



COUNTY COMMISSIONERS ASSOCIATION OF PENNSYLVANIA | PA STATE ASSOCIATION OF TOWNSHIP SUPERVISORS |
PA LEAGUE OF CITIES AND MUNICIPALITIES | PA STATE ASSOCIATION OF TOWNSHIP COMMISSIONERS | PA STATE ASSOCIATION OF BOROUGHS

Key Facts about the Optional County Sales Tax Proposal

Key Elements

- The Optional County Sales Tax proposal would permit counties to levy an additional 1 percent sales tax to be shared with municipalities in the county.
- The proposal includes provisions for mandatory property tax and homestead reductions, recognizes municipalities with difficult financial conditions, recognizes the tax-exempt property burden of municipalities, and provides predictable funding for collaborative municipal services.

Optional County Sales Tax Levy

- The optional 1 percent sales and use tax would follow the same base as the state sales tax.
- The county's governing body would vote on whether to implement the tax.
- Funds would be collected by the state Department of Revenue.

Distribution of Funds

- 50 percent of proceeds from the tax would be distributed to the county.
- 40 percent of the proceeds would be distributed to qualified municipalities in the county based on tax revenues and relative population.
- 10 percent of the proceeds would be deposited in a Municipal Collaborative Efforts Fund in the county.

County Use of Proceeds

- At least 60 percent of the sales tax proceeds would have to be used to eliminate nuisance taxes and for property tax relief.
- No more than 40 percent could be used for general fund purposes.

Municipal Use of Proceeds

- At least 60 percent of the sales tax proceeds would have to be used for property tax relief and/or tax-exempt property offsets.
- No more than 40 percent could be used for general fund purposes.

Municipal Collaborative Efforts Fund

- Proceeds would fund municipal services provided under an Intergovernmental Cooperation Act agreement or other multimunicipal contract.
- Each fund would be governed by a Municipal Collaborative Efforts Board of three to seven voting members and one nonvoting member. All members would be elected municipal officials from the county appointed by the board of county commissioners, with at least one voting member from each class of municipality.
- Each board would award funds through grants based on an annual application from municipalities and criteria established locally.

Additional Provisions

- Municipalities would qualify for their share by adopting an ordinance supporting county enactment of the tax.
- Where a county has not acted, it could be required to levy the tax by municipal initiative adopted by municipalities representing 60 percent of the county's population.