

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## SENATE BILL

No. 763 Session of  
2007

INTRODUCED BY BROWNE, ORIE, BOSCOLA, WOZNIAK, FONTANA, WAUGH,  
TOMLINSON, COSTA, McILHINNEY, RAFFERTY, FOLMER, FERLO,  
WONDERLING, STACK, CORMAN, PUNT, GREENLEAF AND REGOLA,  
APRIL 12, 2007

SENATOR ARMSTRONG, APPROPRIATIONS, RE-REPORTED AS AMENDED,  
JUNE 25, 2007

## 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 delegation of taxing powers and  
23 restrictions.

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

26 Section 1. Section 2 of the act of December 31, 1965  
27 (P.L.1257, No.511), known as The Local Tax Enabling Act, amended

1 ~~December 1, 2004 (P.L.1729, No.222)~~ JUNE 21, 2007 (P.L. , <—  
2 NO.7), is amended to read:

3 Section 2. Delegation of Taxing Powers and Restrictions

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

24 (B) EACH LOCAL TAXING AUTHORITY MAY, BY ordinance or <—  
25 resolution, exempt any person whose total income from all  
26 sources is less than twelve thousand dollars (\$12,000) per annum  
27 from the per capita or similar head tax, occupation tax ~~and~~ <—  
28 ~~emergency and municipal services tax,~~ or earned income tax, or  
29 any portion thereof, and may adopt regulations for the  
30 processing of claims for exemptions. ~~Such local authorities~~ <—

(C) (1) EACH POLITICAL SUBDIVISION LEVYING THE LOCAL SERVICES TAX SHALL EXEMPT THE FOLLOWING PERSONS FROM THE LOCAL SERVICES TAX:

(I) ANY PERSON WHO SERVED IN ANY WAR OR ARMED CONFLICT IN WHICH THE UNITED STATES WAS ENGAGED AND IS HONORABLY DISCHARGED OR RELEASED UNDER HONORABLE CIRCUMSTANCES FROM ACTIVE SERVICE IF, AS A RESULT OF MILITARY SERVICE, THE PERSON IS BLIND, PARAPLEGIC OR A DOUBLE OR QUADRUPLE AMPUTEE OR HAS A SERVICE-CONNECTED DISABILITY DECLARED BY THE UNITED STATES VETERANS' ADMINISTRATION OR ITS SUCCESSOR TO BE A TOTAL ONE HUNDRED PERCENT PERMANENT DISABILITY.

(II) ANY PERSON WHO SERVES AS A MEMBER OF A RESERVE COMPONENT OF THE ARMED FORCES AND IS CALLED TO ACTIVE DUTY AT ANY TIME DURING THE TAXABLE YEAR.

(2) FOR PURPOSES OF THIS SUBSECTION, "RESERVE COMPONENT OF THE ARMED FORCES" SHALL MEAN THE UNITED STATES ARMY RESERVE, UNITED STATES NAVY RESERVE, UNITED STATES MARINE CORPS RESERVE, UNITED STATES COAST GUARD RESERVE, UNITED STATES AIR FORCE RESERVE, THE PENNSYLVANIA ARMY NATIONAL GUARD OR THE PENNSYLVANIA AIR NATIONAL GUARD.

(D) EACH POLITICAL SUBDIVISION LEVYING THE LOCAL SERVICES TAX AT A RATE EXCEEDING TEN DOLLARS (\$10) SHALL, AND EACH POLITICAL SUBDIVISION LEVYING THE LOCAL SERVICES TAX AT A RATE OF TEN DOLLARS (\$10) OR LESS MAY, BY ORDINANCE OR RESOLUTION, EXEMPT ANY PERSON FROM THE LOCAL SERVICES TAX WHOSE TOTAL EARNED INCOME AND NET PROFITS FROM ALL SOURCES WITHIN THE POLITICAL SUBDIVISION IS LESS THAN TWELVE THOUSAND DOLLARS (\$12,000) FOR THE CALENDAR YEAR IN WHICH THE LOCAL SERVICES TAX IS LEVIED.

(E) (1) A PERSON SEEKING TO CLAIM AN EXEMPTION FROM THE LOCAL SERVICES TAX MAY ANNUALLY FILE AN EXEMPTION CERTIFICATE

1 WITH THE POLITICAL SUBDIVISION LEVYING THE TAX AND WITH THE  
2 PERSON'S EMPLOYER AFFIRMING THAT THE PERSON REASONABLY EXPECTS  
3 TO RECEIVE EARNED INCOME AND NET PROFITS FROM ALL SOURCES WITHIN  
4 THE POLITICAL SUBDIVISION OF LESS THAN TWELVE THOUSAND DOLLARS  
5 (\$12,000) IN THE CALENDAR YEAR FOR WHICH THE EXEMPTION  
6 CERTIFICATE IS FILED. IN THE EVENT THE POLITICAL SUBDIVISION  
7 UTILIZES A TAX COLLECTION OFFICER PURSUANT TO SECTION 10 OF THIS  
8 ACT, THE POLITICAL SUBDIVISION SHALL PROVIDE A COPY OF THE  
9 EXEMPTION CERTIFICATE TO THAT OFFICER. THE EXEMPTION CERTIFICATE  
10 SHALL HAVE ATTACHED TO IT A COPY OF ALL OF THE EMPLOYEE'S LAST  
11 PAY STUBS OR W-2 FORMS FROM EMPLOYMENT WITHIN THE POLITICAL  
12 SUBDIVISION FOR THE YEAR PRIOR TO THE FISCAL YEAR FOR WHICH THE  
13 EMPLOYEE IS REQUESTING TO BE EXEMPTED FROM THE LOCAL SERVICES  
14 TAX. UPON RECEIPT OF THE EXEMPTION CERTIFICATE AND UNTIL  
15 OTHERWISE INSTRUCTED BY THE POLITICAL SUBDIVISION LEVYING THE  
16 TAX OR EXCEPT AS REQUIRED BY CLAUSE (2), THE EMPLOYER SHALL NOT  
17 WITHHOLD THE TAX FROM THE PERSON DURING THE CALENDAR YEAR OR THE  
18 REMAINDER OF THE CALENDAR YEAR FOR WHICH THE EXEMPTION  
19 CERTIFICATE APPLIES. EMPLOYERS SHALL ENSURE THAT THE EXEMPTION  
20 CERTIFICATE FORMS ARE READILY AVAILABLE TO EMPLOYEES AT ALL TIMES  
21 AND SHALL FURNISH EACH NEW EMPLOYEE WITH A FORM AT THE TIME OF  
22 HIRING. THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT  
23 SHALL DEVELOP AND MAKE AVAILABLE TO POLITICAL SUBDIVISIONS AND  
24 EMPLOYERS UNIFORM EXEMPTION CERTIFICATES REQUIRED BY THIS  
25 CLAUSE.

26 (2) WITH RESPECT TO A PERSON WHO CLAIMED AN EXEMPTION FOR A  
27 GIVEN CALENDAR YEAR FROM THE LOCAL SERVICES TAX, UPON  
28 NOTIFICATION TO AN EMPLOYER BY THE PERSON OR BY THE POLITICAL  
29 SUBDIVISION THAT THE PERSON HAS RECEIVED EARNED INCOME AND NET  
30 PROFITS FROM ALL SOURCES WITHIN THAT POLITICAL SUBDIVISION EQUAL

1 TO OR IN EXCESS OF TWELVE THOUSAND DOLLARS (\$12,000) IN THAT  
2 CALENDAR YEAR OR THAT THE PERSON IS OTHERWISE INELIGIBLE FOR THE  
3 TAX EXEMPTION FOR THAT CALENDAR YEAR, OR UPON AN EMPLOYER'S  
4 PAYMENT TO THE PERSON OF EARNED INCOME WITHIN THAT POLITICAL  
5 SUBDIVISION IN AN AMOUNT EQUAL TO OR IN EXCESS OF TWELVE  
6 THOUSAND DOLLARS (\$12,000) IN THAT CALENDAR YEAR, AN EMPLOYER  
7 SHALL WITHHOLD THE LOCAL SERVICES TAX FROM THE PERSON UNDER  
8 CLAUSE (3).

9 (3) IF A PERSON WHO CLAIMED AN EXEMPTION FOR A GIVEN  
10 CALENDAR YEAR FROM THE LOCAL SERVICES TAX BECOMES SUBJECT TO THE  
11 TAX FOR THE CALENDAR YEAR UNDER CLAUSE (2), THE EMPLOYER SHALL  
12 WITHHOLD THE TAX FOR THE REMAINDER OF THAT CALENDAR YEAR. THE  
13 EMPLOYER SHALL WITHHOLD FROM THE PERSON, FOR THE FIRST PAYROLL  
14 PERIOD AFTER RECEIPT OF THE NOTIFICATION UNDER CLAUSE (2), A  
15 LUMP SUM EQUAL TO THE AMOUNT OF TAX THAT WAS NOT WITHHELD FROM  
16 THE PERSON DUE TO THE EXEMPTION CLAIMED BY THE PERSON UNDER THIS  
17 SUBSECTION, PLUS THE PER PAYROLL AMOUNT DUE FOR THAT FIRST  
18 PAYROLL PERIOD. THE AMOUNT OF TAX WITHHELD PER PAYROLL PERIOD  
19 FOR THE REMAINING PAYROLL PERIODS IN THAT CALENDAR YEAR SHALL BE  
20 THE SAME AMOUNT WITHHELD FOR OTHER EMPLOYEES. IN THE EVENT THE  
21 EMPLOYMENT OF A PERSON SUBJECT TO WITHHOLDING OF THE TAX UNDER  
22 THIS CLAUSE IS SUBSEQUENTLY SEVERED IN THAT CALENDAR YEAR, THE  
23 PERSON SHALL BE LIABLE FOR ANY OUTSTANDING BALANCE OF TAX DUE  
24 AND THE POLITICAL SUBDIVISION LEVYING THE TAX MAY PURSUE  
25 COLLECTION UNDER THIS ACT.

26 (4) EXCEPT AS PROVIDED IN CLAUSE (2), IT IS THE INTENT OF  
27 THIS SUBSECTION THAT EMPLOYERS SHALL NOT BE RESPONSIBLE FOR  
28 INVESTIGATING EXEMPTION CERTIFICATES, MONITORING TAX EXEMPTION  
29 ELIGIBILITY OR EXEMPTING ANY EMPLOYEE FROM A LOCAL SERVICES TAX.

30 (F) SUCH LOCAL AUTHORITIES shall not have authority by

1 virtue of this act:

2 (1) To levy, assess and collect or provide for the levying,  
3 assessment and collection of any tax on the transfer of real  
4 property when the transfer is by will or mortgage or the  
5 intestate laws of this Commonwealth or on a transfer by the  
6 owner of previously occupied residential premises to a builder  
7 of new residential premises when such previously occupied  
8 residential premises is taken in trade by such builder as part  
9 of the consideration from the purchaser of a new previously  
10 unoccupied single family residential premises or on a transfer  
11 between corporations operating housing projects pursuant to the  
12 housing and redevelopment assistance law and the shareholders  
13 thereof, or on a transfer between nonprofit industrial  
14 development agencies and industrial corporations purchasing from  
15 them, or on transfer to or from nonprofit industrial development  
16 agencies, or on a transfer between husband and wife, or on a  
17 transfer between persons who were previously husband and wife  
18 but who have since been divorced; provided such transfer is made  
19 within three months of the date of the granting of the final  
20 decree in divorce, or the decree of equitable distribution of  
21 marital property, whichever is later, and the property or  
22 interest therein, subject to such transfer, was acquired by the  
23 husband and wife, or husband or wife, prior to the granting of  
24 the final decree in divorce, or on a transfer between parent and  
25 child or the spouse of such a child, or between parent and  
26 trustee for the benefit of a child or the spouse of such child,  
27 or on a transfer between a grandparent and grandchild or the  
28 spouse of such grandchild, or on a transfer between brother and  
29 sister or brother and brother or sister and sister or the spouse  
30 of such brother or sister, or on a transfer to a conservancy

1 which possesses a tax-exempt status pursuant to section  
2 501(c)(3) of the Internal Revenue Code, and which has as its  
3 primary purpose the preservation of land for historic,  
4 recreational, scenic, agricultural or open space opportunities,  
5 by and between a principal and straw party for the purpose of  
6 placing a mortgage or ground rent upon the premises, or on a  
7 correctional deed without consideration, or on a transfer to the  
8 United States, the Commonwealth of Pennsylvania, or to any of  
9 their instrumentalities, agencies or political subdivisions, by  
10 gift, dedication or deed in lieu of condemnation, or deed of  
11 confirmation in connection with condemnation proceedings, or  
12 reconveyance by the condemning body of the property condemned to  
13 the owner of record at the time of condemnation which  
14 reconveyance may include property line adjustments provided said  
15 reconveyance is made within one year from the date of  
16 condemnation[, leases,]; or leases; or lease transactions; or on  
17 a conveyance to a trustee under a recorded trust agreement for  
18 the express purpose of holding title in trust as security for a  
19 debt contracted at the time of the conveyance under which the  
20 trustee is not the lender and requiring the trustee to make  
21 reconveyance to the grantor-borrower upon the repayment of the  
22 debt, or a transfer within a family from a sole proprietor  
23 family member to a family farm corporation, or in any sheriff  
24 sale instituted by a mortgagee in which the purchaser of said  
25 sheriff sale is the mortgagee who instituted said sale, or on a  
26 privilege, transaction, subject, occupation or personal property  
27 which is now or does hereafter become subject to a State tax or  
28 license fee;

29 (2) To levy, assess or collect a tax on the gross receipts  
30 from utility service of any person or company whose rates and

1 services are fixed and regulated by the Pennsylvania Public  
2 Utility Commission or on any public utility services rendered by  
3 any such person or company or on any privilege or transaction  
4 involving the rendering of any such public utility service;

5 (3) Except on sales of admission to places of amusement, <—  
6 OTHER THAN ON SALES OF ADMISSION TO PROFESSIONAL BASEBALL EVENTS  
7 IN A CITY OF THE THIRD CLASS WITH A POPULATION OF NOT LESS THAN  
8 ONE HUNDRED SIX THOUSAND AND NOT MORE THAN ONE HUNDRED SEVEN  
9 THOUSAND BASED ON THE 2000 FEDERAL DECENNIAL CENSUS, or on sales  
10 or other transfers of title or possession of property, to levy,  
11 assess or collect a tax on the privilege of employing such  
12 tangible property as is now or does hereafter become subject to  
13 a State tax; and for the purposes of this clause, real property  
14 rented for camping purposes shall not be considered a place of  
15 amusement.

16 (4) To levy, assess and collect a tax on goods and articles  
17 manufactured in such political subdivision or on the by-products  
18 of manufacture, or on minerals, timber, natural resources and  
19 farm products produced in such political subdivision or on the  
20 preparation or processing thereof for use or market, or on any  
21 privilege, act or transaction related to the business of  
22 manufacturing, the production, preparation or processing of  
23 minerals, timber and natural resources, or farm products, by  
24 manufacturers, by producers and by farmers with respect to the  
25 goods, articles and products of their own manufacture,  
26 production or growth, or on any privilege, act or transaction  
27 relating to the business of processing by-products of  
28 manufacture, or on the transportation, loading, unloading or  
29 dumping or storage of such goods, articles, products or by-  
30 products; except that local authorities may levy, assess and



<—

1 collect ~~an emergency and municipal~~ A LOCAL services tax and  
2 taxes on the occupation, per capita and earned income or net  
3 profits of natural persons engaged in the above activities  
4 whether doing business as individual proprietorship or as  
5 members of partnerships or other associations;

6 (5) To levy, assess or collect a tax on salaries, wages,  
7 commissions, compensation and earned income of nonresidents of  
8 the political subdivisions: Provided, That this limitation (5)  
9 shall apply only to school districts of the second, third and  
10 fourth classes;

11 (6) To levy, assess or collect a tax on personal property  
12 subject to taxation by counties or on personal property owned by  
13 persons, associations and corporations specifically exempted by  
14 law from taxation under the county personal property tax law:  
15 Provided, That this limitation (6) shall not apply to cities of  
16 the second class;

17 (7) To levy, assess or collect a tax on membership in or  
18 membership dues, fees or assessment of charitable, religious,  
19 beneficial or nonprofit organizations including but not limited  
20 to sportsmens, recreational, golf and tennis clubs, girl and boy  
21 scout troops and councils;

22 (8) To levy, assess or collect any tax on a mobilehome or  
23 house trailer subject to a real property tax unless the same tax  
24 is levied, assessed and collected on other real property in the  
25 political subdivision.

26 (9) To levy, assess or collect any tax on individuals for  
27 the privilege of engaging in an occupation (~~emergency and~~  
28 ~~municipal services tax~~) except that such a tax, TO BE KNOWN AS  
29 THE LOCAL SERVICES TAX, may be levied, assessed and collected  
30 only by the political subdivision of the taxpayer's place of

<—

<—

1 employment.

2 ~~Payment of any emergency and municipal services tax to any~~ <—  
3 ~~political subdivision by any person pursuant to an ordinance or~~  
4 ~~resolution passed or adopted under the authority of this act~~  
5 ~~shall be no less than ten dollars (\$10) nor more than fifty two~~  
6 ~~dollars (\$52) on each person for each calendar year.~~

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

21 ~~It is the intent of this provision that no person shall pay~~  
22 ~~more than fifty two dollars (\$52) in any calendar year as an~~  
23 ~~emergency and municipal services tax irrespective of the number~~  
24 ~~of political subdivisions within which such person may be~~  
25 ~~employed within any given calendar year.~~

26 ~~In case of dispute, a tax receipt of the taxing authority for~~  
27 ~~that calendar year declaring that the taxpayer has made prior~~  
28 ~~payment which constitutes prima facie certification of payment~~  
29 ~~to all other political subdivisions. THE FOLLOWING APPLY:~~ <—

30 (I) IF A LOCAL SERVICES TAX IS LEVIED AT A COMBINED RATE

1 EXCEEDING TEN DOLLARS (\$10) IN A CALENDAR YEAR, A PERSON SUBJECT  
2 TO THE LOCAL SERVICES TAX SHALL BE ASSESSED A PRO RATA SHARE OF  
3 THE TAX FOR EACH PAYROLL PERIOD IN WHICH THE PERSON IS ENGAGING  
4 IN AN OCCUPATION. THE PRO RATA SHARE OF THE TAX ASSESSED ON THE  
5 PERSON FOR A PAYROLL PERIOD SHALL BE DETERMINED BY DIVIDING THE  
6 COMBINED RATE OF THE LOCAL SERVICES TAX LEVIED FOR THE CALENDAR  
7 YEAR BY THE NUMBER OF PAYROLL PERIODS ESTABLISHED BY THE  
8 EMPLOYER FOR THE CALENDAR YEAR. FOR PURPOSES OF DETERMINING THE  
9 PRO RATA SHARE, AN EMPLOYER SHALL ROUND DOWN THE AMOUNT OF THE  
10 TAX COLLECTED EACH PAYROLL PERIOD TO THE NEAREST ONE-HUNDREDTH  
11 OF A DOLLAR. COLLECTION OF THE LOCAL SERVICES TAX LEVIED UNDER  
12 THIS SUBCLAUSE SHALL BE MADE ON A PAYROLL PERIOD BASIS FOR EACH  
13 PAYROLL PERIOD IN WHICH THE PERSON IS ENGAGING IN AN OCCUPATION,  
14 EXCEPT AS PROVIDED IN SUBCLAUSE (V).

15 (II) IF A SCHOOL DISTRICT LEVIED AN EMERGENCY AND MUNICIPAL  
16 SERVICES TAX ON THE EFFECTIVE DATE OF THIS SUBCLAUSE, THE SCHOOL  
17 DISTRICT MAY CONTINUE TO LEVY THE LOCAL SERVICES TAX IN THE SAME  
18 AMOUNT THE SCHOOL DISTRICT COLLECTED ON THE EFFECTIVE DATE OF  
19 THIS SUBCLAUSE. HOWEVER, IF A MUNICIPALITY LOCATED IN WHOLE OR  
20 IN PART WITHIN THE SCHOOL DISTRICT SUBSEQUENTLY LEVIES THE LOCAL  
21 SERVICES TAX, THE SCHOOL DISTRICT MAY ONLY COLLECT FIVE DOLLARS  
22 (\$5) ON PERSONS EMPLOYED WITHIN THE MUNICIPALITY EACH CALENDAR  
23 YEAR. A SCHOOL DISTRICT THAT DID NOT LEVY AN EMERGENCY AND  
24 MUNICIPAL SERVICES TAX ON THE EFFECTIVE DATE OF THIS SUBCLAUSE  
25 SHALL BE PROHIBITED FROM LEVYING THE LOCAL SERVICES TAX. IF A  
26 SCHOOL DISTRICT AND A MUNICIPALITY LOCATED IN WHOLE OR IN PART  
27 WITHIN THE SCHOOL DISTRICT BOTH LEVY A LOCAL SERVICES TAX AT A  
28 COMBINED RATE EXCEEDING TEN DOLLARS (\$10), THE SCHOOL DISTRICT'S  
29 PRO RATA SHARE OF THE AGGREGATE LOCAL SERVICES TAXES LEVIED ON  
30 PERSONS EMPLOYED WITHIN THE MUNICIPALITY SHALL BE COLLECTED BY

1 THE MUNICIPALITY OR ITS TAX OFFICER BASED ON PAYROLL PERIODS AS  
2 PROVIDED UNDER SUBCLAUSE (I) AND SHALL BE PAID TO THE SCHOOL  
3 DISTRICT ON A QUARTERLY BASIS WITHIN SIXTY DAYS OF RECEIPT BY  
4 THE MUNICIPALITY OR ITS TAX OFFICER.

5 (III) EXCEPT AS PROVIDED IN SUBCLAUSE (II), NO PERSON SHALL  
6 BE SUBJECT TO THE PAYMENT OF THE LOCAL SERVICES TAX BY MORE THAN  
7 ONE POLITICAL SUBDIVISION DURING EACH PAYROLL PERIOD AS  
8 ESTABLISHED BY SUBCLAUSE (IV).

9 (IV) WITH RESPECT TO A PERSON SUBJECT TO THE LOCAL SERVICES  
10 TAX AT A COMBINED RATE EXCEEDING TEN DOLLARS (\$10), THE SITUS OF  
11 THE TAX SHALL BE THE PLACE OF EMPLOYMENT ON THE FIRST DAY THE  
12 PERSON BECOMES SUBJECT TO THE TAX DURING EACH PAYROLL PERIOD.

13 WITH RESPECT TO A PERSON SUBJECT TO THE LOCAL SERVICES TAX AT A  
14 COMBINED RATE OF NOT MORE THAN TEN DOLLARS (\$10), THE SITUS OF  
15 THE TAX SHALL BE THE PLACE OF EMPLOYMENT DETERMINED AS OF THE  
16 DAY THE PERSON FIRST BECOMES SUBJECT TO THE TAX DURING THE  
17 CALENDAR YEAR. IN THE EVENT A PERSON IS ENGAGED IN MORE THAN ONE  
18 OCCUPATION, THAT IS, CONCURRENT EMPLOYMENT, OR AN OCCUPATION  
19 WHICH REQUIRES THE PERSON WORKING IN MORE THAN ONE POLITICAL  
20 SUBDIVISION DURING A PAYROLL PERIOD, THE PRIORITY OF CLAIM TO  
21 COLLECT THE LOCAL SERVICES TAX SHALL BE IN THE FOLLOWING ORDER:  
22 FIRST, THE POLITICAL SUBDIVISION IN WHICH A PERSON MAINTAINS THE  
23 PERSON'S PRINCIPAL OFFICE OR IS PRINCIPALLY EMPLOYED; SECOND,  
24 THE POLITICAL SUBDIVISION IN WHICH THE PERSON RESIDES AND WORKS,  
25 IF THE TAX IS LEVIED BY THAT POLITICAL SUBDIVISION; AND THIRD,  
26 THE POLITICAL SUBDIVISION IN WHICH A PERSON IS EMPLOYED AND  
27 WHICH IMPOSES THE TAX NEAREST IN MILES TO THE PERSON'S HOME.

28 (V) IN THE CASE OF CONCURRENT EMPLOYMENT, AN EMPLOYER SHALL  
29 REFRAIN FROM WITHHOLDING THE LOCAL SERVICES TAX, IF THE EMPLOYEE  
30 PROVIDES A RECENT PAY STATEMENT FROM A PRINCIPAL EMPLOYER THAT

1 INCLUDES THE NAME OF THE EMPLOYER, THE LENGTH OF THE PAYROLL  
2 PERIOD AND THE AMOUNT OF THE LOCAL SERVICES TAX WITHHELD AND A  
3 STATEMENT FROM THE EMPLOYEE THAT THE PAY STATEMENT IS FROM THE  
4 EMPLOYEE'S PRINCIPAL EMPLOYER AND THE EMPLOYEE WILL NOTIFY OTHER  
5 EMPLOYERS OF A CHANGE IN PRINCIPAL PLACE OF EMPLOYMENT WITHIN  
6 TWO WEEKS OF ITS OCCURRENCE. THE DEPARTMENT OF COMMUNITY AND  
7 ECONOMIC DEVELOPMENT SHALL DEVELOP A UNIFORM EMPLOYEE STATEMENT  
8 FORM.

9 (VI) THE LOCAL SERVICES TAX SHALL BE NO MORE THAN FIFTY-TWO  
10 DOLLARS (\$52) ON EACH PERSON FOR EACH CALENDAR YEAR,  
11 IRRESPECTIVE OF THE NUMBER OF POLITICAL SUBDIVISIONS WITHIN  
12 WHICH A PERSON MAY BE EMPLOYED. A POLITICAL SUBDIVISION SHALL  
13 PROVIDE A TAXPAYER A RECEIPT OF PAYMENT UPON REQUEST BY THE  
14 TAXPAYER.

15 (VII) POLITICAL SUBDIVISIONS SHALL ADOPT REGULATIONS FOR THE  
16 PROCESSING OF REFUND CLAIMS FOR OVERPAID LOCAL SERVICES TAXES  
17 FOR ANY CALENDAR YEAR. THE REGULATIONS SHALL BE CONSISTENT WITH  
18 53 PA.C.S. §§ 8425 AND 8426. REFUNDS MADE WITHIN SEVENTY-FIVE  
19 DAYS OF A REFUND REQUEST OR SEVENTY-FIVE DAYS AFTER THE LAST DAY  
20 THE EMPLOYER IS REQUIRED TO REMIT THE LOCAL SERVICES TAX FOR THE  
21 LAST QUARTER OF THE CALENDAR YEAR UNDER SECTION 9 OF THIS ACT,  
22 WHICHEVER IS LATER, SHALL NOT BE SUBJECT TO INTEREST IMPOSED  
23 UNDER 53 PA.C.S. § 8426. POLITICAL SUBDIVISIONS SHALL ONLY  
24 PROVIDE REFUNDS FOR AMOUNTS OVERPAID IN A CALENDAR YEAR THAT  
25 EXCEED ONE DOLLAR (\$1).

26 (VIII) THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT  
27 SHALL PROVIDE SUGGESTED FORMS AND TECHNICAL ASSISTANCE TO  
28 FACILITATE THE ADMINISTRATION OF THE LOCAL SERVICES TAX FOR  
29 POLITICAL SUBDIVISIONS AND REDUCE THE BURDEN OF IMPLEMENTATION,  
30 ACCOUNTING AND COMPLIANCE FOR EMPLOYERS AND TAXPAYERS.

1       (IX) FOR PURPOSES OF THIS CLAUSE, "COMBINED RATE" SHALL MEAN  
2 THE AGGREGATE ANNUAL RATE OF THE LOCAL SERVICES TAX LEVIED BY A  
3 SCHOOL DISTRICT AND A MUNICIPALITY LOCATED IN WHOLE OR IN PART  
4 WITHIN THE SCHOOL DISTRICT.

5       (10) To levy, assess or collect a tax on admissions to  
6 motion picture theatres: Provided, That this limitation (10)  
7 shall not apply to cities of the second class.

8       (11) To levy, assess or collect a tax on the construction of  
9 or improvement to residential dwellings or upon the application  
10 for or issuance of permits for the construction of or  
11 improvements to residential dwellings.

12       (12) To levy, assess and collect a mercantile or business  
13 privilege tax on gross receipts or part thereof which are: (i)  
14 discounts allowed to purchasers as cash discounts for prompt  
15 payment of their bills; (ii) charges advanced by a seller for  
16 freight, delivery or other transportation for the purchaser in  
17 accordance with the terms of a contract of sale; (iii) received  
18 upon the sale of an article of personal property which was  
19 acquired by the seller as a trade-in to the extent that the  
20 gross receipts in the sale of the article taken in trade does  
21 not exceed the amount of trade-in allowance made in acquiring  
22 such article; (iv) refunds, credits or allowances given to a  
23 purchaser on account of defects in goods sold or merchandise  
24 returned; (v) Pennsylvania sales tax; (vi) based on the value of  
25 exchanges or transfers between one seller and another seller who  
26 transfers property with the understanding that property of an  
27 identical description will be returned at a subsequent date;  
28 however, when sellers engaged in similar lines of business  
29 exchange property and one of them makes payment to the other in  
30 addition to the property exchanged, the additional payment

1 received may be included in the gross receipts of the seller  
2 receiving such additional cash payments; (vii) of sellers from  
3 sales to other sellers in the same line where the seller  
4 transfers the title or possession at the same price for which  
5 the seller acquired the merchandise; or (viii) transfers between  
6 one department, branch or division of a corporation or other  
7 business entity of goods, wares and merchandise to another  
8 department, branch or division of the same corporation or  
9 business entity and which are recorded on the books to reflect  
10 such interdepartmental transactions.

11 (13) To levy, assess or collect an amusement or admissions  
12 tax on membership, membership dues, fees or assessments,  
13 donations, contributions or monetary charges of any character  
14 whatsoever paid by the general public, or a limited or selected  
15 number thereof, for such persons to enter into any place,  
16 indoors or outdoors, to engage in any activities, the  
17 predominant purpose or nature of which is exercise, fitness,  
18 health maintenance, improvement or rehabilitation, health or  
19 nutrition education, or weight control.

20 (14) Except by cities of the second class, to levy, assess  
21 or collect a tax on payroll amounts generated as a result of  
22 business activity.

23 (15) Except by cities of the second class in which a sports  
24 stadium or arena that has received public funds in connection  
25 with its construction or maintenance is located, to levy, assess  
26 and collect a publicly funded facility usage fee upon those  
27 nonresident individuals who use such facility to engage in an  
28 athletic event or otherwise render a performance for which they  
29 receive remuneration.

30 (16) To levy, assess or collect an amusement or admissions

1 tax on the charge imposed upon a patron for the sale of  
2 admission to or for the privilege of admission to a bowling  
3 alley or bowling lane to engage in one or more games of bowling.

4 (G) FOR THE PURPOSES OF THIS SECTION, THE TERMS "EARNED <—  
5 INCOME" AND "NET PROFITS" SHALL HAVE THE SAME MEANINGS AS THOSE  
6 TERMS ARE GIVEN IN DIVISION I OF SECTION 13.

7 SECTION 2. THE AMENDMENT OF SECTION 2 OF THE ACT SHALL NOT  
8 APPLY TO MUNICIPALITIES IMPOSING A TAX ON LEASES OR LEASE  
9 TRANSACTIONS PRIOR TO JULY 1, 2007.

10 Section ~~2~~ 3. This act shall take effect in 60 days. <—