

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE RESOLUTION

No. 291 Session of 2017

INTRODUCED BY PEIFER, MAHER, MILLARD, DUNBAR, WARD, HEFFLEY, STAATS, DOWLING, PICKETT AND WATSON, APRIL 26, 2017

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES, AS AMENDED, FEBRUARY 6, 2018

A RESOLUTION

1 Directing the Department of ~~Community and Economic Development,~~ <--
2 ~~in consultation with the Department of Revenue~~ REVENUE, IN <--
3 CONSULTATION WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC
4 DEVELOPMENT and the Independent Fiscal Office, to commence a
5 study to investigate the feasibility and potential cost
6 savings associated with the replacement of local earned
7 income tax collection methods by local taxing committees with
8 a Statewide collection method domiciled in the Department of
9 Revenue.

10 WHEREAS, Act 32 of 2008 was signed into law on July 2, 2008,
11 to restructure the collection of local earned income taxes in
12 this Commonwealth by reducing the number of local earned income
13 tax collection districts from approximately 560 to 69; and

14 WHEREAS, The act, which took effect on a Statewide basis on
15 January 1, 2012, resulted in the establishment of a single tax
16 collection district in each county, with the exception of
17 Allegheny County, which established four tax collection
18 districts, and Philadelphia County, which was exempt from the
19 requirements of the act; and

20 WHEREAS, The Department of Community and Economic Development
21 was charged with developing uniform forms, notices, reports,

1 returns, schedules and codes for school districts,  
2 municipalities and tax collection districts and maintaining  
3 regulatory oversight of the act, but was not provided the time  
4 nor the resources to support the multitude of issues that came  
5 with the enactment of tax collection under the act; and

6 WHEREAS, The Pennsylvania Legislative Budget and Finance  
7 Committee's report to the General Assembly in December 2016  
8 indicated that:

9 (1) the act increased earned income tax collections by  
10 an estimated \$173 million annually; and

11 (2) inefficiencies continue to plague the local tax  
12 collection process to the detriment of school districts and  
13 municipalities in this Commonwealth;

14 and

15 WHEREAS, Streamlining the current system with a State method  
16 of collection of the local earned income tax could eliminate  
17 problems with coordination and inconsistency among local tax  
18 collectors; and

19 WHEREAS, State collection of local earned income taxes could  
20 maximize the simplicity of collection and increase the  
21 efficiency and fairness of the system while providing  
22 significant relief to school districts, municipalities,  
23 employers and tax preparers; and

24 WHEREAS, The cost of centralized tax administration could be  
25 more than offset by the elimination of the cost of income tax  
26 administration and collection at the local level; and

27 WHEREAS, The State collection of the earned income tax could  
28 create the fairest and most efficient system for the taxpayers  
29 in this Commonwealth; and

30 WHEREAS, The central administration of State and local income

1 taxes could provide for a more uniform tax administration and  
2 customer service that results in the taxpayers in this  
3 Commonwealth filing one income tax return; therefore be it

4       RESOLVED, That the House of Representatives direct the  
5 Department of ~~Community and Economic Development~~ REVENUE, in       <--  
6 consultation with the Department of ~~Revenue~~ COMMUNITY AND       <--  
7 ECONOMIC DEVELOPMENT and the Independent Fiscal Office, to  
8 commence a study to investigate the feasibility and potential  
9 cost savings associated with the replacement of local earned  
10 income tax collection methods by local taxing committees with a  
11 Statewide collection method domiciled in the Department of  
12 Revenue; and be it further

13       RESOLVED, That the Department of ~~Community and Economic~~       <--  
14 ~~Development~~ REVENUE furnish a report of its findings and       <--  
15 recommendations resulting from the study to the chairperson and  
16 minority chairperson of the Finance Committee of the Senate and  
17 the chairperson and minority chairperson of the Finance  
18 Committee of the House of Representatives no later than December  
19 31, ~~2017~~ 2018; and be it further       <--

20       RESOLVED, That copies of this resolution be transmitted to  
21 the Department of Revenue, the Independent Fiscal Office, the  
22 President pro tempore of the Senate and the Speaker of the House  
23 of Representatives.