

**TOWNSHIP OF EAST WHITELAND
CHESTER COUNTY, PENNSYLVANIA**

ORDINANCE NO. 302-2018

AN ORDINANCE INCREASING THE EARNED INCOME TAX RATE FOR TOWNSHIP RESIDENTS AND NONRESIDENTS WORKING IN THE TOWNSHIP FROM 0.50% TO 0.75% UNDER THE AUTHORITY OF THE LOCAL TAX ENABLING ACT AND AMENDING THE EAST WHITELAND TOWNSHIP CODE, CHAPTER 180, TAXATION, ARTICLE II, EARNED INCOME TAX, TO REFLECT THE INCREASES

WHEREAS, Pennsylvania’s Local Tax Enabling Act, 53 P.S. §6924.101, *et seq.*, as amended, provides East Whiteland Township with the authority to impose a tax on earned income or net profits derived from individual residents of the Township and from nonresidents of the Township from any work, business, profession, or activity of any kind engaged within the boundaries of East Whiteland Township, commonly referred to as the “Earned Income Tax”;

WHEREAS, the East Whiteland Township Board of Supervisors desires to increase the Earned Income Tax from its current rate of 1/2 of 1% (0.50%) to 3/4 of 1% (0.75%);

WHEREAS, it is the judgment of the Township Board of Supervisors that the imposition of the Earned Income Tax, and the proposed increase in the Earned Income Tax, is necessary for general revenue purposes including, but not limited to, funding essential services, operating and capital expenditures, wages, benefits, pensions, retirement health costs, and debt service costs;

WHEREAS, the Township estimates that approximately \$2,775,000.00 in revenue will be derived from the Earned Income Tax, as increased herein, for the 2019 tax year.

WHEREAS, the Township Board of Supervisors have met the procedural and notice requirements of the Local Tax Enabling Act, 53 P.S. §6924.101, *et seq.*, and of the Pennsylvania Second Class Township Code, 53 P.S. §65101, *et seq.*, for the adoption of the proposed ordinance to increase the Earned Income Tax, including advertising notice of and holding a public hearing regarding the proposed increase and notifying the Great Valley School District of its intention to increase the Earned Income Tax as proposed;

WHEREAS, the Second Class Township Code authorizes the Board of Supervisors to make, amend, and adopt ordinances that are consistent with the Constitution and the laws of the Commonwealth that it deems necessary for the proper management and control of the Township and the health, safety, and welfare of its citizens;

WHEREAS, the Board of Supervisors desires to amend the Township Code, Chapter 180, Taxation, Article II, Earned Income Tax, to reflect the proposed Earned Income Tax increases;

WHEREAS, the Board of Supervisors has determined that increasing the Earned Income Tax as proposed, and amending the Township Code, Chapter 180, Taxation, Article II, Earned Income Tax, is necessary for the proper management and control of the Township and supports the health, safety, and welfare of its citizens;

NOW, THEREFORE, BE IT ORDAINED AND ENACTED by the Board of Supervisors for East Whiteland Township, and it is hereby ordained and enacted, by the authority of the same, and by the authority of the Local Tax Enabling Act, to wit:

SECTION 1. INCREASE IN EARNED INCOME TAX. Pursuant to the authority of the Local Tax Enabling Act, East Whiteland Township hereby imposes an increase in the Earned Income Tax rate from one half (1/2) of one percent (1%) (0.50%) on earned income and net profits to three quarters (3/4) of one percent (1%) (0.75%) on earned income and net profits, as set forth below. The increase in the Earned Income Tax is necessary for general revenue purposes including, but not limited to, funding essential services, operating and capital expenditures, wages, benefits, pensions, retirement health costs, and debt service costs. The Township estimates that approximately \$2,775,000.00 in revenue will be derived from the Earned Income Tax, as increased herein, for the 2019 tax year.

- A. General Purpose Resident Tax. East Whiteland Township hereby imposes a tax for general revenue purposes at the rate of three quarters (3/4) of one percent (1%) (0.75%) on earned income and net profits of individual residents of East Whiteland Township.
- B. General Purpose Municipal Nonresident Tax. East Whiteland Township imposes a tax for general revenue purposes at the rate of three quarters (3/4) of one percent (1%) (0.75%) on earned income and net profits derived by an individual who is not a resident of East Whiteland Township from any work, business, profession, or activity of any kind engaged in within the boundaries of East Whiteland Township.
- C. Ongoing tax. The tax shall continue at the above rates during the current tax year and each tax year thereafter, without annual reenactment, until this enactment is repealed or the rate is changed.
- D. Combined tax rate applicable to residents. As a result of this increase, the total rate applicable to residents of East Whiteland Township, including the tax imposed by the school district and East Whiteland Township, is three quarters (3/4) of one percent (1%) (0.75%).
- E. Municipal tax rate applicable to nonresidents. As a result of this increase, the total rate applicable to nonresidents working within East Whiteland Township based on the Township's nonresident tax rate is three quarters (3/4) of one percent (1%) (0.75%).

SECTION 2. CODE AMENDMENT. CHAPTER 180, Taxation, Article II, Earned Income Tax is hereby amended to provide as follows:

Chapter 180. Taxation
Article II. Earned Income Tax

§ 180-14. Definitions.

All terms defined in the Local Tax Enabling Act, 53 P.S. § 6924.101 *et seq.*, shall have the meanings set forth therein. The following terms shall have the meanings set forth herein:

COLLECTOR - The person or entity appointed as tax officer pursuant to the Local Tax Enabling Act to collect the tax.

EFFECTIVE DATE - January 1, 2019.

GOVERNING BODY - The East Whiteland Township Board of Supervisors.

LOCAL TAX ENABLING ACT - The Local Tax Enabling Act, 53 P.S. § 6924.101 *et seq.*, as presently amended, and as amended in the future.

TAX - The tax imposed by this Enactment.

TAXING AUTHORITY - East Whiteland Township.

TAX RETURN - A form prescribed by the Collector for reporting the amount of Tax or other amount owed or required to be withheld, remitted, or reported under this Enactment or the Local Tax Enabling Act.

TAX YEAR - The period from January 1 to December 31.

TCC - The Tax Collection Committee established to govern and oversee the collection of earned income tax within the TCD under the Local Tax Enabling Act.

TCD - Any tax collection district to which the taxing authority or any part of the taxing authority is assigned under the Local Tax Enabling Act.

THIS ENACTMENT - This Article.

§ 180-15. Imposition of tax; rate.

- A. General Purpose Resident Tax. The taxing authority hereby imposes a tax for general revenue purposes at the rate of three quarters (3/4) of one percent (1%) (0.75%) on earned income and net profits of individual residents of the taxing authority.
- B. General Purpose Municipal Nonresident Tax. The taxing authority also imposes a tax for general revenue purposes at the rate of three quarters (3/4) of one percent (1%) (0.75%) on earned income and net profits derived by an individual who is not a resident of the taxing authority from any work, business, profession, or activity of any kind engaged in within the boundaries of the taxing authority.
- C. Ongoing tax. The tax shall continue at the above rates during the current tax year and each tax year thereafter, without annual reenactment, until this Enactment is repealed or the rate is changed.
- D. Combined tax rate applicable to residents. Currently, the total rate applicable to residents of the taxing authority, including the tax imposed by the school district and municipality in which the individual resides, is three quarters (3/4) of one percent (1%) (0.75%).

- E. Municipal tax rate applicable to nonresidents. Currently, the total rate applicable to nonresidents working within the taxing authority based on the municipal nonresident tax rate is three quarters (3/4) of one percent (1%) (0.75%).
- F. Local Tax Enabling Act applicable. The tax is imposed under authority of the Local Tax Enabling Act and all provisions thereof that relate to a tax on earned income or net profits are incorporated into this Enactment. Any future amendments to the Local Tax Enabling Act that are required to be applied to a tax on earned income or net profits will automatically become part of this Enactment upon the effective date of such amendment, without the need for formal amendment of this Enactment, to the maximum extent allowed by 1 Pa.C.S.A. § 1937.
- G. Applicable laws, regulations, policies and procedures. The tax shall be collected and administered in accordance with all applicable laws and regulations and with policies and procedures adopted by the TCC or by the Collector. This includes any regulations, policies and procedures adopted in the future to the maximum extent allowed by 1 Pa.C.S.A. § 1937.

§ 180-16. Exemptions.

Although credits and deductions against the tax are permitted under certain circumstances as provided in applicable law and regulations, no individuals are exempt from the tax based on age, income, or other factors unless otherwise provided by law.

§ 180-17. Individual tax returns and payments.

Every individual receiving earned income or earning net profits in any tax year shall file tax returns and pay tax in accordance with the Local Tax Enabling Act.

§ 180-18. Employer withholding, remittance and tax returns.

Every employer shall register, withhold, and remit the tax and file tax returns in accordance with the Local Tax Enabling Act.

§ 180-19. Collection of tax.

The tax will be collected from individuals and employers by the Collector.

§ 180-20. Interest, penalties, costs and fines.

Individuals and employers are subject to interest, penalties, costs, and fines in accordance with the Local Tax Enabling Act, including costs imposed by the Collector in accordance with authorization by the TCC having jurisdiction.

§ 180-21. Purpose; effect on prior provisions.

The primary purpose of this Enactment is to conform the earned income and net profits tax currently imposed to the Local Tax Enabling Act, as thereafter amended and restated. Any prior enactment or part of any prior enactment conflicting with the provisions of this Enactment is rescinded insofar as the conflict exists. To the extent the same as any enactment in force immediately prior to adoption of this Enactment, the provisions of this Enactment are intended as a continuation of such prior enactment and not as a new enactment. If this Enactment is declared

invalid, any prior enactment levying a similar tax shall remain in full force and effect and shall not be affected in any manner by adoption of this Enactment. The provisions of this Enactment shall not affect any act done or liability incurred, nor shall such provisions affect any suit or prosecution pending or to be initiated to enforce any right or penalty or to punish an offense under the authority of any enactment in force prior to adoption of this Enactment. Subject to the foregoing provisions of this section, this Enactment shall supersede and repeal on the effective date any enactment levying a tax on earned income or net profits in force immediately prior to the effective date.

§ 180-22. through § 180-23. (Reserved)

SECTION 3. REPEALER. All Ordinances or parts of Ordinances inconsistent herewith or in conflict with any of the specific terms enacted hereby, to the extent of said inconsistencies or conflicts, are hereby specifically repealed.

SECTION 4. REVISIONS. The East Whiteland Township Board of Supervisors does hereby reserve the right, from time to time, to adopt modifications of, supplements to, or amendments of its Ordinance, including this provision.

SECTION 5. SEVERABILITY. In the event that any section, sentence, clause, phrase or word of this Ordinance shall be declared illegal, invalid or unconstitutional by any Court of competent jurisdiction, such declaration shall not prevent, preclude or otherwise foreclose enforcement of any of the remaining portions of this Ordinance.

SECTION 6. EFFECTIVE DATE. This ordinance shall be effective January 1, 2019.

SECTION 7. FAILURE TO ENFORCE NOT A WAIVER. The failure of East Whiteland Township to enforce any provision of this Ordinance shall not constitute a waiver by the Township of its rights of future enforcement hereunder.

ENACTED AND ORDAINED this _____ day of _____, **2018** by the Board of Supervisors of East Whiteland Township.

**BOARD OF SUPERVISORS
EAST WHITELAND TOWNSHIP
CHESTER COUNTY, PENNSYLVANIA**

ATTEST:

By: _____
Township Secretary

By: _____
Susan Drummond

By: _____
Scott Lambert

By: _____
Richard Orlow