



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 561

PRINTERS NO. 634

PRIME SPONSOR: Kauffman

COST / (SAVINGS)

FUND	FY 2014/15	FY 2015/16
General Fund	\$0	\$0

SUMMARY: House Bill 561, Printer's Number 634, amends the Local Tax Enabling Act further providing for definitions in consolidated collection of local income taxes.

ANALYSIS: Currently, all active duty military pay is taxable under the Local Tax Enabling Act (LTEA) for earned income tax purposes unless it is received for active duty outside the Commonwealth of Pennsylvania. This legislation provides that all active duty military pay is exempt from the earned income tax under the LTEA.

The act shall take effect immediately and apply to income taxes levied and collected after December 31, 2015.

FISCAL IMPACT: Enactment of this legislation will have no adverse fiscal impact on Commonwealth funds. To the extent that a local taxing authority (LTA) currently imposes an earned income tax (EIT) and collects EIT revenues from income earned for active duty military service inside the Commonwealth, such LTA will realize a reduction in EIT collections beginning in 2016.

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House Appropriations Committee (R)

DATE: June 28, 2015

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