

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE RESOLUTION

No. 291 Session of 2017

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

AS AMENDED, HOUSE OF REPRESENTATIVES, MARCH 14, 2018

A RESOLUTION

1 Directing the Department of Revenue, in consultation with the
2 Department of Community and Economic Development and the
3 Independent Fiscal Office WITH INPUT FROM COUNTIES,
4 MUNICIPALITIES AND SCHOOL DISTRICTS IN THIS COMMONWEALTH, to
5 commence a study to investigate the feasibility and potential
6 cost 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.

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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, INEFFICIENCIES CONTINUE TO PLAGUE THE LOCAL TAX <--
16 COLLECTION PROCESS TO THE DETRIMENT OF SCHOOL DISTRICTS AND
17 MUNICIPALITIES IN THIS COMMONWEALTH; AND

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

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

27 WHEREAS, The cost of centralized tax administration could be
28 more than offset by the elimination of the cost of income tax
29 administration and collection at the local level; and

30 WHEREAS, The State collection of the earned income tax could

1 create the fairest and most efficient system for the taxpayers
2 in this Commonwealth; and

3 WHEREAS, The central administration of State and local income
4 taxes could provide for a more uniform tax administration and
5 customer service that results in the taxpayers in this
6 Commonwealth filing one income tax return; therefore be it

7 RESOLVED, That the House of Representatives direct the
8 Department of Revenue, in consultation with the Department of
9 Community and Economic Development and the Independent Fiscal
10 Office WITH INPUT FROM COUNTIES, MUNICIPALITIES AND SCHOOL <--
11 DISTRICTS IN THIS COMMONWEALTH, to commence a study to
12 investigate the feasibility and potential cost savings
13 associated with the replacement of local earned income tax
14 collection methods by local taxing committees with a Statewide
15 collection method domiciled in the Department of Revenue; and be
16 it further

17 RESOLVED, That the Department of Revenue furnish a report of
18 its findings and recommendations resulting from the study to the
19 chairperson and minority chairperson of the Finance Committee of
20 the Senate and the chairperson and minority chairperson of the
21 Finance Committee of the House of Representatives no later than
22 December 31, 2018; and be it further

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