

Week of May 29, 2017

**HEADLINES**

**Rafferty, Scavello Applaud Committee Passage of Realty Transfer Tax Exemption for Veterans’ Organizations**

The Senate Finance Committee recently moved legislation sponsored by Sen. John Rafferty (R-44) and Sen. Mario Scavello (R-40) to exempt nationally recognized veterans’ organizations from the Realty Transfer Tax. Currently, veterans’ organizations wishing to transfer property from the local home association to the post are not excluded from the 2 percent realty transfer tax despite their tax exempt status. The change was made necessary as the result of a 1998 state Supreme Court ruling that prompted American Legion home associations which did not have a liquor license but wished to obtain one to apply as an incorporated unit of a national veterans’ organization. The associations were advised to transfer all other realty and assets to the post to insulate the post and its assets from liability while still affording them the opportunity to have social or associate members who can contribute to the post’s financial success. Senate Bill 430 will exempt veterans’ organizations from the Realty Transfer Tax during such necessary transactions. Despite the proposed change in tax status contained in this legislation, the home association would still be dependent upon the national veterans’ organization post, and the post would still continue to have the authority to disband the home association at any time.

**Ortitay introduces school property tax bill**

State Rep. Jason Ortitay, R-South Fayette Township, introduced legislation that would allow school districts to enact additional taxes to offset the dependence on the property tax. The bill would also require school districts to lower their current property tax rates by a minimum of 10 percent in the first year. House Bill 1429 would permit school districts to enact the following taxes; earned income tax, occupation, per capita, business privilege tax, local service, real estate transfer, realty, amusement and mercantile tax. Any new tax or revenue raised would require the property tax levels in a district were lowered. Any taxpayer with past due property taxes would be permitted to repay all dues and interest without penalty within 180 days of the bill’s enactment. School districts would be allowed to raise taxes only to an approved limit each year. Any additional increase would have to be approved by a voter referendum. The bill is currently awaiting action in the Finance Committee.

**Philadelphia Sees Downturn In Beverage Tax Receipts**

Receipts from Philadelphia’s sweetened beverage tax were down in April. The tax brought in $6.5 million in April, the first decline in revenue since the city began collecting it in January. A city spokesman says it’s no cause for concern, just an off-month, the kind of fluctuation that’s normal for a new tax. But Anthony Campisi of the Beverage Industry coalition, Ax the Tax, sees it as ominous. “It’s not providing the stable source of revenue the mayor claims the city needs,” he said. The city has projected that the one-and-a-half cent an ounce tax will bring in $91 million a year, money earmarked for expanded pre-K, community schools and a rebuild of city parks, rec centers and libraries, all aimed at reducing the city’s 26 percent poverty rate. For the first four months, the tax has brought in $25.6 million but distributors complain it has hurt sales, and, in turn, caused job loss.

**Funding for Entertainment Tax Credits**

Representative Brian Ellis introduced co-sponsorship memorandum for legislation which would amend the manner in which Entertainment Tax Credits are funded. Currently, each fiscal year, legislation determines the amount of funding the Film Production Tax Credit, the Concert Rehearsal and Tour Tax Credit and the Video Game Production Tax credit will receive. These amounts and vary from year to year. This legislation would amend the Tax Code to consolidate this funding into one source; giving each of the tax credits a certain percentage of that funding. Specifically, under this legislation, the Film Production Tax Credit will receive 80%, Concert Rehearsal will receive 10% and Video Game will receive 10%. If the money is not used from one of the tax credits, the remaining money may be used for the other tax credits.

**Dean to hold Policy Committee hearing on Marcellus Shale Severance Tax Friday in Abington**

State Rep. Madeleine Dean, D-Montgomery, announced she will host a House Democratic Policy Committee hearing about a possible Marcellus Shale severance tax 10 a.m. Friday, June 2 at the Abington School District Administration Building, 970 Highland Ave., Abington. Dean requested the hearing because she is continuing work on legislation that would implement a Marcellus Shale severance tax. Dennis Davin, Secretary of DCED and Scott Perry, Deputy Secretary for Oil and Gas, DEP are slated to testify.

**house finance committee Meeting**

The House Finance Committee will meet Wednesday, June 7th to consider House Bills 866, 871, 1420 and 1421. HB 866, sponsored by Representative George Dunbar makes a number of changes to Act 32 which include: clear safe harbor language for estimated taxes, oversight of the local Tax Collection Committee, clarification of temporary job assignments, W2 reporting requirements, audits of taxes received and disbursed on a calendar year basis only, standardized forms by 2020, and allows for full credit for payments of EIT. HB 871, sponsored by Representative John Taylor proposes an amendment to the Pennsylvania Constitution authorizing the legislature to permit a city of the first class (Philadelphia) to impose taxes for the benefit of the city of the first class on real estate used for business purposes at a tax rate that exceeds the tax rate applicable to other real estate, with certain stipulations. Constitutional amendments require approval in two consecutive legislative sessions and then approval by the voters through a referendum. House Bills 1420 and 1421, sponsored by Representative Keith Greiner amend the Solicitation of Funds for Charitable Purposed Act to align the audit requirements for financial reports with federal law.

**Fair Share Tax Plan**

Senators Art Haywood and Vincent Hughes circulated co-sponsorship memorandum for legislation to create a “Fair Share Tax Plan”. This plan would cut Personal Income Tax on a person’s active income from wages and interest to 2.8%. In addition, it would impose a tax rate of 6.5% on passive income from net profits, dividends, net gains derived from rents, royalties, patents and copyrights, gambling and lottery winnings and net gains derived through estates and trust.

**Hoping to lead by example, Auditor General posts office’s expenses online**

Auditor General Eugene DePasquale Wednesday announced he has taken the step of putting all of his office’s expenses online, hoping to lead by example for other governmental entities. Back in 2015, DePasquale began posting his travel expenses online. He said in a statement Wednesday that the further posting of all expenses from his office is a further step in his commitment to transparency. Back in April, DePasquale wrote a letter to the General Assembly offering his office’s services to audit their operations. Currently, the General Assembly is audited by the Legislative Audit Advisory Committee, which retains an outside accounting firm to examine legislative expenditures. As of Wednesday’s announcement, DePasquale said he has not received a response from the General Assembly, but believes—in the absence of his office examining their operations—the posting of their expenditures online would serve the public interest. The news also comes on the heels of a week of headlines reporting on statements of financial interest from legislators and the Democratic National Committee coming under scrutiny for giving staff bonuses following the convention in Philadelphia in lieu of returning surplus dollars to Pennsylvania taxpayers, who supplied a grant to cover convention costs. The Office of Auditor General is examining the DNC expenditures. According to DePasquale’s office, the Auditor General was the first legislator to post his expenses online when he served in the Pennsylvania House of Representatives from 2007 to 2013.

**Sen. Gordner to reboot vetoed legislation giving General Assembly greater say in regulatory process**

In a cosponsorship memo last week, Senate Majority Whip John Gordner (R-Columbia) announced his intention to reintroduce legislation vetoed by Gov. Tom Wolf last session that would give the General Assembly a greater role in regulatory oversight. While he said the legislation will not drastically change the process, it will give the General Assembly greater say. "This legislation will require that within five days of receipt of proposed regulations, the chair of the committee must provide a paper or electronic copy of the proposed regulations to each committee member for their review," the memo reads. "The chair will also be empowered to hold hearings on the proposed regulations or to call a meeting to seek to have the committee, by a majority vote of the members, adopt official comments of the committee. Each member of the committee will still have the ability to individually submit comments to the chair, IRRC and/or the agency.” Additionally, the legislature will be given more time to review the regulations and give committees the ability to have the Independent Regulatory Review Commission (IRRC) remove from its agenda final form regulations which the committee either disapproves or requests additional time for review.

**PENNSYLVANIA GENERAL ASSEMBLY SESSION SCHEDULE:**

**2017 SENATE SESSION SCHEDULE**

**June**5, 6, 7, 8, 12, 13, 14, 19, 20, 21, 22, 26, 27, 28, 29, 30

**2017 HOUSE SESSION SCHEDULE**

**June**5, 6, 7, 8, 12, 13, 14, 19, 20, 21, 22, 26, 27, 28, 29, 30

**DEPARTMENT OF REVENUE UPDATE**

**Time Running Out For PA Tax Amnesty**

Pennsylvania tax amnesty – which waives all penalties and half of the interest for those who pay their past-due state taxes – is more than halfway over, Acting Revenue Secretary C. Daniel Hassell reminded taxpayers Tuesday. The 60-day program ends at midnight June 19, 2017. “Only three weeks remain for businesses and individuals to take advantage of the Tax Amnesty program by applying and paying what they owe,” said Hassell. “The June 19 deadline is set by law and will not be extended. “We encourage those with back taxes to not wait until the deadline. After June 19, a 5 percent penalty will be added to what is owed.” More than 21,000 applications for amnesty worth an estimated $72 million have been submitted or are in development by taxpayers. More than 91,000 calls have been answered at the toll-free Tax Amnesty hotline, 1-844-727-8283. Applications and full payments must be made or postmarked by midnight Monday, June 19, 2017. Payments are accepted by check, money order, credit/debit card or electronic funds transfer. Act 84 of 2016 authorized a tax amnesty for more than 30 taxes administered by the Department of Revenue, including the corporate net income tax, employer withholding tax, sales tax, and personal income tax. After Tax Amnesty ends a 5 percent penalty will be added to delinquent taxpayers who were eligible, but did not participate, and the department will continue collections activities that recover more than $600 million a year. Taxpayers can apply or get more information at [backtax.pa.gov](http://www.backtax.pa.gov/) or by calling 844-PA-STATE-TAX (1-844-727-8283) from 8:00 a.m. to 10 p.m., Monday through Thursday, from 8:00 a.m. to

**IRRC UPDATES**

None