



POSITION STATEMENT ON LOCAL TAX COLLECTION CONSOLIDATION

BACKGROUND:

There is an opportunity to provide for the consolidation of the collection of all non-real estate taxes imposed under the local Tax Enabling Act using the mechanisms that were created under Act 32. Act 32 of 2008 consolidated and modernized the collection of local Earned Income Tax (EIT) at roughly the County level, reducing the number of collection districts and increasing local EIT collection by \$173 million (8.5%) annually since 2012, the first year of implementation.

Further consolidation of all local taxes to the point of one collector would provide an improvement in local tax administration, as well as providing more efficiency and simplicity for both employers and employees.

Under the current system, employers may have to work with multiple collectors, often causing confusion for withholding and remittance. Under a consolidated system, employers would instead work with a single Act 32 countywide collector. This would also reduce the cost of local government delinquency collections for unpaid taxes and could raise local/municipal revenue without raising taxes.

The Lancaster Chamber recognizes that the revenue generated by taxes such as local services tax is not as substantial as the revenue generated by EIT, but it is likely that further consolidation will result in increased revenues for local government and reduced compliance costs for employers and employees.

POLICY POSITION:

The Lancaster Chamber supports the further consolidation of tax collection under the Act 32 countywide consolidation collection system – allowing for more local control through the collection of local services, business privilege, occupation and other local taxes per the Act 32 framework.

The Lancaster Chamber feels that further consolidation would modernize and improve local tax collection throughout the Commonwealth and will be of benefit to school districts, municipalities, employers and taxpayers.

Approved by the Advocacy Committee on 6.14.18.

Approved by the Executive Committee of the Board of Trustees on 6.18.18.