

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 422

Session of  
1985

INTRODUCED BY GREENWOOD, GALLAGHER, McVERRY, HALUSKA, GODSHALL,  
MILLER, BELFANTI, BUNT, TELEK, DORR, BARLEY, WILSON, HERSHEY,  
J. L. WRIGHT, FLICK, NOYE, E. Z. TAYLOR, MAIALE, HOWLETT,  
SIRIANNI, SHOWERS, MICOZZIE, OLASZ, COY, DEAL, VROON,  
DISTLER, MERRY, RYBAK, TRELLO, MORRIS, CIVERA AND PETRARCA,  
FEBRUARY 26, 1985

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 26, 1985

AN ACT

1 Amending the act of June 17, 1913 (P.L.507, No.335), entitled  
2 "An act to provide revenue for State and county purposes,  
3 and, in cities coextensive with counties, for city and county  
4 purposes; imposing taxes upon certain classes of personal  
5 property; providing for the assessment and collection of the  
6 same; providing for the duties and compensation of  
7 prothonotaries and recorders in connection therewith; and  
8 modifying existing legislation which provided for raising  
9 revenue for State purposes," further providing for exemptions  
10 from the tax.

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

13 Section 1. Section 1 of the act of June 17, 1913 (P.L.507,  
14 No.335), referred to as the Intangible Personal Property Tax  
15 Law, amended July 25, 1963 (P.L.294, No.157), is amended to  
16 read:

17 Section 1. Be it enacted, &c., That all personal property of  
18 the classes hereinafter enumerated, owned, held or possessed by  
19 any resident, which, as used in this section, shall mean any  
20 person, persons, copartnership, or unincorporated association or

1 company, resident, located, or liable to taxation within this  
2 Commonwealth, or by any joint-stock company or association,  
3 limited partnership, bank or corporation whatsoever, formed,  
4 erected or incorporated by, under, or in pursuance of any law of  
5 this Commonwealth or of the United States, or of any other state  
6 or government, and liable to taxation within this Commonwealth,  
7 whether such personal property be owned, held, or possessed by  
8 such resident in his, her, their, or its own right, or as active  
9 trustee, agent, attorney-in-fact, or in any other capacity, or  
10 by any resident as trustee, agent or attorney-in-fact, jointly  
11 with one or more trustees, agents or attorney-in-fact, domiciled  
12 in another state, where such personal property is held and  
13 managed in this Commonwealth, except as executor or  
14 administrator of the estate of a non-resident decedent, and  
15 except as trustee for a resident or non-resident religious,  
16 charitable or educational organization, no part of the net  
17 earnings of which inures to the benefit of any private  
18 stockholder or individual for the use, benefit, or advantage of  
19 any other person, copartnership, unincorporated association,  
20 company, joint-stock company or association, limited  
21 partnership, bank or corporation, and the equitable interest in  
22 any such personal property of the classes hereinafter  
23 enumerated, owned, held or possessed by any resident, where the  
24 legal title to such personal property is vested in a trustee,  
25 agent, or attorney-in-fact, domiciled in another state, or where  
26 the legal title to such personal property is vested in more than  
27 one trustee, agent or attorney-in-fact, one or more of whom are  
28 domiciled in another state, and one or more of whom are  
29 domiciled within this Commonwealth, and such personal property  
30 is held and managed in another state, and where such resident is

1 entitled to receive all or any part of the income therefrom--is  
2 hereby made taxable annually for county purposes, and, in cities  
3 coextensive with counties, for city and county purposes, at the  
4 rate of four mills of each dollar of the value thereof, and no  
5 failure to assess or return the same shall discharge such owner  
6 or holder thereof, from liability therefor, that is to say,--

7 All mortgages; all moneys owing by solvent debtors, whether  
8 by promissory note, or penal or single bill, bond, or judgment;  
9 all articles of agreement and accounts bearing interest; all  
10 public loans whatsoever, except those issued by this  
11 Commonwealth or the United States, and except the public loans  
12 and obligations of any county, city, borough, town, township,  
13 school district, and incorporated district of this Commonwealth,  
14 and except the bonds and obligations of bodies corporate and  
15 politic of this Commonwealth, known as municipal authorities;  
16 all loans issued by any corporation, association, company, or  
17 limited partnership, created or formed under the laws of this  
18 Commonwealth or of the United States, or of any other state or  
19 government, including car-trust securities and loans secured by  
20 bonds or any other form of certificate or evidence of  
21 indebtedness, whether the interest be included in the principal  
22 of the obligation or payable by the terms thereof, except such  
23 loans as are made taxable for State purposes by section  
24 seventeen of the act, approved the twenty-second day of June,  
25 one thousand nine hundred thirty-five (Pamphlet Laws 414), as  
26 reenacted and amended; all shares of stock in any bank,  
27 corporation, association, company, or limited partnership,  
28 created or formed under the laws of this Commonwealth or of the  
29 United States, or of any other state or government, except  
30 shares of stock in any bank, bank and trust company, national

1 banking association, savings institution, corporation, or  
2 limited partnership liable to a tax on its shares or a gross  
3 premiums tax, or liable to or relieved from the capital stock or  
4 franchise tax for State purposes under the laws of this  
5 Commonwealth; and all moneys loaned or invested in other states,  
6 territories, the District of Columbia, or foreign countries; all  
7 other moneyed capital owing to individual citizens of the State:  
8 Provided, That this section shall not apply to bank notes, or  
9 notes discounted or negotiated by any bank or banking  
10 institution, savings institution, or trust company, nor to  
11 loans, shares of stock, or other securities, held by bankers or  
12 brokers solely for trading purposes; nor to accounts or debit  
13 balances owing by customers of bankers or brokers in the usual  
14 courses of business; nor to interest bearing accounts in any  
15 bank or banking institution, savings institution, employees'  
16 thrift or savings association, whether operated by employees or  
17 the employer, or trust company; nor to personal property held in  
18 the commercial department and owned in its own right by a  
19 banking institution, savings institution, or trust company, in  
20 liquidation by a receiver, trustee, or other fiduciary, nor to  
21 personal property formerly held by a banking institution in its  
22 own right, but assigned by it to one or more trustees for  
23 liquidation and payment to the creditors and stockholders of  
24 such banking institutions, it being the intent and purpose of  
25 this proviso that no tax be assessed or collected for the years  
26 one thousand nine hundred and thirty-five, one thousand nine  
27 hundred and thirty-six, one thousand nine hundred and thirty-  
28 seven, one thousand nine hundred and thirty-eight, one thousand  
29 nine hundred and thirty-nine, one thousand nine hundred and  
30 forty, and thereafter upon the personal property enumerated

1 herein, nor shall this act apply to the proceeds of any life  
2 insurance policy held in whole or in part by the insurer, nor  
3 the principal value of annuities nor to any personal property  
4 held in any trust, forming part of a stock, bonus, pension or  
5 profit sharing plan of an employer for the exclusive benefit of  
6 his employees, or their beneficiaries, which trust under the  
7 latest ruling of the Commissioner of Internal Revenue is  
8 exempted from Federal income tax, nor to any personal property  
9 held under the provisions of a plan established by or for an  
10 individual or individuals for retirement purposes if such plan  
11 meets the requirements for exemption from Federal income tax of  
12 income earned on investments held under its provisions; nor to  
13 any mortgages wherein the relationship between the mortgagor and  
14 the mortgagee is that of parent or spouse of a parent and child  
15 or spouse of a child, husband and wife, or grandparents or  
16 spouse of a grandparent and grandchild or spouse of a  
17 grandchild: And provided further, That the provisions of this  
18 act shall not apply to building and loan associations, or to  
19 shares of stock issued by building and loan associations, or to  
20 savings institutions having no capital stock; and, if at any  
21 time, either now or hereafter, any persons, individuals, or  
22 bodies corporate have agreed or shall hereafter agree to issue  
23 his, their, or its securities, bonds or other evidences of  
24 indebtedness, clear of and free from the said four mills tax  
25 herein provided for, or any part thereof, or have agreed or  
26 shall hereafter agree to pay the same, nothing herein contained  
27 shall be so construed as to relieve or exempt him, it, or them  
28 from paying the said four mills tax on any of the said such  
29 securities, bonds, or other evidences of indebtedness, as may be  
30 held, owned by, or owing to the said savings institution having

1 no capital stock: And provided further, That the provisions of  
2 this act shall not apply to fire companies, firemen's relief  
3 associations, life, casualty or fire insurance corporations  
4 having no capital stock, secret and beneficial societies, labor  
5 unions and labor union relief associations, and all beneficial  
6 organizations paying sick or death benefits, or either or both,  
7 from funds received from voluntary contributions or assessments  
8 upon members of such associations, societies, or unions: And  
9 provided further, That corporations, limited partnerships, and  
10 joint-stock associations, liable to tax on their shares or the  
11 aforesaid capital stock or franchise tax for State purposes,  
12 shall not be required to make any report or pay any further tax,  
13 under this section, on the mortgages, bonds, and other  
14 securities owned by them in their own right; but corporations,  
15 limited partnerships, and joint-stock associations, holding such  
16 securities as trustees, executors, administrators, guardians, or  
17 in any other manner, except as mere custodian for the real  
18 owner, and except as executor or administrator of the estate of  
19 a nonresident decedent, and except as trustee for a resident or  
20 nonresident religious, charitable or educational organization,  
21 no part of the net earnings of which inures to the benefit of  
22 any private stockholder or individual, shall return and pay the  
23 tax imposed by this section upon all securities so held by them  
24 as in the case of individuals: And provided further, That none  
25 of the classes of property made taxable by this section for  
26 county purposes, and, in cities coextensive with counties, for  
27 city and county purposes, shall be taxed or taxable for any  
28 other local purpose, under the laws of this Commonwealth: And  
29 provided further, That the provisions of this section shall not  
30 apply to personal property, of the class hereinabove enumerated,

1 received or acquired with proceeds of money or property received  
2 from any person or persons, copartnership, or unincorporated  
3 association or company, nonresident in or not located within  
4 this Commonwealth, or from any joint-stock company or  
5 association, limited partnership, bank or corporation formed,  
6 erected, or incorporated by, under or in pursuance of, any law  
7 of the United States, or of any state or government other than  
8 this Commonwealth, by any person or persons, copartnership,  
9 unincorporated association, company, joint-stock company or  
10 association, limited partnership, bank, or corporation as active  
11 trustee, agent, attorney-in-fact, or in any other capacity, for  
12 the use, benefit, or advantage of any person or persons,  
13 copartnership, or unincorporated association or company,  
14 nonresident in or not located within this Commonwealth, or for  
15 the use, benefit or advantage of any joint-stock company or  
16 association, limited partnership, bank or corporation formed,  
17 erected, or incorporated by, under, or in pursuance of any law  
18 of the United States, or of any state or government other than  
19 this Commonwealth; nor shall the provisions of this section  
20 apply to personal property held for the use, benefit or  
21 advantage of any resident who shall have in each of the ten  
22 preceding calendar years given or contributed all of his net  
23 income to any corporation organized or operated exclusively for  
24 religious, charitable, scientific, literary, or educational  
25 purposes.

26       The value of the equitable interest in any personal property  
27 made subject to tax by this section shall be measured by  
28 ascertaining the value of the personal property in which such  
29 resident has the sole equitable interest, or in case of divided  
30 equitable interests in the same personal property, then by

1   ascertaining such part of the value of the whole of such  
2   personal property as represents the equitable interest of such  
3   resident therein.

4       For the purposes of this act, the value of any taxable shares  
5   of stock issued by any regulated investment company as defined  
6   under the provisions of the Federal Internal Revenue Code of  
7   1948, shall be that part of the current value of such shares, to  
8   be determined by multiplying said current value by a fraction,  
9   the numerator of which shall be the total value of so much of  
10  the personal property owned by the regulated investment company  
11  as would be taxable by this act if owned by a resident of  
12  Pennsylvania and the denominator of which shall be the total  
13  value of all of the personal property owned by the regulated  
14  investment company.

15       Section 2.  This act applies to mortgages recorded on or  
16  after the effective date of this act.

17       Section 3.  This act shall take effect in 60 days.