

FISCAL NOTE

May 9, 2022

Bill No:	HB 2277	Printer's No:	2645	Sponsor:	Topper
-----------------	---------	----------------------	------	-----------------	--------

COST / (SAVINGS)

Fund (s)	2021-22	2022-23
General Fund	\$471.1 Million	\$10.6 Million

SUMMARY: HB 2277 amends the Tax Reform Code to eliminate provisions relating to prepayment of sales and use tax.

ANALYSIS: HB 2277 amends the Tax Reform Code to eliminate the requirement for businesses to remit accelerated sales tax prepayments.

This act shall take effect immediately and will be applicable for periods beginning June 1, 2022, and thereafter.

FISCAL IMPACT: Department of Revenue (DOR) has indicated the following loss in the sales and use tax revenue:

Fiscal Year	Amount
FY 21-22	\$471.1 Million
FY 22-23	\$10.6 Million
FY 23-24	\$13.6 Million
FY 24-25	\$13.9 Million
FY 25-26	\$15.6 Million
FY 26-27	\$17.8 Million

DOR notes that there will be a continuing revenue loss due to forecasted growth in the sales and use tax base. DOR also has concerns on how the bill is not clearly written, the amount of communication this would require to alert businesses to this change, and updates that would need made to the department's systems. This bill should be considered in the context of the budget.