March 12, 2020

Via Electronic Mail

The Honorable Pat Browne
The Honorable Stan Saylor
Senate of Pennsylvania
Pennsylvania House of Representatives
281 Main Capitol
245 Main Capitol
Harrisburg, PA 17120
Harrisburg, PA 17120

The Honorable Vincent Hughes
The Honorable Matthew Bradford
Senate of Pennsylvania
Pennsylvania House of Representatives
545 Main Capitol
512 E. Main Capitol
Harrisburg, PA 17120
Harrisburg, PA 17120

Dear Chairmen,

On behalf of the more than 20,000 members of the Pennsylvania Institute of Certified Public Accountants (PICPA), I am writing to express our strong support for the line-item funding request for the state Treasury’s Board of Finance and Revenue (BF&R). As proposed in Gov. Tom Wolf’s 2020-2021 fiscal year budget, the funding request is $3,160,000, an increase of $229,000 (7.8%) over the current year budget.

The BF&R is a quasi-judicial administrative body with jurisdiction over appeals of final tax and other determinations from the state Department of Revenue’s (DOR) Board of Appeals. In 2013, the General Assembly approved legislation (Act 52 of 2013) at the urging of the PICPA and other stakeholders that significantly changed and restructured the BF&R. Act 52 reorganized the existing BF&R from a six-member board to three members, two of whom are fully independent of Treasury. The law also improved and streamlined the administration of cases through the process. These changes were long sought by many in the business community and tax practitioners.

Prior to the changes ushered in by Act 52, Pennsylvania’s tax appeals process was cumbersome and inefficient. Tax practitioners and outside groups were critical of the process. According to the Council on State Taxation (COST), “Pennsylvania leapt from a D and a ‘bottom states’ ranking to an A- and a ‘top states’ ranking, mainly through legislation” enacted in 2013. In its most recent report issued in December 2019, COST ranks Pennsylvania as one of its top-ranked states with a B+ grade. This is not to say that the system now is without some flaws. The COST report highlights some areas that still need to be addressed legislatively. I am confident that the PICPA, Treasury, and the business community will continue to work toward enhancing the system.

BF&R typically receives about 5,000 corporate, sales, personal income, and miscellaneous tax appeals annually. It is also responsible for Liquid Fuels Refunds and processes more than 6,000 claims worth
over $23 million. BF&R maintains a comprehensive website that contains pertinent forms, laws, and regulations, and has a searchable database of published redacted board opinions. There are currently over 14,000 board orders published on the searchable database. BF&R has approved 2,035 compromises, reducing the need for litigation and saving thousands of dollars for taxpayers and the Commonwealth.

Funding for BF&R is critical to the proper administration and function of Pennsylvania’s tax appeals process. On behalf of the PICPA and our 20,000 members, I urge you to support this line-item as proposed.

Sincerely,

Peter N. Calcara, CAE
Vice President—Government Relations

cc: Hon. Joseph Torsella
    Hon. Joseph Scarnati
    Hon. Mike Turzai
    Hon. Jake Corman
    Hon. Jay Costa
    Hon. Bryan Cutler
    Hon. Frank Dermody
    Hon. Jen Swails