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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 1686 Session of  
2021

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INTRODUCED BY THOMAS AND FARRY, JUNE 23, 2021

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REFERRED TO COMMITTEE ON FINANCE, JUNE 23, 2021

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AN ACT

1 Providing for process for petition for refund of tax  
2 overpayment, for form of petition for refund of tax  
3 overpayment, for submission of petition for refund of tax  
4 overpayment, for refund of tax overpayment, for time period  
5 for refund of tax overpayment and for jurisdiction; and  
6 imposing penalties.

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

9 Section 1. Short title.

10 This act shall be known and may be cited as the Refund of Tax  
11 Overpayment in Cities of the First Class Act.

12 Section 2. Definitions.

13 The following words and phrases when used in this act shall  
14 have the meanings given to them in this section unless the  
15 context clearly indicates otherwise:

16 "Date of receipt." The date a petition is postmarked or  
17 received by a city of the first class, whichever comes first.

18 "Overpayment." A payment of qualified tax which is  
19 determined not to be legally due in accordance with this act,  
20 which shall be equal to the rate of qualified tax multiplied by

1 the total sum of salaries, wages, commissions and other  
2 compensation paid to a qualified taxpayer from an employer  
3 located in a city of the first class for work or services  
4 rendered during the applicable taxable year, multiplied by the  
5 quotient of the number of days the qualified taxpayer was  
6 subject to a remote work arrangement, divided by the total  
7 number of days worked by the qualified taxpayer during the  
8 applicable taxable year.

9 "Petition." The petition for a refund of a qualifying tax  
10 under section 3.

11 "Qualified taxpayer." A nonresident of a city of the first  
12 class subject to a qualifying tax.

13 "Qualifying tax." A tax imposed on the wages of a  
14 nonresident of a city of the first class under the act of August  
15 5, 1932 (Sp.Sess., P.L.45, No.45), referred to as the Sterling  
16 Act.

17 "Remote work arrangement." An arrangement, whether written  
18 or verbal, between an employer and a qualified taxpayer whereby  
19 the employer permits or requires the qualified taxpayer to work  
20 outside of a city of the first class.

21 Section 3. Process for petition for refund of tax overpayment.

22 Notwithstanding the act of August 5, 1932 (Sp.Sess., P.L.45,  
23 No.45), referred to as the Sterling Act, a city of the first  
24 class shall establish immediately upon the effective date of  
25 this section, by ordinance or resolution, a process by which a  
26 qualified taxpayer may file a petition for a refund of an  
27 overpayment of qualifying tax.

28 Section 4. Form of petition for refund of tax overpayment.

29 A city of the first class shall develop and make available a  
30 form by which a qualified taxpayer may petition for a refund

1 under section 3. The form shall include a space for attestation  
2 by the qualified taxpayer, which shall reference the potential  
3 penalty for unsworn falsification to authorities which may be  
4 imposed under 18 Pa.C.S. § 4904 (relating to unsworn  
5 falsification to authorities).

6 Section 5. Submission of petition for refund of tax  
7 overpayment.

8 To receive a refund of an overpayment of qualifying tax, a  
9 qualified taxpayer shall submit a petition for a refund to the  
10 city of the first class, which shall include an attestation that  
11 the qualified taxpayer was subject to a remote work arrangement  
12 during the time period for which a refund is sought.

13 Section 6. Refund of tax overpayment.

14 Upon receipt of a completed petition for refund and  
15 attestation by the qualified taxpayer, a city of the first class  
16 shall issue a refund of an overpayment of qualifying tax.

17 Section 7. Time period for refund of tax overpayment.

18 A refund shall be issued within 30 days of the date of  
19 receipt of a completed petition.

20 Section 8. Penalties.

21 If a refund is not issued by a city of the first class within  
22 30 days of the date of receipt of a completed petition, for each  
23 day thereafter, the following shall be added to the amount of  
24 overpayment of qualified tax due to the qualified taxpayer:

25 (1) Interest at a rate in accordance with the rate  
26 established under section 806 of the act of April 9, 1929  
27 (P.L.343, No.176), known as The Fiscal Code.

28 (2) A penalty at a rate of 5% of the overpayment of  
29 qualified tax.

30 Section 9. Jurisdiction.

1 An appeal by a qualified taxpayer of a denial of a petition  
2 for refund under this act shall be heard by the Philadelphia  
3 Municipal Court as established under 42 Pa.C.S. Ch. 11 Subch. B  
4 (relating to Philadelphia Municipal Court).

5 Section 10. Construction.

6 The following shall apply:

7 (1) A petition filed by a qualified taxpayer and  
8 awaiting a decision by the city of the first class as of the  
9 effective date of this section shall be governed by sections  
10 3 and 4.

11 (2) A petition filed by a qualified taxpayer that has  
12 been denied for a refund of an overpayment of qualified tax  
13 by the city of the first class prior to the effective date of  
14 this section shall be eligible to resubmit a petition in  
15 accordance with this act.

16 Section 11. Applicability.

17 This act shall apply to taxable years beginning after  
18 December 31, 2019.

19 Section 12. Effective date.

20 This act shall take effect in 60 days.