

SECTION - 9

Earned Income Tax EIT

1. **Three Year Average Earned Income Tax**
2. **Earned Income Tax Calculator**
 - A. **Zero Gaming Funds**
 - B. **400 Million Gaming Funds**
 - C. **750 Gaming Funds**
 - D. **1 Billion Gaming**
3. **Pending EIT Collection Amendment Legislation HB 1472 &SB 292**

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HISTORICAL EIT

2003 EIT Paid to WCSD: 2,627,088 is .5% of 525,417,600

2004 EIT Paid to WCSD: 2,536,143 is .5% of 507,228,600

2005 EIT Paid to WCSD: 2,736,521 is .5% of 547,304,200

Average for last 3 years: 2,633,251 526,650,133

**Increase of WCSD to .7%: 3,686,551 is 1,053,300 more income
equals additional tax of \$20 on every \$10,000 of taxpayer's income**

**Increase of WSD of 1%: 5,266,501 is 2,633,250 more income
equals additional tax of \$50 on every \$10,000 of taxpayer's income**

**ACT 1 WORKSHEET:
Minimum and Maximum Exclusion Calculator and
Variable EIT Rate Calculator**

INPUT TABLE			October 23, 2006
Line	Data Item	Value	Calculations
1	Current EIT Rate (district share of Act 511 levy)	0.50%	Warren County School District "PASBO STAFF" SUSAN ELDER TEL# (717) 540-9551 E-MAIL: selder@pasbo.org WILLIAM MCGILL Tel # (717) - 540-9551 E-MAIL: wmcgill@pasbo.org Zero Gaming Funds Provide Zero Dollars Per Homestead/Farmstead Exclusion
2	Median Assessed Value	\$ 19,140.00	
3	Total Homestead Eligible Properties	9,539	
4	Total Farmstead Eligible Properties	-	
5	Estimated State Gaming Money (See PDE Table by SD)	\$ -	
6	Estimated Sterling Act Credit Dollars	\$ -	
7	Current Real Estate Millage Rate (mills)	46.00	
8	Taxable Compensation + Net Profit (EIT base)	\$ 526,650,200	
9	Taxable Personal Income	\$ 612,384,000	
10	ADDITIONAL EIT rate that you want to levy	0.40%	
Table 1			
Homesteads Eligible for Exclusion			
1	Total Homestead Eligible Properties	9,539	Input Table Line 3
2	Total Farmstead Eligible Properties	-	Input Table Line 4
3	Total Estimated Properties	9,539	Add Table 1 Line 1 to Table 1 Line 2
Table 2			
Median Assessed Value - Maximum and Minimum Exclusion			
1	Median Assessed Value	\$ 19,140	Input Table Line 2
2	Maximum Exclusion	50%	
3	Maximum Allowable Assessed Value Exclusion	\$ 9,570	= Table 2 line 1 * Table 2 line 2
4	Median Assessed Value	\$ 19,140	Input Table Line 2
5	Minimum Exclusion	25%	One-Half of the Maximum Exclusion
6	Minimum Allowable Assessed Value Exclusion	\$ 4,785	= Table 2 line 4 * Table 2 line 5
Table 3			
Minimum & Maximum Homestead Exclusion (Dollar Value)			
1	Maximum Allowable Assessed Value Exclusion	\$ 9,570	Table 2 Line 3
2	District Millage (e.g.; 10 mills = .010)	0.04600	Input Table Line 7/1000
3	Maximum Dollar Value of Exclusion per Homestead	\$ 440.22	= Table 3 Line 1 * Table 3 Line 2
4	Minimum Allowable Assessed Value Exclusion	\$ 4,785	Table 2 Line 6
5	District Millage (e.g.; 10 mills = .010)	0.04600	Input Table Line 7/1000
6	Minimum Dollar Value of Exclusion per Homestead	\$ 220.11	= Table 3 Line 4 * Table 3 Line 5
7	Total Dollar Value Maximum Exclusion	\$ 4,199,259	= Table 3 Line 3 * Table 1 Line 3
8	Total Dollar Value Minimum Exclusion	\$ 2,099,629	= Table 3 Line 6 * Table 1 Line 3
Table 4			
EIT Rate for Maximum Exclusion			
1	Total Projected Gaming and Sterling Act Credit Dollars	\$ -	Input Table Line 5 + Input Table Line 6
2	Total Estimated Value for Maximum Exclusion	\$ 4,199,259	Table 3 Line 7
3	Amount Needed to Fund Maximum Exclusion	\$ 4,199,259	= Table 4 Line 2 - Table 4 Line 1
4	EIT Rate Increase Necessary to Fund Max. Excl.	0.8%	= Table 4 Line 3 / (Input Table Line 8)
5	Total School District EIT Rate	1.3%	= Table 4 Line 4 + Input Table Line 2
Table 5			
EIT Rate for Minimum Exclusion			
1	Total Projected Gaming and Sterling Act Credit Dollars	\$ -	Input Table Line 5 + Input Table Line 6
2	Total Value Minimum Exclusion	\$ 2,099,629	Table 3 Line 8
3	Amount Needed fund Minimum Exclusion	\$ 2,099,629	= Table 5 Line 2 - Table 5 Line 1
4	EIT Rate Increase Necessary to Fund Min. Excl.	0.4%	= Table 5 Line 3 / (Input Table Line 8)
5	Total School District EIT Rate	0.9%	= Table 5 Line 5 + Input Table Line 2
Table 6			
Estimates of Conversion to PIT			
1	Taxable Personal Income	\$ 612,384,000.00	Input Table Line 9
2	Taxable Compensation + Net Profit (EIT base)	\$ 526,650,200.00	Input Table Line 8
3	EIT Base as % of PIT Base	86.00%	= Table 6 Line 2 / Table 6 Line 1
4	Total School District PIT Rate Necessary to Fund Max. Exclusion	1.1%	= Table 6 Line 3 * Table 4 Line 5
5	Total School District Rate Necessary to Fund Min. Exclusion	0.8%	= Table 6 Line 3 * Table 5 Line 5
Table 7			
Exclusion Calculator at EIT Rate Increase from Input Table			
1	Desired EIT Rate Increase	0.40%	=Input Table Line 10
2	Taxable Compensation + Net Profit (EIT base)	\$ 526,650,200	=Input Table Line 8
3	Additional Revenue Due to EIT Increase	\$ 2,106,601	=Table 7 Line 1 * Table 7 Line 2
4	Total Projected Gaming and Sterling Act Credit Dollars	\$ -	=Input Table Line 5 + Input Table Line 6
5	Total Additional Revenue	\$ 2,106,601	=Table 7 Line 3 + Table 7 Line 4
6	Eligible Properties for Exemption	\$ 9,539	=Table 1 Line 3
7	Dollar Tax Bill Reduction Per Eligible Property	221	=Table 7 Line 5 / Table 7 Line 6
8	District Millage (e.g.; 10 mills = .0010)	0.04600	=Input Table Line 7
9	Homestead/Farmstead Exclusion (Assessment Deduction)	\$ 4,801	=Table 7 Line 7 / Table 7 Line 8
Notes:			
Municipal share of EIT .5% not included in the total rates shown			
Please note that figures are not adjusted for collection rate			

**ACT 1 WORKSHEET:
Minimum and Maximum Exclusion Calculator and
Variable EIT Rate Calculator**

INPUT TABLE			October 23, 2006
Line	Data Item	Value	Calculations
1	Current EIT Rate (district share of Act 511 levy)	0.50%	<div style="border: 1px solid black; padding: 5px; display: inline-block;"> Warren County School District "PASBO STAFF" SUSAN ELDER TEL# (717) 540-9551 E-MAIL: selder@pasbo.org WILLIAM MCGILL Tel # (717) - 540-9551 E-MAIL: wmcgill@pasbo.org </div> <div style="border: 1px solid black; padding: 5px; display: inline-block; margin-top: 10px;"> 400 Million Gaming Funds Provide 143 Dollars Per Homestead/Farmstead Exclusion </div>
2	Median Assessed Value	\$ 19,140.00	
3	Total Homestead Eligible Properties	9,539	
4	Total Farmstead Eligible Properties	-	
5	Estimated State Gaming Money (See PDE Table by SD)	\$ 1,364,077	
6	Estimated Sterling Act Credit Dollars	\$ -	
7	Current Real Estate Millage Rate (mills)	46.00	
8	Taxable Compensation + Net Profit (EIT base)	\$ 526,650,200	
9	Taxable Personal Income	\$ 612,384,000	
10	ADDITIONAL EIT rate that you want to levy	0.40%	
Table 1			
Homesteads Eligible for Exclusion			
1	Total Homestead Eligible Properties	9,539	Input Table Line 3
2	Total Farmstead Eligible Properties	-	Input Table Line 4
3	Total Estimated Properties	9,539	Add Table 1 Line 1 to Table 1 Line 2
Table 2			
Median Assessed Value - Maximum and Minimum Exclusion			
1	Median Assessed Value	\$ 19,140	Input Table Line 2
2	Maximum Exclusion	50%	
3	Maximum Allowable Assessed Value Exclusion	\$ 9,570	= Table 2 line 1 * Table 2 line 2
4	Median Assessed Value	\$ 19,140	Input Table Line 2
5	Minimum Exclusion	25%	One-Half of the Maximum Exclusion
6	Minimum Allowable Assessed Value Exclusion	\$ 4,785	= Table 2 line 4 * Table 2 line 5
Table 3			
Minimum & Maximum Homestead Exclusion (Dollar Value)			
1	Maximum Allowable Assessed Value Exclusion	\$ 9,570	Table 2 Line 3
2	District Millage (e.g.; 10 mills = .010)	0.04600	Input Table Line 7/1000
3	Maximum Dollar Value of Exclusion per Homestead	\$ 440.22	= Table 3 Line 1 * Table 3 Line 2
4	Minimum Allowable Assessed Value Exclusion	\$ 4,785	Table 2 Line 6
5	District Millage (e.g.; 10 mills = .010)	0.04600	Input Table Line 7/1000
6	Minimum Dollar Value of Exclusion per Homestead	\$ 220.11	= Table 3 Line 4 * Table 3 Line 5
7	Total Dollar Value Maximum Exclusion	\$ 4,199,259	= Table 3 Line 3 * Table 1 Line 3
8	Total Dollar Value Minimum Exclusion	\$ 2,099,629	= Table 3 Line 6 * Table 1 Line 3
Table 4			
EIT Rate for Maximum Exclusion			
1	Total Projected Gaming and Sterling Act Credit Dollars	\$ 1,364,077	Input Table Line 5 + Input Table Line 6
2	Total Estimated Value for Maximum Exclusion	\$ 4,199,259	Table 3 Line 7
3	Amount Needed to Fund Maximum Exclusion	\$ 2,835,182	= Table 4 Line 2 - Table 4 Line 1
4	EIT Rate Increase Necessary to Fund Max. Excl.	0.5%	= Table 4 Line 3 / (Input Table Line 8)
5	Total School District EIT Rate	1.0%	= Table 4 Line 4 + Input Table Line 2
Table 5			
EIT Rate for Minimum Exclusion			
1	Total Projected Gaming and Sterling Act Credit Dollars	\$ 1,364,077	Input Table Line 5 + Input Table Line 6
2	Total Value Minimum Exclusion	\$ 2,099,629	Table 3 Line 8
3	Amount Needed fund Minimum Exclusion	\$ 735,552	= Table 5 Line 2 - Table 5 Line 1
4	EIT Rate Increase Necessary to Fund Min. Excl.	0.1%	= Table 5 Line 3 / (Input Table Line 8)
5	Total School District EIT Rate	0.6%	= Table 5 Line 5 + Input Table Line 2
Table 6			
Estimates of Conversion to PIT			
1	Taxable Personal Income	\$ 612,384,000.00	Input Table Line 9
2	Taxable Compensation + Net Profit (EIT base)	\$ 526,650,200.00	Input Table Line 8
3	EIT Base as % of PIT Base	86.00%	= Table 6 Line 2 / Table 6 Line 1
4	Total School District PIT Rate Necessary to Fund Max. Exclusion	0.9%	= Table 6 Line 3 * Table 4 Line 5
5	Total School District Rate Necessary to Fund Min. Exclusion	0.6%	= Table 6 Line 3 * Table 5 Line 5
Table 7			
Exclusion Calculator at EIT Rate Increase from Input Table			
1	Desired EIT Rate Increase	0.40%	=Input Table Line 10
2	Taxable Compensation + Net Profit (EIT base)	\$ 526,650,200	=Input Table Line 8
3	Additional Revenue Due to EIT Increase	\$ 2,106,601	=Table 7 Line 1 * Table 7 Line 2
4	Total Projected Gaming and Sterling Act Credit Dollars	\$ 1,364,077	=Input Table Line 5 + Input Table Line 6
5	Total Additional Revenue	\$ 3,470,678	=Table 7 Line 3 + Table 7 Line 4
6	Eligible Properties for Exemption	\$ 9,539	=Table 1 Line 3
7	Dollar Tax Bill Reduction Per Eligible Property	364	=Table 7 Line 5 / Table 7 Line 6
8	District Millage (e.g.; 10 mills = .0010)	0.04600	=Input Table Line 7
9	Homestead/Farmstead Exclusion (Assessment Deduction)	\$ 7,910	=Table 7 Line 7 / Table 7 Line 8
Notes:			
Municipal share of EIT .5% not included in the total rates shown			
Please note that figures are not adjusted for collection rate			

**ACT 1 WORKSHEET:
Minimum and Maximum Exclusion Calculator and
Variable EIT Rate Calculator**

INPUT TABLE			October 23, 2006
Line	Data Item	Value	Calculations
1	Current EIT Rate (district share of Act 511 levy)	0.50%	<div style="border: 1px solid black; padding: 5px; display: inline-block;"> Warren County School District "PASBO STAFF" SUSAN ELDER TEL# (717) 540-9551 E-MAIL: selder@pasbo.org WILLIAM MCGILL Tel # (717) - 540-9551 E-MAIL: wmcgill@pasbo.org </div>
2	Median Assessed Value	\$ 19,140.00	
3	Total Homestead Eligible Properties	9,539	
4	Total Farmstead Eligible Properties	-	
5	Estimated State Gaming Money (See PDE Table by SD)	\$ 2,556,452	
6	Estimated Sterling Act Credit Dollars	\$ -	
7	Current Real Estate Millage Rate (mills)	46.00	
8	Taxable Compensation + Net Profit (EIT base)	\$ 526,650,200	
9	Taxable Personal Income	\$ 612,384,000	
10	ADDITIONAL EIT rate that you want to levy	0.40%	
<div style="border: 1px solid black; padding: 5px; display: inline-block; margin-top: 10px;"> 750 Million Gaming Funds Provide 268 Dollars Per Homestead/Farmstead Exclusion </div>			
Table 1			
Homesteads Eligible for Exclusion			
1	Total Homestead Eligible Properties	9,539	Input Table Line 3
2	Total Farmstead Eligible Properties	-	Input Table Line 4
3	Total Estimated Properties	9,539	Add Table 1 Line 1 to Table 1 Line 2
Table 2			
Median Assessed Value - Maximum and Minimum Exclusion			
1	Median Assessed Value	\$ 19,140	Input Table Line 2
2	Maximum Exclusion	50%	
3	Maximum Allowable Assessed Value Exclusion	\$ 9,570	= Table 2 line 1 * Table 2 line 2
4	Median Assessed Value	\$ 19,140	Input Table Line 2
5	Minimum Exclusion	25%	One-Half of the Maximum Exclusion
6	Minimum Allowable Assessed Value Exclusion	\$ 4,785	= Table 2 line 4 * Table 2 line 5
Table 3			
Minimum & Maximum Homestead Exclusion (Dollar Value)			
1	Maximum Allowable Assessed Value Exclusion	\$ 9,570	Table 2 Line 3
2	District Millage (e.g.; 10 mills = .010)	0.04600	Input Table Line 7/1000
3	Maximum Dollar Value of Exclusion per Homestead	\$ 440.22	= Table 3 Line 1 * Table 3 Line 2
4	Minimum Allowable Assessed Value Exclusion	\$ 4,785	Table 2 Line 6
5	District Millage (e.g.; 10 mills = .010)	0.04600	Input Table Line 7/1000
6	Minimum Dollar Value of Exclusion per Homestead	\$ 220.11	= Table 3 Line 4 * Table 3 Line 5
7	Total Dollar Value Maximum Exclusion	\$ 4,199,259	= Table 3 Line 3 * Table 1 Line 3
8	Total Dollar Value Minimum Exclusion	\$ 2,099,629	= Table 3 Line 6 * Table 1 Line 3
Table 4			
EIT Rate for Maximum Exclusion			
1	Total Projected Gaming and Sterling Act Credit Dollars	\$ 2,556,452	Input Table Line 5 + Input Table Line 6
2	Total Estimated Value for Maximum Exclusion	\$ 4,199,259	Table 3 Line 7
3	Amount Needed to Fund Maximum Exclusion	\$ 1,642,807	= Table 4 Line 2 - Table 4 Line 1
4	EIT Rate Increase Necessary to Fund Max. Excl.	0.3%	= Table 4 Line 3 / (Input Table Line 8)
5	Total School District EIT Rate	0.8%	= Table 4 Line 4 + Input Table Line 2
Table 5			
EIT Rate for Minimum Exclusion			
1	Total Projected Gaming and Sterling Act Credit Dollars	\$ 2,556,452	Input Table Line 5 + Input Table Line 6
2	Total Value Minimum Exclusion	\$ 2,099,629	Table 3 Line 8
3	Amount Needed fund Minimum Exclusion	\$ (456,823)	= Table 5 Line 2 - Table 5 Line 1
4	EIT Rate Increase Necessary to Fund Min. Excl.	-0.1%	= Table 5 Line 3 / (Input Table Line 8)
5	Total School District EIT Rate	0.4%	= Table 5 Line 5 + Input Table Line 2
Table 6			
Estimates of Conversion to PIT			
1	Taxable Personal Income	\$ 612,384,000.00	Input Table Line 9
2	Taxable Compensation + Net Profit (EIT base)	\$ 526,650,200.00	Input Table Line 8
3	EIT Base as % of PIT Base	86.00%	= Table 6 Line 2 / Table 6 Line 1
4	Total School District PIT Rate Necessary to Fund Max. Exclusion	0.7%	= Table 6 Line 3 * Table 4 Line 5
5	Total School District Rate Necessary to Fund Min. Exclusion	0.4%	= Table 6 Line 3 * Table 5 Line 5
Table 7			
Exclusion Calculator at EIT Rate Increase from Input Table			
1	Desired EIT Rate Increase	0.40%	= Input Table Line 10
2	Taxable Compensation + Net Profit (EIT base)	\$ 526,650,200	= Input Table Line 8
3	Additional Revenue Due to EIT Increase	\$ 2,106,601	= Table 7 Line 1 * Table 7 Line 2
4	Total Projected Gaming and Sterling Act Credit Dollars	\$ 2,556,452	= Input Table Line 5 + Input Table Line 6
5	Total Additional Revenue	\$ 4,663,053	= Table 7 Line 3 + Table 7 Line 4
6	Eligible Properties for Exemption	\$ 9,539	= Table 1 Line 3
7	Dollar Tax Bill Reduction Per Eligible Property	489	= Table 7 Line 5 / Table 7 Line 6
8	District Millage (e.g.; 10 mills = .0010)	0.04600	= Input Table Line 7
9	Homestead/Farmstead Exclusion (Assessment Deduction)	\$ 10,627	= Table 7 Line 7 / Table 7 Line 8
Notes:			
Municipal share of EIT .5% not included in the total rates shown			
Please note that figures are not adjusted for collection rate			

**ACT 1 WORKSHEET:
Minimum and Maximum Exclusion Calculator and
Variable EIT Rate Calculator**

October 23, 2006

Line	Data Item	Value	Calculations
1	Current EIT Rate (district share of Act 511 levy)	0.50%	
2	Median Assessed Value	19,140.00	Warren County School District
3	Total Homestead Eligible Properties	9,539	
4	Total Farmstead Eligible Properties	-	
5	Estimated State Gaming Money (See PDE Table by SD)	3,376,806	354 X 9,539
6	Estimated Sterling Act Credit Dollars	46.00	
7	Current Real Estate Millage Rate (mills)	46.00	
8	Taxable Personal Income	612,384,000	1 Billion Gaming Funds Provide 354 Dollars Per Homestead/Farmstead Exclusion
9	Taxable Personal Income	612,384,000	
10	ADDITIONAL EIT rate that you want to levy	0.40%	

Table 1 Homesteads Eligible for Exclusion			
1	Total Homestead Eligible Properties	9,539	Input Table Line 3
2	Total Farmstead Eligible Properties	-	Input Table Line 4
3	Total Estimated Properties	9,539	Add Table 1 Line 1 to Table 1 Line 2

Table 2 Median Assessed Value - Maximum and Minimum Exclusion			
1	Median Assessed Value	19,140	Input Table Line 2
2	Maximum Exclusion	50%	
3	Maximum Allowable Assessed Value Exclusion	9,570	= Table 2 line 1 * Table 2 line 2
4	Median Assessed Value	19,140	Input Table Line 2
5	Minimum Exclusion	25%	
6	Minimum Allowable Assessed Value Exclusion	4,785	= Table 2 line 4 * Table 2 line 5

Table 3 Minimum & Maximum Homestead Exclusion (Dollar Value)			
1	Maximum Allowable Assessed Value Exclusion	9,570	Table 2 Line 3
2	District Millage (e.g.: 10 mills = .010)	0.04600	Input Table Line 7/1000
3	Maximum Dollar Value of Exclusion per Homestead	440.22	= Table 3 Line 1 * Table 3 Line 2
4	Minimum Allowable Assessed Value Exclusion	4,785	Table 2 Line 6
5	District Millage (e.g.: 10 mills = .010)	0.04600	Input Table Line 7/1000
6	Minimum Dollar Value of Exclusion per Homestead	220.11	= Table 3 Line 4 * Table 3 Line 5
7	Total Dollar Value Maximum Exclusion	4,199,259	= Table 3 Line 3 * Table 1 Line 3
8	Total Dollar Value Minimum Exclusion	2,099,629	= Table 3 Line 6 * Table 1 Line 3

Table 4 EIT Rate for Maximum Exclusion			
1	Total Projected Gaming and Sterling Act Credit Dollars	3,376,806	Input Table Line 5 + Input Table Line 6
2	Total Estimated Value for Maximum Exclusion	4,199,259	Table 3 Line 7
3	Amount Needed to Fund Maximum Exclusion	822,453	= Table 4 Line 2 - Table 4 Line 1
4	EIT Rate Increase Necessary to Fund Max. Excl.	0.2%	= Table 4 Line 3 / (Input Table Line 8)
5	Total School District EIT Rate	0.7%	= Table 4 Line 4 + Input Table Line 2

Table 5 EIT Rate for Minimum Exclusion			
1	Total Projected Gaming and Sterling Act Credit Dollars	3,376,806	Input Table Line 5 + Input Table Line 6
2	Total Value Minimum Exclusion	2,099,629	Table 3 Line 8
3	Amount Needed fund Minimum Exclusion	(1,277,177)	= Table 5 Line 2 - Table 5 Line 1
4	EIT Rate Increase Necessary to Fund Min. Excl.	-0.2%	= Table 5 Line 3 / (Input Table Line 8)
5	Total School District EIT Rate	0.3%	= Table 5 Line 5 + Input Table Line 2

Table 6 Estimates of Conversion to PIT			
1	Taxable Personal Income	612,384,000.00	Input Table Line 9
2	Taxable Compensation + Net Profit (EIT base)	526,650,200.00	Input Table Line 8
3	EIT Base as % of PIT Base	86.00%	= Table 6 Line 2 / Table 6 Line 1
4	Total School District PIT Rate Necessary to Fund Max. Exclusion	0.6%	= Table 6 Line 3 * Table 4 Line 5
5	Total School District Rate Necessary to Fund Min. Exclusion	0.2%	= Table 6 Line 3 * Table 5 Line 5

Table 7 Exclusion Calculator at EIT Rate Increase from Input Table			
1	Desired EIT Rate Increase	0.40%	Input Table Line 10
2	Taxable Compensation + Net Profit (EIT base)	526,650,200	Input Table Line 8
3	Additional Revenue Due to EIT Increase	2,106,601	= Table 7 Line 1 * Table 7 Line 2
4	Total Projected Gaming and Sterling Act Credit Dollars	3,376,806	= Input Table Line 5 + Input Table Line 6
5	Total Additional Revenue	5,483,407	= Table 7 Line 3 + Table 7 Line 4
6	Eligible Properties for Exemption	9,539	Table 1 Line 3
7	Dollar Tax Bill Reduction Per Eligible Property	575	= Table 7 Line 5 / Table 7 Line 6
8	District Millage (e.g.: 10 mills = .0010)	0.04600	= Input Table Line 7
9	Homestead/Farmstead Exclusion (Assessment Deduction)	12,497	= Table 7 Line 7 / Table 7 Line 8

Notes:
Municipal share of EIT .5% not included in the total rates shown
Please note that figures are not adjusted for collection rate

Countywide EIT Collection Amendment to HB 1472

Why Now? With a major shift from school property taxes to income taxes on the horizon, now is the time to make comprehensive changes to the earned income tax collection system. DCED released a report in September 2004 warning that the existing system of income tax collection is likely to prove inadequate as a vehicle for property tax reform. In addition, the report warned that the system is bad for the business climate and so inefficient that over \$100 million in tax revenues is lost annually.

HB 1427 and SB 292. HB 1427 and SB 292 incorporate many of the improvements to the local earned income tax collection system recommended in DCED's 2004 Report, but fall short of meaningful consolidation. The bills require consolidation of collection at the school district level; strengthen auditing and reporting requirements; and require that DCED establish uniform rules and regulations, including standard forms and returns.

Countywide EIT Collection Bill. The amendment includes all of the administrative reforms in SB 292 and HB 1427 that will definitely improve the EIT collection system. However, the bill also includes uniform withholding and countywide collection. *Uniform Withholding and countywide collection are needed to stem the millions of tax dollars that are lost each year; to significantly streamline the system and lessen the business burden; to reduce taxpayer confusion and unfairness; and to return accountability and more control over local taxes to municipalities and school districts.*

Countywide Collection. Countywide collection is a viable option because collection is already consolidated on a countywide basis in 13 counties, and nearly a reality in another 24 counties. Under the amendment, all taxing jurisdictions within a countywide district will have a voice in appointing the EIT collector. An existing collector such as a municipality, school district, private company, or non-profit bureau could be chosen to collect the tax. Taxing jurisdictions could also create a new non-profit bureau, similar to the bureaus in the 13 counties that are already consolidated. By reducing the number of collectors from 560 to 66, it will make it easier for employers to do business in Pennsylvania. By increasing the size of the tax collection area, local governments will pay less, realize more revenues and have more control over the collection of nonresident tax monies. In addition, larger tax offices will have more capacity and thus be more responsive and efficient. Such efficiencies will permit municipalities and school districts to provide more access and information to taxpayers through satellite offices, longer hours and more extensive Web sites.

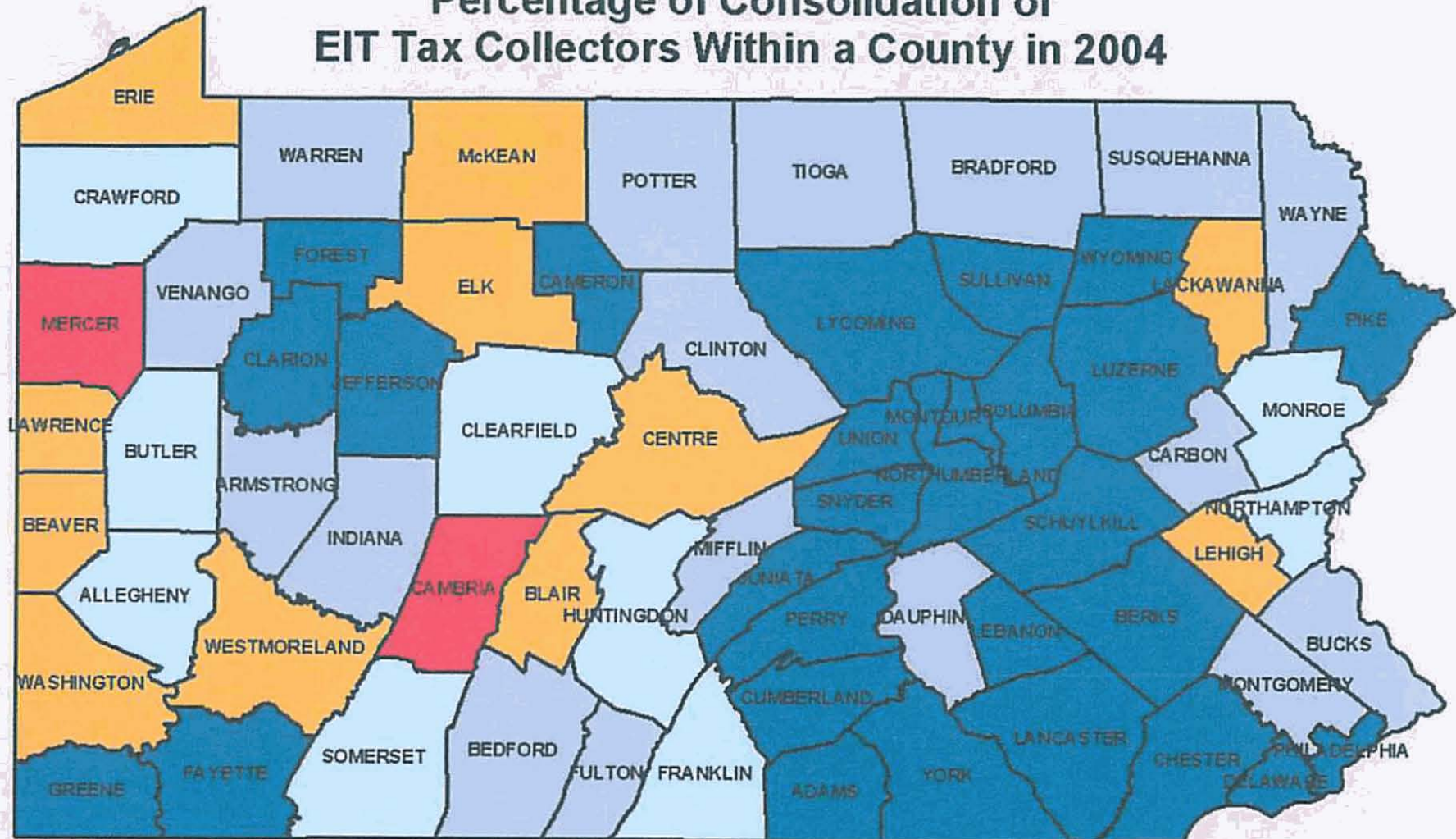
Uniform Withholding. The amendment requires that all local taxes must be withheld and remitted to the countywide collector. Employers with multiple worksites across the Commonwealth will be permitted to remit and report local income taxes to just one local collector. The amendment also establishes a uniform process for distributing and tracking income tax monies. Without these changes, millions of local tax monies will still fall between the cracks, and municipalities and school districts will still not have control over the collection of taxes from residents who work outside the municipality or local government. Employers will also benefit from uniform withholding, which will be much simpler than having different withholding rules for each municipality across the Commonwealth.

Impact of the Countywide Collection Amendment. The amendment will:

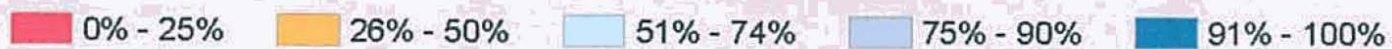
- *Improve Pennsylvania's business climate* - by creating a uniform and streamlined system for collecting local taxes that will dramatically reduce the burden on employers.
- *Provide More Funds for Local governments* - by capturing lost revenues and providing more local control over the collection of nonresident taxes.
- *Provide Relief to Taxpayers* - by virtually eliminating lump payments at the end of the year and providing better access to local income tax collectors, who will be more responsive and efficient.

County	# of Collectors	# of Municipalities	Percent Consolidated
Adams	2	34	97%
Allegheny	50	128	62%
Armstrong	11	45	78%
Beaver	32	53	42%
Bedford	5	38	89%
Berks	7	74	92%
Blair	13	24	50%
Bradford	7	51	88%
Bucks	11	53	81%
Butler	26	57	56%
Cambria	48	63	25%
Cameron	1	7	100%
Carbon	5	23	83%
Centre	21	36	44%
Chester	4	73	96%
Clarion	2	34	97%
Clearfield	17	50	68%
Clinton	4	29	90%
Columbia	2	33	97%
Crawford	20	51	63%
Cumberland	2	33	97%
Dauphin	7	40	85%
Delaware	4	49	94%
Elk	7	12	50%
Erie	21	38	47%
Fayette	3	42	95%
Forest	1	9	100%
Franklin	7	21	71%
Fulton	3	13	85%
Greene	3	26	92%
Huntingdon	16	48	69%
Indiana	8	38	82%
Jefferson	4	34	91%
Juniata	2	17	94%
Lackawanna	26	40	38%
Lancaster	1	60	100%
Lawrence	21	27	26%
Lebanon	1	26	100%
Lehigh	17	24	33%
Luzerne	2	76	99%
Lycoming	4	52	94%
McKean	12	22	50%
Mercer	47	48	4%
Mifflin	4	16	81%
Monroe	8	20	65%
Montgomery	11	62	84%
Montour	2	11	91%
Northampton	14	38	66%
Northumberland	3	36	94%
Perry	2	30	97%
Pike	1	13	100%
Potter	4	30	90%
Schuylkill	6	67	93%
Somerset	18	50	66%
Sullivan	1	13	100%
Susquehanna	6	40	88%
Snyder	1	21	100%
Tioga	6	39	87%
Union	2	14	93%
Venango	6	31	84%
Warren	4	27	89%
Washington	44	67	36%
Wayne	5	28	86%
Westmoreland	37	65	45%
Wyoming	3	23	91%
York	4	72	96%

Percentage of Consolidation of EIT Tax Collectors Within a County in 2004



Percentage of Consolidation



THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL**No. 292** Session of
2005

INTRODUCED BY SCARNATI, LEMMOND, WENGER, D. WHITE, CORMAN,
RAFFERTY, M. WHITE, TOMLINSON, EARLL, WONDERLING, ERICKSON,
CONTI, PIPPY, PILEGGI, ORIE, O'PAKE, BROWNE AND LOGAN,
FEBRUARY 15, 2005

SENATOR EARLL, FINANCE, AS AMENDED, JUNE 20, 2006

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,"
22 further providing for collection of taxes, for audits of
23 earned income taxes, for earned income taxes, for suits for
24 tax collection, for penalties and for delinquent tax
25 collection costs.

26 The General Assembly of the Commonwealth of Pennsylvania
27 hereby enacts as follows:

28 Section 1. Section 10 of the act of December 31, 1965

1 (P.L.1257, No.511), known as The Local Tax Enabling Act, amended
2 November 30, 2004 (P.L.1520, No.192), and December 1, 2004
3 (P.L.1729, No.222), is amended to read:

4 Section 10. Collection of Taxes.--(a) Administrative
5 Personnel; Joint Agreements.--Except as provided in subsections
6 (b) and (c), [any such] a political subdivision is hereby
7 authorized to provide by ordinance or resolution for the
8 creation of bureaus or the designation [of such bureaus or the] l
9 appointment and compensation of [such] officers, [clerks,
10 collectors,] public employes, private agencies or other [person
11 and other assistants] persons, and their employes[, either under
12 existing departments, or otherwise] as [may be deemed]
13 necessary, for the assessment and collection of taxes imposed
14 under authority of this act. Each ordinance or resolution under
15 this section authorizing a person, public employe or private
16 agency to act [in the capacity and with the authority of] as a
17 tax collector for the political subdivision shall continue in
18 force without annual reauthorization unless otherwise repealed
19 or revoked by the political subdivision. A political subdivision
20 must enter into a written contract with an officer, private
21 agency or other person, appointed or designated to collect the
22 earned income tax. Except as provided in subsections (b) and <—
23 EARNED INCOME TAX. <—

24 EXCEPT AS PROVIDED IN SUBSECTIONS (B) AND (c), any political
25 subdivisions imposing taxes under authority of this act are
26 authorized to make joint agreements for the collection of such
27 taxes or any of them. The same person or agency may be employed
28 by two or more political subdivisions to collect any taxes
29 imposed by them under authority of this act.

30 (b) Single Collector for Earned Income Taxes [When Certain

1 School Districts Impose Such Taxes] Imposed by a School
2 District.--Except as provided in subsection (c), whenever a
3 school district of the second, third or fourth class shall be
4 established pursuant to section 296[,] of the act of March 10,
5 1949 (P.L.30), known as the "Public School Code of 1949," added
6 August 8, 1963 (P.L. 564), and [such school district shall levy,
7 assess and collect or provide for the levying, assessment and
8 collection of] the school district levies a tax upon earned
9 income, such school district and all cities, boroughs, towns and
10 townships within its geographical limits which levy, assess and
11 collect [or provide for the levying, assessment and collection
12 of] a tax upon earned income[, may on January 1, 1967, or] shall
13 as soon [thereafter] as the school district [shall provide for
14 the levying, assessment and collection of taxes upon earned
15 income, select one person or agency] has levied, assessed or
16 collected an earned income tax, designate or appoint an officer,
17 public employe or private agency to collect the taxes upon
18 earned income imposed by all [such] political subdivisions
19 within the geographic limits of the school district. In
20 [selecting such person] order to designate or appoint the
21 officer, public employe or private agency, each political
22 subdivision shall share in the [selection] designation or
23 appointment upon a basis agreed upon by each political
24 subdivision, [or in] including the school district. DISTRICT AT <—
25 LEAST NINETY DAYS PRIOR TO THE END OF THE APPOINTMENT OR THE
26 EXPIRATION OF A CONTRACT FOR EARNED INCOME TAX COLLECTION OF ALL
27 POLITICAL SUBDIVISIONS WITHIN THE SCHOOL DISTRICT AND INCLUDING
28 THE SCHOOL DISTRICT. In the absence of any agreement on the
29 basis of voting, ~~voting~~ WITHIN THE TIME PERIOD, THE BOARD OF <—
30 SCHOOL DIRECTORS SHALL CONVENE A MEETING WITH AT LEAST TEN DAYS'

1 NOTICE BY FIRST CLASS MAIL. THE MEETING FOR THE PURPOSE OF
2 VOTING SHALL BE CONVENED NO LESS THAN SIXTY DAYS PRIOR TO THE
3 END OF THE APPOINTMENT OR THE EXPIRATION OF A CONTRACT FOR
4 EARNED INCOME TAX COLLECTION OF ALL POLITICAL SUBDIVISIONS
5 WITHIN THE SCHOOL DISTRICT AND INCLUDING THE SCHOOL DISTRICT.
6 VOTING shall be conducted according to the proportion that the
7 population of each bears to the entire population of the
8 combined collection district, according to the latest official
9 Federal census, and the majority of such votes cast shall
10 determine the [person or agency selected] bureau, officer,
11 public employe or private agency designated to collect the
12 [taxes] earned income tax. The provisions of this paragraph
13 shall not prohibit school districts and other political
14 subdivisions which levy, assess and collect [or provide for the
15 levying, assessment and collection of] taxes upon earned income,
16 under authority of this act, from [selecting] designating or
17 appointing the same [person] officer, public employe or private
18 agency to collect such tax upon earned income in an area larger
19 than the geographical limits of a school district established
20 pursuant to section 296 of the "Public School Code of 1949."

21 (c) Single Tax Collector in Certain Home Rule
22 Municipality.--In a municipality having a population under the
23 2000 Federal decennial census of at least forty thousand and
24 less than ninety thousand located in a second class county which
25 municipality has adopted a home rule charter under 53 Pa.C.S.
26 Pt. III Subpt. E (relating to home rule and optional plan
27 government), the person or persons appointed by the board of
28 school directors for the school district in which the
29 municipality is located as collector or collectors of taxes
30 levied by the school district under this act shall also serve as

1 the collector or collectors of taxes levied by the municipality
2 under this act.

3 (d) Records.--All tax collection records shall be a property
4 of the political subdivision in which the taxes were collected.
5 The political subdivision or its tax collector shall retain all
6 records for at least seven years. Unclaimed tax records shall be
7 retained for fifteen years. THIS SUBSECTION DOES NOT PRECLUDE A ←
8 TAX COLLECTOR FROM RETAINING COPIES OF TAX COLLECTION RECORDS.

9 Section 2. Section 11 of the act is amended to read:

10 Section 11. Audits of Earned Income Taxes.--Except in cities
11 of the second class, [the governing body of] each political
12 subdivision which levies, assesses and collects [or provides for
13 the levying, assessment and collection of] a tax upon earned
14 income, shall provide for not less than one examination each
15 year of the books, accounts, financial statements, compliance
16 reports and records of the income tax collector, by a certified
17 public accountant, a firm of certified public accountants, a
18 competent independent public accountant, or a firm of
19 independent public accountants appointed by the [governing body]
20 political subdivision. Whenever one person or agency is selected
21 to collect earned income taxes for more than one political
22 subdivision, the books, accounts and records of such person or
23 agency shall be examined as provided above in the case of a tax
24 collector for each political subdivision, except that the
25 accountant shall be selected in the manner provided for
26 selection of one person or agency to collect earned income taxes
27 for the school district established under section 296 of the
28 "Public School Code of 1949," and the cities, boroughs, towns
29 and townships within the geographical limits of such school
30 district. The examination shall be conducted according to

1 generally accepted governmental auditing standards and shall
2 include a financial statement, a report on the income tax
3 officer's compliance with this act, a list of any findings of
4 noncompliance with this act and a copy of a management letter if
5 one is issued by the auditor. The reports of the audit shall be
6 sent to the governing body [or bodies] of the political
7 subdivision [or political subdivisions] employing the
8 accountant. If there are findings of noncompliance, a copy of
9 the report shall be filed with the Office of Attorney General
10 and the Department of Community and Economic Development. No
11 further or additional audit shall be performed by elected or
12 appointed auditors.

13 Section 3. Division I, Subdivision A of Division III, ←
14 DIVISION IV and Division V of section 13 of the act, amended or
15 added July 15, 1976 (P.L.1047, No.210), October 4, 1978
16 (P.L.930, No.177), December 9, 2002 (P.L.1364, No.166), April 5,
17 2004 (P.L.208, No.24), and November 30, 2004 (P.L.1520, No.192),
18 are amended and the section is amended by adding a division to
19 read:

20 Section 13. Earned Income Taxes.--On and after the effective
21 date of this act the remaining provisions of this section shall
22 be included in or construed to be a part of each tax levied and
23 assessed upon earned income by [any] a political subdivision
24 [levying and assessing such tax pursuant to this act]. The
25 definitions contained in this section shall be exclusive for any
26 tax upon earned income and net profits levied and assessed
27 pursuant to this act, and shall not be altered or changed by
28 [any] a political subdivision [levying and assessing such tax].

29 I. Definitions

30 "Association." A partnership, limited partnership, or any

1 other unincorporated group of two or more persons.

2 "Business." An enterprise, activity, profession or any other
3 undertaking of an unincorporated nature conducted for profit or
4 ordinarily conducted for profit whether by a person,
5 partnership, association, or any other entity.

6 "Corporation." A corporation [or] , joint stock association or
7 limited liability company organized under the laws of the United
8 States, the Commonwealth of Pennsylvania, or any other state,
9 territory, foreign country or dependency.

10 "Current year." The calendar year for which the tax is
11 levied.

12 "Department." The Department of Community and Economic
13 Development of the Commonwealth.

14 "Domicile." The place where one lives and has his permanent
15 home and to which he has the intention of returning whenever he
16 is absent. Actual residence is not necessarily domicile, for
17 domicile is the fixed place of abode which, in the intention of
18 the taxpayer, is permanent rather than transitory. Domicile is
19 the voluntarily fixed place of habitation of a person, not for a
20 mere special or limited purpose, but with the present intention
21 of making a permanent home, until some event occurs to induce
22 him to adopt some other permanent home. In the case of
23 businesses, or associations, the domicile is that place
24 considered as the center of business affairs and the place where
25 its functions are discharged.

26 "Earned income." Compensation as determined under section 303
27 of the act of March 4, 1971 (P.L.6, No.2), known as the "Tax
28 Reform Code of 1971," and regulations in 61 Pa. Code Pt. I
29 Subpt. B Art. V (relating to personal income tax), not
30 including, however, wages or compensation paid to individuals on

1 active military service. Employe business expenses are allowable
2 deductions as determined under Article III of the "Tax Reform
3 Code of 1971." The amount of any housing allowance provided to a
4 member of the clergy shall not be taxable as earned income. IN ←
5 DETERMINING EARNED INCOME, THE TAXPAYER MAY NOT OFFSET BUSINESS
6 LOSSES.

7 "Income tax officer or officer." [Person] A bureau, person,
8 public employe or private agency designated by [governing body]
9 a political subdivision to collect and administer the tax on
10 earned income and net profits authorized under this act.

11 "Employer." A person, partnership, association, business,
12 corporation, limited liability company, institution,
13 governmental body or unit or agency, or any other entity
14 employing one or more persons for a salary, wage, commission or
15 other compensation.

16 "Net profits." The net income from the operation of a
17 business, profession, or other activity, except corporations,
18 determined under section 303 of the act of March 4, 1971 (P.L.6,
19 No.2), known as the "Tax Reform Code of 1971," and regulations
20 in 61 Pa. Code Pt. I Subpt. B Art. V (relating to personal
21 income tax). IN DETERMINING NET PROFITS, THE TAXPAYER MAY OFFSET ←
22 BUSINESS LOSSES FROM ONE BUSINESS, PROFESSION OR ACTIVITY
23 AGAINST PROFITS FROM ANOTHER BUSINESS, PROFESSION OR ACTIVITY.

24 The term does not include income which is not paid for services
25 provided and which is in the nature of earnings from an
26 investment. For taxpayers engaged in the business, profession or
27 activity of farming, the term shall not include:

28 (1) any interest earnings generated from any monetary
29 accounts or investment instruments of the farming business;

30 (2) any gain on the sale of farm machinery;

1 (3) any gain on the sale of livestock held twelve months or
2 more for draft, breeding or dairy purposes; and

3 (4) any gain on the sale of other capital assets of the
4 farm.

5 "Nonresident." A person, partnership, association, business,
6 corporation, limited liability company or ANY other entity ←
7 domiciled outside the taxing district.

8 "Person or individual." A natural person.

9 "Political subdivision." A city of the second class, city of
10 the second class A, city of the third class, borough, town,
11 township of the first class, township of the second class,
12 school district of the second class, school district of the
13 third class or school district of the fourth class.

14 "Preceding year." The calendar year before the current year.

15 "Private agency." Any person, partnership, association,
16 business corporation or limited liability company, engaged in
17 the business of collecting or administering a tax under this
18 act.

19 "Resident." A person, partnership, association, business, ←
20 corporation, limited liability company or OR ANY other entity ←
21 domiciled in the taxing district.

22 "Succeeding year." The calendar year following the current
23 year.

24 "Taxpayer." A person, partnership, association, business, ←
25 corporation or any other entity, required hereunder to file a
26 return of earned income or net profits, or to pay a tax thereon.

27 "Tax records." Tax returns, supporting schedules,
28 correspondence with auditors or taxpayers, account books and
29 other documents obtained or created by the officer to implement
30 the collection of a tax under this act. The officer may submit

1 computerized summaries of tax returns and other documents in
2 lieu of the actual documents.

3 * * *

4 III. Declaration and Payment of Tax

5 A. Net Profits.

6 (1) Every taxpayer making net profits shall, as the
7 [governing body] political subdivision elects, (i) pay to the
8 officer an annual payment of tax due on or before April 15[,] of
9 the succeeding year for the period beginning January 1[,] and
10 ending December 31[,] of the current year, or (ii) on or before
11 April 15[,] of the current year, make and file with the officer
12 on a form prescribed [or approved by the officer] by the
13 department, a declaration of his estimated net profits during
14 the period beginning January 1[,] and ending December 31[,] of
15 the current year, and pay to the officer in four equal quarterly
16 installments the tax due thereon as follows: the first
17 installment at the time of filing the declaration, and the other
18 installments on or before June 15[,] of the current year,
19 September 15[,] of the current year, and January 15[,] of the
20 succeeding year, respectively.

21 (2) Where the [governing body] political subdivision elects
22 to require the filing of a declaration and quarterly payments,
23 any taxpayer who first anticipates any net profit after April
24 15[,] of the current year, shall make and file the declaration
25 hereinabove required on or before June 15[,] of the current
26 year, September 15[,] of the current year, or December 31[,] of
27 the current year, whichever of these dates next follows the date
28 on which the taxpayer first anticipates such net profit, and pay
29 to the officer in equal installments the tax due thereon on or
30 before the quarterly payment dates which remain after the filing

1 of the declaration.

2 (3) Where the [governing body] political subdivision
3 requires a declaration of estimated net profits and quarterly
4 payments of tax due on such profits, every taxpayer shall, on or
5 before April 15[,] of the succeeding year, make and file with
6 the officer on a form prescribed or approved by the officer a
7 final return showing the amount of net profits earned during the
8 period beginning January 1[,] of the current year, and ending
9 December 31[,] of the current year, the total amount of tax due
10 thereon and the total amount of tax paid thereon. At the time of
11 filing the final return, the taxpayer shall pay to the officer
12 the balance of tax due or shall make demand for refund or credit
13 in the case of overpayment.

14 Any taxpayer may, in lieu of paying the fourth quarterly
15 installment of his estimated tax, elect to make and file with
16 the officer on or before January 31, of the succeeding year, the
17 final return as hereinabove required.

18 (4) [The officer may be authorized to provide by regulation
19 for the making and filing of] The department may adopt a
20 regulation authorizing the officer to make and file adjusted
21 declarations of estimated net profits, and for the payments of
22 the estimated tax in cases where a taxpayer who has filed [the
23 declaration hereinabove required] under paragraphs (1), (2) or
24 (3) anticipates additional net profits not previously declared
25 or finds that he has overestimated his anticipated net profits.

26 (5) Every taxpayer who discontinues business prior to
27 December 31[,] of the current year[,] shall, within thirty days
28 after the discontinuance of business, file his final return as
29 [hereinabove] required under this division and pay the tax due.

30

* * *

IV. COLLECTION AT SOURCE

<—

1
2 (A) EVERY EMPLOYER HAVING AN OFFICE, FACTORY, WORKSHOP,
3 BRANCH, WAREHOUSE, OR OTHER PLACE OF BUSINESS WITHIN THE TAXING
4 JURISDICTION IMPOSING A TAX ON EARNED INCOME OR NET PROFITS
5 WITHIN THE TAXING DISTRICT WHO EMPLOYS ONE OR MORE PERSONS,
6 OTHER THAN DOMESTIC SERVANTS, FOR A SALARY, WAGE, COMMISSION OR
7 OTHER COMPENSATION, WHO HAS NOT PREVIOUSLY REGISTERED, SHALL,
8 WITHIN FIFTEEN DAYS AFTER BECOMING AN EMPLOYER, REGISTER WITH
9 THE OFFICER HIS NAME AND ADDRESS AND SUCH OTHER INFORMATION AS
10 THE OFFICER MAY REQUIRE.

11 (B) EVERY EMPLOYER HAVING AN OFFICE, FACTORY, WORKSHOP,
12 BRANCH, WAREHOUSE, OR OTHER PLACE OF BUSINESS WITHIN THE TAXING
13 JURISDICTION IMPOSING A TAX ON EARNED INCOME OR NET PROFITS
14 WITHIN THE TAXING DISTRICT WHO EMPLOYS ONE OR MORE PERSONS,
15 OTHER THAN DOMESTIC SERVANTS, FOR A SALARY, WAGE, COMMISSION, OR
16 OTHER COMPENSATION, SHALL DEDUCT AT THE TIME OF PAYMENT THEREOF,
17 THE TAX IMPOSED BY ORDINANCE OR RESOLUTION ON THE EARNED INCOME
18 DUE TO HIS EMPLOYEE OR EMPLOYEES, AND SHALL, ON OR BEFORE APRIL
19 30, OF THE CURRENT YEAR, JULY 31, OF THE CURRENT YEAR, OCTOBER
20 31, OF THE CURRENT YEAR, AND JANUARY 31, OF THE SUCCEEDING YEAR,
21 FILE A RETURN AND PAY TO THE OFFICER THE AMOUNT OF TAXES
22 DEDUCTED DURING THE PRECEDING THREE-MONTH PERIODS ENDING MARCH
23 31, OF THE CURRENT YEAR, JUNE 30, OF THE CURRENT YEAR, SEPTEMBER
24 30, OF THE CURRENT YEAR, AND DECEMBER 31, OF THE CURRENT YEAR,
25 RESPECTIVELY. SUCH RETURN UNLESS OTHERWISE AGREED UPON BETWEEN
26 THE OFFICER AND EMPLOYER SHALL SHOW THE NAME AND SOCIAL SECURITY
27 NUMBER OF EACH SUCH EMPLOYEE, THE EARNED INCOME OF SUCH EMPLOYEE
28 DURING SUCH PRECEDING THREE-MONTH PERIOD, THE TAX DEDUCTED
29 THEREFROM, THE POLITICAL SUBDIVISIONS IMPOSING THE TAX UPON SUCH
30 EMPLOYEE, THE TOTAL EARNED INCOME OF ALL SUCH EMPLOYEES DURING

1 SUCH PRECEDING THREE-MONTH PERIOD, AND THE TOTAL TAX DEDUCTED
2 THEREFROM AND PAID WITH THE RETURN.

3 ANY EMPLOYER WHO FOR TWO OF THE PRECEDING FOUR QUARTERLY
4 PERIODS HAS FAILED TO DEDUCT THE PROPER TAX, OR ANY PART
5 THEREOF, OR HAS FAILED TO PAY OVER THE PROPER AMOUNT OF TAX TO
6 THE TAXING AUTHORITY, MAY BE REQUIRED BY THE OFFICER TO FILE HIS
7 RETURN AND PAY THE TAX MONTHLY. IN SUCH CASES, PAYMENTS OF TAX
8 SHALL BE MADE TO THE OFFICER ON OR BEFORE THE LAST DAY OF THE
9 MONTH SUCCEEDING THE MONTH FOR WHICH THE TAX WAS WITHHELD.

10 (C) ON OR BEFORE FEBRUARY 28, OF THE SUCCEEDING YEAR, EVERY
11 EMPLOYER SHALL FILE WITH THE OFFICER:

12 (1) AN ANNUAL RETURN SHOWING THE TOTAL AMOUNT OF EARNED
13 INCOME PAID, THE TOTAL AMOUNT OF TAX DEDUCTED, AND THE TOTAL
14 AMOUNT OF TAX PAID TO THE OFFICER FOR THE PERIOD BEGINNING
15 JANUARY 1, OF THE CURRENT YEAR, AND ENDING DECEMBER 31, OF THE
16 CURRENT YEAR.

17 (2) A RETURN WITHHOLDING STATEMENT FOR EACH EMPLOYEE EMPLOYED
18 DURING ALL OR ANY PART OF THE PERIOD BEGINNING JANUARY 1, OF THE
19 CURRENT YEAR, AND ENDING DECEMBER 31, OF THE CURRENT YEAR,
20 SETTING FORTH THE EMPLOYEE'S NAME, ADDRESS AND SOCIAL SECURITY
21 NUMBER, THE AMOUNT OF EARNED INCOME PAID TO THE EMPLOYEE DURING
22 SAID PERIOD, THE AMOUNT OF TAX DEDUCTED, [THE POLITICAL
23 SUBDIVISIONS IMPOSING THE TAX UPON SUCH EMPLOYEE,] EACH POLITICAL
24 SUBDIVISION TO WHICH THE WITHHELD TAX IS REMITTED AND THE AMOUNT
25 OF TAX PAID TO THE OFFICER. EVERY EMPLOYER SHALL FURNISH TWO
26 COPIES OF THE INDIVIDUAL RETURN TO THE EMPLOYEE FOR WHOM IT IS
27 FILED.

28 (D) EVERY EMPLOYER WHO DISCONTINUES BUSINESS PRIOR TO
29 DECEMBER 31, OF THE CURRENT YEAR, SHALL, WITHIN THIRTY DAYS
30 AFTER THE DISCONTINUANCE OF BUSINESS, FILE THE RETURNS AND

1 WITHHOLDING STATEMENTS HEREINABOVE REQUIRED AND PAY THE TAX DUE.

2 (E) EXCEPT AS OTHERWISE PROVIDED IN SECTION 9, EVERY
3 EMPLOYER WHO WILFULLY OR NEGLIGENTLY FAILS OR OMITTS TO MAKE THE
4 DEDUCTIONS REQUIRED BY THIS SECTION SHALL BE LIABLE FOR PAYMENT
5 OF THE TAXES WHICH HE WAS REQUIRED TO WITHHOLD TO THE EXTENT
6 THAT SUCH TAXES HAVE NOT BEEN RECOVERED FROM THE EMPLOYEE.

7 (F) THE FAILURE OR OMISSION OF ANY EMPLOYER TO MAKE THE
8 DEDUCTIONS REQUIRED BY THIS SECTION SHALL NOT RELIEVE ANY
9 EMPLOYEE FROM THE PAYMENT OF THE TAX OR FROM COMPLYING WITH THE
10 REQUIREMENTS OF THE ORDINANCE OR RESOLUTION RELATING TO THE
11 FILING OF DECLARATIONS AND RETURNS.

12 V. Powers and Duties of Officer

13 (a) It shall be the duty of the income tax officer to
14 collect and receive [the] resident and nonresident taxes, fines
15 and penalties imposed by the ordinance or resolution. It shall
16 also be [his duty] the duty of the officer to keep a record
17 showing the amount received [by him] from each person or
18 business paying the tax and the date of such receipt. The ←
19 ~~information shall be included in the report submitted under~~
20 ~~subsection (i).~~

21 (b) Each officer, before entering upon his official duties
22 shall give and acknowledge a bond to the political subdivision
23 [or political subdivisions] appointing him. If such political
24 subdivision [or political subdivisions] shall by resolution
25 designate any bond previously given by the officer as adequate,
26 such bond shall be sufficient to satisfy the requirements of the
27 subsection. The bond shall be renewed annually.

28 Each such bond shall be joint and several, with one or more
29 corporate sureties which shall be surety companies authorized to
30 do business in this Commonwealth and duly licensed by the

1 Insurance Commissioner of this Commonwealth.

2 Each bond shall be conditioned upon the faithful discharge by
3 the officer, his clerks, assistants and appointees of all trusts
4 confided in him by virtue of his office, upon the faithful
5 execution of all duties required of him by virtue of his office,
6 upon the just and faithful accounting or payment over, according
7 to law, of all moneys and all balances thereof paid to, received
8 or held by him by virtue of his office and upon the delivery to
9 his successor [or successors] in office of all books, papers,
10 documents or other official things held in right of his office.

11 Each such bond shall be taken in the name of the appointing
12 authority [or authorities] , and shall be for the use of the
13 political subdivision [or political subdivisions] appointing the
14 officer, and for the use of such other person [or persons] for
15 whom money shall be collected or received, or as his or her
16 interest shall otherwise appear, in case of a breach of any of
17 the conditions thereof by the acts or neglect of the principal
18 on the bond.

19 The political subdivision [or political subdivisions]
20 appointing the officer, or any person may sue upon the [said]
21 bond in its or his own name for its or his own use.

22 Each such bond shall contain the name [or names] of the
23 surety company [or companies] bound thereon. The political
24 subdivision [or political subdivisions] appointing the officer
25 shall fix the amount of the bond at an amount [equal to the
26 maximum amount of taxes which may be in the possession]
27 sufficient to secure the financial responsibility of the officer
28 [at any given time.] in accordance with guidelines relating to
29 the amount of the bond adopted by the department. Copies of the
30 bond shall be filed with the political subdivision APPOINTING <—

1 THE OFFICER.

2 The political subdivision [or political subdivisions]
3 appointing the officer may, at any time, upon cause shown and
4 due notice to the officer, and his surety [or sureties] , require
5 or allow the substitution or the addition of a surety company
6 acceptable to such political subdivision [or political
7 subdivisions] for the purpose of making the bond sufficient in
8 amount, without releasing the surety [or sureties] first
9 approved from any accrued liability or previous action on such
10 bond.

11 The political subdivision [or political subdivisions]
12 appointing the officer shall designate the custodian of the bond
13 required to be given by the officer. A copy of the bond shall be
14 made available upon request to a political subdivision, or the
15 officer collector appointed by the political subdivision,
16 seeking payment or distribution of a tax authorized by this act.

17 (b.1) The department shall promulgate regulations relating
18 to the administration, collection, enforcement, removal of
19 officers from office and appeal process under this act. The
20 regulations shall include required forms, including a
21 certificate of residency form, returns and declarations.

22 (c) The officer charged with the administration and
23 enforcement of the [provisions of the] ordinance or resolution
24 [is hereby empowered to prescribe, adopt, promulgate and
25 enforce, rules and regulations relating to any matter pertaining
26 to the administration and enforcement of the ordinance or
27 resolution, including provisions for the re-examination and
28 correction of declarations and returns, and of payments alleged
29 or found to be incorrect, or as to which an overpayment is
30 claimed or found to have occurred, and to make refunds in case

1 of overpayment, for any period of time not to exceed six years
2 subsequent to the date of payment of the sum involved, and to
3 prescribe forms necessary for the administration of the
4 ordinance or resolution. No rule or regulation of any kind shall
5 be enforceable unless it has been approved by resolution by the
6 governing body. A copy of such rules and regulations currently
7 in force shall be available for public inspection.] shall comply
8 with all regulations adopted by the department under this act.
9 The officer may use rules and regulations previously adopted by
10 the officer or the political subdivision in accordance with this
11 act until the adoption of regulations by the department.

12 (c.1) An officer shall make refunds for overpayment of taxes
13 under this act for a period not to exceed ~~six~~ THREE years ←
14 subsequent to the date of payment.

15 (d) The officer shall refund, on petition of, and proof by
16 the taxpayer, earned income tax paid on the taxpayer's ordinary
17 and necessary business expenses, to the extent that such
18 expenses are not paid by the taxpayer's employer.

19 (e) The officer and agents designated by him are hereby
20 authorized to examine the books, papers, and records of any
21 employer [or of any taxpayer or of any], taxpayer or other
22 person whom the officer reasonably believes to be an employer or
23 taxpayer, in order to verify the accuracy of any declaration or
24 return, or if no declaration or return was filed, to ascertain
25 the tax due. Every employer [and every taxpayer and every
26 person], taxpayer or other person whom the officer reasonably
27 believes to be an employer or taxpayer, is hereby directed and
28 required to give to the officer, or to any agent designated by
29 [him] the officer, the means, facilities and opportunity for
30 such examination and investigations[, as are hereby] authorized

1 under this act.

2 (f) Any information gained by the officer, his agents, or by
3 any other official or agent of the [taxing district] political
4 subdivision, as a result of any declarations, returns,
5 investigations, hearings or verifications required or authorized
6 by the ordinance or resolution, shall be confidential, except
7 for official purposes and except in accordance with a proper
8 judicial order, or as otherwise provided by law.

9 (g) The officer is authorized to establish different filing,
10 reporting and payment dates for taxpayers whose fiscal years do
11 not coincide with the calendar year.

12 (h) The officer shall distribute earned income taxes to the
13 appropriate political subdivisions within sixty days of the
14 deadline for payment by an employer as set forth in Division
15 IV(b). [The political subdivisions] A political subdivision
16 shall not be required to request the officer to distribute the
17 funds collected but shall at least annually reconcile their
18 receipts with the records of the officer and return to or credit
19 the officer with any overpayment. A political subdivision shall
20 not be required to pay a fee or commission to the other
21 political subdivision or its tax officer for tax revenue
22 distributed under this subsection. If the officer, within one
23 year after receiving a tax payment, cannot identify the taxing
24 jurisdiction entitled to a tax payment, he shall make payment to
25 the municipality in which the tax was collected. If earned
26 income taxes are not distributed to the appropriate political
27 subdivision within one year of receipt, the political
28 subdivision may make a written demand on a tax officer or
29 political subdivision for tax revenues collected and
30 attributable to residents of the political subdivision making

1 the demand. If the taxes attributable to the residents of the
2 political subdivision making the demand are not paid within
3 thirty days from the date of the demand, the political
4 subdivision, person, public employe or private agency designated
5 by the political subdivision may enter into an arbitration
6 agreement with the officer under 42 Pa.C.S. Ch. 73 Subch. A
7 (relating to statutory arbitration) or bring an action in [an
8 appropriate] the court of common pleas where the officer is a
9 resident or where the political subdivision is located in the
10 name of the taxing district for the recovery of taxes not
11 distributed in accordance with this subsection. The action must
12 be brought within seven years of the collection of the taxes.

13 (i) The officer shall, on or before the tenth day of each
14 month, provide a written report, on a form adopted by the
15 department, to the appropriate official of each political
16 subdivision for which taxes were collected during the previous
17 month and to the department. The report shall include the names
18 of taxpayers and employers, the amount collected from each <—
19 taxpayer or employer DATE OF COLLECTION, penalties and interest <—
20 on collections, costs of collection, amounts owed to other
21 political subdivisions, refunds, recoveries and overpayments.

22 (j) An income tax officer shall file an annual report with
23 the political subdivision and the department. The report shall
24 include all tax collection information for the most recently
25 completed tax year as required by the department. The report
26 shall be filed by June 15 of the year following the close of the
27 reporting year.

28 * * *

29 X. Fines and Penalties Against Income

30 Tax Officers

1 (a) A political subdivision which brings an action under
2 Division V(h) may seek equitable relief, including an accounting
3 of all undistributed taxes and monetary damages in the form of
4 recovery of the taxes not previously distributed plus interest
5 calculated from the date that the taxes should have been
6 distributed. In addition, the court may impose a civil penalty
7 not to exceed two thousand five hundred dollars (\$2,500) for
8 each tax quarter for which taxes were not distributed in
9 accordance with Division V(h), plus reasonable costs and
10 attorney fees. If an officer fails to distribute earned income
11 taxes to the appropriate political subdivision as required under
12 Division V(h), for four consecutive tax quarters, the court may
13 impose a civil penalty not to exceed five thousand dollars
14 (\$5,000).

15 (b) If an officer fails to submit the report required under
16 Division V(i) or (j), a political subdivision entitled to
17 receive the report may bring an action in the court of common
18 pleas of that political subdivision and the court may impose a
19 penalty of twenty dollars (\$20) a day for each day that the
20 report is overdue, not to exceed five hundred dollars (\$500). If
21 a report submitted under Division V(j) includes any findings of
22 noncompliance, the officer is responsible for a civil penalty of
23 not less than five hundred dollars (\$500) but not more than two
24 thousand five hundred dollars (\$2,500).

25 (c) An officer who violates any other provision of this act
26 shall be subject to a civil penalty of up to two thousand five
27 hundred dollars (\$2,500) for each violation.

28 (d) An action against an officer for a violation of this act
29 may be brought by a political subdivision in which the officer
30 collects taxes, a political subdivision owed taxes by the

1 officer, by a surety or by the department.

2 (e) A political subdivision shall remove or rescind the
3 appointment of an income tax official who has been penalized
4 under subsection (c) more than three times.

5 Section 4. Section 21 of the act, amended November 30, 2004
6 (P.L.1520, No.192), is amended to read:

7 Section 21. Collection of Taxes by Suit.--Each [taxing
8 district or person,] political subdivision, bureau, officer,
9 public employe [or] , private agency or other person designated
10 by the taxing district shall have power to collect unpaid taxes
11 from the persons owing such taxes by suit in assumpsit or other
12 appropriate remedy. Upon each such judgment, execution may be
13 issued without any stay or benefit of any exemption law. The
14 right of each [such taxing district] political subdivision to
15 collect unpaid taxes under [the provisions of] this section
16 shall not be affected by the fact that such taxes have been
17 entered as liens in the office of the prothonotary, or the fact
18 that the property against which they were levied has been
19 returned to the county commissioners for taxes for prior years.

20 Section 5. Section 22 of the act is amended to read:

21 Section 22. Penalties.--Except as otherwise provided in the
22 case of any tax levied and assessed upon earned income, any such
23 political subdivision shall have power to prescribe and enforce
24 reasonable penalties for the nonpayment, within the time fixed
25 for their payment, of taxes imposed under authority of this act
26 and for the violations of the provisions of ordinances or
27 resolutions passed under authority of this act.

28 If for any reason any tax levied and assessed upon earned
29 income by any such political subdivision is not paid when due,
30 interest at the rate of six percent per annum on the amount of

1 said tax, and an additional penalty of one-half of one percent
2 of the amount of the unpaid tax or, if more than 25% of the
3 amount reported is underreported, an additional penalty of 25%
4 of the amount of the unreported tax for each month or fraction
5 thereof during which the tax remains unpaid, shall be added and
6 collected. When suit is brought for the recovery of any such
7 tax, the person liable therefor shall, in addition, be liable
8 for the costs of collection and the interest and penalties
9 herein imposed.

10 Section 6. Section 22.1 of the act, added November 30, 2004
11 (P.L.1520, NO.192), is amended to read:

12 Section 22.1. Costs of Collection of Delinquent Per Capita,
13 Occupation, Occupational Privilege and Earned Income Taxes.--(a)
14 A person, public employe or private agency designated by [a
15 governing body of] a political subdivision to collect and
16 administer a [per capita, occupation, occupational privilege or
17 earned income] tax under this act may impose and collect the
18 reasonable costs incurred to provide notices of delinquency or
19 to implement [similar] other procedures utilized to collect
20 delinquent taxes from a taxpayer, as approved by [the governing
21 body of] the political subdivision. Reasonable costs collected
22 may be retained by the officer, person, public employe or
23 private agency designated to collect the tax, as agreed to by
24 [the governing body of] the political subdivision. An itemized
25 accounting of all costs collected shall be remitted to the
26 political subdivision on an annual basis.

27 (b) Costs related to the collection of unpaid per capita,
28 occupation or occupational privilege taxes may only be assessed,
29 levied and collected for five years from the last day of the
30 calendar year in which the tax was due.

1 (c) A delinquent taxpayer may not bring an action for
2 reimbursement, refund or elimination of reasonable costs of
3 collection assessed or imposed prior to the effective date of
4 this section. Additional costs may not be assessed on delinquent
5 taxes collected prior to the effective date of this section.

6 Section 7. This act shall take effect ~~in 60 days~~ JANUARY 1, ←
7 2007.