



TO: The Honorable Members of the Pennsylvania Senate

FROM: Neal Leshner, Director, Government Affairs

DATE: June 4, 2024

RE: **Support SB 742 & SB 1051**

On behalf of the Pennsylvania Chamber of Business and Industry, I urge you to support SB 742 and SB 1051, which are scheduled to be considered by the Senate today.

SB 742 – Bank Shares Tax Goodwill Deduction Clarification:

This legislation would amend the Tax Reform Code by clarifying that any goodwill filed by banks with the Federal Deposit Insurance Corporation is excluded from the bank shares tax calculation.

Goodwill is an intangible asset added to a balance sheet when any company acquires another business in a transaction at a price higher than the net fair value. While goodwill has historically been allowed as a deduction from total bank equity to calculate a financial institution's tax liability under the bank shares tax, the Department of Revenue has recently denied goodwill deductions that involve combinations of bank holding companies which result in the combination of subsidiary banks. This impacts the vast majority of mergers, resulting in a tax increase, a competitive disadvantage for Pennsylvania banks, and a growth constraint for businesses and consumers. Every \$1,000 paid in tax could be leveraged to provide \$10,000 in loans.

SB 1051 – Pennsylvania Board of Finance and Revenue Appeals Reform:

This legislation would allow the Board of Finance and Revenue (BF&R) to consider late-filed tax appeals from the Department of Revenue (DOR) if the taxpayer shows good cause. It also establishes a settlement process at the BF&R as an alternative to the formal and lengthy court appeals process.

Taxpayers who disagree with a final decision made by DOR currently have 60 days to appeal the decision to the BF&R. Without the ability to accept late-filed appeals, cases are dismissed on a technicality rather than on merits. The ability to settle disputes at the BF&R will provide for a quicker and fairer resolution to tax disputes, particularly for smaller businesses that do not have the resources for a drawn-out appeals process or litigation in the Commonwealth Court.

For any questions or further discussion, please contact Neal Leshner, Director of Government Affairs, at nlesher@pachamber.org or 717-507-9240.