



IN THIS ISSUE:

- GOVERNOR RENDELL ANNOUNCES ANOTHER YEAR OF PROPERTY TAX RELIEF FOR HOMEOWNERS *Pages 1 & 2*
- STEPHEN H. STETLER CONFIRMED AS REVENUE SECRETARY *Pages 2 & 3*
- GOVERNOR RENDELL COMMENTS ON APRIL REVENUE, PLAN TO CLOSE BUDGET GAP *Page 3*
- REVENUE DEPUTY SECRETARY RECEIVES NATIONAL HONOR *Page 4*
- ANNUAL CONTRIBUTION LIMIT INCREASED FOR TUITION ACCOUNT PROGRAM *Page 4*
- NEW WEB TOOL ALLOWS PENNSYLVANIANS TO CHECK STATUS OF PROPERTY TAX/RENT REBATES *Page 5*
- GOVERNOR, SECRETARY STETLER PROMOTE TUITION RELIEF ACT *Page 6*
- NEW REALTY TRANSFER TAX BULLETIN ISSUED *Page 7*
- RATE OF ELECTRONICALLY FILED BUSINESS RETURNS NEARS 100 PERCENT *Page 7*
- BUSINESSES APPLAUDED FOR REGISTERING USING REVENUE'S WEB SITE *Page 7*
- RECORD NUMBER OF PENNSYLVANIANS FILE STATE INCOME TAXES ELECTRONICALLY *Page 8*

GOVERNOR RENDELL ANNOUNCES ANOTHER YEAR OF PROPERTY TAX RELIEF FOR HOMEOWNERS

GAMING REVENUES PROVIDE \$1.7 BILLION IN TAX RELIEF OVER PAST THREE YEARS



Photo courtesy of Commonwealth Media Services

Governor Rendell announces a new round of property tax relief while visiting a senior center in Pittsburgh.

Pennsylvania homeowners will receive nearly \$770 million in property tax relief in 2009 under the latest installment from the historic Taxpayer Relief Act, Governor Edward G. Rendell announced during a visit to Pittsburgh last month.

All Pennsylvania homeowners in 66 counties can receive reductions in the school property tax bills they will receive this summer. Approximately 110,000 Pennsylvania seniors will pay no school property taxes again this year thanks to state-funded property tax relief, and many more will receive rebates of up to \$975 in addition to the property tax relief all homeowners receive.

Continued on Page 2

FAST FACT:

A record 3.4 million taxpayers, about 60 percent of all individual taxpayers, filed 2008 state personal income tax returns electronically.

Continued from Page 1

"Property tax relief is real, and it is making a difference in the lives of older adults and hard-working families across Pennsylvania," Governor Rendell told visitors at the South Side Market House Senior Community Center.

Older Pennsylvanians in particular will benefit from the commonwealth's use of gaming revenues to provide property tax relief. Nearly 580,000 seniors will be eligible for additional relief through the state's expanded Property Tax/Rent Rebate Program.

Nearly 2.7 million households across the commonwealth saw their property taxes lowered in 2008, and the average statewide reduction in property taxes for each household is expected to be nearly \$200 again this year. Property tax relief will appear as deductions on the property tax bills most schools will mail out this summer. Amounts will vary by district, and estimated property tax relief per household can be found on the [Pennsylvania Department of Education's Web site](#).

"This assistance is one example of the many ways the commonwealth is helping residents weather the current economic downturn," Governor Rendell said. "And even after the economy improves, our property tax relief law will continue to benefit homeowners and help keep school tax increases in check."

The 2006 Taxpayer Relief Act created the Property Tax Relief Fund as a way to use gaming revenue to reduce property taxes for homeowners. In addition to delivering property tax relief to Pennsylvania homeowners, the law enacted the state's first-ever limits on school boards' ability to raise property taxes. Already this year, more than three in four school districts have reported that they are going to keep any property tax increase at or below the rate of inflation.

STEPHEN H. STETLER CONFIRMED AS REVENUE SECRETARY

Stephen H. Stetler was officially sworn in as Secretary of the Pennsylvania Department of Revenue on April 6, following his unanimous Senate confirmation to the post on March 31. Family, friends and colleagues joined Secretary Stetler for a small ceremony to celebrate his swearing in.

"I am very fortunate in that great groundwork for the department's future efforts was laid out for me by my predecessors," Stetler said. "I look forward to ensuring the tax laws and other revenue programs of this commonwealth continue to be administered in a fair, efficient and equitable manner."

"Steve's background in the public and private sectors will be critical in these difficult financial times," Governor Edward G. Rendell said. "His knowledge of the state's tax system ensures a balanced approach as the department continues upgrading its systems and collecting delinquent taxes owed to the commonwealth."

Stetler worked at the Department of Revenue under Governors Casey, Thornburgh and Shapp, eventually becoming Deputy Secretary of Taxation. Immediately prior to returning to commonwealth service, he was Executive Director of the Pennsylvania Economy League, an independent, nonpartisan, nonprofit organization dedicated to research and analysis of Pennsylvania's resources and challenges.



Judge of the York Court of Common Pleas Mike Bortner performs the swearing in, as the Secretary's daughter, Catherine Stetler, holds the Bible on which he swears his oath.

Continued on Page 3

Continued from Page 2

Stetler also served the state House's 95th district for 16 years and was a member of various committees including finance, appropriations, transportation, professional licensure and policy. He was also a partner in D.E. Stetler and Sons Inc., a family-owned car dealership in York.

Stetler graduated from St. James School, earned his Bachelor of Arts and Master of Divinity degrees from Drew University and earned a Master of Administrative Science degree with an emphasis in finance from Johns Hopkins University.

A native of York, Stetler and his wife Polly are proud parents of two grown children, Graham and Catherine.

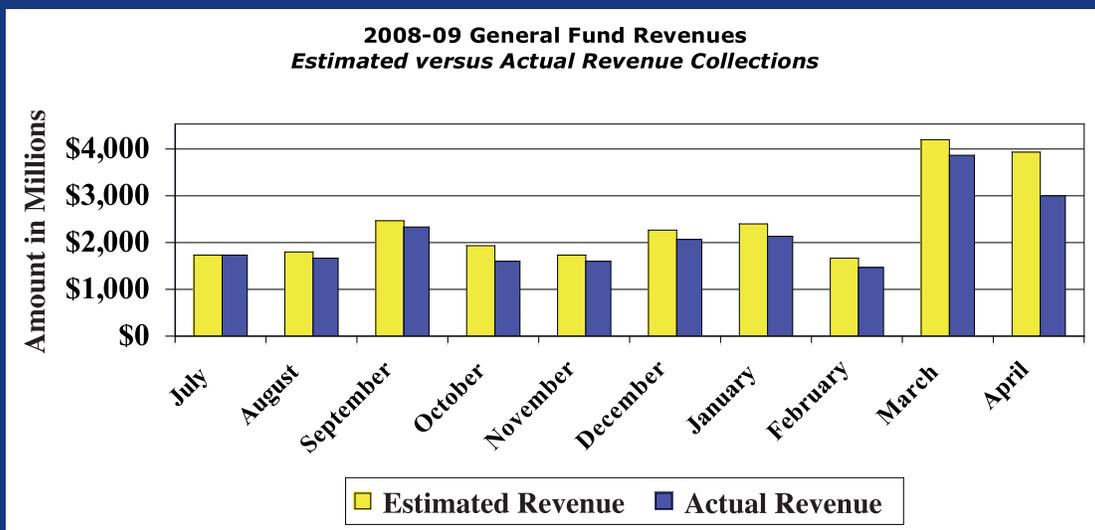
GOVERNOR RENDELL COMMENTS ON APRIL REVENUE, PLAN TO CLOSE BUDGET GAP

Following the announcement that significantly lower-than-expected April revenue collections brought fiscal year-to-date General Fund collections to \$21.7 billion – \$2.6 billion, or 10.5 percent below estimate – Governor Edward G. Rendell recognized the impact of the current economic downturn and announced new plans to address the growing budget deficit.

"Tax revenues in April are sobering evidence of the harsh effect the national recession has had on Pennsylvania's workers and businesses," said Governor Rendell. "Though Pennsylvania's personal income tax rate is one of the lowest in the nation, it still accounts for nearly 40 percent of our General Fund revenues, and that category alone was 30 percent below estimate."

The governor proposed tapping the Rainy Day Fund and the Healthcare Provider Retention Account to make up for the budget shortfall in excess of the estimated \$2.3 billion deficit he addressed earlier this fiscal year. Previous measures to address the budget shortfall included restricting out-of-state travel, freezing the salaries of cabinet members and all non-union employees, reducing administrative costs of all state agencies, instituting a general hiring freeze, banning the purchase of new vehicles and reducing the commonwealth fleet by 1,000 vehicles.

"There are signs the overall economy is heading toward recovery, but this is a very volatile time and the pain of this recession is widespread," said Governor Rendell, as he urged the General Assembly to work with his administration to address the challenges posed by the national economic crisis.



REVENUE DEPUTY SECRETARY RECEIVES NATIONAL HONOR

Robert P. Coyne, Revenue's Deputy Secretary for Compliance and Collections, has earned the Federation of Tax Administrators 2009 Award for Leadership and Service in State Tax Administration. The award recognizes an individual who has demonstrated sustained and significant service in the administration of state taxes.

"Deputy Secretary Coyne's strong commitment to the mission of the Department of Revenue is highlighted by his advocacy for positive change through strategic thought and direction," Secretary of Revenue Stephen H. Stetler said. "The citizens of the commonwealth regularly benefit from the changes he has fashioned – enhanced professionalism, more efficient customer service and increased tax collections to fund state programs and services."

A proven professional with experience in the public and private sectors, Coyne has held his current position since 2003. In that time, he has directed innovative programs that contributed more than \$750 million in enhanced revenue to fund commonwealth programs. Coyne's tax compliance programs – including the Tax Discovery, Pass-Through Business and Business Use Tax Voluntary Compliance initiatives – have become models for other states.

Coyne served as the department's Deputy Secretary for Taxation from 1990 to 1995. During that tenure, he implemented an innovative discovery unit, which emphasized Revenue's commitment to discovering noncompliance and collecting all taxes due the commonwealth. Coyne also helped lead the agency into electronic filing age and expanded educational opportunities offered by the department for tax professionals.

Coyne is a member of the North Eastern State Tax Officials Association and the Federation of Tax Administrators. Coyne also belongs to the Pennsylvania Institute of Certified Public Accountants, Tax Executives Institute and Institute for Professionals in Taxation. Coyne also worked for the Pennsylvania Attorney General's Office and PricewaterhouseCoopers, following service in U.S. Army and the Pennsylvania Army National Guard.



Secretary Stetler congratulates Deputy Secretary Coyne for receiving the Federation of Tax Administrators 2009 Award for Leadership and Service in Tax Administration.

ANNUAL CONTRIBUTION LIMIT INCREASED FOR TUITION ACCOUNT PROGRAM

The Internal Revenue Service announced in October 2008 the annual gift tax exclusion increased from \$12,000 to \$13,000 for tax years beginning on or after Jan. 1, 2009.

Therefore, for personal income tax purposes, Pennsylvanians may deduct up to \$13,000 in annual contributions to Internal Revenue Code Section 529 Tuition Account Program (TAP) plans against taxable income reported for tax year 2009 and beyond.

The deduction limit per taxpayer, per beneficiary is directly tied to the federal annual gift tax exclusion threshold.

The Pennsylvania Department of Revenue will make appropriate revisions to all applicable forms and instructions, and taxpayers will continue to claim deductions for IRC Section 529 Tuition Account Program contributions using PA Schedule O.

NEW WEB TOOL ALLOWS PENNSYLVANIANS TO CHECK STATUS OF PROPERTY TAX/RENT REBATES

OLDER ADULTS, PEOPLE WITH DISABILITIES URGED TO APPLY BY JUNE 30

Eligible older adults and residents with disabilities can now check the status of Property Tax/Rent Rebate applications online at www.papropertytaxrelief.com.

"Our commitment to property tax relief is unwavering, and this new Web tool enhances customer service for the older adults and people with disabilities who rely on these annual checks," Governor Edward G. Rendell said, introducing the new tool in late April.

Six weeks after submitting a Property Tax/Rent Rebate application, the applicant may visit www.papropertytaxrelief.com and check the status of the rebate by entering his/her Social Security number, anticipated rebate amount and birth date. Applicants may use the Web site to confirm claim status, rebate amount and the date a rebate is expected to be mailed or direct-deposited. Rebate checks will begin being distributed to early applicants on July 1.

Through a similar automated phone service, Property Tax/Rent Rebate applicants can check rebate status by calling, toll-free, 1-888-PATAXES.

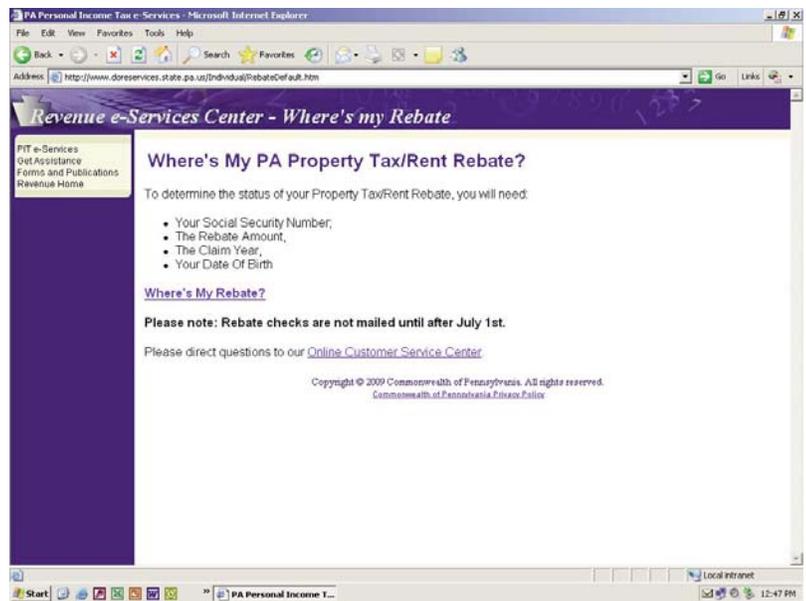
The new online tool to check rebate status has the potential to reduce administrative costs for the Revenue Department. The online service is maintained at a minimal cost, while each toll-free phone call from taxpayers costs the department about 3.1 cents in phone charges, plus costs associated with staffing.

The rebate program benefits eligible Pennsylvanians age 65 and older; widows and widowers age 50 and older; and people with disabilities age 18 and older. A 2006 program expansion increased the income limit from \$15,000 to \$35,000 (which excludes half of Social Security income) for homeowners and raises the maximum standard rebate for both homeowners and renters from \$500 to \$650. The income limit for renters is \$15,000.

The program expansion also provided for supplemental property tax rebates of up to \$325 – on top of the standard rebates – to homeowners in Philadelphia, Pittsburgh and Scranton and to those in other parts of the state who pay more than 15 percent of income on property taxes.

Property Tax/Rent Rebate claim forms (PA-1000) and information are available online at www.papropertytaxrelief.com and by calling 1-888-222-9190. Forms and assistance also are available at Department of Revenue district offices (listed in the government section of local telephone directories), local Area Agencies on Aging, senior centers and state legislators' offices.

The deadline to apply for a rebate on property taxes or rent paid in 2008 is June 30.



GOVERNOR RENDELL, SECRETARY STETLER PROMOTE TUITION RELIEF ACT

As the administration addresses the additional pressure placed on the budgetary process by the challenging economic times, Governor Edward G. Rendell and Revenue Secretary Stephen H. Stetler continue to focus on the importance of passing **HB1317**, the Tuition Relief Act.

"Many families who saved diligently for their children's educations have watched those savings evaporate as a result of the national economic downturn," Governor Rendell told an audience at the Pennsylvania Highlands Community College in Johnstown in April. The visit was one several stops at colleges and universities the Governor made this spring promoting the Tuition Relief Act.

Under the Tuition Relief Act proposed by the Governor in February and awaiting action by the General Assembly, qualifying students who are newly enrolled in state-owned universities or community colleges would see reduced tuition – some paying as little as \$1,000 a year. Pennsylvania families earning less than \$100,000 would be eligible for tuition relief. As many as 170,000 students would benefit when fully implemented.

Under the Tuition Relief Act:

- Everyone will pay something, but a student pays only what he or she can afford.
- Many families earning less than \$32,000 a year will pay just \$1,000 for tuition, fees, room, board and books.
- Every family that qualifies will receive thousands of dollars in tuition relief, and many will save as much as three-quarters of the total bill for tuition,

fees, room, board and books.

- Families that do not qualify for PHEAA grants but earn less than \$100,000 a year also will benefit, more than doubling the number of State System of Higher Education students receiving state-funded financial aid grants. These families will receive grants for half the cost of tuition – amounting to about \$2,700 in savings.

To fund tuition relief, the act provides for the legalization, regulation and taxation of video lottery. The Department of Revenue would be responsible for administration of the video lottery industry, while the State Police would be responsible for enforcement.

Secretary Stetler has also promoted the Tuition Relief Act – which would provide nearly \$550 million in aid to Pennsylvania families annually, once fully implemented – at a series of legislative hearings across Pennsylvania in April and May.

"Legalization of video lottery is not an expansion of gaming in Pennsylvania," Stetler told members of the House Gaming Oversight Committee during these public hearings. "This act would allow regulated replacement of an already existing illegal business that has operated free-range for far too long."

"Education is key to a vibrant economy," Rendell said in an online discussion with high school students across Pennsylvania in May. "We need to ensure that every student has affordable access to college, which strengthens our state's workforce and improves our long term economic competitiveness. The Tuition Relief Act is that way."

TAX PROFESSIONAL E-SERVICES CENTER



Tax professionals are encouraged to use the department's Tax Professional e-Services Center for easy access to clients' tax information.

Visit the department's **Online Customer Service Center** or call 717-787-1392.

NEW REALTY TRANSFER TAX BULLETIN ISSUED

The Department of Revenue released a new Realty Transfer Tax Bulletin in mid-April. **#2009-01 Mortgages, Mortgage Foreclosures and Mortgage Assignments** states, in part, "A copy of the instrument by which the mortgagee obtained its mortgage interest should be submitted with the Statement of Value. Without the submissions of such documentation with the Statement of Value, the Recorder is authorized to reject the document for recording without the proper amount of tax being paid and remitted."

The new bulletin supersedes Private Letter Ruling RTT-04-016.

Under the previous letter ruling, an affidavit supplied with the realty transfer tax Statement of Value that stated the mortgage holder's name was sufficient to document the exclusion. However, dramatic increases in the number of exclusions claimed for mortgage foreclosure, the frequency by which mortgages and notes have been assigned, the number of recent bank failures/mergers and the number of unrecorded assignments passing through electronic mortgage registration systems has made it difficult for the Revenue Department to verify the accuracy of such exclusions.

The new policy allows the department to verify the accuracy of exclusions without an extensive review, thereby ensuring the realty transfer tax is appropriately paid on time.

RATE OF ELECTRONICALLY FILED BUSINESS RETURNS NEARS 100 PERCENT

More businesses are filing business tax returns with the Department of Revenue electronically, as 99 percent of monthly and quarterly sales and use tax payers filed and paid online using **e-TIDES** or by phone using TeleFile in the first quarter of 2009.

Of the 81,607 monthly filers, 64,531 taxpayers, or 79 percent, filed online using e-TIDES and 16,646, about 20 percent, filed over the phone using TeleFile.

Of the 63,537 quarterly sales and use tax filers, 47,324, or 74 percent, filed using e-TIDES, and 15,784, about 25 percent, filed using TeleFile.

Year-to-date, 85 percent of new businesses are registering electronically with the department.

The department's e-Business Services unit is available to assist taxpayers Monday through Friday from 8 a.m. to 5 p.m. at (717) 783-6277.

BUSINESSES APPLAUDED FOR REGISTERING USING REVENUE'S WEB SITE

The Department of Revenue appreciates those businesses that use the Internet to register. Overall, the number of business applications submitted electronically has increased from 25 percent in 2001 to 85 percent in 2009, as of May 1.

The **PA Open for Business Web site** allows users to register an enterprise electronically with the commonwealth in two ways: an online interactive interview or an online version of the PA-100 Enterprise Registration Form. The online PA-100 is a fill-in form that allows users to register an enterprise with the Departments of Labor & Industry and Revenue, but does not register the enterprise with the Department of State. The online PA-100 is designed

for users familiar with the PA-100 process and who know the taxes and services for which they need to register. The online business registration interview guides users through the process of registering an enterprise with the Departments of **Labor & Industry, Revenue** and **State**. It is designed for:

- Users unfamiliar with Pennsylvania taxes, services and business registration requirements; and
- Enterprises that have not registered a limited liability company, corporation, limited partnership, limited liability partnership or fictitious name with the Department of State.

To view all of the department's electronic services, visit the Revenue **e-Services Center**.

RECORD NUMBER OF PENNSYLVANIANS FILE STATE INCOME TAXES ELECTRONICALLY

More than 3.4 million taxpayers, or about 60 percent of all individual taxpayers, filed 2008 Pennsylvania personal income tax returns electronically this year, setting a new record for electronic filing.

"Pennsylvanians who file income taxes electronically do themselves and the state a great service," said Secretary of Revenue Stephen H. Stetler, who noted the state has received 6 percent more tax returns electronically so far this year compared to the total number of returns filed last year. "Individuals who file electronically get their refund faster, while state government saves \$3.19 in processing costs per return."

Taxpayers who use the e-file option may have refunds deposited directly into bank accounts, or they may pay balances due electronically. This year, more than 734,000 taxpayers chose to directly deposit refunds; more than 289,000 paid taxes using the debit/credit option; and more than 23,000 individuals paid state taxes by credit card.

The department's Web site, www.revenue.state.pa.us, continues to be a popular source for tax information, with more than 237 million site visits recorded between Jan. 1 and April 15. The site allows taxpayers to download forms, find answers to commonly asked questions and electronically file state tax returns for free.