

TO: The Honorable Members of the PA House Finance Committee

FROM: Neal Leshner, Director, Government Affairs

DATE: June 11, 2025

RE: **PA Chamber memo: Oppose HB 1551 and HB 1552**

On behalf of the Pennsylvania Chamber of Business and Industry, the largest, broad-based business advocacy organization in the Commonwealth, representing nearly 10,000 member companies of all sizes from across all commercial and industrial sectors, I write to ask you to oppose HB 1551 and HB 1552.

These bills will have a substantial impact on taxpayers and practitioners by creating new hurdles for taxpayers seeking a refund for overpaid sales tax. First, the bills would have a substantial chilling effect on refund claims and taxpayer rights by giving the Department of Revenue unchecked authority to dismiss (with prejudice!) or penalize refund claims based on vague, undefined standards, including whether a claim is specific or complete, or what qualifies as adequate proof of payment or evidence.

These bills remove the refund rights of taxpayers big and small by failing to recognize that there are completely legitimate reasons a taxpayer might file multiple claims covering the same payments or tax periods in order to preserve a taxpayer's rights. When a taxpayer is assessed sales and use tax they currently have two appeal options: (1) file for reassessment and delay payment (with interest accruing), or (2) pay the assessment to stop interest and then seek a refund. It's common to file both a "paid assessment" refund claim and a separate standard refund claim for the same audit period for transactions that were not reviewed during the audit. Taxpayers would be forced to either accept years of interest accrual or forfeit refund rights, placing an unfair burden on small businesses.

While these bills provide the Department with penalty and dismissal power based on failure to provide adequate proof of payment at the time of filing a claim (or 30 days thereafter), the Department's current position with regard to adequate proof of payment fails to recognize modern business practices. The Department only accepts cancelled checks or bank statements as proof of payment—even for electronic payments it mandates for remittances over \$500. Business records showing valid ACH payments could be rejected under these bills, triggering penalties or dismissal.

Additionally, these bills effectively require every transaction in a sales and use tax refund claim to be fully vetted with complete evidence before filing, which isn't always feasible given the nature of sales tax refunds (typically involving thousands of small-dollar transactions, where much evidence is done on a "sampling" basis, similar to the Department audits).

In fact, HB 1551 creates a standard for taxpayers that the Department itself is not held to when assessing tax. As written, the bill would require taxpayers to state the "specific basis" of the taxpayer's claim. This places a higher burden on taxpayers than the Department, which is permitted to issue estimated assessments. We have heard from numerous members that the Department routinely assesses transactions with no comments or minimal or vague comments from auditors that don't explain why an item has been found to be taxable.

These bills will undoubtedly have a cooling effect on taxpayers. Many legitimate claims will go unfiled for fear of penalties, and the Commonwealth will retain more tax than it

is legally entitled. If the Department is concerned with the volume of sales tax refund claims, the remedy is to hire more people, or to more efficiently process and resolve claims, not to threaten the taxpayer and practitioner community with a steep vague penalty regime. We urge you to oppose HB 1551 and HB 1552.

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

[Click here](#) to check the PA Chamber Legislative Scorecard.

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