

HOUSE BILL 1531, Printer's Number 2737

2009-10 General Fund Budget

TAX REFORM CODE BILL	Effective Date	HB1531 Rules Amendment	
		2009-10	2010-11
SUT exemption for the purchase of helicopters and similar rotorcraft and the repair or replacement parts for helicopters and rotorcraft, including installation.	immediately	(\$0.1)	(\$0.1)
SUT Due Date Acceleration - total tax of \$25,000 or more in 3rd calendar quarter must file and pay semi-monthly.	returns after May 31, 2010	\$211.4	\$0.0
PIT checkoffs - extends the following through January 1, 2014: Wild Resource Conservation (315.3) Organ and Tissue Donation Awareness (315.4) Juvenile Diabetes Cure Research (315.7) Military Family Relief Assistance (315.8)	immediately	\$0.0	\$0.0
PIT Due Date Acceleration - annual amount of tax withheld is expected to be \$20,000 or more must file and pay semi-weekly.	returns after May 31, 2011	\$0.0	\$164.5
CNIT - Increase Sales Factor - current law is 70% TY2009 increased to 83% TY2010 and thereafter increased to 90%	immediately	(\$73.2)	(\$87.7)
CNIT - NOL Cap - current law is greater of \$3M or 12.5% of taxable income TY2009 - greater of \$3M or 15% of taxable income TY2010 and thereafter - greater of \$3M or 20% of taxable income	immediately		
CSFT Valuation Deduction - current law is \$150,000 TY2010 and thereafter increased to \$160,000	TY2010 and thereafter	(\$0.5)	(\$1.7)
CSFT Rate - 2.89 mills for Tax Years 2009, 2010 and 2011; 1.89 mills TY2012 0.89 mills TY2013 tax eliminated for TY2014 and thereafter	immediately	\$373.9	\$550.6
GRT - Medicaid MCO's - 59 mill tax rate (collections deposited into restricted receipts account)	October 1, 2009	Special Fund	
Repeals Article VIII-F of the Welfare Code	immediately		
If GRT is disapproved by CMS, General Assembly has 60 days to enact a substitute or DPW may exercise its rights to cease payments or terminate contracts for services with managed care organizations	immediately		
Cigarette Tax - increase rate 25 cents per pack (\$1.60 per pack total)	November 1, 2009	\$100.1	\$150.7
Repeals the Health Care Provider Retention Account (HCPRA)	immediately	\$708.0	\$0.0
Eliminates Transfer of 25 cents of cigarette tax to the HCPRA	immediately	\$170.9	\$170.9
Cigarette Stamping Agents - reduces commission rate to 0.85%; Current CSA commission is 0.98% - estimated to keep CSA's whole	November 1, 2009	\$0.0	\$0.0
Adds Article XII-A -- Tobacco Products Tax Imposes a new tax at the rate of 30% of the wholesale price of cigars, cigarillos and other tobacco products suitable for chewing, ingesting or smoking.	60 days	\$37.7	\$53.4
Adds Article XVI -- Severance Tax on Natural Gas 5% tax on gross value at wellhead 4.7 cents tax per thousand cubic feet Establishes the Natural Gas Severance Tax Fund 60% transferred to the General Fund (Jan 2012) 3% transferred to DPW for LIHEAP (Jan 2012) 15% transferred to Environmental Stewardship Fund (Jan 2012) 4% transferred to Hazardous Sites Cleanup Fund (Jan 2012) 5% transferred to Liquid Fuels Tax Fund - equally among 67 counties (Jan 2012) 4.5% to municipalities where natural gas has been severed and taxed (Jan 2010) 4.5% to counties where natural gas has been severed and taxed (Jan 2010) 2% to PA Game Commission (Jan 2012) 2% to PA Fish and Boat Commission (Jan 2012)	90 days	Special Fund	

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R&D Tax Credit - allows immediate sale or assignment of tax credit; Current law provides a 1 year holding period	immediately	\$0.0	\$0.0
Adds Article XVII-F -- Educational Improvement Tax Credit (Repeals Article XX-B of the Public School Code) Current maximum annual household income of \$50K Increases maximum annual household income to \$60K July 1, 2011 Annual adjustment based on CPI beginning July 1, 2012 Provides a support level factor for eligible student with disability Current income allowance of \$10K for eligible student, pre-K or dependent Increases income allowance from \$10K to \$12K July 1, 2011 Annual adjustment based on CPI beginning July 1, 2012	immediately	\$0.0	\$0.0
Adds Article XXIX-E -- Reduction of Tax Credits Limits the total tax credits awarded under the program to 67% of the annual cap: Research and Development Tax Credit (\$40M reduced to \$26.8M) Film Production Tax Credit (\$75M reduced to \$50.25M) Educational Improvement Tax Credit (\$75M to \$50.25M) Limits the tax credit awarded to each taxpayer to 67% of that authorized by law: Employment Incentive Tax Credit Resource Enhancement and Protection Tax Credit Job Creation Tax Credit Neighborhood Assistance Tax Credit First Class Cities Economic Development District Eliminates the Alternative Energy Tax Credit	Applicable for fiscal years 2009-10 and 2010-11	\$38.2	\$63.3
Adds Article XXIX-F -- Tax Amnesty Program - April 26, 2010 to June 18, 2010 (Repeals Article XXIX-A -- Tax Amnesty program from 1995)	immediately	\$190.0	(\$57.1)
Adds Section 3003.22 -- Table Games In the event that Table Games are authorized in PA, the following applies: \$20M Table Games license fee for Category 1 licensed facilities \$20M Table Games license fee for Category 2 licensed facilities \$7.5M Table Games license fee for Category 3 licensed facilities 34% tax on the daily gross table game revenue	immediately	\$241.8	\$322.4
TOTAL TAX REFORM CODE BILL		\$1,998.2	\$1,329.2

ITEMS INCLUDED IN ORIGINAL AGREEMENT BUT NOT INCLUDED IN HB1531

Sales and Use Tax expansion to Cultural Events
Small Games of Chance

NEW ITEMS ADDED IN HOUSE BILL 1531

Other Tobacco Products Tax
Natural Gas Severance Tax