

**SENATE BILL NO. 100**

THE GENERAL ASSEMBLY OF PENNSYLVANIA

**SENATE BILL**

**No. 100**      Session of  
2003

INTRODUCED BY JUBELIRER, BRIGHTBILL, PICCOLA, RHOADES, DENT,  
RAFFERTY, WENGER, TOMLINSON, ROBBINS, MADIGAN, M. WHITE,  
MOWERY, CONTI, WAUGH, THOMPSON, PUNT, HELFRICK, ERICKSON,  
WONDERLING AND ARMSTRONG, MARCH 24, 2003

SENATE AMENDMENTS TO HOUSE AMENDMENTS, JULY 2, 2004

AN ACT

1 ~~Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An~~ <—  
2 ~~act relating to the public school system, including certain~~  
3 ~~provisions applicable as well to private and parochial~~  
4 ~~schools; amending, revising, consolidating and changing the~~  
5 ~~laws relating thereto," further providing for per capita~~  
6 ~~taxes and for distress in school districts of the first~~  
7 ~~class; providing for the imposition and collection of an~~  
8 ~~earned income and net profits tax or personal income tax by~~  
9 ~~school districts after approval by the electors, for State~~  
10 ~~matching funds formula, for wage and net profits tax relief~~  
11 ~~in cities of the first class and for applicability of~~  
12 ~~referendum exceptions; and further providing for the mandate~~  
13 ~~waiver program.~~  
14 PROVIDING FOR TAXATION BY SCHOOL DISTRICTS, FOR STATE FUNDS AND <—  
15 FOR WAGE AND NET PROFITS TAX RELIEF IN CITIES OF THE FIRST  
16 CLASS; AND MAKING AN APPROPRIATION.

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14 SECTION 704. SENIOR CITIZEN HOMESTEAD PROPERTY TAX REDUCTION  
15 IN CITIES OF THE FIRST CLASS.  
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17 SECTION 5001. OTHER SUBJECTS OF TAXATION.  
18 SECTION 5002. APPROPRIATION.  
19 SECTION 5003. EFFECTIVE DATE.

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

22 ~~Section 1. Section 679 of the act of March 10, 1949 (P.L.30, <~~  
23 ~~No.14), known as the Public School Code of 1949, amended~~  
24 ~~November 26, 1982 (P.L.760, No.215), is amended to read:~~

25 ~~Section 679. Per Capita Taxes. Each resident or inhabitant,~~  
26 ~~over eighteen years of age, in every school district of the~~  
27 ~~second, third, and fourth class, which shall levy such tax,~~  
28 ~~shall annually pay, for the use of the school district in which~~  
29 ~~he or she is a resident or inhabitant, a per capita tax of not~~  
30 ~~less than one dollar nor more than five dollars, as may be~~

**Pages 4 through 50 have been  
eliminated because it was the original  
gutted bill.**



1 TAXATION BY SCHOOL DISTRICTS

2 SUBCHAPTER A

3 GENERAL PROVISIONS

4 SECTION 301. SCOPE.

5 THIS CHAPTER RELATES TO HOMEOWNER TAX RELIEF.

6 SECTION 302. DEFINITIONS.

7 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER  
8 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
9 CONTEXT CLEARLY INDICATES OTHERWISE:

10 "ASSESSOR." AS DEFINED IN 53 PA.C.S. § 8582 (RELATING TO  
11 DEFINITIONS).

12 "BOARD OF SCHOOL DIRECTORS." A BOARD OF SCHOOL DIRECTORS OF  
13 A SCHOOL DISTRICT OF THE FIRST CLASS A, SECOND CLASS, THIRD  
14 CLASS OR FOURTH CLASS.

15 "CONSTRUCTION COST AVERAGE ON A SQUARE-FOOT BASIS." AN  
16 AMOUNT EQUAL TO \$128 PER SQUARE FOOT FOR AN ELEMENTARY SCHOOL  
17 BUILDING AND \$133 PER SQUARE FOOT FOR A SECONDARY SCHOOL  
18 BUILDING, AS ADJUSTED ANNUALLY BY THE PERCENTAGE INCREASE IN THE  
19 AVERAGE OF THE STATEWIDE AVERAGE WEEKLY WAGE AND THE EMPLOYMENT  
20 COST INDEX.

21 "DEPARTMENT." THE DEPARTMENT OF EDUCATION OF THE  
22 COMMONWEALTH.

23 "DOMICILE." AS DEFINED IN SECTION 13 OF THE ACT OF DECEMBER  
24 31, 1965 (P.L.1257, NO.511), KNOWN AS THE LOCAL TAX ENABLING  
25 ACT.

26 "EARNED INCOME." 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 "ELECTION OFFICIALS." THE BOARD OF ELECTIONS OF A COUNTY.

30 "EMPLOYER." AS DEFINED IN SECTION 301 OF THE ACT OF MARCH 4,

1 1971 (P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE OF 1971.

2 "EMPLOYMENT COST INDEX." THE MOST RECENT OFFICIAL FIGURES,  
3 FOR THE PREVIOUS 12-MONTH PERIOD BEGINNING JULY 1 AND ENDING  
4 JUNE 30 FOR THE EMPLOYMENT COST INDEX SERIES FOR ELEMENTARY AND  
5 SECONDARY SCHOOLS, REPORTED BY THE BUREAU OF LABOR STATISTICS OF  
6 THE FEDERAL DEPARTMENT OF LABOR.

7 "FARMSTEAD." AS DEFINED IN 53 PA.C.S. § 8582 (RELATING TO  
8 DEFINITIONS).

9 "FARMSTEAD PROPERTY." AS DEFINED IN 53 PA.C.S. § 8582  
10 (RELATING TO DEFINITIONS).

11 "FUND." THE PROPERTY TAX RELIEF FUND ESTABLISHED IN THE  
12 STATE TREASURY.

13 "HOMESTEAD." AS DEFINED IN 53 PA.C.S. § 8401 (RELATING TO  
14 DEFINITIONS).

15 "HOMESTEAD PROPERTY." AS DEFINED IN 53 PA.C.S. § 8401  
16 (RELATING TO DEFINITIONS).

17 "INCOME TAX." A TAX ON EARNED INCOME AND NET PROFITS OR A  
18 TAX ON PERSONAL INCOME IMPOSED PURSUANT TO THIS CHAPTER.

19 "INDEX." AS FOLLOWS:

20 (1) EXCEPT AS SET FORTH IN PARAGRAPH (2), THE AVERAGE OF  
21 THE PERCENTAGE INCREASE IN THE STATEWIDE AVERAGE WEEKLY WAGE  
22 AND THE EMPLOYMENT COST INDEX.

23 (2) FOR A SCHOOL DISTRICT WITH A MARKET-VALUE/INCOME-AID  
24 RATIO GREATER THAN 0.400 FOR THE SCHOOL YEAR PRIOR TO THE  
25 SCHOOL YEAR FOR WHICH THE INDEX IS CALCULATED, THE VALUE  
26 UNDER PARAGRAPH (1) MULTIPLIED BY THE SUM OF:

27 (I) 0.75; AND

28 (II) THE SCHOOL DISTRICT'S MARKET-VALUE/INCOME-AID  
29 RATIO FOR THE SCHOOL YEAR PRIOR TO THE SCHOOL YEAR FOR  
30 WHICH THE INDEX IS CALCULATED.



1 "LOCAL TAX ENABLING ACT." THE ACT OF DECEMBER 31, 1965  
2 (P.L.1257, NO.511), KNOWN AS THE LOCAL TAX ENABLING ACT.

3 "LOCAL TAX REVENUE." THE REVENUE FROM TAXES ACTUALLY LEVIED  
4 AND ASSESSED BY A SCHOOL DISTRICT, INCLUDING DELINQUENT TAXES.  
5 THE TERM DOES NOT INCLUDE INTEREST OR DIVIDEND EARNINGS, FEDERAL  
6 OR STATE GRANTS, CONTRACTS OR APPROPRIATIONS, INCOME GENERATED  
7 FROM OPERATIONS OR ANY OTHER SOURCE WHICH IS NOT DERIVED FROM  
8 TAXES LEVIED AND ASSESSED BY A SCHOOL DISTRICT.

9 "NET PROFITS." AS DEFINED IN SECTION 13 OF THE ACT OF  
10 DECEMBER 31, 1965 (P.L.1257, NO.511), KNOWN AS THE LOCAL TAX  
11 ENABLING ACT.

12 "PERSONAL INCOME." INCOME ENUMERATED IN SECTION 303 OF THE  
13 ACT OF MARCH 4, 1971 (P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE  
14 OF 1971, AS DETERMINED BY THE DEPARTMENT OF REVENUE, SUBJECT TO  
15 ANY CORRECTION THEREOF FOR FRAUD, EVASION OR ERROR AS FINALLY  
16 DETERMINED BY THE COMMONWEALTH.

17 "RESIDENT INDIVIDUAL." AN INDIVIDUAL WHO IS DOMICILED IN A  
18 SCHOOL DISTRICT.

19 "SCHOOL DISTRICT." A SCHOOL DISTRICT OF THE FIRST CLASS A,  
20 SECOND CLASS, THIRD CLASS OR FOURTH CLASS.

21 "STATEWIDE AVERAGE WEEKLY WAGE." THAT AMOUNT DETERMINED BY  
22 THE DEPARTMENT OF LABOR AND INDUSTRY IN THE SAME MANNER THAT IT  
23 DETERMINES THE AVERAGE WEEKLY WAGE UNDER SECTION 404(E)(2) OF  
24 THE ACT OF DECEMBER 5, 1936 (2ND SP.SESS., 1937 P.L.2897, NO.1),  
25 KNOWN AS THE UNEMPLOYMENT COMPENSATION LAW, EXCEPT THAT IT SHALL  
26 BE CALCULATED FOR THE PRECEDING CALENDAR YEAR.

27 "TAX REFORM CODE." THE ACT OF MARCH 4, 1971 (P.L.6, NO.2),  
28 KNOWN AS THE TAX REFORM CODE OF 1971.

29 "TAXPAYER." AN INDIVIDUAL REQUIRED UNDER THIS CHAPTER TO PAY  
30 A TAX.

1 SECTION 303. LIMITATIONS.

2 THIS CHAPTER SHALL NOT BE CONSTRUED TO AFFECT THE POWER OF A  
3 SCHOOL DISTRICT TO DO ANY OF THE FOLLOWING:

4 (1) TO ELIMINATE ITS OCCUPATION TAX PURSUANT TO THE ACT  
5 OF JUNE 22, 2001 (P.L.374, NO.24), KNOWN AS THE OPTIONAL  
6 OCCUPATION TAX ELIMINATION ACT. EXCEPT FOR THE MUNICIPAL  
7 ELECTION OF 2007, OR FOR AN ELECTION IN WHICH A SCHOOL  
8 DISTRICT SEEKS TO IMPOSE A PERSONAL INCOME TAX UNDER SECTION  
9 321(C), A SCHOOL DISTRICT MAY PLACE SUCH REFERENDUM QUESTION  
10 ON THE BALLOT AT THE SAME MUNICIPAL ELECTION AS A REFERENDUM  
11 QUESTION PLACED ON THE BALLOT PURSUANT TO SUBCHAPTER D. IF A  
12 SCHOOL DISTRICT CONVERTS ITS EARNED INCOME AND NET PROFITS  
13 TAX TO A PERSONAL INCOME TAX UNDER THIS CHAPTER, THE SCHOOL  
14 DISTRICT MAY NOT UTILIZE THE OPTIONAL OCCUPATION TAX  
15 ELIMINATION ACT.

16 (2) TO LEVY, ASSESS OR COLLECT A TAX ON EARNED INCOME  
17 AND NET PROFITS UNDER THE LOCAL TAX ENABLING ACT.

18 (3) TO IMPOSE SPECIAL PURPOSE TAX LEVIES APPROVED BY THE  
19 ELECTORATE.

20 SECTION 304. CERTAIN RATES OF TAXATION LIMITED.

21 (A) MUNICIPAL RATES.--IF A MUNICIPALITY AND SCHOOL DISTRICT  
22 BOTH IMPOSE AN EARNED INCOME AND NET PROFITS TAX ON THE SAME  
23 INDIVIDUAL UNDER THE LOCAL TAX ENABLING ACT AND ARE LIMITED TO  
24 OR HAVE AGREED UPON A DIVISION OF THE TAX RATE IN ACCORDANCE  
25 WITH SECTION 8 OF THE LOCAL TAX ENABLING ACT, THE MUNICIPALITY  
26 SHALL REMAIN SUBJECT TO THAT LIMITATION OR AGREEMENT IN THE  
27 EVENT THAT THE SCHOOL DISTRICT OPTS TO IMPOSE OR INCREASE AN  
28 EARNED INCOME AND NET PROFITS TAX AUTHORIZED UNDER SECTION  
29 321(B) OR A PERSONAL INCOME TAX AUTHORIZED UNDER SECTION 321(C).  
30 NOTHING IN THIS CHAPTER SHALL BE CONSTRUED TO AUTHORIZE A

1 MUNICIPALITY TO RAISE THE RATE OF EARNED INCOME AND NET PROFITS  
2 TAX ABOVE THE RATE IT LEVIED UNDER THE PREVIOUSLY AGREED UPON  
3 DIVISION IF A SCHOOL DISTRICT IMPOSES OR INCREASES A PERSONAL  
4 INCOME TAX UNDER SUBCHAPTER C.

5 (B) SCHOOL DISTRICTS.--A SCHOOL DISTRICT WHICH IMPOSES A TAX  
6 UNDER THIS CHAPTER IS SUBJECT TO SECTION 688 OF THE ACT OF MARCH  
7 10, 1949 (P.L.30, NO.14), KNOWN AS THE PUBLIC SCHOOL CODE OF  
8 1949.

9 SUBCHAPTER B

10 SCHOOL DISTRICT BUDGETS

11 SECTION 311. ADOPTION OF PRELIMINARY BUDGET PROPOSALS.

12 (A) ADOPTION.--BEGINNING WITH THE FISCAL YEAR TO WHICH  
13 SECTION 333 APPLIES, EACH BOARD OF SCHOOL DIRECTORS SHALL ADOPT  
14 A PRELIMINARY BUDGET PROPOSAL FOR THE FOLLOWING FISCAL YEAR NO  
15 LATER THAN 90 DAYS PRIOR TO THE DATE OF THE ELECTION IMMEDIATELY  
16 PRECEDING THE FISCAL YEAR IN WHICH THE PRELIMINARY BUDGET WILL  
17 TAKE EFFECT.

18 (B) CONTENTS.--THE PRELIMINARY BUDGET PROPOSAL SHALL INCLUDE  
19 ESTIMATED REVENUES AND EXPENDITURES AND ANY PROPOSED TAX RATES  
20 AND SHALL BE PREPARED ON A UNIFORM FORM FURNISHED BY THE  
21 DEPARTMENT.

22 (C) PUBLIC INSPECTION.--THE BOARD OF SCHOOL DIRECTORS SHALL  
23 PRINT THE PRELIMINARY BUDGET PROPOSAL AND MAKE IT AVAILABLE FOR  
24 PUBLIC INSPECTION AT LEAST 20 DAYS PRIOR TO ITS ADOPTION. THE  
25 BOARD OF SCHOOL DIRECTORS SHALL GIVE PUBLIC NOTICE OF ITS INTENT  
26 TO ADOPT THE PRELIMINARY BUDGET AT LEAST TEN DAYS PRIOR TO  
27 ADOPTION AND MAY HOLD A PUBLIC HEARING PRIOR TO ITS ADOPTION.

28 SECTION 312. ADOPTION OF ANNUAL BUDGETS.

29 (A) ADOPTION.--BEGINNING WITH THE FISCAL YEAR TO WHICH  
30 SECTION 333 APPLIES, EACH BOARD OF SCHOOL DIRECTORS SHALL ADOPT

1 ITS ANNUAL BUDGET FOR THE FOLLOWING FISCAL YEAR NO LATER THAN  
2 THE LAST DAY OF THE FISCAL YEAR BEFORE THE FISCAL YEAR IN WHICH  
3 THE BUDGET TAKES EFFECT.

4 (B) CONTENTS.--THE ANNUAL BUDGET SHALL INCLUDE ESTIMATED  
5 REVENUES AND EXPENDITURES AND ANY PROPOSED TAX RATES AND BE  
6 PREPARED ON A UNIFORM FORM FURNISHED BY THE DEPARTMENT.

7 (C) PUBLIC INSPECTION.--THE BOARD OF SCHOOL DIRECTORS SHALL  
8 PRINT THE ANNUAL BUDGET AND MAKE IT AVAILABLE FOR PUBLIC  
9 INSPECTION AT LEAST 20 DAYS PRIOR TO ITS ADOPTION. THE BOARD OF  
10 SCHOOL DIRECTORS SHALL GIVE PUBLIC NOTICE OF ITS INTENT TO ADOPT  
11 THE ANNUAL BUDGET AT LEAST TEN DAYS PRIOR TO ADOPTION AND MAY  
12 HOLD A PUBLIC HEARING PRIOR TO ITS ADOPTION.

13 SECTION 313. INFORMATION TO SCHOOL DISTRICTS.

14 NO LATER THAN SEPTEMBER 30 OF THE YEAR IN WHICH A PROPERTY  
15 TAX REDUCTION ALLOCATION UNDER SECTION 505 IS MADE, AND  
16 SEPTEMBER 30 OF EACH YEAR THEREAFTER, THE DEPARTMENT SHALL  
17 PROVIDE EACH SCHOOL DISTRICT WITH THE FOLLOWING INFORMATION:

18 (1) THE DATES BY WHICH ACTIONS REQUIRED UNDER THIS  
19 CHAPTER SHALL TAKE PLACE.

20 (2) THE INDEX FOR THE APPLICABLE FISCAL YEAR.

21 SUBCHAPTER C

22 GENERAL TAX AUTHORIZATION

23 SECTION 321. GENERAL TAX AUTHORIZATION.

24 (A) GENERAL RULE.--A BOARD OF SCHOOL DIRECTORS MAY LEVY,  
25 ASSESS AND COLLECT A TAX ON EARNED INCOME AND NET PROFITS OR A  
26 TAX ON PERSONAL INCOME AS PROVIDED IN THIS SECTION FOR THE  
27 PURPOSE OF FUNDING HOMESTEAD AND FARMSTEAD EXCLUSIONS TO REDUCE  
28 SCHOOL DISTRICT PROPERTY TAXES.

29 (B) EARNED INCOME AND NET PROFITS TAX.--

30 (1) PURSUANT TO SECTION 331, A BOARD OF SCHOOL DIRECTORS

1 MAY LEVY, ASSESS AND COLLECT A TAX OF 0.1% ON EARNED INCOME  
2 AND NET PROFITS OF RESIDENT INDIVIDUALS FOR PURPOSES OF  
3 QUALIFYING FOR A PROPERTY TAX REDUCTION ALLOCATION UNDER  
4 CHAPTER 5 TO FUND HOMESTEAD AND FARMSTEAD EXCLUSIONS.

5 (2) IN ADDITION TO THE AUTHORIZATION PROVIDED UNDER  
6 PARAGRAPH (1), A SCHOOL DISTRICT MAY, IN ACCORDANCE WITH  
7 SECTION 332, LEVY AN ADDITIONAL TAX ON EARNED INCOME AND NET  
8 PROFITS OF RESIDENT INDIVIDUALS FOR THE PURPOSE OF FURTHER  
9 FUNDING HOMESTEAD AND FARMSTEAD EXCLUSIONS.

10 (3) EXCEPT AS AUTHORIZED IN PARAGRAPH (4), THE COMBINED  
11 RATE OF THE EARNED INCOME AND NET PROFITS TAX AUTHORIZED  
12 UNDER PARAGRAPHS (1) AND (2) SHALL NOT EXCEED THE RATE  
13 REQUIRED TO RAISE REVENUE WHICH, WHEN COMBINED WITH THE  
14 SCHOOL DISTRICT'S PROPERTY TAX REDUCTION ALLOCATION UNDER  
15 CHAPTER 5, ALL REVENUE RECEIVED UNDER SECTION 324 AND ALL  
16 OTHER REVENUE CURRENTLY COLLECTED TO FUND HOMESTEAD AND  
17 FARMSTEAD EXCLUSIONS, WILL BE SUFFICIENT TO FUND EXCLUSIONS  
18 FOR HOMESTEAD PROPERTY AND FARMSTEAD PROPERTY EQUAL TO THE  
19 MAXIMUM EXCLUSION UNDER 53 PA.C.S. § 8586 (RELATING TO  
20 LIMITATIONS). THE BOARD OF SCHOOL DIRECTORS SHALL ROUND THE  
21 RATE OF THE EARNED INCOME AND NET PROFITS TAX LEVIED PURSUANT  
22 TO THIS SECTION TO THE NEAREST 0.1%. FOR PURPOSES OF  
23 CALCULATING THE COMBINED TAX RATE, THE PORTION OF TAX  
24 DEDICATED TO THE INCREASE IN REVENUE PERMITTED UNDER  
25 PARAGRAPH (4), IF ANY, SHALL BE EXCLUDED.

26 (4) NOTWITHSTANDING SECTION 334, THE RATE OF THE EARNED  
27 INCOME AND NET PROFITS TAX PROPOSED TO BE LEVIED AND ASSESSED  
28 FOR THE FISCAL YEAR IMMEDIATELY FOLLOWING THE YEAR IN WHICH  
29 THE TAX IS AUTHORIZED MAY PROVIDE FOR AN INCREASE IN REVENUE  
30 OF NOT MORE THAN 2% OF THE ESTIMATED REVENUE FROM THE EARNED

1 INCOME AND NET PROFITS TAX AUTHORIZED UNDER PARAGRAPH (2),  
2 WHICH MAY BE USED FOR THE OPERATIONS OF THE SCHOOL DISTRICT.

3 (C) PERSONAL INCOME TAX.--

4 (1) AFTER COMPLYING WITH SECTION 331, A BOARD OF SCHOOL  
5 DIRECTORS MAY LEVY, ASSESS AND COLLECT A TAX ON THE PERSONAL  
6 INCOME OF RESIDENT INDIVIDUALS AT A RATE DETERMINED BY THE  
7 BOARD OF SCHOOL DIRECTORS.

8 (2) A SCHOOL DISTRICT WHICH SEEKS TO LEVY THE TAX  
9 AUTHORIZED UNDER PARAGRAPH (1) MUST COMPLY WITH SECTION 332  
10 AND THE FOLLOWING:

11 (I) THE SCHOOL DISTRICT SHALL CONVERT, IN A REVENUE-  
12 NEUTRAL MANNER, ANY EXISTING EARNED INCOME AND NET  
13 PROFITS TAX RATES LEVIED PURSUANT TO ANY OTHER ACT TO A  
14 PERSONAL INCOME TAX RATE.

15 (II) THE 0.1% EARNED INCOME AND NET PROFITS TAX  
16 IMPOSED PURSUANT TO SECTION 331 SHALL BE CONVERTED TO A  
17 PERSONAL INCOME TAX RATE WHICH GENERATES THE SAME AMOUNT  
18 OF TAX REVENUE AND SHALL BE USED FOR FUNDING EXCLUSIONS  
19 FOR HOMESTEAD AND FARMSTEAD PROPERTY.

20 (III) A SCHOOL DISTRICT MAY, IN ACCORDANCE WITH  
21 SECTION 332, LEVY AN ADDITIONAL TAX ON THE PERSONAL  
22 INCOME OF RESIDENT INDIVIDUALS FOR THE PURPOSE OF FURTHER  
23 FUNDING HOMESTEAD AND FARMSTEAD EXCLUSIONS.

24 (IV) FOR PURPOSES OF THE REFERENDUM QUESTION  
25 REQUIRED UNDER SECTION 332, THE PERSONAL INCOME TAX  
26 AUTHORIZED UNDER PARAGRAPH (1) SHALL BE LEVIED AT A RATE  
27 WHICH, WHEN COMBINED WITH THE REVENUE GENERATED UNDER  
28 SUBPARAGRAPH (II), THE SCHOOL DISTRICT'S PROPERTY TAX  
29 REDUCTION ALLOCATION UNDER CHAPTER 5, ALL REVENUE  
30 RECEIVED UNDER SECTION 324 AND ALL OTHER REVENUE

1 CURRENTLY COLLECTED TO FUND HOMESTEAD AND FARMSTEAD  
2 EXCLUSIONS, DOES NOT EXCEED THE TAX RATE REQUIRED TO FUND  
3 EXCLUSIONS FOR HOMESTEAD AND FARMSTEAD PROPERTY EQUAL TO  
4 THE MAXIMUM EXCLUSION UNDER 53 PA.C.S. § 8586. THE BOARD  
5 OF SCHOOL DIRECTORS SHALL ROUND THE RATE OF THE PERSONAL  
6 INCOME TAX LEVIED PURSUANT TO THIS SUBPARAGRAPH TO THE  
7 NEAREST 0.1%. FOR PURPOSES OF CALCULATING THE COMBINED  
8 TAX RATE, THE PORTION OF TAX DEDICATED TO THE INCREASE IN  
9 REVENUE PERMITTED UNDER PARAGRAPH (6), IF ANY, SHALL BE  
10 EXCLUDED.

11 (3) ALL REVENUE GENERATED BY A SCHOOL DISTRICT PURSUANT  
12 TO PARAGRAPH (2) (II) AND (III) SHALL BE USED AS PROVIDED IN  
13 SECTION 334 FOR THE PURPOSE OF FUNDING EXCLUSIONS FOR  
14 HOMESTEAD AND FARMSTEAD PROPERTY.

15 (4) IF A BOARD OF SCHOOL DIRECTORS SEEKS TO IMPOSE A  
16 PERSONAL INCOME TAX UNDER THIS SUBSECTION AND THE REFERENDUM  
17 UNDER SECTION 332 IS APPROVED BY THE ELECTORATE, THE BOARD OF  
18 SCHOOL DIRECTORS SHALL HAVE NO AUTHORITY TO IMPOSE AN EARNED  
19 INCOME AND NET PROFITS TAX UNDER SUBSECTION (B) OR UNDER ANY  
20 OTHER ACT.

21 (5) A PERSONAL INCOME TAX IMPOSED UNDER THE AUTHORITY OF  
22 THIS SECTION SHALL BE LEVIED BY THE SCHOOL DISTRICT ON EACH  
23 OF THE CLASSES OF INCOME SPECIFIED IN SECTION 303 OF THE TAX  
24 REFORM CODE AND REGULATIONS UNDER THAT SECTION, THE  
25 PROVISIONS OF WHICH ARE INCORPORATED BY REFERENCE INTO THIS  
26 CHAPTER.

27 (I) NOTWITHSTANDING THE PROVISIONS OF SECTION 353(F)  
28 OF THE TAX REFORM CODE, THE DEPARTMENT OF REVENUE MAY  
29 PERMIT THE PROPER OFFICER OR AN AUTHORIZED AGENT OF A  
30 SCHOOL DISTRICT IMPOSING A PERSONAL INCOME TAX PURSUANT

1 TO THIS CHAPTER TO INSPECT THE TAX RETURNS OF ANY  
2 TAXPAYER OF THE SCHOOL DISTRICT OR MAY FURNISH TO THE  
3 OFFICER OR AN AUTHORIZED AGENT AN ABSTRACT OF THE RETURN  
4 OF INCOME OF ANY CURRENT OR FORMER RESIDENT OF THE SCHOOL  
5 DISTRICT, OR SUPPLY INFORMATION CONCERNING ANY ITEM OF  
6 INCOME CONTAINED IN ANY TAX RETURN. THE OFFICER OR  
7 AUTHORIZED AGENT OF THE SCHOOL DISTRICT IMPOSING A TAX  
8 UNDER THIS CHAPTER SHALL BE FURNISHED THE REQUESTED  
9 INFORMATION UPON PAYMENT TO THE DEPARTMENT OF REVENUE OF  
10 THE ACTUAL COST OF PROVIDING THE REQUESTED INFORMATION.

11 (II) (A) EXCEPT FOR OFFICIAL PURPOSES OR AS  
12 PROVIDED BY LAW, IT SHALL BE UNLAWFUL FOR ANY OFFICER  
13 OR AUTHORIZED AGENT OF A SCHOOL DISTRICT TO DO ANY OF  
14 THE FOLLOWING:

15 (I) DISCLOSE TO ANY OTHER INDIVIDUAL OR  
16 ENTITY THE AMOUNT OR SOURCE OF INCOME, PROFITS,  
17 LOSSES, EXPENDITURES OR ANY PARTICULAR  
18 INFORMATION CONCERNING INCOME, PROFITS, LOSSES OR  
19 EXPENDITURES CONTAINED IN ANY RETURN.

20 (II) PERMIT ANY OTHER INDIVIDUAL OR ENTITY  
21 TO VIEW OR EXAMINE ANY RETURN OR COPY OF A RETURN  
22 OR ANY BOOK CONTAINING ANY ABSTRACT OR  
23 PARTICULARS.

24 (III) PRINT, PUBLISH OR PUBLICIZE IN ANY  
25 MANNER ANY RETURN; ANY PARTICULAR INFORMATION  
26 CONTAINED IN OR CONCERNING THE RETURN; ANY AMOUNT  
27 OR SOURCE OF INCOME, PROFITS, LOSSES OR  
28 EXPENDITURES IN OR CONCERNING THE RETURN; OR ANY  
29 PARTICULAR INFORMATION CONCERNING INCOME,  
30 PROFITS, LOSSES OR EXPENDITURES CONTAINED IN OR



1 RELATING TO ANY RETURN.

2 (B) ANY OFFICER OR AUTHORIZED AGENT OF A SCHOOL  
3 DISTRICT THAT VIOLATES CLAUSE (A):

4 (I) MAY BE FINED NOT MORE THAN \$1,000 OR  
5 IMPRISONED FOR NOT MORE THAN ONE YEAR, OR BOTH.

6 (II) MAY BE REMOVED FROM OFFICE OR  
7 DISCHARGED FROM EMPLOYMENT.

8 (6) NOTWITHSTANDING SECTION 334, THE RATE OF THE  
9 PERSONAL INCOME TAX PROPOSED TO BE LEVIED AND ASSESSED FOR  
10 THE FIRST FISCAL YEAR IMMEDIATELY FOLLOWING THE YEAR IN WHICH  
11 THE TAX IS AUTHORIZED MAY PROVIDE FOR AN INCREASE IN REVENUE  
12 OF NOT MORE THAN 2% OF THE ESTIMATED REVENUE FROM THE  
13 PERSONAL INCOME TAX AUTHORIZED UNDER PARAGRAPH (2)(III),  
14 WHICH MAY BE USED FOR THE OPERATIONS OF THE SCHOOL DISTRICT.

15 (D) EXECUTION OF TAX RATE.--AN EARNED INCOME AND NET PROFITS  
16 TAX RATE OR PERSONAL INCOME TAX RATE AUTHORIZED UNDER THIS  
17 SECTION AND IMPOSED PURSUANT TO SECTION 331 SHALL BE SELF-  
18 EXECUTING AND SHALL BE EFFECTIVE BEGINNING ON THE FIRST DAY OF  
19 THE FISCAL YEAR IN WHICH A SCHOOL DISTRICT WILL RECEIVE A  
20 PAYMENT UNDER SECTION 505(B). A TAX AUTHORIZED UNDER SECTION 332  
21 SHALL BE SELF-EXECUTING AND SHALL BE EFFECTIVE BEGINNING ON THE  
22 FIRST DAY OF THE FISCAL YEAR WHICH BEGINS AFTER THE TAX IS  
23 AUTHORIZED. A TAX RATE UNDER THIS SUBSECTION SHALL CONTINUE IN  
24 FORCE ON A FISCAL YEAR BASIS WITHOUT ANNUAL REENACTMENT EXCEPT  
25 IN A YEAR IN WHICH THE RATE OF THE TAX IS CHANGED OR THE TAX IS  
26 REPEALED.

27 SECTION 322. COLLECTIONS.

28 (A) DESIGNATION OF TAX COLLECTOR.--A BOARD OF SCHOOL  
29 DIRECTORS IMPOSING AN INCOME TAX UNDER THIS CHAPTER SHALL  
30 DESIGNATE A TAX OFFICER UNDER SECTION 10 OF THE LOCAL TAX

1 ENABLING ACT, OR OTHERWISE BY LAW, AS THE COLLECTOR OF THE TAX.  
2 IN THE PERFORMANCE OF THE TAX COLLECTION DUTIES UNDER THIS  
3 SUBCHAPTER, THE DESIGNATED TAX OFFICER SHALL HAVE ALL THE SAME  
4 POWERS, RIGHTS, RESPONSIBILITIES AND DUTIES FOR THE COLLECTION  
5 OF THE TAXES WHICH MAY BE IMPOSED UNDER THE LOCAL TAX ENABLING  
6 ACT, 53 PA.C.S. CH. 84 SUBCH. C (RELATING TO LOCAL TAXPAYERS  
7 BILL OF RIGHTS) OR AS OTHERWISE PROVIDED BY LAW.

8 (B) CONFLICT.--IN ANY SITUATION WHERE THERE IS A CONFLICT  
9 INVOLVING THE AUTHORITY CONFERRED ON A LOCAL TAX COLLECTOR BY  
10 THE PROVISIONS OF THE LOCAL TAX ENABLING ACT AND THE TAX REFORM  
11 CODE, THE PROVISIONS OF THE LOCAL TAX ENABLING ACT SHALL  
12 CONTROL.

13 SECTION 323. CREDITS.

14 (A) CREDIT.--EXCEPT AS SET FORTH IN SUBSECTION (B), THE  
15 PROVISIONS OF SECTION 14 OF THE LOCAL TAX ENABLING ACT SHALL BE  
16 APPLIED BY A BOARD OF SCHOOL DIRECTORS TO DETERMINE ANY CREDITS  
17 APPLICABLE TO A TAX IMPOSED UNDER SECTION 321.

18 (B) LIMITATION.--PAYMENT OF ANY TAX ON INCOME TO ANY STATE  
19 OTHER THAN PENNSYLVANIA OR TO ANY POLITICAL SUBDIVISION LOCATED  
20 OUTSIDE THE BOUNDARIES OF THIS COMMONWEALTH, BY A RESIDENT OF A  
21 SCHOOL DISTRICT LOCATED IN THIS COMMONWEALTH, SHALL NOT BE  
22 CREDITED TO AND ALLOWED AS A DEDUCTION FROM THE LIABILITY OF  
23 SUCH PERSON FOR ANY INCOME TAX IMPOSED BY THE SCHOOL DISTRICT OF  
24 RESIDENCE PURSUANT TO THIS CHAPTER.

25 SECTION 324. REIMBURSEMENT.

26 NOTWITHSTANDING ANY OTHER PROVISIONS OF LAW TO THE CONTRARY,  
27 THE FOLLOWING APPLY:

28 (1) THIS SECTION ONLY APPLIES TO A TAXPAYER WHO IS A  
29 RESIDENT OF THIS COMMONWEALTH AND NOT A RESIDENT OF A CITY OF  
30 THE FIRST CLASS BUT WHO IS SUBJECT TO THE TAX ON SALARIES,

1 WAGES, COMMISSIONS OR OTHER COMPENSATION IMPOSED BY A CITY OF  
2 THE FIRST CLASS UNDER THE AUTHORITY OF THE ACT OF AUGUST 5,  
3 1932 (SP.SESS., P.L.45, NO.45), REFERRED TO AS THE STERLING  
4 ACT.

5 (2) FOR TAX YEARS BEGINNING IN THE FIRST CALENDAR YEAR  
6 IN WHICH A PAYMENT UNDER SECTION 505(B) IS MADE AND EACH TAX  
7 YEAR THEREAFTER, PAYMENT OF A TAX ON SALARIES, WAGES,  
8 COMMISSIONS OR OTHER COMPENSATION AS SET FORTH IN PARAGRAPH  
9 (1) SHALL BE CREDITED TO THE SCHOOL DISTRICT OF THE  
10 TAXPAYER'S RESIDENCE AT AN AMOUNT NO GREATER THAN THE TAX ON  
11 SALARIES, WAGES, COMMISSIONS OR OTHER COMPENSATION AS SET  
12 FORTH IN PARAGRAPH (1) IMPOSED BY THE SCHOOL DISTRICT IN  
13 WHICH THE TAXPAYER RESIDES.

14 (3) EXCEPT AS SET FORTH IN PARAGRAPH (4), AN AMOUNT  
15 EQUAL TO THE AGGREGATE AMOUNT OF THE TAX CREDITED UNDER  
16 PARAGRAPH (2) SHALL BE PAID FROM THE FUND TO THE SCHOOL  
17 DISTRICT OF RESIDENCE OF EACH TAXPAYER UNDER PARAGRAPH (1)  
18 FOR THE PURPOSE OF FUNDING HOMESTEAD AND FARMSTEAD EXCLUSIONS  
19 IN ACCORDANCE WITH THIS CHAPTER. THE DEPARTMENT SHALL  
20 PRESCRIBE PROCEDURES TO CALCULATE THE AMOUNT DUE TO EACH  
21 SCHOOL DISTRICT QUALIFYING UNDER THIS PARAGRAPH, AND SHALL  
22 PUBLISH THE PROCEDURES IN THE PENNSYLVANIA BULLETIN.

23 (4) NOTWITHSTANDING PARAGRAPH (3), IF THE CERTIFICATION  
24 UNDER SECTION 503(A) (1) (I) IS LESS THAN \$750,000,000, EACH  
25 ELIGIBLE SCHOOL DISTRICT SHALL RECEIVE A PRO RATA SHARE OF  
26 THE REIMBURSEMENT CALCULATED UNDER THIS SECTION AT  
27 \$750,000,000.

28 SECTION 325. EXEMPTION AND SPECIAL PROVISIONS.

29 (A) EARNED INCOME AND NET PROFITS TAX.--A SCHOOL DISTRICT  
30 THAT IMPOSES AN EARNED INCOME AND NET PROFITS TAX AUTHORIZED

1 UNDER SECTION 321(B) MAY EXEMPT FROM THE PAYMENT OF THAT TAX ANY  
2 PERSON WHOSE TOTAL INCOME FROM ALL SOURCES IS LESS THAN \$10,000.

3 (B) APPLICABILITY TO PERSONAL INCOME TAX.--SECTION 304 OF  
4 THE TAX REFORM CODE SHALL APPLY TO ANY PERSONAL INCOME TAX  
5 LEVIED BY A SCHOOL DISTRICT UNDER SECTION 321(C).  
6 SECTION 326. REGULATIONS.

7 A SCHOOL DISTRICT THAT IMPOSES:

8 (1) AN EARNED INCOME AND NET PROFITS TAX AUTHORIZED  
9 UNDER SECTION 321(B) SHALL BE SUBJECT TO SECTION 13 OF THE  
10 LOCAL TAX ENABLING ACT AND MAY ADOPT PROCEDURES FOR THE  
11 PROCESSING OF CLAIMS FOR CREDITS OR EXEMPTIONS UNDER SECTIONS  
12 323, 324 AND 325; OR

13 (2) A PERSONAL INCOME TAX AUTHORIZED UNDER SECTION  
14 321(C) SHALL BE SUBJECT TO ALL REGULATIONS ADOPTED BY THE  
15 DEPARTMENT OF REVENUE IN ADMINISTERING THE TAX DUE TO THE  
16 COMMONWEALTH UNDER ARTICLE III OF THE TAX REFORM CODE.

17 SECTION 327. PROPERTY TAX LIMITS ON REASSESSMENT.

18 NOTWITHSTANDING ANY OTHER PROVISION OF LAW, INCLUDING THIS  
19 ACT, AFTER ANY COUNTY MAKES A COUNTYWIDE REVISION OF ASSESSMENT  
20 OF REAL PROPERTY AT VALUES BASED UPON AN ESTABLISHED  
21 PREDETERMINED RATIO AS REQUIRED BY LAW OR AFTER ANY COUNTY  
22 CHANGES ITS ESTABLISHED PREDETERMINED RATIO, A BOARD OF SCHOOL  
23 DIRECTORS IN A SCHOOL DISTRICT LOCATED WITHIN THAT COUNTY THAT  
24 HAS ADOPTED A RESOLUTION IMPOSING THE TAX UNDER SECTION 331 OR  
25 IN WHICH A REFERENDUM UNDER SECTION 332 HAS BEEN APPROVED BY THE  
26 ELECTORATE, WHICH AFTER THE EFFECTIVE DATE OF THIS SECTION, FOR  
27 THE FIRST TIME LEVIES ITS REAL ESTATE TAXES ON THAT REVISED  
28 ASSESSMENT OR VALUATION, SHALL FOR THE FIRST YEAR REDUCE ITS TAX  
29 RATE, IF NECESSARY, FOR THE PURPOSE OF HAVING THE PERCENTAGE  
30 INCREASE IN TAXES LEVIED FOR THAT YEAR AGAINST THE REAL

1 PROPERTIES CONTAINED IN THE DUPLICATE FOR THE PRECEDING YEAR BE  
2 LESS THAN OR EQUAL TO THE INDEX FOR THE PRECEDING YEAR  
3 NOTWITHSTANDING THE INCREASED VALUATIONS OF SUCH PROPERTIES  
4 UNDER THE REVISED ASSESSMENT. FOR THE PURPOSE OF DETERMINING THE  
5 TOTAL AMOUNT OF TAXES TO BE LEVIED FOR THE FIRST YEAR, THE  
6 AMOUNT TO BE LEVIED ON NEWLY CONSTRUCTED BUILDINGS OR STRUCTURES  
7 OR ON INCREASED VALUATIONS BASED ON NEW IMPROVEMENTS MADE TO  
8 EXISTING HOUSES NEED NOT BE CONSIDERED. THE TAX RATE SHALL BE  
9 FIXED FOR THAT YEAR AT A FIGURE WHICH WILL ACCOMPLISH THIS  
10 PURPOSE. THE PROVISIONS OF SECTION 333 SHALL APPLY TO INCREASES  
11 IN THE TAX RATE ABOVE THE LIMITS PROVIDED IN THIS SECTION.

12 SUBCHAPTER D

13 SCHOOL DISTRICT PROPERTY TAX REDUCTION

14 SECTION 331. QUALIFYING CONTRIBUTION.

15 (A) GENERAL RULE.--EXCEPT AS SET FORTH IN SUBSECTION (B), A  
16 SCHOOL DISTRICT SHALL, BY RESOLUTION, LEVY, ASSESS AND COLLECT  
17 THE 0.1% EARNED INCOME AND NET PROFITS TAX AUTHORIZED UNDER  
18 SECTION 321(B)(1) IN ORDER TO QUALIFY FOR A PROPERTY TAX  
19 REDUCTION ALLOCATION UNDER SECTION 505. THE BOARD OF SCHOOL  
20 DIRECTORS SHALL ADOPT THE RESOLUTION BY MAY 30 OF THE FIRST YEAR  
21 IN WHICH A CERTIFICATION UNDER SECTION 503(A) IS MADE. WITHIN  
22 FIVE DAYS AFTER ADOPTING THE RESOLUTION, THE BOARD OF SCHOOL  
23 DIRECTORS SHALL NOTIFY THE DEPARTMENT IN A FORM AND MANNER  
24 PRESCRIBED BY THE DEPARTMENT IN ORDER TO ESTABLISH THE SCHOOL  
25 DISTRICT'S ELIGIBILITY TO RECEIVE A PROPERTY TAX REDUCTION  
26 ALLOCATION PURSUANT TO CHAPTER 5.

27 (B) EXCEPTION.--SUBSECTION (A) SHALL NOT APPLY IF ANY OF THE  
28 FOLLOWING APPLY:

29 (1) A SCHOOL DISTRICT WHICH DOES NOT, PRIOR TO MAY 30 OF  
30 THE YEAR IN WHICH A SCHOOL DISTRICT WILL RECEIVE A PAYMENT

1 UNDER SECTION 505(B), IMPOSE AN EARNED INCOME AND NET PROFITS  
2 TAX UNDER THE LOCAL TAX ENABLING ACT OR ANY OTHER STATUTE,  
3 MAY QUALIFY FOR A PROPERTY TAX REDUCTION ALLOCATION UNDER  
4 CHAPTER 5 WITHOUT LEVYING THE TAX REQUIRED UNDER SUBSECTION  
5 (A) IF THE SCHOOL DISTRICT PROPOSES A REFERENDUM REQUIRED  
6 UNDER SECTION 332(E). THE BOARD OF SCHOOL DIRECTORS SHALL  
7 ADOPT A RESOLUTION PROPOSING A REFERENDUM BY MAY 30 OF THE  
8 YEAR IN WHICH A CERTIFICATION UNDER SECTION 503(A) IS MADE.  
9 WITHIN FIVE DAYS AFTER ADOPTING THE RESOLUTION, THE BOARD OF  
10 SCHOOL DIRECTORS SHALL NOTIFY THE DEPARTMENT IN A FORM AND  
11 MANNER PRESCRIBED BY THE DEPARTMENT IN ORDER TO ESTABLISH THE  
12 SCHOOL DISTRICT'S ELIGIBILITY TO RECEIVE A PROPERTY TAX  
13 REDUCTION ALLOCATION PURSUANT TO CHAPTER 5. IF A REFERENDUM  
14 PROPOSED UNDER SECTION 332(E) IS NOT APPROVED BY THE  
15 ELECTORATE, A DISTRICT SHALL ENACT, BY RESOLUTION, THE 0.1%  
16 EARNED INCOME NET PROFITS TAX AUTHORIZED UNDER SECTION  
17 321(B) (1) IN ORDER TO MAINTAIN ELIGIBILITY FOR A PROPERTY TAX  
18 REDUCTION ALLOCATION UNDER CHAPTER 5.

19 (2) A REFERENDUM PROPOSED UNDER SECTION 332(D.1) IS  
20 APPROVED BY THE ELECTORATE.

21 SECTION 332. ADOPTION OF REFERENDUM.

22 (A) GENERAL RULE.--A BOARD OF SCHOOL DIRECTORS THAT COMPLIES  
23 WITH SECTION 331 MAY LEVY, ASSESS AND COLLECT AN EARNED INCOME  
24 AND NET PROFITS TAX AUTHORIZED UNDER SECTION 321(B) (2) OR A  
25 PERSONAL INCOME TAX AUTHORIZED UNDER SECTION 321(C), ONLY AFTER  
26 OBTAINING THE APPROVAL OF THE ELECTORATE OF THE SCHOOL DISTRICT  
27 IN A PUBLIC REFERENDUM.

28 (B) SUBMITTAL OF REFERENDUM.--IN ADDITION TO THE REFERENDUM  
29 QUESTION REQUIRED UNDER SUBSECTION (E):

30 (1) A BOARD OF SCHOOL DIRECTORS MAY SUBMIT, AT A

1 MUNICIPAL ELECTION, A REFERENDUM QUESTION TO THE ELECTORS OF  
2 THE SCHOOL DISTRICT SEEKING VOTER APPROVAL ALLOWING THE  
3 SCHOOL DISTRICT TO LEVY, ASSESS AND COLLECT AN EARNED INCOME  
4 AND NET PROFITS TAX OR A PERSONAL INCOME TAX FOR THE PURPOSE  
5 OF ANNUALLY FUNDING HOMESTEAD AND FARMSTEAD EXCLUSIONS. PRIOR  
6 TO PLACING A REFERENDUM QUESTION ON THE BALLOT, THE BOARD OF  
7 SCHOOL DIRECTORS MUST ADOPT A RESOLUTION PURSUANT TO THIS  
8 CHAPTER. THE BOARD OF SCHOOL DIRECTORS MUST GIVE PUBLIC  
9 NOTICE OF ITS INTENT TO ADOPT THE RESOLUTION IN THE MANNER  
10 PROVIDED BY SECTION 4 OF THE LOCAL TAX ENABLING ACT AND MUST  
11 CONDUCT AT LEAST ONE PUBLIC HEARING ON THE RESOLUTION.

12 (2) THE BOARD OF SCHOOL DIRECTORS SHALL SUBMIT THE  
13 REFERENDUM QUESTION REQUIRED UNDER THIS SECTION TO THE  
14 ELECTION OFFICIALS OF EACH COUNTY IN WHICH THE SCHOOL  
15 DISTRICT IS SITUATE NO LATER THAN 60 DAYS PRIOR TO A  
16 MUNICIPAL ELECTION. THE ELECTION OFFICIALS SHALL CAUSE THE  
17 REFERENDUM QUESTION TO BE SUBMITTED TO THE ELECTORS OF THE  
18 SCHOOL DISTRICT.

19 (3) THE REFERENDUM QUESTION SHALL STATE THE RATE OF THE  
20 PROPOSED EARNED INCOME AND NET PROFITS TAX OR PERSONAL INCOME  
21 TAX TO BE LEVIED, THE REASON FOR THE TAX, THE ESTIMATED PER  
22 HOMESTEAD TAX REDUCTION AND THE CURRENT RATE OF EARNED INCOME  
23 AND NET PROFITS OR PERSONAL INCOME TAX LEVIED BY THE SCHOOL  
24 DISTRICT. THE QUESTION SHALL BE CLEAR AND IN LANGUAGE THAT IS  
25 READILY UNDERSTANDABLE BY A LAYPERSON AND SHALL BE FRAMED IN  
26 ONE OF THE FOLLOWING FORMS WITH THE SCHOOL DISTRICT  
27 RESOLUTION ENUMERATING THE VARIABLE AMOUNTS REPRESENTED BY  
28 THE TERMS X, Y AND Z:

29 (I) DO YOU FAVOR IMPOSING AN ADDITIONAL X% (INSERT  
30 NAME OF TAX)? THE REVENUE GENERATED FROM THE INCREASED

1 TAX RATE WILL BE USED TO REDUCE TAXES ON QUALIFIED  
2 RESIDENTIAL PROPERTY BY AN ESTIMATED AMOUNT OF \$Y. THE  
3 CURRENT (INSERT NAME OF TAX) FOR THE SCHOOL DISTRICT IS  
4 Z%.

5 (II) DO YOU FAVOR CONVERTING THE SCHOOL DISTRICT'S  
6 CURRENT EARNED INCOME AND NET PROFITS TAX INTO A PERSONAL  
7 INCOME TAX AT X%? THE REVENUE GENERATED FROM THE PERSONAL  
8 INCOME TAX WILL BE USED TO REDUCE TAXES ON QUALIFIED  
9 RESIDENTIAL PROPERTY BY AN ESTIMATED AMOUNT OF \$Y AND TO  
10 REPLACE THE REVENUE FROM THE CURRENT SCHOOL DISTRICT'S  
11 EARNED INCOME AND NET PROFITS TAX, WHICH IS NOW LEVIED AT  
12 Z%.

13 (4) THE ELECTION OFFICIALS OF EACH COUNTY SHALL, IN  
14 CONSULTATION WITH THE BOARD OF SCHOOL DIRECTORS, DRAFT A  
15 NONLEGAL INTERPRETATIVE STATEMENT WHICH SHALL ACCOMPANY THE  
16 REFERENDUM QUESTION IN ACCORDANCE WITH SECTION 201.1 OF THE  
17 ACT OF JUNE 3, 1937 (P.L.1333, NO.320), KNOWN AS THE  
18 PENNSYLVANIA ELECTION CODE. THE NONLEGAL INTERPRETATIVE  
19 STATEMENT SHALL INFORM THE VOTERS OF:

20 (I) THE REASON FOR THE TAX;

21 (II) THE ESTIMATED INCREASE IN REVENUE WHICH THE  
22 BOARD HAS INCLUDED IN THE PROPOSED TAX RATE, AS  
23 AUTHORIZED UNDER SECTION 321(B) (4) OR SECTION 321(C) (6);

24 (III) THE ESTIMATED PER HOMESTEAD TAX REDUCTION; AND

25 (IV) THE CURRENT RATE OF EARNED INCOME AND NET  
26 PROFITS TAX OR, IF APPLICABLE, PERSONAL INCOME TAX LEVIED  
27 BY THE SCHOOL DISTRICT.

28 (C) PROPOSED TAX RATE.--THE PROPOSED RATE OF THE EARNED  
29 INCOME AND NET PROFITS TAX OR PERSONAL INCOME TAX SHALL BE  
30 ESTABLISHED BY THE BOARD OF SCHOOL DIRECTORS OF THE SCHOOL



1 DISTRICT, IN ACCORDANCE WITH THE FOLLOWING:

2 (1) FOR THE MUNICIPAL ELECTION OF 2007, THE PROPOSED TAX  
3 RATE SHALL NOT BE LESS THAN THE RATE REQUIRED TO PROVIDE AN  
4 EXCLUSION FOR HOMESTEAD PROPERTY AND FARMSTEAD PROPERTY EQUAL  
5 TO 50% OF THE MAXIMUM EXCLUSION UNDER 53 PA.C.S. § 8586  
6 (RELATING TO LIMITATIONS). THE PROPOSED TAX RATE SHALL NOT  
7 EXCEED THE RATE REQUIRED TO PROVIDE AN EXCLUSION FOR  
8 HOMESTEAD PROPERTY AND FARMSTEAD PROPERTY EQUAL TO THE  
9 MAXIMUM EXCLUSION UNDER 53 PA.C.S. § 8586. IN CALCULATING THE  
10 PROPOSED MINIMUM TAX RATE UNDER THIS PARAGRAPH, A SCHOOL  
11 DISTRICT SHALL INCLUDE:

12 (I) FUNDS GENERATED FROM THE TAX IMPOSED UNDER  
13 SECTION 331;

14 (II) FUNDS RECEIVED PURSUANT TO A PROPERTY TAX  
15 REDUCTION ALLOCATION UNDER CHAPTER 5;

16 (III) FUNDS RECEIVED UNDER SECTION 324(B); AND

17 (IV) ANY FUNDS CURRENTLY COLLECTED FOR THE PURPOSES  
18 OF PROVIDING HOMESTEAD AND FARMSTEAD EXCLUSIONS.

19 (2) FOR SUBSEQUENT MUNICIPAL ELECTIONS, THE PROPOSED TAX  
20 RATE SHALL NOT EXCEED THE RATE REQUIRED TO PROVIDE AN  
21 EXCLUSION FOR HOMESTEAD PROPERTY AND FARMSTEAD PROPERTY EQUAL  
22 TO THE MAXIMUM EXCLUSION UNDER 53 PA.C.S. § 8586.

23 (D) EFFECTIVE DATE.--WHERE THE REFERENDUM QUESTION UNDER  
24 THIS SECTION IS APPROVED BY THE ELECTORATE, THE NEW RATE OF THE  
25 EARNED INCOME AND NET PROFITS TAX OR PERSONAL INCOME TAX SHALL  
26 TAKE EFFECT PURSUANT TO SECTION 321(D).

27 (D.1) MUNICIPAL ELECTION OF 2005.--IN ACCORDANCE WITH  
28 SUBSECTION (B), A BOARD OF SCHOOL DIRECTORS MAY PROPOSE A  
29 REFERENDUM QUESTION AT THE MUNICIPAL ELECTION OF 2005. IF A  
30 REFERENDUM QUESTION UNDER THIS SUBSECTION IS APPROVED BY THE

1 ELECTORATE, THE SCHOOL DISTRICT SHALL BE DEEMED TO HAVE  
2 SATISFIED THE REQUIREMENTS OF SECTION 331. IF A REFERENDUM  
3 QUESTION UNDER THIS SUBSECTION IS NOT APPROVED BY THE  
4 ELECTORATE, ALL OF THE FOLLOWING APPLY:

5 (1) THE BOARD OF SCHOOL DIRECTORS SHALL IMPOSE THE  
6 EARNED INCOME AND NET PROFITS TAX REQUIRED UNDER SECTION 331  
7 ON RESIDENTS OF THE SCHOOL DISTRICT.

8 (2) THE TAX UNDER PARAGRAPH (1) SHALL TAKE EFFECT  
9 BEGINNING ON THE FIRST DAY OF THE FISCAL YEAR IN WHICH THE  
10 SCHOOL DISTRICT RECEIVES A PAYMENT UNDER SECTION 505(B).

11 (E) MUNICIPAL ELECTION OF 2007.--IN ACCORDANCE WITH  
12 SUBSECTIONS (B) AND (C) (1), A BOARD OF SCHOOL DIRECTORS SHALL  
13 PROPOSE A REFERENDUM QUESTION AT THE MUNICIPAL ELECTION OF 2007.  
14 IF A BOARD OF SCHOOL DIRECTORS FAILS TO PROPOSE A REFERENDUM  
15 QUESTION AT THE MUNICIPAL ELECTION OF 2007, THE SCHOOL DISTRICT  
16 SHALL BE INELIGIBLE TO RECEIVE A PROPERTY TAX REDUCTION  
17 ALLOCATION UNDER SECTION 505 UNTIL A REFERENDUM QUESTION  
18 PURSUANT TO SUBSECTION (C) (1) IS PROPOSED IN A SUBSEQUENT  
19 GENERAL OR MUNICIPAL ELECTION.

20 (F) PUBLIC REFERENDUM REQUIREMENTS TO END PARTICIPATION  
21 UNDER THIS CHAPTER.--SUBJECT TO THE NOTICE AND PUBLIC HEARING  
22 REQUIREMENTS IN SECTION 4 OF THE LOCAL TAX ENABLING ACT AND  
23 AFTER A PERIOD OF AT LEAST FOUR FULL FISCAL YEARS OF ANY TAX  
24 AUTHORIZED UNDER SECTION 321 BEING LEVIED, A BOARD OF SCHOOL  
25 DIRECTORS MAY SEEK TO END PARTICIPATION UNDER THIS CHAPTER BY  
26 OBTAINING THE APPROVAL OF THE ELECTORS OF THE SCHOOL DISTRICT IN  
27 A PUBLIC REFERENDUM AT A MUNICIPAL ELECTION.

28 (G) EFFECT ON CERTAIN SCHOOL DISTRICTS.--

29 THIS SECTION SHALL NOT APPLY TO:

30 (1) A SCHOOL DISTRICT OF THE FIRST CLASS.

1 (2) A SCHOOL DISTRICT WHICH REACHES THE MAXIMUM  
2 HOMESTEAD EXCLUSION ALLOWED UNDER 53 PA.C.S. § 8586 WHEN  
3 COMBINING THE TAX IMPOSED UNDER SECTION 331, THE PROPERTY TAX  
4 REDUCTION ALLOCATION RECEIVED UNDER SECTION 505, FUNDS  
5 RECEIVED UNDER SECTION 324(B) AND ANY FUNDS CURRENTLY  
6 COLLECTED FOR THE PURPOSE OF PROVIDING HOMESTEAD EXCLUSIONS.

7 (3) A SCHOOL DISTRICT THAT REACHES 50% OF THE MAXIMUM  
8 HOMESTEAD EXCLUSION ALLOWED UNDER 53 PA.C.S. § 8586 WHEN  
9 COMBINING THE TAX IMPOSED UNDER SECTION 331, THE PROPERTY TAX  
10 REDUCTION ALLOCATION RECEIVED UNDER SECTION 505, FUNDS  
11 RECEIVED UNDER SECTION 324(B) AND ANY FUNDS CURRENTLY  
12 COLLECTED FOR THE PURPOSE OF PROVIDING HOMESTEAD EXCLUSIONS.

13 NOTHING IN THIS PARAGRAPH SHALL PROHIBIT A SCHOOL DISTRICT  
14 FROM SEEKING VOTER APPROVAL TO PROVIDE FURTHER HOMESTEAD AND  
15 FARMSTEAD EXCLUSIONS SHOULD IT ELECT TO DO SO UNDER  
16 SUBSECTION (B).

17 (H) SCHOOL DISTRICTS OPERATING UNDER 53 PA.C.S. CH. 87.--

18 (1) A SCHOOL DISTRICT WHICH IS SUBJECT TO 53 PA.C.S. CH.  
19 87 (RELATING TO OTHER SUBJECTS OF TAXATION) MAY ADOPT THE  
20 PROVISIONS OF THIS CHAPTER PURSUANT TO THIS SUBSECTION.

21 (2) A SCHOOL DISTRICT WHICH CURRENTLY LEVIES AN EARNED  
22 INCOME AND NET PROFITS TAX UNDER 53 PA.C.S. § 8703 (RELATING  
23 TO ADOPTION OF REFERENDUM) SHALL, BY RESOLUTION, COMPLY WITH  
24 SECTION 331 IN ORDER TO ESTABLISH ELIGIBILITY TO RECEIVE A  
25 PROPERTY TAX REDUCTION ALLOCATION UNDER CHAPTER 5.

26 (3) A SCHOOL DISTRICT UNDER THIS SUBSECTION SHALL  
27 CONVERT ITS EARNED INCOME AND NET PROFITS TAX AUTHORIZED  
28 UNDER 53 PA.C.S. § 8703 TO AN EARNED INCOME AND NET PROFITS  
29 TAX AUTHORIZED UNDER THIS SUBSECTION AT THE SAME RATE AS THE  
30 TAX WAS LEVIED UNDER SECTION 53 PA.C.S. 8703 ON THE DATE OF

1       CONVERSION. THE TAX AUTHORIZED UNDER THIS SUBSECTION SHALL BE  
2       SUBJECT TO THE PROVISIONS OF SECTIONS 323, 324, 325 AND 326.

3           (4) A SCHOOL DISTRICT UNDER THIS SUBSECTION SHALL  
4       COMBINE ALL REVENUE GENERATED FOR FUNDING HOMESTEAD AND  
5       FARMSTEAD EXCLUSIONS UNDER 53 PA.C.S. § 8703 WITH ANY REVENUE  
6       COLLECTED FOR THE PURPOSES OF FUNDING HOMESTEAD AND FARMSTEAD  
7       EXCLUSIONS UNDER THIS CHAPTER.

8           (5) UNLESS SUBSECTION (G) (3) APPLIES, A SCHOOL DISTRICT  
9       UNDER THIS SUBSECTION SHALL BE REQUIRED TO PLACE A REFERENDUM  
10      QUESTION ON THE BALLOT PURSUANT TO SUBSECTION (E). WHEN  
11      CALCULATING THE PROPOSED RATE OF EARNED INCOME AND NET  
12      PROFITS TAX OR PERSONAL INCOME TAX PURSUANT TO SUBSECTION  
13      (C), THE SCHOOL DISTRICT SHALL INCLUDE ANY REVENUE COLLECTED  
14      FOR THE PURPOSES OF HOMESTEAD AND FARMSTEAD EXCLUSIONS.

15          (6) A SCHOOL DISTRICT TAKING ACTION UNDER PARAGRAPH (2)  
16      SHALL NO LONGER IMPLEMENT ANY PROVISIONS OF 53 PA.C.S. CH.  
17      87.

18          (I) ELECTION CODE PROVISIONS.--PROCEEDINGS UNDER THIS  
19      SECTION SHALL BE IN ACCORDANCE WITH THE PROVISIONS OF THE  
20      PENNSYLVANIA ELECTION CODE.

21      SECTION 333. PUBLIC REFERENDUM REQUIREMENTS FOR INCREASING  
22              CERTAIN TAXES.

23          (A) APPLICABILITY.--

24           (1) THIS SECTION SHALL APPLY TO A BOARD OF SCHOOL  
25      DIRECTORS OF A SCHOOL DISTRICT THAT HAS TAKEN ACTION UNDER  
26      SECTION 331.

27           (2) FOR SCHOOL DISTRICTS UNDER PARAGRAPH (1), THIS  
28      SECTION SHALL APPLY TO FISCAL YEARS BEGINNING WITH THE 2006-  
29      2007 FISCAL YEAR.

30          (B) PROHIBITIONS.--EXCEPT AS SET FORTH IN SUBSECTION (F),

1 UNLESS THERE IS COMPLIANCE WITH SUBSECTION (C), A BOARD OF  
2 SCHOOL DIRECTORS MAY NOT DO ANY OF THE FOLLOWING:

3 (1) INCREASE THE RATE OF A TAX LEVIED FOR THE SUPPORT OF  
4 THE PUBLIC SCHOOLS BY MORE THAN THE INDEX. FOR PURPOSES OF  
5 COMPLIANCE WITH THIS PARAGRAPH, A SCHOOL DISTRICT WHICH IS  
6 SITUATED IN MORE THAN ONE COUNTY AND WHICH LEVIES REAL ESTATE  
7 TAXES UNDER SECTION 672.1 OF THE ACT OF MARCH 10, 1949  
8 (P.L.30, NO.14), KNOWN AS THE PUBLIC SCHOOL CODE OF 1949,  
9 SHALL APPLY THE INDEX TO EACH SEPARATE RATE OF REAL ESTATE  
10 TAXES LEVIED.

11 (2) LEVY A TAX FOR THE SUPPORT OF THE PUBLIC SCHOOLS  
12 WHICH WAS NOT LEVIED IN THE FISCAL YEAR IN WHICH A TAX UNDER  
13 SECTION 321 WAS IMPOSED.

14 (3) RAISE THE RATE OF THE EARNED INCOME AND NET PROFITS  
15 TAX, IF ALREADY IMPOSED UNDER THE AUTHORITY OF THE LOCAL TAX  
16 ENABLING ACT, EXCEPT AS OTHERWISE PROVIDED FOR UNDER SECTION  
17 332.

18 (4) NOTWITHSTANDING ANY OTHER PROVISION OF THIS CHAPTER  
19 TO THE CONTRARY, THE ADOPTION OF A REFERENDUM UNDER SECTION  
20 332 CONFERS ON THE BOARD OF SCHOOL DIRECTORS THE AUTHORITY TO  
21 RAISE INCOME TAXES ONLY TO THE EXTENT CONTAINED IN THE  
22 LANGUAGE OF THE REFERENDUM AND ANY FUTURE INCREASE OF AN  
23 INCOME TAX TO BE USED FOR THE PURPOSE OF PROPERTY TAX  
24 REDUCTION SHALL BE SUBMITTED TO THE ELECTORS OF THE SCHOOL  
25 DISTRICT AT A SUBSEQUENT MUNICIPAL ELECTION PURSUANT TO THE  
26 PROVISIONS OF SECTION 332(C)(2).

27 (C) REFERENDUM.--

28 (1) IN ORDER TO TAKE AN ACTION PROHIBITED UNDER  
29 SUBSECTION (B)(1), AT THE ELECTION IMMEDIATELY PRECEDING THE  
30 START OF THE SCHOOL DISTRICT FISCAL YEAR IN WHICH THE

1 PROPOSED TAX INCREASE WOULD TAKE EFFECT, A REFERENDUM STATING  
2 THE SPECIFIC RATE OR RATES OF THE TAX INCREASE MUST BE  
3 SUBMITTED TO THE ELECTORS OF THE SCHOOL DISTRICT; AND A  
4 MAJORITY OF THE ELECTORS VOTING ON THE QUESTION MUST APPROVE  
5 THE INCREASE.

6 (2) IN ORDER TO TAKE AN ACTION UNDER SUBSECTION (B) (2),  
7 AT THE ELECTION IMMEDIATELY PRECEDING THE START OF THE SCHOOL  
8 DISTRICT FISCAL YEAR IN WHICH THE PROPOSED TAX WOULD TAKE  
9 EFFECT, A REFERENDUM STATING THE PROPOSED TAX AND THE RATE AT  
10 WHICH IT WILL BE LEVIED MUST BE SUBMITTED TO THE ELECTORS OF  
11 THE SCHOOL DISTRICT; AND A MAJORITY OF THE ELECTORS VOTING ON  
12 THE QUESTION MUST APPROVE THE TAX.

13 (3) EXCEPT AS SET FORTH IN SUBSECTIONS (I) AND (J), A  
14 SCHOOL DISTRICT ACTING PURSUANT TO THIS SUBSECTION SHALL  
15 SUBMIT THE REFERENDUM QUESTION REQUIRED UNDER THIS SECTION TO  
16 THE ELECTION OFFICIALS OF EACH COUNTY IN WHICH IT IS SITUATE  
17 NO LATER THAN 60 DAYS PRIOR TO THE ELECTION IMMEDIATELY  
18 PRECEDING THE FISCAL YEAR IN WHICH THE TAX INCREASE WOULD  
19 TAKE EFFECT.

20 (4) THE ELECTION OFFICIALS OF EACH COUNTY SHALL, IN  
21 CONSULTATION WITH THE BOARD OF SCHOOL DIRECTORS, DRAFT A  
22 NONLEGAL INTERPRETATIVE STATEMENT WHICH SHALL ACCOMPANY THE  
23 REFERENDUM QUESTION IN ACCORDANCE WITH SECTION 201.1 OF THE  
24 ACT OF JUNE 3, 1937 (P.L.1333, NO.320), KNOWN AS THE  
25 PENNSYLVANIA ELECTION CODE. THE NONLEGAL INTERPRETATIVE  
26 STATEMENT SHALL INCLUDE INFORMATION THAT REFERENCES THE ITEMS  
27 OF EXPENDITURE FOR WHICH THE TAX INCREASE IS SOUGHT AND THE  
28 CONSEQUENCE OF THE REFERENDUM BEING DISAPPROVED BY THE  
29 ELECTORATE.

30 (D) FAILURE TO APPROVE REFERENDUM.--

1 (1) IF A REFERENDUM QUESTION SUBMITTED UNDER SUBSECTION  
2 (C) (1) IS NOT APPROVED, THE BOARD OF SCHOOL DIRECTORS MAY  
3 APPROVE AN INCREASE IN THE TAX RATE OF NOT MORE THAN THE  
4 INDEX.

5 (2) IF A REFERENDUM QUESTION SUBMITTED UNDER SUBSECTION  
6 (C) (2) IS NOT APPROVED, THE BOARD OF SCHOOL DIRECTORS MAY NOT  
7 LEVY THE TAX.

8 (E) TAX RATE SUBMISSIONS.--A SCHOOL DISTRICT THAT HAS  
9 ADOPTED A PRELIMINARY BUDGET PROPOSAL UNDER SECTION 311 THAT  
10 INCLUDES AN INCREASE IN THE RATE OF ANY TAX LEVIED FOR THE  
11 SUPPORT OF PUBLIC SCHOOLS SHALL SUBMIT INFORMATION ON THE  
12 INCREASE TO THE DEPARTMENT ON A UNIFORM FORM PREPARED BY THE  
13 DEPARTMENT. THE SCHOOL DISTRICT SHALL SUBMIT SUCH INFORMATION NO  
14 LATER THAN 85 DAYS PRIOR TO THE DATE OF THE ELECTION IMMEDIATELY  
15 PRECEDING THE BEGINNING OF THE SCHOOL DISTRICT'S FISCAL YEAR.  
16 THE DEPARTMENT SHALL COMPARE THE PROPOSED PERCENTAGE INCREASE IN  
17 THE RATE OF ANY TAX WITH THE INDEX. WITHIN TEN DAYS OF THE  
18 RECEIPT OF THE INFORMATION REQUIRED UNDER THIS SUBSECTION BUT NO  
19 LATER THAN 75 DAYS PRIOR TO THE DATE OF THE ELECTION IMMEDIATELY  
20 PRECEDING THE BEGINNING OF THE SCHOOL DISTRICT'S FISCAL YEAR,  
21 THE DEPARTMENT SHALL INFORM THE SCHOOL DISTRICT WHETHER THE  
22 PROPOSED TAX RATE INCREASE IS LESS THAN OR EQUAL TO THE INDEX.  
23 IF THE DEPARTMENT DETERMINES THAT THE PROPOSED PERCENTAGE  
24 INCREASE IN THE RATE OF THE TAX EXCEEDS THE INDEX, THE  
25 DEPARTMENT SHALL NOTIFY THE SCHOOL DISTRICT THAT:

26 (1) THE PROPOSED TAX INCREASE MUST BE REDUCED TO AN  
27 AMOUNT LESS THAN OR EQUAL TO THE INDEX;

28 (2) THE PROPOSED TAX INCREASE MUST BE APPROVED BY THE  
29 ELECTORATE UNDER SUBSECTION (C) (1); OR

30 (3) AN EXCEPTION MUST BE SOUGHT UNDER SUBSECTION (F).

1 (F) REFERENDUM EXCEPTIONS.--A SCHOOL DISTRICT MAY, WITHOUT  
2 SEEKING VOTER APPROVAL UNDER SUBSECTION (C), INCREASE THE RATE  
3 OF A TAX LEVIED FOR THE SUPPORT OF THE PUBLIC SCHOOLS BY MORE  
4 THAN THE INDEX IF ALL OF THE FOLLOWING APPLY:

5 (1) THE REVENUE RAISED BY THE ALLOWABLE INCREASE UNDER  
6 THE INDEX IS INSUFFICIENT TO BALANCE THE PROPOSED BUDGET DUE  
7 TO ONE OR MORE OF THE EXPENDITURES LISTED IN PARAGRAPH (2).

8 (2) THE REVENUE GENERATED BY INCREASING THE RATE OF A  
9 TAX BY MORE THAN THE INDEX WILL BE USED TO PAY FOR ANY OF THE  
10 FOLLOWING:

11 (I) COSTS INCURRED IN RESPONDING TO OR RECOVERING  
12 FROM AN EMERGENCY OR DISASTER DECLARED PURSUANT TO 35  
13 PA.C.S. § 7301 (RELATING TO GENERAL AUTHORITY OF  
14 GOVERNOR) OR 75 PA.C.S. § 6108 (RELATING TO POWER OF  
15 GOVERNOR DURING EMERGENCY).

16 (II) COSTS TO IMPLEMENT A COURT ORDER OR AN  
17 ADMINISTRATIVE ORDER FROM A FEDERAL OR STATE AGENCY AS  
18 LONG AS THE TAX INCREASE IS RESCINDED FOLLOWING  
19 FULFILLMENT OF THE COURT ORDER OR ADMINISTRATIVE ORDER.

20 (III) COSTS ASSOCIATED WITH THE FOLLOWING:

21 (A) 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 THE EFFECTIVE DATE OF THIS SECTION. IN NO CASE MAY  
25 THE SCHOOL DISTRICT INCUR ADDITIONAL DEBT UNDER THIS  
26 CLAUSE EXCEPT FOR THE REFINANCING OF EXPENSES RELATED  
27 TO SUCH REFINANCING AND THE ESTABLISHMENT OF FUNDING  
28 OF APPROPRIATE DEBT SERVICE RESERVES. AN INCREASE  
29 UNDER THIS CLAUSE SHALL BE RESCINDED FOLLOWING THE  
30 FINAL PAYMENT OF INTEREST AND PRINCIPAL.



1 (B) TO PAY INTEREST AND PRINCIPAL ON ANY  
2 ELECTORAL DEBT INCURRED UNDER 53 PA.C.S. PT. VII  
3 SUBPT. B.

4 (C) TO PAY INTEREST AND PRINCIPAL ON  
5 INDEBTEDNESS FOR UP TO 60% OF THE CONSTRUCTION COST  
6 AVERAGE ON A SQUARE-FOOT BASIS IF ALL OF THE  
7 FOLLOWING APPLY:

8 (I) THE INDEBTEDNESS IS FOR A SCHOOL  
9 CONSTRUCTION PROJECT UNDER 22 PA. CODE CH. 21  
10 (RELATING TO SCHOOL BUILDINGS).

11 (II) THE INDEBTEDNESS TO FUND APPROPRIATE  
12 DEBT SERVICE RESERVES FOR THE PROJECT IS INCURRED  
13 AFTER THE EFFECTIVE DATE OF THIS SECTION.

14 (III) THE INCREASE SOUGHT UNDER THIS CLAUSE  
15 IS RESCINDED FOLLOWING FINAL PAYMENT OF INTEREST  
16 AND PRINCIPAL.

17 (IV) THE INDEBTEDNESS IS INCURRED ONLY AFTER  
18 EXISTING FUND BALANCES FOR SCHOOL CONSTRUCTION  
19 AND ANY UNDESIGNATED FUND BALANCES HAVE BEEN  
20 FULLY COMMITTED TO FUND THE PROJECT.

21 (V) THE INDEBTEDNESS IS FOR AN ACADEMIC  
22 ELEMENTARY OR ACADEMIC SECONDARY SCHOOL BUILDING.  
23 FOR PURPOSES OF THIS SUBCLAUSE, THE FOLLOWING  
24 SHALL NOT BE CONSIDERED TO BE AN ACADEMIC  
25 ELEMENTARY OR ACADEMIC SECONDARY SCHOOL BUILDING:  
26 NATATORIUM, STADIUM BLEACHERS, ATHLETIC FIELD,  
27 ATHLETIC FIELD LIGHTING EQUIPMENT AND APPARATUS  
28 USED TO PROMOTE AND CONDUCT INTERSCHOLASTIC  
29 ATHLETICS.

30 (VI) THE PROJECT HAS BEEN APPROVED BY THE

1 DEPARTMENT UNDER SECTION 731 OF THE ACT OF MARCH  
2 10, 1949 (P.L.30, NO.14), KNOWN AS THE PUBLIC  
3 SCHOOL CODE OF 1949.

4 (D) TO PAY INTEREST AND PRINCIPAL ON  
5 INDEBTEDNESS FOR UP TO \$250,000 OF THE CONSTRUCTION  
6 COST OF A NONACADEMIC SCHOOL CONSTRUCTION PROJECT, AS  
7 ADJUSTED ANNUALLY BY THE PERCENTAGE INCREASE IN THE  
8 AVERAGE OF THE STATEWIDE AVERAGE WEEKLY WAGE AND THE  
9 EMPLOYMENT COST INDEX.

10 (IV) COSTS TO RESPOND TO CONDITIONS WHICH POSE AN  
11 IMMEDIATE THREAT OF SERIOUS PHYSICAL HARM OR INJURY TO  
12 THE STUDENTS, STAFF OR RESIDENTS OF THE SCHOOL DISTRICT,  
13 BUT ONLY UNTIL THE CONDITIONS CAUSING THE THREAT HAVE  
14 BEEN FULLY RESOLVED.

15 (V) COSTS INCURRED IN PROVIDING SPECIAL EDUCATION  
16 PROGRAMS AND SERVICES TO STUDENTS WITH DISABILITIES IF  
17 THE INCREASE IN EXPENDITURES ON SPECIAL EDUCATION  
18 PROGRAMS AND SERVICES WAS GREATER THAN 10%. THE DOLLAR  
19 AMOUNT OF THIS EXCEPTION SHALL BE EQUAL TO THE PORTION OF  
20 THE INCREASE THAT EXCEEDS 10%.

21 (VI) COSTS WHICH:

22 (A) WERE INCURRED IN THE IMPLEMENTATION OF A  
23 SCHOOL IMPROVEMENT PLAN REQUIRED UNDER SECTION  
24 1116(B) OF THE ELEMENTARY AND SECONDARY EDUCATION ACT  
25 OF 1965 (PUBLIC LAW 89-10, 20 U.S.C. § 6316(B)); AND

26 (B) WERE NOT OFFSET BY A STATE ALLOCATION.

27 (VII) COSTS NECESSARY TO MAINTAIN:

28 (A) PER-STUDENT LOCAL TAX REVENUE, ADJUSTED BY  
29 THE INDEX, IF THE PERCENTAGE GROWTH IN AVERAGE DAILY  
30 MEMBERSHIP BETWEEN THE SCHOOL YEAR DETERMINED UNDER

1           SUBSECTION (J) (4) AND THE THIRD SCHOOL YEAR PRECEDING  
2           THE SCHOOL YEAR DETERMINED UNDER SUBSECTION (J) (4)  
3           EXCEEDS 7.5%; OR

4           (B) ACTUAL INSTRUCTION EXPENSE PER AVERAGE DAILY  
5           MEMBERSHIP, ADJUSTED BY THE INDEX, IF THE INCREASE IN  
6           ACTUAL INSTRUCTION EXPENSE PER AVERAGE DAILY  
7           MEMBERSHIP BETWEEN THE SCHOOL YEAR DETERMINED UNDER  
8           SUBSECTION (J) (4) AND THE SCHOOL YEAR PRECEDING THE  
9           SCHOOL YEAR DETERMINED UNDER SUBSECTION (J) (4) IS  
10          LESS THAN THE INDEX.

11          (VIII) THE MAINTENANCE OF REVENUES DERIVED FROM REAL  
12          PROPERTY TAXES, EARNED INCOME AND NET PROFITS TAXES,  
13          PERSONAL INCOME TAXES, BASIC EDUCATION FUNDING  
14          ALLOCATIONS AND SPECIAL EDUCATION FUNDING ALLOCATIONS,  
15          ADJUSTED BY THE INDEX, FOR A SCHOOL DISTRICT WHERE THE  
16          PERCENTAGE INCREASE IN REVENUES DERIVED FROM REAL  
17          PROPERTY TAXES, EARNED INCOME AND NET PROFITS TAXES,  
18          PERSONAL INCOME TAXES, BASIC EDUCATION FUNDING  
19          ALLOCATIONS AND SPECIAL EDUCATION FUNDING ALLOCATIONS  
20          BETWEEN THE SCHOOL YEAR DETERMINED UNDER SUBSECTION  
21          (J) (4) AND THE SCHOOL YEAR PRECEDING THE SCHOOL YEAR  
22          DETERMINED UNDER SUBSECTION (J) (4) IS LESS THAN THE  
23          INDEX.

24          (IX) COSTS INCURRED FOR PROVIDING HEALTH CARE  
25          RELATED BENEFITS WHICH ARE DIRECTLY ATTRIBUTABLE TO A  
26          COLLECTIVE BARGAINING AGREEMENT IN EFFECT ON THE  
27          EFFECTIVE DATE OF THIS SECTION BETWEEN THE SCHOOL  
28          DISTRICT AND ITS EMPLOYEES' ORGANIZATION IF THE  
29          ANTICIPATED INCREASE IN THE COST OF HEALTH CARE RELATED  
30          BENEFITS BETWEEN THE CURRENT YEAR AND THE UPCOMING YEAR

1 IS GREATER THAN THE INDEX. THE DOLLAR AMOUNT OF THIS  
2 EXCEPTION SHALL BE EQUAL TO THE PORTION OF THE INCREASE  
3 WHICH EXCEEDS THE INDEX. THIS SUBPARAGRAPH SHALL NOT  
4 APPLY TO A COLLECTIVE BARGAINING AGREEMENT RENEWED,  
5 EXTENDED OR ENTERED INTO AFTER THE EFFECTIVE DATE OF THIS  
6 SECTION.

7 (G) REVENUE DERIVED FROM INCREASE.--ANY REVENUE DERIVED FROM  
8 AN INCREASE IN THE RATE OF ANY TAX ALLOWED PURSUANT TO  
9 SUBSECTION (F) (2) (III) SHALL NOT EXCEED THE ANTICIPATED DOLLAR  
10 AMOUNT OF THE EXPENDITURE.

11 (H) LIMITATION ON TAX RATE.--THE INCREASE IN THE RATE OF ANY  
12 TAX ALLOWED PURSUANT TO AN EXCEPTION UNDER SUBSECTION (F) (2) (I),  
13 (II), (IV), (V), (VI), (VII), (VIII) OR (IX) OR (N) SHALL NOT  
14 EXCEED THE RATE INCREASE REQUIRED AS DETERMINED BY A COURT OF  
15 COMMON PLEAS OR THE DEPARTMENT PURSUANT TO SUBSECTION (I) OR  
16 (J).

17 (I) COURT ACTION.--

18 (1) PRIOR TO THE IMPOSITION OF A TAX INCREASE UNDER  
19 SUBSECTION (F) (2) (I), (II) AND (IV) AND NO LATER THAN 75 DAYS  
20 PRIOR TO THE ELECTION IMMEDIATELY PRECEDING THE BEGINNING OF  
21 THE SCHOOL DISTRICT'S FISCAL YEAR, APPROVAL BY THE COURT OF  
22 COMMON PLEAS IN THE JUDICIAL DISTRICT IN WHICH THE  
23 ADMINISTRATIVE OFFICE OF THE SCHOOL DISTRICT IS LOCATED MUST  
24 BE SOUGHT. THE BOARD OF SCHOOL DIRECTORS SHALL PUBLISH IN A  
25 NEWSPAPER OF GENERAL CIRCULATION AND ON THE DISTRICT'S  
26 PUBLICLY ACCESSIBLE WORLD WIDE WEB SITE, IF ONE IS  
27 MAINTAINED, NOTICE OF ITS INTENT TO FILE A PETITION UNDER  
28 THIS SUBSECTION AT LEAST ONE WEEK PRIOR TO THE FILING OF THE  
29 PETITION. THE BOARD OF SCHOOL DIRECTORS SHALL ALSO PUBLISH IN  
30 A NEWSPAPER OF GENERAL CIRCULATION AND ON THE DISTRICT'S

1 PUBLICLY ACCESSIBLE WORLD WIDE WEB SITE, IF ONE IS  
2 MAINTAINED, NOTICE, AS SOON AS POSSIBLE FOLLOWING  
3 NOTIFICATION FROM THE COURT THAT A HEARING HAS BEEN  
4 SCHEDULED, STATING THE DATE, TIME AND PLACE OF THE HEARING ON  
5 THE PETITION. THE FOLLOWING SHALL APPLY TO ANY PROCEEDINGS  
6 INSTITUTED UNDER THIS SUBSECTION:

7 (I) THE SCHOOL DISTRICT MUST PROVE BY CLEAR AND  
8 CONVINCING EVIDENCE THAT IT QUALIFIES FOR EACH EXCEPTION  
9 SOUGHT.

10 (II) THE SCHOOL DISTRICT MUST PROVE BY CLEAR AND  
11 CONVINCING EVIDENCE THE ANTICIPATED DOLLAR AMOUNT OF THE  
12 EXPENDITURE FOR EACH EXCEPTION SOUGHT.

13 (2) THE COURT SHALL RULE ON THE SCHOOL DISTRICT'S  
14 PETITION AND INFORM THE SCHOOL DISTRICT OF ITS DECISION NO  
15 LATER THAN 55 DAYS PRIOR TO THE DATE OF THE ELECTION  
16 IMMEDIATELY PRECEDING THE BEGINNING OF THE SCHOOL DISTRICT'S  
17 FISCAL YEAR. IF THE COURT APPROVES THE PETITION, THE COURT  
18 SHALL ALSO DETERMINE THE DOLLAR AMOUNT OF THE EXPENDITURE FOR  
19 WHICH AN EXCEPTION IS GRANTED, THE TAX RATE INCREASE REQUIRED  
20 TO FUND THE EXCEPTION AND THE APPROPRIATE DURATION OF THE  
21 INCREASE. IF THE COURT DENIES THE PETITION, THE SCHOOL  
22 DISTRICT MAY SUBMIT A REFERENDUM QUESTION UNDER SUBSECTION  
23 (C) (1). THE QUESTION MUST BE SUBMITTED TO THE ELECTION  
24 OFFICIALS NO LATER THAN 50 DAYS PRIOR TO THE DATE OF THE  
25 ELECTION IMMEDIATELY PRECEDING THE BEGINNING OF THE SCHOOL  
26 DISTRICT'S FISCAL YEAR.

27 (J) DEPARTMENT APPROVAL.--

28 (1) A SCHOOL DISTRICT THAT SEEKS TO INCREASE THE RATE OF  
29 TAX DUE TO AN EXPENDITURE UNDER SUBSECTION (F) (2) (III), (V),  
30 (VI), (VII), (VIII) OR (IX) OR (N) SHALL OBTAIN THE APPROVAL

1 OF THE DEPARTMENT BEFORE IMPOSING THE TAX INCREASE. THE  
2 DEPARTMENT SHALL ESTABLISH PROCEDURES FOR ADMINISTERING THE  
3 PROVISIONS OF THIS SUBSECTION, WHICH MAY INCLUDE AN  
4 ADMINISTRATIVE HEARING ON THE SCHOOL DISTRICT'S SUBMISSION.

5 (2) A SCHOOL DISTRICT PROCEEDING UNDER THE PROVISIONS OF  
6 THIS SUBSECTION SHALL PUBLISH IN A NEWSPAPER OF GENERAL  
7 CIRCULATION AND ON THE DISTRICT'S PUBLICLY ACCESSIBLE WORLD  
8 WIDE WEB SITE, IF ONE IS MAINTAINED, NOTICE OF ITS INTENT TO  
9 SEEK DEPARTMENT APPROVAL AT LEAST ONE WEEK PRIOR TO  
10 SUBMITTING ITS REQUEST FOR APPROVAL TO THE DEPARTMENT. IF THE  
11 DEPARTMENT SCHEDULES A HEARING ON THE SCHOOL DISTRICT'S  
12 REQUEST, THE SCHOOL DISTRICT SHALL PUBLISH NOTICE OF THE  
13 HEARING IN A NEWSPAPER OF GENERAL CIRCULATION AND ON THE  
14 DISTRICT'S PUBLICLY ACCESSIBLE WORLD WIDE WEB SITE, IF ONE IS  
15 MAINTAINED, IMMEDIATELY UPON RECEIVING THE INFORMATION FROM  
16 THE DEPARTMENT. THE NOTICE SHALL INCLUDE THE DATE, TIME AND  
17 PLACE OF THE HEARING.

18 (3) THE DEPARTMENT SHALL APPROVE A SCHOOL DISTRICT'S  
19 REQUEST UNDER THIS SUBSECTION IF A REVIEW OF THE DATA UNDER  
20 PARAGRAPH (4) DEMONSTRATES THAT:

21 (I) THE SCHOOL DISTRICT QUALIFIES FOR ONE OR MORE  
22 EXCEPTIONS UNDER SUBSECTION (F) (2) (III), (V), (VI),  
23 (VII), (VIII) OR (IX) OR (N); AND

24 (II) THE SUM OF THE DOLLAR AMOUNTS OF THE EXCEPTIONS  
25 FOR WHICH THE SCHOOL DISTRICT QUALIFIES MAKES THE SCHOOL  
26 DISTRICT ELIGIBLE UNDER SUBSECTION (F) (1).

27 (4) FOR THE PURPOSE OF DETERMINING THE ELIGIBILITY OF A  
28 SCHOOL DISTRICT FOR AN EXCEPTION UNDER SUBSECTION (F) (2) (V),  
29 (VI), (VII) OR (VIII), THE DEPARTMENT SHALL UTILIZE DATA FROM  
30 THE MOST RECENT SCHOOL YEARS FOR WHICH ANNUAL FINANCIAL

1 REPORT DATA REQUIRED UNDER SECTION 2553 OF THE ACT OF MARCH  
2 10, 1949 (P.L.30, NO.14), KNOWN AS THE PUBLIC SCHOOL CODE OF  
3 1949, HAS BEEN RECEIVED FOR ALL SCHOOL DISTRICTS. THE  
4 DEPARTMENT SHALL INFORM SCHOOL DISTRICTS OF THE SCHOOL YEARS  
5 DETERMINED UNDER THIS SUBSECTION NO LATER THAN 30 DAYS PRIOR  
6 TO THE DATE ON WHICH PUBLIC INSPECTION OF PROPOSED SCHOOL  
7 BUDGETS IS REQUIRED UNDER SECTION 311(C).

8 (5) THE DEPARTMENT SHALL RULE ON THE SCHOOL DISTRICT'S  
9 REQUEST AND SHALL INFORM THE SCHOOL DISTRICT OF ITS DECISION  
10 NO LATER THAN 55 DAYS PRIOR TO THE DATE OF THE ELECTION  
11 IMMEDIATELY PRECEDING THE BEGINNING OF THE SCHOOL DISTRICT'S  
12 FISCAL YEAR. IF THE DEPARTMENT APPROVES THE REQUEST, THE  
13 DEPARTMENT SHALL DETERMINE THE DOLLAR AMOUNT OF THE  
14 EXPENDITURE FOR WHICH THE EXCEPTION IS SOUGHT AND THE TAX  
15 RATE INCREASE REQUIRED TO FUND THE EXCEPTION. IF THE  
16 DEPARTMENT DENIES THE REQUEST, THE SCHOOL DISTRICT MAY SUBMIT  
17 A REFERENDUM QUESTION UNDER SUBSECTION (C) (1). THE QUESTION  
18 MUST BE SUBMITTED TO THE ELECTION OFFICIALS NO LATER THAN 50  
19 DAYS PRIOR TO THE DATE OF THE ELECTION IMMEDIATELY PRECEDING  
20 THE BEGINNING OF THE SCHOOL DISTRICT'S FISCAL YEAR.

21 (6) WITHIN 30 DAYS OF THE DEADLINE UNDER PARAGRAPH (5),  
22 THE DEPARTMENT SHALL SUBMIT A REPORT TO THE PRESIDENT PRO  
23 TEMPORE OF THE SENATE, THE MINORITY LEADER OF THE SENATE, THE  
24 SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE MINORITY  
25 LEADER OF THE HOUSE OF REPRESENTATIVES ENUMERATING THE SCHOOL  
26 DISTRICTS WHICH SOUGHT AN EXCEPTION UNDER THIS SUBSECTION.  
27 THE DEPARTMENT SHALL ALSO PUBLISH THE REPORT ON ITS PUBLICLY  
28 ACCESSIBLE WORLD WIDE WEB SITE. THE REPORT SHALL INCLUDE:

29 (I) THE NAME OF EACH SCHOOL DISTRICT MAKING A  
30 REQUEST UNDER THIS SUBSECTION.

1 (II) THE SPECIFIC EXCEPTIONS REQUESTED BY EACH  
2 SCHOOL DISTRICT AND THE DOLLAR AMOUNT OF THE EXPENDITURE  
3 FOR EACH EXCEPTION.

4 (III) THE DEPARTMENT'S RULING ON THE REQUEST FOR THE  
5 EXCEPTION.

6 (IV) IF THE EXCEPTION WAS APPROVED, THE DOLLAR  
7 AMOUNT OF THE EXPENDITURE FOR WHICH THE EXCEPTION WAS  
8 SOUGHT AND THE TAX RATE INCREASE REQUIRED TO FUND THE  
9 EXCEPTION.

10 (V) A STATISTICAL SUMMARY OF THE INFORMATION IN  
11 SUBPARAGRAPHS (II), (III) AND (IV).

12 (K) OBJECTIONS.--ANY PERSON THAT RESIDES WITHIN OR PAYS REAL  
13 PROPERTY TAXES TO THE SCHOOL DISTRICT FILING A PETITION UNDER  
14 SUBSECTION (I) MAY FILE WITH THE COURT WRITTEN OBJECTIONS TO ANY  
15 PETITION FILED UNDER THIS SECTION.

16 (L) INDEX CALCULATION.--NO LATER THAN AUGUST 15, 2005, AND  
17 EACH AUGUST 15 THEREAFTER, THE DEPARTMENT SHALL CALCULATE THE  
18 INDEX. THE DEPARTMENT SHALL PUBLISH THE INDEX BY SEPTEMBER 1,  
19 2005, AND EACH SEPTEMBER 1 THEREAFTER IN THE PENNSYLVANIA  
20 BULLETIN.

21 (M) ELECTION INTERFERENCE PROHIBITED.--

22 (1) NO PUBLIC FUNDS MAY BE USED TO URGE ANY ELECTOR TO  
23 VOTE FOR OR AGAINST A REFERENDUM OR BE APPROPRIATED FOR  
24 POLITICAL OR CAMPAIGN PURPOSES.

25 (2) THIS SUBSECTION SHALL NOT PROHIBIT THE USE OF PUBLIC  
26 FUNDS FOR DISSEMINATION OF FACTUAL INFORMATION RELATIVE TO A  
27 REFERENDUM APPEARING ON AN ELECTION BALLOT.

28 (3) AS USED IN THIS SUBSECTION, THE TERM "PUBLIC FUNDS"  
29 MEANS ANY FUNDS APPROPRIATED BY THE GENERAL ASSEMBLY OR BY A  
30 POLITICAL SUBDIVISION.



1 (N) TREATMENT OF CERTAIN REQUIRED PAYMENTS.--THE PROVISIONS  
2 OF SUBSECTIONS (F) AND (J) SHALL APPLY TO A SCHOOL DISTRICT'S  
3 SHARE OF PAYMENTS TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
4 SYSTEM AS REQUIRED UNDER 24 PA.C.S. § 8327 (RELATING TO PAYMENTS  
5 BY EMPLOYERS) IF THE ACTUAL DOLLAR AMOUNT OF PAYMENTS BETWEEN  
6 THE CURRENT YEAR AND THE UPCOMING YEAR IS GREATER THAN 7.5%. THE  
7 DOLLAR AMOUNT TO WHICH SUBSECTION (F) APPLIES SHALL EQUAL THAT  
8 PORTION OF THE INCREASE WHICH EXCEEDS 7.5% OF THE ACTUAL DOLLAR  
9 VALUE OF PAYMENTS BETWEEN THE CURRENT YEAR AND THE UPCOMING  
10 YEAR.

11 SECTION 334. DISPOSITION OF INCOME TAX REVENUE AND PROPERTY TAX  
12 REDUCTION ALLOCATIONS.

13 (A) EARNED INCOME AND NET PROFITS TAX REVENUE.--ALL EARNED  
14 INCOME AND NET PROFITS TAX REVENUE RECEIVED BY THE SCHOOL  
15 DISTRICT PURSUANT TO THIS CHAPTER SHALL BE USED AS FOLLOWS:

16 (1) IN THE FISCAL YEAR THAT THE TAX UNDER SECTION  
17 321(B)(1) IS IMPLEMENTED, ALL REVENUE RECEIVED BY A SCHOOL  
18 DISTRICT THAT IS DIRECTLY ATTRIBUTABLE TO THAT TAX SHALL BE  
19 USED TO FUND EXCLUSIONS FOR HOMESTEAD AND FARMSTEAD PROPERTY.

20 (2) IN THE SECOND FISCAL YEAR AND EACH FISCAL YEAR  
21 THEREAFTER, THE REVENUE RECEIVED BY THE SCHOOL DISTRICT SHALL  
22 BE USED TO MAINTAIN THE AMOUNT ESTABLISHED IN PARAGRAPH (1).  
23 ALL REMAINING REVENUE MAY BE USED FOR THE OPERATIONS OF THE  
24 SCHOOL DISTRICT.

25 (3) EXCEPT AS SET FORTH IN SECTION 321(B)(4), IN THE  
26 FISCAL YEAR THAT A TAX UNDER SECTION 321(B)(2) IS IMPLEMENTED  
27 OR INCREASED, ALL REVENUE RECEIVED BY A SCHOOL DISTRICT THAT  
28 IS DIRECTLY ATTRIBUTABLE TO THAT TAX SHALL BE USED TO FUND  
29 EXCLUSIONS FOR HOMESTEAD AND FARMSTEAD PROPERTY.

30 (4) IN THE SECOND FISCAL YEAR AND EACH FISCAL YEAR

1 THEREAFTER, THE REVENUE RECEIVED BY THE SCHOOL DISTRICT SHALL  
2 BE USED TO MAINTAIN THE AMOUNT ESTABLISHED IN PARAGRAPH (3).  
3 ALL REMAINING REVENUE MAY BE USED FOR THE OPERATIONS OF THE  
4 SCHOOL DISTRICT.

5 (B) PERSONAL INCOME TAX REVENUE.--ALL PERSONAL INCOME TAX  
6 REVENUE RECEIVED BY THE SCHOOL DISTRICT PURSUANT TO THIS CHAPTER  
7 SHALL BE USED AS FOLLOWS:

8 (1) EXCEPT AS SET FORTH IN SECTION 321(C)(6), IN THE  
9 FISCAL YEAR THAT THE TAX UNDER SECTION 321(C) IS IMPLEMENTED  
10 OR INCREASED, ALL REVENUE RECEIVED BY THE SCHOOL DISTRICT  
11 PURSUANT TO SECTION 321(C)(2)(II) AND (III) SHALL BE USED TO  
12 FUND EXCLUSIONS FOR HOMESTEAD AND FARMSTEAD PROPERTY.

13 (2) IN THE SECOND FISCAL YEAR AND EACH FISCAL YEAR  
14 THEREAFTER, ALL REVENUE RECEIVED BY THE SCHOOL DISTRICT  
15 PURSUANT TO SECTION 321(C)(2)(II) AND (III) SHALL BE USED TO  
16 MAINTAIN THE AMOUNT ESTABLISHED IN PARAGRAPH (1). ALL  
17 REMAINING REVENUE MAY BE USED FOR THE OPERATIONS OF THE  
18 SCHOOL DISTRICT.

19 SUBCHAPTER E

20 HOMESTEAD EXCLUSION

21 SECTION 341. HOMESTEAD AND FARMSTEAD APPLICATIONS.

22 (A) INITIAL NOTIFICATION AND APPLICATION.--WITHIN 45 DAYS OF  
23 THE EFFECTIVE DATE OF THIS SECTION, A BOARD OF SCHOOL DIRECTORS  
24 SHALL NOTIFY, BY FIRST CLASS MAIL, THE OWNER OF EACH PARCEL OF  
25 RESIDENTIAL PROPERTY WITHIN THE DISTRICT THAT THE OWNER MUST  
26 SUBMIT A COMPLETED APPLICATION IN ACCORDANCE WITH 53 PA.C.S. §  
27 8584(A) (RELATING TO ADMINISTRATION AND PROCEDURE). THE BOARD  
28 SHALL PROVIDE A SECOND NOTICE BY FIRST CLASS MAIL NO LATER THAN  
29 60 DAYS PRIOR TO THE APPLICATION DEADLINE IN SUBSECTION (C).  
30 EACH NOTICE SHALL INCLUDE AN APPLICATION TO BE FILED WITH THE

1 ASSESSOR OF THE COUNTY WHERE THE PROPERTY IS LOCATED,  
2 INSTRUCTIONS FOR COMPLETING THE APPLICATION AND THE DEADLINE TO  
3 APPLY. A SCHOOL DISTRICT MAY LIMIT THE SECOND NOTICE TO THOSE  
4 OWNERS OF RESIDENTIAL PROPERTY THAT HAVE NOT RESPONDED TO THE  
5 INITIAL NOTIFICATION.

6 (B) ANNUAL NOTIFICATION.--NO LATER THAN 60 DAYS PRIOR TO THE  
7 APPLICATION DEADLINE IN SUBSECTION (C), A BOARD OF SCHOOL  
8 DIRECTORS SHALL NOTIFY, BY FIRST CLASS MAIL, THE OWNER OF EACH  
9 PARCEL OF RESIDENTIAL PROPERTY WITHIN THE DISTRICT OF THE  
10 EXISTENCE OF THE SCHOOL DISTRICT'S HOMESTEAD AND FARMSTEAD  
11 EXCLUSION PROGRAM, THE NEED TO FILE AN APPLICATION IN ACCORDANCE  
12 WITH 53 PA.C.S. § 8584(A) IN ORDER TO QUALIFY FOR THE PROGRAM  
13 AND THE APPLICATION DEADLINE. THE ANNUAL NOTICE SHALL INCLUDE  
14 ALL INFORMATION REQUIRED UNDER SUBSECTION (A). A SCHOOL DISTRICT  
15 MAY LIMIT THE ANNUAL NOTIFICATION TO THOSE OWNERS OF RESIDENTIAL  
16 PROPERTY:

17 (1) WHO ARE NOT CURRENTLY APPROVED; OR

18 (2) WHOSE APPROVAL IS DUE TO EXPIRE.

19 (C) APPLICATION DEADLINE.--IN ACCORDANCE WITH 53 PA.C.S. §  
20 8584(B), THE DEADLINE FOR FILING AN APPLICATION WITH THE  
21 ASSESSOR SHALL BE MARCH 1.

22 (D) ACTION ON APPLICATION.--REAL PROPERTY FOR WHICH AN  
23 APPLICATION HAS BEEN FILED BY THE APPLICATION DEADLINE SHALL BE  
24 DEEMED TO BE A HOMESTEAD OR FARMSTEAD PROPERTY WHICH IS ELIGIBLE  
25 FOR A HOMESTEAD OR FARMSTEAD EXCLUSION, UNLESS THE ASSESSOR  
26 DENIES THE APPLICATION. DENIALS OF APPLICATION BY THE ASSESSOR  
27 AND THE RIGHT TO APPEAL THAT DECISION SHALL BE IN ACCORDANCE  
28 WITH 53 PA.C.S. § 8584(D) AND (E).

29 (E) APPLICATION REVIEW AND SUBMISSION.--EXCEPT AS SET FORTH  
30 IN 53 PA.C.S. § 8584(J), AN ASSESSOR SHALL NOT REQUIRE THE OWNER

1 OF A PREVIOUSLY APPROVED PROPERTY TO RESUBMIT AN APPLICATION  
2 MORE THAN ONE TIME EVERY THREE YEARS.

3 (F) APPLICABILITY.--THE PROVISIONS OF 53 PA.C.S. § 8584(F),  
4 (G), (H) AND (J) SHALL APPLY TO ANY APPLICATION FILED UNDER THIS  
5 SECTION.

6 (G) DUTIES OF ASSESSORS.--

7 (1) THE ASSESSOR SHALL MAIL TO THE OWNER OF PROPERTY FOR  
8 WHICH AN APPLICATION HAS BEEN SUBMITTED AND APPROVED OR  
9 DENIED UNDER THIS SECTION NOTICE OF SUCH FACT NO LATER THAN  
10 30 DAYS AFTER RECEIPT OF THE APPLICATION.

11 (2) THE ASSESSOR SHALL NOTIFY THE OWNER OF ANY HOMESTEAD  
12 OR FARMSTEAD PROPERTY DESIGNATED AS SUCH UNDER ANY OTHER  
13 STATUTE OF THE NEED, IF ANY, TO RESUBMIT AN APPLICATION TO  
14 MAINTAIN THE PROPERTY'S ELIGIBILITY AS A HOMESTEAD OR  
15 FARMSTEAD PROPERTY. NOTHING IN THIS PARAGRAPH SHALL PROHIBIT  
16 A COUNTY ASSESSOR FROM DESIGNATING PROPERTY PREVIOUSLY  
17 DETERMINED TO BE HOMESTEAD PROPERTY UNDER ANY OTHER STATUTE  
18 AS HOMESTEAD OR FARMSTEAD PROPERTY FOR PURPOSES OF THIS  
19 SECTION.

20 (3) THE ASSESSOR SHALL PROVIDE EACH SCHOOL DISTRICT WITH  
21 A CERTIFIED REPORT, AS PROVIDED IN 53 PA.C.S. § 8584(I), NO  
22 LATER THAN MAY 1.

23 (H) UNIFORM APPLICATION AND INSTRUCTIONS.--THE APPLICATION  
24 TO DESIGNATE PROPERTY AS HOMESTEAD OR FARMSTEAD PROPERTY SHALL  
25 BE UNIFORM AND SHALL INCLUDE INSTRUCTIONS FOR COMPLETING THE  
26 APPLICATION. THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
27 DEVELOPMENT SHALL DEVELOP THE UNIFORM APPLICATION AND  
28 INSTRUCTIONS TO BE USED BY COUNTY ASSESSORS AND SHALL PUBLISH  
29 THE UNIFORM APPLICATION AND INSTRUCTIONS NO LATER THAN 15 DAYS  
30 AFTER THE EFFECTIVE DATE OF THIS CHAPTER.

1 (I) PROHIBITIONS.--A COUNTY SHALL NOT REQUIRE AN APPLICATION  
2 FEE FOR THE FILING OR REVIEW OF AN APPLICATION SUBMITTED UNDER  
3 THIS SECTION OR UNDER 53 PA.C.S. § 8584(A).

4 SECTION 342. HOMESTEAD AND FARMSTEAD EXCLUSION PROCESS.

5 (A) HOMESTEAD AND FARMSTEAD EXCLUSIONS.--EACH FISCAL YEAR IN  
6 WHICH A SCHOOL DISTRICT IMPOSES AN INCOME TAX AUTHORIZED UNDER  
7 SECTION 321 AND RECEIVES A PROPERTY TAX REDUCTION ALLOCATION  
8 PURSUANT TO CHAPTER 5, THE DISTRICT SHALL CALCULATE A HOMESTEAD  
9 AND FARMSTEAD EXCLUSION FOR THE PURPOSE OF REDUCING SCHOOL  
10 DISTRICT PROPERTY TAXES. THE SCHOOL DISTRICT SHALL ADOPT A  
11 RESOLUTION IMPLEMENTING THE HOMESTEAD AND FARMSTEAD EXCLUSION NO  
12 LATER THAN THE LAST DAY OF THE FISCAL YEAR IMMEDIATELY PRECEDING  
13 THE FISCAL YEAR IN WHICH THE HOMESTEAD AND FARMSTEAD EXCLUSIONS  
14 SHALL TAKE EFFECT.

15 (B) EXCESS FUNDING.--A SCHOOL DISTRICT WHICH COLLECTS OR  
16 ANTICIPATES COLLECTING REVENUE FROM ANY SOURCE FOR THE PURPOSES  
17 OF PROVIDING HOMESTEAD AND FARMSTEAD EXCLUSIONS, IN AN AMOUNT  
18 GREATER THAN NECESSARY TO PROVIDE FOR HOMESTEAD EXCLUSIONS EQUAL  
19 TO THE MAXIMUM AUTHORIZED UNDER 53 PA.C.S. § 8586 (RELATING TO  
20 LIMITATIONS) SHALL USE SUCH EXCESS REVENUE TO REDUCE THE RATE OF  
21 ITS EARNED INCOME AND NET PROFITS TAX OR ITS PERSONAL INCOME TAX  
22 TO A LEVEL THAT RETURNS TO THOSE TAXPAYERS ALL EXCESS FUNDS.

23 (C) REDUCTION IN FUNDING.--IN ANY YEAR SUBSEQUENT TO A YEAR  
24 IN WHICH AN INCOME TAX RATE WAS REDUCED PURSUANT TO SUBSECTION  
25 (B), IF THE REVENUE COLLECTED OR ANTICIPATED TO BE COLLECTED  
26 UNDER THIS CHAPTER AND CHAPTER 5 FALLS BELOW THE AMOUNT  
27 NECESSARY TO MAINTAIN THE MAXIMUM HOMESTEAD PROPERTY TAX  
28 EXCLUSION, THE SCHOOL DISTRICT MAY RAISE THE RATE OF THE INCOME  
29 TAX LEVIED UP TO THE AMOUNT PREVIOUSLY REDUCED UNDER SUBSECTION  
30 (B) WITHOUT COMPLYING WITH THE REFERENDUM PROVISIONS OF SECTION

1 332.

2 SECTION 343. SCHOOL DISTRICT TAX NOTICES.

3 (A) TAX NOTICE.--SCHOOL DISTRICTS WHICH IMPLEMENT HOMESTEAD  
4 AND FARMSTEAD EXCLUSIONS SHALL ITEMIZE THE HOMESTEAD AND  
5 FARMSTEAD EXCLUSION ON TAX BILLS SENT TO HOMESTEAD AND FARMSTEAD  
6 OWNERS, INDICATING THE ORIGINAL AMOUNT OF TAX LIABILITY, THE  
7 AMOUNT OF THE EXCLUSION AND THE NET AMOUNT OF TAX DUE AFTER THE  
8 EXCLUSION IS APPLIED. THE TAX BILL SHALL BE EASILY  
9 UNDERSTANDABLE AND INCLUDE A NOTICE PURSUANT TO SUBSECTION (B).

10 (B) NOTICE OF PROPERTY TAX RELIEF.--SCHOOL DISTRICTS WHICH  
11 IMPLEMENT HOMESTEAD AND FARMSTEAD EXCLUSIONS SHALL INCLUDE WITH  
12 THE HOMESTEAD OR FARMSTEAD OWNER'S TAX BILL A NOTICE THAT THE  
13 TAX BILL INCLUDES A HOMESTEAD OR FARMSTEAD EXCLUSION. THE NOTICE  
14 SHALL, AT A MINIMUM, TAKE THE FOLLOWING FORM:

15 NOTICE OF PROPERTY TAX RELIEF

16 YOUR ENCLOSED TAX BILL INCLUDES A TAX REDUCTION FOR YOUR  
17 HOMESTEAD AND/OR FARMSTEAD PROPERTY. AS AN ELIGIBLE HOMESTEAD  
18 AND/OR FARMSTEAD PROPERTY OWNER, YOU HAVE RECEIVED TAX RELIEF  
19 THROUGH A HOMESTEAD AND/OR FARMSTEAD EXCLUSION, WHICH HAS  
20 BEEN PROVIDED UNDER THE HOMEOWNER TAX RELIEF ACT, A LAW  
21 PASSED BY THE PENNSYLVANIA GENERAL ASSEMBLY DESIGNED TO  
22 REDUCE YOUR PROPERTY TAXES.

23 SUBCHAPTER F

24 REGISTER

25 SECTION 351. REGISTER FOR TAXES.

26 (A) GENERAL RULE.--THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
27 DEVELOPMENT SHALL MAINTAIN A CONTINUING REGISTER UPDATED  
28 ANNUALLY OF ALL EARNED INCOME AND NET PROFITS TAXES OR PERSONAL  
29 INCOME TAXES LEVIED UNDER SUBCHAPTER C.

30 (B) CONTENTS OF REGISTER.--THE REGISTER SHALL LIST:

1 (1) THE SCHOOL DISTRICTS LEVYING THE TAX.  
2 (2) THE RATE OF TAX LEVIED UNDER THIS CHAPTER.  
3 (3) THE TOTAL TAX RATE ON TAXPAYERS.  
4 (4) THE NAME AND ADDRESS OF THE OFFICIAL RESPONSIBLE FOR  
5 ADMINISTERING THE COLLECTION OF THE TAX AND FROM WHOM  
6 INFORMATION, FORMS AND COPIES OF REGULATIONS ARE AVAILABLE.  
7 SECTION 352. INFORMATION FOR REGISTER.

8 INFORMATION FOR THE REGISTER SHALL BE FURNISHED BY THE SCHOOL  
9 DISTRICT TO THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT  
10 AS PRESCRIBED BY THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
11 DEVELOPMENT. THE INFORMATION MUST BE RECEIVED BY THE DEPARTMENT  
12 OF COMMUNITY AND ECONOMIC DEVELOPMENT NO LATER THAN JULY 15 OF  
13 EACH YEAR TO SHOW NEW TAX ENACTMENTS, REPEALS AND CHANGES.  
14 FAILURE TO COMPLY WITH THE FILING DATE MAY RESULT IN THE  
15 OMISSION OF THE TAX LEVY FROM THE REGISTER FOR THAT YEAR.  
16 FAILURE TO RECEIVE INFORMATION OF TAXES CONTINUED WITHOUT CHANGE  
17 MAY BE CONSTRUED BY THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
18 DEVELOPMENT TO MEAN THAT THE INFORMATION CONTAINED IN THE  
19 PREVIOUS REGISTER REMAINS IN FORCE.

20 SECTION 353. AVAILABILITY AND EFFECTIVE PERIOD OF REGISTER.

21 THE REGISTER, WITH SUCH ANNUAL SUPPLEMENTS AS MAY BE REQUIRED  
22 BY NEW TAX ENACTMENTS, REPEALS OR CHANGES, SHALL BE AVAILABLE  
23 UPON REQUEST NO LATER THAN AUGUST 15 OF EACH YEAR. THE EFFECTIVE  
24 PERIOD FOR EACH REGISTER SHALL BE FROM JULY 1 OF THE YEAR IN  
25 WHICH IT IS ISSUED TO JUNE 30 OF THE FOLLOWING YEAR.

26 SECTION 354. EFFECT OF NONFILING.

27 EMPLOYERS SHALL NOT BE REQUIRED BY ANY ORDINANCE TO WITHHOLD  
28 FROM THE COMPENSATION OF THEIR EMPLOYEES ANY LOCAL EARNED INCOME  
29 AND NET PROFITS TAX OR PERSONAL INCOME TAX IMPOSED UNDER  
30 SUBCHAPTER C WHICH IS NOT LISTED IN THE REGISTER OR TO MAKE

1 REPORTS OF COMPENSATION IN CONNECTION WITH TAXES NOT SO LISTED.  
2 IF THE REGISTER IS NOT AVAILABLE BY AUGUST 15, THE REGISTER OF  
3 THE PREVIOUS YEAR SHALL CONTINUE TO BE EFFECTIVE FOR AN  
4 ADDITIONAL PERIOD OF NOT MORE THAN ONE YEAR.

5 SECTION 355. EFFECT OF SUBCHAPTER ON LIABILITY OF TAXPAYER.

6 THE PROVISIONS OF THIS SUBCHAPTER SHALL NOT BE CONSTRUED TO  
7 AFFECT THE LIABILITY OF ANY TAXPAYER FOR TAXES LAWFULLY IMPOSED  
8 UNDER SUBCHAPTER C AND D.

9 CHAPTER 5

10 STATE FUNDS FORMULA

11 SECTION 501. SCOPE.

12 THIS CHAPTER RELATES TO THE STATE FUNDS FORMULA.

13 SECTION 502. DEFINITIONS.

14 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER  
15 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
16 CONTEXT CLEARLY INDICATES OTHERWISE:

17 "ALLOCATION MAXIMUM." A NUMERICAL VALUE OF 0.4 PLUS THE  
18 MODIFIER CALCULATED UNDER SECTION 503(C)(2). THE VALUE,  
19 INCLUDING THE MAXIMUM MODIFIER, SHALL NOT EXCEED 0.6.

20 "ALLOCATION MINIMUM." A NUMERICAL VALUE OF 0.1 PLUS THE  
21 MODIFIER CALCULATED UNDER SECTION 503(C)(1). THE VALUE,  
22 INCLUDING THE MINIMUM MODIFIER, SHALL NOT EXCEED 0.15.

23 "DEPARTMENT." THE DEPARTMENT OF EDUCATION OF THE  
24 COMMONWEALTH.

25 "FUND." AS DEFINED IN SECTION 302.

26 "INCOME TAX." A TAX ON EARNED INCOME AND NET PROFITS OR A  
27 TAX ON PERSONAL INCOME PURSUANT TO CHAPTER 3.

28 "PROPERTY TAX REDUCTION INDEX." A QUOTIENT EQUAL TO THE SUM  
29 OF THE NUMERICAL RANK OF A SCHOOL DISTRICT'S PERSONAL INCOME  
30 VALUATION PER AVERAGE DAILY MEMBERSHIP, THE NUMERICAL RANK OF



1 ITS MARKET-VALUE/INCOME-AID RATIO, THE NUMERICAL RANK OF ITS  
2 EQUALIZED MILLAGE AND THE NUMERICAL RANK OF ITS SCHOOL TAX  
3 RATIO, DIVIDED BY 1,000.

4 "QUALIFYING CONTRIBUTION." THE REVENUE ESTIMATED TO BE  
5 COLLECTED FROM THE IMPOSITION OF THE TAX AUTHORIZED UNDER  
6 SECTION 321(B)(1) IN THE FIRST FISCAL YEAR THAT THE TAX IS  
7 IMPLEMENTED.

8 "RESIDENTIAL PROPERTY TAX." THE DOLLAR VALUE OF REAL  
9 PROPERTY TAXES PAID BY RESIDENTIAL PROPERTY OWNERS IN A SCHOOL  
10 DISTRICT, DETERMINED BY MULTIPLYING THE REAL PROPERTY TAXES  
11 COLLECTED BY THE SCHOOL DISTRICT TIMES THE PERCENTAGE OF THE  
12 TOTAL PROPERTY VALUE IN THE SCHOOL DISTRICT CLASSIFIED AS  
13 RESIDENTIAL BY THE STATE TAX EQUALIZATION BOARD.

14 "SCHOOL TAX RATIO." THE DOLLAR VALUE OF LOCAL TAXES  
15 COLLECTED BY THE SCHOOL DISTRICT OR BY A CITY OF THE FIRST CLASS  
16 FOR A SCHOOL DISTRICT OF THE FIRST CLASS DIVIDED BY THE PERSONAL  
17 INCOME VALUATION OF THE SCHOOL DISTRICT.

18 SECTION 503. CERTIFICATION; CALCULATION OF MINIMUM AND MAXIMUM  
19 MODIFIERS.

20 (A) SECRETARY OF THE BUDGET CERTIFICATION.--

21 (1) NO LATER THAN APRIL 15, 2005, AND APRIL 15 OF EACH  
22 YEAR THEREAFTER, THE SECRETARY OF THE BUDGET SHALL CERTIFY  
23 ALL OF THE FOLLOWING:

24 (I) THE TOTAL AMOUNT OF REVENUE IN THE FUND. IN  
25 CALCULATING THE TOTAL AMOUNT OF REVENUE IN THE FUND, THE  
26 SECRETARY SHALL TAKE INTO ACCOUNT ALL OF THE FOLLOWING:

27 (A) FOR THE CERTIFICATION TO BE COMPLETED NO  
28 LATER THAN APRIL 15, 2005, REVENUE WHICH:

29 (I) HAS BEEN DEPOSITED INTO THE FUND PRIOR  
30 TO THE DATE OF THE CERTIFICATION;

1 (II) IS REASONABLY PROJECTED TO BE DEPOSITED  
2 INTO THE FUND DURING THE SIX MONTHS FOLLOWING THE  
3 DATE ON WHICH THE CERTIFICATION IS MADE; AND

4 (III) HAS BEEN APPROPRIATED UNDER SECTION  
5 5002.

6 (B) FOR CERTIFICATIONS IN SUBSEQUENT FISCAL  
7 YEARS:

8 (I) REVENUE WHICH HAS BEEN DEPOSITED INTO  
9 THE FUND DURING THE SIX MONTHS PRIOR TO THE DATE  
10 ON WHICH THE CERTIFICATION IS MADE; AND

11 (II) REVENUE ENUMERATED IN CLAUSE (A) (II).

12 (II) THE TOTAL AMOUNT OF REVENUE IN THE PROPERTY TAX  
13 RELIEF RESERVE FUND ESTABLISHED UNDER SECTION 504.

14 (III) IN CERTIFYING THE AMOUNT AVAILABLE FOR  
15 DISTRIBUTION UNDER SUBSECTION (E), THE SECRETARY SHALL  
16 ONLY CERTIFY AN AMOUNT THAT IS SUSTAINABLE IN SUBSEQUENT  
17 YEARS.

18 (2) IF THE ACTUAL REVENUE DEPOSITED INTO THE FUND DURING  
19 THE SIX MONTHS FOLLOWING THE DATE ON WHICH THE CERTIFICATION  
20 IS MADE EXCEEDS PROJECTIONS, ANY REVENUE IN EXCESS OF  
21 PROJECTIONS SHALL REMAIN IN THE FUND AND MAY BE INCLUDED IN  
22 THE CERTIFICATION FOR THE SUBSEQUENT FISCAL YEAR.

23 (B) SCHOOL DISTRICT CERTIFICATION.--

24 (1) BY DECEMBER 15, 2004, EACH SCHOOL DISTRICT SHALL  
25 CERTIFY TO THE DEPARTMENT THE ESTIMATED AMOUNT OF ITS  
26 QUALIFYING CONTRIBUTION. THE CERTIFICATION SHALL BE BASED  
27 UPON THE PREVIOUS YEAR'S EARNED INCOME AND NET PROFITS TAX  
28 REVENUES AND CASH FLOW EXPERIENCE. A SCHOOL DISTRICT WHICH  
29 DOES NOT IMPOSE AN EARNED INCOME AND NET PROFITS TAX PRIOR TO  
30 THE IMPLEMENTATION OF THIS CHAPTER SHALL ESTIMATE THE AMOUNT

1 OF ITS QUALIFYING CONTRIBUTION BASED UPON THE MOST RECENT  
2 FINANCIAL DATA FORWARDED TO THE DEPARTMENT BY THE DEPARTMENT  
3 OF REVENUE. THE DEPARTMENT SHALL PROVIDE THE DATA TO THE  
4 SCHOOL DISTRICT NO LATER THAN DECEMBER 1, 2004. FOLLOWING  
5 RECEIPT OF THE SCHOOL DISTRICT CERTIFICATIONS, THE DEPARTMENT  
6 SHALL PROVIDE THE CERTIFICATIONS TO THE SECRETARY OF THE  
7 BUDGET NO LATER THAN JANUARY 15.

8 (2) BY DECEMBER 15, 2004, AND DECEMBER 15 OF EACH YEAR  
9 THEREAFTER, EACH SCHOOL DISTRICT SUBJECT TO SECTION 324 SHALL  
10 CERTIFY TO THE DEPARTMENT THE TOTAL AMOUNT OF TAX CREDITS  
11 UNDER SECTION 324(2).

12 (C) ALLOCATION MODIFIERS.--THE SECRETARY SHALL CALCULATE  
13 MODIFIERS FOR THE ALLOCATION MAXIMUM AND THE ALLOCATION MINIMUM  
14 BASED ON THE AMOUNT CERTIFIED UNDER SUBSECTION (A) (1) (I).

15 (1) IF THE AMOUNT CERTIFIED BY THE SECRETARY FOR A  
16 FISCAL YEAR EXCEEDS \$750,000,000, THE MINIMUM MODIFIER FOR  
17 THE ALLOCATION MINIMUM SHALL BE A VALUE OF .005 PER  
18 \$50,000,000 IN EXCESS OF \$750,000,000. THE MODIFIER FOR THE  
19 ALLOCATION MINIMUM SHALL NOT EXCEED 0.05.

20 (2) IF THE AMOUNT CERTIFIED BY THE SECRETARY FOR A  
21 FISCAL YEAR EXCEEDS \$750,000,000, THE MINIMUM MODIFIER FOR  
22 THE ALLOCATION MAXIMUM SHALL BE A VALUE OF .02 PER  
23 \$50,000,000 IN EXCESS OF \$750,000,000. THE MODIFIER FOR THE  
24 ALLOCATION MAXIMUM SHALL NOT EXCEED 0.2.

25 (D) NOTIFICATION.--

26 (1) BY APRIL 20, 2005, AND APRIL 20 EACH YEAR  
27 THEREAFTER, THE SECRETARY SHALL NOTIFY THE DEPARTMENT WHETHER  
28 IT IS AUTHORIZED TO PROVIDE ELIGIBLE SCHOOL DISTRICTS WITH  
29 PROPERTY TAX REDUCTION ALLOCATIONS UNDER SECTION 505.

30 (2) THE SECRETARY SHALL NOT AUTHORIZE THE DEPARTMENT TO

1 PROVIDE THE FIRST PROPERTY TAX REDUCTION ALLOCATIONS UNTIL:

2 (I) THE CERTIFICATION UNDER SUBSECTION (A) (1) (II) IS  
3 NO LESS THAN \$400,000,000; AND

4 (II) THE CERTIFICATION UNDER SUBSECTION (A) (1) (I) IS  
5 EQUAL TO OR GREATER THAN \$500,000,000.

6 (3) SUBSEQUENT PROPERTY TAX REDUCTION ALLOCATIONS SHALL  
7 ONLY BE AUTHORIZED WHEN THE BALANCE REQUIRED UNDER SECTION  
8 504(C) (1) IS NO LESS THAN \$400,000,000.

9 (E) DISTRIBUTION.--IN CALCULATING THE REVENUE AVAILABLE FOR  
10 DISTRIBUTION, THE SECRETARY SHALL, FROM THE TOTAL AMOUNT  
11 CERTIFIED UNDER SUBSECTION (A) (1) (I), DEDUCT ALL OF THE  
12 FOLLOWING:

13 (1) AN AMOUNT SUFFICIENT TO FUND REIMBURSEMENTS TO  
14 ELIGIBLE SCHOOL DISTRICTS PURSUANT TO SECTION 324. THE AMOUNT  
15 DEDUCTED PURSUANT TO THIS PARAGRAPH SHALL BE CALCULATED BASED  
16 ON THE INFORMATION PROVIDED BY SCHOOL DISTRICTS PURSUANT TO  
17 SUBSECTION (B) (2).

18 (2) AN AMOUNT SUFFICIENT TO FUND THE PROGRAM UNDER  
19 SECTION 704.

20 SECTION 504. PROPERTY TAX RELIEF RESERVE FUND.

21 (A) FUND ESTABLISHED.--THERE IS ESTABLISHED IN THE STATE  
22 TREASURY A RESTRICTED RECEIPTS ACCOUNT TO BE KNOWN AS THE  
23 PROPERTY TAX RELIEF RESERVE FUND.

24 (B) RECEIPTS.--THE SECRETARY IS AUTHORIZED TO TRANSFER FUNDS  
25 FROM THE FUND INTO THE PROPERTY TAX RELIEF RESERVE FUND  
26 NECESSARY TO COMPLY WITH THE REQUIREMENTS OF SUBSECTION (C).

27 (C) BALANCE.--

28 (1) THE SECRETARY SHALL ENSURE THAT NO LESS THAN  
29 \$400,000,000 EXISTS IN THE PROPERTY TAX RELIEF RESERVE FUND  
30 PRIOR TO MAKING A CERTIFICATION UNDER SECTION 503(A) (1).

1 (2) IF A DISTRIBUTION WAS MADE UNDER SUBSECTION (D) IN  
2 THE PRIOR YEAR, THE SECRETARY SHALL DEPOSIT FUNDS NECESSARY  
3 TO ENSURE THAT \$400,000,000 IS AVAILABLE IN THE PROPERTY TAX  
4 RELIEF RESERVE FUND PRIOR TO MAKING CERTIFICATION UNDER  
5 SECTION 503(A)(1).

6 (D) TRANSFERS.--

7 (1) THE SECRETARY MAY AUTHORIZE A TRANSFER FROM THE  
8 PROPERTY TAX RELIEF RESERVE FUND TO THE FUND IF THE  
9 CERTIFICATION UNDER SECTION 503(A)(1)(I) IS LESS THAN THE  
10 CERTIFICATION UNDER SECTION 503(A)(1)(I) MADE IN THE PRIOR  
11 YEAR. THE AMOUNT OF THE DISTRIBUTION UNDER THIS SUBSECTION  
12 SHALL BE EQUAL TO THE DIFFERENCE BETWEEN THE CERTIFICATION  
13 UNDER SECTION 503(A)(1)(I) AND THE CERTIFICATION UNDER  
14 SECTION 503(A)(1)(I) MADE IN THE PRIOR YEAR.

15 (2) THE SECRETARY SHALL TRANSFER ANY INTEREST THAT HAS  
16 ACCRUED FROM THE REVENUE IN THE PROPERTY TAX RELIEF RESERVE  
17 FUND TO THE FUND ON AN ANNUAL BASIS.

18 (E) NONLAPSE.--THE MONEY IN THE PROPERTY TAX RELIEF RESERVE  
19 FUND IS CONTINUOUSLY APPROPRIATED TO THE PROPERTY TAX RELIEF  
20 RESERVE FUND AND SHALL NOT LAPSE AT THE END OF ANY FISCAL YEAR.  
21 SECTION 505. STATE PROPERTY TAX REDUCTION ALLOCATION.

22 (A) ADMINISTRATION.--THE DEPARTMENT SHALL DO ALL OF THE  
23 FOLLOWING:

24 (1) ARRAY THE 2002 PERSONAL INCOME VALUATION DIVIDED BY  
25 THE 2003-2004 AVERAGE DAILY MEMBERSHIP, THE 2004-2005 MARKET-  
26 VALUE/INCOME-AID RATIO, THE 2002-2003 EQUALIZED MILLAGE AND  
27 THE 2002-2003 SCHOOL TAX RATIO OF EACH SCHOOL DISTRICT IN  
28 RANK ORDER AND ASSIGN EACH SCHOOL DISTRICT A DISCREET  
29 NUMERICAL RANK FOR ITS PERSONAL INCOME VALUATION PER AVERAGE  
30 DAILY MEMBERSHIP, ITS MARKET-VALUE/INCOME-AID RATIO, ITS

1 EQUALIZED MILLAGE AND ITS SCHOOL TAX RATIO. FOR THE NUMERICAL  
2 RANK OF A SCHOOL DISTRICT'S PERSONAL INCOME VALUATION PER  
3 AVERAGE DAILY MEMBERSHIP, THE SCHOOL DISTRICT WITH THE LOWEST  
4 PERSONAL INCOME VALUATION PER AVERAGE DAILY MEMBERSHIP SHALL  
5 HAVE THE HIGHEST NUMERICAL RANK. FOR THE NUMERICAL RANK OF A  
6 SCHOOL DISTRICT'S MARKET-VALUE/INCOME-AID RATIO, THE SCHOOL  
7 DISTRICT WITH THE HIGHEST MARKET-VALUE/INCOME-AID RATIO SHALL  
8 HAVE THE HIGHEST NUMERICAL RANK; PROVIDED THAT ALL SCHOOL  
9 DISTRICTS WITH A MARKET-VALUE/INCOME-AID RATIO EQUAL TO 0.15  
10 SHALL RECEIVE A RANKING OF 1. FOR THE NUMERICAL RANK OF A  
11 SCHOOL DISTRICT'S EQUALIZED MILLAGE, THE SCHOOL DISTRICT WITH  
12 THE HIGHEST EQUALIZED MILLAGE SHALL HAVE THE HIGHEST  
13 NUMERICAL RANK. FOR THE NUMERICAL RANK OF A SCHOOL DISTRICT'S  
14 SCHOOL TAX RATIO, THE SCHOOL DISTRICT WITH THE HIGHEST SCHOOL  
15 TAX RATIO SHALL HAVE THE HIGHEST NUMERICAL RANK.

16 (2) ASSIGN EACH SCHOOL DISTRICT A PROPERTY TAX REDUCTION  
17 INDEX.

18 (3) IF THE DEPARTMENT RECEIVES AUTHORIZATION UNDER  
19 SECTION 503(D), ALLOCATE THE PROPERTY TAX REDUCTION FOR EACH  
20 SCHOOL DISTRICT AS FOLLOWS:

21 (I) CALCULATE THE PROPERTY TAX REDUCTION ALLOCATION  
22 AS FOLLOWS:

23 (A) MULTIPLY THE SCHOOL DISTRICT'S 2003-2004  
24 AVERAGE DAILY MEMBERSHIP BY THE SCHOOL DISTRICT'S  
25 PROPERTY TAX REDUCTION INDEX.

26 (B) MULTIPLY THE PRODUCT UNDER CLAUSE (A) BY THE  
27 DOLLAR AMOUNT NECESSARY TO ALLOCATE ALL OF THE MONEY  
28 IN THE FUND AS CERTIFIED UNDER SECTION 503(A)(1)(I).  
29 IF THE CERTIFICATION UNDER SECTION 503(A)(1)(I) IS  
30 LESS THAN \$750,000,000, THE DOLLAR AMOUNT SHALL BE

1 THE DOLLAR AMOUNT NECESSARY TO ALLOCATE \$750,000,000.

2 (C) IF APPLICABLE, PROVIDE FOR THE ALLOCATION  
3 MINIMUM OR ALLOCATION MAXIMUM UNDER SUBPARAGRAPH (II)  
4 OR (III).

5 (II) IF THE SUM OF THE ALLOCATION UNDER THIS  
6 PARAGRAPH AND THE QUALIFYING CONTRIBUTION CERTIFIED UNDER  
7 SECTION 503(B) ON JANUARY 15, 2005, IS LESS THAN THE  
8 PRODUCT OF THE RESIDENTIAL PROPERTY TAXES COLLECTED  
9 DURING THE 2001-2002 FISCAL YEAR AND THE ALLOCATION  
10 MINIMUM FOR A SCHOOL DISTRICT, THE SCHOOL DISTRICT SHALL  
11 RECEIVE AN ADDITIONAL AMOUNT SO THAT THE SUM OF THE TOTAL  
12 ALLOCATION UNDER THIS PARAGRAPH AND THE QUALIFYING  
13 CONTRIBUTION CERTIFIED UNDER SECTION 503(B) ON JANUARY  
14 15, 2005, IS EQUAL TO THE PRODUCT OF THE RESIDENTIAL  
15 PROPERTY TAXES COLLECTED DURING THE 2001-2002 FISCAL YEAR  
16 AND THE ALLOCATION MINIMUM.

17 (III) EXCEPT AS SET FORTH IN SUBSECTION (C), IF THE  
18 SUM OF THE TOTAL ALLOCATION UNDER THIS PARAGRAPH AND THE  
19 QUALIFYING CONTRIBUTION CERTIFIED UNDER SECTION 503(B) ON  
20 JANUARY 15, 2005, IS GREATER THAN THE PRODUCT OF THE  
21 RESIDENTIAL PROPERTY TAXES COLLECTED DURING THE 2001-2002  
22 FISCAL YEAR AND THE ALLOCATION MAXIMUM FOR A SCHOOL  
23 DISTRICT, THE SCHOOL DISTRICT SHALL RECEIVE A TOTAL  
24 ALLOCATION SUCH THAT THE SUM OF THE TOTAL ALLOCATION AND  
25 THE QUALIFYING CONTRIBUTION CERTIFIED UNDER SECTION  
26 503(B) ON JANUARY 15, 2005, IS EQUAL TO THE PRODUCT OF  
27 THE RESIDENTIAL PROPERTY TAXES COLLECTED DURING THE 2001-  
28 2002 FISCAL YEAR AND THE ALLOCATION MAXIMUM.

29 (IV) IF THE CERTIFICATION UNDER SECTION 503(A) (1) (I)  
30 IS LESS THAN \$750,000,000, EACH SCHOOL DISTRICT SHALL

1           RECEIVE A PRO RATA SHARE OF THE PROPERTY TAX REDUCTION  
2           ALLOCATION CALCULATED UNDER THIS PARAGRAPH AT  
3           \$750,000,000.

4           (4) NOTIFY EACH SCHOOL DISTRICT OF THE AMOUNT OF ITS  
5           PROPERTY TAX REDUCTION ALLOCATION NO LATER THAN MAY 1, 2005,  
6           AND MAY 1 OF EACH YEAR THEREAFTER.

7           (B) PAYMENT.--FOR THE FISCAL YEAR COMMENCING JULY 1, 2005,  
8           AND JULY 1 OF EACH FISCAL YEAR THEREAFTER, EXCEPT AS SET FORTH  
9           IN SUBSECTION (C), THE DEPARTMENT SHALL PAY TO EACH ELIGIBLE  
10          SCHOOL DISTRICT A PROPERTY TAX REDUCTION ALLOCATION EQUAL TO THE  
11          AMOUNT CALCULATED UNDER SUBSECTION (A) (3). THE PROPERTY TAX  
12          REDUCTION ALLOCATION SHALL BE DIVIDED INTO TWO EQUAL PAYMENTS,  
13          WHICH SHALL BE MADE ON THE FOURTH THURSDAY OF AUGUST AND THE  
14          FOURTH THURSDAY OF OCTOBER.

15          (C) FIRST CLASS SCHOOL DISTRICTS.--THE PROPERTY TAX  
16          REDUCTION ALLOCATION FOR A SCHOOL DISTRICT OF THE FIRST CLASS  
17          SHALL BE PAID BY THE DEPARTMENT TO A CITY OF THE FIRST CLASS.  
18          THE LIMITATIONS SET FORTH IN SUBSECTION (A) (3) (III) SHALL NOT  
19          APPLY TO THE CALCULATION OF THE PROPERTY TAX REDUCTION  
20          ALLOCATION FOR A SCHOOL DISTRICT OF THE FIRST CLASS.

21          (D) REDUCTION OF WAGE TAXES IN A CITY OF THE FIRST CLASS.--A  
22          CITY COUNCIL OF A CITY OF THE FIRST CLASS SHALL REDUCE ANY TAX  
23          IMPOSED ON THE WAGES OF RESIDENTS AND NONRESIDENTS UNDER THE  
24          AUTHORITY OF THE ACT OF AUGUST 5, 1932 (SP.SESS., P.L.45,  
25          NO.45), REFERRED TO AS THE STERLING ACT, IN A MANNER CONSISTENT  
26          WITH CHAPTER 7 AND IN ACCORDANCE WITH THE FOLLOWING:

27                 (1) FOR RESIDENTS, BY AN AMOUNT EQUAL TO THE AMOUNT OF  
28                 THE PROPERTY TAX REDUCTION ALLOCATION RECEIVED FROM THE  
29                 COMMONWEALTH PURSUANT TO SUBSECTION (B) IN AN AMOUNT NOT TO  
30                 EXCEED THE LIMITATIONS SET FORTH IN SUBSECTION (A) (3) (III).



1 HAD SUCH LIMITATIONS APPLIED.

2 (2) FOR NONRESIDENTS, BY ANY AMOUNT EQUAL TO THE AMOUNT  
3 OF THE PROPERTY TAX REDUCTION ALLOCATION RECEIVED FROM THE  
4 COMMONWEALTH PURSUANT TO SUBSECTION (B) IN EXCESS OF THE  
5 LIMITATIONS SET FORTH IN SUBSECTION (A) (3) (III) HAD SUCH  
6 LIMITATIONS APPLIED.

7 (3) IF THE CERTIFICATION UNDER SECTION 503(A) (1) (I) IS  
8 LESS THAN \$750,000,000, THE TAX REDUCTIONS UNDER PARAGRAPHS  
9 (1) AND (2) SHALL BE A PRO RATA SHARE OF THE PROPERTY TAX  
10 REDUCTION ALLOCATION TO A SCHOOL DISTRICT OF THE FIRST CLASS  
11 CALCULATED UNDER SUBSECTION (A) AT \$750,000,000.

12 CHAPTER 7

13 TAX RELIEF IN CITIES OF THE FIRST CLASS

14 SECTION 701. SHORT TITLE.

15 THIS CHAPTER SHALL BE KNOWN AND MAY BE CITED AS THE LOCAL TAX  
16 RELIEF ACT.

17 SECTION 702. (RESERVED)

18 SECTION 703. TAX RELIEF.

19 (A) TAX RATE REDUCTION.--A CITY OF THE FIRST CLASS SHALL  
20 REDUCE THE RATE OF WAGE AND NET PROFITS TAX ON RESIDENTS AND  
21 NONRESIDENTS LEVIED UNDER THE ACT OF AUGUST 5, 1932 (SP.SESS.,  
22 P.L.45, NO.45), REFERRED TO AS THE STERLING ACT, IN ORDER TO BE  
23 ELIGIBLE TO RECEIVE A PROPERTY TAX REDUCTION ALLOCATION UNDER  
24 CHAPTER 5. IF THE CITY ELECTS TO REDUCE TAXES PURSUANT TO THIS  
25 CHAPTER, ALL MONEY RECEIVED FROM THE FUND SHALL BE USED TO  
26 OFFSET A REDUCTION BY THE CITY IN FISCAL YEAR 2005-2006 AND EACH  
27 FISCAL YEAR THEREAFTER IN THE RATE OF TAX ON WAGES AND NET  
28 PROFITS FOR BOTH RESIDENTS AND NONRESIDENTS AS PROVIDED FOR IN  
29 SUBSECTION (B). THE REDUCTIONS SHALL REMAIN IN EFFECT FOR SO  
30 LONG AS A TAX REDUCTION ALLOCATION PURSUANT TO CHAPTER 5 IS PAID

1 TO THE CITY IN AN AMOUNT EQUAL TO THE COST OF SUCH REDUCTIONS.

2 (B) CALCULATION OF REDUCTION.--

3 (1) THE CITY SHALL CALCULATE THE AMOUNT OF THE TAX RATE  
4 REDUCTIONS SO THAT THEY EQUAL, BASED ON ESTIMATES CERTIFIED  
5 BY THE CITY'S DIRECTOR OF FINANCE AND APPROVED BY THE  
6 PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY PRIOR TO  
7 THE IMPLEMENTATION OF THE REDUCTIONS, IN COMBINATION WITH ANY  
8 REDUCTION IN THE RATE OF UNEARNED INCOME TAX IMPOSED BY A  
9 SCHOOL DISTRICT IN THE CITY OF THE FIRST CLASS REQUIRED BY  
10 THE ACT OF AUGUST 9, 1963 (P.L.640, NO.338), ENTITLED "AN ACT  
11 EMPOWERING CITIES OF THE FIRST CLASS, COTERMINOUS WITH SCHOOL  
12 DISTRICTS OF THE FIRST CLASS, TO AUTHORIZE THE BOARDS OF  
13 PUBLIC EDUCATION OF SUCH SCHOOL DISTRICTS TO IMPOSE CERTAIN  
14 ADDITIONAL TAXES FOR SCHOOL DISTRICT PURPOSES, AND PROVIDING  
15 FOR THE LEVY, ASSESSMENT AND COLLECTION OF SUCH TAXES," AS A  
16 RESULT OF THE REDUCTION IN THE RATE OF WAGE AND NET PROFITS  
17 TAX, THE AMOUNT PAID TO THE CITY FROM THE FUND FOR TAX  
18 REDUCTIONS. THE CITY SHALL, EACH YEAR, TRANSFER TO SUCH  
19 SCHOOL DISTRICT AN AMOUNT EQUAL TO THE COST OF ANY REDUCTION  
20 IN THE RATE OF UNEARNED INCOME TAX; AND SUCH TRANSFER SHALL  
21 NOT BE SUBJECT TO THE PROVISIONS OF SECTION 696(H) OF THE ACT  
22 OF MARCH 10, 1949 (P.L.30, NO.14), KNOWN AS THE PUBLIC SCHOOL  
23 CODE OF 1949.

24 (2) THE TAX RATE REDUCTIONS IMPLEMENTED BY A CITY OF THE  
25 FIRST CLASS PURSUANT TO THIS SECTION SHALL BE IN ADDITION TO  
26 THE FOLLOWING SCHEDULE OF PERCENTAGES OF WAGE AND NET PROFITS  
27 TAX RATE REDUCTIONS:

28 (I) ON JANUARY 1, 2005, 2.9468% FOR RESIDENTS AND  
29 1.5567% FOR NONRESIDENTS.

30 (II) ON JANUARY 1, 2006, 0.6927% FOR RESIDENTS AND

1 1.2593% FOR NONRESIDENTS.

2 (III) ON JANUARY 1, 2007, 0.9533% FOR RESIDENTS AND  
3 0.4216% FOR NONRESIDENTS.

4 (IV) ON JANUARY 1, 2008, 0.9624% FOR RESIDENTS AND  
5 0.8387% FOR NONRESIDENTS.

6 (V) ON JANUARY 1, 2009, 1.1851% FOR RESIDENTS AND  
7 1.0526% FOR NONRESIDENTS.

8 (C) EXCEPTIONS.--THE WAGE AND NET PROFITS TAX RATES CAN ONLY  
9 BE RAISED ABOVE THE RATES SPECIFIED IN SUBSECTION (B) (2) IF ALL  
10 OF THE FOLLOWING APPLY:

11 (1) THE INCREASE IS APPROVED BY AN AFFIRMATIVE VOTE OF  
12 AT LEAST TEN MEMBERS OF A CITY COUNCIL OF A CITY OF THE FIRST  
13 CLASS.

14 (2) THE PENNSYLVANIA INTERGOVERNMENTAL COOPERATION  
15 AUTHORITY CERTIFIES THAT A CONDITION UNDER PARAGRAPH (3)  
16 EXISTS.

17 (3) THE INCREASE IS NECESSARY TO RESPOND TO ANY OF THE  
18 FOLLOWING:

19 (I) A FISCAL THREAT OR CONDITION, AS CERTIFIED BY  
20 THE CITY'S DIRECTOR OF FINANCE, THAT OCCURS TO THE CITY  
21 AS SET FORTH IN SECTION 333(F) OR AN EQUIVALENT FISCAL  
22 THREAT THAT AFFECTS THE CITIZENS OF THE CITY. IT SHALL BE  
23 THE RESPONSIBILITY OF THE CITY'S DIRECTOR OF FINANCE WITH  
24 THE APPROVAL OF THE PENNSYLVANIA INTERGOVERNMENTAL  
25 COOPERATION AUTHORITY TO ENSURE THAT ANY ADDITIONAL TAX  
26 REVENUE RAISED IS EQUAL TO THE AMOUNT EXPENDED TO RESPOND  
27 TO THE FISCAL THREAT OR CONDITION. IF THE AMOUNT OF  
28 REVENUE RAISED THROUGH RATE ADJUSTMENT EXCEEDS THE AMOUNT  
29 NECESSARY TO RESPOND, OVER THE COURSE OF THE CITY'S  
30 APPROVED FINANCIAL PLAN, TO THE FISCAL THREAT, THE EXCESS

1 AMOUNT SHALL BE USED FOR WAGE TAX AND NET PROFITS TAX  
2 REDUCTION IN THE IMMEDIATELY SUCCEEDING APPROVED  
3 FINANCIAL PLAN, BUT ONLY IF THE TAX RATE REDUCTION,  
4 EXPRESSED AS THE DIFFERENCE BETWEEN THE TWO TAX RATES,  
5 WOULD EXCEED .0002.

6 (II) A DECREASE OF MORE THAN 2% IN THE AMOUNT OF  
7 TOTAL TAX COLLECTIONS PLUS ANY FUNDS PROVIDED UNDER THIS  
8 CHAPTER FROM THE PRECEDING YEAR'S COLLECTIONS. SUCH A  
9 DETERMINATION OF A DECREASE MUST BE ATTESTED TO BY THE  
10 CITY'S DIRECTOR OF FINANCE.

11 (III) A DECLARATION BY THE PENNSYLVANIA  
12 INTERGOVERNMENTAL COOPERATION AUTHORITY THAT THE CITY'S  
13 FIVE-YEAR PLAN IS DISAPPROVED PURSUANT TO SECTION 209 OF  
14 THE ACT OF JUNE 5, 1991 (P.L.9, NO.6), KNOWN AS THE  
15 PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY ACT  
16 FOR CITIES OF THE FIRST CLASS.

17 (IV) FEDERAL OR STATE LAW IMPOSES A NEW UNFUNDED  
18 MANDATE ON THE CITY THAT COSTS THE CITY MORE THAN 1.5% OF  
19 THE CITY'S TOTAL GENERAL FUND EXPENDITURES IN ANY FISCAL  
20 YEAR.

21 (V) THE COST TO THE CITY OF AN EXISTING MANDATE  
22 IMPOSED BY FEDERAL OR STATE LAW INCREASES BY MORE THAN  
23 1.5% OF THE CITY'S TOTAL GENERAL FUND EXPENDITURES IN ANY  
24 FISCAL YEAR AND FUNDS TO PAY FOR THE INCREASE ARE NOT  
25 APPROPRIATED TO THE CITY BY THE FEDERAL OR STATE  
26 GOVERNMENT.

27 (VI) EXISTING FEDERAL OR STATE FUNDING IS DECREASED  
28 BY 1.5% OF THE CITY'S TOTAL GENERAL FUND EXPENDITURES IN  
29 ANY FISCAL YEAR.

30 (D) EXCESS FUNDS.--IF IN ANY FISCAL YEAR THE SUMS RECEIVED

1 BY A CITY OF THE FIRST CLASS FROM THE FUND ARE IN EXCESS OF THE  
2 VALUE OF THE TAX RATE REDUCTIONS ACTUALLY MADE BY THE CITY AND  
3 THE SCHOOL DISTRICT OF THE FIRST CLASS PURSUANT TO SUBSECTION  
4 (A), THE CITY SHALL, WITHIN 60 DAYS FOLLOWING THE CERTIFICATION  
5 BY THE DIRECTOR OF FINANCE, IN CONSULTATION WITH THE SECRETARY  
6 OF THE BUDGET AND WITH THE APPROVAL OF THE PENNSYLVANIA  
7 INTERGOVERNMENTAL COOPERATION AUTHORITY OF THE AMOUNT OF THE  
8 EXCESS, DO ANY OF THE FOLLOWING:

9 (1) REPAY TO THE FUND THE EXCESS SUMS; OR

10 (2) FURTHER REDUCE WAGE AND NET PROFITS TAX RATES AND  
11 UNEARNED INCOME TAX RATES, IF REQUIRED, IN THE FISCAL YEAR  
12 NEXT FOLLOWING THE DETERMINATION OF THE EXCESS, BY AN AMOUNT  
13 THAT WILL RESULT IN TOTAL TAX RATE REDUCTIONS REQUIRED FOR  
14 THE AMOUNT RECEIVED FROM THE FUND. TO THE EXTENT THE TAX RATE  
15 REDUCTION PROVIDED FOR IN THIS PARAGRAPH, EXPRESSED AS THE  
16 DIFFERENCE BETWEEN THE TWO TAX RATES, WOULD NOT EXCEED .0002,  
17 THIS SUBSECTION SHALL NOT APPLY.

18 (E) INSUFFICIENT FUNDS.--IF IN ANY FISCAL YEAR THE DIRECTOR  
19 OF FINANCE CERTIFIES, IN CONSULTATION WITH THE SECRETARY OF THE  
20 BUDGET AND WITH THE APPROVAL OF THE PENNSYLVANIA  
21 INTERGOVERNMENTAL COOPERATION AUTHORITY, THAT THE AMOUNT OF SUMS  
22 RECEIVED BY THE CITY FROM THE FUND ARE LESS THAN THE VALUE OF  
23 THE TAX RATE REDUCTIONS ACTUALLY MADE BY THE CITY AND SCHOOL  
24 DISTRICT OF THE FIRST CLASS PURSUANT TO SUBSECTION (A), THE CITY  
25 MAY, IN THE FISCAL YEAR NEXT FOLLOWING THE DETERMINATION OF THE  
26 AMOUNT, INCREASE THE CITY'S WAGE AND NET PROFITS TAX RATE ABOVE  
27 THE RATES SPECIFIED IN SUBSECTION (B) (2) BY AN AMOUNT THAT WILL  
28 RESULT IN AN OVERALL TAX RATE REDUCTION EQUAL TO THAT REQUIRED  
29 FOR THE AMOUNT RECEIVED BY THE CITY FROM THE FUND. TO THE EXTENT  
30 THE TAX RATE INCREASE PROVIDED FOR IN THIS SUBSECTION, EXPRESSED

1 AS THE DIFFERENCE BETWEEN THE TWO TAX RATES, WOULD NOT EXCEED  
2 .0002, THIS SUBSECTION SHALL NOT APPLY.

3 SECTION 704. SENIOR CITIZEN HOMESTEAD PROPERTY TAX REDUCTION IN  
4 CITIES OF THE FIRST CLASS.

5 (A) ELIGIBILITY.--FOR TAX YEARS BEGINNING IN THE FIRST YEAR  
6 IN WHICH A PAYMENT UNDER SECTION 503(B) IS MADE, AND EACH TAX  
7 YEAR THEREAFTER, THE FOLLOWING APPLY:

8 (1) EXCEPT AS PROVIDED IN PARAGRAPH (2), ANY RESIDENT OF  
9 A CITY OF THE FIRST CLASS WHO IS ELIGIBLE TO RECEIVE A  
10 PROPERTY TAX REBATE PURSUANT TO THE ACT OF MARCH 11, 1971  
11 (P.L.104, NO.3), KNOWN AS THE SENIOR CITIZENS REBATE AND  
12 ASSISTANCE ACT, SHALL BE ELIGIBLE TO RECEIVE AN ADDITIONAL  
13 PROPERTY TAX REBATE EQUAL TO 50% OF THE AMOUNT THE INDIVIDUAL  
14 IS ELIGIBLE TO RECEIVE UNDER THE SENIOR CITIZENS REBATE AND  
15 ASSISTANCE ACT.

16 (2) AN ADDITIONAL REBATE UNDER PARAGRAPH (1) MAY NOT  
17 EXCEED THE DIFFERENCE BETWEEN THE PROPERTY TAX PAID BY THE  
18 ELIGIBLE RESIDENT AND THE REBATE RECEIVED BY THE ELIGIBLE  
19 RESIDENT UNDER THE SENIOR CITIZENS REBATE AND ASSISTANCE ACT  
20 FOR THE SAME TAX YEAR.

21 (B) TRANSFER AUTHORIZED.--BY JUNE 30 OF THE YEAR IN WHICH A  
22 PAYMENT UNDER SECTION 503(B) WILL BE MADE, THE STATE TREASURER  
23 SHALL TRANSFER FROM THE FUND AN AMOUNT SUFFICIENT TO FUND THE  
24 PROPERTY TAX REBATES AUTHORIZED UNDER SUBSECTION (A) TO THE  
25 STATE LOTTERY FUND. ALL REVENUE TRANSFERRED PURSUANT TO THIS  
26 SUBSECTION SHALL BE DISTRIBUTED IN ACCORDANCE WITH THE  
27 PROVISIONS OF THE SENIOR CITIZENS REBATE AND ASSISTANCE ACT.

28 (C) PROHIBITION.--THIS SECTION SHALL NOT APPLY TO A RESIDENT  
29 OF A CITY OF THE FIRST CLASS WHO IS ENTITLED TO RECEIVE RENT  
30 REBATE IN LIEU OF PROPERTY TAXES UNDER THE SENIOR CITIZENS

1 REBATE AND ASSISTANCE ACT.

2 CHAPTER 50

3 MISCELLANEOUS PROVISIONS

4 SECTION 5001. OTHER SUBJECTS OF TAXATION.

5 NO SCHOOL DISTRICT WHICH HAS NOT ALREADY MADE AN ELECTION TO  
6 ADOPT THE PROVISIONS OF 53 PA.C.S. CH. 87 (RELATING TO OTHER  
7 SUBJECTS OF TAXATION) MAY MAKE AN ELECTION TO DO SO AFTER THE  
8 EFFECTIVE DATE OF THIS SECTION.

9 SECTION 5002. APPROPRIATION.

10 THE SUM OF \$3,000,000, OR AS MUCH THEREOF AS MAY BE  
11 NECESSARY, IS HEREBY APPROPRIATED FROM THE PROPERTY TAX RELIEF  
12 RESERVE FUND TO THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
13 DEVELOPMENT FOR THE PURPOSE OF MAKING ONE-TIME TRANSITION GRANTS  
14 TO COUNTIES OTHER THAN COUNTIES OF THE FIRST CLASS FOR COSTS  
15 ASSOCIATED WITH IMPLEMENTING THE HOMEOWNER TAX RELIEF ACT.  
16 GRANTS SHALL BE MADE PURSUANT TO GUIDELINES ADOPTED BY THE  
17 DEPARTMENT AND SHALL BE LIMITED TO FUNDS APPROPRIATED FOR THIS  
18 PURPOSE. THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT  
19 SHALL NOT DRAW A WARRANT UPON THE STATE TREASURER FOR THIS  
20 APPROPRIATION UNTIL THE STATE TREASURER CERTIFIES THAT THE  
21 PROPERTY TAX RELIEF RESERVE FUND HAS AT LEAST A \$3,000,000  
22 BALANCE.

23 SECTION 5003. EFFECTIVE DATE.

24 THIS ACT SHALL TAKE EFFECT IN 60 DAYS.