
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 330 Session of
2019

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

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 1, 2019

AN ACT

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

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

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

19 Section 302. Definitions.

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

1 * * *

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

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

8 * * *

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

12 * * *

13 Section 2. Sections 304(a), 322(a), 323(a) and 326(1) of the
14 act are amended to read:

15 Section 304. Certain rates of taxation limited.

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

30 * * *

1 Section 322. Collections.

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

12 * * *

13 Section 323. Credits.

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

18 * * *

19 Section 326. Regulations.

20 A school district that imposes:

21 (1) an earned income and net profits tax authorized
22 under section 321(b) shall be subject to [section 13] Chapter
23 5 of the Local Tax Enabling Act and may adopt procedures for
24 the processing of claims for credits or exemptions under
25 sections 323, 324 and 325; or

26 * * *

27 Section 3. Section 331 of the act is repealed:

28 [Section 331. Local tax study commission.]

29 (a) Appointment.--A board of school directors shall appoint
30 a local tax study commission prior to adopting a resolution

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

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

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

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

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

29 (2) The percentage of total revenues provided by taxes
30 currently levied, assessed and collected.

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

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

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

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

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

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

29 Section 4. Sections 331.2(b), 332(b)(1), 334(c)(2) and
30 5005(2) of the act are amended to read:

1 Section 331.2. 2007 referendum.

2 * * *

3 (b) Adoption of resolution.--No later than March 13, 2007, a
4 school district subject to this section shall adopt a resolution
5 authorizing the referendum question required under subsection
6 (a). The board of school directors shall give public notice of
7 its intent to adopt the resolution in the manner provided for in
8 section [4] 306 of the Local Tax Enabling Act and must conduct
9 at least one public hearing on the resolution.

10 * * *

11 Section 332. Adoption of further referendum.

12 * * *

13 (b) Submittal of referendum.--

14 (1) A board of school directors may submit, at a
15 municipal election, a referendum question to the electors of
16 the school district seeking voter approval allowing the
17 school district to levy, assess and collect an earned income
18 and net profits tax or a personal income tax for the purpose
19 of annually funding homestead and farmstead exclusions or
20 millage reductions in certain circumstances. Prior to placing
21 a referendum question on the ballot, the board of school
22 directors must adopt a resolution pursuant to this section.
23 The board of school directors must give public notice of its
24 intent to adopt the resolution in the manner provided by
25 section [4] 306 of the Local Tax Enabling Act and must
26 conduct at least one public hearing on the resolution.

27 * * *

28 Section 334. Disposition of income tax revenue and property tax
29 reduction allocations.

30 * * *

1 (c) Property tax reduction allocations.--

2 * * *

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

22 Section 5005. Repeals.

23 Repeals are as follows:

24 * * *

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

29 * * *

30 Section 5. This act shall take effect in 60 days.