

AN ACT

1 Providing for county property tax reduction.

2 The General Assembly of the Commonwealth of Pennsylvania
3 hereby enacts as follows:

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- 22 Section 5101. (Reserved).
23 Section 5102. Effective date.

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

26 CHAPTER 1

27 PRELIMINARY PROVISIONS

- 28 Section 101. Short title.

29 This act shall be known and may be cited as the County
30 Property Tax Reduction and Diversification Act.

1 Section 102. Scope of act.

2 This act authorizes a county to levy, assess and collect
3 certain taxes as a means of reducing property taxes and
4 providing for tax diversification.

5 Section 103. Definitions.

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

9 "Bank." As defined in section 102 of the Banking Code of
10 1965.

11 "Bank and trust company." As defined in section 102 of the
12 Banking Code of 1965.

13 "Banking Code of 1965." The act of November 30, 1965
14 (P.L.847, No.356), known as the Banking Code of 1965.

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

16 "Domicile." As defined in section 501 of the Local Tax
17 Enabling Act.

18 "Earned income." As defined in section 501 of the Local Tax
19 Enabling Act.

20 "Earned income and net profits tax." The tax levied by a
21 county on earned income and net profits under this chapter.

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

24 "Mobile home." As defined in 75 Pa.C.S. § 102 (relating to
25 definitions).

26 "Motor vehicle." As defined in 75 Pa.C.S. § 102.

27 "Net profits." As defined in section 501 of the Local Tax
28 Enabling Act.

29 "Private bank." As defined in section 102 of the Banking
30 Code of 1965.

1 "Purchase at retail." As defined in section 201 of the Tax
2 Reform Code.

3 "Resident." As defined in section 501 of the Local Tax
4 Enabling Act.

5 "Sale at retail." As defined in section 201 of the Tax
6 Reform Code.

7 "Savings bank." As defined in section 102 of the Banking
8 Code of 1965.

9 "Semitrailer." As defined in 75 Pa.C.S. § 102.

10 "Service address." The address where:

11 (1) telephone equipment is located and to which a
12 telephone number is assigned;

13 (2) a telegraph originated; or

14 (3) the meter which registers where the service is
15 located.

16 "Services." A service that a tax has been imposed on under
17 section 202 of the Tax Reform Code.

18 "Tangible personal property." As defined in section 201 of
19 the Tax Reform Code.

20 "Tax collection district." A tax collection district
21 established under section 504 of the Local Tax Enabling Act.

22 "Taxpayer Relief Act" The act of June 27, 2006 (1st
23 Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act.

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

26 "Trailer." As defined in 75 Pa.C.S. § 102.

27 "Trust company." As defined in section 102 of the Banking
28 Code of 1965.

29 CHAPTER 3

30 OPTIONAL SALES,

1 USE AND OCCUPANCY TAX

2 FOR COUNTY PROPERTY TAX RELIEF

3 Section 301. Construction.

4 The tax imposed under this chapter shall be in addition to
5 any tax imposed by the Commonwealth under Article II of the Tax
6 Reform Code.

7 Section 302. Imposition.

8 (a) Sales.--A county may levy and assess a tax on the
9 purchase price on each separate sale at retail of tangible
10 personal property or services within the county. The tax shall
11 be collected by the vendor from the purchaser and shall be paid
12 to the Commonwealth as provided under this chapter.

13 (b) Use.--

14 (1) If a county imposes the tax authorized under
15 subsection (a), it shall levy, assess and collect a tax on
16 the purchase price for the use of tangible personal property
17 purchased at retail and on services purchased at retail
18 within the county.

19 (2) The tax under paragraph (1) shall be paid to the
20 Commonwealth by the person who uses the tangible personal
21 property or services.

22 (3) The use tax imposed under this subsection shall not
23 be paid to the Commonwealth by a person who has paid the tax
24 imposed under subsection (a) or has paid the tax imposed
25 under this subsection to the vendor with respect to the use.

26 (c) Occupancy.--

27 (1) If a county imposes the tax authorized under
28 subsection (a), it shall levy, assess and collect an excise
29 tax on the rent for each occupancy of a room in a hotel in
30 the county.

1 (2) The tax under paragraph (1) shall be collected by
2 the operator or owner from the occupant and paid to the
3 Commonwealth.

4 (d) Rate and uniformity.--

5 (1) The tax authorized by subsections (a), (b) and (c)
6 shall be imposed at a rate of 1%.

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

9 (e) Computation.--The tax imposed under this section shall
10 be computed as follows:

11 (1) If the purchase price is 50¢ or less, no tax shall
12 be collected.

13 (2) If the purchase price is 51¢ or more but less than
14 \$1.51, 1¢ shall be collected.

15 (3) If the purchase price is \$1.51 or more but less than
16 \$2.51, 2¢ shall be collected.

17 (4) If the purchase price is \$2.51 or more but less than
18 \$3.51, 3¢ shall be collected.

19 (5) If the purchase price is \$3.51 or more but less than
20 \$4.51, 4¢ shall be collected.

21 (6) If the purchase price is \$4.51 or more but less than
22 \$5.51, 5¢ shall be collected.

23 (7) If the purchase price is \$5.51 or more but less than
24 \$6.51, 6¢ shall be collected.

25 (8) If the purchase price is \$6.51 or more but less than
26 \$7.51, 7¢ shall be collected.

27 (9) If the purchase price is \$7.51 or more but less than
28 \$8.51, 8¢ shall be collected.

29 (10) If the purchase price is \$8.51 or more but less
30 than \$9.51, 9¢ shall be collected.

1 (11) If the purchase price is \$9.51 or more but less
2 than \$10.01, 10¢ shall be collected.

3 (12) If the purchase price is more than \$10, 1% of each
4 \$10 purchase price plus the above bracket charges upon any
5 fractional part of a \$10 increment shall be collected.

6 Section 303. Situs.

7 (a) Retail sales.--Except as provided under this subsection,
8 a sale at retail shall be deemed to be consummated at the place
9 of business of the retailer unless the tangible personal
10 property sold is delivered by the retailer or his agent to an
11 out-of-State destination, to a common carrier for delivery to an
12 out-of-State destination or to the United States mail for
13 delivery to an out-of-State destination. If a retailer has more
14 than one place of business in this Commonwealth which
15 participates in the sale, the sale shall be deemed to be
16 consummated at the place of business of the retailer where the
17 initial order for the tangible personal property is taken,
18 notwithstanding whether the order will be forwarded elsewhere
19 for acceptance, approval of credit, shipment or billing. A sale
20 by a retailer's employee shall be deemed to be consummated at
21 the place of business from which the employee works.

22 (b) Vehicle, aircraft and motorcraft sales.--The sale at
23 retail or use of a motor vehicle, trailer, semitrailer, mobile
24 home, motorboat, aircraft or other similar tangible personal
25 property, required under Federal or State law to be registered
26 or licensed, shall be determined as specified under section 201-
27 A of the Tax Reform Code.

28 (c) Utility services.--The sale or use of steam, natural and
29 manufactured gas, electricity, telephone and telegraph service
30 shall be deemed to occur at the service address, notwithstanding

1 where the services are rendered.

2 (d) Mobile telecommunications services.--The situs of the
3 sale or use of mobile telecommunication services shall be
4 determined as specified under section 203-A of the Tax Reform
5 Code.

6 Section 304. License.

7 The license issued under Article II of the Tax Reform Code or
8 a separate license may be issued by the department for the
9 collection and reporting of the taxes imposed by section 302.
10 The license shall be nonassignable and subject to renewal as
11 required by the department by regulation, except not more
12 frequently than once within a five-year period. No fee may be
13 charged for either a license or a renewal. Failure to obtain a
14 license shall not relieve a person of liability to pay the taxes
15 imposed under this chapter.

16 Section 305. Rules, regulations and collection costs.

17 (a) Regulations.--Rules and regulations promulgated under
18 section 270 of the Tax Reform Code and which are consistent with
19 this chapter shall apply to the taxes imposed under this
20 chapter.

21 (b) Administration.--The department:

22 (1) Shall administer and enforce this chapter and may
23 promulgate and enforce rules and regulations consistent with
24 this chapter.

25 (2) May determine nonretroactive applicability of a
26 regulation.

27 (c) Collection costs.--

28 (1) The department may, for administration costs, retain
29 an amount equal to the cost of collection and shall inform
30 each county in writing monthly of the sum retained and the

1 costs of collection reimbursed.

2 (2) To provide a timely forecast and assure
3 consideration of the sum retained, the department shall
4 estimate its costs of collection for the next fiscal year and
5 provide the estimate and supporting detail to:

6 (i) The chairman and minority chairman of the
7 Appropriations Committee of the Senate.

8 (ii) The chairman and minority chairman of the
9 Appropriations Committee of the House of Representatives.

10 (iii) Each county.

11 (3) At the time the annual operating budget for the
12 department is submitted to the General Assembly, the
13 department shall submit to the chairman and minority chairman
14 of the Appropriations Committee of the Senate and to the
15 chairman and minority chairman of the Appropriations
16 Committee of the House of Representatives the actual sum
17 retained for costs of collection in the preceding fiscal
18 year, along with supporting details.

19 Section 306. Ordinance.

20 A county may impose a sales, use and occupancy tax under this
21 chapter by ordinance.

22 Section 307. Property Tax Reduction and Diversification Fund.

23 (a) Establishment.--There is established in the State
24 Treasury the Property Tax Reduction and Diversification Fund.
25 The State Treasurer shall be custodian of the fund, which shall
26 be subject to section 302 of the act of April 9, 1929 (P.L.343,
27 No.176), known as The Fiscal Code. The State Treasurer shall
28 establish within the fund an account for each county.

29 (b) Deposits into fund.--

30 (1) Taxes imposed under this chapter shall be received

1 by the department and paid to the State Treasurer and shall,
2 with interest and penalties, minus collection costs allowed
3 under this chapter, refunds and credits paid, be credited to
4 the appropriate account at least every month.

5 (2) For a period prior to the credit of money to each
6 account, interest earned on money received by the department
7 and paid to the State Treasurer under this chapter shall be
8 credited to the respective account.

9 (c) Lapsing and interfund transfers prohibited.--Money in
10 the fund and credited to an account, including money credited to
11 an account under this section, a prior year encumbrance and
12 earned interest:

13 (1) May not lapse or be transferred to another fund or
14 account.

15 (2) Shall remain in the fund and be credited to the
16 appropriate account.

17 (3) Must be used as provided under section 310.

18 (d) Investment.--Pending its disbursement, money received on
19 behalf of or deposited into the fund shall be invested or
20 reinvested as is other money in the custody of the State
21 Treasurer. Earnings received from the investment or reinvestment
22 of the money shall be credited to each account.

23 Section 308. Disbursements.

24 On July 1 of each year, the State Treasurer shall make
25 disbursements from the account of a county.

26 Section 309. Use of funds.

27 Fifty percent of the funds disbursed from the Property Tax
28 Reduction and Diversification Fund shall be used to reduce
29 property tax millage rates.

30 CHAPTER 5

1 OPTIONAL INCOME TAX
2 FOR COUNTY PROPERTY TAX REDUCTION
3 AND DIVERSIFICATION

4 Section 501. Authorization.

5 (a) Authority.--A county may levy, assess and collect a tax
6 on earned income under this section to fund property reductions
7 and tax diversification in the county. Except as provided under
8 this chapter, the tax shall be in addition to any tax imposed
9 under 53 Pa.C.S. § 8701 (relating to general tax authorization),
10 this act, Chapter 4 of the Local Tax Enabling Act, the Taxpayer
11 Relief Act, the Tax Reform Code or any other act.

12 (b) Preemption.--No act may vacate or preempt an ordinance
13 passed or adopted under this chapter or an act which permits the
14 imposition of a tax by a county, unless the act expressly
15 vacates or preempts the authority to pass or adopt resolutions.

16 Section 502. Ordinance.

17 (a) Authorization.--A county may impose an earned income and
18 net profits tax authorized under this chapter by ordinance.

19 (b) Execution of tax rate.--A tax authorized under this
20 section shall be self-executing and shall take effect beginning
21 on the first day of the fiscal year which begins after the tax
22 is authorized. A tax rate under this section shall continue in
23 force on a fiscal year basis without annual reenactment, except
24 in a year in which the rate of the tax is changed.

25 Section 503. Use of funds.

26 Fifty percent of the funds generated from an earned income
27 and net profits tax authorized under this chapter shall be used
28 to directly reduce county real property tax millage rates.

29 Section 504. Credits.

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

1 section 317 of the Local Tax Enabling Act shall apply to a
2 county to determine a credit applicable to a tax imposed under
3 section 501.

4 (b) Limitation.--Payment of a tax on income to a state other
5 than this Commonwealth or to a political subdivision located
6 outside this Commonwealth by a taxpayer of a political
7 subdivision located in this Commonwealth may not be credited to
8 nor allowed as a deduction from the liability of the person for
9 an income tax imposed by a county or political subdivision under
10 the authority of this chapter.

11 Section 505. Exemption and special provisions.

12 A county that imposes an earned income and net profits tax
13 under this chapter may exempt from the payment of that tax a
14 person whose total income from any source is less than \$12,000.

15 Section 506. Earned income and net profits tax rates.

16 (a) Initial tax rate.--The initial rate of the earned income
17 and net profits tax shall be established by the county and may
18 not exceed a rate of 1%.

19 (b) Subsequent tax rate.--

20 (1) A county or political subdivision, other than a
21 school district, may increase the earned income and net
22 profits tax rate under subsection (a) by ordinance as
23 provided under this subsection.

24 (2) Except as provided under paragraph (3), beginning
25 with the first fiscal year after the imposition of an earned
26 income and net profits tax and for each fiscal year
27 thereafter, a county may not increase the earned income and
28 net profits tax rate by an amount greater than:

29 (i) the average percentage change of the Statewide
30 average weekly wage; or

1 (ii) the percentage change of the employment cost
2 index for the previous fiscal year.

3 (3) A county or political subdivision may increase the
4 rate of the earned income and net profits tax by more than
5 the limit under paragraph (2) if:

6 (i) the county or political subdivision submits a
7 referendum stating the specific rate of the tax increase
8 must be submitted to the electors of the county at a
9 municipal or general election; and

10 (ii) a majority of the electors voting on the
11 question approves the increase.

12 (4) A county or political subdivision acting under
13 paragraph (3) shall submit the referendum question to the
14 appropriate election official not later than 60 days prior to
15 a municipal or general election.

16 Section 507. County earned income and net profits tax
17 collection.

18 Chapters 5 and 7 of the Local Tax Enabling Act shall apply to
19 the collection of income taxes by counties. The county shall use
20 the selected tax collector for the tax collection district in
21 which the county is located. If a county is located in more than
22 one taxing collection district, the county shall use the tax
23 collector that serves a majority of the county.

24 CHAPTER 7

25 OPTIONAL COUNTY BUSINESS

26 PRIVILEGE OR MERCANTILE TAX

27 FOR PROPERTY TAX

28 REDUCTION AND DIVERSIFICATION

29 Section 701. Authorization.

30 (a) Authority.--A county may levy, assess and collect a

1 business privilege or mercantile tax under this chapter to fund
2 property reductions and tax diversification in the county.
3 Except as provided under this chapter, the tax shall be in
4 addition to any tax imposed under 53 Pa.C.S. § 8701 (relating to
5 general tax authorization), this act, Chapter 4 of the Local Tax
6 Enabling Act, the Taxpayer Relief Act, the Tax Reform Code or
7 any other act.

8 (b) Preemption.--No act may vacate or preempt an ordinance
9 passed or adopted under this chapter or an act which permits the
10 imposition of a tax by a county, unless the act expressly
11 vacates or preempts the authority to pass or adopt resolutions.
12 Section 702. Ordinance.

13 (a) Imposition.--A county may impose a business privilege or
14 mercantile tax under this chapter by ordinance.

15 (b) Execution of tax rate.--A tax authorized under this
16 section shall be self-executing and shall take effect beginning
17 on the first day of the fiscal year which begins after the tax
18 is authorized. A tax rate under this section shall continue in
19 force on a fiscal year basis without annual reenactment, except
20 in a year in which the rate of the tax is changed.

21 Section 703. Use of funds.

22 Fifty percent of the funds generated from business privilege
23 or mercantile tax authorized under this chapter shall be used to
24 directly reduce county real property tax millage rates.

25 Section 704. Mercantile or business privilege tax.

26 (a) Wholesale dealer.--A school district may levy, assess
27 and collect a tax on each dollar of the whole volume of business
28 transacted by a wholesale dealer in goods, wares and
29 merchandise.

30 (b) Retail sales.--A school district may levy, assess and

1 collect a tax on each dollar of sales by:

2 (1) A retail dealer in goods, wares and merchandise,
3 including a proprietor of a restaurant or other place where
4 food, drink and refreshments are served.

5 (2) Providers of services.

6 (c) Transactions partially free of tax.--No tax shall be
7 levied on the dollar volume of business transacted by wholesale
8 and retail dealers derived from the resale of goods, wares and
9 merchandise, taken by a dealer as a trade-in or as part payment
10 for other goods, wares and merchandise, except to the extent
11 that the resale price exceeds the trade-in allowance.

12 Section 705. Exclusions.

13 A tax under section 704 may not be levied, assessed or
14 collected on:

15 (1) The gross receipts from utility service of a person
16 or company whose rates and services are fixed and regulated
17 by the Pennsylvania Public Utility Commission, on a public
18 utility service rendered by the person or company, on a
19 privilege or transaction involving the rendering of the
20 public utility service or on a Federal Energy Regulation
21 Commission-approved qualifying facility.

22 (2) Any of the following:

23 (i) Goods and articles manufactured in the school
24 district.

25 (ii) The by-product of manufacture.

26 (iii) Minerals, timber, natural resources and farm
27 products produced in the school district.

28 (iv) The preparation or processing of an item under
29 subparagraph (iii) for use or market.

30 (v) A privilege, act or transaction related to the

1 business of manufacturing, the production, preparation or
2 processing of a mineral, timber and natural resource or
3 farm product, by a manufacturer, producer and a farmer
4 with respect to the goods, article and product of their
5 own manufacture, production or growth.

6 (vi) A privilege, act or transaction relating to the
7 business of processing by-products of a manufacture.

8 (vii) (A) Except as provided under clause (B), the
9 transportation, loading, unloading or dumping or
10 storage of a good, article, product or by-product
11 under this paragraph.

12 (B) A school district may levy, assess and
13 collect a tax on:

14 (I) A person using a municipal service.

15 (II) The personal income of an individual
16 engaged in an activity under subclause (I),
17 notwithstanding if the individual is doing
18 business as an individual proprietorship or as a
19 member of a partnership or other association.

20 (3) Gross receipts or part of gross receipts which are:

21 (i) A discount allowed to a purchaser as a cash
22 discount for prompt payment of a purchaser's bill.

23 (ii) A charge advanced by a seller for freight,
24 delivery or other transportation for the purchaser in
25 accordance with the terms of a contract of sale.

26 (iii) Received for the sale of an article of
27 personal property which was acquired by the seller as a
28 trade-in to the extent that the gross receipts in the
29 sale of the article taken in trade does not exceed the
30 amount of trade-in allowance made in acquiring the

1 article.

2 (iv) A refund, credit or allowance given to a
3 purchaser on account of a defect in goods sold or
4 merchandise returned.

5 (v) Pennsylvania sales tax and any sales tax, use
6 tax and occupancy tax imposed under law.

7 (vi) Based on the value of exchanges or transfers
8 between one seller and another seller who transfers
9 property with the understanding that property of an
10 identical description will be returned at a subsequent
11 date, except that if sellers engaged in similar lines of
12 business exchange property and one of the sellers makes
13 payment to the other seller in addition to the property
14 exchanged, the additional payment received may be
15 included in the gross receipts of the seller receiving
16 the additional cash payment.

17 (vii) A receipt of sellers from sales to other
18 sellers in the same line if the seller transfers the
19 title or possession at the same price for which the
20 seller acquired the merchandise.

21 (viii) A transfer between one department, branch or
22 division of a corporation or other business entity of
23 goods, wares and merchandise to another department,
24 branch or division of the same corporation or business
25 entity and which are recorded on the books ???? to
26 reflect the interdepartmental transactions.

27 (ix) A transfer attributable to an activity
28 occurring outside the taxing authority. Gross receipts
29 shall be attributed to the jurisdiction in which the
30 activities generating the receipts occur.

1 (4) The gross receipts of:

2 (i) A bank, bank and trust company, private bank,
3 savings bank or trust company, as defined in the Banking
4 Code of 1965.

5 (ii) An institution or entity subject to the
6 supervision of the Department of Banking and Securities
7 under section 201 of the act of May 15, 1933 (P.L.565,
8 No.111), known as the Department of Banking Code.

9 (iii) A national bank.

10 (iv) A similar institution or entity established
11 under Federal or State law.

12 (5) The gross receipts of a distributor or importing
13 distributor of malt or brewed beverages subject to licensure
14 under the act of April 12, 1951 (P.L.90, No.21), known as the
15 Liquor Code.

16 Section 706. Administration.

17 A tax enacted under this chapter shall be administered in the
18 same manner as a tax administered under the Local Tax Enabling
19 Act.

20 CHAPTER 51

21 MISCELLANEOUS PROVISIONS

22 Section 5101. (Reserved).

23 Section 5102. Effective date.

24 This act shall take effect immediately.