

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1347 Session of 2011

INTRODUCED BY REESE, EVANKOVICH, KRIEGER, DUNBAR, AUMENT, BAKER, BLOOM, BOYD, BROOKS, CAUSER, CHRISTIANA, CLYMER, COX, CREIGHTON, CUTLER, DAY, DELOZIER, DENLINGER, GABLER, GINGRICH, GRELL, GROVE, HELM, HUTCHINSON, KAUFFMAN, KILLION, MAJOR, MARSHALL, METCALFE, METZGAR, MILLARD, MILLER, MILNE, MOUL, MURT, OBERLANDER, PEIFER, PETRARCA, PICKETT, PYLE, QUIGLEY, RAPP, REED, REICHLEY, ROAE, ROCK, SACCONI, SAYLOR, SCAVELLO, SCHRODER, SIMMONS, SONNEY, STERN, STEVENSON, TALLMAN, TURZAI, VEREB, VULAKOVICH, WATSON AND GIBBONS, APRIL 13, 2011

REFERRED TO COMMITTEE ON FINANCE, APRIL 13, 2011

AN ACT

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

12 The General Assembly of the Commonwealth of Pennsylvania  
 13 hereby enacts as follows:

14 Section 1. Section 401(3)4(c) of the act of March 4, 1971  
 15 (P.L.6, No.2), known as the Tax Reform Code of 1971, amended  
 16 October 9, 2009 (P.L.451, No.48), is amended to read:

17 Section 401. Definitions.--The following words, terms, and  
 18 phrases, when used in this article, shall have the meaning

1 ascribed to them in this section, except where the context  
2 clearly indicates a different meaning:

3 \* \* \*

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

5 4. \* \* \*

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

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

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

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

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

21 (V) For taxable years beginning after December 31, 2010, the  
22 greater of twenty per cent of taxable income as determined under  
23 subclause 1 or, if applicable, subclause 2 or five million  
24 dollars (\$5,000,000);

25 (VI) For taxable years beginning after December 31, 2011,  
26 the greater of twenty per cent of taxable income as determined  
27 under subclause 1 or, if applicable, subclause 2 or seven  
28 million dollars (\$7,000,000);

29 (VII) For taxable years beginning after December 31, 2012,  
30 the greater of twenty per cent of taxable income as determined

1 under subclause 1 or, if applicable, subclause 2 or ten million  
2 dollars (\$10,000,000); or  
3 (VIII) For taxable years beginning after December 31, 2013,  
4 taxable income as determined under subclause 1 or, if  
5 applicable, subclause 2; or

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

9 (1.1) In no event shall the net loss deduction include more  
10 than five hundred thousand dollars (\$500,000), in the aggregate,  
11 of net losses from taxable years 1988 through 1994.

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

14	Taxable Year	Carryover
15	1981	1 taxable year
16	1982	2 taxable years
17	1983-1987	3 taxable years
18	1988	2 taxable years plus 1
19		taxable year starting
20		with the 1995 taxable
21		year
22	1989	1 taxable year plus 2
23		taxable years starting
24		with the 1995 taxable
25		year
26	1990-1993	3 taxable years starting
27		with the 1995 taxable
28		year
29	1994	1 taxable year
30	1995-1997	10 taxable years

1                   1998 and thereafter           20 taxable years

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

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

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

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

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

20       (V)   The greater of twenty per cent of taxable income as  
21 determined under subclause 1 or, if applicable, subclause 2 or  
22 five million dollars (\$5,000,000) for taxable years beginning  
23 after December 31, 2010.

24       (VI)  The greater of twenty per cent of taxable income as  
25 determined under subclause 1 or, if applicable, subclause 2 or  
26 seven million dollars (\$7,000,000) for taxable years beginning  
27 after December 31, 2011.

28       (VII) The greater of twenty per cent of taxable income as  
29 determined under subclause 1 or, if applicable, subclause 2 or  
30 ten million dollars (\$10,000,000) for taxable years beginning

1 after December 31, 2012.

2 (VIII) For taxable years beginning after December 31, 2013,  
3 taxable income as determined under subclause 1 or, if  
4 applicable, subclause 2.

5 \* \* \*

6 Section 2. This act shall take effect immediately.