

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 1172

PRINTER'S NO. 1606

AMOUNT

No Fiscal Impact

FUND

General Fund

DATE INTRODUCED

April 17, 2013

PRIME SPONSOR

Representative Christiana

HISTORY OF BILL

Referred to APPROPRIATIONS, April 17, 2013
Reported as amended, April 24, 2013
First consideration, April 24, 2013
Laid on the table, April 24, 2013
Removed from table, May 6, 2013
Second consideration, May 7, 2013
Re-committed to APPROPRIATIONS, May 7, 2013
Re-reported as committed, May 13, 2013
Third consideration and final passage, May 13, 2013 (197-0)
 In the Senate
Referred to FINANCE, May 24, 2013
Reported as committed, June 19, 2013
First consideration, June 19, 2013
Second consideration, June 20, 2013
Re-referred to APPROPRIATIONS, June 20, 2013
Re-reported as committed, June 25, 2013

DESCRIPTION AND PURPOSE OF BILL

House Bill 1172 amends the Local Tax Enabling Act (Act 511 of 1965) with regard to limitations on rates of specific taxes.

Section 311 of the Local Tax Enabling Act specifies that no local taxes levied under Chapter 3 by any political subdivision may exceed the rates enumerated in the act. House Bill 1172 amends section 311(2) with regard to mercantile or business privilege taxes imposed when political subdivisions merge to form a new political subdivision.

SENATE APPROPRIATIONS COMMITTEE

FISCAL NOTE

Under existing law, a new political subdivision resulting from a merger is required to levy a mercantile or business privilege tax at a rate necessary to generate the same revenues produced in the last fiscal year that the merging political subdivision generated before the merger. Current law is not clear with regard to instances where revenues generated in subsequent years at the revenue-neutral rate exceed revenues generated during the merger year because of an expansion of the tax base. The legislation clarifies that the revenue-neutral rate from the first year following a merger shall remain in effect for the new political subdivision in subsequent years, but the limitation on actual revenues collected shall only apply to the first year following the merger.

The amendment of section 311(2) shall apply retroactively to any mercantile or business privilege tax due and payable on or after July 1, 2012.

The Act shall take effect immediately.

FISCAL IMPACT:

House Bill 1172 will have no adverse fiscal impact on Commonwealth funds.