

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 814 Session of
1993

INTRODUCED BY STRITTMATTER, SCHULER, BARLEY, SCHEETZ, TRUE,
THOMAS, MILLER, LEH, GERLACH, FAIRCHILD, REBER AND GEIST,
MARCH 22, 1993

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, MARCH 22, 1993

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 authorizing school districts to impose an additional tax on
23 earned income tax; and requiring school districts that impose
24 the additional tax to reduce the rate of or eliminate certain
25 taxes.

26 The General Assembly of the Commonwealth of Pennsylvania
27 hereby enacts as follows:

28 Section 1. Section 8 of the act of December 31, 1965
29 (P.L.1257, No.511), known as The Local Tax Enabling Act, amended

1 October 11, 1984 (P.L.885, No.172) and July 9, 1987 (P.L.203,
2 No.30), is amended to read:

3 Section 8. Limitations on Rates of Specific Taxes.--(a) No
4 taxes levied under the provisions of this act shall be levied by
5 any political subdivision on the following subjects exceeding
6 the rates specified in this section:

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

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

22 (3) On wages, salaries, commissions and other earned income
23 of individuals, one percent[.], except that school districts,
24 subject to the provisions of section 8.1 of this act, may levy
25 an additional tax of two and one-half percent on wages,
26 salaries, commissions and other earned income. Revenues from the
27 additional tax shall, notwithstanding any other provision of
28 this act, be collected and used exclusively by the school
29 district that levies the additional tax.

30 (4) On retail sales involving the transfer of title or

1 possession of tangible personal property, two percent.

2 (5) On the transfer of real property, one percent.

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

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

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

9 (9) On admissions to ski facilities, ten percent. The tax
10 base upon which the tax shall be levied shall not exceed forty
11 percent of the cost of the lift ticket. The lift ticket shall
12 include all costs of admissions to the ski facility.

13 (10) On admissions to golf courses, ten percent. The tax
14 base upon which the tax shall be levied shall not exceed forty
15 percent of the greens fee. The greens fee shall include all
16 costs of admissions to the golf course.

17 (11) On admissions to bowling alleys or bowling lanes, ten
18 percent. The tax base upon which the tax shall be levied shall
19 not exceed forty percent of the charge imposed upon a patron for
20 the sale of admission to or the privilege of admission to a
21 bowling alley or bowling lane to engage in one or more games of
22 bowling.

23 (b) (1) Except as otherwise provided in this act, at any
24 time two political subdivisions shall impose any one of the
25 above taxes on the same person, subject, business, transaction
26 or privilege, located within both such political subdivisions,
27 during the same year or part of the same year, under the
28 authority of this act then the tax levied by a political
29 subdivision under the authority of this act shall, during the
30 time such duplication of the tax exists, except as hereinafter

1 otherwise provided, be one-half of the rate, as above limited,
2 and such one-half rate shall become effective by virtue of the
3 requirements of this act from the day such duplication becomes
4 effective without any action on the part of the political
5 subdivision imposing the tax under the authority of this act.
6 When any one of the above taxes has been levied under the
7 provisions of this act by one political subdivision and a
8 subsequent levy is made either for the first time or is revived
9 after a lapse of time by another political subdivision on the
10 same person, subject, business, transaction or privilege at a
11 rate that would make the combined levies exceed the limit
12 allowed by this subdivision, the tax of the second political
13 subdivision shall not become effective until the end of the
14 fiscal year for which the prior tax was levied, unless:

15 [(1)] (i) Notice indicating its intention to make such levy
16 is given to the first taxing body by the second taxing body as
17 follows:

18 [(i)] (A) when the notice is given to a school district it
19 shall be given at least forty-five days prior to the last day
20 fixed by law for the levy of its school taxes;

21 [(ii)] (B) when given to any other political subdivision it
22 shall be prior to the first day of January immediately
23 preceding, or if a last day for the adoption of the budget is
24 fixed by law, at least forty-five days prior to such last day;
25 or

26 [(2)] (ii) Unless the first taxing body shall indicate by
27 appropriate resolution its desire to waive notice requirements
28 in which case the levy of the second taxing body shall become
29 effective on such date as may be agreed upon by the two taxing
30 bodies.

1 (2) It is the intent and purpose of this provision to limit
2 rates of taxes referred to in this section so that the entire
3 burden of one tax on a person, subject, business, transaction or
4 privilege shall not exceed the limitations prescribed in this
5 section: Provided, however, That any two political subdivisions
6 which impose any one of the above taxes, on the same person,
7 subject, business, transaction or privilege during the same year
8 or part of the same year may agree among themselves that,
9 instead of limiting their respective rates to one-half of the
10 maximum rate herein provided, they will impose respectively
11 different rates, the total of which shall not exceed the maximum
12 rate as above permitted.

13 (c) Notwithstanding the provisions of this section, any city
14 of the second class A may enact a tax upon wages, salaries,
15 commissions and other earned income of individuals resident
16 therein, not exceeding one percent, even though a school
17 district levies a similar tax on the same person provided that
18 the aggregate of both taxes does not exceed two percent.

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

20 Section 8.1. Additional Tax on Earned Income.--(a) Any
21 school district that is subject to the provisions of this act
22 shall have the authority to levy, assess and collect an
23 additional tax upon earned income, pursuant to section 13 of
24 this act, at a rate of up to two and one-half percent.

25 (b) Revenues derived from the additional tax shall be used
26 to effect a dollar-for-dollar reduction in revenues derived from
27 the per capita tax, the occupational privilege tax or the tax on
28 occupation (flat rate or millage basis) or revenues derived from
29 a tax on real property levied by the school district.

30 (c) (1) If a school district uses the revenues from the

1 additional tax to abolish its levy of the per capita tax, the
2 occupational privilege tax or the tax on occupation, the school
3 district shall not thereafter levy the tax that has been
4 abolished.

5 (2) If a school district uses the revenues from the
6 additional tax to reduce the rate of the per capita tax, the
7 occupational privilege tax or the tax on occupation, the school
8 district shall not thereafter increase the rate of the tax that
9 was reduced.

10 (d) If a school district uses the revenues from the
11 additional tax to reduce the revenues derived from a real
12 property tax levied by it, the reduction shall be accomplished
13 by subtracting a fixed amount from the assessed valuation of all
14 taxable properties. The amount, which shall be established by
15 each school district, shall not exceed twenty-five thousand
16 dollars (\$25,000).

17 (e) If a school district levies the additional tax on earned
18 income, for a period of four years from the effective date of
19 the additional tax the total tax revenue increase shall not
20 exceed the average annual increase in tax revenues during the
21 immediately preceding three fiscal years.

22 Section 3. This act shall take effect January 1, 1994.