
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2330 Session of
2022

INTRODUCED BY STURLA, HILL-EVANS AND WELBY, FEBRUARY 9, 2022

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, FEBRUARY 9, 2022

AN ACT

1 Authorizing counties to impose sales and use taxes; providing
2 for the levying, assessment and collection of taxes and for
3 the powers and duties of the Department of Community and
4 Economic Development, the Department of Revenue and the State
5 Treasurer; and establishing the County Sales and Use Tax
6 Fund.

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14 The General Assembly of the Commonwealth of Pennsylvania
15 hereby enacts as follows:

16 CHAPTER 1
17 GENERAL PROVISIONS

18 Section 101. Short title.

19 This act shall be known and may be cited as the Optional
20 Sales Tax or Property Tax Relief and Municipal Assistance Act.

21 Section 102. Scope.

22 It is the intent of this act to confer upon each county the
23 power to levy, assess and collect taxes upon the subjects of
24 taxation specified in this act.

25 Section 103. Definitions.

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

29 "Board of county commissioners." The term includes the
30 successor in function to the board of county commissioners in a

1 county that has adopted a home rule charter under the provisions
2 53 Pa.C.S. Pt. III Subpt. E (relating to home rule and optional
3 plan government). The term does not include the city council of
4 a city of the first class or the county council of a county of
5 the second class.

6 "County." A county-level municipality within this
7 Commonwealth. The term includes a county that has adopted a home
8 rule charter or optional plan of government under the provisions
9 of 53 Pa.C.S. Pt. III Subpt. E. The term does not include a
10 county of the first class or a county of the second class.

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

12 "Fund." The County Sales and Use Tax Fund established under
13 section 316.

14 "Homestead." As defined in 53 Pa.C.S. § 8401 (relating to
15 definitions).

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

18 "Municipality." A city of the second class A, city of the
19 third class, borough, incorporated town, township of the first
20 class, township of the second class, home rule municipality,
21 optional plan municipality, optional form municipality or
22 similar general purpose unit of government that may after the
23 effective date of this section be established by statute. The
24 term includes a municipality that is located entirely or
25 partially in the county. The term does not include a city of the
26 first class, a city of the second class or a municipality
27 located in a county of the second class.

28 "PICAA." The act of June 5, 1991 (P.L.9, No.6), known as the
29 Pennsylvania Intergovernmental Cooperation Authority Act for
30 Cities of the First Class.

1 "Population." The number of individuals residing in an area
2 as determined in the most recent Federal decennial census.

3 "Tax." The county sales and use tax authorized in this act.

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

6 Section 104. Preemption.

7 An act of the General Assembly in effect prior to or after
8 the effective date of this section may not be deemed to vacate
9 or preempt any ordinance passed or adopted under the authority
10 of this act or any other act providing authority for the
11 imposition of a tax by a county, unless the act of the General
12 Assembly expressly vacates or preempts the authority to pass or
13 adopt the ordinance.

14 Section 105. Rates of taxation in home rule counties.

15 A county that has adopted a home rule charter or optional
16 plan of government under the provisions of 53 Pa.C.S. Pt. III
17 Subpt. E (relating to home rule and optional plan government)
18 may not fix the rate of taxation for the subjects of taxation
19 authorized under Chapter 3 in excess of the rates fixed in
20 Chapter 3.

21 CHAPTER 3

22 SUBJECTS OF TAXATION

23 SUBCHAPTER A

24 TAX AUTHORIZATION

25 Section 301. General tax authorization.

26 Subject to the provisions of this act, a board of county
27 commissioners shall have the power and may by ordinance levy and
28 assess or provide for the levying and assessment of taxes on the
29 sale or use of tangible personal property and services at a rate
30 of 1% within the geographical limits of the county.

1 Section 302. Continuity of tax.

2 A tax levied under this act shall continue in force on a
3 fiscal year basis without annual reenactment until the tax is
4 subsequently repealed.

5 Section 303. Election to participate under act.

6 A board of county commissioners may elect to participate
7 under this act by adopting an ordinance imposing the tax under
8 the procedures specified in section 315.

9 Section 304. Referendum by electorate in county.

10 (a) Resolution to participate.--If, by a majority vote, a
11 board of county commissioners adopts a resolution to participate
12 in this act, the resolution shall be presented to the county
13 electorate as a referendum to the ballot in the next election.
14 If approved by the county electorate, a copy of the resolution
15 shall be filed with the county board of elections and the ballot
16 question shall be written as:

17 Should the county enact a 1% county sales and use tax as
18 allowed by the Optional Sales Tax for Property Tax Relief and
19 Municipal Assistance Act to reduce property taxes and provide
20 funding for county and municipal services in this county?

21 (b) Accordance with Election Code.--A referendum under this
22 section shall be conducted in accordance with the act of June 3,
23 1937 (P.L.1333, No.320), known as the Pennsylvania Election
24 Code.

25 (c) Approval by electorate.--Upon approval of a referendum
26 under this section, the board of county commissioners shall
27 impose the tax under section 311.

28 SUBCHAPTER B

29 COUNTY SALES AND USE TAX

30 Section 311. Imposition of tax.

1 (a) Sales.--

2 (1) The board of county commissioners may levy and
3 assess upon each separate sale at retail of tangible personal
4 property or services, subject to tax imposed under section
5 202 of the Tax Reform Code, within the boundaries of the
6 county, a 1% tax on the purchase price.

7 (2) The tax shall be collected by the vendor from the
8 purchaser and shall be paid over to the Commonwealth as
9 provided in this subchapter.

10 (b) Use.--

11 (1) In any county within which the tax authorized in
12 subsection (a) is imposed, there shall be levied, assessed
13 and collected upon the use within the county of tangible
14 personal property and on services purchased at retail, as
15 subject to tax imposed under section 202 of the Tax Reform
16 Code, a 1% tax on the purchase price.

17 (2) The tax shall be paid over to the Commonwealth by
18 the person that makes the use.

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

24 Section 312. Situs.

25 The situs of sales at retail or uses shall be determined in
26 the manner specified by section 504 of PICAA and by Article II-A
27 of the Tax Reform Code.

28 Section 313. Licenses.

29 The license issued under Article II of the Tax Reform Code or
30 a separate license for the collection of the tax imposed by this

1 subchapter may be issued by the department in the same manner as
2 is provided for in section 505 of PICAA. Licensees shall be
3 entitled to the same discount as provided in section 227 of the
4 Tax Reform Code.

5 Section 314. Rules and regulations.

6 (a) Regulations.--The rules and regulations promulgated
7 under section 270 of the Tax Reform Code shall apply to the tax
8 as those rules and regulations are consistent with section 311.

9 (b) Administration.--The department shall administer and
10 enforce the provisions of this subchapter and may promulgate and
11 enforce regulations consistent with the provisions of this
12 subchapter. The department may prescribe the extent to which a
13 regulation shall be applied without retroactive effect.

14 Section 315. Procedure.

15 (a) Ordinance.--

16 (1) A county desiring to impose the tax authorized by
17 section 311 shall give at least 45 days' written notice to
18 each municipality in the county of the intent to impose the
19 tax. The notice and ordinance shall state the tax rate and
20 refer to this subchapter. The ordinance shall authorize the
21 imposition of the tax on all subjects provided for in section
22 311.

23 (2) Prior to adopting an ordinance imposing the tax
24 under section 311, the board of county commissioners shall
25 give public notice of the intent to adopt the ordinance in
26 the manner provided in section 306 of the Local Tax Enabling
27 Act and shall conduct at least one public hearing regarding
28 the proposed adoption of the ordinance.

29 (3) The board of county commissioners may waive the
30 requirement for a public hearing if the ordinance will be

1 adopted under the provisions of section 304.

2 (4) Except as provided in paragraph (5), an ordinance
3 adopted under this section shall be adopted by September 1
4 and the tax shall be imposed as of January 1 of the following
5 fiscal year.

6 (5) Notwithstanding paragraph (4), a county desiring to
7 impose the tax in the first fiscal year following the
8 effective date of this section may adopt an ordinance under
9 this section by November 30 of that year. If this paragraph
10 applies, the tax shall be imposed as of the date occurring 90
11 days following the adoption of the ordinance.

12 (b) Notification to department.--Certified copies of the
13 county ordinance shall be delivered to the department and the
14 municipalities within 15 days following adoption of the
15 ordinance.

16 (c) Repeal of tax by county.--

17 (1) Not earlier than the end of the fifth fiscal year
18 following imposition of the tax by a county, the county may
19 repeal the tax. In that event, the county shall give at least
20 180 days' written notice to every municipality located in the
21 county of the intent to repeal the tax. The ordinance shall
22 authorize the repeal of the tax on all subjects provided for
23 in section 311 if municipalities representing more than 50%
24 of the population benefiting from the tax petition the county
25 to do so.

26 (2) Prior to adopting an ordinance repealing the tax
27 imposed under section 311, the board of county commissioners
28 shall give public notice of the intent to repeal the
29 ordinance in the manner provided in section 306 of the Local
30 Tax Enabling Act for the adoption of ordinances and shall

1 conduct at least one public hearing regarding the proposed
2 repeal of the ordinance.

3 (d) Delivery of repeal ordinance.--The board of county
4 commissioners shall deliver certified copies of a repeal
5 ordinance to the department and the municipalities within the
6 county by September 1 of the year prior to the effective date of
7 the repeal.

8 Section 316. County Sales and Use Tax Fund.

9 (a) Establishment.--The County Sales and Use Tax Fund is
10 established in the State Treasury. The money in the fund is
11 appropriated on a continuing basis to the department for the
12 purposes specified in this act. The State Treasurer shall be
13 custodian of the fund which shall be subject to the provisions
14 of law applicable to funds listed in section 302 of the act of
15 April 9, 1929 (P.L.343, No.176), known as The Fiscal Code.
16 Subaccounts shall be established within the fund for each county
17 participating under this act.

18 (b) Deposits.--

19 (1) The tax imposed under section 311 shall be received
20 by the department and paid to the State Treasurer and, along
21 with interest and penalties, less any collection costs
22 allowed under this subchapter and any refunds and credits
23 paid, shall be credited to the respective counties'
24 subaccounts not less frequently than every two weeks.

25 (2) During any period prior to the credit of money to
26 each subaccount, interest earned on money received by the
27 department and paid to the State Treasurer under this
28 subchapter shall be credited to the respective subaccount.

29 (c) Lapsing and interfund transfers prohibited.--All money
30 in the fund and credited to the subaccounts, including, but not

1 limited to, money credited to the subaccounts under this
2 section, prior year encumbrances and the interest earned
3 thereon, shall not lapse nor be transferred to any other fund or
4 subaccount, but shall remain in the fund and be credited to the
5 respective subaccounts as provided under this chapter.

6 (d) Investment.--Pending disbursement, money received on
7 behalf of or deposited into the fund shall be invested or
8 reinvested as is other money in the custody of the State
9 Treasurer in the manner provided by law. All earnings received
10 from the investment or reinvestment of the money shall be
11 credited to the fund.

12 (e) Administrative costs.--The department shall use money in
13 the fund for costs to administer, excluding collection, the tax.
14 Section 317. Disbursements.

15 (a) General rule.--On or before the 10th business day
16 following receipt from the department of the necessary
17 calculations, the State Treasurer shall make disbursements as
18 provided under this section.

19 (b) Disbursement to counties.--The State Treasurer shall
20 make disbursements to a county that has imposed the tax. The
21 money shall be deposited into the county general fund for
22 disposition as provided under section 501(a).

23 Section 318. Allocations.

24 (a) Allocations to municipalities.--The county shall compute
25 allocations of the sums to be disbursed to municipalities under
26 section 317(b) in the following manner:

27 (1) Money distributed shall be allocated based on the
28 assessed value of tax-exempt properties if the properties
29 were taxable in each municipality located in the county. For
30 municipalities located in more than one county, the weighted

1 tax revenues for the county shall be prorated based upon the
2 location of tax-exempt properties within the municipality.

3 (2) If revenue generated by the tax exceeds or does not
4 cover the assessed value of tax-exempt properties for both
5 the county and municipality, the money shall be distributed
6 proportionally on a pro-rated basis based on millage rate of
7 the county and municipality.

8 (3) Money shall be distributed to municipalities within
9 90 days of the Department of Community and Economic
10 Development's certification of the county's calculation of
11 assessed value of tax-exempt properties.

12 (b) Calculation of assessed tax-exempt properties.--
13 Calculations of assessed tax-exempt properties shall be made by
14 the county. These calculations shall be submitted to the
15 Department of Community and Economic Development and certified
16 by the department based upon information reported to the
17 Department of Community and Economic Development, subject to
18 review, verification and approval by the Department of Community
19 and Economic Development.

20 CHAPTER 5

21 DISPOSITION OF TAX REVENUES

22 Section 501. Sales and use tax revenues.

23 (a) Counties.--All of the revenues estimated to be received
24 by a county from the tax in a fiscal year shall be expended by
25 the county to maintain core services.

26 (b) Municipalities.--All of the revenues estimated to be
27 received by a qualified municipality from the tax in a fiscal
28 year must be expended by the municipality as follows:

29 (1) If a municipality's pension plan is a moderately or
30 severely distressed municipal pension system under the act of

1 December 18, 1984 (P.L.1005, No.205), known as the Municipal
2 Pension Plan Funding Standard and Recovery Act, revenues
3 received in a fiscal year shall first be used to pay in full
4 the municipality's minimum municipal obligation under the
5 Municipal Pension Plan Funding Standard and Recovery Act.
6 Remaining revenues received shall be used to maintain core
7 services.

8 (2) If a qualified municipality's pension plan is a
9 minimally distressed municipal pension system under the
10 Municipal Pension Plan Funding Standard and Recovery Act,
11 revenues received in a fiscal year shall be used to maintain
12 core services.

13 (3) If a municipality does not have a minimally,
14 moderately or severely distressed pension system under the
15 Municipal Pension Plan Funding Standard and Recovery Act,
16 revenues received by a qualified municipality shall be used
17 to maintain core services.

18 (c) Definitions.--As used in this section, the following
19 words and phrases shall have the meanings given to them in this
20 subsection unless the context clearly indicates otherwise:

21 "Core services." The term includes:

- 22 (1) Police services.
- 23 (2) Fire services.
- 24 (3) Public works.
- 25 (4) Public health and welfare services.
- 26 (5) Housing.
- 27 (6) Code enforcement.

28 CHAPTER 21

29 MISCELLANEOUS PROVISIONS

30 Section 2101. Construction.

1 The tax imposed by the board of county commissioners under
2 Subchapter B shall be in addition to any tax imposed by the
3 Commonwealth under Article II of the Tax Reform Code. Except for
4 the differing situs provisions under section 312, the provisions
5 of Article II of the Tax Reform Code shall apply to the tax.
6 Section 2102. Effective date.

7 This act shall take effect immediately.