

ACT 32 - CONSOLIDATION OF EARNED INCOME TAX COLLECTIONS

Chester County Act 32 Study Group

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May 26, 2009

(Contact Name, Title)
(Street Address)
City, PA, Zip Code

Dear ,

We are writing to school districts and municipal governments who are members of the Chester County Tax Collection District about a new State law which requires sweeping changes to the collection of local earned income tax and possibly other taxes. We have formed a group to preliminarily study these changes in consultation with the Chester County Association of Township Officials (CCATO), Chester County Intermediate Unit (CCIU), and the County of Chester. Members of the study group are listed in an attachment to this letter.

Background on Act 32

On July 2, 2008 Governor Rendell signed into law Act 32, which significantly amends the Local Tax Enabling Act. Act 32 has two overarching purposes.

- To establish state-wide uniformity in tax rules, procedures, and forms.
- To provide greater tax collection efficiency by consolidation of the collection of the local income tax at the county level.

The tax law changes will require that school districts and municipalities adopt new tax resolutions and ordinances that are generally effective January 1, 2012. Act 32 also mandates a new government entity in every county other than Philadelphia, called the **Tax Collection Committee (TCC)**. Generally, each TCC will implement county-wide local income tax collection in a specific tax collection district (TCD). The Chester County TCD will be governed by the **Chester County TCC. The TCC requires immediate school district and municipality attention.**

Chester County Tax Collection Committee

Under the new law, each school district and municipality that levies an earned income tax must appoint one voting and one or more voting alternates to the TCC by September 15, 2009. Those school districts and municipalities that do not impose income tax may appoint a nonvoting delegate and one or more nonvoting alternates. **The first meeting of the TCC will be held on November 12, 2009, at 7:30 p.m., at the Chester County Intermediate Unit.**

The TCC will oversee the implementation of Act 32 over the next three years, and will continue to monitor local earned income tax collection in the Chester County TCD thereafter. The first stage in the TCC implementation process, which spans the period 2009 through 2011, involves organization of the TCC and basic decisions on the tax collection process, culminating in collection of local income taxes through a new Act 32 county-wide tax collector starting January 1, 2012. The immediate tasks of the TCC include:

- (1) Appointment of TCC officers, legal counsel, and auditor;
- (2) Decisions on TCC employees which may be required;
- (3) Decisions on TCC governance structure and bylaw adoption;
- (4) Decisions on TCC financial matters, including annual budget and financing mechanism;
- (5) Decisions on TCC insurance;
- (6) Decision on single-county or multi-county TCC;

- (7) Decision on whether TCC will have jurisdiction over LST or other taxes in addition to income taxes;
- (8) Adoption of various mandatory and other policies;
- (9) Appointment of the new Act 32 county-wide tax collector;
- (10) Development of an Act 32 transition plan;
- (11) Appointment of a new tax appeal board; and various other steps.

Voting at every initial TCC meeting is weighted. Instead of one person/one vote, each delegate will have a weighted vote, with weighting based 50% on income tax revenues and 50% based on population. The weighted voting methodology may be changed or eliminated by a TCC adopted bylaw at some point in the future.

Chester County Act 32 Study Group

The challenges to conducting effective meetings presented by the large number of delegates (up to 83 delegates in the Chester County Tax Collection District) and weighted voting strongly suggest that the TCC should consider strategies and adopt bylaws to simplify the governance process. In this regard, representatives of school districts and municipalities have formed an Act 32 Tax Study Group, which has worked over the past few months to prepare for an orderly first meeting of the TCC and to facilitate the many decisions required with the implementation of Act 32.

Attached are the following documents:

- A. Chester County Tax Collection Committee Meeting Notice
- B. Sample TCC Delegate Appointment Resolution
- C. Sample Letter to Chester County Concerning TCC Delegate Appointment
- D. Members of the Act 32 Tax Study Group with Contact Information

Act 32 Requires the Immediate Attention of each School District and Municipality

By September 15, 2009, every school district and every municipality entitled to appoint a voting delegate to the TCC must:

1. Adopt a resolution (sample resolution enclosed) which appoints one primary voting delegate and one or more alternate voting delegates to be their TCC member.
2. Officially notify the delegate of the appointment.
3. Provide notice to the County of Chester of the name, mailing address and email address of the primary voting delegate and the alternate voting delegates.

Individuals appointed as TCC delegates do not need to be residents nor elected officials of the political subdivisions. Delegates may also represent multiple school districts and municipalities on the TCC.

For your information, the Act 32 Tax Study Group plans to develop a proposed agenda for the first meeting of the TCC, proposed bylaws for consideration at the first TCC meeting, and a proposed budget for the funding of the operations of the TCC with suggested mechanics for the allocation of costs. The foregoing documents will be provided to members of the Chester Tax Collection District no later than August 1, 2009 to permit adequate time for careful review and consideration.

Should you have questions about the contents of this communication, please do not hesitate to contact any of the members of the Tax Study Group.

Regards,

Members of the Act 32 Study Group



THE COUNTY OF CHESTER



COMMISSIONERS:
Carol Aichele
Terence Farrell
Kathi Cozzone

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Denny G. Bolton, Ph.D.
Director of Financial Services

THE COUNTY OF CHESTER

Establishment of Tax Collection Committee Meeting

Background. Act 32 of 2008 requires creation in each county of a new government entity, called the Tax Collection Committee (TCC), to implement and oversee county-wide collection of earned income tax and possibly other taxes for school districts and municipalities within each county. Act 32 requires the County to establish a date for the first TCC meeting that is on or before November 15, 2009, to give notice of the meeting, to convene the meeting, and to conduct the meeting until TCC officers are elected. The purpose of this communication is to fulfill County duties under Act 32.

1. The first meeting of the Tax Collection Committee for the Chester Tax Collection District will be held on November 12, 2009, at 7:30 p.m. in the Conference Center (Third Floor), at the Chester County Intermediate Unit, 455 Boot Road, Downingtown, PA 19335.
2. As required by the Act, the County will send a copy of the meeting notice to the Pennsylvania Department of Community and Economic Development. Although not required by Act 32, the County will also endeavor to send written notice by first class mail and e-mail to all TCC delegates appointed by school districts and municipalities if the County receives on or before August 15, 2009 sufficient information as to the names and addresses of such delegates from the governing bodies of school districts and municipalities.
3. At least 21 days before the meeting, the County will publish notice of the place, date, and time of the meeting in a newspaper of general circulation, and will cause a copy of the same notice to be posted at the building where the meeting will be held.
4. The County designee for Act 32 matters shall convene the meeting, conduct the meeting, and record all votes at the meeting until a Chairperson, Vice Chairperson, and Secretary are elected by the TCC.
5. The County designee for Act 32 matters shall be Denny G. Bolton, Ph.D., Chester County Director of Financial Services.

[_____ SCHOOL DISTRICT]
[_____ TOWNSHIP]
[_____ BOROUGH]
[_____ CITY]

TCC Delegate Appointment Resolution

Background. Act 32 § 505(b) requires the governing bodies of school districts, townships, boroughs, and cities to appoint one voting delegate and one or more alternate delegates to be their Tax Collection Committee (TCC) representatives. The purpose of this resolution is to appoint the required delegates. The appointed individuals have consented to appointment.

RESOLVED, by the governing body of the [school district/township/borough/city], that the following individuals are appointed as TCC delegates for the [school district/township/borough/city]:

1. Primary voting delegate: _____
2. First alternate voting delegate: _____
3. Second alternate voting delegate: _____
4. If the primary voting delegate cannot be present for a TCC meeting, the first alternate voting delegate shall be the representative at the TCC meeting. If both the primary voting delegate and the first alternate voting delegate cannot be present for a TCC meeting, the second alternate voting delegate shall be the representative at the TCC meeting.
5. These appointments are effective immediately and shall continue until successors are appointed. Delegates shall be appointed each year in November or December or as soon thereafter as possible. All delegates shall serve at the pleasure of this governing body and may be removed at any time.

Certification of adoption. The undersigned certifies that the above Resolution was adopted at a public meeting on this date.

Date: _____

Secretary

[_____ SCHOOL DISTRICT]
[_____ TOWNSHIP]
[_____ BOROUGH]
[_____ CITY]

Letter to County Concerning TCC Delegate Appointment

Dr. Denny G. Bolton
Chief Financial Officer
The County of Chester
P. O. Box 2748
West Chester, PA 19380-0091

Re: TCC Delegate Appointment

Dear Dr. Bolton:

Act 32 § 505(b) requires the governing bodies of school districts, townships, boroughs, and cities appoint one voting delegate and one or more alternate delegates to be their Tax Collection Committee (TCC) representatives. Section 505(d) requires that the Chair of the County Commissioners, the Chief Executive of the County, or the Chair's designee schedule the first TCC meeting, and give public notice and notice by first class mail of the first TCC meeting to all appointed delegates. In addition to the public notice, we request that you give notice by first class mail and email to the undersigned and to each of the following delegates appointed to represent our [school district] [township] [borough] [city]:

- (1) Primary voting delegate name/address/email: _____
- (2) First alternate voting delegate name/address/email: _____
- (3) Second alternate voting delegate name/address/email: _____

Thank you for taking part in this important process.

Date: _____

Sincerely,