

FISCAL NOTE

October 31, 2019

Bill No:	HB 105	Printer's No:	104	Sponsor:	Cox (R)
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COST / (SAVINGS)

Fund (s)	2019-20	2020-21
General Fund	See "FISCAL IMPACT"	\$1.6 million

SUMMARY: HB 105 amends the Tax Reform Code (TRC) to adopt federal tax policy allowing for deferral of tax due on gains from like-kind exchanges of property for personal income tax purposes.

ANALYSIS: HB 105 amends TRC to adopt federal tax policy allowing for deferral of tax due on gains from like-kind exchanges of property for personal income tax purposes. Currently, Pennsylvania imposes personal income tax (PIT) on these transactions. By aligning TRC with federal policy, taxes due on gains from the sale of property held for businesses purposes or investment can be deferred if the process are used to purchase other property.

HB 105 takes effect immediately

FISCAL IMPACT: The following table demonstrates the annual revenue loss due to allowing deferral of taxes due on gains from like-kind property exchanges:

Fiscal Year	2020-21	2021-22	2022-23	2023-24
Revenue Loss	\$1.6 million	\$10.9 million	\$10.8 million	\$10.8 million