

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 614 Session of 2001

INTRODUCED BY MANN, BROWNE, BOYES, TRELLO, CAPPELLI, HUTCHINSON, RUBLEY, SAINATO, SAYLOR, STEELMAN, TULLI, VANCE, C. WILLIAMS, BARRAR, CALTAGIRONE, L. I. COHEN, DALLY, FRANKEL, GEIST, GORDNER, HALUSKA, HORSEY, JOSEPHS, LEVDANSKY, MARKOSEK, McCALL, MELIO, S. MILLER, NICKOL, ORIE, RAYMOND, READSHAW, ROSS, SOLOBAY, STABACK, STEIL, STERN, WALKO, WANSACZ, WILT, WOJNAROSKI, YUDICHAK, R. MILLER, HARHART, SEMMEL, PALLONE AND SAMUELSON, FEBRUARY 8, 2001

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES, AS AMENDED, APRIL 3, 2001

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 appointment <—
11 APPORTIONMENT of business income for corporate net income tax <—
12 purposes.

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

15 Section 1. Section 401(3)2(a)(9) of the act of March 4, 1971
16 (P.L.6, No.2), known as the Tax Reform Code of 1971, amended May
17 12, 1999 (P.L.26, No.4), is amended to read:

18 Section 401. Definitions.--The following words, terms, and
19 phrases, when used in this article, shall have the meaning

1 ascribed to them in this section, except where the context  
2 clearly indicates a different meaning:

3 \* \* \*

4 (3) "Taxable income." \* \* \*

5 2. In case the entire business of any corporation, other  
6 than a corporation engaged in doing business as a regulated  
7 investment company as defined by the Internal Revenue Code of  
8 1954, as amended, is not transacted within this Commonwealth,  
9 the tax imposed by this article shall be based upon such portion  
10 of the taxable income of such corporation for the fiscal or  
11 calendar year, as defined in subclause 1 hereof, and may be  
12 determined as follows:

13 (a) Division of Income.

14 \* \* \*

15 (9) (A) Except as provided in subparagraph (B):

16 (i) For the tax years beginning after December 31, 2000, and  
17 before January 1, 2002, all business income shall be apportioned  
18 to this State by multiplying the income by a fraction, the  
19 numerator of which is the property factor multiplied by ten plus  
20 the payroll factor multiplied by ten plus [three times] the  
21 sales factor multiplied by eighty, and the denominator of which  
22 is [five.] one hundred.

23 (ii) For tax years beginning after December 31, 2001, all  
24 business income shall be apportioned to this State by  
25 multiplying the income by the sales factor.

26 (B) For purposes of apportionment of the capital stock -  
27 franchise tax as provided in section 602 of Article VI of this  
28 act, the apportionment fraction shall be the property factor  
29 plus the payroll factor plus the sales factor as the numerator,  
30 and the denominator shall be three.

1 \* \* \*

2 Section 2. This act shall apply to taxable years beginning  
3 after December 31, 2000.

4 Section 3. This act shall take effect immediately.