



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 331

PRINTERS NO. 355

PRIME SPONSOR: Bloom

REVENUE INCREASE / (DECREASE)

| FUND | FY 2017/18 | FY 2018/19 |
|--------------|------------|---------------|
| General Fund | \$0 | (\$1,300,000) |

SUMMARY: House Bill 331, Printer's Number 355, amends the Tax Reform Code (TRC) further providing for classes of income in the personal income tax (PIT).

ANALYSIS: This legislation makes changes to the personal income tax (PIT) for small businesses aligning Pennsylvania with federal rules for like-kind exchanges under Section 1031 of the Internal Revenue Code (IRC). Under federal rules, the recognition of a gain or loss on the disposition of property can be deferred when the property was used for productive use in a trade or business or for investment and the property is exchanged for another property of a like-kind which is to be held for productive use in a trade or business or for investment.

The bill takes effect immediately and applies to tax years beginning after December 31, 2018.

FISCAL IMPACT: Enactment of this legislation will have no adverse fiscal impact on Commonwealth funds in fiscal year 2017-18 as the legislation applies to tax years beginning in 2019 and thereafter. The Department of Revenue indicates that conforming the Commonwealth's provisions for like-kind exchanges to the Section 1031 provisions of the IRC will result in the net loss of \$1.3 million in revenues to the General Fund in fiscal year 2018-19.

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House Appropriations Committee (R)

DATE: April 9, 2018

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