

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1489 Session of 2007

INTRODUCED BY DeWEESE, McCALL, BRENNAN, BUXTON, CALTAGIRONE, CARROLL, COSTA, CURRY, GALLOWAY, GIBBONS, HARHAI, HORNAMAN, KIRKLAND, KOTIK, KULA, MAHONEY, MUNDY, SCAVELLO, SIPTROTH, STABACK, WALKO AND YUDICHAK, JUNE 7, 2007

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES, AS AMENDED, NOVEMBER 1, 2007

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
2 act relating to tax reform and State taxation by codifying
3 and enumerating certain subjects of taxation and imposing
4 taxes thereon; providing procedures for the payment,
5 collection, administration and enforcement thereof; providing
6 for tax credits in certain cases; conferring powers and
7 imposing duties upon the Department of Revenue, certain
8 employers, fiduciaries, individuals, persons, corporations
9 and other entities; prescribing crimes, offenses and
10 penalties," further providing, in sales and use tax, for
11 imposition of tax; repealing, in sales and use tax,
12 provisions relating to computation of tax; providing, in
13 sales and use tax, for tax table; further providing, in sales
14 and use tax, for alternative imposition of tax and credits
15 and for hotel occupancy tax imposition; and; providing for <—
16 the deposit of certain sales tax revenue AND FOR STATE <—
17 PROPERTY TAX REDUCTION ALLOCATION; AND MAKING A RELATED
18 REPEAL.

19 The General Assembly of the Commonwealth of Pennsylvania
20 hereby enacts as follows:

21 Section 1. Section 202 of the act of March 4, 1971 (P.L.6,
22 No.2), known as the Tax Reform Code of 1971, amended September
23 9, 1971 (P.L.437, No.105), October 4, 1978 (P.L.987, No.201),
24 April 23, 1998 (P.L.239, No.45), May 24, 2000 (P.L.106, No.23)

1 and June 29, 2002 (P.L.559, No.89), is amended to read:

2 Section 202. Imposition of Tax.--(a) There is hereby
3 imposed upon each separate sale at retail of tangible personal
4 property or services, as defined herein, within this
5 Commonwealth a tax of six and one-half per cent of the purchase
6 price, which tax shall be collected by the vendor from the
7 purchaser, and shall be paid over to the Commonwealth as herein
8 provided.

9 (b) There is hereby imposed upon the use, on and after the
10 effective date of this article, within this Commonwealth of
11 tangible personal property purchased at retail on or after the
12 effective date of this article, and on those services described
13 herein purchased at retail on and after the effective date of
14 this article, a tax of six and one-half per cent of the purchase
15 price, which tax shall be paid to the Commonwealth by the person
16 who makes such use as herein provided, except that such tax
17 shall not be paid to the Commonwealth by such person where he
18 has paid the tax imposed by subsection (a) of this section or
19 has paid the tax imposed by this subsection (b) to the vendor
20 with respect to such use. The tax [at the rate of six per cent]
21 imposed by this subsection shall not be deemed applicable where
22 the tax has been incurred under the provisions of the "Tax Act
23 of 1963 for Education."

24 (c) Notwithstanding any other provisions of this article,
25 the tax with respect to telecommunications service within the
26 meaning of clause (m) of section 201 of this article shall,
27 except for telegrams paid for in cash at telegraph offices, be
28 computed at the rate of six and one-half per cent upon the total
29 amount charged to customers for such services, irrespective of
30 whether such charge is based upon a flat rate or upon a message

1 unit charge, but in no event shall charges for telephone calls
2 paid for by inserting money into a telephone accepting direct
3 deposits of money to operate be subject to this tax. A
4 telecommunications service provider shall have no responsibility
5 or liability to the Commonwealth for billing, collecting or
6 remitting taxes that apply to services, products or other
7 commerce sold over telecommunications lines by third-party
8 vendors. To prevent actual multistate taxation of interstate
9 telecommunications service, any taxpayer, upon proof that the
10 taxpayer has paid a similar tax to another state on the same
11 interstate telecommunications service, shall be allowed a credit
12 against the tax imposed by this section on the same interstate
13 telecommunications service to the extent of the amount of such
14 tax properly due and paid to such other state.

15 (d) Notwithstanding any other provisions of this article,
16 the sale or use of food and beverages dispensed by means of coin
17 operated vending machines shall be taxed at the rate of six and
18 one-half per cent of the receipts collected from any such
19 machine which dispenses food and beverages heretofore taxable.

20 (e) (1) Notwithstanding any provisions of this article, the
21 sale or use of prepaid telecommunications evidenced by the
22 transfer of tangible personal property shall be subject to the
23 tax imposed by subsections (a) and (b).

24 (2) The sale or use of prepaid telecommunications not
25 evidenced by the transfer of tangible personal property shall be
26 subject to the tax imposed by subsections (a) and (b) and shall
27 be deemed to occur at the purchaser's billing address.

28 (3) Notwithstanding clause (2), the sale or use of prepaid
29 telecommunications service not evidenced by the transfer of
30 tangible personal property shall be taxed at the rate of six and

1 one-half per cent of the receipts collected on each sale if the
2 service provider elects to collect the tax imposed by this
3 article on receipts of each sale. The service provider shall
4 notify the department of its election and shall collect the tax
5 on receipts of each sale until the service provider notifies the
6 department otherwise.

7 (e.1) (1) Notwithstanding any other provision of this
8 article, the sale or use of prepaid mobile telecommunications
9 service evidenced by the transfer of tangible personal property
10 shall be subject to the tax imposed by subsections (a) and (b).

11 (2) The sale or use of prepaid mobile telecommunications
12 service not evidenced by the transfer of tangible personal
13 property shall be subject to the tax imposed by subsections (a)
14 and (b) and shall be deemed to occur at the purchaser's billing
15 address or the location associated with the mobile telephone
16 number or the point of sale, whichever is applicable.

17 (3) Notwithstanding clause (2), the sale or use of prepaid
18 mobile telecommunications service not evidenced by the transfer
19 of tangible personal property shall be taxed at the rate of six
20 and one-half per cent of the receipts collected on each sale if
21 the service provider elects to collect the tax imposed by this
22 article on receipts of each sale. The service provider shall
23 notify the department of its election and shall collect the tax
24 on receipts of each sale until the service provider notifies the
25 department otherwise.

26 (f) Notwithstanding any other provision of this article, tax
27 with respect to sales of prebuilt housing shall be imposed on
28 the prebuilt housing builder at the time of the prebuilt housing
29 sale within this Commonwealth and shall be paid and reported by
30 the prebuilt housing builder to the department in the time and

1 manner provided in this article: Provided, however, That a
2 manufacturer of prebuilt housing may, at its option, precollect
3 the tax from the prebuilt housing builder at the time of sale to
4 the prebuilt housing builder. In any case where prebuilt housing
5 is purchased and the tax is not paid by the prebuilt housing
6 builder or precollected by the manufacturer, the prebuilt
7 housing purchaser shall remit tax directly to the department if
8 the prebuilt housing is used in this Commonwealth without regard
9 to whether the prebuilt housing becomes a real estate structure.

10 (g) Notwithstanding any other provisions of this article and
11 in accordance with the Mobile Telecommunications Sourcing Act (4
12 U.S.C. § 116), the sale or use of mobile telecommunications
13 services which are deemed to be provided to a customer by a home
14 service provider under section 117(a) and (b) of the Mobile
15 Telecommunications Sourcing Act shall be subject to the tax of
16 six and one-half per cent of the purchase price, which tax shall
17 be collected by the home service provider from the customer, and
18 shall be paid over to the Commonwealth as herein provided if the
19 customer's place of primary use is located within this
20 Commonwealth, regardless of where the mobile telecommunications
21 services originate, terminate or pass through. For purposes of
22 this subsection, words and phrases used in this subsection shall
23 have the same meanings given to them in the Mobile
24 Telecommunications Sourcing Act.

25 Section 2. Section 203 of the act is repealed:

26 [Section 203. Computation of Tax.--The amount of tax imposed
27 by section 202 of this article shall be computed as follows:

28 (a) If the purchase price is ten cents (10¢) or less, no tax
29 shall be collected.

30 (b) If the purchase price is eleven cents (11¢) or more but

1 less than eighteen cents (18¢), one cent (1¢) shall be
2 collected.

3 (c) If the purchase price is or more but less than thirty-
4 five cents (35¢), two cents (2¢) shall be collected.

5 (d) If the purchase price is thirty-five cents or more but
6 less than fifty-one cents (51¢), three cents (3¢) shall be
7 collected.

8 (e) If the purchase price is fifty-one cents (51¢) or more
9 but less than sixty-eight cents (68¢), four cents (4¢) shall be
10 collected.

11 (f) If the purchase price is sixty-eight cents (68¢) or more
12 but less than eighty-five cents (85¢), five cents (5¢) shall be
13 collected.

14 (g) If the purchase price is eighty-five cents (85¢) or more
15 but less than one dollar and one cent (\$1.01), six cents (6¢)
16 shall be collected.

17 (h) If the purchase price is more than one dollar (\$1.00),
18 six per centum of each dollar of purchase price plus the above
19 bracket charges upon any fractional part of a dollar in excess
20 of even dollars shall be collected.]

21 Section 3. The act is amended by adding a section to read:

22 Section 203.1. Tax Table.--Within thirty days of the
23 effective date of this section, the department shall prepare and
24 publish as a notice in the Pennsylvania Bulletin a table setting
25 forth the amount of tax imposed under section 202 for purchase
26 prices that result in a tax containing a fraction of less than a
27 cent.

28 Section 4. Section 205 of the act, amended June 9, 1978
29 (P.L.463, No.62) and July 12, 2006 (P.L.1137, No.116), is
30 amended to read:

1 Section 205. Alternate Imposition of Tax; Credits.--(a) If
2 any person actively and principally engaged in the business of
3 selling new or used motor vehicles, trailers or semi-trailers,
4 and registered with the department in the "dealer's class,"
5 acquires a motor vehicle, trailer or semi-trailer for the
6 purpose of resale, and prior to such resale, uses the motor
7 vehicle, trailer or semi-trailer for a taxable use under this
8 act, the person may pay a tax equal to six and one-half per cent
9 of the fair rental value of the motor vehicle, trailer or semi-
10 trailer during such use. This section shall not apply to the use
11 of a vehicle as a wrecker, parts truck, delivery truck or
12 courtesy car.

13 (b) A commercial aircraft operator who acquires an aircraft
14 for the purpose of resale, or lease, or is entitled to claim
15 another valid exemption at the time of purchase, and subsequent
16 to such purchase, periodically uses the same aircraft for a
17 taxable use under this act, may elect to pay a tax equal to six
18 and one-half per cent of the fair rental value of the aircraft
19 during such use.

20 Section 5. Section 210 of the act is amended to read:

21 Section 210. Imposition of Tax.--There is hereby imposed an
22 excise tax of six and one-half per cent of the rent upon every
23 occupancy of a room or rooms in a hotel in this Commonwealth,
24 which tax shall be collected by the operator from the occupant
25 and paid over to the Commonwealth as herein provided.

26 Section 6. The act is amended by adding ~~a section~~ SECTIONS ←
27 to read:

28 Section 281.3. Transfers to Property Tax Relief Fund.--
29 Notwithstanding any other law to the contrary, all revenues
30 received by the department on or after July 1, 2007, from the ←

1 2008, ATTRIBUTABLE TO THE ONE-HALF PER CENT increase in the rate <—
2 of sales and use tax and hotel occupancy tax effective July 1,
3 2007 2008, shall be transferred monthly within ten calendar days <—
4 of the end of the month to the Property Tax Relief Fund
5 established in 4 Pa.C.S. § 1409 (relating to Property Tax Relief
6 Fund) to be used in accordance with SECTION 281.4 AND the <—
7 provisions of the act of June 27, 2006 (1st Sp.Sess., P.L.1873,
8 No.1), known as the "Taxpayer Relief Act."

9 SECTION 281.4. STATE PROPERTY TAX REDUCTION ALLOCATION.--(A) <—
10 THE DEPARTMENT SHALL ANNUALLY CALCULATE A STATE PROPERTY TAX
11 REDUCTION ALLOCATION AS PROVIDED UNDER SUBSECTIONS (A.1) AND
12 (A.2).

13 (A.1) FOR THE PURPOSES OF APPLYING THE CERTIFICATION MADE BY
14 THE SECRETARY THAT IS REQUIRED TO BE MADE BY APRIL 15, 2008,
15 UNDER SECTION 503(A) OF THE ACT OF JUNE 27, 2006 (1ST SP.SESS.,
16 P.L.1873, NO.1), KNOWN AS THE "TAXPAYER RELIEF ACT," THE
17 DEPARTMENT SHALL DO ALL OF THE FOLLOWING:

18 (1) ARRAY THE 2005 PERSONAL INCOME VALUATION DIVIDED BY THE
19 2006-2007 AVERAGE DAILY MEMBERSHIP, THE 2006-2007 MARKET
20 VALUE/INCOME AID RATIO, THE 2006-2007 EQUALIZED MILLAGE AND THE
21 2006-2007 SCHOOL TAX RATIO OF EACH SCHOOL DISTRICT IN RANK ORDER
22 AND ASSIGN EACH SCHOOL DISTRICT A DISCREET NUMERICAL RANK FOR
23 ITS PERSONAL INCOME VALUATION PER AVERAGE DAILY MEMBERSHIP, ITS
24 MARKET VALUE/INCOME AID RATIO, ITS EQUALIZED MILLAGE AND ITS
25 SCHOOL TAX RATIO. FOR THE NUMERICAL RANK OF A SCHOOL DISTRICT'S
26 PERSONAL INCOME VALUATION PER AVERAGE DAILY MEMBERSHIP, THE
27 SCHOOL DISTRICT WITH THE LOWEST PERSONAL INCOME VALUATION PER
28 AVERAGE DAILY MEMBERSHIP SHALL HAVE THE HIGHEST NUMERICAL RANK.
29 FOR THE NUMERICAL RANK OF A SCHOOL DISTRICT'S MARKET
30 VALUE/INCOME AID RATIO, THE SCHOOL DISTRICT WITH THE HIGHEST

1 MARKET VALUE/INCOME AID RATIO SHALL HAVE THE HIGHEST NUMERICAL
2 RANK, PROVIDED THAT ALL SCHOOL DISTRICTS WITH A MARKET
3 VALUE/INCOME AID RATIO EQUAL TO 0.15 SHALL RECEIVE A RANKING OF
4 1. FOR THE NUMERICAL RANK OF A SCHOOL DISTRICT'S EQUALIZED
5 MILLAGE, THE SCHOOL DISTRICT WITH THE HIGHEST EQUALIZED MILLAGE
6 SHALL HAVE THE HIGHEST NUMERICAL RANK. FOR THE NUMERICAL RANK OF
7 A SCHOOL DISTRICT'S SCHOOL TAX RATIO, THE SCHOOL DISTRICT WITH
8 THE HIGHEST SCHOOL TAX RATIO SHALL HAVE THE HIGHEST NUMERICAL
9 RANK.

10 (2) ASSIGN EACH SCHOOL DISTRICT A PROPERTY TAX REDUCTION
11 INDEX.

12 (3) IF THE DEPARTMENT RECEIVES AUTHORIZATION UNDER SECTION
13 503(D) OF THE "TAXPAYER RELIEF ACT," ALLOCATE THE PROPERTY TAX
14 REDUCTION FOR EACH SCHOOL DISTRICT AS FOLLOWS:

15 (I) CALCULATE THE PROPERTY TAX REDUCTION ALLOCATION AS
16 FOLLOWS:

17 (A) MULTIPLY THE SCHOOL DISTRICT'S 2006-2007 AVERAGE DAILY
18 MEMBERSHIP BY THE SCHOOL DISTRICT'S PROPERTY TAX REDUCTION
19 INDEX.

20 (B) MULTIPLY THE PRODUCT UNDER CLAUSE (A) BY THE DOLLAR
21 AMOUNT NECESSARY TO ALLOCATE ALL OF THE MONEY AVAILABLE FOR
22 DISTRIBUTION UNDER SECTION 503(E) OF THE "TAXPAYER RELIEF ACT."
23 IF THE AMOUNT FOR DISTRIBUTION UNDER SECTION 503(E) OF THE
24 "TAXPAYER RELIEF ACT" IS LESS THAN \$750,000,000, THE DOLLAR
25 AMOUNT SHALL BE THE DOLLAR AMOUNT NECESSARY TO ALLOCATE
26 \$750,000,000.

27 (C) IF APPLICABLE, PROVIDE FOR THE ALLOCATION MINIMUM OR
28 ALLOCATION MAXIMUM UNDER SUBPARAGRAPH (II) OR (III).

29 (II) IF THE SUM OF THE ALLOCATION UNDER THIS PARAGRAPH AND
30 THE ESTIMATED LOCAL REVENUE CALCULATION CERTIFIED UNDER SECTION

1 503(B) OF THE "TAXPAYER RELIEF ACT" IS LESS THAN THE PRODUCT OF
2 THE RESIDENTIAL PROPERTY TAXES COLLECTED DURING THE 2006-2007
3 FISCAL YEAR AND THE ALLOCATION MINIMUM FOR A SCHOOL DISTRICT,
4 THE SCHOOL DISTRICT SHALL RECEIVE AN ADDITIONAL AMOUNT SO THAT
5 THE SUM OF THE TOTAL ALLOCATION UNDER THIS PARAGRAPH AND THE
6 ESTIMATED LOCAL REVENUE CALCULATION CERTIFIED UNDER SECTION
7 503(B) OF THE "TAXPAYER RELIEF ACT" IS EQUAL TO THE PRODUCT OF
8 THE RESIDENTIAL PROPERTY TAXES COLLECTED DURING THE 2006-2007
9 FISCAL YEAR AND THE ALLOCATION MINIMUM.

10 (III) EXCEPT AS SET FORTH IN SUBSECTION (C), IF THE SUM OF
11 THE TOTAL ALLOCATION UNDER THIS PARAGRAPH AND THE ESTIMATED
12 LOCAL REVENUE CALCULATION CERTIFIED UNDER SECTION 503(B) OF THE
13 TAXPAYER RELIEF ACT IS GREATER THAN THE PRODUCT OF THE
14 RESIDENTIAL PROPERTY TAXES COLLECTED DURING THE 2006-2007 FISCAL
15 YEAR AND THE ALLOCATION MAXIMUM FOR A SCHOOL DISTRICT, THE
16 SCHOOL DISTRICT SHALL RECEIVE A TOTAL ALLOCATION SUCH THAT THE
17 SUM OF THE TOTAL ALLOCATION AND THE ESTIMATED LOCAL REVENUE
18 CALCULATION CERTIFIED UNDER SECTION 503(B) OF THE "TAXPAYER
19 RELIEF ACT" IS EQUAL TO THE PRODUCT OF THE RESIDENTIAL PROPERTY
20 TAXES COLLECTED DURING THE 2006-2007 FISCAL YEAR AND THE
21 ALLOCATION MAXIMUM.

22 (IV) IF THE AMOUNT FOR DISTRIBUTION UNDER SECTION 503(E) OF
23 THE "TAXPAYER RELIEF ACT" IS LESS THAN \$750,000,000, EACH SCHOOL
24 DISTRICT SHALL RECEIVE A PRO RATA SHARE OF THE PROPERTY TAX
25 REDUCTION ALLOCATION CALCULATED UNDER THIS PARAGRAPH AT
26 \$750,000,000.

27 (4) NOTIFY EACH SCHOOL DISTRICT OF THE AMOUNT OF ITS
28 PROPERTY TAX REDUCTION ALLOCATION NO LATER THAN MAY 1 OF EACH
29 YEAR.

30 (A.2) FOR THE PURPOSES OF APPLYING THE CERTIFICATION MADE BY

1 THE SECRETARY UNDER SECTION 503(A) OF THE "TAXPAYER RELIEF ACT"
2 WHICH IS REQUIRED TO BE MADE BY APRIL 15, 2009, AND EACH APRIL
3 15 THEREAFTER, THE DEPARTMENT SHALL DO ALL OF THE FOLLOWING:
4 (1) ARRAY THE PERSONAL INCOME VALUATION FOR THE SECOND
5 CALENDAR YEAR IMMEDIATELY PRIOR TO THE MOST RECENTLY ENDED
6 CALENDAR YEAR DIVIDED BY THE AVERAGE DAILY MEMBERSHIP FOR THE
7 MOST RECENTLY COMPLETED FISCAL YEAR, THE MARKET VALUE/INCOME AID
8 RATIO FOR THE MOST RECENTLY COMPLETED FISCAL YEAR, THE EQUALIZED
9 MILLAGE FOR THE MOST RECENTLY COMPLETED FISCAL YEAR AND THE
10 SCHOOL TAX RATIO OF EACH SCHOOL DISTRICT IN RANK ORDER AND
11 ASSIGN EACH SCHOOL DISTRICT A DISCRETE NUMERICAL RANK FOR ITS
12 PERSONAL INCOME VALUATION PER AVERAGE DAILY MEMBERSHIP, ITS
13 MARKET VALUE/INCOME AID RATIO, ITS EQUALIZED MILLAGE AND ITS
14 SCHOOL TAX RATIO. FOR THE NUMERICAL RANK OF A SCHOOL DISTRICT'S
15 PERSONAL INCOME VALUATION PER AVERAGE DAILY MEMBERSHIP, THE
16 SCHOOL DISTRICT WITH THE LOWEST PERSONAL INCOME VALUATION PER
17 AVERAGE DAILY MEMBERSHIP SHALL HAVE THE HIGHEST NUMERICAL RANK.
18 FOR THE NUMERICAL RANK OF A SCHOOL DISTRICT'S MARKET
19 VALUE/INCOME AID RATIO, THE SCHOOL DISTRICT WITH THE HIGHEST
20 MARKET VALUE/INCOME AID RATIO SHALL HAVE THE HIGHEST NUMERICAL
21 RANK, PROVIDED THAT ALL SCHOOL DISTRICTS WITH A MARKET
22 VALUE/INCOME AID RATIO EQUAL TO 0.15 SHALL RECEIVE A RANKING OF
23 1. FOR THE NUMERICAL RANK OF A SCHOOL DISTRICT'S EQUALIZED
24 MILLAGE, THE SCHOOL DISTRICT WITH THE HIGHEST EQUALIZED MILLAGE
25 SHALL HAVE THE HIGHEST NUMERICAL RANK. FOR THE NUMERICAL RANK OF
26 A SCHOOL DISTRICT'S SCHOOL TAX RATIO, THE SCHOOL DISTRICT WITH
27 THE HIGHEST SCHOOL TAX RATIO SHALL HAVE THE HIGHEST NUMERICAL
28 RANK.
29 (2) ASSIGN EACH SCHOOL DISTRICT A PROPERTY TAX REDUCTION
30 INDEX.

1 (3) IF THE DEPARTMENT RECEIVES AUTHORIZATION UNDER SECTION
2 503(D) OF THE "TAXPAYER RELIEF ACT," ALLOCATE THE PROPERTY TAX
3 REDUCTION FOR EACH SCHOOL DISTRICT AS FOLLOWS:

4 (I) CALCULATE THE PROPERTY TAX REDUCTION ALLOCATION AS
5 FOLLOWS:

6 (A) MULTIPLY THE SCHOOL DISTRICT'S AVERAGE DAILY MEMBERSHIP
7 FOR THE MOST RECENTLY COMPLETED FISCAL YEAR BY THE SCHOOL
8 DISTRICT'S PROPERTY TAX REDUCTION INDEX.

9 (B) MULTIPLY THE PRODUCT UNDER CLAUSE (A) BY THE DOLLAR
10 AMOUNT NECESSARY TO ALLOCATE ALL OF THE MONEY AVAILABLE FOR
11 DISTRIBUTION UNDER SECTION 503(E) OF THE "TAXPAYER RELIEF ACT."
12 IF THE AMOUNT FOR DISTRIBUTION UNDER SECTION 503(E) OF THE
13 "TAXPAYER RELIEF ACT" IS LESS THAN \$750,000,000, THE DOLLAR
14 AMOUNT SHALL BE THE DOLLAR AMOUNT NECESSARY TO ALLOCATE
15 \$750,000,000.

16 (C) IF APPLICABLE, PROVIDE FOR THE ALLOCATION MINIMUM OR
17 ALLOCATION MAXIMUM UNDER SUBPARAGRAPH (II) OR (III).

18 (II) IF THE SUM OF THE ALLOCATION UNDER THIS PARAGRAPH AND
19 THE ESTIMATED LOCAL REVENUE CALCULATION CERTIFIED UNDER SECTION
20 503(B) OF THE "TAXPAYER RELIEF ACT" IS LESS THAN THE PRODUCT OF
21 THE RESIDENTIAL PROPERTY TAXES COLLECTED DURING THE MOST
22 RECENTLY COMPLETED FISCAL YEAR AND THE ALLOCATION MINIMUM FOR A
23 SCHOOL DISTRICT, THE SCHOOL DISTRICT SHALL RECEIVE AN ADDITIONAL
24 AMOUNT SO THAT THE SUM OF THE TOTAL ALLOCATION UNDER THIS
25 PARAGRAPH AND THE ESTIMATED LOCAL REVENUE CALCULATION CERTIFIED
26 UNDER SECTION 503(B) OF THE "TAXPAYER RELIEF ACT" IS EQUAL TO
27 THE PRODUCT OF THE RESIDENTIAL PROPERTY TAXES COLLECTED DURING
28 THE MOST RECENTLY COMPLETED FISCAL YEAR AND THE ALLOCATION
29 MINIMUM.

30 (III) EXCEPT AS SET FORTH IN SUBSECTION (C), IF THE SUM OF

1 THE TOTAL ALLOCATION UNDER THIS PARAGRAPH AND THE ESTIMATED
2 LOCAL REVENUE CALCULATION CERTIFIED UNDER SECTION 503(B) OF THE
3 "TAXPAYER RELIEF ACT" IS GREATER THAN THE PRODUCT OF THE
4 RESIDENTIAL PROPERTY TAXES COLLECTED DURING THE MOST RECENTLY
5 COMPLETED FISCAL YEAR AND THE ALLOCATION MAXIMUM FOR A SCHOOL
6 DISTRICT, THE SCHOOL DISTRICT SHALL RECEIVE A TOTAL ALLOCATION
7 SUCH THAT THE SUM OF THE TOTAL ALLOCATION AND THE ESTIMATED
8 LOCAL REVENUE CALCULATION CERTIFIED UNDER SECTION 503(B) OF THE
9 "TAXPAYER RELIEF ACT" IS EQUAL TO THE PRODUCT OF THE RESIDENTIAL
10 PROPERTY TAXES COLLECTED DURING THE MOST RECENTLY COMPLETED
11 FISCAL YEAR AND THE ALLOCATION MAXIMUM.

12 (IV) IF THE AMOUNT OF DISTRIBUTION UNDER SECTION 503(E) OF
13 THE "TAXPAYER RELIEF ACT" IS LESS THAN \$750,000,000, EACH SCHOOL
14 DISTRICT SHALL RECEIVE A PRO RATA SHARE OF THE PROPERTY TAX
15 REDUCTION ALLOCATION CALCULATED UNDER THIS PARAGRAPH AT
16 \$750,000,000.

17 (4) NOTIFY EACH SCHOOL DISTRICT OF THE AMOUNT OF ITS
18 PROPERTY TAX REDUCTION ALLOCATION NO LATER THAN MAY 1 OF EACH
19 YEAR.

20 (B) FOR THE FISCAL YEAR COMMENCING JULY 1, 2006, AND JULY 1
21 OF EACH FISCAL YEAR THEREAFTER, EXCEPT AS SET FORTH IN
22 SUBSECTION (C), THE DEPARTMENT SHALL PAY TO EACH ELIGIBLE SCHOOL
23 DISTRICT A PROPERTY TAX REDUCTION ALLOCATION EQUAL TO THE AMOUNT
24 CALCULATED UNDER SUBSECTION (A.1)(3) OR (A.2)(3). THE PROPERTY
25 TAX REDUCTION ALLOCATION SHALL BE DIVIDED INTO TWO EQUAL
26 PAYMENTS, WHICH SHALL BE MADE ON THE FOURTH THURSDAY OF AUGUST
27 AND THE FOURTH THURSDAY OF OCTOBER. EACH SCHOOL DISTRICT SHALL
28 BE ELIGIBLE TO RECEIVE A PROPERTY TAX REDUCTION ALLOCATION UNDER
29 THIS SECTION UNLESS ITS BOARD OF SCHOOL DIRECTORS TAKES ACTION
30 UNDER SECTION 903 OF THE "TAXPAYER RELIEF ACT."

1 (C) THE PROPERTY TAX REDUCTION ALLOCATION FOR A SCHOOL
2 DISTRICT OF THE FIRST CLASS SHALL BE PAID BY THE DEPARTMENT TO A
3 CITY OF THE FIRST CLASS. THE LIMITATIONS SET FORTH IN SUBSECTION
4 (A.1)(3)(III) OR (A.2)(3)(III) SHALL NOT APPLY TO THE
5 CALCULATION OF THE PROPERTY TAX REDUCTION ALLOCATION FOR A
6 SCHOOL DISTRICT OF THE FIRST CLASS.

7 (D) A CITY COUNCIL OF A CITY OF THE FIRST CLASS SHALL REDUCE
8 ANY TAX IMPOSED ON THE WAGES OF RESIDENTS AND NONRESIDENTS UNDER
9 THE AUTHORITY OF THE ACT OF AUGUST 5, 1932 (SP.SESS., P.L.45,
10 NO.45), REFERRED TO AS THE STERLING ACT, IN A MANNER CONSISTENT
11 WITH CHAPTER 7 OF THE "TAXPAYER RELIEF ACT" AND IN ACCORDANCE
12 WITH THE FOLLOWING:

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

18 (2) FOR NONRESIDENTS, BY ANY AMOUNT EQUAL TO THE AMOUNT OF
19 THE PROPERTY TAX REDUCTION ALLOCATION RECEIVED FROM THE
20 COMMONWEALTH PURSUANT TO SUBSECTION (B) OF THE TAXPAYER RELIEF
21 ACT IN EXCESS OF THE LIMITATIONS SET FORTH IN SUBSECTION
22 (A.1)(3)(III) OR (A.2)(3)(III) HAD SUCH LIMITATIONS APPLIED.

23 (3) IF THE AMOUNT FOR DISTRIBUTION UNDER SECTION 503(E) OF
24 THE "TAXPAYER RELIEF ACT" IS LESS THAN \$750,000,000, THE TAX
25 REDUCTIONS UNDER PARAGRAPHS (1) AND (2) SHALL BE A PRO RATA
26 SHARE OF THE PROPERTY TAX REDUCTION ALLOCATION TO A SCHOOL
27 DISTRICT OF THE FIRST CLASS CALCULATED UNDER SUBSECTION (A.1) OR
28 (A.2) AT \$750,000,000.

29 SECTION 6.1. REPEALS ARE AS FOLLOWS:

30 (1) THE GENERAL ASSEMBLY DECLARES THAT THE REPEAL UNDER

1 PARAGRAPH (2) IS NECESSARY TO EFFECTUATE THE ADDITION OF
2 SECTION 281.4 OF THE ACT.

3 (2) SECTION 505 OF THE ACT OF JUNE 27, 2006 (1ST
4 SP.SESS., P.L.1873, NO.1), KNOWN AS THE TAXPAYER RELIEF ACT,
5 IS REPEALED.

6 Section 7. The amendment, addition or repeal of sections
7 202, 203, 203.1, 205, 210 and 281.3 of the act shall be
8 applicable on or after July 1, ~~2007~~ 2008. <—

9 Section 8. This act shall take effect as follows:

10 (1) The following provisions shall take effect
11 immediately:

12 (i) This section.

13 (ii) The addition of section 203.1 of the act.

14 (III) THE ADDITION OF SECTION 281.4 OF THE ACT. <—

15 (2) The remainder of this act shall take effect July 1,
16 ~~2007~~ 2008. <—