
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 741 Session of
2013

INTRODUCED BY EICHELBERGER, ALLOWAY, FOLMER, BREWSTER, WAUGH,
FERLO AND BOSCOLA, MARCH 26, 2013

REFERRED TO FINANCE, MARCH 26, 2013

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 that
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 that 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 that 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 that may be created
19 by statute, except a city of the first or second class.

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

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

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

29 "Optional plan municipality." A city, borough, incorporated
30 town or township that has adopted an optional plan of government

under the former act of April 13, 1972 (P.L.184, No.62), known as the Home Rule Charter and Optional Plans Law.

"Ordinance." Includes a resolution.

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

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

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

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

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

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

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

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

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

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

Section 103. Scope and limitations.

(a) General rule.--Except as provided in subsections (b), (c), (d) and (e), it is the intent of this act to confer upon each county the power to levy, assess and collect taxes upon the

1 subjects of taxation set forth in this act.

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

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

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

29 (e) Sign or sign privilege tax.--Any county or municipality
30 that has on or before January 1, 2011, assessed, levied or

1 collected an annual sign tax or annual sign privilege tax or
2 provided for the levying, assessment or collection of that tax
3 may continue to levy, assess and collect such tax on such
4 subjects upon which the tax was imposed by the county or
5 municipality at a rate not to exceed the rate imposed by the
6 county or municipality as of January 1, 2011. A county or
7 municipality that does not assess, levy or collect an annual
8 sign tax or annual sign privilege tax as of January 1, 2011, may
9 not assess, levy or collect that tax.

10 Section 104. Home rule counties.

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

19 Section 105. Certain rates of taxation limited.

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

28 (b) Limitation.--In the event that a school district opts to
29 impose or increase an earned income tax under the Local Tax
30 Enabling Act within a county that has elected to participate

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

5 CHAPTER 3

6 SUBJECTS OF TAXATION

7 SUBCHAPTER A

8 TAX AUTHORIZATION

9 Section 301. General tax authorization.

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

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

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

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

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

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

30 (5) Any other tax authorized or permitted under the

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

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

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

13 Section 302. Continuity of tax.

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

18 Section 303. Election to participate under act.

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

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

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

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

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

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

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

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

30 (iii) The age, income, employment and property use

1 characteristics of the existing tax base.

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

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

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

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

23 (6) The local tax study commission shall publish or
24 cause to be published, concurrent with issuing its
25 recommendation, a final report of its activities and
26 recommendations and shall deliver the final report to the
27 governing bodies of the county and municipalities in the
28 county. The local tax study commission shall be subject to 65
29 Pa.C.S. Ch. 7 (relating to open meetings) and the act of
30 February 14, 2008 (P.L.6, No.3), known as the Right-to-Know

1 Law.

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

4 (8) The records, receipts, tapes, minutes of meetings
5 and written discussions of the local tax study commission
6 shall, upon its discharge, be turned over to the secretary or
7 chief clerk of the county for permanent safekeeping. The
8 secretary or chief clerk shall make those materials available
9 for public inspection at any time during regular business
10 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 act of June 3, 1937
7 (P.L.1333, No.320), known as the Pennsylvania Election Code,
8 that includes all of the following:

9 (1) The initial rate of the tax or taxes to be imposed
10 and the maximum allowable rate of the tax or taxes imposed
11 under this act.

12 (2) The estimated revenues to be derived from the
13 initial rate of the tax or taxes imposed under this act in
14 the fiscal year of transition to the tax system authorized
15 under this act.

16 (3) The estimated tax savings from the reduction in real
17 property taxes and the elimination of certain existing taxes
18 under this act.

19 (4) The identification of the existing taxes to be
20 eliminated under this act.

21 (5) The method or methods to be used to reduce real
22 property taxes.

23 (6) The class or classes of real property for which real
24 property taxes would be reduced.

25 (7) The estimated amount of real property tax reduction
26 by class, expressed as an average percent reduction by class,
27 if applicable.

28 (d) Existing taxes.--If a referendum under this section
29 fails to win majority approval of the electorate, a county or
30 municipality shall not be required to seek the approval of the

1 electorate as a prerequisite to an increase in the rate of any
2 tax which the governing body of the affected county or
3 municipality is already authorized to levy and increase under
4 any other act.

5 Section 304. Municipal input into participation.

6 (a) Decision to participate.--After the first January 1
7 occurring at least six months following the effective date of
8 this section, if the board of county commissioners of a county
9 has not elected to participate under this act, municipalities
10 located in that county may require, as provided in this section,
11 the board of county commissioners of the county to establish a
12 local tax study commission under section 303. The affirmative
13 votes of the governing bodies of municipalities whose combined
14 population represents more than 60% of the population within the
15 county shall be necessary to require the board of county
16 commissioners to elect participation under this act. The
17 population of a municipality that is located in more than one
18 county shall be determined separately for each county where the
19 municipality is located on the basis of the municipality's
20 population within each county.

21 (b) Decision not to participate.--If the board of county
22 commissioners of a county has elected to participate under this
23 act, municipalities located in that county may, at any time
24 prior to a final vote by the county commissioners under section
25 303(b)(4) or (5), submit a resolution passed by the
26 municipality's governing body to the board of county
27 commissioners of the county indicating the municipality's desire
28 to reject participation under this act. If the county receives
29 duly passed resolutions from municipalities whose combined
30 population represents 60% of the county's population, a county

1 shall reject participation and no referendum may be placed
2 before the electorate.

3 (c) Procedure.--

4 (1) Each governing body of a municipality voting in the
5 affirmative on the question shall certify its vote on the
6 question to the board of county commissioners. The governing
7 body of a municipality that is located in more than one
8 county shall certify its vote on the question to the board of
9 county commissioners for each county where the municipality
10 is located.

11 (2) The affirmative votes of the governing bodies of
12 municipalities whose combined population represents more than
13 60% of the population within the county shall be necessary
14 for the board of county commissioners to be required to elect
15 or reject participation under this act. The population of a
16 municipality that is located in more than one county shall be
17 determined separately for each county where the municipality
18 is located on the basis of the municipality's population
19 within each county.

20 (3) Immediately upon receipt of certifications
21 indicating the approval of resolutions by municipalities
22 whose combined population represents more than 60% of the
23 population of the county, the board of county commissioners
24 of the county shall either elect to participate and initiate
25 the procedures under section 303 or reject participation
26 under this section, in accordance with the decision contained
27 in those resolutions which represent more than 60% of the
28 population of the county.

29 SUBCHAPTER B

30 COUNTY SALES AND USE TAX

1 Section 311. Construction.

2 The tax imposed by the governing body of a county under this
3 subchapter shall be in lieu of imposing taxes under sections 322
4 and 331 and in addition to any tax imposed by the Commonwealth
5 under Article II of the Tax Reform Code. Except for the situs
6 provisions under section 313, the provisions of Article II of
7 the Tax Reform Code shall apply to the tax.

8 Section 312. Imposition.

9 (a) Sales.--The governing body of a county of the third
10 through eighth class may levy and assess upon each separate sale
11 at retail of tangible personal property or services, as defined
12 in Article II of the Tax Reform Code, within the boundaries of
13 the county, a tax on the purchase price. The tax shall be
14 collected by the vendor from the purchaser and shall be paid
15 over to the Commonwealth as provided in this subchapter. The
16 sales tax shall not be paid to the Commonwealth by any person
17 who has paid the tax imposed under Chapter 5 of the act of June
18 5, 1991 (P.L.9, No.6), known as the Pennsylvania
19 Intergovernmental Cooperation Authority Act for Cities of the
20 First Class, or subdivision (e) of Article XXXI-B of the act of
21 July 28, 1953 (P.L.723, No.230), known as the Second Class
22 County Code, equal to or greater than the tax imposed under this
23 subsection.

24 (b) Use.--In any county, except for a county of the first or
25 second class, within which the tax authorized in subsection (a)
26 is imposed, there shall be levied, assessed and collected upon
27 the use, within the county, of tangible personal property
28 purchased at retail and on services purchased at retail, as
29 defined in Article II of the Tax Reform Code, a tax on the
30 purchase price. The tax shall be paid over to the Commonwealth

1 by the person who makes the use. The use tax imposed under this
2 subchapter shall not be paid over to the Commonwealth by any
3 person who has paid the tax imposed under:

4 (1) Subsection (a).

5 (2) This subsection to the vendor with respect to the
6 use.

7 (3) Chapter 5 of the Pennsylvania Intergovernmental
8 Cooperation Authority Act for Cities of the First Class,
9 equal to or greater than the tax imposed under either
10 subsection (a) or this subsection.

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

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

20 (d) Rate and uniformity.--

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

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

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

29 Section 313. Situs.

30 (a) General rule.--Except as provided in subsection (b), the

1 situs of sales at retail or uses, including leases, of motor
2 vehicles, aircraft, motorcraft and utility services shall be
3 determined in the manner specified by section 504 of the act of
4 June 5, 1991 (P.L.9, No.6), known as the Pennsylvania
5 Intergovernmental Cooperation Authority Act for Cities of the
6 First Class, as well as the Tax Reform Code of 1971.

7 (b) Premium cable and telecommunications services.--The sale
8 or use of premium cable or telecommunications service shall be
9 deemed to occur at the address in the county where the customer
10 receives the bill for service. This subsection shall determine
11 the situs of premium cable service for the purpose of all county
12 sales taxes, including those imposed under Chapter 5 of the
13 Pennsylvania Intergovernmental Cooperation Authority Act for
14 Cities of the First Class and under subdivision (e) of Article
15 XXXI-B of the act of July 28, 1953 (P.L.723, No.230), known as
16 the Second Class County Code.

17 Section 314. Licenses.

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

25 Section 315. Rules and regulations; collection costs.

26 (a) Regulations.--Rules and regulations shall be applicable
27 to the taxes imposed under section 312 in the same manner as is
28 provided for in section 506(1) and (2) of the act of June 5,
29 1991 (P.L.9, No.6), known as the Pennsylvania Intergovernmental
30 Cooperation Authority Act for Cities of the First Class.

1 (b) Administrative costs.--The department, to cover its
2 costs of administration, may retain a sum equal to the costs of
3 administration. When the annual operating budget for the
4 department is submitted to the General Assembly, the department
5 shall also submit to the chairman and minority chairman of the
6 Appropriations Committee of the Senate and to the chairman and
7 minority chairman of the Appropriations Committee of the House
8 of Representatives a report of the actual sums retained for
9 costs of collection in the preceding fiscal year, together with
10 all supporting details.

11 Section 316. Procedure and administration.

12 (a) Ordinance.--Any county authorized to impose the tax
13 under section 312 shall give at least 60 days' written notice to
14 every municipality and school district located in the county of
15 its intent to impose the tax and shall adopt an ordinance after
16 the expiration of 60 days after the date of the notice. The
17 notice and an ordinance shall state the tax rate and refer to
18 this subchapter. The ordinance shall authorize the imposition of
19 all taxes provided for in section 312. Prior to adopting an
20 ordinance imposing the tax authorized by section 312, the
21 governing body of the county shall give public notice of its
22 intent to adopt the ordinance in the manner provided by section
23 306 of the Local Tax Enabling Act and shall conduct at least one
24 public hearing regarding the proposed adoption of the ordinance.

25 (b) Notification to department.--A certified copy of the
26 county ordinance shall be delivered to the department by
27 September 1 of the year prior to the effective date of the
28 ordinance. The county ordinance shall become effective on
29 January 1 of the following year.

30 (c) Delivery of repeal ordinance.--A certified copy of any

1 repeal ordinance shall be delivered to the department at least
2 30 days prior to the effective date of the repeal.

3 Section 317. County sales and use tax funds.

4 There is created for each county levying the tax under
5 section 312 the (proper name) County Sales and Use Tax Fund. The
6 State Treasurer shall be custodian of the funds that shall be
7 subject to the provisions of law applicable to funds listed in
8 section 302 of the act of April 9, 1929 (P.L.343, No.176), known
9 as The Fiscal Code. Taxes imposed under section 312 shall be
10 received by the department and paid to the State Treasurer and,
11 along with interest and penalties, less any collection costs
12 allowed under this subchapter and any refunds and credits paid,
13 shall be credited to the funds not less frequently than every
14 two weeks. During any period prior to the credit of moneys to
15 the funds, interest earned on moneys received by the department
16 and paid to the State Treasurer under this subchapter shall be
17 deposited into the funds. All moneys in the funds, including,
18 but not limited to, moneys credited to the funds under this
19 section, prior year encumbrances and the interest earned
20 thereon, shall not lapse or be transferred to any other fund,
21 but shall remain in the funds. Pending their disbursement,
22 moneys received on behalf of or deposited into the funds shall
23 be invested or reinvested as are other moneys in the custody of
24 the State Treasurer in the manner provided by law. All earnings
25 received from the investment or reinvestment of the moneys shall
26 be credited to the respective funds. The Auditor General shall
27 periodically audit the records of the department relative to its
28 duties under this section and shall furnish the results of the
29 audit to any county levying the sales and use tax under section
30 312 and to any municipality within the county upon its request.

1 Section 318. Disbursements.

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

7 (b) Disbursement to counties.--The State Treasurer shall
8 disburse to a county imposing the tax authorized under section
9 312 an amount of money equal to 50% of the tax collected in that
10 county and remitted to the department and deposited in the
11 respective county sales and use tax fund. The county shall
12 deposit the revenue from the respective county sales and use tax
13 fund into the county general fund for disposition as provided
14 under section 701(a).

15 (c) Disbursement to municipalities.--The State Treasurer
16 shall, at the same time, disburse to the municipalities 50% of
17 the tax collected in their respective counties as provided in
18 subsection (d). Each municipality's portion shall be deposited
19 in the municipal general fund for disposition as provided in
20 section 701(b).

21 (d) Allocation to municipalities.--The money allocated to
22 municipalities in the county shall be distributed pro rata based
23 on the population of each municipality located in the county as
24 a percentage of the sum of the population of all municipalities
25 located in the county. For municipalities located in more than
26 one county, the population shall be determined separately for
27 each county where the municipality is located on the basis of
28 the municipality's population within each county.

29 SUBCHAPTER C

30 PERSONAL INCOME TAX

1 Section 321. Construction.

2 The tax imposed in a county under this subchapter shall be in
3 lieu of imposing taxes under sections 312 and 331, and in
4 addition to any tax imposed by the Commonwealth under Article
5 III of the Tax Reform Code. In addition to the provisions in
6 sections 501, 502 and 503, the provisions of Article III of the
7 Tax Reform Code shall apply to the tax.

8 Section 322. Personal income tax.

9 Upon approval by referendum under this act, a county shall
10 have the power to levy, assess and collect a tax on the personal
11 income of resident individuals of the county up to a maximum
12 rate of 1.5%, in increments of 0.25 of 1%.

13 Section 323. Collections.

14 A county imposing a tax under section 322 shall designate
15 either the tax officer under the Local Tax Enabling Act or the
16 Department of Revenue as the collector of the countywide
17 personal income tax. In the performance of the tax collection
18 duties under this subchapter, the designated tax officer shall
19 have all the same powers, rights, responsibilities and duties
20 for the collection of the taxes that may be imposed under the
21 Local Tax Enabling Act or otherwise by law.

22 Section 324. Rules and regulations.

23 Taxes imposed under section 322 will be subject to the rules
24 and regulations adopted by the department under Article III of
25 the Tax Reform Code.

26 Section 325. Procedure and administration.

27 (a) Ordinance.--The governing body of the county, in order
28 to impose the tax authorized by section 322, shall adopt an
29 ordinance that shall refer to this subchapter. Prior to adopting
30 an ordinance imposing the tax authorized by section 322, the

governing body shall give public notice of its intent to adopt the ordinance in the manner provided in section 316, and shall conduct at least one public hearing regarding the proposed adoption of the ordinance.

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

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

SUBCHAPTER D

EARNED INCOME AND NET PROFITS TAX

Section 331. Earned income and net profits tax.

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

Section 332. Collections.

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

Section 333. Rules and regulations.

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

3 Section 334. Procedure and administration.

4 The governing body of the county, in order to impose the tax
5 authorized by section 331, shall adopt an ordinance that shall
6 refer to this subchapter. Prior to adopting an ordinance
7 imposing the tax authorized by section 331, the governing body
8 shall give public notice of its intent to adopt the ordinance in
9 the manner provided by section 306 of the Local Tax Enabling
10 Act, and shall conduct at least one public hearing regarding the
11 proposed adoption of the ordinance.

12 SUBCHAPTERS E THROUGH I (RESERVED)

13 CHAPTER 5

14 CREDITS, EXEMPTIONS AND DEFERRALS

15 SUBCHAPTER A

16 CREDITS AND EXEMPTIONS

17 Section 501. Credits.

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

22 Section 502. Low-income tax provisions.

23 The provisions of section 304 of the Tax Reform Code shall be
24 applied in any county which levies a tax under section 322 or
25 331.

26 Section 503. Regulations.

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

29 SUBCHAPTER B

30 REAL ESTATE TAX DEFERRAL

1 Section 511. Legislative intent.

2 In order to provide additional relief to residential property
3 owners facing tax increases caused by changes in the millage
4 rate, assessment rates or method or by a countywide
5 reassessment, it is the intent of the General Assembly to create
6 a program that will allow counties and municipalities to defer
7 the increased portion of real property taxes when certain
8 conditions are met.

9 Section 512. Definitions.

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

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

15 "Base year." The tax year preceding the first tax year for
16 which a taxing authority implements the provisions of this
17 subchapter or the tax year immediately preceding an applicant's
18 entry into the tax deferral program.

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

24 "Homestead." Real property that qualifies as a homestead
25 under the provisions of the former act of March 11, 1971
26 (P.L.104, No.3), known as the Senior Citizens Rebate and
27 Assistance Act, except real property which is rented or leased
28 to a claimant.

29 "Household income." All income as defined in the former act
30 of March 11, 1971 (P.L.104, No.3), known as the Senior Citizens

1 Rebate and Assistance Act, received by the claimant and by the
2 claimant's spouse while residing in the homestead during the
3 calendar year for which a tax deferral is claimed.

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

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

10 Section 513. Authority.

11 All taxing authorities shall have the power and authority to
12 grant annual tax deferrals in the manner provided in this
13 subchapter.

14 Section 514. Income eligibility.

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

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

23 Section 515. Tax deferral.

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

27 (b) Prohibition.--No tax deferral may be granted if the total
28 amount of deferred taxes, plus the total amount of all other
29 unsatisfied liens on the homestead of the claimant, exceeds 85%
30 of the market value of the homestead or if the outstanding

principal on any and all mortgages on the homestead exceeds 70% of the market value of the homestead. Market value shall equal assessed value divided by the common level ratio as most recently determined by the State Tax Equalization Board for the county in which the property is located.

Section 516. Application procedure.

(a) Initial application.--A person eligible for a tax deferral under this subchapter may apply annually to the taxing authority. In the initial year of application, the following information shall be provided in the manner required by the taxing authority:

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

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

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

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

(5) Proof of income eligibility under section 514.

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

Section 517. Contents of application.

An application for a tax deferral distributed to persons shall contain the following:

(1) A statement that the tax deferral granted under this

1 subchapter is provided in exchange for a lien against the
2 homestead of the applicant.

3 (2) An explanation of the manner in which the deferred
4 taxes shall become due, payable and delinquent and include,
5 at a minimum, the consequences of noncompliance with the
6 provisions of this subchapter.

7 Section 518. Attachment and satisfaction of liens.

8 (a) Nature of lien.--All taxes deferred under this
9 subchapter shall constitute a prior lien on the homestead of the
10 claimant in favor of the taxing authority and shall attach as of
11 the date and in the same manner as other liens for taxes. The
12 deferred taxes shall be collected as other liens for taxes, but
13 the deferred taxes shall be due, payable and delinquent only as
14 provided in subsection (b), and no interest may be collected on
15 the lien.

16 (b) Payment.--

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

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

23 (i) prior to the conveyance of the property to any
24 third party; or

25 (ii) prior to the passing of the legal or equitable
26 title, either by will or by statute, to the heirs of the
27 claimant or the claimant's spouse.

28 (3) The surviving spouse of a claimant shall not be
29 required to pay the deferred taxes by reason of his or her
30 acquisition of the property due to death of the claimant as

1 long as the surviving spouse maintains his or her residence
2 in the property. The surviving spouse may continue to
3 participate in the tax deferral program in subsequent years
4 provided he or she is eligible under the provisions of this
5 subchapter.

6 SUBCHAPTERS C THROUGH J (RESERVED)

7 CHAPTER 7

8 DISPOSITION AND USE OF TAX REVENUES

9 Section 701. Use of sales tax revenues.

10 (a) Counties.--

11 (1) In the fiscal year of implementation, each county
12 that imposes a sales and use tax under this act shall use all
13 revenues from the tax first to offset any lost revenue to the
14 county from the taxes prohibited under section 301(b) in an
15 amount equal to the revenue the county collected from the
16 prohibited taxes in the immediately preceding fiscal year and
17 then to reduce the county real property tax by means of:

18 (i) The universal exemption or the homestead
19 exemption.

20 (ii) A reduction in the millage rate.

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

23 (iv) Any combination of the options under the
24 foregoing subparagraphs.

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

27 (3) The department shall provide to each county that
28 imposes a sales and use tax an estimate of the total dollar
29 amount of revenue that the county can expect to receive from
30 the county's share of the 1% county sales and use tax for the

1 fiscal year of implementation. The department may charge the
2 county for the actual costs of calculating the requested
3 estimates. Guidelines concerning the costs shall be published
4 in the Pennsylvania Bulletin. In the event the actual amount
5 of sales and use tax revenue received by a county is less
6 than the estimate of sales and use tax revenue provided by
7 the department, the county may increase its real property tax
8 millage rate to the level necessary to offset any shortfall
9 resulting from an overestimation of sales and use tax
10 revenue, as certified by the department, in the fiscal year
11 of implementation.

12 (b) Municipalities.--

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

17 (i) The universal exemption or the homestead
18 exemption.

19 (ii) A reduction in the millage rate.

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

22 (iv) Any combination of the options under the
23 foregoing subparagraphs.

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

26 (3) In the event the actual amount of sales and use tax
27 revenue received by a municipality is less than the estimate
28 of sales and use tax revenue provided by the department, the
29 municipality may increase its real property tax millage rate
30 to the level necessary to offset any shortfall resulting from

an overestimation of sales and use tax revenue, as certified by the department, in the fiscal year of implementation.

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

(a) Counties.--

(1) For the fiscal year of implementation of a newly imposed income tax, all revenues received by a county shall first be used to offset any lost revenue to the county from the taxes prohibited under section 301(b) in an amount equal to the revenue the county collected from the prohibited taxes in the immediately preceding fiscal year and then to reduce the municipal real property tax by means of:

(i) The universal exemption or the homestead exemption.

(ii) A reduction in the millage rate.

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

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

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

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

(1) In a municipality that currently does not impose an income tax, all revenues received by the municipality shall first be used to offset any lost revenue to the municipality from the taxes prohibited under section 301(b) in an amount equal to the revenue the municipality collected from the prohibited taxes in the immediately preceding fiscal year and

1 then to reduce the municipality's real property tax by means
2 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 subparagraphs (i), (ii) and (iii).

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

12 (3) In municipalities that currently impose an earned
13 income tax, all revenues received by the municipality in
14 excess of current revenue, including the existing earned
15 income tax, shall first be used to offset lost revenue from
16 the taxes prohibited under section 301(b), and then to reduce
17 the municipality's real property tax by means of:

18 (i) The universal exemption or the homestead
19 exemption.

20 (ii) A reduction in the millage rate.

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

23 (iv) Any combination of the options under the
24 foregoing subparagraphs.

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

27 (c) Revenue estimates of department.--The department shall
28 provide to each taxing jurisdiction that imposes an income tax
29 under this act an estimate of the total dollar amount of revenue
30 that the taxing jurisdiction can expect to receive from an

1 income tax for the fiscal year of implementation. The department
2 may charge the taxing jurisdiction for the actual costs of
3 calculating the requested estimates. Guidelines concerning the
4 costs shall be published in the Pennsylvania Bulletin. In the
5 event the actual dollar amount of income tax revenue received by
6 a taxing jurisdiction is less than the estimate of income tax
7 revenue provided by the department, the taxing jurisdiction may
8 increase its real property tax millage rate to the level
9 necessary to offset any shortfall resulting from an
10 overestimation of income tax revenue, as certified by the
11 department, in the fiscal year of implementation.

12 Section 703. Revenue limitation exceptions.

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

15 (1) To respond to or recover from an emergency or
16 disaster declared under 35 Pa.C.S. Pt. V (relating to
17 emergency management services), for the duration of the
18 emergency or duration of the disaster or for the costs of the
19 recovery from the emergency or disaster.

20 (2) To implement a court order or an administrative
21 decision of a Federal or State agency. In instances where the
22 tax increase is necessary to respond to a court order or an
23 administrative decision of a Federal or State agency
24 requiring a temporary increase in local expenditures, the
25 rate increase shall be rescinded following fulfillment of the
26 court decision.

27 (3) To respond to a Federal or State statute, regulation
28 or order adding to or significantly altering responsibilities
29 and duties or requiring expenditure of county or local funds
30 to the extent not funded by the Federal or State Government.

1 This provision shall apply only to a Federal or State
2 statute, regulation or order taking effect after the
3 effective date of this act.

4 (b) Court action.--Prior to any waiver under subsection (a),
5 approval is required by the court of common pleas in the
6 judicial district in which the governing body is located. The
7 following shall apply to any proceedings instituted under this
8 subsection:

9 (1) The governing body must prove by clear and
10 convincing evidence the necessity for the waiver.

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

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

21 (d) Standing.--A taxpayer or business shall have standing as
22 a party to a proceeding under this section as long as the
23 taxpayer or business resides within or pays real property taxes
24 to the taxing jurisdiction of the governing body instituting the
25 action.

26 Section 704. Methods of reducing real property tax.

27 (a) General rule.--A county or municipality that levies or
28 receives revenue from a county sales and use tax or an income
29 tax under the provisions of this act may achieve the required
30 reduction of the real property tax by exercising one or any

combination of the options contained in the following paragraphs:

(1) The taxing jurisdiction may exclude from taxation by means of the homestead exemption a fixed amount of the assessed value of each homestead property in the taxing jurisdiction within the limits, if any, imposed by Article VIII of the Constitution of Pennsylvania, as provided in subsection (b). The property tax shall be levied at the same millage rate as levied by the taxing jurisdiction for the fiscal year immediately preceding the year of implementation of the sales and use tax or income tax, as appropriate, imposed under this act.

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

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

(4) The taxing jurisdiction may reduce the millage rate of the real property tax generally to the same rate on all

1 taxable real property in combination with either the
2 homestead exemption as provided under paragraph (1) or the
3 universal exemption as provided under paragraph (2). The
4 reduction in the real property millage rate shall be
5 calculated based on the millage rate levied by the taxing
6 jurisdiction for the fiscal year immediately preceding the
7 year of implementation of the sales and use tax or income
8 tax, as appropriate, imposed under this act.

9 (b) Limitations.--

10 (1) A taxing jurisdiction that elects to reduce the real
11 property tax by means of the homestead exemption shall reduce
12 the assessed value of each homestead in the taxing
13 jurisdiction by a fixed amount established by its governing
14 body up to the maximum limits contained in section 2(b) of
15 Article VIII of the Constitution of Pennsylvania.

16 (2) After a countywide revision of assessments within a
17 county or municipality which has established a homestead
18 exemption, the governing body of the taxing jurisdiction
19 shall adjust the amount of the homestead exemption as
20 follows:

21 (i) if the county changes its assessment base by
22 applying a change in the established predetermined ratio,
23 the homestead exemption shall be adjusted by the percent
24 change between the existing predetermined ratio and the
25 newly established predetermined ratio; or

26 (ii) if the county performs a countywide revision of
27 assessments by revaluing all properties and applying an
28 established predetermined ratio, the homestead exemption
29 shall be adjusted by dividing the homestead exemption for
30 the year preceding the countywide revision of assessments

1 by the common level ratio and multiplying the quotient of
2 that calculation by the newly established predetermined
3 ratio.

4 (3) If after reducing the real property tax by means of
5 either the homestead exemption or the universal exemption
6 there are any revenues remaining from a sales and use tax or
7 income tax imposed under this act, the remaining revenues
8 shall be used to further reduce the real property tax by
9 means of a uniform reduction in the millage rate.

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

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

18 "Established predetermined ratio." The ratio of assessed
19 value to market value established by the board of county
20 commissioners and uniformly applied in determining assessed
21 value in any year.

22 "Homestead." A dwelling, and as much of the land surrounding
23 it as is reasonably necessary for the use of a dwelling as a
24 home, occupied as the principal dwelling place by the owner or
25 owners of the dwelling. The term also includes premises occupied
26 by reason of ownership by individuals as defined in section 301
27 of the Tax Reform Code. The term also includes premises occupied
28 by reason of ownership in a cooperative housing corporation,
29 mobile homes that are assessed as realty for local property tax
30 purposes and the land, if owned by the person claiming the

1 homestead property exemption upon which the mobile home is
2 situated, and other similar living accommodations, as well as
3 part of a multidwelling or multipurpose building and a part of
4 the land on which it is built. The term also includes premises
5 occupied by reason of ownership of a dwelling located on land
6 owned by a nonprofit incorporated association of which the
7 person claiming the homestead property exemption is a member, if
8 the person is required to pay a pro rata share of the property
9 taxes levied against the association's land. As used in this
10 subsection, the term "owner" includes a person in possession
11 under a contract of sale, deed of trust, life estate, joint
12 tenancy or tenancy in common or by reason of statutes of descent
13 or distribution.

14 Section 705. Estimates of distributions and revenues.

15 (a) General rule.--Estimates and proposed tax rates utilized
16 by a county, municipality or local study commission shall be
17 formulated so that in the fiscal year of implementation, the
18 total budgeted revenues of a county or municipality, including
19 the funds distributed under section 318, do not exceed the total
20 budgeted revenues in the prior fiscal year. Increases in the tax
21 base that occur as a natural result of social or economic
22 factors, such as increases in property values, population,
23 retail sales or other taxable activities, and not as a result of
24 changes in rates of taxation, may be excluded from the
25 formulation.

26 (b) Refund of excess.--If, in the fiscal year of
27 implementation, revenues from the taxes authorized by this act
28 cause the total budgeted revenues of a county or municipality,
29 including funds distributed under section 318, to exceed the
30 budgeted revenues of the prior fiscal year by more than 2%, the

1 county or municipality shall return the excess to the taxpayers
2 and adjust its tax rates to comply with subsection (a) in the
3 next fiscal year.

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

9 CHAPTER 9

10 REGISTER FOR CERTAIN TAXES

11 Section 901. Definitions.

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

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

17 Section 902. Register for taxes under this act.

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

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

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

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

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

Section 904. Availability and effective period of register.

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

Section 905. Effect of nonfiling.

Employers shall not be required by any ordinance to withhold from the compensation of their employees any personal income tax or earned income and net profits tax imposed under the provisions of this act that is not listed in the register or to make reports of compensation in connection with taxes not so

1 listed. If the register is not available by August 15, the
2 register of the previous year shall continue temporarily in
3 effect for an additional period of not more than one year.

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

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

7 CHAPTER 17

8 MISCELLANEOUS PROVISIONS

9 Section 1701. Effective date.

10 This act shall take effect immediately.