

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 330 Session of 2019

INTRODUCED BY EMRICK, BERNSTINE, HAHN, KEEFER, MACKENZIE, MENTZER, MILLARD, RYAN, SAYLOR, TOOHL, ZIMMERMAN AND STRUZZI, FEBRUARY 1, 2019

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES, AS AMENDED, MARCH 13, 2019

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," ~~repealing provisions relating to~~ <--
11 ~~local tax study commission;~~ and making editorial changes to
12 incorrect references.

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

15 Section 1. The definitions of "domicile," "earned income"
16 and "net profits" in section 302 of the act of June 27, 2006
17 (1st Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief
18 Act, are amended to read:

19 Section 302. Definitions.

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

1 * * *

2 "Domicile." As defined in section [13] 501 of the act of
3 December 31, 1965 (P.L.1257, No.511), known as The Local Tax
4 Enabling Act.

5 "Earned income." As defined in section [13] 501 of the act
6 of December 31, 1965 (P.L.1257, No.511), known as The Local Tax
7 Enabling Act.

8 * * *

9 "Net profits." As defined in section [13] 501 of the act of
10 December 31, 1965 (P.L.1257, No.511), known as The Local Tax
11 Enabling Act.

12 * * *

13 Section 2. Sections 304(a), 322(a), 323(a) ~~and~~, 326(1),
14 331.2(B), 332(B)(1), 334(C)(2) AND 5005(2) of the act are
15 amended to read:

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16 Section 304. Certain rates of taxation limited.

17 (a) Municipal rates.--If a municipality and school district
18 both impose an earned income and net profits tax on the same
19 individual under the Local Tax Enabling Act and are limited to
20 or have agreed upon a division of the tax rate in accordance
21 with section [8] 311 of the Local Tax Enabling Act, the
22 municipality shall remain subject to that limitation or
23 agreement in the event that the school district opts to impose
24 or increase an earned income and net profits tax authorized
25 under section 321(b) or a personal income tax authorized under
26 section 321(c). Nothing in this chapter shall be construed to
27 authorize a municipality to raise the rate of earned income and
28 net profits tax above the rate it levied under the previously
29 agreed upon division if a school district imposes or increases a
30 personal income tax under Subchapter C.

1 * * *

2 Section 322. Collections.

3 (a) Designation of tax collector.--A board of school
4 directors imposing an income tax under this chapter shall
5 designate a tax officer under section [10] 313 of the Local Tax
6 Enabling Act, or otherwise by law, as the collector of the tax.
7 In the performance of the tax collection duties under this
8 subchapter, the designated tax officer shall have all the same
9 powers, rights, responsibilities and duties for the collection
10 of the taxes which may be imposed under the Local Tax Enabling
11 Act, 53 Pa.C.S. Ch. 84 Subch. C (relating to local taxpayers
12 bill of rights) or as otherwise provided by law.

13 * * *

14 Section 323. Credits.

15 (a) Credit.--Except as set forth in subsection (b), the
16 provisions of section [14] 317 of the Local Tax Enabling Act
17 shall be applied by a board of school directors to determine any
18 credits applicable to a tax imposed under section 321(b) or (c).

19 * * *

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] Chapter
24 5 of the Local Tax Enabling Act and may adopt procedures for
25 the processing of claims for credits or exemptions under
26 sections 323, 324 and 325; or

27 * * *

28 ~~Section 3. Section 331 of the act is repealed:~~ <--

29 ~~[Section 331. Local tax study commission.~~

30 ~~(a) Appointment. A board of school directors shall appoint~~

1 ~~a local tax study commission prior to adopting a resolution~~
2 ~~under section 331.2(b) or 332(b)(1). The local tax study~~
3 ~~commission shall be appointed no later than 180 days prior to~~
4 ~~the date on which the board of school directors is required to~~
5 ~~adopt a resolution under section 331.2(b) or 332(b)(1).~~

6 ~~(b) Membership. The local tax study commission shall~~
7 ~~consist of five, seven or nine members who are resident~~
8 ~~individuals or taxpayers of the school district and shall~~
9 ~~reflect the socioeconomic, age and occupational diversity of the~~
10 ~~school district to the extent possible, except that one member~~
11 ~~of the local tax study commission may be a member of the board~~
12 ~~of school directors and no member shall be an official or~~
13 ~~employee or a relative thereof of the school district.~~

14 ~~(c) Staff and expenses. The school district shall provide~~
15 ~~necessary and reasonable support staff and shall reimburse the~~
16 ~~members of the local tax study commission for necessary and~~
17 ~~reasonable expenses in the discharge of their duties. Receipts~~
18 ~~shall be required for all reimbursable expenses under this~~
19 ~~subsection.~~

20 ~~(d) Contents of study. The local tax study commission shall~~
21 ~~study the existing taxes levied, assessed and collected by the~~
22 ~~school district and the effect of any county or municipal taxes~~
23 ~~imposed concurrently with the school district. The local tax~~
24 ~~study commission shall determine how the tax policies of the~~
25 ~~school district could be improved by the levy, assessment and~~
26 ~~collection of the taxes authorized under section 321. The study~~
27 ~~shall include consideration of all of the following:~~

28 ~~(1) Historic and present rates of and revenue from taxes~~
29 ~~currently levied, assessed and collected.~~

30 ~~(2) The percentage of total revenues provided by taxes~~

1 ~~currently levied, assessed and collected.~~

2 ~~(3) The age, income, employment and property use~~
3 ~~characteristics of the existing tax base.~~

4 ~~(4) Projected revenues of taxes currently levied,~~
5 ~~assessed and collected, including taxes authorized and taxes~~
6 ~~not levied under this chapter.~~

7 ~~(e) Recommendation. Within 90 days of its appointment, the~~
8 ~~local tax study commission shall make a nonbinding~~
9 ~~recommendation to the board of school directors regarding the~~
10 ~~imposition of the taxes authorized under section 321, commencing~~
11 ~~in the subsequent fiscal year. Prior to making its~~
12 ~~recommendation, the local tax study commission shall hold at~~
13 ~~least one public hearing. The recommendation of the local tax~~
14 ~~study commission shall be presented at a public meeting of the~~
15 ~~board of school directors. The board of school directors shall~~
16 ~~make such recommendation available to interested persons upon~~
17 ~~request.~~

18 ~~(f) Failure to issue a recommendation. If the local tax~~
19 ~~study commission fails to make a recommendation under subsection~~
20 ~~(e), the board of school directors shall discharge the local tax~~
21 ~~study commission.~~

22 ~~(g) Adoption of recommendation. The board of school~~
23 ~~directors shall accept or reject the recommendation of the local~~
24 ~~tax study commission prior to adopting a resolution under~~
25 ~~section 331.2(b) or section 332(b)(1).~~

26 ~~(h) Materials. All records of the local tax study~~
27 ~~commission, including receipts, tapes, minutes of meetings and~~
28 ~~written communications, for public inspection during the regular~~
29 ~~business hours of the school district.]~~

30 ~~Section 4 3. Sections 331.2(b), 332(b)(1), 334(c)(2) and~~

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1 ~~5005(2) of the act are amended to read:~~

2 Section 331.2. 2007 referendum.

3 * * *

4 (b) Adoption of resolution.--No later than March 13, 2007, a

5 school district subject to this section shall adopt a resolution

6 authorizing the referendum question required under subsection

7 (a). The board of school directors shall give public notice of

8 its intent to adopt the resolution in the manner provided for in

9 section [4] 306 of the Local Tax Enabling Act and must conduct

10 at least one public hearing on the resolution.

11 * * *

12 Section 332. Adoption of further referendum.

13 * * *

14 (b) Submittal of referendum.--

15 (1) A board of school directors may submit, at a

16 municipal election, a referendum question to the electors of

17 the school district seeking voter approval allowing the

18 school district to levy, assess and collect an earned income

19 and net profits tax or a personal income tax for the purpose

20 of annually funding homestead and farmstead exclusions or

21 millage reductions in certain circumstances. Prior to placing

22 a referendum question on the ballot, the board of school

23 directors must adopt a resolution pursuant to this section.

24 The board of school directors must give public notice of its

25 intent to adopt the resolution in the manner provided by

26 section [4] 306 of the Local Tax Enabling Act and must

27 conduct at least one public hearing on the resolution.

28 * * *

29 Section 334. Disposition of income tax revenue and property tax

30 reduction allocations.

1 * * *

2 (c) Property tax reduction allocations.--

3 * * *

4 (2) Notwithstanding the provisions of paragraph (1), a
5 school district coterminous with a city of the second class A
6 may use up to 50% of the property tax reduction allocation
7 received under section 505 to reduce the rate of the earned
8 income and net profits tax levied by the school district
9 pursuant to any other act. If a board of school directors
10 elects to reduce the rate of earned income and net profits
11 tax pursuant to this paragraph, it shall adopt a resolution
12 reducing the rate of earned income and net profits tax no
13 later than the last day of the fiscal year immediately
14 preceding the fiscal year in which the new earned income and
15 net profits tax rate shall take effect. The board shall give
16 public notice of its intent to adopt the resolution in the
17 manner provided by section [4] 306 of the Local Tax Enabling
18 Act and shall conduct at least one public hearing on the
19 resolution. Any portion of the property tax reduction
20 allocation not used to reduce the rate of the earned income
21 and net profits tax shall be used as prescribed in paragraph
22 (1).

23 Section 5005. Repeals.

24 Repeals are as follows:

25 * * *

26 (2) Section [9] 312 of the act of December 31, 1965
27 (P.L.1257, No.511), known as The Local Tax Enabling Act, is
28 repealed insofar as it is inconsistent with the provisions of
29 section 351.

30 * * *

1 Section 5 3. This act shall take effect in 60 days.

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