

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2892 Session of
2002

INTRODUCED BY KENNEY, J. TAYLOR, KELLER, BISHOP, MCGEEHAN,
YOUNGBLOOD, CAPPELLI, MANDERINO, STEELMAN, RUBLEY, HERSHEY,
BROWNE AND LEDERER, OCTOBER 3, 2002

AS RE-REPORTED FROM COMMITTEE ON APPROPRIATIONS, HOUSE OF
REPRESENTATIVES, AS AMENDED, NOVEMBER 12, 2002

AN ACT

1 Amending the act of May 30, 1984 (P.L.345, No.69), entitled "An
2 act to provide revenue for cities of the first class by
3 authorizing and imposing a tax on persons engaging in certain
4 businesses, professions, occupations, trades, vocations and
5 commercial activities therein; providing for its levy and
6 collection at the option of cities of the first class;
7 conferring and imposing powers and duties on cities of the
8 first class and the collector of city taxes in such cities;
9 and prescribing penalties," defining "tax measurement year";
10 and further providing for period used in computation of tax
11 and for tax payment.

12 The General Assembly of the Commonwealth of Pennsylvania
13 hereby enacts as follows:

14 Section 1. Section 2 of the act of May 30, 1984 (P.L.345,
15 No.69), known as the First Class City Business Tax Reform Act,
16 is amended by adding a definition to read:

17 Section 2. Definitions.

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

21 * * *

1 "Tax measurement year." The fiscal or calendar year by which
2 the person engaging in business keeps its books and records for
3 Federal tax purposes.

4 * * *

5 Section 2. Sections 5 and 7 of the act are amended to read:

6 Section 5. Period used in computation of tax.

7 [(a) Ongoing businesses.--Every person subject to the
8 payment of the tax hereby imposed who has commenced his business
9 at least one full year prior to the beginning of any tax year
10 shall compute his annual receipts upon the actual receipts
11 received by him during the preceding calendar year.

12 (b) Partial tax year.--Every person subject to the payment
13 of the tax imposed hereunder, who has commenced his business
14 subsequent to the beginning of any tax year, shall compute his
15 annual receipts for such tax year upon the actual receipts
16 received by him during the part of such tax year remaining.

17 (c) New businesses.--Every person subject to the payment of
18 the tax imposed hereunder, who has commenced his business less
19 than one full year prior to the beginning of any tax year, shall
20 compute his annual receipts for such tax year upon the actual
21 receipts received by him during his first 365 days in business.

22 (d) Seasonal businesses.--Every person subject to the
23 payment of the tax hereby imposed, who engages in a business,
24 temporary, seasonal or itinerant by its nature, shall compute
25 his annual receipts upon the actual receipts received by him
26 during such license year.]

27 (a) General rule.--Every period in which a person engages in
28 business shall be subject to the tax imposed under this act.
29 Every person subject to the payment of the tax imposed under
30 this act shall compute the person's taxable receipts using the

1 receipts received for the tax measurement year ending in the tax
2 year. Every person subject to the payment of the tax imposed
3 under this act shall compute the person's net income using the
4 net income for the tax measurement year ending in the tax year.

5 (b) Certain new business.--Every person engaging in business
6 who does not have a tax measurement year ending in the tax year
7 shall file a return stating that no tax is due for the tax year.

8 (c) Terminating businesses.--Every person that has
9 terminated the person's business during the tax year shall
10 compute its receipts and net income using the period which
11 begins on the beginning date of the tax measurement year ending
12 in the tax year and which ends on the date the business is
13 terminated.

14 (d) Changes in tax measurement year.--The collector shall
15 prescribe regulations to ensure that every person that changes
16 the person's tax measurement year, including a person that may
17 have multiple tax measurement years within a tax year, shall pay
18 the tax hereby imposed for all periods in business.

19 Section 7. Payment [at the time of filing the return].

20 [The person] A person engaging in business subject to the tax
21 shall pay an estimated tax payment at such time or times and in
22 such manner as provided by regulations promulgated by the
23 collector and upon making the return shall pay the amount of tax
24 shown as due to the collector less any estimated tax payments
25 paid for the tax year.

26 Section 3. Any payment made by a person subject to the tax
27 imposed under the act for the ~~2002-tax~~ TRANSITION year that was <—
28 received by the collector prior to the enactment of this act
29 shall be treated by the collector as an estimated tax payment
30 for the ~~2002-tax year~~. TRANSITION YEAR. IF THE CITY COUNCIL OF A <—

1 CITY OF THE FIRST CLASS ENACTS AN ORDINANCE IMPLEMENTING THE
2 PROVISIONS OF THIS ACT BY NOVEMBER 30, 2002, THEN THE TRANSITION
3 YEAR SHALL BE TAX YEAR 2002; OTHERWISE, THE TRANSITION YEAR
4 SHALL BE TAX YEAR 2003.

5 ~~Section 4. This act shall apply to tax years beginning after~~ <—
6 ~~December 31, 2001.~~

7 SECTION 4. THIS ACT SHALL APPLY AS FOLLOWS: <—

8 (1) EXCEPT AS PROVIDED IN PARAGRAPH (2), THIS ACT AND
9 THE RULES SET FORTH HEREIN SHALL APPLY TO TAX YEARS BEGINNING
10 AFTER DECEMBER 31, 2001.

11 (2) IF THE CITY COUNCIL OF A CITY OF THE FIRST CLASS
12 SHALL NOT HAVE ENACTED AN ORDINANCE IMPLEMENTING THE
13 PROVISIONS OF THIS ACT BY NOVEMBER 30, 2002, THIS ACT AND THE
14 RULES SET FORTH HEREIN SHALL APPLY TO TAX YEARS BEGINNING
15 AFTER DECEMBER 31, 2002.

16 Section 5. This act shall take effect immediately.