
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE RESOLUTION

No. 64 Session of
2015

INTRODUCED BY THOMAS, COHEN, WHEATLEY, V. BROWN, KORTZ, M. DALEY
AND McCARTER, FEBRUARY 4, 2015

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 4, 2015

A RESOLUTION

1 Directing the Legislative Budget and Finance Committee to
2 conduct a study on the fiscal impact of replacing the single,
3 flat rate personal income tax with a graduated rate tax
4 structure in Pennsylvania.

5 WHEREAS, Pennsylvania is one of only seven states in the
6 nation with a single, flat rate tax on all income; and

7 WHEREAS, Thirty-four states in the nation, including the
8 contiguous states of Delaware, Maryland, New Jersey, New York,
9 Ohio and West Virginia, have a graduated rate personal income
10 tax structure; and

11 WHEREAS, A graduated rate tax structure takes into account
12 certain income classes, increasing tax based on taxpayers'
13 ability to pay; and

14 WHEREAS, In this Commonwealth, the current flat rate personal
15 income tax is authorized by Article III of the act of March 4,
16 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, and is
17 the largest source of State tax revenue; and

18 WHEREAS, The personal income tax is levied against taxable
19 income of resident and nonresident individuals, estates, trusts,

1 partnerships, S corporations, business trusts and limited
2 liability companies that are not federally taxed as
3 corporations; and

4 WHEREAS, The personal income tax rate has not been adjusted
5 downward since 1987; and

6 WHEREAS, The current personal income tax rate was set in 2004
7 at 3.07%; and

8 WHEREAS, The Commonwealth has been cited by The Institute on
9 Tax and Economic Policy as having one of the ten most regressive
10 overall state tax structures; and

11 WHEREAS, The higher the personal income tax rate, the
12 stronger the disincentive to work and to invest; and

13 WHEREAS, A graduated rate tax structure reduces income
14 inequality; and

15 WHEREAS, A graduated rate tax structure helps to protect
16 people during economic downturns because as income drops
17 individuals are placed into a lower tax bracket, which allows
18 for the use of income for necessities; therefore be it

19 RESOLVED, That the House of Representatives direct the
20 Legislative Budget and Finance Committee to conduct a study on
21 the fiscal impact of replacing the single, flat rate personal
22 income tax with a graduated rate tax structure; and be it
23 further

24 RESOLVED, That, in the study, the Legislative Budget and
25 Finance Committee consider:

26 (1) Personal income tax models used in the six states
27 surrounding this Commonwealth, taking into consideration all
28 of the following:

29 (i) tax rates and income brackets;

30 (ii) any standard deductions and exemptions

1 permitted when calculating income tax;
2 (iii) whether income is based on wages or wages plus
3 investment income; and
4 (iv) property and sales taxes that are levied.
5 (2) The fiscal impact on State revenue of moving from a
6 flat rate to a graduated rate tax structure.
7 (3) Statutory changes necessary to effectuate
8 implementation of a new tax structure.
9 (4) Any other issues that may rise in the course of
10 conducting the study;

11 and be it further

12 RESOLVED, That the Legislative Budget and Finance Committee
13 seek input from other Commonwealth agencies and any other group
14 or individual who may have information relevant to this study;
15 and be it further

16 RESOLVED, That the Legislative Budget and Finance Committee
17 submit a report of its findings and recommendations to the
18 Governor and the House of Representatives within six months of
19 the adoption of this resolution.