

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2267 Session of
1986

INTRODUCED BY HERMAN, GODSHALL, HALUSKA, FARGO, DORR, COY,
J. L. WRIGHT, DISTLER, MORRIS, JOHNSON, SIRIANNI, GREENWOOD,
FOX, PHILLIPS, NAHILL, CARLSON, BIRMELIN, AFFLERBACH,
MACKOWSKI, FLICK, HERSHEY, POTT, GEIST, WOGAN, BUSH, SEMMEL,
MERRY, BURD, G. M. SNYDER AND E. Z. TAYLOR, MARCH 19, 1986

REFERRED TO COMMITTEE ON FINANCE, MARCH 19, 1986

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(a) of the act of March 4, 1971 (P.L.6, No.2), known
16 as the Tax Reform Code of 1971, amended December 23, 1983
17 (P.L.360, 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 twenty-five
6 thousand dollars (\$25,000), the algebraic equivalent of which is
7 $.5 \times (\text{average net income} / .095 + (.75) (\text{net worth})) - \underline{\$25,000}$

8 * * *

9 Section 2. This act shall apply to all taxable years
10 commencing on or after January 1, 1987.

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