

# SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

**BILL NO.**

House Bill 1531

**PRINTER'S NO.**

2675

**AMOUNT**

\$63 million

**FUND**

General Fund

**DATE INTRODUCED**

May 26, 2009

**PRIME SPONSOR**

Representative George

**HISTORY OF BILL**

Referred to VETERANS AFFAIRS & EMERGENCY PREPAREDNESS,  
May 26, 2009

Reported as committed, June 3, 2009

First consideration, June 3, 2009

Re-committed to RULES, June 3, 2009

Re-reported as committed, June 8, 2009

Second consideration, June 8, 2009

(Remarks see House Journal Page 932), June 8, 2009

Re-committed to APPROPRIATIONS, June 8, 2009

Re-reported as committed, Sept. 17, 2009

Third consideration, with amendments, Sept. 17, 2009

Final passage, Sept. 17, 2009 (196-0)

(Remarks see House Journal Page), Sept. 17, 2009

**IN THE SENATE**

Referred to APPROPRIATIONS, Sept. 23, 2009

**DESCRIPTION AND PURPOSE OF BILL**

House Bill 1531 amends the act of March 4, 1971 (P.L. 6, No. 2), known as the Tax Reform Code of 1971, by extending the sunset date related to personal income tax check-offs for contributions for the Military Family Relief Assistance program. The legislation provides that the check-off shall apply through taxable years ending December 31, 2015. In addition, House Bill 1531 adds a new Article XXIX-D, which establishes a tax amnesty program to be administered by the Department of Revenue for fiscal year 2009-2010.

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The legislation provides for a tax amnesty period to run for 90 consecutive days during the fiscal year, as established by the Governor. The program shall apply to a taxpayer who is delinquent on payment of a liability for an eligible tax as of June 1, 2009, including a liability for returns not filed. An "eligible tax" is defined as any tax imposed by the Commonwealth for deposit in the General Fund, the Motor License Fund, or the Liquid Fuels Tax Fund. The term includes interest or penalty on an eligible tax.

Section 2902-D(c) provides that the program shall not apply to taxpayers who participated in the tax amnesty program established in Article XXIX-A from 1995, and section 2902-D(d) provides that a taxpayer who participates in this amnesty program shall not be eligible to participate in a future tax amnesty program.

Under the program, taxpayers would be required to file a tax amnesty return and make payment of all delinquent taxes and 50% of all interest due to the Commonwealth. The taxpayer is further required to file complete tax returns for all years for which the taxpayer previously has not filed a tax return and file completed amended returns for all years for which the taxpayer underreported eligible tax liability.

The legislation prohibits the Department of Revenue from collecting 50% of all interest due or the penalties owed by a taxpayer who participates in the program. In addition, the department shall not pursue any administrative or judicial proceeding against a taxpayer with respect to any eligible tax that is disclosed on a tax amnesty return. However, if within two years after the end of the program the taxpayer becomes delinquent for three consecutive periods in payment of taxes due or filing of returns required on a semimonthly, monthly or quarterly basis, or the taxpayer is eight or more months late in payment of taxes due or filing of returns on an annual basis, the department may assess and collect all penalties and interest waived through the tax amnesty program.

Participation in the program is conditioned upon the taxpayer's agreement that the right to protest or pursue an administrative or judicial proceeding with regard to tax amnesty returns filed under the program or to claim any refund of money under the program is barred.

The department is required to develop regulations to implement the provisions of this article. Also, the department must publicize the program to maximize public awareness of and participation in the

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program, and it must notify each known tax delinquent at the taxpayer's last known address of the program's existence.

Within 180 days after the end of the amnesty period, the department must issue a report to the General Assembly detailing the implementation and results of the program. The costs associated with the department's implementation of the program shall be netted against the money collected under the program.

### **FISCAL IMPACT:**

The extension of the sunset date for the Military Family Relief Assistance program will have no negative fiscal impact on Commonwealth or local government funds.

The tax amnesty program is expected to raise substantial revenue for the Commonwealth. The 1995 tax amnesty program collected \$93 million in delinquent taxes, and it cost approximately \$10 million to administer. The program set forth in House Bill 1531 is similar, but not identical, to the program of 14 years ago. The Department of Revenue has indicated that this particular tax amnesty program will generate revenues of approximately \$63 million.

Variations of the tax amnesty program result in differing estimates as to how much money the program would raise. The more generous the provisions, the more taxpayers can be expected to participate in the program.