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THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1063 Session of 2007

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INTRODUCED BY EARLL, BROWNE, WOZNIAK, BOSCOLA, EICHELBERGER,  
FERLO, FOLMER, KITCHEN, MADIGAN, PUNT, SCARNATI, WASHINGTON,  
D. WHITE, M. WHITE, C. WILLIAMS, MELLOW AND ARMSTRONG,  
SEPTEMBER 10, 2007

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AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES,  
JUNE 23, 2008

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AN ACT

1 Amending the act of December 31, 1965 (P.L.1257, No.511),  
2 entitled "An act empowering cities of the second class,  
3 cities of the second class A, cities of the third class,  
4 boroughs, towns, townships of the first class, townships of  
5 the second class, school districts of the second class,  
6 school districts of the third class and school districts of  
7 the fourth class including independent school districts, to  
8 levy, assess, collect or to provide for the levying,  
9 assessment and collection of certain taxes subject to maximum  
10 limitations for general revenue purposes; authorizing the  
11 establishment of bureaus and the appointment and compensation  
12 of officers, agencies and employes to assess and collect such  
13 taxes; providing for joint collection of certain taxes,  
14 prescribing certain definitions and other provisions for  
15 taxes levied and assessed upon earned income, providing for  
16 annual audits and for collection of delinquent taxes, and  
17 permitting and requiring penalties to be imposed and  
18 enforced, including penalties for disclosure of confidential  
19 information, providing an appeal from the ordinance or  
20 resolution levying such taxes to the court of quarter  
21 sessions and to the Supreme Court and Superior Court," in  
22 local tax, further providing for definitions, for delegation  
23 of tax powers and restrictions, for recapture of tax, for  
24 payroll tax, for nonresident sports facility usage fees, for  
25 vacation of tax ordinances and resolutions, for advertising  
26 tax ordinances, for second class city tax rates, for taxpayer  
27 appeals, for filing ordinances, for limitation on tax rates,  
28 for withholding of local services taxes, for administrative  
29 personnel and joint agreements, for audits of earned income

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1 and other taxes, for payment of tax to other taxing  
2 authorities as credits or deductions, for personal property,  
3 for assessment limitations and for tax limitations; providing  
4 for legal representation, for restricted use, for  
5 consolidated collection of local income taxes, for collection  
6 of delinquent taxes and for miscellaneous provisions; further  
7 providing for penalties and for repeals; and making editorial  
8 changes.

9 The General Assembly of the Commonwealth of Pennsylvania  
10 hereby enacts as follows:

11 Section 1. The act of December 31, 1965 (P.L.1257, No.511),  
12 known as The Local Tax Enabling Act, is amended by adding a  
13 chapter heading to read:

14 CHAPTER 1  
15 PRELIMINARY PROVISIONS

16 Section 2. Section 1 of the act is renumbered to read:

17 Section [1] 101. Short Title.--This act shall be known and  
18 may be cited as "The Local Tax Enabling Act."

19 Section 3. The act is amended by adding a chapter heading to  
20 read:

21 CHAPTER 3  
22 LOCAL TAXES

23 Section 3.1. The act is amended by adding a section to read:

24 Section 301. Definitions.--(a) The following words and  
25 phrases when used in this chapter shall have the meanings given  
26 to them in this section unless the context clearly indicates  
27 otherwise:

28 "Family farm corporation" means a Pennsylvania corporation at  
29 least seventy-five percent of the assets of which are devoted to  
30 the business of agriculture, which business, for the purposes of  
31 this definition, shall not be deemed to include:

32 (i) recreational activities, such as, but not limited to,  
33 hunting, fishing, camping, skiing, show competition or racing;

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1 (ii) the raising, breeding or training of game animals or  
2 game birds, fish, cats, dogs or pets or animals intended for use  
3 in sporting or recreational activities;  
4 (iii) fur farming;  
5 (iv) stockyard and slaughterhouse operations; or  
6 (v) manufacturing or processing operations of any kind:  
7 Provided, however, That at least seventy-five percent of all of  
8 the stock of the corporation must be owned by members of the  
9 same family.

10 "Members of the same family" means an individual, such  
11 individual's brothers and sisters, the brothers and sisters of  
12 such individual's parents and grandparents, the ancestors and  
13 lineal descendants of any of the foregoing and a spouse of any  
14 of the foregoing. Individuals related by the half blood or by  
15 legal adoption shall be treated as if they were related by the  
16 whole blood.

17 (b) As used in this chapter, the terms "business entity,"  
18 "earned income," "employer," "net profits," "private agency" <--  
19 AGENCY," "PUBLIC AGENCY" and "tax bureau" shall have the same <--  
20 meanings as those terms are given in section 501.

21 Section 4. Section 2 of the act, amended June 21, 2007  
22 (P.L.13, No.7), is renumbered and amended to read:

23 Section [2] 301.1. Delegation of Taxing Powers and  
24 Restrictions Thereon.--(a) The duly constituted authorities of  
25 the following political subdivisions, cities of the second  
26 class, cities of the second class A, cities of the third class,  
27 boroughs, towns, townships of the first class, townships of the  
28 second class, school districts of the second class, school  
29 districts of the third class, and school districts of the fourth  
30 class, in all cases including independent school districts may,  
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1 in their discretion, by ordinance or resolution, for general  
2 revenue purposes, levy, assess and collect or provide for the  
3 levying, assessment and collection of such taxes as they shall  
4 determine on persons, transactions, occupations, privileges,  
5 subjects and personal property within the limits of such  
6 political subdivisions, and upon the transfer of real property,  
7 or of any interest in real property, situate within the  
8 political subdivision levying and assessing the tax, regardless  
9 of where the instruments making the transfers are made, executed  
10 or delivered or where the actual settlements on such transfer  
11 take place. The taxing authority may provide that the transferee  
12 shall remain liable for any unpaid realty transfer taxes imposed  
13 by virtue of this [act] chapter.

14 (b) Each local taxing authority may, by ordinance or  
15 resolution, exempt any person whose total income from all  
16 sources is less than twelve thousand dollars (\$12,000) per annum  
17 from the per capita or similar head tax, occupation tax or  
18 earned income tax, or any portion thereof, and may adopt  
19 regulations for the processing of claims for exemptions.

20 (c) (1) Each political subdivision levying the local  
21 services tax shall exempt the following persons from the local  
22 services tax:

23 (i) Any person who has served in any war or armed conflict  
24 in which the United States was engaged and is honorably  
25 discharged or released under honorable circumstances from active  
26 service if, as a result of military service, the person is  
27 blind, paraplegic or a double or quadruple amputee or has a  
28 service-connected disability declared by the United States  
29 Veterans' Administration or its successor to be a total one  
30 hundred percent permanent disability.

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1 (ii) Any person who serves as a member of a reserve  
2 component of the armed forces and is called to active duty at  
3 any time during the taxable year.

4 (2) For purposes of this subsection, "reserve component of  
5 the armed forces" shall mean the United States Army Reserve,  
6 United States Navy Reserve, United States Marine Corps Reserve,  
7 United States Coast Guard Reserve, United States Air Force  
8 Reserve, the Pennsylvania Army National Guard or the  
9 Pennsylvania Air National Guard.

10 (d) Each political subdivision levying the local services  
11 tax at a rate exceeding ten dollars (\$10) shall, and each  
12 political subdivision levying the local services tax at a rate  
13 of ten dollars (\$10) or less may, by ordinance or resolution,  
14 exempt any person from the local services tax whose total earned  
15 income and net profits from all sources within the political  
16 subdivision is less than twelve thousand dollars (\$12,000) for  
17 the calendar year in which the local services tax is levied.

18 (e) (1) A person seeking to claim an exemption from the  
19 local services tax may annually file an exemption certificate  
20 with the political subdivision levying the tax and with the  
21 person's employer affirming that the person reasonably expects  
22 to receive earned income and net profits from all sources within  
23 the political subdivision of less than twelve thousand dollars  
24 (\$12,000) in the calendar year for which the exemption  
25 certificate is filed. In the event the political subdivision  
26 utilizes a tax collection officer pursuant to section 10 of this  
27 act, the political subdivision shall provide a copy of the  
28 exemption certificate to that officer. The exemption certificate  
29 shall have attached to it a copy of all the employee's last pay  
30 stubs or W-2 forms from employment within the political

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1 subdivision for the year prior to the fiscal year for which the  
2 employe is requesting to be exempted from the local services  
3 tax. Upon receipt of the exemption certificate and until  
4 otherwise instructed by the political subdivision levying the  
5 tax or except as required by clause (2), the employer shall not  
6 withhold the tax from the person during the calendar year or the  
7 remainder of the calendar year for which the exemption  
8 certificate applies. Employers shall ensure that the exemption  
9 certificate forms are readily available to employes at all times  
10 and shall furnish each new employe with a form at the time of  
11 hiring. The Department of Community and Economic Development  
12 shall develop and make available to political subdivisions and  
13 employers uniform exemption certificates required by this  
14 clause.

15 (2) With respect to a person who claimed an exemption for a  
16 given calendar year from the local services tax, upon  
17 notification to an employer by the person or by the political  
18 subdivision that the person has received earned income and net  
19 profits from all sources within that political subdivision equal  
20 to or in excess of twelve thousand dollars (\$12,000) in that  
21 calendar year or that the person is otherwise ineligible for the  
22 tax exemption for that calendar year, or upon an employer's  
23 payment to the person of earned income within that political  
24 subdivision in an amount equal to or in excess of twelve  
25 thousand dollars (\$12,000) in that calendar year, an employer  
26 shall withhold the local services tax from the person under  
27 clause (3).

28 (3) If a person who claimed an exemption for a given  
29 calendar year from the local services tax becomes subject to the  
30 tax for the calendar year under clause (2), the employer shall

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1 withhold the tax for the remainder of that calendar year. The  
2 employer shall withhold from the person, for the first payroll  
3 period after receipt of the notification under clause (2), a  
4 lump sum equal to the amount of tax that was not withheld from  
5 the person due to the exemption claimed by the person under this  
6 subsection, plus the per payroll amount due for that first  
7 payroll period. The amount of tax withheld per payroll period  
8 for the remaining payroll periods in that calendar year shall be  
9 the same amount withheld for other employes. In the event the  
10 employment of a person subject to withholding of the tax under  
11 this clause is subsequently severed in that calendar year, the  
12 person shall be liable for any outstanding balance of tax due,  
13 and the political subdivision levying the tax may pursue  
14 collection under this act.

15 (4) Except as provided in clause (2), it is the intent of  
16 this subsection that employers shall not be responsible for  
17 investigating exemption certificates, monitoring tax exemption  
18 eligibility or exempting any employe from a local services tax.

19 (f) Such local authorities shall not have authority by  
20 virtue of this act:

21 (1) To levy, assess and collect or provide for the levying,  
22 assessment and collection of any tax on the transfer of real  
23 property when the transfer is by will or mortgage or the  
24 intestate laws of this Commonwealth or on a transfer by the  
25 owner of previously occupied residential premises to a builder  
26 of new residential premises when such previously occupied  
27 residential premises is taken in trade by such builder as part  
28 of the consideration from the purchaser of a new previously  
29 unoccupied single family residential premises or on a transfer  
30 between corporations operating housing projects pursuant to the

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1 housing and redevelopment assistance law and the shareholders  
2 thereof, or on a transfer between nonprofit industrial  
3 development agencies and industrial corporations purchasing from  
4 them, or on transfer to or from nonprofit industrial development  
5 agencies, or on a transfer between husband and wife, or on a  
6 transfer between persons who were previously husband and wife  
7 but who have since been divorced; provided such transfer is made  
8 within three months of the date of the granting of the final  
9 decree in divorce, or the decree of equitable distribution of  
10 marital property, whichever is later, and the property or  
11 interest therein, subject to such transfer, was acquired by the  
12 husband and wife, or husband or wife, prior to the granting of  
13 the final decree in divorce, or on a transfer between parent and  
14 child or the spouse of such a child, or between parent and  
15 trustee for the benefit of a child or the spouse of such child,  
16 or on a transfer between a grandparent and grandchild or the  
17 spouse of such grandchild, or on a transfer between brother and  
18 sister or brother and brother or sister and sister or the spouse  
19 of such brother or sister, or on a transfer to a conservancy  
20 which possesses a tax-exempt status pursuant to section  
21 501(c)(3) of the Internal Revenue Code, and which has as its  
22 primary purpose the preservation of land for historic,  
23 recreational, scenic, agricultural or open space opportunities,  
24 by and between a principal and straw party for the purpose of  
25 placing a mortgage or ground rent upon the premises, or on a  
26 correctional deed without consideration, or on a transfer to the  
27 United States, the Commonwealth of Pennsylvania, or to any of  
28 their instrumentalities, agencies or political subdivisions, by  
29 gift, dedication or deed in lieu of condemnation, or deed of  
30 confirmation in connection with condemnation proceedings, or



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1 reconveyance by the condemning body of the property condemned to  
2 the owner of record at the time of condemnation which  
3 reconveyance may include property line adjustments provided said  
4 reconveyance is made within one year from the date of  
5 condemnation, leases, or on a conveyance to a trustee under a  
6 recorded trust agreement for the express purpose of holding  
7 title in trust as security for a debt contracted at the time of  
8 the conveyance under which the trustee is not the lender and  
9 requiring the trustee to make reconveyance to the grantor-  
10 borrower upon the repayment of the debt, or a transfer within a  
11 family from a sole proprietor family member to a family farm  
12 corporation, or in any sheriff sale instituted by a mortgagee in  
13 which the purchaser of said sheriff sale is the mortgagee who  
14 instituted said sale, or on a privilege, transaction, subject,  
15 occupation or personal property which is now or does hereafter  
16 become subject to a State tax or license fee;

17 (2) To levy, assess or collect a tax on the gross receipts  
18 from utility service of any person or company whose rates and  
19 services are fixed and regulated by the Pennsylvania Public  
20 Utility Commission or on any public utility services rendered by  
21 any such person or company or on any privilege or transaction  
22 involving the rendering of any such public utility service;

23 (3) Except on sales of admission to places of amusement,  
24 other than on sales of admission to professional baseball events  
25 in a city of the third class with a population of not less than  
26 one hundred six thousand and not more than one hundred seven  
27 thousand based on the 2000 Federal decennial census, or on sales  
28 or other transfers of title or possession of property, to levy,  
29 assess or collect a tax on the privilege of employing such  
30 tangible property as is now or does hereafter become subject to

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1 a State tax; and for the purposes of this clause, real property  
2 rented for camping purposes shall not be considered a place of  
3 amusement.

4 (4) To levy, assess and collect a tax on goods and articles  
5 manufactured in such political subdivision or on the by-products  
6 of manufacture, or on minerals, timber, natural resources and  
7 farm products produced in such political subdivision or on the  
8 preparation or processing thereof for use or market, or on any  
9 privilege, act or transaction related to the business of  
10 manufacturing, the production, preparation or processing of  
11 minerals, timber and natural resources, or farm products, by  
12 manufacturers, by producers and by farmers with respect to the  
13 goods, articles and products of their own manufacture,  
14 production or growth, or on any privilege, act or transaction  
15 relating to the business of processing by-products of  
16 manufacture, or on the transportation, loading, unloading or  
17 dumping or storage of such goods, articles, products or by-  
18 products; except that local authorities may levy, assess and  
19 collect a local services tax and taxes on the occupation, per  
20 capita and earned income or net profits of natural persons  
21 engaged in the above activities whether doing business as  
22 individual proprietorship or as members of partnerships or other  
23 associations;

24 (5) To levy, assess or collect a tax on salaries, wages,  
25 commissions, compensation and earned income of nonresidents of  
26 the political subdivisions: Provided, That this limitation (5)  
27 shall apply only to school districts of the second, third and  
28 fourth classes;

29 (6) To levy, assess or collect a tax on personal property  
30 subject to taxation by counties or on personal property owned by

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1 persons, associations and corporations specifically exempted by  
2 law from taxation under the county personal property tax law:  
3 Provided, That this limitation (6) shall not apply to cities of  
4 the second class;

5 (7) To levy, assess or collect a tax on membership in or  
6 membership dues, fees or assessment of charitable, religious,  
7 beneficial or nonprofit organizations including but not limited  
8 to sportsmens, recreational, golf and tennis clubs, girl and boy  
9 scout troops and councils;

10 (8) To levy, assess or collect any tax on a mobilehome or  
11 house trailer subject to a real property tax unless the same tax  
12 is levied, assessed and collected on other real property in the  
13 political subdivision.

14 (9) To levy, assess or collect any tax on individuals for  
15 the privilege of engaging in an occupation except that such a  
16 tax, to be known as the local services tax, may be levied,  
17 assessed and collected only by the political subdivision of the  
18 taxpayer's place of employment. The following apply:

19 (i) If a local services tax is levied at a combined rate  
20 exceeding ten dollars (\$10) in a calendar year, a person subject  
21 to the local services tax shall be assessed a pro rata share of  
22 the tax for each payroll period in which the person is engaging  
23 in an occupation. The pro rata share of the tax assessed on the  
24 person for a payroll period shall be determined by dividing the  
25 combined rate of the local services tax levied for the calendar  
26 year by the number of payroll periods established by the  
27 employer for the calendar year. For purposes of determining the  
28 pro rata share, an employer shall round down the amount of the  
29 tax collected each payroll period to the nearest one-hundredth  
30 of a dollar. Collection of the local services tax levied under  
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1 this subclause shall be made on a payroll period basis for each  
2 payroll period in which the person is engaging in an occupation,  
3 except as provided in subclause (v).

4 (ii) If a school district levied an emergency and municipal  
5 services tax on the effective date of this subclause, the school  
6 district may continue to levy the local services tax in the same  
7 amount the school district collected on the effective date of  
8 this subclause. However, if a municipality located in whole or  
9 in part within the school district subsequently levies the local  
10 services tax, the school district may only collect five dollars  
11 (\$5) on persons employed within the municipality each calendar  
12 year. A school district that did not levy an emergency and  
13 municipal services tax on the effective date of this subclause  
14 shall be prohibited from levying the local services tax. If a  
15 school district and a municipality located in whole or in part  
16 within the school district both levy a local services tax at a  
17 combined rate exceeding ten dollars (\$10), the school district's  
18 pro rata share of the aggregate local services taxes levied on  
19 persons employed within the municipality shall be collected by  
20 the municipality or its tax officer based on payroll periods as  
21 provided under subclause (i) and shall be paid to the school  
22 district on a quarterly basis within sixty days of receipt by  
23 the municipality or its tax officer.

24 (iii) Except as provided in subclause (ii), no person shall  
25 be subject to the payment of the local services tax by more than  
26 one political subdivision during each payroll period as  
27 established by subclause (iv).

28 (iv) With respect to a person subject to the local services  
29 tax at a combined rate exceeding ten dollars (\$10), the situs of  
30 the tax shall be the place of employment on the first day the

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1 person becomes subject to the tax during each payroll period.  
2 With respect to a person subject to the local services tax at a  
3 combined rate of not more than ten dollars (\$10), the situs of  
4 the tax shall be the place of employment determined as of the  
5 day the person first becomes subject to the tax during the  
6 calendar year. In the event a person is engaged in more than one  
7 occupation, that is, concurrent employment, or an occupation  
8 which requires the person working in more than one political  
9 subdivision during a payroll period, the priority of claim to  
10 collect the local services tax shall be in the following order:  
11 first, the political subdivision in which a person maintains the  
12 person's principal office or is principally employed; second,  
13 the political subdivision in which the person resides and works,  
14 if the tax is levied by that political subdivision; and third,  
15 the political subdivision in which a person is employed and  
16 which imposes the tax nearest in miles to the person's home.

17 (v) In the case of concurrent employment, an employer shall  
18 refrain from withholding the local services tax if the employe  
19 provides a recent pay statement from a principal employer that  
20 includes the name of the employer, the length of the payroll  
21 period and the amount of the local services tax withheld and a  
22 statement from the employe that the pay statement is from the  
23 employe's principal employer and the employe will notify other  
24 employers of a change in principal place of employment within  
25 two weeks of its occurrence. The Department of Community and  
26 Economic Development shall develop a uniform employe statement  
27 form.

28 (vi) The local services tax shall be no more than fifty-two  
29 dollars (\$52) on each person for each calendar year,  
30 irrespective of the number of political subdivisions within

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1 which a person may be employed. A political subdivision shall  
2 provide a taxpayer a receipt of payment upon request by the  
3 taxpayer.

4 (vii) Political subdivisions shall adopt regulations for the  
5 processing of refund claims for overpaid local services taxes  
6 for any calendar year. The regulations shall be consistent with  
7 53 Pa.C.S. §§ 8425 (relating to refunds of overpayments) and  
8 8426 (relating to interest on overpayment). Refunds made within  
9 seventy-five days of a refund request or seventy-five days after  
10 the last day the employer is required to remit the local  
11 services tax for the last quarter of the calendar year under  
12 section 9 of this act, whichever is later, shall not be subject  
13 to interest imposed under 53 Pa.C.S. § 8426. Political  
14 subdivisions shall only provide refunds for amounts overpaid in  
15 a calendar year that exceed one dollar (\$1).

16 (viii) The Department of Community and Economic Development  
17 shall provide suggested forms and technical assistance to  
18 facilitate the administration of the local services tax for  
19 political subdivisions and reduce the burden of implementation,  
20 accounting and compliance for employers and taxpayers.

21 (ix) For purposes of this clause, "combined rate" shall mean  
22 the aggregate annual rate of the local services tax levied by a  
23 school district and a municipality located in whole or in part  
24 within the school district.

25 (10) To levy, assess or collect a tax on admissions to  
26 motion picture theatres: Provided, That this limitation (10)  
27 shall not apply to cities of the second class.

28 (11) To levy, assess or collect a tax on the construction of  
29 or improvement to residential dwellings or upon the application  
30 for or issuance of permits for the construction of or

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1 improvements to residential dwellings.  
2 (12) To levy, assess and collect a mercantile or business  
3 privilege tax on gross receipts or part thereof which are: (i)  
4 discounts allowed to purchasers as cash discounts for prompt  
5 payment of their bills; (ii) charges advanced by a seller for  
6 freight, delivery or other transportation for the purchaser in  
7 accordance with the terms of a contract of sale; (iii) received  
8 upon the sale of an article of personal property which was  
9 acquired by the seller as a trade-in to the extent that the  
10 gross receipts in the sale of the article taken in trade does  
11 not exceed the amount of trade-in allowance made in acquiring  
12 such article; (iv) refunds, credits or allowances given to a  
13 purchaser on account of defects in goods sold or merchandise  
14 returned; (v) Pennsylvania sales tax; (vi) based on the value of  
15 exchanges or transfers between one seller and another seller who  
16 transfers property with the understanding that property of an  
17 identical description will be returned at a subsequent date;  
18 however, when sellers engaged in similar lines of business  
19 exchange property and one of them makes payment to the other in  
20 addition to the property exchanged, the additional payment  
21 received may be included in the gross receipts of the seller  
22 receiving such additional cash payments; (vii) of sellers from  
23 sales to other sellers in the same line where the seller  
24 transfers the title or possession at the same price for which  
25 the seller acquired the merchandise; or (viii) transfers between  
26 one department, branch or division of a corporation or other  
27 business entity of goods, wares and merchandise to another  
28 department, branch or division of the same corporation or  
29 business entity and which are recorded on the books to reflect  
30 such interdepartmental transactions.

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1 (13) To levy, assess or collect an amusement or admissions  
2 tax on membership, membership dues, fees or assessments,  
3 donations, contributions or monetary charges of any character  
4 whatsoever paid by the general public, or a limited or selected  
5 number thereof, for such persons to enter into any place,  
6 indoors or outdoors, to engage in any activities, the  
7 predominant purpose or nature of which is exercise, fitness,  
8 health maintenance, improvement or rehabilitation, health or  
9 nutrition education, or weight control.

10 (14) Except by cities of the second class, to levy, assess  
11 or collect a tax on payroll amounts generated as a result of  
12 business activity.

13 (15) Except by cities of the second class in which a sports  
14 stadium or arena that has received public funds in connection  
15 with its construction or maintenance is located, to levy, assess  
16 and collect a publicly funded facility usage fee upon those  
17 nonresident individuals who use such facility to engage in an  
18 athletic event or otherwise render a performance for which they  
19 receive remuneration.

20 (16) To levy, assess or collect an amusement or admissions  
21 tax on the charge imposed upon a patron for the sale of  
22 admission to or for the privilege of admission to a bowling  
23 alley or bowling lane to engage in one or more games of bowling.

24 [(g) For the purposes of this section, the terms "earned  
25 income" and "net profits" shall have the same meanings as those  
26 terms are given in Division I of section 13.]

27 Section 5. Section 2.1 of the act, added October 11, 1984  
28 (P.L.885, No.172), is renumbered and amended to read:

29 Section [2.1] 302. Recapture of Tax.--(a) Notwithstanding  
30 the provisions of section [2(1) of this act] 301.1(f)(1), if any  
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1 stock of a family farm corporation is transferred to a person  
2 who is not a family member within ten years from the date of the  
3 conveyance from a sole proprietor family member to a family farm  
4 corporation, the tax imposed by this article shall become  
5 immediately due and payable.

6 [(b) As used in this act:

7 "Family farm corporation" means a Pennsylvania corporation at  
8 least seventy-five percent of the assets of which are devoted to  
9 the business of agriculture, which business, for the purposes of  
10 this definition, shall not be deemed to include (i) recreational  
11 activities such as, but not limited to, hunting, fishing,  
12 camping, skiing, show competition or racing; (ii) the raising,  
13 breeding or training of game animals or game birds, fish, cats,  
14 dogs or pets or animals intended for use in sporting or  
15 recreational activities; (iii) fur farming; (iv) stockyard and  
16 slaughterhouse operations; or (v) manufacturing or processing  
17 operations of any kind: Provided, however, That at least  
18 seventy-five percent of all of the stock of the corporation must  
19 be owned by members of the same family.

20 "Members of the same family" means an individual, such  
21 individual's brothers and sisters, the brothers and sisters of  
22 such individual's parents and grandparents, the ancestors and  
23 lineal descendents of any of the foregoing and a spouse of any  
24 of the foregoing. Individuals related by the half blood or by  
25 legal adoption shall be treated as if they were related by the  
26 whole blood.]

27 Section 6. Sections 2.2 and 2.3 of the act, added December  
28 1, 2004 (P.L.1729, No.222), are renumbered and amended to read:

29 Section [2.2] 303. Payroll Tax.--(a) A city of the second  
30 class may levy, assess or collect a tax that does not exceed

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1 fifty-five hundredths percent on payroll amounts generated as a  
2 result of an employer conducting business activity within a city  
3 of the second class. For purposes of a payroll tax levied,  
4 assessed or collected by a city of the second class, the  
5 business activity shall be directly attributable to activity  
6 within a city of the second class. For purposes of computation  
7 of the payroll tax imposed pursuant to this section, the payroll  
8 amount attributable to the city shall be determined by applying  
9 an apportionment factor to total payroll expense based on that  
10 portion of payroll expense which the total number of days an  
11 employe, partner, member, shareholder or other individual works  
12 within the city bears to the total number of days such employe  
13 or person works within and outside of the city.

14 (a.1) A charitable organization that qualifies for tax  
15 exemption pursuant to the act of November 26, 1997 (P.L.508,  
16 No.55), known as the "Institutions of Purely Public Charity  
17 Act," shall calculate the tax that would otherwise be  
18 attributable to the city, but shall only pay the tax on that  
19 portion of its payroll expense attributable to business activity  
20 for which a tax may be imposed pursuant to section 511 of the  
21 Internal Revenue Code of 1986 (Public Law [95-223] 99-514, 26  
22 U.S.C. § 1 et seq.). If the charity has purchased or is  
23 operating branches, affiliates, subsidiaries or other business  
24 entities that do not independently meet the standards of the  
25 "Institutions of Purely Public Charity Act," the tax shall be  
26 paid on the payroll attributable to such for-profit branches,  
27 affiliates or subsidiaries, whether or not the employes are  
28 leased or placed under the auspices of the charity's umbrella or  
29 parent organization. Nothing in this subsection shall restrict  
30 the ability of a charitable organization to contract with the

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1 city to provide services to the city in lieu of some or all  
2 taxes due under this section.

3 (b) For purposes of the payroll tax assessed pursuant to  
4 this section, an employer is conducting business within a city  
5 of the second class if the employer engages, hires, employs or  
6 contracts with one or more individuals as employees and, in  
7 addition, the employer does at least one of the following:  
8 (1) maintains a fixed place of business within the city;  
9 (2) owns or leases real property within the city for  
10 purposes of such business;  
11 (3) maintains a stock of tangible personal property in the  
12 city for sale in the ordinary course of such business;  
13 (4) conducts continuous solicitation within the city related  
14 to such business; or  
15 (5) utilizes the streets of the city in connection with the  
16 operation of such business other than transportation through the  
17 city.

18 (c) All employers in a city of the second class shall file  
19 quarterly returns and make quarterly payments as provided for by  
20 ordinance enacted by a city of the second class. Every employer  
21 making a return shall certify the correctness thereof. A city of  
22 the second class may audit, examine or inspect the books,  
23 records or accounts of all employers subject to the tax imposed  
24 pursuant to this section.

25 (d) A city of the second class may enact ordinances and  
26 regulations necessary to implement this section. The ordinance  
27 levying the tax authorized by this section shall permanently  
28 replace the city's existing mercantile tax and shall reduce the  
29 business privilege tax rate as follows:  
30 (1) In tax years 2005 and 2006, the business privilege tax

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1 shall be two mills.

2 (2) In tax years 2007, 2008 and 2009, the business privilege  
3 tax shall be one mill unless the revenues collected from the  
4 payroll expense tax exceed fifty million five hundred thousand  
5 dollars (\$50,500,000) in any fiscal year, at which time the  
6 business privilege tax shall be replaced for the subsequent  
7 fiscal year. After the phaseout of the business privilege tax,  
8 all amounts of moneys in excess of fifty million five hundred  
9 thousand dollars (\$50,500,000) shall be used by the city of the  
10 second class to further accelerate the reduction of the tax  
11 imposed by the city of the second class on parking as provided  
12 in section [5.1] 308.

13 (3) In tax year 2010 and thereafter, the business privilege  
14 tax may not be imposed.

15 (e) All taxes, additions and penalties collected pursuant to  
16 this section shall be used by a city of the second class  
17 exclusively for the general revenue purposes of the city.

18 (f) An employer shall not offset the amount of tax paid  
19 pursuant to this section by reducing compensation or benefits  
20 paid to employes.

21 (g) A city of the second class may bring suit for the  
22 recovery of taxes due and unpaid under this section. Any suit  
23 brought to recover the tax imposed by this section shall be  
24 commenced within three years after such tax is due or within  
25 three years after the declaration or return has been filed,  
26 whichever is later: Provided, however, That this limitation  
27 shall not prevent the institution of a suit for the collection  
28 of any tax due or determined to be due in the following cases:

29 (1) Where no declaration or return was filed by any person  
30 although a declaration or return was required to be filed by him

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1 under provisions of this section, there shall be no limitation.

2 (2) Where an examination of the declaration or return filed  
3 by any person or of other evidence relating to such declaration  
4 or return in the possession of the city of the second class  
5 reveals a fraudulent evasion of taxes, there shall be no  
6 limitation.

7 (3) In the case of substantial understatement of tax  
8 liability of twenty-five percent or more and no fraud, suit  
9 shall be begun within six years.

10 (4) This section shall not be construed to limit the  
11 governing body from recovering delinquent taxes by any other  
12 means provided by law.

13 (h) If for any reason the payroll tax is not paid when due,  
14 interest at the rate of six percent per annum on the amount of  
15 said tax and an additional penalty of one percent of the amount  
16 of the unpaid tax for each month or fraction thereof during  
17 which the tax remains unpaid shall be added and collected. Where  
18 suit is brought for the recovery of any such tax, the employer  
19 shall, in addition, be liable for the costs of collection and  
20 the interest and penalties herein imposed. A city of the second  
21 class may, by ordinance or resolution, establish a one-time  
22 period during which interest or interest and penalties that  
23 would otherwise be imposed for the nonreporting or  
24 underreporting of payroll tax liabilities or for the nonpayment  
25 of payroll taxes previously imposed and due shall be waived in  
26 total or in part if the taxpayer voluntarily files delinquent  
27 returns and pays the taxes in full during the period so  
28 established.

29 (i) In addition to any other additions, penalties or  
30 enforcement proceedings provided for by ordinance of a city of

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1 the second class or a law of this Commonwealth for the  
2 collection and enforcement of taxes or the submission of  
3 information to a government entity:

4 (1) Any employer who wilfully makes any false or untrue  
5 statement on the employer's return commits a misdemeanor of the  
6 second degree and shall, upon conviction, be sentenced to pay a  
7 fine of not more than two thousand dollars (\$2,000) or to  
8 imprisonment for not more than two years, or both.

9 (2) Any employer who wilfully fails or refuses to file a  
10 return required by this section commits a misdemeanor of the  
11 third degree and shall, upon conviction, be sentenced to pay a  
12 fine of not more than one thousand dollars (\$1,000) or to  
13 imprisonment for not more than one year, or both.

14 (3) Any person who wilfully fails or refuses to appear  
15 before the collector in person with the employer's books,  
16 records or accounts for examination when required under the  
17 provisions of this section or of an ordinance to do so, or who  
18 wilfully refuses to permit inspection of the books, records or  
19 accounts of any employer in the person's custody or control when  
20 the right to make such inspection by the collector is requested,  
21 commits a misdemeanor and shall, upon conviction, be sentenced  
22 to pay a fine of not more than five hundred dollars (\$500) or to  
23 imprisonment for not more than six months, or both.

24 (j) As used in this section:

25 "Employer" means all persons conducting business activity  
26 within a city of the second class except for a governmental  
27 entity.

28 "Payroll amounts" means all amounts paid by an employer as  
29 salaries, wages, commissions, bonuses, net earnings and  
30 incentive payments, whether based on profits or otherwise, fees

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1 and similar remuneration for services rendered, whether directly  
2 or through an agent and whether in cash, in property or the  
3 right to receive property.

4 Section [2.3] 304. Nonresident Sports Facility Usage Fee.--A  
5 city of the second class in which is located a sports stadium or  
6 arena that has received public funds in connection with its  
7 construction or maintenance may enact a publicly funded facility  
8 usage fee upon those nonresident individuals who use such  
9 facility to engage in an athletic event or otherwise render a  
10 performance for which they receive remuneration. The fee may be  
11 a flat dollar amount or a percentage of the individual's income  
12 attributable to such individual's usage of the facility. If the  
13 fee is a percentage, it may not exceed three percent of the  
14 earned income of the individual attributable to the usage of the  
15 facility. If any fee is imposed, those individuals liable for  
16 the fee shall be exempt from any earned income tax imposed by  
17 the city of the second class pursuant to this [act] chapter and  
18 any such tax imposed under section 652.1 of the act of March 10,  
19 1949 (P.L.30, No.14), known as the "Public School Code of 1949."  
20 Should a court of competent jurisdiction determine this  
21 provision to be invalid for any reason, persons subject to the  
22 publicly funded facility usage fee shall not be exempt from any  
23 previously applicable earned income tax.

24 Section 7. Section 3 of the act is renumbered and amended to  
25 read:

26 Section [3] 305. Vacation of Tax Ordinances and Resolutions  
27 by State Tax Measures.--If, subsequent to the passage of any  
28 ordinance or resolution under the authority of this [act]  
29 chapter, the General Assembly shall impose a tax or license fee  
30 on any privilege, transactions, subject or occupation, or on

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1 personal property or on sales of admission to places of  
2 amusement or on sales or other transfer of title or possession  
3 of property taxed by any such political subdivision hereunder,  
4 the act of Assembly imposing the State tax or license fee  
5 thereon shall automatically vacate the ordinance or resolution  
6 passed under the authority of this [act] chapter as to all taxes  
7 accruing subsequent to the end of the current fiscal year of  
8 such political subdivision. It is the intention of this section  
9 to confer upon such political subdivision the power to levy,  
10 assess and collect taxes upon any and all subjects of taxation,  
11 except as above restricted and limited, which the Commonwealth  
12 has power to tax but which it does not tax or license, subject  
13 only to the foregoing provision that any tax or license shall  
14 automatically terminate at the end of the current fiscal year of  
15 the political subdivision.

16 Section 8. Sections 4 and 5 of the act, amended October 9,  
17 1967 (P.L.361, No.160), are renumbered and amended to read:

18 Section [4] 306. Advertisement of Intention to Adopt Tax  
19 Ordinance or Resolution.--Prior to the passage of any ordinance  
20 or the adoption of any resolution imposing a tax or license fee  
21 under the authority hereunder granted, such political  
22 subdivision shall give notice of the intention to pass such  
23 ordinance or adopt such resolution. Such notice shall be given  
24 in addition to all other notices required by law to be given and  
25 shall set forth the substantial nature of the tax or license fee  
26 to be imposed by the proposed ordinance or resolution, the  
27 reason which, in the judgment of the officials of the  
28 subdivision, necessitates the imposition of the tax, and the  
29 amount of revenue estimated to be derived from the tax.

30 Publication of such notice shall be made by advertisement once a  
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1 week for three weeks in a newspaper of general circulation  
2 within such political subdivision if there is such newspaper  
3 and, if there is not, then such publication shall be made in a  
4 newspaper of general circulation within the county in which the  
5 advertising political subdivision is located.

6 Every such tax shall continue in force on a calendar or  
7 fiscal year basis, as the case may be, without annual  
8 reenactment unless the rate of the tax is subsequently changed.

9 Section [5] 307. Rate, Amount, Court Approval; Revision of  
10 Budget.--Any tax imposed under this [act] chapter shall not be  
11 subject to any limitations under existing laws as to rate or  
12 amount or as to the necessity of securing court approval or as  
13 to budgetary requirements. Any city, borough or township  
14 imposing a tax under this [act] chapter may revise its budget  
15 during any fiscal year by increasing or making additional  
16 appropriations from funds to be provided from such tax.

17 The ordinance or resolution may be passed or adopted prior to  
18 the beginning of the fiscal year and prior to the preparation of  
19 the budget when desirable.

20 Every ordinance or resolution which imposed a tax under the  
21 authority of this [act] chapter shall be passed or adopted, if  
22 for a school district, during the period other school taxes are  
23 required by law to be levied and assessed by such district. Each  
24 ordinance and resolution shall state that it is enacted under  
25 the authority of this [act] chapter, known as "The Local Tax  
26 Enabling Act".

27 Section 9. Section 5.1 of the act, added December 1, 2004  
28 (P.L.1729, No.222), is renumbered to read:

29 Section [5.1] 308. Second Class City Parking Tax Rates.--The  
30 rate of the tax imposed on parking transactions shall not differ

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1 from the rate contained in City of Pittsburgh Ordinance Number  
2 43-2003 as of January 1, 2004, except as follows:  
3 (1) In tax year 2007, the rate of tax shall not exceed 45%.  
4 (2) In tax year 2008, the rate of tax shall not exceed 40%.  
5 (3) In tax year 2009, the rate of tax shall not exceed  
6 37.5%.  
7 (4) In tax year 2010, the rate of tax shall not exceed 35%  
8 as existed prior to the adoption of the ordinance.  
9 Section 10. Section 6 of the act, repealed in part June 3,  
10 1971 (P.L.118, No.6), is renumbered and amended to read:  
11 Section [6] 309. Appeals by Taxpayers.--No tax levied for  
12 the first time by any political subdivision to which this [act]  
13 chapter applies shall go into effect until thirty days from the  
14 time of the adoption of the ordinance or resolution levying the  
15 tax. Within said thirty days, taxpayers representing twenty-five  
16 percent or more of the total valuation of real estate in the  
17 political subdivision as assessed for taxation purposes, or  
18 taxpayers of the political subdivision not less than twenty-five  
19 in number aggrieved by the ordinance or resolution shall have  
20 the right to appeal therefrom to the court of quarter sessions  
21 of the county upon giving bond with sufficient security in the  
22 amount of five hundred dollars (\$500), approved by the court, to  
23 prosecute the appeal with effect and for the payment of costs.  
24 The petition shall set forth the objections to the tax and the  
25 facts in support of such objections, and shall be accompanied by  
26 the affidavit of at least five of the petitioners that the  
27 averments of the petition are true and the petition is not filed  
28 for the purpose of delay.  
29 No such appeal shall act as a supersedeas unless specifically  
30 allowed by the court to which the appeal is taken or a judge  
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1 thereof.

2 Immediately upon the filing of any such petition, the  
3 petitioners shall serve a copy of the petition and any rule  
4 granted by the court upon the president, chairman, secretary or  
5 clerk of the legislative body levying the tax.

6 The court shall fix a day for a hearing not less than fifteen  
7 days nor more than thirty days after the filing of the petition.  
8 Notice of the time of such hearing shall be given to all  
9 interested parties as the court shall direct. The court shall  
10 promptly hear and dispose of the appeal.

11 It shall be the duty of the court to declare the ordinance  
12 and the tax imposed thereby to be valid unless it concludes that  
13 the ordinance is unlawful or finds that the tax imposed is  
14 excessive or unreasonable; but the court shall not interfere  
15 with the reasonable discretion of the legislative body in  
16 selecting the subjects or fixing the rates of the tax. The court  
17 may declare invalid all or any portion of the ordinance or of  
18 the tax imposed or may reduce the rates of tax.

19 Section 11. Sections 7, 8 and 9 of the act, amended June 21,  
20 2007 (P.L.13, No.7), are renumbered and amended to read:

21 Section [7] 310. Filing of Certified Copies of Ordinances  
22 and Resolutions.--When an ordinance or a resolution is first  
23 passed or adopted by a political subdivision imposing a tax or  
24 license fee under the authority of this [act] chapter, an exact  
25 printed or typewritten copy thereof, certified to by the  
26 secretary of the taxing body, shall be filed with the Department  
27 of Community and Economic Development within fifteen days after  
28 the same becomes effective.

29 Any secretary or person acting as the clerk or secretary of  
30 the taxing body of any political subdivision during the meeting

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1 at which an ordinance or resolution imposing a tax or license  
2 fee is passed or adopted as herein provided who shall fail to  
3 file the certified copy or statement relative thereto with the  
4 Department of Community and Economic Development as herein  
5 required, shall, upon summary conviction thereof in the county  
6 in which the political subdivision is located, be sentenced to  
7 pay a fine of not less than five dollars (\$5) nor more than  
8 twenty-five dollars (\$25), and the costs of prosecution.

9 Section [8] 311. Limitations on Rates of Specific Taxes.--No  
10 taxes levied under the provisions of this [act] chapter shall be  
11 levied by any political subdivision on the following subjects  
12 exceeding the rates specified in this section:

13 (1) Per capita, poll or other similar head taxes, ten  
14 dollars (\$10).

15 (2) On each dollar of the whole volume of business  
16 transacted by wholesale dealers in goods, wares and merchandise,  
17 one mill, by retail dealers in goods, wares and merchandise and  
18 by proprietors of restaurants or other places where food, drink  
19 and refreshments are served, one and one-half mills; except in  
20 cities of the second class, where rates shall not exceed one  
21 mill on wholesale dealers and two mills on retail dealers and  
22 proprietors. No such tax shall be levied on the dollar volume of  
23 business transacted by wholesale and retail dealers derived from  
24 the resale of goods, wares and merchandise, taken by any dealer  
25 as a trade-in or as part payment for other goods, wares and  
26 merchandise, except to the extent that the resale price exceeds  
27 the trade-in allowance.

28 (3) On wages, salaries, commissions and other earned income  
29 of individuals, one percent.

30 (4) On retail sales involving the transfer of title or  
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1 possession of tangible personal property, two percent.  
2 (5) On the transfer of real property, one percent.  
3 (6) On admissions to places of amusement, athletic events  
4 and the like, and on motion picture theatres in cities of the  
5 second class, ten percent.  
6 (7) Flat rate occupation taxes not using a millage or  
7 percentage as a basis, ten dollars (\$10).  
8 (8) Local services taxes, fifty-two dollars (\$52).  
9 (9) On admissions to ski facilities, ten percent. The tax  
10 base upon which the tax shall be levied shall not exceed forty  
11 percent of the cost of the lift ticket. The lift ticket shall  
12 include all costs of admissions to the ski facility.  
13 (10) On admissions to golf courses, ten percent. The tax  
14 base upon which the tax shall be levied shall not exceed forty  
15 percent of the greens fee. The greens fee shall include all  
16 costs of admissions to the golf course.  
17 (12) On payrolls, fifty-five hundredths percent.  
18 Except as otherwise provided in this [act] chapter, at any  
19 time two political subdivisions shall impose any one of the  
20 above taxes on the same person, subject, business, transaction  
21 or privilege, located within both such political subdivisions,  
22 during the same year or part of the same year, under the  
23 authority of this [act] chapter then the tax levied by a  
24 political subdivision under the authority of this [act] chapter  
25 shall, during the time such duplication of the tax exists,  
26 except as hereinafter otherwise provided, be one-half of the  
27 rate, as above limited, and such one-half rate shall become  
28 effective by virtue of the requirements of this [act] chapter  
29 from the day such duplication becomes effective without any  
30 action on the part of the political subdivision imposing the tax

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1 under the authority of this [act] chapter. When any one of the  
2 above taxes has been levied under the provisions of this [act]  
3 chapter by one political subdivision and a subsequent levy is  
4 made either for the first time or is revived after a lapse of  
5 time by another political subdivision on the same person,  
6 subject, business, transaction or privilege at a rate that would  
7 make the combined levies exceed the limit allowed by this  
8 subdivision, the tax of the second political subdivision shall  
9 not become effective until the end of the fiscal year for which  
10 the prior tax was levied, unless:

11 (1) Notice indicating its intention to make such levy is  
12 given to the first taxing body by the second taxing body as  
13 follows: (i) when the notice is given to a school district it  
14 shall be given at least forty-five days prior to the last day  
15 fixed by law for the levy of its school taxes; (ii) when given  
16 to any other political subdivision it shall be prior to the  
17 first day of January immediately preceding, or if a last day for  
18 the adoption of the budget is fixed by law, at least forty-five  
19 days prior to such last day; or

20 (2) Unless the first taxing body shall indicate by  
21 appropriate resolution its desire to waive notice requirements  
22 in which case the levy of the second taxing body shall become  
23 effective on such date as may be agreed upon by the two taxing  
24 bodies.

25 It is the intent and purpose of this provision to limit rates  
26 of taxes referred to in this section so that the entire burden  
27 of one tax on a person, subject, business, transaction or  
28 privilege shall not exceed the limitations prescribed in this  
29 section: Provided, however, That any two political subdivisions  
30 which impose any one of the above taxes, on the same person,

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1 subject, business, transaction or privilege during the same year  
2 or part of the same year may agree among themselves that,  
3 instead of limiting their respective rates to one-half of the  
4 maximum rate herein provided, they will impose respectively  
5 different rates, the total of which shall not exceed the maximum  
6 rate as above permitted.

7 Notwithstanding the provisions of this section, any city of  
8 the second class A may enact a tax upon wages, salaries,  
9 commissions and other earned income of individuals resident  
10 therein, not exceeding one percent, even though a school  
11 district levies a similar tax on the same person provided that  
12 the aggregate of both taxes does not exceed two percent.

13 Section [9] 312. Register for [Earned Income] and  
14 Withholding of Local Services Taxes.--It shall be the duty of  
15 the Department of Community and Economic Development to have  
16 available an official continuing register supplemented annually  
17 of all [earned income and] local services taxes levied under  
18 authority of this [act] chapter. The register and its  
19 supplements, hereinafter referred to as the register, shall list  
20 such jurisdictions levying [earned income and] local services  
21 taxes, the rate of the tax as stated in the tax levying  
22 ordinance or resolution, and the effective rate on resident and  
23 nonresident taxpayers, if different from the stated rate because  
24 of a coterminous levy, the name and address of the officer  
25 responsible for administering the collection of the tax and from  
26 whom information, forms for reporting and copies of rules and  
27 regulations are available. With each jurisdiction listed, all  
28 jurisdictions making coterminous levies shall also be noted and  
29 their tax rates shown.

30 Information for the register shall be furnished by the

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1 secretary of each taxing body to the Department of Community and  
2 Economic Development in such manner and on such forms as the  
3 Department of Community and Economic Development may prescribe.  
4 The information must be received by the Department of Community  
5 and Economic Development by certified mail not later than May 31  
6 of each year to show new tax enactments, repeals and changes.  
7 Failure to comply with this date for filing may result in the  
8 omission of the levy from the register for that year. Failure of  
9 the Department of Community and Economic Development to receive  
10 information of taxes continued without change may be construed  
11 by the department to mean that the information contained in the  
12 previous register remains in force.

13 The Department of Community and Economic Development shall  
14 have the register with such annual supplements as may be  
15 required by new tax enactments, repeals or changes available  
16 upon request not later than July 1 of each year. The effective  
17 period for each register shall be from July 1 of the year in  
18 which it is issued to June 30 of the following year.

19 Employers shall not be required by any local ordinance to  
20 withhold from the wages, salaries, commissions or other  
21 compensation of their employes any tax imposed under the  
22 provisions of this act, which is not listed in the register, or  
23 make reports of wages, salaries, commissions or other  
24 compensation in connection with taxes not so listed: Provided,  
25 That if the register is not available by July 1, the register of  
26 the previous year shall continue temporarily in effect for an  
27 additional period not to exceed one year. The provisions of this  
28 section shall not affect the liability of any taxpayer for taxes  
29 lawfully imposed under this act.

30 Ordinances or resolutions imposing [earned income or] local  
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1 services taxes under authority of this [act] chapter may contain  
2 provisions requiring employers doing business within the  
3 jurisdiction of the political subdivision imposing the tax to  
4 withhold the tax from the compensation of those of their  
5 employes who are subject to the tax: Provided, That [no employer  
6 shall be held liable for failure to withhold earned income taxes  
7 or for the payment of such withheld tax money to a political  
8 subdivision other than the political subdivision entitled to  
9 receive such money if such failure to withhold or such incorrect  
10 transmittal of withheld taxes arises from incorrect information  
11 as to the employe's place of residence submitted by the employe:  
12 And provided further, That] no employer shall be held liable for  
13 failure to withhold the local services tax or for the payment of  
14 the withheld tax money to a political subdivision if the failure  
15 to withhold taxes arises from incorrect information submitted by  
16 the employe as to the employe's place or places of employment,  
17 the employe's principal office or where the employe is  
18 principally employed: And provided further, That an employer  
19 shall not be liable for payment of the local services tax in an  
20 amount exceeding the amount withheld by the employer if the  
21 employer complies with the provisions of section [2(e)] 301.1(e)  
22 and (f) (9) and remits the amount so withheld in accordance with  
23 this section: And provided further, That the local services tax  
24 shall be applicable to employment in the period beginning  
25 January 1, of the current year and ending December 31 of the  
26 current year, except that taxes imposed for the first time shall  
27 become effective from January 1 of the year specified in the  
28 ordinance or resolution, and the tax shall continue in force on  
29 a calendar year basis: And provided further, That employers  
30 shall be required to remit the local services taxes thirty days

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1 after the end of each quarter of a calendar year.

2 Section 12. The act is amended by adding a section to read:

3 Section 312.1. (Reserved).

4 Section 13. Section 10 of the act, amended November 30, 2004  
5 (P.L.1520, No.192) and December 1, 2004 (P.L.1729, No.222), is  
6 renumbered and amended to read:

7 Section [10] 313. Collection of Taxes.--(a) Administrative  
8 Personnel; Joint Agreements.--

9 (1) Except as provided in [subsections (b) and (c)] section  
10 506, any [such] political subdivision is hereby authorized to  
11 provide by ordinance or resolution for the creation or  
12 designation of [such] tax bureaus or the appointment and  
13 compensation of [such officers, clerks, collectors, private  
14 agencies or other person and other assistants and employes,  
15 either under existing departments, or otherwise as may be deemed  
16 necessary,] a political subdivision, public employe, tax bureau  
17 or PUBLIC OR private agency for the assessment and collection of <--  
18 taxes imposed under authority of this [act] chapter. Each  
19 ordinance or resolution under this section authorizing a  
20 [person] political subdivision, public employe, tax bureau or  
21 PUBLIC OR private agency to act in the capacity and with the <--  
22 authority of a tax collector shall continue in force without  
23 annual reauthorization unless otherwise repealed or revoked by  
24 the political subdivision or unless otherwise provided by this  
25 act.

26 (2) Except as provided in [subsections (b) and (c), any]  
27 section 506, political subdivisions imposing taxes under  
28 authority of this [act] chapter are authorized to make joint  
29 agreements for the collection of such taxes or any of them. The  
30 same [person or] political subdivision, tax bureau or PUBLIC OR <--  
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1 private agency may be employed by two or more political  
2 subdivisions to collect any taxes imposed by them under  
3 authority of this [act] chapter.

4 [(b) Single Collector for Earned Income Taxes When Certain  
5 School Districts Impose Such Taxes.-- Except as provided in  
6 subsection (c), whenever a school district of the second, third  
7 or fourth class shall be established pursuant to section 296,  
8 act of March 10, 1949 (P.L.30), known as the "Public School Code  
9 of 1949," added August 8, 1963 (P.L. 564), and such school  
10 district shall levy, assess and collect or provide for the  
11 levying, assessment and collection of a tax upon earned income,  
12 such school district and all cities, boroughs, towns and  
13 townships within its geographical limits which levy, assess and  
14 collect or provide for the levying, assessment and collection of  
15 a tax upon earned income, may on January 1, 1967, or as soon  
16 thereafter as the school district shall provide for the levying,  
17 assessment and collection of taxes upon earned income, select  
18 one person or agency to collect the taxes upon earned income  
19 imposed by all such political subdivisions. In selecting such  
20 person or agency, each political subdivision shall share in the  
21 selection upon a basis agreed upon by each political  
22 subdivision, or in the absence of any agreement on the basis of  
23 voting according to the proportion that the population of each  
24 bears to the entire population of the combined collection  
25 district, according to the latest official Federal census, and  
26 the majority of such votes cast shall determine the person or  
27 agency selected to collect the taxes. The provisions of this  
28 paragraph shall not prohibit school districts and other  
29 political subdivisions which levy, assess and collect or provide  
30 for the levying, assessment and collection of taxes upon earned

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1 income, under authority of this act, from selecting the same  
2 person or agency to collect such tax upon earned income in an  
3 area larger than the geographical limits of a school district  
4 established pursuant to section 296 of the "Public School Code  
5 of 1949."

6 (c) Single Tax Collector in Certain Home Rule  
7 Municipality.--In a municipality having a population under the  
8 2000 Federal decennial census of at least forty thousand and  
9 less than ninety thousand located in a second class county and  
10 which municipality has adopted a home rule charter under 53  
11 Pa.C.S. Pt. III Subpt. E (relating to home rule and optional  
12 plan government), the person or persons appointed by the board  
13 of school directors for the school district in which the  
14 municipality is located as collector or collectors of taxes  
15 levied by the school district under this act shall also serve as  
16 the collector or collectors of taxes levied by the municipality  
17 under this act.]

18 Section 14. Section 11 of the act is repealed:  
19 [Section 11. Audits of Earned Income Taxes.--Except in  
20 cities of the second class, the governing body of each political  
21 subdivision which levies, assesses and collects or provides for  
22 the levying, assessment and collection of a tax upon earned  
23 income, shall provide for not less than one examination each  
24 year of the books, accounts and records of the income tax  
25 collector, by a certified public accountant, a firm of certified  
26 public accountants, a competent independent public accountant,  
27 or a firm of independent public accountants appointed by the  
28 governing body. Whenever one person or agency is selected to  
29 collect earned income taxes for more than one political  
30 subdivision, the books, accounts and records of such person or

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1 agency shall be examined as provided above in the case of a tax  
2 collector for each political subdivision, except that the  
3 accountant shall be selected in the manner provided for  
4 selection of one person or agency to collect earned income taxes  
5 for the school district established under section 296 of the  
6 "Public School Code of 1949," and the cities, boroughs, towns  
7 and townships within the geographical limits of such school  
8 district. The reports of the audit shall be sent to the  
9 governing body or bodies of the political subdivision or  
10 political subdivisions employing the accountant. No further or  
11 additional audit shall be performed by elected or appointed  
12 auditors.]

13 Section 15. The act is amended by adding a section to read:  
14 Section 314. (Reserved).

15 Section 16. Section 12 of the act is renumbered and amended  
16 to read:

17 Section [12] 315. Audits of Taxes Other Than Earned Income  
18 Taxes.--The books, accounts and records of [persons collecting  
19 taxes] tax collectors pursuant to this [act] chapter, other than  
20 taxes levied, assessed and collected upon earned income, shall  
21 be audited, adjusted and settled in the manner prescribed by law  
22 for the auditing, adjusting and settling of accounts of persons  
23 receiving or expending funds of the political subdivision which  
24 has levied, assessed and collected the taxes pursuant to this  
25 [act] chapter, other than taxes levied, assessed and collected  
26 upon earned income.

27 Section 17. Section 13 of the act, amended October 4, 1978  
28 (P.L.930, No.177), July 9, 1987 (P.L.203, No.30), December 9,  
29 2002 (P.L.1364, No.166), April 5, 2004 (P.L.208, No.24) and  
30 November 30, 2004 (P.L.1520, No.192), is repealed:

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1 [Section 13. Earned Income Taxes.--On and after the  
2 effective date of this act the remaining provisions of this  
3 section shall be included in or construed to be a part of each  
4 tax levied and assessed upon earned income by any political  
5 subdivision levying and assessing such tax pursuant to this act.  
6 The definitions contained in this section shall be exclusive for  
7 any tax upon earned income and net profits levied and assessed  
8 pursuant to this act, and shall not be altered or changed by any  
9 political subdivision levying and assessing such tax.

10 I. Definitions

11 "Association." A partnership, limited partnership, or any  
12 other unincorporated group of two or more persons.

13 "Business." An enterprise, activity, profession or any other  
14 undertaking of an unincorporated nature conducted for profit or  
15 ordinarily conducted for profit whether by a person,  
16 partnership, association, or any other entity.

17 "Corporation." A corporation or joint stock association  
18 organized under the laws of the United States, the Commonwealth  
19 of Pennsylvania, or any other state, territory, foreign country  
20 or dependency.

21 "Current year." The calendar year for which the tax is  
22 levied.

23 "Domicile." The place where one lives and has his permanent  
24 home and to which he has the intention of returning whenever he  
25 is absent. Actual residence is not necessarily domicile, for  
26 domicile is the fixed place of abode which, in the intention of  
27 the taxpayer, is permanent rather than transitory. Domicile is  
28 the voluntarily fixed place of habitation of a person, not for a  
29 mere special or limited purpose, but with the present intention  
30 of making a permanent home, until some event occurs to induce

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1 him to adopt some other permanent home. In the case of  
2 businesses, or associations, the domicile is that place  
3 considered as the center of business affairs and the place where  
4 its functions are discharged.

5 "Earned income." Compensation as determined under section 303  
6 of the act of March 4, 1971 (P.L.6, No.2), known as the "Tax  
7 Reform Code of 1971," and regulations in 61 Pa. Code Pt. I  
8 Subpt. B Art. V (relating to personal income tax), not  
9 including, however, wages or compensation paid to individuals on  
10 active military service. Employe business expenses are allowable  
11 deductions as determined under Article III of the "Tax Reform  
12 Code of 1971." The amount of any housing allowance provided to a  
13 member of the clergy shall not be taxable as earned income.

14 "Income tax officer or officer." Person, public employe or  
15 private agency designated by governing body to collect and  
16 administer the tax on earned income and net profits.

17 "Employer." A person, partnership, association, corporation,  
18 institution, governmental body or unit or agency, or any other  
19 entity employing one or more persons for a salary, wage,  
20 commission or other compensation.

21 "Net profits." The net income from the operation of a  
22 business, profession, or other activity, except corporations,  
23 determined under section 303 of the act of March 4, 1971 (P.L.6,  
24 No.2), known as the "Tax Reform Code of 1971," and regulations  
25 in 61 Pa. Code Pt. I Subpt. B Art. V (relating to personal  
26 income tax). The term does not include income which is not paid  
27 for services provided and which is in the nature of earnings  
28 from an investment. For taxpayers engaged in the business,  
29 profession or activity of farming, the term shall not include:

30 (1) any interest earnings generated from any monetary

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1 accounts or investment instruments of the farming business;  
2 (2) any gain on the sale of farm machinery;  
3 (3) any gain on the sale of livestock held twelve months or  
4 more for draft, breeding or dairy purposes; and  
5 (4) any gain on the sale of other capital assets of the  
6 farm.  
7 "Nonresident." A person, partnership, association or other  
8 entity domiciled outside the taxing district.  
9 "Person or individual." A natural person.  
10 "Preceding year." The calendar year before the current year.  
11 "Resident." A person, partnership, association or other  
12 entity domiciled in the taxing district.  
13 "Succeeding year." The calendar year following the current  
14 year.  
15 "Taxpayer." A person, partnership, association, or any other  
16 entity, required hereunder to file a return of earned income or  
17 net profits, or to pay a tax thereon.

18 II. Imposition of Tax

19 The tax levied under this act shall be applicable to earned  
20 income received and to net profits earned in the period  
21 beginning January 1, of the current year, and ending December  
22 31, of the current year or for taxpayer fiscal years beginning  
23 in the current year, except that taxes imposed for the first  
24 time shall become effective from the date specified in the  
25 ordinance or resolution, and the tax shall continue in force on  
26 a calendar year or taxpayer fiscal year basis, without annual  
27 reenactment, unless the rate of the tax is subsequently changed.  
28 Changes in rate shall become effective on the date specified in  
29 the ordinance.

30 III. Declaration and Payment of Tax

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1 A. Net Profits.

2 (1) Every taxpayer making net profits shall, as the  
3 governing body elects, (i) pay to the officer an annual payment  
4 of tax due on or before April 15, of the succeeding year for the  
5 period beginning January 1, and ending December 31, of the  
6 current year, or (ii) on or before April 15, of the current  
7 year, make and file with the officer on a form prescribed or  
8 approved by the officer, a declaration of his estimated net  
9 profits during the period beginning January 1, and ending  
10 December 31, of the current year, and pay to the officer in four  
11 equal quarterly installments the tax due thereon as follows: the  
12 first installment at the time of filing the declaration, and the  
13 other installments on or before June 15, of the current year,  
14 September 15, of the current year, and January 15, of the  
15 succeeding year, respectively.

16 (2) Where the governing body elects to require the filing of  
17 a declaration and quarterly payments, any taxpayer who first  
18 anticipates any net profit after April 15, of the current year,  
19 shall make and file the declaration hereinabove required on or  
20 before June 15, of the current year, September 15, of the  
21 current year, or December 31, of the current year, whichever of  
22 these dates next follows the date on which the taxpayer first



23 anticipates such net profit, and pay to the officer in equal  
24 installments the tax due thereon on or before the quarterly  
25 payment dates which remain after the filing of the declaration.  
26 (3) Where the governing body requires a declaration of  
27 estimated net profits and quarterly payments of tax due on such  
28 profits, every taxpayer shall, on or before April 15, of the  
29 succeeding year, make and file with the officer on a form  
30 prescribed or approved by the officer a final return showing the  
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1 amount of net profits earned during the period beginning January  
2 1, of the current year, and ending December 31, of the current  
3 year, the total amount of tax due thereon and the total amount  
4 of tax paid thereon. At the time of filing the final return, the  
5 taxpayer shall pay to the officer the balance of tax due or  
6 shall make demand for refund or credit in the case of  
7 overpayment.

8 Any taxpayer may, in lieu of paying the fourth quarterly  
9 installment of his estimated tax, elect to make and file with  
10 the officer on or before January 31, of the succeeding year, the  
11 final return as hereinabove required.

12 (4) The officer may be authorized to provide by regulation  
13 for the making and filing of adjusted declarations of estimated  
14 net profits, and for the payments of the estimated tax in cases  
15 where a taxpayer who has filed the declaration hereinabove  
16 required anticipates additional net profits not previously  
17 declared or finds that he has overestimated his anticipated net  
18 profits.

19 (5) Every taxpayer who discontinues business prior to  
20 December 31, of the current year, shall, within thirty days  
21 after the discontinuance of business, file his final return as  
22 hereinabove required and pay the tax due.

23 B. Earned Income.

24 Annual Earned Income Tax Return.

25 At the election of the governing body every taxpayer shall,  
26 on or before April 15, of the succeeding year, make and file  
27 with the officer on a form prescribed or approved by the officer  
28 a final return showing the amount of earned income received  
29 during the period beginning January 1, of the current year, and  
30 ending December 31, of the current year, the total amount of tax  
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1 due thereon, the amount of tax paid thereon, the amount of tax  
2 thereon that has been withheld pursuant to the provisions  
3 relating to the collection at source and the balance of tax due.  
4 At the time of filing the final return, the taxpayer shall pay  
5 the balance of the tax due or shall make demand for refund or  
6 credit in the case of overpayment.

7 Earned Income Not Subject to Withholding.

8 Every taxpayer who is employed for a salary, wage,  
9 commission, or other compensation and who received any earned  
10 income not subject to the provisions relating to collection at  
11 source, shall as the governing body elects:

12 (1) Make and file with the officer on a form prescribed or  
13 approved by the officer, an annual return setting forth the  
14 aggregate amount of earned income not subject to withholding

15 from him during the period beginning January 1, and ending  
16 December 31, of the current year, and such other information as  
17 the officer may require, and pay to the officer the amount of  
18 tax shown as due thereon on or before April 15, of the  
19 succeeding year, or

20 (2) Make and file with the officer on a form prescribed or  
21 approved by the officer, a quarterly return on or before April  
22 30, of the current year, July 31, of the current year, October  
23 31, of the current year, and January 31, of the succeeding year,  
24 setting forth the aggregate amount of earned income not subject  
25 to withholding by him during the three-month periods ending  
26 March 31, of the current year, June 30, of the current year,  
27 September 30, of the current year, and December 31, of the  
28 current year, respectively, and subject to the tax, together  
29 with such other information as the officer may require. Every  
30 taxpayer making such return shall, at the time of filing

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1 thereof, pay to the officer the amount of tax shown as due  
2 thereon.

3 IV. Collection at Source

4 (a) Every employer having an office, factory, workshop,  
5 branch, warehouse, or other place of business within the taxing  
6 jurisdiction imposing a tax on earned income or net profits  
7 within the taxing district who employs one or more persons,  
8 other than domestic servants, for a salary, wage, commission or  
9 other compensation, who has not previously registered, shall,  
10 within fifteen days after becoming an employer, register with  
11 the officer his name and address and such other information as  
12 the officer may require.

13 (b) Every employer having an office, factory, workshop,  
14 branch, warehouse, or other place of business within the taxing  
15 jurisdiction imposing a tax on earned income or net profits  
16 within the taxing district who employs one or more persons,  
17 other than domestic servants, for a salary, wage, commission, or  
18 other compensation, shall deduct at the time of payment thereof,  
19 the tax imposed by ordinance or resolution on the earned income  
20 due to his employe or employes, and shall, on or before April  
21 30, of the current year, July 31, of the current year, October  
22 31, of the current year, and January 31, of the succeeding year,  
23 file a return and pay to the officer the amount of taxes  
24 deducted during the preceding three-month periods ending March  
25 31, of the current year, June 30, of the current year, September  
26 30, of the current year, and December 31, of the current year,  
27 respectively. Such return unless otherwise agreed upon between  
28 the officer and employer shall show the name and social security  
29 number of each such employe, the earned income of such employe  
30 during such preceding three-month period, the tax deducted

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1 therefrom, the political subdivisions imposing the tax upon such  
2 employe, the total earned income of all such employes during  
3 such preceding three-month period, and the total tax deducted  
4 therefrom and paid with the return.

5 Any employer who for two of the preceding four quarterly  
6 periods has failed to deduct the proper tax, or any part

7 thereof, or has failed to pay over the proper amount of tax to  
8 the taxing authority, may be required by the officer to file his  
9 return and pay the tax monthly. In such cases, payments of tax  
10 shall be made to the officer on or before the last day of the  
11 month succeeding the month for which the tax was withheld.

12 (c) On or before February 28, of the succeeding year, every  
13 employer shall file with the officer:

14 (1) An annual return showing the total amount of earned  
15 income paid, the total amount of tax deducted, and the total  
16 amount of tax paid to the officer for the period beginning  
17 January 1, of the current year, and ending December 31, of the  
18 current year.

19 (2) A return withholding statement for each employe employed  
20 during all or any part of the period beginning January 1, of the  
21 current year, and ending December 31, of the current year,  
22 setting forth the employe's name, address and social security  
23 number, the amount of earned income paid to the employe during  
24 said period, the amount of tax deducted, the political  
25 subdivisions imposing the tax upon such employe, the amount of  
26 tax paid to the officer. Every employer shall furnish two copies  
27 of the individual return to the employe for whom it is filed.

28 (d) Every employer who discontinues business prior to  
29 December 31, of the current year, shall, within thirty days  
30 after the discontinuance of business, file the returns and

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1 withholding statements hereinabove required and pay the tax due.

2 (e) Except as otherwise provided in section 9, every  
3 employer who wilfully or negligently fails or omits to make the  
4 deductions required by this section shall be liable for payment  
5 of the taxes which he was required to withhold to the extent  
6 that such taxes have not been recovered from the employe.

7 (f) The failure or omission of any employer to make the  
8 deductions required by this section shall not relieve any  
9 employe from the payment of the tax or from complying with the  
10 requirements of the ordinance or resolution relating to the  
11 filing of declarations and returns.

12 V. Powers and Duties of Officer

13 (a) It shall be the duty of the officer to collect and  
14 receive the taxes, fines and penalties imposed by the ordinance  
15 or resolution. It shall also be his duty to keep a record  
16 showing the amount received by him from each person or business  
17 paying the tax and the date of such receipt.

18 (b) Each officer, before entering upon his official duties  
19 shall give and acknowledge a bond to the political subdivision  
20 or political subdivisions appointing him. If such political  
21 subdivision or political subdivisions shall by resolution  
22 designate any bond previously given by the officer as adequate,  
23 such bond shall be sufficient to satisfy the requirements of the  
24 subsection.

25 Each such bond shall be joint and several, with one or more  
26 corporate sureties which shall be surety companies authorized to  
27 do business in this Commonwealth and duly licensed by the  
28 Insurance Commissioner of this Commonwealth.

29 Each bond shall be conditioned upon the faithful discharge by  
30 the officer, his clerks, assistants and appointees of all trusts

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1 confided in him by virtue of his office, upon the faithful  
2 execution of all duties required of him by virtue of his office,  
3 upon the just and faithful accounting or payment over, according  
4 to law, of all moneys and all balances thereof paid to, received  
5 or held by him by virtue of his office and upon the delivery to  
6 his successor or successors in office of all books, papers,  
7 documents or other official things held in right of his office.

8 Each such bond shall be taken in the name of the appointing  
9 authority or authorities, and shall be for the use of the  
10 political subdivision or political subdivisions appointing the  
11 officer, and for the use of such other person or persons for  
12 whom money shall be collected or received, or as his or her  
13 interest shall otherwise appear, in case of a breach of any of  
14 the conditions thereof by the acts or neglect of the principal  
15 on the bond.

16 The political subdivision or political subdivisions  
17 appointing the officer, or any person may sue upon the said bond  
18 in its or his own name for its or his own use.

19 Each such bond shall contain the name or names of the surety  
20 company or companies bound thereon. The political subdivision or  
21 political subdivisions appointing the officer shall fix the  
22 amount of the bond at an amount equal to the maximum amount of  
23 taxes which may be in the possession of the officer at any given  
24 time.

25 The political subdivision or political subdivisions  
26 appointing the officer may, at any time, upon cause shown and  
27 due notice to the officer, and his surety or sureties, require  
28 or allow the substitution or the addition of a surety company  
29 acceptable to such political subdivision or political  
30 subdivisions for the purpose of making the bond sufficient in  
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1 amount, without releasing the surety or sureties first approved  
2 from any accrued liability or previous action on such bond.

3 The political subdivision or political subdivisions  
4 appointing the officer shall designate the custodian of the bond  
5 required to be given by the officer.

6 (c) The officer charged with the administration and  
7 enforcement of the provisions of the ordinance or resolution is  
8 hereby empowered to prescribe, adopt, promulgate and enforce,  
9 rules and regulations relating to any matter pertaining to the  
10 administration and enforcement of the ordinance or resolution,  
11 including provisions for the re-examination and correction of  
12 declarations and returns, and of payments alleged or found to be  
13 incorrect, or as to which an overpayment is claimed or found to  
14 have occurred, and to make refunds in case of overpayment, for  
15 any period of time not to exceed six years subsequent to the  
16 date of payment of the sum involved, and to prescribe forms  
17 necessary for the administration of the ordinance or resolution.  
18 No rule or regulation of any kind shall be enforceable unless it  
19 has been approved by resolution by the governing body. A copy of  
20 such rules and regulations currently in force shall be available  
21 for public inspection.

22 (d) The officer shall refund, on petition of, and proof by

23 the taxpayer, earned income tax paid on the taxpayer's ordinary  
24 and necessary business expenses, to the extent that such  
25 expenses are not paid by the taxpayer's employer.

26 (e) The officer and agents designated by him are hereby  
27 authorized to examine the books, papers, and records of any  
28 employer or of any taxpayer or of any person whom the officer  
29 reasonably believes to be an employer or taxpayer, in order to  
30 verify the accuracy of any declaration or return, or if no

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1 declaration or return was filed, to ascertain the tax due. Every  
2 employer and every taxpayer and every person whom the officer  
3 reasonably believes to be an employer or taxpayer, is hereby  
4 directed and required to give to the officer, or to any agent  
5 designated by him, the means, facilities and opportunity for  
6 such examination and investigations, as are hereby authorized.

7 (f) Any information gained by the officer, his agents, or by  
8 any other official or agent of the taxing district, as a result  
9 of any declarations, returns, investigations, hearings or  
10 verifications required or authorized by the ordinance or  
11 resolution, shall be confidential, except for official purposes  
12 and except in accordance with a proper judicial order, or as  
13 otherwise provided by law.

14 (g) The officer is authorized to establish different filing,  
15 reporting and payment dates for taxpayers whose fiscal years do  
16 not coincide with the calendar year.

17 (h) The officer shall distribute earned income taxes to the  
18 appropriate political subdivisions within sixty days of the  
19 deadline for payment by an employer as set forth in Division  
20 IV(b). The political subdivisions shall not be required to  
21 request the officer to distribute the funds collected but shall  
22 at least annually reconcile their receipts with the records of  
23 the officer and return to or credit the officer with any  
24 overpayment. A political subdivision shall not be required to  
25 pay a fee or commission to the other political subdivision or  
26 its tax officer for tax revenue distributed under this  
27 subsection. If the officer, within one year after receiving a  
28 tax payment, cannot identify the taxing jurisdiction entitled to  
29 a tax payment, he shall make payment to the municipality in  
30 which the tax was collected. If earned income taxes are not

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1 distributed to the appropriate political subdivision within one  
2 year of receipt, the political subdivision may make a written  
3 demand on a tax officer or political subdivision for tax  
4 revenues collected and attributable to residents of the  
5 political subdivision making the demand. If the taxes  
6 attributable to residents of the political subdivision making  
7 the demand are not paid within thirty days from the date of the  
8 demand, the political subdivision, person, public employe or  
9 private agency designated by the political subdivision may enter  
10 into an arbitration agreement with the officer under 42 Pa.C.S.  
11 Ch. 73 Subch. A (relating to statutory arbitration) or bring an  
12 action in an appropriate court of common pleas in the name of  
13 the taxing district for the recovery of taxes not distributed in  
14 accordance with this subsection. The action must be brought

15 within seven years of the collection of the taxes.

16 VI. Compensation of Income Tax Officer

17 The income tax officer shall receive such compensation for  
18 his services and expenses as determined by the governing body.  
19 In the case of a single collector established pursuant to  
20 subsection (b) of section 10 of this act, the taxing  
21 jurisdictions shall share in the compensation and expenses of a  
22 single officer according to the proportionate share that the  
23 total annual collections for each jurisdiction bears to the  
24 total annual collection for all political subdivisions in a  
25 single collector district, except that with the agreement of  
26 two-thirds of all participating political subdivisions, a  
27 different manner of sharing may be substituted.

28 VII. Suit for Collection of Tax

29 (a) The officer may sue in the name of the taxing district  
30 for the recovery of taxes due and unpaid under this ordinance.

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1 (b) Any suit brought to recover the tax imposed by the  
2 ordinance or resolution shall be begun within three years after  
3 such tax is due, or within three years after the declaration or  
4 return has been filed, whichever date is later: Provided,  
5 however, That this limitation shall not prevent the institution  
6 of a suit for the collection of any tax due or determined to be  
7 due in the following cases:

8 (1) Where no declaration or return was filed by any person  
9 although a declaration or return was required to be filed by him  
10 under provisions of the ordinance or resolution, there shall be  
11 no limitation.

12 (2) Where an examination of the declaration or return filed  
13 by any person, or of other evidence relating to such declaration  
14 or return in the possession of the officer, reveals a fraudulent  
15 evasion of taxes, there shall be no limitation.

16 (3) In the case of substantial understatement of tax  
17 liability of twenty-five percent or more and no fraud, suit  
18 shall be begun within six years.

19 (4) Where any person has deducted taxes under the provisions  
20 of the ordinance or resolution, and has failed to pay the  
21 amounts so deducted to the officer, or where any person has  
22 wilfully failed or omitted to make the deductions required by  
23 this section, there shall be no limitation.

24 (5) This section shall not be construed to limit the  
25 governing body from recovering delinquent taxes by any other  
26 means provided by this act.

27 (c) The officer may sue for recovery of an erroneous refund  
28 provided such suit is begun two years after making such refund,  
29 except that the suit may be brought within five years if it  
30 appears that any part of the refund was induced by fraud or

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1 misrepresentation of material fact.

2 VIII. Interest and Penalties

3 (a) If for any reason the tax is not paid when due, interest  
4 at the rate of six percent per annum on the amount of said tax,  
5 and an additional penalty of one-half of one percent of the  
6 amount of the unpaid tax for each month or fraction thereof

7 during which the tax remains unpaid, shall be added and  
8 collected. Where suit is brought for the recovery of any such  
9 tax, the person liable therefor shall, in addition, be liable  
10 for the costs of collection and the interest and penalties  
11 herein imposed.

12 (b) Notwithstanding the provisions of subsection (a), the  
13 governing body may, by ordinance or resolution, establish a one-  
14 time period during which interest or interest and penalties that  
15 would otherwise be imposed for the nonreporting or  
16 underreporting of earned income tax liabilities or for the  
17 nonpayment of earned income taxes previously imposed and due  
18 shall be waived in total or in part if the taxpayer voluntarily  
19 files delinquent returns and pays the taxes in full during the  
20 period so established. Each governing body may adopt regulations  
21 to implement the provisions of this subsection.

22 (c) The provisions of subsection (b) shall not affect or  
23 terminate any petitions, investigations, prosecutions or other  
24 proceedings pending under the provisions of this act, or prevent  
25 the commencement or further prosecution of any proceedings by  
26 the proper authorities for violations of this act. No  
27 proceedings shall, however, be commenced on the basis of  
28 delinquent returns filed pursuant to subsection (b) if the  
29 returns are determined to be substantially true and correct and  
30 the taxes are paid in full within the prescribed time.

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1 IX. Fines and Penalties for Violation  
2 of Ordinances or Resolutions

3 (a) Any person who fails, neglects, or refuses to make any  
4 declaration or return required by the ordinance or resolution,  
5 any employer who fails, neglects or refuses to register or to  
6 pay the tax deducted from his employes, or fails, neglects or  
7 refuses to deduct or withhold the tax from his employes, any  
8 person who refuses to permit the officer or any agent designated  
9 by him to examine his books, records, and papers, and any person  
10 who knowingly makes any incomplete, false or fraudulent return,  
11 or attempts to do anything whatsoever to avoid the full  
12 disclosure of the amount of his net profits or earned income in  
13 order to avoid the payment of the whole or any part of the tax  
14 imposed by the ordinance or resolution, shall, upon conviction  
15 thereof before any justice of the peace, alderman or magistrate,  
16 or court of competent jurisdiction in the county or counties in  
17 which the political subdivision imposing the tax is located, be  
18 sentenced to pay a fine of not more than five hundred dollars  
19 (\$500) for each offense, and costs, and, in default of payment  
20 of said fine and costs to be imprisoned for a period not  
21 exceeding thirty days.

22 (b) Any person who divulges any information which is  
23 confidential under the provisions of the ordinance or  
24 resolution, shall, upon conviction thereof before any justice of  
25 the peace, alderman or magistrate, or court of competent  
26 jurisdiction, be sentenced to pay a fine of not more than five  
27 hundred dollars (\$500) for each offense, and costs, and, in  
28 default of payment of said fines and costs to be imprisoned for  
29 a period not exceeding thirty days.

30 (c) The penalties imposed under this section shall be in

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1 addition to any other penalty imposed by any other section of  
2 the ordinance or resolution.

3 (d) The failure of any person to receive or procure forms  
4 required for making the declaration or returns required by the  
5 ordinance or resolution shall not excuse him from making such  
6 declaration or return.]

7 Section 18. The act is amended by adding a section to read:  
8 Section 316. (Reserved).

9 Section 19. Section 14 of the act, amended October 26, 1972  
10 (P.L.1043, No.261), is renumbered and amended to read:

11 Section [14] 317. Payment of Tax to Other Political  
12 Subdivisions or States as Credit or Deduction; Withholding  
13 Tax.--Payment of any tax to any political subdivision pursuant  
14 to an ordinance or resolution passed or adopted prior to the  
15 effective date of this act shall be credited to and allowed as a  
16 deduction from the liability of taxpayers for any like tax  
17 respectively on salaries, wages, commissions, other compensation  
18 or on net profits of businesses, professions or other activities  
19 and for any income tax imposed by any other political  
20 subdivision of this Commonwealth under the authority of this  
21 [act] chapter.

22 Payment of any tax on salaries, wages, commissions, other  
23 compensation or on net profits of business, professions or other  
24 activities to a political subdivision by residents thereof  
25 pursuant to an ordinance or resolution passed or adopted under  
26 the authority of this [act] chapter shall be credited to and  
27 allowed as a deduction from the liability of such persons for  
28 any other like tax respectively on salaries, wages, commissions,  
29 other compensation or on net profits of businesses, professions  
30 or other activities imposed by any other political subdivision

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1 of this Commonwealth under the authority of this [act] chapter.

2 Payment of any tax on income to any political subdivision by  
3 residents thereof pursuant to an ordinance or resolution passed  
4 or adopted under the authority of this [act] chapter shall, to  
5 the extent that such income includes salaries, wages,  
6 commissions, other compensation or net profits of businesses,  
7 professions or other activities, but in such proportion as  
8 hereinafter set forth, be credited to and allowed as a deduction  
9 from the liability of such persons for any other tax on  
10 salaries, wages, commissions, other compensation or on net  
11 profits of businesses, professions, or other activities imposed  
12 by any other political subdivision of this Commonwealth under  
13 the authority of this [act] chapter.

14 Payment of any tax on income to any state or to any political  
15 subdivision thereof by residents thereof, pursuant to any State  
16 or local law, may, at the discretion of the Pennsylvania  
17 political subdivision imposing such tax, to the extent that such  
18 income includes salaries, wages, commissions, or other  
19 compensation or net profits of businesses, professions or other  
20 activities but in such proportions as hereinafter set forth, be  
21 credited to and allowed as a deduction from the liability of  
22 such person for any other tax on salaries, wages, commissions,



23 other compensation or net profits of businesses, professions or  
24 other activities imposed by any political subdivision of this  
25 Commonwealth under the authority of this [act] chapter, if  
26 residents of the political subdivision in Pennsylvania receive  
27 credits and deductions of a similar kind to a like degree from  
28 the tax on income imposed by the other state or political  
29 subdivision thereof.

30 Payment of any tax on income to any State other than  
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1 Pennsylvania or to any political subdivision located outside the  
2 boundaries of this Commonwealth, by residents of a political  
3 subdivision located in Pennsylvania shall, to the extent that  
4 such income includes salaries, wages, commissions, or other  
5 compensation or net profits of businesses, professions or other  
6 activities but in such proportions as hereinafter set forth, be  
7 credited to and allowed as a deduction from the liability of  
8 such person for any other tax on salaries, wages, commissions,  
9 other compensation or net profits of businesses, professions or  
10 other activities imposed by any political subdivision of this  
11 Commonwealth under the authority of this [act.] chapter.

12 Where a credit or a deduction is allowable in any of the  
13 several cases hereinabove provided, it shall be allowed in  
14 proportion to the concurrent periods for which taxes are imposed  
15 by the other state or respective political subdivisions, but not  
16 in excess of the amount previously paid for a concurrent period.

17 No credit or deduction shall be allowed against any tax on  
18 earned income imposed under authority of this [act] chapter to  
19 the extent of the amount of credit or deduction taken for the  
20 same period by the taxpayer against any income tax imposed by  
21 the Commonwealth of Pennsylvania under section 314 of the act of  
22 March 4, 1971 (P.L.6) known as the "Tax Reform Code of 1971," on  
23 account of taxes imposed on income by other states or by their  
24 political subdivisions.

25 Section 20. Section 15 of the act, amended June 27, 1968  
26 (P.L.271, No.128), is renumbered and amended to read:

27 Section [15] 318. Personal Property.--Any assessment of a  
28 tax on personal property of a decedent shall include all  
29 property owned, held or possessed by a decedent, which should  
30 have been returned by him for taxation for any former year or

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1 years not exceeding five years prior to the year in which the  
2 decedent died. Wherever any personal property taxable under the  
3 provisions of this [act] chapter, was owned by a decedent at the  
4 time of his death and is held by his executor or administrator,  
5 return of such personal property shall be made and the tax paid,  
6 if such decedent was domiciled at the time of his death in the  
7 political subdivision imposing the tax, notwithstanding the  
8 residence or location of such executor or administrator or of  
9 any beneficiary, or the place which such securities are kept.

10 Section 21. Sections 16 and 17 of the act are renumbered and  
11 amended to read:

12 Section [16] 319. Limitation on Assessment.--No assessment  
13 may be made of any tax imposed under this [act] chapter more  
14 than five years after the date on which such tax should have

15 been paid except where a fraudulent return or no return has been  
16 filed.

17 Section [17] 320. Tax Limitations.--(a) Over-all Limit of  
18 Tax Revenues.--The aggregate amount of all taxes imposed by any  
19 political subdivision under this section and in effect during  
20 any fiscal year shall not exceed an amount equal to the product  
21 obtained by multiplying the latest total market valuation of  
22 real estate in such political subdivision, as determined by the  
23 board for the assessment and revision of taxes or any similar  
24 board established by the assessment laws which determines market  
25 values of real estate within the political subdivision, by  
26 twelve mills. In school districts of the second class, third  
27 class and fourth class and in any political subdivision within a  
28 county where no market values of real estate have been  
29 determined by the board for the assessment and revision of  
30 taxes, or any similar board, the aggregate amount of all taxes  
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1 imposed under this section and in effect during any fiscal year  
2 shall not exceed an amount equal to the product obtained by  
3 multiplying the latest total market valuation of real estate in  
4 such school district, or other political subdivision, as  
5 certified by the State Tax Equalization Board, by twelve mills.  
6 In school districts of the third and fourth class, taxes imposed  
7 on sales involving the transfer of real property shall not be  
8 included in computing the aggregate amount of taxes for any  
9 fiscal year in which one hundred or more new homes or other  
10 major improvements on real estate were constructed in the school  
11 district.

12 The aggregate amount of all taxes imposed by any independent  
13 school district under this section during any fiscal year shall  
14 not exceed an amount equal to the product obtained by  
15 multiplying the latest total valuation of real estate in such  
16 district by fifteen mills.

17 (b) Reduction of Rates Where Taxes Exceed Limitations; Use  
18 of Excess Moneys.--If, during any fiscal year, it shall appear  
19 that the aggregate revenues from taxes levied and collected  
20 under the authority of this [act] chapter will materially exceed  
21 the limitations imposed by this [act] chapter, the political  
22 subdivision shall forthwith reduce the rate or rates of such tax  
23 or taxes to stay within such limitations as nearly as may be.  
24 Any one or more persons liable for the payment of taxes levied  
25 and collected under the authority of this [act] chapter shall  
26 have the right to complain to the court of common pleas of the  
27 county in an action of mandamus to compel compliance with the  
28 preceding provision of this subsection. Tax moneys levied and  
29 collected in any fiscal year in excess of the limitations  
30 imposed by this [act] chapter shall not be expended during such  
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1 year, but shall be deposited in a separate account in the  
2 treasury of the political subdivision for expenditure in the  
3 following fiscal year. The rates of taxes imposed under this  
4 [act] chapter for the following fiscal year shall be so fixed  
5 that the revenues thereby produced, together with the excess tax  
6 moneys on deposit as aforesaid, shall not exceed the limitations

7 imposed by this [act] chapter.

8 Section 22. The act is amended by adding sections to read:

9 Section 329. Legal Representation.--When bringing a suit  
10 under any provision of this chapter, the taxing district or the  
11 person, public employe or private agency designated by the  
12 taxing district shall be represented by an attorney.

13 Section 330. Restricted Use.--(a) Any municipality deriving  
14 funds from the local services tax may only use the funds for:

15 (1) Emergency services, which shall include emergency  
16 medical services, police services and/or fire services.

17 (2) Road construction and/or maintenance.

18 (3) Reduction of property taxes.

19 (4) Property tax relief through implementation of a  
20 homestead and farmstead exclusion in accordance with 53 Pa.C.S.  
21 Ch. 85 Subch. F (relating to homestead property exclusion).

22 (a.1) A municipality shall use no less than twenty-five  
23 percent of the funds derived from the local services tax for  
24 emergency services.

25 (b) In the event that a municipality decides to implement a  
26 homestead and farmstead exclusion for purposes of providing  
27 property tax relief in accordance with subsection (a)(4), the  
28 following shall apply:

29 (1) The decision to provide a homestead and farmstead  
30 exclusion shall be made, by ordinance, prior to December 1, with  
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1 the homestead and farmstead exclusion to take effect for the  
2 fiscal year beginning the first day of January following  
3 adoption of the ordinance. Upon adopting an ordinance in  
4 accordance with this paragraph, a municipality shall, by first  
5 class mail, notify the assessor, as defined in 53 Pa.C.S. § 8582  
6 (relating to definitions), of its decision to provide a  
7 homestead and farmstead exclusion.

8 (2) The assessor shall provide a municipality that will be  
9 imposing a homestead and farmstead exclusion in accordance with  
10 subsection (a)(4) with a certified report, as provided in 53  
11 Pa.C.S. § 8584(i) (relating to administration and procedure),  
12 listing information regarding homestead and farmstead properties  
13 in the municipality as determined pursuant to applications filed  
14 with the assessor in connection with this or any other law under  
15 which a homestead or farmstead exclusion has been adopted. In  
16 the year in which an ordinance is adopted in accordance with  
17 paragraph (1), the assessor shall provide the certified report  
18 after being notified by the municipality of its decision to  
19 provide a homestead and farmstead exclusion. In each succeeding  
20 year, the assessor shall provide the certified report by  
21 December 1 or at the same time the tax duplicate is certified to  
22 the municipality, whichever occurs first. Any duty placed on an  
23 assessor in accordance with this paragraph shall be in addition  
24 to those established in 53 Pa.C.S. Ch. 85 Subch. F and the act  
25 of June 27, 2006 (1st Sp.Sess. P.L.1873, No.1), known as the  
26 "Taxpayer Relief Act."

27 (3) Only homestead or farmstead properties identified in the  
28 certified report of the assessor obtained in any year shall be  
29 eligible to receive the exclusion for the next fiscal year.

30 (4) In the year in which a municipality adopts the ordinance

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1 evidencing its decision to implement a homestead and farmstead  
2 exclusion, the municipality shall notify by first class mail the  
3 owner of each parcel of residential property within the  
4 municipality which is not approved as a homestead or farmstead  
5 property or for which the approval is due to expire of the  
6 following:

7 (i) That the homestead and farmstead exclusion program is to  
8 be implemented to provide property tax relief as authorized by  
9 subsection (a)(4), beginning in the next fiscal year.

10 (ii) That only properties currently identified in the  
11 certified report of the assessor as having been approved in  
12 whole or in part as homestead or farmstead properties shall be  
13 entitled to an exclusion in the next fiscal year.

14 (iii) That owners of properties that have not been approved  
15 by the assessor as homestead or farmstead properties may file an  
16 application in accordance with 53 Pa.C.S. § 8584(a) by the  
17 annual application deadline of March 1 in order to qualify for  
18 the program in the year following the next fiscal year.

19 (5) The one-time notice required by paragraph (4) may be  
20 combined and made together with the annual notice required by  
21 paragraph (7) or with an annual notice by a coterminous  
22 political subdivision that has implemented a homestead and  
23 farmstead exclusion.

24 (6) In the year in which the initial decision to provide a  
25 homestead and farmstead exclusion is made and in each succeeding  
26 year, a municipality shall, by resolution, fix the dollar amount  
27 that is to be excluded from the assessed value of each homestead  
28 and farmstead property for the next fiscal year, consistent with  
29 53 Pa.C.S. §§ 8583 (relating to exclusion for homestead  
30 property) and 8586 (relating to limitations). This determination  
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1 of the amount of the homestead and farmstead exclusion shall be  
2 made, after receipt of the tax duplicate and the certified  
3 report from the assessor, at the time the governing body of a  
4 municipality determines the municipal budget and estimates  
5 revenues to be derived from the local services tax for the next  
6 fiscal year.

7 (7) Each year after the year in which the municipality  
8 implements a homestead and farmstead exclusion and no later than  
9 one hundred twenty days prior to the application deadline, the  
10 municipality shall give notice of the existence of the  
11 municipality's homestead and farmstead exclusion program; the  
12 need to file an application in accordance with 53 Pa.C.S. §  
13 8584(a) in order to qualify for the program; and the application  
14 deadline, which, notwithstanding 53 Pa.C.S. § 8584(b), shall be  
15 December 15. This annual notice, which shall be given by first  
16 class mail, need only be sent to the owner of each parcel of  
17 residential property in the municipality which is not approved  
18 as homestead or farmstead property or for which the approval is  
19 due to expire.

20 (c) For purposes of this section, the term "municipality"  
21 does not include a school district.

22 Section 23. The act is amended by adding a chapter to read:

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CHAPTER 5

CONSOLIDATED COLLECTION OF LOCAL INCOME TAXES

Section 501. Definitions.

The following words and phrases when used in this chapter shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Article XIII tax officer." The tax officer authorized by a political subdivision to collect income taxes levied prior to

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January 1, 2012.

"Business." An enterprise, activity, profession or any other undertaking of an unincorporated nature conducted for profit or ordinarily conducted for profit whether by a person, partnership, association or any other entity.

"Business entity." A sole proprietorship, corporation, joint-stock association or company, partnership, limited partnership, limited liability company, association, business trust, syndicate or other commercial or professional activity organized under the laws of this Commonwealth or any other jurisdiction.

"Certified public accountant" or "public accountant." A certified public accountant, public accountant or firm, as provided for in the act of May 26, 1947 (P.L.318, No.140), known as the CPA Law.

"Claim." A written demand for payment made by a tax officer or tax collection district for income taxes collected by another tax officer or tax collection district.

"Corporation." A corporation or joint stock association organized under the laws of the United States, the Commonwealth of Pennsylvania or any other state, territory, foreign country or dependency. The term shall include an entity which is classified as a corporation for Federal income tax purposes.

"Current year." The calendar year for which the tax is levied.

"Department." The Department of Community and Economic Development of the Commonwealth.

"Domicile." The place where a person lives and has a permanent home and to which the person has the intention of returning whenever absent. Actual residence is not necessarily

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domicile, for domicile is the fixed place of abode which, in the intention of the taxpayer, is permanent rather than transitory. Domicile is the voluntarily fixed place of habitation of a person, not for a mere special or limited purpose, but with the present intention of making a permanent home, until some event occurs to induce the person to adopt some other permanent home. In the case of a business, domicile is that place considered as the center of business affairs and the place where its functions are discharged.

"Earned income." The compensation as required to be reported to or as determined by the Department of Revenue under section 303 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, and rules and regulations promulgated under that section. Employee business expenses as reported to or

15 determined by the Department of Revenue under Article III of the  
16 Tax Reform Code of 1971 shall constitute allowable deductions in  
17 determining earned income. The term does not include offsets for  
18 business losses. THE AMOUNT OF ANY HOUSING ALLOWANCE PROVIDED TO <--  
19 A MEMBER OF THE CLERGY SHALL NOT BE TAXABLE AS EARNED INCOME.  
20 "Earned income and net profits tax." The tax levied by a  
21 political subdivision on earned income and net profits.  
22 "Effective local services tax rate." The actual local  
23 services tax rate levied by a political subdivision on taxpayers  
24 based on the total of all local services taxes imposed under  
25 this act and all other acts, adjusted under section 311.  
26 "Effective income tax rate." The actual tax rate levied by a  
27 political subdivision on a taxpayer based on the total of all  
28 income taxes imposed under this act and all other acts, adjusted  
29 under section 311.  
30 "Employer." A person, business entity or other entity,  
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1 employing one or more persons for a salary, wage, commission or  
2 other compensation. The term includes the Commonwealth, a  
3 political subdivision and an instrumentality or public authority <--  
4 of either. FOR PURPOSES OF PENALTIES UNDER THIS CHAPTER, THE  
5 TERM INCLUDES A CORPORATE OFFICER.  
6 "Income tax." Except as set forth in section 511(b), an  
7 earned income and net profits tax, personal income tax or other  
8 tax that is assessed on the income of a taxpayer levied by a  
9 political subdivision under the authority of this act or any  
10 other act.  
11 "Joint tax collection committee." An entity formed by two or  
12 more tax collection committees for the purpose of income tax  
13 collection in more than one tax collection district.  
14 "Local services tax." A tax on individuals for the privilege  
15 of engaging in an occupation that is levied, assessed and  
16 collected only by the political subdivision of the taxpayer's  
17 place of employment under the authority of this act or any other  
18 act.  
19 "Municipality." A city of the second class, city of the  
20 second class A, city of the third class, borough, town, township  
21 of the first class or township of the second class.  
22 "Net profits." The net income from the operation of a  
23 business, other than a corporation, as required to be reported  
24 to or as determined by the Department of Revenue under section  
25 303 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax  
26 Reform Code of 1971, and rules and regulations promulgated under  
27 that section. The term does not include income which: <--  
28 (1) is not paid for services provided; and  
29 (2) is in the nature of earnings from an investment.  
30 UNDER ANY OF THE FOLLOWING PARAGRAPHS: <--  
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- 1 (1) INCOME WHICH:  
2 (I) IS NOT PAID FOR SERVICES PROVIDED; AND  
3 (II) IS IN THE NATURE OF EARNINGS FROM AN  
4 INVESTMENT.  
5 (2) INCOME WHICH REPRESENTS:  
6 (I) ANY GAIN ON THE SALE OF FARM MACHINERY;

7 (II) ANY GAIN ON THE SALE OF LIVESTOCK HELD 12  
8 MONTHS OR MORE FOR DRAFT, BREEDING OR DAIRY PURPOSES; OR  
9 (III) ANY GAIN ON THE SALE OF OTHER CAPITAL ASSETS  
10 OF A FARM.  
11 "Nonresident." A person or business domiciled outside the  
12 political subdivision levying the tax.  
13 "Nonresident tax." An income tax levied by a municipality on  
14 a nonresident.  
15 "Official register." The part of the tax register that  
16 includes withholding tax rates as provided in section 511(a)(3).  
17 "Person." A natural person.  
18 "Political subdivision." A city of the second class, city of  
19 the second class A, city of the third class, borough, town,  
20 township of the first class, township of the second class,  
21 school district of the first class A, school district of the  
22 second class, school district of the third class, school  
23 district of the fourth class or municipal authority.  
24 "Preceding year." The calendar year before the current year.  
25 "Private agency." A business entity or person appointed as a  
26 tax officer by a tax collection committee.  
27 "PUBLIC AGENCY." ANY AND ALL PUBLIC BODIES, AUTHORITIES, <--  
28 AGENCIES, INSTRUMENTALITIES, POLITICAL SUBDIVISIONS,  
29 INTERMEDIATE UNITS, COUNCILS, BOARDS, COMMISSIONS OR SIMILAR  
30 GOVERNMENTAL ENTITIES.  
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1 "Resident." A person or business domiciled in the political  
2 subdivision levying the tax.  
3 "Resident tax." An income tax levied by:  
4 (1) a municipality on a resident of that municipality;  
5 or  
6 (2) a school district on a resident of that school  
7 district.  
8 "Resident tax officer." The tax officer administering and  
9 collecting income taxes for the tax collection district in which  
10 a taxpayer is domiciled.  
11 "Succeeding year." The calendar year following the current  
12 year.  
13 "Tax bureau." A public nonprofit entity established for the  
14 administration and collection of taxes.  
15 "Tax collection committee." The committee established to  
16 govern each tax collection district for the purpose of income  
17 tax collection. The term shall include a joint tax collection  
18 committee.  
19 "Tax collection district." A tax collection district  
20 established under section 504.  
21 "Tax officer." A political subdivision, public employee, tax  
22 bureau, county, except a county of the first class, or private  
23 agency which administers and collects income taxes for one or  
24 more tax collection districts. Unless otherwise specifically  
25 provided, for purposes of the obligations of an employer, the  
26 term shall mean the tax officer for the tax collection district  
27 within which the employer is located, or, if an employer  
28 maintains workplaces in more than one district, the tax officer  
29 for each such district with respect to employees principally  
30 employed therein.

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1 "Tax records." Tax returns, supporting schedules,  
2 correspondence with auditors or taxpayers, account books and  
3 other documents, including electronic records, obtained or  
4 created by the tax officer to administer or collect a tax under  
5 this act. The term includes documents required by section  
6 509(e). The term "electronic records" includes data and  
7 information inscribed on a tangible medium or stored in an  
8 electronic or other medium and which is retrievable in  
9 perceivable form.

10 "Tax register." A database of all county, municipal and  
11 school tax rates available on the Internet as provided in  
12 section 511(a) (1).

13 "Taxable income." Includes:

14 (1) In the case of an earned income and net profits tax,  
15 earned income and net profits.

16 (2) In the case of a personal income tax, income  
17 enumerated in section 303 of the act of March 4, 1971 (P.L.6,  
18 No.2), known as the Tax Reform Code of 1971, as reported to  
19 and determined by the Department of Revenue, subject to  
20 correction for fraud, evasion or error, as finally determined  
21 by the Commonwealth.

22 "Taxpayer." A person or business required under this act to  
23 file a return of an income tax or to pay an income tax.

24 "Withholding tax." An income tax or a local services tax  
25 levied by a political subdivision under the authority of this  
26 act or any other act, or any other tax levied by a municipality  
27 or school district for which employer withholding may be  
28 required under this act or any other act.

29 Section 502. Declaration and payment of income taxes.

30 (a) Application.--

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1 (1) Income taxes shall be applicable to taxable income  
2 earned or received based on the method of accounting used by  
3 the taxpayer in the period beginning January 1 of the current  
4 year and ending December 31 of the current year; except that  
5 taxes imposed for the first time and changes to existing tax  
6 rates shall become effective on January 1 or July 1, as  
7 specified in the ordinance or resolution, and the tax shall  
8 continue in force on a calendar year or taxpayer fiscal year  
9 basis, without annual reenactment, unless the rate of the tax  
10 is subsequently changed.

11 (2) For a taxpayer whose fiscal year is not a calendar  
12 year, the tax officer shall establish deadlines for filing,  
13 reporting and payment of taxes which provide time periods  
14 equivalent to those provided for a calendar year taxpayer.

15 (b) Partial domicile.--The taxable income subject to tax of  
16 a taxpayer who is domiciled in a political subdivision for only  
17 a portion of the tax year shall be an amount equal to the  
18 taxpayer's taxable income multiplied by a fraction, the  
19 numerator of which is the number of calendar months during the  
20 tax year that the individual is domiciled in the political  
21 subdivision, and the denominator of which is 12. A taxpayer  
22 shall include in the numerator any calendar month during which



23 the taxpayer is domiciled for more than half the calendar month.  
24 A day that a taxpayer's domicile changes shall be included as a  
25 day the individual is in the new domicile and not the old  
26 domicile. If the number of days in the calendar month in which  
27 the individual lived in the old and new domiciles are equal, the  
28 calendar month shall be included in calculating the number of  
29 months in the new domicile.

30 (c) Declaration and payment.--Except as provided in  
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1 subsection (a) (2), taxpayers shall declare and pay income taxes  
2 as follows:  
3 (1) Every taxpayer shall, on or before April 15 of the  
4 succeeding year, make and file with the resident tax officer,  
5 a final return showing the amount of taxable income received  
6 during the period beginning January 1 of the current year and  
7 ending December 31 of the current year, the total amount of  
8 tax due on the taxable income, the amount of tax paid, the  
9 amount of tax that has been withheld under section 512 and  
10 the balance of tax due. All amounts reported shall be rounded  
11 to the nearest whole dollar. At the time of filing the final  
12 return, the taxpayer shall pay the resident tax officer the  
13 balance of the tax due or shall make demand for refund or  
14 credit in the case of overpayment.  
15 (2) (i) Every taxpayer making net profits shall, by  
16 April 15 of the current year, make and file with the  
17 resident tax officer a declaration of the taxpayer's  
18 estimated net profits during the period beginning January  
19 1 and ending December 31 of the current year, and shall  
20 pay to the resident tax officer in four equal quarterly  
21 installments the tax due on the estimated net profits.  
22 The first installment shall be paid at the time of filing  
23 the declaration, and the other installments shall be paid  
24 on or before June 15 of the current year, September 15 of  
25 the current year and January 15 of the succeeding year,  
26 respectively.  
27 (ii) Any taxpayer who first anticipates any net  
28 profit after April 15 of the current year, shall make and  
29 file the declaration required on or before June 15 of the  
30 current year, September 15 of the current year or  
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1 December 31 of the current year, whichever date next  
2 follows the date on which the taxpayer first anticipates  
3 such net profit, and shall pay to the resident tax  
4 officer in equal installments the tax due on or before  
5 the quarterly payment dates that remain after the filing  
6 of the declaration.  
7 (iii) Every taxpayer shall, on or before April 15 of  
8 the succeeding year, make and file with the resident tax  
9 officer a final return showing the amount of net profits  
10 earned or received based on the method of accounting used  
11 by the taxpayer during the period beginning January 1 of  
12 the current year, and ending December 31 of the current  
13 year, the total amount of tax due on the net profits and  
14 the total amount of tax paid. At the time of filing the

15 final return, the taxpayer shall pay to the resident tax  
16 officer the balance of tax due or shall make demand for  
17 refund or credit in the case of overpayment. Any taxpayer  
18 may, in lieu of paying the fourth quarterly installment  
19 of the estimated tax, elect to make and file with the  
20 resident tax officer on or before January 31 of the  
21 succeeding year, the final return.

22 (iv) The department, in consultation with the  
23 Department of Revenue, shall provide by regulation for  
24 the filing of adjusted declarations of estimated net  
25 profits and for the payments of the estimated tax in  
26 cases where a taxpayer who has filed the declaration  
27 required under this subsection anticipates additional net  
28 profits not previously declared or has overestimated  
29 anticipated net profits.

30 (v) Every taxpayer who discontinues business prior

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1 to December 31 of the current year, shall, within 30 days  
2 after the discontinuance of business, file a final return  
3 as required under this paragraph and pay the tax due.

4 (3) Every taxpayer who receives any other taxable income  
5 not subject to withholding under section 512(3) shall make  
6 and file with the resident tax officer a quarterly return on  
7 or before April 15 of the current year, June 15 of the  
8 current year, September 15 of the current year, and January  
9 15 of the succeeding year, setting forth the aggregate amount  
10 of taxable income not subject to withholding by the taxpayer  
11 during the three-month periods ending March 31 of the current  
12 year, June 30 of the current year, September 30 of the  
13 current year, and December 31 of the current year,  
14 respectively, and subject to income tax, together with such  
15 other information as the department may require. Every  
16 taxpayer filing a return shall, at the time of filing the  
17 return, pay to the resident tax officer the amount of income  
18 tax due. The department shall establish criteria under which  
19 the tax officer may waive the quarterly return and payment of  
20 the income tax and permit a taxpayer to file the receipt of  
21 taxable income on the taxpayer's annual return and pay the  
22 income tax due on or before April 15 of the succeeding year.

23 Section 503. (Reserved).

24 Section 504. Tax collection districts.

25 (a) General rule.--A tax collection district is established  
26 in each county, except a county of the first class or second  
27 class, for purposes of collecting income taxes. The geographic  
28 boundaries of a tax collection district shall be coterminous  
29 with the county in which it is created, except as provided in  
30 this section. A school district located in more than one county

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1 shall be included in the tax collection district with the  
2 greatest share of the school district's population based on the  
3 2000 Federal Decennial Census. A municipality shall be included  
4 in the tax collection district in which its school district is  
5 located. If a municipality is located in more than one school  
6 district, each of which is in a different tax collection

7 district, the portion of the municipality in each school  
8 district shall be included in the tax collection district for  
9 that school district. The department shall establish a list of  
10 all tax collection districts and the political subdivisions in  
11 each tax collection district. By January 16, 2009, the list  
12 shall be transmitted to the Legislative Reference Bureau for  
13 publication in the Pennsylvania Bulletin; and by January 28,  
14 2009, the list shall be made available on the department's  
15 Internet website.

16 (b) Counties of the second class.--Each county of the second  
17 class with a population of over 1,000,000 persons, and which  
18 also contains a city of the second class, shall be divided into  
19 four tax collection districts, each to be as consistent as  
20 practicable with the general rules pertaining to municipalities  
21 and school districts contained in subsection (a), and to be  
22 further established as follows:

23 (1) One district shall be comprised of a city of the  
24 second class and any municipality and school district  
25 geographically located within the boundaries of such city.

26 (2) The remainder of the county shall be divided into  
27 three tax collection districts of relatively equal population  
28 which contain coterminous municipalities and school districts  
29 that are bordered by the county boundaries and by  
30 commercially navigable rivers which are at least 100 miles in

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1 length.

2 (3) The department shall develop a map and a list of all  
3 tax collection districts in each county of the second class  
4 and the political subdivisions in each tax collection  
5 district. By January 16, 2009, the list shall be transmitted  
6 to the Legislative Reference Bureau for publication in the  
7 Pennsylvania Bulletin and by January 28, 2009, the list shall  
8 be made available on the department's Internet website.

9 (C) EXISTING CONSOLIDATED COLLECTION ARRANGEMENTS.-- <--  
10 NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (A), IN ANY COUNTY  
11 IN WHICH, ON THE EFFECTIVE DATE OF THIS SECTION, ALL POLITICAL  
12 SUBDIVISIONS LEVYING AN INCOME TAX, INCLUDING A COUNTY SCHOOL  
13 DISTRICT LOCATED PARTIALLY OUTSIDE OF BUT CONTIGUOUS TO THE  
14 COUNTY, ARE SERVED BY ONE EXISTING TAX BUREAU, THE COUNTY TAX  
15 COLLECTION DISTRICT SHALL ALSO INCLUDE SUCH A SCHOOL DISTRICT  
16 AND ALL OF ITS COMPONENT MUNICIPALITIES IN THE EVENT A TAX  
17 COLLECTION COMMITTEE IS ESTABLISHED FOR THAT COUNTY PURSUANT TO  
18 SECTION 505 (M) .

19 Section 505. Tax collection committees.

20 (a) General rule.--Each SUBJECT TO THE PROVISIONS OF <--  
21 SUBSECTION (M), EACH tax collection district shall be governed  
22 by a tax collection committee constituted and operated as set  
23 forth in this section. Meetings of the tax collection committee  
24 shall be conducted under 65 Pa.C.S. Ch. 7 (relating to open  
25 meetings) and the act of June 21, 1957 (P.L.390, No.212),  
26 referred to as the Right-to-Know Law.

27 (a.1) Duties.--A tax collection committee has the following  
28 duties:

29 (1) To keep records of all votes and other actions taken  
30 by the tax collection committee.



23 within a tax collection district that imposed an income tax  
24 prior to July 1, 2009, shall appoint one voting delegate and  
25 one or more alternates to represent the political subdivision  
26 on the tax collection committee by September 15, 2009. The  
27 governing body of each political subdivision that after June  
28 30, 2009, imposes an income tax for the first time shall  
29 appoint one voting delegate and one or more alternates to  
30 represent the political subdivision on the tax collection  
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1 committee. A voting delegate or alternate shall serve at the  
2 pleasure of the governing body of the political subdivision.

3 (2) The governing body of each political subdivision  
4 within a tax collection district that prior to July 1, 2009,  
5 does not impose an income tax may appoint one nonvoting  
6 delegate and one or more alternates to represent the  
7 political subdivision on the tax collection committee. If,  
8 after June 30, 2009, the political subdivision imposes an  
9 income tax, the nonvoting delegate shall become a voting  
10 delegate to represent the political subdivision on the tax  
11 collection committee.

12 (b.1) Quorum.--Unless otherwise provided for in the bylaws  
13 of a tax collection committee, a majority of the delegates of a  
14 tax collection committee appointed under subsection (b) (1)  
15 constitutes a quorum. A quorum must be present in order to take  
16 official action.

17 (b.2) Lack of quorum AT FIRST MEETING.--If a quorum is not <--  
18 present at the first meeting, the chair of the governing body of  
19 the county in which the tax collection district is located or  
20 the chair's designee shall reschedule the meeting within three  
21 weeks. The chair or the chair's designee shall provide, by first  
22 class mail, notice of the rescheduled meeting to the department  
23 and to the governing bodies of all political subdivisions in the  
24 tax collection district on a form prescribed by the department.  
25 The form shall include the date, time and location of the  
26 rescheduled meeting and a notice that the delegates present at  
27 the rescheduled meeting shall constitute a quorum. The  
28 rescheduled meeting shall be deemed to be the first meeting for  
29 purposes of this chapter.

30 (c) Voting rights.--

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1 (1) Only a delegate appointed by the governing body of a  
2 political subdivision may represent a political subdivision  
3 at a tax collection committee meeting. If a delegate cannot  
4 be present for a tax collection committee meeting, the  
5 alternate appointed under this section may represent the  
6 political subdivision. Each delegate or alternate shall be  
7 entitled to vote upon any action authorized or required of  
8 the tax collection committee under this chapter.

9 (2) For the first meeting of the tax collection  
10 committee, actions of the tax collection committee shall be  
11 determined by a majority vote of those delegates present.  
12 Votes shall be weighted among the governing bodies of the  
13 member political subdivisions according to the following  
14 formula: 50% shall be allocated according to the proportional

15 population of each political subdivision in proportion to the  
16 population of each tax collection district as determined by  
17 the most recent Federal decennial census data and 50% shall  
18 be weighted in direct proportion to income tax revenues  
19 collected in each political subdivision, based on each  
20 political subdivision's most recent annual financial report  
21 submitted to the department or the Department of Education.  
22 For subsequent meetings, votes shall be taken in accordance  
23 with this paragraph unless the bylaws provide otherwise.

24 (3) No later than September 1, 2009, the department  
25 shall calculate the weighted vote for each political  
26 subdivision within each tax collection district based on the  
27 formula specified in paragraph (2). By July 1 of the year  
28 following the first meeting, and of each year thereafter,  
29 each tax collection committee shall recalculate the weighted  
30 vote unless the bylaws provide for a more frequent

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1 recalculation.

2 (4) If a political subdivision within the tax collection  
3 district imposes an income tax for the first time, the tax  
4 collection committee shall recalculate the weighted vote or  
5 other method of voting under the bylaws.

6 (d) First meeting schedule.--The first meeting of the tax  
7 collection committee in each tax collection district shall be on  
8 or before November 15, 2009. The chair of the county  
9 commissioners or the chief executive of the county in which the  
10 tax collection district is primarily located or the chair's  
11 designee shall schedule the first meeting of the tax collection  
12 committee and shall provide, at least 21 days before the  
13 meeting, public notice, as required by 65 Pa.C.S. § 703  
14 (relating to definitions), and notice by first class mail by  
15 September 15, 2009, to the department and to the governing body  
16 of each political subdivision located in the tax collection  
17 district.

18 (e) First meeting agenda.--The chair of the county  
19 commissioners or the chair's designee or the chief executive of  
20 the county or his designee shall convene the first meeting of  
21 the tax collection committee, conduct the meeting and record all  
22 votes until a chairperson, vice chairperson and secretary are  
23 elected by the tax collection committee. The voting delegates of  
24 the tax collection committee shall elect a chairperson and a  
25 vice chairperson, each of whom must be duly appointed voting  
26 delegates, and a secretary who need not be a duly appointed  
27 voting delegate. The chairperson shall schedule meetings, set  
28 the agenda, conduct meetings, record votes and perform other  
29 duties as determined by the tax collection committee. The  
30 secretary shall maintain the minutes and records of the tax

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1 collection committee and provide public notices and all notices  
2 to each delegate and alternate appointed to the tax collection  
3 committee.

4 (f) Bylaws.--No later than April 15, 2010, the delegates of  
5 each tax collection committee shall adopt bylaws to govern the  
6 tax collection committee and notify the department within 30

7 days of adoption. The department shall provide sample bylaws to  
8 the tax collection committee. Written notice shall be provided  
9 to each delegate and alternate delegate that the adoption or  
10 amendment of bylaws will be considered at a meeting. Notice  
11 shall include copies of the proposed bylaws or amendments. The  
12 bylaws for each tax collection committee shall provide for the  
13 following:

14 (1) Rules of procedure, quorum requirements, voting  
15 rights and provisions for managing the affairs of the tax  
16 collection committee.

17 (2) A list of officers, their terms and powers and a  
18 process for their election.

19 (3) Meetings, including special meetings.

20 (4) The process for adopting and amending bylaws.

21 (5) The procedure for the addition of new political  
22 subdivisions to the tax collection committee.

23 (g) Officers.--Upon the election of any new officers, the  
24 tax collection committee shall notify the department within 30  
25 days and shall provide the department with the name and address  
26 of each officer.

27 (h) Audits of taxes received and disbursed.--

28 (1) By the end of each calendar year, the tax collection  
29 committee shall provide for at least one examination for each  
30 calendar year of the books, accounts, financial statements,

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1 compliance reports and records of the tax officer by a  
2 certified public accountant or public accountant approved by  
3 the tax collection committee. The examination shall include  
4 an audit of all records relating to the cash basis receipt  
5 and disbursement of all public money by the tax officer, a  
6 reconciliation of the monthly reports required by section  
7 509(b), an analysis of the bond amount under section 509(d)  
8 and an analysis of the collection fees charged to the tax  
9 collection committee. In the case of a private agency, the  
10 examination shall not include payroll and other proprietary  
11 information. The examination shall be conducted according to  
12 generally accepted governmental auditing standards.

13 (2) The certified public accountant or public accountant  
14 shall issue a report, in a format prescribed by the  
15 department, to the tax collection committee, which shall  
16 include an auditor's opinion letter, a financial statement, a  
17 reconciliation of the monthly reports required by section  
18 509(b) with the receipts and disbursements, a summary of  
19 collection fees charged to the tax collection committee, a  
20 report on the tax officer's compliance with this act, a list  
21 of any findings of noncompliance with this act and a copy of  
22 a management letter if one is issued by the auditor. If there  
23 are findings of noncompliance, a copy of the report shall be  
24 filed with the Department of the Auditor General and the  
25 department. A copy of the report shall be filed with all  
26 political subdivisions within the tax collection district and  
27 the department on or before September 1 of the succeeding  
28 year. The department may make available on its Internet  
29 website summary data from the reports filed under this  
30 subsection.

1 (i) Applicability of statutes.--Each tax collection  
2 committee shall be subject to the provisions of the following:  
3 (1) The Right-to-Know Law.  
4 (2) The act of July 19, 1957 (P.L.1017, No.451), known  
5 as the State Adverse Interest Act.  
6 (3) 65 Pa.C.S. Ch. 7 (relating to open meetings).  
7 (4) 65 Pa.C.S. Ch. 11 (relating to ethics standards and  
8 financial disclosure).  
9 (j) Appeals board.--  
10 (1) By June 1, 2010, each tax collection committee shall  
11 establish an appeals board comprised of a minimum of three  
12 delegates OR, IN THE CASE OF A TAX COLLECTION COMMITTEE <--  
13 ESTABLISHED PURSUANT TO SUBSECTION (M), A MINIMUM OF THREE  
14 RESIDENTS OF THE COUNTY.  
15 (2) A determination of the tax officer relating to the  
16 assessment, collection, refund, withholding, remittance or  
17 distribution of income taxes may be appealed to the appeals  
18 board by a taxpayer, employer, political subdivision or  
19 another tax collection district.  
20 (3) All appeals, other than those brought under  
21 subsection (k), shall be conducted in a manner consistent  
22 with 53 Pa.C.S. §§ 8431 (relating to petitions), 8432  
23 (relating to practice and procedure), 8433 (relating to  
24 decisions), 8434 (relating to appeals) and 8435 (relating to  
25 equitable and legal principles to apply).  
26 (4) A tax collection committee may enter into agreement  
27 with another tax collection committee to establish a joint  
28 appeals board.  
29 (5) No member of an appeals board or joint appeals board  
30 may be a tax officer or an employee, agent or attorney for a  
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1 tax officer.  
2 (6) An appeals board appointed pursuant to this section  
3 shall constitute a joint local tax appeals board as provided  
4 for in 53 Pa.C.S. § 8430 (relating to administrative appeals)  
5 for purposes of taxes collected under the supervision of the  
6 appointing tax collection committee.  
7 (k) Mediation and appeals of tax collector actions.--  
8 (1) Any dispute among the affected parties involving a  
9 10% or greater deviation from taxes received in the previous  
10 tax year shall be subject to mandatory mediation under this  
11 section, in accordance with regulations and guidelines to be  
12 adopted by the department. A dispute involving less than the  
13 10% threshold may be the subject of voluntary mediation in  
14 accordance with regulations and guidelines to be adopted by  
15 the department.  
16 (2) One or more affected political subdivisions shall  
17 give written notice to the tax collection committee and the  
18 department of its desire to submit the disputed matter to  
19 mediation by the department. Thereafter, the affected  
20 political subdivisions, tax collection committee and tax  
21 officer shall submit to mediation to which the following  
22 provisions shall apply:



23 (i) Within 20 days of submission of the written  
24 notice, the affected political subdivisions, tax  
25 collection committee and tax officer shall each submit to  
26 the mediator and each other party to the mediation a  
27 statement of no more than five pages, stating the  
28 position of such party as to the disputed and undisputed  
29 facts and issues in the case and whether prior settlement  
30 negotiations have occurred.  
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1 (ii) Within 30 days of submission of the written  
2 notice, the department shall determine whether the  
3 dispute meets the threshold conditions for mandatory  
4 mediation under paragraph (1), which decision shall be  
5 final and not appealable. Notice of such determination  
6 shall be given in writing to all affected parties.  
7 (iii) If the mediator determines that the dispute  
8 meets the threshold conditions of paragraph (1), a  
9 mediation shall be commenced in accordance with  
10 procedures established under guidelines adopted by the  
11 department. The mediation efforts shall be completed no  
12 later than 30 days following the notice that the dispute  
13 has met the threshold requirement of paragraph (1),  
14 unless the time period is extended by mutual agreement of  
15 the parties to the mediation. The parties shall have any  
16 official authorized to settle the matter on their behalf  
17 available at the mediation. At the discretion of the  
18 mediator, the mediation may be held via telephonic  
19 communication or in person.  
20 (iv) The mediation sessions shall be closed to the  
21 public and shall not be subject to the requirements of 65  
22 Pa.C.S. Ch. 7 (relating to open meetings).  
23 (v) No offers or statements made in a mediation  
24 session, excluding the final written settlement  
25 agreement, if any, shall be admissible as evidence in any  
26 subsequent judicial or administrative proceedings in  
27 accordance with the provisions of 42 Pa.C.S. § 5949  
28 (relating to confidential mediation communications and  
29 documents).  
30 (vi) If a settlement is reached during the  
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1 mediation, the department shall prepare a written  
2 settlement agreement and obtain all necessary signatures  
3 of the parties within 30 days of the agreement of the  
4 parties to settle the issue. The settlement agreement  
5 shall be binding upon the parties to the agreement. Such  
6 settlement agreement shall be subject to the provisions  
7 of the Right-to-Know Law. Such agreements shall be  
8 admissible as evidence in any subsequent judicial or  
9 administrative proceedings in accordance with the  
10 provisions of the Pennsylvania Rules of Court, the  
11 Pennsylvania Rules of Evidence and 42 Pa.C.S. § 5949.  
12 (vii) If the mediation has not resulted in a written  
13 agreement signed by the parties as provided in  
14 subparagraph (vi), the mediation shall be deemed to have



7 (IV) SUBSECTION (C).  
8 (V) SUBSECTION (D).  
9 (VI) SUBSECTION (E).  
10 (VII) SUBSECTION (F), EXCEPT THAT THE SUBSTANCE OF  
11 BYLAWS UTILIZED BY SUCH A TAX COLLECTION COMMITTEE SHALL  
12 ADDRESS THE SUBJECTS ENUMERATED THEREIN.  
13 (VIII) SUBSECTION (L) (2).  
14 (2) ALL OF THE FOLLOWING REQUIREMENTS SHALL BE DEEMED TO  
15 HAVE BEEN MET WITHOUT THE NECESSITY OF FURTHER ACTION BY A  
16 TAX COLLECTION COMMITTEE ESTABLISHED PURSUANT TO THIS  
17 SUBSECTION:  
18 (I) THE INITIAL ADOPTION OF BYLAWS OTHERWISE  
19 REQUIRED OF A TAX COLLECTION COMMITTEE UNDER SUBSECTION  
20 (A.1) (6).  
21 (II) THE INITIAL ADOPTION OF POLICIES AND PROCEDURES  
22 OTHERWISE REQUIRED OF A TAX COLLECTION COMMITTEE UNDER  
23 SUBSECTION (A.1) (7).  
24 (3) IN ADDITION TO THE WITHDRAWAL OPTIONS FOR POLITICAL  
25 SUBDIVISIONS UNDER SECTION 510(H), EACH POLITICAL SUBDIVISION  
26 GOVERNED BY A TAX COLLECTION COMMITTEE ESTABLISHED PURSUANT  
27 TO THIS SUBSECTION MAY, WITHIN THE 90-DAY PERIOD ENDING  
28 NOVEMBER 15, 2013, AND NOVEMBER 15 EVERY FOURTH YEAR  
29 THEREAFTER, ADOPT AND FILE WITH THE DEPARTMENT AND THE TAX  
30 COLLECTION COMMITTEE A RESOLUTION EVIDENCING ITS DESIRE TO  
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1 WITHDRAW FROM GOVERNANCE BY SUCH TAX COLLECTION COMMITTEE AS  
2 OF JANUARY 1 OF THE SECOND SUCCEEDING CALENDAR YEAR. THE  
3 FOLLOWING APPLY:  
4 (I) IF A MAJORITY OF THE GOVERNING BODIES OF SUCH  
5 POLITICAL SUBDIVISIONS ADOPT RESOLUTIONS EVIDENCING A  
6 DESIRE TO WITHDRAW, A NEW TAX COLLECTION COMMITTEE SHALL  
7 BE ESTABLISHED IN ACCORDANCE WITH SUBPARAGRAPH (III).  
8 (II) IF A MAJORITY OF THE GOVERNING BODIES OF SUCH  
9 POLITICAL SUBDIVISIONS FAIL TO ADOPT RESOLUTIONS  
10 EVIDENCING A DESIRE TO WITHDRAW FROM GOVERNANCE BY THE  
11 TAX COLLECTION COMMITTEE ESTABLISHED PURSUANT TO THIS  
12 SUBSECTION, SUCH GOVERNANCE SHALL CONTINUE AS BEFORE FOR  
13 ALL POLITICAL SUBDIVISIONS.  
14 (III) THE DEPARTMENT SHALL PROMULGATE APPROPRIATE  
15 REGULATIONS GOVERNING THE ESTABLISHMENT OF A NEW COUNTY  
16 TAX COLLECTION COMMITTEE NECESSITATED BY THE ACTION OF  
17 POLITICAL SUBDIVISIONS UNDER THIS PARAGRAPH IN  
18 WITHDRAWING FROM A TAX COLLECTION COMMITTEE ESTABLISHED  
19 PURSUANT TO THIS SUBSECTION. AMONG OTHER THINGS, SUCH  
20 REGULATIONS SHALL PROVIDE FOR VOTING RIGHTS, QUORUM  
21 REQUIREMENTS, MEETING REQUIREMENTS, MEETING AGENDAS,  
22 BYLAW REQUIREMENTS AND OTHER ITEMS AS PROVIDED FOR IN  
23 THIS SECTION AND OTHER PARTS OF THIS ACT DEALING WITH THE  
24 INITIAL ESTABLISHMENT OF TAX COLLECTION COMMITTEES, TO  
25 THE EXTENT WARRANTED, AND SHALL ESTABLISH THE TIME FRAME  
26 AND SCHEDULE WITHIN WHICH ANY AND ALL ACTIONS NECESSARY  
27 TO ESTABLISH SUCH A NEW TAX COLLECTION COMMITTEE ARE TO  
28 BE EFFECTUATED TO ENSURE A TIMELY AND EFFICIENT TRANSFER  
29 OF TAX COLLECTION AND GOVERNANCE RESPONSIBILITIES.  
30 Section 506. Tax officer.

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1 (a) Collection and administration.--Notwithstanding any  
2 other provision of law to the contrary, income taxes shall be  
3 collected and administered by one tax officer in each tax  
4 collection district appointed under section 507(a). Two or more  
5 tax collection districts may appoint the same tax officer. If  
6 two or more tax collection districts form a joint tax collection  
7 committee, the joint tax collection committee shall appoint a  
8 single tax officer.

9 (b) Standards.--A tax collection committee may not appoint a  
10 tax officer that:

11 (1) has been convicted of a felony involving fraud,  
12 extortion or dishonesty in any jurisdiction;

13 (2) has engaged in conduct which significantly adversely  
14 reflects on the applicant's credibility, honesty or  
15 integrity;

16 (3) is unable to obtain the bond required by section  
17 509(d);

18 (4) has not satisfied the mandatory education  
19 requirements under section 508(e); or

20 (5) does not meet the qualifications and requirements  
21 established by the department under section 508(f).

22 Section 507. Appointment of tax officer.

23 (a) Appointment.--By September 15, 2010, each tax collection  
24 committee shall appoint a tax officer by resolution and shall  
25 notify the department of the appointment, including the tax  
26 officer's name, address and telephone number and any other  
27 information required by the department within ten days of the  
28 appointment. The name, telephone number and address of the tax  
29 officer appointed shall be added to the official register and  
30 shall be effective for the assessment, collection and  
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1 administration of income taxes levied, imposed and collected in  
2 fiscal years beginning on and after January 1, 2012. If the  
3 position of tax officer becomes vacant, the tax collection  
4 committee shall appoint a new tax officer by resolution.

5 (b) Court selection.--

6 (1) If a tax collection committee has not appointed a  
7 tax officer under subsection (a) or if a tax officer ceases  
8 to hold office and a successor has not been appointed within  
9 30 days of the vacancy, the tax collection committee shall  
10 immediately notify the department and shall submit the names  
11 of at least two nominees for the position of tax officer to  
12 the court of common pleas in the county in which the tax  
13 collection district is located. The court shall select a tax  
14 officer from among the nominees submitted by the tax  
15 collection committee.

16 (2) If the tax collection committee fails to submit  
17 nominees in accordance with this subsection, any political  
18 subdivision within the tax collection district may, after  
19 notifying the department, petition the court to select a tax  
20 officer. The court may provide for other persons to submit  
21 nominations for the position of tax officer. The court may  
22 select a tax officer from among the nominees.

23 (3) In the event that a tax officer is to be selected by  
24 the court under this subsection, the department shall inform  
25 the court of the time frame by which an appointment of a tax  
26 officer is needed and of upcoming deadlines which the tax  
27 officer must meet in order to timely fulfill the duties of  
28 appointment.

29 (4) Upon the selection of a tax officer by the court,  
30 the tax collection committee shall appoint the person

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1 selected.

2 (c) Compensation.--The tax officer shall receive reasonable  
3 compensation for services and expenses as determined by the tax  
4 collection committee. At the discretion of the tax collection  
5 committee, the tax officer may be permitted to withhold the  
6 amount of the tax officer's compensation from income taxes  
7 collected, if the monthly reports required by section 509(b)  
8 submitted by the tax officer include an accounting for all  
9 compensation withheld.

10 (d) Written agreement.--Except when a tax collection  
11 committee establishes a tax bureau under section 505(a.2)(2),  
12 all appointments of a tax officer shall be made pursuant to a  
13 written agreement between the tax officer and the tax collection  
14 committee. The agreement shall be approved by the committee by  
15 resolution.

16 (E) ELIGIBILITY OF EXISTING TAX COLLECTION ENTITIES.-- <--  
17 NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, IT SHALL  
18 NOT BE REGARDED AS A CONFLICT OF INTEREST FOR A DELEGATE OR  
19 ALTERNATE TO PARTICIPATE IN DISCUSSIONS AND VOTING OF THE TAX  
20 COLLECTION COMMITTEE RELATING TO THE APPOINTMENT OF A TAX  
21 OFFICER, SOLELY ON THE BASIS THAT THE DELEGATE OR ALTERNATE ALSO  
22 IS AN EMPLOYEE OR MEMBER OF THE GOVERNING BODY OF AN EXISTING  
23 TAX BUREAU OR OTHER PUBLIC TAX COLLECTION ENTITY WHICH IS UNDER  
24 CONSIDERATION FOR APPOINTMENT AS THE TAX OFFICER OR WHICH HAS  
25 SUBMITTED A PROPOSAL FOR APPOINTMENT AS TAX OFFICER, OR IS AN  
26 EMPLOYEE OR MEMBER OF THE GOVERNING BODY OF A POLITICAL  
27 SUBDIVISION PARTICIPATING IN SUCH AN EXISTING TAX BUREAU OR  
28 OTHER PUBLIC TAX COLLECTION ENTITY.

29 Section 508. Powers and duties of the department.

30 (a) Additional powers.--In addition to the powers and duties

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1 provided for in this act, the department, in consultation with  
2 the Department of Revenue, shall prescribe standardized forms,  
3 reports, notices, returns and schedules and shall promulgate  
4 regulations as necessary to carry out the provisions of this  
5 act.

6 (b) Temporary regulations.--The department may promulgate  
7 temporary regulations, for a period of two years, as necessary,  
8 which shall be published in the Pennsylvania Bulletin. The  
9 temporary regulations promulgated by the department shall expire  
10 no later than three years following the effective date of this  
11 part or upon promulgation of regulations as generally provided  
12 by law. The temporary regulations shall not be subject to any of  
13 the following:

14 (1) Sections 201, 202, 203 and 204 of the act of July

15 31, 1968 (P.L.769, No.240), referred to as the Commonwealth  
16 Documents Law.

17 (2) The act of June 25, 1982 (P.L.633, No.181), known as  
18 the Regulatory Review Act.

19 (c) Interim regulations.--Until promulgation of the  
20 temporary or permanent regulations under this section, rules and  
21 regulations in use by tax officers under the former Division  
22 V(c) of section 13 shall remain valid.

23 (d) Departmental study.--

24 (1) Immediately upon the earliest effective date of this  
25 section, the department shall commence a study of existing  
26 local earned income tax collection methods and practices  
27 within this Commonwealth, with particular attention to the  
28 practices and methods of previously existing cooperative  
29 collection bureaus established by one or more political  
30 subdivisions, for the purpose of identifying, collecting and

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1 comparing those practices, methods, structures, procedures,  
2 regulations, software, information systems, governance  
3 alternatives, risk management strategies and other  
4 characteristics that appear to promote the greatest  
5 likelihood of effectiveness, cost efficiency, loss prevention  
6 and willing intergovernmental cooperation.

7 (2) No later than December 31, 2009, the department  
8 shall furnish each tax collection committee a report of the  
9 findings and recommendations resulting from the study,  
10 including sample bylaws, procedures, regulations, forms,  
11 agreements, requests for proposals for the selection of tax  
12 officers, requests for proposals for the procurement of  
13 software systems and other critical systems and other  
14 appropriate samples.

15 (3) As a part of the study, the department shall also  
16 investigate and report upon the feasibility of contracting on  
17 a Statewide basis for the development and/or procurement of  
18 appropriate software systems that may be adopted and  
19 purchased by county tax collection districts or their  
20 appointed tax officers through the Commonwealth's cooperative  
21 purchasing programs.

22 (4) Nothing in this subsection shall be construed to  
23 authorize the department to compel the disclosure of  
24 information that is confidential, proprietary or a trade  
25 secret.

26 (e) Mandatory education for tax officers.--Persons and  
27 entities seeking or maintaining appointment as tax officers  
28 shall complete mandatory education as a prerequisite for their  
29 appointment and, for continuing appointment, not less than  
30 annually. The department shall provide the mandatory education

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1 and shall adopt regulations, guidelines and procedures for the  
2 mandatory education sufficient to meet the requirements of this  
3 act.

4 (f) Establishment of qualifications and requirements.--

5 (1) The department shall, by regulation, establish the  
6 qualifications and requirements a tax officer must meet prior

7 to being appointed and must meet for continuing appointment.  
8 (2) A tax collection committee may establish additional  
9 qualifications and requirements a tax officer must meet prior  
10 to being appointed and must meet for continuing appointment.  
11 Section 509. Powers and duties of tax officer.  
12 (a) Tax collection.--In addition to any other power and duty  
13 conferred upon a tax officer in this act, it shall be the duty  
14 of the tax officer:  
15 (1) To collect, reconcile, administer and enforce income  
16 taxes imposed on residents and nonresidents of each political  
17 subdivision included in the tax collection district.  
18 (2) To receive and distribute income taxes and to  
19 enforce withholding by employers located in the tax  
20 collection district.  
21 (3) To receive income taxes distributed by tax officers  
22 for other tax collection districts.  
23 (4) To distribute income taxes to political subdivisions  
24 as required by section 513.  
25 (5) To comply with all regulations adopted by the  
26 department under this act and all resolutions, policies and  
27 procedures adopted by the tax collection committee.  
28 (6) To invest all income taxes in the custody of the tax  
29 officer in authorized investments, subject to the approval of  
30 the tax collection committee. The tax officer shall observe  
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1 the standard of care that would be observed by a prudent  
2 person dealing with property of another. For the purposes of  
3 this paragraph, the term "authorized investment" shall  
4 include all of the following:  
5 (i) Short-term obligations of the United States  
6 Government or its agencies or instrumentalities which are  
7 backed by the full faith and credit of the United States  
8 or are rated in the highest category by a nationally  
9 recognized statistical rating organization.  
10 (ii) Deposits in savings accounts, time deposits,  
11 share accounts or certificates of deposit of  
12 institutions, insured by the Federal Deposit Insurance  
13 Corporation or the National Credit Union Share Insurance  
14 Fund, or their successor agencies, to the extent that the  
15 accounts are insured and, for the amount above the  
16 insured maximum, that collateral, free from other liens,  
17 for the amount is pledged by the depository institution.  
18 (iii) Deposits in investment pools established by  
19 the State Treasurer or established by local governments  
20 pursuant to 53 Pa.C.S. Ch. 23 Subch. A (relating to  
21 intergovernmental cooperation) and related statutes,  
22 provided that the investment pools are rated in the  
23 highest category by a nationally recognized statistical  
24 rating organization.  
25 (iv) Repurchase agreements which are fully  
26 collateralized by obligations of the United States  
27 Government or its agencies or instrumentalities, which  
28 are free from other liens and backed by the full faith  
29 and credit of the United States or are rated in the  
30 highest category by a nationally recognized statistical

1 rating organization.

2 (7) To distribute income generated from investments  
3 authorized under paragraph (6) as determined by the tax  
4 collection committee.

5 (b) Monthly reports.--The tax officer shall, within 20 days  
6 after the end of each month, provide a written report, on forms  
7 prescribed by the department, to the secretary of the tax  
8 collection committee and to the secretary of each political  
9 subdivision in the tax collection district for which taxes were  
10 collected during the previous month. The report shall include a  
11 breakdown of all income taxes, income generated from investments  
12 under subsection (a) (6), penalties, costs and other money  
13 received, collected, expended and distributed for each political  
14 subdivision served by the tax officer and of all money  
15 distributed to tax officers for other tax collection districts.

16 (c) Overpayments.--A tax officer shall refund, under 53  
17 Pa.C.S. §§ 8425 (relating to refunds of overpayments) and 8426  
18 (relating to interest on overpayment), on petition of and proof  
19 by the taxpayer, income taxes paid in excess of income taxes  
20 rightfully due.

21 (d) Bonds.--Prior to initiating any official duties, each  
22 tax officer shall give and acknowledge a bond to the appointing  
23 tax collection committee as follows:

24 (1) The tax collection committee shall fix the amount of  
25 the bond in an amount equal to the maximum amount of taxes  
26 that may be in the possession of the tax officer at any given  
27 time or an amount sufficient, in combination with fiscal  
28 controls, insurance and other risk management and loss  
29 prevention measures used by the tax collection district, to  
30 secure the financial responsibility of the tax officer in

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1 accordance with guidelines adopted by the department. The  
2 amount of the bond shall be revised annually by the tax  
3 collection committee based upon the annual examination  
4 required under section 505(h).

5 (2) Each bond shall be joint and several, with one or  
6 more corporate sureties, which shall be surety companies  
7 authorized to do business in this Commonwealth and licensed  
8 by the Insurance Department.

9 (3) Each bond shall be conditioned upon the completion  
10 of all of the following by the tax officer's employees and  
11 appointees:

12 (i) The faithful execution of all duties required of  
13 the tax officer.

14 (ii) The just and faithful accounting or payment  
15 over of all moneys and balances paid to, received or held  
16 by the tax officer by virtue of the office in accordance  
17 with law.

18 (iii) The delivery of all tax records or other  
19 official items held in right as the tax officer to the  
20 tax officer's successor in office.

21 (4) Each bond shall be taken in the name of the tax  
22 collection district and shall be for the use of the tax



23 collection district appointing the tax officer, and for the  
24 use of any other political subdivision or tax collection  
25 district for which income taxes shall be collected or  
26 distributed in case of a breach of any conditions of the bond  
27 by the acts or neglect of the principal on the bond.

28 (5) A tax collection committee or any political  
29 subdivision may sue upon the bond for the payment or  
30 distribution of income taxes.

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1 (6) Each bond shall contain the name of the surety  
2 company bound on the bond.

3 (7) The tax collection committee may, upon cause shown  
4 and due notice to the tax officer and the tax officer's  
5 sureties, require or allow the substitution or the addition  
6 of a surety company acceptable to the tax collection  
7 committee for the purpose of making the bond sufficient in  
8 amount, without releasing the sureties first approved from  
9 any accrued liability or previous action on the bond.

10 (8) The tax collection committee shall designate the  
11 custodian of the bond.

12 (9) The tax officer shall file copies of all bonds in  
13 effect with each political subdivision in the tax collection  
14 district.

15 (10) A copy of all bonds in effect shall be made  
16 available upon request and at no cost to the department or to  
17 a tax collection district or political subdivision seeking  
18 payment or distribution of income taxes authorized by this  
19 act.

20 (e) Records.--It shall be the duty of the tax officer to  
21 keep a record showing the amount of income taxes received from  
22 each taxpayer or other tax officer, the date of receipt, the  
23 amount and date of all other moneys received or distributed and  
24 any other information required by the department. All tax  
25 records shall be the property of the political subdivision and  
26 the tax collection district in which the taxes were collected.  
27 The tax collection district and tax officer shall retain all tax  
28 records as directed by the tax collection committee and, when  
29 applicable, in accordance with retention and disposition  
30 schedules established by the Local Government Records Committee

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1 of the Pennsylvania Historical and Museum Commission under 53  
2 Pa.C.S. Ch. 13 Subch. F (relating to records). Tax records under  
3 this subsection may be retained electronically as permitted by  
4 law.

5 (f) Employer and taxpayer audits.--

6 (1) In order to verify the accuracy of any income tax  
7 declaration or return or, if no declaration or return was  
8 filed, to ascertain the income tax due, the tax officer and  
9 the tax officer's designated employees may examine or audit  
10 the records pertaining to income taxes due of any of the  
11 following:

12 (i) An employer.

13 (ii) A taxpayer.

14 (iii) A person whom the tax officer reasonably

15 believes to be an employer or taxpayer.

16 (2) The examination or audit conducted by the tax  
17 officer and the tax officer's designated employees shall  
18 conform to the requirements set forth in 53 Pa.C.S. Ch. 84,  
19 Subch. C (relating to local taxpayers bill of rights).

20 (3) Every employer and taxpayer or other person whom the  
21 tax officer reasonably believes to be an employer or taxpayer  
22 shall provide to the tax officer and the tax officer's  
23 designated employees the means, facilities and opportunity  
24 for the examination and investigation authorized under  
25 paragraph (1).

26 (4) For purposes of this subsection, the term "records"  
27 shall include any books, papers, and relevant Federal or  
28 State tax returns and accompanying schedules, or supporting  
29 documentation for any income taxable under this act.

30 (g) Exchange of information.--

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1 (1) The tax officer of each tax collection district  
2 shall ensure that the tax collection district enters into an  
3 agreement with the Department of Revenue for the exchange of  
4 information as necessary for the collection of income taxes.

5 (2) The Department of Revenue may enter into agreements  
6 with each tax collection district and shall establish  
7 procedures under which tax collection, filing and other  
8 taxpayer and locality information in its custody will be made  
9 available to tax officers for purposes of collection,  
10 reconciliation and enforcement no later than one year after

11 the deadline for filing returns for the tax year in question.  
12 (h) Actions for collection of income taxes.--The tax officer  
13 may file an action in the name of a political subdivision within  
14 the tax collection district for the recovery of income taxes due  
15 to the political subdivision and unpaid. Nothing in this  
16 subsection shall affect the authority of a political subdivision  
17 to file an action in its own name for collection of income taxes  
18 under this chapter. This subsection shall not be construed to  
19 limit a tax officer, a tax collection district or political  
20 subdivision from recovering delinquent income taxes by any other  
21 means provided by this act. Actions for collection of income  
22 taxes shall be subject to the following:

23 (1) Except as set forth in paragraph (2) or (4), an  
24 action brought to recover income taxes must be commenced  
25 within three years of the later of the date:

26 (i) the income taxes are due;  
27 (ii) the declaration or return has been filed; or  
28 (iii) of a redetermination of compensation or net  
29 profits by the Department of Revenue.

30 (2) If there is substantial understatement of income tax  
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1 liability of 25% or more and there is no fraud, an action  
2 must be commenced within six years.

3 (3) Except as set forth in paragraph (4)(ii), (iii) or  
4 (iv), an action by a tax officer for recovery of an erroneous  
5 refund must be commenced as follows:

6 (i) Except as set forth in subparagraph (ii), within

7 two years after making the refund.  
8 (ii) If it appears that any part of the refund was  
9 induced by fraud or misrepresentation of material fact,  
10 within five years after making the refund.  
11 (4) There is no limitation of action if any of the  
12 following apply:  
13 (i) A taxpayer fails to file a declaration or return  
14 required under this act.  
15 (ii) An examination of a declaration or return or of  
16 other evidence in the possession of the tax officer  
17 relating to the declaration or return reveals a  
18 fraudulent evasion of income taxes.  
19 (iii) An employer has deducted income taxes under  
20 section 512 and has failed to pay the amount deducted to  
21 the tax officer.  
22 (iv) An employer has intentionally failed to make  
23 deductions required by this act.  
24 (i) Interest and penalties.--  
25 (1) Except as provided in paragraph (2), if the income  
26 tax is not paid when due, interest at the rate the taxpayer  
27 is required to pay to the Commonwealth under section 806 of  
28 the act of April 9, 1929 (P.L.343, No.176), known as The  
29 Fiscal Code, on the amount of the income tax, and an  
30 additional penalty of 1% of the amount of the unpaid income  
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1 tax for each month or fraction of a month during which the  
2 income tax remains unpaid shall be added and collected but  
3 the amount shall not exceed 15% in the aggregate. Where an  
4 action is brought for the recovery of the income tax, the  
5 taxpayer liable for the income tax shall, in addition, be  
6 liable for the costs of collection, interest and penalties.  
7 (2) The department may establish conditions under which  
8 a tax officer, with the concurrence of the tax collection  
9 committee, may abate interest or penalties that would  
10 otherwise be imposed for the nonreporting or underreporting  
11 of income tax liabilities or for the nonpayment of income  
12 taxes previously imposed and due if the taxpayer voluntarily  
13 files delinquent returns and pays the income taxes in full.  
14 (3) The provisions of paragraph (2) shall not affect or  
15 terminate any petitions, investigations, prosecutions or  
16 other proceedings pending under of this chapter, or prevent  
17 the commencement or further prosecution of any proceedings by  
18 the proper authorities for violations of this act. No  
19 proceedings shall, however, be commenced on the basis of  
20 delinquent returns filed pursuant to subsection (h) if the  
21 returns are determined to be substantially true and correct  
22 and the income taxes are paid in full within the prescribed  
23 time.  
24 (j) Fines and penalties for violations.--  
25 (1) Any taxpayer who fails, neglects or refuses to make  
26 any declaration or return required by this chapter, any  
27 employer who fails, neglects or refuses to register, keep or  
28 supply records or returns required by section 512 or to pay  
29 the income tax deducted from employees, or fails, neglects or  
30 refuses to deduct or withhold the income tax from employees,

1 any taxpayer or employer who refuses to permit the tax  
 2 officer appointed by a tax collection committee or an  
 3 employee or agent of the tax officer to examine books,  
 4 records and papers, and any taxpayer or employer who  
 5 knowingly makes any incomplete, false or fraudulent return,  
 6 or attempts to do anything whatsoever to avoid the full  
 7 disclosure of the amount of income in order to avoid the  
 8 payment of income taxes shall, upon conviction thereof, be  
 9 sentenced to pay a fine of not more than \$2,500 for each  
 10 offense and reasonable costs, and in default of payment of  
 11 said fine and costs, to imprisonment for not more than six  
 12 months.

13 (2) Any employer required under this chapter to collect,  
 14 account for and distribute income taxes who willfully fails  
 15 to collect or truthfully account for and distribute income  
 16 taxes, commits a misdemeanor and shall, upon conviction, be  
 17 sentenced to pay a fine not exceeding \$25,000 or to  
 18 imprisonment not exceeding two years, or both.

19 (3) The penalties imposed under this subsection shall be  
 20 in addition to any other costs and penalties imposed by this  
 21 act.

22 (4) The failure of any person to obtain forms required  
 23 for making the declaration or returns required by this act  
 24 shall not excuse the person from making the declaration or  
 25 return.

26 (k) Collection.--In addition to the powers and duties  
 27 enumerated in this section, when designated by the tax  
 28 collection committee a tax officer may collect other taxes  
 29 levied pursuant to this act, the act of June 27, 2006 (1st  
 30 Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act, or  
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1 other statutory law.

2 Section 510. Fines and penalties against tax officers.

3 (a) Distribution of nonresident taxes.--The Attorney <--  
 4 General, a A tax collection district or a political subdivision <--  
 5 that brings an action under subsection (e) with respect to  
 6 distribution of income taxes under section 513 may seek  
 7 equitable relief from a tax officer, including an accounting of  
 8 all undistributed income taxes and monetary damages, in the form  
 9 of recovery of the income taxes not previously distributed plus  
 10 interest calculated from the date that the income taxes should  
 11 have been distributed. In addition, the court may impose a civil  
 12 penalty not to exceed \$2,500 for each quarter for which income  
 13 taxes were not distributed in accordance with section 513, plus  
 14 reasonable costs and attorney fees. If a tax officer fails to  
 15 distribute income taxes to the appropriate political subdivision  
 16 as required under section 513 for four consecutive tax quarters,  
 17 the court may impose a civil penalty not to exceed \$5,000. In  
 18 addition, the court may impose a fine not to exceed \$100 per day  
 19 for every day past the deadline that a tax officer does not  
 20 respond to a claim under section 513(b).

21 (b) Monthly reports and audits of income taxes.--If a tax  
 22 officer fails to submit the report required under section

23 509(b), a tax collection district or a political subdivision  
24 entitled to receive the report may bring an action in the court  
25 of common pleas of the county in which the tax collection  
26 district is primarily located. The court may impose a civil  
27 penalty of \$20 a day for each day that the report is overdue,  
28 not to exceed \$500. If an examination submitted under section  
29 505(h) includes any findings of noncompliance, the court may  
30 impose an additional civil penalty of not less than \$500 but not  
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1 more than \$2,500.  
2 (c) Failure of duty.--An action may be brought against the  
3 tax officer to compel the performance of duties required by this  
4 chapter or imposed by regulations adopted pursuant to this  
5 chapter, including the duty to deliver all tax records and other  
6 official items held in right as tax officer to the tax officer's  
7 successor. Upon a finding of failure to perform a duty, the  
8 court may impose a penalty not to exceed \$5,000; and the tax  
9 officer may be held liable for the cost of reproducing tax  
10 records if they are lost or cannot be delivered.  
11 (d) Other violations.--A tax officer who violates any other  
12 provision of this act shall be subject to a civil penalty of up  
13 to \$2,500 for each violation.  
14 (e) Actions against a tax officer.--An action against a tax  
15 officer for a violation of this chapter may be brought by a tax  
16 collection district or a political subdivision for which the tax  
17 officer collects income taxes, a political subdivision or tax  
18 collection committee owed income taxes by the tax officer or by  
19 a surety.  
20 (f) Rescinded appointment.--  
21 (1) A tax collection committee shall temporarily remove  
22 a tax officer if a criminal action is commenced against the  
23 tax officer for an offense which would constitute a violation  
24 of the standards of office under section 506(b). If the tax  
25 officer is convicted or pleads guilty or nolo contendere in  
26 the action, the tax collection committee shall rescind the  
27 appointment and remove the tax officer permanently.  
28 (2) A tax collection committee may remove or rescind the  
29 appointment of a tax officer where the tax officer or an  
30 employee or agent of the tax officer violates the provisions  
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1 under section 514(b).  
2 (3) A tax collection committee may remove or rescind the  
3 appointment of a tax officer for cause.  
4 (4) A tax collection committee may not retain a tax  
5 officer who has been penalized under subsection (a), (b), (c)  
6 or (d) more than three times or who fails to satisfy the  
7 requirements under section 506.  
8 (g) Interpretation.--A tax officer shall not be considered a  
9 debt collector for purposes of the act of March 28, 2000  
10 (P.L.23, No.7), known as the Fair Credit Extension Uniformity  
11 Act. Except as otherwise authorized in this act, a tax officer  
12 shall be subject to the restrictions and prohibitions imposed on  
13 creditors. Notwithstanding the provisions of the Fair Credit  
14 Extension Uniformity Act, this act shall supersede any

15 restrictions and prohibitions on creditors otherwise applicable  
16 under the Fair Credit Extension Uniformity Act.

17 (h) Withdrawal from tax collection district.--

18 (1) In an action brought by a political subdivision  
19 under this section after January 1, 2014, the court may, in  
20 addition to other available remedies, grant a request by the  
21 political subdivision to withdraw from the tax collection  
22 district for good cause, provided the court determines, after  
23 hearing, that all of the following conditions exist:

24 (i) The political subdivision has suffered loss in  
25 income tax revenues that is directly and primarily  
26 attributable to the willful and continued failure of the  
27 tax officer or tax collection committee to comply with  
28 the provisions of this act.

29 (ii) The tax collection committee has failed to take  
30 reasonable measures to correct the deficiencies in the

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1 performance of the tax officer and otherwise assure  
2 compliance with the requirements of this act.

3 (iii) The political subdivision and the tax  
4 collection committee have engaged in good faith mediation  
5 before a special master appointed by the court, but  
6 nonetheless have failed to reach agreement about  
7 alternative corrective measures in lieu of withdrawal of  
8 the political subdivision from the tax collection  
9 district.

10 (iv) Other relief available that could be ordered by  
11 the court would not be adequate to provide a reasonable  
12 prospect of compliance by the tax officer and tax  
13 collection committee with the requirements of this act  
14 and that withdrawal of the political subdivision from the  
15 tax collection district is otherwise in the best  
16 interests of the political subdivision, taxpayers and  
17 employers.

18 (2) (i) In the event the court grants a request by a  
19 political subdivision under this section to withdraw from  
20 the tax collection district in which it is located, the  
21 governing body of the political subdivision may withdraw  
22 by adopting a resolution to that effect and appointing a  
23 tax officer to collect the income tax levied by that  
24 political subdivision, effective for the next calendar  
25 year beginning at least six months after the adoption of  
26 such resolution.

27 (ii) With respect to the income tax levied by that  
28 political subdivision, a tax officer appointed pursuant  
29 to this paragraph shall have the same powers and duties  
30 as a tax officer appointed by a tax collection district

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1 and all other requirements of this act pertaining to the  
2 functions and qualifications of tax collection districts  
3 and tax officers, and the related obligations of  
4 employers and taxpayers shall apply equally to the  
5 political subdivision, its governing body and a tax  
6 officer appointed by that political subdivision.

7 Section 511. Tax registers.

8 (a) Requirement.--The department shall maintain a tax  
9 register and an official register. All of the following shall  
10 apply:

11 (1) The department shall maintain a tax register on the  
12 department's Internet website. Information for the tax  
13 register shall be furnished by each county and each political  
14 subdivision to the department as prescribed by the  
15 department. The department shall continuously update the tax  
16 register.

17 (2) As part of the tax register under paragraph (1), the  
18 department shall maintain an official register. The  
19 requirement to maintain an official register in accordance  
20 with this section shall supersede the requirements for an  
21 official register in any act.

22 (3) The official register shall be organized by  
23 municipality and shall list:

24 (i) Each municipality and coterminous school  
25 district.

26 (ii) The effective income tax rate on taxpayers who  
27 reside in the municipality.

28 (iii) The effective income tax rate on taxpayers who  
29 reside in the school district.

30 (iv) The combined municipal and school district

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1 income tax rate on taxpayers residing in each  
2 municipality.

3 (v) The income tax rate on taxpayers working within  
4 the municipality.

5 (vi) Whether an income tax is a personal income tax  
6 levied under the act of June 27, 2006 (1st Sp.Sess.,  
7 P.L.1873, No.1), known as the Taxpayer Relief Act, or any  
8 other act.

9 (vii) The effective emergency and municipal services  
10 tax rate on taxpayers working within the municipality.

11 (viii) The effective emergency and municipal  
12 services tax rate on taxpayers working within the school  
13 district.

14 (ix) The combined municipal and school district  
15 emergency and municipal services tax rate.

16 (x) The amount of any other withholding tax.

17 (xi) The name, telephone number, address, e-mail and  
18 Internet address, where available, of the tax officer  
19 responsible for administering the collection of the tax.

20 (xii) Any other information deemed necessary by the  
21 department.

22 (4) Each year the department shall update and officially  
23 release withholding tax rates on the official register on  
24 June 15 and December 15. Tax rates released on June 15 shall  
25 become effective July 1. Tax rates released on December 15  
26 shall become effective January 1 of the following year. The  
27 department may revise the notification, official release and  
28 effective dates of the register for good cause. Six months  
29 prior to the revision, the department shall notify each  
30 affected political subdivision of the revision and shall

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1 publish notice of the revision in the Pennsylvania Bulletin.

2 (5) Information for the official register shall be  
3 furnished by each political subdivision to the department as  
4 prescribed by the department and shall include a copy of the  
5 ordinance or resolution enacting, repealing or changing the  
6 tax. The department shall be notified of changes to the  
7 official register as follows:

8 (i) New withholding tax enactments, repeals and  
9 changes shall be received by the department no later than  
10 June 1 to require withholding of a new tax, withholding  
11 at a new rate or to suspend withholding of such tax  
12 effective July 1 of that year. All new withholding tax  
13 enactments, repeals and changes received by the  
14 department by June 1 shall be officially released by the  
15 department June 15 and become effective July 1. Failure  
16 of the department to receive information by June 1 from  
17 political subdivisions regarding current withholding tax  
18 rates, new withholding tax enactments, repeals and  
19 changes shall be construed by the department to mean that  
20 the information contained in the previous December 15  
21 release of the official register is still in force.  
22 Information received by the department after June 1 but  
23 before December 1 shall be officially released on  
24 December 15.

25 (ii) New withholding tax enactments, repeals and  
26 changes shall be received by the department no later than  
27 December 1 to require withholding of a new tax,  
28 withholding at a new rate or to suspend withholding of  
29 such tax effective January 1 of the following year. All  
30 new withholding tax enactments, repeals and changes

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1 received by the department by December 1 shall be  
2 officially released by the department on December 15 and  
3 become effective January 1 of the following year. Failure  
4 of the department to receive information by December 1  
5 from political subdivisions regarding current withholding  
6 tax rates, new withholding tax enactments, repeals and  
7 changes shall be construed by the department to mean that  
8 the information contained in the previous June 15 release  
9 of the official register is still in force. Information  
10 received by the department after December 1 but before  
11 June 1 shall be officially released on June 15.

12 (6) (i) Employers shall not be required to deduct from  
13 compensation of their employees or make reports of  
14 compensation in connection with any withholding tax that  
15 is not released on the official register as of June 15  
16 and December 15 of each year as provided in paragraphs  
17 (4) and (5), unless the political subdivision imposing  
18 the tax has provided written notice to the employer of  
19 the tax or tax rate and the withholding requirement.

20 (ii) Notwithstanding any law to the contrary, no  
21 political subdivision or tax officer may require any  
22 employer to deduct a withholding tax at a rate or amount



23 that is not released on the official register, unless the  
24 political subdivision imposing the tax has provided  
25 written notice to the employer of the tax or tax rate and  
26 the withholding requirement.

27 (iii) The provisions of this paragraph shall not  
28 affect the liability of any taxpayer for withholding  
29 taxes lawfully imposed under this act.

30 (7) An employer may withhold at the most recently  
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1 available rate on the tax register even if such rate is  
2 different than the tax rate released on the official register  
3 as provided in paragraphs (4) and (5), provided that an  
4 employer shall not be required to withhold at a tax rate that  
5 is not released on the official register, unless the  
6 political subdivision imposing the tax has provided written  
7 notice to the employer of the current tax rate.

8 (8) No employer shall be held liable for failure to  
9 withhold an income tax from an employee if the failure to  
10 withhold the income tax arises from incorrect information  
11 submitted by the employee as to the employee's place of  
12 residence.

13 (9) No employer shall be held liable for failure to  
14 withhold the emergency and municipal services tax or for the  
15 payment of tax money withheld to a tax officer if the failure  
16 to withhold the taxes arises from incorrect information  
17 submitted by the employee as to the employee's place of  
18 employment, the employee's principal office or where the  
19 employee is principally employed.

20 (b) Definition.--As used in this section, notwithstanding  
21 section 501, the terms "income tax" and "withholding tax"  
22 include a tax assessed on the income of a taxpayer and levied by  
23 a municipality under the act of August 5, 1932 (Sp.Sess.,  
24 P.L.45, No.45), referred to as the Sterling Act.  
25 Section 512. Withholding and remittance.

26 For taxable years commencing on and after January 1, 2012, OR <--  
27 EARLIER TAXABLE YEARS IF SPECIFIED BY A TAX COLLECTION DISTRICT,  
28 income taxes shall be withheld, remitted and reported as  
29 follows:

30 (1) Every employer having an office, factory, workshop,  
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1 branch, warehouse or other place of business within a tax  
2 collection district who employs one or more persons, other  
3 than domestic servants, for a salary, wage, commission or  
4 other compensation, who has not previously registered, shall,  
5 within 15 days after becoming an employer, register with the  
6 tax officer the name and address of the employer and such  
7 other information as the department may require.

8 (2) An employer shall require each new employee to  
9 complete a certificate of residency form, which shall be an  
10 addendum to the Federal Employee's Withholding Allowance  
11 Certificate (Form W-4). An employer shall also require any  
12 employee who changes their address or domicile to complete a  
13 certificate of residency form. Upon request, certificate of  
14 residency forms shall be provided by the department. The

15 certificate of residency form shall provide information to  
16 help identify the political subdivisions where an employee  
17 lives and works.

18 (3) Every employer having an office, factory, workshop,  
19 branch, warehouse or other place of business within a tax  
20 collection district that employs one or more persons, other  
21 than domestic servants, for a salary, wage, commission or  
22 other compensation, shall, at the time of payment, deduct  
23 from the compensation due each employee employed at such  
24 place of business the greater of the employee's resident tax  
25 or the employee's nonresident tax as released in the official  
26 register under section 511.

27 (4) Except as set forth in paragraph (5), within 30 days  
28 following the end of each calendar quarter, every employer  
29 shall file a quarterly return and pay the amount of income  
30 taxes deducted during the preceding calendar quarter to the

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1 tax officer for the place of employment of each employee. The  
2 form shall show the name, address and Social Security number  
3 of each employee, the compensation of the employee during the  
4 preceding three-month period, the income tax deducted from  
5 the employee, the political subdivisions imposing the income  
6 tax upon the employee, the total compensation of all  
7 employees during the preceding calendar quarter, the total  
8 income tax deducted from the employees and paid with the  
9 return and any other information prescribed by the  
10 department.

11 (5) Notwithstanding paragraph (4), the provisions of  
12 this paragraph shall apply if an employer has more than one  
13 place of employment in more than one tax collection district.  
14 Within 30 days following the last day of each month, the  
15 employer may file the return required by paragraph (4) and  
16 pay the total amount of income taxes deducted from employees  
17 in all work locations during the preceding month to the tax  
18 officer for either the tax collection district in which the  
19 employer's payroll operations are located or as determined by  
20 the department. The return and income taxes deducted shall be  
21 filed and paid electronically. The employer must file a  
22 notice of intention to file combined returns and make  
23 combined payments with the tax officer for each place of  
24 employment at least one month before filing its first  
25 combined return or making its first combined payment. This  
26 paragraph shall not be construed to change the location of an  
27 employee's place of employment for purposes of nonresident  
28 tax liability.

29 (6) Any employer who for two of the preceding four  
30 quarterly periods has failed to deduct the proper income tax,

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1 or any part of the income tax, or has failed to pay over the  
2 proper amount of income tax as required by paragraph (3) to  
3 the tax collection district, may be required by the tax  
4 officer to file returns and pay the income tax monthly. In  
5 such cases, payments of income tax shall be made to the tax  
6 officer on or before the last day of the month succeeding the

7 month for which the income tax was withheld.  
8 (7) On or before February 28 of the succeeding year,  
9 every employer shall file with the tax officer where income  
10 taxes have been deducted and remitted pursuant to paragraph  
11 (3):  
12 (i) An annual return showing, for the period  
13 beginning January 1 of the current year and ending  
14 December 31 of the current year, the total amount of  
15 compensation paid, the total amount of income tax  
16 deducted, the total amount of income tax paid to the tax  
17 officer and any other information prescribed by the  
18 department.  
19 (ii) An individual withholding statement, which may  
20 be integrated with the Federal Wage and Tax Statement  
21 (Form W-2), for each employee employed during all or any  
22 part of the period beginning January 1 of the current  
23 year and ending December 31 of the current year, setting  
24 forth the address and Social Security number, the amount  
25 of compensation paid to the employee during the period,  
26 the amount of income tax deducted, the amount of income  
27 tax paid to the tax officer, the numerical code  
28 prescribed by the department representing the tax  
29 collection district where the payments required by  
30 paragraphs (4) and (5) were remitted and any other  
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1 information required by the department. Every employer  
2 shall furnish one copy of the individual withholding  
3 statement to the employee for whom it is filed.  
4 (8) Any employer who discontinues business prior to  
5 December 31 of the current year shall, within 30 days after  
6 the discontinuance of business, file returns and withholding  
7 statements required under this section and pay the income tax  
8 due.  
9 (9) Except as otherwise provided in section 511, an  
10 employer who willfully or negligently fails or omits to make  
11 the deductions required by this subsection shall be liable  
12 for payment of income taxes which the employer was required  
13 to withhold to the extent that the income taxes have not been  
14 recovered from the employee. The failure or omission of any  
15 employer to make the deductions required by this section  
16 shall not relieve any employee from the payment of the income  
17 tax or from complying with the requirements for filing of  
18 declarations and returns.  
19 Section 513. Distribution of income taxes.  
20 (a) General rule.--Subject to subsection (b), all of the  
21 following apply:  
22 (1) Unless otherwise agreed to or required by the tax  
23 collection committee, distribution of income taxes from a tax  
24 officer to political subdivisions within the tax collection  
25 district or to other tax collection districts shall be as  
26 follows:  
27 (i) Income taxes received from employers prior to  
28 April 1, 2013, under section 512(4) shall be distributed  
29 within 60 days of the later of:  
30 (A) receipt; or

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1 (B) the deadline for payment under section  
2 512(4).  
3 (ii) Income taxes received from employers on or  
4 after April 1, 2013, under section 512(4) shall be  
5 distributed within 30 days of the later of:  
6 (A) receipt; or  
7 (B) the deadline for payment under section  
8 512(4).  
9 (iii) Income taxes received from employers under  
10 section 512(5) shall be distributed within 30 days of the  
11 last day of the month following receipt.  
12 (iv) Income taxes received from taxpayers and other  
13 tax collection districts prior to April 1, 2013, shall be  
14 distributed within 60 days of receipt.  
15 (v) Income taxes received from taxpayers and other  
16 tax collection districts on or after April 1, 2013, shall  
17 be distributed within 30 days of receipt.  
18 (2) Income taxes received from employers, taxpayers or  
19 other tax collection districts shall be distributed based on  
20 the information submitted by the employers, taxpayers or tax  
21 collection districts. It shall not be permissible to base the  
22 distribution of income taxes on any method not expressly  
23 authorized by act of the General Assembly.  
24 (3) A tax officer shall maintain a record of all income  
25 taxes distributed under this section, which shall include all  
26 of the information required in the reports under section  
27 512(4) and (5), the date of distribution, the political  
28 subdivision or tax officer to which the income taxes are  
29 distributed and any other information required by the  
30 department. The record shall be provided to another tax  
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1 collection district at the time of distribution.  
2 (4) A tax officer who, within two years after receiving  
3 an income tax payment after reasonable efforts meeting  
4 conditions established by the tax collection committee,  
5 cannot identify the political subdivision entitled to the  
6 income tax payment shall make payment to the municipality in  
7 which the income tax was collected.  
8 (b) Other tax collection districts.--In addition to  
9 subsection (a), for distribution of income taxes to other tax  
10 collection districts, the following shall apply:  
11 (1) If nonresident taxes are not distributed to the  
12 appropriate tax officer as required under subsection (a)(1),  
13 a tax officer may make a claim for income taxes attributable  
14 to residents of the tax collection district served by that  
15 tax officer. The tax officer for the tax collection district  
16 against which a claim is made shall, within 30 days:  
17 (i) pay the claim if it is undisputed; or  
18 (ii) respond in writing stating the reasons why the  
19 claim cannot be paid.  
20 (2) If the tax officer for the tax collection district  
21 against which the claim is made does not act under paragraph  
22 (1)(i) or (ii), the tax officer making the claim may bring an

23 action in the court of common pleas in the county in which  
24 the tax collection district with the claim is primarily  
25 located for both the amount of the claim and interest at the  
26 rate provided for in 53 Pa.C.S. § 8426 (relating to interest  
27 on overpayment) from the date which the income taxes were  
28 received from the taxpayer, employer or other tax officer.  
29 Notwithstanding any other law to the contrary, an action  
30 under this paragraph must be brought within seven years after  
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1 the claim is made.  
2 (c) Codes.--Employers and tax officers shall use political  
3 subdivision and tax collection district codes prescribed by the  
4 department.  
5 (d) Fee prohibition.--No tax officer, political subdivision  
6 or tax collection district shall be required to pay a fee or  
7 commission to another tax collection district on account of  
8 income taxes distributed under this section.  
9 Section 514. Confidentiality.  
10 (a) General rule.--Any information gained by a tax officer  
11 or any employee or agent of a tax officer or of the tax  
12 collection committee as a result of any declarations, returns,  
13 investigations, hearings or verifications shall be confidential  
14 tax information.  
15 (b) Prohibited conduct.--It shall be unlawful, except for  
16 official purposes or as provided by law, for the Commonwealth,  
17 any political subdivision, tax collection committee member, tax  
18 officer, or employee or agent of a tax officer or tax collection  
19 committee to do any of the following:  
20 (1) Divulge or make known confidential tax information.  
21 (2) Permit confidential tax information or a book  
22 containing an abstract or particulars of the abstract to be  
23 seen or examined by any person.  
24 (3) Print, publish or otherwise make known any  
25 confidential tax information.  
26 (c) Penalties.--A person that violates subsection (b)  
27 commits a misdemeanor of the third degree and shall, upon  
28 conviction, be sentenced to pay a fine of not more than \$2,500  
29 or to imprisonment for not more than one year, or both. If the  
30 offender is a member of the tax collection committee, the member  
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1 shall be removed from the tax collection committee. If the  
2 offender is an employee of a tax collection committee or a  
3 political subdivision, the employee shall be discharged from  
4 employment. The offender shall pay the costs of prosecution.  
5 Section 515. Transition.  
6 (a) Fines and penalties against tax officers.--  
7 (1) A political subdivision which brings an action under  
8 former Division V(h) of section 13 may seek equitable relief  
9 from a tax officer, including an accounting of all  
10 undistributed income taxes and monetary damages, in the form  
11 of recovery of the income taxes not previously distributed.  
12 In addition, the court may impose a civil penalty not to  
13 exceed \$2,500 for each quarter for which income taxes were  
14 not distributed in accordance with former Division V(h) of

15 section 13, plus reasonable costs and attorney fees.  
16 (2) If a tax officer fails to distribute income taxes to  
17 the appropriate political subdivision as required under  
18 former Division V(h) of section 13 for four consecutive  
19 quarters, the court may impose a civil penalty not to exceed  
20 \$5,000.  
21 (3) An action may be brought against the tax officer to  
22 compel the performance of duties required by Chapter 3 or  
23 former section 13 or imposed by regulations adopted pursuant  
24 to Chapter 5, including the duty to deliver all tax records  
25 and other official items held in right as tax officer to the  
26 tax officer's successor. Upon a finding of failure to perform  
27 a duty, the court may impose a penalty not to exceed \$5,000;  
28 and the tax officer may be held liable for the cost or  
29 reproducing tax records if they are lost or cannot be  
30 delivered.  
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1 (4) An Article XIII tax officer who violates any other  
2 provision of this section or former section 13 shall be  
3 subject to a civil penalty of up to \$2,500 for each  
4 violation.  
5 (5) An action against an Article XIII tax officer for a  
6 violation of this act may be brought by the Attorney General, <--  
7 a political subdivision for which the Article XIII tax  
8 officer collects income taxes, a political subdivision owed  
9 income taxes by the Article XIII tax officer or by a surety  
10 that is liable because of the violation.  
11 (6) A political subdivision shall remove or rescind the  
12 appointment of an Article XIII tax officer who has been  
13 penalized more than three times under paragraph (1), (2), (3)  
14 or (4).  
15 (b) Transition.--  
16 (1) (i) The governing body of each political  
17 subdivision which imposed an income tax prior to January  
18 1, 2011, shall do all of the following:  
19 (A) Determine by November 1, 2010, whether the  
20 Article XIII tax officer or the newly appointed tax  
21 officer shall collect 2011 income taxes.  
22 (B) Notify the department by December 1, 2010,  
23 of the determination under clause (A) in accordance  
24 with section 511(a)(5).  
25 (ii) Every employer shall remit 2011 income taxes  
26 and file the quarterly and annual reports required by  
27 former Division IV(b) and (c) of section 13 to either the  
28 Article XIII tax officer or the newly appointed tax  
29 officer, as determined by the appropriate political  
30 subdivision and released on the official register in  
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1 accordance with section 511.  
2 (2) By July 1, 2011, each tax collection committee shall  
3 develop a plan to transition from the provisions of former  
4 section 13 to the provisions of sections 512 and 513, and  
5 from the Article XIII tax officer to the newly appointed tax  
6 officer for 2012 income taxes.

7 (3) The Article XIII tax officer shall deliver all tax  
8 records to the political subdivision and the newly appointed  
9 tax officer by June 30, 2012, unless otherwise agreed to by  
10 the political subdivision and the newly appointed tax  
11 officer.

12 (4) Any delinquent income taxes or reports from 2011, or  
13 previous years which have not been remitted or provided to  
14 the Article XIII tax officer by June 30, 2012, shall become  
15 the responsibility of the newly appointed tax officer. A  
16 political subdivision which has made other provisions for the  
17 collection of delinquent income taxes or reports for 2011 or  
18 previous years shall notify the newly appointed tax officer.

19 (5) Beginning with the first quarter of 2012, employers  
20 shall remit income taxes withheld and make reports as  
21 required by section 512 to the newly appointed tax officer.

22 (c) Definitions.--The following words and phrases when used  
23 in this section shall have the meanings given to them in this  
24 subsection unless the context clearly indicates otherwise:

25 "Newly appointed tax officer." A tax officer appointed under  
26 section 507(a) responsible for the collection of 2012 income  
27 taxes.

28 Section 516. Regulatory conflict.

29 In the event of a conflict between a regulation under this  
30 chapter and a regulation under the act of June 27, 2006 (1st  
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1 Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act, in  
2 the area of tax collection, the regulation under this chapter  
3 shall prevail.

4 Section 517. Audit and evaluation.

5 (a) General rule.--Before 2017, the Legislative Budget and  
6 Finance Committee shall conduct an audit and evaluation of the  
7 impact of this chapter and consolidated collection of local  
8 income taxes. The committee shall consult with the Auditor  
9 General in the course of its audit and evaluation. The audit and  
10 evaluation shall:

11 (1) Determine the extent to which income tax revenue  
12 losses have been minimized or eliminated by the  
13 implementation of uniform collection standards and a  
14 countywide income tax collection system.

15 (2) Determine whether consolidated collection and  
16 standardized withholding and remittance of local income taxes  
17 as required in section 512 has simplified the system, reduced  
18 fragmentation and reduced the burden of withholding,  
19 remitting and distributing the local income tax for  
20 employers.

21 (3) Determine if tax compliance is simpler, easier,  
22 fairer and less time-consuming for taxpayers.

23 (4) Determine whether the tax collection system under  
24 this chapter is more efficient than the prior system.

25 (5) Determine if tax collection committees are  
26 exercising their powers and duties under section 505  
27 effectively.

28 (6) Determine the extent to which cooperation and  
29 coordination exists among tax officers and tax collection  
30 districts.

1 (7) Determine whether authorized investments under  
 2 509(a)(6) and the bonding requirements under section 509(d)  
 3 provide sufficient protection to income tax collections.  
 4 (8) Determine whether nonresident and resident taxes are  
 5 being properly distributed among tax collection districts  
 6 within this Commonwealth and to political subdivisions within  
 7 each tax collection district.  
 8 (9) Determine whether the reporting, audit,  
 9 accountability, transparency and oversight requirements for  
 10 taxes collected, distributed and administered in this chapter  
 11 are adequate and being met within and among tax collection  
 12 districts.  
 13 (10) Determine if the appeals boards created under  
 14 section 505(j) are impartial, fair and effective.  
 15 (11) Determine whether the penalties against tax  
 16 officers under section 510 are effective and the extent to  
 17 which tax officers are in compliance with the rules and  
 18 regulations required by this chapter, and identify any tax  
 19 officers that are in substantial noncompliance with these  
 20 rules and regulations.  
 21 (12) Determine whether the agreements under section  
 22 509(g) have been approved by the Department of Revenue and  
 23 each tax collection district, and that the exchange of  
 24 information is reciprocal, timely and useful.  
 25 (13) Determine whether the interest, penalties and fines  
 26 under section 509(i) and (j) are appropriate and adequate.  
 27 (14) Recommend needed improvements to the system.  
 28 (b) Filing requirement.--Copies of the audit findings of the  
 29 Legislative Budget and Finance Committee under subsection (a)  
 30 shall be filed with the chair of the Finance Committee of the  
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1 Senate, the chair of the Finance Committee of the House of  
 2 Representatives, the department, the Auditor General and with  
 3 each tax collection committee.  
 4 Section 24. The act is amended by adding a chapter heading  
 5 to read:  
 6  
 7 CHAPTER 7  
 8 COLLECTION OF DELINQUENT TAXES  
 9 Section 25. The act is amended by adding a section to read:  
 10 Section 701. Definitions.--As used in this chapter:  
 11 "Business entity" means a sole proprietorship, corporation,  
 12 joint-stock association or company, partnership, limited  
 13 partnership, limited liability company, association, business  
 14 trust, syndicate or other commercial or professional activity  
 15 organized under the laws of this Commonwealth or any other  
 16 jurisdiction.  
 17 "Employer" means a person, business entity or other entity,  
 18 including the Commonwealth, its political subdivisions and  
 19 instrumentalities and public authorities, employing one or more  
 20 persons for a salary, wage, commission or other compensation.  
 21 "Private agency" means a business entity or person appointed  
 22 as a tax collector by a political subdivision.  
 23 Section 26. Section 18 of the act is renumbered and amended



23 to read:

24 Section [18] 701.1. Distress and Sale of Goods and Chattels  
25 of Taxpayer.--Every tax collector under Chapter 3 and tax  
26 officer under Chapter 5 shall have power, in case of the neglect  
27 or refusal of any person[, copartnership, association, or  
28 corporation] or business entity, to make payment of the amount  
29 of any tax due [by him] from the person or the business entity,  
30 after two months from the date of the tax notice, to levy the  
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1 amount of such tax, any penalty due thereon and costs, not  
2 exceeding costs and charges allowed constables for similar  
3 services by distress and sale of the goods and chattels of such  
4 delinquent, wherever situate or found, upon giving at least ten  
5 days' public notice of such sale, by posting ten written or  
6 printed notices, and by one advertisement in a newspaper of  
7 general circulation published in the county.

8 No failure to demand or collect any taxes by distress and  
9 sale of goods and chattels shall invalidate any return made, or  
10 lien filed for nonpayment of taxes, or any tax sale for the  
11 collection of taxes.

12 Section 27. Sections 19 and 20 of the act, amended June 21,  
13 2007 (P.L.13, No.7), are renumbered and amended to read:

14 Section [19] 702. Collection of Delinquent Per Capita,  
15 Occupation, Occupational Privilege, Emergency and Municipal  
16 Services, Local Services and [Earned] Income Taxes from  
17 Employers, etc.--The tax collector under Chapter 3 and the tax  
18 officer under Chapter 5 shall demand, receive and collect from  
19 all [corporations, political subdivisions, associations,  
20 companies, firms or individuals,] employers, other than the  
21 Commonwealth, employing persons owing delinquent per capita,  
22 [or] occupation[,] or occupational privilege[,] taxes under  
23 Chapter 3 or emergency and municipal services, local services  
24 and [earned] income taxes under Chapter 5, or whose spouse owes  
25 delinquent per capita, occupation[,] or occupational  
26 privilege[,] taxes under Chapter 3 or emergency and municipal  
27 services, local services and [earned] income taxes under Chapter  
28 5, or having in possession unpaid commissions or earnings  
29 belonging to any person or persons owing delinquent per capita,  
30 occupation[,] or occupational privilege[,] taxes under Chapter 3  
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1 or emergency and municipal services, local services and [earned]  
2 income taxes under Chapter 5, or whose spouse owes delinquent  
3 per capita, occupation[,] or occupational privilege[,] taxes  
4 under Chapter 3 or emergency and municipal services, local  
5 services and [earned] income taxes under Chapter 5, upon the  
6 presentation of a written notice and demand certifying that the  
7 information contained therein is true and correct and containing  
8 the name of the taxable or the spouse thereof and the amount of  
9 tax due. Upon the presentation of such written notice and  
10 demand, it shall be the duty of any [such corporation, political  
11 subdivision, association, company, firm or individual] employer  
12 to deduct from the wages, commissions or earnings of such  
13 individual employes, then owing or that shall within sixty days  
14 thereafter become due, or from any unpaid commissions or

15 earnings of any such taxable in [its or his] the employer's  
16 possession, or that shall within sixty days thereafter come into  
17 [its or his] the employer's possession, a sum sufficient to pay  
18 the respective amount of the delinquent [per capita, occupation,  
19 occupational privilege, emergency and municipal services, local  
20 services and earned income] taxes and costs, shown upon the  
21 written notice or demand, and to pay the same to the tax  
22 collector of the taxing district or to the tax officer for the  
23 tax collection district in which such delinquent tax was levied  
24 within sixty days after such notice shall have been given. No  
25 more than ten percent of the wages, commissions or earnings of  
26 the delinquent taxpayer or spouse thereof may be deducted at any  
27 one time for delinquent [per capita, occupation, occupational  
28 privilege, emergency and municipal services, local services and  
29 earned income] taxes and costs. [Such corporation, political  
30 subdivision, association, firm or individual] The employer shall  
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1 be entitled to deduct from the moneys collected from each  
2 employe the costs incurred from the extra bookkeeping necessary  
3 to record such transactions, not exceeding two percent of the  
4 amount of money so collected and paid over to the tax collector  
5 or tax officer. Upon the failure of any [such corporation,  
6 political subdivision, association, company, firm or individual]  
7 employer to deduct the amount of such taxes or to pay the same  
8 over to the tax collector or tax officer, less the cost of  
9 bookkeeping involved in such transaction, as herein provided,  
10 within the time hereby required, [such corporation, political  
11 subdivision, association, company, firm or individual] the  
12 employer shall forfeit and pay the amount of such tax for each  
13 such taxable whose taxes are not withheld and paid over, or that  
14 are withheld and not paid over together with a penalty of ten  
15 percent added thereto, to be recovered by an action of assumpsit  
16 in a suit to be instituted by the tax collector or tax officer,  
17 or by the proper authorities of the taxing district or tax  
18 collection district, as debts of like amount are now by law  
19 recoverable, except that such person shall not have the benefit  
20 of any stay of execution or exemption law. The tax collector or  
21 tax officer shall not proceed against a spouse or [his] the  
22 spouse's employer until [he] the tax collector or tax officer  
23 has pursued collection remedies against the delinquent taxpayer  
24 and his employer under this section.

25 Section [20] 703. Collection of Delinquent Per Capita,  
26 Occupation, Occupational Privilege, Emergency and Municipal  
27 Services, Local Services and [Earned] Income Taxes from the  
28 Commonwealth.--Upon presentation of a written notice and demand  
29 under oath or affirmation, to the State Treasurer or any other  
30 fiscal officer of the State, or its boards, authorities,  
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1 agencies or commissions, it shall be the duty of the treasurer  
2 or officer to deduct from the wages then owing, or that shall  
3 within sixty days thereafter become due to any employe, a sum  
4 sufficient to pay the respective amount of the delinquent per  
5 capita, occupation[,] or occupational privilege, emergency and  
6 municipal services, local services under Chapter 3 and [earned]

7 income taxes under Chapter 5 and costs shown on the written  
8 notice. The same shall be paid to the tax collector or the tax  
9 officer of the tax collection district of the taxing district in  
10 which said delinquent tax was levied within sixty days after  
11 such notice shall have been given.

12 Section 28. Section 20.1 of the act, added October 18, 1975  
13 (P.L.425, No.118), is renumbered and amended to read:

14 Section [20.1] 704. Notice.--The tax collector or tax  
15 officer shall, at least fifteen days prior to the presentation  
16 of a written notice and demand to the State Treasurer or other  
17 fiscal officer of the State, or to any [corporation, political  
18 subdivision, association, company or individual] employer,  
19 notify the taxpayer owing the delinquent tax by registered or  
20 certified mail that a written notice and demand shall be  
21 presented to [his] the taxpayer's employer unless such tax is  
22 paid. The return receipt card for certified or registered mail  
23 shall be marked delivered to addressee only, and the cost of  
24 notification by certified or registered mail shall be added to  
25 the costs for collecting taxes.

26 Section 29. Section 21 of the act, amended November 30, 2004  
27 (P.L.1520, No.192), is renumbered and amended to read:

28 Section [21] 705. Collection of Taxes by Suit.--(A) Each <--  
29 taxing district or person, public employe or private agency  
30 designated by the taxing district under Chapter 3 and each tax  
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1 officer under Chapter 5 shall have power to collect unpaid taxes  
2 from the persons owing such taxes by suit in assumpsit or other  
3 appropriate remedy. Upon each such judgment, execution may be  
4 issued without any stay or benefit of any exemption law. The  
5 right [of each such taxing district] to collect unpaid taxes  
6 under the provisions of this section shall not be affected by  
7 the fact that such taxes have been entered as liens in the  
8 office of the prothonotary, or the fact that the property  
9 against which they were levied has been returned to the county  
10 commissioners for taxes for prior years.

11 (B) (1) ALL TAXES DEDUCTED AND WITHHELD FROM EMPLOYES <--  
12 PURSUANT TO THIS CHAPTER OR UNDER COVER OF THIS CHAPTER, PLUS  
13 ANY PENALTIES AND INTEREST WITH RESPECT THERETO, SHALL  
14 CONSTITUTE A TRUST FUND FOR THE POLITICAL SUBDIVISION AND SHALL  
15 BE ENFORCEABLE AGAINST SUCH EMPLOYER, HIS REPRESENTATIVE OR ANY  
16 OTHER PERSON RECEIVING ANY SUCH FUND.

17 (2) WHEN SUIT IS BROUGHT FOR THE RECOVERY OF ANY SUCH TAX,  
18 THE PERSON LIABLE THEREFORE SHALL, IN ADDITION, BE LIABLE FOR  
19 THE COSTS OF COLLECTION AND THE INTEREST AND PENALTIES HEREIN  
20 IMPOSED.

21 Section 30. Section 22 of the act is renumbered and amended  
22 to read:

23 Section [22] 706. Penalties.--Except as otherwise provided  
24 in the case of any tax levied and assessed upon [earned] income,  
25 any such political subdivision shall have power to prescribe and  
26 enforce reasonable penalties for the nonpayment, within the time  
27 fixed for their payment, of taxes imposed under authority of  
28 this act and for the violations of the provisions of ordinances  
29 or resolutions passed under authority of this act.

30 If for any reason any tax levied and assessed upon [earned]

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1 income by any such political subdivision is not paid when due,  
2 interest [at the rate of six percent per annum on the amount of  
3 said tax, and an additional penalty of one-half of one percent  
4 of the amount of the unpaid tax for each month or fraction  
5 thereof during which the tax remains unpaid,] and penalties as  
6 provided in section 509(i) shall be added and collected. When  
7 suit is brought for the recovery of any such tax, the person  
8 liable therefor shall, in addition, be liable for the costs of  
9 collection and the interest and penalties herein imposed.

10 Section 31. Section 22.1 of the act, amended June 21, 2007  
11 (P.L.13, No.7), is renumbered and amended to read:

12 Section [22.1] 707. Costs of Collection of Delinquent Per  
13 Capita, Occupation, Occupational Privilege, Emergency and  
14 Municipal Services, Local Services and [Earned] Income Taxes.--  
15 (a) A [person, public employe] bureau, political subdivision or  
16 private agency designated by a governing body of a political  
17 subdivision or a tax collection district to collect and  
18 administer [a] per capita, occupation[, ] or occupational  
19 privilege, emergency and municipal services, local services  
20 taxes under Chapter 3 or [earned income tax] income taxes under  
21 Chapter 5 may impose and collect the reasonable costs incurred  
22 to provide notices of delinquency or to implement similar  
23 procedures utilized to collect delinquent taxes from a taxpayer  
24 as approved by the governing body of the political subdivision  
25 or the tax collection committee. Reasonable costs collected may  
26 be retained by the [person, public employe or private agency  
27 designated to collect the tax as agreed to by the governing body  
28 of the political subdivision] tax collector under Chapter 3 or  
29 the tax officer under Chapter 5. An itemized accounting of all  
30 costs collected shall be remitted to the political subdivision

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1 or the tax collection committee on an annual basis.

2 (b) Costs related to the collection of unpaid per capita,  
3 occupation [or], occupational privilege, emergency and municipal  
4 services or local services taxes may only be assessed, levied  
5 and collected for five years from the last day of the calendar  
6 year in which the tax was due.

7 (c) A delinquent taxpayer may not bring an action for  
8 reimbursement, refund or elimination of reasonable costs of  
9 collection assessed or imposed prior to the effective date of  
10 this section. Additional costs may not be assessed on delinquent  
11 taxes collected prior to the effective date of this section.

12 Section 32. Section 22.2 of the act, added November 30, 2004  
13 (P.L.1520, No.192), is renumbered and amended to read:

14 Section [22.2] 708. Clarification of Existing Law.--The  
15 addition of section [22.1 of this act] 707 is intended as a  
16 clarification of existing law and is not intended to:

17 (1) establish new rights or enlarge existing rights of  
18 political subdivisions or employes or agents of political  
19 subdivisions; or

20 (2) establish new obligations or enlarge existing  
21 obligations of taxpayers.

22 Section 33. Section 22.3 of the act, added November 30, 2004

23 (P.L.1520, No.192), is repealed:  
24 [Section 22.3. Legal Representation.--When bringing a suit  
25 under any provision of this act, the taxing district, officer,  
26 person, public employe or private agency designated by the  
27 taxing district shall be represented by an attorney.]  
28 Section 34. Section 22.6 of the act, added June 21, 2007  
29 (P.L.13, No.7), is repealed:  
30 [Section 22.6. Restricted Use.--(a) Any municipality  
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1 deriving funds from the local services tax may only use the  
2 funds for:  
3 (1) Emergency services, which shall include emergency  
4 medical services, police services and/or fire services.  
5 (2) Road construction and/or maintenance.  
6 (3) Reduction of property taxes.  
7 (4) Property tax relief through implementation of a  
8 homestead and farmstead exclusion in accordance with 53 Pa.C.S.  
9 Ch. 85 Subch. F (relating to homestead property exclusion).  
10 (a.1) A municipality shall use no less than twenty-five  
11 percent of the funds derived from the local services tax for  
12 emergency services.  
13 (b) In the event that a municipality decides to implement a  
14 homestead and farmstead exclusion for purposes of providing  
15 property tax relief in accordance with subsection (a)(4), the  
16 following shall apply:  
17 (1) The decision to provide a homestead and farmstead  
18 exclusion shall be made, by ordinance, prior to December 1, with  
19 the homestead and farmstead exclusion to take effect for the  
20 fiscal year beginning the first day of January following  
21 adoption of the ordinance. Upon adopting an ordinance in  
22 accordance with this paragraph, a municipality shall, by first  
23 class mail, notify the assessor, as defined in 53 Pa.C.S. § 8582  
24 (relating to definitions), of its decision to provide a  
25 homestead and farmstead exclusion.  
26 (2) The assessor shall provide a municipality that will be  
27 imposing a homestead and farmstead exclusion in accordance with  
28 subsection (a)(4) with a certified report, as provided in 53  
29 Pa.C.S. § 8584(i) (relating to administration and procedure),  
30 listing information regarding homestead and farmstead properties  
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1 in the municipality as determined pursuant to applications filed  
2 with the assessor in connection with this or any other law under  
3 which a homestead or farmstead exclusion has been adopted. In  
4 the year in which an ordinance is adopted in accordance with  
5 paragraph (1), the assessor shall provide the certified report  
6 after being notified by the municipality of its decision to  
7 provide a homestead and farmstead exclusion. In each succeeding  
8 year, the assessor shall provide the certified report by  
9 December 1 or at the same time the tax duplicate is certified to  
10 the municipality, whichever occurs first. Any duty placed on an  
11 assessor in accordance with this paragraph shall be in addition  
12 to those established in 53 Pa.C.S. Ch. 85 Subch. F and the act  
13 of June 27, 2006 (1st Sp.Sess. P.L.1873, No.1), known as the  
14 "Taxpayer Relief Act."

15 (3) Only homestead or farmstead properties identified in the  
16 certified report of the assessor obtained in any year shall be  
17 eligible to receive the exclusion for the next fiscal year.

18 (4) In the year in which a municipality adopts the ordinance  
19 evidencing its decision to implement a homestead and farmstead  
20 exclusion, the municipality shall notify by first class mail the  
21 owner of each parcel of residential property within the  
22 municipality which is not approved as a homestead or farmstead  
23 property or for which the approval is due to expire of the  
24 following:

25 (i) That the homestead and farmstead exclusion program is to  
26 be implemented to provide property tax relief as authorized by  
27 subsection (a)(4), beginning in the next fiscal year.

28 (ii) That only properties currently identified in the  
29 certified report of the assessor as having been approved in  
30 whole or in part as homestead or farmstead properties shall be  
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1 entitled to an exclusion in the next fiscal year.

2 (iii) That owners of properties that have not been approved  
3 by the assessor as homestead or farmstead properties may file an  
4 application in accordance with 53 Pa.C.S. § 8584(a) by the  
5 annual application deadline of March 1 in order to qualify for  
6 the program in the year following the next fiscal year.

7 (5) The one-time notice required by paragraph (4) may be  
8 combined and made together with the annual notice required by  
9 paragraph (7) or with an annual notice by a coterminous  
10 political subdivision that has implemented a homestead and  
11 farmstead exclusion.

12 (6) In the year in which the initial decision to provide a  
13 homestead and farmstead exclusion is made and in each succeeding  
14 year, a municipality shall, by resolution, fix the dollar amount  
15 that is to be excluded from the assessed value of each homestead  
16 and farmstead property for the next fiscal year, consistent with  
17 53 Pa.C.S. §§ 8583 (relating to exclusion for homestead  
18 property) and 8586 (relating to limitations). This determination  
19 of the amount of the homestead and farmstead exclusion shall be  
20 made, after receipt of the tax duplicate and the certified  
21 report from the assessor, at the time the governing body of a  
22 municipality determines the municipal budget and estimates  
23 revenues to be derived from the local services tax for the next  
24 fiscal year.

25 (7) Each year after the year in which the municipality  
26 implements a homestead and farmstead exclusion and no later than  
27 one hundred twenty days prior to the application deadline, the  
28 municipality shall give notice of the existence of the  
29 municipality's homestead and farmstead exclusion program; the  
30 need to file an application in accordance with 53 Pa.C.S. §  
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1 8584(a) in order to qualify for the program; and the application  
2 deadline, which, notwithstanding 53 Pa.C.S. § 8584(b), shall be  
3 December 15. This annual notice, which shall be given by first  
4 class mail, need only be sent to the owner of each parcel of  
5 residential property in the municipality which is not approved  
6 as homestead or farmstead property or for which the approval is

7 due to expire.

8 (c) For purposes of this section, the term "municipality"  
9 does not include a school district.]

10 Section 35. The act is amended by adding a chapter heading  
11 to read:

12 CHAPTER 9  
13 MISCELLANEOUS PROVISIONS

14 Section 36. Section 23 of the act is renumbered and amended  
15 to read:

16 Section [23] 901. Repeals.--(a) (1) The act of June 25,  
17 1947 (P.L.1145), entitled, as amended, "An act empowering cities  
18 of the second class, cities of the second class A, cities of the  
19 third class, boroughs, towns, townships of the first class,  
20 townships of the second class, school districts of the second  
21 class, school districts of the third class and school districts  
22 of the fourth class to levy, assess and collect or to provide  
23 for the levying, assessment and collection of certain additional  
24 taxes subject to maximum limitations for general revenue  
25 purposes; authorizing the establishment of bureaus and the  
26 appointment and compensation of officers and employes to assess  
27 and collect such taxes; and permitting penalties to be imposed  
28 and enforced; providing an appeal from the ordinance or  
29 resolution levying such taxes to the court of quarter sessions  
30 and to the Supreme Court and Superior Court," is repealed.

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1 (2) All other acts and parts of acts are repealed in so  
2 far as they are inconsistent herewith.

3 (b) The following acts and parts of acts are repealed to the  
4 extent specified:

5 (1) Section 224 of the act of April 9, 1929 (P.L.177,  
6 No.175), known as The Administrative Code of 1929, insofar as  
7 it is inconsistent with this act.

8 (2) The act of August 24, 1961 (P.L.1135, No.508),  
9 referred to as the First Class A School District Earned  
10 Income Tax Act, insofar as it is inconsistent with this act.

11 (3) Sections 322, 326, 351 and 5004.1 of the act of June  
12 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as the  
13 Taxpayer Relief Act, insofar as it is inconsistent with this  
14 act.

15 Section 37. Any ordinance or resolution providing for the  
16 levying, assessment or collection of a tax on individuals for  
17 the privilege of engaging in an occupation which has been  
18 enacted by a political subdivision prior to December 1, 2004,  
19 shall continue in full force and effect, without reenactment, as  
20 if such tax had been levied, assessed or collected as a local  
21 services tax under section 301.1(f) (9) of the act. All  
22 references in any ordinance or resolution to a tax on the  
23 privilege of engaging in an occupation shall be deemed to be a  
24 reference to a local services tax for the purposes of the act.

25 Section 38. All emergency and municipal services taxes  
26 levied for the calendar year beginning on January 1, 2007, shall  
27 remain in effect for the calendar year beginning on January 1,  
28 2007, and ending December 31, 2007, and are not otherwise  
29 altered.

30 Section 39. This act shall apply as follows:

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1           (1) The following provisions shall not apply to an  
2 Article XIII tax officer with respect to income taxes levied  
3 before January 1, 2012:  
4           (i) The amendment of section 10 of the act.  
5           (ii) The repeal of section 11 of the act.  
6           (2) The repeal of divisions (II), (III), (IV), (V),  
7 (VI), (VII), (VIII) and (IX) of section 13 of the act shall  
8 not apply to income taxes levied and collected prior to  
9 January 1, 2012.  
10          (3) Except as set forth in paragraph (4) and sections  
11 508 and 515 of the act, the addition of Chapter 5 of the act  
12 shall apply to income taxes levied and collected after  
13 December 31, 2011.  
14          (4) The addition of section 511 of the act shall apply  
15 to the official register released June 15, 2008, and each  
16 year thereafter.  
17 Section 40. This act shall take effect as follows:  
18          (1) The following provisions shall take effect January  
19 1, 2012:  
20           (i) The amendment of section 10 of the act.  
21           (ii) The repeal of section 11 of the act.  
22          (2) The amendment of section 13 of the act shall take  
23 effect June 30, 2012.  
24          (3) The remainder of this act shall take effect  
25 immediately.