

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 465 Session of 2013

INTRODUCED BY MACKENZIE, AUMENT, BOBACK, CAUSER, CONKLIN, CUTLER, DAY, DENLINGER, DUNBAR, EVANKOVICH, EVERETT, FLECK, GROVE, HAGGERTY, HAHN, HICKERNELL, KAUFFMAN, KNOWLES, KORTZ, MAHONEY, MICOZZIE, MILLARD, R. MILLER, READSHAW, ROCK, ROSS, SACCONI, SAINATO, SANTARSIERO, SAYLOR, SCHLOSSBERG, SIMMONS, STEPHENS, SWANGER, TALLMAN, WATSON, GOODMAN, GILLEN, C. HARRIS, KULA, GIBBONS, NEUMAN, MALONEY, BARRAR, PYLE, GODSHALL, GABLER, COHEN, MATZIE, FARRY, TOEPEL, MOLCHANY, J. HARRIS, TRUITT, BRADFORD, DAVIDSON, CLYMER, ENGLISH, KRIEGER AND REED, JANUARY 30, 2013

AS AMENDED ON THIRD CONSIDERATION, IN SENATE, JUNE 30, 2013

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," in realty transfer tax, further providing for~~  
11 ~~definitions and for excluded transactions.~~

12 AMENDING THE ACT OF MARCH 4, 1971 (P.L.6, NO.2), ENTITLED "AN <--  
13 ACT RELATING TO TAX REFORM AND STATE TAXATION BY CODIFYING  
14 AND ENUMERATING CERTAIN SUBJECTS OF TAXATION AND IMPOSING  
15 TAXES THEREON; PROVIDING PROCEDURES FOR THE PAYMENT,  
16 COLLECTION, ADMINISTRATION AND ENFORCEMENT THEREOF; PROVIDING  
17 FOR TAX CREDITS IN CERTAIN CASES; CONFERRING POWERS AND  
18 IMPOSING DUTIES UPON THE DEPARTMENT OF REVENUE, CERTAIN  
19 EMPLOYERS, FIDUCIARIES, INDIVIDUALS, PERSONS, CORPORATIONS  
20 AND OTHER ENTITIES; PRESCRIBING CRIMES, OFFENSES AND  
21 PENALTIES," IN TAX FOR EDUCATION, FURTHER PROVIDING FOR  
22 DEFINITIONS, FOR EXCLUSIONS FROM TAX, FOR CREDIT AGAINST TAX,  
23 FOR LICENSES AND FOR LOCAL RECEIVERS OF USE TAX; PROVIDING  
24 FOR REMOTE SALES REPORTS; PROVIDING FOR SPECIAL TAXING  
25 AUTHORITY; IN PERSONAL INCOME TAX, FURTHER PROVIDING FOR

1 DEFINITIONS, FOR CLASSES OF INCOME AND FOR TAXABILITY OF  
2 PARTNERS; PROVIDING FOR TAX TREATMENT DETERMINED AT  
3 PARTNERSHIP LEVEL AND FOR TAX IMPOSED AT PARTNERSHIP LEVEL;  
4 FURTHER PROVIDING FOR INCOME OF A PENNSYLVANIA S CORPORATION,  
5 FOR INCOME TAXES IMPOSED BY OTHER STATES AND FOR OPERATIONAL  
6 PROVISIONS; PROVIDING FOR CONTRIBUTIONS FOR THE CHILDREN'S  
7 TRUST FUND AND FOR CONTRIBUTIONS FOR AMERICAN RED CROSS;  
8 FURTHER PROVIDING FOR GENERAL RULE, FOR RETURN OF  
9 PENNSYLVANIA S CORPORATION, FOR REQUIREMENTS CONCERNING  
10 RETURNS, NOTICES, RECORDS AND STATEMENTS AND FOR ADDITIONS,  
11 PENALTIES AND FEES; PROVIDING FOR CITATION AUTHORITY; IN  
12 CORPORATE NET INCOME TAX, FURTHER PROVIDING FOR DEFINITIONS  
13 AND FOR REPORTS AND PAYMENT OF TAX; IN CORPORATE STOCK AND  
14 FRANCHISE TAX, FURTHER PROVIDING FOR IMPOSITION AND FOR  
15 EXPIRATION; IN BANK AND TRUST COMPANY SHARES TAX, FURTHER  
16 PROVIDING FOR IMPOSITION OF TAX, ASCERTAINMENT OF TAXABLE  
17 AMOUNT AND EXCLUSION OF UNITED STATES OBLIGATIONS, FOR  
18 APPORTIONMENT AND FOR DEFINITIONS; IN REALTY TRANSFER TAX,  
19 FURTHER PROVIDING FOR DEFINITIONS, FOR EXCLUDED TRANSACTIONS,  
20 FOR IMPOSITION OF TAX AND FOR ACQUIRED COMPANY; PROVIDING FOR  
21 NONLICENSED CORPORATION PARI-MUTUEL WAGERING TAX; IN FILM  
22 PRODUCTION TAX CREDIT, FURTHER PROVIDING FOR DEFINITIONS, AND  
23 FOR CREDIT FOR QUALIFIED FILM PRODUCTION EXPENSES; IN  
24 EDUCATIONAL OPPORTUNITY SCHOLARSHIP TAX CREDIT, FURTHER  
25 PROVIDING FOR SCHOLARSHIPS; REPEALING PROVISIONS RELATING TO  
26 COAL WASTE REMOVAL AND ULTRACLEAN FUELS TAX CREDIT; MAKING AN  
27 EDITORIAL CHANGE; IN JOB CREATION TAX CREDIT, FURTHER  
28 PROVIDING FOR TAX CREDITS; PROVIDING FOR CITY REVITALIZATION  
29 AND IMPROVEMENT ZONES, FOR MOBILE TELECOMMUNICATIONS  
30 BROADBAND INVESTMENT TAX CREDIT, FOR THE INNOVATE IN PA  
31 PROGRAM, FOR NEIGHBORHOOD IMPROVEMENT ZONES AND FOR KEYSTONE  
32 SPECIAL DEVELOPMENT ZONE PROGRAM; IN INHERITANCE TAX, FURTHER  
33 PROVIDING FOR TRANSFERS NOT SUBJECT TO TAX AND FOR EXEMPTION  
34 FOR POVERTY; IN INHERITANCE TAX, FURTHER PROVIDING FOR  
35 LIABILITIES AND FOR DEDUCTIONS NOT ALLOWED; IN PROCEDURE AND  
36 ADMINISTRATION, FURTHER PROVIDING FOR DEFINITIONS AND FOR  
37 PETITION FOR REASSESSMENT; PROVIDING FOR THE BOARD OF FINANCE  
38 AND REVENUE; FURTHER PROVIDING FOR REVIEW BY THE BOARD OF  
39 FINANCE AND REVENUE; PROVIDING FOR A REPORT CONCERNING THE  
40 SIGNIFICANT CHANGES IN THE STRUCTURE AND REGULATORY  
41 ENVIRONMENT WITHIN THE BANKING INDUSTRY; AND MAKING RELATED  
42 REPEALS.

43 The General Assembly of the Commonwealth of Pennsylvania  
44 hereby enacts as follows:

45 ~~Section 1. Section 1101 C of the act of March 4, 1971~~ <--  
46 ~~(P.L.6, No.2), known as the Tax Reform Code of 1971, is amended~~  
47 ~~by adding definitions to read:~~

48 ~~Section 1101 C. Definitions. The following words when used~~  
49 ~~in this article shall have the meanings ascribed to them in this~~  
50 ~~section:~~

51 \* \* \*

1 ~~"Volunteer emergency medical services agency." The term~~  
2 ~~shall have the same meaning as given to the term "volunteer~~  
3 ~~ambulance service" in 35 Pa.C.S. § 7802 (relating to~~  
4 ~~definitions).~~

5 ~~"Volunteer fire company." As defined in 35 Pa.C.S. § 7802~~  
6 ~~(relating to definitions).~~

7 ~~"Volunteer rescue company." As defined in 35 Pa.C.S. § 7802~~  
8 ~~(relating to definitions).~~

9 Section 2. ~~Section 1102 C.3 of the act is amended by adding~~  
10 ~~a clause to read:~~

11 Section 1102 C.3. ~~Excluded Transactions. The tax imposed by~~  
12 ~~section 1102 C shall not be imposed upon:~~

13 \* \* \*

14 ~~(23) A transfer of real estate:~~

15 ~~(i) for no or nominal consideration from the Commonwealth or~~  
16 ~~any of its instrumentalities, agencies or political subdivisions~~  
17 ~~to a volunteer emergency medical services agency, volunteer fire~~  
18 ~~company or volunteer rescue company; or~~

19 ~~(ii) between two or more volunteer emergency medical~~  
20 ~~services agencies, volunteer fire companies or volunteer rescue~~  
21 ~~companies.~~

22 Section 3. ~~The addition of section 1102 C.3(23) of the act~~  
23 ~~shall apply to transactions occurring on or after the effective <--~~  
24 ~~date of this section NOVEMBER 1, 2011. <--~~

25 Section 4. ~~This act shall take effect immediately.~~

26 SECTION 1. SECTION 201(DDD) OF THE ACT OF MARCH 4, 1971 <--  
27 (P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE OF 1971, ADDED  
28 DECEMBER 23, 2003 (P.L.250, NO.46), IS AMENDED TO READ:

29 SECTION 201. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND  
30 PHRASES WHEN USED IN THIS ARTICLE II SHALL HAVE THE MEANING

1 ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT  
2 CLEARLY INDICATES A DIFFERENT MEANING:

3 \* \* \*

4 [(DDD) "CALL CENTER." THE PHYSICAL LOCATION IN THIS  
5 COMMONWEALTH:

6 (1) WHERE AT LEAST ONE HUNDRED AND FIFTY EMPLOYES ARE  
7 EMPLOYED TO INITIATE OR ANSWER TELEPHONE CALLS;

8 (2) WHERE THERE ARE AT LEAST TWO HUNDRED TELEPHONE LINES;  
9 AND

10 (3) WHICH UTILIZES AN AUTOMATED CALL DISTRIBUTION SYSTEM FOR  
11 CUSTOMER TELEPHONE CALLS IN ONE OR MORE OF THE FOLLOWING  
12 ACTIVITIES:

13 (A) CUSTOMER SERVICE AND SUPPORT;

14 (B) TECHNICAL ASSISTANCE;

15 (C) HELP DESK SERVICE;

16 (D) PROVIDING INFORMATION;

17 (E) CONDUCTING SURVEYS;

18 (F) REVENUE COLLECTIONS; OR

19 (G) RECEIVING ORDERS OR RESERVATIONS.

20 FOR PURPOSES OF THIS CLAUSE, A PHYSICAL LOCATION MAY INCLUDE  
21 MULTIPLE BUILDINGS UTILIZED BY A TAXPAYER LOCATED WITHIN THIS  
22 COMMONWEALTH.]

23 SECTION 2. SECTION 204 OF THE ACT IS AMENDED BY ADDING A  
24 CLAUSE TO READ:

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

27 \* \* \*

28 (69) THE SALE AT RETAIL OR USE OF AIRCRAFT PARTS, SERVICES  
29 TO AIRCRAFT AND AIRCRAFT COMPONENTS. FOR PURPOSES OF THIS  
30 CLAUSE, THE TERM "AIRCRAFT" SHALL INCLUDE A FIXED-WING AIRCRAFT,

1 POWERED AIRCRAFT, TILT-ROTOR OR TILT-WING AIRCRAFT, GLIDER OR  
2 UNMANNED AIRCRAFT.

3 SECTION 3. SECTIONS 206 AND 208 OF THE ACT, AMENDED DECEMBER  
4 23, 2003 (P.L.250, NO.46), ARE AMENDED TO READ:

5 SECTION 206. CREDIT AGAINST TAX.--(A) A CREDIT AGAINST THE  
6 TAX IMPOSED BY SECTION 202 SHALL BE GRANTED WITH RESPECT TO  
7 TANGIBLE PERSONAL PROPERTY OR SERVICES PURCHASED FOR USE OUTSIDE  
8 THE COMMONWEALTH EQUAL TO THE TAX PAID TO ANOTHER STATE BY  
9 REASON OF THE IMPOSITION BY SUCH OTHER STATE OF A TAX SIMILAR TO  
10 THE TAX IMPOSED BY THIS ARTICLE: PROVIDED, HOWEVER, THAT NO SUCH  
11 CREDIT SHALL BE GRANTED UNLESS SUCH OTHER STATE GRANTS  
12 SUBSTANTIALLY SIMILAR TAX RELIEF BY REASON OF THE PAYMENT OF TAX  
13 UNDER THIS ARTICLE OR UNDER THE TAX ACT OF 1963 FOR EDUCATION.

14 [(B) A CREDIT AGAINST THE TAX IMPOSED BY SECTION 202 ON  
15 TELECOMMUNICATIONS SERVICES SHALL BE GRANTED TO A CALL CENTER  
16 FOR GROSS RECEIPTS TAX PAID BY A TELEPHONE COMPANY ON THE  
17 RECEIPTS DERIVED FROM THE SALE OF INCOMING AND OUTGOING  
18 INTERSTATE TELECOMMUNICATIONS SERVICES TO THE CALL CENTER UNDER  
19 SECTION 1101(A)(2). THE FOLLOWING APPLY:

20 (1) A TELEPHONE COMPANY, UPON REQUEST, SHALL NOTIFY A CALL  
21 CENTER OF THE AMOUNT OF GROSS RECEIPTS TAX PAID BY THE TELEPHONE  
22 COMPANY ON THE RECEIPTS DERIVED FROM THE SALE OF INCOMING AND  
23 OUTGOING INTERSTATE TELECOMMUNICATIONS SERVICES TO THE CALL  
24 CENTER.

25 (2) A CALL CENTER THAT IS ELIGIBLE FOR THE CREDIT IN THIS  
26 SUBSECTION MAY APPLY FOR A TAX CREDIT AS SET FORTH IN THIS  
27 SUBSECTION.

28 (3) BY FEBRUARY 15, A TAXPAYER MUST SUBMIT AN APPLICATION TO  
29 THE DEPARTMENT FOR GROSS RECEIPTS TAX PAID ON THE RECEIPTS  
30 DERIVED FROM THE SALE OF INCOMING AND OUTGOING INTERSTATE

1 TELECOMMUNICATIONS SERVICES INCURRED IN THE PRIOR CALENDAR YEAR.

2 (4) BY APRIL 15 OF THE CALENDAR YEAR FOLLOWING THE CLOSE OF  
3 THE CALENDAR YEAR DURING WHICH THE GROSS RECEIPTS TAX WAS  
4 INCURRED, THE DEPARTMENT SHALL NOTIFY THE APPLICANT OF THE  
5 AMOUNT OF THE APPLICANT'S TAX CREDIT APPROVED BY THE DEPARTMENT.

6 (5) THE TOTAL AMOUNT OF TAX CREDITS PROVIDED FOR IN THIS  
7 SUBSECTION AND APPROVED BY THE DEPARTMENT SHALL NOT EXCEED  
8 THIRTY MILLION DOLLARS (\$30,000,000) IN ANY FISCAL YEAR. IF THE  
9 TOTAL AMOUNT OF TAX CREDITS APPLIED FOR BY ALL APPLICANTS  
10 EXCEEDS THE AMOUNT ALLOCATED FOR THOSE CREDITS, THEN THE CREDIT  
11 TO BE RECEIVED BY EACH APPLICANT SHALL BE DETERMINED AS FOLLOWS:

12 (I) DIVIDE:

13 (A) THE TAX CREDIT APPLIED FOR BY THE APPLICANT; BY

14 (B) THE TOTAL OF ALL TAX CREDITS APPLIED FOR BY ALL  
15 APPLICANTS.

16 (II) MULTIPLY:

17 (A) THE QUOTIENT UNDER SUBPARAGRAPH (I); BY

18 (B) THE AMOUNT ALLOCATED FOR ALL TAX CREDITS.]

19 SECTION 208. LICENSES.--(A) EVERY PERSON MAINTAINING A  
20 PLACE OF BUSINESS IN THIS COMMONWEALTH, SELLING OR LEASING  
21 SERVICES OR TANGIBLE PERSONAL PROPERTY, THE SALE OR USE OF WHICH  
22 IS SUBJECT TO TAX AND WHO HAS NOT HITHERTO OBTAINED A LICENSE  
23 FROM THE DEPARTMENT, SHALL, PRIOR TO THE BEGINNING OF BUSINESS  
24 THEREAFTER, MAKE APPLICATION TO THE DEPARTMENT, ON A FORM  
25 PRESCRIBED BY THE DEPARTMENT, FOR A LICENSE. IF SUCH PERSON  
26 MAINTAINS MORE THAN ONE PLACE OF BUSINESS IN THIS COMMONWEALTH,  
27 THE LICENSE SHALL BE ISSUED FOR THE PRINCIPAL PLACE OF BUSINESS  
28 IN THIS COMMONWEALTH.

29 (B) THE DEPARTMENT SHALL, AFTER THE RECEIPT OF AN  
30 APPLICATION, ISSUE THE LICENSE APPLIED FOR UNDER SUBSECTION (A)

1 OF THIS SECTION, PROVIDED SAID APPLICANT SHALL HAVE FILED ALL  
2 REQUIRED STATE TAX REPORTS AND PAID ANY STATE TAXES NOT SUBJECT  
3 TO A TIMELY PERFECTED ADMINISTRATIVE OR JUDICIAL APPEAL OR  
4 SUBJECT TO A DULY AUTHORIZED DEFERRED PAYMENT PLAN. SUCH LICENSE  
5 SHALL BE NONASSIGNABLE. ALL LICENSEES AS OF THE EFFECTIVE DATE  
6 OF THIS SUBSECTION SHALL BE REQUIRED TO FILE FOR RENEWAL OF SAID  
7 LICENSE ON OR BEFORE JANUARY 31, 1992. LICENSES ISSUED THROUGH  
8 APRIL 30, 1992, SHALL BE BASED ON A STAGGERED RENEWAL SYSTEM  
9 ESTABLISHED BY THE DEPARTMENT. THEREAFTER, ANY LICENSE ISSUED  
10 SHALL BE VALID FOR A PERIOD OF FIVE YEARS.

11 (B.1) IF AN APPLICANT FOR A LICENSE OR ANY PERSON HOLDING A  
12 LICENSE HAS NOT FILED ALL REQUIRED STATE TAX REPORTS AND PAID  
13 ANY STATE TAXES NOT SUBJECT TO A TIMELY PERFECTED ADMINISTRATIVE  
14 OR JUDICIAL APPEAL OR SUBJECT TO A DULY AUTHORIZED DEFERRED  
15 PAYMENT PLAN, THE DEPARTMENT MAY REFUSE TO ISSUE, MAY SUSPEND OR  
16 MAY REVOKE SAID LICENSE. THE DEPARTMENT SHALL NOTIFY THE  
17 APPLICANT OR LICENSEE OF ANY REFUSAL, SUSPENSION OR REVOCATION.  
18 SUCH NOTICE SHALL CONTAIN A STATEMENT THAT THE REFUSAL,  
19 SUSPENSION OR REVOCATION MAY BE MADE PUBLIC. SUCH NOTICE SHALL  
20 BE MADE BY FIRST CLASS MAIL. AN APPLICANT OR LICENSEE AGGRIEVED  
21 BY THE DETERMINATION OF THE DEPARTMENT MAY FILE AN APPEAL  
22 PURSUANT TO THE PROVISIONS FOR ADMINISTRATIVE APPEALS IN THIS  
23 ARTICLE, EXCEPT THAT THE APPEAL MUST BE FILED WITHIN THIRTY (30)  
24 DAYS OF THE DATE OF THE NOTICE. IN THE CASE OF A SUSPENSION OR  
25 REVOCATION WHICH IS APPEALED, THE LICENSE SHALL REMAIN VALID  
26 PENDING A FINAL OUTCOME OF THE APPEALS PROCESS. NOTWITHSTANDING  
27 SECTIONS 274, 353(F), 408(B), 603, 702, 802, 904 AND 1102 OF THE  
28 ACT OR ANY OTHER PROVISION OF LAW TO THE CONTRARY, IF NO APPEAL  
29 IS TAKEN OR IF AN APPEAL IS TAKEN AND DENIED AT THE CONCLUSION  
30 OF THE APPEAL PROCESS, THE DEPARTMENT MAY DISCLOSE, BY

1 PUBLICATION OR OTHERWISE, THE IDENTITY OF A PERSON AND THE FACT  
2 THAT THE PERSON'S LICENSE HAS BEEN REFUSED, SUSPENDED OR REVOKED  
3 UNDER THIS SUBSECTION. DISCLOSURE MAY INCLUDE THE BASIS FOR  
4 REFUSAL, SUSPENSION OR REVOCATION.

5 (C) A PERSON THAT MAINTAINS A PLACE OF BUSINESS IN THIS  
6 COMMONWEALTH FOR THE PURPOSE OF SELLING OR LEASING SERVICES OR  
7 TANGIBLE PERSONAL PROPERTY, THE SALE OR USE OF WHICH IS SUBJECT  
8 TO TAX, WITHOUT HAVING [FIRST BEEN LICENSED BY THE DEPARTMENT] A  
9 VALID LICENSE AT THE TIME OF THE SALE OR LEASE SHALL BE GUILTY  
10 OF A SUMMARY OFFENSE AND, UPON CONVICTION THEREOF, BE SENTENCED  
11 TO PAY A FINE OF NOT LESS THAN THREE HUNDRED DOLLARS (\$300) NOR  
12 MORE THAN ONE THOUSAND FIVE HUNDRED (\$1,500) AND, IN DEFAULT  
13 THEREOF, TO UNDERGO IMPRISONMENT OF NOT LESS THAN FIVE DAYS NOR  
14 MORE THAN THIRTY DAYS. THE PENALTIES IMPOSED BY THIS SUBSECTION  
15 SHALL BE IN ADDITION TO ANY OTHER PENALTIES IMPOSED BY THIS  
16 ARTICLE. FOR PURPOSES OF THIS SUBSECTION, THE OFFERING FOR SALE  
17 OR LEASE OF ANY SERVICE OR TANGIBLE PERSONAL PROPERTY, THE SALE  
18 OR USE OF WHICH IS SUBJECT TO TAX, DURING ANY CALENDAR DAY SHALL  
19 CONSTITUTE A SEPARATE VIOLATION. THE SECRETARY OF REVENUE MAY  
20 DESIGNATE EMPLOYEES OF THE DEPARTMENT TO ENFORCE THE PROVISIONS  
21 OF THIS SUBSECTION. THE EMPLOYEES SHALL EXHIBIT PROOF OF AND BE  
22 WITHIN THE SCOPE OF THE DESIGNATION WHEN INSTITUTING PROCEEDINGS  
23 AS PROVIDED BY THE PENNSYLVANIA RULES OF CRIMINAL PROCEDURE.

24 (D) FAILURE OF ANY PERSON TO OBTAIN A LICENSE SHALL NOT  
25 RELIEVE THAT PERSON OF LIABILITY TO PAY THE TAX IMPOSED BY THIS  
26 ARTICLE.

27 SECTION 4. SECTION 226 OF THE ACT IS REPEALED:

28 [SECTION 226. LOCAL RECEIVERS OF USE TAX.--BEGINNING ON AND  
29 AFTER THE EFFECTIVE DATE OF THIS ARTICLE, IN EVERY COUNTY,  
30 EXCEPT IN COUNTIES OF THE FIRST CLASS, THE COUNTY TREASURER IS

1 HEREBY AUTHORIZED TO RECEIVE USE TAX DUE AND PAYABLE UNDER THE  
2 PROVISIONS OF THIS ARTICLE FROM ANY PERSON OTHER THAN A  
3 LICENSEE. THE RECEIVING OF SUCH TAXES SHALL BE PURSUANT TO RULES  
4 AND REGULATIONS PROMULGATED BY THE DEPARTMENT AND UPON FORMS  
5 FURNISHED BY THE DEPARTMENT. EACH COUNTY TREASURER SHALL REMIT  
6 TO THE DEPARTMENT ALL USE TAXES RECEIVED UNDER THE AUTHORITY OF  
7 THIS SECTION MINUS THE COSTS OF ADMINISTERING THIS PROVISION NOT  
8 TO EXCEED ONE PER CENT OF THE AMOUNT OF USE TAXES RECEIVED,  
9 WHICH AMOUNT SHALL BE RETAINED IN LIEU OF ANY COMMISSION  
10 OTHERWISE ALLOWABLE BY LAW FOR THE COLLECTION OF SUCH TAX.]

11 SECTION 5. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

12 SECTION 278. REMOTE SALES REPORTS.--(A) WITHIN 90 DAYS OF  
13 THE PUBLICATION OF THE NOTICE UNDER SUBSECTION (B), THE  
14 INDEPENDENT FISCAL OFFICE, IN CONJUNCTION WITH THE DEPARTMENT OF  
15 REVENUE, SHALL SUBMIT A DETAILED REPORT TO THE CHAIRMAN AND  
16 MINORITY CHAIRMAN OF THE APPROPRIATIONS COMMITTEE OF THE SENATE,  
17 THE CHAIRMAN AND MINORITY CHAIRMAN OF THE FINANCE COMMITTEE OF  
18 THE SENATE, THE CHAIRMAN AND MINORITY CHAIRMAN OF THE  
19 APPROPRIATIONS COMMITTEE OF THE HOUSE OF REPRESENTATIVES AND THE  
20 CHAIRMAN AND MINORITY CHAIRMAN OF THE FINANCE COMMITTEE OF THE  
21 HOUSE OF REPRESENTATIVES OUTLINING THE PLANS CONCERNING THE  
22 IMPLEMENTATION OF THE LEGISLATION REFERENCED IN SUBSECTION (B)  
23 OR OTHER SUBSTANTIALLY SIMILAR FEDERAL LEGISLATION, WHICH WOULD  
24 GRANT THE COMMONWEALTH THE AUTHORITY TO IMPOSE AND COLLECT THE  
25 TAX UNDER THIS ARTICLE DUE ON SALES FROM REMOTE SELLERS. THE  
26 REPORT SHALL INCLUDE ALL OF THE FOLLOWING:

27 (1) THE AMOUNT OF STATE FUNDS NECESSARY TO IMPLEMENT THE  
28 LEGISLATION REFERENCED IN SUBSECTION (B) OR OTHER SUBSTANTIALLY  
29 SIMILAR LEGISLATION. THE AMOUNT NEEDED SHALL BE ITEMIZED, AND  
30 ALL COSTS, INCLUDING PERSONNEL, OFFICE EXPENSES AND OTHER

1 RELATED COSTS, SHALL BE INCLUDED.

2 (2) THE AMOUNT OF STATE TAX REVENUE EXPECTED TO RESULT FROM  
3 THE IMPLEMENTATION OF THE LEGISLATION REFERENCED IN SUBSECTION  
4 (B) OR OTHER SUBSTANTIALLY SIMILAR LEGISLATION FOR THE FISCAL  
5 YEAR AND FOR FIVE FISCAL YEARS THEREAFTER.

6 (3) THE SOURCE OF FUNDS WHICH WILL BE UTILIZED TO PAY FOR  
7 THE LEGISLATION REFERENCED IN SUBSECTION (B) OR OTHER  
8 SUBSTANTIALLY SIMILAR LEGISLATION IMPLEMENTATION PROGRAM.

9 (4) THE LEGAL AND PRACTICAL ISSUES CONCERNING THE PROPRIETY  
10 OF COLLECTING AND ENFORCING THE TAX IMPOSED UNDER THIS ARTICLE  
11 FROM REMOTE SELLERS.

12 (5) THE NUMBER OF OTHER STATES WHICH HAVE A SIMILAR LAW IN  
13 EFFECT AND THE SUCCESS OR DEFICIENCIES OF THE LAW.

14 (6) PROPOSED DRAFT LEGISLATION CONCERNING THE IMPLEMENTATION  
15 OF THE LEGISLATION REFERENCED IN SUBSECTION (B) OR OTHER  
16 SUBSTANTIALLY SIMILAR LEGISLATION.

17 (7) A DETAILED TIMETABLE ON WHEN SEPARATE TASKS MUST BE  
18 COMPLETED FOR FULL IMPLEMENTATION ON AN ESTIMATED START DATE.

19 (B) THE SECRETARY OF REVENUE SHALL PUBLISH NOTICE IN THE  
20 PENNSYLVANIA BULLETIN THAT FEDERAL LEGISLATION RELATING TO  
21 REMOTE SELLERS HAS BEEN ENACTED.

22 SECTION 6. SECTION 301(T) OF THE ACT, ADDED AUGUST 31, 1971  
23 (P.L.362, NO.93), IS AMENDED AND THE SECTION IS AMENDED BY  
24 ADDING SUBSECTIONS TO READ:

25 SECTION 301. DEFINITIONS.--ANY REFERENCE IN THIS ARTICLE TO  
26 THE INTERNAL REVENUE CODE OF 1986 SHALL MEAN THE INTERNAL  
27 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 1 ET SEQ.),  
28 AS AMENDED TO JANUARY 1, 1997, UNLESS THE REFERENCE CONTAINS THE  
29 PHRASE "AS AMENDED" AND REFERS TO NO OTHER DATE, IN WHICH CASE  
30 THE REFERENCE SHALL BE TO THE INTERNAL REVENUE CODE OF 1986 AS

1 IT EXISTS AS OF THE TIME OF APPLICATION OF THIS ARTICLE. THE  
2 FOLLOWING WORDS, TERMS AND PHRASES WHEN USED IN THIS ARTICLE  
3 SHALL HAVE THE MEANING ASCRIBED TO THEM IN THIS SECTION EXCEPT  
4 WHERE THE CONTEXT CLEARLY INDICATES A DIFFERENT MEANING:

5 \* \* \*

6 (D.2) "CORPORATE ITEM" MEANS AN ITEM, INCLUDING INCOME, GAIN  
7 OR LOSS, DEDUCTION OR CREDIT DETERMINED AT THE PENNSYLVANIA S  
8 CORPORATION LEVEL, WHICH IS REQUIRED TO BE TAKEN INTO ACCOUNT  
9 FOR A PENNSYLVANIA S CORPORATION'S TAXABLE YEAR.

10 \* \* \*

11 (N.2) "PARTNERSHIP ITEM" MEANS AN ITEM, INCLUDING INCOME,  
12 GAIN OR LOSS, DEDUCTION OR CREDIT DETERMINED AT THE PARTNERSHIP  
13 LEVEL, WHICH IS REQUIRED TO BE TAKEN INTO ACCOUNT FOR A  
14 PARTNERSHIP'S TAXABLE YEAR.

15 \* \* \*

16 (O.4) "PUBLICLY TRADED PARTNERSHIP" MEANS AN ENTITY DEFINED  
17 UNDER SECTION 7704 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC  
18 LAW 99-514, 26 U.S.C. § 7704) WITH EQUITY SECURITIES REGISTERED  
19 WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER SECTION 12 OF  
20 THE SECURITIES EXCHANGE ACT OF 1934 (48 STAT. 881, 15 U.S.C. §  
21 78A).

22 \* \* \*

23 (T) "STATE" MEANS, EXCEPT AS PROVIDED UNDER SECTION 314(A),  
24 ANY STATE OR COMMONWEALTH OF THE UNITED STATES, THE DISTRICT OF  
25 COLUMBIA, THE COMMONWEALTH OF PUERTO RICO, ANY TERRITORY OR  
26 POSSESSION OF THE UNITED STATES AND ANY FOREIGN COUNTRY.

27 \* \* \*

28 SECTION 6.1. THE ACT IS AMENDED BY ADDING AN ARTICLE TO  
29 READ:

30 ARTICLE II-B

1 SPECIAL TAXING AUTHORITY

2 SECTION 201-B. SPECIAL TAXING AUTHORITY.

3 (A) IMPOSITION OF TAX.--

4 (1) A CITY OF THE FIRST CLASS MAY ELECT TO IMPOSE A TAX  
5 ON THE SALE AT RETAIL OF TANGIBLE PERSONAL PROPERTY OR  
6 SERVICES OR USE OF TANGIBLE PERSONAL PROPERTY OR SERVICES  
7 PURCHASED AT RETAIL, AS THOSE TERMS ARE DEFINED IN SECTION  
8 201.

9 (2) THE TAX IMPOSED UNDER THIS SECTION SHALL BE IN  
10 ADDITION TO THE TAX AUTHORIZED UNDER SECTION 503(A) AND (B)  
11 OF THE ACT OF JUNE 5, 1991 (P.L. 9, NO. 6), KNOWN AS THE  
12 PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY ACT FOR  
13 CITIES OF THE FIRST CLASS.

14 (3) THE TAX AUTHORIZED UNDER THIS SUBSECTION SHALL NOT  
15 BE LEVIED, ASSESSED AND COLLECTED UPON THE OCCUPANCY OF A  
16 ROOM IN A HOTEL IN THE CITY OF THE FIRST CLASS.

17 (4) A TAX IMPOSED UNDER THIS SUBSECTION ON SALES OR USES  
18 SHALL BE PAID TO AND RECEIVED BY THE DEPARTMENT OF REVENUE  
19 AND, ALONG WITH INTEREST AND PENALTIES, LESS ANY REFUNDS AND  
20 CREDITS PAID, SHALL BE CREDITED TO THE LOCAL SALES AND USE  
21 TAX FUND CREATED UNDER THE PENNSYLVANIA INTERGOVERNMENTAL  
22 COOPERATION AUTHORITY ACT FOR CITIES OF THE FIRST CLASS.  
23 MONEY IN THE FUND SHALL BE DISBURSED AS PROVIDED IN SECTION  
24 509 OF THE PENNSYLVANIA INTERGOVERNMENTAL COOPERATION  
25 AUTHORITY ACT FOR CITIES OF THE FIRST CLASS.

26 (B) RATE.--THE TAX AUTHORIZED UNDER SUBSECTION (A) SHALL BE  
27 IMPOSED AND COLLECTED AT THE RATE OF 1% AND SHALL BE COMPUTED AS  
28 SET FORTH IN SECTION 503(E) (2) OF THE PENNSYLVANIA  
29 INTERGOVERNMENTAL COOPERATION AUTHORITY ACT FOR CITIES OF THE  
30 FIRST CLASS.

1       (C) COLLECTION.--THE TAX AUTHORIZED UNDER SUBSECTION (A)  
2 SHALL BE ADMINISTERED, COLLECTED, DEPOSITED AND DISBURSED IN THE  
3 SAME MANNER AS THE TAX IMPOSED UNDER CHAPTER 5 OF THE  
4 PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY ACT FOR  
5 CITIES OF THE FIRST CLASS AND THE SITUS OF THE TAX SHALL BE  
6 DETERMINED IN ACCORDANCE WITH THE PENNSYLVANIA INTERGOVERNMENTAL  
7 COOPERATION AUTHORITY ACT AND ARTICLE II-A. THE DEPARTMENT OF  
8 REVENUE SHALL USE THE MONEY RECEIVED FROM THE TAX AUTHORIZED  
9 UNDER CHAPTER 5 OF THE PENNSYLVANIA INTERGOVERNMENTAL  
10 COOPERATION AUTHORITY ACT FOR CITIES OF THE FIRST CLASS TO COVER  
11 COSTS FOR THE ADMINISTRATION OF THE TAX AUTHORIZED UNDER  
12 SUBSECTION (A). THE DEPARTMENT OF REVENUE SHALL NOT RETAIN ANY  
13 ADDITIONAL AMOUNTS FOR THE COST OF COLLECTING THE TAX AUTHORIZED  
14 UNDER SUBSECTION (A). NO ADDITIONAL FEE SHALL BE CHARGED FOR A  
15 LICENSE OR LICENSE RENEWAL OTHER THAN THE LICENSE OR RENEWAL FEE  
16 AUTHORIZED AND IMPOSED UNDER ARTICLE II.

17       (D) MUNICIPAL ACTION.--IN ORDER TO IMPOSE THE TAX, THE  
18 GOVERNING BODY OF THE CITY SHALL ADOPT AN ORDINANCE STATING THE  
19 TAX RATE. THE ORDINANCE MAY BE ADOPTED PRIOR TO THE EFFECTIVE  
20 DATE OF THIS SUBSECTION. THE ORDINANCE SHALL TAKE EFFECT NO  
21 EARLIER THAN 20 DAYS AFTER THE ADOPTION OF THE ORDINANCE OR 20  
22 DAYS AFTER THE EFFECTIVE DATE OF THIS SECTION, WHICHEVER IS  
23 LATER. A CERTIFIED COPY OF THE CITY ORDINANCE SHALL BE DELIVERED  
24 TO THE DEPARTMENT OF REVENUE WITHIN TEN DAYS PRIOR TO OR AFTER  
25 THE EFFECTIVE DATE OF THE ORDINANCE. A CERTIFIED COPY OF AN  
26 ORDINANCE TO REPEAL THE TAX AUTHORIZED UNDER SUBSECTION (A)  
27 SHALL BE DELIVERED TO THE DEPARTMENT OF REVENUE AT LEAST 30 DAYS  
28 PRIOR TO THE EFFECTIVE DATE OF REPEAL.

29       (E) USE OF TAX RECEIPTS.--

30           (1) MONEY RECEIVED BY THE CITY FROM THE LEVY, ASSESSMENT

1 AND COLLECTION OF THE TAX AUTHORIZED UNDER SUBSECTION (A) MAY  
2 ONLY BE PAID TO A SCHOOL DISTRICT OF THE FIRST CLASS IN AN  
3 AMOUNT OF UP TO \$120,000,000 IF THE SECRETARY OF EDUCATION  
4 HAS MADE A DETERMINATION, IN THE FORM OF AN ANNUAL  
5 CERTIFICATION PUBLISHED IN THE PENNSYLVANIA BULLETIN, THAT  
6 THE SCHOOL DISTRICT OF THE FIRST CLASS HAS, IN THE JUDGMENT  
7 OF THE SECRETARY OF EDUCATION, BEGAN IMPLEMENTATION OF  
8 REFORMS THAT PROVIDE FOR FISCAL STABILITY, EDUCATIONAL  
9 IMPROVEMENT AND OPERATIONAL CONTROL.

10 (2) IF THE SECRETARY OF EDUCATION DETERMINES THAT THE  
11 SCHOOL DISTRICT OF THE FIRST CLASS IS IMPLEMENTING THE  
12 PROVISIONS OUTLINED IN PARAGRAPH (1), THE SECRETARY OF  
13 EDUCATION SHALL:

14 (I) DELIVER WRITTEN CERTIFICATION OF THE  
15 DETERMINATION TO THE MAJORITY AND MINORITY CHAIRPERSONS  
16 OF THE APPROPRIATIONS COMMITTEES OF THE SENATE AND THE  
17 HOUSE OF REPRESENTATIVES, THE MAJORITY AND MINORITY  
18 CHAIRPERSONS OF THE EDUCATION COMMITTEES OF THE SENATE  
19 AND THE HOUSE OF REPRESENTATIVES, THE CHIEF EXECUTIVE OF  
20 THE SCHOOL DISTRICT OF THE FIRST CLASS AND THE SECRETARY  
21 OF THE DEPARTMENT OF REVENUE.

22 (II) UPON RECEIPT OF THE CERTIFICATION FROM THE  
23 SECRETARY OF EDUCATION, THE SECRETARY OF THE DEPARTMENT  
24 OF REVENUE SHALL DIRECT THE STATE TREASURER TO DISBURSE,  
25 ON OR BEFORE THE 10TH DAY OF EVERY MONTH, TO THE SCHOOL  
26 DISTRICT OF THE FIRST CLASS THE TOTAL AMOUNT OF MONEY  
27 WHICH IS, AS OF THE LAST DAY OF THE PREVIOUS MONTH,  
28 CONTAINED IN THE LOCAL SALES AND USE TAX FUND.

29 (III) IF THE SECRETARY OF EDUCATION DOES NOT ISSUE A  
30 WRITTEN CERTIFICATION ON OR BEFORE DECEMBER 31 OF EACH

1           YEAR ALL MONEY CONTAINED IN THE LOCAL SALES AND USE TAX  
2           FUND SHALL BE PAID TO A CITY OF THE FIRST CLASS.

3           (F) REMAINING MONEY.--ANY REMAINING MONEY ABOVE \$120,000,000  
4 PAID TO A SCHOOL DISTRICT OF THE FIRST CLASS PURSUANT TO THIS  
5 SECTION SHALL BE PAID TO A CITY OF THE FIRST CLASS AS FOLLOWS:

6           (1) FOR FISCAL YEARS 2014-2015, 2015-2016, 2016-2017 AND  
7 2017-2018, THE FIRST \$15,000,000 IN EACH OF THOSE FISCAL  
8 YEARS MAY BE RETAINED FOR THE PAYMENT OF DEBT SERVICE  
9 INCURRED BY THE CITY FOR THE BENEFIT OF A SCHOOL DISTRICT OF  
10 THE FIRST CLASS; AND

11           (2) THE REMAINING MONEY SHALL BE PAID TO A CITY OF THE  
12 FIRST CLASS IN ACCORDANCE WITH THE ACT OF DECEMBER 18, 1984  
13 (P.L.1005, NO.205), KNOWN AS THE MUNICIPAL PENSION PLAN  
14 FUNDING STANDARD AND RECOVERY ACT.

15           SECTION 7. SECTION 303(A)(2) OF THE ACT, ADDED AUGUST 31,  
16 1971 (P.L.362, NO.93), IS AMENDED AND THE SECTION IS AMENDED BY  
17 ADDING A SUBSECTION TO READ:

18           SECTION 303. CLASSES OF INCOME.--(A) THE CLASSES OF INCOME  
19 REFERRED TO ABOVE ARE AS FOLLOWS:

20           \* \* \*

21           (2) NET PROFITS. THE NET INCOME FROM THE OPERATION OF A  
22 BUSINESS, PROFESSION, OR OTHER ACTIVITY, AFTER PROVISION FOR ALL  
23 COSTS AND EXPENSES INCURRED IN THE CONDUCT THEREOF, DETERMINED  
24 EITHER ON A CASH OR ACCRUAL BASIS IN ACCORDANCE WITH ACCEPTED  
25 ACCOUNTING PRINCIPLES AND PRACTICES BUT WITHOUT DEDUCTION OF  
26 TAXES BASED ON INCOME. FOR PURPOSES OF CALCULATING NET INCOME  
27 UNDER THIS PARAGRAPH, TO THE EXTENT A TAXPAYER PROPERLY DEDUCTS  
28 AN AMOUNT UNDER SECTION 195(B)(1)(A) OF THE INTERNAL REVENUE  
29 CODE OF 1986 (26 U.S.C. § 195(B)(1)(A)), AS AMENDED, AND THE  
30 REGULATIONS PROMULGATED UNDER SECTION 195(B)(1)(A) OF THE

1 INTERNAL REVENUE CODE OF 1986, THE TAXPAYER SHALL BE PERMITTED A  
2 DEDUCTION IN EQUAL AMOUNT IN THE SAME TAXABLE YEAR.

3 \* \* \*

4 (A.8) A PERSON WHO INCURS INTANGIBLE DRILLING AND  
5 DEVELOPMENT COSTS SHALL CAPITALIZE THE COSTS UNLESS THE TAXPAYER  
6 ELECTS TO CURRENTLY EXPENSE THE COSTS FOR FEDERAL INCOME TAX  
7 PURPOSES UNDER SECTION 263(C) OF THE INTERNAL REVENUE CODE OF  
8 1986, AS AMENDED, AND REGULATIONS THEREUNDER, IS REQUIRED TO  
9 CAPITALIZE THE COSTS AND RECOVER THEM OVER A TEN-YEAR PERIOD IN  
10 THE TAXABLE YEAR THE COSTS ARE INCURRED; OR A PERSON MAY ELECT  
11 TO CURRENTLY EXPENSE UP TO ONE-THIRD OF THE COSTS IN THE TAXABLE  
12 YEAR IN WHICH THE COSTS ARE INCURRED AND RECOVER THE REMAINING  
13 COSTS OVER A TEN-YEAR PERIOD BEGINNING IN THE TAXABLE YEAR THE  
14 COSTS ARE INCURRED.

15 SECTION 8. SECTION 306 OF THE ACT, AMENDED JUNE 22, 2001  
16 (P.L.353, NO.23), IS AMENDED TO READ:

17 SECTION 306. TAXABILITY OF PARTNERS.--[A] EXCEPT AS PROVIDED  
18 UNDER SECTION 306.2, A PARTNERSHIP AS AN ENTITY SHALL NOT BE  
19 SUBJECT TO THE TAX IMPOSED BY THIS ARTICLE, BUT THE INCOME OR  
20 GAIN OF A MEMBER OF A PARTNERSHIP IN RESPECT OF SAID PARTNERSHIP  
21 SHALL BE SUBJECT TO THE TAX AND THE TAX SHALL BE IMPOSED ON HIS  
22 SHARE, WHETHER OR NOT DISTRIBUTED, OF THE INCOME OR GAIN  
23 RECEIVED BY THE PARTNERSHIP FOR ITS TAXABLE YEAR ENDING WITHIN  
24 OR WITH THE MEMBER'S TAXABLE YEAR.

25 SECTION 9. THE ACT IS AMENDED BY ADDING SECTIONS TO READ:

26 SECTION 306.1. TAX TREATMENT DETERMINED AT PARTNERSHIP  
27 LEVEL.--THE CLASSIFICATION OR CHARACTER OF A PARTNERSHIP ITEM  
28 SHALL BE DETERMINED AT THE PARTNERSHIP LEVEL. THIS SECTION SHALL  
29 NOT PROHIBIT THE DEPARTMENT FROM ADJUSTING A PARTNER'S RETURN.

30 SECTION 306.2. TAX IMPOSED AT PARTNERSHIP LEVEL.--(A) A

1 PARTNERSHIP UNDERREPORTING INCOME BY MORE THAN ONE MILLION  
2 DOLLARS (\$1,000,000) FOR ANY TAX YEAR SHALL BE LIABLE FOR THE  
3 TAX, EXCLUDING INTEREST, PENALTIES OR ADDITIONS AT THE TAX RATE  
4 APPLICABLE TO THE TAX YEAR, ON THE UNDERREPORTED INCOME WITHOUT  
5 REGARD TO THE TAX LIABILITY OF THE PARTNERS FOR THE  
6 UNDERREPORTED INCOME. THE DEPARTMENT SHALL ASSESS THE  
7 PARTNERSHIP FOR THE TAX ON THE UNDERREPORTED INCOME. THE  
8 DEPARTMENT SHALL NOT ASSESS THE PARTNERS FOR THE UNDERREPORTED  
9 INCOME OR THE TAX THEREON; RATHER, THE PARTNERSHIP SHALL BE  
10 REQUIRED TO PROVIDE AN AMENDED STATEMENT TO EACH PARTNER AS  
11 REQUIRED UNDER SECTION 335(C) (3) OF THE PARTNER'S PRO RATA SHARE  
12 OF THE UNDERREPORTED INCOME WITHIN NINETY DAYS OF THE ASSESSMENT  
13 BECOMING FINAL. NOTHING IN THIS SUBSECTION SHALL RELIEVE THE  
14 PARTNERS OF THEIR TAX LIABILITY ON THE UNDERREPORTED INCOME.

15 (A.1) EACH PARTNER SHALL BE ALLOWED A CREDIT FOR SUCH  
16 PARTNER'S SHARE OF THE TAX ASSESSED AGAINST THE PARTNERSHIP  
17 UNDER SUBSECTION (A) AND PAID BY THE PARTNERSHIP. THE CREDIT  
18 SHALL BE ALLOWED FOR THE PARTNER'S TAXABLE YEAR IN WHICH THE  
19 UNDERREPORTED INCOME WAS REQUIRED TO BE REPORTED.

20 (B) SUBSECTION (A) SHALL APPLY TO THE FOLLOWING  
21 PARTNERSHIPS:

22 (1) A PARTNERSHIP WHICH HAS ELEVEN OR MORE PARTNERS WHO ARE  
23 NATURAL PERSONS.

24 (2) A PARTNERSHIP WHICH HAS AT LEAST ONE PARTNER WHICH IS A  
25 CORPORATION, LIMITED LIABILITY COMPANY, PARTNERSHIP OR TRUST.

26 (3) A PARTNERSHIP WHICH HAS ONLY PARTNERS WHO ARE NATURAL  
27 PERSONS AND WHICH ELECTS TO BE SUBJECT TO THIS SUBSECTION. THE  
28 ELECTION MUST BE INCLUDED ON THE PARTNERSHIP RETURN TO BE FILED  
29 WITH THE DEPARTMENT.

30 (C) THIS SECTION SHALL NOT APPLY TO A PUBLICLY TRADED

1 PARTNERSHIP.

2 (D) NOTHING UNDER THIS SECTION SHALL REQUIRE ONE PARTNER TO  
3 BE LIABLE FOR THE PAYMENT OF A TAX LIABILITY OF ANOTHER PARTNER.

4 (E) APPEALS INVOLVING A DEFICIENCY ASSESSED UNDER THIS  
5 SECTION MAY ONLY BE PURSUED BY THE PARTNERSHIP AND A  
6 REASSESSMENT OF TAX LIABILITY SHALL BE BINDING ON THE PARTNERS.

7 SECTION 10. SECTION 307.8(A) OF THE ACT, AMENDED MAY 7, 1997  
8 (P.L.85, NO.7), IS AMENDED AND THE SECTION IS AMENDED BY ADDING  
9 A SUBSECTION TO READ:

10 SECTION 307.8. INCOME OF A PENNSYLVANIA S CORPORATION.-- (A)  
11 A PENNSYLVANIA S CORPORATION SHALL NOT BE SUBJECT TO THE TAX  
12 IMPOSED BY THIS ARTICLE, EXCEPT AS PROVIDED UNDER SUBSECTION  
13 (F), BUT THE SHAREHOLDERS OF THE PENNSYLVANIA S CORPORATION  
14 SHALL BE SUBJECT TO THE TAX IMPOSED UNDER THIS ARTICLE AS  
15 PROVIDED IN THIS ARTICLE.

16 \* \* \*

17 (F) A PENNSYLVANIA S CORPORATION WITH UNDERREPORTED INCOME  
18 SHALL BE SUBJECT TO THE FOLLOWING:

19 (1) A PENNSYLVANIA S CORPORATION UNDERREPORTING INCOME  
20 BY MORE THAN ONE MILLION DOLLARS (\$1,000,000) FOR ANY TAX  
21 YEAR SHALL BE LIABLE FOR THE TAX, EXCLUDING INTEREST,  
22 PENALTIES OR ADDITIONS, AT THE TAX RATE APPLICABLE TO THE TAX  
23 YEAR, ON THE UNDERREPORTED INCOME WITHOUT REGARD TO THE TAX  
24 LIABILITY OF THE SHAREHOLDERS FOR THE UNDERREPORTED INCOME.  
25 THE DEPARTMENT SHALL ASSESS THE PENNSYLVANIA S CORPORATION  
26 FOR THE TAX ON THE UNDERREPORTED INCOME. THE DEPARTMENT SHALL  
27 NOT ASSESS THE SHAREHOLDERS FOR THE UNDERREPORTED INCOME OR  
28 THE TAX THEREON; RATHER, THE PENNSYLVANIA S CORPORATION SHALL  
29 BE REQUIRED TO PROVIDE AN AMENDED STATEMENT TO EACH  
30 SHAREHOLDER AS REQUIRED UNDER SECTION 330.1 OF THE

1 SHAREHOLDER'S PRO RATA SHARE OF THE UNDERREPORTED INCOME  
2 WITHIN 90 DAYS OF THE ASSESSMENT BECOMING FINAL. NOTHING IN  
3 THIS SUBSECTION SHALL RELIEVE THE SHAREHOLDERS OF THEIR TAX  
4 LIABILITY ON THE UNDERREPORTED INCOME.

5 (1.1) EACH SHAREHOLDER SHALL BE ALLOWED A CREDIT FOR THE  
6 SHAREHOLDER'S SHARE OF THE TAX ASSESSED AGAINST THE PENNSYLVANIA  
7 S CORPORATION UNDER PARAGRAPH (1) AND PAID BY THE PENNSYLVANIA S  
8 CORPORATION. THE CREDIT SHALL BE ALLOWED FOR THE SHAREHOLDER'S  
9 TAXABLE YEAR IN WHICH THE UNDERREPORTED INCOME WAS REQUIRED TO  
10 BE REPORTED.

11 (2) PARAGRAPH (1) SHALL APPLY TO THE FOLLOWING PENNSYLVANIA  
12 S CORPORATIONS:

13 (I) A PENNSYLVANIA S CORPORATION WHICH HAS ELEVEN OR MORE  
14 SHAREHOLDERS.

15 (II) A PENNSYLVANIA S CORPORATION WHICH ELECTS TO BE SUBJECT  
16 TO THIS SUBSECTION. THE ELECTION MUST BE INCLUDED ON THE  
17 PENNSYLVANIA S CORPORATION RETURN TO BE FILED WITH THE  
18 DEPARTMENT.

19 (3) NOTHING UNDER THIS SECTION SHALL REQUIRE ONE SHAREHOLDER  
20 TO BE LIABLE FOR THE PAYMENT OF A TAX LIABILITY OF ANOTHER  
21 SHAREHOLDER.

22 (4) APPEALS INVOLVING THE DEFICIENCY ASSESSED UNDER THIS  
23 SECTION MAY BE FILED ONLY BY THE PENNSYLVANIA S CORPORATION AND  
24 A REASSESSMENT OF TAX LIABILITY SHALL BE BINDING ON THE  
25 SHAREHOLDERS.

26 SECTION 11. SECTION 314(A) OF THE ACT, AMENDED DECEMBER 23,  
27 1983 (P.L.370, NO.90), IS AMENDED TO READ:

28 SECTION 314. INCOME TAXES IMPOSED BY OTHER STATES.-- (A) A  
29 RESIDENT TAXPAYER BEFORE ALLOWANCE OF ANY CREDIT UNDER SECTION  
30 312 SHALL BE ALLOWED A CREDIT AGAINST THE TAX OTHERWISE DUE

1 UNDER THIS ARTICLE FOR THE AMOUNT OF ANY INCOME TAX, WAGE TAX OR  
2 TAX ON OR MEASURED BY GROSS OR NET EARNED OR UNEARNED INCOME  
3 IMPOSED ON HIM OR ON A PENNSYLVANIA S CORPORATION IN WHICH HE IS  
4 A SHAREHOLDER, TO THE EXTENT OF HIS PRO RATA SHARE THEREOF  
5 DETERMINED IN ACCORDANCE WITH SECTION 307.9, BY ANOTHER STATE  
6 WITH RESPECT TO INCOME WHICH IS ALSO SUBJECT TO TAX UNDER THIS  
7 ARTICLE. FOR PURPOSES OF THIS SUBSECTION, THE TERM "STATE" SHALL  
8 ONLY INCLUDE A STATE OF THE UNITED STATES, THE DISTRICT OF  
9 COLUMBIA, THE COMMONWEALTH OF PUERTO RICO AND ANY TERRITORY OR  
10 POSSESSION OF THE UNITED STATES.

11 \* \* \*

12 SECTION 12. SECTION 315.9 OF THE ACT, AMENDED OCTOBER 9,  
13 2009 (P.L.451, NO.48), IS AMENDED TO READ:

14 SECTION 315.9. OPERATIONAL PROVISIONS.--

15 (B) EXCEPT AS SET FORTH IN SUBSECTION (B.1), ANY CHECKOFF  
16 ESTABLISHED UNDER THIS PART AND APPLICABLE FOR THE FIRST TIME IN  
17 A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2009, SHALL EXPIRE  
18 FOUR YEARS AFTER THE BEGINNING OF SUCH FIRST TAXABLE YEAR.

19 (B.1) NOTWITHSTANDING SUBSECTION (B), THE CHECKOFFS  
20 ESTABLISHED IN SECTIONS 315.2 AND 315.7 SHALL NOT EXPIRE.

21 (C) SECTIONS 315.3, 315.4 AND 315.8 SHALL EXPIRE JANUARY 1,  
22 [2014] 2018.

23 SECTION 13. THE ACT IS AMENDED BY ADDING SECTIONS TO READ:

24 SECTION 315.10. CONTRIBUTIONS FOR THE CHILDREN'S TRUST  
25 FUND.--(A) THE DEPARTMENT SHALL PROVIDE A SPACE ON THE  
26 PENNSYLVANIA INDIVIDUAL INCOME TAX RETURN FORM WHEREBY AN  
27 INDIVIDUAL MAY VOLUNTARILY DESIGNATE A CONTRIBUTION OF ANY  
28 AMOUNT DESIRED TO THE CHILDREN'S TRUST FUND ESTABLISHED IN  
29 SECTION 8 OF THE ACT OF DECEMBER 15, 1988 (P.L.1235, NO.151),  
30 KNOWN AS THE "CHILDREN'S TRUST FUND ACT."

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

6 (C) THE DEPARTMENT SHALL DETERMINE ANNUALLY THE TOTAL AMOUNT  
7 DESIGNATED PURSUANT TO THIS SECTION, LESS REASONABLE  
8 ADMINISTRATIVE COSTS, AND SHALL REPORT THE AMOUNT TO THE STATE  
9 TREASURER, WHO SHALL TRANSFER THE AMOUNT FROM THE GENERAL FUND  
10 TO THE CHILDREN'S TRUST FUND.

11 SECTION 315.11. CONTRIBUTIONS FOR AMERICAN RED CROSS.--(A)  
12 THE DEPARTMENT SHALL PROVIDE A SPACE ON THE PENNSYLVANIA  
13 INDIVIDUAL INCOME TAX RETURN FORM BY WHICH AN INDIVIDUAL MAY  
14 VOLUNTARILY DESIGNATE A CONTRIBUTION OF ANY AMOUNT DESIRED TO  
15 THE AMERICAN RED CROSS ESTABLISHED UNDER 36 U.S.C. CH. 3001  
16 (RELATING TO THE AMERICAN NATIONAL RED CROSS).

17 (B) THE AMOUNT DESIGNATED UNDER SUBSECTION (A) BY AN  
18 INDIVIDUAL ON THE INCOME TAX RETURN FORM SHALL BE DEDUCTED FROM  
19 THE TAX REFUND TO WHICH THE INDIVIDUAL IS ENTITLED AND SHALL NOT  
20 CONSTITUTE A CHARGE AGAINST THE INCOME TAX REVENUES DUE THE  
21 COMMONWEALTH.

22 (C) THE DEPARTMENT SHALL DETERMINE ANNUALLY THE TOTAL AMOUNT  
23 DESIGNATED UNDER THIS SECTION, LESS REASONABLE ADMINISTRATIVE  
24 COSTS, AND SHALL REPORT THE AMOUNT TO THE STATE TREASURER, WHO  
25 SHALL TRANSFER THE AMOUNT FROM THE GENERAL FUND TO THE AMERICAN  
26 RED CROSS.

27 SECTION 14. SECTION 324 OF THE ACT, AMENDED JUNE 22, 2001  
28 (P.L.353, NO.23), IS AMENDED TO READ:

29 SECTION 324. GENERAL RULE.--(A) WHEN A PARTNERSHIP, ESTATE,  
30 TRUST OR PENNSYLVANIA S CORPORATION RECEIVES INCOME FROM SOURCES

1 WITHIN THIS COMMONWEALTH FOR ANY TAXABLE YEAR AND ANY PORTION OF  
2 THE INCOME IS ALLOCABLE TO A NONRESIDENT PARTNER, BENEFICIARY,  
3 MEMBER OR SHAREHOLDER THEREOF, THE PARTNERSHIP, ESTATE, TRUST OR  
4 PENNSYLVANIA S CORPORATION SHALL PAY A WITHHOLDING TAX UNDER  
5 THIS SECTION AT THE TIME AND IN THE MANNER PRESCRIBED BY THE  
6 DEPARTMENT; HOWEVER, NOTWITHSTANDING ANY OTHER PROVISION OF THIS  
7 ARTICLE, ALL SUCH WITHHOLDING TAX SHALL BE PAID OVER ON OR  
8 BEFORE THE FIFTEENTH DAY OF THE FOURTH MONTH FOLLOWING THE END  
9 OF THE TAXABLE YEAR.

10 (B) THIS SECTION SHALL NOT APPLY TO ANY PUBLICLY TRADED  
11 PARTNERSHIP AS DEFINED UNDER SECTION 7704 OF THE INTERNAL  
12 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 7704) WITH  
13 EQUITY SECURITIES REGISTERED WITH THE SECURITIES AND EXCHANGE  
14 COMMISSION UNDER SECTION 12 OF THE SECURITIES EXCHANGE ACT OF  
15 1934 (48 STAT. 881, 15 U.S.C. § 78A).

16 SECTION 15. SECTION 330.1 OF THE ACT, AMENDED OR ADDED  
17 DECEMBER 23, 1983 (P.L.370, NO.90) AND JULY 13, 1987 (P.L.325,  
18 NO.59), IS AMENDED TO READ:

19 SECTION 330.1. RETURN OF PENNSYLVANIA S CORPORATION.--(A)  
20 EVERY PENNSYLVANIA S CORPORATION SHALL MAKE A RETURN FOR EACH  
21 TAXABLE YEAR, STATING SPECIFICALLY ALL ITEMS OF GROSS INCOME AND  
22 DEDUCTIONS, THE NAMES AND ADDRESSES OF ALL PERSONS OWNING STOCK  
23 IN THE CORPORATION AT ANY TIME DURING THE TAXABLE YEAR, THE  
24 NUMBER OF SHARES OF STOCK OWNED BY EACH SHAREHOLDER AT ALL TIMES  
25 DURING THE TAXABLE YEAR, THE AMOUNT OF MONEY AND OTHER PROPERTY  
26 DISTRIBUTED BY THE CORPORATION DURING THE TAXABLE YEAR TO EACH  
27 SHAREHOLDER, THE DATE OF EACH DISTRIBUTION, EACH SHAREHOLDER'S  
28 PRO RATA SHARE OF EACH ITEM OF THE CORPORATION FOR THE TAXABLE  
29 YEAR AND SUCH OTHER INFORMATION AS THE DEPARTMENT MAY REQUIRE.

30 (B) THE RETURN SHALL BE FILED ON OR BEFORE THIRTY DAYS AFTER

1 THE DATE WHEN THE CORPORATION'S FEDERAL INCOME TAX RETURN IS  
2 DUE.

3 (C) EVERY PENNSYLVANIA S CORPORATION SHALL ALSO SUBMIT TO  
4 THE DEPARTMENT A TRUE COPY OF THE INCOME TAX RETURN FILED WITH  
5 THE FEDERAL GOVERNMENT AT THE TIME THE RETURN REQUIRED UNDER  
6 SUBSECTION (A) IS FILED.

7 (D) EACH PENNSYLVANIA S CORPORATION REQUIRED TO FILE A  
8 RETURN UNDER SUBSECTION (A) FOR A TAXABLE YEAR SHALL, ON OR  
9 BEFORE THE DAY ON WHICH THE RETURN FOR THE TAXABLE YEAR WAS  
10 FILED, FURNISH TO EACH PERSON WHO IS A SHAREHOLDER AT ANY TIME  
11 DURING THE TAXABLE YEAR, A WRITTEN STATEMENT OF THE  
12 SHAREHOLDER'S PRO RATA SHARE OF EACH ITEM ON THE CORPORATE  
13 RETURN, IN A FORM REQUIRED BY THE DEPARTMENT.

14 SECTION 16. SECTION 335 OF THE ACT, AMENDED OR ADDED AUGUST  
15 31, 1971 (P.L.362, NO.93), DECEMBER 23, 2003 (P.L.250, NO.46)  
16 AND JULY 2, 2012 (P.L.751, NO.85), IS AMENDED TO READ:

17 SECTION 335. REQUIREMENTS CONCERNING RETURNS, NOTICES,  
18 RECORDS AND STATEMENTS.--(A) THE DEPARTMENT MAY PRESCRIBE BY  
19 REGULATION FOR THE KEEPING OF RECORDS, THE CONTENT AND FORM OF  
20 RETURNS, DECLARATIONS, STATEMENTS AND OTHER DOCUMENTS AND THE  
21 FILING OF COPIES OF FEDERAL INCOME TAX RETURNS AND  
22 DETERMINATIONS. THE DEPARTMENT MAY REQUIRE ANY PERSON, BY  
23 REGULATION OR NOTICE SERVED UPON SUCH PERSON, TO MAKE SUCH  
24 RETURNS, RENDER SUCH STATEMENTS, OR KEEP SUCH RECORDS, AS THE  
25 DEPARTMENT MAY DEEM SUFFICIENT TO SHOW WHETHER OR NOT SUCH  
26 PERSON IS LIABLE FOR TAX UNDER THIS ARTICLE.

27 (B) (1) WHEN REQUIRED BY REGULATIONS PRESCRIBED BY THE  
28 DEPARTMENT:

29 (I) ANY PERSON REQUIRED UNDER THE AUTHORITY OF THIS ARTICLE  
30 TO MAKE A RETURN, DECLARATION, STATEMENT, OR OTHER DOCUMENT

1 SHALL INCLUDE IN SUCH RETURN, DECLARATION, STATEMENT OR OTHER  
2 DOCUMENT SUCH IDENTIFYING NUMBER AS MAY BE PRESCRIBED FOR  
3 SECURING PROPER IDENTIFICATION OF SUCH PERSON.

4 (II) ANY PERSON WITH RESPECT TO WHOM A RETURN, DECLARATION,  
5 STATEMENT, OR OTHER DOCUMENT IS REQUIRED UNDER THE AUTHORITY OF  
6 THIS ARTICLE TO MAKE A RETURN, DECLARATION, STATEMENT, OR OTHER  
7 DOCUMENT WITH RESPECT TO ANOTHER PERSON, SHALL REQUEST FROM SUCH  
8 OTHER PERSON, AND SHALL INCLUDE IN ANY SUCH RETURN, DECLARATION,  
9 STATEMENT, OR OTHER DOCUMENT, SUCH IDENTIFYING NUMBER AS MAY BE  
10 PRESCRIBED FOR SECURING PROPER IDENTIFICATION OF SUCH OTHER  
11 PERSON.

12 (2) FOR PURPOSES OF THIS SECTION, THE DEPARTMENT IS  
13 AUTHORIZED TO REQUIRE SUCH INFORMATION AS MAY BE NECESSARY TO  
14 ASSIGN AN IDENTIFYING NUMBER TO ANY PERSON.

15 (C) (1) EVERY PARTNERSHIP, ESTATE OR TRUST HAVING A  
16 RESIDENT PARTNER OR A RESIDENT BENEFICIARY OR EVERY PARTNERSHIP,  
17 ESTATE OR TRUST HAVING ANY INCOME DERIVED FROM SOURCES WITHIN  
18 THIS COMMONWEALTH SHALL MAKE A RETURN FOR THE TAXABLE YEAR  
19 SETTING FORTH ALL ITEMS OF INCOME, LOSS AND DEDUCTION, AND SUCH  
20 OTHER PERTINENT INFORMATION AS THE DEPARTMENT MAY [BY  
21 REGULATIONS PRESCRIBE] REQUIRE. SUCH RETURN SHALL BE FILED ON OR  
22 BEFORE THE FIFTEENTH DAY OF THE FOURTH MONTH FOLLOWING THE CLOSE  
23 OF EACH TAXABLE YEAR. FOR PURPOSES OF THIS SUBSECTION, "TAXABLE  
24 YEAR" MEANS YEAR OR PERIOD WHICH WOULD BE A TAXABLE YEAR OF THE  
25 PARTNERSHIP IF IT WERE SUBJECT TO TAX UNDER THIS ARTICLE.

26 (2) EVERY PARTNERSHIP, ESTATE OR TRUST REQUIRED TO FILE A  
27 RETURN UNDER PARAGRAPH (1) SHALL ALSO FILE WITH THE DEPARTMENT A  
28 TRUE COPY OF THE INCOME TAX RETURN FILED WITH THE FEDERAL  
29 GOVERNMENT AT THE TIME THE RETURN REQUIRED UNDER PARAGRAPH (1)  
30 IS FILED.

1       (3) EVERY PARTNERSHIP, ESTATE OR TRUST REQUIRED TO FILE A  
2 RETURN UNDER PARAGRAPH (1) FOR ANY TAXABLE YEAR SHALL, ON OR  
3 BEFORE THE DAY THE RETURN IS FILED, FURNISH TO EACH PARTNER OR  
4 NOMINEE FOR ANOTHER PERSON OR TO EACH BENEFICIARY TO WHOM THE  
5 INCOME OR GAINS OF THE ESTATE OR TRUST IS TAXABLE, A WRITTEN  
6 STATEMENT OF THE PARTNER'S PRO RATA SHARE OF EACH ITEM ON THE  
7 PARTNERSHIP RETURN OR THE BENEFICIARY'S PRO RATA SHARE OF INCOME  
8 ON THE ESTATE OR TRUST RETURN, IN A FORM REQUIRED BY THE  
9 DEPARTMENT.

10       (4) A PARTNERSHIP REQUIRED TO FILE A RETURN UNDER PARAGRAPH  
11 (1) FOR A TAXABLE YEAR SHALL, ON OR BEFORE THE DAY THE RETURN IS  
12 FILED, FURNISH TO EACH PARTNER CLASSIFIED AS A CORPORATION,  
13 PARTNERSHIP OR DISREGARDED ENTITY FOR FEDERAL INCOME TAX  
14 PURPOSES A COPY OF THE PENNSYLVANIA INCOME TAX FORM REPORTING  
15 CORPORATE PARTNER APPORTIONED BUSINESS INCOME OR LOSS. A  
16 REPORTING PARTNERSHIP SHALL NOT BE REQUIRED TO PROVIDE A PARTNER  
17 WHO IS EITHER A PARTNERSHIP OR DISREGARDED ENTITY A COPY OF THIS  
18 FORM, IF THE REPORTING PARTNERSHIP IS ABLE TO DETERMINE THAT AN  
19 ENTITY CLASSIFIED AS A CORPORATION FOR FEDERAL INCOME TAX  
20 PURPOSES IS NOT AN INDIRECT OWNER OF THE REPORTING PARTNERSHIP.

21       (D) THE DEPARTMENT MAY PRESCRIBE REGULATIONS REQUIRING  
22 RETURNS OF INFORMATION TO BE MADE AND FILED ON OR BEFORE  
23 FEBRUARY 28 OF EACH YEAR AS TO THE PAYMENT OR CREDITING IN ANY  
24 CALENDAR YEAR OF AMOUNTS OF TEN DOLLARS (\$10) OR MORE TO ANY  
25 TAXPAYER. SUCH RETURNS MAY BE REQUIRED OF ANY PERSON, INCLUDING  
26 LESSEES OR MORTGAGORS OF REAL OR PERSONAL PROPERTY, FIDUCIARIES,  
27 EMPLOYERS AND ALL OFFICERS AND EMPLOYES OF THIS COMMONWEALTH, OR  
28 OF ANY MUNICIPAL CORPORATION OR POLITICAL SUBDIVISION OF THIS  
29 COMMONWEALTH HAVING THE CONTROL, RECEIPT, CUSTODY, DISPOSAL OR  
30 PAYMENT OF INTEREST, RENTS, SALARIES, WAGES, PREMIUMS,

1 ANNUITIES, COMPENSATIONS, REMUNERATIONS, EMOLUMENTS OR OTHER  
2 FIXED OR DETERMINABLE GAINS, PROFITS OR INCOME, EXCEPT INTEREST  
3 COUPONS PAYABLE TO BEARER. A DUPLICATE OF THE STATEMENT AS TO  
4 TAX WITHHELD ON COMPENSATION REQUIRED TO BE FURNISHED BY AN  
5 EMPLOYER TO AN EMPLOYEE, SHALL CONSTITUTE THE RETURN OF  
6 INFORMATION REQUIRED TO BE MADE UNDER THIS SECTION WITH RESPECT  
7 TO SUCH COMPENSATION.

8 (E) ANY PERSON WHO IS REQUIRED TO MAKE A FORM W-2G RETURN TO  
9 THE SECRETARY OF THE TREASURY OF THE UNITED STATES IN REGARD TO  
10 TAXABLE GAMBLING OR LOTTERY WINNINGS FROM SOURCES WITHIN THIS  
11 COMMONWEALTH SHALL FILE A COPY OF THE FORM WITH THE DEPARTMENT  
12 BY MARCH 1 OF EACH YEAR OR, IF FILED ELECTRONICALLY, BY MARCH 31  
13 OF EACH YEAR.

14 (F) THE FOLLOWING APPLY:

15 (1) ANY PERSON WHO:

16 (I) MAKES PAYMENTS OF INCOME FROM SOURCES WITHIN THIS  
17 COMMONWEALTH;

18 (II) MAKES PAYMENTS OF NONEMPLOYEE COMPENSATION OR PAYMENTS  
19 UNDER AN OIL AND GAS LEASE UNDER SUBPARAGRAPH (I) TO A RESIDENT  
20 OR NONRESIDENT INDIVIDUAL, AN ENTITY TREATED AS A PARTNERSHIP  
21 FOR TAX PURPOSES OR A SINGLE MEMBER LIMITED LIABILITY COMPANY;  
22 AND

23 (III) IS REQUIRED TO MAKE A FORM 1099-MISC RETURN TO THE  
24 SECRETARY OF THE TREASURY OF THE UNITED STATES WITH RESPECT TO  
25 THE PAYMENTS SHALL FILE A COPY OF FORM 1099-MISC WITH THE  
26 DEPARTMENT AND SEND A COPY OF FORM 1099-MISC TO THE PAYEE BY THE  
27 FEDERAL FILING DEADLINE EACH YEAR.

28 (2) IF THE PAYOR IS REQUIRED TO PERFORM ELECTRONIC FILING  
29 FOR PENNSYLVANIA EMPLOYER WITHHOLDING PURPOSES, THE FORM 1099-  
30 MISC SHALL BE FILED ELECTRONICALLY WITH THE DEPARTMENT.

1       (G) (1) EVERY ESTATE, TRUST, PENNSYLVANIA S CORPORATION OR  
2 PARTNERSHIP, OTHER THAN A PUBLICLY TRADED PARTNERSHIP, SHALL  
3 MAINTAIN AT THE END OF THE ENTITY'S TAXABLE YEAR AN ACCURATE  
4 LIST OF PARTNERS, MEMBERS, BENEFICIARIES OR SHAREHOLDERS. THE  
5 LIST SHALL INCLUDE THE NAME, CURRENT ADDRESS AND TAX  
6 IDENTIFICATION NUMBER OF ALL EXISTING PARTNERS, MEMBERS,  
7 BENEFICIARIES OR SHAREHOLDERS AND OF ALL PARTNERS, MEMBERS,  
8 BENEFICIARIES OR SHAREHOLDERS, WHO WERE ADMITTED OR WHO WITHDREW  
9 DURING THE TAXABLE YEAR, INCLUDING THE DATE OF WITHDRAWAL AND  
10 ADMITTANCE.

11       (2) IF THE ENTITY UNDER PARAGRAPH (1) DOES NOT MAINTAIN AN  
12 ACCURATE LIST AS REQUIRED, THE TAX, PENALTY AND INTEREST WITH  
13 RESPECT TO THE ENTITY SHALL BE CONSIDERED THE TAX, PENALTY AND  
14 INTEREST OF THE PARTNERSHIP, ESTATE, TRUST OR PENNSYLVANIA S  
15 CORPORATION AND OF THE GENERAL PARTNER, TAX MATTERS PARTNER,  
16 CORPORATE OFFICER OR TRUSTEE.

17       SECTION 17. SECTION 352(F) OF THE ACT, AMENDED JULY 2, 2012  
18 (P.L.751, NO.85), IS AMENDED TO READ:

19       SECTION 352. ADDITIONS, PENALTIES AND FEES.--\* \* \*

20       (F) (1) ANY PERSON REQUIRED UNDER THE PROVISIONS OF SECTION  
21 317 TO FURNISH A STATEMENT TO AN EMPLOYE WHO WILFULLY FURNISHES  
22 A FALSE OR FRAUDULENT STATEMENT, OR WHO WILFULLY FAILS TO  
23 FURNISH A STATEMENT IN THE MANNER, AT THE TIME, AND SHOWING THE  
24 INFORMATION REQUIRED UNDER SECTION 317 AND THE REGULATIONS  
25 PRESCRIBED THEREUNDER, SHALL, FOR EACH SUCH FAILURE, BE SUBJECT  
26 TO A PENALTY OF FIFTY DOLLARS (\$50) FOR EACH EMPLOYE.

27       (2) ANY PERSON REQUIRED [BY REGULATION] TO FURNISH AN  
28 INFORMATION RETURN WHO FURNISHES A FALSE OR FRAUDULENT RETURN OR  
29 WHO FAILS TO FILE OR PROVIDE AN INFORMATION RETURN SHALL [FOR  
30 EACH FAILURE] BE SUBJECT TO A PENALTY OF TWO HUNDRED FIFTY

1 DOLLARS (\$250).

2 (3) EVERY PARTNERSHIP, ESTATE, TRUST OR PENNSYLVANIA S  
3 CORPORATION REQUIRED TO FILE A RETURN WITH THE DEPARTMENT UNDER  
4 THE PROVISIONS OF SECTION 330.1 OR 335(C) WHO FURNISHES A FALSE  
5 OR FRAUDULENT RETURN OR WHO FAILS TO FILE THE RETURN IN THE  
6 MANNER AND AT THE TIME REQUIRED UNDER SECTION 330.1 OR 335(C)  
7 SHALL BE SUBJECT TO A PENALTY OF \$250 FOR EACH FAILURE.

8 (4) ANY PERSON REQUIRED TO FILE A COPY OF FORM 1099-MISC  
9 WITH THE DEPARTMENT UNDER THE PROVISIONS OF SECTION 335(F) WHO  
10 WILFULLY FURNISHES A FALSE OR FRAUDULENT FORM OR WHO WILFULLY  
11 FAILS TO FILE THE FORM IN THE MANNER, AT THE TIME AND SHOWING  
12 THE INFORMATION REQUIRED UNDER SECTION 335(F) SHALL, FOR EACH  
13 SUCH FAILURE, BE SUBJECT TO A PENALTY OF FIFTY DOLLARS (\$50).

14 (5) ANY PERSON REQUIRED UNDER THE PROVISIONS OF SECTION  
15 335(F) TO FURNISH A COPY OF FORM 1099-MISC TO A PAYEE WHO  
16 WILFULLY FURNISHES A FALSE OR FRAUDULENT FORM OR WHO WILFULLY  
17 FAILS TO FURNISH A FORM IN THE MANNER, AT THE TIME AND SHOWING  
18 THE INFORMATION REQUIRED BY SECTION 335(F) SHALL, FOR EACH SUCH  
19 FAILURE, BE SUBJECT TO A PENALTY OF FIFTY DOLLARS (\$50).

20 \* \* \*

21 SECTION 18. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

22 SECTION 352.2. CITATION AUTHORITY.--(A) NOTWITHSTANDING ANY  
23 OTHER PROVISION OF THIS ACT, ANY PERSON WHO DOES ANY OF THE  
24 FOLLOWING COMMITS A SUMMARY OFFENSE AND, UPON CONVICTION, SHALL  
25 BE SUBJECT TO THE FINES AND PENALTIES IMPOSED UNDER SECTION  
26 208(C) (RELATING TO LICENSES):

27 (1) DOES NOT PAY EMPLOYER WITHHOLDING TAX, INTEREST OR  
28 PENALTY WITHIN NINETY DAYS AFTER THE DUE DATE AND THE TAX  
29 LIABILITY DUE HAS NOT BEEN TIMELY APPEALED OR SUBJECT TO A DULY  
30 AUTHORIZED DEFERRED PAYMENT PLAN.

1 (2) UNDERPAYS AN EMPLOYER WITHHOLDING TAX, INTEREST OR  
2 PENALTY WITHIN NINETY DAYS AFTER THE DUE DATE AND THE TAX  
3 LIABILITY DUE HAS NOT BEEN TIMELY APPEALED OR SUBJECT TO A DULY  
4 AUTHORIZED DEFERRED PAYMENT PLAN.

5 (3) FAILS TO FILE A TAX EMPLOYER WITHHOLDING RETURN OR  
6 REPORT, OR ANY OTHER REPORTING DOCUMENT WITHIN NINETY DAYS AFTER  
7 THE DUE DATE OF THE APPLICABLE PAYMENT OR RETURN, REPORT OR ANY  
8 OTHER REPORTING DOCUMENT.

9 (B) THE PENALTIES IMPOSED UNDER THIS SECTION SHALL BE IN  
10 ADDITION TO ANY OTHER PENALTIES IMPOSED UNDER THIS ARTICLE.

11 (C) THE SECRETARY OF REVENUE MAY DESIGNATE EMPLOYES OF THE  
12 DEPARTMENT TO ENFORCE THIS SUBSECTION. THE EMPLOYES SHALL  
13 EXHIBIT PROOF OF AND BE WITHIN THE SCOPE OF THE DESIGNATION WHEN  
14 INSTITUTING PROCEEDINGS AS PROVIDED UNDER THE PENNSYLVANIA RULES  
15 OF CRIMINAL PROCEDURE.

16 SECTION 19. SECTION 401(3)1, 2(A)(17) AND 4(C)(1)(A)(IV) OF  
17 THE ACT, AMENDED SEPTEMBER 9, 1971 (P.L.437, NO.105), ARE  
18 AMENDED, CLAUSE (3)1 AND 2 ARE AMENDED BY ADDING PHRASES,  
19 SUBCLAUSE 2(A) IS AMENDED BY ADDING A PARAGRAPH, PARAGRAPHS  
20 (3)4(C)(1)(A) AND 2(B) ARE AMENDED BY ADDING SUBPARAGRAPHS AND  
21 THE SECTION IS AMENDED BY ADDING CLAUSES TO READ:

22 SECTION 401. DEFINITIONS.--THE FOLLOWING WORDS, TERMS, AND  
23 PHRASES, WHEN USED IN THIS ARTICLE, SHALL HAVE THE MEANING  
24 ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT  
25 CLEARLY INDICATES A DIFFERENT MEANING:

26 \* \* \*

27 (3) "TAXABLE INCOME." 1. \* \* \*

28 (T) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2), (3) OR (4) FOR  
29 TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2014, AND IN ADDITION  
30 TO ANY AUTHORITY THE DEPARTMENT HAS ON THE EFFECTIVE DATE OF

1 THIS PARAGRAPH TO DENY A DEDUCTION RELATED TO A FRAUDULENT OR  
2 SHAM TRANSACTION, NO DEDUCTION SHALL BE ALLOWED FOR AN  
3 INTANGIBLE EXPENSE OR COST, OR AN INTEREST EXPENSE OR COST,  
4 PAID, ACCRUED OR INCURRED DIRECTLY OR INDIRECTLY IN CONNECTION  
5 WITH ONE OR MORE TRANSACTIONS WITH AN AFFILIATED ENTITY. IN  
6 CALCULATING TAXABLE INCOME UNDER THIS PARAGRAPH, WHEN THE  
7 TAXPAYER IS ENGAGED IN ONE OR MORE TRANSACTIONS WITH AN  
8 AFFILIATED ENTITY THAT WAS SUBJECT TO TAX IN THIS COMMONWEALTH  
9 OR ANOTHER STATE OR POSSESSION OF THE UNITED STATES ON A TAX  
10 BASE THAT INCLUDED THE INTANGIBLE EXPENSE OR COST, OR THE  
11 INTEREST EXPENSE OR COST, PAID, ACCRUED OR INCURRED BY THE  
12 TAXPAYER, THE TAXPAYER SHALL RECEIVE A CREDIT AGAINST TAX DUE IN  
13 THIS COMMONWEALTH IN AN AMOUNT EQUAL TO THE APPORTIONMENT FACTOR  
14 OF THE TAXPAYER IN THIS COMMONWEALTH MULTIPLIED BY THE GREATER  
15 OF THE FOLLOWING:

16 (A) THE TAX LIABILITY OF THE AFFILIATED ENTITY WITH RESPECT  
17 TO THE PORTION OF ITS INCOME REPRESENTING THE INTANGIBLE EXPENSE  
18 OR COST, OR THE INTEREST EXPENSE OR COST, PAID, ACCRUED OR  
19 INCURRED BY THE TAXPAYER; OR

20 (B) THE TAX LIABILITY THAT WOULD HAVE BEEN PAID BY THE  
21 AFFILIATED ENTITY UNDER SUBPARAGRAPH (A) IF THAT TAX LIABILITY  
22 HAD NOT BEEN OFFSET BY A CREDIT.

23 THE CREDIT ISSUED UNDER THIS PARAGRAPH SHALL NOT EXCEED THE  
24 TAXPAYER'S LIABILITY IN THIS COMMONWEALTH ATTRIBUTABLE TO THE  
25 NET INCOME TAXED AS A RESULT OF THE ADJUSTMENT REQUIRED BY THIS  
26 PARAGRAPH.

27 (2) THE ADJUSTMENT REQUIRED BY PARAGRAPH (1) SHALL NOT APPLY  
28 TO A TRANSACTION THAT DID NOT HAVE AS THE PRINCIPAL PURPOSE THE  
29 AVOIDANCE OF TAX DUE UNDER THIS ARTICLE AND WAS DONE AT ARM'S  
30 LENGTH RATES AND TERMS.

1       (3) THE ADJUSTMENT REQUIRED BY PARAGRAPH (1) SHALL NOT APPLY  
2 TO A TRANSACTION BETWEEN A TAXPAYER AND AN AFFILIATED ENTITY  
3 DOMICILED IN A FOREIGN NATION WHICH HAS IN FORCE A COMPREHENSIVE  
4 INCOME TAX TREATY WITH THE UNITED STATES PROVIDING FOR THE  
5 ALLOCATION OF ALL CATEGORIES OF INCOME SUBJECT TO TAXATION, OR  
6 THE WITHHOLDING OF TAX, ON ROYALTIES, LICENSES, FEES AND  
7 INTEREST FOR THE PREVENTION OF DOUBLE TAXATION OF THE RESPECTIVE  
8 NATIONS' RESIDENTS AND THE SHARING OF INFORMATION.

9       (4) THE ADJUSTMENT REQUIRED BY PARAGRAPH (1) SHALL NOT APPLY  
10 TO A TRANSACTION WHERE AN AFFILIATED ENTITY DIRECTLY OR  
11 INDIRECTLY PAID, ACCRUED OR INCURRED A PAYMENT TO A PERSON WHO  
12 IS NOT AN AFFILIATED ENTITY, IF THE PAYMENT IS PAID, ACCRUED OR  
13 INCURRED ON THE INTANGIBLE EXPENSE OR COST, OR INTEREST EXPENSE  
14 OR COST, AND IS EQUAL TO OR LESS THAN THE TAXPAYER'S  
15 PROPORTIONAL SHARE OF THE TRANSACTION. THE TAXPAYER'S  
16 PROPORTIONAL SHARE SHALL BE BASED ON RELATIVE SALES, ASSETS,  
17 LIABILITIES OR ANOTHER REASONABLE METHOD.

18       2. IN CASE THE ENTIRE BUSINESS OF ANY CORPORATION, OTHER  
19 THAN A CORPORATION ENGAGED IN DOING BUSINESS AS A REGULATED  
20 INVESTMENT COMPANY AS DEFINED BY THE INTERNAL REVENUE CODE OF  
21 1986, IS NOT TRANSACTED WITHIN THIS COMMONWEALTH, THE TAX  
22 IMPOSED BY THIS ARTICLE SHALL BE BASED UPON SUCH PORTION OF THE  
23 TAXABLE INCOME OF SUCH CORPORATION FOR THE FISCAL OR CALENDAR  
24 YEAR, AS DEFINED IN SUBCLAUSE 1 HEREOF, AND MAY BE DETERMINED AS  
25 FOLLOWS:

26       (A) DIVISION OF INCOME.

27       \* \* \*

28       (16.1) (A) SALES FROM THE SALE, LEASE, RENTAL OR OTHER USE  
29 OF REAL PROPERTY, IF THE REAL PROPERTY IS LOCATED IN THIS STATE.  
30 IF A SINGLE PARCEL OF REAL PROPERTY IS LOCATED BOTH IN AND

1 OUTSIDE THIS STATE, THE SALE IS IN THIS STATE BASED UPON THE  
2 PERCENTAGE OF ORIGINAL COST OF THE REAL PROPERTY LOCATED IN THIS  
3 STATE.

4 (B) (I) SALES FROM THE RENTAL, LEASE OR LICENSING OF  
5 TANGIBLE PERSONAL PROPERTY, IF THE CUSTOMER FIRST OBTAINED  
6 POSSESSION OF THE TANGIBLE PERSONAL PROPERTY IN THIS STATE.

7 (II) IF THE TANGIBLE PERSONAL PROPERTY IS SUBSEQUENTLY TAKEN  
8 OUT OF THIS STATE, THE TAXPAYER MAY USE A REASONABLY DETERMINED  
9 ESTIMATE OF USAGE IN THIS STATE TO DETERMINE THE EXTENT OF SALE  
10 IN THIS STATE.

11 (C) (I) SALES FROM THE SALE OF SERVICE, IF THE SERVICE IS  
12 DELIVERED TO A LOCATION IN THIS STATE. IF THE SERVICE IS  
13 DELIVERED BOTH TO A LOCATION IN AND OUTSIDE THIS STATE, THE SALE  
14 IS IN THIS STATE BASED UPON THE PERCENTAGE OF TOTAL VALUE OF THE  
15 SERVICE DELIVERED TO A LOCATION IN THIS STATE.

16 (II) IF THE STATE OR STATES OF ASSIGNMENT UNDER SUBPARAGRAPH  
17 (I) CANNOT BE DETERMINED FOR A CUSTOMER WHO IS AN INDIVIDUAL  
18 THAT IS NOT A SOLE PROPRIETOR, A SERVICE IS DEEMED TO BE  
19 DELIVERED AT THE CUSTOMER'S BILLING ADDRESS.

20 (III) IF THE STATE OR STATES OF ASSIGNMENT UNDER  
21 SUBPARAGRAPH (I) CANNOT BE DETERMINED FOR A CUSTOMER, EXCEPT FOR  
22 A CUSTOMER UNDER SUBPARAGRAPH (II), A SERVICE IS DEEMED TO BE  
23 DELIVERED AT THE LOCATION FROM WHICH THE SERVICES WERE ORDERED  
24 IN THE CUSTOMER'S REGULAR COURSE OF OPERATIONS. IF THE LOCATION  
25 FROM WHICH THE SERVICES WERE ORDERED IN THE CUSTOMER'S REGULAR  
26 COURSE OF OPERATIONS CANNOT BE DETERMINED, A SERVICE IS DEEMED  
27 TO BE DELIVERED AT THE CUSTOMER'S BILLING ADDRESS.

28 (17) SALES, OTHER THAN SALES [OF TANGIBLE PERSONAL PROPERTY]  
29 UNDER PARAGRAPHS (16) AND (16.1), ARE IN THIS STATE IF:

30 (A) THE INCOME-PRODUCING ACTIVITY IS PERFORMED IN THIS

1 STATE; OR

2 (B) THE INCOME-PRODUCING ACTIVITY IS PERFORMED BOTH IN AND  
3 OUTSIDE THIS STATE AND A GREATER PROPORTION OF THE INCOME-  
4 PRODUCING ACTIVITY IS PERFORMED IN THIS STATE THAN IN ANY OTHER  
5 STATE, BASED ON COSTS OF PERFORMANCE.

6 \* \* \*

7 (E) SATELLITE TELEVISION SERVICES PROVIDERS.

8 (1) ALL BUSINESS INCOME OF PROVIDERS OF SATELLITE TELEVISION  
9 SERVICES SHALL BE APPORTIONED TO THIS COMMONWEALTH BY  
10 MULTIPLYING THE INCOME BY A FRACTION, THE NUMERATOR OF WHICH IS  
11 THE VALUE OF EQUIPMENT LOCATED IN THIS COMMONWEALTH THAT IS  
12 OWNED OR RENTED BY THE TAXPAYER OR OWNED BY AN ENTITY THAT IS  
13 INCLUDED WITH THE TAXPAYER IN A CONTROLLED GROUP, AS DEFINED IN  
14 SECTION 267(F) OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW  
15 99-514, 26 U.S.C. § 166), AND USED BY THE TAXPAYER IN  
16 GENERATING, PROCESSING OR TRANSMITTING SATELLITE TELEVISION  
17 SERVICES WHETHER OR NOT SUCH EQUIPMENT IS AFFIXED TO REAL  
18 ESTATE, AND THE DENOMINATOR OF WHICH IS THE VALUE OF ALL SUCH  
19 EQUIPMENT LOCATED EVERYWHERE. THE VALUE OF PROPERTY OWNED BY THE  
20 TAXPAYER OR OWNED BY AN ENTITY INCLUDED WITH THE TAXPAYER IN A  
21 CONTROLLED GROUP AND USED BY THE TAXPAYER SHALL BE ITS COST LESS  
22 DEPRECIATION PER THE BOOKS AND RECORDS OF THE OWNER. THE VALUE  
23 OF RENTED EQUIPMENT SHALL BE DETERMINED IN ACCORDANCE WITH  
24 PARAGRAPH (11) OF PHRASE (A) OF SUBCLAUSE 2 OF THIS DEFINITION.

25 (2) NONBUSINESS INCOME OF PROVIDERS OF SATELLITE TELEVISION  
26 SERVICES SHALL BE ALLOCATED AS PROVIDED IN PARAGRAPHS (5)  
27 THROUGH (8) OF SUBCLAUSE 2 OF THIS DEFINITION.

28 \* \* \*

29 4. \* \* \*

30 (C) (1) THE NET LOSS DEDUCTION SHALL BE THE LESSER OF:

1 (A) \* \* \*

2 (IV) FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2009,  
3 THE GREATER OF TWENTY PER CENT OF TAXABLE INCOME AS DETERMINED  
4 UNDER SUBCLAUSE 1 OR, IF APPLICABLE, SUBCLAUSE 2 OR THREE  
5 MILLION DOLLARS (\$3,000,000); [OR]

6 (V) FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2013, THE  
7 GREATER OF TWENTY-FIVE PER CENT OF TAXABLE INCOME AS DETERMINED  
8 UNDER SUBCLAUSE 1 OR, IF APPLICABLE, SUBCLAUSE 2 OR FOUR MILLION  
9 DOLLARS (\$4,000,000);

10 (VI) FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2014,  
11 THE GREATER OF THIRTY PER CENT OF TAXABLE INCOME AS DETERMINED  
12 UNDER SUBCLAUSE 1 OR, IF APPLICABLE, SUBCLAUSE 2 OR FIVE MILLION  
13 DOLLARS (\$5,000,000); OR

14 \* \* \*

15 (2) \* \* \*

16 (B) THE EARLIEST NET LOSS SHALL BE CARRIED OVER TO THE  
17 EARLIEST TAXABLE YEAR TO WHICH IT MAY BE CARRIED UNDER THIS  
18 SCHEDULE. THE TOTAL NET LOSS DEDUCTION ALLOWED IN ANY TAXABLE  
19 YEAR SHALL NOT EXCEED:

20 \* \* \*

21 (V) THE GREATER OF TWENTY-FIVE PER CENT OF TAXABLE INCOME AS  
22 DETERMINED UNDER SUBCLAUSE 1 OR, IF APPLICABLE, SUBCLAUSE 2 OR  
23 FOUR MILLION DOLLARS (\$4,000,000) FOR TAXABLE YEARS BEGINNING  
24 AFTER DECEMBER 31, 2013.

25 (VI) THE GREATER OF THIRTY PER CENT OF TAXABLE INCOME AS  
26 DETERMINED UNDER SUBCLAUSE 1 OR, IF APPLICABLE, SUBCLAUSE 2 OR  
27 FIVE MILLION DOLLARS (\$5,000,000) FOR TAXABLE YEARS BEGINNING  
28 AFTER DECEMBER 31, 2014.

29 \* \* \*

30 (8) "INTANGIBLE EXPENSE OR COST." ROYALTIES, LICENSES OR

1 FEES PAID FOR THE ACQUISITION, USE, MAINTENANCE, MANAGEMENT,  
2 OWNERSHIP, SALE, EXCHANGE OR OTHER DISPOSITION OF PATENTS,  
3 PATENT APPLICATIONS, TRADE NAMES, TRADEMARKS, SERVICE MARKS,  
4 COPYRIGHTS, MASK WORKS OR OTHER SIMILAR EXPENSES OR COSTS.

5 (9) "INTEREST EXPENSE OR COST." A DEDUCTION ALLOWED UNDER  
6 SECTION 163 OF THE INTERNAL REVENUE CODE OF 1986 (26 U.S.C. §  
7 163) TO THE EXTENT THAT SUCH DEDUCTION IS DIRECTLY RELATED TO AN  
8 INTANGIBLE EXPENSE OR COST.

9 (10) "AFFILIATED ENTITY." A PERSON WITH A RELATIONSHIP TO  
10 THE TAXPAYER DURING ALL OR ANY PORTION OF THE TAXABLE YEAR THAT  
11 IS ANY OF THE FOLLOWING:

12 (I) A STOCKHOLDER WHO IS AN INDIVIDUAL, OR A MEMBER OF THE  
13 STOCKHOLDER'S FAMILY AS SET FORTH IN SECTION 318 OF THE INTERNAL  
14 REVENUE CODE OF 1986 (26 U.S.C. § 318), IF THE STOCKHOLDER AND  
15 THE MEMBERS OF THE STOCKHOLDER'S FAMILY OWN, DIRECTLY,  
16 INDIRECTLY, BENEFICIALLY OR CONSTRUCTIVELY, IN THE AGGREGATE,  
17 MORE THAN FIFTY PER CENT OF THE VALUE OF THE TAXPAYER'S  
18 OUTSTANDING STOCK;

19 (II) A STOCKHOLDER, OR A STOCKHOLDER'S PARTNERSHIP, LIMITED  
20 LIABILITY COMPANY, ESTATE, TRUST OR CORPORATION, IF THE  
21 STOCKHOLDER AND THE STOCKHOLDER'S PARTNERSHIPS, LIMITED  
22 LIABILITY COMPANIES, ESTATES, TRUSTS AND CORPORATIONS OWN  
23 DIRECTLY, INDIRECTLY, BENEFICIALLY OR CONSTRUCTIVELY, IN THE  
24 AGGREGATE, MORE THAN FIFTY PER CENT OF THE VALUE OF THE  
25 TAXPAYER'S OUTSTANDING STOCK;

26 (III) A CORPORATION, OR A PARTY RELATED TO THE CORPORATION  
27 IN A MANNER THAT WOULD REQUIRE AN ATTRIBUTION OF STOCK FROM THE  
28 CORPORATION TO THE PARTY OR FROM THE PARTY TO THE CORPORATION  
29 UNDER THE ATTRIBUTION RULES OF THE INTERNAL REVENUE CODE OF  
30 1986, IF THE TAXPAYER OWNS, DIRECTLY, INDIRECTLY, BENEFICIALLY

1 OR CONSTRUCTIVELY, MORE THAN FIFTY PER CENT OF THE VALUE OF THE  
2 CORPORATION'S OUTSTANDING STOCK. THE ATTRIBUTION RULES OF  
3 SECTION 318 OF THE INTERNAL REVENUE CODE OF 1986 SHALL APPLY FOR  
4 PURPOSES OF DETERMINING WHETHER THE OWNERSHIP REQUIREMENTS OF  
5 THIS DEFINITION HAVE BEEN MET;

6 (IV) A COMPONENT MEMBER AS DEFINED IN SECTION 1563(B) OF THE  
7 INTERNAL REVENUE CODE OF 1986 (26 U.S.C. § 1563(B)); OR

8 (V) A PERSON TO OR FROM WHOM THERE IS ATTRIBUTION OF STOCK  
9 OWNERSHIP IN ACCORDANCE WITH SECTION 1563(E) OF THE INTERNAL  
10 REVENUE CODE OF 1986.

11 SECTION 20. SECTION 403(D) OF THE ACT, AMENDED OCTOBER 18,  
12 2006 (P.L.1149, NO.119), IS AMENDED TO READ:

13 SECTION 403. REPORTS AND PAYMENT OF TAX.--\* \* \*

14 (D) IF THE OFFICERS OF ANY CORPORATION SHALL NEGLECT, OR  
15 REFUSE TO MAKE ANY REPORT AS HEREIN REQUIRED, OR SHALL KNOWINGLY  
16 MAKE ANY FALSE REPORT, [THE FOLLOWING PERCENTAGES OF THE AMOUNT  
17 OF THE TAX SHALL BE ADDED BY THE DEPARTMENT TO THE TAX  
18 DETERMINED TO BE DUE ON THE FIRST ONE THOUSAND DOLLARS (\$1,000)  
19 OF TAX TEN PER CENT, ON THE NEXT FOUR THOUSAND DOLLARS (\$4,000)  
20 FIVE PER CENT, AND ON EVERYTHING IN EXCESS OF FIVE THOUSAND  
21 DOLLARS (\$5,000) ONE PER CENT, NO SUCH] A PENALTY OF FIVE  
22 HUNDRED DOLLARS (\$500) PLUS AN ADDITIONAL ONE PER CENT FOR EVERY  
23 DOLLAR OF TAX DETERMINED TO BE DUE IN EXCESS OF TWENTY-FIVE  
24 THOUSAND DOLLARS (\$25,000) SHALL BE ADDED TO THE TAX DETERMINED  
25 TO BE DUE. NO AMOUNTS ADDED TO THE TAX SHALL BEAR ANY INTEREST  
26 WHATSOEVER.

27 \* \* \*

28 SECTION 20.1. SECTIONS 602(H) AND 607 OF THE ACT, AMENDED  
29 OCTOBER 9, 2009 (P.L.451, NO.48), ARE AMENDED TO READ:

30 SECTION 602. IMPOSITION OF TAX.--\* \* \*

1 (H) THE RATE OF TAX FOR PURPOSES OF THE CAPITAL STOCK AND  
 2 FRANCHISE TAX FOR TAXABLE YEARS BEGINNING WITHIN THE DATES SET  
 3 FORTH SHALL BE AS FOLLOWS:

4	TAXABLE YEAR	REGULAR RATE	SURTAX	TOTAL RATE
5	JANUARY 1, 1971, TO			
6	DECEMBER 31, 1986	10 MILLS	0	10 MILLS
7	JANUARY 1, 1987, TO			
8	DECEMBER 31, 1987	9 MILLS	0	9 MILLS
9	JANUARY 1, 1988, TO			
10	DECEMBER 31, 1990	9.5 MILLS	0	9.5 MILLS
11	JANUARY 1, 1991, TO			
12	DECEMBER 31, 1991	11 MILLS	2 MILLS	13 MILLS
13	JANUARY 1, 1992, TO			
14	DECEMBER 31, 1997	11 MILLS	1.75 MILLS	12.75 MILLS
15	JANUARY 1, 1998, TO			
16	DECEMBER 31, 1998	11 MILLS	.99 MILLS	11.99 MILLS
17	JANUARY 1, 1999, TO			
18	DECEMBER 31, 1999	10.99 MILLS	0	10.99 MILLS
19	JANUARY 1, 2000, TO			
20	DECEMBER 31, 2000	8.99 MILLS	0	8.99 MILLS
21	JANUARY 1, 2001, TO			
22	DECEMBER 31, 2001	7.49 MILLS	0	7.49 MILLS
23	JANUARY 1, 2002, TO			
24	DECEMBER 31, 2003	7.24 MILLS	0	7.24 MILLS
25	JANUARY 1, 2004, TO			
26	DECEMBER 31, 2004	6.99 MILLS	0	6.99 MILLS
27	JANUARY 1, 2005, TO			
28	DECEMBER 31, 2005	5.99 MILLS	0	5.99 MILLS
29	JANUARY 1, 2006, TO			
30	DECEMBER 31, 2006	4.89 MILLS	0	4.89 MILLS

1	JANUARY 1, 2007, TO			
2	DECEMBER 31, 2007	3.89 MILLS	0	3.89 MILLS
3	JANUARY 1, 2008, TO			
4	DECEMBER 31, 2011	2.89 MILLS	0	2.89 MILLS
5	JANUARY 1, 2012, TO			
6	DECEMBER 31, 2012	1.89 MILLS	0	1.89 MILLS
7	JANUARY 1, 2013, TO			
8	DECEMBER 31, 2013	.89 MILLS	0	.89 MILLS
9	<u>JANUARY 1, 2014 TO</u>			
10	<u>DECEMBER 31, 2014</u>	<u>.67 MILLS</u>	<u>0</u>	<u>.67 MILLS</u>
11	<u>JANUARY 1, 2015 TO</u>			
12	<u>DECEMBER 31, 2015</u>	<u>.45 MILLS</u>	<u>0</u>	<u>.45 MILLS</u>

13 SECTION 607. EXPIRATION.--THIS ARTICLE SHALL EXPIRE FOR  
14 TAXABLE YEARS BEGINNING AFTER DECEMBER 31, [2013] 2015.

15 SECTION 21. SECTION 701 OF THE ACT, AMENDED JUNE 16, 1994  
16 (P.L.279, NO.48), IS AMENDED TO READ:

17 SECTION 701. IMPOSITION OF TAX.--(A) EVERY INSTITUTION  
18 DOING BUSINESS IN THIS COMMONWEALTH SHALL, ON OR BEFORE MARCH 15  
19 IN EACH AND EVERY YEAR, MAKE TO THE DEPARTMENT OF REVENUE A  
20 REPORT IN WRITING, VERIFIED AS REQUIRED BY LAW, SETTING FORTH  
21 THE FULL NUMBER OF SHARES OF THE CAPITAL STOCK SUBSCRIBED FOR OR  
22 ISSUED, AS OF THE PRECEDING JANUARY 1, BY SUCH INSTITUTION, AND  
23 THE TAXABLE AMOUNT OF SUCH SHARES OF CAPITAL STOCK DETERMINED  
24 PURSUANT TO SECTION 701.1.

25 (B) IT SHALL BE THE DUTY OF THE DEPARTMENT OF REVENUE TO  
26 ASSESS SUCH SHARES FOR THE CALENDAR YEARS BEGINNING JANUARY 1,  
27 1971 THROUGH JANUARY 1, 1983, AT THE RATE OF FIFTEEN MILLS AND  
28 FOR THE CALENDAR YEARS BEGINNING JANUARY 1, 1984 THROUGH JANUARY  
29 1, 1988, AT THE RATE OF ONE AND SEVENTY-FIVE ONE THOUSANDTHS PER  
30 CENT AND FOR THE CALENDAR YEAR BEGINNING JANUARY 1, 1989, AT THE

1 RATE OF 10.77 PER CENT AND FOR THE CALENDAR [YEAR] YEARS  
2 BEGINNING JANUARY 1, 1990[, AND EACH CALENDAR YEAR THEREAFTER]  
3 THROUGH JANUARY 1, 2013, AT THE RATE OF 1.25 PER CENT AND FOR  
4 THE CALENDAR YEAR BEGINNING JANUARY 1, 2014, AND EACH CALENDAR  
5 YEAR THEREAFTER AT THE RATE OF 0.89 PER CENT UPON EACH DOLLAR OF  
6 TAXABLE AMOUNT THEREOF, THE TAXABLE AMOUNT OF EACH SHARE OF  
7 STOCK TO BE ASCERTAINED AND FIXED PURSUANT TO SECTION 701.1, AND  
8 DIVIDING THIS AMOUNT BY THE NUMBER OF SHARES.

9 (C) IT SHALL BE THE DUTY OF EVERY INSTITUTION DOING BUSINESS  
10 IN THIS COMMONWEALTH, AT THE TIME OF MAKING EVERY REPORT  
11 REQUIRED BY THIS SECTION, TO COMPUTE THE TAX AND TO PAY THE  
12 AMOUNT OF SAID TAX TO THE STATE TREASURER, THROUGH THE  
13 DEPARTMENT OF REVENUE EITHER FROM ITS GENERAL FUND, OR FROM THE  
14 AMOUNT OF SAID TAX COLLECTED FROM ITS SHAREHOLDERS.[: PROVIDED,  
15 THAT FOR THE CALENDAR YEARS BEGINNING JANUARY 1, 1971 THROUGH  
16 JANUARY 1, 1991, SUCH INSTITUTION, UPON THE DATE ITS REPORT,  
17 HEREIN REQUIRED IS MADE FOR SUCH CALENDAR YEARS BEGINNING  
18 JANUARY 1, 1971 THROUGH JANUARY 1, 1991, SHALL PAY TO THE  
19 DEPARTMENT OF REVENUE NOT LESS THAN EIGHTY PER CENT OF THE TAX  
20 DUE TO THE COMMONWEALTH BY IT FOR SUCH CALENDAR YEAR, AND THE  
21 REMAINING TAX DUE SHALL BE PAID AT THE TIME WHEN THE REPORT  
22 HEREIN REQUIRED FOR THE YEAR NEXT SUCCEEDING IS MADE:] PROVIDED,  
23 THAT IN CASE ANY INSTITUTION SHALL COLLECT, ANNUALLY, FROM THE  
24 SHAREHOLDERS THEREOF SAID TAX, ACCORDING TO THE PROVISIONS OF  
25 THIS ARTICLE, THAT HAVE BEEN SUBSCRIBED FOR OR ISSUED, AND PAY  
26 THE SAME INTO THE STATE TREASURY, THROUGH THE DEPARTMENT OF  
27 REVENUE, THE SHARES, AND SO MUCH OF THE CAPITAL AND PROFITS OF  
28 SUCH INSTITUTION AS SHALL NOT BE INVESTED IN REAL ESTATE, SHALL  
29 BE EXEMPT FROM LOCAL TAXATION UNDER THE LAWS OF THIS  
30 COMMONWEALTH; AND SUCH INSTITUTION SHALL NOT BE REQUIRED TO MAKE

1 ANY REPORT TO THE LOCAL ASSESSOR OR COUNTY COMMISSIONERS OF ITS  
2 PERSONAL PROPERTY OWNED BY IT IN ITS OWN RIGHT FOR PURPOSES OF  
3 TAXATION AND SHALL NOT BE REQUIRED TO PAY ANY TAX THEREON.

4 SECTION 22. SECTION 701.1 OF THE ACT, AMENDED JULY 25, 2007  
5 (P.L.373, NO.55), IS AMENDED TO READ:

6 SECTION 701.1. ASCERTAINMENT OF TAXABLE AMOUNT; EXCLUSION OF  
7 UNITED STATES OBLIGATIONS.--(A) [THE TAXABLE AMOUNT OF SHARES  
8 SHALL BE ASCERTAINED AND FIXED BY ADDING TOGETHER THE VALUE  
9 DETERMINED UNDER SUBSECTION (B) FOR THE CURRENT AND PRECEDING  
10 FIVE YEARS AND DIVIDING THE RESULTING SUM BY SIX. IF AN  
11 INSTITUTION HAS NOT BEEN IN EXISTENCE FOR A PERIOD OF SIX YEARS,  
12 THE TAXABLE AMOUNT OF SHARES SHALL BE ASCERTAINED AND FIXED BY  
13 ADDING TOGETHER THE VALUES DETERMINED UNDER SUBSECTION (B) FOR  
14 THE NUMBER OF YEARS THE INSTITUTION HAS BEEN IN EXISTENCE AND  
15 DIVIDING THE RESULTING SUM BY SUCH NUMBER OF YEARS.] THE TAXABLE  
16 AMOUNT OF SHARES SHALL BE ASCERTAINED AND FIXED BY THE BOOK  
17 VALUE OF TOTAL BANK EQUITY CAPITAL AS DETERMINED BY THE REPORTS  
18 OF CONDITION AT THE END OF THE PRECEDING CALENDAR YEAR IN  
19 ACCORDANCE WITH THE REQUIREMENTS OF THE BOARD OF GOVERNORS OF  
20 THE FEDERAL RESERVE SYSTEM, THE COMPTROLLER OF THE CURRENCY, THE  
21 FEDERAL DEPOSIT INSURANCE CORPORATION OR OTHER APPLICABLE  
22 REGULATORY AUTHORITY.

23 (B) [THE VALUE FOR EACH YEAR REQUIRED BY SUBSECTION (A)  
24 SHALL BE DETERMINED BY DEDUCTING FROM THE BOOK VALUE OF TOTAL  
25 EQUITY CAPITAL] A DEDUCTION FOR THE VALUE OF UNITED STATES  
26 OBLIGATIONS SHALL BE PROVIDED FROM THE TAXABLE AMOUNT OF SHARES  
27 IN AN AMOUNT EQUAL TO THE SAME PERCENTAGE OF TOTAL BANK EQUITY  
28 CAPITAL AS THE BOOK VALUE OF OBLIGATIONS OF THE UNITED STATES  
29 BEARS TO THE BOOK VALUE OF THE TOTAL ASSETS, EXCEPT THAT, FOR  
30 THE VALUE OF SHARES REPORTED ON TAX RETURNS DUE ON MARCH 15,

1 2008, AND THEREAFTER, ANY GOODWILL RECORDED AS A RESULT OF THE  
2 USE OF PURCHASE ACCOUNTING FOR AN ACQUISITION OR COMBINATION AS  
3 DESCRIBED IN THIS SECTION AND OCCURRING AFTER JUNE 30, 2001, MAY  
4 BE SUBTRACTED FROM THE BOOK VALUE OF TOTAL BANK EQUITY CAPITAL  
5 AND DISREGARDED IN DETERMINING THE DEDUCTION PROVIDED FOR  
6 OBLIGATIONS OF THE UNITED STATES. [FOR THE SIX-YEAR PERIOD  
7 DESCRIBED IN SUBSECTION (A). FOR PURPOSES OF THIS SUBSECTION,  
8 BOOK VALUES AND DEDUCTIONS FOR UNITED STATES OBLIGATIONS FOR  
9 EACH YEAR SHALL BE DETERMINED BY THE REPORTS OF CONDITION FOR  
10 EACH CALENDAR QUARTER OF THE PRECEDING CALENDAR YEAR IN  
11 ACCORDANCE WITH THE REQUIREMENTS OF THE BOARD OF GOVERNORS OF  
12 THE FEDERAL RESERVE SYSTEM, THE COMPTROLLER OF THE CURRENCY, THE  
13 FEDERAL DEPOSIT INSURANCE CORPORATION OR OTHER APPLICABLE  
14 REGULATORY AUTHORITY; AND BOOK VALUES SHALL BE AVERAGED AS  
15 CALCULATED BY AVERAGING BOOK VALUES AS DETERMINED BY SUCH  
16 REPORTS OF CONDITION.] FOR PURPOSES OF THIS ARTICLE, UNITED  
17 STATES OBLIGATIONS SHALL BE OBLIGATIONS COMING WITHIN THE SCOPE  
18 OF 31 U.S.C. § 3124. [FOR ANY YEAR IN WHICH AN INSTITUTION DOES  
19 NOT FILE FOUR QUARTERLY REPORTS OF CONDITION, BOOK VALUES AND  
20 DEDUCTIONS FOR UNITED STATES OBLIGATIONS SHALL BE DETERMINED BY  
21 ADDING TOGETHER THE BOOK VALUES AND DEDUCTIONS FOR UNITED STATES  
22 OBLIGATIONS FROM EACH QUARTERLY REPORTS OF CONDITION FILED FOR  
23 SUCH YEAR AND DIVIDING THE RESULTING SUMS BY THE NUMBER OF SUCH  
24 REPORTS OF CONDITION.] IN THE CASE OF INSTITUTIONS WHICH DO NOT  
25 FILE SUCH REPORTS OF CONDITION, BOOK VALUES SHALL BE DETERMINED  
26 BY GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AS OF THE END OF  
27 [EACH CALENDAR QUARTER. FOR ANY YEAR IN WHICH AN INSTITUTION  
28 WHICH DOES NOT FILE REPORTS OF CONDITION IS NOT IN EXISTENCE FOR  
29 FOUR QUARTERS, THE BOOK VALUE FOR THAT YEAR SHALL BE DETERMINED  
30 BY ADDING TOGETHER THE BOOK VALUES FOR EACH QUARTER IN WHICH THE

1 INSTITUTION WAS IN EXISTENCE AND DIVIDING BY THAT NUMBER OF  
2 QUARTERS. FOR PURPOSES OF THIS SECTION, A PARTIAL YEAR SHALL BE  
3 TREATED AS A FULL YEAR.] THE PRECEDING CALENDAR YEAR.

4 (C) FOR PURPOSES OF THIS SECTION:

5 (1) A MERE CHANGE IN IDENTITY, FORM OR PLACE OF ORGANIZATION  
6 OF ONE INSTITUTION, HOWEVER EFFECTED, SHALL BE TREATED AS IF A  
7 SINGLE INSTITUTION HAD BEEN IN EXISTENCE PRIOR TO AS WELL AS  
8 AFTER SUCH CHANGE; AND

9 (2) [THE] IF THERE IS A COMBINATION OF TWO OR MORE  
10 INSTITUTIONS INTO ONE [SHALL BE TREATED AS IF THE CONSTITUENT  
11 INSTITUTIONS HAD BEEN A SINGLE INSTITUTION IN EXISTENCE PRIOR TO  
12 AS WELL AS AFTER THE COMBINATION AND], THE BOOK VALUES AND  
13 DEDUCTIONS FOR UNITED STATES OBLIGATIONS FROM THE REPORTS OF  
14 CONDITION OF THE CONSTITUENT INSTITUTIONS SHALL BE COMBINED. FOR  
15 PURPOSES OF THIS SECTION, A COMBINATION SHALL INCLUDE ANY  
16 ACQUISITION REQUIRED TO BE ACCOUNTED FOR BY USING THE PURCHASE  
17 METHOD IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING  
18 PRINCIPLES OR A STATUTORY MERGER OR CONSOLIDATION.

19 SECTION 23. SECTIONS 701.4 AND 701.5 OF THE ACT, ADDED JUNE  
20 16, 1994 (P.L.279, NO.48), ARE AMENDED TO READ:

21 SECTION 701.4. APPORTIONMENT.--AN INSTITUTION MAY APPORTION  
22 ITS TAXABLE AMOUNT OF SHARES DETERMINED UNDER SECTION 701.1 IN  
23 ACCORDANCE WITH THIS SUBSECTION IF THE INSTITUTION IS SUBJECT TO  
24 TAX IN ANOTHER STATE BASED ON OR MEASURED BY NET WORTH, GROSS  
25 RECEIPTS, NET INCOME OR SOME SIMILAR BASE OF TAXATION, OR IF IT  
26 COULD BE SUBJECT TO SUCH TAX, WHETHER OR NOT SUCH A TAX HAS IN  
27 FACT BEEN ENACTED. THE FOLLOWING SHALL APPLY:

28 (1) [THE] (I) FOR CALENDAR YEARS BEGINNING PRIOR TO JANUARY  
29 1, 2014, THE TAXABLE AMOUNT OF SHARES SHALL BE APPORTIONED IN  
30 ACCORDANCE WITH A FRACTION, THE NUMERATOR OF WHICH IS THE SUM OF

1 THE PAYROLL FACTOR, THE RECEIPTS FACTOR AND THE DEPOSITS FACTOR,  
2 AND THE DENOMINATOR OF WHICH IS THREE. IF ONE OF THE FACTORS IS  
3 INAPPLICABLE, THE DENOMINATOR IS TWO. IF TWO OF THE FACTORS ARE  
4 INAPPLICABLE, THE DENOMINATOR IS ONE.

5 (II) FOR THE CALENDAR YEAR BEGINNING JANUARY 1, 2014, AND  
6 EACH CALENDAR YEAR THEREAFTER, THE TAXABLE AMOUNT OF SHARES  
7 SHALL BE APPORTIONED BASED UPON THE RECEIPTS FACTOR AND THE  
8 PAYROLL AND DEPOSITS FACTORS SHALL BE DISREGARDED.

9 (2) THE PAYROLL FACTOR IS A FRACTION, THE NUMERATOR OF WHICH  
10 IS THE TOTAL WAGES PAID IN THIS COMMONWEALTH AND THE DENOMINATOR  
11 OF WHICH IS THE TOTAL WAGES PAID IN ALL STATES. WAGES ARE PAID  
12 IN A STATE IF PAID TO AN EMPLOYEE HAVING A REGULAR PRESENCE  
13 THEREIN.

14 (3) THE RECEIPTS FACTOR IS A FRACTION, THE NUMERATOR OF  
15 WHICH IS TOTAL RECEIPTS LOCATED IN THIS COMMONWEALTH AND THE  
16 DENOMINATOR OF WHICH IS THE TOTAL RECEIPTS LOCATED IN ALL  
17 STATES. [RECEIPTS DO NOT INCLUDE PRINCIPAL REPAYMENTS ON LOANS  
18 OR CREDIT, TRAVEL AND ENTERTAINMENT CARDS. RECEIPTS FROM SALE OR  
19 DISPOSITION OF INTANGIBLE AND TANGIBLE PROPERTY INCLUDE ONLY THE  
20 NET GAIN THEREFROM.] THE METHOD OF CALCULATING RECEIPTS FOR  
21 PURPOSES OF THE DENOMINATOR SHALL BE THE SAME AS THE METHOD USED  
22 IN DETERMINING RECEIPTS FOR PURPOSES OF THE NUMERATOR. THE  
23 LOCATION OF RECEIPTS SHALL BE DETERMINED AS FOLLOWS:

24 [(I) RECEIPTS FROM LOANS ARE LOCATED AT THE PLACE OF  
25 ORIGINATION.

26 (II) ALL RECEIPTS FROM PERFORMANCE OF SERVICES ARE LOCATED  
27 IN A STATE TO THE EXTENT THE SERVICES ARE PERFORMED IN THE  
28 STATE. IF SERVICES ARE PERFORMED PARTLY WITHIN TWO OR MORE  
29 STATES, THE RECEIPTS LOCATED IN EACH STATE SHALL BE MEASURED BY  
30 THE RATIO WHICH THE TIME SPENT IN PERFORMING SUCH SERVICES IN

1 THE STATE BEARS TO THE TOTAL TIME SPENT IN PERFORMING SUCH  
2 SERVICES IN ALL STATES. TIME SPENT IN PERFORMING SERVICES IN A  
3 STATE IS THE TIME SPENT BY EMPLOYEES HAVING A REGULAR PRESENCE IN  
4 THE STATE IN PERFORMING SUCH SERVICES.

5 (III) RECEIPTS FROM LEASE TRANSACTIONS ARE LOCATED IN THE  
6 STATE IN WHICH THE LEASED PROPERTY IS DEEMED LOCATED.

7 (IV) INTEREST OR SERVICE CHARGES, EXCLUDING MERCHANT  
8 DISCOUNTS, FROM CREDIT, TRAVEL AND ENTERTAINMENT CARD  
9 RECEIVABLES AND CREDIT CARD HOLDERS' FEES ARE LOCATED IN THE  
10 STATE IN WHICH THE CREDIT CARD HOLDER RESIDES IN THE CASE OF AN  
11 INDIVIDUAL OR, IF A CORPORATION, IN THE STATE OF THE  
12 CARDHOLDER'S COMMERCIAL DOMICILE IF, IN EITHER CASE, THE  
13 INSTITUTION MAINTAINS AN OFFICE IN SUCH STATE. OTHERWISE, THE  
14 RECEIPTS ARE LOCATED IN THE STATE IN WHICH THE INSTITUTION  
15 MAINTAINS AN OFFICE WHICH TREATS SUCH RECEIVABLES AS ASSETS ON  
16 ITS BOOKS OR RECORDS.

17 (V) INTEREST, DIVIDENDS AND NET GAINS FROM THE SALE OR  
18 DISPOSITION OF INTANGIBLES, EXCLUSIVE OF THOSE RECEIPTS  
19 DESCRIBED ELSEWHERE IN THIS SECTION, ARE LOCATED IN THE STATE IN  
20 WHICH THE INSTITUTION MAINTAINS AN OFFICE WHICH TREATS SUCH  
21 INTANGIBLES AS ASSETS ON ITS BOOKS OR RECORDS.

22 (VI) FEES OR CHARGES FROM THE ISSUANCE OF TRAVELER'S CHECKS  
23 AND MONEY ORDERS ARE LOCATED IN THE STATE IN WHICH SUCH  
24 TRAVELER'S CHECKS OR MONEY ORDERS ARE ISSUED.

25 (VII) RECEIPTS FROM SALES OF TANGIBLE PROPERTY ARE LOCATED  
26 IN THE STATE IN WHICH THE PROPERTY IS DELIVERED OR SHIPPED TO A  
27 PURCHASER, REGARDLESS OF THE F.O.B. POINT OR OTHER CONDITIONS OF  
28 THE SALE.

29 (VIII) ALL RECEIPTS NOT SPECIFICALLY TREATED UNDER THIS  
30 SUBSECTION ARE LOCATED IN THE STATE WHERE THE GREATEST PORTION

1 OF THE INCOME-PRODUCING ACTIVITIES ARE PERFORMED, BASED ON COSTS  
2 OF PERFORMANCE.]

3 (I) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE  
4 RECEIPTS FROM THE LEASE OR RENTAL OF REAL PROPERTY OWNED BY THE  
5 INSTITUTION IF THE PROPERTY IS LOCATED WITHIN THIS COMMONWEALTH  
6 OR RECEIPTS FROM THE SUBLEASE OF REAL PROPERTY IF THE PROPERTY  
7 IS LOCATED WITHIN THIS COMMONWEALTH.

8 (II) THE FOLLOWING SHALL APPLY TO RECEIPTS FROM THE LEASE OR  
9 RENTAL OF TANGIBLE PERSONAL PROPERTY OWNED BY THE INSTITUTION:

10 (A) EXCEPT AS PROVIDED UNDER CLAUSE (B), THE NUMERATOR OF  
11 THE RECEIPTS FACTOR SHALL INCLUDE RECEIPTS FROM THE LEASE OR  
12 RENTAL OF TANGIBLE PERSONAL PROPERTY OWNED BY THE INSTITUTION IF  
13 THE PROPERTY IS LOCATED WITHIN THIS COMMONWEALTH WHEN IT IS  
14 FIRST PLACED IN SERVICE BY THE LESSEE.

15 (B) THE FOLLOWING SHALL APPLY:

16 (I) RECEIPTS FROM THE LEASE OR RENTAL OF TRANSPORTATION  
17 PROPERTY OWNED BY THE INSTITUTION SHALL BE INCLUDED IN THE  
18 NUMERATOR OF THE RECEIPTS FACTOR TO THE EXTENT THAT THE PROPERTY  
19 IS USED IN THIS COMMONWEALTH.

20 (II) THE EXTENT AN AIRCRAFT SHALL BE DEEMED TO BE USED IN  
21 THIS COMMONWEALTH AND THE AMOUNT OF RECEIPTS THAT SHALL BE  
22 INCLUDED IN THE NUMERATOR OF THIS COMMONWEALTH'S RECEIPTS FACTOR  
23 SHALL BE DETERMINED BY MULTIPLYING ALL THE RECEIPTS FROM THE  
24 LEASE OR RENTAL OF THE AIRCRAFT BY A FRACTION, THE NUMERATOR OF  
25 WHICH IS THE NUMBER OF LANDINGS OF THE AIRCRAFT IN THIS  
26 COMMONWEALTH AND THE DENOMINATOR OF WHICH IS THE TOTAL NUMBER OF  
27 LANDINGS OF THE AIRCRAFT.

28 (III) A MOTOR VEHICLE SHALL BE DEEMED TO BE USED WHOLLY IN  
29 THE STATE IN WHICH IT IS REGISTERED.

30 (IV) IF THE EXTENT OF THE USE OF TRANSPORTATION PROPERTY

1 WITHIN THIS COMMONWEALTH CANNOT BE DETERMINED, THE PROPERTY  
2 SHALL BE DEEMED TO BE USED WHOLLY IN THE STATE IN WHICH THE  
3 PROPERTY HAS ITS PRINCIPAL BASE OF OPERATIONS.

4 (III) THE FOLLOWING SHALL APPLY TO INTEREST, FEES AND  
5 PENALTIES IN CONNECTION WITH LOANS SECURED BY REAL PROPERTY:

6 (A) THE FOLLOWING SHALL APPLY TO A CALCULATION UNDER THIS  
7 SUBPARAGRAPH:

8 (I) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE  
9 INTEREST, FEES AND PENALTIES IMPOSED IN CONNECTION WITH LOANS  
10 SECURED BY REAL PROPERTY IF THE PROPERTY IS LOCATED WITHIN THIS  
11 COMMONWEALTH.

12 (II) IF THE REAL PROPERTY UNDER SUBCLAUSE (I) IS LOCATED  
13 BOTH WITHIN THIS COMMONWEALTH AND ONE OR MORE OTHER STATES, THE  
14 RECEIPTS UNDER THIS SUBSECTION SHALL BE INCLUDED IN THE  
15 NUMERATOR OF THE RECEIPTS FACTOR IF MORE THAN FIFTY PER CENT OF  
16 THE FAIR MARKET VALUE OF THE REAL PROPERTY IS LOCATED WITHIN  
17 THIS COMMONWEALTH.

18 (III) IF MORE THAN FIFTY PER CENT OF THE FAIR MARKET VALUE  
19 OF REAL PROPERTY UNDER SUBCLAUSE (I) IS NOT LOCATED WITHIN ANY  
20 SINGLE STATE, THE RECEIPTS UNDER THIS SUBSECTION SHALL BE  
21 INCLUDED IN THE NUMERATOR OF THE RECEIPTS FACTOR IF THE BORROWER  
22 IS LOCATED IN THIS COMMONWEALTH.

23 (B) THE DETERMINATION OF WHETHER REAL PROPERTY SECURING A  
24 LOAN IS LOCATED WITHIN THIS COMMONWEALTH SHALL BE MADE AS OF THE  
25 TIME THE ORIGINAL AGREEMENT WAS MADE AND ALL SUBSEQUENT  
26 SUBSTITUTIONS OF COLLATERAL SHALL BE DISREGARDED.

27 (IV) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE  
28 INTEREST, FEES AND PENALTIES IMPOSED IN CONNECTION WITH LOANS  
29 NOT SECURED BY REAL PROPERTY IF THE BORROWER IS LOCATED IN THIS  
30 COMMONWEALTH.

1 (V) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE NET  
2 GAINS FROM THE SALE OF LOANS. NET GAINS FROM THE SALE OF A LOAN  
3 SHALL INCLUDE INCOME RECORDED UNDER THE COUPON STRIPPING RULES  
4 OF SECTION 1286 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW  
5 99-514, 26 U.S.C. § 1286). THE FOLLOWING SHALL APPLY:

6 (A) THE AMOUNT OF NET GAINS, EQUAL TO ZERO OR ABOVE, FROM  
7 THE SALE OF LOANS SECURED BY REAL PROPERTY INCLUDED IN THE  
8 NUMERATOR SHALL BE DETERMINED BY MULTIPLYING THE NET GAINS BY A  
9 FRACTION, THE NUMERATOR OF WHICH IS THE AMOUNT INCLUDED IN THE  
10 NUMERATOR OF THE RECEIPTS FACTOR UNDER SUBPARAGRAPH (III) AND  
11 THE DENOMINATOR OF WHICH IS THE TOTAL AMOUNT OF INTEREST AND  
12 FEEES OR PENALTIES IN THE NATURE OF INTEREST FROM LOANS SECURED  
13 BY REAL PROPERTY.

14 (B) THE AMOUNT OF NET GAINS, EQUAL TO ZERO OR ABOVE, FROM  
15 THE SALE OF LOANS NOT SECURED BY REAL PROPERTY INCLUDED IN THE  
16 NUMERATOR SHALL BE DETERMINED BY MULTIPLYING THE NET GAINS BY A  
17 FRACTION, THE NUMERATOR OF WHICH IS THE AMOUNT INCLUDED IN THE  
18 NUMERATOR OF THE RECEIPTS FACTOR UNDER SUBPARAGRAPH (IV) AND THE  
19 DENOMINATOR OF WHICH IS THE TOTAL AMOUNT OF INTEREST AND FEES OR  
20 PENALTIES IN THE NATURE OF INTEREST FROM LOANS NOT SECURED BY  
21 REAL PROPERTY.

22 (VI) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE  
23 INTEREST, FEES AND PENALTIES CHARGED TO CREDIT, DEBIT OR SIMILAR  
24 CARDHOLDERS, INCLUDING ANNUAL FEES AND OVERDRAFT FEES, IF THE  
25 BILLING ADDRESS OF THE CARDHOLDER IS IN THIS COMMONWEALTH.

26 (VII) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE NET  
27 GAINS, EQUAL TO ZERO OR ABOVE, FROM THE SALE OF CREDIT CARD  
28 RECEIVABLES MULTIPLIED BY A FRACTION, THE NUMERATOR OF WHICH IS  
29 THE AMOUNT INCLUDED IN THE NUMERATOR OF THE RECEIPTS FACTOR  
30 UNDER SUBPARAGRAPH (VI) AND THE DENOMINATOR OF WHICH IS THE

1 INSTITUTION'S TOTAL AMOUNT OF INTEREST AND FEES OR PENALTIES IN  
2 THE NATURE OF INTEREST FROM CREDIT CARD RECEIVABLES AND FEES  
3 CHARGED TO CARDHOLDERS.

4 (VIII) FOR CARD ISSUER'S REIMBURSEMENT FEES, THE NUMERATOR  
5 OF THE RECEIPTS FACTOR SHALL INCLUDE:

6 (A) ALL CREDIT CARD ISSUER'S REIMBURSEMENT FEES MULTIPLIED  
7 BY A FRACTION, THE NUMERATOR OF WHICH IS THE AMOUNT OF FEES,  
8 INTEREST AND PENALTIES CHARGED TO CREDIT CARDHOLDERS INCLUDED IN  
9 THE NUMERATOR OF THE RECEIPTS FACTOR UNDER SUBPARAGRAPH (VI) AND  
10 THE DENOMINATOR OF WHICH IS THE INSTITUTION'S TOTAL AMOUNT FEES,  
11 INTEREST AND PENALTIES CHARGED TO CREDIT CARDHOLDERS.

12 (B) ALL CARD ISSUER'S REIMBURSEMENT FEES, EXCEPT AS PROVIDED  
13 UNDER CLAUSE (A), MULTIPLIED BY A FRACTION, THE NUMERATOR OF  
14 WHICH IS THE AMOUNT OF THE FEES, INTEREST AND PENALTIES CHARGED  
15 TO ALL OTHER CARDHOLDERS INCLUDED IN THE NUMERATOR OF THE  
16 RECEIPTS FACTOR UNDER SUBPARAGRAPH (VI) AND THE DENOMINATOR OF  
17 WHICH IS THE INSTITUTION'S TOTAL AMOUNT OF FEES, INTEREST AND  
18 PENALTIES CHARGED TO ALL OTHER CARDHOLDERS.

19 (IX) THE FOLLOWING SHALL APPLY TO RECEIPTS FROM MERCHANT'S  
20 DISCOUNTS:

21 (A) IF THE INSTITUTION CAN READILY DETERMINE THE LOCATION OF  
22 THE MERCHANT AND IF THE MERCHANT IS IN THIS COMMONWEALTH, THE  
23 NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE RECEIPTS FROM  
24 MERCHANT DISCOUNT.

25 (B) IF THE INSTITUTION CANNOT READILY DETERMINE THE LOCATION  
26 OF THE MERCHANT, THE NUMERATOR OF THE RECEIPTS FACTOR SHALL  
27 INCLUDE THE RECEIPTS FROM THE MERCHANT DISCOUNT MULTIPLIED BY A  
28 FRACTION:

29 (I) FOR A MERCHANT DISCOUNT RELATED TO THE USE OF A CREDIT  
30 CARD, THE NUMERATOR OF WHICH SHALL BE THE AMOUNT OF FEES,

1 INTEREST AND PENALTIES CHARGED TO CREDIT CARDHOLDERS THAT IS  
2 INCLUDED IN THE NUMERATOR OF THE RECEIPTS FACTOR UNDER  
3 SUBPARAGRAPH (VI) AND THE DENOMINATOR OF WHICH IS THE  
4 INSTITUTION'S TOTAL AMOUNT OF FEES, INTEREST AND PENALTIES  
5 CHARGED TO CREDIT CARDHOLDERS.

6 (II) FOR A MERCHANT DISCOUNT RELATED TO THE USE OF A DEBIT  
7 CARD, THE NUMERATOR OF WHICH SHALL BE THE AMOUNT OF FEES,  
8 INTEREST AND PENALTIES CHARGED TO DEBIT CARDHOLDERS THAT IS  
9 INCLUDED IN THE NUMERATOR OF THE RECEIPTS FACTOR UNDER  
10 SUBPARAGRAPH (VI) AND THE DENOMINATOR OF WHICH IS THE  
11 INSTITUTION'S TOTAL AMOUNT OF FEES, INTEREST AND PENALTIES  
12 CHARGED TO DEBIT CARDHOLDERS.

13 (III) FOR A MERCHANT DISCOUNT RELATED TO THE USE OF CARDS,  
14 EXCEPT AS PROVIDED UNDER SUBCLAUSES (I) AND (II), THE NUMERATOR  
15 OF WHICH SHALL BE THE AMOUNT OF FEES, INTEREST AND PENALTIES  
16 CHARGED TO ALL OTHER CARDHOLDERS THAT IS INCLUDED IN THE  
17 NUMERATOR OF THE RECEIPTS FACTORS UNDER SUBPARAGRAPH (VI) AND  
18 THE DENOMINATOR OF WHICH IS THE INSTITUTION'S TOTAL AMOUNT OF  
19 FEES, INTEREST AND PENALTIES CHARGED TO ALL OTHER CARDHOLDERS.

20 (X) THE RECEIPTS FACTOR SHALL INCLUDE AUTOMATED TELLER  
21 MACHINE FEES THAT ARE NOT FORWARDED DIRECTLY TO ANOTHER BANK.  
22 THE FOLLOWING SHALL APPLY:

23 (A) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE FEES  
24 CHARGED TO A CARDHOLDER FOR THE USE AT AN AUTOMATED TELLER  
25 MACHINE OF A CARD ISSUED BY THE INSTITUTION IF THE CARDHOLDER'S  
26 BILLING ADDRESS IS IN THIS COMMONWEALTH.

27 (B) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE FEES  
28 CHARGED TO A CARDHOLDER, OTHER THAN THE INSTITUTION'S  
29 CARDHOLDER, FOR THE USE OF THE CARD AT AN AUTOMATED TELLER  
30 MACHINE OWNED OR RENTED BY THE INSTITUTION, IF THE AUTOMATED

1 TELLER MACHINE IS IN THIS COMMONWEALTH.

2 (XI) THE FOLLOWING SHALL APPLY TO LOAN SERVICING FEES:

3 (A) (I) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE  
4 LOAN SERVICING FEES DERIVED FROM LOANS SECURED BY REAL PROPERTY  
5 MULTIPLIED BY A FRACTION, THE NUMERATOR OF WHICH IS THE AMOUNT  
6 INCLUDED IN THE NUMERATOR OF THE RECEIPTS FACTOR UNDER  
7 SUBPARAGRAPH (III) AND THE DENOMINATOR OF WHICH IS THE TOTAL  
8 AMOUNT OF INTEREST AND FEES OR PENALTIES IN THE NATURE OF  
9 INTEREST FROM LOANS SECURED BY REAL PROPERTY.

10 (II) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE LOAN  
11 SERVICING FEES DERIVED FROM LOANS NOT SECURED BY REAL PROPERTY  
12 MULTIPLIED BY A FRACTION, THE NUMERATOR OF WHICH IS THE AMOUNT  
13 INCLUDED IN THE NUMERATOR OF THE RECEIPTS FACTOR UNDER  
14 SUBPARAGRAPH (IV) AND THE DENOMINATOR OF WHICH IS THE TOTAL  
15 AMOUNT OF INTEREST AND FEES OR PENALTIES IN THE NATURE OF  
16 INTEREST FROM LOANS NOT SECURED BY REAL PROPERTY.

17 (B) IF THE INSTITUTION RECEIVES LOAN SERVICING FEES FOR  
18 SERVICING THE SECURED OR THE UNSECURED LOANS OF ANOTHER  
19 INSTITUTION, THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE  
20 LOAN SERVICING FEES IF THE BORROWER IS LOCATED IN THIS  
21 COMMONWEALTH.

22 (XII) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE  
23 RECEIPTS FROM SERVICES NOT OTHERWISE APPORTIONED UNDER THIS  
24 SECTION IF THE RECIPIENT OF THE SERVICES RECEIVES ALL OF THE  
25 BENEFIT OF THE SERVICES IN THIS COMMONWEALTH. IF THE RECIPIENT  
26 OF THE SERVICES RECEIVES SOME OF THE BENEFIT OF THE SERVICES IN  
27 THIS COMMONWEALTH, THE RECEIPTS SHALL BE INCLUDED IN THE  
28 NUMERATOR OF THE APPORTIONMENT FACTOR IN PROPORTION TO THE  
29 EXTENT THAT THE RECIPIENT RECEIVES BENEFIT OF THE SERVICES IN  
30 THIS COMMONWEALTH.

1 (XIII) THE FOLLOWING SHALL APPLY TO RECEIPTS FROM AN  
2 INSTITUTION'S INVESTMENT ASSETS AND ACTIVITY AND TRADING ASSETS  
3 AND ACTIVITY:

4 (A) INTEREST, DIVIDENDS, NET GAINS EQUAL TO ZERO OR ABOVE,  
5 AND OTHER INCOME FROM INVESTMENT ASSETS AND ACTIVITIES AND FROM  
6 TRADING ASSETS AND ACTIVITIES, SHALL BE INCLUDED IN THE RECEIPTS  
7 FACTOR. INVESTMENT ASSETS AND ACTIVITIES AND TRADING ASSETS AND  
8 ACTIVITIES SHALL INCLUDE INVESTMENT SECURITIES, TRADING ACCOUNT  
9 ASSETS, FEDERAL FUNDS, SECURITIES PURCHASED AND SOLD UNDER  
10 AGREEMENTS TO RESELL OR REPURCHASE, OPTIONS, FUTURES CONTRACTS,  
11 FORWARD CONTRACTS, NOTIONAL PRINCIPAL CONTRACTS SUCH AS SWAPS,  
12 EQUITIES AND FOREIGN CURRENCY TRANSACTIONS. FOR THE INVESTMENT  
13 AND TRADING ASSETS AND ACTIVITIES UNDER SUBCLAUSES (I) AND (II),  
14 THE RECEIPTS FACTOR SHALL INCLUDE THE AMOUNTS UNDER SUBCLAUSES  
15 (I) AND (II). THE FOLLOWING SHALL APPLY:

16 (I) THE RECEIPTS FACTOR SHALL INCLUDE THE AMOUNT BY WHICH  
17 INTEREST FROM FEDERAL FUNDS SOLD AND SECURITIES PURCHASED UNDER  
18 RESALE AGREEMENTS EXCEEDS INTEREST EXPENSE ON FEDERAL FUNDS  
19 PURCHASED AND SECURITIES SOLD UNDER REPURCHASE AGREEMENTS.

20 (II) THE RECEIPTS FACTOR SHALL INCLUDE THE AMOUNT BY WHICH  
21 INTEREST, DIVIDENDS, GAINS AND OTHER INCOME FROM TRADING ASSETS  
22 AND ACTIVITIES, INCLUDING ASSETS AND ACTIVITIES IN THE MATCHED  
23 BOOK, IN THE ARBITRAGE BOOK AND FOREIGN CURRENCY TRANSACTIONS,  
24 EXCEED AMOUNTS PAID IN LIEU OF INTEREST, AMOUNTS PAID IN LIEU OF  
25 DIVIDENDS AND LOSSES FROM THE ASSETS AND ACTIVITIES.

26 (B) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE  
27 INTEREST, DIVIDENDS, NET GAINS, EQUAL TO ZERO OR ABOVE, AND  
28 OTHER INCOME FROM INVESTMENT ASSETS AND ACTIVITIES AND FROM  
29 TRADING ASSETS AND ACTIVITIES UNDER CLAUSE (A) THAT ARE  
30 ATTRIBUTABLE TO THIS COMMONWEALTH USING ONE OF THE FOLLOWING

1 ALTERNATIVE METHODS:

2 (I) METHOD 1. THE NUMERATOR SHALL BE DETERMINED BY  
3 MULTIPLYING THE TOTAL AMOUNT OF RECEIPTS FROM TRADING ASSETS AND  
4 ACTIVITIES UNDER CLAUSE (A) BY A FRACTION THE NUMERATOR OF WHICH  
5 IS THE TOTAL AMOUNT OF ALL OTHER RECEIPTS ATTRIBUTABLE TO THIS  
6 COMMONWEALTH AND THE DENOMINATOR OF WHICH IS THE TOTAL AMOUNT OF  
7 ALL OTHER RECEIPTS.

8 (II) METHOD 2. THE NUMERATOR SHALL BE DETERMINED BY  
9 MULTIPLYING THE TOTAL AMOUNT OF RECEIPTS UNDER CLAUSE (A) BY A  
10 FRACTION THE NUMERATOR OF WHICH IS THE AVERAGE VALUE OF THE  
11 ASSETS WHICH GENERATE THE RECEIPTS WHICH ARE PROPERLY ASSIGNED  
12 TO A REGULAR PLACE OF BUSINESS OF THE INSTITUTION WITHIN THIS  
13 COMMONWEALTH AND THE DENOMINATOR OF WHICH IS THE AVERAGE VALUE  
14 OF ALL SUCH ASSETS.

15 (C) UPON THE ELECTION BY THE INSTITUTION TO USE ONE OF THE  
16 METHODS UNDER CLAUSE (B), THE INSTITUTION SHALL USE THE METHOD  
17 ON ALL SUBSEQUENT RETURNS UNLESS THE INSTITUTION RECEIVES PRIOR  
18 PERMISSION FROM THE DEPARTMENT OF REVENUE TO USE A DIFFERENT  
19 METHOD.

20 (D) THE FOLLOWING SHALL APPLY:

21 (I) AN INSTITUTION ELECTING TO USE METHOD 2 SHALL HAVE THE  
22 BURDEN OF PROVING THAT AN INVESTMENT ASSET OR ACTIVITY OR  
23 TRADING ASSET OR ACTIVITY WAS PROPERLY ASSIGNED TO A REGULAR  
24 PLACE OF BUSINESS OUTSIDE OF THIS COMMONWEALTH BY DEMONSTRATING  
25 THAT THE DAY-TO-DAY DECISIONS REGARDING THE ASSET OR ACTIVITY  
26 OCCURRED AT A REGULAR PLACE OF BUSINESS OUTSIDE THIS  
27 COMMONWEALTH.

28 (II) IF THE DAY-TO-DAY DECISIONS REGARDING AN INVESTMENT  
29 ASSET OR ACTIVITY OR TRADING ASSET OR ACTIVITY OCCUR AT MORE  
30 THAN ONE REGULAR PLACE OF BUSINESS AND ONE REGULAR PLACE OF

1 BUSINESS IS IN THIS COMMONWEALTH AND ONE REGULAR PLACE OF  
2 BUSINESS IS OUTSIDE THIS COMMONWEALTH, THE ASSET OR ACTIVITY  
3 SHALL BE CONSIDERED TO BE LOCATED AT THE REGULAR PLACE OF  
4 BUSINESS OF THE INSTITUTION WHERE THE INVESTMENT OR TRADING  
5 POLICIES OR GUIDELINES WITH RESPECT TO THE ASSET OR ACTIVITY ARE  
6 ESTABLISHED.

7 (III) UNLESS THE INSTITUTION DEMONSTRATES TO THE CONTRARY,  
8 THE INVESTMENT OR TRADING POLICIES AND GUIDELINES UNDER  
9 SUBCLAUSE (II) SHALL BE PRESUMED TO BE ESTABLISHED AT THE  
10 COMMERCIAL DOMICILE OF THE INSTITUTION.

11 (E) RECEIPTS APPORTIONED UNDER THIS SUBPARAGRAPH SHALL BE  
12 SEPARATELY APPORTIONED FOR:

13 (I) INTEREST, DIVIDENDS, NET GAINS AND OTHER INCOME FROM  
14 INVESTMENT ASSETS AND ACTIVITIES IN AN INVESTMENT ACCOUNT;

15 (II) INTEREST FROM FEDERAL FUNDS SOLD AND PURCHASED AND FROM  
16 SECURITIES PURCHASED UNDER RESALE AGREEMENTS AND SECURITIES SOLD  
17 UNDER REPURCHASE AGREEMENTS; AND

18 (III) INTEREST, DIVIDENDS, GAINS AND OTHER INCOME FROM  
19 TRADING ASSETS AND ACTIVITIES, INCLUDING ASSETS AND ACTIVITIES  
20 IN THE MATCHED BOOK, IN THE ARBITRAGE BOOK AND FOREIGN CURRENCY  
21 TRANSACTIONS.

22 (XIV) THE FOLLOWING SHALL APPLY TO RECEIPTS FROM THE SALE OR  
23 DISPOSITION OF PROPERTY:

24 (A) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE  
25 RECEIPTS FROM THE SALE OR DISPOSITION OF TANGIBLE PERSONAL  
26 PROPERTY IF THE PROPERTY IS DELIVERED OR SHIPPED TO A PURCHASER  
27 WITHIN THIS COMMONWEALTH REGARDLESS OF THE F.O.B. POINT OR OTHER  
28 CONDITIONS OF THE SALE.

29 (B) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE ALL  
30 RECEIPTS FROM THE SALE OR DISPOSITION OF REAL PROPERTY IF THE

1 PROPERTY IS LOCATED IN THIS COMMONWEALTH.

2 (C) THE NUMERATOR OF THE RECEIPTS FACTOR SHALL INCLUDE ALL  
3 RECEIPTS FROM THE SALE OR DISPOSITION OF INTANGIBLE PROPERTY IF:

4 (I) THE COMMERCIAL DOMICILE OF THE PURCHASER OR RECIPIENT OF  
5 THE PROPERTY IS LOCATED IN THIS COMMONWEALTH; OR

6 (II) IF THE PURCHASER OR RECIPIENT DOES NOT HAVE A  
7 COMMERCIAL DOMICILE, THE BILLING ADDRESS OF THE PURCHASER OR  
8 RECIPIENT IS LOCATED IN THIS COMMONWEALTH.

9 (XV) THE FOLLOWING SHALL APPLY TO RECEIPTS NOT PROVIDED FOR  
10 UNDER THIS PARAGRAPH:

11 (A) THE NUMERATOR OF THE RECEIPTS FACTOR FOR RECEIPTS NOT  
12 OTHERWISE APPORTIONED UNDER THIS SECTION SHALL INCLUDE RECEIPTS  
13 IF:

14 (I) THE BENEFIT TO THE CUSTOMER IS RECEIVED IN THIS  
15 COMMONWEALTH; OR

16 (II) IF THE BILLING ADDRESS OF THE CUSTOMER IS LOCATED  
17 WITHIN THIS COMMONWEALTH; AND:

18 (A) THE LOCATION WHERE THE BENEFIT TO THE CUSTOMER IS  
19 RECEIVED CANNOT BE DETERMINED;

20 (B) THE COMMERCIAL DOMICILE OF THE CUSTOMER IS IN THIS  
21 COMMONWEALTH; OR

22 (C) THE CUSTOMER DOES NOT HAVE A COMMERCIAL DOMICILE.

23 (B) IF RECEIPTS SUBJECT TO THIS PARAGRAPH ARE NOT RECEIVED  
24 FROM A CUSTOMER, THE RECEIPTS SHALL BE EXCLUDED FROM BOTH THE  
25 NUMERATOR AND DENOMINATOR OF THE RECEIPTS FACTOR.

26 (XVI) FOR PURPOSES OF DETERMINING THE LOCATION WHERE  
27 BENEFITS ARE RECEIVED FROM UNDER SUBPARAGRAPHS (XII) AND (XV),  
28 IF A SERVICE OR OTHER ACTIVITY GENERATING THE RECEIPTS PROVIDES  
29 BENEFITS TO TWO OR MORE RECIPIENTS LOCATED IN DIFFERENT STATES  
30 OR PROVIDES BENEFITS TO A RECIPIENT IN MORE THAN ONE STATE, THE

1 LOCATION WHERE BENEFITS ARE RECEIVED MAY BE ESTIMATED USING  
2 REASONABLE PROCEDURES TO ESTIMATE THE LOCATIONS IN WHICH  
3 BENEFITS ARE RECEIVED.

4 (XVII) RECEIPTS WHICH WOULD BE ASSIGNED UNDER THIS SECTION  
5 TO A STATE IN WHICH THE INSTITUTION IS NOT SUBJECT TO A BUSINESS  
6 PRIVILEGE TAX, A NET INCOME TAX, A FRANCHISE TAX MEASURED BY NET  
7 INCOME, A FRANCHISE TAX FOR THE PRIVILEGE OF DOING BUSINESS OR A  
8 CORPORATE STOCK TAX OR SHARES TAX OF THE TYPE IMPOSED UNDER THIS  
9 ARTICLE SHALL BE INCLUDED IN THE NUMERATOR OF THE RECEIPTS  
10 FACTOR, IF THE INSTITUTION'S COMMERCIAL DOMICILE IS IN THIS  
11 COMMONWEALTH.

12 (4) THE DEPOSITS FACTOR IS A FRACTION, THE NUMERATOR OF  
13 WHICH IS THE AVERAGE VALUE OF DEPOSITS LOCATED IN THIS  
14 COMMONWEALTH DURING THE TAXABLE YEAR AND THE DENOMINATOR OF  
15 WHICH IS THE AVERAGE VALUE OF THE TOTAL DEPOSITS DURING THE  
16 TAXABLE YEAR. THE AVERAGE VALUE OF DEPOSITS IS TO BE COMPUTED ON  
17 A QUARTERLY BASIS. DEPOSITS ARE LOCATED IN THE STATE IN WHICH  
18 THE INSTITUTION MAINTAINS AN OFFICE WHICH PROPERLY TREATS THE  
19 DEPOSITS AS A LIABILITY ON ITS BOOKS OR RECORDS. A DEPOSIT IS  
20 CONSIDERED TO BE PROPERLY TREATED AS A LIABILITY ON THE BOOKS OR  
21 RECORDS OF THE OFFICE WITH WHICH IT HAS A GREATER PORTION OF  
22 CONTACT. IN DETERMINING WHETHER A DEPOSIT HAS A GREATER PORTION  
23 OF CONTACT WITH A PARTICULAR OFFICE, CONSIDERATION IS GIVEN TO:

24 (I) WHETHER THE DEPOSIT ACCOUNT WAS OPENED AT OR TRANSFERRED  
25 TO THAT OFFICE BY OR AT THE DIRECTION OF THE DEPOSITOR,  
26 REGARDLESS OF WHERE SUBSEQUENT DEPOSITS OR WITHDRAWALS ARE MADE.

27 (II) WHETHER EMPLOYEES REGULARLY CONNECTED WITH THAT OFFICE  
28 ARE PRIMARILY RESPONSIBLE FOR SERVICING THE DEPOSITOR'S GENERAL  
29 BANKING AND OTHER FINANCIAL NEEDS.

30 (III) WHETHER THE DEPOSIT WAS SOLICITED BY AN EMPLOYEE

1 REGULARLY CONNECTED WITH THAT OFFICE, REGARDLESS OF WHERE SUCH  
2 DEPOSIT WAS ACTUALLY SOLICITED.

3 (IV) WHETHER THE TERMS GOVERNING THE DEPOSIT WERE NEGOTIATED  
4 BY EMPLOYES REGULARLY CONNECTED WITH THAT OFFICE, REGARDLESS OF  
5 WHERE THE NEGOTIATIONS WERE ACTUALLY CONDUCTED.

6 (V) WHETHER ESSENTIAL RECORDS RELATING TO THE DEPOSIT ARE  
7 KEPT AT THAT OFFICE AND WHETHER THE DEPOSIT IS SERVICED AT THAT  
8 OFFICE.

9 SECTION 701.5. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND  
10 PHRASES WHEN USED IN THIS ARTICLE SHALL HAVE THE MEANING  
11 ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT  
12 CLEARLY INDICATES A DIFFERENT MEANING:

13 "BILLING ADDRESS." THE LOCATION INDICATED IN THE BOOKS AND  
14 RECORDS OF AN INSTITUTION ON THE FIRST DAY OF THE TAXABLE YEAR  
15 OR ON A LATER DATE IN THE TAXABLE YEAR WHEN THE CUSTOMER  
16 RELATIONSHIP BEGAN, AS THE ADDRESS WHERE A NOTICE, STATEMENT AND  
17 BILL RELATING TO A CUSTOMER'S ACCOUNT IS MAILED.

18 "COMMERCIAL DOMICILE." AS FOLLOWS:

19 (1) THE PLACE FROM WHICH A TRADE OR BUSINESS IS PRINCIPALLY  
20 MANAGED AND DIRECTED; OR

21 (2) IF A TRADE OR BUSINESS IS ORGANIZED UNDER THE LAWS OF A  
22 FOREIGN COUNTRY, THE PERSON'S COMMERCIAL DOMICILE SHALL BE  
23 DEEMED TO BE THE STATE OF THE UNITED STATES OR THE DISTRICT OF  
24 COLUMBIA FROM WHICH THE INSTITUTION'S TRADE OR BUSINESS IN THE  
25 UNITED STATES IS PRINCIPALLY MANAGED AND DIRECTED. IT SHALL BE  
26 PRESUMED, SUBJECT TO REBUTTAL, THAT THE LOCATION FROM WHICH A  
27 TRADE OR BUSINESS IS PRINCIPALLY MANAGED AND DIRECTED IS THE  
28 STATE OF THE UNITED STATES OR THE DISTRICT OF COLUMBIA TO WHICH  
29 THE GREATEST NUMBER OF EMPLOYES ARE REGULARLY CONNECTED OR OUT  
30 OF WHICH THEY ARE WORKING, NOTWITHSTANDING WHERE THE SERVICES OF

1 THE EMPLOYEES ARE PERFORMED, AS OF THE LAST DAY OF THE TAXABLE  
2 YEAR.

3 "CARD ISSUER'S REIMBURSEMENT FEE." THE FEE AN INSTITUTION  
4 RECEIVES FROM A MERCHANT'S BANK BECAUSE ONE OF THE PERSONS TO  
5 WHOM THE INSTITUTION HAS ISSUED A CREDIT, DEBIT OR SIMILAR TYPE  
6 OF CARD HAS CHARGED MERCHANDISE OR SERVICES TO THE CARD.

7 "CREDIT CARD." A CARD, OR OTHER MEANS OF PROVIDING  
8 INFORMATION, THAT ENTITLES THE HOLDER TO CHARGE THE COST OF  
9 PURCHASES OR A CASH ADVANCE, AGAINST A LINE OF CREDIT.

10 "DEBIT CARD." A CARD, OR OTHER MEANS OF PROVIDING  
11 INFORMATION, THAT ENABLES THE HOLDER TO CHARGE THE COST OF  
12 PURCHASES OR CASH WITHDRAWAL, AGAINST THE HOLDER'S BANK ACCOUNT  
13 OR A REMAINING BALANCE ON THE CARD.

14 "DEPOSITS." DEPOSITS CONSIST OF THOSE ITEMS SPECIFIED FOR  
15 INCLUSION AS SUCH IN QUARTERLY REPORTS OF CONDITION, BUT DO NOT  
16 INCLUDE DEPOSITS MADE BY THE FEDERAL GOVERNMENT, ITS AGENCIES OR  
17 INSTRUMENTALITIES.

18 "DOING BUSINESS IN THIS COMMONWEALTH." AS FOLLOWS:

19 (1) AN INSTITUTION IS ENGAGED IN DOING BUSINESS IN THIS  
20 COMMONWEALTH AND IS SUBJECT TO THE TAX IMPOSED UNDER THIS  
21 ARTICLE IF IT SATISFIES ANY OF THE FOLLOWING REQUIREMENTS AND  
22 GENERATES GROSS RECEIPTS APPORTIONED TO THIS COMMONWEALTH UNDER  
23 SECTION 701.4 IN EXCESS OF \$100,000:

24 (I) THE INSTITUTION HAS AN OFFICE OR BRANCH IN THIS  
25 COMMONWEALTH.

26 (II) ONE OR MORE EMPLOYEES, REPRESENTATIVES, INDEPENDENT  
27 CONTRACTORS OR AGENTS OF THE INSTITUTION CONDUCT BUSINESS  
28 ACTIVITIES OF THE INSTITUTION IN THIS COMMONWEALTH.

29 (III) A PERSON, INCLUDING AN EMPLOYEE, REPRESENTATIVE,  
30 INDEPENDENT CONTRACTOR, AGENT OR AFFILIATE OF THE INSTITUTION,

1 OR AN EMPLOYEE, REPRESENTATIVE, INDEPENDENT CONTRACTOR OR AGENT  
2 OF AN AFFILIATE OF THE INSTITUTION, DIRECTLY OR INDIRECTLY  
3 SOLICITS BUSINESS IN THIS COMMONWEALTH BY OR FOR THE BENEFIT OF  
4 THE INSTITUTION, THROUGH:

5 (A) PERSON-TO-PERSON CONTACT, MAIL, TELEPHONE OR OTHER  
6 ELECTRONIC MEANS; OR

7 (B) THE USE OF ADVERTISING PUBLISHED, PRODUCED OR  
8 DISTRIBUTED IN THIS COMMONWEALTH.

9 (IV) THE INSTITUTION OWNS, LEASES OR USES REAL OR PERSONAL  
10 PROPERTY IN THIS COMMONWEALTH TO CONDUCT ITS BUSINESS  
11 ACTIVITIES.

12 (V) THE INSTITUTION HOLDS A SECURITY INTEREST, MORTGAGE OR  
13 LIEN IN REAL OR PERSONAL PROPERTY LOCATED IN THIS COMMONWEALTH.

14 (VI) A BASIS EXISTS UNDER SECTION 701.4 TO APPORTION THE  
15 INSTITUTION'S RECEIPTS TO THIS COMMONWEALTH.

16 (VII) THE INSTITUTION HAS A PHYSICAL PRESENCE IN THIS  
17 COMMONWEALTH FOR A PERIOD OF MORE THAN ONE DAY DURING THE TAX  
18 YEAR OR CONDUCTS AN ACTIVITY SUFFICIENT TO CREATE A NEXUS IN  
19 THIS COMMONWEALTH FOR TAX PURPOSES UNDER THE CONSTITUTION OF THE  
20 UNITED STATES.

21 (2) THE TERM SHALL NOT INCLUDE:

22 (I) THE USE BY THE INSTITUTION OF A PROFESSIONAL PERFORMING  
23 A SERVICE ON BEHALF OF THE INSTITUTION IN THIS COMMONWEALTH IF  
24 THE SERVICES ARE NOT SIGNIFICANTLY ASSOCIATED WITH THE  
25 INSTITUTION'S ABILITY TO ESTABLISH AND MAINTAIN A MARKET IN THIS  
26 COMMONWEALTH.

27 (II) THE MERE USE OF FINANCIAL INTERMEDIARIES IN THIS  
28 COMMONWEALTH BY AN INSTITUTION FOR THE PROCESSING OR TRANSFER OF  
29 CHECKS, CREDIT CARD RECEIVABLES, COMMERCIAL PAPER AND SIMILAR  
30 ITEMS.

1 "EMPLOYEE." ANY INDIVIDUAL TO WHOM WAGES ARE PAID WITHIN THE  
2 MEANING OF 26 U.S.C. § 3401.

3 "INSTITUTION." AS FOLLOWS:

4 (1) THE TERM SHALL MEAN:

5 (I) EVERY BANK OPERATING AS SUCH AND HAVING CAPITAL STOCK  
6 WHICH IS INCORPORATED UNDER ANY LAW OF THIS COMMONWEALTH, UNDER  
7 THE LAW OF THE UNITED STATES OR UNDER THE LAW OF ANY OTHER  
8 JURISDICTION [AND IS LOCATED WITHIN THIS COMMONWEALTH].

9 [(2)] (II) EVERY OPERATING COMPANY HAVING CAPITAL STOCK  
10 [LOCATED WITHIN THIS COMMONWEALTH] AND HAVING ANY OF THE POWERS  
11 OF COMPANIES ENTITLED TO THE BENEFITS OF AN ACT, ENTITLED "AN  
12 ACT CONFERRING UPON CERTAIN FIDELITY, INSURANCE, SAFETY DEPOSIT,  
13 TRUST, AND SAVINGS COMPANIES, THE POWERS AND PRIVILEGES OF  
14 COMPANIES INCORPORATED UNDER THE PROVISIONS OF SECTION 29 OF AN  
15 ACT, ENTITLED 'AN ACT TO PROVIDE FOR THE INCORPORATION AND  
16 REGULATION OF CERTAIN CORPORATIONS,' APPROVED APRIL 29, 1874,  
17 AND OF THE SUPPLEMENTS THERETO," APPROVED JUNE 27, 1895,  
18 COMMONLY KNOWN AS TRUST COMPANIES.

19 [(3)] (III) EVERY COMPANY ORGANIZED AND OPERATING AS A BANK  
20 AND TRUST COMPANY OR AS TRUST COMPANY HAVING CAPITAL STOCK  
21 [LOCATED IN THIS COMMONWEALTH], WHETHER THE INSTITUTION IS  
22 INCORPORATED UNDER ANY LAW OF THIS COMMONWEALTH, THE LAW OF THE  
23 UNITED STATES OR ANY LAW OF ANY JURISDICTION. THE TERM SHALL NOT  
24 INCLUDE ANY OF SUCH COMPANIES, ALL OF THE SHARES OF CAPITAL  
25 STOCK OF WHICH, OTHER THAN SHARES NECESSARY TO QUALIFY  
26 DIRECTORS, ARE OWNED BY A COMPANY WHICH IS LIABLE TO PAY TO THE  
27 COMMONWEALTH A TAX PURSUANT TO THIS ARTICLE.

28 (IV) A CORPORATION ORGANIZED UNDER 12 U.S.C. CH. 6, SUBCH.  
29 II (RELATING TO ORGANIZATION OF CORPORATIONS TO DO FOREIGN  
30 BANKING).

1       (V) AN AGENCY OR BRANCH OF A FOREIGN DEPOSITORY AS DEFINED  
2 IN 12 U.S.C. § 3101 (RELATING TO DEFINITIONS).

3       (2) THE TERM SHALL NOT INCLUDE A "MUTUAL THRIFT INSTITUTION"  
4 OR "INSTITUTION," AS DEFINED IN SECTION 1501, WHICH IS SUBJECT  
5 TO THE TAX IMPOSED UNDER ARTICLE XV.

6       "LEASE." ANY LEASING TRANSACTION IN WHICH THE LESSOR WOULD  
7 BE TREATED AS OWNER OF THE LEASED PROPERTY UNDER GENERALLY  
8 ACCEPTED ACCOUNTING PRINCIPLES. ALL OTHER TRANSACTIONS  
9 PURPORTING TO BE LEASES SHALL BE TREATED AS LOANS FOR PURPOSES  
10 OF THIS ARTICLE.

11       ["LOCATED." AN INSTITUTION IS LOCATED IN THIS COMMONWEALTH  
12 IN A TAXABLE YEAR ONLY IF ANY ONE OF THE FOLLOWING APPLY:

13       (1) SUCH INSTITUTION MAINTAINS AN OFFICE IN THIS  
14 COMMONWEALTH.

15       (2) ONE OR MORE EMPLOYES OF THE INSTITUTION HAVE A REGULAR  
16 PRESENCE IN THIS COMMONWEALTH.

17       (3) SUCH INSTITUTION HAS EMPLOYES, REPRESENTATIVES OR  
18 INDEPENDENT CONTRACTORS CONDUCTING BUSINESS ACTIVITIES IN ITS  
19 BEHALF IN THIS COMMONWEALTH.

20       (4) SUCH INSTITUTION ENGAGES IN REGULAR SOLICITATION IN THIS  
21 COMMONWEALTH, WHETHER AT A PLACE OF BUSINESS, BY TRAVELING LOAN  
22 OFFICERS OR OTHER REPRESENTATIVES, BY MAIL, BY TELEPHONE OR  
23 OTHER ELECTRONIC MEANS, AND THE SOLICITATION RESULTS IN THE  
24 CREATION OF A DEPOSITORY OR DIRECT DEBTOR/CREDITOR RELATIONSHIP  
25 WITH A RESIDENT OF THIS COMMONWEALTH. FOR PURPOSES OF THIS  
26 ARTICLE, MERE PROCESSING OR TRANSFER THROUGH FINANCIAL  
27 INTERMEDIARIES OF CHECKS, CREDIT CARD RECEIVABLES, COMMERCIAL  
28 PAPER AND THE LIKE DOES NOT CREATE A DEBTOR/CREDITOR  
29 RELATIONSHIP. A FINANCIAL INSTITUTION IS ENGAGED IN REGULAR  
30 SOLICITATION WITHIN THIS COMMONWEALTH IF IT HAS ENTERED INTO ANY

1 OF THE RELATIONSHIPS LISTED IN THIS CLAUSE WITH TWENTY OR MORE  
2 RESIDENTS OF THIS COMMONWEALTH DURING ANY TAX PERIOD OR IF IT  
3 HAS FIVE MILLION DOLLARS (\$5,000,000) OR MORE OF ASSETS  
4 ATTRIBUTABLE TO SOURCES WITHIN THIS COMMONWEALTH AT ANY TIME  
5 DURING THE TAX PERIOD.

6 (5) SUCH INSTITUTION OWNS TANGIBLE PROPERTY WHICH IS LOCATED  
7 IN THIS COMMONWEALTH AND WHICH IS LEASED TO OTHERS FOR THEIR  
8 USE.

9 (6) SUCH INSTITUTION OWNS OR LEASES TANGIBLE PROPERTY WHICH  
10 IS LOCATED IN THIS COMMONWEALTH AND WHICH IT USES IN CONNECTION  
11 WITH ITS ACTIVITIES IN THIS COMMONWEALTH.]

12 "LOAN." AS FOLLOWS:

13 (1) THE TERM SHALL MEAN ANY OF THE FOLLOWING:

14 (I) AN EXTENSION OF CREDIT RESULTING FROM DIRECT  
15 NEGOTIATIONS BETWEEN THE INSTITUTION AND ITS CUSTOMER.

16 (II) THE PURCHASE, IN WHOLE OR IN PART, OF THE EXTENSION OF  
17 CREDIT UNDER SUBPARAGRAPH (I) FROM ANOTHER PERSON.

18 (2) THE TERM SHALL INCLUDE A PARTICIPATION, SYNDICATION AND  
19 LEASE TREATED AS A LOAN FOR FEDERAL INCOME TAX PURPOSES.

20 (3) THE TERM SHALL NOT INCLUDE:

21 (I) FUTURES OR FORWARD CONTRACTS.

22 (II) AN OPTION.

23 (III) A NOTIONAL PRINCIPAL CONTRACT SUCH AS SWAPS.

24 (IV) A CREDIT CARD RECEIVABLE, INCLUDING A PURCHASED CREDIT  
25 CARD RELATIONSHIP.

26 (V) A NONINTEREST BEARING BALANCE DUE FROM A DEPOSITORY  
27 INSTITUTION.

28 (VI) A CASH ITEM IN THE PROCESS OF COLLECTION.

29 (VII) A FEDERAL FUND SOLD.

30 (VIII) A SECURITY PURCHASED UNDER AN AGREEMENT TO RESELL.

1 (IX) AN ASSET HELD IN A TRADING ACCOUNT.

2 (X) A SECURITY.

3 (XI) AN INTEREST IN A REAL ESTATE MORTGAGE INVESTMENT  
4 CONDUIT, OR OTHER MORTGAGE-BACKED OR ASSET-BACKED SECURITY.

5 (XII) AN ITEM SIMILAR TO AN ITEM LISTED UNDER THIS  
6 PARAGRAPH.

7 "LOAN SECURED BY REAL PROPERTY." A LOAN FOR WHICH AT LEAST  
8 50 PER CENT OF THE AGGREGATE VALUE OF THE COLLATERAL USED TO  
9 SECURE A LOAN OR OTHER OBLIGATION, WHEN VALUED AT FAIR MARKET  
10 VALUE AS OF THE TIME THE ORIGINAL LOAN OR OBLIGATION WAS  
11 INCURRED, WAS REAL PROPERTY.

12 ["MAINTAINS AN OFFICE." AN INSTITUTION MAINTAINS AN OFFICE  
13 WHEREVER IT HAS ESTABLISHED A REGULAR, CONTINUOUS AND FIXED  
14 PLACE OF BUSINESS.]

15 "MERCHANT DISCOUNT." THE FEE OR NEGOTIATED DISCOUNT CHARGED  
16 TO A MERCHANT BY AN INSTITUTION FOR THE PRIVILEGE OF  
17 PARTICIPATING IN A PROGRAM BY WHICH A CREDIT, DEBIT OR SIMILAR  
18 TYPE OF CARD IS ACCEPTED IN PAYMENT FOR MERCHANDISE OR SERVICES  
19 SOLD TO THE CARDHOLDER, NET OF ANY CARDHOLDER CHARGE-BACK AND  
20 UNREDUCED BY ANY INTERCHANGE TRANSACTION OR ISSUER REIMBURSEMENT  
21 FEE PAID TO ANOTHER FOR A CHARGE OR PURCHASE MADE BY ITS  
22 CARDHOLDER.

23 "ORIGINATION OF LOANS." A LOAN IS DEEMED TO HAVE ORIGINATED  
24 IN THE STATE IN WHICH THE OFFICE IS LOCATED WHICH PROPERLY  
25 TREATS THE LOAN AS AN ASSET ON ITS BOOKS OR RECORDS. HOWEVER, IF  
26 AN INSTITUTION MAINTAINS AN OFFICE IN A STATE, THE FOLLOWING  
27 RULES APPLY:

28 (1) LOANS SECURED PRIMARILY BY REAL PROPERTY ARE DEEMED TO  
29 HAVE ORIGINATED AT AN OFFICE WITHIN THE STATE IN WHICH THE  
30 PREDOMINANT PART OF THE SECURITY REAL PROPERTY IS OR WILL BE

1 LOCATED, IF AT LEAST ONE OF THE FOLLOWING ACTIVITIES OCCURS AT  
2 AN OFFICE IN THE STATE:

- 3 (I) APPLICATION FOR THE LOAN;
- 4 (II) NEGOTIATION FOR THE LOAN;
- 5 (III) APPROVAL OF THE LOAN; OR
- 6 (IV) ADMINISTRATIVE RESPONSIBILITY FOR THE LOAN.

7 (2) ALL OTHER LOANS MADE TO BORROWERS RESIDING OR HAVING  
8 THEIR COMMERCIAL DOMICILE WITHIN THE STATE ARE DEEMED TO HAVE  
9 ORIGINATED AT AN OFFICE WITHIN THE STATE, IF AT LEAST ONE OF THE  
10 FOLLOWING ACTIVITIES OCCURS AT AN OFFICE IN THE STATE:

- 11 (I) APPLICATION FOR THE LOAN;
- 12 (II) NEGOTIATION FOR THE LOAN;
- 13 (III) APPROVAL OF THE LOAN; OR
- 14 (IV) ADMINISTRATIVE RESPONSIBILITY FOR THE LOAN.

15 "PRINCIPAL BASE OF OPERATIONS." AS FOLLOWS:

16 (1) WITH RESPECT TO TRANSPORTATION PROPERTY, THE PLACE FROM  
17 WHICH THE PROPERTY IS REGULARLY DIRECTED OR CONTROLLED.

18 (2) WITH RESPECT TO AN EMPLOYE, THE PLACE OF MORE OR LESS  
19 PERMANENT NATURE FROM WHICH THE EMPLOYE REGULARLY:

20 (I) STARTS WORK AND TO WHICH THE EMPLOYE CUSTOMARILY RETURNS  
21 IN ORDER TO RECEIVE INSTRUCTIONS FROM THE EMPLOYE'S EMPLOYER;

22 (II) COMMUNICATES WITH CUSTOMERS OR OTHER PEOPLE; OR

23 (III) PERFORMS ANY OTHER FUNCTION NECESSARY TO THE EXERCISE  
24 OF THE EMPLOYE'S TRADE OR PROFESSION AT SOME OTHER POINT.

25 "PROPERTY LOCATED IN A STATE."

26 (1) EXCEPT AS OTHERWISE PROVIDED IN THIS DEFINITION,  
27 TANGIBLE PROPERTY, INCLUDING LEASED PROPERTY, SHALL BE DEEMED TO  
28 BE LOCATED IN THE STATE IN WHICH THE PROPERTY IS PHYSICALLY  
29 SITUATED.

30 (2) TANGIBLE PERSONAL PROPERTY WHICH IS CHARACTERISTICALLY

1 MOVING PROPERTY, SUCH AS MOTOR VEHICLES, ROLLING STOCK,  
2 AIRCRAFT, VESSELS, MOBILE EQUIPMENT AND THE LIKE, SHALL BE  
3 DEEMED TO BE LOCATED IN A STATE IF:

4 (I) THE OPERATION OF THE PROPERTY IS ENTIRELY WITHIN THE  
5 STATE OR THE OPERATION OUTSIDE OF THE STATE IS OCCASIONAL OR  
6 INCIDENTAL TO ITS OPERATION WITHIN THE STATE;

7 (II) THE OPERATION OF THE PROPERTY IS IN TWO OR MORE STATES,  
8 BUT THE PRINCIPAL BASE OF OPERATIONS FROM WHICH THE PROPERTY IS  
9 SENT OUT IS IN THE STATE; OR

10 (III) THE STATE IS THE RESIDENCE OR COMMERCIAL DOMICILE OF  
11 THE LESSEE OR OTHER USER OF THE PROPERTY, WHERE THERE IS NO  
12 PRINCIPAL BASE OF OPERATIONS AND THE OPERATION OF THE PROPERTY  
13 IS IN TWO OR MORE STATES.

14 "REAL PROPERTY OWNED" AND "TANGIBLE PROPERTY OWNED." AS  
15 FOLLOWS:

16 (1) REAL AND TANGIBLE PERSONAL PROPERTY, RESPECTIVELY, :

17 (I) ON WHICH THE INSTITUTION MAY CLAIM DEPRECIATION FOR  
18 FEDERAL INCOME TAX PURPOSES; OR

19 (II) PROPERTY TO WHICH THE INSTITUTION HOLDS LEGAL TITLE AND  
20 ON WHICH NO OTHER PERSON MAY CLAIM DEPRECIATION FOR FEDERAL  
21 INCOME TAX PURPOSES, OR COULD CLAIM DEPRECIATION IF SUBJECT TO  
22 FEDERAL INCOME TAX.

23 (2) THE TERM DOES NOT INCLUDE COIN, CURRENCY OR PROPERTY  
24 ACQUIRED IN LIEU OF OR PURSUANT TO A FORECLOSURE.

25 "RECEIPTS." AS FOLLOWS:

26 (1) EXCEPT AS PROVIDED UNDER PARAGRAPH (2), AN ITEM INCLUDED  
27 IN TAXABLE INCOME RETURNED TO AND ASCERTAINED BY THE FEDERAL  
28 GOVERNMENT.

29 (2) IF CONSOLIDATED RETURNS ARE FILED WITH THE FEDERAL  
30 GOVERNMENT, AN ITEM THAT WOULD BE INCLUDED IN TAXABLE INCOME

1 RETURNED TO AND ASCERTAINED BY THE FEDERAL GOVERNMENT IF A  
2 SEPARATE RETURN HAD BEEN MADE TO THE FEDERAL GOVERNMENT BY THE  
3 INSTITUTION, INCLUDING THE TAXABLE INCOME OF A SUBSIDIARY OF THE  
4 INSTITUTION THAT ARE DISREGARDED ENTITIES FOR PURPOSES OF  
5 FEDERAL TAXATION.

6 "REGULAR PLACE OF BUSINESS." AN OFFICE AT WHICH AN  
7 INSTITUTION CARRIES ON ITS BUSINESS IN A REGULAR AND SYSTEMATIC  
8 MANNER AND WHICH IS CONTINUOUSLY MAINTAINED, OCCUPIED AND USED  
9 BY EMPLOYEES OF AN INSTITUTION.

10 "REGULAR PRESENCE OF EMPLOYEES." AN EMPLOYEE SHALL BE DEEMED  
11 TO HAVE A REGULAR PRESENCE IN A STATE IF:

12 (1) A MAJORITY OF THE EMPLOYEE'S SERVICE IS PERFORMED WITHIN  
13 THE STATE; OR

14 (2) THE OFFICE FROM WHICH HIS ACTIVITIES ARE DIRECTED OR  
15 CONTROLLED IS LOCATED IN THE STATE, WHERE A MAJORITY OF THE  
16 EMPLOYEE'S SERVICE IS NOT PERFORMED IN ANY ONE STATE.

17 "STATE." ANY OF THE SEVERAL STATES OF THE UNITED STATES, THE  
18 DISTRICT OF COLUMBIA, THE COMMONWEALTH OF PUERTO RICO, ANY  
19 TERRITORY OR POSSESSION OF THE UNITED STATES AND ANY FOREIGN  
20 COUNTRY.

21 "SYNDICATION." AN EXTENSION OF CREDIT IN WHICH TWO OR MORE  
22 PEOPLE PROVIDE FUNDS AND EACH PERSON IS AT RISK FOR UP TO A  
23 SPECIFIED PERCENTAGE OF THE TOTAL EXTENSION OF CREDIT OR FOR UP  
24 TO A SPECIFIED DOLLAR AMOUNT.

25 "TRANSPORTATION PROPERTY." A VEHICLE AND VESSEL CAPABLE OF  
26 MOVING UNDER ITS OWN POWER, SUCH AS AIRCRAFT, A TRAIN, WATER  
27 VESSEL AND MOTOR VEHICLE. THE TERM INCLUDES EQUIPMENT OR A  
28 CONTAINER ATTACHED TO THE PROPERTY, SUCH AS ROLLING STOCK, A  
29 BARGE, TRAILER OR SIMILAR EQUIPMENT OR CONTAINER.

30 SECTION 24. THE DEFINITIONS OF "DOCUMENT," "REAL ESTATE" AND

1 "REAL ESTATE COMPANY" IN SECTION 1101-C OF THE ACT, AMENDED JULY  
2 2, 1986 (P.L.318, NO.77), ARE AMENDED AND THE SECTION IS AMENDED  
3 BY ADDING DEFINITIONS TO READ:

4 SECTION 1101-C. DEFINITIONS.--THE FOLLOWING WORDS WHEN USED  
5 IN THIS ARTICLE SHALL HAVE THE MEANINGS ASCRIBED TO THEM IN THIS  
6 SECTION:

7 \* \* \*

8 "DOCUMENT." ANY DEED, INSTRUMENT OR WRITING WHICH CONVEYS,  
9 TRANSFERS, DEVISES, VESTS, CONFIRMS OR EVIDENCES ANY TRANSFER OR  
10 DEVISE OF TITLE TO REAL ESTATE IN THIS COMMONWEALTH, BUT DOES  
11 NOT INCLUDE WILLS, MORTGAGES, DEEDS OF TRUST OR OTHER  
12 INSTRUMENTS OF LIKE CHARACTER GIVEN AS SECURITY FOR A DEBT AND  
13 DEEDS OF RELEASE THEREOF TO THE DEBTOR, LAND CONTRACTS WHEREBY  
14 THE LEGAL TITLE DOES NOT PASS TO THE GRANTEE UNTIL THE TOTAL  
15 CONSIDERATION SPECIFIED IN THE CONTRACT HAS BEEN PAID OR ANY  
16 CANCELLATION THEREOF UNLESS THE CONSIDERATION IS PAYABLE OVER A  
17 PERIOD OF TIME EXCEEDING THIRTY YEARS OR INSTRUMENTS WHICH  
18 SOLELY GRANT, VEST OR CONFIRM A PUBLIC UTILITY EASEMENT.

19 "DOCUMENT" SHALL ALSO INCLUDE A DECLARATION OF ACQUISITION  
20 REQUIRED TO BE PRESENTED FOR RECORDING UNDER SECTION 1102-C.5 OF  
21 THIS ARTICLE.

22 \* \* \*

23 "REAL ESTATE."

24 (1) ANY LANDS, TENEMENTS OR HEREDITAMENTS [WITHIN THIS  
25 COMMONWEALTH], INCLUDING, WITHOUT LIMITATION, BUILDINGS,  
26 STRUCTURES, FIXTURES, MINES, MINERALS, OIL, GAS, QUARRIES,  
27 SPACES WITH OR WITHOUT UPPER OR LOWER BOUNDARIES, TREES AND  
28 OTHER IMPROVEMENTS, IMMOVABLES OR INTERESTS WHICH BY CUSTOM,  
29 USAGE OR LAW PASS WITH A CONVEYANCE OF LAND, BUT EXCLUDING  
30 PERMANENTLY ATTACHED MACHINERY AND EQUIPMENT IN AN INDUSTRIAL

1 PLANT.

2 (2) A CONDOMINIUM UNIT.

3 (3) A TENANT-STOCKHOLDER'S INTEREST IN A COOPERATIVE HOUSING  
4 CORPORATION, TRUST OR ASSOCIATION UNDER A PROPRIETARY LEASE OR  
5 OCCUPANCY AGREEMENT.

6 "REAL ESTATE COMPANY." A CORPORATION OR ASSOCIATION WHICH  
7 [IS] MEETS ANY OF THE FOLLOWING:

8 (1) IS PRIMARILY ENGAGED IN THE BUSINESS OF HOLDING, SELLING  
9 OR LEASING REAL ESTATE NINETY PER CENT OR MORE OF THE OWNERSHIP  
10 INTEREST IN WHICH IS HELD BY THIRTY-FIVE OR FEWER PERSONS AND  
11 WHICH:

12 [(1)] (I) DERIVES SIXTY PER CENT OR MORE OF ITS ANNUAL GROSS  
13 RECEIPTS FROM THE OWNERSHIP OR DISPOSITION OF REAL ESTATE; OR

14 [(2)] (II) HOLDS REAL ESTATE, THE VALUE OF WHICH COMPRISES  
15 NINETY PER CENT OR MORE OF THE VALUE OF ITS ENTIRE TANGIBLE  
16 ASSET HOLDINGS EXCLUSIVE OF TANGIBLE ASSETS WHICH ARE FREELY  
17 TRANSFERABLE AND ACTIVELY TRADED ON AN ESTABLISHED MARKET.

18 (2) NINETY PERCENT OR MORE OF THE OWNERSHIP INTEREST IN THE  
19 CORPORATION OR ASSOCIATION IS HELD BY THIRTY-FIVE OR FEWER  
20 PERSONS AND THE CORPORATION OR ASSOCIATION OWNS, AS NINETY  
21 PERCENT OR MORE OF THE FAIR MARKET VALUE OF ITS ASSETS, A DIRECT  
22 OR INDIRECT INTEREST IN A REAL ESTATE COMPANY. AN INDIRECT  
23 OWNERSHIP INTEREST IS AN INTEREST IN A CORPORATION OR  
24 ASSOCIATION, NINETY PERCENT OR MORE OF THE OWNERSHIP INTEREST  
25 WHICH IS HELD BY THIRTY-FIVE OR FEWER PERSONS WHOSE PURPOSE IS  
26 THE OWNERSHIP OF A REAL ESTATE COMPANY.

27 \* \* \*

28 "VOLUNTEER EMERGENCY MEDICAL SERVICES AGENCY." THE TERM  
29 SHALL HAVE THE SAME MEANING AS GIVEN TO THE TERM "VOLUNTEER  
30 AMBULANCE SERVICE" IN 35 PA.C.S. § 7802 (RELATING TO

1 DEFINITIONS).

2 "VOLUNTEER FIRE COMPANY." AS DEFINED IN 35 PA.C.S. § 7802  
3 (RELATING TO DEFINITIONS).

4 "VOLUNTEER RESCUE COMPANY." AS DEFINED IN 35 PA.C.S. § 7802  
5 (RELATING TO DEFINITIONS).

6 SECTION 25. SECTION 1102-C OF THE ACT, AMENDED JULY 2, 1986  
7 (P.L.318, NO.77), IS AMENDED TO READ:

8 SECTION 1102-C. IMPOSITION OF TAX.--EVERY PERSON WHO MAKES,  
9 EXECUTES, DELIVERS, ACCEPTS OR PRESENTS FOR RECORDING ANY  
10 DOCUMENT OR IN WHOSE BEHALF ANY DOCUMENT IS MADE, EXECUTED,  
11 DELIVERED, ACCEPTED OR PRESENTED FOR RECORDING, SHALL BE SUBJECT  
12 TO PAY FOR AND IN RESPECT TO THE TRANSACTION OR ANY PART  
13 THEREOF, OR FOR OR IN RESPECT OF THE VELLUM PARCHMENT OR PAPER  
14 UPON WHICH SUCH DOCUMENT IS WRITTEN OR PRINTED, A STATE TAX AT  
15 THE RATE OF ONE PER CENT OF THE VALUE OF THE REAL ESTATE WITHIN  
16 THIS COMMONWEALTH REPRESENTED BY SUCH DOCUMENT, WHICH STATE TAX  
17 SHALL BE PAYABLE AT THE EARLIER OF THE TIME THE DOCUMENT IS  
18 PRESENTED FOR RECORDING OR WITHIN THIRTY DAYS OF ACCEPTANCE OF  
19 SUCH DOCUMENT OR WITHIN THIRTY DAYS OF BECOMING AN ACQUIRED  
20 COMPANY.

21 SECTION 25.1. SECTION 1102-C.3 OF THE ACT IS AMENDED BY  
22 ADDING A CLAUSE TO READ:

23 SECTION 1102-C.3. EXCLUDED TRANSACTIONS.--THE TAX IMPOSED BY  
24 SECTION 1102-C SHALL NOT BE IMPOSED UPON:

25 \* \* \*

26 (23) A TRANSFER OF REAL ESTATE:

27 (I) FOR NO OR NOMINAL CONSIDERATION FROM THE COMMONWEALTH OR  
28 ANY OF ITS INSTRUMENTALITIES, AGENCIES OR POLITICAL SUBDIVISIONS  
29 TO A VOLUNTEER EMERGENCY MEDICAL SERVICES AGENCY, VOLUNTEER FIRE  
30 COMPANY OR VOLUNTEER RESCUE COMPANY; OR

1 (II) BETWEEN TWO OR MORE VOLUNTEER EMERGENCY MEDICAL  
2 SERVICES AGENCIES, VOLUNTEER FIRE COMPANIES OR VOLUNTEER RESCUE  
3 COMPANIES.

4 SECTION 26. SECTION 1102-C.5(A) OF THE ACT, AMENDED JULY 2,  
5 2012 (P.L.751, NO.85), IS AMENDED TO READ:

6 SECTION 1102-C.5. ACQUIRED COMPANY.--(A) A REAL ESTATE  
7 COMPANY IS AN ACQUIRED COMPANY UPON A CHANGE IN THE OWNERSHIP  
8 INTEREST IN THE COMPANY, HOWEVER EFFECTED, IF THE CHANGE:

9 (1) DOES NOT AFFECT THE CONTINUITY OF THE COMPANY; AND

10 (2) OF ITSELF OR TOGETHER WITH PRIOR CHANGES HAS THE EFFECT  
11 OF TRANSFERRING, DIRECTLY OR INDIRECTLY, NINETY PER CENT OR MORE  
12 OF THE TOTAL OWNERSHIP INTEREST IN THE COMPANY WITHIN A PERIOD  
13 OF THREE YEARS.

14 (3) FOR THE PURPOSES OF PARAGRAPH (2), A TRANSFER OCCURS  
15 WITHIN A PERIOD OF THREE YEARS OF ANOTHER TRANSFER OR TRANSFERS  
16 IF, DURING THE PERIOD[:

17 (I) THE TRANSFERRING PARTY PROVIDES A LEGALLY BINDING  
18 COMMITMENT, ENFORCEABLE AT A FUTURE DATE, TO EXECUTE THE  
19 TRANSFER;

20 (II) THE TERMS OF THE TRANSFER ARE FIXED AND NOT SUBJECT TO  
21 NEGOTIATION; AND

22 (III) THE TRANSFERRING PARTY RECEIVES FULL CONSIDERATION, IN  
23 ANY FORM, IN EXCHANGE FOR THE TRANSFER.], THE TRANSFERRING PARTY  
24 PROVIDES THE TRANSFEREE A LEGALLY BINDING COMMITMENT OR OPTION,  
25 ENFORCEABLE AT A FUTURE DATE, TO EXECUTE THE TRANSFER.

26 \* \* \*

27 SECTION 26.1. THE ACT IS AMENDED BY ADDING AN ARTICLE TO  
28 READ:

29 ARTICLE XVI-B

30 NONLICENSED CORPORATION PARI-MUTUEL WAGERING TAX

1 SECTION 1601-B. SCOPE.

2 THIS ARTICLE RELATES TO TAXATION ON THE PRIVILEGE OF  
3 CONDUCTING PARI-MUTUEL WAGERING IN THIS COMMONWEALTH BY  
4 NONLICENSED CORPORATIONS.

5 SECTION 1602-B. DEFINITIONS.

6 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE  
7 SHALL HAVE THE SAME MEANING GIVEN TO THEM IN THIS SECTION UNLESS  
8 THE CONTEXT CLEARLY INDICATES OTHERWISE:

9 "ADVANCE DEPOSIT ACCOUNT WAGERING." A SYSTEM BY WHICH A  
10 WAGER IS DEBITED AND A PAYOUT IS CREDITED TO AN ADVANCE DEPOSIT  
11 ACCOUNT HELD BY A PERSON ON BEHALF OF ANOTHER PERSON.

12 "ASSOCIATION." A GENERAL PARTNERSHIP, LIMITED PARTNERSHIP,  
13 LIMITED LIABILITY PARTNERSHIP OR ANY OTHER FORM OF  
14 UNINCORPORATED ENTERPRISE, OWNED OR CONDUCTED BY TWO OR MORE  
15 PERSONS OTHER THAN A PRIVATE TRUST OR DECEDENT'S ESTATE.

16 "COMMON POOL WAGERING." THE INCLUSION OF A WAGER PLACED INTO  
17 A COMMON PARI-MUTUEL POOL FOR THE PURPOSE OF DISPLAY OF WAGERING  
18 INFORMATION AND CALCULATION OF PAYOFFS ON WINNING WAGERS.

19 "CORPORATION." A CORPORATION, JOINT-STOCK ASSOCIATION OR  
20 BUSINESS TRUST WHICH IS ORGANIZED UNDER THE LAWS OF THIS  
21 COMMONWEALTH, THE UNITED STATES, OR ANY OTHER STATE, TERRITORY,  
22 FOREIGN COUNTRY OR DEPENDENCY.

23 "DEPARTMENT." THE DEPARTMENT OF REVENUE OF THE COMMONWEALTH.

24 "LICENSED CORPORATION." THE TERM SHALL HAVE THE SAME MEANING  
25 AS DEFINED IN SECTION 102 OF THE ACT OF DECEMBER 17, 1981  
26 (P.L.435, NO.135), KNOWN AS THE RACE HORSE INDUSTRY REFORM ACT.

27 "NONLICENSED CORPORATION." A PERSON OTHER THAN A LICENSED  
28 CORPORATION THAT OFFERS AND ACCEPTS PARI-MUTUEL WAGERS MADE  
29 WITHIN THIS COMMONWEALTH, INCLUDING AN ADVANCE DEPOSIT ACCOUNT  
30 WAGERING, IN WHICH THE WAGERS ARE INCLUDED IN COMMON POOL

1 WAGERING THROUGH A PARI-MUTUEL SYSTEM.

2 "PARI-MUTUEL SYSTEM." THE HARDWARE, SOFTWARE AND  
3 COMMUNICATIONS EQUIPMENT USED TO RECORD WAGERS, CALCULATE  
4 PAYOUTS FOR WINNING WAGERS AND TRANSMIT WAGERING TRANSACTIONS  
5 AND PARI-MUTUEL POOL DATA FOR DISPLAY TO PATRONS AND TO  
6 COMMUNICATE WITH OTHER PARI-MUTUEL SYSTEMS LINKED TO FACILITATE  
7 COMMON POOL WAGERING.

8 "PARI-MUTUEL WAGERING." A FORM OF WAGERING ON THE OUTCOME OF  
9 A HORSE RACE OR HARNESS HORSE RACE IN WHICH ALL WAGERS ARE  
10 POOLED AND HELD BY A PARI-MUTUEL POOL HOST FOR DISTRIBUTION OF  
11 THE TOTAL AMOUNT, MINUS THE DEDUCTIONS AUTHORIZED BY LAW, TO  
12 HOLDERS OF TICKETS ON THE WINNING CONTESTANTS.

13 "PERSON." A NATURAL PERSON, ASSOCIATION OR CORPORATION. THE  
14 TERM SHALL, WHEN USED IN ANY PROVISION PRESCRIBING AND IMPOSING  
15 A PENALTY, INCLUDE THE RESPONSIBLE MEMBERS OR GENERAL PARTNERS  
16 OF AN ASSOCIATION OR THE OFFICERS OF A CORPORATION.  
17 SECTION 1603-B. TAX.

18 (A) IMPOSITION.--A TAX IS IMPOSED ON THE PRIVILEGE OF  
19 CONDUCTING PARI-MUTUEL WAGERING IN THIS COMMONWEALTH BY ALL  
20 NONLICENSED CORPORATIONS. A NONLICENSED CORPORATION SHALL PAY A  
21 TAX THROUGH THE DEPARTMENT FOR DEPOSIT INTO THE RESTRICTED  
22 ACCOUNT ESTABLISHED UNDER SECTION 1606-B.

23 (B) RATE.--THE TAX IMPOSED UNDER SUBSECTION (A) SHALL BE A  
24 PERCENTAGE TAX OF 10% ON THE AMOUNT OF PARI-MUTUEL WAGERS MADE  
25 EACH DAY THROUGH THE NONLICENSED CORPORATION WHERE THE WAGERS  
26 WERE PLACED FROM WITHIN THIS COMMONWEALTH, INCLUDING WAGERS MADE  
27 BY AN ADVANCE DEPOSIT ACCOUNT WAGERING SYSTEM, IN WHICH THE  
28 WAGERS ARE INCLUDED IN COMMON POOL WAGERING THROUGH A PARI-  
29 MUTUEL SYSTEM.

30 SECTION 1604-B. PARI-MUTUEL TAX RETURN.

1     (A) RETURNS.--A NONLICENSED CORPORATION SUBJECT TO THIS  
2 ARTICLE SHALL FILE WITH THE DEPARTMENT, ON A FORM PRESCRIBED BY  
3 THE DEPARTMENT, A NONLICENSED CORPORATION PARI-MUTUEL WAGERING  
4 TAX RETURN. THE RETURN SHALL BE FILED UNDER OATH OR AFFIRMATION  
5 OF AN AUTHORIZED OFFICER, MEMBER OR PARTNER REPORTING THE TAX  
6 DUE UNDER THIS PART IN THE PRIOR CALENDAR MONTH. A RETURN SHALL  
7 BE DUE BY THE 20TH DAY FOLLOWING THE END OF THE REPORTING  
8 PERIOD. THE RETURN SHALL SET FORTH ALL OF THE FOLLOWING WITH  
9 REGARD TO THE NONLICENSED CORPORATION:

10         (1) THE TOTAL AMOUNT OF PARI-MUTUEL WAGERS MADE WITHIN  
11 THIS COMMONWEALTH, INCLUDING WAGERS MADE BY AN ADVANCE  
12 DEPOSIT ACCOUNT WAGERING SYSTEM, IN WHICH THE WAGERS ARE  
13 INCLUDED IN COMMON POOL WAGERING THROUGH A PARI-MUTUEL  
14 SYSTEM, ON THOROUGHBRED MEETS.

15         (2) THE TOTAL AMOUNT OF PARI-MUTUEL WAGERS MADE WITHIN  
16 THIS COMMONWEALTH, INCLUDING WAGERS MADE BY AN ADVANCE  
17 DEPOSIT ACCOUNT WAGERING SYSTEM, IN WHICH THE WAGERS ARE  
18 INCLUDED IN COMMON POOL WAGERING THROUGH A PARI-MUTUEL  
19 SYSTEM, ON HARNESS MEETS.

20         (3) CALCULATION OF THE TAX DUE AT 10%.

21         (4) OTHER INFORMATION REQUIRED BY THE DEPARTMENT.

22     (B) PAYMENT OF TAX.--EACH NONLICENSED CORPORATION SUBJECT TO  
23 PAY THE TAX UNDER THIS ARTICLE SHALL REMIT THE TAX TO THE  
24 DEPARTMENT WHEN THE RETURN UNDER SUBSECTION (A) IS DUE.

25     (C) PENALTIES AND INTEREST.--IF A NONLICENSED CORPORATION  
26 FAILS TO FILE THE RETURN REQUIRED UNDER SUBSECTION (A) OR FAILS  
27 TO PAY THE TAX IMPOSED UNDER SECTION 1603-B, THE DEPARTMENT MAY  
28 DO ANY OF THE FOLLOWING:

29         (1) ASSESS THE AMOUNT OF TAX DUE.

30         (2) IMPOSE AND ASSESS AN ADMINISTRATIVE PENALTY EQUAL TO

1 5% OF THE TAX OR \$500, WHICHEVER IS GREATER, DUE BUT UNPAID  
2 FOR EACH QUARTER OR FRACTION OF THE QUARTER THAT THE TAX  
3 REMAINS UNPAID TOGETHER WITH INTEREST AT THE RATE ESTABLISHED  
4 UNDER SECTION 806 OF THE ACT OF APRIL 9, 1929 (P.L.343,  
5 NO.176), KNOWN AS THE FISCAL CODE, ON THE TAX FROM THE TIME  
6 WHEN THE TAX BECAME DUE. THE PENALTIES PROVIDED UNDER THIS  
7 PARAGRAPH SHALL BE ADDED TO THE TAX AND ASSESSED AND  
8 COLLECTED AT THE SAME TIME AND IN THE SAME MANNER AS A PART  
9 OF THE TAX. UNLESS OTHERWISE SPECIFIED, THE TAX SHALL BE  
10 ASSESSED, COLLECTED AND ENFORCED BY THE DEPARTMENT UNDER THE  
11 PROVISIONS OF ARTICLE II.

12 SECTION 1605-B. REGULATIONS.

13 THE DEPARTMENT MAY PROMULGATE REGULATIONS TO ENFORCE THIS  
14 ARTICLE, INCLUDING REGULATIONS TO PROVIDE FOR LICENSING AND  
15 ENFORCEMENT OF THIS ARTICLE.

16 SECTION 1606-B. ADVANCED DEPOSIT WAGERING COLLECTIONS ACCOUNT.

17 (A) ADVANCED DEPOSIT WAGERING COLLECTIONS ACCOUNT.--THERE IS  
18 CREATED WITHIN THE GENERAL FUND A RESTRICTED ACCOUNT TO BE KNOWN  
19 AS THE ADVANCED DEPOSIT WAGERING COLLECTIONS ACCOUNT. REVENUES  
20 COLLECTED UNDER THIS ARTICLE SHALL BE DEPOSITED INTO THE  
21 ACCOUNT.

22 (B) TRANSFER.--OF THE FUNDS DEPOSITED IN THE ADVANCED  
23 DEPOSIT WAGERING COLLECTIONS ACCOUNT, BEGINNING FISCAL YEAR  
24 2013-2014 AND EACH FISCAL YEAR THEREAFTER, UP TO \$5,000,000 IS  
25 TRANSFERRED TO THE STATE RACING COMMISSIONS IN THE DEPARTMENT OF  
26 AGRICULTURE FOR GENERAL GOVERNMENT OPERATIONS OF THE  
27 COMMISSIONS. FOR FISCAL YEAR 2013-2014, ANY FUNDS THAT EXCEED  
28 THE \$5,000,000 SHALL BE TRANSFERRED TO THE PENNSYLVANIA RACE  
29 HORSE DEVELOPMENT FUND.

30 SECTION 27. SECTIONS 1702-D AND 1703-D OF THE ACT, AMENDED

1 OR ADDED JULY 25, 2007 (P.L.373, NO.55) AND JULY 2, 2012

2 (P.L.751, NO.85), ARE AMENDED TO READ:

3 SECTION 1702-D. DEFINITIONS.

4 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE  
5 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
6 CONTEXT CLEARLY INDICATES OTHERWISE:

7 "DEPARTMENT." THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
8 DEVELOPMENT OF THE COMMONWEALTH.

9 "FILM." A FEATURE FILM, A TELEVISION FILM, A TELEVISION TALK  
10 OR GAME SHOW SERIES, A TELEVISION COMMERCIAL OR A TELEVISION  
11 PILOT OR EACH EPISODE OF A TELEVISION SERIES WHICH IS INTENDED  
12 AS PROGRAMMING FOR A NATIONAL AUDIENCE. THE TERM DOES NOT  
13 INCLUDE A PRODUCTION FEATURING NEWS, CURRENT EVENTS, WEATHER AND  
14 MARKET REPORTS, PUBLIC PROGRAMMING, SPORTS EVENTS, AWARDS SHOWS  
15 OR OTHER GALA EVENTS, A PRODUCTION THAT SOLICITS FUNDS, A  
16 PRODUCTION CONTAINING OBSCENE MATERIAL OR PERFORMANCES AS  
17 DEFINED IN 18 PA.C.S. § 5903(B) (RELATING TO OBSCENE AND OTHER  
18 SEXUAL MATERIALS AND PERFORMANCES) OR A PRODUCTION PRIMARILY FOR  
19 PRIVATE, POLITICAL, INDUSTRIAL, CORPORATE OR INSTITUTIONAL  
20 PURPOSES.

21 "MINIMUM STAGE FILMING REQUIREMENTS." INCLUDE:

22 (1) TAXPAYERS WITH A PENNSYLVANIA PRODUCTION EXPENSE OF  
23 LESS THAN \$30,000,000 PER PRODUCTION MUST:

24 (I) BUILD AT LEAST ONE SET AT A QUALIFIED PRODUCTION  
25 FACILITY;

26 (II) SHOOT FOR A MINIMUM OF TEN DAYS AT A QUALIFIED  
27 PRODUCTION FACILITY; AND

28 (III) SPEND OR INCUR A MINIMUM OF \$1,500,000 IN  
29 DIRECT EXPENDITURES RELATING TO THE USE OR RENTAL OF  
30 TANGIBLE PROPERTY OR FOR PERFORMANCE OF SERVICES PROVIDED

1 BY A QUALIFIED PRODUCTION FACILITY.

2 (2) TAXPAYERS WITH A PENNSYLVANIA PRODUCTION EXPENSE OF  
3 AT LEAST \$30,000,000 PER PRODUCTION MUST:

4 (I) BUILD AT LEAST TWO SETS AT A QUALIFIED  
5 PRODUCTION FACILITY;

6 (II) SHOOT FOR A MINIMUM OF 15 DAYS AT A QUALIFIED  
7 PRODUCTION FACILITY; AND

8 (III) SPEND OR INCUR A MINIMUM OF \$5,000,000 IN  
9 DIRECT EXPENDITURES RELATING TO THE USE OR RENTAL OF  
10 TANGIBLE PROPERTY AT OR FOR PERFORMANCE OF SERVICES  
11 PROVIDED BY A QUALIFIED PRODUCTION FACILITY.

12 "PASS-THROUGH ENTITY." A PARTNERSHIP AS DEFINED IN SECTION  
13 301(N.0) OR A PENNSYLVANIA S CORPORATION AS DEFINED IN SECTION  
14 301(N.1).

15 "PENNSYLVANIA PRODUCTION EXPENSE." PRODUCTION EXPENSE  
16 INCURRED IN THIS COMMONWEALTH. THE TERM INCLUDES:

17 (1) COMPENSATION PAID TO AN INDIVIDUAL ON WHICH THE TAX  
18 IMPOSED BY ARTICLE III WILL BE PAID OR ACCRUED.

19 (2) PAYMENT TO A PERSONAL SERVICE CORPORATION  
20 REPRESENTING INDIVIDUAL TALENT IF THE TAX IMPOSED BY ARTICLE  
21 IV WILL BE PAID OR ACCRUED ON THE NET INCOME OF THE  
22 CORPORATION FOR THE TAXABLE YEAR.

23 (3) PAYMENT TO A PASS-THROUGH ENTITY REPRESENTING  
24 INDIVIDUAL TALENT IF THE TAX IMPOSED BY ARTICLE III WILL BE  
25 PAID OR ACCRUED BY ALL OF THE PARTNERS, MEMBERS OR  
26 SHAREHOLDERS OF THE PASS-THROUGH ENTITY FOR THE TAXABLE YEAR  
27 FOR WHICH THE TAX IMPOSED UNDER ARTICLE III HAS BEEN WITHHELD  
28 AND REMITTED UNDER THE REQUIREMENTS OF ARTICLE III BY THE  
29 PRODUCTION COMPANY.

30 (4) THE COST OF TRANSPORTATION INCURRED WHILE

1 TRANSPORTING TO OR FROM A TRAIN STATION, BUS DEPOT OR  
2 AIRPORT, LOCATED IN THIS COMMONWEALTH.

3 (5) THE COST OF INSURANCE COVERAGE PURCHASED THROUGH AN  
4 INSURANCE AGENT BASED IN THIS COMMONWEALTH.

5 (6) THE PURCHASE OF MUSIC OR STORY RIGHTS IF ANY OF THE  
6 FOLLOWING SUBPARAGRAPHS APPLY:

7 (I) THE PURCHASE IS FROM A RESIDENT OF THIS  
8 COMMONWEALTH.

9 (II) THE PURCHASE IS FROM AN ENTITY SUBJECT TO  
10 TAXATION IN THIS COMMONWEALTH, AND THE TRANSACTION IS  
11 SUBJECT TO TAXATION UNDER ARTICLE III, IV OR VI.

12 (7) THE COST OF RENTAL OF FACILITIES AND EQUIPMENT  
13 RENTED FROM OR THROUGH A RESIDENT OF THIS COMMONWEALTH OR AN  
14 ENTITY SUBJECT TO TAXATION IN THIS COMMONWEALTH.

15 "PRODUCTION EXPENSE." AS FOLLOWS:

16 (1) THE TERM INCLUDES ALL OF THE FOLLOWING:

17 (I) COMPENSATION PAID TO AN INDIVIDUAL EMPLOYED IN  
18 THE PRODUCTION OF THE FILM.

19 (II) PAYMENT TO A PERSONAL SERVICE CORPORATION  
20 REPRESENTING INDIVIDUAL TALENT.

21 (III) PAYMENT TO A PASS-THROUGH ENTITY REPRESENTING  
22 INDIVIDUAL TALENT.

23 (IV) THE COSTS OF CONSTRUCTION, OPERATIONS, EDITING,  
24 PHOTOGRAPHY, SOUND SYNCHRONIZATION, LIGHTING, WARDROBE  
25 AND ACCESSORIES.

26 (V) THE COST OF LEASING VEHICLES.

27 (VI) THE COST OF TRANSPORTATION TO OR FROM A TRAIN  
28 STATION, BUS DEPOT OR AIRPORT.

29 (VII) THE COST OF INSURANCE COVERAGE.

30 (VIII) THE COSTS OF FOOD AND LODGING.

1 (IX) THE PURCHASE OF MUSIC OR STORY RIGHTS.  
2 (X) THE COST OF RENTAL OF FACILITIES AND EQUIPMENT.  
3 (2) THE TERM DOES NOT INCLUDE ANY OF THE FOLLOWING:  
4 (I) DEFERRED, LEVERAGED OR PROFIT PARTICIPATION PAID  
5 OR TO BE PAID TO INDIVIDUALS EMPLOYED IN THE PRODUCTION  
6 OF THE FILM OR PAID TO ENTITIES REPRESENTING AN  
7 INDIVIDUAL FOR SERVICES PROVIDED IN THE PRODUCTION OF THE  
8 FILM.  
9 (II) DEVELOPMENT COST.  
10 (III) EXPENSE INCURRED IN MARKETING OR ADVERTISING A  
11 FILM.  
12 (IV) COST RELATED TO THE SALE OR ASSIGNMENT OF A  
13 FILM PRODUCTION TAX CREDIT UNDER SECTION 1705-D(E).  
14 "QUALIFIED FILM PRODUCTION EXPENSE." ALL PENNSYLVANIA  
15 PRODUCTION EXPENSES IF PENNSYLVANIA PRODUCTION EXPENSES COMPRISE  
16 AT LEAST 60% OF THE FILM'S TOTAL PRODUCTION EXPENSES. THE TERM  
17 SHALL NOT INCLUDE MORE THAN \$15,000,000 IN THE AGGREGATE OF  
18 COMPENSATION PAID TO INDIVIDUALS OR PAYMENT MADE TO ENTITIES  
19 REPRESENTING AN INDIVIDUAL FOR SERVICES PROVIDED IN THE  
20 PRODUCTION OF THE FILM.  
21 "QUALIFIED PRODUCTION FACILITY." A FILM PRODUCTION FACILITY  
22 LOCATED WITHIN THIS COMMONWEALTH THAT CONTAINS AT LEAST ONE  
23 SOUND STAGE WITH A COLUMN-FREE, UNOBSTRUCTED FLOOR SPACE AND  
24 MEETS EITHER OF THE FOLLOWING CRITERIA:  
25 (1) HAS HAD A MINIMUM OF \$10,000,000 INVESTED IN THE  
26 FILM PRODUCTION FACILITY IN LAND OR A STRUCTURE PURCHASED OR  
27 GROUND-UP, PURPOSE-BUILT NEW CONSTRUCTION OR RENOVATION OF  
28 EXISTING IMPROVEMENT.  
29 (2) MEETS AT LEAST THREE OF THE FOLLOWING CRITERIA:  
30 (I) A SOUND STAGE HAVING AN INDUSTRY STANDARD NOISE

1 CRITERIA RATING OF 25 OR BETTER.

2 (II) A PERMANENT GRID WITH A MINIMUM POINT LOAD  
3 CAPACITY OF NO LESS THAN 1,000 POUNDS AT A MINIMUM OF 25  
4 POINTS.

5 (III) BUILT-IN POWER SUPPLY AVAILABLE AT A MINIMUM  
6 OF 4,000 AMPS PER SOUND STAGE WITHOUT THE NEED FOR  
7 SUPPLEMENTAL GENERATORS.

8 (IV) A HEIGHT FROM SOUND STAGE FLOOR TO PERMANENT  
9 GRID OF A MINIMUM OF 20 FEET.

10 (V) A SOUND STAGE WITH A SLIDING OR ROLL-UP ACCESS  
11 DOOR WITH A MINIMUM HEIGHT OF 14 FEET.

12 (VI) A BUILT-IN HVAC CAPACITY DURING SHOOT DAYS WITH  
13 A MINIMUM OF 50 TONS OF COOLING CAPACITY AVAILABLE PER  
14 SOUND STAGE.

15 (VII) PERIMETER SECURITY THAT INCLUDES A 24-HOUR,  
16 SEVEN-DAYS-A-WEEK SECURITY PRESENCE AND USE OF ACCESS  
17 CONTROL IDENTIFICATION BADGES.

18 (VIII) ON-SITE LIGHTING AND GRIP DEPARTMENT WITH AN  
19 AVAILABLE INVENTORY STORED AT THE FILM PRODUCTION  
20 FACILITY WITH A MINIMUM COST OF INVESTMENT OF \$500,000.

21 (IX) A SOUND STAGE WITH CONTIGUOUS PRODUCTION  
22 OFFICES WITH A MINIMUM OF 5,000 SQUARE FEET PER SOUND  
23 STAGE.

24 "QUALIFIED TAX LIABILITY." THE LIABILITY FOR TAXES IMPOSED  
25 UNDER ARTICLE III, IV, VI, VII OR IX. THE TERM SHALL NOT INCLUDE  
26 ANY TAX WITHHELD BY AN EMPLOYER FROM AN EMPLOYEE UNDER ARTICLE  
27 III.

28 "START DATE." [THE FIRST DAY OF PRINCIPAL PHOTOGRAPHY IN  
29 THIS COMMONWEALTH.] AS FOLLOWS:

30 (1) THE FIRST DAY OF PRINCIPAL PHOTOGRAPHY IN THIS

1 COMMONWEALTH; OR

2 (2) AN EARLIER DATE THAN THE DATE UNDER SUBPARAGRAPH  
3 (I), APPROVED BY THE PENNSYLVANIA FILM OFFICE.

4 "TAX CREDIT." THE FILM PRODUCTION TAX CREDIT PROVIDED UNDER  
5 THIS ARTICLE.

6 "TAXPAYER." A FILM PRODUCTION COMPANY SUBJECT TO TAX UNDER  
7 ARTICLE III, IV OR VI. THE TERM DOES NOT INCLUDE CONTRACTORS OR  
8 SUBCONTRACTORS OF A FILM PRODUCTION COMPANY.

9 SECTION 1703-D. CREDIT FOR QUALIFIED FILM PRODUCTION EXPENSES.

10 (A) APPLICATION.--A TAXPAYER MAY APPLY TO THE DEPARTMENT FOR  
11 A TAX CREDIT UNDER THIS SECTION. THE APPLICATION SHALL BE ON THE  
12 FORM REQUIRED BY THE DEPARTMENT.

13 (B) REVIEW AND APPROVAL.--THE DEPARTMENT SHALL ESTABLISH  
14 APPLICATION PERIODS NOT TO EXCEED 90 DAYS EACH. ALL APPLICATIONS  
15 RECEIVED DURING THE APPLICATION PERIOD SHALL BE REVIEWED AND  
16 EVALUATED BY THE DEPARTMENT BASED ON THE FOLLOWING CRITERIA:

17 (1) THE ANTICIPATED NUMBER OF PRODUCTION DAYS IN A  
18 QUALIFIED PRODUCTION FACILITY.

19 (2) THE ANTICIPATED NUMBER OF PENNSYLVANIA EMPLOYEES.

20 (3) THE NUMBER OF PREPRODUCTION DAYS THROUGH  
21 POSTPRODUCTION DAYS IN PENNSYLVANIA.

22 (4) THE ANTICIPATED NUMBER OF DAYS SPENT IN PENNSYLVANIA  
23 HOTELS.

24 (5) THE PENNSYLVANIA PRODUCTION EXPENSES IN COMPARISON  
25 TO THE PRODUCTION BUDGET.

26 (6) THE USE OF STUDIO RESOURCES.

27 (7) OTHER CRITERIA THAT THE DIRECTOR OF THE PENNSYLVANIA  
28 FILM OFFICE DEEMS APPROPRIATE TO ENSURE MAXIMUM EMPLOYMENT  
29 AND BENEFIT WITHIN THIS COMMONWEALTH.

30 UPON DETERMINING THE TAXPAYER HAS INCURRED OR WILL INCUR

1 QUALIFIED FILM PRODUCTION EXPENSES, THE DEPARTMENT MAY APPROVE  
2 THE TAXPAYER FOR A TAX CREDIT. APPLICATIONS NOT APPROVED MAY BE  
3 REVIEWED AND CONSIDERED IN SUBSEQUENT APPLICATION PERIODS. THE  
4 DEPARTMENT MAY APPROVE A TAXPAYER FOR A TAX CREDIT BASED ON ITS  
5 EVALUATION OF THE CRITERIA UNDER THIS SUBSECTION.

6 (C) CONTRACT.--IF THE DEPARTMENT APPROVES THE TAXPAYER'S  
7 APPLICATION UNDER SUBSECTION (B), THE DEPARTMENT AND THE  
8 TAXPAYER SHALL ENTER INTO A CONTRACT CONTAINING THE FOLLOWING:

9 (1) AN ITEMIZED LIST OF PRODUCTION EXPENSES INCURRED OR  
10 TO BE INCURRED FOR THE FILM.

11 (2) AN ITEMIZED LIST OF PENNSYLVANIA PRODUCTION EXPENSES  
12 INCURRED OR TO BE INCURRED FOR THE FILM.

13 (3) WITH RESPECT TO A CONTRACT ENTERED INTO PRIOR TO  
14 COMPLETION OF PRODUCTION, A COMMITMENT BY THE TAXPAYER TO  
15 INCUR THE QUALIFIED FILM PRODUCTION EXPENSES AS ITEMIZED.

16 (4) THE START DATE.

17 (5) ANY OTHER INFORMATION THE DEPARTMENT DEEMS  
18 APPROPRIATE.

19 (D) CERTIFICATE.--UPON EXECUTION OF THE CONTRACT REQUIRED BY  
20 SUBSECTION (C), THE DEPARTMENT SHALL AWARD THE TAXPAYER A FILM  
21 PRODUCTION TAX CREDIT AND ISSUE THE TAXPAYER A FILM PRODUCTION  
22 TAX CREDIT CERTIFICATE.

23 SECTION 28. SECTIONS 1705-D(G) AND 1708-G.1(B) OF THE ACT,  
24 AMENDED OR ADDED JULY 2, 2012 (P.L.751, NO.85), ARE AMENDED TO  
25 READ:

26 SECTION 1705-D. CARRYOVER, CARRYBACK AND ASSIGNMENT OF CREDIT.

27 \* \* \*

28 (G) LIMITED CARRY FORWARD OF TAX CREDITS BY A PURCHASER OR  
29 ASSIGNEE.--A PURCHASER OR ASSIGNEE MAY CARRY FORWARD ALL OR ANY  
30 UNUSED PORTION OF A TAX CREDIT PURCHASED OR ASSIGNED IN

1 [CALENDAR]:

2 (1) CALENDAR YEAR 2010 AGAINST QUALIFIED TAX LIABILITIES  
3 INCURRED IN TAXABLE YEARS 2011 AND 2012.

4 (2) CALENDAR YEAR 2013 AGAINST QUALIFIED TAX LIABILITIES  
5 INCURRED IN TAXABLE YEAS 2014.

6 (3) CALENDAR YEAR 2014 AGAINST QUALIFIED TAX LIABILITIES  
7 INCURRED IN TAXABLE YEAR 2015.

8 SECTION 1708-G.1. SCHOLARSHIPS.

9 \* \* \*

10 (B) AWARD.--A SCHOLARSHIP ORGANIZATION MAY AWARD A  
11 SCHOLARSHIP TO AN APPLICANT WHO RESIDES WITHIN THE ATTENDANCE  
12 BOUNDARY OF A LOW-ACHIEVING SCHOOL TO ATTEND A PARTICIPATING  
13 PUBLIC SCHOOL OR A PARTICIPATING NONPUBLIC SCHOOL SELECTED BY  
14 THE PARENT OF THE APPLICANT. IF AN APPLICANT WHO RECEIVED AN  
15 EDUCATIONAL OPPORTUNITY SCHOLARSHIP UNDER THIS ARTICLE FOR THE  
16 PRIOR SCHOOL YEAR RESIDES WITHIN THE ATTENDANCE BOUNDARY OF A  
17 SCHOOL THAT WAS REMOVED FROM THE LIST OF LOW-ACHIEVING SCHOOLS  
18 PROVIDED BY THE DEPARTMENT UNDER SUBSECTION (A), THE APPLICANT  
19 MAY RECEIVE AN EDUCATIONAL OPPORTUNITY SCHOLARSHIP. THE  
20 SCHOLARSHIP MAY BE FOR EACH YEAR OF ENROLLMENT IN A  
21 PARTICIPATING PUBLIC SCHOOL OR PARTICIPATING NONPUBLIC SCHOOL  
22 FOR UP TO THE LESSER OF FIVE YEARS OR UNTIL COMPLETION OF GRADE  
23 12 PROVIDED THE APPLICANT OTHERWISE REMAINS ELIGIBLE. IN  
24 AWARDING SCHOLARSHIPS, A SCHOLARSHIP ORGANIZATION SHALL GIVE  
25 PREFERENCE TO ANY OF THE FOLLOWING:

26 (1) AN APPLICANT WHO RECEIVED A SCHOLARSHIP FOR THE  
27 PRIOR SCHOOL YEAR.

28 (2) AN APPLICANT OF A HOUSEHOLD WITH A HOUSEHOLD INCOME  
29 THAT DOES NOT EXCEED 185% OF THE FEDERAL POVERTY LEVEL FOR  
30 THE SCHOOL YEAR PRECEDING THE SCHOOL YEAR FOR WHICH THE

1 APPLICATION IS BEING MADE.

2 (3) AN APPLICANT OF A HOUSEHOLD WITH A HOUSEHOLD INCOME  
3 THAT DOES NOT EXCEED 185% OF THE FEDERAL POVERTY LEVEL FOR  
4 THE SCHOOL YEAR PRECEDING THE SCHOOL YEAR FOR WHICH THE  
5 APPLICATION IS BEING MADE AND WHO RESIDES WITHIN ANY OF THE  
6 FOLLOWING:

7 (I) A FIRST CLASS SCHOOL DISTRICT;

8 (II) A SCHOOL DISTRICT WITH AN AVERAGE DAILY  
9 MEMBERSHIP GREATER THAN 7,500 AND THAT RECEIVES AN  
10 ADVANCE OF ITS BASIC EDUCATION SUBSIDY AT ANY TIME; OR

11 (III) A SCHOOL DISTRICT THAT RECEIVES AN ADVANCE OF  
12 ITS BASIC EDUCATION SUBSIDY AT ANY TIME AND IS EITHER  
13 SUBJECT TO A DECLARATION OF FINANCIAL DISTRESS UNDER  
14 SECTION 691 OF THE PUBLIC SCHOOL CODE OF 1949 OR ENGAGED  
15 IN LITIGATION AGAINST THE COMMONWEALTH IN WHICH THE  
16 SCHOOL DISTRICT SEEKS FINANCIAL ASSISTANCE FROM THE  
17 COMMONWEALTH TO ALLOW THE SCHOOL DISTRICT TO CONTINUE TO  
18 OPERATE.

19 \* \* \*

20 SECTION 29. ARTICLE XVIII-A OF THE ACT, ADDED MAY 12, 1999  
21 (P.L.26, NO.4), IS REPEALED:

22 [ARTICLE XVIII-A  
23 COAL WASTE REMOVAL AND ULTRACLEAN FUELS  
24 TAX CREDIT

25 SECTION 1801-A. SHORT TITLE.--THIS ARTICLE SHALL BE KNOWN  
26 AND MAY BE CITED AS THE "COAL WASTE REMOVAL AND ULTRACLEAN FUELS  
27 ACT."

28 SECTION 1802-A. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND  
29 PHRASES, WHEN USED IN THIS ARTICLE, SHALL HAVE THE MEANINGS  
30 ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT

1 CLEARLY INDICATES A DIFFERENT MEANING:

2 "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE OF THE  
3 COMMONWEALTH.

4 "DEVELOPER" MEANS THE OWNER-OPERATOR OF A FACILITY, AS  
5 DEFINED IN THIS SECTION, OR THE OPERATOR OF THE FACILITY THAT  
6 HAS SOLD THE FACILITY IN NEW CONDITION TO A THIRD PARTY FROM  
7 WHOM THAT OPERATOR HAS SIMULTANEOUSLY LEASED BACK THE FACILITY  
8 FOR A MINIMUM PERIOD OF TWELVE YEARS.

9 "FACILITY" INCLUDES ALL PLANT AND EQUIPMENT PURCHASED OR  
10 CONSTRUCTED BY OR ON BEHALF OF THE DEVELOPER WHICH IS USED  
11 WITHIN THIS COMMONWEALTH BY THE DEVELOPER TO PRODUCE ONE OR MORE  
12 QUALIFIED FUELS.

13 "INTERNAL REVENUE CODE" MEANS THE INTERNAL REVENUE CODE OF  
14 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 1 ET SEQ.).

15 "QUALIFIED FUELS" MEANS THOSE FUELS PRODUCED FROM  
16 NONTRADITIONAL COAL CULM AND SILT FEEDSTOCKS AS DEFINED IN  
17 SECTION 29(C) OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW  
18 99-514, 26 U.S.C. § 29(C)).

19 "QUALIFYING PROPERTY" MEANS TANGIBLE PERSONAL PROPERTY AND  
20 OTHER FORMS OF TANGIBLE PROPERTY WHICH QUALIFY FOR INVESTMENT  
21 TAX CREDIT TREATMENT AND WHICH MEET ALL OF THE FOLLOWING  
22 REQUIREMENTS:

23 (1) BE ACQUIRED THROUGH A PURCHASE, AS DEFINED UNDER SECTION  
24 179(D) (2) OF THE INTERNAL REVENUE CODE (26 U.S.C. § 179(D) (2)),  
25 OR CONSTRUCTED BY THE DEVELOPER FOR ITS OWN USE.

26 (2) BE DEPRECIABLE UNDER SECTION 167 OF THE INTERNAL REVENUE  
27 CODE (26 U.S.C. § 167).

28 (3) HAVE A USEFUL LIFE OF GREATER THAN OR EQUAL TO FOUR  
29 YEARS.

30 (4) BE LOCATED WITHIN THIS COMMONWEALTH.

1 (5) BE USED BY THE DEVELOPER IN THE PRODUCTION OF QUALIFIED  
2 FUELS.

3 (6) BE ACQUIRED BY PURCHASE OR CONSTRUCTED ON OR AFTER  
4 JANUARY 1, 2000, AND BEFORE JANUARY 1, 2013.

5 (7) NOT BE THE SUBJECT OF ANY TAX CREDIT OTHERWISE AVAILABLE  
6 TO THE DEVELOPER UNDER THIS ACT.

7 "TAX CREDIT BASE" MEANS ONLY THE COST OR OTHER BASIS OF  
8 QUALIFYING PROPERTY THAT IS PROPERLY TRANSFERRED TO THE  
9 FACILITY'S BASIS FOR DEPRECIATION FOR FEDERAL INCOME TAX  
10 PURPOSES BETWEEN JANUARY 1, 2000, AND DECEMBER 31, 2012.

11 SECTION 1803-A. INVESTMENT TAX CREDITS PROGRAM.--(A) A  
12 DEVELOPER OF A NEW FACILITY FOR THE PRODUCTION OF ONE OR MORE  
13 QUALIFIED FUELS SHALL BE ALLOWED AN INVESTMENT TAX CREDIT  
14 AGAINST THE TAXES IMPOSED UNDER ARTICLES II, IV AND VI OF THIS  
15 ACT. THE AMOUNT OF THE CREDIT SHALL BE COMPUTED AS A PERCENTAGE  
16 APPLIED TO THE COST OR OTHER BASIS FOR FEDERAL INCOME TAX  
17 PURPOSES OF QUALIFYING PROPERTY.

18 (B) (1) THE INVESTMENT TAX CREDIT SHALL BE COMPUTED AS  
19 FIFTEEN PER CENT OF THE TAX CREDIT BASE.

20 (2) THE MAXIMUM INVESTMENT TAX CREDIT AVAILABLE FOR  
21 APPLICATION, WHETHER CLAIMED BY ONE OR MORE TAXPAYERS, SHALL NOT  
22 EXCEED FIFTEEN PER CENT OF THE CAPITAL COST OF THE FACILITY.

23 (3) ANY AMOUNT OF ALLOWABLE INVESTMENT TAX CREDIT NOT USED  
24 IN THE TAX YEAR FOR WHICH THE CREDIT WAS CLAIMED CAN BE CARRIED  
25 FORWARD BY THE CLAIMING TAXPAYER TO SUCCEEDING YEARS UNTIL THE  
26 FULL AMOUNT OF ALLOWABLE CREDIT HAS BEEN USED.

27 (C) (1) THE DEVELOPER, UPON NOTICE TO THE DEPARTMENT AS  
28 SPECIFIED BY THE DEPARTMENT, MAY SELL OR ASSIGN, IN WHOLE OR IN  
29 PART, ANY INVESTMENT TAX CREDIT AFFORDED UNDER THIS SECTION TO  
30 ONE OR MORE TAXPAYERS IF NO CLAIM FOR ALLOWANCE OF SUCH CREDIT

1 HAS BEEN FILED.

2 (2) A TAXPAYER RECIPIENT BY PURCHASE OR ASSIGNMENT OF ANY  
3 PORTION OF THE DEVELOPER'S INVESTMENT TAX CREDIT UNDER PARAGRAPH  
4 (1) SHALL INITIALLY CLAIM SUCH CREDIT, UPON NOTICE TO THE  
5 DEPARTMENT OF THE DERIVATIVE BASIS OF THE CREDIT IN COMPLIANCE  
6 WITH PROCEDURES SPECIFIED BY THE DEPARTMENT, FOR THE TAX YEAR IN  
7 WHICH THE PURCHASE OR ASSIGNMENT IS MADE, BUT IN NO EVENT  
8 SUBSEQUENT TO THE FILING OF AN INCOME TAX RETURN FOR THE YEAR  
9 2012.

10 (3) ANY TAXPAYER WHO ACQUIRES ANY PORTION OF THE DEVELOPER'S  
11 INVESTMENT TAX CREDIT BY SALE OR ASSIGNMENT FOR VALUE AND  
12 WITHOUT NOTICE BY THE DEVELOPER OF ANY IRREGULARITY OR  
13 INVALIDITY SHALL NOT SUFFER ANY DISALLOWANCE OF THE CREDIT OR  
14 THE IMPOSITION OF ANY ADJUSTMENT OR FRAUD PENALTY ATTRIBUTABLE  
15 TO CONDUCT BY THE DEVELOPER.

16 (D) (1) IF PRIOR TO THE EXPIRATION OF ANY QUALIFYING  
17 PROPERTY'S USEFUL LIFE, AS USED TO CALCULATE DEPRECIATION FOR  
18 FEDERAL INCOME TAX PURPOSES, THE DEVELOPER, UPON MANDATORY  
19 NOTICE TO THE DEPARTMENT IN COMPLIANCE WITH PROCEDURES SPECIFIED  
20 BY THE DEPARTMENT, DISPOSES OF ANY QUALIFYING PROPERTY, IN A  
21 TRANSACTION OTHER THAN A SALE-LEASEBACK TRANSACTION, UPON WHICH  
22 THE DEPARTMENT HAS PREVIOUSLY ALLOWED AN INVESTMENT TAX CREDIT  
23 CLAIMED BY ANY TAXPAYER, A PORTION OF ALL SUCH CREDIT SHALL BE  
24 RECAPTURED AND ADDED TO THE DEVELOPER'S TAX LIABILITY FOR THE  
25 TAX YEAR IN WHICH THE QUALIFYING PROPERTY IS DISPOSED.

26 (2) THE PORTION OF THE INVESTMENT TAX CREDIT PREVIOUSLY  
27 ALLOWED, WHICH IS SUBJECT TO RECAPTURE FROM THE DEVELOPER, SHALL  
28 BE EQUAL TO A FRACTION WHOSE NUMERATOR IS THE NUMBER OF YEARS  
29 REMAINING TO FULLY DEPRECIATE FOR FEDERAL INCOME TAX PURPOSES  
30 THE QUALIFYING PROPERTY DISPOSED AND WHOSE DENOMINATOR IS THE

1 TOTAL NUMBER OF YEARS OVER WHICH THE PROPERTY OTHERWISE WOULD  
2 HAVE BEEN SUBJECT TO DEPRECIATION BY THE DEVELOPER.

3 (3) IN CALCULATING THE RECAPTURE PERCENTAGE, THE YEAR OF  
4 DISPOSITION OF THE QUALIFYING PROPERTY IS CONSIDERED A YEAR OF  
5 REMAINING DEPRECIATION.

6 (E) THE DEPARTMENT SHALL VERIFY THE VALIDITY OF ANY CLAIM  
7 FOR ALLOWANCE OF ANY INVESTMENT TAX CREDIT AFFORDED UNDER THIS  
8 SECTION AND, IN THE CASE OF A FRAUDULENT CLAIM, MAY ASSESS  
9 AGAINST THE DEVELOPER A PENALTY OF ONE HUNDRED AND TWENTY-FIVE  
10 PER CENT OF THE CREDIT IMPROPERLY CLAIMED.

11 (F) THE TAX CREDITS AUTHORIZED BY THIS SECTION SHALL NOT  
12 EXCEED EIGHTEEN MILLION DOLLARS (\$18,000,000) IN THE AGGREGATE  
13 DURING ANY YEAR.

14 SECTION 1804-A. CONTRACT REQUIRED.-- (A) IN ORDER FOR A  
15 DEVELOPER TO CLAIM INVESTMENT TAX CREDITS UNDER THIS ARTICLE,  
16 THE DEVELOPER MUST ENTER INTO A CONTRACT WITH THE COMMONWEALTH  
17 THAT PROVIDES AS FOLLOWS:

18 (1) THE TERM OF THE CONTRACT SHALL BE TWENTY-FIVE YEARS,  
19 BEGINNING WITH THE FIRST TAX YEAR IN WHICH THE INVESTMENT TAX  
20 CREDITS ARE CLAIMED.

21 (2) THE DEVELOPER SHALL MAKE PERIODIC PAYMENTS TO THE  
22 COMMONWEALTH, WHICH PAYMENTS MAY NOT EXCEED IN THE AGGREGATE  
23 FORTY-SIX MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$46,800,000)  
24 OVER THE TERM OF THE CONTRACT.

25 (3) THE PERIODIC PAYMENTS SHALL OCCUR EVERY FIVE YEARS AND  
26 EACH PAYMENT SHALL BE NINE MILLION THREE HUNDRED SIXTY THOUSAND  
27 DOLLARS (\$9,360,000), EXCEPT AS PROVIDED IN PARAGRAPHS (4), (5)  
28 AND (6).

29 (4) FOR THE FIRST FIVE-YEAR PERIOD, THE AMOUNT SPECIFIED IN  
30 PARAGRAPH (3) SHALL BE REDUCED BY:

1 (I) AN AMOUNT EQUAL TO THE BUSINESS LOSSES OF THE DEVELOPER,  
2 IF ANY, RELATING TO THE FACILITY THAT ARE SUSTAINED IN THE FIRST  
3 AND SECOND YEARS OF THE CONTRACT, PROVIDED SUCH AMOUNT DOES NOT  
4 EXCEED THREE MILLION SEVEN HUNDRED FORTY-FOUR THOUSAND DOLLARS  
5 (\$3,744,000) FOR BOTH YEARS.

6 (II) ALLOWABLE OFFSETS IDENTIFIED IN SUBSECTION (B),  
7 PROVIDED THAT SUCH OFFSETS DO NOT EXCEED NINE MILLION THREE  
8 HUNDRED SIXTY THOUSAND DOLLARS (\$9,360,000).

9 (5) FOR THE REMAINING FIVE-YEAR PERIODS, THE AMOUNT  
10 SPECIFIED IN PARAGRAPH (3) SHALL BE REDUCED BY THE AMOUNT OF  
11 ALLOWABLE OFFSETS IDENTIFIED IN SUBSECTION (B), PROVIDED THAT  
12 SUCH OFFSETS DO NOT EXCEED NINE MILLION THREE HUNDRED SIXTY  
13 THOUSAND DOLLARS (\$9,360,000) DURING ANY FIVE-YEAR PERIOD.

14 (6) TO THE EXTENT THE AMOUNT OF ALLOWABLE OFFSETS DURING ANY  
15 FIVE-YEAR PERIOD EXCEEDS NINE MILLION THREE HUNDRED SIXTY  
16 THOUSAND DOLLARS (\$9,360,000), THE EXCESS MAY BE CARRIED OVER  
17 AND ADDED TO THE ALLOWABLE OFFSETS TAKEN IN THE FOLLOWING FIVE-  
18 YEAR PERIOD, PROVIDED THAT THE EXCESS IS APPLIED FIRST.

19 (B) FOR PURPOSES OF THIS SECTION, "ALLOWABLE OFFSET"  
20 INCLUDES ALL OF THE FOLLOWING:

21 (1) AN AMOUNT EQUAL TO THE CORPORATE NET INCOME TAX, CAPITAL  
22 STOCK AND FRANCHISE TAX AND PERSONAL INCOME TAX RELATED TO THE  
23 CONSTRUCTION, OWNERSHIP AND OPERATION OF THE FACILITY.

24 (2) AN AMOUNT EQUAL TO ALL PERSONAL INCOME TAX WITHHELD FROM  
25 THE DEVELOPER'S EMPLOYEES.

26 (3) AN AMOUNT EQUAL TO ALL SALES AND USE TAX RELATED TO THE  
27 OPERATION AND CONSTRUCTION OF THE FACILITY.

28 (4) THE AMOUNT PAID BY THE DEVELOPER OF ANY NEW TAX ENACTED  
29 BY THE COMMONWEALTH FOLLOWING THE EFFECTIVE DATE OF THIS  
30 ARTICLE.

1 SECTION 1805-A. REQUIREMENTS.--TAX CREDITS AUTHORIZED BY  
2 THIS ARTICLE SHALL NOT BE GRANTED UNLESS THE DEVELOPER HAS  
3 OBTAINED AN INVESTMENT TAX CREDIT FROM THE FEDERAL GOVERNMENT OR  
4 AN INVESTMENT BY A PERSON OTHER THAN AN AGENCY OR  
5 INSTRUMENTALITY OF THE COMMONWEALTH, OR ANY COMBINATION THEREOF,  
6 IN AN AMOUNT EQUAL TO OR GREATER THAN THE TAX CREDIT GRANTED BY  
7 THIS ARTICLE.]

8 SECTION 29.1. SECTION 1804-B(D) OF THE ACT, AMENDED JULY 2,  
9 2012 (P.L.751, NO.85), IS AMENDED TO READ:

10 SECTION 1804-B. TAX CREDITS.

11 \* \* \*

12 (D) TAX CREDIT TERM.--

13 (1) A COMPANY MAY CLAIM THE JOB CREATION TAX CREDIT FOR EACH  
14 NEW JOB CREATED, AS APPROVED BY THE DEPARTMENT, FOR A ONE-YEAR,  
15 TWO-YEAR OR THREE-YEAR PERIOD AS AUTHORIZED BY THE DEPARTMENT,  
16 EXCEPT THAT NO TAX CREDIT MAY BE CLAIMED FOR MORE THAN FIVE  
17 YEARS FROM THE DATE THE COMPANY FIRST SUBMITS A JOB CREATION TAX  
18 CREDIT CERTIFICATE.

19 (2) NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH (1), NOTHING  
20 IN THIS ARTICLE SHALL BE CONSTRUED TO PROHIBIT THE DEPARTMENT OF  
21 COMMUNITY AND ECONOMIC DEVELOPMENT FROM AWARDING THE TOTAL  
22 AMOUNT OF TAX CREDIT AUTHORIZED FOR A MULTIPLE YEAR TAX CREDIT  
23 IN THE FIRST YEAR IN WHICH THE NEW JOB IS CREATED AND THE TAX  
24 CREDIT EARNED.

25 \* \* \*

26 SECTION 30. ARTICLE XVIII-C HEADING OF THE ACT, ADDED JULY  
27 9, 2008 (P.L.922, NO.66), IS AMENDED TO READ:

28 ARTICLE XVIII-C

29 [ (RESERVED) ]

30 CITY REVITALIZATION AND IMPROVEMENT ZONES

1 SECTION 31. THE ACT IS AMENDED BY ADDING SECTIONS TO READ:

2 SECTION 1801-C. SCOPE OF ARTICLE.

3 THIS ARTICLE RELATES TO CITY REVITALIZATION AND IMPROVEMENT  
4 ZONES.

5 SECTION 1802-C. DEFINITIONS.

6 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE  
7 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
8 CONTEXT CLEARLY INDICATES OTHERWISE:

9 "BASELINE YEAR." THE CALENDAR YEAR IN WHICH A ZONE WAS  
10 ESTABLISHED.

11 "BOND." THE TERM INCLUDES ANY NOTE, INSTRUMENT, REFUNDING  
12 NOTE OR OTHER EVIDENCE OF INDEBTEDNESS OR OBLIGATION.

13 "CITY." A CITY OF THE THIRD CLASS WITH A POPULATION OF AT  
14 LEAST 30,000 BASED ON THE MOST RECENT FEDERAL DECENNIAL CENSUS.  
15 THE TERM SHALL NOT INCLUDE A CITY THAT HAS HAD A RECEIVER  
16 APPOINTED UNDER CHAPTER 7 OF THE ACT OF JULY 10, 1987 (P.L.246,  
17 NO.47), KNOWN AS THE MUNICIPALITIES FINANCIAL RECOVERY ACT.

18 "CITY REVITALIZATION AND IMPROVEMENT ZONE." AN AREA OF NOT  
19 MORE THAN 130 ACRES, COMPRISED OF PARCELS DESIGNATED BY THE  
20 CONTRACTING AUTHORITY, WHICH WILL PROVIDE ECONOMIC DEVELOPMENT  
21 AND JOB CREATION WITHIN A CITY.

22 "CONTRACTING AUTHORITY." AN AUTHORITY ESTABLISHED UNDER 53  
23 PA.C.S. CH. 56 (RELATING TO MUNICIPAL AUTHORITIES) BY A CITY OR  
24 HOME RULE COUNTY FOR THE PURPOSE OF:

25 (1) DESIGNATING ZONES; AND

26 (2) ENGAGING IN THE CONSTRUCTION, INCLUDING RELATED SITE  
27 PREPARATION AND INFRASTRUCTURE, RECONSTRUCTION OR RENOVATION  
28 OF FACILITIES.

29 "DEPARTMENT." THE DEPARTMENT OF REVENUE OF THE COMMONWEALTH.

30 "EARNED INCOME TAX." A TAX IMPOSED ON EARNED INCOME WITHIN A

1 ZONE UNDER THE ACT OF DECEMBER 31, 1965 (P.L.1257, NO.511),  
2 KNOWN AS THE LOCAL TAX ENABLING ACT, WHICH A CITY, OR A SCHOOL  
3 DISTRICT CONTAINED ENTIRELY WITHIN THE BOUNDARIES OF OR  
4 COTERMINOUS WITH THE CITY, IS ENTITLED TO RECEIVE.

5 "ELIGIBLE TAX." ANY OF THE FOLLOWING TAXES:

6 (1) CORPORATE NET INCOME TAX, CAPITAL STOCK AND  
7 FRANCHISE TAX, BANK SHARES TAX OR BUSINESS PRIVILEGE TAX,  
8 CALCULATED AND APPORTIONED AS TO AMOUNT ATTRIBUTABLE TO THE  
9 LOCATION WITHIN THE ZONE AND CALCULATED UNDER SECTION  
10 1904-B(B) AND (C).

11 (2) AMUSEMENT TAX, ONLY TO THE EXTENT THE TAX IS  
12 RELATED TO THE ACTIVITY OF A QUALIFIED BUSINESS WITHIN THE  
13 ZONE.

14 (3) SALES AND USE TAX, ONLY TO THE EXTENT THE TAX IS  
15 RELATED TO THE ACTIVITY OF A QUALIFIED BUSINESS WITHIN THE  
16 ZONE.

17 (4) PERSONAL INCOME TAX WITHHELD FROM ITS EMPLOYEES BY A  
18 QUALIFIED BUSINESS FOR WORK PERFORMED IN THE ZONE.

19 (5) LOCAL SERVICES TAX WITHHELD FROM ITS EMPLOYEES BY A  
20 QUALIFIED BUSINESS FOR WORK PERFORMED IN THE ZONE.

21 (6) EARNED INCOME TAX WITHHELD FROM ITS EMPLOYEES BY A  
22 QUALIFIED BUSINESS FOR WORK PERFORMED IN THE ZONE.

23 (7) TAX PAID TO THE COMMONWEALTH ON THE SALE OF LIQUOR,  
24 WINE OR MALT OR BREWED BEVERAGES IN THE ZONE.

25 THE TERM DOES NOT INCLUDE CIGARETTE TAX.

26 "FACILITY." A STRUCTURE OR COMPLEX OF STRUCTURES TO BE USED  
27 FOR COMMERCIAL, SPORTS, EXHIBITION, HOSPITALITY, CONFERENCE,  
28 RETAIL, COMMUNITY, OFFICE, RECREATIONAL OR MIXED-USE PURPOSES.

29 "OFFICE." THE OFFICE OF THE BUDGET.

30 "PILOT ZONE." AN AREA OF NOT MORE THAN 130 ACRES DESIGNATED

1 BY THE AUTHORITY FOLLOWING APPLICATION AND APPROVAL BY THE  
2 DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, THE OFFICE AND  
3 THE DEPARTMENT WHICH WILL PROVIDE ECONOMIC DEVELOPMENT AND JOB  
4 CREATION WITHIN A TOWNSHIP OR BOROUGH, WITH A POPULATION OF AT  
5 LEAST 7,000 BASED ON THE MOST RECENT FEDERAL DECENNIAL CENSUS.

6 "QUALIFIED BUSINESS." AS FOLLOWS:

7 (1) AN ENTITY LOCATED OR PARTIALLY LOCATED IN A ZONE  
8 WHICH MEETS THE REQUIREMENTS OF ALL OF THE FOLLOWING:

9 (I) HAS CONDUCTED AN ACTIVE TRADE OR BUSINESS IN THE  
10 ZONE.

11 (II) APPEARS ON THE TIMELY FILED LIST UNDER SECTION  
12 1807-C(A).

13 (2) A CONSTRUCTION CONTRACTOR ENGAGED IN CONSTRUCTION,  
14 INCLUDING INFRASTRUCTURE OR SITE PREPARATION, RECONSTRUCTION  
15 OR RENOVATION OF A FACILITY LOCATED IN OR PARTIALLY IN THE  
16 ZONE.

17 (3) THE TERM DOES NOT INCLUDE AN AGENT, BROKER OR  
18 REPRESENTATIVE OF A BUSINESS.

19 "ZONE." ANY OF THE FOLLOWING:

20 (1) A CITY REVITALIZATION AND IMPROVEMENT ZONE.

21 (2) A PILOT ZONE.

22 "ZONE FUND." A CITY REVITALIZATION AND IMPROVEMENT ZONE FUND  
23 ESTABLISHED UNDER SECTION 1808-C.

24 SECTION 1803-C. ESTABLISHMENT OF CONTRACTING AUTHORITY.

25 (A) CITIES.--EXCEPT AS SET FORTH IN SUBSECTION (B), A CITY  
26 MAY ESTABLISH A CONTRACTING AUTHORITY TO DESIGNATE A ZONE UNDER  
27 THIS ARTICLE.

28 (B) DISTRESSED CITIES.--A CITY THAT IS A DISTRESSED CITY  
29 UNDER THE ACT OF JULY 10, 1987 (P.L.246, NO.47), KNOWN AS THE  
30 MUNICIPALITIES FINANCIAL RECOVERY ACT, AND IS LOCATED IN A HOME

1 RULE COUNTY MAY NOT ESTABLISH A CONTRACTING AUTHORITY UNDER THIS  
2 ARTICLE.

3 (C) COUNTIES.--THE HOME RULE COUNTY WHERE A DISTRESSED CITY  
4 UNDER THE MUNICIPALITIES FINANCIAL RECOVERY ACT IS LOCATED MAY  
5 ESTABLISH A CONTRACTING AUTHORITY TO DESIGNATE A ZONE UNDER THIS  
6 ARTICLE WITHIN THE DISTRESSED CITY.  
7 SECTION 1804-C. APPROVAL.

8 (A) SUBMISSION.--A CONTRACTING AUTHORITY MAY APPLY TO THE  
9 DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT FOR APPROVAL OF  
10 A ZONE PLAN. THE APPLICATION MUST INCLUDE ALL OF THE FOLLOWING:

11 (1) A PLAN TO ESTABLISH ONE OR MORE FACILITIES WHICH  
12 WILL PROMOTE ECONOMIC DEVELOPMENT.

13 (2) AN ECONOMIC DEVELOPMENT PLAN.

14 (3) SPECIFIC INFORMATION RELATING TO THE FACILITY WHICH  
15 WILL BE CONSTRUCTED, INCLUDING INFRASTRUCTURE AND SITE  
16 PREPARATION, RECONSTRUCTED OR RENOVATED AS PART OF THE PLAN.

17 (4) OTHER INFORMATION AS REQUIRED BY THE DEPARTMENT OF  
18 COMMUNITY AND ECONOMIC DEVELOPMENT, THE OFFICE OR THE  
19 DEPARTMENT.

20 (5) A DESIGNATION OF THE SPECIFIC GEOGRAPHIC AREA,  
21 INCLUDING PARCEL NUMBERS AND A MAP OF THE ZONE WITH PARCEL  
22 NUMBERS, OF WHICH THE ZONE WILL CONSIST.

23 (B) AGENCIES.--THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
24 DEVELOPMENT, THE OFFICE AND THE DEPARTMENT MUST APPROVE EACH  
25 APPLICATION.

26 (C) APPROVAL SCHEDULE.--THE DEPARTMENT OF COMMUNITY AND  
27 ECONOMIC DEVELOPMENT SHALL DEVELOP A SCHEDULE FOR THE APPROVAL  
28 OF APPLICATIONS UNDER THIS SECTION AS FOLLOWS:

29 (1) FOLLOWING THE EFFECTIVE DATE OF THIS PARAGRAPH,  
30 APPLICATIONS FOR TWO INITIAL ZONES MAY BE APPROVED.

1           (2) BEGINNING IN 2016, APPLICATIONS FOR TWO ADDITIONAL  
2           ZONES MAY BE APPROVED EACH CALENDAR YEAR.

3           (3) FOLLOWING THE EFFECTIVE DATE OF THIS PARAGRAPH, THE  
4           DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, THE OFFICE  
5           AND THE DEPARTMENT, MAY APPROVE ONE PILOT ZONE.

6           (D) TIME.--AN APPLICATION UNDER THIS SECTION SHALL BE  
7           APPROVED OR DISAPPROVED WITHIN 90 DAYS OF THE POSTMARK DATE OF  
8           SUBMISSION. AN APPLICATION WHICH IS NOT DISAPPROVED WITHIN THE  
9           TIME PERIOD UNDER THIS SUBSECTION SHALL BE DEEMED TO BE  
10          APPROVED.

11          (E) REAPPLICATION.--IF AN APPLICATION IS NOT APPROVED UNDER  
12          THIS SECTION, THE APPLICANT MAY REVISE THE APPLICATION AND PLAN  
13          AND REAPPLY FOR APPROVAL.

14          SECTION 1805-C. EXCLUSIONS.

15          A PART OF A ZONE MAY NOT INCLUDE A KEYSTONE OPPORTUNITY ZONE,  
16          KEYSTONE OPPORTUNITY EXPANSION ZONE, KEYSTONE OPPORTUNITY  
17          IMPROVEMENT ZONE, KEYSTONE INNOVATION ZONE, KEYSTONE SPECIAL  
18          DEVELOPMENT ZONE, NEIGHBORHOOD IMPROVEMENT ZONE OR STRATEGIC  
19          DEVELOPMENT AREA.

20          SECTION 1806-C. FUNCTIONS OF CONTRACTING AUTHORITIES.

21          (A) POWERS.--THE CONTRACTING AUTHORITY MAY DO ALL OF THE  
22          FOLLOWING:

23                  (1) DESIGNATE A ZONE WHERE A FACILITY MAY BE  
24                  CONSTRUCTED, INCLUDING INFRASTRUCTURE AND SITE PREPARATION,  
25                  RECONSTRUCTED OR RENOVATED.

26                  (2) PROVIDE OR BORROW MONEY FOR ANY OF THE FOLLOWING  
27                  PURPOSES:

28                          (I) DEVELOPMENT OR IMPROVEMENT WITHIN A ZONE.

29                          (II) CONSTRUCTION, INCLUDING INFRASTRUCTURE AND SITE  
30                          PREPARATION, RECONSTRUCTION OR RENOVATION OF A FACILITY

1 WITHIN A ZONE WHICH WILL RESULT IN ECONOMIC DEVELOPMENT  
2 IN ACCORDANCE WITH THE CONTRACTING AUTHORITY'S PLAN.

3 (B) MONEY FROM FUND.--A MEMBER OF THE CONTRACTING AUTHORITY  
4 MAY NOT RECEIVE MONEY DIRECTLY OR INDIRECTLY FROM THE FUND.  
5 SECTION 1807-C. QUALIFIED BUSINESSES.

6 (A) LIST.--BY JUNE 1 FOLLOWING THE END OF THE BASELINE YEAR,  
7 AND FOR EVERY YEAR THEREAFTER, EACH CONTRACTING AUTHORITY SHALL  
8 FILE WITH THE DEPARTMENT A COMPLETE LIST OF ALL BUSINESSES  
9 LOCATED IN THE ZONE AND ALL CONSTRUCTION CONTRACTORS ENGAGED IN  
10 CONSTRUCTION, RECONSTRUCTION OR RENOVATION OF A FACILITY IN THE  
11 ZONE IN THE PRIOR CALENDAR YEAR. THE LIST SHALL INCLUDE FOR EACH  
12 BUSINESS ADDRESS, STATE TAX IDENTIFICATION NUMBER AND PARCEL  
13 NUMBER AND A MAP OF THE ZONE WITH PARCEL NUMBERS.

14 (B) TIME.--IF THE LIST UNDER SUBSECTION (A) IS NOT TIMELY  
15 PROVIDED TO THE DEPARTMENT, NO ELIGIBLE STATE TAX SHALL BE  
16 CERTIFIED BY THE DEPARTMENT FOR THE PRIOR CALENDAR YEAR.

17 (C) AUDIT.--THE CONTRACTING AUTHORITY SHALL HIRE AN  
18 INDEPENDENT AUDITING FIRM TO PERFORM AN ANNUAL AUDIT VERIFYING  
19 ALL OF THE FOLLOWING:

20 (1) THE CORRECT AMOUNT OF THE ELIGIBLE LOCAL TAX WAS  
21 SUBMITTED TO THE LOCAL TAXING AUTHORITIES.

22 (2) THE LOCAL TAXING AUTHORITIES TRANSFERRED THE CORRECT  
23 AMOUNT OF ELIGIBLE LOCAL TAX TO THE STATE TREASURER.

24 (3) THE MONEYS TRANSFERRED TO THE FUND WERE PROPERLY  
25 EXPENDED.

26 (4) VERIFY THE CORRECT AMOUNT WAS REQUESTED UNDER  
27 SECTION 1812-C(C).

28 SECTION 1808-C. FUNDS.

29 (A) NOTICE.--FOLLOWING THE DESIGNATION OF A ZONE, THE  
30 CONTRACTING AUTHORITY SHALL NOTIFY THE STATE TREASURER.

1 (B) ESTABLISHMENT.--UPON RECEIPT OF NOTICE UNDER SUBSECTION  
2 (A), THE STATE TREASURER SHALL ESTABLISH FOR EACH ZONE A SPECIAL  
3 FUND FOR THE BENEFIT OF THE CONTRACTING AUTHORITY TO BE KNOWN AS  
4 THE CITY REVITALIZATION AND IMPROVEMENT ZONE FUND. INTEREST  
5 INCOME DERIVED FROM INVESTMENT OF MONEY IN A FUND SHALL BE  
6 CREDITED BY THE STATE TREASURY TO THE FUND.  
7 SECTION 1809-C. REPORTS.

8 (A) STATE ZONE REPORT.--BY JUNE 15 FOLLOWING THE BASELINE  
9 YEAR AND EACH YEAR THEREAFTER, EACH QUALIFIED BUSINESS SHALL  
10 FILE A REPORT WITH THE DEPARTMENT IN A FORM OR MANNER REQUIRED  
11 BY THE DEPARTMENT WHICH INCLUDES ALL OF THE FOLLOWING:

12 (1) AMOUNT OF EACH ELIGIBLE TAX WHICH WAS PAID TO THE  
13 COMMONWEALTH BY THE QUALIFIED BUSINESS IN THE PRIOR CALENDAR  
14 YEAR.

15 (2) AMOUNT OF EACH ELIGIBLE TAX REFUND RECEIVED FROM THE  
16 COMMONWEALTH IN THE PRIOR CALENDAR YEAR BY THE QUALIFIED  
17 BUSINESS.

18 (B) LOCAL ZONE REPORT.--BY JUNE 15 FOLLOWING THE BASELINE  
19 YEAR AND FOR EACH YEAR THEREAFTER, EACH QUALIFIED BUSINESS SHALL  
20 FILE A REPORT WITH THE LOCAL TAXING AUTHORITY WHICH INCLUDES ALL  
21 OF THE FOLLOWING:

22 (1) AMOUNT OF EACH ELIGIBLE TAX WHICH WAS PAID TO THE  
23 LOCAL TAXING AUTHORITY BY THE QUALIFIED BUSINESS IN THE PRIOR  
24 CALENDAR YEAR.

25 (2) AMOUNT OF EACH ELIGIBLE TAX REFUND RECEIVED FROM THE  
26 LOCAL TAXING AUTHORITY IN THE PRIOR CALENDAR YEAR BY THE  
27 QUALIFIED BUSINESS.

28 (C) PENALTIES.--

29 (1) FAILURE TO FILE A TIMELY AND COMPLETE REPORT UNDER  
30 SUBSECTION (A) OR (B) MAY RESULT IN THE IMPOSITION OF A

1 PENALTY OF THE LESSER OF:

2 (I) TEN PERCENT OF ALL ELIGIBLE TAX DUE THE TAXING  
3 AUTHORITY IN THE PRIOR CALENDAR YEAR; OR

4 (II) ONE THOUSAND DOLLARS.

5 (2) A PENALTY FOR A VIOLATION OF SUBSECTION (A) SHALL BE  
6 IMPOSED, ASSESSED AND COLLECTED BY THE DEPARTMENT UNDER  
7 PROCEDURES SET FORTH IN ARTICLE II. MONEY COLLECTED UNDER  
8 THIS PARAGRAPH SHALL BE DEPOSITED IN THE GENERAL FUND.

9 (3) A PENALTY FOR A VIOLATION OF SUBSECTION (B) SHALL BE  
10 IMPOSED, ASSESSED AND COLLECTED BY THE POLITICAL SUBDIVISION  
11 UNDER PROCEDURES FOR IMPOSING PENALTIES UNDER LOCAL TAX  
12 COLLECTION LAWS.

13 (4) IF A LOCAL TAXING AUTHORITY IMPOSES THE PENALTY, THE  
14 MONEY SHALL BE TRANSFERRED TO THE STATE TREASURER FOR DEPOSIT  
15 IN THE FUND OF THE CONTRACTING AUTHORITY.

16 SECTION 1810-C. CALCULATION OF BASELINE.

17 (A) BASELINE TAX.--BY OCTOBER 15 FOLLOWING THE END OF THE  
18 BASELINE YEAR AND FOR EACH YEAR THEREAFTER, THE DEPARTMENT SHALL  
19 VERIFY THE STATE BASELINE TAX AMOUNT WHICH CONSISTS OF THE  
20 FOLLOWING:

21 (1) FOR QUALIFIED BUSINESSES THAT FILE TIMELY ZONE STATE  
22 REPORTS UNDER SECTION 1809-C(A), THE AMOUNT OF ELIGIBLE STATE  
23 TAX PAID, LESS ELIGIBLE STATE TAX REFUNDS.

24 (2) FOR QUALIFIED BUSINESSES NOT INCLUDED UNDER  
25 PARAGRAPH (1) BUT LOCATED OR PARTIALLY LOCATED IN THE ZONE AS  
26 DETERMINED BY THE DEPARTMENT OR INCLUDED IN THE INFORMATION  
27 RECEIVED BY THE DEPARTMENT UNDER SECTION 1809-C(A), THE  
28 AMOUNT OF ELIGIBLE STATE TAX PAID, LESS ELIGIBLE STATE TAX  
29 REFUNDS.

30 (B) MOVES AND NONINCLUSIONS.--

1           (1) THIS SUBSECTION APPLIES TO A QUALIFIED BUSINESS  
2           THAT:

3           (I) MOVES INTO A ZONE FROM WITHIN THIS COMMONWEALTH  
4           AFTER THE BASELINE YEAR; OR

5           (II) IS IN A ZONE BUT NOT INCLUDED IN THE  
6           CALCULATION OF THE STATE BASELINE TAX UNDER SUBSECTION  
7           (A).

8           (2) A QUALIFIED BUSINESS SUBJECT TO PARAGRAPH (1) SHALL  
9           FILE A STATE ZONE REPORT UNDER SECTION 1809-C FOLLOWING THE  
10           END OF THE FIRST FULL CALENDAR YEAR IN WHICH THE QUALIFIED  
11           BUSINESS CONDUCTED BUSINESS IN THE ZONE AND EACH CALENDAR  
12           YEAR THEREAFTER. THE AMOUNT OF ELIGIBLE STATE TAX VERIFIED BY  
13           THE DEPARTMENT FOR THE QUALIFIED BUSINESS FOR THE PRIOR  
14           CALENDAR YEAR SHALL BE ADDED TO THE STATE BASELINE TAX AMOUNT  
15           FOR THE ZONE FOR THE PRIOR CALENDAR YEAR AND EACH YEAR  
16           THEREAFTER.

17           (3) THE CALCULATION UNDER THIS SECTION MAY NOT INCLUDE  
18           THE ELIGIBLE TAXES OF A QUALIFYING BUSINESS MOVING INTO THE  
19           ZONE FROM OUTSIDE THIS COMMONWEALTH.

20 SECTION 1811-C. CERTIFICATION.

21           (A) AMOUNTS.--BY THE OCTOBER 15 FOLLOWING THE BASELINE YEAR,  
22           AND EACH YEAR THEREAFTER, THE DEPARTMENT SHALL DO ALL OF THE  
23           FOLLOWING FOR THE PRIOR CALENDAR YEAR:

24           (1) MAKE THE FOLLOWING CALCULATION FOR QUALIFIED  
25           BUSINESSES WHICH FILE STATE ZONE REPORTS UNDER SECTION 1809-  
26           C(A), SEPARATELY FOR EACH ZONE:

27           (I) SUBTRACT:

28                   (A) THE AMOUNT OF ELIGIBLE STATE TAX REFUNDS  
29                   RECEIVED; FROM

30                   (B) THE AMOUNT OF ELIGIBLE STATE TAX PAID.

1           (II) SUBTRACT:

2           (A) THE STATE TAX BASELINE AMOUNT FOR THE ZONE;

3           FROM

4           (B) THE DIFFERENCE UNDER SUBPARAGRAPH (I).

5           (2) CERTIFY TO THE OFFICE THE DIFFERENCE UNDER PARAGRAPH  
6           (1) (II).

7           (B) CONTENT.---

8           (1) THE CERTIFICATION MAY INCLUDE THE FOLLOWING:

9           (I) ADJUSTMENT MADE TO TIMELY FILED ZONE REPORTS BY  
10           THE DEPARTMENT FOR ELIGIBLE STATE TAX ACTUALLY PAID BY A  
11           QUALIFIED BUSINESS IN THE PRIOR CALENDAR YEAR.

12           (II) ELIGIBLE STATE TAX REFUNDS PAID TO A QUALIFIED  
13           BUSINESS IN THE ZONE IN A PRIOR CALENDAR YEAR.

14           (III) STATE TAX PENALTIES PAID BY A QUALIFIED  
15           BUSINESS IN THE PRIOR YEAR UNDER SECTION 1809-C(C).

16           (2) THE CERTIFICATION SHALL NOT INCLUDE THE FOLLOWING:

17           (I) TAX PAID BY A QUALIFIED BUSINESS THAT DID NOT  
18           FILE A TIMELY STATE ZONE REPORT UNDER SECTION 1809-C(A).

19           (II) TAX PAID BY A QUALIFIED BUSINESS WHOSE TAX WAS  
20           NOT INCLUDED IN THE STATE TAX BASELINE AMOUNT CALCULATION  
21           UNDER SECTION 1810-C.

22           (III) TAX PAID BY A QUALIFYING BUSINESS NOT  
23           APPEARING ON A TIMELY FILED LIST UNDER SECTION 1807-C(A).

24           (C) SUBMISSION.--THE FOLLOWING SHALL APPLY:

25           (1) AN ENTITY COLLECTING AN ELIGIBLE LOCAL TAX WITHIN THE  
26           ZONE SHALL, BY OCTOBER 15 FOLLOWING THE BASELINE YEAR, AND EACH  
27           YEAR THEREAFTER, SUBMIT THE FOLLOWING TO THE STATE TREASURER FOR  
28           TRANSFER TO THE FUND:

29           (I) THE ELIGIBLE LOCAL TAX COLLECTED IN THE PRIOR  
30           CALENDAR YEAR;

1           (II) LESS THE AMOUNT OF ELIGIBLE LOCAL TAX REFUNDS  
2           ISSUED IN THE PRIOR CALENDAR YEAR; AND  
3           (III) LESS THE AMOUNT OF LOCAL BASELINE TAX FOR THE  
4           ZONE.

5           (2) THE INFORMATION UNDER THIS SUBSECTION SHALL ALSO BE  
6           CERTIFIED BY THE LOCAL TAXING AUTHORITY TO THE DEPARTMENT OF  
7           COMMUNITY AND ECONOMIC DEVELOPMENT, THE OFFICE AND THE  
8           DEPARTMENT.

9           SECTION 1812-C. TRANSFERS.

10          (A) OFFICE.--WITHIN TEN DAYS OF RECEIVING THE CERTIFICATION  
11          FROM THE DEPARTMENT UNDER SECTION 1811-C, THE OFFICE SHALL  
12          DIRECT THE STATE TREASURER TO TRANSFER THE AMOUNT OF CERTIFIED  
13          ELIGIBLE STATE ZONE TAX FROM THE GENERAL FUND TO EACH FUND OF A  
14          CONTRACTING AUTHORITY.

15          (B) STATE TREASURER.--WITHIN TEN DAYS OF RECEIVING DIRECTION  
16          UNDER SUBSECTION (A), THE STATE TREASURER SHALL PAY INTO THE  
17          FUND THE AMOUNT DIRECTED UNDER SUBSECTION (A) UNTIL BONDS ISSUED  
18          TO FINANCE THE CONSTRUCTION, INCLUDING RELATED INFRASTRUCTURE  
19          AND SITE PREPARATION, RECONSTRUCTION OR RENOVATION OF A FACILITY  
20          OR OTHER ELIGIBLE PROJECT IN THE ZONE ARE RETIRED.

21          (C) NOTIFICATION.--THE FOLLOWING SHALL APPLY:

22                 (1) IF THE TRANSFERS UNDER SUBSECTION (A) AND SECTION  
23                 1811-C(C) ARE INSUFFICIENT TO MAKE PAYMENTS ON THE BONDS  
24                 ISSUED UNDER SECTION 1813-C(A) (1) FOR THE CALENDAR YEAR WHEN  
25                 THE TRANSFERS ARE MADE, THE CONTRACTING AUTHORITY SHALL  
26                 NOTIFY THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT,  
27                 THE OFFICE AND THE DEPARTMENT OF THE AMOUNT OF ADDITIONAL  
28                 MONEY NECESSARY TO MAKE PAYMENTS ON THE BONDS.

29                 (2) THE NOTIFICATION UNDER PARAGRAPH (1) MUST BE  
30                 ACCOMPANIED BY A DETAILED ACCOUNT OF THE CONTRACTING

1 AUTHORITY'S EXPENDITURES AND THE CALCULATION WHICH RESULTED  
2 IN THE REQUEST FOR ADDITIONAL MONEY. THE DEPARTMENT OF  
3 COMMUNITY AND ECONOMIC DEVELOPMENT, THE OFFICE OR THE  
4 DEPARTMENT MAY REQUEST ADDITIONAL INFORMATION FROM THE  
5 CONTRACTING AUTHORITY AND SHALL JOINTLY VERIFY THE PROPER  
6 AMOUNT OF MONEY NECESSARY TO MAKE THE PAYMENTS ON THE BONDS.

7 (3) NOTWITHSTANDING 53 PA.C.S. § 5607(E), (RELATING TO  
8 PURPOSES AND POWERS), WITHIN 90 DAYS OF THE DATE OF THE  
9 NOTIFICATION REQUEST, THE OFFICE SHALL DIRECT THE STATE  
10 TREASURER TO ESTABLISH A RESTRICTED ACCOUNT WITHIN THE  
11 GENERAL FUND. THE OFFICE SHALL DIRECT THE STATE TREASURER TO  
12 TRANSFER THE AMOUNT VERIFIED UNDER PARAGRAPH (2) FROM THE  
13 GENERAL FUND TO THE RESTRICTED ACCOUNT FOR THE USE OF THE  
14 CONTRACTING AUTHORITY TO MAKE PAYMENTS ON THE BONDS ISSUED  
15 UNDER SECTION 1813-C(A) (1).

16 (4) MONEY TRANSFERRED UNDER PARAGRAPH (3):

17 (I) SHALL BE LIMITED TO 50% OF THE STATE TAX  
18 BASELINE AMOUNT FOR THE CALENDAR YEAR PRIOR TO THE DATE  
19 THE AMOUNT IS VERIFIED UNDER PARAGRAPH (2), NOT TO EXCEED  
20 \$10,000,000; AND

21 (II) MUST OCCUR IN THE FIRST SEVEN CALENDAR YEARS  
22 FOLLOWING THE BASELINE YEAR.

23 (4.1) UNDER EXTRAORDINARY CIRCUMSTANCES, A CONTRACTING  
24 AUTHORITY MAY REQUEST MONEY IN EXCESS OF THE LIMITATIONS IN  
25 PARAGRAPH (4) (I). THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
26 DEVELOPMENT, THE OFFICE AND THE DEPARTMENT SHALL DETERMINE  
27 WHETHER THE CIRCUMSTANCES MERIT ADDITIONAL MONEY AND THE  
28 AMOUNT TO BE TRANSFERRED. THE MONEY SHALL BE TRANSFERRED  
29 UNDER THE PROCEDURE UNDER THIS SECTION.

30 (5) MONEY TRANSFERRED UNDER PARAGRAPH (4) SHALL BE

1 REPAID TO THE GENERAL FUND BY THE CONTRACTING AUTHORITY. IF  
2 MONEY TRANSFERRED UNDER PARAGRAPH (3) IS NOT REPAID TO THE  
3 GENERAL FUND BY THE CONTRACTING AUTHORITY BY THE DATE OF THE  
4 FINAL PAYMENT ON THE BONDS ORIGINALLY ISSUED UNDER SECTION  
5 1813-C(A)(1), THE CITY OR COUNTY WHICH ESTABLISHED THE  
6 CONTRACTING AUTHORITY SHALL PAY THE MONEY NOT REPAID TO THE  
7 GENERAL FUND PLUS AN ADDITIONAL PENALTY OF 10% OF THE AMOUNT  
8 OUTSTANDING ON THE DATE OF THE FINAL PAYMENT ON THE BONDS  
9 ORIGINALLY ISSUED UNDER SECTION 1813-C(A)(1).

10 SECTION 1813-C. RESTRICTIONS.

11 (A) UTILIZATION.--IF THE USE WAS APPROVED IN AN APPLICATION  
12 FILED UNDER SECTION 1804-C, MONEY TRANSFERRED UNDER SECTION  
13 1812-C MAY ONLY BE UTILIZED FOR THE FOLLOWING:

14 (1) PAYMENT OF DEBT SERVICE ON BONDS ISSUED FOR THE  
15 CONSTRUCTION, INCLUDING RELATED INFRASTRUCTURE AND SITE  
16 PREPARATION, RECONSTRUCTION OR RENOVATION OF A FACILITY IN  
17 THE ZONE.

18 (2) CONSTRUCTION, INCLUDING RELATED INFRASTRUCTURE AND  
19 SITE PREPARATION, RECONSTRUCTION OR RENOVATION OF ALL OR A  
20 PART OF A FACILITY.

21 (3) REPLENISHMENT OF AMOUNTS IN DEBT SERVICE RESERVE  
22 FUNDS ESTABLISHED TO PAY DEBT SERVICE ON BONDS.

23 (4) EMPLOYMENT OF AN INDEPENDENT AUDITING FIRM TO  
24 PERFORM THE DUTIES UNDER SECTION 1807-C(C).

25 (5) IMPROVEMENT OR DEVELOPMENT OF ALL OR PART OF A ZONE.

26 (6) IMPROVEMENT PROJECTS, INCLUDING FIXTURES AND  
27 EQUIPMENT FOR A FACILITY OWNED BY A PUBLIC AUTHORITY.

28 (B) PROHIBITION.--MONEY TRANSFERRED UNDER SECTION 1812-C MAY  
29 NOT BE UTILIZED FOR MAINTENANCE OR REPAIR OF A FACILITY.

30 (C) EXCESS MONEY.--

1           (1) IF THE AMOUNT OF MONEY TRANSFERRED TO THE FUND UNDER  
2           SECTIONS 1811-C(C) AND 1812-C IN ANY ONE CALENDAR YEAR  
3           EXCEEDS THE MONEY UTILIZED UNDER THIS SECTION IN THAT  
4           CALENDAR YEAR, THE CONTRACTING AUTHORITY SHALL SUBMIT BY  
5           JANUARY 15 FOLLOWING THE END OF THE CALENDAR YEAR THE EXCESS  
6           MONEY TO THE STATE TREASURER FOR DEPOSIT INTO THE GENERAL  
7           FUND.

8           (2) AT THE TIME OF SUBMISSION TO THE STATE TREASURER,  
9           THE CONTRACTING AUTHORITY SHALL SUBMIT TO THE STATE  
10          TREASURER, THE OFFICE AND DEPARTMENT A DETAILED ACCOUNTING OF  
11          THE CALCULATION RESULTING IN THE EXCESS MONEY.

12          (3) THE EXCESS MONEY SHALL BE CREDITED TO THE  
13          CONTRACTING AUTHORITY AND APPLIED TO THE AMOUNT REQUIRED TO  
14          BE REPAYED UNDER SECTION 1812-C(C) (5) UNTIL THERE IS FULL  
15          REPAYMENT.

16          (D) MATCHING FUNDS.--

17          (1) THE AMOUNT OF MONEY TRANSFERRED FROM THE FUND  
18          UTILIZED FOR THE CONSTRUCTION, INCLUDING RELATED SITE  
19          PREPARATION AND INFRASTRUCTURE, RECONSTRUCTION OR RENOVATION  
20          OF FACILITIES SHALL BE MATCHED BY PRIVATE MONEY AT A RATIO OF  
21          FIVE FUND DOLLARS TO ONE PRIVATE DOLLAR.

22          (2) BY APRIL 1, FOLLOWING THE BASELINE YEAR AND FOR EACH  
23          YEAR THEREAFTER, THE CONTRACTING AUTHORITY SHALL FILE AN  
24          ANNUAL REPORT WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
25          DEVELOPMENT, THE OFFICE AND THE DEPARTMENT THAT CONTAINS  
26          DETAILED ACCOUNT OF THE FUND MONEY EXPENDITURES AND THE  
27          PRIVATE MONEY EXPENDITURES AND A CALCULATION OF THE RATIO IN  
28          PARAGRAPH (1) FOR THE PRIOR CALENDAR YEAR. THE AGENCIES SHALL  
29          DETERMINE WHETHER SUFFICIENT PRIVATE MONEY WAS UTILIZED.

30          (3) IF IT IS DETERMINED THAT INSUFFICIENT PRIVATE MONEY

1 WAS UTILIZED UNDER PARAGRAPH (1), THE AMOUNT OF FUND MONEY  
2 UTILIZED UNDER PARAGRAPH (1) IN THE PRIOR CALENDAR YEAR SHALL  
3 BE DEDUCTED FROM THE NEXT TRANSFER OF THE FUND.

4 SECTION 1814-C. TRANSFER OF PROPERTY.

5 (A) PROPERTY.--PORTIONS OF A ZONE WHERE A FACILITY HAS NOT  
6 BEEN CONSTRUCTED, RECONSTRUCTED OR RENOVATED USING MONEY UNDER  
7 THIS ARTICLE MAY BE TRANSFERRED OUT OF THE ZONE. ADDITIONAL  
8 ACREAGE, NOT TO EXCEED THE ACREAGE TRANSFERRED OUT OF THE ZONE,  
9 MAY BE ADDED TO THE ZONE.

10 (B) APPROVAL.--A TRANSFER UNDER SUBSECTION (A) MUST BE  
11 APPROVED BY THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
12 DEVELOPMENT, IN CONSULTATION WITH THE OFFICE AND THE DEPARTMENT.  
13 SECTION 1815-C. DURATION.

14 A ZONE SHALL BE IN EFFECT FOR A PERIOD EQUAL TO THE LENGTH OF  
15 TIME FOR THE REPAYMENT OF DEBT INCURRED FOR THE ZONE, INCLUDING  
16 BONDS ISSUED. BONDS SHALL BE PAID, AND ALL ZONES SHALL CEASE NO  
17 LATER THAN 30 YEARS FOLLOWING THE INITIAL ISSUANCE OF THE BONDS.

18 SECTION 1816-C. COMMONWEALTH PLEDGES.

19 (A) PLEDGE.--IF AND TO THE EXTENT THE CONTRACTING AUTHORITY  
20 PLEDGES AMOUNTS REQUIRED TO BE TRANSFERRED TO ITS FUND UNDER  
21 SECTION 1812-C FOR PAYMENT OF BONDS ISSUED BY THE CONTRACTING  
22 AUTHORITY, UNTIL ALL BONDS SECURED BY THE PLEDGE OF THE  
23 CONTRACTING AUTHORITY, TOGETHER WITH INTEREST ON THE BONDS, ARE  
24 FULLY PAID OR PROVIDED FOR, THE COMMONWEALTH PLEDGES TO AND  
25 AGREES WITH ANY PERSON, FIRM, CORPORATION OR GOVERNMENT AGENCY,  
26 IN THIS COMMONWEALTH OR ELSEWHERE, AND PLEDGES TO AND AGREES  
27 WITH ANY FEDERAL AGENCY SUBSCRIBING TO OR ACQUIRING THE BONDS OF  
28 THE CONTRACTING AUTHORITY THAT THE COMMONWEALTH ITSELF WILL NOT,  
29 NOR WILL IT AUTHORIZE ANY GOVERNMENT ENTITY TO, DO ANY OF THE  
30 FOLLOWING:



1 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE  
2 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
3 CONTEXT CLEARLY INDICATES OTHERWISE:

4 "MOBILE TELECOMMUNICATION SERVICES." AS DEFINED IN SECTION  
5 201(AAA).

6 "QUALIFIED BROADBAND EQUIPMENT." MACHINERY AND EQUIPMENT  
7 LOCATED IN THIS COMMONWEALTH THAT IS USED BY A MOBILE  
8 TELECOMMUNICATION SERVICES PROVIDER TO PROVIDE INTERNET ACCESS  
9 SERVICE AND IS CAPABLE OF SENDING, RECEIVING, STORING,  
10 TRANSMITTING, RETRANSMITTING, AMPLIFYING, SWITCHING OR ROUTING  
11 DATA, VIDEO OR OTHER ELECTRONIC INFORMATION. THE TERM DOES NOT  
12 INCLUDE MACHINERY OR EQUIPMENT THAT IS USED TO PROVIDE VOICE  
13 COMMUNICATION SERVICE.

14 "TAX CREDIT." THE CREDIT PROVIDED UNDER THIS ARTICLE.  
15 SECTION 1802-E. TAX CREDIT.

16 (A) GENERAL RULE.--FOR TAX YEARS BEGINNING AFTER DECEMBER  
17 31, 2013, AND ENDING BEFORE JANUARY 1, 2024, A TAXPAYER THAT IS  
18 A PROVIDER OF MOBILE COMMUNICATIONS SERVICES SHALL BE ALLOWED A  
19 TAX CREDIT AGAINST THE TAX IMPOSED UNDER ARTICLE IV FOR  
20 INVESTMENT IN QUALIFIED BROADBAND EQUIPMENT PLACED INTO SERVICE  
21 IN THIS COMMONWEALTH DURING A TAXABLE YEAR.

22 (B) AMOUNT.--

23 (1) THE AMOUNT OF THE TAX CREDIT SHALL BE 5% OF THE  
24 PURCHASE PRICE OF THE QUALIFIED BROADBAND EQUIPMENT UNDER  
25 SUBSECTION (A).

26 (2) THE AMOUNT OF THE TAX CREDIT THAT MAY BE TAKEN IN A  
27 TAXABLE YEAR IS LIMITED TO AN AMOUNT NOT GREATER THAN 50% OF  
28 THE TAXPAYER'S LIABILITY UNDER SECTION 402.

29 (3) ANY CREDIT CLAIMED UNDER THIS ARTICLE, BUT NOT USED  
30 IN THE TAXABLE YEAR, MAY BE CARRIED FORWARD FOR NOT MORE THAN

1 FIVE CONSECUTIVE TAXABLE YEARS. THE TAX CREDIT MAY NOT BE  
2 USED TO OBTAIN A REFUND.

3 SECTION 1803-E. PASS-THROUGH ENTITY.

4 (A) TRANSFER.--IF A PASS-THROUGH ENTITY HAS ANY UNUSED TAX  
5 CREDIT UNDER THIS SECTION, THE ENTITY MAY ELECT, IN WRITING,  
6 ACCORDING TO THE DEPARTMENT'S PROCEDURES, TO TRANSFER ALL OR A  
7 PORTION OF THE CREDIT TO SHAREHOLDERS, MEMBERS OR PARTNERS IN  
8 PROPORTION TO THE SHARE OF THE ENTITY'S DISTRIBUTIVE INCOME TO  
9 WHICH THE SHAREHOLDER, MEMBER OR PARTNER IS ENTITLED.

10 (B) ADDITIONAL TAX CREDIT.--THE TAX CREDIT PROVIDED UNDER  
11 SUBSECTION (A) SHALL BE IN ADDITION TO ANY TAX CREDIT TO WHICH A  
12 SHAREHOLDER, MEMBER OR PARTNER OF A PASS-THROUGH ENTITY IS  
13 OTHERWISE ENTITLED UNDER THIS ARTICLE, EXCEPT THAT A PASS-  
14 THROUGH ENTITY AND A SHAREHOLDER, MEMBER OR PARTNER OF A PASS-  
15 THROUGH ENTITY MAY NOT CLAIM A TAX CREDIT UNDER THIS ARTICLE FOR  
16 THE SAME QUALIFIED BROADBAND EQUIPMENT.

17 (C) CLAIM.--A SHAREHOLDER, MEMBER OR PARTNER OF A PASS-  
18 THROUGH ENTITY TO WHOM CREDIT IS TRANSFERRED UNDER SUBSECTION  
19 (A) MUST IMMEDIATELY CLAIM THE CREDIT IN THE TAXABLE YEAR IN  
20 WHICH THE TRANSFER IS MADE. THE SHAREHOLDER, MEMBER OR PARTNER  
21 MAY NOT CARRY FORWARD, CARRY BACK, OBTAIN A REFUND OF OR SELL OR  
22 ASSIGN THE TAX CREDIT.

23 SECTION 1804-E. PROCEDURE.

24 (A) APPLICATION.--A TAXPAYER WHO PURCHASED AND PLACED INTO  
25 SERVICE QUALIFIED BROADBAND EQUIPMENT IN A TAXABLE YEAR MAY  
26 APPLY FOR A TAX CREDIT AS PROVIDED IN THIS ARTICLE. BY OCTOBER  
27 15, 2015, AND EVERY OCTOBER 15 THEREAFTER, A TAXPAYER MUST  
28 SUBMIT AN APPLICATION TO THE DEPARTMENT FOR THE PURCHASE PRICE  
29 OF QUALIFIED BROADBAND EQUIPMENT PLACED INTO SERVICE IN THE  
30 TAXABLE YEAR THAT ENDED IN THE PRIOR CALENDAR YEAR.

1 (B) NOTIFICATION.--BY DECEMBER 15, 2015, AND OF THE CALENDAR  
2 YEAR FOLLOWING THE CLOSE OF THE TAXABLE YEAR DURING WHICH THE  
3 QUALIFIED BROADBAND EQUIPMENT WAS PLACED INTO SERVICE AND EVERY  
4 DECEMBER 15 THEREAFTER, THE DEPARTMENT SHALL NOTIFY THE TAXPAYER  
5 OF THE AMOUNT OF THE TAXPAYER'S TAX CREDIT APPROVED BY THE  
6 DEPARTMENT.

7 SECTION 1805-E. LIMITATION.

8 (A) TOTAL.--THE TOTAL AMOUNT OF TAX CREDITS APPROVED BY THE  
9 DEPARTMENT SHALL NOT EXCEED \$5,000,000 IN ANY FISCAL YEAR.

10 (B) ALLOCATION.--IF THE TOTAL AMOUNT OF TAX CREDITS APPLIED  
11 FOR BY ALL TAXPAYERS EXCEEDS THE LIMITATION ON THE AMOUNT OF TAX  
12 CREDITS IN SUBSECTION (A) IN A FISCAL YEAR, THE TAX CREDIT TO BE  
13 RECEIVED BY EACH APPLICATION SHALL BE THE PRODUCT OF THE  
14 ALLOCATED AMOUNT MULTIPLIED BY THE QUOTIENT OF THE TAX CREDIT  
15 APPLIED FOR BY THE APPLICANT DIVIDED BY THE TOTAL OF ALL TAX  
16 CREDITS APPLIED FOR BY ALL APPLICANTS, THE ALGEBRAIC EQUIVALENT  
17 OF WHICH IS:

18 TAXPAYER'S TAX CREDIT = AMOUNT ALLOCATED FOR THOSE TAX  
19 CREDITS X (TAX CREDIT APPLIED FOR BY THE APPLICANT/TOTAL  
20 OF ALL TAX CREDITS APPLIED FOR BY ALL APPLICANTS).

21 ARTICLE XVIII-F

22 INNOVATE IN PA TAX CREDIT

23 SECTION 1801-F. SCOPE OF ARTICLE.

24 THIS ARTICLE RELATES TO THE INNOVATE IN PA TAX CREDIT.

25 SECTION 1802-F. LEGISLATIVE INTENT.

26 IT IS THE INTENT OF THIS ARTICLE TO INVEST IN INNOVATION AS A  
27 CATALYST FOR ECONOMIC GROWTH. INVESTMENT, IN THE BEN FRANKLIN  
28 TECHNOLOGY DEVELOPMENT AUTHORITY, THE BEN FRANKLIN TECHNOLOGY  
29 PARTNERS, REGIONAL BIOTECHNOLOGY RESEARCH CENTERS, THE  
30 DEPARTMENT AND VENTURE CAPITAL FUNDS WILL ADVANCE THE

1 COMPETITIVENESS OF THIS COMMONWEALTH'S COMPANIES IN THE GLOBAL  
2 ECONOMY. IT IS THE GOAL OF THIS ARTICLE TO MAXIMIZE THE  
3 AVAILABLE FUNDING FROM A MINIMUM AMOUNT OF \$131,250,000 AND UP  
4 TO AND EXCEEDING \$147,800,000.

5 SECTION 1803-F. DEFINITIONS.

6 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE  
7 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
8 CONTEXT CLEARLY INDICATES OTHERWISE:

9 "ALLOCATION AMOUNT." THE TOTAL AMOUNT OF TAX CREDITS  
10 PURCHASED BY A QUALIFIED TAXPAYER.

11 "AUTHORITY." THE BEN FRANKLIN TECHNOLOGY DEVELOPMENT  
12 AUTHORITY ESTABLISHED TO MANAGE AND FUND PROGRAMS IN THIS  
13 COMMONWEALTH THAT SUPPORT THE DEVELOPMENT OF TECHNOLOGY AS  
14 DESCRIBED IN THE ACT OF JUNE 22, 2001 (P.L.569, NO.38), KNOWN AS  
15 THE BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY ACT.

16 "BEN FRANKLIN TECHNOLOGY PARTNERS PROGRAM." A PROGRAM UNDER  
17 THE BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY THAT FUNDS  
18 FOUR REGIONALLY BASED ECONOMIC DEVELOPMENT ORGANIZATIONS  
19 DEDICATED TO A COMMON MISSION OF TECHNOLOGY COMMERCIALIZATION.

20 "CAPITAL." THE AMOUNT OF MONEY THAT A PURCHASER INVESTS  
21 UNDER THE INNOVATE IN PA PROGRAM.

22 "DEPARTMENT." THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
23 DEVELOPMENT OF THE COMMONWEALTH.

24 "FUND." THE INNOVATE IN PA FUND.

25 "IMPACT INVESTMENT." AN INVESTMENT INTENDED TO SOLVE SOCIAL  
26 OR ENVIRONMENTAL CHALLENGES WHILE GENERATING FINANCIAL PROFIT.  
27 IMPACT INVESTING RECOGNIZES THAT INVESTMENTS HAVE SOCIAL AND  
28 ENVIRONMENTAL RETURNS IN ADDITION TO FINANCIAL RETURNS AND  
29 ATTEMPTS TO MAXIMIZE THE THREE RETURNS RATHER THAN ONE AT THE  
30 EXPENSE OF OTHERS.

1 "INSURANCE PREMIUMS TAX LIABILITY." ANY LIABILITY INCURRED  
2 BY AN INSURANCE COMPANY UNDER ARTICLE IX.  
3 "PROGRAM." THE INNOVATE IN PA PROGRAM.  
4 "QUALIFIED TAXPAYER." ANY OF THE FOLLOWING THAT HAS  
5 INSURANCE PREMIUMS TAX LIABILITY AND CONTRIBUTES CAPITAL TO  
6 PURCHASE PREMIUMS TAX CREDITS UNDER THIS ARTICLE:  
7 (1) AN INSURANCE COMPANY AUTHORIZED TO DO BUSINESS IN  
8 THIS COMMONWEALTH.  
9 (2) A HOLDING COMPANY THAT HAS AT LEAST ONE INSURANCE  
10 COMPANY SUBSIDIARY AUTHORIZED TO DO BUSINESS IN THIS  
11 COMMONWEALTH.  
12 "RECIPIENT." AN ENTITY THAT RECEIVES A DISTRIBUTION OF FUNDS  
13 UNDER SECTION 1811-F(C).  
14 "REGIONAL BIOTECHNOLOGY RESEARCH CENTER." A REGIONAL  
15 BIOTECHNOLOGY CENTER ESTABLISHED UNDER CHAPTER 17 OF THE ACT OF  
16 JUNE 26, 2001 (P.L.755, NO.77), KNOWN AS THE TOBACCO SETTLEMENT  
17 ACT.  
18 "TAX CREDIT." A CREDIT AGAINST INSURANCE PREMIUMS TAX  
19 LIABILITY OFFERED TO OR HELD BY A QUALIFIED TAXPAYER UNDER THIS  
20 ARTICLE.  
21 "VENTURE INVESTMENT PROGRAM." A PROGRAM UNDER THE BEN  
22 FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY DEDICATED TO  
23 INCREASING THE AVAILABILITY OF VENTURE CAPITAL IN THIS  
24 COMMONWEALTH.  
25 SECTION 1804-F. TAX CREDIT.  
26 A QUALIFIED TAXPAYER MAY PURCHASE TAX CREDITS FROM THE  
27 DEPARTMENT IN ACCORDANCE WITH THIS ARTICLE AND MAY APPLY THE TAX  
28 CREDITS AGAINST ITS INSURANCE PREMIUMS TAX LIABILITY IN  
29 ACCORDANCE WITH THIS ARTICLE.  
30 SECTION 1805-F. DUTIES.

1 (A) SALE OF TAX CREDITS.--THE DEPARTMENT SHALL HAVE THE  
2 AUTHORITY TO SELL UP TO \$175,000,000 IN TAX CREDITS TO QUALIFIED  
3 TAXPAYERS. THE SALE OF THE TAX CREDITS SHALL BE IN ACCORDANCE  
4 WITH SECTION 1808-F.

5 (B) TIME OF SALE.--THE SALE AUTHORIZED UNDER SUBSECTION (A)  
6 MAY NOT OCCUR BEFORE OCTOBER 1, 2013.

7 (C) TRANSFERS OF AMOUNTS.--IN A FISCAL YEAR IN WHICH A TAX  
8 CREDIT IS CLAIMED UNDER THIS ARTICLE, THE STATE TREASURER SHALL,  
9 PRIOR TO JUNE 30 OF THE FISCAL YEAR, DO ALL OF THE FOLLOWING:

10 (1) TRANSFER AN AMOUNT FROM THE GENERAL FUND EQUAL TO  
11 THE AMOUNT OF PREMIUMS TAX CREDITS CLAIMED BY A FOREIGN FIRE  
12 INSURANCE COMPANY AGAINST TAXES THAT OTHERWISE WOULD BE  
13 DISTRIBUTED IN ACCORDANCE WITH CHAPTER 7 OF THE ACT OF  
14 DECEMBER 18, 1984 (P.L.1005, NO.205), KNOWN AS THE MUNICIPAL  
15 PENSION PLAN FUNDING STANDARD AND RECOVERY ACT, TO THE FUND  
16 AS DEFINED IN SECTION 702 OF THE MUNICIPAL PENSION PLAN  
17 FUNDING STANDARD AND RECOVERY ACT.

18 (2) TRANSFER FROM THE GENERAL FUND AN AMOUNT EQUAL TO  
19 THE AMOUNT OF A PREMIUMS TAX CREDIT CLAIMED BY A FOREIGN  
20 CASUALTY INSURANCE COMPANY AGAINST TAXES THAT OTHERWISE WOULD  
21 BE DISTRIBUTED AND USED FOR POLICE PENSION, RETIREMENT OR  
22 DISABILITY PURPOSES AS PROVIDED BY THE ACT OF MAY 12, 1943  
23 (P.L.259, NO.120), REFERRED TO AS THE FOREIGN CASUALTY  
24 INSURANCE PREMIUM TAX ALLOCATION LAW, FOR DISTRIBUTION IN  
25 ACCORDANCE WITH THE FOREIGN CASUALTY INSURANCE PREMIUM TAX  
26 ALLOCATION LAW.

27 SECTION 1806-F. USE OF TAX CREDITS BY QUALIFIED TAXPAYERS.

28 (A) USE AGAINST INSURANCE PREMIUMS TAX LIABILITY.--A  
29 QUALIFIED TAXPAYER THAT PURCHASES TAX CREDITS UNDER SECTION  
30 1805-F MAY CLAIM THE CREDITS BEGINNING IN CALENDAR YEAR 2017

1 AGAINST INSURANCE PREMIUMS TAX LIABILITY INCURRED FOR A TAXABLE  
2 YEAR THAT BEGINS ON OR AFTER JANUARY 1, 2016.

3 (B) APPLICATION TO DEPARTMENT.--A QUALIFIED TAXPAYER SEEKING  
4 TO USE PURCHASED TAX CREDITS MAY SUBMIT AN APPLICATION TO THE  
5 DEPARTMENT IN A MANNER PRESCRIBED BY THE DEPARTMENT.

6 (C) CONSTRUCTION.--THE FOLLOWING SHALL APPLY:

7 (1) A QUALIFIED TAXPAYER MAY NOT BE REQUIRED TO REDUCE  
8 THE AMOUNT OF INSURANCE PREMIUMS TAX INCLUDED BY THE TAXPAYER  
9 IN CONNECTION WITH RATE MAKING FOR ANY INSURANCE CONTRACT  
10 WRITTEN IN THIS COMMONWEALTH BECAUSE OF A REDUCTION OF THE  
11 TAXPAYER'S INSURANCE PREMIUMS TAX LIABILITY DERIVED FROM THE  
12 TAX CREDIT PURCHASED UNDER THIS ARTICLE.

13 (2) IF, UNDER THE INSURANCE LAWS OF THIS COMMONWEALTH,  
14 THE ASSETS OF THE QUALIFIED TAXPAYER ARE EXAMINED OR  
15 CONSIDERED, THE TAXPAYER'S BALANCE OF TAX CREDITS SHALL BE  
16 TREATED AS AN ADMITTED ASSET SUBJECT TO THE SAME FINANCIAL  
17 RATING AS HELD BY THE COMMONWEALTH.

18 (D) LIMITATIONS.--THE FOLLOWING SHALL APPLY:

19 (1) THE TOTAL AMOUNT OF TAX CREDITS APPLIED AGAINST  
20 INSURANCE PREMIUMS TAX LIABILITY BY ALL QUALIFIED TAXPAYERS  
21 IN A FISCAL YEAR MAY NOT EXCEED \$35,000,000 PER YEAR  
22 BEGINNING IN CALENDAR YEAR 2017.

23 (2) THE CREDIT TO BE APPLIED IN ANY ONE YEAR MAY NOT  
24 EXCEED THE INSURANCE PREMIUM TAX LIABILITY OF THE QUALIFIED  
25 TAXPAYER FOR THAT TAXABLE YEAR.

26 SECTION 1807-F. SALE, CARRYOVER AND CARRYBACK.

27 (A) CARRYOVER.--IF THE QUALIFIED TAXPAYER CANNOT USE THE  
28 ENTIRE AMOUNT OF THE TAX CREDIT FOR THE TAXABLE YEAR IN WHICH  
29 THE TAXPAYER IS ELIGIBLE FOR THE CREDIT, THE EXCESS MAY BE  
30 CARRIED OVER TO SUCCEEDING TAXABLE YEARS AND USED AS A CREDIT

1 AGAINST THE QUALIFIED TAX LIABILITY OF THE TAXPAYER FOR THOSE  
2 TAXABLE YEARS, PROVIDED THAT THE CREDIT MAY NOT BE CARRIED OVER  
3 TO ANY TAXABLE YEAR THAT BEGINS AFTER DECEMBER 31, 2025.

4 (B) SALE.--NO SOONER THAN 30 DAYS AFTER PROVIDING THE  
5 INSURANCE DEPARTMENT AND THE DEPARTMENT WRITTEN NOTICE OF THE  
6 INTENT TO TRANSFER TAX CREDITS, A QUALIFIED TAXPAYER MAY  
7 TRANSFER TAX CREDITS HELD WITHOUT RESTRICTION TO ANY ENTITY THAT  
8 IS A QUALIFIED TAXPAYER IN GOOD STANDING WITH THE INSURANCE  
9 DEPARTMENT AND THAT AGREES TO ASSUME ALL OF THE TRANSFEROR'S  
10 OBLIGATIONS WITH RESPECT TO THE TAX CREDIT.

11 (C) CARRYBACK.--A QUALIFIED TAXPAYER MAY NOT CARRY BACK A  
12 TAX CREDIT.

13 SECTION 1808-F. SALE OF TAX CREDITS TO QUALIFIED TAXPAYERS.

14 (A) CONDUCT OF SALE.--THE SALE OF TAX CREDITS AUTHORIZED  
15 UNDER SECTION 1805-F(A) SHALL BE CONDUCTED IN ACCORDANCE WITH  
16 THIS SECTION.

17 (B) PROCESS.--THE DEPARTMENT MAY SELL THE TAX CREDITS  
18 AUTHORIZED UNDER THIS ARTICLE OR MAY CONTRACT WITH AN  
19 INDEPENDENT THIRD PARTY TO CONDUCT A BIDDING PROCESS AMONG  
20 QUALIFIED TAXPAYERS TO PURCHASE THE CREDITS. IN RAISING CAPITAL  
21 FOR THE PROGRAM, THE DEPARTMENT SHALL HAVE THE DISCRETION TO  
22 DISTRIBUTE CREDITS USING A MARKET-DRIVEN APPROACH OR ANY  
23 APPROACH THAT MAXIMIZES THE YIELD TO THE COMMONWEALTH.

24 (C) APPLICATION.--A QUALIFIED TAXPAYER SEEKING TO PURCHASE  
25 TAX CREDITS MAY APPLY TO THE DEPARTMENT IN THE MANNER PRESCRIBED  
26 BY THE DEPARTMENT.

27 (D) BIDDING PROCESS.--USING PROCEDURES ADOPTED BY THE  
28 DEPARTMENT OR, IF APPLICABLE, BY AN INDEPENDENT THIRD PARTY,  
29 EACH QUALIFIED TAXPAYER THAT SUBMITS AN APPLICATION SHALL MAKE A  
30 TIMELY AND IRREVOCABLE OFFER, SUBJECT ONLY TO THE DEPARTMENT'S

1 ISSUANCE TO THE TAXPAYER OF TAX CREDIT CERTIFICATES, TO MAKE  
2 SPECIFIED CONTRIBUTIONS OF CAPITAL TO THE DEPARTMENT ON DATES  
3 SPECIFIED BY THE DEPARTMENT.

4 (E) CONTENTS OF OFFER.--THE OFFER UNDER SUBSECTION (D) MUST  
5 INCLUDE ALL OF THE FOLLOWING:

6 (1) THE REQUESTED AMOUNT OF TAX CREDITS, WHICH MAY NOT  
7 BE LESS THAN \$500,000.

8 (2) THE QUALIFIED TAXPAYER'S CAPITAL CONTRIBUTION FOR  
9 EACH TAX CREDIT DOLLAR REQUESTED, WHICH MAY NOT BE LESS THAN  
10 THE GREATER OF EITHER OF THE FOLLOWING:

11 (I) SEVENTY-FIVE PERCENT OF THE REQUESTED DOLLAR  
12 AMOUNT OF TAX CREDITS.

13 (II) THE PERCENTAGE OF THE REQUESTED DOLLAR AMOUNT  
14 OF TAX CREDITS THAT THE DEPARTMENT AND, IF APPLICABLE,  
15 THE INDEPENDENT THIRD PARTY, DETERMINES TO BE CONSISTENT  
16 WITH MARKET CONDITIONS AS OF THE OFFER DATE.

17 (3) ANY OTHER INFORMATION THE DEPARTMENT OR, IF  
18 APPLICABLE, INDEPENDENT THIRD PARTY REQUIRES.

19 (F) NOTICE OF APPROVAL.--EACH QUALIFIED TAXPAYER THAT  
20 SUBMITS AN APPLICATION UNDER THIS SECTION SHALL RECEIVE A  
21 WRITTEN NOTICE FROM THE DEPARTMENT INDICATING WHETHER OR NOT IT  
22 HAS BEEN APPROVED AS A PURCHASER OF TAX CREDITS AND, IF SO, THE  
23 AMOUNT OF TAX CREDITS ALLOCATED.

24 (G) LIMITATION.--NO TAX CREDITS MAY BE SOLD IF THE BIDDING  
25 PROCESS, UPON COMPLETION, HAS FAILED TO YIELD AT LEAST  
26 \$40,000,000 IN REVENUE.

27 SECTION 1809-F. PAYMENT FOR TAX CREDITS PURCHASED AND  
28 CERTIFICATES.

29 (A) PAYMENT OF CAPITAL.--CAPITAL COMMITTED BY A QUALIFIED  
30 TAXPAYER SHALL BE PAID TO THE DEPARTMENT FOR DEPOSIT INTO THE

1 FUND. NOTHING UNDER THIS SECTION SHALL PROHIBIT THE DEPARTMENT  
2 FROM ESTABLISHING AN INSTALLMENT PAYMENT SCHEDULE FOR CAPITAL  
3 PAYMENTS TO BE MADE BY THE QUALIFIED TAXPAYER.

4 (B) ISSUANCE OF TAX CREDIT CERTIFICATES.--ON RECEIPT OF  
5 PAYMENT OF CAPITAL, THE DEPARTMENT SHALL ISSUE TO EACH QUALIFIED  
6 TAXPAYER A TAX CREDIT CERTIFICATE REPRESENTING A FULLY VESTED  
7 CREDIT AGAINST INSURANCE PREMIUM TAX LIABILITY.

8 (C) CERTIFICATE ISSUED IN ACCORDANCE WITH BIDDING PROCESS.--  
9 THE DEPARTMENT SHALL ISSUE TAX CREDIT CERTIFICATES TO QUALIFIED  
10 TAXPAYERS IN ACCORDANCE WITH THE BIDDING PROCESS SELECTED BY THE  
11 DEPARTMENT OR THE INDEPENDENT THIRD PARTY.

12 (D) CONTENTS.--THE TAX CREDIT CERTIFICATE SHALL STATE ALL OF  
13 THE FOLLOWING:

14 (1) THE TOTAL AMOUNT OF PREMIUMS TAX CREDITS THAT THE  
15 QUALIFIED TAXPAYER MAY CLAIM.

16 (2) THE AMOUNT OF CAPITAL THAT THE QUALIFIED TAXPAYER  
17 HAS CONTRIBUTED OR AGREED TO CONTRIBUTE IN RETURN FOR THE  
18 ISSUANCE OF THE TAX CREDIT CERTIFICATE.

19 (3) THE DATES ON WHICH THE TAX CREDITS WILL BE AVAILABLE  
20 FOR USE BY THE QUALIFIED TAXPAYER.

21 (4) ANY PENALTIES OR OTHER REMEDIES FOR NONCOMPLIANCE.

22 (5) THE PROCEDURES TO BE USED FOR TRANSFERRING THE TAX  
23 CREDITS.

24 (6) ANY OTHER REQUIREMENTS THE DEPARTMENT CONSIDERS  
25 NECESSARY.

26 SECTION 1810-F. FAILURE TO MAKE CONTRIBUTION OF CAPITAL AND  
27 REALLOCATION.

28 (A) PROHIBITION.--A TAX CREDIT CERTIFICATE UNDER SECTION  
29 1809-F MAY NOT BE ISSUED TO ANY QUALIFIED TAXPAYER THAT FAILS TO  
30 MAKE A CONTRIBUTION OF CAPITAL WITHIN THE TIME THE DEPARTMENT

1 SPECIFIES.

2 (B) PENALTY.--A QUALIFIED TAXPAYER THAT FAILS TO MAKE A  
3 CONTRIBUTION OF CAPITAL WITHIN THE TIME THE DEPARTMENT SPECIFIES  
4 SHALL BE SUBJECT TO A PENALTY EQUAL TO 10% OF THE AMOUNT OF  
5 CAPITAL THAT REMAINS UNPAID. THE PENALTY SHALL BE PAID TO THE  
6 DEPARTMENT WITHIN 30 DAYS AFTER DEMAND.

7 (C) REALLOCATION.--THE DEPARTMENT MAY OFFER TO REALLOCATE  
8 THE DEFAULTED CAPITAL AMONG OTHER QUALIFIED TAXPAYERS, SO THAT  
9 THE RESULT AFTER REALLOCATION IS THE SAME AS IF THE INITIAL  
10 ALLOCATION HAD BEEN PERFORMED WITHOUT CONSIDERING THE TAX CREDIT  
11 ALLOCATION TO THE DEFAULTING QUALIFIED TAXPAYER.

12 (D) CONTRIBUTION.--IF THE REALLOCATION OF CAPITAL UNDER  
13 SUBSECTION (C) RESULTS IN THE CONTRIBUTION BY ANOTHER QUALIFIED  
14 TAXPAYER OF THE AMOUNT OF CAPITAL NOT CONTRIBUTED BY THE  
15 DEFAULTING QUALIFIED TAXPAYER, THE DEPARTMENT MAY WAIVE THE  
16 PENALTY PROVIDED UNDER SUBSECTION (B).

17 (E) TRANSFER.--A QUALIFIED TAXPAYER THAT FAILS TO MAKE A  
18 CONTRIBUTION OF CAPITAL WITHIN THE TIME SPECIFIED MAY AVOID THE  
19 IMPOSITION OF THE PENALTY BY TRANSFERRING THE ALLOCATION OF TAX  
20 CREDITS TO A NEW OR EXISTING QUALIFIED TAXPAYER WITHIN 30 DAYS  
21 AFTER THE DUE DATE OF THE DEFAULTED INSTALLMENT. ANY TRANSFEREE  
22 OF AN ALLOCATION OF TAX CREDITS OF A DEFAULTING QUALIFIED  
23 TAXPAYER UNDER THIS SUBSECTION SHALL AGREE TO MAKE THE REQUIRED  
24 CONTRIBUTION OF CAPITAL WITHIN 30 DAYS AFTER THE DATE OF THE  
25 TRANSFER.

26 SECTION 1811-F. INNOVATE IN PA PROGRAM.

27 (A) ESTABLISHMENT.--THE INNOVATE IN PA PROGRAM IS  
28 ESTABLISHED WITHIN THE AUTHORITY.

29 (B) FUND.--THE AUTHORITY SHALL HAVE THE POWER AND DUTY TO  
30 ESTABLISH THE INNOVATE IN PA FUND WITHIN THIS AUTHORITY.

1 (C) DISTRIBUTION.--THE DEPARTMENT SHALL DISTRIBUTE THE NET  
2 PROCEEDS RECEIVED BY THE DEPARTMENT AS A RESULT OF THE SALE OF  
3 TAX CREDITS UNDER SECTION 1805-F(A) AS FOLLOWS:

4 (1) FIFTY PERCENT SHALL BE DISTRIBUTED TO THE BEN  
5 FRANKLIN TECHNOLOGY PARTNERS PROGRAM FOR USE ACCORDING TO  
6 PROGRAM GUIDELINES.

7 (2) FORTY-FIVE PERCENT SHALL BE DISTRIBUTED TO THE  
8 VENTURE INVESTMENT PROGRAM FOR USE ACCORDING TO PROGRAM  
9 GUIDELINES, INCLUDING TRADITIONAL VENTURE INVESTMENTS OR  
10 IMPACT INVESTMENTS. THE AUTHORITY MAY CONSIDER IMPACT  
11 INVESTMENTS BASED ON PERFORMANCE. IMPACT INVESTMENTS MAY NOT  
12 EXCEED 15% OF THE VENTURE INVESTMENT PROGRAM DISTRIBUTION  
13 UNDER THIS PARAGRAPH.

14 (3) FIVE PERCENT TO THE THREE REGIONAL BIOTECHNOLOGY  
15 RESEARCH CENTERS FOR DISTRIBUTION IN EQUAL PROPORTIONS TO  
16 EACH REGIONAL BIOTECHNOLOGY RESEARCH CENTER.

17 SECTION 1812-F. GUIDELINES.

18 THE DEPARTMENT, IN CONSULTATION WITH THE AUTHORITY AND EACH  
19 REGIONAL BIOTECHNOLOGY RESEARCH CENTER, SHALL PROMULGATE  
20 GUIDELINES IMPLEMENTING THIS ARTICLE.

21 SECTION 1813-F. REPORT.

22 (A) DUTIES.--ON OR BEFORE JANUARY 1, 2015, AND JANUARY 1 OF  
23 EACH SUBSEQUENT YEAR, THE DEPARTMENT, IN CONSULTATION WITH THE  
24 AUTHORITY AND EACH REGIONAL BIOTECHNOLOGY RESEARCH CENTER, SHALL  
25 DO THE FOLLOWING:

26 (1) SUBMIT A REPORT ON THE IMPLEMENTATION OF THE PROGRAM  
27 TO ALL OF THE FOLLOWING:

28 (I) THE GOVERNOR.

29 (II) THE CHAIRMAN AND MINORITY CHAIRMAN OF THE  
30 APPROPRIATIONS COMMITTEE OF THE SENATE.



1 SECTION 1901-B. SCOPE OF ARTICLE.

2 THIS ARTICLE RELATES TO NEIGHBORHOOD IMPROVEMENT ZONES.

3 SECTION 1902-B. DEFINITIONS.

4 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE  
5 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
6 CONTEXT CLEARLY INDICATES OTHERWISE:

7 "BONDS." INCLUDES NOTES, INSTRUMENTS, REFUNDING NOTES AND  
8 BONDS AND OTHER EVIDENCES OF INDEBTEDNESS OR OBLIGATIONS.

9 "CAPITAL FACILITIES DEBT ENABLING ACT." THE ACT OF FEBRUARY  
10 9, 1999 (P.L.1, NO.1), KNOWN AS THE CAPITAL FACILITIES DEBT  
11 ENABLING ACT.

12 "CITY." A CITY OF THE THIRD CLASS WITH, ON THE DATE OF THE  
13 DESIGNATION OF A NEIGHBORHOOD IMPROVEMENT ZONE BY THE  
14 CONTRACTING AUTHORITY, A POPULATION OF AT LEAST 106,000, BASED  
15 ON THE MOST RECENT FEDERAL DECENNIAL CENSUS.

16 "CONTRACTING AUTHORITY." AN AUTHORITY CREATED UNDER 53  
17 PA.C.S. CH. 56 (RELATING TO MUNICIPAL AUTHORITIES) FOR THE  
18 PURPOSE OF DESIGNATING A NEIGHBORHOOD IMPROVEMENT ZONE AND  
19 CONSTRUCTING A FACILITY OR OTHER AUTHORITY CREATED UNDER THE  
20 LAWS OF THIS COMMONWEALTH WHICH IS ELIGIBLE TO APPLY FOR AND  
21 RECEIVE REDEVELOPMENT ASSISTANCE CAPITAL GRANTS UNDER CHAPTER 3  
22 OF THE ACT OF FEBRUARY 9, 1999 (P.L.1, NO.1), KNOWN AS THE  
23 CAPITAL FACILITIES DEBT ENABLING ACT.

24 "DEPARTMENT." THE DEPARTMENT OF REVENUE OF THE COMMONWEALTH.

25 "EARNED INCOME TAX." A TAX OR PORTION OF A TAX IMPOSED ON  
26 EARNED INCOME WITHIN A NEIGHBORHOOD IMPROVEMENT ZONE UNDER THE  
27 ACT OF DECEMBER 31, 1965 (P.L.1257, NO.511), KNOWN AS THE LOCAL  
28 TAX ENABLING ACT, WHICH A CITY, OR A SCHOOL DISTRICT CONTAINED  
29 ENTIRELY WITHIN THE BOUNDARIES OF OR COTERMINOUS WITH THE CITY,  
30 IS ENTITLED TO RECEIVE.

1 "FACILITY." A STADIUM, ARENA OR OTHER STRUCTURE OWNED OR  
2 LEASED BY A PROFESSIONAL SPORTS ORGANIZATION AT WHICH  
3 PROFESSIONAL ATHLETIC EVENTS ARE CONDUCTED IN THE PRESENCE OF  
4 INDIVIDUALS WHO PAY ADMISSION TO VIEW THE EVENT CONSTRUCTED OR  
5 OPERATED BY THE CONTRACTING AUTHORITY.

6 "FACILITY COMPLEX." A DEVELOPMENT OR COMPLEX OF RESIDENTIAL,  
7 COMMERCIAL, EXHIBITION, HOSPITALITY, CONFERENCE, RETAIL AND  
8 COMMUNITY USES WHICH INCLUDES A STADIUM ARENA OR OTHER PLACE  
9 OWNED, LEASED OR UTILIZED BY A PROFESSIONAL SPORTS ORGANIZATION  
10 AT WHICH A PROFESSIONAL ATHLETIC EVENT OR OTHER EVENTS ARE  
11 CONDUCTED IN THE PRESENCE OF INDIVIDUALS WHO PAY ADMISSION TO  
12 VIEW THE EVENT.

13 "FUND." A NEIGHBORHOOD IMPROVEMENT ZONE FUND ESTABLISHED  
14 UNDER SECTION 1904-B.

15 "NEIGHBORHOOD IMPROVEMENT ZONE." A NEIGHBORHOOD IMPROVEMENT  
16 ZONE DESIGNATED BY THE CONTRACTING AUTHORITY FOR THE PURPOSES OF  
17 NEIGHBORHOOD IMPROVEMENT AND DEVELOPMENT WITHIN A CITY.

18 "PROFESSIONAL SPORTS ORGANIZATION." A SOLE PROPRIETORSHIP,  
19 CORPORATION, LIMITED LIABILITY COMPANY, PARTNERSHIP OR  
20 ASSOCIATION THAT MEETS ALL OF THE FOLLOWING:

21 (1) OWNS A PROFESSIONAL SPORTS FRANCHISE.

22 (2) CONDUCTS PROFESSIONAL ATHLETIC EVENTS OF THE SPORTS  
23 FRANCHISE AT A FACILITY.

24 "QUALIFIED BUSINESS." AN ENTITY AUTHORIZED TO CONDUCT  
25 BUSINESS IN THIS COMMONWEALTH WHICH IS LOCATED OR PARTIALLY  
26 LOCATED WITHIN A NEIGHBORHOOD IMPROVEMENT ZONE AND IS ENGAGED IN  
27 THE ACTIVE CONDUCT OF A TRADE OR BUSINESS FOR THE TAXABLE YEAR.  
28 AN AGENT, BROKER OR REPRESENTATIVE OF A BUSINESS SHALL NOT BE  
29 CONSIDERED TO BE IN THE ACTIVE CONDUCT OF TRADE OR BUSINESS FOR  
30 THE BUSINESS.

1 SECTION 1903-B. FACILITY.

2 THE CONTRACTING AUTHORITY MAY DESIGNATE A NEIGHBORHOOD  
3 IMPROVEMENT ZONE OF NOT GREATER THAN 130 ACRES IN WHICH A  
4 FACILITY OR FACILITY COMPLEX MAY BE CONSTRUCTED AND MAY BORROW  
5 FUNDS FOR THE PURPOSE OF IMPROVEMENT AND DEVELOPMENT WITHIN THE  
6 NEIGHBORHOOD IMPROVEMENT ZONE AND CONSTRUCTION OF A FACILITY OR  
7 FACILITY COMPLEX WITHIN THE ZONE.

8 SECTION 1904-B. NEIGHBORHOOD IMPROVEMENT ZONE FUNDS.

9 (A) SPECIAL FUNDS.--FOLLOWING THE DESIGNATION OF A  
10 NEIGHBORHOOD IMPROVEMENT ZONE, THE CONTRACTING AUTHORITY SHALL,  
11 WITHIN TEN DAYS OF MAKING THE DESIGNATION OR, IN THE CASE OF A  
12 NEIGHBORHOOD IMPROVEMENT ZONE DESIGNATED PRIOR TO JULY 1, 2012,  
13 WITHIN TEN DAYS OF JULY 2, 2012, NOTIFY THE STATE TREASURER OF  
14 THE DESIGNATION. UPON THE NOTICE, THE STATE TREASURER SHALL  
15 ESTABLISH A SPECIAL FUND FOR THE BENEFIT OF EACH CONTRACTING  
16 AUTHORITY TO BE KNOWN AS THE "NEIGHBORHOOD IMPROVEMENT ZONE  
17 FUND." INTEREST INCOME DERIVED FROM INVESTMENT OF THE MONEY IN  
18 EACH FUND SHALL BE CREDITED BY THE TREASURY DEPARTMENT TO THE  
19 FUND.

20 (A.1) CERTIFICATION.--

21 (1) WITHIN 30 DAYS OF THE END OF EACH CALENDAR YEAR,  
22 EACH QUALIFIED BUSINESS SHALL FILE A REPORT WITH THE  
23 DEPARTMENT WHICH COMPLIES WITH ALL OF THE FOLLOWING:

24 (I) STATES EACH STATE TAX, CALCULATED IN ACCORDANCE  
25 WITH SUBSECTION (B), WHICH WAS PAID BY THE QUALIFIED  
26 BUSINESS IN THE PRIOR CALENDAR YEAR.

27 (II) LISTS EACH STATE TAX REFUND WHICH COMPLIES WITH  
28 ALL OF THE FOLLOWING:

29 (A) THE REFUND IS FOR A TAX:

30 (I) SET FORTH IN SUBSECTION (B); AND

1                   (II) CERTIFIED AS PAID UNDER SUBSECTION (B).  
2                   (B) THE REFUND WAS RECEIVED IN THE PRIOR  
3                   CALENDAR YEAR BY THE QUALIFIED BUSINESS.

4                   (III) IS IN A FORM AND MANNER REQUIRED BY THE  
5                   DEPARTMENT.

6                   (2) IN ADDITION TO ANY PENALTIES IMPOSED UNDER THIS ACT  
7                   FOR FAILURE TO TIMELY PAY STATE TAXES, FAILURE TO FILE A  
8                   TIMELY AND COMPLETE REPORT UNDER PARAGRAPH (1) SHALL RESULT  
9                   IN THE IMPOSITION OF A PENALTY OF 10% OF ALL STATE TAXES,  
10                   CALCULATED IN ACCORDANCE WITH SUBSECTION (B), WHICH WERE  
11                   PAYABLE BY THE QUALIFIED BUSINESS IN THE PRIOR CALENDAR YEAR.

12                   (3) ANY PENALTY IMPOSED UNDER THIS SUBSECTION SHALL BE  
13                   IMPOSED, ASSESSED AND COLLECTED BY THE DEPARTMENT UNDER THE  
14                   PROVISIONS FOR IMPOSING, ASSESSING AND COLLECTING PENALTIES  
15                   UNDER ARTICLE II OF THIS ACT. WHEN THE PENALTY IS RECEIVED,  
16                   THE MONEY SHALL BE TRANSFERRED FROM THE GENERAL FUND TO THE  
17                   FUND OF THE CONTRACTING AUTHORITY THAT DESIGNATED THE  
18                   NEIGHBORHOOD IMPROVEMENT ZONE IN WHICH THE QUALIFYING  
19                   BUSINESS IS LOCATED.

20                   (4) WITHIN 30 DAYS OF THE END OF EACH CALENDAR YEAR,  
21                   EACH QUALIFIED BUSINESS SHALL FILE A REPORT WITH THE LOCAL  
22                   TAXING AUTHORITY REPORTING ALL LOCAL TAXES, CALCULATED IN  
23                   ACCORDANCE WITH SUBSECTION (B), WHICH WERE PAID BY THE  
24                   QUALIFIED BUSINESS IN THE PRIOR CALENDAR YEAR. THE REPORT  
25                   FROM EACH QUALIFIED BUSINESS SHALL ALSO LIST ANY LOCAL TAX  
26                   REFUNDS OF TAXES SET FORTH IN SUBSECTION (B) RECEIVED IN THE  
27                   PRIOR CALENDAR YEAR BY THE QUALIFIED BUSINESS AND ANY REFUNDS  
28                   RELATED TO THE LOCAL TAXES AS CALCULATED IN ACCORDANCE WITH  
29                   SUBSECTION (B). THE REPORT SHALL BE IN A FORM AND MANNER  
30                   REQUIRED BY THE DEPARTMENT.

1 (A.2) TRANSITION.--

2 (1) SUBJECT TO PARAGRAPHS (3) AND (4), WITHIN 15 DAYS OF  
3 JULY 2, 2012, THE STATE TREASURER SHALL:

4 (I) DETERMINE THE AMOUNT OF MONEY IN THE  
5 NEIGHBORHOOD IMPROVEMENT ZONE FUND EXISTING ON JULY 2,  
6 2012, WHICH IS ATTRIBUTABLE TO EACH NEIGHBORHOOD  
7 IMPROVEMENT ZONE; AND

8 (II) TRANSFER THE AMOUNT OF MONEY IN THE  
9 NEIGHBORHOOD IMPROVEMENT ZONE FUND EXISTING ON JULY 2,  
10 2012, TO THE FUND FOR EACH CONTRACTING AUTHORITY FOR  
11 WHICH MONEY WAS DEPOSITED.

12 (2) AN ENTITY COLLECTING A LOCAL TAX THAT, ON JULY 2,  
13 2012, IS IN POSSESSION OF MONEY ATTRIBUTABLE TO A LOCAL TAX  
14 NOT INCLUDED IN THE AMOUNT TO BE CALCULATED AND CERTIFIED  
15 UNDER SUBSECTION (B) SHALL PROMPTLY REMIT THAT MONEY TO THE  
16 LOCAL TAXING AUTHORITY ENTITLED TO RECEIVE THE MONEY.

17 (3) TRANSFER AND REPAYMENT IS SUBJECT TO THE FOLLOWING:

18 (I) BEFORE MAKING THE TRANSFER UNDER PARAGRAPH (1),  
19 THE STATE TREASURER SHALL:

20 (A) DETERMINE THE AMOUNT OF MONEY DEPOSITED IN  
21 THE FUND WHICH WAS ATTRIBUTABLE TO EARNED INCOME  
22 TAXES THAT A CONTRACTING AUTHORITY IS NOT ENTITLED TO  
23 RECEIVE UNDER SUBSECTION (B); AND

24 (B) DEDUCT THE AMOUNT OF MONEY DETERMINED UNDER  
25 CLAUSE (A) FROM THE MONEY TO BE TRANSFERRED UNDER  
26 PARAGRAPH (1).

27 (II) IF ANY AMOUNT OF THE MONEY UNDER SUBPARAGRAPH  
28 (I) (A) HAS ALREADY BEEN TRANSFERRED TO A CONTRACTING  
29 AUTHORITY, THE STATE TREASURER SHALL TAKE ACTION AS  
30 NECESSARY TO RECOVER THE MONEY FROM THE CONTRACTING

1 AUTHORITY, INCLUDING BY WAY OF SETOFF FROM MONEY TO BE  
2 PAID TO THE CONTRACTING AUTHORITY UNDER PARAGRAPH (1).  
3 THE CONTRACTING AUTHORITY SHALL COMPLY WITH A DEMAND MADE  
4 BY THE STATE TREASURER FOR THE REPAYMENT OF MONEY UNDER  
5 THIS PARAGRAPH.

6 (4) AS TO THE MONEY DEDUCTED OR RECOVERED UNDER  
7 PARAGRAPH (3), THE STATE TREASURER SHALL:

8 (I) IDENTIFY THE LOCAL TAXING AUTHORITIES THAT WERE  
9 ENTITLED TO RECEIVE THE MONEY WHICH WAS DEPOSITED IN THE  
10 FUND;

11 (II) DETERMINE THE AMOUNT TO WHICH EACH LOCAL TAXING  
12 AUTHORITY WAS ENTITLED; AND

13 (III) REMIT THE AMOUNT UNDER SUBPARAGRAPH (II) TO  
14 THE PROPER LOCAL TAXING AUTHORITY.

15 (B) CALCULATION.--WITHIN 60 DAYS OF THE END OF EACH CALENDAR  
16 YEAR, THE DEPARTMENT SHALL CERTIFY SEPARATELY FOR EACH  
17 NEIGHBORHOOD IMPROVEMENT ZONE THE AMOUNTS OF STATE TAXES PAID,  
18 LESS ANY STATE TAX REFUNDS RECEIVED, BY THE QUALIFIED BUSINESSES  
19 FILING REPORTS UNDER SUBSECTION (A.1) (1) TO THE OFFICE OF THE  
20 BUDGET. BEGINNING IN THE FIRST FULL CALENDAR YEAR FOLLOWING THE  
21 DESIGNATION OF A NEIGHBORHOOD IMPROVEMENT ZONE AND IN EACH  
22 CALENDAR YEAR THEREAFTER, BY NOVEMBER 1, THE DEPARTMENT SHALL  
23 CALCULATE, IN ACCORDANCE WITH THIS SUBSECTION, AMOUNTS OF STATE  
24 TAXES ACTUALLY RECEIVED BY THE COMMONWEALTH FROM EACH QUALIFIED  
25 BUSINESS THAT FILED A REPORT UNDER SUBSECTION (A.1) (1) IN THE  
26 PRIOR CALENDAR YEAR, AND THE DEPARTMENT SHALL CERTIFY THE  
27 AMOUNTS RECEIVED TO THE OFFICE. AN ENTITY COLLECTING A LOCAL TAX  
28 WITHIN THE NEIGHBORHOOD IMPROVEMENT ZONE SHALL, WITHIN 30 DAYS  
29 OF THE END OF EACH CALENDAR YEAR, SUBMIT ALL OF THE LOCAL TAXES  
30 THAT ARE TO BE CALCULATED UNDER THIS SUBSECTION AND WHICH WERE

1 PAID IN THE PRIOR CALENDAR YEAR, LESS ANY CERTIFIED LOCAL TAX  
2 REFUNDS RECEIVED BY A QUALIFIED BUSINESS IN THE PRIOR CALENDAR  
3 YEAR, TO THE STATE TREASURER TO BE DEPOSITED IN THE FUND UNDER  
4 SUBSECTION (D) OF THE CONTRACTING AUTHORITY THAT ESTABLISHED THE  
5 NEIGHBORHOOD IMPROVEMENT ZONE. THIS SUBSECTION SHALL NOT APPLY  
6 TO ANY TAXES SUBJECT TO A VALID PLEDGE OR SECURITY INTEREST  
7 ENTERED INTO IN ORDER TO SECURE DEBT SERVICE ON BONDS IF THE  
8 PLEDGE OR SECURITY INTEREST WAS ENTERED INTO PRIOR TO MAY 1,  
9 2011, OR IN THE CASE OF THE NEIGHBORHOOD IMPROVEMENT ZONE  
10 DESIGNATED AFTER JULY 1, 2011, ON THE DATE OF THE DESIGNATION,  
11 AND IS STILL IN EFFECT. THE FOLLOWING SHALL BE THE AMOUNTS  
12 CALCULATED AND CERTIFIED SEPARATELY FOR EACH NEIGHBORHOOD  
13 IMPROVEMENT ZONE:

14 (1) AN AMOUNT EQUAL TO ALL CORPORATE NET INCOME TAX,  
15 CAPITAL STOCK AND FRANCHISE TAX, PERSONAL INCOME TAX,  
16 BUSINESS PRIVILEGE TAX, BUSINESS PRIVILEGE LICENSING FEES AND  
17 EARNED INCOME TAX RELATED TO THE OWNERSHIP AND OPERATION OF A  
18 PROFESSIONAL SPORTS ORGANIZATION CONDUCTING PROFESSIONAL  
19 ATHLETIC EVENTS AT THE FACILITY OR FACILITY COMPLEX.

20 (2) AN AMOUNT EQUAL TO ALL OF THE FOLLOWING:

21 (I) ALL PERSONAL INCOME TAX, EARNED INCOME TAX AND  
22 LOCAL SERVICES TAX WITHHELD FROM ITS EMPLOYEES BY A  
23 PROFESSIONAL SPORTS ORGANIZATION CONDUCTING PROFESSIONAL  
24 ATHLETIC EVENTS AT THE FACILITY OR FACILITY COMPLEX.

25 (II) ALL PERSONAL INCOME TAX, EARNED INCOME TAX AND  
26 LOCAL SERVICES TAX WITHHELD FROM THE EMPLOYEES OF ANY  
27 PROVIDER OF EVENTS AT OR SERVICES TO, OR ANY OPERATOR OF  
28 AN ENTERPRISE IN, THE FACILITY OR FACILITY COMPLEX.

29 (III) ALL PERSONAL INCOME TAX, EARNED INCOME TAX AND  
30 LOCAL SERVICES TAX TO WHICH THE COMMONWEALTH WOULD BE

1 ENTITLED FROM PERFORMERS OR OTHER PARTICIPANTS, INCLUDING  
2 VISITING TEAMS, AT AN EVENT OR ACTIVITY AT THE FACILITY  
3 OR FACILITY COMPLEX.

4 (3) AN AMOUNT EQUAL TO ALL SALES AND USE TAX RELATED TO  
5 THE OPERATION OF THE PROFESSIONAL SPORTS ORGANIZATION AND THE  
6 FACILITY AND ENTERPRISES DEVELOPED AS PART OF THE FACILITY  
7 COMPLEX. THIS PARAGRAPH SHALL INCLUDE SALES AND USE TAX PAID  
8 BY ANY PROVIDER OF EVENTS OR ACTIVITIES AT OR SERVICES TO THE  
9 FACILITY OR FACILITY COMPLEX, INCLUDING SALES AND USE TAX  
10 PAID BY VENDORS AND CONCESSIONAIRES AND CONTRACTORS AT THE  
11 FACILITY OR FACILITY COMPLEX.

12 (4) AN AMOUNT EQUAL TO ALL TAX PAID TO THE COMMONWEALTH  
13 RELATED TO THE SALE OF ANY LIQUOR, WINE OR MALT OR BREWED  
14 BEVERAGE IN THE FACILITY OR FACILITY COMPLEX.

15 (5) THE AMOUNT PAID BY THE PROFESSIONAL SPORTS  
16 ORGANIZATION OR BY ANY PROVIDER OF EVENTS OR ACTIVITIES AT OR  
17 SERVICES TO THE FACILITY OR FACILITY COMPLEX OF ANY NEW TAX  
18 ENACTED BY THE COMMONWEALTH FOLLOWING OCTOBER 9, 2009.

19 (6) AN AMOUNT EQUAL TO ALL PERSONAL INCOME TAX, EARNED  
20 INCOME TAX AND LOCAL SERVICES TAX WITHHELD FROM PERSONNEL BY  
21 THE PROFESSIONAL SPORTS ORGANIZATION OR BY A CONTRACTOR OR  
22 OTHER ENTITY INVOLVED IN THE CONSTRUCTION OF THE FACILITY OR  
23 FACILITY COMPLEX.

24 (7) AN AMOUNT EQUAL TO ALL SALES AND USE TAX PAID ON  
25 MATERIALS AND OTHER CONSTRUCTION COSTS, WHETHER WITHHELD OR  
26 PAID BY THE PROFESSIONAL SPORTS ORGANIZATION OR OTHER ENTITY,  
27 DIRECTLY RELATED TO THE CONSTRUCTION OF THE FACILITY OR  
28 FACILITY COMPLEX.

29 (8) AN AMOUNT EQUAL TO ALL OF THE FOLLOWING:

30 (I) ALL CORPORATE NET INCOME TAX, CAPITAL STOCK AND

1 FRANCHISE TAX, PERSONAL INCOME TAX, BUSINESS PRIVILEGE  
2 TAX, BUSINESS PRIVILEGE LICENSING FEES AND EARNED INCOME  
3 TAX RELATED TO THE OWNERSHIP AND OPERATION OF ANY  
4 QUALIFIED BUSINESS WITHIN THE NEIGHBORHOOD IMPROVEMENT  
5 ZONE.

6 (II) ALL PERSONAL INCOME TAX, EARNED INCOME TAX AND  
7 LOCAL SERVICES TAX WITHHELD FROM ITS EMPLOYEES BY A  
8 QUALIFIED BUSINESS WITHIN THE NEIGHBORHOOD IMPROVEMENT  
9 ZONE.

10 (III) ALL PERSONAL INCOME TAX, EARNED INCOME TAX AND  
11 LOCAL SERVICES TAX WITHHELD FROM THE EMPLOYEES OF A  
12 QUALIFIED BUSINESS THAT PROVIDES EVENTS, ACTIVITIES OR  
13 SERVICES IN THE NEIGHBORHOOD IMPROVEMENT ZONE.

14 (IV) ALL PERSONAL INCOME TAX, EARNED INCOME TAX AND  
15 LOCAL SERVICES TAX TO WHICH THE COMMONWEALTH WOULD BE  
16 ENTITLED FROM PERFORMERS OR OTHER PARTICIPANTS AT AN  
17 EVENT OR ACTIVITY IN THE NEIGHBORHOOD IMPROVEMENT ZONE.

18 (V) ALL SALES AND USE TAX RELATED TO THE OPERATION  
19 OF A QUALIFIED BUSINESS WITHIN THE NEIGHBORHOOD  
20 IMPROVEMENT ZONE. THIS SUBPARAGRAPH SHALL INCLUDE SALES  
21 AND USE TAX PAID BY A QUALIFIED BUSINESS THAT PROVIDES  
22 EVENTS, ACTIVITIES OR SERVICES IN THE NEIGHBORHOOD  
23 IMPROVEMENT ZONE.

24 (VI) ALL TAX PAID BY A QUALIFIED BUSINESS TO THE  
25 COMMONWEALTH RELATED TO THE SALE OF ANY LIQUOR, WINE OR  
26 MALT OR BREWED BEVERAGE WITHIN THE NEIGHBORHOOD  
27 IMPROVEMENT ZONE.

28 (VII) THE AMOUNT PAID A QUALIFIED BUSINESS WITHIN  
29 THE NEIGHBORHOOD IMPROVEMENT ZONE OF ANY NEW TAX ENACTED  
30 BY THE COMMONWEALTH FOLLOWING OCTOBER 9, 2009.

1           (VIII) ALL PERSONAL INCOME TAX, EARNED INCOME TAX  
2           AND LOCAL SERVICES TAX WITHHELD FROM PERSONNEL BY A  
3           QUALIFIED BUSINESS INVOLVED IN THE IMPROVEMENT,  
4           DEVELOPMENT OR CONSTRUCTION OF THE NEIGHBORHOOD  
5           IMPROVEMENT ZONE.

6           (IX) ALL SALES AND USE TAX PAID ON MATERIALS AND  
7           OTHER CONSTRUCTION COSTS, WHETHER WITHHELD OR PAID BY THE  
8           PROFESSIONAL SPORTS ORGANIZATION OR OTHER QUALIFIED  
9           BUSINESS, DIRECTLY RELATED TO THE IMPROVEMENT,  
10           DEVELOPMENT OR CONSTRUCTION OF THE NEIGHBORHOOD  
11           IMPROVEMENT ZONE.

12           (X) AN AMOUNT EQUAL TO ANY AMUSEMENT TAX PAID BY A  
13           QUALIFIED BUSINESS OPERATING IN THE NEIGHBORHOOD  
14           IMPROVEMENT ZONE. NO POLITICAL SUBDIVISION OR OTHER  
15           ENTITY AUTHORIZED TO COLLECT AMUSEMENT TAXES MAY IMPOSE  
16           OR INCREASE THE RATE OF ANY TAX ON ADMISSIONS TO PLACES  
17           OF ENTERTAINMENT, EXHIBITION, AMUSEMENT OR UPON ATHLETIC  
18           EVENTS IN THE NEIGHBORHOOD IMPROVEMENT ZONE WHICH ARE NOT  
19           IN EFFECT ON THE DATE THE NEIGHBORHOOD IMPROVEMENT ZONE  
20           IS DESIGNATED BY THE CONTRACTING AUTHORITY.

21           (9) EXCEPT FOR A TAX LEVIED AGAINST REAL PROPERTY AND  
22           NOTWITHSTANDING ANY OTHER LAW, AN AMOUNT EQUAL TO ANY TAX  
23           IMPOSED BY THE COMMONWEALTH OR ANY OF ITS POLITICAL  
24           SUBDIVISIONS ON A QUALIFIED BUSINESS ENGAGED IN AN ACTIVITY  
25           WITHIN THE NEIGHBORHOOD IMPROVEMENT ZONE OR DIRECTLY OR  
26           INDIRECTLY ON ANY SALE OR PURCHASE OF GOODS OR SERVICES,  
27           WHERE THE POINT OF SALE OR PURCHASE IS WITHIN THE  
28           NEIGHBORHOOD IMPROVEMENT ZONE.

29           (C) STATE TAX LIABILITY APPORTIONMENT.--FOR THE PURPOSE OF  
30           MAKING THE CALCULATIONS UNDER SUBSECTION (B), THE STATE TAX

1 LIABILITY OF A QUALIFIED BUSINESS SHALL BE APPORTIONED TO THE  
2 NEIGHBORHOOD IMPROVEMENT ZONE BY MULTIPLYING THE PENNSYLVANIA  
3 STATE TAX LIABILITY BY A FRACTION, THE NUMERATOR OF WHICH IS THE  
4 PROPERTY FACTOR PLUS THE PAYROLL FACTOR PLUS THE SALES FACTOR  
5 AND THE DENOMINATOR OF WHICH IS THREE, IN ACCORDANCE WITH THE  
6 FOLLOWING:

7 (1) THE PROPERTY FACTOR IS A FRACTION, THE NUMERATOR OF  
8 WHICH IS THE AVERAGE VALUE OF THE TAXPAYER'S REAL AND  
9 TANGIBLE PERSONAL PROPERTY OWNED OR RENTED AND USED IN THE  
10 NEIGHBORHOOD IMPROVEMENT ZONE DURING THE TAX PERIOD AND THE  
11 DENOMINATOR OF WHICH IS THE AVERAGE VALUE OF ALL THE  
12 TAXPAYER'S REAL AND TANGIBLE PERSONAL PROPERTY OWNED OR  
13 RENTED AND USED IN THIS COMMONWEALTH DURING THE TAX PERIOD  
14 BUT SHALL NOT INCLUDE THE SECURITY INTEREST OF ANY  
15 CORPORATION AS SELLER OR LESSOR IN PERSONAL PROPERTY SOLD OR  
16 LEASED UNDER A CONDITIONAL SALE, BAILMENT LEASE, CHATTEL  
17 MORTGAGE OR OTHER CONTRACT PROVIDING FOR THE RETENTION OF A  
18 LIEN OR TITLE AS SECURITY FOR THE SALE PRICE OF THE PROPERTY.

19 (2) THE FOLLOWING APPLY:

20 (I) THE PAYROLL FACTOR IS A FRACTION, THE NUMERATOR  
21 OF WHICH IS THE TOTAL AMOUNT PAID IN THE NEIGHBORHOOD  
22 IMPROVEMENT ZONE DURING THE TAX PERIOD BY THE TAXPAYER  
23 FOR COMPENSATION AND THE DENOMINATOR OF WHICH IS THE  
24 TOTAL COMPENSATION PAID IN THIS COMMONWEALTH DURING THE  
25 TAX PERIOD.

26 (II) COMPENSATION IS PAID IN THE NEIGHBORHOOD  
27 IMPROVEMENT ZONE IF:

28 (A) THE PERSON'S SERVICE IS PERFORMED ENTIRELY  
29 WITHIN THE NEIGHBORHOOD IMPROVEMENT ZONE;

30 (B) THE PERSON'S SERVICE IS PERFORMED BOTH

1           WITHIN AND WITHOUT THE NEIGHBORHOOD IMPROVEMENT ZONE,  
2           BUT THE SERVICE PERFORMED WITHOUT THE NEIGHBORHOOD  
3           IMPROVEMENT ZONE IS INCIDENTAL TO THE PERSON'S  
4           SERVICE WITHIN THE NEIGHBORHOOD IMPROVEMENT ZONE; OR  
5           (C) SOME OF THE SERVICE IS PERFORMED IN THE  
6           NEIGHBORHOOD IMPROVEMENT ZONE AND THE BASE OF  
7           OPERATIONS OR, IF THERE IS NO BASE OF OPERATIONS, THE  
8           PLACE FROM WHICH THE SERVICE IS DIRECTED OR  
9           CONTROLLED IS IN THE NEIGHBORHOOD IMPROVEMENT ZONE,  
10           OR THE BASE OF OPERATIONS OR THE PLACE FROM WHICH THE  
11           SERVICE IS DIRECTED OR CONTROLLED IS NOT IN ANY  
12           LOCATION IN WHICH SOME PART OF THE SERVICE IS  
13           PERFORMED, BUT THE PERSON'S RESIDENCE IS IN THE  
14           NEIGHBORHOOD IMPROVEMENT ZONE.

15           (3) THE SALES FACTOR IS A FRACTION, THE NUMERATOR OF  
16           WHICH IS THE TOTAL SALES OF THE TAXPAYER IN THE NEIGHBORHOOD  
17           IMPROVEMENT ZONE DURING THE TAX PERIOD AND THE DENOMINATOR OF  
18           WHICH IS THE TOTAL SALES OF THE TAXPAYER IN THIS COMMONWEALTH  
19           DURING THE TAX PERIOD.

20           (I) SALES OF TANGIBLE PERSONAL PROPERTY ARE IN THE  
21           NEIGHBORHOOD IMPROVEMENT ZONE IF THE PROPERTY IS  
22           DELIVERED OR SHIPPED TO A PURCHASER THAT TAKES POSSESSION  
23           WITHIN THE NEIGHBORHOOD IMPROVEMENT ZONE REGARDLESS OF  
24           THE F.O.B. POINT OR OTHER CONDITIONS OF THE SALE.

25           (II) SALES OTHER THAN SALES OF TANGIBLE PERSONAL  
26           PROPERTY ARE IN THE NEIGHBORHOOD IMPROVEMENT ZONE IF:

27           (A) THE INCOME-PRODUCING ACTIVITY IS PERFORMED  
28           IN THE NEIGHBORHOOD IMPROVEMENT ZONE; OR

29           (B) THE INCOME-PRODUCING ACTIVITY IS PERFORMED  
30           BOTH WITHIN AND WITHOUT THE NEIGHBORHOOD IMPROVEMENT

1           ZONE AND A GREATER PROPORTION OF THE INCOME-PRODUCING  
2           ACTIVITY IS PERFORMED IN THE NEIGHBORHOOD IMPROVEMENT  
3           ZONE THAN IN ANY OTHER LOCATION, BASED ON COSTS OF  
4           PERFORMANCE.

5    (D) TRANSFERS.--

6           (1) WITHIN TEN DAYS OF RECEIVING CERTIFICATION UNDER  
7           SUBSECTION (B), THE SECRETARY OF THE BUDGET SHALL DIRECT THE  
8           STATE TREASURER TO, NOTWITHSTANDING ANY OTHER LAW, TRANSFER  
9           THE AMOUNTS CERTIFIED UNDER SUBSECTION (B) FOR EACH  
10           NEIGHBORHOOD IMPROVEMENT ZONE FROM THE GENERAL FUND TO THE  
11           FUND OF THE CONTRACTING AUTHORITY THAT ESTABLISHED THE  
12           NEIGHBORHOOD IMPROVEMENT ZONE. BEGINNING IN THE SECOND  
13           CALENDAR YEAR FOLLOWING THE DESIGNATION OF A NEIGHBORHOOD  
14           IMPROVEMENT ZONE AND IN EACH YEAR THEREAFTER, THE AMOUNTS  
15           CERTIFIED BY THE SECRETARY TO THE STATE TREASURER AND THE  
16           AMOUNTS TRANSFERRED BY THE STATE TREASURER TO THE FUND OF  
17           EACH CONTRACTING AUTHORITY SHALL BE DETERMINED AS FOLLOWS:

18           (I) ADD AMOUNTS CERTIFIED BY THE DEPARTMENT UNDER  
19           SUBSECTION (B) FOR THE PRIOR CALENDAR YEAR.

20           (II) SUBTRACT FROM THE SUM UNDER SUBPARAGRAPH (I)  
21           ANY STATE TAX REFUNDS PAID AS CERTIFIED BY THE DEPARTMENT  
22           UNDER SUBSECTION (B).

23           (III) ADD TO THE DIFFERENCE UNDER SUBPARAGRAPH (II)  
24           ANY AMOUNTS CERTIFIED UNDER SUBSECTION (B) WITH RESPECT  
25           TO THE SECOND PRIOR CALENDAR YEAR.

26           (IV) SUBTRACT FROM THE SUM UNDER SUBPARAGRAPH (III)  
27           ANY AMOUNTS CERTIFIED UNDER SUBSECTION (B) WHICH ARE LESS  
28           THAN THE AMOUNTS PREVIOUSLY CERTIFIED UNDER SUBSECTION  
29           (B) WITH RESPECT TO THE SECOND PRIOR CALENDAR YEAR.

30           (2) THE STATE TREASURER SHALL PROVIDE AN ANNUAL TRANSFER

1 TO THE CONTRACTING AUTHORITY UNTIL THE BONDS ISSUED TO  
2 FINANCE AND REFINANCE THE IMPROVEMENT AND DEVELOPMENT OF THE  
3 NEIGHBORHOOD IMPROVEMENT ZONE AND THE CONSTRUCTION OF THE  
4 FACILITY OR FACILITY COMPLEX ARE RETIRED. EACH ANNUAL  
5 TRANSFER TO THE CONTRACTING AUTHORITY SHALL BE EQUAL TO THE  
6 BALANCE OF THE FUND OF THE CONTRACTING AUTHORITY ON THE DATE  
7 OF THE TRANSFER UNDER PARAGRAPH (1).

8 (E) RESTRICTION ON USE OF MONEY.--MONEY TRANSFERRED UNDER  
9 SUBSECTION (D) IS SUBJECT TO THE FOLLOWING:

10 (1) THE MONEY MAY ONLY BE UTILIZED AS FOLLOWS:

11 (I) FOR PAYMENT OF DEBT SERVICE, DIRECTLY OR  
12 INDIRECTLY THROUGH A MULTITIERED OWNERSHIP STRUCTURE OR  
13 OTHER STRUCTURE AUTHORIZED BY A CONTRACTING AUTHORITY TO  
14 FACILITATE FINANCING MECHANISMS, ON BONDS OR ON  
15 REFINANCING LOANS USED TO REPAY BONDS ISSUED TO FINANCE  
16 OR REFINANCE:

17 (A) THE IMPROVEMENT AND DEVELOPMENT OF ALL OR  
18 ANY PART OF THE NEIGHBORHOOD IMPROVEMENT ZONE; AND

19 (B) THE CONSTRUCTION OF ALL OR PART OF A  
20 FACILITY OR FACILITY COMPLEX.

21 (II) FOR PAYMENT OF DEBT SERVICE ON BONDS ISSUED TO  
22 REFUND THOSE BONDS.

23 (III) FOR REPLENISHMENT OF AMOUNTS REQUIRED IN ANY  
24 DEBT SERVICE RESERVE FUNDS ESTABLISHED TO PAY DEBT  
25 SERVICE ON BONDS.

26 (1.1) THE TERM OF A BOND TO BE REFUNDED SHALL NOT EXCEED  
27 THE MAXIMUM TERM PERMITTED FOR THE ORIGINAL BOND ISSUED FOR  
28 THE IMPROVEMENT OR DEVELOPMENT OF THE NEIGHBORHOOD  
29 IMPROVEMENT ZONE AND THE CONSTRUCTION OF A FACILITY OR  
30 FACILITY COMPLEX.

1           (2) THE MONEY MAY NOT BE UTILIZED FOR PURPOSES OF  
2           RENOVATING OR REPAIRING A FACILITY OR FACILITY COMPLEX,  
3           EXCEPT FOR CAPITAL MAINTENANCE AND IMPROVEMENT PROJECTS.

4           (F) TICKET SURCHARGE.--THE ENTITY OPERATING THE FACILITY MAY  
5           COLLECT A CAPITAL REPAIR AND IMPROVEMENT TICKET SURCHARGE, THE  
6           PROCEEDS OF WHICH SHALL BE DEPOSITED INTO THE FUND OF EACH  
7           CONTRACTING AUTHORITY. THE FUND OF EACH CONTRACTING AUTHORITY  
8           SHALL BE MAINTAINED AND UTILIZED AS FOLLOWS:

9           (1) THE MONEY DEPOSITED UNDER THIS SUBSECTION MAY NOT BE  
10           ENCUMBERED FOR ANY REASON AND SHALL BE TRANSFERRED TO THE  
11           ENTITY FOR CAPITAL REPAIR AND IMPROVEMENT PROJECTS UPON  
12           REQUEST FROM THE ENTITY.

13           (2) UPON THE EXPIRATION OF THE NEIGHBORHOOD IMPROVEMENT  
14           ZONE UNDER SECTION 1906-B, ANY AND ALL PORTIONS OF THE FUND  
15           ATTRIBUTABLE TO THE TICKET SURCHARGE SHALL BE IMMEDIATELY  
16           TRANSFERRED TO THE CONTRACTING AUTHORITY TO BE HELD IN ESCROW  
17           WHERE THEY SHALL BE UNENCUMBERED AND MAINTAINED BY THE  
18           CONTRACTING AUTHORITY IN THE SAME MANNER AS THE FUND. UPON  
19           THE TRANSFER, ANY TICKET SURCHARGE COLLECTED BY THE OPERATING  
20           ENTITY SHALL THEREAFTER BE DEPOSITED IN THE ACCOUNT  
21           MAINTAINED BY THE CONTRACTING AUTHORITY AND DISPERSED FOR A  
22           CAPITAL REPAIR AND IMPROVEMENT PROJECT UPON REQUEST BY THE  
23           OPERATING ENTITY.

24           (G) EXCESS MONEY.--WITHIN 30 DAYS OF THE END OF EACH  
25           CALENDAR YEAR, ANY MONEY REMAINING IN THE FUND OF EACH  
26           CONTRACTING AUTHORITY AT THE END OF THE PRIOR CALENDAR YEAR  
27           AFTER THE REQUIRED PAYMENTS UNDER SUBSECTION (D) (2) WERE MADE IN  
28           THE PRIOR CALENDAR YEAR SHALL BE REFUNDED IN THE FOLLOWING  
29           MANNER:

30           (1) MONEY SHALL FIRST BE RETURNED TO THE GENERAL FUND TO

1 THE EXTENT THAT THE EXCESS MONEY IS PART OF THE TRANSFER  
2 UNDER SUBSECTION (D) (1).

3 (2) MONEY SHALL NEXT BE PAID TO THE CONTRACTING  
4 AUTHORITY TO THE EXTENT THAT THE AMOUNTS PAID UNDER  
5 SUBSECTION (D) (2) CONSISTED OF LOCAL TAXES. THE CONTRACTING  
6 AUTHORITY SHALL RETURN THE MONEY TO THE APPROPRIATE ENTITIES  
7 COLLECTING LOCAL TAX WHO SUBMITTED THE LOCAL TAXES TO THE  
8 STATE TREASURER UNDER SUBSECTION (B).

9 SECTION 1905-B. KEYSTONE OPPORTUNITY ZONE.

10 WITHIN FOUR MONTHS FOLLOWING THE DESIGNATION OF A  
11 NEIGHBORHOOD IMPROVEMENT ZONE, A CITY MAY APPLY TO THE  
12 DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT TO DECERTIFY  
13 AND REMOVE THE DESIGNATION OF ALL OR PART OF THE KEYSTONE  
14 OPPORTUNITY ZONE ON BEHALF OF ALL POLITICAL SUBDIVISIONS. THE  
15 PROVISIONS OF SECTION 309 OF THE ACT OF OCTOBER 6, 1998  
16 (P.L.705, NO.92), KNOWN AS THE KEYSTONE OPPORTUNITY ZONE,  
17 KEYSTONE OPPORTUNITY EXPANSION ZONE AND KEYSTONE OPPORTUNITY  
18 IMPROVEMENT ZONE ACT SHALL BE DEEMED SATISFIED AS TO ALL  
19 POLITICAL SUBDIVISIONS. THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
20 DEVELOPMENT SHALL ACT ON THE APPLICATION WITHIN 30 DAYS.

21 SECTION 1906-B. DURATION.

22 THE NEIGHBORHOOD IMPROVEMENT ZONE SHALL BE IN EFFECT FOR A  
23 PERIOD EQUAL TO ONE YEAR FOLLOWING RETIREMENT OF ALL BONDS  
24 ISSUED TO FINANCE OR REFINANCE THE IMPROVEMENT AND DEVELOPMENT  
25 OF THE NEIGHBORHOOD IMPROVEMENT ZONE OR THE CONSTRUCTION OF THE  
26 FACILITY OR THE FACILITY COMPLEX. THE MAXIMUM TERM OF THE BOND,  
27 INCLUDING THE REFUNDING OF THE BOND, SHALL NOT EXCEED 30 YEARS.

28 SECTION 1907-B. COMMONWEALTH PLEDGES.

29 IF AND TO THE EXTENT THAT THE CONTRACTING AUTHORITY PLEDGES  
30 AMOUNTS REQUIRED TO BE TRANSFERRED TO THE FUND OF THE

1 CONTRACTING AUTHORITY UNDER SECTION 1904-B FOR THE PAYMENT OF  
2 BONDS ISSUED BY THE CONTRACTING AUTHORITY, UNTIL ALL BONDS  
3 SECURED BY THE PLEDGE OF THE CONTRACTING AUTHORITY, TOGETHER  
4 WITH THE INTEREST ON THE BONDS, ARE FULLY PAID OR PROVIDED FOR,  
5 THE COMMONWEALTH PLEDGES TO AND AGREES WITH ANY PERSON, FIRM,  
6 CORPORATION OR GOVERNMENT AGENCY, WHETHER IN THIS COMMONWEALTH  
7 OR ELSEWHERE, AND TO AND WITH ANY FEDERAL AGENCY SUBSCRIBING TO  
8 OR ACQUIRING THE BONDS ISSUED BY THE CONTRACTING AUTHORITY THAT  
9 THE COMMONWEALTH ITSELF WILL NOT, NOR WILL IT AUTHORIZE ANY  
10 GOVERNMENT ENTITY TO, ABOLISH OR REDUCE THE SIZE OF THE  
11 NEIGHBORHOOD IMPROVEMENT ZONE; TO AMEND OR REPEAL SECTION 1904-  
12 B(A.1), (B) OR (D); TO LIMIT OR ALTER THE RIGHTS VESTED IN THE  
13 CONTRACTING AUTHORITY IN A MANNER INCONSISTENT WITH THE  
14 OBLIGATIONS OF THE CONTRACTING AUTHORITY WITH RESPECT TO THE  
15 BONDS ISSUED BY THE CONTRACTING AUTHORITY; OR TO OTHERWISE  
16 IMPAIR REVENUES TO BE PAID UNDER THIS ARTICLE TO THE CONTRACTING  
17 AUTHORITY NECESSARY TO PAY DEBT SERVICE ON BONDS. NOTHING IN  
18 THIS SECTION SHALL LIMIT THE AUTHORITY OF THE COMMONWEALTH OR  
19 ANY GOVERNMENT ENTITY TO CHANGE THE RATE, TAX BASES OR ANY  
20 SUBJECT OF ANY SPECIFIC TAX OR REPEALING OR ENACTING ANY TAX.  
21 SECTION 1908-B. CONFIDENTIALITY.

22 NOTWITHSTANDING ANY LAW PROVIDING FOR THE CONFIDENTIALITY OF  
23 TAX RECORDS, THE CONTRACTING AUTHORITY AND THE LOCAL TAXING  
24 AUTHORITIES SHALL HAVE ACCESS TO ANY REPORTS AND CERTIFICATIONS  
25 FILED UNDER THIS ARTICLE, AND THE CONTRACTING AUTHORITY SHALL  
26 HAVE ACCESS TO ANY STATE OR LOCAL TAX INFORMATION FILED BY A  
27 QUALIFIED BUSINESS IN THE NEIGHBORHOOD IMPROVEMENT ZONE SOLELY  
28 FOR THE PURPOSE OF DOCUMENTING THE CERTIFICATIONS REQUIRED BY  
29 THIS ARTICLE. ANY OTHER USE OF THE TAX INFORMATION SHALL BE  
30 PROHIBITED AS PROVIDED UNDER LAW.

1 ARTICLE XIX-C

2 KEYSTONE SPECIAL DEVELOPMENT ZONE PROGRAM

3 SECTION 1901-C. SCOPE OF ARTICLE.

4 THIS ARTICLE RELATES TO THE KEYSTONE SPECIAL DEVELOPMENT ZONE  
5 PROGRAM.

6 SECTION 1902-C. DEFINITIONS.

7 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE  
8 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
9 CONTEXT CLEARLY INDICATES OTHERWISE:

10 "AFFILIATE." AS FOLLOWS:

11 (1) AN ENTITY WHICH IS PART OF THE SAME "AFFILIATED  
12 GROUP," AS DEFINED IN SECTION 1504(A) OF THE INTERNAL REVENUE  
13 CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 1504(A)), AS A  
14 KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER; OR

15 (2) AN ENTITY THAT WOULD BE PART OF THE SAME "AFFILIATED  
16 GROUP" EXCEPT THAT THE ENTITY OR THE KEYSTONE SPECIAL  
17 DEVELOPMENT EMPLOYER IS NOT A CORPORATION.

18 "DEPARTMENT." THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
19 DEVELOPMENT OF THE COMMONWEALTH.

20 "EMPLOYEE." AN INDIVIDUAL WHO:

21 (1) IS EMPLOYED IN THIS COMMONWEALTH BY A KEYSTONE  
22 SPECIAL DEVELOPMENT ZONE EMPLOYER, OR ITS PREDECESSOR, AFTER  
23 JUNE 30, 2011;

24 (2) IS EMPLOYED FOR AT LEAST 35 HOURS PER WEEK BY A  
25 KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER; AND

26 (3) SPENDS AT LEAST 90% OF HIS OR HER WORKING TIME FOR  
27 THE KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER AT THE  
28 KEYSTONE SPECIAL DEVELOPMENT ZONE LOCATION.

29 "FULL-TIME EQUIVALENT EMPLOYEE." THE WHOLE NUMBER OF  
30 EMPLOYEES, ROUNDED DOWN, THAT EQUALS THE SUM OF:

1           (1) THE TOTAL PAID HOURS, INCLUDING PAID TIME OFF AND  
2 FAMILY LEAVE UNDER THE FAMILY AND MEDICAL LEAVE ACT OF 1993  
3 (PUBLIC LAW 103-3, 29 U.S.C. § 2601 ET SEQ.), OF ALL OF A  
4 KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER'S EMPLOYEES  
5 CLASSIFIED AS NONEXEMPT DURING THE KEYSTONE SPECIAL  
6 DEVELOPMENT ZONE EMPLOYER'S TAX YEAR DIVIDED BY 2000; AND

7           (2) A TOTAL NUMBER ARRIVED AT BY ADDING, FOR EACH  
8 KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER'S EMPLOYEE  
9 CLASSIFIED AS EXEMPT SCHEDULED TO WORK AT LEAST 35 HOURS PER  
10 WEEK, THE FRACTION EQUAL TO THE PORTION OF THE YEAR THE  
11 EXEMPT EMPLOYEE WAS PAID BY THE KEYSTONE SPECIAL DEVELOPMENT  
12 ZONE EMPLOYER. WHETHER AN EMPLOYEE SHALL BE CLASSIFIED AS  
13 EXEMPT OR NONEXEMPT SHALL BE DETERMINED UNDER THE FAIR LABOR  
14 STANDARDS ACT OF 1938 (52 STAT. 1060, 29 U.S.C. § 201 ET  
15 SEQ.).

16 THE CALCULATION UNDER THIS DEFINITION EXCLUDES EMPLOYEES  
17 PREVIOUSLY EMPLOYED BY AN AFFILIATE AND EMPLOYEES PREVIOUSLY  
18 EMPLOYED BY THE KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER  
19 OUTSIDE OF A KEYSTONE SPECIAL DEVELOPMENT ZONE.

20 "KEYSTONE SPECIAL DEVELOPMENT ZONE." A PARCEL OF REAL  
21 PROPERTY THAT MEETS ALL OF THE FOLLOWING:

22           (1) ON JULY 1, 2011, WAS WITHIN A SPECIAL INDUSTRIAL  
23 AREA, AS DESCRIBED IN SECTION 305(A) OF THE ACT OF MAY 19,  
24 1995 (P.L.4, NO.2), KNOWN AS THE LAND RECYCLING AND  
25 ENVIRONMENTAL REMEDIATION STANDARDS ACT, FOR WHICH THE  
26 DEPARTMENT OF ENVIRONMENTAL PROTECTION HAS EXECUTED A SPECIAL  
27 INDUSTRIAL AREA CONSENT ORDER AND AGREEMENT, AS PROVIDED  
28 UNDER SECTION 502(A) OF THE LAND RECYCLING AND ENVIRONMENTAL  
29 REMEDICATION STANDARDS ACT.

30           (2) ON JULY 1, 2011:

1           (I) HAD NO PERMANENT VERTICAL STRUCTURES AFFIXED TO  
2           IT; OR  
3           (II) HAD A PERMANENT VERTICAL STRUCTURE AFFIXED TO  
4           IT WHICH HAS BEEN DETERIORATED OR ABANDONED FOR AT LEAST  
5           20 YEARS.  
6           (3) IS CERTIFIED BY THE DEPARTMENT OF ENVIRONMENTAL  
7           PROTECTION AS MEETING THE REQUIREMENTS OF PARAGRAPHS (1) AND  
8           (2).  
9           "KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER." A PERSON OR  
10          ENTITY SUBJECT TO THE TAXES IMPOSED UNDER ARTICLE III, IV, VI,  
11          VII, VIII OR XV, WHO EMPLOYS ONE OR MORE EMPLOYEES AT A KEYSTONE  
12          SPECIAL DEVELOPMENT ZONE. THE TERM SHALL INCLUDE A PASS-THROUGH  
13          ENTITY. THE TERM SHALL NOT INCLUDE ANY OF THE FOLLOWING:  
14               (1) AN EMPLOYER WHO, AFTER JANUARY 1, 1990,  
15               INTENTIONALLY OR NEGLIGENTLY CAUSED OR CONTRIBUTED TO, IN ANY  
16               MATERIAL RESPECT, A LEVEL OF REGULATED SUBSTANCE ABOVE THE  
17               CLEANUP STANDARDS IN THE ACT OF MAY 19, 1995 (P.L.4, NO.2),  
18               KNOWN AS THE LAND RECYCLING AND ENVIRONMENTAL REMEDIATION  
19               STANDARDS ACT, ON, IN OR UNDER THE KEYSTONE SPECIAL  
20               DEVELOPMENT ZONE AT WHICH AN EMPLOYEE IS EMPLOYED.  
21               (2) AN EMPLOYER ENGAGED IN CONSTRUCTION IMPROVEMENTS ON  
22               A KEYSTONE SPECIAL DEVELOPMENT ZONE.  
23               "PASS-THROUGH ENTITY." A PARTNERSHIP AS DEFINED IN SECTION  
24          301(N.0), OR A PENNSYLVANIA S CORPORATION AS DEFINED IN SECTION  
25          301(N.1).  
26               "QUALIFIED TAX LIABILITY." ANY TAX OWED BY A KEYSTONE  
27               SPECIAL DEVELOPMENT ZONE EMPLOYER ATTRIBUTABLE TO A BUSINESS  
28               ACTIVITY CONDUCTED WITHIN A KEYSTONE SPECIAL DEVELOPMENT ZONE  
29               FOR A TAX YEAR UNDER ARTICLE III, IV, VI, VII, VIII OR XV.  
30          SECTION 1903-C. KEYSTONE SPECIAL DEVELOPMENT ZONE TAX CREDIT.

1 (A) TAX CREDIT.--A KEYSTONE SPECIAL DEVELOPMENT ZONE  
2 EMPLOYER SHALL BE ENTITLED TO CLAIM A TAX CREDIT AGAINST ITS  
3 QUALIFIED TAX LIABILITY AS PROVIDED IN THIS ARTICLE.

4 (B) PROCESS.--

5 (1) A KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER SHALL  
6 NOTIFY THE DEPARTMENT OF ITS QUALIFICATION FOR A TAX CREDIT  
7 UNDER THIS ARTICLE BY FEBRUARY 1 FOR TAX CREDITS EARNED  
8 DURING A TAXABLE YEAR ENDING IN THE PRIOR CALENDAR YEAR.

9 (2) THE NOTIFICATION SHALL CONTAIN THE FOLLOWING:

10 (I) THE NAME, ADDRESS AND TAXPAYER IDENTIFICATION  
11 NUMBER OF THE KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER.

12 (II) VERIFICATION THAT IT IS A KEYSTONE SPECIAL  
13 DEVELOPMENT ZONE EMPLOYER LOCATED IN A KEYSTONE SPECIAL  
14 DEVELOPMENT ZONE.

15 (III) THE NAMES, ADDRESSES AND SOCIAL SECURITY  
16 NUMBERS OF ALL EMPLOYEES FOR WHICH THE CREDIT IS CLAIMED.

17 (IV) VERIFICATION THAT EACH EMPLOYEE IDENTIFIED IN  
18 SUBPARAGRAPH (III) SPENT AT LEAST 90% OF THE EMPLOYEE'S  
19 WORKING TIME FOR THE KEYSTONE SPECIAL DEVELOPMENT ZONE  
20 EMPLOYER AT THE EMPLOYER'S KEYSTONE SPECIAL DEVELOPMENT  
21 ZONE LOCATION.

22 (V) ANY OTHER INFORMATION REQUIRED BY THE  
23 DEPARTMENT.

24 (3) TO QUALIFY FOR THE CREDIT, THE DEPARTMENT OF REVENUE  
25 MUST CERTIFY THAT THE KEYSTONE SPECIAL DEVELOPMENT ZONE  
26 EMPLOYER IS CURRENT WITH ALL TAX LIABILITIES.

27 (4) BY MARCH 1 OF EACH YEAR, THE DEPARTMENT SHALL SEND  
28 THE KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER WHO SUBMITTED  
29 THE NOTIFICATION A CERTIFICATE OF ITS QUALIFICATION FOR THE  
30 CREDIT, WHICH CERTIFICATE THE KEYSTONE SPECIAL DEVELOPMENT

1 ZONE EMPLOYER SHALL PRESENT TO THE DEPARTMENT OF REVENUE WHEN  
2 FILING ITS RETURN CLAIMING THE CREDIT.

3 (C) AMOUNT.--THE AMOUNT OF THE TAX CREDIT A KEYSTONE SPECIAL  
4 DEVELOPMENT ZONE EMPLOYER MAY EARN IN ANY TAX YEAR SHALL BE  
5 EQUAL TO \$2,100 FOR EACH FULL-TIME EQUIVALENT EMPLOYEE IN EXCESS  
6 OF THE NUMBER OF FULL-TIME EQUIVALENT EMPLOYEES EMPLOYED BY THE  
7 KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER PRIOR TO JANUARY 1,  
8 2012.

9 (D) APPLICATION OF TAX CREDITS.--A KEYSTONE SPECIAL  
10 DEVELOPMENT ZONE EMPLOYER MUST FIRST USE ITS KEYSTONE SPECIAL  
11 DEVELOPMENT ZONE TAX CREDIT AGAINST ITS QUALIFIED TAX LIABILITY.

12 (D.1) SALE OR ASSIGNMENT OF TAX CREDIT.--

13 (1) IF THE KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER IS  
14 ENTITLED TO A CREDIT IN ANY YEAR THAT EXCEEDS ITS QUALIFIED  
15 TAX LIABILITY FOR THAT YEAR, UPON APPLICATION TO AND APPROVAL  
16 BY THE DEPARTMENT, A KEYSTONE SPECIAL DEVELOPMENT ZONE  
17 EMPLOYER WHICH HAS BEEN AWARDED A TAX CREDIT MAY SELL OR  
18 ASSIGN, IN WHOLE OR IN PART, THE TAX CREDIT GRANTED TO THE  
19 KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER. THE APPLICATION  
20 MUST BE ON THE FORM REQUIRED BY THE DEPARTMENT AND MUST  
21 INCLUDE OR DEMONSTRATE ALL OF THE FOLLOWING:

22 (I) THE APPLICANT'S NAME AND ADDRESS.

23 (II) A COPY OF THE TAX CREDIT CERTIFICATE PREVIOUSLY  
24 ISSUED BY THE DEPARTMENT.

25 (III) A STATEMENT AS TO WHETHER ANY PART OF THE TAX  
26 CREDIT HAS BEEN APPLIED TO TAX LIABILITY OF THE APPLICANT  
27 AND THE AMOUNT SO APPLIED.

28 (IV) ANY OTHER INFORMATION REQUIRED BY THE  
29 DEPARTMENT.

30 (2) THE DEPARTMENT SHALL REVIEW THE APPLICATION AND,

1 UPON BEING SATISFIED THAT ALL REQUIREMENTS HAVE BEEN MET,  
2 SHALL APPROVE THE APPLICATION AND SHALL NOTIFY THE DEPARTMENT  
3 OF REVENUE.

4 (3) THE PURCHASER OR ASSIGNEE OF ALL OR A PORTION OF A  
5 KEYSTONE SPECIAL DEVELOPMENT ZONE TAX CREDIT UNDER THIS  
6 SECTION SHALL CLAIM THE CREDIT IN THE TAXABLE YEAR IN WHICH  
7 THE PURCHASE OR ASSIGNMENT IS MADE. THE PURCHASER OR ASSIGNEE  
8 OF A TAX CREDIT MAY USE THE TAX CREDIT AGAINST ANY TAX  
9 LIABILITY OF THE PURCHASER OR ASSIGNEE UNDER ARTICLE III, IV,  
10 VI, VII, VIII OR XV. THE AMOUNT OF THE TAX CREDIT USED MAY  
11 NOT EXCEED 75% OF THE PURCHASER'S OR ASSIGNEE'S TAX LIABILITY  
12 FOR THE TAXABLE YEAR. THE PURCHASER OR ASSIGNEE MAY NOT CARRY  
13 OVER, CARRY BACK, OBTAIN A REFUND OF OR ASSIGN THE KEYSTONE  
14 SPECIAL DEVELOPMENT ZONE CREDIT. THE PURCHASER OR ASSIGNEE  
15 SHALL NOTIFY THE DEPARTMENT AND THE DEPARTMENT OF REVENUE OF  
16 THE SELLER OR ASSIGNOR OF THE KEYSTONE SPECIAL DEVELOPMENT  
17 ZONE TAX CREDIT IN COMPLIANCE WITH PROCEDURES SPECIFIED BY  
18 THE DEPARTMENT.

19 (E) USE AND CARRYFORWARD.--

20 (1) A KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER MAY  
21 EARN THE TAX CREDIT ALLOWED UNDER THIS ARTICLE BEGINNING IN  
22 ANY TAX YEAR BEGINNING IN 2012 AND FOR A PERIOD OF UP TO TEN  
23 TAX YEARS DURING THE 15-YEAR PERIOD BEGINNING JULY 1, 2012,  
24 AND ENDING JUNE 30, 2026.

25 (2) A KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER MAY  
26 CARRY FORWARD FOR UP TO TEN YEARS A TAX CREDIT EARNED UNDER  
27 THIS ARTICLE:

28 (I) WHICH IT IS UNABLE TO USE; OR

29 (II) WHICH IT DOES NOT SELL OR ASSIGN.

30 (3) TAX CREDITS CARRIED FORWARD UNDER PARAGRAPH (2)

1 SHALL BE USED ON A FIRST-IN-FIRST-OUT BASIS.

2 (F) DUAL-USE PROHIBITED.--IN A GIVEN YEAR, A KEYSTONE  
3 SPECIAL DEVELOPMENT ZONE EMPLOYER MAY ONLY EARN TAX CREDITS  
4 UNDER SUBSECTION (C) OR (D) OR UNDER THE ACT OF OCTOBER 6, 1998  
5 (P.L.705, NO.92), KNOWN AS THE KEYSTONE OPPORTUNITY ZONE,  
6 KEYSTONE OPPORTUNITY EXPANSION ZONE AND KEYSTONE OPPORTUNITY  
7 IMPROVEMENT ZONE ACT. A KEYSTONE SPECIAL DEVELOPMENT ZONE  
8 EMPLOYER MAY NOT CLAIM A CREDIT UNDER BOTH THIS SECTION AND  
9 ARTICLE XVIII-B.

10 (G) PASS-THROUGH ENTITIES.--

11 (1) IF A KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER IS A  
12 PASS-THROUGH ENTITY AND IT HAS ANY UNUSED TAX CREDIT UNDER  
13 SUBSECTION (C), (D) OR (E), IT MAY ELECT IN WRITING,  
14 ACCORDING TO PROCEDURES ESTABLISHED BY THE DEPARTMENT OF  
15 REVENUE, TO TRANSFER ALL OR A PORTION OF THE CREDIT TO  
16 SHAREHOLDERS, MEMBERS OR PARTNERS IN PROPORTION TO THE SHARE  
17 OF THE ENTITY'S DISTRIBUTIVE INCOME TO WHICH THE SHAREHOLDER,  
18 MEMBER OR PARTNER IS ENTITLED.

19 (2) A KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER THAT IS  
20 A PASS-THROUGH ENTITY AND A SHAREHOLDER, MEMBER OR PARTNER OF  
21 THAT KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER MAY NOT BOTH  
22 CLAIM THE KEYSTONE SPECIAL DEVELOPMENT ZONE TAX CREDIT EARNED  
23 BY THE KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER FOR ANY TAX  
24 YEAR.

25 (3) A SHAREHOLDER, MEMBER OR PARTNER OF A KEYSTONE  
26 SPECIAL DEVELOPMENT ZONE EMPLOYER THAT IS A PASS-THROUGH  
27 ENTITY TO WHOM A CREDIT IS TRANSFERRED UNDER THIS SUBSECTION  
28 SHALL IMMEDIATELY CLAIM THE CREDIT IN THE TAXABLE YEAR IN  
29 WHICH THE TRANSFER IS MADE.

30 (H) TRANSFER.--ANY TAX CREDIT OR TAX CREDIT CARRYFORWARD

1 THAT A KEYSTONE SPECIAL DEVELOPMENT ZONE EMPLOYER IS ENTITLED TO  
2 USE MAY BE TRANSFERRED TO A SUCCESSOR ENTITY OF THE KEYSTONE  
3 SPECIAL DEVELOPMENT ZONE EMPLOYER.

4 (I) PENALTIES.--THE FOLLOWING SHALL APPLY:

5 (1) A COMPANY WHICH RECEIVES KEYSTONE SPECIAL  
6 DEVELOPMENT ZONE TAX CREDITS AND FAILS TO SUBSTANTIALLY  
7 MAINTAIN THE OPERATIONS RELATED TO THE KEYSTONE SPECIAL  
8 DEVELOPMENT ZONE TAX CREDITS IN THIS COMMONWEALTH FOR A  
9 PERIOD OF FIVE YEARS FROM THE DATE THE COMPANY FIRST SUBMITS  
10 A KEYSTONE SPECIAL DEVELOPMENT ZONE TAX CREDIT CERTIFICATE TO  
11 THE DEPARTMENT OF REVENUE SHALL BE REQUIRED TO REFUND TO THE  
12 COMMONWEALTH THE TOTAL AMOUNT OF CREDITS GRANTED, WITH  
13 INTEREST AND A PENALTY OF 20% OF THE AMOUNT OF CREDITS  
14 GRANTED.

15 (2) THE DEPARTMENT MAY WAIVE THE PENALTIES IN SUBSECTION  
16 (A) IF IT IS DETERMINED THAT A COMPANY'S OPERATIONS WERE NOT  
17 MAINTAINED OR THE NEW JOBS WERE NOT CREATED BECAUSE OF  
18 CIRCUMSTANCES BEYOND THE COMPANY'S CONTROL. CIRCUMSTANCES  
19 INCLUDE NATURAL DISASTERS, UNFORESEEN INDUSTRY TRENDS OR A  
20 LOSS OF A MAJOR SUPPLIER OR MARKET.

21 SECTION 1904-C. TAX LIABILITY ATTRIBUTABLE TO KEYSTONE SPECIAL  
22 DEVELOPMENT ZONE.

23 (A) DETERMINATIONS OF ATTRIBUTABLE TAX LIABILITY.--TAX  
24 LIABILITY ATTRIBUTABLE TO BUSINESS ACTIVITY CONDUCTED WITHIN A  
25 KEYSTONE SPECIAL DEVELOPMENT ZONE SHALL BE COMPUTED, CONSTRUED,  
26 ADMINISTERED AND ENFORCED IN CONFORMITY WITH ARTICLE III, IV,  
27 VI, VII, VIII OR XV, WHICHEVER IS APPLICABLE, AND WITH SPECIFIC  
28 REFERENCE TO THE FOLLOWING:

29 (1) IF THE ENTIRE BUSINESS OF THE EMPLOYER IN THIS  
30 COMMONWEALTH IS TRANSACTED WHOLLY WITHIN THE KEYSTONE SPECIAL

1 DEVELOPMENT ZONE, THE TAX LIABILITY ATTRIBUTABLE TO BUSINESS  
2 ACTIVITY WITHIN A KEYSTONE SPECIAL DEVELOPMENT ZONE SHALL  
3 CONSIST OF THE PENNSYLVANIA INCOME AS DETERMINED UNDER  
4 ARTICLE III, IV, VI, VII, VIII OR XV, WHICHEVER IS  
5 APPLICABLE.

6 (2) IF THE ENTIRE BUSINESS OF THE EMPLOYER IN THIS  
7 COMMONWEALTH IS NOT TRANSACTED WHOLLY WITHIN THE KEYSTONE  
8 SPECIAL DEVELOPMENT ZONE, THE TAX LIABILITY OF AN EMPLOYER IN  
9 A KEYSTONE SPECIAL DEVELOPMENT ZONE SHALL BE DETERMINED UPON  
10 SUCH PORTION OF THE PENNSYLVANIA TAX LIABILITY OF SUCH  
11 EMPLOYER ATTRIBUTABLE TO BUSINESS ACTIVITY CONDUCTED WITHIN  
12 THE KEYSTONE SPECIAL DEVELOPMENT ZONE AND APPORTIONED IN  
13 ACCORDANCE WITH SUBSECTION (B).

14 (B) TAX LIABILITY APPORTIONMENT.--THE TAX LIABILITY OF AN  
15 EMPLOYER SHALL BE APPORTIONED TO THE KEYSTONE SPECIAL  
16 DEVELOPMENT ZONE BY MULTIPLYING THE PENNSYLVANIA TAX LIABILITY  
17 BY A FRACTION, THE NUMERATOR OF WHICH IS THE PROPERTY FACTOR  
18 PLUS THE PAYROLL FACTOR AND THE DENOMINATOR OF WHICH IS TWO, IN  
19 ACCORDANCE WITH THE FOLLOWING:

20 (1) THE PROPERTY FACTOR IS A FRACTION, THE NUMERATOR OF  
21 WHICH IS THE AVERAGE VALUE OF THE EMPLOYER'S REAL AND  
22 TANGIBLE PERSONAL PROPERTY OWNED OR RENTED AND USED IN THE  
23 KEYSTONE SPECIAL DEVELOPMENT ZONE DURING THE TAX PERIOD AND  
24 THE DENOMINATOR OF WHICH IS THE AVERAGE VALUE OF THE  
25 EMPLOYER'S REAL AND TANGIBLE PERSONAL PROPERTY OWNED OR  
26 RENTED AND USED IN THIS COMMONWEALTH DURING THE TAX PERIOD  
27 BUT SHALL NOT INCLUDE THE SECURITY INTEREST OF ANY EMPLOYER  
28 AS SELLER OR LESSOR IN PERSONAL PROPERTY SOLD OR LEASED UNDER  
29 A CONDITIONAL SALE, BAILMENT LEASE, CHATTEL MORTGAGE OR OTHER  
30 CONTRACT PROVIDING FOR THE RETENTION OF A LIEN OR TITLE AS

1 SECURITY FOR THE SALE PRICE OF THE PROPERTY.

2 (2) THE PAYROLL FACTOR IS A FRACTION, THE NUMERATOR OF  
3 WHICH IS THE TOTAL AMOUNT PAID IN THE KEYSTONE SPECIAL  
4 DEVELOPMENT ZONE DURING THE TAX PERIOD BY THE EMPLOYER TO AN  
5 EMPLOYEE AS COMPENSATION AND THE DENOMINATOR OF WHICH IS THE  
6 TOTAL COMPENSATION PAID BY THE EMPLOYER IN THIS COMMONWEALTH  
7 DURING THE TAX PERIOD.

8 SECTION 33. (RESERVED).

9 SECTION 34. SECTION 2111 OF THE ACT IS AMENDED BY ADDING A  
10 SUBSECTION TO READ:

11 SECTION 2111. TRANSFERS NOT SUBJECT TO TAX.--\* \* \*

12 (T) A QUALIFIED FAMILY-OWNED BUSINESS. THE FOLLOWING SHALL  
13 APPLY:

14 (1) A TRANSFER OF A QUALIFIED FAMILY-OWNED BUSINESS INTEREST  
15 TO ONE OR MORE QUALIFIED TRANSFEREES IS EXEMPT FROM INHERITANCE  
16 TAX, IF THE QUALIFIED FAMILY-OWNED BUSINESS INTEREST:

17 (I) CONTINUES TO BE OWNED BY A QUALIFIED TRANSFEREE FOR A  
18 MINIMUM OF SEVEN YEARS AFTER THE DECEDENT'S DATE OF DEATH; AND

19 (II) IS REPORTED ON A TIMELY FILED INHERITANCE TAX RETURN.

20 (2) A QUALIFIED FAMILY-OWNED BUSINESS INTEREST THAT WAS  
21 EXEMPTED FROM INHERITANCE TAX UNDER THIS SUBSECTION THAT IS NO  
22 LONGER OWNED BY A QUALIFIED TRANSFEREE AT ANY TIME WITHIN SEVEN  
23 YEARS AFTER THE DECEDENT'S DATE OF DEATH SHALL BE SUBJECT TO  
24 INHERITANCE TAX DUE THE COMMONWEALTH UNDER SECTION 2107, IN AN  
25 AMOUNT EQUAL TO THE INHERITANCE TAX THAT WOULD HAVE BEEN PAID OR  
26 PAYABLE ON THE VALUE OF THE QUALIFIED FAMILY-OWNED BUSINESS  
27 INTEREST USING THE VALUATION AUTHORIZED UNDER SECTION 2121 FOR  
28 NONEXEMPT TRANSFERS OF PROPERTY. INTEREST SHALL ACCRUE FROM THE  
29 PAYMENT DATE ESTABLISHED UNDER SECTION 2142 AT THE RATE  
30 ESTABLISHED UNDER SECTION 2143.

1       (2.1) THE EXEMPTION UNDER THIS SUBSECTION SHALL NOT APPLY TO  
2 PROPERTY TRANSFERRED BY THE DECEDENT INTO THE QUALIFIED FAMILY-  
3 OWNED BUSINESS WITHIN ONE YEAR OF THE DEATH OF THE DECEDENT,  
4 UNLESS THE PROPERTY WAS TRANSFERRED FOR A LEGITIMATE BUSINESS  
5 PURPOSE.

6       (3) INHERITANCE TAX DUE UNDER SECTION 2107 AS A RESULT OF  
7 DISQUALIFICATION UNDER PARAGRAPHS (2) OR (4), PLUS INTEREST ON  
8 THE INHERITANCE TAX, SHALL BE A LIEN IN FAVOR OF THE  
9 COMMONWEALTH ON THE REAL AND PERSONAL PROPERTY OF THE OWNER OF  
10 THE QUALIFIED FAMILY-OWNED BUSINESS INTEREST AT THE TIME OF THE  
11 TRANSACTION OR OCCURRENCE THAT DISQUALIFIED THE QUALIFIED  
12 FAMILY-OWNED BUSINESS INTEREST FROM THE EXEMPTION PROVIDED UNDER  
13 THIS SUBSECTION. THE INHERITANCE TAX DUE AND INTEREST SHALL BE  
14 COLLECTIBLE IN THE MANNER PROVIDED FOR BY LAW FOR THE COLLECTION  
15 OF DELINQUENT TAXES AND SHALL BE THE PERSONAL OBLIGATION OF THE  
16 OWNER OF THE QUALIFIED FAMILY-OWNED BUSINESS INTEREST AT THE  
17 TIME OF THE TRANSACTION OR OCCURRENCE THAT DISQUALIFIED THE  
18 QUALIFIED FAMILY-OWNED BUSINESS INTEREST FROM THE EXEMPTION  
19 PROVIDED UNDER THIS SUBSECTION. THE LIEN SHALL REMAIN UNTIL THE  
20 INHERITANCE TAX AND ACCRUED INTEREST ARE PAID IN FULL.

21       (4) EACH OWNER OF A QUALIFIED FAMILY-OWNED BUSINESS INTEREST  
22 EXEMPTED FROM INHERITANCE TAX UNDER THIS SUBSECTION SHALL  
23 CERTIFY TO THE DEPARTMENT, ON AN ANNUAL BASIS, FOR SEVEN YEARS  
24 AFTER THE DECEDENT'S DATE OF DEATH, THAT THE QUALIFIED FAMILY-  
25 OWNED BUSINESS INTEREST CONTINUES TO BE OWNED BY A QUALIFIED  
26 TRANSFeree AND SHALL NOTIFY THE DEPARTMENT WITHIN THIRTY DAYS OF  
27 ANY TRANSACTION OR OCCURRENCE CAUSING THE QUALIFIED FAMILY-OWNED  
28 BUSINESS INTEREST TO FAIL TO QUALIFY FOR THE EXEMPTION. EACH  
29 YEAR THE DEPARTMENT SHALL INFORM ALL OWNERS OF A QUALIFIED  
30 FAMILY-OWNED BUSINESS INTEREST EXEMPTED FROM INHERITANCE TAX

1 UNDER THIS SUBSECTION OF THEIR OBLIGATION TO PROVIDE AN ANNUAL  
2 CERTIFICATION UNDER THIS PARAGRAPH. THE CERTIFICATION AND  
3 NOTIFICATION SHALL BE COMPLETED IN THE FORM AND MANNER AS  
4 PROVIDED BY THE DEPARTMENT. AN OWNER'S FAILURE TO COMPLY WITH  
5 THE CERTIFICATION OR NOTIFICATION REQUIREMENTS SHALL RESULT IN  
6 THE LOSS OF THE EXEMPTION AND THE QUALIFIED FAMILY-OWNED  
7 BUSINESS INTEREST SHALL BE SUBJECT TO INHERITANCE TAX DUE THE  
8 COMMONWEALTH UNDER SECTION 2107, IN AN AMOUNT EQUAL TO THE  
9 INHERITANCE TAX THAT WOULD HAVE BEEN PAID OR PAYABLE ON THE  
10 VALUE OF THE QUALIFIED FAMILY-OWNED BUSINESS INTEREST USING THE  
11 VALUATION AUTHORIZED UNDER SECTION 2121 FOR NONEXEMPT TRANSFERS  
12 OF PROPERTY. INTEREST SHALL ACCRUE FROM THE PAYMENT DATE  
13 ESTABLISHED IN SECTION 2142 AT THE RATE ESTABLISHED IN SECTION  
14 2143.

15 (5) FOR PURPOSES OF THIS SUBSECTION, THE FOLLOWING TERMS  
16 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS PARAGRAPH:

17 "QUALIFIED TRANSFEREE." A DECEDENT'S:

18 (I) HUSBAND OR WIFE;

19 (II) LINEAL DESCENDANTS;

20 (III) SIBLINGS AND THE SIBLING'S LINEAL DESCENDANTS; AND

21 (IV) ANCESTORS AND THE ANCESTOR'S SIBLINGS.

22 "QUALIFIED FAMILY-OWNED BUSINESS INTEREST." AS FOLLOWS:

23 (I) AN INTEREST AS A PROPRIETOR IN A TRADE OR BUSINESS  
24 CARRIED ON AS A PROPRIETORSHIP, IF THE PROPRIETORSHIP HAS FEWER  
25 THAN FIFTY FULL-TIME EQUIVALENT EMPLOYEES AS OF THE DATE OF THE  
26 DECEDENT'S DEATH, THE PROPRIETORSHIP HAS A NET BOOK VALUE OF  
27 ASSETS TOTALING LESS THAN FIVE MILLION DOLLARS (\$5,000,000) AS  
28 OF THE DATE OF THE DECEDENT'S DEATH, AND HAS BEEN IN EXISTENCE  
29 FOR FIVE YEARS PRIOR TO THE DATE THE DECEDENT'S DEATH; OR

30 (II) AN INTEREST IN AN ENTITY CARRYING ON A TRADE OR

1 BUSINESS, IF:

2 (A) THE ENTITY HAS FEWER THAN FIFTY FULL TIME EQUIVALENT  
3 EMPLOYEES AS OF THE DATE OF THE DECEDENT'S DEATH;

4 (B) THE ENTITY HAS A NET BOOK VALUE OF ASSETS TOTALING LESS  
5 THAN FIVE MILLION DOLLARS (\$5,000,000) AS OF THE DATE OF THE  
6 DECEDENT'S DEATH;

7 (C) AS OF THE DATE OF DECEDENT'S DEATH, THE ENTITY IS WHOLLY  
8 OWNED BY THE DECEDENT OR BY THE DECEDENT AND MEMBERS OF THE  
9 DECEDENT'S FAMILY THAT MEET THE DEFINITION OF A QUALIFIED  
10 TRANSFeree;

11 (D) THE ENTITY IS ENGAGED IN A TRADE OR BUSINESS THE  
12 PRINCIPAL PURPOSE OF WHICH IS NOT THE MANAGEMENT OF INVESTMENTS  
13 OR INCOME-PRODUCING ASSETS OWNED BY THE ENTITY; AND

14 (E) THE ENTITY HAS BEEN IN EXISTENCE FOR FIVE YEARS PRIOR TO  
15 THE DECEDENT'S DATE OF DEATH.

16 SECTION 35. SECTION 2112 OF THE ACT, AMENDED OR ADDED AUGUST  
17 4, 1991 (P.L.97, NO.22), JUNE 16, 1994 (P.L.279, NO.48) AND JUNE  
18 30, 1995 (P.L.139, NO.21), IS REPEALED:

19 [SECTION 2112. EXEMPTION FOR POVERTY.--(A) THE GENERAL  
20 ASSEMBLY, IN RECOGNITION OF THE POWERS CONTAINED IN SECTION 2(B)  
21 (II) OF ARTICLE VIII OF THE CONSTITUTION OF PENNSYLVANIA WHICH  
22 PROVIDES THEREIN FOR THE ESTABLISHING AS A CLASS OR CLASSES OF  
23 SUBJECTS OF TAXATION THE PROPERTY OR PRIVILEGES OF PERSONS WHO  
24 BECAUSE OF POVERTY ARE DETERMINED TO BE IN NEED OF SPECIAL TAX  
25 PROVISIONS OR TAX EXEMPTIONS, HEREBY DECLARES AS ITS LEGISLATIVE  
26 INTENT AND PURPOSE TO IMPLEMENT SUCH POWERS UNDER SUCH  
27 CONSTITUTIONAL PROVISION BY ESTABLISHING A TAX EXEMPTION AS  
28 HEREINAFTER PROVIDED IN THIS SECTION.

29 (B) THE GENERAL ASSEMBLY, HAVING DETERMINED THAT THERE ARE  
30 PERSONS WITHIN THIS COMMONWEALTH THE VALUE OF WHOSE INCOMES AND

1 ESTATES ARE SUCH THAT THE IMPOSITION OF AN INHERITANCE TAX UNDER  
2 THIS ARTICLE WOULD CAUSE THEM HARDSHIP AND ECONOMIC BURDEN AND  
3 HAVING FURTHER DETERMINED THAT POVERTY IS A RELATIVE CONCEPT  
4 INEXTRICABLY JOINED WITH THE ABILITY TO MAINTAIN ASSETS  
5 INHERITED UPON THE DEATH OF A SPOUSE, DEEMS IT TO BE A MATTER OF  
6 PUBLIC POLICY TO PROVIDE AN EXEMPTION FROM TAXATION FOR  
7 TRANSFERS OF PROPERTY TO OR FOR THE USE OF THAT CLASS OF PERSONS  
8 HEREINAFTER DESIGNATED IN ORDER TO RELIEVE THEIR HARDSHIP AND  
9 ECONOMIC BURDEN.

10 (C) ANY CLAIM FOR A TAX EXEMPTION HEREUNDER SHALL BE  
11 DETERMINED IN ACCORDANCE WITH THE FOLLOWING:

12 (1) THE TRANSFEREE IS THE SPOUSE OF THE DECEDENT AT THE DATE  
13 OF DEATH OF THE DECEDENT.

14 (2) THE VALUE OF THE ESTATE OF THE DECEDENT DOES NOT EXCEED  
15 TWO HUNDRED THOUSAND DOLLARS (\$200,000) AFTER REDUCTION FOR  
16 ACTUAL LIABILITIES OF THE DECEDENT AS EVIDENCED BY A WRITTEN  
17 AGREEMENT.

18 (3) THE AVERAGE OF THE JOINT EXEMPTION INCOME OF THE  
19 DECEDENT AND THE TRANSFEREE FOR THE THREE TAXABLE YEARS, AS  
20 DEFINED IN ARTICLE III, IMMEDIATELY PRECEDING THE DATE OF DEATH  
21 OF THE DECEDENT DOES NOT EXCEED FORTY THOUSAND DOLLARS  
22 (\$40,000).

23 (D) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE,  
24 TRANSFERS OF PROPERTY TO OR FOR THE USE OF ANY ELIGIBLE  
25 TRANSFEREE WHO MEETS THE STANDARDS OF ELIGIBILITY ESTABLISHED BY  
26 THIS SECTION AS THE TEST FOR POVERTY SHALL BE DEEMED A SEPARATE  
27 CLASS SUBJECT TO TAXATION AND, AS SUCH, SHALL BE ENTITLED TO THE  
28 BENEFIT OF THE FOLLOWING EXEMPTIONS FROM TAXATION ON TRANSFERS  
29 OF PROPERTY AS A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE:

30 (1) FOR DECEDENTS DYING ON OR AFTER JANUARY 1, 1992, AND

1 BEFORE JANUARY 1, 1993, THE LESSER OF:

2 (I) TWO PER CENT OF THE TAXABLE VALUE OF THE PROPERTY OF THE  
3 DECEDENT TRANSFERRED TO OR FOR THE USE OF THE TRANSFEREE.

4 (II) TWO PER CENT OF ONE HUNDRED THOUSAND DOLLARS (\$100,000)  
5 OF THE TAXABLE VALUE OF THE PROPERTY OF THE DECEDENT TRANSFERRED  
6 TO OR FOR THE USE OF THE TRANSFEREE.

7 (2) FOR DECEDENTS DYING ON OR AFTER JANUARY 1, 1993, AND  
8 BEFORE JANUARY 1, 1994, THE LESSER OF:

9 (I) FOUR PER CENT OF THE TAXABLE VALUE OF THE PROPERTY OF  
10 THE DECEDENT TRANSFERRED TO OR FOR THE USE OF THE TRANSFEREE.

11 (II) FOUR PER CENT OF ONE HUNDRED THOUSAND DOLLARS  
12 (\$100,000) OF THE TAXABLE VALUE OF THE PROPERTY OF THE DECEDENT  
13 TRANSFERRED TO OR FOR THE USE OF THE TRANSFEREE.

14 (3) FOR DECEDENTS DYING ON OR AFTER JANUARY 1, 1994, AND  
15 BEFORE JANUARY 1, 1995, THE LESSER OF:

16 (I) SIX PER CENT OF THE TAXABLE VALUE OF THE PROPERTY OF THE  
17 DECEDENT TRANSFERRED TO OR FOR THE USE OF THE TRANSFEREE.

18 (II) SIX PER CENT OF ONE HUNDRED THOUSAND DOLLARS (\$100,000)  
19 OF THE TAXABLE VALUE OF THE PROPERTY OF THE DECEDENT TRANSFERRED  
20 TO OR FOR THE USE OF THE TRANSFEREE.

21 (E) FOR NONRESIDENT DECEDENTS, THE CREDIT PROVIDED IN THIS  
22 SECTION SHALL BEAR THE SAME RATIO AS THAT OF THE DECEDENT'S  
23 ESTATE IN THIS COMMONWEALTH BEARS TO THE DECEDENT'S TOTAL ESTATE  
24 WITHOUT REGARD TO SITUS.

25 (F) THE CREDIT PROVIDED IN THIS SECTION SHALL NOT BE GREATER  
26 THAN THE TAX IMPOSED.

27 (G) THIS SECTION SHALL NOT APPLY TO THE ESTATES OF DECEDENTS  
28 DYING ON OR AFTER JANUARY 1, 1995.]

29 SECTION 35.1. SECTION 2129 OF THE ACT, ADDED AUGUST 4, 1991  
30 (P.L.97, NO.22), IS AMENDED TO READ:

1 SECTION 2129. LIABILITIES.--(A) [ALL] EXCEPT AS SET FORTH  
2 IN SECTION 2130(5), ALL LIABILITIES OF THE DECEDENT SHALL BE  
3 DEDUCTIBLE SUBJECT TO THE LIMITATIONS SET FORTH IN THIS SECTION.

4 (B) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (H) AND (I),  
5 THE DEDUCTIONS FOR INDEBTEDNESS OF THE DECEDENT, WHEN FOUNDED  
6 UPON A PROMISE OR AGREEMENT, SHALL BE LIMITED TO THE EXTENT THAT  
7 IT WAS CONTRACTED BONA FIDE AND FOR AN ADEQUATE AND FULL  
8 CONSIDERATION IN MONEY OR MONEY'S WORTH.

9 (C) EXCEPT AS PROVIDED BY SUBCLAUSE (4) OF SECTION 2130,  
10 INDEBTEDNESS OWING BY THE DECEDENT UPON A SECURED LOAN IS  
11 DEDUCTIBLE WHETHER OR NOT THE SECURITY IS A PART OF THE GROSS  
12 TAXABLE ESTATE.

13 (D) EXCEPT AS PROVIDED BY SUBCLAUSE (4) OF SECTION 2130, THE  
14 DECEDENT'S LIABILITY (NET OF ALL COLLECTIBLE CONTRIBUTION) ON A  
15 JOINT OBLIGATION IS DEDUCTIBLE WHETHER OR NOT PAYMENT OF THE  
16 OBLIGATION IS SECURED BY ENTIRETIES PROPERTY OR PROPERTY WHICH  
17 PASSES TO ANOTHER UNDER THE RIGHT OF SURVIVORSHIP.

18 (E) INDEBTEDNESS ARISING FROM A CONTRACT FOR THE SUPPORT OF  
19 THE DECEDENT IS DEDUCTIBLE.

20 (F) DECEDENT'S OBLIGATION IS DEDUCTIBLE WHETHER OR NOT  
21 DISCHARGED BY TESTAMENTARY GIFT.

22 (G) DECEDENT'S DEBT, WHICH IS UNENFORCEABLE BECAUSE OF ANY  
23 STATUTE OF LIMITATIONS, IS DEDUCTIBLE IF PAID BY THE ESTATE.

24 (H) A PLEDGE TO A TRANSFEREE EXEMPT UNDER THE PROVISIONS OF  
25 SUBSECTION (C) OF SECTION 2111 IS DEDUCTIBLE IF PAID BY THE  
26 ESTATE, WHETHER OR NOT IT IS LEGALLY ENFORCEABLE.

27 (I) LIABILITIES ARISING FROM THE DECEDENT'S TORT OR FROM  
28 DECEDENT'S STATUS AS AN ACCOMMODATION ENDORSER, GUARANTOR OR  
29 SURETY ARE DEDUCTIBLE, EXCEPT TO THE EXTENT THAT IT CAN BE  
30 REASONABLY ANTICIPATED THAT DECEDENT'S ESTATE WILL BE EXONERATED

1 OR REIMBURSED BY OTHERS PRIMARILY LIABLE OR SUBJECT TO  
2 CONTRIBUTION.

3 (J) THE FACT THAT A SURVIVING SPOUSE IS LEGALLY LIABLE AND  
4 FINANCIALLY ABLE TO PAY ANY ITEM WHICH, IF THE DECEASED SPOUSE  
5 WERE UNMARRIED, WOULD QUALIFY AS A DEDUCTION UNDER THIS PART  
6 SHALL NOT RESULT IN THE DISALLOWANCE OF SUCH ITEM AS A  
7 DEDUCTION.

8 (K) OBLIGATIONS FOR DECEDENT'S MEDICAL EXPENSES ARE NOT  
9 DEDUCTIBLE TO THE EXTENT DECEDENT'S ESTATE WILL BE EXONERATED OR  
10 REIMBURSED FOR SUCH EXPENSES FROM OTHER SOURCES.

11 SECTION 35.2. SECTION 2130 OF THE ACT, REENACTED AND AMENDED  
12 JUNE 30, 1995 (P.L.139, NO.21), IS AMENDED TO READ:

13 SECTION 2130. DEDUCTIONS NOT ALLOWED.--THE FOLLOWING ARE NOT  
14 DEDUCTIBLE:

15 (2) CLAIMS OF A FORMER SPOUSE, OR OTHERS, UNDER AN AGREEMENT  
16 BETWEEN THE FORMER SPOUSE AND THE DECEDENT, INSOFAR AS THEY  
17 ARISE IN CONSIDERATION OF A RELINQUISHMENT OR PROMISED  
18 RELINQUISHMENT OF MARITAL OR SUPPORT RIGHTS.

19 (3) LITIGATION EXPENSES OF BENEFICIARIES.

20 (4) INDEBTEDNESS SECURED BY REAL PROPERTY OR TANGIBLE  
21 PERSONAL PROPERTY, ALL OF WHICH HAS ITS SITUS OUTSIDE OF THIS  
22 COMMONWEALTH, EXCEPT TO THE EXTENT THE INDEBTEDNESS EXCEEDS THE  
23 VALUE OF THE PROPERTY.

24 (5) EXPENSES, DEBTS, OBLIGATIONS AND LIABILITIES INCURRED IN  
25 CONNECTION WITH A QUALIFIED FAMILY-OWNED BUSINESS INTEREST  
26 EXEMPTED FROM INHERITANCE UNDER SECTION 2111(T).

27 SECTION 36. SECTION 2701 OF THE ACT, ADDED OCTOBER 18, 2006  
28 (P.L.1149, NO.119), IS AMENDED TO READ:

29 SECTION 2701. DEFINITIONS.

30 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE

1 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
2 CONTEXT CLEARLY INDICATES OTHERWISE:

3 "BOARD." THE BOARD OF FINANCE AND REVENUE.

4 "DEPARTMENT." THE DEPARTMENT OF REVENUE OF THE COMMONWEALTH.

5 "PARTY." THE TERM INCLUDES BOTH A TAXPAYER AND THE  
6 DEPARTMENT.

7 "PETITIONER." A TAXPAYER.

8 "RETURN." THE TERM INCLUDES A TAX REPORT.

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

10 SECTION 37. SECTION 2702(B) OF THE ACT, AMENDED JULY 2, 2012  
11 (P.L.751, NO.85), IS REPEALED:

12 SECTION 2702. PETITION FOR REASSESSMENT.

13 \* \* \*

14 [(B) SPECIAL RULE FOR SHARES TAXES.--NOTWITHSTANDING ANY  
15 PROVISION OF LAW TO THE CONTRARY, SECTION 1104.1 OF THE ACT OF  
16 APRIL 9, 1929 (P.L.343, NO.176), KNOWN AS THE FISCAL CODE, SHALL  
17 CONSTITUTE THE EXCLUSIVE METHOD BY WHICH AN APPEAL FROM THE  
18 ASSESSMENT OF THE TAX IMPOSED BY ARTICLE VII OR VIII MAY BE  
19 MADE.]

20 \* \* \*

21 SECTION 38. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

22 SECTION 2703.1. BOARD.

23 (A) MEMBERSHIP.--NOTWITHSTANDING ANY OTHER LAW TO THE  
24 CONTRARY, THE BOARD OF FINANCE AND REVENUE SHALL CONSIST OF THE  
25 THE FOLLOWING MEMBERS:

26 (1) THE STATE TREASURER OR THE STATE TREASURER'S  
27 DESIGNEE; AND

28 (2) TWO MEMBERS NOMINATED BY THE GOVERNOR AND APPROVED  
29 BY THE SENATE.

30 THE STATE TREASURER OR THE STATE TREASURER'S DESIGNEE SHALL HAVE

1 ONE VOTE ON THE BOARD AND THE OTHER TWO MEMBERS SHALL EACH HAVE  
2 ONE VOTE ON THE BOARD.

3 (B) TERMS.--MEMBERS NOMINATED BY THE GOVERNOR AND APPROVED  
4 BY THE SENATE SHALL SERVE AN INITIAL TERM OF FOUR AND SIX YEARS  
5 RESPECTIVELY AS DESIGNATED BY THE GOVERNOR AT THE TIME OF  
6 NOMINATION AND UNTIL THEIR SUCCESSORS HAVE QUALIFIED. AFTER THE  
7 INITIAL TERMS, MEMBERS NOMINATED BY THE GOVERNOR AND APPROVED BY  
8 THE SENATE SHALL SERVE FOR A TERM OF SIX YEARS AND UNTIL A  
9 SUCCESSOR HAS QUALIFIED.

10 (C) MEMBER QUALIFICATIONS.--EACH MEMBER NOMINATED BY THE  
11 GOVERNOR AND EACH MEMBER WHO IS A DESIGNEE OF THE STATE  
12 TREASURER MUST SATISFY AND MAINTAIN THE FOLLOWING CRITERIA:

13 (1) BE A CITIZEN OF THE UNITED STATES.

14 (2) BE A RESIDENT OF THE COMMONWEALTH OF PENNSYLVANIA.

15 (3) BE AN ATTORNEY IN GOOD STANDING BEFORE THE SUPREME  
16 COURT OF PENNSYLVANIA OR BE A CERTIFIED PUBLIC ACCOUNTANT IN  
17 GOOD STANDING BEFORE THE STATE BOARD OF ACCOUNTANCY.

18 (4) HAVE AT LEAST TEN YEARS OF EXPERIENCE IN A POSITION  
19 REQUIRING SUBSTANTIAL KNOWLEDGE OF PENNSYLVANIA TAX LAW.

20 (5) DEVOTE FULL TIME TO THE DUTIES OF THE OFFICE AND,  
21 WHILE A MEMBER, MAY NOT ENGAGE IN ANY OTHER GAINFUL  
22 EMPLOYMENT OR BUSINESS, NOR HOLD ANOTHER OFFICE OR POSITION  
23 OF PROFIT IN A GOVERNMENT OF THIS COMMONWEALTH, ANY OTHER  
24 STATE OR THE UNITED STATES. NOTHING IN THIS SECTION MAY BE  
25 INTERPRETED TO PROHIBIT MEMBERS OF THE BOARD FROM SERVING IN  
26 THE NATIONAL GUARD AND THE RESERVES OF THE ARMED FORCES OF  
27 THE UNITED STATES WHILE A MEMBER OF THE BOARD.

28 (D) INITIAL TERM.--THE INITIAL TERM OF THE MEMBERS NOMINATED  
29 BY THE GOVERNOR AND APPROVED BY THE SENATE SHALL BEGIN JANUARY  
30 1, 2014.

1 (E) NOMINATION AND APPROVAL.--THE GOVERNOR MAY NOMINATE AND  
2 THE SENATE MAY APPROVE THE TWO BOARD MEMBERS REFERRED TO IN  
3 SUBSECTION (A) (2) AS OF THE EFFECTIVE DATE OF THIS SECTION.

4 (F) RENOMINATION.--A MEMBER MAY BE RENOMINATED UPON THE  
5 EXPIRATION OF THE MEMBER'S TERM.

6 (G) VACANCIES.--ANY VACANCY SHALL BE FILLED FOR THE  
7 UNEXPIRED TERM IN THE SAME MANNER AS SET FORTH IN THIS SECTION.

8 (H) SALARY.--EACH OF THE MEMBERS OF THE BOARD WHO ARE  
9 NOMINATED BY THE GOVERNOR AND APPROVED BY THE SENATE SHALL  
10 RECEIVE AN ANNUAL SALARY TO BE DETERMINED BY THE EXECUTIVE BOARD  
11 COMMENSURATE WITH THE ANNUAL SALARY RECEIVED BY OTHER BOARDS AND  
12 COMMISSIONS.

13 (I) OPERATION OF BOARD.--TWO MEMBERS OF THE BOARD SHALL  
14 CONSTITUTE A QUORUM. THE BOARD SHALL ELECT A SECRETARY, WHO NEED  
15 NOT BE A MEMBER OF THE BOARD. THE STATE TREASURER SHALL BE THE  
16 CHAIRMAN OF THE BOARD AND SHALL, IN CONSULTATION WITH THE OTHER  
17 MEMBERS, SELECT AND APPOINT THE COUNSEL, CLERKS AND OTHER  
18 EMPLOYEES AS MAY BE NECESSARY TO ADMINISTER THE RESPONSIBILITIES  
19 OF THE BOARD AND FOR THE PROPER CONDUCT OF ITS WORK.

20 (J) OATH OF OFFICE.--BEFORE ENTERING UPON THE DUTIES OF  
21 OFFICE, A MEMBER SHALL TAKE AND SUBSCRIBE TO AN OATH OR  
22 AFFIRMATION TO FAITHFULLY DISCHARGE THE DUTIES OF THE OFFICE.

23 (K) ACTIONS OF BOARD.--THE BOARD MAY TAKE ANY ACTION THAT IS  
24 NECESSARY TO PROPERLY EXERCISE THE DUTIES, FUNCTIONS AND POWERS  
25 GIVEN THE BOARD UPON THE EFFECTIVE DATE OF THIS SECTION.

26 (L) NEED FOR MAJORITY.--THE POWERS AND DUTIES VESTED IN AND  
27 IMPOSED UPON THE BOARD SHALL IN ALL CASES BE EXERCISED OR  
28 PERFORMED BY A MAJORITY OF THE BOARD.

29 (M) POWERS.--THE BOARD IS AUTHORIZED TO PROMULGATE AND ADOPT  
30 ALL RULES, REGULATIONS AND FORMS AS MAY BE NECESSARY OR

1 APPROPRIATE.

2 SECTION 39. SECTION 2704 OF THE ACT, ADDED OCTOBER 18, 2006  
3 (P.L.1149, NO.119), IS AMENDED TO READ:

4 SECTION 2704. REVIEW BY BOARD.

5 (A) PETITION FOR REVIEW OF A DECISION AND ORDER.--WITHIN 90  
6 DAYS AFTER THE MAILING DATE OF THE DEPARTMENT'S NOTICE OF  
7 DECISION AND ORDER ON A PETITION FILED WITH IT, A TAXPAYER MAY  
8 PETITION THE BOARD TO REVIEW THE DECISION AND ORDER OF THE  
9 DEPARTMENT.

10 (B) PETITION FOR REVIEW OF DENIAL BY DEPARTMENT'S FAILURE TO  
11 ACT.--A PETITION FOR REVIEW MAY BE FILED WITH THE BOARD WITHIN  
12 90 DAYS AFTER THE MAILING DATE OF THE DEPARTMENT'S NOTICE TO THE  
13 PETITIONER OF ITS FAILURE TO DISPOSE OF THE PETITION WITHIN THE  
14 TIME PERIODS PRESCRIBED BY SECTION 2703(D) OR (E).

15 (C) CONTENTS OF PETITION.--

16 (1) A PETITION FOR REVIEW OF THE DEPARTMENT'S DECISION  
17 AND ORDER ON A PETITION FOR REASSESSMENT SHALL STATE ALL OF  
18 THE FOLLOWING:

19 (I) THE TAX TYPE AND TAX PERIODS INCLUDED WITHIN THE  
20 PETITION.

21 (II) THE AMOUNT OF THE TAX THAT THE TAXPAYER CLAIMS  
22 TO HAVE BEEN ERRONEOUSLY ASSESSED.

23 (III) THE BASIS UPON WHICH THE TAXPAYER CLAIMS THAT  
24 THE ASSESSMENT IS ERRONEOUS.

25 (2) A PETITION FOR REVIEW OF THE DEPARTMENT'S DECISION  
26 AND ORDER ON A PETITION FOR REFUND SHALL STATE ALL OF THE  
27 FOLLOWING:

28 (I) THE TAX TYPE AND TAX PERIODS INCLUDED WITHIN THE  
29 PETITION.

30 (II) THE AMOUNT OF THE TAX THAT THE TAXPAYER CLAIMS

1 TO HAVE BEEN OVERPAID.

2 (III) THE BASIS OF THE TAXPAYER'S CLAIMS FOR REFUND.

3 (2.1) ALL PETITIONS FOR REVIEW SHALL IDENTIFY A MAILING  
4 ADDRESS TO WHICH ALL CORRESPONDENCE AND DECISIONS CAN BE  
5 MAILED AND RECEIVED AND, IF SO DESIRED, AN E-MAIL ADDRESS TO  
6 WHICH ALL CORRESPONDENCE AND DECISIONS CAN BE ELECTRONICALLY  
7 SENT. THE BOARD SHALL BE PERMITTED TO RELY UPON THE ACCURACY  
8 OF THE ADDRESS PROVIDED BY THE TAXPAYER, AND IT SHALL BE THE  
9 DUTY OF THE TAXPAYER TO NOTIFY THE BOARD IF THERE IS ANY  
10 CHANGE IN AN ADDRESS PROVIDED TO THE BOARD.

11 (3) A PETITION MAY SATISFY THE REQUIREMENTS OF  
12 PARAGRAPHS (1) (III) OR (2) (III) BY INCORPORATING BY REFERENCE  
13 THE PETITION FILED WITH THE DEPARTMENT IN WHICH THE BASIS OF  
14 THE TAXPAYER'S CLAIM IS SPECIFICALLY STATED.

15 (D) AFFIDAVIT.--A PETITION SHALL BE SUPPORTED BY AN  
16 AFFIDAVIT BY THE PETITIONER OR THE PETITIONER'S AUTHORIZED  
17 REPRESENTATIVE THAT THE PETITION IS NOT MADE FOR THE PURPOSE OF  
18 DELAY AND THAT THE FACTS SET FORTH IN THE PETITION ARE TRUE.

19 (D.1) REPRESENTATION.--

20 (1) APPEARANCES IN TAX APPEAL PROCEEDINGS CONDUCTED BY  
21 THE BOARD MAY BE BY THE TAXPAYER OR BY AN ATTORNEY,  
22 ACCOUNTANT OR OTHER REPRESENTATIVE PROVIDED THE  
23 REPRESENTATION DOES NOT CONSTITUTE THE UNAUTHORIZED PRACTICE  
24 OF LAW AS ADMINISTERED BY THE PENNSYLVANIA SUPREME COURT.

25 (2) THE DEPARTMENT SHALL HAVE THE RIGHT TO BE  
26 REPRESENTED IN ALL TAX APPEAL PROCEEDINGS BEFORE THE BOARD.  
27 THE SECRETARY, OR THE SECRETARY'S DESIGNEE, SHALL NOTIFY THE  
28 BOARD AS TO WHOM COPIES OF ALL COMMUNICATIONS, NOTICES AND  
29 DECISIONS SHOULD BE SENT ON BEHALF OF THE DEPARTMENT.  
30 COMMUNICATIONS WITH THE DEPARTMENT'S APPOINTED REPRESENTATIVE

1 SHALL BE BY ELECTRONIC MEANS.

2 (D.2) EVIDENCE.--THE PETITIONER AND THE DEPARTMENT SHALL BE  
3 ENTITLED TO PRESENT ORAL AND DOCUMENTARY EVIDENCE IN SUPPORT OF  
4 THEIR POSITIONS. THE PETITIONER AND THE DEPARTMENT WILL BE  
5 PROVIDED THE OPPORTUNITY TO COMMENT UPON ANY SUBMITTED EVIDENCE  
6 AND PROVIDE WRITTEN AND ORAL ARGUMENT TO SUPPORT THEIR  
7 POSITIONS.

8 (D.3) EX PARTE COMMUNICATIONS.--THE MEMBERS OR STAFF OF THE  
9 BOARD SHALL NOT PARTICIPATE IN ANY EX PARTE COMMUNICATIONS WITH  
10 THE PETITIONER OR THE DEPARTMENT OR THEIR REPRESENTATIVES  
11 REGARDING THE MERITS OF ANY TAX APPEAL PENDING BEFORE THE BOARD.  
12 ANY INFORMATION OR DOCUMENTATION PROVIDED TO THE MEMBERS OR  
13 STAFF OF THE BOARD BY THE PETITIONER OR THE DEPARTMENT OR THEIR  
14 REPRESENTATIVES IN A COMMUNICATION REGARDING THE MERITS OF ANY  
15 APPEAL PENDING BEFORE THE BOARD SHALL ALSO BE PROMPTLY PROVIDED  
16 TO THE OTHER PARTY.

17 (D.4) ACCESS TO DEPARTMENT'S DATABASE.--THE BOARD SHALL BE  
18 PROVIDED ACCESS TO THE DEPARTMENT'S RECORDS RELATING TO A  
19 PETITION BEFORE THE BOARD.

20 (D.5) REQUEST FOR HEARING.--UPON WRITTEN REQUEST OF THE  
21 PETITIONER OR THE DEPARTMENT OR WHEN DEEMED NECESSARY BY THE  
22 BOARD, THE BOARD SHALL SCHEDULE A HEARING TO REVIEW A PETITION.  
23 THE PETITIONER AND THE DEPARTMENT SHALL BE NOTIFIED BY THE BOARD  
24 OF THE DATE, TIME AND PLACE WHERE THE HEARING WILL BE HELD.

25 (D.6) HEARING PRACTICE.--HEARINGS SHALL BE OPEN TO THE  
26 PUBLIC AND SHALL BE CONDUCTED IN ACCORDANCE WITH SUCH RULES OF  
27 PRACTICE AND PROCEDURE AS THE BOARD MAY ADOPT AND PROMULGATE. ON  
28 REQUEST OF EITHER PARTY OR ON ITS OWN ACCORD, THE BOARD MAY  
29 CONDUCT PART OR ALL OF THE HEARING AS AN EXECUTIVE SESSION TO  
30 THE EXTENT THAT IF HELD IN PUBLIC IT WOULD VIOLATE A LAWFUL

1 PRIVILEGE OR LEAD TO THE DISCLOSURE OF INFORMATION OR  
2 CONFIDENTIALITY PROTECTED BY LAW.

3 (D.7) COMPROMISE SETTLEMENT.--THE BOARD SHALL ESTABLISH  
4 PROCEDURES TO FACILITATE THE COMPROMISE SETTLEMENT OF ISSUES ON  
5 APPEAL. A COMPROMISE SETTLEMENT SHALL BE ORDERED BY THE BOARD  
6 ONLY WITH THE AGREEMENT OF BOTH THE PETITIONER AND THE  
7 DEPARTMENT. THE PROVISIONS OF SECTION 2707(C) SHALL BE  
8 APPLICABLE TO COMPROMISE SETTLEMENTS UNDER THIS SECTION.

9 (E) DECISION AND ORDER.--THE BOARD SHALL ISSUE A DECISION  
10 AND ORDER IN WRITING DISPOSING OF A PETITION ON ANY BASIS AS IT  
11 DEEMS TO BE IN ACCORDANCE WITH LAW AND EQUITY. A DECISION AND  
12 ORDER SHALL INCLUDE THE CONCLUSIONS REACHED AND THE FACTS ON  
13 WHICH THE DECISION WAS BASED. THE DECISION AND ORDER SHALL BE  
14 APPROVED BY A MAJORITY OF THE BOARD. A COPY OF THE DECISION AND  
15 ORDER AND ANY DISSENTING OPINION SHALL BE SENT TO THE PETITIONER  
16 UTILIZING THE METHOD IDENTIFIED BY THE PETITIONER AND BY  
17 ELECTRONIC MEANS TO THE DEPARTMENT.

18 (F) TIME LIMIT FOR DECISION AND ORDER.--

19 (1) EXCEPT AS PROVIDED IN [PARAGRAPH] PARAGRAPHS (2) AND  
20 (3), THE BOARD SHALL ISSUE A DECISION AND ORDER DISPOSING OF  
21 A PETITION WITHIN SIX MONTHS AFTER RECEIPT OF THE PETITION.  
22 UPON THE REQUEST OF THE PETITIONER OR THE DEPARTMENT, THE  
23 BOARD MAY EXTEND THE TIME PERIOD FOR THE BOARD TO DISPOSE OF  
24 THE PETITION FOR ONE ADDITIONAL SIX-MONTH PERIOD.

25 (2) IF AT THE TIME OF THE FILING OF A PETITION  
26 PROCEEDINGS ARE PENDING IN A COURT OF COMPETENT JURISDICTION  
27 IN WHICH ANY CLAIM MADE IN THE PETITION MAY BE ESTABLISHED,  
28 THE BOARD, UPON THE WRITTEN REQUEST OF THE PETITIONER, MAY  
29 DEFER CONSIDERATION OF THE PETITION UNTIL THE FINAL JUDGMENT  
30 DETERMINING THE QUESTION OR QUESTIONS INVOLVED IN THE

1 PETITION HAS BEEN DECIDED. IF CONSIDERATION OF THE PETITION  
2 IS DEFERRED, THE BOARD SHALL ISSUE A DECISION AND ORDER  
3 DISPOSING OF THE PETITION WITHIN SIX MONTHS AFTER THE FINAL  
4 JUDGMENT.

5 (3) IF A MATTER PENDING BEFORE THE BOARD WOULD BE  
6 MATERIALLY AFFECTED BY AN AUDIT OR OTHER PROCEEDING BEFORE  
7 THE INTERNAL REVENUE SERVICE OR BY AN AUDIT OR OTHER  
8 PROCEEDING CONDUCTED BY ANOTHER STATE, THE BOARD, UPON THE  
9 WRITTEN REQUEST OF THE PETITIONER, MAY DEFER CONSIDERATION OF  
10 THE PETITION UNTIL SUCH TIME AS THE OTHER AUDIT OR PROCEEDING  
11 IS COMPLETED. IF CONSIDERATION OF THE PETITION IS DEFERRED,  
12 THE BOARD SHALL ISSUE A DECISION AND ORDER DISPOSING OF THE  
13 PETITION WITHIN SIX MONTHS AFTER THE AUDIT OR OTHER  
14 PROCEEDING IS FINAL.

15 (G) FAILURE OF BOARD TO TAKE ACTION.--THE FAILURE OF THE  
16 BOARD TO DISPOSE OF THE PETITION WITHIN THE TIME PERIOD PROVIDED  
17 FOR BY SUBSECTION (F) SHALL ACT AS A DENIAL OF THE PETITION.  
18 NOTICE OF THE BOARD'S FAILURE TO TAKE ACTION AND THE DENIAL OF  
19 THE PETITION SHALL BE ISSUED TO THE PETITIONER AND THE  
20 DEPARTMENT. THE MAILING DATE OF THE NOTICE SHALL BEGIN THE TIME  
21 FOR FILING ANY APPEAL.

22 (H) PUBLICATION OF DECISIONS.--

23 (1) THE BOARD SHALL PUBLISH EACH DECISION, ALONG WITH  
24 ANY DISSENTING OPINION, WHICH GRANTS OR DENIES IN WHOLE OR IN  
25 PART A PETITION FOR REVIEW OR A PETITION FOR REFUND.

26 (2) PRIOR TO PUBLICATION OF A DECISION, THE BOARD SHALL  
27 EDIT THE DECISION TO REDACT THE FOLLOWING:

28 (I) INFORMATION IDENTIFIED BY THE PETITIONER AS AND  
29 THAT MEETS THE DEFINITION OF A TRADE SECRET OR  
30 CONFIDENTIAL PROPRIETARY INFORMATION AS DEFINED IN

1 SECTION 102 OF THE ACT OF FEBRUARY 14, 2008 (P.L.6,  
2 NO.3), KNOWN AS THE RIGHT-TO-KNOW LAW.

3 (II) AN INDIVIDUAL'S SOCIAL SECURITY NUMBER, HOME  
4 ADDRESS, DRIVER'S LICENSE NUMBER, PERSONAL FINANCIAL  
5 INFORMATION AS DEFINED IN SECTION 102 OF THE ACT OF  
6 FEBRUARY 14, 2008, KNOWN AS THE RIGHT-TO-KNOW LAW, HOME,  
7 CELLULAR OR PERSONAL TELEPHONE NUMBERS, PERSONAL E-MAIL  
8 ADDRESSES, EMPLOYEE NUMBER OR OTHER CONFIDENTIAL PERSONAL  
9 IDENTIFICATION NUMBER AND A RECORD IDENTIFYING THE NAME,  
10 HOME ADDRESS OR DATE OF BIRTH OF A CHILD 17 YEARS OF AGE  
11 OR YOUNGER.

12 (III) SPECIFIC DOLLAR AMOUNTS OF TAX.

13 (IV) INFORMATION PURSUANT TO THE ACT OF FEBRUARY 14,  
14 2008, KNOWN AS THE RIGHT-TO-KNOW LAW.

15 (3) THE DISCLOSURE OF ANY REMAINING INFORMATION,  
16 INCLUDING THE NAME OF THE TAXPAYER AND THE NATURE OF THE  
17 TAXPAYER'S BUSINESS, SHALL BE DEEMED NOT TO VIOLATE ANY  
18 PROVISION OF LAW TO THE CONTRARY, INCLUDING:

19 (I) SECTIONS 274, 353 AND 408.

20 (II) 18 PA.C.S. § 7326 (RELATING TO DISCLOSURE OF  
21 CONFIDENTIAL TAX INFORMATION).

22 (III) SECTION 731 OF THE ACT OF APRIL 9, 1929  
23 (P.L.343, NO.176), KNOWN AS THE FISCAL CODE.

24 (4) DECISIONS SHALL BE INDEXED AND PUBLISHED ON A  
25 PUBLICLY ACCESSIBLE INTERNET WEBSITE MAINTAINED BY THE BOARD.

26 (I) APPEALS.--AN APPEAL FROM A DECISION OF THE BOARD SHALL  
27 BE TO THE COMMONWEALTH COURT AND SHALL BE DE NOVO.

28 SECTION 40. (RESERVED).

29 SECTION 41. REPEALS ARE AS FOLLOWS:

30 (1) THE GENERAL ASSEMBLY DECLARES THAT THE REPEAL UNDER

1 PARAGRAPH (2) IS NECESSARY TO EFFECTUATE THE AMENDMENT OR  
2 REPEAL OF SECTIONS 701, 701.1, 701.4, 701.5 AND 2702(B) OF  
3 THE ACT.

4 (2) SECTION 1104.1 OF THE ACT OF APRIL 9, 1929 (P.L.343,  
5 NO.176), KNOWN AS THE FISCAL CODE, IS REPEALED.

6 (3) SECTION 207 AND 302 OF THE ACT OF OCTOBER 15, 1980  
7 (P.L.950, NO.164), KNOWN AS THE COMMONWEALTH ATTORNEYS ACT,  
8 ARE REPEALED INSOFAR AS THEY ARE INCONSISTENT WITH THE  
9 ADDITION OF SECTION 2703.1 OF THE ACT.

10 (4) THE GENERAL ASSEMBLY DECLARES THAT THE REPEAL UNDER  
11 PARAGRAPH (5) IS NECESSARY TO EFFECTUATE THE AMENDMENT OF  
12 SECTION 2704(H) OF THE ACT.

13 (5) SECTION 503.1 OF THE FISCAL CODE IS REPEALED.

14 (6) THE GENERAL ASSEMBLY DECLARES THAT THE REPEAL UNDER  
15 PARAGRAPH (7) IS NECESSARY TO EFFECTUATE THE ADDITION OF  
16 SECTION 2703.1 OF THE ACT.

17 (7) SECTION 405 OF THE ACT OF APRIL 9, 1929 (P.L.177,  
18 NO.175), KNOWN AS THE ADMINISTRATIVE CODE OF 1929, IS  
19 REPEALED.

20 (8) THE GENERAL ASSEMBLY DECLARES THAT THE REPEAL UNDER  
21 PARAGRAPH (9) IS NECESSARY TO EFFECTUATE THE ADDITION OF  
22 ARTICLE XIX-B OF THE ACT.

23 (9) ARTICLE XVI-B OF THE FISCAL CODE IS REPEALED.

24 (10) THE GENERAL ASSEMBLY DECLARES THAT THE REPEAL UNDER  
25 PARAGRAPH (11) IS NECESSARY TO EFFECTUATE THE ADDITION OF  
26 ARTICLE XIX-C OF THE ACT.

27 (11) ARTICLE XVI-F OF THE FISCAL CODE IS REPEALED.

28 SECTION 42. THE FOLLOWING SHALL APPLY:

29 (1) A TAX CREDIT MAY NOT BE GRANTED UNDER SECTION 206(B)  
30 OF THE ACT AFTER JUNE 30, 2013.

1 (1.1) THE AMENDMENT OF SECTIONS 1702-D AND 1703-D OF THE  
2 ACT SHALL APPLY TO TAX CREDITS AWARDED AFTER JUNE 30, 2013.

3 (2) THE AMENDMENT OR ADDITION OF THE FOLLOWING  
4 PROVISIONS OF THE ACT SHALL APPLY TO TAX YEARS BEGINNING  
5 AFTER DECEMBER 31, 2013:

6 (I) SECTION 301(D.2), (N.2), (O.4) AND (T).

7 (II) SECTION 303(A)(2) AND (A.8).

8 (III) SECTION 306.

9 (IV) SECTION 306.1.

10 (V) SECTION 306.2.

11 (VI) SECTION 307.8(A) AND (F).

12 (VII) SECTION 314(A).

13 (VIII) SECTION 315.10.

14 (IX) SECTION 315.11.

15 (X) SECTION 324.

16 (XI) SECTION 330.1.

17 (XII) SECTION 335.

18 (XIII) SECTION 401(3)2(A)(16.1) AND (17) AND (E).

19 (XIV) SECTION 403(D).

20 (2.1) THE AMENDMENT OR ADDITION OF SECTIONS 701, 701.1,  
21 701.4 AND 701.5 OF THE ACT SHALL APPLY TO THE CALENDAR YEAR  
22 BEGINNING ON JANUARY 1, 2014, AND TO EACH CALENDAR YEAR  
23 THEREAFTER.

24 (3) THE ADDITION OF SECTION 1102-C.3(23) OF THE ACT  
25 SHALL APPLY TO TRANSACTIONS OCCURRING ON OR AFTER NOVEMBER 1,  
26 2011.

27 (4) THE ADDITION OF SECTION 2111(T) OF THE ACT SHALL  
28 APPLY TO THE ESTATES OF DECEDENTS WHO DIE ON OR AFTER JULY 1,  
29 2013.

30 (5) THE AMENDMENT OR REPEAL OF SECTIONS 2701 AND 2704 OF

1 THE ACT SHALL APPLY TO:

2 (I) ALL PETITIONS FILED WITH THE BOARD OF FINANCE  
3 AND REVENUE AND ALL OTHER BUSINESS OF THE BOARD OF  
4 FINANCE AND REVENUE ON OR AFTER APRIL 1, 2014.

5 (II) ALL PETITIONS FILED WITH THE BOARD OF FINANCE  
6 AND REVENUE PRIOR TO APRIL 1, 2014, THAT HAVE NOT BEEN  
7 THE SUBJECT OF A FINAL AND IRREVOCABLE DECISION BY THE  
8 BOARD OF FINANCE AND REVENUE AS OF APRIL 1, 2014.

9 (5.1) THE REPEAL OF SECTION 2702(B) AND SECTION 1101.4  
10 OF THE ACT OF APRIL 9, 1929 (P.L.343, NO.176), KNOWN AS THE  
11 FISCAL CODE, SHALL APPLY TO A PETITION FOR REASSESSMENT FILED  
12 WITH THE DEPARTMENT OF REVENUE ON OR AFTER THE EFFECTIVE DATE  
13 OF THIS PARAGRAPH.

14 (6) SECTION 2703.1 OF THE ACT SHALL APPLY ON APRIL 1,  
15 2014, OR WHEN THE TWO BOARD OF FINANCE AND REVENUE MEMBERS  
16 REFERRED TO IN SECTION 2703.1(A)(2) HAVE BEEN SWORN IN,  
17 WHICHEVER IS LATER. THE MEMBERS OF THE BOARD OF FINANCE AND  
18 REVENUE IN OFFICE BEFORE APRIL 1, 2014, SHALL CONTINUE THEIR  
19 TERMS UNTIL AT LEAST TWO MEMBERS OF THE BOARD UNDER SECTION  
20 2703.1 HAVE BEEN SWORN IN.

21 (7) THE ADDITION OF ARTICLE XIX-B OF THE ACT IS A  
22 CONTINUATION OF ARTICLE XVI-B OF THE ACT OF APRIL 9, 1929  
23 (P.L.343, NO.176), KNOWN AS THE FISCAL CODE. EXCEPT AS  
24 OTHERWISE PROVIDED IN ARTICLE XIX-B OF THE ACT, ALL  
25 ACTIVITIES INITIATED UNDER ARTICLE XVI-B OF THE FISCAL CODE  
26 SHALL CONTINUE AND REMAIN IN FULL FORCE AND EFFECT AND MAY BE  
27 COMPLETED UNDER ARTICLE XIX-B OF THE ACT. ORDERS,  
28 REGULATIONS, RULES AND DECISIONS WHICH WERE MADE UNDER THE  
29 ARTICLE XVI-B OF THE FISCAL CODE AND WHICH ARE IN EFFECT ON  
30 THE EFFECTIVE DATE OF SECTION 41(9) OF THIS ACT SHALL REMAIN

1 IN FULL FORCE AND EFFECT UNTIL REVOKED, VACATED OR MODIFIED  
2 UNDER ARTICLE XIX-B OF THE ACT. CONTRACTS, OBLIGATIONS AND  
3 COLLECTIVE BARGAINING AGREEMENTS ENTERED INTO UNDER ARTICLE  
4 XVI-B OF THE FISCAL CODE ARE NOT AFFECTED NOR IMPAIRED BY THE  
5 REPEAL OF ARTICLE XVI-B OF THE FISCAL CODE AND SHALL REMAIN  
6 IN FULL FORCE AND EFFECT UNDER THE TERMS OF THE CONTRACTS,  
7 OBLIGATIONS AND COLLECTIVE BARGAINING AGREEMENTS.

8 (8) THE ADDITION OF ARTICLE XIX-C OF THE ACT IS A  
9 CONTINUATION OF ARTICLE XVI-F OF THE FISCAL CODE. EXCEPT AS  
10 OTHERWISE PROVIDED IN ARTICLE XIX-C OF THE ACT, ALL  
11 ACTIVITIES INITIATED UNDER ARTICLE XVI-F OF THE FISCAL CODE  
12 SHALL CONTINUE AND REMAIN IN FULL FORCE AND EFFECT AND MAY BE  
13 COMPLETED UNDER ARTICLE XIX-C OF THE ACT. ORDERS,  
14 REGULATIONS, RULES AND DECISIONS WHICH WERE MADE UNDER  
15 ARTICLE XVI-F OF THE FISCAL CODE AND WHICH ARE IN EFFECT ON  
16 THE EFFECTIVE DATE OF SECTION 41(11) OF THIS ACT SHALL REMAIN  
17 IN FULL FORCE AND EFFECT UNTIL REVOKED, VACATED OR MODIFIED  
18 UNDER ARTICLE XIX-C OF THE ACT. CONTRACTS, OBLIGATIONS AND  
19 COLLECTIVE BARGAINING AGREEMENTS ENTERED INTO UNDER ARTICLE  
20 XVI-F OF THE FISCAL CODE ARE NOT AFFECTED NOR IMPAIRED BY THE  
21 REPEAL OF ARTICLE XVI-F OF THE FISCAL CODE.

22 SECTION 43. THE FOLLOWING SHALL APPLY:

23 (1) WITHIN 18 MONTHS OF THE EFFECTIVE DATE OF THIS  
24 SECTION, THE DEPARTMENT OF REVENUE, WORKING JOINTLY WITH THE  
25 SECRETARY OF BANKING AND SECURITIES AND REPRESENTATIVES FROM  
26 THE BANKING INDUSTRY IN THIS COMMONWEALTH, SHALL SUBMIT A  
27 DETAILED REPORT TO THE CHAIRMAN AND MINORITY CHAIRMAN OF THE  
28 APPROPRIATIONS COMMITTEE OF THE SENATE, THE CHAIRMAN AND  
29 MINORITY CHAIRMAN OF THE FINANCE COMMITTEE OF THE SENATE, THE  
30 CHAIRMAN AND MINORITY CHAIRMAN OF THE APPROPRIATIONS

1 COMMITTEE OF THE HOUSE OF REPRESENTATIVES AND THE CHAIRMAN  
2 AND MINORITY CHAIRMAN OF THE FINANCE COMMITTEE OF THE HOUSE  
3 OF REPRESENTATIVES ASCERTAINING WHETHER THE ADJUSTMENT, UNDER  
4 THE AMENDMENT OR REPEAL OF SECTIONS 701, 701.1, 701.4, 701.5  
5 AND 2702(B) OF THE ACT, TO THE RATE OF TAX UNDER ARTICLE VII  
6 OF THE ACT SUFFICIENTLY ADDRESSES THE SIGNIFICANT CHANGES IN  
7 THE STRUCTURE AND REGULATORY ENVIRONMENT WITHIN THE BANKING  
8 INDUSTRY. THE REPORT SHALL INCLUDE RECOMMENDATIONS WITH  
9 REGARD TO ALL OF THE FOLLOWING:

10 (I) AN APPROPRIATE TAX BASE ON WHICH TO CALCULATE  
11 TAX LIABILITIES, WHICH SHALL INCLUDE RECOGNITION OF THE  
12 EFFECT OF A FINAL COURT DECISION AND PENDING LITIGATION  
13 ON THE TAX BASE.

14 (II) AN APPROPRIATE RATE OF TAX NECESSARY TO PROVIDE  
15 FAIR, STABLE AND PREDICTABLE TAX REVENUES TO THE  
16 COMMONWEALTH TO ENSURE THAT THE TOTAL AMOUNT OF TAX  
17 IMPOSED ON AN INSTITUTION SUBJECT TO THE TAX UNDER  
18 ARTICLE VII OF THE ACT AND THE RATE OF GROWTH OF THE TAX  
19 LIABILITIES WILL BE COMPETITIVE WITH TAXES IMPOSED BY  
20 OTHER STATES, PARTICULARLY THOSE ADJACENT TO THIS  
21 COMMONWEALTH. CONSIDERATION SHALL BE GIVEN TO THE  
22 ADJUSTMENT TO THE RATE OF TAX UNDER THE AMENDMENT OR  
23 REPEAL OF SECTIONS 701, 701.1, 701.4, 701.5 AND 2702(B)  
24 OF THE ACT IN ORDER TO DETERMINE WHETHER FUTURE  
25 ADJUSTMENTS ARE WARRANTED.

26 (III) AN APPROPRIATE METHODOLOGY TO ALLOCATE AND  
27 APPORTION THE TAX BASE IN INSTANCES WHERE THE ENTIRE  
28 BUSINESS OF A TAXPAYER SUBJECT TO ARTICLE VII OF THE ACT  
29 IS NOT CONDUCTED IN THIS COMMONWEALTH.

30 (IV) PROPOSED DRAFT LEGISLATION CONCERNING THE

1 IMPLEMENTATION OF RECOMMENDED CHANGES TO ARTICLE VII OF  
2 THE ACT.

3 (2) (RESERVED).

4 SECTION 44. THIS ACT SHALL TAKE EFFECT AS FOLLOWS:

5 (1) THE FOLLOWING PROVISIONS SHALL TAKE EFFECT JANUARY  
6 1, 2014, OR IMMEDIATELY, WHICHEVER IS LATER:

7 (I) THE AMENDMENT OF THE DEFINITIONS OF "DOCUMENT,"  
8 "REAL ESTATE" AND "REAL ESTATE COMPANY" IN SECTION 1101-C  
9 OF THE ACT.

10 (II) THE AMENDMENT OF SECTIONS 1102-C AND  
11 1102-C.5(A) OF THE ACT.

12 ~~(III) THE ADDITION OF ARTICLE II B OF THE ACT.~~ <--

13 (2) THE FOLLOWING PROVISIONS SHALL TAKE EFFECT APRIL 1,  
14 2014:

15 (I) THE AMENDMENT OF SECTION 2701 OF THE ACT.

16 (II) THE ADDITION OF SECTION 2703.1 OF THE ACT.

17 (III) THE AMENDMENT OF SECTION 2704 OF THE ACT.

18 (3) THE ADDITION OF SECTION 401(8), (9) AND (10) OF THE  
19 ACT SHALL TAKE EFFECT JANUARY 1, 2015.

20 (4) THE FOLLOWING PROVISIONS SHALL TAKE EFFECT IN 60  
21 DAYS:

22 (I) THE ADDITION OF SECTION 278 OF THE ACT.

23 (II) THE ADDITION OF ARTICLE XVIII-F OF THE ACT.

24 (5) THE ADDITION OF SECTION 204(69) OF THE ACT SHALL  
25 TAKE EFFECT IN 90 DAYS.

26 (5.1) THE ADDITION OF ARTICLE II-B OF THE ACT SHALL TAKE <--  
27 EFFECT JULY 1, 2014, OR IMMEDIATELY, WHICHEVER IS LATER.

28 (6) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT  
29 IMMEDIATELY.