

Appendix A – Tax Structure Pennsylvania

Following is a description of the applicable tax categories that will be calculated for the Goodwill Pennsylvania model:

- Sales Tax

The State of Pennsylvania charges a sales tax on retail goods and services. The sales tax rate for the State is 6.0%.

Taxable sales result from the spending of direct, indirect and induced employees supported by the company. Based on data from the latest U.S. Consumer Expenditure Survey, the projected level of retail spending and resulting sales tax receipts is calculated.

State sales taxes will also be collected from other sources.

- Local supplies and purchases.** A direct sales tax can be determined if the user inputs local supplies and purchases that are taxable and purchased within the state.
- Direct sales.** Direct taxable sales (if any) can also be input to provide the sales tax collections at the State level on the Fiscal Impact of Operations table.

- State Income Tax

The State of Pennsylvania collects taxes on personal income. The personal income tax rate is 3.07% and is applied to the wages and earnings of direct, indirect and induced employment resulting from the operation of the company.

- State Unemployment Insurance Tax

Unemployment insurance tax for employees is currently 3.68% with the exception of construction employees that will pay 10.19% on the first \$9,500 of earned income. This factor is applied to the projected wages and earnings of direct, indirect and induced employees.

- Realty Transfer Tax

The State collects a realty transfer tax on all real estate transactions. The State levies a tax rate of 1.0%. In order to determine the number of home sales affected by the population supported in the model, a figure is used based on the number of residents that move annually from the American Housing Survey for the United States.

- Liquid Fuels Tax

The State of Pennsylvania currently collects a liquid fuels tax of about \$402 each year per employee. These factors are applied to the projected direct, indirect and induced employee count supported by the company.



- Cigarette Tax

The State of Pennsylvania charges a cigarette tax in the amount of \$2.60 per pack. This tax is applied to the projected employee count in the model based on statistics from the Center of Disease Control that 18.1% of Pennsylvania residents are smokers and smoke an average of 0.44 packs per day.

- Motor Licenses & Fees

The State's Motor Vehicle Fund includes revenues from motor licenses and fees collected for registering and titling motor vehicles, issuing learners permits and operators licenses and the transfers of registration. This factor is applied to the projected direct, indirect and induced employee count supported by the construction, operations or tourism impacts in the model. The average tax used in this analysis is \$66 per capita.

The above tax categories represent the largest sources of revenues that will be generated to the State.

