



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1256

PRINTERS NO. 1648

PRIME SPONSOR: Masser

COST / (SAVINGS)

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

SUMMARY: House Bill 1256, Printer's Number 1648, amends the Local Tax Enabling Act (LTEA) further providing for income tax rate limits in optional occupational tax elimination.

ANALYSIS: The LTEA currently provides authority for a school district or municipality to eliminate its occupation tax by implementing an increased earned income tax (EIT) rate. A school district or municipality is permitted to establish an EIT rate to generate the amount of revenue collected from the occupation tax in the fiscal year ending in 2009.

This legislation updates the revenue neutral calculation of the new EIT rate to reflect the current collections of the occupation tax. Specifically, Section 404(b.2) is added providing that a school district or municipality may not adopt an EIT rate that generates more funds than the amount actually collected from the occupation tax in the fiscal year ending immediately prior to the implementation of the EIT rate.

The act shall take effect in 60 days.

FISCAL IMPACT: Enactment of this legislation will have no adverse fiscal impact on Commonwealth funds. In the event a school district or municipality chooses to eliminate the occupation tax in favor of an EIT, the changes made in this legislation ensure that the most up-to-date revenue collections are used to calculate the revenue neutral rate of the EIT.

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House Appropriations Committee (R)

DATE: June 15, 2015

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