

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1063 Session of
2007

INTRODUCED BY EARLL, BROWNE, WOZNIAK, BOSCOLA, EICHELBERGER,
FERLO, FOLMER, KITCHEN, MADIGAN, PUNT, SCARNATI, WASHINGTON,
D. WHITE, M. WHITE AND C. WILLIAMS, SEPTEMBER 10, 2007

REFERRED TO FINANCE, SEPTEMBER 10, 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 recapture of tax, for register for
23 earned income and occupational privilege taxes, for
24 collection of taxes, for audits of earned income taxes and
25 for earned income taxes; providing for the consolidated
26 collection and uniform distribution of local income taxes;
27 further providing for collection of delinquent taxes, for
28 penalties and for costs of delinquent tax collection; making
29 repeals; and making editorial changes.

30 The General Assembly of the Commonwealth of Pennsylvania
31 hereby enacts as follows:

1 Section 1. The act of December 31, 1965 (P.L.1257, No.511),
2 known as The Local Tax Enabling Act, is amended by adding a
3 chapter heading to read:

4 CHAPTER 1

5 PRELIMINARY PROVISIONS

6 Section 2. Section 1 of the act is renumbered to read:

7 Section [1] 101. Short Title.--This act shall be known and
8 may be cited as "The Local Tax Enabling Act."

9 Section 3. The act is amended by adding a chapter heading to
10 read:

11 CHAPTER 3

12 LOCAL TAXES

13 Section 4. Section 2 of the act, amended June 21, 2007
14 (P.L.13, No.7), is renumbered and amended to read:

15 Section [2] 301. Delegation of Taxing Powers and
16 Restrictions Thereon.--(a) The duly constituted authorities of
17 the following political subdivisions, cities of the second
18 class, cities of the second class A, cities of the third class,
19 boroughs, towns, townships of the first class, townships of the
20 second class, school districts of the second class, school
21 districts of the third class, and school districts of the fourth
22 class, in all cases including independent school districts may,
23 in their discretion, by ordinance or resolution, for general
24 revenue purposes, levy, assess and collect or provide for the
25 levying, assessment and collection of such taxes as they shall
26 determine on persons, transactions, occupations, privileges,
27 subjects and personal property within the limits of such
28 political subdivisions, and upon the transfer of real property,
29 or of any interest in real property, situate within the
30 political subdivision levying and assessing the tax, regardless

1 of where the instruments making the transfers are made, executed
2 or delivered or where the actual settlements on such transfer
3 take place. The taxing authority may provide that the transferee
4 shall remain liable for any unpaid realty transfer taxes imposed
5 by virtue of this [act] chapter.

6 (b) Each local taxing authority may, by ordinance or
7 resolution, exempt any person whose total income from all
8 sources is less than twelve thousand dollars (\$12,000) per annum
9 from the per capita or similar head tax, occupation tax or
10 earned income tax, or any portion thereof, and may adopt
11 regulations for the processing of claims for exemptions.

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

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

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

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

1 Pennsylvania Air National Guard.

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

10 (e) (1) A person seeking to claim an exemption from the
11 local services tax may annually file an exemption certificate
12 with the political subdivision levying the tax and with the
13 person's employer affirming that the person reasonably expects
14 to receive earned income and net profits from all sources within
15 the political subdivision of less than twelve thousand dollars
16 (\$12,000) in the calendar year for which the exemption
17 certificate is filed. In the event the political subdivision
18 utilizes a tax collection officer pursuant to section 10 of this
19 act, the political subdivision shall provide a copy of the
20 exemption certificate to that officer. The exemption certificate
21 shall have attached to it a copy of all the employe's last pay
22 stubs or W-2 forms from employment within the political
23 subdivision for the year prior to the fiscal year for which the
24 employe is requesting to be exempted from the local services
25 tax. Upon receipt of the exemption certificate and until
26 otherwise instructed by the political subdivision levying the
27 tax or except as required by clause (2), the employer shall not
28 withhold the tax from the person during the calendar year or the
29 remainder of the calendar year for which the exemption
30 certificate applies. Employers shall ensure that the exemption

1 certificate forms are readily available to employes at all times
2 and shall furnish each new employe with a form at the time of
3 hiring. The Department of Community and Economic Development
4 shall develop and make available to political subdivisions and
5 employers uniform exemption certificates required by this
6 clause.

7 (2) With respect to a person who claimed an exemption for a
8 given calendar year from the local services tax, upon
9 notification to an employer by the person or by the political
10 subdivision that the person has received earned income and net
11 profits from all sources within that political subdivision equal
12 to or in excess of twelve thousand dollars (\$12,000) in that
13 calendar year or that the person is otherwise ineligible for the
14 tax exemption for that calendar year, or upon an employer's
15 payment to the person of earned income within that political
16 subdivision in an amount equal to or in excess of twelve
17 thousand dollars (\$12,000) in that calendar year, an employer
18 shall withhold the local services tax from the person under
19 clause (3).

20 (3) If a person who claimed an exemption for a given
21 calendar year from the local services tax becomes subject to the
22 tax for the calendar year under clause (2), the employer shall
23 withhold the tax for the remainder of that calendar year. The
24 employer shall withhold from the person, for the first payroll
25 period after receipt of the notification under clause (2), a
26 lump sum equal to the amount of tax that was not withheld from
27 the person due to the exemption claimed by the person under this
28 subsection, plus the per payroll amount due for that first
29 payroll period. The amount of tax withheld per payroll period
30 for the remaining payroll periods in that calendar year shall be

1 the same amount withheld for other employes. In the event the
2 employment of a person subject to withholding of the tax under
3 this clause is subsequently severed in that calendar year, the
4 person shall be liable for any outstanding balance of tax due,
5 and the political subdivision levying the tax may pursue
6 collection under this act.

7 (4) Except as provided in clause (2), it is the intent of
8 this subsection that employers shall not be responsible for
9 investigating exemption certificates, monitoring tax exemption
10 eligibility or exempting any employe from a local services tax.

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

13 (1) To levy, assess and collect or provide for the levying,
14 assessment and collection of any tax on the transfer of real
15 property when the transfer is by will or mortgage or the
16 intestate laws of this Commonwealth or on a transfer by the
17 owner of previously occupied residential premises to a builder
18 of new residential premises when such previously occupied
19 residential premises is taken in trade by such builder as part
20 of the consideration from the purchaser of a new previously
21 unoccupied single family residential premises or on a transfer
22 between corporations operating housing projects pursuant to the
23 housing and redevelopment assistance law and the shareholders
24 thereof, or on a transfer between nonprofit industrial
25 development agencies and industrial corporations purchasing from
26 them, or on transfer to or from nonprofit industrial development
27 agencies, or on a transfer between husband and wife, or on a
28 transfer between persons who were previously husband and wife
29 but who have since been divorced; provided such transfer is made
30 within three months of the date of the granting of the final

1 decree in divorce, or the decree of equitable distribution of
2 marital property, whichever is later, and the property or
3 interest therein, subject to such transfer, was acquired by the
4 husband and wife, or husband or wife, prior to the granting of
5 the final decree in divorce, or on a transfer between parent and
6 child or the spouse of such a child, or between parent and
7 trustee for the benefit of a child or the spouse of such child,
8 or on a transfer between a grandparent and grandchild or the
9 spouse of such grandchild, or on a transfer between brother and
10 sister or brother and brother or sister and sister or the spouse
11 of such brother or sister, or on a transfer to a conservancy
12 which possesses a tax-exempt status pursuant to section
13 501(c)(3) of the Internal Revenue Code, and which has as its
14 primary purpose the preservation of land for historic,
15 recreational, scenic, agricultural or open space opportunities,
16 by and between a principal and straw party for the purpose of
17 placing a mortgage or ground rent upon the premises, or on a
18 correctional deed without consideration, or on a transfer to the
19 United States, the Commonwealth of Pennsylvania, or to any of
20 their instrumentalities, agencies or political subdivisions, by
21 gift, dedication or deed in lieu of condemnation, or deed of
22 confirmation in connection with condemnation proceedings, or
23 reconveyance by the condemning body of the property condemned to
24 the owner of record at the time of condemnation which
25 reconveyance may include property line adjustments provided said
26 reconveyance is made within one year from the date of
27 condemnation, leases, or on a conveyance to a trustee under a
28 recorded trust agreement for the express purpose of holding
29 title in trust as security for a debt contracted at the time of
30 the conveyance under which the trustee is not the lender and

1 requiring the trustee to make reconveyance to the grantor-
2 borrower upon the repayment of the debt, or a transfer within a
3 family from a sole proprietor family member to a family farm
4 corporation, or in any sheriff sale instituted by a mortgagee in
5 which the purchaser of said sheriff sale is the mortgagee who
6 instituted said sale, or on a privilege, transaction, subject,
7 occupation or personal property which is now or does hereafter
8 become subject to a State tax or license fee;

9 (2) To levy, assess or collect a tax on the gross receipts
10 from utility service of any person or company whose rates and
11 services are fixed and regulated by the Pennsylvania Public
12 Utility Commission or on any public utility services rendered by
13 any such person or company or on any privilege or transaction
14 involving the rendering of any such public utility service;

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

26 (4) To levy, assess and collect a tax on goods and articles
27 manufactured in such political subdivision or on the by-products
28 of manufacture, or on minerals, timber, natural resources and
29 farm products produced in such political subdivision or on the
30 preparation or processing thereof for use or market, or on any

1 privilege, act or transaction related to the business of
2 manufacturing, the production, preparation or processing of
3 minerals, timber and natural resources, or farm products, by
4 manufacturers, by producers and by farmers with respect to the
5 goods, articles and products of their own manufacture,
6 production or growth, or on any privilege, act or transaction
7 relating to the business of processing by-products of
8 manufacture, or on the transportation, loading, unloading or
9 dumping or storage of such goods, articles, products or by-
10 products; except that local authorities may levy, assess and
11 collect a local services tax and taxes on the occupation, per
12 capita and earned income or net profits of natural persons
13 engaged in the above activities whether doing business as
14 individual proprietorship or as members of partnerships or other
15 associations;

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

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

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

1 scout troops and councils;

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

6 (9) To levy, assess or collect any tax on individuals for
7 the privilege of engaging in an occupation except that such a
8 tax, to be known as the local services tax, may be levied,
9 assessed and collected only by the political subdivision of the
10 taxpayer's place of employment. The following apply:

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

26 (ii) If a school district levied an emergency and municipal
27 services tax on the effective date of this subclause, the school
28 district may continue to levy the local services tax in the same
29 amount the school district collected on the effective date of
30 this subclause. However, if a municipality located in whole or

1 in part within the school district subsequently levies the local
2 services tax, the school district may only collect five dollars
3 (\$5) on persons employed within the municipality each calendar
4 year. A school district that did not levy an emergency and
5 municipal services tax on the effective date of this subclause
6 shall be prohibited from levying the local services tax. If a
7 school district and a municipality located in whole or in part
8 within the school district both levy a local services tax at a
9 combined rate exceeding ten dollars (\$10), the school district's
10 pro rata share of the aggregate local services taxes levied on
11 persons employed within the municipality shall be collected by
12 the municipality or its tax officer based on payroll periods as
13 provided under subclause (i) and shall be paid to the school
14 district on a quarterly basis within sixty days of receipt by
15 the municipality or its tax officer.

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

20 (iv) With respect to a person subject to the local services
21 tax at a combined rate exceeding ten dollars (\$10), the situs of
22 the tax shall be the place of employment on the first day the
23 person becomes subject to the tax during each payroll period.

24 With respect to a person subject to the local services tax at a
25 combined rate of not more than ten dollars (\$10), the situs of
26 the tax shall be the place of employment determined as of the
27 day the person first becomes subject to the tax during the
28 calendar year. In the event a person is engaged in more than one
29 occupation, that is, concurrent employment, or an occupation
30 which requires the person working in more than one political

1 subdivision during a payroll period, the priority of claim to
2 collect the local services tax shall be in the following order:
3 first, the political subdivision in which a person maintains the
4 person's principal office or is principally employed; second,
5 the political subdivision in which the person resides and works,
6 if the tax is levied by that political subdivision; and third,
7 the political subdivision in which a person is employed and
8 which imposes the tax nearest in miles to the person's home.

9 (v) In the case of concurrent employment, an employer shall
10 refrain from withholding the local services tax if the employe
11 provides a recent pay statement from a principal employer that
12 includes the name of the employer, the length of the payroll
13 period and the amount of the local services tax withheld and a
14 statement from the employe that the pay statement is from the
15 employe's principal employer and the employe will notify other
16 employers of a change in principal place of employment within
17 two weeks of its occurrence. The Department of Community and
18 Economic Development shall develop a uniform employe statement
19 form.

20 (vi) The local services tax shall be no more than fifty-two
21 dollars (\$52) on each person for each calendar year,
22 irrespective of the number of political subdivisions within
23 which a person may be employed. A political subdivision shall
24 provide a taxpayer a receipt of payment upon request by the
25 taxpayer.

26 (vii) Political subdivisions shall adopt regulations for the
27 processing of refund claims for overpaid local services taxes
28 for any calendar year. The regulations shall be consistent with
29 53 Pa.C.S. §§ 8425 (relating to refunds of overpayments) and
30 8426 (relating to interest on overpayment). Refunds made within

1 seventy-five days of a refund request or seventy-five days after
2 the last day the employer is required to remit the local
3 services tax for the last quarter of the calendar year under
4 section 9 of this act, whichever is later, shall not be subject
5 to interest imposed under 53 Pa.C.S. § 8426. Political
6 subdivisions shall only provide refunds for amounts overpaid in
7 a calendar year that exceed one dollar (\$1).

8 (viii) The Department of Community and Economic Development
9 shall provide suggested forms and technical assistance to
10 facilitate the administration of the local services tax for
11 political subdivisions and reduce the burden of implementation,
12 accounting and compliance for employers and taxpayers.

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

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

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

24 (12) To levy, assess and collect a mercantile or business
25 privilege tax on gross receipts or part thereof which are: (i)
26 discounts allowed to purchasers as cash discounts for prompt
27 payment of their bills; (ii) charges advanced by a seller for
28 freight, delivery or other transportation for the purchaser in
29 accordance with the terms of a contract of sale; (iii) received
30 upon the sale of an article of personal property which was

1 acquired by the seller as a trade-in to the extent that the
2 gross receipts in the sale of the article taken in trade does
3 not exceed the amount of trade-in allowance made in acquiring
4 such article; (iv) refunds, credits or allowances given to a
5 purchaser on account of defects in goods sold or merchandise
6 returned; (v) Pennsylvania sales tax; (vi) based on the value of
7 exchanges or transfers between one seller and another seller who
8 transfers property with the understanding that property of an
9 identical description will be returned at a subsequent date;
10 however, when sellers engaged in similar lines of business
11 exchange property and one of them makes payment to the other in
12 addition to the property exchanged, the additional payment
13 received may be included in the gross receipts of the seller
14 receiving such additional cash payments; (vii) of sellers from
15 sales to other sellers in the same line where the seller
16 transfers the title or possession at the same price for which
17 the seller acquired the merchandise; or (viii) transfers between
18 one department, branch or division of a corporation or other
19 business entity of goods, wares and merchandise to another
20 department, branch or division of the same corporation or
21 business entity and which are recorded on the books to reflect
22 such interdepartmental transactions.

23 (13) To levy, assess or collect an amusement or admissions
24 tax on membership, membership dues, fees or assessments,
25 donations, contributions or monetary charges of any character
26 whatsoever paid by the general public, or a limited or selected
27 number thereof, for such persons to enter into any place,
28 indoors or outdoors, to engage in any activities, the
29 predominant purpose or nature of which is exercise, fitness,
30 health maintenance, improvement or rehabilitation, health or

1 nutrition education, or weight control.

2 (14) Except by cities of the second class, to levy, assess
3 or collect a tax on payroll amounts generated as a result of
4 business activity.

5 (15) Except by cities of the second class in which a sports
6 stadium or arena that has received public funds in connection
7 with its construction or maintenance is located, to levy, assess
8 and collect a publicly funded facility usage fee upon those
9 nonresident individuals who use such facility to engage in an
10 athletic event or otherwise render a performance for which they
11 receive remuneration.

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

16 (g) For the purposes of this section, the terms "earned
17 income" and "net profits" shall have the same meanings as those
18 terms are given in [Division I of section 13] section 501.

19 Section 5. Section 2.1 of the act, added October 11, 1984
20 (P.L.885, No.172), is renumbered and amended to read:

21 Section [2.1] 302. Recapture of Tax.--(a) Notwithstanding
22 the provisions of section [2(1) of this act] 301(1), if any
23 stock of a family farm corporation is transferred to a person
24 who is not a family member within ten years from the date of the
25 conveyance from a sole proprietor family member to a family farm
26 corporation, the tax imposed by this article shall become
27 immediately due and payable.

28 (b) As used in this [act] chapter:

29 "Business entity" means a sole proprietorship, corporation,
30 joint-stock association or company, partnership, limited

1 partnership, limited liability company, association, business
2 trust, syndicate or other commercial or professional activity
3 organized under the laws of this Commonwealth or any other
4 jurisdiction.

5 "Employer" means a person, business entity or other entity,
6 including the Commonwealth, its political subdivisions and
7 instrumentalities and public authorities, employing one or more
8 persons for a salary, wage, commission or other compensation.

9 "Family farm corporation" means a Pennsylvania corporation at
10 least seventy-five percent of the assets of which are devoted to
11 the business of agriculture, which business, for the purposes of
12 this definition, shall not be deemed to include (i) recreational
13 activities such as, but not limited to, hunting, fishing,
14 camping, skiing, show competition or racing; (ii) the raising,
15 breeding or training of game animals or game birds, fish, cats,
16 dogs or pets or animals intended for use in sporting or
17 recreational activities; (iii) fur farming; (iv) stockyard and
18 slaughterhouse operations; or (v) manufacturing or processing
19 operations of any kind: Provided, however, That at least
20 seventy-five percent of all of the stock of the corporation must
21 be owned by members of the same family.

22 "Members of the same family" means an individual, such
23 individual's brothers and sisters, the brothers and sisters of
24 such individual's parents and grandparents, the ancestors and
25 lineal descendents of any of the foregoing and a spouse of any
26 of the foregoing. Individuals related by the half blood or by
27 legal adoption shall be treated as if they were related by the
28 whole blood.

29 "Private agency" means a business entity appointed as a tax
30 collector by a political subdivision.

1 Section 6. Sections 2.2 and 2.3 of the act, added December
2 1, 2004 (P.L.1729, No.222), are renumbered and amended to read:

3 Section [2.2] 303. Payroll Tax.--(a) A city of the second
4 class may levy, assess or collect a tax that does not exceed
5 fifty-five hundredths percent on payroll amounts generated as a
6 result of an employer conducting business activity within a city
7 of the second class. For purposes of a payroll tax levied,
8 assessed or collected by a city of the second class, the
9 business activity shall be directly attributable to activity
10 within a city of the second class. For purposes of computation
11 of the payroll tax imposed pursuant to this section, the payroll
12 amount attributable to the city shall be determined by applying
13 an apportionment factor to total payroll expense based on that
14 portion of payroll expense which the total number of days an
15 employe, partner, member, shareholder or other individual works
16 within the city bears to the total number of days such employe
17 or person works within and outside of the city.

18 (a.1) A charitable organization that qualifies for tax
19 exemption pursuant to the act of November 26, 1997 (P.L.508,
20 No.55), known as the "Institutions of Purely Public Charity
21 Act," shall calculate the tax that would otherwise be
22 attributable to the city, but shall only pay the tax on that
23 portion of its payroll expense attributable to business activity
24 for which a tax may be imposed pursuant to section 511 of the
25 Internal Revenue Code of 1986 (Public Law [95-223] 99-514, 26
26 U.S.C. § 1 et seq.). If the charity has purchased or is
27 operating branches, affiliates, subsidiaries or other business
28 entities that do not independently meet the standards of the
29 "Institutions of Purely Public Charity Act," the tax shall be
30 paid on the payroll attributable to such for-profit branches,

1 affiliates or subsidiaries, whether or not the employes are
2 leased or placed under the auspices of the charity's umbrella or
3 parent organization. Nothing in this subsection shall restrict
4 the ability of a charitable organization to contract with the
5 city to provide services to the city in lieu of some or all
6 taxes due under this section.

7 (b) For purposes of the payroll tax assessed pursuant to
8 this section, an employer is conducting business within a city
9 of the second class if the employer engages, hires, employs or
10 contracts with one or more individuals as employes and, in
11 addition, the employer does at least one of the following:

12 (1) maintains a fixed place of business within the city;

13 (2) owns or leases real property within the city for
14 purposes of such business;

15 (3) maintains a stock of tangible personal property in the
16 city for sale in the ordinary course of such business;

17 (4) conducts continuous solicitation within the city related
18 to such business; or

19 (5) utilizes the streets of the city in connection with the
20 operation of such business other than transportation through the
21 city.

22 (c) All employers in a city of the second class shall file
23 quarterly returns and make quarterly payments as provided for by
24 ordinance enacted by a city of the second class. Every employer
25 making a return shall certify the correctness thereof. A city of
26 the second class may audit, examine or inspect the books,
27 records or accounts of all employers subject to the tax imposed
28 pursuant to this section.

29 (d) A city of the second class may enact ordinances and
30 regulations necessary to implement this section. The ordinance

1 levying the tax authorized by this section shall permanently
2 replace the city's existing mercantile tax and shall reduce the
3 business privilege tax rate as follows:

4 (1) In tax years 2005 and 2006, the business privilege tax
5 shall be two mills.

6 (2) In tax years 2007, 2008 and 2009, the business privilege
7 tax shall be one mill unless the revenues collected from the
8 payroll expense tax exceed fifty million five hundred thousand
9 dollars (\$50,500,000) in any fiscal year, at which time the
10 business privilege tax shall be replaced for the subsequent
11 fiscal year. After the phaseout of the business privilege tax,
12 all amounts of moneys in excess of fifty million five hundred
13 thousand dollars (\$50,500,000) shall be used by the city of the
14 second class to further accelerate the reduction of the tax
15 imposed by the city of the second class on parking as provided
16 in section [5.1] 308.

17 (3) In tax year 2010 and thereafter, the business privilege
18 tax may not be imposed.

19 (e) All taxes, additions and penalties collected pursuant to
20 this section shall be used by a city of the second class
21 exclusively for the general revenue purposes of the city.

22 (f) An employer shall not offset the amount of tax paid
23 pursuant to this section by reducing compensation or benefits
24 paid to employes.

25 (g) A city of the second class may bring suit for the
26 recovery of taxes due and unpaid under this section. Any suit
27 brought to recover the tax imposed by this section shall be
28 commenced within three years after such tax is due or within
29 three years after the declaration or return has been filed,
30 whichever is later: Provided, however, That this limitation

1 shall not prevent the institution of a suit for the collection
2 of any tax due or determined to be due in the following cases:

3 (1) Where no declaration or return was filed by any person
4 although a declaration or return was required to be filed by him
5 under provisions of this section, there shall be no limitation.

6 (2) Where an examination of the declaration or return filed
7 by any person or of other evidence relating to such declaration
8 or return in the possession of the city of the second class
9 reveals a fraudulent evasion of taxes, there shall be no
10 limitation.

11 (3) In the case of substantial understatement of tax
12 liability of twenty-five percent or more and no fraud, suit
13 shall be begun within six years.

14 (4) This section shall not be construed to limit the
15 governing body from recovering delinquent taxes by any other
16 means provided by law.

17 (h) If for any reason the payroll tax is not paid when due,
18 interest at the rate of six percent per annum on the amount of
19 said tax and an additional penalty of one percent of the amount
20 of the unpaid tax for each month or fraction thereof during
21 which the tax remains unpaid shall be added and collected. Where
22 suit is brought for the recovery of any such tax, the employer
23 shall, in addition, be liable for the costs of collection and
24 the interest and penalties herein imposed. A city of the second
25 class may, by ordinance or resolution, establish a one-time
26 period during which interest or interest and penalties that
27 would otherwise be imposed for the nonreporting or
28 underreporting of payroll tax liabilities or for the nonpayment
29 of payroll taxes previously imposed and due shall be waived in
30 total or in part if the taxpayer voluntarily files delinquent

1 returns and pays the taxes in full during the period so
2 established.

3 (i) In addition to any other additions, penalties or
4 enforcement proceedings provided for by ordinance of a city of
5 the second class or a law of this Commonwealth for the
6 collection and enforcement of taxes or the submission of
7 information to a government entity:

8 (1) Any employer who wilfully makes any false or untrue
9 statement on the employer's return commits a misdemeanor of the
10 second degree and shall, upon conviction, be sentenced to pay a
11 fine of not more than two thousand dollars (\$2,000) or to
12 imprisonment for not more than two years, or both.

13 (2) Any employer who wilfully fails or refuses to file a
14 return required by this section commits a misdemeanor of the
15 third degree and shall, upon conviction, be sentenced to pay a
16 fine of not more than one thousand dollars (\$1,000) or to
17 imprisonment for not more than one year, or both.

18 (3) Any person who wilfully fails or refuses to appear
19 before the collector in person with the employer's books,
20 records or accounts for examination when required under the
21 provisions of this section or of an ordinance to do so, or who
22 wilfully refuses to permit inspection of the books, records or
23 accounts of any employer in the person's custody or control when
24 the right to make such inspection by the collector is requested,
25 commits a misdemeanor and shall, upon conviction, be sentenced
26 to pay a fine of not more than five hundred dollars (\$500) or to
27 imprisonment for not more than six months, or both.

28 (j) As used in this section:

29 "Employer" means all persons conducting business activity
30 within a city of the second class except for a governmental

1 entity.

2 "Payroll amounts" means all amounts paid by an employer as
3 salaries, wages, commissions, bonuses, net earnings and
4 incentive payments, whether based on profits or otherwise, fees
5 and similar remuneration for services rendered, whether directly
6 or through an agent and whether in cash, in property or the
7 right to receive property.

8 Section [2.3] 304. Nonresident Sports Facility Usage Fee.--A
9 city of the second class in which is located a sports stadium or
10 arena that has received public funds in connection with its
11 construction or maintenance may enact a publicly funded facility
12 usage fee upon those nonresident individuals who use such
13 facility to engage in an athletic event or otherwise render a
14 performance for which they receive remuneration. The fee may be
15 a flat dollar amount or a percentage of the individual's income
16 attributable to such individual's usage of the facility. If the
17 fee is a percentage, it may not exceed three percent of the
18 earned income of the individual attributable to the usage of the
19 facility. If any fee is imposed, those individuals liable for
20 the fee shall be exempt from any earned income tax imposed by
21 the city of the second class pursuant to this [act] chapter and
22 any such tax imposed under section 652.1 of the act of March 10,
23 1949 (P.L.30, No.14), known as the "Public School Code of 1949."
24 Should a court of competent jurisdiction determine this
25 provision to be invalid for any reason, persons subject to the
26 publicly funded facility usage fee shall not be exempt from any
27 previously applicable earned income tax.

28 Section 7. Section 3 of the act is renumbered and amended to
29 read:

30 Section [3] 305. Vacation of Tax Ordinances and Resolutions

1 by State Tax Measures.--If, subsequent to the passage of any
2 ordinance or resolution under the authority of this [act]
3 chapter, the General Assembly shall impose a tax or license fee
4 on any privilege, transactions, subject or occupation, or on
5 personal property or on sales of admission to places of
6 amusement or on sales or other transfer of title or possession
7 of property taxed by any such political subdivision hereunder,
8 the act of Assembly imposing the State tax or license fee
9 thereon shall automatically vacate the ordinance or resolution
10 passed under the authority of this [act] chapter as to all taxes
11 accruing subsequent to the end of the current fiscal year of
12 such political subdivision. It is the intention of this section
13 to confer upon such political subdivision the power to levy,
14 assess and collect taxes upon any and all subjects of taxation,
15 except as above restricted and limited, which the Commonwealth
16 has power to tax but which it does not tax or license, subject
17 only to the foregoing provision that any tax or license shall
18 automatically terminate at the end of the current fiscal year of
19 the political subdivision.

20 Section 8. Sections 4 and 5 of the act, amended October 9,
21 1967 (P.L.361, No.160), are renumbered and amended to read:

22 Section [4] 306. Advertisement of Intention to Adopt Tax
23 Ordinance or Resolution.--Prior to the passage of any ordinance
24 or the adoption of any resolution imposing a tax or license fee
25 under the authority hereunder granted, such political
26 subdivision shall give notice of the intention to pass such
27 ordinance or adopt such resolution. Such notice shall be given
28 in addition to all other notices required by law to be given and
29 shall set forth the substantial nature of the tax or license fee
30 to be imposed by the proposed ordinance or resolution, the

1 reason which, in the judgment of the officials of the
2 subdivision, necessitates the imposition of the tax, and the
3 amount of revenue estimated to be derived from the tax.
4 Publication of such notice shall be made by advertisement once a
5 week for three weeks in a newspaper of general circulation
6 within such political subdivision if there is such newspaper
7 and, if there is not, then such publication shall be made in a
8 newspaper of general circulation within the county in which the
9 advertising political subdivision is located.

10 Every such tax shall continue in force on a calendar or
11 fiscal year basis, as the case may be, without annual
12 reenactment unless the rate of the tax is subsequently changed.

13 Section [5] 307. Rate, Amount, Court Approval; Revision of
14 Budget.--Any tax imposed under this [act] chapter shall not be
15 subject to any limitations under existing laws as to rate or
16 amount or as to the necessity of securing court approval or as
17 to budgetary requirements. Any city, borough or township
18 imposing a tax under this [act] chapter may revise its budget
19 during any fiscal year by increasing or making additional
20 appropriations from funds to be provided from such tax.

21 The ordinance or resolution may be passed or adopted prior to
22 the beginning of the fiscal year and prior to the preparation of
23 the budget when desirable.

24 Every ordinance or resolution which imposed a tax under the
25 authority of this [act] chapter shall be passed or adopted, if
26 for a school district, during the period other school taxes are
27 required by law to be levied and assessed by such district. Each
28 ordinance and resolution shall state that it is enacted under
29 the authority of this [act] chapter, known as "The Local Tax
30 Enabling Act".

1 Section 9. Section 5.1 of the act, added December 1, 2004
2 (P.L.1729, No.222), is renumbered to read:

3 Section [5.1] 308. Second Class City Parking Tax Rates.--The
4 rate of the tax imposed on parking transactions shall not differ
5 from the rate contained in City of Pittsburgh Ordinance Number
6 43-2003 as of January 1, 2004, except as follows:

7 (1) In tax year 2007, the rate of tax shall not exceed 45%.

8 (2) In tax year 2008, the rate of tax shall not exceed 40%.

9 (3) In tax year 2009, the rate of tax shall not exceed
10 37.5%.

11 (4) In tax year 2010, the rate of tax shall not exceed 35%
12 as existed prior to the adoption of the ordinance.

13 Section 10. Section 6 of the act, repealed in part June 3,
14 1971 (P.L.118, No.6), is renumbered and amended to read:

15 Section [6] 309. Appeals by Taxpayers.--No tax levied for
16 the first time by any political subdivision to which this [act]
17 chapter applies shall go into effect until thirty days from the
18 time of the adoption of the ordinance or resolution levying the
19 tax. Within said thirty days, taxpayers representing twenty-five
20 percent or more of the total valuation of real estate in the
21 political subdivision as assessed for taxation purposes, or
22 taxpayers of the political subdivision not less than twenty-five
23 in number aggrieved by the ordinance or resolution shall have
24 the right to appeal therefrom to the court of quarter sessions
25 of the county upon giving bond with sufficient security in the
26 amount of five hundred dollars (\$500), approved by the court, to
27 prosecute the appeal with effect and for the payment of costs.
28 The petition shall set forth the objections to the tax and the
29 facts in support of such objections, and shall be accompanied by
30 the affidavit of at least five of the petitioners that the

1 averments of the petition are true and the petition is not filed
2 for the purpose of delay.

3 No such appeal shall act as a supersedeas unless specifically
4 allowed by the court to which the appeal is taken or a judge
5 thereof.

6 Immediately upon the filing of any such petition, the
7 petitioners shall serve a copy of the petition and any rule
8 granted by the court upon the president, chairman, secretary or
9 clerk of the legislative body levying the tax.

10 The court shall fix a day for a hearing not less than fifteen
11 days nor more than thirty days after the filing of the petition.
12 Notice of the time of such hearing shall be given to all
13 interested parties as the court shall direct. The court shall
14 promptly hear and dispose of the appeal.

15 It shall be the duty of the court to declare the ordinance
16 and the tax imposed thereby to be valid unless it concludes that
17 the ordinance is unlawful or finds that the tax imposed is
18 excessive or unreasonable; but the court shall not interfere
19 with the reasonable discretion of the legislative body in
20 selecting the subjects or fixing the rates of the tax. The court
21 may declare invalid all or any portion of the ordinance or of
22 the tax imposed or may reduce the rates of tax.

23 Section 11. Sections 7, 8 and 9 of the act, amended June 21,
24 2007 (P.L.13, No.7), are renumbered and amended to read:

25 Section [7] 310. Filing of Certified Copies of Ordinances
26 and Resolutions.--When an ordinance or a resolution is first
27 passed or adopted by a political subdivision imposing a tax or
28 license fee under the authority of this [act] chapter, an exact
29 printed or typewritten copy thereof, certified to by the
30 secretary of the taxing body, shall be filed with the Department

1 of Community and Economic Development within fifteen days after
2 the same becomes effective.

3 Any secretary or person acting as the clerk or secretary of
4 the taxing body of any political subdivision during the meeting
5 at which an ordinance or resolution imposing a tax or license
6 fee is passed or adopted as herein provided who shall fail to
7 file the certified copy or statement relative thereto with the
8 Department of Community and Economic Development as herein
9 required, shall, upon summary conviction thereof in the county
10 in which the political subdivision is located, be sentenced to
11 pay a fine of not less than five dollars (\$5) nor more than
12 twenty-five dollars (\$25), and the costs of prosecution.

13 Section [8] 311. Limitations on Rates of Specific Taxes.--No
14 taxes levied under the provisions of this [act] chapter shall be
15 levied by any political subdivision on the following subjects
16 exceeding the rates specified in this section:

17 (1) Per capita, poll or other similar head taxes, ten
18 dollars (\$10).

19 (2) On each dollar of the whole volume of business
20 transacted by wholesale dealers in goods, wares and merchandise,
21 one mill, by retail dealers in goods, wares and merchandise and
22 by proprietors of restaurants or other places where food, drink
23 and refreshments are served, one and one-half mills; except in
24 cities of the second class, where rates shall not exceed one
25 mill on wholesale dealers and two mills on retail dealers and
26 proprietors. No such tax shall be levied on the dollar volume of
27 business transacted by wholesale and retail dealers derived from
28 the resale of goods, wares and merchandise, taken by any dealer
29 as a trade-in or as part payment for other goods, wares and
30 merchandise, except to the extent that the resale price exceeds

1 the trade-in allowance.

2 (3) On wages, salaries, commissions and other earned income
3 of individuals, one percent.

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

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

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

10 (7) Flat rate occupation taxes not using a millage or
11 percentage as a basis, ten dollars (\$10).

12 (8) Local services taxes, fifty-two dollars (\$52).

13 (9) On admissions to ski facilities, ten percent. The tax
14 base upon which the tax shall be levied shall not exceed forty
15 percent of the cost of the lift ticket. The lift ticket shall
16 include all costs of admissions to the ski facility.

17 (10) On admissions to golf courses, ten percent. The tax
18 base upon which the tax shall be levied shall not exceed forty
19 percent of the greens fee. The greens fee shall include all
20 costs of admissions to the golf course.

21 (12) On payrolls, fifty-five hundredths percent.

22 Except as otherwise provided in this [act] chapter, at any
23 time two political subdivisions shall impose any one of the
24 above taxes on the same person, subject, business, transaction
25 or privilege, located within both such political subdivisions,
26 during the same year or part of the same year, under the
27 authority of this [act] chapter then the tax levied by a
28 political subdivision under the authority of this [act] chapter
29 shall, during the time such duplication of the tax exists,
30 except as hereinafter otherwise provided, be one-half of the

1 rate, as above limited, and such one-half rate shall become
2 effective by virtue of the requirements of this [act] chapter
3 from the day such duplication becomes effective without any
4 action on the part of the political subdivision imposing the tax
5 under the authority of this [act] chapter. When any one of the
6 above taxes has been levied under the provisions of this [act]
7 chapter by one political subdivision and a subsequent levy is
8 made either for the first time or is revived after a lapse of
9 time by another political subdivision on the same person,
10 subject, business, transaction or privilege at a rate that would
11 make the combined levies exceed the limit allowed by this
12 subdivision, the tax of the second political subdivision shall
13 not become effective until the end of the fiscal year for which
14 the prior tax was levied, unless:

15 (1) Notice indicating its intention to make such levy is
16 given to the first taxing body by the second taxing body as
17 follows: (i) when the notice is given to a school district it
18 shall be given at least forty-five days prior to the last day
19 fixed by law for the levy of its school taxes; (ii) when given
20 to any other political subdivision it shall be prior to the
21 first day of January immediately preceding, or if a last day for
22 the adoption of the budget is fixed by law, at least forty-five
23 days prior to such last day; or

24 (2) Unless the first taxing body shall indicate by
25 appropriate resolution its desire to waive notice requirements
26 in which case the levy of the second taxing body shall become
27 effective on such date as may be agreed upon by the two taxing
28 bodies.

29 It is the intent and purpose of this provision to limit rates
30 of taxes referred to in this section so that the entire burden

1 of one tax on a person, subject, business, transaction or
2 privilege shall not exceed the limitations prescribed in this
3 section: Provided, however, That any two political subdivisions
4 which impose any one of the above taxes, on the same person,
5 subject, business, transaction or privilege during the same year
6 or part of the same year may agree among themselves that,
7 instead of limiting their respective rates to one-half of the
8 maximum rate herein provided, they will impose respectively
9 different rates, the total of which shall not exceed the maximum
10 rate as above permitted.

11 Notwithstanding the provisions of this section, any city of
12 the second class A may enact a tax upon wages, salaries,
13 commissions and other earned income of individuals resident
14 therein, not exceeding one percent, even though a school
15 district levies a similar tax on the same person provided that
16 the aggregate of both taxes does not exceed two percent.

17 Section [9] 312. Register for [Earned Income] and
18 Withholding of Local Services Taxes.--It shall be the duty of
19 the Department of Community and Economic Development to have
20 available an official continuing register supplemented annually
21 of all [earned income and] local services taxes levied under
22 authority of this [act] chapter. The register and its
23 supplements, hereinafter referred to as the register, shall list
24 such jurisdictions levying [earned income and] local services
25 taxes, the rate of the tax as stated in the tax levying
26 ordinance or resolution, and the effective rate on resident and
27 nonresident taxpayers, if different from the stated rate because
28 of a coterminous levy, the name and address of the officer
29 responsible for administering the collection of the tax and from
30 whom information, forms for reporting and copies of rules and

1 regulations are available. With each jurisdiction listed, all
2 jurisdictions making coterminous levies shall also be noted and
3 their tax rates shown.

4 Information for the register shall be furnished by the
5 secretary of each taxing body to the Department of Community and
6 Economic Development in such manner and on such forms as the
7 Department of Community and Economic Development may prescribe.
8 The information must be received by the Department of Community
9 and Economic Development by certified mail not later than May 31
10 of each year to show new tax enactments, repeals and changes.
11 Failure to comply with this date for filing may result in the
12 omission of the levy from the register for that year. Failure of
13 the Department of Community and Economic Development to receive
14 information of taxes continued without change may be construed
15 by the department to mean that the information contained in the
16 previous register remains in force.

17 The Department of Community and Economic Development shall
18 have the register with such annual supplements as may be
19 required by new tax enactments, repeals or changes available
20 upon request not later than July 1 of each year. The effective
21 period for each register shall be from July 1 of the year in
22 which it is issued to June 30 of the following year.

23 Employers shall not be required by any local ordinance to
24 withhold from the wages, salaries, commissions or other
25 compensation of their employes any tax imposed under the
26 provisions of this act, which is not listed in the register, or
27 make reports of wages, salaries, commissions or other
28 compensation in connection with taxes not so listed: Provided,
29 That if the register is not available by July 1, the register of
30 the previous year shall continue temporarily in effect for an

1 additional period not to exceed one year. The provisions of this
2 section shall not affect the liability of any taxpayer for taxes
3 lawfully imposed under this act.

4 Ordinances or resolutions imposing [earned income or] local
5 services taxes under authority of this [act] chapter may contain
6 provisions requiring employers doing business within the
7 jurisdiction of the political subdivision imposing the tax to
8 withhold the tax from the compensation of those of their
9 employes who are subject to the tax: Provided, That [no employer
10 shall be held liable for failure to withhold earned income taxes
11 or for the payment of such withheld tax money to a political
12 subdivision other than the political subdivision entitled to
13 receive such money if such failure to withhold or such incorrect
14 transmittal of withheld taxes arises from incorrect information
15 as to the employe's place of residence submitted by the employe:
16 And provided further, That] no employer shall be held liable for
17 failure to withhold the local services tax or for the payment of
18 the withheld tax money to a political subdivision if the failure
19 to withhold taxes arises from incorrect information submitted by
20 the employe as to the employe's place or places of employment,
21 the employe's principal office or where the employe is
22 principally employed: And provided further, That an employer
23 shall not be liable for payment of the local services tax in an
24 amount exceeding the amount withheld by the employer if the
25 employer complies with the provisions of section [2(e)] 301(e)
26 and (f)(9) and remits the amount so withheld in accordance with
27 this section: And provided further, That the local services tax
28 shall be applicable to employment in the period beginning
29 January 1, of the current year and ending December 31 of the
30 current year, except that taxes imposed for the first time shall

1 become effective from January 1 of the year specified in the
2 ordinance or resolution, and the tax shall continue in force on
3 a calendar year basis: And provided further, That employers
4 shall be required to remit the local services taxes thirty days
5 after the end of each quarter of a calendar year.

6 Section 12. The act is amended by adding a section to read:

7 Section 312.1. (Reserved).

8 Section 13. Section 10 of the act, amended December 1, 2004
9 (P.L.1729, No.222), is renumbered and amended to read:

10 Section [10] 313. Collection of Taxes.--(a) Administrative
11 Personnel; Joint Agreements.--

12 (1) Except as provided in [subsections (b) and (c)] section
13 506, any [such] political subdivision is hereby authorized to
14 provide by ordinance or resolution for the creation or
15 designation of such bureaus or the appointment and compensation
16 of [such officers, clerks, collectors, private agencies or other
17 person and other assistants and employes, either under existing
18 departments, or otherwise as may be deemed necessary,] a
19 political subdivision or private agency for the assessment and
20 collection of taxes imposed under authority of this [act]
21 chapter. Each ordinance or resolution under this section
22 authorizing a person, public employe or private agency to act in
23 the capacity and with the authority of a tax collector shall
24 continue in force without annual reauthorization unless
25 otherwise repealed or revoked by the political subdivision or
26 unless otherwise provided by this act.

27 (2) Except as provided in [subsections (b) and (c), any]
28 section 506, political subdivisions imposing taxes under
29 authority of this [act] chapter are authorized to make joint
30 agreements for the collection of such taxes or any of them. The

1 same [person or] bureau, political subdivision or private agency
2 may be employed by two or more political subdivisions to collect
3 any taxes imposed by them under authority of this [act] chapter.

4 [(b) Single Collector for Earned Income Taxes When Certain
5 School Districts Impose Such Taxes.-- Except as provided in
6 subsection (c), whenever a school district of the second, third
7 or fourth class shall be established pursuant to section 296,
8 act of March 10, 1949 (P.L.30), known as the "Public School Code
9 of 1949," added August 8, 1963 (P.L. 564), and such school
10 district shall levy, assess and collect or provide for the
11 levying, assessment and collection of a tax upon earned income,
12 such school district and all cities, boroughs, towns and
13 townships within its geographical limits which levy, assess and
14 collect or provide for the levying, assessment and collection of
15 a tax upon earned income, may on January 1, 1967, or as soon
16 thereafter as the school district shall provide for the levying,
17 assessment and collection of taxes upon earned income, select
18 one person or agency to collect the taxes upon earned income
19 imposed by all such political subdivisions. In selecting such
20 person or agency, each political subdivision shall share in the
21 selection upon a basis agreed upon by each political
22 subdivision, or in the absence of any agreement on the basis of
23 voting according to the proportion that the population of each
24 bears to the entire population of the combined collection
25 district, according to the latest official Federal census, and
26 the majority of such votes cast shall determine the person or
27 agency selected to collect the taxes. The provisions of this
28 paragraph shall not prohibit school districts and other
29 political subdivisions which levy, assess and collect or provide
30 for the levying, assessment and collection of taxes upon earned

1 income, under authority of this act, from selecting the same
2 person or agency to collect such tax upon earned income in an
3 area larger than the geographical limits of a school district
4 established pursuant to section 296 of the "Public School Code
5 of 1949."

6 (c) Single Tax Collector in Certain Home Rule

7 Municipality.--In a municipality having a population under the
8 2000 Federal decennial census of at least forty thousand and
9 less than ninety thousand located in a second class county and
10 which municipality has adopted a home rule charter under 53
11 Pa.C.S. Pt. III Subpt. E (relating to home rule and optional
12 plan government), the person or persons appointed by the board
13 of school directors for the school district in which the
14 municipality is located as collector or collectors of taxes
15 levied by the school district under this act shall also serve as
16 the collector or collectors of taxes levied by the municipality
17 under this act.]

18 Section 14. Section 11 of the act is repealed:

19 [Section 11. Audits of Earned Income Taxes.--Except in
20 cities of the second class, the governing body of each political
21 subdivision which levies, assesses and collects or provides for
22 the levying, assessment and collection of a tax upon earned
23 income, shall provide for not less than one examination each
24 year of the books, accounts and records of the income tax
25 collector, by a certified public accountant, a firm of certified
26 public accountants, a competent independent public accountant,
27 or a firm of independent public accountants appointed by the
28 governing body. Whenever one person or agency is selected to
29 collect earned income taxes for more than one political
30 subdivision, the books, accounts and records of such person or

1 agency shall be examined as provided above in the case of a tax
2 collector for each political subdivision, except that the
3 accountant shall be selected in the manner provided for
4 selection of one person or agency to collect earned income taxes
5 for the school district established under section 296 of the
6 "Public School Code of 1949," and the cities, boroughs, towns
7 and townships within the geographical limits of such school
8 district. The reports of the audit shall be sent to the
9 governing body or bodies of the political subdivision or
10 political subdivisions employing the accountant. No further or
11 additional audit shall be performed by elected or appointed
12 auditors.]

13 Section 15. The act is amended by adding a section to read:

14 Section 314. (Reserved).

15 Section 16. Section 12 of the act is renumbered and amended
16 to read:

17 Section [12] 315. Audits of Taxes Other Than Earned Income
18 Taxes.--The books, accounts and records of [persons collecting
19 taxes] tax collectors pursuant to this [act] chapter, other than
20 taxes levied, assessed and collected upon earned income, shall
21 be audited, adjusted and settled in the manner prescribed by law
22 for the auditing, adjusting and settling of accounts of persons
23 receiving or expending funds of the political subdivision which
24 has levied, assessed and collected the taxes pursuant to this
25 [act] chapter, other than taxes levied, assessed and collected
26 upon earned income.

27 Section 17. Section 13 of the act, amended October 4, 1978
28 (P.L.930, No.177), July 9, 1987 (P.L.203, No.30), December 9,
29 2002 (P.L.1364, No.166), April 5, 2004 (P.L.208, No.24) and
30 November 30, 2004 (P.L.1520, No.192), is repealed:

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

10 I. Definitions

11 "Association." A partnership, limited partnership, or any
12 other unincorporated group of two or more persons.

13 "Business." An enterprise, activity, profession or any other
14 undertaking of an unincorporated nature conducted for profit or
15 ordinarily conducted for profit whether by a person,
16 partnership, association, or any other entity.

17 "Corporation." A corporation or joint stock association
18 organized under the laws of the United States, the Commonwealth
19 of Pennsylvania, or any other state, territory, foreign country
20 or dependency.

21 "Current year." The calendar year for which the tax is
22 levied.

23 "Domicile." The place where one lives and has his permanent
24 home and to which he has the intention of returning whenever he
25 is absent. Actual residence is not necessarily domicile, for
26 domicile is the fixed place of abode which, in the intention of
27 the taxpayer, is permanent rather than transitory. Domicile is
28 the voluntarily fixed place of habitation of a person, not for a
29 mere special or limited purpose, but with the present intention
30 of making a permanent home, until some event occurs to induce

1 him to adopt some other permanent home. In the case of
2 businesses, or associations, the domicile is that place
3 considered as the center of business affairs and the place where
4 its functions are discharged.

5 "Earned income." Compensation as determined under section 303
6 of the act of March 4, 1971 (P.L.6, No.2), known as the "Tax
7 Reform Code of 1971," and regulations in 61 Pa. Code Pt. I
8 Subpt. B Art. V (relating to personal income tax), not
9 including, however, wages or compensation paid to individuals on
10 active military service. Employe business expenses are allowable
11 deductions as determined under Article III of the "Tax Reform
12 Code of 1971." The amount of any housing allowance provided to a
13 member of the clergy shall not be taxable as earned income.

14 "Income tax officer or officer." Person, public employe or
15 private agency designated by governing body to collect and
16 administer the tax on earned income and net profits.

17 "Employer." A person, partnership, association, corporation,
18 institution, governmental body or unit or agency, or any other
19 entity employing one or more persons for a salary, wage,
20 commission or other compensation.

21 "Net profits." The net income from the operation of a
22 business, profession, or other activity, except corporations,
23 determined under section 303 of the act of March 4, 1971 (P.L.6,
24 No.2), known as the "Tax Reform Code of 1971," and regulations
25 in 61 Pa. Code Pt. I Subpt. B Art. V (relating to personal
26 income tax). The term does not include income which is not paid
27 for services provided and which is in the nature of earnings
28 from an investment. For taxpayers engaged in the business,
29 profession or activity of farming, the term shall not include:

30 (1) any interest earnings generated from any monetary

1 accounts or investment instruments of the farming business;
2 (2) any gain on the sale of farm machinery;
3 (3) any gain on the sale of livestock held twelve months or
4 more for draft, breeding or dairy purposes; and
5 (4) any gain on the sale of other capital assets of the
6 farm.

7 "Nonresident." A person, partnership, association or other
8 entity domiciled outside the taxing district.

9 "Person or individual." A natural person.

10 "Preceding year." The calendar year before the current year.

11 "Resident." A person, partnership, association or other
12 entity domiciled in the taxing district.

13 "Succeeding year." The calendar year following the current
14 year.

15 "Taxpayer." A person, partnership, association, or any other
16 entity, required hereunder to file a return of earned income or
17 net profits, or to pay a tax thereon.

18 II. Imposition of Tax

19 The tax levied under this act shall be applicable to earned
20 income received and to net profits earned in the period
21 beginning January 1, of the current year, and ending December
22 31, of the current year or for taxpayer fiscal years beginning
23 in the current year, except that taxes imposed for the first
24 time shall become effective from the date specified in the
25 ordinance or resolution, and the tax shall continue in force on
26 a calendar year or taxpayer fiscal year basis, without annual
27 reenactment, unless the rate of the tax is subsequently changed.
28 Changes in rate shall become effective on the date specified in
29 the ordinance.

30 III. Declaration and Payment of Tax

1 A. Net Profits.

2 (1) Every taxpayer making net profits shall, as the
3 governing body elects, (i) pay to the officer an annual payment
4 of tax due on or before April 15, of the succeeding year for the
5 period beginning January 1, and ending December 31, of the
6 current year, or (ii) on or before April 15, of the current
7 year, make and file with the officer on a form prescribed or
8 approved by the officer, a declaration of his estimated net
9 profits during the period beginning January 1, and ending
10 December 31, of the current year, and pay to the officer in four
11 equal quarterly installments the tax due thereon as follows: the
12 first installment at the time of filing the declaration, and the
13 other installments on or before June 15, of the current year,
14 September 15, of the current year, and January 15, of the
15 succeeding year, respectively.

16 (2) Where the governing body elects to require the filing of
17 a declaration and quarterly payments, any taxpayer who first
18 anticipates any net profit after April 15, of the current year,
19 shall make and file the declaration hereinabove required on or
20 before June 15, of the current year, September 15, of the
21 current year, or December 31, of the current year, whichever of
22 these dates next follows the date on which the taxpayer first
23 anticipates such net profit, and pay to the officer in equal
24 installments the tax due thereon on or before the quarterly
25 payment dates which remain after the filing of the declaration.

26 (3) Where the governing body requires a declaration of
27 estimated net profits and quarterly payments of tax due on such
28 profits, every taxpayer shall, on or before April 15, of the
29 succeeding year, make and file with the officer on a form
30 prescribed or approved by the officer a final return showing the

1 amount of net profits earned during the period beginning January
2 1, of the current year, and ending December 31, of the current
3 year, the total amount of tax due thereon and the total amount
4 of tax paid thereon. At the time of filing the final return, the
5 taxpayer shall pay to the officer the balance of tax due or
6 shall make demand for refund or credit in the case of
7 overpayment.

8 Any taxpayer may, in lieu of paying the fourth quarterly
9 installment of his estimated tax, elect to make and file with
10 the officer on or before January 31, of the succeeding year, the
11 final return as hereinabove required.

12 (4) The officer may be authorized to provide by regulation
13 for the making and filing of adjusted declarations of estimated
14 net profits, and for the payments of the estimated tax in cases
15 where a taxpayer who has filed the declaration hereinabove
16 required anticipates additional net profits not previously
17 declared or finds that he has overestimated his anticipated net
18 profits.

19 (5) Every taxpayer who discontinues business prior to
20 December 31, of the current year, shall, within thirty days
21 after the discontinuance of business, file his final return as
22 hereinabove required and pay the tax due.

23 B. Earned Income.

24 Annual Earned Income Tax Return.

25 At the election of the governing body every taxpayer shall,
26 on or before April 15, of the succeeding year, make and file
27 with the officer on a form prescribed or approved by the officer
28 a final return showing the amount of earned income received
29 during the period beginning January 1, of the current year, and
30 ending December 31, of the current year, the total amount of tax

1 due thereon, the amount of tax paid thereon, the amount of tax
2 thereon that has been withheld pursuant to the provisions
3 relating to the collection at source and the balance of tax due.
4 At the time of filing the final return, the taxpayer shall pay
5 the balance of the tax due or shall make demand for refund or
6 credit in the case of overpayment.

7 Earned Income Not Subject to Withholding.

8 Every taxpayer who is employed for a salary, wage,
9 commission, or other compensation and who received any earned
10 income not subject to the provisions relating to collection at
11 source, shall as the governing body elects:

12 (1) Make and file with the officer on a form prescribed or
13 approved by the officer, an annual return setting forth the
14 aggregate amount of earned income not subject to withholding
15 from him during the period beginning January 1, and ending
16 December 31, of the current year, and such other information as
17 the officer may require, and pay to the officer the amount of
18 tax shown as due thereon on or before April 15, of the
19 succeeding year, or

20 (2) Make and file with the officer on a form prescribed or
21 approved by the officer, a quarterly return on or before April
22 30, of the current year, July 31, of the current year, October
23 31, of the current year, and January 31, of the succeeding year,
24 setting forth the aggregate amount of earned income not subject
25 to withholding by him during the three-month periods ending
26 March 31, of the current year, June 30, of the current year,
27 September 30, of the current year, and December 31, of the
28 current year, respectively, and subject to the tax, together
29 with such other information as the officer may require. Every
30 taxpayer making such return shall, at the time of filing

1 thereof, pay to the officer the amount of tax shown as due
2 thereon.

3 IV. Collection at Source

4 (a) Every employer having an office, factory, workshop,
5 branch, warehouse, or other place of business within the taxing
6 jurisdiction imposing a tax on earned income or net profits
7 within the taxing district who employs one or more persons,
8 other than domestic servants, for a salary, wage, commission or
9 other compensation, who has not previously registered, shall,
10 within fifteen days after becoming an employer, register with
11 the officer his name and address and such other information as
12 the officer may require.

13 (b) Every employer having an office, factory, workshop,
14 branch, warehouse, or other place of business within the taxing
15 jurisdiction imposing a tax on earned income or net profits
16 within the taxing district who employs one or more persons,
17 other than domestic servants, for a salary, wage, commission, or
18 other compensation, shall deduct at the time of payment thereof,
19 the tax imposed by ordinance or resolution on the earned income
20 due to his employe or employes, and shall, on or before April
21 30, of the current year, July 31, of the current year, October
22 31, of the current year, and January 31, of the succeeding year,
23 file a return and pay to the officer the amount of taxes
24 deducted during the preceding three-month periods ending March
25 31, of the current year, June 30, of the current year, September
26 30, of the current year, and December 31, of the current year,
27 respectively. Such return unless otherwise agreed upon between
28 the officer and employer shall show the name and social security
29 number of each such employe, the earned income of such employe
30 during such preceding three-month period, the tax deducted

1 therefrom, the political subdivisions imposing the tax upon such
2 employe, the total earned income of all such employes during
3 such preceding three-month period, and the total tax deducted
4 therefrom and paid with the return.

5 Any employer who for two of the preceding four quarterly
6 periods has failed to deduct the proper tax, or any part
7 thereof, or has failed to pay over the proper amount of tax to
8 the taxing authority, may be required by the officer to file his
9 return and pay the tax monthly. In such cases, payments of tax
10 shall be made to the officer on or before the last day of the
11 month succeeding the month for which the tax was withheld.

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

14 (1) An annual return showing the total amount of earned
15 income paid, the total amount of tax deducted, and the total
16 amount of tax paid to the officer for the period beginning
17 January 1, of the current year, and ending December 31, of the
18 current year.

19 (2) A return withholding statement for each employe employed
20 during all or any part of the period beginning January 1, of the
21 current year, and ending December 31, of the current year,
22 setting forth the employe's name, address and social security
23 number, the amount of earned income paid to the employe during
24 said period, the amount of tax deducted, the political
25 subdivisions imposing the tax upon such employe, the amount of
26 tax paid to the officer. Every employer shall furnish two copies
27 of the individual return to the employe for whom it is filed.

28 (d) Every employer who discontinues business prior to
29 December 31, of the current year, shall, within thirty days
30 after the discontinuance of business, file the returns and

1 withholding statements hereinabove required and pay the tax due.

2 (e) Except as otherwise provided in section 9, every
3 employer who wilfully or negligently fails or omits to make the
4 deductions required by this section shall be liable for payment
5 of the taxes which he was required to withhold to the extent
6 that such taxes have not been recovered from the employe.

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

12 V. Powers and Duties of Officer

13 (a) It shall be the duty of the officer to collect and
14 receive the taxes, fines and penalties imposed by the ordinance
15 or resolution. It shall also be his duty to keep a record
16 showing the amount received by him from each person or business
17 paying the tax and the date of such receipt.

18 (b) Each officer, before entering upon his official duties
19 shall give and acknowledge a bond to the political subdivision
20 or political subdivisions appointing him. If such political
21 subdivision or political subdivisions shall by resolution
22 designate any bond previously given by the officer as adequate,
23 such bond shall be sufficient to satisfy the requirements of the
24 subsection.

25 Each such bond shall be joint and several, with one or more
26 corporate sureties which shall be surety companies authorized to
27 do business in this Commonwealth and duly licensed by the
28 Insurance Commissioner of this Commonwealth.

29 Each bond shall be conditioned upon the faithful discharge by
30 the officer, his clerks, assistants and appointees of all trusts

1 confided in him by virtue of his office, upon the faithful
2 execution of all duties required of him by virtue of his office,
3 upon the just and faithful accounting or payment over, according
4 to law, of all moneys and all balances thereof paid to, received
5 or held by him by virtue of his office and upon the delivery to
6 his successor or successors in office of all books, papers,
7 documents or other official things held in right of his office.

8 Each such bond shall be taken in the name of the appointing
9 authority or authorities, and shall be for the use of the
10 political subdivision or political subdivisions appointing the
11 officer, and for the use of such other person or persons for
12 whom money shall be collected or received, or as his or her
13 interest shall otherwise appear, in case of a breach of any of
14 the conditions thereof by the acts or neglect of the principal
15 on the bond.

16 The political subdivision or political subdivisions
17 appointing the officer, or any person may sue upon the said bond
18 in its or his own name for its or his own use.

19 Each such bond shall contain the name or names of the surety
20 company or companies bound thereon. The political subdivision or
21 political subdivisions appointing the officer shall fix the
22 amount of the bond at an amount equal to the maximum amount of
23 taxes which may be in the possession of the officer at any given
24 time.

25 The political subdivision or political subdivisions
26 appointing the officer may, at any time, upon cause shown and
27 due notice to the officer, and his surety or sureties, require
28 or allow the substitution or the addition of a surety company
29 acceptable to such political subdivision or political
30 subdivisions for the purpose of making the bond sufficient in

1 amount, without releasing the surety or sureties first approved
2 from any accrued liability or previous action on such bond.

3 The political subdivision or political subdivisions
4 appointing the officer shall designate the custodian of the bond
5 required to be given by the officer.

6 (c) The officer charged with the administration and
7 enforcement of the provisions of the ordinance or resolution is
8 hereby empowered to prescribe, adopt, promulgate and enforce,
9 rules and regulations relating to any matter pertaining to the
10 administration and enforcement of the ordinance or resolution,
11 including provisions for the re-examination and correction of
12 declarations and returns, and of payments alleged or found to be
13 incorrect, or as to which an overpayment is claimed or found to
14 have occurred, and to make refunds in case of overpayment, for
15 any period of time not to exceed six years subsequent to the
16 date of payment of the sum involved, and to prescribe forms
17 necessary for the administration of the ordinance or resolution.
18 No rule or regulation of any kind shall be enforceable unless it
19 has been approved by resolution by the governing body. A copy of
20 such rules and regulations currently in force shall be available
21 for public inspection.

22 (d) The officer shall refund, on petition of, and proof by
23 the taxpayer, earned income tax paid on the taxpayer's ordinary
24 and necessary business expenses, to the extent that such
25 expenses are not paid by the taxpayer's employer.

26 (e) The officer and agents designated by him are hereby
27 authorized to examine the books, papers, and records of any
28 employer or of any taxpayer or of any person whom the officer
29 reasonably believes to be an employer or taxpayer, in order to
30 verify the accuracy of any declaration or return, or if no

1 declaration or return was filed, to ascertain the tax due. Every
2 employer and every taxpayer and every person whom the officer
3 reasonably believes to be an employer or taxpayer, is hereby
4 directed and required to give to the officer, or to any agent
5 designated by him, the means, facilities and opportunity for
6 such examination and investigations, as are hereby authorized.

7 (f) Any information gained by the officer, his agents, or by
8 any other official or agent of the taxing district, as a result
9 of any declarations, returns, investigations, hearings or
10 verifications required or authorized by the ordinance or
11 resolution, shall be confidential, except for official purposes
12 and except in accordance with a proper judicial order, or as
13 otherwise provided by law.

14 (g) The officer is authorized to establish different filing,
15 reporting and payment dates for taxpayers whose fiscal years do
16 not coincide with the calendar year.

17 (h) The officer shall distribute earned income taxes to the
18 appropriate political subdivisions within sixty days of the
19 deadline for payment by an employer as set forth in Division
20 IV(b). The political subdivisions shall not be required to
21 request the officer to distribute the funds collected but shall
22 at least annually reconcile their receipts with the records of
23 the officer and return to or credit the officer with any
24 overpayment. A political subdivision shall not be required to
25 pay a fee or commission to the other political subdivision or
26 its tax officer for tax revenue distributed under this
27 subsection. If the officer, within one year after receiving a
28 tax payment, cannot identify the taxing jurisdiction entitled to
29 a tax payment, he shall make payment to the municipality in
30 which the tax was collected. If earned income taxes are not

1 distributed to the appropriate political subdivision within one
2 year of receipt, the political subdivision may make a written
3 demand on a tax officer or political subdivision for tax
4 revenues collected and attributable to residents of the
5 political subdivision making the demand. If the taxes
6 attributable to residents of the political subdivision making
7 the demand are not paid within thirty days from the date of the
8 demand, the political subdivision, person, public employe or
9 private agency designated by the political subdivision may enter
10 into an arbitration agreement with the officer under 42 Pa.C.S.
11 Ch. 73 Subch. A (relating to statutory arbitration) or bring an
12 action in an appropriate court of common pleas in the name of
13 the taxing district for the recovery of taxes not distributed in
14 accordance with this subsection. The action must be brought
15 within seven years of the collection of the taxes.

16 VI. Compensation of Income Tax Officer

17 The income tax officer shall receive such compensation for
18 his services and expenses as determined by the governing body.
19 In the case of a single collector established pursuant to
20 subsection (b) of section 10 of this act, the taxing
21 jurisdictions shall share in the compensation and expenses of a
22 single officer according to the proportionate share that the
23 total annual collections for each jurisdiction bears to the
24 total annual collection for all political subdivisions in a
25 single collector district, except that with the agreement of
26 two-thirds of all participating political subdivisions, a
27 different manner of sharing may be substituted.

28 VII. Suit for Collection of Tax

29 (a) The officer may sue in the name of the taxing district
30 for the recovery of taxes due and unpaid under this ordinance.

1 (b) Any suit brought to recover the tax imposed by the
2 ordinance or resolution shall be begun within three years after
3 such tax is due, or within three years after the declaration or
4 return has been filed, whichever date is later: Provided,
5 however, That this limitation shall not prevent the institution
6 of a suit for the collection of any tax due or determined to be
7 due in the following cases:

8 (1) Where no declaration or return was filed by any person
9 although a declaration or return was required to be filed by him
10 under provisions of the ordinance or resolution, there shall be
11 no limitation.

12 (2) Where an examination of the declaration or return filed
13 by any person, or of other evidence relating to such declaration
14 or return in the possession of the officer, reveals a fraudulent
15 evasion of taxes, there shall be no limitation.

16 (3) In the case of substantial understatement of tax
17 liability of twenty-five percent or more and no fraud, suit
18 shall be begun within six years.

19 (4) Where any person has deducted taxes under the provisions
20 of the ordinance or resolution, and has failed to pay the
21 amounts so deducted to the officer, or where any person has
22 wilfully failed or omitted to make the deductions required by
23 this section, there shall be no limitation.

24 (5) This section shall not be construed to limit the
25 governing body from recovering delinquent taxes by any other
26 means provided by this act.

27 (c) The officer may sue for recovery of an erroneous refund
28 provided such suit is begun two years after making such refund,
29 except that the suit may be brought within five years if it
30 appears that any part of the refund was induced by fraud or

1 misrepresentation of material fact.

2 VIII. Interest and Penalties

3 (a) If for any reason the tax is not paid when due, interest
4 at the rate of six percent per annum on the amount of said tax,
5 and an additional penalty of one-half of one percent of the
6 amount of the unpaid tax for each month or fraction thereof
7 during which the tax remains unpaid, shall be added and
8 collected. Where suit is brought for the recovery of any such
9 tax, the person liable therefor shall, in addition, be liable
10 for the costs of collection and the interest and penalties
11 herein imposed.

12 (b) Notwithstanding the provisions of subsection (a), the
13 governing body may, by ordinance or resolution, establish a one-
14 time period during which interest or interest and penalties that
15 would otherwise be imposed for the nonreporting or
16 underreporting of earned income tax liabilities or for the
17 nonpayment of earned income taxes previously imposed and due
18 shall be waived in total or in part if the taxpayer voluntarily
19 files delinquent returns and pays the taxes in full during the
20 period so established. Each governing body may adopt regulations
21 to implement the provisions of this subsection.

22 (c) The provisions of subsection (b) shall not affect or
23 terminate any petitions, investigations, prosecutions or other
24 proceedings pending under the provisions of this act, or prevent
25 the commencement or further prosecution of any proceedings by
26 the proper authorities for violations of this act. No
27 proceedings shall, however, be commenced on the basis of
28 delinquent returns filed pursuant to subsection (b) if the
29 returns are determined to be substantially true and correct and
30 the taxes are paid in full within the prescribed time.

1 IX. Fines and Penalties for Violation
2 of Ordinances or Resolutions

3 (a) Any person who fails, neglects, or refuses to make any
4 declaration or return required by the ordinance or resolution,
5 any employer who fails, neglects or refuses to register or to
6 pay the tax deducted from his employes, or fails, neglects or
7 refuses to deduct or withhold the tax from his employes, any
8 person who refuses to permit the officer or any agent designated
9 by him to examine his books, records, and papers, and any person
10 who knowingly makes any incomplete, false or fraudulent return,
11 or attempts to do anything whatsoever to avoid the full
12 disclosure of the amount of his net profits or earned income in
13 order to avoid the payment of the whole or any part of the tax
14 imposed by the ordinance or resolution, shall, upon conviction
15 thereof before any justice of the peace, alderman or magistrate,
16 or court of competent jurisdiction in the county or counties in
17 which the political subdivision imposing the tax is located, be
18 sentenced to pay a fine of not more than five hundred dollars
19 (\$500) for each offense, and costs, and, in default of payment
20 of said fine and costs to be imprisoned for a period not
21 exceeding thirty days.

22 (b) Any person who divulges any information which is
23 confidential under the provisions of the ordinance or
24 resolution, shall, upon conviction thereof before any justice of
25 the peace, alderman or magistrate, or court of competent
26 jurisdiction, be sentenced to pay a fine of not more than five
27 hundred dollars (\$500) for each offense, and costs, and, in
28 default of payment of said fines and costs to be imprisoned for
29 a period not exceeding thirty days.

30 (c) The penalties imposed under this section shall be in

1 addition to any other penalty imposed by any other section of
2 the ordinance or resolution.

3 (d) The failure of any person to receive or procure forms
4 required for making the declaration or returns required by the
5 ordinance or resolution shall not excuse him from making such
6 declaration or return.]

7 Section 18. The act is amended by adding a section to read:
8 Section 316. (Reserved).

9 Section 19. Section 14 of the act, amended October 26, 1972
10 (P.L.1043, No.261), is renumbered and amended to read:

11 Section [14] 317. Payment of Tax to Other Political
12 Subdivisions or States as Credit or Deduction; Withholding
13 Tax.--Payment of any tax to any political subdivision pursuant
14 to an ordinance or resolution passed or adopted prior to the
15 effective date of this act shall be credited to and allowed as a
16 deduction from the liability of taxpayers for any like tax
17 respectively on salaries, wages, commissions, other compensation
18 or on net profits of businesses, professions or other activities
19 and for any income tax imposed by any other political
20 subdivision of this Commonwealth under the authority of this
21 [act] chapter.

22 Payment of any tax on salaries, wages, commissions, other
23 compensation or on net profits of business, professions or other
24 activities to a political subdivision by residents thereof
25 pursuant to an ordinance or resolution passed or adopted under
26 the authority of this [act] chapter shall be credited to and
27 allowed as a deduction from the liability of such persons for
28 any other like tax respectively on salaries, wages, commissions,
29 other compensation or on net profits of businesses, professions
30 or other activities imposed by any other political subdivision

1 of this Commonwealth under the authority of this [act] chapter.

2 Payment of any tax on income to any political subdivision by
3 residents thereof pursuant to an ordinance or resolution passed
4 or adopted under the authority of this [act] chapter shall, to
5 the extent that such income includes salaries, wages,
6 commissions, other compensation or net profits of businesses,
7 professions or other activities, but in such proportion as
8 hereinafter set forth, be credited to and allowed as a deduction
9 from the liability of such persons for any other tax on
10 salaries, wages, commissions, other compensation or on net
11 profits of businesses, professions, or other activities imposed
12 by any other political subdivision of this Commonwealth under
13 the authority of this [act] chapter.

14 Payment of any tax on income to any state or to any political
15 subdivision thereof by residents thereof, pursuant to any State
16 or local law, may, at the discretion of the Pennsylvania
17 political subdivision imposing such tax, to the extent that such
18 income includes salaries, wages, commissions, or other
19 compensation or net profits of businesses, professions or other
20 activities but in such proportions as hereinafter set forth, be
21 credited to and allowed as a deduction from the liability of
22 such person for any other tax on salaries, wages, commissions,
23 other compensation or net profits of businesses, professions or
24 other activities imposed by any political subdivision of this
25 Commonwealth under the authority of this [act] chapter, if
26 residents of the political subdivision in Pennsylvania receive
27 credits and deductions of a similar kind to a like degree from
28 the tax on income imposed by the other state or political
29 subdivision thereof.

30 Payment of any tax on income to any State other than

1 Pennsylvania or to any political subdivision located outside the
2 boundaries of this Commonwealth, by residents of a political
3 subdivision located in Pennsylvania shall, to the extent that
4 such income includes salaries, wages, commissions, or other
5 compensation or net profits of businesses, professions or other
6 activities but in such proportions as hereinafter set forth, be
7 credited to and allowed as a deduction from the liability of
8 such person for any other tax on salaries, wages, commissions,
9 other compensation or net profits of businesses, professions or
10 other activities imposed by any political subdivision of this
11 Commonwealth under the authority of this [act] chapter.

12 Where a credit or a deduction is allowable in any of the
13 several cases hereinabove provided, it shall be allowed in
14 proportion to the concurrent periods for which taxes are imposed
15 by the other state or respective political subdivisions, but not
16 in excess of the amount previously paid for a concurrent period.

17 No credit or deduction shall be allowed against any tax on
18 earned income imposed under authority of this [act] chapter to
19 the extent of the amount of credit or deduction taken for the
20 same period by the taxpayer against any income tax imposed by
21 the Commonwealth of Pennsylvania under section 314 of the act of
22 March 4, 1971 (P.L.6) known as the "Tax Reform Code of 1971," on
23 account of taxes imposed on income by other states or by their
24 political subdivisions.

25 Section 20. Section 15 of the act, amended June 27, 1968
26 (P.L.271, No.128), is renumbered and amended to read:

27 Section [15] 318. Personal Property.--Any assessment of a
28 tax on personal property of a decedent shall include all
29 property owned, held or possessed by a decedent, which should
30 have been returned by him for taxation for any former year or

1 years not exceeding five years prior to the year in which the
2 decedent died. Wherever any personal property taxable under the
3 provisions of this [act] chapter, was owned by a decedent at the
4 time of his death and is held by his executor or administrator,
5 return of such personal property shall be made and the tax paid,
6 if such decedent was domiciled at the time of his death in the
7 political subdivision imposing the tax, notwithstanding the
8 residence or location of such executor or administrator or of
9 any beneficiary, or the place which such securities are kept.

10 Section 21. Sections 16 and 17 of the act are renumbered and
11 amended to read:

12 Section [16] 319. Limitation on Assessment.--No assessment
13 may be made of any tax imposed under this [act] chapter more
14 than five years after the date on which such tax should have
15 been paid except where a fraudulent return or no return has been
16 filed.

17 Section [17] 320. Tax Limitations.--(a) Over-all Limit of
18 Tax Revenues.--The aggregate amount of all taxes imposed by any
19 political subdivision under this section and in effect during
20 any fiscal year shall not exceed an amount equal to the product
21 obtained by multiplying the latest total market valuation of
22 real estate in such political subdivision, as determined by the
23 board for the assessment and revision of taxes or any similar
24 board established by the assessment laws which determines market
25 values of real estate within the political subdivision, by
26 twelve mills. In school districts of the second class, third
27 class and fourth class and in any political subdivision within a
28 county where no market values of real estate have been
29 determined by the board for the assessment and revision of
30 taxes, or any similar board, the aggregate amount of all taxes

1 imposed under this section and in effect during any fiscal year
2 shall not exceed an amount equal to the product obtained by
3 multiplying the latest total market valuation of real estate in
4 such school district, or other political subdivision, as
5 certified by the State Tax Equalization Board, by twelve mills.
6 In school districts of the third and fourth class, taxes imposed
7 on sales involving the transfer of real property shall not be
8 included in computing the aggregate amount of taxes for any
9 fiscal year in which one hundred or more new homes or other
10 major improvements on real estate were constructed in the school
11 district.

12 The aggregate amount of all taxes imposed by any independent
13 school district under this section during any fiscal year shall
14 not exceed an amount equal to the product obtained by
15 multiplying the latest total valuation of real estate in such
16 district by fifteen mills.

17 (b) Reduction of Rates Where Taxes Exceed Limitations; Use
18 of Excess Moneys.--If, during any fiscal year, it shall appear
19 that the aggregate revenues from taxes levied and collected
20 under the authority of this [act] chapter will materially exceed
21 the limitations imposed by this [act] chapter, the political
22 subdivision shall forthwith reduce the rate or rates of such tax
23 or taxes to stay within such limitations as nearly as may be.
24 Any one or more persons liable for the payment of taxes levied
25 and collected under the authority of this [act] chapter shall
26 have the right to complain to the court of common pleas of the
27 county in an action of mandamus to compel compliance with the
28 preceding provision of this subsection. Tax moneys levied and
29 collected in any fiscal year in excess of the limitations
30 imposed by this [act] chapter shall not be expended during such

1 year, but shall be deposited in a separate account in the
2 treasury of the political subdivision for expenditure in the
3 following fiscal year. The rates of taxes imposed under this
4 [act] chapter for the following fiscal year shall be so fixed
5 that the revenues thereby produced, together with the excess tax
6 moneys on deposit as aforesaid, shall not exceed the limitations
7 imposed by this [act] chapter.

8 Section 22. The act is amended by adding sections to read:

9 Section 329. Legal Representation.--When bringing a suit
10 under any provision of this chapter, the taxing district or the
11 person, public employe or private agency designated by the
12 taxing district shall be represented by an attorney.

13 Section 330. Restricted Use.--(a) Any municipality deriving
14 funds from the local services tax may only use the funds for:

15 (1) Emergency services, which shall include emergency
16 medical services, police services and/or fire services.

17 (2) Road construction and/or maintenance.

18 (3) Reduction of property taxes.

19 (4) Property tax relief through implementation of a
20 homestead and farmstead exclusion in accordance with 53 Pa.C.S.
21 Ch. 85 Subch. F (relating to homestead property exclusion).

22 (a.1) A municipality shall use no less than twenty-five
23 percent of the funds derived from the local services tax for
24 emergency services.

25 (b) In the event that a municipality decides to implement a
26 homestead and farmstead exclusion for purposes of providing
27 property tax relief in accordance with subsection (a)(4), the
28 following shall apply:

29 (1) The decision to provide a homestead and farmstead
30 exclusion shall be made, by ordinance, prior to December 1, with

1 the homestead and farmstead exclusion to take effect for the
2 fiscal year beginning the first day of January following
3 adoption of the ordinance. Upon adopting an ordinance in
4 accordance with this paragraph, a municipality shall, by first
5 class mail, notify the assessor, as defined in 53 Pa.C.S. § 8582
6 (relating to definitions), of its decision to provide a
7 homestead and farmstead exclusion.

8 (2) The assessor shall provide a municipality that will be
9 imposing a homestead and farmstead exclusion in accordance with
10 subsection (a)(4) with a certified report, as provided in 53
11 Pa.C.S. § 8584(i) (relating to administration and procedure),
12 listing information regarding homestead and farmstead properties
13 in the municipality as determined pursuant to applications filed
14 with the assessor in connection with this or any other law under
15 which a homestead or farmstead exclusion has been adopted. In
16 the year in which an ordinance is adopted in accordance with
17 paragraph (1), the assessor shall provide the certified report
18 after being notified by the municipality of its decision to
19 provide a homestead and farmstead exclusion. In each succeeding
20 year, the assessor shall provide the certified report by
21 December 1 or at the same time the tax duplicate is certified to
22 the municipality, whichever occurs first. Any duty placed on an
23 assessor in accordance with this paragraph shall be in addition
24 to those established in 53 Pa.C.S. Ch. 85 Subch. F and the act
25 of June 27, 2006 (1st Sp.Sess. P.L.1873, No.1), known as the
26 "Taxpayer Relief Act."

27 (3) Only homestead or farmstead properties identified in the
28 certified report of the assessor obtained in any year shall be
29 eligible to receive the exclusion for the next fiscal year.

30 (4) In the year in which a municipality adopts the ordinance

1 evidencing its decision to implement a homestead and farmstead
2 exclusion, the municipality shall notify by first class mail the
3 owner of each parcel of residential property within the
4 municipality which is not approved as a homestead or farmstead
5 property or for which the approval is due to expire of the
6 following:

7 (i) That the homestead and farmstead exclusion program is to
8 be implemented to provide property tax relief as authorized by
9 subsection (a)(4), beginning in the next fiscal year.

10 (ii) That only properties currently identified in the
11 certified report of the assessor as having been approved in
12 whole or in part as homestead or farmstead properties shall be
13 entitled to an exclusion in the next fiscal year.

14 (iii) That owners of properties that have not been approved
15 by the assessor as homestead or farmstead properties may file an
16 application in accordance with 53 Pa.C.S. § 8584(a) by the
17 annual application deadline of March 1 in order to qualify for
18 the program in the year following the next fiscal year.

19 (5) The one-time notice required by paragraph (4) may be
20 combined and made together with the annual notice required by
21 paragraph (7) or with an annual notice by a coterminous
22 political subdivision that has implemented a homestead and
23 farmstead exclusion.

24 (6) In the year in which the initial decision to provide a
25 homestead and farmstead exclusion is made and in each succeeding
26 year, a municipality shall, by resolution, fix the dollar amount
27 that is to be excluded from the assessed value of each homestead
28 and farmstead property for the next fiscal year, consistent with
29 53 Pa.C.S. §§ 8583 (relating to exclusion for homestead
30 property) and 8586 (relating to limitations). This determination

1 of the amount of the homestead and farmstead exclusion shall be
2 made, after receipt of the tax duplicate and the certified
3 report from the assessor, at the time the governing body of a
4 municipality determines the municipal budget and estimates
5 revenues to be derived from the local services tax for the next
6 fiscal year.

7 (7) Each year after the year in which the municipality
8 implements a homestead and farmstead exclusion and no later than
9 one hundred twenty days prior to the application deadline, the
10 municipality shall give notice of the existence of the
11 municipality's homestead and farmstead exclusion program; the
12 need to file an application in accordance with 53 Pa.C.S. §
13 8584(a) in order to qualify for the program; and the application
14 deadline, which, notwithstanding 53 Pa.C.S. § 8584(b), shall be
15 December 15. This annual notice, which shall be given by first
16 class mail, need only be sent to the owner of each parcel of
17 residential property in the municipality which is not approved
18 as homestead or farmstead property or for which the approval is
19 due to expire.

20 (c) For purposes of this section, the term "municipality"
21 does not include a school district.

22 Section 23. The act is amended by adding a chapter to read:

23 CHAPTER 5

24 CONSOLIDATED COLLECTION OF LOCAL INCOME TAXES

25 Section 501. Definitions.

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

29 "Article XIII tax officer." The tax officer authorized by a
30 political subdivision to collect income taxes levied prior to

1 January 1, 2012.

2 "Business." An enterprise, activity, profession or any other
3 undertaking of an unincorporated nature conducted for profit or
4 ordinarily conducted for profit whether by a person,
5 partnership, association or any other entity.

6 "Business entity." A sole proprietorship, corporation,
7 joint-stock association or company, partnership, limited
8 partnership, limited liability company, association, business
9 trust, syndicate or other commercial or professional activity
10 organized under the laws of this Commonwealth or any other
11 jurisdiction.

12 "Certified public accountant" or "public accountant." A
13 certified public accountant, public accountant or firm, as
14 provided for in the act of May 26, 1947 (P.L.318, No.140), known
15 as the CPA Law.

16 "Claim." A written demand for payment made by a tax officer
17 or tax collection district for income taxes collected by another
18 tax officer or tax collection district.

19 "Corporation." A corporation or joint stock association
20 organized under the laws of the United States, the Commonwealth
21 of Pennsylvania or any other state, territory, foreign country
22 or dependency. The term shall include an entity which is
23 classified as a corporation for Federal income tax purposes.

24 "Current year." The calendar year for which the tax is
25 levied.

26 "Department." The Department of Community and Economic
27 Development of the Commonwealth.

28 "Domicile." The place where a person lives and has a
29 permanent home and to which the person has the intention of
30 returning whenever absent. Actual residence is not necessarily

1 domicile, for domicile is the fixed place of abode which, in the
2 intention of the taxpayer, is permanent rather than transitory.
3 Domicile is the voluntarily fixed place of habitation of a
4 person, not for a mere special or limited purpose, but with the
5 present intention of making a permanent home, until some event
6 occurs to induce the person to adopt some other permanent home.
7 In the case of a business, domicile is that place considered as
8 the center of business affairs and the place where its functions
9 are discharged.

10 "Earned income." The compensation as reported to or
11 determined by the Department of Revenue under section 303 of the
12 act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code
13 of 1971, and rules and regulations promulgated under that
14 section. Employee business expenses as reported to or determined
15 by the Department of Revenue under Article III of the Tax Reform
16 Code of 1971 shall constitute allowable deductions in
17 determining earned income. The term does not include offsets for
18 business losses.

19 "Earned income and net profits tax." The tax levied by a
20 political subdivision on earned income and net profits.

21 "Effective local services tax rate." The actual local
22 services tax rate levied by a political subdivision on taxpayers
23 based on the total of all local services taxes imposed under
24 this act and all other acts, adjusted under section 311.

25 "Effective income tax rate." The actual tax rate levied by a
26 political subdivision on a taxpayer based on the total of all
27 income taxes imposed under this act and all other acts, adjusted
28 under section 311.

29 "Employer." A person, business entity or other entity,
30 employing one or more persons for a salary, wage, commission or

1 other compensation. The term includes the Commonwealth, a
2 political subdivision and an instrumentality or public authority
3 of either.

4 "Income tax." Except as set forth in section 511(b), an
5 earned income and net profits tax, personal income tax or other
6 tax that is assessed on the income of a taxpayer levied by a
7 political subdivision under the authority of this act or any
8 other act.

9 "Joint tax collection committee." An entity formed by two or
10 more tax collection committees for the purpose of income tax
11 collection in more than one tax collection district.

12 "Local services tax." A tax on individuals for the privilege
13 of engaging in an occupation that is levied, assessed and
14 collected only by the political subdivision of the taxpayer's
15 place of employment under the authority of this act or any other
16 act.

17 "Municipality." A city of the second class, city of the
18 second class A, city of the third class, borough, town, township
19 of the first class or township of the second class.

20 "Net profits." The net income from the operation of a
21 business, other than a corporation, as reported to or determined
22 by the Department of Revenue under section 303 of the act of
23 March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of
24 1971, and rules and regulations promulgated under that section.
25 For purposes of determining net profits, business losses from
26 one business may be offset against profits from another
27 business. The term does not include income which:

28 (1) is not paid for services provided; and

29 (2) is in the nature of earnings from an investment.

30 "Nonresident." A person or business domiciled outside the

1 political subdivision.

2 "Nonresident tax." An income tax levied by a municipality on
3 a nonresident.

4 "Official register." The part of the tax register that
5 includes withholding tax rates as provided in section 511(a)(3).

6 "Person." A natural person.

7 "Political subdivision." A city of the second class, city of
8 the second class A, city of the third class, borough, town,
9 township of the first class, township of the second class,
10 school district of the first class A, school district of the
11 second class, school district of the third class or school
12 district of the fourth class.

13 "Preceding year." The calendar year before the current year.

14 "Private agency." A business entity appointed as a tax
15 officer by a tax collection committee.

16 "Resident." A person or business domiciled in a political
17 subdivision.

18 "Resident tax." An income tax levied by:

19 (1) a municipality on a resident of that municipality;
20 or

21 (2) a school district on a resident of that school
22 district.

23 "Succeeding year." The calendar year following the current
24 year.

25 "Tax bureau." A nonprofit entity established for the
26 administration and collection of taxes.

27 "Tax collection committee." The committee established by
28 each tax collection district for the purpose of income tax
29 collection. The term shall include a joint tax collection
30 committee.

1 "Tax collection district." A tax collection district created
2 under section 504.

3 "Tax officer." The tax bureau, political subdivision,
4 county, except a county of the first class, or private agency
5 which administers and collects income taxes for one or more tax
6 collection districts.

7 "Tax records." Tax returns, supporting schedules,
8 correspondence with auditors or taxpayers, account books and
9 other documents, including electronic records, obtained or
10 created by the tax officer to administer or collect a tax under
11 this act. The term includes documents required by section
12 509(e). The term "electronic records" includes data and
13 information inscribed on a tangible medium or stored in an
14 electronic or other medium and which is retrievable in
15 perceivable form.

16 "Tax register." A database of all county, municipal and
17 school tax rates available on the Internet as provided in
18 section 511(a)(1).

19 "Taxable income." Includes:

20 (1) In the case of an earned income and net profits tax,
21 earned income and net profits.

22 (2) In the case of a personal income tax, income
23 enumerated in section 303 of the act of March 4, 1971 (P.L.6,
24 No.2), known as the Tax Reform Code of 1971, as reported to
25 and determined by the Department of Revenue, subject to
26 correction for fraud, evasion or error, as finally determined
27 by the Commonwealth.

28 "Taxpayer." A person or business required under this act to
29 file a return of an income tax or to pay an income tax.

30 "Withholding tax." An income tax or a local services tax

1 levied by a political subdivision under the authority of this
2 act or any other act, or any other tax levied by a municipality
3 or school district for which employer withholding may be
4 required under this act or any other act.

5 Section 502. Declaration and payment of income taxes.

6 (a) Application.--

7 (1) Income taxes shall be applicable to taxable income
8 earned or received based on the method of accounting used by
9 the taxpayer in the period beginning January 1 of the current
10 year and ending December 31 of the current year; except that
11 taxes imposed for the first time and changes to existing tax
12 rates shall become effective on January 1 or July 1, as
13 specified in the ordinance or resolution, and the tax shall
14 continue in force on a calendar year or taxpayer fiscal year
15 basis, without annual reenactment, unless the rate of the tax
16 is subsequently changed.

17 (2) For a taxpayer whose fiscal year is not a calendar
18 year, the tax officer shall establish deadlines for filing,
19 reporting and payment of taxes which provide time periods
20 equivalent to those provided for a calendar year taxpayer.

21 (b) Partial domicile.--The taxable income subject to tax of
22 a taxpayer who is domiciled in a political subdivision for only
23 a portion of the tax year shall be an amount equal to the
24 taxpayer's taxable income multiplied by a fraction, the
25 numerator of which is the number of calendar months during the
26 tax year that the individual is domiciled in the political
27 subdivision, and the denominator of which is 12. A taxpayer
28 shall include in the numerator any calendar month during which
29 the taxpayer is domiciled for more than half the calendar month.
30 A day that a taxpayer's domicile changes shall be included as a

1 day the individual is in the new domicile and not the old
2 domicile. If the number of days in the calendar month in which
3 the individual lived in the old and new domiciles are equal, the
4 calendar month shall be included in calculating the number of
5 months in the new domicile.

6 (c) Declaration and payment.--Except as provided in
7 subsection (a)(2), taxpayers shall declare and pay income taxes
8 as follows:

9 (1) Every taxpayer shall, on or before April 15 of the
10 succeeding year, make and file with the tax officer, a final
11 return showing the amount of taxable income received during
12 the period beginning January 1 of the current year and ending
13 December 31 of the current year, the total amount of tax due
14 on the taxable income, the amount of tax paid, the amount of
15 tax that has been withheld under section 512 and the balance
16 of tax due. All amounts reported shall be rounded to the
17 nearest whole dollar. At the time of filing the final return,
18 the taxpayer shall pay the balance of the tax due or shall
19 make demand for refund or credit in the case of overpayment.

20 (2) Every taxpayer making net profits shall, by April 15
21 of the current year, make and file with the tax officer a
22 declaration of the taxpayer's estimated net profits during
23 the period beginning January 1 and ending December 31 of the
24 current year, and shall pay to the tax officer in four equal
25 quarterly installments the tax due on the estimated net
26 profits. The first installment shall be paid at the time of
27 filing the declaration, and the other installments shall be
28 paid on or before June 15 of the current year, September 15
29 of the current year and January 15 of the succeeding year,
30 respectively.

1 (i) Any taxpayer who first anticipates any net
2 profit after April 15 of the current year, shall make and
3 file the declaration required on or before June 15 of the
4 current year, September 15 of the current year or
5 December 31 of the current year, whichever date next
6 follows the date on which the taxpayer first anticipates
7 such net profit, and shall pay to the tax officer in
8 equal installments the tax due on or before the quarterly
9 payment dates that remain after the filing of the
10 declaration.

11 (ii) Every taxpayer shall, on or before April 15 of
12 the succeeding year, make and file with the tax officer a
13 final return showing the amount of net profits earned or
14 received based on the method of accounting used by the
15 taxpayer during the period beginning January 1 of the
16 current year, and ending December 31 of the current year,
17 the total amount of tax due on the net profits and the
18 total amount of tax paid. At the time of filing the final
19 return, the taxpayer shall pay to the tax officer the
20 balance of tax due or shall make demand for refund or
21 credit in the case of overpayment. Any taxpayer may, in
22 lieu of paying the fourth quarterly installment of the
23 estimated tax, elect to make and file with the tax
24 officer on or before January 31 of the succeeding year,
25 the final return.

26 (iii) The department, in consultation with the
27 Department of Revenue, shall provide by regulation for
28 the filing of adjusted declarations of estimated net
29 profits and for the payments of the estimated tax in
30 cases where a taxpayer who has filed the declaration

1 required under this subsection anticipates additional net
2 profits not previously declared or has overestimated
3 anticipated net profits.

4 (iv) Every taxpayer who discontinues business prior
5 to December 31 of the current year, shall, within 30 days
6 after the discontinuance of business, file a final return
7 as required under this paragraph and pay the tax due.

8 (3) Every taxpayer who receives any other taxable income
9 not subject to withholding under section 512(3) shall make
10 and file with the tax officer a quarterly return on or before
11 April 15 of the current year, June 15 of the current year,
12 September 15 of the current year, and January 15 of the
13 succeeding year, setting forth the aggregate amount of
14 taxable income not subject to withholding by the taxpayer
15 during the three-month periods ending March 31 of the current
16 year, June 30 of the current year, September 30 of the
17 current year, and December 31 of the current year,
18 respectively, and subject to income tax, together with such
19 other information as the department may require. Every
20 taxpayer filing a return shall, at the time of filing the
21 return, pay to the tax officer the amount of income tax due.
22 The department shall establish criteria under which the tax
23 officer may waive the quarterly return and payment of the
24 income tax and permit a taxpayer to file the receipt of
25 taxable income on the taxpayer's annual return and pay the
26 income tax due on or before April 15 of the succeeding year.

27 Section 503. (Reserved).

28 Section 504. Tax collection districts.

29 A tax collection district shall be created in each county,
30 except a county of the first class, for purposes of collecting

1 income taxes. The geographic boundaries of a tax collection
2 district shall be coterminous with the county in which it is
3 created, except as provided in this section. A school district
4 located in more than one county shall be included in the tax
5 collection district with the greatest share of the school
6 district's population based on the most recently available data
7 from the Federal decennial census as of the effective date of
8 this section. A municipality shall be included in the tax
9 collection district in which its school district is located. If
10 a municipality is located in more than one school district, each
11 of which is in a different tax collection district, the portion
12 of the municipality in each school district shall be included in
13 the tax collection district for that school district. The
14 department shall establish a list of all tax collection
15 districts and the political subdivisions in each tax collection
16 district. By January 16, 2009, the list shall be transmitted to
17 the Legislative Reference Bureau for publication in the
18 Pennsylvania Bulletin; and by January 28, 2009, the list shall
19 be made available on the department's Internet website.

20 Section 505. Tax collection committees.

21 (a) Establishment.--A tax collection committee shall be
22 created in each tax collection district as set forth in this
23 section.

24 (a.1) Duties.--A tax collection committee has the following
25 duties:

26 (1) To keep records of all votes and other actions taken
27 by the tax collection committee.

28 (2) To appoint and oversee a tax officer for the tax
29 collection district as provided in section 507(a).

30 (3) To set the compensation of the tax officer under

1 section 507(c).

2 (4) To require, hold, set and review the tax officer's
3 bond required by section 509(d).

4 (5) To establish the manner and extent of financing of
5 the tax collection committee.

6 (6) To sue and be sued, and complain and defend in all
7 courts.

8 (7) To adopt, amend and repeal bylaws for the management
9 of its affairs consistent with subsection (f) and regulations
10 under section 508.

11 (8) To adopt, amend and repeal policies and procedures
12 consistent with the regulations under section 508 for the
13 administration of income taxes within the tax collection
14 district. The procedures shall supersede any contrary
15 resolutions or ordinances adopted by a political subdivision.
16 This authority shall not be construed to permit a tax
17 collection committee to change the rate or subject of any
18 tax.

19 (a.2) Powers.--A tax collection committee has the following
20 powers:

21 (1) To adopt, amend and repeal resolutions to carry out
22 its powers and duties under this section.

23 (2) To create a tax bureau and to provide for its
24 operation and administration. The department shall, upon
25 request of a tax collection committee, provide technical
26 assistance to the tax collection committee in the creation of
27 a tax bureau.

28 (3) To enter into contracts as necessary.

29 (4) To appoint a director for the tax collection
30 committee and other employees as necessary and to fix their

1 compensation.

2 (5) To retain counsel and auditors to render
3 professional services as necessary.

4 (6) To acquire, lease, rent or dispose of real or
5 personal property.

6 (7) To enter into agreements with one or more other tax
7 collection committees to form a joint tax collection
8 committee. A joint tax collection committee shall have the
9 powers and duties enumerated in subsection (a.1) and this
10 subsection with respect to all tax collection districts from
11 which the joint tax collection committee is formed.

12 (b) Delegates.--

13 (1) The governing body of each political subdivision
14 within a tax collection district that imposed an income tax
15 prior to July 1, 2009, shall appoint one voting delegate and
16 one alternate to represent the political subdivision on the
17 tax collection committee by September 15, 2009. The governing
18 body of each political subdivision that, after June 30, 2009,
19 imposes an income tax for the first time shall appoint one
20 delegate and one alternate to represent the political
21 subdivision on the tax collection committee. Each delegate
22 and alternate must be a resident of the political subdivision
23 represented. A delegate or alternate shall serve at the
24 pleasure of the governing body of the political subdivision.

25 (2) The governing body of each political subdivision
26 within a tax collection district that prior to January 1,
27 2008, does not impose an income tax may appoint one nonvoting
28 representative to represent the political subdivision on the
29 tax collection committee. If, after June 30, 2009, a
30 political subdivision imposes an income tax, the nonvoting

1 representative shall become a voting delegate to represent
2 the political subdivision on the tax collection committee.

3 (b.1) Quorum.--Unless otherwise provided for in the bylaws
4 of a tax collection committee, a majority of the delegates of a
5 tax collection committee appointed under subsection (b)(1)
6 constitutes a quorum. A quorum must be present in order to take
7 official action.

8 (b.2) Lack of quorum.--If a quorum is not present at the
9 first meeting, the chair of the governing body of the county in
10 which the tax collection district is located or the chair's
11 designee shall reschedule the meeting within three weeks. The
12 chair or the chair's designee shall provide, by first class
13 mail, notice of the rescheduled meeting to the department and to
14 the governing bodies of all political subdivisions in the tax
15 collection district on a form prescribed by the department. The
16 form shall include the date, time and location of the
17 rescheduled meeting and a notice that the delegates present at
18 the rescheduled meeting shall constitute a quorum. The
19 rescheduled meeting shall be deemed to be the first meeting for
20 purposes of this chapter.

21 (c) Voting rights.--

22 (1) Only a delegate appointed by the governing body of a
23 political subdivision may represent a political subdivision
24 at a tax collection committee meeting. If a delegate cannot
25 be present for a tax collection committee meeting, the
26 alternate appointed under this section may represent the
27 political subdivision. Each delegate or alternate shall be
28 entitled to vote upon any action authorized or required of
29 the tax collection committee under this chapter.

30 (2) For the first meeting of the tax collection

1 committee, actions of the tax collection committee shall be
2 determined by a majority vote of those delegates present.
3 Votes shall be based upon the proportional population of each
4 political subdivision in proportion to the population of each
5 tax collection district as determined by the most recent
6 Federal decennial census data. For subsequent meetings, votes
7 shall be taken in accordance with this paragraph unless the
8 bylaws provide otherwise.

9 (3) No later than September 1, 2009, the department
10 shall calculate the weighted vote for each political
11 subdivision within each tax collection district based on the
12 most recent annual financial report available. By July 1 of
13 the year following the first meeting, and of each year
14 thereafter, each tax collection committee shall recalculate
15 the weighted vote unless the bylaws provide for a more
16 frequent recalculation.

17 (4) If a political subdivision within the tax collection
18 district imposes an income tax for the first time, the tax
19 collection committee shall recalculate the weighted vote or
20 other method of voting under the bylaws.

21 (d) First meeting schedule.--The first meeting of the tax
22 collection committee in each tax collection district shall be on
23 or before November 15, 2009. The chair of the county
24 commissioners of the county in which the tax collection district
25 is primarily located or the chair's designee shall schedule the
26 first meeting of the tax collection committee and shall provide,
27 at least 21 days before the meeting, public notice, as required
28 by 65 Pa.C.S. § 703 (relating to definitions), and notice by
29 first class mail by September 15, 2009, to the department and to
30 the governing body of each political subdivision located in the

1 tax collection district.

2 (e) First meeting agenda.--The chair of the county
3 commissioners or the chair's designee shall convene the first
4 meeting of the tax collection committee. The chair of the county
5 commissioners shall conduct the meeting and record all votes
6 until a chairperson, vice chairperson and secretary are elected
7 by the committee. The delegates shall elect a chair, vice chair
8 from among the delegates and a secretary. The chair shall
9 schedule meetings, set the agenda, conduct meetings, record
10 votes and perform other duties as determined by the tax
11 collection committee. The secretary shall maintain the minutes
12 and records of the tax collection committee and provide public
13 notices and all notices to each delegate and alternate appointed
14 to the tax collection committee.

15 (f) Bylaws.--No later than April 15, 2010, the delegates of
16 each tax collection committee shall adopt bylaws to govern the
17 tax collection committee and notify the department within 30
18 days of adoption. Written notice shall be provided to each
19 delegate and alternate delegate that the adoption or amendment
20 of bylaws will be considered at a meeting. Notice shall include
21 copies of the proposed bylaws or amendments. The bylaws for each
22 tax collection committee shall provide for the following:

23 (1) Rules of procedure, quorum requirements, voting
24 rights and provisions for managing the affairs of the tax
25 collection committee.

26 (2) A list of officers, their terms and powers and a
27 process for their election.

28 (3) Meetings, including special meetings.

29 (4) The process for adopting and amending bylaws.

30 (5) The procedure for the addition of new political

1 subdivisions to the tax collection committee.

2 (g) Officers.--Upon the election of any new officers, the
3 tax collection committee shall notify the department within 30
4 days and shall provide the department with the name and address
5 of each officer.

6 (h) Audits of taxes received and disbursed.--

7 (1) By the end of each calendar year, the tax collection
8 committee shall provide for at least one examination for each
9 calendar year of the books, accounts, financial statements,
10 compliance reports and records of the tax officer by a
11 certified public accountant or public accountant approved and
12 appointed by the tax collection committee. The examination
13 shall include an audit of all records relating to the cash
14 basis receipt and disbursement of all public money by the tax
15 officer, a reconciliation of the monthly reports required by
16 section 509(b), an analysis of the bond amount under section
17 509(d) and an analysis of the collection fees charged to the
18 tax collection committee. In the case of a private agency,
19 the examination shall not include payroll and other
20 proprietary information. The examination shall be conducted
21 according to generally accepted governmental auditing
22 standards.

23 (2) The certified public accountant or public accountant
24 shall issue a report, in a format prescribed by the
25 department, to the tax collection committee, which shall
26 include an auditor's opinion letter, a financial statement, a
27 reconciliation of the monthly reports required by section
28 509(b) with the receipts and disbursements, a summary of
29 collection fees charged to the tax collection committee, a
30 report on the tax officer's compliance with this act, a list

1 of any findings of noncompliance with this act and a copy of
2 a management letter if one is issued by the auditor. If there
3 are findings of noncompliance, a copy of the report shall be
4 filed with the Office of Attorney General, the Department of
5 the Auditor General and the department. A copy of the report
6 shall be filed with all political subdivisions within the tax
7 collection district and the department on or before September
8 1 of the succeeding year. The department may make available
9 on its Internet website summary data from the reports filed
10 under this subsection.

11 (i) Applicability of statutes.--Each tax collection
12 committee shall be subject to the provisions of the following:

13 (1) The act of June 21, 1957 (P.L.390, No.212), referred
14 to as the Right-to-Know Law.

15 (2) The act of July 19, 1957 (P.L.1017, No.451), known
16 as the State Adverse Interest Act.

17 (3) 65 Pa.C.S. Ch. 7 (relating to open meetings).

18 (4) 65 Pa.C.S. Ch. 11 (relating to ethics standards and
19 financial disclosure).

20 (j) Appeals board.--

21 (1) By June 1, 2010, each tax collection committee shall
22 establish an appeals board comprised of a minimum of three
23 delegates.

24 (2) A determination of the tax officer relating to the
25 assessment, collection, refund, withholding, remittance or
26 distribution of income taxes may be appealed to the appeals
27 board by a taxpayer, employer, political subdivision or
28 another tax collection district.

29 (3) All appeals shall be conducted in a manner
30 consistent with 53 Pa.C.S. §§ 8430 (relating to

1 administrative appeals), 8431 (relating to petitions), 8432
2 (relating to practice and procedure), 8433 (relating to
3 decisions) and 8434 (relating to appeals).

4 (4) A tax collection committee may enter into agreement
5 with another tax collection committee to establish a joint
6 appeals board.

7 (5) No member of an appeals board or joint appeals board
8 may be a tax officer or an employee, agent or attorney for a
9 tax officer.

10 Section 506. Tax officer.

11 (a) Collection and administration.--Notwithstanding any
12 other provision of law to the contrary, income taxes shall be
13 collected and administered by one tax officer in each tax
14 collection district appointed under section 507(a). Two or more
15 tax collection districts may appoint the same tax officer. If
16 two or more tax collection districts form a joint tax collection
17 committee, the joint tax collection committee shall appoint a
18 single tax officer.

19 (b) Standards.--A tax collection committee may not appoint
20 as a tax officer any tax bureau, political subdivision or
21 private agency that:

22 (1) has been convicted of a felony involving fraud,
23 extortion or dishonesty in any jurisdiction;

24 (2) has engaged in conduct which significantly adversely
25 reflects on the applicant's credibility, honesty or
26 integrity; or

27 (3) is unable to obtain the bond required by section
28 509(d).

29 Section 507. Appointment of tax officer.

30 (a) Appointment.--By September 15, 2010, each tax collection

1 committee shall appoint a tax officer by resolution and shall
2 notify the department of the appointment, including the tax
3 officer's name, address and telephone number and any other
4 information required by the department within ten days of the
5 appointment. The name, telephone number and address of the tax
6 officer appointed shall be added to the official register and
7 shall be effective for the assessment, collection and
8 administration of income taxes levied, imposed and collected in
9 fiscal years beginning on and after January 1, 2012. If the
10 position of tax officer becomes vacant, the tax collection
11 committee shall appoint a new tax officer by resolution.

12 (b) Court selection.--

13 (1) If a tax collection committee has not appointed a
14 tax officer under subsection (a) or if a tax officer ceases
15 to hold office and a successor has not been appointed within
16 30 days of the vacancy, the tax collection committee shall
17 immediately notify the department and shall submit the names
18 of at least two nominees for the position of tax officer to
19 the court of common pleas in the county in which the tax
20 collection district is located. The court shall select a tax
21 officer from among the nominees submitted by the tax
22 collection committee.

23 (2) If the tax collection committee fails to submit
24 nominees in accordance with this subsection, any political
25 subdivision within the tax collection district may, after
26 notifying the department, petition the court to select a tax
27 officer. The court may provide for other persons to submit
28 nominations for the position of tax officer. The court may
29 select a tax officer from among the nominees.

30 (3) In the event that a tax officer is to be selected by

1 the court under this subsection, the department shall inform
2 the court of the time frame by which an appointment of a tax
3 officer is needed and of upcoming deadlines which the tax
4 officer must meet in order to timely fulfill the duties of
5 appointment.

6 (4) Upon the selection of a tax officer by the court,
7 the tax collection committee shall appoint the person
8 selected.

9 (c) Compensation.--The tax officer shall receive reasonable
10 compensation for services and expenses as determined by the tax
11 collection committee. Compensation shall be prorated based on
12 the percentage of income tax revenue collected in all political
13 subdivisions within the tax collection district unless a
14 different compensation method is agreed to by the tax officer
15 and the tax collection committee. At the discretion of the tax
16 collection committee, the tax officer may be permitted to
17 withhold the amount of the tax officer's compensation from
18 income taxes collected, if the monthly reports required by
19 section 509(b) submitted by the tax officer include an
20 accounting for all compensation withheld.

21 (d) Written agreement.--Except when a tax collection
22 committee establishes a tax bureau under section 505(a.2)(2),
23 all appointments of a tax officer shall be made pursuant to a
24 written agreement between the tax officer and the tax collection
25 committee. The agreement shall be approved by the committee by
26 resolution.

27 Section 508. Powers and duties of the department.

28 (a) Additional powers.--In addition to the powers and duties
29 provided for in this act, the department, in consultation with
30 the Department of Revenue, shall prescribe standardized forms,

1 reports, notices, returns and schedules and shall promulgate
2 regulations as necessary to carry out the provisions of this
3 act.

4 (b) Temporary regulations.--The department may promulgate
5 temporary regulations, for a period of two years, as necessary,
6 which shall be published in the Pennsylvania Bulletin. The
7 temporary regulations promulgated by the department shall expire
8 no later than three years following the effective date of this
9 part or upon promulgation of regulations as generally provided
10 by law. The temporary regulations shall not be subject to any of
11 the following:

12 (1) Sections 201, 202, 203, 204 and 205 of the act of
13 July 31, 1968 (P.L.769, No.240), referred to as the
14 Commonwealth Documents Law.

15 (2) Section 204(b) of the act of October 15, 1980
16 (P.L.950, No.164), known as the Commonwealth Attorneys Act.

17 (3) The act of June 25, 1982 (P.L.633, No.181), known as
18 the Regulatory Review Act.

19 (c) Interim regulations.--Until promulgation of the
20 temporary or permanent regulations under this section, rules and
21 regulations in use by tax officers under the former Division
22 V(c) of section 13 shall remain valid.

23 Section 509. Powers and duties of tax officer.

24 (a) Tax collection.--In addition to any other power and duty
25 conferred upon a tax officer in this act, it shall be the duty
26 of the tax officer:

27 (1) To collect, reconcile, administer and enforce income
28 taxes imposed on residents and nonresidents of each political
29 subdivision included in the tax collection district.

30 (2) To receive and distribute income taxes and to

1 enforce withholding by employers located in the tax
2 collection district.

3 (3) To receive income taxes distributed by tax officers
4 for other tax collection districts.

5 (4) To distribute income taxes to political subdivisions
6 as required by section 513.

7 (5) To comply with all regulations adopted by the
8 department under this act and all resolutions, policies and
9 procedures adopted by the tax collection committee.

10 (6) To invest all income taxes in the custody of the tax
11 officer in authorized investments, subject to the approval of
12 the tax collection committee. The tax officer shall observe
13 the standard of care that would be observed by a prudent
14 person dealing with property of another. For the purposes of
15 this paragraph, the term "authorized investment" shall
16 include all of the following:

17 (i) Short-term obligations of the United States
18 Government or its agencies or instrumentalities which are
19 backed by the full faith and credit of the United States
20 or are rated in the highest category by a nationally
21 recognized statistical rating organization.

22 (ii) Deposits in savings accounts, time deposits,
23 share accounts or certificates of deposit of
24 institutions, insured by the Federal Deposit Insurance
25 Corporation or the National Credit Union Share Insurance
26 Fund, or their successor agencies, to the extent that the
27 accounts are insured and, for the amount above the
28 insured maximum, that collateral, free from other liens,
29 for the amount is pledged by the depository institution.

30 (iii) Deposits in investment pools established by

1 the State Treasurer or established by local governments
2 pursuant to 53 Pa.C.S. Ch. 23 Subch. A (relating to
3 intergovernmental cooperation) and related statutes,
4 provided that the investment pools are rated in the
5 highest category by a nationally recognized statistical
6 rating organization.

7 (iv) Repurchase agreements which are fully
8 collateralized by obligations of the United States
9 Government or its agencies or instrumentalities, which
10 are free from other liens and backed by the full faith
11 and credit of the United States or are rated in the
12 highest category by a nationally recognized statistical
13 rating organization.

14 (7) To distribute income generated from investments
15 authorized under paragraph (6) as determined by the tax
16 collection committee.

17 (b) Monthly reports.--The tax officer shall, within 20 days
18 after the end of each month, provide a written report, on forms
19 prescribed by the department, to the secretary of the tax
20 collection committee and to the secretary of each political
21 subdivision in the tax collection district for which taxes were
22 collected during the previous month. The report shall include a
23 breakdown of all income taxes, income generated from investments
24 under subsection (a)(6), penalties, costs and other money
25 received, collected, expended and distributed for each political
26 subdivision served by the tax officer and of all money
27 distributed to tax officers for other tax collection districts.

28 (c) Overpayments.--A tax officer shall refund, under 53
29 Pa.C.S. §§ 8425 (relating to refunds of overpayments) and 8426
30 (relating to interest on overpayment), on petition of and proof

1 by the taxpayer, income taxes paid in excess of income taxes
2 rightfully due.

3 (d) Bonds.--Prior to initiating any official duties, each
4 tax officer shall give and acknowledge a bond to the appointing
5 tax collection committee as follows:

6 (1) The tax collection committee shall fix the bond at
7 an amount sufficient to secure the financial responsibility
8 of the tax officer in accordance with guidelines adopted by
9 the department. The bond shall be in an amount equal to the
10 maximum amount of taxes that may be in the possession of the
11 tax officer at any given time. The amount of the bond shall
12 be revised annually by the tax collection committee based
13 upon the annual examination required under section 505(h).

14 (2) Each bond shall be joint and several, with one or
15 more corporate sureties, which shall be surety companies
16 authorized to do business in this Commonwealth and licensed
17 by the Insurance Department.

18 (3) Each bond shall be conditioned upon the completion
19 of all of the following by the tax officer's employees and
20 appointees:

21 (i) The faithful execution of all duties required of
22 the tax officer.

23 (ii) The just and faithful accounting or payment
24 over of all moneys and balances paid to, received or held
25 by the tax officer by virtue of the office in accordance
26 with law.

27 (iii) The delivery of all tax records or other
28 official items held in right as the tax officer to the
29 tax officer's successor in office.

30 (4) Each bond shall be taken in the name of the tax

1 collection district and shall be for the use of the tax
2 collection district appointing the tax officer, and for the
3 use of any other political subdivision or tax collection
4 district for which income taxes shall be collected or
5 distributed in case of a breach of any conditions of the bond
6 by the acts or neglect of the principal on the bond.

7 (5) A tax collection committee or any political
8 subdivision may sue upon the bond for the payment or
9 distribution of income taxes.

10 (6) Each bond shall contain the name of the surety
11 company bound on the bond.

12 (7) The tax collection committee may, upon cause shown
13 and due notice to the tax officer and the tax officer's
14 sureties, require or allow the substitution or the addition
15 of a surety company acceptable to the tax collection
16 committee for the purpose of making the bond sufficient in
17 amount, without releasing the sureties first approved from
18 any accrued liability or previous action on the bond.

19 (8) The tax collection committee shall designate the
20 custodian of the bond.

21 (9) The tax officer shall file copies of all bonds in
22 effect with each political subdivision in the tax collection
23 district.

24 (10) A copy of all bonds in effect shall be made
25 available upon request and at no cost to the department or to
26 a tax collection district or political subdivision seeking
27 payment or distribution of income taxes authorized by this
28 act.

29 (e) Records.--It shall be the duty of the tax officer to
30 keep a record showing the amount of income taxes received from

1 each taxpayer or other tax officer, the date of receipt, the
2 amount and date of all other moneys received or distributed and
3 any other information required by the department. All tax
4 records shall be the property of the political subdivision and
5 the tax collection district in which the taxes were collected.
6 The tax collection district shall retain all tax records for at
7 least seven years unless otherwise provided by the Local
8 Government Records Committee of the Pennsylvania Historical and
9 Museum Commission under 53 Pa.C.S. Ch. 13 Subch. F (relating to
10 records). Tax records under this subsection may be retained
11 electronically as permitted by law.

12 (f) Employer and taxpayer audits.--

13 (1) In order to verify the accuracy of any income tax
14 declaration or return or, if no declaration or return was
15 filed, to ascertain the income tax due, the tax officer and
16 the tax officer's designated employees may examine the
17 records pertaining to income taxes due of any of the
18 following:

19 (i) An employer.

20 (ii) A taxpayer.

21 (iii) A person whom the tax officer reasonably
22 believes to be an employer or taxpayer.

23 (2) Every employer and taxpayer or other person whom the
24 tax officer reasonably believes to be an employer or taxpayer
25 shall provide to the tax officer and the tax officer's
26 designated employees the means, facilities and opportunity
27 for the examination and investigation authorized under
28 paragraph (1).

29 (3) For purposes of this subsection, the term "records"
30 shall include any books, papers, and relevant Federal or

1 State tax returns and accompanying schedules, or supporting
2 documentation for any income taxable under this act.

3 (g) Exchange of information.--The tax officer shall ensure
4 that the Department of Revenue and each tax collection district
5 shall enter into agreements for the exchange of information as
6 necessary for the collection of income taxes.

7 (h) Actions for collection of income taxes.--The tax officer
8 may file an action in the name of a political subdivision within
9 the tax collection district for the recovery of income taxes due
10 to the political subdivision and unpaid. Nothing in this
11 subsection shall affect the authority of a political subdivision
12 to file an action in its own name for collection of income taxes
13 under this chapter. This subsection shall not be construed to
14 limit a tax officer, a tax collection district or political
15 subdivision from recovering delinquent income taxes by any other
16 means provided by this act. Actions for collection of income
17 taxes shall be subject to the following:

18 (1) Except as set forth in paragraph (2) or (4), an
19 action brought to recover income taxes must be commenced
20 within three years of the later of the date:

21 (i) the income taxes are due;
22 (ii) the declaration or return has been filed; or
23 (iii) of a redetermination of compensation or net
24 profits by the Department of Revenue.

25 (2) If there is substantial understatement of income tax
26 liability of 25% or more and there is no fraud, an action
27 must be commenced within six years.

28 (3) Except as set forth in paragraph(4)(ii), (iii) or
29 (iv), an action by a tax officer for recovery of an erroneous
30 refund must be commenced as follows:

1 (i) Except as set forth in subparagraph (ii), within
2 two years after making the refund.

3 (ii) If it appears that any part of the refund was
4 induced by fraud or misrepresentation of material fact,
5 within five years after making the refund.

6 (4) There is no limitation of action if any of the
7 following apply:

8 (i) A taxpayer fails to file a declaration or return
9 required under this act.

10 (ii) An examination of a declaration or return or of
11 other evidence in the possession of the tax officer
12 relating to the declaration or return reveals a
13 fraudulent evasion of income taxes.

14 (iii) An employer has deducted income taxes under
15 section 512 and has failed to pay the amount deducted to
16 the tax officer.

17 (iv) An employer has intentionally failed to make
18 deductions required by this act.

19 (i) Interest and penalties.--

20 (1) Except as provided in paragraph (2), if the income
21 tax is not paid when due, interest at the rate the taxpayer
22 is required to pay to the Commonwealth under section 806 of
23 the act of April 9, 1929 (P.L.343, No.176), known as The
24 Fiscal Code, on the amount of the income tax, and an
25 additional penalty of 1% of the amount of the unpaid income
26 tax for each month or fraction of a month during which the
27 income tax remains unpaid shall be added and collected but
28 the amount shall not exceed 15% in the aggregate. Where an
29 action is brought for the recovery of the income tax, the
30 taxpayer liable for the income tax shall, in addition, be

1 liable for the costs of collection, interest and penalties.

2 (2) The department may establish conditions under which
3 a tax officer, with the concurrence of the tax collection
4 committee, may abate interest or penalties that would
5 otherwise be imposed for the nonreporting or underreporting
6 of income tax liabilities or for the nonpayment of income
7 taxes previously imposed and due if the taxpayer voluntarily
8 files delinquent returns and pays the income taxes in full.

9 (3) The provisions of paragraph (2) shall not affect or
10 terminate any petitions, investigations, prosecutions or
11 other proceedings pending under of this chapter, or prevent
12 the commencement or further prosecution of any proceedings by
13 the proper authorities for violations of this act. No
14 proceedings shall, however, be commenced on the basis of
15 delinquent returns filed pursuant to paragraph (3) if the
16 returns are determined to be substantially true and correct
17 and the income taxes are paid in full within the prescribed
18 time.

19 (j) Fines and penalties for violations.--

20 (1) Any taxpayer who fails, neglects or refuses to make
21 any declaration or return required by this chapter, any
22 employer who fails, neglects or refuses to register, keep or
23 supply records or returns required by section 512 or to pay
24 the income tax deducted from employees, or fails, neglects or
25 refuses to deduct or withhold the income tax from employees,
26 any taxpayer or employer who refuses to permit the tax
27 officer appointed by a tax collection committee or an
28 employee or agent of the tax officer to examine books,
29 records and papers, and any taxpayer or employer who
30 knowingly makes any incomplete, false or fraudulent return,

1 or attempts to do anything whatsoever to avoid the full
2 disclosure of the amount of income in order to avoid the
3 payment of income taxes shall, upon conviction thereof, be
4 sentenced to pay a fine of not more than \$2,500 for each
5 offense and reasonable costs, and in default of payment of
6 said fine and costs, to imprisonment for not more than six
7 months.

8 (2) Any employer required under this chapter to collect,
9 account for and distribute income taxes who willfully fails
10 to collect or truthfully account for and distribute income
11 taxes, commits a misdemeanor and shall, upon conviction, be
12 sentenced to pay a fine not exceeding \$25,000 or to
13 imprisonment not exceeding two years, or both.

14 (3) The penalties imposed under this subsection shall be
15 in addition to any other costs and penalties imposed by this
16 act.

17 (4) The failure of any person to obtain forms required
18 for making the declaration or returns required by this act
19 shall not excuse the person from making the declaration or
20 return.

21 (k) Collection.--In addition to the powers and duties
22 enumerated in this section, a tax officer may collect other
23 taxes as provided by law.

24 Section 510. Fines and penalties against tax officers.

25 (a) Distribution of nonresident taxes.--The Attorney
26 General, a tax collection district or a political subdivision
27 that brings an action under subsection (e) with respect to
28 distribution of income taxes under section 513 may seek
29 equitable relief from a tax officer, including an accounting of
30 all undistributed income taxes and monetary damages, in the form

1 of recovery of the income taxes not previously distributed plus
2 interest calculated from the date that the income taxes should
3 have been distributed. In addition, the court may impose a civil
4 penalty not to exceed \$2,500 for each quarter for which income
5 taxes were not distributed in accordance with section 513, plus
6 reasonable costs and attorney fees. If a tax officer fails to
7 distribute income taxes to the appropriate political subdivision
8 as required under section 513 for four consecutive tax quarters,
9 the court may impose a civil penalty not to exceed \$5,000. In
10 addition, the court may impose a fine not to exceed \$100 per day
11 for every day past the deadline that a tax officer does not
12 respond to a claim under section 513(b).

13 (b) Monthly reports and audits of income taxes.--If a tax
14 officer fails to submit the report required under section
15 509(b), a tax collection district or a political subdivision
16 entitled to receive the report may bring an action in the court
17 of common pleas of the county in which the tax collection
18 district is primarily located. The court may impose a civil
19 penalty of \$20 a day for each day that the report is overdue,
20 not to exceed \$500. If an examination submitted under section
21 505(h) includes any findings of noncompliance, the court may
22 impose an additional civil penalty of not less than \$500 but not
23 more than \$2,500.

24 (c) Failure of duty.--An action may be brought against the
25 tax officer to compel the performance of duties required by this
26 chapter or imposed by regulations adopted pursuant to this
27 chapter, including the duty to deliver all tax records and other
28 official items held in right as tax officer to the tax officer's
29 successor. Upon a finding of failure to perform a duty, the
30 court may impose a penalty not to exceed \$5,000; and the tax

1 officer may be held liable for the cost of reproducing tax
2 records if they are lost or cannot be delivered.

3 (d) Other violations.--A tax officer who violates any other
4 provision of this act shall be subject to a civil penalty of up
5 to \$2,500 for each violation.

6 (e) Actions against a tax officer.--An action against a tax
7 officer for a violation of this chapter may be brought by the
8 Attorney General, a tax collection district or a political
9 subdivision for which the tax officer collects income taxes, a
10 political subdivision or tax collection committee owed income
11 taxes by the tax officer or by a surety.

12 (f) Rescinded appointment.--

13 (1) A tax collection committee shall temporarily remove
14 a tax officer if a criminal action is commenced against the
15 tax officer for an offense which would constitute a violation
16 of the standards of office under section 506(b). If the tax
17 officer is convicted in the action, the tax collection
18 committee shall rescind the appointment and remove the tax
19 officer permanently.

20 (2) A tax collection committee may remove or rescind the
21 appointment of a tax officer where the tax officer or an
22 employee or agent of the tax officer violates confidentiality
23 provisions under section 514(b).

24 (3) A tax collection committee may remove or rescind the
25 appointment of a tax officer for just cause.

26 (4) A tax collection committee may not retain a tax
27 officer who has been penalized under subsection (a), (b), (c)
28 or (d) more than three times.

29 (g) Interpretation.--A tax officer shall not be considered a
30 debt collector for purposes of the act of March 28, 2000

1 (P.L.23, No.7), known as the Fair Credit Extension Uniformity
2 Act. Except as otherwise authorized in this act, a tax officer
3 shall be subject to the restrictions and prohibitions imposed on
4 creditors. Notwithstanding the provisions of the Fair Credit
5 Extension Uniformity Act, this act shall supersede any
6 restrictions and prohibitions on creditors otherwise applicable
7 under the Fair Credit Extension Uniformity Act.

8 Section 511. Tax registers.

9 (a) Requirement.--The department shall maintain a tax
10 register and an official register. All of the following shall
11 apply:

12 (1) The department shall maintain a tax register on the
13 department's Internet website. Information for the tax
14 register shall be furnished by each county and each political
15 subdivision to the department as prescribed by the
16 department. The department shall continuously update the tax
17 register.

18 (2) As part of the tax register under paragraph (1), the
19 department shall maintain an official register. The
20 requirement to maintain an official register in accordance
21 with this section shall supersede the requirements for an
22 official register in any act.

23 (3) The official register shall be organized by
24 municipality and shall list:

25 (i) Each municipality and coterminous school
26 district.

27 (ii) The effective income tax rate on taxpayers who
28 reside in the municipality.

29 (iii) The effective income tax rate on taxpayers who
30 reside in the school district.

1 (iv) The combined municipal and school district
2 income tax rate on taxpayers residing in each
3 municipality.

4 (v) The income tax rate on taxpayers working within
5 the municipality.

6 (vi) Whether an income tax is a personal income tax
7 levied under the act of June 27, 2006 (1st Sp.Sess., P.L.
8 , No.1), known as the Taxpayer Relief Act, or any other
9 act.

10 (vii) The effective emergency and municipal services
11 tax rate on taxpayers working within the municipality.

12 (viii) The effective emergency and municipal
13 services tax rate on taxpayers working within the school
14 district.

15 (ix) The combined municipal and school district
16 emergency and municipal services tax rate.

17 (x) The amount of any other withholding tax.

18 (xi) The name, telephone number, address, e-mail and
19 Internet address, where available, of the tax officer
20 responsible for administering the collection of the tax.

21 (xii) Any other information deemed necessary by the
22 department.

23 (4) Each year the department shall update and officially
24 release withholding tax rates on the official register on
25 June 15 and December 15. Tax rates released on June 15 shall
26 become effective July 1. Tax rates released on December 15
27 shall become effective January 1 of the following year. The
28 department may revise the notification, official release and
29 effective dates of the register for good cause. Six months
30 prior to the revision, the department shall notify each

1 affected political subdivision of the revision and shall
2 publish notice of the revision in the Pennsylvania Bulletin.

3 (5) Information for the official register shall be
4 furnished by each political subdivision to the department as
5 prescribed by the department and shall include a copy of the
6 ordinance or resolution enacting, repealing or changing the
7 tax. The department shall be notified of changes to the
8 official register as follows:

9 (i) New withholding tax enactments, repeals and
10 changes shall be received by the department no later than
11 June 1 to require withholding of a new tax, withholding
12 at a new rate or to suspend withholding of such tax
13 effective July 1 of that year. All new withholding tax
14 enactments, repeals and changes received by the
15 department by June 1 shall be officially released by the
16 department June 15 and become effective July 1. Failure
17 of the department to receive information by June 1 from
18 political subdivisions regarding current withholding tax
19 rates, new withholding tax enactments, repeals and
20 changes shall be construed by the department to mean that
21 the information contained in the previous December 15
22 release of the official register is still in force.
23 Information received by the department after June 1 but
24 before December 1 shall be officially released on
25 December 15.

26 (ii) New withholding tax enactments, repeals and
27 changes shall be received by the department no later than
28 December 1 to require withholding of a new tax,
29 withholding at a new rate or to suspend withholding of
30 such tax effective January 1 of the following year. All

1 new withholding tax enactments, repeals and changes
2 received by the department by December 1 shall be
3 officially released by the department on December 15 and
4 become effective January 1 of the following year. Failure
5 of the department to receive information by December 1
6 from political subdivisions regarding current withholding
7 tax rates, new withholding tax enactments, repeals and
8 changes shall be construed by the department to mean that
9 the information contained in the previous June 15 release
10 of the official register is still in force. Information
11 received by the department after December 1 but before
12 June 1 shall be officially released on June 15.

13 (6) Employers shall not be required to deduct from the
14 compensation of their employees or make reports of
15 compensation in connection with any withholding tax that is
16 not released on the official register as of June 15 and
17 December 15 of each year as provided in paragraphs (4) and
18 (5). Notwithstanding any law to the contrary, no political
19 subdivision or tax officer may require any employer to deduct
20 a withholding tax at a rate or amount that is not released on
21 the official register. The provisions of this paragraph shall
22 not affect the liability of any taxpayer for withholding
23 taxes lawfully imposed under this act.

24 (7) An employer may withhold at the most recently
25 available rate on the tax register even if such rate is
26 different than the tax rate released on the official register
27 as provided in paragraphs (4) and (5), provided that an
28 employer shall not be required to withhold at a tax rate that
29 is not released on the official register.

30 (8) No employer shall be held liable for failure to

1 withhold an income tax from an employee if the failure to
2 withhold the income tax arises from incorrect information
3 submitted by the employee as to the employee's place of
4 residence.

5 (9) No employer shall be held liable for failure to
6 withhold the emergency and municipal services tax or for the
7 payment of tax money withheld to a tax officer if the failure
8 to withhold the taxes arises from incorrect information
9 submitted by the employee as to the employee's place of
10 employment, the employee's principal office or where the
11 employee is principally employed.

12 (b) Definition.--As used in this section, notwithstanding
13 section 501, the terms "income tax" and "withholding tax"
14 include a tax assessed on the income of a taxpayer and levied by
15 a municipality under the act of August 5, 1932 (Sp.Sess.,
16 P.L.45, No.45), referred to as the Sterling Act.
17 Section 512. Withholding and remittance.

18 Income taxes shall be withheld, remitted and reported as
19 follows:

20 (1) Every employer having an office, factory, workshop,
21 branch, warehouse or other place of business within a tax
22 collection district who employs one or more persons, other
23 than domestic servants, for a salary, wage, commission or
24 other compensation, who has not previously registered, shall,
25 within 15 days after becoming an employer, register with the
26 tax officer the name and address of the employer and such
27 other information as the department may require.

28 (2) An employer shall require each new employee to
29 complete a certificate of residency form, which shall be an
30 addendum to the Federal Employee's Withholding Allowance

1 Certificate (Form W-4). An employer shall also require any
2 employee who changes their address or domicile to complete a
3 certificate of residency form. Upon request, certificate of
4 residency forms shall be provided by the department. The
5 certificate of residency form shall provide information to
6 help identify the political subdivisions where an employee
7 lives and works.

8 (3) Every employer having an office, factory, workshop,
9 branch, warehouse or other place of business within a
10 district that employs one or more persons, other than
11 domestic servants, for a salary, wage, commission or other
12 compensation, shall, at the time of payment, deduct from the
13 compensation due each employee the greater of the employee's
14 resident tax or the employee's nonresident tax as released in
15 the official register under section 511.

16 (4) Except as set forth in paragraph (5), within 30 days
17 following the end of the calendar quarter, every employer
18 shall file a quarterly return and pay the amount of income
19 taxes deducted during the preceding calendar quarter to the
20 tax officer for the place of employment of each employee. The
21 form shall show the name, address and Social Security number
22 of each employee, the compensation of the employee during the
23 preceding three-month period, the income tax deducted from
24 the employee, the political subdivisions imposing the income
25 tax upon the employee, the total compensation of all
26 employees during the preceding calendar quarter, the total
27 income tax deducted from the employees and paid with the
28 return and any other information prescribed by the
29 department.

30 (5) Notwithstanding paragraph (4), the provisions of

1 this paragraph shall apply if an employer has more than one
2 place of employment in more than one tax collection district.
3 Within 30 days following the last day of each month, the
4 employer may file the return required by paragraph (4) and
5 pay the total amount of income taxes deducted from employees
6 in all work locations during the preceding month to the tax
7 officer for either the tax collection district in which the
8 employer's payroll operations are located or as determined by
9 the department. The return and income taxes deducted shall be
10 filed and paid electronically. The employer must file a
11 notice of intention to file combined returns and make
12 combined payments with the tax officer for each place of
13 employment at least one month before filing its first
14 combined return or making its first combined payment. This
15 paragraph shall not be construed to change the location of an
16 employee's place of employment for purposes of nonresident
17 tax liability.

18 (6) Any employer who for two of the preceding four
19 quarterly periods has failed to deduct the proper income tax,
20 or any part of the income tax, or has failed to pay over the
21 proper amount of income tax as required by paragraph (3) to
22 the tax collection district, may be required by the tax
23 officer to file returns and pay the income tax monthly. In
24 such cases, payments of income tax shall be made to the tax
25 officer on or before the last day of the month succeeding the
26 month for which the income tax was withheld.

27 (7) On or before February 28 of the succeeding year,
28 every employer shall file with the tax officer where income
29 taxes have been deducted and remitted pursuant to paragraph
30 (3):

1 (i) An annual return showing, for the period
2 beginning January 1 of the current year and ending
3 December 31 of the current year, the total amount of
4 compensation paid, the total amount of income tax
5 deducted, the total amount of income tax paid to the tax
6 officer and any other information prescribed by the
7 department.

8 (ii) A return withholding statement, which may be
9 integrated with the Federal Wage and Tax Statement (Form
10 W-2), for each employee employed during all or any part
11 of the period beginning January 1 of the current year and
12 ending December 31 of the current year, setting forth the
13 address and Social Security number, the amount of
14 compensation paid to the employee during the period, the
15 amount of income tax deducted, the amount of income tax
16 paid to the tax officer, the numerical code prescribed by
17 the department representing the tax collection district
18 where the payments required by paragraphs (4) and (5)
19 were remitted and any other information required by the
20 department. Every employer shall furnish one copy of the
21 individual return to the employee for whom it is filed.

22 (8) Any employer who discontinues business prior to
23 December 31 of the current year shall, within 30 days after
24 the discontinuance of business, file returns and withholding
25 statements required under this section and pay the income tax
26 due.

27 (9) Except as otherwise provided in section 511, an
28 employer who willfully or negligently fails or omits to make
29 the deductions required by this subsection shall be liable
30 for payment of income taxes which the employer was required

1 to withhold to the extent that the income taxes have not been
2 recovered from the employee. The failure or omission of any
3 employer to make the deductions required by this section
4 shall not relieve any employee from the payment of the income
5 tax or from complying with the requirements for filing of
6 declarations and returns.

7 Section 513. Distribution of income taxes.

8 (a) General rule.--Subject to subsection (b), all of the
9 following apply:

10 (1) Unless otherwise agreed to or required by the tax
11 collection committee, distribution of income taxes from a tax
12 officer to political subdivisions within the tax collection
13 district or to other tax collection districts shall be as
14 follows:

15 (i) Income taxes received from employers prior to
16 April 1, 2015, under section 512(4) shall be distributed
17 within 60 days of the later of:

18 (A) receipt; or

19 (B) the deadline for payment under section
20 512(4).

21 (ii) Income taxes received from employers on or
22 after April 1, 2015, under section 512(4) shall be
23 distributed within 30 days of the later of:

24 (A) receipt; or

25 (B) the deadline for payment under section
26 512(4).

27 (iii) Income taxes received from employers under
28 section 512(5) shall be distributed within 30 days of the
29 last day of the month.

30 (iv) Income taxes received from taxpayers and other

1 tax collection districts shall be distributed within 60
2 days of receipt.

3 (2) A tax officer shall maintain a record of all income
4 taxes distributed under this section, which shall include all
5 of the information required in the reports under section
6 512(4) and (5), the date of distribution, the political
7 subdivision or tax officer to which the income taxes are
8 distributed and any other information required by the
9 department. The record shall be provided to another tax
10 collection district at the time of distribution.

11 (3) A tax officer who, within two years after receiving
12 an income tax payment, cannot identify the political
13 subdivision entitled to the income tax payment shall make
14 payment to the municipality in which the income tax was
15 collected.

16 (b) Other tax collection districts.--In addition to
17 subsection (a), for distribution of income taxes to other tax
18 collection districts, the following shall apply:

19 (1) If nonresident taxes are not distributed to the
20 appropriate tax officer as required under subsection (a)(1),
21 a tax officer may make a claim for income taxes attributable
22 to residents of the tax collection district served by that
23 tax officer. The tax officer for the tax collection district
24 against which a claim is made shall, within 30 days:

25 (i) pay the claim if it is undisputed; or
26 (ii) respond in writing stating the reasons why the
27 claim cannot be paid.

28 (2) If the tax officer for the tax collection district
29 against which the claim is made does not act under paragraph
30 (1)(i) or (ii), the tax officer making the claim may bring an

1 action in the court of common pleas in the county in which
2 the tax collection district is primarily located for both the
3 amount of the claim and interest at the rate provided for in
4 53 Pa.C.S. § 8426 (relating to interest on overpayment) from
5 the date which the income taxes were received from the
6 taxpayer, employer or other tax officer. Notwithstanding any
7 other law to the contrary, an action under this paragraph
8 must be brought within seven years after the claim is made.

9 (c) Codes.--Employers and tax officers shall use political
10 subdivision and tax collection district codes prescribed by the
11 department.

12 (d) Fee exemption.--No tax officer, political subdivision or
13 tax collection district may pay a fee or commission to another
14 tax collection district for income taxes distributed under this
15 section.

16 Section 514. Confidentiality.

17 (a) General rule.--Any information gained by a tax officer
18 or any employee or agent of a tax officer or of the tax
19 collection committee as a result of any declarations, returns,
20 investigations, hearings or verifications shall be confidential
21 tax information.

22 (b) Prohibited conduct.--It shall be unlawful, except for
23 official purposes or as provided by law, for the Commonwealth,
24 any political subdivision, tax collection committee member, tax
25 officer, or employee or agent of a tax officer or tax collection
26 committee to do any of the following:

27 (1) Divulge or make known confidential tax information.

28 (2) Permit confidential tax information or a book
29 containing an abstract or particulars of the abstract to be
30 seen or examined by any person.

1 (3) Print, publish or otherwise make known any
2 confidential tax information.

3 (c) Penalties.--A person that violates subsection (b)
4 commits a misdemeanor of the third degree and shall, upon
5 conviction, be sentenced to pay a fine of not more than \$2,500
6 or to imprisonment for not more than one year, or both. If the
7 offender is a member of the tax collection committee, the member
8 shall be removed from the tax collection committee. If the
9 offender is an employee of a tax collection committee or a
10 political subdivision, the employee shall be discharged from
11 employment. The offender shall pay the costs of prosecution.

12 Section 515. Transition.

13 (a) Fines and penalties against tax officers.--

14 (1) A political subdivision which brings an action under
15 former Division V(h) of section 13 may seek equitable relief
16 from a tax officer, including an accounting of all
17 undistributed income taxes and monetary damages, in the form
18 of recovery of the income taxes not previously distributed.
19 In addition, the court may impose a civil penalty not to
20 exceed \$2,500 for each quarter for which income taxes were
21 not distributed in accordance with former Division V(h) of
22 section 13, plus reasonable costs and attorney fees.

23 (2) If a tax officer fails to distribute income taxes to
24 the appropriate political subdivision as required under
25 former Division V(h) of section 13 for four consecutive
26 quarters, the court may impose a civil penalty not to exceed
27 \$5,000.

28 (3) An action may be brought against the tax officer to
29 compel the performance of duties required by Chapter 3 or
30 former section 13 or imposed by regulations adopted pursuant

1 to Chapter 5, including the duty to deliver all tax records
2 and other official items held in right as tax officer to the
3 tax officer's successor. Upon a finding of failure to perform
4 a duty, the court may impose a penalty not to exceed \$5,000;
5 and the tax officer may be held liable for the cost or
6 reproducing tax records if they are lost or cannot be
7 delivered.

8 (4) An Article XIII tax officer who violates any other
9 provision of this section or former section 13 shall be
10 subject to a civil penalty of up to \$2,500 for each
11 violation.

12 (5) An action against an Article XIII tax officer for a
13 violation of this act may be brought by the Attorney General,
14 a political subdivision for which the Article XIII tax
15 officer collects income taxes, a political subdivision owed
16 income taxes by the Article XIII tax officer or by a surety
17 that is liable because of the violation.

18 (6) A political subdivision shall remove or rescind the
19 appointment of an Article XIII tax officer who has been
20 penalized more than three times under paragraph (1), (2), (3)
21 or (4).

22 (b) Transition.--

23 (1) (i) The governing body of each political
24 subdivision which imposed an income tax prior to January
25 1, 2011, shall do all of the following:

26 (A) Determine by November 1, 2010, whether the
27 Article XIII tax officer or the newly appointed tax
28 officer shall collect 2011 income taxes.

29 (B) Notify the department by December 1, 2010,
30 of the determination under clause (A) in accordance

1 with section 511(a)(5).

2 (ii) Every employer shall remit 2011 income taxes
3 and file the quarterly and annual reports required by
4 former Division IV(b) and (c) of section 13 to either the
5 Article XIII tax officer or the newly appointed tax
6 officer, as determined by the appropriate political
7 subdivision and released on the official register in
8 accordance with section 511.

9 (2) By July 1, 2011, each tax collection committee shall
10 develop a plan to transition from the provisions of former
11 section 13 to the provisions of sections 512 and 513, and
12 from the Article XIII tax officer to the newly appointed tax
13 officer for 2012 income taxes.

14 (3) The Article XIII tax officer shall deliver all tax
15 records to the political subdivision and the newly appointed
16 tax officer by June 30, 2012, unless otherwise agreed to by
17 the political subdivision and the newly appointed tax
18 officer.

19 (4) Any delinquent income taxes or reports from 2011, or
20 previous years which have not been remitted or provided to
21 the Article XIII tax officer by June 30, 2012, shall become
22 the responsibility of the newly appointed tax officer. A
23 political subdivision which has made other provisions for the
24 collection of delinquent income taxes or reports for 2011 or
25 previous years shall notify the newly appointed tax officer.

26 (5) Beginning with the first quarter of 2012, employers
27 shall remit income taxes withheld and make reports as
28 required by section 512 to the newly appointed tax officer.

29 (c) Definitions.--The following words and phrases when used
30 in this section shall have the meanings given to them in this

1 subsection unless the context clearly indicates otherwise:

2 "Newly appointed tax officer." A tax officer appointed under
3 section 507(a) responsible for the collection of 2012 income
4 taxes.

5 Section 516. Regulatory conflict.

6 In the event of a conflict between a regulation under this
7 chapter and a regulation under the act of June 27, 2006 (1st
8 Sp.Sess., P.L. , No.1), known as the Taxpayer Relief Act, in
9 the area of tax collection, the regulation under this chapter
10 shall prevail.

11 Section 517. Audit and evaluation.

12 (a) General rule.--Before 2017, the Legislative Budget and
13 Finance Committee shall conduct an audit and evaluation of the
14 impact of this chapter and consolidated collection of local
15 income taxes. The committee shall consult with the Auditor
16 General in the course of its audit and evaluation. The audit and
17 evaluation shall:

18 (1) Determine the extent to which income tax revenue
19 losses have been minimized or eliminated by the
20 implementation of uniform collection standards and a
21 countywide income tax collection system.

22 (2) Determine whether consolidated collection and
23 standardized withholding and remittance of local income taxes
24 as required in section 512 has simplified the system, reduced
25 fragmentation and reduced the burden of withholding,
26 remitting and distributing the local income tax for
27 employers.

28 (3) Determine if tax compliance is simpler, easier,
29 fairer and less time-consuming for taxpayers.

30 (4) Determine whether the tax collection system under

1 this chapter is more efficient than the prior system.

2 (5) Determine if tax collection committees are
3 exercising their powers and duties under section 505
4 effectively.

5 (6) Determine the extent to which cooperation and
6 coordination exists among tax officers and tax collection
7 districts.

8 (7) Determine whether authorized investments under
9 509(a)(6) and the bonding requirements under section 509(d)
10 provide sufficient protection to income tax collections.

11 (8) Determine whether nonresident and resident taxes are
12 being properly distributed among tax collection districts
13 within this Commonwealth and to political subdivisions within
14 each tax collection district.

15 (9) Determine whether the reporting, audit,
16 accountability, transparency and oversight requirements for
17 taxes collected, distributed and administered in this chapter
18 are adequate and being met within and among tax collection
19 districts.

20 (10) Determine if the appeals boards created under
21 section 505(j) are impartial, fair and effective.

22 (11) Determine whether the penalties against tax
23 officers under section 510 are effective and the extent to
24 which tax officers are in compliance with the rules and
25 regulations required by this chapter, and identify any tax
26 officers that are in substantial noncompliance with these
27 rules and regulations.

28 (12) Determine whether the agreements under section
29 509(g) have been approved by the Department of Revenue and
30 each tax collection district, and that the exchange of

1 information is reciprocal, timely and useful.

2 (13) Determine whether the interest, penalties and fines
3 under section 509(i) and (j) are appropriate and adequate.

4 (14) Recommend needed improvements to the system.

5 (b) Filing requirement.--Copies of the audit findings of the
6 Legislative Budget and Finance Committee under subsection (a)
7 shall be filed with the department, the Attorney General and
8 with each tax collection committee.

9 Section 24. The act is amended by adding a chapter heading
10 to read:

11 CHAPTER 7

12 COLLECTION OF DELINQUENT TAXES

13 Section 25. The act is amended by adding a section to read:

14 Section 701. Definitions.--As used in this chapter:

15 "Business entity" means a sole proprietorship, corporation,
16 joint-stock association or company, partnership, limited
17 partnership, limited liability company, association, business
18 trust, syndicate or other commercial or professional activity
19 organized under the laws of this Commonwealth or any other
20 jurisdiction.

21 "Employer" means a person, business entity or other entity,
22 including the Commonwealth, its political subdivisions and
23 instrumentalities and public authorities, employing one or more
24 persons for a salary, wage, commission or other compensation.

25 "Private agency" means a business entity appointed as a tax
26 collector by a political subdivision.

27 Section 26. Section 18 of the act is renumbered and amended
28 to read:

29 Section [18] 701.1. Distress and Sale of Goods and Chattels
30 of Taxpayer.--Every tax collector under Chapter 3 and tax

1 officer under Chapter 5 shall have power, in case of the neglect
2 or refusal of any person[, copartnership, association, or
3 corporation] or business entity, to make payment of the amount
4 of any tax due [by him] from the person or the business entity,
5 after two months from the date of the tax notice, to levy the
6 amount of such tax, any penalty due thereon and costs, not
7 exceeding costs and charges allowed constables for similar
8 services by distress and sale of the goods and chattels of such
9 delinquent, wherever situate or found, upon giving at least ten
10 days' public notice of such sale, by posting ten written or
11 printed notices, and by one advertisement in a newspaper of
12 general circulation published in the county.

13 No failure to demand or collect any taxes by distress and
14 sale of goods and chattels shall invalidate any return made, or
15 lien filed for nonpayment of taxes, or any tax sale for the
16 collection of taxes.

17 Section 27. Sections 19 and 20 of the act, amended June 21,
18 2007 (P.L.13, No.7), are renumbered and amended to read:

19 Section [19] 702. Collection of Delinquent Per Capita,
20 Occupation, Occupational Privilege, Emergency and Municipal
21 Services, Local Services and [Earned] Income Taxes from
22 Employers, etc.--The tax collector under Chapter 3 and the tax
23 officer under Chapter 5 shall demand, receive and collect from
24 all [corporations, political subdivisions, associations,
25 companies, firms or individuals,] employers employing persons
26 owing delinquent per capita, [or] occupation[,] or occupational
27 privilege[,] taxes under Chapter 3 or emergency and municipal
28 services, local services and [earned] income taxes under Chapter
29 5, or whose spouse owes delinquent per capita, occupation[,] or
30 occupational privilege[,] taxes under Chapter 3 or emergency and

1 municipal services, local services and [earned] income taxes
2 under Chapter 5, or having in possession unpaid commissions or
3 earnings belonging to any person or persons owing delinquent per
4 capita, occupation[,] or occupational privilege[,] taxes under
5 Chapter 3 or emergency and municipal services, local services
6 and [earned] income taxes under Chapter 5, or whose spouse owes
7 delinquent per capita, occupation[,] or occupational
8 privilege[,] taxes under Chapter 3 or emergency and municipal
9 services, local services and [earned] income taxes under Chapter
10 5, upon the presentation of a written notice and demand
11 certifying that the information contained therein is true and
12 correct and containing the name of the taxable or the spouse
13 thereof and the amount of tax due. Upon the presentation of such
14 written notice and demand, it shall be the duty of any [such
15 corporation, political subdivision, association, company, firm
16 or individual] employer to deduct from the wages, commissions or
17 earnings of such individual employes, then owing or that shall
18 within sixty days thereafter become due, or from any unpaid
19 commissions or earnings of any such taxable in [its or his] the
20 employer's possession, or that shall within sixty days
21 thereafter come into [its or his] the employer's possession, a
22 sum sufficient to pay the respective amount of the delinquent
23 [per capita, occupation, occupational privilege, emergency and
24 municipal services, local services and earned income] taxes and
25 costs, shown upon the written notice or demand, and to pay the
26 same to the tax collector of the taxing district or to the tax
27 officer for the tax collection district in which such delinquent
28 tax was levied within sixty days after such notice shall have
29 been given. No more than ten percent of the wages, commissions
30 or earnings of the delinquent taxpayer or spouse thereof may be

1 deducted at any one time for delinquent [per capita, occupation,
2 occupational privilege, emergency and municipal services, local
3 services and earned income] taxes and costs. [Such corporation,
4 political subdivision, association, firm or individual] The
5 employer shall be entitled to deduct from the moneys collected
6 from each employe the costs incurred from the extra bookkeeping
7 necessary to record such transactions, not exceeding two percent
8 of the amount of money so collected and paid over to the tax
9 collector or tax officer. Upon the failure of any [such
10 corporation, political subdivision, association, company, firm
11 or individual] employer to deduct the amount of such taxes or to
12 pay the same over to the tax collector or tax officer, less the
13 cost of bookkeeping involved in such transaction, as herein
14 provided, within the time hereby required, [such corporation,
15 political subdivision, association, company, firm or individual]
16 the employer shall forfeit and pay the amount of such tax for
17 each such taxable whose taxes are not withheld and paid over, or
18 that are withheld and not paid over together with a penalty of
19 ten percent added thereto, to be recovered by an action of
20 assumpsit in a suit to be instituted by the tax collector or tax
21 officer, or by the proper authorities of the taxing district or
22 tax collection district, as debts of like amount are now by law
23 recoverable, except that such person shall not have the benefit
24 of any stay of execution or exemption law. The tax collector or
25 tax officer shall not proceed against a spouse or [his] the
26 spouse's employer until [he] the tax collector or tax officer
27 has pursued collection remedies against the delinquent taxpayer
28 and his employer under this section.

29 Section [20] 703. Collection of Delinquent Per Capita,
30 Occupation, Occupational Privilege, Emergency and Municipal

1 Services, Local Services and [Earned] Income Taxes from the
2 Commonwealth.--Upon presentation of a written notice and demand
3 under oath or affirmation, to the State Treasurer or any other
4 fiscal officer of the State, or its boards, authorities,
5 agencies or commissions, it shall be the duty of the treasurer
6 or officer to deduct from the wages then owing, or that shall
7 within sixty days thereafter become due to any employe, a sum
8 sufficient to pay the respective amount of the delinquent per
9 capita, occupation[,] or occupational privilege, emergency and
10 municipal services, local services under Chapter 3 and [earned]
11 income taxes under Chapter 5 and costs shown on the written
12 notice. The same shall be paid to the tax collector or the tax
13 officer of the tax collection district of the taxing district in
14 which said delinquent tax was levied within sixty days after
15 such notice shall have been given.

16 Section 28. Section 20.1 of the act, added October 18, 1975
17 (P.L.425, No.118), is renumbered and amended to read:

18 Section [20.1] 704. Notice.--The tax collector or tax
19 officer shall, at least fifteen days prior to the presentation
20 of a written notice and demand to the State Treasurer or other
21 fiscal officer of the State, or to any [corporation, political
22 subdivision, association, company or individual] employer,
23 notify the taxpayer owing the delinquent tax by registered or
24 certified mail that a written notice and demand shall be
25 presented to [his] the taxpayer's employer unless such tax is
26 paid. The return receipt card for certified or registered mail
27 shall be marked delivered to addressee only, and the cost of
28 notification by certified or registered mail shall be added to
29 the costs for collecting taxes.

30 Section 29. Section 21 of the act, amended November 30, 2004

1 (P.L.1520, No.192), is renumbered and amended to read:

2 Section [21] 705. Collection of Taxes by Suit.--Each taxing
3 district or person, public employe or private agency designated
4 by the taxing district under Chapter 3 and each tax officer
5 under Chapter 5 shall have power to collect unpaid taxes from
6 the persons owing such taxes by suit in assumpsit or other
7 appropriate remedy. Upon each such judgment, execution may be
8 issued without any stay or benefit of any exemption law. The
9 right [of each such taxing district] to collect unpaid taxes
10 under the provisions of this section shall not be affected by
11 the fact that such taxes have been entered as liens in the
12 office of the prothonotary, or the fact that the property
13 against which they were levied has been returned to the county
14 commissioners for taxes for prior years.

15 Section 30. Section 22 of the act is renumbered and amended
16 to read:

17 Section [22] 706. Penalties.--Except as otherwise provided
18 in the case of any tax levied and assessed upon [earned] income,
19 any such political subdivision shall have power to prescribe and
20 enforce reasonable penalties for the nonpayment, within the time
21 fixed for their payment, of taxes imposed under authority of
22 this act and for the violations of the provisions of ordinances
23 or resolutions passed under authority of this act.

24 If for any reason any tax levied and assessed upon [earned]
25 income by any such political subdivision is not paid when due,
26 interest [at the rate of six percent per annum on the amount of
27 said tax, and an additional penalty of one-half of one percent
28 of the amount of the unpaid tax for each month or fraction
29 thereof during which the tax remains unpaid,] and penalties as
30 provided in section 509(i) shall be added and collected. When

1 suit is brought for the recovery of any such tax, the person
2 liable therefor shall, in addition, be liable for the costs of
3 collection and the interest and penalties herein imposed.

4 Section 31. Section 22.1 of the act, amended June 21, 2007
5 (P.L.13, No.7), is renumbered and amended to read:

6 Section [22.1] 707. Costs of Collection of Delinquent Per
7 Capita, Occupation, Occupational Privilege, Emergency and
8 Municipal Services, Local Services and [Earned] Income Taxes.--

9 (a) A [person, public employe] bureau, political subdivision or
10 private agency designated by a governing body of a political
11 subdivision or a tax collection district to collect and
12 administer [a] per capita, occupation[,] or occupational
13 privilege, emergency and municipal services, local services
14 taxes under Chapter 3 or [earned income tax] income taxes under
15 Chapter 5 may impose and collect the reasonable costs incurred
16 to provide notices of delinquency or to implement similar
17 procedures utilized to collect delinquent taxes from a taxpayer
18 as approved by the governing body of the political subdivision
19 or the tax collection committee. Reasonable costs collected may
20 be retained by the [person, public employe or private agency
21 designated to collect the tax as agreed to by the governing body
22 of the political subdivision] tax collector under Chapter 3 or
23 the tax officer under Chapter 5. An itemized accounting of all
24 costs collected shall be remitted to the political subdivision
25 or the tax collection committee on an annual basis.

26 (b) Costs related to the collection of unpaid per capita,
27 occupation [or], occupational privilege, emergency and municipal
28 services or local services taxes may only be assessed, levied
29 and collected for five years from the last day of the calendar
30 year in which the tax was due.

1 (c) A delinquent taxpayer may not bring an action for
2 reimbursement, refund or elimination of reasonable costs of
3 collection assessed or imposed prior to the effective date of
4 this section. Additional costs may not be assessed on delinquent
5 taxes collected prior to the effective date of this section.

6 Section 32. Section 22.2 of the act, added November 30, 2004
7 (P.L.1520, No.192), is renumbered and amended to read:

8 Section [22.2] 708. Clarification of Existing Law.--The
9 addition of section [22.1 of this act] 707 is intended as a
10 clarification of existing law and is not intended to:

11 (1) establish new rights or enlarge existing rights of
12 political subdivisions or employes or agents of political
13 subdivisions; or

14 (2) establish new obligations or enlarge existing
15 obligations of taxpayers.

16 Section 33. Section 22.3 of the act, added November 30, 2004
17 (P.L.1520, No.192), is repealed:

18 [Section 22.3. Legal Representation.--When bringing a suit
19 under any provision of this act, the taxing district, officer,
20 person, public employe or private agency designated by the
21 taxing district shall be represented by an attorney.]

22 Section 34. Section 22.6 of the act, added June 21, 2007
23 (P.L.13, No.7), is repealed:

24 [Section 22.6. Restricted Use.--(a) Any municipality
25 deriving funds from the local services tax may only use the
26 funds for:

27 (1) Emergency services, which shall include emergency
28 medical services, police services and/or fire services.

29 (2) Road construction and/or maintenance.

30 (3) Reduction of property taxes.

1 (4) Property tax relief through implementation of a
2 homestead and farmstead exclusion in accordance with 53 Pa.C.S.
3 Ch. 85 Subch. F (relating to homestead property exclusion).

4 (a.1) A municipality shall use no less than twenty-five
5 percent of the funds derived from the local services tax for
6 emergency services.

7 (b) In the event that a municipality decides to implement a
8 homestead and farmstead exclusion for purposes of providing
9 property tax relief in accordance with subsection (a)(4), the
10 following shall apply:

11 (1) The decision to provide a homestead and farmstead
12 exclusion shall be made, by ordinance, prior to December 1, with
13 the homestead and farmstead exclusion to take effect for the
14 fiscal year beginning the first day of January following
15 adoption of the ordinance. Upon adopting an ordinance in
16 accordance with this paragraph, a municipality shall, by first
17 class mail, notify the assessor, as defined in 53 Pa.C.S. § 8582
18 (relating to definitions), of its decision to provide a
19 homestead and farmstead exclusion.

20 (2) The assessor shall provide a municipality that will be
21 imposing a homestead and farmstead exclusion in accordance with
22 subsection (a)(4) with a certified report, as provided in 53
23 Pa.C.S. § 8584(i) (relating to administration and procedure),
24 listing information regarding homestead and farmstead properties
25 in the municipality as determined pursuant to applications filed
26 with the assessor in connection with this or any other law under
27 which a homestead or farmstead exclusion has been adopted. In
28 the year in which an ordinance is adopted in accordance with
29 paragraph (1), the assessor shall provide the certified report
30 after being notified by the municipality of its decision to

1 provide a homestead and farmstead exclusion. In each succeeding
2 year, the assessor shall provide the certified report by
3 December 1 or at the same time the tax duplicate is certified to
4 the municipality, whichever occurs first. Any duty placed on an
5 assessor in accordance with this paragraph shall be in addition
6 to those established in 53 Pa.C.S. Ch. 85 Subch. F and the act
7 of June 27, 2006 (1st Sp.Sess. P.L.1873, No.1), known as the
8 "Taxpayer Relief Act."

9 (3) Only homestead or farmstead properties identified in the
10 certified report of the assessor obtained in any year shall be
11 eligible to receive the exclusion for the next fiscal year.

12 (4) In the year in which a municipality adopts the ordinance
13 evidencing its decision to implement a homestead and farmstead
14 exclusion, the municipality shall notify by first class mail the
15 owner of each parcel of residential property within the
16 municipality which is not approved as a homestead or farmstead
17 property or for which the approval is due to expire of the
18 following:

19 (i) That the homestead and farmstead exclusion program is to
20 be implemented to provide property tax relief as authorized by
21 subsection (a)(4), beginning in the next fiscal year.

22 (ii) That only properties currently identified in the
23 certified report of the assessor as having been approved in
24 whole or in part as homestead or farmstead properties shall be
25 entitled to an exclusion in the next fiscal year.

26 (iii) That owners of properties that have not been approved
27 by the assessor as homestead or farmstead properties may file an
28 application in accordance with 53 Pa.C.S. § 8584(a) by the
29 annual application deadline of March 1 in order to qualify for
30 the program in the year following the next fiscal year.

1 (5) The one-time notice required by paragraph (4) may be
2 combined and made together with the annual notice required by
3 paragraph (7) or with an annual notice by a coterminous
4 political subdivision that has implemented a homestead and
5 farmstead exclusion.

6 (6) In the year in which the initial decision to provide a
7 homestead and farmstead exclusion is made and in each succeeding
8 year, a municipality shall, by resolution, fix the dollar amount
9 that is to be excluded from the assessed value of each homestead
10 and farmstead property for the next fiscal year, consistent with
11 53 Pa.C.S. §§ 8583 (relating to exclusion for homestead
12 property) and 8586 (relating to limitations). This determination
13 of the amount of the homestead and farmstead exclusion shall be
14 made, after receipt of the tax duplicate and the certified
15 report from the assessor, at the time the governing body of a
16 municipality determines the municipal budget and estimates
17 revenues to be derived from the local services tax for the next
18 fiscal year.

19 (7) Each year after the year in which the municipality
20 implements a homestead and farmstead exclusion and no later than
21 one hundred twenty days prior to the application deadline, the
22 municipality shall give notice of the existence of the
23 municipality's homestead and farmstead exclusion program; the
24 need to file an application in accordance with 53 Pa.C.S. §
25 8584(a) in order to qualify for the program; and the application
26 deadline, which, notwithstanding 53 Pa.C.S. § 8584(b), shall be
27 December 15. This annual notice, which shall be given by first
28 class mail, need only be sent to the owner of each parcel of
29 residential property in the municipality which is not approved
30 as homestead or farmstead property or for which the approval is

1 due to expire.

2 (c) For purposes of this section, the term "municipality"
3 does not include a school district.]

4 Section 35. The act is amended by adding a chapter heading
5 to read:

6 CHAPTER 9

7 MISCELLANEOUS PROVISIONS

8 Section 36. Section 23 of the act is renumbered and amended
9 to read:

10 Section [23] 901. Repeals.--(a) (1) The act of June 25,
11 1947 (P.L.1145), entitled, as amended, "An act empowering cities
12 of the second class, cities of the second class A, cities of the
13 third class, boroughs, towns, townships of the first class,
14 townships of the second class, school districts of the second
15 class, school districts of the third class and school districts
16 of the fourth class to levy, assess and collect or to provide
17 for the levying, assessment and collection of certain additional
18 taxes subject to maximum limitations for general revenue
19 purposes; authorizing the establishment of bureaus and the
20 appointment and compensation of officers and employes to assess
21 and collect such taxes; and permitting penalties to be imposed
22 and enforced; providing an appeal from the ordinance or
23 resolution levying such taxes to the court of quarter sessions
24 and to the Supreme Court and Superior Court," is repealed.

25 (2) All other acts and parts of acts are repealed in so
26 far as they are inconsistent herewith.

27 (b) The following acts and parts of acts are repealed to the
28 extent specified:

29 (1) Section 224 of the act of April 9, 1929 (P.L.177,
30 No.175), known as The Administrative Code of 1929, insofar as

1 it is inconsistent with this act.

2 (2) The act of August 24, 1961 (P.L.1135, No.508),
3 referred to as the First Class A School District Earned
4 Income Tax Act, insofar as it is inconsistent with this act.

5 (3) Sections 322, 326, 351 and 5004.1 of the act of June
6 27, 2006 (1st Sp.Sess., P.L. , No.1), known as the Taxpayer
7 Relief Act, insofar as it is inconsistent with this act.

8 Section 37. Any ordinance or resolution providing for the
9 levying, assessment or collection of a tax on individuals for
10 the privilege of engaging in an occupation which has been
11 enacted by a political subdivision prior to December 1, 2004,
12 shall continue in full force and effect, without reenactment, as
13 if such tax had been levied, assessed or collected as a local
14 services tax under section 301(f)(9) of the act. All references
15 in any ordinance or resolution to a tax on the privilege of
16 engaging in an occupation shall be deemed to be a reference to a
17 local services tax for the purposes of the act.

18 Section 38. All emergency and municipal services taxes
19 levied for the calendar year beginning on January 1, 2007, shall
20 remain in effect for the calendar year beginning on January 1,
21 2007, and ending December 31, 2007, and are not otherwise
22 altered.

23 Section 39. This act shall apply as follows:

24 (1) The following provisions shall not apply to an
25 Article XIII tax officer with respect to income taxes levied
26 before January 1, 2012:

27 (i) The amendment of section 10 of the act.

28 (ii) The repeal of section 11 of the act.

29 (2) The repeal of divisions (II), (III), (IV), (V),
30 (VI), (VII), (VIII) and (IX) of section 13 of the act shall

1 not apply to income taxes levied and collected prior to
2 January 1, 2012.

3 (3) Except as set forth in paragraph (4) and sections
4 508 and 515 of the act, the addition of Chapter 5 of the act
5 shall apply to income taxes levied and collected after
6 December 31, 2011.

7 (4) The addition of section 511 of the act shall apply
8 to the official register released June 15, 2008, and each
9 year thereafter.

10 Section 40. This act shall take effect as follows:

11 (1) The following provisions shall take effect January
12 1, 2012:

13 (i) The amendment of section 10 of the act.

14 (ii) The repeal of section 11 of the act.

15 (2) The amendment of section 13 of the act shall take
16 effect June 30, 2012.

17 (3) The remainder of this act shall take effect
18 immediately.