

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 1593 Session of
1985

INTRODUCED BY TRELLO, WILSON, CAPPABIANCA, DORR, AFFLERBACH,
WOGAN, B. SMITH, VAN HORNE, HALUSKA, FARGO, PRESSMANN,
BELFANTI, JOHNSON, CARN, BATTISTO, POTT, CORNELL AND HOWLETT,
JUNE 28, 1985

REFERRED TO COMMITTEE ON FINANCE, JUNE 28, 1985

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 valuation of the
11 capital stock tax.

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 of the act of March 4, 1971 (P.L.6, No.2), known as
16 the Tax Reform Code of 1971, amended December 23, 1983 (P.L.360,
17 No.89), 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:

1 * * *

2 "Capital stock value." The amount computed pursuant to the
3 following formula: one-half times the sum of the average net
4 income capitalized at the rate of nine and one-half per cent
5 plus seventy-five per cent of net worth minus one hundred
6 thousand dollars (\$100,000), the algebraic equivalent of which
7 is

8 .5 X (average net income/.095 + (.75) (net worth)) - \$100,000

9 * * *

10 Section 2. This act shall apply to all taxable years
11 beginning on or after January 1, 1986.

12 Section 3. This act shall take effect in 60 days.