

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1202 Session of
2007

INTRODUCED BY ARMSTRONG, FOLMER, MADIGAN, EARLL, PILEGGI AND
WONDERLING, DECEMBER 7, 2007

REFERRED TO FINANCE, DECEMBER 7, 2007

AN ACT

1 Amending the act of June 27, 2006 (1st Sp.Sess., P.L.1873,
2 No.1), entitled "An act providing for taxation by school
3 districts, for the State funds formula, for tax relief in
4 first class cities, for school district choice and voter
5 participation, for other school district options and for a
6 task force on school cost reduction; making an appropriation;
7 prohibiting prior authorized taxation; providing for
8 installment payment of taxes; restricting the power of
9 certain school districts to levy, assess and collect taxes;
10 and making related repeals," further providing for public
11 referendum requirements for increasing certain taxes.

12 The General Assembly of the Commonwealth of Pennsylvania
13 hereby enacts as follows:

14 Section 1. Section 333(f) of the act of June 27, 2006 (1st
15 Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act, is
16 amended to read:

17 Section 333. Public referendum requirements for increasing
18 certain taxes.

19 * * *

20 (f) Referendum exceptions.--A school district may, without
21 seeking voter approval under subsection (c), increase the rate
22 of a tax levied for the support of the public schools by more

1 than the index if all of the following apply:

2 (1) The revenue raised by the allowable increase under
3 the index is insufficient to balance the proposed budget due
4 to one or more of the expenditures listed in paragraph (2).

5 (2) The revenue generated by increasing the rate of a
6 tax by more than the index will be used to pay for any of the
7 following:

8 (i) Costs incurred in responding to or recovering
9 from an emergency or disaster declared pursuant to 35
10 Pa.C.S. § 7301 (relating to general authority of
11 Governor) or 75 Pa.C.S. § 6108 (relating to power of
12 Governor during emergency).

13 (ii) Costs to implement a court order or an
14 administrative order from a Federal or State agency as
15 long as the tax increase is rescinded following
16 fulfillment of the court order or administrative order.

17 (iii) Costs associated with the following:

18 (A) For a board of school directors that elected
19 to participate in the former act of July 5, 2004
20 (P.L.654, No.72), known as the Homeowner Tax Relief
21 Act, to pay interest and principal on any
22 indebtedness incurred under 53 Pa.C.S. Pt. VII Subpt.
23 B (relating to indebtedness and borrowing) prior to
24 September 4, 2004. In no case may the school district
25 incur additional debt under this clause except for
26 the refinancing of existing debt, including the
27 payment of costs and expenses related to such
28 refinancing and the establishment of funding of
29 appropriate debt service reserves. An increase under
30 this clause shall be rescinded following the final

1 payment of interest and principal.

2 (A.1) For a board of school directors that did
3 not elect to participate in the former act of July 5,
4 2004 (P.L.654, No.72), known as the Homeowner Tax
5 Relief Act, to pay interest and principal on any
6 indebtedness incurred under 53 Pa.C.S. Pt. VII Subpt.
7 B prior to the effective date of this act. In no case
8 may the school district incur additional debt under
9 this clause except for the refinancing of existing
10 debt, including the payment of costs and expenses
11 related to such refinancing and the establishment of
12 funding of appropriate debt service reserves. An
13 increase under this clause shall be rescinded
14 following the final payment of interest and
15 principal.

16 (B) To pay interest and principal on any
17 electoral debt incurred under 53 Pa.C.S. Pt. VII
18 Subpt. B. An increase under this clause shall be
19 rescinded following the final payment of interest and
20 principal.

21 [(C) To pay interest and principal on
22 indebtedness for up to 60% of the construction cost
23 average on a square-foot basis if all of the
24 following apply:

25 (I) The indebtedness is for a school
26 construction project under 22 Pa. Code Ch. 21
27 (relating to school buildings).

28 (II) For a board of school directors that
29 elected to participate in the former Homeowner
30 Tax Relief Act, the indebtedness to fund

appropriate debt service reserves for the project is incurred after September 3, 2004.

(II.1) For a board of school directors that did not elect to participate in the former Homeowner Tax Relief Act, the indebtedness to fund appropriate debt service reserves for the project is incurred on or after the effective date of this act.

(III) The increase sought under this clause is rescinded following final payment of interest and principal.

(IV) The indebtedness is incurred only after existing fund balances for school construction and any undesignated fund balances have been fully committed to fund the project.

(V) The indebtedness is for an academic elementary or academic secondary school building. For purposes of this subclause, the following shall not be considered to be an academic elementary or academic secondary school building: natatorium, stadium bleachers, athletic field, athletic field lighting equipment and apparatus used to promote and conduct interscholastic athletics.

(VI) For school districts of the second, third and fourth class, the project has been approved by the department under section 731 of the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949. For nonreimbursable projects in school districts of

1 the first class A, the plans and specifications
2 have been approved by the board of school
3 directors. For reimbursable projects in school
4 districts of the first class A, the plans and
5 specifications have been approved by the
6 department pursuant to 22 Pa. Code Ch. 21.

7 (D) To pay interest and principal on
8 indebtedness for up to \$250,000 of the construction
9 cost of a nonacademic school construction project, as
10 adjusted annually by the percentage increase in the
11 average of the Statewide average weekly wage and the
12 employment cost index. An increase under this clause
13 shall be rescinded following the final payment of
14 interest and principal.

15 (E) For purposes of this subparagraph, electoral
16 debt includes the refunding or refinancing of
17 electoral debt for which an exception is permitted
18 under clause (B) as long as the refunding or
19 refinancing incurs no additional debt other than for:

20 (I) costs and expenses related to the
21 refunding or refinancing; and

22 (II) funding of appropriate debt service
23 reserves.

24 (F) For purposes of this subparagraph,
25 indebtedness includes the refunding or refinancing of
26 indebtedness for which an exception is permitted
27 under clauses (A), (A.1), (C) and (D) as long as the
28 refunding or refinancing incurs no additional debt
29 other than for:

30 (I) costs and expenses related to the

1 refunding or refinancing; and

2 (II) funding of appropriate debt service
3 reserves.]

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

9 (v) Costs incurred in providing special education
10 programs and services to students with disabilities if
11 the increase in expenditures on special education
12 programs and services was greater than 250% of the index.
13 The dollar amount of this exception shall be equal to the
14 portion of the increase that exceeds 250% of the index.

15 (vi) Costs which:

16 (A) were incurred in the implementation of a
17 school improvement plan required under section
18 1116(b) of the Elementary and Secondary Education Act
19 of 1965 (Public Law 89-10, 20 U.S.C. § 6316(b)); and

20 (B) were not offset by a State allocation.

21 [(vii) Costs necessary to maintain:

22 (A) per-student local tax revenue, adjusted by
23 the index, if the percentage growth in average daily
24 membership between the school year determined under
25 subsection (j)(4) and the third school year preceding
26 the school year determined under subsection (j)(4)
27 exceeds 7.5%; or

28 (B) actual instruction expense per average daily
29 membership, adjusted by the index, if the increase in
30 actual instruction expense per average daily

1 membership between the school year determined under
2 subsection (j)(4) and the school year preceding the
3 school year determined under subsection (j)(4) is
4 less than the index.

5 (viii) The maintenance of revenues derived from real
6 property taxes, earned income and net profits taxes,
7 personal income taxes, basic education funding
8 allocations and special education funding allocations,
9 adjusted by the index, for a school district where the
10 percentage increase in revenues derived from real
11 property taxes, earned income and net profits taxes,
12 personal income taxes, basic education funding
13 allocations and special education funding allocations
14 between the school year determined under subsection
15 (j)(4) and the school year preceding the school year
16 determined under subsection (j)(4) is less than the
17 index.]

18 (ix) Costs incurred for providing health care-
19 related benefits which are directly attributable to a
20 collective bargaining agreement in effect on January 1,
21 2006, between the school district and its employees'
22 organization if the anticipated increase in the cost of
23 health care-related benefits between the current year and
24 the upcoming year is greater than the index. The dollar
25 amount of this exception shall be equal to the portion of
26 the increase which exceeds the index. This subparagraph
27 shall not apply to a collective bargaining agreement
28 renewed, extended or entered into after January 1, 2006.

29 * * *

30 Section 2. This act shall take effect in 30 days.