



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 1138

PRINTER'S NO. 1195

PRIME SPONSOR: Waxman

As amended by A00544

### COST / (SAVINGS)

FUND	FY 2022/23	FY 2023/24
General Fund	\$0	\$62,000,000

### SUMMARY:

House Bill 1138, Printer's Number 1195, as amended by A00544, would exclude telephone plans from the state Gross Receipts Tax and Sales and Use Tax.

### ANALYSIS:

This bill amends the Tax Reform Code of 1971 to exclude telecommunication services from the Pennsylvania Gross Receipts Tax and Sales and Use Tax. These exclusions would go into effect either January 1, 2024, or within 90 days upon enactment, whichever is later.

### FISCAL IMPACT:

The bill would reduce commonwealth revenues in the General Fund as a result of the two tax exclusions for mobile telecommunication services. According to the Department of Revenue, the impact for fiscal year 2023/24 is estimated to be \$62 million. Given the effective date of this legislation, this represents only a partial fiscal year. When fully annualized in 2024/25, the department estimates the fiscal impact to be \$89.6 million.

Department of Revenue Fiscal Impact Estimates for House Bill 1138: 2023/24 - 2027/28					
(\$ in millions)					
	2023/24	2024/25	2025/26	2026/27	2027/28
Gross Receipts Tax Impact	-\$41.1	-\$41.6	-\$37.4	-\$33.7	-\$30.3
Sales and Use Tax Impact	-\$20.9	-\$48.0	-\$43.2	-\$38.9	-\$35.0
<b>Total Fiscal Impact of Legislation</b>	<b>-\$62.0</b>	<b>-\$89.6</b>	<b>-\$80.6</b>	<b>-\$72.6</b>	<b>-\$65.3</b>

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House Appropriations Committee (D)

DATE: June 12, 2023

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