
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 633 Session of
2011

INTRODUCED BY EICHELBERGER, ALLOWAY, BRUBAKER, WAUGH, EARLL AND
WOZNIAK, FEBRUARY 23, 2011

REFERRED TO FINANCE, FEBRUARY 23, 2011

AN ACT

1 Authorizing countywide implementation of sales, use, occupancy,
2 personal income or earned income and net profits taxes;
3 providing for the levying, assessment, collection and
4 distribution of such taxes among municipalities within a
5 county; requiring reduction of other taxes on real property
6 and individuals; and providing for the powers and duties of
7 the Department of Community and Economic Development, the
8 Department of Revenue and the State Treasurer.

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

24 CHAPTER 1

25 GENERAL PROVISIONS

26 Section 101. Short title.

27 This act shall be known and may be cited as the Balanced
28 Options - Local Decisions Act.

29 Section 102. Definitions.

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

1 have the meanings given to them in this section unless the
2 context clearly indicates otherwise:

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

5 "Board of county commissioners." Includes the successor in
6 function to the board of county commissioners in a county which
7 has adopted a home rule charter under the former act of April
8 13, 1972 (P.L.184, No.62), known as the Home Rule Charter and
9 Optional Plans Law, but does not include the city council of a
10 city of the first class.

11 "Budgeted revenue." The revenue from taxes actually levied
12 and assessed by a local government unit. The term does not
13 include revenue from:

14 (1) Delinquent taxes.

15 (2) Payments in lieu of taxes.

16 (3) The real estate transfer tax.

17 (4) The Public Utility Realty Tax, commonly known as
18 PURTA.

19 (5) Interest or dividend earnings.

20 (6) Federal or State grants, contracts or
21 appropriations.

22 (7) Income generated from operations.

23 (8) Any other source that is revenue not derived
24 directly from taxes levied and assessed by a local government
25 unit.

26 "Business." As defined in section 301 of the act of March 4,
27 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

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

1 "Compensation." As defined in section 301 of the act of
2 March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of
3 1971.

4 "County." A county-level municipality within this
5 Commonwealth, regardless of classification. The term includes a
6 county which has adopted a home rule charter or optional plan of
7 government under the former act of April 13, 1972 (P.L.184,
8 No.62), known as the Home Rule Charter and Optional Plans Law.
9 The term does not include a county of the first or second class.

10 "Current year." The calendar year or fiscal year for which
11 the tax is levied.

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

13 "Domicile." As defined in section 501 of the act of December
14 31, 1965 (P.L.1257, No.511), known as The Local Tax Enabling
15 Act.

16 "Earned income." The classes of income defined as earned
17 income in section 501 of the act of December 31, 1965 (P.L.1257,
18 No.511), known as The Local Tax Enabling Act.

19 "Employer." As defined in section 301 of the act of March 4,
20 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

21 "Governing body." The board of county commissioners,
22 including the successor in function to the board of county
23 commissioners in a county which has adopted a home rule charter
24 under the former act of April 13, 1972 (P.L.184, No.62), known
25 as the Home Rule Charter and Optional Plans Law, city council,
26 borough council, incorporated town council, board of township
27 commissioners, board of township supervisors, a governing
28 council of a home rule municipality or optional plan
29 municipality or a governing council of any similar general
30 purpose unit of government which may hereafter be created by

1 statute.

2 "Home rule municipality." A city, borough, incorporated town
3 or township which has adopted a home rule charter under the
4 former act of April 13, 1972 (P.L.184, No.62), known as the Home
5 Rule Charter and Optional Plans Law.

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

8 "Inverse per capita income." A factor determined by dividing
9 the integer one by the per capita income of the municipality, as
10 determined by the most recent survey by the Department of
11 Commerce.

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

14 "Municipality." A city of the second class A, city of the
15 third class, borough, incorporated town, township of the first
16 class, township of the second class, home rule municipality,
17 optional plan municipality, optional form municipality or
18 similar general purpose unit of government which may hereafter
19 be created by statute, except a city of the first or second
20 class.

21 "Net profits." The classes of income defined as net profits
22 in section 501 of the act of December 31, 1965 (P.L.1257,
23 No.511), known as The Local Tax Enabling Act.

24 "Nonresident." An individual domiciled outside the
25 municipality.

26 "Optional form municipality." A city which has adopted an
27 optional form of government under the act of July 15, 1957
28 (P.L.901, No.399), known as the Optional Third Class City
29 Charter Law.

30 "Optional plan municipality." A city, borough, incorporated

1 town or township which has adopted an optional plan of
2 government under the former act of April 13, 1972 (P.L.184,
3 No.62), known as the Home Rule Charter and Optional Plans Law.

4 "Ordinance." Includes a resolution.

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

9 "Preceding year." The calendar year or fiscal year before
10 the current year.

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

12 "Resident individual." An individual who is domiciled in a
13 municipality or county.

14 "School district." A school district of the first class A,
15 second class, third class or fourth class, including any
16 independent school district.

17 "Succeeding year." The calendar year or fiscal year
18 following the current year.

19 "Tax base." The collective value of activities, property and
20 assets available for taxation.

21 "Tax officer." The person, public employee or private agency
22 designated by a governing body to collect and administer the
23 taxes imposed under this act.

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

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

28 Section 103. Scope and limitations.

29 (a) General rule.--Except as provided in subsections (b),
30 (c), (d) and (e), it is the intent of this act to confer upon

1 each county the power to levy, assess and collect taxes upon the
2 subjects of taxation set forth in this act.

3 (b) Real estate transfer taxes.--This act does not affect
4 the powers of a municipality or school district to levy, assess
5 and collect a real estate transfer tax, including any real
6 estate transfer tax levied under the authority of section
7 652.1(a)(4) of the act of March 10, 1949 (P.L.30, No.14), known
8 as the Public School Code of 1949.

9 (c) Amusement taxes.--A municipality or school district
10 within a county which has elected to participate under section
11 303 and which has lawfully levied, assessed or collected or
12 provided for the levying, assessment or collection of an
13 amusement tax may continue to levy, assess and collect such tax
14 on such subjects upon which the tax was imposed at a rate not to
15 exceed the rate imposed by the municipality or school district
16 as of the effective date of this act. No new amusement taxes
17 shall be imposed by a municipality or school district within a
18 county which has elected to participate under this act.

19 (d) Mercantile or business privilege taxes on gross
20 receipts.--Nothing in this act shall, either explicitly or
21 implicitly, permit a county, municipality or school district to
22 impose, expand the subjects of or increase the rate of any
23 mercantile or business privilege tax on gross receipts not
24 otherwise permitted prior to the effective date of this act, nor
25 shall any provision of this act affect the prohibitions on
26 business gross receipts taxes as set forth in section 301.1 of
27 the Local Tax Enabling Act, section 533 of the act of December
28 13, 1988 (P.L.1121, No.145), known as the Local Tax Reform Act,
29 the Tax Reform Code and any other relevant act.

30 (e) Sign or sign privilege tax.--Any county or municipality

1 which has on or before January 1, 2009, assessed, levied or
2 collected an annual sign tax or annual sign privilege tax or
3 provided for the levying, assessment or collection of such tax
4 may continue to levy, assess and collect such tax on such
5 subjects upon which the tax was imposed by the county or
6 municipality at a rate not to exceed the rate imposed by the
7 county or municipality as of January 1, 2009. A county or
8 municipality which does not assess, levy or collect an annual
9 sign tax or annual sign privilege tax as of January 1, 2009, may
10 not assess, levy or collect such tax.

11 Section 104. Home rule counties.

12 The governing body of a home rule county which desires to
13 participate under this act shall be subject to the requirements
14 of section 303. A home rule county shall not have the right or
15 authority to fix the rate of taxation for the subjects of
16 taxation authorized under Chapter 3 in excess of the rates fixed
17 in Chapter 3. Home rule counties which elect to participate
18 under the provisions of this act shall be subject to the
19 distribution provisions of sections 701 and 702.

20 Section 105. Certain rates of taxation limited.

21 (a) General rule.--If a municipality and school district
22 both impose an earned income tax on the same individual under
23 the Local Tax Enabling Act and the municipality and school
24 district are limited to, or have agreed upon, a division of the
25 tax rate in accordance with section 311 of the Local Tax
26 Enabling Act, then the municipality and school district which
27 continue to levy the income tax under the Local Tax Enabling Act
28 shall remain subject to that limitation or agreement.

29 (b) Limitation.--In the event that a school district opts to
30 impose or increase an earned income tax under the Local Tax

1 Enabling Act within a county that has elected to participate
2 under this act, the school district shall remain subject to the
3 provisions of section 311 of the Local Tax Enabling Act, or any
4 agreement pertaining to the division of the tax rate with
5 affected municipalities.

6 CHAPTER 3

7 SUBJECTS OF TAXATION

8 SUBCHAPTER A

9 TAX AUTHORIZATION

10 Section 301. General tax authorization.

11 (a) General rule.--Subject to sections 303 and 304 and
12 except as provided in subsection (b), a county of the third
13 through eighth class shall have the power and may by ordinance
14 levy, assess and collect or provide for the levying, assessment
15 and collection of such taxes on the subjects specified in this
16 chapter for general revenue purposes as it shall determine on
17 any or all of the subjects of taxation set forth in this act
18 within the geographical limits of the county.

19 (b) Exclusions.--No county, or any municipality within the
20 county which levies a tax authorized by this act, shall have any
21 power or authority to levy, assess or collect:

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

25 (2) A tax at a set or flat rate upon persons employed
26 within the taxing district, commonly known as an occupational
27 privilege tax.

28 (3) A per capita, poll, residence or similar head tax.

29 (4) A new, or an increase in any existing, earned income
30 and net profits tax levied under the Local Tax Enabling Act.

1 (5) Any other tax authorized or permitted under the
2 Local Tax Enabling Act except a local services tax, an
3 amusement tax in effect prior to the effective date of this
4 act, or a mercantile or business privilege tax on gross
5 receipts, as modified by paragraph (7).

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

9 (7) Any mercantile or business privilege tax on gross
10 receipts, as limited by section 533 of the act of December
11 13, 1988 (P.L.1121, No.145), known as the Local Tax Reform
12 Act, after one year from the date of the election to
13 participate under this act pursuant to section 303.

14 Section 302. Continuity of tax.

15 Every tax levied under the provisions of this act shall
16 continue in force on a calendar or fiscal year basis, as the
17 case may be, without annual reenactment unless the rate of tax
18 is lawfully increased or the tax is subsequently repealed.

19 Section 303. Election to participate under act.

20 (a) General rule.--The imposition of a tax under Subchapter
21 B, C or D shall only be done in accordance with this section.

22 (b) Tax study commission.--Before any county, or
23 municipalities therein, seeks referendum approval for the levy,
24 assessment or collection of any tax under the authority of this
25 act, a local tax study commission shall be appointed in
26 accordance with the following provisions:

27 (1) The local tax study commission shall consist of
28 members appointed by the governing body of the county in
29 consultation with municipal officials within the county. No
30 member of the local tax study commission shall be a relative,

1 by blood or marriage, of an official or employee of the
2 county or a municipality therein. All members shall be
3 residents of the county. The local tax study commission shall
4 consist of seven members. Representatives on a local tax
5 study commission must reasonably reflect the socioeconomic,
6 age and occupational diversity of the county.

7 (2) The governing body of the county shall provide
8 necessary and reasonable staff to support the local tax study
9 commission and shall reimburse the members of the local tax
10 study commission for necessary and reasonable expenses in the
11 discharge of their duties.

12 (3) The local tax study commission shall study the
13 existing taxes levied, assessed and collected by the county
14 and the municipalities therein and the effect of any county
15 or municipal taxes imposed concurrently with a school
16 district and shall determine if and how the tax policies of
17 the county and its municipalities could be strengthened or
18 made more equitable by adopting for levy, assessment and
19 collection a different combination of any of the following
20 taxes: personal income tax, earned income and net profits
21 tax, real estate tax or sales and use tax at such levels and
22 in such combinations on permissible subjects of taxation as
23 do not exceed the limitations in this act. This study shall
24 include, but not be limited to, consideration of all of the
25 following:

26 (i) Historic rate and revenue provided by taxes
27 currently levied, assessed and collected by the county
28 and the municipalities therein.

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

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

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

5 (v) The projected revenues of any taxes referred to
6 in this paragraph not currently levied, assessed and
7 collected by the municipality or county.

8 (4) Within 120 days of its appointment, the local tax
9 study commission shall submit a nonbinding recommendation to
10 the county and its municipalities with regard to the
11 appropriate tax or combination of taxes, identified in
12 paragraph (3), to be levied, assessed and collected
13 commencing the next fiscal year. No later than 60 days after
14 submission of the recommendation, the governing body of the
15 county shall accept or reject the recommendation of the local
16 tax study commission.

17 (5) If the local tax study commission fails to make a
18 nonbinding recommendation within 120 days of its appointment,
19 the governing body of the county shall discharge the
20 appointed local tax study commission and may appoint itself
21 as the local tax study commission or may propose the adoption
22 of a combination of taxes for the county and its
23 municipalities for the next fiscal year.

24 (6) The local tax study commission shall publish or
25 cause to be published, concurrent with issuing its
26 recommendation, a final report of its activities and
27 recommendations and shall deliver the final report to the
28 governing bodies of the county and municipalities therein.
29 The local tax study commission shall be subject to 65 Pa.C.S.
30 Ch. 7 (relating to open meetings) and the act of February 14,

1 2008 (P.L.6, No.3), known as the Right-to-Know Law.

2 (7) Receipts are required for all reimbursable expenses
3 under paragraph (2).

4 (8) All the records, receipts, tapes, minutes of
5 meetings and written discussions of the local tax study
6 commission shall, upon its discharge, be turned over to the
7 secretary or chief clerk of the county for permanent
8 safekeeping. The secretary or chief clerk shall make such
9 materials available for public inspection at any time during
10 regular business hours.

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

13 (c) Public referendum requirements to participate under
14 act.--Subject to the notice and public hearing requirements of
15 section 316(a), 325(a) or 334, whichever is applicable, a
16 governing body may elect to participate under this act by
17 obtaining the approval of the electorate of the affected county
18 and its municipalities in a public referendum at only the
19 municipal or general primary election preceding the calendar
20 year or fiscal year when the taxes will be initially imposed.
21 The referendum question must state the initial rate of the
22 proposed tax, the reason for the tax and the amount of proposed
23 revenue growth, if any, in the fiscal year of transition to the
24 tax system authorized under this act, expressed as a percent
25 increase over the prior year's budgeted revenue. Any increase in
26 revenues between the transition year and the prior year's
27 budgeted revenue shall not exceed 2%. The governing body must
28 frame the question in clear language that is readily
29 understandable by the layperson. For the purpose of
30 illustration, a referendum question could be framed as follows:

1 Do you favor the imposition of an X% (name of tax) to be used
2 to replace certain existing local taxes and to make
3 reductions in real property taxes by means of a homestead
4 exemption in the amount of Y?

5 A nonlegal interpretative statement must accompany the question
6 in accordance with section 201.1 of the Pennsylvania Election
7 Code, that includes the following: the initial rate of the tax
8 or taxes to be imposed and the maximum allowable rate of the tax
9 or taxes imposed under this act; the estimated revenues to be
10 derived from the initial rate of the tax or taxes imposed under
11 this act in the fiscal year of transition to the tax system
12 authorized under this act; the estimated tax savings from the
13 reduction in real property taxes and the elimination of certain
14 existing taxes under this act; the identification of the
15 existing taxes to be eliminated under this act; the method or
16 methods to be used to reduce real property taxes; the class or
17 classes of real property for which real property taxes would be
18 reduced; and the estimated amount of real property tax reduction
19 by class, expressed as an average percent reduction by class, if
20 applicable. If a referendum under this section fails to win
21 majority approval of the electorate, a county or municipality
22 shall not be required to seek the approval of the electorate as
23 a prerequisite to an increase in the rate of any tax which the
24 governing body of the affected county or municipality is already
25 authorized to levy and increase under any other act.

26 Section 304. Municipal input into participation.

27 (a) Decision to participate.--After the first January 1
28 occurring at least six months following the effective date of
29 this section, if the board of county commissioners of a county
30 has not elected to participate under this act, municipalities

1 located in that county may require, as provided in this section,
2 the board of county commissioners of the county to establish a
3 local tax study commission under section 303. The affirmative
4 votes of the governing bodies of municipalities whose combined
5 population represents more than 60% of the population within the
6 county shall be necessary to require the board of county
7 commissioners to elect participation under this act. The
8 population of a municipality that is located in more than one
9 county shall be determined separately for each county where the
10 municipality is located on the basis of the municipality's
11 population within each county.

12 (b) Decision not to participate.--If the board of county
13 commissioners of a county has elected to participate under this
14 act, municipalities located in that county may, at any time
15 prior to a final vote by the county commissioners under section
16 303(b)(4) or (5), submit a resolution passed by the
17 municipality's governing body to the board of county
18 commissioners of the county indicating the municipality's desire
19 to reject participation under this act. If the county receives
20 duly passed resolutions from municipalities whose combined
21 population represents 60% of the county's population, a county
22 shall reject participation and no referendum shall be placed
23 before the electorate.

24 (c) Procedure.--

25 (1) Each governing body of a municipality voting in the
26 affirmative on the question shall certify its vote on the
27 question to the board of county commissioners. The governing
28 body of a municipality that is located in more than one
29 county shall certify its vote on the question to the board of
30 county commissioners for each county where the municipality

1 is located.

2 (2) The affirmative votes of the governing bodies of
3 municipalities whose combined population represents more than
4 60% of the population within the county shall be necessary
5 for the board of county commissioners to be required to elect
6 or reject participation under this act. The population of a
7 municipality that is located in more than one county shall be
8 determined separately for each county where the municipality
9 is located on the basis of the municipality's population
10 within each county.

11 (3) Immediately upon receipt of certifications
12 indicating the approval of resolutions by municipalities
13 whose combined population represents more than 60% of the
14 population of the county, the board of county commissioners
15 of the county shall either elect to participate and initiate
16 the procedures under section 303 or reject participation
17 under this section, in accordance with the decision contained
18 in those resolutions which represent more than 60% of the
19 population of the county.

20 SUBCHAPTER B

21 COUNTY SALES AND USE TAX

22 Section 311. Construction.

23 The tax imposed by the governing body of a county under this
24 subchapter shall be in lieu of imposing taxes under sections 322
25 and 331 and in addition to any tax imposed by the Commonwealth
26 under Article II of the Tax Reform Code. Except for the situs
27 provisions under section 313, the provisions of Article II of
28 the Tax Reform Code shall apply to the tax.

29 Section 312. Imposition.

30 (a) Sales.--The governing body of a county of the third

1 through eighth class may levy and assess upon each separate sale
2 at retail of tangible personal property or services, as defined
3 in Article II of the Tax Reform Code, within the boundaries of
4 the county, a tax on the purchase price. The tax shall be
5 collected by the vendor from the purchaser and shall be paid
6 over to the Commonwealth as provided in this subchapter. The
7 sales tax shall not be paid to the Commonwealth by any person
8 who has paid the tax imposed under Chapter 5 of the act of June
9 5, 1991 (P.L.9, No.6), known as the Pennsylvania
10 Intergovernmental Cooperation Authority Act for Cities of the
11 First Class, or subdivision (e) of Article XXXI-B of the act of
12 July 28, 1953 (P.L.723, No.230), known as the Second Class
13 County Code, equal to or greater than the tax imposed under this
14 subsection.

15 (b) Use.--In any county, except for a county of the first or
16 second class, within which the tax authorized in subsection (a)
17 is imposed, there shall be levied, assessed and collected upon
18 the use, within the county, of tangible personal property
19 purchased at retail and on services purchased at retail, as
20 defined in Article II of the Tax Reform Code, a tax on the
21 purchase price. The tax shall be paid over to the Commonwealth
22 by the person who makes the use. The use tax imposed under this
23 subchapter shall not be paid over to the Commonwealth by any
24 person who has paid the tax imposed under:

25 (1) Subsection (a).

26 (2) This subsection to the vendor with respect to the
27 use.

28 (3) Chapter 5 of the Pennsylvania Intergovernmental
29 Cooperation Authority Act for Cities of the First Class,
30 equal to or greater than the tax imposed under either

1 subsection (a) or this subsection.

2 (4) Subdivision (e) of Article XXXI-B of the Second
3 Class County Code equal to or greater than the tax imposed
4 under either subsection (a) or this subsection.

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

11 (d) Rate and uniformity.--

12 (1) The tax authorized by subsections (a), (b) and (c)
13 shall be imposed at a rate not to exceed 1%.

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

16 (e) Computation.--The tax imposed under this section shall
17 be computed in the manner set forth in section 503(e)(2) of the
18 Pennsylvania Intergovernmental Cooperation Authority Act for
19 Cities of the First Class.

20 Section 313. Situs.

21 (a) General rule.--Except as provided in subsection (b), the
22 situs of sales at retail or uses, including leases, of motor
23 vehicles, aircraft, motorcraft and utility services shall be
24 determined in the manner specified by section 504 of the act of
25 June 5, 1991 (P.L.9, No.6), known as the Pennsylvania
26 Intergovernmental Cooperation Authority Act for Cities of the
27 First Class, as well as the Tax Reform Code of 1971.

28 (b) Premium cable and telecommunications services.--The sale
29 or use of premium cable or telecommunications service shall be
30 deemed to occur at the address in the county where the customer

1 receives the bill for service. This subsection shall determine
2 the situs of premium cable service for the purpose of all county
3 sales taxes, including those imposed under Chapter 5 of the
4 Pennsylvania Intergovernmental Cooperation Authority Act for
5 Cities of the First Class and under subdivision (e) of Article
6 XXXI-B of the act of July 28, 1953 (P.L.723, No.230), known as
7 the Second Class County Code.

8 Section 314. Licenses.

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

16 Section 315. Rules and regulations; collection costs.

17 (a) Regulations.--Rules and regulations shall be applicable
18 to the taxes imposed under section 312 in the same manner as is
19 provided for in section 506(1) and (2) of the act of June 5,
20 1991 (P.L.9, No.6), known as the Pennsylvania Intergovernmental
21 Cooperation Authority Act for Cities of the First Class.

22 (b) Administrative costs.--The department, to cover its
23 costs of administration, shall be entitled to retain a sum equal
24 to the costs of administration. When the annual operating budget
25 for the department is submitted to the General Assembly, the
26 department shall also submit to the chairman and minority
27 chairman of the Appropriations Committee of the Senate and to
28 the chairman and minority chairman of the Appropriations
29 Committee of the House of Representatives a report of the actual
30 sums retained for costs of collection in the preceding fiscal

1 year, together with all supporting details.

2 Section 316. Procedure and administration.

3 (a) Ordinance.--Any county authorized to impose the tax
4 under section 312 shall give at least 60 days' written notice to
5 every municipality and school district located in the county of
6 its intent to impose the tax and shall adopt an ordinance after
7 the expiration of 60 days after the date of such notice. The
8 notice and an ordinance shall state the tax rate and refer to
9 this subchapter. The ordinance shall authorize the imposition of
10 all taxes provided for in section 312. Prior to adopting an
11 ordinance imposing the tax authorized by section 312, the
12 governing body of the county shall give public notice of its
13 intent to adopt the ordinance in the manner provided by section
14 306 of the Local Tax Enabling Act and shall conduct at least one
15 public hearing regarding the proposed adoption of the ordinance.

16 (b) Notification to department.--A certified copy of the
17 county ordinance shall be delivered to the department by
18 September 1 of the year prior to the effective date thereof. The
19 county ordinance shall become effective on January 1 of the
20 following year.

21 (c) Delivery of repeal ordinance.--A certified copy of any
22 repeal ordinance shall be delivered to the department at least
23 30 days prior to the effective date of the repeal.

24 Section 317. County sales and use tax funds.

25 There is created for each county levying the tax under
26 section 312 the (proper name) County Sales and Use Tax Fund. The
27 State Treasurer shall be custodian of the funds which shall be
28 subject to the provisions of law applicable to funds listed in
29 section 302 of the act of April 9, 1929 (P.L.343, No.176), known
30 as The Fiscal Code. Taxes imposed under section 312 shall be

1 received by the department and paid to the State Treasurer and,
2 along with interest and penalties, less any collection costs
3 allowed under this subchapter and any refunds and credits paid,
4 shall be credited to the funds not less frequently than every
5 two weeks. During any period prior to the credit of moneys to
6 the funds, interest earned on moneys received by the department
7 and paid to the State Treasurer under this subchapter shall be
8 deposited into the funds. All moneys in the funds, including,
9 but not limited to, moneys credited to the funds under this
10 section, prior year encumbrances and the interest earned
11 thereon, shall not lapse or be transferred to any other fund,
12 but shall remain in the funds. Pending their disbursement,
13 moneys received on behalf of or deposited into the funds shall
14 be invested or reinvested as are other moneys in the custody of
15 the State Treasurer in the manner provided by law. All earnings
16 received from the investment or reinvestment of the moneys shall
17 be credited to the respective funds. The Auditor General shall
18 periodically audit the records of the department relative to its
19 duties under this section and shall furnish the results of such
20 audit to any county levying the sales and use tax under section
21 312 and to any municipality within the county upon its request.
22 Section 318. Disbursements.

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

28 (b) Disbursement to counties.--The State Treasurer shall
29 disburse to a county imposing the tax authorized under section
30 312 an amount of money equal to 50% of the tax collected in that

1 county and remitted to the department and deposited in the
2 respective county sales and use tax fund. The county shall
3 deposit the revenue from the respective county sales and use tax
4 fund into the county general fund for disposition as provided
5 under section 701(a).

6 (c) Disbursement to municipalities.--The State Treasurer
7 shall, at the same time, disburse to the municipalities 50% of
8 the tax collected in their respective counties as provided in
9 subsection (d). Each municipality's portion shall be deposited
10 in the municipal general fund for disposition as provided in
11 section 701(b).

12 (d) Allocation to municipalities.--The money allocated to
13 municipalities in the county shall be distributed pro rata based
14 on the population of each municipality located in the county as
15 a percentage of the sum of the population of all municipalities
16 located in the county. For municipalities located in more than
17 one county, the population shall be determined separately for
18 each county where the municipality is located on the basis of
19 the municipality's population within each county.

20 SUBCHAPTER C

21 PERSONAL INCOME TAX

22 Section 321. Construction.

23 The tax imposed in a county under this subchapter shall be in
24 lieu of imposing taxes under sections 312 and 331, and in
25 addition to any tax imposed by the Commonwealth under Article
26 III of the Tax Reform Code. In addition to the provisions in
27 sections 501, 502 and 503, the provisions of Article III of the
28 Tax Reform Code shall apply to the tax.

29 Section 322. Personal income tax.

30 Upon approval by referendum under this act, a county shall

1 have the power to levy, assess and collect a tax on the personal
2 income of resident individuals of the county up to a maximum
3 rate of 1.5%, in increments of 0.25 of 1%.

4 Section 323. Collections.

5 Any county imposing a tax under section 322 shall designate
6 either the tax officer under the Local Tax Enabling Act or the
7 Department of Revenue as the collector of the countywide
8 personal income tax. In the performance of the tax collection
9 duties under this subchapter, the designated tax officer shall
10 have all the same powers, rights, responsibilities and duties
11 for the collection of the taxes which may be imposed under the
12 Local Tax Enabling Act or otherwise by law.

13 Section 324. Rules and regulations.

14 Taxes imposed under section 322 will be subject to the rules
15 and regulations adopted by the department under Article III of
16 the Tax Reform Code.

17 Section 325. Procedure and administration.

18 (a) Ordinance.--The governing body of the county, in order
19 to impose the tax authorized by section 322, shall adopt an
20 ordinance which shall refer to this subchapter. Prior to
21 adopting an ordinance imposing the tax authorized by section
22 322, the governing body shall give public notice of its intent
23 to adopt the ordinance in the manner provided in section 316,
24 and shall conduct at least one public hearing regarding the
25 proposed adoption of the ordinance.

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

29 (c) Delivery of repeal ordinance.--A certified copy of any
30 repeal ordinance shall be delivered to the department at least

1 30 days prior to the effective date of the repeal.

2 SUBCHAPTER D

3 EARNED INCOME AND NET PROFITS TAX

4 Section 331. Earned income and net profits tax.

5 If approved by referendum, and in lieu of imposing the taxes
6 under sections 312 and 322, a county shall have the power to
7 levy, assess and collect a tax on the earned income and net
8 profits of resident individuals of the municipality up to a
9 maximum rate of 1.5%, in increments of 0.25 of 1%. Any county
10 which imposes a tax under this subsection shall not impose any
11 tax under section 322.

12 Section 332. Collections.

13 Any county imposing a tax under section 331 shall designate
14 the tax officer who is appointed under the Local Tax Enabling
15 Act as the collector of the earned income and net profits tax.
16 In the performance of the tax collection duties under this
17 subchapter, the designated tax officer shall have all the same
18 powers, rights, responsibilities and duties for the collection
19 of the taxes which may be imposed under the Local Tax Enabling
20 Act or otherwise by law.

21 Section 333. Rules and regulations.

22 Taxes imposed under section 331 shall be subject to the rules
23 and regulations under the Local Tax Enabling Act.

24 Section 334. Procedure and administration.

25 The governing body of the county, in order to impose the tax
26 authorized by section 331, shall adopt an ordinance which shall
27 refer to this subchapter. Prior to adopting an ordinance
28 imposing the tax authorized by section 331, the governing body
29 shall give public notice of its intent to adopt the ordinance in
30 the manner provided by section 306 of the Local Tax Enabling

1 Act, and shall conduct at least one public hearing regarding the
2 proposed adoption of the ordinance.

3 SUBCHAPTERS E THROUGH I (RESERVED)

4 CHAPTER 5

5 CREDITS, EXEMPTIONS AND DEFERRALS

6 SUBCHAPTER A

7 CREDITS AND EXEMPTIONS

8 Section 501. Credits.

9 The provisions of section 317 of the Local Tax Enabling Act
10 shall be used to determine any credits under the provisions of
11 this act for any taxes imposed under section 322 on the earned
12 income portion of the personal income tax or section 331.

13 Section 502. Low-income tax provisions.

14 The provisions of section 304 of the Tax Reform Code shall be
15 applied in any county which levies a tax under section 322 or
16 331.

17 Section 503. Regulations.

18 Each county shall adopt regulations for the processing of
19 claims under sections 501 and 502.

20 SUBCHAPTER B

21 REAL ESTATE TAX DEFERRAL

22 Section 511. Legislative intent.

23 In order to provide additional relief to residential property
24 owners facing tax increases caused by changes in the millage
25 rate, assessment rates or method or by a countywide
26 reassessment, it is the intent of the General Assembly to create
27 a program which will allow counties and municipalities to defer
28 the increased portion of real property taxes when certain
29 conditions are met.

30 Section 512. Definitions.

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

4 "Base payment." The amount of property tax paid by an
5 applicant in the base year.

6 "Base year." The tax year preceding the first tax year for
7 which a taxing authority implements the provisions of this
8 subchapter or the tax year immediately preceding an applicant's
9 entry into the tax deferral program.

10 "Claimant." A person who qualifies as a claimant under the
11 provisions of the former act of March 11, 1971 (P.L.104, No.3),
12 known as the Senior Citizens Rebate and Assistance Act, whether
13 or not a claim is filed under that act and whose household
14 income does not exceed the limit provided for in section 515.

15 "Homestead." Real property which qualifies as a homestead
16 under the provisions of the former act of March 11, 1971
17 (P.L.104, No.3), known as the Senior Citizens Rebate and
18 Assistance Act, except real property which is rented or leased
19 to a claimant.

20 "Household income." All income as defined in the former act
21 of March 11, 1971 (P.L.104, No.3), known as the Senior Citizens
22 Rebate and Assistance Act, received by the claimant and by the
23 claimant's spouse while residing in the homestead during the
24 calendar year for which a tax deferral is claimed.

25 "Increases in property taxes." An increase in the property
26 tax above the base payment, resulting from a millage increase, a
27 change in the assessment ratio or method or any other reason.

28 "Taxing authority." A county, city, borough, town or
29 township in a county that has elected to participate under this
30 act in accordance with section 303.

1 Section 513. Authority.

2 All taxing authorities shall have the power and authority to
3 grant annual tax deferrals in the manner provided in this
4 subchapter.

5 Section 514. Income eligibility.

6 (a) First year of enactment.--During the first calendar year
7 this subchapter takes effect, a claimant shall be eligible for a
8 tax deferral if the claimant has a household income of \$15,000
9 or less.

10 (b) Subsequent years.--The amount of household income
11 provided for in subsection (a) shall be increased by \$500 each
12 calendar year following the calendar year this subchapter takes
13 effect.

14 Section 515. Tax deferral.

15 (a) Amount.--An annual real estate tax deferral granted
16 under this subchapter shall equal the increase in real property
17 taxes in excess of the claimant's base payment.

18 (b) Prohibition.--No tax deferrals shall be granted if the
19 total amount of deferred taxes, plus the total amount of all
20 other unsatisfied liens on the homestead of the claimant,
21 exceeds 85% of the market value of the homestead or if the
22 outstanding principal on any and all mortgages on the homestead
23 exceeds 70% of the market value of the homestead. Market value
24 shall equal assessed value divided by the common level ratio as
25 most recently determined by the State Tax Equalization Board for
26 the county in which the property is located.

27 Section 516. Application procedure.

28 (a) Initial application.--Any person eligible for a tax
29 deferral under this subchapter may apply annually to the taxing
30 authority. In the initial year of application, the following

1 information shall be provided in the manner required by the
2 taxing authority:

3 (1) A statement of request for the tax deferral.

4 (2) A certification that the applicant or the applicant
5 and his or her spouse jointly are the owners in fee simple
6 and residents of the property upon which the real property
7 taxes are imposed.

8 (3) A certification that the applicant's residence is
9 adequately insured under a homeowner's policy to the extent
10 of all outstanding liens.

11 (4) Receipts showing timely payment of the immediately
12 preceding year's nondeferred real property tax liability.

13 (5) Proof of income eligibility under section 514.

14 (b) Subsequent years.--After the initial entry into the
15 program, a claimant shall remain eligible for tax deferral in
16 subsequent years so long as the claimant continues to meet the
17 eligibility requirements of this subchapter.

18 Section 517. Contents of application.

19 Any application for a tax deferral distributed to persons
20 shall contain the following:

21 (1) A statement that the tax deferral granted under this
22 subchapter is provided in exchange for a lien against the
23 homestead of the applicant.

24 (2) An explanation of the manner in which the deferred
25 taxes shall become due, payable and delinquent and include,
26 at a minimum, the consequences of noncompliance with the
27 provisions of this subchapter.

28 Section 518. Attachment and satisfaction of liens.

29 (a) Nature of lien.--All taxes deferred under this
30 subchapter shall constitute a prior lien on the homestead of the

1 claimant in favor of the taxing authority and shall attach as of
2 the date and in the same manner as other liens for taxes. The
3 deferred taxes shall be collected as other liens for taxes, but
4 the deferred taxes shall be due, payable and delinquent only as
5 provided in subsection (b), and no interest shall be collected
6 on the lien.

7 (b) Payment.--

8 (1) All or part of the deferred taxes may at any time be
9 paid to the taxing authority.

10 (2) In the event that the deferred taxes are not paid by
11 the claimant or the claimant's spouse during his or her
12 lifetime or during their continued ownership of the property,
13 the deferred taxes shall be paid either:

14 (i) prior to the conveyance of the property to any
15 third party; or

16 (ii) prior to the passing of the legal or equitable
17 title, either by will or by statute, to the heirs of the
18 claimant or the claimant's spouse.

19 (3) The surviving spouse of a claimant shall not be
20 required to pay the deferred taxes by reason of his or her
21 acquisition of the property due to death of the claimant as
22 long as the surviving spouse maintains his or her residence
23 in the property. The surviving spouse may continue to
24 participate in the tax deferral program in subsequent years
25 provided he or she is eligible under the provisions of this
26 subchapter.

27 SUBCHAPTERS C THROUGH J (RESERVED)

28 CHAPTER 7

29 DISPOSITION AND USE OF TAX REVENUES

30 Section 701. Use of sales tax revenues.

1 (a) Counties.--

2 (1) In the fiscal year of implementation, each county
3 that imposes a sales and use tax under this act shall use all
4 revenues from the tax first to offset any lost revenue to the
5 county from the taxes prohibited under section 301(b) in an
6 amount equal to the revenue the county collected from the
7 prohibited taxes in the immediately preceding fiscal year and
8 then to reduce the county real property tax by means of:

9 (i) The universal exemption or the homestead
10 exemption.

11 (ii) A reduction in the millage rate.

12 (iii) A rent and tax rebate program modeled after
13 the Commonwealth's Property Tax and Rent Rebate Program.

14 (iv) Any combination of the options under the
15 foregoing subparagraphs.

16 (2) Reductions under paragraph (1) shall be done in
17 accordance with section 704.

18 (3) The department shall provide to each county that
19 imposes a sales and use tax an estimate of the total dollar
20 amount of revenue that the county can expect to receive from
21 the county's share of the 1% county sales and use tax for the
22 fiscal year of implementation. The department may charge the
23 county for the actual costs of calculating the requested
24 estimates. Guidelines concerning the costs shall be published
25 in the Pennsylvania Bulletin. In the event the actual amount
26 of sales and use tax revenue received by a county is less
27 than the estimate of sales and use tax revenue provided by
28 the department, the county may increase its real property tax
29 millage rate to the level necessary to offset any shortfall
30 resulting from an overestimation of sales and use tax

1 revenue, as certified by the department, in the fiscal year
2 of implementation.

3 (b) Municipalities.--

4 (1) All sales and use tax revenues received by any
5 municipality shall be first used to offset any lost revenue
6 from the taxes prohibited under section 301(b), and then used
7 to reduce the municipal real property tax by means of:

8 (i) The universal exemption or the homestead
9 exemption.

10 (ii) A reduction in the millage rate.

11 (iii) A rent and tax rebate program modeled after
12 the Commonwealth's Property Tax and Rent Rebate Program.

13 (iv) Any combination of the options under the
14 foregoing subparagraphs.

15 (2) Reductions under paragraph (1) shall be done in
16 accordance with section 704.

17 (3) In the event the actual amount of sales and use tax
18 revenue received by a municipality is less than the estimate
19 of sales and use tax revenue provided by the department, the
20 municipality may increase its real property tax millage rate
21 to the level necessary to offset any shortfall resulting from
22 an overestimation of sales and use tax revenue, as certified
23 by the department, in the fiscal year of implementation.

24 Section 702. Use of personal or earned income tax revenues.

25 (a) Counties.--

26 (1) For the fiscal year of implementation of a newly
27 imposed income tax, all revenues received by a county shall
28 first be used to offset any lost revenue to the county from
29 the taxes prohibited under section 301(b) in an amount equal
30 to the revenue the county collected from the prohibited taxes

1 in the immediately preceding fiscal year and then to reduce
2 the municipal real property tax by means of:

3 (i) The universal exemption or the homestead
4 exemption.

5 (ii) A reduction in the millage rate.

6 (iii) A rent and tax rebate program modeled after
7 the Commonwealth's Property Tax and Rent Rebate Program.

8 (iv) Any combination of the options under the
9 foregoing subparagraphs.

10 (2) Reductions under paragraph (1) shall be done in
11 accordance with section 704.

12 (b) Municipalities.--The disposition of revenue from an
13 income tax or an increase in the rate of an income tax imposed
14 by municipalities under the authority of this act shall occur in
15 the following manner:

16 (1) In a municipality which currently does not impose an
17 income tax, all revenues received by the municipality shall
18 first be used to offset any lost revenue to the municipality
19 from the taxes prohibited under section 301(b) in an amount
20 equal to the revenue the municipality collected from the
21 prohibited taxes in the immediately preceding fiscal year and
22 then to reduce the municipality's real property tax by means
23 of:

24 (i) The universal exemption or the homestead
25 exemption.

26 (ii) A reduction in the millage rate.

27 (iii) A rent and tax rebate program modeled after
28 the Commonwealth's Property Tax and Rent Rebate Program.

29 (iv) Any combination of the options under the
30 foregoing subparagraphs.

1 (2) Reductions under paragraph (1) shall be done in
2 accordance with section 704.

3 (3) In municipalities which currently impose an earned
4 income tax, all revenues received by the municipality in
5 excess of current revenue, including the existing earned
6 income tax, shall first be used to offset lost revenue from
7 the taxes prohibited under section 301(b), and then to reduce
8 the municipality's real property tax by means of:

9 (i) The universal exemption or the homestead
10 exemption.

11 (ii) A reduction in the millage rate.

12 (iii) A rent and tax rebate program modeled after
13 the Commonwealth's Property Tax and Rent Rebate Program.

14 (iv) Any combination of the options under the
15 foregoing subparagraphs.

16 (4) Reductions under paragraph (1) shall be done in
17 accordance with section 704.

18 (c) Revenue estimates of department.--The department shall
19 provide to each taxing jurisdiction that imposes an income tax
20 under this act an estimate of the total dollar amount of revenue
21 that the taxing jurisdiction can expect to receive from an
22 income tax for the fiscal year of implementation. The department
23 may charge the taxing jurisdiction for the actual costs of
24 calculating the requested estimates. Guidelines concerning the
25 costs shall be published in the Pennsylvania Bulletin. In the
26 event the actual dollar amount of income tax revenue received by
27 a taxing jurisdiction is less than the estimate of income tax
28 revenue provided by the department, the taxing jurisdiction may
29 increase its real property tax millage rate to the level
30 necessary to offset any shortfall resulting from an

1 overestimation of income tax revenue, as certified by the
2 department, in the fiscal year of implementation.

3 Section 703. Revenue limitation exceptions.

4 (a) Exceptions listed.--The limitations in sections 312, 322
5 and 331 may not be waived, except in the following cases:

6 (1) To respond to or recover from an emergency or
7 disaster declared under 35 Pa.C.S. Pt. V (relating to
8 emergency management services), for the duration of the
9 emergency or duration of the disaster or for the costs of the
10 recovery from the emergency or disaster.

11 (2) To implement a court order or an administrative
12 decision of a Federal or State agency. In instances where the
13 tax increase is necessary to respond to a court order or an
14 administrative decision of a Federal or State agency
15 requiring a temporary increase in local expenditures, the
16 rate increase shall be rescinded following fulfillment of the
17 court decision.

18 (3) To respond to a Federal or State statute, regulation
19 or order adding to or significantly altering responsibilities
20 and duties or requiring expenditure of county or local funds
21 to the extent not funded by the Federal or State Government.
22 This provision shall apply only to a Federal or State
23 statute, regulation or order taking effect after the
24 effective date of this act.

25 (b) Court action.--Prior to any waiver under subsection (a),
26 approval is required by the court of common pleas in the
27 judicial district in which the governing body is located. The
28 following shall apply to any proceedings instituted under this
29 subsection:

30 (1) The governing body must prove by clear and

1 convincing evidence the necessity for the waiver.

2 (2) The court may retain continuing jurisdiction in
3 these cases and may, on its own motion or on petition of an
4 interested party, revoke approval for the waiver.

5 (c) Distressed municipality or county.--This section shall
6 not be construed to prohibit any municipality or county declared
7 distressed under the act of July 10, 1987 (P.L.246, No.47),
8 known as the Municipalities Financial Recovery Act, from
9 petitioning the court of common pleas for a tax increase in
10 accordance with section 123(c) of the Municipalities Financial
11 Recovery Act.

12 (d) Standing.--Any taxpayer or business shall have standing
13 as a party to a proceeding under this section as long as the
14 taxpayer or business resides within or pays real property taxes
15 to the taxing jurisdiction of the governing body instituting the
16 action.

17 Section 704. Methods of reducing real property tax.

18 (a) General rule.--Any county or municipality that levies or
19 receives revenue from a county sales and use tax or an income
20 tax under the provisions of this act may achieve the required
21 reduction of the real property tax by exercising one or any
22 combination of the options contained in the following
23 paragraphs:

24 (1) The taxing jurisdiction may exclude from taxation by
25 means of the homestead exemption a fixed amount of the
26 assessed value of each homestead property in the taxing
27 jurisdiction within the limits, if any, imposed by Article
28 VIII of the Constitution of Pennsylvania, as provided in
29 subsection (b). The property tax shall be levied at the same
30 millage rate as levied by the taxing jurisdiction for the

1 fiscal year immediately preceding the year of implementation
2 of the sales and use tax or income tax, as appropriate,
3 imposed under this act.

4 (2) The taxing jurisdiction may exclude from taxation by
5 means of the universal exemption a fixed amount of the
6 assessed value of each property in the taxing jurisdiction
7 within the limits, if any, imposed by Article VIII of the
8 Constitution of Pennsylvania. The property tax shall be
9 levied at the same millage rate as levied by the taxing
10 jurisdiction for the fiscal year immediately preceding the
11 year of implementation of the sales and use tax or income
12 tax, as appropriate, imposed under this act.

13 (3) The taxing jurisdiction may reduce the millage rate
14 of the real property tax generally to the same rate on all
15 taxable real property. The reduction in millage rate shall be
16 calculated based on the millage rate levied by the taxing
17 jurisdiction for the fiscal year immediately preceding the
18 year of implementation of the sales and use tax or income
19 tax, as appropriate, imposed under this act.

20 (4) The taxing jurisdiction may reduce the millage rate
21 of the real property tax generally to the same rate on all
22 taxable real property in combination with either the
23 homestead exemption as provided under paragraph (1) or the
24 universal exemption as provided under paragraph (2). The
25 reduction in the real property millage rate shall be
26 calculated based on the millage rate levied by the taxing
27 jurisdiction for the fiscal year immediately preceding the
28 year of implementation of the sales and use tax or income
29 tax, as appropriate, imposed under this act.

30 (b) Limitations.--

1 (1) Any taxing jurisdiction which elects to reduce the
2 real property tax by means of the homestead exemption shall
3 reduce the assessed value of each homestead in the taxing
4 jurisdiction by a fixed amount established by its governing
5 body up to the maximum limits contained in section 2(b) of
6 Article VIII of the Constitution of Pennsylvania.

7 (2) After a countywide revision of assessments within a
8 county or municipality which has established a homestead
9 exemption, the governing body of the taxing jurisdiction
10 shall adjust the amount of the homestead exemption as
11 follows:

12 (i) if the county changes its assessment base by
13 applying a change in the established predetermined ratio,
14 the homestead exemption shall be adjusted by the percent
15 change between the existing predetermined ratio and the
16 newly established predetermined ratio; or

17 (ii) if the county performs a countywide revision of
18 assessments by revaluing all properties and applying an
19 established predetermined ratio, the homestead exemption
20 shall be adjusted by dividing the homestead exemption for
21 the year preceding the countywide revision of assessments
22 by the common level ratio and multiplying the quotient of
23 that calculation by the newly established predetermined
24 ratio.

25 (3) If after reducing the real property tax by means of
26 either the homestead exemption or the universal exemption
27 there are any revenues remaining from a sales and use tax or
28 income tax imposed under this act, the remaining revenues
29 shall be used to further reduce the real property tax by
30 means of a uniform reduction in the millage rate.

1 (c) Definitions.--As used in this section, the following
2 words and phrases shall have the meanings given to them in this
3 subsection:

4 "Common level ratio." The ratio of assessed value to current
5 market value used generally in the county as last determined by
6 the State Tax Equalization Board under the act of June 27, 1947
7 (P.L.1046, No.447), referred to as the State Tax Equalization
8 Board Law.

9 "Established predetermined ratio." The ratio of assessed
10 value to market value established by the board of county
11 commissioners and uniformly applied in determining assessed
12 value in any year.

13 "Homestead." A dwelling, and as much of the land surrounding
14 it as is reasonably necessary for the use of a dwelling as a
15 home, occupied as the principal dwelling place by the owner or
16 owners thereof. The term also includes premises occupied by
17 reason of ownership by individuals as defined in section 301 of
18 the Tax Reform Code. The term also includes premises occupied by
19 reason of ownership in a cooperative housing corporation, mobile
20 homes which are assessed as realty for local property tax
21 purposes and the land, if owned by the person claiming the
22 homestead property exemption upon which the mobile home is
23 situated, and other similar living accommodations, as well as
24 part of a multidwelling or multipurpose building and a part of
25 the land on which it is built. The term also includes premises
26 occupied by reason of ownership of a dwelling located on land
27 owned by a nonprofit incorporated association of which the
28 person claiming the homestead property exemption is a member, if
29 the person is required to pay a pro rata share of the property
30 taxes levied against the association's land. As used in this

1 subsection, the term "owner" includes a person in possession
2 under a contract of sale, deed of trust, life estate, joint
3 tenancy or tenancy in common or by reason of statutes of descent
4 or distribution.

5 Section 705. Estimates of distributions and revenues.

6 (a) General rule.--Estimates and proposed tax rates utilized
7 by a county, municipality or local study commission shall be
8 formulated so that in the fiscal year of implementation, the
9 total budgeted revenues of a county or municipality, including
10 the funds distributed under section 318, do not exceed the total
11 budgeted revenues in the prior fiscal year. Increases in the tax
12 base which occur as a natural result of social or economic
13 factors such as increases in property values, population, retail
14 sales or other taxable activities, and not as a result of
15 changes in rates of taxation, may be excluded from the
16 formulation.

17 (b) Refund of excess.--If, in the fiscal year of
18 implementation, revenues from the taxes authorized by this act
19 cause the total budgeted revenues of a county or municipality,
20 including funds distributed under section 318, to exceed the
21 budgeted revenues of the prior fiscal year by more than 2%, the
22 county or municipality shall return such excess to the taxpayers
23 and adjust its tax rates to comply with subsection (a) in the
24 next fiscal year.

25 (c) Use of excess.--If, in the fiscal year of
26 implementation, a county's or municipality's total budgeted
27 revenues do not exceed the prior fiscal year's budgeted revenues
28 by more than 2%, any excess shall be used to retire debt or
29 pension obligations of the government entity.

30

CHAPTER 9

REGISTER FOR CERTAIN TAXES

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Section 901. Definitions.

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

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

Section 902. Register for taxes under this act.

(a) General rule.--It shall be the duty of the department to have available an official continuing register supplemented annually of all sales and use, personal income, earned income and net profits and municipal service taxes levied under this act.

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

(1) The counties or municipalities levying personal income tax, earned income and net profits tax or sales and use tax under this act.

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

(3) The rate on taxpayers.

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

Section 903. Information for register.

Information for the register shall be furnished by the chief clerk or secretary of each county or municipality to the department in such manner and on such forms as the department may prescribe. The information must be received by the

1 department no later than July 15 of each year following the
2 first year of imposition to show new tax enactments, repeals and
3 changes. Failure to comply with this date for filing may result
4 in the omission of the tax levy from the register for that year.
5 Failure of the department to receive information of taxes
6 continued without change may be construed by the department to
7 mean that the information contained in the previous register
8 remains in force.

9 Section 904. Availability and effective period of register.

10 The department shall have the register, with such annual
11 supplements as may be required by new tax enactments, repeals or
12 changes, available upon request no later than August 15 of each
13 year. The effective period for each register shall be from July
14 1 of the year in which it is issued to June 30 of the following
15 year.

16 Section 905. Effect of nonfiling.

17 Employers shall not be required by any ordinance to withhold
18 from the compensation of their employees any personal income tax
19 or earned income and net profits tax imposed under the
20 provisions of this act which is not listed in the register or to
21 make reports of compensation in connection with taxes not so
22 listed. If the register is not available by August 15, the
23 register of the previous year shall continue temporarily in
24 effect for an additional period of not more than one year.

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

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

28 CHAPTER 17

29 MISCELLANEOUS PROVISIONS

30 Section 1701. Effective date.

1 This act shall take effect immediately.