

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1569 Session of  
1995

INTRODUCED BY CALTAGIRONE, RICHARDSON, VAN HORNE, ITKIN AND  
WOZNIAK, MAY 8, 1995

REFERRED TO COMMITTEE ON FINANCE, MAY 8, 1995

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 taxing powers of certain political  
23 subdivisions by increasing the rates of certain taxes,  
24 authorizing the imposition of municipal services taxes and  
25 restricting the imposition of other taxes; providing for  
26 monthly payments from employers; and making repeals.

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

29 Section 1. Section 2 introductory paragraph, (4) and (9) of

1 the act of December 31, 1965 (P.L.1257, No.511), known as The  
2 Local Tax Enabling Act, amended October 11, 1984 (P.L.885,  
3 No.172), are amended and the section is amended by adding a  
4 paragraph to read:

5 Section 2. Delegation of Taxing Powers and Restrictions  
6 Thereon.--(a) The duly constituted authorities of the following  
7 political subdivisions, cities of the second class, cities of  
8 the second class A, cities of the third class, boroughs, towns,  
9 townships of the first class, townships of the second class,  
10 school districts of the second class, school districts of the  
11 third class, and school districts of the fourth class, in all  
12 cases including independent school districts, may, in their  
13 discretion, by ordinance or resolution, for general revenue  
14 purposes, levy, assess and collect or provide for the levying,  
15 assessment and collection of such taxes as they shall determine  
16 on persons, transactions, occupations, privileges, subjects and  
17 personal property within the limits of such political  
18 subdivisions, and upon the transfer of real property, or of any  
19 interest in real property, situate within the political  
20 subdivision levying and assessing the tax, regardless of where  
21 the instruments making the transfers are made, executed or  
22 delivered or where the actual settlements on such transfer take  
23 place. The taxing authority may provide that the transferee  
24 shall remain liable for any unpaid realty transfer taxes imposed  
25 by virtue of this act. An occupational privilege tax may be  
26 levied only by the school districts.

27 (b) Each local taxing authority may, by ordinance or  
28 resolution, exempt any person whose total income from all  
29 sources is less than five thousand dollars (\$5,000) per annum  
30 from the per capita or similar head tax, occupation tax and

1 occupational privilege tax, or earned income tax, or any portion  
2 thereof, and may adopt regulations for the processing of claims  
3 for exemptions. [Such]

4 (c) The local authorities shall not have authority by virtue  
5 of this act:

6 \* \* \*

7 (4) To levy, assess and collect a tax on goods and articles  
8 manufactured in such political subdivision or on the by-products  
9 of manufacture, or on minerals, timber, natural resources and  
10 farm products produced in such political subdivision or on the  
11 preparation or processing thereof for use or market, or on any  
12 privilege, act or transaction related to the business of  
13 manufacturing, the production, preparation or processing of  
14 minerals, timber and natural resources, or farm products, by  
15 manufacturers, by producers and by farmers with respect to the  
16 goods, articles and products of their own manufacture,  
17 production or growth, or on any privilege, act or transaction  
18 relating to the business of processing by-products of  
19 manufacture, or on the transportation, loading, unloading or  
20 dumping or storage of such goods, articles, products or by-  
21 products; except that local authorities may levy, assess and  
22 collect taxes on the occupation, occupational privilege, per  
23 capita and earned income or net profits of natural persons  
24 engaged in the above activities whether doing business as  
25 individual proprietorship or as members of partnerships or other  
26 associations[;]. An occupational privilege tax may be levied  
27 only by school districts.

28 \* \* \*

29 (9) To levy, assess or collect any tax on individuals for  
30 the privilege of engaging in an occupation (occupational

1 privilege tax) except that such a tax may be levied, assessed  
2 and collected only by the [political subdivision] school  
3 district of the taxpayer's place of employment.

4 Payment of any occupational privilege tax to any [political  
5 subdivision] school district by any person pursuant to an  
6 ordinance or resolution passed or adopted under the authority of  
7 this act shall be limited to [ten dollars (\$10) on] five dollars  
8 (\$5) for each person for each calendar year.

9 The situs of such tax shall be the place of employment, but,  
10 in the event a person is engaged in more than one [occupation,  
11 or an occupation which requires his working in more than one  
12 political subdivision during the calendar year, the priority of  
13 claim to collect such occupational privilege tax shall be in the  
14 following order: first, the political subdivision in which a  
15 person maintains his principal office or is principally  
16 employed; second, the political subdivision in which the person  
17 resides and works, if such a tax is levied by that political  
18 subdivision; third, the political subdivision in] school  
19 district during the calendar year, the priority of claim to  
20 collect such occupational privilege tax shall be in the  
21 following order: first, the school district in which a person  
22 maintains his principal office or is principally employed;  
23 second, the school district in which a person resides and works,  
24 if such a tax is levied by that school district; and third, the  
25 school district in which a person is employed and which imposes  
26 the tax nearest in miles to the person's home. The place of  
27 employment shall be determined as of the day the taxpayer first  
28 becomes subject to the tax during the calendar year.

29 It is the intent of this provision that no person shall pay  
30 more than [ten dollars (\$10)] five dollars (\$5) to a school

1 district in any calendar year as an occupational privilege tax  
2 irrespective of the number of [political subdivisions] school  
3 districts within which such person may be employed within any  
4 given calendar year.

5 In case of dispute, a tax receipt of the taxing authority for  
6 that calendar year declaring that the taxpayer has made prior  
7 payment which constitutes prima facie certification of payment  
8 to all other political subdivisions.

9 \* \* \*

10 Notwithstanding any provision of this act, no per capita tax,  
11 occupation assessment tax or flat rate occupational privilege  
12 tax shall be imposed by any city of the second, second class A  
13 or third class, borough, incorporated town or township under the  
14 authority of this act.

15 Section 2. Section 8 first paragraph of the act, amended or  
16 added October 11, 1984 (P.L.885, No.172) and July 9, 1987  
17 (P.L.203, No.30), is amended and the section is amended by  
18 adding paragraphs to read:

19 Section 8. Limitations on Rates of Specific Taxes.--[No]  
20 Except for any home rule municipality operating pursuant to the  
21 act of April 13, 1972 (P.L.184, No.62), known as the "Home Rule  
22 Charter and Optional Plans Law," which may impose higher tax  
23 rates on municipal residents, no taxes levied under the  
24 provisions of this act shall be levied by any political  
25 subdivision on the following subjects exceeding the rates  
26 specified in this section:

27 (1) Per capita[, poll] or other similar head taxes, [ten  
28 dollars (\$10)] five dollars (\$5) to be levied and collected only  
29 by school districts.

30 (2) On each dollar of the whole volume of business

1 transacted by wholesale dealers in goods, wares and merchandise,  
2 one mill, by retail dealers in goods, wares and merchandise and  
3 by proprietors of restaurants or other places where food, drink  
4 and refreshments are served, one and one-half mills; except in  
5 cities of the second class, where rates shall not exceed one  
6 mill on wholesale dealers and two mills on retail dealers and  
7 proprietors. This mercantile tax shall be levied only by cities  
8 of the second, second class A or third class, boroughs, towns  
9 and townships. The rate of mercantile tax imposed by a  
10 municipality shall be offset by any rate imposed by a  
11 coterminous school district. No such tax shall be levied on the  
12 dollar volume of business transacted by wholesale and retail  
13 dealers derived from the resale of goods, wares and merchandise,  
14 taken by any dealer as a trade-in or as part payment for other  
15 goods, wares and merchandise, except to the extent that the  
16 resale price exceeds the trade-in allowance.

17 (3) (i) On wages, salaries, commissions and other earned  
18 income of individuals, [one percent.] up to one percent in  
19 increments of one-quarter of one percent for cities of the  
20 second, second class A or third class, boroughs, towns and  
21 townships.

22 (ii) On wages, salaries, commissions and other earned income  
23 of individuals up to one-half of one percent in increments of  
24 one-quarter of one percent for all school districts. An  
25 additional tax may be imposed up to one-half of one percent in  
26 increments of one-quarter of one percent by those school  
27 districts which eliminate any or all of the taxes imposed on  
28 occupations, per capita, occupational assessment, business  
29 privilege and mercantile taxes pursuant to 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) to be levied and  
8 collected only by school districts.

9 (8) Occupational privilege taxes, [ten dollars (\$10)] five  
10 dollars (\$5) to a school district but not to be collected by  
11 employers.

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

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

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

26 (12) (i) Municipal services tax to be levied only by cities  
27 of the second, second class A or third class, boroughs, towns  
28 and townships:

29 (A) at a flat rate up to a maximum of fifty dollars (\$50)  
30 per person employed within the municipality or,

1     (B) subject to the provisions of section 8.2, a rate of one-  
2     quarter of one percent of the earned income of each person  
3     employed within the municipality.

4     (ii) The situs of the municipal services tax shall be the  
5     place of employment which shall be determined as of the day the  
6     taxpayer first becomes subject to the tax during the calendar  
7     year. In the event a person is engaged in more than one  
8     occupation, or an occupation which requires the person to work  
9     in more than one municipality during the calendar year, the  
10    priority of claim to collect the municipal services tax shall be  
11    in the following order: first, the municipality in which a  
12    person maintains his principal office or is principally  
13    employed; second, the municipality in which the person resides  
14    and works, if the municipal services tax is levied by that  
15    municipality; or third, the municipality in which a person is  
16    employed and which imposes the municipal services tax nearest in  
17    miles to the person's home.

18    (iii) The one-quarter of one percent municipal services tax  
19    shall be subject to withholding by the employer and payments and  
20    reports shall be made to the taxing jurisdiction in the same  
21    manner prescribed in Divison IV of section 13. The fifty dollar  
22    (\$50) flat rate municipal services tax shall not be collected by  
23    employers.

24    (iv) In the case of a dispute, a tax receipt of the taxing  
25    authority for that calendar year declaring that the taxpayer has  
26    made prior payment constitutes prima facie certification of  
27    payment to all other political subdivisions.

28    (v) It is the intent of this subclause that any person who  
29    was subject to and has paid the tax authorized in subclause (i)  
30    during the calendar year and who, during that same calendar



year, subsequently becomes subject to another tax under  
subclause (i) receive the relief prescribed herein as follows:

(A) Payment of the flat rate tax and subsequent liability  
for the percentage tax, a credit of the flat rate tax against  
the percentage tax.

(B) Payment of the flat rate tax and subsequent liability  
for the flat rate tax, a credit of the paid flat rate tax  
against the later flat rate tax.

(C) Payment of all or part of the percentage tax and  
subsequent liability for a later percentage tax, a division of  
the total tax liability based on the amount of time spent in  
each taxing jurisdiction.

(D) Payment of all or part of the percentage tax and  
subsequent liability for a later flat rate tax, a credit of the  
paid percentage tax against the later flat rate tax.

(13) Business privilege tax to be levied only by cities of  
the second, second class A or third class, boroughs, towns and  
townships at a maximum rate of three mills on gross receipts.  
The rate of business privilege tax imposed by a municipality  
shall be offset by any rate imposed by a coterminous school  
district.

\* \* \*

On or after July 1, 1995, no school district subject to the  
provisions of this act shall have the authority or power to levy  
any mercantile tax or any business privilege tax. However, every  
school district which enacted a mercantile tax or a business  
privilege tax on or before July 1, 1995, may continue to assess,  
levy and collect such tax at the enacted rate.

Any school district which is imposing a higher earned income,  
per capita or occupational privilege tax rate than specified in

the first paragraph of this section or any taxing authority imposing a higher business privilege tax than specified in the first paragraph of this section for the tax year 1995 or for school districts, the tax year 1995-1996, shall be permitted to continue to levy, assess and collect such tax at that higher rate but shall not be empowered to increase the rate of such tax.

Section 3. The act is amended by adding sections to read:

Section 8.1. School District Option on Earned Income.--Any school district which is subject to the provisions of this act may elect to levy, assess and collect an additional tax upon earned income pursuant to section 13 at the rate of up to one-half of one percent in increments of one-quarter of one percent. Any school district electing to levy this tax shall permanently lose the authority to levy and collect a per capita tax, occupational privilege tax, occupation tax, mercantile tax and business privilege tax as provided for in this act with the following exceptions:

(1) Should the revenue expected from the earned income tax levied by the school district at their maximum rate not be adequate to fully offset the net revenue loss from the elimination of the taxes as provided for in this section, the school district shall have the authority to continue to levy the minimum number of the eliminated taxes needed to offset not more than one hundred ten percent of the net revenue loss. In order to achieve this revenue amount, the school district shall reduce the rate of levy of no more than one of the reimposed eliminated taxes to the necessary level.

(2) Should the actual total revenue realized from the earned income tax levied at their maximum rate collected by a school

1 district during the first year of implementation result in a net  
2 revenue loss from the elimination of the taxes provided in this  
3 section, and should expected revenues from this tax produce an  
4 expected net revenue loss for the second year of implementation,  
5 the school district shall have the authority to reimpose one or  
6 more of the eliminated taxes under the provisions set forth in  
7 clause (1).

8 Section 8.2. Limitation on Municipal Services Tax.--With the  
9 exception of home rule municipalities, any other municipality  
10 which levies an earned income tax at a rate in excess of three-  
11 quarters of one percent shall not have the power to levy a  
12 municipal services tax at the rate of one-quarter of one  
13 percent.

14 Section 4. Section 9 of the act, amended December 12, 1968  
15 (P.L.1203, No.377), is amended to read:

16 Section 9. Register for Earned Income, Municipal Services  
17 and Occupational Privilege Taxes.--(a) It shall be the duty of  
18 the Department of Community Affairs to have available an  
19 official continuing register supplemented annually of all earned  
20 income, municipal services and occupational privilege taxes  
21 levied under authority of this act. The register and its  
22 supplements, hereinafter referred to as the register, shall list  
23 such jurisdictions levying earned income [and/or], municipal  
24 services and occupational privilege taxes, the [rate] rates of  
25 the tax as stated in the tax levying ordinance or resolution,  
26 [and the effective rate on resident and nonresident taxpayers,  
27 if different from the stated rate because of a coterminous  
28 levy,] on resident and nonresident taxpayers, and the name and  
29 address of the officer responsible for administering the  
30 collection of the tax and from whom information, forms for

1 reporting and copies of rules and regulations are available.  
2 [With each jurisdiction listed, all jurisdictions making  
3 coterminous levies shall also be noted and their tax rates  
4 shown.]

5 (b) Information for the register shall be furnished by the  
6 secretary of each taxing body to the Department of Community  
7 Affairs in such manner and on such forms as the Department of  
8 Community Affairs may prescribe. The information must be  
9 received by the Department of Community Affairs by certified  
10 mail not later than May 31 of each year to show new tax  
11 enactments, repeals and changes. Failure to comply with this  
12 date for filing may result in the omission of the levy from the  
13 register for that year. Failure of the Department of Community  
14 Affairs to receive information of taxes continued without change  
15 may be construed by the department to mean that the information  
16 contained in the previous register remains in force.

17 (c) The Department of Community Affairs shall have the  
18 register with such annual supplements as may be required by new  
19 tax enactments, repeals or changes available upon request not  
20 later than July 1 of each year. The effective period for each  
21 register shall be from July 1 of the year in which it is issued  
22 to June 30 of the following year.

23 (d) Employers shall not be required by any local ordinance  
24 to withhold from the [wages, salaries, commissions or other  
25 compensation] earned income of their employees any tax imposed  
26 under the provisions of this act, which is not listed in the  
27 register, or make reports of [wages, salaries, commissions or  
28 other] compensation in connection with taxes not so listed:  
29 Provided, That if the register is not available by July 1, the  
30 register of the previous year shall continue temporarily in

1 effect for an additional period not to exceed one year. The  
2 provisions of this section shall not affect the liability of any  
3 taxpayer for taxes lawfully imposed under this act.

4 (e) Ordinances or resolutions imposing earned income [or  
5 occupational privilege] taxes under authority of this act may  
6 contain provisions requiring employers doing business within the  
7 jurisdiction of the political subdivision imposing the tax to  
8 withhold the tax from the compensation of those of their  
9 employees who are subject to the tax: Provided, That no employer  
10 shall be held liable for failure to withhold earned income taxes  
11 or for the payment of such withheld tax money to a political  
12 subdivision other than the political subdivision entitled to  
13 receive such money if such failure to withhold or such incorrect  
14 transmittal of withheld taxes arises from incorrect information  
15 as to the employee's place of residence submitted by the employee:  
16 [And provided further, That employers shall not be required by  
17 any local ordinance to withhold from compensation for any one of  
18 their employees for the occupational privilege tax more than one  
19 time in any fiscal period:] And provided further, That the  
20 occupational privilege tax shall be applicable to employment in  
21 the period beginning January 1, of the current year and ending  
22 December 31 of the current year, except that taxes imposed for  
23 the first time shall become effective from the date specified in  
24 the ordinance or resolution, and the tax shall continue in force  
25 on a calendar year basis.

26 Section 5. Division IV of section 13 of the act is amended  
27 to read:

28 Section 13. Earned Income Taxes.--On and after the effective  
29 date of this act the remaining provisions of this section shall  
30 be included in or construed to be a part of each tax levied and

1 assessed upon earned income by any political subdivision levying  
2 and assessing such tax pursuant to this act. The definitions  
3 contained in this section shall be exclusive for any tax upon  
4 earned income and net profits levied and assessed pursuant to  
5 this act, and shall not be altered or changed by any political  
6 subdivision levying and assessing such tax.

7 \* \* \*

8 IV. Collection at Source

9 (a) Every employer having an office, factory, workshop,  
10 branch, warehouse, or other place of business within the taxing  
11 jurisdiction imposing a tax on earned income or net profits  
12 within the taxing district who employs one or more persons,  
13 other than domestic servants, for [a salary, wage, commission or  
14 other compensation] such earned income, who has not previously  
15 registered, shall, within fifteen days after becoming an  
16 employer, register with the officer his name and address and  
17 such other information as the officer may require.

18 (b) Every employer having an office, factory, workshop,  
19 branch, warehouse, or other place of business within the taxing  
20 jurisdiction imposing a tax on earned income or net profits  
21 within the taxing district who employs one or more persons,  
22 other than domestic servants, for [a salary, wage, commission,  
23 or other] compensation, shall deduct at the time of payment  
24 thereof, the tax imposed by ordinance or resolution on the  
25 earned income due to his employe or employees, and shall, on or  
26 before [April 30, of the current year, July 31, of the current  
27 year, October 31, of the current year, and January 31, of the  
28 succeeding year] the last day of each month, file a return and  
29 pay to the officer the amount of taxes deducted during the  
30 preceding [three-month periods ending March 31, of the current

1 year, June 30, of the current year, September 30, of the current  
2 year, and December 31, of the current year, respectively.]  
3 month. If the total taxes do not exceed two hundred dollars  
4 (\$200) per month, such return may be made on or before April 30  
5 of the current year, July 31 of the current year, October 31 of  
6 the current year, and January 31 of the succeeding year for  
7 taxes deducted during the preceding three-month period to such  
8 respective dates. Such return [unless otherwise agreed upon  
9 between the officer and employer shall show the name and social  
10 security number of each such employe, the earned income of such  
11 employe during such preceding three-month period, the tax  
12 deducted therefrom, the political subdivisions imposing the tax  
13 upon such employe, the total earned income of all such employes  
14 during such preceding three-month period, and] shall show only  
15 the total tax deducted [therefrom] and paid with the return.

16 [Any employer who for two of the preceding four quarterly  
17 periods has failed to deduct the proper tax, or any part  
18 thereof, or has failed to pay over the proper amount of tax to  
19 the taxing authority, may be required by the officer to file his  
20 return and pay the tax monthly. In such cases, payments of tax  
21 shall be made to the officer on or before the last day of the  
22 month succeeding the month for which the tax was withheld.]

23 Flat rate occupational privilege taxes and flat rate  
24 municipal services taxes shall not be subject to withholding by  
25 employers. However, employers shall file listings of all  
26 employes subject to an occupational privilege tax or a municipal  
27 services tax as of January 1 of each year with each taxing  
28 jurisdiction where the employer has a place of business. The  
29 required listings shall be submitted no later than March 1 of  
30 each year and shall include the name, address and social

1 security number of each employee.

2 (c) On or before February 28, of the succeeding year, every  
3 employer shall file with the officer:

4 (1) An annual return showing [the total amount of earned  
5 income paid,] the total amount of tax deducted, and the total  
6 amount of tax paid to the officer for the period beginning  
7 January 1, [of the current year,] and ending December 31, of the  
8 [current] preceding year.

9 (2) A return withholding statement for each employe employed  
10 during all or any part of the period beginning January 1[, of  
11 the current year,] and ending December 31, of the [current  
12 year,] preceding year, or a listing of such employes setting  
13 forth the employe's name, address and social security number,  
14 the amount of earned income paid to the employe during said  
15 period, the amount of tax deducted, the political subdivisions  
16 imposing the tax upon such employe, the amount of tax paid to  
17 the officer. Every employer shall furnish two copies of the  
18 individual return to the employe for whom it is filed.

19 (d) Every employer who discontinues business prior to  
20 December 31, of the current year, shall, within thirty days  
21 after the discontinuance of business, file the returns and  
22 withholding statements hereinabove required and pay the tax due.

23 (e) Except as otherwise provided in section 9, every  
24 employer who wilfully or negligently fails or omits to make the  
25 deductions required by this section shall be liable for payment  
26 of the taxes which he was required to withhold to the extent  
27 that such taxes have not been recovered from the employe.

28 (f) The failure or omission of any employer to make the  
29 deductions required by this section shall not relieve any  
30 employe from the payment of the tax or from complying with the



1 requirements of the ordinance or resolution relating to the  
2 filing of declarations and returns.

3 \* \* \*

4 Section 6. Section 14 first paragraph of the act, amended  
5 October 26, 1972 (P.L.1043, No.261), is amended to read:

6 Section 14. Payment of Tax to Other Political Subdivisions  
7 or States as Credit or Deduction; Withholding Tax.--[Payment of  
8 any tax to any political subdivision pursuant to an ordinance or  
9 resolution passed or adopted prior to the effective date of this  
10 act shall be credited to and allowed as a deduction from the  
11 liability of taxpayers for any like tax respectively on  
12 salaries, wages, commissions, other compensation or on net  
13 profits of businesses, professions or other activities and for  
14 any income tax imposed by any other political subdivision of  
15 this Commonwealth under the authority of this act.] Payment of  
16 any tax on earned income or net profits of businesses,  
17 professions or other activities imposed by a city of the first  
18 class pursuant to the act of August 5, 1932 (Sp.Sess., P.L.45,  
19 No.45), referred to as the Sterling Act, shall not be credited  
20 to or allowed as a deduction against the payment of any tax on  
21 earned income or net profits of businesses, professions or other  
22 activities to a political subdivision by residents thereof  
23 pursuant to an ordinance or resolution passed or adopted  
24 pursuant to this act.

25 \* \* \*

26 Section 7. Section 17 of the act is repealed.

27 Section 8. The following acts or parts of acts are repealed  
28 insofar as they permit the levy, assessment and collection of a  
29 per capita tax, an occupational privilege tax, a residence tax  
30 or an occupational assessment tax:

1        Clause 3 of section 2531 of the act of June 23, 1931  
2        (P.L.932, No.317), known as The Third Class City Code.

3        Section 1709 of the act of June 24, 1931 (P.L.1206, No.331),  
4        known as The First Class Township Code.

5        Section 905 of the act of May 1, 1933 (P.L.103, No.69), known  
6        as The Second Class Township Code.

7        Section 1302 of the act of February 1, 1966 (1965 P.L.1656,  
8        No.581), known as The Borough Code.

9        Section 9. This act shall be applied to the tax year  
10       beginning on or after January 1 of the year following the  
11       effective date of this amendatory act and each year thereafter.

12       Section 10. The employer withholding requirements imposed in  
13       section 13 of the act shall not be made retroactive. Every  
14       employer shall be allowed at least 90 days to meet the imposed  
15       requirements by each taxing jurisdiction.

16       Section 11. In the year following the enactment of this act  
17       no municipality or school district shall have a total aggregate  
18       revenue from all tax sources in excess of 110% of the amount of  
19       all tax revenues from the previous year.

20       Section 12. This act shall take effect immediately.