

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1652

Session of
1981

INTRODUCED BY WILSON, J. L. WRIGHT, GREENWOOD, NAHILL,
GALLAGHER, VROON, ARTY, CORNELL, LASHINGER, FREIND,
E. Z. TAYLOR, GANNON, MORRIS, SPITZ AND DURHAM, JUNE 17, 1981

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,
MARCH 24, 1982

AN ACT

1 Amending the act of August 5, 1932 (Sp.Sess., P.L.45, No.45),
2 entitled, as amended, "An act empowering cities of the first
3 class to levy, assess and collect, or to provide for the
4 levying, assessment and collection of, certain additional
5 taxes for general revenue purposes; authorizing the
6 establishment of bureaus, and the appointment and
7 compensation of officers and employes to assess and collect
8 such taxes; and permitting penalties to be imposed and
9 enforced," further providing for the types and rates of
10 authorized taxes and making a repeal.

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

13 Section 1. Section 1, act of August 5, 1932 (Sp.Sess.,
14 P.L.45, No.45), referred to as the Sterling Act, amended July
15 26, 1961 (P.L.904, No.388), is amended to read:

16 Section 1. (a) Be it enacted, &c., That from and after the
17 effective date of this act, the council of any city of the first
18 class shall have the authority by ordinance, for general revenue
19 purposes, to levy, assess and collect, or provide for the
20 levying, assessment and collection of, such taxes on persons,
21 transactions, occupations, privileges, subjects and personal

1 property, within the limits of such city of the first class, as
2 it shall determine, except that such council shall not have
3 authority to levy, assess and collect, or provide for the
4 levying, assessment and collection of, any tax on a privilege,
5 transaction, subject or occupation, or on personal property,
6 which is now or may hereafter become subject to a State tax or
7 license fee and except that the tax on the income of residents
8 and nonresidents shall not exceed those limitations provided for <—
9 in subsections (d) and (e). SUBSECTION (E) AND EXCEPT THAT THE <—
10 TAX ON THE SALARIES, WAGES, COMMISSIONS AND OTHER COMPENSATION
11 RECEIVED OR TO BE RECEIVED FOR WORK DONE OR SERVICES PERFORMED
12 WITHIN SUCH CITY OF THE FIRST CLASS BY INDIVIDUALS WHO ARE NOT
13 LEGAL RESIDENTS OF SUCH CITY BUT WHO ARE LEGAL RESIDENTS OF THE
14 COMMONWEALTH OF PENNSYLVANIA SHALL NOT EXCEED THOSE LIMITATIONS
15 PROVIDED FOR IN SUBSECTION (D). If, subsequent to the passage of
16 any ordinance under the authority of this act, the General
17 Assembly shall impose a tax or license fee on any privilege,
18 transaction, subject or occupation, or on personal property,
19 taxed by any city of the first class hereunder, the act of
20 Assembly imposing the State tax thereon shall automatically
21 vacate the city ordinance passed under the authority of this act
22 as to all taxes accruing subsequent to the effective date of the
23 act imposing the State tax or license fee. It is the intention
24 of this section to confer upon cities of the first class the
25 power to levy, assess and collect taxes upon any and all
26 subjects of taxation which the Commonwealth has power to tax but
27 which it does not now tax or license, subject only to the
28 foregoing provisions that any tax upon a subject which the
29 Commonwealth may hereafter tax or license shall automatically
30 terminate upon the effective date of the State act imposing the

1 new tax or license fee. Any tax imposed in excess of the
2 limitations provided in subsections (d) and (e) shall be null
3 and void to the extent that the tax exceeds or otherwise
4 violates those limitations.

5 (b) It shall be the duty of the State Treasurer or other
6 appropriate State official at the time of payment of the salary,
7 wage or other compensation to any officer or employe of the
8 Commonwealth of Pennsylvania, with the exception of elected
9 officials, domiciled or rendering services within any first
10 class city, to deduct any tax imposed by such city on the
11 salary, wage or other compensation paid by the Commonwealth to
12 any officer or employe thereof.

13 (c) The State Treasurer or other appropriate State official
14 shall on or before the last day of April, July, October and
15 January of each year, beginning with October, 1961, make a
16 return on a form furnished by or obtainable from the revenue
17 commissioner of such city and remit to the revenue commissioner
18 the amount of tax so deducted for the three month period ending
19 on the last day of the month preceding.

20 (d) A city of the first class shall be empowered to levy,
21 assess and collect a tax only on those salaries, wages,
22 commissions, AND OTHER compensation ~~or other income~~ received or <—
23 to be received for work done or services performed within such
24 city by ~~persons~~ INDIVIDUALS who are not legal residents of such <—
25 city BUT WHO ARE LEGAL RESIDENTS OF THE COMMONWEALTH, and said <—
26 tax shall not exceed the rate of two and nine-tenths per cent
27 (2.9%) for the tax year 1983 or for any tax year thereafter: <—
28 PROVIDED, THAT THIS SUBSECTION DOES NOT AFFECT THE POWER OF A
29 CITY OF THE FIRST CLASS TO LEVY, ASSESS AND COLLECT OR PROVIDE
30 FOR THE LEVYING, ASSESSMENT AND COLLECTION OF ANY OTHER TAX

AUTHORIZED BY SECTION 1 HEREOF INCLUDING BUT NOT LIMITED TO ANY
TAX ON NET PROFITS EARNED IN BUSINESSES, PROFESSIONS OR OTHER
ACTIVITIES CONDUCTED IN A CITY OF THE FIRST CLASS BY RESIDENTS
OR NONRESIDENTS AND INCLUDING ANY TAX ON SALARIES, WAGES,
COMMISSIONS AND OTHER COMPENSATION RECEIVED OR TO BE RECEIVED
FOR WORK DONE OR SERVICES PERFORMED WITHIN SUCH CITY BY
INDIVIDUALS WHO ARE NOT LEGAL RESIDENTS OF THE COMMONWEALTH.

(e) A city of the first class shall be empowered to levy,
assess and collect a tax on the personal income of all
individuals who are residents of that city, consistent with the
provisions of Article III, act of March 4, 1971 (P.L.6, No.2),
known as the "Tax Reform Code of 1971."

(f) A city of the first class levying the personal income
tax authorized by subsection (e) may provide relief from the tax
for persons who, because of poverty, are determined to be in
need of special tax provisions. Such tax relief shall be in
accordance with the special tax provision schedule in section
304 of the "Tax Reform Code of 1971."

~~(g) A city of the first class levying the personal income~~ <—
~~tax authorized by subsection (e) may provide relief from the tax~~
~~for persons who, because of age, are determined to be in need of~~
~~special tax provisions. Such tax relief shall be in accordance~~
~~with section 4, act of March 11, 1971 (P.L.104, No.3), known as~~
~~the "Senior Citizens Property Tax or Rent Rebate and Older~~
~~Persons Inflation Needs Act."~~

(G) ANY REDUCTION IN THE TAX LEVIED BY THE CITY PURSUANT TO <—
SUBSECTION (D) SHALL BE APPLICABLE TO COMMONWEALTH RESIDENTS
ONLY.

(H) THE PROVISION OF THIS SECTION SHALL BE SEVERABLE. IF ANY
PROVISION OF THIS SECTION OR THE APPLICATION THEREOF TO ANY

1 PERSON OR CIRCUMSTANCE IS HELD INVALID, THE REMAINDER OF THE
2 SECTION AND ITS APPLICATION TO OTHER PERSONS OR CIRCUMSTANCES
3 SHALL NOT BE AFFECTED THEREBY, UNLESS THE COURT FINDS THAT THE
4 VALID PROVISIONS ARE SO ESSENTIALLY AND INSEPARABLY CONNECTED
5 WITH, AND SO DEPEND UPON, THE VOID PROVISION OR APPLICATION,
6 THAT IT CANNOT BE PRESUMED THE GENERAL ASSEMBLY WOULD HAVE
7 ENACTED THE REMAINING VALID PROVISIONS WITHOUT THE VOID ONE; OR
8 UNLESS THE COURT FINDS THAT THE REMAINING VALID PROVISIONS,
9 STANDING ALONE, ARE INCOMPLETE AND ARE INCAPABLE OF BEING
10 EXECUTED IN ACCORDANCE WITH THE LEGISLATIVE INTENT.

11 Section 2. The first and second paragraphs of section
12 359(b), act of March 4, 1971 (P.L.6, No.2), known as the "Tax
13 Reform Code of 1971," are repealed to the extent that they
14 provide for rates, and the suspension of rates, of taxation in
15 excess of those provided in section 1 of this act.

16 SECTION 3. IN ANY PROVISION OF THIS ACT OR THE APPLICATION <—
17 THEREOF TO ANY PERSON OR CIRCUMSTANCES IS HELD INVALID, SUCH
18 INVALIDITY SHALL NOT AFFECT OTHER PROVISIONS OR APPLICATIONS OF
19 THE ACT WHICH CAN BE GIVEN EFFECT WITHOUT THE INVALID PROVISION
20 OR APPLICATION, AND TO THIS END THE PROVISIONS OF THIS ACT ARE
21 DECLARED TO BE SEVERABLE.

22 Section ~~3~~ 4. This act shall take effect immediately and <—
23 shall apply to the tax year ~~1983~~ 1984 and each tax year <—
24 thereafter.