

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1488 Session of
1995

INTRODUCED BY BARD, FICHTER, FARGO, BELARDI, ARMSTRONG, SCHULER,
HORSEY, MUNDY, FAIRCHILD, BUNT AND VANCE, APRIL 26, 1995

REFERRED TO COMMITTEE ON FINANCE, APRIL 26, 1995

AN ACT

1 Amending the act of June 17, 1913 (P.L.507, No.335), entitled
2 "An act to provide revenue for State and county purposes,
3 and, in cities coextensive with counties, for city and county
4 purposes; imposing taxes upon certain classes of personal
5 property; providing for the assessment and collection of the
6 same; providing for the duties and compensation of
7 prothonotaries and recorders in connection therewith; and
8 modifying existing legislation which provided for raising
9 revenue for State purposes," further providing for a variable
10 rate of taxation on the value of personal property.

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

13 Section 1. Section 1 of the act of June 17, 1913 (P.L.507,
14 No.335), referred to as the Intangible Personal Property Tax
15 Law, amended July 25, 1963 (P.L.294, No.157), is amended to
16 read:

17 Section 1. Be it enacted, &c., That all personal property of
18 the classes hereinafter enumerated, owned, held or possessed by
19 any resident, which, as used in this section, shall mean any
20 person, persons, copartnership, or unincorporated association or
21 company, resident, located, or liable to taxation within this
22 Commonwealth, or by any joint-stock company or association,

1 limited partnership, bank or corporation whatsoever, formed,
2 erected or incorporated by, under, or in pursuance of any law of
3 this Commonwealth or of the United States, or of any other state
4 or government, and liable to taxation within this Commonwealth,
5 whether such personal property be owned, held, or possessed by
6 such resident in his, her, their, or its own right, or as active
7 trustee, agent, attorney-in-fact, or in any other capacity, or
8 by any resident as trustee, agent or attorney-in-fact, jointly
9 with one or more trustees, agents or attorney-in-fact, domiciled
10 in another state, where such personal property is held and
11 managed in this Commonwealth, except as executor or
12 administrator of the estate of a non-resident decedent, and
13 except as trustee for a resident or non-resident religious,
14 charitable or educational organization, no part of the net
15 earnings of which inures to the benefit of any private
16 stockholder or individual for the use, benefit, or advantage of
17 any other person, copartnership, unincorporated association,
18 company, joint-stock company or association, limited
19 partnership, bank or corporation, and the equitable interest in
20 any such personal property of the classes hereinafter
21 enumerated, owned, held or possessed by any resident, where the
22 legal title to such personal property is vested in a trustee,
23 agent, or attorney-in-fact, domiciled in another state, or where
24 the legal title to such personal property is vested in more than
25 one trustee, agent or attorney-in-fact, one or more of whom are
26 domiciled in another state, and one or more of whom are
27 domiciled within this Commonwealth, and such personal property
28 is held and managed in another state, and where such resident is
29 entitled to receive all or any part of the income therefrom--is
30 hereby made taxable annually for county purposes, and, in cities

1 coextensive with counties, for city and county purposes, at [the
2 rate of] a rate not to exceed four mills of each dollar of the
3 value thereof, and no failure to assess or return the same shall
4 discharge such owner or holder thereof, from liability therefor,
5 that is to say,--

6 All mortgages; all moneys owing by solvent debtors, whether
7 by promissory note, or penal or single bill, bond, or judgment;
8 all articles of agreement and accounts bearing interest; all
9 public loans whatsoever, except those issued by this
10 Commonwealth or the United States, and except the public loans
11 and obligations of any county, city, borough, town, township,
12 school district, and incorporated district of this Commonwealth,
13 and except the bonds and obligations of bodies corporate and
14 politic of this Commonwealth, known as municipal authorities;
15 all loans issued by any corporation, association, company, or
16 limited partnership, created or formed under the laws of this
17 Commonwealth or of the United States, or of any other state or
18 government, including car-trust securities and loans secured by
19 bonds or any other form of certificate or evidence of
20 indebtedness, whether the interest be included in the principal
21 of the obligation or payable by the terms thereof, except such
22 loans as are made taxable for State purposes by section
23 seventeen of the act, approved the twenty-second day of June,
24 one thousand nine hundred thirty-five (Pamphlet Laws 414), as
25 reenacted and amended; all shares of stock in any bank,
26 corporation, association, company, or limited partnership,
27 created or formed under the laws of this Commonwealth or of the
28 United States, or of any other state or government, except
29 shares of stock in any bank, bank and trust company, national
30 banking association, savings institution, corporation, or

1 limited partnership liable to a tax on its shares or a gross
2 premiums tax, or liable to or relieved from the capital stock or
3 franchise tax for State purposes under the laws of this
4 Commonwealth; and all moneys loaned or invested in other states,
5 territories, the District of Columbia, or foreign countries; all
6 other moneyed capital owing to individual citizens of the State:
7 Provided, That this section shall not apply to bank notes, or
8 notes discounted or negotiated by any bank or banking
9 institution, savings institution, or trust company, nor to
10 loans, shares of stock, or other securities, held by bankers or
11 brokers solely for trading purposes; nor to accounts or debit
12 balances owing by customers of bankers or brokers in the usual
13 courses of business; nor to interest bearing accounts in any
14 bank or banking institution, savings institution, employees'
15 thrift or savings association, whether operated by employees or
16 the employer, or trust company; nor to personal property held in
17 the commercial department and owned in its own right by a
18 banking institution, savings institution, or trust company, in
19 liquidation by a receiver, trustee, or other fiduciary, nor to
20 personal property formerly held by a banking institution in its
21 own right, but assigned by it to one or more trustees for
22 liquidation and payment to the creditors and stockholders of
23 such banking institutions, it being the intent and purpose of
24 this proviso that no tax be assessed or collected for the years
25 one thousand nine hundred and thirty-five, one thousand nine
26 hundred and thirty-six, one thousand nine hundred and thirty-
27 seven, one thousand nine hundred and thirty-eight, one thousand
28 nine hundred and thirty-nine, one thousand nine hundred and
29 forty, and thereafter upon the personal property enumerated
30 herein, nor shall this act apply to the proceeds of any life

1 insurance policy held in whole or in part by the insurer, nor
2 the principal value of annuities nor to any personal property
3 held in any trust, forming part of a stock, bonus, pension or
4 profit sharing plan of an employer for the exclusive benefit of
5 his employees, or their beneficiaries, which trust under the
6 latest ruling of the Commissioner of Internal Revenue is
7 exempted from Federal income tax, nor to any personal property
8 held under the provisions of a plan established by or for an
9 individual or individuals for retirement purposes if such plan
10 meets the requirements for exemption from Federal income tax of
11 income earned on investments held under its provisions: And
12 provided further, That the provisions of this act shall not
13 apply to building and loan associations, or to shares of stock
14 issued by building and loan associations, or to savings
15 institutions having no capital stock; and, if at any time,
16 either now or hereafter, any persons, individuals, or bodies
17 corporate have agreed or shall hereafter agree to issue his,
18 their, or its securities, bonds or other evidences of
19 indebtedness, clear of and free from the said [four mills] tax,
20 whose rate may not exceed four mills, herein provided for, or
21 any part thereof, or have agreed or shall hereafter agree to pay
22 the same, nothing herein contained shall be so construed as to
23 relieve or exempt him, it, or them from paying the said [four
24 mills] tax, whose rate may not exceed four mills, on any of the
25 said such securities, bonds, or other evidences of indebtedness,
26 as may be held, owned by, or owing to the said savings
27 institution having no capital stock: And provided further, That
28 the provisions of this act shall not apply to fire companies,
29 firemen's relief associations, life, casualty or fire insurance
30 corporations having no capital stock, secret and beneficial

1 societies, labor unions and labor union relief associations, and
2 all beneficial organizations paying sick or death benefits, or
3 either or both, from funds received from voluntary contributions
4 or assessments upon members of such associations, societies, or
5 unions: And provided further, That corporations, limited
6 partnerships, and joint-stock associations, liable to tax on
7 their shares or the aforesaid capital stock or franchise tax for
8 State purposes, shall not be required to make any report or pay
9 any further tax, under this section, on the mortgages, bonds,
10 and other securities owned by them in their own right; but
11 corporations, limited partnerships, and joint-stock
12 associations, holding such securities as trustees, executors,
13 administrators, guardians, or in any other manner, except as
14 mere custodian for the real owner, and except as executor or
15 administrator of the estate of a nonresident decedent, and
16 except as trustee for a resident or nonresident religious,
17 charitable or educational organization, no part of the net
18 earnings of which inures to the benefit of any private
19 stockholder or individual, shall return and pay the tax imposed
20 by this section upon all securities so held by them as in the
21 case of individuals: And provided further, That none of the
22 classes of property made taxable by this section for county
23 purposes, and, in cities coextensive with counties, for city and
24 county purposes, shall be taxed or taxable for any other local
25 purpose, under the laws of this Commonwealth: And provided
26 further, That the provisions of this section shall not apply to
27 personal property, of the class hereinabove enumerated, received
28 or acquired with proceeds of money or property received from any
29 person or persons, copartnership, or unincorporated association
30 or company, nonresident in or not located within this

1 Commonwealth, or from any joint-stock company or association,
2 limited partnership, bank or corporation formed, erected, or
3 incorporated by, under or in pursuance of, any law of the United
4 States, or of any state or government other than this
5 Commonwealth, by any person or persons, copartnership,
6 unincorporated association, company, joint-stock company or
7 association, limited partnership, bank, or corporation as active
8 trustee, agent, attorney-in-fact, or in any other capacity, for
9 the use, benefit, or advantage of any person or persons,
10 copartnership, or unincorporated association or company,
11 nonresident in or not located within this Commonwealth, or for
12 the use, benefit or advantage of any joint-stock company or
13 association, limited partnership, bank or corporation formed,
14 erected, or incorporated by, under, or in pursuance of any law
15 of the United States, or of any state or government other than
16 this Commonwealth; nor shall the provisions of this section
17 apply to personal property held for the use, benefit or
18 advantage of any resident who shall have in each of the ten
19 preceding calendar years given or contributed all of his net
20 income to any corporation organized or operated exclusively for
21 religious, charitable, scientific, literary, or educational
22 purposes.

23 The value of the equitable interest in any personal property
24 made subject to tax by this section shall be measured by
25 ascertaining the value of the personal property in which such
26 resident has the sole equitable interest, or in case of divided
27 equitable interests in the same personal property, then by
28 ascertaining such part of the value of the whole of such
29 personal property as represents the equitable interest of such
30 resident therein.

1 For the purposes of this act, the value of any taxable shares
2 of stock issued by any regulated investment company as defined
3 under the provisions of the Federal Internal Revenue Code of
4 1948, shall be that part of the current value of such shares, to
5 be determined by multiplying said current value by a fraction,
6 the numerator of which shall be the total value of so much of
7 the personal property owned by the regulated investment company
8 as would be taxable by this act if owned by a resident of
9 Pennsylvania and the denominator of which shall be the total
10 value of all of the personal property owned by the regulated
11 investment company.

12 Section 2. Section 16.1 of the act is repealed.

13 Section 3. This act shall apply to the tax year beginning
14 January 1, 1996, and each tax year thereafter.

15 Section 4. This act shall take effect in 60 days.