

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1666 Session of  
1993

INTRODUCED BY GERLACH, FAJT, LAUGHLIN, CESSAR, HERMAN, FARGO,  
STURLA, FARMER, E. Z. TAYLOR AND LEH, MAY 26, 1993

REFERRED TO COMMITTEE ON FINANCE, MAY 26, 1993

AN ACT

1 Providing for the establishment of the Pennsylvania Tax  
2 Commission to evaluate the structure and system of taxation  
3 in this Commonwealth, for the appointment of the members of  
4 the commission, for the powers and duties of the commission  
5 and for cooperation by other Commonwealth entities; and  
6 providing for legislative impact statements.

7 The General Assembly of the Commonwealth of Pennsylvania  
8 hereby enacts as follows:

9 Section 1. Short title.

10 This act shall be known and may be cited as the Pennsylvania  
11 Tax Commission Act.

12 Section 2. Purpose.

13 The General Assembly hereby finds that the key to both  
14 economic growth and fiscal stability of this Commonwealth lies  
15 in providing for a system of taxation which is fair and  
16 equitable to its citizens, efficient and effective to administer  
17 and consistent with Commonwealth goals to increase employment  
18 opportunities and to provide for the general welfare of the  
19 citizens of this Commonwealth without overtaxing private

1 resources. Furthermore, previous legislative and gubernatorial  
2 commissions which have studied taxes have resulted in  
3 recommendations which have served to guide the economic  
4 advancement of individuals and businesses in this Commonwealth.

5 Section 3. Definitions.

6 The following words and phrases when used in this act shall  
7 have the meanings given to them in this section unless the  
8 context clearly indicates otherwise:

9 "Chairman." The Chairman of the Pennsylvania Tax Commission.

10 "Commission." The Pennsylvania Tax Commission.

11 Section 4. Creation of commission.

12 The Pennsylvania Tax Commission is established to gather the  
13 best available advice and information on tax policy and to  
14 provide recommendations to the Governor and the General Assembly  
15 for an equitable tax policy. In addition, the commission shall  
16 provide for a continuing review of proposals which arise before  
17 the General Assembly which affect the tax structure of this  
18 Commonwealth.

19 Section 5. Membership.

20 The commission shall consist of 11 members appointed by the  
21 Governor, one of whom shall be designated as chairman by the  
22 Governor, and six ex officio members as designated by the  
23 following: two members of the Senate, one member to be chosen by  
24 the Majority Leader and one member to be chosen by the Minority  
25 Leader; two members of the House of Representatives, one member  
26 to be chosen by the Majority Leader and one member to be chosen  
27 by the Minority Leader; the Secretary of the Budget; and the  
28 Secretary of Revenue. The 11 public members to be chosen by the  
29 Governor shall have at least one representative from each of the  
30 following sectors: business, labor, local government, the

1 academic community and the private citizens of this  
2 Commonwealth.

3 Section 6. Task forces.

4 The commission shall be assisted in its deliberations by the  
5 formation and activities of such task forces as it shall deem to  
6 be appropriate. These task forces shall be appointed by the  
7 commission and shall report to it on problems, proposals and  
8 alternatives regarding matters, including the following:

9 (1) State corporate net income and capital stock and  
10 franchise tax.

11 (2) State taxation of utilities, financial institutions  
12 and insurance companies.

13 (3) Transportation taxes.

14 (4) Personal income, inheritance, estate and fiduciary  
15 taxes.

16 (5) Sales, cigarette and alcohol taxes.

17 (6) Other State taxes.

18 (7) The administration and enforcement of tax laws.

19 (8) The impact of the tax system on economic  
20 development, community conservation and energy conservation  
21 and development.

22 Section 7. Powers and duties of commission.

23 The commission shall meet at least monthly and shall provide  
24 for the calling of other special meetings as are deemed  
25 necessary by the chairman. The chairman shall set a date, time  
26 and place for the initial organizational meeting of the  
27 commission, but in no case shall it take place later than 30  
28 days from the effective date of this act.

29 Section 8. Staff.

30 The commission is hereby directed to utilize the services of

1 the Legislative Budget and Finance Committee and shall also be  
2 allocated funds to provide for the letting of contracts for  
3 additional special services as are needed.

4 Section 9. Initial report.

5 The commission shall prepare an initial evaluation of the  
6 current structure of State and local taxation in this  
7 Commonwealth for the purposes of determining whether this  
8 Commonwealth's tax structure needs to be adjusted in ways which  
9 will benefit both businesses and the citizens of this  
10 Commonwealth. In so doing, the commission shall be required to  
11 utilize the work that was previously prepared by tax commissions  
12 which were established in prior years. In addition, the  
13 commission or its task forces are encouraged to conduct public  
14 hearings, as appropriate, to gather advice, recommendations and  
15 data which are relevant to discharging their responsibilities.  
16 The commission shall provide a final report to the Governor and  
17 the members of the General Assembly no later than one year from  
18 the effective date of this act.

19 Section 10. Continuing existence.

20 The commission shall maintain a continuing existence for the  
21 purpose of evaluating progress in attaining the goals set forth  
22 in its initial report and for producing an annual report which  
23 evaluates the extent to which this Commonwealth's tax system is  
24 being reformed to reflect the recommendations in the initial  
25 report of the commission.

26 Section 11. Impacts of State legislation.

27 The commission shall be required to prepare on its own motion  
28 or upon request by the General Assembly an evaluation of the  
29 effect of any proposed tax legislation which is given first  
30 consideration in either house of the General Assembly. As a

1 general rule, a bill proposing any change relative to a State-  
2 imposed or locally imposed tax shall not be given second  
3 consideration in either house of the General Assembly until the  
4 commission has attached an evaluation of the impact of the  
5 proposed change on this Commonwealth's citizens and businesses.  
6 In addition, an amendment to any bill regarding a tax issue  
7 shall not be considered by either house of the General Assembly  
8 until a similar analysis is prepared by the commission. This  
9 requirement may be waived if the commission has not produced the  
10 evaluation within 20 legislative days of the date on which the  
11 subject bill was given first consideration.

12 Section 12. Effective date.

13 This act shall take effect in 30 days.