

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## HOUSE BILL

No. 2290 Session of  
1992

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JANUARY 7, 1992

AS RE-REPORTED FROM COMMITTEE ON APPROPRIATIONS, HOUSE OF  
REPRESENTATIVES, AS AMENDED, JUNE 16, 1992

## AN ACT

1 Providing for the establishment of a commission to evaluate the  
2 structure and system of taxation in Pennsylvania for the  
3 appointment of members for the powers and duties of the  
4 commission and for cooperation by other Commonwealth  
5 entities.

6 The General Assembly of the Commonwealth of Pennsylvania  
7 hereby enacts as follows:

8 Section 1. Short title.

9 This act shall be known and may be cited as the Pennsylvania  
10 Tax Review Commission Act.

11 Section 2. Purpose.

12 The General Assembly hereby finds and declares that changing  
13 economic conditions, as well as actions by the Federal  
14 Government and decisions by the courts, significantly impact the  
15 system of taxation in the Commonwealth. The General Assembly  
16 further recognizes the continued need for public services which

1 insure the economic and social well-being for individuals and  
2 businesses in this Commonwealth. Moreover the General Assembly  
3 seeks a system of taxation which is straightforward, fair,  
4 efficient and reliable for funding the programs which the  
5 citizens of this Commonwealth demand.

6 Section 3. Creation of commission.

7 The Pennsylvania Tax Review Commission, hereinafter referred  
8 to as the commission, is hereby established to evaluate the  
9 structure and system of taxation in this Commonwealth and to  
10 develop an unbiased analytical framework for judging future tax  
11 legislation.

12 Section 4. Membership.

13 (a) General rule.--The commission shall consist of 15  
14 members, one of whom shall be designated by the Governor as  
15 chair of the commission. The members of the commission shall  
16 include the Secretary of Budget, the Secretary of Revenue and 13  
17 individuals to be appointed, pursuant to subsection (b). NO <—  
18 MEMBER OF THE COMMISSION SHALL SERVE AS AN ELECTED OFFICIAL OR  
19 PARTY OFFICER AT THE FEDERAL, STATE OR LOCAL LEVELS OF  
20 GOVERNMENT.

21 (b) Appointments.--The following appointments to the  
22 commission shall take place within 15 days of the effective date  
23 of this act:

24 (1) Five members of the commission shall be appointed by  
25 the Governor, with one representative from each of the  
26 following: labor, business, local government, academia and  
27 the citizenry of this Commonwealth. The person appointed to  
28 represent the citizenry of this Commonwealth must be a  
29 taxpayer who does not hold an elected position and who does  
30 not represent a lobbying or special interest group.

(2) Eight members of the commission shall be appointed, one each respectively, by the following members of the General Assembly: the majority chair and the minority chair of the Appropriations Committee of the Senate, the majority chair and the minority chair of the Finance Committee of the Senate, the majority chair and the minority chair of the Appropriations Committee of the House of Representatives and the majority chair and the minority chair of the Finance Committee of the House of Representatives.

Section 5. Powers and duties of commission.

(a) Meetings.--The commission shall meet as frequently as it deems appropriate, but at least once during each month preceding the date in which it releases a final report to the Governor and the General Assembly as provided by subsection (d). The chair shall be responsible for calling meetings of the commission and shall set a date, time and place of the meetings. The chair shall set a date, time and place for the initial organizational meeting of the commission to take place within 30 days of the effective date of this act.

(b) Resources.--The commission may use such space, staff and resources of the Department of Revenue as it deems necessary to perform its duties. In order to carry out their research and analytical responsibilities, the commission may also utilize the staff and resources of the General Assembly, any Commonwealth agencies and any public or private institutions which receive Commonwealth funds. The General Assembly, Commonwealth agencies and public or private institutions receiving Commonwealth funds shall provide staff and resources as requested at no cost to the commission.

(c) Objectives.--The commission shall evaluate the current

1 structure and system of STATE AND LOCAL taxation in this  
2 Commonwealth and develop an analytical framework for judging  
3 future tax legislation. In so doing, the commission shall take  
4 into consideration all of the following:

5 (1) The simplicity of the taxes and the ability of  
6 individual taxpayers to easily understand and comply with  
7 them.

8 (2) The overall mix of taxes.

9 (3) Whether the tax burden is distributed fairly among  
10 taxpayers in terms of ability to pay and the relationship  
11 between benefits received and taxes paid.

12 (4) The need to eliminate subjective interpretation of  
13 the tax.

14 (5) The reliability of taxes and whether their basis  
15 yield automatic growth and cyclical stability in revenues  
16 generated.

17 (6) The collection and enforcement costs associated with  
18 the various taxes and the ability to easily administer the  
19 taxes.

20 (7) Whether the taxes create incentives for individuals  
21 and firms to alter their behavior in order to minimize their  
22 tax burden by not reporting all of their income.

23 (8) The system of taxation within various jurisdictions  
24 and the incentives for households to move and firms to  
25 relocate activities to jurisdictions which provide more  
26 favorable tax treatment.

27 (d) Report.--The commission shall issue to the Governor and  
28 the General Assembly a final report containing its evaluation of  
29 the system of taxation in this Commonwealth, including  
30 recommendations for improvement and for an analytical framework

1 for judging future tax legislation. The report shall be due no  
2 later than March 31, 1993. After the release of the final  
3 report, the commission shall serve in an advisory capacity for  
4 the Governor and the General Assembly, as the respective  
5 majority chair and minority chair of the Appropriations  
6 Committee of the Senate, the majority chair and the minority  
7 chair of the Finance Committee of the Senate, the majority chair  
8 and minority chair of the Appropriations Committee of the House  
9 of Representatives and the majority chair and the minority chair  
10 of the Finance Committee of the House of Representatives deem  
11 appropriate, until the close of the fiscal year ending 1993.

12 Section 6. Expenses.

13 The members of the commission shall receive no compensation  
14 for their services but shall be allowed their actual and  
15 necessary expenses incurred in the performance of their duties  
16 under this act.

17 Section 7. Effective date.

18 This act shall take effect immediately and shall terminate on  
19 June 30, 1993.