

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 955

Session of
1975

INTRODUCED BY WILSON AND O'CONNELL, APRIL 8, 1975

REFERRED TO COMMITTEE ON FINANCE, APRIL 9, 1975

A SUPPLEMENT

1 To the act of March 4, 1971 (P.L.6, No.2), entitled "An act
2 relating to tax reform and State taxation by codifying and
3 enumerating certain subjects of taxation and imposing taxes
4 thereon; providing procedures for the payment, collection,
5 administration and enforcement thereof; providing for tax
6 credits in certain cases; conferring powers and imposing
7 duties upon the Department of Revenue, certain employers,
8 fiduciaries, individuals, persons, corporations and other
9 entities; prescribing crimes, offenses and penalties,"
10 providing for certain temporary exemptions.

11 The General Assembly of the Commonwealth of Pennsylvania
12 hereby enacts as follows:

13 Section 1. All companies taxable under, and the shares of
14 which are valued under, Articles VII and VIII, act of March 4,
15 1971 (P.L.6, No.2), known as the "Tax Reform Code of 1971," are
16 exempt from such taxes to the extent they are generated from
17 interest on mortgage loans for new residential one or two family
18 homes valued at \$50,000 or less where the rate of interest
19 charged on such loans is 1% less than the State legal maximum
20 interest rate for residential mortgages permitted by the act of
21 January 30, 1974 (No.6), entitled "An act regulating agreements
22 for the loan or use of money; establishing a maximum lawful

1 interest rate in the Commonwealth; providing for a legal rate of
2 interest; detailing exceptions to the maximum lawful interest
3 rate for residential mortgages and for any loans in the
4 principal amount of more than fifty thousand dollars and
5 Federally insured or guaranteed loans and unsecured,
6 noncollateralized loans in excess of thirty-five thousand
7 dollars and business loans in excess of ten thousand dollars;
8 providing protections to debtors to whom loans are made
9 including the provision for disclosure of facts relevant to the
10 making of residential mortgages, providing for notice of
11 intention to foreclose and establishment of a right to cure
12 defaults on residential mortgage obligations, provision for the
13 payment of attorney's fees with regard to residential mortgage
14 obligations and providing for certain interest rates by banks
15 and bank and trust companies; clarifying the substantive law on
16 the filing of and execution on a confessed judgment; prohibiting
17 waiver of provisions of this act, specifying powers and duties
18 of the Secretary of Banking, and establishing remedies and
19 providing penalties for violations of this act."

20 Section 2. In lieu of payment of the tax otherwise due, the
21 lender claiming the exemptions provided by this act shall submit
22 to the Department of Revenue proof of making all such loans at
23 the times he makes reports and payments required under the act
24 to which this is a supplement.

25 Section 3. The Department of Revenue shall promulgate rules,
26 regulations and forms for the administration of this supplement
27 pursuant to the Commonwealth Documents Law. The department shall
28 also provide for refunds or credits to taxpayers for any taxes
29 heretofore paid within the exemption period.

30 Section 4. This supplement shall take effect immediately and

- 1 shall apply retroactively from January 1, 1975 and until
- 2 December 31, 1976.