

STATE TAX LEGISLATIVE SUMMARY – SPRING/SUMMER 2020

Fiscal Code Changes

Act 10 of 2020 (HB 1232) – Act 10 makes the following changes to the Fiscal Code:

- **Enhanced Revenue Collection Account (ERCA):** Effective March 27, 2020, provisions related to ERCA are made permanent. The General Assembly is required to appropriate money in the account to the Department of Revenue to fund the costs associated with expanded tax return reviews and tax collection activities.
- **Emergency Finance and Tax Provisions:** The act outlines emergency finance and tax provisions during the State of disaster emergency announced by the Governor's March 6, 2020, Proclamation of Disaster Emergency. The provisions are as follows:
 - The Department of Revenue is granted temporary authority to extend tax filing and payment deadlines.
 - The department may also disregard the period after April 14, 2020, and before July 16, 2020, in the calculation of interest, penalties, or additions to tax for failure to meet deadlines. This section shall expire on July 31, 2020.

Taxpayer Relief Act Changes

Act 20 of 2020 (HB 1076) – Act 20 makes the following changes to the Taxpayer Relief Act:

- **Property Tax Rent Rebate (PTRR) Filing Deadline Extension:** A claim for PTRR for calendar year 2019 may be filed with the Department of Revenue on or before December 31, 2020. The Secretary of Revenue is required to expedite a claim satisfying PTRR eligibility requirements for calendar year 2019 which had a calendar year 2018 claim approved for reimbursement. If funds are available, a reimbursement on a claim for calendar year 2019 may be made from the State Lottery Fund immediately.
- **Senior Tax Reduction Incentive Volunteer Exchange Program:** Public school districts are authorized to establish a program to allow residents to volunteer in the school district and receive a real property tax credit in exchange of volunteer service.

Liquor Code Changes

Act 21 of 2020 (HB 327) – Act 21 makes the following changes to the Liquor Code:

- **COVID-19 Off-Premises Consumption:** Effective May 21, 2020, certain retail licensees are permitted to sell prepared beverages and mixed drinks to go to non-licensees. Additionally, certain retail licensees are permitted to sell liquor to each other.

Act 29 of 2020 (HB 1048) – Act 29 makes the following changes to the Liquor Code:

- **Validation and Renewal Application Surcharge:** Effective August 4, 2020, restaurant liquor, club, and catering club licenses held by volunteer fire companies and incorporated units and affiliated organizations of national veterans' organizations are no longer subject to the \$700 application surcharge that would otherwise be required when the license is renewed or validated.

Tax Reform Code Changes

Act 66 of 2020 (HB 732) – Act 66 makes the following changes to the Tax Reform Code:

- **Volunteer Services Realty Transfer Tax Exclusion:** Retroactive to January 1, 2019, realty transfer tax shall not be imposed upon a transfer of real estate to or by a volunteer EMS company, volunteer fire company, or volunteer rescue company.
- **Local Resource Manufacturing Tax Credit:** For the period beginning January 1, 2024, and ending December 31, 2049, a qualified taxpayer may apply to the Department of Revenue for a tax credit equal to \$0.47 per unit of dry natural gas that is purchased and used in the manufacturing of petrochemicals or fertilizers. The tax credit may be applied against up to 20% of the taxpayer's qualified tax liabilities incurred in the taxable year for which the tax credit was approved. A qualified taxpayer that has been granted a tax credit under this article shall be ineligible for any other tax credit provided under the TRC.

Act 68 of 2020 (HB 1437) – Act 68 makes the following changes to the Tax Reform Code:

- **City Revitalization and Improvement Zone Program**
 - Effective July 23, 2020, qualified businesses have until August 31 to file reports due in 2020 with the Department of Revenue. No penalty shall be imposed by the department or the local taxing authority for failure to file timely and complete reports in 2019 or 2020.
 - Retroactive to January 1, 2019, money transferred under the act may be utilized for projects budgeted or appropriated by official resolution of the contracting authority.
 - Beginning March 6, 2020, money transferred under the act may be utilized for payment of grants and loans to qualifying businesses, political subdivisions, and municipal authorities operating within the zone negatively impacted by the Governor's proclamation of disaster emergency issued on March 6, 2020, and any renewal of the state of disaster emergency. This paragraph shall expire June 30, 2021.
- **Rural Jobs and Investment Tax Credit Program**
 - Effective September 21, 2020:
 - At least 60% of a growth fund's investment authority shall be comprised of credit-eligible capital contributions. The Department of Community and Economic Development may not approve more than \$50 million, decreased from the original limit of \$100 million, in investment authority.
 - The Department of Revenue shall allow a tax credit against any retaliatory taxes imposed by the Commonwealth.