



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1272

PRINTER'S NO. 1389

PRIME SPONSOR: Sappey

COST / (SAVINGS)

FUND	FY 2022/23	FY 2023/24
General Fund	\$0	See Fiscal Impact

SUMMARY:

House Bill 1257, Printer's Number 1389 would establish a state-level Earned Income Tax Credit.

ANALYSIS:

This bill would amend the Tax Reform Code of 1971 to allow Pennsylvania taxpayers to claim a refundable Earned Income Tax Credit against their Personal Income Tax liability beginning in tax year 2024. The tax credit would be equal to 25 percent of the federal Earned Income Tax Credit amount.

A taxpayer who is eligible for the special tax provisions for the poverty under Section 304 of the Tax Reform Code of 1971 would need to choose whether they are claiming the special tax provisions or the state-level Earned Income Tax Credit, but not both.

This bill would take effect immediately.

FISCAL IMPACT:

The legislation would reduce General Fund revenues due to the reduction in Personal Income Tax liability for Pennsylvania taxpayers who would be eligible to claim the state-level Earned Income Tax Credit. There would be no fiscal impact for fiscal years 2022/23 or 2023/24 because taxpayers would not be able to start claiming the new proposed tax credit until tax year 2024 (i.e., the revenue reductions would begin in 2024/25 when taxpayers file for tax year 2024). According to the Department of Revenue, the cost of the tax credit is estimated at \$223.5 million in 2024/25.

Department of Revenue Fiscal Impact Estimates for HB 1272: 2023/24 - 2027/28 (\$ in millions)					
	2023/24	2024/25	2025/26	2026/27	2027/28
Estimated Fiscal Impact	\$0.0	-\$233.5	-\$377.4	-\$391.1	-\$405.1

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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.