

October 4, 2010

RE: 2011 Earned Income Tax Collection

Dear Client :

As you are aware, Act 32 was adopted by Pennsylvania's legislature for the purpose of consolidating collection of Local Earned Income Taxes ("EIT") beginning in 2012. One or more Tax Collection Districts ("TCDs") were created for every county in Pennsylvania. Each municipality and school district is located in one of these TCDs. Rather than each municipality and school district engaging its own EIT collector, a single tax officer or collector is appointed for the entire TCD, where EIT is remitted and ultimately distributed to the taxing bodies. Each TCD is governed by a Tax Collection Committee ("TCC"). These TCCs were required by Act 32 to appoint a single tax officer for their TCD by September 15, 2010.

Although the newly appointed tax officer must collect 2012 EIT forward, Act 32 gives your School District the option of having the newly appointed tax officer collect **2011** EIT, or allow your current EIT collector to continue collecting the **2011** EIT.

Please be advised that the deadline for this decision is **November 1, 2010**. The School Board's decision must be made pursuant to a formal Resolution. Some TCCs are distributing a form Resolution to Business Managers. If you do not timely receive one, we can prepare an appropriate Resolution for you. In light of the November 1 deadline, you must address this issue at your October Board meeting.

You are also required to notify the Department of Community and Economic Development of the School District's decision by **December 1, 2010**, and provide DCED with a copy of the adopted Resolution.

Should you have any questions concerning this issue, or any other issues relating to Act 32, please do not hesitate to contact us.

Best regards,

ANDREWS & PRICE