

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1430 Session of 2014

INTRODUCED BY BRUBAKER AND PILEGGI, JUNE 18, 2014

REFERRED TO FINANCE, JUNE 18, 2014

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," in corporate net income tax, further providing  
11 for definitions.

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

14 Section 1. Section 401(3)2(b) of the act of March 4, 1971  
15 (P.L.6, No.2), known as the Tax Reform Code of 1971, amended  
16 September 9, 1971 (P.L.437, No.105), is amended to read:

17 Section 401. Definitions.--The following words, terms, and  
18 phrases, when used in this article, shall have the meaning  
19 ascribed to them in this section, except where the context  
20 clearly indicates a different meaning:

21 \* \* \*

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

23 2. In case the entire business of any corporation, other

1 than a corporation engaged in doing business as a regulated  
2 investment company as defined by the Internal Revenue Code of  
3 1986, is not transacted within this Commonwealth, the tax  
4 imposed by this article shall be based upon such portion of the  
5 taxable income of such corporation for the fiscal or calendar  
6 year, as defined in subclause 1 hereof, and may be determined as  
7 follows:

8 \* \* \*

9 (b) Railroad, Truck, Bus [or], Airline or Qualified Air  
10 Freight Forwarding Companies.

11 (1) All business income of railroad, truck, bus [or],  
12 airline and qualified air freight forwarding companies shall be  
13 apportioned to this Commonwealth by multiplying the income by a  
14 fraction, the numerator of which is the taxpayer's total revenue  
15 miles within this Commonwealth during the tax period and the  
16 denominator of which is the total revenue miles of the taxpayer  
17 everywhere during the tax period. For purposes of this paragraph  
18 revenue mile shall mean the average receipts derived from the  
19 transportation by the taxpayer of persons or property one mile.  
20 Where revenue miles are derived from the transportation of both  
21 persons and property, the revenue mile fractions attributable to  
22 each such class of transportation shall be computed separately,  
23 and the average of the two fractions, weighted in accordance  
24 with the ratio of total receipts from each such class of  
25 transportation everywhere to total receipts from both such  
26 classes of transportation everywhere, shall be used in  
27 apportioning income to this Commonwealth.

28 (2) Nonbusiness income of railroad, truck, bus [or], airline  
29 and qualified air freight forwarding companies shall be  
30 allocated as provided in paragraphs (5) through (8) of phrase

1 (a) of subclause 2 of the definition of taxable income.

2 (3) As used in this phrase, "qualified air freight  
3 forwarding company" shall mean a company that:

4 (i) is engaged in the air freight forwarding business;

5 (ii) primarily uses an airline with which it has common  
6 ownership and control; and

7 (iii) will use the revenue miles of the airline under  
8 subparagraph (ii).

9 \* \* \*

10 Section 2. The amendment of section 401(3)2(b) of the act  
11 shall apply to taxable years beginning after December 31, 2013.

12 Section 3. This act shall take effect immediately.