

**CITY OF COATESVILLE,
CHESTER COUNTY, PENNSYLVANIA**

AN ORDINANCE AMENDING CHAPTER 203, ARTICLE III, OF THE GENERAL LAWS OF THE CITY OF COATESVILLE TO (1) REFLECT A CHANGE IN TITLE FROM “EMERGENCY AND MUNICIPAL SERVICES TAX” TO “LOCAL SERVICES TAX” AS REQUIRED BY AMENDMENTS TO THE LOCAL TAX ENABLING ACT; (2) REPLACE REFERENCES WITHIN THE ORDINANCE TO REFLECT THE NEW TITLE; (3) RAISE THE EXEMPTION AMOUNT OF THE TAX FROM \$600 TO \$12,000; (4) ADD EXEMPTIONS FOR PERSONS CALLED TO ACTIVE DUTY IN A MILITARY RESERVE UNIT AND FOR PERSONS DISABLED DURING MILITARY SERVICE; (5) PROVIDE FOR THE PRO-RATA WITHHOLDING OF THE TAX AND THE REFUND OF OVERPAID TAX; AND (5) MAKE AMENDMENTS TO THE LANGUAGE OF THE ORDINANCE IN ACCORDANCE WITH REVISIONS TO THE LOCAL TAX ENABLING ACT.

WHEREAS, the City of Coatesville is a Third Class City situated in Chester County, Pennsylvania, operating under its Home Rule Charter and the Third Class City Code;

WHEREAS, the General Assembly of the State of Pennsylvania has enacted revisions to the “Local Tax Enabling Act,” 53 P.S. 6924.101, et seq. (the “Act”), granting certain municipal corporations the power to impose and collect a “Local Services Tax” as described in 53 P.S. 6924.301.1(f)(9); and providing that certain existing Emergency and Municipal Services Taxes be revised and brought into compliance with the terms of the Act; and

WHEREAS, the City wishes to ensure that its Emergency and Municipal Services taxation provisions are in compliance with the Act to the extent it provides for a “Local Services Tax.”

NOW THEREFORE, in consideration of the forgoing, and its authority under the Third Class City Code and its Charter, the City of Coatesville City Council does hereby enact and ordain the following amendments to Article III, Chapter 203 of the General Laws of the City of Coatesville:

SECTION I: Re-titled

The title of Chapter 203, Article III of the General Laws of the City of Coatesville is hereby amended to strike “Emergency and Municipal Services Tax” and add the new title, “Local Services Tax.”

SECTION II: Adding to the Definitions of Section 203-13

Section 203-13, “Definitions and Word Usage” is hereby amended to add the

following definitions:

COLLECTOR – The person, public employee or private agency designated by the City of Coatesville to collect and administer the tax herein imposed.

DCED – The Department of Community and Economic Development of the Commonwealth of Pennsylvania.

EARNED INCOME – Compensation as this term is defined in Section 13 of the Local Tax Enabling Act, the Act of Dec. 31, 1965, P.L. 1257, §13, as amended, 53 P.S. § 6913, as amended.

INDIVIDUAL – Any person, male or female, engaged in any occupation, trade or profession within the corporate limits of the City of Coatesville.

NET PROFITS – The net income from the operation of a business, profession; or other activity, as this term is defined in Section 13 of the Local Tax Enabling Act, the Act of Dec. 31, 1965, P.L. 1257, §13, as amended, 53 P.S. § 6913, as amended.

OCCUPATION – Any trade, profession, business or undertaking of any type, kind or character, including services, domestic or other, earned on or performed within the corporate limits of the City of Coatesville for which compensation is charged or received; whether by means of salary, wages, commission or fees for services rendered.

SECTION III: Amending Definitions contained in Section 203-13

The following terms defined in Section 203-13 are hereby amended as follows:

EMPLOYER – the terms “limited liability corporation” and “limited liability partnership” are inserted after “association” and before “corporation.”

TAX – “emergency and municipal services tax” is stricken and replaced with “local services tax.”

SECTION IV: Amending Section 203-14, “Tax levied; exemption” and adding Section 203-14.1, “Exemption and refunds.”

The current language and provisions of Section 203-14 are stricken and replaced with the following:

Tax levied; use of funds.

A. For specific revenue purposes, The City of Coatesville hereby levies and imposes an annual "local services tax" upon:

- (1) All nonresidents who hold an occupation in the City of Coatesville; and
- (2) All residents who hold an occupation in the City of Coatesville.

This tax is in addition to all other taxes of any kind or nature heretofore levied by the City of Coatesville.

B. The local services tax revenue is restricted for the following uses: (1) emergency services, which shall include emergency medical services, police services and/or fire services; (2) road construction and/or maintenance; (3) reduction of property taxes; and/or (4) property tax relief through implementation of a homestead and farmstead exclusion in accordance with 53 Pa.C.S. Ch. 85 Subch. F. The City of Coatesville shall use no less than twenty-five percent of the funds derived from the local services tax for emergency services.

An additional Section 203-14.1 shall be inserted immediately following section 203-14 as follows:

§203-14.1. Exemption and refunds.

A. The following persons shall be exempt from the local services tax:

- (1) Any person whose total earned income and net profits from all sources within the City of Coatesville is less than twelve thousand dollars (\$12,000) for the fiscal year in which the local services tax is levied.
- (2) Any person who has served in any war or armed conflict in which the United States was engaged and is honorably discharged or released under honorable circumstances from active service if, as a result of military service, the person is blind, paraplegic or a double or quadruple amputee or has a service-connected disability declared by the United States Veterans' Administration or its successor to be a total one hundred percent permanent disability.
- (3) Any person who serves as a member of a reserve component of the armed forces and is called to active duty at any time during the taxable year. For the purposes of this subparagraph, "reserve component of the armed forces" shall mean the United States Army Reserve, United States Navy Reserve, United States

Marine Corps Reserve, United States Coast Guard Reserve, United States Air Force Reserve, the Pennsylvania Army National Guard or the Pennsylvania Air National Guard.

B. Refunds. The Director, in consultation with the Collector and DCED, shall establish procedures for the processing of refund claims for any tax paid by any person who is eligible for exemption, which procedures shall be in accord with provisions of the general municipal law relating to refunds of overpayments and interest on overpayments. Refunds made within seventy-five days of a refund request or seventy-five days after the last day the employer is required to remit the tax for the last quarter of the calendar year, whichever is later, shall not be subject to interest. No refunds shall be made for amounts overpaid in a calendar year that do not exceed one dollar (\$1): The Director or the Collector shall determine eligibility for exemption and provide refunds to exempt persons.

SECTION V. Amending Section 203-15, "Amount of tax."

The current language (but not the title) of Section 203-15 (Amount of Tax) is stricken and replaced with the following:

Each occupation, as hereinbefore defined, engaged in within the corporate limits of the City of Coatesville is subject to a local services tax in the amount of \$52 per annum. A person subject to the local services tax shall be assessed a pro rata share of the tax for each payroll period in which the person is engaging in an occupation, determined by dividing the combined rate of the local services tax levied for the calendar year by the number of payroll periods in which the individual is subject to the tax. The tax shall be no more than \$52 on each person for each calendar year, irrespective of the number of political subdivisions within which a person may be employed.

SECTION VI. Striking Section 203-16, "Duties of employers" and replacing with "Procedure to claim exemption."

Section 203-16, "Duties of employers," is stricken in its entirety and replaced with the following:

§ 203-16. Procedure to Claim Exemption.

A. A person seeking to claim an exemption from the local services tax may annually file an exemption certificate with the City of Coatesville and with the person's employer affirming that the person reasonably expects to receive earned income and net profits from all sources within the City of Coatesville of less than twelve thousand dollars (\$12,000) in the calendar year for which the exemption certificate is filed. The City of Coatesville shall provide a copy of the exemption certificate to the Director or the City's authorized/designated collection agency or collector. The exemption certificate shall have attached to it a copy of all the employee's last pay stubs or W-2 forms from employment

within the City of Coatesville for the year prior to the fiscal year for which the employee is requesting to be exempted from the tax. Upon receipt of the exemption certificate and until otherwise instructed by the City of Coatesville or except as required by clause (2), the employer shall not withhold the tax from the person during the calendar year or the remainder of the calendar year for which the exemption certificate applies, Employers shall ensure that the exemption certificate forms are readily available to employees at all times and shall furnish each new employee with a form at the time of hiring. The exemption certificate form shall be the uniform form provided by the City of Coatesville.

B. With respect to a person who claimed an exemption for a given calendar year from the tax, upon notification to an employer by the person or by the City of Coatesville that the person has received earned income and net profits from all sources within the City of Coatesville subdivision equal to or in excess of twelve thousand dollars (\$12,000) in that calendar year or that the person is otherwise ineligible for the tax exemption for that calendar year, or upon an employer's payment to the person of earned income within the City of Coatesville in an amount equal to or in excess of twelve thousand dollars (\$12,000) in that calendar year, an employer shall withhold the local services tax from the person under clause (3).

C. If a person who claimed an exemption for a given calendar year from the tax becomes subject to the tax for the calendar year under clause (2), the employer shall withhold the tax for the remainder of that calendar year. The employer shall withhold from the person, for the first payroll period after receipt of the notification under clause (2), a lump sum equal to the amount of tax that was not withheld from the person due to the exemption claimed by the person under this subsection, plus the per payroll amount due for that first payroll period. The amount of tax withheld per payroll period for the remaining payroll periods in that calendar year shall be the same amount withheld for other employees. In the event the employment of a person subject to withholding of the tax under this clause is subsequently severed in that calendar year, the person shall be liable for any outstanding balance of tax due, and the City of Coatesville may pursue collection under this article.

D. Except as provided in clause (2), it is the intent of this subsection that employers shall not be responsible for investigating exemption certificates, monitoring tax exemption eligibility or exempting any employee from the local services tax.

SECTION VII. Amending Section 203-17, "Duties of employers; collection and return of tax."

The language and provisions (but not the title) of Section 203-17 (Duties of employers; collection and return of tax) are stricken and replaced with the following:

A. Each employer within the City of Coatesville, as well as those employers situated outside the City of Coatesville but who engage in business within the City of Coatesville, is hereby charged with the duty of collecting the tax from each of his employees engaged by him or performing for him within the City of Coatesville and making a return and

payment thereof to the Collector. Further, each employer is hereby authorized to deduct this tax for each employee in his or her employ, whether said employee is paid by salary, wage or commission and whether or not all such services are performed within the City of Coatesville.

B. A person subject to the tax shall be assessed by the employer a pro rata share of the tax for each payroll period in which the person is engaging in an occupation. The pro rata share of the tax assessed on the person for a payroll period shall be determined by dividing the rate of the tax levied for the calendar year by the number of payroll periods established by the employer for the calendar year. For purposes of determining the pro rata share, an employer shall round down the amount of the tax collected each payroll period to the nearest one-hundredth of a dollar. Collection of the tax shall be made on a payroll period basis for each payroll period in which the person is engaging in an occupation, except as provided in Paragraph D of this Section. For purposes of this paragraph, combined rate shall mean the aggregate annual rate of the tax levied by the school district and the municipality.

C. No person shall be subject to the payment of the local services tax by more than one political subdivision during each payroll period.

D. In the case of concurrent employment, an employer shall refrain from withholding the tax if the employee provides a recent pay statement from a principal employer that includes the name of the employer, the length of the payroll period and the amount of the tax withheld and a statement from the employee that the pay statement is from the employee's principal employer and the employee will notify other employers of a change in principal place of employment within two weeks of its occurrence. The employee's statement shall be provided on the form approved by DCED.

E. The tax shall be no more than fifty-two dollars (\$52) on each person for each calendar year, irrespective of the number of political subdivisions within which a person maybe employed. The Director shall provide a taxpayer a receipt of payment upon request by the taxpayer.

F. No employer shall he held liable for failure to withhold the tax or for the payment of the withheld tax money to the City of Coatesville if the failure to withhold taxes arises from incorrect information submitted by the employee as to the employee's place or plates of employment, the employee's principal office or where the employee is principally employed. Further, an employer shall not be liable for payment of the local services tax in an amount exceeding the amount withheld by the employer if the employer complies with the provisions of Section 203-16 of this Article and remits the amount so withheld in accordance with this article.

G. Employers shall be required to remit the local services taxes thirty days after the end of each quarter of a calendar year.

H. Each employer shall prepare and file a return showing a computation of the tax on forms to be supplied to the employer by the Collector. If an employer fails to file the return and pay the tax, whether or not the employer makes collection thereof from the salary, wages or commissions paid by him or her to an employee, except as provided hereafter in this article, the employer shall be responsible for the payment of the tax in full as though the tax had been originally levied against the employer.

SECTION VIII. Amending Section 203-18, "Dates for determining tax liability and payment."

The language (but not the title) of Section 203-18 (Dates for determining tax liability and payment) is stricken and replaced with the following:

In each tax year, each employer shall use his or her employment records to determine the number of employees from whom such tax shall be deducted and paid over to the Collector on or before the thirtieth day following the end of each calendar quarter of each such tax year.

SECTION IX. Amending Section 203-19, "Individuals engaged in more than one occupation."

The language of Section 203-19 is stricken and replaced with the following:

§ 203-19 Individuals engaged in more than one occupation or employed in more than one political subdivision.

A. The situs of the tax shall be the place of employment on the first day the person becomes subject to the tax during each payroll period. In the event a person is engaged in more than one occupation, that is, concurrent employment, or an occupation which requires the person working in more than one political subdivision during a payroll period, the priority of claim to collect the local services tax shall be in the following order:

(1) First, the political subdivision in which a person maintains his or her principal office or is principally employed;

(2) Second, the political subdivision in which the person resides and works if the tax is levied by that political subdivision;

(3) Third, the political subdivision in which a person is employed and which imposes the tax nearest in miles to the person's home.

In case of dispute, a tax receipt of the taxing authority for that calendar year declaring that the taxpayer has made prior payment constitutes prima facie certification of payment to all other political subdivisions.

SECTION X. Amending Section 203-20, "Self-employed individuals."

In Section § 203-20 (Self-employed individuals), the phrase "shall be required to comply with this article and pay the tax to the City of Coatesville on or before April 30 of each year" is stricken and replaced with, "shall be required to comply with this article and pay the pro rata portion of the tax due to the Collector on or before the thirtieth day following the end of each quarter."

SECTION XI. Amending Sections 203-22 and 203-23 to make reference to the local services tax Collector.

All references within Section 203-22, "Administration of tax," and Section 203-23, "Suits for collection" to "the Director of Finance or the City's authorized/designated collection agency or collector" are hereby stricken and replaced with, "the Collector."

SECTION XII.

Should any section, paragraph, clause or phrase of this Ordinance be declared unconstitutional or invalid by a court of competent jurisdiction, the remainder of said Ordinance shall not be affected thereby, and shall remain in full force and effect.

SECTION XIII.

Except as set forth hereafter, all ordinances or parts of ordinances inconsistent herewith are hereby repealed. Nothing herein shall be construed to repeal the imposition and collection of the emergency and municipal services tax, plus applicable penalties and interest, for calendar years 2009 and 2010, as the same exist prior to this amendment.

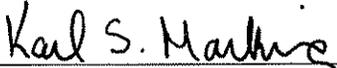
SECTION XIV.

The tax imposed by this Ordinance shall be effective on January 1, 2011 and all calendar years thereafter unless repealed or modified by Ordinance of the City of Coatesville.

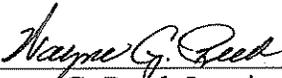
SECTION XV.

In all other respects, Chapter 203 [Taxation] of the Code of the City of Coatesville shall remain as heretofore enacted, ordained and amended, which said Chapter, as amended, is hereby re-enacted in its entirety herein.

ENACTED AND ORDAINED this 25th day of October, 2010.


Karl S. Marking, Vice President/City Council

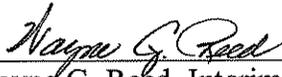
ATTEST:



Wayne G. Reed, Interim City Manager

CERTIFICATION

I HEREBY CERTIFY that the foregoing Ordinance was introduced on the 20th day of September, 2010 and was duly enacted by the Council of the City of Coatesville, Chester County, Pennsylvania on the 25th day of October, 2010, that the vote upon the said Ordinance has been recorded in the minutes of the City Council and that the Ordinance has been fully recorded.



Wayne G. Reed, Interim City Manager/Council Secretary