

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2361 Session of 2012

INTRODUCED BY M. O'BRIEN, YOUNGBLOOD, ROEBUCK, CRUZ, BISHOP,
B. BOYLE, K. BOYLE, V. BROWN, BROWNLEE, CALTAGIRONE, COHEN,
CONKLIN, P. COSTA, CURRY, DeLUCA, DONATUCCI, FABRIZIO, FLECK,
HARKINS, JOSEPHS, KIRKLAND, McGEEHAN, MYERS, PAYTON,
SABATINA, SCAVELLO, THOMAS, VITALI AND WATERS, MAY 9, 2012

REFERRED TO COMMITTEE ON FINANCE, MAY 9, 2012

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 tax relief
11 in first class cities.

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

14 Section 1. Section 703(b) 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 703. Tax relief.

18 * * *

19 (b) Calculation of reduction.--

20 (1) The city shall calculate the amount of the tax rate
21 reductions so that they equal, based on estimates certified

1 by the city's director of finance and approved by the
2 Pennsylvania Intergovernmental Cooperation Authority prior to
3 the implementation of the reductions, in combination with any
4 reduction in the rate of unearned income tax imposed by a
5 school district in the city of the first class required by
6 the act of August 9, 1963 (P.L.640, No.338), entitled "An act
7 empowering cities of the first class, coterminous with school
8 districts of the first class, to authorize the boards of
9 public education of such school districts to impose certain
10 additional taxes for school district purposes, and providing
11 for the levy, assessment and collection of such taxes," as a
12 result of the reduction in the rate of wage and net profits
13 tax, the amount paid to the city from the fund for tax
14 reductions. The city shall do the following:

15 (i) Except as set forth in subparagraph (ii), each
16 year transfer to the school district an amount equal to
17 the cost of any reduction in the rate of unearned income
18 tax[,]; and the transfer shall not be subject to the
19 provisions of section 696(h) of the Public School Code.

20 (ii) Notwithstanding 4 Pa.C.S. § 1409(b) (relating
21 to Property Tax Relief Fund), each year transfer to the
22 school district the entire amount paid to the city from
23 the fund for tax reductions; and the transfer shall not
24 be subject to the provisions of section 696(h) of the
25 Public School Code. This subparagraph shall expire on
26 the earlier of:

27 (A) July 1, 2017; or

28 (B) the date of publication in the Pennsylvania
29 Bulletin of a notice by the Department of Revenue
30 certifying that the city has revised its property

1 valuation and millage to stabilize the financial
2 operation of the school district.

3 (2) The tax rate reductions implemented by a city of the
4 first class pursuant to this section shall be in addition to
5 the following schedule of percentages of wage and net profits
6 tax rate reductions:

7 (i) On January 1, 2005, 2.9468% for residents and
8 1.5567% for nonresidents.

9 (ii) On January 1, 2006, 0.6927% for residents and
10 1.2593% for nonresidents.

11 (iii) On January 1, 2007, 0.9533% for residents and
12 0.4216% for nonresidents.

13 (iv) On January 1, 2008, 0.9624% for residents and
14 0.8387% for nonresidents.

15 (v) On January 1, 2009, 1.1851% for residents and
16 1.0526% for nonresidents.

17 * * *

18 Section 2. This act shall take effect July 1, 2012, or
19 immediately, whichever is later.