

Section 123. Powers and duties of municipalities.

(a) File completed survey.--On or before March 15 of each year, every municipality shall return to the department a completed Survey of Financial Conditions referred to in section 121(a). No municipality shall receive its allotted payments pursuant to the act of June 1, 1956 (1955 P.L.1944, No.655), referred to as the Liquid Fuels Tax Municipal Allocation Law, unless it complies with the provisions of this section, notwithstanding a provision of law to the contrary, and the Department of Transportation may not disburse funds to a municipality pursuant to the Liquid Fuels Tax Municipal Allocation Law until notified by the department that the municipality has complied with the provisions of this section.

(b) File applications for grants and loans.--A financially distressed municipality may apply to the secretary for emergency financial aid in the form of a grant or loan pursuant to Chapter 3.

(c) Right to petition court for tax increase.--

(1) After a municipality has adopted a plan under Subchapter C of Chapter 2, it may petition the court of common pleas of the county in which the municipality is located to increase its rates of taxation for earned income, real property, or both, beyond maximum rates provided by law.

(2) If a tax increase above existing limits is granted by the courts, the increase shall be effective for a period of one year. The one-year increase shall run from the date specified in the petition filed with the court or, if no such date is specified, from the beginning of the current fiscal year of the municipality. Subsequent increases in rates of taxation may be granted by the court upon annual petition of the municipality. The additional amount of taxes resulting from the petition shall not be subject to sharing with a school district.

(3) A petition filed by a city of the second class A under this subsection may not include an increase in a tax on nonresident income unless the municipality certifies to the court, with regard to those provisions of the plan having a measurable fiscal impact, that:

(i) the municipality has substantially implemented the provisions which are within the authority of the chief executive officer or governing body, including, but not limited to, provisions of the plan that call for increasing existing tax rates levied on residents and increasing fees charged by the municipality;

(ii) the municipality has taken those actions required to obtain the approval of other parties for those provisions which may not be implemented without such approval, including, but not limited to, the approval of a court, local electors or any collective bargaining unit; and

(iii) the additional income from the aforementioned actions is insufficient to balance the municipal budget, necessitating additional revenue from an increase in the tax on nonresident income.

((c) amended July 11, 1996, P.L.645, No.108)