Policy News Network

Tax Reform Act of 1998 – Act 50

In April, Act 50 of 1998 – Local Tax Reform was enacted by the legislature and signed by Governor Ridge. This Act creates an optional local tax system for school districts and includes provisions for the homestead exemption, a property tax deferral program for qualified households, and a Local Taxpayers Bill of Rights. The new law is complicated, and school boards will need to thoroughly research and analyze any decisions they make relevant to the provisions of the statute.

Of immediate concern to school districts are the requirements of sections 8421 through 8438 of Act 50, which address the Local Taxpayers Bill of Rights. By January 1, 1999, school boards are required to adopt a policy; develop procedures to implement the policy; and prepare a Local Taxpayers Bill of Rights Disclosure Statement and a notice of availability for dissemination to all resident taxpayers contacted regarding the assessment, audit, determination, review or collection of an eligible tax.

A committee of staff members from the Pennsylvania School Boards Association and the Pennsylvania Association of School Business Officials, as well as Alan Vandrew, Business Manager at Mechanicsburg Area School District, collaborated to draft materials to assist school boards and administrators in implementing the requirements of Act 50. The committee received valuable assistance from Clarence C. Kegel, Jr. and Kathleen Wolowski of Kegel Kelin Almy & Grimm, LLP.

Enclosed is a statement of Act 50 – Local Taxpayers Bill of Rights Required Steps and Sample Forms. Kegel Kelin Almy & Grimm, LLP, in consultation with the committee, drafted the enclosed documents (other than the model policy, which was drafted by PSBA).

Recognizing that many school boards have board procedure/policy that requires two (2) readings for adoption of a new policy, PSBA’s staff wanted to ensure that this information was distributed in time to be placed on the board agendas for November and December.

The enclosures are provided for your information and assistance in preparing to implement Act 50 of 1998. Each school district should determine the policy and procedure most appropriate for its needs, based on the written advice of its solicitor.

If PSBA or PASBO receives any additional or clarifying information, the material will be included in November’s Policy News Network.