

# SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

**BILL NO.**

Senate Bill 952

**PRINTER'S NO.**

1155

**AMOUNT**

Minimal cost to the Commonwealth

**FUND**

General

**DATE INTRODUCED**

June 11, 2009

**PRIME SPONSOR**

Senator Tomlinson

**HISTORY OF BILL**

Referred to FINANCE, June 11, 2009

Reported as committed, July 15, 2009

First consideration, July 15, 2009

Re-referred to APPROPRIATIONS, July 16, 2009

Re-reported as committed, September 9, 2009

**DESCRIPTION AND PURPOSE OF BILL**

Senate Bill 952 amends section 352 of the Act of Mar. 4, 1971, P.L. 6, No. 2 (Tax Reform Code of 1971) further providing for additions to tax. The legislation eliminates the addition to tax, which is essentially a penalty for underpayment of estimated taxes, for taxpayers who make estimated tax payments equal to the amount of the taxpayer's tax liability for the preceding tax year.

The only scenario in which the provisions of SB 952 should come into play is where there is a change in the Personal Income Tax rate. Presently, taxpayers must adjust their estimated payments to reflect the effect of the rate change. Under this legislation, payments made in an amount equal to the tax liability for the preceding year results in safe harbor regardless of rate changes.

This act shall take effect in 60 days.

# **SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE**

## **FISCAL IMPACT:**

Enactment of this legislation will have minimal costs to the Commonwealth. Presently, the Tax Reform Code provides for safe harbors regarding estimated tax payments that are very similar in nature to the safe harbor being added by Senate Bill 952. To the extent that taxpayers make estimated payments in order to avoid underpayment penalties, procedures exist under current law that allows them to do so.