



HOUSE COMMITTEE ON APPROPRIATIONS

2009-10 Legislative Session

FISCAL NOTE

HOUSE BILL: 1858

PRINTER'S NO: 2456

PRIME SPONSOR: Sturla

As Amended by A03271

FISCAL IMPACT SUMMARY	FY 2009/10	FY 2010/11
Expenditure Increase/(Decrease):		
Commonwealth Funds	\$0	\$0
Revenue Increase/(Decrease):		
Local Government Funds	See Analysis	See Analysis

OVERVIEW:

House Bill 1858 would allow counties, by ordinance, to levy and assess a sales and use tax of 1% on the sale or use of tangible personal property or services and hotel occupancy within the geographic limits of the county. This bill does not include counties of the first or second class. This tax would be in addition to any tax currently imposed by Article II of the Tax Reform Code of 1971.

Except for the differing situs provisions of this bill, the provisions of Article II of the Tax Reform Code shall apply to this tax (i.e. the tax base would be the same for the state and local sales tax). The situs for the sales or use are subject to the provisions of Section 504 of the Pennsylvania Intergovernmental Cooperation Authority Act and Article II-A of the Tax Reform Code.

To cover administrative costs the Department of Revenue and the Treasury are entitled to retain an amount equal to the actual cost of collection up to 1% and 0.5%, respectively, of the amount collected.

Fifty percent of the revenue would be disbursed to the county and the other 50% would be disbursed to the qualifying municipalities within each county. No less than 50% of any revenues received by a county shall be used to reduce county real property tax. The remaining amounts can be expended for public purposes authorized by law. No less than 50% of any revenues received by municipalities shall be used for either a reduction of municipal real property tax or to replace revenue lost by the existence of tax exempt real property. The remaining amount can be expended for public purposes as provided by law.

This bill would take effect immediately.

ANALYSIS:

There is no adverse fiscal impact on Commonwealth funds as a result of this bill. The Department of Revenue and the Treasury are entitled to retain a portion of revenues equal to the sum of the actual collection costs incurred up to 1% and 0.5%, respectively, of the revenue collected.

County and qualifying municipal governments that by ordinance choose to levy and assess this sales and use tax would experience revenue gain. At this time it is unknown which counties might adopt this ordinance, and it is unknown how much revenue would be generated in each opting county. The Department of Revenue is able to track the amount of revenue remitted by each county according to the address of the remitter; however this does not reflect the actual sales in each county since the remitter can include sales from multiple retail locations across the state in one remittance. It is also unknown what effect this will have on consumer behavior with regard to cross border sales when the tax rate is lower in neighboring county. Therefore the exact amount of revenue that could be generated by each county cannot be determined at this time.

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House Appropriations Committee, (D)

DATE: August 3, 2009

General Note and Disclaimer: *This Fiscal Note was prepared pursuant to House Rule 19(a), and the elements considered and reported above are required by Section 5 of the rule. Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*