



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 866

PRINTERS NO. 972

PRIME SPONSOR: Dunbar

COST / (SAVINGS)

FUND	FY 2016/17	FY 2017/18
General Fund	\$0	\$0

SUMMARY: House Bill 866, Printer's Number 972, amends Act 511 of 1965 known as the Local Tax Enabling Act (LTEA) further providing for definitions; for consolidated collection of local income taxes and delinquent taxes; for tax limitation and for limitation on assessment; for tax collection committees; and providing for powers and duties of the Department of Community and Economic Development (DCED).

ANALYSIS: House Bill 866 makes several technical changes clarifying certain provisions related to 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(a.3) is added providing that beginning January 1, 2020, no political subdivision, tax collection committee or tax officer may use any form other than that which is provided by DCED unless, for religious reasons, DCED specifically grants an exception to this requirement.

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 are as follows: (1) adds the definitions of "contingent fee audit" and "private collection agency"; (2) prohibits the collection of delinquent taxes through contingent fee audits; (3) clarifies that any individual not meeting domicile requirements for paying state income taxes does not meet domicile requirements for paying local income taxes; (4) clarifies the definitions of "earned income", "taxpayer" and "nonresident"; (5) clarifies withholding tax rates for employees who are on a temporary assignment; and (6) permits the local tax collector or officer 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.

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House Appropriations Committee (R)

DATE: June 13, 2017

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