

## HB 262 PN 2266 - Tax Code 6/27/19

(\$ Amounts in Millions)

Tax Type	Description	Bill #	2019/20	2020/21
Marketplace Sales Tax	Conforms PA law to the US Supreme Court decision concerning Wayfair and collection of sales and use tax from online marketplace sellers and facilitators with annual sales over \$100,000 to Pennsylvania customers (as opposed to \$10,000 in sales in current law). Integrates requirements for online sales into the sales and use tax section of the Tax Reform Code.		\$ 5.0	\$ 5.0
Brewers Sales Tax	Technical clarification of sales tax calculation for brewers who sell their products at retail. Liability would be based on 25% of retail price.	HB 1549	\$ (0.2)	\$ (0.2)
Youth Development Programs and Volunteer Fire Sales Tax Exemption	Exempts from sales tax food and beverage sales by nonprofit organizations exclusively supporting youth development centers and volunteer fire organizations. Minimal fiscal impact.	HB 779	\$ (0.9)	\$ (2.1)
Animal Housing Building Supply Sales Tax Exemption	Exempts from sales tax building materials and supplies used for the construction or repair of an animal housing facility, which is defined as a roofed structure used by livestock or poultry.	HB 1225	\$ (2.0)	\$ (4.1)
Federal Opportunity Zone Capital Gains	The terms "net gains or income", "net losses" and "dividends" are defined and linked to the Internal Revenue Code section 1400Z-2, special rules for capital gains invested in opportunity zones, to incentivize private investment.	SB 180	\$ (2.3)	\$ (2.8)
Olympic Gold Medals	Exempts prize money and value of Olympic medals from personal income tax. Tax due following 2016 summer Olympics was \$5,373.	HB 538	\$ -	\$ -
Voluntary Veteran Trust Fund Checkoff	Checkoff on individual tax returns for contributions in any amount to the Veterans' Trust Fund.	HB 857	\$ -	\$ -
PIT Joint Return for Estates	Allows the executor of an estate to file a joint income tax return.	HB 706	\$ -	\$ -
Paid Tax Preparers	Requires paid tax preparers to sign and include their federally issued Preparer Tax Identification Number (PTIN) on PA personal income tax returns.	HB 1583	\$ -	\$ -
Manufacturing Innovation and Reinvestment Deduction	Expands the corporate net income tax deduction to taxpayers with private capital investment in excess of \$60 million, as opposed to \$100 million currently. For investment between \$60 and \$100 million, the allowable deduction is 7.5% of the investment per year for 5 years. For investment over \$100 million, the allowable deduction is 5% of the investment per year for 5 years.	SB 747	\$ (2.5)	\$ (9.2)



## HB 262 PN 2266 - Tax Code 6/27/19

(\$ Amounts in Millions)

Tax Type	Description	Bill #	2019/20	2020/21
Realty Transfer Tax Exemption for Beginner Farmer	Exempts transfer of real estate that is subject to an agricultural conservation easement to a beginner farmer. Unknown revenue loss. Minimal revenue loss estimated at about \$250,000.		\$ -	\$ -
PA Housing Affordability and Rehabilitation Enhancement (PHARE)	Transfer from the General Fund (realty transfer tax revenue) to the PA Housing Affordability and Rehabilitation Enhancement Program. The amount is determined by formula, capped at \$40 million per year.		\$ (15.0)	\$ (15.0)
Film Tax Credit	Increases cap from \$65 million to \$70 million. Allows purchasers of credit to utilize full extent of credits including carryover and carryback provisions. Allows corporations to allocate credits among parent or sister companies that are part of the same consolidated federal income tax group.	SB 225	\$ (5.0)	\$ (5.0)
Entertainment Economic Enhancement (Concert Tour Tax Credit)	Increases the cap from \$4 million to \$8 million. Incentivizes purchase of equipment in Pennsylvania with higher individual tax credits. Expands allowable expenses that qualify for a credit to include music rights, ground transportation and insurance if the transportation provider or insurance agent is in Pennsylvania. Extends the credit to musical performers in addition to concert tour management companies.		\$ (4.0)	\$ (4.0)
Resource Enhancement Tax Credit (REAP)	Increase cap from \$10 million to \$13 million per governor's budget proposal. Extends eligible applicants to include spouses of individuals filing joint returns. Makes various environmental changes. Extends the credit to spouses filing joint returns.	HB 241 SB622	\$ (3.0)	\$ (3.0)
Historic Preservation Tax Credit	The Independent Fiscal Office performance based budgeting report recommended an increase to the cap and other technical improvements. Extends credit to workforce housing, adjusts qualified expenditure thresholds, expands utilization of sales of the credit, and increases the cap from \$3 million to \$5 million. Sets an improved timetable for the application process. Allows purchasers to carry over unused credits.	SB 541	\$ (2.0)	\$ (2.0)
Coal Refuse Tax Credit	Extends the current tax credit by 10 years to 2036 and increases the cap from \$10 million to \$20 million.	SB 618	\$ (10.0)	\$ (10.0)
New Jobs Tax Credit	Eliminate program per Independent Fiscal Office performance based budgeting report. No tax credits shall be approved after June 30, 2020.		\$ -	\$ 1.3
City Revitalization and Improvement Zones	Allows money to be used for debt service and changes the definition of infrastructure.		\$ -	\$ -



## HB 262 PN 2266 - Tax Code 6/27/19

(\$ Amounts in Millions)

Tax Type	Description	Bill #	2019/20	2020/21
Rural Jobs Tax Credit	Expansion of current credit for investment companies creating rural jobs by increasing annual cap from \$1 million to \$6 million and allowing small businesses to qualify.	HB 1437	\$ (3.6)	\$ (4.7)
Neighborhood Assistance Program	Adds youth and adolescent development services to organizations receiving qualifying contributions. No more than \$2 million of total credits can be used for these new services.		\$ -	\$ -
Keystone Opportunity Expansion Zones	Expands KOZ program for additional keystone opportunity expansion zones in Lancaster, Cambria and Clearfield Counties for all state and local tax exemptions and abatements under the KOZ Act for 10 years.		\$ (7.0)	\$ (4.5)
Mixed-use Development Tax Credit	Increases the cap from \$2 million to \$3 million.		\$ (1.0)	\$ (1.0)
Inheritance Tax	Eliminates inheritance tax for transfers of property from a parent to a child age 21 or younger.	SB 342 HB 262	\$ (3.0)	\$ (12.5)
Table Games Extension	Act 84 of 2016 imposed an additional 2% tax on table games which expires on June 30, 2019. This extends the additional tax until August 1, 2021.		\$ 17.9	\$ 19.6
Strategic Development Areas - Exclusive Use	Clarifies the definition of exclusive use for items exempt from sales and use tax in Strategic Development Areas to include items such as laptop computers, cell phones, software, storage media and telecommunications service.	SB 616	\$ (4.0)	\$ (5.7)
Computer Data Centers	Increases cap from \$5 million to \$7 million for computer data center sales and use tax refunds.		\$ (2.0)	\$ (2.0)
Charter School Tax Exemption	Allows the same governmental tax immunity of a school district for charter schools and cyber schools with regard to the surplus lines tax (purchases from out-of-state insurers). Unknown revenue loss.		\$ -	\$ -
<b>Total Revenue Increase</b>			<b>\$ 22.9</b>	<b>\$ 25.9</b>
<b>Total Revenue Loss</b>			<b>\$ (67.5)</b>	<b>\$ (87.8)</b>
<b>NET TAX PACKAGE</b>			<b>\$ (44.6)</b>	<b>\$ (61.9)</b>

\*Revenue estimates may be updated upon further analysis.

