

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 653 Session of 2017

INTRODUCED BY BROWNE, BOSCOLA, FOLMER, McGARRIGLE, BARTOLOTTA, SCAVELLO, REGAN, EICHELBERGER, WILLIAMS, LAUGHLIN, MARTIN, WAGNER AND SCHWANK, MAY 24, 2017

AS AMENDED ON THIRD CONSIDERATION, APRIL 17, 2018

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 taxes, further providing for collection; in
23 consolidated collection of local income taxes, further
24 providing for tax collection committees and for powers and
25 duties of tax officer; in collection of delinquent taxes,
26 further providing for costs of collection; and making a
27 related editorial change.

28 The General Assembly of the Commonwealth of Pennsylvania
29 hereby enacts as follows:

30 Section 1. Section 313(a), Chapter 5 heading, section

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1 ~~505(a), (a.1), (b), (c), (j) and (l) and section 509(k) of the~~  
2 ~~act of December 31, 1965 (P.L.1257, No.511), known as The Local~~  
3 ~~Tax Enabling Act, are amended to read:~~

4 SECTION 1. SECTION 313(A), CHAPTER 5 HEADING AND SECTION <--  
5 505(A), (A.1), (B), (C), (J) AND (L) OF THE ACT OF DECEMBER 31,  
6 1965 (P.L.1257, NO.511), KNOWN AS THE LOCAL TAX ENABLING ACT,  
7 ARE AMENDED TO READ:

8 Section 313. Collection of Taxes.--(a) Administrative  
9 Personnel; Joint Agreements.--

10 (1) Except as provided in section 506 and subject to the  
11 provisions of section 509, any political subdivision is hereby  
12 authorized to provide by ordinance or resolution for the  
13 creation or designation of tax bureaus or the appointment and  
14 compensation of a political subdivision, public employe, tax  
15 bureau or public or private agency for the assessment and  
16 collection of taxes imposed under authority of this chapter.  
17 Each ordinance or resolution under this section authorizing a  
18 political subdivision, public employe, tax bureau or public or  
19 private agency to act in the capacity and with the authority of  
20 a tax collector shall continue in force without annual  
21 reauthorization unless otherwise repealed or revoked by the  
22 political subdivision or unless otherwise provided by this act.

23 (2) Except as provided in section 506 and subject to the  
24 provisions of section 509, political subdivisions imposing taxes  
25 under authority of this chapter are authorized to make joint  
26 agreements for the collection of such taxes or any of them. The  
27 same political subdivision, tax bureau or public 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  
30 chapter.

1 \* \* \*

2 CHAPTER 5

3 CONSOLIDATED COLLECTION OF LOCAL [INCOME] TAXES

4 Section 505. Tax collection committees.

5 (a) General rule.--Subject to the provisions of subsection  
6 (m) and section 509(k), each tax collection district shall be  
7 governed by a tax collection committee constituted and operated  
8 as set forth in this section. Meetings of the tax collection  
9 committee shall be conducted under 65 Pa.C.S. Ch. 7 (relating to  
10 open meetings) and the act of June 21, 1957 (P.L.390, No.212),  
11 referred to as the Right-to-Know Law.

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

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

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

18 (3) To set the compensation of the tax officer under  
19 section 507(c).

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

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

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

27 (7) To adopt, amend and repeal policies and procedures  
28 consistent with the regulations under section 508 for the  
29 administration of [income] taxes under section 509 within the  
30 tax collection district. The procedures shall supersede any

1 contrary resolutions or ordinances adopted by a political  
2 subdivision. This authority shall not be construed to permit  
3 a tax collection committee to change the rate or subject of  
4 any tax.

5 \* \* \*

6 (b) Delegates.--

7 (1) The governing body of each political subdivision  
8 within a tax collection district that imposed an income tax  
9 prior to July 1, 2009, shall appoint one voting delegate and  
10 one or more alternates to represent the political subdivision  
11 on the tax collection committee by September 15, 2009. The  
12 governing body of each political subdivision that after June  
13 30, 2009, imposes [an income] a tax [for the first time]  
14 under section 509 shall appoint one voting delegate and one  
15 or more alternates to represent the political subdivision on  
16 the tax collection committee. A voting delegate or alternate  
17 shall serve at the pleasure of the governing body of the  
18 political subdivision.

19 (2) The governing body of each political subdivision  
20 within a tax collection district that prior to July 1, 2009,  
21 does not impose an income tax may appoint one nonvoting  
22 delegate and one or more alternates to represent the  
23 political subdivision on the tax collection committee. If,  
24 after June 30, 2009, the political subdivision imposes [an  
25 income] a tax under section 509, the nonvoting delegate shall  
26 become a voting delegate to represent the political  
27 subdivision on the tax collection committee.

28 \* \* \*

29 (c) Voting rights.--

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

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

8 (2) For the first meeting of the tax collection  
9 committee, actions of the tax collection committee shall be  
10 determined by a majority vote of those delegates present.  
11 Votes shall be weighted among the governing bodies of the  
12 member political subdivisions according to the following  
13 formula: 50% shall be allocated according to the proportional  
14 population of each political subdivision in proportion to the  
15 population of each tax collection district as determined by  
16 the most recent Federal decennial census data and 50% shall  
17 be weighted in direct proportion to [income] tax revenues  
18 collected in each political subdivision, based on each  
19 political subdivision's most recent annual financial report  
20 submitted to the department or the Department of Education.  
21 For subsequent meetings, votes shall be taken in accordance  
22 with this paragraph unless the bylaws provide otherwise.

23 (3) No later than September 1, 2009, the department  
24 shall calculate the weighted vote for each political  
25 subdivision within each tax collection district based on the  
26 formula specified in paragraph (2). By July 1 of the year  
27 following the first meeting, and of each year thereafter,  
28 each tax collection committee shall recalculate the weighted  
29 vote unless the bylaws provide for a more frequent  
30 recalculation.

1 (4) If a political subdivision within the tax collection  
2 district imposes [an income] a tax under section 509 for the  
3 first time, the tax collection committee shall recalculate  
4 the weighted vote or other method of voting under the bylaws.

5 \* \* \*

6 (j) Appeals board.--

7 (1) By June 1, 2010, each tax collection committee shall  
8 establish an appeals board comprised of a minimum of three  
9 delegates or, in the case of a tax collection committee  
10 established pursuant to subsection (m), a minimum of three  
11 residents of the county.

12 (2) A determination of the tax officer relating to the  
13 assessment, collection, refund, withholding, remittance or  
14 distribution of [income] taxes ENACTED UNDER THIS ACT may be <--  
15 appealed to the appeals board by a taxpayer, employer,  
16 political subdivision or another tax collection district. AN <--  
17 APPEALS BOARD ESTABLISHED UNDER THIS SECTION SHALL BE THE  
18 APPROPRIATE VENUE FOR ANY APPEAL OF THE FOLLOWING:

19 (I) ANY TAX PROVIDED FOR UNDER THIS ACT, EXCEPT A  
20 TAX UPON THE TRANSFER OF REAL PROPERTY OR AN INTEREST IN  
21 REAL PROPERTY.

22 (II) A TAX LEVIED ON PAYROLL AMOUNTS GENERATED AS A  
23 RESULT OF BUSINESS ACTIVITY AS AUTHORIZED BY THIS ACT OR  
24 ANY OTHER ACT.

25 (3) All appeals, other than those brought under  
26 subsection (k), shall be conducted in a manner consistent  
27 with 53 Pa.C.S. §§ 8431 (relating to petitions), 8432  
28 (relating to practice and procedure), 8433 (relating to  
29 decisions), 8434 (relating to appeals) and 8435 (relating to  
30 equitable and legal principles to apply).

1           (3.1) WHEN AN APPEAL IS FILED IN THE MANNER PRESCRIBED <--  
2           BY A TAX COLLECTION COMMITTEE, A COPY OF THE APPEAL SHALL BE  
3           CONCURRENTLY FILED WITH THE TAXING JURISDICTION NAMED IN THE  
4           APPEAL.

5           (4) A tax collection committee may enter into an  
6           agreement with another tax collection committee to establish  
7           a joint 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          \* \* \*

17          (1) Annual budget required.--

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

21                 (2) The expenses of operating the tax collection  
22                 district shall be shared among and paid by all political  
23                 subdivisions within the tax collection district that are  
24                 represented by voting delegates on the tax collection  
25                 committee and shall be weighted in direct proportion to  
26                 [income] tax revenues collected in each participating  
27                 political subdivision based on the political subdivision's  
28                 most recent annual audit report required under this section.

29          \* \* \*

30          SECTION 2. SECTION 509(K) OF THE ACT IS AMENDED AND THE <--

1 SECTION IS AMENDED BY ADDING A SUBSECTION TO READ:

2 Section 509. Powers and duties of tax officer.

3 \* \* \*

4 (k) Collection.--In addition to the powers and duties  
5 enumerated in this section, a tax officer:

6 ~~(1) shall collect each tax which is authorized under~~ <--  
7 ~~sections 301.1 and 303 except tax upon the transfer of real~~  
8 ~~property or of an interest in real property; and~~

9 (1) NO LATER THAN JANUARY 1, 2020, SHALL COLLECT EACH <--  
10 TAX WHICH IS AUTHORIZED UNDER SECTION 301.1 EXCEPT A TAX UPON  
11 THE TRANSFER OF REAL PROPERTY OR AN INTEREST IN REAL PROPERTY  
12 AND A TAX LEVIED ON PAYROLL AMOUNTS GENERATED AS A RESULT OF  
13 BUSINESS ACTIVITY AS AUTHORIZED BY THIS ACT OR ANY OTHER ACT;  
14 AND

15 (2) when designated by the tax collection committee, [a  
16 tax officer] may collect other taxes levied pursuant to [this  
17 act,] the act of June 27, 2006 (1st Sp.Sess., P.L.1873,  
18 No.1), known as the Taxpayer Relief Act, or other statutory  
19 law[.], EXCEPT TAXES EXCLUDED FROM COLLECTION UNDER PARAGRAPH <--  
20 (1).

21 (K.1) EXCEPTION.--NOTWITHSTANDING SUBSECTION (K), A  
22 POLITICAL SUBDIVISION MAY RETAIN ITS TAX COLLECTION AUTHORITY  
23 OVER A MERCANTILE OR BUSINESS PRIVILEGE TAX BY RESOLUTION  
24 ADOPTED NOT LESS THAN 90 DAYS PRIOR TO THE EFFECTIVE DATE OF  
25 SUBSECTION (K) (1).

26 Section ~~2~~ 3. Section 707 heading of the act is amended ~~and~~ <--  
27 ~~the section is amended by adding a subsection to read:~~

28 Section 707. Costs of Collection of Delinquent Per Capita,  
29 Occupation, Occupational Privilege, Emergency and Municipal  
30 Services, Local Services [and], Income and Payroll Taxes.--\* \* \*



1 ~~(d) A contingent fee audit may not be conducted in the~~ <--  
2 ~~collection of delinquent taxes.~~

3 Section ~~3~~ 4. Nothing in this act shall be construed to <--  
4 terminate or modify the terms of a contract in effect on the  
5 effective date of this section for the term of that contract  
6 unless otherwise agreed to in writing by the parties to the  
7 contract.

8 Section ~~4~~ 5. This act shall take effect January 1, ~~2019~~ <--  
9 2020, or immediately, whichever is later. <--