



TO: The Honorable Members of the PA Senate Finance Committee

FROM: Allison Coccia, Director, Government Affairs

DATE: September 20, 2022

RE: Support: HB 2277 *Repeal AST Prepayment Requirements*; SB 1320 *Optional Entity Level SALT Cap Workaround*; SB 1315 *Clarifying Flexibility for working from home for employees who live in PA, but work for out-of-state corporations*; HB 2057 P.N. 3299 *Business Corporation Law*

On behalf of the PA Chamber of Business and Industry, I urge your support of **Senate Bills 1320 and 1315 and House Bills 2277 and 2057 P.N. 3299**. These bills are scheduled to be before the Senate Finance Committee today.

The bills would institute critical measures to simplify our tax code; improve Pennsylvania's competitive standing; improve efficiency and clarity; and provide much needed relief to the businesses and job creators driving economic growth.

HB 2277 -Repealing the Accelerated Sales Tax (AST) Prepayment Requirement

House Bill 2277 would repeal the requirement for Pennsylvania's businesses to remit "prepayments" for their sales tax collections, allowing businesses to remit collected sales tax revenues in accordance with their filing period (i.e. monthly, quarterly or on a semi-annual basis.)

Repealing the prepayment requirement allows for the simplification of the tax code, following the principles of sound tax policy and presenting a more attractive business environment for current and new business prospects in PA.

SB 1320 -Optional Entity Level SALT Cap Workaround

Senate Bill 1320 would allow Pennsylvania partnerships or s-corps to elect to recognize income from the operation of the business at the entity-level as opposed to the existing pass-through methodology for income tax purposes. If the election is made, the partnership or s-corp owners and shareholders would receive a credit, equal to the amount of income taxes paid by the business entity, against state income tax liabilities.

The Tax Cuts and Jobs Act (TCJA) imposed a \$10,000 limit on the maximum deduction taxpayers may claim for certain state and local taxes through 2025 on individuals but not business

entities. Senate Bill 1320 would shift state tax liabilities for pass-through entities' (PTEs) income from the individual back to the PTE, providing relief to owners and shareholders.

SB 1315 –Clarifying Flexibility for working from home for employees who live in PA, but work for out-of-state corporations with amendment A05579

Senate Bill 1315 clarifies that the imposition of CNI tax for out of state employers shall not include employees who are residents of Pennsylvania and who work remotely (work from home) less than 50% of their normal working hours on an annual basis.

Businesses have seen a significant increase in remote workers post COVID-19. Senate Bill 1315 provides relief to out of state companies via an exemption from triggering the CNIT for their employees who are residents of Pennsylvania and work remotely (or work from home) less than 50% of their normal working hours on an annual basis.

HB 2057, PN 3299 – Business Corporation Law

House Bill 2057 is a comprehensive package of reforms and updates to Pennsylvania's Business Corporation law.

Pennsylvania's Business Corporation law, part of Title 15, has operated for multiple decades without significant amendment. This legislation provides a number of reforms intended to improve efficiency and clarity in range of areas including filings with PA Department of State, corporate bylaws and rules regulating Boards of Directors.

We urge your support for **Senate Bills 1320 and 1315 with Amendment A05579; and House Bills 2277 and 2057 P.N. 3299** Should you have any questions, please contact Allison Coccia, Director of Government Affairs, at acoccia@pachamber.org or (518) 265-7429.