

Important Amendment to Pennsylvania's Borough Code (8 Pa. C.S.A. § 101 et seq.)

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An important amendment to Pennsylvania's Borough Code (8 Pa. C.S.A. § 101 et seq.) that impacts a Borough's process for adopting its annual property tax rate took effect on August 30, 2019.

On July 2, 2019, Governor Tom Wolf signed into law Act 51 of 2019 (H.B. 548), which allows a Borough to set its annual tax millage rate by resolution when the property tax rate stays the same or is decreased from the prior year. Currently, Boroughs must draft and advertise their annual tax rate by ordinance, even if the millage rate stays flat. Act 51's amendment to the Borough Code has the potential to save Boroughs hundreds of dollars a year in legal fees and advertisement costs.

Now, under Act 51, Boroughs will establish their annual tax rate according to the following:

- Council must set the Borough's annual tax rate after adopting a budget and before December 31st of each year. (Sec. 1310.1).
- If the property tax rate stays the same or is decreased from the prior year, a Borough must adopt its tax rate by resolution. (Sec. 1310.1).
- If the property tax rate is increased from the prior year, a Borough must enact its tax rate by ordinance. (Sec. 1310.1).
- A tax resolution or ordinance is subject to the Borough's Mayor's approval (Sec. 3301.3). A Mayor must approve or reject a tax resolution or ordinance within 10 days of receiving it. (Sec. 3301.3(c)(1)).
- If the Mayor does not act within 10 days of receiving a tax resolution or ordinance, the legislation takes effect the day it was adopted by Council. (Sec. 3301.3(c)(4)). A Mayor's veto of Council's tax resolution or ordinance can be overridden by supermajority vote by Council.
- A tax resolution or ordinance must be recorded by the Borough Secretary in the Borough's ordinance book within 30 days (Sec. 3301.4).
- Both a tax resolution and ordinance must include a statement expressing the rate of taxation in dollar and cents on each \$100 of assessed valuation of taxable property. (Sec. 1302(b)).

If you have any questions on how to prepare your Borough's tax resolution or ordinance under the new process, please contact Daniel C. Conlon, or another practitioner in the firm's School and Municipal Practice.