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LEGISLATIVE JOURNAL

SATURDAY, JULY 19, 2003

SESSION OF 2003

187TH OF THE GENERAL ASSEMBLY

No. 66

HOUSE OF REPRESENTATIVES

The House convened at 2:40 a.m., e.d.t.

THE SPEAKER (JOHN M. PERZEL)

PRESIDING

PRAYER AND PLEDGE OF ALLEGIANCE DISPENSED WITH

The SPEAKER. Without objection, the prayer and the Pledge of Allegiance will be dispensed with.

JOURNAL APPROVAL POSTPONED

The SPEAKER. Without objection, the approval of the Journal of Friday, July 18, 2003, will be postponed until printed.

APPROPRIATIONS COMMITTEE MEETING

The SPEAKER. The Chair calls for an immediate meeting of the Appropriations Committee at the majority leader's desk.

BILL REREPORTED FROM COMMITTEE

SB 506, PN 1049

By Rep. ARGALL

An Act authorizing and directing the Department of General Services, with the approval of the Governor, to grant and convey certain tracts of land situate in Cecil Township, Washington County.

APPROPRIATIONS.

CALENDAR

BILL ON THIRD CONSIDERATION

The House proceeded to third consideration of **SB 100, PN 1075**, entitled:

An Act amending the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949, further providing for per capita taxes; providing for the imposition and collection of an earned income and net profits tax or personal income tax by school districts after approval by the electors, providing for applicability of referendum exceptions; further providing for the mandate waiver program.

On the question,
Will the House agree to the bill on third consideration?

Mr. FLICK offered the following amendment No. A3238:

Amend Title, page 1, lines 1 through 10, by striking out all of said lines and inserting

Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An act relating to the public school system, including certain provisions applicable as well to private and parochial schools; amending, revising, consolidating and changing the laws relating thereto," further providing for per capita taxes and for distress in school districts of the first class; providing for the imposition and collection of an earned income and net profits tax or personal income tax by school districts after approval by the electors, for State matching funds formula, for wage and net profits tax relief in cities of the first class and for applicability of referendum exceptions; and further providing for the mandate waiver program.

Amend Bill, page 1, lines 13 through 19; pages 2 through 31, lines 1 through 30; page 32, lines 1 and 2, by striking out all of said lines on said pages and inserting

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

Section 679. Per Capita Taxes.—Each resident or inhabitant, over eighteen years of age, in every school district of the second, third, and fourth class, which shall levy such tax, shall annually pay, for the use of the school district in which he or she is a resident or inhabitant, a per capita tax of not less than one dollar nor more than five dollars, as may be assessed by the local school district. The tax collector shall not proceed against a spouse or his employer until he has pursued remedies against the delinquent taxpayer and the taxpayer's employer under this section.

Each school district may exempt any person whose total income from all sources is less than [five thousand dollars] ten thousand dollars per annum from its per capita tax or any portion thereof. The school district may adopt and employ regulations for the processing of claims for the exemption.

Section 1.1. Section 696(h)(1) of the act, amended June 29, 2002 (P.L.524, No.88), is amended to read:

Section 696. Distress in School Districts of the First Class.—* * *

(h) The School Reform Commission shall be responsible for financial matters related to the distressed school district of the first class and:

(1) [All] Except as provided in Article VI-C, all taxes authorized to be levied by a school district of the first class or for a school district of the first class by a city or county of the first class on the date of the declaration of distress shall continue to be authorized and levied in accordance with this act and shall be transmitted to the school district. For the first fiscal year or part thereof and every fiscal year thereafter in which the school district is declared to be distressed, the amount appropriated or paid by the city or county to the school district and the tax authorized by the city or county to be levied for the school district or dedicated to the school district shall be an amount or tax not less than the highest amount paid by the city or county to the school district or authorized by the city or county to be levied for the school district or dedicated to the school district during any of the three full preceding fiscal years. In addition, the city of the first class shall provide to the

school district of the first class all other available local non-tax revenue, including grants, subsidies or payments made during the prior year.

* * *

Section 2. The act is amended by adding articles to read:

ARTICLE VI-A
TAXATION BY SCHOOL DISTRICTS

(a) General Provisions

Section 601-A. Short title of article.

This article shall be known and may be cited as the Taxpayer Choice Act.

Section 602-A. Definitions.

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

“Assessor.” As defined in 53 Pa.C.S. § 8582 (relating to definitions).

“Average index” or “index.” The average of the percentage increase in the Statewide average weekly wage and the employment cost index calculated by the Department of Education and published in the Pennsylvania Bulletin under section 614-A(k).

“Board of school directors.” A board of school directors of a school district of the first class A, second class, third class or fourth class.

“Current year.” The fiscal year for which a 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.

“Earned income.” As defined 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 a 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.

“Employment Cost Index.” The most recent official figures, for the previous 12-month period for the Employment Cost Index Series for Elementary and Secondary Schools, reported by the Bureau of Labor Statistics of the Department of Labor.

“Farmstead.” As defined in 53 Pa.C.S. §8582 (relating to definitions).

“Farmstead property.” A farmstead for which an application has been submitted and approved under 53 Pa.C.S. § 8584 (relating to administration and procedure).

“Fund.” The Property Tax Relief Fund.

“Homestead.” As defined in 53 Pa.C.S. § 8401 (relating to definitions).

“Homestead property.” A homestead for which an application has been submitted and approved under 53 Pa.C.S. § 8584 (relating to administration and procedure).

“Income tax.” A tax on earned income and net profits or a tax on personal income imposed pursuant to this article.

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

“Personal income.” Income enumerated in section 303 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, as returned to and ascertained by the Department of Revenue, subject, however, to any correction thereof for fraud, evasion or error as finally determined by the Commonwealth.

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

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

“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.

“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 article to file a tax return or to pay a tax.

Section 603-A. Intent; scope and limitations.

(a) Intent.—

(1) It is the intent of this article to ultimately provide qualifying school districts with State funds which, when supplemented with the minimum local contribution, are sufficient so that school districts in the aggregate are able to reduce property taxes on homestead property and farmstead property by \$5 for every dollar of local contribution.

(2) It is the intent of this article to permit school districts to supplement the minimum local contribution and the State funds with additional local funds to permit further reductions in property taxes on homestead property and farmstead property.

(b) General rule.—

(1) Each school district in which the governing body has adopted a resolution under section 611-A(a)(1) and each school district in which the electors have approved a referendum under section 613-A(b)(2)(i)(A) shall be qualified for a distribution of funds from the fund pursuant to Article VI-B for the purpose of providing exclusions for homestead property and farmstead property.

(2) If a school district chooses to impose the tax authorized by section 611-A(a)(1), it shall have the power to impose, subject to section 613-A, additional earned income and net profits tax or personal income tax for the purpose of homestead and farmstead exclusions.

(3) This article shall not be construed to affect the power of a school district to do any of the following:

(i) To elect to place a referendum question on the ballot pursuant to the act of June 22, 2001 (P.L.374, No.24), known as the Optional Occupation Tax Elimination Act. A school district may place such referendum question on the ballot at the same municipal election as a referendum question placed on the ballot pursuant to Subdivision (b).

(ii) To eliminate its occupation tax pursuant to the Optional Occupation Tax Elimination Act.

Section 604-A. (Reserved).

Section 605-A. 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 income tax under section 621-A.

(b) Tax Authorization

Section 611-A. General tax authorization.

(a) Minimum local contribution.—

(1) Notwithstanding the provisions of section 613-A, each school district may, by resolution, levy, assess and collect

an earned income and net profits tax in the amount of one tenth of one percent (.1%) under subdivision (c) in order to qualify for distribution of money from the fund under Article VI-B.

(2) Not later than 30 days after the effective date of this article, the board of school directors shall adopt a resolution imposing the tax authorized by paragraph (1) and shall immediately notify the Department of Education in order to establish the school district's eligibility to receive a property tax reduction allocation pursuant to Article VI-B. The tax imposed under the authority of this subsection shall be effective beginning on the first day of the school district's first school year commencing after December 31, 2003.

(i) Fifteen days after the deadline in paragraph (2), the Department of Education shall notify the county board of elections of each county of the school districts in that county which have failed to take the action required under this paragraph.

(ii) The county board of elections shall proceed to have the referendum question set forth in section 613-A(b)(2)(i)(A) and (B) placed on the ballot at the municipal election of 2003.

(iii) The county board of elections shall certify to the Department of Education the results of the referendum referred to in subparagraph (ii) as soon as practicable.

(iv) If, subsequent to initial notification that a school district had not complied with the requirements of this paragraph, the Department of Education notifies the board that the school district has subsequently complied, the county board of elections may take whatever action it deems appropriate to either remove the question from the ballot in that school district or declare the vote or potential vote null and void.

(b) Supplemental tax relief.—

(1) Subject to section 613-A, each school district may under Subdivision (c), by resolution, levy, assess and collect:

(i) an additional tax on earned income and net profits up to the maximum rate authorized under section 621-A(b); or

(ii) a tax on personal income up to the maximum rate authorized under section 621-A(c). If a school district imposes a personal income tax, it shall relinquish the right to impose an earned income and net profits tax under this article or any other act and shall convert any existing income tax to a personal income tax pursuant to the requirements of section 621-A(c)(2).

(2) Imposition of the tax authorized by 611-A(a)(1) shall require the school district to submit a referendum question to the voters requesting their approval for either the imposition of an additional rate of earned income and net profits tax or a newly imposed personal income tax to be used for an additional degree of homestead exclusions, consistent with the requirements of section 613-A. If the school district determines and the Department of Education confirms that estimated tax collections pursuant to the tax authorized by this section together with the estimated property tax reduction allocation, as certified to it by the Department of Education, provide funding sufficient to grant homestead and farmstead exclusions equal to or greater than 50% of the maximum amount authorized by the Constitution of Pennsylvania, the school district shall not be required to place any referendum on the ballot pursuant to section 613-A, except that a school district may submit a question to the voters under section 613-A if it desires to provide additional residential property tax relief.

Section 612-A. Continuity of tax.

An earned income and net profits tax or personal income tax levied under the provisions of Subdivision (c) shall continue in force on a fiscal year basis without annual reenactment except in a year in

which the rate of tax is increased or the tax is subsequently repealed.
Section 613-A. Adoption of referendum.

(a) General rule.—

(1) The following apply:

(i) All school districts are authorized to impose a one tenth of one percent (.1%) earned income and net profits tax pursuant to section 611-A(a)(1) without submitting the issue to a referendum of the voters. Action under this paragraph will trigger the school district's eligibility to obtain a State match from the fund for the sole purpose of providing for homestead or farmstead property tax exclusions. Taking this action shall require the school district to submit a referendum to the voters requesting their approval for either the imposition of an additional rate of an earned income and net profits tax or a newly imposed personal income tax to be used for an additional degree of homestead exclusions to bring the rate of exclusion in the school district to at least 50% of the amount allowed under the Constitution of Pennsylvania. If the minimum local contribution, together with the State match from the fund, provide enough revenue to provide for 50% of the allowable homestead exclusion without resorting to further local tax increases, no referendum shall be required. The board of school directors could choose to request permission to increase income taxes to be able to provide up to the full homestead exclusion permitted by the Constitution of Pennsylvania. If the board chooses to request permission to enact a personal income tax and the voters approve the referendum, then any earned income and net profits tax imposed by the school district which was in existence prior to the effective date of this article and the earned income and net profits tax newly imposed pursuant to section 611-A(a)(1) will be converted into a personal income tax at the rate determined under section 621-A(c)(2).

(ii) If a school district fails to impose the one tenth of one percent (.1%) earned income and net profits tax pursuant to the authorization provided for in section 611-A(a)(1) to allow its homeowners to share in the proceeds of the fund, the county board of elections shall place two questions on the ballot in the school district. The first question shall seek voter approval for a one tenth of one percent (.1%) increase in the earned income tax in order to obtain the State matching funds for homestead and farmstead property tax exclusions, and the second question shall seek voter approval of an additional earned income and net profits tax increase to provide for a total homestead exclusion of 50% of the permitted amount.

(iii) If a school district adopts a resolution imposing the one tenth of one percent (.1%) earned income and net profits tax but fails to place a referendum on the ballot seeking additional income taxes for property tax relief, the county board of elections shall place a question on the ballot in the school district seeking voter approval of an additional earned income and net profits tax increase to provide for a total homestead exclusion of 50% of the permitted amount.

(2) In order to levy, in addition to the tax imposed under section 611-A(a)(1), an earned income and net profits tax or personal income tax under Subdivision (c), a board of school directors shall use the procedures set forth in subsection (b).

(3) If a school district does not take action to impose the tax authorized under section 611-A(a)(1), the procedure set forth in subsection (b)(2)(i) shall apply.

(4) A board of school directors after making an election to levy an earned income and net profits tax or personal income

tax under Subdivision (c) may, after a period of at least four full fiscal years, elect under the provisions of subsection (f) to end participation under this subdivision. If the electorate approves, at a general or municipal election, a referendum to do so, the board of school directors may not continue to levy an earned income and net profits tax or personal income tax under Subdivision (c).
(b) Public referendum requirements.—Except as set forth in subsection (d) the following apply:

(1) A board of school directors may, in addition to the tax imposed under section 611-A(a)(1), levy the earned income and net profits tax or personal income tax under Subdivision (c) 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 or personal income tax will be initially imposed. The county board of elections shall cause the referendum question required by this section to be submitted to the electors of the school district.

(2) Except in the case of a referendum required if a school district fails to adopt the tax authorized by section 611-A(a)(1) or fails, after having adopted the tax, to take action to place a referendum on the ballot under this subsection, the referendum question shall state the initial rate of the proposed earned income and net profits tax or personal income tax to be levied under Subdivision (c) and the reason for the tax. The referendum question shall be framed in one of the following forms with the school district resolution or, if necessary, action by the county board of elections determining the variable percentages represented by the terms “X” and “Y” in the form of the question chosen by the school district or mandated by this section:

(i) If a school district fails to take any action, the referendum questions submitted to the voters shall be in the following form:

(A) Do you favor imposition and collection of an increase in the earned income and net profits tax of one tenth of one percent (.1%) in order to obtain State matching funds in a multiple determined by the level of proceeds in the Property Tax Relief Fund to provide for residential property tax relief?

(B) Do you favor the imposition of an X% additional earned income and net profits tax above the amount required to obtain State matching funds in order to provide further residential property tax reductions of up to 50% of the allowable maximum homestead exclusion?
 (ii) If a school district enacts by resolution a one tenth of one percent (.1%) increase in the earned income and net profits tax to obtain the State matching funds, a referendum question shall be submitted to the voters in one of the following forms:

(A) Do you favor the imposition of an X% earned income and net profits taxes in order to provide further residential property tax reductions of up to Y%?

(B) Do you favor abolishing your current earned income and net profits tax and converting it into a personal income tax at X% in order to generate funds to provide for residential property tax reductions of Y% in addition to replacing the revenue from the abolished earned income and net profits tax.

(iii) If a school district enacts by resolution a one tenth of one percent (.1%) increase in the earned income and net profits tax to obtain the State matching funds but fails to take action to submit a referendum question to the voters to provide for additional homestead

property tax relief, the following question shall be submitted to the voters:

Do you favor the imposition of an X% earned income and net profits tax in order to provide further homestead property tax reductions of up to 50% of the allowable maximum homestead exclusion?

(3) A nonlegal interpretative statement shall accompany the referendum 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.

(c) Tax implementation and public referendum requirements for the municipal election of 2003.—In addition to the provisions of subsection (b), the following shall apply for the municipal election of 2003:

(1) Not later than 30 days after the effective date of this article, the board of school directors shall adopt a resolution imposing the tax authorized by section 611-A(a)(1) and shall determine the parameters necessary for the submission of the referendum question required to be submitted to the voters by this section.

(2) The referendum question required by this section shall be submitted to the electors of each school district for the municipal election of 2003.

(i) No later than 30 days after the effective date of this subparagraph or 15 days after the Department of Education certifies to the school district its initial estimated property tax reduction allocation, whichever is later, the board of school directors of each school district shall adopt the resolution required under section 626-A(a) authorizing the referendum question. The resolution and the referendum question shall be based on the calculation provided for under section 626-A(b).

(ii) If the board of school directors fails to adopt the resolution required under section 626-A(a) by the date specified in this paragraph, the county board of elections shall prepare a referendum question pursuant to subsection (b)(2)(iii) that authorizes an earned income and net profits tax for the school district at the rate necessary to provide for a homestead exclusion of at least 50% of the maximum rate permitted, based on the calculation provided for under section 626-A(b).

(iii) The county board of elections shall cause the referendum question required by this subsection to be submitted to the electors of the school district consistent with the provisions of this section. The county may seek reasonable costs associated with the preparation of the referendum question from a school district located within the county which fails to adopt a resolution required under this section.

(d) Segregated amounts.—When a majority of the electors vote in favor of the referendum question submitted to them under subsection (b)(2)(i)(A), the new tax rate shall be self-executing and shall apply to a school district’s first school year commencing after December 31, 2003 and each school year thereafter. Collections of the new tax shall be held in a segregated account of the school district and used in conjunction with its property tax reduction allocation from the Commonwealth only for homestead and farmstead property tax relief. No property tax reduction allocation shall be paid to the school district until it ratifies the referendum by resolution and passes the resolution required under subsection (e).

(e) Resolution implementing tax provisions required.—When a majority of the electors voting on a referendum question which was not placed on the ballot by the affirmative action of the board of school directors vote in favor of the question, the school district shall, within 30 days of the certification of the passage of the referendum by the county board of elections, adopt a resolution implementing the tax

provisions mandated by the voters. Failure to adopt a resolution shall suspend the school district's right to receive the distribution of its property tax reduction allocation under Article VI-B until a resolution is adopted. The school district's allocation shall be reserved by the Department of Education in a separate account for payment when the school district satisfies the requirements of this subsection.

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

(g) Effect on certain school districts.—

(1) This section shall not apply to a school district of the first class.

(2) Except for subsection (b)(2)(i)(A), this section shall not apply to a school district of the first class A or a school district certified as distressed pursuant to section 61 or an educational empowerment school district pursuant to section 1705-B or 1707-B.

(3) Except for subsections (b)(2)(i)(A), (h), (i), (j) and (k), this section shall not apply to a school district in which a referendum question under 53 Pa.C.S. § 8703 (relating to adoption of referendum) has been approved and implemented.

(h) Election.—A school district in which a referendum question under 53 Pa.C.S. § 8703 has been approved and implemented may, by resolution, make an election to adopt the provisions of section 611-A. The adoption of a resolution authorizing election under this article shall have the same effect as a public referendum question under this section receiving a majority vote, and the provisions of this article shall apply in a manner designed to attain that outcome. If a school board of directors makes an election under this subsection, the school district shall no longer be required to implement the provisions of 53 Pa.C.S. Ch. 87.

(i) Effect on tax rates and homestead and farmstead exclusions.—An election under subsection (h) shall not affect the current rate of earned income and net profits tax currently imposed, nor shall the amount of the homestead and farmstead exclusion currently enacted be changed unless the school district elects to change the tax rate or homestead and farmstead exclusion consistent with the provisions of this article.

(j) Pending referendum questions to elect participation.—A school district which, by resolution, has elected to place a referendum question on the ballot in accordance with the provisions of 53 Pa.C.S. § 8703(b) in the municipal election of 2003, may, by resolution, require that the referendum question be removed from the ballot. If a school district elects to withdraw the question for the municipal election of 2003, it shall comply with this section.

(k) Pending referendum questions to end participation.—A school district which, by resolution, has elected to end participation under 53 Pa.C.S. § 8703(c) in a municipal election may, by resolution, require that the referendum question be removed from the ballot. If a school district elects not to remove the question and the question receives a majority of the vote by the electorate, then the school district shall place a referendum question consistent with subsection (b) on the next primary election ballot immediately following the municipal election.

Section 614-A. Public referendum requirements for increasing certain taxes.

(a) Applicability.—This section shall apply to the board of school directors of a school district if the tax under section 611-A(a)(1) is enacted or if a referendum under section 613-A is approved.

(b) Prohibitions.—Except as set forth in subsection (f), unless there is compliance with subsection (c), a board of school directors may not do any of the following:

(1) Increase the rate of a tax levied for the support of the public schools by more than the percentage increase in the index in the preceding year.

(2) Levy a tax for the support of the public schools which was not levied in the fiscal year in which a referendum under section 613-A was approved or a tax under section 611-A(a)(1) was imposed.

(3) Raise the rate of the earned income and net profits tax, if already imposed under the authority of section 13 of the Local Tax Enabling Act, except as otherwise provided for under section 621-A.

(4) Notwithstanding any other provision of this article to the contrary, the adoption of a referendum under section 613-A confers on the board of school directors the authority to raise income taxes only to the extent contained in the language of the referendum and any future, additional increase of the income tax to be used for the sole purpose of property tax reduction shall be required to be submitted to the voters at a subsequent referendum pursuant to the provisions of section 613-A.

(c) Referendum.—

(1) In order to take an action under subsection (b)(1), at the primary election immediately preceding the fiscal year in which the proposed tax increase would take effect:

(i) a referendum stating the specific rate or rates of the tax increase must be submitted to the electors residing in the school district; and

(ii) a majority of the electors voting on the referendum must approve the increase.

(2) In order to take an action under subsection (b)(2), at the primary election immediately preceding the fiscal year in which the proposed tax would take effect:

(i) a referendum stating the specific tax and rate to be levied must be submitted to the electors residing in the school district; and

(ii) a majority of the electors voting on the referendum must approve the tax.

(d) Failure to approve referendum.—

(1) If there is no approval under subsection (c)(1)(ii), the board of school directors may approve an increase in the tax rate of not more than the percentage increase in the index in the preceding year.

(2) If there is no approval under subsection (c)(2)(ii), the board of school directors may not levy the tax.

(e) Exception to general rule.—The provisions of subsection (b)(1) shall not apply to an increase in the rate of any tax levied for the support of the public schools which is less than or equal to the percentage increase in the index in the preceding year. Prior to any increase under this subsection, the board of school directors shall certify to the Department of Education the estimates of local tax rates under this subsection. The Department of Education may, on its own motion or on petition of a person having standing under subsection (j), revise the estimates certified by the board of school directors and reduce the allowable increase in the rate of any tax under this subsection.

(f) Referendum exceptions.—The provisions of subsection (b)(1) shall not apply to an increase in the rate of any tax levied for the support of the public schools where the increase is necessary to respond to one or more of the following conditions:

(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.

(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, provided that the rate increase is rescinded following fulfillment of the court order or administrative order.

(3) As follows:

(i) To pay interest and principal on any indebtedness incurred under 53 Pa.C.S. Pt. VII Subpt. B

(relating to indebtedness and borrowing) prior to the effective date of this section, provided that in no case may the 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 and provided further that the increase is rescinded following the final payment of interest and principal.

(ii) To pay interest and principal on any electoral debt incurred under 53 Pa.C.S. Pt VII Subpt. B.

(iii) To pay interest and principal on any indebtedness incurred for school construction projects under 22 Pa. Code Ch. 21 (relating to school buildings), whether such indebtedness is incurred before or after the enactment of this article, when the project has received Plan Con A approval by the Department of Education prior to the effective date of this section and to establish and fund appropriate debt service reserved, provided that the increase is rescinded following final payment of interest and principal.

(iv) The exception provided under this paragraph may not be used in lieu of the referendum under subsection (c)(2) to pay for costs which could not be financed by the issuance of debt under 53 Pa.C.S. (relating to municipalities generally).

(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, but only until the conditions causing the threat have been fully resolved.

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

(6) To pay costs attributable to an increase in the sum of selected school expenditures where such expenditures exceed the sum of selected State allocations as defined in this paragraph.

(i) For the purposes of this paragraph, such "selected school expenditures" shall include any increase in costs associated with new, unfunded federally mandated educational programs, payments made to charter schools located in the district, payments made to intermediate units or community colleges for vocational education expenses and changes in the payments on behalf of active members of the Public School Employees' Retirement System as required pursuant to 24 Pa.C.S. § 8327 (relating to payments by employers) between the school year prior to the school year in which an exception under this paragraph is sought and the school year in which an exception under this paragraph is sought.

(ii) For the purposes of this paragraph, "selected State allocations" shall include any increase or decrease in payments provided through the basic education funding allocation, special education funding allocation and provided under sections 2502.16, 2502.30, 2541, 2542, 2543, 2572, 2574, 2574.1, 2574.2, 2574.3, 2575, 2575.1, 2575.2 and 2580 between the school year prior to the school year in which an exception under this paragraph is sought and the school year in which an exception under this paragraph is sought.

(7) (i) 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 index in the preceding year.

(ii) This paragraph shall apply only if the percentage growth in average daily membership 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, per-student local tax revenue shall be determined by dividing local tax revenue by average daily membership.

(8) To compensate for a one-year decrease of 10% or more in the school district's real property tax base. For the purposes of this paragraph, the decrease shall be measured by the percent change in the assessed value of all taxable property within the school district between the fiscal year in which an exception under this paragraph is sought and the fiscal year immediately preceding the fiscal year in which an exception under this paragraph is sought.

(g) Revenue derived from increase.—Any revenue derived from an increase in the rate of any tax allowed pursuant to an exception under subsection (f)(3) or (5) shall not exceed the anticipated dollar value of the expenditure for which the exception under subsection (f) was sought.

(h) Limitation on rate.—The increase in the rate of any tax allowed pursuant to an exception under subsection (f)(1), (2), (4), (6), (7) or (8) shall not exceed the rate increase required as determined by a court of common pleas pursuant to subsection (i).

(i) Court action.—Prior to the imposition of the tax increase under subsection (f)(1), (2), (4), (6), (7) or (8), approval by the court of common pleas in the judicial district in which the administrative office of the school district is located must be obtained. The board of school directors 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 board of school directors 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 board of school directors must prove by clear and convincing evidence the necessity for the tax increase.

(2) The board of school directors must prove by clear and convincing evidence the anticipated dollar value of the expenditure for which an exception under subsection (f) is sought.

(3) The board of school directors must prove by clear and convincing evidence that there are no assets or other feasible alternatives available to the school district.

(4) The court shall determine the dollar value of the expenditure for which an exception under subsection (f) is sought, the rate increase required and the appropriate duration of the increase. The court may retain continuing jurisdiction and may, on its own motion or on petition of an interested party, revoke approval for or order rescission of a tax increase.

(j) 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 board of school directors instituting the action.

(k) Averaged index calculation.—On or about January 15 of each year, the Department of Education shall calculate the average of the percentage increases in the Statewide average weekly wage and the percentage increase in the Employment Cost Index for the previous 12-month period. The Department of Education shall publish notice of this calculated average by February 1 of each year in the Pennsylvania Bulletin.

Section 615-A. 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, a board of school directors in a school district which has adopted a resolution imposing the tax under section 611-A(a)(1) or in which a referendum under section 613-A has been approved, which after the effective date of this section 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 average index 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 614-A shall apply to increases in the tax rate above the limits provided in this section.

(c) Earned Income and Net Profits Tax
or Personal Income Tax

Section 621-A. Authorization.

(a) General rule.—A board of school directors may choose to levy, assess and collect a tax on earned income and net profits or a personal income tax under this section.

(b) Earned income and net profits tax.—

(1) A board of school directors may levy, assess and collect a tax on earned income and net profits of resident individuals of the school district at the rate and pursuant to the authority provided in section 611-A(a)(1) without submitting the question to the voters in a referendum under section 613-A.

(2) A board of school directors may levy, assess and collect an additional tax on the earned income and net profits of resident individuals of the school district.

(3) The combined rate of the earned income and net profits tax authorized under paragraphs (1) and (2) shall not be at a rate less than the rate required to provide revenue, in addition to the State match from the fund, for an exclusion for farmstead property and an exclusion for homestead property equal to 50% of the maximum exclusion under 53 Pa.C.S. § 8586 (relating to limitations) and shall not exceed the rate required to provide an exclusion for farmstead property and an exclusion for homestead property equal to the maximum exclusion under 53 Pa.C.S. § 8586. The board of school directors shall round the rate of the earned income and net profits tax levied pursuant to this section to the nearest tenth of a percent. The exclusion for farmstead property granted under this section shall not exceed the amount granted for the exclusion for homestead property.

(c) Personal income tax.—

(1) A board of school directors may levy, assess and collect a tax on the personal income of resident individuals of the school district at a rate determined by the board of school directors.

(2) The personal income tax authorized under paragraph (1) shall equal the sum of the rate required to generate the same amount of earned income and net profits tax revenue received by the school district prior to the adoption of this subsection and pursuant to section 611-A(a)(1) and to provide an exclusion for farmstead property and an exclusion for homestead property equal to 50% of the maximum exclusion under 53 Pa.C.S. § 8586 and shall not exceed the rate required to provide an exclusion for farmstead property and an exclusion for homestead property equal to the maximum exclusion under 53 Pa.C.S. § 8586. The board of school directors shall round the rate of the personal income tax pursuant to this section to the nearest tenth of a percent. The exclusion for farmstead property granted under this section shall not exceed the amount granted for the exclusion for homestead property.

(3) If a board of school directors elects to impose a personal income tax under this subsection, the board of school directors shall not be permitted to impose the earned income and net profits tax under subsection (b) or under the Local Tax Enabling Act.

(4) A personal income tax imposed under the authority of this article shall be levied and assessed on the same basis and administered in the same fashion as the tax imposed by Article III of the Tax Reform Code, the provisions of which are incorporated by reference into this article.

(i) Notwithstanding the provisions of section 353(f) of the Tax Reform Code, the Department of Revenue may permit the proper officer of a school district imposing a tax pursuant to this article to inspect the tax returns of any taxpayer or may furnish to the officer or an authorized representative an abstract of the return of income of any current or former resident of the school district, or supply information concerning any item of income contained in any tax return. The officer or authorized agent of the school district imposing a tax under this article shall be furnished the requested information upon payment to the department of the cost of collecting and reproducing the requested information.

(ii) (A) Except for official purposes or as provided by law, it shall be unlawful for any officer, agent or employee of a school district to do any of the following:

(I) Disclose the amount or source of income, profits, losses, expenditures or any particular information concerning income, profits, losses or expenditures contained in any return.

(II) Permit any return or copy of a return or any book containing any abstract or particulars to be seen or examined.

(III) Print or publish in any manner any return or any particular information concerning the return.

(IV) Print or publish in any manner any amount or source of income, profits, losses, expenditures or any particular information concerning income, profits, losses or expenditures contained in any return.

(B) Any officer, agent or employee of a school district that violates clause (A):

(I) May be fined not more than \$1,000 or imprisoned for not more than one year, or both.

(II) Shall be dismissed from office or discharged from employment.

(d) Prohibitions.—

(1) A school district that levies a local personal income tax under this section shall have no power to levy, assess or collect the earned income and net profits tax under this section.

(2) Payment of any tax on income to any state other than Pennsylvania or to any political subdivision located outside the boundaries of this Commonwealth, by residents of a school district located in Pennsylvania shall not be credited to and allowed as a deduction from the liability of such person for any income tax imposed by the school district of residence.

Section 622-A. Collections.

A board of school directors imposing a tax under this article shall designate a tax officer under section 10 of the Local Tax Enabling Act, or otherwise by law, as the collector of the earned income and net profits tax or personal income tax. In the performance of the tax collection duties under this subdivision, 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, 53 Pa.C.S. Ch. 84 Subch. C (relating to local taxpayers bill of rights) or as otherwise provided by law.

Section 623-A. Credits and reimbursement.

(a) Credit.—The provisions of section 14 of the Local Tax Enabling Act shall be applied by a board of school directors to determine any credits under the provisions of this subdivision for a tax imposed under section 621-A.

(b) Reimbursement.—Notwithstanding any other provisions of law to the contrary, the following apply:

(1) This subsection only applies to a taxpayer who is a resident of this Commonwealth and not a resident of a city of the first class but who is subject to the tax on salaries, wages, commissions or other compensation imposed by a city of the first class under the authority of the act of August 5, 1932 (Sp.Sess., P.L.45, No.45), referred to as the Sterling Act.

(2) Payment of a tax on salaries, wages, commission or other compensation as set forth in paragraph (1) shall be credited to the school district of the taxpayer's residence at an amount no greater than the rate of tax imposed on the earned income and net profits of the taxpayer by the school district in which the taxpayer resides.

(3) For fiscal years beginning after June 30, 2004, an amount equal to the aggregate amount of the tax credited under paragraph (2) shall be paid from the fund to the school district of residence of each taxpayer under paragraph (1) for the sole purpose of funding homestead and farmstead exclusions in accordance with this article. The Department of Education shall prescribe procedures to calculate the amount due to each school district qualifying under this paragraph.

Section 624-A. Exemption and special provisions.

(a) General rule.—A school district that imposes an earned income and net profits tax under section 621-A may exempt from the payment of that tax any person whose total income from all sources is less than \$10,000.

(b) Applicability.—The provisions of section 304 of the Tax Reform Code shall apply to the local personal income tax by any school district that levies a tax on personal income of residents under section 621-A(c).

Section 625-A. Rules and regulations.

A school district that imposes:

(1) an earned income and net profits tax under section 621-A shall be subject to all regulations adopted under section 13 of the Local Tax Enabling Act and may adopt regulations for the processing of claims for credits or exemptions under sections 623-A and 624-A; or

(2) a personal income tax under section 621-A shall be subject to all regulations adopted by the Department of Revenue in administering the tax due to the Commonwealth under section 302 of the Tax Reform Code.

Section 626-A. Procedure and administration.

(a) Levy.—In order to levy a tax under section 621-A, the board of school directors must adopt a resolution referring to this subdivision prior to placing a referendum question on the ballot under section 613-A. Prior to adopting a resolution imposing a tax under section 621-A(b)(2) or (c), the board of school directors must give public notice of its intent to adopt the resolution in the manner provided by section 4 of the Local Tax Enabling Act and must conduct at least one public hearing regarding the proposed adoption of the resolution.

(b) Calculation.—For the purposes of proposing a resolution and referendum under section 613-A(c), the board of school directors shall calculate:

(1) The value of homestead property in the school district by dividing the total assessed value of residential property in the school district in calendar year 2002, as compiled by the State Tax Equalization Board, by the total number of owner-occupied housing units in the school district as reported by the United States Census Bureau for the 2000 census in Summary File 1.

(2) The maximum homestead exclusion by multiplying the quotient from paragraph (1) by 0.50.

(3) The proposed homestead exclusion for the school district by multiplying the product from paragraph (2) by a number as determined by the board of school directors, providing that such number is greater than or equal to 0.50 and less than or equal to 1.0.

(4) The proposed reduction in real property taxes for the school district by multiplying the product from paragraph (3) by the real property tax millage rate of the school district in effect for the 2001-2002 school year.

(c) Conflict.—In any situation where there is a conflict involving the authority conferred on a local tax collector, by the provisions of the Local Tax Enabling Act and the Tax Reform Code, the provisions of the Local Tax Enabling Act shall control.

Section 627-A. Disposition of income tax revenue.

(a) School year of implementation.—

(1) For the first school year that a tax imposed pursuant to section 611-A(a)(1) or a tax authorized pursuant to section 613-A is implemented, an increase in revenue received by a school district that is directly attributable to any of the following shall be used by the school district to provide for a reduction in the school district property tax by means of an exclusion for farmstead property and homestead property:

(i) Implementation of a new tax on earned income and net profits.

(ii) Implementation of a new tax on personal income.

(iii) An increase in the rate of a tax on earned income and net profits.

(iv) A conversion of a tax on personal income from a tax on earned income and net profits.

(2) In the second school year and each school year thereafter, the funds derived from the sources delineated in paragraph (1) shall be used to the extent necessary to continue to provide for a reduction in school district property taxes at the level established in the immediately prior school year.

(b) Subsequent rate increases or base changes.—

(1) For the school year of implementation of an increase in the rate of an existing tax imposed under section 621-A or the conversion of a tax on personal income from a tax on earned income and net profits under this article, all revenue received by a school district directly attributable to the increased rate or conversion shall be used to reduce the school district real property tax by means of an exclusion for farmstead property and homestead property pursuant to section 621-A.

(2) In the second school year after the implementation of an increase referred to in paragraph (1) and each school year thereafter, the funds derived from the sources delineated in paragraph (1) shall be used to the extent necessary to continue to provide for a reduction in school district property taxes at the level established in the immediately prior school year.

(c) School district costs.—Not more than 2% of the increase in revenue calculated under subsection (a)(1) may be retained by the school district to offset costs to implement this article.

(d) Exclusive use.—All funds received by a school district from the fund in any school year pursuant to its property tax reduction allocation shall be used exclusively to provide for a reduction in the school district real property tax by means of an exclusion from farmstead property and homestead property pursuant to the provisions of subdivision (d).

(d) Homestead Exclusion

Section 691-A. Changes to the amount of the homestead exclusion.

(a) Increases in the homestead exclusion.—A school district may increase the amount of the exclusion for homestead property required pursuant to section 627-A consistent with the prohibitions in 53 Pa.C.S. § 8586 (relating to limitations).

(b) Decreases in the homestead exclusion.—A school district may only reduce the exclusion for homestead property below the level authorized pursuant to subsection (c), section 692-A(b) and the referendum required under section 613-A, when the median assessed value used in calculating the homestead exclusion decreases.

(c) Reassessment.—After a revision of assessments by means of revaluing all properties, the governing body providing an exclusion for homestead property under section 613-A shall adjust the amount of the exclusion pursuant to 53 Pa.C.S. § 8583(e) (relating to exclusion for homestead property).

(d) Excess funding.—A school district which collects or anticipates collecting revenue from taxes authorized under this article, together with State funds received pursuant to Article VI-B, in an amount greater than that necessary to provide for homestead exclusions equal to 100% of the amount authorized pursuant to the Constitution of Pennsylvania shall use those excess to either:

(1) reduce the rate of its earned income and net profits tax or its personal income tax to a level that returns to those taxpayers all excess funds; or

(2) reduce the millage rate on all taxable real property within the school district to the extent necessary to use all the excess revenue for property tax relief.

(e) Reduction in funding.—In any year subsequent to a year in which an income tax rate was reduced pursuant to subsection (d), if the revenue collected or anticipated to be collected under this article and Article VI-B falls below the amount necessary to maintain homestead property tax exclusions at 100% of the maximum, the school district may reraise the rate of the income tax so reduced by the amount previously reduced without complying with the referendum provisions of section 613-A or 614-A.

Section 692-A. Homestead exclusion process.

(a) Notification to property owners.—If the board of school directors imposes a tax under section 611-A(a)(1) or if the electors of a school district approve a referendum question pursuant to section 613-A, the board of school directors shall, by first class mail, notify the owners of each parcel of property within the district that submitting an application is required under 53 Pa.C.S. Ch. 85 Subch. F (relating to homestead property exclusion) prior to the property being qualified for any homestead or farmstead exclusion authorized by law. The notice required by this section shall include a copy of the application required by the assessor of the county where the property is located and the instructions for completing and returning the application. The notice required by this subsection shall be made by December 15, 2003, and again by January 31, 2004.

(b) Revisions to the initial calculation of homestead and farmstead exclusion for school districts.—If the board of school directors imposes a tax under section 611-A(a)(1) or if the electors of a school district approve a referendum question pursuant to 613-A(c), the board of school directors shall revise the calculation utilized under section 626-A(b) with information derived from the supplemental report from the assessor under this section. Such revised calculation shall be used to provide homestead and farmstead exclusions. Where the tax imposed under section 621-A is insufficient to provide the homestead and farmstead exclusions authorized through approval of a referendum question, the exclusions may be reduced accordingly.

(c) Appeals.—Real property for which an application under 53 Pa.C.S. § 8584 (relating to administration and procedure) has been filed by March 1, 2004, shall be deemed to be a homestead property or farmstead property, as the case may be, for the purposes of implementing a homestead or farmstead exclusion under 53 Pa.C.S. § 8717 (relating to disposition of earned income and net profits tax revenue) in the school district fiscal year beginning July 1, 2004, unless the assessor denies the application within the time provided by law and the denial is unappealed or unappealable. The school district is authorized to collect taxes, interest and penalties relating to a homestead or farmstead exclusion that is denied after the denial is unappealed or unappealable.

(d) Reports.—In addition to the report required under 53 Pa.C.S. § 8584(i), the assessor shall be required to provide a supplemental report containing the information required under 53 Pa.C.S. § 8584(i) for applications filed by March 1, 2004. The date of the supplemental report shall be set by the school district, but shall not be earlier than June 1, 2004.

(e) Duties of assessors.—The assessor shall mail to the owner of each homestead property and farmstead property for which an application has been submitted and approved prior to the effective date of this section a notice stating the date by which the owner would be required to resubmit an application to maintain the property's status as homestead property or farmstead property under the county's schedule for review or reapplication for homestead and farmstead exclusions. The notice under this section shall be made by first class mail no later than December 15, 2003.

(f) Prohibition.—A county shall not require an application fee for the submission or review of applications submitted to qualify for a homestead exclusion or farmstead exclusion under this article or under 53 Pa.C.S. Ch. 85 Subch. F.

(g) Applicability.—With the exception of subsection (f), this section shall apply only to school districts in which the board of school directors imposes a tax under section 611-A(a)(1) or which approves a referendum under section 613-A at the 2003 municipal election.

(e) Register

Section 693-A. Register for taxes.

(a) General rule.—The Department of Community and Economic Development shall maintain an official continuing register supplemented annually of all earned income and net profits taxes or personal income taxes levied under Subdivision (c).

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

(1) The school districts levying the 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.

Section 694-A. Information for register.

Information for the register shall be furnished by the school district to the Department of Community and Economic Development 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.

Section 695-A. 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.

Section 696-A. 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 or personal income tax imposed under Subdivision (c) 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.

Section 697-A. Effect of subdivision on liability of taxpayer.

The provisions of this subdivision shall not be construed to affect the liability of any taxpayer for taxes lawfully imposed under Subdivisions (b) and (c).

ARTICLE VI-B
STATE MATCHING FUNDS FORMULA

Section 601-B. Scope.

This article relates to the State matching funds formula.

Section 602-B. Definitions.

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

“Property tax reduction index.” A quotient equal to the sum of the numerical rank of a school district’s personal income valuation per average daily membership, the numerical rank of its market-value/income-aid ratio, the numerical rank of its equalized millage and the numerical rank of its school tax ratio, divided by 1.000.

“Residential property tax.” The dollar value of real property taxes paid by residential property owners in a school district, determined by multiplying the real property taxes collected by the school district times the percentage of the total property value in the school district classified as residential by the State Tax Equalization Board.

“School tax ratio.” The dollar value of local taxes collected by the school district or by a city of the first class for a school district of the first class divided by the personal income valuation of the school district.

Section 603-B. State property tax reduction allocation.

(a) Administration.—By August 15, 2003, the Department of Education shall do all of the following:

(1) Array the 2001 personal income valuation divided by the 2001-2002 average daily membership, the 2003-2004 market-value/income-aid ratio, the 2001-2002 equalized millage and the 2001-2002 school tax ratio of each school district in rank order and assign each school district a discreet numerical rank for its personal income valuation per average daily membership, its market-value/income-aid ratio, its equalized millage and its school tax ratio. For the numerical rank of a school district’s personal income valuation per average daily membership, the school district with the lowest personal income valuation per average daily membership shall have the highest numerical rank. For the numerical rank of a school district’s market-value/income-aid ratio, the school district with the highest market-value/income-aid ratio shall have the highest numerical rank; provided that all school districts with a market-value/income-aid ratio equal to 0.15 shall receive a ranking of 1. For the numerical rank of a school district’s equalized millage, the school district with the highest equalized millage shall have the highest numerical rank. For the numerical rank of a school district’s school tax ratio, the school district with the highest school tax ratio shall have the highest numerical rank.

(2) Assign each school district a property tax reduction index.

(3) Calculate the property tax reduction allocation for each school district by multiplying the school district’s estimated 2002-2003 average daily membership by the property tax reduction index of the school district and multiplying that product by the necessary factor in order to allocate all of the funds in the fund as certified by the Secretary of Education and the Department of Revenue, except as follows:

(i) A school district for which the allocation under this paragraph is less than the product of the 2001-2002 residential property tax of the school district and 0.15 shall receive an additional amount so that the total allocation under this paragraph is equal to the product of the residential property tax of the school district and 0.15.

(ii) A school district for which the allocation under this paragraph is greater than the product of the 2001-2002 residential property tax of the school district and 0.50 shall receive a total allocation equal to the product of the residential property tax of the

school district and 0.50, except as provided in subsection (d).

(4) Notify each school district of the amount of its property tax reduction allocation by August 15, 2003, and March 1 of each year thereafter.

(b) Payment.—For the fiscal year commencing July 1, 2004, and July 1 of each fiscal year thereafter, the Commonwealth shall pay to each eligible school district a property tax reduction allocation under the provisions of Article VI-A equal to the amount calculated under subsection (a)(3). Payments required under this subsection shall be made pursuant to section 2517(c).

(c) Data.—The data elements used to determine the calculations within this section shall be based on the most recent data, certified by the department by August 15, 2003.

(d) First class school districts.—The limitation in subsection (a)(3)(ii) shall not apply to the calculation of the property tax reduction allocation for a school district of the first class.

(e) Reduction of wage taxes in a city of the first class.—A city council of a city of the first class shall reduce any tax imposed on the wages of residents and nonresidents under the authority of the act of August 5, 1932 (Sp.Sess., P.L.45, No.45), referred to as the Sterling Act, in a manner consistent with Article VI-C and in accordance with the following:

(1) For residents, by an amount equal to the amount of the property tax reduction allocation received from the Commonwealth pursuant to subsection (b) in an amount not to exceed the limitations set forth in subsection (a)(3)(ii) had such limitations applied.

(2) For nonresidents, by any amount equal to the amount of the property tax reduction allocation received from the Commonwealth pursuant to subsection (b) in excess of the limitations set forth in subsection (a)(3)(ii) had such limitations applied.

ARTICLE VI-C
WAGE AND NET PROFITS TAX RELIEF IN CITIES
OF THE FIRST CLASS

Section 601-C. Scope.

This article relates to wage and net profits tax relief in cities of the first class.

Section 602-C. Definitions.

(Reserved)

Section 603-C. Tax relief.

(a) Tax reduction.—A city of the first class may reduce the rate of wage and net profits tax to obtain the Commonwealth funding under this article. If the city elects to reduce taxes pursuant to this article, funds received by a city of the first class under this article from the fund shall be used to offset a reduction by the city in fiscal year 2004-2005 and each fiscal year thereafter in the rate of tax on wages and net profits for both residents and nonresidents as provided for in subsection (b) which reductions shall remain in effect for so long as such funds are paid to the city in an amount equal to the cost of such reductions.

(b) Calculation of reduction.—

(1) The city shall calculate the amount of the rate reductions so that they equal, based on estimates certified by the city’s director of finance and approved by the Pennsylvania Intergovernmental Cooperation Authority prior to the implementation of the reductions, in combination with any reduction in the rate of unearned income tax imposed by a school district in the city of the first class required by the act of August 9, 1963 (P.L.640, No.338), entitled “An act empowering cities of the first class, coterminous with school districts of the first class, to authorize the boards of public education of such school districts to impose certain additional taxes for school district purposes, and providing for the levy, assessment and collection of such taxes,” as a result of the reduction in the rate of wage and net profits tax, the amount paid to the city from the fund for tax reductions. The city shall, each year, transfer to such

school district an amount equal to the cost of any reduction in the rate of unearned income tax caused by the rate; and such transfer shall not be subject to the provisions of section 696(h).

(2) The tax rate reductions implemented by a city of the first class pursuant to this paragraph shall be in addition to the following schedule of percentages of wage and net profits tax rate reductions already scheduled to occur:

(i) In 2005, 2.0728% for residents and 0.8402% for nonresidents.

(ii) In 2006, 0.8581% for residents and 0.8473% for nonresidents.

(iii) In 2007, 0.8656% for residents and 0.8545% for nonresidents.

(iv) In 2008, 0.8731% for residents and 0.8619% for nonresidents.

(c) Exceptions.—The wage and net profits tax rates can only be raised above the rates specified in subsection (b)(2) by such amount that is necessary to respond to any of the following:

(1) A fiscal threat or condition, as certified by the city's director of finance and approved by the Pennsylvania Intergovernmental Cooperation Authority, that occurs to the city as set forth in section 614-A(f) or an equivalent fiscal threat that affects the citizens of the city. It shall be the responsibility of the city's director of finance with the approval of the Pennsylvania Intergovernmental Cooperation Authority to insure that the additional tax revenue raised is equal to the amount expended to respond to the fiscal threat or condition. If the amount of revenue raised through rate adjustment exceeds the amount necessary to respond, over the course of the city's approved financial plan, to the fiscal threat, all of the excess amount shall be used for wage tax and net profits tax reduction in the immediately succeeding approved financial plan, but only if the rate reduction (expressed as the difference between the two rates) would exceed .0002.

(2) A decrease of more than 2% in the amount of total tax collections plus any funds provided under this article from the preceding year's collections. Such a determination of a decrease must be attested to by the city's director of finance and agreed to by the Pennsylvania Intergovernmental Cooperation Authority.

(3) A declaration by the Pennsylvania Intergovernmental Cooperation Authority that the city's five-year plan is disapproved pursuant to section 209 of the act of June 5, 1991 (P.L.9, No.6), known as the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class.

(4) Federal or State law imposes a new unfunded mandate on the city that costs the city more than 1.5% of the city's total general fund expenditures in any fiscal year.

(5) The cost to the city of an existing mandate imposed by Federal or State law increases by more than 1.5% of the city's total general fund expenditures in any fiscal year and funds to pay for the increase are not appropriated to the city by the Federal or State government.

(6) Existing Federal or State funding is decreased by 1.5% of the city's total general fund expenditures in any fiscal year.

(d) Excess funds.—If in any fiscal year the sums received by a city of the first class from the fund are in excess of the value of the tax rate reductions actually made by the city pursuant to subsection (a), the city shall, within 60 days following the certification by the director of finance, in consultation with the Secretary of the Budget and with the approval of the Pennsylvania Intergovernmental Cooperation Authority of the amount of the excess, do any of the following:

(1) repay to the fund the excess sums; or

(2) further reduce wage and net profits tax rates and unearned income tax rates, if required, in the fiscal year next following the determination of the excess, by an amount that will result in total tax rate reductions required for the amount received from the fund. To the extent the rate reduction provided for in

paragraph (2), expressed as the difference between the two rates, would not exceed .0002, this subsection shall not apply.

(e) Insufficient funds.—If in any fiscal year the director of finance certifies, in consultation with the Secretary of the Budget and with the approval of the Pennsylvania Intergovernmental Cooperation Authority, that the amount of sums received by the city from the fund are less than the value of the tax rate reductions actually made by the city pursuant to subsection (a), the city may, in the fiscal year next following the determination of the amount, increase the city's wage and net profits tax rate above the rates specified in subsection (b)(2) by an amount that will result in an overall tax rate reduction equal to that required for the amount received by the city from the fund. To the extent the rate increase provided for in this subsection, expressed as the difference between the two rates, would not exceed .0002, this subsection shall not apply.

Section 3. Section 1714-B(g) of the act, added May 10, 2000 (P.L.44, No.16), is amended to read:

Section 1714-B. Mandate Waiver Program.—* * *

(g) The following provisions of this act shall not be subject to waiver pursuant to this section: sections 108, 110, 111, 321, 322, 323, 324, 325, 326, 327, 431, 436, 437, 440.1, 443, 510, 513, 518, 527, 701.1, 708, 736, 737, 738, 739, 740, 741, 752, 753, 755, 771, 776, 777, 808, 809, 810, 1303(a), 1310, 1317, 1317.1, 1317.2, 1318, 1327, 1327.1, 1330, 1332, 1361, 1366, 1501, 1502, 1513, 1517, 1518, 1521, 1523, 1546 and 1547; provisions prohibiting discrimination; Articles VI, VI-A, VI-B, VI-C, XI, XI-A, XII, XIII-A, XIV and XVII-A and this article.

* * *

Section 4. Section 614-A(f)(6) and (8) of the act shall apply to school districts in which a referendum question under 53 Pa.C.S. § 8703 is approved and implemented.

Section 5. No school district which has not already made an election to adopt the provisions of 53 Pa.C.S. Ch. 87 may make an election to do so after the effective date of this section.

Section 6. This act shall take effect immediately.

On the question,

Will the House agree to the amendment?

The SPEAKER. On that question, the Chair recognizes the gentleman, Mr. Flick, for a brief explanation.

Mr. FLICK. Thank you, Mr. Speaker.

This amendment is a compilation of the best ideas and proposals from many members on both sides of the aisle, and it also reflects the tireless effort of the staffs from all four caucuses.

SB 100 as amended will give every local school board the opportunity to receive additional State funds. These additional State funds would be distributed by the State to the local school district for the purpose of reducing the local school property tax burden on homeowners.

The proposal would allow the school districts to reduce property taxes, up to the maximum amount permitted by the Constitution, through the homestead exclusion. A minimum level of local earned income tax or a local personal income tax would be required in order to qualify for the State distributions.

The State distributions, in combination with the minimum local contribution, are intended to provide, on an aggregate State level, up to \$5 in property tax reductions for each \$1 of the local minimum contribution.

The minimum threshold at which a school district will qualify for State distributions is the enactment of a one-tenth of 1 percent earned income tax. Additional options to finance further property tax reduction, such as higher earned income tax or the conversion of the earned income tax to the personal

income tax, are available at the discretion of the board and subject to the approval of the voters in the school district.

REMARKS SUBMITTED FOR THE RECORD

Mr. FLICK. Mr. Speaker, I would submit the rest of my remarks to the Chair to be spread on the record and welcome any questions from the members.

The SPEAKER. The Chair thanks the gentleman.

Mr. FLICK submitted the following remarks for the Legislative Journal:

A school district is authorized to meet the minimum threshold to qualify for the State distribution by enacting a resolution imposing the one-tenth of 1 percent (0.1%) earned income tax.

After meeting the minimum threshold to qualify for the State distribution, the school district is required to submit a referendum to the voters at the November 2003 municipal election. The referendum question must provide to voters the option of obtaining additional property tax reduction through the imposition of additional local income tax.

The referendum shall provide for a homestead exclusion of at least 50 percent of the maximum homestead exclusion authorized under the Pennsylvania Constitution. The school district could propose to increase the rate of the earned income tax or to convert the earned income tax to a personal income tax. Whichever tax is levied, the rate would be capped at the rate which will provide sufficient revenues to fully fund the homestead exclusion at 100 percent of the amount permitted by the Constitution.

After the district enacts the minimum local income tax or adopts a referendum to qualify for the State distributions, the district would be required on two separate occasions to notify all the property owners by mail and to provide them with forms and instructions for filing to receive the appropriate exclusion. These notices would occur via first-class mail by December 15, 2003, and again January 31, 2004. The existing application and appeal process via the county assessor would be maintained. The county would be required to mail a notice informing all owners of property currently qualified as homestead or farmstead property of the date by which they must resubmit an application to maintain the homestead/farmstead status.

School districts of the first class A, distressed districts, empowerment districts, and districts that reach at least 50 percent of the maximum homestead exclusion, as a result of State distributions, would be exempted from the mandatory referendum, but could elect to seek additional property tax reduction beyond the amount provided by the minimum local contribution and the State distributions.

The per capita, occupation privilege, and occupation assessment tax rates could be continued by the school district, but the rates would be limited. School districts would be allowed to increase the rates of these taxes by no more than the average of the percentage increases in the statewide average weekly wage and the employment cost index for elementary and secondary schools. The rates would also be subject to any rate cap imposed pursuant to another statute.

If a school district fails to take action at any point to either enact the minimum thresholds for the local match or place a required referendum on the ballot, the proposal provides for a mandatory referendum and prescribes a series of steps for mandatory ballot questions. The process is outlined in detail.

After notification by the Department of Education that the school district has failed to take action, the county board of elections would be responsible for ensuring the required questions are placed on the ballot.

Remember, school districts that fail to implement referendums approved by the voters face the loss of State distributions to be used for reducing the local school property tax burden on homeowners.

Revenue from the State distributions and an income tax under the proposal would allow for an administrative cost offset not exceeding 2 percent of the new income tax revenue in the first year to pay for costs, such as the required mailings, of the school district in administering the new provisions.

Beyond that first-year 2-percent administrative cost offset, all new income under this proposal would go toward reducing property taxes by means of the homestead exclusion and farmstead exclusion.

State distributions allocated to Philadelphia under the proposal must be used to reduce the wage tax. Amounts allocated between resident and nonresident wage tax reduction would be based on a formula and depend largely on the floor and ceiling in the distribution of State funds.

The Philadelphia ordinance requiring a certain level of future wage tax reductions would be locked into State law and the city could deviate from that schedule of reductions only under certain circumstances, generally with the approval of the PICA (Pennsylvania Intergovernmental Cooperation Authority) board.

Suburban school districts would be reimbursed for the income tax revenues they lose due to the crediting provisions for the Philadelphia nonresident wage tax. The reimbursement would take the form of a grant and must be used by the school district for further property tax reduction through the homestead exclusion.

The proposal distributes revenues from the Property Tax Relief Fund, established by the gaming proposal, to school districts for the purpose of reducing the local school property tax burden on homeowners via the homestead exclusion. The dollars are distributed by a formula using an index derived from the following factors:

- Market value/income aid ratio
- Personal income per average daily membership
- School tax ratio (the amount of local taxes collected in a school district divided by a school district's total personal income)
- Equalized mills

These school district "wealth" and "tax effort" factors are the same used in the Equalized Subsidy for Basic Education (ESBE) formula.

Distribution of the amount available for property tax reduction is made on a pro rata basis using the product, each school district's index value (calculated from the above) multiplied by its average daily membership. Each school district is subject to a minimum and maximum amount of property tax reduction from the State-provided funds. Charts, which show the impact on individual school districts, have been distributed to members. See page 21 of the amendment.

After school districts have enacted the homestead exclusion and have accepted the State distribution of funds for the purpose of reducing the local school property tax burden on homeowners, in order to increase property tax millage, a referendum would be required seeking voter approval if the tax millage increases are in excess of the average of the percentage increases in the statewide average weekly wage and the employment cost index for elementary and secondary schools.

Certain exceptions would apply relating to emergencies or disaster, implementation of court orders, Federal or State administrative orders, debt incurred prior to the effective date of the act, electoral debt (debt approved by voters), response to conditions posing a threat of physical harm to students, staff or residents, school districts growing by more than 10 percent in 3 years, PSERS (Public School Employees' Retirement System) contribution increases over a threshold, extraordinary special education expenses over a threshold, and failure by the Commonwealth to fund basic education and special education at level of prior year. See page 11 of the amendment.

The SPEAKER. The Chair recognizes the gentleman from Delaware, Mr. Vitali.

Mr. VITALI. Thank you, Mr. Speaker.

Will the maker of the amendment stand for brief interrogation?

The SPEAKER. The gentleman indicates that he will.

Mr. VITALI. Last night – I think it was last night; I guess now it might be the night before – we caucused on amendment 3137, draft No. 4, which was a roughly 25-page amendment to SB 100. How does your amendment 3238 compare to amendment 3137?

Mr. FLICK. Mr. Speaker, I would suggest that it was in fact a technical change that was pointed out by our staff after the amendment came down from Reference Bureau. I believe it was changing an “and” to an “or,” but I am not quite sure. It was definitely a technical amendment in that the draft was not drawn properly.

Mr. VITALI. Okay. So you are saying these two amendments are substantially the same. Is that it?

Mr. FLICK. Yes, Mr. Speaker, I am.

Mr. VITALI. Okay.

I have some questions here.

It seems like when you are giving school districts the option to enact a local income tax, there is a distinction between how they can enact an earned income tax versus how they can enact a personal income tax. Could you explain the difference in approach between those two taxes?

Mr. FLICK. That would be determined by the local school board. Under the legislation, in order to qualify for State distribution, the school board would pass a resolution which would enact a one-tenth of 1 percent earned income tax in their school district. They would then immediately be required to place a referendum on the ballot for the fall in November of '03, asking the voters whether or not they wish to seek a further reduction in the property tax through the homestead exclusion. If the school board wanted to pursue a local personal income tax, it would be the school board's decision.

Mr. VITALI. I understand that, but I mean – and again, this is very technical language, and we have been pressed to read it when we had a lot of other things going on – but if I am reading this correctly, it is much easier for the school board to deal with an earned income tax versus a personal income tax. Am I correct in my reading?

Mr. FLICK. Well, right now the school districts do have the ability to levy an earned income tax, and the earned income tax base would be what it is now in law. If the school district, if the school board decided it wished to levy the personal income tax, it would be the same base as is the base for the State personal income tax.

I am not sure what you mean when you say it would be easier for the board to levy the earned income tax. In essence, they could choose to do either, but they would have to put the question to the voters in the form of a referendum.

Mr. VITALI. If you will just bear with me.

Perhaps you can explain the back-end referendum aspects of this legislation.

Mr. FLICK. The back-end referendum is explained on page— It starts on page 10 and then goes to page 11, and at the top of page 11, it takes you through, in order to go ahead and increase the spending at the local district, they would have to qualify by, and then it is laid out for you here on the top of page 11.

Mr. VITALI. One thing, as I was reading this, kind of puzzled me. It seems like the referendum posed to the constituents would actually be two separate questions.

I am looking on— Well, let me know when you are ready.

One thing that concerned me here – now I am looking on page 7 of the previous amendment – it seems like the referendum posed to our constituents would actually be two separate referendum questions, and I am looking at page 7, lines 44 through about 55.

Mr. FLICK. Mr. Speaker, I think you are somewhat confused in that where the two questions appear at the bottom of page 7, that would only be where the school board fails to take action.

Mr. VITALI. And then the referendum would be posed; it would be a dual question—

Mr. FLICK. That would be correct.

Mr. VITALI. I am concerned about this. Our constituents on the ballot would be asked this question; I am just going to quote from the legislation: “Do you favor the imposition of an X% additional earned income and net profits tax above the amount required to obtain State matching funds in order to provide further residential property tax reductions of up to 50% of the allowable maximum homestead exclusion?”

They are the words that would be on the ballot, and I am concerned about those words, because frankly, I am not even sure what they mean, but yet the legislation is going to provide that that is the question on the ballot, part (B) of a two-part question.

Mr. FLICK. Mr. Speaker, it would not say “X.” The “X” would be calculated by the county assessment office, and that percentage would be— Under the Constitution, your school district is permitted to enact a homestead referendum, which would be 100 percent of the allowable, which is 50 percent of the school-district-wide average assessment. You could reduce that up to 50 percent.

You would have to calculate, in order to get to that level of assessment relief for homeowners, what the required earned income tax or the personal income tax would be, and that is the percentage rate that would be placed in that, replacing “X,” and the legislation provides that there needs to be a clear, nonlegalese statement along with the question, and that is provided for in the legislation.

Mr. VITALI. Thank you, Mr. Speaker.

Mr. FLICK. You are quite welcome.

Mr. VITALI. That ends my interrogation. I would just like to speak briefly on the bill.

The SPEAKER. The gentleman is in order and may proceed.

Mr. VITALI. I do not support this piece of legislation, because I think it is an unnecessarily convoluted approach to distributing State moneys to local school districts. I also think it is somewhat of a heavyhanded approach.

To require both front-end referendums; to in fact require the municipalities, the school districts, to impose their own local income tax to contingent getting State funds on a back-end referendum that would hinder the ability of a school district to raise taxes without a referendum, I think it is simply just an unnecessarily convoluted approach as opposed to simply taking this \$1 billion we just are in the process of obtaining and simply setting out a distribution scheme so that each school district, according to some predetermined formula, based on wealth and need, simply gets a flat amount.

It seems to me, that is the straightforward way to do it. We have this money. Let us get it in the school districts based on an equitable amount, poor districts getting more than rich districts and so forth. But instead, we are creating this very

convoluted scheme that has front-end referendums, back-end referendums; it requires these votes. I just think this may have been the way for legislative leaders who could not get out of being at loggerheads with each other to sort of resolve their differences, but my feeling is it is just not good enough. My feeling is it is just not straightforward enough—

The SPEAKER. Mr. Vitali, please stay on the amendment itself, not what you think would or should have been the amendment, and if you have a question, please ask the question. If you have a statement on the amendment, stay to the amendment.

Mr. VITALI. Well, I think I am. My statement is this is too darn convoluted, and I am trying to outline the reasons why I think it is too darn convoluted. If you can, you know, page through this and look at these referendum questions and look at what our constituents are going to be faced with, I think you may agree. It kind of reminds me of this convoluted process we did, and most of you were here when we did Act 50 and how convoluted that got, and all the Senators and Reps had these great ideas about a front-end referendum and a back-end referendum, and it all made a lot of sense in our minds, but you know what? Out of the 501 school districts, how many eventually adopted it? Like two or three? And I think we are going to be dealing with the same thing if you deal with this process.

We simply just do not have to make things complicated when there is a very straightforward way to do this. Forget the local matching. Forget the front-end referendum. Forget the back-end referendum. We have the money. Create a formula like we have and then just give the darn school districts the money without trying to hamper them and control them. That is what I think we should do, and I think we should vote “no” on this.

Thank you.

The SPEAKER. The Chair thanks the gentleman.

LEAVES OF ABSENCE

The SPEAKER. For the information of the members, the leaves of absence granted in yesterday’s regular session will also be granted in today’s regular session.

MASTER ROLL CALL

The SPEAKER. The master roll from yesterday’s regular session will be also the master roll for today’s session.

CONSIDERATION OF SB 100 CONTINUED

The SPEAKER. The Chair recognizes the gentlelady from Chester, Mrs. Rubley.

Mrs. RUBLEY. Thank you, Mr. Speaker.

I have been actively involved in addressing a way to obtain meaningful property tax reform for many years. Last session Representative Steil and I formed a bipartisan local tax policy caucus in conjunction with Representatives Grucela and Melio. We had 100 members from both sides of the aisle participating in this caucus. After weeks of deliberation and a great deal of study, we developed a four-bill package to address the problem we have throughout this State of such a heavy dependence on the property tax to fund our schools.

Many of the provisions in our bipartisan tax package have been included in this amendment to SB 100. By passing this amendment and this bill, we are allowing the voters and our school districts to decide whether to reduce their property tax by moving to an earned income tax or a personal income tax. This bill also helps to address the equity concerns by helping our needier school districts.

Meaningful property tax reform has been attempted for over 30 years in Pennsylvania. Now we have an opportunity to achieve that elusive goal and to fix this problem. So I urge you to support this amendment.

Thank you, Mr. Speaker.

The SPEAKER. The Chair thanks the gentlelady.

The Chair recognizes the gentleman from Bucks, Mr. Steil.

Mr. STEIL. Thank you, Mr. Speaker.

Following up the gentlelady who just spoke, the members who joined our tax policy caucus and all the other members, I would ask for their support for this legislation.

It does a number of very important things. First of all, it provides a vehicle for us to infuse additional revenues into the school district in a relatively simple and straightforward manner. It allows flexibility, either an earned income tax or a personal income tax. Very importantly, it does not allow a school district to do nothing. They have to respond. It ensures that voters will make the ultimate decision on the amount of real estate tax which they choose to offset with either an earned income tax or a personal income tax. It controls the rate of future increases. This action alone is what almost every member has asked for.

And finally, reductions in real estate taxes will go to homeowners and homeowners only.

I ask the members for their support. Thank you.

The SPEAKER. The Chair thanks the gentleman.

The Chair recognizes the gentleman from Delaware, Mr. Civera.

Mr. CIVERA. Thank you, Mr. Speaker.

Mr. Speaker, this General Assembly has tackled this issue for a long, long time. The prior speaker asked me to chair up the House select committee on how to fund basic education, and tonight I want to thank the legislative leaders on both sides of the aisle for giving us this amendment.

This amendment is an outstanding amendment, and I believe that the members should support it. It allows the school districts to get rid of an antiquated system for years and years, and that is the property tax burden, a burden that the citizens of Pennsylvania could not understand why they were called upon and why they were taxed upon something that they felt was unfair. This General Assembly tonight allows the citizens of Pennsylvania to enter a new generation, a new generation not only to protect our children in our schools, protect our senior citizens, and give the people of Pennsylvania a very equal opportunity in how to pay and how to fund our local schools in Pennsylvania.

I would hope that the members of this General Assembly would support this amendment.

Thank you, Mr. Speaker.

The SPEAKER. The Chair thanks the gentleman.

The Chair recognizes the gentleman from Delaware, Mr. Adolph.

Mr. ADOLPH. Thank you, Mr. Speaker. I would like to echo my colleagues, Representatives Steil, Rubley, and Civera, on this legislation.

I want to bring to the attention of my colleagues from southeast Pennsylvania a very important piece of legislation that is in this bill, which is a credit that our school districts will be able to take for the Philadelphia city wage tax. This has been an issue, and one of the reasons why tax reform in suburban Philadelphia has not been able to work is because of the Philadelphia wage tax, and this legislation does address that.

One of the reasons why Act 50 did not work, as Representative Vitali talked about, is because there was not a front-end referendum. This front-end referendum forces our school boards to take action by putting it on the ballot, allowing the voters to decide what type of taxation they want for the schools.

I urge a "yes" vote on this legislation. Thank you.

The SPEAKER. The Chair thanks the gentleman.

The Chair recognizes the gentleman from Allegheny, Mr. Levdansky.

Mr. LEVDANSKY. Thank you, Mr. Speaker.

Mr. Speaker, when this bill was considered in the House Finance Committee, the members of the Democratic Caucus unanimously opposed it as it was presented before us.

This amendment substantially, substantially and dramatically, changes this legislation. What this amendment does is essentially puts substantial State resources, making available those resources to property tax reduction at the local level, unlike the bill as it was offered in committee.

With this amendment, Mr. Speaker, this bill will dramatically provide substantial property tax relief to our local school districts. It may not be everything that a lot of us wanted to see done in property tax reform, but it does provide substantial relief to our local school districts, and I would urge the members of my caucus to support it. Thank you.

The SPEAKER. The Chair thanks the gentleman.

On the question recurring, Will the House agree to the amendment?

The following roll call was recorded:

YEAS-191

Table listing names of members who voted 'YEAS-191', including Adolph, Allen, Argall, Armstrong, Baker, Baldwin, Bard, Barrar, Bastian, Bebkco-Jones, Belardi, Belfanti, Benninghoff, Bianucci, Birmelin, Bishop, Blaum, Browne, Bunt, Butkovitz, Buxton, Caltagirone, Fairchild, Feese, Fichter, Fleagle, Flick, Frankel, Freeman, Gabig, Gannon, Geist, George, Gergely, Gillespie, Gingrich, Godshall, Goodman, Gordner, Grucela, Gruitza, Habay, Haluska, Hanna, Lynch, Mackereth, Maher, Maitland, Major, Manderino, Mann, Markosek, Marsico, McCall, McGeehan, McGill, McIlhattan, McIlhinney, McNaughton, Melio, Metcalfe, Micozzie, Miller, R., Miller, S., Mundy, Mustio, Samuelson, Santoni, Sather, Saylor, Scavello, Schroder, Scrimenti, Semmel, Shaner, Smith, B., Smith, S. H., Solobay, Staback, Stairs, Steil, Stetler, Stevenson, R., Stevenson, T., Sturla, Surra, Tangretti, Taylor, E. Z.

Table listing names of members who voted 'NAYS-10', including Cappelli, Casorio, Causar, Cawley, Civera, Clymer, Cohen, Coleman, Cornell, Corrigan, Costa, Coy, Crahalla, Cruz, Curry, Dailey, Dally, DeLuca, Dermody, DeWeese, DiGirolamo, Diven, Donatucci, Eachus, Evans, D., Evans, J., Fabrizio, Harhai, Harhart, Harper, Harris, Hasay, Hennessey, Herman, Hershey, Hess, Hickernell, Horsey, Hutchinson, James, Josephs, Keller, Kenney, Killion, Kirkland, Kotik, LaGrotta, Laughlin, Leach, Lederer, Leh, Levdansky, Lewis, Myers, Nailor, Nickol, O'Brien, Oliver, O'Neill, Pallone, Payne, Petrarca, Petri, Petrone, Phillips, Pickett, Pistella, Preston, Raymond, Readshaw, Reed, Reichley, Rieger, Roebuck, Rooney, Ross, Rubley, Ruffing, Sainato, Taylor, J., Thomas, Tigre, Travaglio, True, Turzai, Vance, Veon, Walko, Wansacz, Washington, Waters, Watson, Weber, Wheatley, Williams, Wilt, Wojnaroski, Wright, Yewcic, Youngblood, Yudichak, Zug, Perzel, Speaker.

NAYS-10

Table listing names of members who voted 'NAYS-10', including Boyd, Creighton, Daley, Denlinger, Egolf, Forcier, Roberts, Rohrer, Stern, Vitali.

NOT VOTING-0

EXCUSED-1

Lescovitz

The majority having voted in the affirmative, the question was determined in the affirmative and the amendment was agreed to.

On the question, Will the House agree to the bill on third consideration as amended?

Mr. NICKOL offered the following amendment No. A2990:

Amend Sec. 2, page 21, by inserting between lines 2 and 3 Section 616-A. School district retirement contributions.

In addition to the payments required to be made by the Commonwealth to school districts on behalf of active members of the Public School Employees' Retirement System as required pursuant to 24 Pa.C.S. § 8327 (relating to payments by employers), the Commonwealth shall make additional payments to each school district to cover the full costs of any increase in the employer retirement contribution rate on behalf of active members as calculated under 24 Pa.C.S. § 8328 (relating to actuarial cost method) over and above the rate in effect for the 2003-2004 fiscal year.

On the question, Will the House agree to the amendment?

AMENDMENT WITHDRAWN

The SPEAKER. On the question, the Chair recognizes the gentleman, Mr. Nickol.
Mr. Nickol withdraws.

On the question recurring,
Will the House agree to the bill on third consideration as amended?

Mr. VEON offered the following amendment No. A3244:

Amend Sec. 2 (Sec. 692-A), page 19, lines 39 through 42 (A3238), by striking out all of said lines and inserting property within the district of the following information at a minimum:

(1) The rate of additional earned income and net profits tax or personal income tax approved pursuant to sections 611-A and 613-A.

(2) The estimated dollar amount of property tax relief realized for each qualifying homestead and farmstead property as projected by section 626-A. This information shall be accompanied by a statement that the actual dollar property tax relief may be affected by the total number of applications received and approved.

(3) The requirement to submit a completed application as required under 53 Pa.C.S. Ch. 85 Subch. F (relating to homestead property exclusion) in order to qualify for the property tax reductions estimated in paragraph (2).

The

On the question,
Will the House agree to the amendment?

The SPEAKER. On that question, the Chair recognizes the gentleman, Mr. Veon.

Mr. VEON. Thank you, Mr. Speaker.

Mr. Speaker, this is an amendment that provides for I think an important notification. Mr. Speaker, this amendment would provide that the school district send out an application for homestead exemption. One application will go out December 15; another notification for that application for the homestead exemption would go out January 31. Mr. Speaker, that notification with the homestead application would note the rate of the additional EIT, earned income tax, and the rate of the additional personal income tax that had been placed on the November referendum. Mr. Speaker, that notification and that application would also have the specific dollar amount of the property tax relief that that homeowner is going to get under this historic property tax cut bill. Mr. Speaker, the reason to provide this notification, of course, is, number one, to make sure that the State of Pennsylvania is very aggressively promoting participation in this property tax cut program.

Another important reason, Mr. Speaker, is that we are aware that there are a number of members here who will be voting for this historic property tax relief for Pennsylvanians, legislators who deserve the credit for bringing property tax cuts to Pennsylvanians, who will have primary elections between the time that the referendum takes place and the time the property tax cuts are in fact delivered to our constituents. They have a right and we have a duty to make sure that they are aware of what you have done for property tax relief in the State of Pennsylvania, and we are confident that this kind of notification will make sure that they are very aware of those members who

stand for election in primaries. Before those tax cuts take place, these constituents will be very aware of the job that you have done for them providing for real property tax relief.

I would ask for an affirmative vote.

Thank you, Mr. Speaker.

The SPEAKER. The Chair thanks the gentleman.

The Chair recognizes the gentleman from Chester, Mr. Flick.

Mr. FLICK. Thank you, Mr. Speaker.

I would concur with the minority whip that this is a good amendment and we should all support it.

On the question recurring,

Will the House agree to the amendment?

The following roll call was recorded:

YEAS—201

Adolph	Evans, D.	Lewis	Samuelson
Allen	Evans, J.	Lynch	Santoni
Argall	Fabrizio	Mackereth	Sather
Armstrong	Fairchild	Maher	Saylor
Baker	Feese	Maitland	Scavello
Baldwin	Fichter	Major	Schroder
Bard	Fleagle	Manderino	Scrimenti
Barrar	Flick	Mann	Semmel
Bastian	Forcier	Markosek	Shaner
Bebko-Jones	Frankel	Marsico	Smith, B.
Belardi	Freeman	McCall	Smith, S. H.
Belfanti	Gabig	McGeehan	Solobay
Benninghoff	Gannon	McGill	Staback
Biancucci	Geist	McIlhattan	Stairs
Birmelin	George	McIlhinney	Steil
Bishop	Gergely	McNaughton	Stern
Blaum	Gillespie	Melio	Stetler
Boyd	Gingrich	Metcalfe	Stevenson, R.
Browne	Godshall	Micozzie	Stevenson, T.
Bunt	Goodman	Miller, R.	Sturla
Butkovitz	Gordner	Miller, S.	Surra
Buxton	Grucela	Mundy	Tangretti
Caltagirone	Gruitza	Mustio	Taylor, E. Z.
Cappelli	Habay	Myers	Taylor, J.
Casorio	Haluska	Nailor	Thomas
Causar	Hanna	Nickol	Tigue
Cawley	Harhai	O'Brien	Travaglio
Civera	Harhart	Oliver	True
Clymer	Harper	O'Neill	Turzai
Cohen	Harris	Pallone	Vance
Coleman	Hasay	Payne	Veon
Cornell	Hennessey	Petrarca	Vitali
Corrigan	Herman	Petri	Walko
Costa	Hershey	Petrone	Wansacz
Coy	Hess	Phillips	Washington
Crahalla	Hickernell	Pickett	Waters
Creighton	Horsey	Pistella	Watson
Cruz	Hutchinson	Preston	Weber
Curry	James	Raymond	Wheatley
Dailey	Josephs	Readshaw	Williams
Daley	Keller	Reed	Wilt
Dally	Kenney	Reichley	Wojnaroski
DeLuca	Killion	Rieger	Wright
Denlinger	Kirkland	Roberts	Yewcic
Dermody	Kotik	Roebuck	Youngblood
DeWeese	LaGrotta	Rohrer	Yudichak
DiGirolamo	Laughlin	Rooney	Zug
Diven	Leach	Ross	
Donatucci	Lederer	Rublely	
Eachus	Leh	Ruffing	Perzel,
Egolf	Levdansky	Sainato	Speaker

NAYS—0

NOT VOTING—0

EXCUSED—1

Lescovitz

The majority having voted in the affirmative, the question was determined in the affirmative and the amendment was agreed to.

On the question recurring,

Will the House agree to the bill on third consideration as amended?

Bill as amended was agreed to.

The SPEAKER. This bill has been considered on three different days and agreed to and is now on final passage.

The question is, shall the bill pass finally?

The Chair recognizes the gentleman, Mr. Flick.

Mr. FLICK. Thank you, Mr. Speaker.

Just one brief comment. I wanted to acknowledge the input of the Speaker in this legislation. He has worked tirelessly to try to come up with something that we all could agree with, and I know there are individual members and certainly there are a number on our side of the aisle that have already spoken, but there are many members who have had this as their very most important objective, to try to bring property tax reductions to the homeowner, and I just want to compliment each of you for your participation. This is a collective piece of legislation that has everybody's best ideas in it.

Thank you, Mr. Speaker.

The SPEAKER. The Chair thanks the gentleman.

On the question recurring,

Shall the bill pass finally?

The SPEAKER. Agreeable to the provisions of the Constitution, the yeas and nays will now be taken.

The following roll call was recorded:

YEAS—198

Adolph	Evans, J.	Lewis	Sainato
Allen	Fabrizio	Lynch	Samuelson
Argall	Fairchild	Mackereth	Santoni
Armstrong	Feese	Maher	Sather
Baker	Fichter	Maitland	Saylor
Baldwin	Fleagle	Major	Scavello
Bard	Flick	Manderino	Schroder
Barrar	Forcier	Mann	Scrimenti
Bastian	Frankel	Markosek	Semmel
Bebko-Jones	Freeman	Marsico	Shaner
Belardi	Gabig	McCall	Smith, B.
Belfanti	Gannon	McGeehan	Smith, S. H.
Benninghoff	Geist	McGill	Solobay
Biancucci	George	McIlhattan	Staback
Birmelin	Gergely	McIlhinney	Stairs
Bishop	Gillespie	McNaughton	Steil
Blaum	Gingrich	Melio	Stern
Boyd	Godshall	Metcalfe	Stetler
Browne	Goodman	Micozzie	Stevenson, R.
Bunt	Gordner	Miller, R.	Stevenson, T.
Butkovitz	Grucela	Miller, S.	Sturla
Buxton	Gruitza	Mundy	Surra
Caltagirone	Habay	Mustio	Tangretti

Cappelli	Haluska	Myers	Taylor, E. Z.
Casorio	Hanna	Nailor	Taylor, J.
Causar	Harhai	Nickol	Thomas
Cawley	Harhart	O'Brien	Tigue
Civera	Harper	Oliver	Travaglio
Clymer	Harris	O'Neill	True
Cohen	Hasay	Pallone	Turzai
Coleman	Hennessey	Payne	Vance
Cornell	Herman	Petrarca	Veon
Corrigan	Hershey	Petri	Walko
Costa	Hess	Petrone	Wansacz
Coy	Hickernell	Phillips	Washington
Crahalla	Horsey	Pickett	Waters
Cruz	Hutchinson	Pistella	Watson
Curry	James	Preston	Weber
Dailey	Josephs	Raymond	Wheatley
Daley	Keller	Readshaw	Williams
Dally	Kenney	Reed	Wilt
DeLuca	Killion	Reichley	Wojnaroski
Denlinger	Kirkland	Rieger	Wright
Demody	Kotik	Roberts	Yewcic
DeWeese	LaGrotta	Roebuck	Youngblood
DiGirolamo	Laughlin	Rohrer	Yudichak
Diven	Leach	Rooney	Zug
Donatucci	Lederer	Ross	
Eachus	Leh	Rubley	Perzel,
Evans, D.	Levdansky	Ruffing	Speaker

NAYS—3

Creighton	Egolf	Vitali
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NOT VOTING—0

EXCUSED—1

Lescovitz

The majority required by the Constitution having voted in the affirmative, the question was determined in the affirmative and the bill passed finally.

Ordered, That the clerk return the same to the Senate with the information that the House has passed the same with amendment in which the concurrence of the Senate is requested.

RULES SUSPENDED

The SPEAKER. The Chair recognizes the majority leader.

Mr. S. SMITH. Mr. Speaker, I move for a suspension of the rules for immediate consideration of SB 506, PN 1049.

On the question,

Will the House agree to the motion?

The following roll call was recorded:

YEAS—201

Adolph	Evans, D.	Lewis	Samuelson
Allen	Evans, J.	Lynch	Santoni
Argall	Fabrizio	Mackereth	Sather
Armstrong	Fairchild	Maher	Saylor
Baker	Feese	Maitland	Scavello
Baldwin	Fichter	Major	Schroder
Bard	Fleagle	Manderino	Scrimenti
Barrar	Flick	Mann	Semmel
Bastian	Forcier	Markosek	Shaner
Bebko-Jones	Frankel	Marsico	Smith, B.
Belardi	Freeman	McCall	Smith, S. H.

Belfanti	Gabig	McGeehan	Solobay
Benninghoff	Gannon	McGill	Staback
Biancucci	Geist	McIlhattan	Stairs
Birmelin	George	McIlhinney	Steil
Bishop	Gergely	McNaughton	Stern
Blaum	Gillespie	Melio	Stetler
Boyd	Gingrich	Metcalfe	Stevenson, R.
Browne	Godshall	Micozzie	Stevenson, T.
Bunt	Goodman	Miller, R.	Sturla
Butkovitz	Gordner	Miller, S.	Surra
Buxton	Grucela	Mundy	Tangretti
Caltagirone	Gruitza	Mustio	Taylor, E. Z.
Cappelli	Habay	Myers	Taylor, J.
Casorio	Haluska	Nailor	Thomas
Causer	Hanna	Nickol	Tigue
Cawley	Harhai	O'Brien	Travaglio
Civera	Harhart	Oliver	True
Clymer	Harper	O'Neill	Turzai
Cohen	Harris	Pallone	Vance
Coleman	Hasay	Payne	Veon
Cornell	Hennessey	Petrarca	Vitali
Corrigan	Herman	Petri	Walko
Costa	Hershey	Petrone	Wansacz
Coy	Hess	Phillips	Washington
Crahalla	Hickernell	Pickett	Waters
Creighton	Horsey	Pistella	Watson
Cruz	Hutchinson	Preston	Weber
Curry	James	Raymond	Wheatley
Dailey	Josephs	Readshaw	Williams
Daley	Keller	Reed	Wilt
Dally	Kenney	Reichley	Wojnaroski
DeLuca	Killion	Rieger	Wright
Denlinger	Kirkland	Roberts	Yewcic
Dermody	Kotik	Roebuck	Youngblood
DeWeese	LaGrotta	Rohrer	Yudichak
DiGirolamo	Laughlin	Rooney	Zug
Diven	Leach	Ross	
Donatucci	Lederer	Rubley	
Eachus	Leh	Ruffing	Perzel,
Egolf	Levdansky	Sainato	Speaker

NAYS-0

NOT VOTING-0

EXCUSED-1

Lescovitz

A majority of the members required by the rules having voted in the affirmative, the question was determined in the affirmative and the motion was agreed to.

SUPPLEMENTAL CALENDAR A

BILL ON THIRD CONSIDERATION

The House proceeded to third consideration of **SB 506, PN 1049**, entitled:

An Act authorizing and directing the Department of General Services, with the approval of the Governor, to grant and convey certain tracts of land situate in Cecil Township, Washington County.

On the question,
Will the House agree to the bill on third consideration?
Bill was agreed to.

The SPEAKER. This bill has been considered on three different days and agreed to and is now on final passage.

The question is, shall the bill pass finally?

Agreeable to the provisions of the Constitution, the yeas and nays will now be taken.

The following roll call was recorded:

YEAS-201

Adolph	Evans, D.	Lewis	Samuelson
Allen	Evans, J.	Lynch	Santoni
Argall	Fabrizio	Mackereth	Sather
Armstrong	Fairchild	Maher	Saylor
Baker	Feese	Maitland	Scavello
Baldwin	Fichter	Major	Schroder
Bard	Fleagle	Manderino	Scrimenti
Barrar	Flick	Mann	Semmel
Bastian	Forcier	Markosek	Shaner
Bebko-Jones	Frankel	Marsico	Smith, B.
Belardi	Freeman	McCall	Smith, S. H.
Belfanti	Gabig	McGeehan	Solobay
Benninghoff	Gannon	McGill	Staback
Biancucci	Geist	McIlhattan	Stairs
Birmelin	George	McIlhinney	Steil
Bishop	Gergely	McNaughton	Stern
Blaum	Gillespie	Melio	Stetler
Boyd	Gingrich	Metcalfe	Stevenson, R.
Browne	Godshall	Micozzie	Stevenson, T.
Bunt	Goodman	Miller, R.	Sturla
Butkovitz	Gordner	Miller, S.	Surra
Buxton	Grucela	Mundy	Tangretti
Caltagirone	Gruitza	Mustio	Taylor, E. Z.
Cappelli	Habay	Myers	Taylor, J.
Casorio	Haluska	Nailor	Thomas
Causer	Hanna	Nickol	Tigue
Cawley	Harhai	O'Brien	Travaglio
Civera	Harhart	Oliver	True
Clymer	Harper	O'Neill	Turzai
Cohen	Harris	Pallone	Vance
Coleman	Hasay	Payne	Veon
Cornell	Hennessey	Petrarca	Vitali
Corrigan	Herman	Petri	Walko
Costa	Hershey	Petrone	Wansacz
Coy	Hess	Phillips	Washington
Crahalla	Hickernell	Pickett	Waters
Creighton	Horsey	Pistella	Watson
Cruz	Hutchinson	Preston	Weber
Curry	James	Raymond	Wheatley
Dailey	Josephs	Readshaw	Williams
Daley	Keller	Reed	Wilt
Dally	Kenney	Reichley	Wojnaroski
DeLuca	Killion	Rieger	Wright
Denlinger	Kirkland	Roberts	Yewcic
Dermody	Kotik	Roebuck	Youngblood
DeWeese	LaGrotta	Rohrer	Yudichak
DiGirolamo	Laughlin	Rooney	Zug
Diven	Leach	Ross	
Donatucci	Lederer	Rubley	
Eachus	Leh	Ruffing	Perzel,
Egolf	Levdansky	Sainato	Speaker

NAYS-0

NOT VOTING-0

EXCUSED-1

Lescovitz

The majority required by the Constitution having voted in the affirmative, the question was determined in the affirmative and the bill passed finally.

Ordered, That the clerk present the same to the Senate for concurrence.

The SPEAKER. For the information of the members, there will be an 8-hour call of the Chair. The four caucuses will be meeting starting Monday morning, the staff people, to work on the bills that the majority leader and the minority whip talked about a little bit earlier. So we are at an 8-hour call of the Chair.

ANNOUNCEMENT BY MR. COHEN

The SPEAKER. The Chair recognizes Mr. Cohen.

Mr. COHEN. Thank you, Mr. Speaker.

For the benefit of the Democrats, there will be informal discussions this morning from 8:30 to 10 o'clock in the caucus room.

The SPEAKER. The Chair thanks the gentleman.

REMARKS SUBMITTED FOR THE RECORD

The SPEAKER. Mr. Yudichak.

Mr. YUDICHAK. I would like to submit remarks for the record, Mr. Speaker.

The SPEAKER. The gentleman may submit his remarks.

Mr. YUDICHAK submitted the following remarks for the Legislative Journal:

Mr. Speaker, as a candidate for State Representative 7 years ago, I ran a campaign on the issue of property tax relief for the taxpayers of Pennsylvania. I was admonished by critics that property tax reform was not a State issue. Run for the school board if you want to lower school taxes was the cry of my detractors. I argued, however, that the Commonwealth had as its chief responsibility the adequate funding of our public school system, a responsibility it has greatly ignored in recent years. The lack of adequate State support, of course, has forced local property taxes to rise to unprecedented levels. Older Pennsylvanians have been crushed under the weight of escalating property taxes. Young families have been turned away from the pursuit of the American dream, home ownership, because property taxes push that dream out of reach. Communities throughout this great Commonwealth have been strangled and suffocated by the oppressive real estate tax that has impeded their growth. Still, opponents of reform crowed that property tax relief was unattainable in Pennsylvania. I am proud to rise tonight to support HB 623, legislation that will prove the critics wrong and deliver \$1 billion in real property tax relief to every homeowner in Pennsylvania. A vote for HB 623 is, indeed, a historic vote to change the status quo and move Pennsylvania toward fairer taxes and better schools. I urge my colleagues to make an affirmative vote for \$1 billion in property tax relief for Pennsylvania families.

STATEMENT BY MR. ROONEY

The SPEAKER. Does the gentleman, Mr. Rooney, wish to be recognized? The Chair recognizes the gentleman, Mr. Rooney.

Mr. ROONEY. Thank you very much, Mr. Speaker.

Mr. Speaker, I do rise under unanimous consent.

The SPEAKER. The gentleman is in order and may proceed.

Mr. ROONEY. Mr. Speaker, I do not rise to make a partisan point tonight, but I would like to make a point that I think needs to be made.

We made history just a few moments ago when we voted to raise an additional billion dollars in revenue and also to reduce property taxes in this State by \$1 billion. The thing that strikes me, Mr. Speaker, and under unanimous consent I would just like to make the point, that there was almost unanimity in voting for the property tax reductions yet that was not the case for the revenue enhancements that made those property reductions a reality.

And for the record I would just like to point out that hypocrisy will not rule the day. There is a new day in Pennsylvania, and I am very grateful for all of those who have joined with the House Democrats and Governor Rendell in bringing forth that new day, and those who voted not to provide the revenue yet to provide the tax cuts, I do not think any of us, be they Democrat or Republican, will be forgotten.

Thank you, Mr. Speaker.

STATEMENT BY MAJORITY LEADER

Mr. S. SMITH. Mr. Speaker?

The SPEAKER. The Chair recognizes the majority leader.

Mr. S. SMITH. Just a simple point, Mr. Speaker, in response, please.

The SPEAKER. The gentleman, Mr. Smith.

Mr. S. SMITH. Thank you, Mr. Speaker.

I think over the years there have been numerous sources of revenue, whether they be taxes or lottery funds, that have accumulated into the coffers of the Commonwealth. Each of us every year votes to appropriate those revenues no matter where they came from, and I think that when we look at the two votes tonight, that that is part of the deal. Once revenues are accumulated by the Commonwealth, each member certainly has their right to vote for or against how those revenues are distributed or appropriated to the various programs and services that the Commonwealth may provide, and I appreciate just a moment to respond.

Thank you.

The SPEAKER. The Chair thanks the gentleman.

STATEMENT BY DEMOCRATIC LEADER

The SPEAKER. Mr. DeWeese.

Mr. DeWEESE. Notwithstanding the gentle assuagements and blandishments of the gentleman from Jefferson County, there is more than a tincture of hypocrisy in the last few moments. The gentleman from Lehigh is correct. Many of us, including the Speaker and a solid phalanx of Republican legislators, voted to raise a billion dollars in gaming money. Then we voted, we voted to reduce property taxes by a billion dollars. Subsequent to that honorable, political maneuver, a substantial swath of the membership decided to vote for a billion dollars in property taxes with us, but they had not had the inclination – I will not say fortitude; I will just say inclination – to vote to raise the revenues. So they are cutting the taxes, getting the glory, but were not doing the heavy lifting. Once in a while, those of us who have done that heavy lifting

need to make that differential noted, and I would commend the gentleman from Lehigh for making it noted.

Thank you.

RECESS

The SPEAKER. This House stands in recess to the call of the Chair.

AFTER RECESS

The time of recess having expired, the House was called to order.

BILLS AND RESOLUTIONS PASSED OVER

The SPEAKER. Without objection, any remaining bills and resolutions on today's calendar will be passed over. The Chair hears no objection.

ADJOURNMENT

The SPEAKER. There is a motion to adjourn given by Representative Flick of Chester County.

Mr. FLICK. Mr. Speaker, I move that this House do now adjourn until Monday, August 4, 2003, at 1 p.m., e.d.t., unless sooner recalled by the Speaker.

On the question,

Will the House agree to the motion?

Motion was agreed to, and at 12:59 p.m., e.d.t., Monday, August 4, 2003, the House adjourned.