

HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 654

PRINTER'S NO. 1815

PRIME SPONSOR: Bartolotta

NET COST / (SAVINGS)

FUND	FY 2024/25	FY 2025/26
General Fund	See Fiscal Impact	See Fiscal Impact
Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund (PHARE)	\$20,400,000	\$20,000,000
Clean Streams Fund	\$50,000,000	\$50,000,000

SUMMARY:

Senate Bill 654, Printer's Number 1815, is an omnibus amendment to the Tax Reform Code of 1971 making various changes.

ANALYSIS: The following summary table provides a description of the provisions included in SB 654 as amended, with corresponding fiscal impacts on commonwealth funds.

COST / (SAVINGS)

Summary of Omnibus Amendment to Tax Reform Code					
		Fiscal Impact (\$ in Millions)			
Tax Category / Provision F		FY 2024/25	FY 2024/25 FY 2025/		
Sales and Use Tax (SUT)					
Exclusion of Waste Grease Removal from SUT: Exempts from Sales and					
Use Tax the removal of waste grease from various facilities.	\$	(6.2)	\$	(6.2)	
Effective Immediately					
<u>Cryptocurrency Data Centers Exclusion:</u> Would exclude cryptocurrency					
mining operations from SUT Exemption Program for the purchase of					
data center equipment.		Unknown		Unknown	
Effective for Tax Year after December 31, 2025					
Personal Income Tax (PIT)					
<u>Tax Deduction for East Palestine Train Derailment Relief Payments</u> :					
Establishes a state tax deduction for Pennsylvanians who have received					
or will receive future payments related to the Norfolk Southern train	\$		\$		
derailment.	Φ	-	φ	-	
Effective Immediately					

Summary of Omnibus Amendment to Tax Reform Code				
	Fiscal Impact (\$ in Millions)		in Millions)	
Tax Category / Provision	F	Y 2024/25		FY 2025/26
Personal Income Tax (PIT)				
Cost and Percent Depletion of Mines, Oil/Gas Wells, and other Nat'l				
Gas Deposits: Aligns the Commonwealth's Personal Income Tax (PIT)				
with the federal Internal Revenue Code for the purposes of calculating				
cost, and percent, depletion of mines, oil and gas wells, and other	\$	-	\$	(7.2)
natural deposits.				
Effective Immediately				
Student Loan Interest Deduction: Permits a taxpayer who is a				
Pennsylvania resident to deduct student loan interest from the				
individual's taxable income under the personal income tax.	\$	(1.7)	\$	(36.4)
Effective for Tax Years after December 31, 2024				
Employer 529/ABLE Contribution: Creates a tax credit for employer				
contributions to 529 tuition savings accounts.	\$	(8.1)	ф	(8.1)
	Ψ	(0.1)	Ψ	(0.1)
Effective for Tax Years after December 31, 2024				
<u>Transfer to Clean Streams Fund</u>	\$	(50.0)	\$	(50.0)
Corporate Net Income Tax (CNIT)				
State Business Expense Deductions - Medical Cannabis				
	\$	(2.1)	\$	(2.1)
Effective for tax years after December 31, 2023				
Add-back Crediting Provisions	\$	-	\$	-
Net Operating Loss (NOL) Cap Increase: Would gradually increase the				
NOL carryover limit from 40 percent to 80 percent, by 10 percent per				
year.	\$	-	\$	(7.2)
Effective Immediately				
Realty Transfer Tax (RTT)				
<u>Increase in PHARE Transfer</u> : Increases the transfer caps from Realty				
Transfer Tax revenue to PHARE beginning in 2024/25 based on the				
following schedule:				
- For fiscal year 2024/25, a cap of \$70 million;	\$	(20.4)	\$	(20.0)
- For fiscal year 2025/26, a cap of \$80 million;	,	(==:-)		(====)
- For fiscal year 2026/27, a cap of \$90 million; and				
- For fiscal year 2027/28 and each fiscal year thereafter,				
a cap of \$100 million.				
Bank Shares Tax				
Goodwill Deduction: Would clarify that any goodwill recorded in Call				
Reports filed by banks with the FDIC is excluded from the bank shares		(00.5)	,	(00.0)
tax calculation.	\$	(23.6)	\$	(30.0)
Effective Immediately				
Effective Immediately				

	Summary of Omnibus Amendment to Tax Re	form C	ode		
		Fiscal Impact (\$ in Millions)			
	Tax Category / Provision		2024/25		FY 2025/26
Tá	x Credits and Other Provisions				
	Expanded Neighborhood Assistance Tax Credit Program: Increases the limit of total tax credits for NAP programs per fiscal year from \$36 million to \$72 million and adjusts the maximum credit that certain businesses can claim.	\$	(36.0)	\$	(36.0)
	Effective 60 days upon enactment				
	<u>Childcare Contribution Tax Credit</u> : Provides a tax credit for employers who contribute to employees' childcare costs.	\$	(8.1)	\$	(8.1)
	Effective for Tax Years after December 31, 2024				
	<u>Coal Refuse Energy and Reclamation Tax Credit</u> : Would increase the cap to \$55 million from the current \$20 million cap.	\$	(35.0)	\$	(35.0)
	Effective Immediately				
	Rural Jobs and Investment Tax Credit: Would extend the program with up to \$50 million in investment authority, \$30 of which is authorized as credit eligible contributions.	\$	(6.0)	\$	(6.0)
	Effective Immediately				
	<u>Historic Preservation Tax Credit</u> : Would increase the cap to \$20 million from the current \$5 million cap.	\$	-	\$	(11.3)
	Effective after June 30, 2025				
	City Revitalization Improvement Zone (CRIZ) Revisions Effective Immediately	\$	-	\$	(15.0)

PREPARED BY: Gueorgui Tochev, Budget Analyst

House Appropriations Committee (D)

DATE: July 11, 2024

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