

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1225 Session of
1995

INTRODUCED BY BOYES, VAN HORNE, PITTS, TIGUE, NYCE, NAILOR,
GORDNER, CONTI, FARGO, BROWN, RUBLEY, LYNCH, KREBS, MAITLAND,
HUTCHINSON, GRUPPO, STAIRS, GANNON, EGOLF, MARKOSEK,
S. H. SMITH, L. I. COHEN, HERSHEY, GEIST, ALLEN,
STRITTMATTER, ARGALL, HERMAN, M. N. WRIGHT, COLAFELLA,
KENNEY, BUNT, ARMSTRONG, DURHAM, PETTIT, BROWNE, JADLOWIEC,
MUNDY, D. W. SNYDER, BAKER, CLYMER, REBER, BARLEY, BIRMELIN,
FAIRCHILD, DENT, CARONE, TRELLO, STEELMAN, NICKOL,
E. Z. TAYLOR, HENNESSEY, FEESE, SAYLOR, ZUG, CORNELL,
B. SMITH, FAJT, SERAFINI, COY, CLARK, RAYMOND, MERRY, McCALL,
ROHRER, FLICK, SCHRODER, PLATTS AND GODSHALL, MARCH 20, 1995

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES,
AS AMENDED, MARCH 22, 1995

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 determination of
11 capital stock value.

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 June 16, 1994 (P.L.279,
17 No.48), is amended to read:

1 Section 601. Definitions and Reports.--(a) The following
2 words, terms and phrases when used in this Article VI shall have
3 the meaning ascribed to them in this section, except where the
4 context clearly indicates a different meaning:

5 * * *

6 "Capital stock value." The amount computed pursuant to the
7 following formula: the product of one-half times the sum of the
8 average net income capitalized at the rate of nine and one-half
9 per cent plus seventy-five per cent of net worth, from which
10 product shall be subtracted [seventy-five thousand dollars
11 (\$75,000)] one hundred thousand dollars (\$100,000), the <—
12 algebraic equivalent of which is

13 (.5 X (average net income/.095 + (.75)
14 (net worth))) - [\$75,000] \$100,000

15 * * *

16 Section 2. This act shall apply to the tax year beginning on
17 or after January 1, 1995.

18 Section 3. This act shall be retroactive to January 1, 1995.

19 Section 4. This act shall take effect immediately.