

8426

Adopted 12/20/2022

CB 2022-41

AN ORDINANCE

**AMENDING PART THREE, TITLE FIVE, ARTICLE 341 OF
THE CODIFIED ORDINANCES OF THE CITY OF NEW
CASTLE, PENNSYLVANIA, TITLED: "EARNED INCOME
TAX" BY ADDING A NEW SECTION 341.23 TITLED
"ADDITIONAL IMPOSITION; RATE FOR THE YEAR 2023."**

WHEREAS, pursuant to the authority contained in the Municipalities Financial Recovery Act, Act 47 of 1987 (the "Act") as amended, the Pennsylvania Department of Community and Economic Development ("DCED") found that the City of New Castle (the "City") was financially distressed, pursuant to criteria set forth in the Act; and

WHEREAS, pursuant to the Act, City Council adopted a Recovery Plan by Ordinance No. 7830 on August 8, 2007 (the "Recovery Plan"); and

WHEREAS, the Recovery Plan calls for an increase in the amount of earned income tax for both residents and non-residents of the City beginning in 2008, which tax is imposed on all salaries, wages, commissions and other compensation earned by residents of the City and on non-residents for work done or services performed or rendered in the City; and

WHEREAS, pursuant to the Act, the City Council adopted the First Amended Recovery Plan on November 17, 2009, by Ordinance No. 7904 (the "Amended Recovery Plan"); and

WHEREAS, pursuant to the Act, the City Council adopted the Second Amended Recovery Plan on December 16, 2010, by Ordinance No. 7944 (the "Amended Recovery Plan"); and

WHEREAS, pursuant to the Act, the City Council adopted the Third Amended Recovery Plan on November 28, 2012, by Ordinance No. 8026 (the "Amended Recovery Plan"); and

WHEREAS, pursuant to the Act, the City Council adopted the Fourth Amended Recovery Plan on December 18, 2014, by Ordinance No. 8116 (the "Amended Recovery Plan"); and

WHEREAS, pursuant to the Act, the City Council adopted the Fifth Amended Recovery Plan on October 22, 2015, by Ordinance No. 8156 (the "Amended Recovery Plan"); and

WHEREAS, pursuant to the Act, the City Council adopted the Sixth Amended Recovery Plan on September 22, 2016, by Ordinance No. 8197 (the "Amended Recovery Plan"); and

WHEREAS, pursuant to the Act, the City Council adopted the Seventh Amended Recovery Plan on April 13, 2017, by Ordinance No. 8219 (the "Amended Recovery Plan"); and

WHEREAS, pursuant to the Act, the City Council adopted the Eighth Amended Recovery Plan on October 11, 2018, by Ordinance No. 8275 (the "Amended Recovery Plan"); and

WHEREAS, pursuant to the Act, the City Council adopted the Revised Exit Plan on August 22, 2019, by Ordinance No. 8305; and

WHEREAS, pursuant to the Act, the City Council adopted the Exit Plan Amendment on November 24, 2020, by Ordinance No. 8352; and

WHEREAS, the residents of the City of New Castle approved a Home Rule Referendum ("Referendum") on May 18, 2021; and

WHEREAS, the Referendum adopted a new Home Rule Charter ("Charter") for the City of New Castle; and

WHEREAS, portions of the Charter became effective on January 1, 2022; and

WHEREAS, the Charter gives the City broad power to impose and collect taxes on its residents; and

WHEREAS, the Council of the City of New Castle has decided that it is in the best interest of the City to collect an earned income tax levy for general purposes; and

WHEREAS, pursuant to Ordinance No. 6549, enacted July 31, 1974 and effective January 1, 1975, City Council levied for general purposes a resident and non-resident earned income tax of 1% inclusive of the percentage collected on behalf of the school district; and

WHEREAS, pursuant to the Act, 53 P.S. §11701.123(c) and §11701.141, the Exit Plan Amendment requires an increase in the resident and non-resident earned income tax levy for general purposes for the year 2023 of .40% for residents and .30% for non-residents, for a total rate for general purposes of 2.075% for residents and 1.856 % for non-residents; and

WHEREAS, pursuant to the Act, 53 PS §11701.123(c) and §11701.141, such increases in the earned income tax for general purposes require court approval on an annual basis; and

WHEREAS, on November 23, 2022, a petition was filed at docket number 70131 of 2022, M.D., and approved by the Lawrence County Court of Common Pleas by the City to request an increase in the Resident and Non-Resident Earned Income Tax for 2023 for general purposes (the “Petition”).

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF NEW CASTLE, PENNSYLVANIA, as follows:

SECTION 1. That Part Three, Title Five, Article 341 of the Codified Ordinance of the City of New Castle, entitled “Earned Income Tax”, is hereby amended by adding the following:

341.23 ADDITIONAL IMPOSITION; RATE FOR THE YEAR 2023.

The levy of the additional earned income tax rates for 2023 for general purposes, are hereby imposed on:

- (a) All salaries, wages, commissions and other compensation earned on and after January 1, 2023, during the calendar year 2023, by residents of the City of New Castle; and on
- (b) All salaries, wages, commissions and other compensation earned on and after January 1, 2023 during the calendar year 2023 by non-residents of the City of New Castle for work done or services performed or rendered in the City of New Castle; and on
- (c) The net profits earned on and after January 1, 2023 during the calendar year 2023, of businesses, professions or other activities conducted by such residents; and on
- (d) The net profits earned on and after January 1, 2023 during the calendar year 2023, of businesses, professions or other activities conducted in the City of New Castle by non-residents.
- (e) The total earned income tax rate for general purposes and pension purposes on and after January 1, 2023 is therefore as follows:

YEAR	NON-RESIDENT EIT (GENERAL PURPOSE)	NON-RESIDENT EIT (CAPITAL)	NON-RESIDENT EIT (PENSION)	TOTAL NON-RESIDENT EIT	RESIDENT EIT (GENERAL PURPOSE)	RESIDENT EIT (CAPITAL)	RESIDENT EIT (PENSION)	TOTAL RESIDENT EIT
2023	1.00 %	.30%	.556%	1.856%	1.119%	.40%	.556%	2.075%

The tax levied under both (a) and (b) above shall relate to and be imposed upon salaries, wages, commissions and other compensation paid by an employer or on his behalf to any person who is employed by or renders services to him. The tax levied under both (c) and (d) above shall relate to and be imposed on the net profits of any business, profession or enterprise carried on by any person as owner or proprietor, either individually or in association with some other person or persons.

The additional tax levied above shall not be shared by the School District or any other governmental entity, and non-residents shall continue to be given credit for the amount of earned income tax paid to their home municipalities.

Said additional tax shall first be levied, collected and paid with respect to the salaries, wages, commissions and other compensation earned from and after January 1, 2023, during the calendar year 2023 only, and with respect to the net profits of businesses, professions or other activities earned during the calendar year 2023, beginning January 1, 2023, provided, however, that where the fiscal year of the business, profession or other activity differs from the calendar year, the tax shall be applied to that part of the net profits for the fiscal year as shall be earned from and after January 1, 2023.

SECTION 2. All other portions of Article 341 remain in effect.

SECTION 3. The levy of the additional earned income tax rates for 2023 for general purposes set forth herein is subject to court approval of the petition filed in the Court of Common Pleas of Lawrence County at docket number 70131 of 2022, M.D.


SECTION 4. Any ordinances or parts of ordinances in conflict herewith be and the same are hereby repealed.

SECTION 5. This Ordinance shall become effective immediately upon final passage.

INTRODUCED this 22nd day of November, 2022.

ADOPTED this 20th day of December, 2022.

APPROVED this 21st day of December, 2022.



 Mayor

CERTIFIED this 21st day of December, 2022.



 City Clerk