



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 245

PRINTERS NO. 3167

PRIME SPONSOR: Dunbar

### COST / (SAVINGS)

FUND	FY 2015/16	FY 2016/17
General Fund	\$0	\$0

**SUMMARY:** House Bill 245, Printer's Number 3167, amends Act 511 of 1965 known as the Local Tax Enabling Act (LTEA) further providing for consolidated collection of local income taxes and delinquent taxes and providing for powers and duties of the Department of Community and Economic Development (DCED).

**ANALYSIS:** House Bill 245 makes several technical changes in order to clarify certain provisions related to the consolidated collection of local income taxes and delinquent taxes.

Section 502(c) is amended providing for a safe harbor payment of 100% of the prior year's tax or 90% of the current year's tax when filing for declaration and minimum payment of estimated payments on net profits.

Section 505(h) is amended providing that audits of taxes received and disbursed shall be conducted on a calendar year basis. An examination conducted on any other basis will not be accepted by DCED.

Other changes made in the legislation include: (1) clarification of withholding tax rates for employees who are on a temporary assignment; (2) allowance of deductions on payments made and earned income or net profits tax assessed as a result of changes in rates made by any other state law; (3) clarification that any individual not meeting domicile requirements for paying state income taxes does not meet domicile requirements for paying local income taxes; (4) prohibiting the collection of delinquent taxes through contingent fee audits; (5) clarification of the definitions of "taxpayer" and "nonresident"; and (6) permitting the local tax collector to abate any penalty imposed under Act 511.

Finally, language is added specifically providing DCED with oversight of all tax collection committees, tax collectors and tax collection offices.

The act shall take effect in 60 days.

**FISCAL IMPACT:** Enactment of this legislation will have no adverse fiscal impact on Commonwealth funds. Act 32 of 2008 consolidated the local tax collection process which placed the duties and responsibilities on DCED to promulgate uniform regulations, forms and procedures throughout the Commonwealth and it is assumed that any changes in duties or responsibilities made in this legislation can be absorbed within current funding levels.

**PREPARED BY:** Ritchie LaFaver  
House Appropriations Committee (R)

**DATE:** May 2, 2016

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*