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Governor Tom Wolf Proposes New State Budget for 2017-2018

STATE AND LOCAL TAX, TAX
BY SCHNEIDER DOWNS PROFESSIONAL

On Tuesday, February 7, 2017, Pennsylvania Governor Tom Wolf presented his budget to the state legislature. While the Governor announced that he was not proposing any broad tax increases, he did put forth a \$32.3 billion spending plan that included \$1 billion in additional tax revenues.

Proposed additional tax revenue includes:

- A natural gas severance tax of 6.5% with a credit for impact fees paid to local communities.
- Sales tax expanded to computer services (custom programming and data processing) and commercial storage services. The elimination of the sales and use tax exemption for commercial airline purchases of catered food and nonalcoholic beverages sold to passengers. The repeal of the sales and use tax exemption for aircraft maintenance and repair services.
- Limiting the deduction for net operating losses to 30% of taxable income for corporate income tax.
- Expanding the insurance premiums tax to previously exempt insurance entities.
- Reducing available tax credits (which credits were not specified) by \$100 million.
- A fee of \$25 per resident in municipalities that rely upon state police services.

Of course the devil is in the details, many of which were left out of the Governor's budget. Let the negotiating begin, and [stay tuned for further developments](#).

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