

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1707 Session of  
1995

INTRODUCED BY DeLUCA, GIGLIOTTI, COWELL, TRELLO, BELFANTI,  
TRICH, COLAIZZO, VAN HORNE, FAJT, MELIO, TRAVAGLIO,  
TANGRETTI, SAINATO, LaGROTTA, PETRARCA, GEORGE, READSHAW,  
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COLAFELLA, DERMODY, WALKO, YEWIC, RAMOS, JAMES, RICHARDSON,  
LAUGHLIN AND MARKOSEK, JUNE 7, 1995

REFERRED TO COMMITTEE ON FINANCE, JUNE 7, 1995

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," further providing for the imposition of personal  
11 income tax and for the imposition of corporate net income  
12 tax; and repealing the tax on annuity considerations.

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

15 Section 1. Section 302 of the act of March 4, 1971 (P.L.6,  
16 No.2), known as the Tax Reform Code of 1971, added August 4,  
17 1991 (P.L.97, No.22), is amended to read:

18 Section 302. Imposition of Tax.--(a) Every resident  
19 individual, estate or trust shall be subject to, and shall pay  
20 for the privilege of receiving each of the classes of income  
21 hereinafter enumerated in section 303, a tax upon each dollar of

1 income received by that resident during that resident's taxable  
2 year at the following rates:

3 (1) Two and one-tenth per cent for taxable years commencing  
4 with or within calendar year 1987 through the first half of the  
5 taxable year commencing with or within calendar year 1991.

6 (2) Two and eight-tenths per cent for the second half of the  
7 taxable year commencing with or within calendar year 1991  
8 through the taxable year commencing with or within calendar year  
9 1995.

10 (2.1) Two and six-tenths per cent for the taxable year  
11 commencing with or within calendar year 1996 and each taxable  
12 year thereafter.

13 (3) A temporary assessment equal to an additional three-  
14 tenths per cent for the second half of the taxable year  
15 commencing with or within calendar year 1991 through the first  
16 half of the taxable year commencing with or within calendar year  
17 1992.

18 (b) Every nonresident individual, estate or trust shall be  
19 subject to, and shall pay for the privilege of receiving each of  
20 the classes of income hereinafter enumerated in section 303 from  
21 sources within this Commonwealth, a tax upon each dollar of  
22 income received by that nonresident during that nonresident's  
23 taxable year at the following rates:

24 (1) Two and one-tenth per cent for taxable years commencing  
25 with or within calendar year 1987 through the first half of the  
26 taxable year commencing with or within calendar year 1991.

27 (2) Two and eight-tenths per cent for the second half of the  
28 taxable year commencing with or within calendar year 1991  
29 through the taxable year commencing with or within calendar year  
30 1995.

1     (2.1) Two and six-tenths per cent for the taxable year  
2     commencing with or within calendar year 1996 and each taxable  
3     year thereafter.

4     (3) A temporary assessment equal to an additional three-  
5     tenths per cent for the second half of the taxable year  
6     commencing with or within calendar year 1991 through the first  
7     half of the taxable year commencing with or within calendar year  
8     1992.

9     Section 2. Section 402 of the act, amended June 16, 1994  
10    (P.L.279, No.48), is amended to read:

11    Section 402. Imposition of Tax.--Every corporation shall be  
12    subject to, and shall pay for the privilege of (i) doing  
13    business in this Commonwealth; or (ii) carrying on activities in  
14    this Commonwealth; (iii) having capital or property employed or  
15    used in this Commonwealth; or (iv) owning property in this  
16    Commonwealth, by or in the name of itself, or any person,  
17    partnership, association, limited partnership, joint-stock  
18    association, or corporation, a State excise tax at the rate of  
19    twelve per cent per annum upon each dollar of taxable income of  
20    such corporation received by, and accruing to, such corporation  
21    during the calendar year 1971 and the first six months of 1972  
22    and at the rate of eleven per cent per annum upon each dollar of  
23    taxable income of such corporation received by, and accruing to,  
24    such corporation during the second six months of calendar year  
25    1972 through the calendar year 1973 and at the rate of nine and  
26    one-half per cent per annum upon each dollar of taxable income  
27    of such corporation received by, and accruing to, such  
28    corporation during the calendar years 1974, 1975 and 1976 and at  
29    the rate of ten and one-half per cent per annum upon each dollar  
30    of taxable income of such corporation received by, and accruing

1 to, such corporation during the calendar year 1977 through the  
2 calendar year 1984 and at the rate of nine and one-half per cent  
3 per annum upon each dollar of taxable income of such corporation  
4 received by and accruing to such corporation during the calendar  
5 year 1985 through calendar year 1986 and at the rate of eight  
6 and one-half per cent per annum upon each dollar of taxable  
7 income of such corporation received by and accruing to such  
8 corporation during the calendar year 1987 through the calendar  
9 year 1990 and at the rate of ten and one-half per cent per annum  
10 upon each dollar of taxable income of such corporation received  
11 by and accruing to such corporation during calendar year 1991  
12 through the calendar year [1996] 1994 and at the rate of nine  
13 and ninety-nine hundredths per cent per annum upon each dollar  
14 of taxable income of such corporation received by and accruing  
15 to such corporation during the calendar year [1997] 1995 and  
16 during each calendar year thereafter, with an additional surtax  
17 equal to one and seventy-five hundredths per cent per annum upon  
18 each dollar of taxable income of such corporation received by  
19 and accruing to such corporation during calendar year 1991 and  
20 through calendar year 1993 and with an additional surtax equal  
21 to one and forty-nine hundredths per cent per annum upon each  
22 dollar of taxable income of such corporation received by and  
23 accruing to such corporation during calendar year 1994 and with  
24 [an additional surtax equal to forty-nine hundredths per cent  
25 per annum upon each dollar of taxable income of such corporation  
26 received by and accruing to such corporation during calendar  
27 year 1995 and with an additional surtax equal to one-quarter of  
28 one per cent per annum upon each dollar of taxable income of  
29 such corporation received by and accruing to such corporation  
30 during calendar year 1996 and with] no surtax during calendar

1 year [1997] 1995 and each calendar year thereafter, except where  
2 a corporation reports to the Federal Government on the basis of  
3 a fiscal year, and has certified such fact to the department as  
4 required by section 403 of this article, in which case, such  
5 tax, at the rate of twelve per cent, shall be levied, collected,  
6 and paid upon all taxable income received by, and accruing to,  
7 such corporation during the first six months of the fiscal year  
8 commencing in the calendar year 1972 and at the rate of eleven  
9 per cent, shall be levied, collected, and paid upon all taxable  
10 income received by, and accruing to, such corporation during the  
11 second six months of the fiscal year commencing in the calendar  
12 year 1972 and during the fiscal year commencing in the calendar  
13 year 1973 and at the rate of nine and one-half per cent, shall  
14 be levied, collected, and paid upon all taxable income received  
15 by, and accruing to, such corporation during the fiscal year  
16 commencing in the calendar years 1974, 1975 and 1976 and at the  
17 rate of ten and one-half per cent, shall be levied, collected,  
18 and paid upon all taxable income received by, and accruing to,  
19 such corporation during the fiscal year commencing in the  
20 calendar year 1977 through the fiscal year commencing in 1984  
21 and at the rate of nine and one-half per cent, shall be levied,  
22 collected, and paid upon all taxable income received by and  
23 accruing to such corporation during the fiscal year commencing  
24 in 1985 through the fiscal year commencing in 1986 and at the  
25 rate of eight and one-half per cent per annum upon each dollar  
26 of taxable income of such corporation received by and accruing  
27 to such corporation during the fiscal year commencing in 1987  
28 through the fiscal year commencing in 1990 and at the rate of  
29 ten and one-half per cent per annum upon each dollar of taxable  
30 income of such corporation received by and accruing to such

1 corporation during the fiscal year commencing in 1991 through  
2 the fiscal year commencing in [1996] 1994 and at the rate of  
3 nine and ninety-nine hundredths per cent per annum upon each  
4 dollar of taxable income of such corporation received by and  
5 accruing to such corporation during the fiscal year commencing  
6 in [1997] 1995 and during each fiscal year thereafter, with an  
7 additional surtax equal to one and seventy-five hundredths per  
8 cent per annum upon each dollar of taxable income of such  
9 corporation received by and accruing to such corporation during  
10 the fiscal year commencing in 1991 and through fiscal year 1993  
11 and with an additional surtax equal to one and forty-nine  
12 hundredths per cent per annum upon each dollar of taxable income  
13 of such corporation received by and accruing to such corporation  
14 during fiscal year 1994 and with [an additional surtax equal to  
15 forty-nine hundredths per cent per annum upon each dollar of  
16 taxable income of such corporation received by and accruing to  
17 such corporation during the fiscal year commencing in 1995 and  
18 with an additional surtax equal to one-quarter of one per cent  
19 per annum upon each dollar of taxable income of such corporation  
20 received by and accruing to such corporation during the fiscal  
21 year commencing in 1996 and with] no surtax during the fiscal  
22 year commencing in [1997] 1995 and each fiscal year thereafter.  
23 No penalty prescribed by subsection (e) of section 3003 shall be  
24 assessed against a corporation for the additional tax which may  
25 be due as a result of the increase in tax rate from nine and  
26 one-half per cent to ten and one-half per cent imposed  
27 retroactively by this section for the calendar year 1977 or for  
28 the fiscal year commencing in 1977.

29 Section 3. Section 901(3) of the act is repealed.

30 Section 4. Sections 902 and 903 of the act, amended August

1 4, 1991 (P.L.97, No.22), are amended to read:

2 Section 902. (a) Imposition of Tax.--Every insurance  
3 company, as herein defined, transacting business in the  
4 Commonwealth of Pennsylvania, shall pay to the department, a tax  
5 at the rate of two per cent of the gross premiums [and annuity  
6 considerations] received from business done within this  
7 Commonwealth during each calendar year, except that any  
8 insurance company which was not subject to this tax prior to  
9 1971 shall be taxed at the rate of one per cent for the year  
10 1971 and thereafter at the rate of two per cent.

11 (b) Disposition of Taxes.--

12 (1) The taxes paid by foreign fire insurance companies under  
13 this act shall continue to be distributed and used for firemen's  
14 relief pension or retirement purposes, as provided by section  
15 two of the act, approved the twenty-eighth day of June, one  
16 thousand eight hundred ninety-five (Pamphlet Laws 408), as  
17 amended; and the taxes paid by foreign casualty insurance  
18 companies under this act shall continue to be distributed and  
19 used for police pension, retirement or disability purposes as  
20 provided by the act, approved the twelfth day of May, one  
21 thousand nine hundred forty-three (Pamphlet Laws 259), as  
22 amended.

23 (2) All other taxes received under this act shall be  
24 credited to the General Fund for general revenue purposes.

25 Section 903. Annual Report.--Every insurance company shall  
26 make a report to the department on a form prescribed by it on or  
27 before April 15 of each year, showing the gross premiums [and  
28 annuity considerations] received from business transacted in the  
29 Commonwealth during the year ending December 31 preceding. When  
30 making such report, the insurance company shall compute and pay

1 to the Commonwealth the tax upon the gross premiums [and annuity  
2 considerations] received from business transacted within this  
3 Commonwealth during such preceding year.

4 Section 5. The amendment of section 402 of the act shall  
5 apply to the calendar year beginning January 1, 1995, and each  
6 calendar year thereafter and to the fiscal year beginning on or  
7 after January 1, 1995, and each fiscal year thereafter.

8 Section 6. Tentative tax payments required under section  
9 3003 of the act on or after the effective date of this section  
10 shall be computed by applying the current tax rate to 90% of the  
11 tax base, excluding annuity business for the full immediate  
12 prior year.

13 Section 7. This act shall take effect as follows:

14 (1) The amendment or repeal of sections 901(3), 902 and  
15 903 of the act shall take effect January 1, 1996.

16 (2) Section 6 of this act shall take effect January 1,  
17 1996.

18 (3) The remainder of this act shall take effect  
19 immediately.