

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 1639 Session of
1975

INTRODUCED BY BRUNNER, LETTERMAN, TAYLOR, LINCOLN, McCALL,
FISCHER AND GLEASON, JULY 17, 1975

REFERRED TO COMMITTEE ON FINANCE, JULY 18, 1975

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
2 act relating to tax reform and State taxation by codifying
3 and enumerating certain subjects of taxation and imposing
4 taxes thereon; providing procedures for the payment,
5 collection, administration and enforcement thereof; providing
6 for tax credits in certain cases; conferring powers and
7 imposing duties upon the Department of Revenue, certain
8 employers, fiduciaries, individuals, persons, corporations
9 and other entities; prescribing crimes, offenses and
10 penalties," providing for a coal company gross receipts tax,
11 establishing Coal Production Funds and providing for the
12 disposition of moneys credited thereto.

13 The General Assembly of the Commonwealth of Pennsylvania
14 hereby enacts as follows:

15 Section 1. The act of March 4, 1971 (P.L.6, No.2), known as
16 the "Tax Reform Code of 1971," is amended by adding an article
17 to read:

18 ARTICLE XI.-A

19 Coal Company Gross Receipts Tax

20 Part I

21 Imposition of Tax

22 Section 1101-A. Imposition of Tax.--Every person or persons,
23 corporation, company, association, limited partnership, joint-

1 stock association or copartnership engaging or continuing within
2 this Commonwealth in the business of severing, extracting,
3 reducing to possession and producing for sale, profit or
4 commercial use any coal shall pay to the State Treasurer,
5 through the Department of Revenue, a tax of two and one-half per
6 cent upon each dollar of the gross receipts of said person or
7 persons, corporation, company, association, limited partnership,
8 joint-stock association or partnership derived from the sale,
9 profit or commercial use of such coal severed, extracted,
10 reduced to possession or produced for sale in this State.

11 The said tax shall be paid within the time prescribed by law,
12 and for the purpose of ascertaining the amount of the same, it
13 shall be the duty of the treasurer or other proper officer of
14 the said company, copartnership, limited partnership,
15 association, joint-stock association or corporation, or person
16 or persons, to transmit to the Department of Revenue on or
17 before April 15 of each year an annual report, and under oath or
18 affirmation, of the amount of gross receipts of the said
19 companies, copartnerships, corporations, associations, joint-
20 stock associations, limited partnerships, person or persons,
21 derived from all sources, and of gross receipts derived from the
22 sale, profit or commercial use of coal severed, extracted,
23 reduced to possession or produced for sale in this State during
24 the period of twelve months immediately preceding January 1 of
25 each year. It shall be the further duty of the treasurer or
26 other proper officer of every such corporation or association
27 and every individual liable by law to report or pay said tax, to
28 transmit to the Department of Revenue on or before April 30 of
29 each year, a tentative report in like form and manner for each
30 twelve month period beginning January 1, of each year. The

1 tentative report shall set forth (i) the amount of gross
2 receipts received in the period of twelve months next preceding
3 and reported in the annual report; or (ii) the gross receipts
4 received in the first three months of the current period of
5 twelve months; and (iii) such other information as the
6 Department of Revenue may require.

7 Upon the date its tentative report is required to be made,
8 the corporation, association or individual making the report
9 shall compute and pay to the Department of Revenue on account of
10 the tax due for the current period of twelve months, an amount
11 to be computed pursuant to the act of March 16, 1970 (P.L.180,
12 No.69), entitled "An act relating to State taxation; changing
13 the manner in which tentative and annual taxes are to be paid;
14 providing a penalty in certain cases; and making a repealer."

15 The time for filing reports may be extended, estimated
16 settlements may be made by the Department of Revenue if reports
17 are not filed, and the penalties for failing to file reports and
18 pay the tax shall be as prescribed by the laws defining the
19 powers and duties of the Department of Revenue. In any case
20 where the mines of any corporation, company, copartnership,
21 association, joint-stock association, limited partnership,
22 person or persons are operated by another corporation, company,
23 copartnership, association, joint-stock association, limited
24 partnership, person or persons, the taxes imposed by this
25 section shall be apportioned between the corporations,
26 companies, copartnerships, associations, joint-stock
27 associations, limited partnerships, person or persons in
28 accordance with the terms of their respective leases or
29 agreements, but for the payment of the said taxes the
30 Commonwealth shall first look to the corporation, company,

copartnership, association, joint-stock association, limited partnership, person or persons operating the mines, and upon payment by the said company, corporation, copartnership, association, joint-stock association, limited partnership, person or persons of a tax upon the receipts, as herein provided, derived from the operation thereof, no other corporation, company, copartnership, association, joint-stock association, limited partnership, person or persons shall be held liable under this section for any tax upon the proportion of said receipts received by said corporation, company, copartnership, association, joint-stock association, limited partnership, person or persons for the use of said mines.

Part II

Disposition of Tax

Section 1102-A. Coal Production Funds.--The State Treasurer upon receipt of the taxes paid to the Department of Revenue pursuant to the tax imposed by section 1101-A, shall credit such taxes to either of two special funds which are hereby created to be known as the "Surface Mine Coal Production Fund" and the "Deep Mine Coal Production Fund." The State Treasurer shall allocate the taxes received between the two funds on the basis of whether the taxes received were imposed on surface mined coal or deep mined coal. Such funds shall be held by the State Treasurer separate and apart from all other moneys in the State Treasury and shall be distributed in accordance with the provisions of sections 1103-A and 1104-A.

Section 1103-A. Distribution of Surface Mine Coal Production Fund.--(a) The State Treasurer shall transfer twenty per cent of the moneys in the "Surface Mine Coal Production Fund" on a quarterly basis to the "Land and Water Development Fund" to be

1 used in accordance with the provisions of the act of January 19,
2 1968 (P.L.996, No.443), known as "The Land and Water
3 Conservation and Reclamation Act."

4 (b) The State Treasurer shall transfer forty per cent of the
5 moneys in the fund on a quarterly basis to the State Workmen's
6 Insurance Fund to be used for any increased fixed minimum
7 benefits that shall be hereafter provided.

8 (c) The State Treasurer shall distribute twenty per cent of
9 the moneys in the fund on a quarterly basis to certain
10 municipalities pursuant to the provisions of this subsection.
11 Every municipality in which coal has been surface mined and
12 produced for sale, profit or commercial use and taxed pursuant
13 to section 1101-A in the previous quarter shall be entitled to
14 moneys from the fund according to the following formula. The
15 amount any qualified municipality shall be entitled to receive
16 shall be determined by dividing the total amount of moneys in
17 the fund available under this subsection by the total number of
18 tons of coal surface mined in the Commonwealth during the
19 preceding quarter, and multiplying the quotient thus obtained by
20 the number of tons of coal removed from the ground by surface
21 mining in such municipality during the preceding quarter. The
22 moneys distributed to municipalities under this subsection and
23 subsection (d) shall be used for such public purposes as the
24 governing bodies of the municipalities shall determine to be in
25 the best interest of the people of such municipality.

26 (d) The State Treasurer shall distribute twenty per cent of
27 the moneys in the fund on a quarterly basis pursuant to the
28 provisions of this subsection. An amount equal to the amount
29 distributed to each municipality in subsection (c) shall be
30 divided equally and distributed to each municipality that abuts

1 any municipality receiving funds under subsection (c).

2 (e) As used in this section and section 1104-A,

3 "municipality" shall mean any city, borough, town or township.

4 Section 1104-A. Distribution of Deep Mine Coal Production

5 Fund.--(a) The State Treasurer shall transfer twenty per cent of

6 the moneys in the "Deep Mine Coal Production Fund" on a

7 quarterly basis to the "Land and Water Development Fund" to be

8 used in accordance with the provisions of the act of January 19,

9 1968 (P.L.996, No.443), known as "The Land and Water

10 Conservation and Reclamation Act."

11 (b) The State Treasurer shall transfer forty per cent of the

12 moneys in the fund on a quarterly basis to the State Workmen's

13 Insurance Fund to be used for any increased fixed minimum

14 benefits that shall be hereafter provided.

15 (c) The State Treasurer shall transfer forty per cent of the

16 moneys in the fund in accordance with the provisions of this

17 subsection. Every county in which coal has been deep mined and

18 produced for sale, profit or commercial use and taxed pursuant

19 to section 1101-A in the previous quarter shall be entitled to

20 moneys from the fund according to the following formula. The

21 amount any qualified county shall be entitled to receive shall

22 be determined by dividing the total amount of moneys in the fund

23 available under this subsection by the total number of tons of

24 coal deep mined in the Commonwealth during the preceding

25 quarter, and multiplying the quotient thus obtained by the

26 number of tons of coal removed from the ground by deep mining in

27 such county during the preceding quarter. The moneys distributed

28 to any county under this subsection shall be administered by a

29 board comprised of the chairman of the board of county

30 commissioners and one representative of each coal producing

1 municipality within the county. The board shall have the power
2 and its duty shall be to expend the moneys transferred to it by
3 the State Treasurer for economic and industrial development
4 within the county. A majority vote of the board shall be
5 required for any action.

6 Part III

7 Procedure; Enforcement; Penalties

8 Section 1105-A. Procedure; Enforcement; Penalties.--Parts
9 III, IV, VI and VII of Article IV are incorporated by reference
10 into this article in so far as they are consistent with this
11 article and applicable to the tax imposed hereunder.

12 Section 2. This act shall take effect January 1, 1976.