

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1418 Session of  
2008

INTRODUCED BY ROBBINS, SCARNATI, ORIE, BOSCOLA, BRUBAKER, COSTA,  
ERICKSON, FOLMER, PIPPY, PUNT, RAFFERTY, REGOLA, TOMLINSON,  
D. WHITE, WONDERLING AND RHOADES, MAY 21, 2008

REFERRED TO FINANCE, MAY 21, 2008

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 definition of "capital  
11 stock value."

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

14 Section 1. The definition of "capital stock value" in  
15 section 601(a) of the act of March 4, 1971 (P.L.6, No.2), known  
16 as the Tax Reform Code of 1971, amended July 6, 2006 (P.L.319,  
17 No.67), is amended to read:

18 Section 601. Definitions and Reports.--(a) The following  
19 words, terms and phrases when used in this Article VI shall have  
20 the meaning ascribed to them in this section, except where the  
21 context clearly indicates a different meaning:

22 \* \* \*

1 "Capital stock value." The amount computed pursuant to the  
2 following formula: the product of one-half times the sum of the  
3 average net income capitalized at the rate of nine and one-half  
4 per cent plus seventy-five per cent of net worth, from which  
5 product shall be subtracted [one hundred fifty thousand dollars  
6 (\$150,000)] two hundred fifty thousand dollars (\$250,000), the  
7 algebraic equivalent of which is

$$\begin{aligned} 8 & \quad \quad \quad (.5 \times (\text{average net income} / .095 + (.75) \\ 9 & \quad \quad \quad (\text{net worth}))) - [\$150,000] \quad \underline{\$250,000} \end{aligned}$$

10 \* \* \*

11 Section 2. This act shall apply to all tax years beginning  
12 after December 31, 2007.

13 Section 3. This act shall take effect immediately.