

# SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

**BILL NO.** Senate Bill 654

**PRINTER NO.** 698

**AMOUNT**

See Fiscal Impact

**FUND**

General Fund

**DATE INTRODUCED**

May 2, 2023

**PRIME SPONSOR**

Senator Bartolotta

**DESCRIPTION**

Senate Bill 654 amends Article III (Personal Income Tax) of the act known as the Tax Reform Code of 1971 to provide that a person may claim a deduction for depletion of a mine, oil and gas well and other natural deposit in conformity with the federal Internal Revenue Code of 1986.

Current personal income tax policy effectively requires taxpayers to use cost depletion unless it is impossible to determine the amount of recoverable units. In those cases, a taxpayer may use the federal percentage depletion amount, but the depletion deduction must end once the taxpayer recovers all of their basis.

This act shall take effect immediately and shall apply to tax years beginning after December 31, 2022.

**FISCAL IMPACT:**

According to the Department of Revenue, limited data on the current usage of depletion methodology prevents a precise estimate from being calculated. That said, it is estimated that enactment of this legislation will result in a nominal loss of collected tax revenue.