

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, C. WILLIAMS, MELLOW AND ARMSTRONG,
SEPTEMBER 10, 2007

SENATOR BROWNE, FINANCE, AS AMENDED, DECEMBER 5, 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

1 hereby enacts as follows:

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

5 CHAPTER 1

6 PRELIMINARY PROVISIONS

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

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

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

12 CHAPTER 3

13 LOCAL TAXES

14 SECTION 3.1. THE ACT IS AMENDED BY ADDING A SECTION TO READ: <—

15 SECTION 301. DEFINITIONS.--(A) THE FOLLOWING WORDS AND
16 PHRASES WHEN USED IN THIS CHAPTER SHALL HAVE THE MEANINGS GIVEN
17 TO THEM IN THIS SECTION UNLESS THE CONTEXT CLEARLY INDICATES
18 OTHERWISE:

19 "FAMILY FARM CORPORATION" MEANS A PENNSYLVANIA CORPORATION AT
20 LEAST SEVENTY-FIVE PERCENT OF THE ASSETS OF WHICH ARE DEVOTED TO
21 THE BUSINESS OF AGRICULTURE, WHICH BUSINESS, FOR THE PURPOSES OF
22 THIS DEFINITION, SHALL NOT BE DEEMED TO INCLUDE:

23 (I) RECREATIONAL ACTIVITIES, SUCH AS, BUT NOT LIMITED TO,
24 HUNTING, FISHING, CAMPING, SKIING, SHOW COMPETITION OR RACING;

25 (II) THE RAISING, BREEDING OR TRAINING OF GAME ANIMALS OR
26 GAME BIRDS, FISH, CATS, DOGS OR PETS OR ANIMALS INTENDED FOR USE
27 IN SPORTING OR RECREATIONAL ACTIVITIES;

28 (III) FUR FARMING;

29 (IV) STOCKYARD AND SLAUGHTERHOUSE OPERATIONS; OR

30 (V) MANUFACTURING OR PROCESSING OPERATIONS OF ANY KIND:

1 PROVIDED, HOWEVER, THAT AT LEAST SEVENTY-FIVE PERCENT OF ALL OF
2 THE STOCK OF THE CORPORATION MUST BE OWNED BY MEMBERS OF THE
3 SAME FAMILY.

4 "MEMBERS OF THE SAME FAMILY" MEANS AN INDIVIDUAL, SUCH
5 INDIVIDUAL'S BROTHERS AND SISTERS, THE BROTHERS AND SISTERS OF
6 SUCH INDIVIDUAL'S PARENTS AND GRANDPARENTS, THE ANCESTORS AND
7 LINEAL DESCENDENTS OF ANY OF THE FOREGOING AND A SPOUSE OF ANY
8 OF THE FOREGOING. INDIVIDUALS RELATED BY THE HALF BLOOD OR BY
9 LEGAL ADOPTION SHALL BE TREATED AS IF THEY WERE RELATED BY THE
10 WHOLE BLOOD.

11 (B) AS USED IN THIS CHAPTER, THE TERMS "BUSINESS ENTITY,"
12 "EARNED INCOME," "EMPLOYER," "NET PROFITS" AND "PRIVATE AGENCY"
13 SHALL HAVE THE SAME MEANINGS AS THOSE TERMS ARE GIVEN IN SECTION
14 501.

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

17 Section [2] ~~301~~ 301.1. Delegation of Taxing Powers and ←
18 Restrictions Thereon.--(a) The duly constituted authorities of
19 the following political subdivisions, cities of the second
20 class, cities of the second class A, cities of the third class,
21 boroughs, towns, townships of the first class, townships of the
22 second class, school districts of the second class, school
23 districts of the third class, and school districts of the fourth
24 class, in all cases including independent school districts may,
25 in their discretion, by ordinance or resolution, for general
26 revenue purposes, levy, assess and collect or provide for the
27 levying, assessment and collection of such taxes as they shall
28 determine on persons, transactions, occupations, privileges,
29 subjects and personal property within the limits of such
30 political subdivisions, and upon the transfer of real property,

1 or of any interest in real property, situate within the
2 political subdivision levying and assessing the tax, regardless
3 of where the instruments making the transfers are made, executed
4 or delivered or where the actual settlements on such transfer
5 take place. The taxing authority may provide that the transferee
6 shall remain liable for any unpaid realty transfer taxes imposed
7 by virtue of this [act] chapter.

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

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

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

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

28 (2) For purposes of this subsection, "reserve component of
29 the armed forces" shall mean the United States Army Reserve,
30 United States Navy Reserve, United States Marine Corps Reserve,

1 United States Coast Guard Reserve, United States Air Force
2 Reserve, the Pennsylvania Army National Guard or the
3 Pennsylvania Air National Guard.

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

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

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

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

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

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

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

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

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

1 but who have since been divorced; provided such transfer is made
2 within three months of the date of the granting of the final
3 decree in divorce, or the decree of equitable distribution of
4 marital property, whichever is later, and the property or
5 interest therein, subject to such transfer, was acquired by the
6 husband and wife, or husband or wife, prior to the granting of
7 the final decree in divorce, or on a transfer between parent and
8 child or the spouse of such a child, or between parent and
9 trustee for the benefit of a child or the spouse of such child,
10 or on a transfer between a grandparent and grandchild or the
11 spouse of such grandchild, or on a transfer between brother and
12 sister or brother and brother or sister and sister or the spouse
13 of such brother or sister, or on a transfer to a conservancy
14 which possesses a tax-exempt status pursuant to section
15 501(c)(3) of the Internal Revenue Code, and which has as its
16 primary purpose the preservation of land for historic,
17 recreational, scenic, agricultural or open space opportunities,
18 by and between a principal and straw party for the purpose of
19 placing a mortgage or ground rent upon the premises, or on a
20 correctional deed without consideration, or on a transfer to the
21 United States, the Commonwealth of Pennsylvania, or to any of
22 their instrumentalities, agencies or political subdivisions, by
23 gift, dedication or deed in lieu of condemnation, or deed of
24 confirmation in connection with condemnation proceedings, or
25 reconveyance by the condemning body of the property condemned to
26 the owner of record at the time of condemnation which
27 reconveyance may include property line adjustments provided said
28 reconveyance is made within one year from the date of
29 condemnation, leases, or on a conveyance to a trustee under a
30 recorded trust agreement for the express purpose of holding

1 title in trust as security for a debt contracted at the time of
2 the conveyance under which the trustee is not the lender and
3 requiring the trustee to make reconveyance to the grantor-
4 borrower upon the repayment of the debt, or a transfer within a
5 family from a sole proprietor family member to a family farm
6 corporation, or in any sheriff sale instituted by a mortgagee in
7 which the purchaser of said sheriff sale is the mortgagee who
8 instituted said sale, or on a privilege, transaction, subject,
9 occupation or personal property which is now or does hereafter
10 become subject to a State tax or license fee;

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

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

28 (4) To levy, assess and collect a tax on goods and articles
29 manufactured in such political subdivision or on the by-products
30 of manufacture, or on minerals, timber, natural resources and

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

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

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

29 (7) To levy, assess or collect a tax on membership in or
30 membership dues, fees or assessment of charitable, religious,

1 beneficial or nonprofit organizations including but not limited
2 to sportsmens, recreational, golf and tennis clubs, girl and boy
3 scout troops and councils;

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

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

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

28 (ii) If a school district levied an emergency and municipal
29 services tax on the effective date of this subclause, the school
30 district may continue to levy the local services tax in the same

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

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

22 (iv) With respect to a person subject to the local services
23 tax at a combined rate exceeding ten dollars (\$10), the situs of
24 the tax shall be the place of employment on the first day the
25 person becomes subject to the tax during each payroll period.
26 With respect to a person subject to the local services tax at a
27 combined rate of not more than ten dollars (\$10), the situs of
28 the tax shall be the place of employment determined as of the
29 day the person first becomes subject to the tax during the
30 calendar year. In the event a person is engaged in more than one

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

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

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

28 (vii) Political subdivisions shall adopt regulations for the
29 processing of refund claims for overpaid local services taxes
30 for any calendar year. The regulations shall be consistent with

1 53 Pa.C.S. §§ 8425 (relating to refunds of overpayments) and
2 8426 (relating to interest on overpayment). Refunds made within
3 seventy-five days of a refund request or seventy-five days after
4 the last day the employer is required to remit the local
5 services tax for the last quarter of the calendar year under
6 section 9 of this act, whichever is later, shall not be subject
7 to interest imposed under 53 Pa.C.S. § 8426. Political
8 subdivisions shall only provide refunds for amounts overpaid in
9 a calendar year that exceed one dollar (\$1).

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

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

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

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

26 (12) To levy, assess and collect a mercantile or business
27 privilege tax on gross receipts or part thereof which are: (i)
28 discounts allowed to purchasers as cash discounts for prompt
29 payment of their bills; (ii) charges advanced by a seller for
30 freight, delivery or other transportation for the purchaser in

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

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

1 predominant purpose or nature of which is exercise, fitness,
2 health maintenance, improvement or rehabilitation, health or
3 nutrition education, or weight control.

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

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

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

18 [(g) For the purposes of this section, the terms "earned <—
19 income" and "net profits" shall have the same meanings as those
20 terms are given in ~~†Division I of section 13~~ ~~section 501.~~ 13. <—

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

23 Section [2.1] 302. Recapture of Tax.--(a) Notwithstanding
24 the provisions of section [2(1) of this act] ~~301(1)~~ 301.1(F)(1), <—
25 if any stock of a family farm corporation is transferred to a
26 person who is not a family member within ten years from the date
27 of the conveyance from a sole proprietor family member to a
28 family farm corporation, the tax imposed by this article shall
29 become immediately due and payable.

30 ~~(b) As used in this [act] chapter:~~ <—

1 ~~"Business entity" means a sole proprietorship, corporation,~~
2 ~~joint stock association or company, partnership, limited~~
3 ~~partnership, limited liability company, association, business~~
4 ~~trust, syndicate or other commercial or professional activity~~
5 ~~organized under the laws of this Commonwealth or any other~~
6 ~~jurisdiction.~~

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

11 [(B) AS USED IN THIS ACT: ←

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

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

1 whole blood.] <—

2 ~~"Private agency" means a business entity appointed as a tax~~ <—
3 ~~collector by a political subdivision.~~

4 Section 6. Sections 2.2 and 2.3 of the act, added December
5 1, 2004 (P.L.1729, No.222), are renumbered and amended to read:

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

21 (a.1) A charitable organization that qualifies for tax
22 exemption pursuant to the act of November 26, 1997 (P.L.508,
23 No.55), known as the "Institutions of Purely Public Charity
24 Act," shall calculate the tax that would otherwise be
25 attributable to the city, but shall only pay the tax on that
26 portion of its payroll expense attributable to business activity
27 for which a tax may be imposed pursuant to section 511 of the
28 Internal Revenue Code of 1986 (Public Law [95-223] 99-514, 26
29 U.S.C. § 1 et seq.). If the charity has purchased or is
30 operating branches, affiliates, subsidiaries or other business

1 entities that do not independently meet the standards of the
2 "Institutions of Purely Public Charity Act," the tax shall be
3 paid on the payroll attributable to such for-profit branches,
4 affiliates or subsidiaries, whether or not the employees are
5 leased or placed under the auspices of the charity's umbrella or
6 parent organization. Nothing in this subsection shall restrict
7 the ability of a charitable organization to contract with the
8 city to provide services to the city in lieu of some or all
9 taxes due under this section.

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

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

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

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

20 (4) conducts continuous solicitation within the city related
21 to such business; or

22 (5) utilizes the streets of the city in connection with the
23 operation of such business other than transportation through the
24 city.

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

1 pursuant to this section.

2 (d) A city of the second class may enact ordinances and
3 regulations necessary to implement this section. The ordinance
4 levying the tax authorized by this section shall permanently
5 replace the city's existing mercantile tax and shall reduce the
6 business privilege tax rate as follows:

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

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

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

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

25 (f) An employer shall not offset the amount of tax paid
26 pursuant to this section by reducing compensation or benefits
27 paid to employees.

28 (g) A city of the second class may bring suit for the
29 recovery of taxes due and unpaid under this section. Any suit
30 brought to recover the tax imposed by this section shall be

1 commenced within three years after such tax is due or within
2 three years after the declaration or return has been filed,
3 whichever is later: Provided, however, That this limitation
4 shall not prevent the institution of a suit for the collection
5 of any tax due or determined to be due in the following cases:

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

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

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

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

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

1 underreporting of payroll tax liabilities or for the nonpayment
2 of payroll taxes previously imposed and due shall be waived in
3 total or in part if the taxpayer voluntarily files delinquent
4 returns and pays the taxes in full during the period so
5 established.

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

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

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

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

1 (j) As used in this section:

2 "Employer" means all persons conducting business activity
3 within a city of the second class except for a governmental
4 entity.

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

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

1 Section 7. Section 3 of the act is renumbered and amended to
2 read:

3 Section [3] 305. Vacation of Tax Ordinances and Resolutions
4 by State Tax Measures.--If, subsequent to the passage of any
5 ordinance or resolution under the authority of this [act]
6 chapter, the General Assembly shall impose a tax or license fee
7 on any privilege, transactions, subject or occupation, or on
8 personal property or on sales of admission to places of
9 amusement or on sales or other transfer of title or possession
10 of property taxed by any such political subdivision hereunder,
11 the act of Assembly imposing the State tax or license fee
12 thereon shall automatically vacate the ordinance or resolution
13 passed under the authority of this [act] chapter as to all taxes
14 accruing subsequent to the end of the current fiscal year of
15 such political subdivision. It is the intention of this section
16 to confer upon such political subdivision the power to levy,
17 assess and collect taxes upon any and all subjects of taxation,
18 except as above restricted and limited, which the Commonwealth
19 has power to tax but which it does not tax or license, subject
20 only to the foregoing provision that any tax or license shall
21 automatically terminate at the end of the current fiscal year of
22 the political subdivision.

23 Section 8. Sections 4 and 5 of the act, amended October 9,
24 1967 (P.L.361, No.160), are renumbered and amended to read:

25 Section [4] 306. Advertisement of Intention to Adopt Tax
26 Ordinance or Resolution.--Prior to the passage of any ordinance
27 or the adoption of any resolution imposing a tax or license fee
28 under the authority hereunder granted, such political
29 subdivision shall give notice of the intention to pass such
30 ordinance or adopt such resolution. Such notice shall be given

1 in addition to all other notices required by law to be given and
2 shall set forth the substantial nature of the tax or license fee
3 to be imposed by the proposed ordinance or resolution, the
4 reason which, in the judgment of the officials of the
5 subdivision, necessitates the imposition of the tax, and the
6 amount of revenue estimated to be derived from the tax.
7 Publication of such notice shall be made by advertisement once a
8 week for three weeks in a newspaper of general circulation
9 within such political subdivision if there is such newspaper
10 and, if there is not, then such publication shall be made in a
11 newspaper of general circulation within the county in which the
12 advertising political subdivision is located.

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

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

24 The ordinance or resolution may be passed or adopted prior to
25 the beginning of the fiscal year and prior to the preparation of
26 the budget when desirable.

27 Every ordinance or resolution which imposed a tax under the
28 authority of this [act] chapter shall be passed or adopted, if
29 for a school district, during the period other school taxes are
30 required by law to be levied and assessed by such district. Each

1 ordinance and resolution shall state that it is enacted under
2 the authority of this [act] chapter, known as "The Local Tax
3 Enabling Act".

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

6 Section [5.1] 308. Second Class City Parking Tax Rates.--The
7 rate of the tax imposed on parking transactions shall not differ
8 from the rate contained in City of Pittsburgh Ordinance Number
9 43-2003 as of January 1, 2004, except as follows:

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

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

12 (3) In tax year 2009, the rate of tax shall not exceed
13 37.5%.

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

16 Section 10. Section 6 of the act, repealed in part June 3,
17 1971 (P.L.118, No.6), is renumbered and amended to read:

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

1 The petition shall set forth the objections to the tax and the
2 facts in support of such objections, and shall be accompanied by
3 the affidavit of at least five of the petitioners that the
4 averments of the petition are true and the petition is not filed
5 for the purpose of delay.

6 No such appeal shall act as a supersedeas unless specifically
7 allowed by the court to which the appeal is taken or a judge
8 thereof.

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

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

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

26 Section 11. Sections 7, 8 and 9 of the act, amended June 21,
27 2007 (P.L.13, No.7), are renumbered and amended to read:

28 Section [7] 310. Filing of Certified Copies of Ordinances
29 and Resolutions.--When an ordinance or a resolution is first
30 passed or adopted by a political subdivision imposing a tax or

1 license fee under the authority of this [act] chapter, an exact
2 printed or typewritten copy thereof, certified to by the
3 secretary of the taxing body, shall be filed with the Department
4 of Community and Economic Development within fifteen days after
5 the same becomes effective.

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

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

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

22 (2) On each dollar of the whole volume of business
23 transacted by wholesale dealers in goods, wares and merchandise,
24 one mill, by retail dealers in goods, wares and merchandise and
25 by proprietors of restaurants or other places where food, drink
26 and refreshments are served, one and one-half mills; except in
27 cities of the second class, where rates shall not exceed one
28 mill on wholesale dealers and two mills on retail dealers and
29 proprietors. No such tax shall be levied on the dollar volume of
30 business transacted by wholesale and retail dealers derived from

1 the resale of goods, wares and merchandise, taken by any dealer
2 as a trade-in or as part payment for other goods, wares and
3 merchandise, except to the extent that the resale price exceeds
4 the trade-in allowance.

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

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

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

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

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

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

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

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

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

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

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

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

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

1 bodies.

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

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

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

1 of a coterminous levy, the name and address of the officer
2 responsible for administering the collection of the tax and from
3 whom information, forms for reporting and copies of rules and
4 regulations are available. With each jurisdiction listed, all
5 jurisdictions making coterminous levies shall also be noted and
6 their tax rates shown.

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

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

26 Employers shall not be required by any local ordinance to
27 withhold from the wages, salaries, commissions or other
28 compensation of their employes any tax imposed under the
29 provisions of this act, which is not listed in the register, or
30 make reports of wages, salaries, commissions or other

1 compensation in connection with taxes not so listed: Provided,
2 That if the register is not available by July 1, the register of
3 the previous year shall continue temporarily in effect for an
4 additional period not to exceed one year. The provisions of this
5 section shall not affect the liability of any taxpayer for taxes
6 lawfully imposed under this act.

7 Ordinances or resolutions imposing [earned income or] local
8 services taxes under authority of this [act] chapter may contain
9 provisions requiring employers doing business within the
10 jurisdiction of the political subdivision imposing the tax to
11 withhold the tax from the compensation of those of their
12 employes who are subject to the tax: Provided, That [no employer
13 shall be held liable for failure to withhold earned income taxes
14 or for the payment of such withheld tax money to a political
15 subdivision other than the political subdivision entitled to
16 receive such money if such failure to withhold or such incorrect
17 transmittal of withheld taxes arises from incorrect information
18 as to the employe's place of residence submitted by the employe:
19 And provided further, That] no employer shall be held liable for
20 failure to withhold the local services tax or for the payment of
21 the withheld tax money to a political subdivision if the failure
22 to withhold taxes arises from incorrect information submitted by
23 the employe as to the employe's place or places of employment,
24 the employe's principal office or where the employe is
25 principally employed: And provided further, That an employer
26 shall not be liable for payment of the local services tax in an
27 amount exceeding the amount withheld by the employer if the
28 employer complies with the provisions of section [2(e)] ~~301(e)~~ <—
29 301.1(E) and (f)(9) and remits the amount so withheld in <—
30 accordance with this section: And provided further, That the

1 local services tax shall be applicable to employment in the
2 period beginning January 1, of the current year and ending
3 December 31 of the current year, except that taxes imposed for
4 the first time shall become effective from January 1 of the year
5 specified in the ordinance or resolution, and the tax shall
6 continue in force on a calendar year basis: And provided
7 further, That employers shall be required to remit the local
8 services taxes thirty days after the end of each quarter of a
9 calendar year.

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

11 Section 312.1. (Reserved).

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

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

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

1 subdivision or unless otherwise provided by this act.

2 (2) Except as provided in [subsections (b) and (c), any]
3 section 506, political subdivisions imposing taxes under
4 authority of this [act] chapter are authorized to make joint
5 agreements for the collection of such taxes or any of them. The
6 same [person or] ~~bureau~~, political subdivision, TAX BUREAU or ←
7 private agency may be employed by two or more political
8 subdivisions to collect any taxes imposed by them under
9 authority of this [act] chapter.

10 [(b) Single Collector for Earned Income Taxes When Certain
11 School Districts Impose Such Taxes.-- Except as provided in
12 subsection (c), whenever a school district of the second, third
13 or fourth class shall be established pursuant to section 296,
14 act of March 10, 1949 (P.L.30), known as the "Public School Code
15 of 1949," added August 8, 1963 (P.L. 564), and such school
16 district shall levy, assess and collect or provide for the
17 levying, assessment and collection of a tax upon earned income,
18 such school district and all cities, boroughs, towns and
19 townships within its geographical limits which levy, assess and
20 collect or provide for the levying, assessment and collection of
21 a tax upon earned income, may on January 1, 1967, or as soon
22 thereafter as the school district shall provide for the levying,
23 assessment and collection of taxes upon earned income, select
24 one person or agency to collect the taxes upon earned income
25 imposed by all such political subdivisions. In selecting such
26 person or agency, each political subdivision shall share in the
27 selection upon a basis agreed upon by each political
28 subdivision, or in the absence of any agreement on the basis of
29 voting according to the proportion that the population of each
30 bears to the entire population of the combined collection

1 district, according to the latest official Federal census, and
2 the majority of such votes cast shall determine the person or
3 agency selected to collect the taxes. The provisions of this
4 paragraph shall not prohibit school districts and other
5 political subdivisions which levy, assess and collect or provide
6 for the levying, assessment and collection of taxes upon earned
7 income, under authority of this act, from selecting the same
8 person or agency to collect such tax upon earned income in an
9 area larger than the geographical limits of a school district
10 established pursuant to section 296 of the "Public School Code
11 of 1949."

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

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

25 [Section 11. Audits of Earned Income Taxes.--Except in
26 cities of the second class, the governing body of each political
27 subdivision which levies, assesses and collects or provides for
28 the levying, assessment and collection of a tax upon earned
29 income, shall provide for not less than one examination each
30 year of the books, accounts and records of the income tax

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

19 Section 15. The act is amended by adding a section to read:
20 Section 314. (Reserved).

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

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

1 [act] chapter, other than taxes levied, assessed and collected
2 upon earned income.

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

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

16 I. Definitions

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

19 "Business." An enterprise, activity, profession or any other
20 undertaking of an unincorporated nature conducted for profit or
21 ordinarily conducted for profit whether by a person,
22 partnership, association, or any other entity.

23 "Corporation." A corporation or joint stock association
24 organized under the laws of the United States, the Commonwealth
25 of Pennsylvania, or any other state, territory, foreign country
26 or dependency.

27 "Current year." The calendar year for which the tax is
28 levied.

29 "Domicile." The place where one lives and has his permanent
30 home and to which he has the intention of returning whenever he

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

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

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

23 "Employer." A person, partnership, association, corporation,
24 institution, governmental body or unit or agency, or any other
25 entity employing one or more persons for a salary, wage,
26 commission or other compensation.

27 "Net profits." The net income from the operation of a
28 business, profession, or other activity, except corporations,
29 determined under section 303 of the act of March 4, 1971 (P.L.6,
30 No.2), known as the "Tax Reform Code of 1971," and regulations

1 in 61 Pa. Code Pt. I Subpt. B Art. V (relating to personal
2 income tax). The term does not include income which is not paid
3 for services provided and which is in the nature of earnings
4 from an investment. For taxpayers engaged in the business,
5 profession or activity of farming, the term shall not include:

6 (1) any interest earnings generated from any monetary
7 accounts or investment instruments of the farming business;

8 (2) any gain on the sale of farm machinery;

9 (3) any gain on the sale of livestock held twelve months or
10 more for draft, breeding or dairy purposes; and

11 (4) any gain on the sale of other capital assets of the
12 farm.

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

15 "Person or individual." A natural person.

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

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

19 "Succeeding year." The calendar year following the current
20 year.

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

24 II. Imposition of Tax

25 The tax levied under this act shall be applicable to earned
26 income received and to net profits earned in the period
27 beginning January 1, of the current year, and ending December
28 31, of the current year or for taxpayer fiscal years beginning
29 in the current year, except that taxes imposed for the first
30 time shall become effective from the date specified in the

1 ordinance or resolution, and the tax shall continue in force on
2 a calendar year or taxpayer fiscal year basis, without annual
3 reenactment, unless the rate of the tax is subsequently changed.
4 Changes in rate shall become effective on the date specified in
5 the ordinance.

6 III. Declaration and Payment of Tax

7 A. Net Profits.

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

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

1 payment dates which remain after the filing of the declaration.

2 (3) Where the governing body requires a declaration of
3 estimated net profits and quarterly payments of tax due on such
4 profits, every taxpayer shall, on or before April 15, of the
5 succeeding year, make and file with the officer on a form
6 prescribed or approved by the officer a final return showing the
7 amount of net profits earned during the period beginning January
8 1, of the current year, and ending December 31, of the current
9 year, the total amount of tax due thereon and the total amount
10 of tax paid thereon. At the time of filing the final return, the
11 taxpayer shall pay to the officer the balance of tax due or
12 shall make demand for refund or credit in the case of
13 overpayment.

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

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

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

29 B. Earned Income.

30 Annual Earned Income Tax Return.

1 At the election of the governing body every taxpayer shall,
2 on or before April 15, of the succeeding year, make and file
3 with the officer on a form prescribed or approved by the officer
4 a final return showing the amount of earned income received
5 during the period beginning January 1, of the current year, and
6 ending December 31, of the current year, the total amount of tax
7 due thereon, the amount of tax paid thereon, the amount of tax
8 thereon that has been withheld pursuant to the provisions
9 relating to the collection at source and the balance of tax due.
10 At the time of filing the final return, the taxpayer shall pay
11 the balance of the tax due or shall make demand for refund or
12 credit in the case of overpayment.

13 Earned Income Not Subject to Withholding.

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

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

26 (2) Make and file with the officer on a form prescribed or
27 approved by the officer, a quarterly return on or before April
28 30, of the current year, July 31, of the current year, October
29 31, of the current year, and January 31, of the succeeding year,
30 setting forth the aggregate amount of earned income not subject

1 to withholding by him during the three-month periods ending
2 March 31, of the current year, June 30, of the current year,
3 September 30, of the current year, and December 31, of the
4 current year, respectively, and subject to the tax, together
5 with such other information as the officer may require. Every
6 taxpayer making such return shall, at the time of filing
7 thereof, pay to the officer the amount of tax shown as due
8 thereon.

9 IV. Collection at Source

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

19 (b) Every employer having an office, factory, workshop,
20 branch, warehouse, or other place of business within the taxing
21 jurisdiction imposing a tax on earned income or net profits
22 within the taxing district who employs one or more persons,
23 other than domestic servants, for a salary, wage, commission, or
24 other compensation, shall deduct at the time of payment thereof,
25 the tax imposed by ordinance or resolution on the earned income
26 due to his employe or employes, and shall, on or before April
27 30, of the current year, July 31, of the current year, October
28 31, of the current year, and January 31, of the succeeding year,
29 file a return and pay to the officer the amount of taxes
30 deducted during the preceding three-month periods ending March

1 31, of the current year, June 30, of the current year, September
2 30, of the current year, and December 31, of the current year,
3 respectively. Such return unless otherwise agreed upon between
4 the officer and employer shall show the name and social security
5 number of each such employe, the earned income of such employe
6 during such preceding three-month period, the tax deducted
7 therefrom, the political subdivisions imposing the tax upon such
8 employe, the total earned income of all such employes during
9 such preceding three-month period, and the total tax deducted
10 therefrom and paid with the return.

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

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

20 (1) An annual return showing the total amount of earned
21 income paid, the total amount of tax deducted, and the total
22 amount of tax paid to the officer for the period beginning
23 January 1, of the current year, and ending December 31, of the
24 current year.

25 (2) A return withholding statement for each employe employed
26 during all or any part of the period beginning January 1, of the
27 current year, and ending December 31, of the current year,
28 setting forth the employe's name, address and social security
29 number, the amount of earned income paid to the employe during
30 said period, the amount of tax deducted, the political

1 subdivisions imposing the tax upon such employe, the amount of
2 tax paid to the officer. Every employer shall furnish two copies
3 of the individual return to the employe for whom it is filed.

4 (d) Every employer who discontinues business prior to
5 December 31, of the current year, shall, within thirty days
6 after the discontinuance of business, file the returns and
7 withholding statements hereinabove required and pay the tax due.

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

13 (f) The failure or omission of any employer to make the
14 deductions required by this section shall not relieve any
15 employe from the payment of the tax or from complying with the
16 requirements of the ordinance or resolution relating to the
17 filing of declarations and returns.

18 V. Powers and Duties of Officer

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

24 (b) Each officer, before entering upon his official duties
25 shall give and acknowledge a bond to the political subdivision
26 or political subdivisions appointing him. If such political
27 subdivision or political subdivisions shall by resolution
28 designate any bond previously given by the officer as adequate,
29 such bond shall be sufficient to satisfy the requirements of the
30 subsection.

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

5 Each bond shall be conditioned upon the faithful discharge by
6 the officer, his clerks, assistants and appointees of all trusts
7 confided in him by virtue of his office, upon the faithful
8 execution of all duties required of him by virtue of his office,
9 upon the just and faithful accounting or payment over, according
10 to law, of all moneys and all balances thereof paid to, received
11 or held by him by virtue of his office and upon the delivery to
12 his successor or successors in office of all books, papers,
13 documents or other official things held in right of his office.

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

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

25 Each such bond shall contain the name or names of the surety
26 company or companies bound thereon. The political subdivision or
27 political subdivisions appointing the officer shall fix the
28 amount of the bond at an amount equal to the maximum amount of
29 taxes which may be in the possession of the officer at any given
30 time.

1 The political subdivision or political subdivisions
2 appointing the officer may, at any time, upon cause shown and
3 due notice to the officer, and his surety or sureties, require
4 or allow the substitution or the addition of a surety company
5 acceptable to such political subdivision or political
6 subdivisions for the purpose of making the bond sufficient in
7 amount, without releasing the surety or sureties first approved
8 from any accrued liability or previous action on such bond.

9 The political subdivision or political subdivisions
10 appointing the officer shall designate the custodian of the bond
11 required to be given by the officer.

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

28 (d) The officer shall refund, on petition of, and proof by
29 the taxpayer, earned income tax paid on the taxpayer's ordinary
30 and necessary business expenses, to the extent that such

1 expenses are not paid by the taxpayer's employer.

2 (e) The officer and agents designated by him are hereby
3 authorized to examine the books, papers, and records of any
4 employer or of any taxpayer or of any person whom the officer
5 reasonably believes to be an employer or taxpayer, in order to
6 verify the accuracy of any declaration or return, or if no
7 declaration or return was filed, to ascertain the tax due. Every
8 employer and every taxpayer and every person whom the officer
9 reasonably believes to be an employer or taxpayer, is hereby
10 directed and required to give to the officer, or to any agent
11 designated by him, the means, facilities and opportunity for
12 such examination and investigations, as are hereby authorized.

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

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

23 (h) The officer shall distribute earned income taxes to the
24 appropriate political subdivisions within sixty days of the
25 deadline for payment by an employer as set forth in Division
26 IV(b). The political subdivisions shall not be required to
27 request the officer to distribute the funds collected but shall
28 at least annually reconcile their receipts with the records of
29 the officer and return to or credit the officer with any
30 overpayment. A political subdivision shall not be required to

1 pay a fee or commission to the other political subdivision or
2 its tax officer for tax revenue distributed under this
3 subsection. If the officer, within one year after receiving a
4 tax payment, cannot identify the taxing jurisdiction entitled to
5 a tax payment, he shall make payment to the municipality in
6 which the tax was collected. If earned income taxes are not
7 distributed to the appropriate political subdivision within one
8 year of receipt, the political subdivision may make a written
9 demand on a tax officer or political subdivision for tax
10 revenues collected and attributable to residents of the
11 political subdivision making the demand. If the taxes
12 attributable to residents of the political subdivision making
13 the demand are not paid within thirty days from the date of the
14 demand, the political subdivision, person, public employe or
15 private agency designated by the political subdivision may enter
16 into an arbitration agreement with the officer under 42 Pa.C.S.
17 Ch. 73 Subch. A (relating to statutory arbitration) or bring an
18 action in an appropriate court of common pleas in the name of
19 the taxing district for the recovery of taxes not distributed in
20 accordance with this subsection. The action must be brought
21 within seven years of the collection of the taxes.

22 VI. Compensation of Income Tax Officer

23 The income tax officer shall receive such compensation for
24 his services and expenses as determined by the governing body.
25 In the case of a single collector established pursuant to
26 subsection (b) of section 10 of this act, the taxing
27 jurisdictions shall share in the compensation and expenses of a
28 single officer according to the proportionate share that the
29 total annual collections for each jurisdiction bears to the
30 total annual collection for all political subdivisions in a

1 single collector district, except that with the agreement of
2 two-thirds of all participating political subdivisions, a
3 different manner of sharing may be substituted.

4 VII. Suit for Collection of Tax

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

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

14 (1) Where no declaration or return was filed by any person
15 although a declaration or return was required to be filed by him
16 under provisions of the ordinance or resolution, there shall be
17 no limitation.

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

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

25 (4) Where any person has deducted taxes under the provisions
26 of the ordinance or resolution, and has failed to pay the
27 amounts so deducted to the officer, or where any person has
28 wilfully failed or omitted to make the deductions required by
29 this section, there shall be no limitation.

30 (5) This section shall not be construed to limit the

1 governing body from recovering delinquent taxes by any other
2 means provided by this act.

3 (c) The officer may sue for recovery of an erroneous refund
4 provided such suit is begun two years after making such refund,
5 except that the suit may be brought within five years if it
6 appears that any part of the refund was induced by fraud or
7 misrepresentation of material fact.

8 VIII. Interest and Penalties

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

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

28 (c) The provisions of subsection (b) shall not affect or
29 terminate any petitions, investigations, prosecutions or other
30 proceedings pending under the provisions of this act, or prevent

1 the commencement or further prosecution of any proceedings by
2 the proper authorities for violations of this act. No
3 proceedings shall, however, be commenced on the basis of
4 delinquent returns filed pursuant to subsection (b) if the
5 returns are determined to be substantially true and correct and
6 the taxes are paid in full within the prescribed time.

7 IX. Fines and Penalties for Violation
8 of Ordinances or Resolutions

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

28 (b) Any person who divulges any information which is
29 confidential under the provisions of the ordinance or
30 resolution, shall, upon conviction thereof before any justice of

1 the peace, alderman or magistrate, or court of competent
2 jurisdiction, be sentenced to pay a fine of not more than five
3 hundred dollars (\$500) for each offense, and costs, and, in
4 default of payment of said fines and costs to be imprisoned for
5 a period not exceeding thirty days.

6 (c) The penalties imposed under this section shall be in
7 addition to any other penalty imposed by any other section of
8 the ordinance or resolution.

9 (d) The failure of any person to receive or procure forms
10 required for making the declaration or returns required by the
11 ordinance or resolution shall not excuse him from making such
12 declaration or return.]

13 Section 18. The act is amended by adding a section to read:

14 Section 316. (Reserved).

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

17 Section [14] 317. Payment of Tax to Other Political
18 Subdivisions or States as Credit or Deduction; Withholding
19 Tax.--Payment of any tax to any political subdivision pursuant
20 to an ordinance or resolution passed or adopted prior to the
21 effective date of this act shall be credited to and allowed as a
22 deduction from the liability of taxpayers for any like tax
23 respectively on salaries, wages, commissions, other compensation
24 or on net profits of businesses, professions or other activities
25 and for any income tax imposed by any other political
26 subdivision of this Commonwealth under the authority of this
27 ~~act] chapter.~~ [ACT.] CHAPTER OR THE ACT OF JUNE 27, 2006 (1ST ←
28 SP.SESS., P.L.1873, NO.1), KNOWN AS THE "TAXPAYER RELIEF ACT."

29 Payment of any tax on salaries, wages, commissions, other
30 compensation or on net profits of business, professions or other

1 activities to a political subdivision by residents thereof
2 pursuant to an ordinance or resolution passed or adopted under
3 the authority of this [act] chapter OR THE "TAXPAYER RELIEF ACT" <—
4 shall be credited to and allowed as a deduction from the
5 liability of such persons for any other like tax respectively on
6 salaries, wages, commissions, other compensation or on net
7 profits of businesses, professions or other activities imposed
8 by any other political subdivision of this Commonwealth under
9 the authority of this ~~[act] chapter.~~ [ACT.] CHAPTER OR THE <—
10 "TAXPAYER RELIEF ACT."

11 Payment of any tax on income to any political subdivision by
12 residents thereof pursuant to an ordinance or resolution passed
13 or adopted under the authority of this [act] chapter OR THE <—
14 "TAXPAYER RELIEF ACT" shall, to the extent that such income
15 includes salaries, wages, commissions, other compensation or net
16 profits of businesses, professions or other activities, but in
17 such proportion as hereinafter set forth, be credited to and
18 allowed as a deduction from the liability of such persons for
19 any other tax on salaries, wages, commissions, other
20 compensation or on net profits of businesses, professions, or
21 other activities imposed by any other political subdivision of
22 this Commonwealth under the authority of this ~~[act] chapter.~~ <—
23 [ACT.] CHAPTER OR THE "TAXPAYER RELIEF ACT." <—

24 Payment of any tax on income to any state or to any political
25 subdivision thereof by residents thereof, pursuant to any State
26 or local law, may, at the discretion of the Pennsylvania
27 political subdivision imposing such tax, to the extent that such
28 income includes salaries, wages, commissions, or other
29 compensation or net profits of businesses, professions or other
30 activities but in such proportions as hereinafter set forth, be

1 credited to and allowed as a deduction from the liability of
2 such person for any other tax on salaries, wages, commissions,
3 other compensation or net profits of businesses, professions or
4 other activities imposed by any political subdivision of this
5 Commonwealth under the authority of this [act,] chapter OR THE <—
6 "TAXPAYER RELIEF ACT," if residents of the political subdivision
7 in Pennsylvania receive credits and deductions of a similar kind
8 to a like degree from the tax on income imposed by the other
9 state or political subdivision thereof.

10 Payment of any tax on income to any State other than
11 Pennsylvania or to any political subdivision located outside the
12 boundaries of this Commonwealth, by residents of a political
13 subdivision located in Pennsylvania shall, to the extent that
14 such income includes salaries, wages, commissions, or other
15 compensation or net profits of businesses, professions or other
16 activities but in such proportions as hereinafter set forth, be
17 credited to and allowed as a deduction from the liability of
18 such person for any other tax on salaries, wages, commissions,
19 other compensation or net profits of businesses, professions or
20 other activities imposed by any political subdivision of this
21 Commonwealth under the authority of this ~~[act]~~ ~~chapter.~~ [ACT.] <—
22 CHAPTER OR THE "TAXPAYER RELIEF ACT."

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

28 No credit or deduction shall be allowed against any tax on
29 earned income imposed under authority of this [act] chapter OR <—
30 THE "TAXPAYER RELIEF ACT" to the extent of the amount of credit

1 or deduction taken for the same period by the taxpayer against
2 any income tax imposed by the Commonwealth of Pennsylvania under
3 section 314 of the act of March 4, 1971 (P.L.6) known as the
4 "Tax Reform Code of 1971," on account of taxes imposed on income
5 by other states or by their political subdivisions.

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

8 Section [15] 318. Personal Property.--Any assessment of a
9 tax on personal property of a decedent shall include all
10 property owned, held or possessed by a decedent, which should
11 have been returned by him for taxation for any former year or
12 years not exceeding five years prior to the year in which the
13 decedent died. Wherever any personal property taxable under the
14 provisions of this [act] chapter, was owned by a decedent at the
15 time of his death and is held by his executor or administrator,
16 return of such personal property shall be made and the tax paid,
17 if such decedent was domiciled at the time of his death in the
18 political subdivision imposing the tax, notwithstanding the
19 residence or location of such executor or administrator or of
20 any beneficiary, or the place which such securities are kept.

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

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

28 Section [17] 320. Tax Limitations.--(a) Over-all Limit of
29 Tax Revenues.--The aggregate amount of all taxes imposed by any
30 political subdivision under this section and in effect during

1 any fiscal year shall not exceed an amount equal to the product
2 obtained by multiplying the latest total market valuation of
3 real estate in such political subdivision, as determined by the
4 board for the assessment and revision of taxes or any similar
5 board established by the assessment laws which determines market
6 values of real estate within the political subdivision, by
7 twelve mills. In school districts of the second class, third
8 class and fourth class and in any political subdivision within a
9 county where no market values of real estate have been
10 determined by the board for the assessment and revision of
11 taxes, or any similar board, the aggregate amount of all taxes
12 imposed under this section and in effect during any fiscal year
13 shall not exceed an amount equal to the product obtained by
14 multiplying the latest total market valuation of real estate in
15 such school district, or other political subdivision, as
16 certified by the State Tax Equalization Board, by twelve mills.
17 In school districts of the third and fourth class, taxes imposed
18 on sales involving the transfer of real property shall not be
19 included in computing the aggregate amount of taxes for any
20 fiscal year in which one hundred or more new homes or other
21 major improvements on real estate were constructed in the school
22 district.

23 The aggregate amount of all taxes imposed by any independent
24 school district under this section during any fiscal year shall
25 not exceed an amount equal to the product obtained by
26 multiplying the latest total valuation of real estate in such
27 district by fifteen mills.

28 (b) Reduction of Rates Where Taxes Exceed Limitations; Use
29 of Excess Moneys.--If, during any fiscal year, it shall appear
30 that the aggregate revenues from taxes levied and collected

1 under the authority of this [act] chapter will materially exceed
2 the limitations imposed by this [act] chapter, the political
3 subdivision shall forthwith reduce the rate or rates of such tax
4 or taxes to stay within such limitations as nearly as may be.
5 Any one or more persons liable for the payment of taxes levied
6 and collected under the authority of this [act] chapter shall
7 have the right to complain to the court of common pleas of the
8 county in an action of mandamus to compel compliance with the
9 preceding provision of this subsection. Tax moneys levied and
10 collected in any fiscal year in excess of the limitations
11 imposed by this [act] chapter shall not be expended during such
12 year, but shall be deposited in a separate account in the
13 treasury of the political subdivision for expenditure in the
14 following fiscal year. The rates of taxes imposed under this
15 [act] chapter for the following fiscal year shall be so fixed
16 that the revenues thereby produced, together with the excess tax
17 moneys on deposit as aforesaid, shall not exceed the limitations
18 imposed by this [act] chapter.

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

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

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

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

28 (2) Road construction and/or maintenance.

29 (3) Reduction of property taxes.

30 (4) Property tax relief through implementation of a

1 homestead and farmstead exclusion in accordance with 53 Pa.C.S.
2 Ch. 85 Subch. F (relating to homestead property exclusion).

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

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

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

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

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

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

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

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

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

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

30 (5) The one-time notice required by paragraph (4) may be

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

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

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

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

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

4 CHAPTER 5

5 CONSOLIDATED COLLECTION OF LOCAL INCOME TAXES

6 Section 501. Definitions.

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

10 "Article XIII tax officer." The tax officer authorized by a
11 political subdivision to collect income taxes levied prior to
12 January 1, 2012.

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

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

27 "Claim." A written demand for payment made by a tax officer
28 or tax collection district for income taxes collected by another
29 tax officer or tax collection district.

30 "Corporation." A corporation or joint stock association

1 organized under the laws of the United States, the Commonwealth
2 of Pennsylvania or any other state, territory, foreign country
3 or dependency. The term shall include an entity which is
4 classified as a corporation for Federal income tax purposes.

5 "Current year." The calendar year for which the tax is
6 levied.

7 "Department." The Department of Community and Economic
8 Development of the Commonwealth.

9 "Domicile." The place where a person lives and has a
10 permanent home and to which the person has the intention of
11 returning whenever absent. Actual residence is not necessarily
12 domicile, for domicile is the fixed place of abode which, in the
13 intention of the taxpayer, is permanent rather than transitory.
14 Domicile is the voluntarily fixed place of habitation of a
15 person, not for a mere special or limited purpose, but with the
16 present intention of making a permanent home, until some event
17 occurs to induce the person to adopt some other permanent home.
18 In the case of a business, domicile is that place considered as
19 the center of business affairs and the place where its functions
20 are discharged.

21 "Earned income." The compensation as ~~reported to or~~ REQUIRED ←
22 TO BE REPORTED TO OR AS determined by the Department of Revenue
23 under section 303 of the act of March 4, 1971 (P.L.6, No.2),
24 known as the Tax Reform Code of 1971, and rules and regulations
25 promulgated under that section. Employee business expenses as
26 reported to or determined by the Department of Revenue under
27 Article III of the Tax Reform Code of 1971 shall constitute
28 allowable deductions in determining earned income. The term does
29 not include offsets for business losses.

30 "Earned income and net profits tax." The tax levied by a

1 political subdivision on earned income and net profits.

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

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

10 "Employer." A person, business entity or other entity,
11 employing one or more persons for a salary, wage, commission or
12 other compensation. The term includes the Commonwealth, a
13 political subdivision and an instrumentality or public authority
14 of either.

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

20 "Joint tax collection committee." An entity formed by two or
21 more tax collection committees for the purpose of income tax
22 collection in more than one tax collection district.

23 "Local services tax." A tax on individuals for the privilege
24 of engaging in an occupation that is levied, assessed and
25 collected only by the political subdivision of the taxpayer's
26 place of employment under the authority of this act or any other
27 act.

28 "Municipality." A city of the second class, city of the
29 second class A, city of the third class, borough, town, township
30 of the first class or township of the second class.

1 "Net profits." The net income from the operation of a
2 business, other than a corporation, as ~~reported to or~~ REQUIRED ←
3 TO BE REPORTED TO OR AS determined by the Department of Revenue
4 under section 303 of the act of March 4, 1971 (P.L.6, No.2),
5 known as the Tax Reform Code of 1971, and rules and regulations
6 promulgated under that section. For purposes of determining net
7 profits, business losses from one business may be offset against
8 profits from another business AS PROVIDED UNDER THE TAX REFORM ←
9 CODE OF 1971 AND THE DEPARTMENT OF REVENUE REGULATIONS. The term
10 does not include income which:

- 11 (1) is not paid for services provided; and
12 (2) is in the nature of earnings from an investment.

13 "Nonresident." A person or business domiciled outside the
14 political subdivision LEVYING THE TAX. ←

15 "Nonresident tax." An income tax levied by a municipality on
16 a nonresident.

17 "NONRESIDENT TAX OFFICER." THE TAX OFFICER ADMINISTERING AND ←
18 COLLECTING INCOME TAXES FOR THE TAX COLLECTION DISTRICT IN WHICH
19 THE TAXPAYER IS EMPLOYED, IF DIFFERENT FROM THE TAX COLLECTION
20 DISTRICT IN WHICH THE TAXPAYER IS DOMICILED.

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

23 "Person." A natural person.

24 "Political subdivision." A city of the second class, city of
25 the second class A, city of the third class, borough, town,
26 township of the first class, township of the second class,
27 school district of the first class A, school district of the
28 second class, school district of the third class or school
29 district of the fourth class.

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

1 "Private agency." A business entity appointed as a tax
2 officer by a tax collection committee.

3 "Resident." A person or business domiciled in a THE <—
4 political subdivision LEVYING THE TAX. <—

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

6 (1) a municipality on a resident of that municipality;

7 or

8 (2) a school district on a resident of that school
9 district.

10 "RESIDENT TAX OFFICER." THE TAX OFFICER ADMINISTERING AND <—
11 COLLECTING INCOME TAXES FOR THE TAX COLLECTION DISTRICT IN WHICH
12 THE TAXPAYER IS DOMICILED, IF DIFFERENT FROM THE TAX COLLECTION
13 DISTRICT IN WHICH THE TAXPAYER IS EMPLOYED.

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

16 "Tax bureau." A nonprofit entity established for the
17 administration and collection of taxes.

18 "Tax collection committee." The committee established by
19 each tax collection district for the purpose of income tax
20 collection. The term shall include a joint tax collection
21 committee.

22 "Tax collection district." A tax collection district created <—
23 ESTABLISHED under section 504. <—

24 "Tax officer." The tax bureau, political subdivision,
25 county, except a county of the first class, or private agency
26 which administers and collects income taxes for one or more tax
27 collection districts. UNLESS OTHERWISE SPECIFICALLY PROVIDED, <—
28 FOR PURPOSES OF THE OBLIGATIONS OF AN EMPLOYER, THE TERM SHALL
29 MEAN THE TAX OFFICER FOR THE TAX COLLECTION DISTRICT WITHIN
30 WHICH THE EMPLOYER IS LOCATED, OR, IF AN EMPLOYER MAINTAINS

1 WORKPLACES IN MORE THAN ONE DISTRICT, THE TAX OFFICER FOR EACH
2 SUCH DISTRICT WITH RESPECT TO EMPLOYEES PRINCIPALLY EMPLOYED
3 THEREIN.

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

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

16 "Taxable income." Includes:

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

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

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

27 "Withholding tax." An income tax or a local services tax
28 levied by a political subdivision under the authority of this
29 act or any other act, or any other tax levied by a municipality
30 or school district for which employer withholding may be

1 required under this act or any other act.

2 Section 502. Declaration and payment of income taxes.

3 (a) Application.--

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

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

18 (b) Partial domicile.--The taxable income subject to tax of
19 a taxpayer who is domiciled in a political subdivision for only
20 a portion of the tax year shall be an amount equal to the
21 taxpayer's taxable income multiplied by a fraction, the
22 numerator of which is the number of calendar months during the
23 tax year that the individual is domiciled in the political
24 subdivision, and the denominator of which is 12. A taxpayer
25 shall include in the numerator any calendar month during which
26 the taxpayer is domiciled for more than half the calendar month.
27 A day that a taxpayer's domicile changes shall be included as a
28 day the individual is in the new domicile and not the old
29 domicile. If the number of days in the calendar month in which
30 the individual lived in the old and new domiciles are equal, the

1 calendar month shall be included in calculating the number of
2 months in the new domicile.

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

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

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

28 (i) Any taxpayer who first anticipates any net
29 profit after April 15 of the current year, shall make and
30 file the declaration required on or before June 15 of the

1 current year, September 15 of the current year or
2 December 31 of the current year, whichever date next
3 follows the date on which the taxpayer first anticipates
4 such net profit, and shall pay to the RESIDENT tax ←
5 officer in equal installments the tax due on or before
6 the quarterly payment dates that remain after the filing
7 of the declaration.

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

23 (iii) The department, in consultation with the
24 Department of Revenue, shall provide by regulation for
25 the filing of adjusted declarations of estimated net
26 profits and for the payments of the estimated tax in
27 cases where a taxpayer who has filed the declaration
28 required under this subsection anticipates additional net
29 profits not previously declared or has overestimated
30 anticipated net profits.

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

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

24 Section 503. (Reserved).

25 Section 504. Tax collection districts.

26 A tax collection district ~~shall be created~~ IS ESTABLISHED in ←
27 each county, except a county of the first class, for purposes of
28 collecting income taxes. The geographic boundaries of a tax
29 collection district shall be coterminous with the county in
30 which it is created, except as provided in this section. A

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

18 Section 505. Tax collection committees.

19 ~~(a) Establishment. A tax collection committee shall be~~ <—
20 ~~created in each tax collection district as set forth in this~~
21 ~~section.~~

22 (A) GENERAL RULE.--EACH TAX COLLECTION DISTRICT SHALL BE <—
23 GOVERNED BY A TAX COLLECTION COMMITTEE CONSTITUTED AND OPERATED
24 AS SET FORTH IN THIS SECTION. MEETINGS OF THE TAX COLLECTION
25 COMMITTEE SHALL BE CONDUCTED UNDER 65 PA.C.S. CH. 7 (RELATING TO
26 OPEN MEETINGS) AND THE ACT OF JUNE 21, 1957 (P.L.390, NO.212),
27 REFERRED TO AS THE RIGHT-TO-KNOW LAW.

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

30 (1) To keep records of all votes and other actions taken

1 by the tax collection committee.

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

4 (3) To set the compensation of the tax officer under
5 section 507(c).

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

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

10 ~~(6) To sue and be sued, and complain and defend in all~~ <—
11 ~~courts.~~

12 ~~(7)~~ (6) To adopt, amend and repeal bylaws for the <—
13 management of its affairs consistent with subsection (f) and
14 regulations under section 508.

15 ~~(8)~~ (7) To adopt, amend and repeal policies and <—
16 procedures consistent with the regulations under section 508
17 for the administration of income taxes within the tax
18 collection district. The procedures shall supersede any
19 contrary resolutions or ordinances adopted by a political
20 subdivision. This authority shall not be construed to permit
21 a tax collection committee to change the rate or subject of
22 any tax.

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

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

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

1 a tax bureau.

2 (3) To enter into contracts as necessary.

3 (4) To appoint a director for the tax collection
4 committee and other employees as necessary and to fix their
5 compensation.

6 (5) To retain counsel and auditors, AUDITORS AND OTHER ←
7 CONSULTANTS OR ADVISORS to render professional services as
8 necessary.

9 (6) To acquire, lease, rent or dispose of real or
10 personal property.

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

17 (8) TO SUE AND BE SUED, AND COMPLAIN AND DEFEND IN ALL ←
18 COURTS.

19 (b) Delegates.--

20 (1) The governing body of each political subdivision
21 within a tax collection district that imposed an income tax
22 prior to July 1, 2009, shall appoint one voting delegate and
23 one alternate OR MORE ALTERNATES to represent the political ←
24 subdivision on the tax collection committee by September 15,
25 2009. The governing body of each political subdivision that,
26 after June 30, 2009, imposes an income tax for the first time
27 shall appoint one delegate and one alternate to represent the
28 political subdivision on the tax collection committee. Each
29 delegate and alternate must be a resident of the political
30 subdivision represented. A delegate or alternate shall serve

1 at the pleasure of the governing body of the political
2 subdivision.

3 (2) The governing body of each political subdivision
4 within a tax collection district that prior to January 1,
5 2008, does not impose an income tax may appoint one nonvoting
6 representative to represent the political subdivision on the
7 tax collection committee. If, after June 30, 2009, a
8 political subdivision imposes an income tax, the nonvoting
9 representative shall become a voting delegate to represent
10 the political subdivision on the tax collection committee.

11 (b.1) Quorum.--Unless otherwise provided for in the bylaws
12 of a tax collection committee, a majority of the delegates of a
13 tax collection committee appointed under subsection (b)(1)
14 constitutes a quorum. A quorum must be present in order to take
15 official action.

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

29 (c) Voting rights.--

30 (1) Only a delegate appointed by the governing body of a

1 political subdivision may represent a political subdivision
2 at a tax collection committee meeting. If a delegate cannot
3 be present for a tax collection committee meeting, the
4 alternate appointed under this section may represent the
5 political subdivision. Each delegate or alternate shall be
6 entitled to vote upon any action authorized or required of
7 the tax collection committee under this chapter.

8 (2) For the first meeting of the tax collection
9 committee, actions of the tax collection committee shall be
10 determined by a majority vote of those delegates present.
11 ~~Votes shall be based upon the proportional population of each~~ <—
12 ~~political subdivision in proportion to the population of each~~
13 ~~tax collection district as determined by the most recent~~
14 ~~Federal decennial census data.~~ VOTES SHALL BE WEIGHTED AMONG <—
15 THE GOVERNING BODIES OF THE MEMBER POLITICAL SUBDIVISIONS AS
16 FOLLOWS: 50% SHALL BE ALLOCATED ACCORDING TO THE PROPORTIONAL
17 POPULATION OF EACH POLITICAL SUBDIVISION AND 50% SHALL BE
18 WEIGHTED IN DIRECT PROPORTION TO INCOME TAX REVENUES
19 COLLECTED IN EACH POLITICAL SUBDIVISION, BASED ON EACH
20 POLITICAL SUBDIVISION'S MOST RECENT ANNUAL FINANCIAL REPORT
21 SUBMITTED TO THE DEPARTMENT OR THE DEPARTMENT OF EDUCATION.
22 For subsequent meetings, votes shall be taken in accordance
23 with this paragraph unless the bylaws provide otherwise.

24 (3) No later than September 1, 2009, the department
25 shall calculate the weighted vote for each political
26 subdivision within each tax collection district based on the
27 most recent annual financial report available. By July 1 of
28 the year following the first meeting, and of each year
29 thereafter, each tax collection committee shall recalculate
30 the weighted vote unless the bylaws provide for a more

1 frequent recalculation.

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

6 (d) First meeting schedule.--The first meeting of the tax
7 collection committee in each tax collection district shall be on
8 or before November 15, 2009. The chair of the county
9 commissioners OR THE CHIEF EXECUTIVE of the county in which the <—
10 tax collection district is primarily located or the chair's
11 designee shall schedule the first meeting of the tax collection
12 committee and shall provide, at least 21 days before the
13 meeting, public notice, as required by 65 Pa.C.S. § 703
14 (relating to definitions), and notice by first class mail by
15 September 15, 2009, to the department and to the governing body
16 of each political subdivision located in the tax collection
17 district.

18 (e) First meeting agenda.--The chair of the county
19 commissioners or the chair's designee OR THE CHIEF EXECUTIVE OF <—
20 THE COUNTY OR HIS DESIGNEE shall convene the first meeting of
21 the tax collection committee. ~~The chair of the county~~ <—
22 ~~commissioners shall~~, conduct the meeting and record all votes <—
23 until a chairperson, vice chairperson and secretary are elected
24 by the committee. The delegates shall elect a chair, vice chair
25 from among the delegates and a secretary. The chair shall
26 schedule meetings, set the agenda, conduct meetings, record
27 votes and perform other duties as determined by the tax
28 collection committee. The secretary shall maintain the minutes
29 and records of the tax collection committee and provide public
30 notices and all notices to each delegate and alternate appointed

1 to the tax collection committee.

2 (f) Bylaws.--No later than April 15, 2010, the delegates of
3 each tax collection committee shall adopt bylaws to govern the
4 tax collection committee and notify the department within 30
5 days of adoption. THE DEPARTMENT SHALL PROVIDE SAMPLE BYLAWS TO <—
6 THE TAX COLLECTION COMMITTEE. Written notice shall be provided
7 to each delegate and alternate delegate that the adoption or
8 amendment of bylaws will be considered at a meeting. Notice
9 shall include copies of the proposed bylaws or amendments. The
10 bylaws for each tax collection committee shall provide for the
11 following:

12 (1) Rules of procedure, quorum requirements, voting
13 rights and provisions for managing the affairs of the tax
14 collection committee.

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

17 (3) Meetings, including special meetings.

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

19 (5) The procedure for the addition of new political
20 subdivisions to the tax collection committee.

21 (g) Officers.--Upon the election of any new officers, the
22 tax collection committee shall notify the department within 30
23 days and shall provide the department with the name and address
24 of each officer.

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

26 (1) By the end of each calendar year, the tax collection
27 committee shall provide for at least one examination for each
28 calendar year of the books, accounts, financial statements,
29 compliance reports and records of the tax officer by a
30 certified public accountant or public accountant ~~approved and~~ <—

1 appointed by the tax collection committee. The examination
2 shall include an audit of all records relating to the cash
3 basis receipt and disbursement of all public money by the tax
4 officer, a reconciliation of the monthly reports required by
5 section 509(b), an analysis of the bond amount under section
6 509(d) and an analysis of the collection fees charged to the
7 tax collection committee. In the case of a private agency,
8 the examination shall not include payroll and other
9 proprietary information. The examination shall be conducted
10 according to generally accepted governmental auditing
11 standards.

12 (2) The certified public accountant or public accountant
13 shall issue a report, in a format prescribed by the
14 department, to the tax collection committee, which shall
15 include an auditor's opinion letter, a financial statement, a
16 reconciliation of the monthly reports required by section
17 509(b) with the receipts and disbursements, a summary of
18 collection fees charged to the tax collection committee, a
19 report on the tax officer's compliance with this act, a list
20 of any findings of noncompliance with this act and a copy of
21 a management letter if one is issued by the auditor. If there
22 are findings of noncompliance, a copy of the report shall be
23 filed with the Office of Attorney General, the Department of
24 the Auditor General and the department. A copy of the report
25 shall be filed with all political subdivisions within the tax
26 collection district and the department on or before September
27 1 of the succeeding year. The department may make available
28 on its Internet website summary data from the reports filed
29 under this subsection.

30 (i) Applicability of statutes.--Each tax collection

1 committee shall be subject to the provisions of the following:

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

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

6 (3) 65 Pa.C.S. Ch. 7 (relating to open meetings).

7 (4) 65 Pa.C.S. Ch. 11 (relating to ethics standards and
8 financial disclosure).

9 (j) Appeals board.--

10 (1) By June 1, 2010, each tax collection committee shall
11 establish an appeals board comprised of a minimum of three
12 delegates.

13 (2) A determination of the tax officer relating to the
14 assessment, collection, refund, withholding, remittance or
15 distribution of income taxes may be appealed to the appeals
16 board by a taxpayer, employer, political subdivision or
17 another tax collection district.

18 (3) All appeals shall be conducted in a manner
19 consistent with 53 Pa.C.S. §§ 8430 <—
20 ~~(relating to administrative appeals)~~, 8431 (relating to petitions), 8432
21 (relating to practice and procedure), 8433 (relating to
22 decisions) and, 8434 (relating to appeals) AND 8435 (RELATING <—
23 TO EQUITABLE AND LEGAL PRINCIPLES TO APPLY).

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

27 (5) No member of an appeals board or joint appeals board
28 may be a tax officer or an employee, agent or attorney for a
29 tax officer.

30 (6) AN APPEALS BOARD APPOINTED PURSUANT TO THIS SECTION <—

1 SHALL CONSTITUTE A JOINT LOCAL TAX APPEALS BOARD AS PROVIDED
2 FOR IN 53 PA.C.S. § 8430 (RELATING TO ADMINISTRATIVE APPEALS)
3 FOR PURPOSES OF TAXES COLLECTED UNDER THE SUPERVISION OF THE
4 APPOINTING TAX COLLECTION COMMITTEE.

5 (K) ANNUAL BUDGET REQUIRED.--

6 (1) EACH TAX COLLECTION COMMITTEE SHALL ADOPT AN ANNUAL
7 BUDGET PROVIDING FOR COMPENSATION OF THE TAX OFFICER AND
8 OTHER EXPENSES OF OPERATING THE TAX COLLECTION DISTRICT.

9 (2) THE EXPENSES OF OPERATING THE TAX COLLECTION
10 DISTRICT SHALL BE SHARED AMONG AND PAID BY ALL POLITICAL
11 SUBDIVISIONS WITHIN THE TAX COLLECTION DISTRICT THAT ARE
12 REPRESENTED BY VOTING DELEGATES ON THE TAX COLLECTION
13 COMMITTEE. UNLESS THE BYLAWS ADOPTED BY THE TAX COLLECTION
14 COMMITTEE PROVIDE FOR DIFFERENT METHODS, THE PROPORTIONATE
15 SHARE OF THE TOTAL EXPENSES TO BE PAID BY EACH POLITICAL
16 SUBDIVISION SHALL BE DETERMINED IN THE SAME MANNER AS THE
17 VOTE OF EACH POLITICAL SUBDIVISION'S VOTING DELEGATE IS
18 WEIGHTED PURSUANT TO SUBSECTION (C).

19 Section 506. Tax officer.

20 (a) Collection and administration.--Notwithstanding any
21 other provision of law to the contrary, income taxes shall be
22 collected and administered by one tax officer in each tax
23 collection district appointed under section 507(a). Two or more
24 tax collection districts may appoint the same tax officer. If
25 two or more tax collection districts form a joint tax collection
26 committee, the joint tax collection committee shall appoint a
27 single tax officer.

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

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

3 (2) has engaged in conduct which significantly adversely
4 reflects on the applicant's credibility, honesty or
5 integrity; or

6 (3) is unable to obtain the bond required by section
7 509(d).

8 Section 507. Appointment of tax officer.

9 (a) Appointment.--By September 15, 2010, each tax collection
10 committee shall appoint a tax officer by resolution and shall
11 notify the department of the appointment, including the tax
12 officer's name, address and telephone number and any other
13 information required by the department within ten days of the
14 appointment. The name, telephone number and address of the tax
15 officer appointed shall be added to the official register and
16 shall be effective for the assessment, collection and
17 administration of income taxes levied, imposed and collected in
18 fiscal years beginning on and after January 1, 2012. If the
19 position of tax officer becomes vacant, the tax collection
20 committee shall appoint a new tax officer by resolution.

21 (b) Court selection.--

22 (1) If a tax collection committee has not appointed a
23 tax officer under subsection (a) or if a tax officer ceases
24 to hold office and a successor has not been appointed within
25 30 days of the vacancy, the tax collection committee shall
26 immediately notify the department and shall submit the names
27 of at least two nominees for the position of tax officer to
28 the court of common pleas in the county in which the tax
29 collection district is located. The court shall select a tax
30 officer from among the nominees submitted by the tax

1 collection committee.

2 (2) If the tax collection committee fails to submit
3 nominees in accordance with this subsection, any political
4 subdivision within the tax collection district may, after
5 notifying the department, petition the court to select a tax
6 officer. The court may provide for other persons to submit
7 nominations for the position of tax officer. The court may
8 select a tax officer from among the nominees.

9 (3) In the event that a tax officer is to be selected by
10 the court under this subsection, the department shall inform
11 the court of the time frame by which an appointment of a tax
12 officer is needed and of upcoming deadlines which the tax
13 officer must meet in order to timely fulfill the duties of
14 appointment.

15 (4) Upon the selection of a tax officer by the court,
16 the tax collection committee shall appoint the person
17 selected.

18 (c) Compensation.--The tax officer shall receive reasonable
19 compensation for services and expenses as determined by the tax
20 collection committee. Compensation shall be prorated based on ←
21 the percentage of income tax revenue collected in all political
22 subdivisions within the tax collection district unless a
23 different compensation method is agreed to by the tax officer
24 and the tax collection committee. At the discretion of the tax
25 collection committee, the tax officer may be permitted to
26 withhold the amount of the tax officer's compensation from
27 income taxes collected, if the monthly reports required by
28 section 509(b) submitted by the tax officer include an
29 accounting for all compensation withheld.

30 (d) Written agreement.--Except when a tax collection

1 committee establishes a tax bureau under section 505(a.2)(2),
2 all appointments of a tax officer shall be made pursuant to a
3 written agreement between the tax officer and the tax collection
4 committee. The agreement shall be approved by the committee by
5 resolution.

6 Section 508. Powers and duties of the department.

7 (a) Additional powers.--In addition to the powers and duties
8 provided for in this act, the department, in consultation with
9 the Department of Revenue, shall prescribe standardized forms,
10 reports, notices, returns and schedules and shall promulgate
11 regulations as necessary to carry out the provisions of this
12 act.

13 (b) Temporary regulations.--The department may promulgate
14 temporary regulations, for a period of two years, as necessary,
15 which shall be published in the Pennsylvania Bulletin. The
16 temporary regulations promulgated by the department shall expire
17 no later than three years following the effective date of this
18 part or upon promulgation of regulations as generally provided
19 by law. The temporary regulations shall not be subject to any of
20 the following:

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

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

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

28 (c) Interim regulations.--Until promulgation of the
29 temporary or permanent regulations under this section, rules and
30 regulations in use by tax officers under the former Division

1 V(c) of section 13 shall remain valid.

2 (D) DEPARTMENTAL STUDY.-- ←

3 (1) IMMEDIATELY UPON THE EARLIEST EFFECTIVE DATE OF THIS
4 SECTION, THE DEPARTMENT SHALL COMMENCE A STUDY OF EXISTING
5 LOCAL EARNED INCOME TAX COLLECTION METHODS AND PRACTICES
6 WITHIN THIS COMMONWEALTH, WITH PARTICULAR ATTENTION TO THE
7 PRACTICES AND METHODS OF PREVIOUSLY EXISTING COOPERATIVE
8 COLLECTION BUREAUS ESTABLISHED BY ONE OR MORE POLITICAL
9 SUBDIVISIONS, FOR THE PURPOSE OF IDENTIFYING, COLLECTING AND
10 COMPARING THOSE PRACTICES, METHODS, STRUCTURES, PROCEDURES,
11 REGULATIONS, SOFTWARE, INFORMATION SYSTEMS, GOVERNANCE
12 ALTERNATIVES, RISK MANAGEMENT STRATEGIES AND OTHER
13 CHARACTERISTICS THAT APPEAR TO PROMOTE THE GREATEST
14 LIKELIHOOD OF EFFECTIVENESS, COST EFFICIENCY, LOSS PREVENTION
15 AND WILLING INTERGOVERNMENTAL COOPERATION.

16 (2) NO LATER THAN DECEMBER 31, 2009, THE DEPARTMENT
17 SHALL FURNISH EACH TAX COLLECTION COMMITTEE A REPORT OF THE
18 FINDINGS AND RECOMMENDATIONS RESULTING FROM THE STUDY,
19 INCLUDING SAMPLE BYLAWS, PROCEDURES, REGULATIONS, FORMS,
20 AGREEMENTS, REQUESTS FOR PROPOSALS FOR THE SELECTION OF TAX
21 OFFICERS, REQUESTS FOR PROPOSALS FOR THE PROCUREMENT OF
22 SOFTWARE SYSTEMS AND OTHER CRITICAL SYSTEMS AND OTHER
23 APPROPRIATE SAMPLES.

24 (3) AS A PART OF THE STUDY, THE DEPARTMENT SHALL ALSO
25 INVESTIGATE AND REPORT UPON THE FEASIBILITY OF CONTRACTING ON
26 A STATEWIDE BASIS FOR THE DEVELOPMENT AND/OR PROCUREMENT OF
27 APPROPRIATE SOFTWARE SYSTEMS THAT MAY BE ADOPTED AND
28 PURCHASED BY COUNTY TAX COLLECTION DISTRICTS OR THEIR
29 APPOINTED TAX OFFICERS THROUGH THE COMMONWEALTH'S COOPERATIVE
30 PURCHASING PROGRAMS.

1 Section 509. Powers and duties of tax officer.

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

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

8 (2) To receive and distribute income taxes and to
9 enforce withholding by employers located in the tax
10 collection district.

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

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

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

18 (6) To invest all income taxes in the custody of the tax
19 officer in authorized investments, subject to the approval of
20 the tax collection committee. The tax officer shall observe
21 the standard of care that would be observed by a prudent
22 person dealing with property of another. For the purposes of
23 this paragraph, the term "authorized investment" shall
24 include all of the following:

25 (i) Short-term obligations of the United States
26 Government or its agencies or instrumentalities which are
27 backed by the full faith and credit of the United States
28 or are rated in the highest category by a nationally
29 recognized statistical rating organization.

30 (ii) Deposits in savings accounts, time deposits,

1 share accounts or certificates of deposit of
2 institutions, insured by the Federal Deposit Insurance
3 Corporation or the National Credit Union Share Insurance
4 Fund, or their successor agencies, to the extent that the
5 accounts are insured and, for the amount above the
6 insured maximum, that collateral, free from other liens,
7 for the amount is pledged by the depository institution.

8 (iii) Deposits in investment pools established by
9 the State Treasurer or established by local governments
10 pursuant to 53 Pa.C.S. Ch. 23 Subch. A (relating to
11 intergovernmental cooperation) and related statutes,
12 provided that the investment pools are rated in the
13 highest category by a nationally recognized statistical
14 rating organization.

15 (iv) Repurchase agreements which are fully
16 collateralized by obligations of the United States
17 Government or its agencies or instrumentalities, which
18 are free from other liens and backed by the full faith
19 and credit of the United States or are rated in the
20 highest category by a nationally recognized statistical
21 rating organization.

22 (7) To distribute income generated from investments
23 authorized under paragraph (6) as determined by the tax
24 collection committee.

25 (b) Monthly reports.--The tax officer shall, within 20 days
26 after the end of each month, provide a written report, on forms
27 prescribed by the department, to the secretary of the tax
28 collection committee and to the secretary of each political
29 subdivision in the tax collection district for which taxes were
30 collected during the previous month. The report shall include a

1 breakdown of all income taxes, income generated from investments
2 under subsection (a)(6), penalties, costs and other money
3 received, collected, expended and distributed for each political
4 subdivision served by the tax officer and of all money
5 distributed to tax officers for other tax collection districts.

6 (c) Overpayments.--A tax officer shall refund, under 53
7 Pa.C.S. §§ 8425 (relating to refunds of overpayments) and 8426
8 (relating to interest on overpayment), on petition of and proof
9 by the taxpayer, income taxes paid in excess of income taxes
10 rightfully due.

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

14 (1) The tax collection committee shall fix the bond at
15 an amount sufficient, IN COMBINATION WITH FISCAL CONTROLS, <—
16 INSURANCE AND OTHER RISK MANAGEMENT AND LOSS PREVENTION
17 MEASURES USED BY THE TAX COLLECTION DISTRICT, to secure the
18 financial responsibility of the tax officer in accordance
19 with guidelines adopted by the department. The bond shall be <—
20 in an amount equal to the maximum amount of taxes that may be
21 in the possession of the tax officer at any given time. The
22 amount of the bond shall be revised annually by the tax
23 collection committee based upon the annual examination
24 required under section 505(h).

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

29 (3) Each bond shall be conditioned upon the completion
30 of all of the following by the tax officer's employees and

1 appointees:

2 (i) The faithful execution of all duties required of
3 the tax officer.

4 (ii) The just and faithful accounting or payment
5 over of all moneys and balances paid to, received or held
6 by the tax officer by virtue of the office in accordance
7 with law.

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

11 (4) Each bond shall be taken in the name of the tax
12 collection district and shall be for the use of the tax
13 collection district appointing the tax officer, and for the
14 use of any other political subdivision or tax collection
15 district for which income taxes shall be collected or
16 distributed in case of a breach of any conditions of the bond
17 by the acts or neglect of the principal on the bond.

18 (5) A tax collection committee or any political
19 subdivision may sue upon the bond for the payment or
20 distribution of income taxes.

21 (6) Each bond shall contain the name of the surety
22 company bound on the bond.

23 (7) The tax collection committee may, upon cause shown
24 and due notice to the tax officer and the tax officer's
25 sureties, require or allow the substitution or the addition
26 of a surety company acceptable to the tax collection
27 committee for the purpose of making the bond sufficient in
28 amount, without releasing the sureties first approved from
29 any accrued liability or previous action on the bond.

30 (8) The tax collection committee shall designate the

1 custodian of the bond.

2 (9) The tax officer shall file copies of all bonds in
3 effect with each political subdivision in the tax collection
4 district.

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

10 (e) Records.--It shall be the duty of the tax officer to
11 keep a record showing the amount of income taxes received from
12 each taxpayer or other tax officer, the date of receipt, the
13 amount and date of all other moneys received or distributed and
14 any other information required by the department. All tax
15 records shall be the property of the political subdivision and
16 the tax collection district in which the taxes were collected.
17 The tax collection district AND TAX OFFICER shall retain all tax <—
18 records for at least seven years unless otherwise provided AS <—
19 DIRECTED BY THE TAX COLLECTION COMMITTEE AND, WHEN APPLICABLE,
20 IN ACCORDANCE WITH RETENTION AND DISPOSITION SCHEDULES
21 ESTABLISHED by the Local Government Records Committee of the
22 Pennsylvania Historical and Museum Commission under 53 Pa.C.S.
23 Ch. 13 Subch. F (relating to records). Tax records under this
24 subsection may be retained electronically as permitted by law.

25 (f) Employer and taxpayer audits.--

26 (1) In order to verify the accuracy of any income tax
27 declaration or return or, if no declaration or return was
28 filed, to ascertain the income tax due, the tax officer and
29 the tax officer's designated employees may examine the
30 records pertaining to income taxes due of any of the

1 following:

2 (i) An employer.

3 (ii) A taxpayer.

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

6 (2) Every employer and taxpayer or other person whom the
7 tax officer reasonably believes to be an employer or taxpayer
8 shall provide to the tax officer and the tax officer's
9 designated employees the means, facilities and opportunity
10 for the examination and investigation authorized under
11 paragraph (1).

12 (3) For purposes of this subsection, the term "records"
13 shall include any books, papers, and relevant Federal or
14 State tax returns and accompanying schedules, or supporting
15 documentation for any income taxable under this act.

16 ~~(g) Exchange of information. The tax officer shall ensure~~ <—

17 (G) EXCHANGE OF INFORMATION.-- <—

18 (1) THE TAX OFFICER SHALL ENSURE that the Department of
19 Revenue and each tax collection district shall enter into
20 agreements for the exchange of information as necessary for
21 the collection of income taxes.

22 (2) THE DEPARTMENT OF REVENUE SHALL ESTABLISH PROCEDURES <—
23 UNDER WHICH TAX COLLECTION, FILING AND OTHER TAXPAYER AND
24 LOCALITY INFORMATION IN ITS CUSTODY WILL BE MADE AVAILABLE TO
25 TAX OFFICERS FOR PURPOSES OF COLLECTION, RECONCILIATION AND
26 ENFORCEMENT NO LATER THAN ONE YEAR AFTER THE DEADLINE FOR
27 FILING RETURNS FOR THE TAX YEAR IN QUESTION.

28 (h) Actions for collection of income taxes.--The tax officer
29 may file an action in the name of a political subdivision within
30 the tax collection district for the recovery of income taxes due

1 to the political subdivision and unpaid. Nothing in this
2 subsection shall affect the authority of a political subdivision
3 to file an action in its own name for collection of income taxes
4 under this chapter. This subsection shall not be construed to
5 limit a tax officer, a tax collection district or political
6 subdivision from recovering delinquent income taxes by any other
7 means provided by this act. Actions for collection of income
8 taxes shall be subject to the following:

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

12 (i) the income taxes are due;

13 (ii) the declaration or return has been filed; or

14 (iii) of a redetermination of compensation or net
15 profits by the Department of Revenue.

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

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

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

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

27 (4) There is no limitation of action if any of the
28 following apply:

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

1 (ii) An examination of a declaration or return or of
2 other evidence in the possession of the tax officer
3 relating to the declaration or return reveals a
4 fraudulent evasion of income taxes.

5 (iii) An employer has deducted income taxes under
6 section 512 and has failed to pay the amount deducted to
7 the tax officer.

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

10 (i) Interest and penalties.--

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

23 (2) The department may establish conditions under which
24 a tax officer, with the concurrence of the tax collection
25 committee, may abate interest or penalties that would
26 otherwise be imposed for the nonreporting or underreporting
27 of income tax liabilities or for the nonpayment of income
28 taxes previously imposed and due if the taxpayer voluntarily
29 files delinquent returns and pays the income taxes in full.

30 (3) The provisions of paragraph (2) shall not affect or

1 terminate any petitions, investigations, prosecutions or
2 other proceedings pending under of this chapter, or prevent
3 the commencement or further prosecution of any proceedings by
4 the proper authorities for violations of this act. No
5 proceedings shall, however, be commenced on the basis of
6 delinquent returns filed pursuant to paragraph (3) if the
7 returns are determined to be substantially true and correct
8 and the income taxes are paid in full within the prescribed
9 time.

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

11 (1) Any taxpayer who fails, neglects or refuses to make
12 any declaration or return required by this chapter, any
13 employer who fails, neglects or refuses to register, keep or
14 supply records or returns required by section 512 or to pay
15 the income tax deducted from employees, or fails, neglects or
16 refuses to deduct or withhold the income tax from employees,
17 any taxpayer or employer who refuses to permit the tax
18 officer appointed by a tax collection committee or an
19 employee or agent of the tax officer to examine books,
20 records and papers, and any taxpayer or employer who
21 knowingly makes any incomplete, false or fraudulent return,
22 or attempts to do anything whatsoever to avoid the full
23 disclosure of the amount of income in order to avoid the
24 payment of income taxes shall, upon conviction thereof, be
25 sentenced to pay a fine of not more than \$2,500 for each
26 offense and reasonable costs, and in default of payment of
27 said fine and costs, to imprisonment for not more than six
28 months.

29 (2) Any employer required under this chapter to collect,
30 account for and distribute income taxes who willfully fails

1 to collect or truthfully account for and distribute income
2 taxes, commits a misdemeanor and shall, upon conviction, be
3 sentenced to pay a fine not exceeding \$25,000 or to
4 imprisonment not exceeding two years, or both.

5 (3) The penalties imposed under this subsection shall be
6 in addition to any other costs and penalties imposed by this
7 act.

8 (4) The failure of any person to obtain forms required
9 for making the declaration or returns required by this act
10 shall not excuse the person from making the declaration or
11 return.

12 (k) Collection.--In addition to the powers and duties
13 enumerated in this section, a tax officer may collect other
14 taxes as provided by THIS ACT, THE ACT OF JUNE 27, 2006 (1ST ←
15 SP.SESS., P.L.1873, NO.1), KNOWN AS THE TAXPAYER RELIEF ACT, OR
16 OTHER STATUTORY law.

17 Section 510. Fines and penalties against tax officers.

18 (a) Distribution of nonresident taxes.--The Attorney
19 General, a tax collection district or a political subdivision
20 that brings an action under subsection (e) with respect to
21 distribution of income taxes under section 513 may seek
22 equitable relief from a tax officer, including an accounting of
23 all undistributed income taxes and monetary damages, in the form
24 of recovery of the income taxes not previously distributed plus
25 interest calculated from the date that the income taxes should
26 have been distributed. In addition, the court may impose a civil
27 penalty not to exceed \$2,500 for each quarter for which income
28 taxes were not distributed in accordance with section 513, plus
29 reasonable costs and attorney fees. If a tax officer fails to
30 distribute income taxes to the appropriate political subdivision

1 as required under section 513 for four consecutive tax quarters,
2 the court may impose a civil penalty not to exceed \$5,000. In
3 addition, the court may impose a fine not to exceed \$100 per day
4 for every day past the deadline that a tax officer does not
5 respond to a claim under section 513(b).

6 (b) Monthly reports and audits of income taxes.--If a tax
7 officer fails to submit the report required under section
8 509(b), a tax collection district or a political subdivision
9 entitled to receive the report may bring an action in the court
10 of common pleas of the county in which the tax collection
11 district is primarily located. The court may impose a civil
12 penalty of \$20 a day for each day that the report is overdue,
13 not to exceed \$500. If an examination submitted under section
14 505(h) includes any findings of noncompliance, the court may
15 impose an additional civil penalty of not less than \$500 but not
16 more than \$2,500.

17 (c) Failure of duty.--An action may be brought against the
18 tax officer to compel the performance of duties required by this
19 chapter or imposed by regulations adopted pursuant to this
20 chapter, including the duty to deliver all tax records and other
21 official items held in right as tax officer to the tax officer's
22 successor. Upon a finding of failure to perform a duty, the
23 court may impose a penalty not to exceed \$5,000; and the tax
24 officer may be held liable for the cost of reproducing tax
25 records if they are lost or cannot be delivered.

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

29 (e) Actions against a tax officer.--An action against a tax
30 officer for a violation of this chapter may be brought by the

1 Attorney General, a tax collection district or a political
2 subdivision for which the tax officer collects income taxes, a
3 political subdivision or tax collection committee owed income
4 taxes by the tax officer or by a surety.

5 (f) Rescinded appointment.--

6 (1) A tax collection committee shall temporarily remove
7 a tax officer if a criminal action is commenced against the
8 tax officer for an offense which would constitute a violation
9 of the standards of office under section 506(b). If the tax
10 officer is convicted in the action, the tax collection
11 committee shall rescind the appointment and remove the tax
12 officer permanently.

13 (2) A tax collection committee may remove or rescind the
14 appointment of a tax officer where the tax officer or an
15 employee or agent of the tax officer violates confidentiality
16 provisions under section 514(b).

17 (3) A tax collection committee may remove or rescind the
18 appointment of a tax officer for ~~just~~ cause. ←

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

22 (g) Interpretation.--A tax officer shall not be considered a
23 debt collector for purposes of the act of March 28, 2000
24 (P.L.23, No.7), known as the Fair Credit Extension Uniformity
25 Act. Except as otherwise authorized in this act, a tax officer
26 shall be subject to the restrictions and prohibitions imposed on
27 creditors. Notwithstanding the provisions of the Fair Credit
28 Extension Uniformity Act, this act shall supersede any
29 restrictions and prohibitions on creditors otherwise applicable
30 under the Fair Credit Extension Uniformity Act.

1 (H) WITHDRAWAL FROM TAX COLLECTION DISTRICT.--

<—

2 (1) IN AN ACTION BROUGHT BY A POLITICAL SUBDIVISION
3 UNDER THIS SECTION AFTER JANUARY 1, 2014, THE COURT MAY, IN
4 ADDITION TO OTHER AVAILABLE REMEDIES, GRANT A REQUEST BY THE
5 POLITICAL SUBDIVISION TO WITHDRAW FROM THE TAX COLLECTION
6 DISTRICT FOR GOOD CAUSE, PROVIDED THE COURT DETERMINES, AFTER
7 HEARING, THAT ALL OF THE FOLLOWING CONDITIONS EXIST:

8 (I) THE POLITICAL SUBDIVISION HAS SUFFERED LOSS IN
9 INCOME TAX REVENUES THAT IS DIRECTLY AND PRIMARILY
10 ATTRIBUTABLE TO THE WILLFUL AND CONTINUED FAILURE OF THE
11 TAX OFFICER OR TAX COLLECTION COMMITTEE TO COMPLY WITH
12 THE PROVISIONS OF THIS ACT.

13 (II) THE TAX COLLECTION COMMITTEE HAS FAILED TO TAKE
14 REASONABLE MEASURES TO CORRECT THE DEFICIENCIES IN THE
15 PERFORMANCE OF THE TAX OFFICER AND OTHERWISE ASSURE
16 COMPLIANCE WITH THE REQUIREMENTS OF THIS ACT.

17 (III) THE POLITICAL SUBDIVISION AND THE TAX
18 COLLECTION COMMITTEE HAVE ENGAGED IN GOOD FAITH MEDIATION
19 BEFORE A SPECIAL MASTER APPOINTED BY THE COURT, BUT
20 NONETHELESS HAVE FAILED TO REACH AGREEMENT ABOUT
21 ALTERNATIVE CORRECTIVE MEASURES IN LIEU OF WITHDRAWAL OF
22 THE POLITICAL SUBDIVISION FROM THE TAX COLLECTION
23 DISTRICT.

24 (IV) OTHER RELIEF AVAILABLE THAT COULD BE ORDERED BY
25 THE COURT WOULD NOT BE ADEQUATE TO PROVIDE A REASONABLE
26 PROSPECT OF COMPLIANCE BY THE TAX OFFICER AND TAX
27 COLLECTION COMMITTEE WITH THE REQUIREMENTS OF THIS ACT
28 AND THAT WITHDRAWAL OF THE POLITICAL SUBDIVISION FROM THE
29 TAX COLLECTION DISTRICT IS OTHERWISE IN THE BEST
30 INTERESTS OF THE POLITICAL SUBDIVISION, TAXPAYERS AND

1 EMPLOYERS.

2 (2) (I) IN THE EVENT THE COURT GRANTS A REQUEST BY A
3 POLITICAL SUBDIVISION UNDER THIS SECTION TO WITHDRAW FROM
4 THE TAX COLLECTION DISTRICT IN WHICH IT IS LOCATED, THE
5 GOVERNING BODY OF THE POLITICAL SUBDIVISION MAY WITHDRAW
6 BY ADOPTING A RESOLUTION TO THAT EFFECT AND APPOINTING A
7 TAX OFFICER TO COLLECT THE INCOME TAX LEVIED BY THAT
8 POLITICAL SUBDIVISION, EFFECTIVE FOR THE NEXT CALENDAR
9 YEAR BEGINNING AT LEAST SIX MONTHS AFTER THE ADOPTION OF
10 SUCH RESOLUTION.

11 (II) WITH RESPECT TO THE INCOME TAX LEVIED BY THAT
12 POLITICAL SUBDIVISION, A TAX OFFICER APPOINTED PURSUANT
13 TO THIS PARAGRAPH SHALL HAVE THE SAME POWERS AND DUTIES
14 AS A TAX OFFICER APPOINTED BY A TAX COLLECTION DISTRICT
15 AND ALL OTHER REQUIREMENTS OF THIS ACT PERTAINING TO THE
16 FUNCTIONS AND QUALIFICATIONS OF TAX COLLECTION DISTRICTS
17 AND TAX OFFICERS, AND THE RELATED OBLIGATIONS OF
18 EMPLOYERS AND TAXPAYERS SHALL APPLY EQUALLY TO THE
19 POLITICAL SUBDIVISION, ITS GOVERNING BODY AND A TAX
20 OFFICER APPOINTED BY THAT POLITICAL SUBDIVISION.

21 SECTION 510.1. ATTORNEY GENERAL INVESTIGATION AND ENFORCEMENT.

22 (A) COMPLAINT.--ANY ENTITY IDENTIFIED IN SECTION 510(E) MAY,
23 UPON REASONABLE CAUSE, FILE A COMPLAINT WITH THE ATTORNEY
24 GENERAL ALLEGING MISCONDUCT BY A TAX OFFICER, ACCOMPANIED BY
25 SUCH SUPPORTING DOCUMENTATION AS MAY BE WITHIN SUCH ENTITY'S
26 POSSESSION.

27 (B) TIMELY INVESTIGATIONS.--UPON RECEIPT OF SUCH A
28 COMPLAINT, THE ATTORNEY GENERAL SHALL UNDERTAKE A TIMELY
29 INVESTIGATION OF THE ALLEGATIONS AND, WITHIN SIX MONTHS OF
30 RECEIPT OF THE COMPLAINT, SHALL ISSUE A WRITTEN DETERMINATION

1 FINDING A PROBABLE VIOLATION, NO PROBABLE VIOLATION OR
2 INSUFFICIENT EVIDENCE TO MAKE A DETERMINATION.

3 (C) PROSECUTION.--

4 (1) IF THE ATTORNEY GENERAL FINDS THAT A TAX OFFICER HAS
5 COMMITTED A PROBABLE VIOLATION OF REQUIRED PROCEDURES FOR
6 COLLECTION, DISTRIBUTION, BONDING, AUDIT OR OTHER
7 REQUIREMENTS UNDER THIS ACT, THE ATTORNEY GENERAL SHALL
8 PROSECUTE THE TAX OFFICER UNDER SECTION 510.

9 (2) IF THE ATTORNEY GENERAL BRINGS ACTION UNDER SECTION
10 510, THE ATTORNEY GENERAL SHALL ALSO DETERMINE WHETHER THE
11 TAX OFFICER'S ALLEGED VIOLATIONS WARRANT REMOVAL FROM OFFICE.
12 IF SO, THE ATTORNEY GENERAL MAY INSTITUTE AN ACTION TO SEEK
13 REMOVAL OF THE TAX OFFICER FROM OFFICE.

14 (D) CONSTRUCTION.--NOTHING CONTAINED IN THIS SECTION SHALL
15 BE CONSTRUED TO NEGATE OR DIMINISH THE ABILITY OF ENTITIES
16 IDENTIFIED IN SECTION 510 TO BRING ACTIONS AUTHORIZED BY SECTION
17 510 INDEPENDENT OF THE ATTORNEY GENERAL.

18 Section 511. Tax registers.

19 (a) Requirement.--The department shall maintain a tax
20 register and an official register. All of the following shall
21 apply:

22 (1) The department shall maintain a tax register on the
23 department's Internet website. Information for the tax
24 register shall be furnished by each county and each political
25 subdivision to the department as prescribed by the
26 department. The department shall continuously update the tax
27 register.

28 (2) As part of the tax register under paragraph (1), the
29 department shall maintain an official register. The
30 requirement to maintain an official register in accordance

1 with this section shall supersede the requirements for an
2 official register in any act.

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

5 (i) Each municipality and coterminous school
6 district.

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

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

11 (iv) The combined municipal and school district
12 income tax rate on taxpayers residing in each
13 municipality.

14 (v) The income tax rate on taxpayers working within
15 the municipality.

16 (vi) Whether an income tax is a personal income tax
17 levied under the act of June 27, 2006 (1st Sp.Sess.,
18 P.L.1873, No.1), known as the Taxpayer Relief Act, or any
19 other act.

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

22 (viii) The effective emergency and municipal
23 services tax rate on taxpayers working within the school
24 district.

25 (ix) The combined municipal and school district
26 emergency and municipal services tax rate.

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

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

1 (xii) Any other information deemed necessary by the
2 department.

3 (4) Each year the department shall update and officially
4 release withholding tax rates on the official register on
5 June 15 and December 15. Tax rates released on June 15 shall
6 become effective July 1. Tax rates released on December 15
7 shall become effective January 1 of the following year. The
8 department may revise the notification, official release and
9 effective dates of the register for good cause. Six months
10 prior to the revision, the department shall notify each
11 affected political subdivision of the revision and shall
12 publish notice of the revision in the Pennsylvania Bulletin.

13 (5) Information for the official register shall be
14 furnished by each political subdivision to the department as
15 prescribed by the department and shall include a copy of the
16 ordinance or resolution enacting, repealing or changing the
17 tax. The department shall be notified of changes to the
18 official register as follows:

19 (i) New withholding tax enactments, repeals and
20 changes shall be received by the department no later than
21 June 1 to require withholding of a new tax, withholding
22 at a new rate or to suspend withholding of such tax
23 effective July 1 of that year. All new withholding tax
24 enactments, repeals and changes received by the
25 department by June 1 shall be officially released by the
26 department June 15 and become effective July 1. Failure
27 of the department to receive information by June 1 from
28 political subdivisions regarding current withholding tax
29 rates, new withholding tax enactments, repeals and
30 changes shall be construed by the department to mean that

1 the information contained in the previous December 15
2 release of the official register is still in force.
3 Information received by the department after June 1 but
4 before December 1 shall be officially released on
5 December 15.

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

23 ~~(6) Employers shall not be required to deduct from the~~ <—

24 (6) (I) EMPLOYERS SHALL NOT BE REQUIRED TO DEDUCT FROM <—

25 THE compensation of their employees or make reports of
26 compensation in connection with any withholding tax that is
27 not released on the official register as of June 15 and
28 December 15 of each year as provided in paragraphs (4) and

29 ~~(5). Notwithstanding any law to the contrary, no political~~ <—

30 (5), UNLESS THE POLITICAL SUBDIVISION IMPOSING THE TAX HAS <—

1 PROVIDED WRITTEN NOTICE TO THE EMPLOYER OF THE TAX OR TAX
2 RATE AND THE WITHHOLDING REQUIREMENT.

3 (II) NOTWITHSTANDING ANY LAW TO THE CONTRARY, NO
4 POLITICAL subdivision or tax officer may require any
5 employer to deduct a withholding tax at a rate or amount
6 that is not released on the official register. The ←
7 provisions of this paragraph shall THE OFFICIAL REGISTER, ←
8 UNLESS THE POLITICAL SUBDIVISION IMPOSING THE TAX HAS
9 PROVIDED WRITTEN NOTICE TO THE EMPLOYER OF THE TAX OR TAX
10 RATE AND THE WITHHOLDING REQUIREMENT.

11 (III) THE PROVISIONS OF THIS PARAGRAPH SHALL not
12 affect the liability of any taxpayer for withholding
13 taxes lawfully imposed under this act.

14 (7) An employer may withhold at the most recently
15 available rate on the tax register even if such rate is
16 different than the tax rate released on the official register
17 as provided in paragraphs (4) and (5), provided that an
18 employer shall not be required to withhold at a tax rate that
19 is not released on the official register, UNLESS THE ←
20 POLITICAL SUBDIVISION IMPOSING THE TAX HAS PROVIDED WRITTEN
21 NOTICE TO THE EMPLOYER OF THE CURRENT TAX RATE.

22 (8) No employer shall be held liable for failure to
23 withhold an income tax from an employee if the failure to
24 withhold the income tax arises from incorrect information
25 submitted by the employee as to the employee's place of
26 residence.

27 (9) No employer shall be held liable for failure to
28 withhold the emergency and municipal services tax or for the
29 payment of tax money withheld to a tax officer if the failure
30 to withhold the taxes arises from incorrect information

1 submitted by the employee as to the employee's place of
2 employment, the employee's principal office or where the
3 employee is principally employed.

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

10 Income taxes shall be withheld, remitted and reported as
11 follows:

12 (1) Every employer having an office, factory, workshop,
13 branch, warehouse or other place of business within a tax
14 collection district who employs one or more persons, other
15 than domestic servants, for a salary, wage, commission or
16 other compensation, who has not previously registered, shall,
17 within 15 days after becoming an employer, register with the
18 tax officer the name and address of the employer and such
19 other information as the department may require.

20 (2) An employer shall require each new employee to
21 complete a certificate of residency form, which shall be an
22 addendum to the Federal Employee's Withholding Allowance
23 Certificate (Form W-4). An employer shall also require any
24 employee who changes their address or domicile to complete a
25 certificate of residency form. Upon request, certificate of
26 residency forms shall be provided by the department. The
27 certificate of residency form shall provide information to
28 help identify the political subdivisions where an employee
29 lives and works.

30 (3) Every employer having an office, factory, workshop,

1 branch, warehouse or other place of business within a TAX <—
2 COLLECTION district that employs one or more persons, other
3 than domestic servants, for a salary, wage, commission or
4 other compensation, shall, at the time of payment, deduct
5 from the compensation due each employee PRINCIPALLY EMPLOYED <—
6 AT SUCH PLACE OF BUSINESS the greater of the employee's
7 resident tax or the employee's nonresident tax as released in
8 the official register under section 511.

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

23 (5) Notwithstanding paragraph (4), the provisions of
24 this paragraph shall apply if an employer has more than one
25 place of employment in more than one tax collection district.
26 Within 30 days following the last day of each month, the
27 employer may file the return required by paragraph (4) and
28 pay the total amount of income taxes deducted from employees
29 in all work locations during the preceding month to the tax
30 officer for either the tax collection district in which the

1 employer's payroll operations are located or as determined by
2 the department. The return and income taxes deducted shall be
3 filed and paid electronically. The employer must file a
4 notice of intention to file combined returns and make
5 combined payments with the tax officer for each place of
6 employment at least one month before filing its first
7 combined return or making its first combined payment. This
8 paragraph shall not be construed to change the location of an
9 employee's place of employment for purposes of nonresident
10 tax liability.

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

20 (7) On or before February 28 of the succeeding year,
21 every employer shall file with the tax officer where income
22 taxes have been deducted and remitted pursuant to paragraph
23 (3):

24 (i) An annual return showing, for the period
25 beginning January 1 of the current year and ending
26 December 31 of the current year, the total amount of
27 compensation paid, the total amount of income tax
28 deducted, the total amount of income tax paid to the tax
29 officer and any other information prescribed by the
30 department.

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

17 (8) Any employer who discontinues business prior to
18 December 31 of the current year shall, within 30 days after
19 the discontinuance of business, file returns and withholding
20 statements required under this section and pay the income tax
21 due.

22 (9) Except as otherwise provided in section 511, an
23 employer who willfully or negligently fails or omits to make
24 the deductions required by this subsection shall be liable
25 for payment of income taxes which the employer was required
26 to withhold to the extent that the income taxes have not been
27 recovered from the employee. The failure or omission of any
28 employer to make the deductions required by this section
29 shall not relieve any employee from the payment of the income
30 tax or from complying with the requirements for filing of

1 declarations and returns.

2 Section 513. Distribution of income taxes.

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

5 (1) Unless otherwise agreed to or required by the tax
6 collection committee, distribution of income taxes from a tax
7 officer to political subdivisions within the tax collection
8 district or to other tax collection districts shall be as
9 follows:

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

13 (A) receipt; or

14 (B) the deadline for payment under section
15 512(4).

16 (ii) Income taxes received from employers on or
17 after April 1, 2015 2013, under section 512(4) shall be ←
18 distributed within 30 days of the later of:

19 (A) receipt; or

20 (B) the deadline for payment under section
21 512(4).

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

25 (iv) Income taxes received from taxpayers and other
26 tax collection districts shall be distributed within 60
27 days of receipt.

28 (2) A tax officer shall maintain a record of all income
29 taxes distributed under this section, which shall include all
30 of the information required in the reports under section

1 512(4) and (5), the date of distribution, the political
2 subdivision or tax officer to which the income taxes are
3 distributed and any other information required by the
4 department. The record shall be provided to another tax
5 collection district at the time of distribution.

6 (3) A tax officer who, within two years after receiving
7 an income tax payment AFTER REASONABLE EFFORTS MEETING ←
8 CONDITIONS ESTABLISHED BY THE TAX COLLECTION COMMITTEE,
9 cannot identify the political subdivision entitled to the
10 income tax payment shall make payment to the municipality in
11 which the income tax was collected.

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

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

21 (i) pay the claim if it is undisputed; or

22 (ii) respond in writing stating the reasons why the
23 claim cannot be paid.

24 (2) If the tax officer for the tax collection district
25 against which the claim is made does not act under paragraph
26 (1)(i) or (ii), the tax officer making the claim may bring an
27 action in the court of common pleas in the county in which
28 the tax collection district is primarily located for both the
29 amount of the claim and interest at the rate provided for in
30 53 Pa.C.S. § 8426 (relating to interest on overpayment) from

1 the date which the income taxes were received from the
2 taxpayer, employer or other tax officer. Notwithstanding any
3 other law to the contrary, an action under this paragraph
4 must be brought within seven years after the claim is made.

5 (c) Codes.--Employers and tax officers shall use political
6 subdivision and tax collection district codes prescribed by the
7 department.

8 (d) ~~Fee exemption~~ PROHIBITION.--No tax officer, political <—
9 subdivision or tax collection district ~~may~~ SHALL BE REQUIRED TO <—
10 pay a fee or commission to another tax collection district ~~for~~ <—
11 ON ACCOUNT OF income taxes distributed under this section. <—

12 Section 514. Confidentiality.

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

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

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

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

27 (3) Print, publish or otherwise make known any
28 confidential tax information.

29 (c) Penalties.--A person that violates subsection (b)
30 commits a misdemeanor of the third degree and shall, upon

1 conviction, be sentenced to pay a fine of not more than \$2,500
2 or to imprisonment for not more than one year, or both. If the
3 offender is a member of the tax collection committee, the member
4 shall be removed from the tax collection committee. If the
5 offender is an employee of a tax collection committee or a
6 political subdivision, the employee shall be discharged from
7 employment. The offender shall pay the costs of prosecution.

8 Section 515. Transition.

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

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

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

24 (3) An action may be brought against the tax officer to
25 compel the performance of duties required by Chapter 3 or
26 former section 13 or imposed by regulations adopted pursuant
27 to Chapter 5, including the duty to deliver all tax records
28 and other official items held in right as tax officer to the
29 tax officer's successor. Upon a finding of failure to perform
30 a duty, the court may impose a penalty not to exceed \$5,000;

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

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

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

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

18 (b) Transition.--

19 (1) (i) The governing body of each political
20 subdivision which imposed an income tax prior to January
21 1, 2011, shall do all of the following:

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

25 (B) Notify the department by December 1, 2010,
26 of the determination under clause (A) in accordance
27 with section 511(a)(5).

28 (ii) Every employer shall remit 2011 income taxes
29 and file the quarterly and annual reports required by
30 former Division IV(b) and (c) of section 13 to either the

1 Article XIII tax officer or the newly appointed tax
2 officer, as determined by the appropriate political
3 subdivision and released on the official register in
4 accordance with section 511.

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

10 (3) The Article XIII tax officer shall deliver all tax
11 records to the political subdivision and the newly appointed
12 tax officer by June 30, 2012, unless otherwise agreed to by
13 the political subdivision and the newly appointed tax
14 officer.

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

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

25 (c) Definitions.--The following words and phrases when used
26 in this section shall have the meanings given to them in this
27 subsection unless the context clearly indicates otherwise:

28 "Newly appointed tax officer." A tax officer appointed under
29 section 507(a) responsible for the collection of 2012 income
30 taxes.

1 Section 516. Regulatory conflict.

2 In the event of a conflict between a regulation under this
3 chapter and a regulation under the act of June 27, 2006 (1st
4 Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act, in
5 the area of tax collection, the regulation under this chapter
6 shall prevail.

7 Section 517. Audit and evaluation.

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

14 (1) Determine the extent to which income tax revenue
15 losses have been minimized or eliminated by the
16 implementation of uniform collection standards and a
17 countywide income tax collection system.

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

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

26 (4) Determine whether the tax collection system under
27 this chapter is more efficient than the prior system.

28 (5) Determine if tax collection committees are
29 exercising their powers and duties under section 505
30 effectively.

1 (6) Determine the extent to which cooperation and
2 coordination exists among tax officers and tax collection
3 districts.

4 (7) Determine whether authorized investments under
5 509(a)(6) and the bonding requirements under section 509(d)
6 provide sufficient protection to income tax collections.

7 (8) Determine whether nonresident and resident taxes are
8 being properly distributed among tax collection districts
9 within this Commonwealth and to political subdivisions within
10 each tax collection district.

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

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

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

24 (12) Determine whether the agreements under section
25 509(g) have been approved by the Department of Revenue and
26 each tax collection district, and that the exchange of
27 information is reciprocal, timely and useful.

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

30 (14) Recommend needed improvements to the system.

1 after two months from the date of the tax notice, to levy the
2 amount of such tax, any penalty due thereon and costs, not
3 exceeding costs and charges allowed constables for similar
4 services by distress and sale of the goods and chattels of such
5 delinquent, wherever situate or found, upon giving at least ten
6 days' public notice of such sale, by posting ten written or
7 printed notices, and by one advertisement in a newspaper of
8 general circulation published in the county.

9 No failure to demand or collect any taxes by distress and
10 sale of goods and chattels shall invalidate any return made, or
11 lien filed for nonpayment of taxes, or any tax sale for the
12 collection of taxes.

13 Section 27. Sections 19 and 20 of the act, amended June 21,
14 2007 (P.L.13, No.7), are renumbered and amended to read:

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

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

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

25 Section [20] 703. Collection of Delinquent Per Capita,
26 Occupation, Occupational Privilege, Emergency and Municipal
27 Services, Local Services and [Earned] Income Taxes from the
28 Commonwealth.--Upon presentation of a written notice and demand
29 under oath or affirmation, to the State Treasurer or any other
30 fiscal officer of the State, or its boards, authorities,

1 agencies or commissions, it shall be the duty of the treasurer
2 or officer to deduct from the wages then owing, or that shall
3 within sixty days thereafter become due to any employe, a sum
4 sufficient to pay the respective amount of the delinquent per
5 capita, occupation[,] or occupational privilege, emergency and
6 municipal services, local services under Chapter 3 and [earned]
7 income taxes under Chapter 5 and costs shown on the written
8 notice. The same shall be paid to the tax collector or the tax
9 officer of the tax collection district of the taxing district in
10 which said delinquent tax was levied within sixty days after
11 such notice shall have been given.

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

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

26 Section 29. Section 21 of the act, amended November 30, 2004
27 (P.L.1520, No.192), is renumbered and amended to read:

28 Section [21] 705. Collection of Taxes by Suit.--Each taxing
29 district or person, public employe or private agency designated
30 by the taxing district under Chapter 3 and each tax officer

1 under Chapter 5 shall have power to collect unpaid taxes from
2 the persons owing such taxes by suit in assumpsit or other
3 appropriate remedy. Upon each such judgment, execution may be
4 issued without any stay or benefit of any exemption law. The
5 right [of each such taxing district] to collect unpaid taxes
6 under the provisions of this section shall not be affected by
7 the fact that such taxes have been entered as liens in the
8 office of the prothonotary, or the fact that the property
9 against which they were levied has been returned to the county
10 commissioners for taxes for prior years.

11 Section 30. Section 22 of the act is renumbered and amended
12 to read:

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

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

30 Section 31. Section 22.1 of the act, amended June 21, 2007

1 (P.L.13, No.7), is renumbered and amended to read:

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

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

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

27 (c) A delinquent taxpayer may not bring an action for
28 reimbursement, refund or elimination of reasonable costs of
29 collection assessed or imposed prior to the effective date of
30 this section. Additional costs may not be assessed on delinquent

1 taxes collected prior to the effective date of this section.

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

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

7 (1) establish new rights or enlarge existing rights of
8 political subdivisions or employes or agents of political
9 subdivisions; or

10 (2) establish new obligations or enlarge existing
11 obligations of taxpayers.

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

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

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

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

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

25 (2) Road construction and/or maintenance.

26 (3) Reduction of property taxes.

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

30 (a.1) A municipality shall use no less than twenty-five

1 percent of the funds derived from the local services tax for
2 emergency services.

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

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

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

1 assessor in accordance with this paragraph shall be in addition
2 to those established in 53 Pa.C.S. Ch. 85 Subch. F and the act
3 of June 27, 2006 (1st Sp.Sess. P.L.1873, No.1), known as the
4 "Taxpayer Relief Act."

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

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

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

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

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

27 (5) The one-time notice required by paragraph (4) may be
28 combined and made together with the annual notice required by
29 paragraph (7) or with an annual notice by a coterminous
30 political subdivision that has implemented a homestead and

1 farmstead exclusion.

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

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

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

30 Section 35. The act is amended by adding a chapter heading

1 to read:

2 CHAPTER 9

3 MISCELLANEOUS PROVISIONS

4 Section 36. Section 23 of the act is renumbered and amended
5 to read:

6 Section [23] 901. Repeals.--(a) (1) The act of June 25,
7 1947 (P.L.1145), entitled, as amended, "An act empowering cities
8 of the second class, cities of the second class A, cities of the
9 third class, boroughs, towns, townships of the first class,
10 townships of the second class, school districts of the second
11 class, school districts of the third class and school districts
12 of the fourth class to levy, assess and collect or to provide
13 for the levying, assessment and collection of certain additional
14 taxes subject to maximum limitations for general revenue
15 purposes; authorizing the establishment of bureaus and the
16 appointment and compensation of officers and employes to assess
17 and collect such taxes; and permitting penalties to be imposed
18 and enforced; providing an appeal from the ordinance or
19 resolution levying such taxes to the court of quarter sessions
20 and to the Supreme Court and Superior Court," is repealed.

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

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

25 (1) Section 224 of the act of April 9, 1929 (P.L.177,
26 No.175), known as The Administrative Code of 1929, insofar as
27 it is inconsistent with this act.

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

1 (3) Sections 322, 326, 351 and 5004.1 of the act of June
2 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as the
3 Taxpayer Relief Act, insofar as it is inconsistent with this
4 act.

5 Section 37. Any ordinance or resolution providing for the
6 levying, assessment or collection of a tax on individuals for
7 the privilege of engaging in an occupation which has been
8 enacted by a political subdivision prior to December 1, 2004,
9 shall continue in full force and effect, without reenactment, as
10 if such tax had been levied, assessed or collected as a local
11 services tax under section ~~301(f)(9)~~ 301.1(F)(9) of the act. All ←
12 references in any ordinance or resolution to a tax on the
13 privilege of engaging in an occupation shall be deemed to be a
14 reference to a local services tax for the purposes of the act.

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

20 Section 39. This act shall apply as follows:

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

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

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

26 (2) The repeal of divisions (II), (III), (IV), (V),
27 (VI), (VII), (VIII) and (IX) of section 13 of the act shall
28 not apply to income taxes levied and collected prior to
29 January 1, 2012.

30 (3) Except as set forth in paragraph (4) and sections

1 508 and 515 of the act, the addition of Chapter 5 of the act
2 shall apply to income taxes levied and collected after
3 December 31, 2011.

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

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

8 (1) The following provisions shall take effect January
9 1, 2012:

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

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

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

14 (3) The remainder of this act shall take effect
15 immediately.