

**SENATE APPROPRIATIONS COMMITTEE
FISCAL NOTE**

BILL NO. Senate Bill 958

PRINTER NO. 1514

AMOUNT

No Fiscal Impact

FUND

General Fund

DATE INTRODUCED

November 20, 2019

PRIME SPONSOR

Senator Mastriano

DESCRIPTION AND PURPOSE OF BILL

Senate Bill 958 amends Title 8 (Boroughs and Incorporated Towns) of the Pennsylvania Consolidated Statutes, in manufacture and supply of electricity, to clarify that electric energy supplied to a borough for resale within the borough limits is an exempt transaction for gross receipts tax.

The legislation amends section 24A03 of the Borough Code (relating to specific powers) such that the sale of electric power to a borough for resale inside the limits of the borough and the sale of electric power by a borough inside the limits of the borough shall be exempt from the gross receipts tax imposed under section 1101 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

The clarification contained in Senate Bill 958 shall apply to the sale of electric power to or from a borough as follows:

1. To gross receipts received after December 31, 2016.
2. To sales to or by a municipal power agency or any borough-owned or operated utility established on or before the effective date of this legislation.

This act shall take effect in 60 days.

FISCAL IMPACT:

Senate Bill 958 will have no fiscal impact on Commonwealth funds.

The Department of Revenue prepared an analysis of the bill, which indicates that the legislation will have no fiscal impact. There are instances where sales of electricity by an electric company to a borough for resale have caused uncertainty with regard to whether the gross receipts tax is imposed on the gross receipts of the electric company making a sale to the borough. Senate Bill 958 clarifies that both the sale of electric power to a borough for resale inside the borough limits and the sale of electric power by a borough inside the limits of the borough are not subject to the gross receipts tax.