



Governor Wolf's Sixth Tax Hike Plan

Gov. Tom Wolf has proposed tax hike totaling \$2.7 billion over a full year—or \$850 per family of four. About half of this increase comes from raising the personal income tax rate.

This proposal also includes **retroactive increases** in the income tax, along with bank shares and insurance premiums taxes. That is, the higher tax rate would be effective beginning on January 1, 2016, and (if passed) you would owe additional taxes on money you've already earned.

Including the tax hikes residents will pay in the first half of this year (for the 2015-16 budget), state government will take **\$1,129 more per family of four over 18 months**.

The table below summarizes the proposed tax hikes in Wolf's 2016 budget.

Gov. Wolf's Proposed Tax Changes (2016 Budget Proposal)				
Item	2015-16		2016-17	
	Total Revenue	Per Family of Four	Total Revenue	Per Family of Four
State Tax Rate Changes				
Severance Tax of 6.5% - July 1, 2016 (existing impact fee payments deducted)	\$0	\$0	\$217,800	\$68
Personal Income Tax rate increased to 3.4% - January 1, 2016 (RETROACTIVE)	\$587,600	\$184	\$1,361,500	\$425
PIT imposed on Lottery winnings - January 1, 2016 (RETROACTIVE)	\$0	\$0	\$16,300	\$5
Sales Tax (6% rate) imposed on basic cable television, movie theater tickets, and digital downloads. Limit vendor discount for sales tax collection to \$25 per month - April 1, 2016	\$38,300	\$12	\$414,600	\$130
Bank Shares Tax rate increase to 0.99% and change base - January 1, 2016 (RETROACTIVE)	\$39,300	\$12	\$39,200	\$12
Insurance Premiums Tax surcharge of 0.5% (fire, property, and casualty insurance) - January 1, 2016 (RETROACTIVE)	\$81,500	\$25	\$100,900	\$32
Cigarette Tax increase of \$1 per pack - April 1, 2016	\$116,000	\$36	\$468,100	\$146
Other Tobacco Product Tax (smokeless tobacco, large cigars, loose tobacco, and e-cigarettes) of 40% - May 1, 2016 (July 1, 2016 for loose tobacco)	\$10,000	\$3	\$136,000	\$42
Tax on Casino Promotional Play (free games offered by casinos) of 8% - January 1, 2016 (RETROACTIVE)	\$19,900	\$6	\$50,900	\$16
Income Tax Forgiveness Program	\$0	\$0	(\$83,400)	(\$26)
Total State Tax Increases	\$892,600	\$279	\$2,721,900	\$850

Source: Governor's Executive Budget. Total Revenue in Thousands

Readers will note that this new tax proposal—really the sixth one Wolf has pushed for—resembles his first tax hike proposal (which received no support, even from his own party). The total dollar amount is a bit less, and he dropped his proposal to increase the sales tax rate and to tax things like nursing homes and day care under the sales tax.

Yet overall, Wolf is pursuing the same ideas lawmakers have rejected. Here is a brief history of Wolf's tax hike proposals.

