

## 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,  
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SEPTEMBER 10, 2007

AS AMENDED ON SECOND CONSIDERATION, APRIL 29, 2008

## AN ACT

1 Amending the act of December 31, 1965 (P.L.1257, No.511),  
2 entitled "An act empowering cities of the second class,  
3 cities of the second class A, cities of the third class,  
4 boroughs, towns, townships of the first class, townships of  
5 the second class, school districts of the second class,  
6 school districts of the third class and school districts of  
7 the fourth class including independent school districts, to  
8 levy, assess, collect or to provide for the levying,  
9 assessment and collection of certain taxes subject to maximum  
10 limitations for general revenue purposes; authorizing the  
11 establishment of bureaus and the appointment and compensation  
12 of officers, agencies and 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," in  
22 local tax, further providing for definitions, for delegation  
23 of tax powers and restrictions, for recapture of tax, for  
24 payroll tax, for nonresident sports facility usage fees, for  
25 vacation of tax ordinances and resolutions, for advertising  
26 tax ordinances, for second class city tax rates, for taxpayer  
27 appeals, for filing ordinances, for limitation on tax rates,  
28 for withholding of local services taxes, for administrative  
29 personnel and joint agreements, for audits of earned income  
30 and other taxes, for payment of tax to other taxing  
31 authorities as credits or deductions, for personal property,  
32 for assessment limitations and for tax limitations; providing

1 for legal representation, for restricted use, for  
2 consolidated collection of local income taxes, for collection  
3 of delinquent taxes and for miscellaneous provisions; further  
4 providing for penalties and for repeals; and making editorial  
5 changes.

6 The General Assembly of the Commonwealth of Pennsylvania  
7 hereby enacts as follows:

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

11 CHAPTER 1

12 PRELIMINARY PROVISIONS

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

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

16 Section 3. The act is amended by adding a chapter heading to  
17 read:

18 CHAPTER 3

19 LOCAL TAXES

20 Section 3.1. The act is amended by adding a section to read:

21 Section 301. Definitions.--(a) The following words and  
22 phrases when used in this chapter shall have the meanings given  
23 to them in this section unless the context clearly indicates  
24 otherwise:

25 "Family farm corporation" means a Pennsylvania corporation at  
26 least seventy-five percent of the assets of which are devoted to  
27 the business of agriculture, which business, for the purposes of  
28 this definition, shall not be deemed to include:

29 (i) recreational activities, such as, but not limited to,  
30 hunting, fishing, camping, skiing, show competition or racing;

31 (ii) the raising, breeding or training of game animals or  
32 game birds, fish, cats, dogs or pets or animals intended for use

1 in sporting or recreational activities;

2 (iii) fur farming;

3 (iv) stockyard and slaughterhouse operations; or

4 (v) manufacturing or processing operations of any kind:

5 Provided, however, That at least seventy-five percent of all of  
6 the stock of the corporation must be owned by members of the  
7 same family.

8 "Members of the same family" means an individual, such  
9 individual's brothers and sisters, the brothers and sisters of  
10 such individual's parents and grandparents, the ancestors and  
11 lineal descendents of any of the foregoing and a spouse of any  
12 of the foregoing. Individuals related by the half blood or by  
13 legal adoption shall be treated as if they were related by the  
14 whole blood.

15 (b) As used in this chapter, the terms "business entity,"  
16 "earned income," "employer," "net profits," "private agency" and ←  
17 "tax bureau" shall have the same meanings as those terms are  
18 given in section 501.

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

21 Section [2] 301.1. Delegation of Taxing Powers and  
22 Restrictions Thereon.--(a) The duly constituted authorities of  
23 the following political subdivisions, cities of the second  
24 class, cities of the second class A, cities of the third class,  
25 boroughs, towns, townships of the first class, townships of the  
26 second class, school districts of the second class, school  
27 districts of the third class, and school districts of the fourth  
28 class, in all cases including independent school districts may,  
29 in their discretion, by ordinance or resolution, for general  
30 revenue purposes, levy, assess and collect or provide for the

1 levying, assessment and collection of such taxes as they shall  
2 determine on persons, transactions, occupations, privileges,  
3 subjects and personal property within the limits of such  
4 political subdivisions, and upon the transfer of real property,  
5 or of any interest in real property, situate within the  
6 political subdivision levying and assessing the tax, regardless  
7 of where the instruments making the transfers are made, executed  
8 or delivered or where the actual settlements on such transfer  
9 take place. The taxing authority may provide that the transferee  
10 shall remain liable for any unpaid realty transfer taxes imposed  
11 by virtue of this [act] chapter.

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

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

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

29 (ii) Any person who serves as a member of a reserve  
30 component of the armed forces and is called to active duty at

1 any time during the taxable year.

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

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

16 (e) (1) A person seeking to claim an exemption from the  
17 local services tax may annually file an exemption certificate  
18 with the political subdivision levying the tax and with the  
19 person's employer affirming that the person reasonably expects  
20 to receive earned income and net profits from all sources within  
21 the political subdivision of less than twelve thousand dollars  
22 (\$12,000) in the calendar year for which the exemption  
23 certificate is filed. In the event the political subdivision  
24 utilizes a tax collection officer pursuant to section 10 of this  
25 act, the political subdivision shall provide a copy of the  
26 exemption certificate to that officer. The exemption certificate  
27 shall have attached to it a copy of all the employe's last pay  
28 stubs or W-2 forms from employment within the political  
29 subdivision for the year prior to the fiscal year for which the  
30 employe is requesting to be exempted from the local services

1 tax. Upon receipt of the exemption certificate and until  
2 otherwise instructed by the political subdivision levying the  
3 tax or except as required by clause (2), the employer shall not  
4 withhold the tax from the person during the calendar year or the  
5 remainder of the calendar year for which the exemption  
6 certificate applies. Employers shall ensure that the exemption  
7 certificate forms are readily available to employees at all times  
8 and shall furnish each new employe with a form at the time of  
9 hiring. The Department of Community and Economic Development  
10 shall develop and make available to political subdivisions and  
11 employers uniform exemption certificates required by this  
12 clause.

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

26 (3) If a person who claimed an exemption for a given  
27 calendar year from the local services tax becomes subject to the  
28 tax for the calendar year under clause (2), the employer shall  
29 withhold the tax for the remainder of that calendar year. The  
30 employer shall withhold from the person, for the first payroll

1 period after receipt of the notification under clause (2), a  
2 lump sum equal to the amount of tax that was not withheld from  
3 the person due to the exemption claimed by the person under this  
4 subsection, plus the per payroll amount due for that first  
5 payroll period. The amount of tax withheld per payroll period  
6 for the remaining payroll periods in that calendar year shall be  
7 the same amount withheld for other employees. In the event the  
8 employment of a person subject to withholding of the tax under  
9 this clause is subsequently severed in that calendar year, the  
10 person shall be liable for any outstanding balance of tax due,  
11 and the political subdivision levying the tax may pursue  
12 collection under this act.

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

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

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

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



1 reconveyance may include property line adjustments provided said  
2 reconveyance is made within one year from the date of  
3 condemnation, leases, or on a conveyance to a trustee under a  
4 recorded trust agreement for the express purpose of holding  
5 title in trust as security for a debt contracted at the time of  
6 the conveyance under which the trustee is not the lender and  
7 requiring the trustee to make reconveyance to the grantor-  
8 borrower upon the repayment of the debt, or a transfer within a  
9 family from a sole proprietor family member to a family farm  
10 corporation, or in any sheriff sale instituted by a mortgagee in  
11 which the purchaser of said sheriff sale is the mortgagee who  
12 instituted said sale, or on a privilege, transaction, subject,  
13 occupation or personal property which is now or does hereafter  
14 become subject to a State tax or license fee;

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

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

1 amusement.

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

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

27 (6) To levy, assess or collect a tax on personal property  
28 subject to taxation by counties or on personal property owned by  
29 persons, associations and corporations specifically exempted by  
30 law from taxation under the county personal property tax law:

1 Provided, That this limitation (6) shall not apply to cities of  
2 the second class;

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

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

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

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

1 except as provided in subclause (v).

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

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

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

1 combined rate of not more than ten dollars (\$10), the situs of  
2 the tax shall be the place of employment determined as of the  
3 day the person first becomes subject to the tax during the  
4 calendar year. In the event a person is engaged in more than one  
5 occupation, that is, concurrent employment, or an occupation  
6 which requires the person working in more than one political  
7 subdivision during a payroll period, the priority of claim to  
8 collect the local services tax shall be in the following order:  
9 first, the political subdivision in which a person maintains the  
10 person's principal office or is principally employed; second,  
11 the political subdivision in which the person resides and works,  
12 if the tax is levied by that political subdivision; and third,  
13 the political subdivision in which a person is employed and  
14 which imposes the tax nearest in miles to the person's home.

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

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

1 taxpayer.

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

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

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

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

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

30 (12) To levy, assess and collect a mercantile or business

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

29 (13) To levy, assess or collect an amusement or admissions  
30 tax on membership, membership dues, fees or assessments,

1 donations, contributions or monetary charges of any character  
2 whatsoever paid by the general public, or a limited or selected  
3 number thereof, for such persons to enter into any place,  
4 indoors or outdoors, to engage in any activities, the  
5 predominant purpose or nature of which is exercise, fitness,  
6 health maintenance, improvement or rehabilitation, health or  
7 nutrition education, or weight control.

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

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

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

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

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

27 Section [2.1] 302. Recapture of Tax.--(a) Notwithstanding  
28 the provisions of section [2(1) of this act] 301.1(f)(1), if any  
29 stock of a family farm corporation is transferred to a person  
30 who is not a family member within ten years from the date of the



1 conveyance from a sole proprietor family member to a family farm  
2 corporation, the tax imposed by this article shall become  
3 immediately due and payable.

4 [(b) As used in this act:

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

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

25 Section 6. Sections 2.2 and 2.3 of the act, added December  
26 1, 2004 (P.L.1729, No.222), are renumbered and amended to read:

27 Section [2.2] 303. Payroll Tax.--(a) A city of the second  
28 class may levy, assess or collect a tax that does not exceed  
29 fifty-five hundredths percent on payroll amounts generated as a  
30 result of an employer conducting business activity within a city

1 of the second class. For purposes of a payroll tax levied,  
2 assessed or collected by a city of the second class, the  
3 business activity shall be directly attributable to activity  
4 within a city of the second class. For purposes of computation  
5 of the payroll tax imposed pursuant to this section, the payroll  
6 amount attributable to the city shall be determined by applying  
7 an apportionment factor to total payroll expense based on that  
8 portion of payroll expense which the total number of days an  
9 employe, partner, member, shareholder or other individual works  
10 within the city bears to the total number of days such employe  
11 or person works within and outside of the city.

12 (a.1) A charitable organization that qualifies for tax  
13 exemption pursuant to the act of November 26, 1997 (P.L.508,  
14 No.55), known as the "Institutions of Purely Public Charity  
15 Act," shall calculate the tax that would otherwise be  
16 attributable to the city, but shall only pay the tax on that  
17 portion of its payroll expense attributable to business activity  
18 for which a tax may be imposed pursuant to section 511 of the  
19 Internal Revenue Code of 1986 (Public Law [95-223] 99-514, 26  
20 U.S.C. § 1 et seq.). If the charity has purchased or is  
21 operating branches, affiliates, subsidiaries or other business  
22 entities that do not independently meet the standards of the  
23 "Institutions of Purely Public Charity Act," the tax shall be  
24 paid on the payroll attributable to such for-profit branches,  
25 affiliates or subsidiaries, whether or not the employes are  
26 leased or placed under the auspices of the charity's umbrella or  
27 parent organization. Nothing in this subsection shall restrict  
28 the ability of a charitable organization to contract with the  
29 city to provide services to the city in lieu of some or all  
30 taxes due under this section.

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

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

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

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

11 (4) conducts continuous solicitation within the city related  
12 to such business; or

13 (5) utilizes the streets of the city in connection with the  
14 operation of such business other than transportation through the  
15 city.

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

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

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

30 (2) In tax years 2007, 2008 and 2009, the business privilege

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

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

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

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

19 (g) A city of the second class may bring suit for the  
20 recovery of taxes due and unpaid under this section. Any suit  
21 brought to recover the tax imposed by this section shall be  
22 commenced within three years after such tax is due or within  
23 three years after the declaration or return has been filed,  
24 whichever is later: Provided, however, That this limitation  
25 shall not prevent the institution of a suit for the collection  
26 of any tax due or determined to be due in the following cases:

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

30 (2) Where an examination of the declaration or return filed

1 by any person or of other evidence relating to such declaration  
2 or return in the possession of the city of the second class  
3 reveals a fraudulent evasion of taxes, there shall be no  
4 limitation.

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

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

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

27 (i) In addition to any other additions, penalties or  
28 enforcement proceedings provided for by ordinance of a city of  
29 the second class or a law of this Commonwealth for the  
30 collection and enforcement of taxes or the submission of

1 information to a government entity:

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

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

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

22 (j) As used in this section:

23 "Employer" means all persons conducting business activity  
24 within a city of the second class except for a governmental  
25 entity.

26 "Payroll amounts" means all amounts paid by an employer as  
27 salaries, wages, commissions, bonuses, net earnings and  
28 incentive payments, whether based on profits or otherwise, fees  
29 and similar remuneration for services rendered, whether directly  
30 or through an agent and whether in cash, in property or the

1 right to receive property.

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

22 Section 7. Section 3 of the act is renumbered and amended to  
23 read:

24 Section [3] 305. Vacation of Tax Ordinances and Resolutions  
25 by State Tax Measures.--If, subsequent to the passage of any  
26 ordinance or resolution under the authority of this [act]  
27 chapter, the General Assembly shall impose a tax or license fee  
28 on any privilege, transactions, subject or occupation, or on  
29 personal property or on sales of admission to places of  
30 amusement or on sales or other transfer of title or possession

1 of property taxed by any such political subdivision hereunder,  
2 the act of Assembly imposing the State tax or license fee  
3 thereon shall automatically vacate the ordinance or resolution  
4 passed under the authority of this [act] chapter as to all taxes  
5 accruing subsequent to the end of the current fiscal year of  
6 such political subdivision. It is the intention of this section  
7 to confer upon such political subdivision the power to levy,  
8 assess and collect taxes upon any and all subjects of taxation,  
9 except as above restricted and limited, which the Commonwealth  
10 has power to tax but which it does not tax or license, subject  
11 only to the foregoing provision that any tax or license shall  
12 automatically terminate at the end of the current fiscal year of  
13 the political subdivision.

14 Section 8. Sections 4 and 5 of the act, amended October 9,  
15 1967 (P.L.361, No.160), are renumbered and amended to read:

16 Section [4] 306. Advertisement of Intention to Adopt Tax  
17 Ordinance or Resolution.--Prior to the passage of any ordinance  
18 or the adoption of any resolution imposing a tax or license fee  
19 under the authority hereunder granted, such political  
20 subdivision shall give notice of the intention to pass such  
21 ordinance or adopt such resolution. Such notice shall be given  
22 in addition to all other notices required by law to be given and  
23 shall set forth the substantial nature of the tax or license fee  
24 to be imposed by the proposed ordinance or resolution, the  
25 reason which, in the judgment of the officials of the  
26 subdivision, necessitates the imposition of the tax, and the  
27 amount of revenue estimated to be derived from the tax.

28 Publication of such notice shall be made by advertisement once a  
29 week for three weeks in a newspaper of general circulation  
30 within such political subdivision if there is such newspaper



1 and, if there is not, then such publication shall be made in a  
2 newspaper of general circulation within the county in which the  
3 advertising political subdivision is located.

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

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

15 The ordinance or resolution may be passed or adopted prior to  
16 the beginning of the fiscal year and prior to the preparation of  
17 the budget when desirable.

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

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

27 Section [5.1] 308. Second Class City Parking Tax Rates.--The  
28 rate of the tax imposed on parking transactions shall not differ  
29 from the rate contained in City of Pittsburgh Ordinance Number  
30 43-2003 as of January 1, 2004, except as follows:

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

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

3 (3) In tax year 2009, the rate of tax shall not exceed  
4 37.5%.

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

7 Section 10. Section 6 of the act, repealed in part June 3,  
8 1971 (P.L.118, No.6), is renumbered and amended to read:

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

27 No such appeal shall act as a supersedeas unless specifically  
28 allowed by the court to which the appeal is taken or a judge  
29 thereof.

30 Immediately upon the filing of any such petition, the

1 petitioners shall serve a copy of the petition and any rule  
2 granted by the court upon the president, chairman, secretary or  
3 clerk of the legislative body levying the tax.

4 The court shall fix a day for a hearing not less than fifteen  
5 days nor more than thirty days after the filing of the petition.  
6 Notice of the time of such hearing shall be given to all  
7 interested parties as the court shall direct. The court shall  
8 promptly hear and dispose of the appeal.

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

17 Section 11. Sections 7, 8 and 9 of the act, amended June 21,  
18 2007 (P.L.13, No.7), are renumbered and amended to read:

19 Section [7] 310. Filing of Certified Copies of Ordinances  
20 and Resolutions.--When an ordinance or a resolution is first  
21 passed or adopted by a political subdivision imposing a tax or  
22 license fee under the authority of this [act] chapter, an exact  
23 printed or typewritten copy thereof, certified to by the  
24 secretary of the taxing body, shall be filed with the Department  
25 of Community and Economic Development within fifteen days after  
26 the same becomes effective.

27 Any secretary or person acting as the clerk or secretary of  
28 the taxing body of any political subdivision during the meeting  
29 at which an ordinance or resolution imposing a tax or license  
30 fee is passed or adopted as herein provided who shall fail to

1 file the certified copy or statement relative thereto with the  
2 Department of Community and Economic Development as herein  
3 required, shall, upon summary conviction thereof in the county  
4 in which the political subdivision is located, be sentenced to  
5 pay a fine of not less than five dollars (\$5) nor more than  
6 twenty-five dollars (\$25), and the costs of prosecution.

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

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

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

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

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

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

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

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

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

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

11 (10) On admissions to golf courses, ten percent. The tax  
12 base upon which the tax shall be levied shall not exceed forty  
13 percent of the greens fee. The greens fee shall include all  
14 costs of admissions to the golf course.

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

16 Except as otherwise provided in this [act] chapter, at any  
17 time two political subdivisions shall impose any one of the  
18 above taxes on the same person, subject, business, transaction  
19 or privilege, located within both such political subdivisions,  
20 during the same year or part of the same year, under the  
21 authority of this [act] chapter then the tax levied by a  
22 political subdivision under the authority of this [act] chapter  
23 shall, during the time such duplication of the tax exists,  
24 except as hereinafter otherwise provided, be one-half of the  
25 rate, as above limited, and such one-half rate shall become  
26 effective by virtue of the requirements of this [act] chapter  
27 from the day such duplication becomes effective without any  
28 action on the part of the political subdivision imposing the tax  
29 under the authority of this [act] chapter. When any one of the  
30 above taxes has been levied under the provisions of this [act]

1 chapter by one political subdivision and a subsequent levy is  
2 made either for the first time or is revived after a lapse of  
3 time by another political subdivision on the same person,  
4 subject, business, transaction or privilege at a rate that would  
5 make the combined levies exceed the limit allowed by this  
6 subdivision, the tax of the second political subdivision shall  
7 not become effective until the end of the fiscal year for which  
8 the prior tax was levied, unless:

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

18 (2) Unless the first taxing body shall indicate by  
19 appropriate resolution its desire to waive notice requirements  
20 in which case the levy of the second taxing body shall become  
21 effective on such date as may be agreed upon by the two taxing  
22 bodies.

23 It is the intent and purpose of this provision to limit rates  
24 of taxes referred to in this section so that the entire burden  
25 of one tax on a person, subject, business, transaction or  
26 privilege shall not exceed the limitations prescribed in this  
27 section: Provided, however, That any two political subdivisions  
28 which impose any one of the above taxes, on the same person,  
29 subject, business, transaction or privilege during the same year  
30 or part of the same year may agree among themselves that,

1 instead of limiting their respective rates to one-half of the  
2 maximum rate herein provided, they will impose respectively  
3 different rates, the total of which shall not exceed the maximum  
4 rate as above permitted.

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

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

28 Information for the register shall be furnished by the  
29 secretary of each taxing body to the Department of Community and  
30 Economic Development in such manner and on such forms as the

1 Department of Community and Economic Development may prescribe.  
2 The information must be received by the Department of Community  
3 and Economic Development by certified mail not later than May 31  
4 of each year to show new tax enactments, repeals and changes.  
5 Failure to comply with this date for filing may result in the  
6 omission of the levy from the register for that year. Failure of  
7 the Department of Community and Economic Development to receive  
8 information of taxes continued without change may be construed  
9 by the department to mean that the information contained in the  
10 previous register remains in force.

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

17 Employers shall not be required by any local ordinance to  
18 withhold from the wages, salaries, commissions or other  
19 compensation of their employes any tax imposed under the  
20 provisions of this act, which is not listed in the register, or  
21 make reports of wages, salaries, commissions or other  
22 compensation in connection with taxes not so listed: Provided,  
23 That if the register is not available by July 1, the register of  
24 the previous year shall continue temporarily in effect for an  
25 additional period not to exceed one year. The provisions of this  
26 section shall not affect the liability of any taxpayer for taxes  
27 lawfully imposed under this act.

28 Ordinances or resolutions imposing [earned income or] local  
29 services taxes under authority of this [act] chapter may contain  
30 provisions requiring employers doing business within the



1 jurisdiction of the political subdivision imposing the tax to  
2 withhold the tax from the compensation of those of their  
3 employes who are subject to the tax: Provided, That [no employer  
4 shall be held liable for failure to withhold earned income taxes  
5 or for the payment of such withheld tax money to a political  
6 subdivision other than the political subdivision entitled to  
7 receive such money if such failure to withhold or such incorrect  
8 transmittal of withheld taxes arises from incorrect information  
9 as to the employe's place of residence submitted by the employe:  
10 And provided further, That] no employer shall be held liable for  
11 failure to withhold the local services tax or for the payment of  
12 the withheld tax money to a political subdivision if the failure  
13 to withhold taxes arises from incorrect information submitted by  
14 the employe as to the employe's place or places of employment,  
15 the employe's principal office or where the employe is  
16 principally employed: And provided further, That an employer  
17 shall not be liable for payment of the local services tax in an  
18 amount exceeding the amount withheld by the employer if the  
19 employer complies with the provisions of section [2(e)] 301.1(e)  
20 and (f)(9) and remits the amount so withheld in accordance with  
21 this section: And provided further, That the local services tax  
22 shall be applicable to employment in the period beginning  
23 January 1, of the current year and ending December 31 of the  
24 current year, except that taxes imposed for the first time shall  
25 become effective from January 1 of the year specified in the  
26 ordinance or resolution, and the tax shall continue in force on  
27 a calendar year basis: And provided further, That employers  
28 shall be required to remit the local services taxes thirty days  
29 after the end of each quarter of a calendar year.

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

1        Section 312.1. (Reserved).

2        Section 13. Section 10 of the act, amended November 30, 2004  
3 (P.L.1520, No.192) and December 1, 2004 (P.L.1729, No.222), is  
4 renumbered and amended to read:

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

7        (1) Except as provided in [subsections (b) and (c)] section  
8 506, any [such] political subdivision is hereby authorized to  
9 provide by ordinance or resolution for the creation or  
10 designation of [such] tax bureaus or the appointment and  
11 compensation of [such officers, clerks, collectors, private  
12 agencies or other person and other assistants and employes,  
13 either under existing departments, or otherwise as may be deemed  
14 necessary,] a political subdivision, PUBLIC EMPLOYE, tax bureau <—  
15 or private agency for the assessment and collection of taxes  
16 imposed under authority of this [act] chapter. Each ordinance or  
17 resolution under this section authorizing a [person] political  
18 subdivision, public employe, tax bureau or private agency to act  
19 in the capacity and with the authority of a tax collector shall  
20 continue in force without annual reauthorization unless  
21 otherwise repealed or revoked by the political subdivision or  
22 unless otherwise provided by this act.

23        (2) Except as provided in [subsections (b) and (c), any]  
24 section 506, political subdivisions imposing taxes under  
25 authority of this [act] chapter are authorized to make joint  
26 agreements for the collection of such taxes or any of them. The  
27 same [person or] political subdivision, tax bureau or private  
28 agency may be employed by two or more political subdivisions to  
29 collect any taxes imposed by them under authority of this [act]  
30 chapter.

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

1 established pursuant to section 296 of the "Public School Code  
2 of 1949."

3 (c) Single Tax Collector in Certain Home Rule

4 Municipality.--In a municipality having a population under the  
5 2000 Federal decennial census of at least forty thousand and  
6 less than ninety thousand located in a second class county and  
7 which municipality has adopted a home rule charter under 53  
8 Pa.C.S. Pt. III Subpt. E (relating to home rule and optional  
9 plan government), the person or persons appointed by the board  
10 of school directors for the school district in which the  
11 municipality is located as collector or collectors of taxes  
12 levied by the school district under this act shall also serve as  
13 the collector or collectors of taxes levied by the municipality  
14 under this act.]

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

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

1 selection of one person or agency to collect earned income taxes  
2 for the school district established under section 296 of the  
3 "Public School Code of 1949," and the cities, boroughs, towns  
4 and townships within the geographical limits of such school  
5 district. The reports of the audit shall be sent to the  
6 governing body or bodies of the political subdivision or  
7 political subdivisions employing the accountant. No further or  
8 additional audit shall be performed by elected or appointed  
9 auditors.]

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

11 Section 314. (Reserved).

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

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

24 Section 17. Section 13 of the act, amended October 4, 1978  
25 (P.L.930, No.177), July 9, 1987 (P.L.203, No.30), December 9,  
26 2002 (P.L.1364, No.166), April 5, 2004 (P.L.208, No.24) and  
27 November 30, 2004 (P.L.1520, No.192), is repealed:

28 [Section 13. Earned Income Taxes.--On and after the  
29 effective date of this act the remaining provisions of this  
30 section shall be included in or construed to be a part of each

1 tax levied and assessed upon earned income by any political  
2 subdivision levying and assessing such tax pursuant to this act.  
3 The definitions contained in this section shall be exclusive for  
4 any tax upon earned income and net profits levied and assessed  
5 pursuant to this act, and shall not be altered or changed by any  
6 political subdivision levying and assessing such tax.

7 I. Definitions

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

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

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

18 "Current year." The calendar year for which the tax is  
19 levied.

20 "Domicile." The place where one lives and has his permanent  
21 home and to which he has the intention of returning whenever he  
22 is absent. Actual residence is not necessarily domicile, for  
23 domicile is the fixed place of abode which, in the intention of  
24 the taxpayer, is permanent rather than transitory. Domicile is  
25 the voluntarily fixed place of habitation of a person, not for a  
26 mere special or limited purpose, but with the present intention  
27 of making a permanent home, until some event occurs to induce  
28 him to adopt some other permanent home. In the case of  
29 businesses, or associations, the domicile is that place  
30 considered as the center of business affairs and the place where

1 its functions are discharged.

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

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

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

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

- 27 (1) any interest earnings generated from any monetary
- 28 accounts or investment instruments of the farming business;
- 29 (2) any gain on the sale of farm machinery;
- 30 (3) any gain on the sale of livestock held twelve months or

1 more for draft, breeding or dairy purposes; and

2 (4) any gain on the sale of other capital assets of the  
3 farm.

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

6 "Person or individual." A natural person.

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

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

10 "Succeeding year." The calendar year following the current  
11 year.

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

## 15 II. Imposition of Tax

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

## 27 III. Declaration and Payment of Tax

### 28 A. Net Profits.

29 (1) Every taxpayer making net profits shall, as the  
30 governing body elects, (i) pay to the officer an annual payment



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

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

23 (3) Where the governing body requires a declaration of  
24 estimated net profits and quarterly payments of tax due on such  
25 profits, every taxpayer shall, on or before April 15, of the  
26 succeeding year, make and file with the officer on a form  
27 prescribed or approved by the officer a final return showing the  
28 amount of net profits earned during the period beginning January  
29 1, of the current year, and ending December 31, of the current  
30 year, the total amount of tax due thereon and the total amount

1 of tax paid thereon. At the time of filing the final return, the  
2 taxpayer shall pay to the officer the balance of tax due or  
3 shall make demand for refund or credit in the case of  
4 overpayment.

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

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

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

20 B. Earned Income.

21 Annual Earned Income Tax Return.

22 At the election of the governing body every taxpayer shall,  
23 on or before April 15, of the succeeding year, make and file  
24 with the officer on a form prescribed or approved by the officer  
25 a final return showing the amount of earned income received  
26 during the period beginning January 1, of the current year, and  
27 ending December 31, of the current year, the total amount of tax  
28 due thereon, the amount of tax paid thereon, the amount of tax  
29 thereon that has been withheld pursuant to the provisions  
30 relating to the collection at source and the balance of tax due.

1 At the time of filing the final return, the taxpayer shall pay  
2 the balance of the tax due or shall make demand for refund or  
3 credit in the case of overpayment.

4           Earned Income Not Subject to Withholding.

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

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

17       (2) Make and file with the officer on a form prescribed or  
18 approved by the officer, a quarterly return on or before April  
19 30, of the current year, July 31, of the current year, October  
20 31, of the current year, and January 31, of the succeeding year,  
21 setting forth the aggregate amount of earned income not subject  
22 to withholding by him during the three-month periods ending  
23 March 31, of the current year, June 30, of the current year,  
24 September 30, of the current year, and December 31, of the  
25 current year, respectively, and subject to the tax, together  
26 with such other information as the officer may require. Every  
27 taxpayer making such return shall, at the time of filing  
28 thereof, pay to the officer the amount of tax shown as due  
29 thereon.

30                                   IV. Collection at Source

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

10 (b) 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, shall deduct at the time of payment thereof,  
16 the tax imposed by ordinance or resolution on the earned income  
17 due to his employe or employes, and shall, on or before April  
18 30, of the current year, July 31, of the current year, October  
19 31, of the current year, and January 31, of the succeeding year,  
20 file a return and pay to the officer the amount of taxes  
21 deducted during the preceding three-month periods ending March  
22 31, of the current year, June 30, of the current year, September  
23 30, of the current year, and December 31, of the current year,  
24 respectively. Such return unless otherwise agreed upon between  
25 the officer and employer shall show the name and social security  
26 number of each such employe, the earned income of such employe  
27 during such preceding three-month period, the tax deducted  
28 therefrom, the political subdivisions imposing the tax upon such  
29 employe, the total earned income of all such employes during  
30 such preceding three-month period, and the total tax deducted

1 therefrom and paid with the return.

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

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

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

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

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

29 (e) Except as otherwise provided in section 9, every  
30 employer who wilfully or negligently fails or omits to make the

1 deductions required by this section shall be liable for payment  
2 of the taxes which he was required to withhold to the extent  
3 that such taxes have not been recovered from the employe.

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

9 V. Powers and Duties of Officer

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

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

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

26 Each bond shall be conditioned upon the faithful discharge by  
27 the officer, his clerks, assistants and appointees of all trusts  
28 confided in him by virtue of his office, upon the faithful  
29 execution of all duties required of him by virtue of his office,  
30 upon the just and faithful accounting or payment over, according

1 to law, of all moneys and all balances thereof paid to, received  
2 or held by him by virtue of his office and upon the delivery to  
3 his successor or successors in office of all books, papers,  
4 documents or other official things held in right of his office.

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

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

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

22 The political subdivision or political subdivisions  
23 appointing the officer may, at any time, upon cause shown and  
24 due notice to the officer, and his surety or sureties, require  
25 or allow the substitution or the addition of a surety company  
26 acceptable to such political subdivision or political  
27 subdivisions for the purpose of making the bond sufficient in  
28 amount, without releasing the surety or sureties first approved  
29 from any accrued liability or previous action on such bond.

30 The political subdivision or political subdivisions

1 appointing the officer shall designate the custodian of the bond  
2 required to be given by the officer.

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

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

23 (e) The officer and agents designated by him are hereby  
24 authorized to examine the books, papers, and records of any  
25 employer or of any taxpayer or of any person whom the officer  
26 reasonably believes to be an employer or taxpayer, in order to  
27 verify the accuracy of any declaration or return, or if no  
28 declaration or return was filed, to ascertain the tax due. Every  
29 employer and every taxpayer and every person whom the officer  
30 reasonably believes to be an employer or taxpayer, is hereby



1 directed and required to give to the officer, or to any agent  
2 designated by him, the means, facilities and opportunity for  
3 such examination and investigations, as are hereby authorized.

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

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

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

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

13 VI. Compensation of Income Tax Officer

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

25 VII. Suit for Collection of Tax

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

28 (b) Any suit brought to recover the tax imposed by the  
29 ordinance or resolution shall be begun within three years after  
30 such tax is due, or within three years after the declaration or

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

5 (1) Where no declaration or return was filed by any person  
6 although a declaration or return was required to be filed by him  
7 under provisions of the ordinance or resolution, there shall be  
8 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 officer, reveals a fraudulent  
12 evasion of taxes, there shall be no limitation.

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

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

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

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

29 VIII. Interest and Penalties

30 (a) If for any reason the tax is not paid when due, interest

1 at the rate of six percent per annum on the amount of said tax,  
2 and an additional penalty of one-half of one percent of the  
3 amount of the unpaid tax for each month or fraction thereof  
4 during which the tax remains unpaid, shall be added and  
5 collected. Where suit is brought for the recovery of any such  
6 tax, the person liable therefor shall, in addition, be liable  
7 for the costs of collection and the interest and penalties  
8 herein imposed.

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

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

28 IX. Fines and Penalties for Violation  
29 of Ordinances or Resolutions

30 (a) Any person who fails, neglects, or refuses to make any

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

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

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

30 (d) The failure of any person to receive or procure forms

1 required for making the declaration or returns required by the  
2 ordinance or resolution shall not excuse him from making such  
3 declaration or return.]

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

5 Section 316. (Reserved).

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

8 Section [14] 317. Payment of Tax to Other Political

9 Subdivisions or States as Credit or Deduction; Withholding

10 Tax.--Payment of any tax to any political subdivision pursuant

11 to an ordinance or resolution passed or adopted prior to the

12 effective date of this act shall be credited to and allowed as a

13 deduction from the liability of taxpayers for any like tax

14 respectively on salaries, wages, commissions, other compensation

15 or on net profits of businesses, professions or other activities

16 and for any income tax imposed by any other political

17 subdivision of this Commonwealth under the authority of this

18 ~~[act.] chapter or the act of June 27, 2006 (1st Sp.Sess.,~~ <—

19 ~~P.L.1873, No.1), known as the "Taxpayer Relief Act." [ACT]~~ <—

20 CHAPTER.

21 Payment of any tax on salaries, wages, commissions, other

22 compensation or on net profits of business, professions or other

23 activities to a political subdivision by residents thereof

24 pursuant to an ordinance or resolution passed or adopted under

25 the authority of this [act] ~~chapter or the "Taxpayer Relief Act"~~ <—

26 shall be credited to and allowed as a deduction from the

27 liability of such persons for any other like tax respectively on

28 salaries, wages, commissions, other compensation or on net

29 profits of businesses, professions or other activities imposed

30 by any other political subdivision of this Commonwealth under

1 the authority of this ~~[act.] chapter or the "Taxpayer Relief~~ <—  
2 ~~Act."~~ [ACT] CHAPTER. <—

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

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

1 state or political subdivision thereof.

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

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

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

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

29 Section [15] 318. Personal Property.--Any assessment of a  
30 tax on personal property of a decedent shall include all



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

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

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

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

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

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

19 (b) Reduction of Rates Where Taxes Exceed Limitations; Use  
20 of Excess Moneys.--If, during any fiscal year, it shall appear  
21 that the aggregate revenues from taxes levied and collected  
22 under the authority of this [act] chapter will materially exceed  
23 the limitations imposed by this [act] chapter, the political  
24 subdivision shall forthwith reduce the rate or rates of such tax  
25 or taxes to stay within such limitations as nearly as may be.  
26 Any one or more persons liable for the payment of taxes levied  
27 and collected under the authority of this [act] chapter shall  
28 have the right to complain to the court of common pleas of the  
29 county in an action of mandamus to compel compliance with the  
30 preceding provision of this subsection. Tax moneys levied and

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

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

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

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

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

19 (2) Road construction and/or maintenance.

20 (3) Reduction of property taxes.

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

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

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

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

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

29       (3) Only homestead or farmstead properties identified in the  
30 certified report of the assessor obtained in any year shall be

1 eligible to receive the exclusion for the next fiscal year.

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

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

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

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

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

26 (6) In the year in which the initial decision to provide a  
27 homestead and farmstead exclusion is made and in each succeeding  
28 year, a municipality shall, by resolution, fix the dollar amount  
29 that is to be excluded from the assessed value of each homestead  
30 and farmstead property for the next fiscal year, consistent with

1 53 Pa.C.S. §§ 8583 (relating to exclusion for homestead  
2 property) and 8586 (relating to limitations). This determination  
3 of the amount of the homestead and farmstead exclusion shall be  
4 made, after receipt of the tax duplicate and the certified  
5 report from the assessor, at the time the governing body of a  
6 municipality determines the municipal budget and estimates  
7 revenues to be derived from the local services tax for the next  
8 fiscal year.

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

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

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

25 CHAPTER 5

26 CONSOLIDATED COLLECTION OF LOCAL INCOME TAXES

27 Section 501. Definitions.

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

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

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

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

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

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

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

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

28 "Department." The Department of Community and Economic  
29 Development of the Commonwealth.

30 "Domicile." The place where a person lives and has a

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

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

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

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

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



1       "Employer." A person, business entity or other entity,  
2       employing one or more persons for a salary, wage, commission or  
3       other compensation. The term includes the Commonwealth, a  
4       political subdivision and an instrumentality or public authority  
5       of either.

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

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

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

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

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

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

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

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

1 political subdivision levying the tax.

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

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

6 "Person." A natural person.

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

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

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

16 "Resident." A person or business domiciled in the political  
17 subdivision levying the tax.

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

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

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

23 "Resident tax officer." The tax officer administering and  
24 collecting income taxes for the tax collection district in which  
25 a taxpayer is domiciled.

26 "Succeeding year." The calendar year following the current  
27 year.

28 "Tax bureau." A PUBLIC nonprofit entity established for the <—  
29 administration and collection of taxes.

30 "Tax collection committee." The committee established to

1 govern each tax collection district for the purpose of income  
2 tax collection. The term shall include a joint tax collection  
3 committee.

4 "Tax collection district." A tax collection district  
5 established under section 504.

6 "Tax officer." ~~The tax bureau, political subdivision A~~ ←  
7 POLITICAL SUBDIVISION, PUBLIC EMPLOYEE, TAX BUREAU, county,  
8 except a county of the first class, or private agency which  
9 administers and collects income taxes for one or more tax  
10 collection districts. Unless otherwise specifically provided,  
11 for purposes of the obligations of an employer, the term shall  
12 mean the tax officer for the tax collection district within  
13 which the employer is located, or, if an employer maintains  
14 workplaces in more than one district, the tax officer for each  
15 such district with respect to employees principally employed  
16 therein.

17 "Tax records." Tax returns, supporting schedules,  
18 correspondence with auditors or taxpayers, account books and  
19 other documents, including electronic records, obtained or  
20 created by the tax officer to administer or collect a tax under  
21 this act. The term includes documents required by section  
22 509(e). The term "electronic records" includes data and  
23 information inscribed on a tangible medium or stored in an  
24 electronic or other medium and which is retrievable in  
25 perceivable form.

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

29 "Taxable income." Includes:

30 (1) In the case of an earned income and net profits tax,

1 earned income and net profits.

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

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

10 "Withholding tax." An income tax or a local services tax  
11 levied by a political subdivision under the authority of this  
12 act or any other act, or any other tax levied by a municipality  
13 or school district for which employer withholding may be  
14 required under this act or any other act.

15 Section 502. Declaration and payment of income taxes.

16 (a) Application.--

17 (1) Income taxes shall be applicable to taxable income  
18 earned or received based on the method of accounting used by  
19 the taxpayer in the period beginning January 1 of the current  
20 year and ending December 31 of the current year; except that  
21 taxes imposed for the first time and changes to existing tax  
22 rates shall become effective on January 1 or July 1, as  
23 specified in the ordinance or resolution, and the tax shall  
24 continue in force on a calendar year or taxpayer fiscal year  
25 basis, without annual reenactment, unless the rate of the tax  
26 is subsequently changed.

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

1       (b) Partial domicile.--The taxable income subject to tax of  
2 a taxpayer who is domiciled in a political subdivision for only  
3 a portion of the tax year shall be an amount equal to the  
4 taxpayer's taxable income multiplied by a fraction, the  
5 numerator of which is the number of calendar months during the  
6 tax year that the individual is domiciled in the political  
7 subdivision, and the denominator of which is 12. A taxpayer  
8 shall include in the numerator any calendar month during which  
9 the taxpayer is domiciled for more than half the calendar month.  
10 A day that a taxpayer's domicile changes shall be included as a  
11 day the individual is in the new domicile and not the old  
12 domicile. If the number of days in the calendar month in which  
13 the individual lived in the old and new domiciles are equal, the  
14 calendar month shall be included in calculating the number of  
15 months in the new domicile.

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

19           (1) Every taxpayer shall, on or before April 15 of the  
20 succeeding year, make and file with the resident tax officer,  
21 a final return showing the amount of taxable income received  
22 during the period beginning January 1 of the current year and  
23 ending December 31 of the current year, the total amount of  
24 tax due on the taxable income, the amount of tax paid, the  
25 amount of tax that has been withheld under section 512 and  
26 the balance of tax due. All amounts reported shall be rounded  
27 to the nearest whole dollar. At the time of filing the final  
28 return, the taxpayer shall pay the resident tax officer the  
29 balance of the tax due or shall make demand for refund or  
30 credit in the case of overpayment.

1           (2) (i) Every taxpayer making net profits shall, by  
2           April 15 of the current year, make and file with the  
3           resident tax officer a declaration of the taxpayer's  
4           estimated net profits during the period beginning January  
5           1 and ending December 31 of the current year, and shall  
6           pay to the resident tax officer in four equal quarterly  
7           installments the tax due on the estimated net profits.  
8           The first installment shall be paid at the time of filing  
9           the declaration, and the other installments shall be paid  
10           on or before June 15 of the current year, September 15 of  
11           the current year and January 15 of the succeeding year,  
12           respectively.

13           (ii) Any taxpayer who first anticipates any net  
14           profit after April 15 of the current year, shall make and  
15           file the declaration required on or before June 15 of the  
16           current year, September 15 of the current year or  
17           December 31 of the current year, whichever date next  
18           follows the date on which the taxpayer first anticipates  
19           such net profit, and shall pay to the resident tax  
20           officer in equal installments the tax due on or before  
21           the quarterly payment dates that remain after the filing  
22           of the declaration.

23           (iii) Every taxpayer shall, on or before April 15 of  
24           the succeeding year, make and file with the resident tax  
25           officer a final return showing the amount of net profits  
26           earned or received based on the method of accounting used  
27           by the taxpayer during the period beginning January 1 of  
28           the current year, and ending December 31 of the current  
29           year, the total amount of tax due on the net profits and  
30           the total amount of tax paid. At the time of filing the

1 final return, the taxpayer shall pay to the resident tax  
2 officer the balance of tax due or shall make demand for  
3 refund or credit in the case of overpayment. Any taxpayer  
4 may, in lieu of paying the fourth quarterly installment  
5 of the estimated tax, elect to make and file with the  
6 resident tax officer on or before January 31 of the  
7 succeeding year, the final return.

8 (iv) The department, in consultation with the  
9 Department of Revenue, shall provide by regulation for  
10 the filing of adjusted declarations of estimated net  
11 profits and for the payments of the estimated tax in  
12 cases where a taxpayer who has filed the declaration  
13 required under this subsection anticipates additional net  
14 profits not previously declared or has overestimated  
15 anticipated net profits.

16 (v) Every taxpayer who discontinues business prior  
17 to December 31 of the current year, shall, within 30 days  
18 after the discontinuance of business, file a final return  
19 as required under this paragraph and pay the tax due.

20 (3) Every taxpayer who receives any other taxable income  
21 not subject to withholding under section 512(3) shall make  
22 and file with the resident tax officer a quarterly return on  
23 or before April 15 of the current year, June 15 of the  
24 current year, September 15 of the current year, and January  
25 15 of the succeeding year, setting forth the aggregate amount  
26 of taxable income not subject to withholding by the taxpayer  
27 during the three-month periods ending March 31 of the current  
28 year, June 30 of the current year, September 30 of the  
29 current year, and December 31 of the current year,  
30 respectively, and subject to income tax, together with such

1 other information as the department may require. Every  
2 taxpayer filing a return shall, at the time of filing the  
3 return, pay to the resident tax officer the amount of income  
4 tax due. The department shall establish criteria under which  
5 the tax officer may waive the quarterly return and payment of  
6 the income tax and permit a taxpayer to file the receipt of  
7 taxable income on the taxpayer's annual return and pay the  
8 income tax due on or before April 15 of the succeeding year.

9 Section 503. (Reserved).

10 Section 504. Tax collection districts.

11 (A) GENERAL RULE.--A tax collection district is established <—  
12 in each county, except a county of the first class OR SECOND <—  
13 CLASS, for purposes of collecting income taxes. The geographic  
14 boundaries of a tax collection district shall be coterminous  
15 with the county in which it is created, except as provided in  
16 this section. A school district located in more than one county  
17 shall be included in the tax collection district with the  
18 greatest share of the school district's population based on the  
19 most recently available data from the Federal decennial census <—  
20 as of the effective date of this section 2000 FEDERAL DECENNIAL <—  
21 CENSUS. A municipality shall be included in the tax collection  
22 district in which its school district is located. If a  
23 municipality is located in more than one school district, each  
24 of which is in a different tax collection district, the portion  
25 of the municipality in each school district shall be included in  
26 the tax collection district for that school district. The  
27 department shall establish a list of all tax collection  
28 districts and the political subdivisions in each tax collection  
29 district. By January 16, 2009, the list shall be transmitted to  
30 the Legislative Reference Bureau for publication in the



1 Pennsylvania Bulletin; and by January 28, 2009, the list shall  
2 be made available on the department's Internet website.

3 (B) COUNTIES OF THE SECOND CLASS.--EACH COUNTY OF THE SECOND ←  
4 CLASS WITH A POPULATION OF OVER 1,000,000 PERSONS, AND WHICH  
5 ALSO CONTAINS A CITY OF THE SECOND CLASS, SHALL BE DIVIDED INTO  
6 FOUR TAX COLLECTION DISTRICTS, EACH TO BE AS CONSISTENT AS  
7 PRACTICABLE WITH THE GENERAL RULES PERTAINING TO MUNICIPALITIES  
8 AND SCHOOL DISTRICTS CONTAINED IN SUBSECTION (A), AND TO BE  
9 FURTHER ESTABLISHED AS FOLLOWS:

10 (1) ONE DISTRICT SHALL BE COMPRISED OF A CITY OF THE  
11 SECOND CLASS AND ANY MUNICIPALITY AND SCHOOL DISTRICT  
12 GEOGRAPHICALLY LOCATED WITHIN THE BOUNDARIES OF SUCH CITY.

13 (2) THE REMAINDER OF THE COUNTY SHALL BE DIVIDED INTO  
14 THREE TAX COLLECTION DISTRICTS OF RELATIVELY EQUAL POPULATION  
15 WHICH CONTAIN COTERMINOUS MUNICIPALITIES AND SCHOOL DISTRICTS  
16 THAT ARE BORDERED BY THE COUNTY BOUNDARIES AND BY  
17 COMMERCIALY NAVIGABLE RIVERS WHICH ARE AT LEAST 100 MILES IN  
18 LENGTH.

19 (3) THE DEPARTMENT SHALL DEVELOP A MAP AND A LIST OF ALL  
20 TAX COLLECTION DISTRICTS IN EACH COUNTY OF THE SECOND CLASS  
21 AND THE POLITICAL SUBDIVISIONS IN EACH TAX COLLECTION  
22 DISTRICT. BY JANUARY 16, 2009, THE LIST SHALL BE TRANSMITTED  
23 TO THE LEGISLATIVE REFERENCE BUREAU FOR PUBLICATION IN THE  
24 PENNSYLVANIA BULLETIN AND BY JANUARY 28, 2009, THE LIST SHALL  
25 BE MADE AVAILABLE ON THE DEPARTMENT'S INTERNET WEBSITE.

26 Section 505. Tax collection committees.

27 (a) General rule.--Each tax collection district shall be  
28 governed by a tax collection committee constituted and operated  
29 as set forth in this section. Meetings of the tax collection  
30 committee shall be conducted under 65 Pa.C.S. Ch. 7 (relating to

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

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

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

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

9 (3) To set the compensation of the tax officer under  
10 section 507(c).

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

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

15 (6) To adopt, amend and repeal bylaws for the management  
16 of its affairs consistent with subsection (f) and regulations  
17 under section 508.

18 (7) To adopt, amend and repeal policies and procedures  
19 consistent with the regulations under section 508 for the  
20 administration of income taxes within the tax collection  
21 district. The procedures shall supersede any contrary  
22 resolutions or ordinances adopted by a political subdivision.

23 This authority shall not be construed to permit a tax  
24 collection committee to change the rate or subject of any  
25 tax.

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

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

30 (2) To create a tax bureau and to provide for its

1 operation and administration. The department shall, upon  
2 request of a tax collection committee, provide technical  
3 assistance to the tax collection committee in the creation of  
4 a tax bureau.

5 (3) To enter into contracts as necessary.

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

9 (5) To retain counsel, auditors and other consultants or  
10 advisors to render professional services as necessary.

11 (6) To acquire, lease, rent or dispose of real or  
12 personal property.

13 (7) To enter into agreements with one or more other tax  
14 collection committees to form a joint tax collection  
15 committee. A joint tax collection committee shall have the <—  
16 SUCH AGREEMENTS MAY ASSIGN TO A JOINT TAX COLLECTION <—  
17 COMMITTEE SOME OR ALL OF THE powers and duties enumerated in  
18 subsection (a.1) and this subsection with respect to all tax  
19 collection districts from which the joint tax collection  
20 committee is formed.

21 (8) To sue and be sued, and complain and defend in all  
22 courts.

23 (9) TO BORROW MONEY, ACCEPT GRANTS, INCUR INDEBTEDNESS <—  
24 AND ISSUE NOTES, DEBENTURES AND OTHER OBLIGATIONS TO EVIDENCE  
25 BORROWING FOR THE PURPOSES FOR WHICH IT IS ORGANIZED IN AN  
26 AMOUNT NOT TO EXCEED 50% OF THE TOTAL REVENUES ANTICIPATED IN  
27 THE FOLLOWING FISCAL YEAR.

28 (b) Delegates.--

29 (1) The governing body of each political subdivision  
30 within a tax collection district that imposed an income tax

1 prior to July 1, 2009, shall appoint one voting delegate and  
2 one or more alternates to represent the political subdivision  
3 on the tax collection committee by September 15, 2009. The  
4 governing body of each political subdivision that after June  
5 30, 2009, imposes an income tax for the first time shall  
6 appoint one delegate and one alternate VOTING DELEGATE AND <—  
7 ONE OR MORE ALTERNATES to represent the political subdivision  
8 on the tax collection committee. Each delegate and alternate <—  
9 must be a resident of the political subdivision represented.  
10 A A VOTING delegate or alternate shall serve at the pleasure <—  
11 of the governing body of the political subdivision.

12 (2) The governing body of each political subdivision  
13 within a tax collection district that prior to January 1, <—  
14 2008 JULY 1, 2009, does not impose an income tax may appoint <—  
15 one nonvoting representative DELEGATE AND ONE OR MORE <—  
16 ALTERNATES to represent the political subdivision on the tax  
17 collection committee. If, after June 30, 2009, a THE <—  
18 political subdivision imposes an income tax, the nonvoting  
19 representative DELEGATE shall become a voting delegate to <—  
20 represent the political subdivision on the tax collection  
21 committee.

22 (b.1) Quorum.--Unless otherwise provided for in the bylaws  
23 of a tax collection committee, a majority of the delegates of a  
24 tax collection committee appointed under subsection (b)(1)  
25 constitutes a quorum. A quorum must be present in order to take  
26 official action.

27 (b.2) Lack of quorum.--If a quorum is not present at the  
28 first meeting, the chair of the governing body of the county in  
29 which the tax collection district is located or the chair's  
30 designee shall reschedule the meeting within three weeks. The

1 chair or the chair's designee shall provide, by first class  
2 mail, notice of the rescheduled meeting to the department and to  
3 the governing bodies of all political subdivisions in the tax  
4 collection district on a form prescribed by the department. The  
5 form shall include the date, time and location of the  
6 rescheduled meeting and a notice that the delegates present at  
7 the rescheduled meeting shall constitute a quorum. The  
8 rescheduled meeting shall be deemed to be the first meeting for  
9 purposes of this chapter.

10 (c) Voting rights.--

11 (1) Only a delegate appointed by the governing body of a  
12 political subdivision may represent a political subdivision  
13 at a tax collection committee meeting. If a delegate cannot  
14 be present for a tax collection committee meeting, the  
15 alternate appointed under this section may represent the  
16 political subdivision. Each delegate or alternate shall be  
17 entitled to vote upon any action authorized or required of  
18 the tax collection committee under this chapter.

19 (2) For the first meeting of the tax collection  
20 committee, actions of the tax collection committee shall be  
21 determined by a majority vote of those delegates present.  
22 Votes shall be weighted among the governing bodies of the  
23 member political subdivisions according to the following  
24 formula: 50% shall be allocated according to the proportional  
25 population of each political subdivision in proportion to the  
26 population of each tax collection district as determined by  
27 the most recent Federal decennial census data and 50% shall  
28 be weighted in direct proportion to income tax revenues  
29 collected in each political subdivision, based on each  
30 political subdivision's most recent annual financial report

1 submitted to the department or the Department of Education.  
2 For subsequent meetings, votes shall be taken in accordance  
3 with this paragraph unless the bylaws provide otherwise.

4 (3) No later than September 1, 2009, the department  
5 shall calculate the weighted vote for each political  
6 subdivision within each tax collection district based on the  
7 formula specified in paragraph (2). By July 1 of the year  
8 following the first meeting, and of each year thereafter,  
9 each tax collection committee shall recalculate the weighted  
10 vote unless the bylaws provide for a more frequent  
11 recalculation.

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

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

28 (e) First meeting agenda.--The chair of the county  
29 commissioners or the chair's designee or the chief executive of  
30 the county or his designee shall convene the first meeting of

1 the tax collection committee, conduct the meeting and record all  
2 votes until a chairperson, vice chairperson and secretary are  
3 elected by the tax collection committee. The VOTING delegates of <—  
4 the tax collection committee shall elect a chairperson and a  
5 vice chairperson ~~from among the delegates~~, EACH OF WHOM MUST BE <—  
6 DULY APPOINTED VOTING DELEGATES, and a secretary WHO NEED NOT BE <—  
7 A DULY APPOINTED VOTING DELEGATE. The chairperson shall schedule  
8 meetings, set the agenda, conduct meetings, record votes and  
9 perform other duties as determined by the tax collection  
10 committee. The secretary shall maintain the minutes and records  
11 of the tax collection committee and provide public notices and  
12 all notices to each delegate and alternate appointed to the tax  
13 collection committee.

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

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

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

29 (3) Meetings, including special meetings.

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

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

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

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

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

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



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

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

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

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

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

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

20 (j) Appeals board.--

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

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

29 (3) All appeals, OTHER THAN THOSE BROUGHT UNDER <—  
30 SUBSECTION (K), shall be conducted in a manner consistent

1 with 53 Pa.C.S. §§ 8431 (relating to petitions), 8432  
2 (relating to practice and procedure), 8433 (relating to  
3 decisions), 8434 (relating to appeals) and 8435 (relating to  
4 equitable and legal principles to apply).

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

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

11 (6) An appeals board appointed pursuant to this section  
12 shall constitute a joint local tax appeals board as provided  
13 for in 53 Pa.C.S. § 8430 (relating to administrative appeals)  
14 for purposes of taxes collected under the supervision of the  
15 appointing tax collection committee.

16 (K) MEDIATION AND APPEALS OF TAX COLLECTOR ACTIONS.-- ←

17 (1) ANY DISPUTE AMONG THE AFFECTED PARTIES INVOLVING A  
18 10% OR GREATER DEVIATION FROM TAXES RECEIVED IN THE PREVIOUS  
19 TAX YEAR SHALL BE SUBJECT TO MANDATORY MEDIATION UNDER THIS  
20 SECTION, IN ACCORDANCE WITH REGULATIONS AND GUIDELINES TO BE  
21 ADOPTED BY THE DEPARTMENT. A DISPUTE INVOLVING LESS THAN THE  
22 10% THRESHOLD MAY BE THE SUBJECT OF VOLUNTARY MEDIATION IN  
23 ACCORDANCE WITH REGULATIONS AND GUIDELINES TO BE ADOPTED BY  
24 THE DEPARTMENT.

25 (2) ONE OR MORE AFFECTED POLITICAL SUBDIVISIONS SHALL  
26 GIVE WRITTEN NOTICE TO THE TAX COLLECTION COMMITTEE AND THE  
27 DEPARTMENT OF ITS DESIRE TO SUBMIT THE DISPUTED MATTER TO  
28 MEDIATION BY THE DEPARTMENT. THEREAFTER, THE AFFECTED  
29 POLITICAL SUBDIVISIONS, TAX COLLECTION COMMITTEE AND TAX  
30 OFFICER SHALL SUBMIT TO MEDIATION TO WHICH THE FOLLOWING

1 PROVISIONS SHALL APPLY:

2 (I) WITHIN 20 DAYS OF SUBMISSION OF THE WRITTEN  
3 NOTICE, THE AFFECTED POLITICAL SUBDIVISIONS, TAX  
4 COLLECTION COMMITTEE AND TAX OFFICER SHALL EACH SUBMIT TO  
5 THE MEDIATOR AND EACH OTHER PARTY TO THE MEDIATION A  
6 STATEMENT OF NO MORE THAN FIVE PAGES, STATING THE  
7 POSITION OF SUCH PARTY AS TO THE DISPUTED AND UNDISPUTED  
8 FACTS AND ISSUES IN THE CASE AND WHETHER PRIOR SETTLEMENT  
9 NEGOTIATIONS HAVE OCCURRED.

10 (II) WITHIN 30 DAYS OF SUBMISSION OF THE WRITTEN  
11 NOTICE, THE DEPARTMENT SHALL DETERMINE WHETHER THE  
12 DISPUTE MEETS THE THRESHOLD CONDITIONS FOR MANDATORY  
13 MEDIATION UNDER PARAGRAPH (1), WHICH DECISION SHALL BE  
14 FINAL AND NOT APPEALABLE. NOTICE OF SUCH DETERMINATION  
15 SHALL BE GIVEN IN WRITING TO ALL AFFECTED PARTIES.

16 (III) IF THE MEDIATOR DETERMINES THAT THE DISPUTE  
17 MEETS THE THRESHOLD CONDITIONS OF PARAGRAPH (1), A  
18 MEDIATION SHALL BE COMMENCED IN ACCORDANCE WITH  
19 PROCEDURES ESTABLISHED UNDER GUIDELINES ADOPTED BY THE  
20 DEPARTMENT. THE MEDIATION EFFORTS SHALL BE COMPLETED NO  
21 LATER THAN 30 DAYS FOLLOWING THE NOTICE THAT THE DISPUTE  
22 HAS MET THE THRESHOLD REQUIREMENT OF PARAGRAPH (1),  
23 UNLESS THE TIME PERIOD IS EXTENDED BY MUTUAL AGREEMENT OF  
24 THE PARTIES TO THE MEDIATION. THE PARTIES SHALL HAVE ANY  
25 OFFICIAL AUTHORIZED TO SETTLE THE MATTER ON THEIR BEHALF  
26 AVAILABLE AT THE MEDIATION. AT THE DISCRETION OF THE  
27 MEDIATOR, THE MEDIATION MAY BE HELD VIA TELEPHONIC  
28 COMMUNICATION OR IN PERSON.

29 (IV) THE MEDIATION SESSIONS SHALL BE CLOSED TO THE  
30 PUBLIC AND SHALL NOT BE SUBJECT TO THE REQUIREMENTS OF 65

1 PA.C.S. CH. 7 (RELATING TO OPEN MEETINGS).

2 (V) NO OFFERS OR STATEMENTS MADE IN A MEDIATION  
3 SESSION, EXCLUDING THE FINAL WRITTEN SETTLEMENT  
4 AGREEMENT, IF ANY, SHALL BE ADMISSIBLE AS EVIDENCE IN ANY  
5 SUBSEQUENT JUDICIAL OR ADMINISTRATIVE PROCEEDINGS IN  
6 ACCORDANCE WITH THE PROVISIONS OF 42 PA.C.S. § 5949  
7 (RELATING TO CONFIDENTIAL MEDIATION COMMUNICATIONS AND  
8 DOCUMENTS).

9 (VI) IF A SETTLEMENT IS REACHED DURING THE  
10 MEDIATION, THE DEPARTMENT SHALL PREPARE A WRITTEN  
11 SETTLEMENT AGREEMENT AND OBTAIN ALL NECESSARY SIGNATURES  
12 OF THE PARTIES WITHIN 30 DAYS OF THE AGREEMENT OF THE  
13 PARTIES TO SETTLE THE ISSUE. THE SETTLEMENT AGREEMENT  
14 SHALL BE BINDING UPON THE PARTIES TO THE AGREEMENT. SUCH  
15 SETTLEMENT AGREEMENT SHALL BE SUBJECT TO THE PROVISIONS  
16 OF THE RIGHT-TO-KNOW LAW. SUCH AGREEMENTS SHALL BE  
17 ADMISSIBLE AS EVIDENCE IN ANY SUBSEQUENT JUDICIAL OR  
18 ADMINISTRATIVE PROCEEDINGS IN ACCORDANCE WITH THE  
19 PROVISIONS OF THE PENNSYLVANIA RULES OF COURT, THE  
20 PENNSYLVANIA RULES OF EVIDENCE AND 42 PA.C.S. § 5949.

21 (VII) IF THE MEDIATION HAS NOT RESULTED IN A WRITTEN  
22 AGREEMENT SIGNED BY THE PARTIES AS PROVIDED IN  
23 SUBPARAGRAPH (VI), THE MEDIATION SHALL BE DEEMED TO HAVE  
24 BEEN UNSUCCESSFUL UNLESS ALL PARTIES AND THE DEPARTMENT  
25 AGREE IN WRITING TO EXTEND THE MEDIATION. THE MEDIATOR  
26 SHALL HAVE THE RIGHT TO DETERMINE THAT THE MEDIATION HAS  
27 BEEN UNSUCCESSFUL AND TO TERMINATE THE MEDIATION IF THE  
28 PARTIES HAVE NOT EXECUTED A SETTLEMENT AGREEMENT BY THE  
29 ENDING DATE OF THE EXTENSION, OR ANY FURTHER EXTENSION  
30 AGREEABLE TO THE AFFECTED PARTIES AND THE MEDIATOR.

1           (VIII) COSTS INCURRED BY THE DEPARTMENT FOR A  
2           MANDATORY MEDIATION UNDER THIS SECTION SHALL BE EQUITABLY  
3           ASSESSED BY THE DEPARTMENT AGAINST THE PARTIES TO THE  
4           MEDIATION. THE ASSESSMENT OF COSTS SHALL BE FINAL AND NOT  
5           APPEALABLE.

6           (3) THE DEPARTMENT SHALL ADOPT GUIDELINES TO FURTHER  
7           PROVIDE FOR THE MANDATORY AND VOLUNTARY MEDIATION PROCESSES  
8           IN THIS SUBSECTION.

9           ~~(k)~~ (L) Annual budget required.-- ←

10           (1) Each tax collection committee shall adopt an annual  
11           budget providing for compensation of the tax officer and  
12           other expenses of operating the tax collection district.

13           (2) The expenses of operating the tax collection  
14           district shall be shared among and paid by all political  
15           subdivisions within the tax collection district that are  
16           represented by voting delegates on the tax collection  
17           ~~committee. Unless the bylaws adopted by the tax collection~~ ←  
18           ~~committee provide for different methods, the proportionate~~  
19           ~~share of the total expenses to be paid by each political~~  
20           ~~subdivision shall be determined in the same manner as the~~  
21           ~~vote of each political subdivision's voting delegate is~~  
22           ~~weighted pursuant to subsection (c).~~ ←  
23           COMMITTEE AND SHALL BE  
24           WEIGHTED IN DIRECT PROPORTION TO INCOME TAX REVENUES  
25           COLLECTED IN EACH PARTICIPATING POLITICAL SUBDIVISION BASED  
26           ON THE POLITICAL SUBDIVISION'S MOST RECENT ANNUAL AUDIT  
27           REPORT REQUIRED UNDER THIS SECTION.

27 Section 506. Tax officer.

28           (a) Collection and administration.--Notwithstanding any  
29           other provision of law to the contrary, income taxes shall be  
30           collected and administered by one tax officer in each tax

1 collection district appointed under section 507(a). Two or more  
2 tax collection districts may appoint the same tax officer. If  
3 two or more tax collection districts form a joint tax collection  
4 committee, the joint tax collection committee shall appoint a  
5 single tax officer.

6 (b) Standards.--A tax collection committee may not appoint  
7 as a tax officer any political subdivision, public employee, tax <—  
8 bureau or private agency A TAX OFFICER that: <—

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

11 (2) has engaged in conduct which significantly adversely  
12 reflects on the applicant's credibility, honesty or  
13 integrity; or <—

14 (3) is unable to obtain the bond required by section  
15 509(d). 509(D); <—

16 (4) HAS NOT SATISFIED THE MANDATORY EDUCATION  
17 REQUIREMENTS UNDER SECTION 508(E); OR

18 (5) DOES NOT MEET THE QUALIFICATIONS AND REQUIREMENTS  
19 ESTABLISHED BY THE DEPARTMENT UNDER SECTION 508(F).

20 Section 507. Appointment of tax officer.

21 (a) Appointment.--By September 15, 2010, each tax collection  
22 committee shall appoint a tax officer by resolution and shall  
23 notify the department of the appointment, including the tax  
24 officer's name, address and telephone number and any other  
25 information required by the department within ten days of the  
26 appointment. The name, telephone number and address of the tax  
27 officer appointed shall be added to the official register and  
28 shall be effective for the assessment, collection and  
29 administration of income taxes levied, imposed and collected in  
30 fiscal years beginning on and after January 1, 2012. If the

1 position of tax officer becomes vacant, the tax collection  
2 committee shall appoint a new tax officer by resolution.

3 (b) Court selection.--

4 (1) If a tax collection committee has not appointed a  
5 tax officer under subsection (a) or if a tax officer ceases  
6 to hold office and a successor has not been appointed within  
7 30 days of the vacancy, the tax collection committee shall  
8 immediately notify the department and shall submit the names  
9 of at least two nominees for the position of tax officer to  
10 the court of common pleas in the county in which the tax  
11 collection district is located. The court shall select a tax  
12 officer from among the nominees submitted by the tax  
13 collection committee.

14 (2) If the tax collection committee fails to submit  
15 nominees in accordance with this subsection, any political  
16 subdivision within the tax collection district may, after  
17 notifying the department, petition the court to select a tax  
18 officer. The court may provide for other persons to submit  
19 nominations for the position of tax officer. The court may  
20 select a tax officer from among the nominees.

21 (3) In the event that a tax officer is to be selected by  
22 the court under this subsection, the department shall inform  
23 the court of the time frame by which an appointment of a tax  
24 officer is needed and of upcoming deadlines which the tax  
25 officer must meet in order to timely fulfill the duties of  
26 appointment.

27 (4) Upon the selection of a tax officer by the court,  
28 the tax collection committee shall appoint the person  
29 selected.

30 (c) Compensation.--The tax officer shall receive reasonable

1 compensation for services and expenses as determined by the tax  
2 collection committee. At the discretion of the tax collection  
3 committee, the tax officer may be permitted to withhold the  
4 amount of the tax officer's compensation from income taxes  
5 collected, if the monthly reports required by section 509(b)  
6 submitted by the tax officer include an accounting for all  
7 compensation withheld.

8 (d) Written agreement.--Except when a tax collection  
9 committee establishes a tax bureau under section 505(a.2)(2),  
10 all appointments of a tax officer shall be made pursuant to a  
11 written agreement between the tax officer and the tax collection  
12 committee. The agreement shall be approved by the committee by  
13 resolution.

14 Section 508. Powers and duties of the department.

15 (a) Additional powers.--In addition to the powers and duties  
16 provided for in this act, the department, in consultation with  
17 the Department of Revenue, shall prescribe standardized forms,  
18 reports, notices, returns and schedules and shall promulgate  
19 regulations as necessary to carry out the provisions of this  
20 act.

21 (b) Temporary regulations.--The department may promulgate  
22 temporary regulations, for a period of two years, as necessary,  
23 which shall be published in the Pennsylvania Bulletin. The  
24 temporary regulations promulgated by the department shall expire  
25 no later than three years following the effective date of this  
26 part or upon promulgation of regulations as generally provided  
27 by law. The temporary regulations shall not be subject to any of  
28 the following:

29 (1) Sections 201, 202, 203 and 204 of the act of July  
30 31, 1968 (P.L.769, No.240), referred to as the Commonwealth



1 Documents Law.

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

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

8 (d) Departmental study.--

9 (1) Immediately upon the earliest effective date of this  
10 section, the department shall commence a study of existing  
11 local earned income tax collection methods and practices  
12 within this Commonwealth, with particular attention to the  
13 practices and methods of previously existing cooperative  
14 collection bureaus established by one or more political  
15 subdivisions, for the purpose of identifying, collecting and  
16 comparing those practices, methods, structures, procedures,  
17 regulations, software, information systems, governance  
18 alternatives, risk management strategies and other  
19 characteristics that appear to promote the greatest  
20 likelihood of effectiveness, cost efficiency, loss prevention  
21 and willing intergovernmental cooperation.

22 (2) No later than December 31, 2009, the department  
23 shall furnish each tax collection committee a report of the  
24 findings and recommendations resulting from the study,  
25 including sample bylaws, procedures, regulations, forms,  
26 agreements, requests for proposals for the selection of tax  
27 officers, requests for proposals for the procurement of  
28 software systems and other critical systems and other  
29 appropriate samples.

30 (3) As a part of the study, the department shall also

1 investigate and report upon the feasibility of contracting on  
2 a Statewide basis for the development and/or procurement of  
3 appropriate software systems that may be adopted and  
4 purchased by county tax collection districts or their  
5 appointed tax officers through the Commonwealth's cooperative  
6 purchasing programs.

7 (4) NOTHING IN THIS SUBSECTION SHALL BE CONSTRUED TO ←  
8 AUTHORIZE THE DEPARTMENT TO COMPEL THE DISCLOSURE OF  
9 INFORMATION THAT IS CONFIDENTIAL, PROPRIETARY OR A TRADE  
10 SECRET.

11 (E) MANDATORY EDUCATION FOR TAX OFFICERS.--PERSONS AND  
12 ENTITIES SEEKING OR MAINTAINING APPOINTMENT AS TAX OFFICERS  
13 SHALL COMPLETE MANDATORY EDUCATION AS A PREREQUISITE FOR THEIR  
14 APPOINTMENT AND, FOR CONTINUING APPOINTMENT, NOT LESS THAN  
15 ANNUALLY. THE DEPARTMENT SHALL PROVIDE THE MANDATORY EDUCATION  
16 AND SHALL ADOPT REGULATIONS, GUIDELINES AND PROCEDURES FOR THE  
17 MANDATORY EDUCATION SUFFICIENT TO MEET THE REQUIREMENTS OF THIS  
18 ACT.

19 (F) ESTABLISHMENT OF QUALIFICATIONS AND REQUIREMENTS.--

20 (1) THE DEPARTMENT SHALL, BY REGULATION, ESTABLISH THE  
21 QUALIFICATIONS AND REQUIREMENTS A TAX OFFICER MUST MEET PRIOR  
22 TO BEING APPOINTED AND MUST MEET FOR CONTINUING APPOINTMENT.

23 (2) A TAX COLLECTION COMMITTEE MAY ESTABLISH ADDITIONAL  
24 QUALIFICATIONS AND REQUIREMENTS A TAX OFFICER MUST MEET PRIOR  
25 TO BEING APPOINTED AND MUST MEET FOR CONTINUING APPOINTMENT.

26 Section 509. Powers and duties of tax officer.

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

30 (1) To collect, reconcile, administer and enforce income

1 taxes imposed on residents and nonresidents of each political  
2 subdivision included in the tax collection district.

3 (2) To receive and distribute income taxes and to  
4 enforce withholding by employers located in the tax  
5 collection district.

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

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

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

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

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

25 (ii) Deposits in savings accounts, time deposits,  
26 share accounts or certificates of deposit of  
27 institutions, insured by the Federal Deposit Insurance  
28 Corporation or the National Credit Union Share Insurance  
29 Fund, or their successor agencies, to the extent that the  
30 accounts are insured and, for the amount above the

1 insured maximum, that collateral, free from other liens,  
2 for the amount is pledged by the depository institution.

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

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

17 (7) To distribute income generated from investments  
18 authorized under paragraph (6) as determined by the tax  
19 collection committee.

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

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

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

9 (1) The tax collection committee shall fix the ~~bond at~~ <—  
10 AMOUNT OF THE BOND IN AN AMOUNT EQUAL TO THE MAXIMUM AMOUNT <—  
11 OF TAXES THAT MAY BE IN THE POSSESSION OF THE TAX OFFICER AT  
12 ANY GIVEN TIME OR an amount sufficient, in combination with  
13 fiscal controls, insurance and other risk management and loss  
14 prevention measures used by the tax collection district, to  
15 secure the financial responsibility of the tax officer in  
16 accordance with guidelines adopted by the department. The  
17 amount of the bond shall be revised annually by the tax  
18 collection committee based upon the annual examination  
19 required under section 505(h).

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

24 (3) Each bond shall be conditioned upon the completion  
25 of all of the following by the tax officer's employees and  
26 appointees:

27 (i) The faithful execution of all duties required of  
28 the tax officer.

29 (ii) The just and faithful accounting or payment  
30 over of all moneys and balances paid to, received or held

1 by the tax officer by virtue of the office in accordance  
2 with law.

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

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

13 (5) A tax collection committee or any political  
14 subdivision may sue upon the bond for the payment or  
15 distribution of income taxes.

16 (6) Each bond shall contain the name of the surety  
17 company bound on the bond.

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

25 (8) The tax collection committee shall designate the  
26 custodian of the bond.

27 (9) The tax officer shall file copies of all bonds in  
28 effect with each political subdivision in the tax collection  
29 district.

30 (10) A copy of all bonds in effect shall be made

1 available upon request and at no cost to the department or to  
2 a tax collection district or political subdivision seeking  
3 payment or distribution of income taxes authorized by this  
4 act.

5 (e) Records.--It shall be the duty of the tax officer to  
6 keep a record showing the amount of income taxes received from  
7 each taxpayer or other tax officer, the date of receipt, the  
8 amount and date of all other moneys received or distributed and  
9 any other information required by the department. All tax  
10 records shall be the property of the political subdivision and  
11 the tax collection district in which the taxes were collected.  
12 The tax collection district and tax officer shall retain all tax  
13 records as directed by the tax collection committee and, when  
14 applicable, in accordance with retention and disposition  
15 schedules established by the Local Government Records Committee  
16 of the Pennsylvania Historical and Museum Commission under 53  
17 Pa.C.S. Ch. 13 Subch. F (relating to records). Tax records under  
18 this subsection may be retained electronically as permitted by  
19 law.

20 (f) Employer and taxpayer audits.--

21 (1) In order to verify the accuracy of any income tax  
22 declaration or return or, if no declaration or return was  
23 filed, to ascertain the income tax due, the tax officer and  
24 the tax officer's designated employees may examine OR AUDIT ←  
25 the records pertaining to income taxes due of any of the  
26 following:

27 (i) An employer.

28 (ii) A taxpayer.

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

1           (2) THE EXAMINATION OR AUDIT CONDUCTED BY THE TAX           <—  
2           OFFICER AND THE TAX OFFICER'S DESIGNATED EMPLOYEES SHALL  
3           CONFORM TO THE REQUIREMENTS SET FORTH IN 53 PA.C.S. CH. 84,  
4           SUBCH. C (RELATING TO LOCAL TAXPAYERS BILL OF RIGHTS).

5           ~~(2)~~ (3) Every employer and taxpayer or other person whom           <—  
6           the tax officer reasonably believes to be an employer or  
7           taxpayer shall provide to the tax officer and the tax  
8           officer's designated employees the means, facilities and  
9           opportunity for the examination and investigation authorized  
10          under paragraph (1).

11          ~~(3)~~ (4) For purposes of this subsection, the term           <—  
12          "records" shall include any books, papers, and relevant  
13          Federal or State tax returns and accompanying schedules, or  
14          supporting documentation for any income taxable under this  
15          act.

16          (g) Exchange of information.--

17          (1) The tax officer of each tax collection district  
18          shall ensure that the tax collection district enters into an  
19          agreement with the Department of Revenue for the exchange of  
20          information as necessary for the collection of income taxes.

21          (2) The Department of Revenue may enter into agreements  
22          with each tax collection district and shall establish  
23          procedures under which tax collection, filing and other  
24          taxpayer and locality information in its custody will be made  
25          available to tax officers for purposes of collection,  
26          reconciliation and enforcement no later than one year after  
27          the deadline for 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)~~ SUBSECTION ←  
7 (H) if the returns are determined to be substantially true  
8 and correct and the income taxes are paid in full within the  
9 prescribed 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, when designated by the tax  
14 collection committee a tax officer may collect other taxes  
15 levied pursuant to this act, the act of June 27, 2006 (1st  
16 Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act, or  
17 other statutory law.

18 Section 510. Fines and penalties against tax officers.

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

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

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

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

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

30 (e) Actions against a tax officer.--An action against a tax

1 officer for a violation of this chapter may be brought by a tax  
2 collection district or a political subdivision for which the tax  
3 officer collects income taxes, a political subdivision or tax  
4 collection committee owed income taxes by the tax officer or by  
5 a surety.

6 (f) Rescinded appointment.--

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

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

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

20 (4) A tax collection committee may not retain a tax  
21 officer who has been penalized under subsection (a), (b), (c)  
22 or (d) more than three times OR WHO FAILS TO SATISFY THE <—  
23 REQUIREMENTS UNDER SECTION 506.

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

1 restrictions and prohibitions on creditors otherwise applicable  
2 under the Fair Credit Extension Uniformity Act.

3 (h) Withdrawal from tax collection district.--

4 (1) In an action brought by a political subdivision  
5 under this section after January 1, 2014, the court may, in  
6 addition to other available remedies, grant a request by the  
7 political subdivision to withdraw from the tax collection  
8 district for good cause, provided the court determines, after  
9 hearing, that all of the following conditions exist:

10 (i) The political subdivision has suffered loss in  
11 income tax revenues that is directly and primarily  
12 attributable to the willful and continued failure of the  
13 tax officer or tax collection committee to comply with  
14 the provisions of this act.

15 (ii) The tax collection committee has failed to take  
16 reasonable measures to correct the deficiencies in the  
17 performance of the tax officer and otherwise assure  
18 compliance with the requirements of this act.

19 (iii) The political subdivision and the tax  
20 collection committee have engaged in good faith mediation  
21 before a special master appointed by the court, but  
22 nonetheless have failed to reach agreement about  
23 alternative corrective measures in lieu of withdrawal of  
24 the political subdivision from the tax collection  
25 district.

26 (iv) Other relief available that could be ordered by  
27 the court would not be adequate to provide a reasonable  
28 prospect of compliance by the tax officer and tax  
29 collection committee with the requirements of this act  
30 and that withdrawal of the political subdivision from the

1 tax collection district is otherwise in the best  
2 interests of the political subdivision, taxpayers and  
3 employers.

4 (2) (i) In the event the court grants a request by a  
5 political subdivision under this section to withdraw from  
6 the tax collection district in which it is located, the  
7 governing body of the political subdivision may withdraw  
8 by adopting a resolution to that effect and appointing a  
9 tax officer to collect the income tax levied by that  
10 political subdivision, effective for the next calendar  
11 year beginning at least six months after the adoption of  
12 such resolution.

13 (ii) With respect to the income tax levied by that  
14 political subdivision, a tax officer appointed pursuant  
15 to this paragraph shall have the same powers and duties  
16 as a tax officer appointed by a tax collection district  
17 and all other requirements of this act pertaining to the  
18 functions and qualifications of tax collection districts  
19 and tax officers, and the related obligations of  
20 employers and taxpayers shall apply equally to the  
21 political subdivision, its governing body and a tax  
22 officer appointed by that political subdivision.

23 Section 511. Tax registers.

24 (a) Requirement.--The department shall maintain a tax  
25 register and an official register. All of the following shall  
26 apply:

27 (1) The department shall maintain a tax register on the  
28 department's Internet website. Information for the tax  
29 register shall be furnished by each county and each political  
30 subdivision to the department as prescribed by the



1 department. The department shall continuously update the tax  
2 register.

3 (2) As part of the tax register under paragraph (1), the  
4 department shall maintain an official register. The  
5 requirement to maintain an official register in accordance  
6 with this section shall supersede the requirements for an  
7 official register in any act.

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

10 (i) Each municipality and coterminous school  
11 district.

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

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

16 (iv) The combined municipal and school district  
17 income tax rate on taxpayers residing in each  
18 municipality.

19 (v) The income tax rate on taxpayers working within  
20 the municipality.

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

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

27 (viii) The effective emergency and municipal  
28 services tax rate on taxpayers working within the school  
29 district.

30 (ix) The combined municipal and school district

1           emergency and municipal services tax rate.

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

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

6           (xii) Any other information deemed necessary by the  
7           department.

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

18          (5) Information for the official register shall be  
19          furnished by each political subdivision to the department as  
20          prescribed by the department and shall include a copy of the  
21          ordinance or resolution enacting, repealing or changing the  
22          tax. The department shall be notified of changes to the  
23          official register as follows:

24          (i) New withholding tax enactments, repeals and  
25          changes shall be received by the department no later than  
26          June 1 to require withholding of a new tax, withholding  
27          at a new rate or to suspend withholding of such tax  
28          effective July 1 of that year. All new withholding tax  
29          enactments, repeals and changes received by the  
30          department by June 1 shall be officially released by the

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

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

28 (6) (i) Employers shall not be required to deduct from  
29 compensation of their employees or make reports of  
30 compensation in connection with any withholding tax that

1 is not released on the official register as of June 15  
2 and December 15 of each year as provided in paragraphs  
3 (4) and (5), unless the political subdivision imposing  
4 the tax has provided written notice to the employer of  
5 the tax or tax rate and the withholding requirement.

6 (ii) Notwithstanding any law to the contrary, no  
7 political subdivision or tax officer may require any  
8 employer to deduct a withholding tax at a rate or amount  
9 that is not released on the official register, unless the  
10 political subdivision imposing the tax has provided  
11 written notice to the employer of the tax or tax rate and  
12 the withholding requirement.

13 (iii) The provisions of this paragraph shall not  
14 affect the liability of any taxpayer for withholding  
15 taxes lawfully imposed under this act.

16 (7) An employer may withhold at the most recently  
17 available rate on the tax register even if such rate is  
18 different than the tax rate released on the official register  
19 as provided in paragraphs (4) and (5), provided that an  
20 employer shall not be required to withhold at a tax rate that  
21 is not released on the official register, unless the  
22 political subdivision imposing the tax has provided written  
23 notice to the employer of the current tax rate.

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

29 (9) No employer shall be held liable for failure to  
30 withhold the emergency and municipal services tax or for the

1 payment of tax money withheld to a tax officer if the failure  
2 to withhold the taxes arises from incorrect information  
3 submitted by the employee as to the employee's place of  
4 employment, the employee's principal office or where the  
5 employee is principally employed.

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

11 Section 512. Withholding and remittance.

12 Income FOR TAXABLE YEARS COMMENCING ON AND AFTER JANUARY 1, ←  
13 2012, INCOME taxes shall be withheld, remitted and reported as  
14 follows:

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

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

1 help identify the political subdivisions where an employee  
2 lives and works.

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

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

26 (5) Notwithstanding paragraph (4), the provisions of  
27 this paragraph shall apply if an employer has more than one  
28 place of employment in more than one tax collection district.  
29 Within 30 days following the last day of each month, the  
30 employer may file the return required by paragraph (4) and

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

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

23 (7) On or before February 28 of the succeeding year,  
24 every employer shall file with the tax officer where income  
25 taxes have been deducted and remitted pursuant to paragraph  
26 (3):

27 (i) An annual return showing, for the period  
28 beginning January 1 of the current year and ending  
29 December 31 of the current year, the total amount of  
30 compensation paid, the total amount of income tax

1 deducted, the total amount of income tax paid to the tax  
2 officer and any other information prescribed by the  
3 department.

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

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

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



1 shall not relieve any employee from the payment of the income  
2 tax or from complying with the requirements for filing of  
3 declarations and returns.

4 Section 513. Distribution of income taxes.

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

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

12 (i) Income taxes received from employers prior to  
13 April 1, 2013, under section 512(4) shall be distributed  
14 within 60 days of the later of:

15 (A) receipt; or

16 (B) the deadline for payment under section  
17 512(4).

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

21 (A) receipt; or

22 (B) the deadline for payment under section  
23 512(4).

24 (iii) Income taxes received from employers under  
25 section 512(5) shall be distributed within 30 days of the  
26 last day of the month FOLLOWING RECEIPT. <—

27 (iv) Income taxes received from taxpayers and other  
28 tax collection districts PRIOR TO APRIL 1, 2013, shall be <—  
29 distributed within 60 days of receipt.

30 (V) INCOME TAXES RECEIVED FROM TAXPAYERS AND OTHER <—

1 TAX COLLECTION DISTRICTS ON OR AFTER APRIL 1, 2013, SHALL  
2 BE DISTRIBUTED WITHIN 30 DAYS OF RECEIPT.

3 (2) Income taxes received from employers, taxpayers or  
4 other tax collection districts shall be distributed based on  
5 the information submitted by the employers, taxpayers or tax  
6 collection districts. It shall not be permissible to base the  
7 distribution of income taxes on any method not expressly  
8 authorized by act of the General Assembly.

9 (3) A tax officer shall maintain a record of all income  
10 taxes distributed under this section, which shall include all  
11 of the information required in the reports under section  
12 512(4) and (5), the date of distribution, the political  
13 subdivision or tax officer to which the income taxes are  
14 distributed and any other information required by the  
15 department. The record shall be provided to another tax  
16 collection district at the time of distribution.

17 (4) A tax officer who, within two years after receiving  
18 an income tax payment after reasonable efforts meeting  
19 conditions established by the tax collection committee,  
20 cannot identify the political subdivision entitled to the  
21 income tax payment shall make payment to the municipality in  
22 which the income tax was collected.

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

26 (1) If nonresident taxes are not distributed to the  
27 appropriate tax officer as required under subsection (a)(1),  
28 a tax officer may make a claim for income taxes attributable  
29 to residents of the tax collection district served by that  
30 tax officer. The tax officer for the tax collection district

1 against which a claim is made shall, within 30 days:

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

3 (ii) respond in writing stating the reasons why the  
4 claim cannot be paid.

5 (2) If the tax officer for the tax collection district  
6 against which the claim is made does not act under paragraph  
7 (1)(i) or (ii), the tax officer making the claim may bring an  
8 action in the court of common pleas in the county in which  
9 the tax collection district with the claim is primarily  
10 located for both the amount of the claim and interest at the  
11 rate provided for in 53 Pa.C.S. § 8426 (relating to interest  
12 on overpayment) from the date which the income taxes were  
13 received from the taxpayer, employer or other tax officer.  
14 Notwithstanding any other law to the contrary, an action  
15 under this paragraph must be brought within seven years after  
16 the claim is made.

17 (c) Codes.--Employers and tax officers shall use political  
18 subdivision and tax collection district codes prescribed by the  
19 department.

20 (d) Fee prohibition.--No tax officer, political subdivision  
21 or tax collection district shall be required to pay a fee or  
22 commission to another tax collection district on account of  
23 income taxes distributed under this section.

24 Section 514. Confidentiality.

25 (a) General rule.--Any information gained by a tax officer  
26 or any employee or agent of a tax officer or of the tax  
27 collection committee as a result of any declarations, returns,  
28 investigations, hearings or verifications shall be confidential  
29 tax information.

30 (b) Prohibited conduct.--It shall be unlawful, except for

1 official purposes or as provided by law, for the Commonwealth,  
2 any political subdivision, tax collection committee member, tax  
3 officer, or employee or agent of a tax officer or tax collection  
4 committee to do any of the following:

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

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

9 (3) Print, publish or otherwise make known any  
10 confidential tax information.

11 (c) Penalties.--A person that violates subsection (b)  
12 commits a misdemeanor of the third degree and shall, upon  
13 conviction, be sentenced to pay a fine of not more than \$2,500  
14 or to imprisonment for not more than one year, or both. If the  
15 offender is a member of the tax collection committee, the member  
16 shall be removed from the tax collection committee. If the  
17 offender is an employee of a tax collection committee or a  
18 political subdivision, the employee shall be discharged from  
19 employment. The offender shall pay the costs of prosecution.

20 Section 515. Transition.

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

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

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

6           (3) An action may be brought against the tax officer to  
7 compel the performance of duties required by Chapter 3 or  
8 former section 13 or imposed by regulations adopted pursuant  
9 to Chapter 5, including the duty to deliver all tax records  
10 and other official items held in right as tax officer to the  
11 tax officer's successor. Upon a finding of failure to perform  
12 a duty, the court may impose a penalty not to exceed \$5,000;  
13 and the tax officer may be held liable for the cost or  
14 reproducing tax records if they are lost or cannot be  
15 delivered.

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

20           (5) An action against an Article XIII tax officer for a  
21 violation of this act may be brought by the Attorney General,  
22 a political subdivision for which the Article XIII tax  
23 officer collects income taxes, a political subdivision owed  
24 income taxes by the Article XIII tax officer or by a surety  
25 that is liable because of the violation.

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

30           (b) Transition.--

1           (1) (i) The governing body of each political  
2           subdivision which imposed an income tax prior to January  
3           1, 2011, shall do all of the following:

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

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

10           (ii) Every employer shall remit 2011 income taxes  
11           and file the quarterly and annual reports required by  
12           former Division IV(b) and (c) of section 13 to either the  
13           Article XIII tax officer or the newly appointed tax  
14           officer, as determined by the appropriate political  
15           subdivision and released on the official register in  
16           accordance with section 511.

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

22           (3) The Article XIII tax officer shall deliver all tax  
23           records to the political subdivision and the newly appointed  
24           tax officer by June 30, 2012, unless otherwise agreed to by  
25           the political subdivision and the newly appointed tax  
26           officer.

27           (4) Any delinquent income taxes or reports from 2011, or  
28           previous years which have not been remitted or provided to  
29           the Article XIII tax officer by June 30, 2012, shall become  
30           the responsibility of the newly appointed tax officer. A

1 political subdivision which has made other provisions for the  
2 collection of delinquent income taxes or reports for 2011 or  
3 previous years shall notify the newly appointed tax officer.

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

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

10 "Newly appointed tax officer." A tax officer appointed under  
11 section 507(a) responsible for the collection of 2012 income  
12 taxes.

13 Section 516. Regulatory conflict.

14 In the event of a conflict between a regulation under this  
15 chapter and a regulation under the act of June 27, 2006 (1st  
16 Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act, in  
17 the area of tax collection, the regulation under this chapter  
18 shall prevail.

19 Section 517. Audit and evaluation.

20 (a) General rule.--Before 2017, the Legislative Budget and  
21 Finance Committee shall conduct an audit and evaluation of the  
22 impact of this chapter and consolidated collection of local  
23 income taxes. The committee shall consult with the Auditor  
24 General in the course of its audit and evaluation. The audit and  
25 evaluation shall:

26 (1) Determine the extent to which income tax revenue  
27 losses have been minimized or eliminated by the  
28 implementation of uniform collection standards and a  
29 countywide income tax collection system.

30 (2) Determine whether consolidated collection and

1 standardized withholding and remittance of local income taxes  
2 as required in section 512 has simplified the system, reduced  
3 fragmentation and reduced the burden of withholding,  
4 remitting and distributing the local income tax for  
5 employers.

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

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

10 (5) Determine if tax collection committees are  
11 exercising their powers and duties under section 505  
12 effectively.

13 (6) Determine the extent to which cooperation and  
14 coordination exists among tax officers and tax collection  
15 districts.

16 (7) Determine whether authorized investments under  
17 509(a)(6) and the bonding requirements under section 509(d)  
18 provide sufficient protection to income tax collections.

19 (8) Determine whether nonresident and resident taxes are  
20 being properly distributed among tax collection districts  
21 within this Commonwealth and to political subdivisions within  
22 each tax collection district.

23 (9) Determine whether the reporting, audit,  
24 accountability, transparency and oversight requirements for  
25 taxes collected, distributed and administered in this chapter  
26 are adequate and being met within and among tax collection  
27 districts.

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

30 (11) Determine whether the penalties against tax



1 officers under section 510 are effective and the extent to  
2 which tax officers are in compliance with the rules and  
3 regulations required by this chapter, and identify any tax  
4 officers that are in substantial noncompliance with these  
5 rules and regulations.

6 (12) Determine whether the agreements under section  
7 509(g) have been approved by the Department of Revenue and  
8 each tax collection district, and that the exchange of  
9 information is reciprocal, timely and useful.

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

12 (14) Recommend needed improvements to the system.

13 (b) Filing requirement.--Copies of the audit findings of the  
14 Legislative Budget and Finance Committee under subsection (a)  
15 shall be filed with the chair of the Finance Committee of the  
16 Senate, the chair of the Finance Committee of the House of  
17 Representatives, the department, the Auditor General and with  
18 each tax collection committee.

19 Section 24. The act is amended by adding a chapter heading  
20 to read:

21 CHAPTER 7

22 COLLECTION OF DELINQUENT TAXES

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

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

25 "Business entity" means a sole proprietorship, corporation,  
26 joint-stock association or company, partnership, limited  
27 partnership, limited liability company, association, business  
28 trust, syndicate or other commercial or professional activity  
29 organized under the laws of this Commonwealth or any other  
30 jurisdiction.

1       "Employer" means a person, business entity or other entity,  
2 including the Commonwealth, its political subdivisions and  
3 instrumentalities and public authorities, employing one or more  
4 persons for a salary, wage, commission or other compensation.

5       "Private agency" means a business entity or person appointed  
6 as a tax collector by a political subdivision.

7       Section 26. Section 18 of the act is renumbered and amended  
8 to read:

9       Section [18] 701.1. Distress and Sale of Goods and Chattels  
10 of Taxpayer.--Every tax collector under Chapter 3 and tax  
11 officer under Chapter 5 shall have power, in case of the neglect  
12 or refusal of any person[, copartnership, association, or  
13 corporation] or business entity, to make payment of the amount  
14 of any tax due [by him] from the person or the business entity,  
15 after two months from the date of the tax notice, to levy the  
16 amount of such tax, any penalty due thereon and costs, not  
17 exceeding costs and charges allowed constables for similar  
18 services by distress and sale of the goods and chattels of such  
19 delinquent, wherever situate or found, upon giving at least ten  
20 days' public notice of such sale, by posting ten written or  
21 printed notices, and by one advertisement in a newspaper of  
22 general circulation published in the county.

23       No failure to demand or collect any taxes by distress and  
24 sale of goods and chattels shall invalidate any return made, or  
25 lien filed for nonpayment of taxes, or any tax sale for the  
26 collection of taxes.

27       Section 27. Sections 19 and 20 of the act, amended June 21,  
28 2007 (P.L.13, No.7), are renumbered and amended to read:

29       Section [19] 702. Collection of Delinquent Per Capita,  
30 Occupation, Occupational Privilege, Emergency and Municipal

1 Services, Local Services and [Earned] Income Taxes from  
2 Employers, etc.--The tax collector under Chapter 3 and the tax  
3 officer under Chapter 5 shall demand, receive and collect from  
4 all [corporations, political subdivisions, associations,  
5 companies, firms or individuals,] employers, other than the  
6 Commonwealth, employing persons owing delinquent per capita,  
7 [or] occupation[, ] or occupational privilege[, ] taxes under  
8 Chapter 3 or emergency and municipal services, local services  
9 and [earned] income taxes under Chapter 5, or whose spouse owes  
10 delinquent per capita, occupation[, ] or occupational  
11 privilege[, ] taxes under Chapter 3 or emergency and municipal  
12 services, local services and [earned] income taxes under Chapter  
13 5, or having in possession unpaid commissions or earnings  
14 belonging to any person or persons owing delinquent per capita,  
15 occupation[, ] or occupational privilege[, ] taxes under Chapter 3  
16 or emergency and municipal services, local services and [earned]  
17 income taxes under Chapter 5, or whose spouse owes delinquent  
18 per capita, occupation[, ] or occupational privilege[, ] taxes  
19 under Chapter 3 or emergency and municipal services, local  
20 services and [earned] income taxes under Chapter 5, upon the  
21 presentation of a written notice and demand certifying that the  
22 information contained therein is true and correct and containing  
23 the name of the taxable or the spouse thereof and the amount of  
24 tax due. Upon the presentation of such written notice and  
25 demand, it shall be the duty of any [such corporation, political  
26 subdivision, association, company, firm or individual] employer  
27 to deduct from the wages, commissions or earnings of such  
28 individual employes, then owing or that shall within sixty days  
29 thereafter become due, or from any unpaid commissions or  
30 earnings of any such taxable in [its or his] the employer's

1 possession, or that shall within sixty days thereafter come into  
2 [its or his] the employer's possession, a sum sufficient to pay  
3 the respective amount of the delinquent [per capita, occupation,  
4 occupational privilege, emergency and municipal services, local  
5 services and earned income] taxes and costs, shown upon the  
6 written notice or demand, and to pay the same to the tax  
7 collector of the taxing district or to the tax officer for the  
8 tax collection district in which such delinquent tax was levied  
9 within sixty days after such notice shall have been given. No  
10 more than ten percent of the wages, commissions or earnings of  
11 the delinquent taxpayer or spouse thereof may be deducted at any  
12 one time for delinquent [per capita, occupation, occupational  
13 privilege, emergency and municipal services, local services and  
14 earned income] taxes and costs. [Such corporation, political  
15 subdivision, association, firm or individual] The employer shall  
16 be entitled to deduct from the moneys collected from each  
17 employe the costs incurred from the extra bookkeeping necessary  
18 to record such transactions, not exceeding two percent of the  
19 amount of money so collected and paid over to the tax collector  
20 or tax officer. Upon the failure of any [such corporation,  
21 political subdivision, association, company, firm or individual]  
22 employer to deduct the amount of such taxes or to pay the same  
23 over to the tax collector or tax officer, less the cost of  
24 bookkeeping involved in such transaction, as herein provided,  
25 within the time hereby required, [such corporation, political  
26 subdivision, association, company, firm or individual] the  
27 employer shall forfeit and pay the amount of such tax for each  
28 such taxable whose taxes are not withheld and paid over, or that  
29 are withheld and not paid over together with a penalty of ten  
30 percent added thereto, to be recovered by an action of assumpsit

1 in a suit to be instituted by the tax collector or tax officer,  
2 or by the proper authorities of the taxing district or tax  
3 collection district, as debts of like amount are now by law  
4 recoverable, except that such person shall not have the benefit  
5 of any stay of execution or exemption law. The tax collector or  
6 tax officer shall not proceed against a spouse or [his] the  
7 spouse's employer until [he] the tax collector or tax officer  
8 has pursued collection remedies against the delinquent taxpayer  
9 and his employer under this section.

10 Section [20] 703. Collection of Delinquent Per Capita,  
11 Occupation, Occupational Privilege, Emergency and Municipal  
12 Services, Local Services and [Earned] Income Taxes from the  
13 Commonwealth.--Upon presentation of a written notice and demand  
14 under oath or affirmation, to the State Treasurer or any other  
15 fiscal officer of the State, or its boards, authorities,  
16 agencies or commissions, it shall be the duty of the treasurer  
17 or officer to deduct from the wages then owing, or that shall  
18 within sixty days thereafter become due to any employe, a sum  
19 sufficient to pay the respective amount of the delinquent per  
20 capita, occupation[, ] or occupational privilege, emergency and  
21 municipal services, local services under Chapter 3 and [earned]  
22 income taxes under Chapter 5 and costs shown on the written  
23 notice. The same shall be paid to the tax collector or the tax  
24 officer of the tax collection district of the taxing district in  
25 which said delinquent tax was levied within sixty days after  
26 such notice shall have been given.

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

29 Section [20.1] 704. Notice.--The tax collector or tax  
30 officer shall, at least fifteen days prior to the presentation

1 of a written notice and demand to the State Treasurer or other  
2 fiscal officer of the State, or to any [corporation, political  
3 subdivision, association, company or individual] employer,  
4 notify the taxpayer owing the delinquent tax by registered or  
5 certified mail that a written notice and demand shall be  
6 presented to [his] the taxpayer's employer unless such tax is  
7 paid. The return receipt card for certified or registered mail  
8 shall be marked delivered to addressee only, and the cost of  
9 notification by certified or registered mail shall be added to  
10 the costs for collecting taxes.

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

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

26 Section 30. Section 22 of the act is renumbered and amended  
27 to read:

28 Section [22] 706. Penalties.--Except as otherwise provided  
29 in the case of any tax levied and assessed upon [earned] income,  
30 any such political subdivision shall have power to prescribe and

1 enforce reasonable penalties for the nonpayment, within the time  
2 fixed for their payment, of taxes imposed under authority of  
3 this act and for the violations of the provisions of ordinances  
4 or resolutions passed under authority of this act.

5 If for any reason any tax levied and assessed upon [earned]  
6 income by any such political subdivision is not paid when due,  
7 interest [at the rate of six percent per annum on the amount of  
8 said tax, and an additional penalty of one-half of one percent  
9 of the amount of the unpaid tax for each month or fraction  
10 thereof during which the tax remains unpaid,] and penalties as  
11 provided in section 509(i) shall be added and collected. When  
12 suit is brought for the recovery of any such tax, the person  
13 liable therefor shall, in addition, be liable for the costs of  
14 collection and the interest and penalties herein imposed.

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

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

20 (a) A [person, public employe] bureau, political subdivision or  
21 private agency designated by a governing body of a political  
22 subdivision or a tax collection district to collect and  
23 administer [a] per capita, occupation[, ] or occupational  
24 privilege, emergency and municipal services, local services  
25 taxes under Chapter 3 or [earned income tax] income taxes under  
26 Chapter 5 may impose and collect the reasonable costs incurred  
27 to provide notices of delinquency or to implement similar  
28 procedures utilized to collect delinquent taxes from a taxpayer  
29 as approved by the governing body of the political subdivision  
30 or the tax collection committee. Reasonable costs collected may

1 be retained by the [person, public employe or private agency  
2 designated to collect the tax as agreed to by the governing body  
3 of the political subdivision] tax collector under Chapter 3 or  
4 the tax officer under Chapter 5. An itemized accounting of all  
5 costs collected shall be remitted to the political subdivision  
6 or the tax collection committee on an annual basis.

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

12 (c) A delinquent taxpayer may not bring an action for  
13 reimbursement, refund or elimination of reasonable costs of  
14 collection assessed or imposed prior to the effective date of  
15 this section. Additional costs may not be assessed on delinquent  
16 taxes collected prior to the effective date of this section.

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

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

22 (1) establish new rights or enlarge existing rights of  
23 political subdivisions or employes or agents of political  
24 subdivisions; or

25 (2) establish new obligations or enlarge existing  
26 obligations of taxpayers.

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

29 [Section 22.3. Legal Representation.--When bringing a suit  
30 under any provision of this act, the taxing district, officer,



1 person, public employe or private agency designated by the  
2 taxing district shall be represented by an attorney.]

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

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

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

10 (2) Road construction and/or maintenance.

11 (3) Reduction of property taxes.

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

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

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

22 (1) The decision to provide a homestead and farmstead  
23 exclusion shall be made, by ordinance, prior to December 1, with  
24 the homestead and farmstead exclusion to take effect for the  
25 fiscal year beginning the first day of January following  
26 adoption of the ordinance. Upon adopting an ordinance in  
27 accordance with this paragraph, a municipality shall, by first  
28 class mail, notify the assessor, as defined in 53 Pa.C.S. § 8582  
29 (relating to definitions), of its decision to provide a  
30 homestead and farmstead exclusion.

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

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

23       (4) In the year in which a municipality adopts the ordinance  
24 evidencing its decision to implement a homestead and farmstead  
25 exclusion, the municipality shall notify by first class mail the  
26 owner of each parcel of residential property within the  
27 municipality which is not approved as a homestead or farmstead  
28 property or for which the approval is due to expire of the  
29 following:

30       (i) That the homestead and farmstead exclusion program is to

1 be implemented to provide property tax relief as authorized by  
2 subsection (a)(4), beginning in the next fiscal year.

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

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

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

17 (6) In the year in which the initial decision to provide a  
18 homestead and farmstead exclusion is made and in each succeeding  
19 year, a municipality shall, by resolution, fix the dollar amount  
20 that is to be excluded from the assessed value of each homestead  
21 and farmstead property for the next fiscal year, consistent with  
22 53 Pa.C.S. §§ 8583 (relating to exclusion for homestead  
23 property) and 8586 (relating to limitations). This determination  
24 of the amount of the homestead and farmstead exclusion shall be  
25 made, after receipt of the tax duplicate and the certified  
26 report from the assessor, at the time the governing body of a  
27 municipality determines the municipal budget and estimates  
28 revenues to be derived from the local services tax for the next  
29 fiscal year.

30 (7) Each year after the year in which the municipality

1 implements a homestead and farmstead exclusion and no later than  
2 one hundred twenty days prior to the application deadline, the  
3 municipality shall give notice of the existence of the  
4 municipality's homestead and farmstead exclusion program; the  
5 need to file an application in accordance with 53 Pa.C.S. §  
6 8584(a) in order to qualify for the program; and the application  
7 deadline, which, notwithstanding 53 Pa.C.S. § 8584(b), shall be  
8 December 15. This annual notice, which shall be given by first  
9 class mail, need only be sent to the owner of each parcel of  
10 residential property in the municipality which is not approved  
11 as homestead or farmstead property or for which the approval is  
12 due to expire.

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

15 Section 35. The act is amended by adding a chapter heading  
16 to read:

17 CHAPTER 9

18 MISCELLANEOUS PROVISIONS

19 Section 36. Section 23 of the act is renumbered and amended  
20 to read:

21 Section [23] 901. Repeals.--(a) (1) The act of June 25,  
22 1947 (P.L.1145), entitled, as amended, "An act empowering cities  
23 of the second class, cities of the second class A, cities of the  
24 third class, boroughs, towns, townships of the first class,  
25 townships of the second class, school districts of the second  
26 class, school districts of the third class and school districts  
27 of the fourth class to levy, assess and collect or to provide  
28 for the levying, assessment and collection of certain additional  
29 taxes subject to maximum limitations for general revenue  
30 purposes; authorizing the establishment of bureaus and the

1 appointment and compensation of officers and employes to assess  
2 and collect such taxes; and permitting penalties to be imposed  
3 and enforced; providing an appeal from the ordinance or  
4 resolution levying such taxes to the court of quarter sessions  
5 and to the Supreme Court and Superior Court," is repealed.

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

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

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

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

16 (3) Sections 322, 326, 351 and 5004.1 of the act of June  
17 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as the  
18 Taxpayer Relief Act, insofar as it is inconsistent with this  
19 act.

20 Section 37. Any ordinance or resolution providing for the  
21 levying, assessment or collection of a tax on individuals for  
22 the privilege of engaging in an occupation which has been  
23 enacted by a political subdivision prior to December 1, 2004,  
24 shall continue in full force and effect, without reenactment, as  
25 if such tax had been levied, assessed or collected as a local  
26 services tax under section 301.1(f)(9) of the act. All  
27 references in any ordinance or resolution to a tax on the  
28 privilege of engaging in an occupation shall be deemed to be a  
29 reference to a local services tax for the purposes of the act.

30 Section 38. All emergency and municipal services taxes

1 levied for the calendar year beginning on January 1, 2007, shall  
2 remain in effect for the calendar year beginning on January 1,  
3 2007, and ending December 31, 2007, and are not otherwise  
4 altered.

5 Section 39. This act shall apply as follows:

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

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

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

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

15 (3) Except as set forth in paragraph (4) and sections  
16 508 and 515 of the act, the addition of Chapter 5 of the act  
17 shall apply to income taxes levied and collected after  
18 December 31, 2011.

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

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

23 (1) The following provisions shall take effect January  
24 1, 2012:

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

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

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

29 (3) The remainder of this act shall take effect  
30 immediately.