODIFIER, SHALL NOT EXCEED 0.6.

23 "ALLOCATION MINIMUM." A NUMERICAL VALUE OF 0.1 PLUS THE  
24 MODIFIER CALCULATED UNDER SECTION 503(C)(1). THE VALUE,  
25 INCLUDING THE MINIMUM MODIFIER, SHALL NOT EXCEED 0.15.

26 "DEPARTMENT." THE DEPARTMENT OF EDUCATION OF THE  
27 COMMONWEALTH.

28 "ESTIMATED LOCAL REVENUE CALCULATION." THE COMPENSATION AND  
29 NET PROFITS COMPONENT OF THE 2002 PERSONAL INCOME VALUATION  
30 CERTIFIED BY THE SECRETARY OF REVENUE UNDER SECTION 2501(9.1) OF

1 THE ACT OF MARCH 10, 1949 (P.L.30, NO.14), KNOWN AS THE PUBLIC  
2 SCHOOL CODE OF 1949, MULTIPLIED BY 0.1%.

3 "FUND." THE PROPERTY TAX RELIEF FUND ESTABLISHED UNDER 4  
4 PA.C.S. § 1409 (RELATING TO PROPERTY TAX RELIEF FUND).

5 "INCOME TAX." A TAX ON EARNED INCOME AND NET PROFITS OR A  
6 TAX ON PERSONAL INCOME PURSUANT TO CHAPTER 3.

7 "PROPERTY TAX REDUCTION INDEX." A QUOTIENT EQUAL TO THE SUM  
8 OF THE NUMERICAL RANK OF A SCHOOL DISTRICT'S PERSONAL INCOME  
9 VALUATION PER AVERAGE DAILY MEMBERSHIP, THE NUMERICAL RANK OF  
10 ITS MARKET VALUE/INCOME AID RATIO, THE NUMERICAL RANK OF ITS  
11 EQUALIZED MILLAGE AND THE NUMERICAL RANK OF ITS SCHOOL TAX  
12 RATIO, DIVIDED BY 1,000.

13 "PROPERTY TAX RELIEF RESERVE FUND." THE FUND ESTABLISHED IN  
14 SECTION 504.

15 "RESIDENTIAL PROPERTY TAX." THE DOLLAR VALUE OF REAL  
16 PROPERTY TAXES PAID BY RESIDENTIAL PROPERTY OWNERS IN A SCHOOL  
17 DISTRICT, DETERMINED BY MULTIPLYING THE REAL PROPERTY TAXES  
18 COLLECTED BY THE SCHOOL DISTRICT TIMES THE PERCENTAGE OF THE  
19 TOTAL PROPERTY VALUE IN THE SCHOOL DISTRICT CLASSIFIED AS  
20 RESIDENTIAL BY THE STATE TAX EQUALIZATION BOARD.

21 "SCHOOL DISTRICT." AS DEFINED IN SECTION 302 AND INCLUDING A  
22 SCHOOL DISTRICT OF THE FIRST CLASS.

23 "SCHOOL TAX RATIO." THE DOLLAR VALUE OF LOCAL TAXES  
24 COLLECTED BY THE SCHOOL DISTRICT OR BY A CITY OF THE FIRST CLASS  
25 FOR A SCHOOL DISTRICT OF THE FIRST CLASS DIVIDED BY THE PERSONAL  
26 INCOME VALUATION OF THE SCHOOL DISTRICT.

27 "SECRETARY." THE SECRETARY OF THE BUDGET OF THE  
28 COMMONWEALTH.

29 SECTION 503. CERTIFICATION; CALCULATION OF MINIMUM AND MAXIMUM  
30 MODIFIERS.

1 (A) SECRETARY OF THE BUDGET CERTIFICATION.--

2 (1) NO LATER THAN APRIL 15, 2006, AND APRIL 15 OF EACH  
3 YEAR THEREAFTER, THE SECRETARY OF THE BUDGET SHALL CERTIFY  
4 ALL OF THE FOLLOWING:

5 (I) THE TOTAL AMOUNT OF REVENUE IN THE FUND. IN  
6 CALCULATING THE TOTAL AMOUNT OF REVENUE IN THE FUND, THE  
7 SECRETARY SHALL TAKE INTO ACCOUNT ALL OF THE FOLLOWING:

8 (A) FOR THE CERTIFICATION TO BE COMPLETED NO  
9 LATER THAN APRIL 15, 2006, REVENUE WHICH:

10 (I) HAS BEEN DEPOSITED INTO THE FUND PRIOR  
11 TO THE DATE OF THE CERTIFICATION;

12 (II) IS REASONABLY PROJECTED TO BE DEPOSITED  
13 INTO THE FUND DURING THE SIX MONTHS FOLLOWING THE  
14 DATE ON WHICH THE CERTIFICATION IS MADE; AND

15 (III) HAS BEEN APPROPRIATED UNDER SECTION  
16 5002.

17 (B) FOR CERTIFICATIONS IN SUBSEQUENT FISCAL  
18 YEARS:

19 (I) REVENUE WHICH HAS BEEN DEPOSITED INTO  
20 THE FUND DURING THE SIX MONTHS PRIOR TO THE DATE  
21 ON WHICH THE CERTIFICATION IS MADE; AND

22 (II) REVENUE ENUMERATED IN CLAUSE (A)(II).

23 (II) THE TOTAL AMOUNT OF REVENUE IN THE PROPERTY TAX  
24 RELIEF RESERVE FUND.

25 (III) IN CERTIFYING THE AMOUNT AVAILABLE FOR  
26 DISTRIBUTION UNDER SUBSECTION (E), THE SECRETARY SHALL  
27 ONLY CERTIFY AN AMOUNT THAT IS SUSTAINABLE IN SUBSEQUENT  
28 YEARS.

29 (2) IF THE ACTUAL REVENUE DEPOSITED INTO THE FUND DURING  
30 THE SIX MONTHS FOLLOWING THE DATE ON WHICH THE CERTIFICATION

1 IS MADE EXCEEDS PROJECTIONS, ANY REVENUE IN EXCESS OF  
2 PROJECTIONS SHALL REMAIN IN THE FUND AND MAY BE INCLUDED IN  
3 THE CERTIFICATION FOR THE SUBSEQUENT FISCAL YEAR.

4 (B) ADDITIONAL CERTIFICATION.--

5 (1) THE DEPARTMENT SHALL CALCULATE EACH SCHOOL  
6 DISTRICT'S ESTIMATED LOCAL REVENUE CALCULATION AND CERTIFY  
7 THE CALCULATION TO THE SECRETARY NO LATER THAN 30 DAYS AFTER  
8 THE EFFECTIVE DATE OF THIS SECTION.

9 (2) BY DECEMBER 15, 2004, AND DECEMBER 15 OF EACH YEAR  
10 THEREAFTER, EACH SCHOOL DISTRICT SUBJECT TO SECTION 324 SHALL  
11 CERTIFY TO THE DEPARTMENT THE TOTAL AMOUNT OF TAX CREDITS  
12 UNDER SECTION 324(2).

13 (C) ALLOCATION MODIFIERS.--THE SECRETARY SHALL CALCULATE  
14 MODIFIERS FOR THE ALLOCATION MAXIMUM AND THE ALLOCATION MINIMUM  
15 BASED ON THE AMOUNT CERTIFIED UNDER SUBSECTION (A)(1)(I).

16 (1) IF THE AMOUNT CERTIFIED BY THE SECRETARY FOR A  
17 FISCAL YEAR EXCEEDS \$750,000,000, THE MINIMUM MODIFIER FOR  
18 THE ALLOCATION MINIMUM SHALL BE A VALUE OF .005 PER  
19 \$50,000,000 IN EXCESS OF \$750,000,000. THE MODIFIER FOR THE  
20 ALLOCATION MINIMUM SHALL NOT EXCEED 0.05.

21 (2) IF THE AMOUNT CERTIFIED BY THE SECRETARY FOR A  
22 FISCAL YEAR EXCEEDS \$750,000,000, THE MINIMUM MODIFIER FOR  
23 THE ALLOCATION MAXIMUM SHALL BE A VALUE OF .02 PER  
24 \$50,000,000 IN EXCESS OF \$750,000,000. THE MODIFIER FOR THE  
25 ALLOCATION MAXIMUM SHALL NOT EXCEED 0.2.

26 (D) NOTIFICATION.--

27 (1) BY APRIL 20, 2006, AND APRIL 20 EACH YEAR  
28 THEREAFTER, THE SECRETARY SHALL NOTIFY THE DEPARTMENT WHETHER  
29 IT IS AUTHORIZED TO PROVIDE SCHOOL DISTRICTS WITH PROPERTY  
30 TAX REDUCTION ALLOCATIONS UNDER SECTION 505.



1 (2) THE SECRETARY SHALL NOT AUTHORIZE THE DEPARTMENT TO  
2 PROVIDE THE FIRST PROPERTY TAX REDUCTION ALLOCATIONS UNTIL:

3 (I) THE CERTIFICATION UNDER SUBSECTION (A)(1)(II) IS  
4 IN COMPLIANCE WITH SECTION 504(C)(1); AND

5 (II) THE CERTIFICATION UNDER SUBSECTION (A)(1)(I) IS  
6 EQUAL TO OR GREATER THAN \$400,000,000.

7 (3) SUBSEQUENT PROPERTY TAX REDUCTION ALLOCATIONS SHALL  
8 ONLY BE AUTHORIZED WHEN THE BALANCE OF THE PROPERTY TAX  
9 RELIEF RESERVE FUND IS IN COMPLIANCE WITH SECTION 504(C)(1).

10 (E) DISTRIBUTION.--IN CALCULATING THE REVENUE AVAILABLE FOR  
11 DISTRIBUTION, THE SECRETARY SHALL, FROM THE TOTAL AMOUNT  
12 CERTIFIED UNDER SUBSECTION (A)(1)(I), DEDUCT ALL OF THE  
13 FOLLOWING:

14 (1) AN AMOUNT SUFFICIENT TO FUND REIMBURSEMENTS TO  
15 ELIGIBLE SCHOOL DISTRICTS PURSUANT TO SECTION 324. THE AMOUNT  
16 DEDUCTED PURSUANT TO THIS PARAGRAPH SHALL BE CALCULATED BASED  
17 ON THE INFORMATION PROVIDED BY SCHOOL DISTRICTS PURSUANT TO  
18 SUBSECTION (B)(2).

19 (2) AN AMOUNT SUFFICIENT TO FUND THE PROGRAM UNDER  
20 SECTION 704.

21 SECTION 504. PROPERTY TAX RELIEF RESERVE FUND.

22 (A) FUND ESTABLISHED.--THERE IS ESTABLISHED IN THE STATE  
23 TREASURY A RESTRICTED RECEIPTS ACCOUNT TO BE KNOWN AS THE  
24 PROPERTY TAX RELIEF RESERVE FUND.

25 (B) RECEIPTS.--THE SECRETARY IS AUTHORIZED TO TRANSFER FUNDS  
26 FROM THE FUND INTO THE PROPERTY TAX RELIEF RESERVE FUND  
27 NECESSARY TO COMPLY WITH THE REQUIREMENTS OF SUBSECTION (C).

28 (C) BALANCE.--

29 (1) THE SECRETARY SHALL ENSURE THAT 25% OF THE AMOUNT  
30 CERTIFIED UNDER SECTION 503(A)(1)(I), BUT IN NO CASE MORE

1 THAN \$150,000,000, EXISTS IN THE PROPERTY TAX RELIEF RESERVE  
2 FUND PRIOR TO MAKING AN AUTHORIZATION UNDER SECTION 503(D).

3 (2) IF A TRANSFER WAS MADE UNDER SUBSECTION (D) IN THE  
4 PRIOR YEAR, THE SECRETARY SHALL DEPOSIT FUNDS NECESSARY TO  
5 ENSURE THAT 25% OF THE AMOUNT CERTIFIED UNDER SECTION  
6 503(A)(1)(I), BUT IN NO CASE MORE THAN \$150,000,000 IS  
7 AVAILABLE IN THE PROPERTY TAX RELIEF RESERVE FUND PRIOR TO  
8 MAKING AN AUTHORIZATION UNDER SECTION 503(D).

9 (D) TRANSFERS.--

10 (1) THE SECRETARY MAY AUTHORIZE A TRANSFER FROM THE  
11 PROPERTY TAX RELIEF RESERVE FUND TO THE FUND IF THE  
12 CERTIFICATION UNDER SECTION 503(A)(1)(I) IS LESS THAN THE  
13 CERTIFICATION UNDER SECTION 503(A)(1)(I) MADE IN THE PRIOR  
14 YEAR. THE AMOUNT OF THE TRANSFER UNDER THIS SUBSECTION SHALL  
15 BE EQUAL TO THE DIFFERENCE BETWEEN THE CERTIFICATION UNDER  
16 SECTION 503(A)(1)(I) AND THE CERTIFICATION UNDER SECTION  
17 503(A)(1)(I) MADE IN THE PRIOR YEAR.

18 (2) THE SECRETARY SHALL TRANSFER ANY INTEREST THAT HAS  
19 ACCRUED FROM THE REVENUE IN THE PROPERTY TAX RELIEF RESERVE  
20 FUND TO THE FUND ON AN ANNUAL BASIS.

21 (E) NONLAPSE.--THE MONEY IN THE PROPERTY TAX RELIEF RESERVE  
22 FUND IS CONTINUOUSLY APPROPRIATED TO THE PROPERTY TAX RELIEF  
23 RESERVE FUND AND SHALL NOT LAPSE AT THE END OF ANY FISCAL YEAR.  
24 SECTION 505. STATE PROPERTY TAX REDUCTION ALLOCATION.

25 (A) ADMINISTRATION.--THE DEPARTMENT SHALL DO ALL OF THE  
26 FOLLOWING:

27 (1) ARRAY THE 2002 PERSONAL INCOME VALUATION DIVIDED BY  
28 THE 2003-2004 AVERAGE DAILY MEMBERSHIP, THE 2004-2005 MARKET  
29 VALUE/INCOME AID RATIO, THE 2002-2003 EQUALIZED MILLAGE AND  
30 THE 2002-2003 SCHOOL TAX RATIO OF EACH SCHOOL DISTRICT IN

1 RANK ORDER AND ASSIGN EACH SCHOOL DISTRICT A DISCREET  
2 NUMERICAL RANK FOR ITS PERSONAL INCOME VALUATION PER AVERAGE  
3 DAILY MEMBERSHIP, ITS MARKET VALUE/INCOME AID RATIO, ITS  
4 EQUALIZED MILLAGE AND ITS SCHOOL TAX RATIO. FOR THE NUMERICAL  
5 RANK OF A SCHOOL DISTRICT'S PERSONAL INCOME VALUATION PER  
6 AVERAGE DAILY MEMBERSHIP, THE SCHOOL DISTRICT WITH THE LOWEST  
7 PERSONAL INCOME VALUATION PER AVERAGE DAILY MEMBERSHIP SHALL  
8 HAVE THE HIGHEST NUMERICAL RANK. FOR THE NUMERICAL RANK OF A  
9 SCHOOL DISTRICT'S MARKET VALUE/INCOME AID RATIO, THE SCHOOL  
10 DISTRICT WITH THE HIGHEST MARKET VALUE/INCOME AID RATIO SHALL  
11 HAVE THE HIGHEST NUMERICAL RANK, PROVIDED THAT ALL SCHOOL  
12 DISTRICTS WITH A MARKET VALUE/INCOME AID RATIO EQUAL TO 0.15  
13 SHALL RECEIVE A RANKING OF 1. FOR THE NUMERICAL RANK OF A  
14 SCHOOL DISTRICT'S EQUALIZED MILLAGE, THE SCHOOL DISTRICT WITH  
15 THE HIGHEST EQUALIZED MILLAGE SHALL HAVE THE HIGHEST  
16 NUMERICAL RANK. FOR THE NUMERICAL RANK OF A SCHOOL DISTRICT'S  
17 SCHOOL TAX RATIO, THE SCHOOL DISTRICT WITH THE HIGHEST SCHOOL  
18 TAX RATIO SHALL HAVE THE HIGHEST NUMERICAL RANK.

19 (2) ASSIGN EACH SCHOOL DISTRICT A PROPERTY TAX REDUCTION  
20 INDEX.

21 (3) IF THE DEPARTMENT RECEIVES AUTHORIZATION UNDER  
22 SECTION 503(D), ALLOCATE THE PROPERTY TAX REDUCTION FOR EACH  
23 SCHOOL DISTRICT AS FOLLOWS:

24 (I) CALCULATE THE PROPERTY TAX REDUCTION ALLOCATION  
25 AS FOLLOWS:

26 (A) MULTIPLY THE SCHOOL DISTRICT'S 2003-2004  
27 AVERAGE DAILY MEMBERSHIP BY THE SCHOOL DISTRICT'S  
28 PROPERTY TAX REDUCTION INDEX.

29 (B) MULTIPLY THE PRODUCT UNDER CLAUSE (A) BY THE  
30 DOLLAR AMOUNT NECESSARY TO ALLOCATE ALL OF THE MONEY

1 IN THE FUND AS CERTIFIED UNDER SECTION 503(A)(1)(I).  
2 IF THE CERTIFICATION UNDER SECTION 503(A)(1)(I) IS  
3 LESS THAN \$750,000,000, THE DOLLAR AMOUNT SHALL BE  
4 THE DOLLAR AMOUNT NECESSARY TO ALLOCATE \$750,000,000.

5 (C) IF APPLICABLE, PROVIDE FOR THE ALLOCATION  
6 MINIMUM OR ALLOCATION MAXIMUM UNDER SUBPARAGRAPH (II)  
7 OR (III).

8 (II) IF THE SUM OF THE ALLOCATION UNDER THIS  
9 PARAGRAPH AND THE ESTIMATED LOCAL REVENUE CALCULATION  
10 CERTIFIED UNDER SECTION 503(B) IS LESS THAN THE PRODUCT  
11 OF THE RESIDENTIAL PROPERTY TAXES COLLECTED DURING THE  
12 2001-2002 FISCAL YEAR AND THE ALLOCATION MINIMUM FOR A  
13 SCHOOL DISTRICT, THE SCHOOL DISTRICT SHALL RECEIVE AN  
14 ADDITIONAL AMOUNT SO THAT THE SUM OF THE TOTAL ALLOCATION  
15 UNDER THIS PARAGRAPH AND THE ESTIMATED LOCAL REVENUE  
16 CALCULATION CERTIFIED UNDER SECTION 503(B) IS EQUAL TO  
17 THE PRODUCT OF THE RESIDENTIAL PROPERTY TAXES COLLECTED  
18 DURING THE 2001-2002 FISCAL YEAR AND THE ALLOCATION  
19 MINIMUM.

20 (III) EXCEPT AS SET FORTH IN SUBSECTION (C), IF THE  
21 SUM OF THE TOTAL ALLOCATION UNDER THIS PARAGRAPH AND THE  
22 ESTIMATED LOCAL REVENUE CALCULATION CERTIFIED UNDER  
23 SECTION 503(B) IS GREATER THAN THE PRODUCT OF THE  
24 RESIDENTIAL PROPERTY TAXES COLLECTED DURING THE 2001-2002  
25 FISCAL YEAR AND THE ALLOCATION MAXIMUM FOR A SCHOOL  
26 DISTRICT, THE SCHOOL DISTRICT SHALL RECEIVE A TOTAL  
27 ALLOCATION SUCH THAT THE SUM OF THE TOTAL ALLOCATION AND  
28 THE ESTIMATED LOCAL REVENUE CALCULATION CERTIFIED UNDER  
29 SECTION 503(B) IS EQUAL TO THE PRODUCT OF THE RESIDENTIAL  
30 PROPERTY TAXES COLLECTED DURING THE 2001-2002 FISCAL YEAR

1 AND THE ALLOCATION MAXIMUM.

2 (IV) IF THE CALCULATION UNDER SECTION 503(E) IS LESS  
3 THAN \$750,000,000, EACH SCHOOL DISTRICT SHALL RECEIVE A  
4 PRO RATA SHARE OF THE PROPERTY TAX REDUCTION ALLOCATION  
5 CALCULATED UNDER THIS PARAGRAPH AT \$750,000,000.

6 (4) NOTIFY EACH SCHOOL DISTRICT OF THE AMOUNT OF ITS  
7 PROPERTY TAX REDUCTION ALLOCATION NO LATER THAN MAY 1 OF EACH  
8 YEAR.

9 (B) PAYMENT.--FOR THE FISCAL YEAR COMMENCING JULY 1, 2006,  
10 AND JULY 1 OF EACH FISCAL YEAR THEREAFTER, EXCEPT AS SET FORTH  
11 IN SUBSECTION (C), THE DEPARTMENT SHALL PAY TO EACH ELIGIBLE  
12 SCHOOL DISTRICT A PROPERTY TAX REDUCTION ALLOCATION EQUAL TO THE  
13 AMOUNT CALCULATED UNDER SUBSECTION (A)(3). THE PROPERTY TAX  
14 REDUCTION ALLOCATION SHALL BE DIVIDED INTO TWO EQUAL PAYMENTS,  
15 WHICH SHALL BE MADE ON THE FOURTH THURSDAY OF AUGUST AND THE  
16 FOURTH THURSDAY OF OCTOBER. EACH SCHOOL DISTRICT SHALL BE  
17 ELIGIBLE TO RECEIVE A PROPERTY TAX REDUCTION ALLOCATION UNDER  
18 THIS SECTION UNLESS ITS BOARD OF SCHOOL DIRECTORS TAKES ACTION  
19 UNDER SECTION 903.

20 (C) FIRST CLASS SCHOOL DISTRICTS.--THE PROPERTY TAX  
21 REDUCTION ALLOCATION FOR A SCHOOL DISTRICT OF THE FIRST CLASS  
22 SHALL BE PAID BY THE DEPARTMENT TO A CITY OF THE FIRST CLASS.  
23 THE LIMITATIONS SET FORTH IN SUBSECTION (A)(3)(III) SHALL NOT  
24 APPLY TO THE CALCULATION OF THE PROPERTY TAX REDUCTION  
25 ALLOCATION FOR A SCHOOL DISTRICT OF THE FIRST CLASS.

26 (D) REDUCTION OF WAGE TAXES IN A CITY OF THE FIRST CLASS.--A  
27 CITY COUNCIL OF A CITY OF THE FIRST CLASS SHALL REDUCE ANY TAX  
28 IMPOSED ON THE WAGES OF RESIDENTS AND NONRESIDENTS UNDER THE  
29 AUTHORITY OF THE ACT OF AUGUST 5, 1932 (SP.SESS., P.L.45,  
30 NO.45), REFERRED TO AS THE STERLING ACT, IN A MANNER CONSISTENT

1 WITH CHAPTER 7 AND IN ACCORDANCE WITH THE FOLLOWING:

2 (1) FOR RESIDENTS, BY AN AMOUNT EQUAL TO THE AMOUNT OF  
3 THE PROPERTY TAX REDUCTION ALLOCATION RECEIVED FROM THE  
4 COMMONWEALTH PURSUANT TO SUBSECTION (B) IN AN AMOUNT NOT TO  
5 EXCEED THE LIMITATIONS SET FORTH IN SUBSECTION (A)(3)(III)  
6 HAD SUCH LIMITATIONS APPLIED.

7 (2) FOR NONRESIDENTS, BY ANY AMOUNT EQUAL TO THE AMOUNT  
8 OF THE PROPERTY TAX REDUCTION ALLOCATION RECEIVED FROM THE  
9 COMMONWEALTH PURSUANT TO SUBSECTION (B) IN EXCESS OF THE  
10 LIMITATIONS SET FORTH IN SUBSECTION (A)(3)(III) HAD SUCH  
11 LIMITATIONS APPLIED.

12 (3) IF THE CALCULATION UNDER SECTION 503(E) IS LESS THAN  
13 \$750,000,000, THE TAX REDUCTIONS UNDER PARAGRAPHS (1) AND (2)  
14 SHALL BE A PRO RATA SHARE OF THE PROPERTY TAX REDUCTION  
15 ALLOCATION TO A SCHOOL DISTRICT OF THE FIRST CLASS CALCULATED  
16 UNDER SUBSECTION (A) AT \$750,000,000.

17 CHAPTER 7

18 TAX RELIEF IN CITIES OF THE FIRST CLASS

19 SECTION 701. SCOPE.

20 THIS CHAPTER PROVIDES FOR TAX RELIEF IN CITIES OF THE FIRST  
21 CLASS.

22 SECTION 702. (RESERVED).

23 SECTION 703. TAX RELIEF.

24 (A) TAX RATE REDUCTION.--A CITY OF THE FIRST CLASS SHALL  
25 REDUCE THE RATE OF WAGE AND NET PROFITS TAX ON RESIDENTS AND  
26 NONRESIDENTS LEVIED UNDER THE ACT OF AUGUST 5, 1932 (SP.SESS.,  
27 P.L.45, NO.45), REFERRED TO AS THE STERLING ACT, IN ORDER TO BE  
28 ELIGIBLE TO RECEIVE A PROPERTY TAX REDUCTION ALLOCATION UNDER  
29 CHAPTER 5. IF THE CITY ELECTS TO REDUCE TAXES PURSUANT TO THIS  
30 CHAPTER, ALL MONEY RECEIVED FROM THE FUND SHALL BE USED TO

1 OFFSET A REDUCTION BY THE CITY IN THE FISCAL YEAR IN WHICH A  
2 PAYMENT UNDER SECTION 505(B) IS RECEIVED AND EACH FISCAL YEAR  
3 THEREAFTER IN THE RATE OF TAX ON WAGES AND NET PROFITS FOR BOTH  
4 RESIDENTS AND NONRESIDENTS AS PROVIDED FOR IN SUBSECTION (B).  
5 THE REDUCTIONS SHALL REMAIN IN EFFECT FOR SO LONG AS A TAX  
6 REDUCTION ALLOCATION PURSUANT TO CHAPTER 5 IS PAID TO THE CITY  
7 IN AN AMOUNT EQUAL TO THE COST OF SUCH REDUCTIONS.

8 (B) CALCULATION OF REDUCTION.--

9 (1) THE CITY SHALL CALCULATE THE AMOUNT OF THE TAX RATE  
10 REDUCTIONS SO THAT THEY EQUAL, BASED ON ESTIMATES CERTIFIED  
11 BY THE CITY'S DIRECTOR OF FINANCE AND APPROVED BY THE  
12 PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY PRIOR TO  
13 THE IMPLEMENTATION OF THE REDUCTIONS, IN COMBINATION WITH ANY  
14 REDUCTION IN THE RATE OF UNEARNED INCOME TAX IMPOSED BY A  
15 SCHOOL DISTRICT IN THE CITY OF THE FIRST CLASS REQUIRED BY  
16 THE ACT OF AUGUST 9, 1963 (P.L.640, NO.338), ENTITLED "AN ACT  
17 EMPOWERING CITIES OF THE FIRST CLASS, COTERMINOUS WITH SCHOOL  
18 DISTRICTS OF THE FIRST CLASS, TO AUTHORIZE THE BOARDS OF  
19 PUBLIC EDUCATION OF SUCH SCHOOL DISTRICTS TO IMPOSE CERTAIN  
20 ADDITIONAL TAXES FOR SCHOOL DISTRICT PURPOSES, AND PROVIDING  
21 FOR THE LEVY, ASSESSMENT AND COLLECTION OF SUCH TAXES," AS A  
22 RESULT OF THE REDUCTION IN THE RATE OF WAGE AND NET PROFITS  
23 TAX, THE AMOUNT PAID TO THE CITY FROM THE FUND FOR TAX  
24 REDUCTIONS. THE CITY SHALL EACH YEAR TRANSFER TO THE SCHOOL  
25 DISTRICT AN AMOUNT EQUAL TO THE COST OF ANY REDUCTION IN THE  
26 RATE OF UNEARNED INCOME TAX, AND THE TRANSFER SHALL NOT BE  
27 SUBJECT TO THE PROVISIONS OF SECTION 696(H) OF THE PUBLIC  
28 SCHOOL CODE.

29 (2) THE TAX RATE REDUCTIONS IMPLEMENTED BY A CITY OF THE  
30 FIRST CLASS PURSUANT TO THIS SECTION SHALL BE IN ADDITION TO

1 THE FOLLOWING SCHEDULE OF PERCENTAGES OF WAGE AND NET PROFITS  
2 TAX RATE REDUCTIONS:

3 (I) ON JANUARY 1, 2005, 2.9468% FOR RESIDENTS AND  
4 1.5567% FOR NONRESIDENTS.

5 (II) ON JANUARY 1, 2006, 0.6927% FOR RESIDENTS AND  
6 1.2593% FOR NONRESIDENTS.

7 (III) ON JANUARY 1, 2007, 0.9533% FOR RESIDENTS AND  
8 0.4216% FOR NONRESIDENTS.

9 (IV) ON JANUARY 1, 2008, 0.9624% FOR RESIDENTS AND  
10 0.8387% FOR NONRESIDENTS.

11 (V) ON JANUARY 1, 2009, 1.1851% FOR RESIDENTS AND  
12 1.0526% FOR NONRESIDENTS.

13 (C) EXCEPTIONS.--THE WAGE AND NET PROFITS TAX RATES MAY ONLY  
14 BE RAISED ABOVE THE RATES SPECIFIED IN SUBSECTION (B)(2) IF ALL  
15 OF THE FOLLOWING APPLY:

16 (1) THE INCREASE IS APPROVED BY AN AFFIRMATIVE VOTE OF  
17 AT LEAST TEN MEMBERS OF A CITY COUNCIL OF A CITY OF THE FIRST  
18 CLASS.

19 (2) THE PENNSYLVANIA INTERGOVERNMENTAL COOPERATION  
20 AUTHORITY CERTIFIES THAT A CONDITION UNDER PARAGRAPH (3)  
21 EXISTS.

22 (3) THE INCREASE IS NECESSARY TO RESPOND TO ANY OF THE  
23 FOLLOWING:

24 (I) A FISCAL THREAT OR CONDITION, AS CERTIFIED BY  
25 THE CITY'S DIRECTOR OF FINANCE, THAT OCCURS TO THE CITY  
26 AS SET FORTH IN SECTION 333(F) OR AN EQUIVALENT FISCAL  
27 THREAT THAT AFFECTS THE CITIZENS OF THE CITY. IT SHALL BE  
28 THE RESPONSIBILITY OF THE CITY'S DIRECTOR OF FINANCE WITH  
29 THE APPROVAL OF THE PENNSYLVANIA INTERGOVERNMENTAL  
30 COOPERATION AUTHORITY TO ENSURE THAT ANY ADDITIONAL TAX



1 REVENUE RAISED IS EQUAL TO THE AMOUNT EXPENDED TO RESPOND  
2 TO THE FISCAL THREAT OR CONDITION. IF THE AMOUNT OF  
3 REVENUE RAISED THROUGH RATE ADJUSTMENT EXCEEDS THE AMOUNT  
4 NECESSARY TO RESPOND, OVER THE COURSE OF THE CITY'S  
5 APPROVED FINANCIAL PLAN, TO THE FISCAL THREAT, THE EXCESS  
6 AMOUNT SHALL BE USED FOR WAGE TAX AND NET PROFITS TAX  
7 REDUCTION IN THE IMMEDIATELY SUCCEEDING APPROVED  
8 FINANCIAL PLAN, BUT ONLY IF THE TAX RATE REDUCTION,  
9 EXPRESSED AS THE DIFFERENCE BETWEEN THE TWO TAX RATES,  
10 WOULD EXCEED .0002.

11 (II) A DECREASE OF MORE THAN 2% IN THE AMOUNT OF  
12 TOTAL TAX COLLECTIONS PLUS ANY FUNDS PROVIDED UNDER THIS  
13 CHAPTER FROM THE PRECEDING YEAR'S COLLECTIONS. SUCH A  
14 DETERMINATION OF A DECREASE MUST BE ATTESTED TO BY THE  
15 CITY'S DIRECTOR OF FINANCE.

16 (III) A DECLARATION BY THE PENNSYLVANIA  
17 INTERGOVERNMENTAL COOPERATION AUTHORITY THAT THE CITY'S  
18 FIVE-YEAR PLAN IS DISAPPROVED PURSUANT TO SECTION 209 OF  
19 THE ACT OF JUNE 5, 1991 (P.L.9, NO.6), KNOWN AS THE  
20 PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY ACT  
21 FOR CITIES OF THE FIRST CLASS.

22 (IV) FEDERAL OR STATE LAW IMPOSES A NEW UNFUNDED  
23 MANDATE ON THE CITY THAT COSTS THE CITY MORE THAN 1.5% OF  
24 THE CITY'S TOTAL GENERAL FUND EXPENDITURES IN ANY FISCAL  
25 YEAR.

26 (V) THE COST TO THE CITY OF AN EXISTING MANDATE  
27 IMPOSED BY FEDERAL OR STATE LAW INCREASES BY MORE THAN  
28 1.5% OF THE CITY'S TOTAL GENERAL FUND EXPENDITURES IN ANY  
29 FISCAL YEAR AND FUNDS TO PAY FOR THE INCREASE ARE NOT  
30 APPROPRIATED TO THE CITY BY THE FEDERAL OR STATE

1 GOVERNMENT.

2 (VI) EXISTING FEDERAL OR STATE FUNDING IS DECREASED  
3 BY 1.5% OF THE CITY'S TOTAL GENERAL FUND EXPENDITURES IN  
4 ANY FISCAL YEAR.

5 (D) EXCESS FUNDS.--IF IN ANY FISCAL YEAR THE SUMS RECEIVED  
6 BY A CITY OF THE FIRST CLASS FROM THE FUND ARE IN EXCESS OF THE  
7 VALUE OF THE TAX RATE REDUCTIONS ACTUALLY MADE BY THE CITY AND  
8 THE SCHOOL DISTRICT OF THE FIRST CLASS PURSUANT TO SUBSECTION  
9 (A), THE CITY SHALL, WITHIN 60 DAYS FOLLOWING THE CERTIFICATION  
10 BY THE DIRECTOR OF FINANCE, IN CONSULTATION WITH THE SECRETARY  
11 OF THE BUDGET AND WITH THE APPROVAL OF THE PENNSYLVANIA  
12 INTERGOVERNMENTAL COOPERATION AUTHORITY OF THE AMOUNT OF THE  
13 EXCESS, DO EITHER OF THE FOLLOWING:

- 14 (1) REPAY TO THE FUND THE EXCESS SUMS; OR  
15 (2) FURTHER REDUCE WAGE AND NET PROFITS TAX RATES AND  
16 UNEARNED INCOME TAX RATES, IF REQUIRED, IN THE FISCAL YEAR  
17 NEXT FOLLOWING THE DETERMINATION OF THE EXCESS, BY AN AMOUNT  
18 THAT WILL RESULT IN TOTAL TAX RATE REDUCTIONS REQUIRED FOR  
19 THE AMOUNT RECEIVED FROM THE FUND. TO THE EXTENT THE TAX RATE  
20 REDUCTION PROVIDED FOR IN THIS PARAGRAPH, EXPRESSED AS THE  
21 DIFFERENCE BETWEEN THE TWO TAX RATES, WOULD NOT EXCEED .0002,  
22 THIS SUBSECTION SHALL NOT APPLY.

23 (E) INSUFFICIENT FUNDS.--IF IN ANY FISCAL YEAR THE DIRECTOR  
24 OF FINANCE CERTIFIES, IN CONSULTATION WITH THE SECRETARY OF THE  
25 BUDGET AND WITH THE APPROVAL OF THE PENNSYLVANIA  
26 INTERGOVERNMENTAL COOPERATION AUTHORITY, THAT THE AMOUNT OF SUMS  
27 RECEIVED BY THE CITY FROM THE FUND ARE LESS THAN THE VALUE OF  
28 THE TAX RATE REDUCTIONS ACTUALLY MADE BY THE CITY AND SCHOOL  
29 DISTRICT OF THE FIRST CLASS PURSUANT TO SUBSECTION (A), THE CITY  
30 MAY, IN THE FISCAL YEAR NEXT FOLLOWING THE DETERMINATION OF THE

1 AMOUNT, INCREASE THE CITY'S WAGE AND NET PROFITS TAX RATE ABOVE  
2 THE RATES SPECIFIED IN SUBSECTION (B)(2) BY AN AMOUNT THAT WILL  
3 RESULT IN AN OVERALL TAX RATE REDUCTION EQUAL TO THAT REQUIRED  
4 FOR THE AMOUNT RECEIVED BY THE CITY FROM THE FUND. TO THE EXTENT  
5 THE TAX RATE INCREASE PROVIDED FOR IN THIS SUBSECTION, EXPRESSED  
6 AS THE DIFFERENCE BETWEEN THE TWO TAX RATES, WOULD NOT EXCEED  
7 .0002, THIS SUBSECTION SHALL NOT APPLY.

8 SECTION 704. SUPPLEMENTAL SENIOR CITIZEN TAX REDUCTION.

9 (A) ELIGIBILITY.--FOR TAX YEARS BEGINNING IN THE FIRST YEAR  
10 IN WHICH A PAYMENT UNDER SECTION 505(B) IS MADE AND EACH TAX  
11 YEAR THEREAFTER, THE FOLLOWING APPLY:

12 (1) EXCEPT AS PROVIDED IN PARAGRAPH (2), ANY RESIDENT OF  
13 A CITY OF THE FIRST CLASS, A SCHOOL DISTRICT OF THE FIRST  
14 CLASS A OR A SCHOOL DISTRICT COTERMINOUS WITH A CITY OF THE  
15 SECOND CLASS A WHO IS ELIGIBLE TO RECEIVE A PROPERTY TAX  
16 REBATE UNDER CHAPTER 13 SHALL BE ELIGIBLE TO RECEIVE AN  
17 ADDITIONAL PROPERTY TAX REBATE EQUAL TO 50% OF THE AMOUNT THE  
18 INDIVIDUAL IS ELIGIBLE TO RECEIVE UNDER CHAPTER 13.

19 (2) AN ADDITIONAL REBATE UNDER PARAGRAPH (1) MAY NOT  
20 EXCEED THE DIFFERENCE BETWEEN THE PROPERTY TAX PAID BY THE  
21 ELIGIBLE RESIDENT AND THE REBATE RECEIVED BY THE ELIGIBLE  
22 RESIDENT UNDER CHAPTER 13 FOR THE SAME TAX YEAR.

23 (B) TRANSFER AUTHORIZED.--BY JUNE 30 OF THE YEAR IN WHICH A  
24 PAYMENT UNDER SECTION 505(B) IS MADE, THE STATE TREASURER SHALL  
25 TRANSFER FROM THE FUND AN AMOUNT SUFFICIENT TO FUND THE PROPERTY  
26 TAX REBATES AUTHORIZED UNDER SUBSECTION (A) TO THE STATE LOTTERY  
27 FUND. ALL REVENUE TRANSFERRED PURSUANT TO THIS SUBSECTION SHALL  
28 BE DISTRIBUTED IN ACCORDANCE WITH THE PROVISIONS OF CHAPTER 13.

29 (C) APPLICABILITY.--THIS SECTION SHALL NOT APPLY TO A  
30 RESIDENT OF A CITY OF THE FIRST CLASS, A SCHOOL DISTRICT OF THE

1 FIRST CLASS A OR A SCHOOL DISTRICT COTERMINOUS WITH A CITY OF  
2 THE SECOND CLASS A WHO IS ENTITLED TO RECEIVE A RENT REBATE IN  
3 LIEU OF PROPERTY TAXES UNDER CHAPTER 13.

4 CHAPTER 9

5 SCHOOL DISTRICT CHOICE AND VOTER PARTICIPATION

6 SECTION 901. SCOPE.

7 THIS CHAPTER RELATES TO SCHOOL DISTRICT CHOICE AND VOTER  
8 OPTION.

9 SECTION 902. (RESERVED).

10 SECTION 903. SCHOOL DISTRICT CHOICE.

11 (A) GENERAL RULE.--WITHIN 30 DAYS OF RECEIPT OF THE NOTICE  
12 REQUIRED UNDER SECTION 505(A)(4), A BOARD OF SCHOOL DIRECTORS OF  
13 A SCHOOL DISTRICT, EXCEPT A SCHOOL DISTRICT OF THE FIRST CLASS,  
14 MAY BY RESOLUTION REJECT THE PROPERTY TAX REDUCTION ALLOCATION  
15 PROVIDED TO THE SCHOOL DISTRICT PURSUANT TO CHAPTER 5.

16 (B) NOTICE TO DEPARTMENT.--WITHIN FIVE DAYS AFTER ADOPTING  
17 THE RESOLUTION, THE BOARD OF SCHOOL DIRECTORS SHALL NOTIFY THE  
18 DEPARTMENT IN A FORM AND MANNER PRESCRIBED BY THE DEPARTMENT.

19 (C) EFFECT OF RESOLUTION.--A SCHOOL DISTRICT THAT ADOPTS A  
20 RESOLUTION PURSUANT TO SUBSECTION (A) SHALL BE INELIGIBLE TO  
21 RECEIVE A PROPERTY TAX REDUCTION ALLOCATION PURSUANT TO CHAPTER  
22 5 FOR THE UPCOMING FISCAL YEAR, AND THE SCHOOL DISTRICT'S  
23 PROPERTY TAX REDUCTION ALLOCATION SHALL BE DEPOSITED INTO THE  
24 PROPERTY TAX RELIEF RESERVE FUND.

25 SECTION 904. VOTER PARTICIPATION.

26 (A) GENERAL RULE.--IF A SCHOOL DISTRICT ADOPTS A RESOLUTION  
27 PURSUANT TO SECTION 903(A), A REFERENDUM SHALL BE SUBMITTED TO  
28 THE ELECTORS OF THE SCHOOL DISTRICT UNDER THE PROVISIONS OF THIS  
29 SECTION TO DETERMINE WHETHER THE ELECTORS FAVOR THE SCHOOL  
30 DISTRICT RECEIVING A PROPERTY TAX REDUCTION ALLOCATION.

1 (B) NOTICE TO ELECTION OFFICIALS.--WITHIN 60 DAYS AFTER THE  
2 DEADLINE FOR A SCHOOL DISTRICT TO NOTIFY THE DEPARTMENT THAT THE  
3 SCHOOL DISTRICT HAS TAKEN ACTION UNDER SECTION 903(A), THE  
4 DEPARTMENT SHALL NOTIFY THE ELECTION OFFICIALS OF EACH COUNTY OF  
5 THE SCHOOL DISTRICTS IN THAT COUNTY THAT HAVE TAKEN ACTION UNDER  
6 SECTION 903(A).

7 (C) REFERENDUM QUESTION REQUIRED.--UPON RECEIPT OF  
8 INFORMATION PROVIDED BY THE DEPARTMENT UNDER SUBSECTION (B), THE  
9 ELECTION OFFICIALS OF THE COUNTY IN WHICH IS SITUATE A SCHOOL  
10 DISTRICT OR PORTION OF A SCHOOL DISTRICT THAT HAS TAKEN ACTION  
11 UNDER SECTION 903(A) SHALL CAUSE A REFERENDUM QUESTION TO BE  
12 PLACED ON THE BALLOT AT THE MUNICIPAL OR GENERAL ELECTION  
13 IMMEDIATELY FOLLOWING THE RECEIPT OF THE INFORMATION. THE  
14 REFERENDUM QUESTION SHALL BE IN THE FOLLOWING FORM:

15 DO YOU FAVOR THE (NAME OF SCHOOL DISTRICT) RECEIVING  
16 STATE FUNDS TO REDUCE PROPERTY TAXES ON QUALIFIED  
17 RESIDENTIAL PROPERTIES?

18 (D) NONLEGAL INTERPRETIVE STATEMENT.--THE ELECTION OFFICIALS  
19 OF A COUNTY SHALL, IN CONSULTATION WITH THE BOARD OF SCHOOL  
20 DIRECTORS, DRAFT A NONLEGAL INTERPRETIVE STATEMENT WHICH SHALL  
21 ACCOMPANY THIS REFERENDUM QUESTION IN ACCORDANCE WITH SECTION  
22 201.1 OF THE ACT OF JUNE 3, 1937 (P.L.1333, NO.320), KNOWN AS  
23 THE PENNSYLVANIA ELECTION CODE.

24 (E) CERTIFICATION OF RESULTS.--THE ELECTION OFFICIALS OF A  
25 COUNTY SHALL CERTIFY THE RESULTS OF THE REFERENDUM UNDER THIS  
26 SECTION TO THE DEPARTMENT OF STATE IN ACCORDANCE WITH ARTICLE  
27 XIV OF THE PENNSYLVANIA ELECTION CODE. THE DEPARTMENT OF STATE  
28 SHALL NOTIFY THE SCHOOL DISTRICT AND THE DEPARTMENT OF THE  
29 RESULTS OF THE REFERENDUM REQUIRED UNDER SUBSECTION (B) AS SOON  
30 AS IS PRACTICABLE.

1 (F) APPROVAL OF REFERENDUM.--IN ANY SCHOOL DISTRICT IN WHICH  
2 A REFERENDUM QUESTION UNDER SUBSECTION (C) HAS BEEN APPROVED BY  
3 A MAJORITY OF THE ELECTORS VOTING ON THE QUESTION, THE SCHOOL  
4 DISTRICT SHALL BE ELIGIBLE TO RECEIVE THE PROPERTY TAX REDUCTION  
5 ALLOCATION PROVIDED UNDER CHAPTER 5 BEGINNING WITH THE FISCAL  
6 YEAR IMMEDIATELY FOLLOWING THE YEAR IN WHICH THE REFERENDUM IS  
7 APPROVED. THE SCHOOL DISTRICT SHALL USE THE PROPERTY TAX  
8 REDUCTION ALLOCATION TO FUND HOMESTEAD AND FARMSTEAD EXCLUSIONS  
9 PURSUANT TO THIS ACT.

10 CHAPTER 13

11 SENIOR CITIZENS PROPERTY TAX AND

12 RENT REBATE ASSISTANCE

13 SECTION 1301. SCOPE.

14 THIS CHAPTER PROVIDES SENIOR CITIZENS WITH ASSISTANCE IN THE  
15 FORM OF PROPERTY TAX AND RENT REBATES.

16 SECTION 1302. (RESERVED).

17 SECTION 1303. DEFINITIONS.

18 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER  
19 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
20 CONTEXT CLEARLY INDICATES OTHERWISE:

21 "BOARD." THE BOARD OF FINANCE AND REVENUE OF THE  
22 COMMONWEALTH.

23 "CLAIMANT." A PERSON WHO FILES A CLAIM FOR PROPERTY TAX  
24 REBATE OR RENT REBATE IN LIEU OF PROPERTY TAXES AND:

25 (1) WAS AT LEAST 65 YEARS OF AGE, OR WHOSE SPOUSE, IF A  
26 MEMBER OF THE HOUSEHOLD, WAS AT LEAST 65 YEARS OF AGE DURING  
27 A CALENDAR YEAR IN WHICH REAL PROPERTY TAXES OR RENT WERE DUE  
28 AND PAYABLE;

29 (2) WAS A WIDOW OR WIDOWER AND WAS AT LEAST 50 YEARS OF  
30 AGE DURING A CALENDAR YEAR OR PART THEREOF IN WHICH REAL

1 PROPERTY TAXES OR RENT WERE DUE AND PAYABLE; OR

2 (3) WAS A PERMANENTLY DISABLED PERSON 18 YEARS OF AGE OR  
3 OLDER DURING A CALENDAR YEAR OR PART THEREOF IN WHICH THE  
4 REAL PROPERTY TAXES OR RENT WERE DUE AND PAYABLE.

5 "DEPARTMENT." THE DEPARTMENT OF REVENUE OF THE COMMONWEALTH.

6 "HOMESTEAD." A DWELLING, WHETHER OWNED OR RENTED, AND SO  
7 MUCH OF THE LAND SURROUNDING IT, AS IS REASONABLY NECESSARY FOR  
8 THE USE OF THE DWELLING AS A HOME, OCCUPIED BY A CLAIMANT. THE  
9 TERM INCLUDES, BUT IS NOT LIMITED TO:

10 (1) PREMISES OCCUPIED BY REASON OF OWNERSHIP OR LEASE IN  
11 A COOPERATIVE HOUSING CORPORATION.

12 (2) MOBILE HOMES WHICH ARE ASSESSED AS REALTY FOR LOCAL  
13 PROPERTY TAX PURPOSES AND THE LAND, IF OWNED OR RENTED BY THE  
14 CLAIMANT, UPON WHICH THE MOBILE HOME IS SITUATED, AND OTHER  
15 SIMILAR LIVING ACCOMMODATIONS.

16 (3) A PART OF A MULTIDWELLING OR MULTIPURPOSE BUILDING  
17 AND A PART OF THE LAND UPON WHICH IT IS BUILT.

18 (4) PREMISES OCCUPIED BY REASON OF THE CLAIMANT'S  
19 OWNERSHIP OR RENTAL OF A DWELLING LOCATED ON LAND OWNED BY A  
20 NONPROFIT INCORPORATED ASSOCIATION, OF WHICH THE CLAIMANT IS  
21 A MEMBER, IF THE CLAIMANT IS REQUIRED TO PAY A PRO RATA SHARE  
22 OF THE PROPERTY TAXES LEVIED AGAINST THE ASSOCIATION'S LAND.

23 (5) PREMISES OCCUPIED BY A CLAIMANT IF THE CLAIMANT IS  
24 REQUIRED BY LAW TO PAY A PROPERTY TAX BY REASON OF THE  
25 CLAIMANT'S OWNERSHIP OR RENTAL, INCLUDING A POSSESSORY  
26 INTEREST, IN THE DWELLING, THE LAND, OR BOTH. AN OWNER  
27 INCLUDES A PERSON IN POSSESSION UNDER A CONTRACT OF SALE,  
28 DEED OF TRUST, LIFE ESTATE, JOINT TENANCY OR TENANCY IN  
29 COMMON OR BY REASON OF STATUTES OF DESCENT AND DISTRIBUTION.

30 "HOUSEHOLD INCOME." ALL INCOME RECEIVED BY A CLAIMANT AND

1 THE CLAIMANT'S SPOUSE WHILE RESIDING IN THE HOMESTEAD DURING THE  
2 CALENDAR YEAR FOR WHICH A REBATE IS CLAIMED.

3 "INCOME." ALL INCOME FROM WHATEVER SOURCE DERIVED,  
4 INCLUDING, BUT NOT LIMITED TO:

5 (1) SALARIES, WAGES, BONUSES, COMMISSIONS, INCOME FROM  
6 SELF-EMPLOYMENT, ALIMONY, SUPPORT MONEY, CASH PUBLIC  
7 ASSISTANCE AND RELIEF.

8 (2) THE GROSS AMOUNT OF ANY PENSIONS OR ANNUITIES  
9 INCLUDING RAILROAD RETIREMENT BENEFITS FOR CALENDAR YEARS  
10 PRIOR TO 1999, AND 50% OF RAILROAD RETIREMENT BENEFITS FOR  
11 CALENDAR YEARS 1999 AND THEREAFTER.

12 (3) ALL BENEFITS RECEIVED UNDER THE SOCIAL SECURITY ACT  
13 (49 STAT. 620, 42 U.S.C. § 301 ET SEQ.), EXCEPT MEDICARE  
14 BENEFITS, FOR CALENDAR YEARS PRIOR TO 1999, AND 50% OF ALL  
15 BENEFITS RECEIVED UNDER THE SOCIAL SECURITY ACT, EXCEPT  
16 MEDICARE BENEFITS, FOR CALENDAR YEARS 1999 AND THEREAFTER.

17 (4) ALL BENEFITS RECEIVED UNDER STATE UNEMPLOYMENT  
18 INSURANCE LAWS AND VETERANS' DISABILITY PAYMENTS.

19 (5) ALL INTEREST RECEIVED FROM THE FEDERAL OR ANY STATE  
20 GOVERNMENT, OR ANY INSTRUMENTALITY OR POLITICAL SUBDIVISION  
21 THEREOF.

22 (6) REALIZED CAPITAL GAINS AND RENTALS.

23 (7) WORKERS' COMPENSATION.

24 (8) THE GROSS AMOUNT OF LOSS OF TIME INSURANCE BENEFITS,  
25 LIFE INSURANCE BENEFITS AND PROCEEDS, EXCEPT THE FIRST \$5,000  
26 OF THE TOTAL OF DEATH BENEFIT PAYMENTS.

27 (9) GIFTS OF CASH OR PROPERTY, OTHER THAN TRANSFERS BY  
28 GIFT BETWEEN MEMBERS OF A HOUSEHOLD, IN EXCESS OF A TOTAL  
29 VALUE OF \$300.

30 THE TERM DOES NOT INCLUDE SURPLUS FOOD OR OTHER RELIEF IN KIND



1 SUPPLIED BY A GOVERNMENTAL AGENCY, PROPERTY TAX OR RENT REBATE  
2 OR INFLATION DIVIDEND.

3 "PERMANENTLY DISABLED PERSON." A PERSON WHO IS UNABLE TO  
4 ENGAGE IN ANY SUBSTANTIAL GAINFUL ACTIVITY BY REASON OF ANY  
5 MEDICALLY DETERMINABLE PHYSICAL OR MENTAL IMPAIRMENT WHICH CAN  
6 BE EXPECTED TO CONTINUE INDEFINITELY, EXCEPT AS PROVIDED IN  
7 SECTION 1304(B)(3) AND (C).

8 "REAL PROPERTY TAXES." ALL TAXES ON A HOMESTEAD, EXCLUSIVE  
9 OF MUNICIPAL ASSESSMENTS, DELINQUENT CHARGES AND INTEREST, DUE  
10 AND PAYABLE DURING A CALENDAR YEAR.

11 "RENT REBATE IN LIEU OF PROPERTY TAXES." TWENTY PERCENT OF  
12 THE GROSS AMOUNT ACTUALLY PAID IN CASH OR ITS EQUIVALENT IN ANY  
13 CALENDAR YEAR TO A LANDLORD IN CONNECTION WITH THE OCCUPANCY OF  
14 A HOMESTEAD BY A CLAIMANT, IRRESPECTIVE OF WHETHER SUCH AMOUNT  
15 CONSTITUTES PAYMENT SOLELY FOR THE RIGHT OF OCCUPANCY OR  
16 OTHERWISE.

17 "SECRETARY." THE SECRETARY OF REVENUE OF THE COMMONWEALTH.

18 "WIDOW" OR "WIDOWER." THE SURVIVING WIFE OR THE SURVIVING  
19 HUSBAND, AS THE CASE MAY BE, OF A DECEASED INDIVIDUAL AND WHO  
20 HAS NOT REMARRIED EXCEPT AS PROVIDED IN SECTION 1304(B)(3) AND  
21 (C).

22 SECTION 1304. PROPERTY TAX; RENT REBATE AND INFLATION COST.

23 (A) SCHEDULE OF REBATES.--

24 (1) THE AMOUNT OF ANY CLAIM FOR PROPERTY TAX REBATE OR  
25 RENT REBATE IN LIEU OF PROPERTY TAXES FOR REAL PROPERTY TAXES  
26 OR RENT DUE AND PAYABLE DURING CALENDAR YEARS 1985 THROUGH  
27 2004 SHALL BE DETERMINED IN ACCORDANCE WITH THE FOLLOWING  
28 SCHEDULE:

29 PERCENTAGE OF REAL PROPERTY TAXES OR  
30 RENT REBATE IN LIEU OF

HOUSEHOLD INCOME	PROPERTY TAXES ALLOWED AS REBATE
\$ 0 - \$4,999	100%
5,000 - 5,499	100
5,500 - 5,999	90
6,000 - 6,499	80
6,500 - 6,999	70
7,000 - 7,499	60
7,500 - 7,999	50
8,000 - 8,499	40
8,500 - 8,999	35
9,000 - 9,999	25
10,000 - 11,999	20
12,000 - 12,999	15
13,000 - 15,000	10

(2) THE AMOUNT OF ANY CLAIM FOR PROPERTY TAX REBATE OR RENT REBATE IN LIEU OF PROPERTY TAXES FOR REAL PROPERTY TAXES OR RENT DUE AND PAYABLE DURING CALENDAR YEAR 2005 AND THEREAFTER SHALL BE DETERMINED IN ACCORDANCE WITH THE FOLLOWING SCHEDULE:

HOUSEHOLD INCOME	AMOUNT OF REAL PROPERTY TAXES OR RENT REBATE IN LIEU OF PROPERTY TAXES ALLOWED AS REBATE
\$ 0 - \$ 8,000	\$650
8,001 - 15,000	500
15,001 - 18,000	300
18,001 - 25,000	250

(B) LIMITATIONS ON CLAIMS.--

(1) NO CLAIM THROUGH CALENDAR YEAR 2004 SHALL BE ALLOWED IF THE AMOUNT OF PROPERTY TAX OR RENT REBATE COMPUTED IN ACCORDANCE WITH THIS SECTION IS LESS THAN \$10, AND THE

1 MAXIMUM AMOUNT OF PROPERTY TAX OR RENT REBATE PAYABLE SHALL  
2 NOT EXCEED \$500.

3 (2) FOR CALENDAR YEAR 2005 AND THEREAFTER, THE MAXIMUM  
4 AMOUNT OF PROPERTY TAX OR RENT REBATE IN LIEU OF PROPERTY  
5 TAXES PAYABLE SHALL NOT EXCEED THE LESSER OF:

6 (I) THE AMOUNT OF A CLAIM UNDER SUBSECTION (A)(2);

7 (II) THE AMOUNT OF REAL PROPERTY TAXES ACTUALLY  
8 PAID; OR

9 (III) 20% OF GROSS RENT ACTUALLY PAID.

10 (3) NO CLAIM SHALL BE ALLOWED IF THE CLAIMANT IS A  
11 TENANT OF AN OWNER OF REAL PROPERTY EXEMPT FROM REAL PROPERTY  
12 TAXES.

13 (C) APPORTIONMENT AND PUBLIC ASSISTANCE.--

14 (1) IF ANY OF THE FOLLOWING EXIST RELATING TO A CLAIM:

15 (I) A HOMESTEAD IS OWNED OR RENTED AND OCCUPIED FOR  
16 ONLY A PORTION OF A YEAR OR IS OWNED OR RENTED IN PART BY  
17 A PERSON WHO DOES NOT MEET THE QUALIFICATIONS FOR A  
18 CLAIMANT, EXCLUSIVE OF ANY INTEREST OWNED OR LEASED BY A  
19 CLAIMANT'S SPOUSE;

20 (II) THE CLAIMANT IS A WIDOW OR WIDOWER WHO  
21 REMARRIES; OR

22 (III) THE CLAIMANT IS A FORMERLY DISABLED PERSON WHO  
23 IS NO LONGER DISABLED,

24 THE DEPARTMENT SHALL APPORTION THE REAL PROPERTY TAXES OR  
25 RENT IN ACCORDANCE WITH THE PERIOD OR DEGREE OF OWNERSHIP OR  
26 LEASEHOLD OR ELIGIBILITY OF THE CLAIMANT IN DETERMINING THE  
27 AMOUNT OF REBATE FOR WHICH A CLAIMANT IS ELIGIBLE.

28 (2) A CLAIMANT WHO RECEIVES PUBLIC ASSISTANCE FROM THE  
29 DEPARTMENT OF PUBLIC WELFARE SHALL NOT BE ELIGIBLE FOR RENT  
30 REBATE IN LIEU OF PROPERTY TAXES DURING THOSE MONTHS WITHIN

1 WHICH THE CLAIMANT RECEIVES PUBLIC ASSISTANCE.

2 (D) GOVERNMENT SUBSIDIES.--RENT SHALL NOT INCLUDE SUBSIDIES  
3 PROVIDED BY OR THROUGH A GOVERNMENTAL AGENCY.

4 (E) COST-OF-LIVING ADJUSTMENTS.--FOR CALENDAR YEAR 2006 AND  
5 ANNUALLY THEREAFTER, THE HOUSEHOLD INCOME LIMITS UNDER THIS  
6 CHAPTER SHALL BE ADJUSTED BY 50% OF THE SOCIAL SECURITY COST-OF-  
7 LIVING ADJUSTMENT APPLICABLE DURING THE CALENDAR YEAR FOR WHICH  
8 A REBATE IS CLAIMED.

9 SECTION 1305. FILING OF CLAIM.

10 (A) GENERAL RULE.--EXCEPT AS OTHERWISE PROVIDED IN  
11 SUBSECTION (B), A CLAIM FOR PROPERTY TAX OR RENT REBATE SHALL BE  
12 FILED WITH THE DEPARTMENT ON OR BEFORE THE 30TH DAY OF JUNE OF  
13 THE YEAR NEXT SUCCEEDING THE END OF THE CALENDAR YEAR IN WHICH  
14 REAL PROPERTY TAXES OR RENT WAS DUE AND PAYABLE.

15 (B) EXCEPTION.--A CLAIM FILED AFTER THE JUNE 30 DEADLINE  
16 UNTIL DECEMBER 31 OF SUCH CALENDAR YEAR SHALL BE ACCEPTED BY THE  
17 SECRETARY AS LONG AS FUNDS ARE AVAILABLE TO PAY THE BENEFITS TO  
18 THE LATE FILING CLAIMANT.

19 (C) PAYMENTS FROM STATE LOTTERY FUND.--NO REIMBURSEMENT ON A  
20 CLAIM SHALL BE MADE FROM THE STATE LOTTERY FUND EARLIER THAN THE  
21 DAY FOLLOWING THE 30TH DAY OF JUNE PROVIDED IN THIS CHAPTER ON  
22 WHICH THAT CLAIM MAY BE FILED WITH THE DEPARTMENT.

23 (D) ELIGIBILITY OF CLAIMANTS.--

24 (1) ONLY ONE CLAIMANT FROM A HOMESTEAD EACH YEAR SHALL  
25 BE ENTITLED TO THE PROPERTY TAX OR RENT REBATE.

26 (2) IF TWO OR MORE PERSONS ARE ABLE TO MEET THE  
27 QUALIFICATIONS FOR A CLAIMANT, THEY MAY DETERMINE WHO THE  
28 CLAIMANT SHALL BE.

29 (3) IF THEY ARE UNABLE TO AGREE, THE DEPARTMENT SHALL  
30 DETERMINE TO WHOM THE REBATE IS TO BE PAID.

1 SECTION 1306. PROOF OF CLAIM.

2 (A) CONTENTS.--EACH CLAIM SHALL INCLUDE:

3 (1) REASONABLE PROOF OF HOUSEHOLD INCOME.

4 (2) THE SIZE AND NATURE OF THE PROPERTY CLAIMED AS A  
5 HOMESTEAD.

6 (3) THE RENT, TAX RECEIPT OR OTHER PROOF THAT THE REAL  
7 PROPERTY TAXES ON THE HOMESTEAD HAVE BEEN PAID OR RENT IN  
8 CONNECTION WITH THE OCCUPANCY OF A HOMESTEAD HAS BEEN PAID.

9 (4) IF THE CLAIMANT IS A WIDOW OR WIDOWER, A DECLARATION  
10 OF SUCH STATUS IN SUCH MANNER AS PRESCRIBED BY THE SECRETARY.

11 (B) PROOF OF DISABILITY.--

12 (1) PROOF THAT A CLAIMANT IS ELIGIBLE TO RECEIVE  
13 DISABILITY BENEFITS UNDER THE SOCIAL SECURITY ACT (49 STAT.  
14 620, 42 U.S.C. § 301 ET SEQ.) SHALL CONSTITUTE PROOF OF  
15 DISABILITY UNDER THIS CHAPTER.

16 (2) NO PERSON WHO HAS BEEN FOUND NOT TO BE DISABLED BY  
17 THE SOCIAL SECURITY ADMINISTRATION SHALL BE GRANTED A REBATE  
18 UNDER THIS CHAPTER.

19 (3) A CLAIMANT NOT COVERED UNDER THE SOCIAL SECURITY ACT  
20 SHALL BE EXAMINED BY A PHYSICIAN DESIGNATED BY THE DEPARTMENT  
21 AND SUCH STATUS DETERMINED USING THE SAME STANDARDS USED BY  
22 THE SOCIAL SECURITY ADMINISTRATION.

23 (C) DIRECT PAYMENT OF TAXES OR RENT NOT REQUIRED.--IT SHALL  
24 NOT BE NECESSARY THAT SUCH TAXES OR RENT WERE PAID DIRECTLY BY  
25 THE CLAIMANT IF THE RENT OR TAXES HAVE BEEN PAID WHEN THE CLAIM  
26 IS FILED.

27 (D) PROOF OF AGE ON FIRST CLAIM.--THE FIRST CLAIM FILED  
28 SHALL INCLUDE PROOF THAT THE CLAIMANT OR THE CLAIMANT'S SPOUSE  
29 WAS AT LEAST 65 YEARS OF AGE, OR AT LEAST 50 YEARS OF AGE IN THE  
30 CASE OF A WIDOW OR WIDOWER DURING THE CALENDAR YEAR IN WHICH

1 REAL PROPERTY TAXES OR RENT WERE DUE AND PAYABLE.

2 SECTION 1307. INCORRECT CLAIM.

3 WHENEVER ON AUDIT OF A CLAIM, THE DEPARTMENT FINDS THE CLAIM  
4 TO HAVE BEEN INCORRECTLY DETERMINED, IT SHALL REDETERMINE THE  
5 CORRECT AMOUNT OF THE CLAIM AND NOTIFY THE CLAIMANT OF THE  
6 REASON FOR THE REDETERMINATION AND THE AMOUNT OF THE CORRECTED  
7 CLAIM.

8 SECTION 1308. FUNDS FOR PAYMENT OF CLAIMS.

9 (A) PAYMENT.--APPROVED CLAIMS SHALL BE PAID FROM THE STATE  
10 LOTTERY FUND ESTABLISHED BY THE ACT OF AUGUST 26, 1971 (P.L.351,  
11 NO.91), KNOWN AS THE STATE LOTTERY LAW.

12 (B) TRANSFER.--REGARDLESS OF WHETHER AN AUTHORIZATION IS  
13 MADE UNDER SECTION 503(D), THE SECRETARY OF THE BUDGET SHALL  
14 AUTHORIZE THE TRANSFER OF FUNDS FROM THE PROPERTY TAX RELIEF  
15 FUND TO THE STATE LOTTERY FUND IN AN AMOUNT EQUAL TO THE  
16 DIFFERENCE BETWEEN THE AMOUNT OF APPROVED CLAIMS PAID IN EACH  
17 CALENDAR YEAR PRIOR TO THE YEAR IN WHICH THE CERTIFICATION IS  
18 MADE AND THE AMOUNT OF APPROVED CLAIMS PAID IN CALENDAR YEAR  
19 2005, BEGINNING WITH THE YEAR IN WHICH THE SECRETARY OF THE  
20 BUDGET FIRST CERTIFIES THAT SUFFICIENT FUNDS ARE AVAILABLE TO  
21 MAKE SUCH A TRANSFER.

22 SECTION 1309. CLAIM FORMS AND RULES AND REGULATIONS.

23 NECESSARY RULES AND REGULATIONS SHALL BE PRESCRIBED BY A  
24 COMMITTEE CONSISTING OF THE SECRETARY OF AGING, THE SECRETARY OF  
25 REVENUE AND THE SECRETARY OF COMMUNITY AND ECONOMIC DEVELOPMENT.  
26 THE SECRETARY OF AGING SHALL SERVE AS THE CHAIRMAN OF THE  
27 COMMITTEE. THE DEPARTMENT SHALL RECEIVE ALL APPLICATIONS,  
28 DETERMINE THE ELIGIBILITY OF CLAIMANTS, HEAR APPEALS, DISBURSE  
29 PAYMENTS AND MAKE AVAILABLE SUITABLE FORMS FOR THE FILING OF  
30 CLAIMS.

1 SECTION 1310. FRAUDULENT CLAIMS AND CONVEYANCES TO OBTAIN  
2 BENEFITS.

3 (A) CIVIL PENALTY.--IN ANY CASE IN WHICH A CLAIM IS  
4 EXCESSIVE AND WAS FILED WITH FRAUDULENT INTENT, THE CLAIM SHALL  
5 BE DISALLOWED IN FULL AND A PENALTY OF 25% OF THE AMOUNT CLAIMED  
6 SHALL BE IMPOSED. THE PENALTY AND THE AMOUNT OF THE DISALLOWED  
7 CLAIM, IF THE CLAIM HAS BEEN PAID, SHALL BEAR INTEREST AT THE  
8 RATE OF 1.5% PER MONTH FROM THE DATE OF THE CLAIM UNTIL REPAID.

9 (B) CRIMINAL PENALTY.--THE CLAIMANT AND ANY PERSON WHO  
10 ASSISTED IN THE PREPARATION OR FILING OF A FRAUDULENT CLAIM  
11 COMMITS A MISDEMEANOR OF THE THIRD DEGREE AND, UPON CONVICTION  
12 THEREOF, SHALL BE SENTENCED TO PAY A FINE NOT EXCEEDING \$1,000,  
13 OR TO IMPRISONMENT NOT EXCEEDING ONE YEAR, OR BOTH.

14 (C) DISALLOWANCE FOR RECEIPT OF TITLE.--A CLAIM SHALL BE  
15 DISALLOWED IF THE CLAIMANT RECEIVED TITLE TO THE HOMESTEAD  
16 PRIMARILY FOR THE PURPOSE OF RECEIVING PROPERTY TAX REBATE.

17 SECTION 1311. PETITION FOR REDETERMINATION.

18 (A) RIGHT TO FILE.--A CLAIMANT WHOSE CLAIM IS EITHER DENIED,  
19 CORRECTED OR OTHERWISE ADVERSELY AFFECTED BY THE DEPARTMENT MAY  
20 FILE WITH THE DEPARTMENT A PETITION FOR REDETERMINATION ON FORMS  
21 SUPPLIED BY THE DEPARTMENT WITHIN 90 DAYS AFTER THE DATE OF  
22 MAILING OF WRITTEN NOTICE BY THE DEPARTMENT OF SUCH ACTION.

23 (B) CONTENTS.--THE PETITION SHALL SET FORTH THE GROUNDS UPON  
24 WHICH THE CLAIMANT ALLEGES THAT SUCH DEPARTMENTAL ACTION IS  
25 ERRONEOUS OR UNLAWFUL, IN WHOLE OR PART, AND SHALL CONTAIN AN  
26 AFFIDAVIT OR AFFIRMATION THAT THE FACTS CONTAINED IN THE  
27 PETITION ARE TRUE AND CORRECT.

28 (C) EXTENSION OF TIME FOR FILING.--

29 (1) AN EXTENSION OF TIME FOR FILING THE PETITION MAY BE  
30 ALLOWED FOR CAUSE, BUT MAY NOT EXCEED 120 DAYS.

1           (2) THE DEPARTMENT SHALL HOLD SUCH HEARINGS AS MAY BE  
2 NECESSARY FOR THE PURPOSE OF REDETERMINATION, AND EACH  
3 CLAIMANT WHO HAS DULY FILED SUCH PETITION FOR REDETERMINATION  
4 SHALL BE NOTIFIED BY THE DEPARTMENT OF THE TIME WHEN, AND THE  
5 PLACE WHERE, SUCH HEARING IN THE CLAIMANT'S CASE WILL BE  
6 HELD.

7           (D) TIME PERIOD FOR DECISION.--THE DEPARTMENT SHALL, WITHIN  
8 SIX MONTHS AFTER RECEIVING A FILED PETITION FOR REDETERMINATION,  
9 DISPOSE OF THE MATTERS RAISED BY SUCH PETITION AND SHALL MAIL  
10 NOTICE OF THE DEPARTMENT'S DECISION TO THE CLAIMANT.

11 SECTION 1312. REVIEW BY BOARD OF FINANCE AND REVENUE.

12           (A) RIGHT TO REVIEW.--WITHIN 90 DAYS AFTER THE DATE OF  
13 OFFICIAL RECEIPT BY THE CLAIMANT OF NOTICE MAILED BY THE  
14 DEPARTMENT OF ITS DECISION ON A PETITION FOR REDETERMINATION  
15 FILED WITH IT, THE CLAIMANT WHO IS ADVERSELY AFFECTED BY THE  
16 DECISION MAY BY PETITION REQUEST THE BOARD TO REVIEW SUCH  
17 ACTION.

18           (B) EFFECT OF NO DECISION FROM DEPARTMENT.--THE FAILURE OF  
19 THE DEPARTMENT TO OFFICIALLY NOTIFY THE CLAIMANT OF A DECISION  
20 WITHIN THE SIX-MONTH PERIOD PROVIDED FOR BY SECTION 1311 SHALL  
21 ACT AS A DENIAL OF THE PETITION, AND A PETITION FOR REVIEW MAY  
22 BE FILED WITH THE BOARD WITHIN 120 DAYS AFTER WRITTEN NOTICE IS  
23 OFFICIALLY RECEIVED BY THE CLAIMANT THAT THE DEPARTMENT HAS  
24 FAILED TO DISPOSE OF THE PETITION WITHIN THE SIX-MONTH PERIOD.

25           (C) CONTENTS OF PETITION FOR REDETERMINATION.--A PETITION  
26 FOR REDETERMINATION FILED SHALL STATE THE REASONS UPON WHICH THE  
27 CLAIMANT RELIES OR SHALL INCORPORATE BY REFERENCE THE PETITION  
28 FOR REDETERMINATION IN WHICH SUCH REASONS WERE STATED. THE  
29 PETITION SHALL BE SUPPORTED BY AFFIDAVIT THAT THE FACTS SET  
30 FORTH THEREIN ARE CORRECT AND TRUE.



1 (D) TIME PERIOD FOR DECISION.--THE BOARD SHALL ACT IN  
2 DISPOSITION OF PETITIONS FILED WITH IT WITHIN SIX MONTHS AFTER  
3 THEY HAVE BEEN RECEIVED, AND IN THE EVENT OF FAILURE OF THE  
4 BOARD TO DISPOSE OF ANY PETITION WITHIN SIX MONTHS, THE ACTION  
5 TAKEN BY THE DEPARTMENT UPON THE PETITION FOR REDETERMINATION  
6 SHALL BE DEEMED SUSTAINED.

7 (E) RELIEF AUTHORIZED BY BOARD.--THE BOARD MAY SUSTAIN THE  
8 ACTION TAKEN BY THE DEPARTMENT ON THE PETITION FOR  
9 REDETERMINATION OR IT MAY TAKE SUCH OTHER ACTION AS IT SHALL  
10 DEEM NECESSARY AND CONSISTENT WITH PROVISIONS OF THIS CHAPTER.

11 (F) FORM OF NOTICE.--NOTICE OF THE ACTION OF THE BOARD SHALL  
12 BE GIVEN BY MAIL TO THE DEPARTMENT AND TO THE CLAIMANT.

13 SECTION 1313. APPEAL.

14 A CLAIMANT AGGRIEVED BY A DECISION OF THE BOARD MAY APPEAL  
15 FROM THE DECISION OF THE BOARD IN THE MANNER PROVIDED BY LAW FOR  
16 APPEALS FROM DECISIONS OF THE BOARD IN TAX CASES.

17 CHAPTER 15

18 INSTALLMENT PAYMENT OF TAXES

19 SECTION 1501. APPLICABILITY.

20 NOTWITHSTANDING THE ACT OF MAY 25, 1945 (P.L.1050, NO.394),  
21 KNOWN AS THE LOCAL TAX COLLECTION LAW, THIS CHAPTER SHALL  
22 AUTHORIZE SCHOOL DISTRICTS OF THE SECOND, THIRD AND FOURTH CLASS  
23 TO PROVIDE FOR THE COLLECTION OF SCHOOL REAL PROPERTY TAXES IN  
24 INSTALLMENTS FOR CERTAIN ELIGIBLE TAXPAYERS, TO ASSIGN  
25 INSTALLMENT CLAIMS AND TO INCREASE THE COMPENSATION OF TAX  
26 COLLECTORS.

27 SECTION 1502. INSTALLMENT PAYMENT OF SCHOOL REAL PROPERTY  
28 TAXES.

29 (A) GENERAL RULE.--A BOARD OF SCHOOL DIRECTORS OF A SCHOOL  
30 DISTRICT OF THE SECOND, THIRD OR FOURTH CLASS MAY ADOPT A

1 RESOLUTION AUTHORIZING THE COLLECTION AND PAYMENT OF SCHOOL REAL  
2 PROPERTY TAXES IN INSTALLMENTS.

3 (B) ADOPTION OF RESOLUTION.--NO LATER THAN JUNE 30, 2006, A  
4 BOARD OF SCHOOL DIRECTORS OF A SCHOOL DISTRICT OF THE SECOND,  
5 THIRD OR FOURTH CLASS THAT DID NOT ELECT TO PARTICIPATE IN THE  
6 FORMER ACT OF JULY 5, 2004 (P.L.654, NO.72), KNOWN AS THE  
7 HOMEOWNER TAX RELIEF ACT, SHALL ADOPT A RESOLUTION AUTHORIZING  
8 THE COLLECTION AND PAYMENT OF SCHOOL REAL PROPERTY TAXES,  
9 EXCLUDING ANY INTERIM OR DELINQUENT SCHOOL PROPERTY TAXES, IN  
10 INSTALLMENTS. NO LATER THAN JUNE 30, 2007, A BOARD OF SCHOOL  
11 DIRECTORS OF A SCHOOL DISTRICT OF THE SECOND, THIRD OR FOURTH  
12 CLASS THAT DID ELECT TO PARTICIPATE IN THE FORMER HOMEOWNER TAX  
13 RELIEF ACT SHALL ADOPT A RESOLUTION AUTHORIZING THE COLLECTION  
14 AND PAYMENT OF SCHOOL REAL PROPERTY TAXES, EXCLUDING ANY INTERIM  
15 OR DELINQUENT SCHOOL PROPERTY TAXES, IN INSTALLMENTS.

16 (C) CONTENTS OF RESOLUTION.--THE RESOLUTION ADOPTED PURSUANT  
17 TO SUBSECTION (B) SHALL SET FORTH ALL OF THE FOLLOWING:

18 (1) THE IDENTIFICATION OF TAXPAYERS ELIGIBLE TO PAY  
19 SCHOOL REAL PROPERTY TAXES IN INSTALLMENTS AS TAXPAYERS WITH  
20 HOMESTEAD OR FARMSTEAD PROPERTY APPROVED PURSUANT TO SECTION  
21 341.

22 (2) THE PROCESS THROUGH WHICH AN ELIGIBLE TAXPAYER MAY  
23 CHOOSE TO PAY SCHOOL REAL PROPERTY TAXES IN INSTALLMENTS. THE  
24 PROCESS SHALL INDICATE THAT:

25 (I) THE PAYMENT OF THE FIRST INSTALLMENT BY A  
26 TAXPAYER BEFORE IT BECOMES DELINQUENT SHALL CONCLUSIVELY  
27 EVIDENCE AN INTENTION TO PAY SCHOOL REAL PROPERTY TAXES  
28 IN INSTALLMENTS.

29 (II) WHERE A TAXPAYER FAILS TO EVIDENCE AN INTENTION  
30 TO PAY SCHOOL REAL PROPERTY TAXES IN INSTALLMENTS, THE

1 SCHOOL REAL PROPERTY TAXES SHALL BECOME DUE AND PAYABLE  
2 AND BE COLLECTED AS PROVIDED IN THE ACT OF MAY 25, 1945  
3 (P.L.1050, NO.394), KNOWN AS THE LOCAL TAX COLLECTION  
4 LAW, SUBJECT TO THE DISCOUNTS AND PENALTIES PROVIDED BY  
5 THAT ACT.

6 (3) THE NUMBER OF INSTALLMENTS THAT AN ELIGIBLE TAXPAYER  
7 SHALL BE REQUIRED TO PAY OF SCHOOL REAL PROPERTY TAXES, WHICH  
8 SHALL BE NO MORE THAN MONTHLY OR NO LESS THAN THREE TIMES  
9 DURING THE MONTHS PRIOR TO THE DATE ESTABLISHED BY THE COUNTY  
10 IN WHICH THE SCHOOL DISTRICT IS LOCATED FOR THE TURNOVER OF  
11 DELINQUENT TAXES PURSUANT TO THE ACT OF JULY 7, 1947  
12 (P.L.1368, NO.542), KNOWN AS THE REAL ESTATE TAX SALE LAW.

13 (4) THE DATES ON WHICH INSTALLMENT PAYMENTS OF SCHOOL  
14 REAL PROPERTY TAXES ARE DUE OR DELINQUENT. NOTWITHSTANDING  
15 THE COMPLETE AND FINAL SETTLEMENT MADE IN ACCORDANCE WITH  
16 SECTION 26 OF THE LOCAL TAX COLLECTION LAW, A BOARD OF SCHOOL  
17 DIRECTORS MAY SET INSTALLMENT PAYMENT DATES SUBSEQUENT TO  
18 DECEMBER 31. THE UNPAID INSTALLMENTS SHALL NOT BE CONSIDERED  
19 DELINQUENT IF PAID ON OR BEFORE THE RESPECTIVE INSTALLMENT  
20 DATES. TO EACH INSTALLMENT ON THE DATE WHEN IT BECOMES  
21 DELINQUENT, A PENALTY OF UP TO 10% SHALL BE ADDED, WHICH  
22 SHALL BE COLLECTED BY THE TAX COLLECTOR. NO FURTHER  
23 PENALTIES, EXCEPT AS PROVIDED IN THIS CHAPTER, SHALL BE ADDED  
24 TO ANY INSTALLMENT OF TAXES, UNLESS ONE OR MORE INSTALLMENTS  
25 REMAIN UNPAID, AND THE LANDS UPON WHICH SUCH INSTALLMENTS ARE  
26 DUE ARE RETURNED UNDER THE EXISTING LAWS TO THE COUNTY  
27 COMMISSIONERS FOR NONPAYMENT OF TAXES, OR IN CASE A LIEN FOR  
28 SUCH UNPAID INSTALLMENT OR INSTALLMENTS IS FILED UNDER  
29 EXISTING LAWS IN THE OFFICE OF THE PROTHONOTARY, IN WHICH  
30 CASE, THE ADDITIONAL PENALTY OR INTEREST PROVIDED FOR BY THE

1 EXISTING RETURN AND LIEN LAWS SHALL APPLY. A TAXPAYER WHO IS  
2 DELINQUENT ON ANY INSTALLMENT PAYMENT SHALL BE INELIGIBLE FOR  
3 THE INSTALLMENT PAYMENT OPTION IN THE FOLLOWING SCHOOL FISCAL  
4 YEAR.

5 SECTION 1503. COLLECTION OF INSTALLMENT PAYMENTS OF SCHOOL REAL  
6 PROPERTY TAXES.

7 (A) CONTRACT.--

8 (1) A SCHOOL DISTRICT MAY CONTRACT WITH A TAX BUREAU  
9 INDEPENDENT OF THE SCHOOL DISTRICT FOR COLLECTION OF  
10 INSTALLMENTS UNDER THIS SECTION. A TAX BUREAU MAY CONTRACT  
11 WITH MORE THAN ONE TAX COLLECTOR. THE TAX COLLECTOR SHALL BE  
12 PAID SUCH COMMISSIONS OR COMPENSATION AT THE SAME RATE ON  
13 INSTALLMENT PAYMENTS AS IS PAID FOR THE COLLECTION OF TAXES  
14 GENERALLY. SUCH COMMISSIONS OR COMPENSATION SHALL BE PAID BY  
15 PROPER ORDERS DRAWN ON THE SCHOOL DISTRICT. EVERY TAX  
16 COLLECTOR SHALL BE RESPONSIBLE AND ACCOUNTABLE TO THE SCHOOL  
17 DISTRICT FOR ALL SUCH TAXES COLLECTED BY THE TAX COLLECTOR,  
18 AND THE FINAL ACCOUNTS AND RECORDS, RETURNS AND PAYMENTS AND  
19 DUPLICATES SHALL BE AUDITED ANNUALLY IN THE YEAR IN WHICH THE  
20 INSTALLMENTS ARE COLLECTED IN LIKE MANNER AND IN ACCORDANCE  
21 WITH THE LAWS PERTAINING TO TAX COLLECTIONS.

22 (2) NOTHING IN THIS ACT SHOULD BE CONSTRUED TO ALTER ANY  
23 EXISTING TAX COLLECTION ARRANGEMENT UNLESS DEEMED APPROPRIATE  
24 BY THE SCHOOL DISTRICT OR AS OTHERWISE PROVIDED FOR UNDER  
25 THIS SECTION.

26 (B) AUTHORIZATION.--A BOARD OF SCHOOL DIRECTORS MAY  
27 AUTHORIZE THE COLLECTION OF INSTALLMENT PAYMENTS:

28 (1) THROUGH ELECTRONIC FUND TRANSFERS THROUGH THE  
29 FEDERAL RESERVE BANK'S AUTOMATED CLEARING HOUSE. ELECTRONIC  
30 FUND TRANSFERS SHALL BE A DEBIT TO THE TAXPAYER'S ACCOUNT TO

1 THE SCHOOL DISTRICT'S DEPOSITORY BANK ACCOUNT AT THE OPTION  
2 OF THE TAXPAYER.

3 (2) BY A CREDIT CARD PAYMENT WHICH SHALL BE MADE THROUGH  
4 THE SCHOOL DISTRICT'S DEPOSITORY BANK OR ANOTHER BANK  
5 DESIGNATED BY THE BOARD OF SCHOOL DIRECTORS. THE BOARD OF  
6 SCHOOL DIRECTORS SHALL ALSO DESIGNATE THE CREDIT CARD TYPE  
7 THAT MAY BE UTILIZED FOR INSTALLMENT PAYMENT COLLECTION.

8 SECTION 1504. ASSIGNMENT OF INSTALLMENT CLAIMS.

9 (A) INITIAL ASSIGNMENT.--A TAXING DISTRICT MAY ASSIGN SOME  
10 OR ALL OF ITS INSTALLMENT CLAIMS, EITHER ABSOLUTELY OR AS  
11 COLLATERAL SECURITY, FOR AN AMOUNT TO BE DETERMINED BY THE  
12 TAXING DISTRICT AND UNDER SUCH TERMS AND CONDITIONS UPON WHICH  
13 THE TAXING DISTRICT AND THE ASSIGNEE SHALL AGREE IN WRITING AND  
14 SHALL BE APPROVED BY RESOLUTION OF THE TAXING DISTRICT. AN  
15 INSTALLMENT CLAIM MAY BE ASSIGNED WHETHER OR NOT ANY INSTALLMENT  
16 THEREUNDER HAS BECOME DELINQUENT. UPON SUCH AN ASSIGNMENT, THE  
17 FOLLOWING SHALL APPLY:

18 (1) ASSIGNMENT SHALL NOT BE DEEMED A DISCHARGE OR  
19 SATISFACTION OF THE INSTALLMENT CLAIM OR THE TAXES GIVING  
20 RISE TO THE INSTALLMENT CLAIM AND ANY LIEN OF THE ASSIGNED  
21 INSTALLMENT CLAIM AND TAXES GIVING RISE TO THE INSTALLMENT  
22 CLAIM SHALL CONTINUE IN FAVOR OF THE ASSIGNEE.

23 (2) THE ASSIGNEE SHALL HAVE AND ENJOY THE SAME RIGHTS,  
24 PRIVILEGES AND REMEDIES AS WERE HELD BY THE TAXING DISTRICT  
25 WITH RESPECT TO THE ASSIGNED INSTALLMENT CLAIM AND THE TAX  
26 GIVING RISE TO THE CLAIM UNDER THE PROVISIONS OF THE ACT OF  
27 MAY 25, 1945 (P.L.1050, NO.394), KNOWN AS THE LOCAL TAX  
28 COLLECTION LAW, OR ANY OTHER LAWS APPLICABLE TO THE  
29 COLLECTION AND ENFORCEMENT OF TAX CLAIMS.

30 (3) AN ASSIGNMENT OF AN INSTALLMENT CLAIM UNDER THIS

1 SECTION SHALL BE DEEMED, UNLESS OTHERWISE PROVIDED IN  
2 WRITING, AN ASSIGNMENT OF APPLICABLE CLAIMS AND LIENS ARISING  
3 WITH RESPECT TO SUCH INSTALLMENT CLAIM UNDER SECTION 33 OF  
4 THE ACT OF MAY 16, 1923 (P.L.207, NO.153), REFERRED TO AS THE  
5 MUNICIPAL CLAIM AND TAX LIEN LAW, AND SECTION 316 OF THE ACT  
6 OF JULY 7, 1947 (P.L.1368, NO.542), KNOWN AS THE REAL ESTATE  
7 TAX SALE LAW.

8 (4) IF THE INSTRUMENT OF ASSIGNMENT SO PROVIDES AND  
9 CONTAINS OR PROVIDES FOR THE DELIVERY OF AN EXTRACT FROM THE  
10 DUPLICATE OF THE INFORMATION PERTAINING TO THE ASSIGNED  
11 INSTALLMENT CLAIMS, THE ASSIGNEE EXCLUSIVELY SHALL HAVE THE  
12 RIGHTS AND DUTIES OF THE TAX COLLECTOR UNDER THE LOCAL TAX  
13 COLLECTION LAW WITH RESPECT TO THE ASSIGNED INSTALLMENT  
14 CLAIMS AND SHALL BE DEEMED TO BE ACTING PURSUANT TO THE  
15 WARRANT PROVIDED IN SECTION 5 OF THE LOCAL TAX COLLECTION  
16 LAW; PROVIDED, THAT THE ASSIGNEE SHALL NOT BE ENTITLED TO ANY  
17 COMMISSION OR SALARY IN SUCH CAPACITY AND SHALL NOT BE  
18 SUBJECT TO SECTIONS 4 AND 16 OF THE LOCAL TAX COLLECTION LAW.

19 (5) AN OWNER OF PROPERTY SHALL HAVE THE SAME RIGHTS AND  
20 DEFENSES UNDER THIS ACT AND ANY OTHER LAW APPLICABLE TO THE  
21 COLLECTION AND ENFORCEMENT OF TAX CLAIMS THAT THE OWNER HELD  
22 AGAINST THE ASSIGNOR.

23 (6) REFERENCES IN THE LOCAL TAX COLLECTION LAW TO A  
24 TAXING DISTRICT WITH RESPECT TO AN INSTALLMENT CLAIM SHALL BE  
25 DEEMED TO BE REFERENCES TO THE ASSIGNEE OF THE TAXING  
26 DISTRICT WITH RESPECT TO ASSIGNED INSTALLMENT CLAIMS EXCEPT  
27 FOR REFERENCES TO ANY ACTIONS TAKEN BY THE TAXING DISTRICT  
28 BEFORE THE ASSIGNMENT.

29 (B) FURTHER ASSIGNMENT.--AN INSTALLMENT CLAIM ASSIGNED  
30 PURSUANT TO THIS SECTION MAY BE FURTHER ASSIGNED, WITH THE

1 SUBSEQUENT ASSIGNEE HAVING AND ENJOYING THE SAME RIGHTS,  
2 PRIVILEGES AND REMEDIES AS ITS ASSIGNOR.  
3 SECTION 1505. CONSIDERING INCREASE IN COMPENSATION OF TAX  
4 COLLECTOR.

5 (A) REQUEST.--WITHIN 15 DAYS OF A BOARD OF SCHOOL DIRECTORS'  
6 ADOPTION OF A RESOLUTION UNDER SECTION 1502, THE TAX COLLECTOR  
7 IN THE SCHOOL DISTRICT MAY, BY SENDING A CERTIFIED LETTER,  
8 REQUEST THAT THE SCHOOL DISTRICT CONSIDER INCREASING THE  
9 COMPENSATION OF THE TAX COLLECTOR TO ACCOUNT FOR ANY INCREASED  
10 ADMINISTRATIVE COSTS INCURRED BY THE TAX COLLECTOR. WITHIN 45  
11 DAYS OF RECEIVING SUCH LETTER, THE SCHOOL DISTRICT SHALL  
12 CONSIDER THE REQUEST.

13 (B) PERMISSION.--WITHIN 15 DAYS OF A BOARD OF SCHOOL  
14 DIRECTORS' ADOPTION OF A RESOLUTION UNDER SECTION 1502, THE  
15 SCHOOL DISTRICT MAY, BY SENDING A CERTIFIED LETTER, INFORM THE  
16 TAX COLLECTOR THAT TAX COLLECTOR COMPENSATION MAY BE ADJUSTED  
17 FOR INSTALLMENTS UNTIL JANUARY 31, 2009. WITHIN 45 DAYS OF  
18 SENDING THE LETTER, THE SCHOOL DISTRICT SHALL CONSIDER ANY  
19 ADJUSTMENT.

20 CHAPTER 50

21 MISCELLANEOUS PROVISIONS

22 SECTION 5001. OTHER SUBJECTS OF TAXATION.

23 NO SCHOOL DISTRICT WHICH HAS NOT ALREADY MADE AN ELECTION TO  
24 ADOPT THE PROVISIONS OF 53 PA.C.S. CH. 87 (RELATING TO OTHER  
25 SUBJECTS OF TAXATION) MAY MAKE AN ELECTION TO DO SO AFTER THE  
26 EFFECTIVE DATE OF THIS SECTION.

27 SECTION 5002. APPROPRIATIONS.

28 THE SUM OF \$3,000,000, OR AS MUCH THEREOF AS MAY BE  
29 NECESSARY, IS HEREBY APPROPRIATED FROM THE PROPERTY TAX RELIEF  
30 RESERVE FUND TO THE DEPARTMENT OF COMMUNITY AND ECONOMIC

1 DEVELOPMENT FOR THE PURPOSE OF MAKING ONE-TIME TRANSITION GRANTS  
2 TO COUNTIES, OTHER THAN COUNTIES OF THE FIRST CLASS, FOR COSTS  
3 ASSOCIATED WITH IMPLEMENTING THE TAXPAYER RELIEF ACT. GRANTS  
4 SHALL BE MADE PURSUANT TO GUIDELINES ADOPTED BY THE DEPARTMENT  
5 AND SHALL BE LIMITED TO FUNDS APPROPRIATED FOR THIS PURPOSE. THE  
6 DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT SHALL NOT DRAW  
7 A WARRANT UPON THE STATE TREASURER FOR A DISBURSEMENT FROM THIS  
8 APPROPRIATION UNTIL THE STATE TREASURER CERTIFIES THAT THE  
9 PROPERTY TAX RELIEF RESERVE FUND HAS AT LEAST A \$3,000,000  
10 BALANCE.

11 SECTION 5003. PROHIBITION.

12 A SCHOOL DISTRICT THAT HAS AUTHORIZED THE LEVY OF A 0.1%  
13 EARNED INCOME AND NET PROFITS TAX, BY RESOLUTION OR REFERENDUM,  
14 UNDER THE FORMER ACT OF JULY 5, 2004 (P.L.654, NO.72), KNOWN AS  
15 THE HOMEOWNER TAX RELIEF ACT, IS PROHIBITED FROM LEVYING,  
16 ASSESSING OR COLLECTING THE TAX.

17 SECTION 5004. AUTHORITY TO LEVY, ASSESS AND COLLECT TAXES.

18 THE FOLLOWING SHALL APPLY:

19 (1) EXCEPT AS PROVIDED IN PARAGRAPH (2), THE AUTHORITY  
20 OF ANY INDEPENDENT SCHOOL DISTRICT TO LEVY, ASSESS AND  
21 COLLECT ANY TAX UNDER THE ACT OF DECEMBER 31, 1965 (P.L.1257,  
22 NO.511), KNOWN AS THE LOCAL TAX ENABLING ACT, SHALL EXPIRE AT  
23 MIDNIGHT ON DECEMBER 31, 2011.

24 (2) THE PROVISIONS OF PARAGRAPH (1) SHALL NOT PREVENT OR  
25 INTERFERE WITH ANY ACTION OF ANY INDEPENDENT SCHOOL DISTRICT  
26 TO COLLECT ANY TAX IMPOSED UNDER THE AUTHORITY OF THE LOCAL  
27 TAX ENABLING ACT THAT IS LEVIED AND ASSESSED PRIOR TO JANUARY  
28 1, 2012.

29 SECTION 5005. REPEALS.

30 REPEALS ARE AS FOLLOWS:



1           (1) SECTION 9 OF THE ACT OF DECEMBER 31, 1965 (P.L.1257,  
2 NO.511), KNOWN AS THE LOCAL TAX ENABLING ACT, IS REPEALED.

3           (2) THE GENERAL ASSEMBLY DECLARES THAT THE REPEALS UNDER  
4 PARAGRAPHS (2), (3), (4), (5) AND (6) ARE NECESSARY TO  
5 EFFECTUATE THIS ACT.

6           (3) THE ACT OF MARCH 11, 1971 (P.L.104, NO.3), KNOWN AS  
7 THE SENIOR CITIZENS REBATE AND ASSISTANCE ACT, IS REPEALED.

8           (4) THE ACT OF JULY 5, 2004 (P.L.654, NO.72), KNOWN AS  
9 THE HOMEOWNER TAX RELIEF ACT, IS REPEALED.

10          (5) 53 PA.C.S. CH.89, SUBCH. B IS REPEALED.

11          (6) ANY ACT THAT PROVIDES FOR A REGISTER OF MUNICIPAL  
12 AND SCHOOL DISTRICT WITHHOLDING TAXES IS REPEALED INSOFAR AS  
13 IT IS INCONSISTENT WITH THE PROVISIONS OF SECTION 351.

14 SECTION 5006. CONTINUATION.

15          THE ADDITION OF CHAPTER 13 IS A CONTINUATION OF THE FORMER  
16 ACT OF MARCH 11, 1971 (P.L.104, NO.3), KNOWN AS THE SENIOR  
17 CITIZENS REBATE AND ASSISTANCE ACT. EXCEPT AS OTHERWISE PROVIDED  
18 IN CHAPTER 13, ALL ACTIVITIES INITIATED UNDER THE FORMER SENIOR  
19 CITIZENS REBATE AND ASSISTANCE ACT SHALL CONTINUE AND REMAIN IN  
20 FULL FORCE AND EFFECT AND MAY BE COMPLETED UNDER CHAPTER 13.

21 ORDERS, REGULATIONS, RULES AND DECISIONS WHICH WERE MADE UNDER  
22 THE FORMER SENIOR CITIZENS REBATE AND ASSISTANCE ACT AND WHICH  
23 ARE IN EFFECT ON THE EFFECTIVE DATE OF SECTION 5005(2) SHALL  
24 REMAIN IN FULL FORCE AND EFFECT UNTIL REVOKED, VACATED OR  
25 MODIFIED UNDER CHAPTER 13.

26 SECTION 5007. EFFECTIVE DATE.

27          THIS ACT SHALL TAKE EFFECT IMMEDIATELY.