

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1063 Session of 2007

INTRODUCED BY EARLL, BROWNE, WOZNIAK, BOSCOLA, EICHELBERGER, FERLO, FOLMER, KITCHEN, MADIGAN, PUNT, SCARNATI, WASHINGTON, D. WHITE, M. WHITE, C. WILLIAMS, MELLOW AND ARMSTRONG, SEPTEMBER 10, 2007

SENATOR ARMSTRONG, APPROPRIATIONS, RE-REPORTED AS AMENDED, APRIL 1, 2008

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 recapture of tax, for register for~~
23 ~~earned income and occupational privilege taxes, for~~
24 ~~collection of taxes, for audits of earned income taxes and~~
25 ~~for earned income taxes; providing for the consolidated~~
26 ~~collection and uniform distribution of local income taxes;~~
27 ~~further providing for collection of delinquent taxes, for~~
28 ~~penalties and for costs of delinquent tax collection; making~~
29 ~~repeals; and making editorial changes.~~ IN LOCAL TAX, FURTHER
30 PROVIDING FOR DEFINITIONS, FOR DELEGATION OF TAX POWERS AND
31 RESTRICTIONS, FOR RECAPTURE OF TAX, FOR PAYROLL TAX, FOR

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1 NONRESIDENT SPORTS FACILITY USAGE FEES, FOR VACATION OF TAX
2 ORDINANCES AND RESOLUTIONS, FOR ADVERTISING TAX ORDINANCES,
3 FOR SECOND CLASS CITY TAX RATES, FOR TAXPAYER APPEALS, FOR
4 FILING ORDINANCES, FOR LIMITATION ON TAX RATES, FOR
5 WITHHOLDING OF LOCAL SERVICES TAXES, FOR ADMINISTRATIVE
6 PERSONNEL AND JOINT AGREEMENTS, FOR AUDITS OF EARNED INCOME
7 AND OTHER TAXES, FOR PAYMENT OF TAX TO OTHER TAXING
8 AUTHORITIES AS CREDITS OR DEDUCTIONS, FOR PERSONAL PROPERTY,
9 FOR ASSESSMENT LIMITATIONS AND FOR TAX LIMITATIONS; PROVIDING
10 FOR LEGAL REPRESENTATION, FOR RESTRICTED USE, FOR
11 CONSOLIDATED COLLECTION OF LOCAL INCOME TAXES, FOR COLLECTION
12 OF DELINQUENT TAXES AND FOR MISCELLANEOUS PROVISIONS; FURTHER
13 PROVIDING FOR PENALTIES AND FOR REPEALS; AND MAKING EDITORIAL
14 CHANGES.

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

17 Section 1. The act of December 31, 1965 (P.L.1257, No.511),
18 known as The Local Tax Enabling Act, is amended by adding a
19 chapter heading to read:

20 CHAPTER 1

21 PRELIMINARY PROVISIONS

22 Section 2. Section 1 of the act is renumbered to read:

23 Section [1] 101. Short Title.--This act shall be known and
24 may be cited as "The Local Tax Enabling Act."

25 Section 3. The act is amended by adding a chapter heading to
26 read:

27 CHAPTER 3

28 LOCAL TAXES

29 Section 3.1. The act is amended by adding a section to read:

30 Section 301. Definitions.--(a) The following words and
31 phrases when used in this chapter shall have the meanings given
32 to them in this section unless the context clearly indicates
33 otherwise:

34 "Family farm corporation" means a Pennsylvania corporation at
35 least seventy-five percent of the assets of which are devoted to
36 the business of agriculture, which business, for the purposes of

1 this definition, shall not be deemed to include:

2 (i) recreational activities, such as, but not limited to,
3 hunting, fishing, camping, skiing, show competition or racing;

4 (ii) the raising, breeding or training of game animals or
5 game birds, fish, cats, dogs or pets or animals intended for use
6 in sporting or recreational activities;

7 (iii) fur farming;

8 (iv) stockyard and slaughterhouse operations; or

9 (v) manufacturing or processing operations of any kind:

10 Provided, however, That at least seventy-five percent of all of
11 the stock of the corporation must be owned by members of the
12 same family.

13 "Members of the same family" means an individual, such
14 individual's brothers and sisters, the brothers and sisters of
15 such individual's parents and grandparents, the ancestors and
16 lineal descendents of any of the foregoing and a spouse of any
17 of the foregoing. Individuals related by the half blood or by
18 legal adoption shall be treated as if they were related by the
19 whole blood.

20 (b) As used in this chapter, the terms "business entity,"
21 "earned income," "employer," "net profits" and "private agency", ←
22 "PRIVATE AGENCY" AND "TAX BUREAU" shall have the same meanings
23 as those terms are given in section 501.

24 Section 4. Section 2 of the act, amended June 21, 2007
25 (P.L.13, No.7), is renumbered and amended to read:

26 Section [2] 301.1. Delegation of Taxing Powers and
27 Restrictions Thereon.--(a) The duly constituted authorities of
28 the following political subdivisions, cities of the second
29 class, cities of the second class A, cities of the third class,
30 boroughs, towns, townships of the first class, townships of the

1 second class, school districts of the second class, school
2 districts of the third class, and school districts of the fourth
3 class, in all cases including independent school districts may,
4 in their discretion, by ordinance or resolution, for general
5 revenue purposes, levy, assess and collect or provide for the
6 levying, assessment and collection of such taxes as they shall
7 determine on persons, transactions, occupations, privileges,
8 subjects and personal property within the limits of such
9 political subdivisions, and upon the transfer of real property,
10 or of any interest in real property, situate within the
11 political subdivision levying and assessing the tax, regardless
12 of where the instruments making the transfers are made, executed
13 or delivered or where the actual settlements on such transfer
14 take place. The taxing authority may provide that the transferee
15 shall remain liable for any unpaid realty transfer taxes imposed
16 by virtue of this [act] chapter.

17 (b) Each local taxing authority may, by ordinance or
18 resolution, exempt any person whose total income from all
19 sources is less than twelve thousand dollars (\$12,000) per annum
20 from the per capita or similar head tax, occupation tax or
21 earned income tax, or any portion thereof, and may adopt
22 regulations for the processing of claims for exemptions.

23 (c) (1) Each political subdivision levying the local
24 services tax shall exempt the following persons from the local
25 services tax:

26 (i) Any person who has served in any war or armed conflict
27 in which the United States was engaged and is honorably
28 discharged or released under honorable circumstances from active
29 service if, as a result of military service, the person is
30 blind, paraplegic or a double or quadruple amputee or has a

1 service-connected disability declared by the United States
2 Veterans' Administration or its successor to be a total one
3 hundred percent permanent disability.

4 (ii) Any person who serves as a member of a reserve
5 component of the armed forces and is called to active duty at
6 any time during the taxable year.

7 (2) For purposes of this subsection, "reserve component of
8 the armed forces" shall mean the United States Army Reserve,
9 United States Navy Reserve, United States Marine Corps Reserve,
10 United States Coast Guard Reserve, United States Air Force
11 Reserve, the Pennsylvania Army National Guard or the
12 Pennsylvania Air National Guard.

13 (d) Each political subdivision levying the local services
14 tax at a rate exceeding ten dollars (\$10) shall, and each
15 political subdivision levying the local services tax at a rate
16 of ten dollars (\$10) or less may, by ordinance or resolution,
17 exempt any person from the local services tax whose total earned
18 income and net profits from all sources within the political
19 subdivision is less than twelve thousand dollars (\$12,000) for
20 the calendar year in which the local services tax is levied.

21 (e) (1) A person seeking to claim an exemption from the
22 local services tax may annually file an exemption certificate
23 with the political subdivision levying the tax and with the
24 person's employer affirming that the person reasonably expects
25 to receive earned income and net profits from all sources within
26 the political subdivision of less than twelve thousand dollars
27 (\$12,000) in the calendar year for which the exemption
28 certificate is filed. In the event the political subdivision
29 utilizes a tax collection officer pursuant to section 10 of this
30 act, the political subdivision shall provide a copy of the

1 exemption certificate to that officer. The exemption certificate
2 shall have attached to it a copy of all the employe's last pay
3 stubs or W-2 forms from employment within the political
4 subdivision for the year prior to the fiscal year for which the
5 employe is requesting to be exempted from the local services
6 tax. Upon receipt of the exemption certificate and until
7 otherwise instructed by the political subdivision levying the
8 tax or except as required by clause (2), the employer shall not
9 withhold the tax from the person during the calendar year or the
10 remainder of the calendar year for which the exemption
11 certificate applies. Employers shall ensure that the exemption
12 certificate forms are readily available to employes at all times
13 and shall furnish each new employe with a form at the time of
14 hiring. The Department of Community and Economic Development
15 shall develop and make available to political subdivisions and
16 employers uniform exemption certificates required by this
17 clause.

18 (2) With respect to a person who claimed an exemption for a
19 given calendar year from the local services tax, upon
20 notification to an employer by the person or by the political
21 subdivision that the person has received earned income and net
22 profits from all sources within that political subdivision equal
23 to or in excess of twelve thousand dollars (\$12,000) in that
24 calendar year or that the person is otherwise ineligible for the
25 tax exemption for that calendar year, or upon an employer's
26 payment to the person of earned income within that political
27 subdivision in an amount equal to or in excess of twelve
28 thousand dollars (\$12,000) in that calendar year, an employer
29 shall withhold the local services tax from the person under
30 clause (3).

1 (3) If a person who claimed an exemption for a given
2 calendar year from the local services tax becomes subject to the
3 tax for the calendar year under clause (2), the employer shall
4 withhold the tax for the remainder of that calendar year. The
5 employer shall withhold from the person, for the first payroll
6 period after receipt of the notification under clause (2), a
7 lump sum equal to the amount of tax that was not withheld from
8 the person due to the exemption claimed by the person under this
9 subsection, plus the per payroll amount due for that first
10 payroll period. The amount of tax withheld per payroll period
11 for the remaining payroll periods in that calendar year shall be
12 the same amount withheld for other employes. In the event the
13 employment of a person subject to withholding of the tax under
14 this clause is subsequently severed in that calendar year, the
15 person shall be liable for any outstanding balance of tax due,
16 and the political subdivision levying the tax may pursue
17 collection under this act.

18 (4) Except as provided in clause (2), it is the intent of
19 this subsection that employers shall not be responsible for
20 investigating exemption certificates, monitoring tax exemption
21 eligibility or exempting any employe from a local services tax.

22 (f) Such local authorities shall not have authority by
23 virtue of this act:

24 (1) To levy, assess and collect or provide for the levying,
25 assessment and collection of any tax on the transfer of real
26 property when the transfer is by will or mortgage or the
27 intestate laws of this Commonwealth or on a transfer by the
28 owner of previously occupied residential premises to a builder
29 of new residential premises when such previously occupied
30 residential premises is taken in trade by such builder as part

1 of the consideration from the purchaser of a new previously
2 unoccupied single family residential premises or on a transfer
3 between corporations operating housing projects pursuant to the
4 housing and redevelopment assistance law and the shareholders
5 thereof, or on a transfer between nonprofit industrial
6 development agencies and industrial corporations purchasing from
7 them, or on transfer to or from nonprofit industrial development
8 agencies, or on a transfer between husband and wife, or on a
9 transfer between persons who were previously husband and wife
10 but who have since been divorced; provided such transfer is made
11 within three months of the date of the granting of the final
12 decree in divorce, or the decree of equitable distribution of
13 marital property, whichever is later, and the property or
14 interest therein, subject to such transfer, was acquired by the
15 husband and wife, or husband or wife, prior to the granting of
16 the final decree in divorce, or on a transfer between parent and
17 child or the spouse of such a child, or between parent and
18 trustee for the benefit of a child or the spouse of such child,
19 or on a transfer between a grandparent and grandchild or the
20 spouse of such grandchild, or on a transfer between brother and
21 sister or brother and brother or sister and sister or the spouse
22 of such brother or sister, or on a transfer to a conservancy
23 which possesses a tax-exempt status pursuant to section
24 501(c)(3) of the Internal Revenue Code, and which has as its
25 primary purpose the preservation of land for historic,
26 recreational, scenic, agricultural or open space opportunities,
27 by and between a principal and straw party for the purpose of
28 placing a mortgage or ground rent upon the premises, or on a
29 correctional deed without consideration, or on a transfer to the
30 United States, the Commonwealth of Pennsylvania, or to any of

1 their instrumentalities, agencies or political subdivisions, by
2 gift, dedication or deed in lieu of condemnation, or deed of
3 confirmation in connection with condemnation proceedings, or
4 reconveyance by the condemning body of the property condemned to
5 the owner of record at the time of condemnation which
6 reconveyance may include property line adjustments provided said
7 reconveyance is made within one year from the date of
8 condemnation, leases, or on a conveyance to a trustee under a
9 recorded trust agreement for the express purpose of holding
10 title in trust as security for a debt contracted at the time of
11 the conveyance under which the trustee is not the lender and
12 requiring the trustee to make reconveyance to the grantor-
13 borrower upon the repayment of the debt, or a transfer within a
14 family from a sole proprietor family member to a family farm
15 corporation, or in any sheriff sale instituted by a mortgagee in
16 which the purchaser of said sheriff sale is the mortgagee who
17 instituted said sale, or on a privilege, transaction, subject,
18 occupation or personal property which is now or does hereafter
19 become subject to a State tax or license fee;

20 (2) To levy, assess or collect a tax on the gross receipts
21 from utility service of any person or company whose rates and
22 services are fixed and regulated by the Pennsylvania Public
23 Utility Commission or on any public utility services rendered by
24 any such person or company or on any privilege or transaction
25 involving the rendering of any such public utility service;

26 (3) Except on sales of admission to places of amusement,
27 other than on sales of admission to professional baseball events
28 in a city of the third class with a population of not less than
29 one hundred six thousand and not more than one hundred seven
30 thousand based on the 2000 Federal decennial census, or on sales

1 or other transfers of title or possession of property, to levy,
2 assess or collect a tax on the privilege of employing such
3 tangible property as is now or does hereafter become subject to
4 a State tax; and for the purposes of this clause, real property
5 rented for camping purposes shall not be considered a place of
6 amusement.

7 (4) To levy, assess and collect a tax on goods and articles
8 manufactured in such political subdivision or on the by-products
9 of manufacture, or on minerals, timber, natural resources and
10 farm products produced in such political subdivision or on the
11 preparation or processing thereof for use or market, or on any
12 privilege, act or transaction related to the business of
13 manufacturing, the production, preparation or processing of
14 minerals, timber and natural resources, or farm products, by
15 manufacturers, by producers and by farmers with respect to the
16 goods, articles and products of their own manufacture,
17 production or growth, or on any privilege, act or transaction
18 relating to the business of processing by-products of
19 manufacture, or on the transportation, loading, unloading or
20 dumping or storage of such goods, articles, products or by-
21 products; except that local authorities may levy, assess and
22 collect a local services tax and taxes on the occupation, per
23 capita and earned income or net profits of natural persons
24 engaged in the above activities whether doing business as
25 individual proprietorship or as members of partnerships or other
26 associations;

27 (5) To levy, assess or collect a tax on salaries, wages,
28 commissions, compensation and earned income of nonresidents of
29 the political subdivisions: Provided, That this limitation (5)
30 shall apply only to school districts of the second, third and

1 fourth classes;

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

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

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

17 (9) To levy, assess or collect any tax on individuals for
18 the privilege of engaging in an occupation except that such a
19 tax, to be known as the local services tax, may be levied,
20 assessed and collected only by the political subdivision of the
21 taxpayer's place of employment. The following apply:

22 (i) If a local services tax is levied at a combined rate
23 exceeding ten dollars (\$10) in a calendar year, a person subject
24 to the local services tax shall be assessed a pro rata share of
25 the tax for each payroll period in which the person is engaging
26 in an occupation. The pro rata share of the tax assessed on the
27 person for a payroll period shall be determined by dividing the
28 combined rate of the local services tax levied for the calendar
29 year by the number of payroll periods established by the
30 employer for the calendar year. For purposes of determining the

1 pro rata share, an employer shall round down the amount of the
2 tax collected each payroll period to the nearest one-hundredth
3 of a dollar. Collection of the local services tax levied under
4 this subclause shall be made on a payroll period basis for each
5 payroll period in which the person is engaging in an occupation,
6 except as provided in subclause (v).

7 (ii) If a school district levied an emergency and municipal
8 services tax on the effective date of this subclause, the school
9 district may continue to levy the local services tax in the same
10 amount the school district collected on the effective date of
11 this subclause. However, if a municipality located in whole or
12 in part within the school district subsequently levies the local
13 services tax, the school district may only collect five dollars
14 (\$5) on persons employed within the municipality each calendar
15 year. A school district that did not levy an emergency and
16 municipal services tax on the effective date of this subclause
17 shall be prohibited from levying the local services tax. If a
18 school district and a municipality located in whole or in part
19 within the school district both levy a local services tax at a
20 combined rate exceeding ten dollars (\$10), the school district's
21 pro rata share of the aggregate local services taxes levied on
22 persons employed within the municipality shall be collected by
23 the municipality or its tax officer based on payroll periods as
24 provided under subclause (i) and shall be paid to the school
25 district on a quarterly basis within sixty days of receipt by
26 the municipality or its tax officer.

27 (iii) Except as provided in subclause (ii), no person shall
28 be subject to the payment of the local services tax by more than
29 one political subdivision during each payroll period as
30 established by subclause (iv).

1 (iv) With respect to a person subject to the local services
2 tax at a combined rate exceeding ten dollars (\$10), the situs of
3 the tax shall be the place of employment on the first day the
4 person becomes subject to the tax during each payroll period.
5 With respect to a person subject to the local services tax at a
6 combined rate of not more than ten dollars (\$10), the situs of
7 the tax shall be the place of employment determined as of the
8 day the person first becomes subject to the tax during the
9 calendar year. In the event a person is engaged in more than one
10 occupation, that is, concurrent employment, or an occupation
11 which requires the person working in more than one political
12 subdivision during a payroll period, the priority of claim to
13 collect the local services tax shall be in the following order:
14 first, the political subdivision in which a person maintains the
15 person's principal office or is principally employed; second,
16 the political subdivision in which the person resides and works,
17 if the tax is levied by that political subdivision; and third,
18 the political subdivision in which a person is employed and
19 which imposes the tax nearest in miles to the person's home.

20 (v) In the case of concurrent employment, an employer shall
21 refrain from withholding the local services tax if the employe
22 provides a recent pay statement from a principal employer that
23 includes the name of the employer, the length of the payroll
24 period and the amount of the local services tax withheld and a
25 statement from the employe that the pay statement is from the
26 employe's principal employer and the employe will notify other
27 employers of a change in principal place of employment within
28 two weeks of its occurrence. The Department of Community and
29 Economic Development shall develop a uniform employe statement
30 form.

1 (vi) The local services tax shall be no more than fifty-two
2 dollars (\$52) on each person for each calendar year,
3 irrespective of the number of political subdivisions within
4 which a person may be employed. A political subdivision shall
5 provide a taxpayer a receipt of payment upon request by the
6 taxpayer.

7 (vii) Political subdivisions shall adopt regulations for the
8 processing of refund claims for overpaid local services taxes
9 for any calendar year. The regulations shall be consistent with
10 53 Pa.C.S. §§ 8425 (relating to refunds of overpayments) and
11 8426 (relating to interest on overpayment). Refunds made within
12 seventy-five days of a refund request or seventy-five days after
13 the last day the employer is required to remit the local
14 services tax for the last quarter of the calendar year under
15 section 9 of this act, whichever is later, shall not be subject
16 to interest imposed under 53 Pa.C.S. § 8426. Political
17 subdivisions shall only provide refunds for amounts overpaid in
18 a calendar year that exceed one dollar (\$1).

19 (viii) The Department of Community and Economic Development
20 shall provide suggested forms and technical assistance to
21 facilitate the administration of the local services tax for
22 political subdivisions and reduce the burden of implementation,
23 accounting and compliance for employers and taxpayers.

24 (ix) For purposes of this clause, "combined rate" shall mean
25 the aggregate annual rate of the local services tax levied by a
26 school district and a municipality located in whole or in part
27 within the school district.

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

1 (11) To levy, assess or collect a tax on the construction of
2 or improvement to residential dwellings or upon the application
3 for or issuance of permits for the construction of or
4 improvements to residential dwellings.

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

1 department, branch or division of the same corporation or
2 business entity and which are recorded on the books to reflect
3 such interdepartmental transactions.

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

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

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

23 (16) To levy, assess or collect an amusement or admissions
24 tax on the charge imposed upon a patron for the sale of
25 admission to or for the privilege of admission to a bowling
26 alley or bowling lane to engage in one or more games of bowling.

27 [(g) For the purposes of this section, the terms "earned
28 income" and "net profits" shall have the same meanings as those
29 terms are given in Division I of section 13.]

30 Section 5. Section 2.1 of the act, added October 11, 1984

1 (P.L.885, No.172), is renumbered and amended to read:

2 Section [2.1] 302. Recapture of Tax.--(a) Notwithstanding
3 the provisions of section [2(1) of this act] 301.1(f)(1), if any
4 stock of a family farm corporation is transferred to a person
5 who is not a family member within ten years from the date of the
6 conveyance from a sole proprietor family member to a family farm
7 corporation, the tax imposed by this article shall become
8 immediately due and payable.

9 [(b) As used in this act:

10 "Family farm corporation" means a Pennsylvania corporation at
11 least seventy-five percent of the assets of which are devoted to
12 the business of agriculture, which business, for the purposes of
13 this definition, shall not be deemed to include (i) recreational
14 activities such as, but not limited to, hunting, fishing,
15 camping, skiing, show competition or racing; (ii) the raising,
16 breeding or training of game animals or game birds, fish, cats,
17 dogs or pets or animals intended for use in sporting or
18 recreational activities; (iii) fur farming; (iv) stockyard and
19 slaughterhouse operations; or (v) manufacturing or processing
20 operations of any kind: Provided, however, That at least
21 seventy-five percent of all of the stock of the corporation must
22 be owned by members of the same family.

23 "Members of the same family" means an individual, such
24 individual's brothers and sisters, the brothers and sisters of
25 such individual's parents and grandparents, the ancestors and
26 lineal descendents of any of the foregoing and a spouse of any
27 of the foregoing. Individuals related by the half blood or by
28 legal adoption shall be treated as if they were related by the
29 whole blood.]

30 Section 6. Sections 2.2 and 2.3 of the act, added December

1 1, 2004 (P.L.1729, No.222), are renumbered and amended to read:

2 Section [2.2] 303. Payroll Tax.--(a) A city of the second
3 class may levy, assess or collect a tax that does not exceed
4 fifty-five hundredths percent on payroll amounts generated as a
5 result of an employer conducting business activity within a city
6 of the second class. For purposes of a payroll tax levied,
7 assessed or collected by a city of the second class, the
8 business activity shall be directly attributable to activity
9 within a city of the second class. For purposes of computation
10 of the payroll tax imposed pursuant to this section, the payroll
11 amount attributable to the city shall be determined by applying
12 an apportionment factor to total payroll expense based on that
13 portion of payroll expense which the total number of days an
14 employe, partner, member, shareholder or other individual works
15 within the city bears to the total number of days such employe
16 or person works within and outside of the city.

17 (a.1) A charitable organization that qualifies for tax
18 exemption pursuant to the act of November 26, 1997 (P.L.508,
19 No.55), known as the "Institutions of Purely Public Charity
20 Act," shall calculate the tax that would otherwise be
21 attributable to the city, but shall only pay the tax on that
22 portion of its payroll expense attributable to business activity
23 for which a tax may be imposed pursuant to section 511 of the
24 Internal Revenue Code of 1986 (Public Law [95-223] 99-514, 26
25 U.S.C. § 1 et seq.). If the charity has purchased or is
26 operating branches, affiliates, subsidiaries or other business
27 entities that do not independently meet the standards of the
28 "Institutions of Purely Public Charity Act," the tax shall be
29 paid on the payroll attributable to such for-profit branches,
30 affiliates or subsidiaries, whether or not the employes are

1 leased or placed under the auspices of the charity's umbrella or
2 parent organization. Nothing in this subsection shall restrict
3 the ability of a charitable organization to contract with the
4 city to provide services to the city in lieu of some or all
5 taxes due under this section.

6 (b) For purposes of the payroll tax assessed pursuant to
7 this section, an employer is conducting business within a city
8 of the second class if the employer engages, hires, employs or
9 contracts with one or more individuals as employees and, in
10 addition, the employer does at least one of the following:

11 (1) maintains a fixed place of business within the city;

12 (2) owns or leases real property within the city for
13 purposes of such business;

14 (3) maintains a stock of tangible personal property in the
15 city for sale in the ordinary course of such business;

16 (4) conducts continuous solicitation within the city related
17 to such business; or

18 (5) utilizes the streets of the city in connection with the
19 operation of such business other than transportation through the
20 city.

21 (c) All employers in a city of the second class shall file
22 quarterly returns and make quarterly payments as provided for by
23 ordinance enacted by a city of the second class. Every employer
24 making a return shall certify the correctness thereof. A city of
25 the second class may audit, examine or inspect the books,
26 records or accounts of all employers subject to the tax imposed
27 pursuant to this section.

28 (d) A city of the second class may enact ordinances and
29 regulations necessary to implement this section. The ordinance
30 levying the tax authorized by this section shall permanently

1 replace the city's existing mercantile tax and shall reduce the
2 business privilege tax rate as follows:

3 (1) In tax years 2005 and 2006, the business privilege tax
4 shall be two mills.

5 (2) In tax years 2007, 2008 and 2009, the business privilege
6 tax shall be one mill unless the revenues collected from the
7 payroll expense tax exceed fifty million five hundred thousand
8 dollars (\$50,500,000) in any fiscal year, at which time the
9 business privilege tax shall be replaced for the subsequent
10 fiscal year. After the phaseout of the business privilege tax,
11 all amounts of moneys in excess of fifty million five hundred
12 thousand dollars (\$50,500,000) shall be used by the city of the
13 second class to further accelerate the reduction of the tax
14 imposed by the city of the second class on parking as provided
15 in section [5.1] 308.

16 (3) In tax year 2010 and thereafter, the business privilege
17 tax may not be imposed.

18 (e) All taxes, additions and penalties collected pursuant to
19 this section shall be used by a city of the second class
20 exclusively for the general revenue purposes of the city.

21 (f) An employer shall not offset the amount of tax paid
22 pursuant to this section by reducing compensation or benefits
23 paid to employees.

24 (g) A city of the second class may bring suit for the
25 recovery of taxes due and unpaid under this section. Any suit
26 brought to recover the tax imposed by this section shall be
27 commenced within three years after such tax is due or within
28 three years after the declaration or return has been filed,
29 whichever is later: Provided, however, That this limitation
30 shall not prevent the institution of a suit for the collection

1 of any tax due or determined to be due in the following cases:

2 (1) Where no declaration or return was filed by any person
3 although a declaration or return was required to be filed by him
4 under provisions of this section, there shall be no limitation.

5 (2) Where an examination of the declaration or return filed
6 by any person or of other evidence relating to such declaration
7 or return in the possession of the city of the second class
8 reveals a fraudulent evasion of taxes, there shall be no
9 limitation.

10 (3) In the case of substantial understatement of tax
11 liability of twenty-five percent or more and no fraud, suit
12 shall be begun within six years.

13 (4) This section shall not be construed to limit the
14 governing body from recovering delinquent taxes by any other
15 means provided by law.

16 (h) If for any reason the payroll tax is not paid when due,
17 interest at the rate of six percent per annum on the amount of
18 said tax and an additional penalty of one percent of the amount
19 of the unpaid tax for each month or fraction thereof during
20 which the tax remains unpaid shall be added and collected. Where
21 suit is brought for the recovery of any such tax, the employer
22 shall, in addition, be liable for the costs of collection and
23 the interest and penalties herein imposed. A city of the second
24 class may, by ordinance or resolution, establish a one-time
25 period during which interest or interest and penalties that
26 would otherwise be imposed for the nonreporting or
27 underreporting of payroll tax liabilities or for the nonpayment
28 of payroll taxes previously imposed and due shall be waived in
29 total or in part if the taxpayer voluntarily files delinquent
30 returns and pays the taxes in full during the period so

1 established.

2 (i) In addition to any other additions, penalties or
3 enforcement proceedings provided for by ordinance of a city of
4 the second class or a law of this Commonwealth for the
5 collection and enforcement of taxes or the submission of
6 information to a government entity:

7 (1) Any employer who wilfully makes any false or untrue
8 statement on the employer's return commits a misdemeanor of the
9 second degree and shall, upon conviction, be sentenced to pay a
10 fine of not more than two thousand dollars (\$2,000) or to
11 imprisonment for not more than two years, or both.

12 (2) Any employer who wilfully fails or refuses to file a
13 return required by this section commits a misdemeanor of the
14 third degree and shall, upon conviction, be sentenced to pay a
15 fine of not more than one thousand dollars (\$1,000) or to
16 imprisonment for not more than one year, or both.

17 (3) Any person who wilfully fails or refuses to appear
18 before the collector in person with the employer's books,
19 records or accounts for examination when required under the
20 provisions of this section or of an ordinance to do so, or who
21 wilfully refuses to permit inspection of the books, records or
22 accounts of any employer in the person's custody or control when
23 the right to make such inspection by the collector is requested,
24 commits a misdemeanor and shall, upon conviction, be sentenced
25 to pay a fine of not more than five hundred dollars (\$500) or to
26 imprisonment for not more than six months, or both.

27 (j) As used in this section:

28 "Employer" means all persons conducting business activity
29 within a city of the second class except for a governmental
30 entity.

1 "Payroll amounts" means all amounts paid by an employer as
2 salaries, wages, commissions, bonuses, net earnings and
3 incentive payments, whether based on profits or otherwise, fees
4 and similar remuneration for services rendered, whether directly
5 or through an agent and whether in cash, in property or the
6 right to receive property.

7 Section [2.3] 304. Nonresident Sports Facility Usage Fee.--A
8 city of the second class in which is located a sports stadium or
9 arena that has received public funds in connection with its
10 construction or maintenance may enact a publicly funded facility
11 usage fee upon those nonresident individuals who use such
12 facility to engage in an athletic event or otherwise render a
13 performance for which they receive remuneration. The fee may be
14 a flat dollar amount or a percentage of the individual's income
15 attributable to such individual's usage of the facility. If the
16 fee is a percentage, it may not exceed three percent of the
17 earned income of the individual attributable to the usage of the
18 facility. If any fee is imposed, those individuals liable for
19 the fee shall be exempt from any earned income tax imposed by
20 the city of the second class pursuant to this [act] chapter and
21 any such tax imposed under section 652.1 of the act of March 10,
22 1949 (P.L.30, No.14), known as the "Public School Code of 1949."
23 Should a court of competent jurisdiction determine this
24 provision to be invalid for any reason, persons subject to the
25 publicly funded facility usage fee shall not be exempt from any
26 previously applicable earned income tax.

27 Section 7. Section 3 of the act is renumbered and amended to
28 read:

29 Section [3] 305. Vacation of Tax Ordinances and Resolutions
30 by State Tax Measures.--If, subsequent to the passage of any

1 ordinance or resolution under the authority of this [act]
2 chapter, the General Assembly shall impose a tax or license fee
3 on any privilege, transactions, subject or occupation, or on
4 personal property or on sales of admission to places of
5 amusement or on sales or other transfer of title or possession
6 of property taxed by any such political subdivision hereunder,
7 the act of Assembly imposing the State tax or license fee
8 thereon shall automatically vacate the ordinance or resolution
9 passed under the authority of this [act] chapter as to all taxes
10 accruing subsequent to the end of the current fiscal year of
11 such political subdivision. It is the intention of this section
12 to confer upon such political subdivision the power to levy,
13 assess and collect taxes upon any and all subjects of taxation,
14 except as above restricted and limited, which the Commonwealth
15 has power to tax but which it does not tax or license, subject
16 only to the foregoing provision that any tax or license shall
17 automatically terminate at the end of the current fiscal year of
18 the political subdivision.

19 Section 8. Sections 4 and 5 of the act, amended October 9,
20 1967 (P.L.361, No.160), are renumbered and amended to read:

21 Section [4] 306. Advertisement of Intention to Adopt Tax
22 Ordinance or Resolution.--Prior to the passage of any ordinance
23 or the adoption of any resolution imposing a tax or license fee
24 under the authority hereunder granted, such political
25 subdivision shall give notice of the intention to pass such
26 ordinance or adopt such resolution. Such notice shall be given
27 in addition to all other notices required by law to be given and
28 shall set forth the substantial nature of the tax or license fee
29 to be imposed by the proposed ordinance or resolution, the
30 reason which, in the judgment of the officials of the

1 subdivision, necessitates the imposition of the tax, and the
2 amount of revenue estimated to be derived from the tax.
3 Publication of such notice shall be made by advertisement once a
4 week for three weeks in a newspaper of general circulation
5 within such political subdivision if there is such newspaper
6 and, if there is not, then such publication shall be made in a
7 newspaper of general circulation within the county in which the
8 advertising political subdivision is located.

9 Every such tax shall continue in force on a calendar or
10 fiscal year basis, as the case may be, without annual
11 reenactment unless the rate of the tax is subsequently changed.

12 Section [5] 307. Rate, Amount, Court Approval; Revision of
13 Budget.--Any tax imposed under this [act] chapter shall not be
14 subject to any limitations under existing laws as to rate or
15 amount or as to the necessity of securing court approval or as
16 to budgetary requirements. Any city, borough or township
17 imposing a tax under this [act] chapter may revise its budget
18 during any fiscal year by increasing or making additional
19 appropriations from funds to be provided from such tax.

20 The ordinance or resolution may be passed or adopted prior to
21 the beginning of the fiscal year and prior to the preparation of
22 the budget when desirable.

23 Every ordinance or resolution which imposed a tax under the
24 authority of this [act] chapter shall be passed or adopted, if
25 for a school district, during the period other school taxes are
26 required by law to be levied and assessed by such district. Each
27 ordinance and resolution shall state that it is enacted under
28 the authority of this [act] chapter, known as "The Local Tax
29 Enabling Act".

30 Section 9. Section 5.1 of the act, added December 1, 2004

1 (P.L.1729, No.222), is renumbered to read:

2 Section [5.1] 308. Second Class City Parking Tax Rates.--The
3 rate of the tax imposed on parking transactions shall not differ
4 from the rate contained in City of Pittsburgh Ordinance Number
5 43-2003 as of January 1, 2004, except as follows:

6 (1) In tax year 2007, the rate of tax shall not exceed 45%.

7 (2) In tax year 2008, the rate of tax shall not exceed 40%.

8 (3) In tax year 2009, the rate of tax shall not exceed
9 37.5%.

10 (4) In tax year 2010, the rate of tax shall not exceed 35%
11 as existed prior to the adoption of the ordinance.

12 Section 10. Section 6 of the act, repealed in part June 3,
13 1971 (P.L.118, No.6), is renumbered and amended to read:

14 Section [6] 309. Appeals by Taxpayers.--No tax levied for
15 the first time by any political subdivision to which this [act]
16 chapter applies shall go into effect until thirty days from the
17 time of the adoption of the ordinance or resolution levying the
18 tax. Within said thirty days, taxpayers representing twenty-five
19 percent or more of the total valuation of real estate in the
20 political subdivision as assessed for taxation purposes, or
21 taxpayers of the political subdivision not less than twenty-five
22 in number aggrieved by the ordinance or resolution shall have
23 the right to appeal therefrom to the court of quarter sessions
24 of the county upon giving bond with sufficient security in the
25 amount of five hundred dollars (\$500), approved by the court, to
26 prosecute the appeal with effect and for the payment of costs.
27 The petition shall set forth the objections to the tax and the
28 facts in support of such objections, and shall be accompanied by
29 the affidavit of at least five of the petitioners that the
30 averments of the petition are true and the petition is not filed

1 for the purpose of delay.

2 No such appeal shall act as a supersedeas unless specifically
3 allowed by the court to which the appeal is taken or a judge
4 thereof.

5 Immediately upon the filing of any such petition, the
6 petitioners shall serve a copy of the petition and any rule
7 granted by the court upon the president, chairman, secretary or
8 clerk of the legislative body levying the tax.

9 The court shall fix a day for a hearing not less than fifteen
10 days nor more than thirty days after the filing of the petition.
11 Notice of the time of such hearing shall be given to all
12 interested parties as the court shall direct. The court shall
13 promptly hear and dispose of the appeal.

14 It shall be the duty of the court to declare the ordinance
15 and the tax imposed thereby to be valid unless it concludes that
16 the ordinance is unlawful or finds that the tax imposed is
17 excessive or unreasonable; but the court shall not interfere
18 with the reasonable discretion of the legislative body in
19 selecting the subjects or fixing the rates of the tax. The court
20 may declare invalid all or any portion of the ordinance or of
21 the tax imposed or may reduce the rates of tax.

22 Section 11. Sections 7, 8 and 9 of the act, amended June 21,
23 2007 (P.L.13, No.7), are renumbered and amended to read:

24 Section [7] 310. Filing of Certified Copies of Ordinances
25 and Resolutions.--When an ordinance or a resolution is first
26 passed or adopted by a political subdivision imposing a tax or
27 license fee under the authority of this [act] chapter, an exact
28 printed or typewritten copy thereof, certified to by the
29 secretary of the taxing body, shall be filed with the Department
30 of Community and Economic Development within fifteen days after

1 the same becomes effective.

2 Any secretary or person acting as the clerk or secretary of
3 the taxing body of any political subdivision during the meeting
4 at which an ordinance or resolution imposing a tax or license
5 fee is passed or adopted as herein provided who shall fail to
6 file the certified copy or statement relative thereto with the
7 Department of Community and Economic Development as herein
8 required, shall, upon summary conviction thereof in the county
9 in which the political subdivision is located, be sentenced to
10 pay a fine of not less than five dollars (\$5) nor more than
11 twenty-five dollars (\$25), and the costs of prosecution.

12 Section [8] 311. Limitations on Rates of Specific Taxes.--No
13 taxes levied under the provisions of this [act] chapter shall be
14 levied by any political subdivision on the following subjects
15 exceeding the rates specified in this section:

16 (1) Per capita, poll or other similar head taxes, ten
17 dollars (\$10).

18 (2) On each dollar of the whole volume of business
19 transacted by wholesale dealers in goods, wares and merchandise,
20 one mill, by retail dealers in goods, wares and merchandise and
21 by proprietors of restaurants or other places where food, drink
22 and refreshments are served, one and one-half mills; except in
23 cities of the second class, where rates shall not exceed one
24 mill on wholesale dealers and two mills on retail dealers and
25 proprietors. No such tax shall be levied on the dollar volume of
26 business transacted by wholesale and retail dealers derived from
27 the resale of goods, wares and merchandise, taken by any dealer
28 as a trade-in or as part payment for other goods, wares and
29 merchandise, except to the extent that the resale price exceeds
30 the trade-in allowance.

1 (3) On wages, salaries, commissions and other earned income
2 of individuals, one percent.

3 (4) On retail sales involving the transfer of title or
4 possession of tangible personal property, two percent.

5 (5) On the transfer of real property, one percent.

6 (6) On admissions to places of amusement, athletic events
7 and the like, and on motion picture theatres in cities of the
8 second class, ten percent.

9 (7) Flat rate occupation taxes not using a millage or
10 percentage as a basis, ten dollars (\$10).

11 (8) Local services taxes, fifty-two dollars (\$52).

12 (9) On admissions to ski facilities, ten percent. The tax
13 base upon which the tax shall be levied shall not exceed forty
14 percent of the cost of the lift ticket. The lift ticket shall
15 include all costs of admissions to the ski facility.

16 (10) On admissions to golf courses, ten percent. The tax
17 base upon which the tax shall be levied shall not exceed forty
18 percent of the greens fee. The greens fee shall include all
19 costs of admissions to the golf course.

20 (12) On payrolls, fifty-five hundredths percent.

21 Except as otherwise provided in this [act] chapter, at any
22 time two political subdivisions shall impose any one of the
23 above taxes on the same person, subject, business, transaction
24 or privilege, located within both such political subdivisions,
25 during the same year or part of the same year, under the
26 authority of this [act] chapter then the tax levied by a
27 political subdivision under the authority of this [act] chapter
28 shall, during the time such duplication of the tax exists,
29 except as hereinafter otherwise provided, be one-half of the
30 rate, as above limited, and such one-half rate shall become

1 effective by virtue of the requirements of this [act] chapter
2 from the day such duplication becomes effective without any
3 action on the part of the political subdivision imposing the tax
4 under the authority of this [act] chapter. When any one of the
5 above taxes has been levied under the provisions of this [act]
6 chapter by one political subdivision and a subsequent levy is
7 made either for the first time or is revived after a lapse of
8 time by another political subdivision on the same person,
9 subject, business, transaction or privilege at a rate that would
10 make the combined levies exceed the limit allowed by this
11 subdivision, the tax of the second political subdivision shall
12 not become effective until the end of the fiscal year for which
13 the prior tax was levied, unless:

14 (1) Notice indicating its intention to make such levy is
15 given to the first taxing body by the second taxing body as
16 follows: (i) when the notice is given to a school district it
17 shall be given at least forty-five days prior to the last day
18 fixed by law for the levy of its school taxes; (ii) when given
19 to any other political subdivision it shall be prior to the
20 first day of January immediately preceding, or if a last day for
21 the adoption of the budget is fixed by law, at least forty-five
22 days prior to such last day; or

23 (2) Unless the first taxing body shall indicate by
24 appropriate resolution its desire to waive notice requirements
25 in which case the levy of the second taxing body shall become
26 effective on such date as may be agreed upon by the two taxing
27 bodies.

28 It is the intent and purpose of this provision to limit rates
29 of taxes referred to in this section so that the entire burden
30 of one tax on a person, subject, business, transaction or

1 privilege shall not exceed the limitations prescribed in this
2 section: Provided, however, That any two political subdivisions
3 which impose any one of the above taxes, on the same person,
4 subject, business, transaction or privilege during the same year
5 or part of the same year may agree among themselves that,
6 instead of limiting their respective rates to one-half of the
7 maximum rate herein provided, they will impose respectively
8 different rates, the total of which shall not exceed the maximum
9 rate as above permitted.

10 Notwithstanding the provisions of this section, any city of
11 the second class A may enact a tax upon wages, salaries,
12 commissions and other earned income of individuals resident
13 therein, not exceeding one percent, even though a school
14 district levies a similar tax on the same person provided that
15 the aggregate of both taxes does not exceed two percent.

16 Section [9] 312. Register for [Earned Income] and
17 Withholding of Local Services Taxes.--It shall be the duty of
18 the Department of Community and Economic Development to have
19 available an official continuing register supplemented annually
20 of all [earned income and] local services taxes levied under
21 authority of this [act] chapter. The register and its
22 supplements, hereinafter referred to as the register, shall list
23 such jurisdictions levying [earned income and] local services
24 taxes, the rate of the tax as stated in the tax levying
25 ordinance or resolution, and the effective rate on resident and
26 nonresident taxpayers, if different from the stated rate because
27 of a coterminous levy, the name and address of the officer
28 responsible for administering the collection of the tax and from
29 whom information, forms for reporting and copies of rules and
30 regulations are available. With each jurisdiction listed, all

1 jurisdictions making coterminous levies shall also be noted and
2 their tax rates shown.

3 Information for the register shall be furnished by the
4 secretary of each taxing body to the Department of Community and
5 Economic Development in such manner and on such forms as the
6 Department of Community and Economic Development may prescribe.
7 The information must be received by the Department of Community
8 and Economic Development by certified mail not later than May 31
9 of each year to show new tax enactments, repeals and changes.
10 Failure to comply with this date for filing may result in the
11 omission of the levy from the register for that year. Failure of
12 the Department of Community and Economic Development to receive
13 information of taxes continued without change may be construed
14 by the department to mean that the information contained in the
15 previous register remains in force.

16 The Department of Community and Economic Development shall
17 have the register with such annual supplements as may be
18 required by new tax enactments, repeals or changes available
19 upon request not later than July 1 of each year. The effective
20 period for each register shall be from July 1 of the year in
21 which it is issued to June 30 of the following year.

22 Employers shall not be required by any local ordinance to
23 withhold from the wages, salaries, commissions or other
24 compensation of their employes any tax imposed under the
25 provisions of this act, which is not listed in the register, or
26 make reports of wages, salaries, commissions or other
27 compensation in connection with taxes not so listed: Provided,
28 That if the register is not available by July 1, the register of
29 the previous year shall continue temporarily in effect for an
30 additional period not to exceed one year. The provisions of this

1 section shall not affect the liability of any taxpayer for taxes
2 lawfully imposed under this act.

3 Ordinances or resolutions imposing [earned income or] local
4 services taxes under authority of this [act] chapter may contain
5 provisions requiring employers doing business within the
6 jurisdiction of the political subdivision imposing the tax to
7 withhold the tax from the compensation of those of their
8 employes who are subject to the tax: Provided, That [no employer
9 shall be held liable for failure to withhold earned income taxes
10 or for the payment of such withheld tax money to a political
11 subdivision other than the political subdivision entitled to
12 receive such money if such failure to withhold or such incorrect
13 transmittal of withheld taxes arises from incorrect information
14 as to the employe's place of residence submitted by the employe:
15 And provided further, That] no employer shall be held liable for
16 failure to withhold the local services tax or for the payment of
17 the withheld tax money to a political subdivision if the failure
18 to withhold taxes arises from incorrect information submitted by
19 the employe as to the employe's place or places of employment,
20 the employe's principal office or where the employe is
21 principally employed: And provided further, That an employer
22 shall not be liable for payment of the local services tax in an
23 amount exceeding the amount withheld by the employer if the
24 employer complies with the provisions of section [2(e)] 301.1(e)
25 and (f)(9) and remits the amount so withheld in accordance with
26 this section: And provided further, That the local services tax
27 shall be applicable to employment in the period beginning
28 January 1, of the current year and ending December 31 of the
29 current year, except that taxes imposed for the first time shall
30 become effective from January 1 of the year specified in the

1 ordinance or resolution, and the tax shall continue in force on
2 a calendar year basis: And provided further, That employers
3 shall be required to remit the local services taxes thirty days
4 after the end of each quarter of a calendar year.

5 Section 12. The act is amended by adding a section to read:

6 Section 312.1. (Reserved).

7 Section 13. Section 10 of the act, amended November 30, 2004
8 (P.L.1520, No.192) and December 1, 2004 (P.L.1729, No.222), is
9 renumbered and amended to read:

10 Section [10] 313. Collection of Taxes.--(a) Administrative
11 Personnel; Joint Agreements.--

12 (1) Except as provided in [subsections (b) and (c)] section
13 506, any [such] political subdivision is hereby authorized to
14 provide by ordinance or resolution for the creation or
15 designation of [such] tax bureaus or the appointment and
16 compensation of [such officers, clerks, collectors, private
17 agencies or other person and other assistants and employes,
18 either under existing departments, or otherwise as may be deemed
19 necessary,] a political subdivision, tax bureau or private
20 agency for the assessment and collection of taxes imposed under
21 authority of this [act] chapter. Each ordinance or resolution
22 under this section authorizing a [person] political subdivision,
23 public employe, tax bureau or private agency to act in the
24 capacity and with the authority of a tax collector shall
25 continue in force without annual reauthorization unless
26 otherwise repealed or revoked by the political subdivision or
27 unless otherwise provided by this act.

28 (2) Except as provided in [subsections (b) and (c), any]
29 section 506, political subdivisions imposing taxes under
30 authority of this [act] chapter are authorized to make joint

1 agreements for the collection of such taxes or any of them. The
2 same [person or] political subdivision, tax bureau or private
3 agency may be employed by two or more political subdivisions to
4 collect any taxes imposed by them under authority of this [act]
5 chapter.

6 [(b) Single Collector for Earned Income Taxes When Certain
7 School Districts Impose Such Taxes.-- Except as provided in
8 subsection (c), whenever a school district of the second, third
9 or fourth class shall be established pursuant to section 296,
10 act of March 10, 1949 (P.L.30), known as the "Public School Code
11 of 1949," added August 8, 1963 (P.L. 564), and such school
12 district shall levy, assess and collect or provide for the
13 levying, assessment and collection of a tax upon earned income,
14 such school district and all cities, boroughs, towns and
15 townships within its geographical limits which levy, assess and
16 collect or provide for the levying, assessment and collection of
17 a tax upon earned income, may on January 1, 1967, or as soon
18 thereafter as the school district shall provide for the levying,
19 assessment and collection of taxes upon earned income, select
20 one person or agency to collect the taxes upon earned income
21 imposed by all such political subdivisions. In selecting such
22 person or agency, each political subdivision shall share in the
23 selection upon a basis agreed upon by each political
24 subdivision, or in the absence of any agreement on the basis of
25 voting according to the proportion that the population of each
26 bears to the entire population of the combined collection
27 district, according to the latest official Federal census, and
28 the majority of such votes cast shall determine the person or
29 agency selected to collect the taxes. The provisions of this
30 paragraph shall not prohibit school districts and other

1 political subdivisions which levy, assess and collect or provide
2 for the levying, assessment and collection of taxes upon earned
3 income, under authority of this act, from selecting the same
4 person or agency to collect such tax upon earned income in an
5 area larger than the geographical limits of a school district
6 established pursuant to section 296 of the "Public School Code
7 of 1949."

8 (c) Single Tax Collector in Certain Home Rule

9 Municipality.--In a municipality having a population under the
10 2000 Federal decennial census of at least forty thousand and
11 less than ninety thousand located in a second class county and
12 which municipality has adopted a home rule charter under 53
13 Pa.C.S. Pt. III Subpt. E (relating to home rule and optional
14 plan government), the person or persons appointed by the board
15 of school directors for the school district in which the
16 municipality is located as collector or collectors of taxes
17 levied by the school district under this act shall also serve as
18 the collector or collectors of taxes levied by the municipality
19 under this act.]

20 Section 14. Section 11 of the act is repealed:

21 [Section 11. Audits of Earned Income Taxes.--Except in
22 cities of the second class, the governing body of each political
23 subdivision which levies, assesses and collects or provides for
24 the levying, assessment and collection of a tax upon earned
25 income, shall provide for not less than one examination each
26 year of the books, accounts and records of the income tax
27 collector, by a certified public accountant, a firm of certified
28 public accountants, a competent independent public accountant,
29 or a firm of independent public accountants appointed by the
30 governing body. Whenever one person or agency is selected to

1 collect earned income taxes for more than one political
2 subdivision, the books, accounts and records of such person or
3 agency shall be examined as provided above in the case of a tax
4 collector for each political subdivision, except that the
5 accountant shall be selected in the manner provided for
6 selection of one person or agency to collect earned income taxes
7 for the school district established under section 296 of the
8 "Public School Code of 1949," and the cities, boroughs, towns
9 and townships within the geographical limits of such school
10 district. The reports of the audit shall be sent to the
11 governing body or bodies of the political subdivision or
12 political subdivisions employing the accountant. No further or
13 additional audit shall be performed by elected or appointed
14 auditors.]

15 Section 15. The act is amended by adding a section to read:

16 Section 314. (Reserved).

17 Section 16. Section 12 of the act is renumbered and amended
18 to read:

19 Section [12] 315. Audits of Taxes Other Than Earned Income
20 Taxes.--The books, accounts and records of [persons collecting
21 taxes] tax collectors pursuant to this [act] chapter, other than
22 taxes levied, assessed and collected upon earned income, shall
23 be audited, adjusted and settled in the manner prescribed by law
24 for the auditing, adjusting and settling of accounts of persons
25 receiving or expending funds of the political subdivision which
26 has levied, assessed and collected the taxes pursuant to this
27 [act] chapter, other than taxes levied, assessed and collected
28 upon earned income.

29 Section 17. Section 13 of the act, amended October 4, 1978
30 (P.L.930, No.177), July 9, 1987 (P.L.203, No.30), December 9,

1 2002 (P.L.1364, No.166), April 5, 2004 (P.L.208, No.24) and
2 November 30, 2004 (P.L.1520, No.192), is repealed:

3 [Section 13. Earned Income Taxes.--On and after the
4 effective date of this act the remaining provisions of this
5 section shall be included in or construed to be a part of each
6 tax levied and assessed upon earned income by any political
7 subdivision levying and assessing such tax pursuant to this act.
8 The definitions contained in this section shall be exclusive for
9 any tax upon earned income and net profits levied and assessed
10 pursuant to this act, and shall not be altered or changed by any
11 political subdivision levying and assessing such tax.

12 I. Definitions

13 "Association." A partnership, limited partnership, or any
14 other unincorporated group of two or more persons.

15 "Business." An enterprise, activity, profession or any other
16 undertaking of an unincorporated nature conducted for profit or
17 ordinarily conducted for profit whether by a person,
18 partnership, association, or any other entity.

19 "Corporation." A corporation or joint stock association
20 organized under the laws of the United States, the Commonwealth
21 of Pennsylvania, or any other state, territory, foreign country
22 or dependency.

23 "Current year." The calendar year for which the tax is
24 levied.

25 "Domicile." The place where one lives and has his permanent
26 home and to which he has the intention of returning whenever he
27 is absent. Actual residence is not necessarily domicile, for
28 domicile is the fixed place of abode which, in the intention of
29 the taxpayer, is permanent rather than transitory. Domicile is
30 the voluntarily fixed place of habitation of a person, not for a

1 mere special or limited purpose, but with the present intention
2 of making a permanent home, until some event occurs to induce
3 him to adopt some other permanent home. In the case of
4 businesses, or associations, the domicile is that place
5 considered as the center of business affairs and the place where
6 its functions are discharged.

7 "Earned income." Compensation as determined under section 303
8 of the act of March 4, 1971 (P.L.6, No.2), known as the "Tax
9 Reform Code of 1971," and regulations in 61 Pa. Code Pt. I
10 Subpt. B Art. V (relating to personal income tax), not
11 including, however, wages or compensation paid to individuals on
12 active military service. Employe business expenses are allowable
13 deductions as determined under Article III of the "Tax Reform
14 Code of 1971." The amount of any housing allowance provided to a
15 member of the clergy shall not be taxable as earned income.

16 "Income tax officer or officer." Person, public employe or
17 private agency designated by governing body to collect and
18 administer the tax on earned income and net profits.

19 "Employer." A person, partnership, association, corporation,
20 institution, governmental body or unit or agency, or any other
21 entity employing one or more persons for a salary, wage,
22 commission or other compensation.

23 "Net profits." The net income from the operation of a
24 business, profession, or other activity, except corporations,
25 determined under section 303 of the act of March 4, 1971 (P.L.6,
26 No.2), known as the "Tax Reform Code of 1971," and regulations
27 in 61 Pa. Code Pt. I Subpt. B Art. V (relating to personal
28 income tax). The term does not include income which is not paid
29 for services provided and which is in the nature of earnings
30 from an investment. For taxpayers engaged in the business,

1 profession or activity of farming, the term shall not include:

2 (1) any interest earnings generated from any monetary
3 accounts or investment instruments of the farming business;

4 (2) any gain on the sale of farm machinery;

5 (3) any gain on the sale of livestock held twelve months or
6 more for draft, breeding or dairy purposes; and

7 (4) any gain on the sale of other capital assets of the
8 farm.

9 "Nonresident." A person, partnership, association or other
10 entity domiciled outside the taxing district.

11 "Person or individual." A natural person.

12 "Preceding year." The calendar year before the current year.

13 "Resident." A person, partnership, association or other
14 entity domiciled in the taxing district.

15 "Succeeding year." The calendar year following the current
16 year.

17 "Taxpayer." A person, partnership, association, or any other
18 entity, required hereunder to file a return of earned income or
19 net profits, or to pay a tax thereon.

20 II. Imposition of Tax

21 The tax levied under this act shall be applicable to earned
22 income received and to net profits earned in the period
23 beginning January 1, of the current year, and ending December
24 31, of the current year or for taxpayer fiscal years beginning
25 in the current year, except that taxes imposed for the first
26 time shall become effective from the date specified in the
27 ordinance or resolution, and the tax shall continue in force on
28 a calendar year or taxpayer fiscal year basis, without annual
29 reenactment, unless the rate of the tax is subsequently changed.
30 Changes in rate shall become effective on the date specified in

1 the ordinance.

2 III. Declaration and Payment of Tax

3 A. Net Profits.

4 (1) Every taxpayer making net profits shall, as the
5 governing body elects, (i) pay to the officer an annual payment
6 of tax due on or before April 15, of the succeeding year for the
7 period beginning January 1, and ending December 31, of the
8 current year, or (ii) on or before April 15, of the current
9 year, make and file with the officer on a form prescribed or
10 approved by the officer, a declaration of his estimated net
11 profits during the period beginning January 1, and ending
12 December 31, of the current year, and pay to the officer in four
13 equal quarterly installments the tax due thereon as follows: the
14 first installment at the time of filing the declaration, and the
15 other installments on or before June 15, of the current year,
16 September 15, of the current year, and January 15, of the
17 succeeding year, respectively.

18 (2) Where the governing body elects to require the filing of
19 a declaration and quarterly payments, any taxpayer who first
20 anticipates any net profit after April 15, of the current year,
21 shall make and file the declaration hereinabove required on or
22 before June 15, of the current year, September 15, of the
23 current year, or December 31, of the current year, whichever of
24 these dates next follows the date on which the taxpayer first
25 anticipates such net profit, and pay to the officer in equal
26 installments the tax due thereon on or before the quarterly
27 payment dates which remain after the filing of the declaration.

28 (3) Where the governing body requires a declaration of
29 estimated net profits and quarterly payments of tax due on such
30 profits, every taxpayer shall, on or before April 15, of the

1 succeeding year, make and file with the officer on a form
2 prescribed or approved by the officer a final return showing the
3 amount of net profits earned during the period beginning January
4 1, of the current year, and ending December 31, of the current
5 year, the total amount of tax due thereon and the total amount
6 of tax paid thereon. At the time of filing the final return, the
7 taxpayer shall pay to the officer the balance of tax due or
8 shall make demand for refund or credit in the case of
9 overpayment.

10 Any taxpayer may, in lieu of paying the fourth quarterly
11 installment of his estimated tax, elect to make and file with
12 the officer on or before January 31, of the succeeding year, the
13 final return as hereinabove required.

14 (4) The officer may be authorized to provide by regulation
15 for the making and filing of adjusted declarations of estimated
16 net profits, and for the payments of the estimated tax in cases
17 where a taxpayer who has filed the declaration hereinabove
18 required anticipates additional net profits not previously
19 declared or finds that he has overestimated his anticipated net
20 profits.

21 (5) Every taxpayer who discontinues business prior to
22 December 31, of the current year, shall, within thirty days
23 after the discontinuance of business, file his final return as
24 hereinabove required and pay the tax due.

25 B. Earned Income.

26 Annual Earned Income Tax Return.

27 At the election of the governing body every taxpayer shall,
28 on or before April 15, of the succeeding year, make and file
29 with the officer on a form prescribed or approved by the officer
30 a final return showing the amount of earned income received

1 during the period beginning January 1, of the current year, and
2 ending December 31, of the current year, the total amount of tax
3 due thereon, the amount of tax paid thereon, the amount of tax
4 thereon that has been withheld pursuant to the provisions
5 relating to the collection at source and the balance of tax due.
6 At the time of filing the final return, the taxpayer shall pay
7 the balance of the tax due or shall make demand for refund or
8 credit in the case of overpayment.

9 Earned Income Not Subject to Withholding.

10 Every taxpayer who is employed for a salary, wage,
11 commission, or other compensation and who received any earned
12 income not subject to the provisions relating to collection at
13 source, shall as the governing body elects:

14 (1) Make and file with the officer on a form prescribed or
15 approved by the officer, an annual return setting forth the
16 aggregate amount of earned income not subject to withholding
17 from him during the period beginning January 1, and ending
18 December 31, of the current year, and such other information as
19 the officer may require, and pay to the officer the amount of
20 tax shown as due thereon on or before April 15, of the
21 succeeding year, or

22 (2) Make and file with the officer on a form prescribed or
23 approved by the officer, a quarterly return on or before April
24 30, of the current year, July 31, of the current year, October
25 31, of the current year, and January 31, of the succeeding year,
26 setting forth the aggregate amount of earned income not subject
27 to withholding by him during the three-month periods ending
28 March 31, of the current year, June 30, of the current year,
29 September 30, of the current year, and December 31, of the
30 current year, respectively, and subject to the tax, together

1 with such other information as the officer may require. Every
2 taxpayer making such return shall, at the time of filing
3 thereof, pay to the officer the amount of tax shown as due
4 thereon.

5 IV. Collection at Source

6 (a) Every employer having an office, factory, workshop,
7 branch, warehouse, or other place of business within the taxing
8 jurisdiction imposing a tax on earned income or net profits
9 within the taxing district who employs one or more persons,
10 other than domestic servants, for a salary, wage, commission or
11 other compensation, who has not previously registered, shall,
12 within fifteen days after becoming an employer, register with
13 the officer his name and address and such other information as
14 the officer may require.

15 (b) Every employer having an office, factory, workshop,
16 branch, warehouse, or other place of business within the taxing
17 jurisdiction imposing a tax on earned income or net profits
18 within the taxing district who employs one or more persons,
19 other than domestic servants, for a salary, wage, commission, or
20 other compensation, shall deduct at the time of payment thereof,
21 the tax imposed by ordinance or resolution on the earned income
22 due to his employe or employes, and shall, on or before April
23 30, of the current year, July 31, of the current year, October
24 31, of the current year, and January 31, of the succeeding year,
25 file a return and pay to the officer the amount of taxes
26 deducted during the preceding three-month periods ending March
27 31, of the current year, June 30, of the current year, September
28 30, of the current year, and December 31, of the current year,
29 respectively. Such return unless otherwise agreed upon between
30 the officer and employer shall show the name and social security

1 number of each such employe, the earned income of such employe
2 during such preceding three-month period, the tax deducted
3 therefrom, the political subdivisions imposing the tax upon such
4 employe, the total earned income of all such employes during
5 such preceding three-month period, and the total tax deducted
6 therefrom and paid with the return.

7 Any employer who for two of the preceding four quarterly
8 periods has failed to deduct the proper tax, or any part
9 thereof, or has failed to pay over the proper amount of tax to
10 the taxing authority, may be required by the officer to file his
11 return and pay the tax monthly. In such cases, payments of tax
12 shall be made to the officer on or before the last day of the
13 month succeeding the month for which the tax was withheld.

14 (c) On or before February 28, of the succeeding year, every
15 employer shall file with the officer:

16 (1) An annual return showing the total amount of earned
17 income paid, the total amount of tax deducted, and the total
18 amount of tax paid to the officer for the period beginning
19 January 1, of the current year, and ending December 31, of the
20 current year.

21 (2) A return withholding statement for each employe employed
22 during all or any part of the period beginning January 1, of the
23 current year, and ending December 31, of the current year,
24 setting forth the employe's name, address and social security
25 number, the amount of earned income paid to the employe during
26 said period, the amount of tax deducted, the political
27 subdivisions imposing the tax upon such employe, the amount of
28 tax paid to the officer. Every employer shall furnish two copies
29 of the individual return to the employe for whom it is filed.

30 (d) Every employer who discontinues business prior to

1 December 31, of the current year, shall, within thirty days
2 after the discontinuance of business, file the returns and
3 withholding statements hereinabove required and pay the tax due.

4 (e) Except as otherwise provided in section 9, every
5 employer who wilfully or negligently fails or omits to make the
6 deductions required by this section shall be liable for payment
7 of the taxes which he was required to withhold to the extent
8 that such taxes have not been recovered from the employe.

9 (f) The failure or omission of any employer to make the
10 deductions required by this section shall not relieve any
11 employe from the payment of the tax or from complying with the
12 requirements of the ordinance or resolution relating to the
13 filing of declarations and returns.

14 V. Powers and Duties of Officer

15 (a) It shall be the duty of the officer to collect and
16 receive the taxes, fines and penalties imposed by the ordinance
17 or resolution. It shall also be his duty to keep a record
18 showing the amount received by him from each person or business
19 paying the tax and the date of such receipt.

20 (b) Each officer, before entering upon his official duties
21 shall give and acknowledge a bond to the political subdivision
22 or political subdivisions appointing him. If such political
23 subdivision or political subdivisions shall by resolution
24 designate any bond previously given by the officer as adequate,
25 such bond shall be sufficient to satisfy the requirements of the
26 subsection.

27 Each such bond shall be joint and several, with one or more
28 corporate sureties which shall be surety companies authorized to
29 do business in this Commonwealth and duly licensed by the
30 Insurance Commissioner of this Commonwealth.

1 Each bond shall be conditioned upon the faithful discharge by
2 the officer, his clerks, assistants and appointees of all trusts
3 confided in him by virtue of his office, upon the faithful
4 execution of all duties required of him by virtue of his office,
5 upon the just and faithful accounting or payment over, according
6 to law, of all moneys and all balances thereof paid to, received
7 or held by him by virtue of his office and upon the delivery to
8 his successor or successors in office of all books, papers,
9 documents or other official things held in right of his office.

10 Each such bond shall be taken in the name of the appointing
11 authority or authorities, and shall be for the use of the
12 political subdivision or political subdivisions appointing the
13 officer, and for the use of such other person or persons for
14 whom money shall be collected or received, or as his or her
15 interest shall otherwise appear, in case of a breach of any of
16 the conditions thereof by the acts or neglect of the principal
17 on the bond.

18 The political subdivision or political subdivisions
19 appointing the officer, or any person may sue upon the said bond
20 in its or his own name for its or his own use.

21 Each such bond shall contain the name or names of the surety
22 company or companies bound thereon. The political subdivision or
23 political subdivisions appointing the officer shall fix the
24 amount of the bond at an amount equal to the maximum amount of
25 taxes which may be in the possession of the officer at any given
26 time.

27 The political subdivision or political subdivisions
28 appointing the officer may, at any time, upon cause shown and
29 due notice to the officer, and his surety or sureties, require
30 or allow the substitution or the addition of a surety company

1 acceptable to such political subdivision or political
2 subdivisions for the purpose of making the bond sufficient in
3 amount, without releasing the surety or sureties first approved
4 from any accrued liability or previous action on such bond.

5 The political subdivision or political subdivisions
6 appointing the officer shall designate the custodian of the bond
7 required to be given by the officer.

8 (c) The officer charged with the administration and
9 enforcement of the provisions of the ordinance or resolution is
10 hereby empowered to prescribe, adopt, promulgate and enforce,
11 rules and regulations relating to any matter pertaining to the
12 administration and enforcement of the ordinance or resolution,
13 including provisions for the re-examination and correction of
14 declarations and returns, and of payments alleged or found to be
15 incorrect, or as to which an overpayment is claimed or found to
16 have occurred, and to make refunds in case of overpayment, for
17 any period of time not to exceed six years subsequent to the
18 date of payment of the sum involved, and to prescribe forms
19 necessary for the administration of the ordinance or resolution.
20 No rule or regulation of any kind shall be enforceable unless it
21 has been approved by resolution by the governing body. A copy of
22 such rules and regulations currently in force shall be available
23 for public inspection.

24 (d) The officer shall refund, on petition of, and proof by
25 the taxpayer, earned income tax paid on the taxpayer's ordinary
26 and necessary business expenses, to the extent that such
27 expenses are not paid by the taxpayer's employer.

28 (e) The officer and agents designated by him are hereby
29 authorized to examine the books, papers, and records of any
30 employer or of any taxpayer or of any person whom the officer

1 reasonably believes to be an employer or taxpayer, in order to
2 verify the accuracy of any declaration or return, or if no
3 declaration or return was filed, to ascertain the tax due. Every
4 employer and every taxpayer and every person whom the officer
5 reasonably believes to be an employer or taxpayer, is hereby
6 directed and required to give to the officer, or to any agent
7 designated by him, the means, facilities and opportunity for
8 such examination and investigations, as are hereby authorized.

9 (f) Any information gained by the officer, his agents, or by
10 any other official or agent of the taxing district, as a result
11 of any declarations, returns, investigations, hearings or
12 verifications required or authorized by the ordinance or
13 resolution, shall be confidential, except for official purposes
14 and except in accordance with a proper judicial order, or as
15 otherwise provided by law.

16 (g) The officer is authorized to establish different filing,
17 reporting and payment dates for taxpayers whose fiscal years do
18 not coincide with the calendar year.

19 (h) The officer shall distribute earned income taxes to the
20 appropriate political subdivisions within sixty days of the
21 deadline for payment by an employer as set forth in Division
22 IV(b). The political subdivisions shall not be required to
23 request the officer to distribute the funds collected but shall
24 at least annually reconcile their receipts with the records of
25 the officer and return to or credit the officer with any
26 overpayment. A political subdivision shall not be required to
27 pay a fee or commission to the other political subdivision or
28 its tax officer for tax revenue distributed under this
29 subsection. If the officer, within one year after receiving a
30 tax payment, cannot identify the taxing jurisdiction entitled to

1 a tax payment, he shall make payment to the municipality in
2 which the tax was collected. If earned income taxes are not
3 distributed to the appropriate political subdivision within one
4 year of receipt, the political subdivision may make a written
5 demand on a tax officer or political subdivision for tax
6 revenues collected and attributable to residents of the
7 political subdivision making the demand. If the taxes
8 attributable to residents of the political subdivision making
9 the demand are not paid within thirty days from the date of the
10 demand, the political subdivision, person, public employe or
11 private agency designated by the political subdivision may enter
12 into an arbitration agreement with the officer under 42 Pa.C.S.
13 Ch. 73 Subch. A (relating to statutory arbitration) or bring an
14 action in an appropriate court of common pleas in the name of
15 the taxing district for the recovery of taxes not distributed in
16 accordance with this subsection. The action must be brought
17 within seven years of the collection of the taxes.

18 VI. Compensation of Income Tax Officer

19 The income tax officer shall receive such compensation for
20 his services and expenses as determined by the governing body.
21 In the case of a single collector established pursuant to
22 subsection (b) of section 10 of this act, the taxing
23 jurisdictions shall share in the compensation and expenses of a
24 single officer according to the proportionate share that the
25 total annual collections for each jurisdiction bears to the
26 total annual collection for all political subdivisions in a
27 single collector district, except that with the agreement of
28 two-thirds of all participating political subdivisions, a
29 different manner of sharing may be substituted.

30 VII. Suit for Collection of Tax

1 (a) The officer may sue in the name of the taxing district
2 for the recovery of taxes due and unpaid under this ordinance.

3 (b) Any suit brought to recover the tax imposed by the
4 ordinance or resolution shall be begun within three years after
5 such tax is due, or within three years after the declaration or
6 return has been filed, whichever date is later: Provided,
7 however, That this limitation shall not prevent the institution
8 of a suit for the collection of any tax due or determined to be
9 due in the following cases:

10 (1) Where no declaration or return was filed by any person
11 although a declaration or return was required to be filed by him
12 under provisions of the ordinance or resolution, there shall be
13 no limitation.

14 (2) Where an examination of the declaration or return filed
15 by any person, or of other evidence relating to such declaration
16 or return in the possession of the officer, reveals a fraudulent
17 evasion of taxes, there shall be no limitation.

18 (3) In the case of substantial understatement of tax
19 liability of twenty-five percent or more and no fraud, suit
20 shall be begun within six years.

21 (4) Where any person has deducted taxes under the provisions
22 of the ordinance or resolution, and has failed to pay the
23 amounts so deducted to the officer, or where any person has
24 wilfully failed or omitted to make the deductions required by
25 this section, there shall be no limitation.

26 (5) This section shall not be construed to limit the
27 governing body from recovering delinquent taxes by any other
28 means provided by this act.

29 (c) The officer may sue for recovery of an erroneous refund
30 provided such suit is begun two years after making such refund,

1 except that the suit may be brought within five years if it
2 appears that any part of the refund was induced by fraud or
3 misrepresentation of material fact.

4 VIII. Interest and Penalties

5 (a) If for any reason the tax is not paid when due, interest
6 at the rate of six percent per annum on the amount of said tax,
7 and an additional penalty of one-half of one percent of the
8 amount of the unpaid tax for each month or fraction thereof
9 during which the tax remains unpaid, shall be added and
10 collected. Where suit is brought for the recovery of any such
11 tax, the person liable therefor shall, in addition, be liable
12 for the costs of collection and the interest and penalties
13 herein imposed.

14 (b) Notwithstanding the provisions of subsection (a), the
15 governing body may, by ordinance or resolution, establish a one-
16 time period during which interest or interest and penalties that
17 would otherwise be imposed for the nonreporting or
18 underreporting of earned income tax liabilities or for the
19 nonpayment of earned income taxes previously imposed and due
20 shall be waived in total or in part if the taxpayer voluntarily
21 files delinquent returns and pays the taxes in full during the
22 period so established. Each governing body may adopt regulations
23 to implement the provisions of this subsection.

24 (c) The provisions of subsection (b) shall not affect or
25 terminate any petitions, investigations, prosecutions or other
26 proceedings pending under the provisions of this act, or prevent
27 the commencement or further prosecution of any proceedings by
28 the proper authorities for violations of this act. No
29 proceedings shall, however, be commenced on the basis of
30 delinquent returns filed pursuant to subsection (b) if the

1 returns are determined to be substantially true and correct and
2 the taxes are paid in full within the prescribed time.

3 IX. Fines and Penalties for Violation
4 of Ordinances or Resolutions

5 (a) Any person who fails, neglects, or refuses to make any
6 declaration or return required by the ordinance or resolution,
7 any employer who fails, neglects or refuses to register or to
8 pay the tax deducted from his employes, or fails, neglects or
9 refuses to deduct or withhold the tax from his employes, any
10 person who refuses to permit the officer or any agent designated
11 by him to examine his books, records, and papers, and any person
12 who knowingly makes any incomplete, false or fraudulent return,
13 or attempts to do anything whatsoever to avoid the full
14 disclosure of the amount of his net profits or earned income in
15 order to avoid the payment of the whole or any part of the tax
16 imposed by the ordinance or resolution, shall, upon conviction
17 thereof before any justice of the peace, alderman or magistrate,
18 or court of competent jurisdiction in the county or counties in
19 which the political subdivision imposing the tax is located, be
20 sentenced to pay a fine of not more than five hundred dollars
21 (\$500) for each offense, and costs, and, in default of payment
22 of said fine and costs to be imprisoned for a period not
23 exceeding thirty days.

24 (b) Any person who divulges any information which is
25 confidential under the provisions of the ordinance or
26 resolution, shall, upon conviction thereof before any justice of
27 the peace, alderman or magistrate, or court of competent
28 jurisdiction, be sentenced to pay a fine of not more than five
29 hundred dollars (\$500) for each offense, and costs, and, in
30 default of payment of said fines and costs to be imprisoned for

1 a period not exceeding thirty days.

2 (c) The penalties imposed under this section shall be in
3 addition to any other penalty imposed by any other section of
4 the ordinance or resolution.

5 (d) The failure of any person to receive or procure forms
6 required for making the declaration or returns required by the
7 ordinance or resolution shall not excuse him from making such
8 declaration or return.]

9 Section 18. The act is amended by adding a section to read:

10 Section 316. (Reserved).

11 Section 19. Section 14 of the act, amended October 26, 1972
12 (P.L.1043, No.261), is renumbered and amended to read:

13 Section [14] 317. Payment of Tax to Other Political
14 Subdivisions or States as Credit or Deduction; Withholding
15 Tax.--Payment of any tax to any political subdivision pursuant
16 to an ordinance or resolution passed or adopted prior to the
17 effective date of this act shall be credited to and allowed as a
18 deduction from the liability of taxpayers for any like tax
19 respectively on salaries, wages, commissions, other compensation
20 or on net profits of businesses, professions or other activities
21 and for any income tax imposed by any other political
22 subdivision of this Commonwealth under the authority of this
23 [act.] chapter or the act of June 27, 2006 (1st Sp.Sess.,
24 P.L.1873, No.1), known as the "Taxpayer Relief Act."

25 Payment of any tax on salaries, wages, commissions, other
26 compensation or on net profits of business, professions or other
27 activities to a political subdivision by residents thereof
28 pursuant to an ordinance or resolution passed or adopted under
29 the authority of this [act] chapter or the "Taxpayer Relief Act"
30 shall be credited to and allowed as a deduction from the

1 liability of such persons for any other like tax respectively on
2 salaries, wages, commissions, other compensation or on net
3 profits of businesses, professions or other activities imposed
4 by any other political subdivision of this Commonwealth under
5 the authority of this [act.] chapter or the "Taxpayer Relief
6 Act."

7 Payment of any tax on income to any political subdivision by
8 residents thereof pursuant to an ordinance or resolution passed
9 or adopted under the authority of this [act] chapter or the
10 "Taxpayer Relief Act" shall, to the extent that such income
11 includes salaries, wages, commissions, other compensation or net
12 profits of businesses, professions or other activities, but in
13 such proportion as hereinafter set forth, be credited to and
14 allowed as a deduction from the liability of such persons for
15 any other tax on salaries, wages, commissions, other
16 compensation or on net profits of businesses, professions, or
17 other activities imposed by any other political subdivision of
18 this Commonwealth under the authority of this [act.] chapter or
19 the "Taxpayer Relief Act."

20 Payment of any tax on income to any state or to any political
21 subdivision thereof by residents thereof, pursuant to any State
22 or local law, may, at the discretion of the Pennsylvania
23 political subdivision imposing such tax, to the extent that such
24 income includes salaries, wages, commissions, or other
25 compensation or net profits of businesses, professions or other
26 activities but in such proportions as hereinafter set forth, be
27 credited to and allowed as a deduction from the liability of
28 such person for any other tax on salaries, wages, commissions,
29 other compensation or net profits of businesses, professions or
30 other activities imposed by any political subdivision of this

1 Commonwealth under the authority of this [act,] chapter or the
2 "Taxpayer Relief Act," if residents of the political subdivision
3 in Pennsylvania receive credits and deductions of a similar kind
4 to a like degree from the tax on income imposed by the other
5 state or political subdivision thereof.

6 Payment of any tax on income to any State other than
7 Pennsylvania or to any political subdivision located outside the
8 boundaries of this Commonwealth, by residents of a political
9 subdivision located in Pennsylvania shall, to the extent that
10 such income includes salaries, wages, commissions, or other
11 compensation or net profits of businesses, professions or other
12 activities but in such proportions as hereinafter set forth, be
13 credited to and allowed as a deduction from the liability of
14 such person for any other tax on salaries, wages, commissions,
15 other compensation or net profits of businesses, professions or
16 other activities imposed by any political subdivision of this
17 Commonwealth under the authority of this [act.] ~~chapter or the~~ <—
18 ~~"Taxpayer Relief Act."~~ CHAPTER. <—

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

24 No credit or deduction shall be allowed against any tax on
25 earned income imposed under authority of this [act] chapter or
26 the "Taxpayer Relief Act" to the extent of the amount of credit
27 or deduction taken for the same period by the taxpayer against
28 any income tax imposed by the Commonwealth of Pennsylvania under
29 section 314 of the act of March 4, 1971 (P.L.6) known as the
30 "Tax Reform Code of 1971," on account of taxes imposed on income

1 by other states or by their political subdivisions.

2 Section 20. Section 15 of the act, amended June 27, 1968
3 (P.L.271, No.128), is renumbered and amended to read:

4 Section [15] 318. Personal Property.--Any assessment of a
5 tax on personal property of a decedent shall include all
6 property owned, held or possessed by a decedent, which should
7 have been returned by him for taxation for any former year or
8 years not exceeding five years prior to the year in which the
9 decedent died. Wherever any personal property taxable under the
10 provisions of this [act] chapter, was owned by a decedent at the
11 time of his death and is held by his executor or administrator,
12 return of such personal property shall be made and the tax paid,
13 if such decedent was domiciled at the time of his death in the
14 political subdivision imposing the tax, notwithstanding the
15 residence or location of such executor or administrator or of
16 any beneficiary, or the place which such securities are kept.

17 Section 21. Sections 16 and 17 of the act are renumbered and
18 amended to read:

19 Section [16] 319. Limitation on Assessment.--No assessment
20 may be made of any tax imposed under this [act] chapter more
21 than five years after the date on which such tax should have
22 been paid except where a fraudulent return or no return has been
23 filed.

24 Section [17] 320. Tax Limitations.--(a) Over-all Limit of
25 Tax Revenues.--The aggregate amount of all taxes imposed by any
26 political subdivision under this section and in effect during
27 any fiscal year shall not exceed an amount equal to the product
28 obtained by multiplying the latest total market valuation of
29 real estate in such political subdivision, as determined by the
30 board for the assessment and revision of taxes or any similar

1 board established by the assessment laws which determines market
2 values of real estate within the political subdivision, by
3 twelve mills. In school districts of the second class, third
4 class and fourth class and in any political subdivision within a
5 county where no market values of real estate have been
6 determined by the board for the assessment and revision of
7 taxes, or any similar board, the aggregate amount of all taxes
8 imposed under this section and in effect during any fiscal year
9 shall not exceed an amount equal to the product obtained by
10 multiplying the latest total market valuation of real estate in
11 such school district, or other political subdivision, as
12 certified by the State Tax Equalization Board, by twelve mills.
13 In school districts of the third and fourth class, taxes imposed
14 on sales involving the transfer of real property shall not be
15 included in computing the aggregate amount of taxes for any
16 fiscal year in which one hundred or more new homes or other
17 major improvements on real estate were constructed in the school
18 district.

19 The aggregate amount of all taxes imposed by any independent
20 school district under this section during any fiscal year shall
21 not exceed an amount equal to the product obtained by
22 multiplying the latest total valuation of real estate in such
23 district by fifteen mills.

24 (b) Reduction of Rates Where Taxes Exceed Limitations; Use
25 of Excess Moneys.--If, during any fiscal year, it shall appear
26 that the aggregate revenues from taxes levied and collected
27 under the authority of this [act] chapter will materially exceed
28 the limitations imposed by this [act] chapter, the political
29 subdivision shall forthwith reduce the rate or rates of such tax
30 or taxes to stay within such limitations as nearly as may be.

1 Any one or more persons liable for the payment of taxes levied
2 and collected under the authority of this [act] chapter shall
3 have the right to complain to the court of common pleas of the
4 county in an action of mandamus to compel compliance with the
5 preceding provision of this subsection. Tax moneys levied and
6 collected in any fiscal year in excess of the limitations
7 imposed by this [act] chapter shall not be expended during such
8 year, but shall be deposited in a separate account in the
9 treasury of the political subdivision for expenditure in the
10 following fiscal year. The rates of taxes imposed under this
11 [act] chapter for the following fiscal year shall be so fixed
12 that the revenues thereby produced, together with the excess tax
13 moneys on deposit as aforesaid, shall not exceed the limitations
14 imposed by this [act] chapter.

15 Section 22. The act is amended by adding sections to read:

16 Section 329. Legal Representation.--When bringing a suit
17 under any provision of this chapter, the taxing district or the
18 person, public employe or private agency designated by the
19 taxing district shall be represented by an attorney.

20 Section 330. Restricted Use.--(a) Any municipality deriving
21 funds from the local services tax may only use the funds for:

22 (1) Emergency services, which shall include emergency
23 medical services, police services and/or fire services.

24 (2) Road construction and/or maintenance.

25 (3) Reduction of property taxes.

26 (4) Property tax relief through implementation of a
27 homestead and farmstead exclusion in accordance with 53 Pa.C.S.
28 Ch. 85 Subch. F (relating to homestead property exclusion).

29 (a.1) A municipality shall use no less than twenty-five
30 percent of the funds derived from the local services tax for

1 emergency services.

2 (b) In the event that a municipality decides to implement a
3 homestead and farmstead exclusion for purposes of providing
4 property tax relief in accordance with subsection (a)(4), the
5 following shall apply:

6 (1) The decision to provide a homestead and farmstead
7 exclusion shall be made, by ordinance, prior to December 1, with
8 the homestead and farmstead exclusion to take effect for the
9 fiscal year beginning the first day of January following
10 adoption of the ordinance. Upon adopting an ordinance in
11 accordance with this paragraph, a municipality shall, by first
12 class mail, notify the assessor, as defined in 53 Pa.C.S. § 8582
13 (relating to definitions), of its decision to provide a
14 homestead and farmstead exclusion.

15 (2) The assessor shall provide a municipality that will be
16 imposing a homestead and farmstead exclusion in accordance with
17 subsection (a)(4) with a certified report, as provided in 53
18 Pa.C.S. § 8584(i) (relating to administration and procedure),
19 listing information regarding homestead and farmstead properties
20 in the municipality as determined pursuant to applications filed
21 with the assessor in connection with this or any other law under
22 which a homestead or farmstead exclusion has been adopted. In
23 the year in which an ordinance is adopted in accordance with
24 paragraph (1), the assessor shall provide the certified report
25 after being notified by the municipality of its decision to
26 provide a homestead and farmstead exclusion. In each succeeding
27 year, the assessor shall provide the certified report by
28 December 1 or at the same time the tax duplicate is certified to
29 the municipality, whichever occurs first. Any duty placed on an
30 assessor in accordance with this paragraph shall be in addition

1 to those established in 53 Pa.C.S. Ch. 85 Subch. F and the act
2 of June 27, 2006 (1st Sp.Sess. P.L.1873, No.1), known as the
3 "Taxpayer Relief Act."

4 (3) Only homestead or farmstead properties identified in the
5 certified report of the assessor obtained in any year shall be
6 eligible to receive the exclusion for the next fiscal year.

7 (4) In the year in which a municipality adopts the ordinance
8 evidencing its decision to implement a homestead and farmstead
9 exclusion, the municipality shall notify by first class mail the
10 owner of each parcel of residential property within the
11 municipality which is not approved as a homestead or farmstead
12 property or for which the approval is due to expire of the
13 following:

14 (i) That the homestead and farmstead exclusion program is to
15 be implemented to provide property tax relief as authorized by
16 subsection (a)(4), beginning in the next fiscal year.

17 (ii) That only properties currently identified in the
18 certified report of the assessor as having been approved in
19 whole or in part as homestead or farmstead properties shall be
20 entitled to an exclusion in the next fiscal year.

21 (iii) That owners of properties that have not been approved
22 by the assessor as homestead or farmstead properties may file an
23 application in accordance with 53 Pa.C.S. § 8584(a) by the
24 annual application deadline of March 1 in order to qualify for
25 the program in the year following the next fiscal year.

26 (5) The one-time notice required by paragraph (4) may be
27 combined and made together with the annual notice required by
28 paragraph (7) or with an annual notice by a coterminous
29 political subdivision that has implemented a homestead and
30 farmstead exclusion.

1 CONSOLIDATED COLLECTION OF LOCAL INCOME TAXES

2 Section 501. Definitions.

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

6 "Article XIII tax officer." The tax officer authorized by a
7 political subdivision to collect income taxes levied prior to
8 January 1, 2012.

9 "Business." An enterprise, activity, profession or any other
10 undertaking of an unincorporated nature conducted for profit or
11 ordinarily conducted for profit whether by a person,
12 partnership, association or any other entity.

13 "Business entity." A sole proprietorship, corporation,
14 joint-stock association or company, partnership, limited
15 partnership, limited liability company, association, business
16 trust, syndicate or other commercial or professional activity
17 organized under the laws of this Commonwealth or any other
18 jurisdiction.

19 "Certified public accountant" or "public accountant." A
20 certified public accountant, public accountant or firm, as
21 provided for in the act of May 26, 1947 (P.L.318, No.140), known
22 as the CPA Law.

23 "Claim." A written demand for payment made by a tax officer
24 or tax collection district for income taxes collected by another
25 tax officer or tax collection district.

26 "Corporation." A corporation or joint stock association
27 organized under the laws of the United States, the Commonwealth
28 of Pennsylvania or any other state, territory, foreign country
29 or dependency. The term shall include an entity which is
30 classified as a corporation for Federal income tax purposes.

1 "Current year." The calendar year for which the tax is
2 levied.

3 "Department." The Department of Community and Economic
4 Development of the Commonwealth.

5 "Domicile." The place where a person lives and has a
6 permanent home and to which the person has the intention of
7 returning whenever absent. Actual residence is not necessarily
8 domicile, for domicile is the fixed place of abode which, in the
9 intention of the taxpayer, is permanent rather than transitory.
10 Domicile is the voluntarily fixed place of habitation of a
11 person, not for a mere special or limited purpose, but with the
12 present intention of making a permanent home, until some event
13 occurs to induce the person to adopt some other permanent home.
14 In the case of a business, domicile is that place considered as
15 the center of business affairs and the place where its functions
16 are discharged.

17 "Earned income." The compensation as required to be reported
18 to or as determined by the Department of Revenue under section
19 303 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax
20 Reform Code of 1971, and rules and regulations promulgated under
21 that section. Employee business expenses as reported to or
22 determined by the Department of Revenue under Article III of the
23 Tax Reform Code of 1971 shall constitute allowable deductions in
24 determining earned income. The term does not include offsets for
25 business losses.

26 "Earned income and net profits tax." The tax levied by a
27 political subdivision on earned income and net profits.

28 "Effective local services tax rate." The actual local
29 services tax rate levied by a political subdivision on taxpayers
30 based on the total of all local services taxes imposed under

1 this act and all other acts, adjusted under section 311.

2 "Effective income tax rate." The actual tax rate levied by a
3 political subdivision on a taxpayer based on the total of all
4 income taxes imposed under this act and all other acts, adjusted
5 under section 311.

6 "Employer." A person, business entity or other entity,
7 employing one or more persons for a salary, wage, commission or
8 other compensation. The term includes the Commonwealth, a
9 political subdivision and an instrumentality or public authority
10 of either.

11 "Income tax." Except as set forth in section 511(b), an
12 earned income and net profits tax, personal income tax or other
13 tax that is assessed on the income of a taxpayer levied by a
14 political subdivision under the authority of this act or any
15 other act.

16 "Joint tax collection committee." An entity formed by two or
17 more tax collection committees for the purpose of income tax
18 collection in more than one tax collection district.

19 "Local services tax." A tax on individuals for the privilege
20 of engaging in an occupation that is levied, assessed and
21 collected only by the political subdivision of the taxpayer's
22 place of employment under the authority of this act or any other
23 act.

24 "Municipality." A city of the second class, city of the
25 second class A, city of the third class, borough, town, township
26 of the first class or township of the second class.

27 "Net profits." The net income from the operation of a
28 business, other than a corporation, as required to be reported
29 to or as determined by the Department of Revenue under section
30 303 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax

1 Reform Code of 1971, and rules and regulations promulgated under
2 that section. For purposes of determining net profits, business <—
3 losses from one business may be offset against profits from
4 another business as provided under the Tax Reform Code of 1971
5 and the Department of Revenue regulations. The term does not
6 include income which:

7 (1) is not paid for services provided; and

8 (2) is in the nature of earnings from an investment.

9 "Nonresident." A person or business domiciled outside the
10 political subdivision levying the tax.

11 "Nonresident tax." An income tax levied by a municipality on
12 a nonresident.

13 ~~"Nonresident tax officer." The tax officer administering and~~ <—
14 ~~collecting income taxes for the tax collection district in which~~
15 ~~the taxpayer is employed, if different from the tax collection~~
16 ~~district in which the taxpayer is domiciled.~~

17 "Official register." The part of the tax register that
18 includes withholding tax rates as provided in section 511(a)(3).

19 "Person." A natural person.

20 "Political subdivision." A city of the second class, city of
21 the second class A, city of the third class, borough, town,
22 township of the first class, township of the second class,
23 school district of the first class A, school district of the
24 second class, school district of the third class or, school <—
25 district of the fourth class OR MUNICIPAL AUTHORITY. <—

26 "Preceding year." The calendar year before the current year.

27 "Private agency." A business entity OR PERSON appointed as a <—
28 tax officer by a tax collection committee.

29 "Resident." A person or business domiciled in the political
30 subdivision levying the tax.

1 "Resident tax." An income tax levied by:

2 (1) a municipality on a resident of that municipality;

3 or

4 (2) a school district on a resident of that school
5 district.

6 "Resident tax officer." The tax officer administering and
7 collecting income taxes for the tax collection district in which

8 the taxpayer is domiciled, if different from the tax collection <—

9 district in which the taxpayer is employed. A TAXPAYER IS <—

10 DOMICILED.

11 "Succeeding year." The calendar year following the current
12 year.

13 "Tax bureau." A nonprofit entity established for the
14 administration and collection of taxes.

15 "Tax collection committee." The committee established by TO <—
16 GOVERN each tax collection district for the purpose of income
17 tax collection. The term shall include a joint tax collection
18 committee.

19 "Tax collection district." A tax collection district
20 established under section 504.

21 "Tax officer." The tax bureau, political subdivision,
22 county, except a county of the first class, or private agency
23 which administers and collects income taxes for one or more tax
24 collection districts. Unless otherwise specifically provided,
25 for purposes of the obligations of an employer, the term shall
26 mean the tax officer for the tax collection district within
27 which the employer is located, or, if an employer maintains
28 workplaces in more than one district, the tax officer for each
29 such district with respect to employees principally employed
30 therein.

1 "Tax records." Tax returns, supporting schedules,
2 correspondence with auditors or taxpayers, account books and
3 other documents, including electronic records, obtained or
4 created by the tax officer to administer or collect a tax under
5 this act. The term includes documents required by section
6 509(e). The term "electronic records" includes data and
7 information inscribed on a tangible medium or stored in an
8 electronic or other medium and which is retrievable in
9 perceivable form.

10 "Tax register." A database of all county, municipal and
11 school tax rates available on the Internet as provided in
12 section 511(a)(1).

13 "Taxable income." Includes:

14 (1) In the case of an earned income and net profits tax,
15 earned income and net profits.

16 (2) In the case of a personal income tax, income
17 enumerated in section 303 of the act of March 4, 1971 (P.L.6,
18 No.2), known as the Tax Reform Code of 1971, as reported to
19 and determined by the Department of Revenue, subject to
20 correction for fraud, evasion or error, as finally determined
21 by the Commonwealth.

22 "Taxpayer." A person or business required under this act to
23 file a return of an income tax or to pay an income tax.

24 "Withholding tax." An income tax or a local services tax
25 levied by a political subdivision under the authority of this
26 act or any other act, or any other tax levied by a municipality
27 or school district for which employer withholding may be
28 required under this act or any other act.

29 Section 502. Declaration and payment of income taxes.

30 (a) Application.--

1 (1) Income taxes shall be applicable to taxable income
2 earned or received based on the method of accounting used by
3 the taxpayer in the period beginning January 1 of the current
4 year and ending December 31 of the current year; except that
5 taxes imposed for the first time and changes to existing tax
6 rates shall become effective on January 1 or July 1, as
7 specified in the ordinance or resolution, and the tax shall
8 continue in force on a calendar year or taxpayer fiscal year
9 basis, without annual reenactment, unless the rate of the tax
10 is subsequently changed.

11 (2) For a taxpayer whose fiscal year is not a calendar
12 year, the tax officer shall establish deadlines for filing,
13 reporting and payment of taxes which provide time periods
14 equivalent to those provided for a calendar year taxpayer.

15 (b) Partial domicile.--The taxable income subject to tax of
16 a taxpayer who is domiciled in a political subdivision for only
17 a portion of the tax year shall be an amount equal to the
18 taxpayer's taxable income multiplied by a fraction, the
19 numerator of which is the number of calendar months during the
20 tax year that the individual is domiciled in the political
21 subdivision, and the denominator of which is 12. A taxpayer
22 shall include in the numerator any calendar month during which
23 the taxpayer is domiciled for more than half the calendar month.
24 A day that a taxpayer's domicile changes shall be included as a
25 day the individual is in the new domicile and not the old
26 domicile. If the number of days in the calendar month in which
27 the individual lived in the old and new domiciles are equal, the
28 calendar month shall be included in calculating the number of
29 months in the new domicile.

30 (c) Declaration and payment.--Except as provided in

1 subsection (a)(2), taxpayers shall declare and pay income taxes
2 as follows:

3 (1) Every taxpayer shall, on or before April 15 of the
4 succeeding year, make and file with the RESIDENT tax officer, <—
5 a final return showing the amount of taxable income received
6 during the period beginning January 1 of the current year and
7 ending December 31 of the current year, the total amount of
8 tax due on the taxable income, the amount of tax paid, the
9 amount of tax that has been withheld under section 512 and
10 the balance of tax due. All amounts reported shall be rounded
11 to the nearest whole dollar. At the time of filing the final
12 return, the taxpayer shall pay THE RESIDENT TAX OFFICER the <—
13 balance of the tax due or shall make demand for refund or
14 credit in the case of overpayment.

15 ~~(2) Every taxpayer making net profits shall, by April 15~~ <—
16 ~~of the current year, make and file with the resident tax~~

17 (2) (I) EVERY TAXPAYER MAKING NET PROFITS SHALL, BY <—
18 APRIL 15 OF THE CURRENT YEAR, MAKE AND FILE WITH THE
19 RESIDENT TAX officer a declaration of the taxpayer's
20 estimated net profits during the period beginning January
21 1 and ending December 31 of the current year, and shall
22 pay to the resident tax officer in four equal quarterly
23 installments the tax due on the estimated net profits.
24 The first installment shall be paid at the time of filing
25 the declaration, and the other installments shall be paid
26 on or before June 15 of the current year, September 15 of
27 the current year and January 15 of the succeeding year,
28 respectively.

29 ~~(i) (II) Any taxpayer who first anticipates any net~~ <—
30 ~~profit after April 15 of the current year, shall make and~~

1 file the declaration required on or before June 15 of the
2 current year, September 15 of the current year or
3 December 31 of the current year, whichever date next
4 follows the date on which the taxpayer first anticipates
5 such net profit, and shall pay to the resident tax
6 officer in equal installments the tax due on or before
7 the quarterly payment dates that remain after the filing
8 of the declaration.

9 ~~(ii)~~ (III) Every taxpayer shall, on or before April ←
10 15 of the succeeding year, make and file with the
11 resident tax officer a final return showing the amount of
12 net profits earned or received based on the method of
13 accounting used by the taxpayer during the period
14 beginning January 1 of the current year, and ending
15 December 31 of the current year, the total amount of tax
16 due on the net profits and the total amount of tax paid.
17 At the time of filing the final return, the taxpayer
18 shall pay to the resident tax officer the balance of tax
19 due or shall make demand for refund or credit in the case
20 of overpayment. Any taxpayer may, in lieu of paying the
21 fourth quarterly installment of the estimated tax, elect
22 to make and file with the resident tax officer on or
23 before January 31 of the succeeding year, the final
24 return.

25 ~~(iii)~~ (IV) The department, in consultation with the ←
26 Department of Revenue, shall provide by regulation for
27 the filing of adjusted declarations of estimated net
28 profits and for the payments of the estimated tax in
29 cases where a taxpayer who has filed the declaration
30 required under this subsection anticipates additional net

1 profits not previously declared or has overestimated
2 anticipated net profits.

3 ~~(iv)~~ (V) Every taxpayer who discontinues business ←
4 prior to December 31 of the current year, shall, within
5 30 days after the discontinuance of business, file a
6 final return as required under this paragraph and pay the
7 tax due.

8 (3) Every taxpayer who receives any other taxable income
9 not subject to withholding under section 512(3) shall make
10 and file with the resident tax officer a quarterly return on
11 or before April 15 of the current year, June 15 of the
12 current year, September 15 of the current year, and January
13 15 of the succeeding year, setting forth the aggregate amount
14 of taxable income not subject to withholding by the taxpayer
15 during the three-month periods ending March 31 of the current
16 year, June 30 of the current year, September 30 of the
17 current year, and December 31 of the current year,
18 respectively, and subject to income tax, together with such
19 other information as the department may require. Every
20 taxpayer filing a return shall, at the time of filing the
21 return, pay to the resident tax officer the amount of income
22 tax due. The department shall establish criteria under which
23 the tax officer may waive the quarterly return and payment of
24 the income tax and permit a taxpayer to file the receipt of
25 taxable income on the taxpayer's annual return and pay the
26 income tax due on or before April 15 of the succeeding year.

27 Section 503. (Reserved).

28 Section 504. Tax collection districts.

29 A tax collection district is established in each county,
30 except a county of the first class, for purposes of collecting

1 income taxes. The geographic boundaries of a tax collection
2 district shall be coterminous with the county in which it is
3 created, except as provided in this section. A school district
4 located in more than one county shall be included in the tax
5 collection district with the greatest share of the school
6 district's population based on the most recently available data
7 from the Federal decennial census as of the effective date of
8 this section. A municipality shall be included in the tax
9 collection district in which its school district is located. If
10 a municipality is located in more than one school district, each
11 of which is in a different tax collection district, the portion
12 of the municipality in each school district shall be included in
13 the tax collection district for that school district. The
14 department shall establish a list of all tax collection
15 districts and the political subdivisions in each tax collection
16 district. By January 16, 2009, the list shall be transmitted to
17 the Legislative Reference Bureau for publication in the
18 Pennsylvania Bulletin; and by January 28, 2009, the list shall
19 be made available on the department's Internet website.

20 Section 505. Tax collection committees.

21 (a) General rule.--Each tax collection district shall be
22 governed by a tax collection committee constituted and operated
23 as set forth in this section. Meetings of the tax collection
24 committee shall be conducted under 65 Pa.C.S. Ch. 7 (relating to
25 open meetings) and the act of June 21, 1957 (P.L.390, No.212),
26 referred to as the Right-to-Know Law.

27 (a.1) Duties.--A tax collection committee has the following
28 duties:

29 (1) To keep records of all votes and other actions taken
30 by the tax collection committee.

1 (2) To appoint and oversee a tax officer for the tax
2 collection district as provided in section 507(a).

3 (3) To set the compensation of the tax officer under
4 section 507(c).

5 (4) To require, hold, set and review the tax officer's
6 bond required by section 509(d).

7 (5) To establish the manner and extent of financing of
8 the tax collection committee.

9 (6) To adopt, amend and repeal bylaws for the management
10 of its affairs consistent with subsection (f) and regulations
11 under section 508.

12 (7) To adopt, amend and repeal policies and procedures
13 consistent with the regulations under section 508 for the
14 administration of income taxes within the tax collection
15 district. The procedures shall supersede any contrary
16 resolutions or ordinances adopted by a political subdivision.
17 This authority shall not be construed to permit a tax
18 collection committee to change the rate or subject of any
19 tax.

20 (a.2) Powers.--A tax collection committee has the following
21 powers:

22 (1) To adopt, amend and repeal resolutions to carry out
23 its powers and duties under this section.

24 (2) To create a tax bureau and to provide for its
25 operation and administration. The department shall, upon
26 request of a tax collection committee, provide technical
27 assistance to the tax collection committee in the creation of
28 a tax bureau.

29 (3) To enter into contracts as necessary.

30 (4) To appoint a director for the tax collection

1 committee and other employees as necessary and to fix their
2 compensation.

3 (5) To retain counsel, auditors and other consultants or
4 advisors to render professional services as necessary.

5 (6) To acquire, lease, rent or dispose of real or
6 personal property.

7 (7) To enter into agreements with one or more other tax
8 collection committees to form a joint tax collection
9 committee. A joint tax collection committee shall have the
10 powers and duties enumerated in subsection (a.1) and this
11 subsection with respect to all tax collection districts from
12 which the joint tax collection committee is formed.

13 (8) To sue and be sued, and complain and defend in all
14 courts.

15 (b) Delegates.--

16 (1) The governing body of each political subdivision
17 within a tax collection district that imposed an income tax
18 prior to July 1, 2009, shall appoint one voting delegate and
19 one or more alternates to represent the political subdivision
20 on the tax collection committee by September 15, 2009. The
21 governing body of each political subdivision that, after June
22 30, 2009, imposes an income tax for the first time shall
23 appoint one delegate and one alternate to represent the
24 political subdivision on the tax collection committee. Each
25 delegate and alternate must be a resident of the political
26 subdivision represented. A delegate or alternate shall serve
27 at the pleasure of the governing body of the political
28 subdivision.

29 (2) The governing body of each political subdivision
30 within a tax collection district that prior to January 1,

1 2008, does not impose an income tax may appoint one nonvoting
2 representative to represent the political subdivision on the
3 tax collection committee. If, after June 30, 2009, a
4 political subdivision imposes an income tax, the nonvoting
5 representative shall become a voting delegate to represent
6 the political subdivision on the tax collection committee.

7 (b.1) Quorum.--Unless otherwise provided for in the bylaws
8 of a tax collection committee, a majority of the delegates of a
9 tax collection committee appointed under subsection (b)(1)
10 constitutes a quorum. A quorum must be present in order to take
11 official action.

12 (b.2) Lack of quorum.--If a quorum is not present at the
13 first meeting, the chair of the governing body of the county in
14 which the tax collection district is located or the chair's
15 designee shall reschedule the meeting within three weeks. The
16 chair or the chair's designee shall provide, by first class
17 mail, notice of the rescheduled meeting to the department and to
18 the governing bodies of all political subdivisions in the tax
19 collection district on a form prescribed by the department. The
20 form shall include the date, time and location of the
21 rescheduled meeting and a notice that the delegates present at
22 the rescheduled meeting shall constitute a quorum. The
23 rescheduled meeting shall be deemed to be the first meeting for
24 purposes of this chapter.

25 (c) Voting rights.--

26 (1) Only a delegate appointed by the governing body of a
27 political subdivision may represent a political subdivision
28 at a tax collection committee meeting. If a delegate cannot
29 be present for a tax collection committee meeting, the
30 alternate appointed under this section may represent the

1 political subdivision. Each delegate or alternate shall be
2 entitled to vote upon any action authorized or required of
3 the tax collection committee under this chapter.

4 (2) For the first meeting of the tax collection
5 committee, actions of the tax collection committee shall be
6 determined by a majority vote of those delegates present.
7 Votes shall be weighted among the governing bodies of the
8 member political subdivisions as follows ACCORDING TO THE <—
9 FOLLOWING FORMULA: 50% shall be allocated according to the
10 proportional population of each political subdivision IN <—
11 PROPORTION TO THE POPULATION OF EACH TAX COLLECTION DISTRICT
12 AS DETERMINED BY THE MOST RECENT FEDERAL DECENNIAL CENSUS
13 DATA and 50% shall be weighted in direct proportion to income
14 tax revenues collected in each political subdivision, based
15 on each political subdivision's most recent annual financial
16 report submitted to the department or the Department of
17 Education. For subsequent meetings, votes shall be taken in
18 accordance with this paragraph unless the bylaws provide
19 otherwise.

20 (3) No later than September 1, 2009, the department
21 shall calculate the weighted vote for each political
22 subdivision within each tax collection district based on the
23 most recent annual financial report available FORMULA <—
24 SPECIFIED IN PARAGRAPH (2). By July 1 of the year following
25 the first meeting, and of each year thereafter, each tax
26 collection committee shall recalculate the weighted vote
27 unless the bylaws provide for a more frequent recalculation.

28 (4) If a political subdivision within the tax collection
29 district imposes an income tax for the first time, the tax
30 collection committee shall recalculate the weighted vote or

1 other method of voting under the bylaws.

2 (d) First meeting schedule.--The first meeting of the tax
3 collection committee in each tax collection district shall be on
4 or before November 15, 2009. The chair of the county
5 commissioners or the chief executive of the county in which the
6 tax collection district is primarily located or the chair's
7 designee shall schedule the first meeting of the tax collection
8 committee and shall provide, at least 21 days before the
9 meeting, public notice, as required by 65 Pa.C.S. § 703
10 (relating to definitions), and notice by first class mail by
11 September 15, 2009, to the department and to the governing body
12 of each political subdivision located in the tax collection
13 district.

14 (e) First meeting agenda.--The chair of the county
15 commissioners or the chair's designee or the chief executive of
16 the county or his designee shall convene the first meeting of
17 the tax collection committee, conduct the meeting and record all
18 votes until a chairperson, vice chairperson and secretary are
19 elected by the committee. The delegates shall elect a chair, <—
20 vice chair BY THE TAX COLLECTION COMMITTEE. THE DELEGATES OF THE <—
21 TAX COLLECTION COMMITTEE SHALL ELECT A CHAIRPERSON AND A VICE
22 CHAIRPERSON from among the delegates and a secretary. The chair <—
23 CHAIRPERSON shall schedule meetings, set the agenda, conduct <—
24 meetings, record votes and perform other duties as determined by
25 the tax collection committee. The secretary shall maintain the
26 minutes and records of the tax collection committee and provide
27 public notices and all notices to each delegate and alternate
28 appointed to the tax collection committee.

29 (f) Bylaws.--No later than April 15, 2010, the delegates of
30 each tax collection committee shall adopt bylaws to govern the

1 tax collection committee and notify the department within 30
2 days of adoption. The department shall provide sample bylaws to
3 the tax collection committee. Written notice shall be provided
4 to each delegate and alternate delegate that the adoption or
5 amendment of bylaws will be considered at a meeting. Notice
6 shall include copies of the proposed bylaws or amendments. The
7 bylaws for each tax collection committee shall provide for the
8 following:

9 (1) Rules of procedure, quorum requirements, voting
10 rights and provisions for managing the affairs of the tax
11 collection committee.

12 (2) A list of officers, their terms and powers and a
13 process for their election.

14 (3) Meetings, including special meetings.

15 (4) The process for adopting and amending bylaws.

16 (5) The procedure for the addition of new political
17 subdivisions to the tax collection committee.

18 (g) Officers.--Upon the election of any new officers, the
19 tax collection committee shall notify the department within 30
20 days and shall provide the department with the name and address
21 of each officer.

22 (h) Audits of taxes received and disbursed.--

23 (1) By the end of each calendar year, the tax collection
24 committee shall provide for at least one examination for each
25 calendar year of the books, accounts, financial statements,
26 compliance reports and records of the tax officer by a
27 certified public accountant or public accountant appointed <—
28 APPROVED by the tax collection committee. The examination <—
29 shall include an audit of all records relating to the cash
30 basis receipt and disbursement of all public money by the tax

1 officer, a reconciliation of the monthly reports required by
2 section 509(b), an analysis of the bond amount under section
3 509(d) and an analysis of the collection fees charged to the
4 tax collection committee. In the case of a private agency,
5 the examination shall not include payroll and other
6 proprietary information. The examination shall be conducted
7 according to generally accepted governmental auditing
8 standards.

9 (2) The certified public accountant or public accountant
10 shall issue a report, in a format prescribed by the
11 department, to the tax collection committee, which shall
12 include an auditor's opinion letter, a financial statement, a
13 reconciliation of the monthly reports required by section
14 509(b) with the receipts and disbursements, a summary of
15 collection fees charged to the tax collection committee, a
16 report on the tax officer's compliance with this act, a list
17 of any findings of noncompliance with this act and a copy of
18 a management letter if one is issued by the auditor. If there
19 are findings of noncompliance, a copy of the report shall be
20 filed with the ~~Office of Attorney General~~, the Department of ←
21 the Auditor General and the department. A copy of the report
22 shall be filed with all political subdivisions within the tax
23 collection district and the department on or before September
24 1 of the succeeding year. The department may make available
25 on its Internet website summary data from the reports filed
26 under this subsection.

27 (i) Applicability of statutes.--Each tax collection
28 committee shall be subject to the provisions of the following:

29 (1) The act of June 21, 1957 (P.L.390, No.212), referred
30 to as the Right-to-Know Law.

1 (2) The act of July 19, 1957 (P.L.1017, No.451), known
2 as the State Adverse Interest Act.

3 (3) 65 Pa.C.S. Ch. 7 (relating to open meetings).

4 (4) 65 Pa.C.S. Ch. 11 (relating to ethics standards and
5 financial disclosure).

6 (j) Appeals board.--

7 (1) By June 1, 2010, each tax collection committee shall
8 establish an appeals board comprised of a minimum of three
9 delegates.

10 (2) A determination of the tax officer relating to the
11 assessment, collection, refund, withholding, remittance or
12 distribution of income taxes may be appealed to the appeals
13 board by a taxpayer, employer, political subdivision or
14 another tax collection district.

15 (3) All appeals shall be conducted in a manner
16 consistent with 53 Pa.C.S. §§ 8431 (relating to petitions),
17 8432 (relating to practice and procedure), 8433 (relating to
18 decisions), 8434 (relating to appeals) and 8435 (relating to
19 equitable and legal principles to apply).

20 (4) A tax collection committee may enter into agreement
21 with another tax collection committee to establish a joint
22 appeals board.

23 (5) No member of an appeals board or joint appeals board
24 may be a tax officer or an employee, agent or attorney for a
25 tax officer.

26 (6) An appeals board appointed pursuant to this section
27 shall constitute a joint local tax appeals board as provided
28 for in 53 Pa.C.S. § 8430 (relating to administrative appeals)
29 for purposes of taxes collected under the supervision of the
30 appointing tax collection committee.

1 (k) Annual budget required.--

2 (1) Each tax collection committee shall adopt an annual
3 budget providing for compensation of the tax officer and
4 other expenses of operating the tax collection district.

5 (2) The expenses of operating the tax collection
6 district shall be shared among and paid by all political
7 subdivisions within the tax collection district that are
8 represented by voting delegates on the tax collection
9 committee. Unless the bylaws adopted by the tax collection
10 committee provide for different methods, the proportionate
11 share of the total expenses to be paid by each political
12 subdivision shall be determined in the same manner as the
13 vote of each political subdivision's voting delegate is
14 weighted pursuant to subsection (c).

15 Section 506. Tax officer.

16 (a) Collection and administration.--Notwithstanding any
17 other provision of law to the contrary, income taxes shall be
18 collected and administered by one tax officer in each tax
19 collection district appointed under section 507(a). Two or more
20 tax collection districts may appoint the same tax officer. If
21 two or more tax collection districts form a joint tax collection
22 committee, the joint tax collection committee shall appoint a
23 single tax officer.

24 (b) Standards.--A tax collection committee may not appoint
25 as a tax officer any ~~tax bureau,~~ political subdivision, PUBLIC ←
26 EMPLOYEE, TAX BUREAU or private agency that:

27 (1) has been convicted of a felony involving fraud,
28 extortion or dishonesty in any jurisdiction;

29 (2) has engaged in conduct which significantly adversely
30 reflects on the applicant's credibility, honesty or

1 integrity; or

2 (3) is unable to obtain the bond required by section
3 509(d).

4 Section 507. Appointment of tax officer.

5 (a) Appointment.--By September 15, 2010, each tax collection
6 committee shall appoint a tax officer by resolution and shall
7 notify the department of the appointment, including the tax
8 officer's name, address and telephone number and any other
9 information required by the department within ten days of the
10 appointment. The name, telephone number and address of the tax
11 officer appointed shall be added to the official register and
12 shall be effective for the assessment, collection and
13 administration of income taxes levied, imposed and collected in
14 fiscal years beginning on and after January 1, 2012. If the
15 position of tax officer becomes vacant, the tax collection
16 committee shall appoint a new tax officer by resolution.

17 (b) Court selection.--

18 (1) If a tax collection committee has not appointed a
19 tax officer under subsection (a) or if a tax officer ceases
20 to hold office and a successor has not been appointed within
21 30 days of the vacancy, the tax collection committee shall
22 immediately notify the department and shall submit the names
23 of at least two nominees for the position of tax officer to
24 the court of common pleas in the county in which the tax
25 collection district is located. The court shall select a tax
26 officer from among the nominees submitted by the tax
27 collection committee.

28 (2) If the tax collection committee fails to submit
29 nominees in accordance with this subsection, any political
30 subdivision within the tax collection district may, after

1 notifying the department, petition the court to select a tax
2 officer. The court may provide for other persons to submit
3 nominations for the position of tax officer. The court may
4 select a tax officer from among the nominees.

5 (3) In the event that a tax officer is to be selected by
6 the court under this subsection, the department shall inform
7 the court of the time frame by which an appointment of a tax
8 officer is needed and of upcoming deadlines which the tax
9 officer must meet in order to timely fulfill the duties of
10 appointment.

11 (4) Upon the selection of a tax officer by the court,
12 the tax collection committee shall appoint the person
13 selected.

14 (c) Compensation.--The tax officer shall receive reasonable
15 compensation for services and expenses as determined by the tax
16 collection committee. At the discretion of the tax collection
17 committee, the tax officer may be permitted to withhold the
18 amount of the tax officer's compensation from income taxes
19 collected, if the monthly reports required by section 509(b)
20 submitted by the tax officer include an accounting for all
21 compensation withheld.

22 (d) Written agreement.--Except when a tax collection
23 committee establishes a tax bureau under section 505(a.2)(2),
24 all appointments of a tax officer shall be made pursuant to a
25 written agreement between the tax officer and the tax collection
26 committee. The agreement shall be approved by the committee by
27 resolution.

28 Section 508. Powers and duties of the department.

29 (a) Additional powers.--In addition to the powers and duties
30 provided for in this act, the department, in consultation with

1 the Department of Revenue, shall prescribe standardized forms,
2 reports, notices, returns and schedules and shall promulgate
3 regulations as necessary to carry out the provisions of this
4 act.

5 (b) Temporary regulations.--The department may promulgate
6 temporary regulations, for a period of two years, as necessary,
7 which shall be published in the Pennsylvania Bulletin. The
8 temporary regulations promulgated by the department shall expire
9 no later than three years following the effective date of this
10 part or upon promulgation of regulations as generally provided
11 by law. The temporary regulations shall not be subject to any of
12 the following:

13 (1) Sections 201, 202, 203, ~~204 and 205~~ AND 204 of the <—
14 act of July 31, 1968 (P.L.769, No.240), referred to as the
15 Commonwealth Documents Law.

16 ~~(2) Section 204(b) of the act of October 15, 1980~~ <—
17 ~~(P.L.950, No.164), known as the Commonwealth Attorneys Act.~~

18 ~~(3)~~ (2) The act of June 25, 1982 (P.L.633, No.181), <—
19 known as the Regulatory Review Act.

20 (c) Interim regulations.--Until promulgation of the
21 temporary or permanent regulations under this section, rules and
22 regulations in use by tax officers under the former Division
23 V(c) of section 13 shall remain valid.

24 (d) Departmental study.--

25 (1) Immediately upon the earliest effective date of this
26 section, the department shall commence a study of existing
27 local earned income tax collection methods and practices
28 within this Commonwealth, with particular attention to the
29 practices and methods of previously existing cooperative
30 collection bureaus established by one or more political

1 subdivisions, for the purpose of identifying, collecting and
2 comparing those practices, methods, structures, procedures,
3 regulations, software, information systems, governance
4 alternatives, risk management strategies and other
5 characteristics that appear to promote the greatest
6 likelihood of effectiveness, cost efficiency, loss prevention
7 and willing intergovernmental cooperation.

8 (2) No later than December 31, 2009, the department
9 shall furnish each tax collection committee a report of the
10 findings and recommendations resulting from the study,
11 including sample bylaws, procedures, regulations, forms,
12 agreements, requests for proposals for the selection of tax
13 officers, requests for proposals for the procurement of
14 software systems and other critical systems and other
15 appropriate samples.

16 (3) As a part of the study, the department shall also
17 investigate and report upon the feasibility of contracting on
18 a Statewide basis for the development and/or procurement of
19 appropriate software systems that may be adopted and
20 purchased by county tax collection districts or their
21 appointed tax officers through the Commonwealth's cooperative
22 purchasing programs.

23 Section 509. Powers and duties of tax officer.

24 (a) Tax collection.--In addition to any other power and duty
25 conferred upon a tax officer in this act, it shall be the duty
26 of the tax officer:

27 (1) To collect, reconcile, administer and enforce income
28 taxes imposed on residents and nonresidents of each political
29 subdivision included in the tax collection district.

30 (2) To receive and distribute income taxes and to

1 enforce withholding by employers located in the tax
2 collection district.

3 (3) To receive income taxes distributed by tax officers
4 for other tax collection districts.

5 (4) To distribute income taxes to political subdivisions
6 as required by section 513.

7 (5) To comply with all regulations adopted by the
8 department under this act and all resolutions, policies and
9 procedures adopted by the tax collection committee.

10 (6) To invest all income taxes in the custody of the tax
11 officer in authorized investments, subject to the approval of
12 the tax collection committee. The tax officer shall observe
13 the standard of care that would be observed by a prudent
14 person dealing with property of another. For the purposes of
15 this paragraph, the term "authorized investment" shall
16 include all of the following:

17 (i) Short-term obligations of the United States
18 Government or its agencies or instrumentalities which are
19 backed by the full faith and credit of the United States
20 or are rated in the highest category by a nationally
21 recognized statistical rating organization.

22 (ii) Deposits in savings accounts, time deposits,
23 share accounts or certificates of deposit of
24 institutions, insured by the Federal Deposit Insurance
25 Corporation or the National Credit Union Share Insurance
26 Fund, or their successor agencies, to the extent that the
27 accounts are insured and, for the amount above the
28 insured maximum, that collateral, free from other liens,
29 for the amount is pledged by the depository institution.

30 (iii) Deposits in investment pools established by

1 the State Treasurer or established by local governments
2 pursuant to 53 Pa.C.S. Ch. 23 Subch. A (relating to
3 intergovernmental cooperation) and related statutes,
4 provided that the investment pools are rated in the
5 highest category by a nationally recognized statistical
6 rating organization.

7 (iv) Repurchase agreements which are fully
8 collateralized by obligations of the United States
9 Government or its agencies or instrumentalities, which
10 are free from other liens and backed by the full faith
11 and credit of the United States or are rated in the
12 highest category by a nationally recognized statistical
13 rating organization.

14 (7) To distribute income generated from investments
15 authorized under paragraph (6) as determined by the tax
16 collection committee.

17 (b) Monthly reports.--The tax officer shall, within 20 days
18 after the end of each month, provide a written report, on forms
19 prescribed by the department, to the secretary of the tax
20 collection committee and to the secretary of each political
21 subdivision in the tax collection district for which taxes were
22 collected during the previous month. The report shall include a
23 breakdown of all income taxes, income generated from investments
24 under subsection (a)(6), penalties, costs and other money
25 received, collected, expended and distributed for each political
26 subdivision served by the tax officer and of all money
27 distributed to tax officers for other tax collection districts.

28 (c) Overpayments.--A tax officer shall refund, under 53
29 Pa.C.S. §§ 8425 (relating to refunds of overpayments) and 8426
30 (relating to interest on overpayment), on petition of and proof

1 by the taxpayer, income taxes paid in excess of income taxes
2 rightfully due.

3 (d) Bonds.--Prior to initiating any official duties, each
4 tax officer shall give and acknowledge a bond to the appointing
5 tax collection committee as follows:

6 (1) The tax collection committee shall fix the bond at
7 an amount sufficient, in combination with fiscal controls,
8 insurance and other risk management and loss prevention
9 measures used by the tax collection district, to secure the
10 financial responsibility of the tax officer in accordance
11 with guidelines adopted by the department. The amount of the
12 bond shall be revised annually by the tax collection
13 committee based upon the annual examination required under
14 section 505(h).

15 (2) Each bond shall be joint and several, with one or
16 more corporate sureties, which shall be surety companies
17 authorized to do business in this Commonwealth and licensed
18 by the Insurance Department.

19 (3) Each bond shall be conditioned upon the completion
20 of all of the following by the tax officer's employees and
21 appointees:

22 (i) The faithful execution of all duties required of
23 the tax officer.

24 (ii) The just and faithful accounting or payment
25 over of all moneys and balances paid to, received or held
26 by the tax officer by virtue of the office in accordance
27 with law.

28 (iii) The delivery of all tax records or other
29 official items held in right as the tax officer to the
30 tax officer's successor in office.

1 (4) Each bond shall be taken in the name of the tax
2 collection district and shall be for the use of the tax
3 collection district appointing the tax officer, and for the
4 use of any other political subdivision or tax collection
5 district for which income taxes shall be collected or
6 distributed in case of a breach of any conditions of the bond
7 by the acts or neglect of the principal on the bond.

8 (5) A tax collection committee or any political
9 subdivision may sue upon the bond for the payment or
10 distribution of income taxes.

11 (6) Each bond shall contain the name of the surety
12 company bound on the bond.

13 (7) The tax collection committee may, upon cause shown
14 and due notice to the tax officer and the tax officer's
15 sureties, require or allow the substitution or the addition
16 of a surety company acceptable to the tax collection
17 committee for the purpose of making the bond sufficient in
18 amount, without releasing the sureties first approved from
19 any accrued liability or previous action on the bond.

20 (8) The tax collection committee shall designate the
21 custodian of the bond.

22 (9) The tax officer shall file copies of all bonds in
23 effect with each political subdivision in the tax collection
24 district.

25 (10) A copy of all bonds in effect shall be made
26 available upon request and at no cost to the department or to
27 a tax collection district or political subdivision seeking
28 payment or distribution of income taxes authorized by this
29 act.

30 (e) Records.--It shall be the duty of the tax officer to

1 keep a record showing the amount of income taxes received from
2 each taxpayer or other tax officer, the date of receipt, the
3 amount and date of all other moneys received or distributed and
4 any other information required by the department. All tax
5 records shall be the property of the political subdivision and
6 the tax collection district in which the taxes were collected.
7 The tax collection district and tax officer shall retain all tax
8 records as directed by the tax collection committee and, when
9 applicable, in accordance with retention and disposition
10 schedules established by the Local Government Records Committee
11 of the Pennsylvania Historical and Museum Commission under 53
12 Pa.C.S. Ch. 13 Subch. F (relating to records). Tax records under
13 this subsection may be retained electronically as permitted by
14 law.

15 (f) Employer and taxpayer audits.--

16 (1) In order to verify the accuracy of any income tax
17 declaration or return or, if no declaration or return was
18 filed, to ascertain the income tax due, the tax officer and
19 the tax officer's designated employees may examine the
20 records pertaining to income taxes due of any of the
21 following:

22 (i) An employer.

23 (ii) A taxpayer.

24 (iii) A person whom the tax officer reasonably
25 believes to be an employer or taxpayer.

26 (2) Every employer and taxpayer or other person whom the
27 tax officer reasonably believes to be an employer or taxpayer
28 shall provide to the tax officer and the tax officer's
29 designated employees the means, facilities and opportunity
30 for the examination and investigation authorized under

1 paragraph (1).

2 (3) For purposes of this subsection, the term "records"
3 shall include any books, papers, and relevant Federal or
4 State tax returns and accompanying schedules, or supporting
5 documentation for any income taxable under this act.

6 (g) Exchange of information.--

7 (1) The tax officer OF EACH TAX COLLECTION DISTRICT <—
8 shall ensure that the Department of Revenue and each tax <—
9 collection district shall enter into agreements THE TAX <—
10 COLLECTION DISTRICT ENTERS INTO AN AGREEMENT WITH THE
11 DEPARTMENT OF REVENUE for the exchange of information as
12 necessary for the collection of income taxes.

13 (2) The Department of Revenue MAY ENTER INTO AGREEMENTS <—
14 WITH EACH TAX COLLECTION DISTRICT AND shall establish
15 procedures under which tax collection, filing and other
16 taxpayer and locality information in its custody will be made
17 available to tax officers for purposes of collection,
18 reconciliation and enforcement no later than one year after
19 the deadline for filing returns for the tax year in question.

20 (h) Actions for collection of income taxes.--The tax officer
21 may file an action in the name of a political subdivision within
22 the tax collection district for the recovery of income taxes due
23 to the political subdivision and unpaid. Nothing in this
24 subsection shall affect the authority of a political subdivision
25 to file an action in its own name for collection of income taxes
26 under this chapter. This subsection shall not be construed to
27 limit a tax officer, a tax collection district or political
28 subdivision from recovering delinquent income taxes by any other
29 means provided by this act. Actions for collection of income
30 taxes shall be subject to the following:

1 (1) Except as set forth in paragraph (2) or (4), an
2 action brought to recover income taxes must be commenced
3 within three years of the later of the date:

4 (i) the income taxes are due;

5 (ii) the declaration or return has been filed; or

6 (iii) of a redetermination of compensation or net
7 profits by the Department of Revenue.

8 (2) If there is substantial understatement of income tax
9 liability of 25% or more and there is no fraud, an action
10 must be commenced within six years.

11 (3) Except as set forth in paragraph (4)(ii), (iii) or
12 (iv), an action by a tax officer for recovery of an erroneous
13 refund must be commenced as follows:

14 (i) Except as set forth in subparagraph (ii), within
15 two years after making the refund.

16 (ii) If it appears that any part of the refund was
17 induced by fraud or misrepresentation of material fact,
18 within five years after making the refund.

19 (4) There is no limitation of action if any of the
20 following apply:

21 (i) A taxpayer fails to file a declaration or return
22 required under this act.

23 (ii) An examination of a declaration or return or of
24 other evidence in the possession of the tax officer
25 relating to the declaration or return reveals a
26 fraudulent evasion of income taxes.

27 (iii) An employer has deducted income taxes under
28 section 512 and has failed to pay the amount deducted to
29 the tax officer.

30 (iv) An employer has intentionally failed to make

1 deductions required by this act.

2 (i) Interest and penalties.--

3 (1) Except as provided in paragraph (2), if the income
4 tax is not paid when due, interest at the rate the taxpayer
5 is required to pay to the Commonwealth under section 806 of
6 the act of April 9, 1929 (P.L.343, No.176), known as The
7 Fiscal Code, on the amount of the income tax, and an
8 additional penalty of 1% of the amount of the unpaid income
9 tax for each month or fraction of a month during which the
10 income tax remains unpaid shall be added and collected but
11 the amount shall not exceed 15% in the aggregate. Where an
12 action is brought for the recovery of the income tax, the
13 taxpayer liable for the income tax shall, in addition, be
14 liable for the costs of collection, interest and penalties.

15 (2) The department may establish conditions under which
16 a tax officer, with the concurrence of the tax collection
17 committee, may abate interest or penalties that would
18 otherwise be imposed for the nonreporting or underreporting
19 of income tax liabilities or for the nonpayment of income
20 taxes previously imposed and due if the taxpayer voluntarily
21 files delinquent returns and pays the income taxes in full.

22 (3) The provisions of paragraph (2) shall not affect or
23 terminate any petitions, investigations, prosecutions or
24 other proceedings pending under of this chapter, or prevent
25 the commencement or further prosecution of any proceedings by
26 the proper authorities for violations of this act. No
27 proceedings shall, however, be commenced on the basis of
28 delinquent returns filed pursuant to paragraph (3) if the
29 returns are determined to be substantially true and correct
30 and the income taxes are paid in full within the prescribed

1 time.

2 (j) Fines and penalties for violations.--

3 (1) Any taxpayer who fails, neglects or refuses to make
4 any declaration or return required by this chapter, any
5 employer who fails, neglects or refuses to register, keep or
6 supply records or returns required by section 512 or to pay
7 the income tax deducted from employees, or fails, neglects or
8 refuses to deduct or withhold the income tax from employees,
9 any taxpayer or employer who refuses to permit the tax
10 officer appointed by a tax collection committee or an
11 employee or agent of the tax officer to examine books,
12 records and papers, and any taxpayer or employer who
13 knowingly makes any incomplete, false or fraudulent return,
14 or attempts to do anything whatsoever to avoid the full
15 disclosure of the amount of income in order to avoid the
16 payment of income taxes shall, upon conviction thereof, be
17 sentenced to pay a fine of not more than \$2,500 for each
18 offense and reasonable costs, and in default of payment of
19 said fine and costs, to imprisonment for not more than six
20 months.

21 (2) Any employer required under this chapter to collect,
22 account for and distribute income taxes who willfully fails
23 to collect or truthfully account for and distribute income
24 taxes, commits a misdemeanor and shall, upon conviction, be
25 sentenced to pay a fine not exceeding \$25,000 or to
26 imprisonment not exceeding two years, or both.

27 (3) The penalties imposed under this subsection shall be
28 in addition to any other costs and penalties imposed by this
29 act.

30 (4) The failure of any person to obtain forms required

1 for making the declaration or returns required by this act
2 shall not excuse the person from making the declaration or
3 return.

4 (k) Collection.--In addition to the powers and duties
5 enumerated in this section, WHEN DESIGNATED BY THE TAX <—
6 COLLECTION COMMITTEE a tax officer may collect other taxes as <—
7 ~~provided by~~ LEVIED PURSUANT TO this act, the act of June 27, <—
8 2006 (1st Sp.Sess., P.L.1873, No.1), known as the Taxpayer
9 Relief Act, or other statutory law.

10 Section 510. Fines and penalties against tax officers.

11 (a) Distribution of nonresident taxes.--The Attorney
12 General, a tax collection district or a political subdivision
13 that brings an action under subsection (e) with respect to
14 distribution of income taxes under section 513 may seek
15 equitable relief from a tax officer, including an accounting of
16 all undistributed income taxes and monetary damages, in the form
17 of recovery of the income taxes not previously distributed plus
18 interest calculated from the date that the income taxes should
19 have been distributed. In addition, the court may impose a civil
20 penalty not to exceed \$2,500 for each quarter for which income
21 taxes were not distributed in accordance with section 513, plus
22 reasonable costs and attorney fees. If a tax officer fails to
23 distribute income taxes to the appropriate political subdivision
24 as required under section 513 for four consecutive tax quarters,
25 the court may impose a civil penalty not to exceed \$5,000. In
26 addition, the court may impose a fine not to exceed \$100 per day
27 for every day past the deadline that a tax officer does not
28 respond to a claim under section 513(b).

29 (b) Monthly reports and audits of income taxes.--If a tax
30 officer fails to submit the report required under section

1 509(b), a tax collection district or a political subdivision
2 entitled to receive the report may bring an action in the court
3 of common pleas of the county in which the tax collection
4 district is primarily located. The court may impose a civil
5 penalty of \$20 a day for each day that the report is overdue,
6 not to exceed \$500. If an examination submitted under section
7 505(h) includes any findings of noncompliance, the court may
8 impose an additional civil penalty of not less than \$500 but not
9 more than \$2,500.

10 (c) Failure of duty.--An action may be brought against the
11 tax officer to compel the performance of duties required by this
12 chapter or imposed by regulations adopted pursuant to this
13 chapter, including the duty to deliver all tax records and other
14 official items held in right as tax officer to the tax officer's
15 successor. Upon a finding of failure to perform a duty, the
16 court may impose a penalty not to exceed \$5,000; and the tax
17 officer may be held liable for the cost of reproducing tax
18 records if they are lost or cannot be delivered.

19 (d) Other violations.--A tax officer who violates any other
20 provision of this act shall be subject to a civil penalty of up
21 to \$2,500 for each violation.

22 (e) Actions against a tax officer.--An action against a tax
23 officer for a violation of this chapter may be brought by the ←
24 ~~Attorney General~~, a tax collection district or a political
25 subdivision for which the tax officer collects income taxes, a
26 political subdivision or tax collection committee owed income
27 taxes by the tax officer or by a surety.

28 (f) Rescinded appointment.--

29 (1) A tax collection committee shall temporarily remove
30 a tax officer if a criminal action is commenced against the

1 tax officer for an offense which would constitute a violation
2 of the standards of office under section 506(b). If the tax
3 officer is convicted in the action, the tax collection
4 committee shall rescind the appointment and remove the tax
5 officer permanently.

6 (2) A tax collection committee may remove or rescind the
7 appointment of a tax officer where the tax officer or an
8 employee or agent of the tax officer violates confidentiality
9 provisions under section 514(b).

10 (3) A tax collection committee may remove or rescind the
11 appointment of a tax officer for cause.

12 (4) A tax collection committee may not retain a tax
13 officer who has been penalized under subsection (a), (b), (c)
14 or (d) more than three times.

15 (g) Interpretation.--A tax officer shall not be considered a
16 debt collector for purposes of the act of March 28, 2000
17 (P.L.23, No.7), known as the Fair Credit Extension Uniformity
18 Act. Except as otherwise authorized in this act, a tax officer
19 shall be subject to the restrictions and prohibitions imposed on
20 creditors. Notwithstanding the provisions of the Fair Credit
21 Extension Uniformity Act, this act shall supersede any
22 restrictions and prohibitions on creditors otherwise applicable
23 under the Fair Credit Extension Uniformity Act.

24 (h) Withdrawal from tax collection district.--

25 (1) In an action brought by a political subdivision
26 under this section after January 1, 2014, the court may, in
27 addition to other available remedies, grant a request by the
28 political subdivision to withdraw from the tax collection
29 district for good cause, provided the court determines, after
30 hearing, that all of the following conditions exist:

1 (i) The political subdivision has suffered loss in
2 income tax revenues that is directly and primarily
3 attributable to the willful and continued failure of the
4 tax officer or tax collection committee to comply with
5 the provisions of this act.

6 (ii) The tax collection committee has failed to take
7 reasonable measures to correct the deficiencies in the
8 performance of the tax officer and otherwise assure
9 compliance with the requirements of this act.

10 (iii) The political subdivision and the tax
11 collection committee have engaged in good faith mediation
12 before a special master appointed by the court, but
13 nonetheless have failed to reach agreement about
14 alternative corrective measures in lieu of withdrawal of
15 the political subdivision from the tax collection
16 district.

17 (iv) Other relief available that could be ordered by
18 the court would not be adequate to provide a reasonable
19 prospect of compliance by the tax officer and tax
20 collection committee with the requirements of this act
21 and that withdrawal of the political subdivision from the
22 tax collection district is otherwise in the best
23 interests of the political subdivision, taxpayers and
24 employers.

25 (2) (i) In the event the court grants a request by a
26 political subdivision under this section to withdraw from
27 the tax collection district in which it is located, the
28 governing body of the political subdivision may withdraw
29 by adopting a resolution to that effect and appointing a
30 tax officer to collect the income tax levied by that

1 political subdivision, effective for the next calendar
2 year beginning at least six months after the adoption of
3 such resolution.

4 (ii) With respect to the income tax levied by that
5 political subdivision, a tax officer appointed pursuant
6 to this paragraph shall have the same powers and duties
7 as a tax officer appointed by a tax collection district
8 and all other requirements of this act pertaining to the
9 functions and qualifications of tax collection districts
10 and tax officers, and the related obligations of
11 employers and taxpayers shall apply equally to the
12 political subdivision, its governing body and a tax
13 officer appointed by that political subdivision.

14 ~~Section 510.1. Attorney General investigation and enforcement.~~ <—

15 ~~(a) Complaint. Any entity identified in section 510(e) may,~~
16 ~~upon reasonable cause, file a complaint with the Attorney~~
17 ~~General alleging misconduct by a tax officer, accompanied by~~
18 ~~such supporting documentation as may be within such entity's~~
19 ~~possession.~~

20 ~~(b) Timely investigations. Upon receipt of such a~~
21 ~~complaint, the Attorney General shall undertake a timely~~
22 ~~investigation of the allegations and, within six months of~~
23 ~~receipt of the complaint, shall issue a written determination~~
24 ~~finding a probable violation, no probable violation or~~
25 ~~insufficient evidence to make a determination.~~

26 ~~(c) Prosecution.—~~

27 ~~(1) If the Attorney General finds that a tax officer has~~
28 ~~committed a probable violation of required procedures for~~
29 ~~collection, distribution, bonding, audit or other~~
30 ~~requirements under this act, the Attorney General shall~~

1 ~~prosecute the tax officer under section 510.~~

2 ~~(2) If the Attorney General brings action under section~~
3 ~~510, the Attorney General shall also determine whether the~~
4 ~~tax officer's alleged violations warrant removal from office.~~
5 ~~If so, the Attorney General may institute an action to seek~~
6 ~~removal of the tax officer from office.~~

7 ~~(d) Construction. Nothing contained in this section shall~~
8 ~~be construed to negate or diminish the ability of entities~~
9 ~~identified in section 510 to bring actions authorized by section~~
10 ~~510 independent of the Attorney General.~~

11 Section 511. Tax registers.

12 (a) Requirement.--The department shall maintain a tax
13 register and an official register. All of the following shall
14 apply:

15 (1) The department shall maintain a tax register on the
16 department's Internet website. Information for the tax
17 register shall be furnished by each county and each political
18 subdivision to the department as prescribed by the
19 department. The department shall continuously update the tax
20 register.

21 (2) As part of the tax register under paragraph (1), the
22 department shall maintain an official register. The
23 requirement to maintain an official register in accordance
24 with this section shall supersede the requirements for an
25 official register in any act.

26 (3) The official register shall be organized by
27 municipality and shall list:

28 (i) Each municipality and coterminous school
29 district.

30 (ii) The effective income tax rate on taxpayers who

1 reside in the municipality.

2 (iii) The effective income tax rate on taxpayers who
3 reside in the school district.

4 (iv) The combined municipal and school district
5 income tax rate on taxpayers residing in each
6 municipality.

7 (v) The income tax rate on taxpayers working within
8 the municipality.

9 (vi) Whether an income tax is a personal income tax
10 levied under the act of June 27, 2006 (1st Sp.Sess.,
11 P.L.1873, No.1), known as the Taxpayer Relief Act, or any
12 other act.

13 (vii) The effective emergency and municipal services
14 tax rate on taxpayers working within the municipality.

15 (viii) The effective emergency and municipal
16 services tax rate on taxpayers working within the school
17 district.

18 (ix) The combined municipal and school district
19 emergency and municipal services tax rate.

20 (x) The amount of any other withholding tax.

21 (xi) The name, telephone number, address, e-mail and
22 Internet address, where available, of the tax officer
23 responsible for administering the collection of the tax.

24 (xii) Any other information deemed necessary by the
25 department.

26 (4) Each year the department shall update and officially
27 release withholding tax rates on the official register on
28 June 15 and December 15. Tax rates released on June 15 shall
29 become effective July 1. Tax rates released on December 15
30 shall become effective January 1 of the following year. The

1 department may revise the notification, official release and
2 effective dates of the register for good cause. Six months
3 prior to the revision, the department shall notify each
4 affected political subdivision of the revision and shall
5 publish notice of the revision in the Pennsylvania Bulletin.

6 (5) Information for the official register shall be
7 furnished by each political subdivision to the department as
8 prescribed by the department and shall include a copy of the
9 ordinance or resolution enacting, repealing or changing the
10 tax. The department shall be notified of changes to the
11 official register as follows:

12 (i) New withholding tax enactments, repeals and
13 changes shall be received by the department no later than
14 June 1 to require withholding of a new tax, withholding
15 at a new rate or to suspend withholding of such tax
16 effective July 1 of that year. All new withholding tax
17 enactments, repeals and changes received by the
18 department by June 1 shall be officially released by the
19 department June 15 and become effective July 1. Failure
20 of the department to receive information by June 1 from
21 political subdivisions regarding current withholding tax
22 rates, new withholding tax enactments, repeals and
23 changes shall be construed by the department to mean that
24 the information contained in the previous December 15
25 release of the official register is still in force.
26 Information received by the department after June 1 but
27 before December 1 shall be officially released on
28 December 15.

29 (ii) New withholding tax enactments, repeals and
30 changes shall be received by the department no later than

1 December 1 to require withholding of a new tax,
2 withholding at a new rate or to suspend withholding of
3 such tax effective January 1 of the following year. All
4 new withholding tax enactments, repeals and changes
5 received by the department by December 1 shall be
6 officially released by the department on December 15 and
7 become effective January 1 of the following year. Failure
8 of the department to receive information by December 1
9 from political subdivisions regarding current withholding
10 tax rates, new withholding tax enactments, repeals and
11 changes shall be construed by the department to mean that
12 the information contained in the previous June 15 release
13 of the official register is still in force. Information
14 received by the department after December 1 but before
15 June 1 shall be officially released on June 15.

16 (6) (i) Employers shall not be required to deduct from
17 compensation of their employees or make reports of
18 compensation in connection with any withholding tax that
19 is not released on the official register as of June 15
20 and December 15 of each year as provided in paragraphs
21 (4) and (5), unless the political subdivision imposing
22 the tax has provided written notice to the employer of
23 the tax or tax rate and the withholding requirement.

24 (ii) Notwithstanding any law to the contrary, no
25 political subdivision or tax officer may require any
26 employer to deduct a withholding tax at a rate or amount
27 that is not released on the official register, unless the
28 political subdivision imposing the tax has provided
29 written notice to the employer of the tax or tax rate and
30 the withholding requirement.

1 (iii) The provisions of this paragraph shall not
2 affect the liability of any taxpayer for withholding
3 taxes lawfully imposed under this act.

4 (7) An employer may withhold at the most recently
5 available rate on the tax register even if such rate is
6 different than the tax rate released on the official register
7 as provided in paragraphs (4) and (5), provided that an
8 employer shall not be required to withhold at a tax rate that
9 is not released on the official register, unless the
10 political subdivision imposing the tax has provided written
11 notice to the employer of the current tax rate.

12 (8) No employer shall be held liable for failure to
13 withhold an income tax from an employee if the failure to
14 withhold the income tax arises from incorrect information
15 submitted by the employee as to the employee's place of
16 residence.

17 (9) No employer shall be held liable for failure to
18 withhold the emergency and municipal services tax or for the
19 payment of tax money withheld to a tax officer if the failure
20 to withhold the taxes arises from incorrect information
21 submitted by the employee as to the employee's place of
22 employment, the employee's principal office or where the
23 employee is principally employed.

24 (b) Definition.--As used in this section, notwithstanding
25 section 501, the terms "income tax" and "withholding tax"
26 include a tax assessed on the income of a taxpayer and levied by
27 a municipality under the act of August 5, 1932 (Sp.Sess.,
28 P.L.45, No.45), referred to as the Sterling Act.
29 Section 512. Withholding and remittance.

30 Income taxes shall be withheld, remitted and reported as

1 follows:

2 (1) Every employer having an office, factory, workshop,
3 branch, warehouse or other place of business within a tax
4 collection district who employs one or more persons, other
5 than domestic servants, for a salary, wage, commission or
6 other compensation, who has not previously registered, shall,
7 within 15 days after becoming an employer, register with the
8 tax officer the name and address of the employer and such
9 other information as the department may require.

10 (2) An employer shall require each new employee to
11 complete a certificate of residency form, which shall be an
12 addendum to the Federal Employee's Withholding Allowance
13 Certificate (Form W-4). An employer shall also require any
14 employee who changes their address or domicile to complete a
15 certificate of residency form. Upon request, certificate of
16 residency forms shall be provided by the department. The
17 certificate of residency form shall provide information to
18 help identify the political subdivisions where an employee
19 lives and works.

20 (3) Every employer having an office, factory, workshop,
21 branch, warehouse or other place of business within a tax
22 collection district that employs one or more persons, other
23 than domestic servants, for a salary, wage, commission or
24 other compensation, shall, at the time of payment, deduct
25 from the compensation due each employee ~~principally~~ employed ←
26 at such place of business the greater of the employee's
27 resident tax or the employee's nonresident tax as released in
28 the official register under section 511.

29 (4) Except as set forth in paragraph (5), within 30 days
30 following the end of each calendar quarter, every employer

1 shall file a quarterly return and pay the amount of income
2 taxes deducted during the preceding calendar quarter to the
3 tax officer for the place of employment of each employee. The
4 form shall show the name, address and Social Security number
5 of each employee, the compensation of the employee during the
6 preceding three-month period, the income tax deducted from
7 the employee, the political subdivisions imposing the income
8 tax upon the employee, the total compensation of all
9 employees during the preceding calendar quarter, the total
10 income tax deducted from the employees and paid with the
11 return and any other information prescribed by the
12 department.

13 (5) Notwithstanding paragraph (4), the provisions of
14 this paragraph shall apply if an employer has more than one
15 place of employment in more than one tax collection district.
16 Within 30 days following the last day of each month, the
17 employer may file the return required by paragraph (4) and
18 pay the total amount of income taxes deducted from employees
19 in all work locations during the preceding month to the tax
20 officer for either the tax collection district in which the
21 employer's payroll operations are located or as determined by
22 the department. The return and income taxes deducted shall be
23 filed and paid electronically. The employer must file a
24 notice of intention to file combined returns and make
25 combined payments with the tax officer for each place of
26 employment at least one month before filing its first
27 combined return or making its first combined payment. This
28 paragraph shall not be construed to change the location of an
29 employee's place of employment for purposes of nonresident
30 tax liability.

1 (6) Any employer who for two of the preceding four
2 quarterly periods has failed to deduct the proper income tax,
3 or any part of the income tax, or has failed to pay over the
4 proper amount of income tax as required by paragraph (3) to
5 the tax collection district, may be required by the tax
6 officer to file returns and pay the income tax monthly. In
7 such cases, payments of income tax shall be made to the tax
8 officer on or before the last day of the month succeeding the
9 month for which the income tax was withheld.

10 (7) On or before February 28 of the succeeding year,
11 every employer shall file with the tax officer where income
12 taxes have been deducted and remitted pursuant to paragraph
13 (3):

14 (i) An annual return showing, for the period
15 beginning January 1 of the current year and ending
16 December 31 of the current year, the total amount of
17 compensation paid, the total amount of income tax
18 deducted, the total amount of income tax paid to the tax
19 officer and any other information prescribed by the
20 department.

21 (ii) An individual withholding statement, which may
22 be integrated with the Federal Wage and Tax Statement
23 (Form W-2), for each employee employed during all or any
24 part of the period beginning January 1 of the current
25 year and ending December 31 of the current year, setting
26 forth the address and Social Security number, the amount
27 of compensation paid to the employee during the period,
28 the amount of income tax deducted, the amount of income
29 tax paid to the tax officer, the numerical code
30 prescribed by the department representing the tax

1 collection district where the payments required by
2 paragraphs (4) and (5) were remitted and any other
3 information required by the department. Every employer
4 shall furnish one copy of the individual withholding
5 statement to the employee for whom it is filed.

6 (8) Any employer who discontinues business prior to
7 December 31 of the current year shall, within 30 days after
8 the discontinuance of business, file returns and withholding
9 statements required under this section and pay the income tax
10 due.

11 (9) Except as otherwise provided in section 511, an
12 employer who willfully or negligently fails or omits to make
13 the deductions required by this subsection shall be liable
14 for payment of income taxes which the employer was required
15 to withhold to the extent that the income taxes have not been
16 recovered from the employee. The failure or omission of any
17 employer to make the deductions required by this section
18 shall not relieve any employee from the payment of the income
19 tax or from complying with the requirements for filing of
20 declarations and returns.

21 Section 513. Distribution of income taxes.

22 (a) General rule.--Subject to subsection (b), all of the
23 following apply:

24 (1) Unless otherwise agreed to or required by the tax
25 collection committee, distribution of income taxes from a tax
26 officer to political subdivisions within the tax collection
27 district or to other tax collection districts shall be as
28 follows:

29 (i) Income taxes received from employers prior to
30 April 1, ~~2015~~ 2013, under section 512(4) shall be

<—

1 distributed within 60 days of the later of:

2 (A) receipt; or

3 (B) the deadline for payment under section
4 512(4).

5 (ii) Income taxes received from employers on or
6 after April 1, 2013, under section 512(4) shall be
7 distributed within 30 days of the later of:

8 (A) receipt; or

9 (B) the deadline for payment under section
10 512(4).

11 (iii) Income taxes received from employers under
12 section 512(5) shall be distributed within 30 days of the
13 last day of the month.

14 (iv) Income taxes received from taxpayers and other
15 tax collection districts shall be distributed within 60
16 days of receipt.

17 (2) INCOME TAXES RECEIVED FROM EMPLOYERS, TAXPAYERS OR ←
18 OTHER TAX COLLECTION DISTRICTS SHALL BE DISTRIBUTED BASED ON
19 THE INFORMATION SUBMITTED BY THE EMPLOYERS, TAXPAYERS OR TAX
20 COLLECTION DISTRICTS. IT SHALL NOT BE PERMISSIBLE TO BASE THE
21 DISTRIBUTION OF INCOME TAXES ON ANY METHOD NOT EXPRESSLY
22 AUTHORIZED BY ACT OF THE GENERAL ASSEMBLY.

23 ~~(2)~~ (3) A tax officer shall maintain a record of all ←
24 income taxes distributed under this section, which shall
25 include all of the information required in the reports under
26 section 512(4) and (5), the date of distribution, the
27 political subdivision or tax officer to which the income
28 taxes are distributed and any other information required by
29 the department. The record shall be provided to another tax
30 collection district at the time of distribution.

1 ~~(3)~~ (4) A tax officer who, within two years after
 2 receiving an income tax payment after reasonable efforts
 3 meeting conditions established by the tax collection
 4 committee, cannot identify the political subdivision entitled
 5 to the income tax payment shall make payment to the
 6 municipality in which the income tax was collected.

7 (b) Other tax collection districts.--In addition to
 8 subsection (a), for distribution of income taxes to other tax
 9 collection districts, the following shall apply:

10 (1) If nonresident taxes are not distributed to the
 11 appropriate tax officer as required under subsection (a)(1),
 12 a tax officer may make a claim for income taxes attributable
 13 to residents of the tax collection district served by that
 14 tax officer. The tax officer for the tax collection district
 15 against which a claim is made shall, within 30 days:

- 16 (i) pay the claim if it is undisputed; or
- 17 (ii) respond in writing stating the reasons why the
 18 claim cannot be paid.

19 (2) If the tax officer for the tax collection district
 20 against which the claim is made does not act under paragraph
 21 (1)(i) or (ii), the tax officer making the claim may bring an
 22 action in the court of common pleas in the county in which
 23 the tax collection district WITH THE CLAIM is primarily
 24 located for both the amount of the claim and interest at the
 25 rate provided for in 53 Pa.C.S. § 8426 (relating to interest
 26 on overpayment) from the date which the income taxes were
 27 received from the taxpayer, employer or other tax officer.
 28 Notwithstanding any other law to the contrary, an action
 29 under this paragraph must be brought within seven years after
 30 the claim is made.

1 (c) Codes.--Employers and tax officers shall use political
2 subdivision and tax collection district codes prescribed by the
3 department.

4 (d) Fee prohibition.--No tax officer, political subdivision
5 or tax collection district shall be required to pay a fee or
6 commission to another tax collection district on account of
7 income taxes distributed under this section.

8 Section 514. Confidentiality.

9 (a) General rule.--Any information gained by a tax officer
10 or any employee or agent of a tax officer or of the tax
11 collection committee as a result of any declarations, returns,
12 investigations, hearings or verifications shall be confidential
13 tax information.

14 (b) Prohibited conduct.--It shall be unlawful, except for
15 official purposes or as provided by law, for the Commonwealth,
16 any political subdivision, tax collection committee member, tax
17 officer, or employee or agent of a tax officer or tax collection
18 committee to do any of the following:

19 (1) Divulge or make known confidential tax information.

20 (2) Permit confidential tax information or a book
21 containing an abstract or particulars of the abstract to be
22 seen or examined by any person.

23 (3) Print, publish or otherwise make known any
24 confidential tax information.

25 (c) Penalties.--A person that violates subsection (b)
26 commits a misdemeanor of the third degree and shall, upon
27 conviction, be sentenced to pay a fine of not more than \$2,500
28 or to imprisonment for not more than one year, or both. If the
29 offender is a member of the tax collection committee, the member
30 shall be removed from the tax collection committee. If the

1 offender is an employee of a tax collection committee or a
2 political subdivision, the employee shall be discharged from
3 employment. The offender shall pay the costs of prosecution.

4 Section 515. Transition.

5 (a) Fines and penalties against tax officers.--

6 (1) A political subdivision which brings an action under
7 former Division V(h) of section 13 may seek equitable relief
8 from a tax officer, including an accounting of all
9 undistributed income taxes and monetary damages, in the form
10 of recovery of the income taxes not previously distributed.
11 In addition, the court may impose a civil penalty not to
12 exceed \$2,500 for each quarter for which income taxes were
13 not distributed in accordance with former Division V(h) of
14 section 13, plus reasonable costs and attorney fees.

15 (2) If a tax officer fails to distribute income taxes to
16 the appropriate political subdivision as required under
17 former Division V(h) of section 13 for four consecutive
18 quarters, the court may impose a civil penalty not to exceed
19 \$5,000.

20 (3) An action may be brought against the tax officer to
21 compel the performance of duties required by Chapter 3 or
22 former section 13 or imposed by regulations adopted pursuant
23 to Chapter 5, including the duty to deliver all tax records
24 and other official items held in right as tax officer to the
25 tax officer's successor. Upon a finding of failure to perform
26 a duty, the court may impose a penalty not to exceed \$5,000;
27 and the tax officer may be held liable for the cost or
28 reproducing tax records if they are lost or cannot be
29 delivered.

30 (4) An Article XIII tax officer who violates any other

1 provision of this section or former section 13 shall be
2 subject to a civil penalty of up to \$2,500 for each
3 violation.

4 (5) An action against an Article XIII tax officer for a
5 violation of this act may be brought by the Attorney General,
6 a political subdivision for which the Article XIII tax
7 officer collects income taxes, a political subdivision owed
8 income taxes by the Article XIII tax officer or by a surety
9 that is liable because of the violation.

10 (6) A political subdivision shall remove or rescind the
11 appointment of an Article XIII tax officer who has been
12 penalized more than three times under paragraph (1), (2), (3)
13 or (4).

14 (b) Transition.--

15 (1) (i) The governing body of each political
16 subdivision which imposed an income tax prior to January
17 1, 2011, shall do all of the following:

18 (A) Determine by November 1, 2010, whether the
19 Article XIII tax officer or the newly appointed tax
20 officer shall collect 2011 income taxes.

21 (B) Notify the department by December 1, 2010,
22 of the determination under clause (A) in accordance
23 with section 511(a)(5).

24 (ii) Every employer shall remit 2011 income taxes
25 and file the quarterly and annual reports required by
26 former Division IV(b) and (c) of section 13 to either the
27 Article XIII tax officer or the newly appointed tax
28 officer, as determined by the appropriate political
29 subdivision and released on the official register in
30 accordance with section 511.

1 (2) By July 1, 2011, each tax collection committee shall
2 develop a plan to transition from the provisions of former
3 section 13 to the provisions of sections 512 and 513, and
4 from the Article XIII tax officer to the newly appointed tax
5 officer for 2012 income taxes.

6 (3) The Article XIII tax officer shall deliver all tax
7 records to the political subdivision and the newly appointed
8 tax officer by June 30, 2012, unless otherwise agreed to by
9 the political subdivision and the newly appointed tax
10 officer.

11 (4) Any delinquent income taxes or reports from 2011, or
12 previous years which have not been remitted or provided to
13 the Article XIII tax officer by June 30, 2012, shall become
14 the responsibility of the newly appointed tax officer. A
15 political subdivision which has made other provisions for the
16 collection of delinquent income taxes or reports for 2011 or
17 previous years shall notify the newly appointed tax officer.

18 (5) Beginning with the first quarter of 2012, employers
19 shall remit income taxes withheld and make reports as
20 required by section 512 to the newly appointed tax officer.

21 (c) Definitions.--The following words and phrases when used
22 in this section shall have the meanings given to them in this
23 subsection unless the context clearly indicates otherwise:

24 "Newly appointed tax officer." A tax officer appointed under
25 section 507(a) responsible for the collection of 2012 income
26 taxes.

27 Section 516. Regulatory conflict.

28 In the event of a conflict between a regulation under this
29 chapter and a regulation under the act of June 27, 2006 (1st
30 Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act, in

1 the area of tax collection, the regulation under this chapter
2 shall prevail.

3 Section 517. Audit and evaluation.

4 (a) General rule.--Before 2017, the Legislative Budget and
5 Finance Committee shall conduct an audit and evaluation of the
6 impact of this chapter and consolidated collection of local
7 income taxes. The committee shall consult with the Auditor
8 General in the course of its audit and evaluation. The audit and
9 evaluation shall:

10 (1) Determine the extent to which income tax revenue
11 losses have been minimized or eliminated by the
12 implementation of uniform collection standards and a
13 countywide income tax collection system.

14 (2) Determine whether consolidated collection and
15 standardized withholding and remittance of local income taxes
16 as required in section 512 has simplified the system, reduced
17 fragmentation and reduced the burden of withholding,
18 remitting and distributing the local income tax for
19 employers.

20 (3) Determine if tax compliance is simpler, easier,
21 fairer and less time-consuming for taxpayers.

22 (4) Determine whether the tax collection system under
23 this chapter is more efficient than the prior system.

24 (5) Determine if tax collection committees are
25 exercising their powers and duties under section 505
26 effectively.

27 (6) Determine the extent to which cooperation and
28 coordination exists among tax officers and tax collection
29 districts.

30 (7) Determine whether authorized investments under

1 509(a)(6) and the bonding requirements under section 509(d)
2 provide sufficient protection to income tax collections.

3 (8) Determine whether nonresident and resident taxes are
4 being properly distributed among tax collection districts
5 within this Commonwealth and to political subdivisions within
6 each tax collection district.

7 (9) Determine whether the reporting, audit,
8 accountability, transparency and oversight requirements for
9 taxes collected, distributed and administered in this chapter
10 are adequate and being met within and among tax collection
11 districts.

12 (10) Determine if the appeals boards created under
13 section 505(j) are impartial, fair and effective.

14 (11) Determine whether the penalties against tax
15 officers under section 510 are effective and the extent to
16 which tax officers are in compliance with the rules and
17 regulations required by this chapter, and identify any tax
18 officers that are in substantial noncompliance with these
19 rules and regulations.

20 (12) Determine whether the agreements under section
21 509(g) have been approved by the Department of Revenue and
22 each tax collection district, and that the exchange of
23 information is reciprocal, timely and useful.

24 (13) Determine whether the interest, penalties and fines
25 under section 509(i) and (j) are appropriate and adequate.

26 (14) Recommend needed improvements to the system.

27 (b) Filing requirement.--Copies of the audit findings of the
28 Legislative Budget and Finance Committee under subsection (a)
29 shall be filed with the ~~department, the Attorney General~~ CHAIR ←
30 OF THE FINANCE COMMITTEE OF THE SENATE, THE CHAIR OF THE FINANCE

1 COMMITTEE OF THE HOUSE OF REPRESENTATIVES, THE DEPARTMENT, THE
2 AUDITOR GENERAL and with each tax collection committee.

3 Section 24. The act is amended by adding a chapter heading
4 to read:

5 CHAPTER 7

6 COLLECTION OF DELINQUENT TAXES

7 Section 25. The act is amended by adding a section to read:

8 Section 701. Definitions.--As used in this chapter:

9 "Business entity" means a sole proprietorship, corporation,
10 joint-stock association or company, partnership, limited
11 partnership, limited liability company, association, business
12 trust, syndicate or other commercial or professional activity
13 organized under the laws of this Commonwealth or any other
14 jurisdiction.

15 "Employer" means a person, business entity or other entity,
16 including the Commonwealth, its political subdivisions and
17 instrumentalities and public authorities, employing one or more
18 persons for a salary, wage, commission or other compensation.

19 "Private agency" means a business entity OR PERSON appointed <—
20 as a tax collector by a political subdivision.

21 Section 26. Section 18 of the act is renumbered and amended
22 to read:

23 Section [18] 701.1. Distress and Sale of Goods and Chattels
24 of Taxpayer.--Every tax collector under Chapter 3 and tax
25 officer under Chapter 5 shall have power, in case of the neglect
26 or refusal of any person[, copartnership, association, or
27 corporation] or business entity, to make payment of the amount
28 of any tax due [by him] from the person or the business entity,
29 after two months from the date of the tax notice, to levy the
30 amount of such tax, any penalty due thereon and costs, not

1 exceeding costs and charges allowed constables for similar
2 services by distress and sale of the goods and chattels of such
3 delinquent, wherever situate or found, upon giving at least ten
4 days' public notice of such sale, by posting ten written or
5 printed notices, and by one advertisement in a newspaper of
6 general circulation published in the county.

7 No failure to demand or collect any taxes by distress and
8 sale of goods and chattels shall invalidate any return made, or
9 lien filed for nonpayment of taxes, or any tax sale for the
10 collection of taxes.

11 Section 27. Sections 19 and 20 of the act, amended June 21,
12 2007 (P.L.13, No.7), are renumbered and amended to read:

13 Section [19] 702. Collection of Delinquent Per Capita,
14 Occupation, Occupational Privilege, Emergency and Municipal
15 Services, Local Services and [Earned] Income Taxes from
16 Employers, etc.--The tax collector under Chapter 3 and the tax
17 officer under Chapter 5 shall demand, receive and collect from
18 all [corporations, political subdivisions, associations,
19 companies, firms or individuals,] employers, OTHER THAN THE ←
20 COMMONWEALTH, employing persons owing delinquent per capita,
21 [or] occupation[,] or occupational privilege[,] taxes under
22 Chapter 3 or emergency and municipal services, local services
23 and [earned] income taxes under Chapter 5, or whose spouse owes
24 delinquent per capita, occupation[,] or occupational
25 privilege[,] taxes under Chapter 3 or emergency and municipal
26 services, local services and [earned] income taxes under Chapter
27 5, or having in possession unpaid commissions or earnings
28 belonging to any person or persons owing delinquent per capita,
29 occupation[,] or occupational privilege[,] taxes under Chapter 3
30 or emergency and municipal services, local services and [earned]

1 income taxes under Chapter 5, or whose spouse owes delinquent
2 per capita, occupation[,] or occupational privilege[,] taxes
3 under Chapter 3 or emergency and municipal services, local
4 services and [earned] income taxes under Chapter 5, upon the
5 presentation of a written notice and demand certifying that the
6 information contained therein is true and correct and containing
7 the name of the taxable or the spouse thereof and the amount of
8 tax due. Upon the presentation of such written notice and
9 demand, it shall be the duty of any [such corporation, political
10 subdivision, association, company, firm or individual] employer
11 to deduct from the wages, commissions or earnings of such
12 individual employes, then owing or that shall within sixty days
13 thereafter become due, or from any unpaid commissions or
14 earnings of any such taxable in [its or his] the employer's
15 possession, or that shall within sixty days thereafter come into
16 [its or his] the employer's possession, a sum sufficient to pay
17 the respective amount of the delinquent [per capita, occupation,
18 occupational privilege, emergency and municipal services, local
19 services and earned income] taxes and costs, shown upon the
20 written notice or demand, and to pay the same to the tax
21 collector of the taxing district or to the tax officer for the
22 tax collection district in which such delinquent tax was levied
23 within sixty days after such notice shall have been given. No
24 more than ten percent of the wages, commissions or earnings of
25 the delinquent taxpayer or spouse thereof may be deducted at any
26 one time for delinquent [per capita, occupation, occupational
27 privilege, emergency and municipal services, local services and
28 earned income] taxes and costs. [Such corporation, political
29 subdivision, association, firm or individual] The employer shall
30 be entitled to deduct from the moneys collected from each

1 employe the costs incurred from the extra bookkeeping necessary
2 to record such transactions, not exceeding two percent of the
3 amount of money so collected and paid over to the tax collector
4 or tax officer. Upon the failure of any [such corporation,
5 political subdivision, association, company, firm or individual]
6 employer to deduct the amount of such taxes or to pay the same
7 over to the tax collector or tax officer, less the cost of
8 bookkeeping involved in such transaction, as herein provided,
9 within the time hereby required, [such corporation, political
10 subdivision, association, company, firm or individual] the
11 employer shall forfeit and pay the amount of such tax for each
12 such taxable whose taxes are not withheld and paid over, or that
13 are withheld and not paid over together with a penalty of ten
14 percent added thereto, to be recovered by an action of assumpsit
15 in a suit to be instituted by the tax collector or tax officer,
16 or by the proper authorities of the taxing district or tax
17 collection district, as debts of like amount are now by law
18 recoverable, except that such person shall not have the benefit
19 of any stay of execution or exemption law. The tax collector or
20 tax officer shall not proceed against a spouse or [his] the
21 spouse's employer until [he] the tax collector or tax officer
22 has pursued collection remedies against the delinquent taxpayer
23 and his employer under this section.

24 Section [20] 703. Collection of Delinquent Per Capita,
25 Occupation, Occupational Privilege, Emergency and Municipal
26 Services, Local Services and [Earned] Income Taxes from the
27 Commonwealth.--Upon presentation of a written notice and demand
28 under oath or affirmation, to the State Treasurer or any other
29 fiscal officer of the State, or its boards, authorities,
30 agencies or commissions, it shall be the duty of the treasurer

1 or officer to deduct from the wages then owing, or that shall
2 within sixty days thereafter become due to any employe, a sum
3 sufficient to pay the respective amount of the delinquent per
4 capita, occupation[,] or occupational privilege, emergency and
5 municipal services, local services under Chapter 3 and [earned]
6 income taxes under Chapter 5 and costs shown on the written
7 notice. The same shall be paid to the tax collector or the tax
8 officer of the tax collection district of the taxing district in
9 which said delinquent tax was levied within sixty days after
10 such notice shall have been given.

11 Section 28. Section 20.1 of the act, added October 18, 1975
12 (P.L.425, No.118), is renumbered and amended to read:

13 Section [20.1] 704. Notice.--The tax collector or tax
14 officer shall, at least fifteen days prior to the presentation
15 of a written notice and demand to the State Treasurer or other
16 fiscal officer of the State, or to any [corporation, political
17 subdivision, association, company or individual] employer,
18 notify the taxpayer owing the delinquent tax by registered or
19 certified mail that a written notice and demand shall be
20 presented to [his] the taxpayer's employer unless such tax is
21 paid. The return receipt card for certified or registered mail
22 shall be marked delivered to addressee only, and the cost of
23 notification by certified or registered mail shall be added to
24 the costs for collecting taxes.

25 Section 29. Section 21 of the act, amended November 30, 2004
26 (P.L.1520, No.192), is renumbered and amended to read:

27 Section [21] 705. Collection of Taxes by Suit.--Each taxing
28 district or person, public employe or private agency designated
29 by the taxing district under Chapter 3 and each tax officer
30 under Chapter 5 shall have power to collect unpaid taxes from

1 the persons owing such taxes by suit in assumpsit or other
2 appropriate remedy. Upon each such judgment, execution may be
3 issued without any stay or benefit of any exemption law. The
4 right [of each such taxing district] to collect unpaid taxes
5 under the provisions of this section shall not be affected by
6 the fact that such taxes have been entered as liens in the
7 office of the prothonotary, or the fact that the property
8 against which they were levied has been returned to the county
9 commissioners for taxes for prior years.

10 Section 30. Section 22 of the act is renumbered and amended
11 to read:

12 Section [22] 706. Penalties.--Except as otherwise provided
13 in the case of any tax levied and assessed upon [earned] income,
14 any such political subdivision shall have power to prescribe and
15 enforce reasonable penalties for the nonpayment, within the time
16 fixed for their payment, of taxes imposed under authority of
17 this act and for the violations of the provisions of ordinances
18 or resolutions passed under authority of this act.

19 If for any reason any tax levied and assessed upon [earned]
20 income by any such political subdivision is not paid when due,
21 interest [at the rate of six percent per annum on the amount of
22 said tax, and an additional penalty of one-half of one percent
23 of the amount of the unpaid tax for each month or fraction
24 thereof during which the tax remains unpaid,] and penalties as
25 provided in section 509(i) shall be added and collected. When
26 suit is brought for the recovery of any such tax, the person
27 liable therefor shall, in addition, be liable for the costs of
28 collection and the interest and penalties herein imposed.

29 Section 31. Section 22.1 of the act, amended June 21, 2007
30 (P.L.13, No.7), is renumbered and amended to read:

1 Section [22.1] 707. Costs of Collection of Delinquent Per
2 Capita, Occupation, Occupational Privilege, Emergency and
3 Municipal Services, Local Services and [Earned] Income Taxes.--
4 (a) A [person, public employe] bureau, political subdivision or
5 private agency designated by a governing body of a political
6 subdivision or a tax collection district to collect and
7 administer [a] per capita, occupation[,] or occupational
8 privilege, emergency and municipal services, local services
9 taxes under Chapter 3 or [earned income tax] income taxes under
10 Chapter 5 may impose and collect the reasonable costs incurred
11 to provide notices of delinquency or to implement similar
12 procedures utilized to collect delinquent taxes from a taxpayer
13 as approved by the governing body of the political subdivision
14 or the tax collection committee. Reasonable costs collected may
15 be retained by the [person, public employe or private agency
16 designated to collect the tax as agreed to by the governing body
17 of the political subdivision] tax collector under Chapter 3 or
18 the tax officer under Chapter 5. An itemized accounting of all
19 costs collected shall be remitted to the political subdivision
20 or the tax collection committee on an annual basis.

21 (b) Costs related to the collection of unpaid per capita,
22 occupation [or], occupational privilege, emergency and municipal
23 services or local services taxes may only be assessed, levied
24 and collected for five years from the last day of the calendar
25 year in which the tax was due.

26 (c) A delinquent taxpayer may not bring an action for
27 reimbursement, refund or elimination of reasonable costs of
28 collection assessed or imposed prior to the effective date of
29 this section. Additional costs may not be assessed on delinquent
30 taxes collected prior to the effective date of this section.

1 Section 32. Section 22.2 of the act, added November 30, 2004
2 (P.L.1520, No.192), is renumbered and amended to read:

3 Section [22.2] 708. Clarification of Existing Law.--The
4 addition of section [22.1 of this act] 707 is intended as a
5 clarification of existing law and is not intended to:

6 (1) establish new rights or enlarge existing rights of
7 political subdivisions or employes or agents of political
8 subdivisions; or

9 (2) establish new obligations or enlarge existing
10 obligations of taxpayers.

11 Section 33. Section 22.3 of the act, added November 30, 2004
12 (P.L.1520, No.192), is repealed:

13 [Section 22.3. Legal Representation.--When bringing a suit
14 under any provision of this act, the taxing district, officer,
15 person, public employe or private agency designated by the
16 taxing district shall be represented by an attorney.]

17 Section 34. Section 22.6 of the act, added June 21, 2007
18 (P.L.13, No.7), is repealed:

19 [Section 22.6. Restricted Use.--(a) Any municipality
20 deriving funds from the local services tax may only use the
21 funds for:

22 (1) Emergency services, which shall include emergency
23 medical services, police services and/or fire services.

24 (2) Road construction and/or maintenance.

25 (3) Reduction of property taxes.

26 (4) Property tax relief through implementation of a
27 homestead and farmstead exclusion in accordance with 53 Pa.C.S.
28 Ch. 85 Subch. F (relating to homestead property exclusion).

29 (a.1) A municipality shall use no less than twenty-five
30 percent of the funds derived from the local services tax for

1 emergency services.

2 (b) In the event that a municipality decides to implement a
3 homestead and farmstead exclusion for purposes of providing
4 property tax relief in accordance with subsection (a)(4), the
5 following shall apply:

6 (1) The decision to provide a homestead and farmstead
7 exclusion shall be made, by ordinance, prior to December 1, with
8 the homestead and farmstead exclusion to take effect for the
9 fiscal year beginning the first day of January following
10 adoption of the ordinance. Upon adopting an ordinance in
11 accordance with this paragraph, a municipality shall, by first
12 class mail, notify the assessor, as defined in 53 Pa.C.S. § 8582
13 (relating to definitions), of its decision to provide a
14 homestead and farmstead exclusion.

15 (2) The assessor shall provide a municipality that will be
16 imposing a homestead and farmstead exclusion in accordance with
17 subsection (a)(4) with a certified report, as provided in 53
18 Pa.C.S. § 8584(i) (relating to administration and procedure),
19 listing information regarding homestead and farmstead properties
20 in the municipality as determined pursuant to applications filed
21 with the assessor in connection with this or any other law under
22 which a homestead or farmstead exclusion has been adopted. In
23 the year in which an ordinance is adopted in accordance with
24 paragraph (1), the assessor shall provide the certified report
25 after being notified by the municipality of its decision to
26 provide a homestead and farmstead exclusion. In each succeeding
27 year, the assessor shall provide the certified report by
28 December 1 or at the same time the tax duplicate is certified to
29 the municipality, whichever occurs first. Any duty placed on an
30 assessor in accordance with this paragraph shall be in addition

1 to those established in 53 Pa.C.S. Ch. 85 Subch. F and the act
2 of June 27, 2006 (1st Sp.Sess. P.L.1873, No.1), known as the
3 "Taxpayer Relief Act."

4 (3) Only homestead or farmstead properties identified in the
5 certified report of the assessor obtained in any year shall be
6 eligible to receive the exclusion for the next fiscal year.

7 (4) In the year in which a municipality adopts the ordinance
8 evidencing its decision to implement a homestead and farmstead
9 exclusion, the municipality shall notify by first class mail the
10 owner of each parcel of residential property within the
11 municipality which is not approved as a homestead or farmstead
12 property or for which the approval is due to expire of the
13 following:

14 (i) That the homestead and farmstead exclusion program is to
15 be implemented to provide property tax relief as authorized by
16 subsection (a)(4), beginning in the next fiscal year.

17 (ii) That only properties currently identified in the
18 certified report of the assessor as having been approved in
19 whole or in part as homestead or farmstead properties shall be
20 entitled to an exclusion in the next fiscal year.

21 (iii) That owners of properties that have not been approved
22 by the assessor as homestead or farmstead properties may file an
23 application in accordance with 53 Pa.C.S. § 8584(a) by the
24 annual application deadline of March 1 in order to qualify for
25 the program in the year following the next fiscal year.

26 (5) The one-time notice required by paragraph (4) may be
27 combined and made together with the annual notice required by
28 paragraph (7) or with an annual notice by a coterminous
29 political subdivision that has implemented a homestead and
30 farmstead exclusion.

1 (6) In the year in which the initial decision to provide a
2 homestead and farmstead exclusion is made and in each succeeding
3 year, a municipality shall, by resolution, fix the dollar amount
4 that is to be excluded from the assessed value of each homestead
5 and farmstead property for the next fiscal year, consistent with
6 53 Pa.C.S. §§ 8583 (relating to exclusion for homestead
7 property) and 8586 (relating to limitations). This determination
8 of the amount of the homestead and farmstead exclusion shall be
9 made, after receipt of the tax duplicate and the certified
10 report from the assessor, at the time the governing body of a
11 municipality determines the municipal budget and estimates
12 revenues to be derived from the local services tax for the next
13 fiscal year.

14 (7) Each year after the year in which the municipality
15 implements a homestead and farmstead exclusion and no later than
16 one hundred twenty days prior to the application deadline, the
17 municipality shall give notice of the existence of the
18 municipality's homestead and farmstead exclusion program; the
19 need to file an application in accordance with 53 Pa.C.S. §
20 8584(a) in order to qualify for the program; and the application
21 deadline, which, notwithstanding 53 Pa.C.S. § 8584(b), shall be
22 December 15. This annual notice, which shall be given by first
23 class mail, need only be sent to the owner of each parcel of
24 residential property in the municipality which is not approved
25 as homestead or farmstead property or for which the approval is
26 due to expire.

27 (c) For purposes of this section, the term "municipality"
28 does not include a school district.]

29 Section 35. The act is amended by adding a chapter heading
30 to read:

1 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as the
2 Taxpayer Relief Act, insofar as it is inconsistent with this
3 act.

4 Section 37. Any ordinance or resolution providing for the
5 levying, assessment or collection of a tax on individuals for
6 the privilege of engaging in an occupation which has been
7 enacted by a political subdivision prior to December 1, 2004,
8 shall continue in full force and effect, without reenactment, as
9 if such tax had been levied, assessed or collected as a local
10 services tax under section 301.1(f)(9) of the act. All
11 references in any ordinance or resolution to a tax on the
12 privilege of engaging in an occupation shall be deemed to be a
13 reference to a local services tax for the purposes of the act.

14 Section 38. All emergency and municipal services taxes
15 levied for the calendar year beginning on January 1, 2007, shall
16 remain in effect for the calendar year beginning on January 1,
17 2007, and ending December 31, 2007, and are not otherwise
18 altered.

19 Section 39. This act shall apply as follows:

20 (1) The following provisions shall not apply to an
21 Article XIII tax officer with respect to income taxes levied
22 before January 1, 2012:

23 (i) The amendment of section 10 of the act.

24 (ii) The repeal of section 11 of the act.

25 (2) The repeal of divisions (II), (III), (IV), (V),
26 (VI), (VII), (VIII) and (IX) of section 13 of the act shall
27 not apply to income taxes levied and collected prior to
28 January 1, 2012.

29 (3) Except as set forth in paragraph (4) and sections
30 508 and 515 of the act, the addition of Chapter 5 of the act

1 shall apply to income taxes levied and collected after
2 December 31, 2011.

3 (4) The addition of section 511 of the act shall apply
4 to the official register released June 15, 2008, and each
5 year thereafter.

6 Section 40. This act shall take effect as follows:

7 (1) The following provisions shall take effect January
8 1, 2012:

9 (i) The amendment of section 10 of the act.

10 (ii) The repeal of section 11 of the act.

11 (2) The amendment of section 13 of the act shall take
12 effect June 30, 2012.

13 (3) The remainder of this act shall take effect
14 immediately.