

10/2/06

Regulatory Analysis Form

This space for use by IRRC

(1) Agency

Revenue

(2) I.D. Number (Governor's Office Use)

15-440

IRRC Number: 2579

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INDEPENDENT REGULATORY
REVIEW COMMISSION

(3) Short Title

Organ and Bone Marrow Donor Tax Credit

(4) PA Code Cite

61 Pa. Code § 11.1

(5) Agency Contacts & Telephone Numbers

Primary Contact: Mary R. Sprunk (717) 783-7524

Secondary Contact: Douglas A. Berguson (717) 346-4633

(6) Type of Rulemaking (check one)

- Proposed Rulemaking
- Final Order Adopting Regulation
- Final Order, Proposed Rulemaking Omitted

(7) Is a 120-Day Emergency Certification Attached?

- No
- Yes: By the Attorney General
- Yes: By the Governor

(8) Briefly explain the regulation in clear and nontechnical language.

The Department is proposing the addition of Chapter 11. Organ and Bone Marrow Donor Tax Credit to facilitate its responsibilities under the act of July 2, 2006 (P.L. ____, No. 65), known as the "Organ and Bone Marrow Donor Act." This act provides for an organ or bone marrow donor tax credit to be claimed by a business firm against the taxes imposed under Articles III, IV, VI, VII, VIII or XV of the Tax Reform Code.

(9) State the statutory authority for the regulation and any relevant state or federal court decisions.

Statutory authority for the regulation is set forth in section 506 of The Administrative Code of 1929 (71 P.S. § 186), and sections 3 and 4 of the act of July 2, 2006 (P.L. ____, No. 65) (Act 65), known as the "Organ and Bone Marrow Donor Act."

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(10) Is the regulation mandated by any federal or state law or court order, or federal regulation? If yes, cite the specific law, case or regulation, and any deadlines for action.

The regulation is not mandated by federal, court order or federal regulation.
See answer to (9) above for Pennsylvania law.

(11) Explain the compelling public interest that justifies the regulation. What is the problem it addresses?

The addition of Chapter 11, the regulation for the "Organ and Bone Marrow Donor Tax Credit," is in the public interest to implement by January 1, 2007 so as not to inhibit the implementation of this new credit program.

(12) State the public health, safety, environmental or general welfare risks associated with nonregulation.

There are no public health, safety, environmental or general welfare risks associated with nonregulation.

(13) Describe who will benefit from the regulation. (Quantify the benefits as completely as possible and approximate the number of people who will benefit.)

Taxpayers and tax practitioners will benefit as a result of the amended regulation.

Regulatory Analysis Form

(14) Describe who will be adversely affected by the regulation. (Quantify the adverse effects as completely as possible and approximate the number of people who will be adversely affected.)

No parties should be adversely affected by the regulation.

(15) List the persons, groups or entities that will be required to comply with the regulation. (Approximate the number of people who will be required to comply.)

Taxpayers and tax practitioners will be required to comply with the regulation.

(16) Describe the communications with and input from the public in the development and drafting of the regulation. List the persons and/or groups who were involved, if applicable.

A copy of the regulation was forwarded to the Pennsylvania Bar Association; the Pennsylvania Institute of Certified Public Accountants; the Pennsylvania Society of Public Accountants and the Pennsylvania Chamber of Business and Industry. The regulation will be listed on the Department's 4th Quarter, 2006 Regulatory Report posted on the Department's website and will be forwarded to interested parties upon request.

(17) Provide a specific estimate of the costs and/or savings to the regulated community associated with compliance, including any legal, accounting or consulting procedures which may be required.

There are no costs and/or savings to the regulated community associated with this regulation.

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(18) Provide a specific estimate of the costs and/or savings to local governments associated with compliance, including any legal, accounting or consulting procedures which may be required.

This regulation does not increase costs or savings to local governments. No legal, accounting or consultant procedures are required by the regulation.

(19) Provide a specific estimate of the costs and/or savings to state government associated with the implementation of the regulation, including any legal, accounting, or consulting procedures which may be required.

The regulation does not increase costs or savings to state government by any significant amount.

Regulatory Analysis Form

(20) In the table below, provide an estimate of the fiscal savings and costs associated with implementation and compliance for the regulated community, local government, and state government for the current year and five subsequent years.

	Current FY Year	FY +1 Year	FY +2 Year	FY +3 Year	FY +4 Year	FY +5 Year
SAVINGS:						
Regulated Community						
Local Government						
State Government						
Total Savings						
COSTS:						
Regulated Community						
Local Government						
State Government						
Total Costs						
REVENUE LOSSES:						
Regulated Community						
Local Government						
State Government						
Total Revenue Losses						

(20a) Explain how the cost estimates listed above were derived.

There are no savings from implementing this regulation. There are minimal costs for implementing this regulation.

Regulatory Analysis Form

(20b) Provide the past three year expenditure history for programs affected by the regulation.

Program	FY -3	FY -2	FY -1	Current FY

(21) Using the cost-benefit information provided above, explain how the benefits of the pronouncement outweigh the adverse effects and costs.

The regulation does not alter existing law. The regulation outlines the apportionment of the credit for multi-state business firms and is expected to have a minimal fiscal impact.

(22) Describe the nonregulatory alternatives considered and the costs associated with those alternatives. Provide the reasons for their dismissal.

There are no nonregulatory alternatives associated with the regulation.

(23) Describe alternative regulatory schemes considered and the costs associated with those schemes. Provide the reasons for their dismissal.

There are no alternative regulatory schemes associated with the regulation.

Regulatory Analysis Form

(24) Are there any provisions that are more stringent than federal standards? If yes, identify the specific provisions and the compelling Pennsylvania interest that demands stronger regulation.

There are no federal standards associated with this regulation.

(25) How does this regulation compare with those of other states? Will the regulation put Pennsylvania at a competitive disadvantage with other states?

The regulation will not put Pennsylvania at a competitive disadvantage with other states.

(26) Will the regulation affect existing or proposed regulations of the promulgating agency or other state agencies? If yes, explain and provide specific citations.

This regulation does not affect any other existing or proposed regulations of the Department or any other state agency.

(27) Will any public hearings or informational meetings be scheduled? Please provide the dates, times, and locations, if available.

The Department has not scheduled any public hearings or informational meetings to discuss the regulation.

Regulatory Analysis Form

(28) Will the regulation change existing reporting, record keeping, or other paperwork requirements? Describe the changes and attach copies of forms or reports which will be required as a result of implementation, if available.

This regulation does not change existing reporting, record keeping or other paperwork requirements.

(29) Please list any special provisions which have been developed to meet the particular needs of affected groups or persons including, but not limited to, minorities, elderly, small businesses, and farmers.

No special groups are affected by the regulation.

(30) What is the anticipated effective date of the regulation; the date by which compliance with the regulation will be required; and the date by which any required permits, licenses or other approvals must be obtained?

This regulation will be effective upon final publication in the Pennsylvania Bulletin. There are no permits, licenses or other approvals required by the regulation.

(31) Provide the schedule for continual review of the regulation.

This regulation is scheduled for review within five years of final publication. No sunset date has been assigned.

FACE SHEET
FOR FILING DOCUMENTS
WITH THE LEGISLATIVE REFERENCE BUREAU

(Pursuant to Commonwealth Documents Law)

10/02/06

DO NOT WRITE IN THIS SPACE

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INDEPENDENT AGENCIES
LEGISLATIVE REFERENCE BUREAU

Copy below is hereby approved as to form and legality. Attorney General

By: _____
(Deputy Attorney General)

DATE OF APPROVAL

Check if applicable
Copy not approved. Objections attached.

Copy below is hereby certified to be true and correct copy of a document issued, prescribed or promulgated by:

PA Department of Revenue
(AGENCY)

DOCUMENT/FISCAL NOTE NO. 15-440

DATE OF ADOPTION _____

BY Gregory C. Fajt

TITLE Secretary of Revenue
(Executive Officer, Chairman or Secretary)

Copy below is hereby approved as to form and legality. Executive or Independent Agencies

BY Andrew C. Clark
OCT 17 2006

DATE OF APPROVAL

(Deputy General Counsel)
(Chief Counsel-Independent Agency)
(Strike-inapplicable title)

Check if applicable. No Attorney General Approval or objection within 30 days after submission.

NOTICE OF FINAL-OMITTED RULEMAKING

DEPARTMENT OF REVENUE

61 Pa. Code § 11.1

Organ and Bone Marrow Donor Tax Credit

PREAMBLE

The Secretary of Revenue (Secretary) under the authority contained in section 506 of The Administrative Code of 1929 (71 P.S. § 186) and sections 3 and 4 of the act of July 2, 2006, known as the "Organ and Bone Marrow Donor Act," (___ Pa.C.S. §§ ___) by this notice of proposed rulemaking omitted, adds Chapter 11. Organ and Bone Marrow Donor Tax Credit. The Department of Revenue (Department) is proposing this rulemaking to facilitate its responsibilities under sections 3(b)(1) and 4 of the Organ and Bone Marrow Donor Act (relating to organ and bone marrow donor tax credit; and duties of department).

Because of time constraints associated with this statutory change for Pennsylvania taxpayers in the current fiscal year, the Department of Revenue (Department), under section 204 of the act of July 31, 1968 (P.L. 769, No. 240) (CDL) (45 P.S. § 1204) and the regulation thereunder, 1 Pa. Code § 7.4, finds that notice of proposed rulemaking is under the circumstances impracticable and, therefore, may be omitted.

The Department's justification for utilizing the proposed rulemaking omitted process is that it is in the public interest to implement by January 1, 2007, the regulations for the "Organ and Bone Marrow Donor Tax Credit." The timely adoption of this

regulation will provide multistate taxpayers a method to apportion the credit available to be applied against their 2006 tax liabilities.

Purpose of Regulation

To implement regulations to reflect a statutory change made by the Pennsylvania Legislature that created an Organ and Bone Marrow Donor Tax Credit.

Explanation of Regulatory Requirements

The Department is adding Chapter 11 in order to promulgate all regulations necessary to implement the Organ and Bone Marrow Donor Tax Credit under section 4 of the act (relating to duties of department).

Fiscal Impact

The Department of Revenue has determined that the regulations will have no adverse fiscal impact on the Commonwealth.

Paperwork

The regulations will not generate substantial paperwork for the public or the Commonwealth.

Effectiveness/Sunset Date

The regulations will become effective upon publication in the Pennsylvania Bulletin. The regulation is scheduled for review within five years of final publication. No sunset date has been assigned.

Contact Person

The contact person for an explanation of the regulations is Mary R. Sprunk, Office of Chief Counsel, PA Department of Revenue, Dept. 281061, Harrisburg, Pennsylvania 17128-1061.

Regulatory Review

Under section 5.1(c) of the Regulatory Review Act (71 P.S. § 745.5a(c)), on October 18, 2006, the Department submitted a copy of the regulations with proposed rulemaking omitted to the Independent Regulatory Review Commission (IRRC) and to the Chairpersons of the House Committee on Finance and the Senate Committee on Finance. On the same date, the regulations were submitted to the Office of Attorney General for review and approval under the Commonwealth Attorneys Act (71 P.S. §§ 732-101 - 732-506). In accordance with section 5.1(j.1) of the Regulatory Review Act (71 P.S. § 745.5a(j.1)), the regulations were deemed approved by the Committees on _____. IRRC met on _____, and approved the regulations under section 5.1(e) of the Regulatory Review Act (71 P.S. § 745.5a(e)).

Findings

The Department finds that the regulations are necessary and appropriate for the administration and enforcement of the authorizing statute. Under section 204 of the CDL, the Department also finds that the proposed rulemaking procedures in sections 201

and 202 of the CDL (45 P.S. §§ 1201 and 1202) are unnecessary because it is in the public interest to expedite this amended regulation that reduces the burden to the taxpayer.

Order

The Department, acting under the authorizing statute, orders that:

(a) The regulations of the Department, 61 Pa. Code, are amended by adding Chapter 11 to read as set forth in Annex A.

(b) The Secretary shall submit this order and Annex A to the Office of General Counsel and Office of Attorney General for approval as to form and legality as required by law.

(c) The Secretary shall certify this order and Annex A and deposit them with the Legislative Reference Bureau as required by law.

(d) This order shall take effect upon publication in the Pennsylvania Bulletin.

GREGORY C. FAJT
SECRETARY OF REVENUE

9/07/06

CONTINUATION SHEET
FOR FILING DOCUMENTS
WITH THE LEGISLATIVE REFERENCE BUREAU
(Pursuant to Commonwealth Documents Law)

ANNEX A

Title 61. Revenue, Part I. Department of Revenue, Subpart A.
General Provisions, Chapter 11. Organ and Bone Marrow Donor Tax
Credit.

§ 11.1. Organ and Bone Marrow Donor Tax Credit.

(a) Applicable taxes. The act of July 2, 2006 (P.L. ____,
No. 65) provides for an organ or bone marrow donor tax credit to
be claimed by a business firm against the taxes imposed under
Articles III, IV, VI, VII, VIII or XV of the Tax Reform Code.

(b) Apportionment of credit of multistate business firms.
The organ or bone marrow donor tax credit that may be claimed
against the taxes identified in subsection (a) by a business
firm subject to tax in more than one state shall be apportioned
to Pennsylvania by multiplying the credit by a fraction, the
numerator of which is the total amount paid in the Commonwealth
during the tax period by the business firm for compensation and
the denominator of which is the total compensation paid
everywhere during the tax period.

9/07/06

Department of Revenue - Notice of Final-Omitted Rulemaking

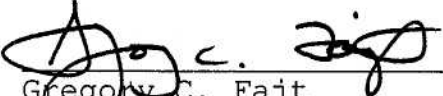
61 Pa. Code § 11.1

Organ and Bone Marrow Donor Tax Credit

15-440

SECRETARY'S CERTIFICATION

I, Gregory C. Fajt, do hereby certify that I have reviewed this regulation and determined that the regulation is consistent with the principles outlined in Executive Order 1996-1.



Gregory C. Fajt
Secretary of Revenue

Department of Revenue - Notice of Final-Omitted Rulemaking

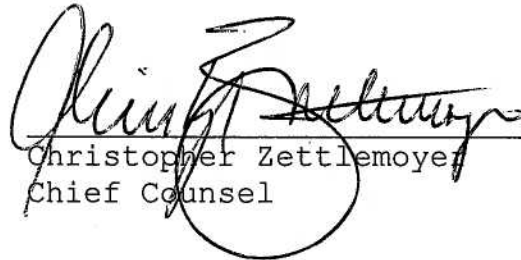
61 Pa. Code § 11.1

Organ and Bone Marrow Donor Tax Credit

15-440

FORM AND LEGALITY

I certify that I have reviewed this regulation for form and legality, that I have discussed any legal and policy issues with the attorneys responsible for this regulation, that I have made all appropriate revisions and that all information contained in the Preamble and Annex A is current and accurate.


Christopher Zettlemoyer
Chief Counsel

**TRANSMITTAL SHEET FOR REGULATIONS SUBJECT TO THE
REGULATORY REVIEW ACT**

I.D. NUMBER: 15-440
 SUBJECT: ORGAN AND BONE MARROW DONOR TAX CREDIT
 AGENCY: DEPARTMENT OF REVENUE

TYPE OF REGULATION

- Proposed Regulation
- Final Regulation
- X Final Regulation with Notice of Proposed Rulemaking Omitted
- 120-day Emergency Certification of the Attorney General
- 120-day Emergency Certification of the Governor
- Delivery of Tolled Regulation
 - a. With Revisions
 - b. Without Revisions

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 REVIEW COMMISSION

FILING OF REGULATION

DATE	SIGNATURE	DESIGNATION
10/18/06	<i>Nancy S. Cole</i>	HOUSE COMMITTEE ON FINANCE
10/18/06	<i>D.A. Di Cello</i>	
10/18/06	<i>Kristi Krewin</i>	SENATE COMMITTEE ON FINANCE
10/18/06	<i>[Signature]</i>	
10/18/06	<i>Nathaly Cooper</i>	INDEPENDENT REGULATORY REVIEW COMMISSION
10-18-06	<i>[Signature]</i>	ATTORNEY GENERAL (for Final Omitted only)
		LEGISLATIVE REFERENCE BUREAU (for Proposed only)