

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1273 Session of 2019

INTRODUCED BY MASSER, DUNBAR, RYAN, WHEELAND, NEILSON AND COX,  
APRIL 17, 2019

REFERRED TO COMMITTEE ON FINANCE, APRIL 17, 2019

AN ACT

1 Amending the act of December 31, 1965 (P.L.1257, No.511),  
2 entitled "An act empowering cities of the second class,  
3 cities of the second class A, cities of the third class,  
4 boroughs, towns, townships of the first class, townships of  
5 the second class, school districts of the second class,  
6 school districts of the third class and school districts of  
7 the fourth class including independent school districts, to  
8 levy, assess, collect or to provide for the levying,  
9 assessment and collection of certain taxes subject to maximum  
10 limitations for general revenue purposes; authorizing the  
11 establishment of bureaus and the appointment and compensation  
12 of officers, agencies and employes to assess and collect such  
13 taxes; providing for joint collection of certain taxes,  
14 prescribing certain definitions and other provisions for  
15 taxes levied and assessed upon earned income, providing for  
16 annual audits and for collection of delinquent taxes, and  
17 permitting and requiring penalties to be imposed and  
18 enforced, including penalties for disclosure of confidential  
19 information, providing an appeal from the ordinance or  
20 resolution levying such taxes to the court of quarter  
21 sessions and to the Supreme Court and Superior Court," in  
22 optional occupation tax elimination, further providing for  
23 income tax rate limits.

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

26 Section 1. Section 404 of the act of December 31, 1965  
27 (P.L.1257, No.511), known as The Local Tax Enabling Act, is  
28 amended by adding a subsection to read:

1 Section 404. Income tax rate limits.

2 \* \* \*

3 (b.2) Calculation of maximum tax rate.--The maximum income  
4 tax rate for a school district that levied an occupation tax for  
5 the fiscal year ending in 2018, or a municipality that levied an  
6 occupation tax for the calendar year ending December 31, 2017,  
7 shall be determined by taking the sum of the rates calculated  
8 under paragraphs (1) and (2) and limited by paragraph (3):

9 (1) The rate of the income tax that would have resulted  
10 in the collection by the political subdivision of an amount  
11 equal to the amount collected from the occupation tax. The  
12 calculation by a school district under this paragraph shall  
13 be made using actual revenue collections for the fiscal year  
14 ending immediately prior to the year in which the resolution  
15 is adopted under section 406. The calculation by a  
16 municipality under this paragraph shall be made using actual  
17 revenue collections for the calendar year ending immediately  
18 prior to the year in which the resolution is adopted under  
19 section 406.

20 (2) The rate at which the income tax was collected by a  
21 school district for the fiscal year ending immediately prior  
22 to the year in which the resolution is adopted under section  
23 406 or the rate at which an earned income tax was collected  
24 by a municipality for the calendar year ending immediately  
25 prior to the year in which the resolution is adopted under  
26 section 406.

27 (3) The tax rate determined under paragraphs (1) and (2)  
28 shall be rounded off to the nearest increment of 0.1%.  
29 The maximum rate of the income tax calculated under this  
30 subsection shall not be subject to the limits on the earned

1 income tax specified under section 311(3).

2 \* \* \*

3 Section 2. This act shall take effect in 60 days.