

## Veto No. 2006-12

SB 157

November 9, 2006

To the Honorable, the Senate  
of the Commonwealth of Pennsylvania:

I am returning Senate Bill 157 without my approval. I regret doing so since this bill provides for the installment payments of the Local Services Tax. This tax which is capped at \$52 is collected by employers. Under this bill, employers would be required to apportion the deduction of the \$52 over the full period of employment, thereby decreasing the one time impact of the deduction on the taxpayer. I strongly support the installment requirement provided for in this bill. I also believe that the standard requirement that those earning under \$12,000 per year be exempted from this tax is good public policy and effectively mirrors the state's progressive Tax Back program for the payment of Personal Income Tax.

Notwithstanding the improvements provided for in this bill, the timeline for implementation of these changes is simply not reasonable. The bill, sent to me on October 30, requires that every municipality that currently collects the Emergency Municipal Services Tax at a rate higher than \$10 advertise its intention to pass an ordinance to comply with this legislation no later than November 24, and pass the ordinance by December 31. The bill also requires municipalities that intend to begin collecting this tax in 2007 for the first time to advertise their intention to pass an ordinance by November 17, and to pass the ordinance by December 1. Likewise, businesses across the state will have very little time to adjust their payroll systems to ensure the appropriate collection of this tax.

I am also deeply concerned that due to the short window permitted for the passage of these local ordinances municipalities across the state will lose revenues already planned for in their annual budgets, which have already been adopted. My concerns are echoed by the Pennsylvania League of Cities and Municipalities, the Pennsylvania Association of Township Supervisors, and the Pennsylvania Association of Boroughs in their letter urging a veto which is attached. In addition to their letter and the seven others I received from localities and associations urging a veto, I received the attached letter from the City of Altoona which provided clear evidence of the problems this bill will create for municipal budgets in the current fiscal year. As a result, I am returning this legislation without my signature. I urge the legislature to pass legislation that permits the important taxpayer benefits provided for in SB 157 in a bill that also ensures reasonable time periods for implementation of these changes.

EDWARD G. RENDELL