



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

SENATE BILL NO. 356

PRINTERS NO. 1689

PRIME SPONSOR: Folmer

### COST / (SAVINGS)

FUND	FY 2015/16	FY 2016/17
General Fund	\$0	\$0

**SUMMARY:** Senate Bill 356, Printer's Number 1689, amends Act 511 of 1965 known as the Local Tax Enabling Act (LTEA) providing in consolidated collection of local income taxes for the definition of "farming" and further providing for declaration and payment of income taxes and withholding remittance.

**ANALYSIS:** This legislation adds language defining farming as "all activities that are farming for purposes of Section 325 of the Tax Reform Code" thereby paralleling local income taxes to the existing law as it applies to the state income tax for farming. Furthermore, Section 502(d) is added providing that an individual having an estimated gross income from farming which is at least two-thirds of the total estimated gross income may file a declaration of estimated tax at any time on or before January 15 of the succeeding year. If the individual files a final return and pays the entire tax by March 1, the return may be considered as his declaration due on or before January 15.

Current law provides for the declaration of estimated payments on April 15, June 15, September 15 and January 15 for a taxpayer making net profits during the period January 1 through December 31. A taxpayer first anticipating net profits after April 15 shall make estimated payments on June 15, September 15 and December 15. This legislation amends section 502(c) of the act regarding declaration and payment of taxes by requiring taxpayer's to file and declare estimated net profits on April 15, July 15, October 15 and January 15 regardless of the period a taxpayer first anticipates making net profits.

Currently employers are required to file quarterly returns within 30 days following the end of each calendar quarter. This legislation changes the due date to the last day of the month following the end of each quarter. If the due date falls on a weekend or legal holiday, the filing or payment may be performed on the next business day.

Political subdivisions, tax collection committees or tax officers are prohibited from doing any of the following: (1) prohibiting a taxpayer from filing any return or declaration in person or by first class mail; (2) prohibiting a taxpayer or employer from filing a form that has been posted on DCED's publicly accessible Internet website; and (3) imposing a penalty for failing to timely file quarterly estimated tax return for which no payment of estimated tax was due.

The act shall take effect in 180 days and apply to taxable years beginning after the effective date.

**FISCAL IMPACT:** Enactment of this legislation will have no adverse fiscal impact on Commonwealth funds. Changes made to the filing procedures for declarations of estimated payments for local income taxes do not impact the amount of taxes ultimately due and payable by the taxpayer. Therefore, there is no adverse fiscal impact on local funds.

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House Appropriations Committee (R)

**DATE:** June 7, 2016

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*