

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 760

Session of
1983

INTRODUCED BY CALTAGIRONE, RICHARDSON, GEIST, ITKIN, MCINTYRE,
MORRIS, KUKOVICH, WOZNIAK, ANGSTADT, FREEMAN, LEHR, FEE, VAN
HORNE AND PRESTON, APRIL 12, 1983

AS RE-REPORTED FROM COMMITTEE ON URBAN AFFAIRS, HOUSE OF
REPRESENTATIVES, AS AMENDED, MARCH 26, 1984

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 employees 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,"
22 ~~eliminating certain per capita and occupation taxes;~~ <—
23 ~~increasing the rate of the occupational privilege tax; and~~
24 ~~authorizing an occupational privilege tax for school~~
25 ~~districts.~~ FURTHER PROVIDING FOR THE TAXING POWERS OF CERTAIN <—
26 POLITICAL SUBDIVISIONS BY INCREASING THE RATES OF CERTAIN
27 TAXES, AUTHORIZING THE IMPOSITION OF MUNICIPAL SERVICES TAXES
28 AND RESTRICTING THE IMPOSITION OF OTHER TAXES; PROVIDING FOR
29 MONTHLY PAYMENTS FROM EMPLOYERS; AND MAKING REPEALS.

30 ~~The General Assembly through public hearings across the~~ <—

1 ~~Commonwealth has found many political subdivisions in need of~~
2 ~~financial relief. It is the intent of this bill to provide~~
3 ~~cities of the second class, second class A and third class,~~
4 ~~boroughs, towns and first and second class townships with the~~
5 ~~ability to impose an occupational privilege tax of .25% of a~~
6 ~~person's earned income to be retained by the municipality at the~~
7 ~~place of employment. This tax shall take the place of the~~
8 ~~occupation privilege tax at the present flat rate.~~

9 The General Assembly of the Commonwealth of Pennsylvania
10 hereby enacts as follows:

11 Section 1. The introductory paragraph and clauses (4) and
12 (9) of section 2 of the act of December 31, 1965 (P.L.1257,
13 No.511), known as The Local Tax Enabling Act, the introductory
14 paragraph amended November 26, 1982 (P.L.763, No.217), are
15 amended and a paragraph is added at the end of the section to
16 read:

17 Section 2. Delegation of Taxing Powers and Restrictions
18 Thereon.--(A) The duly constituted authorities of the following <—
19 political subdivisions, cities of the second class, cities of
20 the second class A, cities of the third class, boroughs, towns,
21 townships of the first class, townships of the second class,
22 school districts of the second class, school districts of the
23 third class, and school districts of the fourth class, in all
24 cases including independent school districts, may, in their
25 discretion, by ordinance or resolution, for general revenue
26 purposes, levy, assess and collect or provide for the levying,
27 assessment and collection of such taxes as they shall determine
28 on persons, transactions, occupations, ~~for school districts only~~ <—
29 ~~occupational~~ privileges, subjects and personal property within
30 the limits of such political subdivisions, and upon the transfer

1 of real property, or of any interest in real property, situate
2 within the political subdivision levying and assessing the tax,
3 regardless of where the instruments making the transfers are
4 made, executed or delivered or where the actual settlements on
5 such transfer take place. The taxing authority may provide that
6 the transferee shall remain liable for any unpaid realty
7 transfer taxes imposed by virtue of this act. AN OCCUPATIONAL
8 PRIVILEGE TAX MAY BE LEVIED ONLY BY THE SCHOOL DISTRICTS.

<—

9 (B) Each local taxing authority may, by ordinance or
10 resolution, exempt any person whose total income from all
11 sources is less than five thousand dollars (\$5,000) per annum
12 from the per capita or similar head tax, occupation tax and
13 occupational privilege tax, or earned income tax, or any portion
14 thereof, and may adopt regulations for the processing of claims
15 for exemptions. [Such]

<—

16 (C) THE local authorities shall not have authority by virtue
17 of this act:

<—

18 * * *

19 (4) To levy, assess and collect a tax on goods and articles
20 manufactured in such political subdivision or on the by-products
21 of manufacture, or on minerals, timber, natural resources and
22 farm products produced in such political subdivision or on the
23 preparation or processing thereof for use or market, or on any
24 privilege, act or transaction related to the business of
25 manufacturing, the production, preparation or processing of
26 minerals, timber and natural resources, or farm products, by
27 manufacturers, by producers and by farmers with respect to the
28 goods, articles and products of their own manufacture,
29 production or growth, or on any privilege, act or transaction
30 relating to the business of processing by-products of

1 manufacture, or on the transportation, loading, unloading or
2 dumping or storage of such goods, articles, products or by-
3 products; except that local authorities may levy, assess and
4 collect taxes on the occupation, ~~for school districts only~~ <—
5 occupational privilege, per capita and earned income or net
6 profits of natural persons engaged in the above activities
7 whether doing business as individual proprietorship or as
8 members of partnerships or other associations[;]. AN <—
9 OCCUPATIONAL PRIVILEGE TAX MAY BE LEVIED ONLY BY SCHOOL
10 DISTRICTS.
11 * * *
12 (9) To levy, assess or collect any tax on individuals for
13 the privilege of engaging in an occupation (occupational
14 privilege tax) except that such a tax may be levied, assessed
15 and collected only by the [political subdivision] SCHOOL <—
16 DISTRICT of the taxpayer's place of employment.
17 Payment of any occupational privilege tax to any [political <—
18 subdivision] SCHOOL DISTRICT by any person pursuant to an <—
19 ordinance or resolution passed or adopted under the authority of
20 this act shall be limited to [ten dollars (\$10) on] five dollars
21 ~~(5) to a school district and one quarter of one percent of the~~ <—
22 ~~earned income to political subdivisions other than school~~
23 ~~districts of~~ FOR each person for each calendar year. <—
24 The situs of such tax shall be the place of employment,†, <—
25 but, in the event a person is engaged in more than one
26 [occupation, or an occupation which requires his working in more <—
27 than one political subdivision during the calendar year, the
28 priority of claim to collect such occupational privilege tax
29 shall be in the following order: first, the political
30 subdivision in which a person maintains his principal office or

1 is principally employed; second, the political subdivision in
2 which the person resides and works, if such a tax is levied by
3 that political subdivision; third, the political subdivision in] <—
4 SCHOOL DISTRICT DURING THE CALENDAR YEAR, THE PRIORITY OF CLAIM <—
5 TO COLLECT SUCH OCCUPATIONAL PRIVILEGE TAX SHALL BE IN THE
6 FOLLOWING ORDER: FIRST, THE SCHOOL DISTRICT IN WHICH A PERSON
7 MAINTAINS HIS PRINCIPAL OFFICE OR IS PRINCIPALLY EMPLOYED;
8 SECOND, THE SCHOOL DISTRICT IN WHICH A PERSON RESIDES AND WORKS,
9 IF SUCH A TAX IS LEVIED BY THAT SCHOOL DISTRICT; AND THIRD, THE
10 SCHOOL DISTRICT IN which a person is employed and which imposes
11 the tax nearest in miles to the person's home. The place of
12 employment shall be determined as of the day the taxpayer first
13 becomes subject to the tax during the calendar year.} The place <—
14 of employment shall be that place considered as the center of
15 business affairs and the place where its functions are
16 discharged.

17 It is the intent of this provision that no person shall pay
18 more than [ten dollars (\$10)] five dollars (\$5) to a school
19 district and one quarter of one percent of his earned income to <—
20 political subdivisions other than school districts in any
21 calendar year as an occupational privilege tax irrespective of
22 the number of [political subdivisions] SCHOOL DISTRICTS within <—
23 which such person may be employed within any given calendar
24 year.

25 The occupational privilege tax of one quarter of one percent <—
26 of a person's earned income shall be collected from the employer
27 and payments and reports shall be made to the taxing
28 jurisdiction, in the same manner as prescribed in section
29 13(iv).

30 †In case of dispute, a tax receipt of the taxing authority

1 for that calendar year declaring that the taxpayer has made
2 prior payment which constitutes prima facie certification of
3 payment to all other political subdivisions.†

<—

4 * * *

5 Notwithstanding any provision of this act, no per capita tax,
6 occupation assessment tax or flat rate occupational privilege
7 tax shall be imposed by any city of the second class, any city
8 of the second class A or third class or by any borough,
9 incorporated town or township under the authority of this act.

10 Section 2. The first paragraph of section 8 of the act is
11 amended AND PARAGRAPHS ARE ADDED to read:

<—

12 Section 8. Limitations on Rates of Specific Taxes.--[No]
13 EXCEPT FOR ANY HOME RULE MUNICIPALITY OPERATING PURSUANT TO THE
14 ACT OF APRIL 13, 1972 (P.L.184, NO.62), KNOWN AS THE "HOME RULE
15 CHARTER AND OPTIONAL PLANS LAW," WHICH MAY IMPOSE HIGHER TAX
16 RATES ON MUNICIPAL RESIDENTS, NO taxes levied under the
17 provisions of this act shall be levied by any political
18 subdivision on the following subjects exceeding the rates
19 specified in this section:

<—

<—

20 (1) Per capita[, poll] or other similar head taxes, [ten
21 dollars (\$10)] five dollars (\$5) to be levied and collected ONLY
22 by school districts.

<—

<—

23 (2) On each dollar of the whole volume of business
24 transacted by wholesale dealers in goods, wares and merchandise,
25 one mill, by retail dealers in goods, wares and merchandise and
26 by proprietors of restaurants or other places where food, drink
27 and refreshments are served, one and one-half mills; except in
28 cities of the second class, where rates shall not exceed one
29 mill on wholesale dealers and two mills on retail dealers and
30 proprietors. THIS MERCANTILE TAX SHALL BE LEVIED ONLY BY CITIES

<—

1 OF THE SECOND, SECOND CLASS A OR THIRD CLASS, BOROUGH, TOWNS
2 AND TOWNSHIPS. THE RATE OF MERCANTILE TAX IMPOSED BY A
3 MUNICIPALITY SHALL BE OFFSET BY ANY RATE IMPOSED BY A
4 COTERMINOUS SCHOOL DISTRICT. No such tax shall be levied on the
5 dollar volume of business transacted by wholesale and retail
6 dealers derived from the resale of goods, wares and merchandise,
7 taken by any dealer as a trade-in or as part payment for other
8 goods, wares and merchandise, except to the extent that the
9 resale price exceeds the trade-in allowance.

10 (3) (I) On wages, salaries, commissions and other earned <—
11 income of individuals, [one percent] UP TO ONE PERCENT IN <—
12 INCREMENTS OF ONE-QUARTER OF ONE PERCENT FOR CITIES OF THE
13 SECOND, SECOND CLASS A OR THIRD CLASS, BOROUGH, TOWNS AND
14 TOWNSHIPS.

15 (II) ON WAGES, SALARIES, COMMISSIONS AND OTHER EARNED INCOME
16 OF INDIVIDUALS UP TO ONE-HALF OF ONE PERCENT IN INCREMENTS OF
17 ONE-QUARTER OF ONE PERCENT FOR ALL SCHOOL DISTRICTS. AN
18 ADDITIONAL TAX MAY BE IMPOSED UP TO ONE-HALF OF ONE PERCENT IN
19 INCREMENTS OF ONE-QUARTER OF ONE PERCENT BY THOSE SCHOOL
20 DISTRICTS WHICH ELIMINATE ANY OR ALL OF THE TAXES IMPOSED ON
21 OCCUPATIONS, PER CAPITA, OCCUPATIONAL ASSESSMENT, BUSINESS
22 PRIVILEGE AND MERCANTILE TAXES PURSUANT TO SECTION 8.1.

23 (4) On retail sales involving the transfer of title or
24 possession of tangible personal property, two percent.

25 (5) On the transfer of real property, one percent.

26 (6) On admissions to places of amusement, athletic events
27 and the like, and on motion picture theatres in cities of the
28 second class, ten percent.

29 (7) Flat rate occupation taxes not using a millage or
30 percentage as a basis, ten dollars (\$10) to be levied and

1 collected ONLY by school districts only. <—

2 (8) Occupational privilege taxes, [ten dollars (\$10)] five
3 dollars (\$5) to a school district and one quarter of one percent <—
4 of the person's earned income to a political subdivision other
5 than a school district.

6 ~~(9) Occupational privilege taxes levied by school districts,~~
7 but not to be collected by employers, five dollars (\$5). <—

8 (9) (I) MUNICIPAL SERVICES TAX TO BE LEVIED ONLY BY CITIES <—
9 OF THE SECOND, SECOND CLASS A OR THIRD CLASS, BOROUGHES, TOWNS
10 AND TOWNSHIPS:

11 (A) AT A FLAT RATE UP TO A MAXIMUM OF FIFTY DOLLARS (\$50)
12 PER PERSON EMPLOYED WITHIN THE MUNICIPALITY OR,

13 (B) SUBJECT TO THE PROVISIONS OF SECTION 8.2, A RATE OF ONE-
14 QUARTER OF ONE PERCENT OF THE EARNED INCOME OF EACH PERSON
15 EMPLOYED WITHIN THE MUNICIPALITY.

16 (II) THE SITUS OF THE MUNICIPAL SERVICES TAX SHALL BE THE
17 PLACE OF EMPLOYMENT WHICH SHALL BE DETERMINED AS OF THE DAY THE
18 TAXPAYER FIRST BECOMES SUBJECT TO THE TAX DURING THE CALENDAR
19 YEAR. IN THE EVENT A PERSON IS ENGAGED IN MORE THAN ONE
20 OCCUPATION, OR AN OCCUPATION WHICH REQUIRES THE PERSON TO WORK
21 IN MORE THAN ONE MUNICIPALITY DURING THE CALENDAR YEAR, THE
22 PRIORITY OF CLAIM TO COLLECT THE MUNICIPAL SERVICES TAX SHALL BE
23 IN THE FOLLOWING ORDER: FIRST, THE MUNICIPALITY IN WHICH A
24 PERSON MAINTAINS HIS PRINCIPAL OFFICE OR IS PRINCIPALLY
25 EMPLOYED; SECOND, THE MUNICIPALITY IN WHICH THE PERSON RESIDES
26 AND WORKS, IF THE MUNICIPAL SERVICES TAX IS LEVIED BY THAT
27 MUNICIPALITY; OR THIRD, THE MUNICIPALITY IN WHICH A PERSON IS
28 EMPLOYED AND WHICH IMPOSES THE MUNICIPAL SERVICES TAX NEAREST IN
29 MILES TO THE PERSON'S HOME.

30 (III) THE ONE-QUARTER OF ONE PERCENT MUNICIPAL SERVICES TAX

1 SHALL BE SUBJECT TO WITHHOLDING BY THE EMPLOYER AND PAYMENTS AND
2 REPORTS SHALL BE MADE TO THE TAXING JURISDICTION IN THE SAME
3 MANNER PRESCRIBED IN DIVISON IV OF SECTION 13. THE FIFTY DOLLAR
4 (\$50) FLAT RATE MUNICIPAL SERVICES TAX SHALL NOT BE COLLECTED BY
5 EMPLOYERS.

6 (IV) IN THE CASE OF A DISPUTE, A TAX RECEIPT OF THE TAXING
7 AUTHORITY FOR THAT CALENDAR YEAR DECLARING THAT THE TAXPAYER HAS
8 MADE PRIOR PAYMENT CONSTITUTES PRIMA FACIE CERTIFICATION OF
9 PAYMENT TO ALL OTHER POLITICAL SUBDIVISIONS.

10 (V) IT IS THE INTENT OF THIS SUBCLAUSE THAT ANY PERSON WHO
11 WAS SUBJECT TO AND HAS PAID THE TAX AUTHORIZED IN SUBCLAUSE (I)
12 DURING THE CALENDAR YEAR AND WHO, DURING THAT SAME CALENDAR
13 YEAR, SUBSEQUENTLY BECOMES SUBJECT TO ANOTHER TAX UNDER
14 SUBCLAUSE (I) RECEIVE THE RELIEF PRESCRIBED HEREIN AS FOLLOWS:

15 (A) PAYMENT OF THE FLAT RATE TAX AND SUBSEQUENT LIABILITY
16 FOR THE PERCENTAGE TAX, A CREDIT OF THE FLAT RATE TAX AGAINST
17 THE PERCENTAGE TAX.

18 (B) PAYMENT OF THE FLAT RATE TAX AND SUBSEQUENT LIABILITY
19 FOR THE FLAT RATE TAX, A CREDIT OF THE PAID FLAT RATE TAX
20 AGAINST THE LATER FLAT RATE TAX.

21 (C) PAYMENT OF ALL OR PART OF THE PERCENTAGE TAX AND
22 SUBSEQUENT LIABILITY FOR A LATER PERCENTAGE TAX, A DIVISION OF
23 THE TOTAL TAX LIABILITY BASED ON THE AMOUNT OF TIME SPENT IN
24 EACH TAXING JURISDICTION.

25 (D) PAYMENT OF ALL OR PART OF THE PERCENTAGE TAX AND
26 SUBSEQUENT LIABILITY FOR A LATER FLAT RATE TAX, A CREDIT OF THE
27 PAID PERCENTAGE TAX AGAINST THE LATER FLAT RATE TAX.

28 (10) BUSINESS PRIVILEGE TAX TO BE LEVIED ONLY BY CITIES OF
29 THE SECOND, SECOND CLASS A OR THIRD CLASS, BOROUGH, TOWNS AND
30 TOWNSHIPS AT A MAXIMUM RATE OF THREE MILLS ON GROSS RECEIPTS.

1 THE RATE OF BUSINESS PRIVILEGE TAX IMPOSED BY A MUNICIPALITY
2 SHALL BE OFFSET BY ANY RATE IMPOSED BY A COTERMINOUS SCHOOL
3 DISTRICT.

4 * * *

5 ON OR AFTER JULY 1, 1983, NO SCHOOL DISTRICT SUBJECT TO THE
6 PROVISIONS OF THIS ACT SHALL HAVE THE AUTHORITY OR POWER TO LEVY
7 ANY MERCANTILE TAX OR ANY BUSINESS PRIVILEGE TAX. HOWEVER, EVERY
8 SCHOOL DISTRICT WHICH ENACTED A MERCANTILE TAX OR A BUSINESS
9 PRIVILEGE TAX ON OR BEFORE JULY 1, 1983, MAY CONTINUE TO ASSESS,
10 LEVY AND COLLECT SUCH TAX AT THE ENACTED RATE.

11 ANY SCHOOL DISTRICT WHICH IS IMPOSING A HIGHER EARNED INCOME,
12 PER CAPITA OR OCCUPATIONAL PRIVILEGE TAX RATE THAN SPECIFIED IN
13 THE FIRST PARAGRAPH OF THIS SECTION OR ANY TAXING AUTHORITY
14 IMPOSING A HIGHER BUSINESS PRIVILEGE TAX THAN SPECIFIED IN THE
15 FIRST PARAGRAPH OF THIS SECTION FOR THE TAX YEAR 1983 OR FOR
16 SCHOOL DISTRICTS, THE TAX YEAR 1983-1984, SHALL BE PERMITTED TO
17 CONTINUE TO LEVY, ASSESS AND COLLECT SUCH TAX AT THAT HIGHER
18 RATE BUT SHALL NOT BE EMPOWERED TO INCREASE THE RATE OF SUCH
19 TAX.

20 SECTION 3. THE ACT IS AMENDED BY ADDING SECTIONS TO READ:

21 SECTION 8.1. SCHOOL DISTRICT OPTION ON EARNED INCOME.--ANY
22 SCHOOL DISTRICT WHICH IS SUBJECT TO THE PROVISIONS OF THIS ACT
23 MAY ELECT TO LEVY, ASSESS AND COLLECT AN ADDITIONAL TAX UPON
24 EARNED INCOME PURSUANT TO SECTION 13 AT THE RATE OF UP TO ONE-
25 HALF OF ONE PERCENT IN INCREMENTS OF ONE-QUARTER OF ONE PERCENT.
26 ANY SCHOOL DISTRICT ELECTING TO LEVY THIS TAX SHALL PERMANENTLY
27 LOSE THE AUTHORITY TO LEVY AND COLLECT A PER CAPITA TAX,
28 OCCUPATIONAL PRIVILEGE TAX, OCCUPATION TAX, MERCANTILE TAX AND
29 BUSINESS PRIVILEGE TAX AS PROVIDED FOR IN THIS ACT WITH THE
30 FOLLOWING EXCEPTIONS:

1 (1) SHOULD THE REVENUE EXPECTED FROM THE EARNED INCOME TAX
2 LEVIED BY THE SCHOOL DISTRICT AT THEIR MAXIMUM RATE NOT BE
3 ADEQUATE TO FULLY OFFSET THE NET REVENUE LOSS FROM THE
4 ELIMINATION OF THE TAXES AS PROVIDED FOR IN THIS SECTION, THE
5 SCHOOL DISTRICT SHALL HAVE THE AUTHORITY TO CONTINUE TO LEVY THE
6 MINIMUM NUMBER OF THE ELIMINATED TAXES NEEDED TO OFFSET NOT MORE
7 THAN ONE HUNDRED TEN PERCENT OF THE NET REVENUE LOSS. IN ORDER
8 TO ACHIEVE THIS REVENUE AMOUNT, THE SCHOOL DISTRICT SHALL REDUCE
9 THE RATE OF LEVY OF NO MORE THAN ONE OF THE REIMPOSED ELIMINATED
10 TAXES TO THE NECESSARY LEVEL.

11 (2) SHOULD THE ACTUAL TOTAL REVENUE REALIZED FROM THE EARNED
12 INCOME TAX LEVIED AT THEIR MAXIMUM RATE COLLECTED BY A SCHOOL
13 DISTRICT DURING THE FIRST YEAR OF IMPLEMENTATION RESULT IN A NET
14 REVENUE LOSS FROM THE ELIMINATION OF THE TAXES PROVIDED IN THIS
15 SECTION, AND SHOULD EXPECTED REVENUES FROM THIS TAX PRODUCE AN
16 EXPECTED NET REVENUE LOSS FOR THE SECOND YEAR OF IMPLEMENTATION,
17 THE SCHOOL DISTRICT SHALL HAVE THE AUTHORITY TO REIMPOSE ONE OR
18 MORE OF THE ELIMINATED TAXES UNDER THE PROVISIONS SET FORTH IN
19 CLAUSE (1).

20 SECTION 8.2. LIMITATION ON MUNICIPAL SERVICES TAX.--WITH THE
21 EXCEPTION OF HOME RULE MUNICIPALITIES, ANY OTHER MUNICIPALITY
22 WHICH LEVIES AN EARNED INCOME TAX AT A RATE IN EXCESS OF THREE-
23 QUARTERS OF ONE PERCENT SHALL NOT HAVE THE POWER TO LEVY A
24 MUNICIPAL SERVICES TAX AT THE RATE OF ONE-QUARTER OF ONE
25 PERCENT.

26 Section 3 4. Section 9 of the act, amended December 12, 1968 <—
27 (P.L.1203, No.377), is amended to read:

28 Section 9. Register for Earned Income, MUNICIPAL SERVICES <—
29 and Occupational Privilege Taxes.--(a) It shall be the duty of
30 the Department of Community Affairs to have available an

1 official continuing register supplemented annually of all earned
2 income, MUNICIPAL SERVICES and occupational privilege taxes <—
3 levied under authority of this act. The register and its
4 supplements, hereinafter referred to as the register, shall list
5 such jurisdictions levying earned income [and/or], MUNICIPAL <—
6 SERVICES AND occupational privilege taxes, the [rate] RATES of <—
7 the tax as stated in the tax levying ordinance or resolution,
8 [and the effective rate on resident and nonresident taxpayers, <—
9 if different from the stated rate because of a coterminous
10 levy,] ON RESIDENT AND NONRESIDENT TAXPAYERS, AND the name and <—
11 address of the officer responsible for administering the
12 collection of the tax and from whom information, forms for
13 reporting and copies of rules and regulations are available.
14 [With each jurisdiction listed, all jurisdictions making <—
15 coterminous levies shall also be noted and their tax rates
16 shown.] <—

17 (b) Information for the register shall be furnished by the
18 secretary of each taxing body to the Department of Community
19 Affairs in such manner and on such forms as the Department of
20 Community Affairs may prescribe. The information must be
21 received by the Department of Community Affairs by certified
22 mail not later than May 31 of each year to show new tax
23 enactments, repeals and changes. Failure to comply with this
24 date for filing may result in the omission of the levy from the
25 register for that year. Failure of the Department of Community
26 Affairs to receive information of taxes continued without change
27 may be construed by the department to mean that the information
28 contained in the previous register remains in force.

29 (c) The Department of Community Affairs shall have the
30 register with such annual supplements as may be required by new

1 tax enactments, repeals or changes available upon request not
2 later than July 1 of each year. The effective period for each
3 register shall be from July 1 of the year in which it is issued
4 to June 30 of the following year.

5 (d) Employers shall not be required by any local ordinance
6 to withhold from the [wages, salaries, commissions or other <—
7 compensation] EARNED INCOME of their employees any tax imposed <—
8 under the provisions of this act, which is not listed in the
9 register, or make reports of [wages, salaries, commissions or <—
10 other] compensation in connection with taxes not so listed: <—
11 Provided, That if the register is not available by July 1, the
12 register of the previous year shall continue temporarily in
13 effect for an additional period not to exceed one year. The
14 provisions of this section shall not affect the liability of any
15 taxpayer for taxes lawfully imposed under this act.

16 (e) Ordinances or resolutions imposing earned income [or <—
17 occupational privilege] taxes under authority of this act may <—
18 contain provisions requiring employers doing business within the
19 jurisdiction of the political subdivision imposing the tax to
20 withhold the tax from the compensation of those of their
21 employees who are subject to the tax: Provided, That no employer
22 shall be held liable for failure to withhold earned income taxes
23 or for the payment of such withheld tax money to a political
24 subdivision other than the political subdivision entitled to
25 receive such money if such failure to withhold or such incorrect
26 transmittal of withheld taxes arises from incorrect information
27 as to the employee's place of residence submitted by the employee:
28 [And provided further, That employers shall not be required by
29 any local ordinance to withhold from compensation for any one of
30 their employees for the occupational privilege tax more than one

1 time in any fiscal period:] And provided further, That the
2 occupational privilege tax shall be applicable to employment in
3 the period beginning January 1, of the current year and ending
4 December 31 of the current year, except that taxes imposed for
5 the first time shall become effective from the date specified in
6 the ordinance or resolution, and the tax shall continue in force
7 on a calendar year basis.

8 Section 4 5. Division IV of section 13 of the act is amended <—
9 to read:

10 Section 13. Earned Income Taxes.--* * *

11 IV. Collection at Source

12 (a) Every employer having an office, factory, workshop,
13 branch, warehouse, or other place of business within the taxing
14 jurisdiction imposing a tax on earned income or net profits
15 within the taxing district who employs one or more persons,
16 other than domestic servants, for [a salary, wage, commission or <—
17 other compensation] SUCH EARNED INCOME, who has not previously <—
18 registered, shall, within fifteen days after becoming an
19 employer, register with the officer his name and address and
20 such other information as the officer may require.

21 (b) Every employer having an office, factory, workshop,
22 branch, warehouse, or other place of business within the taxing
23 jurisdiction imposing a tax on earned income or net profits
24 within the taxing district who employs one or more persons,
25 other than domestic servants, for [a salary, wage, commission, <—
26 or other] compensation, shall deduct at the time of payment <—
27 thereof, the tax imposed by ordinance or resolution on the
28 earned income due to his employe or employees, and shall, on or
29 before [April 30, of the current year, July 31, of the current
30 year, October 31, of the current year, and January 31, of the

1 succeeding year] THE LAST DAY OF each month, file a return and <—
2 pay to the officer the amount of taxes deducted during the
3 preceding [three-month periods ending March 31, of the current
4 year, June 30, of the current year, September 30, of the current
5 year, and December 31, of the current year, respectively] month.
6 IF THE TOTAL TAXES DO NOT EXCEED TWO HUNDRED DOLLARS (\$200) PER <—
7 MONTH, SUCH RETURN MAY BE MADE ON OR BEFORE APRIL 30 OF THE
8 CURRENT YEAR, JULY 31 OF THE CURRENT YEAR, OCTOBER 31 OF THE
9 CURRENT YEAR, AND JANUARY 31 OF THE SUCCEEDING YEAR FOR TAXES
10 DEDUCTED DURING THE PRECEDING THREE-MONTH PERIOD TO SUCH
11 RESPECTIVE DATES. Such return [unless otherwise agreed upon
12 between the officer and employer shall show the name and social
13 security number of each such employe, the earned income of such
14 employe during such preceding three-month period, the tax
15 deducted therefrom, the political subdivisions imposing the tax
16 upon such employe, the total earned income of all such employes
17 during such preceding three-month period, and] shall show ONLY <—
18 the total tax deducted [therefrom] and paid with the return.

19 [Any employer who for two of the preceding four quarterly
20 periods has failed to deduct the proper tax, or any part
21 thereof, or has failed to pay over the proper amount of tax to
22 the taxing authority, may be required by the officer to file his
23 return and pay the tax monthly. In such cases, payments of tax
24 shall be made to the officer on or before the last day of the
25 month succeeding the month for which the tax was withheld.]

26 FLAT RATE OCCUPATIONAL PRIVILEGE TAXES AND FLAT RATE <—
27 MUNICIPAL SERVICES TAXES SHALL NOT BE SUBJECT TO WITHHOLDING BY
28 EMPLOYERS. HOWEVER, EMPLOYERS SHALL FILE LISTINGS OF ALL
29 EMPLOYES SUBJECT TO AN OCCUPATIONAL PRIVILEGE TAX OR A MUNICIPAL
30 SERVICES TAX AS OF JANUARY 1 OF EACH YEAR WITH EACH TAXING

1 JURISDICTION WHERE THE EMPLOYER HAS A PLACE OF BUSINESS. THE
2 REQUIRED LISTINGS SHALL BE SUBMITTED NO LATER THAN MARCH 1 OF
3 EACH YEAR AND SHALL INCLUDE THE NAME, ADDRESS AND SOCIAL
4 SECURITY NUMBER OF EACH EMPLOYEE.

5 (c) On or before February 28, of the succeeding year, every
6 employer shall file with the officer:

7 (1) An annual return showing [the total amount of earned
8 income paid] ~~the name and social security number of each~~ <—
9 ~~employee~~, the total amount of tax deducted, and the total amount
10 of tax paid to the officer for the period beginning January 1,
11 [of the current year,] and ending December 31, of the [current] <—
12 PRECEDING year. <—

13 (2) A return withholding statement for each employee employed
14 during all or any part of the period beginning January 1[, of <—
15 the current year,] and ending December 31, of the [current <—
16 year,] PRECEDING YEAR, OR A LISTING OF SUCH EMPLOYEES setting <—
17 forth the employee's name, address and social security number,
18 the amount of earned income paid to the employee during said
19 period, the amount of tax deducted, the political subdivisions
20 imposing the tax upon such employee, the amount of tax paid to
21 the officer. Every employer shall furnish two copies of the
22 individual return to the employee for whom it is filed. Every <—
23 ~~employer shall also furnish such information on each employee's~~
24 ~~Federal Income Tax W2 form.~~

25 (d) Every employer who discontinues business prior to
26 December 31, of the current year, shall, within thirty days
27 after the discontinuance of business, file the returns and
28 withholding statements hereinabove required and pay the tax due.

29 (e) Except as otherwise provided in section 9, every
30 employer who wilfully or negligently fails or omits to make the

1 deductions required by this section shall be liable for payment
2 of the taxes which he was required to withhold to the extent
3 that such taxes have not been recovered from the employee.

4 (f) The failure or omission of any employer to make the
5 deductions required by this section shall not relieve any
6 employe from the payment of the tax or from complying with the
7 requirements of the ordinance or resolution relating to the
8 filing of declarations and returns.

9 * * *

10 ~~Section 5. The Department of Revenue shall study the merits~~ <—
11 ~~of the piggy back collection of all local taxes levied on wages.~~
12 ~~This study shall include the collection of taxes at the county,~~
13 ~~multicounty or State level. The department shall make its report~~
14 ~~to the General Assembly within 90 days of the effective date of~~
15 ~~this act.~~

16 ~~Section 6. This act shall be applied to the tax year~~
17 ~~beginning January 1, 1984 and each year thereafter.~~

18 ~~Section 7. This act shall take effect immediately.~~

19 SECTION 6. THE FIRST PARAGRAPH OF SECTION 14 OF THE ACT, <—
20 AMENDED OCTOBER 26, 1972 (P.L.1043, NO.261), IS AMENDED TO READ:

21 SECTION 14. PAYMENT OF TAX TO OTHER POLITICAL SUBDIVISIONS
22 OR STATES AS CREDIT OR DEDUCTION; WITHHOLDING TAX.--[PAYMENT OF
23 ANY TAX TO ANY POLITICAL SUBDIVISION PURSUANT TO AN ORDINANCE OR
24 RESOLUTION PASSED OR ADOPTED PRIOR TO THE EFFECTIVE DATE OF THIS
25 ACT SHALL BE CREDITED TO AND ALLOWED AS A DEDUCTION FROM THE
26 LIABILITY OF TAXPAYERS FOR ANY LIKE TAX RESPECTIVELY ON
27 SALARIES, WAGES, COMMISSIONS, OTHER COMPENSATION OR ON NET
28 PROFITS OF BUSINESSES, PROFESSIONS OR OTHER ACTIVITIES AND FOR
29 ANY INCOME TAX IMPOSED BY ANY OTHER POLITICAL SUBDIVISION OF
30 THIS COMMONWEALTH UNDER THE AUTHORITY OF THIS ACT.] PAYMENT OF

1 ANY TAX ON EARNED INCOME OR NET PROFITS OF BUSINESSES,
2 PROFESSIONS OR OTHER ACTIVITIES IMPOSED BY A CITY OF THE FIRST
3 CLASS PURSUANT TO THE ACT OF AUGUST 5, 1932 (SP.SESS., P.L.45,
4 NO.45), REFERRED TO AS THE STERLING ACT SHALL NOT BE CREDITED TO
5 OR ALLOWED AS A DEDUCTION AGAINST THE PAYMENT OF ANY TAX ON
6 EARNED INCOME OR NET PROFITS OF BUSINESSES, PROFESSIONS OR OTHER
7 ACTIVITIES TO A POLITICAL SUBDIVISION BY RESIDENTS THEREOF
8 PURSUANT TO AN ORDINANCE OR RESOLUTION PASSED OR ADOPTED
9 PURSUANT TO THIS ACT.

10 SECTION 7. SECTION 17 OF THE ACT IS REPEALED.

11 SECTION 8. THE FOLLOWING ACTS OR PARTS OF ACTS ARE REPEALED
12 INsofar AS THEY PERMIT THE LEVY, ASSESSMENT AND COLLECTION OF A
13 PER CAPITA TAX, AN OCCUPATIONAL PRIVILEGE TAX, A RESIDENCE TAX
14 OR AN OCCUPATIONAL ASSESSMENT TAX:

15 SECTION 2531(3) OF THE ACT OF JUNE 23, 1931 (P.L.932,
16 NO.317), KNOWN AS THE THIRD CLASS CITY CODE.

17 SECTION 1709 OF THE ACT OF JUNE 24, 1931 (P.L.1206, NO.331),
18 KNOWN AS THE FIRST CLASS TOWNSHIP CODE.

19 SECTION 905 OF THE ACT OF MAY 1, 1933 (P.L.103, NO.69), KNOWN
20 AS THE SECOND CLASS TOWNSHIP CODE.

21 SECTION 1302 OF THE ACT OF FEBRUARY 1, 1966 (1965 P.L.1656,
22 NO.581), KNOWN AS THE BOROUGH CODE.

23 SECTION 9. THIS ACT SHALL BE APPLIED TO THE TAX YEAR
24 BEGINNING ON OR AFTER JANUARY 1 OF THE YEAR FOLLOWING THE
25 EFFECTIVE DATE OF THIS AMENDATORY ACT AND EACH YEAR THEREAFTER.

26 SECTION 10. THE EMPLOYER WITHHOLDING REQUIREMENTS IMPOSED IN
27 SECTION 5 (SECTION 13) OF THIS ACT SHALL NOT BE MADE
28 RETROACTIVE. EVERY EMPLOYER SHALL BE ALLOWED AT LEAST 90 DAYS TO
29 MEET THE IMPOSED REQUIREMENTS BY EACH TAXING JURISDICTION.

30 SECTION 11. IN THE YEAR FOLLOWING THE ENACTMENT OF THIS ACT

1 NO MUNICIPALITY OR SCHOOL DISTRICT SHALL HAVE A TOTAL AGGREGATE
2 REVENUE FROM ALL TAX SOURCES IN EXCESS OF 110% OF THE AMOUNT OF
3 ALL TAX REVENUES FROM THE PREVIOUS YEAR.

4 SECTION 12. THIS ACT SHALL TAKE EFFECT IMMEDIATELY.