

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 138 Session of
1995

INTRODUCED BY MAITLAND, McCALL, SATHER, TIGUE, ITKIN, BATTISTO,
HUTCHINSON, STURLA, COY, ARMSTRONG, STEELMAN, ROBERTS,
MILLER, NAILOR, WAUGH, FAIRCHILD, MASLAND AND LAUGHLIN,
JANUARY 20, 1995

REFERRED TO COMMITTEE ON FINANCE, JANUARY 20, 1995

AN ACT

1 Authorizing counties to impose sales and use or personal income
2 taxes or in certain circumstances a combination of both;
3 authorizing municipalities to impose personal income and
4 municipal service taxes; empowering municipalities to require
5 county sales and use taxes; authorizing school districts to
6 impose taxes on personal income; providing for the levying,
7 assessment and collection of such taxes; providing for the
8 powers and duties of the Department of Community Affairs, the
9 Department of Revenue and the State Treasurer; and providing
10 for limitations on spending by counties, municipalities and
11 school districts.

12 TABLE OF CONTENTS

13 Chapter 1. General Provisions

14 Section 101. Short title.

15 Section 102. Definitions.

16 Section 103. Scope.

17 Section 104. Preemption.

18 Section 105. Rates of taxation in home rule counties.

19 Chapter 3. Subjects of Taxation

20 Subchapter A. Tax Authorization

21 Section 301. General tax authorization.

1 Section 302. Continuity of tax.
2 Section 303. Election to participate under act.
3 Section 304. Public referendum.
4 Section 305. Local tax study commission.
5 Subchapter B. County Sales and Use Tax
6 Section 311. Construction.
7 Section 312. Imposition.
8 Section 313. Situs.
9 Section 314. Licenses.
10 Section 315. Rules and regulations; collection costs.
11 Section 316. Procedure and administration.
12 Section 317. County sales and use tax funds.
13 Section 318. Disbursements.
14 Section 319. Adoption of municipal ordinances and school
15 district petitions.
16 Section 320. Qualified municipalities and school districts.
17 Subchapter C. Personal Income Tax
18 Section 321. Construction.
19 Section 322. Personal income tax.
20 Section 323. Collections.
21 Section 324. Rules and regulations; collection costs.
22 Section 325. Procedure and administration.
23 Section 326. Local personal income tax funds.
24 Section 327. Disbursements.
25 Subchapter D. Municipal Service Tax
26 Section 331. Municipal service tax.
27 Section 332. Multiple employment locations.
28 Section 333. Collection procedures.
29 Subchapters E through I (Reserved)
30 Chapter 5. Credits, Exemptions and Deferrals

1 Subchapter A. Credits and Exemptions

2 Section 501. Credits.

3 Section 502. Low-income tax provisions.

4 Section 503. Senior citizen tax provisions.

5 Section 504. Municipal service tax exemption.

6 Section 505. Regulations.

7 Subchapter B. Real Estate Tax Deferral

8 Section 511. Short title of subchapter.

9 Section 512. Findings and legislative intent.

10 Section 513. Definitions.

11 Section 514. Authority.

12 Section 515. Income eligibility.

13 Section 516. Tax deferral.

14 Section 517. Application procedure.

15 Section 518. Contents of application.

16 Section 519. Attachment and satisfaction of liens.

17 Chapter 7. Disposition of Tax Revenues

18 Section 701. Sales tax revenues.

19 Section 702. Personal income tax revenues.

20 Section 703. Revenue limitation exceptions.

21 Chapter 9. Register for Certain Taxes

22 Section 901. Definitions.

23 Section 902. Register for taxes under this act.

24 Section 903. Information for register.

25 Section 904. Availability and effective period of register.

26 Section 905. Effect of nonfiling.

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

28 Chapter 11. Limitations on Spending

29 Section 1101. Limitations on spending by counties,

30 municipalities and school districts.

1 Chapter 13. Miscellaneous Provisions

2 Section 1301. Effective date.

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

5 CHAPTER 1

6 GENERAL PROVISIONS

7 Section 101. Short title.

8 This act shall be known and may be cited as the Optional
9 Local Tax Enabling Act.

10 Section 102. Definitions.

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

14 "Association." As defined in section 301 of the act of March
15 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

16 "Board of county commissioners." Includes the successor in
17 function to the board of county commissioners in a county which
18 has adopted a home rule charter under the act of April 13, 1972
19 (P.L.184, No.62), known as the Home Rule Charter and Optional
20 Plans Law, but does not include the city council of a city of
21 the first class or the board of county commissioners of a county
22 of the second class.

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

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

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

1 "County." A county-level municipality within this
2 Commonwealth, regardless of classification. The term includes a
3 county which has adopted a home rule charter or optional plan of
4 government under the act of April 13, 1972 (P.L.184, No.62),
5 known as the Home Rule Charter and Optional Plans Law. The term
6 does not include a county of the first class or a county of the
7 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 13 of the act of December
12 31, 1965 (P.L.1257, No.511), known as The Local Tax Enabling
13 Act.

14 "Employer." As defined in section 301 of the Tax Reform
15 Code.

16 "Governing body." The board of county commissioners,
17 including the successor in function to the board of county
18 commissioners in a county which has adopted a home rule charter
19 under the act of April 13, 1972 (P.L.184, No.62), known as the
20 Home Rule Charter and Optional Plans Law, city council, borough
21 council, incorporated town council, board of township
22 commissioners, board of township supervisors, a governing
23 council of a home rule municipality or optional plan
24 municipality, a governing council of any similar general purpose
25 unit of government which may hereafter be created by statute or
26 a board of school directors of a school district. The term does
27 not include the city council of a city of the first class or the
28 board of county commissioners of a county of the second class.

29 "Home rule municipality." A city, borough, incorporated town
30 or township which has adopted a home rule charter under the act

1 of April 13, 1972 (P.L.184, No.62), known as the Home Rule
2 Charter and Optional Plans Law.

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

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

7 "Municipal service tax." A tax upon residents and
8 nonresidents employed within a municipality.

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

16 "Nonresident." An individual domiciled outside the
17 municipality.

18 "Optional form municipality." A city which has adopted an
19 optional form of government under the act of July 15, 1957
20 (P.L.901, No.399), known as the Optional Third Class City
21 Charter Law.

22 "Optional plan municipality." A city, borough, incorporated
23 town or township which has adopted an optional plan of
24 government under the act of April 13, 1972 (P.L.184, No.62),
25 known as the Home Rule Charter and Optional Plans Law.

26 "Ordinance." Includes a resolution.

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

1 "Preceding year." The calendar year or fiscal year before
2 the current year.

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

4 "Resident individual." An individual who is domiciled in a
5 municipality or school district.

6 "School district." A school district of the first class A,
7 second class, third class or fourth class, including any
8 independent school district.

9 "Succeeding year." The calendar year or fiscal year
10 following the current year.

11 "Tax officer." The person, public employee or private agency
12 designated by a governing body to collect and administer the
13 municipal service tax imposed under this act.

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

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

18 Section 103. Scope.

19 (a) General rule.--Except as provided in subsection (b), it
20 is the intent of this act to confer upon each county,
21 municipality and school district the power to levy, assess and
22 collect taxes upon the subjects of taxation set forth in this
23 act.

24 (b) Real estate transfer taxes.--This act does not affect
25 the powers of a municipality or school district to levy, assess
26 and collect a real estate transfer tax.

27 Section 104. Preemption.

28 No act of the General Assembly heretofore or hereinafter
29 enacted shall vacate or preempt any ordinance passed or adopted
30 under the authority of this act, or any other act, providing

1 authority for the imposition of a tax by a county, municipality
2 or school district unless the act of the General Assembly
3 expressly vacates or preempts the authority to pass or adopt
4 such ordinances.

5 Section 105. Rates of taxation in home rule counties.

6 A home rule county shall not have the right or authority to
7 fix the rate of taxation for the subjects of taxation authorized
8 under section 311 in excess of the rates fixed in section 311.

9 CHAPTER 3

10 SUBJECTS OF TAXATION

11 SUBCHAPTER A

12 TAX AUTHORIZATION

13 Section 301. General tax authorization.

14 (a) General rule.--Subject to sections 303 and 304 and
15 except as provided in subsection (b), each county, municipality
16 or school district shall have the power and may by ordinance
17 levy, assess and collect or provide for the levying, assessment
18 and collection of such taxes on the subjects specified in this
19 chapter for general revenue purposes as it shall determine on
20 any or all of the subjects of taxation set forth in this act
21 within the geographical limits of the county, municipality or
22 school district.

23 (b) Exclusions.--No county, municipality or school district
24 which levies a tax authorized by this act shall have any power
25 or authority to levy, assess or collect:

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

29 (2) A tax at a set or flat rate upon persons employed
30 within the taxing district, commonly known as an occupational

1 privilege tax.

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

3 (4) The earned income and net profits tax levied under
4 the Local Tax Enabling Act.

5 (5) Any other tax authorized or permitted under the
6 Local Tax Enabling Act.

7 (6) An earned income tax under the act of August 24,
8 1961 (P.L.1135, No.508), referred to as the First Class A
9 School District Earned Income Tax Act, or under the
10 additional authority in section 652.1(a)(2) of the act of
11 March 10, 1949 (P.L.30, No.14), known as the Public School
12 Code of 1949.

13 (7) Any tax under section 652.1(a)(4) of the Public
14 School Code of 1949.

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

18 Section 302. Continuity of tax.

19 Every tax levied under the provisions of this act shall
20 continue in force on a calendar or fiscal year basis, as the
21 case may be, without annual reenactment unless the rate of tax
22 is increased or the tax is subsequently repealed.

23 Section 303. Election to participate under act.

24 (a) General rule.--

25 (1) Any governing body which desires to participate
26 under the provisions of this act shall make that
27 determination by using either of the procedures set forth in
28 subsection (b) or (c).

29 (2) Any governing body after making an election to
30 participate under this act may, after a period of at least

1 three full calendar years of participation, elect, under the
2 provisions of subsection (c), to be covered by and subject to
3 the provisions of the Local Tax Enabling Act.

4 (b) Adoption of ordinance.--Subject to the requirements of
5 section 316(a) or 325(a), whichever is applicable, a governing
6 body may elect to participate under this act by adopting an
7 ordinance to that effect. The ordinance must set forth the
8 initial rate of the tax to be imposed. Any governing body which
9 uses the procedures under this subsection shall submit all
10 future tax rate increases to public referendum as provided in
11 section 304.

12 (c) Public referendum.--Subject to the notice and public
13 hearing requirements of section 316(a) or 325(a), whichever is
14 applicable, a governing body may elect to participate under this
15 act by obtaining the approval of the electorate of the affected
16 county, municipality or school district in a public referendum
17 at only the November election preceding the calendar year when
18 the taxes will be initially imposed. The referendum question
19 must state the initial rate of the proposed tax. Any governing
20 body which uses the procedures under this section shall not be
21 subject to the provisions of section 304 for any future tax rate
22 increases.

23 Section 304. Public referendum.

24 (a) General rule.--Except as provided in subsection (c), a
25 governing body which elects to participate under this act
26 pursuant to section 303 may not increase the rate of any tax
27 imposed under this act or any other act without first obtaining
28 the approval of the electorate of the affected county,
29 municipality or school district in a public referendum at the
30 November election immediately preceding the calendar year of the

1 proposed tax increase for entities operating on a calendar year
2 fiscal basis and at the primary election for the calendar year
3 of the proposed tax increase for entities operating on a July to
4 June fiscal basis.

5 (b) Disapproval.--Whenever the electorate fails to approve
6 the proposed referendum question increasing the rates of tax,
7 the governing body shall be limited to the tax rate in effect
8 prior to the referendum.

9 (c) Referendum exceptions.--The provisions of subsection (a)
10 shall not apply to any necessary tax increases in the following
11 cases:

12 (1) If an increase in local expenditures is necessary to
13 respond to or recover from an emergency or disaster declared
14 by the Governor.

15 (2) If the political subdivision is required to
16 implement a court decision.

17 (3) To pay interest and principal on any indebtedness
18 incurred under the act of July 12, 1972 (P.L.781, No.185),
19 known as the Local Government Unit Debt Act.

20 (4) To pay increases in pension fund requirements which
21 are in excess of the annual average increase over the
22 immediately preceding five fiscal years.

23 (5) To respond to a municipality declared to be
24 distressed under the act of July 10, 1987 (P.L.246, No.47),
25 known as the Municipalities Financial Recovery Act.

26 (6) To respond to a school district determined to be
27 distressed under sections 691 through 695 of the act of March
28 10, 1949 (P.L.30, No.14), known as the Public School Code of
29 1949.

30 (7) To increase revenues when actual revenues decline

1 from the immediate preceding year but only to the extent of
2 the revenue decline.

3 Section 305. Local tax study commission.

4 (a) First-year implementation.--Before any municipality,
5 school district or county levies, assesses or collects, or
6 provides for the levy, assessment or collection of, any tax
7 under the authority of this act, the governing body may appoint
8 a local tax study commission in accordance with the following
9 provisions:

10 (1) The local tax study commission shall consist of
11 five, seven or nine members appointed by the board. One
12 member of the local tax study commission may be a member of
13 the school board, as deemed appropriate by the board. No
14 member of the local tax study commission shall be a relative,
15 by blood or marriage, of an official or employee of the
16 municipality, school district or county. All members shall be
17 residents of the district. Representatives on a local tax
18 study commission must reasonably reflect the socioeconomic,
19 age and occupational diversity of the municipality, school
20 district or county.

21 (2) The board shall provide necessary and reasonable
22 staff to support the local tax study commission and shall
23 reimburse the members of the local tax study commission for
24 necessary and reasonable expenses in the discharge of their
25 duties.

26 (3) The local tax study commission shall study the
27 existing taxes levied, assessed and collected by the district
28 and determine if and how the tax policies of the district
29 could be strengthened or made more equitable by adopting for
30 levy, assessment and collection one or a combination of any

1 of the following taxes: personal income tax, real estate tax,
2 realty transfer tax or amusement tax at such levels and in
3 such combinations on permissible subjects of taxation as do
4 not exceed the limitations in this act. This study shall
5 include, but not be limited to, consideration of all of the
6 following:

7 (i) Historic rate and revenue provided by taxes
8 currently levied, assessed and collected by the district.

9 (ii) The percentage of total revenues provided by
10 taxes currently levied, assessed and collected.

11 (iii) The age, income, employment and property use
12 characteristics of existing tax base.

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

15 (v) The projected revenues of any taxes referred to
16 above not currently levied, assessed and collected by the
17 district.

18 (4) Within 60 days of its appointment, the local tax
19 study commission shall make a nonbinding recommendation to
20 the board of the appropriate tax or combination of taxes,
21 identified in paragraph (3), to be levied, assessed and
22 collected commencing the next fiscal year. Upon appointment
23 of the commission and except as provided for in paragraph
24 (5), no tax may be levied, assessed or collected for the next
25 fiscal year until receipt of the recommendation of the local
26 tax study commission. No later than 30 days prior to the
27 commencement of the next fiscal year, the board shall accept
28 or reject the recommendation of the local tax study
29 commission or adopt any other appropriate tax or combination
30 of taxes for the district commencing the next fiscal year as

1 provided by law.

2 (5) If the local tax study commission fails to make a
3 nonbinding recommendation within 60 days of its appointment,
4 the board shall discharge the appointed local tax study
5 commission and appoint itself as the local tax study
6 commission. No later than 30 days prior to the commencement
7 of the next fiscal year, the board shall adopt the
8 appropriate tax or combination of taxes for the district
9 commencing the next fiscal year as provided by law.

10 (6) The local tax study commission shall publish or
11 cause to be published, within 30 days of making its
12 recommendation, a final report of its activities and
13 recommendations and shall deliver the final report to the
14 secretary of the board who shall supply copies to any
15 interested persons upon request.

16 (7) Receipts are required for all reimbursable expenses.

17 (8) All the records, receipts, tapes, minutes of
18 meetings and written discussions of the local tax study
19 commission shall, upon its discharge, be turned over to the
20 secretary of the district for the permanent safekeeping. The
21 secretary shall make such materials available for public
22 inspection at any time during regular business hours.

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

25 (b) Three-year review.--Any municipality, school district or
26 county that levies, assesses and collects, or provides for the
27 levy, assessment or collection of any tax after having received
28 the recommendations of a local tax study commission and acted,
29 shall continue to levy, assess and collect the same tax or
30 combination of taxes for the next three fiscal years. However,

1 nothing herein shall preclude the board to change or alter the
2 rates of any such tax or combination of taxes if it deems
3 necessary. Before the third fiscal year following the district's
4 action on the recommendations of a local tax study commission
5 and every third fiscal year thereafter, the board may appoint a
6 local tax study commission in the manner provided in subsection
7 (a). The local tax study commission appointed under this
8 subsection shall be charged with all of the same powers and
9 duties provided for the local tax study commission under
10 subsection (a). In the event the district does not appoint a
11 local tax study commission under this subsection after having
12 previously acted on the recommendations of a local tax study
13 commission, the district shall continue to levy, assess and
14 collect the same tax or combination of taxes for the next three
15 fiscal years.

16 SUBCHAPTER B

17 COUNTY SALES AND USE TAX

18 Section 311. Construction.

19 The tax imposed by the governing body of a county under this
20 subchapter shall be in addition to any tax imposed by the
21 Commonwealth under Article II of the Tax Reform Code. Except for
22 the differing situs provisions under section 313, the provisions
23 of Article II of the Tax Reform Code shall apply to the tax.

24 Section 312. Imposition.

25 (a) Sales.--The governing body of a county may levy and
26 assess upon each separate sale at retail of tangible personal
27 property or services, as defined in Article II of the Tax Reform
28 Code, within the boundaries of the county, a tax on the purchase
29 price. The tax shall be collected by the vendor from the
30 purchaser and shall be paid over to the Commonwealth as provided

1 in this subchapter.

2 (b) Use.--In any county within which the tax authorized in
3 subsection (a) is imposed, there shall be levied, assessed and
4 collected upon the use, within the county, of tangible personal
5 property purchased at retail, and on services purchased at
6 retail, as defined in Article II of the Tax Reform Code, a tax
7 on the purchase price. The tax shall be paid over to the
8 Commonwealth by the person who makes the use. The use tax
9 imposed under this subchapter shall not be paid over to the
10 Commonwealth by any person who has paid the tax imposed by
11 subsection (a) or has paid the tax imposed by this subsection to
12 the vendor with respect to the use.

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

19 (d) Rate and uniformity.--

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

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

24 (e) Computation.--The tax imposed under this section shall
25 be computed in the manner set forth in section 503(e)(2) of the
26 act of June 5, 1991 (P.L.9, No.6), known as the Pennsylvania
27 Intergovernmental Cooperation Authority Act for Cities of the
28 First Class.

29 Section 313. Situs.

30 The situs of sales at retail or uses, including leases, of

1 motor vehicles, aircraft, motorcraft and utility services shall
2 be determined in the manner specified by section 504 of the act
3 of June 5, 1991 (P.L.9, No.6), known as the Pennsylvania
4 Intergovernmental Cooperation Authority Act for Cities of the
5 First Class.

6 Section 314. Licenses.

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

14 Section 315. Rules and regulations; collection costs.

15 (a) Regulations.--Rules and regulations shall be applicable
16 to the taxes imposed under section 312 in the same manner as is
17 provided for in section 506(1) and (2) of the act of June 5,
18 1991 (P.L.9, No.6), known as the Pennsylvania Intergovernmental
19 Cooperation Authority Act for Cities of the First Class.

20 (b) Administrative costs.--The department, to cover its
21 costs of administration, shall be entitled to retain a sum equal
22 to 1% of the revenues collected under this subchapter for its
23 administrative costs. When the annual operating budget for the
24 department is submitted to the General Assembly, the department
25 shall also submit to the chairman and minority chairman of the
26 Appropriations Committee of the Senate and to the chairman and
27 minority chairman of the Appropriations Committee of the House
28 of Representatives the actual sums retained for costs of
29 collection in the preceding fiscal year, together with all
30 supporting details.

1 Section 316. Procedure and administration.

2 (a) Ordinance.--Any county desiring to impose the tax
3 authorized by section 312 shall give at least 60 days' written
4 notice to every municipality and school district located in the
5 county of its intent to impose the tax and shall adopt an
6 ordinance after the expiration of 60 days after the date of such
7 notice. The notice and an ordinance shall state the tax rate and
8 refer to this subchapter. The ordinance shall authorize the
9 imposition of all taxes provided for in section 312. Prior to
10 adopting an ordinance imposing the tax authorized by section
11 312, the governing body of the county shall give public notice
12 of its intent to adopt the ordinance in the manner provided by
13 section 4 of the Local Tax Enabling Act and shall conduct at
14 least one public hearing regarding the proposed adoption of the
15 ordinance.

16 (b) Notification to Department of Revenue.--A certified copy
17 of the county ordinance shall be delivered to the department by
18 September 1 of the year prior to the effective date thereof. The
19 county ordinance shall become effective on the January 1
20 following at least four months after the date of enactment of
21 the county ordinance.

22 (c) Delivery of repeal ordinance.--A certified copy of a
23 repeal ordinance shall be delivered to the department at least
24 30 days prior to the effective date of the repeal.

25 Section 317. County sales and use tax funds.

26 There is hereby created for each county levying the tax under
27 section 312 the (proper name) County Sales and Use Tax Fund. The
28 State Treasurer shall be custodian of the funds which shall be
29 subject to the provisions of law applicable to funds listed in
30 section 302 of the act of April 9, 1929 (P.L.343, No.176), known

1 as The Fiscal Code. Taxes imposed under section 312 shall be
2 received by the department and paid to the State Treasurer and,
3 along with interest and penalties, less any collection costs
4 allowed under this subchapter and any refunds and credits paid,
5 shall be credited to the funds not less frequently than every
6 two weeks. During any period prior to the credit of moneys to
7 the funds, interest earned on moneys received by the department
8 and paid to the State Treasurer under this subchapter shall be
9 deposited into the funds. All moneys in the funds, including,
10 but not limited to, moneys credited to the funds under this
11 section, prior year encumbrances and the interest earned
12 thereon, shall not lapse or be transferred to any other fund,
13 but shall remain in the funds. Pending their disbursement,
14 moneys received on behalf of or deposited into the funds shall
15 be invested or reinvested as are other moneys in the custody of
16 the State Treasurer in the manner provided by law. All earnings
17 received from the investment or reinvestment of the moneys shall
18 be credited to the respective funds.

19 Section 318. Disbursements.

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

25 (b) Disbursement to counties.--The State Treasurer shall
26 disburse to a county imposing the tax authorized under section
27 312 an amount of money equal to 50% of the tax collected in that
28 county and remitted to the department and deposited in the
29 respective county sales and use tax fund. The county shall
30 deposit the revenue from the respective county sales and use tax

1 fund into the county general fund for disposition as provided
2 under section 701(a).

3 (c) Disbursement to municipalities.--The State Treasurer
4 shall, at the same time, disburse to the qualified
5 municipalities 25% of the tax collected in their respective
6 counties as provided in section 320. Each municipality's portion
7 shall be deposited in the municipal general fund for disposition
8 as provided in section 701(b).

9 (d) Disbursement to school districts.--The State Treasurer
10 shall, at the same time, disburse to the qualified school
11 districts 25% of the tax collected in their respective counties
12 as provided in section 320. Each school district's portion shall
13 be deposited in the school district's general fund for
14 disposition as provided in section 701(b).

15 (e) Penalty.--If disbursements are not made on or before the
16 tenth day of each month, a 5% penalty shall be added thereto
17 plus an additional 1% late charge per month delayed.

18 Section 319. Adoption of municipal ordinances and school
19 district petitions.

20 (a) General rule.--No municipality shall be entitled to a
21 disbursement under section 318(c) and no school district shall
22 be entitled to a disbursement under section 318(d) unless one of
23 the following applies:

24 (1) Prior to enactment of the county ordinance, it
25 adopts a municipal ordinance or a school district petition
26 containing the statement:

27 We strongly urge the county to enact a county sales
28 and use tax and intend to accept disbursements of the
29 sales and use taxes collected.

30 Any municipality which does not enact an ordinance and any

1 school district which does not enact a petition in compliance
2 with this paragraph shall not be entitled to and shall not
3 receive any distribution from funds collected during the
4 first 24 months immediately following the initial date of
5 imposition of such tax.

6 (2) Prior to October 1 of any year after the enactment
7 of the county resolution, it adopts a municipal ordinance or
8 a school district petition containing the statement:

9 We support the enactment by the county of the county
10 sales and use tax and strongly urge its continuation
11 and intend to accept disbursements of the sales and
12 use taxes collected.

13 (b) Delivery.--A certified copy of the municipal ordinance
14 or the school district petition shall be delivered to the county
15 commissioners on or before the enactment of the county
16 resolution or October 15 of any year thereafter, as the case may
17 be.

18 Section 320. Qualified municipalities and school districts.

19 (a) General rule.--The State Treasurer shall distribute
20 disbursements to qualified municipalities and school districts
21 in the manner provided in this section. Each qualified
22 municipality shall receive a portion of the total disbursement
23 to qualified municipalities which is equal to the total
24 disbursement to qualified municipalities multiplied by the ratio
25 of weighted tax revenues of the municipality divided by the sum
26 of the weighted tax revenues of all qualified municipalities
27 located in the county. Each qualified school district shall
28 receive a portion of the total disbursement to qualified school
29 districts which is equal to the total disbursement to qualified
30 school districts multiplied by the ratio of average daily

1 membership of the school district divided by the sum of the
2 average daily membership of all qualified school districts in
3 the county. For the purposes of this section, "average daily
4 membership" shall mean "average daily membership" as defined by
5 the act of March 10, 1949 (P.L.30, No.14), known as the Public
6 School Code of 1949.

7 (b) Qualifications.--Municipalities and school districts
8 qualified to receive disbursements under this section are
9 municipalities and school districts located within the county,
10 which:

11 (1) adopt in a timely fashion, the ordinance or petition
12 required under section 319; and

13 (2) adopt the necessary ordinances or, in the case of
14 school districts, take the legally necessary action and
15 impose the taxes authorized under this act.

16 (c) Limited definition.--For the purpose of this section,
17 weighted tax revenues are total tax revenues from all sources of
18 a municipality divided by the ratio of its per capita market
19 value to the per capita market value of its county. The per
20 capita market value means the total market value of all real
21 property divided by population as determined by the most recent
22 decennial census. Calculations of weighted tax revenues shall be
23 made by the Department of Community Affairs and certified to the
24 State Treasurer based upon information reported to the
25 Department of Community Affairs by municipalities within its
26 boundaries, subject to review, verification and approval by the
27 Department of Community Affairs.

28 SUBCHAPTER C

29 PERSONAL INCOME TAX

30 Section 321. Construction.

1 The tax imposed by the governing body of a municipality or
2 school district under this subchapter shall be in addition to
3 any tax imposed by the Commonwealth under Article III of the Tax
4 Reform Code. Except for the differing provisions under sections
5 501, 502 and 503, the provisions of Article III of the Tax
6 Reform Code shall apply to the tax.

7 Section 322. Personal income tax.

8 (a) Municipalities.--A municipality shall have the power to
9 levy, assess and collect a tax on the personal income of
10 resident individuals of the municipality up to a maximum rate of
11 1%, in increments of 0.25 of 1%.

12 (b) School districts.--Each school district shall have the
13 power to levy, assess and collect a tax on personal income of
14 resident individuals of the school district up to a maximum rate
15 of 2%, in increments of 0.25 of 1%.

16 (c) Counties.--In lieu of imposing the tax under section
17 311, each county shall have the power and may levy, assess and
18 collect a tax on the personal income of resident taxpayers of
19 the county up to a maximum rate of 0.5%, in increments of 0.25%.
20 Any county which imposes a tax under this subsection shall not
21 impose any tax under section 311.

22 Section 323. Collections.

23 (a) General rule.--The department shall be responsible for
24 the collection of any tax imposed by a county under section
25 322(c).

26 (b) Municipalities and school districts.--Any municipality
27 or school district imposing a tax under section 322(a) or (b)
28 shall have the option and may:

29 (1) enter into an agreement with the department to
30 collect the taxes as provided in this subchapter; or

(2) designate the tax officer who is appointed under section 12 or 13 of the Local Tax Enabling Act, or otherwise by law, as the collector of the municipality or school district personal income tax. In the performance of the tax collection duties under this subchapter, the designated tax officer shall have all the same powers, rights, responsibilities and duties for the collection of the taxes which may be imposed under the Local Tax Enabling Act or otherwise by law.

Section 324. Rules and regulations; collection costs.

(a) Regulations.--Rules and regulations shall be applicable to the taxes imposed under section 322 in the same manner as is provided for in Article III of the Tax Reform Code.

(b) Administrative costs.--The department, to cover its costs of administration, shall be entitled to retain a sum equal to 1% of the revenues collected under this subchapter for its administrative costs. When the annual operating budget for the department is submitted to the General Assembly, the department shall also submit to the chairman and minority chairman of the Appropriations Committee of the Senate and to the chairman and minority chairman of the Appropriations Committee of the House of Representatives the actual sums retained for costs of collection in the preceding fiscal year, together with all supporting details.

Section 325. Procedure and administration.

(a) Ordinance.--The governing body of the municipality, school district or county, in order to impose the tax authorized by section 322, shall adopt an ordinance which shall refer to this subchapter. Prior to adopting an ordinance imposing the tax authorized by section 322, the respective governing body shall

1 give public notice of its intent to adopt the ordinance in the
2 manner provided by section 4 of the Local Tax Enabling Act, and
3 shall conduct at least one public hearing regarding the proposed
4 adoption of the ordinance.

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

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

11 Section 326. Local personal income tax funds.

12 There is hereby created for each municipality, school
13 district and county levying the tax under section 322 the
14 (proper name) Personal Income Tax Fund. The State Treasurer
15 shall be custodian of the funds which shall be subject to the
16 provisions of law applicable to funds listed in section 302 of
17 the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal
18 Code. Taxes imposed under section 322 shall be received by the
19 department and paid to the State Treasurer and, along with
20 interest and penalties, less any collection costs allowed under
21 this subchapter and any refunds and credits paid, shall be
22 credited to the funds not less frequently than every two weeks.
23 During any period prior to the credit of moneys to the funds,
24 interest earned on moneys received by the department and paid to
25 the State Treasurer under this subchapter shall be deposited
26 into the funds. All moneys in the funds, including, but not
27 limited to, moneys credited to the funds under this section,
28 prior year encumbrances and the interest earned thereon, shall
29 not lapse or be transferred to any other fund, but shall remain
30 in the funds. Pending their disbursement, moneys received on

1 behalf of or deposited into the funds shall be invested or
2 reinvested as are other moneys in the custody of the State
3 Treasurer in the manner provided by law. All earnings received
4 from the investment or reinvestment of the moneys shall be
5 credited to the respective funds.

6 Section 327. Disbursements.

7 On or before the April 10, July 10, October 10 and the next
8 succeeding January 10, the State Treasurer shall make the
9 disbursements to each municipality, school district and county
10 imposing the tax out of the moneys which are, as of the last day
11 of the previous month, contained in the respective personal
12 income tax funds. If disbursements are not made on or before the
13 dates listed in this section, a 5% penalty shall be added
14 thereto plus a 1% late charge per month delayed.

15 SUBCHAPTER D

16 MUNICIPAL SERVICE TAX

17 Section 331. Municipal service tax.

18 (a) General rule.--Subject to the limitations established in
19 section 332, each municipality in which a taxpayer is employed
20 may levy, assess and collect a municipal service tax.

21 (b) Amount of tax.--A municipal service tax levied by a
22 municipality under an ordinance passed under the authority of
23 this act shall not exceed \$10.

24 (c) Situs for tax.--Subject to the limitations in section
25 332, the situs of a municipal service tax shall be the place of
26 employment.

27 Section 332. Multiple employment locations.

28 (a) Priority of claim.--In the event a person is engaged in
29 more than one occupation or an occupation which requires the
30 person to work in more than one municipality during the calendar

1 year, the priority of claim to collect the municipal service tax
2 shall be in the following order:

3 (1) The municipality in which a person maintains his
4 principal office or is principally employed.

5 (2) The municipality in which the person resides and
6 works if the tax is levied by that municipality.

7 (3) The municipality nearest in miles to the person's
8 home in which the person is employed if the tax is levied by
9 that municipality.

10 (b) Place of employment.--The place of employment shall be
11 determined as of the day the taxpayer first becomes subject to
12 the tax during the calendar year.

13 (c) Liability.--No person shall be required to pay more than
14 \$10 in any calendar year without regard to the number of
15 municipalities within which the person may be employed.

16 Section 333. Collection procedures.

17 (a) Collector.--Any municipality which imposes a tax under
18 section 331 shall designate the tax officer who is appointed
19 under section 12 or 13 of the Local Tax Enabling Act, or
20 otherwise by law, as the collector of the municipality municipal
21 services tax. In the performance of the tax collection duties
22 under this subchapter, the designated tax officer shall have all
23 the same powers, rights, responsibilities and duties for the
24 collection of the taxes which may be imposed under the Local Tax
25 Enabling Act, or otherwise by law.

26 (b) Employer withholding.--Any municipality imposing a
27 municipal service tax shall have the power and may by ordinance
28 require employers to withhold the municipal service tax from the
29 compensation of employees. Any municipality which requires
30 employer withholding shall follow the procedures set forth in

1 the Local Tax Enabling Act.

2 SUBCHAPTERS E THROUGH I (RESERVED)

3 CHAPTER 5

4 CREDITS, EXEMPTIONS AND DEFERRALS

5 SUBCHAPTER A

6 CREDITS AND EXEMPTIONS

7 Section 501. Credits.

8 The provisions of section 14 of the Local Tax Enabling Act
9 shall be used to determine any credits under the provisions of
10 this act for any taxes imposed under section 322.

11 Section 502. Low-income tax provisions.

12 The provisions of section 304 of the Tax Reform Code shall be
13 applied by any municipality, school district or county which
14 levies a tax under section 322 to any qualified individual under
15 65 years of age.

16 Section 503. Senior citizen tax provisions.

17 Each individual 65 years of age or older shall be entitled to
18 receive the first \$6,250 of any personal income free of any
19 municipal, school district or county tax imposed under section
20 322. Any personal income in excess of \$6,250 per individual
21 shall be subject to any tax levied under section 322.

22 Section 504. Municipal service tax exemption.

23 Each municipality which levies a municipal service tax shall
24 have the power and may, by ordinance, exempt any person whose
25 total compensation is less than \$7,500 from the municipal
26 service tax.

27 Section 505. Regulations.

28 Each municipality or school district may adopt regulations
29 for the processing of claims under sections 501, 502, 503 and
30 504.

1 SUBCHAPTER B

2 REAL ESTATE TAX DEFERRAL

3 Section 511. Short title of subchapter.

4 This subchapter shall be known and may be cited as the Real
5 Estate Tax Deferment Program Act.

6 Section 512. Findings and legislative intent.

7 (a) Findings.--The General Assembly finds as follows:

8 (1) Many tax jurisdictions are forced into an increasing
9 reliance on the real property tax.

10 (2) The high level of real property taxes in some taxing
11 jurisdictions makes it difficult for many individuals to keep
12 a home.

13 (3) The high level of real property taxes in many taxing
14 jurisdictions creates a tremendous hardship on many
15 taxpayers, especially those on fixed incomes.

16 (4) When counties conduct countywide reassessments, many
17 taxpayers experience substantial increases in their real
18 property taxes.

19 (b) Intent.--It is the intent of the General Assembly to
20 provide relief to residential property owners from tax increases
21 caused by changes in the millage rate, or assessment rates or
22 method or by a countywide reassessment. It is the further intent
23 of the General Assembly to create a program which will allow
24 counties, municipalities and school districts to defer the
25 increased portion of real property taxes when certain conditions
26 are met.

27 Section 513. Definitions.

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

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

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

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

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

16 "Household income." All income as defined in the act of
17 March 11, 1971 (P.L.104, No.3), known as the Senior Citizens
18 Rebate and Assistance Act, received by the claimant and by the
19 claimant's spouse while residing in the homestead during the
20 calendar year for which a tax deferral is claimed.

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

24 "Taxing authority." A county, city, borough, town, township
25 and school district.

26 Section 514. Authority.

27 All taxing authorities shall have the power and authority to
28 grant annual tax deferrals in the manner provided in this
29 subchapter.

30 Section 515. Income eligibility.

1 (a) First year of enactment.--During the first calendar year
2 this subchapter takes effect, a person shall be eligible for a
3 tax deferral if the person has a household income of \$15,000 or
4 less.

5 (b) Subsequent years.--The amount of household income
6 provided for in subsection (a) shall be increased \$500 each
7 calendar year following the calendar year this subchapter takes
8 effect.

9 Section 516. Tax deferral.

10 (a) Amount.--An annual real estate tax deferral granted
11 under this subchapter shall equal the increase in real property
12 taxes in excess of the person's base payment.

13 (b) Prohibition.--No tax deferrals shall be granted if the
14 total amount of deferred taxes, plus the total amount of all
15 other unsatisfied liens on the homestead of the claimant,
16 exceeds 85% of the market value of the homestead or if the
17 outstanding principal on any and all mortgages on the homestead
18 exceeds 70% of the market value of the homestead. Market value
19 shall equal assessed value divided by the common level ratio as
20 most recently determined by the State Tax Equalization Board for
21 the county in which the property is located.

22 Section 517. Application procedure.

23 (a) Initial application.--Any person eligible for a tax
24 deferral under this subchapter may apply annually to the taxing
25 authority. In the initial year of application, the following
26 information shall be provided in the manner required by the
27 taxing authority:

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

29 (2) A certification that the applicant or the applicant
30 and his or her spouse jointly are the owners in fee simple

1 and residents of the property upon which the real property
2 taxes are imposed.

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

6 (4) Receipts showing timely payment of the current
7 year's nondeferred real property tax liability.

8 (5) Proof of income eligibility under section 515.

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

13 Section 518. Contents of application.

14 Any application for a tax deferral distributed to persons
15 shall contain the following:

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

19 (2) An explanation of the manner in which the deferred
20 taxes shall become due, payable and delinquent and include,
21 at a minimum, the consequences of noncompliance with the
22 provisions of this subchapter.

23 Section 519. Attachment and satisfaction of liens.

24 (a) Nature of lien.--All taxes deferred under this
25 subchapter shall constitute a prior lien on the homestead of the
26 claimant in favor of the taxing authority and shall attach as of
27 the date and in the same manner as other liens for taxes. The
28 deferred taxes shall be collected as other liens for taxes, but
29 the deferred taxes shall be due, payable and delinquent only as
30 provided in subsection (b), and no interest shall be collected

1 on the lien.

2 (b) Payment.--

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

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

9 (i) prior to the conveyance of the property to any
10 third party; or

11 (ii) prior to the passing of the legal or equitable
12 title, either by will or by statute, to the heirs of the
13 claimant or the claimant's spouse.

14 (3) The surviving spouse of a claimant shall not be
15 required to pay the deferred taxes by reason of his or her
16 acquisition of the property due to death of the claimant as
17 long as the surviving spouse maintains his or her residence
18 in the property. The surviving spouse may continue to
19 participate in the tax deferral program in subsequent years
20 provided he or she is eligible under the provisions of this
21 subchapter.

22 CHAPTER 7

23 DISPOSITION OF TAX REVENUES

24 Section 701. Sales tax revenues.

25 (a) Counties.--Any additional revenues from the sales and
26 use tax in excess of 105% of revenue for the fiscal year
27 immediately preceding the year of implementation shall be used
28 to offset the lost revenues from the prohibition on intangible
29 personal property tax and then to reduce or eliminate the
30 following taxes in the order set forth. The taxes to be reduced

1 or eliminated are as follows:

2 (1) The county per capita tax.

3 (2) The county occupational assessment tax, whether
4 based on a flat rate or a millage rate.

5 (3) The county real property tax reduced by means of the
6 universal exemption or by means of a uniform reduction in the
7 millage rate or any combination thereof.

8 (b) Municipalities and school districts under Chapter 3.--
9 All sales and use tax revenues received by any municipality or
10 school district which has elected to proceed under the
11 provisions of this act shall be used to reduce the municipal
12 real property tax or the school district real property tax,
13 respectively, by means of the universal exemption or a uniform
14 reduction in the millage rate or any combination thereof.

15 Section 702. Personal income tax revenues.

16 (a) Municipalities.--Any additional revenues from the
17 personal income tax in excess of 105% of revenue for the fiscal
18 year immediately preceding the year of implementation shall be
19 used to offset the lost revenues from the taxes prohibited under
20 section 301(b) and then to reduce the municipal real property
21 tax by means of the universal exemption or a uniform reduction
22 in the millage rate or any combination thereof.

23 (b) School districts.--Any additional revenues from the
24 personal income tax in excess of 105% of revenue for the fiscal
25 year immediately preceding the year of implementation shall be
26 used to offset the lost revenues from the taxes prohibited under
27 section 301(b) and then to reduce the school district real
28 property tax by means of the universal exemption or a uniform
29 reduction in the millage rate or any combination thereof.

30 (c) Counties.--Any additional revenues from the personal

1 income tax in excess of 105% of revenue for the fiscal year
2 immediately preceding the year of implementation shall be used
3 to offset the lost revenues from the taxes prohibited under
4 section 301(b) and then to reduce the county real property tax
5 by means of the universal exemption or a uniform reduction in
6 the millage rate or any combination thereof.

7 Section 703. Revenue limitation exceptions.

8 The limitations in sections 701 and 702 may be waived, but
9 only to the degree necessary, in the following cases:

10 (1) If an increase in local expenditures is necessary to
11 respond to or recover from an emergency or disaster declared
12 by the Governor.

13 (2) If the political subdivision is required to
14 implement a court decision.

15 (3) To pay interest and principal on any indebtedness
16 incurred under the act of July 12, 1972 (P.L.781, No.185),
17 known as the Local Government Unit Debt Act.

18 (4) To pay increases in pension fund requirements which
19 are in excess of the annual average increase over the
20 immediately preceding five fiscal years.

21 (5) To respond to a municipality declared to be
22 distressed under the act of July 10, 1987 (P.L.246, No.47),
23 known as the Municipalities Financial Recovery Act.

24 (6) To respond to a school district determined to be
25 distressed under sections 691 through 695 of the act of March
26 10, 1949 (P.L.30, No.14), known as the Public School Code of
27 1949.

28 (7) To increase revenues when actual revenues decline
29 from the immediate preceding year but only to the extent of
30 the revenue decline.

1 CHAPTER 9

2 REGISTER FOR CERTAIN TAXES

3 Section 901. Definitions.

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

7 "Department." The Department of Community Affairs of the
8 Commonwealth.

9 Section 902. Register for taxes under this act.

10 (a) General rule.--It shall be the duty of the department to
11 have available an official continuing register supplemented
12 annually of all sales and use, personal income and municipal
13 service taxes levied under this act.

14 (b) Contents of register.--The register and its supplements
15 shall list:

16 (1) The counties, municipalities or school districts
17 levying personal income tax, municipal service tax or sales
18 and use tax.

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

21 (3) The rate on taxpayers.

22 (4) The name and address of the tax officer responsible
23 for administering the collection of the tax and from whom
24 information, forms for reporting and copies of rules and
25 regulations are available.

26 Section 903. Information for register.

27 Information for the register shall be furnished by the chief
28 clerk or secretary of each county, municipality or school
29 district to the department in such manner and on such forms as
30 the department may prescribe. The information must be received

1 by the department by certified mail no later than May 31 of each
2 year to show new tax enactments, repeals and changes. Failure to
3 comply with this date for filing may result in the omission of
4 the tax levy from the register for that year. Failure of the
5 department to receive information of taxes continued without
6 change may be construed by the department to mean that the
7 information contained in the previous register remains in force.

8 Section 904. Availability and effective period of register.

9 The department shall have the register, with such annual
10 supplements as may be required by new tax enactments, repeals or
11 changes, available upon request no later than July 1 of each
12 year. The effective period for each register shall be from July
13 1 of the year in which it is issued to June 30 of the following
14 year.

15 Section 905. Effect of nonfiling.

16 Employers shall not be required by any ordinance to withhold
17 from the compensation of their employees any personal income tax
18 or municipal service tax imposed under the provisions of this
19 act which is not listed in the register or to make reports of
20 compensation in connection with taxes not so listed. If the
21 register is not available by July 1, the register of the
22 previous year shall continue temporarily in effect for an
23 additional period of not more than one year.

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

25 The provisions of this chapter shall not affect the liability
26 of any taxpayer for taxes lawfully imposed under this act.

27 CHAPTER 11

28 LIMITATIONS ON SPENDING

29 Section 1101. Limitations on spending by counties,
30 municipalities and school districts.

1 (a) General rule.--No county, municipality or school
2 district shall be required to spend funds, or to take an action
3 requiring the expenditure of funds, unless:

4 (1) funds have been appropriated that have been
5 estimated by an independent legislative agency at the time of
6 the enactment of the law or promulgation of the regulation
7 requiring the expenditure to be sufficient to fund the
8 expenditure;

9 (2) the General Assembly authorizes or has authorized
10 the county, municipality or school district to enact a
11 funding source not available for the county, municipality or
12 school district prior to the effective date of the law or
13 regulation that can be used to generate the amount of funds
14 estimated to be sufficient to fund such expenditure;

15 (3) the expenditure is required to comply with a law
16 that applies to all persons similarly situated, including
17 State and local governments; or

18 (4) the law is either required to comply with a Federal
19 requirement, or required for eligibility for a Federal
20 entitlement, which Federal requirement specifically
21 contemplates actions by political subdivisions for
22 compliance.

23 (b) Exceptions.--Laws exempt from the requirements of
24 subsection (a) include:

25 (1) laws that amend funding formulas existing on the
26 effective date of this section;

27 (2) laws adopted to require funding of pension benefits
28 existing on the effective date of this section;

29 (3) laws relating to the enforcement of criminal laws
30 but not the execution of judicial sentences;

1 (4) election laws;

2 (5) general appropriation acts; and

3 (6) special appropriation acts.

4 CHAPTER 13

5 MISCELLANEOUS PROVISIONS

6 Section 1301. Effective date.

7 This act shall take effect January 1, 1997.