

**EASTTOWN TOWNSHIP
CHESTER COUNTY, PENNSYLVANIA**

ORDINANCE NO. 464-24

AN ORDINANCE ESTABLISHING AND ENACTING AN EARNED INCOME TAX FOR TOWNSHIP RESIDENTS, AND NONRESIDENTS WORKING IN THE TOWNSHIP, AT A RATE OF ONE-HALF OF ONE PERCENT (0.5%) UNDER THE AUTHORITY, INTER ALIA, OF THE LOCAL TAX ENABLING ACT, AND AMENDING THE EASTTOWN TOWNSHIP CODE BY CREATING A NEW CHAPTER 410, "EARNED INCOME TAX" TO FURTHER IMPLEMENT THE ESTABLISHMENT AND ENACTMENT OF THE EARNED INCOME TAX

WHEREAS, Pennsylvania's Local Tax Enabling Act, 53 P.S. §6924.101, *et seq.*, as amended, provides Easttown 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 Easttown Township; all commonly referred to as the "Earned Income Tax"; and

WHEREAS, the Easttown Township Board of Supervisors desires to establish the Earned Income Tax at the rate of One-Half of One Percent (0.5%); and

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

WHEREAS, the Township estimates that approximately \$4.4 Million Dollars per annum in revenue will be derived from the Earned Income Tax, for the 2025 Tax Year; and

WHEREAS, the Township Board of Supervisors has 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 establish the Earned Income Tax, including but not limited to advertising notice of and holding a public legislative hearing regarding the establishment of the Earned Income Tax as proposed; and

WHEREAS, the Second Class Township Code further 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; and

WHEREAS, the Board of Supervisors has determined that establishing the Earned Income Tax as proposed, and amending the Easttown Township Code to create a new Chapter 410 under Part II (General Legislation), entitled "Earned Income Tax," is necessary for the proper

management and operation of the Township, and is in support of the health, safety, and welfare of its citizens.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED by the Board of Supervisors of Easttown Township, and it is hereby ordained and enacted, by the authority of the same, and by further authority of the Local Tax Enabling Act, to amend the Easttown Township Code by creating and establishing a new Chapter 410 under Part II (General Legislation), entitled “Earned Income Tax,” as follows:

SECTION 1. CODE AMENDMENT. A new Chapter 410 under Part II (General Legislation), entitled “Earned Income Tax,” is hereby created and established as follows:

Chapter 410. Earned Income Tax

§ 410-1. 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 - This Ordinance shall be effective within 30 days of the date of enactment provided for herein. This Ordinance shall be in force, implemented and the Earned Income Tax shall be collected beginning with the January 1, 2025 Tax Year, consistent with the Easttown Township calendar and fiscal year, and shall continue on such calendar and fiscal year basis, without the need for annual reenactment unless the rate of the Earned Income Tax is subsequently changed.

GOVERNING BODY - The Easttown 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 – Easttown 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 Ordinance, and Chapter 410 (Earned Income Tax) as created and established by this Ordinance.

§ 410-2. Imposition of tax; rate.

- A. General Purpose Resident Tax. The taxing authority hereby imposes a tax for general revenue purposes at the rate of One-Half of One Percent (0.5%) 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 One-Half of One Percent (0.5%) 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 beginning with the January 1, 2025 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 and through this Enactment, 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 One-Half of One Percent (0.5%).
- E. Municipal tax rate applicable to nonresidents. Currently and through this Enactment, the total rate applicable to nonresidents working within the taxing authority based on the municipal nonresident tax rate is One-Half of One Percent (0.5%).
- 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.

§ 410-3. No Exemptions.

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

§ 410-4. 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.

§ 410-5. 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.

§ 410-6. Collection of tax.

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

§ 410-7. 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.

§ 410-8. Purpose; effect on prior provisions.

The primary purpose of this Enactment is to establish the earned income tax and net profits tax authorized by 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.

SECTION 2. SEVERABILITY. If any sentence, clause, section, or part of this Ordinance is for any reason found to be unconstitutional, illegal, or invalid, such unconstitutionality, illegality or invalidity shall not affect or impair any of the remaining provisions, sentences, clauses, sections, or parts hereof. It is hereby declared as the intent of the Board of Supervisors that this Ordinance would have been adopted had such unconstitutional, illegal, or invalid sentence, clause, section, or part thereof not been included herein.

SECTION 3. REPEALER. All Ordinances, or parts of Ordinances, conflicting with any provisions of this Ordinance are hereby repealed insofar as the same affects this Ordinance.

SECTION 4. GENERAL CODE. General Code is hereby authorized to make non-substantive formatting and numbering changes necessary to clarify references to other sections of the Easttown Township ordinances and/or codification and to bring the Ordinance into conformity with the Easttown Township ordinances/codification.


SECTION 5. EFFECTIVE DATE. This Ordinance shall be effective within 30 days of the date of enactment provided herein. This Ordinance shall be in force, implemented and the Earned Income Tax shall be collected beginning with the January 1, 2025 Tax Year, consistent with the Easttown Township calendar and fiscal year, and shall continue on such calendar and fiscal year basis, without the need for annual reenactment unless the rate of the Earned Income Tax is subsequently changed.


SECTION 6. FAILURE TO ENFORCE NOT A WAIVER. The failure of Easttown 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 19th day of AUGUST, 2024 by the Board of Supervisors of Easttown Township.

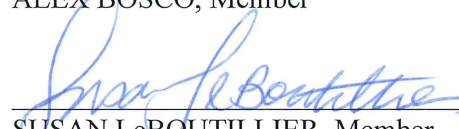
**EASTTOWN TOWNSHIP
BOARD OF SUPERVISORS**


ERIK UNGER, Chair

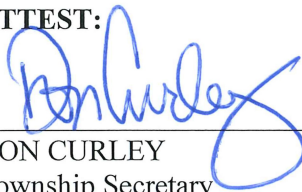

MICHAEL WACEY, Vice Chair


SEAN AXEL, Member


ALEX BOSCO, Member


SUSAN LeBOUTILLIER, Member



ATTEST:

DON CURLEY
Township Secretary