AN ACT

Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An act relating to tax reform and State taxation by codifying and enumerating certain subjects of taxation and imposing taxes thereon; providing procedures for the payment, collection, administration and enforcement thereof; providing for tax credits in certain cases; conferring powers and imposing duties upon the Department of Revenue, certain employers, fiduciaries, individuals, persons, corporations and other entities; prescribing crimes, offenses and penalties,"--

further providing for the title of the act;

in sales and use tax, further providing for definitions, for imposition of tax and for exclusions from tax; providing for marketplace providers and marketplace sellers; further providing for remote sales reports;

in personal income tax, providing for the Pennsylvania ABLE Savings Program Tax Exemption, repealing provisions relating to contribution for Korea/Vietnam Memorial National Education Center and further providing for operational provisions;

in corporate net income tax, further providing for definitions and providing for qualified manufacturing innovation and reinvestment deduction;

in gross receipts tax, further providing for imposition of tax and establishing the Natural Gas Optimization Fund and Natural Gas Optimization Program;

in realty transfer tax, further providing for definitions and for exempt parties;

in entertainment production tax credit, further providing
for definitions and for credit for qualified film production expenses, providing for film production tax credit districts and establishing the Entertainment Economic Enhancement Program;
in city revitalization and improvement zones, further providing for restrictions and for transfer of property;
in neighborhood improvement zones, further providing for definitions and providing for transfer of property;
in keystone opportunity zones, keystone opportunity expansion zones and keystone opportunity improvement zones, further providing for additional keystone opportunity zones;
in inheritance tax, further providing for timely mailing treated as timely filing and payment;
providing for an electric grid virtual financial transactions tax;
in Public Transportation Assistance Fund, further providing for fund;
providing for fireworks, for unconventional gas wells, for unconventional natural gas air quality protection and for environmental permitting reform;
in procedure and administration, further providing for petition for reassessment, for petition procedure and for review by board;
providing for Tobacco Master Settlement Payment Fund;
in general provisions, further providing for timely filing;
providing for severability; and
making related repeals.

Amending the Act of March 4, 1971 (P.L.6, No.2), entitled "An Act relating to tax reform and state taxation by codifying and enumerating certain subjects of taxation and imposing taxes thereon; providing procedures for the payment, collection, administration and enforcement thereof; providing for tax credits in certain cases; conferring powers and imposing duties upon the Department of Revenue, certain employers, fiduciaries, individuals, persons, corporations and other entities, prescribing crimes, offenses and penalties."

In sales and use tax, further providing for definitions,
for imposition of tax and for exclusions from tax, providing for marketplace providers and marketplace sellers and further providing for remote sales reports;
providing for lodging tax;
in personal income tax, providing for the PennsylvaniaABLE SAVINGS PROGRAM TAX EXEMPTION, repealing provisions relating to contribution for Korea/Vietnam Memorial National Education Center, further providing for operational provisions, providing for definitions, further providing for requirement of withholding tax, providing for withholding tax requirement for non-employer payors, further providing for information statement, providing for information statement for non-employer payors and for information statement for...
PAYEES, FURTHER PROVIDING FOR TIME FOR FILING WITHHOLDING-
RETURNS, PROVIDING FOR TIME FOR FILING PAYORS' RETURNS,-
FURTHER PROVIDING FOR PAYMENT OF TAXES WITHHELD, PROVIDING-
FOR PAYMENT OF TAXES WITHHELD FOR NON-EMPLOYER PAYORS,-
FURTHER PROVIDING FOR LIABILITY FOR WITHHELD TAXES, PROVIDING-
FOR PAYOR'S LIABILITY FOR WITHHELD TAXES AND FOR PAYOR'S-
FAILURE TO WITHHOLD, FURTHER PROVIDING FOR AMOUNT OF-
WITHHOLDING TAX AND FOR TREATMENT OF NONRESIDENT PARTNERS,-
MEMBERS OR SHAREHOLDERS, PROVIDING FOR WITHHOLDING ON INCOME-
AND FOR ANNUAL WITHHOLDING STATEMENT AND FURTHER PROVIDING-
FOR REQUIREMENTS CONCERNING RETURNS, NOTICES, RECORDS AND-
STATEMENTS AND FOR ADDITIONS, PENALTIES AND FEES;

IN CORPORATE NET INCOME TAX, FURTHER PROVIDING FOR-
DEFINITIONS AND PROVIDING FOR QUALIFIED MANUFACTURING-
INNOVATION AND REINVESTMENT DEDUCTION;

IN REALTY TRANSFER TAX, FURTHER PROVIDING FOR DEFINITIONS-
AND FOR EXEMPT PARTIES;

PROVIDING FOR TAX CREDIT ELIGIBILITY;

IN ENTERTAINMENT PRODUCTION TAX CREDIT, FURTHER PROVIDING-
FOR DEFINITIONS AND FOR CREDIT FOR QUALIFIED FILM PRODUCTION-
EXPENSES, PROVIDING FOR FILM PRODUCTION TAX CREDIT DISTRICTS-
AND ESTABLISHING THE ENTERTAINMENT ECONOMIC ENHANCEMENT-
PROGRAM;

IN CITY REVITALIZATION AND IMPROVEMENT ZONES, FURTHER-
PROVIDING FOR RESTRICTIONS AND FOR TRANSFER OF PROPERTY;

IN NEIGHBORHOOD IMPROVEMENT ZONES, PROVIDING FOR TRANSFER-
OF PROPERTY;

IN KEYSTONE OPPORTUNITY ZONES, KEYSTONE OPPORTUNITY-
EXPANSION ZONES AND KEYSTONE OPPORTUNITY IMPROVEMENT ZONES,
FURTHER PROVIDING FOR ADDITIONAL KEYSTONE OPPORTUNITY ZONES;

IN INHERITANCE TAX, FURTHER PROVIDING FOR TIMELY MAILING-
TREATED AS TIMELY FILING AND PAYMENT;

IN PUBLIC TRANSPORTATION ASSISTANCE FUND, FURTHER-
PROVIDING FOR FUND;

PROVIDING FOR FIREWORKS;

IN PROCEDURE AND ADMINISTRATION, FURTHER PROVIDING FOR-
PETITION FOR REASSESSMENT AND FOR REVIEW BY BOARD;

IN GENERAL PROVISIONS, FURTHER PROVIDING FOR TIMELY-
FILING;

PROVIDING FOR SEVERABILITY;

MAKING RELATED REPEALS; AND

MAKING EDITORIAL CHANGES.

AMENDING THE ACT OF MARCH 4, 1971 (P.L.6, NO.2), ENTITLED "AN
ACT RELATING TO TAX REFORM AND STATE TAXATION BY CODIFYING
AND ENUMERATING CERTAIN SUBJECTS OF TAXATION AND IMPOSING
TAXES THEREON; PROVIDING PROCEDURES FOR THE PAYMENT,
COLLECTION, ADMINISTRATION AND ENFORCEMENT THEREOF; PROVIDING
FOR TAX CREDITS IN CERTAIN CASES; CONFERRING POWERS AND
IMPOSING DUTIES UPON THE DEPARTMENT OF REVENUE, CERTAIN
EMPLOYERS, FIDUCIARIES, INDIVIDUALS, PERSONS, CORPORATIONS
AND OTHER ENTITIES; PRESCRIBING CRIMES, OFFENSES AND
PENALTIES,"
IN SALES AND USE TAX, FURTHER PROVIDING FOR DEFINITIONS, FOR IMPOSITION OF TAX AND FOR EXCLUSIONS FROM TAX, PROVIDING FOR MARKETPLACE PROVIDERS AND MARKETPLACE SELLERS AND FURTHER PROVIDING FOR REMOTE SALES REPORTS;

IN PERSONAL INCOME TAX, PROVIDING FOR THE PENNSYLVANIA ABLE SAVINGS PROGRAM TAX EXEMPTION, REPEALING PROVISIONS RELATING TO CONTRIBUTION FOR KOREA/VIETNAM MEMORIAL NATIONAL EDUCATION CENTER, FURTHER PROVIDING FOR OPERATIONAL PROVISIONS, PROVIDING FOR DEFINITIONS, FURTHER PROVIDING FOR REQUIREMENT OF WITHHOLDING TAX, PROVIDING FOR WITHHOLDING TAX REQUIREMENT FOR NON-EMPLOYER PAYORS, FURTHER PROVIDING FOR INFORMATION STATEMENT, PROVIDING FOR INFORMATION STATEMENT FOR NON-EMPLOYER PAYORS AND FOR INFORMATION STATEMENT FOR PAYEES, FURTHER PROVIDING FOR TIME FOR FILING WITHHOLDING RETURNS, PROVIDING FOR TIME FOR FILING PAYORS' RETURNS, FURTHER PROVIDING FOR PAYMENT OF TAXES WITHHELD, PROVIDING FOR PAYMENT OF TAXES WITHHELD FOR NON-EMPLOYER PAYORS, FURTHER PROVIDING FOR LIABILITY FOR WITHHELD TAXES, PROVIDING FOR PAYOR'S LIABILITY FOR WITHHELD TAXES AND FOR PAYOR'S FAILURE TO WITHHOLD, FURTHER PROVIDING FOR AMOUNT OF WITHHOLDING TAX AND FOR TREATMENT OF NONRESIDENT PARTNERS, MEMBERS OR SHAREHOLDERS, PROVIDING FOR WITHHOLDING ON INCOME AND FOR ANNUAL WITHHOLDING STATEMENT AND FURTHER PROVIDING FOR REQUIREMENTS CONCERNING RETURNS, NOTICES, RECORDS AND STATEMENTS AND FOR ADDITIONS, PENALTIES AND FEES;

IN CORPORATE NET INCOME TAX, FURTHER PROVIDING FOR DEFINITIONS AND PROVIDING FOR QUALIFIED MANUFACTURING INNOVATION AND REINVESTMENT DEDUCTION;

IN REALTY TRANSFER TAX, FURTHER PROVIDING FOR DEFINITIONS AND FOR EXEMPT PARTIES;

PROVIDING FOR TAX CREDIT ELIGIBILITY;

IN ENTERTAINMENT PRODUCTION TAX CREDIT, FURTHER PROVIDING FOR DEFINITIONS AND FOR CREDIT FOR QUALIFIED FILM PRODUCTION EXPENSES, PROVIDING FOR FILM PRODUCTION TAX CREDIT DISTRICTS AND ESTABLISHING THE ENTERTAINMENT ECONOMIC ENHANCEMENT PROGRAM;

IN CITY REVITALIZATION AND IMPROVEMENT ZONES, FURTHER PROVIDING FOR CERTIFICATIONS, FOR RESTRICTIONS AND FOR TRANSFER OF PROPERTY;

IN NEIGHBORHOOD IMPROVEMENT ZONES, PROVIDING FOR TRANSFER OF PROPERTY;

IN KEYSTONE OPPORTUNITY ZONES, KEYSTONE OPPORTUNITY EXPANSION ZONES AND KEYSTONE OPPORTUNITY IMPROVEMENT ZONES, FURTHER PROVIDING FOR ADDITIONAL KEYSTONE OPPORTUNITY ZONES;

IN INHERITANCE TAX, FURTHER PROVIDING FOR TIMELY MAILING TREATED AS TIMELY FILING AND PAYMENT;

IN PUBLIC TRANSPORTATION ASSISTANCE FUND, FURTHER PROVIDING FOR FUND;

PROVIDING FOR FIREWORKS;

IN PROCEDURE AND ADMINISTRATION, FURTHER PROVIDING FOR PETITION FOR REASSESSMENT AND FOR REVIEW BY BOARD;
The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

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

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

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

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

* * *
(m) "Tangible personal property."
(1) Corporeal personal property including, but not limited to, goods, wares, merchandise, steam and natural and manufactured and bottled gas for non residential use, electricity for non residential use, prepaid telecommunications,
premium cable or premium video programming service, spirituous
or vinous liquor and malt or brewed beverages and soft drinks,
interstate telecommunications service originating or terminating
in the Commonwealth and charged to a service address in this
Commonwealth, intrastate telecommunications service with the
exception of (i) subscriber line charges and basic local
telephone service for residential use and (ii) charges for
telephone calls paid for by inserting money into a telephone
accepting direct deposits of money to operate, provided further,
the service address of any intrastate telecommunications service
is deemed to be within this Commonwealth or within a political
subdivision, regardless of how or where billed or paid. In the
case of any such interstate or intrastate telecommunications
service, any charge paid through a credit or payment mechanism
which does not relate to a service address, such as a bank,
travel, credit or debit card, but not including prepaid
telecommunications, is deemed attributable to the address of
origination of the telecommunications service.

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

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

---

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

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

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

(fff) "Marketplace seller." A person, whether or not the person is required to register to collect tax under this article, who:

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

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

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

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

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

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

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

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

** PART V-A **

** MARKETPLACE PROVIDERS AND MARKETPLACE SELLERS **

Section 213. Marketplace Providers and Marketplace Sellers.--(a) A marketplace provider shall:
(1) comply with all of the provisions of this article with respect to the collection of tax by vendors;

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

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

(b) A marketplace seller is not a person required to collect tax for purposes of this section regarding a particular sale at retail if:

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

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

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

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

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

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

Section 278. Remote Sales Reports. — * * *

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

Section 3. The act is amended by adding a section to read:
Section 304.2. Pennsylvania ABLE Savings Program Tax
Exemption. (a) The following shall be exempt from all taxation
by the Commonwealth and its political subdivisions:

(1) Undistributed earnings on an account.
(2) An amount distributed from an account that is not
included in gross income under section 529A(e)(1) of the
Internal Revenue Code.

(b) The following shall apply:
(1) An amount contributed to an account shall be deductible
from the taxable income of the contributor under this article
for the tax year the contribution was made.
(2) The total contributions made by a contributor during a
taxable year to all accounts that are allowable as a deduction
under this section shall not exceed the dollar amount under
section 2503(b) of the Internal Revenue Code.
(3) The deduction shall not result in the contributor's
taxable income being less than zero.
(4) The department and the Treasury Department shall
cooperate in verifying account information relating to
contributions to an account itemized by a contributor and the
contributor's specific contributions.

(c) An amount that is distributed from an account and not
otherwise exempt from taxation under this section shall be
taxable income to the designated beneficiary under this article.
(d) A change in designated beneficiaries under section
§29A(e) of the Internal Revenue Code shall not constitute a taxable event.

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

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

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

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


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

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

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

* * *

Section 4. Section 315.6 of the act is repealed:

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

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

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

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

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

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


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

{(c) Sections 315.3, 315.4 and 315.8 shall expire January 1, 2016.}

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

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

***

(3) "Taxable income." ***

4. ***

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

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

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

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

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

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

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

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

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

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

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

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Carryover</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>1 taxable year</td>
</tr>
<tr>
<td>1982</td>
<td>2 taxable years</td>
</tr>
<tr>
<td>1983-1987</td>
<td>3 taxable years</td>
</tr>
<tr>
<td>1988</td>
<td>2 taxable years plus</td>
</tr>
<tr>
<td>1989</td>
<td>1 taxable year plus</td>
</tr>
<tr>
<td>1995-2017</td>
<td>starting with the</td>
</tr>
<tr>
<td>1995 taxable year</td>
<td></td>
</tr>
<tr>
<td>1989</td>
<td>1 taxable year plus</td>
</tr>
</tbody>
</table>
2 taxable years starting with the 1995 taxable year
1990-1993

3 taxable years starting with the 1995 taxable year
1994

1 taxable year
1995-1997

10 taxable years
1998 and thereafter

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

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

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

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

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

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

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

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

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

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

* * *

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

PART IV-A

QUALIFIED MANUFACTURING INNOVATION

AND REINVESTMENT DEDUCTION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) The number of new jobs created and their corresponding description.
(2) The number of new jobs created during construction of the project.
(3) The amount of private capital investment in the creation of new jobs.
(4) The increase in the annual taxable payroll attributable to new manufacturing jobs.
(5) A determination of the maximum allowable deduction.
(6) Any other information as the department deems appropriate.

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

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

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

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

Section 1101. Imposition of Tax. (a) General Rule. Every pipeline company, conduit company, steamboat company, canal company, slack water navigation company, transportation company, and every other company, association, joint-stock association, or limited partnership, now or hereafter incorporated or organized by or under any law of this Commonwealth, or now or hereafter organized or incorporated by any other state or by the
United States or any foreign government, and doing business in this Commonwealth, and every copartnership, person or persons, any pipeline, conduit, steamboat, canal, slack water navigation, or other device for the transportation of freight, passengers, baggage, or oil, except motor vehicles and railroads, and every limited partnership, association, joint stock association, limited partnership, copartnership, person or persons, any pipeline, conduit, steamboat, canal, slack water navigation, or other device for the transportation of freight, passengers, baggage, or oil, except motor vehicles and railroads, and every limited partnership, association, joint stock association, corporation or company engaged in, or hereinafter engaged in, the transportation of freight or oil within this State, and every telephone company, telegraph company or provider of mobile telecommunications services now or hereafter incorporated or organized by or under any law of this Commonwealth, or now or hereafter organized or incorporated by any other state or by the United States or any foreign government and doing business in this Commonwealth, and every limited partnership, association, joint stock association, copartnership, person or persons, engaged in telephone or telegraph business or providing mobile telecommunications services in this Commonwealth, shall pay to the State Treasurer, through the Department of Revenue, a tax [of forty-five mills with a surtax equal to five mills] at the rate set forth in subsection (j.1) upon each dollar of the gross receipts of the corporation, company or association, limited partnership, joint stock association, copartnership, person or persons received from:

* * *

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

***

(b.2) Natural Gas Supply and Natural Gas Distribution
Companies.—

(1) Every natural gas supply company and natural gas
distribution company, incorporated or organized under the laws
of the United States, this Commonwealth, a state or a foreign
government, on or after the effective date of this subsection
and doing business in this Commonwealth, and every limited
partnership, association, joint-stock association,
copartnership, or person, engaged in natural gas supply or
natural gas distribution business in this Commonwealth, shall
pay to the State Treasurer, through the Department of Revenue, a
tax at the rate set forth in subsection (j.1) upon each dollar
of the gross receipts of the corporation, company or
association, limited partnership, joint-stock association,
copartnership or person, received from the sales and delivery of
natural gas to retail gas customers within this Commonwealth,
except gross receipts derived from:
(i) sales of liquefied petroleum gas;

(ii) (Reserved);

(iii) (Reserved);

(iv) sales to an electric generation company that are consumed for the purpose of generating electricity; and

(v) gross receipts derived from the sales for resale to persons, partnerships, associations or corporations subject to the tax imposed by this act upon gross receipts derived from the resale.

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

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

(c) Payment of Tax; Reports.—The said taxes imposed under subsections (a) (and (b)), (b) and (b.2) shall be paid within the time prescribed by law, and for the purpose of ascertaining the amount of the same, it shall be the duty of the treasurer or other proper officer of the said company, copartnership, limited partnership, association, joint-stock association or corporation, or person or persons, to transmit to the Department of Revenue on or before March 15 of each year an annual report, and under oath or affirmation, of the amount of gross receipts of the said companies, copartnerships, corporations, associations, joint-stock associations, limited partnerships, person or persons, derived from all sources, and of gross receipts from business done wholly within this State and in the case of electric energy producers that transmit energy to other...
states referred to in clause (2) of subsection (b), a

compilation of the relevant information regarding operating and

maintenance expenses and depreciation, during the period of

twelve months immediately preceding January 1 of each year.

(c.1) Safe Harbor Base year. For purposes of the estimated
tax requirements under sections 3003.2 and 3003.3, the "safe-
harbor base year" tax amount for providers of mobile-
telecommunications services and for a natural gas supply company

and a natural gas distribution company subject to the provisions
of subsection (b.2) shall be the amount that would have been
required to be paid by the taxpayer if the taxpayer had been
subject to this article.

(e) Time to File Reports. The time for filing annual

reports may be extended, estimated assessments may be made by
the Department of Revenue if reports are not filed, and the
penalties for failing to file reports and pay the taxes imposed
under subsection (a) [and (b)], (b) and (b.2) shall be as-
prescribed by the laws defining the powers and duties of the
Department of Revenue. In any case where the works of any

corporation, company, copartnership, association, joint-stock
association, limited partnership, person or persons are operated
by another corporation, company, copartnership, association,
joint stock association, limited partnership, person or persons,
the taxes imposed under subsections (a) [and (b)], (b) and (b.2)
shall be apportioned between the corporations, companies,
copartnerships, associations, joint stock associations, limited
partnerships, person or persons in accordance with the terms of
their respective leases or agreements, but for the payment of
the said taxes the Commonwealth shall first look to the

corporation, company, copartnership, association, joint stock
association, limited partnership, person or persons operating the works, and upon payment by the said company, corporation, copartnership, association, joint-stock association, limited partnership, person or persons of a tax upon the receipts, as herein provided, derived from the operation thereof, no other corporation, company, copartnership, association, joint-stock association, limited partnership, person or persons shall be held liable for any tax imposed under subsections (a) [and (b)] -- (b) and (b.2) upon the proportion of said receipts received by said corporation, company, copartnership, association, joint-stock association, limited partnership, person or persons for the use of said works.

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

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

***

(j.1) The tax imposed under this section shall be imposed at the following rates:
Sixty mills for receipts subject to tax under subsection (a).

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

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

(j.2) Schedule for Certain Payments.

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

(2) For calendar year 2018, the following schedule applies to the payment of the tax under subsection (b.2):

(i) Fifty per cent of the estimated tax shall be due on March 15, 2018.

(ii) Fifty per cent of the estimated tax shall be due on June 15, 2018.

(3) For calendar years after 2018, the payment of the estimated tax under subsection (b.2) shall be due in accordance with section 3003.2.

***

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

PART V

NATURAL GAS OPTIMIZATION FUND

Section 1111. Natural Gas Optimization Fund.

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

Section 1112. Transfer of funds.

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

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

PART VI

NATURAL GAS OPTIMIZATION PROGRAM

Section 1113. Definitions.

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


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

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

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

Section 1114. Natural Gas Optimization Program.

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

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

(c) Grants.--

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(5) The projected cost of the project.

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

(7) Any other relevant factors as determined by the
commission.

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

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

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

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

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

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

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

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

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

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

***

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

Section 1102-C.2. Exempt Parties.--The United States, the Commonwealth or any of their instrumentalities, agencies or political subdivisions, or veterans' service organizations shall be exempt from payment of the tax imposed by this article. The exemption under this section shall not, however, relieve any other party to a transaction from liability for the tax.

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

Section 1711-D. Definitions.

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

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

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

***

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

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

***

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

***

Section 7.3. The act is amended by adding a section to read:

Section 1716.2-D. Film production tax credit districts.

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

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

(1) Be at least 55 acres in size.

(2) Be located on deteriorated property.

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

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

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

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

(c) Application.--The following apply:

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

(2) The application shall contain the following
information:

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

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

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

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

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

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

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

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

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

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

SUBARTICLE E
ENTERTAINMENT ECONOMIC ENHANCEMENT PROGRAM

Section 1771 D. Scope of subarticle.

This subarticle relates to the Entertainment Economic-
Enhancement Program.

Section 1772 D. Definitions.

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

"Class 1 venue." A stadium, arena, other structure or
property owned by a municipality or an authority formed under

Article XXV-A of the act of July 28, 1953 (P.L.723, No.230),

known as the Second Class County Code, at which concerts are

performed and which is all of the following:

(1) Located in a city of the first class or a county of

the second class.

(2) Constructed in a manner in which the venue has a

seating capacity of at least 14,000.

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

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

(1) Located outside the geographic boundaries of a city

of the first class or a county of the second class.

(2) Constructed in a manner in which the venue has a

seating capacity of at least 6,000.

"Class 3 venue." A stadium, arena or other structure which

is any of the following:

(1) Located within a neighborhood improvement zone, as

defined in section 1902-B.

(2) Owned by or affiliated with a State-related

institution as defined in 62 Pa.C.S. § 103 (relating to

definitions).

(3) Owned by the Commonwealth and affiliated with the

State System of Higher Education.

"Concert." A live performance of music in the presence of

individuals who view the performance.

"Concert tour equipment." Includes stage, set, scenery,

design elements, automation, rigging, trusses, spotlights,

lighting, sound equipment, video equipment, special effects,

cases, communication devices, power distribution equipment,

backline and other miscellaneous equipment or supplies used.
during a concert or rehearsal.

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

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

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

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

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

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

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

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

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

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

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

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

(3) An unincorporated entity subject to section 307.21.

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

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

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

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

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

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

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

1. Has had a minimum of $8,000,000 invested in the rehearsal facility in land or structure, or a combination of
land and structure.

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

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

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

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

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

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

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

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

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

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

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

(1) Compensation paid or to be paid to an individual employed in the rehearsal of the performance.
(2) Payment to a personal service corporation representing individual talent.

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

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

(5) The cost of leasing vehicles.

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

(7) The cost of insurance coverage.

(8) The cost of food and lodging.

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

(10) The cost of renting a rehearsal facility.

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

"Rehearsal facility." As follows:

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

(i) Located within this Commonwealth.

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

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

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

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

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

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

"Tour expense." As follows:

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

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

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

   (iii) The cost of leasing vehicles upon which the
(iv) The cost of insurance coverage which is purchased or will be purchased through an insurance agent based in this Commonwealth.

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

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

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

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

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

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

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

"Venue." A class 1, class 2 or class 3 venue.
(a) Application.--A taxpayer may apply to the department for a tax credit under this section. The application shall be on the form required by the department.

(b) Review and approval.--

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

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

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

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

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

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

(vi) The anticipated amount of the tour expenses.

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

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

(ix) Other criteria that the department deems appropriate to ensure maximum employment opportunities and entertainment benefits for the residents of this

20170HB0542PN2598 - 42 -
Commonwealth.

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

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

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

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

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

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

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

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

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

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

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

(9) Any other information the department deems appropriate.

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

Section 1774-D. Claim.

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

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

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

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

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

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

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

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

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

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

(c) Purchasers and assignees. The following apply:

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

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

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

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

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

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

(1) The location where services are performed.

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

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

(4) Other factors the department determines are
relevant.
Section 1777-D. Limitations.

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

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

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

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

(c) Individual limitations. The following shall apply:

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

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

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

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

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

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

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

Section 1778-D. Penalty.

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

Section 1779-D. Pass through entity.

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

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

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

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

Section 1781-D. Report to General Assembly.

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

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

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

20170HB0542PN2598 - 50 -
The total amount of tax revenues, both directly and indirectly, generated for the Commonwealth during the fiscal year by the concert rehearsal and tour industry.

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

Section 1813-C. Restrictions.

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

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

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

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

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

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

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

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

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

(c) Excess money.—

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

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

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

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

(d) Matching funds.—

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

(i) Equity.

(ii) Private developer debt and financing.

(iii) Soft costs associated with land development.

(iv) Costs of professional services associated with development.

(v) Costs associated with improvements of the parcel.

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

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

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

(3) If it is determined that insufficient private, Federal or local money was utilized under paragraph (1), the amount of fund money utilized under paragraph (1) in the prior calendar year shall be deducted from the next transfer...
Section 1814-C. Transfer of property.

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

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

(a.2) Infeasibility.—

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

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

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

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

Section 1902-B. Definitions.

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

***

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

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

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

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

***

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

Section 1904.3-B. Transfer of property.

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

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

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

(b) Public Hearing.—The following apply:

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

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

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

Section 1911-D. Additional keystone opportunity zones.

* * *

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

* * *

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

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

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

ARTICLE XXII
ELECTRIC GRID VIRTUAL FINANCIAL TRANSACTIONS TAX

Section 2201. Definitions.

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

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

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

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

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

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

Section 2202. Imposition.

There is imposed a tax at the rate of five percent on the
gross transaction amount without deduction of electric grid
virtual financial transactions in the electricity markets
administered by the regional transmission organization. The tax
shall be imposed on and owed by the entity initiating the
electric grid virtual financial transaction in the electricity
markets administered by the regional transmission organization.
The tax shall be assessed on the entities initiating electric-
grid virtual financial transactions and collected at the time of
settlement of the electric grid virtual transactions.

Section 2203. Remittance.

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

(1) Due on the 20th day of each month for gross-
transaction amounts without deduction attributable to
(2) remitted to the Department of Revenue by the
regional transmission organization that administers the
electricity markets in which the electric grid virtual
financial transaction was initiated.
(b) Report. The tax shall be reported in the form or manner
required by the Department of Revenue.
Section 2204. Procedure and enforcement.
Chapters IV, V, VI, VII and VIII of Part VI of Article II are
incorporated by reference into this article in so far as they
are consistent with this article and applicable to the tax
imposed under this article.
Section 13. Section 2301(e) of the act is amended and the
section is amended by adding a subsection to read:
Section 2301. Public Transportation Assistance Fund.-- * * *
(e) [There] Except as provided in subsection (e.1), there is
hereby imposed on each rental of a motor vehicle subject to tax
under Article II a fee of two dollars ($2) for each day or part
of a day for which the vehicle is rented.
(e.1) (1) There is hereby imposed on each rental of a motor
vehicle subject to tax under Article II and used in carsharing a
fee for each day or part of a day computed according to the
following schedule:

<table>
<thead>
<tr>
<th>Rental Interval</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 2 hours</td>
<td>$.25</td>
</tr>
<tr>
<td>2 to 3 hours</td>
<td>$.50</td>
</tr>
<tr>
<td>More than 3, but less than 4 hours</td>
<td>$1.25</td>
</tr>
<tr>
<td>4 hours or more</td>
<td>$2.00</td>
</tr>
</tbody>
</table>

20170HB0542PN2598 - 60 -
(2) For purposes of this subsection, the term "carsharing" shall mean a membership-based service that provides an alternative to personal car ownership and which meets the following conditions:

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

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

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

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

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

ARTICLE XXIV

FIREWORKS

Section 2401. Definitions.

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


"Consumer fireworks."

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

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

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

(1) salutes that contain more than two grains or 130 milligrams of explosive materials;
(2) aerial shells containing more than 60 grams of pyrotechnic compositions; and
(3) other display pieces that exceed the limits of explosive materials for classification as consumer fireworks and are classified as fireworks UN0333, UN0334 or UN0335 under 49 CFR 172.101 (relating to purpose and use of hazardous materials table).

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

"NFPA 1124." The National Fire Protection Association Standard 1124, Code for the Manufacture, Transportation and

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

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

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

Section 2402. Permits.

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

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

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

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

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

(5) For signal or ceremonial purposes in athletics or
(6) By military organizations or organizations composed of veterans of the armed forces of the United States.

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

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

Section 2403. Request for extension.

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

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

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

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

Section 2404. Use of consumer fireworks.

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

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

(1) Consumer fireworks on public or private property
without the express permission of the owner.
(2) Consumer fireworks or sparkling devices within, or
threw consumer fireworks or sparkling devices from, a motor-
vehicle or building.
(3) Consumer fireworks or sparkling devices into or at a
motor vehicle or building or at another person.
(4) Consumer fireworks or sparkling devices while the
person is under the influence of alcohol, a controlled
substance or another drug.
(5) Consumer fireworks within 150 feet of an occupied-
structure.

Section 2404.1. Use of display fireworks.
No display fireworks shall be ignited within 300 feet of a-
facility.

Section 2405. Agricultural purposes.

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

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

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

Section 2406. Rules and regulations by municipality.

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

(b) Conditions.

(1) Each display shall be:

(i) handled by a competent operator; and

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

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

(3) A permit shall be transferable.

Section 2407. Sales locations.

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

(1) The facility shall comply with the provisions of the
act of November 10, 1999 (P.L.491, No.45), known as the

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

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

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

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

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

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

Section 2408. Fees, granting of licenses and inspections.

(a) Initial application fees.--

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

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

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

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

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

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

(c) Time limitations and inspections.--

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

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

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

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

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

Section 2409. Conditions for facilities.

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

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

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

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

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

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

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

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

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

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

Section 2410. Temporary structures.

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

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

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

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

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

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

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

(7) The temporary structure is secured at all times during which consumer fireworks are displayed within the structure.
(8) The temporary structure has a minimum of $2,000,000 in public and product liability insurance.

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

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

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

(1) Helicopter, Aerial Spinner (APA 87-1, 3.1.2.3).
(2) Roman Candle (APA 87-1, 3.1.2.4).
(3) Mine and Shell Devices (APA 87-1, 3.1.2.5).

Section 2411. Attorney General.

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

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

Section 2412. Consumer fireworks tax.

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

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

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

Section 2413. Disposition of certain funds.

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

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

Section 2414. Penalties.

The following shall apply:

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

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

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

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

Section 2415. Removal, storage and destruction.
The Pennsylvania State Police, a sheriff or police officer
shall take, remove or cause to be removed at the expense of the
owner all stocks of consumer fireworks or display fireworks or
combustibles offered or exposed for sale, stored or held in
violation of this article. The owner shall also be responsible
for the storage and, if deemed necessary, the destruction of
these fireworks.

ARTICLE XXIV-A
UNCONVENTIONAL GAS WELLS
Section 2401-A. Definitions.
The following words and phrases when used in this article
shall have the meanings given to them in this section unless the
context clearly indicates otherwise:
"Average annual price of natural gas." As defined in 58
Pa.C.S. § 2301 (relating to definitions).
"Department." The Department of Environmental Protection of
the Commonwealth.
"Meter." A device to measure the passage of volumes of gases
or liquids past a certain point.
"Natural gas." As defined in 58 Pa.C.S. § 2301.

"Producer." As defined in 58 Pa.C.S. § 2301.

"Sever." The extraction or other removal of natural gas from an unconventional formation in this Commonwealth. The term does not include natural gas, in gaseous or liquid form, which is burned, used, consumed or otherwise employed in oil and gas operations at a natural gas well site:

(1) for secondary recovery;
(2) for re-pressuring;
(3) for pressure maintenance; or
(4) as fuel for equipment.

"Trigger date." The date 60 days after the effective date of this section.

"Unconventional formation." As defined in 58 Pa.C.S. § 2301.

"Unconventional gas well." As defined in 58 Pa.C.S. § 2301.

"Unit." A thousand cubic feet (Mcf) of natural gas at a temperature of 60 degrees Fahrenheit and an absolute pressure of 14.73 pounds per square inch, in accordance with American Gas Association (AGA) standards and according to Boyle's law for the measurement of gas under varying pressures with deviations therefrom as follows:

(1) The average absolute atmospheric pressure shall be assumed to be 14.4 pounds to the square inch, notwithstanding the actual elevation or location of point of delivery above sea level or variations in the atmospheric pressure.
(2) The temperature of the gas passing the meters shall be determined by the continuous use of a recording thermometer installed so that the thermometer may properly record the temperature of the gas flowing through the meters.

The arithmetic average of the temperature recorded each 24-
hour day shall be used in computing gas volumes. If a
recording thermometer is not installed, or if installed and
not operating properly, an average flowing temperature of 60
degrees Fahrenheit shall be used in computing gas volume.

(3) The specific gravity of the gas shall be determined
by tests made by the use of an Edwards or Acme gravity-
balance annually or at intervals as are found necessary in-
practice. Specific gravity shall be used in computing gas
volumes.

(4) The deviation of the natural gas from Boyle's law
shall be determined by tests annually or at other shorter
intervals as are found necessary in practice. The apparatus
and the method to be used in making the tests shall be in-
accordance with recommendations of the National Bureau of
Standards of the Department of Commerce or Report No. 3 of
the Gas Measurement Committee of the American Gas-
Association, or any amendments thereof. The results of the
tests shall be used in computing the volume of gas delivered.

"Wellhead meter." A meter placed at a producing site to
measure the actual volume of natural gas severed.

Section 2402-A. Volume differential tax.

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

(b) Computation. The volume differential tax for each-
unconventional gas well shall be calculated by applying the
applicable rate under subsection (b.1) to natural gas severed
from the unconventional gas well during the imposition period
under subsection (b.2).
(b.1) Tax rate.—The tax rate shall be as follows:

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

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

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

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

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

(b.2) Imposition period.—The imposition period shall be as follows:

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

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

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

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

(c) Volume measurement.

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

(2) Natural gas severed prior to the trigger date shall be measured according to the standards and methods used for reporting natural gas production to the department.

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

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

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

(2) After deposit under paragraph (1), remaining money shall be deposited into the General Fund.
(f) Independent Fiscal Office.--Beginning September 30, 2018, and quarterly thereafter, the Independent Fiscal Office shall publish a report on its publicly accessible Internet website that shows the calculation of an average effective tax rate of the volume differential tax imposed under this article and the unconventional gas well fee imposed under 58 Pa.C.S. Ch. 23, imposed for the preceding imposition period. The average effective tax rate shall quantify the implicit tax burden imposed on a producer by both the volume differential tax and the unconventional gas well fee in a given year. The average effective tax rate shall be based upon the market value of natural gas at the wellhead using regional price information from hubs located in this Commonwealth and postproduction costs shall be deducted to approximate the value of natural gas at the wellhead. The report shall include the methodology used to calculate the average effective tax rate.

Section 2403-A. Issuance of permit.

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

(b) Construction.--Nothing under this section shall be
construed to relieve a person who commences activity under this section from complying with each law pertaining to the activity for which the permit is sought.

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

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

(1) For a well permit required under 58 Pa.C.S. § 2211(c) (relating to well permits), within:

(i) forty five calendar days of submission; or
(ii) sixty calendar days of submission if the review period has been extended for cause.

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

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

(i) fifty three business days of submission; or
(ii) twenty four business days of submission for an expedited application.

ARTICLE XXIV-B

UNCONVENTIONAL NATURAL GAS AIR QUALITY PROTECTION

Section 2401-B. Definitions.

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) A natural gas well site which:

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

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

(2) Temporary activity.

Section 2403-B. Air Quality Permit Advisory Committee.

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

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

(1) One member appointed by the Governor.

(2) The following members of the Senate:

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

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

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

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

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

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

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

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

ARTICLE XXIV-C
ENVIRONMENTAL PERMITTING REFORM

Section 2401-C. Definitions.

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

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

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

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

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

"Permit decision." The issuance or denial of a permit.
"Permit decision delay." The failure of the department to issue a permit decision within:

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

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

"Permit program." The operation and management of permits identified which are subject to permit decision delay.

Section 2402-C. Initial review by department.

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

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

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

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

(c) Fees.--Fees collected by the department from permit applications in the permit program shall be remitted to the respective third party licensed professionals with whom the department has contracted for the permit program.

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

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

Section 2404-C. Annual reports.

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

(1) The number of permit applications received.

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

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

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

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

Section 2405-C. Rules and regulations.
The department shall promulgate rules and regulations
necessary to implement the provisions of this article.

Section 2406-C. Applicability.
This article shall apply to all permits required to comply
with statutes and regulations administered by the department.

Section 2407-C. Effect of article.
Nothing in this article shall be construed to limit or
otherwise alter the department's authority to revoke a permit
for failure to comply with the laws of this Commonwealth.

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

Section 2702. Petition for reassessment.
(a) General rule.--A taxpayer may file a petition for
reassessment with the department within [90] 60 days after the
mailing date of the notice of assessment.

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

***

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

***
Section 15. Section 2703(e) and (f) of the act are amended and the section is amended by adding a subsection to read:

Section 2703. Petition procedure.

* * *

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

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

(f) Failure of department to take action. The failure of the department to dispose of the petition within the time period...
provided for by subsection (d) or (e) or (e.1) shall act as a

denial of the petition. Notice of the department's failure to

take action and the denial of the petition shall be mailed to

the petitioner.

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

Section 2704. Review by board.

(a) Petition for review of a decision and order. Within

60 days after the mailing date of the department's notice
of decision and order on a petition filed with it, a taxpayer
may petition the board to review the decision and order of the
department.

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

(c) Evidence.--The petitioner and the department shall be
entitled to present oral and documentary evidence in support of
their positions. The petitioner and the department will be
provided the opportunity to comment upon any submitted evidence
and provide written and oral argument to support their
positions. Written arguments and evidence submitted to the board
shall be submitted to the other party. If written arguments and
evidence are not submitted to the other party, the board shall
not take notice of the written arguments or evidence.

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

***

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

***

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

[1] The board shall establish procedures to facilitate
the compromise settlement of issues on appeal. A compromise
settlement shall be ordered by the board only with the
agreement of both the petitioner and the department. The
provisions of section 2707(c) shall be applicable to
compromise settlements under this section.
(2) A compromise settlement may be submitted to the board at any time before the board's decision and order, including after the board grants reconsideration of a decision and order.

(3) If a payment is due to the department under a compromise settlement, the petitioner shall pay the liability due within 60 days of the date of a notice from the department specifying the board's decision and order. If the petitioner fails to pay the liability due within 60 days of the date of a notice from the department specifying the board's decision and order, the decision or order shall be void and, upon notice by the department, the board shall issue a decision and order denying the petition.

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

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

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

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

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

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

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

(v) A summary claim order shall not be appealable,
be published on the board's publicly accessible Internet
website subject to ex parte communications prohibitions
or be precedent under section 210 of the act of December
20, 1996 (P.L.1504, No.195), known as the Taxpayers' Bill
of Rights.
All petitions in which, in the aggregate, the contested tax is in excess of the threshold amount established under paragraph (3), shall be addressed by the board as a standard claim. A standard claim shall be addressed by the board under the following procedures:

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

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

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

(f) Time limit for decision and order.

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

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

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

**

(h) Publication of decisions.--

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

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

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

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

(iii) Specific dollar amounts of tax.

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

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

(i) Sections 274, 353 and 408.

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

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

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

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

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

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

***

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

ARTICLE XXVIII

TOBACCO MASTER SETTLEMENT PAYMENT REVENUE BONDS

Section 2801. Definitions.

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

"Account." The Tobacco Revenue Bond Debt Service Account established in section 2805.

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

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

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

"Fund." The Tobacco Settlement Fund established in section 20170HB0542PN2598.

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

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


Section 2802. Bond issuance.

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


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

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

(4) A significant portion of the Commonwealth's General Fund annual expenditures are dedicated to the protection of the health, safety and general welfare of the people of this state.
Commonwealth and the furtherance of economic development and efficiency within this Commonwealth by providing basic services and facilities.

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

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

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

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

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

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

(c) Debt or liability.—

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

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

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

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

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

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

Section 2803. Limitations on bond issuance.

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

(b) Limitation. The authority shall not issue any bonds
under this article, except refunding bonds, after June 30, 2019.
The authority, in consultation with the office, shall determine
the principal amounts of taxable bonds and tax-exempt bonds to

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

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

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

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

Section 2804. Finance pledge.

(a) Annual payments.--

(1) Annual payments received under the Master Settlement Agreement are pledged by the Commonwealth in the amount certified by the secretary under paragraph (2) for payment of principal and interest for bonds issued by the authority under this article.

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

(b) General revenues.

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

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

(3) A pledge under this subsection may be primary security or subordinate to amounts pledged in subsection (a).

Section 2805. Tobacco Revenue Bond Debt Service Account.

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

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

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

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

Section 2806. Service agreement authorized.

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

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

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

Section 2807. Deposit of bond proceeds.
The net proceeds of bonds, other than refunding bonds,
exclusive of costs of issuance, reserves and other financing
charges, shall be transferred by the authority to the State
Treasurer for deposit into the General Fund and shall be
available for expenditure as provided in this article upon
appropriation by the General Assembly.

Section 2808. Limitation on appropriations.
The amount of annual payments from the Master Settlement
Agreement that are pledged and certified by the secretary under
section 2804 for the payment of principal and interest for bonds
issued under this article shall not be subject to appropriation
under section 1713 A.1 of the act of April 9, 1929 (P.L.343,
No.176), known as The Fiscal Code.

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

Section 3003.6. Timely Filing. The following apply:

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

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

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

Section 19. Severability is as follows:
If section 2403-A or any provision of Article XXIV-B or
XXIV-C of the act, as added by this act, is held invalid, the
remaining provisions of Article XXIV-A of the act, as added
by this act, are void.

Section 20. This act shall apply as follows:
(1) The tax imposed under section 2202 of the act shall
apply to transactions occurring at least 30 days after the
effective date of this paragraph.
(2) The amendment or addition of the following
provisions of the acts shall apply to petitions for refunds,
petitions for reassessments and petitions for

20170HB0542PN2598 - 102 -
redeterminations filed with the department on or after 60
days from the effective date of this section:

(i) Section 2702(a) and (a.1).
(ii) Section 2703(e), (e.1) and (f).
(iii) Section 2704(a), (b), (d.2), (d.3), (d.5),
     (d.7), (e), (f), (h), (h.1) and (h.2).

Section 21. Repeals are as follows:

(1) The General Assembly declares that the repeal under
paragraph (2) is necessary to effectuate the addition of
Subarticle E of Article XVII-D.
(2) 12 Pa.C.S. Ch. 33 is repealed.
(3) The General Assembly declares that the repeal under
paragraph (4) is necessary to effectuate the addition of
Article XXIV of the act.
(4) The act of May 15, 1939 (P.L.134, No.65), referred
to as the Fireworks Law, is repealed.
(5) The General Assembly declares that the repeal under
paragraph (6) is necessary to effectuate the addition of
Article XXIV-A of the act.
(6) 58 Pa.C.S. § 2318 is repealed.
(7) The General Assembly declares that the repeal under
paragraph (8) is necessary to effectuate the amendment of
section 3003.6 of the act.
(8) Section 1102.1 of the act of April 9, 1929 (P.L.343,
No.176), known as The Fiscal Code, is repealed.

Section 22. This act shall take effect as follows:

(1) The following provisions shall take effect in 60-
days:
(i) The addition of section 401(3)4(c.1) of the act.
(ii) The addition of Part IV-A of Article IV of the
(iii) The addition of the definitions of “deteriorated property” and “film production tax credit district” in section 1711-D of the act.

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

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

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

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

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

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

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

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

(2) The following provisions shall take effect in 90 days:

(i) The addition of Article XXIV-C of the act.

(ii) (Reserved).

(3) The following provisions shall take effect in 120 days:

(i) The addition of Article XXIV-B of the act.

(ii) (Reserved).

(4) The following provisions shall take effect August 1, 2017, or immediately, whichever is later:

(i) The amendment or addition of section 1101(a) introductory paragraph, (b) heading and introductory paragraph, (b.2), (c), (e.1), (e), (f), (f.1), (j.1) and (j.2) of the act.
(ii) The addition of Parts V and VI of Article XI of the act.

(5) (Reserved).

(6) The following provisions shall take effect in 365 days:

(i) The amendment of the definition of "contracting authority" in section 1902-B of the act.

(ii) The addition of section 1904.3-B of the act.

(7) The amendment or addition of section 401(3)(e)(1) (A)(VI), (VII) and (VIII) and (2)(B)(VII) and (VIII) of the act shall take effect on the date of the publication of the notice under section 18 of this act.

(8) The following provisions shall take effect immediately:

(i) This section.

(ii) The remainder of this act.

SECTION 1. SECTION 201(M) OF THE ACT OF MARCH 4, 1971 (P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE OF 1971, AMENDED JULY 13, 2016 (P.L.526, NO.84), ARE AMENDED TO READ:

SECTION 201. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND PHRASES WHEN USED IN THIS ARTICLE II SHALL HAVE THE MEANING ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT CLEARLY INDICATES A DIFFERENT MEANING:

***

(M) "TANGIBLE PERSONAL PROPERTY."

(1) CORPOREAL PERSONAL PROPERTY INCLUDING, BUT NOT LIMITED TO, GOODS, WARES, MERCHANDISE, STEAM AND NATURAL AND MANUFACTURED AND BOTTLED GAS FOR NON-RESIDENTIAL USE, ELECTRICITY FOR NON-RESIDENTIAL USE, PREPAID TELECOMMUNICATIONS, PREMIUM CABLE OR PREMIUM VIDEO PROGRAMMING SERVICE, SPIRITUOUS
OR VINOUS LIQUOR AND MALT OR BREWED BEVERAGES AND SOFT DRINKS,
INTERSTATE TELECOMMUNICATIONS SERVICE ORIGINATING OR TERMINATING
IN THE COMMONWEALTH AND CHARGED TO A SERVICE ADDRESS IN THIS
COMMONWEALTH, INTRASTATE TELECOMMUNICATIONS SERVICE WITH THE
EXCEPTION OF (I) SUBSCRIBER LINE CHARGES AND BASIC LOCAL
TELEPHONE SERVICE FOR RESIDENTIAL USE AND (II) CHARGES FOR
TELEPHONE CALLS PAID FOR BY INSERTING MONEY INTO A TELEPHONE
ACCEPTING DIRECT DEPOSITS OF MONEY TO OPERATE, PROVIDED FURTHER,
THE SERVICE ADDRESS OF ANY INTRASTATE TELECOMMUNICATIONS SERVICE
IS DEEMED TO BE WITHIN THIS COMMONWEALTH OR WITHIN A POLITICAL
SUBDIVISION, REGARDLESS OF HOW OR WHERE BILLED OR PAID. IN THE
CASE OF ANY SUCH INTERSTATE OR INTRASTATE TELECOMMUNICATIONS
SERVICE, ANY CHARGE PAID THROUGH A CREDIT OR PAYMENT MECHANISM
WHICH DOES NOT RELATE TO A SERVICE ADDRESS, SUCH AS A BANK,
TRAVEL, CREDIT OR DEBIT CARD, BUT NOT INCLUDING PREPAID
TELECOMMUNICATIONS, IS DEEMED ATTRIBUTABLE TO THE ADDRESS OF
ORIGINATION OF THE TELECOMMUNICATIONS SERVICE.

(2) THE TERM SHALL INCLUDE THE FOLLOWING, WHETHER
ELECTRONICALLY OR DIGITALLY DELIVERED, STREAMED OR ACCESSED AND
WHETHER PURCHASED SINGLY, BY SUBSCRIPTION OR IN ANY OTHER
MANNER, INCLUDING MAINTENANCE[,] AND UPDATES [AND SUPPORT]+

(I) VIDEO;

(II) PHOTOGRAPHS;

(III) BOOKS;

(IV) ANY OTHER OTHERWISE TAXABLE PRINTED MATTER;

(V) APPLICATIONS, COMMONLY KNOWN AS APPS;

(VI) GAMES;

(VII) MUSIC;

(VIII) ANY OTHER AUDIO, INCLUDING SATELLITE RADIO SERVICE;

(IX) CANNED SOFTWARE, NOTWITHSTANDING THE FUNCTION
SECTION 2. SECTION 202(A) OF THE ACT IS AMENDED TO READ:

SECTION 202. IMPOSITION OF TAX. (A) THERE IS HEREBY

IMPOSED UPON EACH SEPARATE SALE AT RETAIL OF TANGIBLE PERSONAL

PROPERTY OR SERVICES, AS DEFINED HEREIN, WITHIN THIS

COMMONWEALTH A TAX OF SIX PER CENT OF THE PURCHASE PRICE, WHICH

TAX SHALL BE COLLECTED BY THE VENDOR OR ANY OTHER PERSON

REQUIRED BY THIS ARTICLE FROM THE PURCHASER, AND SHALL BE PAID

OVER TO THE COMMONWEALTH AS HEREIN PROVIDED.

SEC. 3. SECTION 204(13) OF THE ACT, AMENDED JULY 13, 2016

(P.L.526, NO.84), IS AMENDED TO READ:

SECTION 204. EXCLUSIONS FROM TAX. THE TAX IMPOSED BY

SECTION 202 SHALL NOT BE IMPOSED UPON ANY OF THE FOLLOWING:

(13) THE SALE AT RETAIL, OR USE OF WRAPPING PAPER, WRAPPING

TWINE, BAGS, CARTONS, TAPE, ROPE, LABELS, NONRETURNABLE-

CONTAINERS [AND] ALL OTHER WRAPPING SUPPLIES AND KEGS USED TO

CONTAIN MALT OR BREWED BEVERAGES, WHEN SUCH USE IS INCIDENTAL TO

THE DELIVERY OF ANY PERSONAL PROPERTY, EXCEPT THAT ANY CHARGE

FOR WRAPPING OR PACKAGING SHALL BE SUBJECT TO TAX AT THE RATE

IMPOSED BY SECTION 202, UNLESS THE PROPERTY WRAPPED OR PACKAGED

WILL BE RESOLD BY THE PURCHASER OF THE WRAPPING OR PACKAGING

SERVICE. AS USED IN THIS PARAGRAPH, THE TERM "CARTONS" INCLUDES

CORRUGATED BOXES USED BY A PERSON ENGAGED IN THE MANUFACTURE OF

SNACK FOOD PRODUCTS TO DELIVER THE MANUFACTURED PRODUCT, WHETHER
OR NOT THE BOXES ARE RETURNABLE FOR POTENTIAL REUSE.

* * *

SECTION 4. ARTICLE II OF THE ACT IS AMENDED BY ADDING A PART TO READ:

PART V-A

MARKETPLACE SALES

SECTION 213. DEFINITIONS. FOR THE PURPOSES OF THIS PART V-A ONLY, THE FOLLOWING WORDS, TERMS AND PHRASES SHALL HAVE THE MEANING ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT CLEARLY INDICATES A DIFFERENT MEANING:

(A) "AFFILIATED PERSON." A PERSON THAT, WITH RESPECT TO ANOTHER PERSON:

(1) HAS A DIRECT OR INDIRECT OWNERSHIP INTEREST OF MORE THAN FIVE PERCENT IN THE OTHER PERSON; OR

(2) IS RELATED TO THE OTHER PERSON BECAUSE A THIRD PERSON, OR GROUP OF THIRD PERSONS WHO ARE AFFILIATED WITH EACH OTHER AS DEFINED IN THIS SUBSECTION, HOLDS A DIRECT OR INDIRECT OWNERSHIP INTEREST OF MORE THAN FIVE PERCENT IN THE RELATED PERSON.

(B) "FORUM." A PLACE WHERE SALES AT RETAIL OCCUR, WHETHER PHYSICAL OR ELECTRONIC. THE TERM INCLUDES A STORE, A BOOTH, A PUBLICLY ACCESSIBLE INTERNET WEBSITE, A CATALOG OR SIMILAR PLACE.

(C) "MARKETPLACE FACILITATOR." A PERSON THAT FACILITATES THE SALE AT RETAIL OF TANGIBLE PERSONAL PROPERTY. FOR PURPOSES OF THIS SECTION, A PERSON FACILITATES A SALE AT RETAIL IF THE PERSON OR AN AFFILIATED PERSON:

(1) LISTS OR ADVERTISES TANGIBLE PERSONAL PROPERTY FOR SALE AT RETAIL IN ANY FORUM; AND

(2) EITHER DIRECTLY OR INDIRECTLY THROUGH AGREEMENTS OR ARRANGEMENTS WITH THIRD PARTIES, COLLECTS THE PAYMENT FROM THE
PURCHASER AND TRANSmits THE PAYMENT TO THE PERSON SELLING THE
PROPERTY.

THE TERM INCLUDES A PERSON THAT MAY ALSO BE A VENDOR.

(D) "MARKETPLACE SELLER." A PERSON THAT HAS AN AGREEMENT
WITH A MARKETPLACE FACILITATOR PURSUANT TO WHICH THE MARKETPLACE
FACILITATOR FACILITATES SALES FOR THE PERSON.

(E) "NOTICE AND REPORTING REQUIREMENTS." THE NOTICE
REQUIREMENTS UNDER SECTION 213.2 AND THE REPORTING REQUIREMENTS
UNDER SECTIONS 213.3 AND 213.4.

(F) "REFERRAL." THE TRANSFER BY A REFERRER OF A POTENTIAL
PURCHASER TO A PERSON THAT ADVERTISES OR LISTS PRODUCTS FOR SALE
ON THE REFERRER’S PLATFORM.

(G) "REFERRER." A PERSON, OTHER THAN A PERSON ENGAGING IN
THE BUSINESS OF PRINTING OR PUBLISHING A NEWSPAPER, THAT,
PURSUANT TO AN AGREEMENT OR ARRANGEMENT WITH A MARKETPLACE
SELLER OR REMOTE SELLER, DOES THE FOLLOWING:

(1) AGREES TO LIST OR ADVERTISE FOR SALE AT RETAIL ONE OR
MORE PRODUCTS OF THE MARKETPLACE SELLER OR REMOTE SELLER IN A
PHYSICAL OR ELECTRONIC MEDIUM.

(2) RECEIVES CONSIDERATION FROM THE MARKETPLACE SELLER OR
REMOTE SELLER FROM THE SALE OFFERED IN THE LISTING OR
ADVERTISEMENT.

(3) TRANSFERS BY TELECOMMUNICATIONS, INTERNET LINK OR OTHER
MEANS, A PURCHASER TO A MARKETPLACE SELLER, REMOTE SELLER OR
AFFILIATED PERSON TO COMPLETE A SALE.

(4) DOES NOT COLLECT A RECEIPT FROM THE PURCHASER FOR THE
SALE.

THE TERM DOES NOT INCLUDE A PERSON THAT:

(1) PROVIDES INTERNET ADVERTISING SERVICES; AND

(2) DOES NOT PROVIDE THE MARKETPLACE SELLER’S OR REMOTE
SELLER'S SHIPPING TERMS OR ADVERTISE WHETHER A MARKETPLACE SELLER OR REMOTE SELLER COLLECTS A SALES OR USE TAX.

THE TERM INCLUDES A PERSON THAT MAY ALSO BE A VENDOR.

(H) "REMOTE SELLER." A PERSON, OTHER THAN A MARKETPLACE FACILITATOR, MARKETPLACE SELLER OR REFERRER, THAT DOES NOT MAINTAIN A PLACE OF BUSINESS IN THIS COMMONWEALTH THAT, THROUGH A FORUM, SELLS TANGIBLE PERSONAL PROPERTY AT RETAIL, THE SALE OR USE OF WHICH IS SUBJECT TO THE TAX IMPOSED BY THIS ARTICLE. THE TERM DOES NOT INCLUDE AN EMPLOYEE WHO IN THE ORDINARY SCOPE OF EMPLOYMENT RENDERS SERVICES TO HIS EMPLOYER IN EXCHANGE FOR WAGES AND SALARIES.

SECTION 213.1. ELECTION.--(A) SUBJECT TO THE PROVISIONS OF SUBSECTIONS (C) AND (D), ON OR BEFORE DECEMBER 1, 2017, AND JUNE 1 OF EACH CALENDAR YEAR THEREAFTER, A REMOTE SELLER, A MARKETPLACE FACILITATOR OR A REFERRER THAT HAD AGGREGATE SALES AT RETAIL OF TANGIBLE PERSONAL PROPERTY SUBJECT TO TAX UNDER THIS ARTICLE WITHIN THIS COMMONWEALTH OR DELIVERED TO LOCATIONS WITHIN THIS COMMONWEALTH WORTH AT LEAST TEN THOUSAND DOLLARS ($10,000) DURING THE IMMEDIATELY PRECEDING TWELVE CALENDAR MONTH PERIOD SHALL FILE AN ELECTION WITH THE DEPARTMENT TO COLLECT AND REMIT THE TAX IMPOSED UNDER SECTION 202 OR TO COMPLY WITH THE NOTICE AND REPORTING REQUIREMENTS. THE ELECTION SHALL BE MADE ON A FORM AND IN A MANNER PRESCRIBED BY THE DEPARTMENT AND, EXCEPT AS PROVIDED IN SUBSECTION (E), SHALL APPLY TO THE NEXT SUCCEEDING FISCAL YEAR.

(B) A REMOTE SELLER, A MARKETPLACE FACILITATOR OR A REFERRER THAT MAKES AN ELECTION UNDER SUBSECTION (A) TO COLLECT AND REMIT THE TAX IMPOSED UNDER SECTION 202 SHALL OBTAIN A LICENSE UNDER PART IV OF THIS ARTICLE.

(C) THE REQUIREMENT BY A MARKETPLACE FACILITATOR TO MAKE AN
ELECTION UNDER SUBSECTION (A) SHALL ONLY APPLY TO THE FOLLOWING:

(1) SALES AT RETAIL THROUGH THE MARKETPLACE FACILITATOR’S FORUM MADE BY OR ON BEHALF OF A MARKETPLACE SELLER THAT DOES NOT MAINTAIN A PLACE OF BUSINESS IN THIS COMMONWEALTH; AND

(2) SALES AT RETAIL MADE BY A MARKETPLACE FACILITATOR ON ITS OWN BEHALF IF THE MARKETPLACE FACILITATOR DOES NOT MAINTAIN A PLACE OF BUSINESS IN THIS COMMONWEALTH.

(D) THE REQUIREMENT BY A REFERRER TO MAKE AN ELECTION UNDER SUBSECTION (A) SHALL ONLY APPLY TO SALES AT RETAIL:

(1) DIRECTLY RESULTING FROM A REFERRAL OF A PURCHASER TO A MARKETPLACE SELLER THAT DOES NOT MAINTAIN A PLACE OF BUSINESS IN THIS COMMONWEALTH;

(2) DIRECTLY RESULTING FROM A REFERRAL OF A PURCHASER TO A REMOTE SELLER; AND

(3) OF THE REFERRER’S OWN PRODUCTS IF THE REFERRER DOES NOT MAINTAIN A PLACE OF BUSINESS IN THIS COMMONWEALTH.

A REFERRER MAY MAKE AN ELECTION UNDER SUBSECTION (A) FOR THE SALES DESCRIBED IN PARAGRAPHS (1) AND (2) THAT IS DIFFERENT FROM THE ELECTION MADE FOR THE SALES DESCRIBED IN PARAGRAPH (3).

(E) AN ELECTION MADE ON OR BEFORE DECEMBER 1, 2017, SHALL BE IN EFFECT FOR THE BALANCE OF THE 2017-2018 FISCAL YEAR. A REMOTE SELLER, MARKETPLACE FACILITATOR OR REFERRER MAY CHANGE AN ELECTION TO COMPLY WITH THE NOTICE AND REPORTING REQUIREMENTS TO AN ELECTION TO COLLECT AND REMIT THE TAX IMPOSED UNDER SECTION 202 AT ANY TIME DURING A FISCAL YEAR BY FILING A NEW ELECTION WITH THE DEPARTMENT AND OBTAINING A LICENSE UNDER PART IV OF THIS ARTICLE. THE NEW ELECTION SHALL BE EFFECTIVE THIRTY DAYS AFTER THE FILING AND SHALL BE EFFECTIVE FOR THE BALANCE OF THE FISCAL YEAR IN WHICH THE NEW ELECTION WAS FILED AND FOR THE NEXT SUCCEEDING FISCAL YEAR.
(F) A REMOTE SELLER, MARKETPLACE FACILITATOR OR REFERRER WHO
DOES NOT SUBMIT AN ELECTION UNDER SUBSECTION (A) OR A NEW
ELECTION UNDER SUBSECTION (F) SHALL BE DEEMED TO HAVE ELECTED TO
COMPLY WITH THE NOTICE AND REPORTING REQUIREMENTS.

(G) IN ADDITION TO RECORDS THAT MAY BE REQUIRED TO BE
MAINTAINED UNDER OTHER APPLICABLE PROVISIONS OF THIS ARTICLE BY
A REMOTE SELLER, MARKETPLACE FACILITATOR OR REFERRER, A REMOTE-
SELLER, MARKETPLACE FACILITATOR OR REFERRER SUBJECT TO THIS PART
SHALL ALSO BE SUBJECT TO SECTION 271 RELATING TO THE KEEPING OF
RECORDS AND SECTION 272 RELATING TO THE EXAMINATION OF RECORDS
BY THE DEPARTMENT AND AGENTS AND EMPLOYEES OF THE DEPARTMENT.

SECTION 213.2. NOTICE REQUIREMENTS. (A) A REMOTE SELLER,
MARKETPLACE FACILITATOR OR REFERRER REQUIRED TO MAKE AN ELECTION
UNDER SECTION 213.1(A) THAT DOES NOT ELECT TO COLLECT AND REMIT
THE TAX IMPOSED BY SECTION 202 SHALL COMPLY WITH THE APPLICABLE
NOTICE REQUIREMENTS OF THIS SECTION.

(B) A REMOTE SELLER OR MARKETPLACE FACILITATOR SUBJECT TO
THE REQUIREMENTS OF THIS SECTION SHALL:

(1) POST A CONSPICUOUS NOTICE ON ITS FORUM THAT INFORMS
PURCHASERS INTENDING TO PURCHASE TANGIBLE PERSONAL PROPERTY FOR
DELIVERY TO A LOCATION WITHIN THIS COMMONWEALTH THAT INCLUDES
ALL OF THE FOLLOWING:

(I) SALES OR USE TAX MAY BE DUE IN CONNECTION WITH THE
PURCHASE AND DELIVERY OF THE TANGIBLE PERSON PROPERTY;

(II) THE COMMONWEALTH REQUIRES THE PURCHASER TO FILE A
RETURN IF USE TAX IS DUE IN CONNECTION WITH THE PURCHASE AND
DELIVERY; AND

(III) THE NOTICE IS REQUIRED BY THIS SECTION.

(2) PROVIDE A WRITTEN NOTICE TO EACH PURCHASER AT THE TIME
OF EACH SALE AT RETAIL THAT INCLUDES ALL OF THE FOLLOWING:
(I) A statement that sales tax is not being collected in connection with the purchase;

(II) A statement that the purchaser may be required to remit use tax directly to the department, and

(III) Instructions for obtaining additional information from the department regarding whether and how to remit use tax to the department.

(C) The notice required by subsection (B)(2) must be prominently displayed on all invoices and order forms and on each sales receipt or similar document, whether in paper or electronic form, provided to the purchaser. No statement that sales or use tax is not imposed on a transaction may be made by a remote seller or marketplace facilitator unless the transaction is exempt from sales and use tax pursuant to this article or other applicable Commonwealth law.

(D) A referrer subject to the requirements of this section shall post a conspicuous notice on its platform that informs purchasers intending to purchase tangible personal property for delivery to a location within this Commonwealth that includes all of the following:

(1) Sales or use tax may be due in connection with the purchase and delivery.

(2) The person to which the purchaser is being referred may or may not collect and remit sales tax to the department in connection with the transaction.

(3) The Commonwealth requires the purchaser to file a return if use tax is due in connection with the purchase and delivery and not collected by the person.

(4) The notice is required by this section.

(5) Instructions for obtaining additional information from...
THE DEPARTMENT REGARDING WHETHER AND HOW TO REMIT SALES OR USE TAX TO THE DEPARTMENT.

(6) IF THE PERSON TO WHOM THE PURCHASER IS BEING REFERRED DOES NOT COLLECT SALES TAX ON A SUBSEQUENT PURCHASE BY THE PURCHASER, THE PERSON MAY BE REQUIRED TO PROVIDE INFORMATION TO THE PURCHASER AND THE DEPARTMENT ABOUT THE PURCHASER'S POTENTIAL SALES OR USE TAX LIABILITY.

(E) THE NOTICE REQUIRED UNDER SUBSECTION (D) MUST BE PROMINENTLY DISPLAYED AND MAY INCLUDE POP-UP BOXES OR NOTIFICATION BY OTHER MEANS THAT APPEARS WHEN THE REFERRER TRANSFERS A PURCHASER TO A MARKETPLACE SELLER OR AN AFFILIATED PERSON TO COMPLETE THE SALE.

SECTION 213.3. REPORTING REQUIREMENTS FOR PURCHASERS AND MARKETPLACE SELLERS.--(A) A REMOTE SELLER OR MARKETPLACE FACILITATOR REQUIRED TO MAKE AN ELECTION UNDER SECTION 213.1(A) THAT DOES NOT ELECT TO COLLECT AND REMIT THE TAX IMPOSED BY SECTION 202 SHALL, NO LATER THAN FEBRUARY 28 OF EACH YEAR, PROVIDE A WRITTEN REPORT TO EACH PURCHASER REQUIRED TO RECEIVE THE NOTICE UNDER SECTION 213.2(B)(2) DURING THE IMMEDIATELY PRECEDING CALENDAR YEAR THAT INCLUDES ALL OF THE FOLLOWING:

(1) A STATEMENT THAT THE REMOTE SELLER OR MARKETPLACE FACILITATOR DID NOT COLLECT SALES TAX IN CONNECTION WITH THE PURCHASER'S TRANSACTIONS WITH THE REMOTE SELLER OR MARKETPLACE FACILITATOR AND THAT THE PURCHASER MAY BE REQUIRED TO REMIT USE TAX TO THE DEPARTMENT.

(2) A LIST, BY DATE, INDICATING THE TYPE AND PURCHASE PRICE OF EACH PRODUCT PURCHASED OR LEASED BY THE PURCHASER FROM THE REMOTE SELLER OR MARKETPLACE FACILITATOR AND DELIVERED TO A LOCATION WITHIN THIS COMMONWEALTH.

(3) INSTRUCTIONS FOR OBTAINING ADDITIONAL INFORMATION FROM...
THE DEPARTMENT REGARDING WHETHER AND HOW TO REMIT USE TAX TO THE
DEPARTMENT.

(4) A STATEMENT THAT THE REMOTE SELLER OR MARKETPLACE
FACILITATOR IS REQUIRED TO SUBMIT A REPORT TO THE DEPARTMENT
UNDER SECTION 213.4 THAT INCLUDES THE NAME OF THE PURCHASER AND
THE AGGREGATE DOLLAR AMOUNT OF THE PURCHASER'S PURCHASES FROM
THE REMOTE SELLER OR MARKETPLACE FACILITATOR.

(5) SUCH ADDITIONAL INFORMATION AS THE DEPARTMENT MAY
REASONABLY REQUIRE.

(B) THE DEPARTMENT SHALL PRESCRIBE THE FORM OF THE REPORT
REQUIRED UNDER SUBSECTION (A) AND SHALL MAKE THE FORM AVAILABLE
ON ITS PUBLICLY ACCESSIBLE INTERNET WEBSITE.

(C) THE REPORT REQUIRED UNDER SUBSECTION (A) SHALL BE MAILED
BY FIRST-CLASS MAIL IN AN ENVELOPE PROMINENTLY MARKED WITH WORDS
INDICATING THAT IMPORTANT TAX INFORMATION IS ENCLOSED TO THE
PURCHASER'S BILLING ADDRESS, IF KNOWN, OR, IF UNKNOWN, TO THE
PURCHASER'S SHIPPING ADDRESS. IF THE PURCHASER'S BILLING AND
SHIPPING ADDRESS ARE UNKNOWN, THE REPORT SHALL BE SENT
ELECTRONICALLY TO THE PURCHASER'S LAST KNOWN E-MAIL ADDRESS WITH
A SUBJECT HEADING INDICATING THAT IMPORTANT TAX INFORMATION IS
BEING PROVIDED.

(D) A REFERREER REQUIRED TO MAKE AN ELECTION UNDER SECTION
213.1(A) THAT DOES NOT ELECT TO COLLECT AND REMIT THE TAX
IMPOSED BY SECTION 202 SHALL, NO LATER THAN FEBRUARY 28 OF EACH
YEAR, PROVIDE A WRITTEN NOTICE TO EACH MARKETPLACE SELLER OR
REMOTE SELLER TO WHOM THE REFERREER TRANSFERRED A POTENTIAL
PURCHASER LOCATED IN THIS COMMONWEALTH DURING THE IMMEDIATELY-
PRECEDING CALENDAR YEAR THAT INCLUDES ALL OF THE FOLLOWING:

(1) A STATEMENT THAT A SALES OR USE TAX MAY BE IMPOSED BY
THE COMMONWEALTH ON THE TRANSACTION.
(2) A STATEMENT THAT THE MARKETPLACE SELLER OR REMOTE SELLER MAY BE REQUIRED TO MAKE THE ELECTION REQUIRED BY SECTION 213.1(A).

(3) INSTRUCTIONS FOR OBTAINING ADDITIONAL INFORMATION REGARDING SALES AND USE TAX FROM THE DEPARTMENT.

SECTION 213.4. REPORTS TO DEPARTMENT. (A) A REMOTE SELLER OR MARKETPLACE FACILITATOR REQUIRED TO MAKE AN ELECTION UNDER SECTION 213.1(A) THAT DOES NOT ELECT TO COLLECT AND REMIT THE TAX IMPOSED BY SECTION 202 SHALL, NO LATER THAN FEBRUARY 28 OF EACH YEAR, SUBMIT A REPORT TO THE DEPARTMENT. THE REPORT SHALL INCLUDE, WITH RESPECT TO EACH PURCHASER REQUIRED TO RECEIVE THE NOTICE UNDER SECTION 213.2(B)(2) DURING THE IMMEDIATELY PRECEDING CALENDAR YEAR, THE FOLLOWING:

(1) THE PURCHASER'S NAME.

(2) THE PURCHASER'S BILLING ADDRESS AND, IF DIFFERENT, THE PURCHASER'S LAST KNOWN MAILING ADDRESS.

(3) THE ADDRESS WITHIN THIS COMMONWEALTH TO WHICH PRODUCTS WERE DELIVERED TO THE PURCHASER.

(4) THE AGGREGATE DOLLAR AMOUNT OF THE PURCHASER'S PURCHASES FROM THE REMOTE SELLER OR MARKETPLACE FACILITATOR.

(5) THE NAME AND ADDRESS OF THE REMOTE SELLER, MARKETPLACE FACILITATOR OR MARKETPLACE SELLER THAT MADE THE SALES TO THE PURCHASER.

(B) A REFERRER REQUIRED TO MAKE AN ELECTION UNDER SECTION 213.1(A) THAT DOES NOT ELECT TO COLLECT AND REMIT THE TAX IMPOSED BY SECTION 202 SHALL, NO LATER THAN FEBRUARY 28 OF EACH YEAR, SUBMIT A REPORT TO THE DEPARTMENT. THE REPORT SHALL INCLUDE A LIST OF PERSONS WHO RECEIVED THE NOTICE REQUIRED UNDER SECTION 213.3(D).

(C) THE DEPARTMENT SHALL PRESCRIBE THE FORMS OF THE REPORTS.
REQUIRED UNDER THIS SECTION AND SHALL MAKE THEM AVAILABLE ON ITS
PUBLICLY ACCESSIBLE INTERNET WEBSITE. THE REPORTS SHALL BE
SUBMITTED ELECTRONICALLY IN SUCH MANNER AS THE DEPARTMENT SHALL
REQUIRE.

(D) A REPORT REQUIRED UNDER THIS SECTION SHALL BE SUBMITTED
BY AN OFFICER OF THE REMOTE SELLER, MARKETPLACE FACILITATOR OR
REFERRER AND SHALL INCLUDE A STATEMENT, MADE UNDER PENALTY OF
PERJURY, BY THE OFFICER THAT THE REMOTE SELLER, MARKETPLACE
FACILITATOR OR REFERRER MADE REASONABLE EFFORTS TO COMPLY WITH
THE NOTICE AND REPORTING REQUIREMENTS OF THIS PART.

SECTION 213.5. LIABILITY AND PENALTIES.--(A) THE DEPARTMENT
SHALL ASSESS A PENALTY IN THE AMOUNT OF TWENTY THOUSAND DOLLARS
($20,000) OR TWENTY PER CENT OF TOTAL SALES IN PENNSYLVANIA
DURING THE PREVIOUS TWELVE MONTHS, WHICHEVER IS LESS, AGAINST A
REMOTE SELLER, MARKETPLACE FACILITATOR OR REFERRER THAT MAKES AN
ELECTION UNDER SECTION 213.1(A) TO COMPLY WITH THE NOTICE AND-
REPORTING REQUIREMENTS, OR IS DEEMED TO HAVE MADE SUCH ELECTION-
UNDER SECTION 213.2(F), AND FAILS TO COMPLY WITH THE-
REQUIREMENTS UNDER SECTIONS 213.3 OR 213.4. THE PENALTY SHALL BE
ASSESSED SEPARATELY FOR EACH VIOLATION, BUT MAY ONLY BE ASSESSED
ONCE IN A CALENDAR YEAR.

(B) A REMOTE SELLER, MARKETPLACE FACILITATOR OR REFERRER
THAT MAKES AN ELECTION UNDER SECTION 213.1(A) TO COLLECT AND-
REMIT THE TAX IMPOSED UNDER SECTION 202 SHALL BE SUBJECT TO ALL
OF THE PROVISIONS OF THIS ARTICLE WITH RESPECT TO THE COLLECTION
AND REMITTANCE OF SUCH TAX AND SHALL BE SUBJECT TO ALL OF THE-
PENALTIES, INTEREST AND ADDITIONS FOR FAILING TO COMPLY WITH THE-
PROVISIONS OF THIS ARTICLE, EXCEPT AS PROVIDED IN THIS SECTION.

(C) FOR A PERIOD OF FIVE YEARS AFTER THE EFFECTIVE DATE OF
THIS SECTION, THE DEPARTMENT MAY ABATE OR REDUCE ANY PENALTY OR
ADDITION IMPOSED UNDER SUBSECTION (B) DUE TO HARDSHIP OR FOR GOOD CAUSE SHOWN.

(D) A MARKETPLACE FACILITATOR OR REFEREE IS RELIEVED OF LIABILITY UNDER SUBSECTION (B) IF THE MARKETPLACE FACILITATOR OR REFEREE CAN SHOW TO THE SATISFACTION OF THE DEPARTMENT THAT THE FAILURE TO COLLECT THE CORRECT AMOUNT OF TAX WAS DUE TO INCORRECT INFORMATION GIVEN TO THE MARKETPLACE FACILITATOR OR REFEREE BY A MARKETPLACE SELLER OR REMOTE SELLER.

(E) A CLASS ACTION MAY NOT BE BROUGHT AGAINST A MARKETPLACE FACILITATOR OR REFEREE ON BEHALF OF PURCHASERS ARISING FROM OR IN ANY WAY RELATED TO AN OVERPAYMENT OF SALES OR USE TAX COLLECTED BY THE MARKETPLACE FACILITATOR OR REFEREE, REGARDLESS OF WHETHER SUCH ACTION IS CHARACTERIZED AS A TAX REFUND CLAIM. NOTHING IN THIS SUBSECTION SHALL AFFECT A PURCHASER'S RIGHT TO SEEK A REFUND FROM THE DEPARTMENT UNDER OTHER PROVISIONS OF THIS ARTICLE.

SECTION 213.6. APPLICATION.—NOTHING IN THIS SECTION AFFECTS THE OBLIGATIONS OF A VENDOR TO REGISTER WITH THE DEPARTMENT AND TO COLLECT AND REMIT SALES TAX OR USE TAX.

SECTION 5. SECTION 278 OF THE ACT IS AMENDED BY ADDING SUBSECTIONS TO READ:

SECTION 278. REMOTE SALES REPORTS.—* * *

(C) IF FEDERAL LEGISLATION RELATING TO REMOTE SELLERS HAS NOT BEEN ENACTED BY DECEMBER 31, 2018, THE INDEPENDENT FISCAL OFFICE, IN CONJUNCTION WITH THE DEPARTMENT OF REVENUE, SHALL CONDUCT A STUDY ASSESSING THE LEGAL IMPLICATIONS AND FISCAL IMPACT OF MANDATING NOTICE REQUIREMENTS FOR REMOTE SELLERS. BY APRIL 1, 2019, RESULTS OF THE STUDY, IF A STUDY IS PRODUCED, SHALL BE PROVIDED TO THE CHAIRMAN AND MINORITY CHAIRMAN OF THE APPROPRIATIONS COMMITTEE OF THE SENATE, THE CHAIRMAN AND
MINORITY CHAIRMAN OF THE FINANCE COMMITTEE OF THE SENATE, THE
CHAIRMAN AND MINORITY CHAIRMAN OF THE APPROPRIATIONS COMMITTEE
OF THE HOUSE OF REPRESENTATIVES AND THE CHAIRMAN AND MINORITY
CHAIRMAN OF THE FINANCE COMMITTEE OF THE HOUSE OF
REPRESENTATIVES.

(D) AS USED IN THIS SECTION, THE TERM "REMOTE SELLER" SHALL
HAVE THE SAME MEANING AS DEFINED IN SECTION 213.

SECTION 6. THE ACT IS AMENDED BY ADDING AN ARTICLE TO READ:

ARTICLE II-C

LODGING TAX

SECTION 201 C. DEFINITIONS.

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

"HOTEL." A BUILDING OR BUILDINGS IN WHICH THE PUBLIC MAY,
FOR A CONSIDERATION, OBTAIN SLEEPING ACCOMMODATIONS. THE TERM
SHALL NOT INCLUDE ANY CHARITABLE, EDUCATIONAL OR RELIGIOUS
INSTITUTION SUMMER CAMP FOR CHILDREN, HOSPITAL OR NURSING HOME.

"OCCUPANCY." THE USE OR POSSESSION OR THE RIGHT TO THE USE
OR POSSESSION BY ANY PERSON, OTHER THAN A PERMANENT RESIDENT, OF
ANY ROOM OR ROOMS IN A HOTEL FOR ANY PURPOSE OR THE RIGHT TO THE
USE OR POSSESSION OF THE FURNISHINGS OR TO THE SERVICES AND
ACCOMMODATIONS ACCOMPANYING THE USE AND POSSESSION OF THE ROOM
OR ROOMS.

"OCCUPANT." A PERSON, OTHER THAN A PERMANENT RESIDENT, WHO
FOR A CONSIDERATION, USES, POSSESSES OR HAS A RIGHT TO USE OR
POSSESS ANY ROOM OR ROOMS IN A HOTEL UNDER ANY LEASE,
CONCESSION, PERMIT, RIGHT OF ACCESS, LICENSE OR AGREEMENT.

"OPERATOR." ANY PERSON OPERATING A HOTEL.

"RENT." THE CONSIDERATION RECEIVED FOR OCCUPANCY VALUED IN
MONEY, WHETHER RECEIVED IN MONEY OR OTHERWISE, INCLUDING ALL
RECEIPTS, CASH, CREDITS AND PROPERTY OR SERVICES OF ANY KIND OR
NATURE, AND ALSO ANY AMOUNT FOR WHICH THE OCCUPANT IS LIABLE FOR
THE OCCUPANCY WITHOUT ANY DEDUCTION THEREFROM WHATSOEVER. THE
TERM SHALL NOT INCLUDE A GRATUITY.

SECTION 202-C. LODGING TAX IMPOSED.

(A) LODGING TAX. THERE IS IMPOSED AN EXCISE TAX ON THE RENT
UPON EVERY OCCUPANCY OF A ROOM OR ROOMS IN A HOTEL. THE TAX
SHALL BE COLLECTED BY THE OPERATOR OR OWNER FROM THE OCCUPANT
AND PAID OVER TO THE COMMONWEALTH.

(B) RATE. THE TAX IMPOSED UNDER THIS SECTION SHALL BE AT A
RATE OF 5%.

(C) TAX COMPUTATION. THE AMOUNT OF TAX DUE UNDER THIS
SECTION SHALL BE ROUNDED TO THE NEAREST WHOLE CENT.

(D) ADDITIONAL TAXATION. THE TAX IMPOSED UNDER THIS SECTION
SHALL BE IN ADDITION TO ANY TAX IMPOSED UNDER ARTICLE II OR II-
E, SECTION 503 OF THE ACT OF JUNE 5, 1991 (P.L.9, NO.6), KNOWN
AS THE PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY ACT
FOR CITIES OF THE FIRST CLASS, SECTION 3152-B OF THE ACT OF JULY
28, 1953 (P.L.73, NO.230), KNOWN AS THE SECOND CLASS COUNTY
CODE, OR THE ACT OF AUGUST 9, 1955 (P.L.323, NO.130), KNOWN AS
THE COUNTY CODE. THE PROVISIONS OF ARTICLE II SHALL APPLY TO THE
TAX IMPOSED UNDER THIS SECTION.

SECTION 203-C. REPORTING AND REMITTANCE OF TAX.

(A) REPORTING AND REMITTANCE. THE TAX IMPOSED UNDER SECTION
202-C SHALL BE REPORTED AND REMITTED IN THE SAME MANNER AS THE
TAX IMPOSED UNDER PART V OF ARTICLE II.

(B) APPLICABILITY. EXCEPT AS OTHERWISE PROVIDED UNDER LAW,
THE PROVISIONS OF ARTICLE II SHALL APPLY TO THE TAX IMPOSED
UNDER SECTION 202-C.
SECTION 7. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

SECTION 304.2. PENNSYLVANIA ABLE SAVINGS PROGRAM TAX EXEMPTION.--(A) THE FOLLOWING SHALL BE EXEMPT FROM ALL TAXATION BY THE COMMONWEALTH AND ITS POLITICAL SUBDIVISIONS:

(1) UNDISTRIBUTED EARNINGS ON AN ACCOUNT.

(2) AN AMOUNT DISTRIBUTED FROM AN ACCOUNT THAT IS NOT INCLUDED IN GROSS INCOME UNDER SECTION 529A(C)(1) OF THE INTERNAL REVENUE CODE.

(B) THE FOLLOWING SHALL APPLY:

(1) AN AMOUNT CONTRIBUTED TO AN ACCOUNT SHALL BE DEDUCTIBLE FROM THE TAXABLE INCOME OF THE CONTRIBUTOR UNDER THIS ARTICLE FOR THE TAX YEAR THE CONTRIBUTION WAS MADE.

(2) THE TOTAL CONTRIBUTIONS MADE BY A CONTRIBUTOR DURING A TAXABLE YEAR TO ALL ACCOUNTS THAT ARE ALLOWABLE AS A DEDUCTION UNDER THIS SECTION SHALL NOT EXCEED THE DOLLAR AMOUNT UNDER SECTION 2503(B) OF THE INTERNAL REVENUE CODE.

(3) THE DEDUCTION SHALL NOT RESULT IN THE CONTRIBUTOR'S TAXABLE INCOME BEING LESS THAN ZERO.

(4) THE DEPARTMENT AND THE TREASURY DEPARTMENT SHALL COOPERATE IN VERIFYING ACCOUNT INFORMATION RELATING TO CONTRIBUTIONS TO AN ACCOUNT ITEMIZED BY A CONTRIBUTOR AND THE CONTRIBUTOR'S SPECIFIC CONTRIBUTIONS.

(C) AN AMOUNT THAT IS DISTRIBUTED FROM AN ACCOUNT AND NOT OTHERWISE EXEMPT FROM TAXATION UNDER THIS SECTION SHALL BE TAXABLE INCOME TO THE DESIGNATED BENEFICIARY UNDER THIS ARTICLE.

(D) A CHANGE IN DESIGNATED BENEFICIARIES UNDER SECTION 529A(C) OF THE INTERNAL REVENUE CODE SHALL NOT CONSTITUTE A TAXABLE EVENT.

(E) AS USED IN THIS SECTION, THE FOLLOWING WORDS AND PHRASES SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SUBSECTION UNLESS
THE CONTEXT CLEARLY INDICATES OTHERWISE:

"ACCOUNT." AN ABLE SAVINGS ACCOUNT AS DEFINED IN SECTION 102 OF THE PENNSYLVANIA ABLE ACT.

"CONTRIBUTOR." AN INDIVIDUAL WHO MAKES A CONTRIBUTION TO AN ACCOUNT AS DEFINED IN SECTION 102 OF THE PENNSYLVANIA ABLE ACT.

"DESIGNATED BENEFICIARY." THE TERM SHALL HAVE THE SAME MEANING AS PROVIDED IN SECTION 102 OF THE PENNSYLVANIA ABLE ACT.


"PENNSYLVANIA ABLE ACT." THE ACT OF APRIL 18, 2016 (P.L.128, NO.17), KNOWN AS THE PENNSYLVANIA ABLE ACT.

"PENNSYLVANIA ABLE SAVINGS PROGRAM." THE PROGRAM ESTABLISHED UNDER THE PENNSYLVANIA ABLE ACT.

"QUALIFIED DISABILITY EXPENSE." THE TERM SHALL HAVE THE SAME MEANING AS PROVIDED IN SECTION 102 OF THE PENNSYLVANIA ABLE ACT.

***

SECTION 8. SECTION 312 OF THE ACT, AMENDED JULY 13, 2016 (P.L.526, NO.84), IS AMENDED TO READ:

SECTION 312. TAX WITHHELD.--THE AMOUNT WITHHELD UNDER SECTION 316.1 SHALL BE ALLOWED TO THE TAXPAYER FROM WHOSE INCOME THE TAX WAS WITHHELD AS A CREDIT AGAINST THE TAX IMPOSED ON HIM BY THIS ARTICLE.

SECTION 9. SECTION 315.6 OF THE ACT IS REPEALED.

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

(C) THE DEPARTMENT SHALL DETERMINE ANNUALLY THE TOTAL AMOUNT DESIGNATED BY INDIVIDUAL TAXPAYERS UNDER THIS SECTION AND SHALL REPORT THE AMOUNT TO THE STATE TREASURER, WHO SHALL PREPARE THE APPROPRIATE DOCUMENTATION AND TRANSFER THE DESIGNATED AMOUNT FROM THE GENERAL FUND TO THE KOREA/VIETNAM MEMORIAL NATIONAL EDUCATION CENTER.


(E) ON OR BEFORE MARCH 31 OF EACH YEAR, THE KOREA/VIETNAM MEMORIAL NATIONAL EDUCATION CENTER SHALL SUBMIT A REPORT DETAILING CONTRIBUTIONS RECEIVED AND ACTIVITIES UNDERTAKEN DURING THE PRIOR CALENDAR YEAR TO THE MILITARY AND VETERANS’ AFFAIRS COMMITTEE OF THE SENATE AND THE VETERANS AFFAIRS AND EMERGENCY PREPAREDNESS COMMITTEE OF THE HOUSE OF REPRESENTATIVES.

(F) THIS SECTION SHALL EXPIRE DECEMBER 31, 2005.

SECTION 10. SECTION 315.9(B.1) AND (C) OF THE ACT ARE AMENDED TO READ:

SECTION 315.9. OPERATIONAL PROVISIONS —

***
NOTWITHSTANDING SUBSECTION (B), THE CHECKOFFS ESTABLISHED IN SECTIONS 315.2 (AND) 315.3, 315.4, 315.7, 315.8, 315.10 AND 315.11 SHALL NOT EXPIRE.

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

SECTION 116. DEFINITIONS. THE FOLLOWING WORDS, TERMS AND PHRASES, WHEN USED IN THIS PART, SHALL HAVE THE MEANINGS ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT CLEARLY INDICATES A DIFFERENT MEANING:

"PAYEE." THE PERSON RECEIVING THE PAYMENTS SUBJECT TO WITHHOLDING UNDER THIS SECTION.

"PAYMENTS." THE TERM DOES NOT INCLUDE A PARTNER OR SHAREHOLDER'S DISTRIBUTIVE SHARE OF INCOME FROM A PARTNERSHIP OR PENNSYLVANIA S CORPORATION.

"PAYOR." THE PERSON REQUIRED TO WITHHOLD UNDER THIS SECTION.

SECTION 12. SECTION 316 OF THE ACT, AMENDED JULY 13, 2016 (P.L.526, NO.84), IS RENUMBERED TO READ:

SECTION [316] 316.1. REQUIREMENT OF WITHHOLDING TAX. (A) EVERY EMPLOYER MAINTAINING AN OFFICE OR TRANSACTING BUSINESS WITHIN THIS COMMONWEALTH AND MAKING PAYMENT OF COMPENSATION (I) TO A RESIDENT INDIVIDUAL, OR (II) TO A NONRESIDENT INDIVIDUAL TAXPAYER PERFORMING SERVICES ON BEHALF OF SUCH EMPLOYER WITHIN THIS COMMONWEALTH, SHALL DEDUCT AND WITHHOLD FROM SUCH COMPENSATION FOR EACH PAYROLL PERIOD A TAX COMPUTED IN SUCH MANNER AS TO RESULT, SO FAR AS PRACTICABLE, IN WITHHOLDING FROM THE EMPLOYEE'S COMPENSATION DURING EACH CALENDAR YEAR AN AMOUNT SUBSTANTIALLY EQUIVALENT TO THE TAX REASONABLY ESTIMATED TO BE DUE FOR SUCH YEAR WITH RESPECT TO SUCH COMPENSATION. THE METHOD OF DETERMINING THE AMOUNT TO BE WITHELED SHALL BE PRESCRIBED BY...
REGULATIONS OF THE DEPARTMENT.


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

SECTION 316.2. WITHHOLDING TAX REQUIREMENT FOR NON-EMPLOYER PAYORS.—(A) TO THE EXTENT NOT ALREADY REQUIRED TO WITHHOLD TAX ON PAYMENTS UNDER SECTION 316.1, A PERSON THAT:

(1) MAKES PAYMENTS OF INCOME FROM SOURCES WITHIN THIS COMMONWEALTH DESCRIBED IN SECTION 303(A)(1) OR (2) TO EITHER A NONRESIDENT INDIVIDUAL OR AN ENTITY THAT IS DISREGARDED UNDER SECTION 307.21 THAT HAS A NONRESIDENT MEMBER; AND

(2) IS REQUIRED UNDER SECTION 335(F)(1) TO FILE A COPY OF FORM 1099-MISC WITH THE DEPARTMENT REGARDING THE PAYMENTS;

SHALL DEDUCT AND WITHHOLD FROM THE PAYMENTS AN AMOUNT EQUAL TO THE NET AMOUNT OF THE PAYMENTS MULTIPLIED BY THE TAX RATE SPECIFIED UNDER SECTION 302(B).

(B) WITHHOLDING OF TAX BY PAYORS IS OPTIONAL AND AT THE DISCRETION OF THE PAYOR WITH RESPECT TO PAYEES WHO RECEIVE
PAYMENTS OF LESS THAN $5,000 ANNUALLY FROM THE PAYOR.

(C) THIS SECTION SHALL NOT APPLY TO PAYMENTS MADE BY A PAYOR TO A PAYEE IF THE PAYOR IS:

(1) THE UNITED STATES OR AN AGENCY OR INSTRUMENTALITY THEREOF; OR

(2) THE COMMONWEALTH OR AN AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION THEREOF.

(D) THE DEPARTMENT MAY PRESCRIBE REGULATIONS TO IMPLEMENT AND CLARIFY THE WITHHOLDING REQUIREMENT SET FORTH IN THIS SECTION.

SECTION 14. SECTION 317 OF THE ACT, AMENDED JULY 13, 2016—(P.L.526, NO.84), IS AMENDED TO READ:

SECTION 317. INFORMATION STATEMENT.—(A) EVERY EMPLOYER REQUIRED TO DEDUCT AND WITHHOLD TAX UNDER [THIS ARTICLE] SECTION 316.1(A) SHALL FURNISH TO EACH SUCH EMPLOYEE TO WHOM THE EMPLOYER HAS PAID COMPENSATION DURING THE CALENDAR YEAR A WRITTEN STATEMENT IN SUCH MANNER AND IN SUCH FORM AS MAY BE PRESCRIBED BY THE DEPARTMENT SHOWING THE AMOUNT OF COMPENSATION PAID BY THE EMPLOYER TO THE EMPLOYEE, THE AMOUNT DEDUCTED AND WITHHELD AS TAX, PURSUANT TO [THIS ARTICLE] SECTION 316.1(A), AND SUCH OTHER INFORMATION AS THE DEPARTMENT SHALL PRESCRIBE. EACH STATEMENT REQUIRED BY THIS SECTION FOR A CALENDAR YEAR SHALL BE FURNISHED TO THE EMPLOYEE ON OR BEFORE JANUARY 31 OF THE YEAR SUCCEEDING SUCH CALENDAR YEAR. IF THE EMPLOYEE'S EMPLOYMENT IS TERMINATED BEFORE THE CLOSE OF SUCH CALENDAR YEAR, THE EMPLOYER, AT HIS OPTION, SHALL FURNISH THE STATEMENT TO THE EMPLOYEE AT ANY TIME AFTER THE TERMINATION BUT NO LATER THAN JANUARY 31 OF THE YEAR SUCCEEDING SUCH CALENDAR YEAR. HOWEVER, IF AN EMPLOYEE WHOSE EMPLOYMENT IS TERMINATED BEFORE THE CLOSE OF SUCH CALENDAR YEAR REQUESTS THE EMPLOYER IN WRITING TO FURNISH HIM THE STATEMENT AT AN EARLIER TIME, AND, IF THERE IS NO REASONABLE EXPECTATION ON
THE PART OF BOTH EMPLOYER AND EMPLOYEE OF FURTHER EMPLOYMENT
DURING THE CALENDAR YEAR, THEN THE EMPLOYER SHALL FURNISH THE
STATEMENT TO THE EMPLOYEE ON OR BEFORE THE LATER OF THE 30TH DAY
AFTER THE DAY OF THE REQUEST OR THE 30TH DAY AFTER THE DAY ON
WHICH THE LAST PAYMENT OF WAGES IS MADE.

(B) EVERY PERSON REQUIRED TO DEDUCT AND WITHHOLD TAX UNDER
SECTION 316.1(B) SHALL REPORT THE PRIZE AND THE AMOUNT
OF WITHHOLDING TO THE TAXPAYER ON INTERNAL REVENUE SERVICE FORM
W-2G, OR SIMILAR FORM USED FOR REPORTING FEDERAL INCOME TAX
WITHHOLDING FROM THE PRIZE.

SECTION 15. THE ACT IS AMENDED BY ADDING SECTIONS TO READ:

SECTION 317.1. INFORMATION STATEMENT FOR NON EMPLOYER
PAYORS. EVERY PAYOR REQUIRED TO DEDUCT AND WITHHOLD TAX UNDER
SECTION 316.2 SHALL FURNISH TO A PAYEE TO WHOM THE PAYOR HAS
PAID INCOME FROM SOURCES WITHIN THIS COMMONWEALTH DURING THE
CALENDAR YEAR A COPY OF FORM 1099-MISC REQUIRED UNDER SECTION
335(F)(1). THE COPY OF FORM 1099-MISC REQUIRED BY THIS SECTION
FOR EACH CALENDAR YEAR SHALL BE FORWARDED TO THE PAYEE ON OR
BEFORE MARCH 1 OF THE YEAR SUCCEEDING THE CALENDAR YEAR.

SECTION 317.2. INFORMATION STATEMENT FOR PAYEES. EVERY
PAYEE RECEIVING A COPY OF FORM 1099-MISC FROM A PAYOR UNDER
SECTION 317.1 SHALL FILE A DUPLICATE OF SUCH INFORMATION RETURN
WITH THE PAYEE'S STATE INCOME TAX RETURN.

SECTION 16. SECTION 318 OF THE ACT, AMENDED JULY 13, 2016
(P.L.526, NO.84), IS AMENDED TO READ:

SECTION 318. TIME FOR FILING WITHHOLDING RETURNS. (A)
EVERY EMPLOYER REQUIRED TO DEDUCT AND WITHHOLD TAX UNDER [THIS
ARTICLE] SECTION 316.1(A) SHALL FILE A QUARTERLY WITHHOLDING
RETURN ON OR BEFORE THE LAST DAY OF APRIL, JULY, OCTOBER AND
JANUARY FOR THE THREE MONTHS ENDING THE LAST DAY OF MARCH, JUNE,
SEPTEMBER AND DECEMBER. SUCH QUARTERLY RETURNS SHALL BE FILED WITH THE DEPARTMENT AT ITS MAIN OFFICE OR AT ANY BRANCH OFFICE WHICH IT MAY DESIGNATE FOR FILING RETURNS.

(B) EVERY PERSON REQUIRED TO DEDUCT AND WITHHOLD TAX UNDER SECTION [316(B)] 316.1(B) SHALL FILE A WITHHOLDING TAX RETURN AT THE SAME TIME THE PERSON IS REQUIRED TO FILE ITS ANNUAL RETURN OF WITHHELD FEDERAL INCOME TAX (IRS FORM 945) FROM NONPAYROLL PAYMENTS. THE RETURN SHALL BE FILED WITH THE DEPARTMENT.

SECTION 17. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

SECTION 318.1. TIME FOR FILING PAYORS' RETURNS.--EVERY PAYOR REQUIRED TO DEDUCT AND WITHHOLD TAX UNDER SECTION 316.2 SHALL FILE A QUARTERLY WITHHOLDING RETURN ON OR BEFORE THE LAST DAY OF APRIL, JULY, OCTOBER AND JANUARY FOR EACH THREE MONTH PERIOD ENDING THE LAST DAY OF MARCH, JUNE, SEPTEMBER AND DECEMBER. THE QUARTERLY RETURNS SHALL BE FILED WITH THE DEPARTMENT IN THE MANNER PRESCRIBED BY REGULATION.

SECTION 18. SECTION 319 OF THE ACT, AMENDED JULY 13, 2016 (P.L.526, NO.84), IS AMENDED TO READ:

SECTION 319. PAYMENT OF TAXES WITHHELD. (A) EVERY EMPLOYER WITHHOLDING TAX UNDER [THIS ARTICLE] SECTION 316.1(A) SHALL PAY OVER TO THE DEPARTMENT OR TO A DEPOSITORY DESIGNATED BY IT THE TAX REQUIRED TO BE DEDUCTED AND WITHHELD UNDER [THIS ARTICLE] SECTION 316.1(A).

(1) WHERE THE AGGREGATE AMOUNT REQUIRED TO BE DEDUCTED AND WITHHELD BY ANY EMPLOYER FOR A CALENDAR YEAR CAN REASONABLY BE EXPECTED TO BE LESS THAN TWELVE HUNDRED DOLLARS ($1,200), SUCH Employer SHALL FILE A RETURN AND PAY THE TAX ON OR BEFORE THE LAST DAY FOR FILING A QUARTERLY RETURN UNDER SECTION 318.

(2) WHERE THE AGGREGATED AMOUNT REQUIRED TO BE DEDUCTED AND WITHHELD BY ANY EMPLOYER FOR A CALENDAR YEAR CAN REASONABLY BE
EXPECTED TO BE TWELVE HUNDRED DOLLARS ($1,200) OR MORE BUT LESS THAN FOUR THOUSAND DOLLARS ($4,000), SUCH EMPLOYER SHALL PAY THE TAX MONTHLY, ON OR BEFORE THE FIFTEENTH DAY OF THE MONTH SUCCEEDING THE MONTHS OF JANUARY TO NOVEMBER, INCLUSIVE, AND ON OR BEFORE THE LAST DAY OF JANUARY FOLLOWING THE MONTH OF DECEMBER.

(3) WHERE THE AGGREGATED AMOUNT REQUIRED TO BE DEDUCTED AND WITHHELD BY ANY EMPLOYER FOR A CALENDAR YEAR CAN REASONABLY BE EXPECTED TO BE FOUR THOUSAND DOLLARS ($4,000) OR MORE BUT LESS THAN TWENTY THOUSAND DOLLARS ($20,000), SUCH EMPLOYER SHALL PAY THE TAX SEMI-MONTHLY, WITHIN THREE BANKING DAYS AFTER THE CLOSE OF THE SEMI-MONTHLY PERIOD.

(4) WHERE THE AGGREGATED AMOUNT REQUIRED TO BE DEDUCTED AND WITHHELD BY ANY EMPLOYER FOR A CALENDAR YEAR CAN REASONABLY BE EXPECTED TO BE TWENTY THOUSAND DOLLARS ($20,000) OR MORE, SUCH EMPLOYER SHALL PAY THE TAX ON THE WEDNESDAY AFTER PAYDAY IF THE PAYDAY FALLS ON A WEDNESDAY, THURSDAY OR FRIDAY AND ON THE FRIDAY AFTER PAYDAY IF THE PAYDAY FALLS ON A SATURDAY, SUNDAY, MONDAY OR TUESDAY.

NOTWITHSTANDING ANYTHING IN THIS SUBSECTION TO THE CONTRARY, WHENEVER ANY EMPLOYER FAILS TO DEDUCT OR TRUTHFULLY ACCOUNT FOR OR PAY OVER THE TAX WITHHELD OR FILE RETURNS AS PRESCRIBED BY THIS ARTICLE, THE DEPARTMENT MAY SERVE A NOTICE ON SUCH EMPLOYER REQUIRING HIM TO WITHHOLD TAXES WHICH ARE REQUIRED TO BE DEDUCTED UNDER [THIS ARTICLE] SECTION 316.1(A) AND DEPOSIT SUCH TAXES IN A BANK APPROVED BY THE DEPARTMENT IN A SEPARATE ACCOUNT IN TRUST FOR AND PAYABLE TO THE DEPARTMENT, AND TO KEEP THE AMOUNT OF SUCH TAX IN SUCH ACCOUNT UNTIL PAYMENT OVER TO THE DEPARTMENT. SUCH NOTICE SHALL REMAIN IN EFFECT UNTIL A NOTICE OF CANCELLATION IS SERVED ON THE EMPLOYER BY THE DEPARTMENT.
EVERY PERSON DEDUCTING AND WITHHOLDING TAX UNDER SECTION 316.1(B) SHALL REMIT THE TAX TO THE DEPARTMENT ON THE SAME FREQUENCY THAT THE PERSON IS REQUIRED TO REMIT FEDERAL INCOME TAX WITHHELD FROM NONPAYROLL PAYMENTS.

SECTION 19. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

SECTION 319.1. PAYMENT OF TAXES WITHHELD FOR NON-EMPLOYER PAYORS.--EVERY PAYOR WITHHOLDING TAX UNDER SECTION 316.2 SHALL PAY OVER TO THE DEPARTMENT OR TO A DEPOSITORY DESIGNATED BY THE DEPARTMENT THE TAX REQUIRED TO BE DEDUCTED AND WITHHELD UNDER SECTION 316.2. THE TIME FOR PAYING OVER THE WITHHELD TAX SHALL BE AS SET FORTH IN SECTION 319(1), (2), (3) AND (4).

SECTION 20. SECTION 320 OF THE ACT, AMENDED JULY 13, 2016 (P.L.526, NO.84), IS AMENDED TO READ:

SECTION 320. LIABILITY FOR WITHHELD TAXES.--EVERY PERSON REQUIRED TO DEDUCT AND WITHHOLD TAX UNDER [THIS PART] SECTION 316.1 IS HEREBY MADE LIABLE FOR SUCH TAX. FOR PURPOSES OF ASSESSMENT AND COLLECTION, ANY AMOUNT REQUIRED TO BE WITHHELD AND PAID OVER TO THE DEPARTMENT AND ANY ADDITIONS TO TAX, PENALTIES AND INTEREST WITH RESPECT THERETO, SHALL BE CONSIDERED THE TAX OF THE PERSON. ALL TAXES DEDUCTED AND WITHHELD PURSUANT TO [THIS PART] SECTION 316.1 OR UNDER COLOR OF [THIS PART] SECTION 316.1 SHALL CONSTITUTE A TRUST FUND FOR THE COMMONWEALTH AND SHALL BE ENFORCEABLE AGAINST SUCH PERSON, HIS REPRESENTATIVE OR ANY OTHER PERSON RECEIVING ANY PART OF SUCH FUND.

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

SECTION 320.1. PAYOR'S LIABILITY FOR WITHHELD TAXES. EVERY PAYOR REQUIRED TO DEDUCT AND WITHHOLD TAX UNDER SECTION 316.2 IS HEREBY MADE LIABLE FOR SUCH TAX. FOR PURPOSES OF ASSESSMENT AND COLLECTION, ANY AMOUNT REQUIRED TO BE WITHHELD AND PAID OVER TO THE DEPARTMENT AND ANY ADDITIONS TO TAX, PENALTIES, AND INTEREST.
WITH RESPECT THERETO SHALL BE CONSIDERED THE TAX OF THE PAYOR. ALL TAXES DEDUCTED AND WITHHELD FROM PAYEES PURSUANT TO SECTION 316.2 OR UNDER COLOR OF SECTION 316.2 SHALL CONSTITUTE A TRUST FUND FOR THE COMMONWEALTH AND SHALL BE ENFORCEABLE AGAINST SUCH PAYOR, HIS REPRESENTATIVE OR ANY OTHER PERSON RECEIVING ANY PART OF SUCH FUND.

SECTION 321.2. PAYOR'S FAILURE TO withholding. IF A PAYOR FAILS TO DEDUCT AND WITHHOLD TAX AS PRESCRIBED UNDER SECTION 316.2 AND THEREAFTER THE TAX WHICH MAY BE CREDITED IS PAID, THE TAX WHICH WAS REQUIRED TO BE DEDUCTED AND WITHHELD SHALL NOT BE COLLECTED FROM THE PAYOR, BUT THE PAYOR SHALL NOT BE RELIEVED OF THE LIABILITY FOR ANY PENALTY, INTEREST OR ADDITIONS TO THE TAX IMPOSED WITH RESPECT TO SUCH FAILURE TO DEDUCT AND WITHHOLD.

SECTION 22. THE HEADING OF PART VII A OF ARTICLE III OF THE ACT IS AMENDED TO READ:

PART VII A
WITHHOLDING TAX ON [SHARES ON] INCOME FROM SOURCES WITHIN THIS COMMONWEALTH

SECTION 23. SECTION 324.1 OF THE ACT IS AMENDED BY ADDING A SUBSECTION TO READ:

SECTION 324.1. AMOUNT OF WITHHOLDING TAX: * *
(C) THERE SHALL NOT BE TAKEN INTO ACCOUNT ANY SHARE OF INCOME OF NONRESIDENT PARTNER, MEMBER OR SHAREHOLDER FROM SOURCES WITHIN THIS COMMONWEALTH TO THE EXTENT THAT THE AMOUNT WAS SUBJECT TO WITHHOLDING UNDER SECTION 324.4 AND TO THE EXTENT WITHHOLDING ACTUALLY OCCURRED UNDER SECTION 324.4 BY THE TIME WITHHOLDING IS REQUIRED TO BE MADE BY THE PARTNERSHIP, ASSOCIATION OR PENNSYLVANIA S CORPORATION UNDER SECTION 324.

SECTION 24. SECTION 324.2 OF THE ACT IS AMENDED TO READ:

SECTION 324.2. TREATMENT OF NONRESIDENT PARTNERS, MEMBERS OR
SHAREHOLDERS.--(A) EACH NONRESIDENT PARTNER, MEMBER, SHAREHOLDER OR HOLDER OF A BENEFICIAL INTEREST SHALL BE ALLOWED A CREDIT FOR SUCH PARTNER'S, MEMBER'S, SHAREHOLDER'S OR HOLDER OF A BENEFICIAL INTEREST'S SHARE OF THE WITHHOLDING TAX PAID BY THE PARTNERSHIP, ASSOCIATION OR PENNSYLVANIA S CORPORATION. SUCH CREDIT SHALL BE ALLOWED FOR THE PARTNER'S, MEMBER'S, SHAREHOLDER'S OR HOLDER OF A BENEFICIAL INTEREST'S TAXABLE YEAR IN WHICH, OR WITH WHICH, THE PARTNERSHIP, ASSOCIATION OR PENNSYLVANIA S CORPORATION TAXABLE YEAR (FOR WHICH SUCH TAX WAS PAID) ENDS.

(B) EACH NONRESIDENT LESSOR SHALL BE ALLOWED A CREDIT FOR THE NONRESIDENT LESSOR'S SHARE OF THE WITHHOLDING TAX PAID BY THE LESSEE UNDER SECTION 324.4.

(C) THE CREDITS UNDER THIS SECTION SHALL BE ALLOWED FOR THE NONRESIDENT LESSOR'S TAXABLE YEAR IN WHICH THE LESSEE WITHHELD TAX.

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

SECTION 324.4. WITHHOLDING ON INCOME.--(A) EVERY LESSEE OF PENNSYLVANIA REAL ESTATE WHO MAKES A LEASE PAYMENT IN THE COURSE OF A TRADE OR BUSINESS TO A NONRESIDENT LESSOR SHALL WITHHOLD PENNSYLVANIA PERSONAL INCOME TAX ON RENTAL PAYMENTS TO SUCH NONRESIDENT LESSOR.

(B) EVERY LESSEE SHALL WITHHOLD FROM EACH PAYMENT MADE TO A LESSOR AN AMOUNT EQUAL TO THE NET AMOUNT PAYABLE TO THE LESSOR MULTIPLIED BY THE TAX RATE SPECIFIED UNDER SECTION 302(B).

(C) (RESERVED).

(D) THE WITHHOLDING OF TAX UNDER THIS SECTION IS OPTIONAL AND AT THE DISCRETION OF THE LESSEE WITH RESPECT TO PAYMENTS TO A LESSOR WHO RECEIVES LESS THAN $5,000 ANNUALLY ON A LEASE.

(E) FOR PURPOSES OF THIS SECTION, THE TERM OR PHRASE:
"LESSOR" SHALL INCLUDE AN INDIVIDUAL, ESTATE, OR TRUST.

"LEASE PAYMENT" SHALL INCLUDE, BUT NOT BE LIMITED TO RENTS, ROYALTIES, BONUS PAYMENTS, DAMAGE PAYMENTS, DELAY RENTS AND OTHER PAYMENTS MADE PURSUANT TO A LEASE, OTHER THAN COMPENSATION DERIVED FROM INTANGIBLE PROPERTY HAVING A TAXABLE OR BUSINESS SITUS IN THIS COMMONWEALTH. CLASSIFICATION AS A "LEASE PAYMENT" UNDER THIS SECTION IS SOLELY FOR THE PURPOSES OF ESTABLISHING WITHHOLDING REQUIREMENTS AND SHALL NOT BE RELEVANT FOR A DETERMINATION AS TO THE PROPER INCOME CLASSIFICATION OF ANY SUCH LEASE PAYMENT.

"IN THE COURSE OF A TRADE OR BUSINESS" SHALL INCLUDE ANY PERSON OR BUSINESS ENTITY MAKING LEASE PAYMENTS TO A NONRESIDENT OR AGENT OF A NONRESIDENT WHO COLLECTS RENT OR LEASE PAYMENTS ON BEHALF OF A NONRESIDENT OWNER, OTHER THAN A TENANT OF RESIDENTIAL PROPERTY.

SECTION 324.5. ANNUAL WITHHOLDING STATEMENT.—(A) EVERY LESSEE SHALL FURNISH TO EACH LESSOR AN ANNUAL STATEMENT AT SUCH TIME AND IN SUCH MANNER AS MAY BE PRESCRIBED BY THE DEPARTMENT SHOWING THE TOTAL PAYMENTS MADE BY THE LESSEE TO THE LESSOR DURING THE PRECEDING TAXABLE YEAR AND SHOWING THE AMOUNT OF THE TAX DEDUCTED AND WITHHELD FROM THE PAYMENTS UNDER SECTION 324.4.

(B) EVERY LESSEE SHALL FILE WITH THE DEPARTMENT AN ANNUAL STATEMENT AT SUCH TIME AND IN SUCH MANNER AS MAY BE PRESCRIBED BY THE DEPARTMENT SHOWING THE TOTAL PAYMENTS MADE TO EACH LESSOR SUBJECT TO WITHHOLDING DURING THE PRECEDING TAXABLE YEAR OR ANY PORTION OF THE PRECEDING TAXABLE YEAR AND THE TOTAL AMOUNT OF TAX DEDUCTED AND WITHHELD UNDER SECTION 324.4.

(C) EVERY LESSOR SHALL FILE A DUPLICATE OF THE ANNUAL STATEMENT FURNISHED BY THE LESSEE UNDER THIS SECTION WITH THE LESSOR’S STATE INCOME TAX RETURN.
SECTION 26. SECTIONS 335(F) AND 352(F), (H) AND (J) OF THE
ACT ARE AMENDED TO READ:

SECTION 335. REQUIREMENTS CONCERNING RETURNS, NOTICES,
RECORDS AND STATEMENTS.--*

(F) THE FOLLOWING APPLY:

(1) ANY PERSON WHO:

(I) MAKES PAYMENTS OF PENNSYLVANIA SOURCE INCOME [FROM
SOURCES WITHIN THIS COMMONWEALTH] THAT FALL WITHIN ANY OF THE
EIGHT CLASSES OF INCOME ENUMERATED IN SECTION 303(A):

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

(III) IS REQUIRED TO MAKE A FORM 1099-MISC RETURN TO THE
SECRETARY OF THE TREASURY OF THE UNITED STATES WITH RESPECT TO
SUCH PAYMENTS, SHALL FILE A COPY OF SUCH FORM 1099-MISC
WITH THE DEPARTMENT AND SEND A COPY OF SUCH FORM 1099-MISC TO
THE PAYEE BY [THE FEDERAL FILING DEADLINE] MARCH 1 EACH YEAR[.]
OR, IF FILED ELECTRONICALLY, BY MARCH 31 OF EACH YEAR. IF THE
FORM 1099-MISC FILED BY A PAYOR WITH THE SECRETARY OF THE
TREASURY OF THE UNITED STATES IS NOT COMPLETED IN SUCH A MANNER
THAT STATE INCOME AND STATE TAX WITHHELD INFORMATION, CURRENTLY
BOXES 16 THROUGH 18 ON FEDERAL FORM 1099-MISC, IS REFLECTED
THEREON, THE PAYOR SHALL UPDATE THE COPIES OF FORM 1099-MISC TO
BE PROVIDED PURSUANT TO THIS SECTION TO REFLECT SUCH INFORMATION
PRIOR TO FILING IT WITH THE DEPARTMENT AND SENDING IT TO THE
PAYEE.

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

(3) AS USED IN THIS SUBSECTION, THE FOLLOWING WORDS AND
PHRASES SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS PARAGRAPH
UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE:

"PAYEE." THE PERSON RECEIVING THE PAYMENTS SUBJECT TO
WITHHOLDING UNDER THIS SUBSECTION.

"PAYMENTS." THE TERM DOES NOT INCLUDE A PARTNER OR-
SHAREHOLDER'S DISTRIBUTIVE SHARE OF INCOME FROM A PARTNERSHIP OR-
PENNSYLVANIA S CORPORATION.

"PAYOR." THE PERSON REQUIRED TO WITHHOLD UNDER THIS-
SUBSECTION.

* * *

SECTION 352. ADDITIONS, PENALTIES AND FEES.—* * *

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

(2) ANY PERSON REQUIRED TO FURNISH AN INFORMATION RETURN WHO-
FURNISHES A FALSE OR FRAUDULENT RETURN OR WHO FAILS TO FILE OR-
PROVIDE AN INFORMATION RETURN SHALL BE SUBJECT TO A PENALTY OF-
TWO HUNDRED FIFTY DOLLARS ($250).

(3) EVERY PARTNERSHIP, ESTATE, TRUST OR PENNSYLVANIA S-
CORPORATION REQUIRED TO FILE A RETURN WITH THE DEPARTMENT UNDER-
THE PROVISIONS OF SECTION 330.1 OR 335(C) WHO FURNISHES A FALSE-
OR FRAUDULENT RETURN OR WHO FAILS TO FILE THE RETURN IN THE-
mANNER AND AT THE TIME REQUIRED UNDER SECTION 330.1 OR 335(C)
SHALL BE SUBJECT TO A PENALTY OF $250 FOR EACH FAILURE.
(4) ANY PERSON REQUIRED TO FILE A COPY OF FORM 1099-MISC WITH THE DEPARTMENT UNDER THE PROVISIONS OF SECTION 335(F) WHO WILFULLY FURNISHES A FALSE OR FRAUDULENT FORM OR WHO WILFULLY FAILS TO FILE THE FORM IN THE MANNER, AT THE TIME AND SHOWING THE INFORMATION REQUIRED UNDER SECTION 335(F) SHALL, FOR EACH SUCH FAILURE, BE SUBJECT TO A PENALTY OF FIFTY DOLLARS ($50).

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

(6) ANY PERSON REQUIRED TO FILE AN ANNUAL STATEMENT WITH THE DEPARTMENT UNDER THE PROVISIONS OF SECTION 324.5 WHO WILFULLY FURNISHES A FALSE OR FRAUDULENT STATEMENT OR WHO WILFULLY FAILS TO FILE THE STATEMENT IN THE MANNER, AT THE TIME AND SHOWING THE INFORMATION REQUIRED UNDER SECTION 324.5 AND THE REGULATIONS PRESCRIBED UNDER SECTION 324.5 SHALL, FOR EACH SUCH FAILURE, BE SUBJECT TO A PENALTY OF FIFTY DOLLARS ($50).

(7) ANY PERSON REQUIRED UNDER THE PROVISIONS OF SECTION 324.5 TO FURNISH AN ANNUAL STATEMENT TO A LESSOR WHO WILFULLY FURNISHES A FALSE OR FRAUDULENT STATEMENT OR WHO WILFULLY FAILS TO FURNISH A STATEMENT IN THE MANNER, AT THE TIME AND SHOWING THE INFORMATION REQUIRED BY SECTION 324.5 AND THE REGULATIONS PRESCRIBED UNDER SECTION 324.5 SHALL, FOR EACH SUCH FAILURE, BE SUBJECT TO A PENALTY OF FIFTY DOLLARS ($50).

* * *

(H) IF ANY AMOUNT OF TAX REQUIRED TO BE WITHHELD BY AN EMPLOYER AND PAID OVER TO THE DEPARTMENT UNDER SECTION 319 OR 319.1 IS NOT PAID ON OR BEFORE THE DUE DATE PRESCRIBED FOR
FILING THE QUARTERLY RETURN UNDER SECTION 318 OR 318.1,
DETERMINED WITHOUT REGARD TO AN EXTENSION OF TIME FOR FILING,
THERE SHALL BE ADDED TO THE TAX AND PAID TO THE DEPARTMENT EACH
MONTH FIVE PER CENT OF SUCH UNDERPAYMENT FOR EACH MONTH OR-
FRACTION THEREOF FROM THE DUE DATE, FOR THE PERIOD FROM THE DUE-
DATE TO THE DATE PAID; BUT THE UNDERPAYMENT SHALL, FOR PURPOSES-
OF COMPUTING THE ADDITION FOR ANY MONTH, BE REDUCED BY THE-
AMOUNT OF ANY PART OF THE TAX WHICH IS PAID BY THE BEGINNING OF-
THAT MONTH. THE TOTAL OF SUCH ADDITIONS SHALL NOT EXCEED FIFTY-
PER CENT OF THE AMOUNT OF TAX REQUIRED TO BE SHOWN ON THE RETURN-
REDUCED BY THE AMOUNT OF ANY PART OF THE TAX WHICH IS PAID BY-
THE RETURN DUE DATE AND BY THE AMOUNT OF ANY CREDIT AGAINST THE-
TAX WHICH MAY BE CLAIMED ON THE RETURN.  
* * *
(J) IF ANY AMOUNT OF TAX REQUIRED TO BE WITHHELD BY A-
PARTNERSHIP, ASSOCIATION [OR] PENNSYLVANIA S CORPORATION OR-
LESSEE AND PAID OVER TO THE DEPARTMENT UNDER SECTION 324 OR-
324.4 IS NOT PAID ON OR BEFORE THE DATE PRESCRIBED THEREFOR,—
THERE SHALL BE ADDED TO THE TAX AND PAID TO THE DEPARTMENT EACH-
MONTH FIVE PER CENT OF SUCH UNDERPAYMENT FOR EACH MONTH OR-
FRACTION THEREOF FROM THE DUE DATE, FOR THE PERIOD FROM THE DUE-
DATE TO THE DATE PAID; BUT THE UNDERPAYMENT SHALL, FOR PURPOSES-
OF COMPUTING THE ADDITION FOR ANY MONTH, BE REDUCED BY THE-
AMOUNT OF ANY PART OF THE TAX WHICH IS PAID BY THE BEGINNING OF-
THAT MONTH. THE TOTAL OF SUCH ADDITIONS SHALL NOT EXCEED FIFTY-
PER CENT OF THE AMOUNT OF SUCH TAX.

SECTION 27. SECTION 401(3)4(C) OF THE ACT IS AMENDED AND THE-
SUBSECTION IS AMENDED BY ADDING A CLAUSE TO READ:
SECTION 401. DEFINITIONS.—THE FOLLOWING WORDS, TERMS, AND-
PHRASES, WHEN USED IN THIS ARTICLE, SHALL HAVE THE MEANING—
20170HB0542PN2598  - 137 -
ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT CLEARLY INDICATES A DIFFERENT MEANING:

* * *

(3) "TAXABLE INCOME." * * *

4. * * *

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

(A) (I) FOR TAXABLE YEARS BEGINNING BEFORE JANUARY 1, 2007, TWO MILLION DOLLARS ($2,000,000);

(II) FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2006, THE GREATER OF TWELVE AND ONE HALF PER CENT OF TAXABLE INCOME AS DETERMINED UNDER SUBCLAUSE 1 OR, IF APPLICABLE, SUBCLAUSE 2 OR THREE MILLION DOLLARS ($3,000,000);

(III) FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2008, THE GREATER OF FIFTEEN PER CENT OF TAXABLE INCOME AS DETERMINED UNDER SUBCLAUSE 1 OR, IF APPLICABLE, SUBCLAUSE 2 OR THREE MILLION DOLLARS ($3,000,000);

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

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

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

(VII) FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2017, THIRTY-FIVE PER CENT OF TAXABLE INCOME AS DETERMINED UNDER...
(VIII) FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2018,

FORTY PER CENT OF TAXABLE INCOME AS DETERMINED UNDER SUBCLAUSE 1 OR, IF APPLICABLE, SUBCLAUSE 2; OR

(D) THE AMOUNT OF THE NET LOSS OR LOSSES WHICH MAY BE CARRIED OVER TO THE TAXABLE YEAR OR TAXABLE INCOME AS DETERMINED UNDER SUBCLAUSE 1 OR, IF APPLICABLE, SUBCLAUSE 2.

(1.1) IN NO EVENT SHALL THE NET LOSS DEDUCTION INCLUDE MORE THAN FIVE HUNDRED THOUSAND DOLLARS ($500,000), IN THE AGGREGATE, OF NET LOSSES FROM TAXABLE YEARS 1988 THROUGH 1994.

(2) (A) A NET LOSS FOR A TAXABLE YEAR MAY ONLY BE CARRIED OVER PURSUANT TO THE FOLLOWING SCHEDULE:

<table>
<thead>
<tr>
<th>TAXABLE YEAR</th>
<th>CARRYOVER</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>1 TAXABLE YEAR</td>
</tr>
<tr>
<td>1982</td>
<td>2 TAXABLE YEARS</td>
</tr>
<tr>
<td>1983-1987</td>
<td>3 TAXABLE YEARS</td>
</tr>
<tr>
<td>1988</td>
<td>2 TAXABLE YEARS PLUS 1 TAXABLE YEAR</td>
</tr>
<tr>
<td>1989</td>
<td>1 TAXABLE YEAR PLUS 2 TAXABLE YEARS</td>
</tr>
<tr>
<td>1990-1993</td>
<td>3 TAXABLE YEARS</td>
</tr>
<tr>
<td>1994</td>
<td>1 TAXABLE YEAR</td>
</tr>
<tr>
<td>1995-1997</td>
<td>10 TAXABLE YEARS</td>
</tr>
<tr>
<td>1998 AND THEREAFTER</td>
<td>20 TAXABLE YEARS</td>
</tr>
</tbody>
</table>
(B) THE EARLIEST NET LOSS SHALL BE CARRIED OVER TO THE
EARLIEST TAXABLE YEAR TO WHICH IT MAY BE CARRIED UNDER THIS
SCHEDULE. THE TOTAL NET LOSS DEDUCTION ALLOWED IN ANY TAXABLE
YEAR SHALL NOT EXCEED:

(I) TWO MILLION DOLLARS ($2,000,000) FOR TAXABLE YEARS
BEGINNING BEFORE JANUARY 1, 2007.

(II) THE GREATER OF TWELVE AND ONE HALF PER CENT OF THE
TAXABLE INCOME AS DETERMINED UNDER SUBCLAUSE 1 OR, IF
APPLICABLE, SUBCLAUSE 2 OR THREE MILLION DOLLARS ($3,000,000)
FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2006.

(III) THE GREATER OF FIFTEEN PER CENT OF THE TAXABLE INCOME
AS DETERMINED UNDER SUBCLAUSE 1 OR, IF APPLICABLE, SUBCLAUSE 2
OR THREE MILLION DOLLARS ($3,000,000) FOR TAXABLE YEARS
BEGINNING AFTER DECEMBER 31, 2008.

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

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

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

(VII) THIRTY-FIVE PER CENT OF TAXABLE INCOME AS DETERMINED
UNDER SUBCLAUSE 1 OR, IF APPLICABLE, SUBCLAUSE 2 FOR TAXABLE
YEARS BEGINNING AFTER DECEMBER 31, 2017.

(VIII) FORTY PER CENT OF TAXABLE INCOME AS DETERMINED UNDER
SUBCLAUSE 1 OR, IF APPLICABLE, SUBCLAUSE 2 FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2018.

(C.1) A DEDUCTION UNDER PART IV.1 SHALL BE ALLOWED FROM TAXABLE INCOME AS PROSCRIBED IN A SATISFACTION COMMITMENT LETTER EXECUTED BETWEEN THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT AND A TAXPAYER UNDER SECTION 407.7(C).

* * *

SECTION 28. ARTICLE IV OF THE ACT IS AMENDED BY ADDING A PART TO READ:

PART IV A

QUALIFIED MANUFACTURING INNOVATION AND REINVESTMENT DEDUCTION

SECTION 407.6. DEFINITIONS.--(A) FOR THE PURPOSES OF THIS PART ONLY, THE FOLLOWING WORDS, TERMS AND PHRASES SHALL HAVE THE MEANING ASCRIBED TO THEM IN THIS SUBSECTION, EXCEPT WHERE THE CONTEXT CLEARLY INDICATES A DIFFERENT MEANING:

(1) "ANNUAL TAXABLE PAYROLL." THE TOTAL AMOUNT OF WAGES PAID IN THIS COMMONWEALTH BY A TAXPAYER FOR THE BASE YEAR OR YEAR ONE, AS APPLICABLE, FROM WHICH PERSONAL INCOME TAX UNDER ARTICLE III IS WITHHELD.

(2) "BASE YEAR." THE FOUR CALENDAR QUARTERS PRECEDING THE START DATE.

(3) "DEPARTMENT." THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT OF THE COMMONWEALTH.

(4) "MANUFACTURE." THE MECHANICAL, PHYSICAL, BIOLOGICAL OR CHEMICAL TRANSFORMATION OF MATERIALS, SUBSTANCES OR COMPONENTS INTO NEW PRODUCTS THAT ARE CREATIONS OF NEW ITEMS OF TANGIBLE PERSONAL PROPERTY FOR SALE.

(5) "QUALIFIED MANUFACTURING INNOVATION AND REINVESTMENT DEDUCTION." AN ALLOWABLE DEDUCTION AS DETERMINED, CALCULATED...
AND EXECUTED IN A COMMITMENT LETTER BETWEEN THE DEPARTMENT AND
THE TAXPAYER.

(6) "QUALIFIED TAX LIABILITY." A TAXPAYER'S TAX LIABILITY
UNDER THIS ARTICLE.

(7) "START DATE." THE FIRST DAY OF THE CALENDAR QUARTER IN
WHICH A TAXPAYER ADVISES THE DEPARTMENT OF THE TAXPAYER'S INTENT
TO INITIATE AN ELIGIBLE PROJECT UNLESS THE APPLICANT REQUESTS
AND THE DEPARTMENT AGREES TO A LATER START DATE.

(8) "TAXPAYER." AN EMPLOYER SUBJECT TO THE TAX UNDER THIS
ARTICLE.

(9) "YEAR ONE." THE FOUR CALENDAR QUARTERS IMMEDIATELY
FOLLOWING THE START DATE.

SECTION 407.7. MANUFACTURING INNOVATION AND REINVESTMENT
DEDUCTION.--(A) IN ORDER TO BE ELIGIBLE TO RECEIVE A
MANUFACTURING INNOVATION AND REINVESTMENT DEDUCTION, A TAXPAYER
MUST DEMONSTRATE TO THE DEPARTMENT A CAPITAL INVESTMENT IN
EXCESS OF ONE HUNDRED MILLION DOLLARS ($100,000,000) FOR THE
CREATION OF NEW OR REFURBISHED MANUFACTURING CAPACITY WITHIN
THREE YEARS OF A DESIGNATED START DATE.

(B) (1) A TAXPAYER MUST ADVISE THE DEPARTMENT IN ADVANCE OF
THE START DATE OF ANY PROJECT FOR WHICH THE TAXPAYER MAY SEEK A
QUALIFIED MANUFACTURING INNOVATION AND REINVESTMENT DEDUCTION. A
TAXPAYER MUST ATTEST THE TAXPAYER'S INTENT TO MEET THE
ELIGIBILITY CRITERIA AND PROVIDE RELEVANT INFORMATION PERTINENT
TO THE PROJECT'S SIZE AND SCOPE IN A MANNER AS DETERMINED BY THE
DEPARTMENT.

(2) WITHIN FIVE YEARS OF A PROJECT'S START DATE, A TAXPAYER
MUST COMPLETE TO THE DEPARTMENT'S SATISFACTION AN APPLICATION ON
A FORM AND IN A MANNER AS DETERMINED BY THE DEPARTMENT TO ATTEST
THAT THE PROJECT HAS BEEN COMPLETED AND THE ELIGIBILITY CRITERIA.
HAS BEEN SATISFIED.


(1) THE NUMBER OF NEW JOBS CREATED AND THEIR CORRESPONDING DESCRIPTION.

(2) THE NUMBER OF NEW JOBS CREATED DURING CONSTRUCTION OF THE PROJECT.

(3) THE AMOUNT OF PRIVATE CAPITAL INVESTMENT IN THE CREATION OF NEW JOBS.

(4) THE INCREASE IN THE ANNUAL TAXABLE PAYROLL ATTRIBUTABLE TO NEW MANUFACTURING JOBS.

(5) A DETERMINATION OF THE MAXIMUM ALLOWABLE DEDUCTION AGAINST A TAXPAYER'S QUALIFIED TAX LIABILITY UNDER THIS ARTICLE.

(6) ANY OTHER INFORMATION AS THE DEPARTMENT DEEMS APPROPRIATE.

(D) (1) UPON DETERMINING A TAXPAYER'S SATISFACTION OF THE ELIGIBILITY CRITERIA, THE DEPARTMENT SHALL CALCULATE THE MAXIMUM ALLOWABLE DEDUCTION THAT A TAXPAYER MAY CLAIM AGAINST THE TAXPAYER'S TAXABLE INCOME UNDER THIS ARTICLE. THE DEDUCTION SHALL BE EQUAL TO FIVE PER CENT OF THE PRIVATE CAPITAL INVESTMENT UTILIZED IN THE CREATION OF NEW OR REFURBISHED
MANUFACTURING CAPACITY PER TAX YEAR FOR A PERIOD OF FIVE YEARS.

(2) A TAXPAYER MAY UTILIZE THE AMOUNT OF THE DEDUCTION IN
EACH YEAR OF THE SUCCEEDING FIVE TAX YEARS IMMEDIATELY FOLLOWING
THE DEPARTMENT'S SATISFACTION DETERMINATION AND THE EXECUTION OF
A SATISFACTION COMMITMENT LETTER.

(3) A TAXPAYER CANNOT USE THE DEDUCTION TO REDUCE ITS TAX
LIABILITY BY MORE THAN FIFTY PER CENT OF THE TAX LIABILITY UNDER
THIS ARTICLE FOR THE TAXABLE YEAR. THE DEDUCTION IS
NONTRANSFERABLE AND ANY UNUSED PORTION IN A TAX YEAR SHALL
EXPIRE AT THE END OF THE CORRESPONDING TAX YEAR.

SECTION 29. THE DEFINITION OF "VETERANS' ORGANIZATION" IN
SECTION 1101-C OF THE ACT, ADDED JULY 13, 2016 (P.L.526, NO.84),
IS AMENDED TO READ:

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

* * *

"VETERANS' SERVICE ORGANIZATION." A NOT-FOR-PROFIT
ORGANIZATION THAT [IS RECOGNIZED BY THE INTERNAL REVENUE SERVICE
AS A TAX EXEMPT ORGANIZATION DESCRIBED UNDER SECTION 501(C)(19)
OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26
SHALL ONLY INCLUDE A NOT FOR PROFIT ORGANIZATION FOR THE PERIOD
IN WHICH THE ORGANIZATION HAS A VALID TAX EXEMPTION UNDER
SECTION 501(C)(19) OF THE INTERNAL REVENUE CODE OF 1986, AS
DETERMINED BY THE INTERNAL REVENUE SERVICE.] HAS BEEN CHARTERED
BY THE CONGRESS OF THE UNITED STATES TO SERVICE VETERANS OR IS A
MEMBER OF THE PENNSYLVANIA STATE VETERANS' COMMISSION UNDER 51
PA.C.S. CH. 17 (RELATING TO STATE VETERANS' COMMISSION AND
DEPUTY ADJUTANT GENERAL FOR VETERANS' AFFAIRS).
SECTION 30.  SECTION 1102-C.2 OF THE ACT, AMENDED JULY 13, 2016 (P.L. 526, NO. 84), IS AMENDED TO READ:

SECTION 1102-C.2. EXEMPT PARTIES. THE UNITED STATES, THE COMMONWEALTH OR ANY OF THEIR INSTRUMENTALITIES, AGENCIES OR POLITICAL SUBDIVISIONS, OR VETERANS' SERVICE ORGANIZATIONS SHALL BE EXEMPT FROM PAYMENT OF THE TAX IMPOSED BY THIS ARTICLE. THE EXEMPTION UNDER THIS SECTION SHALL NOT, HOWEVER, RELIEVE ANY OTHER PARTY TO A TRANSACTION FROM LIABILITY FOR THE TAX.

SECTION 31.  THE ACT IS AMENDED BY ADDING AN ARTICLE TO READ:

ARTICLE XVII-A.1

TAX CREDIT ELIGIBILITY

SECTION 1701-A.1. DEFINITIONS.

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

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

"TAX CREDIT." A TAX CREDIT AUTHORIZED UNDER ANY OF THE FOLLOWING:

(1)  ARTICLE XVII-B.
(2)  ARTICLE XVII-D.
(3)  ARTICLE XVII-E.
(4)  ARTICLE XVII-G.
(5)  ARTICLE XVII-H.
(6)  ARTICLE XVII-I.
(7)  ARTICLE XVII-J.
(8)  ARTICLE XVII-K.
(9)  ARTICLE XVIII.
(10) ARTICLE XVIII-B.
(11) ARTICLE XVIII-D.
(A) Before a tax credit can be awarded, the department must make a finding that the taxpayer has filed all required state tax reports and returns for all applicable taxable years and paid any balance of state tax due as determined at settlement or assessment by the department, unless the tax due is currently under appeal.

SECTION 32. Section 1711-D of the Act is amended by adding definitions to read:

SECTION 1711-D. DEFINITIONS.

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

"DETERIORATED PROPERTY." Any blighted, impoverished area containing industrial, commercial or other real property that is abandoned, unsafe, vacant, undervalued, underutilized, overgrown, defective, condemned, demolished or which contains economically undesirable land use.

* * *

"FILM PRODUCTION TAX CREDIT DISTRICT." A district authorized under Section 1716.2-D.
SECTION 33. SECTION 1712-D OF THE ACT IS AMENDED BY ADDING A
SUBSECTION TO READ:

SECTION 1712-D. CREDIT FOR QUALIFIED FILM PRODUCTION EXPENSES.

**(B.1) REVIEW AND APPROVAL OF APPLICATIONS FOR FILM
PRODUCTION TAX CREDIT DISTRICT ACTIVITY. FOR APPLICATIONS
INVOLVING FILM PRODUCTION EXPENSES INCURRED WITHIN A DESIGNATED
FILM PRODUCTION TAX CREDIT DISTRICT AUTHORIZED UNDER SECTION
1716.2-D, THE DEPARTMENT SHALL ACCEPT APPLICATIONS AT ANY TIME.
APPLICATIONS SHALL BE REVIEWED BY THE DEPARTMENT UTILIZING THE
CRITERIA REQUIRED UNDER SUBSECTION (B). UPON DETERMINING THE
TAXPAYER HAS INCURRED OR WILL INCUR QUALIFIED FILM PRODUCTION
EXPENSES, THE DEPARTMENT SHALL APPROVE THE TAXPAYER FOR A TAX
CREDIT UTILIZING THE TAX CREDITS AUTHORIZED UNDER 1716.2-D, NOT
TO EXCEED THE AMOUNT AUTHORIZED FOR THE FISCAL YEAR.

SECTION 34. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

SECTION 1716.2-D. FILM PRODUCTION TAX CREDIT DISTRICTS.

**(A) ESTABLISHMENT. THE DEPARTMENT MAY DESIGNATE NOT MORE
THAN TWO FILM PRODUCTION TAX CREDIT DISTRICTS FOR THE PURPOSE OF
ENHANCING, PROMOTING AND EXPANDING FILM PRODUCTION OPPORTUNITIES
AND ESTABLISHING A FILM PRODUCTION INDUSTRY WITHIN THIS
COMMONWEALTH.

**(B) CRITERIA. A FILM PRODUCTION TAX CREDIT DISTRICT SHALL:

(1) BE AT LEAST 55 ACRES IN SIZE.
(2) BE LOCATED ON DETERIORATED PROPERTY.
(3) BE COMPRISSED OF A PARCEL THAT IS OR WILL BE OCCUPIED
BY TWO OR MORE QUALIFIED BUSINESSES THAT:

(I) IN THE AGGREGATE, MAKE A CAPITAL INVESTMENT OF
AT LEAST $400,000,000 WITHIN THE DISTRICT WITHIN FIVE YEARS AFTER THE EFFECTIVE DATE OF THE DESIGNATION OF THE DISTRICT; AND

(II) ARE DEDICATED TO FILM PRODUCTION ACTIVITY, POSTPRODUCTION ACTIVITY OR OTHER ACTIVITIES THAT DIRECTLY OR INDIRECTLY SUPPORT FILM PRODUCTION ACTIVITY OCCURRING WITHIN THE DISTRICT OR WITHIN THIS COMMONWEALTH.

(4) CONTAIN AT LEAST ONE QUALIFIED PRODUCTION FACILITY AND SIX SOUNDSTAGES.

(C) APPLICATION. THE FOLLOWING APPLY:

(1) AN APPLICATION TO DESIGNATE A FILM PRODUCTION TAX CREDIT DISTRICT MAY BE MADE BY THE COUNTY OR MUNICIPALITY IN WHICH ALL OR PART OF THE DISTRICT WILL BE LOCATED. THE DEPARTMENT SHALL REVIEW THE APPLICATION AND, IF APPROVED, ISSUE A DESIGNATION FOR THE FILM PRODUCTION TAX CREDIT DISTRICT. THE APPLICATION PERIOD SHALL BE SET BY THE DEPARTMENT.

(2) THE APPLICATION SHALL CONTAIN THE FOLLOWING INFORMATION:

(I) THE GEOGRAPHIC AREA OF THE PROPOSED FILM PRODUCTION TAX CREDIT DISTRICT.

(II) A DETAILED MAP OF THE PROPOSED DISTRICT INCLUDING GEOGRAPHIC BOUNDARIES, TOTAL AREA AND PRESENT USE AND CONDITIONS OF THE LAND AND STRUCTURES.

(III) A DESCRIPTION OF THE CURRENT SOCIAL, ECONOMIC AND DEMOGRAPHIC CHARACTERISTICS OF THE PROPOSED DISTRICT AND ANTICIPATED IMPROVEMENTS IN EDUCATION, HEALTH, HUMAN SERVICES, PUBLIC SAFETY AND EMPLOYMENT THAT WILL RESULT FROM DESIGNATION OF THE DISTRICT.

(IV) A DESCRIPTION OF ANTICIPATED FILM PRODUCTION
ACTIVITY AND ANCILLARY ACTIVITIES IN THE PROPOSED DISTRICT.

(V) EVIDENCE OF POTENTIAL PRIVATE AND PUBLIC INVESTMENT IN THE PROPOSED DISTRICT.

(VI) THE ROLE OF THE PROPOSED DISTRICT IN REGIONAL ECONOMIC AND COMMUNITY DEVELOPMENT.

(D) DESIGNATION PERIOD. A DISTRICT DESIGNATED UNDER SUBSECTION (C) SHALL EXPIRE 15 YEARS AFTER THE EFFECTIVE DATE OF THE DESIGNATION.

(E) CONSTRUCTION. THE TAX CREDITS AUTHORIZED UNDER THIS SECTION ARE IN ADDITION TO THE TAX CREDITS UNDER SECTION 1716-D(A) AND ARE AVAILABLE EXCLUSIVELY FOR ACTIVITIES OCCURRING WITHIN THE DESIGNATED DISTRICT.

(F) ANNUAL TAX CREDITS. THE DEPARTMENT MAY AUTHORIZE A TAX CREDIT FOR A FILM PRODUCTION TAX CREDIT DISTRICT IN FISCAL YEAR 2019-2020 AND IN EACH FISCAL YEAR THEREAFTER.

SECTION 35. ARTICLE XVII-D OF THE ACT IS AMENDED BY ADDING A SUBARTICLE TO READ:

SUBARTICLE E
ENTERTAINMENT ECONOMIC ENHANCEMENT PROGRAM

SECTION 1771-D. SCOPE OF SUBARTICLE.

THIS SUBARTICLE RELATES TO THE ENTERTAINMENT ECONOMIC ENHANCEMENT PROGRAM.

SECTION 1772-D. DEFINITIONS.

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

"CLASS 1 VENUE." A STADIUM, ARENA, OTHER STRUCTURE OR PROPERTY OWNED BY A MUNICIPALITY OR AN AUTHORITY FORMED UNDER ARTICLE XXV-A OF THE ACT OF JULY 28, 1953 (P.L.723, NO.230),
KNOWN AS THE SECOND CLASS COUNTY CODE, AT WHICH CONCERTS ARE
PERFORMED AND WHICH IS ALL OF THE FOLLOWING:

(1) LOCATED IN A CITY OF THE FIRST CLASS OR A COUNTY OF
THE SECOND CLASS.

(2) CONSTRUCTED IN A MANNER IN WHICH THE VENUE HAS A
SEATING CAPACITY OF AT LEAST 14,000.

"CLASS 2 VENUE." A STADIUM, ARENA OR OTHER STRUCTURE AT
WHICH CONCERTS ARE PERFORMED AND WHICH IS ALL OF THE FOLLOWING:

(1) LOCATED OUTSIDE THE GEOGRAPHIC BOUNDARIES OF A CITY
OF THE FIRST CLASS OR A COUNTY OF THE SECOND CLASS.

(2) CONSTRUCTED IN A MANNER IN WHICH THE VENUE HAS A
SEATING CAPACITY OF AT LEAST 6,000.

"CLASS 3 VENUE." A STADIUM, ARENA OR OTHER STRUCTURE WHICH
IS ANY OF THE FOLLOWING:

(1) LOCATED WITHIN A NEIGHBORHOOD IMPROVEMENT ZONE, AS
DEFINED IN SECTION 1902-B.

(2) OWNED BY OR AFFILIATED WITH A STATE-RELATED
INSTITUTION AS DEFINED IN 62 PA.C.S. § 103 (RELATING TO
DEFINITIONS).

(3) OWNED BY THE COMMONWEALTH AND AFFILIATED WITH THE
STATE SYSTEM OF HIGHER EDUCATION.

"CONCERT." A LIVE PERFORMANCE OF MUSIC IN THE PRESENCE OF
INDIVIDUALS WHO VIEW THE PERFORMANCE.

"CONCERT TOUR EQUIPMENT." INCLUDES STAGE, SET, SCENERY,
DESIGN ELEMENTS, AUTOMATION, RIGGING, TRUSSES, SPOTLIGHTS,
LIGHTING, SOUND EQUIPMENT, VIDEO EQUIPMENT, SPECIAL EFFECTS,
CASES, COMMUNICATION DEVICES, POWER DISTRIBUTION EQUIPMENT,
BACKLINE AND OTHER MISCELLANEOUS EQUIPMENT OR SUPPLIES USED
DURING A CONCERT OR REHEARSAL.

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

"MAINTAINED A PLACE OF BUSINESS" OR "MAINTAINING A PLACE OF BUSINESS." ALL OF THE FOLLOWING:

(1) HAVING, MAINTAINING OR USING WITHIN THIS COMMONWEALTH AN OFFICE, WAREHOUSE OR OTHER PLACE OF BUSINESS.

(2) REGULARLY ENGAGING IN AN ACTIVITY AS A BUSINESS WITHIN THIS COMMONWEALTH IN CONNECTION WITH THE LEASE, SALE OR DELIVERY OF TANGIBLE PERSONAL PROPERTY OR THE PERFORMANCE OF A SERVICE FOR RESIDENTS OF THIS COMMONWEALTH.

"MINIMUM REHEARSAL AND TOUR REQUIREMENTS." DURING A TOUR, ALL OF THE FOLLOWING MUST OCCUR:

(1) THE PURCHASE OR RENTAL OF CONCERT TOUR EQUIPMENT DELIVERED TO A LOCATION IN THIS COMMONWEALTH, IN AN AMOUNT OF AT LEAST $3,000,000, FROM COMPANIES LOCATED AND MAINTAINING A PLACE OF BUSINESS IN THIS COMMONWEALTH FOR USE ON THE TOUR.

(2) A REHEARSAL AT A QUALIFIED REHEARSAL FACILITY FOR A MINIMUM OF 10 DAYS.

(3) AT LEAST ONE CONCERT PERFORMED AT A CLASS 1 VENUE.

(4) AT LEAST ONE CONCERT PERFORMED AT A VENUE WHICH IS LOCATED IN A MUNICIPALITY OTHER THAN THE MUNICIPALITY IN WHICH THE CLASS 1 VENUE UNDER PARAGRAPH (3) IS LOCATED.

"PASS-THROUGH ENTITY." ANY OF THE FOLLOWING:

(1) A PARTNERSHIP AS DEFINED IN SECTION 301(N.0).

(2) A PENNSYLVANIA S CORPORATION AS DEFINED IN SECTION 301(N.1).

(3) AN UNINCORPORATED ENTITY SUBJECT TO SECTION 307.21.

"PENNSYLVANIA REHEARSAL AND TOUR EXPENSES." THE SUM OF PENNSYLVANIA REHEARSAL EXPENSES AND TOUR EXPENSES. THE TERM INCLUDES PENNSYLVANIA REHEARSAL EXPENSES AND TOUR EXPENSES PAID PRIOR TO OR DURING A REHEARSAL OR TOUR.
"PENNSYLVANIA REHEARSAL EXPENSE." A REHEARSAL EXPENSE WHICH IS INCURRED OR WILL BE INCURRED WITHIN THIS COMMONWEALTH, THE TERM INCLUDES:

(1) A PAYMENT WHICH IS MADE OR WILL BE MADE BY A RECIPIENT TO A PERSON UPON WHICH WITHHOLDING WILL BE MADE ON THE PAYMENT BY THE RECIPIENT AS REQUIRED UNDER PART VII OF ARTICLE III OR A PAYMENT WHICH IS MADE OR WILL BE MADE TO A PERSON WHO IS REQUIRED TO MAKE ESTIMATED PAYMENTS UNDER PART VIII OF ARTICLE III.

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

(3) A PAYMENT WHICH IS MADE OR WILL BE MADE TO A PASS-THROUGH ENTITY REPRESENTING INDIVIDUAL TALENT FOR WHICH WITHHOLDING WILL BE MADE BY THE PASS-THROUGH ENTITY ON THE PAYMENT AS REQUIRED UNDER PART VII OR VII-A OF ARTICLE III.

"QUALIFIED REHEARSAL AND TOUR EXPENSE." ALL PENNSYLVANIA REHEARSAL AND TOUR EXPENSES IF PENNSYLVANIA REHEARSAL EXPENSES COMPRISE OR WILL COMPRISE AT LEAST 60% OF THE TOTAL REHEARSAL EXPENSES. THE TERM SHALL NOT INCLUDE MORE THAN $2,000,000 IN THE AGGREGATE OF COMPENSATION PAID OR TO BE PAID TO INDIVIDUALS OR PAYMENT MADE OR TO BE MADE TO ENTITIES REPRESENTING AN INDIVIDUAL FOR SERVICES PROVIDED IN THE TOUR.

"QUALIFIED REHEARSAL FACILITY." A REHEARSAL FACILITY WHICH MEETS AT LEAST SIX OF THE FOLLOWING CRITERIA:

(1) HAS HAD A MINIMUM OF $8,000,000 INVESTED IN THE REHEARSAL FACILITY IN LAND OR STRUCTURE, OR A COMBINATION OF LAND AND STRUCTURE.

(2) HAS A PERMANENT GRID SYSTEM WITH A CAPACITY OF
1,000,000 pounds.

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

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

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

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

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

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

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

"Recipient." A taxpayer that has been awarded a tax credit under Section 1773-D(E).

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

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

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

(2) Payment to a personal service corporation representing individual talent.
(3) Payment to a pass-through entity representing individual talent.

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

(5) The cost of leasing vehicles.

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

(7) The cost of insurance coverage.

(8) The cost of food and lodging.

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

(10) The cost of renting a rehearsal facility.

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

"Rehearsal Facility." As follows:

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

   (i) Located within this Commonwealth.

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

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

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

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

"Taxpayer." A concert tour promotion company, concert tour
MANAGEMENT COMPANY OR OTHER CONCERT MANAGEMENT COMPANY SUBJECT TO TAX UNDER ARTICLE III, IV OR VI. THE TERM DOES NOT INCLUDE CONTRACTORS OR SUBCONTRACTORS OF A CONCERT TOUR PROMOTION COMPANY, CONCERT TOUR MANAGEMENT COMPANY OR OTHER CONCERT MANAGEMENT COMPANY.

"TOUR." A SERIES OF CONCERTS PERFORMED OR TO BE PERFORMED BY A MUSICAL PERFORMER IN MORE THAN ONE LOCATION. THE TERM INCLUDES AT LEAST ONE REHEARSAL.

"TOUR EXPENSE." AS FOLLOWS:

(1) COSTS INCURRED OR WHICH WILL BE INCURRED DURING A TOUR FOR VENUES LOCATED IN THIS COMMONWEALTH. THE TERM INCLUDES ALL OF THE FOLLOWING:

   (I) A PAYMENT WHICH IS MADE OR WILL BE MADE BY A RECIPIENT TO A PERSON UPON WHICH WITHHOLDING WILL BE MADE ON THE PAYMENT BY THE RECIPIENT AS REQUIRED UNDER PART VII OF ARTICLE III OR A PAYMENT WHICH IS MADE OR WILL BE MADE TO A PERSON WHO IS REQUIRED TO MAKE ESTIMATED PAYMENTS UNDER PART VIII OF ARTICLE III.

   (II) THE COST OF TRANSPORTATION OF PEOPLE OR CONCERT TOURING EQUIPMENT WHICH IS INCURRED OR WILL BE INCURRED WHILE TRANSPORTING TO OR FROM A TRAIN STATION, BUS DEPOT, AIRPORT OR OTHER TRANSPORTATION FACILITY OR WHILE TRANSPORTING DIRECTLY FROM A RESIDENCE OR BUSINESS ENTITY LOCATED IN THIS COMMONWEALTH, OR WHICH IS INCURRED OR WILL BE INCURRED FOR TRANSPORTATION PROVIDED BY A COMPANY WHICH IS SUBJECT TO THE TAX IMPOSED UNDER ARTICLE III OR IV.

   (III) THE COST OF LEASING VEHICLES UPON WHICH THE TAX IMPOSED BY ARTICLE II WILL BE PAID OR ACCRUED.

   (IV) THE COST OF INSURANCE COVERAGE WHICH IS
PURCHASED OR WILL BE PURCHASED THROUGH AN INSURANCE AGENT BASED IN THIS COMMONWEALTH.

(V) THE COST OF PURCHASING OR RENTING FACILITIES AND EQUIPMENT FROM OR THROUGH A RESIDENT OF THIS COMMONWEALTH OR AN ENTITY SUBJECT TO TAXATION IN THIS COMMONWEALTH.

(VI) THE COST OF FOOD AND LODGING WHICH IS INCURRED OR WILL BE INCURRED FROM A FACILITY LOCATED IN THIS COMMONWEALTH.

(VII) EXPENSES WHICH ARE INCURRED OR WILL BE INCURRED IN MARKETING OR ADVERTISING A TOUR AT VENUES LOCATED WITHIN THIS COMMONWEALTH.

(VIII) THE COST OF MERCHANDISE WHICH IS PURCHASED OR WILL BE PURCHASED FROM A COMPANY LOCATED WITHIN THIS COMMONWEALTH AND USED ON THE TOUR.

(IX) A PAYMENT WHICH IS MADE OR WILL BE MADE TO A PERSONAL SERVICE CORPORATION REPRESENTING INDIVIDUAL TALENT IF THE TAX IMPOSED BY ARTICLE IV WILL BE PAID OR ACCRUED ON THE NET INCOME OF THE CORPORATION FOR THE TAXABLE YEAR.

(X) A PAYMENT WHICH IS MADE OR WILL BE MADE TO A PASS-THROUGH ENTITY REPRESENTING INDIVIDUAL TALENT FOR WHICH WITHHOLDING WILL BE MADE BY THE PASS-THROUGH ENTITY ON THE PAYMENT AS REQUIRED UNDER PART VII OR VII A OF ARTICLE III.

(2) THE TERM DOES NOT INCLUDE DEVELOPMENT COST, INCLUDING THE WRITING OF MUSIC OR LYRICS.

“VENUE,” A CLASS 1, CLASS 2 OR CLASS 3 VENUE.

SECTION 1773-D. PROCEDURE.

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

(B) REVIEW AND APPROVAL.--

(1) THE DEPARTMENT SHALL ESTABLISH APPLICATION PERIODS NOT TO EXCEED 30 DAYS. ALL APPLICATIONS RECEIVED DURING AN APPLICATION PERIOD SHALL BE REVIEWED AND EVALUATED BY THE DEPARTMENT BASED ON THE FOLLOWING CRITERIA:

(I) THE ANTICIPATED NUMBER OF REHEARSAL DAYS IN A QUALIFIED REHEARSAL FACILITY.

(II) THE ANTICIPATED NUMBER OF CONCERTS AT CLASS 1 VENUES.

(III) THE ANTICIPATED NUMBER OF CONCERTS AT CLASS 2 VENUES.

(IV) THE ANTICIPATED NUMBER OF CONCERTS AT CLASS 3 VENUES.

(V) THE ANTICIPATED AMOUNT OF PENNSYLVANIA REHEARSAL EXPENSES IN COMPARISON TO THE ANTICIPATED AGGREGATE AMOUNT OF REHEARSAL EXPENSES.

(VI) THE ANTICIPATED AMOUNT OF THE TOUR EXPENSES.

(VII) THE ANTICIPATED AMOUNT OF THE CONCERT TOUR EQUIPMENT EXPENSES WHICH ARE OR WILL BE PURCHASED OR RENTED FROM A COMPANY LOCATED AND MAINTAINING A PLACE OF BUSINESS IN THIS COMMONWEALTH AND WHICH WILL BE USED ON THE TOUR.

(VIII) THE ANTICIPATED NUMBER OF DAYS SPENT IN COMMONWEALTH HOTELS.

(IX) OTHER CRITERIA THAT THE DEPARTMENT DEEMS APPROPRIATE TO ENSURE MAXIMUM EMPLOYMENT OPPORTUNITIES AND ENTERTAINMENT BENEFITS FOR THE RESIDENTS OF THIS COMMONWEALTH.

(2) EXCEPT AS PROVIDED IN SUBSECTION (C) AND UPON
DETERMINING THAT THE TAXPAYER HAS PAID THE APPLICABLE
APPLICATION FEE NOT TO EXCEED $300, HAS MET OR WILL MEET THE
MINIMUM REHEARSAL AND TOUR REQUIREMENTS AND HAS INCURRED OR
WILL INCUR QUALIFIED REHEARSAL AND TOUR EXPENSES, THE
DEPARTMENT MAY APPROVE THE TAXPAYER FOR A TAX CREDIT.
APPLICATIONS NOT APPROVED MAY BE REVIEWED AND CONSIDERED IN
SUBSEQUENT APPLICATION PERIODS. THE DEPARTMENT MAY APPROVE A
TAXPAYER FOR A TAX CREDIT BASED ON ITS EVALUATION OF THE
CRITERIA UNDER THIS SUBSECTION.

(C) RESTRICTION. THE DEPARTMENT MAY ONLY CONSIDER
REHEARSALS HELD OR TO BE HELD, AND QUALIFIED REHEARSAL AND TOUR
EXPENSES INCURRED OR TO BE INCURRED, AFTER JANUARY 1, 2017, IN
DETERMINING WHETHER A TAXPAYER HAS MET OR WILL MEET THE MINIMUM
REHEARSAL AND TOUR REQUIREMENTS.

(D) CONTRACT.—IF THE DEPARTMENT APPROVES THE TAXPAYER'S
APPLICATION UNDER SUBSECTION (B), THE DEPARTMENT AND THE
TAXPAYER SHALL ENTER INTO A CONTRACT CONTAINING THE FOLLOWING:

(1) AN ITEMIZED LIST OF REHEARSAL EXPENSES INCURRED OR
TO BE INCURRED FOR THE TOUR.

(2) AN ITEMIZED LIST OF PENNSYLVANIA REHEARSAL EXPENSES
INCURRED OR TO BE INCURRED FOR THE TOUR.

(3) WITH RESPECT TO A CONTRACT ENTERED INTO PRIOR TO
COMPLETION OF A TOUR, A COMMITMENT BY THE TAXPAYER TO INCUR
THE PENNSYLVANIA REHEARSAL EXPENSES AS ITEMIZED.

(4) AN ITEMIZED LIST OF THE QUALIFIED REHEARSAL AND TOUR
EXPENSES INCURRED OR TO BE INCURRED FOR THE TOUR.

(5) WITH RESPECT TO A CONTRACT ENTERED INTO PRIOR TO
COMPLETION OF A TOUR, A COMMITMENT BY THE TAXPAYER TO INCUR
THE QUALIFIED REHEARSAL AND TOUR EXPENSES AS ITEMIZED.

(6) WITH RESPECT TO A CONTRACT ENTERED INTO PRIOR TO
COMPLETION OF A TOUR, A COMMITMENT BY THE TAXPAYER TO HOLD AT LEAST ONE CONCERT AT A CLASS 1 VENUE.

(7) WITH RESPECT TO A CONTRACT ENTERED INTO PRIOR TO COMPLETION OF A TOUR, A COMMITMENT BY THE TAXPAYER TO HOLD AT LEAST ONE CONCERT AT A VENUE LOCATED IN A MUNICIPALITY OTHER THAN THE MUNICIPALITY IN WHICH THE CLASS 1 VENUE UNDER PARAGRAPH (6) IS LOCATED.

(8) THE START DATE OR THE EXPECTED START DATE.

(9) ANY OTHER INFORMATION THE DEPARTMENT DEEMS APPROPRIATE.

(E) CERTIFICATE.--UPON EXECUTION OF THE CONTRACT REQUIRED BY SUBSECTION (D), THE DEPARTMENT SHALL AWARD THE TAXPAYER A CONCERT REHEARSAL AND TOUR TAX CREDIT AND ISSUE THE RECIPIENT A TAX CREDIT CERTIFICATE.

SECTION 1774-D. CLAIM.

BEGINNING JULY 1, 2017, A RECIPIENT MAY CLAIM A CONCERT REHEARSAL AND TOUR TAX CREDIT AGAINST THE QUALIFIED TAX LIABILITY OF THE RECIPIENT.

SECTION 1775-D. CARRYOVER, CARRYBACK AND ASSIGNMENT OF TAX CREDIT.

(A) GENERAL RULE.--IF A RECIPIENT CANNOT USE THE ENTIRE AMOUNT OF A TAX CREDIT FOR THE TAXABLE YEAR IN WHICH THE TAX CREDIT IS FIRST APPROVED, THE EXCESS MAY BE CARRIED OVER TO SUCCEEDING TAXABLE YEARS AND USED AS A TAX CREDIT AGAINST THE QUALIFIED TAX LIABILITY OF THE RECIPIENT FOR THOSE TAXABLE YEARS. EACH TIME THE TAX CREDIT IS CARRIED OVER TO A SUCCEEDING TAXABLE YEAR, THE TAX CREDIT SHALL BE REDUCED BY THE AMOUNT THAT WAS USED AS A CREDIT DURING THE IMMEDIATELY PRECEDING TAXABLE YEAR. THE TAX CREDIT MAY BE CARRIED OVER AND APPLIED TO SUCCEEDING TAXABLE YEARS FOR NO MORE THAN THREE TAXABLE YEARS.
FOLLOWING THE FIRST TAXABLE YEAR FOR WHICH THE RECIPIENT WAS
ENTITLED TO CLAIM THE TAX CREDIT.

(B) APPLICATION.—A TAX CREDIT APPROVED BY THE DEPARTMENT IN
A TAXABLE YEAR FIRST SHALL BE APPLIED AGAINST THE RECIPIENT’S
QUALIFIED TAX LIABILITY FOR THE CURRENT TAXABLE YEAR AS OF THE
DATE ON WHICH THE TAX CREDIT WAS APPROVED BEFORE THE TAX CREDIT
CAN BE APPLIED AGAINST TAX LIABILITY UNDER SUBSECTION (A).

(C) NO CARRYBACK OR REFUND.—A RECIPIENT SHALL NOT BE
ENTITLED TO CARRY BACK OR OBTAIN A REFUND OF ANY PORTION OF AN
UNUSED TAX CREDIT GRANTED TO THE RECIPIENT UNDER THIS
SUBARTICLE.

(D) SALE OR ASSIGNMENT.—THE FOLLOWING SHALL APPLY:

(1) A RECIPIENT, UPON APPLICATION TO AND APPROVAL BY THE
DEPARTMENT, MAY SELL OR ASSIGN, IN WHOLE OR IN PART, A TAX
CREDIT GRANTED TO THE RECIPIENT UNDER THIS SUBARTICLE.

(2) THE DEPARTMENT AND THE DEPARTMENT OF REVENUE SHALL
JOINTLY PROMULGATE REGULATIONS FOR THE APPROVAL OF
APPLICATIONS UNDER THIS SUBSECTION.

(3) BEFORE AN APPLICATION IS APPROVED, THE DEPARTMENT OF
REVENUE MUST MAKE A FINDING THAT THE RECIPIENT HAS FILED ALL
REQUIRED STATE TAX REPORTS AND RETURNS FOR ALL APPLICABLE
TAXABLE YEARS AND PAID ANY BALANCE OF STATE TAX DUE AS
DETERMINED AT SETTLEMENT, ASSESSMENT OR DETERMINATION BY THE
DEPARTMENT OF REVENUE.

(4) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE
DEPARTMENT OF REVENUE SHALL SETTLE, ASSESS OR DETERMINE THE
TAX OF A TAXPAYER UNDER THIS SUBSECTION WITHIN 60 DAYS OF THE
FILING OF ALL REQUIRED FINAL RETURNS OR REPORTS IN ACCORDANCE
WITH SECTION 806.1(A)(5) OF THE ACT OF APRIL 9, 1929—
(P.L.343, NO.176), KNOWN AS THE FISCAL CODE.
(E) PURCHASERS AND ASSIGNEES.--THE FOLLOWING APPLY:

(1) THE PURCHASER OR ASSIGNEE OF ALL OR A PORTION OF A TAX CREDIT UNDER SUBSECTION (D) SHALL IMMEDIATELY CLAIM THE TAX CREDIT IN THE TAXABLE YEAR IN WHICH THE PURCHASE OR ASSIGNMENT IS MADE.

(2) THE AMOUNT OF THE TAX CREDIT THAT A PURCHASER OR ASSIGNEE MAY USE AGAINST ONE QUALIFIED TAX LIABILITY MAY NOT EXCEED 50% OF THE QUALIFIED TAX LIABILITY FOR THE TAXABLE YEAR.

(3) THE PURCHASER OR ASSIGNEE MAY NOT CARRY FORWARD, CARRY BACK OR OBTAIN A REFUND OF OR SELL OR ASSIGN THE TAX CREDIT.

(4) THE PURCHASER OR ASSIGNEE SHALL NOTIFY THE DEPARTMENT OF REVENUE OF THE SELLER OR ASSIGNOR OF THE TAX CREDIT IN COMPLIANCE WITH PROCEDURES SPECIFIED BY THE DEPARTMENT OF REVENUE.

SECTION 1776-D. DETERMINATION OF PENNSYLVANIA REHEARSAL AND TOUR EXPENSES.

WHEN PRESCRIBING STANDARDS FOR DETERMINING WHICH REHEARSAL OR TOUR EXPENSES ARE CONSIDERED PENNSYLVANIA REHEARSAL AND TOUR EXPENSES FOR PURPOSES OF COMPUTING THE TAX CREDIT PROVIDED BY THIS SUBARTICLE, THE DEPARTMENT SHALL CONSIDER:

(1) THE LOCATION WHERE SERVICES ARE PERFORMED.

(2) THE LOCATION WHERE CONCERT TOUR EQUIPMENT IS PURCHASED, RENTED, DELIVERED AND USED.

(3) THE LOCATION WHERE REHEARSALS OR CONCERTS ARE HELD.

(4) OTHER FACTORS THE DEPARTMENT DETERMINES ARE RELEVANT.

SECTION 1777-D. LIMITATIONS.

(A) CAP.--EXCEPT AS PROVIDED IN THIS SUBSECTION, THE
DEPARTMENT MAY NOT AWARD TAX CREDITS FOR QUALIFIED REHEARSAL AND
TOUR EXPENSES INCURRED OR TO BE INCURRED RELATED TO MORE THAN
FIVE TOURS IN A FISCAL YEAR. IN A FISCAL YEAR, THE DEPARTMENT
MAY, IN THE DEPARTMENT'S DISCRETION, ADVANCE THE AWARD OF TAX
CREDITS FOR QUALIFIED REHEARSAL AND TOUR EXPENSES INCURRED OR TO
BE INCURRED RELATED TO A MAXIMUM OF TWO ADDITIONAL TOURS.

(B) ADVANCE AWARD OF CREDITS. THE ADVANCE AWARD OF TAX
CREDITS UNDER SUBSECTION (A) SHALL:

(1) COUNT AGAINST THE TOTAL NUMBER OF TOURS THAT THE
DEPARTMENT MAY AWARD TAX CREDITS FOR QUALIFIED REHEARSAL AND
TOUR EXPENSES INCURRED OR TO BE INCURRED RELATED TO A TOUR IN
THAT NEXT SUCCEEDING FISCAL YEAR; AND

(2) REDUCE THE NUMBER OF TOURS THAT THE DEPARTMENT MAY
AWARD TAX CREDITS FOR QUALIFIED REHEARSAL AND TOUR EXPENSES
INCURRED OR TO BE INCURRED RELATED TO A TOUR IN THAT NEXT
SUCCEEDING FISCAL YEAR.

(C) INDIVIDUAL LIMITATIONS.—THE FOLLOWING SHALL APPLY:

(1) A TAXPAYER MAY NOT BE AWARDED MORE THAN $800,000 OF
TAX CREDITS FOR A TOUR.

(2) EXCEPT AS PROVIDED UNDER PARAGRAPH (5), THE
AGGREGATE AMOUNT OF TAX CREDITS AWARDED BY THE DEPARTMENT
UNDER SECTION 1773-D(E) TO A TAXPAYER FOR A TOUR WITH
CONCERTS AT TWO CLASS 1 VENUES OR A CLASS 1 VENUE AND A CLASS
2 VENUE MAY NOT EXCEED 25% OF THE QUALIFIED REHEARSAL AND
TOUR EXPENSES INCURRED OR TO BE INCURRED.

(3) EXCEPT AS PROVIDED UNDER PARAGRAPH (5), THE
AGGREGATE AMOUNT OF TAX CREDITS AWARDED BY THE DEPARTMENT
UNDER SECTION 1773-D(E) TO A TAXPAYER FOR A TOUR WITH
CONCERTS AT A CLASS 1 VENUE AND A CLASS 3 VENUE MAY NOT
EXCEED 30% OF THE QUALIFIED REHEARSAL AND TOUR EXPENSES.
INCURRED OR TO BE INCURRED.

(4) EXCEPT AS PROVIDED UNDER PARAGRAPH (5), THE
AGGREGATE AMOUNT OF TAX CREDITS AWARDED BY THE DEPARTMENT
UNDER SECTION 1773-D(E) TO A TAXPAYER FOR A TOUR WITH
CONCERTS AT A CLASS 1 VENUE AND A CLASS 3 VENUE WHICH DOES
NOT SERVE ALCOHOL MAY NOT EXCEED 35% OF THE QUALIFIED
REHEARSAL AND TOUR EXPENSES INCURRED OR TO BE INCURRED.

(5) IN ADDITION TO THE TAX CREDITS UNDER PARAGRAPH (2),
(3) OR (4), A TAXPAYER IS ELIGIBLE FOR A TAX CREDIT IN THE
AMOUNT OF 5% OF THE QUALIFIED REHEARSAL AND TOUR EXPENSES
INCURRED OR TO BE INCURRED BY THE TAXPAYER IF THE TAXPAYER
Holds concerts at a total of two or more Class 2 venues or
Class 3 venues.

(D) QUALIFIED REHEARSAL FACILITY. -- TO BE CONSIDERED A
QUALIFIED REHEARSAL FACILITY UNDER THIS SUBARTICLE, THE OWNER OF
A REHEARSAL FACILITY SHALL PROVIDE EVIDENCE TO THE DEPARTMENT TO
VERIFY THE DEVELOPMENT OR FACILITY SPECIFICATIONS AND CAPITAL
IMPROVEMENT COSTS INCURRED FOR THE REHEARSAL FACILITY SO THAT
THE THRESHOLD AMOUNTS SET IN THE DEFINITION OF "QUALIFIED
REHEARSAL FACILITY" UNDER SECTION 1772-D ARE SATISFIED, AND, UPON VERIFICATION, THE REHEARSAL FACILITY SHALL BE REGISTERED BY
THE DEPARTMENT OFFICIALLY AS A QUALIFIED REHEARSAL FACILITY.

(E) WAIVER. THE DEPARTMENT MAY MAKE A DETERMINATION THAT
THE FINANCIAL BENEFIT TO THIS COMMONWEALTH RESULTING FROM THE
DIRECT INVESTMENT IN OR PAYMENTS MADE TO PENNSYLVANIA REHEARSAL
AND CONCERT FACILITIES OUTWEIGHS THE BENEFIT OF MAINTAINING THE
60% PENNSYLVANIA REHEARSAL EXPENSES REQUIREMENT CONTAINED IN THE
DEFINITION OF "QUALIFIED REHEARSAL AND TOUR EXPENSE" UNDER
SECTION 1772-D. IF THE DETERMINATION IS MADE, THE DEPARTMENT MAY
WAIVE THE REQUIREMENT THAT 60% OF A TOUR'S AGGREGATE REHEARSAL...
EXPENSES BE COMPRISED OF PENNSYLVANIA REHEARSAL EXPENSES.

SECTION 1778-D. PENALTY.

A RECIPIENT WHICH CLAIMS A TAX CREDIT AND FAILS TO INCUR THE
AMOUNT OF QUALIFIED REHEARSAL AND TOUR EXPENSES AGREED TO UNDER
SECTION 1773 D(D)(4) FOR A TOUR IN THAT TAXABLE YEAR SHALL REPAY
TO THE COMMONWEALTH AN AMOUNT EQUAL TO 110% OF THE DIFFERENCE
BETWEEN THE AMOUNT AGREED TO UNDER SECTION 1773 D(D)(4) AND THE
AMOUNT OF QUALIFIED REHEARSAL AND TOUR EXPENSES ACTUALLY
INCURRED BY THE RECIPIENT. THE PENALTY SHALL BE ASSESSED AND
COLLECTED UNDER ARTICLE II.

SECTION 1779-D. PASS-THROUGH ENTITY.

(A) GENERAL RULE.—IF A PASS-THROUGH ENTITY HAS ANY UNUSED
TAX CREDITS UNDER SECTION 1775-D, THE PASS-THROUGH ENTITY MAY
ELECT IN WRITING, ACCORDING TO PROCEDURES ESTABLISHED BY THE
DEPARTMENT OF REVENUE, TO TRANSFER ALL OR A PORTION OF THE TAX
CREDITS TO SHAREHOLDERS, MEMBERS OR PARTNERS IN PROPORTION TO
THE SHARE OF THE ENTITY’S DISTRIBUTIVE INCOME TO WHICH EACH
SHAREHOLDER, MEMBER OR PARTNER IS ENTITLED.

(B) LIMITATION.—A PASS-THROUGH ENTITY AND A SHAREHOLDER,
MEMBER OR PARTNER OF A PASS-THROUGH ENTITY MAY NOT CLAIM THE TAX
CREDIT UNDER SUBSECTION (A) FOR THE SAME QUALIFIED REHEARSAL AND
TOUR EXPENSE.

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

SECTION 1780-D. DEPARTMENT GUIDELINES AND REGULATIONS.

THE DEPARTMENT SHALL DEVELOP WRITTEN GUIDELINES FOR THE
IMPLEMENTATION OF THIS SUBARTICLE. THE GUIDELINES SHALL BE IN EFFECT UNTIL THE DEPARTMENT PROMULGATES REGULATIONS FOR THE IMPLEMENTATION OF THIS SUBARTICLE.

SECTION 1781-D. REPORT TO GENERAL ASSEMBLY.


(1) THE AMOUNT OF TAX CREDITS CLAIMED DURING THE FISCAL YEAR BY TOUR.

(2) THE TOTAL AMOUNT SPENT IN THIS COMMONWEALTH DURING THE FISCAL YEAR BY TOURS AND CONCERT TOUR PROMOTION COMPANIES FOR SERVICES AND SUPPLIES.

(3) THE TOTAL AMOUNT OF TAX REVENUES, BOTH DIRECTLY AND INDIRECTLY, GENERATED FOR THE COMMONWEALTH DURING THE FISCAL
YEAR BY THE CONCERT REHEARSAL AND TOUR INDUSTRY.

SECTION 36.  THE DEFINITION OF "QUALIFIED TAX LIABILITY" IN
SECTION 1702-C OF THE ACT IS AMENDED TO READ:

SECTION 1702-C.  DEFINITIONS.

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

* * *

"QUALIFIED TAX LIABILITY."  THE LIABILITY FOR TAXES IMPOSED
UNDER ARTICLES III, IV, VI, VII, VIII, IX, XI AND XV. THE TERM
DOES NOT INCLUDE TAX WITHHELD UNDER SECTION [316] 316.1.

* * *

SECTION 37.  SECTIONS 1813-C AND 1814-C OF THE ACT, AMENDED
JULY 13, 2016 (P.L.526, NO.84), ARE AMENDED TO READ:

SECTION 1813-C.  RESTRICTIONS.

(A)  UTILIZATION.--MONEY TRANSFERRED UNDER SECTION 1812-C MAY
ONLY BE UTILIZED FOR THE FOLLOWING:

(1)  PAYMENT OF DEBT SERVICE ON BONDS ISSUED OR
REFINANCED FOR THE ACQUISITION, DEVELOPMENT, CONSTRUCTION,
INCLUDING RELATED INFRASTRUCTURE AND SITE PREPARATION,
RECONSTRUCTION, RENOVATION OR REFINANCING OF A FACILITY IN
THE ZONE AND NORMAL AND CUSTOMARY FEES FOR PROFESSIONAL
SERVICES ASSOCIATED WITH THE ISSUANCE OR REFINANCE OF THE
BONDS.

(2)  ACQUISITION, DEVELOPMENT, CONSTRUCTION, INCLUDING
RELATED INFRASTRUCTURE AND SITE PREPARATION, RECONSTRUCTION,
RENOVATION OR REFINANCING OF ALL OR A PART OF A FACILITY.

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

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

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

(6) IMPROVEMENT PROJECTS, INCLUDING FIXTURES AND EQUIPMENT FOR A FACILITY OWNED, IN WHOLE OR IN PART, BY A PUBLIC AUTHORITY.

(7) PAYMENT OR REIMBURSEMENT OF REASONABLE ADMINISTRATIVE, AUDITING AND COMPLIANCE SERVICES REQUIRED BY THIS ARTICLE. REASONABLE ADMINISTRATIVE COSTS MAY NOT EXCEED 5% OF THE MONEY TRANSFERRED UNDER SECTION 1812-C. FOR PURPOSES OF THIS PARAGRAPH, PROFESSIONAL SERVICES SHALL NOT BE CONSIDERED ADMINISTRATIVE COSTS.

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

(C) EXCESS MONEY.

(1) [IF] EXCEPT AS SET FORTH IN PARAGRAPH (4), IF THE AMOUNT OF MONEY TRANSFERRED TO THE FUND UNDER SECTIONS 1811-C(C) AND 1812-C IN ANY ONE CALENDAR YEAR EXCEEDS THE MONEY UTILIZED UNDER THIS SECTION IN THAT CALENDAR YEAR, THE CONTRACTING AUTHORITY SHALL SUBMIT BY APRIL 15 FOLLOWING THE END OF THE CALENDAR YEAR THE EXCESS MONEY TO THE STATE TREASURER FOR DEPOSIT INTO THE GENERAL FUND.


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

(4) PARAGRAPH (1) DOES NOT APPLY TO MONEY UTILIZED IN A
PILOT ZONE PROVIDED THE EXCESS MONEY IS USED IN ACCORDANCE WITH SUBSECTION (A).

(D) MATCHING FUNDS.--

(1) THE AMOUNT OF MONEY TRANSFERRED FROM THE FUND UTILIZED FOR THE ACQUISITION, DEVELOPMENT, CONSTRUCTION, INCLUDING RELATED SITE PREPARATION AND INFRASTRUCTURE, RECONSTRUCTION OR RENOVATION OF FACILITIES, OR NORMAL AND CUSTOMARY FEES FOR PROFESSIONAL SERVICES SHALL BE MATCHED BY PRIVATE, FEDERAL OR LOCAL MONEY AT A RATIO OF FIVE FUND DOLLARS TO ONE PRIVATE, FEDERAL OR LOCAL DOLLAR. THE CONTRACTING AUTHORITY SHALL VERIFY THE PRIVATE, FEDERAL OR LOCAL MATCH FOR A PROJECT AT THE TIME OF THE BOND AND REPORT PROOF OF THE MATCH TO THE AGENCIES. ALL OF THE FOLLOWING SHALL BE DEEMED PRIVATE MONEY:

(I) EQUITY.

(II) PRIVATE DEVELOPER DEBT AND FINANCING.

(III) SOFT COSTS ASSOCIATED WITH LAND DEVELOPMENT.

(IV) COSTS OF PROFESSIONAL SERVICES ASSOCIATED WITH DEVELOPMENT.

(V) COSTS ASSOCIATED WITH IMPROVEMENTS OF THE PARCEL.

(VI) COSTS OF LAND ACQUISITION AND REAL ESTATE TRANSACTIONS.

(1.1) PRIVATE, FEDERAL OR LOCAL DOLLARS INVESTED IN ANY SINGLE YEAR OR MULTIPLE YEARS MAY BE AMORTIZED OVER THE TERM OF THE PRIVATE OR PUBLIC FINANCING PROVIDED TO THE PROJECT IN ORDER TO MEET THE MATCHING FUND RATIO OF FIVE FUND DOLLARS TO ONE PRIVATE, FEDERAL OR LOCAL DOLLAR INVESTED IN THE PROJECT.

(2) BY APRIL 1 FOLLOWING THE BASELINE YEAR AND FOR EACH YEAR THEREAFTER, THE CONTRACTING AUTHORITY SHALL FILE AN
ANNUAL REPORT WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC
DEVELOPMENT, THE OFFICE AND THE DEPARTMENT THAT CONTAINS A
DETAILED ACCOUNT OF THE FUND MONEY EXPENDITURES AND THE
PRIVATE, FEDERAL OR LOCAL MONEY EXPENDITURES AND A
CALCULATION OF THE RATIO IN PARAGRAPH (1) FOR THE PRIOR-
CALENDAR YEAR.

(3) IF IT IS DETERMINED THAT INSUFFICIENT PRIVATE,
FEDERAL OR LOCAL MONEY WAS UTILIZED UNDER PARAGRAPH (1), THE
AMOUNT OF FUND MONEY UTILIZED UNDER PARAGRAPH (1) IN THE
PRIOR CALENDAR YEAR SHALL BE DEDUCTED FROM THE NEXT TRANSFER
OF THE FUND.

SECTION 1814-C. TRANSFER OF PROPERTY.

(A) PROPERTY. — PARCELS IN A ZONE WHERE A FACILITY HAS NOT
BEEN CONSTRUCTED, RECONSTRUCTED OR RENOVATED USING MONEY UNDER
THIS ARTICLE MAY BE TRANSFERRED OUT OF THE ZONE, IF THE
CONTRACTING AUTHORITY PROVIDES A NOTARIZED CERTIFICATION,
CONFIRMED IN THE ANNUAL AUDIT REQUIRED UNDER SECTION 1807-C(C),
THAT NO FUND DOLLARS WERE USED ON THE PROPERTY. ADDITIONAL
ACREAGE, NOT TO EXCEED THE ACREAGE TRANSFERRED OUT OF THE ZONE,
MAY BE [SIMULTANEOUSLY] ADDED TO THE ZONE.

(A.1) PUBLIC MEETING. — PRIOR TO REQUESTING APPROVAL, THE
CONTRACTING AUTHORITY SHALL HOLD A PUBLIC MEETING TO CONSIDER
THE PROPOSED TRANSFER. AT THE MEETING, ANY INTERESTED PARTY MAY
ATTEND AND OFFER COMMENT ON THE PROPOSAL CHANGE.

(A.2) INFEASIBILITY.

(1) IF NO ACTIVITY IN FURTHERANCE OF DEVELOPMENT HAS
TAKEN PLACE ON THE PARCEL WITHIN EIGHT YEARS OF THE ENACTMENT
OF THIS SECTION OR DESIGNATION OF THE ZONE, WHICHEVER OCCURS
LATER, THE CONTRACTING AUTHORITY MAY CONDUCT A PUBLIC HEARING
ON THE FEASIBILITY OF THE PARCEL TO CONTINUE WITH THE
DESIGNATION PURSUANT TO A REQUEST FROM THE CITY OR MUNICIPALITY WHERE THE PARCEL SITS. THE HEARING SHALL BE HELD AND NOTICE PROVIDED TO THE OWNER OF THE PARCEL IN ACCORDANCE WITH SECTION 908 OF THE ACT OF JULY 31, 1968 (P.L.805, NO.247), KNOWN AS THE PENNSYLVANIA MUNICIPALITIES PLANNING CODE. FOR PURPOSES OF THIS SECTION, ACTIVITY SHALL INCLUDE, BUT NOT BE LIMITED TO, CONSTRUCTION, BUILDING, RENOVATION, RECONSTRUCTION, SITE PREPARATION AND SITE DEVELOPMENT.


(B) APPROVAL.—A TRANSFER UNDER SUBSECTIONS (A) AND (A.2) MUST BE APPROVED BY THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT IN CONSULTATION WITH THE OFFICE AND THE DEPARTMENT.

SECTION 38. (RESERVED).

SECTION 39. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

SECTION 1904.3-B. TRANSFER OF PROPERTY.

(A) TRANSFER OF PARCELS.—PARCELS IN A ZONE MAY BE TRANSFERRED OUT OF THE ZONE AND REPLACED WITH PARCELS NOT TO EXCEED THE ACREAGE TRANSFERRED OUT OF THE ZONE BY THE CONTRACTING AUTHORITY, IF:

(1) THE DEPARTMENT CERTIFIES THAT THERE IS CURRENTLY NO ACTIVITY IN THE PARCELS TRANSFERRED IN THE ZONE THAT GENERATES TAX RECEIPTS OR OTHER REVENUE TO THE COMMONWEALTH.

(2) THE MUNICIPALITY WHERE THE ZONE IS LOCATED CERTIFIES THAT THERE IS CURRENTLY NO ACTIVITY IN THE PARCELS
TRANSFERRED INTO THE ZONE THAT GENERATES TAX RECEIPTS OR OTHER REVENUE, OTHER THAN TAXES ON REAL PROPERTY, TO THE MUNICIPALITY AND THE SCHOOL DISTRICT AND COUNTY WHERE THE ZONE IS LOCATED.

(D) PUBLIC HEARING. THE FOLLOWING APPLY:


(2) IF THE CONTRACTING AUTHORITY DETERMINES THAT IT WILL TRANSFER A PARCEL OUT OF THE ZONE, THE CONTRACTING AUTHORITY SHALL ISSUE A WRITTEN OPINION WITHIN 45 DAYS OF THE HEARING SETTING FORTH THE REASONS SUPPORTING THE DETERMINATION.

SECTION 40. SECTION 1911-D(C) OF THE ACT, ADDED JULY 13, 2016 (P.L.526, NO.84), IS AMENDED TO READ:

SECTION 1911-D. ADDITIONAL KEYSTONE OPPORTUNITY ZONES.

* * *

(C) APPLICATION. IN ORDER TO RECEIVE A DESIGNATION UNDER THIS SECTION, THE DEPARTMENT MUST RECEIVE AN APPLICATION FROM A POLITICAL SUBDIVISION OR ITS DESIGNEE NO LATER THAN OCTOBER 1, [2016] 2018. THE APPLICATION MUST CONTAIN THE INFORMATION REQUIRED UNDER SECTION 302(A)(1), (2)(I) AND (IX), (5) AND (6) OF THE KOZ ACT. THE DEPARTMENT, IN CONSULTATION WITH THE DEPARTMENT OF REVENUE, SHALL REVIEW THE APPLICATION AND, IF APPROVED, ISSUE A CERTIFICATION OF ALL TAX EXEMPTIONS,
DEDUCTIONS, ABATEMENTS OR CREDITS UNDER THIS ACT FOR THE ZONE WITHIN THREE MONTHS OF RECEIPT OF THE APPLICATION. THE DEPARTMENT SHALL ACT ON AN APPLICATION FOR A DESIGNATION UNDER SECTION 302(A)(1) OF THE KOZ ACT BY DECEMBER 31, 2016. THE DEPARTMENT MAY MAKE DESIGNATIONS UNDER THIS SECTION ON A ROLLING BASIS DURING THE APPLICATION PERIOD.

***

SECTION 41. SECTION 2166 OF THE ACT IS AMENDED TO READ:

SECTION 2166. TIMELY MAILING TREATED AS TIMELY FILING AND PAYMENT. NOTWITHSTANDING THE PROVISIONS OF ANY STATE TAX LAW TO THE CONTRARY, WHENEVER A REPORT OR PAYMENT OF ALL OR ANY PORTION OF A STATE TAX IS REQUIRED BY LAW TO BE RECEIVED BY THE DEPARTMENT OR OTHER AGENCY OF THE COMMONWEALTH ON OR BEFORE A DAY CERTAIN, THE TAXPAYER SHALL BE DEEMED TO HAVE COMPLIED WITH THE LAW IF THE LETTER TRANSMITTING THE REPORT OR PAYMENT OF THE TAX WHICH HAS BEEN RECEIVED BY THE DEPARTMENT IS POSTMARKED BY THE UNITED STATES POSTAL SERVICE ON OR PRIOR TO THE FINAL DAY ON WHICH THE PAYMENT IS TO BE RECEIVED. FOR THE PURPOSES OF THIS ARTICLE, PRESENTATION OF A RECEIPT INDICATING THAT THE REPORT OR PAYMENT WAS MAILED BY REGISTERED OR CERTIFIED MAIL ON OR BEFORE THE DUE DATE SHALL BE EVIDENCE OF TIMELY FILING AND PAYMENT. ANY INHERITANCE TAX RETURN FILED AFTER JULY 1, 2012, UNDER SECTION 2136 THAT REPORTS TRANSFERS OF PROPERTY THAT ARE EXEMPT FROM THE INHERITANCE TAX UNDER SECTION 2111(S), (S.1) AND (T) SHALL BE CONSIDERED TIMELY FILED IF FILED WITHIN ONE YEAR OF THE TAX RETURN DUE DATE, INCLUDING AN EXTENDED DUE DATE.

SECTION 42. SECTION 2301(E) OF THE ACT IS AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO READ:

SECTION 2301. PUBLIC TRANSPORTATION ASSISTANCE FUND. * * *

(E) [THERE] EXCEPT AS PROVIDED IN SUBSECTION (E.1), THERE IS
HEREBY IMPOSED ON EACH RENTAL OF A MOTOR VEHICLE SUBJECT TO TAX UNDER ARTICLE II A FEE OF TWO DOLLARS ($2) FOR EACH DAY OR PART OF A DAY FOR WHICH THE VEHICLE IS RENTED.

(E.1) (1) THERE IS HEREBY IMPOSED ON EACH RENTAL OF A MOTOR VEHICLE SUBJECT TO TAX UNDER ARTICLE II AND USED IN CARSHARING A FEE FOR EACH DAY OR PART OF A DAY COMPUTED ACCORDING TO THE FOLLOWING SCHEDULE:

<table>
<thead>
<tr>
<th>RENTAL INTERVAL</th>
<th>FEE</th>
</tr>
</thead>
<tbody>
<tr>
<td>LESS THAN 2 HOURS</td>
<td>$.25</td>
</tr>
<tr>
<td>2 TO 3 HOURS</td>
<td>$.50</td>
</tr>
<tr>
<td>MORE THAN 3, BUT LESS THAN 4 HOURS</td>
<td>$1.25</td>
</tr>
<tr>
<td>4 HOURS OR MORE</td>
<td>$2.00</td>
</tr>
</tbody>
</table>

(2) FOR PURPOSES OF THIS SUBSECTION, THE TERM “CARSHARING” SHALL MEAN A MEMBERSHIP BASED SERVICE THAT PROVIDES AN ALTERNATIVE TO PERSONAL CAR OWNERSHIP AND WHICH MEETS THE FOLLOWING CONDITIONS:

(I) DOES NOT REQUIRE A TRIP-SPECIFIC WRITTEN AGREEMENT EACH TIME A MEMBER RENTS A VEHICLE.

(II) DOES NOT REQUIRE AN ATTENDANT TO BE PRESENT AT THE BEGINNING OR END OF A RENTAL.

(III) OFFERS MEMBERS ACCESS TO A DISPERSED NETWORK OF SHARED VEHICLES 24 HOURS PER DAY, 7 DAYS PER WEEK, 365 DAYS PER YEAR.

(IV) ALLOWS A VEHICLE TO BE RENTED ON A PER MINUTE, PER HOUR, PER DAY, OR PER TRIP BASIS, AND AT PER MILE OR PER KILOMETER RATES, WHICH TYPICALLY INCLUDE FUEL, INSURANCE AND MAINTENANCE.

SECTION 43. THE ACT IS AMENDED BY ADDING AN ARTICLE TO READ:

ARTICLE XXIV

FIREWORKS
SECTION 2401. DEFINITIONS.

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

"APA 87-1." THE AMERICAN PYROTECHNICS ASSOCIATION STANDARD 87-1: STANDARD FOR CONSTRUCTION AND APPROVAL FOR TRANSPORTATION OF FIREWORKS, NOVELTIES, AND THEATRICAL PYROTECHNICS, 2001 EDITION, OR ANY SUBSEQUENT EDITION.

"CONSUMER FIREWORKS."

(1) ANY COMBUSTIBLE OR EXPLOSIVE COMPOSITION OR ANY SUBSTANCE OR COMBINATION OF SUBSTANCES WHICH IS INTENDED TO PRODUCE VISIBLE OR AUDIBLE EFFECTS BY COMBUSTION, IS SUITABLE FOR USE BY THE PUBLIC, COMPLIES WITH THE CONSTRUCTION, PERFORMANCE, COMPOSITION AND LABELING REQUIREMENTS PROMULGATED BY THE CONSUMER PRODUCTS SAFETY COMMISSION IN 16 CFR (RELATING TO COMMERCIAL PRACTICES) OR ANY SUCCESSOR REGULATION AND COMPLIES WITH THE PROVISIONS FOR "CONSUMER FIREWORKS" AS DEFINED IN APA 87-1 OR ANY SUCCESSOR STANDARD, THE SALE, POSSESSION AND USE OF WHICH SHALL BE PERMITTED THROUGHOUT THIS COMMONWEALTH.

(2) THE TERM DOES NOT INCLUDE DEVICES AS "GROUND AND HAND-HELD SPARKLING DEVICES," "NOVELTIES" OR "TOY CAPS" IN APA 87-1 OR ANY SUCCESSOR STANDARD, THE SALE, POSSESSION AND USE OF WHICH SHALL BE PERMITTED AT ALL TIMES THROUGHOUT THIS COMMONWEALTH.

"DISPLAY FIREWORKS." LARGE FIREWORKS TO BE USED SOLELY BY PROFESSIONAL PYROTECHNICIANS AND DESIGNED PRIMARILY TO PRODUCE VISIBLE OR AUDIBLE EFFECTS BY COMBUSTION, DEFLAGRATION OR DETONATION. THE TERM INCLUDES, BUT IS NOT LIMITED TO:

(1) SALUTES THAT CONTAIN MORE THAN TWO GRAINS OR 130
MILLIGRAMS OF EXPLOSIVE MATERIALS;

(2) AERIAL SHELLS CONTAINING MORE THAN 60 GRAMS OF
PYROTECHNIC COMPOSITIONS; AND

(3) OTHER DISPLAY PIECES THAT EXCEED THE LIMITS OF
EXPLOSIVE MATERIALS FOR CLASSIFICATION AS CONSUMER FIREWORKS
AND ARE CLASSIFIED AS FIREWORKS UN0333, UN0334 OR UN0335
UNDER 49 CFR 172.101 (RELATING TO PURPOSE AND USE OF
HAZARDOUS MATERIALS TABLE).

"MUNICIPALITY." A CITY, BOROUGH, INCORPORATED TOWN OR
TOWNSHIP.

"NFPA 1124." THE NATIONAL FIRE PROTECTION ASSOCIATION
STANDARD 1124, CODE FOR THE MANUFACTURE, TRANSPORTATION AND
STORAGE OF FIREWORKS AND PYROTECHNIC ARTICLES, 2017 EDITION, OR
ANY SUBSEQUENT EDITION.

"OCCUPIED STRUCTURE." A STRUCTURE, VEHICLE OR PLACE ADAPTED
FOR OVERNIGHT ACCOMMODATION OF PERSONS OR FOR CONDUCTING
BUSINESS WHETHER OR NOT A PERSON IS ACTUALLY PRESENT.

"OUTDOOR STORAGE UNIT." A CONSUMER FIREWORKS BUILDING,
TRAILER, SEMITRAILER, METAL SHIPPING CONTAINER OR MAGAZINE
MEETING THE SPECIFICATIONS OF NFPA 1124.

"TEMPORARY STRUCTURE." A STRUCTURE, OTHER THAN A PERMANENT
FACILITY WITH FIXED UTILITY CONNECTIONS, WHICH IS IN USE OR IN
PLACE FOR A PERIOD OF 20 CONSECUTIVE CALENDAR DAYS OR LESS AND
IS DEDICATED TO THE STORAGE AND SALE OF CONSUMER FIREWORKS AND
RELATED ITEMS. THE TERM INCLUDES TEMPORARY RETAIL SALES STANDS,
TENTS, CANOPIES AND MEMBRANE STRUCTURES MEETING THE
SPECIFICATIONS OF NFPA 1124.

SECTION 2402. PERMITS.

(A) PERMISSIBLE PURPOSES.—DISPLAY FIREWORKS MAY BE
POSSSESSED AND USED BY A PERSON HOLDING A PERMIT FROM A
MUNICIPALITY AT THE DISPLAY COVERED BY THE PERMIT OR WHEN USED AS AUTHORIZED BY A PERMIT FOR ANY OF THE FOLLOWING:

(1) FOR AGRICULTURAL PURPOSES IN CONNECTION WITH THE RAISING OF CROPS AND THE PROTECTION OF CROPS FROM BIRD AND ANIMAL DAMAGE.

(2) BY RAILROADS OR OTHER TRANSPORTATION AGENCIES FOR SIGNAL PURPOSES OR ILLUMINATION.

(3) IN QUARRYING OR FOR BLASTING OR OTHER INDUSTRIAL USE.

(4) IN THE SALE OR USE OF BLANK CARTRIDGES FOR A SHOW OR THEATER.

(5) FOR SIGNAL OR CEREMONIAL PURPOSES IN ATHLETICS OR SPORTS.

(6) BY MILITARY ORGANIZATIONS OR ORGANIZATIONS COMPOSED OF VETERANS OF THE ARMED FORCES OF THE UNITED STATES.

(B) AGE LIMITATION.—A DISPLAY FIREWORKS PERMIT MAY NOT BE ISSUED TO A PERSON UNDER 21 YEARS OF AGE.

(C) BOND.—THE GOVERNING BODY OF THE MUNICIPALITY SHALL REQUIRE A BOND DEEMED ADEQUATE BY IT FROM THE PERMITTEE IN A SUM NOT LESS THAN $50,000 CONDITIONED FOR THE PAYMENT OF ALL DAMAGES WHICH MAY BE CAUSED TO A PERSON OR PROPERTY BY REASON OF THE DISPLAY AND ARISING FROM AN ACT OF THE PERMITTEE OR AN AGENT, AN EMPLOYEE OR A SUBCONTRACTOR OF THE PERMITTEE.

SECTION 2403. REQUEST FOR EXTENSION.

(A) AUTHORIZATION.—IF, BECAUSE OF UNFAVORABLE WEATHER, THE DISPLAY FOR WHICH A PERMIT HAS BEEN GRANTED DOES NOT OCCUR AT THE TIME AUTHORIZED BY THE PERMIT, THE PERSON TO WHOM THE PERMIT WAS ISSUED MAY WITHIN 24 HOURS APPLY FOR A REQUEST FOR EXTENSION TO THE MUNICIPALITY WHICH GRANTED THE PERMIT.

(B) CONTENTS OF REQUEST.—THE REQUEST FOR EXTENSION SHALL
STATE UNDER OATH THAT THE DISPLAY WAS NOT MADE, PROVIDE THE
REASON THAT THE DISPLAY WAS NOT MADE AND REQUEST A CONTINUANCE
OF THE PERMIT FOR A DATE DESIGNATED WITHIN THE REQUEST, WHICH
SHALL BE NOT LATER THAN ONE WEEK AFTER THE DATE ORIGINALLY
DESIGNATED IN THE PERMIT.

(C) DETERMINATION. UPON RECEIVING THE REQUEST FOR
EXTENSION, THE MUNICIPALITY, IF IT BELIEVES THAT THE FACTS
STATED WITHIN THE REQUEST ARE TRUE, SHALL EXTEND THE PROVISIONS
OF THE PERMIT TO THE DATE DESIGNATED WITHIN THE REQUEST, WHICH
SHALL BE NOT LATER THAN ONE WEEK AFTER THE DATE ORIGINALLY
DESIGNATED IN THE PERMIT.

(D) CONDITIONS. THE EXTENSION OF TIME SHALL BE GRANTED
WITHOUT THE PAYMENT OF AN ADDITIONAL FEE AND WITHOUT REQUIRING A
BOND OTHER THAN THE BOND GIVEN FOR THE ORIGINAL PERMIT, THE
PROVISIONS OF WHICH SHALL EXTEND TO AND COVER ALL DAMAGES WHICH
MAY BE CAUSED BY REASON OF THE DISPLAY OCCURRING AT THE EXTENDED
DATE AND IN THE SAME MANNER AND TO THE SAME EXTENT AS IF THE
DISPLAY HAD OCCURRED AT THE DATE ORIGINALLY DESIGNATED IN THE
PERMIT.

SECTION 2404. USE OF CONSUMER FIREWORKS.

(A) CONDITIONS. A PERSON WHO IS AT LEAST 18 YEARS OF AGE
AND MEETS THE REQUIREMENTS OF THIS ARTICLE MAY PURCHASE, POSSESS
AND USE CONSUMER FIREWORKS.

(B) PROHIBITIONS. A PERSON MAY NOT INTENTIONALLY IGNITE OR
DISCHARGE:

(1) CONSUMER FIREWORKS ON PUBLIC OR PRIVATE PROPERTY
WITHOUT THE EXPRESS PERMISSION OF THE OWNER.

(2) CONSUMER FIREWORKS OR SPARKLING DEVICES WITHIN, OR
THROW CONSUMER FIREWORKS OR SPARKLING DEVICES FROM, A MOTOR
VEHICLE OR BUILDING.
(3) CONSUMER FIREWORKS OR SPARKLING DEVICES INTO OR AT A MOTOR VEHICLE OR BUILDING OR AT ANOTHER PERSON.

(4) CONSUMER FIREWORKS OR SPARKLING DEVICES WHILE THE PERSON IS UNDER THE INFLUENCE OF ALCOHOL, A CONTROLLED SUBSTANCE OR ANOTHER DRUG.

(5) CONSUMER FIREWORKS WITHIN 150 FEET OF AN OCCUPIED STRUCTURE.

SECTION 2404.1. USE OF DISPLAY FIREWORKS.

NO DISPLAY FIREWORKS SHALL BE IGNITED WITHIN 300 FEET OF A FACILITY THAT MEETS THE REQUIREMENTS OF SECTION 2407 OR 2410.

SECTION 2405. AGRICULTURAL PURPOSES.

(A) AUTHORIZATION.—THE GOVERNING BODY OF A MUNICIPALITY MAY, UNDER REASONABLE RULES AND REGULATIONS ADOPTED BY IT, GRANT PERMITS FOR THE USE OF SUITABLE FIREWORKS FOR AGRICULTURAL PURPOSES IN CONNECTION WITH THE RAISING OF CROPS AND THE PROTECTION OF CROPS FROM BIRD AND ANIMAL DAMAGE.

(B) DURATION OF PERMIT.—A PERMIT UNDER THIS SECTION SHALL REMAIN IN EFFECT FOR THE CALENDAR YEAR IN WHICH IT WAS ISSUED.

(C) CONDITIONS.—AFTER A PERMIT UNDER THIS SECTION HAS BEEN GRANTED, SALES, POSSESSION AND USE OF FIREWORKS OF THE TYPE AND FOR THE PURPOSE MENTIONED IN THE PERMIT SHALL BE LAWFUL FOR THAT PURPOSE ONLY.

SECTION 2406. RULES AND REGULATIONS BY MUNICIPALITY.

(A) AUTHORIZATION.—PERMISSION SHALL BE GIVEN BY THE GOVERNING BODY OF A MUNICIPALITY UNDER REASONABLE RULES AND REGULATIONS FOR DISPLAYS OF DISPLAY FIREWORKS TO BE HELD WITHIN THE MUNICIPALITY.

(B) CONDITIONS.—

(1) EACH DISPLAY SHALL BE HANDLED BY A COMPETENT OPERATOR; AND
OF A CHARACTER AND SO LOCATED, DISCHARGED OR FIRED AS, IN THE OPINION OF THE CHIEF OF THE FIRE DEPARTMENT OR OTHER APPROPRIATE OFFICER AS MAY BE DESIGNATED BY THE GOVERNING BODY OF THE MUNICIPALITY, AFTER PROPER INSPECTION, TO NOT BE HAZARDOUS TO PROPERTY OR ENDANGER ANY PERSON.

(2) AFTER PERMISSION IS GRANTED UNDER THIS SECTION, POSSESSION AND USE OF DISPLAY FIREWORKS FOR DISPLAY SHALL BE LAWFUL FOR THAT PURPOSE ONLY.

(3) A PERMIT SHALL BE TRANSFERABLE.

SECTION 2407. SALES LOCATIONS.

EXCEPT AS PROVIDED IN SECTION 2410, CONSUMER FIREWORKS SHALL BE SOLD ONLY FROM FACILITIES WHICH ARE LICENSED BY THE DEPARTMENT OF AGRICULTURE AND THAT MEET THE FOLLOWING CRITERIA:

(1) THE FACILITY SHALL COMPLY WITH THE PROVISIONS OF THE ACT OF NOVEMBER 10, 1999 (P.L.491, NO.45), KNOWN AS THE PENNSYLVANIA CONSTRUCTION CODE ACT.

(2) THE FACILITY SHALL BE A STAND-ALONE PERMANENT STRUCTURE.

(3) STORAGE AREAS SHALL BE SEPARATED FROM WHOLESALE OR RETAIL SALES AREAS TO WHICH A PURCHASER MAY BE ADMITTED BY APPROPRIATELY RATED FIRE SEPARATION.

(4) THE FACILITY SHALL BE LOCATED NO CLOSER THAN 250 FEET FROM A FACILITY SELLING OR DISPENSING GASOLINE, PROPANE OR OTHER FLAMMABLE PRODUCTS.

(5) THE FACILITY SHALL BE LOCATED AT LEAST 1,500 FEET FROM ANOTHER FACILITY LICENSED TO SELL CONSUMER FIREWORKS.

(6) THE FACILITY SHALL HAVE A MONITORED BURGLAR AND FIRE ALARM SYSTEM.

(7) QUARTERLY FIRE DRILLS AND PREPLANNING MEETINGS SHALL
BE CONDUCTED AS REQUIRED BY THE PRIMARY FIRE DEPARTMENT.

SECTION 2408. FEES, GRANTING OF LICENSES AND INSPECTIONS.

(A) INITIAL APPLICATION FEES.—

(1) AN INITIAL APPLICATION FOR A LICENSE TO SELL CONSUMER FIREWORKS SHALL BE SUBMITTED TO THE DEPARTMENT OF AGRICULTURE ON FORMS PRESCRIBED AND PROVIDED BY THE DEPARTMENT WITH A NONREFUNDABLE APPLICATION FEE AS FOLLOWS:

(I) FOR A FACILITY MEETING THE REQUIREMENTS OF SECTION 2407, THE APPLICATION SHALL BE SUBMITTED WITH A NONREFUNDABLE APPLICATION FEE OF $2,500.

(II) FOR A FACILITY MEETING THE REQUIREMENTS OF SECTION 2410, THE APPLICATION SHALL BE SUBMITTED WITH A NONREFUNDABLE APPLICATION FEE OF $1,000 NO LATER THAN 60 DAYS PRIOR TO THE FIRST DAY OF SALE.

(2) AN APPLICATION UNDER PARAGRAPH (1)(I) OR (II) SHALL ALSO BE ACCOMPANIED BY THE APPROPRIATE ANNUAL LICENSE FEE AS PROVIDED IN SUBSECTION (B).

(B) ANNUAL LICENSE FEES.—THE ANNUAL LICENSE FEE FOR A FACILITY LICENSED TO SELL CONSUMER FIREWORKS SHALL BE AS FOLLOWS:

(1) $7,500 FOR A LOCATION UP TO 10,000 SQUARE FEET;

(2) $10,000 FOR A LOCATION GREATER THAN 10,000 AND UP TO 15,000 SQUARE FEET;

(3) $20,000 FOR A LOCATION GREATER THAN 15,000 SQUARE FEET;

(4) EXCEPT AS PROVIDED IN PARAGRAPH (5), $4,500 FOR A TEMPORARY STRUCTURE; AND

(5) $2,000 FOR A TEMPORARY STRUCTURE NOT LICENSED TO SELL CONSUMER FIREWORKS UNDER SECTION 2410.

(C) TIME LIMITATIONS AND INSPECTIONS.—
(1) A FACILITY MEETING THE REQUIREMENTS OF SECTION 2407 SHALL BE INSPECTED BY THE DEPARTMENT OF AGRICULTURE WITHIN 30 DAYS OF RECEIPT OF A COMPLETE APPLICATION FOR A LICENSE. THE DEPARTMENT OF AGRICULTURE SHALL ISSUE OR DENY A LICENSE WITHIN 14 DAYS OF COMPLETING THE INSPECTION.

(2) THE DEPARTMENT OF AGRICULTURE SHALL ISSUE OR DENY A LICENSE FOR A FACILITY MEETING THE REQUIREMENTS OF SECTION 2410 NO LATER THAN 10 DAYS PRIOR TO THE FIRST DAY OF SALE. THE FACILITY SHALL BE AVAILABLE FOR INSPECTION BY THE DEPARTMENT OF AGRICULTURE FOR COMPLIANCE WITH NFPA 1124 AT ALL TIMES DURING THE LICENSED SELLING PERIOD.

(D) TERM OF LICENSE.--A LICENSE ISSUED FOR THE SALE OF CONSUMER FIREWORKS SHALL BE EFFECTIVE FOR ONE YEAR FROM THE DATE THE LICENSE IS ISSUED.

(E) LICENSE RENEWAL AND INSPECTIONS.--LICENSE RENEWAL SHALL BE AUTOMATIC UPON PAYMENT OF THE APPROPRIATE ANNUAL LICENSE FEE UNDER SUBSECTION (B), BUT EACH FACILITY SHALL BE SUBJECT TO ANNUAL INSPECTIONS BY THE DEPARTMENT OF AGRICULTURE AND AT OTHER TIMES AS THE DEPARTMENT MAY DEEM APPROPRIATE.

(F) CONDITION.--NO LICENSE MAY BE ISSUED TO A CONVICTED FELON OR TO AN ENTITY IN WHICH A CONVICTED FELON OWNS A PERCENTAGE OF THE EQUITY INTEREST.

SECTION 2409. CONDITIONS FOR FACILITIES.

A FACILITY LICENSED BY THE DEPARTMENT OF AGRICULTURE SHALL BE EXCLUSIVELY DEDICATED TO THE STORAGE AND SALE OF CONSUMER FIREWORKS AND RELATED ITEMS, AND THE FACILITY SHALL OPERATE IN ACCORDANCE WITH THE FOLLOWING RULES:

(1) THERE SHALL BE SECURITY PERSONNEL ON THE PREMISES FOR THE SEVEN DAYS PRECEDING AND INCLUDING JULY 4 AND FOR THE THREE DAYS PRECEDING AND INCLUDING JANUARY 2.
(2) NO SMOKING SHALL BE PERMITTED IN THE FACILITY.

(3) NO CIGARETTES OR TOBACCO PRODUCTS, MATCHES, LIGHTERS, OR ANY OTHER FLAME-PRODUCING DEVICES SHALL BE PERMITTED TO BE TAKEN INTO THE FACILITY.

(4) NO MINORS SHALL BE PERMITTED IN THE FACILITY UNLESS ACCOMPANIED BY AN ADULT, AND EACH MINOR SHALL STAY WITH THE ADULT IN THE FACILITY.

(5) ALL FACILITIES SHALL CARRY AT LEAST $2,000,000 IN PUBLIC AND PRODUCT LIABILITY INSURANCE.

(6) A LICENSEE SHALL PROVIDE ITS EMPLOYEES WITH DOCUMENTED TRAINING IN THE AREA OF OPERATIONAL SAFETY OF A FACILITY. THE LICENSEE SHALL PROVIDE TO THE DEPARTMENT OF AGRICULTURE WRITTEN DOCUMENTATION THAT EACH EMPLOYEE HAS RECEIVED THE TRAINING.

(7) NO DISPLAY FIREWORKS SHALL BE STORED OR LOCATED AT A FACILITY.

(8) NO PERSON WHO APPEARS TO BE UNDER THE INFLUENCE OF INTOXICATING LIQUOR OR DRUGS SHALL BE ADMITTED TO THE FACILITY, AND NO LIQUOR, BEER OR WINE SHALL BE PERMITTED IN THE FACILITY.

(9) EMERGENCY EVACUATION PLANS SHALL BE CONSPICUOUSLY POSTED IN APPROPRIATE LOCATIONS WITHIN THE FACILITY.

SECTION 2410. TEMPORARY STRUCTURES.

(A) CONDITIONS. NOTWITHSTANDING SECTION 2407 OR ANY OTHER PROVISION OF LAW, A TEMPORARY STRUCTURE MAY BE LICENSED BY THE DEPARTMENT OF AGRICULTURE TO SELL CONSUMER FIREWORKS IF THE TEMPORARY STRUCTURE MEETS ALL OF THE FOLLOWING REQUIREMENTS:

(1) THE TEMPORARY STRUCTURE IS LOCATED NO CLOSER THAN 250 FEET FROM A FACILITY STORING, SELLING OR DISPENSING GASOLINE, PROPANE OR OTHER FLAMMABLE PRODUCTS.
(2) AN EVACUATION PLAN IS POSTED IN A CONSPICUOUS LOCATION FOR A TEMPORARY STRUCTURE IN ACCORDANCE WITH NFPA 1124.

(3) THE OUTDOOR STORAGE UNIT, IF ANY, IS SEPARATED FROM THE WHOLESALE OR RETAIL SALES AREA TO WHICH A PURCHASER MAY BE ADMITTED BY APPROPRIATELY RATED FIRE SEPARATION.

(4) THE TEMPORARY STRUCTURE COMPLIES WITH NFPA 1124 AS IT RELATES TO RETAIL SALES OF CONSUMER FIREWORKS IN TEMPORARY STRUCTURES.

(5) THE TEMPORARY STRUCTURE IS LOCATED AT LEAST 40 MILES FROM A PERMANENT FACILITY LICENSED TO SELL CONSUMER FIREWORKS.

(6) THE TEMPORARY STRUCTURE DOES NOT EXCEED 2,500 SQUARE FEET.

(7) THE TEMPORARY STRUCTURE IS SECURED AT ALL TIMES DURING WHICH CONSUMER FIREWORKS ARE DISPLAYED WITHIN THE STRUCTURE.

(8) THE TEMPORARY STRUCTURE HAS A MINIMUM OF $2,000,000 IN PUBLIC AND PRODUCT LIABILITY INSURANCE.

(9) THE SALES PERIOD IS LIMITED TO JUNE 15 THROUGH JULY 8 AND DECEMBER 21 THROUGH JANUARY 2 OF EACH YEAR.

(10) CONSUMER FIREWORKS NOT ON DISPLAY FOR RETAIL SALE ARE STORED IN AN OUTDOOR STORAGE UNIT.

(B) LIMITATIONS. THE SALE OF CONSUMER FIREWORKS FROM THE TEMPORARY STRUCTURE IS LIMITED TO THE FOLLOWING:

(1) HELICOPTER, AERIAL SPINNER (APA 87-1, 3.1.2.3).

(2) ROMAN CANDLE (APA 87-1, 3.1.2.4).

SECTION 2411. ATTORNEY GENERAL.

(A) REGISTRATION. ANY BUSINESS ENTITY WHICH PERFORMS, PROVIDES OR SUPERVISES FIREWORKS DISPLAYS OR EXHIBITIONS FOR
PROFIT SHALL REGISTER ANNUALLY WITH THE ATTORNEY GENERAL.

(B) RULES.--THE ATTORNEY GENERAL SHALL PROMULGATE RULES TO
IMPLEMENT THIS SECTION.

SECTION 2412. CONSUMER FIREWORKS TAX.

(A) IMPOSITION. IN ADDITION TO ANY OTHER TAX IMPOSED BY
LAW, A TAX IS IMPOSED ON EACH SEPARATE SALE AT RETAIL OF
CONSUMER FIREWORKS, WHICH TAX SHALL BE COLLECTED BY THE RETAILER
FROM THE PURCHASER AT THE TIME OF SALE AND SHALL BE PAID OVER TO
THE COMMONWEALTH AS PROVIDED IN THIS SECTION. A TAX IMPOSED
UNDER THIS SUBSECTION ON EACH SEPARATE SALE AT RETAIL SHALL BE
PAID TO AND RECEIVED BY THE DEPARTMENT OF REVENUE AND, ALONG
WITH INTEREST AND PENALTIES, SHALL BE DEPOSITED INTO THE GENERAL
FUND.

(B) RATE.--THE TAX AUTHORIZED UNDER SUBSECTION (A) SHALL BE
IMPOSED AND COLLECTED AT THE RATE OF 12% OF THE PURCHASE PRICE
PER ITEM SOLD. THE PURCHASE PRICE SHALL INCLUDE STATE AND LOCAL
SALES TAXES.

(C) COLLECTION AND ADMINISTRATION.--THE PROVISIONS OF PART
VI OF ARTICLE II SHALL APPLY TO THE TAX AUTHORIZED UNDER
SUBSECTION (A). NO ADDITIONAL FEE SHALL BE CHARGED FOR A LICENSE
OR LICENSE RENEWAL OTHER THAN THE LICENSE OR RENEWAL FEE
REQUIRED UNDER SECTION 2408 AND THE LICENSE OR RENEWAL FEE
AUTHORIZED AND IMPOSED UNDER ARTICLE II.

SECTION 2413. DISPOSITION OF CERTAIN FUNDS.

(A) TRANSFER. ONE SIXTH OF THE TAX COLLECTED UNDER THIS
ARTICLE IN A FISCAL YEAR, NOT TO EXCEED $2,000,000, SHALL BE
TRANSFERRED ANNUALLY FOR USE AS FOLLOWS:

(1) SEVENTY-FIVE PERCENT OF THE AMOUNT TRANSFERRED UNDER
THIS SUBSECTION SHALL BE USED FOR THE PURPOSE OF MAKING
GRANTS UNDER 35 PA.C.S. CH. 78 SUBCH. C (RELATING TO
20170HB0542PN2598 - 184 -
EMERGENCY MEDICAL SERVICES GRANT PROGRAM).

(2) TWENTY-FIVE PERCENT OF THE AMOUNT TRANSFERRED UNDER THIS SUBSECTION SHALL BE DEPOSITED INTO A SPECIAL ACCOUNT IN THE STATE TREASURY DESIGNATED AS THE ONLINE TRAINING EDUCATOR AND TRAINING REIMBURSEMENT ACCOUNT FOR THE PURPOSES OF DEVELOPING, DELIVERING AND SUSTAINING TRAINING PROGRAMS FOR VOLUNTEER FIREFIGHTERS IN THIS COMMONWEALTH.


(B) PAYMENTS.—THE TRANSFER REQUIRED UNDER SUBSECTION (A) SHALL BE MADE BY SEPTEMBER 15, 2018, AND EACH SEPTEMBER 15 THEREAFTER.

SECTION 2414. PENALTIES.

THE FOLLOWING SHALL APPLY:

(1) A PERSON USING CONSUMER FIREWORKS IN VIOLATION OF THE PROVISIONS OF THIS ARTICLE COMMITS A SUMMARY OFFENSE AND, UPON CONVICTION, SHALL BE PUNISHED BY A FINE OF NOT MORE THAN $100.
(2) A person selling consumer fireworks in violation of the provisions of this Act commits a misdemeanor of the second degree.

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

(4) A person selling federally illegal explosives such as devices as described in 49 CFR 173.54 (relating to forbidden explosives) or those devices that have not been tested, approved and labeled by the United States Department of Transportation, including, but not limited to, those devices commonly referred to as "M-80," "M-100," "BLOCKBUSTER," "CHERRY BOMB" or "QUARTER OR HALF STICK" explosive devices, in violation of the provisions of this Act commits a felony of the third degree.

SECTION 2415. REMOVAL, STORAGE AND DESTRUCTION.

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

SECTION 44. SECTION 2702(A) AND (A.1)(2) OF THE ACT ARE AMENDED TO READ:

SECTION 2702. PETITION FOR REASSESSMENT.

(A) GENERAL RULE.—A TAXPAYER MAY FILE A PETITION FOR REASSESSMENT WITH THE DEPARTMENT WITHIN [90] 60 DAYS AFTER THE MAILING DATE OF THE NOTICE OF ASSESSMENT.

(A.1) PETITION FOR REVIEW OF TAX ADJUSTMENT NOT RESULTING IN
AN INCREASE IN LIABILITY.——

* * *

(2) A TAXPAYER MUST FILE A PETITION FOR REVIEW UNDER

THIS SUBSECTION WITHIN [90] 60 DAYS OF THE MAILING DATE OF

THE DEPARTMENT'S NOTICE OF ADJUSTMENT. A TAXPAYER'S FAILURE

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

* * *

SECTION 45. SECTION 2704(A) AND (B) OF THE ACT ARE AMENDED

to read:

SECTION 2704. REVIEW BY BOARD.

(A) PETITION FOR REVIEW OF A DECISION AND ORDER.—WITHIN

[90] 60 DAYS AFTER THE MAILING DATE OF THE DEPARTMENT'S NOTICE

OF DECISION AND ORDER ON A PETITION FILED WITH IT, A TAXPAYER—

MAY PETITION THE BOARD TO REVIEW THE DECISION AND ORDER OF THE

DEPARTMENT.

(B) PETITION FOR REVIEW OF DENIAL BY DEPARTMENT'S FAILURE TO

ACT.—A PETITION FOR REVIEW MAY BE FILED WITH THE BOARD WITHIN

[90] 60 DAYS AFTER THE MAILING DATE OF THE DEPARTMENT'S NOTICE

to the petitioner of its failure to dispose of the petition

within the time periods prescribed by section 2703(D) [OR] (E)—

OR (E.1).

* * *

SECTION 46. IF ALL OR A PART OF THE NET LOSS DEDUCTION UNDER

SECTION 401(3)4(C) OF THE ACT HAS BEEN DEEMED UNCONSTITUTIONAL

AS A RESULT OF A DECISION BY THE PENNSYLVANIA SUPREME COURT, THE—

SECRETARY OF REVENUE SHALL SUBMIT A NOTICE OF THE DECISION FOR

PUBLICATION IN THE PENNSYLVANIA BULLETIN.

SECTION 47. THIS ACT SHALL APPLY AS FOLLOWS:
AS FOLLOWS:

(I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II),

SECTIONS 213.2, 213.4 AND 213.5 OF THE ACT SHALL APPLY TO
TRANSACTIONS THAT OCCUR AFTER DECEMBER 31, 2017.

(II) SECTIONS 213.2, 213.4 AND 213.5 OF THE ACT, AS
THEY RELATE TO TANGIBLE PERSONAL PROPERTY DESCRIBED IN
SECTION 201(M)(2), SHALL APPLY TO TRANSACTIONS THAT OCCUR
AFTER DECEMBER 31, 2018.

(2) THE AMENDMENT OR ADDITION OF THE FOLLOWING
PROVISIONS OF THE ACTS SHALL APPLY TO PETITIONS FOR REFUNDS,
PETITIONS FOR REASSESSMENTS AND PETITIONS FOR
REDETERMINATIONS FILED WITH THE DEPARTMENT ON OR AFTER 60
DAYS FROM THE EFFECTIVE DATE OF THIS SECTION:

(I) SECTION 2702(A) AND (A.1)(2).

(II) SECTION 2704(A) AND (B).

SECTION 48. REPEALS ARE AS FOLLOWS:

(1) THE GENERAL ASSEMBLY DECLARES THAT THE REPEAL UNDER
PARAGRAPH (2) IS NECESSARY TO EFFECTUATE THE ADDITION OF
SUBARTICLE E OF ARTICLE XVII-D.

(2) 12 PA.C.S. CH. 33 IS REPEALED.

(3) THE GENERAL ASSEMBLY DECLARES THAT THE REPEAL UNDER
PARAGRAPH (4) IS NECESSARY TO EFFECTUATE THE ADDITION OF
ARTICLE XXIV OF THE ACT.

(4) THE ACT OF MAY 15, 1939 (P.L.134, NO.65), REFERRED
TO AS THE FIREWORKS LAW, IS REPEALED.

SECTION 49. THIS ACT SHALL TAKE EFFECT AS FOLLOWS:

(1) THE FOLLOWING PROVISIONS SHALL TAKE EFFECT IN 60
DAYS:

(I) THE AMENDMENT OR ADDITION OF SECTIONS 312, 316,
316.1, 316.2, 317, 317.1, 317.2, 318, 318.1, 319, 319.1,
320, 320.1, 321.2, the heading of Part VII-A of Article III, 324.1(c), 324.2, 324.4, 324.5, 335(f) and 352(f), (h) and (j) of the Act.

(i.1) The addition of Section 401(3)(4)(c.1) of the Act.

(ii) The addition of Part IV A of Article IV of the Act.

(ii.1) The addition of Article XVII A.1 of the Act.

(iii) The addition of the definitions of "deteriorated property" and "film production tax credit district" in Section 1711-d of the Act.

(iv) The addition of Section 1712-d(b.1).

(v) The addition of Section 1716.2-d of the Act.

(vi) The definition of "qualified tax liability" in Section 1702-c of the Act.

(2) The following provisions shall take effect in 365 days:

(i) (Reserved).

(ii) The addition of Section 1904.3-b of the Act.

(3) The amendment or addition of Section 401(3)(4)(c)(1)(a)(vi), (vii) and (viii) and (2)(b)(vii) and (viii) of the Act shall take effect on the date of the publication of the notice under Section 46 of this Act.

(4) (Reserved).

(5) As follows:

(i) Except as provided in subparagraph (ii), Sections 213.2, 213.4 and 213.5 of the Act shall take effect November 1, 2017.

(ii) Sections 213.2, 213.4 and 213.5 of the Act, as they relate to tangible personal property described in
SECTION 201(M)(2), SHALL TAKE EFFECT NOVEMBER 1, 2018.

(5.1) THE ADDITION OF ARTICLE II-C OF THE ACT SHALL TAKE EFFECT NOVEMBER 1, 2017, OR IMMEDIATELY, WHICHEVER IS LATER.

(6) THE FOLLOWING PROVISIONS SHALL TAKE EFFECT IMMEDIATELY:

(I) THIS SECTION.

(II) THE REMAINDER OF THIS ACT.

SECTION 1. SECTION 201(M) OF THE ACT OF MARCH 4, 1971 (P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE OF 1971, AMENDED JULY 13, 2016 (P.L.526, NO.84), IS AMENDED TO READ:

SECTION 201. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND PHRASES WHEN USED IN THIS ARTICLE II SHALL HAVE THE MEANING ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT CLEARLY INDICATES A DIFFERENT MEANING:

* * *

(M) "TANGIBLE PERSONAL PROPERTY."

(1) CORPOREAL PERSONAL PROPERTY INCLUDING, BUT NOT LIMITED TO, GOODS, WARES, MERCHANDISE, STEAM AND NATURAL AND MANUFACTURED AND BOTTLED GAS FOR NON-RESIDENTIAL USE, ELECTRICITY FOR NON-RESIDENTIAL USE, PREPAID TELECOMMUNICATIONS, PREMIUM CABLE OR PREMIUM VIDEO PROGRAMMING SERVICE, SPIRITOUS OR VINOUS LIQUOR AND MALT OR BREWED BEVERAGES AND SOFT DRINKS, INTERSTATE TELECOMMUNICATIONS SERVICE ORIGINATING OR TERMINATING IN THE COMMONWEALTH AND CHARGED TO A SERVICE ADDRESS IN THIS COMMONWEALTH, INTRASTATE TELECOMMUNICATIONS SERVICE WITH THE EXCEPTION OF (I) SUBSCRIBER LINE CHARGES AND BASIC LOCAL TELEPHONE SERVICE FOR RESIDENTIAL USE AND (II) CHARGES FOR TELEPHONE CALLS PAID FOR BY INSERTING MONEY INTO A TELEPHONE ACCEPTING DIRECT DEPOSITS OF MONEY TO OPERATE, PROVIDED FURTHER, THE SERVICE ADDRESS OF ANY INTRASTATE TELECOMMUNICATIONS SERVICE
IS DEEMED TO BE WITHIN THIS COMMONWEALTH OR WITHIN A POLITICAL
SUBDIVISION, REGARDLESS OF HOW OR WHERE BILLED OR PAID. IN THE
CASE OF ANY SUCH INTERSTATE OR INTRASTATE TELECOMMUNICATIONS
SERVICE, ANY CHARGE PAID THROUGH A CREDIT OR PAYMENT MECHANISM
WHICH DOES NOT RELATE TO A SERVICE ADDRESS, SUCH AS A BANK,
TRAVEL, CREDIT OR DEBIT CARD, BUT NOT INCLUDING PREPAID
TELECOMMUNICATIONS, IS DEEMED ATTRIBUTABLE TO THE ADDRESS OF
ORIGINATION OF THE TELECOMMUNICATIONS SERVICE.
(2) THE TERM SHALL INCLUDE THE FOLLOWING, WHETHER
ELECTRONICALLY OR DIGITALLY DELIVERED, STREAMED OR ACCESSED AND
WHETHER PURCHASED SINGLY, BY SUBSCRIPTION OR IN ANY OTHER
MANNER, INCLUDING MAINTENANCE[,] AND UPDATES [AND SUPPORT]:
(I) VIDEO;
(II) PHOTOGRAPHS;
(III) BOOKS;
(IV) ANY OTHER OTHERWISE TAXABLE PRINTED MATTER;
(V) APPLICATIONS, COMMONLY KNOWN AS APPS;
(VI) GAMES;
(VII) MUSIC;
(VIII) ANY OTHER AUDIO, INCLUDING SATELLITE RADIO SERVICE;
(IX) CANNED SOFTWARE, NOTWITHSTANDING THE FUNCTION
PERFORMED, INCLUDING SUPPORT, EXCEPT SEPARATELY INVOICED HELP
DESK OR CALL CENTER SUPPORT; OR
(X) ANY OTHER OTHERWISE TAXABLE TANGIBLE PERSONAL PROPERTY
ELECTRONICALLY OR DIGITALLY DELIVERED, STREAMED OR ACCESSED.
* * *
SECTION 2. SECTION 202(A) OF THE ACT IS AMENDED TO READ:
SECTION 202. IMPOSITION OF TAX.--(A) THERE IS HEREBY
IMPOSED UPON EACH SEPARATE SALE AT RETAIL OF TANGIBLE PERSONAL
PROPERTY OR SERVICES, AS DEFINED HEREIN, WITHIN THIS
COMMONWEALTH A TAX OF SIX PER CENT OF THE PURCHASE PRICE, WHICH
TAX SHALL BE COLLECTED BY THE VENDOR OR ANY OTHER PERSON
REQUIRED BY THIS ARTICLE FROM THE PURCHASER, AND SHALL BE PAID
OVER TO THE COMMONWEALTH AS HEREIN PROVIDED.

* * *

SECTION 3. SECTION 204(13) OF THE ACT, AMENDED JULY 13, 2016
(P.L.526, NO.84), IS AMENDED TO READ:

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

* * *

(13) THE SALE AT RETAIL, OR USE OF WRAPPING PAPER, WRAPPING
TWINE, BAGS, CARTONS, TAPE, ROPE, LABELS, NONRETURNABLE
CONTAINERS [AND] ALL OTHER WRAPPING SUPPLIES AND KEGS USED TO
CONTAIN MALT OR BREWED BEVERAGES, WHEN SUCH USE IS INCIDENTAL TO
THE DELIVERY OF ANY PERSONAL PROPERTY, EXCEPT THAT ANY CHARGE
FOR WRAPPING OR PACKAGING SHALL BE SUBJECT TO TAX AT THE RATE
IMPOSED BY SECTION 202, UNLESS THE PROPERTY WRAPPED OR PACKAGED
WILL BE RESOLD BY THE PURCHASER OF THE WRAPPING OR PACKAGING
SERVICE. AS USED IN THIS PARAGRAPH, THE TERM "CARTONS" INCLUDES
CORRUGATED BOXES USED BY A PERSON ENGAGED IN THE MANUFACTURE OF
SNACK FOOD PRODUCTS TO DELIVER THE MANUFACTURED PRODUCT, WHETHER
OR NOT THE BOXES ARE RETURNABLE FOR POTENTIAL REUSE.

* * *

SECTION 4. ARTICLE II OF THE ACT IS AMENDED BY ADDING A PART
TO READ:

PART V-A

MARKETPLACE SALES

SECTION 213. DEFINITIONS.--FOR THE PURPOSES OF THIS PART V-A
ONLY, THE FOLLOWING WORDS, TERMS AND PHRASES SHALL HAVE THE
MEANING ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE
CONTEXT CLEARLY INDICATES A DIFFERENT MEANING:

(A) "AFFILIATED PERSON." A PERSON THAT, WITH RESPECT TO
ANOTHER PERSON:

(1) HAS A DIRECT OR INDIRECT OWNERSHIP INTEREST OF MORE THAN
FIVE PERCENT IN THE OTHER PERSON; OR

(2) IS RELATED TO THE OTHER PERSON BECAUSE A THIRD PERSON,
OR GROUP OF THIRD PERSONS WHO ARE AFFILIATED WITH EACH OTHER AS
DEFINED IN THIS SUBSECTION, HOLDS A DIRECT OR INDIRECT OWNERSHIP
INTEREST OF MORE THAN FIVE PERCENT IN THE RELATED PERSON.

(B) "FORUM." A PLACE WHERE SALES AT RETAIL OCCUR, WHETHER
PHYSICAL OR ELECTRONIC. THE TERM INCLUDES A STORE, A BOOTH, A
PUBLICLY ACCESSIBLE INTERNET WEBSITE, A CATALOG OR SIMILAR
PLACE.

(C) "MARKETPLACE FACILITATOR." A PERSON THAT FACILITATES
THE SALE AT RETAIL OF TANGIBLE PERSONAL PROPERTY. FOR PURPOSES
OF THIS SECTION, A PERSON FACILITATES A SALE AT RETAIL IF THE
PERSON OR AN AFFILIATED PERSON:

(1) LISTS OR ADVERTISES TANGIBLE PERSONAL PROPERTY FOR SALE
AT RETAIL IN ANY FORUM; AND

(2) EITHER DIRECTLY OR INDIRECTLY THROUGH AGREEMENTS OR
ARRANGEMENTS WITH THIRD PARTIES, COLLECTS THE PAYMENT FROM THE
PURCHASER AND TRANSMITS THE PAYMENT TO THE PERSON SELLING THE
PROPERTY.

THE TERM INCLUDES A PERSON THAT MAY ALSO BE A VENDOR.

(D) "MARKETPLACE SELLER." A PERSON THAT HAS AN AGREEMENT
WITH A MARKETPLACE FACILITATOR PURSUANT TO WHICH THE MARKETPLACE
FACILITATOR FACILITATES SALES FOR THE PERSON.

(E) "NOTICE AND REPORTING REQUIREMENTS." THE NOTICE
REQUIREMENTS UNDER SECTION 213.2 AND THE REPORTING REQUIREMENTS
UNDER SECTIONS 213.3 AND 213.4.
(F) "REFERRAL." THE TRANSFER BY A REFERRER OF A POTENTIAL PURCHASER TO A PERSON THAT ADVERTISES OR LISTS PRODUCTS FOR SALE ON THE REFERRER'S PLATFORM.

(G) "REFERRER." A PERSON, OTHER THAN A PERSON ENGAGING IN THE BUSINESS OF PRINTING OR PUBLISHING A NEWSPAPER, THAT, PURSUANT TO AN AGREEMENT OR ARRANGEMENT WITH A MARKETPLACE SELLER OR REMOTE SELLER, DOES THE FOLLOWING:

(1) AGREES TO LIST OR ADVERTISE FOR SALE AT RETAIL ONE OR MORE PRODUCTS OF THE MARKETPLACE SELLER OR REMOTE SELLER IN A PHYSICAL OR ELECTRONIC MEDIUM.

(2) RECEIVES CONSIDERATION FROM THE MARKETPLACE SELLER OR REMOTE SELLER FROM THE SALE OFFERED IN THE LISTING OR ADVERTISEMENT.

(3) TRANSFERS BY TELECOMMUNICATIONS, INTERNET LINK OR OTHER MEANS, A PURCHASER TO A MARKETPLACE SELLER, REMOTE SELLER OR AFFILIATED PERSON TO COMPLETE A SALE.

(4) DOES NOT COLLECT A RECEIPT FROM THE PURCHASER FOR THE SALE.

THE TERM DOES NOT INCLUDE A PERSON THAT:

(1) PROVIDES INTERNET ADVERTISING SERVICES; AND

(2) DOES NOT PROVIDE THE MARKETPLACE SELLER'S OR REMOTE SELLER'S SHIPPING TERMS OR ADVERTISE WHETHER A MARKETPLACE SELLER OR REMOTE SELLER COLLECTS A SALES OR USE TAX.

THE TERM INCLUDES A PERSON THAT MAY ALSO BE A VENDOR.

(H) "REMOTE SELLER." A PERSON, OTHER THAN A MARKETPLACE FACILITATOR, MARKETPLACE SELLER OR REFERRER, THAT DOES NOT MAINTAIN A PLACE OF BUSINESS IN THIS COMMONWEALTH THAT, THROUGH A FORUM, SELLS TANGIBLE PERSONAL PROPERTY AT RETAIL, THE SALE OR USE OF WHICH IS SUBJECT TO THE TAX IMPOSED BY THIS ARTICLE. THE TERM DOES NOT INCLUDE AN EMPLOYEE WHO IN THE ORDINARY SCOPE OF
EMPLOYMENT RENDERS SERVICES TO HIS EMPLOYER IN EXCHANGE FOR WAGES AND SALARIES.

SECTION 213.1. ELECTION.--(A) SUBJECT TO THE PROVISIONS OF SUBSECTIONS (C) AND (D), ON OR BEFORE MARCH 1, 2018, AND ON OR BEFORE JUNE 1 OF EACH CALENDAR YEAR THEREAFTER, BEGINNING JUNE 1, 2019, A REMOTE SELLER, A MARKETPLACE FACILITATOR OR A REFERFER THAT HAD AGGREGATE SALES AT RETAIL OF TANGIBLE PERSONAL PROPERTY SUBJECT TO TAX UNDER THIS ARTICLE WITHIN THIS COMMONWEALTH OR DELIVERED TO LOCATIONS WITHIN THIS COMMONWEALTH WORTH AT LEAST TEN THOUSAND DOLLARS ($10,000) DURING THE IMMEDIATELY PRECEDING TWELVE CALENDAR MONTH PERIOD SHALL FILE AN ELECTION WITH THE DEPARTMENT TO COLLECT AND REMIT THE TAX IMPOSED UNDER SECTION 202 OR TO COMPLY WITH THE NOTICE AND REPORTING REQUIREMENTS. THE ELECTION SHALL BE MADE ON A FORM AND IN A MANNER PRESCRIBED BY THE DEPARTMENT AND, EXCEPT AS PROVIDED IN SUBSECTION (E), SHALL APPLY TO THE NEXT SUCCEEDING FISCAL YEAR.

(B) A REMOTE SELLER, A MARKETPLACE FACILITATOR OR A REFERFER THAT MAKES AN ELECTION UNDER SUBSECTION (A) TO COLLECT AND REMIT THE TAX IMPOSED UNDER SECTION 202 SHALL OBTAIN A LICENSE UNDER PART IV OF THIS ARTICLE.

(C) THE REQUIREMENT BY A MARKETPLACE FACILITATOR TO MAKE AN ELECTION UNDER SUBSECTION (A) SHALL ONLY APPLY TO THE FOLLOWING:

(1) SALES AT RETAIL THROUGH THE MARKETPLACE FACILITATOR'S FORUM MADE BY OR ON BEHALF OF A MARKETPLACE SELLER THAT DOES NOT MAINTAIN A PLACE OF BUSINESS IN THIS COMMONWEALTH; AND

(2) SALES AT RETAIL MADE BY A MARKETPLACE FACILITATOR ON ITS OWN BEHALF IF THE MARKETPLACE FACILITATOR DOES NOT MAINTAIN A PLACE OF BUSINESS IN THIS COMMONWEALTH.

(D) THE REQUIREMENT BY A REFERFER TO MAKE AN ELECTION UNDER
SUBSECTION (A) SHALL ONLY APPLY TO SALES AT RETAIL:

(1) DIRECTLY RESULTING FROM A REFERRAL OF A PURCHASER TO A MARKETPLACE SELLER THAT DOES NOT MAINTAIN A PLACE OF BUSINESS IN THIS COMMONWEALTH;

(2) DIRECTLY RESULTING FROM A REFERRAL OF A PURCHASER TO A REMOTE SELLER; AND

(3) OF THE REFERRER'S OWN PRODUCTS IF THE REFERRER DOES NOT MAINTAIN A PLACE OF BUSINESS IN THIS COMMONWEALTH.

A REFERRER MAY MAKE AN ELECTION UNDER SUBSECTION (A) FOR THE SALES DESCRIBED IN PARAGRAPHS (1) AND (2) THAT IS DIFFERENT FROM THE ELECTION MADE FOR THE SALES DESCRIBED IN PARAGRAPH (3).

(E) AN ELECTION MADE ON OR BEFORE MARCH 1, 2018, SHALL BE IN EFFECT FOR THE BALANCE OF THE 2017–2018 FISCAL YEAR AND FOR THE 2018–2019 FISCAL YEAR. A REMOTE SELLER, MARKETPLACE FACILITATOR OR REFERRER MAY CHANGE AN ELECTION TO COMPLY WITH THE NOTICE AND REPORTING REQUIREMENTS TO AN ELECTION TO COLLECT AND REMIT THE TAX IMPOSED UNDER SECTION 202 AT ANY TIME DURING A FISCAL YEAR BY FILING A NEW ELECTION WITH THE DEPARTMENT AND OBTAINING A LICENSE UNDER PART IV OF THIS ARTICLE. THE NEW ELECTION SHALL BE EFFECTIVE THIRTY DAYS AFTER THE FILING AND SHALL BE EFFECTIVE FOR THE BALANCE OF THE FISCAL YEAR IN WHICH THE NEW ELECTION WAS FILED AND FOR THE NEXT SUCCEEDING FISCAL YEAR.

(F) A REMOTE SELLER, MARKETPLACE FACILITATOR OR REFERRER WHO DOES NOT SUBMIT AN ELECTION UNDER SUBSECTION (A) OR A NEW ELECTION UNDER SUBSECTION (E) SHALL BE DEEMED TO HAVE ELECTED TO COMPLY WITH THE NOTICE AND REPORTING REQUIREMENTS.

(G) IN ADDITION TO RECORDS THAT MAY BE REQUIRED TO BE MAINTAINED UNDER OTHER APPLICABLE PROVISIONS OF THIS ARTICLE BY A REMOTE SELLER, MARKETPLACE FACILITATOR OR REFERRER, A REMOTE SELLER, MARKETPLACE FACILITATOR OR REFERRER SUBJECT TO THIS PART 20170HB0542PN2598
SHALL ALSO BE SUBJECT TO SECTION 271 RELATING TO THE KEEPING OF
RECORDS AND SECTION 272 RELATING TO THE EXAMINATION OF RECORDS
BY THE DEPARTMENT AND AGENTS AND EMPLOYEES OF THE DEPARTMENT.

SECTION 213.2. NOTICE REQUIREMENTS.--(A) A REMOTE SELLER,
MARKETPLACE FACILITATOR OR REFERRER REQUIRED TO MAKE AN ELECTION
UNDER SECTION 213.1(A) THAT DOES NOT ELECT TO COLLECT AND REMIT
THE TAX IMPOSED BY SECTION 202 SHALL COMPLY WITH THE APPLICABLE
NOTICE REQUIREMENTS OF THIS SECTION.

(B) A REMOTE SELLER OR MARKETPLACE FACILITATOR SUBJECT TO
THE REQUIREMENTS OF THIS SECTION SHALL:

(1) POST A CONSPICUOUS NOTICE ON ITS FORUM THAT INFORMS
PURCHASERS INTENDING TO PURCHASE TANGIBLE PERSONAL PROPERTY FOR
DELIVERY TO A LOCATION WITHIN THIS COMMONWEALTH THAT INCLUDES
ALL OF THE FOLLOWING:

(I) SALES OR USE TAX MAY BE DUE IN CONNECTION WITH THE
PURCHASE AND DELIVERY OF THE TANGIBLE PERSONAL PROPERTY;

(II) THE COMMONWEALTH REQUIRES THE PURCHASER TO FILE A
RETURN IF USE TAX IS DUE IN CONNECTION WITH THE PURCHASE AND
DELIVERY; AND

(III) THE NOTICE IS REQUIRED BY THIS SECTION.

(2) PROVIDE A WRITTEN NOTICE TO EACH PURCHASER AT THE TIME
OF EACH SALE AT RETAIL THAT INCLUDES ALL OF THE FOLLOWING:

(I) A STATEMENT THAT SALES TAX IS NOT BEING COLLECTED IN
CONNECTION WITH THE PURCHASE;

(II) A STATEMENT THAT THE PURCHASER MAY BE REQUIRED TO REMIT
USE TAX DIRECTLY TO THE DEPARTMENT; AND

(III) INSTRUCTIONS FOR OBTAINING ADDITIONAL INFORMATION FROM
THE DEPARTMENT REGARDING WHETHER AND HOW TO REMIT USE TAX TO THE
DEPARTMENT.

(C) THE NOTICE REQUIRED BY SUBSECTION (B)(2) MUST BE
PROMINENTLY DISPLAYED ON ALL INVOICES AND ORDER FORMS AND ON EACH SALES RECEIPT OR SIMILAR DOCUMENT, WHETHER IN PAPER OR ELECTRONIC FORM, PROVIDED TO THE PURCHASER. NO STATEMENT THAT SALES OR USE TAX IS NOT IMPOSED ON A TRANSACTION MAY BE MADE BY A REMOTE SELLER OR MARKETPLACE FACILITATOR UNLESS THE TRANSACTION IS EXEMPT FROM SALES AND USE TAX PURSUANT TO THIS ARTICLE OR OTHER APPLICABLE COMMONWEALTH LAW.

(D) A REFERRER SUBJECT TO THE REQUIREMENTS OF THIS SECTION SHALL POST A CONSPICUOUS NOTICE ON ITS PLATFORM THAT INFORMS PURCHASERS INTENDING TO PURCHASE TANGIBLE PERSONAL PROPERTY FOR DELIVERY TO A LOCATION WITHIN THIS COMMONWEALTH THAT INCLUDES ALL OF THE FOLLOWING:

1. SALES OR USE TAX MAY BE DUE IN CONNECTION WITH THE PURCHASE AND DELIVERY.

2. THE PERSON TO WHICH THE PURCHASER IS BEING REFERRED MAY OR MAY NOT COLLECT AND REMIT SALES TAX TO THE DEPARTMENT IN CONNECTION WITH THE TRANSACTION.

3. THE COMMONWEALTH REQUIRES THE PURCHASER TO FILE A RETURN IF USE TAX IS DUE IN CONNECTION WITH THE PURCHASE AND DELIVERY AND NOT COLLECTED BY THE PERSON.

4. THE NOTICE IS REQUIRED BY THIS SECTION.

5. INSTRUCTIONS FOR OBTAINING ADDITIONAL INFORMATION FROM THE DEPARTMENT REGARDING WHETHER AND HOW TO REMIT SALES OR USE TAX TO THE DEPARTMENT.

6. IF THE PERSON TO WHOM THE PURCHASER IS BEING REFERRED DOES NOT COLLECT SALES TAX ON A SUBSEQUENT PURCHASE BY THE PURCHASER, THE PERSON MAY BE REQUIRED TO PROVIDE INFORMATION TO THE PURCHASER AND THE DEPARTMENT ABOUT THE PURCHASER'S POTENTIAL SALES OR USE TAX LIABILITY.

(E) THE NOTICE REQUIRED UNDER SUBSECTION (D) MUST BE
PROVIDED AND MAY INCLUDE POP-UP BOXES OR NOTIFICATION BY OTHER MEANS THAT APPEARS WHEN THE REFERRER TRANSFERS A PURCHASER TO ANOTHER PERSON TO COMPLETE THE SALE.

SECTION 213.3. REPORTS TO PURCHASERS AND MARKETPLACE SELLERS.--(A) A REMOTE SELLER OR MARKETPLACE FACILITATOR REQUIRED TO MAKE AN ELECTION UNDER SECTION 213.1(A) THAT DOES NOT ELECT TO COLLECT AND REMIT THE TAX IMPOSED BY SECTION 202 SHALL, NO LATER THAN JANUARY 31 OF EACH YEAR, PROVIDE A WRITTEN REPORT TO EACH PURCHASER REQUIRED TO RECEIVE THE NOTICE UNDER SECTION 213.2(B)(2) DURING THE IMMEDIATELY PRECEDING CALENDAR YEAR THAT INCLUDES ALL OF THE FOLLOWING:

(1) A STATEMENT THAT THE REMOTE SELLER OR MARKETPLACE FACILITATOR DID NOT COLLECT SALES TAX IN CONNECTION WITH THE PURCHASER'S TRANSACTIONS WITH THE REMOTE SELLER OR MARKETPLACE FACILITATOR AND THAT THE PURCHASER MAY BE REQUIRED TO REMIT USE TAX TO THE DEPARTMENT.

(2) A LIST, BY DATE, INDICATING THE TYPE AND PURCHASE PRICE OF EACH PRODUCT PURCHASED OR LEASED BY THE PURCHASER FROM THE REMOTE SELLER OR MARKETPLACE FACILITATOR AND DELIVERED TO A LOCATION WITHIN THIS COMMONWEALTH.

(3) INSTRUCTIONS FOR OBTAINING ADDITIONAL INFORMATION FROM THE DEPARTMENT REGARDING WHETHER AND HOW TO REMIT USE TAX TO THE DEPARTMENT.

(4) A STATEMENT THAT THE REMOTE SELLER OR MARKETPLACE FACILITATOR IS REQUIRED TO SUBMIT A REPORT TO THE DEPARTMENT UNDER SECTION 213.4 THAT INCLUDES THE NAME OF THE PURCHASER AND THE AGGREGATE DOLLAR AMOUNT OF THE PURCHASER'S PURCHASES FROM THE REMOTE SELLER OR MARKETPLACE FACILITATOR.

(5) SUCH ADDITIONAL INFORMATION AS THE DEPARTMENT MAY REASONABLY REQUIRE.
(B) THE DEPARTMENT SHALL PRESCRIBE THE FORM OF THE REPORT
REQUIRED UNDER SUBSECTION (A) AND SHALL MAKE THE FORM AVAILABLE ON ITS PUBLICLY ACCESSIBLE INTERNET WEBSITE.

(C) THE REPORT REQUIRED UNDER SUBSECTION (A) SHALL BE MAILED BY FIRST-CLASS MAIL IN AN ENVELOPE PROMINENTLY MARKED WITH WORDS INDICATING THAT IMPORTANT TAX INFORMATION IS ENCLOSED TO THE PURCHASER'S BILLING ADDRESS, IF KNOWN, OR, IF UNKNOWN, TO THE PURCHASER'S SHIPPING ADDRESS. IF THE PURCHASER'S BILLING AND SHIPPING ADDRESS ARE UNKNOWN, THE REPORT SHALL BE SENT ELECTRONICALLY TO THE PURCHASER'S LAST KNOWN E-MAIL ADDRESS WITH A SUBJECT HEADING INDICATING THAT IMPORTANT TAX INFORMATION IS BEING PROVIDED.

(D) A REFEREE REQUIRED TO MAKE AN ELECTION UNDER SECTION 213.1(A) THAT DOES NOT ELECT TO COLLECT AND REMIT THE TAX IMPOSED BY SECTION 202 SHALL, NO LATER THAN JANUARY 31 OF EACH YEAR, PROVIDE A WRITTEN NOTICE TO EACH REMOTE SELLER TO WHOM THE REFEREE TRANSFERRED A POTENTIAL PURCHASER LOCATED IN THIS COMMONWEALTH DURING THE IMMEDIATELY PRECEDING CALENDAR YEAR THAT INCLUDES ALL OF THE FOLLOWING:

(1) A STATEMENT THAT A SALES OR USE TAX MAY BE IMPOSED BY THE COMMONWEALTH ON THE TRANSACTION.

(2) A STATEMENT THAT THE REMOTE SELLER MAY BE REQUIRED TO MAKE THE ELECTION REQUIRED BY SECTION 213.1(A).

(3) INSTRUCTIONS FOR OBTAINING ADDITIONAL INFORMATION REGARDING SALES AND USE TAX FROM THE DEPARTMENT.

SECTION 213.4. REPORTS TO DEPARTMENT.--(A) A REMOTE SELLER OR MARKETPLACE FACILITATOR REQUIRED TO MAKE AN ELECTION UNDER SECTION 213.1(A) THAT DOES NOT ELECT TO COLLECT AND REMIT THE TAX IMPOSED BY SECTION 202 SHALL, NO LATER THAN JANUARY 31 OF EACH YEAR, SUBMIT A REPORT TO THE DEPARTMENT. THE REPORT SHALL
INCLUDE, WITH RESPECT TO EACH PURCHASER REQUIRED TO RECEIVE THE 
NOTICE UNDER SECTION 213.2(B)(2) DURING THE IMMEDIATELY 
PRECEDING CALENDAR YEAR, THE FOLLOWING:

(1)  THE PURCHASER'S NAME.

(2)  THE PURCHASER'S BILLING ADDRESS AND, IF DIFFERENT, THE 
PURCHASER'S LAST KNOWN MAILING ADDRESS.

(3)  THE ADDRESS WITHIN THIS COMMONWEALTH TO WHICH PRODUCTS 
WERE DELIVERED TO THE PURCHASER.

(4)  THE AGGREGATE DOLLAR AMOUNT OF THE PURCHASER'S PURCHASES 
FROM THE REMOTE SELLER OR MARKETPLACE FACILITATOR.

(5)  THE NAME AND ADDRESS OF THE REMOTE SELLER, MARKETPLACE 
FACILITATOR OR MARKETPLACE SELLER THAT MADE THE SALES TO THE 
PURCHASER.

(B)  A REFERRER REQUIRED TO MAKE AN ELECTION UNDER SECTION 
213.1(A) THAT DOES NOT ELECT TO COLLECT AND REMIT THE TAX 
IMPLIED BY SECTION 202 SHALL, NO LATER THAN JANUARY 31 OF EACH 
YEAR, SUBMIT A REPORT TO THE DEPARTMENT. THE REPORT SHALL 
INCLUDE A LIST OF PERSONS WHO RECEIVED THE NOTICE REQUIRED UNDER 
SECTION 213.3(D).

(C)  THE DEPARTMENT SHALL PRESCRIBE THE FORMS OF THE REPORTS 
REQUIRED UNDER THIS SECTION AND SHALL MAKE THEM AVAILABLE ON ITS 
PUBLICLY ACCESSIBLE INTERNET WEBSITE. THE REPORTS SHALL BE 
SUBMITTED ELECTRONICALLY IN SUCH MANNER AS THE DEPARTMENT SHALL 
REQUIRE.

(D)  A REPORT REQUIRED UNDER THIS SECTION SHALL BE SUBMITTED 
BY AN OFFICER OF THE REMOTE SELLER, MARKETPLACE FACILITATOR OR 
REFERRER AND SHALL INCLUDE A STATEMENT, MADE UNDER PENALTY OF 
PERJURY, BY THE OFFICER THAT THE REMOTE SELLER, MARKETPLACE 
FACILITATOR OR REFERRER MADE REASONABLE EFFORTS TO COMPLY WITH 
THE NOTICE AND REPORTING REQUIREMENTS OF THIS PART.
SECTION 213.5. LIABILITY AND PENALTIES.--(A) THE DEPARTMENT SHALL ASSESS A PENALTY IN THE AMOUNT OF TWENTY THOUSAND DOLLARS ($20,000) OR TWENTY PER CENT OF TOTAL SALES IN PENNSYLVANIA DURING THE PREVIOUS TWELVE MONTHS, WHICHERVER IS LESS, AGAINST A REMOTE SELLER, MARKETPLACE FACILITATOR OR REFERRER THAT MAKES AN ELECTION UNDER SECTION 213.1(A) TO COMPLY WITH THE NOTICE AND REPORTING REQUIREMENTS, OR IS DEEMED TO HAVE MADE SUCH ELECTION UNDER SECTION 213.2(F), AND FAILS TO COMPLY WITH THE REQUIREMENTS UNDER SECTION 213.3 OR 213.4. THE PENALTY SHALL BE ASSESSED SEPARATELY FOR EACH VIOLATION, BUT MAY ONLY BE ASSESSED ONCE IN A CALENDAR YEAR.

(B) A REMOTE SELLER, MARKETPLACE FACILITATOR OR REFERRER THAT MAKES AN ELECTION UNDER SECTION 213.1(A) TO COLLECT AND REMIT THE TAX IMPOSED UNDER SECTION 202 SHALL BE SUBJECT TO ALL OF THE PROVISIONS OF THIS ARTICLE WITH RESPECT TO THE COLLECTION AND REMITTANCE OF SUCH TAX AND SHALL BE SUBJECT TO ALL OF THE PENALTIES, INTEREST AND ADDITIONS FOR FAILING TO COMPLY WITH THE PROVISIONS OF THIS ARTICLE, EXCEPT AS PROVIDED IN THIS SECTION.

(C) FOR A PERIOD OF FIVE YEARS AFTER THE EFFECTIVE DATE OF THIS SECTION, THE DEPARTMENT MAY ABATE OR REDUCE ANY PENALTY OR ADDITION IMPOSED UNDER SUBSECTION (B) DUE TO HARDSHIP OR FOR GOOD CAUSE SHOWN.

(D) A MARKETPLACE FACILITATOR OR REFERRER IS RELIEVED OF LIABILITY UNDER SUBSECTION (B) IF THE MARKETPLACE FACILITATOR OR REFERRER CAN SHOW TO THE SATISFACTION OF THE DEPARTMENT THAT THE FAILURE TO COLLECT THE CORRECT AMOUNT OF TAX WAS DUE TO INCORRECT INFORMATION GIVEN TO THE MARKETPLACE FACILITATOR OR REFERRER BY A MARKETPLACE SELLER OR REMOTE SELLER.

(E) A CLASS ACTION MAY NOT BE BROUGHT AGAINST A MARKETPLACE FACILITATOR OR REFERRER ON BEHALF OF PURCHASERS ARISING FROM OR
IN ANY WAY RELATED TO AN OVERPAYMENT OF SALES OR USE TAX
COLLECTED BY THE MARKETPLACE FACILITATOR OR REFERRER, REGARDLESS
OF WHETHER SUCH ACTION IS CHARACTERIZED AS A TAX REFUND CLAIM.
NOTHING IN THIS SUBSECTION SHALL AFFECT A PURCHASER'S RIGHT TO
SEEK A REFUND FROM THE DEPARTMENT UNDER OTHER PROVISIONS OF THIS
ARTICLE.

SECTION 213.6. APPLICATION.—NOTHING IN THIS SECTION AFFECTS
THE OBLIGATIONS OF A VENDOR TO REGISTER WITH THE DEPARTMENT AND
TO COLLECT AND REMIT SALES TAX OR USE TAX.

SECTION 5. SECTION 278 OF THE ACT IS AMENDED BY ADDING
SUBSECTIONS TO READ:

SECTION 278. REMOTE SALES REPORTS.—* * *
(C) IF FEDERAL LEGISLATION RELATING TO REMOTE SELLERS HAS
NOT BEEN ENACTED BY DECEMBER 31, 2018, THE INDEPENDENT FISCAL
OFFICE, IN CONJUNCTION WITH THE DEPARTMENT, SHALL CONDUCT A
STUDY ASSESSING THE LEGAL IMPLICATIONS AND FISCAL IMPACT OF
MANDATING NOTICE REQUIREMENTS FOR REMOTE SELLERS. BY APRIL 1,
2019, RESULTS OF THE STUDY, IF A STUDY IS PRODUCED, SHALL BE
PROVIDED TO THE CHAIRMAN AND MINORITY CHAIRMAN OF THE
APPROPRIATIONS COMMITTEE OF THE SENATE, THE CHAIRMAN AND
MINORITY CHAIRMAN OF THE FINANCE COMMITTEE OF THE SENATE, THE
CHAIRMAN AND MINORITY CHAIRMAN OF THE APPROPRIATIONS COMMITTEE
OF THE HOUSE OF REPRESENTATIVES AND THE CHAIRMAN AND MINORITY
CHAIRMAN OF THE FINANCE COMMITTEE OF THE HOUSE OF
REPRESENTATIVES.
(D) AS USED IN THIS SECTION, THE TERM "REMOTE SELLER" SHALL
HAVE THE SAME MEANING AS DEFINED IN SECTION 213.

SECTION 6. (RESERVED).

SECTION 7. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

SECTION 304.2. PENNSYLVANIA ABLE SAVINGS PROGRAM TAX
EXEMPTION.--(A) THE FOLLOWING SHALL BE EXEMPT FROM ALL TAXATION BY THE COMMONWEALTH AND ITS POLITICAL SUBDIVISIONS:

(1) UNDISTRIBUTED EARNINGS ON AN ACCOUNT.

(2) AN AMOUNT DISTRIBUTED FROM AN ACCOUNT THAT IS NOT INCLUDED IN GROSS INCOME UNDER SECTION 529A(C)(1) OF THE INTERNAL REVENUE CODE.

(B) THE FOLLOWING SHALL APPLY:

(1) AN AMOUNT CONTRIBUTED TO AN ACCOUNT SHALL BE DEDUCTIBLE FROM THE TAXABLE INCOME OF THE CONTRIBUTOR UNDER THIS ARTICLE FOR THE TAX YEAR THE CONTRIBUTION WAS MADE.

(2) THE TOTAL CONTRIBUTIONS MADE BY A CONTRIBUTOR DURING A TAXABLE YEAR TO ALL ACCOUNTS THAT ARE ALLOWABLE AS A DEDUCTION UNDER THIS SECTION SHALL NOT EXCEED THE DOLLAR AMOUNT UNDER SECTION 2503(B) OF THE INTERNAL REVENUE CODE.

(3) THE DEDUCTION SHALL NOT RESULT IN THE CONTRIBUTOR'S TAXABLE INCOME BEING LESS THAN ZERO.

(4) THE DEPARTMENT AND THE TREASURY DEPARTMENT SHALL COOPERATE IN VERIFYING ACCOUNT INFORMATION RELATING TO CONTRIBUTIONS TO AN ACCOUNT ITEMIZED BY A CONTRIBUTOR AND THE CONTRIBUTOR'S SPECIFIC CONTRIBUTIONS.

(C) AN AMOUNT THAT IS DISTRIBUTED FROM AN ACCOUNT AND NOT OTHERWISE EXEMPT FROM TAXATION UNDER THIS SECTION SHALL BE TAXABLE INCOME TO THE DESIGNATED BENEFICIARY UNDER THIS ARTICLE.

(D) A CHANGE IN DESIGNATED BENEFICIARIES UNDER SECTION 529A(C) OF THE INTERNAL REVENUE CODE SHALL NOT CONSTITUTE A TAXABLE EVENT.

(E) AS USED IN THIS SECTION, THE FOLLOWING WORDS AND PHRASES SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SUBSECTION UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE:

"ACCOUNT." AN ABLE SAVINGS ACCOUNT AS DEFINED IN SECTION 102
OF THE PENNSYLVANIA ABLE ACT.

"CONTRIBUTOR." AN INDIVIDUAL WHO MAKES A CONTRIBUTION TO AN ACCOUNT AS DEFINED IN SECTION 102 OF THE PENNSYLVANIA ABLE ACT.

"DESIGNATED BENEFICIARY." THE TERM SHALL HAVE THE SAME MEANING AS PROVIDED IN SECTION 102 OF THE PENNSYLVANIA ABLE ACT.


"PENNSYLVANIA ABLE ACT." THE ACT OF APRIL 18, 2016 (P.L.128, NO.17), KNOWN AS THE PENNSYLVANIA ABLE ACT.

"PENNSYLVANIA ABLE SAVINGS PROGRAM." THE PROGRAM ESTABLISHED UNDER THE PENNSYLVANIA ABLE ACT.

"QUALIFIED DISABILITY EXPENSE." THE TERM SHALL HAVE THE SAME MEANING AS PROVIDED IN SECTION 102 OF THE PENNSYLVANIA ABLE ACT.

SECTION 8. SECTION 312 OF THE ACT, AMENDED JULY 13, 2016 (P.L.526, NO.84), IS AMENDED TO READ:

SECTION 312. TAX WITHHELD.--THE AMOUNT WITHHELD UNDER SECTION [316] 316.1 SHALL BE ALLOWED TO THE TAXPAYER FROM WHOSE INCOME THE TAX WAS WITHHELD AS A CREDIT AGAINST THE TAX IMPOSED ON HIM BY THIS ARTICLE.

SECTION 9. SECTION 315.6 OF THE ACT IS REPEALED:


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

(C) THE DEPARTMENT SHALL DETERMINE ANNUALLY THE TOTAL AMOUNT DESIGNATED BY INDIVIDUAL TAXPAYERS UNDER THIS SECTION AND SHALL REPORT THE AMOUNT TO THE STATE TREASURER, WHO SHALL PREPARE THE APPROPRIATE DOCUMENTATION AND TRANSFER THE DESIGNATED AMOUNT FROM THE GENERAL FUND TO THE KOREA/VIETNAM MEMORIAL NATIONAL EDUCATION CENTER.


(E) ON OR BEFORE MARCH 31 OF EACH YEAR, THE KOREA/VIETNAM MEMORIAL NATIONAL EDUCATION CENTER SHALL SUBMIT A REPORT DETAILING CONTRIBUTIONS RECEIVED AND ACTIVITIES UNDERTAKEN DURING THE PRIOR CALENDAR YEAR TO THE MILITARY AND VETERANS' AFFAIRS COMMITTEE OF THE SENATE AND THE VETERANS AFFAIRS AND EMERGENCY PREPAREDNESS COMMITTEE OF THE HOUSE OF REPRESENTATIVES.

(F) THIS SECTION SHALL EXPIRE DECEMBER 31, 2005.]

SECTION 10. SECTION 315.9(B.1) AND (C) OF THE ACT ARE AMENDED TO READ:

SECTION 315.9. OPERATIONAL PROVISIONS.--

* * *

(B.1) NOTWITHSTANDING SUBSECTION (B), THE CHECKOFFS ESTABLISHED IN SECTIONS 315.2 [AND] 315.3, 315.4, 315.7, 315.8, 315.10 AND 315.11 SHALL NOT EXPIRE.
[C] Sections 315.3, 315.4 and 315.8 shall expire January 1, 2018.

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

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

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

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

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

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

Section [316] 316.1. Requirement of Withholding Tax.--(A) Every employer maintaining an office or transacting business within this Commonwealth and making payment of compensation (I) to a resident individual, or (II) to a nonresident individual taxpayer performing services on behalf of such employer within this Commonwealth, shall deduct and withhold from such compensation for each payroll period a tax computed in such manner as to result, so far as practicable, in withholding from the employee's compensation during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due for such year with respect to such compensation. The method of determining the amount to be withheld shall be prescribed by regulations of the Department.

(B) Whenever the Pennsylvania State Lottery or a person making a Pennsylvania State Lottery prize payment in the form of...

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

SECTION 316.2. WITHHOLDING TAX REQUIREMENT FOR NON-EMPLOYER PAYORS.--(A) TO THE EXTENT NOT ALREADY REQUIRED TO WITHHOLD TAX ON PAYMENTS UNDER SECTION 316.1, A PERSON THAT:

(1) MAKES PAYMENTS OF INCOME FROM SOURCES WITHIN THIS COMMONWEALTH DESCRIBED IN SECTION 303(A)(1) OR (2) TO EITHER A NONRESIDENT INDIVIDUAL OR AN ENTITY THAT IS DISREGARDED UNDER SECTION 307.21 THAT HAS A NONRESIDENT MEMBER; AND

(2) IS REQUIRED UNDER SECTION 335(F)(1) TO FILE A COPY OF FORM 1099-MISC WITH THE DEPARTMENT REGARDING THE PAYMENTS;

SHALL DEDUCT AND WITHHOLD FROM THE PAYMENTS AN AMOUNT EQUAL TO THE NET AMOUNT OF THE PAYMENTS MULTIPLIED BY THE TAX RATE SPECIFIED UNDER SECTION 302(B).

(B) WITHHOLDING OF TAX BY PAYORS IS OPTIONAL AND AT THE DISCRETION OF THE PAYOR WITH RESPECT TO PAYEES WHO RECEIVE PAYMENTS OF LESS THAN $5,000 ANNUALLY FROM THE PAYOR.

(C) THIS SECTION SHALL NOT APPLY TO PAYMENTS MADE BY A PAYOR TO A PAYEE IF THE PAYOR IS:
(1) THE UNITED STATES OR AN AGENCY OR INSTRUMENTALITY THEREOF; OR
(2) THE COMMONWEALTH OR AN AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION THEREOF.

(D) THE DEPARTMENT MAY PRESCRIBE REGULATIONS TO IMPLEMENT AND CLARIFY THE WITHHOLDING REQUIREMENT SET FORTH IN THIS SECTION.

SECTION 14. SECTION 317 OF THE ACT, AMENDED JULY 13, 2016 (P.L.526, NO.84), IS AMENDED TO READ:

SECTION 317. INFORMATION STATEMENT.--(A) EVERY EMPLOYER REQUIRED TO DEDUCT AND WITHHOLD TAX UNDER [THIS ARTICLE] SECTION 316.1(A) SHALL FURNISH TO EACH SUCH EMPLOYEE TO WHOM THE EMPLOYER HAS PAID COMPENSATION DURING THE CALENDAR YEAR A WRITTEN STATEMENT IN SUCH MANNER AND IN SUCH FORM AS MAY BE PRESCRIBED BY THE DEPARTMENT SHOWING THE AMOUNT OF COMPENSATION PAID BY THE EMPLOYER TO THE EMPLOYEE, THE AMOUNT DEDUCTED AND WITHHELD AS TAX, PURSUANT TO [THIS ARTICLE] SECTION 316.1(A), AND SUCH OTHER INFORMATION AS THE DEPARTMENT SHALL PRESCRIBE. EACH STATEMENT REQUIRED BY THIS SECTION FOR A CALENDAR YEAR SHALL BE FURNISHED TO THE EMPLOYEE ON OR BEFORE JANUARY 31 OF THE YEAR SUCCEEDING SUCH CALENDAR YEAR. IF THE EMPLOYEE'S EMPLOYMENT IS TERMINATED BEFORE THE CLOSE OF SUCH CALENDAR YEAR, THE EMPLOYER, AT HIS OPTION, SHALL FURNISH THE STATEMENT TO THE EMPLOYEE AT ANY TIME AFTER THE TERMINATION BUT NO LATER THAN JANUARY 31 OF THE YEAR SUCCEEDING SUCH CALENDAR YEAR. HOWEVER, IF AN EMPLOYEE WHOSE EMPLOYMENT IS TERMINATED BEFORE THE CLOSE OF SUCH CALENDAR YEAR REQUESTS THE EMPLOYER IN WRITING TO FURNISH HIM THE STATEMENT AT AN EARLIER TIME, AND, IF THERE IS NO REASONABLE EXPECTATION ON THE PART OF BOTH EMPLOYER AND EMPLOYEE OF FURTHER EMPLOYMENT DURING THE CALENDAR YEAR, THEN THE EMPLOYER SHALL FURNISH THE STATEMENT TO THE EMPLOYEE ON OR BEFORE THE LATER OF THE 30TH DAY
AFTER THE DAY OF THE REQUEST OR THE 30TH DAY AFTER THE DAY ON
WHICH THE LAST PAYMENT OF WAGES IS MADE.

(B) EVERY PERSON REQUIRED TO DEDUCT AND WITHHOLD TAX UNDER
SECTION [316(B)] 316.1(B) SHALL REPORT THE PRIZE AND THE AMOUNT
OF WITHHOLDING TO THE TAXPAYER ON INTERNAL REVENUE SERVICE FORM
W-2G, OR SIMILAR FORM USED FOR REPORTING FEDERAL INCOME TAX
WITHHOLDING FROM THE PRIZE.

SECTION 15. THE ACT IS AMENDED BY ADDING SECTIONS TO READ:
SECTION 317.1. INFORMATION STATEMENT FOR NON-EMPLOYER
PAYORS.--EVERY PAYOR REQUIRED TO DEDUCT AND WITHHOLD TAX UNDER
SECTION 316.2 SHALL FURNISH TO A PAYEE TO WHOM THE PAYOR HAS
PAID INCOME FROM SOURCES WITHIN THIS COMMONWEALTH DURING THE
CALENDAR YEAR A COPY OF FORM 1099-MISC REQUIRED UNDER SECTION
335(F)(1). THE COPY OF FORM 1099-MISC REQUIRED BY THIS SECTION
FOR EACH CALENDAR YEAR SHALL BE FORWARD TO THE PAYEE ON OR
BEFORE MARCH 1 OF THE YEAR SUCCEEDING THE CALENDAR YEAR.

SECTION 317.2. INFORMATION STATEMENT FOR PAYEES.--EVERY
PAYEE RECEIVING A COPY OF FORM 1099-MISC FROM A PAYOR UNDER
SECTION 317.1 SHALL FILE A DUPLICATE OF SUCH INFORMATION RETURN
WITH THE PAYEE'S STATE INCOME TAX RETURN.

SECTION 16. SECTION 318 OF THE ACT, AMENDED JULY 13, 2016
(P.L.526, NO.84), IS AMENDED TO READ:
SECTION 318. TIME FOR FILING WITHHOLDING RETURNS.--(A)
EVERY EMPLOYER REQUIRED TO DEDUCT AND WITHHOLD TAX UNDER [THIS
ARTICLE] SECTION 316.1(A) SHALL FILE A QUARTERLY WITHHOLDING
RETURN ON OR BEFORE THE LAST DAY OF APRIL, JULY, OCTOBER AND
JANUARY FOR THE THREE MONTHS ENDING THE LAST DAY OF MARCH, JUNE,
SEPTEMBER AND DECEMBER. SUCH QUARTERLY RETURNS SHALL BE FILED
WITH THE DEPARTMENT AT ITS MAIN OFFICE OR AT ANY BRANCH OFFICE
WHICH IT MAY DESIGNATE FOR FILING RETURNS.
(B) EVERY PERSON REQUIRED TO DEDUCT AND WITHHOLD TAX UNDER SECTION [316(B)] SHALL FILE A WITHHOLDING TAX RETURN AT THE SAME TIME THE PERSON IS REQUIRED TO FILE ITS ANNUAL RETURN OF WITHHELD FEDERAL INCOME TAX (IRS FORM 945) FROM NONPAYROLL PAYMENTS. THE RETURN SHALL BE FILED WITH THE DEPARTMENT.

SECTION 17. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

SECTION 318.1. TIME FOR FILING PAYORS' RETURNS.--EVERY PAYOR REQUIRED TO DEDUCT AND WITHHOLD TAX UNDER SECTION 316.2 SHALL FILE A QUARTERLY WITHHOLDING RETURN ON OR BEFORE THE LAST DAY OF APRIL, JULY, OCTOBER AND JANUARY FOR EACH THREE MONTH PERIOD ENDING THE LAST DAY OF MARCH, JUNE, SEPTEMBER AND DECEMBER. THE QUARTERLY RETURNS SHALL BE FILED WITH THE DEPARTMENT IN THE MANNER PRESCRIBED BY REGULATION.

SECTION 18. SECTION 319 OF THE ACT, AMENDED JULY 13, 2016 (P.L.526, NO.84), IS AMENDED TO READ:

SECTION 319. PAYMENT OF TAXES WITHHELD.--(A) EVERY EMPLOYER WITHHOLDING TAX UNDER [THIS ARTICLE] SHALL PAY OVER TO THE DEPARTMENT OR TO A DEPOSITORY DESIGNATED BY IT THE TAX REQUIRED TO BE DEDUCTED AND WITHHELD UNDER [THIS ARTICLE].

SECTION 316.1(A).

(1) WHERE THE AGGREGATE AMOUNT REQUIRED TO BE DEDUCTED AND WITHHELD BY ANY EMPLOYER FOR A CALENDAR YEAR CAN REASONABLY BE EXPECTED TO BE LESS THAN TWELVE HUNDRED DOLLARS ($1,200), SUCH EMPLOYER SHALL FILE A RETURN AND PAY THE TAX ON OR BEFORE THE LAST DAY FOR FILING A QUARTERLY RETURN UNDER SECTION 318.

(2) WHERE THE AGGREGATED AMOUNT REQUIRED TO BE DEDUCTED AND WITHHELD BY ANY EMPLOYER FOR A CALENDAR YEAR CAN REASONABLY BE EXPECTED TO BE TWELVE HUNDRED DOLLARS ($1,200) OR MORE BUT LESS THAN FOUR THOUSAND DOLLARS ($4,000), SUCH EMPLOYER SHALL PAY THE TAX MONTHLY, ON OR BEFORE THE FIFTEENTH DAY OF THE MONTH
SUCCEEDING THE MONTHS OF JANUARY TO NOVEMBER, INCLUSIVE, AND ON OR BEFORE THE LAST DAY OF JANUARY FOLLOWING THE MONTH OF DECEMBER.

(3) WHERE THE AGGREGATED AMOUNT REQUIRED TO BE DEDUCTED AND WITHHELD BY ANY EMPLOYER FOR A CALENDAR YEAR CAN REASONABLY BE EXPECTED TO BE FOUR THOUSAND DOLLARS ($4,000) OR MORE BUT LESS THAN TWENTY THOUSAND DOLLARS ($20,000), SUCH EMPLOYER SHALL PAY THE TAX SEMI-MONTHLY, WITHIN THREE BANKING DAYS AFTER THE CLOSE OF THE SEMI-MONTHLY PERIOD.

(4) WHERE THE AGGREGATED AMOUNT REQUIRED TO BE DEDUCTED AND WITHHELD BY ANY EMPLOYER FOR A CALENDAR YEAR CAN REASONABLY BE EXPECTED TO BE TWENTY THOUSAND DOLLARS ($20,000) OR MORE, SUCH EMPLOYER SHALL PAY THE TAX ON THE WEDNESDAY AFTER PAYDAY IF THE PAYDAY FALLS ON A WEDNESDAY, THURSDAY OR FRIDAY AND ON THE FRIDAY AFTER PAYDAY IF THE PAYDAY FALLS ON A SATURDAY, SUNDAY, MONDAY OR TUESDAY.

NOTWITHSTANDING ANYTHING IN THIS SUBSECTION TO THE CONTRARY, WHENEVER ANY EMPLOYER FAILS TO DEDUCT OR TRUTHFULLY ACCOUNT FOR OR PAY OVER THE TAX WITHHELD OR FILE RETURNS AS PRESCRIBED BY THIS ARTICLE, THE DEPARTMENT MAY SERVE A NOTICE ON SUCH EMPLOYER REQUIRING HIM TO WITHHOLD TAXES WHICH ARE REQUIRED TO BE DEDUCTED UNDER [THIS ARTICLE] SECTION 316.1(A) AND DEPOSIT SUCH TAXES IN A BANK APPROVED BY THE DEPARTMENT IN A SEPARATE ACCOUNT IN TRUST FOR AND PAYABLE TO THE DEPARTMENT, AND TO KEEP THE AMOUNT OF SUCH TAX IN SUCH ACCOUNT UNTIL PAYMENT OVER TO THE DEPARTMENT. SUCH NOTICE SHALL REMAIN IN EFFECT UNTIL A NOTICE OF CANCELLATION IS SERVED ON THE EMPLOYER BY THE DEPARTMENT.

(B) EVERY PERSON DEDUCTING AND WITHHOLDING TAX UNDER SECTION [316(B)] 316.1(B) SHALL REMIT THE TAX TO THE DEPARTMENT ON THE SAME FREQUENCY THAT THE PERSON IS REQUIRED TO REMIT FEDERAL
INCOME TAX WITHHELD FROM NONPAYROLL PAYMENTS.

SECTION 19. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

SECTION 319.1. PAYMENT OF TAXES WITHHELD FOR NON-EMPLOYER

PAYORS.--EVERY PAYOR WITHHOLDING TAX UNDER SECTION 316.2 SHALL
PAY OVER TO THE DEPARTMENT OR TO A DEPOSITORY DESIGNATED BY THE
DEPARTMENT THE TAX REQUIRED TO BE DEDUCTED AND WITHHELD UNDER
SECTION 316.2. THE TIME FOR PAYING OVER THE WITHHELD TAX SHALL
BE AS SET FORTH IN SECTION 319(1), (2), (3) AND (4).

SECTION 20. SECTION 320 OF THE ACT, AMENDED JULY 13, 2016
(P.L.526, NO.84), IS AMENDED TO READ:

SECTION 320. LIABILITY FOR WITHHELD TAXES.--EVERY PERSON
REQUIRED TO DEDUCT AND WITHHOLD TAX UNDER [THIS PART] SECTION
316.1 IS HEREBY MADE LIABLE FOR SUCH TAX. FOR PURPOSES OF
ASSESSMENT AND COLLECTION, ANY AMOUNT REQUIRED TO BE WITHHELD
AND PAID OVER TO THE DEPARTMENT AND ANY ADDITIONS TO TAX
PENALTIES AND INTEREST WITH RESPECT THERETO, SHALL BE CONSIDERED
THE TAX OF THE PERSON. ALL TAXES DEDUCTED AND WITHHELD PURSUANT
TO [THIS PART] SECTION 316.1 OR UNDER COLOR OF [THIS PART]
SECTION 316.1 SHALL CONSTITUTE A TRUST FUND FOR THE COMMONWEALTH
AND SHALL BE ENFORCEABLE AGAINST SUCH PERSON, HIS REPRESENTATIVE
OR ANY OTHER PERSON RECEIVING ANY PART OF SUCH FUND.

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

SECTION 320.1. PAYOR'S LIABILITY FOR WITHHELD TAXES.--EVERY
PAYOR REQUIRED TO DEDUCT AND WITHHOLD TAX UNDER SECTION 316.2 IS
HEREBY MADE LIABLE FOR SUCH TAX. FOR PURPOSES OF ASSESSMENT AND
COLLECTION, ANY AMOUNT REQUIRED TO BE WITHHELD AND PAID OVER TO
THE DEPARTMENT AND ANY ADDITIONS TO TAX, PENALTIES, AND INTEREST
WITH RESPECT THERETO SHALL BE CONSIDERED THE TAX OF THE PAYOR.

ALL TAXES DEDUCTED AND WITHHELD FROM PAYEES PURSUANT TO SECTION
316.2 OR UNDER COLOR OF SECTION 316.2 SHALL CONSTITUTE A TRUST
FUND FOR THE COMMONWEALTH AND SHALL BE ENFORCEABLE AGAINST SUCH
PAYOR, HIS REPRESENTATIVE OR ANY OTHER PERSON RECEIVING ANY PART
OF SUCH FUND.

SECTION 321.2. PAYOR'S FAILURE TO WITHHOLD.--IF A PAYOR
FAILS TO DEDUCT AND WITHHOLD TAX AS PRESCRIBED UNDER SECTION
316.2 AND THEREAFTER THE TAX WHICH MAY BE CREDITED IS PAID, THE
TAX WHICH WAS REQUIRED TO BE DEDUCTED AND WITHHELD SHALL NOT BE
COLLECTED FROM THE PAYOR, BUT THE PAYOR SHALL NOT BE RELIEVED OF
THE LIABILITY FOR ANY PENALTY, INTEREST OR ADDITIONS TO THE TAX
IMPOSED WITH RESPECT TO SUCH FAILURE TO DEDUCT AND WITHHOLD.

SECTION 22. THE HEADING OF PART VII-A OF ARTICLE III OF THE
ACT IS AMENDED TO READ:

PART VII-A

WITHHOLDING TAX ON [SHARES ON] INCOME FROM SOURCES
WITHIN THIS COMMONWEALTH

SECTION 23. SECTION 324.1 OF THE ACT IS AMENDED BY ADDING A
SUBSECTION TO READ:

SECTION 324.1. AMOUNT OF WITHHOLDING TAX.--* * *

(C) THERE SHALL NOT BE TAKEN INTO ACCOUNT ANY SHARE OF
INCOME OF NONRESIDENT PARTNER, MEMBER OR SHAREHOLDER FROM
SOURCES WITHIN THIS COMMONWEALTH TO THE EXTENT THAT THE AMOUNT
WAS SUBJECT TO WITHHOLDING UNDER SECTION 324.4 AND TO THE EXTENT
WITHHOLDING ACTUALLY OCCURRED UNDER SECTION 324.4 BY THE TIME
WITHHOLDING IS REQUIRED TO BE MADE BY THE PARTNERSHIP,
ASSOCIATION OR PENNSYLVANIA S CORPORATION UNDER SECTION 324.

SECTION 24. SECTION 324.2 OF THE ACT IS AMENDED TO READ:

SECTION 324.2. TREATMENT OF NONRESIDENT PARTNERS, MEMBERS OR
SHAREHOLDERS.--(A) EACH NONRESIDENT PARTNER, MEMBER,
SHAREHOLDER OR HOLDER OF A BENEFICIAL INTEREST SHALL BE ALLOWED
A CREDIT FOR SUCH PARTNER'S, MEMBER'S, SHAREHOLDER'S OR HOLDER
OF A BENEFICIAL INTEREST'S SHARE OF THE WITHHOLDING TAX PAID BY
THE PARTNERSHIP, ASSOCIATION OR PENNSYLVANIA S CORPORATION. SUCH
CREDIT SHALL BE ALLOWED FOR THE PARTNER'S, MEMBER'S,
SHAREHOLDER'S OR HOLDER OF A BENEFICIAL INTEREST'S TAXABLE YEAR
IN WHICH, OR WITH WHICH, THE PARTNERSHIP, ASSOCIATION OR
PENNSYLVANIA S CORPORATION TAXABLE YEAR (FOR WHICH SUCH TAX WAS
PAID) ENDS.

(B) EACH NONRESIDENT LESSOR SHALL BE ALLOWED A CREDIT FOR
THE NONRESIDENT LESSOR'S SHARE OF THE WITHHOLDING TAX PAID BY
THE LESSEE UNDER SECTION 324.4.

(C) THE CREDITS UNDER THIS SECTION SHALL BE ALLOWED FOR THE
NONRESIDENT LESSOR'S TAXABLE YEAR IN WHICH THE LESSEE WITHHELD
TAX.

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

SECTION 324.4. WITHHOLDING ON INCOME.--(A) EVERY LESSEE OF
PENNSYLVANIA REAL ESTATE WHO MAKES A LEASE PAYMENT IN THE COURSE
OF A TRADE OR BUSINESS TO A NONRESIDENT LESSOR SHALL WITHHOLD
PENNSYLVANIA PERSONAL INCOME TAX ON RENTAL PAYMENTS TO SUCH
NONRESIDENT LESSOR.

(B) EVERY LESSEE SHALL WITHHOLD FROM EACH PAYMENT MADE TO A
LESSOR AN AMOUNT EQUAL TO THE NET AMOUNT PAYABLE TO THE LESSOR
MULTIPLIED BY THE TAX RATE SPECIFIED UNDER SECTION 302(B).

(C) (RESERVED).

(D) THE WITHHOLDING OF TAX UNDER THIS SECTION IS OPTIONAL
AND AT THE DISCRETION OF THE LESSEE WITH RESPECT TO PAYMENTS TO
A LESSOR WHO RECEIVES LESS THAN $5,000 ANNUALLY ON A LEASE.

(E) FOR PURPOSES OF THIS SECTION, THE TERM OR PHRASE:

(1) "LESSOR" SHALL INCLUDE AN INDIVIDUAL, ESTATE, OR TRUST.

(2) "LEASE PAYMENT" SHALL INCLUDE, BUT NOT BE LIMITED TO
RENTS, ROYALTIES, BONUS PAYMENTS, DAMAGE PAYMENTS, DELAY RENTS
AND OTHER PAYMENTS MADE PURSUANT TO A LEASE, OTHER THAN
COMPENSATION DERIVED FROM INTANGIBLE PROPERTY HAVING A TAXABLE
OR BUSINESS SITUS IN THIS COMMONWEALTH. CLASSIFICATION AS A
"LEASE PAYMENT" UNDER THIS SECTION IS SOLELY FOR THE PURPOSES OF
ESTABLISHING WITHHOLDING REQUIREMENTS AND SHALL NOT BE RELEVANT
FOR A DETERMINATION AS TO THE PROPER INCOME CLASSIFICATION OF
ANY SUCH LEASE PAYMENT.

(3) "IN THE COURSE OF A TRADE OR BUSINESS" SHALL INCLUDE ANY
PERSON OR BUSINESS ENTITY MAKING LEASE PAYMENTS TO A NONRESIDENT
OR AGENT OF A NONRESIDENT WHO COLLECTS RENT OR LEASE PAYMENTS ON
BEHALF OF A NONRESIDENT OWNER, OTHER THAN A TENANT OF
RESIDENTIAL PROPERTY.

SECTION 324.5. ANNUAL WITHHOLDING STATEMENT.--(A) EVERY
LESSEE SHALL FURNISH TO EACH LESSOR AN ANNUAL STATEMENT AT SUCH
TIME AND IN SUCH MANNER AS MAY BE PRESCRIBED BY THE DEPARTMENT
SHOWING THE TOTAL PAYMENTS MADE BY THE LESSEE TO THE LESSOR
DURING THE PRECEDING TAXABLE YEAR AND SHOWING THE AMOUNT OF THE
TAX DEDUCTED AND WITHHELD FROM THE PAYMENTS UNDER SECTION 324.4.

(B) EVERY LESSEE SHALL FILE WITH THE DEPARTMENT AN ANNUAL
STATEMENT AT SUCH TIME AND IN SUCH MANNER AS MAY BE PRESCRIBED
BY THE DEPARTMENT SHOWING THE TOTAL PAYMENTS MADE TO EACH LESSOR
SUBJECT TO WITHHOLDING DURING THE PRECEDING TAXABLE YEAR OR ANY
PORTION OF THE PRECEDING TAXABLE YEAR AND THE TOTAL AMOUNT OF
TAX DEDUCTED AND WITHHELD UNDER SECTION 324.4.

(C) EVERY LESSOR SHALL FILE A DUPLICATE OF THE ANNUAL
STATEMENT FURNISHED BY THE LESSEE UNDER THIS SECTION WITH THE
LESSOR'S STATE INCOME TAX RETURN.

SECTION 26. SECTIONS 335(F) AND 352(F), (H) AND (J) OF THE
ACT ARE AMENDED TO READ:

SECTION 335. REQUIREMENTS CONCERNING RETURNS, NOTICES,
RECORDS AND STATEMENTS.--* * *

(F) THE FOLLOWING APPLY:

(1) ANY PERSON WHO:

(I) MAKES PAYMENTS OF PENNSYLVANIA SOURCE INCOME [FROM SOURCES WITHIN THIS COMMONWEALTH] THAT FALL WITHIN ANY OF THE EIGHT CLASSES OF INCOME ENUMERATED IN SECTION 303(A);

(II) MAKES SUCH PAYMENTS [OF NONEMPLOYE COMPENSATION OR PAYMENTS UNDER AN OIL AND GAS LEASE UNDER SUBPARAGRAPH (I) TO A RESIDENT OR NONRESIDENT] TO AN INDIVIDUAL, AN ENTITY TREATED AS A PARTNERSHIP FOR TAX PURPOSES OR A SINGLE MEMBER LIMITED LIABILITY COMPANY; AND

(III) IS REQUIRED TO MAKE A FORM 1099-MISC RETURN TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES WITH RESPECT TO [THE] SUCH PAYMENTS, SHALL FILE A COPY OF SUCH FORM 1099-MISC WITH THE DEPARTMENT AND SEND A COPY OF SUCH FORM 1099-MISC TO THE PAYEE BY [THE FEDERAL FILING DEADLINE] MARCH 1 EACH YEAR. OR, IF FILED ELECTRONICALLY, BY MARCH 31 OF EACH YEAR. IF THE FORM 1099-MISC FILED BY A PAYOR WITH THE SECRETARY OF THE TREASURY OF THE UNITED STATES IS NOT COMPLETED IN SUCH A MANNER THAT STATE INCOME AND STATE TAX WITHHELD INFORMATION, CURRENTLY BOXES 16 THROUGH 18 ON FEDERAL FORM 1099-MISC, IS REFLECTED THEREON, THE PAYOR SHALL UPDATE THE COPIES OF FORM 1099-MISC TO BE PROVIDED PURSUANT TO THIS SECTION TO REFLECT SUCH INFORMATION PRIOR TO FILING IT WITH THE DEPARTMENT AND SENDING IT TO THE PAYEE.

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

(3) AS USED IN THIS SUBSECTION, THE FOLLOWING WORDS AND PHRASES SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS PARAGRAPH.
UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE:

"PAYEE." THE PERSON RECEIVING THE PAYMENTS SUBJECT TO
WITHHOLDING UNDER THIS SUBSECTION.

"PAYMENTS." THE TERM DOES NOT INCLUDE A PARTNER OR
SHAREHOLDER'S DISTRIBUTIVE SHARE OF INCOME FROM A PARTNERSHIP OR
PENNSYLVANIA S CORPORATION.

"PAYOR." THE PERSON REQUIRED TO WITHHOLD UNDER THIS
SUBSECTION.

* * *

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

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

(2) ANY PERSON REQUIRED TO FURNISH AN INFORMATION RETURN WHO
FURNISHES A FALSE OR FRAUDULENT RETURN OR WHO FAILS TO FILE OR
PROVIDE AN INFORMATION RETURN SHALL BE SUBJECT TO A PENALTY OF
TWO HUNDRED FIFTY DOLLARS ($250).

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

(4) ANY PERSON REQUIRED TO FILE A COPY OF FORM 1099-MISC
WITH THE DEPARTMENT UNDER THE PROVISIONS OF SECTION 335(F) WHO
WILFULLY FURNISHES A FALSE OR FRAUDULENT FORM OR WHO WILFULLY
FAILS TO FILE THE FORM IN THE MANNER, AT THE TIME AND SHOWING
THE INFORMATION REQUIRED UNDER SECTION 335(F) SHALL, FOR EACH
SUCH FAILURE, BE SUBJECT TO A PENALTY OF FIFTY DOLLARS ($50).
(5) ANY PERSON REQUIRED UNDER THE PROVISIONS OF SECTION
335(F) TO FURNISH A COPY OF FORM 1099-MISC TO A PAYEE WHO
WILFULLY FURNISHES A FALSE OR FRAUDULENT FORM OR WHO WILFULLY
FAILS TO FURNISH A FORM IN THE MANNER, AT THE TIME AND SHOWING
THE INFORMATION REQUIRED BY SECTION 335(F) SHALL, FOR EACH SUCH
FAILURE, BE SUBJECT TO A PENALTY OF FIFTY DOLLARS ($50).
(6) ANY PERSON REQUIRED TO FILE AN ANNUAL STATEMENT WITH THE
DEPARTMENT UNDER THE PROVISIONS OF SECTION 324.5 WHO WILFULLY
FURNISHES A FALSE OR FRAUDULENT STATEMENT OR WHO WILFULLY FAILS
TO FILE THE STATEMENT IN THE MANNER, AT THE TIME AND SHOWING THE
INFORMATION REQUIRED UNDER SECTION 324.5 AND THE REGULATIONS
PRESCRIBED UNDER SECTION 324.5 SHALL, FOR EACH SUCH FAILURE, BE
SUBJECT TO A PENALTY OF FIFTY DOLLARS ($50).
(7) ANY PERSON REQUIRED UNDER THE PROVISIONS OF SECTION
324.5 TO FURNISH AN ANNUAL STATEMENT TO A LESSOR WHO WILFULLY
FURNISHES A FALSE OR FRAUDULENT STATEMENT OR WHO WILFULLY FAILS
TO FURNISH A STATEMENT IN THE MANNER, AT THE TIME AND SHOWING
THE INFORMATION REQUIRED BY SECTION 324.5 AND THE REGULATIONS
PRESCRIBED UNDER SECTION 324.5 SHALL, FOR EACH SUCH FAILURE, BE
SUBJECT TO A PENALTY OF FIFTY DOLLARS ($50).
(H) IF ANY AMOUNT OF TAX REQUIRED TO BE WITHHELD BY AN
EMPLOYER AND PAID OVER TO THE DEPARTMENT UNDER SECTION 319 OR
319.1 IS NOT PAID ON OR BEFORE THE DUE DATE PRESCRIBED FOR
FILING THE QUARTERLY RETURN UNDER SECTION 318 OR 318.1,
DETERMINED WITHOUT REGARD TO AN EXTENSION OF TIME FOR FILING,
THERE SHALL BE ADDED TO THE TAX AND PAID TO THE DEPARTMENT EACH
MONTH FIVE PER CENT OF SUCH UNDERPAYMENT FOR EACH MONTH OR
FRACTION THEREOF FROM THE DUE DATE, FOR THE PERIOD FROM THE DUE
DATE TO THE DATE PAID; BUT THE UNDERPAYMENT SHALL, FOR PURPOSES
OF COMPUTING THE ADDITION FOR ANY MONTH, BE REDUCED BY THE
AMOUNT OF ANY PART OF THE TAX WHICH IS PAID BY THE BEGINNING OF
THAT MONTH. THE TOTAL OF SUCH ADDITIONS SHALL NOT EXCEED FIFTY
PER CENT OF THE AMOUNT OF TAX REQUIRED TO BE SHOWN ON THE RETURN
REDUCED BY THE AMOUNT OF ANY PART OF THE TAX WHICH IS PAID BY
THE RETURN DUE DATE AND BY THE AMOUNT OF ANY CREDIT AGAINST THE
TAX WHICH MAY BE CLAIMED ON THE RETURN.

* * *

(J)  IF ANY AMOUNT OF TAX REQUIRED TO BE WITHHELD BY A
PARTNERSHIP, ASSOCIATION [OR]_ PENNSYLVANIA S CORPORATION OR_ 
LESSEE AND PAID OVER TO THE DEPARTMENT UNDER SECTION 324 OR
324.4 IS NOT PAID ON OR BEFORE THE DATE PRESCRIBED THEREFOR,
THERE SHALL BE ADDED TO THE TAX AND PAID TO THE DEPARTMENT EACH
MONTH FIVE PER CENT OF SUCH UNDERPAYMENT FOR EACH MONTH OR
FRACTION THEREOF FROM THE DUE DATE, FOR THE PERIOD FROM THE DUE
DATE TO THE DATE PAID; BUT THE UNDERPAYMENT SHALL, FOR PURPOSES
OF COMPUTING THE ADDITION FOR ANY MONTH, BE REDUCED BY THE
AMOUNT OF ANY PART OF THE TAX WHICH IS PAID BY THE BEGINNING OF
THAT MONTH. THE TOTAL OF SUCH ADDITIONS SHALL NOT EXCEED FIFTY
PER CENT OF THE AMOUNT OF SUCH TAX.

SECTION 27.  SECTION 401(3)4(C) OF THE ACT IS AMENDED AND THE
SUBSECTION IS AMENDED BY ADDING A CLAUSE TO READ:

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

* * *

(3) "TAXABLE INCOME."  * * *

20170HB0542PN2598  - 220 -
4. * * *

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

(A) (I) FOR TAXABLE YEARS BEGINNING BEFORE JANUARY 1, 2007,
TWO MILLION DOLLARS ($2,000,000);

(II) FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2006,
THE GREATER OF TWELVE AND ONE-HALF PER CENT OF TAXABLE INCOME AS
DETERMINED UNDER SUBCLAUSE 1 OR, IF APPLICABLE, SUBCLAUSE 2 OR
THREE MILLION DOLLARS ($3,000,000);

(III) FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2008,
THE GREATER OF FIFTEEN PER CENT OF TAXABLE INCOME AS DETERMINED
UNDER SUBCLAUSE 1 OR, IF APPLICABLE, SUBCLAUSE 2 OR THREE
MILLION DOLLARS ($3,000,000);

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

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

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

(VII) FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2017,
THIRTY-FIVE PER CENT OF TAXABLE INCOME AS DETERMINED UNDER
SUBCLAUSE 1 OR, IF APPLICABLE, SUBCLAUSE 2;

(VIII) FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2018,
FORTY PER CENT OF TAXABLE INCOME AS DETERMINED UNDER SUBCLAUSE 1
OR, IF APPLICABLE, SUBCLAUSE 2; OR
(B) The amount of the net loss or losses which may be carried over to the taxable year or taxable income as determined under subclause 1 or, if applicable, subclause 2.

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

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

<table>
<thead>
<tr>
<th>TAXABLE YEAR</th>
<th>CARRYOVER</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>1 TAXABLE YEAR</td>
</tr>
<tr>
<td>1982</td>
<td>2 TAXABLE YEARS</td>
</tr>
<tr>
<td>1983–1987</td>
<td>3 TAXABLE YEARS</td>
</tr>
<tr>
<td>1988</td>
<td>2 TAXABLE YEARS PLUS 1 TAXABLE YEAR</td>
</tr>
<tr>
<td></td>
<td>STARTING WITH THE 1995 TAXABLE YEAR</td>
</tr>
<tr>
<td>1989</td>
<td>1 TAXABLE YEAR PLUS 2 TAXABLE YEARS</td>
</tr>
<tr>
<td>1990–1993</td>
<td>3 TAXABLE YEARS</td>
</tr>
<tr>
<td></td>
<td>STARTING WITH THE 1995 TAXABLE YEAR</td>
</tr>
<tr>
<td>1994</td>
<td>1 TAXABLE YEAR</td>
</tr>
<tr>
<td>1995–1997</td>
<td>10 TAXABLE YEARS</td>
</tr>
<tr>
<td>1998 and thereafter</td>
<td>20 TAXABLE YEARS</td>
</tr>
</tbody>
</table>

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

20170HB0542PN2598 - 222 -
(I) Two million dollars ($2,000,000) for taxable years beginning before January 1, 2007.

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

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

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

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

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

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

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

(C.1) A deduction under Part IV.1 shall be allowed from taxable income as prescribed in a satisfaction commitment letter.
EXECUTED BETWEEN THE DEPARTMENT OF COMMUNITY AND ECONOMIC
DEVELOPMENT AND A TAXPAYER UNDER SECTION 407.7(C).

* * *

SECTION 28. ARTICLE IV OF THE ACT IS AMENDED BY ADDING A
PART TO READ:

PART IV-A

QUALIFIED MANUFACTURING INNOVATION
AND REINVESTMENT DEDUCTION

SECTION 407.6. DEFINITIONS.--(A) FOR THE PURPOSES OF THIS
PART ONLY, THE FOLLOWING WORDS, TERMS AND PHRASES SHALL HAVE THE
MEANING ASCRIBED TO THEM IN THIS SUBSECTION, EXCEPT WHERE THE
CONTEXT CLEARLY INDICATES A DIFFERENT MEANING:

(1) "ANNUAL TAXABLE PAYROLL." THE TOTAL AMOUNT OF WAGES
PAID IN THIS COMMONWEALTH BY A TAXPAYER FOR THE BASE YEAR OR
YEAR ONE, AS APPLICABLE, FROM WHICH PERSONAL INCOME TAX UNDER
ARTICLE III IS WITHHELD.

(2) "BASE YEAR." THE FOUR CALENDAR QUARTERS PRECEDING THE
START DATE.

(3) "DEPARTMENT." THE DEPARTMENT OF COMMUNITY AND ECONOMIC
DEVELOPMENT OF THE COMMONWEALTH.

(4) "MANUFACTURE." THE MECHANICAL, PHYSICAL, BIOLOGICAL OR
CHEMICAL TRANSFORMATION OF MATERIALS, SUBSTANCES OR COMPONENTS
INTO NEW PRODUCTS THAT ARE CREATIONS OF NEW ITEMS OF TANGIBLE
PERSONAL PROPERTY FOR SALE.

(5) "QUALIFIED MANUFACTURING INNOVATION AND REINVESTMENT
DEDUCTION." AN ALLOWABLE DEDUCTION AS DETERMINED, CALCULATED
AND EXECUTED IN A COMMITMENT LETTER BETWEEN THE DEPARTMENT AND
THE TAXPAYER.

(6) "QUALIFIED TAX LIABILITY." A TAXPAYER'S TAX LIABILITY
UNDER THIS ARTICLE.
"START DATE." The first day of the calendar quarter in which a taxpayer advises the department of the taxpayer's intent to initiate an eligible project unless the applicant requests and the department agrees to a later start date.

"TAXPAYER." An employer subject to the tax under this article.

"YEAR ONE." The four calendar quarters immediately following the start date.

SECTION 407.7. Manufacturing innovation and reinvestment deduction.—(A) In order to be eligible to receive a manufacturing innovation and reinvestment deduction, a taxpayer must demonstrate to the department a capital investment in excess of one hundred million dollars ($100,000,000) for the creation of new or refurbished manufacturing capacity within three years of a designated start date.

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

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

(C) Upon the receipt of the taxpayer's application, the department of revenue must make a finding that the applicant has filed all required state tax reports and returns for all
APPLICABLE TAX YEARS AND PAID ANY BALANCE OF STATE TAX DUE AS
DETERMINED AT SETTLEMENT, ASSESSMENT OR DETERMINATION AND THE
DEPARTMENT, THEN IN CONJUNCTION WITH THE DEPARTMENT OF REVENUE,
SHALL MAKE AN ELIGIBILITY OR SATISFACTION DETERMINATION WITHIN
NINETY DAYS OF SUBMISSION. IF THE DEPARTMENT MAKES A
SATISFACTION DETERMINATION, THE DEPARTMENT AND THE TAXPAYER
SHALL EXECUTE A SATISFACTION COMMITMENT LETTER CONTAINING THE
FOLLOWING:

(1) THE NUMBER OF NEW JOBS CREATED AND THEIR CORRESPONDING
DESCRIPTION.

(2) THE NUMBER OF NEW JOBS CREATED DURING CONSTRUCTION OF
THE PROJECT.

(3) THE AMOUNT OF PRIVATE CAPITAL INVESTMENT IN THE CREATION
OF NEW JOBS.

(4) THE INCREASE IN THE ANNUAL TAXABLE PAYROLL ATTRIBUTABLE
TO NEW MANUFACTURING JOBS.

(5) A DETERMINATION OF THE MAXIMUM ALLOWABLE DEDUCTION
AGAINST A TAXPAYER'S QUALIFIED TAX LIABILITY UNDER THIS ARTICLE.

(6) ANY OTHER INFORMATION AS THE DEPARTMENT DEEMS
APPROPRIATE.

(D) (1) UPON DETERMINING A TAXPAYER'S SATISFACTION OF THE
ELIGIBILITY CRITERIA, THE DEPARTMENT SHALL CALCULATE THE MAXIMUM
ALLOWABLE DEDUCTION THAT A TAXPAYER MAY CLAIM AGAINST THE
TAXPAYER'S TAXABLE INCOME UNDER THIS ARTICLE. THE DEDUCTION
SHALL BE EQUAL TO FIVE PER CENT OF THE PRIVATE CAPITAL
INVESTMENT UTILIZED IN THE CREATION OF NEW OR REFURBISHED
MANUFACTURING CAPACITY PER TAX YEAR FOR A PERIOD OF FIVE YEARS.

(2) A TAXPAYER MAY UTILIZE THE AMOUNT OF THE DEDUCTION IN
EACH YEAR OF THE SUCCEEDING FIVE TAX YEARS IMMEDIATELY FOLLOWING
THE DEPARTMENT'S SATISFACTION DETERMINATION AND THE EXECUTION OF
A SATISFACTION COMMITMENT LETTER.

(3) A TAXPAYER CANNOT USE THE DEDUCTION TO REDUCE ITS TAX LIABILITY BY MORE THAN FIFTY PER CENT OF THE TAX LIABILITY UNDER THIS ARTICLE FOR THE TAXABLE YEAR. THE DEDUCTION IS NONTRANSFERABLE AND ANY UNUSED PORTION IN A TAX YEAR SHALL EXPIRE AT THE END OF THE CORRESPONDING TAX YEAR.

SECTION 29. THE DEFINITION OF "VETERANS' ORGANIZATION" IN SECTION 1101-C OF THE ACT, ADDED JULY 13, 2016 (P.L.526, NO.84), IS AMENDED TO READ:

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

* * *


* * *

SECTION 30. SECTION 1102-C.2 OF THE ACT, AMENDED JULY 13, 2016 (P.L.526, NO.84), IS AMENDED TO READ:

SECTION 1102-C.2. EXEMPT PARTIES.—THE UNITED STATES, THE
COMMONWEALTH OR ANY OF THEIR INSTRUMENTALITIES, AGENCIES OR
POLITICAL SUBDIVISIONS, OR VETERANS' SERVICE ORGANIZATIONS SHALL
BE EXEMPT FROM PAYMENT OF THE TAX IMPOSED BY THIS ARTICLE. THE
EXEMPTION UNDER THIS SECTION SHALL NOT, HOWEVER, RELIEVE ANY
OTHER PARTY TO A TRANSACTION FROM LIABILITY FOR THE TAX.
SECTION 31. THE ACT IS AMENDED BY ADDING AN ARTICLE TO READ:

ARTICLE XVII-A.1

TAX CREDIT ELIGIBILITY

SECTION 1701-A.1. DEFINITIONS.

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

"DEPARTMENT." THE DEPARTMENT OF REVENUE OF THE COMMONWEALTH.
"TAX CREDIT." A TAX CREDIT AUTHORIZED UNDER ANY OF THE
FOLLOWING:

(1) ARTICLE XVII-B.
(2) ARTICLE XVII-D.
(3) ARTICLE XVII-E.
(4) ARTICLE XVII-G.
(5) ARTICLE XVII-H.
(6) ARTICLE XVII-I.
(7) ARTICLE XVII-J.
(8) ARTICLE XVII-K.
(9) ARTICLE XVIII.
(10) ARTICLE XVIII-B.
(11) ARTICLE XVIII-D.
(12) ARTICLE XVIII-E.
(13) ARTICLE XVIII-F.
(14) ARTICLE XVIII-G.
(15) ARTICLE XIX-A.
ARTICLE XIX-E.

SECTION 2010.

ARTICLE XXIX-D.


SECTION 1702-A.1. ELIGIBILITY.

(A) EXCEPT AS OTHERWISE PROVIDED BY LAW, BEFORE A TAX CREDIT CAN BE AWARDED, THE DEPARTMENT MAY MAKE A FINDING THAT THE TAXPAYER HAS FILED ALL REQUIRED STATE TAX REPORTS AND RETURNS FOR ALL APPLICABLE TAXABLE YEARS AND PAID ANY BALANCE OF STATE TAX DUE AS DETERMINED AT SETTLEMENT OR ASSESSMENT BY THE DEPARTMENT, UNLESS THE TAX DUE IS CURRENTLY UNDER APPEAL.

(B) (RESERVED).

SECTION 32. SECTION 1711-D OF THE ACT IS AMENDED BY ADDING DEFINITIONS TO READ:

SECTION 1711-D. DEFINITIONS.

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

“DETERIORATED PROPERTY.” ANY BLIGHTED, IMPOVERISHED AREA CONTAINING INDUSTRIAL, COMMERCIAL OR OTHER REAL PROPERTY THAT IS ABANDONED, UNSAFE, VACANT, UNDERVALUED, UNDERUTILIZED, OVERGROWN, DEFECTIVE, CONDEMNED, DEMOLISHED OR WHICH CONTAINS ECONOMICALLY UNDESIRABLE LAND USE.

* * *

“FILM PRODUCTION TAX CREDIT DISTRICT.” A DISTRICT AUTHORIZED UNDER SECTION 1716.2-D.

* * *

SECTION 33. SECTION 1712-D OF THE ACT IS AMENDED BY ADDING A SUBSECTION TO READ:

20170HB0542PN2598 - 229 -
SECTION 1712-D. CREDIT FOR QUALIFIED FILM PRODUCTION EXPENSES.

(B.1) REVIEW AND APPROVAL OF APPLICATIONS FOR FILM PRODUCTION TAX CREDIT DISTRICT ACTIVITY.--FOR APPLICATIONS INVOLVING FILM PRODUCTION EXPENSES INCURRED WITHIN A DESIGNATED FILM PRODUCTION TAX CREDIT DISTRICT AUTHORIZED UNDER SECTION 1716.2-D, THE DEPARTMENT SHALL ACCEPT APPLICATIONS AT ANY TIME. APPLICATIONS SHALL BE REVIEWED BY THE DEPARTMENT UTILIZING THE CRITERIA REQUIRED UNDER SUBSECTION (B). UPON DETERMINING THE TAXPAYER HAS INCURRED OR WILL INOCU QUALIFIED FILM PRODUCTION EXPENSES, THE DEPARTMENT SHALL APPROVE THE TAXPAYER FOR A TAX CREDIT UTILIZING THE TAX CREDITS AUTHORIZED UNDER SECTION 1716.2-D, NOT TO EXCEED THE AMOUNT AUTHORIZED FOR THE FISCAL YEAR.

SECTION 34. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

SECTION 1716.2-D. FILM PRODUCTION TAX CREDIT DISTRICTS.

(A) ESTABLISHMENT.--THE DEPARTMENT MAY DESIGNATE NOT MORE THAN TWO FILM PRODUCTION TAX CREDIT DISTRICTS FOR THE PURPOSE OF ENHANCING, PROMOTING AND EXPANDING FILM PRODUCTION OPPORTUNITIES AND ESTABLISHING A FILM PRODUCTION INDUSTRY WITHIN THIS COMMONWEALTH.

(B) CRITERIA.--A FILM PRODUCTION TAX CREDIT DISTRICT SHALL:

(1) BE AT LEAST 55 ACRES IN SIZE.

(2) BE LOCATED ON DETERIORATED PROPERTY.

(3) BE COMPRISED OF A PARCEL THAT IS OR WILL BE OCCUPIED BY TWO OR MORE QUALIFIED BUSINESSES THAT:

(I) IN THE AGGREGATE, MAKE A CAPITAL INVESTMENT OF AT LEAST $400,000,000 WITHIN THE DISTRICT WITHIN FIVE YEARS AFTER THE EFFECTIVE DATE OF THE DESIGNATION OF THE
DISTRICT; AND

(II) ARE DEDICATED TO FILM PRODUCTION ACTIVITY,
POSTPRODUCTION ACTIVITY OR OTHER ACTIVITIES THAT DIRECTLY
OR INDIRECTLY SUPPORT FILM PRODUCTION ACTIVITY OCCURRING
WITHIN THE DISTRICT OR WITHIN THIS COMMONWEALTH.

(4) CONTAIN AT LEAST ONE QUALIFIED PRODUCTION FACILITY
AND SIX SOUND STAGES.

(C) APPLICATION.--THE FOLLOWING APPLY:

(1) AN APPLICATION TO DESIGNATE A FILM PRODUCTION TAX
CREDIT DISTRICT MAY BE MADE BY THE COUNTY OR MUNICIPALITY IN
WHICH ALL OR PART OF THE DISTRICT WILL BE LOCATED. THE
DEPARTMENT SHALL REVIEW THE APPLICATION AND, IF APPROVED,
ISSUE A DESIGNATION FOR THE FILM PRODUCTION TAX CREDIT
DISTRICT. THE APPLICATION PERIOD SHALL BE SET BY THE
DEPARTMENT.

(2) THE APPLICATION SHALL CONTAIN THE FOLLOWING
INFORMATION:

(I) THE GEOGRAPHIC AREA OF THE PROPOSED FILM
PRODUCTION TAX CREDIT DISTRICT.

(II) A DETAILED MAP OF THE PROPOSED DISTRICT,
INCLUDING GEOGRAPHIC BOUNDARIES, TOTAL AREA AND PRESENT
USE AND CONDITIONS OF THE LAND AND STRUCTURES.

(III) A DESCRIPTION OF THE CURRENT SOCIAL, ECONOMIC
AND DEMOGRAPHIC CHARACTERISTICS OF THE PROPOSED DISTRICT
AND ANTICIPATED IMPROVEMENTS IN EDUCATION, HEALTH, HUMAN
SERVICES, PUBLIC SAFETY AND EMPLOYMENT THAT WILL RESULT
FROM DESIGNATION OF THE DISTRICT.

(IV) A DESCRIPTION OF ANTICIPATED FILM PRODUCTION
ACTIVITY AND ANCILLARY ACTIVITIES IN THE PROPOSED
DISTRICT.
(V) Evidence of potential private and public investment in the proposed district.

(VI) The role of the proposed district in regional economic and community development.

(D) Designation period.--A district designated under subsection (C) shall expire 15 years after the effective date of the designation.

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

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

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

SUBARTICLE E

ENTERTAINMENT ECONOMIC ENHANCEMENT PROGRAM

SECTION 1771-D. Scope of subarticle.

This subarticle relates to the entertainment economic enhancement program.

SECTION 1772-D. Definitions.

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

"CLASS 1 VENUE." A stadium, arena, other structure or property owned by a municipality or an authority formed under article XXV-A of the act of July 28, 1953 (P.L.723, No.230), known as the second class county code, at which concerts are performed and which is all of the following:
(1) LOCATED IN A CITY OF THE FIRST CLASS OR A COUNTY OF THE SECOND CLASS.

(2) CONSTRUCTED IN A MANNER IN WHICH THE VENUE HAS A SEATING CAPACITY OF AT LEAST 14,000.

"CLASS 2 VENUE." A STADIUM, ARENA OR OTHER STRUCTURE AT WHICH CONCERTS ARE PERFORMED AND WHICH IS ALL OF THE FOLLOWING:

(1) LOCATED OUTSIDE THE GEOGRAPHIC BOUNDARIES OF A CITY OF THE FIRST CLASS OR A COUNTY OF THE SECOND CLASS.

(2) CONSTRUCTED IN A MANNER IN WHICH THE VENUE HAS A SEATING CAPACITY OF AT LEAST 6,000.

"CLASS 3 VENUE." A STADIUM, ARENA OR OTHER STRUCTURE WHICH IS ANY OF THE FOLLOWING:

(1) LOCATED WITHIN A NEIGHBORHOOD IMPROVEMENT ZONE, AS DEFINED IN SECTION 1902-B.

(2) OWNED BY OR AFFILIATED WITH A STATE-RELATED INSTITUTION AS DEFINED IN 62 PA.C.S. § 103 (RELATING TO DEFINITIONS).

(3) OWNED BY THE COMMONWEALTH AND AFFILIATED WITH THE STATE SYSTEM OF HIGHER EDUCATION.

"CONCERT." A LIVE PERFORMANCE OF MUSIC IN THE PRESENCE OF INDIVIDUALS WHO VIEW THE PERFORMANCE.

"CONCERT TOUR EQUIPMENT." INCLUDES STAGE, SET, SCENERY, DESIGN ELEMENTS, AUTOMATION, RIGGING, TRUSSES, SPOTLIGHTS, LIGHTING, SOUND EQUIPMENT, VIDEO EQUIPMENT, SPECIAL EFFECTS, CASES, COMMUNICATION DEVICES, POWER DISTRIBUTION EQUIPMENT, BACKLINE AND OTHER MISCELLANEOUS EQUIPMENT OR SUPPLIES USED DURING A CONCERT OR REHEARSAL.

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

"MAINTAINED A PLACE OF BUSINESS" OR "MAINTAINING A PLACE OF
BUSINESS." ALL OF THE FOLLOWING:

(1) HAVING, MAINTAINING OR USING WITHIN THIS COMMONWEALTH AN OFFICE, WAREHOUSE OR OTHER PLACE OF BUSINESS.

(2) REGULARLY ENGAGING IN AN ACTIVITY AS A BUSINESS WITHIN THIS COMMONWEALTH IN CONNECTION WITH THE LEASE, SALE OR DELIVERY OF TANGIBLE PERSONAL PROPERTY OR THE PERFORMANCE OF A SERVICE FOR RESIDENTS OF THIS COMMONWEALTH.

"MINIMUM REHEARSAL AND TOUR REQUIREMENTS." DURING A TOUR, ALL OF THE FOLLOWING MUST OCCUR:

(1) THE PURCHASE OR RENTAL OF CONCERT TOUR EQUIPMENT DELIVERED TO A LOCATION IN THIS COMMONWEALTH, IN AN AMOUNT OF AT LEAST $3,000,000, FROM COMPANIES LOCATED AND MAINTAINING A PLACE OF BUSINESS IN THIS COMMONWEALTH FOR USE ON THE TOUR.

(2) A REHEARSAL AT A QUALIFIED REHEARSAL FACILITY FOR A MINIMUM OF 10 DAYS.

(3) AT LEAST ONE CONCERT PERFORMED AT A CLASS 1 VENUE.

(4) AT LEAST ONE CONCERT PERFORMED AT A VENUE WHICH IS LOCATED IN A MUNICIPALITY OTHER THAN THE MUNICIPALITY IN WHICH THE CLASS 1 VENUE UNDER PARAGRAPH (3) IS LOCATED.

"PASS-THROUGH ENTITY." ANY OF THE FOLLOWING:

(1) A PARTNERSHIP AS DEFINED IN SECTION 301(N.0).

(2) A PENNSYLVANIA S CORPORATION AS DEFINED IN SECTION 301(N.1).

(3) AN UNINCORPORATED ENTITY SUBJECT TO SECTION 307.21.

"PENNSYLVANIA REHEARSAL AND TOUR EXPENSES." THE SUM OF PENNSYLVANIA REHEARSAL EXPENSES AND TOUR EXPENSES. THE TERM INCLUDES PENNSYLVANIA REHEARSAL EXPENSES AND TOUR EXPENSES PAID PRIOR TO OR DURING A REHEARSAL OR TOUR.

"PENNSYLVANIA REHEARSAL EXPENSE." A REHEARSAL EXPENSE WHICH IS INCURRED OR WILL BE INCURRED WITHIN THIS COMMONWEALTH.
TERM INCLUDES:

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

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

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

"QUALIFIED REHEARSAL AND TOUR EXPENSE." ALL PENNSYLVANIA REHEARSAL AND TOUR EXPENSES IF PENNSYLVANIA REHEARSAL EXPENSES COMPRISE OR WILL COMPRISE AT LEAST 60% OF THE TOTAL REHEARSAL EXPENSES. THE TERM SHALL NOT INCLUDE MORE THAN $2,000,000 IN THE AGGREGATE OF COMPENSATION PAID OR TO BE PAID TO INDIVIDUALS OR PAYMENT MADE OR TO BE MADE TO ENTITIES REPRESENTING AN INDIVIDUAL FOR SERVICES PROVIDED IN THE TOUR.

"QUALIFIED REHEARSAL FACILITY." A REHEARSAL FACILITY WHICH MEETS AT LEAST SIX OF THE FOLLOWING CRITERIA:

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

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

(3) Has a built-in power supply system available at a
MINIMUM OF 3,200 AMPS WITHOUT THE NEED FOR SUPPLEMENTAL
GENERATORS.

(4) HAS A HEIGHT FROM FLOOR TO PERMANENT GRID OF A
MINIMUM OF 80 FEET.

(5) HAS AT LEAST TWO SLIDING OR ROLL-UP ACCESS DOORS
WITH A MINIMUM HEIGHT OF 14 FEET.

(6) HAS A PERIMETER SECURITY SYSTEM WHICH INCLUDES 24-
HOUR, SEVEN-DAYS-A-WEEK SECURITY CAMERAS AND THE USE OF
ACCESS CONTROL IDENTIFICATION BADGES.

(7) HAS A SERVICE AREA WITH PRODUCTION OFFICES, CATERING
AND DRESSING ROOMS WITH A MINIMUM OF 5,000 SQUARE FEET.

(8) IS LOCATED WITHIN ONE MILE OF A MINIMUM OF TWO
COMPANIES WHICH PROVIDE CONCERT TOUR EQUIPMENT FOR USE ON A
TOUR.

"QUALIFIED TAX LIABILITY." THE LIABILITY FOR TAXES IMPOSED
UNDER ARTICLE III, IV, VI, VII OR IX. THE TERM DOES NOT INCLUDE
TAX WITHHELD BY AN EMPLOYER FROM AN EMPLOYEE UNDER ARTICLE III.

"RECIPIENT." A TAXPAYER THAT HAS BEEN AWARDED A TAX CREDIT
UNDER SECTION 1773-D(E).

"REHEARSAL." AN EVENT OR SERIES OF EVENTS WHICH OCCUR IN
PREPARATION FOR A TOUR PRIOR TO THE START OF THE TOUR OR DURING
A TOUR WHEN ADDITIONAL PREPARATION MAY BE NEEDED.

"REHEARSAL EXPENSE." ALL OF THE FOLLOWING WHEN INCURRED OR
WILL BE INCURRED DURING A REHEARSAL:

(1) COMPENSATION PAID OR TO BE PAID TO AN INDIVIDUAL
EMPLOYED IN THE REHEARSAL OF THE PERFORMANCE.

(2) PAYMENT TO A PERSONAL SERVICE CORPORATION
REPRESENTING INDIVIDUAL TALENT.

(3) PAYMENT TO A PASS-THROUGH ENTITY REPRESENTING
INDIVIDUAL TALENT.
(4) THE COSTS OF CONSTRUCTION, OPERATIONS, EDITING, PHOTOGRAPHY, STAGING, LIGHTING, WARDROBE AND ACCESSORIES.

(5) THE COST OF LEASING VEHICLES.

(6) THE COST OF TRANSPORTATION OF PEOPLE OR CONCERT TOUR EQUIPMENT TO OR FROM A TRAIN STATION, BUS DEPOT, AIRPORT OR OTHER TRANSPORTATION FACILITY OR DIRECTLY FROM A RESIDENCE OR BUSINESS ENTITY.

(7) THE COST OF INSURANCE COVERAGE.

(8) THE COST OF FOOD AND LODGING.

(9) THE COST OF PURCHASE OR RENTAL OF CONCERT TOUR EQUIPMENT.

(10) THE COST OF RENTING A REHEARSAL FACILITY.

(11) THE COST OF EMERGENCY OR MEDICAL SUPPORT SERVICES REQUIRED TO CONDUCT A REHEARSAL.

"REHEARSAL FACILITY." AS FOLLOWS:

(1) A FACILITY PRIMARILY USED FOR REHEARSALS WHICH IS ALL OF THE FOLLOWING:

(I) LOCATED WITHIN THIS COMMONWEALTH.

(II) HAS A MINIMUM OF 25,000 SQUARE FEET OF COLUMN-FREE, UNOBSTRUCTED FLOOR SPACE.

(2) THE TERM DOES NOT INCLUDE A FACILITY AT WHICH CONCERTS ARE CAPABLE OF BEING HELD.

"START DATE." THE DATE THE FIRST SET OF CONCERT TOUR EQUIPMENT ARRIVES OR IS EXPECTED TO ARRIVE AT A QUALIFIED REHEARSAL FACILITY.

"TAX CREDIT." THE CONCERT REHEARSAL AND TOUR TAX CREDIT AS PROVIDED UNDER THIS SUBARTICLE.

"TAXPAYER." A CONCERT TOUR PROMOTION COMPANY, CONCERT TOUR MANAGEMENT COMPANY OR OTHER CONCERT MANAGEMENT COMPANY SUBJECT TO TAX UNDER ARTICLE III, IV OR VI. THE TERM DOES NOT INCLUDE
CONTRACTORS OR SUBCONTRACTORS OF A CONCERT TOUR PROMOTION COMPANY, CONCERT TOUR MANAGEMENT COMPANY OR OTHER CONCERT MANAGEMENT COMPANY.

"TOUR." A SERIES OF CONCERTS PERFORMED OR TO BE PERFORMED BY A MUSICAL PERFORMER IN MORE THAN ONE LOCATION. THE TERM INCLUDES AT LEAST ONE REHEARSAL.

"TOUR EXPENSE." AS FOLLOWS:

(1) COSTS INCURRED OR WHICH WILL BE INCURRED DURING A TOUR FOR VENUES LOCATED IN THIS COMMONWEALTH. THE TERM INCLUDES ALL OF THE FOLLOWING:

(I) A PAYMENT WHICH IS MADE OR WILL BE MADE BY A RECIPIENT TO A PERSON UPON WHICH WITHHOLDING WILL BE MADE ON THE PAYMENT BY THE RECIPIENT AS REQUIRED UNDER PART VII OF ARTICLE III OR A PAYMENT WHICH IS MADE OR WILL BE MADE TO A PERSON WHO IS REQUIRED TO MAKE ESTIMATED PAYMENTS UNDER PART VIII OF ARTICLE III.

(II) THE COST OF TRANSPORTATION OF PEOPLE OR CONCERT TOURING EQUIPMENT WHICH IS INCURRED OR WILL BE INCURRED WHILE TRANSPORTING TO OR FROM A TRAIN STATION, BUS DEPOT, AIRPORT OR OTHER TRANSPORTATION FACILITY OR WHILE TRANSPORTING DIRECTLY FROM A RESIDENCE OR BUSINESS ENTITY LOCATED IN THIS COMMONWEALTH, OR WHICH IS INCURRED OR WILL BE INCURRED FOR TRANSPORTATION PROVIDED BY A COMPANY WHICH IS SUBJECT TO THE TAX IMPOSED UNDER ARTICLE III OR IV.

(III) THE COST OF LEASING VEHICLES UPON WHICH THE TAX IMPOSED BY ARTICLE II WILL BE PAID OR ACCRUED.

(IV) THE COST OF INSURANCE COVERAGE WHICH IS PURCHASED OR WILL BE PURCHASED THROUGH AN INSURANCE AGENT BASED IN THIS COMMONWEALTH.

20170HB0542PN2598
(V) THE COST OF PURCHASING OR RENTING FACILITIES AND
EQUIPMENT FROM OR THROUGH A RESIDENT OF THIS COMMONWEALTH
OR AN ENTITY SUBJECT TO TAXATION IN THIS COMMONWEALTH.

(VI) THE COST OF FOOD AND LODGING WHICH IS INCURRED
OR WILL BE INCURRED FROM A FACILITY LOCATED IN THIS
COMMONWEALTH.

(VII) EXPENSES WHICH ARE INCURRED OR WILL BE
INCURRED IN MARKETING OR ADVERTISING A TOUR AT VENUES
LOCATED WITHIN THIS COMMONWEALTH.

(VIII) THE COST OF MERCHANDISE WHICH IS PURCHASED OR
WILL BE PURCHASED FROM A COMPANY LOCATED WITHIN THIS
COMMONWEALTH AND USED ON THE TOUR.

(IX) A PAYMENT WHICH IS MADE OR WILL BE MADE TO A
PERSONAL SERVICE CORPORATION REPRESENTING INDIVIDUAL
TALENT IF THE TAX IMPOSED BY ARTICLE IV WILL BE PAID OR
ACCERUED ON THE NET INCOME OF THE CORPORATION FOR THE
TAXABLE YEAR.

(X) A PAYMENT WHICH IS MADE OR WILL BE MADE TO A
PASS-THROUGH ENTITY REPRESENTING INDIVIDUAL TALENT FOR
WHICH WITHHOLDING WILL BE MADE BY THE PASS-THROUGH ENTITY
ON THE PAYMENT AS REQUIRED UNDER PART VII OR VII-A OF
ARTICLE III.

(2) THE TERM DOES NOT INCLUDE DEVELOPMENT COST,
INCLUDING THE WRITING OF MUSIC OR LYRICS.
"VENUE," A CLASS 1, CLASS 2 OR CLASS 3 VENUE.

SECTION 1773-D. PROCEDURE.

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

(B) REVIEW AND APPROVAL.--
THE DEPARTMENT SHALL ESTABLISH APPLICATION PERIODS NOT TO EXCEED 30 DAYS. ALL APPLICATIONS RECEIVED DURING AN APPLICATION PERIOD SHALL BE REVIEWED AND EVALUATED BY THE DEPARTMENT BASED ON THE FOLLOWING CRITERIA:

(I) THE ANTICIPATED NUMBER OF REHEARSAL DAYS IN A QUALIFIED REHEARSAL FACILITY.

(II) THE ANTICIPATED NUMBER OF CONCERTS AT CLASS 1 VENUES.

(III) THE ANTICIPATED NUMBER OF CONCERTS AT CLASS 2 VENUES.

(IV) THE ANTICIPATED NUMBER OF CONCERTS AT CLASS 3 VENUES.

(V) THE ANTICIPATED AMOUNT OF PENNSYLVANIA REHEARSAL EXPENSES IN COMPARISON TO THE ANTICIPATED AGGREGATE AMOUNT OF REHEARSAL EXPENSES.

(VI) THE ANTICIPATED AMOUNT OF THE TOUR EXPENSES.

(VII) THE ANTICIPATED AMOUNT OF THE CONCERT TOUR EQUIPMENT EXPENSES WHICH ARE OR WILL BE PURCHASED OR RENTED FROM A COMPANY LOCATED AND MAINTAINING A PLACE OF BUSINESS IN THIS COMMONWEALTH AND WHICH WILL BE USED ON THE TOUR.

(VIII) THE ANTICIPATED NUMBER OF DAYS SPENT IN COMMONWEALTH HOTELS.

(IX) OTHER CRITERIA THAT THE DEPARTMENT DEEMS APPROPRIATE TO ENSURE MAXIMUM EMPLOYMENT OPPORTUNITIES AND ENTERTAINMENT BENEFITS FOR THE RESIDENTS OF THIS COMMONWEALTH.

EXCEPT AS PROVIDED IN SUBSECTION (C) AND UPON DETERMINING THAT THE TAXPAYER HAS PAID THE APPLICABLE APPLICATION FEE NOT TO EXCEED $300, HAS MET OR WILL MEET THE 20170HB0542PN2598-240
minimum rehearsal and tour requirements and has incurred or will incur qualified rehearsal and tour expenses, the department may approve the taxpayer for a tax credit. applications not approved may be reviewed and considered in subsequent application periods. the department may approve a taxpayer for a tax credit based on its evaluation of the criteria under this subsection.

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

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

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

(2) an itemized list of pennsylvania rehearsal expenses incurred or to be incurred for the tour.

(3) with respect to a contract entered into prior to completion of a tour, a commitment by the taxpayer to incur the pennsylvania rehearsal expenses as itemized.

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

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

(6) with respect to a contract entered into prior to completion of a tour, a commitment by the taxpayer to hold at least one concert at a class 1 venue.
WITH RESPECT TO A CONTRACT ENTERED INTO PRIOR TO COMPLETION OF A TOUR, A COMMITMENT BY THE TAXPAYER TO HOLD AT LEAST ONE CONCERT AT A VENUE LOCATED IN A MUNICIPALITY OTHER THAN THE MUNICIPALITY IN WHICH THE CLASS 1 VENUE UNDER PARAGRAPH (6) IS LOCATED.

THE START DATE OR THE EXPECTED START DATE.

ANY OTHER INFORMATION THE DEPARTMENT DEems APPROPRIATE.

CERTIFICATE.--UPON EXECUTION OF THE CONTRACT REQUIRED BY SUBSECTION (D), THE DEPARTMENT SHALL AWARD THE TAXPAYER A CONCERT REHEARSAL AND TOUR TAX CREDIT AND ISSUE THE RECIPIENT A TAX CREDIT CERTIFICATE.

BEGINNING JULY 1, 2017, A RECIPIENT MAY CLAIM A CONCERT REHEARSAL AND TOUR TAX CREDIT AGAINST THE QUALIFIED TAX LIABILITY OF THE RECIPIENT.

SECTION 1774-D. CLAIM.

SECTION 1775-D. CARRYOVER, CARRYBACK AND ASSIGNMENT OF TAX CREDIT.

(A) GENERAL RULE.--IF A RECIPIENT CANNOT USE THE ENTIRE AMOUNT OF A TAX CREDIT FOR THE TAXABLE YEAR IN WHICH THE TAX CREDIT IS FIRST APPROVED, THE EXCESS MAY BE CARRIED OVER TO SUCCEEDING TAXABLE YEARS AND USED AS A TAX CREDIT AGAINST THE QUALIFIED TAX LIABILITY OF THE RECIPIENT FOR THOSE TAXABLE YEARS. EACH TIME THE TAX CREDIT IS CARRIED OVER TO A SUCCEEDING TAXABLE YEAR, THE TAX CREDIT SHALL BE REDUCED BY THE AMOUNT THAT WAS USED AS A CREDIT DURING THE IMMEDIATELY PRECEDING TAXABLE YEAR. THE TAX CREDIT MAY BE CARRIED OVER AND APPLIED TO SUCCEEDING TAXABLE YEARS FOR NO MORE THAN THREE TAXABLE YEARS FOLLOWING THE FIRST TAXABLE YEAR FOR WHICH THE RECIPIENT WAS ENTITLED TO CLAIM THE TAX CREDIT.
(B) APPLICATION.--A TAX CREDIT APPROVED BY THE DEPARTMENT IN A TAXABLE YEAR FIRST SHALL BE APPLIED AGAINST THE RECIPIENT'S QUALIFIED TAX LIABILITY FOR THE CURRENT TAXABLE YEAR AS OF THE DATE ON WHICH THE TAX CREDIT WAS APPROVED BEFORE THE TAX CREDIT CAN BE APPLIED AGAINST TAX LIABILITY UNDER SUBSECTION (A).

(C) NO CARRYBACK OR REFUND.--A RECIPIENT SHALL NOT BE ENTITLED TO CARRY BACK OR OBTAIN A REFUND OF ANY PORTION OF AN UNUSED TAX CREDIT GRANTED TO THE RECIPIENT UNDER THIS SUBARTICLE.

(D) SALE OR ASSIGNMENT.--THE FOLLOWING SHALL APPLY:

(1) A RECIPIENT, UPON APPLICATION TO AND APPROVAL BY THE DEPARTMENT, MAY SELL OR ASSIGN, IN WHOLE OR IN PART, A TAX CREDIT GRANTED TO THE RECIPIENT UNDER THIS SUBARTICLE.

(2) THE DEPARTMENT AND THE DEPARTMENT OF REVENUE SHALL JOINTLY PROMULGATE REGULATIONS FOR THE APPROVAL OF APPLICATIONS UNDER THIS SUBSECTION.

(3) BEFORE AN APPLICATION IS APPROVED, THE DEPARTMENT OF REVENUE MUST MAKE A FINDING THAT THE RECIPIENT HAS FILED ALL REQUIRED STATE TAX REPORTS AND RETURNS FOR ALL APPLICABLE TAXABLE YEARS AND PAID ANY BALANCE OF STATE TAX DUE AS DETERMINED AT SETTLEMENT, ASSESSMENT OR DETERMINATION BY THE DEPARTMENT OF REVENUE.

(4) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE DEPARTMENT OF REVENUE SHALL SETTLE, ASSESS OR DETERMINE THE TAX OF A TAXPAYER UNDER THIS SUBSECTION WITHIN 60 DAYS OF THE FILING OF ALL REQUIRED FINAL RETURNS OR REPORTS IN ACCORDANCE WITH SECTION 806.1(A)(5) OF THE ACT OF APRIL 9, 1929 (P.L.343, NO.176), KNOWN AS THE FISCAL CODE.

(E) PURCHASERS AND ASSIGNEES.--THE FOLLOWING APPLY:

(1) THE PURCHASER OR ASSIGNEE OF ALL OR A PORTION OF A
TAX CREDIT UNDER SUBSECTION (D) SHALL IMMEDIATELY CLAIM THE
TAX CREDIT IN THE TAXABLE YEAR IN WHICH THE PURCHASE OR
ASSIGNMENT IS MADE.

(2) THE AMOUNT OF THE TAX CREDIT THAT A PURCHASER OR
ASSIGNEE MAY USE AGAINST ONE QUALIFIED TAX LIABILITY MAY NOT
EXCEED 50% OF THE QUALIFIED TAX LIABILITY FOR THE TAXABLE
YEAR.

(3) THE PURCHASER OR ASSIGNEE MAY NOT CARRY FORWARD,
CARRY BACK OR OBTAIN A REFUND OF OR SELL OR ASSIGN THE TAX
CREDIT.

(4) THE PURCHASER OR ASSIGNEE SHALL NOTIFY THE
DEPARTMENT OF REVENUE OF THE SELLER OR ASSIGNOR OF THE TAX
CREDIT IN COMPLIANCE WITH PROCEDURES SPECIFIED BY THE
DEPARTMENT OF REVENUE.

SECTION 1776-D. DETERMINATION OF PENNSYLVANIA REHEARSAL AND
TOUR EXPENSES.
WHEN PRESCRIBING STANDARDS FOR DETERMINING WHICH REHEARSAL OR
TOUR EXPENSES ARE CONSIDERED PENNSYLVANIA REHEARSAL AND TOUR
EXPENSES FOR PURPOSES OF COMPUTING THE TAX CREDIT PROVIDED BY
THIS SUBARTICLE, THE DEPARTMENT SHALL CONSIDER:

(1) THE LOCATION WHERE SERVICES ARE PERFORMED.
(2) THE LOCATION WHERE CONCERT TOUR EQUIPMENT IS
PURCHASED, RENTED, DELIVERED AND USED.
(3) THE LOCATION WHERE REHEARSALS OR CONCERTS ARE HELD.
(4) OTHER FACTORS THE DEPARTMENT DETERMINES ARE
RELEVANT.

SECTION 1777-D. LIMITATIONS.
(A) CAP.--EXCEPT AS PROVIDED IN THIS SUBSECTION, THE
DEPARTMENT MAY NOT AWARD TAX CREDITS FOR QUALIFIED REHEARSAL AND
TOUR EXPENSES INCURRED OR TO BE INCURRED RELATED TO MORE THAN

20170HB0542PN2598 - 244 -
FIVE TOURS IN A FISCAL YEAR. IN A FISCAL YEAR, THE DEPARTMENT MAY, IN THE DEPARTMENT'S DISCRETION, ADVANCE THE AWARD OF TAX CREDITS FOR QUALIFIED REHEARSAL AND TOUR EXPENSES INCURRED OR TO BE INCURRED RELATED TO A MAXIMUM OF TWO ADDITIONAL TOURS.

(B) ADVANCE AWARD OF CREDITS.—THE ADVANCE AWARD OF TAX CREDITS UNDER SUBSECTION (A) SHALL:

(1) COUNT AGAINST THE TOTAL NUMBER OF TOURS THAT THE DEPARTMENT MAY AWARD TAX CREDITS FOR QUALIFIED REHEARSAL AND TOUR EXPENSES INCURRED OR TO BE INCURRED RELATED TO A TOUR IN THAT NEXT SUCCEEDING FISCAL YEAR; AND

(2) REDUCE THE NUMBER OF TOURS THAT THE DEPARTMENT MAY AWARD TAX CREDITS FOR QUALIFIED REHEARSAL AND TOUR EXPENSES INCURRED OR TO BE INCURRED RELATED TO A TOUR IN THAT NEXT SUCCEEDING FISCAL YEAR.

(C) INDIVIDUAL LIMITATIONS.—THE FOLLOWING SHALL APPLY:

(1) A TAXPAYER MAY NOT BE AWARDED MORE THAN $800,000 OF TAX CREDITS FOR A TOUR.

(2) EXCEPT AS PROVIDED UNDER PARAGRAPH (5), THE AGGREGATE AMOUNT OF TAX CREDITS AWARDED BY THE DEPARTMENT UNDER SECTION 1773-D(E) TO A TAXPAYER FOR A TOUR WITH CONCERTS AT TWO CLASS 1 VENUES OR A CLASS 1 VENUE AND A CLASS 2 VENUE MAY NOT EXCEED 25% OF THE QUALIFIED REHEARSAL AND TOUR EXPENSES INCURRED OR TO BE INCURRED.

(3) EXCEPT AS PROVIDED UNDER PARAGRAPH (5), THE AGGREGATE AMOUNT OF TAX CREDITS AWARDED BY THE DEPARTMENT UNDER SECTION 1773-D(E) TO A TAXPAYER FOR A TOUR WITH CONCERTS AT A CLASS 1 VENUE AND A CLASS 3 VENUE MAY NOT EXCEED 30% OF THE QUALIFIED REHEARSAL AND TOUR EXPENSES INCURRED OR TO BE INCURRED.

(4) EXCEPT AS PROVIDED UNDER PARAGRAPH (5), THE
AGGREGATE AMOUNT OF TAX CREDITS AWARDED BY THE DEPARTMENT
UNDER SECTION 1773-D(E) TO A TAXPAYER FOR A TOUR WITH
CONCERTS AT A CLASS 1 VENUE AND A CLASS 3 VENUE WHICH DOES
NOT SERVE ALCOHOL MAY NOT EXCEED 35% OF THE QUALIFIED
REHEARSAL AND TOUR EXPENSES INCURRED OR TO BE INCURRED.

(5) IN ADDITION TO THE TAX CREDITS UNDER PARAGRAPH (2),
(3) OR (4), A TAXPAYER IS ELIGIBLE FOR A TAX CREDIT IN THE
AMOUNT OF 5% OF THE QUALIFIED REHEARSAL AND TOUR EXPENSES
INCURRED OR TO BE INCURRED BY THE TAXPAYER IF THE TAXPAYER
HOLDS CONCERTS AT A TOTAL OF TWO OR MORE CLASS 2 VENUES OR
CLASS 3 VENUES.

(D) QUALIFIED REHEARSAL FACILITY.--TO BE CONSIDERED A
QUALIFIED REHEARSAL FACILITY UNDER THIS SUBARTICLE, THE OWNER OF
A REHEARSAL FACILITY SHALL PROVIDE EVIDENCE TO THE DEPARTMENT TO
VERIFY THE DEVELOPMENT OR FACILITY SPECIFICATIONS AND CAPITAL
IMPROVEMENT COSTS INCURRED FOR THE REHEARSAL FACILITY SO THAT
THE THRESHOLD AMOUNTS SET IN THE DEFINITION OF "QUALIFIED
REHEARSAL FACILITY" UNDER SECTION 1772-D ARE SATISFIED, AND,
UPON VERIFICATION, THE REHEARSAL FACILITY SHALL BE REGISTERED BY
THE DEPARTMENT OFFICIALLY AS A QUALIFIED REHEARSAL FACILITY.

(E) WAIVER.--THE DEPARTMENT MAY MAKE A DETERMINATION THAT
THE FINANCIAL BENEFIT TO THIS COMMONWEALTH RESULTING FROM THE
DIRECT INVESTMENT IN OR PAYMENTS MADE TO PENNSYLVANIA REHEARSAL
AND CONCERT FACILITIES OUTWEIGHS THE BENEFIT OF MAINTAINING THE
60% PENNSYLVANIA REHEARSAL EXPENSES REQUIREMENT CONTAINED IN THE
DEFINITION OF "QUALIFIED REHEARSAL AND TOUR EXPENSE" UNDER
SECTION 1772-D. IF THE DETERMINATION IS MADE, THE DEPARTMENT MAY
WAIVE THE REQUIREMENT THAT 60% OF A TOUR'S AGGREGATE REHEARSAL
EXPENSES BE COMPRISED OF PENNSYLVANIA REHEARSAL EXPENSES.

SECTION 1778-D. PENALTY.
A RECIPIENT WHICH CLAIMS A TAX CREDIT AND FAILS TO INCUR THE
AMOUNT OF QUALIFIED REHEARSAL AND TOUR EXPENSES AGREED TO UNDER
SECTION 1773-D(D)(4) FOR A TOUR IN THAT TAXABLE YEAR SHALL REPAY
TO THE COMMONWEALTH AN AMOUNT EQUAL TO 110% OF THE DIFFERENCE
BETWEEN THE AMOUNT AGREED TO UNDER SECTION 1773-D(D)(4) AND THE
AMOUNT OF QUALIFIED REHEARSAL AND TOUR EXPENSES ACTUALLY
INCURRED BY THE RECIPIENT. THE PENALTY SHALL BE ASSESSED AND
COLLECTED UNDER ARTICLE II.

SECTION 1779-D. PASS-THROUGH ENTITY.
    (A) GENERAL RULE.--IF A PASS-THROUGH ENTITY HAS ANY UNUSED
TAX CREDITS UNDER SECTION 1775-D, THE PASS-THROUGH ENTITY MAY
ELECT IN WRITING, ACCORDING TO PROCEDURES ESTABLISHED BY THE
DEPARTMENT OF REVENUE, TO TRANSFER ALL OR A PORTION OF THE TAX
CREDITS TO SHAREHOLDERS, MEMBERS OR PARTNERS IN PROPORTION TO
THE SHARE OF THE ENTITY'S DISTRIBUTIVE INCOME TO WHICH EACH
SHAREHOLDER, MEMBER OR PARTNER IS ENTITLED.

    (B) LIMITATION.--A PASS-THROUGH ENTITY AND A SHAREHOLDER,
MEMBER OR PARTNER OF A PASS-THROUGH ENTITY MAY NOT CLAIM THE TAX
CREDIT UNDER SUBSECTION (A) FOR THE SAME QUALIFIED REHEARSAL AND
TOUR EXPENSE.

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

SECTION 1780-D. DEPARTMENT GUIDELINES AND REGULATIONS.
    THE DEPARTMENT SHALL DEVELOP WRITTEN GUIDELINES FOR THE
IMPLEMENTATION OF THIS SUBARTICLE. THE GUIDELINES SHALL BE IN
EFFECT UNTIL THE DEPARTMENT PROMULGATES REGULATIONS FOR THE
IMPLEMENTATION OF THIS SUBARTICLE.

SECTION 1781-D. REPORT TO GENERAL ASSEMBLY.


1. THE AMOUNT OF TAX CREDITS CLAIMED DURING THE FISCAL YEAR BY TOUR.
2. THE TOTAL AMOUNT SPENT IN THIS COMMONWEALTH DURING THE FISCAL YEAR BY TOURS AND CONCERT TOUR PROMOTION COMPANIES FOR SERVICES AND SUPPLIES.
3. THE TOTAL AMOUNT OF TAX REVENUES, BOTH DIRECTLY AND INDIRECTLY, GENERATED FOR THE COMMONWEALTH DURING THE FISCAL YEAR BY THE CONCERT REHEARSAL AND TOUR INDUSTRY.
SECTION 1702-G OF THE ACT IS AMENDED TO READ:

SECTION 1702-G. DEFINITIONS.

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

* * *


* * *

SECTION 36.1. SECTION 1811-C(B) OF THE ACT IS AMENDED BY ADDING A PARAGRAPH TO READ:

SECTION 1811-C. CERTIFICATION.

* * *

(B) CONTENT.--

* * *

(3) THE DEPARTMENT SHALL REQUEST DOCUMENTATION REGARDING STATE ELIGIBLE TAXES PAID OR REFUNDS RECEIVED FROM THE AGENCY REQUIRED TO COLLECT THE TAXES OR ISSUE THE REFUNDS BEFORE REQUIRING SUCH DOCUMENTATION FROM THE QUALIFIED BUSINESS. INSTRUCTIONS ISSUED BY THE DEPARTMENT AFTER THE EFFECTIVE DATE OF THIS SECTION SHALL INCLUDE A STATEMENT THAT THE QUALIFIED BUSINESS WILL NOT BE REQUIRED TO SUBMIT SUPPORTING DOCUMENTATION WITH THE QUALIFIED BUSINESS'S REQUEST FOR CERTIFICATION UNDER THIS ARTICLE. NOTHING IN THIS PARAGRAPH SHALL PROHIBIT THE DEPARTMENT FROM AUDITING REPORTS SUBMITTED BY QUALIFIED BUSINESSES FOR COMPLIANCE WITH THIS ARTICLE.

* * *

SECTION 37. SECTIONS 1813-C AND 1814-C OF THE ACT, AMENDED JULY 13, 2016 (P.L.526, NO.84), ARE AMENDED TO READ:
SECTION 1813-C. RESTRICTIONS.

(A) UTILIZATION.--MONEY TRANSFERRED UNDER SECTION 1812-C MAY ONLY BE UTILIZED FOR THE FOLLOWING:

(1) PAYMENT OF DEBT SERVICE ON BONDS ISSUED OR REFINANCED FOR THE ACQUISITION, DEVELOPMENT, CONSTRUCTION, INCLUDING RELATED INFRASTRUCTURE AND SITE PREPARATION, RECONSTRUCTION, RENOVATION OR REFINANCING OF A FACILITY IN THE ZONE AND NORMAL AND CUSTOMARY FEES FOR PROFESSIONAL SERVICES ASSOCIATED WITH THE ISSUANCE OR REFINANCE OF THE BONDS.

(2) ACQUISITION, DEVELOPMENT, CONSTRUCTION, INCLUDING RELATED INFRASTRUCTURE AND SITE PREPARATION, RECONSTRUCTION, RENOVATION OR REFINANCING OF ALL OR A PART OF A FACILITY.

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

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

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

(6) IMPROVEMENT PROJECTS, INCLUDING FIXTURES AND EQUIPMENT FOR A FACILITY OWNED, IN WHOLE OR IN PART, BY A PUBLIC AUTHORITY.

(7) PAYMENT OR REIMBURSEMENT OF REASONABLE ADMINISTRATIVE, AUDITING AND COMPLIANCE SERVICES REQUIRED BY THIS ARTICLE. REASONABLE ADMINISTRATIVE COSTS MAY NOT EXCEED 5% OF THE MONEY TRANSFERRED UNDER SECTION 1812-C. FOR PURPOSES OF THIS PARAGRAPH, PROFESSIONAL SERVICES SHALL NOT BE CONSIDERED ADMINISTRATIVE COSTS.

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

(C) EXCESS MONEY.--
(1) [IF] EXCEPT AS SET FORTH IN PARAGRAPH (4), IF THE AMOUNT OF MONEY TRANSFERRED TO THE FUND UNDER SECTIONS 1811-C(C) AND 1812-C IN ANY ONE CALENDAR YEAR EXCEEDS THE MONEY UTILIZED UNDER THIS SECTION IN THAT CALENDAR YEAR, THE CONTRACTING AUTHORITY SHALL SUBMIT BY APRIL 15 FOLLOWING THE END OF THE CALENDAR YEAR THE EXCESS MONEY TO THE STATE TREASURER FOR DEPOSIT INTO THE GENERAL FUND.


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

(4) PARAGRAPH (1) DOES NOT APPLY TO MONEY UTILIZED IN A PILOT ZONE PROVIDED THE EXCESS MONEY IS USED IN ACCORDANCE WITH SUBSECTION (A).

(D) MATCHING FUNDS.--

(1) THE AMOUNT OF MONEY TRANSFERRED FROM THE FUND UTILIZED FOR THE ACQUISITION, DEVELOPMENT, CONSTRUCTION, INCLUDING RELATED SITE PREPARATION AND INFRASTRUCTURE, RECONSTRUCTION OR RENOVATION OF FACILITIES, OR NORMAL AND CUSTOMARY FEES FOR PROFESSIONAL SERVICES SHALL BE MATCHED BY PRIVATE, FEDERAL OR LOCAL MONEY AT A RATIO OF FIVE FUND DOLLARS TO ONE PRIVATE, FEDERAL OR LOCAL DOLLAR. THE CONTRACTING AUTHORITY SHALL VERIFY THE PRIVATE, FEDERAL OR LOCAL MATCH FOR A PROJECT AT THE TIME OF THE BOND AND REPORT PROOF OF THE MATCH TO THE AGENCIES. ALL OF THE FOLLOWING SHALL BE DEEMED PRIVATE MONEY:
(I) EQUITY.

(II) PRIVATE DEVELOPER DEBT AND FINANCING.

(III) SOFT COSTS ASSOCIATED WITH LAND DEVELOPMENT.

(IV) COSTS OF PROFESSIONAL SERVICES ASSOCIATED WITH DEVELOPMENT.

(V) COSTS ASSOCIATED WITH IMPROVEMENTS OF THE PARCEL.

(VI) COSTS OF LAND ACQUISITION AND REAL ESTATE TRANSACTIONS.

(1.1) PRIVATE, FEDERAL OR LOCAL DOLLARS INVESTED IN ANY SINGLE YEAR OR MULTIPLE YEARS MAY BE AMORTIZED OVER THE TERM OF THE PRIVATE OR PUBLIC FINANCING PROVIDED TO THE PROJECT IN ORDER TO MEET THE MATCHING FUND RATIO OF FIVE FUND DOLLARS TO ONE PRIVATE, FEDERAL OR LOCAL DOLLAR INVESTED IN THE PROJECT.


(3) IF IT IS DETERMINED THAT INSUFFICIENT PRIVATE, FEDERAL OR LOCAL MONEY WAS UTILIZED UNDER PARAGRAPH (1), THE AMOUNT OF FUND MONEY UTILIZED UNDER PARAGRAPH (1) IN THE PRIOR CALENDAR YEAR SHALL BE DEDUCTED FROM THE NEXT TRANSFER OF THE FUND.

SECTION 1814-C. TRANSFER OF PROPERTY.

(A) PROPERTY.--PARCELS IN A ZONE WHERE A FACILITY HAS NOT BEEN CONSTRUCTED, RECONSTRUCTED OR RENOVATED USING MONEY UNDER 20170HB0542PN2598
THIS ARTICLE MAY BE TRANSFERRED OUT OF THE ZONE, IF THE
CONTRACTING AUTHORITY PROVIDES A NOTARIZED CERTIFICATION,
CONFIRMED IN THE ANNUAL AUDIT REQUIRED UNDER SECTION 1807-C(c),
THAT NO FUND DOLLARS WERE USED ON THE PROPERTY. ADDITIONAL
ACREAGE, NOT TO EXCEED THE ACREAGE TRANSFERRED OUT OF THE ZONE,
MAY BE [SIMULTANEOUSLY] ADDED TO THE ZONE.

(A.1) PUBLIC MEETING.--PRIOR TO REQUESTING APPROVAL, THE
CONTRACTING AUTHORITY SHALL HOLD A PUBLIC MEETING TO CONSIDER
THE PROPOSED TRANSFER. AT THE MEETING, ANY INTERESTED PARTY MAY
ATTEND AND OFFER COMMENT ON THE PROPOSAL CHANGE.

(A.2) INFEASIBILITY.--

(1) IF NO ACTIVITY IN FURTHERANCE OF DEVELOPMENT HAS
TAKEN PLACE ON THE PARCEL WITHIN EIGHT YEARS OF THE ENACTMENT
OF THIS SECTION OR DESIGNATION OF THE ZONE, WHICHEVER OCCURS
LATER, THE CONTRACTING AUTHORITY MAY CONDUCT A PUBLIC HEARING
ON THE FEASIBILITY OF THE PARCEL TO CONTINUE WITH THE
DESIGNATION PURSUANT TO A REQUEST FROM THE CITY OR
MUNICIPALITY WHERE THE PARCEL SITS. THE HEARING SHALL BE HELD
AND NOTICE PROVIDED TO THE OWNER OF THE PARCEL IN ACCORDANCE
WITH SECTION 908 OF THE ACT OF JULY 31, 1968 (P.L.805,
NO.247), KNOWN AS THE PENNSYLVANIA MUNICIPALITIES PLANNING
CODE. FOR PURPOSES OF THIS SECTION, ACTIVITY SHALL INCLUDE,
BUT NOT BE LIMITED TO, CONSTRUCTION, BUILDING, RENOVATION,
RECONSTRUCTION, SITE PREPARATION AND SITE DEVELOPMENT.

(2) IF THE CONTRACTING AUTHORITY DETERMINES THAT THE
PROJECT IS NO LONGER FEASIBLE, THE CONTRACTING AUTHORITY
SHALL ISSUE A WRITTEN OPINION WITHIN 45 DAYS OF THE HEARING
SETTING FORTH THE REASONS SUPPORTING THE DETERMINATION AND
VERIFYING THAT NO ACTIVITY HAS TAKEN PLACE. THE DECISION MAY
BE APPEALED IN ACCORDANCE WITH SECTION 1001-A OF THE
PENNSYLVANIA MUNICIPALITIES PLANNING CODE.

(B) APPROVAL.--A TRANSFER UNDER SUBSECTIONS (A) AND (A.2) MUST BE APPROVED BY THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT IN CONSULTATION WITH THE OFFICE AND THE DEPARTMENT.

SECTION 38. (RESERVED).

SECTION 39. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

SECTION 1904.3-B. TRANSFER OF PROPERTY.

(A) TRANSFER OF PARCELS.--PARCELS IN A ZONE MAY BE TRANSFERRED OUT OF THE ZONE AND REPLACED WITH PARCELS NOT TO EXCEED THE ACREAGE TRANSFERRED OUT OF THE ZONE BY THE CONTRACTING AUTHORITY, IF:

(1) THE DEPARTMENT CERTIFIES THAT THERE IS CURRENTLY NO ACTIVITY IN THE PARCELS TRANSFERRED IN THE ZONE THAT GENERATES TAX RECEIPTS OR OTHER REVENUE TO THE COMMONWEALTH.

(2) THE MUNICIPALITY WHERE THE ZONE IS LOCATED CERTIFIES THAT THERE IS CURRENTLY NO ACTIVITY IN THE PARCELS TRANSFERRED INTO THE ZONE THAT GENERATES TAX RECEIPTS OR OTHER REVENUE, OTHER THAN TAXES ON REAL PROPERTY, TO THE MUNICIPALITY AND THE SCHOOL DISTRICT AND COUNTY WHERE THE ZONE IS LOCATED.

(B) PUBLIC HEARING.--THE FOLLOWING APPLY:

(2) IF THE CONTRACTING AUTHORITY DETERMINES THAT IT WILL
TRANSFER A PARCEL OUT OF THE ZONE, THE CONTRACTING AUTHORITY
SHALL ISSUE A WRITTEN OPINION WITHIN 45 DAYS OF THE HEARING
SETTING FORTH THE REASONS SUPPORTING THE DETERMINATION.

SECTION 40. SECTION 1911-D(C) OF THE ACT, ADDED JULY 13,
2016 (P.L.526, NO.84), IS AMENDED TO READ:

SECTION 1911-D. ADDITIONAL KEYSTONE OPPORTUNITY ZONES.

* * *

(C) APPLICATION.—IN ORDER TO RECEIVE A DESIGNATION UNDER
THIS SECTION, THE DEPARTMENT MUST RECEIVE AN APPLICATION FROM A
POLITICAL SUBDIVISION OR ITS DESIGNEE NO LATER THAN OCTOBER 1,
2016 [2018]. THE APPLICATION MUST CONTAIN THE INFORMATION
REQUIRED UNDER SECTION 302(A)(1), (2)(I) AND (IX), (5) AND (6)
OF THE KOZ ACT. THE DEPARTMENT, IN CONSULTATION WITH THE
DEPARTMENT OF REVENUE, SHALL REVIEW THE APPLICATION AND, IF
APPROVED, ISSUE A CERTIFICATION OF ALL TAX EXEMPTIONS,
DEDUCTIONS, ABATEMENTS OR CREDITS UNDER THIS ACT FOR THE ZONE
WITHIN THREE MONTHS OF RECEIPT OF THE APPLICATION. THE
DEPARTMENT SHALL ACT ON AN APPLICATION FOR A DESIGNATION UNDER
SECTION 302(A)(1) OF THE KOZ ACT BY DECEMBER 31, [2016] [2018].
THE DEPARTMENT MAY MAKE DESIGNATIONS UNDER THIS SECTION ON A
ROLLING BASIS DURING THE APPLICATION PERIOD.

* * *

SECTION 41. SECTION 2166 OF THE ACT IS AMENDED TO READ:

SECTION 2166. TIMELY MAILING TREATED AS TIMELY FILING AND
PAYMENT.—NOTWITHSTANDING THE PROVISIONS OF ANY STATE TAX LAW TO
THE CONTRARY, WHENEVER A REPORT OR PAYMENT OF ALL OR ANY PORTION
OF A STATE TAX IS REQUIRED BY LAW TO BE RECEIVED BY THE
DEPARTMENT OR OTHER AGENCY OF THE COMMONWEALTH ON OR BEFORE A
DAY CERTAIN, THE TAXPAYER SHALL BE DEEMED TO HAVE COMPLIED WITH
THE LAW IF THE LETTER TRANSMITTING THE REPORT OR PAYMENT OF THE TAX WHICH HAS BEEN RECEIVED BY THE DEPARTMENT IS POSTMARKED BY THE UNITED STATES POSTAL SERVICE ON OR PRIOR TO THE FINAL DAY ON WHICH THE PAYMENT IS TO BE RECEIVED. FOR THE PURPOSES OF THIS ARTICLE, PRESENTATION OF A RECEIPT INDICATING THAT THE REPORT OR PAYMENT WAS MAILED BY REGISTERED OR CERTIFIED MAIL ON OR BEFORE THE DUE DATE SHALL BE EVIDENCE OF TIMELY FILING AND PAYMENT. ANY INHERITANCE TAX RETURN FILED AFTER JULY 1, 2012, UNDER SECTION 2136 THAT REPORTS TRANSFERS OF PROPERTY THAT ARE EXEMPT FROM THE INHERITANCE TAX UNDER SECTION 2111(S), (S.1) AND (T) SHALL BE CONSIDERED TIMELY FILED IF FILED WITHIN ONE YEAR OF THE TAX RETURN DUE DATE, INCLUDING AN EXTENDED DUE DATE.

SECTION 42. SECTION 2301(E) OF THE ACT IS AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO READ:

SECTION 2301. PUBLIC TRANSPORTATION ASSISTANCE FUND.--* * *

(E) [THERE] EXCEPT AS PROVIDED IN SUBSECTION (E.1), THERE IS HEREBY IMPOSED ON EACH RENTAL OF A MOTOR VEHICLE SUBJECT TO TAX UNDER ARTICLE II A FEE OF TWO DOLLARS ($2) FOR EACH DAY OR PART OF A DAY FOR WHICH THE VEHICLE IS RENTED.

(E.1) (1) THERE IS HEREBY IMPOSED ON EACH RENTAL OF A MOTOR VEHICLE SUBJECT TO TAX UNDER ARTICLE II AND USED IN CARSHARING A FEE FOR EACH DAY OR PART OF A DAY COMPUTED ACCORDING TO THE FOLLOWING SCHEDULE:

<table>
<thead>
<tr>
<th>RENTAL INTERVAL</th>
<th>FEE</th>
</tr>
</thead>
<tbody>
<tr>
<td>LESS THAN 2 HOURS</td>
<td>$0.25</td>
</tr>
<tr>
<td>2 TO 3 HOURS</td>
<td>$0.50</td>
</tr>
<tr>
<td>MORE THAN 3, BUT LESS</td>
<td></td>
</tr>
<tr>
<td>THAN 4 HOURS</td>
<td>$1.25</td>
</tr>
<tr>
<td>4 HOURS OR MORE</td>
<td>$2.00</td>
</tr>
</tbody>
</table>

(2) FOR PURPOSES OF THIS SUBSECTION, THE TERM "CARSHARING"
SHALL MEAN A MEMBERSHIP BASED SERVICE THAT PROVIDES AN ALTERNATIVE TO PERSONAL CAR OWNERSHIP AND WHICH MEETS THE FOLLOWING CONDITIONS:

(I) DOES NOT REQUIRE A TRIP-SPECIFIC WRITTEN AGREEMENT EACH TIME A MEMBER RENTS A VEHICLE.

(II) DOES NOT REQUIRE AN ATTENDANT TO BE PRESENT AT THE BEGINNING OR END OF A RENTAL.

(III) OFFERS MEMBERS ACCESS TO A DISPERSED NETWORK OF SHARED VEHICLES 24-HOURS PER DAY, 7 DAYS PER WEEK, 365 DAYS PER YEAR.

(IV) ALLOWS A VEHICLE TO BE RENTED ON A PER MINUTE, PER HOUR, PER DAY, OR PER TRIP BASIS, AND AT PER MILE OR PER KILOMETER RATES, WHICH TYPICALLY INCLUDE FUEL, INSURANCE AND MAINTENANCE.

SECTION 43. THE ACT IS AMENDED BY ADDING AN ARTICLE TO READ:

ARTICLE XXIV

FIREWORKS

SECTION 2401. DEFINITIONS.

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

"APA 87-1." THE AMERICAN PYROTECHNICS ASSOCIATION STANDARD 87-1: STANDARD FOR CONSTRUCTION AND APPROVAL FOR TRANSPORTATION OF FIREWORKS, NOVELTIES, AND THEATRICAL PYROTECHNICS, 2001 EDITION, OR ANY SUBSEQUENT EDITION.

"CONSUMER FIREWORKS."

(1) ANY COMBUSTIBLE OR EXPLOSIVE COMPOSITION OR ANY SUBSTANCE OR COMBINATION OF SUBSTANCES WHICH IS INTENDED TO PRODUCE VISIBLE OR AUDIBLE EFFECTS BY COMBUSTION, IS SUITABLE FOR USE BY THE PUBLIC, COMPLIES WITH THE CONSTRUCTION, PERFORMANCE, COMPOSITION AND LABELING REQUIREMENTS.
PROMULGATED BY THE CONSUMER PRODUCTS SAFETY COMMISSION IN 16 CFR (RELATING TO COMMERCIAL PRACTICES) OR ANY SUCCESSOR REGULATION AND COMPLIES WITH THE PROVISIONS FOR "CONSUMER FIREWORKS" AS DEFINED IN APA 87-1 OR ANY SUCCESSOR STANDARD, THE SALE, POSSESSION AND USE OF WHICH SHALL BE PERMITTED THROUGHOUT THIS COMMONWEALTH.

(2) THE TERM DOES NOT INCLUDE DEVICES AS "GROUND AND HAND-HELD SPARKLING DEVICES," "NOVELTIES" OR "TOY CAPS" IN APA 87-1 OR ANY SUCCESSOR STANDARD, THE SALE, POSSESSION AND USE OF WHICH SHALL BE PERMITTED AT ALL TIMES THROUGHOUT THIS COMMONWEALTH.

"DISPLAY FIREWORKS." LARGE FIREWORKS TO BE USED SOLELY BY PROFESSIONAL PYROTECHNICIANS AND DESIGNED PRIMARILY TO PRODUCE VISIBLE OR AUDIBLE EFFECTS BY COMBUSTION, DEFLAGRATION OR DETONATION. THE TERM INCLUDES, BUT IS NOT LIMITED TO:

(1) SALUTES THAT CONTAIN MORE THAN TWO GRAINS OR 130 MILLIGRAMS OF EXPLOSIVE MATERIALS;

(2) AERIAL SHELLS CONTAINING MORE THAN 60 GRAMS OF PYROTECHNIC COMPOSITIONS; AND

(3) OTHER DISPLAY PIECES THAT EXCEED THE LIMITS OF EXPLOSIVE MATERIALS FOR CLASSIFICATION AS CONSUMER FIREWORKS AND ARE CLASSIFIED AS FIREWORKS UN0333, UN0334 OR UN0335 UNDER 49 CFR 172.101 (RELATING TO PURPOSE AND USE OF HAZARDOUS MATERIALS TABLE).

"MUNICIPALITY." A CITY, BOROUGH, INCORPORATED TOWN OR TOWNSHIP.

"NFPA 1124." THE NATIONAL FIRE PROTECTION ASSOCIATION STANDARD 1124, CODE FOR THE MANUFACTURE, TRANSPORTATION AND STORAGE OF FIREWORKS AND PYROTECHNIC ARTICLES, 2006 EDITION, OR ANY SUBSEQUENT EDITION.
"OCCUPIED STRUCTURE." A STRUCTURE, VEHICLE OR PLACE ADAPTED FOR OVERNIGHT ACCOMMODATION OF PERSONS OR FOR CONDUCTING BUSINESS WHETHER OR NOT A PERSON IS ACTUALLY PRESENT.

"OUTDOOR STORAGE UNIT." A CONSUMER FIREWORKS BUILDING, TRAILER, SEMITRAILER, METAL SHIPPING CONTAINER OR MAGAZINE MEETING THE SPECIFICATIONS OF NFPA 1124.

"TEMPORARY STRUCTURE." A STRUCTURE, OTHER THAN A PERMANENT FACILITY WITH FIXED UTILITY CONNECTIONS, WHICH IS IN USE OR IN PLACE FOR A PERIOD OF 20 CONSECUTIVE CALENDAR DAYS OR LESS AND IS DEDICATED TO THE STORAGE AND SALE OF CONSUMER FIREWORKS AND RELATED ITEMS. THE TERM INCLUDES TEMPORARY RETAIL SALES STANDS, TENTS, CANOPIES AND MEMBRANE STRUCTURES MEETING THE SPECIFICATIONS OF NFPA 1124. THE TERM SHALL NOT INCLUDE A FACILITY THAT IS NOT LICENSED TO SELL CONSUMER FIREWORKS UNDER THIS ARTICLE.

SECTION 2402. PERMITS.

(A) PERMISSIBLE PURPOSES.--DISPLAY FIREWORKS MAY BE POSSESSED AND USED BY A PERSON HOLDING A PERMIT FROM A MUNICIPALITY AT THE DISPLAY COVERED BY THE PERMIT OR WHEN USED AS AUTHORIZED BY A PERMIT FOR ANY OF THE FOLLOWING:

(1) FOR AGRICULTURAL PURPOSES IN CONNECTION WITH THE RAISING OF CROPS AND THE PROTECTION OF CROPS FROM BIRD AND ANIMAL DAMAGE.

(2) BY RAILROADS OR OTHER TRANSPORTATION AGENCIES FOR SIGNAL PURPOSES OR ILLUMINATION.

(3) IN QUARRYING OR FOR BLASTING OR OTHER INDUSTRIAL USE.

(4) IN THE SALE OR USE OF BLANK CARTRIDGES FOR A SHOW OR THEATER.

(5) FOR SIGNAL OR CEREMONIAL PURPOSES IN ATHLETICS OR
SPORTS.

(6) BY MILITARY ORGANIZATIONS OR ORGANIZATIONS COMPOSED
OF VETERANS OF THE ARMED FORCES OF THE UNITED STATES.

(B) AGE LIMITATION.--A DISPLAY FIREWORKS PERMIT MAY NOT BE
ISSUED TO A PERSON UNDER 21 YEARS OF AGE.

(C) BOND.--THE GOVERNING BODY OF THE MUNICIPALITY SHALL
REQUIRE A BOND DEEMED ADEQUATE BY IT FROM THE PERMITTEE IN A SUM
NOT LESS THAN $50,000 CONDITIONED FOR THE PAYMENT OF ALL DAMAGES
WHICH MAY BE CAUSED TO A PERSON OR PROPERTY BY REASON OF THE
DISPLAY AND ARISING FROM AN ACT OF THE PERMITTEE OR AN AGENT, AN
EMPLOYEE OR A SUBCONTRACTOR OF THE PERMITTEE.

SECTION 2403. REQUEST FOR EXTENSION.

(A) AUTHORIZATION.--IF, BECAUSE OF UNFAVORABLE WEATHER, THE
DISPLAY FOR WHICH A PERMIT HAS BEEN GRANTED DOES NOT OCCUR AT
THE TIME AUTHORIZED BY THE PERMIT, THE PERSON TO WHOM THE PERMIT
WAS ISSUED MAY WITHIN 24 HOURS APPLY FOR A REQUEST FOR EXTENSION
TO THE MUNICIPALITY WHICH GRANTED THE PERMIT.

(B) CONTENTS OF REQUEST.--THE REQUEST FOR EXTENSION SHALL
STATE UNDER OATH THAT THE DISPLAY WAS NOT MADE, PROVIDE THE
REASON THAT THE DISPLAY WAS NOT MADE AND REQUEST A CONTINUANCE
OF THE PERMIT FOR A DATE DESIGNATED WITHIN THE REQUEST, WHICH
SHALL BE NOT LATER THAN ONE WEEK AFTER THE DATE ORIGINALY
DESIGNATED IN THE PERMIT.

(C) DETERMINATION.--UPON RECEIVING THE REQUEST FOR
EXTENSION, THE MUNICIPALITY, IF IT BELIEVES THAT THE FACTS
STATED WITHIN THE REQUEST ARE TRUE, SHALL EXTEND THE PROVISIONS
OF THE PERMIT TO THE DATE DESIGNATED WITHIN THE REQUEST, WHICH
SHALL BE NOT LATER THAN ONE WEEK AFTER THE DATE ORIGINALY
DESIGNATED IN THE PERMIT.

(D) CONDITIONS.--THE EXTENSION OF TIME SHALL BE GRANT

SECTION 2404. USE OF CONSUMER FIREWORKS.

(A) CONDITIONS.--A PERSON WHO IS AT LEAST 18 YEARS OF AGE AND MEETS THE REQUIREMENTS OF THIS ARTICLE MAY PURCHASE, POSSESS AND USE CONSUMER FIREWORKS.

(B) PROHIBITIONS.--A PERSON MAY NOT INTENTIONALLY IGNITE OR DISCHARGE:

(1) CONSUMER FIREWORKS ON PUBLIC OR PRIVATE PROPERTY WITHOUT THE EXPRESS PERMISSION OF THE OWNER.

(2) CONSUMER FIREWORKS OR SPARKLING DEVICES WITHIN, OR THROW CONSUMER FIREWORKS OR SPARKLING DEVICES FROM, A MOTOR VEHICLE OR BUILDING.

(3) CONSUMER FIREWORKS OR SPARKLING DEVICES INTO OR AT A MOTOR VEHICLE OR BUILDING OR AT ANOTHER PERSON.

(4) CONSUMER FIREWORKS OR SPARKLING DEVICES WHILE THE PERSON IS UNDER THE INFLUENCE OF ALCOHOL, A CONTROLLED SUBSTANCE OR ANOTHER DRUG.

(5) CONSUMER FIREWORKS WITHIN 150 FEET OF AN OCCUPIED STRUCTURE.

SECTION 2404.1. USE OF DISPLAY FIREWORKS.

NO DISPLAY FIREWORKS SHALL BE IGNTITED WITHIN 300 FEET OF A FACILITY THAT MEETS THE REQUIREMENTS OF SECTION 2407 OR 2410.

SECTION 2405. AGRICULTURAL PURPOSES.

(A) AUTHORIZATION.--THE GOVERNING BODY OF A MUNICIPALITY
MAY, UNDER REASONABLE RULES AND REGULATIONS ADOPTED BY IT, GRANT
PERMITS FOR THE USE OF SUITABLE FIREWORKS FOR AGRICULTURAL
PURPOSES IN CONNECTION WITH THE RAISING OF CROPS AND THE
PROTECTION OF CROPS FROM BIRD AND ANIMAL DAMAGE.

(B) DURATION OF PERMIT.--A PERMIT UNDER THIS SECTION SHALL
REMAIN IN EFFECT FOR THE CALENDAR YEAR IN WHICH IT WAS ISSUED.

(C) CONDITIONS.--AFTER A PERMIT UNDER THIS SECTION HAS BEEN
GRANTED, SALES, POSSESSION AND USE OF FIREWORKS OF THE TYPE AND
FOR THE PURPOSE MENTIONED IN THE PERMIT SHALL BE LAWFUL FOR THAT
PURPOSE ONLY.

SECTION 2406. RULES AND REGULATIONS BY MUNICIPALITY.

(A) AUTHORIZATION.--PERMISSION SHALL BE GIVEN BY THE
GOVERNING BODY OF A MUNICIPALITY UNDER REASONABLE RULES AND
REGULATIONS FOR DISPLAYS OF DISPLAY FIREWORKS TO BE HELD WITHIN
THE MUNICIPALITY.

(B) CONDITIONS.--

(1) EACH DISPLAY SHALL BE:

(I) HANDLED BY A COMPETENT OPERATOR; AND

(II) OF A CHARACTER AND SO LOCATED, DISCHARGED OR
FIRED AS, IN THE OPINION OF THE CHIEF OF THE FIRE
DEPARTMENT OR OTHER APPROPRIATE OFFICER AS MAY BE
DESIGNATED BY THE GOVERNING BODY OF THE MUNICIPALITY,
AFTER PROPER INSPECTION, TO NOT BE HAZARDOUS TO PROPERTY
OR ENDANGER ANY PERSON.

(2) AFTER PERMISSION IS GRANTED UNDER THIS SECTION,
POSSESSION AND USE OF DISPLAY FIREWORKS FOR DISPLAY SHALL BE
LAWFUL FOR THAT PURPOSE ONLY.

(3) A PERMIT SHALL BE TRANSFERABLE.

SECTION 2407. SALES LOCATIONS.

EXCEPT AS PROVIDED IN SECTION 2410, CONSUMER FIREWORKS SHALL

20170HB0542PN2598 - 262 -
BE SOLD ONLY FROM FACILITIES WHICH ARE LICENSED BY THE
DEPARTMENT OF AGRICULTURE AND THAT MEET THE FOLLOWING CRITERIA:

(1) THE FACILITY SHALL COMPLY WITH THE PROVISIONS OF THE
ACT OF NOVEMBER 10, 1999 (P.L.491, NO.45), KNOWN AS THE
 PENNSYLVANIA CONSTRUCTION CODE ACT.

(2) THE FACILITY SHALL BE A STAND-ALONE PERMANENT
 STRUCTURE.

(3) STORAGE AREAS SHALL BE SEPARATED FROM WHOLESALE OR
 RETAIL SALES AREAS TO WHICH A PURCHASER MAY BE ADMITTED BY
 APPROPRIATELY RATED FIRE SEPARATION.

(4) THE FACILITY SHALL BE LOCATED NO CLOSER THAN 250
 FEET FROM A FACILITY SELLING OR DISPENSING GASOLINE, PROPANE
 OR OTHER FLAMMABLE PRODUCTS.

(5) THE FACILITY SHALL BE LOCATED AT LEAST 1,500 FEET
 FROM ANOTHER FACILITY LICENSED TO SELL CONSUMER FIREWORKS.

(6) THE FACILITY SHALL HAVE A MONITORED BURGLAR AND FIRE
 ALARM SYSTEM.

(7) QUARTERLY FIRE DRILLS AND PREPLANNING MEETINGS SHALL
 BE CONDUCTED AS REQUIRED BY THE PRIMARY FIRE DEPARTMENT.

SECTION 2408. FEES, GRANTING OF LICENSES AND INSPECTIONS.

(A) INITIAL APPLICATION FEES.--

(1) AN INITIAL APPLICATION FOR A LICENSE TO SELL
 CONSUMER FIREWORKS SHALL BE SUBMITTED TO THE DEPARTMENT OF
 AGRICULTURE ON FORMS PRESCRIBED AND PROVIDED BY THE
 DEPARTMENT WITH A NONREFUNDABLE APPLICATION FEE AS FOLLOWS:

(I) FOR A FACILITY MEETING THE REQUIREMENTS OF
 SECTION 2407, THE APPLICATION SHALL BE SUBMITTED WITH A
 NONREFUNDABLE APPLICATION FEE OF $2,500.

(II) FOR A FACILITY MEETING THE REQUIREMENTS OF
 SECTION 2410, THE APPLICATION SHALL BE SUBMITTED WITH A
NONREFUNDABLE APPLICATION FEE OF $1,000 NO LATER THAN 60
DAYS PRIOR TO THE FIRST DAY OF SALE.

(2) AN APPLICATION UNDER PARAGRAPH (1)(I) OR (II) SHALL
ALSO BE ACCOMPANIED BY THE APPROPRIATE ANNUAL LICENSE FEE AS
PROVIDED IN SUBSECTION (B).

(B) ANNUAL LICENSE FEES.--THE ANNUAL LICENSE FEE FOR A
FACILITY LICENSED TO SELL CONSUMER FIREWORKS SHALL BE AS
FOLLOWS:

(1) $7,500 FOR A LOCATION UP TO 10,000 SQUARE FEET;
(2) $10,000 FOR A LOCATION GREATER THAN 10,000 AND UP TO
15,000 SQUARE FEET;
(3) $20,000 FOR A LOCATION GREATER THAN 15,000 SQUARE
FEET; AND
(4) $3,000 FOR A TEMPORARY STRUCTURE.

(C) TIME LIMITATIONS AND INSPECTIONS.--

(1) A FACILITY MEETING THE REQUIREMENTS OF SECTION 2407
SHALL BE INSPECTED BY THE DEPARTMENT OF AGRICULTURE WITHIN 30
DAYS OF RECEIPT OF A COMPLETE APPLICATION FOR A LICENSE. THE
DEPARTMENT OF AGRICULTURE SHALL ISSUE OR DENY A LICENSE
WITHIN 14 DAYS OF COMPLETING THE INSPECTION.

(2) THE DEPARTMENT OF AGRICULTURE SHALL ISSUE OR DENY A
LICENSE FOR A FACILITY MEETING THE REQUIREMENTS OF SECTION
2410 NO LATER THAN 10 DAYS PRIOR TO THE FIRST DAY OF SALE.
THE FACILITY SHALL BE AVAILABLE FOR INSPECTION BY THE
DEPARTMENT OF AGRICULTURE FOR COMPLIANCE WITH NFPA 1124 AT
ALL TIMES DURING THE LICENSED SELLING PERIOD.

(D) TERM OF LICENSE.--A LICENSE ISSUED FOR THE SALE OF
CONSUMER FIREWORKS SHALL BE EFFECTIVE FOR ONE YEAR FROM THE DATE
THE LICENSE IS ISSUED.

(E) LICENSE RENEWAL AND INSPECTIONS.--LICENSE RENEWAL SHALL
BE AUTOMATIC UPON PAYMENT OF THE APPROPRIATE ANNUAL LICENSE FEE
UNDER SUBSECTION (B), BUT EACH FACILITY SHALL BE SUBJECT TO
ANNUAL INSPECTIONS BY THE DEPARTMENT OF AGRICULTURE AND AT OTHER
TIMES AS THE DEPARTMENT MAY DEEM APPROPRIATE.

(F) CONDITION.--NO LICENSE MAY BE ISSUED TO A CONVICTED
FELON OR TO AN ENTITY IN WHICH A CONVICTED FELON OWNS A
PERCENTAGE OF THE EQUITY INTEREST.

SECTION 2409. CONDITIONS FOR FACILITIES.

A FACILITY LICENSED BY THE DEPARTMENT OF AGRICULTURE SHALL BE
EXCLUSIVELY DEDICATED TO THE STORAGE AND SALE OF CONSUMER
FIREWORKS AND RELATED ITEMS, AND THE FACILITY SHALL OPERATE IN
ACCORDANCE WITH THE FOLLOWING RULES:

(1) THERE SHALL BE SECURITY PERSONNEL ON THE PREMISES
FOR THE SEVEN DAYS PRECEDING AND INCLUDING JULY 4 AND FOR THE
THREE DAYS PRECEDING AND INCLUDING JANUARY 2.

(2) NO SMOKING SHALL BE PERMITTED IN THE FACILITY.

(3) NO CIGARETTES OR TOBACCO PRODUCTS, MATCHES, LIGHTERS
OR ANY OTHER FLAME-PRODUCING DEVICES SHALL BE PERMITTED TO BE
TAKEN INTO THE FACILITY.

(4) NO MINORS SHALL BE PERMITTED IN THE FACILITY UNLESS
ACCOMPANIED BY AN ADULT, AND EACH MINOR SHALL STAY WITH THE
ADULT IN THE FACILITY.

(5) ALL FACILITIES SHALL CARRY AT LEAST $2,000,000 IN
PUBLIC AND PRODUCT LIABILITY INSURANCE.

(6) A LICENSEE SHALL PROVIDE ITS EMPLOYEES WITH
DOCUMENTED TRAINING IN THE AREA OF OPERATIONAL SAFETY OF A
FACILITY. THE LICENSEE SHALL PROVIDE TO THE DEPARTMENT OF
AGRICULTURE WRITTEN DOCUMENTATION THAT EACH EMPLOYEE HAS
RECEIVED THE TRAINING.

(7) NO DISPLAY FIREWORKS SHALL BE STORED OR LOCATED AT A
FACILITY.

(8) NO PERSON WHO APPEARS TO BE UNDER THE INFLUENCE OF INTOXICATING LIQUOR OR DRUGS SHALL BE ADMITTED TO THE FACILITY, AND NO LIQUOR, BEER OR WINE SHALL BE PERMITTED IN THE FACILITY.

(9) EMERGENCY EVACUATION PLANS SHALL BE CONSPICUOUSLY POSTED IN APPROPRIATE LOCATIONS WITHIN THE FACILITY.

SECTION 2410. TEMPORARY STRUCTURES.

(A) CONDITIONS.--NOTWITHSTANDING SECTION 2407 OR ANY OTHER PROVISION OF LAW, A TEMPORARY STRUCTURE MAY BE LICENSED BY THE DEPARTMENT OF AGRICULTURE TO SELL CONSUMER FIREWORKS IF THE TEMPORARY STRUCTURE MEETS ALL OF THE FOLLOWING REQUIREMENTS:

(1) THE TEMPORARY STRUCTURE IS LOCATED NO CLOSER THAN 250 FEET FROM A FACILITY STORING, SELLING OR DISPENSING GASOLINE, PROPANE OR OTHER FLAMMABLE PRODUCTS.

(2) AN EVACUATION PLAN IS POSTED IN A CONSPICUOUS LOCATION FOR A TEMPORARY STRUCTURE IN ACCORDANCE WITH NFPA 1124.

(3) THE OUTDOOR STORAGE UNIT, IF ANY, IS SEPARATED FROM THE WHOLESALE OR RETAIL SALES AREA TO WHICH A PURCHASER MAY BE ADMITTED BY APPROPRIATELY RATED FIRE SEPARATION.

(4) THE TEMPORARY STRUCTURE COMPLIES WITH NFPA 1124 AS IT RELATES TO RETAIL SALES OF CONSUMER FIREWORKS IN TEMPORARY STRUCTURES.

(5) THE TEMPORARY STRUCTURE IS LOCATED ONE OF THE FOLLOWING DISTANCES FROM A PERMANENT FACILITY LICENSED TO SELL CONSUMER FIREWORKS UNDER THE ACT OF MAY 15, 1939 (P.L.134, NO.65), REFERRED TO AS THE FIREWORKS LAW, AT THE TIME OF THE EFFECTIVE DATE OF THIS ARTICLE:

(I) PRIOR TO JANUARY 1, 2023, AT LEAST FIVE MILES.
(II) BEGINNING JANUARY 1, 2023, AT LEAST TWO MILES.

(6) THE TEMPORARY STRUCTURE DOES NOT EXCEED 2,500 SQUARE FEET.

(7) THE TEMPORARY STRUCTURE IS SECURED AT ALL TIMES DURING WHICH CONSUMER FIREWORKS ARE DISPLAYED WITHIN THE STRUCTURE.

(8) THE TEMPORARY STRUCTURE HAS A MINIMUM OF $2,000,000 IN PUBLIC AND PRODUCT LIABILITY INSURANCE.

(9) THE SALES PERIOD IS LIMITED TO JUNE 15 THROUGH JULY 8 AND DECEMBER 21 THROUGH JANUARY 2 OF EACH YEAR.

(10) CONSUMER FIREWORKS NOT ON DISPLAY FOR RETAIL SALE ARE STORED IN AN OUTDOOR STORAGE UNIT.

(B) LIMITATIONS.--THE SALE OF CONSUMER FIREWORKS FROM THE TEMPORARY STRUCTURE IS LIMITED TO THE FOLLOWING:

(1) HELICOPTER, AERIAL SPINNER (APA 87-1, 3.1.2.3).

(2) ROMAN CANDLE (APA 87-1, 3.1.2.4).

(3) MINE AND SHELL DEVICES NOT EXCEEDING 500 GRAMS.

SECTION 2411. ATTORNEY GENERAL.

(A) REGISTRATION.--ANY BUSINESS ENTITY WHICH PERFORMS, PROVIDES OR SUPERVISES FIREWORKS DISPLAYS OR EXHIBITIONS FOR PROFIT SHALL REGISTER ANNUALLY WITH THE ATTORNEY GENERAL.

(B) RULES.--THE ATTORNEY GENERAL SHALL PROMULGATE RULES TO IMPLEMENT THIS SECTION.

SECTION 2412. CONSUMER FIREWORKS TAX.

(A) IMPOSITION.--IN ADDITION TO ANY OTHER TAX IMPOSED BY LAW, A TAX IS IMPOSED ON EACH SEPARATE SALE AT RETAIL OF CONSUMER FIREWORKS, WHICH TAX SHALL BE COLLECTED BY THE RETAILER FROM THE PURCHASER AT THE TIME OF SALE AND SHALL BE PAID OVER TO THE COMMONWEALTH AS PROVIDED IN THIS SECTION. A TAX IMPOSED UNDER THIS SUBSECTION ON EACH SEPARATE SALE AT RETAIL SHALL BE...
PAID TO AND RECEIVED BY THE DEPARTMENT OF REVENUE AND, ALONG
WITH INTEREST AND PENALTIES, SHALL BE DEPOSITED INTO THE GENERAL
FUND.

(B) RATE.--THE TAX AUTHORIZED UNDER SUBSECTION (A) SHALL BE
IMPOSED AND COLLECTED AT THE RATE OF 12% OF THE PURCHASE PRICE
PER ITEM SOLD. THE PURCHASE PRICE SHALL INCLUDE STATE AND LOCAL
SALES TAXES.

(C) COLLECTION AND ADMINISTRATION.--THE PROVISIONS OF PART
VI OF ARTICLE II SHALL APPLY TO THE TAX AUTHORIZED UNDER
SUBSECTION (A). NO ADDITIONAL FEE SHALL BE CHARGED FOR A LICENSE
OR LICENSE RENEWAL OTHER THAN THE LICENSE OR RENEWAL FEE
REQUIRED UNDER SECTION 2408 AND THE LICENSE OR RENEWAL FEE
AUTHORIZED AND IMPOSED UNDER ARTICLE II.

SECTION 2413. DISPOSITION OF CERTAIN FUNDS.

(A) TRANSFER.--ONE-SIXTH OF THE TAX COLLECTED UNDER THIS
ARTICLE IN A FISCAL YEAR, NOT TO EXCEED $2,000,000, SHALL BE
TRANSFERRED ANNUALLY FOR USE AS FOLLOWS:

(1) SEVENTY-FIVE PERCENT OF THE AMOUNT TRANSFERRED UNDER
THIS SUBSECTION SHALL BE USED FOR THE PURPOSE OF MAKING
GRANTS UNDER 35 PA.C.S. CH. 78 SUBCH. C (RELATING TO
EMERGENCY MEDICAL SERVICES GRANT PROGRAM).

(2) TWENTY-FIVE PERCENT OF THE AMOUNT TRANSFERRED UNDER
THIS SUBSECTION SHALL BE DEPOSITED INTO A SPECIAL ACCOUNT IN
THE STATE TREASURY DESIGNATED AS THE ONLINE TRAINING EDUCATOR
AND TRAINING REIMBURSEMENT ACCOUNT FOR THE PURPOSES OF
DEVELOPING, DELIVERING AND SUSTAINING TRAINING PROGRAMS FOR
VOLUNTEER FIREFIGHTERS IN THIS COMMONWEALTH.

(3) THE OFFICE OF THE STATE FIRE COMMISSIONER SHALL
ESTABLISH GUIDELINES FOR USE OF THE MONEY DEPOSITED UNDER
PARAGRAPH (2). BY DECEMBER 31, 2018, AND EACH DECEMBER 31

(B) PAYMENTS.--THE TRANSFER REQUIRED UNDER SUBSECTION (A) SHALL BE MADE BY SEPTEMBER 15, 2018, AND EACH SEPTEMBER 15 THEREAFTER.

SECTION 2414. PENALTIES.

THE FOLLOWING SHALL APPLY:

(1) A PERSON USING CONSUMER FIREWORKS IN VIOLATION OF THE PROVISIONS OF THIS ARTICLE COMMITS A SUMMARY OFFENSE AND, UPON CONVICTION, SHALL BE PUNISHED BY A FINE OF NOT MORE THAN $100.

(2) A PERSON SELLING CONSUMER FIREWORKS IN VIOLATION OF THE PROVISIONS OF THIS ACT COMMITS A MISDEMEANOR OF THE SECOND DEGREE.

(3) A PERSON SELLING DISPLAY FIREWORKS IN VIOLATION OF THE PROVISIONS OF THIS ACT COMMITS A FELONY OF THE THIRD DEGREE.

(4) A PERSON SELLING FEDERALLY ILLEGAL EXPLOSIVES SUCH AS DEVICES AS DESCRIBED IN 49 CFR 173.54 (RELATING TO FORBIDDEN EXPLOSIVES) OR THOSE DEVICES THAT HAVE NOT BEEN TESTED, APPROVED AND LABELED BY THE UNITED STATES DEPARTMENT
OF TRANSPORTATION, INCLUDING, BUT NOT LIMITED TO, THOSE
DEVICES COMMONLY REFERRED TO AS "M-80," "M-100,"
"BLOCKBUSTER," "CHERRY BOMB" OR "QUARTER OR HALF STICK"
EXPLOSIVE DEVICES, IN VIOLATION OF THE PROVISIONS OF THIS ACT
COMMENTS A FELONY OF THE THIRD DEGREE.

SECTION 2415. REMOVAL, STORAGE AND DESTRUCTION.

THE PENNSYLVANIA STATE POLICE, A SHERIFF OR POLICE OFFICER
SHALL TAKE, REMOVE OR CAUSE TO BE REMOVED AT THE EXPENSE OF THE
OWNER ALL STOCKS OF CONSUMER FIREWORKS OR DISPLAY FIREWORKS OR
COMBUSTIBLES OFFERED OR EXPOSED FOR SALE, STORED OR HELD IN
VIOLATION OF THIS ARTICLE. THE OWNER SHALL ALSO BE RESPONSIBLE
FOR THE STORAGE AND, IF DEEMED NECESSARY, THE DESTRUCTION OF
THOSE FIREWORKS.

SECTION 2416. TRANSITION.

A PERSON WHO, ON THE EFFECTIVE DATE OF THIS SECTION, HOLDS A
LICENSE UNDER THE ACT OF MAY 15, 1939 (P.L.134, NO.65), REFERRED
TO AS THE FIREWORKS LAW, MAY CONTINUE THE ACTIVITY PERMITTED BY
THE LICENSE FOR A PERIOD OF 90 DAYS FOLLOWING THE EFFECTIVE DATE
OF THIS SECTION OR THE DATE THE LICENSE EXPIRES BY THE TERMS OF
THE LICENSE, WHICHEVER IS SOONER. AFTER THE EXPIRATION OF THE
90-DAY PERIOD OR THE LICENSE, WHICHEVER IS SOONER, THE PERSON
MUST OBTAIN THE LICENSE REQUIRED UNDER THIS ARTICLE TO CONTINUE
THE PERMITTED ACTIVITY, IF APPLICABLE.

SECTION 44. SECTION 2702(A) AND (A.1)(2) OF THE ACT ARE
AMENDED TO READ:

SECTION 2702. PETITION FOR REASSESSMENT.
(A) GENERAL RULE.—A TAXPAYER MAY FILE A PETITION FOR
REASSESSMENT WITH THE DEPARTMENT WITHIN [90] 60 DAYS AFTER THE
MAILING DATE OF THE NOTICE OF ASSESSMENT.
(A.1) PETITION FOR REVIEW OF TAX ADJUSTMENT NOT RESULTING IN
20170HB0542PN2598
AN INCREASE IN LIABILITY.--

* * *

(2) A TAXPAYER MUST FILE A PETITION FOR REVIEW UNDER THIS SUBSECTION WITHIN [90] 60 DAYS OF THE MAILING DATE OF THE DEPARTMENT'S NOTICE OF ADJUSTMENT. A TAXPAYER'S FAILURE TO FILE A PETITION UNDER THIS SUBSECTION SHALL NOT PREJUDICE THE TAXPAYER'S RIGHT TO FILE A PETITION IN A SUBSEQUENT TAX YEAR.

* * *

SECTION 45. SECTION 2704(A) AND (B) OF THE ACT ARE AMENDED TO READ:

SECTION 2704. REVIEW BY BOARD.

(A) PETITION FOR REVIEW OF A DECISION AND ORDER.--WITHIN [90] 60 DAYS AFTER THE MAILING DATE OF THE DEPARTMENT'S NOTICE OF DECISION AND ORDER ON A PETITION FILED WITH IT, A TAXPAYER MAY PETITION THE BOARD TO REVIEW THE DECISION AND ORDER OF THE DEPARTMENT.

(B) PETITION FOR REVIEW OF DENIAL BY DEPARTMENT'S FAILURE TO ACT.--A PETITION FOR REVIEW MAY BE FILED WITH THE BOARD WITHIN [90] 60 DAYS AFTER THE MAILING DATE OF THE DEPARTMENT'S NOTICE TO THE PETITIONER OF ITS FAILURE TO DISPOSE OF THE PETITION WITHIN THE TIME PERIODS PRESCRIBED BY SECTION 2703(D) OR (E).

* * *

SECTION 45.1. THE ACT IS AMENDED BY ADDING AN ARTICLE TO READ:

ARTICLE XXVIII

TOBACCO MASTER SETTLEMENT PAYMENT REVENUE BONDS AND SALE OF REVENUE

SECTION 2801. DEFINITIONS.

THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE
"ACCOUNT." THE TOBACCO REVENUE BOND DEBT SERVICE ACCOUNT ESTABLISHED IN SECTION 2805.

"ANNUAL PAYMENT." A PAYMENT RECEIVED BY THE COMMONWEALTH UNDER SECTION IX(C)(1) OF THE MASTER SETTLEMENT AGREEMENT.

"AUTHORITY." THE COMMONWEALTH FINANCING AUTHORITY ESTABLISHED UNDER 64 PA.C.S. CH. 15 (RELATING TO COMMONWEALTH FINANCING AUTHORITY).

"EXECUTIVE DIRECTOR." THE EXECUTIVE DIRECTOR OF THE COMMONWEALTH FINANCING AUTHORITY.

"FINANCE." THE ISSUANCE OF REVENUE BONDS UTILIZING A PORTION OF ANNUAL PAYMENTS DUE TO THE COMMONWEALTH UNDER THE MASTER SETTLEMENT AGREEMENT.

"FUND." THE TOBACCO SETTLEMENT FUND.


"OFFICE." THE GOVERNOR'S OFFICE OF THE BUDGET.

"SALES AGREEMENT." A WRITTEN CONTRACT ENTERED INTO UNDER SECTION 2803.1 UNDER WHICH A PORTION OF THE REVENUE THE COMMONWEALTH WILL RECEIVE UNDER THE MASTER SETTLEMENT AGREEMENT IS SOLD.

"SECRETARY." THE SECRETARY OF THE BUDGET OF THE COMMONWEALTH.

"TOBACCO SETTLEMENT ACT." THE ACT OF JUNE 26, 2001 (P.L.755, NO.77), KNOWN AS THE TOBACCO SETTLEMENT ACT.

SECTION 2802. BOND ISSUANCE OR SALES AGREEMENT.
(A) DECLARATION OF POLICY.--THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

(1) THE COMMONWEALTH EXPERIENCED A REVENUE DEFICIT OF $1,106,700,308 IN GENERAL FUND REVENUE COLLECTIONS FOR FISCAL YEAR 2016-2017.

(2) THE COMMONWEALTH'S GENERAL FUND CONTINUES TO EXPERIENCE A STRUCTURAL DEFICIT WHERE ANNUAL EXPENDITURES EXCEED RECURRING REVENUE COLLECTIONS.

(3) THE GENERAL FUND FOR FISCAL YEAR 2016-2017 REVENUE SHORTFALL IN COMBINATION WITH THE STRUCTURAL DEFICIT, INCREASED EXPENDITURE NEEDS AND INCREASED TAX REFUNDS RESULTED IN A SIGNIFICANT NEGATIVE ENDING BALANCE IN THE GENERAL FUND OF APPROXIMATELY $1,539,000,000 FOR FISCAL YEAR 2016-2017.

(4) A SIGNIFICANT PORTION OF THE COMMONWEALTH'S GENERAL FUND ANNUAL EXPENDITURES ARE DEDICATED TO THE PROTECTION OF THE HEALTH, SAFETY AND GENERAL WELFARE OF THE PEOPLE OF THIS COMMONWEALTH AND THE FURTHERANCE OF ECONOMIC DEVELOPMENT AND EFFICIENCY WITHIN THIS COMMONWEALTH BY PROVIDING BASIC SERVICES AND FACILITIES.


(6) THE PROVISIONS OF 64 PA.C.S. CH. 15 (RELATING TO COMMONWEALTH FINANCING AUTHORITY) ARE ENTITLED TO LIBERAL CONSTRUCTION IN ORDER TO EFFECT LEGISLATIVE AND PUBLIC PURPOSES.
ONE OF THE STATED PURPOSES OF 64 PA.C.S. CH. 15 IS "TO PROTECT THE HEALTH, SAFETY AND GENERAL WELFARE OF THE PEOPLE OF THIS COMMONWEALTH AND TO FURTHER ENCOURAGE ECONOMIC DEVELOPMENT AND EFFICIENCY WITHIN THIS COMMONWEALTH BY PROVIDING BASIC SERVICES AND FACILITIES, IT IS NECESSARY TO PROVIDE ADDITIONAL OR ALTERNATE MEANS OF FINANCING INFRASTRUCTURE FACILITIES, TRANSPORTATION SYSTEMS, INDUSTRIAL PARKS, ENERGY CONVERSION FACILITIES, FACILITIES FOR THE FURNISHING OF ENERGY, WATER AND TELECOMMUNICATIONS, FACILITIES FOR THE COLLECTION OR TREATMENT OF WASTEWATER AND STORM WATER, TOURISM, PARKING FACILITIES, HEALTH CARE FACILITIES AND OTHER BASIC SERVICE AND RELATED FACILITIES WHICH ARE CONDUCIVE TO ECONOMIC ACTIVITY WITHIN THIS COMMONWEALTH" UNDER 64 PA.C.S. § 1503(6) (RELATING TO FINDINGS AND DECLARATION OF POLICY).

THE TOBACCO SETTLEMENT FUND IS A SPECIAL REVENUE FUND ESTABLISHED FOR THE PURPOSE OF PROVIDING FUNDING FOR VARIOUS COMMONWEALTH PROGRAMS.


AUTHORITY.--NOTWITHSTANDING ANY OTHER LAW, THE AUTHORITY IS AUTHORIZED TO ENTER INTO A SALES AGREEMENT ON BEHALF OF THE COMMONWEALTH OR TO ISSUE BONDS, THE PROCEEDS OF EITHER OF WHICH
SHALL BE DEPOSITED IN THE GENERAL FUND TO PROVIDE GENERAL FUND
BUDGETARY RELIEF NECESSARY FOR THE PROTECTION OF THE HEALTH,
SAFETY AND GENERAL WELFARE OF THE PEOPLE OF THIS COMMONWEALTH
AND THE FURTHERANCE OF ECONOMIC DEVELOPMENT AND EFFICIENCY
WITHIN THIS COMMONWEALTH BY PROVIDING BASIC SERVICES AND
FACILITIES.

(C) DUTY.--THE AUTHORITY SHALL ISSUE BONDS UNDER SECTION
2803 OR ENTER INTO A SALES AGREEMENT UNDER SECTION 2803.1. AN
ISSUANCE OR SALE UNDER THIS ARTICLE SHALL BE UNDERTAKEN IN A
MANNER CONSISTENT WITH THE BEST INTEREST OF THE COMMONWEALTH AND
IN A WAY THAT PROVIDES THE GREATEST VALUE TO TAXPAYERS AND
FURthers THE PURPOSES OF THIS ARTICLE.

(D) PROCEDURES FOR SALE.--A SALE UNDER THIS ARTICLE SHALL BE
IN ACCORDANCE WITH THE FOLLOWING:

(1) NO LATER THAN 45 DAYS AFTER THE EFFECTIVE DATE OF
THIS SECTION, THE EXECUTIVE DIRECTOR SHALL ACCEPT STATEMENTS
OF QUALIFICATIONS AND EXPRESSIONS OF INTEREST FROM PERSONS IN
RELATION TO A SALE UNDER THIS ARTICLE. THE EXECUTIVE DIRECTOR
MAY SPECIFY A UNIFORM FORMAT FOR STATEMENTS OF QUALIFICATIONS
AND REQUIRED INFORMATION. PERSONS MAY AMEND THESE STATEMENTS
AT ANY TIME BY FILING A NEW STATEMENT.

(2) THE EXECUTIVE DIRECTOR OR A DESIGNEE OF THE
EXECUTIVE DIRECTOR MAY CONDUCT DISCUSSIONS WITH ANY
RESPONSIBLE OFFEROR TO DETERMINE THE OFFEROR'S QUALIFICATIONS
FOR FURTHER CONSIDERATION. DISCUSSIONS SHALL NOT DISCLOSE ANY
INFORMATION DERIVED FROM PROPOSALS SUBMITTED BY OTHER
OFFERORS.

(3) THE STATE EMPLOYEES RETIREMENT SYSTEM AND THE PUBLIC
SCHOOL EMPLOYEES RETIREMENT SYSTEM MAY EACH SUBMIT TO THE
EXECUTIVE DIRECTOR A STATEMENT OF QUALIFICATION AND
EXPRESSION OF INTEREST UNDER PARAGRAPH (1).

(4) AN AWARD TO ENTER INTO A SALES AGREEMENT UNDER THIS
ARTICLE SHALL BE MADE TO THE RESPONSIBLE OFFEROR DETERMINED
IN WRITING BY THE AUTHORITY TO BE BEST QUALIFIED BASED ON THE
EVALUATION FACTORS SET FORTH IN THE REQUEST FOR PROPOSALS.
THE PROVISIONS OF 64 PA.C.S. § 1512(D)(1) SHALL APPLY TO A
DECISION TO AWARD UNDER THIS PARAGRAPH. IF TERMS CANNOT BE
AGREED UPON WITH THE BEST QUALIFIED RESPONSIBLE OFFEROR,
NEGOTIATIONS WILL BE FORMALLY TERMINATED WITH THE OFFEROR. IF
PROPOSALS WERE SUBMITTED BY ONE OR MORE OTHER RESPONSIBLE
OFFERORS, NEGOTIATIONS MAY BE CONDUCTED WITH THE OTHER
RESPONSIBLE OFFEROR OR RESPONSIBLE OFFERORS IN THE ORDER OF
THEIR RESPECTIVE QUALIFICATION RANKING. THE SALES AGREEMENT
MAY BE ENTERED INTO WITH THE RESPONSIBLE OFFEROR THEN RANKED
AS BEST QUALIFIED IF THE AMOUNT OF COMPENSATION IS DETERMINED
TO BE FAIR AND REASONABLE.

(E) DEBT OR LIABILITY.--

(1) BONDS ISSUED OR A SALES AGREEMENT ENTERED INTO UNDER
THIS ARTICLE SHALL NOT BE A DEBT OR LIABILITY OF THE
COMMONWEALTH AND SHALL NOT CREATE OR CONSTITUTE AN
INDEBTEDNESS, LIABILITY OR OBLIGATION OF THE COMMONWEALTH.

(2) BOND OBLIGATIONS OR OBLIGATIONS UNDER A SALES
AGREEMENT SHALL BE PAYABLE SOLELY FROM REVENUES OR FUNDS
PLEDGED OR AVAILABLE FOR REPAYMENT OR PAYMENT AS AUTHORIZED
UNDER THIS ARTICLE.

(3) EACH BOND MUST CONTAIN ON ITS FACE A STATEMENT THAT:
(I) THE AUTHORITY IS OBLIGATED TO PAY THE PRINCIPAL
OF OR INTEREST ON THE BONDS ONLY FROM THE REVENUES OR
FUNDS PLEDGED OR AVAILABLE FOR REPAYMENT AS AUTHORIZED
UNDER THIS ARTICLE.
(II) THE COMMONWEALTH SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS.

(III) THE FULL FAITH AND CREDIT OF THE COMMONWEALTH IS NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS.

(4) EACH SALES AGREEMENT UNDER THIS ARTICLE MUST CONTAIN A STATEMENT THAT:

(I) THE AUTHORITY IS OBLIGATED TO PAY THE PORTION OF THE REVENUE THE COMMONWEALTH WILL RECEIVE UNDER THE MASTER SETTLEMENT AGREEMENT ONLY FROM THE REVENUES OR FUNDS IDENTIFIED OR AVAILABLE FOR PAYMENT AS AUTHORIZED UNDER THIS ARTICLE.

(II) THE COMMONWEALTH SHALL NOT BE OBLIGATED TO PAY ANY AMOUNT PROVIDED IN THE SALES AGREEMENT.

(III) THE FULL FAITH AND CREDIT OF THE COMMONWEALTH IS NOT PLEDGED TO THE PAYMENT OF ANY AMOUNT PROVIDED IN THE SALES AGREEMENT.

SECTION 2803. LIMITATIONS ON BOND ISSUANCE.

(A) MAXIMUM PRINCIPAL AMOUNT.--IF THE AUTHORITY ISSUES BONDS UNDER THIS ARTICLE, THE AUTHORITY MAY ISSUE BONDS IN A MAXIMUM AGGREGATE PRINCIPAL AMOUNT SUFFICIENT TO RAISE NET PROCEEDS OF $1,500,000,000.

(B) LIMITATION.--THE AUTHORITY SHALL NOT ISSUE ANY BONDS UNDER THIS ARTICLE, EXCEPT REFUNDING BONDS, AFTER JUNE 30, 2018. THE AUTHORITY, IN CONSULTATION WITH THE OFFICE, SHALL DETERMINE THE PRINCIPAL AMOUNTS OF TAXABLE BONDS AND TAX-EXEMPT BONDS TO BE ISSUED DURING FISCAL YEAR 2017-2018.

(C) REFUNDING BONDS.--NOTWITHSTANDING ANY OTHER LIMITATION, THE AUTHORITY, AT THE REQUEST OF THE SECRETARY, MAY ISSUE REFUNDING BONDS AT ANY TIME WHILE BONDS ISSUED UNDER THIS
ARTICLE ARE OUTSTANDING, PROVIDED THAT THE FINAL MATURITY OF A
SERIES OF BONDS BEING REFUNDED SHALL NOT BE EXTENDED.

(D) INTEREST.--INTEREST ON BONDS ISSUED UNDER THIS ARTICLE
AND REFUNDING BONDS AUTHORIZED UNDER THIS SECTION SHALL BE
PAYABLE AT THE TIME OR TIMES THE AUTHORITY DETERMINES IN THE
RESOLUTION AUTHORIZING THE BONDS AND, EXCEPT AS PROVIDED UNDER
SUBSECTION (E), SHALL OTHERWISE BE SUBJECT TO THE OTHER
PROVISIONS OF 64 PA.C.S. CH. 15 (RELATING TO COMMONWEALTH
FINANCING AUTHORITY). INTEREST MAY BE CAPITALIZED FOR A PERIOD
NOT TO EXCEED TWO YEARS.

(E) DEBT LIMITATIONS.--THE AGGREGATE PRINCIPAL AMOUNT OF
BONDS SPECIFIED IN THIS SECTION SHALL NOT BE SUBJECT TO THE DEBT
LIMITATIONS SPECIFIED IN 64 PA.C.S. § 1543 (RELATING TO
INDEBTEDNESS).

(F) TERM OF BONDS.--THE TERM OF THE BONDS ISSUED UNDER THIS
ARTICLE MAY NOT EXCEED 30 YEARS.

SECTION 2803.1. LIMITATIONS ON SALES AGREEMENT.

(A) MAXIMUM AMOUNT.--IF THE AUTHORITY ENTERS INTO A SALES
AGREEMENT UNDER THIS ARTICLE, THE AUTHORITY MAY ENTER INTO A
SALES AGREEMENT TO SELL A PORTION OF THE REVENUE THE
COMMONWEALTH WILL RECEIVE UNDER THE MASTER SETTLEMENT AGREEMENT
IN A MAXIMUM AGGREGATE AMOUNT SUFFICIENT TO RAISE NET PROCEEDS
OF $1,500,000,000 DURING THE 2017-2018 FISCAL YEAR.

(B) LIMITATION.--THE AUTHORITY SHALL NOT ENTER INTO AN
AGREEMENT UNDER THIS ARTICLE AFTER JUNE 30, 2018.

(C) TERMS OF AGREEMENT.--THE SALES AGREEMENT MAY NOT PROVIDE
FOR A SALE OF REVENUE IN EXCESS OF 10 YEARS WORTH OF PAYMENTS
RECEIVED BY THE COMMONWEALTH UNDER THE MASTER SETTLEMENT
AGREEMENT. NO PAYMENTS FROM THE MASTER SETTLEMENT AGREEMENT MAY
BE REQUIRED UNDER THE SALES AGREEMENT BEFORE JULY 1, 2018.

20170HB0542PN2598 - 278 -
SECTION 2804. FINANCE PLEDGE.

(A) ANNUAL PAYMENTS FOR BOND ISSUANCE.--

(1) FOR A BOND ISSUANCE UNDER THIS ARTICLE, ANNUAL
PAYMENTS RECEIVED UNDER THE MASTER SETTLEMENT AGREEMENT ARE
PLEDGED BY THE COMMONWEALTH IN THE AMOUNT CERTIFIED BY THE
SECRETARY UNDER PARAGRAPH (2) FOR PAYMENT OF PRINCIPAL AND
INTEREST FOR BONDS ISSUED BY THE AUTHORITY UNDER THIS
ARTICLE.

(2) THE SECRETARY SHALL CERTIFY THE AMOUNT OF ANNUAL
PAYMENTS TO BE PLEDGED FOR PAYMENT OF PRINCIPAL AND INTEREST
FOR THE BONDS ISSUED BY THE AUTHORITY UNDER THIS ARTICLE
WITHIN 30 DAYS OF THE CLOSING DATE OF THE BOND TRANSACTION.
THE CERTIFICATION SHALL BE PUBLISHED AS A NOTICE IN THE
PENNSYLVANIA BULLETIN.

(B) ANNUAL PAYMENTS FOR SALES AGREEMENT.--

(1) ANNUAL PAYMENTS RECEIVED UNDER THE MASTER SETTLEMENT
AGREEMENT ARE PLEDGED BY THE COMMONWEALTH IN THE AMOUNT
PROVIDED IN THE SALES AGREEMENT ENTERED INTO BY THE AUTHORITY
UNDER THIS ARTICLE.

(2) THE SECRETARY SHALL CERTIFY THE AMOUNT OF ANNUAL
PAYMENTS UNDER THE MASTER SETTLEMENT AGREEMENT TO BE PLEDGED
FOR PAYMENT UNDER THE SALES AGREEMENT ENTERED INTO BY THE
AUTHORITY UNDER THIS ARTICLE WITHIN 30 DAYS OF THE EFFECTIVE
DATE OF THE SALES AGREEMENT. THE CERTIFICATION SHALL BE
PUBLISHED AS A NOTICE IN THE PENNSYLVANIA BULLETIN.

(C) GENERAL REVENUES.--

(1) FOR A BOND ISSUANCE, THE COMMONWEALTH MAY PLEDGE
REVENUES COLLECTED BY THE COMMONWEALTH UNDER ARTICLE II FOR
THE PAYMENT OF PRINCIPAL AND INTEREST FOR THE BONDS ISSUED BY
THE AUTHORITY UNDER THIS ARTICLE. A PLEDGE MADE UNDER THIS
SUBSECTION SHALL BE SUBORDINATE TO THE PLEDGE OF ARTICLE II
REVENUES MADE BEFORE THE EFFECTIVE DATE OF THIS SECTION FOR
OUTSTANDING INDEBTEDNESS OF THE AUTHORITY.

(2) THE SECRETARY SHALL CERTIFY THE MAXIMUM ANNUAL
AMOUNT OF GENERAL REVENUES TO BE PLEDGED TO SUPPLEMENT
AMOUNTS PLEDGED UNDER SUBSECTION (A) FOR PAYMENT OF PRINCIPAL
AND INTEREST FOR BONDS ISSUED BY THE AUTHORITY UNDER THIS
ARTICLE WITHIN 30 DAYS OF THE CLOSING DATE OF THE BOND
TRANSACTION. THE CERTIFICATION SHALL BE PUBLISHED AS A NOTICE
IN THE PENNSYLVANIA BULLETIN.

SECTION 2805. TOBACCO REVENUE BOND DEBT SERVICE ACCOUNT.

(A) ESTABLISHMENT.--THERE IS ESTABLISHED IN THE STATE
TREASURY A RESTRICTED ACCOUNT IN THE GENERAL FUND TO BE KNOWN AS
THE TOBACCO REVENUE BOND DEBT SERVICE ACCOUNT.

(B) ANNUAL PAYMENTS.--THE AMOUNT OF EACH ANNUAL PAYMENT
RECEIVED UNDER THE MASTER SETTLEMENT AGREEMENT AND PLEDGED BY
THE COMMONWEALTH UNDER SECTION 2804 AND CERTIFIED BY THE
SECRETARY FOR THE PAYMENT OF PRINCIPAL AND INTEREST FOR BONDS
ISSUED UNDER THIS ARTICLE SHALL BE DEPOSITED IN THE ACCOUNT UPON
RECEIPT OF EACH ANNUAL PAYMENT.

(C) GENERAL REVENUE.--GENERAL REVENUES PLEDGED BY THE
COMMONWEALTH IN SECTION 2804 AND CERTIFIED BY THE SECRETARY FOR
THE PAYMENT OF PRINCIPAL AND INTEREST FOR BONDS ISSUED UNDER
THIS ARTICLE SHALL BE DEPOSITED IN THE ACCOUNTS IN AMOUNTS
DETERMINED BY THE SECRETARY.

(D) PAYMENTS ON BONDS.--PAYMENTS OF PRINCIPAL AND INTEREST
DUE ON THE BONDS SHALL BE MADE FROM THE ACCOUNT.

SECTION 2806. SERVICE AGREEMENT FOR BOND ISSUANCE AUTHORIZED.

(A) AUTHORIZATION.--FOR A BOND ISSUANCE UNDER THIS ARTICLE,
SERVICE AGREEMENT TO EFFECTUATE THE PURPOSES OF THIS ARTICLE, INCLUDING AN AGREEMENT TO SECURE BONDS ISSUED UNDER THIS ARTICLE, UNDER WHICH THE SECRETARY SHALL AGREE TO PAY SERVICE CHARGES TO THE AUTHORITY IN EACH FISCAL YEAR THAT THE BONDS OR REFUNDING BONDS ARE OUTSTANDING IN AMOUNTS SUFFICIENT TO TIMELY PAY IN FULL THE DEBT SERVICE AND ANY OTHER FINANCING COSTS DUE ON THE BONDS ISSUED UNDER THIS ARTICLE.

(B) PAYMENT OF SERVICE CHARGES.—THE OFFICE'S PAYMENT OF ANY SERVICE CHARGES SHALL BE SUBJECT TO AND DEPENDENT UPON APPROVAL BY THE AUTHORITY AND THE APPROPRIATION OF FUNDS BY THE GENERAL ASSEMBLY TO THE OFFICE FOR PAYMENT OF ANY SERVICE CHARGES.

(C) AMENDMENT OF AGREEMENT.—THE SERVICE AGREEMENT MAY BE AMENDED OR SUPPLEMENTED BY THE AUTHORITY AND THE OFFICE IN CONNECTION WITH THE ISSUANCE OF A SERIES OF BONDS OR REFUNDING BONDS AUTHORIZED IN THIS SECTION.

SECTION 2806.1. SERVICE AGREEMENT FOR SALES AGREEMENT AUTHORIZED.

(A) AUTHORIZATION.—FOR A SALES AGREEMENT UNDER THIS ARTICLE, THE AUTHORITY AND THE OFFICE MAY ENTER INTO AN AGREEMENT OR SERVICE AGREEMENT TO EFFECTUATE THE PURPOSES OF THIS ARTICLE, INCLUDING A DIRECTION TO THE SECRETARY TO PAY ALL OR A SPECIFIED PORTION OF THE TOBACCO SETTLEMENT REVENUES DIRECTLY TO A PERSON WHO HAS ENTERED INTO A SALES AGREEMENT UNDER THIS ARTICLE.

(B) PAYMENT OF SERVICE CHARGES.—THE OFFICE'S PAYMENT OF ANY SERVICE CHARGES SHALL BE SUBJECT TO AND DEPENDENT UPON APPROVAL BY THE AUTHORITY AND THE APPROPRIATION OF FUNDS BY THE GENERAL ASSEMBLY TO THE OFFICE FOR PAYMENT OF ANY SERVICE CHARGES.

(C) AMENDMENT OF AGREEMENT.—THE SERVICE AGREEMENT MAY BE AMENDED OR SUPPLEMENTED BY THE AUTHORITY AND THE OFFICE IN
SECTION 2807. SUBMISSION OF SALES AGREEMENT.


SECTION 2808. DEPOSIT OF PROCEEDS.

THE NET PROCEEDS OF A SALES AGREEMENT ENTERED INTO OR BONDS ISSUED UNDER THIS ARTICLE, OTHER THAN REFUNDING BONDS, EXCLUSIVE OF COSTS OF ISSUANCE, RESERVES AND OTHER FINANCING CHARGES, SHALL BE TRANSFERRED BY THE AUTHORITY TO THE STATE TREASURER FOR DEPOSIT INTO THE GENERAL FUND AND SHALL BE AVAILABLE FOR EXPENDITURE AS PROVIDED IN THIS ARTICLE IN ACCORDANCE WITH APPROPRIATIONS BY THE GENERAL ASSEMBLY.

SECTION 2809. LIMITATION ON APPROPRIATIONS.

THE AMOUNT OF ANNUAL PAYMENTS FROM THE MASTER SETTLEMENT AGREEMENT THAT ARE PLEDGED AND CERTIFIED BY THE SECRETARY UNDER SECTION 2804 FOR THE PAYMENT OF PRINCIPAL AND INTEREST FOR BONDS ISSUED UNDER THIS ARTICLE OR FOR PAYMENTS REQUIRED UNDER A SALES AGREEMENT UNDER THIS ARTICLE SHALL NOT BE SUBJECT TO APPROPRIATION UNDER SECTION 1713-A.1 OF THE ACT OF APRIL 9, 1929 (P.L.343, NO.176), KNOWN AS THE FISCAL CODE.

SECTION 46. IF ALL OR A PART OF THE NET LOSS DEDUCTION UNDER SECTION 401(3)4(C) OF THE ACT HAS BEEN DEEMED UNCONSTITUTIONAL AS A RESULT OF A DECISION BY THE PENNSYLVANIA SUPREME COURT, THE SECRETARY OF REVENUE SHALL SUBMIT A NOTICE OF THE DECISION FOR PUBLICATION IN THE PENNSYLVANIA BULLETIN.
SECTION 47. THIS ACT SHALL APPLY AS FOLLOWS:

(1) THE FOLLOWING SHALL APPLY:

(I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II), SECTIONS 213.2, 213.4 AND 213.5 OF THE ACT SHALL APPLY TO TRANSACTIONS THAT OCCUR AFTER MARCH 31, 2018.

(II) SECTIONS 213.2, 213.4 AND 213.5 OF THE ACT, AS THEY RELATE TO TANGIBLE PERSONAL PROPERTY DESCRIBED IN SECTION 201(M)(2), SHALL APPLY TO TRANSACTIONS THAT OCCUR AFTER MARCH 31, 2019.

(2) THE AMENDMENT OR ADDITION OF THE FOLLOWING PROVISIONS OF THE ACTS SHALL APPLY TO PETITIONS FOR REFUNDS, PETITIONS FOR REASSESSMENTS AND PETITIONS FOR REDETERMINATIONS FILED WITH THE DEPARTMENT ON OR AFTER 60 DAYS FROM THE EFFECTIVE DATE OF THIS SECTION:

(I) SECTION 2702(A) AND (A.1)(2).

(II) SECTION 2704(A) AND (B).

SECTION 48. REPEALS ARE AS FOLLOWS:

(1) THE GENERAL ASSEMBLY DECLARES THAT THE REPEAL UNDER PARAGRAPH (2) IS NECESSARY TO EFFECTUATE THE ADDITION OF SUBARTICLE E OF ARTICLE XVII-D.

(2) 12 PA.C.S. CH. 33 IS REPEALED.

(3) THE GENERAL ASSEMBLY DECLARES THAT THE REPEAL UNDER PARAGRAPH (4) IS NECESSARY TO EFFECTUATE THE ADDITION OF ARTICLE XXIV OF THE ACT.

(4) THE ACT OF MAY 15, 1939 (P.L.134, NO.65), REFERRED TO AS THE FIREWORKS LAW, IS REPEALED.

SECTION 49. THIS ACT SHALL TAKE EFFECT AS FOLLOWS:

(1) THE FOLLOWING PROVISIONS SHALL TAKE EFFECT IN 60 DAYS:

(I) THE AMENDMENT OR ADDITION OF SECTIONS 312, 316,
316.1, 316.2, 317, 317.1, 317.2, 318, 318.1, 319, 319.1, 320, 320.1, 321.2, THE HEADING OF PART VII-A OF ARTICLE III, 324.1(C), 324.2, 324.4, 324.5, 335(F) AND 352(F), (H) AND (J) OF THE ACT.

(I.1) THE ADDITION OF SECTION 401(3)4(C.1) OF THE ACT.

(II) THE ADDITION OF PART IV-A OF ARTICLE IV OF THE ACT.

(II.1) THE ADDITION OF ARTICLE XVII-A.1 OF THE ACT.

(III) THE ADDITION OF THE DEFINITIONS OF "DETERIORATED PROPERTY" AND "FILM PRODUCTION TAX CREDIT DISTRICT" IN SECTION 1711-D OF THE ACT.

(IV) THE ADDITION OF SECTION 1712-D(B.1) OF THE ACT.

(V) THE ADDITION OF SECTION 1716.2-D OF THE ACT.

(VI) THE DEFINITION OF "QUALIFIED TAX LIABILITY" IN SECTION 1702-G OF THE ACT.

(2) THE FOLLOWING PROVISIONS SHALL TAKE EFFECT IN 365 DAYS:

(I) (RESERVED).

(II) THE ADDITION OF SECTION 1904.3-B OF THE ACT.


(4) (RESERVED).

(5) AS FOLLOWS:

(I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II), SECTIONS 213.2, 213.4 AND 213.5 OF THE ACT SHALL TAKE EFFECT FEBRUARY 1, 2018.

(II) SECTIONS 213.2, 213.4 AND 213.5 OF THE ACT, AS
THEY RELATE TO TANGIBLE PERSONAL PROPERTY DESCRIBED IN SECTION 201(M)(2), SHALL TAKE EFFECT FEBRUARY 1, 2019.

(6) THE FOLLOWING PROVISIONS SHALL TAKE EFFECT IMMEDIATELY:

(I) THIS SECTION.

(II) THE REMAINDER OF THIS ACT.