

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2444 Session of
1988

INTRODUCED BY STEIGHNER, MANDERINO, RYAN, FARGO, BURD AND
F. TAYLOR, MAY 9, 1988

REFERRED TO COMMITTEE ON FINANCE, MAY 9, 1988

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 economic revitalization tax
11 credits.

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

14 Section 1. Section 1708 of the act of March 4, 1971 (P.L.6,
15 No.2), known as the Tax Reform Code of 1971, is amended by
16 adding a subsection to read:

17 Section 1708. Utilization of Credits.--* * *

18 (d) Credits awarded pursuant to this article may be awarded
19 to a wholly-owned subsidiary of the taxpayer, subject to the
20 approval of the Board of the Ben Franklin Partnership Fund and
21 to the same requirements imposed on the taxpayer by this
22 article, if the wholly-owned subsidiary was created for the

1 purpose of a corporate transfer described in section 351 of the
2 Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §
3 351).

4 Section 2. The General Assembly finds and declares as
5 follows:

6 (1) A corporation may, for legitimate business or tax
7 purposes, conduct its activities through wholly-owned
8 subsidiaries.

9 (2) Economic revitalization will be furthered by
10 allowing credits to be used by wholly-owned subsidiaries that
11 are created to conduct activities that would otherwise have
12 been conducted by the parent corporation.

13 (3) Treating a wholly-owned subsidiary under paragraph
14 (2) as if it were a part of the parent corporation will
15 advance economic revitalization.

16 Section 3. This act shall apply to expenditures made on or
17 after January 1, 1988.

18 Section 4. This act shall take effect immediately.