
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1108 Session of
2007

INTRODUCED BY RHOADES, NOVEMBER 19, 2007

REFERRED TO FINANCE, NOVEMBER 19, 2007

AN ACT

1 Providing for the imposition of a supplemental sales and use tax
2 and supplemental personal income tax by the Commonwealth
3 through a Statewide public referendum as a means to fund from
4 the Commonwealth a reduction in real property taxes across
5 this Commonwealth; establishing the Property Tax Elimination
6 Fund; and authorizing the repeal of certain provisions of the
7 Taxpayer Relief Act.

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

12 CHAPTER 1

13 PRELIMINARY PROVISIONS

14 Section 101. Short title.

15 This act shall be known and may be cited as the State Funding
16 for Property Tax Relief Act.

17 Section 102. Definitions.

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

21 "Election officials." The board of elections of a county.

22 "Employer." As defined in section 301 of the act of March 4,
23 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

24 "Fund." The Property Tax Elimination Fund established under
25 section 504.

26 "Net profits." As defined in section 13 of the act of
27 December 31, 1965 (P.L.1257, No.511), known as The Local Tax
28 Enabling Act.

29 "Personal income." Income enumerated in section 303 of the
30 act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code

1 of 1971, as determined by the Department of Revenue, subject to
2 any correction thereof for fraud, evasion or error as finally
3 determined by the Commonwealth.

4 "Resident individual." An individual who is domiciled in a
5 school district.

6 "School district." A school district of the first class,
7 first class A, second class, third class or fourth class.

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

10 "Taxpayer." An individual required under this act to pay an
11 income tax.

12 CHAPTER 3

13 STATEWIDE REFERENDUM

14 Section 301. General rule.

15 At the general election of 2008, a Statewide referendum shall
16 be conducted for the purpose of authorizing an increase in the
17 State personal income tax and the State sales and use tax in
18 order to provide a reduction in school property taxes. The
19 referendum shall also include an impact statement specific to
20 each school district.

21 Section 302. Notification.

22 No later than 30 days after the effective date of this
23 section, the Department of State shall notify the election
24 officials of each county of the Statewide referendum to be
25 conducted at the general election of 2008.

26 Section 303. Referendum question and impact statement.

27 The referendum question and impact statement shall be in the
28 following form:

29 Do you favor levying an additional 1.29% State personal
30 income tax and an additional 3.19% State sales and use

1 tax in order to reduce school taxes throughout this
2 Commonwealth by \$9,070,000,000 for all school property
3 taxpayers?

4 For the (insert name of school district), these
5 additional tax levies will provide (insert amount of
6 property tax reduction) for school property tax
7 reduction, an amount equal to a (insert percentage of
8 property tax reduction) reduction in school property
9 taxes.

10 Section 304. Nonlegal interpretative statement.

11 The Department of State shall draft a nonlegal interpretative
12 statement which shall accompany the referendum question in
13 accordance with section 201.1 of the act of June 3, 1937
14 (P.L.1333, No.320), known as the Pennsylvania Election Code. The
15 department shall also provide election officials of each county
16 with the information contained in the Pennsylvania Bulletin as
17 required under section 505(b). For each voting precinct, the
18 election officials of each county shall insert in the impact
19 statement of the referendum question information contained in
20 the Pennsylvania Bulletin as required under section 505(b) that
21 is specific to the school district in which the voting precinct
22 is located.

23 Section 305. Certification of results.

24 The Secretary of the Commonwealth shall certify the results
25 of the referendum in accordance with the act of June 3, 1937
26 (P.L.1333, No.320), known as the Pennsylvania Election Code, and
27 shall publish a copy of the certification as a notice in the
28 Pennsylvania Bulletin.

29 Section 306. Referendum approval.

30 Approval of the referendum required under this chapter shall

1 be by majority vote of the electors voting on the question.

2 CHAPTER 5

3 EFFECT OF STATEWIDE REFERENDUM

4 Section 501. Supplemental sales and use tax.

5 (a) Authorization.--Where the Secretary of the Commonwealth
6 has certified that a majority of electors has approved the
7 referendum question under section 303, the Commonwealth shall
8 levy, assess and collect, beginning January 1, 2009, a
9 supplemental sales and use tax, which tax shall be in addition
10 to the sales and use tax authorized under Article II of the Tax
11 Reform Code.

12 (b) Computation.--The Secretary of Revenue shall compute,
13 based on the purchase price, the supplemental sales and use tax
14 authorized under this section with the sales and use tax
15 authorized under Article II of the Tax Reform Code in order to
16 establish a single collection of both taxes and shall adjust the
17 schedule set forth under section 203 of the Tax Reform Code as
18 appropriate or necessary to do so. The Secretary of Revenue
19 shall publish the adjusted schedule as a notice in the
20 Pennsylvania Bulletin.

21 (c) Scope of tax.--

22 (1) The supplemental sales and use tax authorized under
23 this section shall be imposed on each separate sale at retail
24 of tangible personal property or services, as defined in
25 Article II of the Tax Reform Code, within this Commonwealth,
26 at a rate of 3.19% which tax shall be collected by the vendor
27 from the purchaser, and shall be paid over to the
28 Commonwealth as provided in this chapter.

29 (2) The supplemental sales and use tax authorized under
30 this section shall be imposed on the use within this

1 Commonwealth of tangible personal property purchased at
2 retail and on those services purchased at retail on and after
3 the effective date of this section, which tax shall be paid
4 to the Commonwealth by the person who makes such use, except
5 that such tax shall not be paid to the Commonwealth by such
6 person where he has paid the tax imposed by paragraph (1) or
7 has paid the tax imposed by this paragraph to the vendor with
8 respect to such use.

9 (d) Special provisions.--Notwithstanding any other
10 provisions of this act, the provisions set forth in section
11 202(c), (e), (e.1) and (f) of the Tax Reform Code shall apply in
12 the same manner, except for the rate of the tax, to the tax
13 imposed under this chapter.

14 Section 502. Supplemental personal income tax.

15 (a) Authorization.--Where the Secretary of the Commonwealth
16 has certified that a majority of electors has approved the
17 referendum question under section 303, the Commonwealth shall
18 levy, assess and collect, beginning January 1, 2008, a personal
19 income tax, which tax shall be in addition to the personal
20 income tax authorized under Article III of the Tax Reform Code.

21 (b) Scope of tax.--

22 (1) Every resident individual, estate or trust shall be
23 subject to, and shall pay for the privilege of receiving each
24 of the classes of income enumerated under section 303 of the
25 Tax Reform Code, the tax imposed under this section on each
26 dollar of income received by that resident during that
27 resident's taxable year at the rate of 1.29%.

28 (2) Every nonresident individual, estate or trust shall
29 be subject to, and shall pay for the privilege of receiving
30 each of the classes of income enumerated under section 303 of

1 the Tax Reform Code from sources within this Commonwealth, a
2 tax on each dollar of income received by that nonresident
3 during that nonresident's taxable year at the rate of 0.69%.

4 (c) Computation for single collection.--The Secretary of
5 Revenue shall compute the supplemental personal income tax
6 authorized under this section with the personal income tax
7 authorized under Article III of the Tax Reform Code in order to
8 establish a single collection of both taxes at an aggregate
9 rate. The Secretary of Revenue shall publish the aggregate rate
10 as a notice in the Pennsylvania Bulletin.

11 (d) Computation with prior taxable year.--Subject to the
12 provisions of subsection (c) and notwithstanding any other
13 provision of law to the contrary, the tax rate to be used for
14 the computation of the tax shall be the monthly weighted average
15 of the rates imposed under this chapter and Article III of the
16 Tax Reform Code applicable during the taxable year, regardless
17 of when during the taxable year the income is received.

18 (e) Special provision for poverty.--The special tax
19 provisions for poverty set forth under section 304 of the Tax
20 Reform Code shall apply to the supplemental personal income tax
21 imposed under this section.

22 Section 503. Collection of tax.

23 The taxes authorized pursuant to sections 501 and 502 shall
24 be levied, assessed and collected in the same manner as the
25 sales and use tax levied, assessed and collected under Article
26 II of the Tax Reform Code and as the personal income tax levied,
27 assessed and collected under Article III of the Tax Reform Code,
28 accordingly.

29 Section 504. Property Tax Elimination Fund.

30 (a) Establishment.--There is hereby established in the State

1 Treasury a restricted receipts account to be known as the
2 Property Tax Elimination Fund.

3 (b) Deposit into fund.--All taxes authorized to be imposed
4 and all fines, penalties and interest collected thereon under
5 this act shall be deposited into the fund.

6 Section 505. Property tax reduction allocation.

7 (a) Administration and calculation.--No later than 15 days
8 after the effective date of this section and no later than April
9 1 of each year thereafter, the Department of Education shall
10 calculate the property tax reduction allocation for each school
11 district. The property tax reduction allocations shall be
12 calculated as follows:

13 (1) Multiply the school district's 2005-2006 average
14 daily membership by \$5,000.

15 (2) Divide the school district's 2005-2006 current and
16 interim real estate taxes collected by the amount calculated
17 under paragraph (1).

18 (3) For a school district where the quotient under
19 paragraph (2) is greater than or equal to 1.00, the property
20 tax reduction allocation shall be equal to the school
21 district's 2005-2006 current and interim real estate taxes
22 collected.

23 (4) For a school district where the quotient under
24 paragraph (2) is less than 1.00, the property tax reduction
25 allocation shall be calculated as follows:

26 (i) identify the product under paragraph (1);

27 (ii) subtract the product under paragraph (1) from
28 the school district's 2005-2006 current and interim real
29 estate taxes collected;

30 (iii) subtract the sum of the amounts under

1 paragraph (3) from the total amount of 2005-2006 current
2 and interim real estate taxes collected by all school
3 districts;

4 (iv) subtract total amount of 2005-2006 current and
5 interim real estate taxes collected by school districts
6 subject to this paragraph by the sum of the amounts under
7 subparagraph (i);

8 (v) multiply the difference under subparagraph (ii)
9 by the quotient of subparagraphs (iii) and (iv); and

10 (vi) add the product under subparagraph (i) to the
11 product under subparagraph (v).

12 (b) Publication and notification.--No later than 30 days
13 after the effective date of this section and no later than April
14 15 of each year thereafter, the Department of Education shall
15 publish the property tax reduction allocations calculated under
16 subsection (a) in the Pennsylvania Bulletin and on the
17 Department of Education's Internet website and shall notify each
18 school district of its property tax reduction allocation.

19 (c) Payment.--No later than July 1, 2009, and July 1 of each
20 year thereafter, the Department of Education shall pay each
21 school district a property tax reduction allocation equal to the
22 amount calculated under subsection (a).

23 Section 506. Property tax rate reduction.

24 Beginning July 1, 2009, a school district shall utilize the
25 property tax reduction allocation paid under section 505(c) to
26 reduce the property tax rate on all properties subject to the
27 property tax in the school district. The property tax rate shall
28 be reduced such that the dollar reduction in property tax
29 revenues is equal to the amount of the payment made under
30 section 505(c).

1 CHAPTER 13

2 MISCELLANEOUS PROVISIONS

3 Section 1301. Repeal.

4 Repeals are as follows:

5 (1) The General Assembly declares that the repeal under
6 paragraph (2) is necessary to effectuate this act if the
7 referendum required under section 301 is approved.

8 (2) Where the Secretary of the Commonwealth certifies
9 that the results of the referendum required under section 301
10 indicate that the referendum was approved, sections 334(c)
11 and 341 of the act of June 27, 2006 (1st Sp.Sess., P.L.1873,
12 No.1), known as the Taxpayer Relief Act, are repealed as of
13 the date of such certification.

14 Section 1302. Applicability.

15 Chapter 5 shall apply beginning on the date on which the
16 Secretary of the Commonwealth certifies the results of the
17 referendum required under Chapter 3, provided that the results
18 so certified indicate that the referendum required under Chapter
19 3 was approved.

20 Section 1303. Expiration.

21 Chapters 3 and 5 shall expire 60 days from the date on which
22 the Secretary of the Commonwealth certifies the results of the
23 referendum under Chapter 3, provided that the results so
24 certified indicate that the referendum required under Chapter 3
25 was not approved.

26 Section 1304. Effective date.

27 This act shall take effect immediately.