

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 491 Session of 2013

INTRODUCED BY FOLMER, EICHELBERGER, VOGEL, WHITE, PILEGGI, ALLOWAY, HUTCHINSON AND BROWNE, FEBRUARY 13, 2013

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES, AS AMENDED, SEPTEMBER 22, 2014

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 providing for the definition of "farming"; ~~and further~~ <--
23 providing for declaration and payment of income taxes and for
24 withholding and remittance; AND PROVIDING FOR OPTIONAL <--
25 PROPERTY TAX ELIMINATION.

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

28 Section 1. Section 501 of the act of December 31, 1965

1 (P.L.1257, No.511), known as The Local Tax Enabling Act, is
2 amended by adding a definition to read:

3 Section 501. Definitions.

4 The following words and phrases when used in this chapter
5 shall have the meanings given to them in this section unless the
6 context clearly indicates otherwise:

7 * * *

8 "Farming." Includes all activities that are farming for
9 purposes of section 325 of the act of March 4, 1971 (P.L.6,
10 No.2), known as the Tax Reform Code of 1971.

11 * * *

12 Section 2. Section 502(c) of the act, added July 2, 2008
13 (P.L.197, No.32), is amended and the section is amended by
14 adding subsections to read:

15 Section 502. Declaration and payment of income taxes.

16 * * *

17 (c) Declaration and payment.--Except as provided in
18 [subsection (a) (2)] subsections (a) (2) and (d), taxpayers shall
19 declare and pay income taxes as follows:

20 (1) Every taxpayer shall, on or before April 15 of the
21 succeeding year, make and file with the resident tax officer,
22 a final return showing the amount of taxable income received
23 during the period beginning January 1 of the current year and
24 ending December 31 of the current year, the total amount of
25 tax due on the taxable income, the amount of tax paid, the
26 amount of tax that has been withheld under section 512 and
27 the balance of tax due. All amounts reported shall be rounded
28 to the nearest whole dollar. At the time of filing the final
29 return, the taxpayer shall pay the resident tax officer the
30 balance of the tax due or shall make demand for refund or

1 credit in the case of overpayment. Taxpayers may use the
2 Annual Local Earned Income Tax Return form available from the
3 department's Internet website to file the final return.

4 (2) (i) Every taxpayer making net profits shall, by
5 April 15 of the current year, make and file with the
6 resident tax officer a declaration of the taxpayer's
7 estimated net profits during the period beginning January
8 1 and ending December 31 of the current year, and shall
9 pay to the resident tax officer in four equal quarterly
10 installments the tax due on the estimated net profits.
11 The first installment shall be paid at the time of filing
12 the declaration, and the other installments shall be paid
13 on or before [June] July 15 of the current year,
14 [September] October 15 of the current year and January 15
15 of the succeeding year, respectively.

16 (ii) Any taxpayer who first anticipates any net
17 profit after April 15 of the current year shall make and
18 file the declaration required on or before [June] July 15
19 of the current year, [September] October 15 of the
20 current year or [December 31 of the current year] January
21 15 of the succeeding year, whichever date next follows
22 the date on which the taxpayer first anticipates such net
23 profit, and shall pay to the resident tax officer in
24 equal installments the tax due on or before the quarterly
25 payment dates that remain after the filing of the
26 declaration.

27 (ii.1) A taxpayer will be considered to have met the
28 requirements for declaration and minimum payment of
29 estimated tax for any year in which the taxpayer timely
30 declares and makes quarterly payments of estimated tax in

1 amounts that equal at least one-fourth of the total
2 income tax due and not withheld under section 512 in the
3 previous year, provided that the taxpayer can show
4 through the taxpayer's annual income tax return filed for
5 the previous year that tax liability was incurred.

6 (iii) Every taxpayer shall, on or before April 15 of
7 the succeeding year, make and file with the resident tax
8 officer a final return showing the amount of net profits
9 earned or received based on the method of accounting used
10 by the taxpayer during the period beginning January 1 of
11 the current year, and ending December 31 of the current
12 year, the total amount of tax due on the net profits and
13 the total amount of tax paid. At the time of filing the
14 final return, the taxpayer shall pay to the resident tax
15 officer the balance of tax due or shall make demand for
16 refund or credit in the case of overpayment. Any taxpayer
17 may, in lieu of paying the fourth quarterly installment
18 of the estimated tax, elect to make and file with the
19 resident tax officer on or before January 31 of the
20 succeeding year, the final return.

21 (iv) The department, in consultation with the
22 Department of Revenue, shall provide by regulation for
23 the filing of adjusted declarations of estimated net
24 profits and for the payments of the estimated tax in
25 cases where a taxpayer who has filed the declaration
26 required under this subsection anticipates additional net
27 profits not previously declared or has overestimated
28 anticipated net profits.

29 (v) Every taxpayer who discontinues business prior
30 to December 31 of the current year, shall, within 30 days

1 after the discontinuance of business, file a final return
2 as required under this paragraph and pay the tax due.

3 (3) Every taxpayer who receives any other taxable income
4 not subject to withholding under section 512(3) shall make
5 and file with the resident tax officer a quarterly return on
6 or before April 15 of the current year, [June] July 15 of the
7 current year, [September] October 15 of the current year, and
8 January 15 of the succeeding year, setting forth the
9 aggregate amount of taxable income not subject to withholding
10 by the taxpayer during the three-month periods ending March
11 31 of the current year, June 30 of the current year,
12 September 30 of the current year, and December 31 of the
13 current year, respectively, and subject to income tax,
14 together with such other information as the department may
15 require. Every taxpayer filing a return shall, at the time of
16 filing the return, pay to the resident tax officer the amount
17 of income tax due. The department shall establish criteria
18 under which the tax officer may waive the quarterly return
19 and payment of the income tax and permit a taxpayer to file
20 the receipt of taxable income on the taxpayer's annual return
21 and pay the income tax due on or before April 15 of the
22 succeeding year.

23 (4) If any date prescribed in this section for filing or
24 payment of tax should fall on a Saturday, Sunday or legal
25 holiday, the taxpayer may file or make payment on the next
26 business day.

27 (d) Filing of estimated tax by taxpayers whose major source
28 of gross income is from farming.--Notwithstanding any other
29 provision of this section, a declaration of estimated tax of an
30 individual having an estimated gross income from farming for the

1 taxable year which is at least two-thirds of his total estimated
2 gross income for the taxable year may be filed at any time on or
3 before January 15 of the succeeding year, but if the farmer
4 files a final return and pays the entire tax by March 1, the
5 return may be considered as his declaration due on or before
6 January 15.

7 (e) Restrictions.--In administering the provisions of this
8 section, no political subdivision, tax collection committee or
9 tax officer may:

10 (1) Prohibit a taxpayer from filing any return or
11 declaration required under this section in person or by first
12 class mail.

13 (2) Prohibit a taxpayer from filing any local income tax
14 return form, estimated tax return form or other form related
15 to any filing required under this section that has been
16 posted by the department on its Internet website.

17 (3) Impose a penalty for failing to timely file a
18 quarterly estimated tax return for which no payment of
19 estimated tax was due, as shown in the taxpayer's annual
20 income tax return.

21 Section 3. Section 512 of the act, added July 2, 2008
22 (P.L.197, No.32), is amended to read:

23 Section 512. Withholding and remittance.

24 (a) General rule.--For taxable years commencing on and after
25 January 1, 2012, or earlier taxable years if specified by a tax
26 collection district, income taxes shall be withheld, remitted
27 and reported as follows:

28 (1) Every employer having an office, factory, workshop,
29 branch, warehouse or other place of business within a tax
30 collection district who employs one or more persons, other

1 than domestic servants, for a salary, wage, commission or
2 other compensation, who has not previously registered, shall,
3 within 15 days after becoming an employer, register with the
4 tax officer the name and address of the employer and such
5 other information as the department may require.

6 (2) An employer shall require each new employee to
7 complete a certificate of residency form, which shall be an
8 addendum to the Federal Employee's Withholding Allowance
9 Certificate (Form W-4). An employer shall also require any
10 employee who changes their address or domicile to complete a
11 certificate of residency form. Upon request, certificate of
12 residency forms shall be provided by the department. The
13 certificate of residency form shall provide information to
14 help identify the political subdivisions where an employee
15 lives and works.

16 (3) Every employer having an office, factory, workshop,
17 branch, warehouse or other place of business within a tax
18 collection district that employs one or more persons, other
19 than domestic servants, for a salary, wage, commission or
20 other compensation, shall, at the time of payment, deduct
21 from the compensation due each employee employed at such
22 place of business the greater of the employee's resident tax
23 or the employee's nonresident tax as released in the official
24 register under section 511.

25 (4) Except as set forth in paragraph (5), [within 30
26 days] by the last day of the month following the end of each
27 calendar quarter, every employer shall file a quarterly
28 return and pay the amount of income taxes deducted during the
29 preceding calendar quarter to the tax officer for the place
30 of employment of each employee. The form shall show the name,

1 address and Social Security number of each employee, the
2 compensation of the employee during the preceding three-month
3 period, the income tax deducted from the employee, the
4 political subdivisions imposing the income tax upon the
5 employee, the total compensation of all employees during the
6 preceding calendar quarter, the total income tax deducted
7 from the employees and paid with the return and any other
8 information prescribed by the department.

9 (5) Notwithstanding paragraph (4), the provisions of
10 this paragraph shall apply if an employer has more than one
11 place of employment in more than one tax collection district.
12 [Within 30 days following the last day of each month] On or
13 before the last day of the month succeeding the month for
14 which the return required by paragraph (4) is due, the
15 employer may file the return [required by paragraph (4)] and
16 pay the total amount of income taxes deducted from employees
17 in all work locations during the preceding month to the tax
18 officer for either the tax collection district in which the
19 employer's payroll operations are located or as determined by
20 the department. The return and income taxes deducted shall be
21 filed and paid electronically. The employer must file a
22 notice of intention to file combined returns and make
23 combined payments with the tax officer for each place of
24 employment at least one month before filing its first
25 combined return or making its first combined payment. This
26 paragraph shall not be construed to change the location of an
27 employee's place of employment for purposes of nonresident
28 tax liability.

29 (6) Any employer who, for two of the preceding four
30 quarterly periods, has failed to deduct the proper income

1 tax, or any part of the income tax, or has failed to pay over
2 the proper amount of income tax as required by paragraph (3)
3 to the tax collection district, may be required by the tax
4 officer to file returns and pay the income tax monthly. In
5 such cases, payments of income tax shall be made to the tax
6 officer on or before the last day of the month succeeding the
7 month for which the income tax was withheld.

8 (7) On or before February 28 of the succeeding year,
9 every employer shall file with the tax officer where income
10 taxes have been deducted and remitted pursuant to paragraph
11 (3):

12 (i) An annual return showing, for the period
13 beginning January 1 of the current year and ending
14 December 31 of the current year, the total amount of
15 compensation paid, the total amount of income tax
16 deducted, the total amount of income tax paid to the tax
17 officer and any other information prescribed by the
18 department.

19 (ii) An individual withholding statement, which may
20 be integrated with the Federal Wage and Tax Statement
21 (Form W-2), for each employee employed during all or any
22 part of the period beginning January 1 of the current
23 year and ending December 31 of the current year, setting
24 forth the address and Social Security number, the amount
25 of compensation paid to the employee during the period,
26 the amount of income tax deducted, the amount of income
27 tax paid to the tax officer, the numerical code
28 prescribed by the department representing the tax
29 collection district where the payments required by
30 paragraphs (4) and (5) were remitted and any other

1 information required by the department. Every employer
2 shall furnish one copy of the individual withholding
3 statement to the employee for whom it is filed.

4 (8) Any employer who discontinues business prior to
5 December 31 of the current year shall, within 30 days after
6 the discontinuance of business, file returns and withholding
7 statements required under this section and pay the income tax
8 due.

9 (9) Except as otherwise provided in section 511, an
10 employer who willfully or negligently fails or omits to make
11 the deductions required by this subsection shall be liable
12 for payment of income taxes which the employer was required
13 to withhold to the extent that the income taxes have not been
14 recovered from the employee. The failure or omission of any
15 employer to make the deductions required by this section
16 shall not relieve any employee from the payment of the income
17 tax or from complying with the requirements for filing of
18 declarations and returns.

19 (b) Date of filing.--If any date prescribed in this section
20 for filing or payment of tax should fall on a Saturday, Sunday
21 or legal holiday, the filing or payment may be performed on the
22 next business day.

23 ~~(c) Forms. In administering the provisions of this section, <--~~
24 ~~no political subdivision, tax collection committee or tax-~~
25 ~~officer may prohibit the use or filing of any applicable form~~
26 ~~posted by the department on its Internet website to meet the~~
27 ~~requirements of this section.~~

28 SECTION 3.1. THE ACT IS AMENDED BY ADDING A CHAPTER TO READ: <--

29 CHAPTER 6

30 OPTIONAL PROPERTY TAX ELIMINATION

1 SECTION 601. SCOPE OF CHAPTER.

2 THIS CHAPTER SHALL AUTHORIZE A SCHOOL DISTRICT TO LEVY,
3 ASSESS AND COLLECT AN ELIMINATION TAX AS A MEANS OF REDUCING OR
4 ELIMINATING PROPERTY TAXATION.

5 SECTION 602. DEFINITIONS.

6 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER
7 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
8 CONTEXT CLEARLY INDICATES OTHERWISE:

9 "BOARD OF SCHOOL DIRECTORS." A BOARD OF SCHOOL DIRECTORS OF
10 A SCHOOL DISTRICT OF THE FIRST CLASS A, SECOND CLASS, THIRD
11 CLASS OR FOURTH CLASS.

12 "DOMICILE." THE TERM AS DEFINED IN SECTION 501.

13 "EARNED INCOME." THE TERM AS DEFINED IN SECTION 501.

14 "ELIMINATION TAX." ANY OF THE FOLLOWING:

15 (1) THE TAX LEVIED BY A SCHOOL DISTRICT ON EARNED INCOME
16 AND NET PROFITS UNDER THIS CHAPTER.

17 (2) A MERCANTILE TAX IMPOSED UNDER SECTION 613.

18 (3) A BUSINESS PRIVILEGE TAX IMPOSED UNDER SECTION 613.

19 "INDEX." THE TERM AS DEFINED IN SECTION 302 OF THE TAXPAYER
20 RELIEF ACT.

21 "NET PROFITS." THE TERM AS DEFINED IN SECTION 501.

22 "RESIDENT." THE TERM AS DEFINED IN SECTION 501.

23 "SCHOOL DISTRICT." A SCHOOL DISTRICT OF THE FIRST CLASS A,
24 SECOND CLASS, THIRD CLASS OR FOURTH CLASS.

25 "TAX REFORM CODE." THE ACT OF MARCH 4, 1971 (P.L.6, NO.2),
26 KNOWN AS THE TAX REFORM CODE OF 1971.

27 "TAXPAYER RELIEF ACT." THE ACT OF JUNE 27, 2006 (1ST
28 SP.SESS., P.L.1873, NO.1), KNOWN AS THE TAXPAYER RELIEF ACT.

29 SECTION 603. PREEMPTION.

30 NO ACT OF THE GENERAL ASSEMBLY MAY VACATE OR PREEMPT ANY

1 RESOLUTION PASSED OR ADOPTED UNDER THE AUTHORITY OF THIS
2 CHAPTER, OR ANY OTHER ACT, PROVIDING AUTHORITY FOR THE
3 IMPOSITION OF AN ELIMINATION TAX BY A SCHOOL DISTRICT, UNLESS
4 THE ACT OF THE GENERAL ASSEMBLY EXPRESSLY VACATES OR PREEMPTS
5 THE AUTHORITY TO PASS OR ADOPT RESOLUTIONS.

6 SECTION 604. REAL PROPERTY TAX REPLACEMENT.

7 A SCHOOL DISTRICT THAT LEVIES A TAX ON REAL PROPERTY MAY
8 REDUCE OR ELIMINATE THE REVENUES PROVIDED BY THE REAL PROPERTY
9 TAX BY IMPOSING THE ELIMINATION TAX AS PROVIDED UNDER THIS
10 CHAPTER.

11 SECTION 605. RESOLUTION REQUIRED.

12 THE BOARD OF SCHOOL DIRECTORS MAY IMPOSE OR INCREASE THE
13 MAXIMUM LIMITS OF THE ELIMINATION TAX BY ADOPTING A RESOLUTION.
14 PRIOR TO APPROVING THE RESOLUTION, THE BOARD OF SCHOOL DIRECTORS
15 SHALL:

16 (1) GIVE PUBLIC NOTICE OF ITS INTENT TO ADOPT THE
17 RESOLUTION IN THE MANNER PROVIDED UNDER SECTION 306.

18 (2) CONDUCT AT LEAST ONE PUBLIC HEARING REGARDING
19 REDUCING OR ELIMINATING THE TAX ON REAL PROPERTY AND IMPOSING
20 OR INCREASING THE MAXIMUM RATE OF THE ELIMINATION TAX.

21 SECTION 606. USE OF FUNDS.

22 ALL FUNDS GENERATED FROM AN ELIMINATION TAX SHALL BE USED TO
23 DIRECTLY REDUCE OR ELIMINATE SCHOOL DISTRICT REAL PROPERTY TAX
24 MILLAGE RATES.

25 SECTION 607. ELIMINATION TAX RATE LIMITS.

26 (A) LIMIT.--IF A SCHOOL DISTRICT HAS REDUCED PROPERTY TAX
27 MILLAGE RATES TO ZERO, A BOARD OF SCHOOL DIRECTORS MAY NOT
28 INCREASE THE ELIMINATION TAX FOR THE SUPPORT OF PUBLIC SCHOOLS
29 BY MORE THAN THE INDEX UNLESS THERE IS COMPLIANCE WITH SECTION
30 333 OF THE TAXPAYER RELIEF ACT.

1 (B) MAXIMUM RATE.--THE MAXIMUM RATE OF THE ELIMINATION TAX
2 CALCULATED UNDER THIS CHAPTER SHALL NOT BE SUBJECT TO THE LIMITS
3 ON THE EARNED INCOME TAX SPECIFIED UNDER SECTION 311(3).

4 (C) LIMIT.--THE RATE OF THE MERCANTILE OR BUSINESS PRIVILEGE
5 TAX IMPOSED UNDER SECTION 613 SHALL NOT GENERATE REVENUES IN
6 EXCESS OF 50% OF THE TOTAL ELIMINATION TAX REVENUES GENERATED
7 UNDER THIS CHAPTER.

8 SECTION 608. EXEMPTION.

9 A SCHOOL DISTRICT THAT IMPOSES AN ELIMINATION TAX MAY EXEMPT
10 FROM THE PAYMENT OF THAT TAX ANY PERSON WHOSE TOTAL INCOME FROM
11 ALL SOURCES IS LESS THAN \$12,000.

12 SECTION 609. COLLECTIONS.

13 (A) EARNED INCOME AND NET PROFITS.--AN ELIMINATION TAX ON
14 EARNED INCOME AND NET PROFITS SHALL BE SUBJECT TO CHAPTERS 5 AND
15 7.

16 (B) MERCANTILE TAX OR A BUSINESS PRIVILEGE TAX.--A
17 MERCANTILE TAX OR A BUSINESS PRIVILEGE TAX IMPOSED UNDER THIS
18 CHAPTER SHALL BE SUBJECT TO SECTION 613.

19 SECTION 610. CREDITS.

20 (A) CREDIT.--EXCEPT AS PROVIDED UNDER SUBSECTION (B), THE
21 PROVISIONS OF SECTION 317 SHALL BE APPLIED BY A BOARD OF SCHOOL
22 DIRECTORS TO DETERMINE ANY CREDITS APPLICABLE TO AN ELIMINATION
23 TAX.

24 (B) LIMITATION.--PAYMENT OF A TAX ON EARNED INCOME AND NET
25 PROFITS TO ANY STATE OTHER THAN PENNSYLVANIA OR TO ANY POLITICAL
26 SUBDIVISION LOCATED OUTSIDE THE BOUNDARIES OF THIS COMMONWEALTH
27 BY A RESIDENT OF A SCHOOL DISTRICT LOCATED IN THIS COMMONWEALTH
28 SHALL NOT BE CREDITED TO AND ALLOWED AS A DEDUCTION FROM THE
29 LIABILITY OF THE PERSON FOR AN ELIMINATION TAX IMPOSED BY THE
30 SCHOOL DISTRICT OF RESIDENCE.

1 SECTION 611. REAL PROPERTY TAX PROHIBITED.

2 (A) PROHIBITION.--FOR THE FIRST FISCAL YEAR BEGINNING AFTER
3 THE ADOPTION OF A RESOLUTION THAT ELIMINATES REAL PROPERTY TAX
4 MILLAGE RATES AND EACH FISCAL YEAR THEREAFTER, A SCHOOL DISTRICT
5 SHALL BE PROHIBITED FROM LEVYING, ASSESSING OR COLLECTING A REAL
6 PROPERTY TAX.

7 (B) APPLICABILITY.--THIS SECTION SHALL NOT APPLY TO THE
8 COLLECTION OF DELINQUENT REAL PROPERTY TAXES.

9 SECTION 612. APPLICABILITY OF PERSONAL INCOME TAX.

10 NOTHING UNDER THIS CHAPTER SHALL BE CONSTRUED TO AUTHORIZE A
11 SCHOOL DISTRICT TO LEVY, ASSESS OR COLLECT A PERSONAL INCOME
12 TAX.

13 SECTION 613. MERCANTILE OR BUSINESS PRIVILEGE TAX.

14 (A) WHOLESALE DEALERS.--EACH SCHOOL DISTRICT SHALL HAVE THE
15 POWER AND MAY LEVY, ASSESS AND COLLECT A TAX ON EACH DOLLAR OF
16 THE WHOLE VOLUME OF BUSINESS TRANSACTED BY WHOLESALE DEALERS IN
17 GOODS, WARES AND MERCHANDISE.

18 (B) RETAIL SALES.--EACH SCHOOL DISTRICT SHALL HAVE THE POWER
19 AND MAY LEVY, ASSESS AND COLLECT A TAX ON EACH DOLLAR OF SALES
20 BY:

21 (1) RETAIL DEALERS IN GOODS, WARES AND MERCHANDISE,
22 INCLUDING PROPRIETORS OF RESTAURANTS OR OTHER PLACES WHERE
23 FOOD, DRINK AND REFRESHMENTS ARE SERVED.

24 (2) PROVIDERS OF SERVICES.

25 (C) TRANSACTIONS PARTIALLY FREE OF TAX.--NO TAX SHALL BE
26 LEVIED ON THE DOLLAR VOLUME OF BUSINESS TRANSACTED BY WHOLESALE
27 AND RETAIL DEALERS DERIVED FROM THE RESALE OF GOODS, WARES AND
28 MERCHANDISE, TAKEN BY ANY DEALER AS A TRADE-IN OR AS PART
29 PAYMENT FOR OTHER GOODS, WARES AND MERCHANDISE, EXCEPT TO THE
30 EXTENT THAT THE RESALE PRICE EXCEEDS THE TRADE-IN ALLOWANCE.

1 SECTION 614. EXCLUSIONS FROM TAX.

2 A TAX UNDER SECTION 613 MAY NOT BE LEVIED, ASSESSED OR
3 COLLECTED ON:

4 (1) THE GROSS RECEIPTS FROM UTILITY SERVICE OF ANY
5 PERSON OR COMPANY WHOSE RATES AND SERVICES ARE FIXED AND
6 REGULATED BY THE PENNSYLVANIA PUBLIC UTILITY COMMISSION, ON
7 ANY PUBLIC UTILITY SERVICES RENDERED BY THE PERSON OR
8 COMPANY, ON ANY PRIVILEGE OR TRANSACTION INVOLVING THE
9 RENDERING OF THE PUBLIC UTILITY SERVICE OR ON ANY FEDERAL
10 ENERGY REGULATION COMMISSION-APPROVED QUALIFYING FACILITY.

11 (2) ANY OF THE FOLLOWING:

12 (I) GOODS AND ARTICLES MANUFACTURED IN THE SCHOOL
13 DISTRICT.

14 (II) THE BY-PRODUCTS OF MANUFACTURE.

15 (III) MINERALS, TIMBER, NATURAL RESOURCES AND FARM
16 PRODUCTS PRODUCED IN THE SCHOOL DISTRICT.

17 (IV) THE PREPARATION OR PROCESSING OF ITEMS UNDER
18 SUBPARAGRAPH (III) FOR USE OR MARKET.

19 (V) ANY PRIVILEGE, ACT OR TRANSACTION RELATED TO THE
20 BUSINESS OF MANUFACTURING, THE PRODUCTION, PREPARATION OR
21 PROCESSING OF MINERALS, TIMBER AND NATURAL RESOURCES OR
22 FARM PRODUCTS, BY MANUFACTURERS, BY PRODUCERS AND BY
23 FARMERS WITH RESPECT TO THE GOODS, ARTICLES AND PRODUCTS
24 OF THEIR OWN MANUFACTURE, PRODUCTION OR GROWTH.

25 (VI) ANY PRIVILEGE, ACT OR TRANSACTION RELATING TO
26 THE BUSINESS OF PROCESSING BY-PRODUCTS OF MANUFACTURE.

27 (VII) THE TRANSPORTATION, LOADING, UNLOADING OR
28 DUMPING OR STORAGE OF GOODS, ARTICLES, PRODUCTS OR BY-
29 PRODUCTS UNDER THIS PARAGRAPH, EXCEPT THAT SCHOOL
30 DISTRICTS MAY LEVY, ASSESS AND COLLECT TAXES ON A PERSON

1 USING MUNICIPAL SERVICES AND THE PERSONAL INCOME OF
2 NATURAL PERSONS ENGAGED IN THESE ACTIVITIES WHETHER DOING
3 BUSINESS AS AN INDIVIDUAL PROPRIETORSHIP OR AS MEMBERS OF
4 PARTNERSHIPS OR OTHER ASSOCIATIONS.

5 (3) GROSS RECEIPTS OR PART OF GROSS RECEIPTS WHICH ARE:

6 (I) DISCOUNTS ALLOWED TO PURCHASERS AS CASH
7 DISCOUNTS FOR PROMPT PAYMENT OF THEIR BILLS.

8 (II) CHARGES ADVANCED BY A SELLER FOR FREIGHT,
9 DELIVERY OR OTHER TRANSPORTATION FOR THE PURCHASER IN
10 ACCORDANCE WITH THE TERMS OF A CONTRACT OF SALE.

11 (III) RECEIVED UPON THE SALE OF AN ARTICLE OF
12 PERSONAL PROPERTY WHICH WAS ACQUIRED BY THE SELLER AS A
13 TRADE-IN TO THE EXTENT THAT THE GROSS RECEIPTS IN THE
14 SALE OF THE ARTICLE TAKEN IN TRADE DOES NOT EXCEED THE
15 AMOUNT OF TRADE-IN ALLOWANCE MADE IN ACQUIRING THE
16 ARTICLE.

17 (IV) REFUNDS, CREDITS OR ALLOWANCES GIVEN TO A
18 PURCHASER ON ACCOUNT OF DEFECTS IN GOODS SOLD OR
19 MERCHANDISE RETURNED.

20 (V) PENNSYLVANIA SALES TAX AND ANY SALES TAX, USE
21 TAX AND OCCUPANCY TAX IMPOSED UNDER LAW.

22 (VI) BASED ON THE VALUE OF EXCHANGES OR TRANSFERS
23 BETWEEN ONE SELLER AND ANOTHER SELLER WHO TRANSFERS
24 PROPERTY WITH THE UNDERSTANDING THAT PROPERTY OF AN
25 IDENTICAL DESCRIPTION WILL BE RETURNED AT A SUBSEQUENT
26 DATE, EXCEPT THAT IF SELLERS ENGAGED IN SIMILAR LINES OF
27 BUSINESS EXCHANGE PROPERTY AND ONE OF THEM MAKES PAYMENT
28 TO THE OTHER IN ADDITION TO THE PROPERTY EXCHANGED, THE
29 ADDITIONAL PAYMENT RECEIVED MAY BE INCLUDED IN THE GROSS
30 RECEIPTS OF THE SELLER RECEIVING SUCH ADDITIONAL CASH

1 PAYMENTS.

2 (VII) RECEIPTS OF SELLERS FROM SALES TO OTHER
3 SELLERS IN THE SAME LINE WHERE THE SELLER TRANSFERS THE
4 TITLE OR POSSESSION AT THE SAME PRICE FOR WHICH THE
5 SELLER ACQUIRED THE MERCHANDISE.

6 (VIII) TRANSFERS BETWEEN ONE DEPARTMENT, BRANCH OR
7 DIVISION OF A CORPORATION OR OTHER BUSINESS ENTITY OF
8 GOODS, WARES AND MERCHANDISE TO ANOTHER DEPARTMENT,
9 BRANCH OR DIVISION OF THE SAME CORPORATION OR BUSINESS
10 ENTITY AND WHICH ARE RECORDED ON THE BOOKS TO REFLECT
11 SUCH INTERDEPARTMENTAL TRANSACTIONS.

12 (IX) TRANSFERS ATTRIBUTABLE TO ACTIVITIES OCCURRING
13 OUTSIDE THE TAXING AUTHORITY. GROSS RECEIPTS SHALL BE
14 ATTRIBUTED TO THE JURISDICTION IN WHICH THE ACTIVITIES
15 GENERATING THE RECEIPTS OCCUR.

16 (4) THE GROSS RECEIPTS OF:

17 (I) ANY BANK, BANK AND TRUST COMPANY, PRIVATE BANK,
18 SAVINGS BANK OR TRUST COMPANY, AS DEFINED IN THE ACT OF
19 NOVEMBER 30, 1965 (P.L.847, NO.356), KNOWN AS THE BANKING
20 CODE OF 1965.

21 (II) ANY OTHER INSTITUTION OR ENTITY SUBJECT TO THE
22 SUPERVISION OF THE DEPARTMENT OF BANKING UNDER SECTION
23 201 OF THE ACT OF MAY 15, 1933 (P.L.565, NO.111), KNOWN
24 AS THE DEPARTMENT OF BANKING CODE.

25 (III) ANY NATIONAL BANK.

26 (IV) ANY SIMILAR INSTITUTION OR ENTITY ESTABLISHED
27 PURSUANT TO FEDERAL LAW OR THE LAW OF ANY STATE.

28 (5) THE GROSS RECEIPTS OF ANY DISTRIBUTOR OR IMPORTING
29 DISTRIBUTOR OF MALT OR BREWED BEVERAGES SUBJECT TO LICENSURE
30 UNDER THE ACT OF APRIL 12, 1951 (P.L.90, NO.21), KNOWN AS THE

1 LIQUOR CODE.

2 (6) THE GROSS PREMIUMS OF ANY INSURANCE COMPANY
3 AUTHORIZED TO DO BUSINESS IN THIS COMMONWEALTH.

4 Section 4. The amendment or addition of sections 501, 502(c)
5 and 512 of the act shall apply to taxable years beginning after
6 the effective date of this section.

7 ~~Section 5. This act shall take effect in 180 days.~~ <--

8 SECTION 5. THIS ACT SHALL TAKE EFFECT AS FOLLOWS: <--

9 (1) THIS SECTION SHALL TAKE EFFECT IMMEDIATELY.

10 (2) THE ADDITION OF CHAPTER 6 OF THE ACT SHALL TAKE
11 EFFECT IN 60 DAYS.

12 (3) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT IN 180
13 DAYS.