

AMENDMENTS TO HOUSE BILL NO. 1064

Sponsor: REPRESENTATIVE O'NEAL

Printer's No. 3134

1 Amend Bill, page 1, lines 1 through 12, by striking out all
2 of said lines and inserting

3 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
4 act relating to tax reform and State taxation by codifying
5 and enumerating certain subjects of taxation and imposing
6 taxes thereon; providing procedures for the payment,
7 collection, administration and enforcement thereof; providing
8 for tax credits in certain cases; conferring powers and
9 imposing duties upon the Department of Revenue, certain
10 employers, fiduciaries, individuals, persons, corporations
11 and other entities; prescribing crimes, offenses and
12 penalties," in personal income tax, further providing for
13 imposition of tax; in gross receipts tax, further providing
14 for imposition of tax, providing for transfers to Alternative
15 Fuels Incentive Fund and further providing for establishment
16 of revenue-neutral reconciliation; imposing duties on the
17 Department of Revenue; eliminating the tax imposed upon each
18 dollar of the gross receipts received from the sales of
19 electric energy; providing for the benefit of consumers and
20 for a civil penalty; and making a repeal.

21 Amend Bill, page 1, lines 15 through 22; pages 2 through 5,
22 lines 1 through 30; page 6, lines 1 through 20; by striking out
23 all of said lines on said pages and inserting

24 Section 1. Section 302(a) and (b) of the act of March 4,
25 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971,
26 amended December 14, 2023 (P.L.460, No.64), are amended to read:

27 Section 302. Imposition of Tax.--(a) Except as provided in
28 subsection (c), every resident individual, estate or trust shall
29 be subject to, and shall pay for the privilege of receiving each
30 of the classes of income hereinafter enumerated in section 303,
31 a tax upon each dollar of income received by that resident
32 during that resident's taxable year at the rate of [three and
33 seven hundredths] two and eight-tenths per cent.

34 (b) Except as provided in subsection (c), every nonresident
35 individual, estate or trust shall be subject to, and shall pay

1 for the privilege of receiving each of the classes of income
2 hereinafter enumerated in section 303 from sources within this
3 Commonwealth, a tax upon each dollar of income received by that
4 nonresident during that nonresident's taxable year at the rate
5 of [three and seven hundredths] two and eight-tenths per cent.

6 * * *

7 Section 2. Section 1101(b) and (h) of the act are amended
8 and the section is amended by adding a subsection to read:

9 Section 1101. Imposition of Tax.--* * *

10 (a.2) Transfer to Alternative Fuels Incentive Fund.--
11 Notwithstanding any other provision of law, beginning in fiscal
12 year 2024-2025, and each fiscal year thereafter, six million
13 dollars (\$6,000,000) of the taxes received under subsection (a)
14 shall be transferred to the Alternative Fuels Incentive Fund
15 established under section 3 of the act of November 29, 2004
16 (P.L.1376, No.178), known as the Alternative Fuels Incentive
17 Act. The transfer required under this subsection shall be made
18 annually by May 31, 2025, and each May 31 thereafter.

19 (b) Electric Light, Waterpower and Hydro-electric
20 Utilities.--

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

35 [(1)] (i) the sales of electric energy within this State,
36 except gross receipts derived from the sales for resale of
37 electric energy to persons, partnerships, associations,
38 corporations or political subdivisions subject to the tax
39 imposed by this subsection upon gross receipts derived from such
40 resale; and

41 [(2)] (ii) the sales of electric energy produced in
42 Pennsylvania and made outside of Pennsylvania in a state that
43 has taken action since December 21, 1977 which results in higher
44 costs for electric energy produced in that state and sold in
45 Pennsylvania unless the action that was taken after December 21,
46 1977 is rescinded according to the following apportionment
47 formula: except for gross receipts derived from sales under
48 clause (1), the gross receipts from all sales of electricity of
49 the producer shall be apportioned to the Commonwealth of
50 Pennsylvania by the ratio of the producer's operating and
51 maintenance expenses in Pennsylvania and depreciation

1 attributable to property in Pennsylvania to the producer's total
2 operating and maintenance expenses and depreciation.

3 (2) This subsection shall expire for taxable years beginning
4 after December 31, 2024.

5 * * *

6 (h) Benefits to Consumer.--

7 (1) For purposes of this article, the reduction in the taxes
8 imposed under subsections (a) and (b) shall derive to the
9 benefit of the consumer purchasing services from said utilities.
10 Said benefit shall be provided in the form of a reduction in the
11 State tax surcharge. Failure to pass through the reduction to
12 the consumer shall subject the public utility to a civil penalty
13 of at least one thousand dollars (\$1,000), but not more than
14 five thousand dollars (\$5,000), and such additional relief as
15 the court may deem appropriate.

16 (2) For purposes of this article, the elimination of the
17 taxes imposed under subsection (b) shall derive to the benefit
18 of the consumer purchasing electric energy. Said benefit shall
19 be provided in the form of the elimination of or a reduction in
20 the State tax surcharge. Failure to pass through the elimination
21 or reduction to the consumer shall subject the entity to a civil
22 penalty of at least one thousand dollars (\$1,000), but not more
23 than five thousand dollars (\$5,000), and such additional relief
24 as the court may deem appropriate.

25 * * *

26 Section 3. Section 1101.2 of the act is amended to read:

27 Section 1101.2. Establishment of Revenue-Neutral
28 Reconciliation.--(a) Notwithstanding the provisions of 66
29 Pa.C.S. § 2810(c)(1) (relating to revenue-neutral
30 reconciliation), the rate of tax established under 66 Pa.C.S. §
31 2810(c)(2) for the period beginning January 1, 2002, shall
32 continue in force without further adjustment for periods
33 beginning January 1, 2003, and thereafter, and the Secretary of
34 Revenue shall not deliver any further reports under 66 Pa.C.S. §
35 2810(c)(3).

36 (b) Subsection (a) shall expire for taxable years beginning
37 after December 31, 2024.

38 Section 4. Repeals are as follows:

39 (1) The General Assembly declares that the repeal under
40 paragraph (2) is necessary to effectuate the addition of
41 section 1101(a.2) of the act.

42 (2) Section 6 of the act of November 29, 2004 (P.L.1376,
43 No.178), known as the Alternative Fuels Incentive Act, is
44 repealed.

45 Section 5. The addition of section 1101(a.2) of the act is a
46 continuation of section 6 of the act of November 29, 2004
47 (P.L.1376, No.178), known as the Alternative Fuels Incentive
48 Act. Except as provided in section 1101(a.2) of the act, all
49 activities initiated under section 6 of the Alternative Fuels
50 Incentive Act shall continue and remain in full force and effect
51 and may be completed under section 1101(a.2) of the act. Orders,

1 regulations, rules and decisions which were made under section 6
2 of the Alternative Fuels Incentive Act and which are in effect
3 on the effective date of section 6 of this act shall remain in
4 full force and effect until revoked, vacated or modified under
5 section 1101(a.2) of the act. Contracts, obligations and
6 collective bargaining agreements entered into under section 6 of
7 the Alternative Fuels Incentive Act are not affected nor
8 impaired by the repeal of section 6 of the Alternative Fuels
9 Incentive Act.

10 Section 6. This act shall apply as follows:

11 (1) The amendment of section 302(a) and (b) of the act
12 shall apply to taxable years beginning after December 31,
13 2024.

14 (2) The amendment of section 1101(b) of the act shall
15 apply to gross receipts derived from transactions occurring
16 after December 31, 2024.

17 (3) The amendment of section 1101.2 of the act shall
18 apply to gross receipts derived from transactions occurring
19 after December 31, 2024.

20 Section 7. The following shall apply:

21 (1) The amendment of sections 1101(b) and 1101.2 of the
22 act and paragraph (2) are intended to eliminate the tax
23 imposed upon each dollar of the gross receipts received from
24 the sales of electric energy for taxable years beginning
25 after December 31, 2024, and shall not be construed to
26 relieve any taxpayer from the tax imposed under section
27 1101(b) or 66 Pa.C.S. § 2810, for taxable years beginning
28 before January 1, 2025.

29 (2) Notwithstanding any other provision of law, for
30 taxable years beginning after December 31, 2024, a tax shall
31 not be imposed under 66 Pa.C.S. § 2810 upon each dollar of
32 the gross receipts received from the sales of electric
33 energy. The elimination of the taxes imposed under 66 Pa.C.S.
34 § 2810 upon each dollar of the gross receipts received from
35 the sales of electric energy shall derive to the benefit of
36 the consumer purchasing services from said entities. The
37 benefit shall be provided in the form of the elimination of
38 or a reduction in the State tax surcharge. Failure to pass
39 through the elimination or reduction to the consumer shall
40 subject the entity to a civil penalty of at least \$1,000, but
41 not more than \$5,000, and additional relief as the court may
42 deem appropriate.

43 Section 8. This act shall take effect as follows:

44 (1) The addition of section 1101(a.2) of the act shall
45 take effect July 1, 2024.

46 (2) Sections 4 and 5 of this act shall take effect July
47 1, 2024.

48 (3) The remainder of this act shall take effect
49 immediately.