

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 921 Session of
1999

INTRODUCED BY McNAUGHTON, MCGILL, SAYLOR, BOYES, ARMSTRONG,
FORCIER, MASLAND, GEIST, SEYFERT, BROWNE, KREBS, McILHATTAN,
McILHINNEY, MELIO, STERN, CAWLEY, COY, DALLY, MAHER, ORIE,
RAYMOND, ROHRER, STEVENSON, BAKER, SEMMEL, S. MILLER,
STEELMAN AND SERAFINI, MARCH 17, 1999

REFERRED TO COMMITTEE ON FINANCE, MARCH 17, 1999

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 apportionment of
11 business income for corporate net income tax purposes.

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

14 Section 1. Section 401(3)2(a)(9) of the act of March 4, 1971
15 (P.L.6, No.2), known as the Tax Reform Code of 1971, amended
16 June 30, 1995 (P.L.139, No.21), is amended to read:

17 Section 401. Definitions.--The following words, terms, and
18 phrases, when used in this article, shall have the meaning
19 ascribed to them in this section, except where the context
20 clearly indicates a different meaning:

21 * * *

(3) "Taxable income." * * *

2. In case the entire business of any corporation, other than a corporation engaged in doing business as a regulated investment company as defined by the Internal Revenue Code of 1954, as amended, is not transacted within this Commonwealth, the tax imposed by this article shall be based upon such portion of the taxable income of such corporation for the fiscal or calendar year, as defined in subclause 1 hereof, and may be determined as follows:

(a) Division of Income.

* * *

(9) (A) Except as provided in subparagraph (B), all business income shall be apportioned to this State by multiplying the income by a fraction, the numerator of which is the property factor plus the payroll factor plus [twice] three times the sales factor, and the denominator of which is [four] five.

(B) For purposes of apportionment of the capital stock - franchise tax as provided in section 602 of Article VI of this act, the apportionment fraction shall be the property factor plus the payroll factor plus the sales factor as the numerator, and the denominator shall be three.

* * *

Section 2. The amendment of section 401(3)2(a)(9) of the act shall apply to the tax years beginning on or after January 1, 1999.

Section 3. This act shall take effect immediately.