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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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**HOUSE BILL**

**No. 1933** Session of  
1984

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INTRODUCED BY WOGAN, SALVATORE, PERZEL, WESTON, O'BRIEN, GANNON,  
KOSINSKI, DEAL AND RICHARDSON, FEBRUARY 14, 1984

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REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 14, 1984

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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," increasing the rate of taxation on certain  
11 insurance companies doing business in Pennsylvania; and  
12 providing for the distribution of the increased tax revenues.

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

15 Section 1. Section 902 of the act of March 4, 1971 (P.L.6,  
16 No.2), known as the Tax Reform Code of 1971, is amended to read:

17 Section 902. (a) Imposition of Tax.--(1) Every insurance  
18 company, as herein defined, transacting business in the  
19 Commonwealth of Pennsylvania, shall pay to the department, a tax  
20 at the rate of two per cent of the gross premiums received from  
21 business done within this Commonwealth during each calendar  
22 year, except that any insurance company which was not subject to

1 this tax prior to 1971 shall be taxed at the rate of one per  
2 cent for the year 1971 and thereafter at the rate of two per  
3 cent.

4 (2) Every foreign casualty insurance company, transacting  
5 business in the Commonwealth of Pennsylvania, shall pay to the  
6 department, an additional tax at the rate of one per cent of the  
7 gross premiums received from business done within this  
8 Commonwealth during each calendar year.

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

21 (2) The additional revenues which result from the increase  
22 in the rate of tax on foreign casualty insurance premiums from  
23 two per cent to three per cent effective January 1, 1983 shall  
24 be distributed only to those police pension funds that agree to  
25 provide as of January 1, 1984 an increase in cost-of-living  
26 adjustment benefits to existing pensioners equal to the average  
27 of the United States Department of Labor's Consumer Price Index  
28 for the preceding twelve-month period. The additional revenues  
29 resulting from the increased tax rate shall be allocated to each  
30 qualified pension fund in proportion to the number of

1 pensioners.

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

4 Section 2. This act shall apply to calendar year 1983 and  
5 each year thereafter.

6 Section 3. This act shall take effect in 60 days.