



TO: The Honorable Members of the House Finance Committee

FROM: Sam Denisco, Director of Government Affairs

DATE: May 20, 2011

RE: HB 1334 - Semi-Monthly Sales Tax Remittance Legislation

On behalf of its thousands of statewide member businesses of all sizes and crossing all industry sectors, the Pennsylvania Chamber of Business and Industry is writing you to express our **support of HB 1334**. The bill is scheduled to be considered by the House Finance Committee on Monday, May 23, 2011.

The legislation would replace the semi-monthly sales tax return requirement established by Act 48 of 2009 with a single monthly return that includes both an estimated tax for the current month based on the previous year's remittance and a true-up payment for the prior month tax. This new process would alleviate the costly and burdensome method created by Act 48, which made Pennsylvania the only state in the country to require two sales tax returns per month.

By way of background, under Act 48, the semi-monthly sales tax return system took effect on May 21, 2011. Now, Pennsylvania businesses have the shortest deadline of any state to file and remit sales tax, just 10 days to file each return. Further, the Department of Revenue and businesses will perform double the work to process semi-monthly returns. Lastly, larger companies will incur substantial expenses to create new data retrieval and reporting systems just for their Pennsylvania operations.

Several states have adopted remittance systems that require a filer to remit one payment that includes the estimated tax for the current month and a true-up payment for the prior month. These "estimated payment" systems have been adopted by Ohio, Alabama, Florida, Georgia, Kansas, New York, Oklahoma and Texas.

Act 48's semi-monthly remittance requirement is expected to increase state revenue collections because of the accelerated timeline of remittance. An "estimated payment system" as provided in HB 1334 will continue to provide the state with accelerated and increased revenue collections.

For the reasons stated above, the PA Chamber respectfully urges your support of this important initiative. If you have any questions or concerns, please do not hesitate to contact me at 717-720-5580 or sdenisco@pachamber.com.