

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2739 Session of  
1988

INTRODUCED BY VROON, TRELLO, FLICK, E. Z. TAYLOR, DORR, MERRY,  
PITTS, BIRMELIN, CLYMER, LEH, BARLEY AND HERSHEY, OCTOBER 4,  
1988

REFERRED TO COMMITTEE ON FINANCE, OCTOBER 4, 1988

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," reducing the utilities gross receipts tax.

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

13 Section 1. Section 1101(a) and (b) of the act of March 4,  
14 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971,  
15 amended July 13, 1987 (P.L.317, No.58), are amended to read:

16 Section 1101. Imposition of Tax.--(a) General Rule.--Every  
17 railroad company, pipeline company, conduit company, steamboat  
18 company, canal company, slack water navigation company,  
19 transportation company, and every other company, association,  
20 joint-stock association, or limited partnership, now or  
21 hereafter incorporated or organized by or under any law of this

1 Commonwealth, or now or hereafter organized or incorporated by  
2 any other state or by the United States or any foreign  
3 government, and doing business in this Commonwealth, and every  
4 copartnership, person or persons owning, operating or leasing to  
5 or from another corporation, company, association, joint-stock  
6 association, limited partnership, copartnership, person or  
7 persons, any railroad, pipeline, conduit, steamboat, canal,  
8 slack water navigation, or other device for the transportation  
9 of freight, passengers, baggage, or oil, except taxicabs, motor  
10 buses and motor omnibuses, and every limited partnership,  
11 association, joint-stock association, corporation or company  
12 engaged in, or hereafter engaged in, the transportation of  
13 freight or oil within this State, and every telephone company,  
14 telegraph company, express company, gas company, palace car  
15 company and sleeping car company, now or hereafter incorporated  
16 or organized by or under any law of this Commonwealth, or now or  
17 hereafter organized or incorporated by any other state or by the  
18 United States or any foreign government and doing business in  
19 this Commonwealth, and every limited partnership, association,  
20 joint-stock association, copartnership, person or persons,  
21 engaged in telephone, telegraph, express, gas, palace car or  
22 sleeping car business in this Commonwealth, shall pay to the  
23 State Treasurer, through the Department of Revenue, a tax of  
24 forty-four mills for the calendar year 1988, and at the rate of  
25 forty mills for the calendar year 1989 and each year thereafter,  
26 upon each dollar of the gross receipts of the corporation,  
27 company or association, limited partnership, joint-stock  
28 association, copartnership, person or persons, received from  
29 passengers, baggage, and freight transported wholly within this  
30 State, from telegraph or telephone messages transmitted wholly

1 within this State, from express, palace car or sleeping car  
2 business done wholly within this State, or from the sales of  
3 gas, except gross receipts derived from sales to any  
4 municipality owned or operated public utility and except gross  
5 receipts derived from the sales for resale, to persons,  
6 partnerships, associations, corporations or political  
7 subdivisions subject to the tax imposed by this act upon gross  
8 receipts derived from such resale and from the transportation of  
9 oil done wholly within this State. The gross receipts of gas  
10 companies shall include the gross receipts from the sale of  
11 artificial and natural gas, but shall not include gross receipts  
12 from the sale of liquefied petroleum gas.

13 (b) Electric Light, Waterpower and Hydro-electric  
14 Utilities.--Every electric light company, waterpower company and  
15 hydro-electric company now or hereafter incorporated or  
16 organized by or under any law of this Commonwealth, or now or  
17 hereafter organized or incorporated by any other state or by the  
18 United States or any foreign government and doing business in  
19 this Commonwealth, and every limited partnership, association,  
20 joint-stock association, copartnership, person or persons,  
21 engaged in electric light and power business, waterpower  
22 business and hydro-electric business in this Commonwealth, shall  
23 pay to the State Treasurer, through the Department of Revenue, a  
24 tax of forty-four mills for the calendar year 1988, and at the  
25 rate of forty mills for the calendar year 1989 and each year  
26 thereafter, upon each dollar of the gross receipts of the  
27 corporation, company or association, limited partnership, joint-  
28 stock association, copartnership, person or persons, received  
29 from:

30 (1) the sales of electric energy within this State, except

1 gross receipts derived from the sales for resale of electric  
2 energy to persons, partnerships, associations, corporations or  
3 political subdivisions subject to the tax imposed by this  
4 subsection upon gross receipts derived from such resale; and

5 (2) the sales of electric energy produced in Pennsylvania  
6 and made outside of Pennsylvania in a state that has taken  
7 action since December 21, 1977 which results in higher costs for  
8 electric energy produced in that state and sold in Pennsylvania  
9 unless the action that was taken after December 21, 1977 is  
10 rescinded according to the following apportionment formula:

11 except for gross receipts derived from sales under clause (1),  
12 the gross receipts from all sales of electricity of the producer  
13 shall be apportioned to the Commonwealth of Pennsylvania by the  
14 ratio of the producer's operating and maintenance expenses in  
15 Pennsylvania and depreciation attributable to property in  
16 Pennsylvania to the producer's total operating and maintenance  
17 expenses and depreciation.

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19 Section 2. This act shall take effect January 1, 1989.