

**DEPARTMENT OF TAXATION
2002 Fiscal Impact Statement**

1. Patron Trumbo

3. Committee Senate Finance

4. Title Tangible Personal Property Tax:
Authorizing a County to Prorate the Tax
When an Independent City Becomes a
Town

2. Bill Number SB 246

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would validate a tangible personal property tax imposed by Allegheny County on the residents of the Town of Clifton Forge on January 1, 2001, while it was still a city transitioning to town status. The transition became final July 1, 2001. The bill would authorize Allegheny County to retain one half of the tangible personal property taxes collected, due or owing, with penalties and interest, for tax year 2001 from the residents of the Town of Clifton Forge, provided the property had tax situs within the town on or after July 1, 2001. The bill would also provide for the Town of Clifton Forge to retain all of the tangible personal property taxes the City of Clifton Forge collected for tax year 2001.

Current law provides that all taxable tangible personal property must have situs within a jurisdiction in January 1 of the tax year. This bill provides an exception because of the change in status of Clifton Forge. For tax year 2001, the county may impose a tangible personal property on all property with situs within the town on July 1, 2001.

This bill contains an emergency clause and is in effect from the date of its passage.

6. Fiscal Impact Estimates are: Unknown (See Line 8.)

7. Budget amendment necessary: No.

8. Fiscal implications:

This bill would have no impact on state revenues. It would increase Allegheny County's revenues from one-half year's tangible personal property taxes levied on the residents of Clifton Forge.

9. Specific agency or political subdivisions affected:

Allegheny County, the Town of Clifton Forge.

10. Technical amendment necessary: No.

11. Other comments:

Counties may not impose tangible personal property taxes on residents of independent cities, but they may impose such taxes on the residents of towns. Towns may also impose tangible personal property taxes on their residents. The effect of this bill would be to allow Allegheny County to retain the taxes imposed on Clifton Forge after it changed its status from a city to a town on July 1, 2001. The bill also contains provisions for the refunding of overpayments of tangible personal property taxes with interest to taxpayers, and the assessing of penalties and interest on taxes due and owing to the County.

As an independent city, Clifton Forge imposed its own tangible personal property tax on its residents. When it transitioned to town status effective July 1, 2001, as a town, it still had the authority to impose a tax on tangible personal property. This legislation provides for the former city ordinance authorizing the imposition of the tangible personal property tax to become automatically incorporated into the Town of Clifton Forge's ordinance.

Under current law, tax day is considered to be January 1 of any tax year for purposes of the tangible personal property tax. This bill would create a limited exemption for Clifton Forge for tax year 2001 only, when its status changed from city to town on July 1, 2001.

cc: Secretary of Finance

Date: 1/11/02/SLR

Document: \\TAXOFFICE\LEGISDIR\2002leg\WorkInProgress\OTPwork\SB246F161.doc