



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 627

PRINTERS NO. 700

PRIME SPONSOR: Killion

COST / (SAVINGS)

FUND	FY 2018/19	FY 2019/20
General Fund	See Fiscal Impact	See Fiscal Impact

SUMMARY: Senate Bill 627, Printer's Number 700, amends the Tax Reform Code further providing for the apportionment of taxable income in corporate net income tax.

ANALYSIS: Current law provides that railroad, truck, bus or airline companies shall apportion business income by a fraction, the numerator of which is the taxpayer's total revenue miles within this Commonwealth during the tax period and the denominator of which is the taxpayer's total revenue miles everywhere during the tax period. Senate Bill 627 adds "qualified air freight forwarding company" as one of the types of transportation companies that shall apportion its business income using this special apportionment formula.

A "qualified air freight forwarding company" is defined as a company that (1) is engaged in the air freight forwarding business, (2) primarily uses an airline with which it has common ownership and control and (3) will use the revenue miles of the airline under (2).

The legislation further provides that a "qualified air freight forwarding company" shall allocate nonbusiness income as provided under existing law for railroad, truck, bus and airline companies.

The act takes effect immediately and applies to taxable years beginning after December 31, 2016.

FISCAL IMPACT: Enactment of this legislation will have no adverse fiscal impact on Commonwealth funds. The apportionment methodology prescribed in the legislation is the same that has been used in determining final tax liabilities of qualified air freight forwarding companies that have been appealed over several previous tax years.

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House Appropriations Committee (R)

DATE: October 17, 2018

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