

Week of December 4, 2017

**HEADLINES**

**House Finance Committee Meeting on pstap initiative**

As noted below, the House Finance Committee scheduled a voting meeting to consider HB 1098. HB 1098 sponsored by Rep. Peifer (Amends the Local Tax Enabling Act) eliminates the need to file local tax returns if a taxpayer had no income subject to local tax and met the filing exemptions for state and federal taxes in the preceding year. Additionally, the bill establishes a de minimis dollar amount to be reported for estimated taxes ($12,000), applicable to all classes of income and eliminates $0 quarterly estimated tax filings if a resident’s tax liability is $200 or less and is paid in full.

**CO-SPONSOR MEMOS**

This week, Representative Mark Mustio circulated co-sponsorship memorandum for legislation to preempt local taxation of sweetened beverages in the Commonwealth of Pennsylvania. The legislation would be designed to prohibit any municipality from levying such a tax while also invalidating the current soda tax in Philadelphia. Representative James Santora circulated co-sponsorship memorandum for legislation establishing a Volunteer First Responder Education Tax Credit Program. Specifically, this legislation would provide a scholarship of up to $5,000 per active volunteer first responder to attend a Pennsylvania institution of higher education. Representative Carolyn Comitta circulated a memo for a bill that would provide for a childcare tax deduction from the state income tax. The proposed deduction would be a dollar-for-dollar deduction up to $10,000 annually.

**Monthly, year-to-date state revenue collections above estimates**

State revenue collections for the month of November came in above estimate, the Department of Revenue reported Friday. According to the department, November’s collections of $2.2 billion exceeded estimates by $47.2 million or 0.4 percent. The total collections in November bring FY 2017-2018 collections $26.1 million or 0.2 percent above estimate with total collections ringing in at $11.4 billion. Revenue collections for November—and for the year—are above estimate in all major categories, including the sales tax, the personal income tax, the corporate net income tax, the inheritance tax, and the realty transfer tax. General Fund revenue from combined sources of cigarette, malt beverage, liquor and gaming taxes were below estimate for the month, along with other non-tax revenue sources.

**DEPARTMENT OF REVENUE GO-TIME SAVINGS**

The Department of Revenue held a press conference Thursday morning to outline the $29.3 million dollars saved through Governor Wolf’s GO-TIME initiative. Revenue Secretary Dan Hassell announced that it was saved through the process of preventing the issuance of fraudulent and erroneous tax refunds and re-negotiating a software contract that helps detect fraudulent returns. He estimated that $80.5 million will be saved over four years. So far this year, more than 61,000 personal income tax returns have been flagged for review. For comparison, the department flagged 31,336 in 2016, 8,521 in 2015 and 1,132 in 2014. Established in 2016, the Fraud investigation Unit has partnered with state and federal tax administrators to address the rise in fraudulent tax returns filed by scammers. Armed with new analytical tools provided by the re-negotiated software contract, the unit also helped the department strengthen its automated fraud filters, which intercept fraudulent and erroneous returns. These filings mainly contain overstated expenses and incorrectly reported wages. In addition to those savings, the department now has the capability to deploy identity verification quizzes that assist taxpayers in confirming their identities online.

**Effort to send severance tax legislation back to committee fails**

In a move some were hoping would keep the issue from additional floor debate for some time, a motion in the Pennsylvania House of Representatives Monday attempted, but ultimately failed, to send a highly contentious natural gas severance tax bill back to committee. The legislation had already received two days of pre-Thanksgiving debate as lawmakers try to wade through the nearly 400 amendments filed to the bill. In those two days, the legislature successfully adopted seven changes to the bill while seven proposed changes were defeated. It was the fact that many amendments still remain proposed to the legislation, along with the pace at which the General Assembly is considering the legislation, that fueled the reasoning of some of the members present at Monday’s voting session who hoped to send the bill back to committee. Some representatives noted that the referral to the House Environmental Resources and Energy Committee—an oversight committee where various severance tax proposals have languished—would result in the likely demise of the proposal. Ultimately, the supporters of the legislation’s continued consideration by the entire House prevailed in the vote by a 94-93 margin. As the legislation currently sits, the proposal sponsored by Rep. Gene DiGirolamo (R-Bucks) implements a volumetric tax based on the price of gas with the amount of the tax increasing as the price of gas increases. It also includes a proposal that provides for a change in natural gas minimum royalty payments. For a full fiscal year, the tax is anticipated to bring in between $150 million and $200 million.

**PENNSYLVANIA GENERAL ASSEMBLY SESSION SCHEDULE:**

**2017/18 SENATE SESSION SCHEDULE**

December       11, 12, 13

January           2, 22, 23, 24, 29, 30, 31

February         5, 6, 7

March             19, 20, 21, 26, 27, 28

April               16, 17, 18, 23, 24, 25, 30

May                1, 2, 21, 22, 23

June               4, 5, 6, 11, 12, 13, 18, 19, 20, 25, 26, 27, 28, 29

**2017/18 HOUSE SESSION SCHEDULE**

December       4, 5, 6, 11, 12, 13

January          2 (non-voting), 22, 23, 24

February         5, 6, 7

March             12, 13, 14

April               9, 10, 11, 16, 17, 18, 30

May                1, 2, 22, 23

June                4, 5, 6, 11, 12, 13, 18, 19, 20, 21, 25, 26, 27, 28, 29, 30

**UPCOMING COMMITTEE MEETINGS AND HEARINGS**

**House Finance (PUBLIC HEARING)      
TUESDAY - 12/12/17  
9:00 a.m., Room 205, Ryan Office Building**

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|  | Public hearing on Department of Revenue collection practices and:   |  |  |  |  | | --- | --- | --- | --- | |  | HB 1859 | Snyder, Pam | Amends the Tax Reform Code, in personal income tax, further providing for payment on notice and demand. |  |  |  |  |  | | --- | --- | --- | --- | |  | HB 1867 | Zimmerman, David | Amends the Tax Reform Code, in personal income tax, further providing for examination. | |

**House Urban Affairs**        
**TUESDAY - 12/12/17  
9:30 a.m., Room G-50, Irvis Office Building**

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|  | To consider:   |  |  |  |  | | --- | --- | --- | --- | |  | HB 1076 | Caltagirone, Thoma  s | Amends Title 68 (Real & Personal Property), in land banks, further providing for legislative findings & purpose, for powers & for disposition of property & providing for exemption from realty transfer tax. |  |  |  |  |  | | --- | --- | --- | --- | |  | HB 1814 | Keller, Mark | Amends the Real Estate Tax Sale Law, in short title & defs., providing for defs.; &, in sale of property, providing for repurchase by owner & for limitation of trusteeship & responsibilities of the property owner. | |

**House Finance**       
**WEDNESDAY - 12/13/17  
9:00 a.m., Room 205, Ryan Office Building**

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|  | To consider:   |  |  |  |  | | --- | --- | --- | --- | |  | HB 994 | Grove, Seth | Amends the Tax Reform Code, in gross receipts tax, further providing for imposition of tax. |  |  |  |  |  | | --- | --- | --- | --- | |  | HB 1098 | Peifer, Michael | Amends The Local Tax Enabling Act, in local taxes, further providing for delegation of taxing powers and restrictions thereon; and, in consolidated collection of local income taxes, further providing for declaration and payment of income. | |

**DEPARTMENT OF REVENUE UPDATE**

**Revenue Department Releases November 2017 Collections**

**​**Pennsylvania collected General Fund tax revenue in November of $2.2 billion, Revenue Secretary Dan Hassell announced. The total tax collections for the month exceed estimate by $47.2 million, or 0.4 percent. Fiscal year-to-date, General Fund revenue collections total $11.4 billion, which is $26.1 million, or 0.2 percent, above estimate. Sales tax receipts totaled $837.4 million for November, $23.6 million above estimate. Year-to-date sales tax collections total $4.3 billion, which is $23.6 million, or 0.6 percent, more than anticipated. Personal income tax (PIT) revenue in November was $918.2 million, $10.5 million above estimate. This brings year-to-date PIT collections to $4.7 billion, which is $10.4 million, or 0.2 percent, above estimate.  November corporation tax revenue of $103.3 million was $9 million above estimate. Year-to-date corporation tax collections total $812.9 million, which is $8.8 million, or 1.1 percent, above estimate. Inheritance tax revenue for November was $87.8 million, $6.5 million above estimate, bringing the year-to-date total to $404.5 million, which is $6.6 million, or 1.6 percent, above estimate.  Realty transfer tax revenue was $44.5 million for November, $2.6 million above estimate, bringing the fiscal-year total to $220.8 million, which is $2.6 million, or 1.2 percent, more than anticipated.  Other General Fund tax revenue, including cigarette, malt beverage, liquor and gaming taxes, totaled $167.5 million for the month, $4.4 million below estimate and bringing the year-to-date total to $780.1 million, which is $4.7 million, or 0.6 percent, below estimate. Non-tax revenue totaled $146.9 million for the month, $21.2 million below estimate, bringing the year-to-date total to $224.3 million, which is $21.2 million, or 8.6 percent, below estimate. In addition to the General Fund collections, the Motor License Fund received $262.5 million for the month, $24.3 million above estimate. Fiscal year-to-date collections for the fund — which include the commonly known gas and diesel taxes, as well as other license, fine and fee revenues — total $1.3 billion, which is $24 million, or 1.9 percent, above estimate.

**IRRC UPDATE**

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