

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1985 Session of  
1989

INTRODUCED BY TRELLO, VROON, MAYERNIK, GALLEN, BELFANTI,  
PETRONE, CORNELL, LaGROTTA, BUNT, VAN HORNE, REINARD,  
YANDRISEVITS, KENNEY, MARKOSEK, B. SMITH, RYBAK, FARGO,  
PESCI, DORR, HALUSKA, HECKLER, WOZNIAK, BOYES, MAIALE,  
PERZEL, MORRIS, FARMER, HOWLETT, KOSINSKI, LANGTRY,  
DONATUCCI, J. L. WRIGHT, ROBINSON, GEIST, PRESSMANN, SEMMEL,  
McCALL, ANGSTADT, STISH, D. F. CLARK, STABACK, BURD,  
GIGLIOTTI, DEMPSEY, CALTAGIRONE, STRITTMATTER, COLAIZZO,  
BIRMELIN, PRESTON, LASHINGER, JADLOWIEC, CLYMER, LEH,  
CHADWICK, MERRY, MICOZZIE, DIETTERICK, MARSICO, S. H. SMITH,  
G. SNYDER, STAIRS, JACKSON, NAILOR, SAURMAN, BARLEY, WOGAN,  
ALLEN, NAHILL, MOWERY, ADOLPH, GAMBLE, HESS, D. W. SNYDER,  
O'BRIEN, SERAFINI, GODSHALL, OLASZ AND TANGRETTI,  
OCTOBER 11, 1989

REFERRED TO COMMITTEE ON FINANCE, OCTOBER 11, 1989

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," further providing for the mutual thrift  
11 institution tax.

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

14 Section 1. Sections 1502(a) and 1506 of the act of March 4,  
15 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971,  
16 amended July 1, 1989 (P.L. , No.21), are amended to read:

1       Section 1502.   Imposition; Report and Payment of Tax;  
2   Exemptions.--(a)   Every institution shall annually, by April 15  
3   of each year beginning in the year 1984, make a report to the  
4   Department of Revenue, setting forth the entire amount of  
5   taxable net income received or accrued by said institution from  
6   all sources during the preceding year, and such other  
7   information as the department may require, and upon such taxable  
8   net income the said institution shall pay into the State  
9   Treasury, through the Department of Revenue, for the use of the  
10   Commonwealth, a State excise tax at the rate of eleven and one-  
11   half per cent for the calendar years 1983, 1984, 1985 and 1986  
12   and fiscal years beginning in 1983, 1984, 1985 and 1986, at the  
13   rate of twenty per cent for calendar years 1987[, 1988, 1989 and  
14   1990] and 1988 and fiscal years beginning in 1987 [1988, 1989  
15   and 1990 and] and 1988 at the rate of twelve and one-half per  
16   cent for calendar [year] years 1989 through 1991 and fiscal  
17   years beginning in 1989 through 1991 and at the rate of eleven  
18   and one-half per cent for calendar year 1992 and each calendar  
19   year thereafter and fiscal years beginning in 1992 and each  
20   fiscal year thereafter upon such annual taxable net income, for  
21   the privilege of doing business in the Commonwealth. Every  
22   institution shall be required to make payment of estimated tax  
23   pursuant to the provisions of sections 3003.2, 3003.3 and 3003.4  
24   of Article XXX for taxable years beginning after December 31,  
25   1991. For taxable years beginning before January 1, 1992, every  
26   institution shall be required to make payment of tentative tax  
27   pursuant to the provisions of Article XXX. The remaining portion  
28   of the tax due shall be paid at the time the report prescribed  
29   herein is required to be made.

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1       Section 1506. Measurement of Tax.--(a) The Department of  
2 Revenue shall ascertain the total amount of revenue, realized or  
3 unrealized, that was lost for all taxable years beginning before  
4 January 1, 1987, as a result of the decision of the Supreme  
5 Court of Pennsylvania in First Federal Savings and Loan  
6 Association of Philadelphia vs Commonwealth, 515 Pa. 369 (1987).  
7 In ascertaining this amount, the department shall consider any  
8 refunds, including interest paid, granted to institutions as  
9 well as any reductions in settled or resettled taxes or other  
10 reductions which arose or are supported by the First Federal  
11 decision. The department shall also ascertain the difference in  
12 the revenue produced by the tax imposed by this article for  
13 taxable years beginning in 1987[, 1988, 1989 and 1990] and 1988  
14 at the rate of twenty per cent and the revenue which would have  
15 been received if the tax rate was set at twelve and one-half per  
16 cent for such taxable years. After such information has been  
17 compiled and determined, the department shall reduce the rate of  
18 the tax imposed by this article for taxable years beginning in  
19 1987[, 1988, 1989 and 1990] and 1988 to the nearest one-tenth of  
20 a per cent in order that the revenue resulting from the rate of  
21 tax in excess of twelve and one-half per cent equals the  
22 foregone tax revenues due to the First Federal decision as  
23 ascertained pursuant to this section. If such adjustment is  
24 made, the department shall reduce and recalculate the tax of  
25 each institution for taxable years beginning in 1987[, 1988,  
26 1989 and 1990] and 1988 and shall notify each institution of its  
27 reduced tax liability. Each institution shall then be entitled  
28 to apply for a cash refund or credit in the manner provided by  
29 law, except that no interest shall accrue on the refund or  
30 credit granted pursuant to this subsection.

1       (b) The department shall also submit to the General Assembly  
2 the information required to be ascertained by subsection (a) of  
3 this section.

4       Section 2. This act shall apply retroactively to years  
5 beginning on or after January 1, 1989.

6       Section 3. This act shall take effect immediately.