



City of Jeannette

Westmoreland County, Pennsylvania

BILL NO. 15-07

ORDINANCE NO. 15-06

AN ORDINANCE OF THE CITY OF JEANNETTE, WESTMORELAND COUNTY, PENNSYLVANIA AMENDING ARTICLE 343, BY DECREASING THE RATE OF SUBSECTION 343.021 TITLED "ADDITIONAL IMPOSITION RATE UNDER ACT 205 OF 1984, THE PENSION STANDARD AND RECOVERY ACT" OF THE CODIFIED ORDINANCES TO (.85%) .85 OF ONE PERCENT FOR RESIDENTS AND TO (0%) ZERO PERCENT FOR NON-RESIDENT WORKERS.

WHEREAS, the City of Jeannette's Pension Plans remain at a "Level II" distress level by the Pennsylvania Employees Retirement Commission (PERC); and

WHEREAS, as a result of the Level II determination, the City of Jeanette has elected a number of options for funding and recovery of the plans including the option to impose an additional tax levy under the special municipal taxing authority provision in Act 205, Section 607 (F); and

WHEREAS, the City's actuary, Mockenhaupt Associates, has completed a calculation that confirms that the City may levy .85% additional tax (totaling 1.85% when combined with the regular Earned Income Tax rate) on the earned income of residents for the sole purpose of defraying the costs required to be paid into the pension plans as a result of the mandates under Act 205;

WHEREAS, the City seeks to eliminate the prior imposition of additional Act 205 taxes upon non-resident workers by setting such rate at 0% on earnings after the 1st day of January, 2016.

NOW, THEREFORE, WITH THE FOREGOING RECITALS BEING INCORPORATED HEREIN BY REFERENCE THERETO, IT IS HEREBY ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF JEANNETTE, AS FOLLOWS:

SECTION I. That Article 343 of the Codified Ordinance of the City of Jeannette, entitled "Earned Income Tax," is hereby amended by setting the special, additional earned income tax for pension fund recovery purposes in the amount of .85% for residents and 0% for non-residents and is hereby imposed on:

- a. All salaries, wages, commissions and other compensation earned on and after January 1, 2016 by residents of the City of Jeannette; and on
- b. All salaries, wages, commissions and other compensation earned on and after January 1, 2016 by non-residents of the City of Jeannette for work done or services performed or rendered in the City of Jeannette; and on
- c. The net profits earned on and after January 1, 2016 of businesses, professions or other activities conducted by such residents; and on



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- d. The net profits earned on and after January 1, 2016 of businesses, professions or other activities conducted in the City of Jeannette by non-residents.

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 be given credit for the amount of earned income tax paid to the municipality in which they reside.

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, 2016 and with respect to the net profits of businesses, professions, or other activities earned during the 2016 calendar year, 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, 2016.

SECTION II. All other provisions of Article 343 remain in effect.

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

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

THIS ORDINANCE IS DULY ORDAINED AND ENACTED BY A MAJORITY OF THE MEMBERS OF COUNCIL OF THE CITY OF JEANNETTE, AT A DULY ADVERTISED PUBLIC MEETING HELD ON THE 30TH DAY OF NOVEMBER, 2015.

THE CITY OF JEANNETTE:

By: **Richard Jacobelli**
Mayor and President of Council

ATTEST:

Michael L. Nestico, City Manager