

FISCAL NOTE

July 10, 2017

Bill No:	HB 866	Printer's No:	PN 0972	Sponsor:	Dunbar
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COST / (SAVINGS)

Fund (s)	2016-17	2017-18
General Fund	"See Fiscal Impact"	"See Fiscal Impact"

SUMMARY: This legislation amends the Local Tax Enabling Act (Act No. 511 of 1965) to clarify certain provisions related to the consolidated collection of local income taxes and delinquent taxes.

ANALYSIS: This legislation amends section 502(c) of the Local Tax Enabling Act to provide for a safe harbor payment of 100% of the prior tax year's or 90% of the current year's tax when filing for declaration and minimum payment of estimated payments on net profits.

This legislation adds a new section to the Local Tax Enabling Act, section 505(a.3) which will prohibit political subdivisions, tax collection committees and tax officers from using any form other than the form which is promulgated by the Department of Community and Economic Development (DCED) beginning January 1, 2020. Audits of taxes received and disbursed shall be conducted on a calendar year basis. Failure to comply with this requirement shall be considered noncompliance and result in the imposition of penalties.

This legislation provides clarification related to withholdings and remittance for employees with temporary job assignments. Under this legislation, an employer shall withhold and remit the following taxes:

- Employees working less than 90 consecutive days at a job location, the greater of the employee's resident tax or the employee's nonresident tax dependent on the location of the permanent home office of the employer.
- Employees working 90 or more consecutive days at a job location, the greater of the employee's resident tax or the employee's nonresident tax based on the job location.

Employees working in the City of Philadelphia shall be exempt from the provisions of this section to the extent they are subject to the Sterling act.

Under this legislation, DCED shall oversee all tax collection committees, tax collectors and tax collection offices. The department shall provide the public with a method to report tax collection issues. Additionally, DCED shall ensure that all ordinances, rules, regulations and forms adopted in the collection of the earned income and net profits taxes are those promulgated by the department.

This act shall take effect in 60 days.

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FISCAL IMPACT: This legislation requires DCED to oversee all tax collection committees, tax collectors and tax collection offices. There are currently 2,559 tax collectors/tax collection offices and 71 tax collection committees within the commonwealth. Additionally, this legislation requires DCED to provide the public with a method to report tax collection issues and to ensure that all ordinances, rules, regulations and forms adopted in the collection of the earned income and net profits taxes are those promulgated by the department. Given the responsibilities and duties encompassed in this legislation, DCED will need additional personnel and funding to carry out the required duties.

Number of Local Governments/School Districts	Number of Tax Collectors & Tax Collection Offices	Number of Tax Committees
2,561 Local Governments 500 school districts	2,559	71