

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

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# HOUSE BILL

## No. 1185

Session of  
1981

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INTRODUCED BY DeVERTER, WILSON, BURNS, WASS, SIEMINSKI,  
E. Z. TAYLOR, PUNT, KUKOVICH, BOWSER, COCHRAN, PHILLIPS,  
GEIST, MILLER, CESSAR, ARTY, KOWALYSHYN, HOFFEL, GRUPPO,  
MADIGAN, GREENWOOD, COLE, HALUSKA AND SHOWERS, APRIL 8, 1981

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AS RE-REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF  
REPRESENTATIVES, AS AMENDED, JANUARY 20, 1981

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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,"  
22 implementing school real property tax relief and municipal  
23 tax reform, amending the title and certain provisions  
24 eliminating authority for school districts to levy taxes and  
25 other political subdivisions to levy certain taxes,  
26 authorizing certain taxes to be levied by said municipal  
27 corporations in lieu of the eliminated taxes and making  
28 editorial changes and repeals.

29 The General Assembly of the Commonwealth of Pennsylvania

1 hereby enacts as follows:

2 Section 1. The title, act of December 31, 1965 (P.L.1257,  
3 No.511), known as "The Local Tax Enabling Act," is amended to  
4 read:

5 AN ACT

6 Empowering cities of the second class, cities of the second  
7 class A, cities of the third class, boroughs, towns,  
8 townships of the first class[,] and townships of the second  
9 class[, school districts of the second class, school  
10 districts of the third class and school districts of the  
11 fourth class including independent school districts,] to  
12 levy, assess, collect or to provide for the levying,  
13 assessment and collection of certain taxes subject to maximum  
14 limitations for general revenue purposes; authorizing the  
15 establishment of bureaus and the appointment and compensation  
16 of officers, agencies and employes to assess and collect such  
17 taxes; providing for joint collection of certain taxes,  
18 prescribing certain definitions and other provisions for  
19 taxes levied and assessed upon [earned] income, providing for  
20 annual audits and for collection of delinquent taxes, and  
21 permitting and requiring penalties to be imposed and  
22 enforced, including penalties for disclosure of confidential  
23 information[, and providing an appeal from the ordinance or  
24 resolution levying such taxes [to the court of quarter  
25 sessions and to the Supreme Court and Superior Court].

26 Section 2. Section 2 of the act, amended December 21, 1967  
27 (P.L.878, No.391), July 1, 1978 (P.L.592, No.113) and October  
28 25, 1979 (P.L.233, No.74), is amended to read:

29 Section 2. Delegation of Taxing Powers and Restrictions  
30 Thereon.--The duly constituted authorities of the following

1 political subdivisions, cities of the second class, cities of  
2 the second class A, cities of the third class, boroughs, towns,  
3 townships of the first class[,] and townships of the second  
4 class[, school districts of the second class, school districts  
5 of the third class, and school districts of the fourth class, in  
6 all cases including independent school districts,] may, in their  
7 discretion, by ordinance or resolution, for general revenue  
8 purposes, levy, assess and collect or provide for the levying,  
9 assessment and collection of such taxes as they shall determine  
10 on persons, transactions, [occupations,] privileges, subjects  
11 and personal property within the limits of such [political  
12 subdivisions] municipal corporations, and upon the transfer of  
13 real property, or of any interest in real property, situate  
14 within the [political subdivision] municipal corporation levying  
15 and assessing the tax, regardless of where the instruments  
16 making the transfers are made, executed or delivered or where  
17 the actual settlements on such transfer take place. The taxing  
18 authority may provide that the transferee shall remain liable  
19 for any unpaid realty transfer taxes imposed by virtue of this  
20 act. Each local taxing authority may, by ordinance or  
21 resolution, exempt any person whose total income from all  
22 sources is less than [three thousand two hundred dollars  
23 (\$3,200)] five thousand dollars (\$5,000) per annum from the [per  
24 capita or similar head tax, occupation tax and occupational  
25 privilege] municipal services tax, or [earned] income tax, or  
26 any portion thereof, and may adopt regulations for the  
27 processing of claims for exemptions. Such local authorities  
28 shall not have authority by virtue of this act:

29 (1) To levy, assess and collect or provide for the levying,  
30 assessment and collection of any tax on the transfer of real

1 property when the transfer is by will or mortgage or the  
2 intestate laws of this Commonwealth or on a transfer by the  
3 owner of previously occupied residential premises to a builder  
4 of new residential premises when such previously occupied  
5 residential premises is taken in trade by such builder as part  
6 of the consideration from the purchaser of a new previously  
7 unoccupied single family residential premises or on a transfer  
8 between corporations operating housing projects pursuant to the  
9 housing and redevelopment assistance law and the shareholders  
10 thereof, or on a transfer between nonprofit industrial  
11 development agencies and industrial corporations purchasing from  
12 them, or on transfer to nonprofit industrial development  
13 agencies, or on a transfer between husband and wife, or on a  
14 transfer between persons who were previously husband and wife  
15 but who have since been divorced; provided such transfer is made  
16 within three months of the date of the granting of the final  
17 decree in divorce or the decree of equitable distribution of  
18 marital property, whichever is later and the property or  
19 interest therein, subject to such transfer, was acquired by the  
20 husband and wife, or husband or wife, prior to the granting of  
21 the final decree in divorce, or on a transfer between parent and  
22 child or the spouse of such a child, or between parent and  
23 trustee for the benefit of a child or the spouse of such child,  
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,]  
29 municipal corporations by gift, dedication or deed in lieu of  
30 condemnation, or deed of confirmation in connection with

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

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

22 (3) Except on sales of admission to places of amusement or  
23 on sales or other transfers of title or possession of property,  
24 to levy, assess or collect a tax on the privilege of employing  
25 such tangible property as is now or does hereafter become  
26 subject to a State tax; and for the purposes of this clause,  
27 real property rented for camping purposes shall not be  
28 considered a place of amusement;

29 (4) To levy, assess and collect a tax on goods and articles  
30 manufactured in such [political subdivision] municipal

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

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

25 (6)] To levy, assess or collect a tax on personal property  
26 subject to taxation by counties or on personal property owned by  
27 persons, associations and corporations specifically exempted by  
28 law from taxation under the county personal property tax law:  
29 Provided, That this limitation [(6)] shall not apply to cities  
30 of the second class;

1        [(7)] (6) To levy, assess or collect a tax on membership in  
2 or membership dues, fees or assessment of charitable, religious,  
3 beneficial or nonprofit organizations including but not limited  
4 to sportsmens, recreational, golf and tennis clubs, girl and boy  
5 scout troops and councils;

6        [(8)] (7) To levy, assess or collect any tax on a mobilehome  
7 or house trailer subject to a real property tax unless the same  
8 tax is levied, assessed and collected on other real property in  
9 the [political subdivision.] municipal corporation;

10       [(9)] (8) To levy, assess or collect any tax on individuals  
11 for the privilege of engaging in an occupation [(occupational  
12 privilege tax)] except that [such] a municipal services tax may  
13 be levied, assessed and collected but only by the [political  
14 subdivision] municipal corporation of the taxpayer's place of  
15 employment.

16       Payment of any [occupational privilege] municipal services  
17 tax to any [political subdivision] municipal corporation by any  
18 person pursuant to an ordinance or resolution passed or adopted  
19 under the authority of this act shall be limited to [ten dollars  
20 (\$10)] ONE-FOURTH PERCENT ON INCOME EARNED IN THE MUNICIPAL <—  
21 CORPORATION, NOT TO EXCEED FORTY DOLLARS (\$40) PER PERSON FOR  
22 EACH CALENDAR YEAR OR A FLAT RATE OF twenty-five dollars (\$25)  
23 on each person for each calendar year.

24       The situs of [such] the municipal services tax shall be the  
25 place of employment, but, in the event a person is engaged in  
26 more than one occupation, or an occupation which requires his  
27 working in more than one [political subdivision] municipal  
28 corporation during the calendar year, the priority of claim to  
29 collect such [occupational privilege] municipal services tax  
30 shall be in the following order: first, the [political

1 subdivision] municipal corporation in which a person maintains  
2 his principal office or is principally employed; second, the  
3 [political subdivision] municipal corporation in which the  
4 person resides and works, if such a tax is levied by that  
5 [political subdivision] municipal corporation; third, the  
6 [political subdivision] municipal corporation in which a person  
7 is employed and which imposes the tax nearest in miles to the  
8 person's home. The place of employment shall be determined as of  
9 the day the taxpayer first becomes subject to the tax during the  
10 calendar year.

11 It is the intent of this provision that no person shall pay  
12 more than [ten dollars (\$10)] ~~twenty five dollars (\$25)~~ FORTY <—  
13 DOLLARS (\$40) in any calendar year as [an occupational  
14 privilege] a municipal services tax irrespective of the number  
15 of [political subdivisions] municipal corporations within which  
16 such person may be employed within any given calendar year.

17 In case of dispute, a tax receipt of the taxing authority for  
18 that calendar year declaring that the taxpayer has made prior  
19 payment [which constitutes] shall constitute prima facie  
20 certification of payment to all other [political subdivisions]  
21 municipal corporations.

22 [(10)] (9) To levy, assess or collect a tax on admissions to  
23 motion picture theatres: Provided, That this limitation [(10)]  
24 shall not apply to cities of the second class.

25 (10) To levy, assess or collect any tax on occupations using  
26 a millage or percentage of any value, a flat rate or any  
27 arbitrary value placed on various occupations as a basis for  
28 such tax.

29 (11) To levy, assess or collect any per capita or similar  
30 head tax.



1     ~~(12) To levy, assess or collect a tax on the dollar value of~~ <—  
2     ~~the whole volume of business transacted by wholesale dealers in~~  
3     ~~goods, wares and merchandise, by retail dealers in goods, wares~~  
4     ~~and merchandise and by proprietors of restaurants or other~~  
5     ~~places where food, drink and refreshments are served.~~

6     ~~(13)~~ (12) To levy, assess or collect a tax on new  
7     residential construction.

8     Section 3. Section 3 of the act is amended to read:

9     Section 3. Vacation of Tax Ordinances and Resolutions by  
10    State Tax Measures.--If, subsequent to the passage of any  
11    ordinance or resolution under the authority of this act, the  
12    General Assembly shall impose a tax or license fee on any  
13    privilege, transactions, subject or occupation, or on personal  
14    property or on sales of admission to places of amusement or on  
15    sales or other transfer of title or possession of property taxed  
16    by any such [political subdivision] municipal corporation  
17    hereunder, the act of Assembly imposing the State tax or license  
18    fee thereon shall automatically vacate the ordinance or  
19    resolution passed under the authority of this act as to all  
20    taxes accruing subsequent to the end of the current fiscal year  
21    of such [political subdivision] municipal corporation. It is the  
22    intention of this section to confer upon such [political  
23    subdivision] municipal corporation the power to levy, assess and  
24    collect taxes upon any and all subjects of taxation, except as  
25    above restricted and limited, which the Commonwealth has power  
26    to tax but which it does not tax or license, subject only to the  
27    foregoing provision that any tax or license shall automatically  
28    terminate at the end of the current fiscal year of the  
29    [political subdivision] municipal corporation: Provided, That  
30    nothing in this section shall prohibit a municipal corporation

1 from levying and collecting the income tax authorized by this  
2 act.

3 Section 4. Section 5 of the act, amended October 9, 1967  
4 (P.L.361, No.160), is amended to read:

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

14 (b) The ordinance or resolution may be passed or adopted  
15 prior to the beginning of the fiscal year and prior to the  
16 preparation of the budget when desirable.

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

24 Section 5. Section 6 of the act is amended to read:

25 Section 6. Appeals by Taxpayers.--(a) No tax levied for the  
26 first time by any [political subdivision] municipal corporation  
27 to which this act applies shall go into effect until thirty days  
28 from the time of the adoption of the ordinance or resolution  
29 levying the tax. Within said thirty days, taxpayers representing  
30 twenty-five percent or more of the total valuation of real

1 estate in the [political subdivision] municipal corporation as  
2 assessed for taxation purposes, or taxpayers of the [political  
3 subdivision] municipal corporation not less than twenty-five in  
4 number aggrieved by the ordinance or resolution shall have the  
5 right to appeal therefrom to the court of [quarter sessions]  
6 common pleas of the county upon giving bond with sufficient  
7 security in the amount of five hundred dollars (\$500), approved  
8 by the court, to prosecute the appeal with effect and for the  
9 payment of costs. The petition shall set forth the objections to  
10 the tax and the facts in support of such objections, and shall  
11 be accompanied by the affidavit of at least five of the  
12 petitioners that the averments of the petition are true and the  
13 petition is not filed for the purpose of delay.

14 (b) No such appeal shall act as a supersedeas unless  
15 specifically allowed by the court to which the appeal is taken  
16 or a judge thereof.

17 (c) Immediately upon the filing of any such petition, the  
18 petitioners shall serve a copy of the petition and any rule  
19 granted by the court upon the president, chairman, secretary or  
20 clerk of the legislative body levying the tax.

21 (d) The court shall fix a day for a hearing not less than  
22 fifteen days nor more than thirty days after the filing of the  
23 petition. Notice of the time of such hearing shall be given to  
24 all interested parties as the court shall direct. The court  
25 shall promptly hear and dispose of the appeal.

26 (e) It shall be the duty of the court to declare the  
27 ordinance and the tax imposed thereby to be valid unless it  
28 concludes that the ordinance is unlawful or finds that the tax  
29 imposed is excessive or unreasonable; but the court shall not  
30 interfere with the reasonable discretion of the legislative body

1 in selecting the subjects or fixing the rates of the tax. The  
2 court may declare invalid all or any portion of the ordinance or  
3 of the tax imposed or may reduce the rates of tax.

4 Section 6. Section 8 of the act, amended December 27, 1967  
5 (P.L.894, No.404), is amended and a section is added to read:

6 Section 8. Limitations on Rates of Specific Taxes.--(a)

7 [No] EXCEPT IN THE CASE OF A MUNICIPALITY WHICH HAS ADOPTED A  
8 HOME RULE CHARTER PURSUANT TO THE ACT OF APRIL 13, 1972

9 (P.L.184, NO.62), KNOWN AS THE "HOME RULE CHARTER AND OPTIONAL

10 PLANS LAW" WHICH IS ONLY SUBJECT TO THE RESTRICTIONS ON RATES

11 IMPOSED ON NONRESIDENTS SET FORTH IN SECTION 302(A)(7) OF THAT

12 ACT, NO taxes levied under the provisions of this act shall be

13 levied by any [political subdivision] municipal corporation on

14 the following subjects exceeding the rates specified in this

15 section:

16 [(1) Per capita, poll or other similar head taxes, ten  
17 dollars (\$10).

18 (2)] (1) On each dollar of the whole volume of business  
19 transacted by wholesale dealers in goods, wares and merchandise,

20 one mill, by retail dealers in goods, wares and merchandise and

21 by proprietors of restaurants or other places where food, drink

22 and refreshments are served, one and one-half mills[; except in

23 cities of the second class, where rates shall not exceed one

24 mill on wholesale dealers and two mills on retail dealers and

25 proprietors]. No such tax shall be levied on the dollar volume

26 of business transacted by wholesale and retail dealers derived

27 from the resale of goods, wares and merchandise, taken by any

28 dealer as a trade-in or as part payment for other goods, wares

29 and merchandise, except to the extent that the resale price

30 exceeds the trade-in allowance.†

1        [(3)] ~~(1)~~ (2) On [wages, salaries, commissions and other  
2 earned] income of individuals, [one] not to exceed one-half  
3 THREE-FOURTHS percent.

4        (i) For municipal fiscal years beginning in 1982 and  
5 thereafter, a municipal corporation may impose a tax on the  
6 personal income of residents of up to one-half THREE-FOURTHS  
7 percent consistent with the provisions of Article III, act of  
8 March 4, 1971 (P.L.6, No.2), known as the "Tax Reform Code of  
9 1971." A municipal corporation may levy the tax provided for  
10 under this section, but only at a rate that will provide revenue  
11 substantially equal to the total of revenues lost through  
12 elimination of the taxes authorized by this act.

13        (ii) A municipal corporation may impose an additional  
14 percentage of tax on the personal income of residents provided  
15 that there is a reduction in real property tax rates or  
16 assessment values sufficient to reduce real property tax  
17 revenues by an amount substantially equal to the revenue raised  
18 by the additional income tax. The combined rate of tax  
19 authorized by this section and the tax authorized by subclause  
20 (i), shall not exceed one-half THREE-FOURTHS percent.

21        (iii) A municipal corporation levying the personal income  
22 tax authorized by subclauses (i) and (ii) may provide relief  
23 from the tax for persons who, because of age, are determined to  
24 be in need of special tax provisions. Such tax relief shall be  
25 in accordance with section 4, act of March 11, 1971 (P.L.104,  
26 No.3), known as the "Senior Citizens Property Tax or Rent Rebate  
27 and Older Persons Inflation Needs Act."

28        [(4)] (2) On retail sales involving the transfer of title or  
29 possession of tangible personal property, [two] one percent.

30        [(5)] (3) On the transfer of real property, [one] one-half

1 percent.

2        ~~[(6)]~~ (4) On admissions to places of amusement, athletic  
3 events and the like, and on motion picture theatres [in cities  
4 of the second class, ten percent], five percent.

5        [(7) Flat rate occupation taxes not using a millage or  
6 percentage as a basis, ten dollars (\$10).

7        (8) Occupational privilege taxes, ten dollars (\$10).]

8        (5) Municipal services tax, ONE-FOURTH PERCENT ON INCOME        <—  
9 EARNED IN THE MUNICIPAL CORPORATION, NOT TO EXCEED FORTY DOLLARS  
10 (\$40) PER PERSON FOR EACH CALENDAR YEAR OR, IF IMPOSED AT A FLAT  
11 RATE, twenty-five dollars (\$25).

12        [Except as otherwise provided in this act, at any time two  
13 political subdivisions shall impose any one of the above taxes  
14 on the same person, subject, business, transaction or privilege,  
15 located within both such political subdivisions, during the same  
16 year or part of the same year, under the authority of this act  
17 then the tax levied by a political subdivision under the  
18 authority of this act shall, during the time such duplication of  
19 the tax exists, except as hereinafter otherwise provided, be  
20 one-half of the rate, as above limited, and such one-half rate  
21 shall become effective by virtue of the requirements of this act  
22 from the day such duplication becomes effective without any  
23 action on the part of the political subdivision imposing the tax  
24 under the authority of this act. When any one of the above taxes  
25 has been levied under the provisions of this act by one  
26 political subdivision and a subsequent levy is made either for  
27 the first time or is revived after a lapse of time by another  
28 political subdivision on the same person, subject, business,  
29 transaction or privilege at a rate that would make the combined  
30 levies exceed the limit allowed by this subdivision, the tax of

1 the second political subdivision shall not become effective  
2 until the end of the fiscal year for which the prior tax was  
3 levied, unless:

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

13 (2) Unless the first taxing body shall indicate by  
14 appropriate resolution its desire to waive notice requirements  
15 in which case the levy of the second taxing body shall become  
16 effective on such date as may be agreed upon by the two taxing  
17 bodies.

18 It is the intent and purpose of this provision to limit rates  
19 of taxes referred to in this section so that the entire burden  
20 of one tax on a person, subject, business, transaction or  
21 privilege shall not exceed the limitations prescribed in this  
22 section: Provided, however, That any two political subdivisions  
23 which impose any one of the above taxes, on the same person,  
24 subject, business, transaction or privilege during the same year  
25 or part of the same year may agree among themselves that,  
26 instead of limiting their respective rates to one-half of the  
27 maximum rate herein provided, they will impose respectively  
28 different rates, the total of which shall not exceed the maximum  
29 rate as above permitted.

30 Notwithstanding the provisions of this section, any city of

1 the second class A may enact a tax upon wages, salaries,  
2 commissions and other earned income of individuals resident  
3 therein, not exceeding one percent, even though a school  
4 district levies a similar tax on the same person provided that  
5 the aggregate of both taxes does not exceed two percent.]

6 (b) If the municipal corporation levies and collects a tax  
7 in its fiscal year 1981 that exceeds the rate provided for in  
8 this section, the municipal corporation may continue to levy and  
9 collect the tax at the rate imposed as of its fiscal year 1981.

10 Section 8.1. Required Rent Reductions.--Within thirty days  
11 after receipt of his real property tax bill, a landlord shall  
12 disclose in writing to each tenant who has occupied a rental  
13 unit for more than forty-five days the reduction in real  
14 property taxes, if any, under section 8(a)(1) 8(A)(2) which is <—  
15 attributable to that tenant's unit. The amount of tax reduction  
16 attributable to each unit shall be based upon allocated square  
17 footage occupied or other reasonable criteria. The rental amount  
18 specified in any lease shall reflect any reduction in real  
19 property taxes pursuant to section 8(a)(1) 8(A)(2). <—

20 Section 7. Section 9 of the act, amended December 12, 1968  
21 (P.L.1203, No.377), is amended to read:

22 Section 9. Register for [Earned] Income and [Occupational  
23 Privilege] Municipal Services Taxes.--(a) It shall be the duty  
24 of the Department of Community Affairs to have available an  
25 official continuing register supplemented annually of all  
26 [earned] income and [occupational privilege] municipal services  
27 taxes levied under authority of this act. The register and its  
28 supplements, hereinafter referred to as the register, shall list  
29 such jurisdictions levying [earned] income and/or [occupational  
30 privilege] municipal services taxes, the rate of the tax as



1 stated in the tax levying ordinance or resolution, [and the  
2 effective rate on resident and nonresident taxpayers, if  
3 different from the stated rate because of a coterminous levy,]  
4 the name and address of the officer responsible for  
5 administering the collection of the tax and from whom  
6 information, forms for reporting and copies of rules and  
7 regulations are available. [With each jurisdiction listed, all  
8 jurisdictions making coterminous levies shall also be noted and  
9 their tax rates shown.] The register shall also contain the  
10 foregoing information for the personal income tax and any other  
11 tax authorized by the act of March 10, 1949 (P.L.30, No.14),  
12 known as the "Public School Code of 1949."

13 (b) Information for the register shall be furnished by the  
14 secretary of each taxing body to the Department of Community  
15 Affairs in such manner and on such forms as the Department of  
16 Community Affairs may prescribe. The information must be  
17 received by the Department of Community Affairs by certified  
18 mail not later than May 31 of each year to show new tax  
19 enactments, repeals and changes. Failure to comply with this  
20 date for filing may result in the omission of the levy from the  
21 register for that year. Failure of the Department of Community  
22 Affairs to receive information of taxes continued without change  
23 may be construed by the department to mean that the information  
24 contained in the previous register remains in force.

25 (c) The Department of Community Affairs shall have the  
26 register with such annual supplements as may be required by new  
27 tax enactments, repeals or changes available upon request not  
28 later than July 1 of each year. The effective period for each  
29 register shall be from July 1 of the year in which it is issued  
30 to June 30 of the following year.

1       (d) Employers shall not be required by any local ordinance  
2 to withhold from the [wages, salaries, commissions or other]  
3 compensation of their employees any tax imposed under the  
4 provisions of this act, which is not listed in the register, or  
5 make reports of [wages, salaries, commissions or other]  
6 compensation in connection with taxes not so listed: Provided,  
7 That if the register is not available by July 1, the register of  
8 the previous year shall continue temporarily in effect for an  
9 additional period not to exceed one year. The provisions of this  
10 section shall not affect the liability of any taxpayer for taxes  
11 lawfully imposed under this act.

12       (e) Ordinances or resolutions imposing [earned] income or  
13 [occupational privilege] municipal services taxes under  
14 authority of this act may contain provisions requiring employers  
15 doing business within the jurisdiction of the political  
16 subdivision imposing the tax to withhold the tax from the  
17 compensation of those of their employees who are subject to the  
18 tax: Provided, That no employer shall be held liable for failure  
19 to withhold [earned] income taxes or for the payment of such  
20 withheld tax money to a political subdivision other than the  
21 political subdivision entitled to receive such money if such  
22 failure to withhold or such incorrect transmittal of withheld  
23 taxes arises from incorrect information as to the employee's  
24 place of residence submitted by the employee: And provided  
25 further, That employers shall not be required by any local  
26 ordinance to withhold from compensation for any one of their  
27 employees for the [occupational privilege] municipal services tax  
28 more than one time in any fiscal period: And provided further,  
29 That the [occupational privilege] municipal services tax shall  
30 be applicable to employment in the period beginning January 1,

1 of the current year and ending December 31 of the current year,  
2 except that taxes imposed for the first time shall become  
3 effective from the date specified in the ordinance or  
4 resolution, and the tax shall continue in force on a calendar  
5 year basis.

6 Section 8. Subsection (b) of section 10 and sections 11 and  
7 12 of the act are amended and a section is added to read:

8 Section 10. Collection of Taxes.--\* \* \*

9 (b) Single Collector for [Earned] Income Taxes When Certain  
10 School Districts Impose Such Taxes.--Whenever a school district  
11 of the second, third or fourth class shall [be established  
12 pursuant to section 296, act of March 10, 1949 (P.L.30), known  
13 as the "Public School Code of 1949," added August 8, 1963 (P.L.  
14 564), and such school district shall] levy, assess and collect  
15 or provide for the levying, assessment and collection of a tax  
16 upon [earned] income, as provided for in section 602.1 of the  
17 act of March 10, 1949 (P.L.30, No.14), known as the "Public  
18 School Code of 1949," such school district and all cities,  
19 boroughs, towns and townships within its geographical limits  
20 which levy, assess and collect or provide for the levying,  
21 assessment and collection of a tax upon [earned] income, may [on  
22 January 1, 1967, or as soon thereafter as the school district  
23 shall provide for the levying, assessment and collection of  
24 taxes upon earned income,] select one person or agency to  
25 collect the taxes upon [earned] income imposed by all such  
26 political subdivisions. In selecting such person or agency, each  
27 political subdivision shall share in the selection upon a basis  
28 agreed upon by each political subdivision, or in the absence of  
29 any agreement on the basis of voting according to the proportion  
30 that the population of each bears to the entire population of

1 the combined collection district, according to the latest  
2 official Federal census, and the majority of such votes cast  
3 shall determine the person or agency selected to collect the  
4 taxes. The provisions of this paragraph shall not prohibit  
5 school districts and other political subdivisions which levy,  
6 assess and collect or provide for the levying, assessment and  
7 collection of taxes upon [earned] income, [under authority of  
8 this act,] from selecting the same person or agency to collect  
9 such tax upon [earned] income in an area larger than the  
10 geographical limits of a school district [established pursuant  
11 to section 296 of the "Public School Code of 1949."] or  
12 municipal corporation.

13 Section 10.1. Cooperation by Department of Revenue with  
14 Municipal Corporations.--The department may elect to enter into  
15 agreements with municipal corporations for the collection of  
16 taxes imposed under this act.

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

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

11 Section 12. Audits of Taxes Other Than [Earned] Income  
12 Taxes.--The books, accounts and records of persons collecting  
13 taxes pursuant to this act, other than taxes levied, assessed  
14 and collected upon [earned] income, shall be audited, adjusted  
15 and settled in the manner prescribed by law for the auditing,  
16 adjusting and settling of accounts of persons receiving or  
17 expending funds of the political subdivision which has levied,  
18 assessed and collected the taxes pursuant to this act, other  
19 than taxes levied, assessed and collected upon [earned] income.

20 Section 9. Section 13 of the act, amended July 15, 1976  
21 (P.L.1047, No.210) and October 4, 1978 (P.L.930, No.177), is  
22 amended to read:

23 Section 13. [Earned] Income Taxes.--[On and after the  
24 effective date of this act the remaining provisions of this  
25 section shall be included in or construed to be a part of each  
26 tax levied and assessed upon earned income by any political  
27 subdivision levying and assessing such tax pursuant to this act.  
28 The definitions contained in this section shall be exclusive for  
29 any tax upon earned income and net profits levied and assessed  
30 pursuant to this act, and shall not be altered or changed by any

political subdivision levying and assessing such tax.] The remaining provisions of this section shall be included in or construed to be a part of any ordinances enacted for the purpose of levying a tax on personal and earned income of residents and nonresidents respectively, and shall not be altered or changed by the levying municipal corporation.

#### I. Definitions

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

"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.

"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.

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

"Domicile." The place where one lives and has his permanent home and to which he has the intention of returning whenever he is absent. Actual residence is not necessarily 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 him to adopt some other permanent home. In the case of businesses, or associations, the domicile is that place considered as the center of business affairs and the place where

1 its functions are discharged.

2 "Earned income." Salaries, wages, commissions, bonuses,  
3 incentive payments, fees, tips and other compensation received  
4 by a person or his personal representative for services  
5 rendered, and net profits received, whether directly or through  
6 an agent, and whether in cash or in property; not including,  
7 however, wages or compensation paid to persons on active  
8 military service, periodic payments for sickness and disability  
9 other than regular wages received during a period of sickness,  
10 disability or retirement or payments arising under workmen's  
11 compensation acts, occupational disease acts and similar  
12 legislation, or payments commonly recognized as old age  
13 benefits, retirement pay or pensions paid to persons retired  
14 from service after reaching a specific age or after a stated  
15 period of employment or payments commonly known as public  
16 assistance, or unemployment compensation payments made by any  
17 governmental agency or payments to reimburse expenses or  
18 payments made by employers or labor unions for wage and salary  
19 supplemental programs, including, but not limited to, programs  
20 covering hospitalization, sickness, disability or death,  
21 supplemental unemployment benefits, strike benefits, social  
22 security and retirement.

23 "Income." Either personal or earned income.

24 "Income tax officer or officer." Person, public employe or  
25 private agency designated by governing body to collect and  
26 administer the tax on [earned] income [and net profits].

27 "Employer." A person, partnership, association, corporation,  
28 institution, governmental body or unit or agency, or any other  
29 entity employing one or more persons for [a salary, wage,  
30 commission or other] compensation.

1 "Net profits." The net income from the operation of a  
2 business, profession, or other activity, except corporations,  
3 after provision for all costs and expenses incurred in the  
4 conduct thereof, determined either on a cash or accrual basis in  
5 accordance with the accounting system used in such business,  
6 profession, or other activity, but without deduction of taxes  
7 based on income.

8 "Nonresident." A person, partnership, association or other  
9 entity domiciled outside the taxing district.

10 "Person or individual." A natural person.

11 "Personal income." The classes of income defined in section  
12 303(a)(1) through (8) of the act of March 4, 1971 (P.L.6, No.2),  
13 known as the "Tax Reform Code of 1971," including any amendments  
14 hereinafter enacted.

15 "Preceding year." The calendar year before the current year.

16 "Resident." A person, partnership, association or other  
17 entity domiciled in the taxing district.

18 "Succeeding year." The calendar year following the current  
19 year.

20 "Taxpayer." A person, partnership, association, or any other  
21 entity, required hereunder to file a return of [earned] income  
22 [or net profits,] or to pay a tax thereon.

## 23 II. Imposition of Tax

24 The [tax] taxes levied under this act shall be applicable to  
25 [earned] personal income received [and to net profits earned] by  
26 residents and earned income received by nonresidents in the  
27 period beginning January 1, of the current year, and ending  
28 December 31, of the current year or for taxpayer fiscal years  
29 beginning in the current year, except that taxes imposed for the  
30 first time shall become effective from the date specified in the



1 ordinance or resolution, and the tax shall continue in force on  
2 a calendar year or taxpayer fiscal year basis, without annual  
3 reenactment, unless the rate of the tax is subsequently changed.  
4 Changes in rate shall become effective on the date specified in  
5 the ordinance. No municipal corporation shall levy a tax on the  
6 earned income of nonresidents unless it has levied a tax on the  
7 personal income of its residents and the rates of tax shall be  
8 identical.

9 III. Declaration and Payment of Tax

10 A. [Net Profits.] Income other than Compensation.

11 (1) Every taxpayer [making net profits] receiving income  
12 other than compensation upon which tax has been withheld by his  
13 employer shall, as the governing body elects, (i) pay to the  
14 officer an annual payment of tax due on or before April 15, of  
15 the succeeding year for the period beginning January 1, and  
16 ending December 31, of the current year, or (ii) on or before  
17 April 15, of the current year, make and file with the officer on  
18 a form prescribed or approved by the officer, a declaration of  
19 his estimated [net profits] income during the period beginning  
20 January 1, and ending December 31, of the current year, and pay  
21 to the officer in four equal quarterly installments the tax due  
22 thereon as follows: the first installment at the time of filing  
23 the declaration, and the other installments on or before June  
24 15, of the current year, September 15, of the current year, and  
25 January 15, of the succeeding year, respectively.

26 (2) Where the governing body elects to require the filing of  
27 a declaration and quarterly payments, any taxpayer who first  
28 anticipates any [net profit] such income after April 15, of the  
29 current year, shall make and file the declaration hereinabove  
30 required on or before June 15, of the current year, September

1 15, of the current year, or December 31, of the current year,  
2 whichever of these dates next follows the date on which the  
3 taxpayer first anticipates such [net profit] income, and pay to  
4 the officer in equal installments the tax due thereon on or  
5 before the quarterly payment dates which remain after the filing  
6 of the declaration.

7 (3) Where the governing body requires a declaration of  
8 estimated [net profits] income and quarterly payments of tax due  
9 on such [profits] income, every taxpayer shall, on or before  
10 April 15, of the succeeding year, make and file with the officer  
11 on a form prescribed or approved by the officer a final return  
12 showing the amount of [net profits earned] income received  
13 during the period beginning January 1, of the current year, and  
14 ending December 31, of the current year, the total amount of tax  
15 due thereon and the total amount of tax paid thereon. At the  
16 time of filing the final return, the taxpayer shall pay to the  
17 officer the balance of tax due or shall make demand for refund  
18 or credit in the case of overpayment.

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

23 (4) The officer may be authorized to provide by regulation  
24 for the making and filing of adjusted declarations of estimated  
25 [net profits] income, and for the payments of the estimated tax  
26 in cases where a taxpayer who has filed the declaration  
27 hereinabove required anticipates additional [net profits] income  
28 not previously declared or finds that he has overestimated his  
29 anticipated [net profits] income.

30 (5) Every taxpayer who discontinues business prior to

1 December 31, of the current year, shall, within thirty days  
2 after the discontinuance of business, file his final return as  
3 hereinabove required and pay the tax due.

4 B. [Earned] Annual Income Tax Return.

5 [Annual Earned Income Tax Return.]

6 At the election of the governing body every taxpayer shall,  
7 on or before April 15, of the succeeding year, make and file  
8 with the officer on a form prescribed or approved by the officer  
9 a final return showing the amount of [earned] income received  
10 during the period beginning January 1, of the current year, and  
11 ending December 31, of the current year, the total amount of tax  
12 due thereon, the amount of tax paid thereon, the amount of tax  
13 thereon that has been withheld pursuant to the provisions  
14 relating to the collection at source and the balance of tax due.  
15 At the time of filing the final return, the taxpayer shall pay  
16 the balance of the tax due or shall make demand for refund or  
17 credit in the case of overpayment.

18 [Earned] C. Income Not Subject to Withholding.

19 Every taxpayer who is employed for [a salary, wage,  
20 commission, or other] compensation and who received any [earned]  
21 income not subject to the provisions relating to collection at  
22 source, shall as the governing body elects:

23 (1) Make and file with the officer on a form prescribed or  
24 approved by the officer, an annual return setting forth the  
25 aggregate amount of [earned] income not subject to withholding  
26 from him during the period beginning January 1, and ending  
27 December 31, of the current year, and such other information as  
28 the officer may require, and pay to the officer the amount of  
29 tax shown as due thereon on or before April 15, of the  
30 succeeding year, or

1       (2) Make and file with the officer on a form prescribed or  
2 approved by the officer, a quarterly return on or before April  
3 30, of the current year, July 31, of the current year, October  
4 31, of the current year, and January 31, of the succeeding year,  
5 setting forth the aggregate amount of [earned] income not  
6 subject to withholding by him during the three-month periods  
7 ending March 31, of the current year, June 30, of the current  
8 year, September 30, of the current year, and December 31, of the  
9 current year, respectively, and subject to the tax, together  
10 with such other information as the officer may require. Every  
11 taxpayer making such return shall, at the time of filing  
12 thereof, pay to the officer the amount of tax shown as due  
13 thereon.

14                               IV. Collection at Source

15       (a) Every employer having an office, factory, workshop,  
16 branch, warehouse, or other place of business within the taxing  
17 jurisdiction imposing a tax on [earned] income [or net profits]  
18 within the taxing district who employs one or more persons,  
19 other than domestic servants, for [a salary, wage, commission or  
20 other] compensation, who has not previously registered, shall,  
21 within fifteen days after becoming an employer, register with  
22 the officer his name and address and such other information as  
23 the officer may require.

24       (b) Every employer having an office, factory, workshop,  
25 branch, warehouse, or other place of business within the taxing  
26 jurisdiction imposing a tax on [earned] income [or net profits  
27 within the taxing district] who employs one or more persons,  
28 other than domestic servants, for [a salary, wage, commission,  
29 or other] compensation, shall deduct at the time of payment  
30 thereof, the tax imposed by ordinance or resolution on the

1 [earned] income due to his employe or employes. [, and]

2 (c) Upon written notification by the municipal corporation  
3 of the rate of income tax imposed by the municipal corporation,  
4 an employer who employs one or more persons other than domestic  
5 servants for compensation shall deduct at the time of payment,  
6 the tax imposed by ordinance or resolution on the income due to  
7 the employe or employes.

8 (d) The employer shall, on or before April 30, of the  
9 current year, July 31, of the current year, October 31, of the  
10 current year, and January 31, of the succeeding year, file a  
11 return and pay to the officer the amount of taxes deducted  
12 during the preceding three-month periods ending March 31, of the  
13 current year, June 30, of the current year, September 30, of the  
14 current year, and December 31, of the current year,  
15 respectively. Such return unless otherwise agreed upon between  
16 the officer and employer shall show the name and social security  
17 number of each such employe, the [earned] income of such employe  
18 during such preceding three-month period, the tax deducted  
19 therefrom the political subdivisions imposing the tax upon such  
20 employe, the total [earned] income of all such employes during  
21 such preceding three-month period, and the total tax deducted  
22 therefrom and paid with the return.

23 (e) Any employer who for two of the preceding four quarterly  
24 periods has failed to deduct the proper tax, or any part  
25 thereof, or has failed to pay over the proper amount of tax to  
26 the taxing authority, may be required by the officer to file his  
27 return and pay the tax monthly. In such cases, payments of tax  
28 shall be made to the officer on or before the last day of the  
29 month succeeding the month for which the tax was withheld.

30 [(c)] (f) On or before February 28, of the succeeding year,

1 every employer shall file with the officer:

2 (1) An annual return showing the total amount of [earned]  
3 income paid, the total amount of tax deducted, and the total  
4 amount of tax paid to the officer for the period beginning  
5 January 1, of the current year, and ending December 31, of the  
6 current year.

7 (2) A return withholding statement for each employe employed  
8 during all or any part of the period beginning January 1, of the  
9 current year, and ending December 31, of the current year,  
10 setting forth the employe's name, address and social security  
11 number, the amount of [earned] income paid to the employe during  
12 said period, the amount of tax deducted, the political  
13 subdivisions imposing the tax upon such employe, the amount of  
14 tax paid to the officer. Every employer shall furnish two copies  
15 of the individual return to the employe for whom it is filed.

16 [(d)] (g) Every employer who discontinues business prior to  
17 December 31, of the current year, shall, within thirty days  
18 after the discontinuance of business, file the returns and  
19 withholding statements hereinabove required and pay the tax due.

20 [(e)] (h) Except as otherwise provided in section 9, every  
21 employer who wilfully or negligently fails or omits to make the  
22 deductions required by this section shall be liable for payment  
23 of the taxes which he was required to withhold to the extent  
24 that such taxes have not been recovered from the employe.

25 [(f)] (i) The failure or omission of any employer to make  
26 the deductions required by this section shall not relieve any  
27 employe from the payment of the tax or from complying with the  
28 requirements of the ordinance or resolution relating to the  
29 filing of declarations and returns.

30 V. Powers and Duties of Officer

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

6 (b) (1) Each officer, before entering upon his official  
7 duties shall give and acknowledge a bond to the political  
8 subdivision or political subdivisions appointing him. If such  
9 political subdivision or political subdivisions shall by  
10 resolution designate any bond previously given by the officer as  
11 adequate, such bond shall be sufficient to satisfy the  
12 requirements of the subsection.

13 (2) Each such bond shall be joint and several, with one or  
14 more corporate sureties which shall be surety companies  
15 authorized to do business in this Commonwealth and duly licensed  
16 by the Insurance Commissioner of this Commonwealth.

17 (3) Each bond shall be conditioned upon the faithful  
18 discharge by the officer, his clerks, assistants and appointees  
19 of all trusts confided in him by virtue of his office, upon the  
20 faithful execution of all duties required of him by virtue of  
21 his office, upon the just and faithful accounting or payment  
22 over, according to law, of all moneys and all balances thereof  
23 paid to, received or held by him by virtue of his office and  
24 upon the delivery to his successor or successors in office of  
25 all books, papers, documents or other official things held in  
26 right of his office.

27 (4) Each such bond shall be taken in the name of the  
28 appointing authority or authorities, and shall be for the use of  
29 the political subdivision or political subdivisions appointing  
30 the officer, and for the use of such other person or persons for

1 whom money shall be collected or received, or as his or her  
2 interest shall otherwise appear, in case of a breach of any of  
3 the conditions thereof by the acts or neglect of the principal  
4 on the bond.

5 (5) The political subdivision or political subdivisions  
6 appointing the officer, or any person may sue upon the said bond  
7 in its or his own name for its or his own use.

8 (6) Each such bond shall contain the name or names of the  
9 surety company or companies bound thereon. The political  
10 subdivision or political subdivisions appointing the officer  
11 shall fix the amount of the bond at an amount equal to the  
12 maximum amount of taxes which may be in the possession of the  
13 officer at any given time.

14 (7) The political subdivision or political subdivisions  
15 appointing the officer may, at any time, upon cause shown and  
16 due notice to the officer, and his surety or sureties, require  
17 or allow the substitution or the addition of a surety company  
18 acceptable to such political subdivision or political  
19 subdivisions for the purpose of making the bond sufficient in  
20 amount, without releasing the surety or sureties first approved  
21 from any accrued liability or previous action on such bond.

22 (8) The political subdivision or political subdivisions  
23 appointing the officer shall designate the custodian of the bond  
24 required to be given by the officer.

25 (c) The officer charged with the administration and  
26 enforcement of the provisions of the ordinance or resolution is  
27 hereby empowered to prescribe, adopt, promulgate and enforce,  
28 rules and regulations relating to any matter pertaining to the  
29 administration and enforcement of the ordinance or resolution,  
30 including provisions for the re-examination and correction of



1 declarations and returns, and of payments alleged or found to be  
2 incorrect, or as to which an overpayment is claimed or found to  
3 have occurred, and to make refunds in case of overpayment, for  
4 any period of time not to exceed six years subsequent to the  
5 date of payment of the sum involved, and to prescribe forms  
6 necessary for the administration of the ordinance or resolution.  
7 No rule or regulation of any kind shall be enforceable unless it  
8 has been approved by resolution by the governing body. A copy of  
9 such rules and regulations currently in force shall be available  
10 for public inspection.

11 (d) The officer shall refund, on petition of, and proof by  
12 the taxpayer, [earned] income tax paid on the taxpayer's  
13 ordinary and necessary business expenses, to the extent that  
14 such expenses are not paid by the taxpayer's employer.

15 (e) The officer and agents designated by him are hereby  
16 authorized to examine the books, papers, and records of any  
17 employer or of any taxpayer or of any person whom the officer  
18 reasonably believes to be an employer or taxpayer, in order to  
19 verify the accuracy of any declaration or return, or if no  
20 declaration or return was filed, to ascertain the tax due. Every  
21 employer and every taxpayer and every person whom the officer  
22 reasonably believes to be an employer or taxpayer, is hereby  
23 directed and required to give to the officer, or to any agent  
24 designated by him, the means, facilities and opportunity for  
25 such examination and investigations, as are hereby authorized.

26 (f) Any information gained by the officer, his agents, or by  
27 any other official or agent of the taxing district, as a result  
28 of any declarations, returns, investigations, hearings or  
29 verifications required or authorized by the ordinance or  
30 resolution, shall be confidential, except for official purposes

1 and except in accordance with a proper judicial order, or as  
2 otherwise provided by law.

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

6 (h) The officer shall, at least quarterly, distribute  
7 [earned] income taxes to the appropriate political subdivisions.  
8 The political subdivisions shall not be required to request the  
9 officer to distribute the funds collected but shall at least  
10 annually reconcile their receipts with the records of the  
11 officer and return to or credit the officer with any  
12 overpayment. If the officer, within one year after receiving a  
13 tax payment, cannot identify the taxing jurisdiction entitled to  
14 a tax payment, he shall make payment to the municipality in  
15 which the tax was collected. [Within one hundred twenty days of  
16 the passage of this act, any present accumulated funds that are  
17 unclaimed shall be distributed on the same basis.]

18 VI. Compensation of Income Tax Officer

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

30 VII. Suit for Collection of Tax

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

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

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

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

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

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

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

29 (c) The officer may sue for recovery of an erroneous refund  
30 provided such suit is begun two years after making such refund,

1 except that the suit may be brought within five years if it  
2 appears that any part of the refund was induced by fraud or  
3 misrepresentation of material fact.

4 VIII. Interest and Penalties

5 If for any reason the tax is not paid when due, interest at  
6 the rate of [six] ten percent per annum on the amount of said  
7 tax, and an additional penalty of [one-half of] one percent of  
8 the amount of the unpaid tax for each month or fraction thereof  
9 during which the tax remains unpaid, shall be added and  
10 collected. Where suit is brought for the recovery of any such  
11 tax, the person liable therefor shall, in addition, be liable  
12 for the costs of collection and the interest and penalties  
13 herein imposed.

14 IX. Fines and Penalties for Violation

15 of Ordinances or Resolutions

16 (a) Any person who fails, neglects, or refuses to make any  
17 declaration or return required by the ordinance or resolution,  
18 any employer who fails, neglects or refuses to register or to  
19 pay the tax deducted from his employees, or fails, neglects or  
20 refuses to deduct or withhold the tax from his employees, any  
21 person who refuses to permit the officer or any agent designated  
22 by him to examine his books, records, and papers, and any person  
23 who knowingly makes any incomplete, false or fraudulent return,  
24 or attempts to do anything whatsoever to avoid the full  
25 disclosure of the amount of his [net profits or earned] income  
26 in order to avoid the payment of the whole or any part of the  
27 tax imposed by the ordinance or resolution, shall, upon  
28 conviction thereof before any district justice [of the peace,  
29 alderman or magistrate, or court] of competent jurisdiction in  
30 the county or counties in which the political subdivision

1 imposing the tax is located, be [sentenced to pay a fine of not  
2 more than five hundred dollars (\$500) for each offense, and  
3 costs, and, in default of payment of said fine and costs to be  
4 imprisoned for a period not exceeding thirty days] guilty of a  
5 summary offense.

6 (b) Any person who divulges any information which is  
7 confidential under the provisions of the ordinance or  
8 resolution, shall, upon conviction thereof before any district  
9 justice [of the peace, alderman or magistrate, or court of  
10 competent jurisdiction], be [sentenced to pay a fine of not more  
11 than five hundred dollars (\$500) for each offense, and costs,  
12 and, in default of payment of said fines and costs to be  
13 imprisoned for a period not exceeding thirty days] guilty of a  
14 summary offense.

15 (c) The penalties imposed under this section shall be in  
16 addition to any other penalty imposed by any other section of  
17 the ordinance or resolution.

18 (d) The failure of any person to receive or procure forms  
19 required for making the declaration or returns required by the  
20 ordinance or resolution shall not excuse him from making such  
21 declaration or return.

22 Section 10. Section 14 of the act, amended October 26, 1972  
23 (P.L.1043, No.261), is amended to read:

24 Section 14. Payment of Tax to Other [Political Subdivisions]  
25 Municipal Corporations or States as Credit or Deduction;

26 Withholding Tax.--(a) [Payment] EXCEPT AS PROVIDED IN <—  
27 SUBSECTION (A.1) PAYMENT of any tax to any [political  
28 subdivision] municipal corporation pursuant to an ordinance or  
29 resolution passed or adopted prior to the effective date of this  
30 act shall be credited to and allowed as a deduction from the

1 liability of taxpayers for any [like tax respectively on  
2 salaries, wages, commissions, other compensation or on net  
3 profits of businesses, professions or other activities and for  
4 any] income tax imposed by any other [political subdivision]  
5 municipal corporation of this Commonwealth under the authority  
6 of this act.

7 (A.1) PAYMENT OF ANY TAX TO ANY CITY OF THE FIRST CLASS BY A <—  
8 NONRESIDENT OF SAID CITY PURSUANT TO THE ACT OF AUGUST 5, 1932  
9 (SP.SESS., P.L.45, NO.45), REFERRED TO AS THE STERLING ACT,  
10 SHALL NOT BE CREDITED TO OR ALLOWED AS A DEDUCTION FROM THE  
11 LIABILITY OF THAT TAXPAYER FOR ANY INCOME TAX IMPOSED PURSUANT  
12 TO THIS ACT BY THE MUNICIPAL CORPORATION IN WHICH THAT TAXPAYER  
13 RESIDES.

14 (b) Payment of any tax on [salaries, wages, commissions,  
15 other compensation or on net profits of business, professions or  
16 other activities to a political subdivision] income to a  
17 municipal corporation by residents thereof pursuant to an  
18 ordinance or resolution passed or adopted under the authority of  
19 this act shall be credited to and allowed as a deduction from  
20 the liability of such persons for any other [like] tax  
21 respectively on [salaries, wages, commissions, other  
22 compensation or on net profits of businesses, professions or  
23 other activities] income imposed by any other [political  
24 subdivision] municipal corporation of this Commonwealth under  
25 the authority of this act.

26 (c) Payment of any tax on income to any [political  
27 subdivision] municipal corporation by residents thereof pursuant  
28 to an ordinance or resolution passed or adopted under the  
29 authority of this act shall[, to the extent that such income  
30 includes salaries, wages, commissions, other compensation or net

1 profits of businesses, professions or other activities, but] be  
2 credited in such proportion as hereinafter set forth[, be  
3 credited to] and allowed as a deduction from the liability of  
4 such persons for any other tax on [salaries, wages, commissions,  
5 other compensation or on net profits of businesses, professions,  
6 or other activities] income imposed by any other [political  
7 subdivision] municipal corporation of this Commonwealth under  
8 the authority of this act.

9 (d) Payment of any tax on income to any other state or to  
10 any political subdivision thereof by residents thereof, pursuant  
11 to any State or local law, may, at the discretion of the  
12 Pennsylvania [political subdivision] municipal corporation  
13 imposing such tax, to the extent that such tax is on income  
14 [includes salaries, wages, commissions, or other compensation or  
15 net profits of businesses, professions or other activities but]  
16 in such proportions as hereinafter set forth, be credited to and  
17 allowed as a deduction from the liability of such person for any  
18 other tax on [salaries, wages, commissions, other compensation  
19 or net profits of businesses, professions or other activities]  
20 income imposed by any [political subdivision] municipal  
21 corporation of this Commonwealth under the authority of this  
22 act, if residents of the [political subdivision] municipal  
23 corporation in Pennsylvania receive credits and deductions of a  
24 similar kind to a like degree from the tax on income imposed by  
25 the other state or political subdivision thereof.

26 (e) Payment of any tax on income to any State other than  
27 Pennsylvania or to any political subdivision located outside the  
28 boundaries of this Commonwealth, by residents of a [political  
29 subdivision] municipal corporation located in Pennsylvania  
30 shall, to the extent that such tax is on income [includes

1 salaries, wages, commissions, or other compensation or net  
2 profits of businesses, professions or other activities but] in  
3 such proportions as hereinafter set forth, be credited to and  
4 allowed as a deduction from the liability of such person for any  
5 other tax on [salaries, wages, commissions, other compensation  
6 or net profits of businesses, professions or other activities]  
7 income imposed by any [political subdivision] municipal  
8 corporation of this Commonwealth under the authority of this  
9 act.

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

15 (g) No credit or deduction shall be allowed against any tax  
16 on [earned] income imposed under authority of this act to the  
17 extent of the amount of credit or deduction taken for the same  
18 period by the taxpayer against any income tax imposed by the  
19 Commonwealth of Pennsylvania under section 314 of the act of  
20 March 4, 1971 (P.L.6, No.2) known as the "Tax Reform Code of  
21 1971," on account of taxes imposed on income by other states or  
22 by their political subdivisions.

23 (h) In the case of tax paid on income to any state other  
24 than Pennsylvania or to any political subdivision located  
25 outside the boundaries of the Commonwealth by residents of a  
26 municipal corporation located in Pennsylvania, the credit  
27 provided in this section shall not exceed the proportion of the  
28 income tax otherwise due that the amount of the taxpayer's  
29 income subject to tax by the other jurisdiction bears to his  
30 entire taxable income.



1 Section 11. Section 17 of the act is amended to read:

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

29 The aggregate amount of all taxes imposed by any independent  
30 school district under this section during any fiscal year shall

1 not exceed an amount equal to the product obtained by  
2 multiplying the latest total valuation of real estate in such  
3 district by fifteen mills.]

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

25 Section 12. Section 19 of the act, amended October 4, 1978  
26 (P.L.930, No.177), is amended to read:

27 Section 19. Collection of Delinquent [Per Capita,  
28 Occupation, Occupational Privilege and Earned] Income and  
29 Municipal Services Taxes from Employers, etc.--The tax collector  
30 shall demand, receive and collect from all corporations,

1 political subdivisions, associations, companies, firms or  
2 individuals, employing persons owing delinquent [per capita, or  
3 occupation, occupational privilege and earned] income and  
4 municipal services taxes, or whose spouse owes delinquent [per  
5 capita, occupation, occupational privilege and earned] income  
6 and municipal services taxes, or having in possession unpaid  
7 commissions or earnings belonging to any person or persons owing  
8 delinquent [per capita, occupation, occupational privilege and  
9 earned] income and municipal services taxes, or whose spouse  
10 owes delinquent [per capita, occupation, occupational privilege  
11 and earned] income and municipal services taxes, upon the  
12 presentation of a written notice and demand certifying that the  
13 information contained therein is true and correct and containing  
14 the name of the taxable or the spouse thereof and the amount of  
15 tax due. Upon the presentation of such written notice and  
16 demand, it shall be the duty of any such corporation, political  
17 subdivision, association, company, firm or individual to deduct  
18 from the wages, commissions or earnings of such individual  
19 employes, then owing or that shall within sixty days thereafter  
20 become due, or from any unpaid commissions or earnings of any  
21 such taxable in its or his possession, or that shall within  
22 sixty days thereafter come into its or his possession, a sum  
23 sufficient to pay the respective amount of the delinquent [per  
24 capita, occupation, occupational privilege and earned] income  
25 and municipal services taxes and costs, shown upon the written  
26 notice or demand, and to pay the same to the tax collector of  
27 the taxing district in which such delinquent tax was levied  
28 within sixty days after such notice shall have been given. No  
29 more than ten percent of the wages, commissions or earnings of  
30 the delinquent taxpayer or spouse thereof may be deducted at any

1 one time for delinquent [per capita, occupation, occupational  
2 privilege and earned] income and municipal services taxes and  
3 costs. Such corporation, political subdivision, association,  
4 firm or individual shall be entitled to deduct from the moneys  
5 collected from each employe the costs incurred from the extra  
6 bookkeeping necessary to record such transactions, not exceeding  
7 two percent of the amount of money so collected and paid over to  
8 the tax collector. Upon the failure of any such corporation,  
9 political subdivision, association, company, firm or individual  
10 to deduct the amount of such taxes or to pay the same over to  
11 the tax collector, less the cost of bookkeeping involved in such  
12 transaction, as herein provided, within the time hereby  
13 required, such corporation, political subdivision, association,  
14 company, firm or individual shall forfeit and pay the amount of  
15 such tax for each such taxable whose taxes are not withheld and  
16 paid over, or that are withheld and not paid over together with  
17 a penalty of ten percent added thereto, to be recovered by an  
18 action of assumpsit in a suit to be instituted by the tax  
19 collector, or by the proper authorities of the taxing district,  
20 as debts of like amount are now by law recoverable, except that  
21 such person shall not have the benefit of any stay of execution  
22 or exemption law. The tax collector shall not proceed against a  
23 spouse or his employer until he has pursued collection remedies  
24 against the delinquent taxpayer and his employer under this  
25 section.

26 Section 13. Sections 20 and 22 of the act are amended to  
27 read:

28 Section 20. Collection of Delinquent [Per Capita,  
29 Occupation, Occupational Privilege and Earned] Income and  
30 Municipal Services Taxes from the Commonwealth.--Upon

1 presentation of a written notice and demand under oath or  
2 affirmation, to the State Treasurer or any other fiscal officer  
3 of the State, or its boards, authorities, agencies or  
4 commissions, it shall be the duty of the treasurer or officer to  
5 deduct from the wages then owing, or that shall within sixty  
6 days thereafter become due to any employe, a sum sufficient to  
7 pay the respective amount of the delinquent [per capita,  
8 occupation, occupational privilege and earned] income and  
9 municipal services taxes and costs shown on the written notice.  
10 The same shall be paid to the tax collector of the taxing  
11 district in which said delinquent tax was levied within sixty  
12 days after such notice shall have been given.

13 Section 22. Penalties.--(a) Except as otherwise provided in  
14 the case of any tax levied and assessed upon [earned] income,  
15 any such political subdivision shall have power to prescribe and  
16 enforce reasonable penalties for the nonpayment, within the time  
17 fixed for their payment, of taxes imposed under authority of  
18 this act and for the violations of the provisions of ordinances  
19 or resolutions passed under authority of this act.

20 (b) If for any reason any tax levied and assessed upon  
21 [earned] income by any such political subdivision is not paid  
22 when due, interest at the rate of six percent per annum on the  
23 amount of said tax, and an additional penalty of one-half of one  
24 percent of the amount of the unpaid tax for each month or  
25 fraction thereof during which the tax remains unpaid, shall be  
26 added and collected. When suit is brought for the recovery of  
27 any such tax, the person liable therefor shall, in addition, be  
28 liable for the costs of collection and the interest and  
29 penalties herein imposed.

30 Section 14. (a) The following acts or parts of acts, their

1 amendments and supplements, are repealed insofar as they relate  
2 to the levy, assessment and collection of per capita or  
3 occupation taxes:

4 Section 2531, act of June 23, 1931 (P.L.932, No.317),  
5 reenacted June 28, 1951 (P.L.662, No.164), known as "The Third  
6 Class City Code."

7 Section 1709, act of June 24, 1931 (P.L.1206, No.331),  
8 reenacted May 27, 1949 (P.L.1955, No.569), known as "The First  
9 Class Township Code."

10 Section 905, act of May 1, 1933 (P.L.103, No.69), reenacted  
11 July 10, 1947 (P.L.1481, No.567), known as "The Second Class  
12 Township Code."

13 Sections 20, 20.1 and 21, act of May 25, 1945 (P.L.1050,  
14 No.394), known as the "Local Tax Collection Law."

15 Sections 655, 656, 674, 675, 676, 677, 679 and 680, act of  
16 March 10, 1949 (P.L.30, No.14), known as the "Public School Code  
17 of 1949."

18 Section 1302, act of February 1, 1966 (1965 P.L.1656,  
19 No.581), known as "The Borough Code."

20 (b) All acts and parts of acts are repealed insofar as they  
21 are inconsistent herewith.

22 Section 15. This act shall take effect immediately and shall  
23 be applicable upon the effective date of enactment of companion  
24 legislation amending the act of March 10, 1949 (P.L.30, No.14),  
25 known as the "Public School Code of 1949," implementing school  
26 real property tax relief: Provided, That the provisions  
27 eliminating the authority of municipal corporations to levy  
28 certain taxes and the provisions providing authorization to levy  
29 income and municipal services taxes shall take effect at the  
30 beginning of the municipal corporation's next fiscal year

1 following the effective date of this act.