
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 SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES,
SEPTEMBER 25, 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, FOR DECLARATION AND <--
25 PAYMENT OF INCOME TAXES and for powers and duties of tax
26 officer; in collection of delinquent taxes, further providing
27 for costs of collection; and making a related editorial
28 change.

29 The General Assembly of the Commonwealth of Pennsylvania

1 hereby enacts as follows:

2 ~~Section 1. Section 313(a), Chapter 5 heading and section~~ <--
3 ~~505(a), (a.1), (b), (c), (j) and (l) of the act of December 31,~~
4 ~~1965 (P.L.1257, No.511), known as The Local Tax Enabling Act,~~
5 ~~are amended to read:~~

6 SECTION 1. SECTION 313(A), CHAPTER 5 HEADING AND SECTION <--
7 502(C)(2) AND (3) AND (E) OF THE ACT OF DECEMBER 31, 1965
8 (P.L.1257, NO.511), KNOWN AS THE LOCAL TAX ENABLING ACT, ARE
9 AMENDED TO READ:

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

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23 reauthorization unless otherwise repealed or revoked by the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

25 (2) Except as provided in section 506 and subject to the
26 provisions of section 509, political subdivisions imposing taxes
27 under authority of this chapter are authorized to make joint
28 agreements for the collection of such taxes or any of them. The
29 same political subdivision, tax bureau or public or private
30 agency may be employed by two or more political subdivisions to

1 collect any taxes imposed by them under authority of this
2 chapter.

3 * * *

4 CHAPTER 5

5 CONSOLIDATED COLLECTION OF LOCAL [INCOME] TAXES

6 SECTION 502. DECLARATION AND PAYMENT OF INCOME TAXES. <--

7 * * *

8 (C) DECLARATION AND PAYMENT.--EXCEPT AS PROVIDED IN
9 SUBSECTIONS (A) (2) AND (D), TAXPAYERS SHALL DECLARE AND PAY
10 INCOME TAXES AS FOLLOWS:

11 * * *

12 (2) (I) EVERY TAXPAYER MAKING NET PROFITS RESULTING IN
13 A TAX LIABILITY OF \$200 OR MORE SHALL, BY APRIL 15 OF THE
14 CURRENT YEAR, MAKE AND FILE WITH THE RESIDENT TAX OFFICER
15 A DECLARATION OF THE TAXPAYER'S ESTIMATED NET PROFITS
16 DURING THE PERIOD BEGINNING JANUARY 1 AND ENDING DECEMBER
17 31 OF THE CURRENT YEAR, AND SHALL PAY TO THE RESIDENT TAX
18 OFFICER IN FOUR EQUAL QUARTERLY INSTALLMENTS THE TAX DUE
19 ON THE ESTIMATED NET PROFITS. THE FIRST INSTALLMENT SHALL
20 BE PAID AT THE TIME OF FILING THE DECLARATION, AND THE
21 OTHER INSTALLMENTS SHALL BE PAID ON OR BEFORE JULY 15 OF
22 THE CURRENT YEAR, OCTOBER 15 OF THE CURRENT YEAR AND
23 JANUARY 15 OF THE SUCCEEDING YEAR, RESPECTIVELY. FOR A
24 DECLARATION OF AN ESTIMATED TAX ON NET PROFITS RESULTING
25 IN A TAX LIABILITY THAT IS LESS THAN \$200, A TAXPAYER MAY
26 REMIT ONE LUMP SUM PAYMENT TO THE RESIDENT TAX OFFICER
27 WITHOUT PENALTY AND SHALL NOT BE REQUIRED TO FILE
28 QUARTERLY ESTIMATES.

29 (II) ANY TAXPAYER WHO FIRST ANTICIPATES ANY NET
30 PROFIT RESULTING IN A TAX LIABILITY OF \$200 OR MORE AFTER

1 APRIL 15 OF THE CURRENT YEAR SHALL MAKE AND FILE THE
2 DECLARATION REQUIRED ON OR BEFORE JULY 15 OF THE CURRENT
3 YEAR, OCTOBER 15 OF THE CURRENT YEAR OR JANUARY 15 OF THE
4 SUCCEEDING YEAR, WHICHEVER DATE NEXT FOLLOWS THE DATE ON
5 WHICH THE TAXPAYER FIRST ANTICIPATES SUCH NET PROFIT, AND
6 SHALL PAY TO THE RESIDENT TAX OFFICER IN EQUAL
7 INSTALLMENTS THE TAX DUE ON OR BEFORE THE QUARTERLY
8 PAYMENT DATES THAT REMAIN AFTER THE FILING OF THE
9 DECLARATION.

10 (III) EVERY TAXPAYER SHALL, ON OR BEFORE APRIL 15 OF
11 THE SUCCEEDING YEAR, MAKE AND FILE WITH THE RESIDENT TAX
12 OFFICER A FINAL RETURN SHOWING THE AMOUNT OF NET PROFITS
13 RESULTING IN A TAX LIABILITY OF \$200 OR MORE THAT WAS
14 EARNED OR RECEIVED BASED ON THE METHOD OF ACCOUNTING USED
15 BY THE TAXPAYER DURING THE PERIOD BEGINNING JANUARY 1 OF
16 THE CURRENT YEAR, AND ENDING DECEMBER 31 OF THE CURRENT
17 YEAR, THE TOTAL AMOUNT OF TAX DUE ON THE NET PROFITS AND
18 THE TOTAL AMOUNT OF TAX PAID. AT THE TIME OF FILING THE
19 FINAL RETURN, THE TAXPAYER SHALL PAY TO THE RESIDENT TAX
20 OFFICER THE BALANCE OF TAX DUE OR SHALL MAKE DEMAND FOR
21 REFUND OR CREDIT IN THE CASE OF OVERPAYMENT. ANY TAXPAYER
22 MAY, IN LIEU OF PAYING THE FOURTH QUARTERLY INSTALLMENT
23 OF THE ESTIMATED TAX, ELECT TO MAKE AND FILE WITH THE
24 RESIDENT TAX OFFICER ON OR BEFORE JANUARY 31 OF THE
25 SUCCEEDING YEAR, THE FINAL RETURN.

26 (IV) THE DEPARTMENT, IN CONSULTATION WITH THE
27 DEPARTMENT OF REVENUE, SHALL PROVIDE BY REGULATION FOR
28 THE FILING OF ADJUSTED DECLARATIONS OF ESTIMATED NET
29 PROFITS AND FOR THE PAYMENTS OF THE ESTIMATED TAX IN
30 CASES WHERE A TAXPAYER WHO HAS FILED THE DECLARATION

1 REQUIRED UNDER THIS SUBSECTION ANTICIPATES ADDITIONAL NET
2 PROFITS NOT PREVIOUSLY DECLARED OR HAS OVERESTIMATED
3 ANTICIPATED NET PROFITS.

4 (V) EVERY TAXPAYER WHO DISCONTINUES BUSINESS PRIOR
5 TO DECEMBER 31 OF THE CURRENT YEAR, SHALL, WITHIN 30 DAYS
6 AFTER THE DISCONTINUANCE OF BUSINESS, FILE A FINAL RETURN
7 AS REQUIRED UNDER THIS PARAGRAPH AND PAY THE TAX DUE.

8 (3) EVERY TAXPAYER WHO RECEIVES ANY OTHER TAXABLE INCOME
9 NOT SUBJECT TO WITHHOLDING UNDER SECTION 512(3) RESULTING IN
10 A TAX LIABILITY OF \$200 OR MORE SHALL MAKE AND FILE WITH THE
11 RESIDENT TAX OFFICER A QUARTERLY RETURN ON OR BEFORE APRIL 15
12 OF THE CURRENT YEAR, JULY 15 OF THE CURRENT YEAR, OCTOBER 15
13 OF THE CURRENT YEAR, AND JANUARY 15 OF THE SUCCEEDING YEAR,
14 SETTING FORTH THE AGGREGATE AMOUNT OF TAXABLE INCOME NOT
15 SUBJECT TO WITHHOLDING BY THE TAXPAYER DURING THE THREE-MONTH
16 PERIODS ENDING MARCH 31 OF THE CURRENT YEAR, JUNE 30 OF THE
17 CURRENT YEAR, SEPTEMBER 30 OF THE CURRENT YEAR, AND DECEMBER
18 31 OF THE CURRENT YEAR, RESPECTIVELY, AND SUBJECT TO INCOME
19 TAX, TOGETHER WITH SUCH OTHER INFORMATION AS THE DEPARTMENT
20 MAY REQUIRE. EVERY TAXPAYER [FILING] THAT IS REQUIRED TO FILE
21 A RETURN SHALL, AT THE TIME OF FILING THE RETURN, PAY TO THE
22 RESIDENT TAX OFFICER THE AMOUNT OF INCOME TAX DUE. THE
23 DEPARTMENT SHALL ESTABLISH CRITERIA UNDER WHICH THE TAX
24 OFFICER MAY WAIVE THE QUARTERLY RETURN AND PAYMENT OF THE
25 INCOME TAX AND PERMIT A TAXPAYER TO FILE THE RECEIPT OF
26 TAXABLE INCOME ON THE TAXPAYER'S ANNUAL RETURN AND PAY THE
27 INCOME TAX DUE ON OR BEFORE APRIL 15 OF THE SUCCEEDING YEAR.

28 * * *

29 (E) RESTRICTIONS.--IN ADMINISTERING THE PROVISIONS OF THIS
30 SECTION, NO POLITICAL SUBDIVISION, TAX COLLECTION COMMITTEE OR

1 TAX OFFICER MAY:

2 (1) PROHIBIT A TAXPAYER FROM FILING ANY RETURN OR
3 DECLARATION REQUIRED UNDER THIS SECTION IN PERSON OR BY FIRST
4 CLASS MAIL.

5 (2) PROHIBIT A TAXPAYER FROM FILING ANY LOCAL INCOME TAX
6 RETURN FORM, ESTIMATED TAX RETURN FORM OR OTHER FORM RELATED
7 TO ANY FILING REQUIRED UNDER THIS SECTION THAT HAS BEEN
8 POSTED BY THE DEPARTMENT ON ITS PUBLICLY ACCESSIBLE INTERNET
9 WEBSITE.

10 (3) IMPOSE A PENALTY FOR FAILING TO TIMELY FILE A
11 QUARTERLY ESTIMATED TAX RETURN FOR WHICH NO PAYMENT OF
12 ESTIMATED TAX WAS DUE, AS SHOWN IN THE TAXPAYER'S ANNUAL
13 INCOME TAX RETURN.

14 (4) IMPOSE A PENALTY ON A TAXPAYER UNLESS IT HAS ISSUED
15 A LETTER THAT NOTIFIES THE TAXPAYER THAT THE TAXPAYER IS
16 REQUIRED TO TAKE CORRECTIVE ACTION WITHIN 30 DAYS AND FAILURE
17 TO TAKE CORRECTIVE ACTION WILL RESULT IN A PENALTY BEING
18 IMPOSED ON THE TAXPAYER.

19 (5) REQUIRE A TAXPAYER TO FILE A LOCAL TAX RETURN
20 INDICATING THAT THE TAXPAYER EARNED ZERO INCOME OR DOES NOT
21 OWE ANY LOCAL TAX TO THE LOCAL TAXING JURISDICTION IF THE
22 TAXPAYER MET THE LOCAL INCOME TAX EXEMPTION REQUIREMENTS AND
23 WAS NOT REQUIRED TO FILE A LOCAL INCOME TAX RETURN IN THE
24 PRECEDING YEAR.

25 SECTION 1.1. SECTION 505(A), (A.1), (B), (C), (J) AND (L) OF
26 THE ACT, AMENDED MAY 4, 2018 (P.L.102, NO.18), ARE AMENDED TO
27 READ:

28 Section 505. Tax collection committees.

29 (a) General rule.--Subject to the provisions of subsection
30 (m) and section 509(k), each tax collection district shall be

1 governed by a tax collection committee constituted and operated
2 as set forth in this section. Meetings of the tax collection
3 committee shall be conducted under 65 Pa.C.S. Ch. 7 (relating to
4 open meetings) and the act of June 21, 1957 (P.L.390, No.212),
5 referred to as the Right-to-Know Law.

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

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

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

12 (3) To set the compensation of the tax officer under
13 section 507(c).

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

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

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

21 (7) To adopt, amend and repeal policies and procedures
22 consistent with the regulations under section 508 for the
23 administration of [income] taxes under section 509 within the
24 tax collection district. The procedures shall supersede any
25 contrary resolutions or ordinances adopted by a political
26 subdivision. This authority shall not be construed to permit
27 a tax collection committee to change the rate or subject of
28 any tax.

29 * * *

30 (b) Delegates.--

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

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

22 * * *

23 (c) Voting rights.--

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

1 the tax collection committee under this chapter.

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

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

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

29 * * *

30 (j) Appeals board.--

1 (1) By June 1, 2010, each tax collection committee shall
2 establish an appeals board comprised of a minimum of three
3 delegates or, in the case of a tax collection committee
4 established pursuant to subsection (m), a minimum of three
5 residents of the county.

6 (2) A determination of the tax officer relating to the
7 assessment, collection, refund, withholding, remittance or
8 distribution of [income] taxes enacted under this act may be
9 appealed to the appeals board by a taxpayer, employer,
10 political subdivision or another tax collection district. An
11 appeals board established under this section shall be the
12 appropriate venue for any appeal of the following:

13 (i) Any tax provided for under this act, except a
14 tax upon the transfer of real property or an interest in
15 real property.

16 (ii) A tax levied on payroll amounts generated as a
17 result of business activity as authorized by this act or
18 any other act.

19 (3) All appeals, other than those brought under
20 subsection (k), shall be conducted in a manner consistent
21 with 53 Pa.C.S. §§ 8431 (relating to petitions), 8432
22 (relating to practice and procedure), 8433 (relating to
23 decisions), 8434 (relating to appeals) and 8435 (relating to
24 equitable and legal principles to apply).

25 (3.1) When an appeal is filed in the manner prescribed
26 by a tax collection committee, a copy of the appeal shall be
27 concurrently filed with the taxing jurisdiction named in the
28 appeal.

29 (4) A tax collection committee may enter into an
30 agreement with another tax collection committee to establish

1 a joint appeals board.

2 (5) No member of an appeals board or joint appeals board
3 may be a tax officer or an employee, agent or attorney for a
4 tax officer.

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

10 * * *

11 (1) Annual budget required.--

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

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

23 * * *

24 Section 2. Section 509(k) of the act is amended and the
25 section is amended by adding a subsection to read:

26 Section 509. Powers and duties of tax officer.

27 * * *

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

30 (1) no later than January 1, 2020, shall collect each <--

1 THE LOCAL SERVICES tax which is authorized under section <--
2 301.1 except a tax upon the transfer of real property or an <--
3 interest in real property and a tax levied on payroll amounts
4 generated as a result of business activity as authorized by
5 this act or any other act; and

6 (2) when designated by the tax collection committee, [a
7 tax officer] may collect other taxes levied pursuant to [this
8 act,] the act of June 27, 2006 (1st Sp.Sess., P.L.1873,
9 No.1), known as the Taxpayer Relief Act, or other statutory
10 law~~]., except taxes excluded from collection under paragraph~~ <--
11 ~~(1).~~

12 ~~(k.1) Exception. Notwithstanding subsection (k), a~~
13 ~~political subdivision may retain its tax collection authority~~
14 ~~over a mercantile or business privilege tax by resolution~~
15 ~~adopted not less than 90 days prior to the effective date of~~
16 ~~subsection (k) (1).~~

17 (K.1) EXCEPTION.-- <--

18 (1) THE TAX COLLECTION COMMITTEE SHALL NOTIFY IN WRITING
19 EVERY POLITICAL SUBDIVISION AND THE ELECTED TAX COLLECTOR
20 WITHIN THE POLITICAL SUBDIVISION'S JURISDICTION 120 DAYS
21 PRIOR TO JANUARY 1, 2020, THAT THE POLITICAL SUBDIVISION MAY
22 RETAIN THE POLITICAL SUBDIVISION'S TAX COLLECTION AUTHORITY
23 OVER A LOCAL SERVICES TAX, BY ADOPTING A RESOLUTION NOT LESS
24 THAN 90 DAYS PRIOR TO THE EFFECTIVE DATE OF THIS SUBSECTION.

25 (2) IF AT ANYTIME AFTER A TAX OFFICER BEGINS COLLECTING
26 A LOCAL SERVICES TAX AS AUTHORIZED BY SUBSECTION (K) (1) ON
27 BEHALF OF A POLITICAL SUBDIVISION, AND THE POLITICAL
28 SUBDIVISION WISHES TO REGAIN THE POLITICAL SUBDIVISION'S
29 AUTHORITY TO COLLECT A LOCAL SERVICES TAX, THE POLITICAL
30 SUBDIVISION SHALL PASS A RESOLUTION NOT LESS THAN 90 DAYS

1 BEFORE JANUARY 1 OF THE FOLLOWING YEAR INFORMING THE TAX
2 COLLECTION COMMITTEE OF THE POLITICAL SUBDIVISION'S INTENT TO
3 RESUME COLLECTION OF THE LOCAL SERVICES TAX.

4 (3) IF AT ANY TIME A POLITICAL SUBDIVISION HAS OPTED OUT
5 OF HAVING THE TAX OFFICER COLLECT THE LOCAL SERVICES TAX AS
6 AUTHORIZED BY SUBSECTION (K) (1), AND THE POLITICAL
7 SUBDIVISION WISHES TO DELEGATE THE POLITICAL SUBDIVISION'S
8 AUTHORITY TO COLLECT THE LOCAL SERVICES TAX AS AUTHORIZED BY
9 SUBSECTION (K) (1), THE POLITICAL SUBDIVISION SHALL PASS A
10 RESOLUTION NOT LESS THAN 90 DAYS BEFORE JANUARY 1 OF THE
11 FOLLOWING YEAR INFORMING THE TAX COLLECTION COMMITTEE THAT
12 THE POLITICAL SUBDIVISION DELEGATES COLLECTION AUTHORITY OF
13 THE LOCAL SERVICES TAX TO THE TAX COLLECTION COMMITTEE.

14 Section 3. Section 707 heading of the act is amended to
15 read:

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

19 Section 4. Nothing in this act shall be construed to
20 terminate or modify the terms of a contract in effect on the
21 effective date of this section for the term of that contract
22 unless otherwise agreed to in writing by the parties to the
23 contract.

24 Section 5. This act shall take effect January 1, 2020, or
25 immediately, whichever is later.