

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 664

Session of
1987

INTRODUCED BY REINARD, COY, ITKIN, ARTY, GEIST, MELIO, NOYE,
RAYMOND, FLICK, DISTLER, MERRY, FOX, MICOZZIE AND
E. Z. TAYLOR, MARCH 9, 1987

REFERRED TO COMMITTEE ON FINANCE, MARCH 9, 1987

AN ACT

1 Amending the act of June 17, 1913 (P.L.507, No.335), entitled
2 "An act to provide revenue for State and county purposes,
3 and, in cities coextensive with counties, for city and county
4 purposes; imposing taxes upon certain classes of personal
5 property; providing for the assessment and collection of the
6 same; providing for the duties and compensation of
7 prothonotaries and recorders in connection therewith; and
8 modifying existing legislation which provided for raising
9 revenue for State purposes," further providing for the tax.

10 The General Assembly of the Commonwealth of Pennsylvania
11 hereby enacts as follows:

12 Section 1. Section 1 of the act of June 17, 1913 (P.L.507,
13 No.335), referred to as the Intangible Personal Property Tax
14 Law, amended July 25, 1963 (P.L.294, No.157), is amended to
15 read:

16 Section 1. Be it enacted, &c., That all personal property of
17 the classes hereinafter enumerated, owned, held or possessed by
18 any resident, which, as used in this section, shall mean any
19 person, persons, copartnership, or unincorporated association or
20 company, resident, located, or liable to taxation within this
21 Commonwealth, or by any joint-stock company or association,

1 limited partnership, bank or corporation whatsoever, formed,
2 erected or incorporated by, under, or in pursuance of any law of
3 this Commonwealth or of the United States, or of any other state
4 or government, and liable to taxation within this Commonwealth,
5 whether such personal property be owned, held, or possessed by
6 such resident in his, her, their, or its own right, or as active
7 trustee, agent, attorney-in-fact, or in any other capacity, or
8 by any resident as trustee, agent or attorney-in-fact, jointly
9 with one or more trustees, agents or attorney-in-fact, domiciled
10 in another state, where such personal property is held and
11 managed in this Commonwealth, except as executor or
12 administrator of the estate of a non-resident decedent, and
13 except as trustee for a resident or non-resident religious,
14 charitable or educational organization, no part of the net
15 earnings of which inures to the benefit of any private
16 stockholder or individual for the use, benefit, or advantage of
17 any other person, copartnership, unincorporated association,
18 company, joint-stock company or association, limited
19 partnership, bank or corporation, and the equitable interest in
20 any such personal property of the classes hereinafter
21 enumerated, owned, held or possessed by any resident, where the
22 legal title to such personal property is vested in a trustee,
23 agent, or attorney-in-fact, domiciled in another state, or where
24 the legal title to such personal property is vested in more than
25 one trustee, agent or attorney-in-fact, one or more of whom are
26 domiciled in another state, and one or more of whom are
27 domiciled within this Commonwealth, and such personal property
28 is held and managed in another state, and where such resident is
29 entitled to receive all or any part of the income therefrom--is
30 hereby made taxable annually for county purposes, and, in cities

1 coextensive with counties, for city and county purposes, at the
2 rate of four mills of each dollar of the value thereof, and no
3 failure to assess or return the same shall discharge such owner
4 or holder thereof, from liability therefor, that is to say,--

5 All mortgages; all moneys owing by solvent debtors, whether
6 by promissory note, or penal or single bill, bond, or judgment;
7 all articles of agreement and accounts bearing interest; all
8 public loans whatsoever, except those issued by this
9 Commonwealth or the United States, and except the public loans
10 and obligations of any county, city, borough, town, township,
11 school district, and incorporated district of this Commonwealth,
12 and except the bonds and obligations of bodies corporate and
13 politic of this Commonwealth, known as municipal authorities;
14 all loans issued by any corporation, association, company, or
15 limited partnership, created or formed under the laws of this
16 Commonwealth or of the United States, or of any other state or
17 government, including car-trust securities and loans secured by
18 bonds or any other form of certificate or evidence of
19 indebtedness, whether the interest be included in the principal
20 of the obligation or payable by the terms thereof, except such
21 loans as are made taxable for State purposes by section
22 seventeen of the act, approved the twenty-second day of June,
23 one thousand nine hundred thirty-five (Pamphlet Laws 414), as
24 reenacted and amended; all shares of stock in any bank,
25 corporation, association, company, or limited partnership,
26 created or formed under the laws of this Commonwealth or of the
27 United States, or of any other state or government, except
28 shares of stock in any bank, bank and trust company, national
29 banking association, savings institution, corporation, or
30 limited partnership liable to a tax on its shares or a gross

1 premiums tax, or liable to or relieved from the capital stock or
2 franchise tax for State purposes under the laws of this
3 Commonwealth; and all moneys loaned or invested in other states,
4 territories, the District of Columbia, or foreign countries; all
5 other moneyed capital owing to individual citizens of the State:
6 Provided, That this section shall not apply to bank notes, or
7 notes discounted or negotiated by any bank or banking
8 institution, savings institution, or trust company, nor to
9 loans, shares of stock, or other securities, held by bankers or
10 brokers solely for trading purposes; nor to accounts or debit
11 balances owing by customers of bankers or brokers in the usual
12 courses of business; nor to certificates of deposit or interest
13 bearing accounts in any bank or banking institution, savings
14 institution, employees' thrift or savings association, whether
15 operated by employees or the employer, or trust company; nor to
16 personal property held in the commercial department and owned in
17 its own right by a banking institution, savings institution, or
18 trust company, in liquidation by a receiver, trustee, or other
19 fiduciary, nor to personal property formerly held by a banking
20 institution in its own right, but assigned by it to one or more
21 trustees for liquidation and payment to the creditors and
22 stockholders of such banking institutions, it being the intent
23 and purpose of this proviso that no tax be assessed or collected
24 for the years one thousand nine hundred and thirty-five, one
25 thousand nine hundred and thirty-six, one thousand nine hundred
26 and thirty-seven, one thousand nine hundred and thirty-eight,
27 one thousand nine hundred and thirty-nine, one thousand nine
28 hundred and forty, and thereafter upon the personal property
29 enumerated herein, nor shall this act apply to the proceeds of
30 any life insurance policy held in whole or in part by the

1 insurer, nor the principal value of annuities nor to any
2 personal property held in any trust, forming part of a stock,
3 bonus, pension or profit sharing plan of an employer for the
4 exclusive benefit of his employees, or their beneficiaries, which
5 trust under the latest ruling of the Commissioner of Internal
6 Revenue is exempted from Federal income tax, nor to any personal
7 property held under the provisions of a plan established by or
8 for an individual or individuals for retirement purposes if such
9 plan meets the requirements for exemption from Federal income
10 tax of income earned on investments held under its provisions:
11 And provided further, That the provisions of this act shall not
12 apply to building and loan associations, or to shares of stock
13 issued by building and loan associations, or to savings
14 institutions having no capital stock; and, if at any time,
15 either now or hereafter, any persons, individuals, or bodies
16 corporate have agreed or shall hereafter agree to issue his,
17 their, or its securities, bonds or other evidences of
18 indebtedness, clear of and free from the said four mills tax
19 herein provided for, or any part thereof, or have agreed or
20 shall hereafter agree to pay the same, nothing herein contained
21 shall be so construed as to relieve or exempt him, it, or them
22 from paying the said four mills tax on any of the said such
23 securities, bonds, or other evidences of indebtedness, as may be
24 held, owned by, or owing to the said savings institution having
25 no capital stock: And provided further, That the provisions of
26 this act shall not apply to fire companies, firemen's relief
27 associations, life, casualty or fire insurance corporations
28 having no capital stock, secret and beneficial societies, labor
29 unions and labor union relief associations, and all beneficial
30 organizations paying sick or death benefits, or either or both,

1 from funds received from voluntary contributions or assessments
2 upon members of such associations, societies, or unions: And
3 provided further, That corporations, limited partnerships, and
4 joint-stock associations, liable to tax on their shares or the
5 aforesaid capital stock or franchise tax for State purposes,
6 shall not be required to make any report or pay any further tax,
7 under this section, on the mortgages, bonds, and other
8 securities owned by them in their own right; but corporations,
9 limited partnerships, and joint-stock associations, holding such
10 securities as trustees, executors, administrators, guardians, or
11 in any other manner, except as mere custodian for the real
12 owner, and except as executor or administrator of the estate of
13 a nonresident decedent, and except as trustee for a resident or
14 nonresident religious, charitable or educational organization,
15 no part of the net earnings of which inures to the benefit of
16 any private stockholder or individual, shall return and pay the
17 tax imposed by this section upon all securities so held by them
18 as in the case of individuals: And provided further, That none
19 of the classes of property made taxable by this section for
20 county purposes, and, in cities coextensive with counties, for
21 city and county purposes, shall be taxed or taxable for any
22 other local purpose, under the laws of this Commonwealth: And
23 provided further, That the provisions of this section shall not
24 apply to personal property, of the class hereinabove enumerated,
25 received or acquired with proceeds of money or property received
26 from any person or persons, copartnership, or unincorporated
27 association or company, nonresident in or not located within
28 this Commonwealth, or from any joint-stock company or
29 association, limited partnership, bank or corporation formed,
30 erected, or incorporated by, under or in pursuance of, any law

1 of the United States, or of any state or government other than
2 this Commonwealth, by any person or persons, copartnership,
3 unincorporated association, company, joint-stock company or
4 association, limited partnership, bank, or corporation as active
5 trustee, agent, attorney-in-fact, or in any other capacity, for
6 the use, benefit, or advantage of any person or persons,
7 copartnership, or unincorporated association or company,
8 nonresident in or not located within this Commonwealth, or for
9 the use, benefit or advantage of any joint-stock company or
10 association, limited partnership, bank or corporation formed,
11 erected, or incorporated by, under, or in pursuance of any law
12 of the United States, or of any state or government other than
13 this Commonwealth; nor shall the provisions of this section
14 apply to personal property held for the use, benefit or
15 advantage of any resident who shall have in each of the ten
16 preceding calendar years given or contributed all of his net
17 income to any corporation organized or operated exclusively for
18 religious, charitable, scientific, literary, or educational
19 purposes.

20 The value of the equitable interest in any personal property
21 made subject to tax by this section shall be measured by
22 ascertaining the value of the personal property in which such
23 resident has the sole equitable interest, or in case of divided
24 equitable interests in the same personal property, then by
25 ascertaining such part of the value of the whole of such
26 personal property as represents the equitable interest of such
27 resident therein.

28 For the purposes of this act, the value of any taxable shares
29 of stock issued by any regulated investment company as defined
30 under the provisions of the Federal Internal Revenue Code of

1 1948, shall be that part of the current value of such shares, to
2 be determined by multiplying said current value by a fraction,
3 the numerator of which shall be the total value of so much of
4 the personal property owned by the regulated investment company
5 as would be taxable by this act if owned by a resident of
6 Pennsylvania and the denominator of which shall be the total
7 value of all of the personal property owned by the regulated
8 investment company.

9 Section 2. This act shall take effect immediately.