

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 763 Session of  
2007

INTRODUCED BY BROWNE, ORIE, BOSCOLA, WOZNIAK, FONTANA, WAUGH,  
TOMLINSON, COSTA, McILHINNEY, RAFFERTY, FOLMER, FERLO,  
WONDERLING, STACK, CORMAN, PUNT, GREENLEAF AND REGOLA,  
APRIL 12, 2007

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,  
OCTOBER 8, 2008

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 further providing for delegation of taxing powers and  
23 restrictions; FURTHER PROVIDING FOR THE LEVYING OF THE  
24 MERCANTILE OR BUSINESS PRIVILEGE TAX; TRANSFERRING THE  
25 OPTIONAL OCCUPATION TAX ELIMINATION ACT AND FURTHER PROVIDING  
26 FOR DEFINITIONS, FOR EARNED INCOME TAX RATE LIMITS, FOR  
27 RESOLUTIONS AND FOR BINDING REFERENDUMS AND PROVIDING FOR  
28 APPLICABILITY OF INCOME TAX ON PERSONAL INCOME; AND REPEALING  
29 THE OPTIONAL OCCUPATION TAX ELIMINATION ACT AND PROVISIONS OF  
30 THE TAXPAYER RELIEF ACT.

<—

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

3 ~~Section 1. Section 2 of the act of December 31, 1965~~ <—  
4 ~~(P.L.1257, No.511), known as The Local Tax Enabling Act, amended~~  
5 ~~June 21, 2007 (P.L. —, No.7), is amended to read:~~

6 ~~Section 2. Delegation of Taxing Powers and Restrictions~~  
7 ~~Thereon. (a) The duly constituted authorities of the following~~  
8 ~~political subdivisions, cities of the second class, cities of~~  
9 ~~the second class A, cities of the third class, boroughs, towns,~~  
10 ~~townships of the first class, townships of the second class,~~  
11 ~~school districts of the second class, school districts of the~~  
12 ~~third class, and school districts of the fourth class, in all~~  
13 ~~cases including independent school districts, may, in their~~  
14 ~~discretion, by ordinance or resolution, for general revenue~~  
15 ~~purposes, levy, assess and collect or provide for the levying,~~  
16 ~~assessment and collection of such taxes as they shall determine~~  
17 ~~on persons, transactions, occupations, privileges, subjects and~~  
18 ~~personal property within the limits of such political~~  
19 ~~subdivisions, and upon the transfer of real property, or of any~~  
20 ~~interest in real property, situate within the political~~  
21 ~~subdivision levying and assessing the tax, regardless of where~~  
22 ~~the instruments making the transfers are made, executed or~~  
23 ~~delivered or where the actual settlements on such transfer take~~  
24 ~~place. The taxing authority may provide that the transferee~~  
25 ~~shall remain liable for any unpaid realty transfer taxes imposed~~  
26 ~~by virtue of this act.~~

27 ~~(b) Each local taxing authority may, by ordinance or~~  
28 ~~resolution, exempt any person whose total income from all~~  
29 ~~sources is less than twelve thousand dollars (\$12,000) per annum~~  
30 ~~from the per capita or similar head tax, occupation tax or~~

~~earned income tax, or any portion thereof, and may adopt regulations for the processing of claims for exemptions.~~

~~(c) (1) Each political subdivision levying the local services tax shall exempt the following persons from the local services tax:~~

~~(i) Any person who served in any war or armed conflict in which the United States was engaged and is honorably discharged or released under honorable circumstances from active service if, as a result of military service, the person is blind, paraplegic or a double or quadruple amputee or has a service-connected disability declared by the United States Veterans' Administration or its successor to be a total one hundred percent permanent disability.~~

~~(ii) Any person who serves as a member of a reserve component of the armed forces and is called to active duty at any time during the taxable year.~~

~~(2) For purposes of this subsection, "reserve component of the armed forces" shall mean the United States Army Reserve, United States Navy Reserve, United States Marine Corps Reserve, United States Coast Guard Reserve, United States Air Force Reserve, the Pennsylvania Army National Guard or the Pennsylvania Air National Guard.~~

~~(d) Each political subdivision levying the local services tax at a rate exceeding ten dollars (\$10) shall, and each political subdivision levying the local services tax at a rate of ten dollars (\$10) or less may, by ordinance or resolution, exempt any person from the local services tax whose total earned income and net profits from all sources within the political subdivision is less than twelve thousand dollars (\$12,000) for the calendar year in which the local services tax is levied.~~

~~(c) (1) A person seeking to claim an exemption from the local services tax may annually file an exemption certificate with the political subdivision levying the tax and with the person's employer affirming that the person reasonably expects to receive earned income and net profits from all sources within the political subdivision of less than twelve thousand dollars (\$12,000) in the calendar year for which the exemption certificate is filed. In the event the political subdivision utilizes a tax collection officer pursuant to section 10 of this act, the political subdivision shall provide a copy of the exemption certificate to that officer. The exemption certificate shall have attached to it a copy of all of the employee's last pay stubs or W 2 forms from employment within the political subdivision for the year prior to the fiscal year for which the employee is requesting to be exempted from the local services tax. Upon receipt of the exemption certificate and until otherwise instructed by the political subdivision levying the tax or except as required by clause (2), the employer shall not withhold the tax from the person during the calendar year or the remainder of the calendar year for which the exemption certificate applies. Employers shall ensure that the exemption certificate forms are readily available to employees at all times and shall furnish each new employee with a form at the time of hiring. The Department of Community and Economic Development shall develop and make available to political subdivisions and employers uniform exemption certificates required by this clause.~~

~~(2) With respect to a person who claimed an exemption for a given calendar year from the local services tax, upon notification to an employer by the person or by the political~~

1 ~~subdivision that the person has received earned income and net~~  
2 ~~profits from all sources within that political subdivision equal~~  
3 ~~to or in excess of twelve thousand dollars (\$12,000) in that~~  
4 ~~calendar year or that the person is otherwise ineligible for the~~  
5 ~~tax exemption for that calendar year, or upon an employer's~~  
6 ~~payment to the person of earned income within that political~~  
7 ~~subdivision in an amount equal to or in excess of twelve~~  
8 ~~thousand dollars (\$12,000) in that calendar year, an employer~~  
9 ~~shall withhold the local services tax from the person under~~  
10 ~~clause (3).~~

11 ~~(3) If a person who claimed an exemption for a given~~  
12 ~~calendar year from the local services tax becomes subject to the~~  
13 ~~tax for the calendar year under clause (2), the employer shall~~  
14 ~~withhold the tax for the remainder of that calendar year. The~~  
15 ~~employer shall withhold from the person, for the first payroll~~  
16 ~~period after receipt of the notification under clause (2), a~~  
17 ~~lump sum equal to the amount of tax that was not withheld from~~  
18 ~~the person due to the exemption claimed by the person under this~~  
19 ~~subsection, plus the per payroll amount due for that first~~  
20 ~~payroll period. The amount of tax withheld per payroll period~~  
21 ~~for the remaining payroll periods in that calendar year shall be~~  
22 ~~the same amount withheld for other employees. In the event the~~  
23 ~~employment of a person subject to withholding of the tax under~~  
24 ~~this clause is subsequently severed in that calendar year, the~~  
25 ~~person shall be liable for any outstanding balance of tax due~~  
26 ~~and the political subdivision levying the tax may pursue~~  
27 ~~collection under this act.~~

28 ~~(4) Except as provided in clause (2), it is the intent of~~  
29 ~~this subsection that employers shall not be responsible for~~  
30 ~~investigating exemption certificates, monitoring tax exemption~~

~~eligibility or exempting any employee from a local services tax.~~

~~(f) Such local authorities shall not have authority by  
virtue of this act:~~

~~(1) To levy, assess and collect or provide for the levying,  
assessment and collection of any tax on the transfer of real  
property when the transfer is by will or mortgage or the  
intestate laws of this Commonwealth or on a transfer by the  
owner of previously occupied residential premises to a builder  
of new residential premises when such previously occupied  
residential premises is taken in trade by such builder as part  
of the consideration from the purchaser of a new previously  
unoccupied single family residential premises or on a transfer  
between corporations operating housing projects pursuant to the  
housing and redevelopment assistance law and the shareholders  
thereof, or on a transfer between nonprofit industrial  
development agencies and industrial corporations purchasing from  
them, or on transfer to or from nonprofit industrial development  
agencies, or on a transfer between husband and wife, or on a  
transfer between persons who were previously husband and wife  
but who have since been divorced; provided such transfer is made  
within three months of the date of the granting of the final  
decree in divorce, or the decree of equitable distribution of  
marital property, whichever is later, and the property or  
interest therein, subject to such transfer, was acquired by the  
husband and wife, or husband or wife, prior to the granting of  
the final decree in divorce, or on a transfer between parent and  
child or the spouse of such a child, or between parent and  
trustee for the benefit of a child or the spouse of such child,  
or on a transfer between a grandparent and grandchild or the  
spouse of such grandchild, or on a transfer between brother and~~

~~sister or brother and brother or sister and sister or the spouse  
of such brother or sister, or on a transfer to a conservancy  
which possesses a tax exempt status pursuant to section  
501(c)(3) of the Internal Revenue Code, and which has as its  
primary purpose the preservation of land for historic,  
recreational, scenic, agricultural or open space opportunities,  
by and between a principal and straw party for the purpose of  
placing a mortgage or ground rent upon the premises, or on a  
correctional deed without consideration, or on a transfer to the  
United States, the Commonwealth of Pennsylvania, or to any of  
their instrumentalities, agencies or political subdivisions, by  
gift, dedication or deed in lieu of condemnation, or deed of  
confirmation in connection with condemnation proceedings, or  
reconveyance by the condemning body of the property condemned to  
the owner of record at the time of condemnation which  
reconveyance may include property line adjustments provided said  
reconveyance is made within one year from the date of  
condemnation[, leases,]; or leases; or lease transactions; or on  
a conveyance to a trustee under a recorded trust agreement for  
the express purpose of holding title in trust as security for a  
debt contracted at the time of the conveyance under which the  
trustee is not the lender and requiring the trustee to make  
reconveyance to the grantor borrower upon the repayment of the  
debt, or a transfer within a family from a sole proprietor  
family member to a family farm corporation, or in any sheriff  
sale instituted by a mortgagee in which the purchaser of said  
sheriff sale is the mortgagee who instituted said sale, or on a  
privilege, transaction, subject, occupation or personal property  
which is now or does hereafter become subject to a State tax or  
license fee;~~

1       ~~(2) To levy, assess or collect a tax on the gross receipts~~  
2 ~~from utility service of any person or company whose rates and~~  
3 ~~services are fixed and regulated by the Pennsylvania Public~~  
4 ~~Utility Commission or on any public utility services rendered by~~  
5 ~~any such person or company or on any privilege or transaction~~  
6 ~~involving the rendering of any such public utility service;~~

7       ~~(3) Except on sales of admission to places of amusement,~~  
8 ~~other than on sales of admission to professional baseball events~~  
9 ~~in a city of the third class with a population of not less than~~  
10 ~~one hundred six thousand and not more than one hundred seven~~  
11 ~~thousand based on the 2000 Federal decennial census, or on sales~~  
12 ~~or other transfers of title or possession of property, to levy,~~  
13 ~~assess or collect a tax on the privilege of employing such~~  
14 ~~tangible property as is now or does hereafter become subject to~~  
15 ~~a State tax; and for the purposes of this clause, real property~~  
16 ~~rented for camping purposes shall not be considered a place of~~  
17 ~~amusement.~~

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



~~dumping or storage of such goods, articles, products or by products; except that local authorities may levy, assess and collect a local services tax and taxes on the occupation, per capita and earned income or net profits of natural persons engaged in the above activities whether doing business as individual proprietorship or as members of partnerships or other associations;~~

~~(5) To levy, assess or collect a tax on salaries, wages, commissions, compensation and earned income of nonresidents of the political subdivisions: Provided, That this limitation (5) shall apply only to school districts of the second, third and fourth classes;~~

~~(6) To levy, assess or collect a tax on personal property subject to taxation by counties or on personal property owned by persons, associations and corporations specifically exempted by law from taxation under the county personal property tax law: Provided, That this limitation (6) shall not apply to cities of the second class;~~

~~(7) To levy, assess or collect a tax on membership in or membership dues, fees or assessment of charitable, religious, beneficial or nonprofit organizations including but not limited to sportsmens, recreational, golf and tennis clubs, girl and boy scout troops and councils;~~

~~(8) To levy, assess or collect any tax on a mobilehome or house trailer subject to a real property tax unless the same tax is levied, assessed and collected on other real property in the political subdivision.~~

~~(9) To levy, assess or collect any tax on individuals for the privilege of engaging in an occupation except that such a tax, to be known as the local services tax, may be levied,~~

~~assessed and collected only by the political subdivision of the taxpayer's place of employment. The following apply:~~

~~(i) If a local services tax is levied at a combined rate exceeding ten dollars (\$10) in a calendar year, a person subject to the local services tax shall be assessed a pro rata share of the tax for each payroll period in which the person is engaging in an occupation. The pro rata share of the tax assessed on the person for a payroll period shall be determined by dividing the combined rate of the local services tax levied for the calendar year by the number of payroll periods established by the employer for the calendar year. For purposes of determining the pro rata share, an employer shall round down the amount of the tax collected each payroll period to the nearest one hundredth of a dollar. Collection of the local services tax levied under this subelause shall be made on a payroll period basis for each payroll period in which the person is engaging in an occupation, except as provided in subclause (v).~~

~~(ii) If a school district levied an emergency and municipal services tax on the effective date of this subelause, the school district may continue to levy the local services tax in the same amount the school district collected on the effective date of this subelause. However, if a municipality located in whole or in part within the school district subsequently levies the local services tax, the school district may only collect five dollars (\$5) on persons employed within the municipality each calendar year. A school district that did not levy an emergency and municipal services tax on the effective date of this subelause shall be prohibited from levying the local services tax. If a school district and a municipality located in whole or in part within the school district both levy a local services tax at a~~

~~combined rate exceeding ten dollars (\$10), the school district's pro rata share of the aggregate local services taxes levied on persons employed within the municipality shall be collected by the municipality or its tax officer based on payroll periods as provided under subclause (i) and shall be paid to the school district on a quarterly basis within sixty days of receipt by the municipality or its tax officer.~~

~~(iii) Except as provided in subclause (ii), no person shall be subject to the payment of the local services tax by more than one political subdivision during each payroll period as established by subclause (iv).~~

~~(iv) With respect to a person subject to the local services tax at a combined rate exceeding ten dollars (\$10), the situs of the tax shall be the place of employment on the first day the person becomes subject to the tax during each payroll period. With respect to a person subject to the local services tax at a combined rate of not more than ten dollars (\$10), the situs of the tax shall be the place of employment determined as of the day the person first becomes subject to the tax during the calendar year. In the event a person is engaged in more than one occupation, that is, concurrent employment, or an occupation which requires the person working in more than one political subdivision during a payroll period, the priority of claim to collect the local services tax shall be in the following order: first, the political subdivision in which a person maintains the person's principal office or is principally employed; second, the political subdivision in which the person resides and works, if the tax is levied by that political subdivision; and third, the political subdivision in which a person is employed and which imposes the tax nearest in miles to the person's home.~~

1       ~~(v) In the case of concurrent employment, an employer shall~~  
2 ~~refrain from withholding the local services tax, if the employe~~  
3 ~~provides a recent pay statement from a principal employer that~~  
4 ~~includes the name of the employer, the length of the payroll~~  
5 ~~period and the amount of the local services tax withheld and a~~  
6 ~~statement from the employe that the pay statement is from the~~  
7 ~~employe's principal employer and the employe will notify other~~  
8 ~~employers of a change in principal place of employment within~~  
9 ~~two weeks of its occurrence. The Department of Community and~~  
10 ~~Economic Development shall develop a uniform employe statement~~  
11 ~~form.~~

12       ~~(vi) The local services tax shall be no more than fifty two~~  
13 ~~dollars (\$52) on each person for each calendar year,~~  
14 ~~irrespective of the number of political subdivisions within~~  
15 ~~which a person may be employed. A political subdivision shall~~  
16 ~~provide a taxpayer a receipt of payment upon request by the~~  
17 ~~taxpayer.~~

18       ~~(vii) Political subdivisions shall adopt regulations for the~~  
19 ~~processing of refund claims for overpaid local services taxes~~  
20 ~~for any calendar year. The regulations shall be consistent with~~  
21 ~~53 Pa.C.S. §§ 8425 and 8426. Refunds made within seventy five~~  
22 ~~days of a refund request or seventy five days after the last day~~  
23 ~~the employer is required to remit the local services tax for the~~  
24 ~~last quarter of the calendar year under section 9 of this act,~~  
25 ~~whichever is later, shall not be subject to interest imposed~~  
26 ~~under 53 Pa.C.S. § 8426. Political subdivisions shall only~~  
27 ~~provide refunds for amounts overpaid in a calendar year that~~  
28 ~~exceed one dollar (\$1).~~

29       ~~(viii) The Department of Community and Economic Development~~  
30 ~~shall provide suggested forms and technical assistance to~~

~~facilitate the administration of the local services tax for political subdivisions and reduce the burden of implementation, accounting and compliance for employers and taxpayers.~~

~~(ix) For purposes of this clause, "combined rate" shall mean the aggregate annual rate of the local services tax levied by a school district and a municipality located in whole or in part within the school district.~~

~~(10) To levy, assess or collect a tax on admissions to motion picture theatres: Provided, That this limitation (10) shall not apply to cities of the second class.~~

~~(11) To levy, assess or collect a tax on the construction of or improvement to residential dwellings or upon the application for or issuance of permits for the construction of or improvements to residential dwellings.~~

~~(12) To levy, assess and collect a mercantile or business privilege tax on gross receipts or part thereof which are: (i) discounts allowed to purchasers as cash discounts for prompt payment of their bills; (ii) charges advanced by a seller for freight, delivery or other transportation for the purchaser in accordance with the terms of a contract of sale; (iii) received upon the sale of an article of personal property which was acquired by the seller as a trade in to the extent that the gross receipts in the sale of the article taken in trade does not exceed the amount of trade in allowance made in acquiring such article; (iv) refunds, credits or allowances given to a purchaser on account of defects in goods sold or merchandise returned; (v) Pennsylvania sales tax; (vi) based on the value of exchanges or transfers between one seller and another seller who transfers property with the understanding that property of an identical description will be returned at a subsequent date;~~

1 ~~however, when sellers engaged in similar lines of business~~  
2 ~~exchange property and one of them makes payment to the other in~~  
3 ~~addition to the property exchanged, the additional payment~~  
4 ~~received may be included in the gross receipts of the seller~~  
5 ~~receiving such additional cash payments; (vii) of sellers from~~  
6 ~~sales to other sellers in the same line where the seller~~  
7 ~~transfers the title or possession at the same price for which~~  
8 ~~the seller acquired the merchandise; or (viii) transfers between~~  
9 ~~one department, branch or division of a corporation or other~~  
10 ~~business entity of goods, wares and merchandise to another~~  
11 ~~department, branch or division of the same corporation or~~  
12 ~~business entity and which are recorded on the books to reflect~~  
13 ~~such interdepartmental transactions.~~

14 ~~(13) To levy, assess or collect an amusement or admissions~~  
15 ~~tax on membership, membership dues, fees or assessments,~~  
16 ~~donations, contributions or monetary charges of any character~~  
17 ~~whatsoever paid by the general public, or a limited or selected~~  
18 ~~number thereof, for such persons to enter into any place,~~  
19 ~~indoors or outdoors, to engage in any activities, the~~  
20 ~~predominant purpose or nature of which is exercise, fitness,~~  
21 ~~health maintenance, improvement or rehabilitation, health or~~  
22 ~~nutrition education, or weight control.~~

23 ~~(14) Except by cities of the second class, to levy, assess~~  
24 ~~or collect a tax on payroll amounts generated as a result of~~  
25 ~~business activity.~~

26 ~~(15) Except by cities of the second class in which a sports~~  
27 ~~stadium or arena that has received public funds in connection~~  
28 ~~with its construction or maintenance is located, to levy, assess~~  
29 ~~and collect a publicly funded facility usage fee upon those~~  
30 ~~nonresident individuals who use such facility to engage in an~~

~~athletic event or otherwise render a performance for which they receive remuneration.~~

~~(16) To levy, assess or collect an amusement or admissions tax on the charge imposed upon a patron for the sale of admission to or for the privilege of admission to a bowling alley or bowling lane to engage in one or more games of bowling.~~

~~(g) For the purposes of this section, the terms "earned income" and "net profits" shall have the same meanings as those terms are given in Division I of section 13.~~

~~Section 2. The amendment of section 2 of the act shall not apply to municipalities imposing a tax on leases or lease transactions prior to July 1, 2007.~~

~~Section 3. This act shall take effect in 60 days.~~

~~SECTION 1. SECTION 2(F)(1) OF THE ACT OF DECEMBER 31, 1965 (P.L.1257, NO.511), KNOWN AS THE LOCAL TAX ENABLING ACT, AMENDED JUNE 21, 2007 (P.L.13, NO.7), IS AMENDED TO READ:~~

~~SECTION 2. DELEGATION OF TAXING POWERS AND RESTRICTIONS THEREON. \* \* \*~~

~~(F) SUCH LOCAL AUTHORITIES SHALL NOT HAVE AUTHORITY BY VIRTUE OF THIS ACT:~~

~~(1) TO LEVY, ASSESS AND COLLECT OR PROVIDE FOR THE LEVYING, ASSESSMENT AND COLLECTION OF ANY TAX ON THE TRANSFER OF REAL PROPERTY WHEN THE TRANSFER IS BY WILL OR MORTGAGE OR THE INTESTATE LAWS OF THIS COMMONWEALTH OR ON A TRANSFER BY THE OWNER OF PREVIOUSLY OCCUPIED RESIDENTIAL PREMISES TO A BUILDER OF NEW RESIDENTIAL PREMISES WHEN SUCH PREVIOUSLY OCCUPIED RESIDENTIAL PREMISES IS TAKEN IN TRADE BY SUCH BUILDER AS PART OF THE CONSIDERATION FROM THE PURCHASER OF A NEW PREVIOUSLY UNOCCUPIED SINGLE FAMILY RESIDENTIAL PREMISES OR ON A TRANSFER BETWEEN CORPORATIONS OPERATING HOUSING PROJECTS PURSUANT TO THE~~

1 ~~HOUSING AND REDEVELOPMENT ASSISTANCE LAW AND THE SHAREHOLDERS~~  
2 ~~THEREOF, OR ON A TRANSFER BETWEEN NONPROFIT INDUSTRIAL~~  
3 ~~DEVELOPMENT AGENCIES AND INDUSTRIAL CORPORATIONS PURCHASING FROM~~  
4 ~~THEM, OR ON TRANSFER TO OR FROM NONPROFIT INDUSTRIAL DEVELOPMENT~~  
5 ~~AGENCIES, OR ON A TRANSFER BETWEEN HUSBAND AND WIFE, OR ON A~~  
6 ~~TRANSFER BETWEEN PERSONS WHO WERE PREVIOUSLY HUSBAND AND WIFE~~  
7 ~~BUT WHO HAVE SINCE BEEN DIVORCED; PROVIDED SUCH TRANSFER IS MADE~~  
8 ~~WITHIN THREE MONTHS OF THE DATE OF THE GRANTING OF THE FINAL~~  
9 ~~DECREE IN DIVORCE, OR THE DECREE OF EQUITABLE DISTRIBUTION OF~~  
10 ~~MARITAL PROPERTY, WHICHEVER IS LATER, AND THE PROPERTY OR~~  
11 ~~INTEREST THEREIN, SUBJECT TO SUCH TRANSFER, WAS ACQUIRED BY THE~~  
12 ~~HUSBAND AND WIFE, OR HUSBAND OR WIFE, PRIOR TO THE GRANTING OF~~  
13 ~~THE FINAL DECREE IN DIVORCE, OR ON A TRANSFER BETWEEN PARENT AND~~  
14 ~~CHILD OR THE SPOUSE OF SUCH A CHILD, OR BETWEEN PARENT AND~~  
15 ~~TRUSTEE FOR THE BENEFIT OF A CHILD OR THE SPOUSE OF SUCH CHILD,~~  
16 ~~OR ON A TRANSFER BETWEEN A GRANDPARENT AND GRANDCHILD OR THE~~  
17 ~~SPOUSE OF SUCH GRANDCHILD, OR ON A TRANSFER BETWEEN BROTHER AND~~  
18 ~~SISTER OR BROTHER AND BROTHER OR SISTER AND SISTER OR THE SPOUSE~~  
19 ~~OF SUCH BROTHER OR SISTER, OR ON A TRANSFER TO A CONSERVANCY~~  
20 ~~WHICH POSSESSES A TAX EXEMPT STATUS PURSUANT TO SECTION~~  
21 ~~501(C)(3) OF THE INTERNAL REVENUE CODE, AND WHICH HAS AS ITS~~  
22 ~~PRIMARY PURPOSE THE PRESERVATION OF LAND FOR HISTORIC,~~  
23 ~~RECREATIONAL, SCENIC, AGRICULTURAL OR OPEN SPACE OPPORTUNITIES,~~  
24 ~~BY AND BETWEEN A PRINCIPAL AND STRAW PARTY FOR THE PURPOSE OF~~  
25 ~~PLACING A MORTGAGE OR GROUND RENT UPON THE PREMISES, OR ON A~~  
26 ~~CORRECTIONAL DEED WITHOUT CONSIDERATION, OR ON A TRANSFER TO THE~~  
27 ~~UNITED STATES, THE COMMONWEALTH OF PENNSYLVANIA, OR TO ANY OF~~  
28 ~~THEIR INSTRUMENTALITIES, AGENCIES OR POLITICAL SUBDIVISIONS, BY~~  
29 ~~GIFT, DEDICATION OR DEED IN LIEU OF CONDEMNATION, OR DEED OF~~  
30 ~~CONFIRMATION IN CONNECTION WITH CONDEMNATION PROCEEDINGS, OR~~



1 ~~RECONVEYANCE BY THE CONDEMNING BODY OF THE PROPERTY CONDEMNED TO~~  
2 ~~THE OWNER OF RECORD AT THE TIME OF CONDEMNATION WHICH~~  
3 ~~RECONVEYANCE MAY INCLUDE PROPERTY LINE ADJUSTMENTS PROVIDED SAID~~  
4 ~~RECONVEYANCE IS MADE WITHIN ONE YEAR FROM THE DATE OF~~  
5 ~~CONDEMNATION[, LEASES,]; OR LEASES OR LEASE TRANSACTIONS; OR ON~~  
6 ~~A CONVEYANCE TO A TRUSTEE UNDER A RECORDED TRUST AGREEMENT FOR~~  
7 ~~THE EXPRESS PURPOSE OF HOLDING TITLE IN TRUST AS SECURITY FOR A~~  
8 ~~DEBT CONTRACTED AT THE TIME OF THE CONVEYANCE UNDER WHICH THE~~  
9 ~~TRUSTEE IS NOT THE LENDER AND REQUIRING THE TRUSTEE TO MAKE~~  
10 ~~RECONVEYANCE TO THE GRANTOR BORROWER UPON THE REPAYMENT OF THE~~  
11 ~~DEBT, OR A TRANSFER WITHIN A FAMILY FROM A SOLE PROPRIETOR~~  
12 ~~FAMILY MEMBER TO A FAMILY FARM CORPORATION, OR IN ANY SHERIFF~~  
13 ~~SALE INSTITUTED BY A MORTGAGEE IN WHICH THE PURCHASER OF SAID~~  
14 ~~SHERIFF SALE IS THE MORTGAGEE WHO INSTITUTED SAID SALE, OR ON A~~  
15 ~~PRIVILEGE, TRANSACTION, SUBJECT, OCCUPATION OR PERSONAL PROPERTY~~  
16 ~~WHICH IS NOW OR DOES HEREAFTER BECOME SUBJECT TO A STATE TAX OR~~  
17 ~~LICENSE FEE;~~

18       \* \* \*

19       SECTION 1. SECTIONS 301.1 AND 311(2) OF THE ACT OF DECEMBER <—  
20 31, 1965 (P.L.1257, NO.511), KNOWN AS THE LOCAL TAX ENABLING  
21 ACT, AMENDED JULY 2, 2008 (P.L.197, NO.32), ARE AMENDED TO READ:

22       SECTION 301.1. DELEGATION OF TAXING POWERS AND RESTRICTIONS  
23 THEREON.--(A) THE DULY CONSTITUTED AUTHORITIES OF THE FOLLOWING  
24 POLITICAL SUBDIVISIONS, CITIES OF THE SECOND CLASS, CITIES OF  
25 THE SECOND CLASS A, CITIES OF THE THIRD CLASS, BOROUGHs, TOWNS,  
26 TOWNSHIPS OF THE FIRST CLASS, TOWNSHIPS OF THE SECOND CLASS,  
27 SCHOOL DISTRICTS OF THE SECOND CLASS, SCHOOL DISTRICTS OF THE  
28 THIRD CLASS, AND SCHOOL DISTRICTS OF THE FOURTH CLASS, IN ALL  
29 CASES INCLUDING INDEPENDENT SCHOOL DISTRICTS MAY, IN THEIR  
30 DISCRETION, BY ORDINANCE OR RESOLUTION, FOR GENERAL REVENUE

1 PURPOSES, LEVY, ASSESS AND COLLECT OR PROVIDE FOR THE LEVYING,  
2 ASSESSMENT AND COLLECTION OF SUCH TAXES AS THEY SHALL DETERMINE  
3 ON PERSONS, TRANSACTIONS, OCCUPATIONS, PRIVILEGES, SUBJECTS AND  
4 PERSONAL PROPERTY WITHIN THE LIMITS OF SUCH POLITICAL  
5 SUBDIVISIONS, AND UPON THE TRANSFER OF REAL PROPERTY, OR OF ANY  
6 INTEREST IN REAL PROPERTY, SITUATE WITHIN THE POLITICAL  
7 SUBDIVISION LEVYING AND ASSESSING THE TAX, REGARDLESS OF WHERE  
8 THE INSTRUMENTS MAKING THE TRANSFERS ARE MADE, EXECUTED OR  
9 DELIVERED OR WHERE THE ACTUAL SETTLEMENTS ON SUCH TRANSFER TAKE  
10 PLACE. THE TAXING AUTHORITY MAY PROVIDE THAT THE TRANSFEREE  
11 SHALL REMAIN LIABLE FOR ANY UNPAID REALTY TRANSFER TAXES IMPOSED  
12 BY VIRTUE OF THIS CHAPTER.

13 (B) EACH LOCAL TAXING AUTHORITY MAY, BY ORDINANCE OR  
14 RESOLUTION, EXEMPT ANY PERSON WHOSE TOTAL INCOME FROM ALL  
15 SOURCES IS LESS THAN TWELVE THOUSAND DOLLARS (\$12,000) PER ANNUM  
16 FROM THE PER CAPITA OR SIMILAR HEAD TAX, OCCUPATION TAX OR  
17 EARNED INCOME TAX, OR ANY PORTION THEREOF, AND MAY ADOPT  
18 REGULATIONS FOR THE PROCESSING OF CLAIMS FOR EXEMPTIONS.

19 (C) (1) EACH POLITICAL SUBDIVISION LEVYING THE LOCAL  
20 SERVICES TAX SHALL EXEMPT THE FOLLOWING PERSONS FROM THE LOCAL  
21 SERVICES TAX:

22 (I) ANY PERSON WHO HAS SERVED IN ANY WAR OR ARMED CONFLICT  
23 IN WHICH THE UNITED STATES WAS ENGAGED AND IS HONORABLY  
24 DISCHARGED OR RELEASED UNDER HONORABLE CIRCUMSTANCES FROM ACTIVE  
25 SERVICE IF, AS A RESULT OF MILITARY SERVICE, THE PERSON IS  
26 BLIND, PARAPLEGIC OR A DOUBLE OR QUADRUPLE AMPUTEE OR HAS A  
27 SERVICE-CONNECTED DISABILITY DECLARED BY THE UNITED STATES  
28 VETERANS' ADMINISTRATION OR ITS SUCCESSOR TO BE A TOTAL ONE  
29 HUNDRED PERCENT PERMANENT DISABILITY.

30 (II) ANY PERSON WHO SERVES AS A MEMBER OF A RESERVE

1 COMPONENT OF THE ARMED FORCES AND IS CALLED TO ACTIVE DUTY AT  
2 ANY TIME DURING THE TAXABLE YEAR.

3 (2) FOR PURPOSES OF THIS SUBSECTION, "RESERVE COMPONENT OF  
4 THE ARMED FORCES" SHALL MEAN THE UNITED STATES ARMY RESERVE,  
5 UNITED STATES NAVY RESERVE, UNITED STATES MARINE CORPS RESERVE,  
6 UNITED STATES COAST GUARD RESERVE, UNITED STATES AIR FORCE  
7 RESERVE, THE PENNSYLVANIA ARMY NATIONAL GUARD OR THE  
8 PENNSYLVANIA AIR NATIONAL GUARD.

9 (D) EACH POLITICAL SUBDIVISION LEVYING THE LOCAL SERVICES  
10 TAX AT A RATE EXCEEDING TEN DOLLARS (\$10) SHALL, AND EACH  
11 POLITICAL SUBDIVISION LEVYING THE LOCAL SERVICES TAX AT A RATE  
12 OF TEN DOLLARS (\$10) OR LESS MAY, BY ORDINANCE OR RESOLUTION,  
13 EXEMPT ANY PERSON FROM THE LOCAL SERVICES TAX WHOSE TOTAL EARNED  
14 INCOME AND NET PROFITS FROM ALL SOURCES WITHIN THE POLITICAL  
15 SUBDIVISION IS LESS THAN TWELVE THOUSAND DOLLARS (\$12,000) FOR  
16 THE CALENDAR YEAR IN WHICH THE LOCAL SERVICES TAX IS LEVIED.

17 (E) (1) A PERSON SEEKING TO CLAIM AN EXEMPTION FROM THE  
18 LOCAL SERVICES TAX MAY ANNUALLY FILE AN EXEMPTION CERTIFICATE  
19 WITH THE POLITICAL SUBDIVISION LEVYING THE TAX AND WITH THE  
20 PERSON'S EMPLOYER AFFIRMING THAT THE PERSON REASONABLY EXPECTS  
21 TO RECEIVE EARNED INCOME AND NET PROFITS FROM ALL SOURCES WITHIN  
22 THE POLITICAL SUBDIVISION OF LESS THAN TWELVE THOUSAND DOLLARS  
23 (\$12,000) IN THE CALENDAR YEAR FOR WHICH THE EXEMPTION  
24 CERTIFICATE IS FILED. IN THE EVENT THE POLITICAL SUBDIVISION  
25 UTILIZES A TAX COLLECTION OFFICER PURSUANT TO SECTION 10 OF THIS  
26 ACT, THE POLITICAL SUBDIVISION SHALL PROVIDE A COPY OF THE  
27 EXEMPTION CERTIFICATE TO THAT OFFICER. THE EXEMPTION CERTIFICATE  
28 SHALL HAVE ATTACHED TO IT A COPY OF ALL THE EMPLOYEE'S LAST PAY  
29 STUBS OR W-2 FORMS FROM EMPLOYMENT WITHIN THE POLITICAL  
30 SUBDIVISION FOR THE YEAR PRIOR TO THE FISCAL YEAR FOR WHICH THE

1 EMPLOYE IS REQUESTING TO BE EXEMPTED FROM THE LOCAL SERVICES  
2 TAX. UPON RECEIPT OF THE EXEMPTION CERTIFICATE AND UNTIL  
3 OTHERWISE INSTRUCTED BY THE POLITICAL SUBDIVISION LEVYING THE  
4 TAX OR EXCEPT AS REQUIRED BY CLAUSE (2), THE EMPLOYER SHALL NOT  
5 WITHHOLD THE TAX FROM THE PERSON DURING THE CALENDAR YEAR OR THE  
6 REMAINDER OF THE CALENDAR YEAR FOR WHICH THE EXEMPTION  
7 CERTIFICATE APPLIES. EMPLOYERS SHALL ENSURE THAT THE EXEMPTION  
8 CERTIFICATE FORMS ARE READILY AVAILABLE TO EMPLOYEES AT ALL TIMES  
9 AND SHALL FURNISH EACH NEW EMPLOYE WITH A FORM AT THE TIME OF  
10 HIRING. THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT  
11 SHALL DEVELOP AND MAKE AVAILABLE TO POLITICAL SUBDIVISIONS AND  
12 EMPLOYERS UNIFORM EXEMPTION CERTIFICATES REQUIRED BY THIS  
13 CLAUSE.

14 (2) WITH RESPECT TO A PERSON WHO CLAIMED AN EXEMPTION FOR A  
15 GIVEN CALENDAR YEAR FROM THE LOCAL SERVICES TAX, UPON  
16 NOTIFICATION TO AN EMPLOYER BY THE PERSON OR BY THE POLITICAL  
17 SUBDIVISION THAT THE PERSON HAS RECEIVED EARNED INCOME AND NET  
18 PROFITS FROM ALL SOURCES WITHIN THAT POLITICAL SUBDIVISION EQUAL  
19 TO OR IN EXCESS OF TWELVE THOUSAND DOLLARS (\$12,000) IN THAT  
20 CALENDAR YEAR OR THAT THE PERSON IS OTHERWISE INELIGIBLE FOR THE  
21 TAX EXEMPTION FOR THAT CALENDAR YEAR, OR UPON AN EMPLOYER'S  
22 PAYMENT TO THE PERSON OF EARNED INCOME WITHIN THAT POLITICAL  
23 SUBDIVISION IN AN AMOUNT EQUAL TO OR IN EXCESS OF TWELVE  
24 THOUSAND DOLLARS (\$12,000) IN THAT CALENDAR YEAR, AN EMPLOYER  
25 SHALL WITHHOLD THE LOCAL SERVICES TAX FROM THE PERSON UNDER  
26 CLAUSE (3).

27 (3) IF A PERSON WHO CLAIMED AN EXEMPTION FOR A GIVEN  
28 CALENDAR YEAR FROM THE LOCAL SERVICES TAX BECOMES SUBJECT TO THE  
29 TAX FOR THE CALENDAR YEAR UNDER CLAUSE (2), THE EMPLOYER SHALL  
30 WITHHOLD THE TAX FOR THE REMAINDER OF THAT CALENDAR YEAR. THE

1 EMPLOYER SHALL WITHHOLD FROM THE PERSON, FOR THE FIRST PAYROLL  
2 PERIOD AFTER RECEIPT OF THE NOTIFICATION UNDER CLAUSE (2), A  
3 LUMP SUM EQUAL TO THE AMOUNT OF TAX THAT WAS NOT WITHHELD FROM  
4 THE PERSON DUE TO THE EXEMPTION CLAIMED BY THE PERSON UNDER THIS  
5 SUBSECTION, PLUS THE PER PAYROLL AMOUNT DUE FOR THAT FIRST  
6 PAYROLL PERIOD. THE AMOUNT OF TAX WITHHELD PER PAYROLL PERIOD  
7 FOR THE REMAINING PAYROLL PERIODS IN THAT CALENDAR YEAR SHALL BE  
8 THE SAME AMOUNT WITHHELD FOR OTHER EMPLOYEES. IN THE EVENT THE  
9 EMPLOYMENT OF A PERSON SUBJECT TO WITHHOLDING OF THE TAX UNDER  
10 THIS CLAUSE IS SUBSEQUENTLY SEVERED IN THAT CALENDAR YEAR, THE  
11 PERSON SHALL BE LIABLE FOR ANY OUTSTANDING BALANCE OF TAX DUE,  
12 AND THE POLITICAL SUBDIVISION LEVYING THE TAX MAY PURSUE  
13 COLLECTION UNDER THIS ACT.

14 (4) EXCEPT AS PROVIDED IN CLAUSE (2), IT IS THE INTENT OF  
15 THIS SUBSECTION THAT EMPLOYERS SHALL NOT BE RESPONSIBLE FOR  
16 INVESTIGATING EXEMPTION CERTIFICATES, MONITORING TAX EXEMPTION  
17 ELIGIBILITY OR EXEMPTING ANY EMPLOYEE FROM A LOCAL SERVICES TAX.

18 (F) SUCH LOCAL AUTHORITIES SHALL NOT HAVE AUTHORITY BY  
19 VIRTUE OF THIS ACT:

20 (1) TO LEVY, ASSESS AND COLLECT OR PROVIDE FOR THE LEVYING,  
21 ASSESSMENT AND COLLECTION OF ANY TAX ON THE TRANSFER OF REAL  
22 PROPERTY WHEN THE TRANSFER IS BY WILL OR MORTGAGE OR THE  
23 INTTESTATE LAWS OF THIS COMMONWEALTH OR ON A TRANSFER BY THE  
24 OWNER OF PREVIOUSLY OCCUPIED RESIDENTIAL PREMISES TO A BUILDER  
25 OF NEW RESIDENTIAL PREMISES WHEN SUCH PREVIOUSLY OCCUPIED  
26 RESIDENTIAL PREMISES IS TAKEN IN TRADE BY SUCH BUILDER AS PART  
27 OF THE CONSIDERATION FROM THE PURCHASER OF A NEW PREVIOUSLY  
28 UNOCCUPIED SINGLE FAMILY RESIDENTIAL PREMISES OR ON A TRANSFER  
29 BETWEEN CORPORATIONS OPERATING HOUSING PROJECTS PURSUANT TO THE  
30 HOUSING AND REDEVELOPMENT ASSISTANCE LAW AND THE SHAREHOLDERS

1    THEREOF, OR ON A TRANSFER BETWEEN NONPROFIT INDUSTRIAL  
2    DEVELOPMENT AGENCIES AND INDUSTRIAL CORPORATIONS PURCHASING FROM  
3    THEM, OR ON TRANSFER TO OR FROM NONPROFIT INDUSTRIAL DEVELOPMENT  
4    AGENCIES, OR ON A TRANSFER BETWEEN HUSBAND AND WIFE, OR ON A  
5    TRANSFER BETWEEN PERSONS WHO WERE PREVIOUSLY HUSBAND AND WIFE  
6    BUT WHO HAVE SINCE BEEN DIVORCED; PROVIDED SUCH TRANSFER IS MADE  
7    WITHIN THREE MONTHS OF THE DATE OF THE GRANTING OF THE FINAL  
8    DECREE IN DIVORCE, OR THE DECREE OF EQUITABLE DISTRIBUTION OF  
9    MARITAL PROPERTY, WHICHEVER IS LATER, AND THE PROPERTY OR  
10   INTEREST THEREIN, SUBJECT TO SUCH TRANSFER, WAS ACQUIRED BY THE  
11   HUSBAND AND WIFE, OR HUSBAND OR WIFE, PRIOR TO THE GRANTING OF  
12   THE FINAL DECREE IN DIVORCE, OR ON A TRANSFER BETWEEN PARENT AND  
13   CHILD OR THE SPOUSE OF SUCH A CHILD, OR BETWEEN PARENT AND  
14   TRUSTEE FOR THE BENEFIT OF A CHILD OR THE SPOUSE OF SUCH CHILD,  
15   OR ON A TRANSFER BETWEEN A GRANDPARENT AND GRANDCHILD OR THE  
16   SPOUSE OF SUCH GRANDCHILD, OR ON A TRANSFER BETWEEN BROTHER AND  
17   SISTER OR BROTHER AND BROTHER OR SISTER AND SISTER OR THE SPOUSE  
18   OF SUCH BROTHER OR SISTER, OR ON A TRANSFER TO A CONSERVANCY  
19   WHICH POSSESSES A TAX-EXEMPT STATUS PURSUANT TO SECTION  
20   501(C)(3) OF THE INTERNAL REVENUE CODE, AND WHICH HAS AS ITS  
21   PRIMARY PURPOSE THE PRESERVATION OF LAND FOR HISTORIC,  
22   RECREATIONAL, SCENIC, AGRICULTURAL OR OPEN SPACE OPPORTUNITIES,  
23   BY AND BETWEEN A PRINCIPAL AND STRAW PARTY FOR THE PURPOSE OF  
24   PLACING A MORTGAGE OR GROUND RENT UPON THE PREMISES, OR ON A  
25   CORRECTIONAL DEED WITHOUT CONSIDERATION, OR ON A TRANSFER TO THE  
26   UNITED STATES, THE COMMONWEALTH OF PENNSYLVANIA, OR TO ANY OF  
27   THEIR INSTRUMENTALITIES, AGENCIES OR POLITICAL SUBDIVISIONS, BY  
28   GIFT, DEDICATION OR DEED IN LIEU OF CONDEMNATION, OR DEED OF  
29   CONFIRMATION IN CONNECTION WITH CONDEMNATION PROCEEDINGS, OR  
30   RECONVEYANCE BY THE CONDEMNING BODY OF THE PROPERTY CONDEMNED TO

1 THE OWNER OF RECORD AT THE TIME OF CONDEMNATION WHICH  
2 RECONVEYANCE MAY INCLUDE PROPERTY LINE ADJUSTMENTS PROVIDED SAID  
3 RECONVEYANCE IS MADE WITHIN ONE YEAR FROM THE DATE OF  
4 CONDEMNATION[ , LEASES, ]; OR LEASES OR LEASE TRANSACTIONS; OR ON  
5 A CONVEYANCE TO A TRUSTEE UNDER A RECORDED TRUST AGREEMENT FOR  
6 THE EXPRESS PURPOSE OF HOLDING TITLE IN TRUST AS SECURITY FOR A  
7 DEBT CONTRACTED AT THE TIME OF THE CONVEYANCE UNDER WHICH THE  
8 TRUSTEE IS NOT THE LENDER AND REQUIRING THE TRUSTEE TO MAKE  
9 RECONVEYANCE TO THE GRANTOR-BORROWER UPON THE REPAYMENT OF THE  
10 DEBT, OR A TRANSFER WITHIN A FAMILY FROM A SOLE PROPRIETOR  
11 FAMILY MEMBER TO A FAMILY FARM CORPORATION, OR IN ANY SHERIFF  
12 SALE INSTITUTED BY A MORTGAGEE IN WHICH THE PURCHASER OF SAID  
13 SHERIFF SALE IS THE MORTGAGEE WHO INSTITUTED SAID SALE, OR ON A  
14 PRIVILEGE, TRANSACTION, SUBJECT, OCCUPATION OR PERSONAL PROPERTY  
15 WHICH IS NOW OR DOES HEREAFTER BECOME SUBJECT TO A STATE TAX OR  
16 LICENSE FEE;

17 (2) TO LEVY, ASSESS OR COLLECT A TAX ON THE GROSS RECEIPTS  
18 FROM UTILITY SERVICE OF ANY PERSON OR COMPANY WHOSE RATES AND  
19 SERVICES ARE FIXED AND REGULATED BY THE PENNSYLVANIA PUBLIC  
20 UTILITY COMMISSION OR ON ANY PUBLIC UTILITY SERVICES RENDERED BY  
21 ANY SUCH PERSON OR COMPANY OR ON ANY PRIVILEGE OR TRANSACTION  
22 INVOLVING THE RENDERING OF ANY SUCH PUBLIC UTILITY SERVICE;

23 (3) EXCEPT ON SALES OF ADMISSION TO PLACES OF AMUSEMENT,  
24 OTHER THAN ON SALES OF ADMISSION TO PROFESSIONAL BASEBALL EVENTS  
25 IN A CITY OF THE THIRD CLASS WITH A POPULATION OF NOT LESS THAN  
26 ONE HUNDRED SIX THOUSAND AND NOT MORE THAN ONE HUNDRED SEVEN  
27 THOUSAND BASED ON THE 2000 FEDERAL DECENNIAL CENSUS, OR ON SALES  
28 OR OTHER TRANSFERS OF TITLE OR POSSESSION OF PROPERTY, TO LEVY,  
29 ASSESS OR COLLECT A TAX ON THE PRIVILEGE OF EMPLOYING SUCH  
30 TANGIBLE PROPERTY AS IS NOW OR DOES HEREAFTER BECOME SUBJECT TO

1 A STATE TAX; AND FOR THE PURPOSES OF THIS CLAUSE, REAL PROPERTY  
2 RENTED FOR CAMPING PURPOSES SHALL NOT BE CONSIDERED A PLACE OF  
3 AMUSEMENT;

4 (4) TO LEVY, ASSESS AND COLLECT A TAX ON GOODS AND ARTICLES  
5 MANUFACTURED IN SUCH POLITICAL SUBDIVISION OR ON THE BY-PRODUCTS  
6 OF MANUFACTURE, OR ON MINERALS, TIMBER, NATURAL RESOURCES AND  
7 FARM PRODUCTS PRODUCED IN SUCH POLITICAL SUBDIVISION OR ON THE  
8 PREPARATION OR PROCESSING THEREOF FOR USE OR MARKET, OR ON ANY  
9 PRIVILEGE, ACT OR TRANSACTION RELATED TO THE BUSINESS OF  
10 MANUFACTURING, THE PRODUCTION, PREPARATION OR PROCESSING OF  
11 MINERALS, TIMBER AND NATURAL RESOURCES, OR FARM PRODUCTS, BY  
12 MANUFACTURERS, BY PRODUCERS AND BY FARMERS WITH RESPECT TO THE  
13 GOODS, ARTICLES AND PRODUCTS OF THEIR OWN MANUFACTURE,  
14 PRODUCTION OR GROWTH, OR ON ANY PRIVILEGE, ACT OR TRANSACTION  
15 RELATING TO THE BUSINESS OF PROCESSING BY-PRODUCTS OF  
16 MANUFACTURE, OR ON THE TRANSPORTATION, LOADING, UNLOADING OR  
17 DUMPING OR STORAGE OF SUCH GOODS, ARTICLES, PRODUCTS OR BY-  
18 PRODUCTS; EXCEPT THAT LOCAL AUTHORITIES MAY LEVY, ASSESS AND  
19 COLLECT A LOCAL SERVICES TAX AND TAXES ON THE OCCUPATION, PER  
20 CAPITA AND EARNED INCOME OR NET PROFITS OF NATURAL PERSONS  
21 ENGAGED IN THE ABOVE ACTIVITIES WHETHER DOING BUSINESS AS  
22 INDIVIDUAL PROPRIETORSHIP OR AS MEMBERS OF PARTNERSHIPS OR OTHER  
23 ASSOCIATIONS;

24 (5) TO LEVY, ASSESS OR COLLECT A TAX ON SALARIES, WAGES,  
25 COMMISSIONS, COMPENSATION AND EARNED INCOME OF NONRESIDENTS OF  
26 THE POLITICAL SUBDIVISIONS: PROVIDED, THAT THIS LIMITATION (5)  
27 SHALL APPLY ONLY TO SCHOOL DISTRICTS OF THE SECOND, THIRD AND  
28 FOURTH CLASSES;

29 (6) TO LEVY, ASSESS OR COLLECT A TAX ON PERSONAL PROPERTY  
30 SUBJECT TO TAXATION BY COUNTIES OR ON PERSONAL PROPERTY OWNED BY



1 PERSONS, ASSOCIATIONS AND CORPORATIONS SPECIFICALLY EXEMPTED BY  
2 LAW FROM TAXATION UNDER THE COUNTY PERSONAL PROPERTY TAX LAW:  
3 PROVIDED, THAT THIS LIMITATION (6) SHALL NOT APPLY TO CITIES OF  
4 THE SECOND CLASS;

5 (7) TO LEVY, ASSESS OR COLLECT A TAX ON MEMBERSHIP IN OR  
6 MEMBERSHIP DUES, FEES OR ASSESSMENT OF CHARITABLE, RELIGIOUS,  
7 BENEFICIAL OR NONPROFIT ORGANIZATIONS INCLUDING BUT NOT LIMITED  
8 TO SPORTSMENS, RECREATIONAL, GOLF AND TENNIS CLUBS, GIRL AND BOY  
9 SCOUT TROOPS AND COUNCILS;

10 (8) TO LEVY, ASSESS OR COLLECT ANY TAX ON A MOBILEHOME OR  
11 HOUSE TRAILER SUBJECT TO A REAL PROPERTY TAX UNLESS THE SAME TAX  
12 IS LEVIED, ASSESSED AND COLLECTED ON OTHER REAL PROPERTY IN THE  
13 POLITICAL SUBDIVISION.

14 (9) TO LEVY, ASSESS OR COLLECT ANY TAX ON INDIVIDUALS FOR  
15 THE PRIVILEGE OF ENGAGING IN AN OCCUPATION EXCEPT THAT SUCH A  
16 TAX, TO BE KNOWN AS THE LOCAL SERVICES TAX, MAY BE LEVIED,  
17 ASSESSED AND COLLECTED ONLY BY THE POLITICAL SUBDIVISION OF THE  
18 TAXPAYER'S PLACE OF EMPLOYMENT. THE FOLLOWING APPLY:

19 (I) IF A LOCAL SERVICES TAX IS LEVIED AT A COMBINED RATE  
20 EXCEEDING TEN DOLLARS (\$10) IN A CALENDAR YEAR, A PERSON SUBJECT  
21 TO THE LOCAL SERVICES TAX SHALL BE ASSESSED A PRO RATA SHARE OF  
22 THE TAX FOR EACH PAYROLL PERIOD IN WHICH THE PERSON IS ENGAGING  
23 IN AN OCCUPATION. THE PRO RATA SHARE OF THE TAX ASSESSED ON THE  
24 PERSON FOR A PAYROLL PERIOD SHALL BE DETERMINED BY DIVIDING THE  
25 COMBINED RATE OF THE LOCAL SERVICES TAX LEVIED FOR THE CALENDAR  
26 YEAR BY THE NUMBER OF PAYROLL PERIODS ESTABLISHED BY THE  
27 EMPLOYER FOR THE CALENDAR YEAR. FOR PURPOSES OF DETERMINING THE  
28 PRO RATA SHARE, AN EMPLOYER SHALL ROUND DOWN THE AMOUNT OF THE  
29 TAX COLLECTED EACH PAYROLL PERIOD TO THE NEAREST ONE-HUNDREDTH  
30 OF A DOLLAR. COLLECTION OF THE LOCAL SERVICES TAX LEVIED UNDER

1 THIS SUBCLAUSE SHALL BE MADE ON A PAYROLL PERIOD BASIS FOR EACH  
2 PAYROLL PERIOD IN WHICH THE PERSON IS ENGAGING IN AN OCCUPATION,  
3 EXCEPT AS PROVIDED IN SUBCLAUSE (V).

4 (II) IF A SCHOOL DISTRICT LEVIED AN EMERGENCY AND MUNICIPAL  
5 SERVICES TAX ON THE EFFECTIVE DATE OF THIS SUBCLAUSE, THE SCHOOL  
6 DISTRICT MAY CONTINUE TO LEVY THE LOCAL SERVICES TAX IN THE SAME  
7 AMOUNT THE SCHOOL DISTRICT COLLECTED ON THE EFFECTIVE DATE OF  
8 THIS SUBCLAUSE. HOWEVER, IF A MUNICIPALITY LOCATED IN WHOLE OR  
9 IN PART WITHIN THE SCHOOL DISTRICT SUBSEQUENTLY LEVIES THE LOCAL  
10 SERVICES TAX, THE SCHOOL DISTRICT MAY ONLY COLLECT FIVE DOLLARS  
11 (\$5) ON PERSONS EMPLOYED WITHIN THE MUNICIPALITY EACH CALENDAR  
12 YEAR. A SCHOOL DISTRICT THAT DID NOT LEVY AN EMERGENCY AND  
13 MUNICIPAL SERVICES TAX ON THE EFFECTIVE DATE OF THIS SUBCLAUSE  
14 SHALL BE PROHIBITED FROM LEVYING THE LOCAL SERVICES TAX. IF A  
15 SCHOOL DISTRICT AND A MUNICIPALITY LOCATED IN WHOLE OR IN PART  
16 WITHIN THE SCHOOL DISTRICT BOTH LEVY A LOCAL SERVICES TAX AT A  
17 COMBINED RATE EXCEEDING TEN DOLLARS (\$10), THE SCHOOL DISTRICT'S  
18 PRO RATA SHARE OF THE AGGREGATE LOCAL SERVICES TAXES LEVIED ON  
19 PERSONS EMPLOYED WITHIN THE MUNICIPALITY SHALL BE COLLECTED BY  
20 THE MUNICIPALITY OR ITS TAX OFFICER BASED ON PAYROLL PERIODS AS  
21 PROVIDED UNDER SUBCLAUSE (I) AND SHALL BE PAID TO THE SCHOOL  
22 DISTRICT ON A QUARTERLY BASIS WITHIN SIXTY DAYS OF RECEIPT BY  
23 THE MUNICIPALITY OR ITS TAX OFFICER.

24 (III) EXCEPT AS PROVIDED IN SUBCLAUSE (II), NO PERSON SHALL  
25 BE SUBJECT TO THE PAYMENT OF THE LOCAL SERVICES TAX BY MORE THAN  
26 ONE POLITICAL SUBDIVISION DURING EACH PAYROLL PERIOD AS  
27 ESTABLISHED BY SUBCLAUSE (IV).

28 (IV) WITH RESPECT TO A PERSON SUBJECT TO THE LOCAL SERVICES  
29 TAX AT A COMBINED RATE EXCEEDING TEN DOLLARS (\$10), THE SITUS OF  
30 THE TAX SHALL BE THE PLACE OF EMPLOYMENT ON THE FIRST DAY THE

1 PERSON BECOMES SUBJECT TO THE TAX DURING EACH PAYROLL PERIOD.  
2 WITH RESPECT TO A PERSON SUBJECT TO THE LOCAL SERVICES TAX AT A  
3 COMBINED RATE OF NOT MORE THAN TEN DOLLARS (\$10), THE SITUS OF  
4 THE TAX SHALL BE THE PLACE OF EMPLOYMENT DETERMINED AS OF THE  
5 DAY THE PERSON FIRST BECOMES SUBJECT TO THE TAX DURING THE  
6 CALENDAR YEAR. IN THE EVENT A PERSON IS ENGAGED IN MORE THAN ONE  
7 OCCUPATION, THAT IS, CONCURRENT EMPLOYMENT, OR AN OCCUPATION  
8 WHICH REQUIRES THE PERSON WORKING IN MORE THAN ONE POLITICAL  
9 SUBDIVISION DURING A PAYROLL PERIOD, THE PRIORITY OF CLAIM TO  
10 COLLECT THE LOCAL SERVICES TAX SHALL BE IN THE FOLLOWING ORDER:  
11 FIRST, THE POLITICAL SUBDIVISION IN WHICH A PERSON MAINTAINS THE  
12 PERSON'S PRINCIPAL OFFICE OR IS PRINCIPALLY EMPLOYED; SECOND,  
13 THE POLITICAL SUBDIVISION IN WHICH THE PERSON RESIDES AND WORKS,  
14 IF THE TAX IS LEVIED BY THAT POLITICAL SUBDIVISION; AND THIRD,  
15 THE POLITICAL SUBDIVISION IN WHICH A PERSON IS EMPLOYED AND  
16 WHICH IMPOSES THE TAX NEAREST IN MILES TO THE PERSON'S HOME.

17 (V) IN THE CASE OF CONCURRENT EMPLOYMENT, AN EMPLOYER SHALL  
18 REFRAIN FROM WITHHOLDING THE LOCAL SERVICES TAX IF THE EMPLOYEE  
19 PROVIDES A RECENT PAY STATEMENT FROM A PRINCIPAL EMPLOYER THAT  
20 INCLUDES THE NAME OF THE EMPLOYER, THE LENGTH OF THE PAYROLL  
21 PERIOD AND THE AMOUNT OF THE LOCAL SERVICES TAX WITHHELD AND A  
22 STATEMENT FROM THE EMPLOYEE THAT THE PAY STATEMENT IS FROM THE  
23 EMPLOYEE'S PRINCIPAL EMPLOYER AND THE EMPLOYEE WILL NOTIFY OTHER  
24 EMPLOYERS OF A CHANGE IN PRINCIPAL PLACE OF EMPLOYMENT WITHIN  
25 TWO WEEKS OF ITS OCCURRENCE. THE DEPARTMENT OF COMMUNITY AND  
26 ECONOMIC DEVELOPMENT SHALL DEVELOP A UNIFORM EMPLOYEE STATEMENT  
27 FORM.

28 (VI) THE LOCAL SERVICES TAX SHALL BE NO MORE THAN FIFTY-TWO  
29 DOLLARS (\$52) ON EACH PERSON FOR EACH CALENDAR YEAR,  
30 IRRESPECTIVE OF THE NUMBER OF POLITICAL SUBDIVISIONS WITHIN

1 WHICH A PERSON MAY BE EMPLOYED. A POLITICAL SUBDIVISION SHALL  
2 PROVIDE A TAXPAYER A RECEIPT OF PAYMENT UPON REQUEST BY THE  
3 TAXPAYER.

4 (VII) POLITICAL SUBDIVISIONS SHALL ADOPT REGULATIONS FOR THE  
5 PROCESSING OF REFUND CLAIMS FOR OVERPAID LOCAL SERVICES TAXES  
6 FOR ANY CALENDAR YEAR. THE REGULATIONS SHALL BE CONSISTENT WITH  
7 53 PA.C.S. §§ 8425 (RELATING TO REFUNDS OF OVERPAYMENTS) AND  
8 8426 (RELATING TO INTEREST ON OVERPAYMENT). REFUNDS MADE WITHIN  
9 SEVENTY-FIVE DAYS OF A REFUND REQUEST OR SEVENTY-FIVE DAYS AFTER  
10 THE LAST DAY THE EMPLOYER IS REQUIRED TO REMIT THE LOCAL  
11 SERVICES TAX FOR THE LAST QUARTER OF THE CALENDAR YEAR UNDER  
12 SECTION 312 OF THIS ACT, WHICHEVER IS LATER, SHALL NOT BE  
13 SUBJECT TO INTEREST IMPOSED UNDER 53 PA.C.S. § 8426. POLITICAL  
14 SUBDIVISIONS SHALL ONLY PROVIDE REFUNDS FOR AMOUNTS OVERPAID IN  
15 A CALENDAR YEAR THAT EXCEED ONE DOLLAR (\$1).

16 (VIII) THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT  
17 SHALL PROVIDE SUGGESTED FORMS AND TECHNICAL ASSISTANCE TO  
18 FACILITATE THE ADMINISTRATION OF THE LOCAL SERVICES TAX FOR  
19 POLITICAL SUBDIVISIONS AND REDUCE THE BURDEN OF IMPLEMENTATION,  
20 ACCOUNTING AND COMPLIANCE FOR EMPLOYERS AND TAXPAYERS.

21 (IX) FOR PURPOSES OF THIS CLAUSE, "COMBINED RATE" SHALL MEAN  
22 THE AGGREGATE ANNUAL RATE OF THE LOCAL SERVICES TAX LEVIED BY A  
23 SCHOOL DISTRICT AND A MUNICIPALITY LOCATED IN WHOLE OR IN PART  
24 WITHIN THE SCHOOL DISTRICT.

25 (10) TO LEVY, ASSESS OR COLLECT A TAX ON ADMISSIONS TO  
26 MOTION PICTURE THEATRES: PROVIDED, THAT THIS LIMITATION (10)  
27 SHALL NOT APPLY TO CITIES OF THE SECOND CLASS.

28 (11) TO LEVY, ASSESS OR COLLECT A TAX ON THE CONSTRUCTION OF  
29 OR IMPROVEMENT TO RESIDENTIAL DWELLINGS OR UPON THE APPLICATION  
30 FOR OR ISSUANCE OF PERMITS FOR THE CONSTRUCTION OF OR

1 IMPROVEMENTS TO RESIDENTIAL DWELLINGS.

2 (12) TO LEVY, ASSESS AND COLLECT A MERCANTILE OR BUSINESS  
3 PRIVILEGE TAX ON GROSS RECEIPTS OR PART THEREOF WHICH ARE: (I)  
4 DISCOUNTS ALLOWED TO PURCHASERS AS CASH DISCOUNTS FOR PROMPT  
5 PAYMENT OF THEIR BILLS; (II) CHARGES ADVANCED BY A SELLER FOR  
6 FREIGHT, DELIVERY OR OTHER TRANSPORTATION FOR THE PURCHASER IN  
7 ACCORDANCE WITH THE TERMS OF A CONTRACT OF SALE; (III) RECEIVED  
8 UPON THE SALE OF AN ARTICLE OF PERSONAL PROPERTY WHICH WAS  
9 ACQUIRED BY THE SELLER AS A TRADE-IN TO THE EXTENT THAT THE  
10 GROSS RECEIPTS IN THE SALE OF THE ARTICLE TAKEN IN TRADE DOES  
11 NOT EXCEED THE AMOUNT OF TRADE-IN ALLOWANCE MADE IN ACQUIRING  
12 SUCH ARTICLE; (IV) REFUNDS, CREDITS OR ALLOWANCES GIVEN TO A  
13 PURCHASER ON ACCOUNT OF DEFECTS IN GOODS SOLD OR MERCHANDISE  
14 RETURNED; (V) PENNSYLVANIA SALES TAX; (VI) BASED ON THE VALUE OF  
15 EXCHANGES OR TRANSFERS BETWEEN ONE SELLER AND ANOTHER SELLER WHO  
16 TRANSFERS PROPERTY WITH THE UNDERSTANDING THAT PROPERTY OF AN  
17 IDENTICAL DESCRIPTION WILL BE RETURNED AT A SUBSEQUENT DATE;  
18 HOWEVER, WHEN SELLERS ENGAGED IN SIMILAR LINES OF BUSINESS  
19 EXCHANGE PROPERTY AND ONE OF THEM MAKES PAYMENT TO THE OTHER IN  
20 ADDITION TO THE PROPERTY EXCHANGED, THE ADDITIONAL PAYMENT  
21 RECEIVED MAY BE INCLUDED IN THE GROSS RECEIPTS OF THE SELLER  
22 RECEIVING SUCH ADDITIONAL CASH PAYMENTS; (VII) OF SELLERS FROM  
23 SALES TO OTHER SELLERS IN THE SAME LINE WHERE THE SELLER  
24 TRANSFERS THE TITLE OR POSSESSION AT THE SAME PRICE FOR WHICH  
25 THE SELLER ACQUIRED THE MERCHANDISE; OR (VIII) TRANSFERS BETWEEN  
26 ONE DEPARTMENT, BRANCH OR DIVISION OF A CORPORATION OR OTHER  
27 BUSINESS ENTITY OF GOODS, WARES AND MERCHANDISE TO ANOTHER  
28 DEPARTMENT, BRANCH OR DIVISION OF THE SAME CORPORATION OR  
29 BUSINESS ENTITY AND WHICH ARE RECORDED ON THE BOOKS TO REFLECT  
30 SUCH INTERDEPARTMENTAL TRANSACTIONS.

1 (13) TO LEVY, ASSESS OR COLLECT AN AMUSEMENT OR ADMISSIONS  
2 TAX ON MEMBERSHIP, MEMBERSHIP DUES, FEES OR ASSESSMENTS,  
3 DONATIONS, CONTRIBUTIONS OR MONETARY CHARGES OF ANY CHARACTER  
4 WHATSOEVER PAID BY THE GENERAL PUBLIC, OR A LIMITED OR SELECTED  
5 NUMBER THEREOF, FOR SUCH PERSONS TO ENTER INTO ANY PLACE,  
6 INDOORS OR OUTDOORS, TO ENGAGE IN ANY ACTIVITIES, THE  
7 PREDOMINANT PURPOSE OR NATURE OF WHICH IS EXERCISE, FITNESS,  
8 HEALTH MAINTENANCE, IMPROVEMENT OR REHABILITATION, HEALTH OR  
9 NUTRITION EDUCATION, OR WEIGHT CONTROL.

10 (14) EXCEPT BY CITIES OF THE SECOND CLASS, TO LEVY, ASSESS  
11 OR COLLECT A TAX ON PAYROLL AMOUNTS GENERATED AS A RESULT OF  
12 BUSINESS ACTIVITY.

13 (15) EXCEPT BY CITIES OF THE SECOND CLASS IN WHICH A SPORTS  
14 STADIUM OR ARENA THAT HAS RECEIVED PUBLIC FUNDS IN CONNECTION  
15 WITH ITS CONSTRUCTION OR MAINTENANCE IS LOCATED, TO LEVY, ASSESS  
16 AND COLLECT A PUBLICLY FUNDED FACILITY USAGE FEE UPON THOSE  
17 NONRESIDENT INDIVIDUALS WHO USE SUCH FACILITY TO ENGAGE IN AN  
18 ATHLETIC EVENT OR OTHERWISE RENDER A PERFORMANCE FOR WHICH THEY  
19 RECEIVE REMUNERATION.

20 (16) TO LEVY, ASSESS OR COLLECT AN AMUSEMENT OR ADMISSIONS  
21 TAX ON THE CHARGE IMPOSED UPON A PATRON FOR THE SALE OF  
22 ADMISSION TO OR FOR THE PRIVILEGE OF ADMISSION TO A BOWLING  
23 ALLEY OR BOWLING LANE TO ENGAGE IN ONE OR MORE GAMES OF BOWLING.

24 SECTION 311. LIMITATIONS ON RATES OF SPECIFIC TAXES.--NO  
25 TAXES LEVIED UNDER THE PROVISIONS OF THIS CHAPTER SHALL BE  
26 LEVIED BY ANY POLITICAL SUBDIVISION ON THE FOLLOWING SUBJECTS  
27 EXCEEDING THE RATES SPECIFIED IN THIS SECTION:

28 \* \* \*

29 (2) ON EACH DOLLAR OF THE WHOLE VOLUME OF BUSINESS  
30 TRANSACTED BY WHOLESALE DEALERS IN GOODS, WARES AND MERCHANDISE,

1 ONE MILL, BY RETAIL DEALERS IN GOODS, WARES AND MERCHANDISE AND  
2 BY PROPRIETORS OF RESTAURANTS OR OTHER PLACES WHERE FOOD, DRINK  
3 AND REFRESHMENTS ARE SERVED, ONE AND ONE-HALF MILLS; EXCEPT IN  
4 CITIES OF THE SECOND CLASS, WHERE RATES SHALL NOT EXCEED ONE  
5 MILL ON WHOLESALE DEALERS AND TWO MILLS ON RETAIL DEALERS AND  
6 PROPRIETORS. NO SUCH TAX SHALL BE LEVIED ON THE DOLLAR VOLUME OF  
7 BUSINESS TRANSACTED BY WHOLESALE AND RETAIL DEALERS DERIVED FROM  
8 THE RESALE OF GOODS, WARES AND MERCHANDISE, TAKEN BY ANY DEALER  
9 AS A TRADE-IN OR AS PART PAYMENT FOR OTHER GOODS, WARES AND  
10 MERCHANDISE, EXCEPT TO THE EXTENT THAT THE RESALE PRICE EXCEEDS  
11 THE TRADE-IN ALLOWANCE. WHEN A POLITICAL SUBDIVISION WHICH  
12 CURRENTLY LEVIES, ASSESSES OR COLLECTS A MERCANTILE OR BUSINESS  
13 PRIVILEGE TAX ON GROSS RECEIPTS UNDER SECTION 533 OF THE ACT OF  
14 DECEMBER 13, 1988 (P.L.1121, NO.145), KNOWN AS THE "LOCAL TAX  
15 REFORM ACT," MERGES WITH ONE OR MORE POLITICAL SUBDIVISIONS TO  
16 FORM A NEW POLITICAL SUBDIVISION ON OR AFTER AUGUST 1, 2008, THE  
17 NEW POLITICAL SUBDIVISION MAY LEVY THAT MERCANTILE OR BUSINESS  
18 PRIVILEGE TAX BUT NOT AT A RATE GREATER THAN THE RATE NECESSARY  
19 TO GENERATE THE SAME REVENUES GENERATED IN THE LAST FISCAL YEAR  
20 THAT THE MERGING POLITICAL SUBDIVISION GENERATED BEFORE THE  
21 MERGER. IF THE MERGING POLITICAL SUBDIVISION HAD PREVIOUSLY  
22 SHARED THE RATE OF TAXATION WITH ANOTHER POLITICAL SUBDIVISION,  
23 THE NONMERGING POLITICAL SUBDIVISION WHICH HAD SHARED THE RATE  
24 IS CAPPED AT THE RATE IT WAS PREVIOUSLY LEVYING.

25 \* \* \*

26 SECTION 2. THE ACT IS AMENDED BY ADDING A CHAPTER TO READ:

27 CHAPTER 4

28 OPTIONAL OCCUPATION TAX ELIMINATION

29 SECTION 401. SCOPE.

30 THIS ACT RELATES TO OPTIONAL OCCUPATION TAX ELIMINATION.

1 SECTION 402. DEFINITIONS.

2 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER  
3 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
4 CONTEXT CLEARLY INDICATES OTHERWISE:

5 "EARNED INCOME TAX." A TAX ON EARNED INCOME AND NET PROFITS  
6 LEVIED UNDER THIS ACT OR A TAX ON EARNED INCOME AND NET PROFITS  
7 LEVIED UNDER THE ACT OF JUNE 27, 2006 (1ST SP.SESS., P.L.1873,  
8 NO.1), KNOWN AS THE TAXPAYER RELIEF ACT.

9 "ELECTION OFFICIALS." THE COUNTY BOARD OF ELECTIONS OF A  
10 COUNTY.

11 "GOVERNING BODY." A CITY COUNCIL, BOROUGH COUNCIL,  
12 INCORPORATED TOWN COUNCIL, BOARD OF TOWNSHIP COMMISSIONERS,  
13 BOARD OF TOWNSHIP SUPERVISORS, A GOVERNING COUNCIL OF A HOME  
14 RULE MUNICIPALITY OR OPTIONAL PLAN MUNICIPALITY, A GOVERNING  
15 COUNCIL OF ANY SIMILAR GENERAL PURPOSE UNIT OF GOVERNMENT WHICH  
16 MAY HEREAFTER BE CREATED BY STATUTE OR A BOARD OF SCHOOL  
17 DIRECTORS OF A SCHOOL DISTRICT.

18 "INCOME TAX." AN EARNED INCOME TAX OR A PERSONAL INCOME TAX  
19 IMPOSED UNDER THIS CHAPTER.

20 "OCCUPATION TAX." A TAX BASED UPON AN ASSESSED VALUATION OF  
21 A PARTICULAR TRADE, OCCUPATION OR PROFESSION. THE TERM INCLUDES  
22 A TAX IMPOSED ON A FLAT RATE ON ALL TRADES, OCCUPATIONS OR  
23 PROFESSIONS. THE TERM DOES NOT INCLUDE A TAX UPON PERSONS  
24 EMPLOYED IN A TAXING DISTRICT, COMMONLY KNOWN AS AN OCCUPATIONAL  
25 PRIVILEGE TAX.

26 "PERSONAL INCOME TAX." A TAX ON INCOME ENUMERATED UNDER  
27 SECTION 303 OF THE ACT OF MARCH 4, 1971 (P.L.6, NO.2), KNOWN AS  
28 THE TAX REFORM CODE OF 1971, AS DETERMINED BY THE DEPARTMENT OF  
29 REVENUE, SUBJECT TO ANY CORRECTION OR FRAUD, EVASION OR ERROR AS  
30 FINALLY DETERMINED BY THE COMMONWEALTH AND LEVIED PURSUANT TO



THE ACT OF JUNE 27, 2006 (1ST SP.SESS., P.L.1873, NO.1), KNOWN  
AS THE TAXPAYER RELIEF ACT.

"POLITICAL SUBDIVISION." ANY CITY, BOROUGH, INCORPORATED  
TOWN, TOWNSHIP OR SCHOOL DISTRICT.

"TAXPAYER RELIEF ACT." THE ACT OF JUNE 27, 2006 (1ST  
SP.SESS., P.L.1873, NO.1), KNOWN AS THE TAXPAYER RELIEF ACT.  
SECTION 403. OCCUPATION TAX REPLACEMENT GENERALLY.

A POLITICAL SUBDIVISION THAT LEVIES AN OCCUPATION TAX MAY  
REPLACE THE REVENUES PROVIDED BY THE OCCUPATION TAX BY  
INCREASING THE RATE OF THE INCOME TAX AS PROVIDED IN THIS  
CHAPTER.

SECTION 404. INCOME TAX RATE LIMITS.

(A) INCOME TAX RATE LIMITS.--FOR THE FIRST FISCAL YEAR  
BEGINNING AFTER APPROVAL OF THE REFERENDUM UNDER SECTION 407 AND  
EACH FISCAL YEAR THEREAFTER, THE GOVERNING BODY OF A POLITICAL  
SUBDIVISION USING THE PROCEDURES AUTHORIZED BY THIS CHAPTER  
SHALL BE AUTHORIZED TO IMPOSE AN INCOME TAX AT A RATE NOT  
EXCEEDING THE MAXIMUM INCOME TAX RATE AS CALCULATED UNDER  
SUBSECTION (B) OR (B.1).

(B) CALCULATION OF MAXIMUM EARNED INCOME TAX RATE.--THE  
MAXIMUM EARNED INCOME TAX RATE SHALL BE DETERMINED BY TAKING THE  
SUM OF THE RATES CALCULATED UNDER PARAGRAPHS (1) AND (2) AND  
LIMITED BY PARAGRAPH (3):

(1) THE RATE OF THE EARNED INCOME TAX THAT WOULD HAVE  
RESULTED IN THE COLLECTION BY THE POLITICAL SUBDIVISION OF AN  
AMOUNT EQUAL TO THE AMOUNT COLLECTED FROM THE OCCUPATION TAX.  
THE CALCULATION BY A SCHOOL DISTRICT UNDER THIS PARAGRAPH  
SHALL BE MADE USING ACTUAL REVENUE COLLECTIONS FOR THE FISCAL  
YEAR ENDING IN 2002. THE CALCULATION BY A MUNICIPALITY UNDER  
THIS PARAGRAPH SHALL BE MADE USING ACTUAL REVENUE COLLECTIONS

1 FOR THE CALENDAR YEAR ENDING DECEMBER 31, 2001.

2 (2) THE RATE AT WHICH THE EARNED INCOME TAX WAS  
3 COLLECTED BY A SCHOOL DISTRICT FOR THE FISCAL YEAR ENDING IN  
4 2002 OR THE RATE AT WHICH THE EARNED INCOME TAX WAS COLLECTED  
5 BY A MUNICIPALITY FOR THE CALENDAR YEAR ENDING DECEMBER 31,  
6 2001.

7 (3) THE TAX RATE DETERMINED UNDER PARAGRAPHS (1) AND (2)  
8 SHALL BE ROUNDED OFF TO THE NEAREST INCREMENT OF TEN  
9 HUNDREDTHS OF ONE PERCENT.

10 THE MAXIMUM RATE OF THE EARNED INCOME TAX CALCULATED UNDER THIS  
11 SUBSECTION SHALL NOT BE SUBJECT TO THE LIMITS ON THE EARNED  
12 INCOME TAX SPECIFIED IN SECTION 311(3).

13 (B.1) CALCULATION OF MAXIMUM INCOME TAX RATE.--THE MAXIMUM  
14 INCOME TAX RATE FOR A SCHOOL DISTRICT THAT LEVIED AN OCCUPATION  
15 TAX FOR THE FISCAL YEAR ENDING IN 2009 OR A MUNICIPALITY THAT  
16 LEVIED AN OCCUPATION TAX FOR THE CALENDAR YEAR ENDING DECEMBER  
17 31, 2008, SHALL BE DETERMINED BY TAKING THE SUM OF THE RATES  
18 CALCULATED UNDER PARAGRAPHS (1) AND (2) AND LIMITED BY PARAGRAPH  
19 (3):

20 (1) THE RATE OF THE INCOME TAX THAT WOULD HAVE RESULTED  
21 IN THE COLLECTION BY THE POLITICAL SUBDIVISION OF AN AMOUNT  
22 EQUAL TO THE AMOUNT COLLECTED FROM THE OCCUPATION TAX. THE  
23 CALCULATION BY A SCHOOL DISTRICT UNDER THIS PARAGRAPH SHALL  
24 BE MADE USING ACTUAL REVENUE COLLECTIONS FOR THE FISCAL YEAR  
25 ENDING IN 2009. THE CALCULATION BY A MUNICIPALITY UNDER THIS  
26 PARAGRAPH SHALL BE MADE USING ACTUAL REVENUE COLLECTIONS FOR  
27 THE CALENDAR YEAR ENDING DECEMBER 31, 2008.

28 (2) THE RATE AT WHICH THE INCOME TAX WAS COLLECTED BY A  
29 SCHOOL DISTRICT FOR THE FISCAL YEAR ENDING IN 2009 OR THE  
30 RATE AT WHICH AN EARNED INCOME TAX WAS COLLECTED BY A

1        MUNICIPALITY FOR THE CALENDAR YEAR ENDING DECEMBER 31, 2008.

2            (3) THE TAX RATE DETERMINED UNDER PARAGRAPHS (1) AND (2)  
3        SHALL BE ROUNDED OFF TO THE NEAREST INCREMENT OF TEN  
4        HUNDREDTHS OF ONE PERCENT.

5        THE MAXIMUM RATE OF THE INCOME TAX CALCULATED UNDER THIS  
6        SUBSECTION SHALL NOT BE SUBJECT TO THE LIMITS ON THE EARNED  
7        INCOME TAX SPECIFIED UNDER SECTION 311(3).

8            (C) OTHER RATES OF TAXATION.--IF A MUNICIPALITY OR SCHOOL  
9        DISTRICT, BOTH OF WHICH IMPOSE AN EARNED INCOME TAX ON THE SAME  
10       INDIVIDUAL UNDER THIS ACT OR THE TAXPAYER RELIEF ACT AND BOTH OF  
11       WHICH ARE LIMITED TO OR HAVE AGREED UPON A DIVISION OF THE TAX  
12       RATE IN ACCORDANCE WITH SECTION 311 OR 304 OF THE TAXPAYER  
13       RELIEF ACT, AND THE MUNICIPALITY OR SCHOOL DISTRICT RECEIVES  
14       VOTER APPROVAL UNDER SECTION 407 AND OPTS TO INCREASE THE RATE  
15       OF INCOME TAX IN EXCESS OF THAT LIMIT OR AGREEMENT, THEN THE  
16       MUNICIPALITY OR SCHOOL DISTRICT WHICH DOES NOT RECEIVE VOTER  
17       APPROVAL SHALL REMAIN SUBJECT TO THAT LIMIT OR AGREEMENT.

18       SECTION 405. OCCUPATION TAX PROHIBITED.

19            (A) GENERAL RULE.--FOR THE FIRST FISCAL YEAR BEGINNING AFTER  
20        APPROVAL OF THE REFERENDUM REQUIRED UNDER SECTION 407 AND EACH  
21        FISCAL YEAR THEREAFTER, A POLITICAL SUBDIVISION IS PROHIBITED  
22        FROM LEVYING, ASSESSING OR COLLECTING AN OCCUPATION TAX.

23            (B) OCCUPATION ASSESSMENT TAX ROLL.--IN A COUNTY WHERE NO  
24        POLITICAL SUBDIVISION LEVIES THE TAX, THE COUNTY SHALL NOT BE  
25        REQUIRED UNDER THE PROVISIONS OF THIS OR ANOTHER STATUTE TO  
26        MAINTAIN THE OCCUPATION ASSESSMENT TAX ROLL.

27            (C) APPLICABILITY.--THIS SECTION SHALL NOT APPLY TO THE  
28        COLLECTION OF DELINQUENT OCCUPATION TAXES.

29       SECTION 406. RESOLUTION REQUIRED.

30       THE GOVERNING BODY MAY SEEK AUTHORITY TO INCREASE THE MAXIMUM

1 LIMITS OF THE INCOME TAX BY ADOPTING A RESOLUTION TO PLACE A  
2 REFERENDUM ON THE BALLOT PURSUANT TO SECTION 407. THE GOVERNING  
3 BODY SHALL TRANSMIT A COPY OF THE RESOLUTION TO THE APPROPRIATE  
4 ELECTION OFFICIALS. PRIOR TO APPROVING THE RESOLUTION, THE  
5 GOVERNING BODY SHALL:

6 (1) GIVE PUBLIC NOTICE OF ITS INTENT TO ADOPT THE  
7 RESOLUTION IN THE MANNER PROVIDED BY SECTION 306.

8 (2) CONDUCT AT LEAST ONE PUBLIC HEARING REGARDING  
9 ELIMINATING THE OCCUPATION TAX AND INCREASING THE MAXIMUM  
10 RATE OF THE INCOME TAX.

11 SECTION 407. BINDING REFERENDUM.

12 (A) REFERENDUM TO BE HELD.--A POLITICAL SUBDIVISION MAY  
13 INCREASE THE MAXIMUM RATE OF THE INCOME TAX ONLY BY OBTAINING  
14 THE APPROVAL OF THE ELECTORATE OF THE AFFECTED POLITICAL  
15 SUBDIVISION IN A PUBLIC REFERENDUM AT THE GENERAL OR MUNICIPAL  
16 ELECTION PRECEDING THE FISCAL YEAR WHEN THE MAXIMUM RATE OF THE  
17 INCOME TAX WILL BE INCREASED. THE ELECTION OFFICIALS SHALL CAUSE  
18 A QUESTION TO BE PLACED ON THE BALLOT AT THE FIRST GENERAL OR  
19 MUNICIPAL ELECTION OCCURRING AT LEAST 90 DAYS AFTER THEIR  
20 RECEIPT OF THE RESOLUTION REQUIRED IN SECTION 406.

21 (B) CONTENTS OF QUESTION.--THE REFERENDUM QUESTION MUST  
22 STATE THE MAXIMUM RATE OF THE INCOME TAX CALCULATED UNDER  
23 SECTION 404 AND THAT THE ADDITIONAL REVENUE GENERATED BY AN  
24 INCREASE IN THE INCOME TAX WILL BE USED TO ELIMINATE THE  
25 OCCUPATION TAX. THE QUESTION SHALL BE IN CLEAR LANGUAGE THAT IS  
26 READILY UNDERSTANDABLE BY A LAYPERSON. FOR THE PURPOSE OF  
27 ILLUSTRATION, A REFERENDUM QUESTION MAY BE FRAMED AS FOLLOWS:

28 DO YOU FAVOR INCREASING THE RATE OF THE (EARNED OR  
29 PERSONAL) INCOME TAX TO A MAXIMUM OF X%, WITH THE  
30 REQUIREMENT THAT THE INCREASE BE USED TO ELIMINATE THE

1           OCCUPATION TAX?

2           (C) VOTE.--IF A MAJORITY OF THE ELECTORS VOTING ON THE  
3 QUESTION VOTE "YES," THEN THE GOVERNING BODY SHALL BE AUTHORIZED  
4 TO IMPLEMENT AN INCREASE IN THE INCOME TAX PURSUANT TO SECTION  
5 404 AND SHALL BE REQUIRED TO ELIMINATE THE OCCUPATION TAX AS  
6 REQUIRED BY SECTION 405. IF A MAJORITY OF THE ELECTORS VOTING ON  
7 THE QUESTION VOTE "NO," THE GOVERNING BODY SHALL HAVE NO  
8 AUTHORITY TO INCREASE THE RATE OF THE INCOME TAX ABOVE THE  
9 MAXIMUM RATE OTHERWISE PROVIDED BY LAW.

10          (D) VOTING PROCEEDINGS.--PROCEEDINGS UNDER THIS SECTION  
11 SHALL BE IN ACCORDANCE WITH THE PROVISIONS OF THE ACT OF JUNE 3,  
12 1937 (P.L.1333, NO.320), KNOWN AS THE PENNSYLVANIA ELECTION  
13 CODE.

14          SECTION 408. APPLICABILITY.

15          THIS CHAPTER SHALL APPLY TO POLITICAL SUBDIVISIONS WHICH LEVY  
16 AN OCCUPATION TAX ON THE DATE OF ENACTMENT OF THIS SECTION.

17          SECTION 409. APPLICABILITY OF PERSONAL INCOME TAX.

18          NOTHING IN THIS CHAPTER SHALL BE CONSTRUED TO AUTHORIZE A  
19 MUNICIPALITY TO LEVY, ASSESS OR COLLECT A PERSONAL INCOME TAX.  
20 THE AUTHORITY TO LEVY, ASSESS OR COLLECT A PERSONAL INCOME TAX  
21 SHALL ONLY APPLY TO A SCHOOL DISTRICT IN WHICH A BOARD OF SCHOOL  
22 DIRECTORS SOUGHT TO IMPOSE A PERSONAL INCOME TAX UNDER SECTION  
23 321(C) OF THE TAXPAYER RELIEF ACT AND THE REFERENDUM UNDER  
24 SECTION 331.2 OR 332 OF THE TAXPAYER RELIEF ACT IS APPROVED BY  
25 THE ELECTORATE UNDER THE TAXPAYER RELIEF ACT.

26          SECTION 3. REPEALS ARE AS FOLLOWS:

27               (1) THE GENERAL ASSEMBLY DECLARES THAT THE REPEALS UNDER  
28 PARAGRAPHS (2) AND (3) ARE NECESSARY TO EFFECTUATE THE  
29 PROVISIONS OF THIS ACT.

30               (2) THE ACT OF JUNE 22, 2001 (P.L.374, NO.24), KNOWN AS

1 THE OPTIONAL OCCUPATION TAX ELIMINATION ACT, IS REPEALED.

2 (3) THE LAST SENTENCE OF SECTION 303(1) OF THE ACT OF  
3 JUNE 27, 2006 (1ST SP.SESS., P.L.1873, NO.1), KNOWN AS THE  
4 TAXPAYER RELIEF ACT, IS REPEALED.

5 SECTION ~~2~~ 4. THE AMENDMENT OF SECTION ~~2~~ 301.1(F)(1) OF THE <—  
6 ACT SHALL NOT APPLY TO MUNICIPALITIES IMPOSING A TAX ON LEASES  
7 OR LEASE TRANSACTIONS PRIOR TO JULY 1, ~~2007~~ 2008. <—

8 SECTION ~~3~~ 5. THIS ACT SHALL TAKE EFFECT IMMEDIATELY. <—