

---

THE GENERAL ASSEMBLY OF PENNSYLVANIA

---

**SENATE BILL**

**No. 961**      Session of  
2007

---

INTRODUCED BY EICHELBERGER, JUNE 11, 2007

---

SENATOR BROWNE, FINANCE, AS AMENDED, JUNE 13, 2007

---

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 employes 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 earned income tax.

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

25 Section 1. Section 13 II of the act of December 31, 1965  
26 (P.L.1257, No.511), known as The Local Tax Enabling Act, is  
27 amended to read:

1 Section 13. Earned Income Taxes.--On and after the effective  
2 date of this act the remaining provisions of this section shall  
3 be included in or construed to be a part of each tax levied and  
4 assessed upon earned income by any political subdivision levying  
5 and assessing such tax pursuant to this act. The definitions  
6 contained in this section shall be exclusive for any tax upon  
7 earned income and net profits levied and assessed pursuant to  
8 this act, and shall not be altered or changed by any political  
9 subdivision levying and assessing such tax.

10 \* \* \*

11 II. Imposition of Tax

12 The tax levied under this act shall be applicable to earned  
13 income received and to net profits earned in the period  
14 beginning January 1, of the current year, and ending December  
15 31, of the current year or for taxpayer fiscal years beginning  
16 in the current year, except that taxes imposed for the first  
17 time shall become effective from the date specified in the  
18 ordinance or resolution, and the tax shall continue in force on  
19 a calendar year or taxpayer fiscal year basis, without annual  
20 reenactment, unless the rate of the tax is subsequently changed.  
21 Changes in rate shall become effective on the date specified in  
22 the ordinance. Notwithstanding any provision to the contrary, a  
23 city of the third class WITH A POPULATION OF NOT LESS THAN ←  
24 TWENTY-TWO THOUSAND FIVE HUNDRED AND NOT MORE THAN TWENTY-THREE  
25 THOUSAND FIVE HUNDRED BASED ON THE 2000 FEDERAL DECENNIAL CENSUS  
26 may petition the court of common pleas of the county in which it  
27 is located to increase its rates of taxation of earned income up  
28 to an additional five-tenths percent beyond the maximum rates  
29 provided by law, provided that the proceeds are used solely to  
30 reduce any tax imposed on earned income under section 607 of the

1 act of December 18, 1984 (P.L.1005, No.205), known as the  
2 "Municipal Pension Plan Funding Standard and Recovery Act." This  
3 provision may be applied retroactively to offset taxes assessed  
4 and collected under the "Municipal Pension Plan Funding Standard  
5 and Recovery Act" from and after January 1, 2003.

6 \* \* \*

7 Section 2. This act shall take effect in 60 days.