

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 517 Session of
1997

INTRODUCED BY HABAY, WALKO, GEORGE, WAUGH, LEH, EGOLF, TRELLO
AND YOUNGBLOOD, FEBRUARY 12, 1997

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 12, 1997

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 imposition of tax, for
11 computation of tax and for alternate imposition of tax and
12 credits.

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

15 Section 1. Section 202 of the act of March 4, 1971 (P.L.6,
16 No.2), known as the Tax Reform Code of 1971, amended or added
17 September 9, 1971 (P.L.437, No.105), October 4, 1978 (P.L.987,
18 No.201), and June 30, 1995 (P.L.139, No.21), is amended to read:

19 Section 202. Imposition of Tax.--(a) There is hereby
20 imposed upon each separate sale at retail of tangible personal
21 property or services, as defined herein, within this
22 Commonwealth a tax of [six] five per cent of the purchase price,

1 which tax shall be collected by the vendor from the purchaser,
2 and shall be paid over to the Commonwealth as herein provided.

3 (b) There is hereby imposed upon the use, on and after the
4 effective date of this article, within this Commonwealth of
5 tangible personal property purchased at retail on or after the
6 effective date of this article, and on those services described
7 herein purchased at retail on and after the effective date of
8 this article, a tax of [six] five per cent of the purchase
9 price, which tax shall be paid to the Commonwealth by the person
10 who makes such use as herein provided, except that such tax
11 shall not be paid to the Commonwealth by such person where he
12 has paid the tax imposed by subsection (a) of this section or
13 has paid the tax imposed by this subsection (b) to the vendor
14 with respect to such use. The tax at the rate of [six] five per
15 cent imposed by this subsection shall not be deemed applicable
16 where the tax has been incurred under the provisions of the "Tax
17 Act of 1963 for Education."

18 (c) Notwithstanding any other provisions of this article,
19 the tax with respect to telephone, telegraph and
20 telecommunications service within the meaning of clause (m) of
21 section 201 of this article shall, except for telegrams paid for
22 in cash at telegraph offices, be computed at the rate of [six]
23 five per cent upon the total amount charged to customers for
24 such services, irrespective of whether such charge is based upon
25 a flat rate or upon a message unit charge, but in no event shall
26 charges for telephone calls paid for by inserting money into a
27 telephone accepting direct deposits of money to operate be
28 subject to this tax. To prevent actual multistate taxation of
29 interstate telephone, telegraph or telecommunications service,
30 any taxpayer, upon proof that the taxpayer has paid a similar

1 tax to another state on the same interstate telephone, telegraph
2 or telecommunications service, shall be allowed a credit against
3 the tax imposed by this section on the same interstate
4 telephone, telegraph or telecommunications service to the extent
5 of the amount of such tax properly due and paid to such other
6 state.

7 (d) Notwithstanding any other provisions of this article,
8 the sale or use of food and beverages dispensed by means of coin
9 operated vending machines shall be taxed at the rate of [six]
10 five per cent of the receipts collected from any such machine
11 which dispenses food and beverages heretofore taxable.

12 Section 2. Section 203 of the act is amended to read:

13 Section 203. Computation of Tax.--The amount of tax imposed
14 by section 202 of this article shall be computed as follows:

15 (a) If the purchase price is ten cents (10¢) or less, no tax
16 shall be collected.

17 (b) If the purchase price is eleven cents (11¢) or more but
18 less than eighteen cents (18¢), one cent (1¢) shall be
19 collected.

20 (c) If the purchase price is eighteen cents (18¢) or more
21 but less than thirty-five cents (35¢), two cents (2¢) shall be
22 collected.

23 (d) If the purchase price is thirty-five cents (35¢) or more
24 but less than fifty-one cents (51¢), three cents (3¢) shall be
25 collected.

26 (e) If the purchase price is fifty-one cents (51¢) or more
27 but less than sixty-eight cents (68¢), four cents (4¢) shall be
28 collected.

29 (f) If the purchase price is sixty-eight cents (68¢) or more
30 but less than [eighty-five cents (85¢)] one dollar and one cent

1 (\$1.01), five cents (5¢) shall be collected.

2 [(g) If the purchase price is eighty-five cents (85¢) or
3 more but less than one dollar and one cent (\$1.01), six cents
4 (6¢) shall be collected.]

5 (h) If the purchase price is more than one dollar (\$1.00),
6 [six] five per centum of each dollar of purchase price plus the
7 above bracket charges upon any fractional part of a dollar in
8 excess of even dollars shall be collected.

9 Section 3. Section 205 of the act, amended June 9, 1978
10 (P.L.463, No.62), and August 4, 1991 (P.L.97, No.22), is amended
11 to read:

12 Section 205. Alternate Imposition of Tax; Credits.--(a) If
13 any person actively and principally engaged in the business of
14 selling new or used motor vehicles, trailers or semi-trailers,
15 and registered with the department in the "dealer's class,"
16 acquires a motor vehicle, trailer or semi-trailer for the
17 purpose of resale, and prior to such resale, uses the motor
18 vehicle, trailer or semi-trailer for a taxable use under this
19 act during a period not exceeding one year from the date of
20 acquisition to the date of resale, such person may within ten
21 days of the commencement of such use, elect to pay a tax equal
22 to [six] five per cent of the fair rental value of the motor
23 vehicle, trailer or semi-trailer during such use. Should such
24 motor vehicle, trailer or semi-trailer be used for a taxable use
25 after a period of one year, the taxpayer shall be liable for a
26 tax on the fair market value of such motor vehicle, trailer or
27 semi-trailer at the time of acquisition, but shall be allowed a
28 credit equal to the tax paid pursuant to the election provided
29 for in this section. This section shall not apply to the use of
30 a vehicle as a wrecker, parts truck, delivery truck or courtesy

1 car.

2 (b) A commercial aircraft operator who acquires an aircraft
3 for the purpose of resale, or lease, or is entitled to claim
4 another valid exemption at the time of purchase, and subsequent
5 to such purchase, periodically uses the same aircraft for a
6 taxable use under this act, may elect to pay a tax equal to
7 [six] five per cent of the fair rental value of the aircraft
8 during such use.

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