
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 191 Session of
2015

INTRODUCED BY SONNEY AND COHEN, JANUARY 23, 2015

REFERRED TO COMMITTEE ON FINANCE, JANUARY 23, 2015

AN ACT

1 Providing for county property tax reduction.

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19 Section 5101. (Reserved).

20 Section 5102. Effective date.

21 The General Assembly of the Commonwealth of Pennsylvania
22 hereby enacts as follows:

23 CHAPTER 1

24 PRELIMINARY PROVISIONS

25 Section 101. Short title.

26 This act shall be known and may be cited as the County
27 Property Tax Reduction and Diversification Act.

28 Section 102. Scope of act.

29 This act authorizes a county to levy, assess and collect
30 certain taxes as a means of reducing property taxes and

1 providing for tax diversification.

2 Section 103. Definitions.

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

6 "Bank." As defined in section 102 of the Banking Code of
7 1965.

8 "Bank and trust company." As defined in section 102 of the
9 Banking Code of 1965.

10 "Banking Code of 1965." The act of November 30, 1965
11 (P.L.847, No.356), known as the Banking Code of 1965.

12 "Department." The Department of Revenue of the Commonwealth.

13 "Domicile." As defined in section 501 of the Local Tax
14 Enabling Act.

15 "Earned income." As defined in section 501 of the Local Tax
16 Enabling Act.

17 "Earned income and net profits tax." The tax levied by a
18 county on earned income and net profits under this chapter.

19 "Local Tax Enabling Act." The act of December 31, 1965
20 (P.L.1257, No.511), known as The Local Tax Enabling Act.

21 "Mobile home." As defined in 75 Pa.C.S. § 102 (relating to
22 definitions).

23 "Motor vehicle." As defined in 75 Pa.C.S. § 102.

24 "Net profits." As defined in section 501 of the Local Tax
25 Enabling Act.

26 "Private bank." As defined in section 102 of the Banking
27 Code of 1965.

28 "Purchase at retail." As defined in section 201 of the Tax
29 Reform Code.

30 "Resident." As defined in section 501 of the Local Tax

1 Enabling Act.

2 "Sale at retail." As defined in section 201 of the Tax
3 Reform Code.

4 "Savings bank." As defined in section 102 of the Banking
5 Code of 1965.

6 "Semitrailer." As defined in 75 Pa.C.S. § 102.

7 "Service address." The address where:

8 (1) telephone equipment is located and to which a
9 telephone number is assigned;

10 (2) a telegraph originated; or

11 (3) the meter which registers where the service is
12 located.

13 "Services." A service that a tax has been imposed on under
14 section 202 of the Tax Reform Code.

15 "Tangible personal property." As defined in section 201 of
16 the Tax Reform Code.

17 "Tax collection district." A tax collection district
18 established under section 504 of the Local Tax Enabling Act.

19 "Tax Reform Code." The act of March 4, 1971 (P.L.6, No.2),
20 known as the Tax Reform Code of 1971.

21 "Taxpayer Relief Act." The act of June 27, 2006 (1st
22 Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act.

23 "Trailer." As defined in 75 Pa.C.S. § 102.

24 "Trust company." As defined in section 102 of the Banking
25 Code of 1965.

26 CHAPTER 3

27 OPTIONAL SALES, USE AND OCCUPANCY TAX

28 FOR COUNTY PROPERTY TAX RELIEF

29 Section 301. Construction.

30 The tax imposed under this chapter shall be in addition to

1 any tax imposed by the Commonwealth under Article II of the Tax
2 Reform Code.

3 Section 302. Imposition.

4 (a) Sales.--A county may levy and assess a tax on the
5 purchase price on each separate sale at retail of tangible
6 personal property or services within the county. The tax shall
7 be collected by the vendor from the purchaser and shall be paid
8 to the Commonwealth as provided under this chapter.

9 (b) Use.--

10 (1) If a county imposes the tax authorized under
11 subsection (a), it shall levy, assess and collect a tax on
12 the purchase price for the use of tangible personal property
13 purchased at retail and on services purchased at retail
14 within the county.

15 (2) The tax under paragraph (1) shall be paid to the
16 Commonwealth by the person who uses the tangible personal
17 property or services.

18 (3) The use tax imposed under this subsection shall not
19 be paid to the Commonwealth by a person who has paid the tax
20 imposed under subsection (a) or has paid the tax imposed
21 under this subsection to the vendor with respect to the use.

22 (c) Occupancy.--

23 (1) If a county imposes the tax authorized under
24 subsection (a), it shall levy, assess and collect an excise
25 tax on the rent for each occupancy of a room in a hotel in
26 the county.

27 (2) The tax under paragraph (1) shall be collected by
28 the operator or owner from the occupant and paid to the
29 Commonwealth.

30 (d) Rate and uniformity.--

1 (1) The tax authorized by subsections (a), (b) and (c)
2 shall be imposed at a rate of 1%.

3 (2) The tax imposed by subsections (a), (b) and (c)
4 shall be uniform.

5 (e) Computation.--The tax imposed under this section shall
6 be computed as follows:

7 (1) If the purchase price is 50¢ or less, no tax shall
8 be collected.

9 (2) If the purchase price is 51¢ or more but less than
10 \$1.51, 1¢ shall be collected.

11 (3) If the purchase price is \$1.51 or more but less than
12 \$2.51, 2¢ shall be collected.

13 (4) If the purchase price is \$2.51 or more but less than
14 \$3.51, 3¢ shall be collected.

15 (5) If the purchase price is \$3.51 or more but less than
16 \$4.51, 4¢ shall be collected.

17 (6) If the purchase price is \$4.51 or more but less than
18 \$5.51, 5¢ shall be collected.

19 (7) If the purchase price is \$5.51 or more but less than
20 \$6.51, 6¢ shall be collected.

21 (8) If the purchase price is \$6.51 or more but less than
22 \$7.51, 7¢ shall be collected.

23 (9) If the purchase price is \$7.51 or more but less than
24 \$8.51, 8¢ shall be collected.

25 (10) If the purchase price is \$8.51 or more but less
26 than \$9.51, 9¢ shall be collected.

27 (11) If the purchase price is \$9.51 or more but less
28 than \$10.01, 10¢ shall be collected.

29 (12) If the purchase price is more than \$10, 1% of each
30 \$10 purchase price plus the above bracket charges upon any

1 fractional part of a \$10 increment shall be collected.

2 Section 303. Situs.

3 (a) Retail sales.--Except as provided under this subsection,
4 a sale at retail shall be deemed to be consummated at the place
5 of business of the retailer unless the tangible personal
6 property sold is delivered by the retailer or his agent to an
7 out-of-State destination, to a common carrier for delivery to an
8 out-of-State destination or to the United States mail for
9 delivery to an out-of-State destination. If a retailer has more
10 than one place of business in this Commonwealth which
11 participates in the sale, the sale shall be deemed to be
12 consummated at the place of business of the retailer where the
13 initial order for the tangible personal property is taken,
14 notwithstanding whether the order will be forwarded elsewhere
15 for acceptance, approval of credit, shipment or billing. A sale
16 by a retailer's employee shall be deemed to be consummated at
17 the place of business from which the employee works.

18 (b) Vehicle, aircraft and motorcraft sales.--The sale at
19 retail or use of a motor vehicle, trailer, semitrailer, mobile
20 home, motorboat, aircraft or other similar tangible personal
21 property, required under Federal or State law to be registered
22 or licensed, shall be determined as specified under section 201-
23 A of the Tax Reform Code.

24 (c) Utility services.--The sale or use of steam, natural and
25 manufactured gas, electricity, telephone and telegraph service
26 shall be deemed to occur at the service address, notwithstanding
27 where the services are rendered.

28 (d) Mobile telecommunications services.--The situs of the
29 sale or use of mobile telecommunication services shall be
30 determined as specified under section 203-A of the Tax Reform

1 Code.

2 Section 304. License.

3 The license issued under Article II of the Tax Reform Code or
4 a separate license may be issued by the department for the
5 collection and reporting of the taxes imposed by section 302.
6 The license shall be nonassignable and subject to renewal as
7 required by the department by regulation, except not more
8 frequently than once within a five-year period. No fee may be
9 charged for either a license or a renewal. Failure to obtain a
10 license shall not relieve a person of liability to pay the taxes
11 imposed under this chapter.

12 Section 305. Rules, regulations and collection costs.

13 (a) Regulations.--Rules and regulations promulgated under
14 section 270 of the Tax Reform Code and which are consistent with
15 this chapter shall apply to the taxes imposed under this
16 chapter.

17 (b) Administration.--The department:

18 (1) Shall administer and enforce this chapter and may
19 promulgate and enforce rules and regulations consistent with
20 this chapter.

21 (2) May determine nonretroactive applicability of a
22 regulation.

23 (c) Collection costs.--

24 (1) The department may, for administration costs, retain
25 an amount equal to the cost of collection and shall inform
26 each county in writing monthly of the sum retained and the
27 costs of collection reimbursed.

28 (2) To provide a timely forecast and assure
29 consideration of the sum retained, the department shall
30 estimate its costs of collection for the next fiscal year and

1 provide the estimate and supporting detail to:

2 (i) The chairman and minority chairman of the
3 Appropriations Committee of the Senate.

4 (ii) The chairman and minority chairman of the
5 Appropriations Committee of the House of Representatives.

6 (iii) Each county.

7 (3) At the time the annual operating budget for the
8 department is submitted to the General Assembly, the
9 department shall submit to the chairman and minority chairman
10 of the Appropriations Committee of the Senate and to the
11 chairman and minority chairman of the Appropriations
12 Committee of the House of Representatives the actual sum
13 retained for costs of collection in the preceding fiscal
14 year, along with supporting details.

15 Section 306. Ordinance.

16 A county may impose a sales, use and occupancy tax under this
17 chapter by ordinance.

18 Section 307. Property Tax Reduction and Diversification Fund.

19 (a) Establishment.--There is established in the State
20 Treasury the Property Tax Reduction and Diversification Fund.
21 The State Treasurer shall be custodian of the fund, which shall
22 be subject to section 302 of the act of April 9, 1929 (P.L.343,
23 No.176), known as The Fiscal Code. The State Treasurer shall
24 establish within the fund an account for each county.

25 (b) Deposits into fund.--

26 (1) Taxes imposed under this chapter shall be received
27 by the department and paid to the State Treasurer and shall,
28 with interest and penalties, minus collection costs allowed
29 under this chapter, refunds and credits paid, be credited to
30 the appropriate account at least every month.

1 (a) Authority.--A county may levy, assess and collect a tax
2 on earned income under this section to fund property reductions
3 and tax diversification in the county. Except as provided under
4 this chapter, the tax shall be in addition to any tax imposed
5 under 53 Pa.C.S. § 8701 (relating to general tax authorization),
6 this act, Chapter 4 of the Local Tax Enabling Act, the Taxpayer
7 Relief Act, the Tax Reform Code or any other act.

8 (b) Preemption.--No act may vacate or preempt an ordinance
9 passed or adopted under this chapter or an act which permits the
10 imposition of a tax by a county, unless the act expressly
11 vacates or preempts the authority to pass or adopt resolutions.
12 Section 502. Ordinance.

13 (a) Authorization.--A county may impose an earned income and
14 net profits tax authorized under this chapter by ordinance.

15 (b) Execution of tax rate.--A tax authorized under this
16 section shall be self-executing and shall take effect beginning
17 on the first day of the fiscal year which begins after the tax
18 is authorized. A tax rate under this section shall continue in
19 force on a fiscal year basis without annual reenactment, except
20 in a year in which the rate of the tax is changed.

21 Section 503. Use of funds.

22 Fifty percent of the funds generated from an earned income
23 and net profits tax authorized under this chapter shall be used
24 to directly reduce county real property tax millage rates.

25 Section 504. Credits.

26 (a) General rule.--Except as provided under subsection (b),
27 section 317 of the Local Tax Enabling Act shall apply to a
28 county to determine a credit applicable to a tax imposed under
29 section 501.

30 (b) Limitation.--Payment of a tax on income to a state other

1 than this Commonwealth or to a political subdivision located
2 outside this Commonwealth by a taxpayer of a political
3 subdivision located in this Commonwealth may not be credited to
4 nor allowed as a deduction from the liability of the person for
5 an income tax imposed by a county or political subdivision under
6 the authority of this chapter.

7 Section 505. Exemption and special provisions.

8 A county that imposes an earned income and net profits tax
9 under this chapter may exempt from the payment of that tax a
10 person whose total income from any source is less than \$12,000.

11 Section 506. Earned income and net profits tax rates.

12 (a) Initial tax rate.--The initial rate of the earned income
13 and net profits tax shall be established by the county and may
14 not exceed a rate of 1%.

15 (b) Subsequent tax rate.--

16 (1) A county or political subdivision, other than a
17 school district, may increase the earned income and net
18 profits tax rate under subsection (a) by ordinance as
19 provided under this subsection.

20 (2) Except as provided under paragraph (3), beginning
21 with the first fiscal year after the imposition of an earned
22 income and net profits tax and for each fiscal year
23 thereafter, a county may not increase the earned income and
24 net profits tax rate by an amount greater than:

25 (i) the average percentage change of the Statewide
26 average weekly wage; or

27 (ii) the percentage change of the employment cost
28 index for the previous fiscal year.

29 (3) A county or political subdivision may increase the
30 rate of the earned income and net profits tax by more than

1 the limit under paragraph (2) if:

2 (i) the county or political subdivision submits a
3 referendum stating the specific rate of the tax increase
4 must be submitted to the electors of the county at a
5 municipal or general election; and

6 (ii) a majority of the electors voting on the
7 question approves the increase.

8 (4) A county or political subdivision acting under
9 paragraph (3) shall submit the referendum question to the
10 appropriate election official not later than 60 days prior to
11 a municipal or general election.

12 Section 507. County earned income and net profits tax
13 collection.

14 Chapters 5 and 7 of the Local Tax Enabling Act shall apply to
15 the collection of income taxes by counties. The county shall use
16 the selected tax collector for the tax collection district in
17 which the county is located. If a county is located in more than
18 one taxing collection district, the county shall use the tax
19 collector that serves a majority of the county.

20 CHAPTER 7

21 OPTIONAL COUNTY BUSINESS

22 PRIVILEGE OR MERCANTILE TAX

23 FOR PROPERTY TAX

24 REDUCTION AND DIVERSIFICATION

25 Section 701. Authorization.

26 (a) Authority.--A county may levy, assess and collect a
27 business privilege or mercantile tax under this chapter to fund
28 property reductions and tax diversification in the county.
29 Except as provided under this chapter, the tax shall be in
30 addition to any tax imposed under 53 Pa.C.S. § 8701 (relating to

1 general tax authorization), this act, Chapter 4 of the Local Tax
2 Enabling Act, the Taxpayer Relief Act, the Tax Reform Code or
3 any other act.

4 (b) Preemption.--No act may vacate or preempt an ordinance
5 passed or adopted under this chapter or an act which permits the
6 imposition of a tax by a county, unless the act expressly
7 vacates or preempts the authority to pass or adopt resolutions.
8 Section 702. Ordinance.

9 (a) Imposition.--A county may impose a business privilege or
10 mercantile tax under this chapter by ordinance.

11 (b) Execution of tax rate.--A tax authorized under this
12 section shall be self-executing and shall take effect beginning
13 on the first day of the fiscal year which begins after the tax
14 is authorized. A tax rate under this section shall continue in
15 force on a fiscal year basis without annual reenactment, except
16 in a year in which the rate of the tax is changed.

17 Section 703. Use of funds.

18 Fifty percent of the funds generated from business privilege
19 or mercantile tax authorized under this chapter shall be used to
20 directly reduce county real property tax millage rates.

21 Section 704. Mercantile or business privilege tax.

22 (a) Wholesale dealer.--A school district may levy, assess
23 and collect a tax on each dollar of the whole volume of business
24 transacted by a wholesale dealer in goods, wares and
25 merchandise.

26 (b) Retail sales.--A school district may levy, assess and
27 collect a tax on each dollar of sales by:

28 (1) A retail dealer in goods, wares and merchandise,
29 including a proprietor of a restaurant or other place where
30 food, drink and refreshments are served.

1 (2) Providers of services.

2 (c) Transactions partially free of tax.--No tax shall be
3 levied on the dollar volume of business transacted by wholesale
4 and retail dealers derived from the resale of goods, wares and
5 merchandise, taken by a dealer as a trade-in or as part payment
6 for other goods, wares and merchandise, except to the extent
7 that the resale price exceeds the trade-in allowance.

8 Section 705. Exclusions.

9 A tax under section 704 may not be levied, assessed or
10 collected on:

11 (1) The gross receipts from utility service of a person
12 or company whose rates and services are fixed and regulated
13 by the Pennsylvania Public Utility Commission, on a public
14 utility service rendered by the person or company, on a
15 privilege or transaction involving the rendering of the
16 public utility service or on a Federal Energy Regulation
17 Commission-approved qualifying facility.

18 (2) Any of the following:

19 (i) Goods and articles manufactured in the school
20 district.

21 (ii) The by-product of manufacture.

22 (iii) Minerals, timber, natural resources and farm
23 products produced in the school district.

24 (iv) The preparation or processing of an item under
25 subparagraph (iii) for use or market.

26 (v) A privilege, act or transaction related to the
27 business of manufacturing, the production, preparation or
28 processing of a mineral, timber and natural resource or
29 farm product, by a manufacturer, producer and a farmer
30 with respect to the goods, article and product of their

1 own manufacture, production or growth.

2 (vi) A privilege, act or transaction relating to the
3 business of processing by-products of a manufacture.

4 (vii) (A) Except as provided under clause (B), the
5 transportation, loading, unloading or dumping or
6 storage of a good, article, product or by-product
7 under this paragraph.

8 (B) A school district may levy, assess and
9 collect a tax on:

10 (I) A person using a municipal service.

11 (II) The personal income of an individual
12 engaged in an activity under subclause (I),
13 notwithstanding if the individual is doing
14 business as an individual proprietorship or as a
15 member of a partnership or other association.

16 (3) Gross receipts or part of gross receipts which are:

17 (i) A discount allowed to a purchaser as a cash
18 discount for prompt payment of a purchaser's bill.

19 (ii) A charge advanced by a seller for freight,
20 delivery or other transportation for the purchaser in
21 accordance with the terms of a contract of sale.

22 (iii) Received for the sale of an article of
23 personal property which was acquired by the seller as a
24 trade-in to the extent that the gross receipts in the
25 sale of the article taken in trade does not exceed the
26 amount of trade-in allowance made in acquiring the
27 article.

28 (iv) A refund, credit or allowance given to a
29 purchaser on account of a defect in goods sold or
30 merchandise returned.

1 (v) Pennsylvania sales tax and any sales tax, use
2 tax and occupancy tax imposed under law.

3 (vi) Based on the value of exchanges or transfers
4 between one seller and another seller who transfers
5 property with the understanding that property of an
6 identical description will be returned at a subsequent
7 date, except that if sellers engaged in similar lines of
8 business exchange property and one of the sellers makes
9 payment to the other seller in addition to the property
10 exchanged, the additional payment received may be
11 included in the gross receipts of the seller receiving
12 the additional cash payment.

13 (vii) A receipt of sellers from sales to other
14 sellers in the same line if the seller transfers the
15 title or possession at the same price for which the
16 seller acquired the merchandise.

17 (viii) A transfer between one department, branch or
18 division of a corporation or other business entity of
19 goods, wares and merchandise to another department,
20 branch or division of the same corporation or business
21 entity and which are properly recorded to reflect the
22 interdepartmental transactions.

23 (ix) A transfer attributable to an activity
24 occurring outside the taxing authority. Gross receipts
25 shall be attributed to the jurisdiction in which the
26 activities generating the receipts occur.

27 (4) The gross receipts of:

28 (i) A bank, bank and trust company, private bank,
29 savings bank or trust company, as defined in the Banking
30 Code of 1965.

1 (ii) An institution or entity subject to the
2 supervision of the Department of Banking and Securities
3 under section 201 of the act of May 15, 1933 (P.L.565,
4 No.111), known as the Department of Banking and
5 Securities Code.

6 (iii) A national bank.

7 (iv) A similar institution or entity established
8 under Federal or State law.

9 (5) The gross receipts of a distributor or importing
10 distributor of malt or brewed beverages subject to licensure
11 under the act of April 12, 1951 (P.L.90, No.21), known as the
12 Liquor Code.

13 Section 706. Administration.

14 A tax enacted under this chapter shall be administered in the
15 same manner as a tax administered under the Local Tax Enabling
16 Act.

17 CHAPTER 51

18 MISCELLANEOUS PROVISIONS

19 Section 5101. (Reserved).

20 Section 5102. Effective date.

21 This act shall take effect immediately.