

June 12, 2017

Dear Honorable Members of the Senate Local Government Committee:

The Greater Pittsburgh Chamber of Commerce urges your support of Senate Bill 653. This legislation, introduced by Senator Pat Browne, will improve efficiency in local tax collection. Specifically, the proposal will expand the work of Act 32 of 2008, which consolidated the collection of local earned income tax at the county level, reducing the number of collection districts from 560 to 69. This consolidation under Act 32 increased collection by \$173 million (an 8.5% increase) annually since its implementation in 2012¹.

Senator Browne's proposal would combine collection activities of all other non-real estate local taxes under the active Act 32 county-region collection system. Current surveys have shown that several entities – municipalities, school districts, employer groups, CPAs and others involved in EIT collections – recommend that the General Assembly apply Act 32 to the collection methods in place for other local taxes.

Senator Browne's proposal offers an approach to save Pennsylvanians time and money. This legislation would increase public confidence in the transparency of the local tax system. It would reduce confusion for employers and taxpayers, which causes either lack of payments or overpayments, both of which take up unnecessary time to fix. Under the current system, employers are forced to communicate with multiple collectors, resulting in accidental withholding and remittance. Through this new legislation, employers will be able to deal with a single county region collector. Moreover, the proposal at hand would minimize the cost of local government delinquency collections for unpaid taxes, several of which are due to procedural issues.

We commend state policy makers for their bipartisan efforts in the past to reform convoluted procedures in collecting income taxes, and we believe it is time to take the next step. Employers and employees are disadvantaged by the time – and in some cases money – taken away from them as a result of ambiguous steps in paying other types of taxes. This is a smart way to make tax collection a more efficient revenue raiser without raising taxes, so we again ask for your support of Senate Bill 653.

Sincerely,



Matt Smith
President, Greater Pittsburgh Chamber of Commerce

¹ October 2016 Legislative Budget and Finance Committee Report