

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2402 Session of 2010

INTRODUCED BY BARRAR, CLYMER, CREIGHTON, FLECK, GEIST, GINGRICH,
GOODMAN, HARHART, HESS, M. KELLER, KILLION, KOTIK,
MICCARELLI, MOUL, MURT, SCAVELLO, STEVENSON AND SWANGER,
APRIL 12, 2010

REFERRED TO COMMITTEE ON FINANCE, APRIL 12, 2010

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 providing for payment of tax to other political
23 subdivisions or states as credit or deduction and withholding
24 tax; and providing for local services tax credit.

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

27 Section 1. Section 317 of the act of December 31, 1965
28 (P.L.1257, No.511), known as The Local Tax Enabling Act, amended

1 July 2, 2008 (P.L.197, No.32), is amended to read:

2 Section 317. Payment of Tax to Other Political Subdivisions
3 or States as Credit or Deduction; Withholding Tax.--[Payment]

4 Except as provided in section 317.1, payment of any tax to any
5 political subdivision pursuant to an ordinance or resolution
6 passed or adopted prior to the effective date of this act shall
7 be credited to and allowed as a deduction from the liability of
8 taxpayers for any like tax respectively on salaries, wages,
9 commissions, other compensation or on net profits of businesses,
10 professions or other activities and for any income tax imposed
11 by any other political subdivision of this Commonwealth under
12 the authority of this chapter.

13 Payment of any tax on salaries, wages, commissions, other
14 compensation or on net profits of business, professions or other
15 activities to a political subdivision by residents thereof
16 pursuant to an ordinance or resolution passed or adopted under
17 the authority of this chapter shall be credited to and allowed
18 as a deduction from the liability of such persons for any other
19 like tax respectively on salaries, wages, commissions, other
20 compensation or on net profits of businesses, professions or
21 other activities imposed by any other political subdivision of
22 this Commonwealth under the authority of this chapter.

23 Payment of any tax on income to any political subdivision by
24 residents thereof pursuant to an ordinance or resolution passed
25 or adopted under the authority of this chapter shall, to the
26 extent that such income includes salaries, wages, commissions,
27 other compensation or net profits of businesses, professions or
28 other activities, but in such proportion as hereinafter set
29 forth, be credited to and allowed as a deduction from the
30 liability of such persons for any other tax on salaries, wages,

1 commissions, other compensation or on net profits of businesses,
2 professions, or other activities imposed by any other political
3 subdivision of this Commonwealth under the authority of this
4 chapter.

5 Payment of any tax on income to any state or to any political
6 subdivision thereof by residents thereof, pursuant to any State
7 or local law, may, at the discretion of the Pennsylvania
8 political subdivision imposing such tax, to the extent that such
9 income includes salaries, wages, commissions, or other
10 compensation or net profits of businesses, professions or other
11 activities but in such proportions as hereinafter set forth, be
12 credited to and allowed as a deduction from the liability of
13 such person for any other tax on salaries, wages, commissions,
14 other compensation or net profits of businesses, professions or
15 other activities imposed by any political subdivision of this
16 Commonwealth under the authority of this chapter, if residents
17 of the political subdivision in Pennsylvania receive credits and
18 deductions of a similar kind to a like degree from the tax on
19 income imposed by the other state or political subdivision
20 thereof.

21 Payment of any tax on income to any State other than
22 Pennsylvania or to any political subdivision located outside the
23 boundaries of this Commonwealth, by residents of a political
24 subdivision located in Pennsylvania shall, to the extent that
25 such income includes salaries, wages, commissions, or other
26 compensation or net profits of businesses, professions or other
27 activities but in such proportions as hereinafter set forth, be
28 credited to and allowed as a deduction from the liability of
29 such person for any other tax on salaries, wages, commissions,
30 other compensation or net profits of businesses, professions or

1 other activities imposed by any political subdivision of this
2 Commonwealth under the authority of this chapter.

3 Where a credit or a deduction is allowable in any of the
4 several cases hereinabove provided, it shall be allowed in
5 proportion to the concurrent periods for which taxes are imposed
6 by the other state or respective political subdivisions, but not
7 in excess of the amount previously paid for a concurrent period.

8 No credit or deduction shall be allowed against any tax on
9 earned income imposed under authority of this chapter to the
10 extent of the amount of credit or deduction taken for the same
11 period by the taxpayer against any income tax imposed by the
12 Commonwealth of Pennsylvania under section 314 of the act of
13 March 4, 1971 (P.L.6, No.2) known as the "Tax Reform Code of
14 1971," on account of taxes imposed on income by other states or
15 by their political subdivisions.

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

17 Section 317.1. Local Services Tax Credit.--(a) Payment of a
18 local services tax to a political subdivision pursuant to an
19 ordinance or resolution passed or adopted shall be credited to
20 and allowed as a deduction from the liability of a taxpayer for
21 a tax on earned income imposed by a political subdivision of
22 this Commonwealth.

23 (b) This section shall only apply to taxpayers that are
24 residents of and are employed within the same political
25 subdivision imposing both the earned income tax and the local
26 services tax.

27 Section 3. This act shall take effect immediately.