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14 The General Assembly of the Commonwealth of Pennsylvania

15 hereby enacts as follows:

16 CHAPTER 1

17 GENERAL PROVISIONS

18 Section 101. Short title.

19 This act shall be known and may be cited as the Optional

20 County Tax Reform Act.

21 Section 102. Definitions.

22 The following words and phrases when used in this act shall

23 have the meanings given to them in this section unless the

24 context clearly indicates otherwise:

25 "Board of county commissioners." Includes the successor in

26 function to the board of county commissioners in a county which

27 has adopted a home rule charter under the provisions 53 Pa.C.S.

28 Pt. III Subpt. E (relating to home rule and optional plan

29 government), but does not include the city council of a city of

30 the first class or the board of county commissioners of a county

1 of the second class.

2 "Classes of income." The classes of income set forth in  
3 section 303 of the act of March 4, 1971 (P.L.6, No.2), known as  
4 the Tax Reform Code of 1971.

5 "Compensation." As defined in section 301 of the act of  
6 March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of  
7 1971.

8 "County." A county-level municipality within this  
9 Commonwealth, regardless of classification. The term includes a  
10 county which has adopted a home rule charter or optional plan of  
11 government under the provisions of 53 Pa.C.S. Pt. III Subpt. E  
12 (relating to home rule and optional plan government). The term  
13 does not include a county of the first class or a county of the  
14 second class.

15 "Current year." The calendar year or fiscal year for which  
16 the tax is levied.

17 "Department." The Department of Revenue of the Commonwealth.

18 "Domicile." As defined in section 13 of the act of December  
19 31, 1965 (P.L.1257, No.511), known as The Local Tax Enabling  
20 Act.

21 "Earned income." The classes of income defined as "earned  
22 income" in section 13 of the act of December 31, 1965 (P.L.1257,  
23 No.511), known as The Local Tax Enabling Act.

24 "Employer." As defined in section 301 of the act of March 4,  
25 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

26 "Governing body." The board of county commissioners,  
27 including the successor in function to the board of county  
28 commissioners in a county which has adopted a home rule charter  
29 under the provisions of 53 Pa. C. S. Pt. III Subpt. E (relating  
30 to home rule and optional plan government). The term does not

1 include the board of the county council of a county of the  
2 second class.

3 "Homestead." As defined in 53 Pa.C.S. § 8401 (relating to  
4 definitions).

5 "Individual." As defined in section 301 of the act of March  
6 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

7 "Local Tax Enabling Act." The act of December 31, 1965  
8 (P.L.1257, No.511), known as The Local Tax Enabling Act.

9 "Municipality." A city of the second class, city of the  
10 second class A, city of the third class, borough, incorporated  
11 town, township of the first class, township of the second class,  
12 home rule municipality, optional plan municipality, optional  
13 form municipality or similar general purpose unit of government  
14 which may after the effective date of this act be established by  
15 statute, except a city of the first class.

16 "Nonresident." An individual domiciled outside the  
17 municipality.

18 "Ordinance." Includes a resolution.

19 "Personal income." The classes of income enumerated in  
20 section 303 of the act of March 4, 1971 (P.L.6, No.2), known as  
21 the Tax Reform Code of 1971, and upon which is imposed a  
22 personal income tax by the Commonwealth.

23 "Preceding year." The calendar year or fiscal year before  
24 the current year.

25 "Register." The register provided for in Chapter 9.

26 "School district." A school district of the first class A,  
27 second class, third class or fourth class, including any  
28 independent school district.

29 "Succeeding year." The calendar year or fiscal year  
30 following the current year.

1 "Tax Reform Code." The act of March 4, 1971 (P.L.6, No.2),  
2 known as the Tax Reform Code of 1971.

3 "Taxpayer." An individual required under this act to file a  
4 tax return or to pay a tax.

5 Section 103. Scope.

6 It is the intent of this act to confer upon each county the  
7 power to levy, assess and collect taxes upon the subjects of  
8 taxation set forth in this act.

9 Section 104. Preemption.

10 No act of the General Assembly in effect prior to or after  
11 the effective date of this act shall vacate or preempt any  
12 ordinance passed or adopted under the authority of this act or  
13 any other act providing authority for the imposition of a tax by  
14 a county, unless the act of the General Assembly expressly  
15 vacates or preempts the authority to pass or adopt such  
16 ordinances.

17 Section 105. Rates of taxation in home rule counties.

18 A home rule county may not fix the rate of taxation for the  
19 subjects of taxation authorized under Chapter 3 in excess of the  
20 rates fixed in Chapter 3.

21 CHAPTER 3  
22 SUBJECTS OF TAXATION  
23 SUBCHAPTER A  
24 TAX AUTHORIZATION

25 Section 301. General tax authorization.

26 (a) General rule.--Subject to section 303 and except as  
27 provided in subsection (b), a county shall have the power and  
28 may by ordinance levy, assess and collect or provide for the  
29 levying, assessment and collection of taxes on the sale or use  
30 of tangible personal property and services and the occupancy of

1 a hotel room at a rate of 1%, on the personal income of resident  
2 taxpayers up to a maximum rate of 0.5% in increments of 0.25% or  
3 on the earned income of resident taxpayers up to a maximum rate  
4 of 0.5% in increments of 0.25% for general revenue purposes as  
5 it shall determine on any or all of the subjects of taxation set  
6 forth in this act within the geographical limits of the county.

7 (b) Exclusions.--No county which levies a tax authorized by  
8 this act shall have any power or authority to levy, assess or  
9 collect:

10 (1) A tax based upon a flat rate or on a millage rate on  
11 an assessed valuation of a particular trade, occupation or  
12 profession, commonly known as an occupation tax.

13 (2) A per capita, poll, residence or similar head tax.

14 (3) The intangible personal property tax under the act  
15 of June 17, 1913 (P.L.507, No.335), referred to as the  
16 Intangible Personal Property Tax Law.

17 Section 302. Continuity of tax.

18 A tax levied under the provisions of this act shall continue  
19 in force on a calendar year basis, as the case may be, without  
20 annual reenactment unless the rate of tax is increased or the  
21 tax is subsequently repealed.

22 Section 303. Election to participate under act.

23 (a) General rule.--

24 (1) A governing body which desires to participate under  
25 the provisions of this act shall make that determination by  
26 using the procedures set forth in subsection (b).

27 (2) A governing body after making an election to  
28 participate under this act may, after a period of at least  
29 three full calendar years of participation, elect, under the  
30 provisions of subsection (b), to cease participation under

1 this act and levy, assess and collect the taxes prohibited by  
2 section 301(b) to the extent otherwise provided by law.

3 (b) Public referendum.--Subject to the notice and public  
4 hearing requirements of section 316(a), 325(a) or 334, whichever  
5 is applicable, a governing body may elect to participate under  
6 this act by obtaining the approval of the electorate of the  
7 affected county in a public referendum at the November election  
8 preceding the calendar year when the taxes will be initially  
9 imposed. The referendum question must state the initial rate of  
10 the proposed tax.

11 (c) Increase in tax rate limited.--Following an election to  
12 participate under this act, the governing body may only increase  
13 the tax rate in the following cases:

14 (1) If an increase in local expenditures is necessary to  
15 respond to or recover from an emergency or disaster declared  
16 by the Governor.

17 (2) If the political subdivision is required to  
18 implement a court decision.

19 (3) To pay interest and principal on any indebtedness  
20 incurred under the provisions of 53 Pa.C.S. Pt. VII Subpt. B  
21 (relating to indebtedness and borrowing).

22 (4) To pay increases in pension fund requirements which  
23 are in excess of the annual average increase over the  
24 immediately preceding five fiscal years.

25 (5) To respond to a municipality declared to be  
26 distressed under the act of July 10, 1987 (P.L.246, No.47),  
27 known as the Municipalities Financial Recovery Act.

28 (6) To increase revenues when actual revenues decline  
29 from the immediately preceding year, but only to the extent  
30 of the revenue decline.

1           (7) To respond to a Federal or State statute, regulation  
2 or order adding to or significantly altering responsibilities  
3 and duties or requiring expenditure of county funds to the  
4 extent not funded by the Federal or State Government. This  
5 provision shall apply only to a Federal or State statute,  
6 regulation or order taking effect after the effective date of  
7 this act.

8 Section 304. Local tax study commission.

9           (a) First-year implementation.--Before any county levies,  
10 assesses or collects or provides for the levy, assessment or  
11 collection of any tax under the authority of this act, the  
12 governing body may appoint a local tax study commission in  
13 accordance with the following provisions:

14           (1) The local tax study commission shall consist of  
15 five, seven or nine members appointed by the governing body.  
16 One member of the local tax study commission may be a member  
17 of the governing body, as deemed appropriate by the governing  
18 body. No member of the local tax study commission shall be a  
19 relative, by blood or marriage, of an official or employee of  
20 the county. All members shall be residents of the county.  
21 Representatives on a local tax study commission must  
22 reasonably reflect the socioeconomic, age and occupational  
23 diversity of the county.

24           (2) The governing body shall provide necessary and  
25 reasonable staff to support the local tax study commission  
26 and shall reimburse the members of the local tax study  
27 commission for necessary and reasonable expenses in the  
28 discharge of their duties.

29           (3) The local tax study commission shall study the  
30 existing taxes levied, assessed and collected by the county

1 and determine if and how the tax policies of the county could  
2 be strengthened or made more equitable by adopting for levy,  
3 assessment and collection one or a combination of any of the  
4 following taxes: personal income tax, real estate tax, sales  
5 tax or earned income and net profits tax at such levels and  
6 in such combinations on permissible subjects of taxation as  
7 do not exceed the limitations in this act. This study shall  
8 include, but not be limited to, consideration of all of the  
9 following:

10 (i) Historic rate and revenue provided by taxes  
11 currently levied, assessed and collected by the county.

12 (ii) The percentage of total revenues provided by  
13 taxes currently levied, assessed and collected.

14 (iii) The age, income, employment and property use  
15 characteristics of the existing tax base.

16 (iv) The projected revenues of any taxes currently  
17 levied, assessed and collected.

18 (v) The projected revenues of any taxes referred to  
19 in this paragraph not currently levied, assessed and  
20 collected by the county.

21 (4) Within 120 days of its appointment, the local tax  
22 study commission shall make a nonbinding recommendation to  
23 the governing body of the appropriate tax or combination of  
24 taxes, identified in paragraph (3), to be levied, assessed  
25 and collected commencing the next fiscal year. Upon  
26 appointment of the commission and except as provided for in  
27 paragraph (5), no tax may be levied, assessed or collected  
28 for the next fiscal year until receipt of the recommendation  
29 of the local tax study commission. No later than 30 days  
30 prior to the commencement of the next fiscal year, the

1 governing body shall accept or reject the recommendation of  
2 the local tax study commission or adopt any other appropriate  
3 tax or combination of taxes for the county commencing the  
4 next fiscal year as provided by law.

5 (5) If the local tax study commission fails to make a  
6 nonbinding recommendation within 120 days of its appointment,  
7 the governing body shall discharge the appointed local tax  
8 study commission and appoint itself as the local tax study  
9 commission. No later than 30 days prior to the commencement  
10 of the next fiscal year, the governing body shall adopt the  
11 appropriate tax or combination of taxes for the county  
12 commencing the next fiscal year as provided by law.

13 (6) The local tax study commission shall publish or  
14 cause to be published, within 30 days of making its  
15 recommendation, a final report of its activities and  
16 recommendations and shall deliver the final report to the  
17 chief clerk of the county who shall supply copies to any  
18 interested persons upon request.

19 (7) Receipts are required for all reimbursable expenses.

20 (8) All the records, receipts, tapes, minutes of  
21 meetings and written discussions of the local tax study  
22 commission shall, upon its discharge, be turned over to the  
23 chief clerk of the county for permanent safekeeping. The  
24 chief clerk shall make such materials available for public  
25 inspection at any time during regular business hours.

26 (9) The local tax study commission shall be discharged  
27 upon the filing of its final report.

28 (b) Three-year review.--

29 (1) A county that levies, assesses and collects or  
30 provides for the levy, assessment or collection of any tax,

1 after having received the recommendations of a local tax  
2 study commission and acted, shall continue to levy, assess  
3 and collect the same tax or combination of taxes for the next  
4 three fiscal years.

5 (2) Nothing in this act shall be construed to preclude  
6 the governing body from changing or altering the rates of any  
7 such tax or combination of taxes if it deems necessary.

8 (3) Before the third fiscal year following the county  
9 action on the recommendations of a local tax study commission  
10 and every third fiscal year thereafter, the governing body  
11 may appoint a local tax study commission in the manner  
12 provided in subsection (a). The local tax study commission  
13 appointed under this subsection shall be charged with all of  
14 the same powers and duties provided for the local tax study  
15 commission under subsection (a).

16 (4) In the event the county does not appoint a local tax  
17 study commission under this subsection after having  
18 previously acted on the recommendations of a local tax study  
19 commission, the county shall continue to levy, assess and  
20 collect the same tax or combination of taxes for the next  
21 three fiscal years.

## 22 SUBCHAPTER B

### 23 COUNTY SALES AND USE TAX

24 Section 311. Construction.

25 The tax imposed by the governing body under this subchapter  
26 shall be in addition to any tax imposed by the Commonwealth  
27 under Article II of the Tax Reform Code. Except for the  
28 differing situs provisions under section 313, the provisions of  
29 Article II of the Tax Reform Code shall apply to the tax.

30 Section 312. Imposition.

1 (a) Sales.--The governing body may levy and assess upon each  
2 separate sale at retail of tangible personal property or  
3 services, as defined in Article II of the Tax Reform Code,  
4 within the boundaries of the county, a tax on the purchase  
5 price. The tax shall be collected by the vendor from the  
6 purchaser and shall be paid over to the Commonwealth as provided  
7 in this subchapter.

8 (b) Use.--In any county within which the tax authorized in  
9 subsection (a) is imposed, there shall be levied, assessed and  
10 collected upon the use, within the county, of tangible personal  
11 property purchased at retail, and on services purchased at  
12 retail, as defined in Article II of the Tax Reform Code, a tax  
13 on the purchase price. The tax shall be paid over to the  
14 Commonwealth by the person who makes the use. The use tax  
15 imposed under this subchapter shall not be paid over to the  
16 Commonwealth by any person who has paid the tax imposed by  
17 subsection (a) or has paid the tax imposed by this subsection to  
18 the vendor with respect to the use.

19 (c) Occupancy.--In any county within which a tax authorized  
20 by subsection (a) is imposed, there shall be levied, assessed  
21 and collected an excise tax on the rent upon every occupancy of  
22 a room or rooms in a hotel in the county. The tax shall be  
23 collected by the operator or owner from the occupant and paid  
24 over to the Commonwealth.

25 (d) Rate and uniformity.--

26 (1) The tax authorized by subsections (a), (b) and (c)  
27 shall be imposed at a rate of 1%.

28 (2) The tax imposed by subsections (a), (b) and (c)  
29 shall be uniform.

30 (e) Computation.--The tax imposed under this section shall

1 be computed in the manner set forth in section 503(e)(2) of the  
2 act of June 5, 1991 (P.L.9, No.6), known as the Pennsylvania  
3 Intergovernmental Cooperation Authority Act for Cities of the  
4 First Class.

5 Section 313. Situs.

6 The situs of sales at retail or uses, including leases, of  
7 motor vehicles, aircraft, motorcraft and utility services shall  
8 be determined in the manner specified by section 504 of the act  
9 of June 5, 1991 (P.L.9, No.6), known as the Pennsylvania  
10 Intergovernmental Cooperation Authority Act for Cities of the  
11 First Class.

12 Section 314. Licenses.

13 A license for the collection of the tax imposed by this  
14 subchapter shall be issued in the same manner as is provided for  
15 in section 505 of the act of June 5, 1991 (P.L.9, No.6), known  
16 as the Pennsylvania Intergovernmental Cooperation Authority Act  
17 for Cities of the First Class. Licensees shall be entitled to  
18 the same discount as provided in section 227 of the Tax Reform  
19 Code.

20 Section 315. Rules and regulations; collection costs.

21 (a) Regulations.--Rules and regulations shall be applicable  
22 to the taxes imposed under section 312 in the same manner as is  
23 provided for in section 506(1) and (2) of the act of June 5,  
24 1991 (P.L.9, No.6), known as the Pennsylvania Intergovernmental  
25 Cooperation Authority Act for Cities of the First Class.

26 (b) Administrative costs.--The department, to cover its  
27 costs of administration, shall be entitled to retain a sum equal  
28 to 1% of the revenues collected under this subchapter for its  
29 administrative costs. When the annual operating budget for the  
30 department is submitted to the General Assembly, the department

1 shall also submit to the chairman and minority chairman of the  
2 Appropriations Committee of the Senate and to the chairman and  
3 minority chairman of the Appropriations Committee of the House  
4 of Representatives the actual sums retained for costs of  
5 collection in the preceding fiscal year, together with all  
6 supporting details.

7 Section 316. Procedure and administration.

8 (a) Ordinance.--A county desiring to impose the tax  
9 authorized by section 312 shall give at least 60 days' written  
10 notice to every municipality and school district located in the  
11 county of its intent to impose the tax and shall adopt an  
12 ordinance after the expiration of 60 days after the date of the  
13 notice. The notice and an ordinance shall state the tax rate and  
14 refer to this subchapter. The ordinance shall authorize the  
15 imposition of all taxes provided for in section 312. Prior to  
16 adopting an ordinance imposing the tax authorized by section  
17 312, the governing body shall give public notice of its intent  
18 to adopt the ordinance in the manner provided by section 4 of  
19 the Local Tax Enabling Act and shall conduct at least one public  
20 hearing regarding the proposed adoption of the ordinance.

21 (b) Notification to department.--A certified copy of the  
22 county ordinance shall be delivered to the department by  
23 September 1 of the year prior to the effective date of the  
24 ordinance. The county ordinance shall become effective on the  
25 January 1 following at least four months after the date of  
26 enactment of the county ordinance.

27 (c) Delivery of repeal ordinance.--A certified copy of a  
28 repeal ordinance shall be delivered to the department at least  
29 30 days prior to the effective date of the repeal.

30 Section 317. County sales and use tax funds.

1        There is hereby established for each county levying the tax  
2 under section 312 the (proper name) County Sales and Use Tax  
3 Fund. The State Treasurer shall be custodian of each such fund  
4 which shall be subject to the provisions of law applicable to  
5 funds listed in section 302 of the act of April 9, 1929  
6 (P.L.343, No.176), known as The Fiscal Code. Taxes imposed under  
7 section 312 shall be received by the department and paid to the  
8 State Treasurer and, along with interest and penalties, less any  
9 collection costs allowed under this subchapter and any refunds  
10 and credits paid, shall be credited to the respective fund not  
11 less frequently than every two weeks. During any period prior to  
12 the credit of moneys to each such fund, interest earned on  
13 moneys received by the department and paid to the State  
14 Treasurer under this subchapter shall be deposited into the  
15 respective fund. All moneys in each such fund, including, but  
16 not limited to, moneys credited to that fund under this section,  
17 prior year encumbrances and the interest earned thereon, shall  
18 not lapse or be transferred to any other fund, but shall remain  
19 in that fund. Pending their disbursement, moneys received on  
20 behalf of or deposited into each such fund shall be invested or  
21 reinvested as are other moneys in the custody of the State  
22 Treasurer in the manner provided by law. All earnings received  
23 from the investment or reinvestment of the moneys shall be  
24 credited to the respective funds.

25 Section 318. Disbursements.

26        (a) General rule.--On or before the tenth day of every  
27 month, the State Treasurer shall make the disbursements on  
28 behalf of the county imposing the tax out of the moneys which  
29 are, as of the last day of the previous month, contained in the  
30 respective county sales and use tax fund.

1 (b) Disbursement to counties.--

2 (1) The State Treasurer shall disburse to a county  
3 imposing the tax authorized under section 312 an amount of  
4 money equal to 50% of the tax collected in that county and  
5 remitted to the department and deposited in the respective  
6 county sales and use tax fund.

7 (2) An amount of money equal to the remaining 50% of the  
8 tax collected in that county shall be allocated to all of the  
9 municipalities and school districts within that county as  
10 follows:

11 (i) Twenty-five percent shall be allocated to all  
12 municipalities within the county. Each municipality shall  
13 be allocated a portion as computed under section 320(a).

14 (ii) Twenty-five percent shall be allocated to all  
15 school districts within the county. Each school district  
16 shall be allocated a portion as computed under section  
17 320(b).

18 (3) The State Treasurer shall disburse to a county, in  
19 addition to its share under paragraph (1), an amount of money  
20 equal to the allocations to nonqualified municipalities and  
21 school districts within the county.

22 (4) The county shall deposit the revenue from the  
23 respective county sales and use tax fund into the county  
24 general fund for disposition as provided under section  
25 701(a).

26 (c) Disbursement to municipalities.--The State Treasurer  
27 shall, at the same time, disburse to the qualified  
28 municipalities an amount of money equal to their allocations  
29 under paragraph (2)(i). Each municipality's portion shall be  
30 deposited in the municipal general fund for disposition as

1 provided in section 701(b).

2 (d) Disbursement to school districts.--The State Treasurer  
3 shall, at the same time, disburse to the qualified school  
4 districts an amount of money equal to their allocations under  
5 paragraph (2)(ii). Each school district's portion shall be  
6 deposited in the school district's general fund for disposition  
7 as provided in section 701(b).

8 (e) Penalty.--If disbursements are not made on or before the  
9 tenth day of each month, a 5% penalty shall be added thereto  
10 plus an additional 1% late charge per month delayed.

11 Section 319. Adoption of municipal ordinances and school  
12 district petitions.

13 (a) General rule.--No municipality may receive a  
14 disbursement under section 318(c) and no school district may  
15 receive a disbursement under section 318(d) unless one of the  
16 following applies:

17 (1) Prior to enactment of the county ordinance, it  
18 adopts a municipal ordinance or a school district petition  
19 containing the statement:

20 We strongly urge the county to enact a county sales  
21 and use tax and intend to accept disbursements of the  
22 sales and use taxes collected.

23 A municipality which does not enact an ordinance and a school  
24 district which does not enact a petition in compliance with  
25 this paragraph may not receive any distribution from funds  
26 collected during the first 24 months immediately following  
27 the initial date of imposition of the tax.

28 (2) Prior to October 1 of any year after the enactment  
29 of the county resolution, it adopts a municipal ordinance or  
30 a school district petition containing the statement:

1           We support the enactment by the county of the county  
2           sales and use tax and strongly urge its continuation  
3           and intend to accept disbursements of the sales and  
4           use taxes collected.

5           (b) Delivery.--A certified copy of the municipal ordinance  
6           or the school district petition shall be delivered to the county  
7           commissioners on or before the enactment of the county  
8           resolution or October 15 of any year thereafter, as the case may  
9           be.

10          Section 320. Allocations and qualifications.

11           (a) Allocations to municipalities.--The State Treasurer  
12           shall compute allocations to municipalities in the following  
13           manner:

14           (1) Fifty percent of the money allocated to  
15           municipalities shall be pursuant to a format in which the  
16           total allocation to municipalities multiplied by the ratio of  
17           weighted tax revenues of the municipality divided by the sum  
18           of the weighted tax revenues of all municipalities located in  
19           the county.

20           (2) Fifty percent of the money allocated to  
21           municipalities shall be returned to the municipality of  
22           origin of the sales tax revenue.

23           (b) Allocations to school districts.--Each school district  
24           shall be allocated a portion of the total allocation to school  
25           districts which is equal to the total allocation to school  
26           districts multiplied by the ratio of average daily membership of  
27           the school district divided by the sum of the average daily  
28           membership of all school districts in the county.

29           (c) Qualifications.--Municipalities and school districts  
30           qualified to receive disbursements under section 318(c) or (d)

1 are municipalities and school districts located within the  
2 county, which:

3 (1) adopt in a timely fashion, the ordinance or petition  
4 required under section 319; and

5 (2) adopt the necessary ordinances or, in the case of  
6 school districts, take the legally necessary action and  
7 impose the taxes authorized under this act.

8 (d) Calculation of weighted tax revenues.--Calculations of  
9 weighted tax revenues shall be made by the Department of  
10 Community and Economic Development or any successor agency and  
11 certified to the State Treasurer based upon information reported  
12 to the Department of Community and Economic Development any  
13 successor agency, subject to review, verification and approval  
14 by the Department of Community and Economic Development or any  
15 successor agency.

16 (e) Definitions.--As used in this section, the following  
17 words and phrases shall have the meanings given to them in this  
18 subsection:

19 "Average daily membership." As defined by the act of March  
20 10, 1949 (P.L.30, No.14), known as the Public School Code of  
21 1949.

22 "Weighted tax revenues." Total tax revenues from all sources  
23 of a municipality divided by the ratio of its per capita market  
24 value to the per capita market value of its county.

25 "Per capita market value." The total market value of all  
26 real property divided by population as determined by the most  
27 recent decennial census.

28 SUBCHAPTER C

29 PERSONAL INCOME TAX

30 Section 321. Construction.

1 The tax imposed by the governing body under this subchapter  
2 shall be in addition to any tax imposed by the Commonwealth  
3 under Article III of the Tax Reform Code. Except for the  
4 differing provisions under sections 501, 502 and 503, the  
5 provisions of Article III of the Tax Reform Code shall apply to  
6 the tax.

7 Section 322. Personal income tax.

8 In lieu of imposing the tax under section 312, each county  
9 shall have the power and may levy, assess and collect a tax on  
10 the personal income of resident taxpayers of the county up to a  
11 maximum rate of 0.5%, in increments of 0.25%. A county which  
12 imposes a tax under this section may not impose any tax under  
13 section 312.

14 Section 323. Collections.

15 A county may either collect the tax imposed under section 322  
16 or may enter into an agreement with the department for  
17 collection of the tax.

18 Section 324. Rules and regulations; collection costs.

19 (a) Regulations.--Rules and regulations shall be applicable  
20 to the taxes imposed under section 322 in the same manner as is  
21 provided for in Article III of the Tax Reform Code.

22 (b) Administrative costs.--The department, to cover its  
23 costs of administration under this act, may retain a sum equal  
24 to 1% of the revenues collected under this subchapter for those  
25 administrative costs. When the annual operating budget for the  
26 department is submitted to the General Assembly, the department  
27 shall also submit to the chairman and minority chairman of the  
28 Appropriations Committee of the Senate and to the chairman and  
29 minority chairman of the Appropriations Committee of the House  
30 of Representatives the actual sums retained for costs of

1 collection under this act in the preceding fiscal year, together  
2 with all supporting details.

3 Section 325. Procedure and administration.

4 (a) Ordinance.--The governing body, in order to impose the  
5 tax authorized by section 322, shall adopt an ordinance which  
6 shall refer to this subchapter. Prior to adopting an ordinance  
7 imposing the tax authorized by section 322, the respective  
8 governing body shall give public notice of its intent to adopt  
9 the ordinance in the manner provided by section 4 of the Local  
10 Tax Enabling Act and shall conduct at least one public hearing  
11 regarding the proposed adoption of the ordinance.

12 (b) Delivery.--A certified copy of the ordinance imposing  
13 the tax shall be delivered to the department no later than 90  
14 days prior to the effective date of the ordinance.

15 (c) Delivery of repeal ordinance.--A certified copy of a  
16 repeal ordinance shall be delivered to the department at least  
17 30 days prior to the effective date of the repeal.

18 Section 326. Local personal income tax funds.

19 There is hereby established for each county levying the tax  
20 under section 322 the (proper name) Personal Income Tax Fund.  
21 The State Treasurer shall be custodian of each such fund which  
22 shall be subject to the provisions of law applicable to funds  
23 listed in section 302 of the act of April 9, 1929 (P.L.343,  
24 No.176), known as The Fiscal Code. Taxes imposed under section  
25 322 shall be received by the department and paid to the State  
26 Treasurer and, along with interest and penalties, less any  
27 collection costs allowed under this subchapter and any refunds  
28 and credits paid, shall be credited to the respective funds not  
29 less frequently than every two weeks. During any period prior to  
30 the credit of moneys to each such fund, interest earned on

1 moneys received by the department and paid to the State  
2 Treasurer under this subchapter shall be deposited into that  
3 fund. All moneys in each such fund, including, but not limited  
4 to, moneys credited to that fund under this section, prior year  
5 encumbrances and the interest earned thereon, shall not lapse or  
6 be transferred to any other fund, but shall remain in that fund.  
7 Pending their disbursement, moneys received on behalf of or  
8 deposited into each such fund shall be invested or reinvested as  
9 are other moneys in the custody of the State Treasurer in the  
10 manner provided by law. All earnings received from the  
11 investment or reinvestment of the moneys shall be credited to  
12 the respective funds.

13 Section 327. Disbursements.

14 On or before the April 10, July 10, October 10 and the next  
15 succeeding January 10, the State Treasurer shall make the  
16 disbursements to each county imposing the tax out of the moneys  
17 which are, as of the last day of the previous month, contained  
18 in the respective personal income tax funds. If disbursements  
19 are not made on or before the dates listed in this section, a 5%  
20 penalty shall be added thereto, plus a 1% late charge per month  
21 delayed. This section shall only apply to a county which imposes  
22 a tax under section 322.

23 SUBCHAPTER D

24 EARNED INCOME AND NET PROFITS TAX

25 Section 331. Earned income and net profits tax.

26 In lieu of imposing the tax under section 312, each county  
27 shall have the power and may levy, assess and collect a tax on  
28 the earned income and net profits of resident taxpayers of the  
29 county up to a maximum rate of 0.5% in increments of 0.25% of  
30 1%. A county which imposes a tax under this paragraph may not

1 impose a tax under section 322.

2 Section 332. Collections.

3 A county imposing a tax under section 331 shall designate the  
4 tax officer who is appointed under section 10 of the Local Tax  
5 Enabling Act, or otherwise by law, as the collector of the  
6 earned income and net profits tax. In the performance of the tax  
7 collection duties under this subchapter, the designated tax  
8 officer shall have all the same powers, rights, responsibilities  
9 and duties for the collection of the taxes which may be imposed  
10 under the Local Tax Enabling Act or as otherwise provided by  
11 law.

12 Section 333. Rules and regulations.

13 Taxes imposed under section 331 will be subject to the rules  
14 and regulations pursuant to section 13 of the Local Tax Enabling  
15 Act.

16 Section 334. Procedure and administration.

17 The governing body, in order to impose the tax authorized by  
18 section 331, shall adopt an ordinance which shall refer to this  
19 subchapter. Prior to adopting an ordinance imposing the tax  
20 authorized by section 331, the governing body shall give public  
21 notice of its intent to adopt the ordinance in the manner  
22 provided by section 4 of the Local Tax Enabling Act, and shall  
23 conduct at least one public hearing regarding the proposed  
24 adoption of the ordinance.

25 CHAPTER 5

26 CREDITS, EXEMPTIONS AND DEFERRALS

27 Section 501. Credits.

28 The provisions of section 14 of the Local Tax Enabling Act  
29 shall be used to determine any credits under the provisions of  
30 this act for any tax imposed under section 322.

1 Section 502. Low-income tax provisions.

2 The provisions of section 304 of the Tax Reform Code shall be  
3 applied by any county which levies a tax under section 322 to  
4 any qualified individual.

5 Section 503. Regulations.

6 Each county may adopt regulations for the processing of  
7 claims under sections 501 and 502.

8 CHAPTER 7

9 DISPOSITION OF TAX REVENUES

10 Section 701. Sales tax revenues.

11 (a) Counties.--One hundred percent of any additional  
12 revenues received by a county from the sales and use tax shall  
13 be used to offset the revenues lost as a result of the  
14 prohibition against imposition of the taxes enumerated in  
15 section 301(b) and then to reduce the county real property tax  
16 by means of a homestead exclusion.

17 (b) Municipalities and school districts.--

18 (1) One hundred percent of any additional revenues shall  
19 be used to reduce the taxes listed in paragraph (2) and then  
20 to reduce the real property tax by means of a homestead  
21 exclusion.

22 (2) The taxes which shall be reduced under this  
23 subsection are as follows:

24 (i) A tax based upon a flat rate or on a millage  
25 rate on an assessed valuation of a particular trade,  
26 occupation or profession, commonly known as an occupation  
27 tax.

28 (ii) A tax at a set or flat rate upon persons  
29 employed within the taxing district, commonly known as an  
30 occupational privilege tax.

1 (iii) A per capita, poll, residence or similar head  
2 tax.

3 Section 702. Personal income tax revenues.

4 One hundred percent of any additional revenues from the  
5 personal income tax shall be used to offset the lost revenues  
6 from the taxes prohibited under section 301(b) and then to  
7 reduce the county real property tax by means of a homestead  
8 exclusion.

9 Section 703. Revenue limitation exceptions.

10 The limitations relating to the reduction or elimination of  
11 taxes in sections 701 and 702 may be waived, but only to the  
12 degree necessary, in the following cases:

13 (1) If an increase in local expenditures is necessary to  
14 respond to or recover from an emergency or disaster declared  
15 by the Governor.

16 (2) If the political subdivision is required to  
17 implement a court decision.

18 (3) To pay interest and principal on any indebtedness  
19 incurred under the provisions of 53 Pa.C.S. Pt. VII Subpt. B  
20 (relating to indebtedness and borrowing).

21 (4) To pay increases in pension fund requirements which  
22 are in excess of the annual average increase over the  
23 immediately preceding five fiscal years.

24 (5) To respond to a county declared to be distressed  
25 under the act of July 10, 1987 (P.L.246, No.47), known as the  
26 Municipalities Financial Recovery Act.

27 (6) To increase revenues when actual revenues decline  
28 from the immediately preceding year, but only to the extent  
29 of the revenue decline.

30 (7) If the increase does not exceed the limitations on

1 millage rates for real property under the act of July 28,  
2 1953 (P.L.723, No.230), known as the Second Class County  
3 Code, or the act of August 9, 1955 (P.L.323, No.1307), known  
4 as The County Code.

5 (8) To respond to a Federal or State statute, regulation  
6 or order adding to or significantly altering responsibilities  
7 and duties or requiring expenditure of funds to the extent  
8 not funded by the Federal or State Government. This provision  
9 shall apply only to a Federal or State statute, regulation or  
10 order taking effect after the effective date of this act.

11 (9) To increase revenue equal to the percentage increase  
12 in the Statewide average weekly wage from the immediately  
13 preceding year or 5%, whichever is less.

#### 14 CHAPTER 9

#### 15 REGISTER FOR CERTAIN TAXES

#### 16 Section 901. Definitions.

17 The following words and phrases when used in this chapter  
18 shall have the meanings given to them in this section unless the  
19 context clearly indicates otherwise:

20 "Department." The Department of Community and Economic  
21 Development of the Commonwealth or any successor agency.

#### 22 Section 902. Register for taxes under this act.

23 (a) General rule.--The department shall have available an  
24 official continuing register supplemented annually of all sales  
25 and use, personal income and earned income and net profits taxes  
26 levied under this act.

27 (b) Contents of register.--The register and its supplements  
28 shall list:

29 (1) The counties levying a personal income tax, sales  
30 and use tax or earned income and net profits tax.

1           (2) The rate of tax as stated in the ordinance levying  
2 the tax.

3           (3) The rate on taxpayers.

4           (4) The name and address of the tax officer responsible  
5 for administering the collection of the tax and from whom  
6 information, forms for reporting and copies of rules and  
7 regulations are available.

8 Section 903. Information for register.

9           The chief clerk or secretary of each county shall furnish  
10 information for the register to the department in such manner  
11 and on such forms as the department may prescribe by certified  
12 mail no later than May 31 of each year to show new tax  
13 enactments, repeals and changes. Failure of the county to comply  
14 with this date for filing may result in the omission of the tax  
15 levy from the register for that year. Failure of the department  
16 to receive information of taxes continued without change may be  
17 construed by the department to mean that the information  
18 contained in the previous register remains in force.

19 Section 904. Availability and effective period of register.

20           The department shall have the register, with such annual  
21 supplements as may be required by new tax enactments, repeals or  
22 changes, available upon request no later than July 1 of each  
23 year. The effective period for each register shall be from July  
24 1 of the year in which it is issued to June 30 of the following  
25 year.

26 Section 905. Effect of nonfiling.

27           Employers shall not be required by any ordinance to withhold  
28 from the compensation of their employees any personal income tax  
29 imposed under the provisions of this act which is not listed in  
30 the register or to make reports of compensation in connection

1 with taxes not so listed. If the register is not available by  
2 July 1, the register of the previous year shall continue  
3 temporarily in effect for an additional period of not more than  
4 one year.

5 Section 906. Effect of chapter on liability of taxpayer.

6 The provisions of this chapter shall not affect the liability  
7 of any taxpayer for taxes lawfully imposed under this act.

8 CHAPTER 13

9 MISCELLANEOUS PROVISIONS

10 Section 1301. Effective date.

11 This act shall take effect January 1, 2004, or immediately,  
12 whichever occurs later.