

## AMENDMENTS TO HOUSE BILL NO. 542

Sponsor: SENATOR BROWNE

Printer's No. 1563

1 Amend Bill, page 1, lines 12 through 23, by striking out all  
2 of said lines and inserting  
3 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An  
4 act relating to tax reform and State taxation by codifying  
5 and enumerating certain subjects of taxation and imposing  
6 taxes thereon; providing procedures for the payment,  
7 collection, administration and enforcement thereof; providing  
8 for tax credits in certain cases; conferring powers and  
9 imposing duties upon the Department of Revenue, certain  
10 employers, fiduciaries, individuals, persons, corporations  
11 and other entities; prescribing crimes, offenses and  
12 penalties,"  
13 further providing for the title of the act;  
14 in sales and use tax, further providing for definitions,  
15 for imposition of tax and for exclusions from tax; providing  
16 for marketplace providers and marketplace sellers; further  
17 providing for remote sales reports;  
18 in personal income tax, providing for the Pennsylvania  
19 ABLE Savings Program Tax Exemption, repealing provisions  
20 relating to contribution for Korea/Vietnam Memorial National  
21 Education Center and further providing for operational  
22 provisions;  
23 in corporate net income tax, further providing for  
24 definitions and providing for qualified manufacturing  
25 innovation and reinvestment deduction;  
26 in gross receipts tax, further providing for imposition  
27 of tax and establishing the Natural Gas Optimization Fund and  
28 Natural Gas Optimization Program;  
29 in realty transfer tax, further providing for definitions  
30 and for exempt parties;  
31 in entertainment production tax credit, further providing  
32 for definitions and for credit for qualified film production  
33 expenses, providing for film production tax credit districts  
34 and establishing the Entertainment Economic Enhancement  
35 Program;  
36 in city revitalization and improvement zones, further  
37 providing for restrictions and for transfer of property;  
38 in neighborhood improvement zones, further providing for

1 definitions and providing for transfer of property;  
2 in keystone opportunity zones, keystone opportunity  
3 expansion zones and keystone opportunity improvement zones,  
4 further providing for additional keystone opportunity zones;  
5 in inheritance tax, further providing for timely mailing  
6 treated as timely filing and payment;  
7 providing for an electric grid virtual financial  
8 transactions tax;  
9 in Public Transportation Assistance Fund, further  
10 providing for fund;  
11 providing for fireworks, for unconventional gas wells,  
12 for unconventional natural gas air quality protection and for  
13 environmental permitting reform;  
14 in procedure and administration, further providing for  
15 petition for reassessment, for petition procedure and for  
16 review by board;  
17 providing for Tobacco Master Settlement Payment Fund;  
18 in general provisions, further providing for timely  
19 filing;  
20 providing for severability; and  
21 making related repeals.

22 Amend Bill, page 2, lines 20 through 30; page 3, lines 1  
23 through 30; page 4, lines 1 through 4; by striking out all of  
24 said lines on said pages and inserting

25 Section 1. The title of the act of March 4, 1971 (P.L.6,  
26 No.2), known as the Tax Reform Code of 1971, is amended to read:

27 AN ACT

28 Relating to tax reform and State taxation by codifying and  
29 enumerating certain subjects of taxation and imposing taxes  
30 thereon; providing procedures for the payment, collection,  
31 administration and enforcement thereof; providing for tax  
32 credits in certain cases; providing for environmental  
33 permitting; conferring powers and imposing duties upon the  
34 Department of Revenue, certain employers, fiduciaries,  
35 individuals, persons, corporations and other entities;  
36 prescribing crimes, offenses and penalties.

37 Section 1.1. Section 201(m) of the act, amended July 13,  
38 2016 (P.L.526, No.84), is amended and the section is amended by  
39 adding clauses to read:

40 Section 201. Definitions.--The following words, terms and  
41 phrases when used in this Article II shall have the meaning  
42 ascribed to them in this section, except where the context  
43 clearly indicates a different meaning:

44 \* \* \*

45 (m) "Tangible personal property."

46 (1) Corporeal personal property including, but not limited  
47 to, goods, wares, merchandise, steam and natural and  
48 manufactured and bottled gas for non-residential use,

1 electricity for non-residential use, prepaid telecommunications,  
2 premium cable or premium video programming service, spirituous  
3 or vinous liquor and malt or brewed beverages and soft drinks,  
4 interstate telecommunications service originating or terminating  
5 in the Commonwealth and charged to a service address in this  
6 Commonwealth, intrastate telecommunications service with the  
7 exception of (i) subscriber line charges and basic local  
8 telephone service for residential use and (ii) charges for  
9 telephone calls paid for by inserting money into a telephone  
10 accepting direct deposits of money to operate, provided further,  
11 the service address of any intrastate telecommunications service  
12 is deemed to be within this Commonwealth or within a political  
13 subdivision, regardless of how or where billed or paid. In the  
14 case of any such interstate or intrastate telecommunications  
15 service, any charge paid through a credit or payment mechanism  
16 which does not relate to a service address, such as a bank,  
17 travel, credit or debit card, but not including prepaid  
18 telecommunications, is deemed attributable to the address of  
19 origination of the telecommunications service.

20 (2) The term shall include the following, whether  
21 electronically or digitally delivered, streamed or accessed and  
22 whether purchased singly, by subscription or in any other  
23 manner, including maintenance[, ] and updates [and support]:

- 24 (i) video;
- 25 (ii) photographs;
- 26 (iii) books;
- 27 (iv) any other otherwise taxable printed matter;
- 28 (v) applications, commonly known as apps;
- 29 (vi) games;
- 30 (vii) music;
- 31 (viii) any other audio, including satellite radio service;
- 32 (ix) canned software, notwithstanding the function  
33 performed, including support, except separately invoiced help  
34 desk or call center support; or
- 35 (x) any other otherwise taxable tangible personal property  
36 electronically or digitally delivered, streamed or accessed.

37 \* \* \*

38 (eee) "Marketplace provider." A person who, either directly  
39 or indirectly through agreements or arrangements with third  
40 parties and pursuant to an agreement with a marketplace seller,  
41 facilitates a sale by a marketplace seller. For purposes of this  
42 definition, a person "facilitates a sale" if the person or an  
43 affiliated person:

44 (1) collects the payment made by a customer to or for a  
45 marketplace seller regardless of whether the marketplace  
46 provider receives compensation or other consideration in  
47 exchange for its services; and

48 (2) provides the forum in which, or by means of which, the  
49 sale takes place, including a shop, a store, a booth, an  
50 Internet website, a catalog or a similar forum.

51 (fff) "Marketplace seller." A person, whether or not the

1 person is required to register to collect tax under this  
2 article, who:

3 (1) has an agreement with a marketplace provider under which  
4 the marketplace provider will facilitate sales for the person;  
5 and

6 (2) makes sales at retail subject to tax under this article.

7 Section 2. Section 202(a) of the act is amended to read:

8 Section 202. Imposition of Tax.--(a) There is hereby  
9 imposed upon each separate sale at retail of tangible personal  
10 property or services, as defined herein, within this  
11 Commonwealth a tax of six per cent of the purchase price, which  
12 tax shall be collected by the vendor from the purchaser, or by  
13 the marketplace provider for each separate sale at retail  
14 facilitated for a marketplace seller, and shall be paid over to  
15 the Commonwealth as herein provided.

16 \* \* \*

17 Section 2.1. Section 204(13) of the act, amended July 13,  
18 2016 (P.L.526, No.84), is amended to read:

19 Section 204. Exclusions from Tax.--The tax imposed by  
20 section 202 shall not be imposed upon any of the following:

21 \* \* \*

22 (13) The sale at retail, or use of wrapping paper, wrapping  
23 twine, bags, cartons, tape, rope, labels, nonreturnable  
24 containers [and], all other wrapping supplies and kegs used to  
25 contain malt or brewed beverages, when such use is incidental to  
26 the delivery of any personal property, except that any charge  
27 for wrapping or packaging shall be subject to tax at the rate  
28 imposed by section 202, unless the property wrapped or packaged  
29 will be resold by the purchaser of the wrapping or packaging  
30 service. As used in this paragraph, the term "cartons" includes  
31 corrugated boxes used by a person engaged in the manufacture of  
32 snack food products to deliver the manufactured product, whether  
33 or not the boxes are returnable for potential reuse.

34 \* \* \*

35 Section 2.2. Article II of the act is amended by adding a  
36 part to read:

37 PART V-A

38 MARKETPLACE PROVIDERS AND MARKETPLACE SELLERS

39 Section 213. Marketplace Providers and Marketplace  
40 Sellers.--(a) A marketplace provider shall:

41 (1) comply with all of the provisions of this article with  
42 respect to the collection of tax by vendors;

43 (2) have all the duties, benefits and entitlements of a  
44 person required to collect tax under this article with respect  
45 to sales facilitated for a marketplace seller, as if the  
46 marketplace provider were the vendor with respect to the sale,  
47 including the right to receive the refund authorized by section  
48 247 or section 247.1; and

49 (3) keep the records and information required of a vendor  
50 under this article.

51 (b) A marketplace seller is not a person required to collect

1 tax for purposes of this section regarding a particular sale at  
2 retail if:

3 (1) the marketplace seller can show that the sale was  
4 facilitated by a marketplace provider from whom the seller has  
5 received a properly completed certificate of collection on a  
6 form prescribed by the department certifying that the  
7 marketplace provider is registered to collect tax and will  
8 collect tax on all taxable sales by the marketplace seller and  
9 with other information as the department may prescribe; and

10 (2) any failure of the marketplace provider to collect the  
11 proper amount of tax in regard to the sale was not the result of  
12 the marketplace seller providing the marketplace provider with  
13 incorrect information.

14 (c) This section shall be administered in a manner  
15 consistent with this article as if a certificate of collection  
16 were a resale or exemption certificate, including with regard to  
17 the completeness of the certificate of collection and the timing  
18 of its acceptance by the marketplace seller, provided that, with  
19 regard to any sales by a marketplace seller that are facilitated  
20 by a marketplace provider who is affiliated with the marketplace  
21 seller, the marketplace seller shall be deemed liable as a  
22 person under a duty to act for the marketplace provider for  
23 purposes of this article.

24 (d) A marketplace provider is relieved of liability under  
25 this section for failure to collect the correct amount of tax to  
26 the extent that the marketplace provider can show that the error  
27 was due to incorrect information given to the marketplace  
28 provider by the marketplace seller. This subsection shall not  
29 apply if the marketplace seller and marketplace provider are  
30 affiliated.

31 (e) For purposes of this section, two persons are affiliated  
32 if one person has an ownership interest of more than five per  
33 cent, whether direct or indirect, in the other, or where an  
34 ownership interest of more than five per cent, whether direct or  
35 indirect, is held in each of the persons by another person or by  
36 a group of other persons which are affiliated persons with  
37 respect to each other.

38 Section 2.3. Section 278 of the act is amended by adding a  
39 subsection to read:

40 Section 278. Remote Sales Reports.--\* \* \*

41 (c) If Federal legislation relating to remote sellers has  
42 not been enacted by December 31, 2018, the Independent Fiscal  
43 Office, in conjunction with the Department of Revenue, shall  
44 conduct a study assessing the legal implications and fiscal  
45 impact of mandating notice requirements for remote sellers. By  
46 April 1, 2019, results of the study, if a study is produced,  
47 shall be provided to the chairman and minority chairman of the  
48 Appropriations Committee of the Senate, the chairman and  
49 minority chairman of the Finance Committee of the Senate, the  
50 chairman and minority chairman of the Appropriations Committee  
51 of the House of Representatives and the chairman and minority

1 chairman of the Finance Committee of the House of  
2 Representatives.

3 Section 3. The act is amended by adding a section to read:

4 Section 304.2. Pennsylvania ABLE Savings Program Tax  
5 Exemption.--(a) The following shall be exempt from all taxation  
6 by the Commonwealth and its political subdivisions:

7 (1) Undistributed earnings on an account.

8 (2) An amount distributed from an account that is not  
9 included in gross income under section 529A(c)(1) of the  
10 Internal Revenue Code.

11 (b) The following shall apply:

12 (1) An amount contributed to an account shall be deductible  
13 from the taxable income of the contributor under this article  
14 for the tax year the contribution was made.

15 (2) The total contributions made by a contributor during a  
16 taxable year to all accounts that are allowable as a deduction  
17 under this section shall not exceed the dollar amount under  
18 section 2503(b) of the Internal Revenue Code.

19 (3) The deduction shall not result in the contributor's  
20 taxable income being less than zero.

21 (4) The department and the Treasury Department shall  
22 cooperate in verifying account information relating to  
23 contributions to an account itemized by a contributor and the  
24 contributor's specific contributions.

25 (c) An amount that is distributed from an account and not  
26 otherwise exempt from taxation under this section shall be  
27 taxable income to the designated beneficiary under this article.

28 (d) A change in designated beneficiaries under section  
29 529A(c) of the Internal Revenue Code shall not constitute a  
30 taxable event.

31 (e) As used in this section, the following words and phrases  
32 shall have the meanings given to them in this subsection unless  
33 the context clearly indicates otherwise:

34 "Account." An ABLE savings account as defined in section 102  
35 of the Pennsylvania ABLE Act.

36 "Contributor." An individual who makes a contribution to an  
37 account as defined in section 102 of the Pennsylvania ABLE Act.

38 "Designated beneficiary." The term shall have the same  
39 meaning as provided in section 102 of the Pennsylvania ABLE Act.

40 "Internal Revenue Code." The Internal Revenue Code of 1986  
41 (Public Law 99-514, 26 U.S.C. § 1 et seq.), as amended.

42 "Pennsylvania ABLE Act." The act of April 18, 2016 (P.L.128,  
43 No.17), known as the Pennsylvania ABLE Act.

44 "Pennsylvania ABLE Savings Program." The program established  
45 under the Pennsylvania ABLE Act.

46 "Qualified disability expense." The term shall have the same  
47 meaning as provided in section 102 of the Pennsylvania ABLE Act.

48 "Rollover distribution." The term shall have the same  
49 meaning as provided in section 102 of the Pennsylvania ABLE Act

50 \* \* \*

51 Section 4. Section 315.6 of the act is repealed:

1 [Section 315.6. Contribution for Korea/Vietnam Memorial  
2 National Education Center.--(a) For tax years 1997, 1998, 1999,  
3 2000, 2001, 2002, 2003 and 2004, the department shall provide a  
4 space on the face of the Pennsylvania individual income tax  
5 return form whereby an individual may voluntarily designate a  
6 contribution of any amount from the individual's tax refund to  
7 the Korea/Vietnam Memorial National Education Center.

8 (b) The amount designated by an individual on the  
9 Pennsylvania individual income tax return form shall be deducted  
10 from the tax refund to which the individual is entitled and  
11 shall not constitute a charge against the income tax revenues  
12 due the Commonwealth.

13 (c) The department shall determine annually the total amount  
14 designated by individual taxpayers under this section and shall  
15 report the amount to the State Treasurer, who shall prepare the  
16 appropriate documentation and transfer the designated amount  
17 from the General Fund to the Korea/Vietnam Memorial National  
18 Education Center.

19 (d) The department shall provide adequate information  
20 regarding the center and its purposes in its instructions for  
21 tax years 1997, 1998, 1999, 2000, 2001, 2002, 2003 and 2004  
22 which accompany Pennsylvania individual income tax return forms  
23 to include the address of the Korea/Vietnam Memorial National  
24 Education Center to which contributions may be sent by taxpayers  
25 who wish to make additional contributions to the center.

26 (e) On or before March 31 of each year, the Korea/Vietnam  
27 Memorial National Education Center shall submit a report  
28 detailing contributions received and activities undertaken  
29 during the prior calendar year to the Military and Veterans'  
30 Affairs Committee of the Senate and the Veterans Affairs and  
31 Emergency Preparedness Committee of the House of  
32 Representatives.

33 (f) This section shall expire December 31, 2005.]

34 Section 4.1. Section 315.9(b.1) and (c) of the act are  
35 amended to read:

36 Section 315.9. Operational Provisions.--

37 \* \* \*

38 (b.1) Notwithstanding subsection (b), the checkoffs  
39 established in sections 315.2 [and], 315.3, 315.4, 315.7, 315.8,  
40 315.10 and 315.11 shall not expire.

41 [(c) Sections 315.3, 315.4 and 315.8 shall expire January 1,  
42 2018.]

43 Section 4.2. Section 401(3)4(c) of the act is amended and  
44 the subsection is amended by adding a clause to read:

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

49 \* \* \*

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

51 4. \* \* \*

1 (c) (1) The net loss deduction shall be the lesser of:  
2 (A) (I) For taxable years beginning before January 1, 2007,  
3 two million dollars (\$2,000,000);  
4 (II) For taxable years beginning after December 31, 2006,  
5 the greater of twelve and one-half per cent of taxable income as  
6 determined under subclause 1 or, if applicable, subclause 2 or  
7 three million dollars (\$3,000,000);  
8 (III) For taxable years beginning after December 31, 2008,  
9 the greater of fifteen per cent of taxable income as determined  
10 under subclause 1 or, if applicable, subclause 2 or three  
11 million dollars (\$3,000,000);  
12 (IV) For taxable years beginning after December 31, 2009,  
13 the greater of twenty per cent of taxable income as determined  
14 under subclause 1 or, if applicable, subclause 2 or three  
15 million dollars (\$3,000,000);  
16 (V) For taxable years beginning after December 31, 2013, the  
17 greater of twenty-five per cent of taxable income as determined  
18 under subclause 1 or, if applicable, subclause 2 or four million  
19 dollars (\$4,000,000);  
20 (VI) For taxable years beginning after December 31, 2014,  
21 the greater of thirty per cent of taxable income as determined  
22 under subclause 1 or, if applicable, subclause 2 or five million  
23 dollars (\$5,000,000); [or]  
24 (VII) For taxable years beginning after December 31, 2017,  
25 thirty-five per cent of taxable income as determined under  
26 subclause 1 or, if applicable, subclause 2;  
27 (VIII) For taxable years beginning after December 31, 2018,  
28 forty per cent of taxable income as determined under subclause 1  
29 or, if applicable, subclause 2;  
30 (B) The amount of the net loss or losses which may be  
31 carried over to the taxable year or taxable income as determined  
32 under subclause 1 or, if applicable, subclause 2.  
33 (1.1) In no event shall the net loss deduction include more  
34 than five hundred thousand dollars (\$500,000), in the aggregate,  
35 of net losses from taxable years 1988 through 1994.  
36 (2) (A) A net loss for a taxable year may only be carried  
37 over pursuant to the following schedule:

Taxable Year	Carryover
1981	1 taxable year
1982	2 taxable years
1983-1987	3 taxable years
1988	2 taxable years plus 1 taxable year
	starting with the 1995 taxable year
1989	1 taxable year plus 2 taxable years
	starting with the 1995 taxable year
1990-1993	3 taxable years starting with the



1		1995 taxable year
2	1994	1 taxable year
3	1995-1997	10 taxable years
4	1998 and thereafter	20 taxable years

5 (B) The earliest net loss shall be carried over to the  
6 earliest taxable year to which it may be carried under this  
7 schedule. The total net loss deduction allowed in any taxable  
8 year shall not exceed:

9 (I) Two million dollars (\$2,000,000) for taxable years  
10 beginning before January 1, 2007.

11 (II) The greater of twelve and one-half per cent of the  
12 taxable income as determined under subclause 1 or, if  
13 applicable, subclause 2 or three million dollars (\$3,000,000)  
14 for taxable years beginning after December 31, 2006.

15 (III) The greater of fifteen per cent of the taxable income  
16 as determined under subclause 1 or, if applicable, subclause 2  
17 or three million dollars (\$3,000,000) for taxable years  
18 beginning after December 31, 2008.

19 (IV) The greater of twenty per cent of the taxable income as  
20 determined under subclause 1 or, if applicable, subclause 2 or  
21 three million dollars (\$3,000,000) for taxable years beginning  
22 after December 31, 2009.

23 (V) The greater of twenty-five per cent of taxable income as  
24 determined under subclause 1 or, if applicable, subclause 2 or  
25 four million dollars (\$4,000,000) for taxable years beginning  
26 after December 31, 2013.

27 (VI) The greater of thirty per cent of taxable income as  
28 determined under subclause 1 or, if applicable, subclause 2 or  
29 five million dollars (\$5,000,000) for taxable years beginning  
30 after December 31, 2014.

31 (VII) Thirty-five per cent of taxable income as determined  
32 under subclause 1 or, if applicable, subclause 2 for taxable  
33 years beginning after December 31, 2017.

34 (VIII) Forty per cent of taxable income as determined under  
35 subclause 1 or, if applicable, subclause 2 for taxable years  
36 beginning after December 31, 2018.

37 (c.1) A deduction under part IV.1 shall be allowed from  
38 taxable income as proscribed in a satisfaction commitment letter  
39 executed between the Department of Community and Economic  
40 Development and a taxpayer under section 407.7(c).

41 \* \* \*

42 Section 4.3. Article IV of the act is amended by adding a  
43 part to read:

44 PART IV-A  
45 QUALIFIED MANUFACTURING INNOVATION  
46 AND REINVESTMENT DEDUCTION

47 Section 407.6. Definitions.--(a) For the purposes of this  
48 part only, the following words, terms and phrases shall have the  
49 meaning ascribed to them in this subsection, except where the  
50 context clearly indicates a different meaning:

51 (1) "Annual taxable payroll." The total amount of wages

1 paid in this Commonwealth by a taxpayer for the base year or  
2 year one, as applicable, from which personal income tax under  
3 Article III is withheld.

4 (2) "Base year." The four calendar quarters preceding the  
5 start date.

6 (3) "Department." The Department of Community and Economic  
7 Development of the Commonwealth.

8 (4) "Manufacture." The mechanical, physical, biological or  
9 chemical transformation of materials, substances or components  
10 into new products that are creations of new items of tangible  
11 personal property for sale.

12 (5) "Qualified manufacturing innovation and reinvestment  
13 deduction." An allowable deduction as determined, calculated  
14 and executed in a commitment letter between the department and  
15 the taxpayer.

16 (6) "Qualified tax liability." A taxpayer's tax liability  
17 under this article.

18 (7) "Start date." The first day of the calendar quarter in  
19 which a taxpayer advises the department of the taxpayer's intent  
20 to initiate an eligible project unless the applicant requests  
21 and the department agrees to a later start date.

22 (8) "Taxpayer." An employer subject to the tax under this  
23 article.

24 (9) "Year one." The four calendar quarters immediately  
25 following the start date.

26 Section 407.7. Manufacturing Innovation and Reinvestment  
27 Deduction.--(a) In order to be eligible to receive a  
28 manufacturing innovation and reinvestment deduction, a taxpayer  
29 must demonstrate to the department a capital investment in  
30 excess of one hundred million dollars (\$100,000,000) for the  
31 creation of new or refurbished manufacturing capacity within  
32 three years of a designated start date.

33 (b) (1) A taxpayer must advise the department in advance of  
34 the start date of any project for which the taxpayer may seek a  
35 qualified manufacturing innovation and reinvestment deduction. A  
36 taxpayer must attest the taxpayer's intent to meet the  
37 eligibility criteria and provide relevant information pertinent  
38 to the project's size and scope in a manner as determined by the  
39 department.

40 (2) Within five years of a project's start date, a taxpayer  
41 must complete to the department's satisfaction an application on  
42 a form and in a manner as determined by the department to attest  
43 that the project has been completed and the eligibility criteria  
44 has been satisfied.

45 (c) Upon the receipt of the taxpayer's application, the  
46 Department of Revenue must make a finding that the applicant has  
47 filed all required State tax reports and returns for all  
48 applicable tax years and paid any balance of State tax due as  
49 determined at settlement, assessment or determination and the  
50 department, then in conjunction with the Department of Revenue,  
51 shall make an eligibility or satisfaction determination within

1 ninety days of submission. If the department makes a  
2 satisfaction determination, the department and the taxpayer  
3 shall execute a satisfaction commitment letter containing the  
4 following:

5 (1) The number of new jobs created and their corresponding  
6 description.

7 (2) The number of new jobs created during construction of  
8 the project.

9 (3) The amount of private capital investment in the creation  
10 of new jobs.

11 (4) The increase in the annual taxable payroll attributable  
12 to new manufacturing jobs.

13 (5) A determination of the maximum allowable deduction  
14 against a taxpayer's qualified tax liability under this article.

15 (6) Any other information as the department deems  
16 appropriate.

17 (d) (1) Upon determining a taxpayer's satisfaction of the  
18 eligibility criteria, the department shall calculate the maximum  
19 allowable deduction that a taxpayer may claim against the  
20 taxpayer's taxable income under this article. The deduction  
21 shall be equal to five per cent of the private capital  
22 investment utilized in the creation of new or refurbished  
23 manufacturing capacity per tax year for a period of five years.

24 (2) A taxpayer may utilize the amount of the deduction in  
25 each year of the succeeding five tax years immediately following  
26 the department's satisfaction determination and the execution of  
27 a satisfaction commitment letter.

28 (3) A taxpayer cannot use the deduction to reduce its tax  
29 liability by more than fifty per cent of the tax liability under  
30 this article for the taxable year. The deduction is  
31 nontransferable and any unused portion in a tax year shall  
32 expire at the end of the corresponding tax year.

33 Section 4.4. Section 1101(a) introductory paragraph, (b)  
34 heading and introductory paragraph, (c), (c.1), (e) and (f) of  
35 the act, amended July 13, 2016 (P.L.526, No.84), are amended and  
36 the section is amended by adding subsections to read:

37 Section 1101. Imposition of Tax.--(a) General Rule.--Every  
38 pipeline company, conduit company, steamboat company, canal  
39 company, slack water navigation company, transportation company,  
40 and every other company, association, joint-stock association,  
41 or limited partnership, now or hereafter incorporated or  
42 organized by or under any law of this Commonwealth, or now or  
43 hereafter organized or incorporated by any other state or by the  
44 United States or any foreign government, and doing business in  
45 this Commonwealth, and every copartnership, person or persons  
46 owing, operating or leasing to or from another corporation,  
47 company, association, joint-stock association, limited  
48 partnership, copartnership, person or persons, any pipeline,  
49 conduit, steamboat, canal, slack water navigation, or other  
50 device for the transportation of freight, passengers, baggage,  
51 or oil, except motor vehicles and railroads, and every limited

1 partnership, association, joint-stock association, corporation  
2 or company engaged in, or hereinafter engaged in, the  
3 transportation of freight or oil within this State, and every  
4 telephone company, telegraph company or provider of mobile  
5 telecommunications services now or hereafter incorporated or  
6 organized by or under any law of this Commonwealth, or now or  
7 hereafter organized or incorporated by any other state or by the  
8 United States or any foreign government and doing business in  
9 this Commonwealth, and every limited partnership, association,  
10 joint-stock association, copartnership, person or persons,  
11 engaged in telephone or telegraph business or providing mobile  
12 telecommunications services in this Commonwealth, shall pay to  
13 the State Treasurer, through the Department of Revenue, a tax  
14 [of forty-five mills with a surtax equal to five mills] at the  
15 rate set forth in subsection (j.1) upon each dollar of the gross  
16 receipts of the corporation, company or association, limited  
17 partnership, joint-stock association, copartnership, person or  
18 persons received from:

19 \* \* \*

20 (b) Electric Light, Waterpower and Hydro-electric  
21 [Utilities] Companies.--Every electric light company, waterpower  
22 company and hydro-electric company now or hereafter incorporated  
23 or organized by or under any law of this Commonwealth, or now or  
24 hereafter organized or incorporated by any other state or by the  
25 United States or any foreign government and doing business in  
26 this Commonwealth, and every limited partnership, association,  
27 joint-stock association, copartnership, person or persons,  
28 engaged in electric light and power business, waterpower  
29 business and hydro-electric business in this Commonwealth, shall  
30 pay to the State Treasurer, through the Department of Revenue, a  
31 tax [of forty-four mills] at the rate set forth in subsection  
32 (j.1) upon each dollar of the gross receipts of the corporation,  
33 company or association, limited partnership, joint-stock  
34 association, copartnership, person or persons, received from:

35 \* \* \*

36 (b.2) Natural Gas Supply and Natural Gas Distribution  
37 Companies.--

38 (1) Every natural gas supply company and natural gas  
39 distribution company, incorporated or organized under the laws  
40 of the United States, this Commonwealth, a state or a foreign  
41 government, on or after the effective date of this subsection  
42 and doing business in this Commonwealth, and every limited  
43 partnership, association, joint-stock association,  
44 copartnership, or person, engaged in natural gas supply or  
45 natural gas distribution business in this Commonwealth, shall  
46 pay to the State Treasurer, through the Department of Revenue, a  
47 tax at the rate set forth in subsection (j.1) upon each dollar  
48 of the gross receipts of the corporation, company or  
49 association, limited partnership, joint-stock association,  
50 copartnership or person, received from the sales and delivery of  
51 natural gas to retail gas customers within this Commonwealth,

1 except gross receipts derived from:  
2 (i) sales of liquefied petroleum gas;  
3 (ii) (Reserved);  
4 (iii) (Reserved);  
5 (iv) sales to an electric generation company that are  
6 consumed for the purpose of generating electricity; and  
7 (v) gross receipts derived from the sales for resale to  
8 persons, partnerships, associations or corporations subject to  
9 the tax imposed by this act upon gross receipts derived from the  
10 resale.

11 (2) For purposes of this subsection, sales of natural gas to  
12 retail gas customers shall include all receipts from natural gas  
13 supply services and natural gas distribution services.

14 (3) For the purposes of this subsection, the terms "natural  
15 gas distribution services," "natural gas supply services" and  
16 "retail gas customers" shall have the same meanings as the terms  
17 have in 66 Pa.C.S. § 2202 (relating to definitions).

18 (c) Payment of Tax; Reports.--The said taxes imposed under  
19 subsections (a) [and (b)], (b) and (b.2) shall be paid within  
20 the time prescribed by law, and for the purpose of ascertaining  
21 the amount of the same, it shall be the duty of the treasurer or  
22 other proper officer of the said company, copartnership, limited  
23 partnership, association, joint-stock association or  
24 corporation, or person or persons, to transmit to the Department  
25 of Revenue on or before March 15 of each year an annual report,  
26 and under oath or affirmation, of the amount of gross receipts  
27 of the said companies, copartnerships, corporations,  
28 associations, joint-stock associations, limited partnerships,  
29 person or persons, derived from all sources, and of gross  
30 receipts from business done wholly within this State and in the  
31 case of electric energy producers that transmit energy to other  
32 states referred to in clause (2) of subsection (b), a  
33 compilation of the relevant information regarding operating and  
34 maintenance expenses and depreciation, during the period of  
35 twelve months immediately preceding January 1 of each year.

36 (c.1) Safe Harbor Base year.--For purposes of the estimated  
37 tax requirements under sections 3003.2 and 3003.3, the "safe  
38 harbor base year" tax amount for providers of mobile  
39 telecommunications services and for a natural gas supply company  
40 and a natural gas distribution company subject to the provisions  
41 of subsection (b.2) shall be the amount that would have been  
42 required to be paid by the taxpayer if the taxpayer had been  
43 subject to this article.

44 (e) Time to File Reports.--The time for filing annual  
45 reports may be extended, estimated assessments may be made by  
46 the Department of Revenue if reports are not filed, and the  
47 penalties for failing to file reports and pay the taxes imposed  
48 under subsection (a) [and (b)], (b) and (b.2) shall be as  
49 prescribed by the laws defining the powers and duties of the  
50 Department of Revenue. In any case where the works of any  
51 corporation, company, copartnership, association, joint-stock

1 association, limited partnership, person or persons are operated  
2 by another corporation, company, copartnership, association,  
3 joint-stock association, limited partnership, person or persons,  
4 the taxes imposed under subsections (a) [and (b)], (b) and (b.2)  
5 shall be apportioned between the corporations, companies,  
6 copartnerships, associations, joint-stock associations, limited  
7 partnerships, person or persons in accordance with the terms of  
8 their respective leases or agreements, but for the payment of  
9 the said taxes the Commonwealth shall first look to the  
10 corporation, company, copartnership, association, joint-stock  
11 association, limited partnership, person or persons operating  
12 the works, and upon payment by the said company, corporation,  
13 copartnership, association, joint-stock association, limited  
14 partnership, person or persons of a tax upon the receipts, as  
15 herein provided, derived from the operation thereof, no other  
16 corporation, company, copartnership, association, joint-stock  
17 association, limited partnership, person or persons shall be  
18 held liable for any tax imposed under subsections (a) [and (b)],  
19 (b) and (b.2) upon the proportion of said receipts received by  
20 said corporation, company, copartnership, association, joint-  
21 stock association, limited partnership, person or persons for  
22 the use of said works.

23 (f) Application to Municipalities.--This article shall be  
24 construed to apply to municipalities, and to impose a tax upon  
25 the gross receipts derived from any municipality owned or  
26 operated public utility or from any public utility service,  
27 natural gas distribution service or natural gas supply service  
28 furnished by any municipality, except that, except as provided  
29 under subsection (f.1), gross receipts shall be exempt from the  
30 tax, to the extent that such gross receipts are derived from  
31 business done inside the limits of the municipality, owning or  
32 operating the public utility or furnishing the public utility  
33 service.

34 (f.1) Certain Gross Receipts Taxed.--The exemption from tax  
35 under subsection (f) shall not apply to gross receipts received  
36 from the sales and delivery of natural gas to retail gas  
37 customers under subsection (b.2).

38 \* \* \*

39 (j.1) The tax imposed under this section shall be imposed at  
40 the following rates:

41 (1) Sixty mills for receipts subject to tax under subsection  
42 (a).

43 (2) Fifty mills for receipts subject to tax under subsection  
44 (b).

45 (3) Fifty-seven mills for receipts subject to tax under  
46 subsection (b.2).

47 (j.2) Schedule for Certain Payments.--

48 (1) For calendar year 2017, the tax applicable to the  
49 payment of the tax under subsection (b.2) shall be due on March  
50 15, 2018.

51 (2) For calendar year 2018, the following schedule applies

1 to the payment of the tax under subsection (b.2):  
2 (i) Fifty per cent of the estimated tax shall be due on  
3 March 15, 2018.  
4 (ii) Fifty per cent of the estimated tax shall be due on  
5 June 15, 2018.  
6 (3) For calendar years after 2018, the payment of the  
7 estimated tax under subsection (b.2) shall be due in accordance  
8 with section 3003.2.

9 \* \* \*

10 Section 5. Article XI of the act is amended by adding parts  
11 to read:

12 PART V

13 NATURAL GAS OPTIMIZATION FUND

14 Section 1111. Natural Gas Optimization Fund.

15 The Natural Gas Optimization Fund is established in the State  
16 Treasury.

17 Section 1112. Transfer of funds.

18 (a) Natural Gas Optimization Fund.--Money from the tax  
19 imposed under section 1101(b.2) shall be deposited into the  
20 General Fund. Twenty million dollars of the money deposited into  
21 the General Fund under this section shall be transferred  
22 annually to the Natural Gas Optimization Fund established in  
23 section 1111.

24 (b) Low-Income Home Energy Assistance Program.--Twenty  
25 million dollars of the money deposited into the General Fund in  
26 accordance with this section shall be transferred annually to  
27 the Department of Human Services of the Commonwealth to augment  
28 activities related to the Low-Income Home Energy Assistance  
29 Program as authorized under sections 201 and 206 of Article II  
30 of the act of June 13, 1967 (P.L.31, No.21), known as the Human  
31 Services Code.

32 PART VI

33 NATURAL GAS OPTIMIZATION PROGRAM

34 Section 1113. Definitions.

35 The following words and phrases when used in this part shall  
36 have the meanings given to them in this section unless the  
37 context clearly indicates otherwise:

38 "Commission." The Pennsylvania Public Utility Commission.

39 "Eligible applicant." A natural gas distribution company  
40 subject to the tax imposed under section 1101(b.2).

41 "Fund." The Natural Gas Optimization Fund established under  
42 section 1111.

43 "Program." The Natural Gas Optimization Program established  
44 under section 1114.

45 Section 1114. Natural Gas Optimization Program.

46 (a) Establishment and purpose.--The Natural Gas Optimization  
47 Program is established and the program's purpose shall be to  
48 fund projects as permitted under this part.

49 (b) Funding.--Grants made under this section shall be made  
50 from the fund.

51 (c) Grants.--

1           (1) Except as provided in paragraph (2), for fiscal  
2 years beginning 2017-2018, and each fiscal year thereafter,  
3 the total amount of grants approved under this section may  
4 not exceed \$20,000,000.

5           (2) If the total amount of grants approved in a fiscal  
6 year is less than \$20,000,000, the unused portion may be  
7 carried over and approved in future fiscal years.

8           (d) Powers of commission.--The commission shall have the  
9 authority to administer the program.

10          (e) Guidelines.--Funds under this part shall be used in  
11 accordance with guidelines adopted by the commission.

12          (f) Eligible projects.--Money deposited into the fund under  
13 section 1112(a) may be utilized by the commission for  
14 competitive grants to eligible applicants for eligible projects  
15 as provided in this part. In order to be eligible to receive a  
16 grant, an eligible applicant must provide or demonstrate to the  
17 commission one or more of the following:

18           (1) A plan to expand access to natural gas  
19 infrastructure.

20           (2) A plan to expand access to natural gas in  
21 residential areas.

22           (3) A plan to accelerate the rate of infrastructure  
23 placement and replacement necessary to advance the purposes  
24 of this part.

25           (4) A plan to promote the use of natural gas in  
26 residential areas.

27           (5) A plan to provide rebates or buy down expenditures  
28 in order to reduce upfront costs associated with connecting  
29 to a natural gas line, in-house piping and natural gas  
30 equipment owned by new or existing customers, including high  
31 efficiency natural gas furnaces.

32          (g) Application.--An eligible applicant shall submit an  
33 application, including supporting information as required by the  
34 commission.

35          (h) Project review.--The commission shall review and prepare  
36 an assessment of each application and determine which projects  
37 will best utilize and promote the use of domestically produced  
38 natural gas in this Commonwealth. The commission's review and  
39 assessment shall consider the following:

40           (1) The economic impact of the project included in the  
41 application.

42           (2) The number of new end users that will gain access to  
43 natural gas as a result of the project.

44           (3) The extent to which the project extends access to  
45 natural gas to serve an unserved or underserved area.

46           (4) The extent to which the project will make the use of  
47 natural gas more efficient and affordable to customers.

48           (5) The projected cost of the project.

49           (6) The source and amount of any funds to be contributed  
50 by the eligible applicant.

51           (7) Any other relevant factors as determined by the



1 commission.

2 (i) Notice of application deadlines.--The commission shall  
3 establish and publish application deadlines in the Pennsylvania  
4 Bulletin and on its publicly accessible Internet website.

5 (j) Approval schedule.--The commission shall develop a  
6 schedule for the approval of applications under this section.

7 (k) Reapplication.--If an application is not approved under  
8 this section, the eligible applicant may revise and resubmit the  
9 application and plan for approval.

10 (l) Administrative costs.--No more than two percent of the  
11 money deposited into the fund annually may be used by the  
12 commission for administrative costs.

13 (m) Program report.--The commission shall provide a report  
14 to the chairperson and minority chairperson of the Consumer  
15 Protection and Professional Licensure Committee of the Senate  
16 and the chairperson and minority chairperson of the Consumer  
17 Affairs Committee of the House of Representatives by October 1,  
18 2018, and each October 1 thereafter. The report shall be  
19 maintained on the commission's publicly accessible Internet  
20 website and shall include:

21 (1) A list of all grants approved during the previous  
22 fiscal year, including the amount of the grant and a  
23 description of each approved project.

24 (2) The estimated natural gas optimization benefits to  
25 date for all projects receiving funding during the fiscal  
26 year and the methods used to determine estimated benefits.

27 Section 6. The definition of "veterans' organization" in  
28 section 1101-C of the act, added July 13, 2016 (P.L.526, No.84),  
29 is amended to read:

30 Section 1101-C. Definitions.--The following words when used  
31 in this article shall have the meanings ascribed to them in this  
32 section:

33 \* \* \*

34 "Veterans' service organization." A not-for-profit  
35 organization that [is recognized by the Internal Revenue Service  
36 as a tax exempt organization described under section 501(c)(19)  
37 of the Internal Revenue Code of 1986 (Public Law 99-514, 26  
38 U.S.C. § 501(c)(19)). For the purposes of this article, the term  
39 shall only include a not-for-profit organization for the period  
40 in which the organization has a valid tax exemption under  
41 section 501(c)(19) of the Internal Revenue Code of 1986, as  
42 determined by the Internal Revenue Service.] has been chartered  
43 by the Congress of the United States to service veterans or is a  
44 member of the Pennsylvania State Veterans' Commission under 51  
45 Pa.C.S. Ch. 17 (relating to State Veterans' Commission and  
46 Deputy Adjutant General for Veterans' Affairs).

47 \* \* \*

48 Section 7. Section 1102-C.2 of the act, amended July 13,  
49 2016 (P.L.526, No.84), is amended to read:

50 Section 1102-C.2. Exempt Parties.--The United States, the  
51 Commonwealth or any of their instrumentalities, agencies or

1 political subdivisions, or veterans' service organizations shall  
2 be exempt from payment of the tax imposed by this article. The  
3 exemption under this section shall not, however, relieve any  
4 other party to a transaction from liability for the tax.

5 Section 7.1. Section 1711-D of the act is amended by adding  
6 definitions to read:

7 Section 1711-D. Definitions.

8 The following words and phrases when used in this subarticle  
9 shall have the meanings given to them in this section unless the  
10 context clearly indicates otherwise:

11 "Deteriorated property." Any blighted, impoverished area  
12 containing industrial, commercial or other real property that is  
13 abandoned, unsafe, vacant, undervalued, underutilized,  
14 overgrown, defective, condemned, demolished or which contains  
15 economically undesirable land use.

16 \* \* \*

17 "Film production tax credit district." A district authorized  
18 under section 1716.2-D.

19 \* \* \*

20 Section 7.2. Section 1712-D of the act is amended by adding  
21 a subsection to read:

22 Section 1712-D. Credit for qualified film production expenses.

23 \* \* \*

24 (b.1) Review and approval of applications for film  
25 production tax credit district activity.--For applications  
26 involving film production expenses incurred within a designated  
27 film production tax credit district authorized under section  
28 1716.2-D, the department shall accept applications at any time.  
29 Applications shall be reviewed by the department utilizing the  
30 criteria required under subsection (b). Upon determining the  
31 taxpayer has incurred or will incur qualified film production  
32 expenses, the department shall approve the taxpayer for a tax  
33 credit utilizing the tax credits authorized under 1716.2-D, not  
34 to exceed the amount authorized for the fiscal year.

35 \* \* \*

36 Section 7.3. The act is amended by adding a section to read:  
37 Section 1716.2-D. Film production tax credit districts.

38 (a) Establishment.--The department may designate not more  
39 than two film production tax credit districts for the purpose of  
40 enhancing, promoting and expanding film production opportunities  
41 and establishing a film production industry within this  
42 Commonwealth.

43 (b) Criteria.--A film production tax credit district shall:

44 (1) Be at least 55 acres in size.

45 (2) Be located on deteriorated property.

46 (3) Be comprised of a parcel that is or will be occupied  
47 by two or more qualified businesses that:

48 (i) in the aggregate, make a capital investment of  
49 at least \$400,000,000 within the district within five  
50 years after the effective date of the designation of the  
51 district; and

1 (ii) are dedicated to film production activity,  
2 postproduction activity or other activities that directly  
3 or indirectly support film production activity occurring  
4 within the district or within this Commonwealth.

5 (4) Contain at least one qualified production facility  
6 and six soundstages.

7 (c) Application.--The following apply:

8 (1) An application to designate a film production tax  
9 credit district may be made by the county or municipality in  
10 which all or part of the district will be located. The  
11 department shall review the application and, if approved,  
12 issue a designation for the film production tax credit  
13 district. The application period shall be set by the  
14 department.

15 (2) The application shall contain the following  
16 information:

17 (i) The geographic area of the proposed film  
18 production tax credit district.

19 (ii) A detailed map of the proposed district,  
20 including geographic boundaries, total area and present  
21 use and conditions of the land and structures.

22 (iii) A description of the current social, economic  
23 and demographic characteristics of the proposed district  
24 and anticipated improvements in education, health, human  
25 services, public safety and employment that will result  
26 from designation of the district.

27 (iv) A description of anticipated film production  
28 activity and ancillary activities in the proposed  
29 district.

30 (v) Evidence of potential private and public  
31 investment in the proposed district.

32 (vi) The role of the proposed district in regional  
33 economic and community development.

34 (d) Designation period.--A district designated under  
35 subsection (c) shall expire 15 years after the effective date of  
36 the designation.

37 (e) Construction.--The tax credits authorized under this  
38 section are in addition to the tax credits under section 1716-  
39 D(a) and are available exclusively for activities occurring  
40 within the designated district.

41 (f) Annual tax credits.--The department may authorize a tax  
42 credit for a film production tax credit district in fiscal year  
43 2019-2020 and in each fiscal year thereafter.

44 Section 8. Article XVII-D of the act is amended by adding a  
45 subarticle to read:

46 SUBARTICLE E

47 ENTERTAINMENT ECONOMIC ENHANCEMENT PROGRAM

48 Section 1771-D. Scope of subarticle.

49 This subarticle relates to the Entertainment Economic  
50 Enhancement Program.

51 Section 1772-D. Definitions.

1 The following words and phrases when used in this subarticle  
2 shall have the meanings given to them in this section unless the  
3 context clearly indicates otherwise:

4 "Class 1 venue." A stadium, arena, other structure or  
5 property owned by a municipality or an authority formed under  
6 Article XXV-A of the act of July 28, 1953 (P.L.723, No.230),  
7 known as the Second Class County Code, at which concerts are  
8 performed and which is all of the following:

9 (1) Located in a city of the first class or a county of  
10 the second class.

11 (2) Constructed in a manner in which the venue has a  
12 seating capacity of at least 14,000.

13 "Class 2 venue." A stadium, arena or other structure at  
14 which concerts are performed and which is all of the following:

15 (1) Located outside the geographic boundaries of a city  
16 of the first class or a county of the second class.

17 (2) Constructed in a manner in which the venue has a  
18 seating capacity of at least 6,000.

19 "Class 3 venue." A stadium, arena or other structure which  
20 is any of the following:

21 (1) Located within a neighborhood improvement zone, as  
22 defined in section 1902-B.

23 (2) Owned by or affiliated with a State-related  
24 institution as defined in 62 Pa.C.S. § 103 (relating to  
25 definitions).

26 (3) Owned by the Commonwealth and affiliated with the  
27 State System of Higher Education.

28 "Concert." A live performance of music in the presence of  
29 individuals who view the performance.

30 "Concert tour equipment." Includes stage, set, scenery,  
31 design elements, automation, rigging, trusses, spotlights,  
32 lighting, sound equipment, video equipment, special effects,  
33 cases, communication devices, power distribution equipment,  
34 backline and other miscellaneous equipment or supplies used  
35 during a concert or rehearsal.

36 "Department." The Department of Community and Economic  
37 Development of the Commonwealth.

38 "Maintained a place of business" or "maintaining a place of  
39 business." All of the following:

40 (1) Having, maintaining or using within this  
41 Commonwealth an office, warehouse or other place of business.

42 (2) Regularly engaging in an activity as a business  
43 within this Commonwealth in connection with the lease, sale  
44 or delivery of tangible personal property or the performance  
45 of a service for residents of this Commonwealth.

46 "Minimum rehearsal and tour requirements." During a tour,  
47 all of the following must occur:

48 (1) The purchase or rental of concert tour equipment  
49 delivered to a location in this Commonwealth, in an amount of  
50 at least \$3,000,000, from companies located and maintaining a  
51 place of business in this Commonwealth for use on the tour.

1           (2) A rehearsal at a qualified rehearsal facility for a  
2 minimum of 10 days.

3           (3) At least one concert performed at a class 1 venue.

4           (4) At least one concert performed at a venue which is  
5 located in a municipality other than the municipality in  
6 which the class 1 venue under paragraph (3) is located.

7 "Pass-through entity." Any of the following:

8           (1) A partnership as defined in section 301(n.0).

9           (2) A Pennsylvania S corporation as defined in section  
10 301(n.1).

11           (3) An unincorporated entity subject to section 307.21.

12 "Pennsylvania rehearsal and tour expenses." The sum of  
13 Pennsylvania rehearsal expenses and tour expenses. The term  
14 includes Pennsylvania rehearsal expenses and tour expenses paid  
15 prior to or during a rehearsal or tour.

16 "Pennsylvania rehearsal expense." A rehearsal expense which  
17 is incurred or will be incurred within this Commonwealth. The  
18 term includes:

19           (1) A payment which is made or will be made by a  
20 recipient to a person upon which withholding will be made on  
21 the payment by the recipient as required under Part VII of  
22 Article III or a payment which is made or will be made to a  
23 person who is required to make estimated payments under Part  
24 VIII of Article III.

25           (2) A payment which is made or will be made to a  
26 personal service corporation representing individual talent  
27 if the tax imposed by Article IV will be paid or accrued on  
28 the net income of the corporation for the taxable year.

29           (3) A payment which is made or will be made to a pass-  
30 through entity representing individual talent for which  
31 withholding will be made by the pass-through entity on the  
32 payment as required under Part VII or VII-A of Article III.

33 "Qualified rehearsal and tour expense." All Pennsylvania  
34 rehearsal and tour expenses if Pennsylvania rehearsal expenses  
35 comprise or will comprise at least 60% of the total rehearsal  
36 expenses. The term shall not include more than \$2,000,000 in the  
37 aggregate of compensation paid or to be paid to individuals or  
38 payment made or to be made to entities representing an  
39 individual for services provided in the tour.

40 "Qualified rehearsal facility." A rehearsal facility which  
41 meets at least six of the following criteria:

42           (1) Has had a minimum of \$8,000,000 invested in the  
43 rehearsal facility in land or structure, or a combination of  
44 land and structure.

45           (2) Has a permanent grid system with a capacity of  
46 1,000,000 pounds.

47           (3) Has a built-in power supply system available at a  
48 minimum of 3,200 amps without the need for supplemental  
49 generators.

50           (4) Has a height from floor to permanent grid of a  
51 minimum of 80 feet.

1           (5) Has at least two sliding or roll-up access doors  
2 with a minimum height of 14 feet.

3           (6) Has a perimeter security system which includes 24-  
4 hour, seven-days-a-week security cameras and the use of  
5 access control identification badges.

6           (7) Has a service area with production offices, catering  
7 and dressing rooms with a minimum of 5,000 square feet.

8           (8) Is located within one mile of a minimum of two  
9 companies which provide concert tour equipment for use on a  
10 tour.

11 "Qualified tax liability." The liability for taxes imposed  
12 under Article III, IV, VI, VII or IX. The term does not include  
13 tax withheld by an employer from an employee under Article III.

14 "Recipient." A taxpayer that has been awarded a tax credit  
15 under section 1773-D(e).

16 "Rehearsal." An event or series of events which occur in  
17 preparation for a tour prior to the start of the tour or during  
18 a tour when additional preparation may be needed.

19 "Rehearsal expense." All of the following when incurred or  
20 will be incurred during a rehearsal:

21           (1) Compensation paid or to be paid to an individual  
22 employed in the rehearsal of the performance.

23           (2) Payment to a personal service corporation  
24 representing individual talent.

25           (3) Payment to a pass-through entity representing  
26 individual talent.

27           (4) The costs of construction, operations, editing,  
28 photography, staging, lighting, wardrobe and accessories.

29           (5) The cost of leasing vehicles.

30           (6) The cost of transportation of people or concert tour  
31 equipment to or from a train station, bus depot, airport or  
32 other transportation facility or directly from a residence or  
33 business entity.

34           (7) The cost of insurance coverage.

35           (8) The cost of food and lodging.

36           (9) The cost of purchase or rental of concert tour  
37 equipment.

38           (10) The cost of renting a rehearsal facility.

39           (11) The cost of emergency or medical support services  
40 required to conduct a rehearsal.

41 "Rehearsal facility." As follows:

42           (1) A facility primarily used for rehearsals which is  
43 all of the following:

44                   (i) Located within this Commonwealth.

45                   (ii) Has a minimum of 25,000 square feet of column-  
46 free, unobstructed floor space.

47           (2) The term does not include a facility at which  
48 concerts are capable of being held.

49 "Start date." The date the first set of concert tour  
50 equipment arrives or is expected to arrive at a qualified  
51 rehearsal facility.

1 "Tax credit." The concert rehearsal and tour tax credit as  
2 provided under this subarticle.

3 "Taxpayer." A concert tour promotion company, concert tour  
4 management company or other concert management company subject  
5 to tax under Article III, IV or VI. The term does not include  
6 contractors or subcontractors of a concert tour promotion  
7 company, concert tour management company or other concert  
8 management company.

9 "Tour." A series of concerts performed or to be performed by  
10 a musical performer in more than one location. The term includes  
11 at least one rehearsal.

12 "Tour expense." As follows:

13 (1) Costs incurred or which will be incurred during a  
14 tour for venues located in this Commonwealth. The term  
15 includes all of the following:

16 (i) A payment which is made or will be made by a  
17 recipient to a person upon which withholding will be made  
18 on the payment by the recipient as required under Part  
19 VII of Article III or a payment which is made or will be  
20 made to a person who is required to make estimated  
21 payments under Part VIII of Article III.

22 (ii) The cost of transportation of people or concert  
23 touring equipment which is incurred or will be incurred  
24 while transporting to or from a train station, bus depot,  
25 airport or other transportation facility or while  
26 transporting directly from a residence or business entity  
27 located in this Commonwealth, or which is incurred or  
28 will be incurred for transportation provided by a company  
29 which is subject to the tax imposed under Article III or  
30 IV.

31 (iii) The cost of leasing vehicles upon which the  
32 tax imposed by Article II will be paid or accrued.

33 (iv) The cost of insurance coverage which is  
34 purchased or will be purchased through an insurance agent  
35 based in this Commonwealth.

36 (v) The cost of purchasing or renting facilities and  
37 equipment from or through a resident of this Commonwealth  
38 or an entity subject to taxation in this Commonwealth.

39 (vi) The cost of food and lodging which is incurred  
40 or will be incurred from a facility located in this  
41 Commonwealth.

42 (vii) Expenses which are incurred or will be  
43 incurred in marketing or advertising a tour at venues  
44 located within this Commonwealth.

45 (viii) The cost of merchandise which is purchased or  
46 will be purchased from a company located within this  
47 Commonwealth and used on the tour.

48 (ix) A payment which is made or will be made to a  
49 personal service corporation representing individual  
50 talent if the tax imposed by Article IV will be paid or  
51 accrued on the net income of the corporation for the

1 taxable year.

2 (x) A payment which is made or will be made to a  
3 pass-through entity representing individual talent for  
4 which withholding will be made by the pass-through entity  
5 on the payment as required under Part VII or VII-A of  
6 Article III.

7 (2) The term does not include development cost,  
8 including the writing of music or lyrics.

9 "Venue." A class 1, class 2 or class 3 venue.

10 Section 1773-D. Procedure.

11 (a) Application.--A taxpayer may apply to the department for  
12 a tax credit under this section. The application shall be on the  
13 form required by the department.

14 (b) Review and approval.--

15 (1) The department shall establish application periods  
16 not to exceed 30 days. All applications received during an  
17 application period shall be reviewed and evaluated by the  
18 department based on the following criteria:

19 (i) The anticipated number of rehearsal days in a  
20 qualified rehearsal facility.

21 (ii) The anticipated number of concerts at class 1  
22 venues.

23 (iii) The anticipated number of concerts at class 2  
24 venues.

25 (iv) The anticipated number of concerts at class 3  
26 venues.

27 (v) The anticipated amount of Pennsylvania rehearsal  
28 expenses in comparison to the anticipated aggregate  
29 amount of rehearsal expenses.

30 (vi) The anticipated amount of the tour expenses.

31 (vii) The anticipated amount of the concert tour  
32 equipment expenses which are or will be purchased or  
33 rented from a company located and maintaining a place of  
34 business in this Commonwealth and which will be used on  
35 the tour.

36 (viii) The anticipated number of days spent in  
37 Commonwealth hotels.

38 (ix) Other criteria that the department deems  
39 appropriate to ensure maximum employment opportunities  
40 and entertainment benefits for the residents of this  
41 Commonwealth.

42 (2) Except as provided in subsection (c) and upon  
43 determining that the taxpayer has paid the applicable  
44 application fee not to exceed \$300, has met or will meet the  
45 minimum rehearsal and tour requirements and has incurred or  
46 will incur qualified rehearsal and tour expenses, the  
47 department may approve the taxpayer for a tax credit.  
48 Applications not approved may be reviewed and considered in  
49 subsequent application periods. The department may approve a  
50 taxpayer for a tax credit based on its evaluation of the  
51 criteria under this subsection.



1 (c) Restriction.--The department may only consider  
2 rehearsals held or to be held, and qualified rehearsal and tour  
3 expenses incurred or to be incurred, after January 1, 2017, in  
4 determining whether a taxpayer has met or will meet the minimum  
5 rehearsal and tour requirements.

6 (d) 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 rehearsal expenses incurred or  
10 to be incurred for the tour.

11 (2) An itemized list of Pennsylvania rehearsal expenses  
12 incurred or to be incurred for the tour.

13 (3) With respect to a contract entered into prior to  
14 completion of a tour, a commitment by the taxpayer to incur  
15 the Pennsylvania rehearsal expenses as itemized.

16 (4) An itemized list of the qualified rehearsal and tour  
17 expenses incurred or to be incurred for the tour.

18 (5) With respect to a contract entered into prior to  
19 completion of a tour, a commitment by the taxpayer to incur  
20 the qualified rehearsal and tour expenses as itemized.

21 (6) With respect to a contract entered into prior to  
22 completion of a tour, a commitment by the taxpayer to hold at  
23 least one concert at a class 1 venue.

24 (7) With respect to a contract entered into prior to  
25 completion of a tour, a commitment by the taxpayer to hold at  
26 least one concert at a venue located in a municipality other  
27 than the municipality in which the class 1 venue under  
28 paragraph (6) is located.

29 (8) The start date or the expected start date.

30 (9) Any other information the department deems  
31 appropriate.

32 (e) Certificate.--Upon execution of the contract required by  
33 subsection (d), the department shall award the taxpayer a  
34 concert rehearsal and tour tax credit and issue the recipient a  
35 tax credit certificate.

36 Section 1774-D. Claim.

37 Beginning July 1, 2017, a recipient may claim a concert  
38 rehearsal and tour tax credit against the qualified tax  
39 liability of the recipient.

40 Section 1775-D. Carryover, carryback and assignment of tax  
41 credit.

42 (a) General rule.--If a recipient cannot use the entire  
43 amount of a tax credit for the taxable year in which the tax  
44 credit is first approved, the excess may be carried over to  
45 succeeding taxable years and used as a tax credit against the  
46 qualified tax liability of the recipient for those taxable  
47 years. Each time the tax credit is carried over to a succeeding  
48 taxable year, the tax credit shall be reduced by the amount that  
49 was used as a credit during the immediately preceding taxable  
50 year. The tax credit may be carried over and applied to  
51 succeeding taxable years for no more than three taxable years

1 following the first taxable year for which the recipient was  
2 entitled to claim the tax credit.

3 (b) Application.--A tax credit approved by the department in  
4 a taxable year first shall be applied against the recipient's  
5 qualified tax liability for the current taxable year as of the  
6 date on which the tax credit was approved before the tax credit  
7 can be applied against tax liability under subsection (a).

8 (c) No carryback or refund.--A recipient shall not be  
9 entitled to carry back or obtain a refund of any portion of an  
10 unused tax credit granted to the recipient under this  
11 subarticle.

12 (d) Sale or assignment.--The following shall apply:

13 (1) A recipient, upon application to and approval by the  
14 department, may sell or assign, in whole or in part, a tax  
15 credit granted to the recipient under this subarticle.

16 (2) The department and the Department of Revenue shall  
17 jointly promulgate regulations for the approval of  
18 applications under this subsection.

19 (3) Before an application is approved, the Department of  
20 Revenue must make a finding that the recipient has filed all  
21 required State tax reports and returns for all applicable  
22 taxable years and paid any balance of State tax due as  
23 determined at settlement, assessment or determination by the  
24 Department of Revenue.

25 (4) Notwithstanding any other provision of law, the  
26 Department of Revenue shall settle, assess or determine the  
27 tax of a taxpayer under this subsection within 60 days of the  
28 filing of all required final returns or reports in accordance  
29 with section 806.1(a) (5) of the act of April 9, 1929  
30 (P.L.343, No.176), known as The Fiscal Code.

31 (e) Purchasers and assignees.--The following apply:

32 (1) The purchaser or assignee of all or a portion of a  
33 tax credit under subsection (d) shall immediately claim the  
34 tax credit in the taxable year in which the purchase or  
35 assignment is made.

36 (2) The amount of the tax credit that a purchaser or  
37 assignee may use against one qualified tax liability may not  
38 exceed 50% of the qualified tax liability for the taxable  
39 year.

40 (3) The purchaser or assignee may not carry forward,  
41 carry back or obtain a refund of or sell or assign the tax  
42 credit.

43 (4) The purchaser or assignee shall notify the  
44 Department of Revenue of the seller or assignor of the tax  
45 credit in compliance with procedures specified by the  
46 Department of Revenue.

47 Section 1776-D. Determination of Pennsylvania rehearsal and  
48 tour expenses.

49 When prescribing standards for determining which rehearsal or  
50 tour expenses are considered Pennsylvania rehearsal and tour  
51 expenses for purposes of computing the tax credit provided by

1 this subarticle, the department shall consider:

2 (1) The location where services are performed.

3 (2) The location where concert tour equipment is  
4 purchased, rented, delivered and used.

5 (3) The location where rehearsals or concerts are held.

6 (4) Other factors the department determines are  
7 relevant.

8 Section 1777-D. Limitations.

9 (a) Cap.--Except as provided in this subsection, the  
10 department may not award tax credits for qualified rehearsal and  
11 tour expenses incurred or to be incurred related to more than  
12 five tours in a fiscal year. In a fiscal year, the department  
13 may, in the department's discretion, advance the award of tax  
14 credits for qualified rehearsal and tour expenses incurred or to  
15 be incurred related to a maximum of two additional tours.

16 (b) Advance award of credits.--The advance award of tax  
17 credits under subsection (a) shall:

18 (1) count against the total number of tours that the  
19 department may award tax credits for qualified rehearsal and  
20 tour expenses incurred or to be incurred related to a tour in  
21 that next succeeding fiscal year; and

22 (2) reduce the number of tours that the department may  
23 award tax credits for qualified rehearsal and tour expenses  
24 incurred or to be incurred related to a tour in that next  
25 succeeding fiscal year.

26 (c) Individual limitations.--The following shall apply:

27 (1) A taxpayer may not be awarded more than \$800,000 of  
28 tax credits for a tour.

29 (2) Except as provided under paragraph (5), the  
30 aggregate amount of tax credits awarded by the department  
31 under section 1773-D(e) to a taxpayer for a tour with  
32 concerts at two class 1 venues or a class 1 venue and a class  
33 2 venue may not exceed 25% of the qualified rehearsal and  
34 tour expenses incurred or to be incurred.

35 (3) Except as provided under paragraph (5), the  
36 aggregate amount of tax credits awarded by the department  
37 under section 1773-D(e) to a taxpayer for a tour with  
38 concerts at a class 1 venue and a class 3 venue may not  
39 exceed 30% of the qualified rehearsal and tour expenses  
40 incurred or to be incurred.

41 (4) Except as provided under paragraph (5), the  
42 aggregate amount of tax credits awarded by the department  
43 under section 1773-D(e) to a taxpayer for a tour with  
44 concerts at a class 1 venue and a class 3 venue which does  
45 not serve alcohol may not exceed 35% of the qualified  
46 rehearsal and tour expenses incurred or to be incurred.

47 (5) In addition to the tax credits under paragraph (2),  
48 (3) or (4), a taxpayer is eligible for a tax credit in the  
49 amount of 5% of the qualified rehearsal and tour expenses  
50 incurred or to be incurred by the taxpayer if the taxpayer  
51 holds concerts at a total of two or more class 2 venues or

1 class 3 venues.

2 (d) Qualified rehearsal facility.--To be considered a  
3 qualified rehearsal facility under this subarticle, the owner of  
4 a rehearsal facility shall provide evidence to the department to  
5 verify the development or facility specifications and capital  
6 improvement costs incurred for the rehearsal facility so that  
7 the threshold amounts set in the definition of "qualified  
8 rehearsal facility" under section 1772-D are satisfied, and,  
9 upon verification, the rehearsal facility shall be registered by  
10 the department officially as a qualified rehearsal facility.

11 (e) Waiver.--The department may make a determination that  
12 the financial benefit to this Commonwealth resulting from the  
13 direct investment in or payments made to Pennsylvania rehearsal  
14 and concert facilities outweighs the benefit of maintaining the  
15 60% Pennsylvania rehearsal expenses requirement contained in the  
16 definition of "qualified rehearsal and tour expense" under  
17 section 1772-D. If the determination is made, the department may  
18 waive the requirement that 60% of a tour's aggregate rehearsal  
19 expenses be comprised of Pennsylvania rehearsal expenses.  
20 Section 1778-D. Penalty.

21 A recipient which claims a tax credit and fails to incur the  
22 amount of qualified rehearsal and tour expenses agreed to under  
23 section 1773-D(d)(4) for a tour in that taxable year shall repay  
24 to the Commonwealth an amount equal to 110% of the difference  
25 between the amount agreed to under section 1773-D(d)(4) and the  
26 amount of qualified rehearsal and tour expenses actually  
27 incurred by the recipient. The penalty shall be assessed and  
28 collected under Article II.  
29 Section 1779-D. Pass-through entity.

30 (a) General rule.--If a pass-through entity has any unused  
31 tax credits under section 1775-D, the pass-through entity may  
32 elect in writing, according to procedures established by the  
33 Department of Revenue, to transfer all or a portion of the tax  
34 credits to shareholders, members or partners in proportion to  
35 the share of the entity's distributive income to which each  
36 shareholder, member or partner is entitled.

37 (b) Limitation.--A pass-through entity and a shareholder,  
38 member or partner of a pass-through entity may not claim the tax  
39 credit under subsection (a) for the same qualified rehearsal and  
40 tour expense.

41 (c) Application.--A shareholder, member or partner of a  
42 pass-through entity to whom a tax credit is transferred under  
43 subsection (a) shall immediately claim the tax credit in the  
44 taxable year in which the transfer is made. The shareholder,  
45 member or partner may not carry forward, carry back, obtain a  
46 refund of or sell or assign the tax credit.  
47 Section 1780-D. Department guidelines and regulations.

48 The department shall develop written guidelines for the  
49 implementation of this subarticle. The guidelines shall be in  
50 effect until the department promulgates regulations for the  
51 implementation of this subarticle.

1 Section 1781-D. Report to General Assembly.

2 No later than June 1, 2018, and September 1 of each year  
3 thereafter, the Secretary of Community and Economic Development  
4 shall submit a report to the General Assembly summarizing the  
5 effectiveness of the tax credits provided by this subarticle.  
6 The report shall include the name of the tours which rehearsed  
7 in this Commonwealth, the names of all recipients awarded a tax  
8 credit as of the date of the report and the amount of tax  
9 credits approved for each recipient. The report may also include  
10 recommendations for changes in the calculation or administration  
11 of the tax credits provided under this subarticle. The report  
12 shall be submitted to the chairperson and minority chairperson  
13 of the Appropriations Committee of the Senate, the chairperson  
14 and minority chairperson of the Finance Committee of the Senate,  
15 the chairperson and minority chairperson of the Appropriations  
16 Committee of the House of Representatives and the chairperson  
17 and minority chairperson of the Finance Committee of the House  
18 of Representatives. The report shall include the following  
19 information, which shall be separated by geographic location  
20 within this Commonwealth:

21 (1) The amount of tax credits claimed during the fiscal  
22 year by tour.

23 (2) The total amount spent in this Commonwealth during  
24 the fiscal year by tours and concert tour promotion companies  
25 for services and supplies.

26 (3) The total amount of tax revenues, both directly and  
27 indirectly, generated for the Commonwealth during the fiscal  
28 year by the concert rehearsal and tour industry.

29 Section 9. Sections 1813-C and 1814-C of the act, amended  
30 July 13, 2016 (P.L.526, No.84), are amended to read:  
31 Section 1813-C. Restrictions.

32 (a) Utilization.--Money transferred under section 1812-C may  
33 only be utilized for the following:

34 (1) Payment of debt service on bonds issued or  
35 refinanced for the acquisition, development, construction,  
36 including related infrastructure and site preparation,  
37 reconstruction, renovation or refinancing of a facility in  
38 the zone and normal and customary fees for professional  
39 services associated with the issuance or refinance of the  
40 bonds.

41 (2) Acquisition, development, construction, including  
42 related infrastructure and site preparation, reconstruction,  
43 renovation or refinancing of all or a part of a facility.

44 (3) Replenishment of amounts in debt service reserve  
45 funds established to pay debt service on bonds.

46 (4) Employment of an independent auditing firm to  
47 perform the duties under section 1807-C(c).

48 (5) Improvement or development of all or part of a zone.

49 (6) Improvement projects, including fixtures and  
50 equipment for a facility owned, in whole or in part, by a  
51 public authority.

1 (7) Payment or reimbursement of reasonable  
2 administrative, auditing and compliance services required by  
3 this article. Reasonable administrative costs may not exceed  
4 5% of the money transferred under section 1812-C. For  
5 purposes of this paragraph, professional services shall not  
6 be considered administrative costs.

7 (b) Prohibition.--Money transferred under section 1812-C may  
8 not be utilized for maintenance or repair of a facility.

9 (c) Excess money.--

10 (1) [If] Except as set forth in paragraph (4), if the  
11 amount of money transferred to the fund under sections 1811-  
12 C(c) and 1812-C in any one calendar year exceeds the money  
13 utilized under this section in that calendar year, the  
14 contracting authority shall submit by April 15 following the  
15 end of the calendar year the excess money to the State  
16 Treasurer for deposit into the General Fund.

17 (2) At the time of submission to the State Treasurer,  
18 the contracting authority shall submit to the State  
19 Treasurer, the office and the department a detailed  
20 accounting of the calculation resulting in the excess money.

21 (3) The excess money shall be credited to the  
22 contracting authority and applied to the amount required to  
23 be repaid under section 1812-C(c)(5) until there is full  
24 repayment.

25 (4) Paragraph (1) does not apply to money utilized in a  
26 pilot zone.

27 (d) Matching funds.--

28 (1) The amount of money transferred from the fund  
29 utilized for the acquisition, development, construction,  
30 including related site preparation and infrastructure,  
31 reconstruction or renovation of facilities, or normal and  
32 customary fees for professional services shall be matched by  
33 private, Federal or local money at a ratio of five fund  
34 dollars to one private, Federal or local dollar. The  
35 contracting authority shall verify the private, Federal or  
36 local match for a project at the time of the bond and report  
37 proof of the match to the agencies. All of the following  
38 shall be deemed private money:

39 (i) Equity.

40 (ii) Private developer debt and financing.

41 (iii) Soft costs associated with land development.

42 (iv) Costs of professional services associated with  
43 development.

44 (v) Costs associated with improvements of the  
45 parcel.

46 (vi) Costs of land acquisition and real estate  
47 transactions.

48 (1.1) Private, Federal or local dollars invested in any  
49 single year or multiple years may be amortized over the term  
50 of the private or public financing provided to the project in  
51 order to meet the matching fund ratio of five fund dollars to

1 one private, Federal or local dollar invested in the project.

2 (2) By April 1 following the baseline year and for each  
3 year thereafter, the contracting authority shall file an  
4 annual report with the Department of Community and Economic  
5 Development, the office and the department that contains a  
6 detailed account of the fund money expenditures and the  
7 private, Federal or local money expenditures and a  
8 calculation of the ratio in paragraph (1) for the prior  
9 calendar year.

10 (3) If it is determined that insufficient private,  
11 Federal or local money was utilized under paragraph (1), the  
12 amount of fund money utilized under paragraph (1) in the  
13 prior calendar year shall be deducted from the next transfer  
14 of the fund.

15 Section 1814-C. Transfer of property.

16 (a) Property.--Parcels in a zone where a facility has not  
17 been constructed, reconstructed or renovated using money under  
18 this article may be transferred out of the zone, if the  
19 contracting authority provides a notarized certification,  
20 confirmed in the annual audit required under section 1807-C(c),  
21 that no fund dollars were used on the property. Additional  
22 acreage, not to exceed the acreage transferred out of the zone,  
23 may be [simultaneously] added to the zone.

24 (a.1) Public meeting.--Prior to requesting approval, the  
25 contracting authority shall hold a public meeting to consider  
26 the proposed transfer. At the meeting, any interested party may  
27 attend and offer comment on the proposal change.

28 (a.2) Infeasibility.--

29 (1) If no activity in furtherance of development has  
30 taken place on the parcel within eight years of the enactment  
31 of this section or designation of the zone, whichever occurs  
32 later, the contracting authority may conduct a public hearing  
33 on the feasibility of the parcel to continue with the  
34 designation pursuant to a request from the city or  
35 municipality where the parcel sits. The hearing shall be held  
36 and notice provided to the owner of the parcel in accordance  
37 with section 908 of the act of July 31, 1968 (P.L.805,  
38 No.247), known as the Pennsylvania Municipalities Planning  
39 Code. For purposes of this section, activity shall include,  
40 but not be limited to, construction, building, renovation,  
41 reconstruction, site preparation and site development.

42 (2) If the contracting authority determines that the  
43 project is no longer feasible, the contracting authority  
44 shall issue a written opinion within 45 days of the hearing  
45 setting forth the reasons supporting the determination and  
46 verifying that no activity has taken place. The decision may  
47 be appealed in accordance with section 1001-A of the  
48 Pennsylvania Municipalities Planning Code.

49 (b) Approval.--A transfer under subsections (a) and (a.2)  
50 must be approved by the Department of Community and Economic  
51 Development in consultation with the office and the department.

1 Section 10. The definition of "contracting authority" in  
2 section 1902-B of the act is amended to read:

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 \* \* \*

8 "Contracting authority." An authority created under 53  
9 Pa.C.S. Ch. 56 (relating to municipal authorities) for the  
10 purpose of designating a neighborhood improvement zone and  
11 constructing a facility or other authority created under the  
12 laws of this Commonwealth which is eligible to apply for and  
13 receive redevelopment assistance capital grants under Chapter 3  
14 of the act of February 9, 1999 (P.L.1, No.1), known as the  
15 Capital Facilities Debt Enabling Act. Notwithstanding the  
16 provisions of 53 Pa.C.S. § 5610 (relating to governing body) and  
17 any other law, the appointment of any member of the board of the  
18 contracting authority for the term of a board member which  
19 begins after July 1, 2017, shall be made as follows:

20 (1) three members appointed by the President Pro Tempore  
21 of the Senate;

22 (2) three members appointed by the Leader of the caucus  
23 of the member of the House of Representatives whose district  
24 includes the majority of the zone; and

25 (3) three members appointed by the mayor of the city in  
26 which the zone is located in accordance with 53 Pa.C.S. Ch.  
27 56.

28 \* \* \*

29 Section 11. The act is amended by adding a section to read:  
30 Section 1904.3-B. Transfer of property.

31 (a) Transfer of Parcels.--Parcels in a zone may be  
32 transferred out of the zone and replaced with parcels not to  
33 exceed the acreage transferred out of the zone by the  
34 contracting authority, if:

35 (1) The department certifies that there is currently no  
36 activity in the parcels transferred in the zone that  
37 generates tax receipts or other revenue to the Commonwealth.

38 (2) The municipality where the zone is located certifies  
39 that there is currently no activity in the parcels  
40 transferred into the zone that generates tax receipts or  
41 other revenue, other than taxes on real property, to the  
42 municipality and the school district and county where the  
43 zone is located.

44 (b) Public Hearing.--The following apply:

45 (1) For a parcel identified by the contracting authority  
46 to be transferred out of the zone, the contracting authority  
47 may conduct a public hearing pursuant to a request from an  
48 owner of real estate located within the parcel or the city or  
49 municipality where the parcel sits. The hearing shall be held  
50 and notice of the hearing provided to the owner of the parcel  
51 in accordance with section 908 of the act of July 31, 1968



1 (P.L.805, No.247), known as the Pennsylvania Municipalities  
2 Planning Code.

3 (2) If the contracting authority determines that it will  
4 transfer a parcel out of the zone, the contracting authority  
5 shall issue a written opinion within 45 days of the hearing  
6 setting forth the reasons supporting the determination.

7 Section 11.1. Section 1911-D(c) of the act, added July 13,  
8 2016 (P.L.526, No.84), is amended to read:

9 Section 1911-D. Additional keystone opportunity zones.

10 \* \* \*

11 (c) Application.--In order to receive a designation under  
12 this section, the department must receive an application from a  
13 political subdivision or its designee no later than October 1,  
14 [2016] 2018. The application must contain the information  
15 required under section 302(a)(1), (2)(i) and (ix), (5) and (6)  
16 of the KOZ Act. The department, in consultation with the  
17 Department of Revenue, shall review the application and, if  
18 approved, issue a certification of all tax exemptions,  
19 deductions, abatements or credits under this act for the zone  
20 within three months of receipt of the application. The  
21 department shall act on an application for a designation under  
22 section 302(a)(1) of the KOZ Act by December 31, [2016] 2018.  
23 The department may make designations under this section on a  
24 rolling basis during the application period.

25 \* \* \*

26 Section 11.2. Section 2166 of the act is amended to read:

27 Section 2166. Timely Mailing Treated as Timely Filing and  
28 Payment.--Notwithstanding the provisions of any State tax law to  
29 the contrary, whenever a report or payment of all or any portion  
30 of a State tax is required by law to be received by the  
31 department or other agency of the Commonwealth on or before a  
32 day certain, the taxpayer shall be deemed to have complied with  
33 the law if the letter transmitting the report or payment of the  
34 tax which has been received by the department is postmarked by  
35 the United States Postal Service on or prior to the final day on  
36 which the payment is to be received. For the purposes of this  
37 article, presentation of a receipt indicating that the report or  
38 payment was mailed by registered or certified mail on or before  
39 the due date shall be evidence of timely filing and payment. Any  
40 inheritance tax return filed after July 1, 2013, under section  
41 2136 that reports transfers of property that are exempt from the  
42 inheritance tax under section 2111(s), (s.1) and (t) shall be  
43 considered timely filed if filed within one year of the tax  
44 return due date, including an extended due date.

45 Section 12. The act is amended by adding an article to read:

46 ARTICLE XXII

47 ELECTRIC GRID VIRTUAL FINANCIAL TRANSACTIONS TAX

48 Section 2201. Definitions.

49 The following words and phrases when used in this article  
50 shall have the meanings given to them in this section unless the  
51 context clearly indicates otherwise:

1 "Decrement transaction." A virtual transaction that is a  
2 cleared hourly bid, expressed in megawatt hours, to purchase  
3 energy at a specified location in the Day-Ahead Energy Market if  
4 the day-ahead locational marginal price is less than or equal to  
5 the specified bid price.

6 "Electric grid virtual financial transaction." An increment  
7 transaction, decrement transaction or an up-to-congestion  
8 transaction.

9 "Increment transaction." A virtual transaction that is a  
10 cleared hourly offer, expressed in megawatt hours, to sell  
11 energy at a specified location in the Day-Ahead Energy Market if  
12 the day-ahead locational marginal price is greater than or equal  
13 to the specified offer price.

14 "Regional transmission organization." An entity, located in  
15 this Commonwealth, designated by the Federal Energy Regulatory  
16 Commission to operate a multistate electric grid, or its  
17 affiliates.

18 "Up-to-congestion transaction." A virtual transaction that  
19 is a cleared bid in the Day-Ahead Energy Market based on the  
20 difference in the locational marginal prices between two points.  
21 The cleared up-to-congestion bid consists of a specified source  
22 and sink path, megawatt hour quantity and a bid spread that  
23 identifies the amount that the market participant is willing to  
24 pay for a congestion and loss position between the source and  
25 the sink.

26 Section 2202. Imposition.

27 There is imposed a tax at the rate of five percent on the  
28 gross transaction amount without deduction of electric grid  
29 virtual financial transactions in the electricity markets  
30 administered by the regional transmission organization. The tax  
31 shall be imposed on and owed by the entity initiating the  
32 electric grid virtual financial transaction in the electricity  
33 markets administered by the regional transmission organization.  
34 The tax shall be assessed on the entities initiating electric  
35 grid virtual financial transactions and collected at the time of  
36 settlement of the electric grid virtual transactions.

37 Section 2203. Remittance.

38 (a) Time.--The tax imposed under section 2202 shall be:

39 (1) due on the 20th day of each month for gross  
40 transaction amounts without deduction attributable to  
41 electric grid virtual transactions occurring in the prior  
42 calendar month; and

43 (2) remitted to the Department of Revenue by the  
44 regional transmission organization that administers the  
45 electricity markets in which the electric grid virtual  
46 financial transaction was initiated.

47 (b) Report.--The tax shall be reported in the form or manner  
48 required by the Department of Revenue.

49 Section 2204. Procedure and enforcement.

50 Chapters IV, V, VI, VII and VIII of Part VI of Article II are  
51 incorporated by reference into this article in so far as they

1 are consistent with this article and applicable to the tax  
2 imposed under this article.

3 Section 13. Section 2301(e) of the act is amended and the  
4 section is amended by adding a subsection to read:

5 Section 2301. Public Transportation Assistance Fund.--\* \* \*

6 (e) [There] Except as provided in subsection (e.1), there is  
7 hereby imposed on each rental of a motor vehicle subject to tax  
8 under Article II a fee of two dollars (\$2) for each day or part  
9 of a day for which the vehicle is rented.

10 (e.1) (1) There is hereby imposed on each rental of a motor  
11 vehicle subject to tax under Article II and used in carsharing a  
12 fee for each day or part of a day computed according to the  
13 following schedule:

<u>Rental Interval</u>	<u>Fee</u>
<u>Less than 2 hours</u>	<u>\$.25</u>
<u>2 to 3 hours</u>	<u>\$.50</u>
<u>More than 3, but less</u> <u>than 4 hours</u>	<u>\$1.25</u>
<u>4 hours or more</u>	<u>\$2.00</u>

20 (2) For purposes of this subsection, the term "carsharing"  
21 shall mean a membership based service that provides an  
22 alternative to personal car ownership and which meets the  
23 following conditions:

24 (i) Does not require a trip-specific written agreement each  
25 time a member rents a vehicle.

26 (ii) Does not require an attendant to be present at the  
27 beginning or end of a rental.

28 (iii) Offers members access to a dispersed network of shared  
29 vehicles 24-hours per day, 7 days per week, 365 days per year.

30 (iv) Allows a vehicle to be rented on a per minute, per  
31 hour, per day, or per trip basis, and at per mile or per  
32 kilometer rates, which typically include fuel, insurance and  
33 maintenance.

34 Section 13.1. The act is amended by adding articles to read:

35 ARTICLE XXIV

36 FIREWORKS

37 Section 2401. Definitions.

38 The following words and phrases when used in this article  
39 shall have the meanings given to them in this section unless the  
40 context clearly indicates otherwise:

41 "APA 87-1." The American Pyrotechnics Association Standard  
42 87-1: Standard for Construction and Approval for Transportation  
43 of Fireworks, Novelties, and Theatrical Pyrotechnics, 2001  
44 edition, or any subsequent edition.

45 "Consumer fireworks."

46 (1) Any combustible or explosive composition or any  
47 substance or combination of substances which is intended to  
48 produce visible or audible effects by combustion, is suitable  
49 for use by the public, complies with the construction,  
50 performance, composition and labeling requirements  
51 promulgated by the Consumer Products Safety Commission in 16

1 CFR (relating to commercial practices) or any successor  
2 regulation and complies with the provisions for "consumer  
3 fireworks" as defined in APA 87-1 or any successor standard,  
4 the sale, possession and use of which shall be permitted  
5 throughout this Commonwealth.

6 (2) The term does not include devices as "ground and  
7 hand-held sparkling devices," "novelties" or "toy caps" in  
8 APA 87-1 or any successor standard, the sale, possession and  
9 use of which shall be permitted at all times throughout this  
10 Commonwealth.

11 "Display fireworks." Large fireworks to be used solely by  
12 professional pyrotechnicians licensed by the Department of  
13 Agriculture and designed primarily to produce visible or audible  
14 effects by combustion, deflagration or detonation. The term  
15 includes, but is not limited to:

16 (1) salutes that contain more than two grains or 130  
17 milligrams of explosive materials;

18 (2) aerial shells containing more than 60 grams of  
19 pyrotechnic compositions; and

20 (3) other display pieces that exceed the limits of  
21 explosive materials for classification as consumer fireworks  
22 and are classified as fireworks UN0333, UN0334 or UN0335  
23 under 49 CFR 172.101 (relating to purpose and use of  
24 hazardous materials table).

25 "Municipality." A city, borough, incorporated town or  
26 township.

27 "NFPA 1124." The National Fire Protection Association  
28 Standard 1124, Code for the Manufacture, Transportation and  
29 Storage of Fireworks and Pyrotechnic Articles, 2017 edition, or  
30 any subsequent edition.

31 "Occupied structure." A structure, vehicle or place adapted  
32 for overnight accommodation of persons or for conducting  
33 business whether or not a person is actually present.

34 "Outdoor storage unit." A consumer fireworks building,  
35 trailer, semitrailer, metal shipping container or magazine  
36 meeting the specifications of NFPA 1124.

37 "Temporary structure." A structure, other than a permanent  
38 facility with fixed utility connections, which is in use or in  
39 place for a period of 20 consecutive calendar days or less and  
40 is dedicated to the storage and sale of consumer fireworks and  
41 related items. The term includes temporary retail sales stands,  
42 tents, canopies and membrane structures meeting the  
43 specifications of NFPA 1124.

44 Section 2402. Permits.

45 (a) Permissible purposes.--Display fireworks may be  
46 possessed and used by a person holding a permit from a  
47 municipality at the display covered by the permit or when used  
48 as authorized by a permit for any of the following:

49 (1) For agricultural purposes in connection with the  
50 raising of crops and the protection of crops from bird and  
51 animal damage.

1           (2) By railroads or other transportation agencies for  
2 signal purposes or illumination.

3           (3) In quarrying or for blasting or other industrial  
4 use.

5           (4) In the sale or use of blank cartridges for a show or  
6 theater.

7           (5) For signal or ceremonial purposes in athletics or  
8 sports.

9           (6) By military organizations or organizations composed  
10 of veterans of the armed forces of the United States.

11       (b) Age limitation.--A display fireworks permit may not be  
12 issued to a person under 21 years of age.

13       (c) Bond.--The governing body of the municipality shall  
14 require a bond deemed adequate by it from the licensee in a sum  
15 not less than \$50,000 conditioned for the payment of all damages  
16 which may be caused to a person or property by reason of the  
17 licensed display and arising from an act of the licensee or an  
18 agent, an employee or a subcontractor of the licensee.

19 Section 2403. Request for extension.

20       (a) Authorization.--If, because of unfavorable weather, the  
21 display for which a permit has been granted does not occur at  
22 the time authorized by the permit, the person to whom the permit  
23 was issued may within 24 hours apply for a request for extension  
24 to the authority which granted the permit.

25       (b) Contents of request.--The request for extension shall  
26 state under oath that the display was not made, provide the  
27 reason that the display was not made and request a continuance  
28 of the permit for a date designated within the request, which  
29 shall be not later than one week after the date originally  
30 designated in the permit.

31       (c) Determination.--Upon receiving the request for  
32 extension, the authority, if it believes that the facts stated  
33 within the request are true, shall extend the provisions of the  
34 permit to the date designated within the request, which shall be  
35 not later than one week after the date originally designated in  
36 the permit.

37       (d) Conditions.--The extension of time shall be granted  
38 without the payment of an additional fee and without requiring a  
39 bond other than the bond given for the original permit, the  
40 provisions of which shall extend to and cover all damages which  
41 may be caused by reason of the display occurring at the extended  
42 date and in the same manner and to the same extent as if the  
43 display had occurred at the date originally designated in the  
44 permit.

45 Section 2404. Use of consumer fireworks.

46       (a) Conditions.--A person who is at least 18 years of age  
47 and meets the requirements of this article may purchase, possess  
48 and use consumer fireworks.

49       (b) Prohibitions.--A person may not intentionally ignite or  
50 discharge:

51           (1) Consumer fireworks on public or private property

1 without the express permission of the owner.

2 (2) Consumer fireworks or sparkling devices within, or  
3 throw consumer fireworks or sparkling devices from, a motor  
4 vehicle or building.

5 (3) Consumer fireworks or sparkling devices into or at a  
6 motor vehicle or building or at another person.

7 (4) Consumer fireworks or sparkling devices while the  
8 person is under the influence of alcohol, a controlled  
9 substance or another drug.

10 (5) Consumer fireworks within 150 feet of an occupied  
11 structure.

12 Section 2404.1. Use of display fireworks.

13 No display fireworks shall be ignited within 300 feet of a  
14 facility.

15 Section 2405. Agricultural purposes.

16 (a) Authorization.--The governing body of a municipality  
17 may, under reasonable rules and regulations adopted by it, grant  
18 permits for the use of suitable fireworks for agricultural  
19 purposes in connection with the raising of crops and the  
20 protection of crops from bird and animal damage.

21 (b) Duration of permit.--A permit under this section shall  
22 remain in effect for the calendar year in which it was issued.

23 (c) Conditions.--After a permit under this section has been  
24 granted, sales, possession and use of fireworks of the type and  
25 for the purpose mentioned in the permit shall be lawful for that  
26 purpose only.

27 Section 2406. Rules and regulations by municipality.

28 (a) Authorization.--Permission shall be given by the  
29 governing body of a municipality under reasonable rules and  
30 regulations for displays of display fireworks to be held within  
31 the municipality.

32 (b) Conditions.--

33 (1) Each display shall be:

34 (i) handled by a competent operator; and

35 (ii) of a character and so located, discharged or  
36 fired as, in the opinion of the chief of the fire  
37 department or other appropriate officer as may be  
38 designated by the governing body of the municipality,  
39 after proper inspection, to not be hazardous to property  
40 or endanger any person.

41 (2) After permission is granted under this section,  
42 possession and use of display fireworks for display shall be  
43 lawful for that purpose only.

44 (3) A permit shall be transferable.

45 Section 2407. Sales locations.

46 Except as provided in section 2410, consumer fireworks shall  
47 be sold only from facilities which are licensed by the  
48 Department of Agriculture and that meet the following criteria:

49 (1) The facility shall comply with the provisions of the  
50 act of November 10, 1999 (P.L.491, No.45), known as the  
51 Pennsylvania Construction Code Act.

1           (2) The facility shall be a stand-alone permanent  
2 structure.

3           (3) Storage areas shall be separated from wholesale or  
4 retail sales areas to which a purchaser may be admitted by  
5 appropriately rated fire separation.

6           (4) The facility shall be located no closer than 250  
7 feet from a facility selling or dispensing gasoline, propane  
8 or other flammable products.

9           (5) The facility shall be located at least 1,500 feet  
10 from another facility licensed to sell consumer fireworks.

11           (6) The facility shall have a monitored burglar and fire  
12 alarm system.

13           (7) Quarterly fire drills and preplanning meetings shall  
14 be conducted as required by the primary fire department.

15 Section 2408. Fees, granting of licenses and inspections.

16 (a) Initial application fees.--

17           (1) An initial application for a license to sell  
18 consumer fireworks shall be submitted to the Department of  
19 Agriculture on forms prescribed and provided by the  
20 department with a nonrefundable application fee as follows:

21           (i) For a facility meeting the requirements of  
22 section 2407, the application shall be submitted with a  
23 nonrefundable application fee of \$2,500.

24           (ii) For a facility meeting the requirements of  
25 section 2410, the application shall be submitted with a  
26 nonrefundable application fee of \$1,000 no later than 30  
27 days prior to the first day of sale.

28           (2) An application under paragraph (1) (i) or (ii) shall  
29 also be accompanied by the appropriate annual license fee as  
30 provided in subsection (b).

31 (b) Annual license fees.--The annual license fee for a  
32 facility licensed to sell consumer fireworks shall be as  
33 follows:

- 34           (1) \$7,500 for a location up to 10,000 square feet;  
35           (2) \$10,000 for a location up to 15,000 square feet;  
36           (3) \$20,000 for a location up to 20,000 square feet; and  
37           (4) \$2,000 for a temporary structure.

38 (c) Time limitations and inspections.--

39           (1) A facility meeting the requirements of section 2407  
40 shall be inspected by the Department of Agriculture within 30  
41 days of receipt of a complete application for a license. The  
42 Department of Agriculture shall issue or deny a license  
43 within 14 days of completing the inspection.

44           (2) The Department of Agriculture shall issue or deny a  
45 license for a facility meeting the requirements of section  
46 2410 no later than 10 days prior to the first day of sale.  
47 The facility shall be available for inspection by the  
48 Department of Agriculture for compliance with NFPA 1124 at  
49 all times during the licensed selling period.

50           (d) Term of license.--A license issued for the sale of  
51 consumer fireworks shall be effective for one year from the date

1 the license is issued.

2 (e) License renewal and inspections.--License renewal shall  
3 be automatic upon payment of the appropriate annual license fee  
4 under subsection (b), but each facility shall be subject to  
5 annual inspections by the Department of Agriculture and at other  
6 times as the department may deem appropriate.

7 (f) Condition.--No license may be issued to a convicted  
8 felon or to an entity in which a convicted felon owns a  
9 percentage of the equity interest.

10 Section 2409. Conditions for facilities.

11 A facility licensed by the Department of Agriculture shall be  
12 exclusively dedicated to the storage and sale of consumer  
13 fireworks and related items, and the facility shall operate in  
14 accordance with the following rules:

15 (1) There shall be security personnel on the premises  
16 for the seven days preceding and including July 4 and for the  
17 three days preceding and including January 2.

18 (2) No smoking shall be permitted in the facility.

19 (3) No cigarettes or tobacco products, matches, lighters  
20 or any other flame-producing devices shall be permitted to be  
21 taken into the facility.

22 (4) No minors shall be permitted in the facility unless  
23 accompanied by an adult, and each minor shall stay with the  
24 adult in the facility.

25 (5) All facilities shall carry at least \$2,000,000 in  
26 public and product liability insurance.

27 (6) A licensee shall provide its employees with  
28 documented training in the area of operational safety of a  
29 facility. The licensee shall provide to the Department of  
30 Agriculture written documentation that each employee has  
31 received the training.

32 (7) No display fireworks shall be stored or located at a  
33 facility.

34 (8) No person who appears to be under the influence of  
35 intoxicating liquor or drugs shall be admitted to the  
36 facility, and no liquor, beer or wine shall be permitted in  
37 the facility.

38 (9) Emergency evacuation plans shall be conspicuously  
39 posted in appropriate locations within the facility.

40 Section 2410. Temporary structures.

41 (a) Conditions.--Notwithstanding section 2607 or any other  
42 provision of law, a temporary structure may be licensed by the  
43 Department of Agriculture to sell consumer fireworks if the  
44 temporary structure meets all of the following requirements:

45 (1) The temporary structure is located no closer than  
46 250 feet from a facility storing, selling or dispensing  
47 gasoline, propane or other flammable products.

48 (2) An evacuation plan is posted in a conspicuous  
49 location for a temporary structure in accordance with NFPA  
50 1124.

51 (3) The outdoor storage unit, if any, is separated from



1 the wholesale or retail sales area to which a purchaser may  
2 be admitted by appropriately rated fire separation.

3 (4) The temporary structure complies with NFPA 1124 as  
4 it relates to retail sales of consumer fireworks in temporary  
5 structures.

6 (5) The temporary structure is located at least one mile  
7 from a permanent facility licensed to sell consumer  
8 fireworks.

9 (6) The temporary structure does not exceed 2,500 square  
10 feet.

11 (7) The temporary structure is secured at all times  
12 during which consumer fireworks are displayed within the  
13 structure.

14 (8) The temporary structure has a minimum of \$2,000,000  
15 in public and product liability insurance.

16 (9) The sales period is limited to June 15 through July  
17 8 and December 21 through January 2 of each year.

18 (10) Consumer fireworks not on display for retail sale  
19 are stored in an outdoor storage unit.

20 (b) Limitations.--The sale of consumer fireworks from the  
21 temporary structure is limited to the following:

22 (1) Helicopter, Aerial Spinner (APA 87-1, 3.1.2.3).

23 (2) Roman Candle (APA 87-1, 3.1.2.4).

24 (3) Mine and Shell Devices (APA 87-1, 3.1.2.5).

25 Section 2411. Attorney General.

26 (a) Registration.--Any business entity which performs,  
27 provides or supervises fireworks displays or exhibitions for  
28 profit shall register annually with the Attorney General.

29 (b) Rules.--The Attorney General shall promulgate rules to  
30 implement this section.

31 Section 2412. Consumer fireworks tax.

32 (a) Imposition.--In addition to any other tax imposed by  
33 law, a tax is imposed on each separate sale at retail of  
34 consumer fireworks, which tax shall be collected by the retailer  
35 from the purchaser at the time of sale and shall be paid over to  
36 the Commonwealth as provided in this section. A tax imposed  
37 under this subsection on each separate sale at retail shall be  
38 paid to and received by the Department of Revenue and, along  
39 with interest and penalties, shall be deposited into the General  
40 Fund.

41 (b) Rate.--The tax authorized under subsection (a) shall be  
42 imposed and collected at the rate of 12% of the purchase price  
43 per item sold. The purchase price shall include State and local  
44 sales taxes.

45 (c) Collection and administration.--The provisions of Part  
46 VI of Article II shall apply to the tax authorized under  
47 subsection (a). No additional fee shall be charged for a license  
48 or license renewal other than the license or renewal fee  
49 required under section 2408 and the license or renewal fee  
50 authorized and imposed under Article II.

51 Section 2413. Disposition of certain funds.

1 (a) Transfer.--One-sixth of the tax collected under this  
2 article, not to exceed \$2,000,000, shall be transferred annually  
3 for the purpose of making grants under 35 Pa.C.S. Ch. 78 Subch.  
4 C (relating to Emergency Medical Services Grant Program).

5 (b) Payments.--The transfer required under subsection (a)  
6 shall be made in two equal payments by September 15 and March  
7 15.

8 Section 2414. Penalties.

9 The following shall apply:

10 (1) A person, a copartnership, an association or a  
11 corporation using consumer fireworks in violation of the  
12 provisions of this article commits a summary offense and,  
13 upon conviction, shall be punished by a fine of not more than  
14 \$100.

15 (2) A person, a copartnership, an association or a  
16 corporation selling consumer fireworks in violation of the  
17 provisions of this act commits a misdemeanor of the second  
18 degree.

19 (3) A person, a copartnership, an association or a  
20 corporation selling display fireworks in violation of the  
21 provisions of this act commits a felony of the third degree.

22 (4) A person, a copartnership, an association or a  
23 corporation selling federally illegal explosives such as  
24 devices as described in 49 CFR 173.54 (relating to forbidden  
25 explosives) or those devices that have not been tested,  
26 approved and labeled by the United States Department of  
27 Transportation, including, but not limited to, those devices  
28 commonly referred to as "M-80," "M-100," "blockbuster,"  
29 "cherry bomb" or "quarter or half stick" explosive devices,  
30 in violation of the provisions of this act commits a felony  
31 of the third degree.

32 Section 2415. Removal, storage and destruction.

33 The Pennsylvania State Police, a sheriff or police officer  
34 shall take, remove or cause to be removed at the expense of the  
35 owner all stocks of consumer fireworks or display fireworks or  
36 combustibles offered or exposed for sale, stored or held in  
37 violation of this article. The owner shall also be responsible  
38 for the storage and, if deemed necessary, the destruction of  
39 these fireworks.

40 ARTICLE XXIV-A

41 UNCONVENTIONAL GAS WELLS

42 Section 2401-A. Definitions.

43 The following words and phrases when used in this article  
44 shall have the meanings given to them in this section unless the  
45 context clearly indicates otherwise:

46 "Average annual price of natural gas." As defined in 58  
47 Pa.C.S. § 2301 (relating to definitions).

48 "Commission." The Pennsylvania Public Utility Commission.

49 "Department." The Department of Environmental Protection of  
50 the Commonwealth.

51 "Meter." A device to measure the passage of volumes of gases

1 or liquids past a certain point.  
2 "Natural gas." As defined in 58 Pa.C.S. § 2301.  
3 "Producer." As defined in 58 Pa.C.S. § 2301.  
4 "Sever." The extraction or other removal of natural gas from  
5 an unconventional formation in this Commonwealth. The term does  
6 not include natural gas, in gaseous or liquid form, which is  
7 burned, used, consumed or otherwise employed in oil and gas  
8 operations at a natural gas well site:  
9 (1) for secondary recovery;  
10 (2) for re-pressuring;  
11 (3) for pressure maintenance; or  
12 (4) as fuel for equipment.  
13 "Trigger date." The date 60 days after the effective date of  
14 this section.  
15 "Unconventional formation." As defined in 58 Pa.C.S. § 2301.  
16 "Unconventional gas well." As defined in 58 Pa.C.S. § 2301.  
17 "Unit." A thousand cubic feet (Mcf) of natural gas at a  
18 temperature of 60 degrees Fahrenheit and an absolute pressure of  
19 14.73 pounds per square inch, in accordance with American Gas  
20 Association (AGA) standards and according to Boyle's law for the  
21 measurement of gas under varying pressures with deviations  
22 therefrom as follows:  
23 (1) The average absolute atmospheric pressure shall be  
24 assumed to be 14.4 pounds to the square inch, notwithstanding  
25 the actual elevation or location of point of delivery above  
26 sea level or variations in the atmospheric pressure.  
27 (2) The temperature of the gas passing the meters shall  
28 be determined by the continuous use of a recording  
29 thermometer installed so that the thermometer may properly  
30 record the temperature of the gas flowing through the meters.  
31 The arithmetic average of the temperature recorded each 24-  
32 hour day shall be used in computing gas volumes. If a  
33 recording thermometer is not installed, or if installed and  
34 not operating properly, an average flowing temperature of 60  
35 degrees Fahrenheit shall be used in computing gas volume.  
36 (3) The specific gravity of the gas shall be determined  
37 by tests made by the use of an Edwards or Acme gravity  
38 balance annually or at intervals as are found necessary in  
39 practice. Specific gravity shall be used in computing gas  
40 volumes.  
41 (4) The deviation of the natural gas from Boyle's law  
42 shall be determined by tests annually or at other shorter  
43 intervals as are found necessary in practice. The apparatus  
44 and the method to be used in making the tests shall be in  
45 accordance with recommendations of the National Bureau of  
46 Standards of the Department of Commerce or Report No. 3 of  
47 the Gas Measurement Committee of the American Gas  
48 Association, or any amendments thereof. The results of the  
49 tests shall be used in computing the volume of gas delivered.  
50 "Wellhead meter." A meter placed at a producing site to  
51 measure the actual volume of natural gas severed.

1 Section 2402-A. Volume differential tax.

2 (a) Imposition.--Each producer subject to the unconventional  
3 gas well fee imposed under 58 Pa.C.S. § 2302 (relating to  
4 unconventional gas well fee) shall pay a volume differential  
5 tax.

6 (b) Computation.--The volume differential tax for each  
7 unconventional gas well shall be calculated by applying the  
8 applicable rate under subsection (b.1) to natural gas severed  
9 from the unconventional gas well during the imposition period  
10 under subsection (b.2).

11 (b.1) Tax rate.--The tax rate shall be as follows:

12 (1) If the average annual price of natural gas for the  
13 calendar year immediately preceding the start of the  
14 imposition period is not more than \$2.25, the surcharge rate  
15 shall be \$0.015 per unit severed.

16 (2) If the average annual price of natural gas for the  
17 calendar year immediately preceding the start of the  
18 imposition period is greater than \$2.25 and less than \$3.00,  
19 the tax rate shall be \$0.02 per unit severed.

20 (3) If the average annual price of natural gas for the  
21 calendar year immediately preceding the start of the  
22 imposition period is greater than \$2.99 and less than \$5.00,  
23 the tax rate shall be \$0.025 per unit severed.

24 (4) If the average annual price of natural gas for the  
25 calendar year immediately preceding the start of the  
26 imposition period is greater than \$4.99 and less than \$6.00,  
27 the tax rate shall be \$0.03 per unit severed.

28 (5) If the average annual price of natural gas for the  
29 calendar year immediately preceding the start of the  
30 imposition period is more than \$5.99, the tax rate shall be  
31 \$0.035 per unit severed.

32 (b.2) Imposition period.--The imposition period shall be as  
33 follows:

34 (1) For fiscal year 2017-2018, the imposition period  
35 shall be from July 1, 2017, to April 30, 2018.

36 (2) For fiscal year 2018-2019, and each fiscal year  
37 thereafter, the imposition period shall be from May 1 of the  
38 preceding fiscal year to April 30 of the current fiscal year.

39 (b.3) Payment.--The volume differential tax imposed under  
40 this article shall be due on the same day the report is due  
41 under subsection (b.4). The tax shall become delinquent if not  
42 remitted to the commission on the reporting date.

43 (b.4) Report.--By June 15, 2018, and June 15 of each year  
44 thereafter, every producer shall submit payment of the volume  
45 differential tax to the commission and a report on a form  
46 prescribed by the commission for the imposition period.

47 (c) Volume measurement.--

48 (1) Except as provided under paragraph (2), for purposes  
49 of computing the volume differential tax, natural gas severed  
50 shall be measured at the wellhead meter.

51 (2) Natural gas severed prior to the trigger date shall

1 be measured according to the standards and methods used for  
2 reporting natural gas production to the department.

3 (d) Administration.--The volume differential tax shall be  
4 administered and enforced in the same manner as the  
5 unconventional gas well fee under 58 Pa.C.S. Ch. 23 (relating to  
6 unconventional gas well fee).

7 (e) Use of funds.--Money collected from the volume  
8 differential tax under this section shall be transferred to the  
9 State Treasurer for allocation annually as follows:

10 (1) If the total amount of the fees submitted by April 1  
11 of each year under 58 Pa.C.S. § 2303(b) (relating to  
12 administration) is less than \$200,000,000, an amount equal to  
13 the difference between \$200,000,000 and that total amount  
14 shall be deposited into the Unconventional Gas Well Fund and  
15 shall be distributed as provided under 58 Pa.C.S. §§ 2314  
16 (relating to distribution of fee) and 2315 (relating to  
17 Statewide initiatives).

18 (2) After deposit under paragraph (1), remaining money  
19 shall be deposited into the General Fund.

20 (f) Independent Fiscal Office.--Beginning September 30,  
21 2018, and quarterly thereafter, the Independent Fiscal Office  
22 shall publish a report on its publicly accessible Internet  
23 website that shows the calculation of an average effective tax  
24 rate of the volume differential tax imposed under this article  
25 and the unconventional gas well fee imposed under 58 Pa.C.S. Ch.  
26 23, imposed for the preceding imposition period. The average  
27 effective tax rate shall quantify the implicit tax burden  
28 imposed on a producer by both the volume differential tax and  
29 the unconventional gas well fee in a given year. The average  
30 effective tax rate shall be based upon the market value of  
31 natural gas at the wellhead using regional price information  
32 from hubs located in this Commonwealth and postproduction costs  
33 shall be deducted to approximate the value of natural gas at the  
34 wellhead. The report shall include the methodology used to  
35 calculate the average effective tax rate.

36 Section 2403-A. Issuance of permit.

37 (a) Operations.--Notwithstanding any other provision of law,  
38 a permit application to undertake an activity related to  
39 unconventional oil and gas development which has not been denied  
40 by the department within the applicable time period established  
41 for review shall be deemed approved. If the review period for  
42 the permit has been extended for cause, the department shall  
43 provide a refund of the fee to the applicant. If the department  
44 has notified the person of deficiencies with the application,  
45 the period of time from the date of the receipt of the  
46 deficiencies to the date of the receipt of the person's response  
47 shall toll the applicable time period established for review.  
48 Only two tolling periods shall be authorized.

49 (b) Construction.--Nothing under this section shall be  
50 construed to relieve a person who commences activity under this  
51 section from complying with each law pertaining to the activity

1 for which the permit is sought.

2 (c) Definitions.--As used in this section, the following  
3 words and phrases shall have the meanings given to them in this  
4 subsection unless the context clearly indicates otherwise:

5 "Applicable time period established for review." As follows:

6 (1) For a well permit required under 58 Pa.C.S. §  
7 3211(e) (relating to well permits), within:

8 (i) forty-five calendar days of submission; or

9 (ii) sixty calendar days of submission if the review  
10 period has been extended for cause.

11 (2) For a general air quality permit, within 30 calendar  
12 days of submission.

13 (3) For an earth disturbance permit as required under 25  
14 Pa. Code § 102.5 (relating to permit requirements), within:

15 (i) fifty-three business days of submission; or

16 (ii) twenty-four business days of submission for an  
17 expedited application.

18 ARTICLE XXIV-B

19 UNCONVENTIONAL NATURAL GAS AIR QUALITY PROTECTION

20 Section 2401-B. Definitions.

21 The following words and phrases when used in this article  
22 shall have the meanings given to them in this section unless the  
23 context clearly indicates otherwise:

24 "Department." The Department of Environmental Protection of  
25 the Commonwealth.

26 "Temporary activity." Well site and access road preparation,  
27 pad construction, drilling and well completion.

28 Section 2402-B. Air quality permits for unconventional natural  
29 gas well sites.

30 (a) Publication.--Not earlier than December 31, 2017, the  
31 department shall submit to the Legislative Reference Bureau for  
32 publication in the Pennsylvania Bulletin each proposed final  
33 General Plan Approval and/or General Operating Permit for  
34 Unconventional Natural Gas Well Site Operations and Remote  
35 Pigging Stations and each General Plan Approval and/or General  
36 Operating Permit for Natural Gas Compression Stations,  
37 Processing Plants and Transmission Stations modified as a result  
38 of the "extension of the comment period" set forth at 47 Pa.B.  
39 1235 (February 25, 2017) or as a result of a subsequent  
40 extension period.

41 (b) Consideration.--Within 14 legislative days following  
42 publication of the proposed final permits under subsection (a),  
43 the Air Quality Permit Advisory Committee shall consider each  
44 permit and shall vote whether to approve or reject the proposed  
45 permit. The following shall apply:

46 (1) If a majority of the Air Quality Permit Advisory  
47 Committee votes to disapprove a proposed final permit, the  
48 department shall revise that proposed final permit and do the  
49 following:

50 (i) review and consider the reasons for disapproval  
51 and modify the proposed final permit; and

1           (ii) resubmit the new version of the proposed final  
2           permit to the Air Quality Permit Advisory Committee  
3           within 14 legislative days.

4           (2) If a majority of the Air Quality Permit Advisory  
5           Committee votes to approve a proposed final permit, the  
6           following shall apply:

7           (i) The department shall submit the approved permit  
8           to the Legislative Reference Bureau for publication in  
9           the Pennsylvania Bulletin.

10          (ii) The permit shall take effect upon publication  
11          in the Pennsylvania Bulletin.

12          (c) Applicability.--The requirements of a General Plan  
13          Approval and General Operating Permit for Unconventional Natural  
14          Gas Well Site Operations and Remote Pigging Stations shall not  
15          apply to any of the following:

16          (1) A natural gas well site which:

17                 (i) commenced production prior to the date of  
18                 publication under subsection (b) (2) (ii); and

19                 (ii) continues to meet the requirements to retain  
20                 that exemption.

21          (2) Temporary activity.

22          Section 2403-B. Air Quality Permit Advisory Committee.

23          (a) Establishment.--The Air Quality Permit Advisory  
24          Committee is established.

25          (b) Composition.--The Air Quality Permit Advisory Committee  
26          shall consist of the following:

27                 (1) One member appointed by the Governor.

28                 (2) The following members of the Senate:

29                         (i) One member appointed by the President pro  
30                         tempore of the Senate.

31                         (ii) One member appointed by the Majority Leader of  
32                         the Senate.

33                         (iii) One member appointed by the Minority Leader of  
34                         the Senate.

35                 (3) The following members of the House of  
36                 Representatives:

37                         (i) One member appointed by the Speaker of the House  
38                         of Representatives.

39                         (ii) One member appointed by the Majority Leader of  
40                         the House of Representatives.

41                         (iii) One member appointed by the Minority Leader of  
42                         the House of Representatives.

43          (c) Appointments.--Appointments to the Air Quality Permit  
44          Advisory Committee shall be made within 60 days of the effective  
45          date of this section.

46   ARTICLE XXIV-C

47   ENVIRONMENTAL PERMITTING REFORM

48          Section 2401-C. Definitions.

49          The following words and phrases when used in this article  
50          shall have the meanings given to them in this section unless the  
51          context clearly indicates otherwise:

1 "Department." The Department of Environmental Protection of  
2 the Commonwealth.

3 "Licensed professional." An individual licensed by the  
4 Commonwealth as a professional landscape architect, engineer,  
5 land surveyor or geologist.

6 "Permit." A written authorization issued by the department  
7 or an authorization under a delegated agreement by the  
8 department to engage in a regulated activity, including, but not  
9 limited to, a new permit, permit renewal, permit amendment,  
10 permit modification, permit transfer, change of ownership, plan  
11 approval or registration under a general permit. The term does  
12 not include a certification or license.

13 "Permit application." The document submitted to the  
14 department by an applicant that, if approved, grants a permit to  
15 an applicant.

16 "Permit decision." The issuance or denial of a permit.

17 "Permit decision delay." The failure of the department to  
18 issue a permit decision within:

19 (1) the time period specified by statute or regulation  
20 or by the relevant time period established under 4 Pa. Code  
21 Ch. 7a Subch. H (relating to permit decision guarantee for  
22 the Department of Environmental Protection); or

23 (2) 30 days after the submission of a permit application  
24 or request for plan approval or other authorization when no  
25 time period is specified by statute, regulation or 4 Pa. Code  
26 Ch. 7a Subch. H.

27 "Permit program." The operation and management of permits  
28 identified which are subject to permit decision delay.  
29 Section 2402-C. Initial review by department.

30 Within 30 days after the effective date of this section, the  
31 department shall review all permit decisions and permit decision  
32 delays during the immediately prior calendar year and submit a  
33 report of findings to the chairperson and minority chairperson  
34 of the Environmental Resources and Energy Committee of the  
35 Senate and the chairperson and minority chairperson of the  
36 Environmental Resources and Energy Committee of the House of  
37 Representatives.

38 Section 2403-C. Third-party review under permit program.

39 (a) Establishment and administration of permit program.--  
40 Within one year of the issuance of the initial report under  
41 section 2402-C, the department shall establish and implement a  
42 permit program. The department shall contract with third-party  
43 licensed professionals for the purpose of administering the  
44 permit program.

45 (b) Transfer of information.--Within one year after the  
46 establishment of the permit program under subsection (a), the  
47 department shall transfer information regarding permit decisions  
48 and permit decision delays to the third-party licensed  
49 professionals with whom the department has contracted.

50 (c) Fees.--Fees collected by the department from permit  
51 applications in the permit program shall be remitted to the



1 respective third-party licensed professionals with whom the  
2 department has contracted for the permit program.

3 (d) Agent of Commonwealth.--A third-party licensed  
4 professional with whom the department has contracted for the  
5 permit program shall be duly recognized as an agent of the  
6 Commonwealth for the permit program to resolve each permit  
7 application which is subject to a permit decision delay and  
8 permit decisions under subsection (e).

9 (e) Selection.--A permit applicant may select a third-party  
10 licensed professional with whom the department has contracted  
11 for the permit program to review the permit application.

12 Section 2404-C. Annual reports.

13 No later than January 31 of each year, the department shall  
14 submit to the General Assembly an annual report which, at a  
15 minimum, shall contain the following information from the  
16 immediately prior calendar year:

17 (1) The number of permit applications received.

18 (2) The number of permit applications reviewed by the  
19 department and third-party licensed professionals with whom  
20 the department has contracted for the permit program.

21 (3) The average time frame for permit decisions by the  
22 department and third-party licensed professionals with whom  
23 the department has contracted for the permit program.

24 (4) The number and average workload of third-party  
25 licensed professionals with whom the department has  
26 contracted for the permit program.

27 (5) The number and average workload of staff members  
28 within the department reviewing permit applications,  
29 organized by each regional office of the department.

30 Section 2405-C. Rules and regulations.

31 The department shall promulgate rules and regulations  
32 necessary to implement the provisions of this article.

33 Section 2406-C. Applicability.

34 This article shall apply to all permits required to comply  
35 with statutes and regulations administered by the department.

36 Section 2407-C. Effect of article.

37 Nothing in this article shall be construed to limit or  
38 otherwise alter the department's authority to revoke a permit  
39 for failure to comply with the laws of this Commonwealth.

40 Section 14. Section 2702(a) and (a.1)(2) of the act are  
41 amended to read:

42 Section 2702. Petition for reassessment.

43 (a) General rule.--A taxpayer may file a petition for  
44 reassessment with the department within [90] 60 days after the  
45 mailing date of the notice of assessment.

46 (a.1) Petition for review of tax adjustment not resulting in  
47 an increase in liability.--

48 \* \* \*

49 (2) A taxpayer must file a petition for review under  
50 this subsection within [90] 60 days of the mailing date of  
51 the department's notice of adjustment. A taxpayer's failure

1 to file a petition under this subsection shall not prejudice  
2 the taxpayer's right to file a petition in a subsequent tax  
3 year.

4 \* \* \*

5 Section 15. Section 2703(e) and (f) of the act are amended  
6 and the section is amended by adding a subsection to read:  
7 Section 2703. Petition procedure.

8 \* \* \*

9 (e) Exception to time limit for decision and order.--If at  
10 [the] any time [of the filing of] a petition is under the  
11 jurisdiction of the department and proceedings are pending in a  
12 court of competent jurisdiction wherein any claim made in the  
13 petition may be established, the department, upon the written  
14 request of the petitioner or under the department's initiative,  
15 may defer consideration of the petition until the expiration  
16 date of the appeal period from the final judgment of the court  
17 of highest jurisdiction determining the question or questions  
18 involved in the petition has been decided. If consideration of  
19 the petition is deferred, the department shall issue a decision  
20 and order disposing of the petition within six months after the  
21 final judgment.

22 (e.1) Additional deferment authorized.--If a matter pending  
23 before the department would be materially affected by an audit  
24 or other proceeding before the Internal Revenue Service or by an  
25 audit or other proceeding conducted by the Commonwealth or  
26 another state, the department, upon the written request of the  
27 petitioner or under the department's initiative, may defer  
28 consideration of the petition until such time as the other audit  
29 or proceeding is completed. If consideration of the petition is  
30 deferred, the department shall issue a decision and order  
31 disposing of the petition within six months after the audit or  
32 other proceeding is completed.

33 (f) Failure of department to take action.--The failure of  
34 the department to dispose of the petition within the time period  
35 provided for by subsection (d) [or], (e) or (e.1) shall act as a  
36 denial of the petition. Notice of the department's failure to  
37 take action and the denial of the petition shall be mailed to  
38 the petitioner.

39 Section 16. Section 2704(a), (b), (d.2), (d.3), (d.5),  
40 (d.7), (e), (f) and (h) of the act are amended and the section  
41 is amended by adding subsections to read:  
42 Section 2704. Review by board.

43 (a) Petition for review of a decision and order.--Within  
44 [90] 60 days after the mailing date of the department's notice  
45 of decision and order on a petition filed with it, a taxpayer  
46 may petition the board to review the decision and order of the  
47 department.

48 (b) Petition for review of denial by department's failure to  
49 act.--A petition for review may be filed with the board within  
50 [90] 60 days after the mailing date of the department's notice  
51 to the petitioner of its failure to dispose of the petition

1 within the time periods prescribed by section 2703(d) [or], (e)  
2 or (e.1).

3 \* \* \*

4 (d.2) Evidence.--The petitioner and the department shall be  
5 entitled to present oral and documentary evidence in support of  
6 their positions. The petitioner and the department will be  
7 provided the opportunity to comment upon any submitted evidence  
8 and provide written and oral argument to support their  
9 positions. Written arguments and evidence submitted to the board  
10 shall be submitted to the other party. If written arguments and  
11 evidence are not submitted to the other party, the board shall  
12 not take notice of the written arguments or evidence.

13 (d.3) Ex parte communications.--The members or staff of the  
14 board shall not participate in any ex parte communications with  
15 the petitioner or the department or their representatives  
16 regarding the specific procedure or merits of any tax appeal  
17 pending before the board unless the other party agrees. Any  
18 information or documentation provided to the members or staff of  
19 the board by the petitioner or the department or their  
20 representatives in a communication regarding the specific  
21 procedure or merits of any appeal pending before the board shall  
22 also be promptly provided to the other party.

23 \* \* \*

24 (d.5) Request for hearing.--Upon written request of the  
25 petitioner or the department or when deemed necessary by the  
26 board, the board shall schedule a hearing to review a petition.  
27 The petitioner and the department shall be notified by the board  
28 of the date, time and place where the hearing will be held. If  
29 the petitioner or the department requests a hearing under this  
30 subsection, the petitioner or the department shall provide  
31 notice to the other party at least ten days before the date of  
32 the hearing. If the petitioner or the department fails to  
33 provide notice as required under this subsection, no hearing  
34 shall be scheduled. A request for a hearing submitted by one  
35 party shall afford both parties the opportunity for a hearing.

36 \* \* \*

37 (d.7) Compromise settlement.--The following apply:

38 (1) The board shall establish procedures to facilitate  
39 the compromise settlement of issues on appeal. A compromise  
40 settlement shall be ordered by the board only with the  
41 agreement of both the petitioner and the department. The  
42 provisions of section 2707(c) shall be applicable to  
43 compromise settlements under this section.

44 (2) A compromise settlement may be submitted to the  
45 board at any time before the board's decision and order,  
46 including after the board grants reconsideration of a  
47 decision and order.

48 (3) If a payment is due to the department under a  
49 compromise settlement, the petitioner shall pay the liability  
50 due within 60 days of the date of a notice from the  
51 department specifying the board's decision and order. If the

1 petitioner fails to pay the liability due within 60 days of  
2 the date of a notice from the department specifying the  
3 board's decision and order, the decision or order shall be  
4 void and, upon notice by the department, the board shall  
5 issue a decision and order denying the petition.

6 (4) Notwithstanding any other provision of this section,  
7 if the parties are negotiating a compromise settlement, both  
8 parties may request and the board may extend the time period  
9 for disposing the petition.

10 (e) [Decision and order.--The board shall issue a decision  
11 and order in writing disposing of a petition on any basis as it  
12 deems to be in accordance with law and equity. A decision and  
13 order shall include the conclusions reached and the facts on  
14 which the decision was based. The decision and order shall be  
15 approved by a majority of the board. A copy of the decision and  
16 order and any dissenting opinion shall be sent to the petitioner  
17 utilizing the method identified by the petitioner and by  
18 electronic means to the department.] Types of claims.--The  
19 following apply:

20 (1) All petitions in which, in the aggregate, the  
21 contested tax does not exceed the threshold amount under  
22 paragraph (3), shall be addressed by the board as a summary  
23 claim unless the petitioner or department elects to treat the  
24 petition as a standard claim. A summary claim shall be  
25 addressed by the board under the following procedures:

26 (i) Upon the filing of a summary claim, the board  
27 shall issue a notice of intent to resolve the claim  
28 summarily to the petitioner and the department.

29 (ii) The petitioner or the department shall be  
30 afforded 60 days from the mailing date of the notice  
31 under subparagraph (i) to make an election to treat as a  
32 standard claim.

33 (iii) If the board does not receive an election  
34 prior to the expiration of the 60-day period under  
35 subparagraph (ii), the board shall address the petition  
36 as a summary claim.

37 (iv) The board shall issue an order in writing  
38 disposing of a petition under this paragraph on any basis  
39 as it deems to be in accordance with law and equity. The  
40 order shall include the conclusions reached and the facts  
41 on which the decision was based. An order disposing of a  
42 petition must be approved by a majority of board members.  
43 A copy of an order, including any dissenting opinions,  
44 shall be sent to the petitioner utilizing the method  
45 identified by the petitioner and to the department by  
46 electronic means.

47 (v) A summary claim order shall not be appealable,  
48 be published on the board's publicly accessible Internet  
49 website subject to ex parte communications prohibitions  
50 or be precedent under section 210 of the act of December  
51 20, 1996 (P.L.1504, No.195), known as the Taxpayers' Bill

1           of Rights.

2           (2) All petitions in which, in the aggregate, the  
3 contested tax is in excess of the threshold amount  
4 established under paragraph (3), shall be addressed by the  
5 board as a standard claim. A standard claim shall be  
6 addressed by the board under the following procedures:

7           (i) The board shall issue an order in writing  
8 disposing of a petition on any basis as it deems in  
9 accordance with law and equity. The order shall include  
10 the conclusions reached and the facts on which the  
11 decision was based. The decision and order must be  
12 approved by a majority of the board members. A copy of  
13 the decision and order, including any dissenting  
14 opinions, shall be sent to the petitioner utilizing the  
15 method identified by the petitioner and to the department  
16 by electronic means.

17           (ii) A standard claim order based in equity shall  
18 not be precedent under section 210 of the Taxpayers' Bill  
19 of Rights.

20           (3) The threshold amount shall be \$6,000 for determining  
21 whether a petition shall be treated as a standard claim or  
22 summary claim.

23 (f) Time limit for decision and order.--

24           (1) Except as provided in paragraphs (2) and (3), the  
25 board shall issue a decision and order disposing of a  
26 petition within six months after receipt of the petition.  
27 Upon the request of the petitioner or the department, the  
28 board may extend the time period for the board to dispose of  
29 the petition for one additional six-month period.

30           (2) If at [the] any time [of the filing of] a petition  
31 is under the jurisdiction of the board and proceedings are  
32 pending in a court of competent jurisdiction in which any  
33 claim made in the petition may be established, the board,  
34 upon the written request of the petitioner [may,] or  
35 department, shall defer consideration of the petition until  
36 the expiration date of the appeal period from the final  
37 judgment of the court of highest jurisdiction determining the  
38 question or questions involved in the petition has been  
39 decided. If consideration of the petition is deferred, the  
40 board shall issue a decision and order disposing of the  
41 petition within six months after the final judgment.

42           (3) If a matter pending before the board would be  
43 materially affected by an audit or other proceeding before  
44 the Internal Revenue Service or by an audit or other  
45 proceeding conducted by the Commonwealth or another state,  
46 the board, upon the written request of the petitioner, may  
47 defer consideration of the petition until such time as the  
48 other audit or proceeding is completed. If consideration of  
49 the petition is deferred, the board shall issue a decision  
50 and order disposing of the petition within six months after  
51 the audit or other proceeding is final.

1 \* \* \*

2 (h) Publication of decisions.--

3 (1) The board shall publish each decision, along with  
4 any dissenting opinion, which grants or denies in whole or in  
5 part a petition for review or a petition for refund.

6 (2) Prior to publication of a decision, the board shall  
7 edit the decision to redact the following:

8 (i) Information identified by the petitioner as and  
9 that meets the definition of a trade secret or  
10 confidential proprietary information as defined in  
11 section 102 of the act of February 14, 2008 (P.L.6,  
12 No.3), known as the Right-to-Know Law.

13 (ii) An individual's Social Security number, home  
14 address, driver's license number, personal financial  
15 information as defined in section 102 of the Right-to-  
16 Know Law, home, cellular or personal telephone numbers,  
17 personal e-mail addresses, employee number or other  
18 confidential personal identification number and a record  
19 identifying the name, home address or date of birth of a  
20 child 17 years of age or younger.

21 (iii) Specific dollar amounts of tax.

22 (iv) Information pursuant to the Right-to-Know Law.

23 (3) The disclosure of any remaining information,  
24 including the name of the taxpayer and the nature of the  
25 taxpayer's business, shall be deemed not to violate any  
26 provision of law to the contrary, including:

27 (i) Sections 274, 353 and 408.

28 (ii) 18 Pa.C.S. § 7326 (relating to disclosure of  
29 confidential tax information).

30 (iii) Section 731 of the act of April 9, 1929  
31 (P.L.343, No.176), known as The Fiscal Code.

32 (4) Decisions shall be indexed and published on a  
33 publicly accessible Internet website maintained by the board.

34 (5) For summary claims, the board shall compile and  
35 publish an annual report identifying the number of petitions  
36 addressed as summary claims and the aggregate amount refunded  
37 or reassessed.

38 (h.1) Corrective decisions and orders.--If a final  
39 decision and order of the board contains a significant  
40 administrative or calculation error, the board may issue a  
41 corrective decision and order if both the petitioner and the  
42 department agree in writing to permit the board to issue the  
43 corrective decision and order. The corrective decision and  
44 order must be issued within one year of the date of the  
45 previous decision and order.

46 (h.2) Payments or credits.--A decision and order of the  
47 board shall not address the application of payments or credits  
48 to a petitioner's account unless the application is agreed to  
49 in a compromise between the parties.

50 \* \* \*

51 Section 16.1. The act is amended by adding an article to

1 read:

2 ARTICLE XXVIII  
3 TOBACCO MASTER SETTLEMENT PAYMENT  
4 REVENUE BONDS

5 Section 2801. 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 "Account." The Tobacco Revenue Bond Debt Service Account  
10 established in section 2805.

11 "Annual payment." A payment received by the Commonwealth  
12 under section IX(c)(1) of the Master Settlement Agreement.

13 "Authority." The Commonwealth Financing Authority  
14 established under 64 Pa.C.S. Ch. 15 (relating to Commonwealth  
15 Financing Authority).

16 "Finance." The issuance of revenue bonds utilizing a portion  
17 of annual payments due to the Commonwealth under the Master  
18 Settlement Agreement.

19 "Fund." The Tobacco Settlement Fund established in section  
20 1712-A.1 of the act of April 9, 1929 (P.L.343, No.176), known as  
21 The Fiscal Code.

22 "Master Settlement Agreement." The settlement agreement and  
23 related documents entered into on November 23, 1998, by the  
24 Commonwealth and leading United States tobacco product  
25 manufacturers approved by the Court of Common Pleas,  
26 Philadelphia County, on January 13, 1999.

27 "Office." The Governor's Office of the Budget.

28 "Secretary." The Secretary of the Budget of the  
29 Commonwealth.

30 "Tobacco Settlement Act." The act of June 26, 2001 (P.L.755,  
31 No.77), known as the Tobacco Settlement Act.

32 Section 2802. Bond issuance.

33 (a) Declaration of policy.--The General Assembly finds and  
34 declares that:

35 (1) The Commonwealth experienced a revenue deficit of  
36 \$1,106,700,308 in General Fund revenue collections for fiscal  
37 year 2016-2017.

38 (2) The Commonwealth's General Fund continues to  
39 experience a structural deficit where annual expenditures  
40 exceed recurring revenue collections.

41 (3) The General Fund for fiscal year 2016-2017 revenue  
42 shortfall in combination with the structural deficit,  
43 increased expenditure needs and increased tax refunds  
44 resulted in a significant negative ending balance in the  
45 General Fund of approximately \$1,539,000,000 for fiscal year  
46 2016-2017.

47 (4) A significant portion of the Commonwealth's General  
48 Fund annual expenditures are dedicated to the protection of  
49 the health, safety and general welfare of the people of this  
50 Commonwealth and the furtherance of economic development and  
51 efficiency within this Commonwealth by providing basic

1 services and facilities.

2 (5) The ability of the Commonwealth to provide for the  
3 protection of the health, safety and general welfare of the  
4 people of this Commonwealth and the provision of basic  
5 services and facilities is jeopardized by the General Fund  
6 for fiscal year 2016-2017 revenue deficit and the continuing  
7 structural deficit.

8 (6) The provisions of 64 Pa.C.S. Ch. 15 (relating to  
9 Commonwealth Financing Authority) are entitled to liberal  
10 construction in order to effect legislative and public  
11 purposes.

12 (7) One of the stated purposes of 64 Pa.C.S. Ch. 15 is  
13 the protection of "the health, safety and general welfare of  
14 the people of this Commonwealth and to further encourage  
15 economic development and efficiency within this Commonwealth  
16 by providing basic services and facilities," and "it is  
17 necessary to provide additional or alternate means of  
18 financing infrastructure facilities, transportation systems,  
19 industrial parks, energy conversion facilities, facilities  
20 for the furnishing of energy, water and telecommunications,  
21 facilities for the collection or treatment of wastewater and  
22 storm water, tourism, parking facilities, health care  
23 facilities and other basic service and related facilities  
24 which are conducive to economic activity within this  
25 Commonwealth" under 64 Pa.C.S. § 1503(6) (relating to  
26 findings and declaration of policy).

27 (8) The Tobacco Settlement Fund is a special revenue  
28 fund established for the purpose of providing funding for  
29 various Commonwealth programs.

30 (9) Utilizing a portion of annual payments received  
31 through the Master Settlement Agreement and deposited in the  
32 Tobacco Settlement Fund to leverage funding to offset the  
33 effect of the fiscal year 2016-2017 revenue deficit and the  
34 structural deficit is in the best interest of the  
35 Commonwealth to provide General Fund budgetary relief  
36 necessary for the protection of the health, safety and  
37 general welfare of the people of this Commonwealth and the  
38 provision of basic services and facilities.

39 (b) Authority.--Notwithstanding any other law, the authority  
40 shall establish a program to issue bonds on behalf of the  
41 Commonwealth, the proceeds of which shall be deposited in the  
42 General Fund to provide General Fund budgetary relief necessary  
43 for the protection of the health, safety and general welfare of  
44 the people of this Commonwealth and the furtherance of economic  
45 development and efficiency within this Commonwealth by providing  
46 basic services and facilities.

47 (c) Debt or liability.--

48 (1) Bonds issued under this article shall not be a debt  
49 or liability of the Commonwealth and shall not create or  
50 constitute an indebtedness, liability or obligation of the  
51 Commonwealth.



1           (2) Bond obligations shall be payable solely from  
2 revenues or funds pledged or available for repayment as  
3 authorized under this article.

4           (3) Each bond must contain on its face a statement that:

5           (i) The authority is obligated to pay the principal  
6 of or interest on the bonds only from the revenues or  
7 funds pledged or available for repayment as authorized  
8 under this article.

9           (ii) The Commonwealth shall not be obligated to pay  
10 the principal of or interest on the bonds.

11           (iii) The full faith and credit of the Commonwealth  
12 is not pledged to the payment of the principal of or the  
13 interest on the bonds.

14 Section 2803. Limitations on bond issuance.

15           (a) Maximum principal amount.--The authority may issue bonds  
16 under this article in a maximum aggregate principal amount  
17 sufficient to raise net proceeds of \$1,300,000,000, unless the  
18 authority and the office determine this amount is insufficient  
19 to carry out the purposes of this article, then the authority  
20 shall adopt a resolution to petition the secretary to increase  
21 the maximum aggregate principal amount. The secretary may  
22 approve the petition and, if approved, shall publish notice of  
23 the approval in the Pennsylvania Bulletin.

24           (b) Limitation.--The authority shall not issue any bonds  
25 under this article, except refunding bonds, after June 30, 2019.  
26 The authority, in consultation with the office, shall determine  
27 the principal amounts of taxable bonds and tax-exempt bonds to  
28 be issued during fiscal years 2017-2018 and 2018-2019.

29           (c) Refunding bonds.--Notwithstanding any other limitation,  
30 the authority, at the request of the secretary, may issue  
31 refunding bonds at any time while bonds issued under this  
32 article are outstanding, provided that the final maturity of a  
33 series of bonds being refunded shall not be extended.

34           (d) Interest.--Interest on bonds issued under this article  
35 and refunding bonds authorized under this section shall be  
36 payable at the time or times the authority determines in the  
37 resolution authorizing the bonds and shall otherwise be subject  
38 to the other provisions of the 64 Pa.C.S. Ch. 15 (relating to  
39 Commonwealth Financing Authority). Interest may be capitalized  
40 for a period not to exceed two years.

41           (e) Debt limitations.--The aggregate principal amount of  
42 bonds specified in this section shall not be subject to the debt  
43 limitations specified in 64 Pa.C.S. § 1543 (relating to  
44 indebtedness).

45           (f) Term of bonds.--The term of the bonds issued under this  
46 article may not exceed 30 years.

47 Section 2804. Finance pledge.

48           (a) Annual payments.--

49           (1) Annual payments received under the Master Settlement  
50 Agreement are pledged by the Commonwealth in the amount  
51 certified by the secretary under paragraph (2) for payment of

1 principal and interest for bonds issued by the authority  
2 under this article.

3 (2) The secretary shall certify the amount of annual  
4 payments necessary to be pledged for payment of principal and  
5 interest for bonds issued by the authority under this article  
6 prior to the issuance of bonds under this article. The  
7 certification shall be published as a notice in the  
8 Pennsylvania Bulletin.

9 (b) General revenues.--

10 (1) The Commonwealth may pledge from the general  
11 revenues of the Commonwealth the second dollar of revenues  
12 collected by the Commonwealth under Article II for the  
13 payment of principal and interest for the bonds issued by the  
14 authority under this article. A pledge made under this  
15 subsection shall be subordinate to the pledge of Article II  
16 revenues made in section 1753.1-E of the act of April 9, 1929  
17 (P.L.343, No.176), known as The Fiscal Code.

18 (2) The secretary shall certify the annual amount of  
19 general revenues to be pledged to supplement amounts pledged  
20 under subsection (a) for payment of principal and interest  
21 for bonds issued by the authority under this article prior to  
22 the issuance of bonds under this article. The certification  
23 shall be published as a notice in the Pennsylvania Bulletin.

24 (3) A pledge under this subsection may be primary  
25 security or subordinate to amounts pledged in subsection (a).  
26 Section 2805. Tobacco Revenue Bond Debt Service Account.

27 (a) Establishment.--There is established in the State  
28 Treasury a restricted account in the General Fund to be known as  
29 the Tobacco Revenue Bond Debt Service Account.

30 (b) Annual payments.--The amount of each annual payment  
31 received under the Master Settlement Agreement and pledged by  
32 the Commonwealth under section 2804 and certified by the  
33 secretary for the payment of principal and interest for bonds  
34 issued under this article shall be deposited in the account upon  
35 receipt of each annual payment.

36 (c) General revenue.--General revenues pledged by the  
37 Commonwealth in section 2804 and certified by the secretary for  
38 the payment of principal and interest for bonds issued under  
39 this article shall be deposited in amounts determined by the  
40 secretary.

41 (d) Payments on bonds.--Payments of principal and interest  
42 due on the bonds shall be made from the account.

43 Section 2806. Service agreement authorized.

44 (a) Authorization.--The authority and the office may enter  
45 into an agreement or service agreement to effectuate the  
46 purposes of this article, including an agreement to secure bonds  
47 issued under this article, under which the secretary shall agree  
48 to pay service charges to the authority in each fiscal year that  
49 the bonds or refunding bonds are outstanding in amounts  
50 sufficient to timely pay in full the debt service and any other  
51 financing costs due on the bonds issued under this article.

1 (b) Payment of service charges.--The office's payment of any  
2 service charges shall be subject to and dependent upon approval  
3 by the authority and the appropriation of funds by the General  
4 Assembly to the office for payment of any service charges.

5 (c) Amendment of agreement.--The service agreement may be  
6 amended or supplemented by the authority and the office in  
7 connection with the issuance of a series of bonds or refunding  
8 bonds authorized in this section.

9 Section 2807. Deposit of bond proceeds.

10 The net proceeds of bonds, other than refunding bonds,  
11 exclusive of costs of issuance, reserves and other financing  
12 charges, shall be transferred by the authority to the State  
13 Treasurer for deposit into the General Fund and shall be  
14 available for expenditure as provided in this article upon  
15 appropriation by the General Assembly.

16 Section 2808. Limitation on appropriations.

17 The amount of annual payments from the Master Settlement  
18 Agreement that are pledged and certified by the secretary under  
19 section 2804 for the payment of principal and interest for bonds  
20 issued under this article shall not be subject to appropriation  
21 under section 1713-A.1 of the act of April 9, 1929 (P.L.343,  
22 No.176), known as The Fiscal Code.

23 Section 17. Section 3003.6 of the act is amended to read:

24 Section 3003.6. Timely Filing.--The following apply:

25 (1) A taxpayer shall be deemed to have timely filed a  
26 petition for reassessment or any other protest relating to the  
27 assessment of tax or any other matter relating to any tax  
28 imposed by this act if the letter transmitting the petition is  
29 received by the Department of Revenue or is postmarked by the  
30 United States Postal Service on or prior to the final day on  
31 which the petition is required to be filed.

32 (2) For purposes of filing a petition for refund, a petition  
33 for reassessment or a petition for redetermination with either  
34 the Department of Revenue or the Board of Finance and Revenue,  
35 a letter postmarked by the United States Postal Service under  
36 paragraph (2) shall include any date recorded or marked as  
37 described under section 7502(f) (2) of the Internal Revenue Code  
38 of 1986 (Public Law 99-514, 26 U.S.C. § 7502(f) (2)).

39 Section 18. If all or a part of the net loss deduction under  
40 section 401(3)4(c) of the act has been deemed unconstitutional  
41 as a result of a decision by the Pennsylvania Supreme Court, the  
42 Secretary of Revenue shall submit a notice of the decision for  
43 publication in the Pennsylvania Bulletin.

44 Section 19. Severability is as follows:

45 If section 2403-A or any provision of Article XXIV-B or  
46 XXIV-C of the act, as added by this act, is held invalid, the  
47 remaining provisions of Article XXIV-A of the act, as added  
48 by this act, are void.

49 Section 20. This act shall apply as follows:

50 (1) The tax imposed under section 2202 of the act shall  
51 apply to transactions occurring at least 30 days after the

1 effective date of this paragraph.

2 (2) The amendment or addition of the following  
3 provisions of the acts shall apply to petitions for refunds,  
4 petitions for reassessments and petitions for  
5 redeterminations filed with the department on or after 60  
6 days from the effective date of this section:

7 (i) Section 2702(a) and (a.1).

8 (ii) Section 2703(e), (e.1) and (f).

9 (iii) Section 2704(a), (b), (d.2), (d.3), (d.5),  
10 (d.7), (e), (f), (h), (h.1) and (h.2).

11 Section 21. Repeals are as follows:

12 (1) The General Assembly declares that the repeal under  
13 paragraph (2) is necessary to effectuate the addition of  
14 Subarticle E of Article XVII-D.

15 (2) 12 Pa.C.S. Ch. 33 is repealed.

16 (3) The General Assembly declares that the repeal under  
17 paragraph (4) is necessary to effectuate the addition of  
18 Article XXIV of the act.

19 (4) The act of May 15, 1939 (P.L.134, No.65), referred  
20 to as the Fireworks Law, is repealed.

21 (5) The General Assembly declares that the repeal under  
22 paragraph (6) is necessary to effectuate the addition of  
23 Article XXIV-A of the act.

24 (6) 58 Pa.C.S. § 2318 is repealed.

25 (7) The General Assembly declares that the repeal under  
26 paragraph (8) is necessary to effectuate the amendment of  
27 section 3003.6 of the act.

28 (8) Section 1102.1 of the act of April 9, 1929 (P.L.343,  
29 No.176), known as The Fiscal Code, is repealed.

30 Section 22. This act shall take effect as follows:

31 (1) The following provisions shall take effect in 60  
32 days:

33 (i) The addition of section 401(3)4(c.1) of the act.

34 (ii) The addition of Part IV-A of Article IV of the  
35 act.

36 (iii) The addition of the definitions of  
37 "deteriorated property" and "film production tax credit  
38 district" in section 1711-D of the act.

39 (iv) The addition of section 1712-D(b.1).

40 (v) The addition of section 1716.2-D of the act.

41 (vi) The addition of Article XXIV of the act.

42 (vii) The addition of section 2403-A of the act.

43 (viii) The amendment of section 2702(a) and (a.1) of  
44 the act.

45 (ix) The amendment or addition of section 2703(e),  
46 (e.1) and (f) of the act.

47 (x) The amendment or addition of section 2704(a),  
48 (b), (d.2), (d.3), (d.5), (d.7), (e), (f), (h), (h.1) and  
49 (h.2) of the act.

50 (xi) Section 21(3) and (4) of this act.

51 (2) The following provisions shall take effect in 90

1 days:  
2 (i) The addition of Article XXIV-C of the act.  
3 (ii) (Reserved).  
4 (3) The following provisions shall take effect in 120  
5 days:  
6 (i) The addition of Article XXIV-B of the act.  
7 (ii) (Reserved).  
8 (4) The following provisions shall take effect August 1,  
9 2017, or immediately, whichever is later:  
10 (i) The amendment or addition of section 1101(a)  
11 introductory paragraph, (b) heading and introductory  
12 paragraph, (b.2), (c), (c.1), (e), (f), (f.1), (j.1) and  
13 (j.2) of the act.  
14 (ii) The addition of Parts V and VI of Article XI of  
15 the act.  
16 (5) (Reserved).  
17 (6) The following provisions shall take effect in 365  
18 days:  
19 (i) The amendment of the definition of "contracting  
20 authority" in section 1902-B of the act.  
21 (ii) The addition of section 1904.3-B of the act.  
22 (7) The amendment or addition of section 401(3)4(c)(1)  
23 (A)(VI), (VII) and (VIII) and (2)(B)(VII) and (VIII) of the  
24 act shall take effect on the date of the publication of the  
25 notice under section 18 of this act.  
26 (8) The following provisions shall take effect  
27 immediately:  
28 (i) This section.  
29 (ii) The remainder of this act.