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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 592 Session of  
2015

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INTRODUCED BY EICHELBERGER, BREWSTER, ALLOWAY, FOLMER, BOSCOLA  
AND STEFANO, MARCH 12, 2015

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REFERRED TO FINANCE, MARCH 12, 2015

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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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20 The General Assembly of the Commonwealth of Pennsylvania  
21 hereby enacts as follows:

22 CHAPTER 1

23 GENERAL PROVISIONS

24 Section 101. Short title.

25 This act shall be known and may be cited as the Balanced  
26 Options and Local Decisions Act.

27 Section 102. Definitions.

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

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

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

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

12 (1) Delinquent taxes.

13 (2) Payments in lieu of taxes.

14 (3) The real estate transfer tax.

15 (4) The Public Utility Realty Tax, commonly known as  
16 PURTA.

17 (5) Interest or dividend earnings.

18 (6) Federal or State grants, contracts or  
19 appropriations.

20 (7) Income generated from operations.

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

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

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

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

1 1971.

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

8 "Current year." The calendar year or fiscal year for which  
9 the tax is levied.

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

11 "Domicile." As defined in section 501 of the act of December  
12 31, 1965 (P.L.1257, No.511), known as The Local Tax Enabling  
13 Act.

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

17 "Employer." As defined in section 301 of the act of March 4,  
18 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

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

30 "Home rule municipality." A city, borough, incorporated town

1 or township that has adopted a home rule charter under the  
2 former act of April 13, 1972 (P.L.184, No.62), known as the Home  
3 Rule Charter and Optional Plans Law.

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

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

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

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

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

21 "Nonresident." An individual domiciled outside the  
22 municipality.

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

27 "Optional plan municipality." A city, borough, incorporated  
28 town or township that has adopted an optional plan of government  
29 under the former act of April 13, 1972 (P.L.184, No.62), known  
30 as the Home Rule Charter and Optional Plans Law.

1 "Ordinance." Includes a resolution.

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

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

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

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

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

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

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

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

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

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

25 Section 103. Scope and limitations.

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

30 (b) Real estate transfer taxes.--This act does not affect

1 the powers of a municipality or school district to levy, assess  
2 and collect a real estate transfer tax, including any real  
3 estate transfer tax levied under the authority of section  
4 652.1(a)(4) of the act of March 10, 1949 (P.L.30, No.14), known  
5 as the Public School Code of 1949.

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

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

27 (e) Sign or sign privilege tax.--Any county or municipality  
28 that has on or before January 1, 2011, assessed, levied or  
29 collected an annual sign tax or annual sign privilege tax or  
30 provided for the levying, assessment or collection of that tax



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

8 Section 104. Home rule counties.

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

17 Section 105. Certain rates of taxation limited.

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

26 (b) Limitation.--In the event that a school district opts to  
27 impose or increase an earned income tax under the Local Tax  
28 Enabling Act within a county that has elected to participate  
29 under this act, the school district shall remain subject to the  
30 provisions of section 311 of the Local Tax Enabling Act, or any

1 agreement pertaining to the division of the tax rate with  
2 affected municipalities.

### 3 CHAPTER 3

### 4 SUBJECTS OF TAXATION

### 5 SUBCHAPTER A

### 6 TAX AUTHORIZATION

7 Section 301. General tax authorization.

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

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

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

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

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

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

28 (5) Any other tax authorized or permitted under the  
29 Local Tax Enabling Act except a local services tax, an  
30 amusement tax in effect prior to the effective date of this

1 act, or a mercantile or business privilege tax on gross  
2 receipts, as modified by paragraph (7).

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

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

11 Section 302. Continuity of tax.

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

16 Section 303. Election to participate under act.

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

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

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

1 consist of seven members. Representatives on a local tax  
2 study commission must reasonably reflect the socioeconomic,  
3 age and occupational diversity of the county.

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

9 (3) (i) The local tax study commission shall study  
10 the existing taxes levied, assessed and collected by the  
11 county and the municipalities in the county and the  
12 effect of any county or municipal taxes imposed  
13 concurrently with a school district and shall determine  
14 if and how the tax policies of the county and its  
15 municipalities could be strengthened or made more  
16 equitable by adopting for levy, assessment and collection  
17 a different combination of any of the following taxes:

18 (A) personal income tax;

19 (B) earned income and net profits tax;

20 (C) real estate tax; or

21 (D) sales and use tax

22 at such levels and in such combinations on permissible  
23 subjects of taxation as do not exceed the limitations in  
24 this act.

25 (ii) This study shall include, but not be limited  
26 to, consideration of all of the following:

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

30 (B) The percentage of total revenues provided by

1 taxes currently levied, assessed and collected.

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

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

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

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

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

25 (6) The local tax study commission shall publish or  
26 cause to be published, concurrent with issuing its  
27 recommendation, a final report of its activities and  
28 recommendations and shall deliver the final report to the  
29 governing bodies of the county and municipalities in the  
30 county. The local tax study commission shall be subject to 65

1 Pa.C.S. Ch. 7 (relating to open meetings) and the act of  
2 February 14, 2008 (P.L.6, No.3), known as the Right-to-Know  
3 Law.

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

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

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

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

1 understandable by the layperson. The referendum question may be  
2 framed as follows:

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

7 A nonlegal interpretative statement must accompany the question  
8 in accordance with section 201.1 of the act of June 3, 1937  
9 (P.L.1333, No.320), known as the Pennsylvania Election Code,  
10 that includes all of the following:

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

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

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

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

23 (5) The method or methods to be used to reduce real  
24 property taxes.

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

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

30 (d) Existing taxes.--If a referendum under this section

1 fails to win majority approval of the electorate, a county or  
2 municipality shall not be required to seek the approval of the  
3 electorate as a prerequisite to an increase in the rate of any  
4 tax which the governing body of the affected county or  
5 municipality is already authorized to levy and increase under  
6 any other act.

7 Section 304. Municipal input into participation.

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

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



1 duly passed resolutions from municipalities whose combined  
2 population represents 60% of the county's population, a county  
3 shall reject participation and no referendum may be placed  
4 before the electorate.

5 (c) Procedure.--

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

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

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

1 SUBCHAPTER B

2 COUNTY SALES AND USE TAX

3 Section 311. Construction.

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

10 Section 312. Imposition.

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

26 (b) Use.--In any county, except for a county of the first or  
27 second class, within which the tax authorized in subsection (a)  
28 is imposed, there shall be levied, assessed and collected upon  
29 the use, within the county, of tangible personal property  
30 purchased at retail and on services purchased at retail, as

defined in Article II of the Tax Reform Code, a tax on the purchase price. The tax shall be paid over to the Commonwealth by the person who makes the use. The use tax imposed under this subchapter shall not be paid over to the Commonwealth by any person who has paid the tax imposed under:

(1) Subsection (a).

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

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

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

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

(d) Rate and uniformity.--

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

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

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

1 Section 313. Situs.

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

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

19 Section 314. Licenses.

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

27 Section 315. Rules and regulations; collection costs.

28 (a) Regulations.--Rules and regulations shall be applicable  
29 to the taxes imposed under section 312 in the same manner as is  
30 provided for in section 506(1) and (2) of the act of June 5,

1 1991 (P.L.9, No.6), known as the Pennsylvania Intergovernmental  
2 Cooperation Authority Act for Cities of the First Class.

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

13 Section 316. Procedure and administration.

14 (a) Ordinance.--Any county authorized to impose the tax  
15 under section 312 shall give at least 60 days' written notice to  
16 every municipality and school district located in the county of  
17 its intent to impose the tax and shall adopt an ordinance after  
18 the expiration of 60 days after the date of the notice. The  
19 notice and an ordinance shall state the tax rate and refer to  
20 this subchapter. The ordinance shall authorize the imposition of  
21 all taxes provided for in section 312. Prior to adopting an  
22 ordinance imposing the tax authorized by section 312, the  
23 governing body of the county shall give public notice of its  
24 intent to adopt the ordinance in the manner provided by section  
25 306 of the Local Tax Enabling Act and shall conduct at least one  
26 public hearing regarding the proposed adoption of the ordinance.

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

1 January 1 of the following year.

2 (c) Delivery of repeal ordinance.--A certified copy of any  
3 repeal ordinance shall be delivered to the department at least  
4 30 days prior to the effective date of the repeal.

5 Section 317. County sales and use tax funds.

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

audit to any county levying the sales and use tax under section 312 and to any municipality within the county upon its request. Section 318. Disbursements.

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

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

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

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

1 SUBCHAPTER C

2 PERSONAL INCOME TAX

3 Section 321. Construction.

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

10 Section 322. Personal income tax.

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

15 Section 323. Collections.

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

24 Section 324. Rules and regulations.

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

28 Section 325. Procedure and administration.

29 (a) Ordinance.--The governing body of the county, in order  
30 to impose the tax authorized by section 322, shall adopt an



1 ordinance that shall refer to this subchapter. Prior to adopting  
2 an ordinance imposing the tax authorized by section 322, the  
3 governing body shall give public notice of its intent to adopt  
4 the ordinance in the manner provided in section 316, and shall  
5 conduct at least one public hearing regarding the proposed  
6 adoption of the ordinance.

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

10 (c) Delivery of repeal ordinance.--A certified copy of any  
11 repeal ordinance shall be delivered to the department at least  
12 30 days prior to the effective date of the repeal.

#### 13 SUBCHAPTER D

#### 14 EARNED INCOME AND NET PROFITS TAX

15 Section 331. Earned income and net profits tax.

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

23 Section 332. Collections.

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

1 otherwise by law.

2 Section 333. Rules and regulations.

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

5 Section 334. Procedure and administration.

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

14 CHAPTER 5

15 CREDITS, EXEMPTIONS AND DEFERRALS

16 SUBCHAPTER A

17 CREDITS AND EXEMPTIONS

18 Section 501. Credits.

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

23 Section 502. Low-income tax provisions.

24 The provisions of section 304 of the Tax Reform Code shall be  
25 applied in any county which levies a tax under section 322 or  
26 331.

27 Section 503. Regulations.

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

30 SUBCHAPTER B

REAL ESTATE TAX DEFERRAL

Section 511. Legislative intent.

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

Section 512. Definitions.

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

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

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

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

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

"Household income." All income as defined in the former act

1 of March 11, 1971 (P.L.104, No.3), known as the Senior Citizens  
2 Rebate and Assistance Act, received by the claimant and by the  
3 claimant's spouse while residing in the homestead during the  
4 calendar year for which a tax deferral is claimed.

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

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

11 Section 513. Authority.

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

15 Section 514. Income eligibility.

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

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

24 Section 515. Tax deferral.

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

28 (b) Prohibition.--No tax deferral may be granted if the  
29 total amount of deferred taxes, plus the total amount of all  
30 other unsatisfied liens on the homestead of the claimant,

1 exceeds 85% of the market value of the homestead or if the  
2 outstanding principal on any and all mortgages on the homestead  
3 exceeds 70% of the market value of the homestead. Market value  
4 shall equal assessed value divided by the common level ratio as  
5 most recently determined by the State Tax Equalization Board for  
6 the county in which the property is located.

7 Section 516. Application procedure.

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

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

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

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

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

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

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

28 Section 517. Contents of application.

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

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

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

8       Section 518. Attachment and satisfaction of liens.

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

17      (b) Payment.--

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

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

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

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

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

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

## 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 established in Ch. 13 of the act of June 27, 2006 (Sp.  
24 Sess. 1, P.L.1873, No.1), known as the Taxpayer Relief  
25 Act.

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

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

30 (3) The department shall provide to each county that

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

15 (b) Municipalities.--

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

20 (i) The universal exemption or the homestead  
21 exemption.

22 (ii) A reduction in the millage rate.

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

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

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

29 (3) In the event the actual amount of sales and use tax  
30 revenue received by a municipality is less than the estimate



1 of sales and use tax revenue provided by the department, the  
2 municipality may increase its real property tax millage rate  
3 to the level necessary to offset any shortfall resulting from  
4 an overestimation of sales and use tax revenue, as certified  
5 by the department, in the fiscal year of implementation.

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

7 (a) Counties.--

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

15 (i) The universal exemption or the homestead  
16 exemption.

17 (ii) A reduction in the millage rate.

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

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

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

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

28 (1) In a municipality that currently does not impose an  
29 income tax, all revenues received by the municipality shall  
30 first be used to offset any lost revenue to the municipality

1 from the taxes prohibited under section 301(b) in an amount  
2 equal to the revenue the municipality collected from the  
3 prohibited taxes in the immediately preceding fiscal year and  
4 then to reduce the municipality's real property tax by means  
5 of:

6 (i) The universal exemption or the homestead  
7 exemption.

8 (ii) A reduction in the millage rate.

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

11 (iv) Any combination of the options under the  
12 subparagraphs (i), (ii) and (iii).

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

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

21 (i) The universal exemption or the homestead  
22 exemption.

23 (ii) A reduction in the millage rate.

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

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

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

30 (c) Revenue estimates of department.--The department shall

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

15 Section 703. Revenue limitation exceptions.

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

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

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

30 (3) To respond to a Federal or State statute, regulation

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

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

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

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

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

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

29 Section 704. Methods of reducing real property tax.

30 (a) General rule.--A county or municipality that levies or

1 receives revenue from a county sales and use tax or an income  
2 tax under the provisions of this act may achieve the required  
3 reduction of the real property tax by exercising one or any  
4 combination of the options contained in the following  
5 paragraphs:

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

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

25       (3) The taxing jurisdiction may reduce the millage rate  
26 of the real property tax generally to the same rate on all  
27 taxable real property. The reduction in millage rate shall be  
28 calculated based on the millage rate levied by the taxing  
29 jurisdiction for the fiscal year immediately preceding the  
30 year of implementation of the sales and use tax or income

1 tax, as appropriate, imposed under this act.

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

12 (b) Limitations.--

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

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

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

29 (ii) if the county performs a countywide revision of  
30 assessments by revaluing all properties and applying an

1        established predetermined ratio, the homestead exemption  
2        shall be adjusted by dividing the homestead exemption for  
3        the year preceding the countywide revision of assessments  
4        by the common level ratio and multiplying the quotient of  
5        that calculation by the newly established predetermined  
6        ratio.

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

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

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

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

25       "Homestead." A dwelling, and as much of the land surrounding  
26       it as is reasonably necessary for the use of a dwelling as a  
27       home, occupied as the principal dwelling place by the owner or  
28       owners of the dwelling. The term also includes premises occupied  
29       by reason of ownership by individuals as defined in section 301  
30       of the Tax Reform Code. The term also includes premises occupied

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

17 Section 705. Estimates of distributions and revenues.

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

29 (b) Refund of excess.--If, in the fiscal year of  
30 implementation, revenues from the taxes authorized by this act



1 cause the total budgeted revenues of a county or municipality,  
2 including funds distributed under section 318, to exceed the  
3 budgeted revenues of the prior fiscal year by more than 2%, the  
4 county or municipality shall return the excess to the taxpayers  
5 and adjust its tax rates to comply with subsection (a) in the  
6 next fiscal year.

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

## 12 CHAPTER 9

### 13 REGISTER FOR CERTAIN TAXES

14 Section 901. Definitions.

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

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

20 Section 902. Register for taxes under this act.

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

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

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

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

3           (3) The rate on taxpayers.

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

8 Section 903. Information for register.

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

21 Section 904. Availability and effective period of register.

22 The department shall have the register, with such annual  
23 supplements as may be required by new tax enactments, repeals or  
24 changes, available upon request no later than August 15 of each  
25 year. The effective period for each register shall be from July  
26 1 of the year in which it is issued to June 30 of the following  
27 year.

28 Section 905. Effect of nonfiling.

29 Employers shall not be required by any ordinance to withhold  
30 from the compensation of their employees any personal income tax

1 or earned income and net profits tax imposed under the  
2 provisions of this act that is not listed in the register or to  
3 make reports of compensation in connection with taxes not so  
4 listed. If the register is not available by August 15, the  
5 register of the previous year shall continue temporarily in  
6 effect for an additional period of not more than one year.

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

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

10 CHAPTER 11

11 MISCELLANEOUS PROVISIONS

12 Section 1101. Effective date.

13 This act shall take effect immediately.