

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

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**HOUSE BILL****No. 2066** Session of  
2009

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INTRODUCED BY DeLUCA, LEVDANSKY, BELFANTI, BEYER, CALTAGIRONE,  
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FRANKEL, KORTZ AND YUDICHAK, OCTOBER 29, 2009

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AS RE-REPORTED FROM COMMITTEE ON APPROPRIATIONS, HOUSE OF  
REPRESENTATIVES, AS AMENDED, FEBRUARY 8, 2010

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## AN ACT

1 Establishing the Sales and Use Tax Study Commission; and  
2 providing for study and report on sales and use tax.

3 WHEREAS, Since the enactment of this Commonwealth's first  
4 sales and use tax, significant changes in the structure of the  
5 State's economy have occurred; and

6 WHEREAS, These changes have had both salutary and detrimental  
7 effects on business and consumers in this Commonwealth; and

8 WHEREAS, The sales and use tax has become checkered with more  
9 than 50 exclusions and exemptions; and

10 WHEREAS, The addition of certain exclusions and exemptions  
11 has caused confusion for consumers and vendors in the payment  
12 and collection of the sales and use tax; and

13 WHEREAS, Many of the existing exclusions and exemptions have  
14 become antiquated and obsolete; and

15 WHEREAS, Ensuring greater fairness in the sales and use tax  
16 will create a fair and more competitive climate leading to

1 greater economic growth and stability in this Commonwealth; and  
2 WHEREAS, Viable opportunities to broaden the sales and use  
3 tax base should be comprehensively explored to enable this  
4 Commonwealth to lower the overall tax burden on the citizens of  
5 this State while also protecting the stability of the State  
6 budget.

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

9 Section 1. Short title.

10 This act shall be known and may be cited as the Sales and Use  
11 Tax Study Act.

12 Section 2. Purpose.

13 The purpose of this act is to establish the Pennsylvania  
14 Sales and Use Tax Study Commission to study and analyze the  
15 existing sales and use tax law, and to propose recommendations  
16 to the Governor and the General Assembly for amending the tax  
17 to:

- 18 (1) eliminate obsolete and unnecessary provisions;
- 19 (2) expand the tax base as necessary;
- 20 (3) ensure a competitive economic market in this State;
- 21 and
- 22 (4) protect the stability of the Commonwealth's budget.

23 Section 3. Definitions.

24 The following words and phrases when used in this act shall  
25 have the meanings given to them in this section unless the  
26 context clearly indicates otherwise:

27 "Commission." The Sales and Use Tax Study Commission  
28 established under this act.

29 "Department." The Department of Revenue of the  
30 Commonwealth.

1 Section 4. Pennsylvania Sales and Use Tax Study Commission.

2 (a) Establishment.--There is hereby established the  
3 Pennsylvania Sales and Use Tax Study Commission.

4 (b) Purpose.--The purpose of the commission shall be to  
5 evaluate the current sales and use tax structure in the  
6 Commonwealth and recommend changes to the sales and use tax  
7 structure that will eliminate obsolete provisions and broaden  
8 the tax base, as necessary, thereby allowing the overall tax  
9 burden to be reduced and creating a better tax climate in this  
10 Commonwealth.

11 Section 5. Tasks.

12 (a) Study.--The commission shall study viable options for  
13 increasing fairness and competitiveness in the sales and use tax  
14 structure of the Commonwealth. The commission shall develop  
15 solutions to ensure that the portion of State general funds  
16 derived from the sales and use tax is not diminished.

17 (b) Report.--The commission shall provide a comprehensive  
18 report of the study conducted under subsection (a). The report  
19 shall thoroughly discuss options and viable recommendations  
20 considered and express clear rationales for options not  
21 recommended. Specific changes to the sales and use tax  
22 recommended by the commission shall be included in the report.  
23 The commission shall present the report to the Governor, the  
24 chairman and minority chairman of the Finance Committee of the  
25 Senate and the chairman and minority chairman of the Finance  
26 Committee of the House of Representatives on or before ~~July 1,~~ ←  
27 ~~2010~~ MARCH 1, 2012. ←

28 Section 6. Composition of the commission.

29 (a) Members.--The commission shall consist of the following  
30 members:

1           (1) Seven members appointed by the Governor. The  
2 appointees shall be members of various constituencies  
3 affected by or knowledgeable about the sales and use tax and  
4 its impact on this Commonwealth's economy. These  
5 constituencies include, but are not limited to, corporations,  
6 tax policy experts and tax practitioners. ~~Four~~ FIVE of the ←  
7 Governor's seven appointees, one from each organization,  
8 shall be members of the Pennsylvania Bar Association, the  
9 Pennsylvania Chamber of Business and Industry, the  
10 Pennsylvania Institute of Certified Public Accountants, THE ←  
11 PENNSYLVANIA BANKERS ASSOCIATION and the Pennsylvania  
12 Retailers Association.

13           (2) The President pro tempore of the Senate and the  
14 Minority Leader of the Senate and the Speaker of the House of  
15 Representatives and the Minority Leader of the House of  
16 Representatives shall each select one private sector citizen  
17 representative from constituencies affected by or  
18 knowledgeable about the Commonwealth's business taxes.  
19 Staff from organizations representing business organizations are  
20 not eligible for membership on the commission.

21           (b) Chairperson.--The Secretary of Revenue shall chair the  
22 commission and shall serve as a member.

23           (c) Staffing.--The Commonwealth shall, through the  
24 department, provide reasonable and necessary clerical, research  
25 and administrative support and may contract for research,  
26 analysis and editorial work in support of the commission as  
27 necessary.

28 Section 7. Public meetings.

29 All meetings, except for organizational meetings and planning  
30 sessions shall be conducted as open meetings under 65 Pa.C.S.

1 Ch. 7 (relating to open meetings).

2 Section 8. Cooperation by State agencies.

3 The department shall serve as the administrative support  
4 agency of the commission and shall provide facilities, personnel  
5 assistance, information and services necessary to fulfill the  
6 mission of the commission. All other Commonwealth agencies are  
7 directed to cooperate with and assist the commission in  
8 fulfilling its duties and responsibilities.

9 Section 9. Expiration.

10 This act shall expire 180 days after the submission of the  
11 report provided for under section 5.

12 Section 10. Effective date.

13 This act shall take effect ~~immediately~~ JULY 1, 2011.

