

Week of January 8, 2018

**HEADLINES**

**House Finance Committee Meeting**

The House Finance Committee rescheduled their meeting to consider House Bills 994 (Grove) and 1098 (Peifer) for Tuesday, January 23rd at 9:30. The committee is expected to consider PSTAP’s amendment to HB 1098. The full committee announcement is below.

**Penalty assessments to be mailed in final step of Pa. Tax Amnesty program**

The Pennsylvania Department of Revenue this week will start mailing non-participation penalty assessments to delinquent taxpayers who failed to participate in the 2017 Tax Amnesty program, Revenue Secretary Dan Hassell announced. Act 84 of 2016 authorized the Tax Amnesty program to net an estimated $100 million for the 2016-17 fiscal year budget. The program exceeded that estimate by providing $130.4 million in net revenue to the commonwealth. The program ran for 60 days, between April 21 and June 19, and allowed eligible individuals and businesses to pay past-due state taxes while having all the penalties and half of the interest waived. Act 84 required the Department of Revenue to notify all known delinquent taxpayers in writing of the existence of the Tax Amnesty program. As a result, the department mailed notification letters to approximately 800,000 known delinquent taxpayers. The statute also called on the department to publicize the program to maximize public awareness and participation.

**Lawmaker floats proposal to lower state’s personal income tax rate**

Hoping to boost the rate of Pennsylvania’s economic growth, Rep. Jason Ortitay (R-Washington) recently floated a proposal to lower the commonwealth’s personal income tax (PIT) rate from 3.07 percent to 2.82 percent. The proposal comes on the heels of recently enacted federal tax reform that sought to cut taxes for the majority of Americans and spur economic growth, but was also projected to grow the national deficit. The Pennsylvania legislation, House Bill 2002, is touted as saving households $500 by lowering the current rate, which has been in place since 2003. Outside of saving households money, Rep. Ortitay also said that he hopes his legislation will spur small business growth since many small businesses pay the personal income tax. Rep. Ortitay’s proposal also comes as the legislature is examining a comprehensive strategy toward modernizing Pennsylvania’s tax structure. Currently, House Bill 2002 has been referred to the House Finance Committee for consideration. It has been introduced with 13 co-sponsors, all Republicans.

**Department of Revenue Corporate Tax Bulletin 2017-02 – co-sponsor memo**

Rep. Francis Ryan circulated co-sponsorship memorandum for legislation to reverse the Pennsylvania Department of Revenue Corporate Tax Bulletin 2017-02 issued at the end of last year. A copy of the bulletin can be found [HERE.](https://drive.google.com/open?id=15O-CvXUkUoPyaRpjj5baetcmwsWhO7M5) The bulletin states that any deduction for depreciation of qualified property under section 168(k) of the Internal Revenue Code of 1986 must be added back to Pennsylvania taxable income for corporate net income tax purposes. The change will be effective for property placed in service after September 27, 2017. The bulletin also states the department will continue to allow depreciation deductions under Corporate Tax Bulletin 2011-01 for property placed in service prior to this date. Rep. Ryan argues in his co-sponsors memo that this bulletin will be detrimental for business in Pennsylvania.

**Tax identity theft awareness week**

Rep. Ryan Mackenzie circulated co-sponsorship memorandum for a resolution that would recognize January 29th through February 2nd as Tax Identity Theft Awareness Week in Pennsylvania. Rep. Mackenzie urges Commonwealth residents to properly dispose of any documents that contain personal and identifying information by shredding bank and credit card statements, as well as old tax returns. In addition, he notes that the use of firewall and anti-virus software on devices, creating strong passwords on websites and not opening emails from unknown senders can help protect against tax identity theft.

**Auditor General DePasquale Outlines Plans to Tackle Challenges Facing Residents, Government to Improve Accountability, Transparency**

Auditor General Eugene DePasquale outlined his major audit initiatives and special reports for 2018 on Monday that he says will help tackle many of the challenges facing Pennsylvania government and residents while improving accountability and transparency. This year, DePasquale will announce the results of major performance audits of: the Lancaster School District, Aspira of Pennsylvania Charter School in Philadelphia, PennDOT, and the state’s workforce development system. Audit teams also are starting or preparing to start major performance audits of: the Allegheny Port Authority, the Pennsylvania Turnpike Commission, school districts in Coatesville, Reading, Susquehanna Township and Wilkinsburg, the Department of State’s voter registry system, and the Pennsylvania Game Commission. His goals also include stopping tax-payer funded sexual harassment settlements, auditing municipal authorities, regulating and taxing marijuana, fighting the opioid crisis and eliminating untested rape kits.

**Auditor General DePasquale Says Audit of Ambridge Area School District Finds Costly Retirement Benefits for Administrators**

Auditor General Eugene DePasquale said a recent audit of the Ambridge Area School District, Beaver County, showed health insurance retirement benefits included in contracts for a current and former superintendent could have significant long-term financial implications for taxpayers. Auditors found that when the former superintendent retired in September 2016 — after just over three years of service — the district incurred significant costs as a result of the provision to provide health care benefits to her, her spouse, and dependents from the time of retirement up to and including the 2027-28 school year. Auditors calculated that the district will incur considerable future costs that could exceed $223,000. DePasquale recommends that all future employment contracts contain a minimum years of service provision that requires an employee to work in the district for a specific timeframe before receiving health insurance benefits upon retirement.

**GOVERNOR WOLF PUBLIC HEALTH EMERGENCY DECLARATION**

Wednesday afternoon, Governor Wolf declared a public health emergency for the opioid epidemic in Pennsylvania. This declaration will give the governor the authority to suspend regulations which impede access to treatment and prevention of opioid use disorder (OUD). The governor hopes to address access to treatment, access to Naloxone, enhanced data sharing between agencies and agency coordination with the 90-day declaration.

**PENNSYLVANIA GENERAL ASSEMBLY SESSION SCHEDULE:**

**2018 SENATE SESSION SCHEDULE**

January          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

**2018 HOUSE SESSION SCHEDULE**

January          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 Appropriations**](http://www.ctbpls.com/htbin/web_com.com?Comnam=011&Session=17R)**(PUBLIC HEARING)**

**THURSDAY - 1/18/18**  
**Subcommittee on Fiscal Policy**  
**9:00 a.m., Room 140 Main Capitol**

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|  | Public hearing on PA Tax Structure, Climate and Competitiveness and Impact on Federal Tax Law changes |

[**House Finance**](http://www.ctbpls.com/htbin/web_com.com?Comnam=018&Session=17R)  
**TUESDAY - 1/23/18**  
**9:30 a.m., Room 205, Ryan Office Building**

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|  | To consider:   |  |  |  |  | | --- | --- | --- | --- | |  | [HB 994](http://www.ctbpls.com/htbin/web_index?BILL_NUMBER=HB00994&SESSION=17R) | [Grove, Seth](http://www.ctbpls.com/htbin/web_member?17R196) | Amends the Tax Reform Code, in gross receipts tax, further providing for imposition of tax. |  |  |  |  |  | | --- | --- | --- | --- | |  | [HB 1098](http://www.ctbpls.com/htbin/web_index?BILL_NUMBER=HB01098&SESSION=17R) | [Peifer, Michael](http://www.ctbpls.com/htbin/web_member?17R139) | 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**

**Department of Revenue invites new business owners to learn helpful tax tips**

New business owners will have the opportunity to learn important tax tips on Jan. 17 during a Tax Education Seminar hosted in Harrisburg by the Pennsylvania Department of Revenue. The free event is a continuation of a pilot program the department is developing to provide entrepreneurs with information on state tax obligations and help them achieve success in managing their new businesses. In November the department successfully hosted a similar seminar in Pittsburgh for new business owners in Allegheny County. The Harrisburg seminar is open to people who have started a business within the last 12 months in Dauphin County. The event will feature presentations from Department of Revenue tax experts who routinely work with the public and recognize the challenges many new business owners are facing. Discussions will focus on how to register for state taxes, the importance of maintaining a proper address, what constitutes trust fund taxes and how to account for them, collecting sales and use tax, effective record keeping and potential pitfalls, as well as other topics. The event will be held Wednesday, January 17th from 10:30am-12pm in Strawberry Square, Department of Revenue Room 1125. To register, visit the Department of Revenue’s [registration page](https://www.surveymonkey.com/r/TaxTipsNewBusiness) or call 717-772-2967. Reminder: There is no registration fee for the seminar, although it is limited to new business owners in Dauphin County.

**IRRC UPDATE**

None