



Senate Finance Committee

Senator Patrick M. Browne
Chairman

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BILL SUMMARY

SENATE BILL 961, PN 1155 (SENATOR EICHELBERGER)

Summary:

This legislation amends the Local Tax Enabling Act, to allow a city of the third class to petition the court of common pleas of the county in which it is located to increase its rates of taxation of earned income up to an additional five-tenths percent beyond the maximum rates provided by law, provided that the proceeds are used solely to reduce any tax imposed on earned income under Section 607 of the Municipal Pension Plan Funding Standard and Recovery Act.

This legislation allows those few cities authorized under Act 205 of 1984 for this pension relief to use that money to cover other retiree benefits, as their pensions are currently being over-funded by the Act 205 earned income tax.

This provision may be applied retroactively to offset taxes assessed and collected under the Municipal Pension Plan Funding Standard and Recovery Act from and after January 1, 2003.

- **Eichelberger Amendment:** Senator Eichelberger plans to offer an amendment to Senate Bill 961 which will include census language to narrow the scope of the legislation so that it specifically pertains to the City of Hazleton.