
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 678 Session of
2023

INTRODUCED BY STURLA, SIEGEL, SANCHEZ, D. WILLIAMS AND NEILSON,
MARCH 23, 2023

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, MARCH 23, 2023

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 of act.

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

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

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

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

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

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

4 Section 104. Preemption.

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

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

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

19 CHAPTER 3

20 SUBJECTS OF TAXATION

21 SUBCHAPTER A

22 TAX AUTHORIZATION

23 Section 301. General tax authorization.

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

29 Section 302. Continuity of tax.

30 A tax levied under this act shall continue in force on a

1 fiscal year basis without annual reenactment until the tax is
2 subsequently repealed.

3 Section 303. Election to participate under act.

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

7 Section 304. Referendum by electorate in county.

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

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

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

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

27 SUBCHAPTER B

28 COUNTY SALES AND USE TAX

29 Section 311. Imposition of tax.

30 (a) Sales.--

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

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

9 (b) Use.--

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

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

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

23 Section 312. Situs.

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

27 Section 313. Licenses.

28 The license issued under Article II of the Tax Reform Code or
29 a separate license for the collection of the tax imposed by this
30 subchapter may be issued by the department in the same manner as

1 is provided for in section 505 of PICAA. Licensees shall be
2 entitled to the same discount as provided in section 227 of the
3 Tax Reform Code.

4 Section 314. Rules and regulations.

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

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

13 Section 315. Procedure.

14 (a) Ordinance.--

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

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

28 (3) The board of county commissioners may waive the
29 requirement for a public hearing if the ordinance will be
30 adopted under the provisions of section 304.

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

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

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

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

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

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

1 repeal of the ordinance.

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

7 Section 316. County Sales and Use Tax Fund.

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

17 (b) Deposits.--

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

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

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

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

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

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

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

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

22 Section 318. Allocations.

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

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

1 location of tax-exempt properties within the municipality.

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

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

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

19 CHAPTER 5

20 DISPOSITION OF TAX REVENUES

21 Section 501. Sales and use tax revenues.

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

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 or lower municipal property tax rates.

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 or lower municipal property tax rates.

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 or lower municipal property tax
18 rates.

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

22 "Core services." The term includes:

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

29 CHAPTER 21

30 MISCELLANEOUS PROVISIONS

1 Section 2101. Construction.

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

7 Section 2102. Effective date.

8 This act shall take effect immediately.