

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

\$165,550,000

**Special Tax Revenue Refunding Bonds
(City of Philadelphia Funding Program)
Series of 2003**


**CERTIFICATE AS TO
PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
INCOME TAX COLLECTION AGENCY AGREEMENT**

The undersigned, the City Solicitor and the Revenue Commissioner of The City of Philadelphia, Pennsylvania (the "City"), hereby certify, in connection with the issuance and sale of the Pennsylvania Intergovernmental Cooperation Authority's Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series of 2003, in the aggregate principal amount of \$165,550,000 that:

1. Attached hereto is a true, correct and complete copy of the Pennsylvania Intergovernmental Cooperation Authority Income Tax Collection Agency Agreement dated as of June 1, 1992 (the "Agreement"), between the City and the Commonwealth of Pennsylvania.
2. The Agreement has not been changed, amended or modified since its date and is in full force and effect on the date hereof.
3. No default on the part of the City has occurred and is continuing under the Agreement, and no event has occurred and is continuing which, with notice or upon lapse of time, or both, would constitute such a default.

IN WITNESS WHEREOF, we have hereunto set our hands and affixed the seal of the City, this 16th day of June 2003.

CITY OF PHILADELPHIA,
PENNSYLVANIA

By: 
NELSON A. DIAZ,
City Solicitor

[SEAL]

By: 
NANCY KAMMERDEINER
Revenue Commissioner

**PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY INCOME TAX
COLLECTION AGENCY AGREEMENT**

This Agreement is made and entered into as of the 1st day of June, 1992, by and between the Commonwealth of Pennsylvania ("Commonwealth"), Department of Revenue (hereinafter referred to as the "Department"), with its office at Strawberry Square, Harrisburg, Pennsylvania 17128, and the City of Philadelphia ("City"), acting by and through its Revenue Department ("Collection Agent") and its Law Department (hereinafter collectively referred to as the "Agent"), with offices at the Municipal Services Building, John F. Kennedy Boulevard at 15th Street, Philadelphia, PA 19102.

WHEREAS, pursuant to Section 601(a) of the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class, Act of June 5, 1991 (P.L. 9, No. 6) (hereinafter referred to as the "Act") the governing body of any city of the first class is authorized to impose certain taxes exclusively for purposes of the Pennsylvania Intergovernmental Cooperation Authority ("Authority"); and

WHEREAS, pursuant to authority granted pursuant to Section 601(a)(3) of the Act, the City Council of the City, by ordinance (Bill No. 1437), approved June 12, 1991 ("Income Tax Ordinance"), attached hereto as Appendix A, has amended Title 19 of the Philadelphia Code by adding a new Chapter 19-2800 imposing a tax of 1.5% exclusively for the Authority, on the salaries, wages, commissions and other compensation earned by residents of the City and on the net profits earned in businesses, professions or other activities conducted by residents of the City ("Authority Income Tax"); and

WHEREAS, pursuant to Section 604 of the Act, the Department is charged with the administration, enforcement and collection of any tax imposed pursuant to Section 601 of the Act, including the Authority Income Tax, and pursuant to Section 604(c) of the Act, the Department is authorized to appoint as its agents tax officers, clerks, collectors and assistants, including revenue and legal departments of cities imposing a tax under Chapter 6 of the Act, to collect any tax, including interest and penalties, imposed under the authority of Chapter 6 of the Act, including the Authority Income Tax; and

WHEREAS, by letter dated June 28, 1991, attached hereto as Appendix B, the Department, through its Secretary, the Honorable Eileen Healy McNulty (the "Secretary"), appointed the Agent as the agent of the Department for administering, collecting and enforcing the Authority Income Tax; and

WHEREAS, the Commonwealth and the City deem it in their common best interest to set forth the method of implementation of the collection, enforcement and administration of the Authority Income Tax pursuant to the Act and the performance by the Department and the Collection Agent of their respective powers and duties with respect thereto.

NOW, THEREFORE, in consideration of the foregoing recitals, the Commonwealth of Pennsylvania, Department of Revenue, and the City of Philadelphia, Revenue Department and Law Department, through their authorized representatives, agree to implement the administration, collection and enforcement of the Authority Income Tax as follows:

1. APPOINTMENT OF AGENT; COLLECTION AND ENFORCEMENT OF AUTHORITY INCOME TAX:

The appointment of the Agent as the agent of the Department as provided in the letter of the Department dated June 28, 1991 and the Income Tax Ordinance is hereby ratified and confirmed in all respects. The Agent shall administer, collect and enforce the Authority Income Tax as provided in the Income Tax Ordinance and shall remit the proceeds of the Authority Income Tax, including interest and penalties paid by taxpayers thereon, as provided in the Act and this Agreement.

2. TERM:

The term of this Agreement shall begin upon the date first above written and shall continue until terminated upon prior written notice by the Department to the Agent. The Department shall send a copy of any notice of termination of this Agreement to the Authority. Upon receipt of notice of termination, the Agent shall cooperate with the Department in providing for the orderly transfer of the duties and functions of the Agent hereunder to the Department or any agent appointed by the Department so that the collection and remittance of the Authority Income Tax shall continue to be made as provided in the Act without interruption.

3. REMITTANCE OF AUTHORITY INCOME TAX:

(a) On each City business day, the Collection Agent shall deposit, in immediately available funds, the Authority Income Tax collected that day in a demand deposit account, designated "The City of Philadelphia Collection Agent for Department of Revenue, Commonwealth of Pennsylvania Account" (herein, the "Agency Account"), which account shall be established in a Commonwealth depository bank in accordance with all applicable Commonwealth laws and regulations regarding State depositories. The Department acknowledges and approves

the establishment of the Agency Account at Fidelity Bank, National Association, or at any other Commonwealth depository designated in writing to the Department by the Agent ("Agency Bank"). The Agency Account shall be used solely for the deposit and remittance of the Authority Income Tax by the Collection Agent as agent of the Department and shall not be commingled with any funds of the City. The Collection Agent shall notify the Department in writing of any change in the depository for the Agency Account, prior to such change, and shall give a copy of such notice to the Authority. The Department acknowledges and approves the establishment of the Agency Account identified on Appendix C hereto.

(b) On each business day next following the day of deposit of Authority Income Tax in the Agency Account, all amounts in the Agency Account shall be transferred by the Agency Bank to a Commonwealth account designated in writing to the Collection Agent by the Department ("Commonwealth Account"). The Commonwealth Account at CoreStates Bank, N.A., Account No. 0196-628-8, is hereby designated by the Department to the Collection Agent as the Commonwealth Account to which daily electronic transfers of the amounts in the Agency Account shall be made. The Department shall notify the Collection Agent in writing of any change in the depository for the Commonwealth Account to which the Authority Income Tax shall be transferred, prior to such change, and the Collection Agent shall give a copy of any such notice to the Agency Bank and the Authority.

(c) The Collection Agent shall deliver an executed or certified copy of this Agreement to the Agency Bank, shall obtain from the Agency Bank an executed acknowledgement of receipt of this Agreement, and shall deliver a copy thereof to the Department. The provisions of this Section 3(c) of this Agreement shall constitute a direction of the Department and the Collection Agent to the Agency Bank (i) to make the daily transfers to

the Commonwealth Account specified in Section 3(b) strictly in accordance with the terms of this Agreement, and (ii) to make payments from the Agency Account if required by Section 310 of the Act in the manner required by Section 310 of the Act.

4. **RECONCILIATION/ADJUSTMENT:**

(a) **Reconciliation:** The Collection Agent shall reconcile monthly, the daily deposits to the Agency Account with the actual amount of Authority Income Tax collected. The Collection Agent shall use its Monthly Settlement Statistics Report, a copy of which Report is attached hereto as Appendix D, as the basis for such reconciliation.

(b) **Adjustments:** If a reconciliation made pursuant to paragraph (a), above, indicates that the actual Authority Income Tax collections for the preceding month are at variance with Agency Account deposits for that month, the Collection Agent shall:

(1) Identify any necessary adjustments, and

(i) If the amount deposited in the Agency Account is greater than actual Authority Income Tax collected, the Collection Agent shall deduct an amount equal to such excess from the next daily deposit to the Agency Account; or

(ii) If the amount deposited in the Agency Account is less than the actual Authority Income Tax collected, the Collection Agent shall deposit an amount equal to such under-remittance in the next daily deposit to the Agency Account.

(2) Any other reconciliation which results in an adjustment to an Authority Income Tax remittance shall be clearly identified on the subsequent daily remittance and the adjustment made in the manner set forth in (b)(1), above.

(3) The Monthly Settlement Statistics Report, together with any and all supporting documents therefor, requiring any adjustment made pursuant to this Section 4 shall be submitted to the Department for review monthly.

5. DETERMINATION OF RESIDENCE/NONRESIDENCE:

The Department shall determine the percentage of wage, earnings and net profits taxes attributable to residents and to nonresidents of the City. The method of calculating resident/nonresident collections shall be determined by the Department and approved by the Secretary. The current method approved by the Secretary for calculation of Authority Income Tax collection is attached hereto as Appendix E, which shall be revised from time to time as the Department shall determine and the Secretary shall approve. The Department shall notify the Agent of any change in the method of calculation and the effective date of such change, with a copy to the Authority.

6. CHANGES IN COLLECTION:

The City agrees that any changes or modifications in its computer system, tax reports or other reports, generation of reports, forms, accounting and/or bookkeeping methods that will or may affect in any material respect the administration, collection and enforcement of the Authority Income Tax shall be communicated to the Department in writing no less than forty-five (45) days before the effective date of any such change or modification.

7. ACCOUNTING RECORDS:

The City shall maintain, in accordance with the accounting principles applied to the City's own financial statements, all pertinent books, documents, financial and accounting records and evidence pertaining to this Agreement to the extent and in such detail as is

reasonably necessary to document all remittances, adjustments and collections of the Authority Income Tax. The City shall provide the Department a reconciliation of the City's accounting principles to generally accepted accounting principles.

Such financial and accounting records shall be made available for inspection and copying, upon request, to the Department, its designees, the State Inspector General, or any authorized agency of the Commonwealth of Pennsylvania at any time during the term of this Agreement and for three years from the expiration of this Agreement.

8. RIGHT TO AUDIT:

The City agrees to permit the audit of its records of the Authority Income Tax by the Department, its designees, and the State Inspector General. All returns, reports, costs and financial accounting records, source documentation, data systems, programs, applications, and planning summaries relating to the Authority Income Tax will be available for audit examination, inspection and copying; provided, however, that the Department agrees to maintain the confidentiality of taxpayer records required by §19-2809(5) of the Income Tax Ordinance. The Department reserves the right to perform at its sole reasonable discretion additional audits relating to the Authority Income Tax including, but not limited to, audits of financial/compliance, economy/efficiency or limited scope audits. Additionally, the Department also reserves the right to inspect and copy any of the City's third party auditors' reports and management letters relating to the Authority Income Tax.

9. COSTS:

In accordance with Section 604(b) of the Act, the Department shall deduct from the remittances of the Authority Income Tax costs of administration of this Agreement and shall

inform the Authority in writing monthly of the sum retained and the costs of administration and collection reimbursed. The Department as part of its cost, shall reimburse the City for certain limited expenses incurred by the Agent, as agent for the Department. The terms of such reimbursement shall be set forth in a separate agreement attached hereto as Appendix F.

10. INDEMNIFICATION:

[RESERVED]

11. AMENDMENTS, MODIFICATIONS:

This Agreement may not be modified or amended unless in writing and signed by both parties. A copy of any such modification or amendment shall be sent by the City to the Authority. Any breach or default by a party shall not be waived or released other than in writing

signed by the other party. Changes in the procedures set forth in this Agreement approved by the Department shall not constitute amendments to this Agreement.

12. TERMINATION:

This Agreement may be terminated by the Department upon prior written notice to the City. The Department shall send a copy of such notice of termination to the Authority. Upon receipt of notice of termination, the Agent shall cooperate with the Department in providing for the orderly transfer of the duties and functions of the Agent hereunder to the Department or any agent appointed by the Department so that the collection and remittance of the Authority Income Tax shall continue to be made as provided in the Act without interruption.

13. USUFRUCT:

If, for any reason, the City should lose its ability to serve as Agent under this Agreement, the Department shall acquire a usufruct in all contractual items owned by the City in conjunction with the Agreement and which are necessary to provide the services of Agent. Said usufruct shall be limited to the right of the Department to possess and make use of such contractual items solely for the use and benefit of the Department in administering, enforcing and collecting the Authority Income Tax in the manner provided in this Agreement. Such usufruct shall be limited in time to the duration of this Agreement and in scope for program systems and other items being used by the Department under this Agreement.

14. NONDISCRIMINATION:

The City agrees to maintain a policy of nondiscrimination and agrees to comply with all of the Commonwealth laws, rules and regulations involving nondiscrimination on the basis

of race, color, religion, national origin, age or sex. Appendix G, Nondiscrimination Provisions, is attached hereto and made a part hereof as if set forth fully herein.

15. NOTICES:

The parties agree that all notices given pursuant to the terms of this Agreement shall be sufficient if in writing and sent by telecopy, facsimile or a courier service with receipt acknowledged. All other communications shall be sufficient if in writing and mailed postage prepaid first class. Any such notice or communication shall be sent to the following addresses or such other addresses as may be designated from time to time by the parties in writing:

(A) Department of Revenue
Secretary of Revenue
Pennsylvania Department of Revenue
Dept. 281100
Harrisburg, PA 17128-1100
Telecopy No.: (717) 787-3990
and

(B) City of Philadelphia

(1) Department of Revenue
City of Philadelphia
Municipal Services Building
John F. Kennedy Boulevard
at 15th Street
Philadelphia, PA 19102
Attention:
Telecopy No.: (215) 972-8738

Courier Service Address:

1600 Arch Street
Philadelphia, PA 19103

(2) Law Department
Municipal Services Building
John F. Kennedy Boulevard
at 15th Street
Philadelphia, PA 19102
Attention: City Solicitor
Telecopy No.: (215) 686-5223

Courier Service Address:

1600 Arch Street
Philadelphia, PA 19103

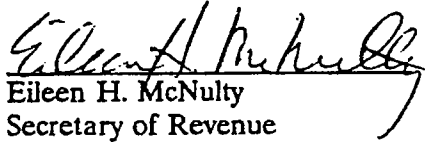
(C) Pennsylvania Intergovernmental
Cooperation Authority
1429 Walnut Street, 14th Floor
Philadelphia, PA 19102
Attention: Executive Director
Telecopy No.: (215) 563-2570

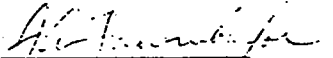
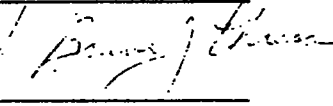
16. SEVERABILITY:

If a court of competent jurisdiction determines any portion of this Agreement to be invalid, it shall be severed and the remaining portions of this Agreement shall remain in effect.

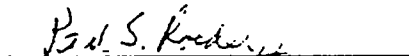
IN WITNESS WHEREOF, the parties hereto, being duly authorized and intending to be legally bound, have caused this Agreement to be executed as of the day and year first above written.

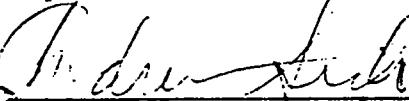
COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF REVENUE

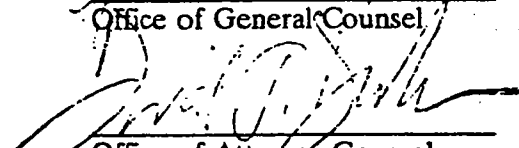

Eileen H. McNulty
Secretary of Revenue


Comptroller


Approved as to form and legality:

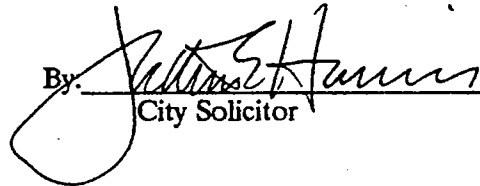

Chief Counsel
Department of Revenue


Office of General Counsel


Office of Attorney General

CITY OF PHILADELPHIA

By: 
Revenue Commissioner

By: 
City Solicitor

BLANK, ROME,

JUN 19 1991

COMISKY & McCAULEY



(Bill No. 1437)
AN ORDINANCE

Explanation: *Italics indicate new matter added.*

Amending Title 19 of The Philadelphia Code, entitled "Finances, Taxes and Collections," by adding a new Chapter 19-2500, entitled "Pennsylvania Intergovernmental Cooperation Authority Tax on Wages and Net Profits," by imposing a tax of one and one-half percent on the salaries, wages, commissions and other compensation earned by residents of the City and on the net profits earned in businesses, professions or other activities conducted by residents of the City; providing that revenues from the tax are to be used for the purposes of the Pennsylvania Intergovernmental Cooperation Authority; pledging to obligees of the Authority that the City will neither repeal nor reduce the tax for so long as bonds of the Authority secured by the pledge of the tax remain outstanding; providing for the collection of the tax; and imposing penalties.

The Council of the City of Philadelphia hereby ordains:

SECTION 1. Title 19 of The Philadelphia Code, entitled "Finances, Taxes and Collections," is hereby amended by adding a new Chapter 19-2800, entitled "Pennsylvania Intergovernmental Cooperation Authority Tax on Wages and Net Profits," to read as follows:

CHAPTER 19-2800. PENNSYLVANIA
INTERGOVERNMENTAL
COOPERATION AUTHORITY TAX
ON WAGES AND NET PROFITS.

§19-2801. *Legislative Acknowledgements.*

(1) *The General Assembly of the Commonwealth of Pennsylvania has enacted the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Act of _____, 1991, P.L. _____, No. _____).*

(2) *The Act declares it to be the public policy of the Commonwealth to exercise its retained sovereign powers with regard to taxation, debt issuance and matters of State-wide concern in a manner calculated to foster the fiscal integrity of cities of the first class to assure that these cities provide for the health, safety and welfare of their citizens; pay principal and interest owed on their debt*

obligations when due; meet financial obligations to their employees, vendors and suppliers; and provide for proper financial planning procedures and budgeting practices. The inability of a city of the first class to provide essential services to its citizens as a result of a fiscal emergency has been determined to affect adversely the health, safety and welfare not only of the citizens of that municipality but also of other citizens in this Commonwealth.

(3) The stated intent of the General Assembly for enacting the Act is to:

(a) provide cities of the first class with the legal tools with which cities of the first class can eliminate deficits that render them unable to perform essential municipal services;

(b) create an authority that will enable cities of the first class to access capital markets for deficit elimination and seasonal borrowings to avoid default on existing obligations and chronic cash shortages that will disrupt the delivery of municipal services;

(c) foster sound financial planning and budgetary practices that will address the underlying problems which result in such deficits; and

(d) exercise its powers consistent with the rights of citizens to home rule and self government by maintaining a system pursuant to which the principal responsibility for conducting the governmental affairs of a municipality remains with its local elected officials;

(e) remedy the fiscal emergency confronting cities of the first class through the implementation of sovereign powers of the Commonwealth with respect to taxation, indebtedness and matters of State-wide concern. To safeguard the rights of the citizens to the electoral process and home rule, the General Assembly intends to exercise its power in a cooperative manner with the elected officers of cities of the first class as contemplated by the Constitution of Pennsylvania.

(f) authorize the imposition of a tax or taxes to provide a source of funding for an intergovernmental cooperation authority to enable it to assist cities of the first class and to incur debt of such authority for such purposes; however, the General Assembly intends that such debt shall not be

a debt or liability of the Commonwealth or a city of the first class nor shall debt of the authority payable from and secured by such source of funding create a charge directly or indirectly against revenues of the Commonwealth or a city of the first class.

(4) In enacting the Act the General Assembly of the Commonwealth inter alia found:

(a) That cities of the first class have encountered recurring financial difficulties which may affect the performance of necessary municipal services to the detriment of the health, safety and general welfare of residents of such cities.

(b) That the financial difficulties have caused cities of the first class to lose an investment-grade credit rating and direct access to capital markets.

(c) That it is critically important that cities of the first class achieve an investment-grade credit rating and thereafter maintain their credit-worthiness.

(d) *That, without the ability to enter the capital markets, cities of the first class may face a fiscal emergency that could render them unable to pay their obligations when due and deliver essential services to their citizens.*

(e) *That, due to the economic and social interrelationship among all citizens in our economy, the fiscal integrity of cities of the first class is a matter of concern to residents of the entire Commonwealth, and the financial problems of such cities have a direct and negative effect on the entire Commonwealth.*

(f) *That, because cities of the first class consume a substantial proportion of the products of Pennsylvania's farms, factories, manufacturing plants and service enterprises, economic difficulties confronting cities of the first class detrimentally affect the economy of the Commonwealth as a whole and become a matter of State-wide concern.*

(g) *That, because residents of cities of the first class contribute a substantial proportion of all Commonwealth tax revenues, a disruption of the economic and social life of such cities may have a significant detrimental effect upon Commonwealth revenues.*

(h) That, cities of the first class and the Commonwealth have shown a willingness to cooperate in order to address important financial and budgetary concerns.

(i) That, the financial difficulties of cities of the first class can best be addressed and resolved by cooperation between governmental entities.

(j) That, the Constitution of Pennsylvania grants municipalities authority to cooperate with other governmental entities in the exercise of any function or responsibility.

(k) That, the Commonwealth retains certain sovereign powers with respect to cities of the first class, among them the powers to authorize and levy taxes, to authorize the incurring of indebtedness and to provide financial assistance that may be necessary to assist cities in solving their financial problems.

(l) That, the Commonwealth may attach conditions to grants of authority to incur indebtedness or assistance to

cities of the first class in order to ensure that deficits are eliminated and access to capital markets is achieved and maintained.

(m) That, such conditions shall be incorporated into intergovernmental cooperation agreements between the Commonwealth or its instrumentalities and cities of the first class.

(n) That, cities of the first class and the Commonwealth will benefit from the creation of an independent authority composed of members experienced in finance and management which may advise such cities, the General Assembly and the Governor concerning solutions to fiscal problems cities of the first class may face.

(o) That, the creation of such an authority with the power to borrow money and issue bonds in order to assist cities of the first class will allow such cities to continue to provide the necessary municipal services for their residents and to contribute to the economy of the Commonwealth.

(p) That, in order for an authority to effectively assist cities of the first class in financing their cash flow needs and for cities of the first class to be able to cost-effectively

finance their cash flow needs during the term of any authority bonds and thereafter, the enactment of certain provisions of law in connection with the issuance of tax and revenue anticipation notes of cities of the first class is necessary and desirable.

(q) That, a dedicated source of funding for the authority is necessary in order to address the immediate financial difficulties of cities of the first class.

(r) That, the Commonwealth's action in authorizing cities of the first class to impose taxes for the authority will allow such cities to continue to provide necessary services for their residents and for those non-residents enjoying the benefits of such services.

(s) That, the levy of a tax within cities of the first class for the authority should be authorized by the Commonwealth for the benefit of cities of the first class, with the revenue produced as a result of such levy being Commonwealth-authorized revenues and revenues of a State authority, and not revenues of the city of the first class.

(t) *That, the authority to levy a tax only within cities of the first class or as a rate that is higher than that imposed outside cities of the first class is based upon a legitimate classification which the General Assembly deems to be reasonable and just, since the benefit received by taxpayers in cities of the first class as a result of such levy is determined to be in proportion to the tax burden imposed in such cities of the first class.*

(u) *That, a levy imposed only, or at a higher rate, in cities of the first class will be used to benefit citizens of cities of the first class by providing for their health, safety, convenience and welfare.*

(5) *City Council further acknowledges that the Act:*

(a) *Specifically authorizes the imposition and pledge of any combination of the following taxes:*

(i) *a sale and use and hotel occupancy tax;*

(ii) *a realty transfer tax such as is now or as may be hereafter enacted for general revenue purposes of the City pursuant to Section 1301(b) of the Act of December 13, 1988 (P.L. 1121, No. 45), known as the Local Tax Reform Act; and*

(iii) a tax on salaries, wages, commissions, compensation or other income received or to be received for work done by residents of the City, imposed pursuant to the provisions of the Sterling Act.

(b) Provides that the revenues generated by any such tax are to become the exclusive property of the Pennsylvania Intergovernmental Cooperation Authority (PICA) and shall not be subject to appropriation by City Council or the General Assembly of the Commonwealth.

(c) Provides that the Department of Revenue of the Commonwealth is charged with the administration, enforcement and collection of the tax imposed by this Chapter and if the tax imposed is pursuant to Subsections 601(a)(2) or (3) of the Act the administration, enforcement and collection procedures for the taxes and the fines, forfeitures, penalties and interest charges shall be as are specified in this Chapter.

(d) Provides that the Department of Revenue of the Commonwealth is authorized to appoint as its agents, tax officers, clerks, collectors and other assistants, including revenue and legal departments of cities imposing a tax under this chapter, to collect and enforce any tax, including

interest and penalties, imposed under authority of this chapter; provided, however, that any moneys collected by any such agent shall not be commingled with any other funds of such agent and must be segregated and paid over to the Department of Revenue of the Commonwealth at least monthly.

(e) Provides that the revenues collected by any of the Department of Revenue's agents, tax officers, clerks, collectors and other assistants are to be paid over to the Department of Revenue of the Commonwealth to be deposited by the Treasurer of the Commonwealth in the Pennsylvania Intergovernmental Cooperation Authority Tax Fund.

(f) Provides that the obligees of PICA shall have the right to enforce a pledge of or security interest in revenues of the authority securing payment of bonds of the authority against all government agencies in possession of any such revenues at any time, which revenues may be collected directly from such officials upon notice by such obligees or a trustee for such obligees for application to the payment of such bonds as and when due or for deposits in any sinking, bond or debt service fund established by the

Commonwealth or established by resolution of the authority with such trustee at the times and in the amounts specified in such bonds or the resolution or indenture or trust agreement securing such bonds. Any government agency in possession of any such revenues shall make payment against receipt and shall thereby be discharged from any further liability or responsibility for such revenues. If such payment shall be to a holder of bonds, it shall be made against surrender of such bonds to the payor for delivery to the authority in the case of payment in full, otherwise it shall be made against production of such bonds for notation thereon of the amount of the payment. The provisions of this section with respect to the enforceability and collection of revenues which secure bonds shall supersede any contrary or inconsistent statutory provision or rule of law. This section shall be construed and applied to fulfill the legislative purpose of clarifying and facilitating the financing of the authority of the costs of assisting a city by assuring to the obligees of the authority the full and immediate benefit of the security for

the bonds without delay, diminution or interference based on any statute, decision, ordinance, or administrative rule or practice.

§19-2802. Definitions.

(1) "Authority." The Pennsylvania Intergovernmental Cooperation Authority established in the Act.

(2) "Bond." A note, bond, refunding note and bond, interim certificate, debenture and other evidence of indebtedness or obligation which an authority is authorized to issue pursuant to the Act.

(3) "Business." An enterprise, activity, profession or undertaking of any nature conducted for profit or ordinarily conducted for profit, whether by an individual, copartnership, association, governmental body or unit or agency, or any other entity.

(4) "Department." The Department of Revenue of the Commonwealth or its agents, tax officers, clerks, collectors and other assistants, including revenue and legal departments of the City of Philadelphia. For purpose of complying with the provisions of this Chapter, the Revenue

Department of the City is the authorized agent of the Department of Revenue of the Commonwealth for the collection of taxes imposed hereunder.

(5) "Employee." Any person who renders services to another for a consideration or its equivalent, under an express or implied contract, and who is under the control and direction of the latter, including temporary, provisional, casual or part-time employment.

(6) "Employer." An individual, copartnership, association, corporation, governmental body or unit or agency, or any other entity, who or that employs one or more persons on a salary, wage, commission or other compensation basis.

(7) "Net Profits." The net gain from the operation of a business, profession or enterprise, after provision for all allowable costs and expenses incurred in the conduct thereof, either paid or accrued in accordance with the accounting system used, without deduction of taxes based on income.

(8) "Obligee of the Authority." Any holder or owner of any bond of the Pennsylvania Intergovernmental

Cooperation Authority or any trustee or other fiduciary for any such holder or any provider of a letter of credit, policy of municipal bond insurance or other credit enhancement or liquidity facility for bonds of the authority.

(9) "Person." Every individual, copartnership, fiduciary or association.

(10) "Resident." An individual, copartnership, association, corporation or any other entity domiciled in the City.

(11) "Salaries, Wages, Commissions and Other Compensation." All salaries, wages, commissions, bonuses, incentive payments, fees and tips that may accrue or be received by an individual, whether indirectly or through an agent and whether in cash or in property, for services rendered, but excluding:

(a) periodical payments for sick or disability benefits and those commonly recognized as old age benefits;

(b) retirement pay, or pensions paid to persons retired from service after reaching a specific age or after a stated period of employment;

(c) any wages or commissions paid by the United States to any person for active service in the Army, Navy or Air Force of the United States;

(d) any bonus or additional compensation paid by the United States, this Commonwealth, or any other state for such service;

(e) any statutory per diem compensation paid any witness or juror, or member of the District Election Board.

(12) "Taxpayer." Any person required by this Chapter to file a return or to pay a tax.

§19-2503. Imposition of Pennsylvania Intergovernmental Cooperation Authority Tax on Wages and Net Profits.

(1) An annual tax to provide revenues for the purposes of the Pennsylvania Intergovernmental Cooperation Authority is imposed as follows:

(a) On salaries, wages, commissions, and other compensation earned by residents of Philadelphia on and after July 1, 1991 at the rate of one and one-half percent.

(b) *On the net profits earned in business, professions or other activities conducted by residents after July 1, 1991 at the rate of one and one-half percent.*

(2) *The tax imposed under §19-2803(1)(a) 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.*

(3) *The tax levied under §19-2803(1)(b) 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.*

§19-2804. City Pledge; Duration of Taxes.

(1) *The city pledges and agrees with each and every obligee of the authority acquiring bonds secured by an authority pledge of taxes imposed by this Chapter that the city will not repeal the tax or reduce the rate of the tax imposed for the authority until all bonds so secured by the pledge of the authority, together with the interest thereon, are fully paid or provided for. The revenues from the taxes imposed by this Chapter shall be revenues and property of*

the authority and shall not be revenues or property of the city. The taxes shall be collected by the Department of Revenue of the Commonwealth and shall not be subject to appropriation by the City Council or by the General Assembly.

(2) The taxes imposed under this chapter shall continue in effect until all bonds of the authority which are secured by the authority's pledge of such tax revenues are no longer outstanding. For as long as any such bonds remain outstanding, City Council pledges not to repeal this Chapter or reduce the rate of tax imposed for the authority under this Chapter.

§:9-2505. Return and Payment of Tax.

(1) Each person whose net profits are subject to the tax imposed by this chapter shall, on or before April 15 of each year, make and file with the Department a return on a form furnished by or obtainable from the Department setting forth the amount of such net profits earned by him during the preceding year and subject to the said tax, together with such other pertinent information as the Department may require. Where a return is made for a fiscal year or for any

other period different from a calendar year, the said return shall be made within one hundred five (105) days from the end of the said fiscal year or other period.

(2) Each person who is employed on a salaried, wage, commission or other compensation basis, which is subject to a tax imposed by this Chapter and which tax is not withheld by his employer and paid to the Department as provided in §19-2806 shall make and file a tax return with the Department for the three (3) months ending December 31, on or before the 15th day of the following February, and shall make and file a tax return with the city on or before the last day of April, July and October for the last three (3) months ending on the last day of the month preceding the due date. The return shall be made on a form furnished by the Department, setting forth the aggregate amount of salaries, wages, commissions and other compensation subject to the said tax earned by such person for the three (3) months, together with such other pertinent information as the city may require.

(3) Whenever any person files a return required by this Section he shall at the time of filing pay to the Department the amount of tax due thereon.

§19-2806. *Collection at Source.*

(1) *Each employer within a city of the first class who employs one or more persons on a salary, wage, commission or other compensation basis shall deduct at the time of payment thereof, the tax imposed by this Chapter on the salaries, wages, commissions and other compensation due from the said employer to the said employee, except that due to employees engaged as domestic servants, and shall make a return and pay to the Department the amount of tax so deducted at such intervals as the Department shall established by regulations.*

(a) *The return shall be on a form or forms furnished by the Department and shall set forth the names and residences of each employee of said employer during all or any part of the period covered by the said return, the amounts of salaries, wages, commissions or other compensation earned during such period by each of such employees, together with such other information as the Department may require.*

(b) *The employer making the return shall, at the time of filing, pay to the Department the amount of tax due thereon.*

(c) *The failure of any employer, residing either within or outside of a city of the first class to make such return and/or to pay such tax shall not relieve the employee from the responsibility for making the returns, paying the tax, and complying with the regulations with respect to making the returns and paying the tax.*

(2) *When an employer makes deductions or returns under §19-2806(1) he shall deposit such deduction with the Department or with any bank designated by the Department, which shall in all cases be a bank designated as a City depository bank.*

(a) *Each bank so designated shall issue official receipts to the employer for the money received from him, which money shall be credited to the authority's account. Such deposits shall be reported daily to the department.*

(b) *At the time of each deposit, the employer shall file with the department or designated bank a depository form to be furnished by the department which shall contain such information as the department may require.*

§19-2807. Estimated Net Profits Tax.

(1) *Returns and Payments of Estimated Tax.*

(a) Each person whose net profits are subject to the tax imposed by this Chapter shall be required to file returns and pay estimated tax on account of the net profits due for the current taxable year.

(2) For the purposes of this Chapter, the term "estimated tax" means the amount of net profits tax which a person calculated to be his tax due under this Chapter for the preceding taxable year, after giving effect to the tax credit provided in Section 19-2808.

(3) Calendar Year Taxpayers.

(a) Returns and payments of estimated tax for taxable years beginning after December 31, 1991 shall be due and payable as follows:

(.1) The first installment of one-fourth of the estimated tax shall be due and payable on or before April 15 of the taxable year.

(.2) The second installment of one-fourth of the estimated tax shall be due and payable on or before June 15 of the taxable year.

(4) Fiscal Year Taxpayers.

(a) *Persons who report net income for a fiscal year period other than a calendar year shall make returns and payments of estimated tax for taxable years beginning after December 31, 1991 as follows:*

(1) *The first installment of one-fourth of the estimated tax shall be due and payable within three and one-half months after the beginning of the taxable fiscal year.*

(2) *The second installment of one-fourth of the estimated tax shall be due and payable within five and one-half months after the beginning of the taxable fiscal year.*

(5) *Credits for Excessive Estimated Payments.*

(a) *Any estimated payments which exceed a person's tax liability for the taxable year shall be applied as a credit against the estimated tax for the following taxable year, to the extent of the estimated tax due for the following taxable year.*

(b) *The amount of any estimated payments which exceed the estimated tax for the following year shall be refunded to the taxpayer.*

