

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 906 Session of  
2005

INTRODUCED BY S. MILLER, ARMSTRONG, BAKER, BALDWIN, BARRAR,  
BASTIAN, BENNINGHOFF, BOYD, BROWNE, BUNT, CALTAGIRONE,  
CAPPELLI, CAWLEY, CLYMER, CRAHALLA, CREIGHTON, DALLY, DeLUCA,  
ELLIS, FAIRCHILD, FICHTER, FORCIER, GABIG, GEIST, GEORGE,  
GINGRICH, GODSHALL, GOOD, GOODMAN, GRUCELA, HARRIS, HERMAN,  
HERSHEY, HESS, HUTCHINSON, KAUFFMAN, KILLION, LEDERER, LEH,  
MACKERETH, MAHER, MAJOR, McILHATTAN, McNAUGHTON, METCALFE,  
MILLARD, MUSTIO, NAILOR, O'NEILL, PETRARCA, PHILLIPS,  
PICKETT, PISTELLA, PYLE, READSHAW, REICHLEY, ROBERTS, ROHRER,  
RUBLEY, SAINATO, SATHER, SCAVELLO, SCHRODER, SHANER,  
B. SMITH, SOLOBAY, STERN, R. STEVENSON, E. Z. TAYLOR, THOMAS,  
TURZAI, WANSACZ, WASHINGTON, WATSON, WILT, YEWIC,  
YOUNGBLOOD, ZUG, DENLINGER, FEESE, HARPER AND FLAHERTY,  
MARCH 14, 2005

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,  
NOVEMBER 13, 2006

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 EXCLUSIONS FROM TAX; <—  
11 PROVIDING, IN PERSONAL INCOME TAX, FOR CONTRIBUTIONS TO LUPUS  
12 FOUNDATIONS OF REFUNDS BY CHECKOFF AND FOR A SMALL BUSINESS  
13 HEALTH CARE TAX CREDIT; FURTHER PROVIDING, IN NEIGHBORHOOD  
14 ASSISTANCE TAX CREDIT, FOR DEFINITIONS AND FOR GRANT OF TAX  
15 CREDIT; PROVIDING FOR PENNSYLVANIA S CORPORATION SHAREHOLDER  
16 PASS-THROUGH; AND phasing out inheritance and estate tax  
17 provisions.

18 The General Assembly of the Commonwealth of Pennsylvania

1 hereby enacts as follows:

2 ~~Section 1. The act of March 4, 1971 (P.L.6, No.2), known as~~ <—  
3 ~~the Tax Reform Code of 1971, is amended by adding a section to~~  
4 ~~read:~~

5 SECTION 1. SECTION 204 OF THE ACT OF MARCH 4, 1971 (P.L.6, <—  
6 NO.2), KNOWN AS THE TAX REFORM CODE OF 1971, IS AMENDED BY  
7 ADDING A CLAUSE TO READ:

8 SECTION 204. EXCLUSIONS FROM TAX.--THE TAX IMPOSED BY  
9 SECTION 202 SHALL NOT BE IMPOSED UPON ANY OF THE FOLLOWING:

10 \* \* \*

11 (66) THE SALE AT RETAIL OR USE OF SOLAR ENERGY SYSTEM  
12 EQUIPMENT DIRECTLY RELATED TO THE INSTALLATION, USE OR REPAIR OF  
13 AN ENERGY EFFICIENT SOLAR ENERGY SYSTEM. SUCH EQUIPMENT AND  
14 SYSTEMS MUST BE COMPLIANT WITH APPLICABLE NATIONAL AND INDUSTRY  
15 EQUIPMENT, INSTALLATION AND PERFORMANCE STANDARDS. THE  
16 DEPARTMENT OF REVENUE IS AUTHORIZED TO PROMULGATE REGULATIONS  
17 REGARDING THE SPECIFIC STANDARDS THAT SOLAR ENERGY SYSTEMS MUST  
18 MEET TO QUALIFY FOR THE TAX EXCLUSION. FOR THE PURPOSES OF THIS  
19 CLAUSE, "SOLAR ENERGY SYSTEM EQUIPMENT" MEANS AN ARRANGEMENT OR  
20 COMBINATION OF COMPONENTS THAT UTILIZES SOLAR RADIATION TO  
21 PRODUCE ENERGY DESIGNED TO PROVIDE HEATING, COOLING, HOT WATER  
22 AND/OR ELECTRICITY. SUCH ARRANGEMENT OR COMPONENTS SHALL NOT  
23 INCLUDE EQUIPMENT THAT IS PART OF A NONSOLAR ENERGY SYSTEM OR  
24 WHICH USES ANY SORT OF RECREATIONAL FACILITY OR EQUIPMENT AS A  
25 STORAGE MEDIUM.

26 SECTION 2. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

27 SECTION 315.10. CONTRIBUTIONS FOR LUPUS FOUNDATIONS.--(A)  
28 THE DEPARTMENT SHALL PROVIDE A SPACE ON THE PENNSYLVANIA  
29 INDIVIDUAL INCOME TAX RETURN FORM WHEREBY AN INDIVIDUAL MAY  
30 VOLUNTARILY DESIGNATE A CONTRIBUTION OF ANY AMOUNT DESIRED TO

1 THE LUPUS FOUNDATION OF PENNSYLVANIA OR THE LUPUS FOUNDATION OF  
2 AMERICA, SOUTHEASTERN PA CHAPTER, INC.

3 (B) THE AMOUNT SO DESIGNATED BY AN INDIVIDUAL ON THE INCOME  
4 TAX RETURN FORM SHALL BE DEDUCTED FROM THE TAX REFUND TO WHICH  
5 SUCH INDIVIDUAL IS ENTITLED AND SHALL NOT CONSTITUTE A CHARGE  
6 AGAINST THE INCOME TAX REVENUES DUE THE COMMONWEALTH.

7 (C) THE DEPARTMENT SHALL DETERMINE ANNUALLY THE TOTAL AMOUNT  
8 DESIGNATED PURSUANT TO THIS SECTION, LESS REASONABLE  
9 ADMINISTRATIVE COSTS, AND SHALL REPORT SUCH AMOUNT TO THE STATE  
10 TREASURER, WHO SHALL TRANSFER SUCH AMOUNT FROM THE GENERAL FUND  
11 TO THE LUPUS FOUNDATION OF PENNSYLVANIA OR THE LUPUS FOUNDATION  
12 OF AMERICA, SOUTHEASTERN PA CHAPTER, INC.

13 SECTION 3. THE ACT IS AMENDED BY ADDING AN ARTICLE TO READ:

14 ARTICLE XVII-D

15 SMALL BUSINESS HEALTH CARE TAX CREDIT

16 SECTION 1701-D. SCOPE.

17 THIS ARTICLE RELATES TO HEALTH CARE TAX CREDITS.

18 SECTION 1702-D. DEFINITIONS.

19 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE  
20 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
21 CONTEXT CLEARLY INDICATES OTHERWISE:

22 "DEPARTMENT." THE DEPARTMENT OF REVENUE OF THE COMMONWEALTH.

23 "HEALTH CARE BENEFITS." AN ENTITLEMENT PROVIDED TO AN  
24 EMPLOYEE IN ACCORDANCE WITH A WAGE AGREEMENT THAT PROVIDES  
25 PREVENTION, TREATMENT AND MANAGEMENT OF ILLNESS AND THE  
26 PRESERVATION OF MENTAL HEALTH AND PHYSICAL WELL-BEING THROUGH  
27 THE SERVICES OFFERED BY THE MEDICAL AND ALLIED HEALTH  
28 PROFESSIONS.

29 "PASS-THROUGH ENTITY." ANY OF THE FOLLOWING:

30 (1) A PARTNERSHIP, LIMITED PARTNERSHIP, LIMITED

LIABILITY COMPANY, BUSINESS TRUST OR OTHER UNINCORPORATED  
ENTITY THAT FOR FEDERAL INCOME TAX PURPOSES IS TAXABLE AS A  
PARTNERSHIP.

(2) A PENNSYLVANIA S CORPORATION.

"QUALIFIED TAX LIABILITY." THE LIABILITY FOR TAXES IMPOSED  
UNDER ARTICLE III, IV OR VI. THE TERM SHALL INCLUDE THE  
LIABILITY FOR TAXES IMPOSED UNDER ARTICLE III ON AN OWNER OF A  
PASS-THROUGH ENTITY.

"SECRETARY." THE SECRETARY OF REVENUE OF THE COMMONWEALTH.

"SMALL BUSINESS." AN EMPLOYER WHO, ON AT LEAST 50% OF ITS  
WORKING DAYS DURING THE TAXABLE YEAR, EMPLOYED NO MORE THAN 100  
EMPLOYEES.

"TAX CREDIT." THE SMALL BUSINESS HEALTH CARE TAX CREDIT  
AUTHORIZED UNDER THIS ARTICLE.

"TAXPAYER." AN ENTITY SUBJECT TO TAX UNDER ARTICLE III, IV  
OR VI. THE TERM SHALL INCLUDE THE SHAREHOLDER, OWNER OR MEMBER  
OF A PASS-THROUGH ENTITY THAT RECEIVES A TAX CREDIT.

SECTION 1703-D. CREDIT FOR SMALL BUSINESS HEALTH CARE.

(A) APPLICATION.--A TAXPAYER WHO IS A SMALL BUSINESS AND  
PROVIDES HEALTH CARE BENEFITS IN A TAXABLE YEAR MAY APPLY FOR A  
TAX CREDIT AS PROVIDED IN THIS ARTICLE. BY SEPTEMBER 15, A  
TAXPAYER MUST SUBMIT AN APPLICATION TO THE DEPARTMENT FOR HEALTH  
CARE BENEFITS INCURRED IN THE TAXABLE YEAR THAT ENDED IN THE  
PRIOR CALENDAR YEAR.

(B) AMOUNT.--A TAXPAYER THAT IS QUALIFIED UNDER SUBSECTION  
(A) SHALL RECEIVE A TAX CREDIT FOR THE TAXABLE YEAR IN THE  
AMOUNT EQUAL TO 50% OF THE AMOUNT OF EXPENSES INCURRED BY A  
SMALL BUSINESS FOR PROVIDING HEALTH CARE BENEFITS TO ITS  
EMPLOYEES, BUT NO MORE THAN \$1,000 PER EMPLOYEE RECEIVING HEALTH  
CARE BENEFITS.

1     (C) NOTIFICATION.--BY DECEMBER 15 OF THE CALENDAR YEAR  
2     FOLLOWING THE CLOSE OF THE TAXABLE YEAR DURING WHICH THE HEALTH  
3     CARE EXPENSE WAS INCURRED BY THE SMALL BUSINESS, THE DEPARTMENT  
4     SHALL NOTIFY THE TAXPAYER OF THE AMOUNT OF THE TAXPAYER'S TAX  
5     CREDIT APPROVED BY THE DEPARTMENT.

6     SECTION 1704-D. CARRYOVER, CARRYBACK, REFUND AND ASSIGNMENT OF  
7                     CREDIT.

8     (A) CARRYOVER.--IF THE TAXPAYER CANNOT USE THE ENTIRE AMOUNT  
9     OF THE TAX CREDIT FOR THE TAXABLE YEAR IN WHICH THE TAX CREDIT  
10    IS FIRST APPROVED, THEN THE EXCESS MAY BE CARRIED OVER TO  
11    SUCCEEDING TAXABLE YEARS AND USED AS A CREDIT AGAINST THE  
12    QUALIFIED TAX LIABILITY OF THE TAXPAYER FOR THOSE TAXABLE YEARS.  
13    EACH TIME THAT THE TAX CREDIT IS CARRIED OVER TO A SUCCEEDING  
14    TAXABLE YEAR, IT IS TO BE REDUCED BY THE AMOUNT THAT WAS USED AS  
15    A CREDIT DURING THE IMMEDIATELY PRECEDING TAXABLE YEAR. THE TAX  
16    CREDIT MAY BE CARRIED OVER AND APPLIED TO SUCCEEDING TAXABLE  
17    YEARS FOR NO MORE THAN 15 TAXABLE YEARS FOLLOWING THE FIRST  
18    TAXABLE YEAR FOR WHICH THE TAXPAYER WAS ENTITLED TO CLAIM THE  
19    CREDIT.

20    (B) APPLICATION.--A TAX CREDIT APPROVED BY THE DEPARTMENT  
21    FOR SMALL BUSINESS HEALTH CARE TAX CREDIT IN A TAXABLE YEAR  
22    FIRST SHALL BE APPLIED AGAINST THE TAXPAYER'S QUALIFIED TAX  
23    LIABILITY FOR THE CURRENT TAXABLE YEAR AS OF THE DATE ON WHICH  
24    THE CREDIT WAS APPROVED BEFORE THE TAX CREDIT IS APPLIED AGAINST  
25    ANY TAX LIABILITY UNDER SUBSECTION (A).

26    (C) UNUSED CREDIT.--A TAXPAYER IS NOT ENTITLED TO ASSIGN,  
27    CARRY BACK OR OBTAIN A REFUND OF AN UNUSED TAX CREDIT.

28    SECTION 1705-D. SHAREHOLDER, OWNER OR MEMBER PASS-THROUGH.

29    (A) SHAREHOLDER CREDIT.--IF A PENNSYLVANIA S CORPORATION  
30    DOES NOT HAVE AN ELIGIBLE TAX LIABILITY AGAINST WHICH THE TAX

1 CREDIT MAY BE APPLIED, A SHAREHOLDER OF THE PENNSYLVANIA S  
2 CORPORATION IS ENTITLED TO A TAX CREDIT EQUAL TO THE TAX CREDIT  
3 DETERMINED FOR THE PENNSYLVANIA S CORPORATION FOR THE TAXABLE  
4 YEAR MULTIPLIED BY THE PERCENTAGE OF THE PENNSYLVANIA S  
5 CORPORATION'S DISTRIBUTIVE INCOME TO WHICH THE SHAREHOLDER IS  
6 ENTITLED.

7 (B) PASS-THROUGH ENTITY CREDIT.--IF A PASS-THROUGH ENTITY  
8 OTHER THAN A PENNSYLVANIA S CORPORATION DOES NOT HAVE AN  
9 ELIGIBLE TAX LIABILITY AGAINST WHICH THE TAX CREDIT MAY BE  
10 APPLIED, AN OWNER OR MEMBER OF THE PASS-THROUGH ENTITY IS  
11 ENTITLED TO A TAX CREDIT EQUAL TO THE TAX CREDIT DETERMINED FOR  
12 THE PASS-THROUGH ENTITY FOR THE TAXABLE YEAR MULTIPLIED BY THE  
13 PERCENTAGE OF THE PASS-THROUGH ENTITIES' DISTRIBUTIVE INCOME TO  
14 WHICH THE OWNER OR MEMBER IS ENTITLED.

15 (C) ADDITIONAL CREDIT.--THE CREDIT PROVIDED UNDER SUBSECTION  
16 (A) OR (B) IS IN ADDITION TO ANY TAX CREDIT TO WHICH A  
17 SHAREHOLDER, OWNER OR MEMBER OF A PASS-THROUGH ENTITY IS  
18 OTHERWISE ENTITLED UNDER THIS ARTICLE. HOWEVER, A PASS-THROUGH  
19 ENTITY AND A SHAREHOLDER, OWNER OR MEMBER OF A PASS-THROUGH  
20 ENTITY MAY NOT CLAIM A CREDIT UNDER THIS ARTICLE FOR THE SAME  
21 SMALL BUSINESS HEALTH CARE TAX CREDIT.

22 SECTION 1706-D. REPORT TO GENERAL ASSEMBLY.

23 THE SECRETARY SHALL SUBMIT AN ANNUAL REPORT TO THE GENERAL  
24 ASSEMBLY INDICATING THE EFFECTIVENESS OF THE CREDIT PROVIDED BY  
25 THIS ARTICLE NO LATER THAN MARCH 15 FOLLOWING THE YEAR IN WHICH  
26 THE CREDITS WERE APPROVED. THE REPORT SHALL INCLUDE THE NAMES OF  
27 ALL TAXPAYERS UTILIZING THE CREDIT AS OF THE DATE OF THE REPORT  
28 AND THE AMOUNT OF CREDITS APPROVED AND UTILIZED BY EACH  
29 TAXPAYER. NOTWITHSTANDING ANY LAW PROVIDING FOR THE  
30 CONFIDENTIALITY OF TAX RECORDS, THE INFORMATION CONTAINED IN THE

1 REPORT SHALL BE PUBLIC INFORMATION. THE REPORT MAY ALSO INCLUDE  
2 ANY RECOMMENDATIONS FOR CHANGES IN THE CALCULATION OR  
3 ADMINISTRATION OF THE CREDIT.

4 SECTION 1707-D. REGULATIONS.

5 THE SECRETARY SHALL PROMULGATE REGULATIONS NECESSARY FOR THE  
6 IMPLEMENTATION AND ADMINISTRATION OF THIS ARTICLE.

7 SECTION 4. THE DEFINITION OF "BUSINESS FIRM" IN SECTION  
8 1902-A OF THE ACT, AMENDED MAY 7, 1997 (P.L.85, NO.7), IS  
9 AMENDED TO READ:

10 SECTION 1902-A. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND  
11 PHRASES, WHEN USED IN THIS ARTICLE, SHALL HAVE THE MEANINGS  
12 ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT  
13 CLEARLY INDICATES A DIFFERENT MEANING:

14 "BUSINESS FIRM." ANY BUSINESS ENTITY AUTHORIZED TO DO  
15 BUSINESS IN THIS COMMONWEALTH AND SUBJECT TO TAXES IMPOSED BY  
16 ARTICLE III, IV, VI, VII, VII-A, VIII, VIII-A, IX, X OR XV OF  
17 THIS ACT. THE TERM SHALL INCLUDE A SHAREHOLDER OF A PENNSYLVANIA  
18 S CORPORATION WHO IS LIABLE FOR TAXES IMPOSED UNDER ARTICLE III.

19 \* \* \*

20 SECTION 5. SECTION 1905-A OF THE ACT, AMENDED JULY 7, 2005  
21 (P.L.149, NO.40), IS AMENDED TO READ:

22 SECTION 1905-A. GRANT OF TAX CREDIT.--THE DEPARTMENT OF  
23 REVENUE SHALL GRANT A TAX CREDIT AGAINST ANY TAX DUE UNDER  
24 ARTICLE III, IV, VI, VII, VII-A, VIII, VIII-A, IX, X OR XV OF  
25 THIS ACT, OR ANY TAX SUBSTITUTED IN LIEU THEREOF IN AN AMOUNT  
26 WHICH SHALL NOT EXCEED FIFTY PER CENT OF THE TOTAL AMOUNT  
27 INVESTED DURING THE TAXABLE YEAR BY THE BUSINESS FIRM OR TWENTY  
28 PER CENT OF QUALIFIED INVESTMENTS BY A PRIVATE COMPANY IN  
29 PROGRAMS APPROVED PURSUANT TO SECTION 1904-A OF THIS ACT:  
30 PROVIDED, THAT A TAX CREDIT OF UP TO SEVENTY PER CENT OF THE

1 TOTAL AMOUNT INVESTED DURING THE TAXABLE YEAR BY A BUSINESS FIRM  
2 OR UP TO THIRTY PER CENT OF THE AMOUNT OF QUALIFIED INVESTMENTS  
3 BY A PRIVATE COMPANY MAY BE ALLOWED FOR INVESTMENT IN PROGRAMS  
4 WHERE ACTIVITIES FALL WITHIN THE SCOPE OF SPECIAL PROGRAM  
5 PRIORITIES AS DEFINED WITH THE APPROVAL OF THE GOVERNOR IN  
6 REGULATIONS PROMULGATED BY THE SECRETARY. SUCH CREDIT SHALL NOT  
7 EXCEED TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000) ANNUALLY,  
8 EXCEPT IN THE CASE OF COMPREHENSIVE SERVICE PROJECTS WHICH SHALL  
9 BE ALLOWED AN ADDITIONAL CREDIT EQUAL TO SEVENTY PER CENT OF THE  
10 QUALIFYING INVESTMENTS MADE IN COMPREHENSIVE SERVICE PROJECTS;  
11 HOWEVER, SUCH ADDITIONAL CREDIT SHALL NOT EXCEED THREE HUNDRED  
12 FIFTY THOUSAND DOLLARS (\$350,000) ANNUALLY. NO TAX CREDIT SHALL  
13 BE GRANTED TO ANY BANK, BANK AND TRUST COMPANY, INSURANCE  
14 COMPANY, TRUST COMPANY, NATIONAL BANK, SAVINGS ASSOCIATION,  
15 MUTUAL SAVINGS BANK OR BUILDING AND LOAN ASSOCIATION FOR  
16 ACTIVITIES THAT ARE A PART OF ITS NORMAL COURSE OF BUSINESS. ANY  
17 TAX CREDIT NOT USED IN THE PERIOD THE INVESTMENT WAS MADE MAY BE  
18 CARRIED OVER FOR THE NEXT FIVE SUCCEEDING CALENDAR OR FISCAL  
19 YEARS UNTIL THE FULL CREDIT HAS BEEN ALLOWED. THE TOTAL AMOUNT  
20 OF ALL TAX CREDITS ALLOWED PURSUANT TO THIS ACT SHALL NOT EXCEED  
21 EIGHTEEN MILLION DOLLARS (\$18,000,000) IN ANY ONE FISCAL YEAR.

22 SECTION 6. THE ACT IS AMENDED BY ADDING SECTIONS TO READ:

23 SECTION 1907-A. PENNSYLVANIA S CORPORATION SHAREHOLDER PASS-  
24 THROUGH.--(A) IF A PENNSYLVANIA S CORPORATION DOES NOT HAVE AN  
25 ELIGIBLE TAX LIABILITY AGAINST WHICH THE NEIGHBORHOOD ASSISTANCE  
26 TAX CREDIT MAY BE APPLIED, A SHAREHOLDER OF THE PENNSYLVANIA S  
27 CORPORATION IS ENTITLED TO A NEIGHBORHOOD ASSISTANCE TAX CREDIT  
28 EQUAL TO THE NEIGHBORHOOD ASSISTANCE TAX CREDIT DETERMINED FOR  
29 THE PENNSYLVANIA S CORPORATION FOR THE TAXABLE YEAR MULTIPLIED  
30 BY THE PERCENTAGE OF THE PENNSYLVANIA S CORPORATION'S



1 DISTRIBUTIVE INCOME TO WHICH THE SHAREHOLDER IS ENTITLED.

2 (B) THE CREDIT PROVIDED UNDER SUBSECTION (A) IS IN ADDITION  
3 TO ANY NEIGHBORHOOD ASSISTANCE TAX CREDIT TO WHICH A SHAREHOLDER  
4 OF A PENNSYLVANIA S CORPORATION IS OTHERWISE ENTITLED UNDER THIS  
5 ARTICLE. HOWEVER, A PENNSYLVANIA S CORPORATION AND A SHAREHOLDER  
6 OF A PENNSYLVANIA S CORPORATION MAY NOT CLAIM A CREDIT UNDER  
7 THIS ARTICLE FOR THE SAME QUALIFIED NEIGHBORHOOD ASSISTANCE  
8 EXPENSE.

9 (C) THE TAX CREDITS UNDER THIS SECTION SHALL BE GRANTED BY  
10 THE DEPARTMENT TO PENNSYLVANIA S CORPORATIONS AND SHAREHOLDERS  
11 OF PENNSYLVANIA S CORPORATIONS ONLY AFTER THE TAX CREDITS UNDER  
12 SECTION 1905-A HAVE BEEN GRANTED TO BUSINESS ENTITIES AUTHORIZED  
13 TO DO BUSINESS IN THIS COMMONWEALTH AND SUBJECT TO TAXES IMPOSED  
14 BY ARTICLE IV, VI, VII, VIII, VIII-A, IX OR XV OF THIS ACT.

15 Section 2104. Expiration.--The provisions of this article  
16 shall not apply to the estates of decedents dying on or after  
17 January 1, 2010.

18 Section ~~2~~ 7. Section 2106 of the act, added August 4, 1991 <—  
19 (P.L.97, No.22), is amended to read:

20 Section 2106. Imposition of Tax.--(a) An inheritance tax  
21 for the use of the Commonwealth is imposed upon every transfer  
22 subject to tax under this article at the rates specified in  
23 section 2116.

24 (b) This section shall not apply to the estates of decedents  
25 dying on or after January 1, 2010.

26 Section ~~3~~ 8. Section 2116(a) of the act, amended May 24, <—  
27 2000 (P.L.106, No.23), is amended to read:

28 Section 2116. Inheritance Tax.--(a) (1) Inheritance tax  
29 upon the transfer of property passing to or for the use of [any  
30 of the following shall be at the rate of four and one-half per

1 cent:

2 (i) grandfather, grandmother, father, mother, except  
3 transfers under subclause (1.2), and lineal descendants; or

4 (ii) wife or widow and husband or widower of a child.] a  
5 grandfather, grandmother, father, mother, except transfers under  
6 subclause (1.2), lineal descendants, wife or widow and husband  
7 or widower of a child shall be at the rate provided in the  
8 following schedule:

9 (i) Four and one-half per cent for the estate of a decedent  
10 dying before or during calendar year 2008.

11 (ii) Two per cent for the estate of a decedent dying during  
12 calendar year 2009.

13 (iii) Zero per cent for the estate of a decedent dying  
14 during or after calendar year 2010.

15 (1.1) Inheritance tax upon the transfer of property passing  
16 to or for the use of a husband or wife shall be:

17 (i) At the rate of three per cent for estates of decedents  
18 dying on or after July 1, 1994, and before January 1, 1995.

19 (ii) At a rate of zero per cent for estates of decedents  
20 dying on or after January 1, 1995.

21 (1.2) Inheritance tax upon the transfer of property from a  
22 child twenty-one years of age or younger to or for the use of a  
23 natural parent, an adoptive parent or a stepparent of the child  
24 shall be at the rate of zero per cent.

25 (1.3) Inheritance tax upon the transfer of property passing  
26 to or for the use of a sibling shall be at the rate [of twelve  
27 per cent.] provided in the following schedule:

28 (i) Twelve per cent for the estate of a decedent dying  
29 before or during calendar year 2005.

30 (ii) Nine per cent for the estate of a decedent dying during

1 calendar year 2006.

2 (iii) Six per cent for the estate of a decedent dying during  
3 calendar year 2007.

4 (iv) Four and one-half per cent for the estate of a decedent  
5 dying during calendar year 2008.

6 (v) Two per cent for the estate of a decedent dying during  
7 calendar year 2009.

8 (vi) Zero per cent for the estate of a decedent dying during  
9 or after calendar year 2010.

10 (1.4) Inheritance tax upon the transfer of property that is  
11 jointly held between a child and a natural parent, an adoptive  
12 parent or a stepparent of the child to the natural parent,  
13 adoptive parent or the stepparent shall be at the rate of zero  
14 per cent.

15 (2) Inheritance tax upon the transfer of property passing to  
16 or for the use of all persons other than those designated in  
17 subclause (1), (1.1), (1.2) or (1.3) or exempt under section  
18 2111(m) shall be at the rate [of fifteen per cent.] provided in  
19 the following schedule:

20 (i) Fifteen per cent for the estate of a decedent dying  
21 before or during calendar year 2005.

22 (ii) Ten per cent for the estate of a decedent dying during  
23 calendar year 2006.

24 (iii) Seven per cent for the estate of a decedent dying  
25 during calendar year 2007.

26 (iv) Four and one-half per cent for the estate of a decedent  
27 dying during calendar year 2008.

28 (v) Two per cent for the estate of a decedent dying during  
29 calendar year 2009.

30 (vi) Zero per cent for the estate of a decedent dying during

1 or after calendar year 2010.

2 (3) When property passes to or for the use of a husband and  
3 wife with right of survivorship, one of whom is taxable at a  
4 rate lower than the other, the lower rate of tax shall be  
5 applied to the entire interest.

6 \* \* \*

7 Section ~~4~~ 9. Section 2117 of the act is amended by adding a <—  
8 subsection to read:

9 Section 2117. Estate Tax.--\* \* \*

10 (d) This section shall not apply to the estates of decedents  
11 dying on or after January 1, 2010.

12 SECTION 10. THE ADDITION OF SECTION 315.10 AND ARTICLE XVII- <—  
13 D OF THE ACT SHALL APPLY TO TAXABLE YEARS BEGINNING AFTER  
14 DECEMBER 31, 2006.

15 Section ~~5~~ 11. This act shall take effect immediately. <—