

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 857 Session of
2001

INTRODUCED BY CLYMER, ADOLPH, ALLEN, BUNT, CALTAGIRONE, CAWLEY,
CLARK, L. I. COHEN, COLAFELLA, COY, DeLUCA, FEESE, FORCIER,
GABIG, JADLOWIEC, LAUGHLIN, LEH, McNAUGHTON, S. MILLER,
B. SMITH, STABACK, T. STEVENSON, E. Z. TAYLOR, TRELLO, TULLI,
WATSON, C. WILLIAMS, YOUNGBLOOD AND ZIMMERMAN, MARCH 7, 2001

REFERRED TO COMMITTEE ON FINANCE, MARCH 7, 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," repealing certain provisions imposing sales and
11 use tax on secretarial or editing services.

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

14 Section 1. Section 201(k), (o) and (y) of the act of March
15 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971,
16 amended or added August 4, 1991 (P.L.97, No.22), May 7, 1997
17 (P.L.85, No.7) and April 23, 1998 (P.L.239, No.45), are amended
18 to read:

19 Section 201. Definitions.--The following words, terms and
20 phrases when used in this Article II shall have the meaning
21 ascribed to them in this section, except where the context

1 clearly indicates a different meaning:

2 * * *

3 (k) "Sale at retail."

4 (1) Any transfer, for a consideration, of the ownership,
5 custody or possession of tangible personal property, including
6 the grant of a license to use or consume whether such transfer
7 be absolute or conditional and by whatsoever means the same
8 shall have been effected.

9 (2) The rendition of the service of printing or imprinting
10 of tangible personal property for a consideration for persons
11 who furnish, either directly or indirectly the materials used in
12 the printing or imprinting.

13 (3) The rendition for a consideration of the service of--

14 (i) Washing, cleaning, waxing, polishing or lubricating of
15 motor vehicles of another, whether or not any tangible personal
16 property is transferred in conjunction therewith; and

17 (ii) Inspecting motor vehicles pursuant to the mandatory
18 requirements of "The Vehicle Code."

19 (4) The rendition for a consideration of the service of
20 repairing, altering, mending, pressing, fitting, dyeing,
21 laundering, drycleaning or cleaning tangible personal property
22 other than wearing apparel or shoes, or applying or installing
23 tangible personal property as a repair or replacement part of
24 other tangible personal property except wearing apparel or shoes
25 for a consideration, whether or not the services are performed
26 directly or by any means other than by coin-operated self-
27 service laundry equipment for wearing apparel or household goods
28 and whether or not any tangible personal property is transferred
29 in conjunction therewith, except such services as are rendered
30 in the construction, reconstruction, remodeling, repair or

1 maintenance of real estate: Provided, however, That this
2 subclause shall not be deemed to impose tax upon such services
3 in the preparation for sale of new items which are excluded from
4 the tax under clause (26) of section 204, or upon diaper
5 service.

6 (8) Any retention of possession, custody or a license to use
7 or consume tangible personal property or any further obtaining
8 of services described in subclauses (2), (3) and (4) of this
9 clause pursuant to a rental or service contract or other
10 arrangement (other than as security).

11 The term "sale at retail" shall not include (i) any such
12 transfer of tangible personal property or rendition of services
13 for the purpose of resale, or (ii) such rendition of services or
14 the transfer of tangible personal property including, but not
15 limited to, machinery and equipment and parts therefor and
16 supplies to be used or consumed by the purchaser directly in the
17 operations of--

18 (A) The manufacture of tangible personal property.

19 (B) Farming, dairying, agriculture, horticulture or
20 floriculture when engaged in as a business enterprise. The term
21 "farming" shall include the propagation and raising of ranch
22 raised fur-bearing animals and the propagation of game birds for
23 commercial purposes by holders of propagation permits issued
24 under 34 Pa.C.S. (relating to game) and the propagation and
25 raising of horses to be used exclusively for commercial racing
26 activities.

27 (C) The producing, delivering or rendering of a public
28 utility service, or in constructing, reconstructing, remodeling,
29 repairing or maintaining the facilities which are directly used
30 in producing, delivering or rendering such service.

1 (D) Processing as defined in clause (d) of this section.

2 The exclusions provided in paragraphs (A), (B), (C) and (D)
3 shall not apply to any vehicle required to be registered under
4 The Vehicle Code, except those vehicles used directly by a
5 public utility engaged in business as a common carrier; to
6 maintenance facilities; or to materials, supplies or equipment
7 to be used or consumed in the construction, reconstruction,
8 remodeling, repair or maintenance of real estate other than
9 directly used machinery, equipment, parts or foundations
10 therefor that may be affixed to such real estate.

11 The exclusions provided in paragraphs (A), (B), (C) and (D)
12 shall not apply to tangible personal property or services to be
13 used or consumed in managerial sales or other nonoperational
14 activities, nor to the purchase or use of tangible personal
15 property or services by any person other than the person
16 directly using the same in the operations described in
17 paragraphs (A), (B), (C) and (D) herein.

18 The exclusion provided in paragraph (C) shall not apply to
19 (i) construction materials, supplies or equipment used to
20 construct, reconstruct, remodel, repair or maintain facilities
21 not used directly by the purchaser in the production, delivering
22 or rendition of public utility service, (ii) construction
23 materials, supplies or equipment used to construct, reconstruct,
24 remodel, repair or maintain a building, road or similar
25 structure, or (iii) tools and equipment used but not installed
26 in the maintenance of facilities used directly in the
27 production, delivering or rendition of a public utility service.

28 The exclusions provided in paragraphs (A), (B), (C) and (D)
29 shall not apply to the services enumerated in clauses (k)(11)
30 through (18) and (w) through (kk), except that the exclusion

1 provided in this subclause for farming, dairying and agriculture
2 shall apply to the service enumerated in clause (z).

3 (9) Where tangible personal property or services are
4 utilized for purposes constituting a "sale at retail" and for
5 purposes excluded from the definition of "sale at retail," it
6 shall be presumed that such tangible personal property or
7 services are utilized for purposes constituting a "sale at
8 retail" and subject to tax unless the user thereof proves to the
9 department that the predominant purposes for which such tangible
10 personal property or services are utilized do not constitute a
11 "sale at retail."

12 (10) The term "sale at retail" with respect to "liquor" and
13 "malt or brewed beverages" shall include the sale of "liquor" by
14 any "Pennsylvania liquor store" to any person for any purpose,
15 and the sale of "malt or brewed beverages" by a "manufacturer of
16 malt or brewed beverages," "distributor" or "importing
17 distributor" to any person for any purpose, except sales by a
18 "manufacturer of malt or brewed beverages" to a "distributor" or
19 "importing distributor" or sales by an "importing distributor"
20 to a "distributor" within the meaning of the "Liquor Code." The
21 term "sale at retail" shall not include any sale of "malt or
22 brewed beverages" by a "retail dispenser" or any sale of
23 "liquor" or "malt or brewed beverages" by a person holding a
24 "retail liquor license" within the meaning of and pursuant to
25 the provisions of the "Liquor Code," but shall include any sale
26 of "liquor" or "malt or brewed beverages" other than pursuant to
27 the provisions of the "Liquor Code."

28 (11) The rendition for a consideration of lobbying services.

29 (12) The rendition for a consideration of adjustment
30 services, collection services or credit reporting services.

1 [(13) The rendition for a consideration of secretarial or
2 editing services.]

3 (14) The rendition for a consideration of disinfecting or
4 pest control services, building maintenance or cleaning
5 services.

6 (15) The rendition for a consideration of employment agency
7 services or help supply services.

8 (17) The rendition for a consideration of lawn care service.

9 (18) The rendition for a consideration of self-storage
10 service.

11 * * *

12 (o) "Use."

13 (1) The exercise of any right or power incidental to the
14 ownership, custody or possession of tangible personal property
15 and shall include, but not be limited to transportation, storage
16 or consumption.

17 (2) The obtaining by a purchaser of the service of printing
18 or imprinting of tangible personal property when such purchaser
19 furnishes, either directly or indirectly, the articles used in
20 the printing or imprinting.

21 (3) The obtaining by a purchaser of the services of (i)
22 washing, cleaning, waxing, polishing or lubricating of motor
23 vehicles whether or not any tangible personal property is
24 transferred to the purchaser in conjunction with such services,
25 and (ii) inspecting motor vehicles pursuant to the mandatory
26 requirements of "The Vehicle Code."

27 (4) The obtaining by a purchaser of the service of
28 repairing, altering, mending, pressing, fitting, dyeing,
29 laundering, drycleaning or cleaning tangible personal property
30 other than wearing apparel or shoes or applying or installing

1 tangible personal property as a repair or replacement part of
2 other tangible personal property other than wearing apparel or
3 shoes, whether or not the services are performed directly or by
4 any means other than by means of coin-operated self-service
5 laundry equipment for wearing apparel or household goods, and
6 whether or not any tangible personal property is transferred to
7 the purchaser in conjunction therewith, except such services as
8 are obtained in the construction, reconstruction, remodeling,
9 repair or maintenance of real estate: Provided, however, That
10 this subclause shall not be deemed to impose tax upon such
11 services in the preparation for sale of new items which are
12 excluded from the tax under clause (26) of section 204, or upon
13 diaper service: And provided further, That the term "use" shall
14 not include--

15 (A) Any tangible personal property acquired and kept,
16 retained or over which power is exercised within this
17 Commonwealth on which the taxing of the storage, use or other
18 consumption thereof is expressly prohibited by the Constitution
19 of the United States or which is excluded from tax under other
20 provisions of this article.

21 (B) The use or consumption of tangible personal property,
22 including but not limited to machinery and equipment and parts
23 therefor, and supplies or the obtaining of the services
24 described in subclauses (2), (3) and (4) of this clause directly
25 in the operations of--

26 (i) The manufacture of tangible personal property.

27 (ii) Farming, dairying, agriculture, horticulture or
28 floriculture when engaged in as a business enterprise. The term
29 "farming" shall include the propagation and raising of ranch-
30 raised furbearing animals and the propagation of game birds for

1 commercial purposes by holders of propagation permits issued
2 under 34 Pa.C.S. (relating to game) and the propagation and
3 raising of horses to be used exclusively for commercial racing
4 activities.

5 (iii) The producing, delivering or rendering of a public
6 utility service, or in constructing, reconstructing, remodeling,
7 repairing or maintaining the facilities which are directly used
8 in producing, delivering or rendering such service.

9 (iv) Processing as defined in subclause (d) of this section.

10 The exclusions provided in subparagraphs (i), (ii), (iii) and
11 (iv) shall not apply to any vehicle required to be registered
12 under The Vehicle Code except those vehicles directly used by a
13 public utility engaged in the business as a common carrier; to
14 maintenance facilities; or to materials, supplies or equipment
15 to be used or consumed in the construction, reconstruction,
16 remodeling, repair or maintenance of real estate other than
17 directly used machinery, equipment, parts or foundations
18 therefor that may be affixed to such real estate. The exclusions
19 provided in subparagraphs (i), (ii), (iii) and (iv) shall not
20 apply to tangible personal property or services to be used or
21 consumed in managerial sales or other nonoperational activities,
22 nor to the purchase or use of tangible personal property or
23 services by any person other than the person directly using the
24 same in the operations described in subparagraphs (i), (ii),
25 (iii) and (iv).

26 The exclusion provided in subparagraph (iii) shall not apply
27 to (A) construction materials, supplies or equipment used to
28 construct, reconstruct, remodel, repair or maintain facilities
29 not used directly by the purchaser in the production, delivering
30 or rendition of public utility service or (B) tools and

1 equipment used but not installed in the maintenance of
2 facilities used directly in the production, delivering or
3 rendition of a public utility service.

4 The exclusion provided in subparagraphs (i), (ii), (iii) and
5 (iv) shall not apply to the services enumerated in clauses
6 (o)(9) through (16) and (w) through (kk), except that the
7 exclusion provided in subparagraph (ii) for farming, dairying
8 and agriculture shall apply to the service enumerated in clause
9 (z).

10 (5) Where tangible personal property or services are
11 utilized for purposes constituting a "use," as herein defined,
12 and for purposes excluded from the definition of "use," it shall
13 be presumed that such property or services are utilized for
14 purposes constituting a "sale at retail" and subject to tax
15 unless the user thereof proves to the department that the
16 predominant purposes for which such property or services are
17 utilized do not constitute a "sale at retail."

18 (6) The term "use" with respect to "liquor" and "malt or
19 brewed beverages" shall include the purchase of "liquor" from
20 any "Pennsylvania liquor store" by any person for any purpose
21 and the purchase of "malt or brewed beverages" from a
22 "manufacturer of malt or brewed beverages," "distributor" or
23 "importing distributor" by any person for any purpose, except
24 purchases from a "manufacturer of malt or brewed beverages" by a
25 "distributor" or "importing distributor," or purchases from an
26 "importing distributor" by a "distributor" within the meaning of
27 the "Liquor Code." The term "use" shall not include any purchase
28 of "malt or brewed beverages" from a "retail dispenser" or any
29 purchase of "liquor" or "malt or brewed beverages" from a person
30 holding a "retail liquor license" within the meaning of and

1 pursuant to the provisions of the "Liquor Code," but shall
2 include the exercise of any right or power incidental to the
3 ownership, custody or possession of "liquor" or "malt or brewed
4 beverages" obtained by the person exercising such right or power
5 in any manner other than pursuant to the provisions of the
6 "Liquor Code."

7 (7) The use of tangible personal property purchased at
8 retail upon which the services described in subclauses (2), (3)
9 and (4) of this clause have been performed shall be deemed to be
10 a use of said services by the person using said property.

11 (8) The term "use" shall not include the providing of a
12 motor vehicle to a nonprofit private or public school to be used
13 by such a school for the sole purpose of driver education.

14 (9) The obtaining by the purchaser of lobbying services.

15 (10) The obtaining by the purchaser of adjustment services,
16 collection services or credit reporting services.

17 [(11) The obtaining by the purchaser of secretarial or
18 editing services.]

19 (12) The obtaining by the purchaser of disinfecting or pest
20 control services, building maintenance or cleaning services.

21 (13) The obtaining by the purchaser of employment agency
22 services or help supply services.

23 (15) The obtaining by the purchaser of lawn care service.

24 (16) The obtaining by the purchaser of self-storage service.

25 (17) The obtaining by a construction contractor of tangible
26 personal property or services provided to tangible personal
27 property which will be used pursuant to a construction contract
28 whether or not the tangible personal property or services are
29 transferred.

30 * * *

1 [(y) "Secretarial or editing services." Providing services
2 which include, but are not limited to, editing, letter writing,
3 proofreading, resume writing, typing or word processing. Such
4 services shall not include court reporting and stenographic
5 services.]

6 * * *

7 Section 2. The amendment of section 201(k), (o) and (y) of
8 the act shall be retroactive to October 1, 1991.

9 Section 3. This act shall take effect immediately.