

AMENDMENTS TO HOUSE BILL NO. 542

Sponsor: REPRESENTATIVE SAYLOR

Printer's No. 2536

1 Amend Bill, page 2, lines 27 through 52; page 3, lines 1
2 through 40; by striking out all of said lines on said pages and
3 inserting
4 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
5 act relating to tax reform and State taxation by codifying
6 and enumerating certain subjects of taxation and imposing
7 taxes thereon; providing procedures for the payment,
8 collection, administration and enforcement thereof; providing
9 for tax credits in certain cases; conferring powers and
10 imposing duties upon the Department of Revenue, certain
11 employers, fiduciaries, individuals, persons, corporations
12 and other entities; prescribing crimes, offenses and
13 penalties,"
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 and 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, further providing for operational
22 provisions, providing for definitions, further providing for
23 requirement of withholding tax, providing for withholding tax
24 requirement for non-employer payors, further providing for
25 information statement, providing for information statement
26 for non-employer payors and for information statement for
27 payees, further providing for time for filing withholding
28 returns, providing for time for filing payors' returns,
29 further providing for payment of taxes withheld, providing
30 for payment of taxes withheld for non-employer payors,
31 further providing for liability for withheld taxes, providing
32 for payor's liability for withheld taxes and for payor's
33 failure to withhold, further providing for amount of
34 withholding tax and for treatment of nonresident partners,
35 members or shareholders, providing for withholding on income
36 and for annual withholding statement and further providing
37 for requirements concerning returns, notices, records and

1 statements and for additions, penalties and fees;
2 in corporate net income tax, further providing for
3 definitions and providing for qualified manufacturing
4 innovation and reinvestment deduction;
5 in realty transfer tax, further providing for definitions
6 and for exempt parties;
7 providing for tax credit eligibility;
8 in entertainment production tax credit, further providing
9 for definitions and for credit for qualified film production
10 expenses, providing for film production tax credit districts
11 and establishing the Entertainment Economic Enhancement
12 Program;
13 in city revitalization and improvement zones, further
14 providing for certifications, for restrictions and for
15 transfer of property;
16 in neighborhood improvement zones, providing for transfer
17 of property;
18 in keystone opportunity zones, keystone opportunity
19 expansion zones and keystone opportunity improvement zones,
20 further providing for additional keystone opportunity zones;
21 in inheritance tax, further providing for timely mailing
22 treated as timely filing and payment;
23 in Public Transportation Assistance Fund, further
24 providing for fund;
25 providing for fireworks;
26 in procedure and administration, further providing for
27 petition for reassessment and for review by board;
28 providing for tobacco master settlement payment revenue
29 bonds and sale of revenue;
30 making related repeals; and
31 making editorial changes.

32 Amend Bill, page 104, lines 8 through 30; pages 105 through
33 187, lines 1 through 30; page 188, lines 1 through 28; by
34 striking out all of said lines on said pages and inserting

35 Section 1. Section 201(m) of the act of March 4, 1971
36 (P.L.6, No.2), known as the Tax Reform Code of 1971, amended
37 July 13, 2016 (P.L.526, No.84), is amended to read:

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

42 * * *

43 (m) "Tangible personal property."

44 (1) Corporeal personal property including, but not limited
45 to, goods, wares, merchandise, steam and natural and
46 manufactured and bottled gas for non-residential use,
47 electricity for non-residential use, prepaid telecommunications,
48 premium cable or premium video programming service, spirituous

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

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

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

35 * * *

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

37 Section 202. Imposition of Tax.--(a) There is hereby
38 imposed upon each separate sale at retail of tangible personal
39 property or services, as defined herein, within this
40 Commonwealth a tax of six per cent of the purchase price, which
41 tax shall be collected by the vendor or any other person
42 required by this article from the purchaser, and shall be paid
43 over to the Commonwealth as herein provided.

44 * * *

45 Section 3. Section 204(13) of the act, amended July 13, 2016
46 (P.L.526, No.84), is amended to read:

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

49 * * *

50 (13) The sale at retail, or use of wrapping paper, wrapping
51 twine, bags, cartons, tape, rope, labels, nonreturnable

1 containers [and], all other wrapping supplies and kegs used to
2 contain malt or brewed beverages, when such use is incidental to
3 the delivery of any personal property, except that any charge
4 for wrapping or packaging shall be subject to tax at the rate
5 imposed by section 202, unless the property wrapped or packaged
6 will be resold by the purchaser of the wrapping or packaging
7 service. As used in this paragraph, the term "cartons" includes
8 corrugated boxes used by a person engaged in the manufacture of
9 snack food products to deliver the manufactured product, whether
10 or not the boxes are returnable for potential reuse.

11 * * *

12 Section 4. Article II of the act is amended by adding a part
13 to read:

14 PART V-A
15 MARKETPLACE SALES

16 Section 213. Definitions.--For the purposes of this part V-A
17 only, the following words, terms and phrases shall have the
18 meaning ascribed to them in this section, except where the
19 context clearly indicates a different meaning:

20 (a) "Affiliated person." A person that, with respect to
21 another person:

22 (1) has a direct or indirect ownership interest of more than
23 five percent in the other person; or

24 (2) is related to the other person because a third person,
25 or group of third persons who are affiliated with each other as
26 defined in this subsection, holds a direct or indirect ownership
27 interest of more than five percent in the related person.

28 (b) "Forum." A place where sales at retail occur, whether
29 physical or electronic. The term includes a store, a booth, a
30 publicly accessible Internet website, a catalog or similar
31 place.

32 (c) "Marketplace facilitator." A person that facilitates
33 the sale at retail of tangible personal property. For purposes
34 of this section, a person facilitates a sale at retail if the
35 person or an affiliated person:

36 (1) lists or advertises tangible personal property for sale
37 at retail in any forum; and

38 (2) either directly or indirectly through agreements or
39 arrangements with third parties, collects the payment from the
40 purchaser and transmits the payment to the person selling the
41 property.

42 The term includes a person that may also be a vendor.

43 (d) "Marketplace seller." A person that has an agreement
44 with a marketplace facilitator pursuant to which the marketplace
45 facilitator facilitates sales for the person.

46 (e) "Notice and reporting requirements." The notice
47 requirements under section 213.2 and the reporting requirements
48 under sections 213.3 and 213.4.

49 (f) "Referral." The transfer by a referrer of a potential
50 purchaser to a person that advertises or lists products for sale
51 on the referrer's platform.

1 (g) "Referrer." A person, other than a person engaging in
2 the business of printing or publishing a newspaper, that,
3 pursuant to an agreement or arrangement with a marketplace
4 seller or remote seller, does the following:

5 (1) Agrees to list or advertise for sale at retail one or
6 more products of the marketplace seller or remote seller in a
7 physical or electronic medium.

8 (2) Receives consideration from the marketplace seller or
9 remote seller from the sale offered in the listing or
10 advertisement.

11 (3) Transfers by telecommunications, internet link or other
12 means, a purchaser to a marketplace seller, remote seller or
13 affiliated person to complete a sale.

14 (4) Does not collect a receipt from the purchaser for the
15 sale.

16 The term does not include a person that:

17 (1) provides internet advertising services; and

18 (2) does not provide the marketplace seller's or remote
19 seller's shipping terms or advertise whether a marketplace
20 seller or remote seller collects a sales or use tax.

21 The term includes a person that may also be a vendor.

22 (h) "Remote seller." A person, other than a marketplace
23 facilitator, marketplace seller or referrer, that does not
24 maintain a place of business in this Commonwealth that, through
25 a forum, sells tangible personal property at retail, the sale or
26 use of which is subject to the tax imposed by this article. The
27 term does not include an employe who in the ordinary scope of
28 employment renders services to his employer in exchange for
29 wages and salaries.

30 Section 213.1. Election.--(a) Subject to the provisions of
31 subsections (c) and (d), on or before March 1, 2018, and on or
32 before June 1 of each calendar year thereafter, beginning June
33 1, 2019, a remote seller, a marketplace facilitator or a
34 referrer that had aggregate sales at retail of tangible personal
35 property subject to tax under this article within this
36 Commonwealth or delivered to locations within this Commonwealth
37 worth at least ten thousand dollars (\$10,000) during the
38 immediately preceding twelve calendar month period shall file an
39 election with the department to collect and remit the tax
40 imposed under section 202 or to comply with the notice and
41 reporting requirements. The election shall be made on a form and
42 in a manner prescribed by the department and, except as provided
43 in subsection (e), shall apply to the next succeeding fiscal
44 year.

45 (b) A remote seller, a marketplace facilitator or a referrer
46 that makes an election under subsection (a) to collect and remit
47 the tax imposed under section 202 shall obtain a license under
48 Part IV of this article.

49 (c) The requirement by a marketplace facilitator to make an
50 election under subsection (a) shall only apply to the following:

51 (1) sales at retail through the marketplace facilitator's

1 forum made by or on behalf of a marketplace seller that does not
2 maintain a place of business in this Commonwealth; and

3 (2) sales at retail made by a marketplace facilitator on its
4 own behalf if the marketplace facilitator does not maintain a
5 place of business in this Commonwealth.

6 (d) The requirement by a referrer to make an election under
7 subsection (a) shall only apply to sales at retail:

8 (1) directly resulting from a referral of a purchaser to a
9 marketplace seller that does not maintain a place of business in
10 this Commonwealth;

11 (2) directly resulting from a referral of a purchaser to a
12 remote seller; and

13 (3) of the referrer's own products if the referrer does not
14 maintain a place of business in this Commonwealth.

15 A referrer may make an election under subsection (a) for the
16 sales described in paragraphs (1) and (2) that is different from
17 the election made for the sales described in paragraph (3).

18 (e) An election made on or before March 1, 2018, shall be in
19 effect for the balance of the 2017-2018 fiscal year and for the
20 2018-2019 fiscal year. A remote seller, marketplace facilitator
21 or referrer may change an election to comply with the notice and
22 reporting requirements to an election to collect and remit the
23 tax imposed under section 202 at any time during a fiscal year
24 by filing a new election with the department and obtaining a
25 license under Part IV of this article. The new election shall be
26 effective thirty days after the filing and shall be effective
27 for the balance of the fiscal year in which the new election was
28 filed and for the next succeeding fiscal year.

29 (f) A remote seller, marketplace facilitator or referrer who
30 does not submit an election under subsection (a) or a new
31 election under subsection (e) shall be deemed to have elected to
32 comply with the notice and reporting requirements.

33 (g) In addition to records that may be required to be
34 maintained under other applicable provisions of this article by
35 a remote seller, marketplace facilitator or referrer, a remote
36 seller, marketplace facilitator or referrer subject to this part
37 shall also be subject to section 271 relating to the keeping of
38 records and section 272 relating to the examination of records
39 by the department and agents and employes of the department.

40 Section 213.2. Notice requirements.--(a) A remote seller,
41 marketplace facilitator or referrer required to make an election
42 under section 213.1(a) that does not elect to collect and remit
43 the tax imposed by section 202 shall comply with the applicable
44 notice requirements of this section.

45 (b) A remote seller or marketplace facilitator subject to
46 the requirements of this section shall:

47 (1) Post a conspicuous notice on its forum that informs
48 purchasers intending to purchase tangible personal property for
49 delivery to a location within this Commonwealth that includes
50 all of the following:

51 (i) sales or use tax may be due in connection with the

1 purchase and delivery of the tangible personal property;
2 (ii) the Commonwealth requires the purchaser to file a
3 return if use tax is due in connection with the purchase and
4 delivery; and
5 (iii) the notice is required by this section.
6 (2) Provide a written notice to each purchaser at the time
7 of each sale at retail that includes all of the following:
8 (i) a statement that sales tax is not being collected in
9 connection with the purchase;
10 (ii) a statement that the purchaser may be required to remit
11 use tax directly to the department; and
12 (iii) instructions for obtaining additional information from
13 the department regarding whether and how to remit use tax to the
14 department.
15 (c) The notice required by subsection (b) (2) must be
16 prominently displayed on all invoices and order forms and on
17 each sales receipt or similar document, whether in paper or
18 electronic form, provided to the purchaser. No statement that
19 sales or use tax is not imposed on a transaction may be made by
20 a remote seller or marketplace facilitator unless the
21 transaction is exempt from sales and use tax pursuant to this
22 article or other applicable Commonwealth law.
23 (d) A referrer subject to the requirements of this section
24 shall post a conspicuous notice on its platform that informs
25 purchasers intending to purchase tangible personal property for
26 delivery to a location within this Commonwealth that includes
27 all of the following:
28 (1) Sales or use tax may be due in connection with the
29 purchase and delivery.
30 (2) The person to which the purchaser is being referred may
31 or may not collect and remit sales tax to the department in
32 connection with the transaction.
33 (3) The Commonwealth requires the purchaser to file a return
34 if use tax is due in connection with the purchase and delivery
35 and not collected by the person.
36 (4) The notice is required by this section.
37 (5) Instructions for obtaining additional information from
38 the department regarding whether and how to remit sales or use
39 tax to the department.
40 (6) If the person to whom the purchaser is being referred
41 does not collect sales tax on a subsequent purchase by the
42 purchaser, the person may be required to provide information to
43 the purchaser and the department about the purchaser's potential
44 sales or use tax liability.
45 (e) The notice required under subsection (d) must be
46 prominently displayed and may include pop-up boxes or
47 notification by other means that appears when the referrer
48 transfers a purchaser to another person to complete the sale.
49 Section 213.3. Reports to purchasers and marketplace
50 sellers.--(a) A remote seller or marketplace facilitator
51 required to make an election under section 213.1(a) that does

1 not elect to collect and remit the tax imposed by section 202
2 shall, no later than January 31 of each year, provide a written
3 report to each purchaser required to receive the notice under
4 section 213.2(b) (2) during the immediately preceding calendar
5 year that includes all of the following:

6 (1) A statement that the remote seller or marketplace
7 facilitator did not collect sales tax in connection with the
8 purchaser's transactions with the remote seller or marketplace
9 facilitator and that the purchaser may be required to remit use
10 tax to the department.

11 (2) A list, by date, indicating the type and purchase price
12 of each product purchased or leased by the purchaser from the
13 remote seller or marketplace facilitator and delivered to a
14 location within this Commonwealth.

15 (3) Instructions for obtaining additional information from
16 the department regarding whether and how to remit use tax to the
17 department.

18 (4) A statement that the remote seller or marketplace
19 facilitator is required to submit a report to the department
20 under section 213.4 that includes the name of the purchaser and
21 the aggregate dollar amount of the purchaser's purchases from
22 the remote seller or marketplace facilitator.

23 (5) Such additional information as the department may
24 reasonably require.

25 (b) The department shall prescribe the form of the report
26 required under subsection (a) and shall make the form available
27 on its publicly accessible Internet website.

28 (c) The report required under subsection (a) shall be mailed
29 by first-class mail in an envelope prominently marked with words
30 indicating that important tax information is enclosed to the
31 purchaser's billing address, if known, or, if unknown, to the
32 purchaser's shipping address. If the purchaser's billing and
33 shipping address are unknown, the report shall be sent
34 electronically to the purchaser's last known e-mail address with
35 a subject heading indicating that important tax information is
36 being provided.

37 (d) A referrer required to make an election under section
38 213.1(a) that does not elect to collect and remit the tax
39 imposed by section 202 shall, no later than January 31 of each
40 year, provide a written notice to each remote seller to whom the
41 referrer transferred a potential purchaser located in this
42 Commonwealth during the immediately preceding calendar year that
43 includes all of the following:

44 (1) A statement that a sales or use tax may be imposed by
45 the Commonwealth on the transaction.

46 (2) A statement that the remote seller may be required to
47 make the election required by section 213.1(a).

48 (3) Instructions for obtaining additional information
49 regarding sales and use tax from the department.

50 Section 213.4. Reports to department.--(a) A remote seller
51 or marketplace facilitator required to make an election under

1 section 213.1(a) that does not elect to collect and remit the
2 tax imposed by section 202 shall, no later than January 31 of
3 each year, submit a report to the department. The report shall
4 include, with respect to each purchaser required to receive the
5 notice under section 213.2(b)(2) during the immediately
6 preceding calendar year, the following:

7 (1) The purchaser's name.

8 (2) The purchaser's billing address and, if different, the
9 purchaser's last known mailing address.

10 (3) The address within this Commonwealth to which products
11 were delivered to the purchaser.

12 (4) The aggregate dollar amount of the purchaser's purchases
13 from the remote seller or marketplace facilitator.

14 (5) The name and address of the remote seller, marketplace
15 facilitator or marketplace seller that made the sales to the
16 purchaser.

17 (b) A referrer required to make an election under section
18 213.1(a) that does not elect to collect and remit the tax
19 imposed by section 202 shall, no later than January 31 of each
20 year, submit a report to the department. The report shall
21 include a list of persons who received the notice required under
22 section 213.3(d).

23 (c) The department shall prescribe the forms of the reports
24 required under this section and shall make them available on its
25 publicly accessible Internet website. The reports shall be
26 submitted electronically in such manner as the department shall
27 require.

28 (d) A report required under this section shall be submitted
29 by an officer of the remote seller, marketplace facilitator or
30 referrer and shall include a statement, made under penalty of
31 perjury, by the officer that the remote seller, marketplace
32 facilitator or referrer made reasonable efforts to comply with
33 the notice and reporting requirements of this part.

34 Section 213.5. Liability and penalties.--(a) The department
35 shall assess a penalty in the amount of twenty thousand dollars
36 (\$20,000) or twenty per cent of total sales in Pennsylvania
37 during the previous twelve months, whichever is less, against a
38 remote seller, marketplace facilitator or referrer that makes an
39 election under section 213.1(a) to comply with the notice and
40 reporting requirements, or is deemed to have made such election
41 under section 213.2(f), and fails to comply with the
42 requirements under section 213.3 or 213.4. The penalty shall be
43 assessed separately for each violation, but may only be assessed
44 once in a calendar year.

45 (b) A remote seller, marketplace facilitator or referrer
46 that makes an election under section 213.1(a) to collect and
47 remit the tax imposed under section 202 shall be subject to all
48 of the provisions of this article with respect to the collection
49 and remittance of such tax and shall be subject to all of the
50 penalties, interest and additions for failing to comply with the
51 provisions of this article, except as provided in this section.

1 (c) For a period of five years after the effective date of
2 this section, the department may abate or reduce any penalty or
3 addition imposed under subsection (b) due to hardship or for
4 good cause shown.

5 (d) A marketplace facilitator or referrer is relieved of
6 liability under subsection (b) if the marketplace facilitator or
7 referrer can show to the satisfaction of the department that the
8 failure to collect the correct amount of tax was due to
9 incorrect information given to the marketplace facilitator or
10 referrer by a marketplace seller or remote seller.

11 (e) A class action may not be brought against a marketplace
12 facilitator or referrer on behalf of purchasers arising from or
13 in any way related to an overpayment of sales or use tax
14 collected by the marketplace facilitator or referrer, regardless
15 of whether such action is characterized as a tax refund claim.
16 Nothing in this subsection shall affect a purchaser's right to
17 seek a refund from the department under other provisions of this
18 article.

19 Section 213.6. Application.--Nothing in this section affects
20 the obligations of a vendor to register with the department and
21 to collect and remit sales tax or use tax.

22 Section 5. Section 278 of the act is amended by adding
23 subsections to read:

24 Section 278. Remote Sales Reports.--* * *

25 (c) If Federal legislation relating to remote sellers has
26 not been enacted by December 31, 2018, the Independent Fiscal
27 Office, in conjunction with the department, shall conduct a
28 study assessing the legal implications and fiscal impact of
29 mandating notice requirements for remote sellers. By April 1,
30 2019, results of the study, if a study is produced, shall be
31 provided to the chairman and minority chairman of the
32 Appropriations Committee of the Senate, the chairman and
33 minority chairman of the Finance Committee of the Senate, the
34 chairman and minority chairman of the Appropriations Committee
35 of the House of Representatives and the chairman and minority
36 chairman of the Finance Committee of the House of
37 Representatives.

38 (d) As used in this section, the term "remote seller" shall
39 have the same meaning as defined in section 213.

40 Section 6.

41 (Reserved).

42 Section 7. The act is amended by adding a section to read:

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

46 (1) Undistributed earnings on an account.

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

50 (b) The following shall apply:

51 (1) An amount contributed to an account shall be deductible

1 from the taxable income of the contributor under this article
2 for the tax year the contribution was made.

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

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

9 (4) The department and the Treasury Department shall
10 cooperate in verifying account information relating to
11 contributions to an account itemized by a contributor and the
12 contributor's specific contributions.

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

16 (d) A change in designated beneficiaries under section
17 529A(c) of the Internal Revenue Code shall not constitute a
18 taxable event.

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

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

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

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

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

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

32 "Pennsylvania ABLE Savings Program." The program established
33 under the Pennsylvania ABLE Act.

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

36 Section 8. Section 312 of the act, amended July 13, 2016
37 (P.L.526, No.84), is amended to read:

38 Section 312. Tax Withheld.--The amount withheld under
39 section [316] 316.1 shall be allowed to the taxpayer from whose
40 income the tax was withheld as a credit against the tax imposed
41 on him by this article.

42 Section 9. Section 315.6 of the act is repealed:

43 [Section 315.6. Contribution for Korea/Vietnam Memorial
44 National Education Center.--(a) For tax years 1997, 1998, 1999,
45 2000, 2001, 2002, 2003 and 2004, the department shall provide a
46 space on the face of the Pennsylvania individual income tax
47 return form whereby an individual may voluntarily designate a
48 contribution of any amount from the individual's tax refund to
49 the Korea/Vietnam Memorial National Education Center.

50 (b) The amount designated by an individual on the
51 Pennsylvania individual income tax return form shall be deducted

1 from the tax refund to which the individual is entitled and
2 shall not constitute a charge against the income tax revenues
3 due the Commonwealth.

4 (c) The department shall determine annually the total amount
5 designated by individual taxpayers under this section and shall
6 report the amount to the State Treasurer, who shall prepare the
7 appropriate documentation and transfer the designated amount
8 from the General Fund to the Korea/Vietnam Memorial National
9 Education Center.

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

17 (e) On or before March 31 of each year, the Korea/Vietnam
18 Memorial National Education Center shall submit a report
19 detailing contributions received and activities undertaken
20 during the prior calendar year to the Military and Veterans'
21 Affairs Committee of the Senate and the Veterans Affairs and
22 Emergency Preparedness Committee of the House of
23 Representatives.

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

25 Section 10. Section 315.9(b.1) and (c) of the act are
26 amended to read:

27 Section 315.9. Operational Provisions.--

28 * * *

29 (b.1) Notwithstanding subsection (b), the checkoffs
30 established in sections 315.2 [and], 315.3, 315.4, 315.7, 315.8,
31 315.10 and 315.11 shall not expire.

32 [(c) Sections 315.3, 315.4 and 315.8 shall expire January 1,
33 2018.]

34 Section 11. The act is amended by adding a section to read:

35 Section 316. Definitions.--The following words, terms and
36 phrases, when used in this part, shall have the meanings
37 ascribed to them in this section, except where the context
38 clearly indicates a different meaning:

39 "Payee." The person receiving the payments subject to
40 withholding under this part.

41 "Payments." The term does not include a partner or
42 shareholder's distributive share of income from a partnership or
43 Pennsylvania S corporation.

44 "Payor." The person required to withhold under this part.

45 Section 12. Section 316 of the act, amended July 13, 2016
46 (P.L.526, No.84), is renumbered to read:

47 Section [316] 316.1. Requirement of Withholding Tax.--(a)
48 Every employer maintaining an office or transacting business
49 within this Commonwealth and making payment of compensation (i)
50 to a resident individual, or (ii) to a nonresident individual
51 taxpayer performing services on behalf of such employer within

1 this Commonwealth, shall deduct and withhold from such
2 compensation for each payroll period a tax computed in such
3 manner as to result, so far as practicable, in withholding from
4 the employe's compensation during each calendar year an amount
5 substantially equivalent to the tax reasonably estimated to be
6 due for such year with respect to such compensation. The method
7 of determining the amount to be withheld shall be prescribed by
8 regulations of the department.

9 (b) Whenever the Pennsylvania State Lottery or a person
10 making a Pennsylvania State Lottery prize payment in the form of
11 an annuity is required to withhold Federal income tax under
12 section 3402 of the Internal Revenue Code of 1986, as amended
13 (Public Law 99-514, 26 U.S.C. § 1 et seq.), or backup
14 withholding under section 3406 of the Internal Revenue Code of
15 1986, as amended, from a gambling or lottery prize payment
16 awarded by the Pennsylvania State Lottery that is taxable under
17 this article, the Pennsylvania State Lottery or the person
18 making the annuity payment shall deduct and withhold from the
19 prize payment an amount equal to the amount of the prize payment
20 subject to withholding under section 3402 or 3406 of the
21 Internal Revenue Code of 1986 multiplied by the tax rate in
22 effect under this article at the time the prize payment is made.

23 Section 13. The act is amended by adding a section to read:

24 Section 316.2. Withholding Tax Requirement for Non-Employer
25 Payors.--(a) To the extent not already required to withhold tax
26 on payments under section 316.1, a person that:

27 (1) makes payments of income from sources within this
28 Commonwealth described in section 303(a)(1) or (2) to either a
29 nonresident individual or an entity that is disregarded under
30 section 307.21 that has a nonresident member; and

31 (2) is required under section 335(f)(1) to file a copy of
32 form 1099-MISC with the department regarding the payments;
33 shall deduct and withhold from the payments an amount equal to
34 the net amount of the payments multiplied by the tax rate
35 specified under section 302(b).

36 (b) Withholding of tax by payors is optional and at the
37 discretion of the payor with respect to payees who receive
38 payments of less than \$5,000 annually from the payor.

39 (c) This section shall not apply to payments made by a payor
40 to a payee if the payor is:

41 (1) The United States or an agency or instrumentality
42 thereof; or

43 (2) The Commonwealth or an agency, instrumentality or
44 political subdivision thereof.

45 (d) The department may prescribe regulations to implement and
46 clarify the withholding requirement set forth in this section.

47 Section 14. Section 317 of the act, amended July 13, 2016
48 (P.L.526, No.84), is amended to read:

49 Section 317. Information Statement.--(a) Every employer
50 required to deduct and withhold tax under [this article] section
51 316.1(a) shall furnish to each such employe to whom the employer

1 has paid compensation during the calendar year a written
2 statement in such manner and in such form as may be prescribed
3 by the department showing the amount of compensation paid by the
4 employer to the employe, the amount deducted and withheld as
5 tax, pursuant to [this article] section 316.1(a), and such other
6 information as the department shall prescribe. Each statement
7 required by this section for a calendar year shall be furnished
8 to the employe on or before January 31 of the year succeeding
9 such calendar year. If the employe's employment is terminated
10 before the close of such calendar year, the employer, at his
11 option, shall furnish the statement to the employe at any time
12 after the termination but no later than January 31 of the year
13 succeeding such calendar year. However, if an employe whose
14 employment is terminated before the close of such calendar year
15 requests the employer in writing to furnish him the statement at
16 an earlier time, and, if there is no reasonable expectation on
17 the part of both employer and employe of further employment
18 during the calendar year, then the employer shall furnish the
19 statement to the employe on or before the later of the 30th day
20 after the day of the request or the 30th day after the day on
21 which the last payment of wages is made.

22 (b) Every person required to deduct and withhold tax under
23 section [316(b)] 316.1(b) shall report the prize and the amount
24 of withholding to the taxpayer on Internal Revenue Service Form
25 W-2G, or similar form used for reporting Federal income tax
26 withholding from the prize.

27 Section 15. The act is amended by adding sections to read:

28 Section 317.1. Information Statement for Non-Employer
29 Payors.--Every payor required to deduct and withhold tax under
30 section 316.2 shall furnish to a payee to whom the payor has
31 paid income from sources within this Commonwealth during the
32 calendar year a copy of form 1099-MISC required under section
33 335(f)(1). The copy of form 1099-MISC required by this section
34 for each calendar year shall be forwarded to the payee on or
35 before March 1 of the year succeeding the calendar year.

36 Section 317.2. Information Statement for Payees.--Every
37 payee receiving a copy of form 1099-MISC from a payor under
38 section 317.1 shall file a duplicate of such information return
39 with the payee's State income tax return.

40 Section 16. Section 318 of the act, amended July 13, 2016
41 (P.L.526, No.84), is amended to read:

42 Section 318. Time for Filing Withholding Returns.--(a)
43 Every employer required to deduct and withhold tax under [this
44 article] section 316.1(a) shall file a quarterly withholding
45 return on or before the last day of April, July, October and
46 January for the three months ending the last day of March, June,
47 September and December. Such quarterly returns shall be filed
48 with the department at its main office or at any branch office
49 which it may designate for filing returns.

50 (b) Every person required to deduct and withhold tax under
51 section [316(b)] 316.1(b) shall file a withholding tax return at

1 the same time the person is required to file its annual return
2 of withheld Federal income tax (IRS Form 945) from nonpayroll
3 payments. The return shall be filed with the department.

4 Section 17. The act is amended by adding a section to read:

5 Section 318.1. Time for Filing Payors' Returns.--Every payor
6 required to deduct and withhold tax under section 316.2 shall
7 file a quarterly withholding return on or before the last day of
8 April, July, October and January for each three month period
9 ending the last day of March, June, September and December. The
10 quarterly returns shall be filed with the department in the
11 manner prescribed by regulation.

12 Section 18. Section 319 of the act, amended July 13, 2016
13 (P.L.526, No.84), is amended to read:

14 Section 319. Payment of Taxes Withheld.--(a) Every employer
15 withholding tax under [this article] section 316.1(a) shall pay
16 over to the department or to a depository designated by it the
17 tax required to be deducted and withheld under [this article]
18 section 316.1(a).

19 (1) Where the aggregate amount required to be deducted and
20 withheld by any employer for a calendar year can reasonably be
21 expected to be less than twelve hundred dollars (\$1,200), such
22 employer shall file a return and pay the tax on or before the
23 last day for filing a quarterly return under section 318.

24 (2) Where the aggregated amount required to be deducted and
25 withheld by any employer for a calendar year can reasonably be
26 expected to be twelve hundred dollars (\$1,200) or more but less
27 than four thousand dollars (\$4,000), such employer shall pay the
28 tax monthly, on or before the fifteenth day of the month
29 succeeding the months of January to November, inclusive, and on
30 or before the last day of January following the month of
31 December.

32 (3) Where the aggregated amount required to be deducted and
33 withheld by any employer for a calendar year can reasonably be
34 expected to be four thousand dollars (\$4,000) or more but less
35 than twenty thousand dollars (\$20,000), such employer shall pay
36 the tax semi-monthly, within three banking days after the close
37 of the semi-monthly period.

38 (4) Where the aggregated amount required to be deducted and
39 withheld by any employer for a calendar year can reasonably be
40 expected to be twenty thousand dollars (\$20,000) or more, such
41 employer shall pay the tax on the Wednesday after payday if the
42 payday falls on a Wednesday, Thursday or Friday and on the
43 Friday after payday if the payday falls on a Saturday, Sunday,
44 Monday or Tuesday.

45 Notwithstanding anything in this subsection to the contrary,
46 whenever any employer fails to deduct or truthfully account for
47 or pay over the tax withheld or file returns as prescribed by
48 this article, the department may serve a notice on such employer
49 requiring him to withhold taxes which are required to be
50 deducted under [this article] section 316.1(a) and deposit such
51 taxes in a bank approved by the department in a separate account

1 in trust for and payable to the department, and to keep the
2 amount of such tax in such account until payment over to the
3 department. Such notice shall remain in effect until a notice of
4 cancellation is served on the employer by the department.

5 (b) Every person deducting and withholding tax under section
6 [316(b)] 316.1(b) shall remit the tax to the department on the
7 same frequency that the person is required to remit Federal
8 income tax withheld from nonpayroll payments.

9 Section 19. The act is amended by adding a section to read:

10 Section 319.1. Payment of Taxes Withheld for Non-Employer
11 Payors.--Every payor withholding tax under section 316.2 shall
12 pay over to the department or to a depository designated by the
13 department the tax required to be deducted and withheld under
14 section 316.2. The time for paying over the withheld tax shall
15 be as set forth in section 319(1), (2), (3) and (4).

16 Section 20. Section 320 of the act, amended July 13, 2016
17 (P.L.526, No.84), is amended to read:

18 Section 320. Liability for Withheld Taxes.--Every person
19 required to deduct and withhold tax under [this part] section
20 316.1 is hereby made liable for such tax. For purposes of
21 assessment and collection, any amount required to be withheld
22 and paid over to the department and any additions to tax
23 penalties and interest with respect thereto, shall be considered
24 the tax of the person. All taxes deducted and withheld pursuant
25 to [this part] section 316.1 or under color of [this part]
26 section 316.1 shall constitute a trust fund for the Commonwealth
27 and shall be enforceable against such person, his representative
28 or any other person receiving any part of such fund.

29 Section 21. The act is amended by adding sections to read:

30 Section 320.1. Payor's Liability for Withheld Taxes.--Every
31 payor required to deduct and withhold tax under section 316.2 is
32 hereby made liable for such tax. For purposes of assessment and
33 collection, any amount required to be withheld and paid over to
34 the department and any additions to tax, penalties, and interest
35 with respect thereto shall be considered the tax of the payor.
36 All taxes deducted and withheld from payees pursuant to section
37 316.2 or under color of section 316.2 shall constitute a trust
38 fund for the Commonwealth and shall be enforceable against such
39 payor, his representative or any other person receiving any part
40 of such fund.

41 Section 321.2. Payor's Failure to Withhold.--If a payor
42 fails to deduct and withhold tax as prescribed under section
43 316.2 and thereafter the tax which may be credited is paid, the
44 tax which was required to be deducted and withheld shall not be
45 collected from the payor, but the payor shall not be relieved of
46 the liability for any penalty, interest or additions to the tax
47 imposed with respect to such failure to deduct and withhold.

48 Section 22. The heading of Part VII-A of Article III of the
49 act is amended to read:

50 PART VII-A

51 WITHHOLDING TAX ON [SHARES ON] INCOME FROM SOURCES

1 for a determination as to the proper income classification of
2 any such lease payment.

3 (3) "In the course of a trade or business" shall include any
4 person or business entity making lease payments to a nonresident
5 or agent of a nonresident who collects rent or lease payments on
6 behalf of a nonresident owner, other than a tenant of
7 residential property.

8 Section 324.5. Annual Withholding Statement.--(a) Every
9 lessee shall furnish to each lessor an annual statement at such
10 time and in such manner as may be prescribed by the department
11 showing the total payments made by the lessee to the lessor
12 during the preceding taxable year and showing the amount of the
13 tax deducted and withheld from the payments under section 324.4.

14 (b) Every lessee shall file with the department an annual
15 statement at such time and in such manner as may be prescribed
16 by the department showing the total payments made to each lessor
17 subject to withholding during the preceding taxable year or any
18 portion of the preceding taxable year and the total amount of
19 tax deducted and withheld under section 324.4.

20 (c) Every lessor shall file a duplicate of the annual
21 statement furnished by the lessee under this section with the
22 lessor's State income tax return.

23 Section 26. Sections 335(f) and 352(f), (h) and (j) of the
24 act are amended to read:

25 Section 335. Requirements Concerning Returns, Notices,
26 Records and Statements.--* * *

27 (f) The following apply:

28 (1) Any person who:

29 (i) makes payments of Pennsylvania source income [from
30 sources within this Commonwealth] that fall within any of the
31 eight classes of income enumerated in section 303(a);

32 (ii) makes such payments [of nonemployee compensation or
33 payments under an oil and gas lease under subparagraph (i) to a
34 resident or nonresident] to an individual, an entity treated as
35 a partnership for tax purposes or a single member limited
36 liability company; and

37 (iii) is required to make a form 1099-MISC return to the
38 Secretary of the Treasury of the United States with respect to
39 [the] such payments, shall file a copy of such form 1099-MISC
40 with the department and send a copy of such form 1099-MISC to
41 the payee by [the Federal filing deadline] March 1 each year[.]
42 or, if filed electronically, by March 31 of each year. If the
43 form 1099-MISC filed by a payor with the Secretary of the
44 Treasury of the United States is not completed in such a manner
45 that State income and State tax withheld information, currently
46 boxes 16 through 18 on Federal form 1099-MISC, is reflected
47 thereon, the payor shall update the copies of form 1099-MISC to
48 be provided pursuant to this section to reflect such information
49 prior to filing it with the department and sending it to the
50 payee.

51 (2) If the payor is required to perform electronic filing

1 for Pennsylvania employer withholding purposes, the form 1099-
2 MISC shall be filed electronically with the department.

3 (3) As used in this subsection, the following words and
4 phrases shall have the meanings given to them in this paragraph
5 unless the context clearly indicates otherwise:

6 "Payee." The person receiving the payments subject to
7 withholding under this subsection.

8 "Payments." The term does not include a partner or
9 shareholder's distributive share of income from a partnership or
10 Pennsylvania S corporation.

11 "Payor." The person required to withhold under this
12 subsection.

13 * * *

14 Section 352. Additions, Penalties and Fees.--* * *

15 (f) (1) Any person required under the provisions of section
16 317 to furnish a statement to an employe who wilfully furnishes
17 a false or fraudulent statement, or who wilfully fails to
18 furnish a statement in the manner, at the time, and showing the
19 information required under section 317 and the regulations
20 prescribed thereunder, shall, for each such failure, be subject
21 to a penalty of fifty dollars (\$50) for each employe.

22 (2) Any person required to furnish an information return who
23 furnishes a false or fraudulent return or who fails to file or
24 provide an information return shall be subject to a penalty of
25 two hundred fifty dollars (\$250).

26 (3) Every partnership, estate, trust or Pennsylvania S
27 corporation required to file a return with the department under
28 the provisions of section 330.1 or 335(c) who furnishes a false
29 or fraudulent return or who fails to file the return in the
30 manner and at the time required under section 330.1 or 335(c)
31 shall be subject to a penalty of \$250 for each failure.

32 (4) Any person required to file a copy of form 1099-MISC
33 with the department under the provisions of section 335(f) who
34 wilfully furnishes a false or fraudulent form or who wilfully
35 fails to file the form in the manner, at the time and showing
36 the information required under section 335(f) shall, for each
37 such failure, be subject to a penalty of fifty dollars (\$50).

38 (5) Any person required under the provisions of section
39 335(f) to furnish a copy of form 1099-MISC to a payee who
40 wilfully furnishes a false or fraudulent form or who wilfully
41 fails to furnish a form in the manner, at the time and showing
42 the information required by section 335(f) shall, for each such
43 failure, be subject to a penalty of fifty dollars (\$50).

44 (6) Any person required to file an annual statement with the
45 department under the provisions of section 324.5 who wilfully
46 furnishes a false or fraudulent statement or who wilfully fails
47 to file the statement in the manner, at the time and showing the
48 information required under section 324.5 and the regulations
49 prescribed under section 324.5 shall, for each such failure, be
50 subject to a penalty of fifty dollars (\$50).

51 (7) Any person required under the provisions of section

1 324.5 to furnish an annual statement to a lessor who wilfully
2 furnishes a false or fraudulent statement or who wilfully fails
3 to furnish a statement in the manner, at the time and showing
4 the information required by section 324.5 and the regulations
5 prescribed under section 324.5 shall, for each such failure, be
6 subject to a penalty of fifty dollars (\$50).

7 (h) If any amount of tax required to be withheld by an
8 employer and paid over to the department under section 319 or
9 319.1 is not paid on or before the due date prescribed for
10 filing the quarterly return under section 318 or 318.1,
11 determined without regard to an extension of time for filing,
12 there shall be added to the tax and paid to the department each
13 month five per cent of such underpayment for each month or
14 fraction thereof from the due date, for the period from the due
15 date to the date paid; but the underpayment shall, for purposes
16 of computing the addition for any month, be reduced by the
17 amount of any part of the tax which is paid by the beginning of
18 that month. The total of such additions shall not exceed fifty
19 per cent of the amount of tax required to be shown on the return
20 reduced by the amount of any part of the tax which is paid by
21 the return due date and by the amount of any credit against the
22 tax which may be claimed on the return.

23 * * *

24 (j) If any amount of tax required to be withheld by a
25 partnership, association [or], Pennsylvania S corporation or
26 lessee and paid over to the department under section 324 or
27 324.4 is not paid on or before the date prescribed therefor,
28 there shall be added to the tax and paid to the department each
29 month five per cent of such underpayment for each month or
30 fraction thereof from the due date, for the period from the due
31 date to the date paid; but the underpayment shall, for purposes
32 of computing the addition for any month, be reduced by the
33 amount of any part of the tax which is paid by the beginning of
34 that month. The total of such additions shall not exceed fifty
35 per cent of the amount of such tax.

36 Section 27. Section 401(3)4(c) of the act is amended and the
37 subsection is amended by adding a clause to read:

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

42 * * *

43 (3) "Taxable income." * * *

44 4. * * *

45 (c) (1) The net loss deduction shall be the lesser of:

46 (A) (I) For taxable years beginning before January 1, 2007,
47 two million dollars (\$2,000,000);

48 (II) For taxable years beginning after December 31, 2006,
49 the greater of twelve and one-half per cent of taxable income as
50 determined under subclause 1 or, if applicable, subclause 2 or
51 three million dollars (\$3,000,000);

1 (III) For taxable years beginning after December 31, 2008,
2 the greater of fifteen per cent of taxable income as determined
3 under subclause 1 or, if applicable, subclause 2 or three
4 million dollars (\$3,000,000);

5 (IV) For taxable years beginning after December 31, 2009,
6 the greater of twenty per cent of taxable income as determined
7 under subclause 1 or, if applicable, subclause 2 or three
8 million dollars (\$3,000,000);

9 (V) For taxable years beginning after December 31, 2013, the
10 greater of twenty-five per cent of taxable income as determined
11 under subclause 1 or, if applicable, subclause 2 or four million
12 dollars (\$4,000,000);

13 (VI) For taxable years beginning after December 31, 2014,
14 the greater of thirty per cent of taxable income as determined
15 under subclause 1 or, if applicable, subclause 2 or five million
16 dollars (\$5,000,000); [or]

17 (VII) For taxable years beginning after December 31, 2017,
18 thirty-five per cent of taxable income as determined under
19 subclause 1 or, if applicable, subclause 2;

20 (VIII) For taxable years beginning after December 31, 2018,
21 forty per cent of taxable income as determined under subclause 1
22 or, if applicable, subclause 2; or

23 (B) The amount of the net loss or losses which may be
24 carried over to the taxable year or taxable income as determined
25 under subclause 1 or, if applicable, subclause 2.

26 (1.1) In no event shall the net loss deduction include more
27 than five hundred thousand dollars (\$500,000), in the aggregate,
28 of net losses from taxable years 1988 through 1994.

29 (2) (A) A net loss for a taxable year may only be carried
30 over pursuant to the following schedule:

31 Taxable Year	32 Carryover
32 1981	1 taxable year
33 1982	2 taxable years
34 1983-1987	3 taxable years
35 1988	2 taxable years plus
36	1 taxable year
37	starting with the
38	1995 taxable year
39 1989	1 taxable year plus
40	2 taxable years
41	starting with the
42	1995 taxable year
43 1990-1993	3 taxable years
44	starting with the
45	1995 taxable year
46 1994	1 taxable year
47 1995-1997	10 taxable years
48 1998 and thereafter	20 taxable years

49 (B) The earliest net loss shall be carried over to the
50 earliest taxable year to which it may be carried under this
51 schedule. The total net loss deduction allowed in any taxable

1 year shall not exceed:

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

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

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

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

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

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

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

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

30 (c.1) A deduction under Part IV.1 shall be allowed from
31 taxable income as prescribed in a satisfaction commitment letter
32 executed between the Department of Community and Economic
33 Development and a taxpayer under section 407.7(c).

34 * * *

35 Section 28. Article IV of the act is amended by adding a
36 part to read:

37 PART IV-A
38 QUALIFIED MANUFACTURING INNOVATION
39 AND REINVESTMENT DEDUCTION

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

44 (1) "Annual taxable payroll." The total amount of wages
45 paid in this Commonwealth by a taxpayer for the base year or
46 year one, as applicable, from which personal income tax under
47 Article III is withheld.

48 (2) "Base year." The four calendar quarters preceding the
49 start date.

50 (3) "Department." The Department of Community and Economic
51 Development of the Commonwealth.

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

5 (5) "Qualified manufacturing innovation and reinvestment
6 deduction." An allowable deduction as determined, calculated
7 and executed in a commitment letter between the department and
8 the taxpayer.

9 (6) "Qualified tax liability." A taxpayer's tax liability
10 under this article.

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

15 (8) "Taxpayer." An employer subject to the tax under this
16 article.

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

19 Section 407.7. Manufacturing Innovation and Reinvestment
20 Deduction.--(a) In order to be eligible to receive a
21 manufacturing innovation and reinvestment deduction, a taxpayer
22 must demonstrate to the department a capital investment in
23 excess of one hundred million dollars (\$100,000,000) for the
24 creation of new or refurbished manufacturing capacity within
25 three years of a designated start date.

26 (b) (1) A taxpayer must advise the department in advance of
27 the start date of any project for which the taxpayer may seek a
28 qualified manufacturing innovation and reinvestment deduction. A
29 taxpayer must attest the taxpayer's intent to meet the
30 eligibility criteria and provide relevant information pertinent
31 to the project's size and scope in a manner as determined by the
32 department.

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

38 (c) Upon the receipt of the taxpayer's application, the
39 Department of Revenue must make a finding that the applicant has
40 filed all required State tax reports and returns for all
41 applicable tax years and paid any balance of State tax due as
42 determined at settlement, assessment or determination and the
43 department, then in conjunction with the Department of Revenue,
44 shall make an eligibility or satisfaction determination within
45 ninety days of submission. If the department makes a
46 satisfaction determination, the department and the taxpayer
47 shall execute a satisfaction commitment letter containing the
48 following:

49 (1) The number of new jobs created and their corresponding
50 description.

51 (2) The number of new jobs created during construction of

1 the project.

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

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

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

8 (6) Any other information as the department deems
9 appropriate.

10 (d) (1) Upon determining a taxpayer's satisfaction of the
11 eligibility criteria, the department shall calculate the maximum
12 allowable deduction that a taxpayer may claim against the
13 taxpayer's taxable income under this article. The deduction
14 shall be equal to five per cent of the private capital
15 investment utilized in the creation of new or refurbished
16 manufacturing capacity per tax year for a period of five years.

17 (2) A taxpayer may utilize the amount of the deduction in
18 each year of the succeeding five tax years immediately following
19 the department's satisfaction determination and the execution of
20 a satisfaction commitment letter.

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

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

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

32 * * *

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

46 * * *

47 Section 30. Section 1102-C.2 of the act, amended July 13,
48 2016 (P.L.526, No.84), is amended to read:

49 Section 1102-C.2. Exempt Parties.--The United States, the
50 Commonwealth or any of their instrumentalities, agencies or
51 political subdivisions, or veterans' service organizations shall

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

4 Section 31. The act is amended by adding an article to read:

5 ARTICLE XVII-A.1

6 TAX CREDIT ELIGIBILITY

7 Section 1701-A.1. Definitions.

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

11 "Department." The Department of Revenue of the Commonwealth.

12 "Tax credit." A tax credit authorized under any of the
13 following:

14 (1) Article XVII-B.

15 (2) Article XVII-D.

16 (3) Article XVII-E.

17 (4) Article XVII-G.

18 (5) Article XVII-H.

19 (6) Article XVII-I.

20 (7) Article XVII-J.

21 (8) Article XVII-K.

22 (9) Article XVIII.

23 (10) Article XVIII-B.

24 (11) Article XVIII-D.

25 (12) Article XVIII-E.

26 (13) Article XVIII-F.

27 (14) Article XVIII-G.

28 (15) Article XIX-A.

29 (16) Article XIX-E.

30 (17) Section 2010.

31 (18) Article XXIX-D.

32 (19) Article XX-B of the act of March 10, 1949 (P.L.30,
33 No.14), known as the Public School Code of 1949.

34 Section 1702-A.1. Eligibility.

35 (a) Except as otherwise provided by law, before a tax credit
36 can be awarded, the department may make a finding that the
37 taxpayer has filed all required State tax reports and returns
38 for all applicable taxable years and paid any balance of State
39 tax due as determined at settlement or assessment by the
40 department, unless the tax due is currently under appeal.

41 (b) (Reserved).

42 Section 32. Section 1711-D of the act is amended by adding
43 definitions to read:

44 Section 1711-D. Definitions.

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

48 "Deteriorated property." Any blighted, impoverished area
49 containing industrial, commercial or other real property that is
50 abandoned, unsafe, vacant, undervalued, underutilized,
51 overgrown, defective, condemned, demolished or which contains

1 economically undesirable land use.

2 * * *

3 "Film production tax credit district." A district authorized
4 under section 1716.2-D.

5 * * *

6 Section 33. Section 1712-D of the act is amended by adding a
7 subsection to read:

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

9 * * *

10 (b.1) Review and approval of applications for film
11 production tax credit district activity.--For applications
12 involving film production expenses incurred within a designated
13 film production tax credit district authorized under section
14 1716.2-D, the department shall accept applications at any time.
15 Applications shall be reviewed by the department utilizing the
16 criteria required under subsection (b). Upon determining the
17 taxpayer has incurred or will incur qualified film production
18 expenses, the department shall approve the taxpayer for a tax
19 credit utilizing the tax credits authorized under section
20 1716.2-D, not to exceed the amount authorized for the fiscal
21 year.

22 * * *

23 Section 34. The act is amended by adding a section to read:
24 Section 1716.2-D. Film production tax credit districts.

25 (a) Establishment.--The department may designate not more
26 than two film production tax credit districts for the purpose of
27 enhancing, promoting and expanding film production opportunities
28 and establishing a film production industry within this
29 Commonwealth.

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

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

32 (2) Be located on deteriorated property.

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

35 (i) in the aggregate, make a capital investment of
36 at least \$400,000,000 within the district within five
37 years after the effective date of the designation of the
38 district; and

39 (ii) are dedicated to film production activity,
40 postproduction activity or other activities that directly
41 or indirectly support film production activity occurring
42 within the district or within this Commonwealth.

43 (4) Contain at least one qualified production facility
44 and six sound stages.

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

46 (1) An application to designate a film production tax
47 credit district may be made by the county or municipality in
48 which all or part of the district will be located. The
49 department shall review the application and, if approved,
50 issue a designation for the film production tax credit
51 district. The application period shall be set by the

1 department.

2 (2) The application shall contain the following
3 information:

4 (i) The geographic area of the proposed film
5 production tax credit district.

6 (ii) A detailed map of the proposed district,
7 including geographic boundaries, total area and present
8 use and conditions of the land and structures.

9 (iii) A description of the current social, economic
10 and demographic characteristics of the proposed district
11 and anticipated improvements in education, health, human
12 services, public safety and employment that will result
13 from designation of the district.

14 (iv) A description of anticipated film production
15 activity and ancillary activities in the proposed
16 district.

17 (v) Evidence of potential private and public
18 investment in the proposed district.

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

21 (d) Designation period.--A district designated under
22 subsection (c) shall expire 15 years after the effective date of
23 the designation.

24 (e) Construction.--The tax credits authorized under this
25 section are in addition to the tax credits under section 1716-
26 D(a) and are available exclusively for activities occurring
27 within the designated district.

28 (f) Annual tax credits.--The department may authorize a tax
29 credit for a film production tax credit district in fiscal year
30 2019-2020 and in each fiscal year thereafter.

31 Section 35. Article XVII-D of the act is amended by adding a
32 subarticle to read:

33 SUBARTICLE E

34 ENTERTAINMENT ECONOMIC ENHANCEMENT PROGRAM

35 Section 1771-D. Scope of subarticle.

36 This subarticle relates to the Entertainment Economic
37 Enhancement Program.

38 Section 1772-D. Definitions.

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

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

47 (1) Located in a city of the first class or a county of
48 the second class.

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

51 "Class 2 venue." A stadium, arena or other structure at

1 which concerts are performed and which is all of the following:

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

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

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

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

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

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

15 "Concert." A live performance of music in the presence of
16 individuals who view the performance.

17 "Concert tour equipment." Includes stage, set, scenery,
18 design elements, automation, rigging, trusses, spotlights,
19 lighting, sound equipment, video equipment, special effects,
20 cases, communication devices, power distribution equipment,
21 backline and other miscellaneous equipment or supplies used
22 during a concert or rehearsal.

23 "Department." The Department of Community and Economic
24 Development of the Commonwealth.

25 "Maintained a place of business" or "maintaining a place of
26 business." All of the following:

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

29 (2) Regularly engaging in an activity as a business
30 within this Commonwealth in connection with the lease, sale
31 or delivery of tangible personal property or the performance
32 of a service for residents of this Commonwealth.

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

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

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

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

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

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

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

47 (2) A Pennsylvania S corporation as defined in section
48 301(n.1).

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

50 "Pennsylvania rehearsal and tour expenses." The sum of
51 Pennsylvania rehearsal expenses and tour expenses. The term

1 includes Pennsylvania rehearsal expenses and tour expenses paid
2 prior to or during a rehearsal or tour.

3 "Pennsylvania rehearsal expense." A rehearsal expense which
4 is incurred or will be incurred within this Commonwealth. The
5 term includes:

6 (1) A payment which is made or will be made by a
7 recipient to a person upon which withholding will be made on
8 the payment by the recipient as required under Part VII of
9 Article III or a payment which is made or will be made to a
10 person who is required to make estimated payments under Part
11 VIII of Article III.

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

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

20 "Qualified rehearsal and tour expense." All Pennsylvania
21 rehearsal and tour expenses if Pennsylvania rehearsal expenses
22 comprise or will comprise at least 60% of the total rehearsal
23 expenses. The term shall not include more than \$2,000,000 in the
24 aggregate of compensation paid or to be paid to individuals or
25 payment made or to be made to entities representing an
26 individual for services provided in the tour.

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

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

32 (2) Has a permanent grid system with a capacity of
33 1,000,000 pounds.

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

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

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

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

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

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

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

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

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

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

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

10 (2) Payment to a personal service corporation
11 representing individual talent.

12 (3) Payment to a pass-through entity representing
13 individual talent.

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

16 (5) The cost of leasing vehicles.

17 (6) The cost of transportation of people or concert tour
18 equipment to or from a train station, bus depot, airport or
19 other transportation facility or directly from a residence or
20 business entity.

21 (7) The cost of insurance coverage.

22 (8) The cost of food and lodging.

23 (9) The cost of purchase or rental of concert tour
24 equipment.

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

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

28 "Rehearsal facility." As follows:

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

31 (i) Located within this Commonwealth.

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

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

36 "Start date." The date the first set of concert tour
37 equipment arrives or is expected to arrive at a qualified
38 rehearsal facility.

39 "Tax credit." The concert rehearsal and tour tax credit as
40 provided under this subarticle.

41 "Taxpayer." A concert tour promotion company, concert tour
42 management company or other concert management company subject
43 to tax under Article III, IV or VI. The term does not include
44 contractors or subcontractors of a concert tour promotion
45 company, concert tour management company or other concert
46 management company.

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

50 "Tour expense." As follows:

51 (1) Costs incurred or which will be incurred during a

1 tour for venues located in this Commonwealth. The term
2 includes all of the following:

3 (i) A payment which is made or will be made by a
4 recipient to a person upon which withholding will be made
5 on the payment by the recipient as required under Part
6 VII of Article III or a payment which is made or will be
7 made to a person who is required to make estimated
8 payments under Part VIII of Article III.

9 (ii) The cost of transportation of people or concert
10 touring equipment which is incurred or will be incurred
11 while transporting to or from a train station, bus depot,
12 airport or other transportation facility or while
13 transporting directly from a residence or business entity
14 located in this Commonwealth, or which is incurred or
15 will be incurred for transportation provided by a company
16 which is subject to the tax imposed under Article III or
17 IV.

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

20 (iv) The cost of insurance coverage which is
21 purchased or will be purchased through an insurance agent
22 based in this Commonwealth.

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

26 (vi) The cost of food and lodging which is incurred
27 or will be incurred from a facility located in this
28 Commonwealth.

29 (vii) Expenses which are incurred or will be
30 incurred in marketing or advertising a tour at venues
31 located within this Commonwealth.

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

35 (ix) A payment which is made or will be made to a
36 personal service corporation representing individual
37 talent if the tax imposed by Article IV will be paid or
38 accrued on the net income of the corporation for the
39 taxable year.

40 (x) A payment which is made or will be made to a
41 pass-through entity representing individual talent for
42 which withholding will be made by the pass-through entity
43 on the payment as required under Part VII or VII-A of
44 Article III.

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

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

48 Section 1773-D. Procedure.

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

1 (b) Review and approval.--

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

6 (i) The anticipated number of rehearsal days in a
7 qualified rehearsal facility.

8 (ii) The anticipated number of concerts at class 1
9 venues.

10 (iii) The anticipated number of concerts at class 2
11 venues.

12 (iv) The anticipated number of concerts at class 3
13 venues.

14 (v) The anticipated amount of Pennsylvania rehearsal
15 expenses in comparison to the anticipated aggregate
16 amount of rehearsal expenses.

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

18 (vii) The anticipated amount of the concert tour
19 equipment expenses which are or will be purchased or
20 rented from a company located and maintaining a place of
21 business in this Commonwealth and which will be used on
22 the tour.

23 (viii) The anticipated number of days spent in
24 Commonwealth hotels.

25 (ix) Other criteria that the department deems
26 appropriate to ensure maximum employment opportunities
27 and entertainment benefits for the residents of this
28 Commonwealth.

29 (2) Except as provided in subsection (c) and upon
30 determining that the taxpayer has paid the applicable
31 application fee not to exceed \$300, has met or will meet the
32 minimum rehearsal and tour requirements and has incurred or
33 will incur qualified rehearsal and tour expenses, the
34 department may approve the taxpayer for a tax credit.
35 Applications not approved may be reviewed and considered in
36 subsequent application periods. The department may approve a
37 taxpayer for a tax credit based on its evaluation of the
38 criteria under this subsection.

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

44 (d) Contract.--If the department approves the taxpayer's
45 application under subsection (b), the department and the
46 taxpayer shall enter into a contract containing the following:

47 (1) An itemized list of rehearsal expenses incurred or
48 to be incurred for the tour.

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

51 (3) With respect to a contract entered into prior to

1 completion of a tour, a commitment by the taxpayer to incur
2 the Pennsylvania rehearsal expenses as itemized.

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

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

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

11 (7) With respect to a contract entered into prior to
12 completion of a tour, a commitment by the taxpayer to hold at
13 least one concert at a venue located in a municipality other
14 than the municipality in which the class 1 venue under
15 paragraph (6) is located.

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

17 (9) Any other information the department deems
18 appropriate.

19 (e) Certificate.--Upon execution of the contract required by
20 subsection (d), the department shall award the taxpayer a
21 concert rehearsal and tour tax credit and issue the recipient a
22 tax credit certificate.

23 Section 1774-D. Claim.

24 Beginning July 1, 2017, a recipient may claim a concert
25 rehearsal and tour tax credit against the qualified tax
26 liability of the recipient.

27 Section 1775-D. Carryover, carryback and assignment of tax
28 credit.

29 (a) General rule.--If a recipient cannot use the entire
30 amount of a tax credit for the taxable year in which the tax
31 credit is first approved, the excess may be carried over to
32 succeeding taxable years and used as a tax credit against the
33 qualified tax liability of the recipient for those taxable
34 years. Each time the tax credit is carried over to a succeeding
35 taxable year, the tax credit shall be reduced by the amount that
36 was used as a credit during the immediately preceding taxable
37 year. The tax credit may be carried over and applied to
38 succeeding taxable years for no more than three taxable years
39 following the first taxable year for which the recipient was
40 entitled to claim the tax credit.

41 (b) Application.--A tax credit approved by the department in
42 a taxable year first shall be applied against the recipient's
43 qualified tax liability for the current taxable year as of the
44 date on which the tax credit was approved before the tax credit
45 can be applied against tax liability under subsection (a).

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

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

51 (1) A recipient, upon application to and approval by the

1 department, may sell or assign, in whole or in part, a tax
2 credit granted to the recipient under this subarticle.

3 (2) The department and the Department of Revenue shall
4 jointly promulgate regulations for the approval of
5 applications under this subsection.

6 (3) Before an application is approved, the Department of
7 Revenue must make a finding that the recipient has filed all
8 required State tax reports and returns for all applicable
9 taxable years and paid any balance of State tax due as
10 determined at settlement, assessment or determination by the
11 Department of Revenue.

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

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

19 (1) The purchaser or assignee of all or a portion of a
20 tax credit under subsection (d) shall immediately claim the
21 tax credit in the taxable year in which the purchase or
22 assignment is made.

23 (2) The amount of the tax credit that a purchaser or
24 assignee may use against one qualified tax liability may not
25 exceed 50% of the qualified tax liability for the taxable
26 year.

27 (3) The purchaser or assignee may not carry forward,
28 carry back or obtain a refund of or sell or assign the tax
29 credit.

30 (4) The purchaser or assignee shall notify the
31 Department of Revenue of the seller or assignor of the tax
32 credit in compliance with procedures specified by the
33 Department of Revenue.

34 Section 1776-D. Determination of Pennsylvania rehearsal and
35 tour expenses.

36 When prescribing standards for determining which rehearsal or
37 tour expenses are considered Pennsylvania rehearsal and tour
38 expenses for purposes of computing the tax credit provided by
39 this subarticle, the department shall consider:

40 (1) The location where services are performed.

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

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

44 (4) Other factors the department determines are
45 relevant.

46 Section 1777-D. Limitations.

47 (a) Cap.--Except as provided in this subsection, the
48 department may not award tax credits for qualified rehearsal and
49 tour expenses incurred or to be incurred related to more than
50 five tours in a fiscal year. In a fiscal year, the department
51 may, in the department's discretion, advance the award of tax

1 credits for qualified rehearsal and tour expenses incurred or to
2 be incurred related to a maximum of two additional tours.

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

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

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

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

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

16 (2) Except as provided under paragraph (5), the
17 aggregate amount of tax credits awarded by the department
18 under section 1773-D(e) to a taxpayer for a tour with
19 concerts at two class 1 venues or a class 1 venue and a class
20 2 venue may not exceed 25% of the qualified rehearsal and
21 tour expenses incurred or to be incurred.

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

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

34 (5) In addition to the tax credits under paragraph (2),
35 (3) or (4), a taxpayer is eligible for a tax credit in the
36 amount of 5% of the qualified rehearsal and tour expenses
37 incurred or to be incurred by the taxpayer if the taxpayer
38 holds concerts at a total of two or more class 2 venues or
39 class 3 venues.

40 (d) Qualified rehearsal facility.--To be considered a
41 qualified rehearsal facility under this subarticle, the owner of
42 a rehearsal facility shall provide evidence to the department to
43 verify the development or facility specifications and capital
44 improvement costs incurred for the rehearsal facility so that
45 the threshold amounts set in the definition of "qualified
46 rehearsal facility" under section 1772-D are satisfied, and,
47 upon verification, the rehearsal facility shall be registered by
48 the department officially as a qualified rehearsal facility.

49 (e) Waiver.--The department may make a determination that
50 the financial benefit to this Commonwealth resulting from the
51 direct investment in or payments made to Pennsylvania rehearsal

1 and concert facilities outweighs the benefit of maintaining the
2 60% Pennsylvania rehearsal expenses requirement contained in the
3 definition of "qualified rehearsal and tour expense" under
4 section 1772-D. If the determination is made, the department may
5 waive the requirement that 60% of a tour's aggregate rehearsal
6 expenses be comprised of Pennsylvania rehearsal expenses.
7 Section 1778-D. Penalty.

8 A recipient which claims a tax credit and fails to incur the
9 amount of qualified rehearsal and tour expenses agreed to under
10 section 1773-D(d)(4) for a tour in that taxable year shall repay
11 to the Commonwealth an amount equal to 110% of the difference
12 between the amount agreed to under section 1773-D(d)(4) and the
13 amount of qualified rehearsal and tour expenses actually
14 incurred by the recipient. The penalty shall be assessed and
15 collected under Article II.

16 Section 1779-D. Pass-through entity.

17 (a) General rule.--If a pass-through entity has any unused
18 tax credits under section 1775-D, the pass-through entity may
19 elect in writing, according to procedures established by the
20 Department of Revenue, to transfer all or a portion of the tax
21 credits to shareholders, members or partners in proportion to
22 the share of the entity's distributive income to which each
23 shareholder, member or partner is entitled.

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

28 (c) Application.--A shareholder, member or partner of a
29 pass-through entity to whom a tax credit is transferred under
30 subsection (a) shall immediately claim the tax credit in the
31 taxable year in which the transfer is made. The shareholder,
32 member or partner may not carry forward, carry back, obtain a
33 refund of or sell or assign the tax credit.

34 Section 1780-D. Department guidelines and regulations.

35 The department shall develop written guidelines for the
36 implementation of this subarticle. The guidelines shall be in
37 effect until the department promulgates regulations for the
38 implementation of this subarticle.

39 Section 1781-D. Report to General Assembly.

40 No later than June 1, 2018, and September 1 of each year
41 thereafter, the Secretary of Community and Economic Development
42 shall submit a report to the General Assembly summarizing the
43 effectiveness of the tax credits provided by this subarticle.
44 The report shall include the name of the tours which rehearsed
45 in this Commonwealth, the names of all recipients awarded a tax
46 credit as of the date of the report and the amount of tax
47 credits approved for each recipient. The report may also include
48 recommendations for changes in the calculation or administration
49 of the tax credits provided under this subarticle. The report
50 shall be submitted to the chairperson and minority chairperson
51 of the Appropriations Committee of the Senate, the chairperson

1 and minority chairperson of the Finance Committee of the Senate,
2 the chairperson and minority chairperson of the Appropriations
3 Committee of the House of Representatives and the chairperson
4 and minority chairperson of the Finance Committee of the House
5 of Representatives. The report shall include the following
6 information, which shall be separated by geographic location
7 within this Commonwealth:

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

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

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

16 Section 36. The definition of "qualified tax liability" in
17 section 1702-G of the act is amended to read:

18 Section 1702-G. Definitions.

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

22 * * *

23 "Qualified tax liability." The liability for taxes imposed
24 under Articles III, IV, VI, VII, VIII, IX, XI and XV. The term
25 does not include tax withheld under section [316] 316.1.

26 * * *

27 Section 36.1. Section 1811-C(b) of the act is amended by
28 adding a paragraph to read:

29 Section 1811-C. Certification.

30 * * *

31 (b) Content.--

32 * * *

33 (3) The department shall request documentation regarding
34 State eligible taxes paid or refunds received from the agency
35 required to collect the taxes or issue the refunds before
36 requiring such documentation from the qualified business.
37 Instructions issued by the department after the effective
38 date of this section shall include a statement that the
39 qualified business will not be required to submit supporting
40 documentation with the qualified business's request for
41 certification under this article. Nothing in this paragraph
42 shall prohibit the department from auditing reports submitted
43 by qualified businesses for compliance with this article.

44 * * *

45 Section 37. Sections 1813-C and 1814-C of the act, amended
46 July 13, 2016 (P.L.526, No.84), are amended to read:

47 Section 1813-C. Restrictions.

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

50 (1) Payment of debt service on bonds issued or
51 refinanced for the acquisition, development, construction,

1 including related infrastructure and site preparation,
2 reconstruction, renovation or refinancing of a facility in
3 the zone and normal and customary fees for professional
4 services associated with the issuance or refinance of the
5 bonds.

6 (2) Acquisition, development, construction, including
7 related infrastructure and site preparation, reconstruction,
8 renovation or refinancing of all or a part of a facility.

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

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

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

14 (6) Improvement projects, including fixtures and
15 equipment for a facility owned, in whole or in part, by a
16 public authority.

17 (7) Payment or reimbursement of reasonable
18 administrative, auditing and compliance services required by
19 this article. Reasonable administrative costs may not exceed
20 5% of the money transferred under section 1812-C. For
21 purposes of this paragraph, professional services shall not
22 be considered administrative costs.

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

25 (c) Excess money.--

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

33 (2) At the time of submission to the State Treasurer,
34 the contracting authority shall submit to the State
35 Treasurer, the office and the department a detailed
36 accounting of the calculation resulting in the excess money.

37 (3) The excess money shall be credited to the
38 contracting authority and applied to the amount required to
39 be repaid under section 1812-C(c)(5) until there is full
40 repayment.

41 (4) Paragraph (1) does not apply to money utilized in a
42 pilot zone provided the excess money is used in accordance
43 with subsection (a).

44 (d) Matching funds.--

45 (1) The amount of money transferred from the fund
46 utilized for the acquisition, development, construction,
47 including related site preparation and infrastructure,
48 reconstruction or renovation of facilities, or normal and
49 customary fees for professional services shall be matched by
50 private, Federal or local money at a ratio of five fund
51 dollars to one private, Federal or local dollar. The

1 contracting authority shall verify the private, Federal or
2 local match for a project at the time of the bond and report
3 proof of the match to the agencies. All of the following
4 shall be deemed private money:

5 (i) Equity.

6 (ii) Private developer debt and financing.

7 (iii) Soft costs associated with land development.

8 (iv) Costs of professional services associated with
9 development.

10 (v) Costs associated with improvements of the
11 parcel.

12 (vi) Costs of land acquisition and real estate
13 transactions.

14 (1.1) Private, Federal or local dollars invested in any
15 single year or multiple years may be amortized over the term
16 of the private or public financing provided to the project in
17 order to meet the matching fund ratio of five fund dollars to
18 one private, Federal or local dollar invested in the project.

19 (2) By April 1 following the baseline year and for each
20 year thereafter, the contracting authority shall file an
21 annual report with the Department of Community and Economic
22 Development, the office and the department that contains a
23 detailed account of the fund money expenditures and the
24 private, Federal or local money expenditures and a
25 calculation of the ratio in paragraph (1) for the prior
26 calendar year.

27 (3) If it is determined that insufficient private,
28 Federal or local money was utilized under paragraph (1), the
29 amount of fund money utilized under paragraph (1) in the
30 prior calendar year shall be deducted from the next transfer
31 of the fund.

32 Section 1814-C. Transfer of property.

33 (a) Property.--Parcels in a zone where a facility has not
34 been constructed, reconstructed or renovated using money under
35 this article may be transferred out of the zone, if the
36 contracting authority provides a notarized certification,
37 confirmed in the annual audit required under section 1807-C(c),
38 that no fund dollars were used on the property. Additional
39 acreage, not to exceed the acreage transferred out of the zone,
40 may be [simultaneously] added to the zone.

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

45 (a.2) Infeasibility.--

46 (1) If no activity in furtherance of development has
47 taken place on the parcel within eight years of the enactment
48 of this section or designation of the zone, whichever occurs
49 later, the contracting authority may conduct a public hearing
50 on the feasibility of the parcel to continue with the
51 designation pursuant to a request from the city or

1 municipality where the parcel sits. The hearing shall be held
2 and notice provided to the owner of the parcel in accordance
3 with section 908 of the act of July 31, 1968 (P.L.805,
4 No.247), known as the Pennsylvania Municipalities Planning
5 Code. For purposes of this section, activity shall include,
6 but not be limited to, construction, building, renovation,
7 reconstruction, site preparation and site development.

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

15 (b) Approval.--A transfer under subsections (a) and (a.2)
16 must be approved by the Department of Community and Economic
17 Development in consultation with the office and the department.
18 Section 38. (Reserved).

19 Section 39. The act is amended by adding a section to read:
20 Section 1904.3-B. Transfer of property.

21 (a) Transfer of parcels.--Parcels in a zone may be
22 transferred out of the zone and replaced with parcels not to
23 exceed the acreage transferred out of the zone by the
24 contracting authority, if:

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

28 (2) The municipality where the zone is located certifies
29 that there is currently no activity in the parcels
30 transferred into the zone that generates tax receipts or
31 other revenue, other than taxes on real property, to the
32 municipality and the school district and county where the
33 zone is located.

34 (b) Public hearing.--The following apply:

35 (1) For a parcel identified by the contracting authority
36 to be transferred out of the zone, the contracting authority
37 may conduct a public hearing pursuant to a request from an
38 owner of real estate located within the parcel or the city or
39 municipality where the parcel sits. The hearing shall be held
40 and notice of the hearing provided to the owner of the parcel
41 in accordance with section 908 of the act of July 31, 1968
42 (P.L.805, No.247), known as the Pennsylvania Municipalities
43 Planning Code.

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

48 Section 40. Section 1911-D(c) of the act, added July 13,
49 2016 (P.L.526, No.84), is amended to read:

50 Section 1911-D. Additional keystone opportunity zones.

51 * * *

1 (c) Application.--In order to receive a designation under
2 this section, the department must receive an application from a
3 political subdivision or its designee no later than October 1,
4 [2016] 2018. The application must contain the information
5 required under section 302(a)(1), (2)(i) and (ix), (5) and (6)
6 of the KOZ Act. The department, in consultation with the
7 Department of Revenue, shall review the application and, if
8 approved, issue a certification of all tax exemptions,
9 deductions, abatements or credits under this act for the zone
10 within three months of receipt of the application. The
11 department shall act on an application for a designation under
12 section 302(a)(1) of the KOZ Act by December 31, [2016] 2018.
13 The department may make designations under this section on a
14 rolling basis during the application period.

15 * * *

16 Section 41. Section 2166 of the act is amended to read:

17 Section 2166. Timely Mailing Treated as Timely Filing and
18 Payment.--Notwithstanding the provisions of any State tax law to
19 the contrary, whenever a report or payment of all or any portion
20 of a State tax is required by law to be received by the
21 department or other agency of the Commonwealth on or before a
22 day certain, the taxpayer shall be deemed to have complied with
23 the law if the letter transmitting the report or payment of the
24 tax which has been received by the department is postmarked by
25 the United States Postal Service on or prior to the final day on
26 which the payment is to be received. For the purposes of this
27 article, presentation of a receipt indicating that the report or
28 payment was mailed by registered or certified mail on or before
29 the due date shall be evidence of timely filing and payment. Any
30 inheritance tax return filed after July 1, 2012, under section
31 2136 that reports transfers of property that are exempt from the
32 inheritance tax under section 2111(s), (s.1) and (t) shall be
33 considered timely filed if filed within one year of the tax
34 return due date, including an extended due date.

35 Section 42. Section 2301(e) of the act is amended and the
36 section is amended by adding a subsection to read:

37 Section 2301. Public Transportation Assistance Fund.--* * *

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

42 (e.1) (1) There is hereby imposed on each rental of a motor
43 vehicle subject to tax under Article II and used in carsharing a
44 fee for each day or part of a day computed according to the
45 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>

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

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

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

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

11 (iv) Allows a vehicle to be rented on a per minute, per
12 hour, per day, or per trip basis, and at per mile or per
13 kilometer rates, which typically include fuel, insurance and
14 maintenance.

15 Section 43. The act is amended by adding an article to read:

16 ARTICLE XXIV

17 FIREWORKS

18 Section 2401. Definitions.

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

22 "APA 87-1." The American Pyrotechnics Association Standard
23 87-1: Standard for Construction and Approval for Transportation
24 of Fireworks, Novelties, and Theatrical Pyrotechnics, 2001
25 edition, or any subsequent edition.

26 "Consumer fireworks."

27 (1) Any combustible or explosive composition or any
28 substance or combination of substances which is intended to
29 produce visible or audible effects by combustion, is suitable
30 for use by the public, complies with the construction,
31 performance, composition and labeling requirements
32 promulgated by the Consumer Products Safety Commission in 16
33 CFR (relating to commercial practices) or any successor
34 regulation and complies with the provisions for "consumer
35 fireworks" as defined in APA 87-1 or any successor standard,
36 the sale, possession and use of which shall be permitted
37 throughout this Commonwealth.

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

43 "Display fireworks." Large fireworks to be used solely by
44 professional pyrotechnicians and designed primarily to produce
45 visible or audible effects by combustion, deflagration or
46 detonation. The term includes, but is not limited to:

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

49 (2) aerial shells containing more than 60 grams of
50 pyrotechnic compositions; and

51 (3) other display pieces that exceed the limits of

1 explosive materials for classification as consumer fireworks
2 and are classified as fireworks UN0333, UN0334 or UN0335
3 under 49 CFR 172.101 (relating to purpose and use of
4 hazardous materials table).

5 "Municipality." A city, borough, incorporated town or
6 township.

7 "NFPA 1124." The National Fire Protection Association
8 Standard 1124, Code for the Manufacture, Transportation and
9 Storage of Fireworks and Pyrotechnic Articles, 2006 edition, or
10 any subsequent edition.

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

14 "Outdoor storage unit." A consumer fireworks building,
15 trailer, semitrailer, metal shipping container or magazine
16 meeting the specifications of NFPA 1124.

17 "Temporary structure." A structure, other than a permanent
18 facility with fixed utility connections, which is in use or in
19 place for a period of 20 consecutive calendar days or less and
20 is dedicated to the storage and sale of consumer fireworks and
21 related items. The term includes temporary retail sales stands,
22 tents, canopies and membrane structures meeting the
23 specifications of NFPA 1124. The term shall not include a
24 facility that is not licensed to sell consumer fireworks under
25 this article.

26 Section 2402. Permits.

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

31 (1) For agricultural purposes in connection with the
32 raising of crops and the protection of crops from bird and
33 animal damage.

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

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

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

40 (5) For signal or ceremonial purposes in athletics or
41 sports.

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

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

46 (c) Bond.--The governing body of the municipality shall
47 require a bond deemed adequate by it from the permittee in a sum
48 not less than \$50,000 conditioned for the payment of all damages
49 which may be caused to a person or property by reason of the
50 display and arising from an act of the permittee or an agent, an
51 employee or a subcontractor of the permittee.

1 Section 2403. Request for extension.

2 (a) Authorization.--If, because of unfavorable weather, the
3 display for which a permit has been granted does not occur at
4 the time authorized by the permit, the person to whom the permit
5 was issued may within 24 hours apply for a request for extension
6 to the municipality which granted the permit.

7 (b) Contents of request.--The request for extension shall
8 state under oath that the display was not made, provide the
9 reason that the display was not made and request a continuance
10 of the permit for a date designated within the request, which
11 shall be not later than one week after the date originally
12 designated in the permit.

13 (c) Determination.--Upon receiving the request for
14 extension, the municipality, if it believes that the facts
15 stated within the request are true, shall extend the provisions
16 of the permit to the date designated within the request, which
17 shall be not later than one week after the date originally
18 designated in the permit.

19 (d) Conditions.--The extension of time shall be granted
20 without the payment of an additional fee and without requiring a
21 bond other than the bond given for the original permit, the
22 provisions of which shall extend to and cover all damages which
23 may be caused by reason of the display occurring at the extended
24 date and in the same manner and to the same extent as if the
25 display had occurred at the date originally designated in the
26 permit.

27 Section 2404. Use of consumer fireworks.

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

31 (b) Prohibitions.--A person may not intentionally ignite or
32 discharge:

33 (1) Consumer fireworks on public or private property
34 without the express permission of the owner.

35 (2) Consumer fireworks or sparkling devices within, or
36 throw consumer fireworks or sparkling devices from, a motor
37 vehicle or building.

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

40 (4) Consumer fireworks or sparkling devices while the
41 person is under the influence of alcohol, a controlled
42 substance or another drug.

43 (5) Consumer fireworks within 150 feet of an occupied
44 structure.

45 Section 2404.1. Use of display fireworks.

46 No display fireworks shall be ignited within 300 feet of a
47 facility that meets the requirements of section 2407 or 2410.

48 Section 2405. Agricultural purposes.

49 (a) Authorization.--The governing body of a municipality
50 may, under reasonable rules and regulations adopted by it, grant
51 permits for the use of suitable fireworks for agricultural

1 purposes in connection with the raising of crops and the
2 protection of crops from bird and animal damage.

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

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

9 Section 2406. Rules and regulations by municipality.

10 (a) Authorization.--Permission shall be given by the
11 governing body of a municipality under reasonable rules and
12 regulations for displays of display fireworks to be held within
13 the municipality.

14 (b) Conditions.--

15 (1) Each display shall be:

16 (i) handled by a competent operator; and

17 (ii) of a character and so located, discharged or
18 fired as, in the opinion of the chief of the fire
19 department or other appropriate officer as may be
20 designated by the governing body of the municipality,
21 after proper inspection, to not be hazardous to property
22 or endanger any person.

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

26 (3) A permit shall be transferable.

27 Section 2407. Sales locations.

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

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

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

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

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

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

44 (6) The facility shall have a monitored burglar and fire
45 alarm system.

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

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

49 (a) Initial application fees.--

50 (1) An initial application for a license to sell
51 consumer fireworks shall be submitted to the Department of

1 Agriculture on forms prescribed and provided by the
2 department with a nonrefundable application fee as follows:

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

6 (ii) For a facility meeting the requirements of
7 section 2410, the application shall be submitted with a
8 nonrefundable application fee of \$1,000 no later than 60
9 days prior to the first day of sale.

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

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

16 (1) \$7,500 for a location up to 10,000 square feet;

17 (2) \$10,000 for a location greater than 10,000 and up to
18 15,000 square feet;

19 (3) \$20,000 for a location greater than 15,000 square
20 feet; and

21 (4) \$3,000 for a temporary structure.

22 (c) Time limitations and inspections.--

23 (1) A facility meeting the requirements of section 2407
24 shall be inspected by the Department of Agriculture within 30
25 days of receipt of a complete application for a license. The
26 Department of Agriculture shall issue or deny a license
27 within 14 days of completing the inspection.

28 (2) The Department of Agriculture shall issue or deny a
29 license for a facility meeting the requirements of section
30 2410 no later than 10 days prior to the first day of sale.
31 The facility shall be available for inspection by the
32 Department of Agriculture for compliance with NFPA 1124 at
33 all times during the licensed selling period.

34 (d) Term of license.--A license issued for the sale of
35 consumer fireworks shall be effective for one year from the date
36 the license is issued.

37 (e) License renewal and inspections.--License renewal shall
38 be automatic upon payment of the appropriate annual license fee
39 under subsection (b), but each facility shall be subject to
40 annual inspections by the Department of Agriculture and at other
41 times as the department may deem appropriate.

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

45 Section 2409. Conditions for facilities.

46 A facility licensed by the Department of Agriculture shall be
47 exclusively dedicated to the storage and sale of consumer
48 fireworks and related items, and the facility shall operate in
49 accordance with the following rules:

50 (1) There shall be security personnel on the premises
51 for the seven days preceding and including July 4 and for the

1 three days preceding and including January 2.

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

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

6 (4) No minors shall be permitted in the facility unless
7 accompanied by an adult, and each minor shall stay with the
8 adult in the facility.

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

11 (6) A licensee shall provide its employees with
12 documented training in the area of operational safety of a
13 facility. The licensee shall provide to the Department of
14 Agriculture written documentation that each employee has
15 received the training.

16 (7) No display fireworks shall be stored or located at a
17 facility.

18 (8) No person who appears to be under the influence of
19 intoxicating liquor or drugs shall be admitted to the
20 facility, and no liquor, beer or wine shall be permitted in
21 the facility.

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

24 Section 2410. Temporary structures.

25 (a) Conditions.--Notwithstanding section 2407 or any other
26 provision of law, a temporary structure may be licensed by the
27 Department of Agriculture to sell consumer fireworks if the
28 temporary structure meets all of the following requirements:

29 (1) The temporary structure is located no closer than
30 250 feet from a facility storing, selling or dispensing
31 gasoline, propane or other flammable products.

32 (2) An evacuation plan is posted in a conspicuous
33 location for a temporary structure in accordance with NFPA
34 1124.

35 (3) The outdoor storage unit, if any, is separated from
36 the wholesale or retail sales area to which a purchaser may
37 be admitted by appropriately rated fire separation.

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

41 (5) The temporary structure is located one of the
42 following distances from a permanent facility licensed to
43 sell consumer fireworks under the act of May 15, 1939
44 (P.L.134, No.65), referred to as the Fireworks Law, at the
45 time of the effective date of this article:

46 (i) Prior to January 1, 2023, at least five miles.

47 (ii) Beginning January 1, 2023, at least two miles.

48 (6) The temporary structure does not exceed 2,500 square
49 feet.

50 (7) The temporary structure is secured at all times
51 during which consumer fireworks are displayed within the

1 structure.

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

4 (9) The sales period is limited to June 15 through July
5 8 and December 21 through January 2 of each year.

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

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

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

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

12 (3) Mine and shell devices not exceeding 500 grams.

13 Section 2411. Attorney General.

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

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

19 Section 2412. Consumer fireworks tax.

20 (a) Imposition.--In addition to any other tax imposed by
21 law, a tax is imposed on each separate sale at retail of
22 consumer fireworks, which tax shall be collected by the retailer
23 from the purchaser at the time of sale and shall be paid over to
24 the Commonwealth as provided in this section. A tax imposed
25 under this subsection on each separate sale at retail shall be
26 paid to and received by the Department of Revenue and, along
27 with interest and penalties, shall be deposited into the General
28 Fund.

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

33 (c) Collection and administration.--The provisions of Part
34 VI of Article II shall apply to the tax authorized under
35 subsection (a). No additional fee shall be charged for a license
36 or license renewal other than the license or renewal fee
37 required under section 2408 and the license or renewal fee
38 authorized and imposed under Article II.

39 Section 2413. Disposition of certain funds.

40 (a) Transfer.--One-sixth of the tax collected under this
41 article in a fiscal year, not to exceed \$2,000,000, shall be
42 transferred annually for use as follows:

43 (1) Seventy-five percent of the amount transferred under
44 this subsection shall be used for the purpose of making
45 grants under 35 Pa.C.S. Ch. 78 Subch. C (relating to
46 Emergency Medical Services Grant Program).

47 (2) Twenty-five percent of the amount transferred under
48 this subsection shall be deposited into a special account in
49 the State Treasury designated as the Online Training Educator
50 and Training Reimbursement Account for the purposes of
51 developing, delivering and sustaining training programs for

1 volunteer firefighters in this Commonwealth.

2 (3) The Office of the State Fire Commissioner shall
3 establish guidelines for use of the money deposited under
4 paragraph (2). By December 31, 2018, and each December 31
5 thereafter, the Office of the State Fire Commissioner shall
6 provide a written report detailing the use of the money
7 received from the prior fiscal year to the chairperson and
8 minority chairperson of the Agriculture and Rural Affairs
9 Committee of the Senate, the chairperson and minority
10 chairperson of the Veterans Affairs and Emergency
11 Preparedness Committee of the Senate, the chairperson and
12 minority chairperson of the Agriculture and Rural Affairs
13 Committee of the House of Representatives and the Veterans
14 Affairs and Emergency Preparedness Committee of the House of
15 Representatives.

16 (b) Payments.--The transfer required under subsection (a)
17 shall be made by September 15, 2018, and each September 15
18 thereafter.

19 Section 2414. Penalties.

20 The following shall apply:

21 (1) A person using consumer fireworks in violation of
22 the provisions of this article commits a summary offense and,
23 upon conviction, shall be punished by a fine of not more than
24 \$100.

25 (2) A person selling consumer fireworks in violation of
26 the provisions of this act commits a misdemeanor of the
27 second degree.

28 (3) A person selling display fireworks in violation of
29 the provisions of this act commits a felony of the third
30 degree.

31 (4) A person selling federally illegal explosives such
32 as devices as described in 49 CFR 173.54 (relating to
33 forbidden explosives) or those devices that have not been
34 tested, approved and labeled by the United States Department
35 of Transportation, including, but not limited to, those
36 devices commonly referred to as "M-80," "M-100,"
37 "blockbuster," "cherry bomb" or "quarter or half stick"
38 explosive devices, in violation of the provisions of this act
39 commits a felony of the third degree.

40 Section 2415. Removal, storage and destruction.

41 The Pennsylvania State Police, a sheriff or police officer
42 shall take, remove or cause to be removed at the expense of the
43 owner all stocks of consumer fireworks or display fireworks or
44 combustibles offered or exposed for sale, stored or held in
45 violation of this article. The owner shall also be responsible
46 for the storage and, if deemed necessary, the destruction of
47 these fireworks.

48 Section 2416. Transition.

49 A person who, on the effective date of this section, holds a
50 license under the act of May 15, 1939 (P.L.134, No.65), referred
51 to as the Fireworks Law, may continue the activity permitted by

1 the license for a period of 90 days following the effective date
2 of this section or the date the license expires by the terms of
3 the license, whichever is sooner. After the expiration of the
4 90-day period or the license, whichever is sooner, the person
5 must obtain the license required under this article to continue
6 the permitted activity, if applicable.

7 Section 44. Section 2702(a) and (a.1)(2) of the act are
8 amended to read:

9 Section 2702. Petition for reassessment.

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

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

15 * * *

16 (2) A taxpayer must file a petition for review under
17 this subsection within [90] 60 days of the mailing date of
18 the department's notice of adjustment. A taxpayer's failure
19 to file a petition under this subsection shall not prejudice
20 the taxpayer's right to file a petition in a subsequent tax
21 year.

22 * * *

23 Section 45. Section 2704(a) and (b) of the act are amended
24 to read:

25 Section 2704. Review by board.

26 (a) Petition for review of a decision and order.--Within
27 [90] 60 days after the mailing date of the department's notice
28 of decision and order on a petition filed with it, a taxpayer
29 may petition the board to review the decision and order of the
30 department.

31 (b) Petition for review of denial by department's failure to
32 act.--A petition for review may be filed with the board within
33 [90] 60 days after the mailing date of the department's notice
34 to the petitioner of its failure to dispose of the petition
35 within the time periods prescribed by section 2703(d) or (e).

36 * * *

37 Section 45.1. The act is amended by adding an article to
38 read:

39 ARTICLE XXVIII

40 TOBACCO MASTER SETTLEMENT PAYMENT REVENUE

41 BONDS AND SALE OF REVENUE

42 Section 2801. 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 "Account." The Tobacco Revenue Bond Debt Service Account
47 established in section 2805.

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

50 "Authority." The Commonwealth Financing Authority
51 established under 64 Pa.C.S. Ch. 15 (relating to Commonwealth

1 Financing Authority).
2 "Executive director." The executive director of the
3 Commonwealth Financing Authority.
4 "Finance." The issuance of revenue bonds utilizing a portion
5 of annual payments due to the Commonwealth under the Master
6 Settlement Agreement.
7 "Fund." The Tobacco Settlement Fund.
8 "Master Settlement Agreement." The settlement agreement and
9 related documents entered into on November 23, 1998, by the
10 Commonwealth and leading United States tobacco product
11 manufacturers approved by the Court of Common Pleas,
12 Philadelphia County, on January 13, 1999.
13 "Office." The Governor's Office of the Budget.
14 "Sales agreement." A written contract entered into under
15 section 2803.1 under which a portion of the revenue the
16 Commonwealth will receive under the Master Settlement Agreement
17 is sold.
18 "Secretary." The Secretary of the Budget of the
19 Commonwealth.
20 "Tobacco Settlement Act." The act of June 26, 2001 (P.L.755,
21 No.77), known as the Tobacco Settlement Act.
22 Section 2802. Bond issuance or sales agreement.
23 (a) Declaration of policy.--The General Assembly finds and
24 declares that:
25 (1) The Commonwealth experienced a revenue deficit of
26 \$1,106,700,308 in General Fund revenue collections for fiscal
27 year 2016-2017.
28 (2) The Commonwealth's General Fund continues to
29 experience a structural deficit where annual expenditures
30 exceed recurring revenue collections.
31 (3) The General Fund for fiscal year 2016-2017 revenue
32 shortfall in combination with the structural deficit,
33 increased expenditure needs and increased tax refunds
34 resulted in a significant negative ending balance in the
35 General Fund of approximately \$1,539,000,000 for fiscal year
36 2016-2017.
37 (4) A significant portion of the Commonwealth's General
38 Fund annual expenditures are dedicated to the protection of
39 the health, safety and general welfare of the people of this
40 Commonwealth and the furtherance of economic development and
41 efficiency within this Commonwealth by providing basic
42 services and facilities.
43 (5) The ability of the Commonwealth to provide for the
44 protection of the health, safety and general welfare of the
45 people of this Commonwealth and the provision of basic
46 services and facilities is jeopardized by the General Fund
47 for fiscal year 2016-2017 revenue deficit and the continuing
48 structural deficit.
49 (6) The provisions of 64 Pa.C.S. Ch. 15 (relating to
50 Commonwealth Financing Authority) are entitled to liberal
51 construction in order to effect legislative and public

1 purposes.

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

17 (8) The Tobacco Settlement Fund is a special revenue
18 fund established for the purpose of providing funding for
19 various Commonwealth programs.

20 (9) Utilizing a portion of annual payments received
21 through the Master Settlement Agreement and deposited in the
22 Tobacco Settlement Fund to leverage funding to offset the
23 effect of the fiscal year 2016-2017 revenue deficit and the
24 structural deficit is in the best interest of the
25 Commonwealth to provide General Fund budgetary relief
26 necessary for the protection of the health, safety and
27 general welfare of the people of this Commonwealth and the
28 provision of basic services and facilities.

29 (b) Authority.--Notwithstanding any other law, the authority
30 is authorized to enter into a sales agreement on behalf of the
31 Commonwealth or to issue bonds, the proceeds of either of which
32 shall be deposited in the General Fund to provide General Fund
33 budgetary relief necessary for the protection of the health,
34 safety and general welfare of the people of this Commonwealth
35 and the furtherance of economic development and efficiency
36 within this Commonwealth by providing basic services and
37 facilities.

38 (c) Duty.--The authority shall issue bonds under section
39 2803 or enter into a sales agreement under section 2803.1. An
40 issuance or sale under this article shall be undertaken in a
41 manner consistent with the best interest of the Commonwealth and
42 in a way that provides the greatest value to taxpayers and
43 furtheres the purposes of this article.

44 (d) Procedures for sale.--A sale under this article shall be
45 in accordance with the following:

46 (1) No later than 45 days after the effective date of
47 this section, the executive director shall accept statements
48 of qualifications and expressions of interest from persons in
49 relation to a sale under this article. The executive director
50 may specify a uniform format for statements of qualifications
51 and required information. Persons may amend these statements

1 at any time by filing a new statement.

2 (2) The executive director or a designee of the
3 executive director may conduct discussions with any
4 responsible offeror to determine the offeror's qualifications
5 for further consideration. Discussions shall not disclose any
6 information derived from proposals submitted by other
7 offerors.

8 (3) The State Employees Retirement System and the Public
9 School Employees Retirement System may each submit to the
10 executive director a statement of qualification and
11 expression of interest under paragraph (1).

12 (4) An award to enter into a sales agreement under this
13 article shall be made to the responsible offeror determined
14 in writing by the authority to be best qualified based on the
15 evaluation factors set forth in the request for proposals.
16 The provisions of 64 Pa.C.S. § 1512(d)(1) shall apply to a
17 decision to award under this paragraph. If terms cannot be
18 agreed upon with the best qualified responsible offeror,
19 negotiations will be formally terminated with the offeror. If
20 proposals were submitted by one or more other responsible
21 offerors, negotiations may be conducted with the other
22 responsible offeror or responsible offerors in the order of
23 their respective qualification ranking. The sales agreement
24 may be entered into with the responsible offeror then ranked
25 as best qualified if the amount of compensation is determined
26 to be fair and reasonable.

27 (e) Debt or liability.--

28 (1) Bonds issued or a sales agreement entered into under
29 this article shall not be a debt or liability of the
30 Commonwealth and shall not create or constitute an
31 indebtedness, liability or obligation of the Commonwealth.

32 (2) Bond obligations or obligations under a sales
33 agreement shall be payable solely from revenues or funds
34 pledged or available for repayment or payment as authorized
35 under this article.

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

37 (i) The authority is obligated to pay the principal
38 of or interest on the bonds only from the revenues or
39 funds pledged or available for repayment as authorized
40 under this article.

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

43 (iii) The full faith and credit of the Commonwealth
44 is not pledged to the payment of the principal of or the
45 interest on the bonds.

46 (4) Each sales agreement under this article must contain
47 a statement that:

48 (i) The authority is obligated to pay the portion of
49 the revenue the Commonwealth will receive under the
50 Master Settlement Agreement only from the revenues or
51 funds identified or available for payment as authorized

1 under this article.

2 (ii) The Commonwealth shall not be obligated to pay
3 any amount provided in the sales agreement.

4 (iii) The full faith and credit of the Commonwealth
5 is not pledged to the payment of any amount provided in
6 the sales agreement.

7 Section 2803. Limitations on bond issuance.

8 (a) Maximum principal amount.--If the authority issues bonds
9 under this article, the authority may issue bonds in a maximum
10 aggregate principal amount sufficient to raise net proceeds of
11 \$1,500,000,000.

12 (b) Limitation.--The authority shall not issue any bonds
13 under this article, except refunding bonds, after June 30, 2018.
14 The authority, in consultation with the office, shall determine
15 the principal amounts of taxable bonds and tax-exempt bonds to
16 be issued during fiscal year 2017-2018.

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

22 (d) Interest.--Interest on bonds issued under this article
23 and refunding bonds authorized under this section shall be
24 payable at the time or times the authority determines in the
25 resolution authorizing the bonds and, except as provided under
26 subsection (e), shall otherwise be subject to the other
27 provisions of 64 Pa.C.S. Ch. 15 (relating to Commonwealth
28 Financing Authority). Interest may be capitalized for a period
29 not to exceed two years.

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

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

36 Section 2803.1. Limitations on sales agreement.

37 (a) Maximum amount.--If the authority enters into a sales
38 agreement under this article, the authority may enter into a
39 sales agreement to sell a portion of the revenue the
40 Commonwealth will receive under the Master Settlement Agreement
41 in a maximum aggregate amount sufficient to raise net proceeds
42 of \$1,500,000,000 during the 2017-2018 fiscal year.

43 (b) Limitation.--The authority shall not enter into an
44 agreement under this article after June 30, 2018.

45 (c) Terms of agreement.--The sales agreement may not provide
46 for a sale of revenue in excess of 10 years worth of payments
47 received by the Commonwealth under the Master Settlement
48 Agreement. No payments from the Master Settlement Agreement may
49 be required under the sales agreement before July 1, 2018.

50 Section 2804. Finance pledge.

51 (a) Annual payments for bond issuance.--

1 (1) For a bond issuance under this article, annual
2 payments received under the Master Settlement Agreement are
3 pledged by the Commonwealth in the amount certified by the
4 secretary under paragraph (2) for payment of principal and
5 interest for bonds issued by the authority under this
6 article.

7 (2) The secretary shall certify the amount of annual
8 payments to be pledged for payment of principal and interest
9 for the bonds issued by the authority under this article
10 within 30 days of the closing date of the bond transaction.
11 The certification shall be published as a notice in the
12 Pennsylvania Bulletin.

13 (b) Annual payments for sales agreement.--

14 (1) Annual payments received under the Master Settlement
15 Agreement are pledged by the Commonwealth in the amount
16 provided in the sales agreement entered into by the authority
17 under this article.

18 (2) The secretary shall certify the amount of annual
19 payments under the Master Settlement Agreement to be pledged
20 for payment under the sales agreement entered into by the
21 authority under this article within 30 days of the effective
22 date of the sales agreement. The certification shall be
23 published as a notice in the Pennsylvania Bulletin.

24 (c) General revenues.--

25 (1) For a bond issuance, the Commonwealth may pledge
26 revenues collected by the Commonwealth under Article II for
27 the payment of principal and interest for the bonds issued by
28 the authority under this article. A pledge made under this
29 subsection shall be subordinate to the pledge of Article II
30 revenues made before the effective date of this section for
31 outstanding indebtedness of the authority.

32 (2) The secretary shall certify the maximum annual
33 amount of general revenues to be pledged to supplement
34 amounts pledged under subsection (a) for payment of principal
35 and interest for bonds issued by the authority under this
36 article within 30 days of the closing date of the bond
37 transaction. The certification shall be published as a notice
38 in the Pennsylvania Bulletin.

39 Section 2805. Tobacco Revenue Bond Debt Service Account.

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

43 (b) Annual payments.--The amount of each annual payment
44 received under the Master Settlement Agreement and pledged by
45 the Commonwealth under section 2804 and certified by the
46 secretary for the payment of principal and interest for bonds
47 issued under this article shall be deposited in the account upon
48 receipt of each annual payment.

49 (c) General revenue.--General revenues pledged by the
50 Commonwealth in section 2804 and certified by the secretary for
51 the payment of principal and interest for bonds issued under

1 this article shall be deposited in the accounts in amounts
2 determined by the secretary.

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

5 Section 2806. Service agreement for bond issuance authorized.

6 (a) Authorization.--For a bond issuance under this article,
7 the authority and the office may enter into an agreement or
8 service agreement to effectuate the purposes of this article,
9 including an agreement to secure bonds issued under this
10 article, under which the secretary shall agree to pay service
11 charges to the authority in each fiscal year that the bonds or
12 refunding bonds are outstanding in amounts sufficient to timely
13 pay in full the debt service and any other financing costs due
14 on the bonds issued under this article.

15 (b) Payment of service charges.--The office's payment of any
16 service charges shall be subject to and dependent upon approval
17 by the authority and the appropriation of funds by the General
18 Assembly to the office for payment of any service charges.

19 (c) Amendment of agreement.--The service agreement may be
20 amended or supplemented by the authority and the office in
21 connection with the issuance of a series of bonds or refunding
22 bonds authorized in this section.

23 Section 2806.1. Service agreement for sales agreement
24 authorized.

25 (a) Authorization.--For a sales agreement under this
26 article, the authority and the office may enter into an
27 agreement or service agreement to effectuate the purposes of
28 this article, including a direction to the secretary to pay all
29 or a specified portion of the tobacco settlement revenues
30 directly to a person who has entered into a sales agreement
31 under this article.

32 (b) Payment of service charges.--The office's payment of any
33 service charges shall be subject to and dependent upon approval
34 by the authority and the appropriation of funds by the General
35 Assembly to the office for payment of any service charges.

36 (c) Amendment of agreement.--The service agreement may be
37 amended or supplemented by the authority and the office in
38 connection with a sales agreement under this article.

39 Section 2807. Submission of sales agreement.

40 A certified copy of a sales agreement entered into under this
41 article shall be submitted to the Governor, State Treasurer,
42 Office of the Budget, President pro tempore of the Senate,
43 Minority Leader of the Senate, Speaker of the House of
44 Representatives and Minority Leader of the House of
45 Representatives promptly upon execution and delivery of the
46 sales agreement.

47 Section 2808. Deposit of proceeds.

48 The net proceeds of a sales agreement entered into or bonds
49 issued under this article, other than refunding bonds, exclusive
50 of costs of issuance, reserves and other financing charges,
51 shall be transferred by the authority to the State Treasurer for

1 deposit into the General Fund and shall be available for
2 expenditure as provided in this article in accordance with
3 appropriations by the General Assembly.

4 Section 2809. Limitation on appropriations.

5 The amount of annual payments from the Master Settlement
6 Agreement that are pledged and certified by the secretary under
7 section 2804 for the payment of principal and interest for bonds
8 issued under this article or for payments required under a sales
9 agreement under this article shall not be subject to
10 appropriation under section 1713-A.1 of the act of April 9, 1929
11 (P.L.343, No.176), known as The Fiscal Code.

12 Section 46. If all or a part of the net loss deduction under
13 section 401(3)4(c) of the act has been deemed unconstitutional
14 as a result of a decision by the Pennsylvania Supreme Court, the
15 Secretary of Revenue shall submit a notice of the decision for
16 publication in the Pennsylvania Bulletin.

17 Section 47. This act shall apply as follows:

18 (1) The following shall apply:

19 (i) Except as provided in subparagraph (ii),
20 sections 213.2, 213.4 and 213.5 of the act shall apply to
21 transactions that occur after March 31, 2018.

22 (ii) Sections 213.2, 213.4 and 213.5 of the act, as
23 they relate to tangible personal property described in
24 section 201(m)(2), shall apply to transactions that occur
25 after March 31, 2019.

26 (2) The amendment or addition of the following
27 provisions of the acts shall apply to petitions for refunds,
28 petitions for reassessments and petitions for
29 redeterminations filed with the department on or after 60
30 days from the effective date of this section:

31 (i) Section 2702(a) and (a.1)(2).

32 (ii) Section 2704(a) and (b).

33 Section 48. Repeals are as follows:

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

37 (2) 12 Pa.C.S. Ch. 33 is repealed.

38 (3) The General Assembly declares that the repeal under
39 paragraph (4) is necessary to effectuate the addition of
40 Article XXIV of the act.

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

43 Section 49. This act shall take effect as follows:

44 (1) The following provisions shall take effect in 60
45 days:

46 (i) The amendment or addition of sections 312, 316,
47 316.1, 316.2, 317, 317.1, 317.2, 318, 318.1, 319, 319.1,
48 320, 320.1, 321.2, the heading of Part VII-A of Article
49 III, 324.1(c), 324.2, 324.4, 324.5, 335(f) and 352(f),
50 (h) and (j) of the act.

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

1 act.
2 (ii) The addition of Part IV-A of Article IV of the
3 act.
4 (ii.1) The addition of Article XVII-A.1 of the act.
5 (iii) The addition of the definitions of
6 "deteriorated property" and "film production tax credit
7 district" in section 1711-D of the act.
8 (iv) The addition of section 1712-D(b.1) of the act.
9 (v) The addition of section 1716.2-D of the act.
10 (vi) The definition of "qualified tax liability" in
11 section 1702-G of the act.
12 (2) The following provisions shall take effect in 365
13 days:
14 (i) (Reserved).
15 (ii) The addition of section 1904.3-B of the act.
16 (3) The amendment or addition of section 401(3)4(c)(1)
17 (A)(VI), (VII) and (VIII) and (2)(B)(VII) and (VIII) of the
18 act shall take effect on the date of the publication of the
19 notice under section 46 of this act.
20 (4) (Reserved).
21 (5) As follows:
22 (i) Except as provided in subparagraph (ii),
23 sections 213.2, 213.4 and 213.5 of the act shall take
24 effect February 1, 2018.
25 (ii) Sections 213.2, 213.4 and 213.5 of the act, as
26 they relate to tangible personal property described in
27 section 201(m)(2), shall take effect February 1, 2019.
28 (6) The following provisions shall take effect
29 immediately:
30 (i) This section.
31 (ii) The remainder of this act.