

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1355 Session of 2017

INTRODUCED BY GROVE, MILLARD, BOBACK, HELM, KAUFFMAN, PICKETT, STAATS, BERNSTINE, SANKEY, PHILLIPS-HILL, ROTHMAN, B. MILLER AND MOUL, MAY 9, 2017

REFERRED TO COMMITTEE ON FINANCE, MAY 9, 2017

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
 2 act relating to tax reform and State taxation by codifying
 3 and enumerating certain subjects of taxation and imposing
 4 taxes thereon; providing procedures for the payment,
 5 collection, administration and enforcement thereof; providing
 6 for tax credits in certain cases; conferring powers and
 7 imposing duties upon the Department of Revenue, certain
 8 employers, fiduciaries, individuals, persons, corporations
 9 and other entities; prescribing crimes, offenses and
 10 penalties," in personal income tax, providing for tax
 11 reduction.

12 The General Assembly of the Commonwealth of Pennsylvania
 13 hereby enacts as follows:

14 Section 1. The act of March 4, 1971 (P.L.6, No.2), known as
 15 the Tax Reform Code of 1971, is amended by adding a section to
 16 read:

17 Section 302.3. Tax Reduction.--(a) The following apply:

18 (1) Except as provided in paragraph (2), commencing with
 19 fiscal year 2020-2021, in a fiscal year in which the amount of
 20 selected actual General Fund receipts less increases in payments
 21 to the Public School Employees' Retirement System and increases
 22 in the costs of the Medicaid program from that fiscal year

1 exceeds the selected actual General Fund receipts for the
2 immediately preceding fiscal year by more than three per cent,
3 the Department of Revenue shall certify the excess amount, in
4 dollars. Upon certifying the amount, the Secretary of Revenue
5 shall compute the income tax rate reductions to go into effect
6 for the next tax year that would reduce by the certified amount,
7 in dollars, the tax rates during the next tax year according to
8 the provisions of this section. The Secretary of Revenue shall
9 compute income tax reductions so that any excess amount is
10 applied such that an equal number of dollars are used to lower
11 all personal income tax rates under section 302. In a
12 computation by the Secretary of Revenue under this subsection
13 the resulting income tax rate shall be rounded down to the
14 nearest one hundredth per cent. Based on those determinations,
15 the Secretary of Revenue shall reduce personal income tax rates
16 under section 302 as required by this subsection.

17 (2) In a fiscal year in which the amount of selected actual
18 General Fund receipts less increases in payments to the State
19 Employees' Retirement System and increases in the costs of the
20 Medicaid program for that fiscal year are one hundred three per
21 cent or less than the selected actual General Fund receipts from
22 the immediately preceding fiscal year, the Secretary of the
23 Budget shall certify that amount and fact to the Secretary of
24 Revenue. Upon receipt of that amount and fact, the Secretary of
25 Revenue shall not make any adjustment to the income tax rates
26 for that tax year.

27 (b) The Secretary of Revenue shall report a reduction in
28 income tax rates prescribed under this section to the Governor,
29 the General Assembly and the Independent Fiscal Office and shall
30 cause notice of the reduction to be published in the

1 Pennsylvania Bulletin prior to September 15 of the calendar year
2 immediately preceding the tax year in which the reduction takes
3 effect.

4 (c) As used in this section, "selected actual General Fund
5 receipts" means receipts from all of the following taxes and
6 fees:

7 (1) Personal income tax under section 302.

8 (2) Sales and use tax under Article II.

9 (3) Corporate net income tax under Article IV.

10 (4) Capital stock franchise tax under Article VI.

11 (5) Bank and trust company shares tax under Article VII.

12 (6) Cigarette tax under Article XII.

13 (7) Tobacco products tax under Article XII-A.

14 (8) Malt beverage tax under Article XX.

15 (9) The liquor tax under the act of June 9, 1936 (1st

16 Sp.Sess., P.L.13, No.4), entitled "An act imposing an emergency

17 State tax on liquor, as herein defined, sold by the Pennsylvania

18 Liquor Control Board; providing for the collection and payment

19 of such tax; and imposing duties upon the Department of Revenue

20 and the Pennsylvania Liquor Control Board."

21 Section 2. This act shall take effect in 60 days.