



TO: The Honorable Members of the Senate Finance Committee

FROM: Neal Lesher, Director, Government Affairs

DATE: March 19, 2024

RE: **Support SB 416, SB 659 and SB 1051**

On behalf of the PA Chamber of Business and Industry I urge your support for Senate Bills 416, 659 and 1051, which are scheduled for a vote by the committee this week.

SB 416 – Clarifying flexibility for working from home for employees who live in PA, but work for out-of-state corporations:

This legislation clarifies that the imposition of Corporate Net Income (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. This legislation provides relief to out-of-state companies for their employees who work remotely less than 50% of their normal working hours on an annual basis.

SB 659 – Optional entity level SALT cap workaround:

This legislation 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.

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. This legislation 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 1051 – Pennsylvania Board of Finance and Revenue Appeals Reform:

This legislation would allow the Board of Finance and Revenue (BF&R) to consider late filed tax appeals from the Department of Revenue (DOR) if the taxpayer shows good cause. It also establishes a settlement process at the BF&R as an alternative to the formal and lengthy court appeals process.

Taxpayers who disagree with a final decision made by DOR currently have 60 days to appeal the decision to the BF&R. Without the ability to accept late-filed appeals, cases are dismissed on a technicality rather than on the merits. The ability to settle disputes at the BF&R will provide for a quicker and fairer resolution to tax disputes, particularly for smaller businesses which do not have the resources for a drawn-out appeals process or litigation in the Commonwealth Court.

For any questions or further discussion, please contact Neal Lesher, Director of Government Affairs, at nlesher@pachamber.org or 717-507-9240.