



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 333

PRINTERS NO. 1160

PRIME SPONSOR: E. Nelson

AS AMENDED BY: A03547

### REVENUE INCREASE / (DECREASE)

FUND	FY 2021/22	FY 2022/23
General Fund	(\$2,900,000)	(\$17,900,000)

**SUMMARY:** House Bill 333, Printer's Number 1160, as amended by A03547, amends the Tax Reform Code further providing for classes of income in personal income tax.

**ANALYSIS:** Current Pennsylvania statute limits the Section 179 expense deduction for the taxable year in which property is placed into service to \$25,000. This legislation amends the Tax Reform Code conforming to the Federal statute allowing a business to take the full expense deduction permitted under Section 179 of the Internal Revenue Code, in effect as of the effective date of this subsection, which currently allows a business to deduct the full purchase price during the tax year, up to \$1.08 million.

The act shall take effect immediately and apply to property placed in service in tax years beginning after December 31, 2020.

**FISCAL IMPACT:** According to the Department of Revenue, enactment of this legislation is estimated to result in a revenue loss of \$2.9 million in FY2021-22 and \$17.9 million in FY2022-23 to the General Fund. Over the life span of the qualified equipment, there is no net impact to the Commonwealth as current law provides that any remaining expense as a result of the \$25,000 limitation can be depreciated in succeeding tax years. Therefore, the General Fund will realize reduced revenues in the first year when property is placed into service resulting from the higher deduction amount and will realize increased revenues in the second year and beyond resulting from the lower remaining depreciation amount of such qualified equipment.

**PREPARED BY:** Ritchie LaFaver  
House Appropriations Committee (R)

**DATE:** January 24, 2022

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