

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1070 Session of
1999

INTRODUCED BY BUNT, L. I. COHEN, CORRIGAN, DALEY, FICHTER,
GANNON, GEIST, GODSHALL, HANNA, HENNESSEY, HERMAN, HERSHEY,
LYNCH, MAHER, MAJOR, R. MILLER, S. MILLER, NICKOL, PESCI,
SATHER, SAYLOR, SEMMEL, SEYFERT, SHANER, B. SMITH, STERN,
J. TAYLOR, YOUNGBLOOD, ZIMMERMAN AND ZUG, MARCH 24, 1999

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, MARCH 24, 1999

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 further providing for tax delegation and for earned income
23 tax.

24 The General Assembly of the Commonwealth of Pennsylvania
25 hereby enacts as follows:

26 Section 1. The introductory paragraph of section 2 of the
27 act of December 31, 1965 (P.L.1257, No.511), known as The Local

1 Tax Enabling Act, amended October 11, 1984 (P.L.885, No.172), is
2 amended to read:

3 Section 2. Delegation of Taxing Powers and Restrictions

4 Thereon.--The duly constituted authorities of the following
5 political subdivisions, cities of the second class, cities of
6 the second class A, cities of the third class, boroughs, towns,
7 townships of the first class, townships of the second class,
8 school districts of the second class, school districts of the
9 third class, and school districts of the fourth class, in all
10 cases including independent school districts, may, in their
11 discretion, by ordinance or resolution, for general revenue
12 purposes, levy, assess and collect or provide for the levying,
13 assessment and collection of such taxes as they shall determine
14 on persons, transactions, occupations, privileges, subjects and
15 personal property within the limits of such political
16 subdivisions, and upon the transfer of real property, or of any
17 interest in real property, situate within the political
18 subdivision levying and assessing the tax, regardless of where
19 the instruments making the transfers are made, executed or
20 delivered or where the actual settlements on such transfer take
21 place. The taxing authority may provide that the transferee
22 shall remain liable for any unpaid realty transfer taxes imposed
23 by virtue of this act. Each local taxing authority may, by
24 ordinance or resolution, exempt any person whose total income
25 from all sources is less than [five thousand dollars (\$5,000)]
26 seven thousand five hundred dollars (\$7,500) per annum from the
27 per capita or similar head tax, occupation tax and occupational
28 privilege tax, or earned income tax, or any portion thereof, and
29 may adopt regulations for the processing of claims for
30 exemptions. Such local authorities shall not have authority by

1 virtue of this act:

2 * * *

3 Section 2. The definition of "net profits" in section 13 of
4 the act is amended to read:

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

14 I. Definitions

15 * * *

16 "Net profits." The net income from the operation of a
17 business, profession, or other activity, except corporations,
18 after provision for all costs and expenses incurred in the
19 conduct thereof, determined either on a cash or accrual basis in
20 accordance with the accounting system used in such business,
21 profession, or other activity, but without deduction of taxes
22 based on income. For taxpayers engaged in the business,
23 profession or activity of farming, the term shall not include
24 any interest generated from any monetary accounts or assets of
25 the farming business or any gain on the sale of farm machinery,
26 livestock held twelve months or more for draft, breeding or
27 dairy purposes or other capital assets of the farm.

28 * * *

29 Section 3. This act shall apply to tax years beginning after
30 December 31, 1998.

1 Section 4. This act shall take effect immediately.