

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 556

Session of
1983

INTRODUCED BY WILSON, J. L. WRIGHT, ARTY, BURNS, GALLAGHER,
LASHINGER, CORNELL, GLADECK, MICOZZIE, REBER, CLYMER,
E. Z. TAYLOR, FREIND, DURHAM, HOFFEL, PUNT, GODSHALL,
NAHILL, SAURMAN, FLICK, GANNON, SPITZ, BUNT, GREENWOOD,
VROON, CIVERA, R. C. WRIGHT, DAVIES, PETERSON AND REINARD,
MARCH 23, 1983

REFERRED TO COMMITTEE ON URBAN AFFAIRS, MARCH 23, 1983

AN ACT

1 Amending the act of August 5, 1932 (Sp.Sess., P.L.45, No.45),
2 entitled, as amended, "An act empowering cities of the first
3 class to levy, assess and collect, or to provide for the
4 levying, assessment and collection of, certain additional
5 taxes for general revenue purposes; authorizing the
6 establishment of bureaus, and the appointment and
7 compensation of officers and employes to assess and collect
8 such taxes; and permitting penalties to be imposed and
9 enforced," further providing for the types and rates of
10 authorized taxes; and making a repeal.

11 The General Assembly of the Commonwealth of Pennsylvania
12 hereby enacts as follows:

13 Section 1. Section 1(a) of the act of August 5, 1932
14 (Sp.Sess., P.L.45, No.45), referred to as the Sterling Act,
15 amended July 26, 1961 (P.L.904, No.388), is amended and
16 subsections are added to read:

17 Section 1. (a) Be it enacted, &c., That from and after the
18 effective date of this act, the council of any city of the first
19 class shall have the authority by ordinance, for general revenue
20 purposes, to levy, assess and collect, or provide for the

1 levying, assessment and collection of, such taxes on persons,
2 transactions, occupations, privileges, subjects and personal
3 property, within the limits of such city of the first class, as
4 it shall determine, except that such council shall not have
5 authority to levy, assess and collect, or provide for the
6 levying, assessment and collection of, any tax on a privilege,
7 transaction, subject or occupation, or on personal property,
8 which is now or may hereafter become subject to a State tax or
9 license fee and except that the tax on the salaries, wages,
10 commissions and other compensation received or to be received
11 for work done or services performed within such city of the
12 first class by individuals who are not legal residents of such
13 city shall not exceed the limitations provided for in subsection
14 (d). If, subsequent to the passage of any ordinance under the
15 authority of this act, the General Assembly shall impose a tax
16 or license fee on any privilege, transaction, subject or
17 occupation, or on personal property, taxed by any city of the
18 first class hereunder, the act of Assembly imposing the State
19 tax thereon shall automatically vacate the city ordinance passed
20 under the authority of this act as to all taxes accruing
21 subsequent to the effective date of the act imposing the State
22 tax or license fee. It is the intention of this section to
23 confer upon cities of the first class the power to levy, assess
24 and collect taxes upon any and all subjects of taxation which
25 the Commonwealth has power to tax but which it does not now tax
26 or license, subject only to the foregoing provisions that any
27 tax upon a subject which the Commonwealth may hereafter tax or
28 license shall automatically terminate upon the effective date of
29 the State act imposing the new tax or license fee. Any tax
30 imposed in excess of the limitations provided in subsection (d)

1 shall be null and void to the extent that the tax exceeds or
2 otherwise violates those limitations.

3 * * *

4 (d) A city of the first class shall be empowered to levy,
5 assess and collect a tax only on those salaries, wages,
6 commissions, compensation or other income received or to be
7 received for work done or services performed within such city by
8 persons who are not legal residents of such city, and said tax
9 shall not exceed the rate of four per cent (4%) for the tax year
10 1985; three and seven-tenths per cent (3.7%) for the tax year
11 1986; three and four-tenths per cent (3.4%) for the tax year
12 1987; three per cent (3%) for the tax year 1988 and two and
13 nine-tenths per cent (2.9%) for tax year 1989 and for each year
14 thereafter.

15 (e) A city of the first class shall be empowered to levy,
16 assess and collect a tax on the classes of income enumerated in
17 section 303 of the act of March 4, 1971 (P.L.6, No.2), known as
18 the "Tax Reform Code of 1971," of all individuals who are
19 residents of that city. The city shall determine the rate at
20 which this tax shall be imposed.

21 (f) A city of the first class levying the tax authorized by
22 subsection (e) may provide relief from the tax for persons who,
23 because of poverty, are determined to be in need of special tax
24 provisions. Such tax relief shall be in accordance with the
25 special tax provision schedule in section 304 of the "Tax Reform
26 Code of 1971."

27 Section 2. The act is amended by adding sections to read:

28 Section 1.1. (a) A city of the first class may impose a tax
29 on the sale at retail of those items currently taxed by the
30 Commonwealth pursuant to Article II of the act of March 4, 1971

1 (P.L.6, No.2), known as the "Tax Reform Code of 1971." The rate
2 of tax shall be set by the city and shall be levied on the
3 purchase price, which tax shall be collected by the vendor from
4 the purchaser and shall be paid over to the city.

5 (b) Where a sale of tangible personal property or service,
6 including any agreement therefor, is made in a municipal
7 corporation other than a city of the first class, but delivery
8 occurs or will occur in a city of the first class, a vendor
9 shall collect the tax, imposed under subsection (a).

10 (c) The receipts generated from the imposition of the tax
11 pursuant to subsection (a) shall be used only to finance the
12 following:

13 (1) The reduction of the tax imposed under subsection (d) of
14 section 1 on the nonresidents of the city. Nothing in this act,
15 however, shall preclude the city from reducing the rate of the
16 earned income tax on nonresidents of the city, if the same is
17 provided for by resolution or ordinance.

18 (2) The city may also elect by resolution or ordinance to
19 finance the fixed route public transportation services as
20 defined in section 3 of the act of February 11, 1976 (P.L.14,
21 No.10), known as the "Pennsylvania Rural and Intercity Common
22 Carrier Surface Transportation Assistance Act," and all suburban
23 transportation routes which complement the present
24 transportation system operating in the city provided that the
25 provisions of clause (1) of subsection (c) have been met.

26 (3) The city may also elect by resolution or ordinance to
27 finance, with any moneys remaining after the provisions of
28 clauses (1) and (2) of subsection (c) have been met, the
29 permanent improvement of the real estate assessment procedures
30 of the Board of Revision of Taxes, provided that the permanent

1 improvement shall not be construed to include only the hiring of
2 additional employees.

3 (4) The city may also elect by resolution or ordinance to
4 finance judicial and correctional services. For purposes of this
5 act, judicial and correctional services shall include, but shall
6 not be limited to, the construction and operation of
7 correctional and detention facilities, the establishment and
8 coordination of adult and juvenile programs and domestic
9 relations programs and the reform and modernization of judicial
10 procedures.

11 (d) The Department of Revenue may elect to enter into
12 agreements with a city of the first class for collection of
13 taxes imposed under this act.

14 Section 1.2. The authority to levy the taxes provided for
15 under subsection (e) of section 1 and section 1.1 shall not be
16 preempted or otherwise invalidated by any other State tax or
17 local tax ordinance.

18 Section 3. The first and second paragraphs of subsection (b)
19 of section 359 of the act of March 4, 1971 (P.L.6, No.2), known
20 as the Tax Reform Code of 1971, are repealed to the extent that
21 they provide for rates and the suspension of rates of taxation
22 in excess of those provided in section 1 of this act.

23 Section 4. This act shall take effect in 60 days.