

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 710 Session of 2009

INTRODUCED BY TURZAI, ADOLPH, BAKER, BARRAR, BEAR, BENNINGHOFF, BEYER, BOYD, BROOKS, CAUSER, CIVERA, CLYMER, CREIGHTON, CUTLER, DALLY, DENLINGER, ELLIS, EVERETT, FAIRCHILD, FLECK, GABLER, GEIST, GEORGE, GIBBONS, GINGRICH, GODSHALL, GOODMAN, GRELL, GROVE, HARRIS, HENNESSEY, HESS, HORNAMAN, HUTCHINSON, KAUFFMAN, M. KELLER, KILLION, KORTZ, KOTIK, MAJOR, MARSHALL, MARSICO, METCALFE, MICOZZIE, MILLARD, MILLER, MILNE, MOUL, MURT, MUSTIO, OBERLANDER, O'NEILL, PAYNE, PERRY, PETRARCA, PETRI, PHILLIPS, PICKETT, PYLE, QUIGLEY, QUINN, RAPP, REED, REESE, REICHLEY, ROAE, ROHRER, ROSS, SAYLOR, SCAVELLO, SONNEY, STERN, STEVENSON, TALLMAN, R. TAYLOR, TRUE, VULAKOVICH, WATSON, WHEATLEY AND YUDICHAK, MARCH 4, 2009

REFERRED TO COMMITTEE ON FINANCE, MARCH 4, 2009

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, in corporate net income, for
11 the definition of "taxable income."

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

14 Section 1. Section 401(3)4(c) of the act of March 4, 1971
15 (P.L.6, No.2), known as the Tax Reform Code of 1971, amended
16 July 12, 2006 (P.L.1137, No.116), is amended to read:

17 Section 401. Definitions.--The following words, terms, and

phrases, when used in this article, shall have the meaning ascribed to them in this section, except where the context clearly indicates a different meaning:

* * *

(3) "Taxable income." * * *

4. * * *

(c) (1) The net loss deduction shall be the [lesser of:

(A) (I) For taxable years beginning before January 1, 2007, two million dollars (\$2,000,000);

(II) For taxable years beginning after December 31, 2006, the greater of twelve and one-half per cent of taxable income as determined under subclause 1 or, if applicable, subclause 2 or three million dollars (\$3,000,000); or

(B) The] amount of the net loss or losses which may be carried over to the taxable year or taxable income as determined under subclause 1 or, if applicable, subclause 2.

[(1.1) In no event shall the net loss deduction include more than five hundred thousand dollars (\$500,000), in the aggregate, of net losses from taxable years 1988 through 1994.]

(2) (A) A net loss for a taxable year may only be carried over pursuant to the following schedule:

Taxable Year	Carryover
1981	1 taxable year
1982	2 taxable years
1983-1987	3 taxable years
1988	2 taxable years plus
	1 taxable year
	starting with the
	1995 taxable year
1989	1 taxable year plus

1		2 taxable years
2		starting with the
3		1995 taxable year
4	1990-1993	3 taxable years
5		starting with the
6		1995 taxable year
7	1994	1 taxable year
8	1995-1997	10 taxable years
9	1998 and thereafter	20 taxable years

10 (B) The earliest net loss shall be carried over to the
 11 earliest taxable year to which it may be carried under this
 12 schedule. [The total net loss deduction allowed in any taxable
 13 year shall not exceed:

14 (I) Two million dollars (\$2,000,000) for taxable years
 15 beginning before January 1, 2007.

16 (II) The greater of twelve and one-half per cent of the
 17 taxable income as determined under subclause 1 or, if
 18 applicable, subclause 2 or three million dollars (\$3,000,000)
 19 for taxable years beginning after December 31, 2006.]

20 * * *

21 Section 2. The amendment of section 401(3)4(c) of the act
 22 shall apply to taxable years beginning after December 31, 2006.

23 Section 3. This act shall take effect immediately.