

No. 1987-50

AN ACT

HB 719

Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An act relating to the public school system, including certain provisions applicable as well to private and parochial schools; amending, revising, consolidating and changing the laws relating thereto," further providing for subsidies for educational purposes.

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

Section 1. The act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949, is amended by adding a section to read:

Section 233. Small District Assistance after Combination of School Districts.—If two or more school districts combine to create a new school district and at least one of the districts which combined to create that new school district was eligible for small district assistance for the last school year prior to the combination, the new school district shall receive, for each of the first five school years after the combination, in addition to any other payments by the Commonwealth, an amount equal to either the total of the small district assistance for which all of the districts were eligible for the last school year prior to combining to create that new school district or the small district assistance for which that new school district is eligible, whichever is greater.

Section 2. Sections 2501(19), 2502.5(b) and (e), 2502.13 and 2502.15 of the act, amended or added July 10, 1986 (P.L.1270, No.117), are amended to read:

Section 2501. Definitions.—For the purposes of this article the following terms shall have the following meanings:

* * *

(19) "Factor for Educational Expense." For the school years 1982-1983 and 1983-1984, the factor for educational expense used to compute school district entitlements to payments on account of instruction, as provided for in subsection (d) of section 2502, shall be one thousand six hundred fifty-six dollars (\$1,656) unless later changed by statute. For the school year 1983-1984, the Factor for Educational Expense shall be one thousand seven hundred twenty-five dollars (\$1,725), unless later changed by statute, for those school districts participating, during the 1984-1985 school year, in a Statewide program for testing and remediation which is designed to identify and provide remediation services to individual students pursuant to section 1511.1. For the 1984-1985 school year, notwithstanding any other provisions of this act to the contrary, the Factor for Educational Expense used to compute all school districts' entitlements to payments on account of instruction, as provided for in subsection (d) of section 2502, shall be one thousand eight hundred seventy-five dollars (\$1,875). For the 1985-1986

school year **[and each school year thereafter]**, the Factor for Educational Expense used to compute all school districts' entitlements to payments on account of instruction, as provided for in subsection (d) of section 2502, shall be one thousand nine hundred seventy dollars (\$1,970). *For the 1986-1987 school year and each school year thereafter, the Factor for Educational Expense used to compute all school districts' entitlements to payments on account of instruction, as provided for in subsection (d) of section 2502, shall be two thousand one hundred twenty-five dollars (\$2,125).*

Section 2502.5. Limitation of Certain Payments.—***

(b) Notwithstanding any other provisions of law, for the school year 1982-1983 and 1983-1984, no school district shall be paid under subsections (d) and (e) of section 2502 and section 2502.11 or, for the school year 1984-1985 and each school year thereafter, no school district shall be paid under subsections (d) and (e) of section 2502, subsection (e) of this section, section 2502.11 and section 2502.13 or, for the school year 1985-1986, no school district shall be paid under subsections (d) and (e) of section 2502, subsection (e) of this section, section 2502.11, section 2502.13, section 2502.14 and section 2502.15 *or, for the school year 1986-1987, no school district shall be paid under subsections (d) and (e) of section 2502, subsection (e) of this section, section 2502.11, section 2502.13 and section 2502.15* an amount in excess of one hundred percent (100%) of the total reimbursable instructional expenditures of the school district. For the 1982-1983 school year, all school districts qualifying for payments under subsections (d) and (e) of section 2502 and section 2502.11 shall be limited to an increase payment on account of those sections which shall not exceed nine percent (9%) over the sums received on account of section 2502.9 for the 1981-1982 school year, nor shall any school district receive an increase of less than two percent (2%) of the 1982-1983 school year payments on account of the 1981-1982 school year. For the 1984-1985 school year, each school district qualifying for payments under subsections (d) and (e) of section 2502 and section 2502.11 shall be limited to an increase payment on account of those sections which shall not exceed eight and forty-five one hundredths percent (8.45%) over the sums received on account of such sections for the school year 1983-1984, nor shall any school district receive an increase of less than two percent (2%) of such payments for the school year 1983-1984: Provided, however, That such payments for the school year 1983-1984 shall be computed using a Factor for Educational Expense of one thousand six hundred fifty-six dollars (\$1,656) and a maximum payment increase of seven and forty-five one hundredths percent (7.45%) and a minimum payment increase of two percent (2%) and the eighty percent (80%) guarantee provided for in section 2502.5(e). For the 1985-1986 school year **[and each school year thereafter]**, each school district qualifying for payments under subsections (d) and (e) of section 2502, subsection (e) of this section and section 2502.11 shall be limited to an increase payment on account of those sections which shall not exceed seven percent (7%) over the sums received on account of such sections for the school year 1984-1985, nor shall any school district receive an increase less than two percent (2%) of such payments for

the school year 1984-1985. *For the 1986-1987 school year and each school year thereafter, each school district qualifying for payments under subsections (d) and (e) of section 2502, subsection (e) of this section and section 2502.11 shall be limited to an increase payment on account of those sections which shall not exceed eight percent (8%) over the sums received on account of such sections and section 2502.14 for the school year 1985-1986, nor shall any school district receive an increase less than two percent (2%) of such payment for the school year 1985-1986.*

(e) For the school years 1983-1984 and 1984-1985, no school district shall be paid under subsections (d) and (e) of section 2502 and under section 2502.11 less than eighty percent (80%) of the total amount to which it is entitled under said sections, notwithstanding any limitations on increases in such payments enacted by the General Assembly to the contrary. For the school year 1985-1986 **[and each school year thereafter]**, no school district shall be paid under subsections (d) and (e) of section 2502 and under section 2502.11 less than eighty-five percent (85%) of the total amount to which it is entitled under said sections, notwithstanding any limitations on increases in such payments enacted by the General Assembly to the contrary. *For the school year 1986-1987 and each school year thereafter, no school district shall be paid under subsections (d) and (e) of section 2502 and under section 2502.11 less than ninety percent (90%) of the total amount to which it is entitled under said sections, notwithstanding any limitations on increases in such payments enacted by the General Assembly to the contrary.* For the school year 1983-1984, payments under this subsection shall be computed using a Factor for Educational Expense of one thousand six hundred fifty-six dollars (\$1,656) and a maximum payment increase of seven and forty-five one hundredths percent (7.45%) and a minimum payment increase of two percent (2%). For the school year 1984-1985 and each school year thereafter, payments under this subsection shall be computed using the Factor for Educational Expense as defined in section 2501(19) and minimum and maximum increase limits provided for in subsection (b) of this section. No school district shall, as a result of this subsection, be paid an amount in excess of one hundred percent (100%) of the total reimbursable instructional expenditures of the school district.

Section 2502.13. Small District Assistance.—For the 1984-1985 school year and each school year thereafter, the Commonwealth shall pay, to each school district which has an average daily membership of one thousand five hundred (1,500) or less and has a market value/income aid ratio of five thousand ten-thousandths (0.5000) or greater, an amount equal to fifty dollars (\$50) multiplied by that district's average daily membership. For the 1985-1986 school year, no school district shall receive less on account of this section than it did for the 1984-1985 school year. *For the school year 1986-1987 and each school year thereafter, the Commonwealth shall pay to each school district which has an average daily membership of one thousand five hundred (1,500) or less and has a market value/income aid ratio of five thousand ten-thousandths (0.5000) or greater, or received payments under this section for the 1985-1986 school year, an amount equal to seventy-five dollars (\$75) multiplied by that district's average daily membership.*

Section 2502.15. First Class A School District Supplement.—For the 1985-1986 school year only, each school district of the first class A shall receive a supplemental payment equal to one million three hundred twenty-five thousand dollars (\$1,325,000). *For the 1986-1987 school year, each school district of the first class A shall receive a supplemental payment of one million dollars (\$1,000,000).*

Section 3. The act is amended by adding a section to read:

Section 2502.16. Temporary Special Aid to School Districts Suffering Loss of Tax Revenue Due to Bankruptcy of Businesses in the School District.—(a) For the school year 1985-1986 and each school year thereafter, a school district experiencing a ten percent (10%) or greater loss in revenue from real estate taxes for the support of the public schools in any one school year, compared with real estate tax collections the previous year, due to the nonpayment of such taxes within sixty (60) days of the due date for the payment of such taxes during such school year or during the preceding school year by any businesses owning real estate within the boundaries of such school district, by reason of bankruptcy proceedings under Chapter 7, 11 or 13 of the Bankruptcy Code (11 U.S.C. § 101 et seq.) shall qualify for temporary special aid under the provisions of this section for a period of two years as provided for in subsection (b).

(b) Such temporary special aid shall be equal to the amount of lost real estate tax revenues provided for in subsection (a), payable to the school district during the school year in which such loss due to bankruptcy proceedings is suffered, plus an amount equal to fifty percent (50%) of such amount payable to the school district during the succeeding school year. Such temporary special aid shall be paid only once for each such bankruptcy proceeding and only upon the condition that the school district tax rates which were in effect at the time of the bankruptcy proceeding are not reduced. A school district which suffered the loss in real estate tax revenues provided for in subsection (a) during the 1985-1986 or the 1986-1987 school year shall be eligible to receive its first payment of temporary special aid during the 1986-1987 school year.

(c) The temporary special aid provided for in this section shall be paid from undistributed equalized subsidy for basic education funds to the extent that such funds are available.

(d) Any subsequent payments made on account of such ceased or suspended real estate taxes by such businesses or by bankruptcy officials on behalf of such businesses, during the course of such bankruptcy proceedings or following their completion, shall be paid to the Department of Education by the school district to the extent of the temporary special aid provided to such school district in accordance with the provisions of this section. Any interest or penalties received by such school district shall be retained by the school district.

(e) Nothing contained in this section shall disqualify a school district from receiving temporary special aid due to real property reassessments provided for in section 2502.10: Provided, however, That reassessments resulting from bankruptcy proceedings shall not qualify a school district for the

temporary special aid provided for in section 2502.10 during the same school year in which such school district receives temporary special aid for such revenue loss according to the provisions of this section.

Section 4. Section 2514.1(c) of the act, amended February 4, 1982 (P.L.1, No.1), is amended and the section is amended by adding a subsection to read:

Section 2514.1. Personal Income Valuation Information and Determinations.—* * *

(b.1) Each school district which receives a listing of taxpayers pursuant to subsection (a) shall, upon receipt of a written request from any municipality within the school district, share a copy of the listing with the requesting municipality. This information shall be used by a municipality solely to verify the accuracy of the municipality's tax rolls. Each school district which complies with the provisions of this subsection shall be entitled to reasonable expenses and reimbursement for making the listing available to the municipality. The provisions of subsection (a) with regard to claimed corrections shall not apply to municipalities.

(c) Provision by the Department of Revenue of the list of the names and addresses and school identification code or number to the school districts and use thereof by the school districts *or municipalities* for the purposes of this section shall be deemed an official use and not a violation of subsection (f) of section 353 of the act of March 4, 1971 (P.L.6, No.2), known as the "Tax Reform Code of 1971," but the use or disclosure of the contents of any list by any person for any purpose other than that set forth by this section or as otherwise permitted by law shall be unlawful and in violation of section 353(f) of the "Tax Reform Code of 1971."

Section 5. Section 2574(e) of the act, amended June 12, 1968 (P.L.192, No.96), is amended and subsections (b) and (c) are amended by adding clauses to read:

Section 2574. Approved Reimbursable Rental for Leases Hereafter Approved and Approved Reimbursable Sinking Fund Charges on Indebtedness.—* * *

(b) For new school buildings the approved building construction cost shall be the lesser of

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(3.1) For school buildings for which the general construction contract is awarded subsequent to July 1, 1984, and for approved school building projects for which the general construction contract was awarded but for which a lease or general obligation bond resolution was not approved by the Department of Education prior to July 1, 1984, the product of the rated pupil capacity as determined by the Department of Education at the time the project is approved and (i) three thousand nine hundred dollars (\$3,900) in the case of elementary schools, (ii) five thousand one hundred dollars (\$5,100) in the case of secondary schools, (iii) an amount in the case of combined elementary-secondary schools obtained by multiplying the rated elementary pupil capacity by three thousand nine hundred dollars (\$3,900) and the rated secondary pupil capacity by five thousand one hundred dollars (\$5,100) and dividing the sum by the total rated pupil capacity.

(c) For additions or alterations to existing buildings approved building construction cost shall be the lesser of

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(3.1) For school buildings for which the general construction contract is awarded subsequent to July 1, 1984, and for approved school building projects for which the general construction contract was awarded but for which a lease or general obligation bond resolution was not approved by the Department of Education prior to July 1, 1984, the difference obtained by subtracting the appraisal value of the existing building from the product of the rated pupil capacity of the altered or expanded building as determined by the Department of Education at the time the project is approved and (i) three thousand nine hundred dollars (\$3,900) in the case of elementary schools, (ii) five thousand one hundred dollars (\$5,100) in the case of secondary schools, (iii) an amount in the case of combined elementary-secondary schools obtained by multiplying the rated elementary pupil capacity by three thousand nine hundred dollars (\$3,900) and the rated secondary pupil capacity by five thousand one hundred dollars (\$5,100) and dividing the sum by the total rated pupil capacity of the altered or expanded building.

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(e) For area vocational-technical school and technical institute projects leased subsequent to July 1, 1964, by or for lease to a board of school directors authorized to operate such a school, the Department of **[Public Instruction] Education** shall calculate an approved reimbursable rental charge.

For area vocational-technical school and technical institute projects constructed or purchased subsequent to July 1, 1964, by a board of school directors authorized to operate such a school, the Department of **[Public Instruction] Education** may calculate an approved reimbursable sinking fund charge.

Approved reimbursable rental or sinking fund charge shall consist of that part of the annual rental or sinking fund attributable to:

(1) Cost of acquiring land and preparing it for use to the extent that such costs are deemed reasonable by the Department of **[Public Instruction] Education** and the interest on such cost of acquisition, cost of preparation and the cost of sewage treatment and the interest on such costs.

(2) Machinery, apparatus, furniture and equipment and all other necessary expenses and interest charges, but excluding architects' fees in excess of six percent of the construction cost.

The approved building construction cost and the interest on such construction cost shall not exceed the product of the rated full-time pupil capacity, as determined by the Department of **[Public Instruction] Education** at the time the project is approved and two thousand two hundred dollars (\$2,200).

The provisions of the foregoing paragraph shall apply to all school building projects for which the general construction contract is awarded prior to July 1, 1966, and for approved school building projects for which a lease was approved by the Department of **[Public Instruction] Education** prior to July 1, 1966. For school buildings for which the general construction contract is awarded subsequent to July 1, 1966, and for approved school building proj-

ects for which the general construction contract was awarded but for which a lease was not approved by the Department of **[Public Instruction] Education** prior to July 1, 1966, the approved building construction cost and the interest on such construction cost shall not exceed the product of the rated full-time pupil capacity, as determined by the Department of **[Public Instruction] Education** at the time the project is approved, and three thousand seven hundred dollars (\$3700).

For school buildings for which the general construction contract is awarded subsequent to July 1, 1984, and for approved school building projects for which the general construction contract was awarded but for which a lease or general obligation bond resolution was not approved by the Department of Education prior to July 1, 1984, the approved building construction cost and the interest on such construction cost shall not exceed the product of the rated full-time pupil capacity, as determined by the Department of Education at the time the project is approved, and six thousand three hundred dollars (\$6,300).

The Department of **[Public Instruction] Education** shall not approve the expenditure of any funds borrowed or obtained by the sale of bonds by any authority, nonprofit corporation, profit corporation, company or individual for construction of area vocational-technical schools or technical institutes for bleachers, athletic field, lighting equipment or apparatus used to promote and conduct interscholastic athletics.

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Section 6. The Commonwealth shall be obligated to reimburse school districts at the rates provided for in section 5 of this amendatory act only for payments due on or after July 1, 1987. In no event shall school districts be entitled to increased reimbursements as a result of this amendatory act for payments made by the Commonwealth between July 1, 1984, and June 30, 1987.

Section 7. Any payments of temporary special aid on account of revenue losses during the 1985-1986 or the 1986-1987 school year, as provided for in section 2502.16, shall be paid out of funds appropriated for equalized subsidy for basic education payments during the 1986-1987 school year to the extent that such funds are available.

Section 8. This act shall take effect as follows:

(1) Section 2502.16 of this act shall take effect immediately and shall be retroactive to July 1, 1985.

(2) The remainder of this act shall take effect July 1, 1987, or immediately, whichever is later, and if enacted after July 1, 1987, shall be retroactive to July 1, 1987.

APPROVED—The 10th day of July, A. D. 1987.

ROBERT P. CASEY