PICPA Legislative Hot Sheet

A summary of important issues in Harrisburg and the PICPA’s recent government affairs activities.

**Tax Bill—Act 13 of 2019—Included Change Championed by the PICPA**

This year’s tax bill—Act 13 of 2019—included a change championed by the PICPA and one of our chief advocates in the House, Rep. Keith Greiner, CPA (R-Lancaster). The provision, which was originally House Bill 706, allows a fiduciary to make and file a joint tax return for an estate and trust for the taxable years when the trust income is reported as part of the estate income.

Prior to this change, the state Tax Reform Code required a decedent’s estate and revocable trust to file a separate Form PA-41 to report income earned by each during the year. Federal law allows the estate of a decedent with a revocable trust to elect to file a single annual income tax return that reports income earned by both the estate and the trust on federal Form 1041.

**Tax Collection Statute of Limitations**

On September 19th, by a vote of 155-31, the Pennsylvania House approved legislation providing for a statute of limitations on the collection of assessed taxes and a period of limitations on criminal tax prosecutions. House Bill 17, sponsored by Rep. Frank Ryan, CPA (R-Lebanon), and supported by the PICPA, provides a 10-year time period during which the Department of Revenue (DOR) must collect any assessed tax.

House Bill 17 applies to all taxes administered by the DOR, excluding inheritance taxes. Exceptions to the 10-year limit include failure to remit trust fund taxes, filing false and fraudulent returns, willfully failing to file a tax return, and attempts to evade or defeat any tax. Additionally, the 10-year period will be tolled under certain circumstances that are outlined in the legislation. It also expands the criminal statute of limitations from two years to three years, with an exception for fraud or breach of fiduciary obligation within one year after discovery of the offense.

House Bill 17 is awaiting consideration in the Senate.

**Pa. Spending Plan Beat July 1 Deadline**

A $33.9 billion state budget for the 2019-2020 fiscal year that began July 1 made its way to Gov. Tom Wolf’s desk with time to spare. The General Appropriations Act for 2019-2020, found in House Bill 790, represents an increase of $596 million, or 1.8%, over the 2018-2019 fiscal year spending plan, and is in line with the rate of inflation. Public education, the agriculture industry, and workforce development programs and services will all see boosts in state funding. The plan includes no new or broad-based tax increases.

What was different this year that affected the process in such a beneficial way? Revenues! The Independent Fiscal Office’s final revenue estimate for the year projects that the 2018-2019 fiscal year General Fund will come in at about $34.81 billion, or $910 million more than projected the previous year. There is, however, about $750 million in supplemental appropriations in the current fiscal year that will have to come out of that surplus.

**Anti-Regulatory Legislation**

Public accounting is built upon a legal and regulatory foundation that governs its members and their conduct. Every state requires CPAs to meet the three E’s for licensure: education, exam, and experience. All CPAs are required to maintain 80 hours of continuing professional education biennially, regardless of which licensing jurisdiction they reside in. Because of this strong regulatory regime, consumers and businesses can trust that hiring a CPA means hiring a qualified and competent individual.
This well-established system to bolster integrity is under attack in many state legislatures. Over the past two years, more than 30 states have considered legislation that would reduce or remove professional licensing requirements. CPAs, in some cases, are not exempt from this movement.

This trend has not yet infected Pennsylvania, but it is coming. The PICPA is working with the AICPA and the National Association of State Boards of Accountancy (NASBA) to combat this legislative movement.

### 1099-MISC Nonresident Withholding

Act 43 of 2017 ushered in a new and complicated withholding obligation for Pennsylvania businesses. Beginning Jan. 1, 2018, certain payors of Pennsylvania-source income and lessees of Pennsylvania real estate of at least $5,000 to nonresident individuals and single-member LLCs that have a nonresident individual member are required to withhold Pennsylvania personal income tax on these payments.

Given numerous ambiguities in the legislation and the short implementation time, the PICPA wrote to the DOR in January 2018 requesting a delay in the implementation of the new 1099-MISC withholding requirement. The DOR delayed the new withholding provisions until July 1, 2018. The PICPA and the DOR are working on corrective legislation to address practitioners’ concerns with the new requirement.

State Rep. Keith Greiner, CPA (R-Lancaster), re-introduced House Bill 926, legislation with nonresident withholding fixes, to address these concerns. House Bill 926 is pending in the House. Additional details are available via PICPA’s [issue brief](#).

### Private Sector Retirement Security Report

This spring, the PICPA joined state Treasurer Joe Torsella and key lawmakers, including PICPA member Sen. Pat Browne, CPA (R-Lehigh), and Rep. Mike Peifer, CPA (inactive) (R-Pike), for the unveiling of a report and proposals from the Treasury’s Private Sector Retirement Security Task Force. Bob Jazwinski, CPA, PICPA member and former president, served on the task force.

The report outlines the findings from hearings held by the task force and the recommendation for the establishment of a state-facilitated automatic individual retirement account (Auto-IRA) program as a solution to Pennsylvania’s private sector retirement security crisis.

A state-facilitated Auto-IRA, modeled on the PA 529 College and Career Savings Program, would allow private employers not currently offering any retirement savings the opportunity to provide portable retirement savings options. This no-cost approach for employers is also open to voluntary participation by independent contractors, consultants, gig workers, and other self-employed individuals.

### Keep Informed

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