



Text File

Introduced: 2/11/2003

Bill No: 2003-1422, **Version:** 1

Committee: Committee on Finance & Budget

Status: Passed Finally

Presented by Mr. Udin

Resolution authorizing the City to enter into an agreement with the School District of Pittsburgh and Allegheny County for the joint release and collection of the Personal Property tax for the years 1993 and 1994.

Whereas, in 1996 a taxpayer in Montgomery County, Pennsylvania, challenged the constitutionality of the personal property tax levied pursuant to Section 4821 of the Act of June 17, 1913, P.L. 507, as amended, Pa. Stat. Ann. Title 72, Section 4821; and

Whereas, at the time the Montgomery County action was filed, the City of Pittsburgh along with the School District and Allegheny County had repealed its personal property tax effective January 1, 1995, as required by Act 77 of 1993, Pa. Stat. Ann. Title 16, section 6171-B (a) (2); and

Whereas, by a decision dated June 1, 2000, in the case of Annenberg V. Commonwealth, et al., 562 Pa. 581, 757 A.2d 338 (2000) the Supreme Court of Pennsylvania upheld the constitutionality of the personal property tax levied pursuant to Section 4821 of the Act of June 17, 1913; and

Whereas, as part of the Annenberg decision, the Pennsylvania Supreme Court also held that a provision of the Personal Property tax exempting from taxation stocks and bonds of companies doing business in Pennsylvania was unconstitutional; and

Whereas, the Pennsylvania Supreme Court ordered all counties which had collected a personal property tax with the unconstitutional exemption to devise a remedy that would eliminate what the Court termed to be illegal discrimination under the law in favor of stocks and bonds issued by companies doing business in Pennsylvania; and

Whereas, pursuant to the Pennsylvania Supreme Court directives in Annenberg, possible remedies could include the reimposition of the Personal Property tax for the years 1993-1994 to collect taxes on the previous exempt stocks and bonds, or the refund of all personal property taxes for those years; and

Whereas, Allegheny County, in conjunction with the City and School District of Pittsburgh, has proposed the adoption of a joint tax action plan with the County and School District, similar to the ones utilized in other counties throughout the Commonwealth, which has the goal of maintaining a revenue neutral stance for the City and affected taxpayers by proposing a program of mutual releases whereby the City would not require payment of additional personal property taxes for the years 1993 and 1994 in exchange for an agreement not to seek refunds or otherwise challenge the personal property tax for the years 1993 and 1994; and

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Whereas, the implementation of a joint tax action plan as required by the Pennsylvania Supreme Court's decision in Annenberg is in the best interests of the City.

Whereas, it will be in the best interest of the City of Pittsburgh to enter into an agreement jointly administering the release and collection process including a pro rata sharing of costs among the three taxing jurisdictions.

Be it resolved by the Council of the City of Pittsburgh as follows:

Section 1.

1. The proper City officials are hereby authorized to enter into an agreement or agreements, in form approved by the City Solicitor, with the School District of Pittsburgh and the County of Allegheny to jointly administer a program under which mutual releases will be entered into and claims for refund will be administered regarding personal property taxes for the years 1993 and 1994 as a result of the decision by the Supreme Court of Pennsylvania the case of Annenberg v. County of Montgomery, et al., 562 Pa. 581, 757 A.2d 338 (2000).