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Senate Passes Farry's Commuter Tax Fairness Act to Keep Tax Dollars Local

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HARRISBURG – To return tax dollars locally and to prevent further property tax increases, the Senate passed Sen. Frank Farry's (R-6) **Commuter Tax Fairness Act** today to make Philadelphia's City Wage Tax more equitable for non-residents.

Currently, the city wage tax of 3.44% is imposed on salaries, wages, commissions and other compensation paid to employees working for a Philadelphia employer. Non-residents – even those who work remotely and never set in the city – are forced to pay the full Philadelphia City Wage Tax if their employer is based in the city.

“Because residents who live in surrounding municipalities but work in Philadelphia pay all of their local income tax to the city rather a portion to their home municipality, the tax burden is greater for non-Philadelphia workers of those municipalities,” Farry said. “My bill would keep a fair share of tax dollars local. Your local tax dollars should be used to help your community.”

With the passage of the Commuter Tax Fairness Act, the Philadelphia City Wage Tax for non-residents would remain 3.44% but 1% could be remitted to the workers' home municipalities for municipalities that have an earned income tax. This will put Philadelphia in line with more than 2,500 other local governments.

“As a formal municipal official, I know how difficult the financial challenges are for local governments and first responders. Because of Philadelphia’s City Wage Tax, millions of dollars are diverted from the municipalities where our residents live – resulting in higher taxes for basic services like fire, police and emergency medical services,” Farry said.

Robert Pellegrino, Northampton Township manager said, “Many suburban Philadelphia communities are also dealing with a lack of volunteer firefighters and are transitioning to full-time paid fire services that will require a significant financial investment in personnel and equipment.”

“While every other municipality in the Commonwealth must reimburse earned income tax revenues collected from non-residents to the home municipalities of those non-residents, Philadelphia is alone in its ability to keep for itself, both the earned income tax of its residents and all of the non-residents who work in the city, without having to remit any portion or percentage of those non-resident revenues back to the home municipality of those non-residents,” said Township of Bensalem Mayor Joseph DiGirolamo.

The bill now moves to the House of Representatives for consideration.

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