
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 826

Session of
1987

INTRODUCED BY SHOWERS, PHILLIPS, RUDY, BUSH, TRELLO, MORRIS,
CHADWICK, BELFANTI, WASS, CAPPABIANCA, MARKOSEK, SCHULER,
KUKOVICH, McCALL, HALUSKA, RYBAK, TIGUE, COY, BALDWIN,
HERMAN, NOYE, HECKLER, DISTLER, D. R. WRIGHT, YANDRISEVITS,
B. SMITH, BUNT, FARGO, COHEN, WOZNIAK, STEVENS, GODSHALL,
HERSHEY, FREEMAN, McHALE AND CARLSON, MARCH 11, 1987

REFERRED TO COMMITTEE ON FINANCE, MARCH 11, 1987

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 the imposition of taxes on earned
23 income by school districts which eliminate certain other
24 taxes.

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

27 Section 1. Section 8 of the act of December 31, 1965

1 (P.L.1257, No.511), known as The Local Tax Enabling Act, amended
2 October 11, 1984 (P.L.885, No.172), is amended to read:

3 Section 8. Limitations on Rates of Specific Taxes.--No taxes
4 levied under the provisions of this act shall be levied by any
5 political subdivision on the following subjects exceeding the
6 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) (i) On wages, salaries, commissions and other earned
23 income of individuals, one percent.

24 (ii) On wages, salaries, commissions and other earned income
25 of individuals, an additional tax not to exceed one and one-half
26 percent above the limitation set forth in subclause (i) may be
27 imposed by school districts that eliminate any occupation tax
28 using a millage or percentage as a base and elect to levy the
29 tax authorized by section 8.1.

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 Except as otherwise provided in this act, at any time two
18 political subdivisions shall impose any one of the above taxes
19 on the same person, subject, business, transaction or privilege,
20 located within both such political subdivisions, during the same
21 year or part of the same year, under the authority of this act
22 then the tax levied by a political subdivision under the
23 authority of this act shall, during the time such duplication of
24 the tax exists, except as hereinafter otherwise provided, be
25 one-half of the rate, as above limited, and such one-half rate
26 shall become effective by virtue of the requirements of this act
27 from the day such duplication becomes effective without any
28 action on the part of the political subdivision imposing the tax
29 under the authority of this act. When any one of the above taxes
30 has been levied under the provisions of this act by one

1 political subdivision and a subsequent levy is made either for
2 the first time or is revived after a lapse of time by another
3 political subdivision on the same person, subject, business,
4 transaction or privilege at a rate that would make the combined
5 levies exceed the limit allowed by this subdivision, the tax of
6 the second political subdivision shall not become effective
7 until the end of the fiscal year for which the prior tax was
8 levied, unless:

9 (1) Notice indicating its intention to make such levy is
10 given to the first taxing body by the second taxing body as
11 follows: (i) when the notice is given to a school district it
12 shall be given at least forty-five days prior to the last day
13 fixed by law for the levy of its school taxes; (ii) when given
14 to any other political subdivision it shall be prior to the
15 first day of January immediately preceding, or if a last day for
16 the adoption of the budget is fixed by law, at least forty-five
17 days prior to such last day; or

18 (2) Unless the first taxing body shall indicate by
19 appropriate resolution its desire to waive notice requirements
20 in which case the levy of the second taxing body shall become
21 effective on such date as may be agreed upon by the two taxing
22 bodies.

23 It is the intent and purpose of this provision to limit rates
24 of taxes referred to in this section so that the entire burden
25 of one tax on a person, subject, business, transaction or
26 privilege shall not exceed the limitations prescribed in this
27 section: Provided, however, That any two political subdivisions
28 which impose any one of the above taxes, on the same person,
29 subject, business, transaction or privilege during the same year
30 or part of the same year may agree among themselves that,

1 instead of limiting their respective rates to one-half of the
2 maximum rate herein provided, they will impose respectively
3 different rates, the total of which shall not exceed the maximum
4 rate as above permitted.

5 Notwithstanding the provisions of this section, any city of
6 the second class A may enact a tax upon wages, salaries,
7 commissions and other earned income of individuals resident
8 therein, not exceeding one percent, even though a school
9 district levies a similar tax on the same person provided that
10 the aggregate of both taxes does not exceed two percent or where
11 a school district levies a tax under section 8.1, three percent.

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

13 Section 8.1. School District Option.--(a) Additional Earned
14 Income Tax.--Any school district subject to the provisions of
15 this act, which has levied any occupation tax using a millage or
16 percentage as a base during the 1986-1987 fiscal year, after the
17 will of the electors of the school district is determined in the
18 affirmative by referendum, shall repeal any such occupation tax
19 and may in lieu thereof levy, assess and collect an additional
20 tax on wages, salaries, commissions and other earned income of
21 individuals at a rate not to exceed one and one-half percent.
22 Any school district which levies such additional tax on earned
23 income shall permanently lose the authority to levy and collect
24 any occupation tax using a millage or percentage as a base.
25 Revenues derived from the tax authorized by this section shall
26 be for the sole use of the school district.

27 (b) Referendum.--Whenever the school board of any such
28 district files a petition with the county board of elections of
29 the county for a referendum on the question of the will of the
30 electors with respect to the levy, assessment and collection for

1 the sole use of the school district, of an additional tax upon
2 earned income at a rate not to exceed one and one-half percent,
3 in lieu of an occupation tax using a millage or percentage as a
4 base, but not oftener than once every five years, the county
5 board of elections shall cause the question to be placed on the
6 ballot and submitted at the next municipal primary election more
7 than sixty days after the petition is filed. These proceedings
8 shall be in the same manner and subject to the provisions of the
9 election laws insofar as such provisions are applicable.

10 (c) Form of Question.--The question shall be in the
11 following form:

12 Do you favor the imposition of an additional school tax
13 upon earned income, not to exceed one and one-half
14 percent, in lieu of an occupation tax using a millage or
15 percentage as a base?

16 (d) Result.--If a majority of the voting electors vote
17 "Yes," then the school district may levy the tax authorized by
18 subsection (a).

19 (e) Limitation.--In the first fiscal year the additional tax
20 authorized by this section is collected, the yield from said
21 additional tax shall not be greater than one hundred five
22 percent of the amount collected the previous fiscal year from
23 the occupation tax which is repealed in accordance with the
24 provisions of this section.

25 Section 3. This act shall apply to tax years beginning on or
26 after January 1, 1988.

27 Section 4. This act shall take effect immediately.