

No. 1998-50

AN ACT

SB 669

Amending Title 53 (Municipalities Generally) of the Pennsylvania Consolidated Statutes, further providing for automatic certification, for definitions, for applicability, for ordinances on lease rental debt, for small borrowing for capital purposes and for management of funds; authorizing school districts to impose an earned income and net profits tax; providing for the levying, assessment and collection of an amusement or admissions tax, a sign tax, a motor vehicle transfer tax and a mercantile tax; providing for the utilization of earned income and net profits tax revenues; authorizing political subdivisions to exclude from taxation a portion of the assessed value of homestead property and farmstead property; providing limitations on exclusions for homestead and farmstead property; establishing a process for administering exclusions for homestead and farmstead property; providing for the rights and privileges of taxpayers with respect to certain taxes levied by political subdivisions; making an appropriation; making repeals; and making editorial changes.

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

Section 1. Sections 1385(a), 2163(a)(1)(ii), 2168(b) and (c), 2328, 2329, 2515, 2522(b), 2536, 2543, 2921(c), 2943(b), 2951, 2965, 2972 and 2984(b) of Title 53 of the Pennsylvania Consolidated Statutes are amended to read: § 1385. Local Government Records Committee.

(a) Establishment.—There shall be established under the commission the Local Government Records Committee which shall consist of the Auditor General, the State Treasurer, the General Counsel, the Executive Director of the Historical and Museum Commission, the Secretary of Community *[Affairs] and Economic Development* and five other members to be appointed by the Governor to represent each of the following municipal associations: the League of Cities, the State Association of Boroughs, the State Association of Township Commissioners, the State Association of Township Supervisors and the Municipal Authorities' Association. Each ex officio member of the committee may designate in writing a representative to act in place of the member. The Secretary of Community *[Affairs] and Economic Development* shall serve as chairman and the executive director of the commission shall serve as secretary. Meetings of the committee shall be at the call of the chairman.

* * *

§ 2163. Commission members.

(a) Selection.—The commission shall be composed of 20 members as follows:

(1) The following members shall serve by virtue of their office:

* * *

(ii) The Secretary of Community [Affairs] *and Economic Development.*

* * *

§ 2168. Automatic certification.

* * *

(b) Campus or university police.—Any campus or university police officer who, as of [the effective date of this subsection] *August 27, 1993*, has successfully completed a basic training course similar to that required under this subchapter shall, after review by the commission, be certified as having met the basic training requirements of this subchapter. Any campus or university police officer who, as of [the effective date of this subsection] *August 27, 1993*, has not successfully completed a basic training course similar to that required under this subchapter which qualifies the police officer for certification under this subsection shall be able to perform the duties of a campus or university police officer until certified by the commission, but no [longer] *later* than [one year from the effective date of this subsection] *August 29, 1994*.

(c) Deputy sheriffs in counties of the second class.—Deputy sheriffs in counties of the second class who have successfully completed the basic training course under this subchapter prior to [the effective date of this subsection] *February 6, 1995*, shall be assigned a certification number under this subchapter.

§ 2328. Assistance from [Department of Environmental Resources] *State Conservation Commission.*

The State Conservation Commission [in the Department of Environmental Resources] shall establish a program of assistance to environmental advisory councils that may include educational services, exchange of information, assignment of technical personnel for natural resources planning assistance and the coordination of State and local conservation activities.

§ 2329. Assistance from Department of Community [Affairs] *and Economic Development.*

The Department of Community [Affairs] *and Economic Development* shall establish a program of assistance to environmental advisory councils in planning for the management, use and development of open space and recreation areas.

§ 2515. Distribution of petition.

When the election officials find that the petition as submitted is in proper order, they shall send copies of the initiative petition without signatures thereon to the governing body of the municipalities involved and to the Department of Community [Affairs] *and Economic Development.*

§ 2522. Filing of referendum ordinance.

* * *

(b) Department of Community [Affairs] *and Economic Development.*—When the ordinances are filed with the election officials,

copies of the referendum ordinance shall be immediately filed with the Department of Community [Affairs] *and Economic Development*.

§ 2536. Results of election.

The election officials shall certify the results of the referendum to the governing bodies and the Department of Community [Affairs] *and Economic Development*.

§ 2543. Election returns.

The result of the votes cast for members of the board at the municipal election shall be returned by the election officials to the governing bodies of municipalities involved and to the Department of Community [Affairs] *and Economic Development*.

§ 2921. Report of findings and recommendations.

* * *

(c) Filing copy with Department of Community [Affairs] *and Economic Development*.—A copy of the final report of the commission with its findings and recommendations shall be filed with the Department of Community [Affairs] *and Economic Development*.

* * *

§ 2943. Petition for referendum or ordinance proposing amendment.

* * *

(b) Review and disposition of petition.—The election officials shall review the initiative petition as to the number and qualifications of signers. If the petition appears to be defective, the election officials shall immediately notify the persons filing the petition of the defect. When the election officials find that the petition as submitted is in proper order, they shall send copies of the initiative petition without signatures thereon to the governing body and to the Department of Community [Affairs] *and Economic Development*. The initiative petition as submitted to the election officials, along with a list of signatories, shall be open to inspection in the office of the election officials.

§ 2951. Conduct and results of election.

All elections provided for in this subpart shall be conducted by the election officials for such municipality in accordance with the act of June 3, 1937 (P.L.1333, No.320), known as the Pennsylvania Election Code. The election officials shall count the votes cast and make return thereof to the county board of elections. The results of the election shall be computed by the county board of elections in the same manner as is provided by law for the computation of similar returns. Certificates of the results of the election shall be filed by the county board of elections with the municipal council or board, the Department of State and the Department of Community [Affairs] *and Economic Development*.

§ 2965. Recording and filing of charter.

The municipal clerk or secretary shall have the new charter as approved by the qualified electors recorded in the ordinance books and shall also file a certified copy of the charter with the Department of State, the Department

of Community [Affairs] *and Economic Development* and the county board of elections.

§ 2972. Recording and filing of plan.

The municipal clerk or secretary shall immediately cause the new plan of government as adopted to be recorded in the ordinance book of the municipality and shall also file a certified copy thereof with the Department of State, the Secretary of Community [Affairs] *and Economic Development* and the county board of elections.

§ 2984. Assumption of functions previously assumed by other municipality.

* * *

(b) Procedure for adjustment and apportionment.—The adjustment and apportionment shall be reduced to a written agreement which shall be filed with the court of common pleas of the county and the Department of Community [Affairs] *and Economic Development*.

* * *

Section 2. Section 5402 of Title 53 is amended by adding a definition to read:

§ 5402. Definitions.

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

* * *

“Municipal corporation.” *Any city, borough or incorporated town.*

Section 3. Section 8001(c) of Title 53 is amended to read:

§ 8001. Short title, scope and applicability of subpart.

* * *

(c) Exemption of bonds and notes from taxation in this Commonwealth.—[All] *This section is the Commonwealth’s pledge to and agreement with a person, firm, corporation or Federal agency subscribing to or acquiring any* bonds or notes, including tax anticipation notes issued by any local government unit under this subpart [or], the act of June 25, 1941 (P.L.159, No.87), known as the Municipal Borrowing Law, *or the act of July 12, 1972 (P.L.781, No.185), known as the Local Government Unit Debt Act, that the bonds or notes*, their transfer and the income therefrom, including any profits made on [the] *their* sale [thereof], shall be free from taxation for State and local purposes within this Commonwealth. This exemption does not apply to *gift*, inheritance [and], *succession or* estate taxes [under Article XXI of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971,] or any other taxes not levied directly on the bonds or notes, [the] *their* transfer, the income *therefrom* or the realization of profits on [the] *their* sale. *The exemption under this subsection of profits made on the sale of bonds or notes does not apply to bonds or notes issued on or after February 1, 1994 (the effective date of section 2901 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971).*

* * *

Section 4. The definitions of “bond or note” and “department” in section 8002(c) of Title 53 are amended to read:

§ 8002. Definitions.

* * *

(c) Other definitions.—Subject to additional definitions contained in subsequent provisions of this subpart which are applicable to specific provisions of this subpart, the following words and phrases when used in this subpart shall have the meanings given to them in this section unless the context clearly indicates otherwise:

* * *

“Bond or note.” Any instrument issued by a local government unit imposing an obligation for the repayment of money borrowed, but not including a guaranty endorsed on an instrument issued by an authority. Unless otherwise indicated, the term does not include tax anticipation notes. A bond or a note which is a security as defined in 13 Pa.C.S. Div. 8 (relating to investment securities) shall be governed by 13 Pa.C.S. Div. 8, and every other bond or note shall be governed by [Subchapter C] *13 Pa.C.S. Div. 3* (relating to [procedure for securing approval of electors] *negotiable instruments*), except in each case as otherwise provided in this subchapter.

* * *

“Department.” The Department of Community [Affairs] *and Economic Development* of the Commonwealth.

* * *

Section 5. Section 8022 of Title 53 is amended by adding a subsection to read:

§ 8022. Limitations on incurring of other debt.

* * *

(f) *Limitations on incurring of debt by school districts.—Except for purposes of refinancing existing debt under this subpart and notwithstanding the other provisions of this section, no school district of the first class A through fourth classes shall incur any new nonelectoral debt or lease rental debt if the aggregate net principal amount of such new debt together with any other net nonelectoral debt and lease rental debt then outstanding would cause the outstanding total of net nonelectoral debt plus net lease rental debt of the school district to exceed 225% of the school district’s borrowing base as defined in section 8002 (relating to definitions). This section shall apply regardless of whether there is an election by the school district under section 8703 (relating to adoption of referendum).*

Section 6. Sections 8101, 8103 heading and (a)(4), 8105 introductory paragraph, 8107 and 8109(a)(1) of Title 53 are amended to read:

§ 8101. Combining projects for financing or series of bonds or notes for sale.

The governing body of a local government unit may by ordinance take any of the following actions in connection with the issuance of bonds or notes or the authorization of the instrument creating lease rental debt:

(1) In lieu of combining two or more items or elements permitted to be combined under the definition of "project" in section 8002 (relating to definitions) as a single project, designate any one or more of the items or elements as a project and combine the projects for financing purposes by one series of bonds or notes. If the series of bonds or notes are revenue bonds or notes, all projects so combined shall be revenue-producing projects, all or a portion of the rates, rentals, receipts, tolls and charges may be combined, common reserve funds may be created and common or cross covenants may be made in respect of each project.

(2) Offer for simultaneous sale under separate or combined bids any two or more series of bonds or notes of any type.

(3) Provide for the financing of a project or projects by the issuance, either simultaneously or in succession, of any combination of instruments evidencing debt applicable to the project or projects and authorized by this subpart.

Any ordinance required by this section may be included in any authorizing ordinance required by section 8103 (relating to ordinance authorizing issuance of **[documents] bonds or notes or instruments** evidencing lease rental debt).
 § 8103. Ordinance authorizing issuance of **[documents] bonds or notes or instruments** evidencing lease rental debt.

(a) General rule.—The ordinance or ordinances or, in the case of notes issued under section 8109 (relating to small borrowing for capital purposes), the resolution authorizing the issuance of bonds or notes or the execution of a lease, guaranty, subsidy contract or other agreement evidencing lease rental debt by a local government unit shall contain, in substance:

* * *

(4) In the case of revenue or guaranteed revenue bonds or notes, **[the inclusion of] there may be included** the matters set forth in sections 8105 (relating to additional provisions in ordinance authorizing issuance of revenue or guaranteed revenue bonds or notes), 8147 (relating to pledge of revenues) and 8148 (relating to deeds of trust and other agreements with bondholders and noteholders).

* * *

§ 8105. Additional provisions in ordinance authorizing issuance of revenue or guaranteed revenue bonds or notes.

In addition to the provisions required or permitted by sections 8103 (relating to ordinance authorizing issuance of **[documents] bonds or notes or instruments** evidencing lease rental debt), 8147 (relating to pledge of revenues) and 8148 (relating to deeds of trust and other agreements with bondholders and noteholders), the ordinance authorizing the issuance of revenue bonds or notes or guaranteed revenue bonds or notes may also contain the following:

* * *

§ 8107. Award of bonds or notes.

When an acceptable proposal for the purchase of the bonds or notes, or any part thereof offered separately, has been received and is in conformity with the terms of the official invitation for proposals or is an acceptable proposal at a negotiated or invited sale, and is in compliance with the provisions of this subpart, it may be accepted by resolution or by ordinance. If the acceptance is made by resolution, the acceptance shall be conditional upon compliance with section 8103 (relating to ordinance authorizing issuance of **[documents] bonds or notes or instruments** evidencing lease rental debt). If the acceptance is made by ordinance, the ordinance shall also fix any details of the series of bonds or notes being sold, not fixed by prior ordinance, and award the bonds or notes, or those which have been sold, to specified purchasers at prices specified in the ordinance. These provisions may be included in the ordinance adopted pursuant to section 8103. Notwithstanding any other provision of this subpart or of any other statute, as between the local government unit and the purchasers, an awarding resolution or ordinance shall be effective upon its final adoption or enactment by the governing body. The advertisement of the ordinance prior to enactment shall be sufficient if it describes the items to be completed from the proposal.

§ 8109. Small borrowing for capital purposes.

(a) General rule.—Any local government unit may incur debt by resolution rather than by ordinance to be evidenced by notes to provide funds for a project as defined in this subpart without complying with the requirements of Subchapter A of Chapter 82 (relating to Department of Community **[Affairs] and Economic Development**) if:

(1) The aggregate amount of the debt outstanding at any one time shall not exceed the lesser of **[\$100,000] \$125,000** or 30% of the **[borrowing base] nonelectoral debt limit as authorized in section 8022(a) (relating to limitations on incurring of other debt)**.

* * *

Section 7. Chapter 82 Subchapter A heading of Title 53 is amended to read:

SUBCHAPTER A
DEPARTMENT OF COMMUNITY **[AFFAIRS] AND ECONOMIC
DEVELOPMENT**

Section 8. Section 8225 of Title 53 is amended by adding a paragraph to read:

§ 8225. Management of sinking and other funds.

The management and control of sinking and other funds and investments thereof subject to the provisions of this subpart shall be vested in the governing body of the local government unit except:

* * *

(1.1) To the extent otherwise provided by this subpart.

* * *

Section 9. Part VII of Title 53 is amended by adding a subpart to read:

SUBPART C
TAXATION AND ASSESSMENTS

Chapter

- 84. General Provisions
- 85. Assessments of Persons and Property
- 86. (Reserved)
- 87. Other Subjects of Taxation
- 89. Payment and Collection of Taxes

CHAPTER 84
GENERAL PROVISIONS

Subchapter

- A. Preliminary Provisions
- B. (Reserved)
- C. Local Taxpayers Bill of Rights

SUBCHAPTER A
PRELIMINARY PROVISIONS

Sec.

- 8401. Definitions.
- 8402. Scope and limitations.
- 8403. Preemption.
- 8404. Certain rates of taxation limited.
- 8405. Applicability.

§ 8401. Definitions.

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

“Budgeted revenue.” Local tax revenue, except the term does not include revenue from:

- (1) Delinquent taxes.
- (2) Payments in lieu of taxes.
- (3) The real estate transfer tax.
- (4) The distribution of the Public Utility Realty Tax, commonly known as PURTA.
- (5) A mercantile or business privilege tax on gross receipts.
- (6) An amusement or admissions tax.

“Business.” As defined in section 301 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

“Current year.” The fiscal year for which the tax is levied.

“Domicile.” As defined in section 13 of the act of December 31, 1965 (P.L.1257, No.511), known as The Local Tax Enabling Act.

“Dwelling.” A structure used as a place of habitation by a natural person.

“Earned income.” The classes of income defined as earned income in section 13 of the act of December 31, 1965 (P.L.1257, No.511), known as The Local Tax Enabling Act.

“Election officials.” The county board of elections of each county.

“Employer.” As defined in section 301 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

“Governing body.” A board of school directors of a school district.

“Homestead.” A dwelling, including the parcel of land on which the dwelling is located and the other improvements located on the parcel for which any of the following apply:

(1) The dwelling is primarily used as the domicile of an owner who is a natural person. The homestead for real property qualifying under this paragraph shall not include the land on which the dwelling is located if the land is not owned by a person who owns the dwelling.

(2) The dwelling is a unit in a condominium as the term is defined in 68 Pa.C.S. § 3103 (relating to definitions) and the unit is primarily used as the domicile of a natural person who is an owner of the unit; or the dwelling is a unit in a cooperative as the term is defined in 68 Pa.C.S. § 4103 (relating to definitions) and the unit is primarily used as the domicile of a natural person who is an owner of the unit. The homestead for a unit in a condominium or a cooperative shall be limited to the assessed value of the unit, which shall be determined in a manner consistent with the assessment of real property taxes on those units under 68 Pa.C.S. (relating to real and personal property) or as otherwise provided by law. If the unit is not separately assessed for real property taxes, the homestead shall be a pro rata share of the real property.

(3) The dwelling does not qualify under paragraphs (1) and (2) and a portion of the dwelling is used as the domicile of an owner who is a natural person. The homestead for real property qualifying under this paragraph shall be the portion of the real property that is equal to the portion of the dwelling that is used as the domicile of an owner.

“Homestead property.” A homestead for which an application has been submitted and approved under section 8584 (relating to administration and procedure).

“Local Tax Enabling Act.” The act of December 31, 1965 (P.L.1257, No.511), known as The Local Tax Enabling Act.

“Local tax revenue.” The revenue from taxes actually levied and assessed by a school district. The term does not include interest or dividend earnings, Federal or State grants, contracts or appropriations, income generated from operations or any other source that is revenue not derived from taxes levied and assessed by a school district.

“Municipality.” As defined in 1 Pa.C.S. § 1991 (relating to definitions).

“Net profits.” The classes of income defined as net profits in section 13 of the act of December 31, 1965 (P.L.1257, No.511), known as The Local Tax Enabling Act.

“Owner.” Includes any of the following:

- (1) A joint tenant or tenant in common.
- (2) A person who is purchasing real property under a contract.
- (3) A partial owner.
- (4) A person who owns real property as a result of being a beneficiary of a will or trust or as a result of intestate succession.
- (5) A person who owns or is purchasing a dwelling on leased land.
- (6) A person holding a life lease in real property previously sold or transferred to another.
- (7) A person in possession under a life estate.
- (8) A grantor who has placed the real property in a revocable trust.
- (9) A member of a cooperative as defined in 68 Pa.C.S. § 4103 (relating to definitions).
- (10) A unit owner of a condominium as defined in 68 Pa.C.S. § 3103 (relating to definitions).
- (11) A partner of a family farm partnership or a shareholder of a family farm corporation as the terms are defined in section 1101-C of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

“Political subdivision.” As defined in 1 Pa.C.S. § 1991 (relating to definitions).

“Preceding year.” The fiscal year before the current year.

“Primarily used.” Usage of at least 51% of the square footage of a dwelling.

“Resident individual.” An individual who is domiciled in a school district.

“School district.” A school district of the first class A, second class, third class or fourth class, including any independent school district.

“Statewide average weekly wage.” That amount determined annually for each calendar year by the Department of Labor and Industry under section 105.1 of the act of June 2, 1915 (P.L.736, No.338), known as the Workers’ Compensation Act.

“Succeeding year.” The fiscal year following the current year.

“Tax Reform Code.” The act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

“Taxpayer.” An individual required under this subpart to file a tax return or to pay a tax.

§ 8402. Scope and limitations.

(a) General rule.—Except as provided in subsections (b), (c), (d), (e) and (f) and section 8405 (relating to applicability), it is the intent of this subpart to confer upon each school district the power to levy, assess and collect an earned income and net profits tax as set forth in this subpart.

(b) Real estate transfer taxes.—This subpart does not affect the powers of a school district to levy, assess and collect a real estate transfer tax, including any real estate transfer tax levied under the authority of section 652.1(a)(4) of the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949.

(c) Amusement and admissions taxes.—

(1) Any school district which has on or before June 30, 1997, levied, assessed or collected or provided for the levying, assessment or collection of an amusement or admissions tax may continue to levy, assess and collect the tax on such subjects upon which the tax was imposed as of June 30, 1997. Neither the rate imposed nor amount collected shall exceed the rate imposed or amount collected by the school district for the fiscal year ending in 1997. A school district which did not assess, levy or collect an amusement or admissions tax as of June 30, 1997, may not assess, levy or collect the tax. The provisions as set forth in section 8(6), (9), (10) and (11) of the Local Tax Enabling Act shall remain in effect, other than the limitations as set forth in this paragraph. This paragraph shall apply regardless of whether there is an election by the school district under section 8703(a) (relating to adoption of referendum).

(2) Any municipality which has on or before December 31, 1997, levied, assessed or collected or provided for the levying, assessment or collection of an amusement or admissions tax under the Local Tax Enabling Act may continue to levy, assess and collect the tax on such subjects upon which the tax was imposed by the municipality as of December 31, 1997, at a rate not to exceed the effective rate as collected by the municipality as of December 31, 1997, or 5%, whichever is greater. A municipality which did not assess, levy or collect an amusement or admissions tax as of December 31, 1997, may not assess, levy or collect the tax at a rate higher than 5%. The provisions as set forth in section 8(6), (9), (10) and (11) of the Local Tax Enabling Act shall remain in effect, other than the reduction in rate as set forth in this paragraph.

(d) Mercantile tax.—Nothing in this subpart shall limit or modify any mercantile or business privilege tax on gross receipts as limited by section 533 of the act of December 13, 1988 (P.L.1121, No.145), known as the Local Tax Reform Act.

(e) Sign or sign privilege tax.—Any political subdivision which has on or before December 31, 1997, assessed, levied or collected an annual sign tax or annual sign privilege tax or provided for the levying, assessment or collection of such tax may continue to levy, assess and collect such tax on such subjects upon which the tax was imposed at a rate not to exceed that imposed by the political subdivision as of December 31, 1997. A political subdivision which did not assess, levy or collect an annual sign tax or annual sign privilege tax as of December 31, 1997, may not assess, levy or collect such tax. This subsection shall apply regardless of whether there is an election under section 8703(a).

(f) Motor vehicle transfer tax.—Any political subdivision that did not assess, levy or collect a tax on the transfer of motor vehicles or on the privilege of transferring motor vehicles as of December 31, 1997, shall not assess, levy or collect such tax. This subsection shall apply regardless of whether there is an election under section 8703(a). This subsection shall neither apply to nor affect any mercantile or business privilege tax on gross receipts as limited by section 533 of the Local Tax Reform Act.

§ 8403. Preemption.

No act of the General Assembly will vacate or preempt any resolution adopted under this subpart providing for the imposition of a tax by a school district unless the act of the General Assembly expressly vacates or preempts the authority to adopt the resolution.

§ 8404. Certain rates of taxation limited.

If a municipality and school district both impose an earned income and net profits tax on the same individual under the Local Tax Enabling Act and the municipality and school district are limited to or have agreed upon a division of the tax rate in accordance with section 8 of the Local Tax Enabling Act, then the municipality that continues to levy the earned income and net profits tax under the Local Tax Enabling Act shall remain subject to that limitation or agreement in the event that the school district opts to impose an earned income and net profits tax under section 8711 (relating to earned income and net profits tax).

§ 8405. Applicability.

It is the intent of the General Assembly that no provision of this subpart shall apply to any city of the first class, a county of the first class coterminous with a city of the first class and any school district of the first class located within a city of the first class.

SUBCHAPTER B

(Reserved)

SUBCHAPTER C

LOCAL TAXPAYERS BILL OF RIGHTS

Sec.

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- 8434. Appeals.
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- 8436. Installment agreements.
- 8437. Confidentiality of tax information.
- 8438. Taxes on real property.

§ 8421. Short title of subchapter.

This subchapter shall be known and may be cited as the Local Taxpayers Bill of Rights Act.

§ 8422. Definitions.

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

“Assessment.” The determination by a local taxing authority of the amount of underpayment by a taxpayer.

“Board.” A board of local tax appeals established under section 8430 (relating to administrative appeals).

“Eligible tax.” Any of the following, including interest and penalty provided by law, when levied by a political subdivision:

(1) Any tax authorized or permitted under the act of December 31, 1965 (P.L.1257, No.511), known as The Local Tax Enabling Act.

(2) Any per capita tax levied under any act.

(3) Any occupation, occupation assessment or occupation privilege tax levied under any act.

(4) Any tax on income levied under any act.

(5) Any tax measured by gross receipts levied under any act.

(6) Any tax on a privilege levied under any act.

(7) Any tax on amusements or admissions levied under any act.

(8) Any tax on earned income and net profits.

“Governing body.” A city council, borough council, incorporated town council, board of township commissioners, board of township supervisors, a governing council of a home rule municipality or optional plan municipality, a governing council of any similar general purpose unit of government which may hereafter be created by statute or a board of school directors of a school district.

“Local taxing authority.” A political subdivision levying an eligible tax. The term shall include any officer, agent, agency, clerk, income tax officer, collector, employee or other person to whom the governing body has assigned responsibility for the audit, assessment, determination or administration of an eligible tax. The term shall not include a tax collector or collection agency who has no authority to audit a taxpayer or determine the amount of an

eligible tax or whose only responsibility is to collect an eligible tax on behalf of the governing body.

“Overpayment.” Any payment of tax which is determined in the manner provided by law not to be legally due.

“Taxpayer.” An individual, partnership, association, corporation, limited liability company, estate, trust, trustee, fiduciary or any other entity subject to or claiming exemption from any eligible tax or under a duty to perform an act for itself or for another under or pursuant to the authority of an act providing for an eligible tax.

“Underpayment.” The amount or portion of any tax determined to be legally due in the manner provided by law for which payment or remittance has not been made.

“Voluntary payment.” A payment of an eligible tax made pursuant to the free will of the taxpayer. The term does not include a payment made as a result of distraint or levy or pursuant to a legal proceeding in which the local taxing authority is seeking to collect its delinquent taxes or file a claim therefor.

§ 8423. Disclosure statement.

(a) Contents.—The local taxing authority shall prepare a statement which sets forth the following in simple and nontechnical terms:

(1) The rights of a taxpayer and the obligation of the local taxing authority during an audit or an administrative review of the taxpayer's books or records.

(2) The administrative and judicial procedures by which a taxpayer may appeal or seek review of any adverse decision of the local taxing authority.

(3) The procedure for filing and processing refund claims and taxpayer complaints.

(4) The enforcement procedures.

(b) Distribution.—The local taxing authority shall notify any taxpayer contacted regarding the assessment, audit, determination, review or collection of an eligible tax of the availability of the statement under subsection (a). The local taxing authority shall make copies of the statement available to taxpayers upon request at no charge to the taxpayer, including mailing costs. The notification shall be stated as follows:

You are entitled to receive a written explanation of your rights with regard to the audit, appeal, enforcement, refund and collection of local taxes by calling (name of local taxing authority) at (telephone number) during the hours of (hours of operation).

§ 8424. Requirements for requests.

(a) Minimum time periods for taxpayer response.—

(1) The taxpayer shall have at least 30 calendar days from the mailing date to respond to requests for information by a local taxing authority. The local taxing authority shall grant additional reasonable extensions upon application for good cause.

(2) The local taxing authority shall notify the taxpayer of the procedures to obtain an extension in its initial request.

(3) A local taxing authority shall take no lawful action against a taxpayer for the tax year in question until the expiration of the applicable response period, including extensions.

(b) Requests for prior year returns.—

(1) Except as provided in paragraph (2), an initial inquiry by a local taxing authority regarding a taxpayer's compliance with any eligible tax may include taxes required to be paid or tax returns required to be filed no more than three years prior to the mailing date of the notice.

(2) A local taxing authority may make a subsequent request for a tax return or supporting information if, after the initial request, the local taxing authority determines that the taxpayer failed to file a tax return, underreported income or failed to pay a tax for one or more of the tax periods covered by the initial request.

This subsection shall not apply if the local taxing authority has sufficient information to indicate that the taxpayer failed to file a required return or pay an eligible tax which was due more than three years prior to the date of the notice.

(c) Use of Federal tax information.—A local taxing authority may require a taxpayer to provide copies of the taxpayer's Federal individual income tax return if the local taxing authority can demonstrate that the Federal tax information is reasonably necessary for the enforcement or collection of an eligible tax and the information is not available from other available sources or the Department of Revenue.

§ 8425. Refunds of overpayments.

(a) General rule.—A taxpayer who has paid an eligible tax to a local taxing authority may file a written request with the local taxing authority for refund or credit of the eligible tax. A request for refund shall be made within three years of the due date for filing the report as extended or one year after actual payment of the eligible tax, whichever is later. If no report is required, the request shall be made within three years after the due date for payment of the eligible tax or within one year after actual payment of the eligible tax, whichever is later.

(1) For purposes of this section, a tax return filed by the taxpayer with the local taxing authority showing an overpayment of tax shall be deemed to be a written request for a cash refund unless otherwise indicated on the tax return.

(2) A request for refund under this section shall not be considered a petition under section 8430 (relating to administrative appeals) and shall not preclude a taxpayer from submitting a petition under section 8431 (relating to petitions).

(b) Notice of underpayment.—For amounts paid as a result of a notice asserting or informing a taxpayer of an underpayment, a written request for

refund shall be filed with the local taxing authority within one year of the date of the payment.

§ 8426. Interest on overpayment.

(a) General rule.—All overpayments of tax due a local taxing authority, including taxes on real property, shall bear simple interest from the date of overpayment until the date of resolution.

(b) Interest rate.—Interest on overpayments shall be allowed and paid at the same rate as the Commonwealth is required to pay pursuant to section 806.1 of the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal Code.

(c) Exceptions.—

(1) No interest shall be allowed if an overpayment is refunded or applied against any other tax, interest or penalty due the local taxing authority within 75 days after the last date prescribed for filing the report of the tax liability or within 75 days after the date the return or report of the liability due is filed, whichever is later.

(2) Overpayments of interest or penalty shall not bear any interest.

(d) Acceptance of refund check.—The taxpayer's acceptance of the local taxing authority's check shall not prejudice any right of the taxpayer to claim any additional overpayment and interest thereon. Tender of a refund check by the local taxing authority shall be deemed to be acceptance of the check by the taxpayer for purposes of this section.

(e) Definitions.—As used in this section, the following words and phrases shall have the meanings given to them in this subsection:

“Date of overpayment.” The later of the date paid or the date tax is deemed to have been overpaid as follows:

(1) Any tax actually deducted and withheld at the source shall be deemed to have been overpaid on the last day for filing the report for the tax period, determined without regard to any extension of time for filing.

(2) Any amount overpaid as estimated tax for the tax period shall be deemed to have been overpaid on the last day for filing the final report for the tax period, determined without regard to any extension of time for filing.

(3) An overpayment made before the last day prescribed for payment shall be deemed to have been paid on the last day.

(4) Any amount claimed to be overpaid with respect to which a lawful administrative review or appellate procedure is initiated shall be deemed to have been overpaid 60 days following the date of initiation of the review or procedure.

(5) Any amount shown not to be due on an amended income or earned income and net profits tax return shall be deemed to have been overpaid 60 days following the date of filing of the amended income tax return.

“Date of resolution.” The date the overpayment is refunded or credited as follows:

(1) For a cash refund, a date preceding the date of the local taxing authority's refund check by not more than 30 days.

(2) For a credit for an overpayment:

(i) the date of the local taxing authority's notice to the taxpayer of the determination of the credit; or

(ii) the due date for payment of the tax against which the credit is applied, whichever first occurs. For a cash refund of a previously determined credit, interest shall be paid on the amount of the credit from a date 90 days after the filing of a request to convert the credit to a cash refund to a date preceding the date of the refund check by not more than 30 days whether or not the refund check is accepted by the taxpayer after tender.

§ 8427. Notice of basis of underpayment.

A local taxing authority shall notify the taxpayer in writing of the basis for any underpayment that the local taxing authority has determined to exist. The notification shall include:

(1) The tax period or periods for which the underpayment is asserted.

(2) The amount of the underpayment detailed by tax period.

(3) The legal basis upon which the local taxing authority has relied to determine that an underpayment exists.

(4) An itemization of the revisions made by the local taxing authority to a return or report filed by the taxpayer that results in the determination that an underpayment exists.

§ 8428. Abatement of certain interest and penalty.

(a) Errors and delays.—In the case of any underpayment, the local taxing authority may abate all or any part of interest for any period for the following:

(1) Any underpayment or tax finally determined to be due attributable in whole or in part to any error or delay by the local taxing authority in the performance of a ministerial act. For purposes of this paragraph, an error or delay shall be taken into account only if no significant aspect of the error or delay can be attributed to the taxpayer and after the local taxing authority has contacted the taxpayer in writing with respect to the underpayment of tax finally determined to be due or payable.

(2) Any payment of a tax to the extent that any error or delay in the payment is attributable to an officer, employee or agent of the local taxing authority being erroneous or dilatory in performance of a ministerial act. The local taxing authority shall determine what constitutes timely performance of ministerial acts performed under this subchapter.

(b) Abatement due to erroneous written advice by local taxing authority.—

(1) The local taxing authority shall abate any portion of any penalty or excess interest attributable to erroneous advice furnished to the taxpayer in writing by an officer, employee or agent of the local taxing authority acting in the officer's, employee's or agent's official capacity if:

(i) the written advice was reasonably relied upon by the taxpayer and was in response to specific written request of the taxpayer; and

(ii) the portion of the penalty or addition to tax or excess interest did not result from a failure by the taxpayer to provide adequate or accurate information.

(2) This subsection shall not be construed to require the local taxing authority to provide written advice to taxpayers.

§ 8429. Application of payments.

Unless otherwise specified by the taxpayer, all voluntary payments of an eligible tax shall be prioritized by the local taxing authority as follows:

(1) Tax.

(2) Interest.

(3) Penalty.

(4) Any other fees or charges.

§ 8430. Administrative appeals.

A political subdivision levying an eligible tax shall establish an administrative process to receive and make determinations on petitions from taxpayers relating to the assessment, determination or refund of an eligible tax. The administrative process shall consist of any one of the following:

(1) Review and decision or hearing and decision by a local tax appeals board appointed by the governing body. The board shall consist of at least three but not more than seven members. Qualifications for service on the board and compensation, if any, of the members shall be determined by the governing body. The governing body may enter into agreements with other political subdivisions to establish a joint local tax appeals board.

(2) Review and decision by the governing body in executive session.

(3) A hearing and decision by a hearing officer appointed by the governing body. The governing body shall determine the qualifications and compensation, if any, of the hearing officer.

(4) An administrative review or appeal process existing on the effective date of this chapter that is substantially similar to the procedures in paragraph (1), (2) or (3).

§ 8431. Petitions.

(a) Filing.—A petition is timely filed if the letter transmitting the petition is postmarked by the United States Postal Service on or before the final day on which the petition is required to be filed. Deadlines for filing petitions are as follows:

(1) Refund petitions shall be filed within three years after the due date for filing the report as extended or one year after actual payment of an eligible tax, whichever is later. If no report is required, the petition shall be filed within three years after the due date for payment of an eligible tax or within one year after actual payment, whichever is later.

(2) Petitions for reassessment of an eligible tax shall be filed within 90 days of the date of the assessment notice.

(b) Contents.—The governing body shall adopt regulations specifying the form and content of petitions, including the process and deadlines.

§ 8432. Practice and procedure.

Practice and procedure under this subchapter shall not be governed by 2 Pa.C.S. Chs. 5 Subch. B (relating to practice and procedure of local agencies) and 7 Subch. B (relating to judicial review of local agency action). The governing body shall adopt regulations governing practice and procedure under this subchapter.

§ 8433. Decisions.

Decisions on petitions submitted under this subchapter shall be issued within 60 days of the date a complete and accurate petition is received. Failure to act within 60 days shall result in the petition being deemed approved.

§ 8434. Appeals.

Any person aggrieved by a decision under this chapter who has a direct interest in the decision shall have the right to appeal to the court vested with the jurisdiction of local tax appeals by or pursuant to 42 Pa.C.S. (relating to judiciary and judicial procedure).

§ 8435. Equitable and legal principles to apply.

Decisions under this chapter may be made according to principles of law and equity.

§ 8436. Installment agreements.

(a) Authorization.—A local taxing authority may enter into written agreements with any taxpayer under which the taxpayer is allowed to satisfy liability for any eligible tax in installment payments if the local taxing authority determines that the agreement will facilitate collection.

(b) Extent to which agreements remain in effect.—

(1) Except as otherwise provided in this subsection, any agreement entered into by the local taxing authority under subsection (a) shall remain in effect for the term of the agreement.

(2) The local taxing authority may terminate any prior agreement entered into under subsection (a) if:

(i) information which the taxpayer provided to the local taxing authority prior to the date of the agreement was inaccurate or incomplete; or

(ii) the local taxing authority believes that collection of any eligible tax under the agreement is in jeopardy.

(3) If the local taxing authority finds that the financial condition of the taxpayer has significantly changed, the local taxing authority may alter, modify or terminate the agreement, but only if:

(i) notice of the local taxing authority's finding is provided to the taxpayer no later than 30 days prior to the date of such action; and

(ii) the notice contains the reasons why the local taxing authority believes a significant change has occurred.

(4) The local taxing authority may alter, modify or terminate an agreement entered into by the local taxing authority under subsection (a) if the taxpayer fails to do any of the following:

(i) Pay any installment at the time the installment is due under such agreement.

(ii) Pay any other tax liability at the time the liability is due.

(iii) Provide a financial condition update as requested by the local taxing authority.

(c) Prepayment permitted.—Nothing in this section shall prevent a taxpayer from prepaying in whole or in part any eligible tax under any agreement with the local taxing authority.

§ 8437. Confidentiality of tax information.

Any information gained by a local taxing authority as a result of any audit, return, report, investigation, hearing or verification shall be confidential tax information. It shall be unlawful, except for official purposes or as provided by law, for any local taxing authority to:

(1) Divulge or make known in any manner any confidential information gained in any return, investigation, hearing or verification to any person.

(2) Permit confidential tax information or any book containing any abstract or particulars thereof to be seen or examined by any person.

(3) Print, publish or make known in any manner any confidential tax information.

An offense under this section is a misdemeanor of the third degree, and, upon conviction thereof, a fine of not more than \$2,500 and costs, or a term of imprisonment for not more than one year, or both, may be imposed. If the offender is an officer or employee of the local taxing authority, the officer or employee shall be dismissed from office or discharged from employment.

§ 8438. Taxes on real property.

Except as provided in section 8426 (relating to interest on overpayment), this subchapter shall not apply to any tax on real property.

CHAPTER 85
ASSESSMENTS OF PERSONS AND PROPERTY

Subchapter

A. (Reserved)

B. (Reserved)

C. (Reserved)

D. (Reserved)

E. Real Estate Tax Deferral

F. Homestead Property Exclusion

SUBCHAPTERS A THROUGH D
(Reserved)

SUBCHAPTER E
REAL ESTATE TAX DEFERRAL

Sec.

8571. Short title of subchapter.

8572. Definitions.

8573. Authority.

8574. Income eligibility.

8575. Tax deferral.

8576. Application procedure.

8577. Contents of application.

8578. Attachment and satisfaction of liens.

§ 8571. Short title of subchapter.

This subchapter shall be known and may be cited as the Real Estate Tax Deferral Program Act.

§ 8572. Definitions.

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

“Base payment.” The amount of property tax paid by an applicant in the base year.

“Base year.” The tax year preceding the first tax year for which a taxing authority implements the provisions of this subchapter or the tax year immediately preceding an applicant’s entry into the tax deferral program.

“Claimant.” A person whose household income does not exceed the limit provided for in section 8574 (relating to income eligibility).

“Household income.” All income as defined in the act of March 11, 1971 (P.L.104, No.3), known as the Senior Citizens Rebate and Assistance Act, received by the claimant and by the claimant’s spouse during the calendar year for which a tax deferral is claimed.

“Increase in real property taxes.” An increase in the property taxes above the base payment resulting from a millage increase, a change in the assessment ratio or method or by a revaluing of all properties.

§ 8573. Authority.

All political subdivisions shall have the power and authority to grant annual tax deferrals in the manner provided in this subchapter.

§ 8574. Income eligibility.

A claimant shall be eligible for a tax deferral if the claimant and the claimant’s spouse have a household income not exceeding the maximum household income eligibility limitations set forth in the act of March 11, 1971 (P.L.104, No.3), known as the Senior Citizens Rebate and Assistance Act.

§ 8575. Tax deferral.

(a) Amount.—An annual real estate tax deferral granted under this subchapter shall equal the increase in real property taxes upon the homestead of the claimant.

(b) Prohibition.—No tax deferrals shall be granted if the total amount of deferred taxes plus the total amount of all other unsatisfied liens on the homestead of the claimant plus the outstanding principal on any and all mortgages on the homestead exceeds 85% of the market value of the homestead or if the outstanding principal on any and all mortgages on the homestead exceeds 70% of the market value of the homestead. Market value shall equal assessed value divided by the common level ratio as most recently determined by the State Tax Equalization Board for the county in which the property is located.

§ 8576. Application procedure.

(a) Initial application.—Any person eligible for a tax deferral under this subchapter may apply annually to the political subdivision. In the initial year of application, the following information shall be provided in the manner required by the political subdivision:

(1) A statement of request for the tax deferral.

(2) A certification that the applicant or the applicant and his or her spouse jointly are the owners in fee simple of the homestead upon which the real property taxes are imposed.

(3) A certification that the applicant's homestead is adequately insured under a homeowner's policy to the extent of all outstanding liens.

(4) Receipts showing timely payment of the immediately preceding year's nondeferred real property tax liability.

(5) Proof of income eligibility under section 8574 (relating to income eligibility).

(6) Any other information required by the political subdivision.

(b) Subsequent years.—After the initial entry into the program, a claimant shall remain eligible for tax deferral in subsequent years so long as the claimant continues to meet the eligibility requirements of this subchapter.

§ 8577. Contents of application.

Any application for a tax deferral distributed to persons shall contain the following:

(1) A statement that the tax deferral granted under this subchapter is provided in exchange for a lien against the homestead of the applicant.

(2) An explanation of the manner in which the deferred taxes shall become due, payable and delinquent and include, at a minimum, the consequences of noncompliance with the provisions of this subchapter.

§ 8578. Attachment and satisfaction of liens.

(a) Nature of lien.—All taxes deferred under this subchapter shall constitute a prior lien on the homestead of the claimant in favor of the political subdivision and shall attach as of the date and in the same manner as other real estate tax liens. The deferred taxes shall be collected as other

real estate tax liens, but the deferred taxes shall be due, payable and delinquent only as provided in subsection (b).

(b) Payment.—

(1) All or part of the deferred taxes may at any time be paid to the political subdivision.

(2) In the event that the deferred taxes are not paid by the claimant or the claimant's spouse during his or her lifetime or during their continued ownership of the homestead, the deferred taxes shall be paid either:

(i) prior to the conveyance of the homestead to any third party; or

(ii) prior to the passing of the legal or equitable title, either by will or by statute, to the heirs of the claimant or the claimant's spouse.

(3) The surviving spouse of a claimant shall not be required to pay the deferred taxes by reason of his or her acquisition of the homestead due to death of the claimant as long as the surviving spouse maintains his or her domicile in the property. The surviving spouse may continue to participate in the tax deferral program in subsequent years provided he or she is eligible under the provisions of this subchapter.

**SUBCHAPTER F
HOMESTEAD PROPERTY EXCLUSION**

Sec.

8581. Short title of subchapter.

8582. Definitions.

8583. Exclusion for homestead property.

8584. Administration and procedure.

8585. Exclusion for farmstead property.

8586. Limitations.

8587. Uniform application.

§ 8581. Short title of subchapter.

This subchapter shall be known and may be cited as the Homestead Property Exclusion Program Act.

§ 8582. Definitions.

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

“Assessor.” The chief assessor of the county, the equivalent position in a home rule county or the equivalent position in a city of the third class that performs its own assessments of real property.

“Board.” Any of the following:

(1) “Board.” As defined in the act of June 26, 1931, (P.L.1379, No.348), referred to as the Third Class County Assessment Board Law.

(2) “Board.” As defined in the act of May 21, 1943 (P.L.571, No.254), known as The Fourth to Eighth Class County Assessment Law.

(3) "Board of Property Assessment, Appeals and Review." The Board of Property Assessment, Appeals and Review in a county of the second class under the act of June 21, 1939 (P.L.626, No.294), referred to as the Second Class County Assessment Law.

(4) "Board of Revision of Tax and Appeals." The board of revision of taxes and appeals in cities of the third class.

"Common level ratio." The ratio of assessed value to current market value used generally in the county as last determined by the State Tax Equalization Board under the act of June 27, 1947 (P.L.1046, No.447), referred to as the State Tax Equalization Board Law.

"Established predetermined ratio." The ratio of assessed value to market value established by the board of county commissioners and uniformly applied in determining assessed value in any year.

"Farmstead." All buildings and structures on a farm not less than ten contiguous acres in area, not otherwise exempt from real property taxation or qualified for any other abatement or exclusion pursuant to any other law, that are used primarily to produce or store any farm product produced on the farm for purposes of commercial agricultural production, to house or confine any animal raised or maintained on the farm for the purpose of commercial agricultural production, to store any agricultural supply to be used on the farm in commercial agricultural production or to store any machinery or equipment used on the farm in commercial agricultural production. This term shall only apply to farms used as the domicile of an owner.

"Farmstead property." A farmstead for which an application has been submitted and approved under section 8584 (relating to administration and procedure).

"Governing body." The board of county commissioners, including the successor in function to the board of county commissioners in a county which has adopted a home rule charter under the former act of April 13, 1972 (P.L.184, No.62), known as the Home Rule Charter and Optional Plans Law, under Subpart E of Part III (relating to home rule and optional plan government) or under Article XXXI-C of the act of July 28, 1953 (P.L.723, No.230), known as the Second Class County Code, city council, borough council, incorporated town council, board of township commissioners, board of township supervisors, a governing council of a home rule municipality or optional plan municipality, a governing council of any similar general purpose unit of government which may hereafter be created by statute or a board of school directors of a school district.

"Median assessed value." The value which is the middle point in the sequential distribution of assessed values, above and below which exist an equal number of assessed values.

§ 8583. Exclusion for homestead property.

(a) General rule.—The governing body of a political subdivision may exclude from taxation a fixed dollar amount of the assessed value of each

homestead property in the political subdivision consistent with section 8586 (relating to limitations).

(b) Jurisdictions crossing county lines.—If a political subdivision is located in more than one county, the exclusion established under subsection (a) for each county portion of the political subdivision shall be uniform after adjustment for the common level ratios in the respective counties.

(c) Split rate taxes.—In political subdivisions where different millage rates are applied to land and the improvements upon land, the exclusion established under subsection (a) shall be applied first to the value of the improvements, and the remainder of the exclusion, if any, shall be applied to the value of the land.

(d) New construction.—The exclusion authorized under subsection (a) for a dwelling constructed during the taxable year and used as homestead property shall be prorated in a manner consistent with the assessment of real property taxes on that dwelling.

(e) Reassessment.—After a revision of assessments by means of revaluing all properties, the governing body of the political subdivision providing an exclusion under this section shall adjust the amount of the exclusion for homestead property as follows:

(1) if the assessment base is revised by applying a change in the established predetermined ratio, the exclusion for homestead property shall be adjusted by the percentage change between the existing predetermined ratio and the newly established predetermined ratio; or

(2) if the assessor performs a revision of assessments by revaluing all properties and applying an established predetermined ratio, the exclusion for homestead property shall be adjusted by dividing the exclusion for homestead property for the year preceding the revision of assessments by the common level ratio and multiplying the quotient of that calculation by the newly established predetermined ratio.

§ 8584. Administration and procedure.

(a) Application; determinations.—The owner or owners of real property seeking to have property approved as homestead property or farmstead property shall file an application with the assessor on the form developed under section 8587 (relating to uniform application). Determinations with respect to the qualification of all or a part of a parcel of real property as homestead property or farmstead property shall be made by the assessor.

(b) Filing deadlines; renewal of application.—Applications shall be filed with the assessor not later than March 1 of each year. The governing body of a county may adopt a schedule for review or reapplication for real property previously approved as homestead property or farmstead property.

(c) Notice of applications and deadlines.—The assessor shall provide sufficient notice to the public regarding the availability of applications to designate real property as homestead property or farmstead property and all filing deadlines. The assessor shall make applications available at least 75 days before the filing deadline.

(d) Denial of application.—The assessor shall provide to each property owner whose application for approval as homestead property or farmstead property is being denied in whole or in part a written notice of denial by first class mail not later than 120 days after the filing deadline. The notice shall include all reasons for denial. Failure by the assessor to provide notice under this subsection shall be deemed to be approval of the application.

(e) Appeals of assessor's decision.—An owner aggrieved by the decision of the assessor may appeal to the board for a review of the decision in a manner consistent with the provisions for appeal of assessments under the applicable assessment law. Appeals under this subsection shall be limited to whether the application meets the requirements of subsections (a) and (b) or whether the parcel for which the appeal is made meets the definition of "farmstead property" or "homestead property."

(f) Other appeals.—Appeals regarding the assessed value of real property under the applicable assessment law shall be based on the assessed value of the real property before application of the exclusions for homestead property or farmstead property. The issue of qualification as homestead property or farmstead property shall not be raised in an appeal except as provided in subsection (e).

(g) False or fraudulent applications.—The assessor may select, randomly or otherwise, applications filed under subsection (a) to review for false or fraudulent information.

(h) Penalties.—Any person who files an application under subsection (a) which is false as to any material matter shall:

(1) pay any taxes which would have been due but for the false application, plus simple interest computed at the rate provided in section 806 of the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal Code;

(2) pay a penalty equal to 10% of the unpaid taxes computed under paragraph (1); and

(3) upon conviction for filing an application under subsection (a) which a person knows to be fraudulent, be guilty of a misdemeanor of the third degree and be sentenced to pay a fine not exceeding \$2,500.

(i) Reports.—At the same time as the assessor certifies the tax duplicate, the assessor shall provide to the governing bodies of the county and each political subdivision within the county upon request and at no charge a certified report listing at least all of the following information:

(1) The parcel number of each parcel which is approved, in whole or in part, as homestead property.

(2) The assessed value of each parcel which is approved, in whole or in part, as homestead property.

(3) The portion of the assessed value of each parcel listed under paragraph (2) which is approved as homestead property.

(4) The median assessed value of the homestead property listed in paragraph (3).

(5) The parcel number of each parcel which is approved, in whole or in part, as farmstead property.

(6) The assessed value of each parcel which is approved, in whole or in part, as farmstead property.

(7) The portion of the assessed value of each parcel listed under paragraph (6) which is approved as farmstead property.

The governing body of the county may set reasonable fees for providing customized reports or services not otherwise required under this chapter or other applicable law to political subdivisions.

(j) Notification on change of use.—

(1) A property owner whose property is approved as homestead property or farmstead property and which property no longer qualifies as homestead property or farmstead property shall notify the assessor within 45 days of the date the property no longer qualifies as homestead property or farmstead property. Failure to notify the assessor as required by this subsection shall be treated in the same manner as a false application under subsection (g).

(2) The recorder of deeds shall periodically provide to the assessor a list of real property conveyance documents which have been presented for recording. The list shall include the name of the grantor and the address of the property. For the purposes of this paragraph, the word “document” shall have the meaning ascribed to it in section 1101-C of the Tax Reform Code.

§ 8585. Exclusion for farmstead property.

(a) Authorization.—The exclusion for farmstead property shall be authorized pursuant to section 2(b)(i) of Article VIII of the Constitution of Pennsylvania. This exclusion shall apply uniformly to each farmstead property within the taxing jurisdiction.

(b) General rule.—Any governing body that excludes a portion of the value of homestead property under section 8583 (relating to exclusion for homestead property) shall exclude a portion of the assessed value of each farmstead property in the political subdivision by a fixed dollar amount established by its governing body, not to exceed the amount of the exclusion for homestead property under section 8583. The exclusion for farmstead property shall be in addition to any exclusion for homestead property for which the dwelling on the farm may qualify.

(c) Farmstead crossing county lines.—If a political subdivision is located in more than one county, the exclusion for farmstead property computed under subsection (a) for each county portion of the political subdivision shall be uniform after adjustment for the common level ratios in the respective counties.

(d) New construction.—The exclusion allowed under subsection (b) for a building constructed during the taxable year and used as farmstead property shall be prorated in a manner consistent with the assessment of real property taxes on that building.

(e) Reassessment.—After a revision of assessments by means of revaluing all properties, the governing body of the political subdivision providing an evaluation under this section shall adjust the amount of the exclusion for farmstead property as follows:

(1) if the assessment base is revised by applying a change in the established predetermined ratio, the exclusion for farmstead property shall be adjusted by the percentage change between the existing predetermined ratio and the newly established predetermined ratio; or

(2) if performing a revision of assessments by revaluing all properties and applying an established predetermined ratio, the exclusion for farmstead property shall be adjusted by dividing the exclusion for farmstead property for the year preceding the revision of assessments by the common level ratio and multiplying the quotient of that calculation by the newly established predetermined ratio.

§ 8586. Limitations.

(a) Limit on exclusion.—

(1) In accordance with the limits established on the exclusion for homestead property in Article VIII of the Constitution of Pennsylvania, no governing body of a political subdivision shall authorize an exclusion for homestead property in excess of the amount which is one-half of the median assessed value of homestead property in the political subdivision. The median assessed value of homestead property shall be determined by the information provided to the governing body under section 8584(i) (relating to administration and procedure).

(2) For the purposes of calculating the limit on the exclusion under paragraph (1), a political subdivision that is located in more than one county shall determine the median assessed value of homestead property for the entire political subdivision after dividing the assessed value of each homestead property by the common level ratio of the county in which the homestead property is located.

(b) Prohibition.—The governing body of the political subdivision may not increase the millage rate of its tax on real property to pay for the exclusions authorized by sections 8583 (relating to exclusion for homestead property) and 8585 (relating to exclusion for farmstead property).

§ 8587. Uniform application.

An application form for use by assessors under section 8584(a) (relating to administration and procedure) shall be developed by the Department of Community and Economic Development and published in the Pennsylvania Bulletin by September 30, 1998.

CHAPTER 86

(Reserved)

CHAPTER 87
OTHER SUBJECTS OF TAXATION

Subchapter

- A. Tax Authorization and Referendum Requirements
- B. Earned Income and Net Profits Tax

SUBCHAPTER A
TAX AUTHORIZATION AND REFERENDUM REQUIREMENTS

Sec.

- 8701. General tax authorization.
- 8702. Continuity of tax.
- 8703. Adoption of referendum.
- 8704. Public referendum requirements for increasing property taxes previously reduced.
- 8705. Local tax study commission.
- 8706. Property tax limits on reassessment.

§ 8701. General tax authorization.

(a) General rule.—Subject to sections 8703 (relating to adoption of referendum) and 8704 (relating to public referendum requirements for increasing property taxes previously reduced) and except as provided in subsection (b), each school district shall have the power and may by resolution levy, assess and collect or provide for the levying, assessment and collection of the earned income and net profits tax under this chapter.

(b) Exclusions.—No school district which levies an earned income and net profits tax authorized by this chapter shall have any power or authority to levy, assess or collect:

(1) A tax based upon a flat rate or on a millage rate on an assessed valuation of a particular trade, occupation or profession, commonly known as an occupation tax.

(2) A tax at a set or flat rate upon persons employed within the taxing district, commonly known as an occupational privilege tax.

(3) A per capita, poll, residence or similar head tax.

(4) The earned income and net profits tax levied under the Local Tax Enabling Act.

(5) An earned income tax under the act of August 24, 1961 (P.L.1135, No.508), referred to as the First Class A School District Earned Income Tax Act, or under the additional authority in section 652.1(a)(2) of the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949.

(6) Any tax under section 652.1(a)(4) of the Public School Code of 1949 except as it pertains to real estate transfer taxes.

(7) Except for taxes permitted under section 8402(b) (relating to scope and limitations), (c), (d), (e) and (f), any other tax authorized or permitted under the Local Tax Enabling Act.

(c) Delinquent taxes.—The provisions of subsection (b) shall not apply to collection of delinquent taxes.

§ 8702. Continuity of tax.

The earned income and net profits tax levied under the provisions of this chapter shall continue in force on a fiscal year basis without annual reenactment unless the rate of tax is increased or the tax is subsequently repealed.

§ 8703. Adoption of referendum.

(a) General rule.—

(1) In order to levy an earned income and net profits tax under this chapter, a governing body shall use the procedures set forth in subsection (b).

(2) Any governing body after making an election to levy an earned income and net profits tax under this chapter may, after a period of at least three full fiscal years, elect under the provisions of subsection (c) to levy, assess and collect the taxes prohibited by section 8701(b) (relating to general tax authorization) to the extent otherwise provided by law. If the electorate approves such referendum, the governing body shall lose the authority to continue to levy an earned income and net profits tax authorized under this chapter.

(b) Public referendum requirements.—Subject to the notice and public hearing requirements of section 8716 (relating to procedure and administration), a governing body may levy the earned income and net profits tax under this chapter only by obtaining the approval of the electorate of the affected school district in a public referendum at only the municipal election preceding the fiscal year when the earned income and net profits tax will be initially imposed. The referendum question must state the initial rate of the proposed earned income and net profits tax, the reason for the tax and the amount of proposed budgeted revenue growth, if any, in the first fiscal year following adoption of the referendum, expressed as a percent increase over the prior year's budgeted revenue. Any increase in budgeted revenue between the first fiscal year following adoption of the referendum and the prior year's budgeted revenue shall not exceed the annual percent change in the Statewide average weekly wage. The question shall be in clear language that is readily understandable by a layperson. For the purpose of illustration, a referendum question may be framed as follows:

Do you favor the imposition of an earned income and net profits tax of X% to be used to replace (names of local taxes to be repealed), reduce real property taxes by X% by means of a homestead exclusion and provide for a one-time revenue increase of X% over the preceding fiscal year?

A nonlegal interpretative statement must accompany the question in accordance with section 201.1 of the act of June 3, 1937 (P.L.1333, No.320), known as the Pennsylvania Election Code, that includes the following: the initial rate of the earned income and net profits tax and the maximum allowable rate of the earned income and net profits tax imposed under this chapter; the estimated revenues to be derived from the initial rate of the earned income and net profits tax imposed under this chapter; the amount of proposed revenue growth, if any, in the first fiscal year following adoption of the referendum; the estimated reduction in real property taxes and the elimination of certain existing taxes under this chapter; the identification of the existing taxes to be eliminated under this chapter; the method to be used to reduce real property taxes; the class or classes of real property for which real property taxes would be reduced; and the estimated amount of real property tax reduction by class, expressed as an average percent reduction by class. Any governing body which uses the procedures under this section shall not be subject to the provisions of section 8704 (relating to public referendum requirements for increasing property taxes previously reduced) for any future increases in the earned income and net profits tax rates authorized under this chapter. Any future real property tax rate increases are subject to the provisions of section 8704. If the ballot question fails to receive a majority vote pursuant to this section, approval of the electorate under section 8704 shall not be required to increase the rate of any tax which the governing body of the affected school district is authorized to levy and increase pursuant to any other act.

(c) Public referendum requirements to end participation under this chapter.—Subject to the notice and public hearing requirements in section 4 of the Local Tax Enabling Act, a governing body may elect to end participation under this chapter in accordance with subsection (a)(2) by obtaining the approval of the electorate of the affected school district in a public referendum at a municipal election.

(d) Public requirements to initiate referendum.—

(1) If the governing body of a school district fails to place a referendum question on the ballot within two years after the effective date of this chapter, the electors of the school district may:

(i) Circulate a petition which, if signed by electors comprising 2% of the number of electors voting for the office of Governor in the last gubernatorial election in the school district and filed with the election officials and submitted to the governing body thereof, shall require the governing body to establish a local tax study commission. The provisions under paragraph (2)(v), (vi), (vii), (viii) (ix) and (x) shall not apply to this subparagraph.

(ii) If the local tax study commission makes a recommendation to levy the earned income and net profits tax under this chapter and the governing body fails to place the recommendation or other alternative of the governing body authorized under this chapter on the ballot in

accordance with this chapter at the next municipal election occurring at least 90 days after the submission of the recommendation to the governing body, a petition under this paragraph may be circulated. If the petition is signed by the electors comprising 5% of the number of electors voting for the office of Governor in the last gubernatorial election in the school district and filed with election officials at least 90 days prior to the next municipal election, the petition shall compel the election officials to place the recommendation upon the ballot at the next municipal election occurring at least 90 days after the filing of the petition.

(2) The following requirements shall apply to the process under paragraph (1):

(i) The name and street address of each elector signing the petition and of the person filing the petition shall be clearly stated on the petition. The petition shall include an affidavit of the circulator that he or she is a qualified elector of the school district referred to in the petition; that the signers signed with full knowledge of the contents of the petition; that the signers' residences are correctly stated; and that, to the best of the circulator's knowledge and belief, the signers are qualified electors.

(ii) The election officials shall, within ten days after filing, review the petition as to the number and qualifications of signers. If the petition appears to be defective, the election officials shall immediately notify the person filing the petition of the defect and may reject the petition if warranted.

(iii) The petition as submitted to the election officials, along with the list of signatories, shall be open to public inspection in the office of the election officials.

(iv) If the election officials find that the petition as submitted is in proper order, they shall send copies of the petition without signatures thereon to the governing body involved.

(v) The procedure for the referendum shall be governed by the act of June 3, 1937 (P.L.1333, No.320), known as the Pennsylvania Election Code.

(vi) If the election officials find the petition meets the requirements of this chapter, they shall place the proposal on the ballot in a manner fairly representing the content of the petition for decision by referendum at the proper election.

(vii) The election officials shall certify the date for the referendum and shall notify the governing body at least 30 days prior to such date.

(viii) At least 30 days' notice of the referendum shall be given by proclamation of the governing body. A copy of the proclamation shall be posted at each polling place on the day of the election and shall be published once in at least one newspaper of general circulation which

is distributed within the school district during the 30-day period prior to the election.

(ix) Approval of a referendum shall be by majority vote of those voting in the school district involved.

(x) The election officials shall certify the results of the referendum to the governing body.

(e) School districts located in more than one county.—

(1) In the event a school district is located in more than one county, petitions under this section shall be filed with the election officials of the county wherein the administrative offices of the school district are located.

(2) The election officials receiving a petition shall be responsible for all administrative functions in reviewing and certifying the validity of the petition and for making all necessary communications with the school district.

(3) If the election officials of the county receiving the petition certify that it is sufficient under this subpart and determine that a question should be placed upon the ballot, such decision shall be communicated to election officials in any other county in which the school district is also located. Election officials in the other county or counties shall cooperate with election officials of the county receiving the petition to insure that an identical question is placed on the ballot at the same election throughout the entire school district.

(4) Election officials from each county involved shall independently certify the results from their county to the governing body.

§ 8704. Public referendum requirements for increasing property taxes previously reduced.

(a) General rule.—Except as provided in subsections (c) and (d), a governing body that elects to levy an earned income and net profits tax under this chapter pursuant to section 8703(a) (relating to adoption of referendum) shall not increase the rate of its tax on real property without first obtaining the approval of the electorate of the affected school district in a referendum at the primary election immediately preceding the fiscal year of the proposed tax increase.

(b) Disapproval.—Whenever the electorate fails to approve the proposed referendum question to increase the rate of tax on real property under subsection (a), the governing body shall be limited to the rate of tax in effect prior to the referendum.

(c) Exception to general rule.—The provisions of subsection (a) shall not apply to an increase in the rate of the real property tax that does not cause local tax revenue, excluding real property taxes to be levied on newly constructed buildings or structures or on increased valuations based on new improvements made to existing houses, to increase by more than the percentage increase in the Statewide average weekly wage in the preceding year. Prior to any increase under this subsection, the governing body must certify to the court of common pleas in the judicial district in which the

governing body is located the estimates of total local tax revenues used in the calculation under this subsection. The court may, on its own motion or on petition of a person having standing under subsection (f), revise the estimates certified by the governing body and reduce the allowable increase in the rate of the real property tax under this subsection.

(d) Referendum exceptions.—The provisions of subsection (a) shall not apply to increases in the rate of tax on real property in this subsection only if the exception to the general rule under subsection (c) has been utilized, if applicable, to the maximum amount allowed:

(1) To respond to or recover from an emergency or disaster declared pursuant to 35 Pa.C.S. § 7301 (relating to general authority of Governor) or 75 Pa.C.S. § 6108 (relating to power of Governor during emergency), only for the duration of the emergency or disaster and for the costs of the recovery from the emergency or disaster.

(2) To implement a court order or an administrative order from a Federal or State agency that requires the expenditure of funds that exceed current available revenues. The rate increase shall be rescinded following fulfillment of the court order or administrative order.

(3) To pay interest and principal on any indebtedness incurred under Subpart B (relating to indebtedness and borrowing). However, in no case may a school district incur additional debt under this paragraph, except for the refinancing of existing debt, including the payment of costs and expenses related to such refinancing and the establishment or funding of appropriate debt service reserves. The increase shall be rescinded following the final payment of interest and principal. The exception provided under this paragraph shall not be used to avoid referendum requirements to pay for costs which could not be financed by the issuance of debt under Subpart B.

(4) To respond to conditions that pose an immediate threat of serious physical harm or injury to the students, staff or residents of the school district until the circumstances causing the threat have been fully resolved.

(5) Special purpose tax levies approved by the electorate.

(6) To maintain per-student local tax revenue in the school district at an amount not exceeding the amount of per-student local tax revenue at the level of the preceding year, adjusted for the percentage increase in the Statewide average weekly wage. This paragraph shall apply only if the percentage growth in student enrollment in the school district between the current fiscal year and the third fiscal year immediately preceding the current fiscal year exceeds 10%. For the purposes of this paragraph, student enrollment shall be measured by average daily membership as defined by the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949. For the purposes of this paragraph, per-student local tax revenue shall be determined by dividing local tax revenue by average daily membership.

(e) Court action.—Prior to the imposition of the tax increase under subsection (d)(1), (2), (4) or (6), approval is required by the court of common pleas in the judicial district in which the governing body is located. The governing body shall publish in a newspaper of general circulation a notice of its intent to file an action under this subsection at least one week prior to the filing of the petition. The governing body shall also publish in a newspaper of general circulation notice, as soon as possible following notification from the court that a hearing has been scheduled, stating the date, time and place of the hearing on the petition. The following shall apply to any proceedings instituted under this subsection:

(1) The governing body must prove by clear and convincing evidence the necessity for the tax increase.

(2) The governing body must prove by clear and convincing evidence that there are no assets or other feasible alternatives available to the school district.

(3) The court shall determine the appropriate duration of the increase and may retain continuing jurisdiction. The court may, on its own motion or on petition of an interested party, revoke approval for or order rescission of a tax increase.

(f) Standing.—A person shall have standing as a party to a proceeding under this section as long as the person resides within or pays real property taxes to the taxing jurisdiction of the governing body instituting the action. § 8705. Local tax study commission.

(a) Appointment.—A governing body may appoint a local tax study commission.

(b) Membership.—The local tax study commission shall consist of five members who are resident individuals or taxpayers of the school district and shall reflect the socioeconomic, age and occupational diversity of the school district to the extent possible.

(1) Except for paragraph (2), no member shall be an official or employee, or a relative thereof, of the school district.

(2) One member may be a member of the governing body.

(c) Staff and expenses.—The governing body shall provide necessary and reasonable support staff and shall reimburse the members of the local tax study commission for necessary and reasonable expenses in the discharge of their duties.

(d) Contents of study.—The local tax study commission shall study the existing taxes levied, assessed and collected by the school district and their effect. The local tax study commission shall determine how the tax policies of the school district could be improved by the levy, assessment and collection of the taxes authorized pursuant to this chapter. The study shall include, but not be limited to, consideration of all of the following:

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

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

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

(e) Recommendation.—Within 90 days of its appointment, the local tax study commission shall make a nonbinding recommendation to the governing body regarding the imposition of an earned income and net profits tax to be levied, assessed and collected commencing the next fiscal year. Except as provided in subsection (f), if the governing body appoints a commission, the earned income and net profits tax authorized under this chapter may not be levied, assessed or collected until receipt of the recommendation. No later than 90 days prior to the next municipal election occurring at least 150 days after the submission of the recommendation, the governing body shall accept or reject the recommendation of the local tax study commission or adopt an alternative proposal authorized under this chapter.

(f) Failure to issue a recommendation.—If the local tax study commission fails to make a recommendation under subsection (e), the governing body may adopt a proposal authorized under this chapter.

(g) Public distribution of report.—The local tax study commission shall publish a final report of its findings and recommendation and deliver the report to the governing body. The governing body shall supply copies to any interested persons upon request.

(h) Materials.—All records of the local tax study commission shall be available for public inspection during the regular business hours of the school district.

§ 8706. Property tax limits on reassessment.

After any county makes a countywide revision of assessment of real property at values based upon an established predetermined ratio as required by law or after any county changes its established predetermined ratio, each school district that has made an election under section 8703 (relating to adoption of referendum), which hereafter for the first time levies its real estate taxes on that revised assessment or valuation, shall for the first year reduce its tax rate, if necessary, for the purpose of having the percentage increase in taxes levied for that year against the real properties contained in the duplicate for the preceding year be less than or equal to the percentage increase in the Statewide average weekly wage for the preceding year notwithstanding the increased valuations of such properties under the revised assessment. For the purpose of determining the total amount of taxes to be levied for the first year, the amount to be levied on newly constructed buildings or structures or on increased valuations based on new improvements made to existing houses need not be considered. The tax rate shall be fixed for that year at a figure which will accomplish this purpose. The provisions of section 8704 (relating to public referendum requirements for increasing property taxes previously reduced) shall apply to increases in the tax rate above the limits provided in this section.

SUBCHAPTER B
EARNED INCOME AND NET PROFITS TAX

- Sec.
- 8711. Earned income and net profits tax.
 - 8712. Collections.
 - 8713. Credits.
 - 8714. Earned income and net profits tax exemption.
 - 8715. Rules and regulations.
 - 8716. Procedure and administration.
 - 8717. Disposition of earned income and net profits tax revenue.

§ 8711. Earned income and net profits tax.

A school district shall have the power to levy, assess and collect a tax on the earned income and net profits of resident individuals of the school district up to a maximum rate of 1.5%. The earned income and net profits tax may be levied by the school district at a rate of 1.0%, 1.25% or 1.5%.

§ 8712. Collections.

Any school district imposing a tax under section 8711 (relating to earned income and net profits tax) shall designate the tax officer who is appointed under section 10 of the Local Tax Enabling Act, or otherwise by law, as the collector of the earned income and net profits tax. In the performance of the tax collection duties under this subchapter, the designated tax officer shall have all the same powers, rights, responsibilities and duties for the collection of the taxes which may be imposed under the Local Tax Enabling Act, Subchapter C of Chapter 84 (relating to local taxpayers bill of rights) or as otherwise provided by law.

§ 8713. Credits.

(a) General rule.—The provisions of section 14 of the Local Tax Enabling Act shall be used to determine any credits under the provisions of this chapter for any taxes imposed under section 8711 (relating to earned income and net profits tax).

(b) State tax credit.—A credit against personal income tax due to the Commonwealth under section 302 of the Tax Reform Code shall be granted to all nonresidents of a city of the first class who are subject to a tax imposed by a city of the first class pursuant to the act of August 5, 1932 (Sp.Sess., P.L.45, No.45), referred to as the Sterling Act. The credit shall equal 0.2756% of salaries, wages, commissions, compensation or other income received for work done or services performed within a city of the first class. The Secretary of Revenue shall promulgate such regulations and forms as are necessary to implement the provisions of this subsection. This section shall only apply to residents of school districts which impose the tax under this subchapter. A governing body of a school district in a county of the second class A shall, and a governing body of a school district in a county of the third class may, include in the referendum question under section 8703

(relating to adoption of referendum) language asking whether the credit against the personal income tax in this subsection should be provided to the nonresident taxpayer in the city of the first class or the school district in which the taxpayer resides for the purpose of making additional tax reductions in the same manner as section 8717 (relating to disposition of earned income and net profits tax revenue). Should any court of competent jurisdiction determine that this subsection is unconstitutional, the provisions of this subsection shall be void and no credit shall be expanded or extended in any way by any court.

§ 8714. Earned income and net profits tax exemption.

A school district that imposes an earned income and net profits tax under this chapter may exempt from the payment of that tax any person whose total income from all sources is less than \$7,500.

§ 8715. Rules and regulations.

Taxes imposed under section 8711 (relating to earned income and net profits tax) will be subject to all regulations adopted under section 13 of the Local Tax Enabling Act. A school district may adopt regulations for the processing of claims for credits or exemptions under sections 8713 (relating to credits) and 8714 (relating to earned income and net profits tax exemption).

§ 8716. Procedure and administration.

In order to levy the tax under section 8711 (relating to earned income and net profits tax), the governing body shall adopt a resolution which shall refer to this subchapter prior to placing a question on the ballot under section 8703 (relating to adoption of referendum). Prior to adopting a resolution imposing the tax authorized by section 8711, the governing body shall give public notice of its intent to adopt the resolution in the manner provided by section 4 of the Local Tax Enabling Act and shall conduct at least one public hearing regarding the proposed adoption of the resolution.

§ 8717. Disposition of earned income and net profits tax revenue.

The disposition of revenue from an earned income and net profits tax or an increase in the rate of an earned income and net profits tax imposed by school districts under the authority of this chapter shall occur in the following manner:

(1) For the fiscal year of implementation of a newly imposed income tax, all earned income and net profits tax revenue received by a school district shall be used first to offset any lost revenue to the school district from the taxes prohibited under section 8701(b) (relating to general tax authorization) in an amount equal to the revenue collected from the prohibited taxes in section 8701(b) in the preceding fiscal year; second, to provide for an increase in budgeted revenues over the preceding fiscal year in accordance with the amount specified in the referendum question approved by the voters under section 8703 (relating to adoption of referendum); and third, to reduce the school district real property tax in the following order:

(i) By means of an exclusion for homestead property pursuant to section 8583 (relating to exclusion for homestead property).

(ii) By means of a reduction in the millage rate after the limit on the exclusion for homestead property has been reached under section 8586 (relating to limitations).

(2) For the fiscal year of implementation of an increase in the rate of the existing earned income and net profits tax imposed under this chapter, all revenue received by a school district directly attributable to the increased rate shall be used to reduce the school district real property tax in the following order:

(i) By means of an exclusion for homestead property pursuant to section 8583.

(ii) By means of a reduction in the millage rate after the limit on the exclusion for homestead property has been reached under section 8586.

CHAPTER 89
PAYMENT AND COLLECTION OF TAXES

Subchapter

A. (Reserved)

B. Register for Certain Taxes

SUBCHAPTER A
(Reserved)

SUBCHAPTER B
REGISTER FOR CERTAIN TAXES

Sec.

8911. Definitions.

8912. Register for taxes.

8913. Information for register.

8914. Availability and effective period of register.

8915. Effect of nonfiling.

8916. Effect of subchapter on liability of taxpayer.

§ 8911. Definitions.

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

“Department.” The Department of Community and Economic Development of the Commonwealth.

§ 8912. Register for taxes.

(a) General rule.—The department shall maintain an official continuing register supplemented annually of all local earned income and net profits taxes levied under Chapter 87 (relating to other subjects of taxation).

(b) Contents of register.—The register shall list:

- (1) The school districts levying local earned income and net profits tax.
- (2) The rate of tax as stated in the resolution levying the tax.
- (3) The rate on taxpayers.
- (4) The name and address of the official responsible for administering the collection of the tax and from whom information, forms and copies of regulations are available.

§ 8913. Information for register.

Information for the register shall be furnished by the school district to the department as prescribed by the department. The information must be received by the department no later than July 15 of each year to show new tax enactments, repeals and changes. Failure to comply with the filing date may result in the omission of the tax levy from the register for that year. Failure of the department to receive information of taxes continued without change may be construed by the department to mean that the information contained in the previous register remains in force.

§ 8914. Availability and effective period of register.

The register, with such annual supplements as may be required by new tax enactments, repeals or changes, shall be available upon request no later than August 15 of each year. The effective period for each register shall be from July 1 of the year in which it is issued to June 30 of the following year.

§ 8915. Effect of nonfiling.

Employers shall not be required by any ordinance to withhold from the compensation of their employees any local earned income and net profits tax imposed under Chapter 87 (relating to other subjects of taxation) which is not listed in the register or to make reports of compensation in connection with taxes not so listed. If the register is not available by August 15, the register of the previous year shall continue to be effective for an additional period of not more than one year.

§ 8916. Effect of subchapter on liability of taxpayer.

The provisions of this subchapter shall not affect the liability of any taxpayer for taxes lawfully imposed under Chapter 87 (relating to other subjects of taxation).

Section 10. The sum of \$6,000,000, or as much thereof as may be necessary, is hereby appropriated to the Department of Community and Economic Development for the fiscal year July 1, 1998, to June 30, 1999, for the purpose of making one-time transition grants to counties for costs associated with implementing the Homestead Property Exclusion. Grants shall be made pursuant to guidelines adopted by the department and shall be limited to funds appropriated for this purpose.

Section 11. The following acts and parts of acts are repealed to the extent specified:

Section 409(a) of the act of July 12, 1972 (P.L.781, No.185), known as the Local Government Unit Debt Act, as amended October 16, 1996 (P.L.710, No.125), is repealed.

Except for sections 533 and 1301(b), the act of December 13, 1988 (P.L.1121, No.145), known as the Local Tax Reform Act, is repealed.

Section 12. This act shall take effect as follows:

(1) The addition of 53 Pa.C.S. § 8402(c), (e) and (f) shall take effect immediately.

(2) The addition of 53 Pa.C.S. Ch. 85 Subch. F shall take effect July 1, 1998.

(3) The remainder of 53 Pa.C.S. Pt. VII Subpt. C shall take effect January 1, 1999.

(4) Section 10 of this act shall take effect immediately.

(5) This section shall take effect immediately.

(6) The remainder of this act shall take effect in 60 days.

APPROVED—The 5th day of May, A.D. 1998.

THOMAS J. RIDGE