AN ACT

Amending the act of August 9, 1955 (P.L. 323, No. 130), entitled "An act relating to counties of the first, second class A, third, fourth, fifth, sixth, seventh and eighth classes; amending, revising, consolidating and changing the laws relating thereto; relating to imposition of excise taxes by counties, including authorizing imposition of an excise tax on the rental of motor vehicles by counties of the first class; and providing for regional renaissance initiatives," in fiscal affairs, providing for county local services and occupational tax.

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

Section 1. The act of August 9, 1955 (P.L. 323, No. 130), known as The County Code, is amended by adding a section to read:

Section 1770.13. County Local Services and Occupational Tax.--(a) A county may, by ordinance, levy, assess and collect a county local services tax as authorized under this section. A county levying the county local services tax at a rate exceeding ten dollars ($10) or less may, by ordinance or resolution, exempt any individual from the county local services tax whose total earned income and net profits from all sources within the
county is less than twelve thousands dollars ($12,000) in the
calendar year in which the tax is levied.
(b) (1) A person seeking to claim an exemption from the
county local services tax may annually file an exemption
certificate with the county levying the tax and with the
individual's employer affirming that the individual reasonably
expects to have a total earned income and net profits from all
sources within the county of less than the income threshold
under subsection (a) in the calendar year for which the
exemption certificate is filed. The individual seeking to claim
an exemption from the county local services tax shall attach the
individual's most recent pay stub or W-2 form from the
individual's most recent employer for the calendar year prior to
the calendar year for which the individual is seeking the
exemption. The county shall provide a copy of the exemption
certificate to the office of the tax collector, county treasurer
or any other person authorized to collect taxes for the county.
(2) Upon receipt of the exemption certificate under clause
(1) and until otherwise instructed by the county levying the
county local services tax, the employer may not withhold the
county local services tax from the individual during the
calendar year for which the exemption applies. Each employer
within a county levying the local services tax shall ensure that
exemption certificate forms are readily available to employees
at all times and shall furnish each new employee with an
exemption certificate form at the time of hiring. The Department
of Community and Economic Development shall develop and make
available to counties and employers uniform exemption
certificate forms.
(3) An employer shall withhold the county local services tax
from an individual if all of the following apply:

(i) The employer receives a notification from the individual seeking an exemption under clause (1) from the county local services tax that the individual has a total earned income and net profits from all sources within the county that is equal or more than the income threshold specified under subsection (a) in the calendar year for which the individual is seeking the exemption.

(ii) The employer's payment to the individual causes the individual to have a total earned income and net profits from all sources within the county that is equal or more than the income threshold specified under subsection (a) in the calendar year for which the individual is seeking the exemption.

(4) If an individual who claimed an exemption from the county local services tax for a calendar year becomes subject to the tax during the calendar year, the individual's employer shall withhold the tax for the first payroll period after receipt of the notification under clause (3)(i) in a lump sum equal to the amount of tax that was not withheld due to the exemption claimed by the individual plus the per-payroll amount due for the first payroll period. The employer shall withhold the county local services tax from the individual for the remaining payroll period in the calendar year equal to the amount withheld for other employees.

(5) If an employer severs employment with an individual subject to the county local services tax, the individual shall be liable for any outstanding balance of tax due and the county may take any action necessary to collect the remaining tax due in accordance with this act.

(6) Except as provided for the purposes specified under
(c) A county may, by ordinance, levy, assess and collect a county local occupational tax on an individual for the privilege of engaging in an occupation within the county. The county may only collect the county local occupation tax at an individual's place of employment. The following apply:

(1) If a county local occupational tax is levied at a combined rate exceeding ten dollars ($10) in a calendar year, an individual subject to the county local occupational tax shall be assessed at a pro rata share of the county local occupational tax for each payroll period when the individual is engaging in an occupation within the county. The pro rata share of the county local occupational tax assessed on the individual shall be determined by dividing the combined rate of the county local occupation tax levied for the calendar year by the number of payroll periods established by the employer for the calendar year. For the purposes of determining the pro rata share, an employer shall round down the amount of the county local occupational tax collected under each payroll period to the nearest one-hundredth dollar. Except as provided under clause (3), the collection of the county local occupational tax shall be made on a payroll period basis for each payroll period when the individual is engaging in an occupation within the county.

(2) If an individual is subject to the county local occupational tax at a combined rate of more than ten dollars ($10), the situs of the county local occupational tax shall be the place of employment on the first day the individual becomes
subject to the tax during each payroll period. If an individual is subject to the county local occupational tax at a combined rate of not more than ten dollars ($10), the situs of the tax shall be the individual's place of employment as determined by the date when the individual becomes subject to the tax during the calendar year. If an individual is engaged in more than one occupation and maintaining concurrent employment within the county, or an occupation that requires the individual to work in more than one county during a payroll period, the priority of claim to collect the county local occupational tax shall be in the following order:

(i) The county where the individual maintains the individual's principal office or employment.
(ii) The county where the individual resides and works if the county local occupational tax is levied in the county.
(iii) The county where the individual is employed and which imposes the county local occupational tax nearest in the miles to the individual's place of residence.

(3) If an individual has more than one occupation and maintains concurrent employment within a county that levies the county local occupational tax, the individual's employer may not withhold the county local occupational tax if the individual provides a recent pay statement from a principal employer that includes all of the following:

(i) The name of the employer.
(ii) The length of the payroll period.
(iii) The amount of county local occupational tax withheld.
(iv) A statement from the individual that the pay statement is from the individual's principal employer and the individual will notify the individual's other employers of a change in the
individual's principal place of employment no later than fourteen days from the date of the change. The Department of Community and Economic Development shall develop a uniform employee statement form.

(4) The county local occupational tax shall be no more than fifty-two dollars ($52) on each individual for each calendar year, regardless of the number of counties where an individual may be employed. Upon request by an individual, a county that levies the county local occupational tax shall provide the individual a receipt of payment of the county local occupational tax.

d) A county that levies the county local services tax or county local occupational tax shall adopt regulations for the processing of refund claim for overpaid taxes during a calendar year. The regulations under this subsection shall be consistent with 53 Pa.C.S. §§ 8425 (relating to refunds of overpayments) and 8426 (relating to interest on overpayment). Refunds under this subsection made within seventy-five days of a refund request or seventy-five days after the last day an employer is required to remit the tax for the last quarter of the calendar year, whichever is later, shall not be subject to the interest imposed under 53 Pa.C.S. § 8426. A county shall only provide a refund under this subsection for amounts overpaid in a calendar year that exceed one dollar ($1).

e) A county that collects revenue from the county local services tax or county local occupational tax may distribute the revenue to emergency medical services agencies to provide services within the county.

(f) The Department of Community and Economic Development shall provide suggested forms and technical assistance to
facilitate the administration of the county local services tax and county local occupational tax for counties and reduce the burden of implementation, accounting and compliance for employers and employees.

(g) A county levying a county local services tax or county local occupational tax shall exempt all of the following individuals from the county local services tax:

(1) A veteran.

(2) An individual who serves in the United States Armed Forces, including a reserve component or National Guard, and who is placed on active duty at any time during the calendar year in which the county local services tax is levied.

(h) As used in this section, the following words and phrases shall have the meanings given to them in this subsection:

"County." A county of the second, second A, third, fourth, fifth, sixth, seventh or eighth class. The term does not include a county of the first class.

"Emergency medical services agency." As defined in 35 Pa.C.S. § 8103 (relating to definitions).

"Veteran." An individual who served in the United States Armed Forces, including a reserve component or National Guard, and who was discharged or released from service under conditions other than dishonorable.

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