Week of November 21, 2016

**HEADLINES**

**City Hall Educates Distributors, Retailers On Impending Soda Tax**

The city of Philadelphia received national publicity when it became the first major U.S. city to pass a tax on sugary soft drinks. The 1.5 cents-per-ounce beverage tax is scheduled to be imposed, starting January 1st. Now, City Hall is laying out how distributors should comply. Mayor Jim Kenney’s team is reaching out to about 1,000 area distributors on the need to register, adding its mandatory, as the beverage tax will be levied on them. Distributors sell wholesale to retailers, including neighborhood grocery or convenience stores and small bodegas, who in turn sell to consumers. Revenue Commissioner Frank Breslin says investigators and auditors will enforce compliance. The Mayor says if they are caught buying beverages from a non-registered distributor, they’ll be responsible for a $1,000 fine for each occurrence, plus playing the tax. It will be up to distributors to decide whether to pass along the costs to retailers. It remains unknown how much might be passed on to consumers, but a study of how the soda tax fared in Berkeley California – the first such city ordinance in the country – showed about 50-percent of the cost increase was passed on to consumers. The beverage industry and a coalition of merchants filed a lawsuit to block the soda tax. No court date has been scheduled on the legal challenge.

**Governor Wolf Takes Action on Legislation**

Monday, Governor Wolf took action on a number of pieces of legislation, one of which was HB 2370. “Today, I am proud to sign HB 2370 which clarifies the realty transfer tax exemption passed earlier this year for transfers of agriculture conservation easements from farms to certain organizations, and would ensure that it applies to certain transactions that have already taken place” said Governor Tom Wolf. “This will provide much needed tax relief for hundreds of family farms in Pennsylvania.”

**Santarsiero Announces Pa.-N.J. Tax Agreement to Remain**

New Jersey Gov. Chris Christie announced Tuesday that he will maintain a tax reciprocity agreement between his state and Pennsylvania, which is welcome news to area cross-state commuters, said state Rep. Steve Santarsiero, D-Bucks. Since July, Santarsiero has worked with legislative offices in both states to dissuade Christie from breaking from a 39-year-old agreement that allows Pennsylvanians who work in New Jersey to pay income taxes in their home state, and vice versa. Santarsiero and other southeastern Pennsylvania legislators circulated a petition, which gathered more than 5,000 signatures. In a news release, Christie said that offsetting savings in New Jersey’s 2017 budget saved the deal.

**Commonwealth Cornerstone Group** **Receives $80 Million of New Markets Tax Credits**

Governor Tom Wolf Friday announced that Commonwealth Cornerstone Group, a nonprofit community development entity (CDE) created by the Pennsylvania Housing Finance Agency, has secured $80 million in New Markets Tax Credit (NMTC) allocations. The tax credits are provided by the U.S. Department of the Treasury’s Community Development Financial Institutions Fund. This is the largest single award round since the New Markets Tax Credit Program was created in 2000. CCG is one of 120 community development entities nationwide receiving an allocation of the total $7 billion in New Markets Tax Credits announced by the Treasury Department Thursday. Reflecting the tremendous competition for NMTCs, 238 CDEs had applied for tax credits; only 50 percent of the applicants received funding. With this newest allocation, CCG has received seven NMTC awards totaling $351 million, which it has used to fund 30 projects in the state. These NMTCs have stimulated the creation of more than 5,300 construction jobs and more than 4,200 permanent jobs. The New Markets Tax Credit Program, established by Congress in December 2000, permits individual and corporate taxpayers to receive a non-refundable tax credit against federal income taxes for making equity investments in vehicles known as community development entities. CDEs that receive the tax credit allocation authority under the program are domestic corporations or partnerships that provide loans, investments, or financial counseling in low-income urban and rural communities.

**PA Unemployment Rate at 5.8% in October**

Friday, the Pennsylvania Department of Labor & Industry released its employment situation report for October 2016. Pennsylvania's unemployment rate was up one-tenth of a percentage point from September to 5.8 percent. Pennsylvania's civilian labor force was up 8,000 from September to 6,531,000. Resident employment increased by 3,000 while the unemployment count rose 5,000. Total nonfarm jobs declined 1,800 to 5,900,400 in October. Jobs in seven of the 11 supersectors were down from September. The largest movement among supersectors was a gain of 2,500 leisure & hospitality jobs, which reached a record high of 563,500. Professional & business services had the largest drop in October, down 2,000 from September's record high level. The September nonfarm jobs count was revised upward by 7,000 to 5,902,200 jobs, the highest count on record. Over the year, total nonfarm jobs in Pennsylvania were up 38,400 (+0.7%). Eight of the 11 supersectors added jobs from last September. The largest increase over the past twelve months was in education & health services (+17,700), while the largest decline was in mining & logging (-6,800).

**PENNSYLVANIA GENERAL ASSEMBLY SESSION SCHEDULE:**

**2017 SENATE SESSION SCHEDULE**

**January**3, 23, 24, 25, 30, 31

**February**1, 6, 7, 8

**March**20, 21, 22, 27, 28, 29

**April**17, 18, 19, 24, 25, 26

**May**8, 9, 10, 22, 23, 24

**June**5, 6, 7, 12, 13, 14, 19, 20, 21, 22, 26, 27, 28, 29, 30

**2017 HOUSE SESSION SCHEDULE**

**January**3, 23, 24, 25

**February**6, 7, 8

**March**13, 14, 15, 20, 21, 22

**April**3, 4, 5, 18, 19, 24, 25, 26

**May**8, 9, 10, 22, 23, 24

**June**5, 6, 7, 12, 13, 14, 19, 20, 21, 22, 26, 27, 28, 29, 30

**DEPARTMENT OF REVENUE UPDATE**

**Holiday Visits are Ideal Time to Discuss the Property Tax/Rent Rebate Program as the Deadline Approaches**

Holiday season visits provide a great opportunity to remind older family members and friends about the Property Tax/Rent Program, one of the Pennsylvania Lottery’s key benefit programs for older adults. Earlier this year the Department of Revenue extended the application deadline to December 31, 2016, the date by which applications must be postmarked. The program provides rebates of up to $975 on property tax or rent paid during 2015. It costs nothing to apply for a rebate. “Holiday gatherings are a great opportunity to remind family and friends to apply for a rebate on their property taxes or rent before the upcoming deadline,” said Secretary of Revenue Eileen McNulty. “The Property Tax/Rent Rebate Program helps more than half-a-million Pennsylvanians save money. The deadline is quickly approaching so I encourage all of those eligible to apply. ”Applications and free filing help is available at hundreds of locations across the state, including Department of Revenue district offices, local Area Agencies on Aging, senior centers and state legislators’ offices. Property Tax/Rent Rebate claim forms (PA-1000) and information are also available online at [www.revenue.pa.gov](http://www.revenue.pa.gov/) and by calling, toll free, 1-888-222-9190, between 7:30 a.m. and 5 p.m., Monday through Friday. To speed processing, claimants are reminded to provide all required income, property tax or rent information. Last year, more than 565,000 households received more than $269 million in rebates. So far this year, more than 566,000 households have applied for rebates. As of mid-November, rebates totaling $257.1 million have been sent to more than 540,000 homeowners and renters.

**About the Property Tax/Rent Rebate Program**:

The Property Tax and Rent Rebate Program benefits eligible Pennsylvanians age 65 and older; widows and widowers age 50 and older; and people with disabilities age 18 and older. The income limit is $35,000 a year for homeowners and $15,000 annually for renters. Half of Social Security income is excluded. Spouses, personal representatives or estates may also file rebate claims on behalf of claimants who lived at least one day in 2015 and meet all other eligibility criteria. The maximum standard rebate is $650, but supplemental rebates for qualifying homeowners can boost rebates to $975. The department automatically calculates supplemental rebates for qualifying homeowners. Some applicants who previously received rebates may continue to qualify despite Social Security cost-of-living adjustments that may have pushed their income past the eligibility limits. This is explained in the instructions for the claim form. The Property Tax/Rent Rebate Program is one of five programs supported by the Pennsylvania Lottery. Since the program’s 1971 inception, older and disabled adults have received more than $6.1 billion in property tax and rent relief. The expanded portion of the rebate program is paid for with revenue from slots gaming.

**IRRC UPDATES**

3129 Insurance Department #11-254: Annual Financial Reporting Requirements. The regulation was unanimously **approved**.

This regulation updates the Certified Public Accountant (CPA) audit rule by adding corporate government's related functions to the audit committee's responsibilities. The chapter requires annual audits of their yearend statutory financial statements performed by an independent CPA.