

AN ACT

1 Providing for county property tax reduction.

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

24 CHAPTER 1

25 PRELIMINARY PROVISIONS

26 Section 101. Short title.

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

29 Section 102. Scope of act.

30 This act authorizes a county to levy, assess and collect

1 certain taxes as a means of reducing property taxes and  
2 providing for tax diversification.

3 Section 103. Definitions.

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

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

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

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

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

14 "Domicile." As defined in section 501 of the Local Tax  
15 Enabling Act.

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

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

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

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

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

25 "Net profits." As defined in section 501 of the Local Tax  
26 Enabling Act.

27 "Private bank." As defined in section 102 of the Banking  
28 Code of 1965.

29 "Purchase at retail." As defined in section 201 of the Tax  
30 Reform Code.

1 "Resident." As defined in section 501 of the Local Tax  
2 Enabling Act.

3 "Sale at retail." As defined in section 201 of the Tax  
4 Reform Code.

5 "Savings bank." As defined in section 102 of the Banking  
6 Code of 1965.

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

8 "Service address." The address where:

9 (1) telephone equipment is located and to which a  
10 telephone number is assigned;

11 (2) a telegraph originated; or

12 (3) the meter which registers where the service is  
13 located.

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

16 "Tangible personal property." As defined in section 201 of  
17 the Tax Reform Code.

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

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

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

25 "Trust company." As defined in section 102 of the Banking  
26 Code of 1965.

27 CHAPTER 3

28 OPTIONAL SALES, USE AND OCCUPANCY TAX

29 FOR COUNTY PROPERTY TAX RELIEF

30 Section 301. Construction.

1 The tax imposed under this chapter shall be in addition to  
2 any tax imposed by the Commonwealth under Article II of the Tax  
3 Reform Code.

4 Section 302. Imposition.

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

10 (b) Use.--

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

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

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

23 (c) Occupancy.--

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

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

1 (d) Rate and uniformity.--

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

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

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

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

10 (2) If the purchase price is 51¢ or more but less than  
11 \$1.51, 1¢ shall be collected.

12 (3) If the purchase price is \$1.51 or more but less than  
13 \$2.51, 2¢ shall be collected.

14 (4) If the purchase price is \$2.51 or more but less than  
15 \$3.51, 3¢ shall be collected.

16 (5) If the purchase price is \$3.51 or more but less than  
17 \$4.51, 4¢ shall be collected.

18 (6) If the purchase price is \$4.51 or more but less than  
19 \$5.51, 5¢ shall be collected.

20 (7) If the purchase price is \$5.51 or more but less than  
21 \$6.51, 6¢ shall be collected.

22 (8) If the purchase price is \$6.51 or more but less than  
23 \$7.51, 7¢ shall be collected.

24 (9) If the purchase price is \$7.51 or more but less than  
25 \$8.51, 8¢ shall be collected.

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

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

30 (12) If the purchase price is more than \$10, 1% of each

1 \$10 purchase price plus the above bracket charges upon any  
2 fractional part of a \$10 increment shall be collected.

3 Section 303. Situs.

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

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

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

29 (d) Mobile telecommunications services.--The situs of the  
30 sale or use of mobile telecommunication services shall be

1 determined as specified under section 203-A of the Tax Reform  
2 Code.

3 Section 304. License.

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

13 Section 305. Rules, regulations and collection costs.

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

18 (b) Administration.--The department:

19 (1) Shall administer and enforce this chapter and may  
20 promulgate and enforce rules and regulations consistent with  
21 this chapter.

22 (2) May determine nonretroactive applicability of a  
23 regulation.

24 (c) Collection costs.--

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

29 (2) To provide a timely forecast and assure  
30 consideration of the sum retained, the department shall



1 estimate its costs of collection for the next fiscal year and  
2 provide the estimate and supporting detail to:

3 (i) The chairman and minority chairman of the  
4 Appropriations Committee of the Senate.

5 (ii) The chairman and minority chairman of the  
6 Appropriations Committee of the House of Representatives.

7 (iii) Each county.

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

16 Section 306. Ordinance.

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

19 Section 307. Property Tax Reduction and Diversification Fund.

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

26 (b) Deposits into fund.--

27 (1) Taxes imposed under this chapter shall be received  
28 by the department and paid to the State Treasurer and shall,  
29 with interest and penalties, minus collection costs allowed  
30 under this chapter, refunds and credits paid, be credited to

1 the appropriate account at least every month.

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

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

10 (1) May not lapse or be transferred to another fund or  
11 account.

12 (2) Shall remain in the fund and be credited to the  
13 appropriate account.

14 (3) Must be used as provided under this act.

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

20 Section 308. Disbursements.

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

23 Section 309. Use of funds.

24 Fifty percent of the funds disbursed from the Property Tax  
25 Reduction and Diversification Fund shall be used to reduce  
26 property tax millage rates.

27 CHAPTER 5

28 OPTIONAL INCOME TAX

29 FOR COUNTY PROPERTY TAX REDUCTION

30 AND DIVERSIFICATION

1 Section 501. Authorization.

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

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

13 Section 502. Ordinance.

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

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

22 Section 503. Use of funds.

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

26 Section 504. Credits.

27 (a) General rule.--Except as provided under subsection (b),  
28 section 317 of the Local Tax Enabling Act shall apply to a  
29 county to determine a credit applicable to a tax imposed under  
30 section 501.

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

8 Section 505. Exemption and special provisions.

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

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

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

16 (b) Subsequent tax rate.--

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

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

26 (i) the average percentage change of the Statewide  
27 average weekly wage; or

28 (ii) the percentage change of the employment cost  
29 index for the previous fiscal year.

30 (3) A county or political subdivision may increase the

1 rate of the earned income and net profits tax by more than  
2 the limit under paragraph (2) if:

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

7 (ii) a majority of the electors voting on the  
8 question approves the increase.

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

13 Section 507. County earned income and net profits tax  
14 collection.

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

## 21 CHAPTER 7

### 22 OPTIONAL COUNTY BUSINESS

#### 23 PRIVILEGE OR MERCANTILE TAX

#### 24 FOR PROPERTY TAX

#### 25 REDUCTION AND DIVERSIFICATION

26 Section 701. Authorization.

27 (a) Authority.--A county may levy, assess and collect a  
28 business privilege or mercantile tax under this chapter to fund  
29 property reductions and tax diversification in the county.  
30 Except as provided under this chapter, the tax shall be in

1 addition to any tax imposed under 53 Pa.C.S. § 8701 (relating to  
2 general tax authorization), this act, Chapter 4 of the Local Tax  
3 Enabling Act, the Taxpayer Relief Act, the Tax Reform Code or  
4 any other act.

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

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

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

18 Section 703. Use of funds.

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

22 Section 704. Mercantile or business privilege tax.

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

27 (b) Retail sales.--A school district may levy, assess and  
28 collect a tax on each dollar of sales by:

29 (1) A retail dealer in goods, wares and merchandise,  
30 including a proprietor of a restaurant or other place where

1 food, drink and refreshments are served.

2 (2) Providers of services.

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

9 Section 705. Exclusions.

10 A tax under section 704 may not be levied, assessed or  
11 collected on:

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

19 (2) Any of the following:

20 (i) Goods and articles manufactured in the school  
21 district.

22 (ii) The by-product of manufacture.

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

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

27 (v) A privilege, act or transaction related to the  
28 business of manufacturing, the production, preparation or  
29 processing of a mineral, timber and natural resource or  
30 farm product, by a manufacturer, producer and a farmer

1 with respect to the goods, article and product of their  
2 own manufacture, production or growth.

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

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

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

11 (I) A person using a municipal service.

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

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

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

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

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

29 (iv) A refund, credit or allowance given to a  
30 purchaser on account of a defect in goods sold or



1 merchandise returned.

2 (v) Pennsylvania sales tax and any sales tax, use  
3 tax and occupancy tax imposed under law.

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

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

18 (viii) A transfer between one department, branch or  
19 division of a corporation or other business entity of  
20 goods, wares and merchandise to another department,  
21 branch or division of the same corporation or business  
22 entity and which are properly recorded to reflect the  
23 interdepartmental transactions.

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

28 (4) The gross receipts of:

29 (i) A bank, bank and trust company, private bank,  
30 savings bank or trust company, as defined in the Banking

1 Code of 1965.

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

7 (iii) A national bank.

8 (iv) A similar institution or entity established  
9 under Federal or State law.

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

14 Section 706. Administration.

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

## 18 CHAPTER 51

### 19 MISCELLANEOUS PROVISIONS

20 Section 5101. (Reserved).

21 Section 5102. Effective date.

22 This act shall take effect immediately.