

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 403 Session of
2007

INTRODUCED BY KASUNIC, LAVALLE, O'PAKE, COSTA, TARTAGLIONE,
STOUT, RAFFERTY, FONTANA, KITCHEN, WASHINGTON, STACK, LOGAN
AND WOZNIAK, MARCH 13, 2007

REFERRED TO FINANCE, MARCH 13, 2007

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," establishing a graduated payment scale for
11 certain taxpayers liable for corporate net income tax
12 payments.

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

15 Section 1. Section 402 of the act of March 4, 1971 (P.L.6,
16 No.2), known as the Tax Reform Code of 1971, amended June 29,
17 2002 (P.L.559, No.89), is amended to read:

18 Section 402. Imposition of Tax.--(a) [A] Subject to the
19 provisions of section 402.3, a corporation shall be subject to
20 and shall pay an excise tax for exercising, whether in its own
21 name or through any person, association, business trust,
22 corporation, joint venture, limited liability company, limited

1 partnership, partnership or other entity, any of the following
2 privileges:

3 (1) Doing business in this Commonwealth.

4 (2) Carrying on activities in this Commonwealth, including
5 solicitation which is not protected activity under the act of
6 September 14, 1959 (Public Law 86-272, 15 U.S.C. § 381 et seq.).

7 (3) Having capital or property employed or used in this
8 Commonwealth.

9 (4) Owning property in this Commonwealth.

10 (b) The annual rate of tax on corporate net income imposed
11 by subsection (a) for taxable years beginning for the calendar
12 year or fiscal year on or after the dates set forth shall be as
13 follows:

14	Taxable Year	Tax Rate
15	January 1, 1995, and	
16	each taxable	
17	year thereafter	9.99%

18 (c) An entity subject to taxation under Article VII, VIII,
19 IX or XV shall not be subject to the tax imposed by this
20 article.

21 Section 2. The act is amended by adding a section to read:

22 Section 402.3. Reduced Tax Liability for Corporate Net
23 Income Tax.--(a) Each corporation which is liable for payment
24 of the tax imposed under section 402 and which meets the
25 requirements of subsection (b) shall have its tax liability
26 under section 402 adjusted as follows:

27 (1) For the first qualified tax year, the tax liability
28 shall be equal to twenty per cent of the total tax liability
29 under section 402.

30 (2) For the second qualified tax year, the tax liability

1 shall be equal to forty per cent of the total tax liability
2 under section 402.

3 (3) For the third qualified tax year, the tax liability
4 shall be equal to sixty per cent of the total tax liability
5 under section 402.

6 (4) For the fourth qualified tax year, the tax liability
7 shall be equal to eighty per cent of the total tax liability
8 under section 402.

9 (5) For the fifth qualified tax year and each tax year
10 thereafter, the tax liability shall be equal to one hundred per
11 cent of the total tax liability under section 402.

12 (b) A corporation to be eligible for the tax liability
13 adjustments under subsection (a) shall meet all of the following
14 criteria:

15 (1) The corporation is:

16 (i) initiating a new business within this Commonwealth;

17 (ii) relocating an existing business from outside of this
18 Commonwealth into this Commonwealth; or

19 (iii) expanding an existing operation within this
20 Commonwealth.

21 The corporate action under this clause shall not include any
22 activity resulting from mergers, acquisitions, buyouts,
23 consolidations, reorganizations or the takeover, purchase or
24 other similar transfer of ownership of any existing business
25 located within this Commonwealth.

26 (2) The corporate activity under clause (1) creates at least
27 fifty new full-time employment positions which are filled within
28 the first taxable year and these new positions are maintained
29 and filled for at least five consecutive tax years.

30 Section 3. This act shall take effect July 1, 2008, or

1 immediately, whichever is later.