

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1305 Session of
1997

INTRODUCED BY ORIE, BOYES, FARGO, CHADWICK, CORNELL, ARGALL,
RUBLEY, FAIRCHILD, CALTAGIRONE, NICKOL, BAKER, GEIST,
MARKOSEK, GORDNER, DENT, HERMAN, GIGLIOTTI, BROWN, LYNCH,
PISTELLA, HENNESSEY, BATTISTO, STERN, READSHAW, HUTCHINSON,
McNAUGHTON, SCHRODER, MCGILL, TRELLO, COY, HERSHEY,
L. I. COHEN, E. Z. TAYLOR, KENNEY, ARMSTRONG, SAINATO,
BROWNE, BARRAR, MAITLAND, DeLUCA, SAYLOR, BARD, ZUG, WAUGH,
COLAFELLA, NAILOR, CLARK, STEVENSON, BOSCOLA AND STEELMAN,
APRIL 15, 1997

REFERRED TO COMMITTEE ON FINANCE, APRIL 15, 1997

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 defining "capital stock value."

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

13 Section 1. The definition of "capital stock value" in
14 section 601(a) of the act of March 4, 1971 (P.L.6, No.2), known
15 as the Tax Reform Code of 1971, amended June 30, 1995 (P.L.139,
16 No.21), is amended to read:

17 Section 601. Definitions and Reports.--(a) The following
18 words, terms and phrases when used in this Article VI shall have

1 the meaning ascribed to them in this section, except where the
2 context clearly indicates a different meaning:

3 * * *

4 "Capital stock value." The amount computed pursuant to the
5 following formula: the product of one-half times the sum of the
6 average net income capitalized at the rate of nine and one-half
7 per cent plus seventy-five per cent of net worth, from which
8 product shall be subtracted seventy-five per cent of net worth,
9 from which product shall be subtracted [one hundred thousand
10 dollars (\$100,000)] one hundred twenty-five thousand dollars
11 (\$125,000), the algebraic equivalent of which is

12
$$(.5 \times (\text{average net income} / .095 + (.75)$$

13
$$(\text{net worth}))) - [\$100,000] \text{ } \underline{\$125,000}$$

14 * * *

15 Section 2. This act shall apply to tax years beginning on or
16 after January 1, 1997.

17 Section 3. This act shall take effect immediately.