

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 2751 Session of
2000

INTRODUCED BY FARGO, SEPTEMBER 26, 2000

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, SEPTEMBER 26, 2000

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 employees 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 defining "net profits."

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

25 Section 1. The definition of "net profits" in section 13 I
26 of the act of December 31, 1965 (P.L.1257, No.511), known as The
27 Local Tax Enabling Act, is amended to read:

28 Section 13. Earned Income Taxes.--On and after the effective

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

9 I. Definitions

10 * * *

11 "Net profits." The net income from the operation of a
12 business, profession, or other activity, except corporations,
13 [after provision for all costs and expenses incurred in the
14 conduct thereof, determined either on a cash or accrual basis in
15 accordance with the accounting system used in such business,
16 profession, or other activity, but without deduction of taxes
17 based on income.] determined under Article III of the act of
18 March 4, 1971 (P.L.6, No.2), known as the "Tax Reform Code of
19 1971," and regulations of the Department of Revenue promulgated
20 under that article. The term does not include income from pass-
21 through entities which is not paid for services provided and
22 which is in the nature of earnings from an investment.

23 * * *

24 Section 2. This act shall take effect in 60 days.