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**THE GENERAL ASSEMBLY OF PENNSYLVANIA**

SENATE BILL

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| No. | 4 | Session of2024 |

INTRODUCED BY

REFERRED TO FINANCE

AN ACT

Establishing the Property Tax Independence Act and Education Cost Commission.

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

CHAPTER 1

Section 101. Definitions.

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

"Governing body." The board of school directors of a school district, except that the term shall mean the city council of a city of the first class for purposes of the levy and collection of any tax in a school district of the first class.

"School district." A school district of the first class, first class A, second class, third class or fourth class, including any independent school district. For purposes of the levy, assessment and collection of any tax in a school district of the first class, the term shall include the city council.

CHAPTER 2

Taxation by School Districts

Section 201. Scope.

This chapter authorizes school districts to levy, assess and collect a tax on personal income or a tax on earned income and net profits as a means of abolishing property taxation by the school district.

Section 202. Referendum.

(a) General rule.--In order to levy a personal income tax or an earned income and net profits tax under this chapter, a governing body shall use the procedures set forth in subsections (b), (c), (d), and (e).

(b) Approved by electorate.--

(1) A governing body may levy the personal income tax or earned income and net profits tax under this chapter only by obtaining the approval of the electorate of the affected school district in a public referendum at only the primary election preceding the fiscal year when the personal income tax or earned income and net profits tax will be initially imposed or the rate increased.

(2) The referendum question must state the initial rate of the proposed personal income tax or earned income and net profits tax, the purpose of the tax, the duration of the tax and the amount of revenue to be generated by the implementation of the tax.

(3) The question shall be in clear language that is readily understandable by a layperson. For the purpose of illustration, a referendum question may be framed as follows:

Do you favor paying a personal income tax of X% for the purpose of X, for X years, which will generate $X?

Do you favor paying an earned income and net profits tax of X% for the purpose of X, for X years, which will generate $X?

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

(d) Notification.--

(1) If the election officials of the county who receive the petition certify that it is sufficient under this section and determine that a question should be placed on the ballot, the decision shall be communicated to election officials in any other county in which the school district is also located.

(e) Certification of results.--Election officials from each county involved shall independently certify the results from their county to the governing body.

Section 203. Exemption and special provisions.

1. Personal income or a tax on earned income and net profits.--A school district that imposes an authorized personal income or a tax on earned income and net profits may exempt from the payment of that tax any person whose total income from all sources is less than $15,000.

Section 204. School district debt and budgeting.

1. General rule.--Beginning December 31, 2026, or on the effective date of this section, whichever is later, a school district may not incur any additional school district debt secured by a pledge of tax on real estate, except for qualified refunding debt.

CHAPTER 3

EDUCATION COST COMMISSION

Section 301. Education Cost Commission.

(a) Establishment.--The Education Cost Commission is established and shall exercise the powers and duties described in this chapter.

(b) Membership.--The commission shall consist of the following members:

(1) The chair and minority chair of the Education Committee of the Senate and the chair and minority chair of the Education Committee of the House of Representatives or their designees.

(2) Two legislators from each of the four legislative caucuses, to be appointed by the President pro tempore of the Senate and the Speaker of the House of Representatives, in consultation with the Majority Leader and Minority Leader of the Senate and the Majority Leader and Minority Leader of the House of Representatives.

(3) An individual appointed by the Governor from within the Governor's Administration.

(c) Chairperson.--The members of the commission shall elect one of its members as chairperson.

(d) Meetings.--The commission shall convene its first meeting within 30 days of the effective date of this section and other meetings as necessary shall occur at the call of the chairperson.

(e) Duties.--The commission shall conduct an initial study that identifies the largest cost drivers within public education in this Commonwealth and make recommendations to the General Assembly for reducing the cost drivers. The commission shall perform a similar study every five years.

(f) Report to General Assembly.--The commission shall prepare a report of its initial study and submit the initial study with the General Assembly within six months of the effective date of this section. The commission shall prepare a report of each similar study every three years and submit the report not later than three years from the previous report.