

## AMENDMENTS TO HOUSE BILL NO. 377

Sponsor: REPRESENTATIVE REED

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1 Amend Title, page 1, line 11, by removing the period after  
2 "poverty" and inserting  
3 and for apportionment of business income.

4 Amend Bill, page 2, by inserting between lines 26 and 27

5 Section 2. Section 401(3)2(a)(9) of the act, amended July  
6 12, 2006 (P.L.1137, No.116), is amended to read:

7 Section 401. Definitions.--The following words, terms, and  
8 phrases, when used in this article, shall have the meaning  
9 ascribed to them in this section, except where the context  
10 clearly indicates a different meaning:

11 \* \* \*

12 (3) "Taxable income." \* \* \*

13 2. In case the entire business of any corporation, other  
14 than a corporation engaged in doing business as a regulated  
15 investment company as defined by the Internal Revenue Code of  
16 1986, is not transacted within this Commonwealth, the tax  
17 imposed by this article shall be based upon such portion of the  
18 taxable income of such corporation for the fiscal or calendar  
19 year, as defined in subclause 1 hereof, and may be determined as  
20 follows:

21 (a) Division of Income.

22 \* \* \*

23 (9) (A) Except as provided in subparagraph (B):

24 (i) For taxable years beginning before January 1, 2007, all  
25 business income shall be apportioned to this State by  
26 multiplying the income by a fraction, the numerator of which is  
27 the property factor plus the payroll factor plus three times the  
28 sales factor and the denominator of which is five.

29 (ii) For taxable years beginning after December 31, 2006,  
30 and ending before January 1, 2008, all business income shall be  
31 apportioned to this State by multiplying the income by a  
32 fraction, the numerator of which is the sum of fifteen times the  
33 property factor, fifteen times the payroll factor and seventy  
34 times the sales factor and the denominator of which is one  
35 hundred.

36 (iii) For taxable years beginning after December 31, 2007,  
37 all business income shall be apportioned to this State by  
38 multiplying the income by the sales factor.

39 (B) For purposes of apportionment of the capital stock -  
40 franchise tax as provided in section 602 of Article VI of this

1 act, the apportionment fraction shall be the property factor  
2 plus the payroll factor plus the sales factor as the numerator,  
3 and the denominator shall be three.  
4 \* \* \*

5 Amend Sec. 2, page 2, line 27, by striking out all of said  
6 line and inserting

7 Section 3. This act shall take effect as follows:

8 (1) The amendment of section 401(3)2(a)(9) of the act  
9 shall take effect July 1, 2008, or immediately, whichever is  
10 later.

11 (2) The remainder of this act shall take effect  
12 immediately.