NEWS & INSIGHTS

# Notice Regarding Pennsylvania Tax and Revenue Anticipation Notes

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As you are likely aware, the Pennsylvania legislature has not yet passed its 2025-26 budget. As the fiscal year progresses, the continued delay in state funding may present financial challenges for your district.

To assist districts in managing potential cash flow issues during this period, we want to remind you that the Local Government Unit Debt Act permits school districts to borrow funds in anticipation of receiving current revenues. Districts may adopt a resolution to authorize the issuance and sale of tax and revenue anticipation notes, subject to certain limitations under the Act.

Under the statute, districts may authorize or issue notes in an amount up to 85% of anticipated revenues for the fiscal year, including taxes expected to be collected. The district's authorized officers must prepare an estimate of anticipated revenues to be received during the period the notes will be outstanding. This estimate should reflect taxes that have been levied and assessed, expected state subsidies or reimbursements, historical and projected collection rates, and the current economic conditions.

Once a resolution has been passed and an estimate prepared, the officers must certify the estimated revenues. Within 30 days of the date of authorization, the following items must be filed with the Department of Community and Economic Development:

0. The authorizing and awarding resolution;

0. The certified estimate of anticipated taxes and revenues; and

0. A copy of the accepted proposal for the purchase of the notes.

Please note that this borrowing process differs from traditional debt issuance: Department approval is not required, and the usual filing procedures do not apply. However, you must file the required documents with DCED and obtain a receipt of filing from DCED prior to closing on the Note.

If your district is considering issuing these tax anticipation notes, we recommend consulting with your solicitor or bond counsel and financial advisor to ensure compliance with all applicable legal and procedural requirements.

For any questions on navigating this process, please contact Rhonda Lord, Seth Byers, or any of the attorneys in the Saxton & Stump Education Group

## Related People

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