

THE GOVERNOR

Notice of Veto

November 4, 2016

To the Honorable House of Representatives
of the Commonwealth of Pennsylvania:

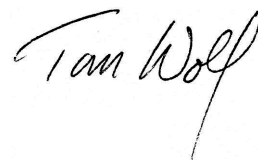
Pursuant to Article IV, Section 15 of the Pennsylvania Constitution, I am returning herewith, without my approval, House Bill 245, Printer's Number 4110.

I cannot agree to sign this bill as it makes certain changes to the Local Tax Enabling Act that will result in a revenue loss for a number of school districts in this Commonwealth. More specifically, this bill amends the definition of Earned Income by greatly expanding the credit that a taxpayer may take for out-of-state tax liability. Under this bill, a taxpayer could claim a credit for out-of-state taxes against the entire amount of income earned by the taxpayer, not merely the existing base rate of Earned Income Tax. Allowing the credit to be limited against the taxpayer's base rate of Earned Income Tax would be revenue neutral for school districts. This expansion beyond the base rate, however, will result in certain school districts losing local revenue.

I cannot support a provision that would cause even a limited number of school districts to lose revenue in this fashion. All school districts are still feeling the strain from the harmful budget decisions made prior to my administration. My administration aims to continue to work with the General Assembly to invest in education to continue to increase the Commonwealth's share of funding for all school districts. Finally, I look forward to receiving a modified version of this bill that does not negatively impact the finances of school districts.

For the reasons set forth above, I must withhold my signature from House Bill 245, Printer's Number 4110.

Sincerely,



Governor

[Pa.B. Doc. No. 16-1974. Filed for public inspection November 18, 2016, 9:00 a.m.]