

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 200 Session of
2003

INTRODUCED BY PRIME SPONSOR WITHDREW, BELARDI, BISHOP, CAWLEY,
CLYMER, CORRIGAN, COY, CRUZ, DeWEESE, FAIRCHILD, FREEMAN,
HARHAI, HERSHEY, HORSEY, LAUGHLIN, LEH, MAHER, McCALL, MELIO,
READSHAW, ROSS, RUFFING, SCAVELLO, SCRIMENTI, SEMMEL,
B. SMITH, STABACK, SURRA, TIGUE, WALKO, WANSACZ, YOUNGBLOOD,
PISTELLA, ROBERTS, SHANER, MANDERINO, CURRY, CIVERA,
WASHINGTON AND THOMAS, FEBRUARY 11, 2003

AMENDMENTS TO SENATE AMENDMENTS, HOUSE OF REPRESENTATIVES,
OCTOBER 20, 2003

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 exclusions from sales and~~
11 ~~use tax and for imposition and expiration of capital stock~~
12 ~~and franchise tax.~~
13 AMENDING THE ACT OF MARCH 4, 1971 (P.L.6, NO.2), ENTITLED "AN <—
14 ACT RELATING TO TAX REFORM AND STATE TAXATION BY CODIFYING
15 AND ENUMERATING CERTAIN SUBJECTS OF TAXATION AND IMPOSING
16 TAXES THEREON; PROVIDING PROCEDURES FOR THE PAYMENT,
17 COLLECTION, ADMINISTRATION AND ENFORCEMENT THEREOF; PROVIDING
18 FOR TAX CREDITS IN CERTAIN CASES; CONFERRING POWERS AND
19 IMPOSING DUTIES UPON THE DEPARTMENT OF REVENUE, CERTAIN
20 EMPLOYERS, FIDUCIARIES, INDIVIDUALS, PERSONS, CORPORATIONS
21 AND OTHER ENTITIES; PRESCRIBING CRIMES, OFFENSES AND
22 PENALTIES," FURTHER PROVIDING, IN SALES AND USE TAX, FOR
23 DEFINITIONS AND FOR LICENSES; PROVIDING, IN SALES AND USE
24 TAX, FOR SUPPLEMENTAL PUBLIC TRANSPORTATION ASSISTANCE FUND
25 TRANSFERS; FURTHER PROVIDING, IN PERSONAL INCOME TAX, FOR
26 DEFINITIONS, FOR IMPOSITION, FOR SPECIAL TAX PROVISIONS FOR <—
27 POVERTY, FOR RETURNS AND LIABILITY AND FOR RETURNS AND
28 RECORDS; FURTHER PROVIDING, IN CORPORATE NET INCOME TAX, FOR <—

1 DEFINITIONS AND FOR INTERESTS IN UNINCORPORATED ENTITIES;
2 FURTHER PROVIDING, IN CAPITAL STOCK FRANCHISE TAX, FOR
3 DEFINITIONS, FOR IMPOSITION AND FOR EXPIRATION; FURTHER
4 PROVIDING, IN UTILITIES GROSS RECEIPTS TAX, FOR IMPOSITION;
5 FURTHER PROVIDING, IN PUBLIC UTILITY REALTY TAX, FOR
6 SURCHARGES; FURTHER PROVIDING, IN RESEARCH AND DEVELOPMENT
7 TAX CREDIT, FOR CARRYOVER, FOR LIMITATIONS AND FOR REPORTS;
8 FURTHER PROVIDING, IN INHERITANCE TAX, FOR DEFINITIONS; AND
9 FURTHER PROVIDING FOR ESTIMATED TAX, FOR UNDERPAYMENT OF
10 ESTIMATED TAX, FOR TAX CLEARANCE FOR LICENSES, FOR AUTHORITY
11 TO ATTACH WAGES AND FOR KEYSTONE OPPORTUNITY ZONES; AND
12 MAKING REPEALS.

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

15 ~~Section 1. Section 204 of the act of March 4, 1971 (P.L.6,~~ <—
16 ~~No.2), known as the Tax Reform Code of 1971, is amended by~~
17 ~~adding a paragraph to read:~~

18 ~~Section 204. Exclusions from Tax. The tax imposed by~~
19 ~~section 202 shall not be imposed upon any of the following:~~

20 ~~* * *~~

21 ~~(64) The sale at retail to or use by a construction~~
22 ~~contractor, employed by a public school district pursuant to a~~
23 ~~construction contract, of any materials and building supplies,~~
24 ~~which, during construction or reconstruction, are made part of~~
25 ~~any public school building utilized for instructional classroom~~
26 ~~education within this Commonwealth.~~

27 ~~Section 2. Sections 602(h) and 607 of the act, amended or~~
28 ~~added June 29, 2002 (P.L.559, No.89), are amended to read:~~

29 ~~Section 602. Imposition of Tax. * * *~~

30 ~~(h) The rate of tax for purposes of the capital stock and~~
31 ~~franchise tax for taxable years beginning within the dates set~~
32 ~~forth shall be as follows:~~

33 Taxable Year	Regular Rate	Surtax	Total Rate
34 January 1, 1971, to			
35 December 31, 1986	10 mills	0	10 mills

1	January 1, 1987, to			
2	December 31, 1987	9 mills	0	9 mills
3	January 1, 1988, to			
4	December 31, 1990	9.5 mills	0	9.5 mills
5	January 1, 1991, to			
6	December 31, 1991	11 mills	2 mills	13 mills
7	January 1, 1992, to			
8	December 31, 1997	11 mills	1.75 mills	12.75 mills
9	January 1, 1998, to			
10	December 31, 1998	11 mills	-.99 mills	11.99 mills
11	January 1, 1999, to			
12	December 31, 1999	10.99 mills	0	10.99 mills
13	January 1, 2000, to			
14	December 31, 2000	8.99 mills	0	8.99 mills
15	January 1, 2001, to			
16	December 31, 2001	7.49 mills	0	7.49 mills
17	{January 1, 2002, to			
18	December 31, 2002	7.24 mills	0	7.24 mills
19	January 1, 2003, to			
20	December 31, 2003	6.99 mills	0	6.99 mills
21	January 1, 2004, to			
22	December 31, 2004	5.99 mills	0	5.99 mills
23	January 1, 2005, to			
24	December 31, 2005	4.99 mills	0	4.99 mills
25	January 1, 2006, to			
26	December 31, 2006	3.99 mills	0	3.99 mills
27	January 1, 2007, to			
28	December 31, 2007	2.99 mills	0	2.99 mills
29	January 1, 2008, to			
30	December 31, 2008	1.99 mills	0	1.99 mills

1	January 1, 2009, to			
2	December 31, 2009	—.99 mills	0	—.99 mills}
3	January 1, 2002, to			
4	December 31, 2003	7.24 mills	0	7.24 mills
5	January 1, 2004, to			
6	December 31, 2004	6.99 mills	0	6.99 mills
7	January 1, 2005, to			
8	December 31, 2005	5.99 mills	0	5.99 mills
9	January 1, 2006, to			
10	December 31, 2006	4.99 mills	0	4.99 mills
11	January 1, 2007, to			
12	December 31, 2007	3.99 mills	0	3.99 mills
13	January 1, 2008, to			
14	December 31, 2008	2.99 mills	0	2.99 mills
15	January 1, 2009, to			
16	December 31, 2009	1.99 mills	0	1.99 mills
17	January 1, 2010, to			
18	December 31, 2010	—.99 mills	0	—.99 mills

19 * * *

20 ~~Section 607. Expiration. This article shall expire for~~
21 ~~taxable years beginning after December 31, [2009] 2010.~~

22 ~~Section 3. Section 1711 B of the act, added May 7, 1997~~
23 ~~(P.L.85, No.7), is amended to read:~~

24 ~~Section 1711 B. Report to General Assembly. The secretary~~
25 ~~shall submit an annual report to the General Assembly indicating~~
26 ~~the effectiveness of the credit provided by this article no~~
27 ~~later than March 15 following the year in which the credits were~~
28 ~~approved. The report shall include the [number of] names of all~~
29 ~~taxpayers utilizing the credit as of the date of the report and~~
30 ~~the amount of credits approved and utilized. The report may also~~

~~include any recommendations for changes in the calculation or
administration of the credit. In order to utilize a credit under
this article, a taxpayer must sign a statement waiving
confidentiality for purposes of this section.~~

~~Section 4. The amendment of section 602(h) of the act shall
apply to taxable years beginning after December 31, 2002.~~

~~Section 5. This act shall take effect as follows:~~

~~(1) The addition of section 204(64) of the act shall
take effect January 1, 2005.~~

~~(2) The remainder of this act shall take effect
immediately.~~

SECTION 1. SECTION 201(D) OF THE ACT OF MARCH 4, 1971
(P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE OF 1971, IS AMENDED
BY ADDING A CLAUSE TO READ:

SECTION 201. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND
PHRASES WHEN USED IN THIS ARTICLE II SHALL HAVE THE MEANING
ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT
CLEARLY INDICATES A DIFFERENT MEANING:

* * *

(D) "PROCESSING." THE PERFORMANCE OF THE FOLLOWING
ACTIVITIES WHEN ENGAGED IN AS A BUSINESS ENTERPRISE:

* * *

(17) THE PRODUCING OF MOBILE TELECOMMUNICATIONS SERVICES.

* * *

SECTION 2. SECTION 208 OF THE ACT OF MARCH 4, 1971 (P.L.6,
NO.2), KNOWN AS THE TAX REFORM CODE OF 1971, AMENDED AUGUST 4,
1991 (P.L.97, NO.22), JUNE 16, 1994 (P.L.279, NO.48), JUNE 30,
1995 (P.L.139, NO.21), AND JUNE 29, 2002 (P.L.559, NO.89), IS
AMENDED TO READ:

SECTION 208. LICENSES.--(A) EVERY PERSON MAINTAINING A

1 PLACE OF BUSINESS IN THIS COMMONWEALTH, SELLING OR LEASING
2 SERVICES OR TANGIBLE PERSONAL PROPERTY, THE SALE OR USE OF WHICH
3 IS SUBJECT TO TAX AND WHO HAS NOT HITHERTO OBTAINED A LICENSE
4 FROM THE DEPARTMENT, SHALL, PRIOR TO THE BEGINNING OF BUSINESS
5 THEREAFTER, MAKE APPLICATION TO THE DEPARTMENT, ON A FORM
6 PRESCRIBED BY THE DEPARTMENT, FOR A LICENSE. IF SUCH PERSON
7 MAINTAINS MORE THAN ONE PLACE OF BUSINESS IN THIS COMMONWEALTH,
8 THE LICENSE SHALL BE ISSUED FOR THE PRINCIPAL PLACE OF BUSINESS
9 IN THIS COMMONWEALTH.

10 (B) THE DEPARTMENT SHALL, AFTER THE RECEIPT OF AN
11 APPLICATION, ISSUE THE LICENSE APPLIED FOR UNDER SUBSECTION (A)
12 OF THIS SECTION, PROVIDED SAID APPLICANT SHALL HAVE FILED ALL
13 REQUIRED STATE TAX REPORTS AND PAID ANY STATE TAXES NOT SUBJECT
14 TO A TIMELY PERFECTED ADMINISTRATIVE OR JUDICIAL APPEAL OR
15 SUBJECT TO A DULY AUTHORIZED DEFERRED PAYMENT PLAN. SUCH LICENSE
16 SHALL BE NONASSIGNABLE. ALL LICENSEES AS OF THE EFFECTIVE DATE
17 OF THIS SUBSECTION SHALL BE REQUIRED TO FILE FOR RENEWAL OF SAID
18 LICENSE ON OR BEFORE JANUARY 31, 1992. LICENSES ISSUED THROUGH
19 APRIL 30, 1992, SHALL BE BASED ON A STAGGERED RENEWAL SYSTEM
20 ESTABLISHED BY THE DEPARTMENT. THEREAFTER, ANY LICENSE ISSUED
21 SHALL BE VALID FOR A PERIOD OF FIVE YEARS.

22 (B.1) IF AN APPLICANT FOR A LICENSE OR ANY PERSON HOLDING A
23 LICENSE HAS NOT FILED ALL REQUIRED STATE TAX REPORTS AND PAID
24 ANY STATE TAXES NOT SUBJECT TO A TIMELY PERFECTED ADMINISTRATIVE
25 OR JUDICIAL APPEAL OR SUBJECT TO A DULY AUTHORIZED DEFERRED
26 PAYMENT PLAN, THE DEPARTMENT MAY REFUSE TO ISSUE, MAY SUSPEND OR
27 MAY REVOKE SAID LICENSE. THE DEPARTMENT SHALL NOTIFY THE
28 APPLICANT OR LICENSEE OF ANY REFUSAL, SUSPENSION OR REVOCATION.
29 SUCH NOTICE SHALL CONTAIN A STATEMENT THAT THE REFUSAL,
30 SUSPENSION OR REVOCATION MAY BE MADE PUBLIC. SUCH NOTICE SHALL

1 BE MADE BY FIRST CLASS MAIL. AN APPLICANT OR LICENSEE AGGRIEVED
2 BY THE DETERMINATION OF THE DEPARTMENT MAY FILE AN APPEAL
3 PURSUANT TO THE PROVISIONS FOR ADMINISTRATIVE APPEALS IN THIS
4 ARTICLE. IN THE CASE OF A SUSPENSION OR REVOCATION WHICH IS
5 APPEALED, THE LICENSE SHALL REMAIN VALID PENDING A FINAL OUTCOME
6 OF THE APPEALS PROCESS. NOTWITHSTANDING SECTIONS 274, 353(F),
7 408(B), 603, 702, 711-A, 802, 904, THE FORMER 1004 AND 1102 OF
8 THE ACT OR ANY OTHER PROVISION OF LAW TO THE CONTRARY, IF NO
9 APPEAL IS TAKEN OR IF AN APPEAL IS TAKEN AND DENIED AT THE
10 CONCLUSION OF THE APPEAL PROCESS, THE DEPARTMENT MAY DISCLOSE,
11 BY PUBLICATION OR OTHERWISE, THE IDENTITY OF A PERSON AND THE
12 FACT THAT THE PERSON'S LICENSE HAS BEEN REFUSED, SUSPENDED OR
13 REVOKED UNDER THIS SUBSECTION. DISCLOSURE MAY INCLUDE THE BASIS
14 FOR REFUSAL, SUSPENSION OR REVOCATION.

15 (C) A PERSON THAT MAINTAINS A PLACE OF BUSINESS IN THIS
16 COMMONWEALTH FOR THE PURPOSE OF SELLING OR LEASING SERVICES OR
17 TANGIBLE PERSONAL PROPERTY, THE SALE OR USE OF WHICH IS SUBJECT
18 TO TAX, WITHOUT HAVING FIRST BEEN LICENSED BY THE DEPARTMENT
19 SHALL BE GUILTY OF A SUMMARY OFFENSE AND, UPON CONVICTION
20 THEREOF, BE SENTENCED TO PAY A FINE OF NOT LESS THAN THREE
21 HUNDRED DOLLARS (\$300) NOR MORE THAN ONE THOUSAND FIVE HUNDRED
22 (\$1,500) AND, IN DEFAULT THEREOF, TO UNDERGO IMPRISONMENT OF NOT
23 LESS THAN FIVE DAYS NOR MORE THAN THIRTY DAYS. THE PENALTIES
24 IMPOSED BY THIS SUBSECTION SHALL BE IN ADDITION TO ANY OTHER
25 PENALTIES IMPOSED BY THIS ARTICLE. FOR PURPOSES OF THIS
26 SUBSECTION, THE OFFERING FOR SALE OR LEASE OF ANY SERVICE OR
27 TANGIBLE PERSONAL PROPERTY, THE SALE OR USE OF WHICH IS SUBJECT
28 TO TAX, DURING ANY CALENDAR DAY, SHALL CONSTITUTE A SEPARATE
29 VIOLATION. THE SECRETARY OF REVENUE MAY DESIGNATE EMPLOYEES OF
30 THE DEPARTMENT TO ENFORCE THE PROVISIONS OF THIS SUBSECTION. THE

1 EMPLOYES SHALL EXHIBIT PROOF OF AND BE WITHIN THE SCOPE OF THE
2 DESIGNATION WHEN INSTITUTING PROCEEDINGS AS PROVIDED BY THE
3 PENNSYLVANIA RULES OF CRIMINAL PROCEDURE.

4 (D) FAILURE OF ANY PERSON TO OBTAIN A LICENSE SHALL NOT
5 RELIEVE THAT PERSON OF LIABILITY TO PAY THE TAX IMPOSED BY THIS
6 ARTICLE.

7 SECTION 3. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

8 SECTION 281.3. SUPPLEMENTAL PUBLIC TRANSPORTATION ASSISTANCE
9 FUND TRANSFERS.--(A) ONE AND TWENTY-TWO ONE HUNDREDTHS PER CENT
10 (.0122) OF THE MONEY COLLECTED FROM THE TAX IMPOSED UNDER THIS
11 ARTICLE, UP TO A MAXIMUM OF NINETY-ONE MILLION ONE HUNDRED
12 THOUSAND DOLLARS (\$91,100,000) FOR FISCAL YEAR 2003-2004 AND
13 SEVENTY-FIVE MILLION DOLLARS (\$75,000,000) FOR FISCAL YEARS
14 THEREAFTER, SHALL BE DEPOSITED IN THE SUPPLEMENTAL PUBLIC
15 TRANSPORTATION ACCOUNT ESTABLISHED IN THE STATE TREASURY. WITHIN
16 30 DAYS OF THE CLOSE OF A CALENDAR MONTH, 1.22 PER CENT (.0122)
17 OF THE TAXES RECEIVED IN THE PRIOR CALENDAR MONTH SHALL BE
18 TRANSFERRED TO THE ACCOUNT. NO FUNDS IN EXCESS OF NINETY-ONE
19 MILLION ONE HUNDRED THOUSAND DOLLARS (\$91,100,000) FOR FISCAL
20 YEAR 2003-2004 AND SEVENTY-FIVE MILLION DOLLARS (\$75,000,000)
21 FOR FISCAL YEARS THEREAFTER MAY BE TRANSFERRED TO THE ACCOUNT IN
22 ANY ONE FISCAL YEAR. THE MONEY IN THE ACCOUNT SHALL BE USED BY
23 THE DEPARTMENT OF TRANSPORTATION FOR SUPPLEMENTAL PUBLIC
24 TRANSPORTATION ASSISTANCE TO BE DISTRIBUTED UNDER 74 PA.C.S. §
25 1310.1(B) (RELATING TO SUPPLEMENTAL PUBLIC TRANSPORTATION
26 ASSISTANCE FUNDING). TRANSIT ENTITIES MAY USE SUPPLEMENTAL
27 ASSISTANCE MONEYS FOR ANY OF THE PURPOSES ENUMERATED IN 74
28 PA.C.S. § 1311 (RELATING TO USE OF FUNDS DISTRIBUTED). IN
29 ADDITION TO THE ENUMERATED PURPOSES IN 74 PA.C.S. § 1311, CLASS
30 1, 2 AND 3 TRANSIT ENTITIES ALSO MAY USE THE BASE SUPPLEMENTAL

1 ASSISTANCE SHARE AND ANY AMOUNT RECEIVED BY VIRTUE OF
2 DISBURSEMENTS IN EXCESS OF SEVENTY-FIVE MILLION DOLLARS
3 (\$75,000,000) FOR FISCAL YEAR 2003-2004 PURSUANT TO THIS
4 SUBSECTION FOR GENERAL OPERATIONS. CLASS 4 TRANSIT ENTITIES MAY
5 USE ALL SUPPLEMENTAL ASSISTANCE MONEYS FOR GENERAL OPERATIONS.

6 (B) THE WORDS AND PHRASES USED IN THIS SECTION SHALL HAVE
7 THE MEANINGS GIVEN TO THEM IN 74 PA.C.S. §§ 1310(F) (RELATING TO
8 DISTRIBUTION OF FUNDING) AND 1310.1(C).

9 SECTION 4. SECTION 301(K) OF THE ACT, AMENDED DECEMBER 23,
10 1983 (P.L.370, NO.90), IS AMENDED TO READ:

11 SECTION 301. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND
12 PHRASES WHEN USED IN THIS ARTICLE SHALL HAVE THE MEANING
13 ASCRIBED TO THEM IN THIS SECTION EXCEPT WHERE THE CONTEXT
14 CLEARLY INDICATES A DIFFERENT MEANING, AND, UNLESS SPECIFICALLY
15 PROVIDED OTHERWISE, ANY REFERENCE IN THIS ARTICLE TO THE
16 INTERNAL REVENUE CODE OF 1986 SHALL MEAN THE INTERNAL REVENUE
17 CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 1 ET SEQ.), AS
18 AMENDED TO JANUARY 1, 1997:

19 * * *

20 (K) "INCOME FROM SOURCES WITHIN THIS COMMONWEALTH" FOR A
21 NONRESIDENT INDIVIDUAL, ESTATE OR TRUST MEANS THE SAME AS
22 COMPENSATION, NET PROFITS, GAINS, DIVIDENDS, INTEREST OR INCOME
23 ENUMERATED AND CLASSIFIED UNDER SECTION 303 OF THIS ARTICLE TO
24 THE EXTENT THAT IT IS EARNED, RECEIVED OR ACQUIRED FROM SOURCES
25 WITHIN THIS COMMONWEALTH:

26 (1) BY REASON [OR] OF OWNERSHIP OR DISPOSITION OF ANY
27 INTEREST IN REAL OR TANGIBLE PERSONAL PROPERTY IN THIS
28 COMMONWEALTH; OR

29 (2) IN CONNECTION WITH A TRADE, PROFESSION, OCCUPATION
30 CARRIED ON IN THIS COMMONWEALTH OR FOR THE RENDITION OF PERSONAL

1 SERVICES PERFORMED IN THIS COMMONWEALTH; OR
2 (3) AS A DISTRIBUTIVE SHARE OF THE INCOME OF AN
3 UNINCORPORATED BUSINESS, PENNSYLVANIA S CORPORATION, PROFESSION,
4 ENTERPRISE, UNDERTAKING OR OTHER ACTIVITY AS THE RESULT OF WORK
5 DONE, SERVICES RENDERED OR OTHER BUSINESS ACTIVITIES CONDUCTED
6 IN THIS COMMONWEALTH, EXCEPT AS ALLOCATED TO ANOTHER STATE
7 PURSUANT TO REGULATIONS PROMULGATED BY THE DEPARTMENT UNDER THIS
8 ARTICLE; OR

9 (4) FROM INTANGIBLE PERSONAL PROPERTY EMPLOYED IN A TRADE,
10 PROFESSION, OCCUPATION OR BUSINESS CARRIED ON IN THIS
11 COMMONWEALTH[.]; OR

12 (5) AS GAMBLING AND LOTTERY WINNINGS BY REASON OF A WAGER
13 PLACED IN THIS COMMONWEALTH, THE CONDUCT OF A GAME OF CHANCE OR
14 OTHER GAMBLING ACTIVITY LOCATED IN THIS COMMONWEALTH OR THE
15 REDEMPTION OF A LOTTERY PRIZE FROM A LOTTERY CONDUCTED IN THIS
16 COMMONWEALTH, OTHER THAN PRIZES OF THE PENNSYLVANIA STATE
17 LOTTERY.

18 PROVIDED, HOWEVER, THAT "INCOME FROM SOURCES WITHIN THIS
19 COMMONWEALTH" FOR A NONRESIDENT INDIVIDUAL, ESTATE OR TRUST
20 SHALL NOT INCLUDE ANY ITEMS OF INCOME ENUMERATED ABOVE RECEIVED
21 OR ACQUIRED FROM AN INVESTMENT COMPANY REGISTERED WITH THE
22 FEDERAL SECURITIES AND EXCHANGE COMMISSION UNDER THE INVESTMENT
23 COMPANY ACT OF 1940.

24 * * *

25 SECTION 5. SECTION 302 OF THE ACT, ADDED AUGUST 4, 1991
26 (P.L.97, NO.22), IS AMENDED TO READ:

27 SECTION 302. IMPOSITION OF TAX.--(A) EVERY RESIDENT
28 INDIVIDUAL, ESTATE OR TRUST SHALL BE SUBJECT TO, AND SHALL PAY
29 FOR THE PRIVILEGE OF RECEIVING EACH OF THE CLASSES OF INCOME
30 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 [AND
8 EACH TAXABLE YEAR THEREAFTER] THROUGH THE TAXABLE YEAR
9 COMMENCING WITH OR WITHIN CALENDAR YEAR 2003.

10 (3) A TEMPORARY ASSESSMENT EQUAL TO AN ADDITIONAL THREE-
11 TENTHS PER CENT FOR THE SECOND HALF OF THE TAXABLE YEAR
12 COMMENCING WITH OR WITHIN CALENDAR YEAR 1991 THROUGH THE FIRST
13 HALF OF THE TAXABLE YEAR COMMENCING WITH OR WITHIN CALENDAR YEAR
14 1992.

15 (4) THREE AND TWENTY-FIVE ONE HUNDREDTHS PER CENT FOR THE
16 FIRST HALF OF THE TAXABLE YEAR COMMENCING WITH OR WITHIN
17 CALENDAR YEAR 2004.

18 (5) THREE AND ONE-TENTH PER CENT FOR THE SECOND HALF OF THE
19 TAXABLE YEAR COMMENCING WITH OR WITHIN CALENDAR YEAR 2004 AND
20 EACH TAXABLE YEAR THEREAFTER.

21 (B) EVERY NONRESIDENT INDIVIDUAL, ESTATE OR TRUST SHALL BE
22 SUBJECT TO, AND SHALL PAY FOR THE PRIVILEGE OF RECEIVING EACH OF
23 THE CLASSES OF INCOME HEREINAFTER ENUMERATED IN SECTION 303 FROM
24 SOURCES WITHIN THIS COMMONWEALTH, A TAX UPON EACH DOLLAR OF
25 INCOME RECEIVED BY THAT NONRESIDENT DURING THAT NONRESIDENT'S
26 TAXABLE YEAR AT THE FOLLOWING RATES:

27 (1) TWO AND ONE-TENTH PER CENT FOR TAXABLE YEARS COMMENCING
28 WITH OR WITHIN CALENDAR YEAR 1987 THROUGH THE FIRST HALF OF THE
29 TAXABLE YEAR COMMENCING WITH OR WITHIN CALENDAR YEAR 1991.

30 (2) TWO AND EIGHT-TENTHS PER CENT FOR THE SECOND HALF OF THE

1 TAXABLE YEAR COMMENCING WITH OR WITHIN CALENDAR YEAR 1991 [AND
2 EACH TAXABLE YEAR THEREAFTER] THROUGH THE TAXABLE YEAR
3 COMMENCING WITH OR WITHIN CALENDAR YEAR 2003.

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 (4) THREE AND TWENTY-FIVE ONE HUNDREDTHS PER CENT FOR THE
10 FIRST HALF OF THE TAXABLE YEAR COMMENCING WITH OR WITHIN
11 CALENDAR YEAR 2004.

12 (5) THREE AND ONE-TENTH PER CENT FOR THE SECOND HALF OF THE
13 TAXABLE YEAR COMMENCING WITH OR WITHIN CALENDAR YEAR 2004 AND
14 EACH TAXABLE YEAR THEREAFTER.

15 SECTION 5.1. SECTION 304(D) OF THE ACT, AMENDED JUNE 29, <—
16 2002 (P.L.559, NO.89), IS AMENDED TO READ:

17 SECTION 304. SPECIAL TAX PROVISIONS FOR POVERTY.--* * *

18 (D) ANY CLAIM FOR SPECIAL TAX PROVISIONS HEREUNDER SHALL BE
19 DETERMINED IN ACCORDANCE WITH THE FOLLOWING:

20 (1) IF THE POVERTY INCOME OF THE CLAIMANT DURING AN ENTIRE
21 TAXABLE YEAR IS SIX THOUSAND FIVE HUNDRED DOLLARS (\$6,500) OR
22 LESS, OR, IN THE CASE OF A MARRIED CLAIMANT, IF THE JOINT
23 POVERTY INCOME OF THE CLAIMANT AND THE CLAIMANT'S SPOUSE DURING
24 AN ENTIRE TAXABLE YEAR IS THIRTEEN THOUSAND DOLLARS (\$13,000) OR
25 LESS, THE CLAIMANT SHALL BE ENTITLED TO A REFUND OR FORGIVENESS
26 OF ANY MONEYS WHICH HAVE BEEN PAID OVER TO (OR WOULD EXCEPT FOR
27 THE PROVISIONS OF THIS ACT BE PAYABLE TO) THE COMMONWEALTH UNDER
28 THE PROVISIONS OF THIS ARTICLE, WITH AN ADDITIONAL INCOME
29 ALLOWANCE OF [NINE THOUSAND DOLLARS (\$9,000)] NINE THOUSAND FIVE
30 HUNDRED DOLLARS (\$9,500) FOR EACH DEPENDENT OF THE CLAIMANT FOR

1 TAXABLE YEAR 2004 AND EACH TAXABLE YEAR THEREAFTER. FOR PURPOSES
2 OF THIS SUBSECTION, A CLAIMANT SHALL NOT BE CONSIDERED TO BE
3 MARRIED IF:

4 (I) THE CLAIMANT AND THE CLAIMANT'S SPOUSE FILE SEPARATE
5 RETURNS; AND

6 (II) THE CLAIMANT AND THE CLAIMANT'S SPOUSE LIVE APART AT
7 ALL TIMES DURING THE LAST SIX MONTHS OF THE TAXABLE YEAR OR ARE
8 SEPARATED PURSUANT TO A WRITTEN SEPARATION AGREEMENT.

9 (2) IF THE POVERTY INCOME OF THE CLAIMANT DURING AN ENTIRE
10 TAXABLE YEAR DOES NOT EXCEED THE POVERTY INCOME LIMITATIONS
11 PRESCRIBED BY CLAUSE (1) BY MORE THAN THE DOLLAR CATEGORY
12 CONTAINED IN SUBCLAUSES (I), (II), (III), (IV), (V), (VI),
13 (VII), (VIII) OR (IX) OF THIS CLAUSE, THE CLAIMANT SHALL BE
14 ENTITLED TO A REFUND OR FORGIVENESS BASED ON THE PER CENTAGE
15 PRESCRIBED IN SUCH SUBCLAUSES OF ANY MONEYS WHICH HAVE BEEN PAID
16 OVER TO (OR WOULD HAVE BEEN EXCEPT FOR THE PROVISIONS HEREIN BE
17 PAYABLE TO) THE COMMONWEALTH UNDER THIS ARTICLE:

18 (I) NINETY PER CENT IF NOT IN EXCESS OF TWO HUNDRED FIFTY
19 DOLLARS (\$250).

20 (II) EIGHTY PER CENT IF NOT IN EXCESS OF FIVE HUNDRED
21 DOLLARS (\$500).

22 (III) SEVENTY PER CENT IF NOT IN EXCESS OF SEVEN HUNDRED
23 FIFTY DOLLARS (\$750).

24 (IV) SIXTY PER CENT IF NOT IN EXCESS OF ONE THOUSAND DOLLARS
25 (\$1,000).

26 (V) FIFTY PER CENT IF NOT IN EXCESS OF ONE THOUSAND TWO
27 HUNDRED FIFTY DOLLARS (\$1,250).

28 (VI) FORTY PER CENT IF NOT IN EXCESS OF ONE THOUSAND FIVE
29 HUNDRED DOLLARS (\$1,500).

30 (VII) THIRTY PER CENT IF NOT IN EXCESS OF ONE THOUSAND SEVEN

1 HUNDRED FIFTY DOLLARS (\$1,750).

2 (VIII) TWENTY PER CENT IF NOT IN EXCESS OF TWO THOUSAND
3 DOLLARS (\$2,000).

4 (IX) TEN PER CENT IF NOT IN EXCESS OF TWO THOUSAND TWO
5 HUNDRED FIFTY DOLLARS (\$2,250).

6 (3) IF AN INDIVIDUAL HAS A TAXABLE YEAR OF LESS THAN TWELVE
7 MONTHS, THE POVERTY INCOME THEREOF SHALL BE ANNUALIZED IN SUCH
8 MANNER AS THE DEPARTMENT MAY PRESCRIBE.

9 SECTION 6. SECTION 330(B)(1) OF THE ACT, AMENDED MARCH 26,
10 1991 (P.L.5, NO.3), IS AMENDED TO READ:

11 SECTION 330. RETURNS AND LIABILITY.--* * *

12 (B) (1) IN THE CASE OF AN INDIVIDUAL SERVING IN THE ARMED
13 FORCES OF THE UNITED STATES IN AN AREA DESIGNATED BY THE
14 PRESIDENT OF THE UNITED STATES BY EXECUTIVE ORDER AS A "COMBAT
15 [ZONE"] ZONE," AS DESCRIBED IN SECTION 7508 OF THE INTERNAL
16 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 7508), AS
17 AMENDED, AT ANY TIME DURING THE PERIOD DESIGNATED BY THE
18 PRESIDENT BY EXECUTIVE ORDER AS THE PERIOD OF COMBATANT
19 ACTIVITIES IN THE COMBAT ZONE OR HOSPITALIZED AS A RESULT OF
20 INJURY RECEIVED WHILE SERVING IN THE COMBAT ZONE DURING SUCH
21 TIME, OR AN INDIVIDUAL SERVING IN A MILITARY CAPACITY AS A
22 RESULT OF A FEDERAL CALLUP TO ACTIVE DUTY OR CIVILIAN CAPACITY
23 OUTSIDE THE BOUNDARY OF THIS COMMONWEALTH IN SUPPORT OF SUCH
24 ARMED FORCES, THE PERIOD OF SERVICE IN SUCH AREA, PLUS THE
25 PERIOD OF QUALIFIED CONTINUOUS HOSPITALIZATION ATTRIBUTABLE TO
26 SUCH INJURY, AND THE NEXT ONE HUNDRED EIGHTY DAYS THEREAFTER
27 SHALL BE DISREGARDED IN DETERMINING, UNDER THIS ARTICLE, IN
28 RESPECT OF ANY TAX LIABILITY, INCLUDING ANY INTEREST, PENALTY,
29 ADDITIONAL AMOUNT OR ADDITION TO THE TAX OF SUCH INDIVIDUAL:

30 (I) WHETHER ANY OF THE FOLLOWING ACTS WERE PERFORMED WITHIN

1 THE TIME PRESCRIBED THEREFOR:

2 (A) FILING ANY RETURN OF INCOME TAX, EXCEPT INCOME TAX
3 WITHHELD AT SOURCE;

4 (B) PAYMENT OF ANY INCOME TAX, EXCEPT INCOME TAX WITHHELD AT
5 SOURCE OR ANY INSTALLMENT THEREOF OR OF ANY OTHER LIABILITY TO
6 THE COMMONWEALTH IN RESPECT THEREOF;

7 (C) FILING A PETITION FOR REDETERMINATION OF A DEFICIENCY OR
8 FOR REVIEW OF A DECISION RENDERED BY THE DEPARTMENT;

9 (D) ALLOWANCE OF A CREDIT OR REFUND OF ANY TAX;

10 (E) FILING A CLAIM FOR CREDIT OR REFUND OF ANY TAX;

11 (F) BRINGING SUIT UPON ANY SUCH CLAIM FOR CREDIT OR REFUND;

12 (G) ASSESSMENT OF ANY TAX;

13 (H) GIVING OR MAKING ANY NOTICE OR DEMAND FOR THE PAYMENT OF
14 ANY TAX OR WITH RESPECT TO ANY LIABILITY TO THE COMMONWEALTH IN
15 RESPECT OF ANY TAX;

16 (I) COLLECTION BY THE DEPARTMENT, BY LEVY OR OTHERWISE, OF
17 THE AMOUNT OF ANY LIABILITY IN RESPECT OF ANY TAX;

18 (J) BRINGING SUIT BY THE COMMONWEALTH, OR ANY OFFICER ON ITS
19 BEHALF, IN RESPECT OF ANY LIABILITY IN RESPECT OF ANY TAX; AND

20 (K) ANY OTHER ACT REQUIRED OR PERMITTED UNDER THIS ARTICLE
21 SPECIFIED IN REGULATIONS PRESCRIBED BY THE DEPARTMENT;

22 (II) THE AMOUNT OF ANY CREDIT OR REFUND, INCLUDING INTEREST.

23 * * *

24 SECTION 7. SECTION 335 OF THE ACT IS AMENDED BY ADDING A
25 SUBSECTION TO READ:

26 SECTION 335. REQUIREMENTS CONCERNING RETURNS, NOTICES,
27 RECORDS AND STATEMENTS.--* * *

28 (E) ANY PERSON WHO IS REQUIRED TO MAKE A FORM W-2G RETURN TO
29 THE SECRETARY OF THE TREASURY OF THE UNITED STATES IN REGARD TO
30 TAXABLE GAMBLING OR LOTTERY WINNINGS FROM SOURCES WITHIN THIS

1 COMMONWEALTH SHALL FILE A COPY OF THE FORM WITH THE DEPARTMENT
2 BY MARCH 1 OF EACH YEAR OR, IF FILED ELECTRONICALLY, BY MARCH 31
3 OF EACH YEAR.

4 SECTION 7.1. SECTION 401(1)1 OF THE ACT, AMENDED JUNE 29, <—
5 2002 (P.L.559, NO.89), IS AMENDED TO READ:

6 SECTION 401. DEFINITIONS.--THE FOLLOWING WORDS, TERMS, AND
7 PHRASES, WHEN USED IN THIS ARTICLE, SHALL HAVE THE MEANING
8 ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT
9 CLEARLY INDICATES A DIFFERENT MEANING:

10 (1) "CORPORATION." ANY OF THE FOLLOWING:

11 (I) A CORPORATION.

12 (II) A JOINT-STOCK ASSOCIATION.

13 (III) A BUSINESS TRUST, LIMITED LIABILITY COMPANY OR OTHER
14 ENTITY WHICH FOR FEDERAL INCOME TAX PURPOSES IS CLASSIFIED AS A
15 CORPORATION.

16 THE TERM DOES NOT INCLUDE:

17 1. A BUSINESS TRUST WHICH QUALIFIES AS A REAL ESTATE
18 INVESTMENT TRUST UNDER SECTION 856 OF THE INTERNAL REVENUE CODE
19 OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 856) OR WHICH IS A
20 QUALIFIED REAL ESTATE INVESTMENT TRUST SUBSIDIARY UNDER SECTION
21 856(I) OF THE INTERNAL REVENUE CODE OF 1986 (26 U.S.C. §
22 856(I)). [OR A RELATED BUSINESS TRUST WHICH CONFINES ITS
23 ACTIVITIES IN THIS COMMONWEALTH TO THE MAINTENANCE,
24 ADMINISTRATION AND MANAGEMENT OF INTANGIBLE INVESTMENTS AND
25 ACTIVITIES OF REAL ESTATE INVESTMENT TRUSTS OR QUALIFIED REAL
26 ESTATE INVESTMENT TRUST SUBSIDIARIES. A BUSINESS TRUST WHICH IS
27 A QUALIFIED REAL ESTATE INVESTMENT TRUST SUBSIDIARY UNDER
28 SECTION 856(I) OF THE INTERNAL REVENUE CODE OF 1986 (26 U.S.C. §
29 856(I)) SHALL BE TREATED AS PART OF THE REAL ESTATE INVESTMENT
30 TRUST WHICH OWNS ALL OF THE STOCK OF THE QUALIFIED REAL ESTATE

1 INVESTMENT TRUST SUBSIDIARY.]

2 * * *

3 SECTION 7.2. SECTION 402.2(B) OF THE ACT, AMENDED OR ADDED
4 JUNE 29, 2002 (P.L.559, NO.89), AND DECEMBER 30, 2002 (P.L.2080,
5 NO.232), IS AMENDED TO READ:

6 SECTION 402.2. INTERESTS IN UNINCORPORATED ENTITIES.--* * *

7 (B) SUBSECTION (A) DOES NOT APPLY TO A CORPORATION'S
8 INTEREST IN AN ENTITY DESCRIBED IN SECTION 401(1)1 OR SECTION
9 401(1)2[.] OTHER THAN A REAL ESTATE INVESTMENT TRUST AS DEFINED
10 IN SECTION 856 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW
11 99-514, 26 U.S.C. § 856) MORE THAN FIFTY PER CENT OF THE VOTING
12 POWER OR VALUE OF THE BENEFICIAL INTERESTS OR SHARES OF WHICH
13 ARE OWNED, DIRECTLY OR INDIRECTLY, BY A SINGLE CORPORATION THAT
14 IS NOT:

15 (1) A REAL ESTATE INVESTMENT TRUST AS DEFINED IN SECTION 856
16 OF THE INTERNAL REVENUE CODE OF 1986; OR

17 (2) A QUALIFIED REAL ESTATE INVESTMENT TRUST SUBSIDIARY
18 UNDER SECTION 856(I) OF THE INTERNAL REVENUE CODE OF 1986.

19 SECTION 8. THE DEFINITION OF "CORPORATION" IN SECTION 601(A)
20 OF THE ACT, AMENDED JUNE 29, 2002 (P.L.559, NO.89), IS AMENDED
21 TO READ:

22 SECTION 601. DEFINITIONS AND REPORTS.--(A) THE FOLLOWING
23 WORDS, TERMS AND PHRASES WHEN USED IN THIS ARTICLE VI SHALL HAVE
24 THE MEANING ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE
25 CONTEXT CLEARLY INDICATES A DIFFERENT MEANING:

26 * * *

27 "CORPORATION." (A) ANY OF THE FOLLOWING ENTITIES:

28 (1) A CORPORATION.

29 (2) A JOINT-STOCK ASSOCIATION.

30 (3) A BUSINESS TRUST.

(4) A LIMITED LIABILITY COMPANY[, OTHER THAN]. THIS CLAUSE EXCLUDES A RESTRICTED PROFESSIONAL COMPANY WHICH IS SUBJECT TO 15 PA.C.S. CH. 89 SUBCH. L (RELATING TO RESTRICTED PROFESSIONAL COMPANIES)[,] AND WHICH IS DEEMED TO BE A LIMITED PARTNERSHIP PURSUANT TO 15 PA.C.S. § 8997 (RELATING TO TAXATION OF RESTRICTED PROFESSIONAL COMPANIES).

(5) AN ENTITY WHICH FOR FEDERAL INCOME TAX PURPOSES IS CLASSIFIED AS A CORPORATION.

(6) A BUSINESS TRUST OR OTHER ENTITY WHICH IS A REAL ESTATE INVESTMENT TRUST AS DEFINED IN SECTION 856 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 856) MORE THAN FIFTY PER CENT OF THE VOTING POWER OR VALUE OF THE BENEFICIAL INTERESTS OR SHARES OF WHICH ARE OWNED, DIRECTLY OR INDIRECTLY, BY A SINGLE CORPORATION THAT IS NOT:

(I) A REAL ESTATE INVESTMENT TRUST AS DEFINED IN SECTION 856 OF THE INTERNAL REVENUE CODE OF 1986; OR

(II) A QUALIFIED REAL ESTATE INVESTMENT TRUST SUBSIDIARY UNDER SECTION 856(I) OF THE INTERNAL REVENUE CODE OF 1986.

(B) THE TERM DOES NOT INCLUDE ANY OF THE FOLLOWING:

(1) A BUSINESS TRUST WHICH QUALIFIES AS A REAL ESTATE INVESTMENT TRUST UNDER SECTION 856 OF THE INTERNAL REVENUE CODE OF 1986 (26 U.S.C. § 856) OR WHICH IS A QUALIFIED REAL ESTATE INVESTMENT TRUST SUBSIDIARY UNDER SECTION 856(I) OF THE INTERNAL REVENUE CODE OF 1986 (26 U.S.C. § 856(I)). [OR A RELATED BUSINESS TRUST WHICH CONFINES ITS ACTIVITIES IN THIS COMMONWEALTH TO THE MAINTENANCE, ADMINISTRATION AND MANAGEMENT OF INTANGIBLE INVESTMENTS AND ACTIVITIES OF REAL ESTATE INVESTMENT TRUSTS OR QUALIFIED REAL ESTATE INVESTMENT TRUST SUBSIDIARIES. A BUSINESS TRUST WHICH IS A QUALIFIED REAL ESTATE INVESTMENT TRUST SUBSIDIARY UNDER SECTION 856(I) OF THE INTERNAL

1 REVENUE CODE OF 1986 (26 U.S.C. § 856(I)) SHALL BE TREATED AS
2 PART OF THE REAL ESTATE INVESTMENT TRUST WHICH OWNS ALL OF THE
3 STOCK OF THE QUALIFIED REAL ESTATE INVESTMENT TRUST SUBSIDIARY.] <—

4 (2) A BUSINESS TRUST WHICH QUALIFIES AS A REGULATED
5 INVESTMENT COMPANY UNDER SECTION 851 OF THE INTERNAL REVENUE
6 CODE OF 1986 (26 U.S.C. § 851) AND WHICH IS REGISTERED WITH THE
7 UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE
8 INVESTMENT COMPANY ACT OF 1940 (54 STAT. 789, 15 U.S.C. § 80A-1
9 ET SEQ.) OR A RELATED BUSINESS TRUST WHICH CONFINES ITS
10 ACTIVITIES IN THIS COMMONWEALTH TO THE MAINTENANCE,
11 ADMINISTRATION AND MANAGEMENT OF INTANGIBLE INVESTMENTS AND
12 ACTIVITIES OF REGULATED INVESTMENT COMPANIES.

13 (3) A CORPORATION, TRUST OR OTHER ENTITY WHICH IS AN EXEMPT
14 ORGANIZATION AS DEFINED BY SECTION 501 OF THE INTERNAL REVENUE
15 CODE OF 1986 (26 U.S.C. § 501).

16 (4) A CORPORATION, TRUST OR OTHER ENTITY ORGANIZED AS A NOT-
17 FOR-PROFIT ORGANIZATION UNDER THE LAWS OF THIS COMMONWEALTH OR
18 THE LAWS OF ANY OTHER STATE WHICH:

19 (I) WOULD QUALIFY AS AN EXEMPT ORGANIZATION AS DEFINED BY
20 SECTION 501 OF THE INTERNAL REVENUE CODE OF 1986 (26 U.S.C. §
21 501);

22 (II) WOULD QUALIFY AS A HOMEOWNERS ASSOCIATION AS DEFINED BY
23 SECTION 528(C) OF THE INTERNAL REVENUE CODE OF 1986 (26 U.S.C. §
24 528(C)); OR

25 (III) IS A MEMBERSHIP ORGANIZATION SUBJECT TO THE FEDERAL
26 LIMITATIONS ON DEDUCTIONS FROM TAXABLE INCOME UNDER SECTION 277
27 OF THE INTERNAL REVENUE CODE OF 1986 (26 U.S.C. § 277) BUT ONLY
28 IF NO PECUNIARY GAIN OR PROFIT INURES TO ANY MEMBER OR RELATED
29 ENTITY FROM THE MEMBERSHIP ORGANIZATION.

30 (5) A COOPERATIVE AGRICULTURAL ASSOCIATION SUBJECT TO 15

1 PA.C.S. CH. 75 (RELATING TO COOPERATIVE AGRICULTURAL
2 ASSOCIATIONS).

3 (6) A BUSINESS TRUST IF THE TRUST IS ALL OF THE FOLLOWING:

4 (I) CREATED OR MANAGED BY AN ENTITY WHICH IS SUBJECT TO THE
5 TAX IMPOSED BY ARTICLE VII OR XV OR WHICH IS AN AFFILIATE OF THE
6 ENTITY WHICH SHARES AT LEAST EIGHTY PER CENT COMMON OWNERSHIP.

7 (II) CREATED AND MANAGED FOR THE PURPOSE OF FACILITATING THE
8 SECURITIZATION OF INTANGIBLE ASSETS.

9 (III) CLASSIFIED AS A PARTNERSHIP OR A DISREGARDED ENTITY
10 FOR FEDERAL INCOME TAX PURPOSES.

11 * * *

12 SECTION 9. SECTIONS 602(H) AND 607 OF THE ACT, AMENDED OR
13 ADDED JUNE 29, 2002 (P.L.559, NO.89), ARE AMENDED TO READ:

14 SECTION 602. IMPOSITION OF TAX.--* * *

15 (H) THE RATE OF TAX FOR PURPOSES OF THE CAPITAL STOCK AND
16 FRANCHISE TAX FOR TAXABLE YEARS BEGINNING WITHIN THE DATES SET
17 FORTH SHALL BE AS FOLLOWS:

18	TAXABLE YEAR	REGULAR RATE	SURTAX	TOTAL RATE
19	JANUARY 1, 1971, TO			
20	DECEMBER 31, 1986	10 MILLS	0	10 MILLS
21	JANUARY 1, 1987, TO			
22	DECEMBER 31, 1987	9 MILLS	0	9 MILLS
23	JANUARY 1, 1988, TO			
24	DECEMBER 31, 1990	9.5 MILLS	0	9.5 MILLS
25	JANUARY 1, 1991, TO			
26	DECEMBER 31, 1991	11 MILLS	2 MILLS	13 MILLS
27	JANUARY 1, 1992, TO			
28	DECEMBER 31, 1997	11 MILLS	1.75 MILLS	12.75 MILLS
29	JANUARY 1, 1998, TO			
30	DECEMBER 31, 1998	11 MILLS	.99 MILLS	11.99 MILLS

1	JANUARY 1, 1999, TO			
2	DECEMBER 31, 1999	10.99 MILLS	0	10.99 MILLS
3	JANUARY 1, 2000, TO			
4	DECEMBER 31, 2000	8.99 MILLS	0	8.99 MILLS
5	JANUARY 1, 2001, TO			
6	DECEMBER 31, 2001	7.49 MILLS	0	7.49 MILLS
7	[JANUARY 1, 2002, TO			
8	DECEMBER 31, 2002	7.24 MILLS	0	7.24 MILLS
9	JANUARY 1, 2003, TO			
10	DECEMBER 31, 2003	6.99 MILLS	0	6.99 MILLS
11	JANUARY 1, 2004, TO			
12	DECEMBER 31, 2004	5.99 MILLS	0	5.99 MILLS
13	JANUARY 1, 2005, TO			
14	DECEMBER 31, 2005	4.99 MILLS	0	4.99 MILLS
15	JANUARY 1, 2006, TO			
16	DECEMBER 31, 2006	3.99 MILLS	0	3.99 MILLS
17	JANUARY 1, 2007, TO			
18	DECEMBER 31, 2007	2.99 MILLS	0	2.99 MILLS
19	JANUARY 1, 2008, TO			
20	DECEMBER 31, 2008	1.99 MILLS	0	1.99 MILLS
21	JANUARY 1, 2009, TO			
22	DECEMBER 31, 2009	.99 MILLS	0	.99 MILLS]
23	<u>JANUARY 1, 2002, TO</u>			
24	<u>DECEMBER 31, 2003</u>	<u>7.24 MILLS</u>	<u>0</u>	<u>7.24 MILLS</u>
25	<u>JANUARY 1, 2004, TO</u>			
26	<u>DECEMBER 31, 2004</u>	<u>6.99 MILLS</u>	<u>0</u>	<u>6.99 MILLS</u>
27	<u>JANUARY 1, 2005, TO</u>			
28	<u>DECEMBER 31, 2005</u>	<u>5.99 MILLS</u>	<u>0</u>	<u>5.99 MILLS</u>
29	<u>JANUARY 1, 2006, TO</u>			
30	<u>DECEMBER 31, 2006</u>	<u>4.99 MILLS</u>	<u>0</u>	<u>4.99 MILLS</u>

JANUARY 1, 2007, TO

DECEMBER 31, 2007 3.99 MILLS 0 3.99 MILLS

JANUARY 1, 2008, TO

DECEMBER 31, 2008 2.99 MILLS 0 2.99 MILLS

JANUARY 1, 2009, TO

DECEMBER 31, 2009 1.99 MILLS 0 1.99 MILLS

JANUARY 1, 2010, TO

DECEMBER 31, 2010 .99 MILLS 0 .99 MILLS

* * *

SECTION 607. EXPIRATION.--THIS ARTICLE SHALL EXPIRE FOR
TAXABLE YEARS BEGINNING AFTER DECEMBER 31, [2009] 2010.

SECTION 10. THE HEADING OF ARTICLE XI IS AMENDED TO READ:

ARTICLE XI

[UTILITIES] GROSS RECEIPTS TAX

SECTION 11. SECTION 1101(A) AND (I) OF THE ACT, AMENDED MAY
24, 2000 (P.L.106, NO.23), ARE AMENDED AND THE SECTION IS
AMENDED BY ADDING SUBSECTIONS TO READ:

SECTION 1101. IMPOSITION OF TAX.--(A) GENERAL RULE.--EVERY
PIPELINE COMPANY, CONDUIT COMPANY, STEAMBOAT COMPANY, CANAL
COMPANY, SLACK WATER NAVIGATION COMPANY, TRANSPORTATION COMPANY,
AND EVERY OTHER COMPANY, ASSOCIATION, JOINT-STOCK ASSOCIATION,
OR LIMITED PARTNERSHIP, NOW OR HEREAFTER INCORPORATED OR
ORGANIZED BY OR UNDER ANY LAW OF THIS COMMONWEALTH, OR NOW OR
HEREAFTER ORGANIZED OR INCORPORATED BY ANY OTHER STATE OR BY THE
UNITED STATES OR ANY FOREIGN GOVERNMENT, AND DOING BUSINESS IN
THIS COMMONWEALTH, AND EVERY COPARTNERSHIP, PERSON OR PERSONS
OWNING, OPERATING OR LEASING TO OR FROM ANOTHER CORPORATION,
COMPANY, ASSOCIATION, JOINT-STOCK ASSOCIATION, LIMITED
PARTNERSHIP, COPARTNERSHIP, PERSON OR PERSONS, ANY PIPELINE,
CONDUIT, STEAMBOAT, CANAL, SLACK WATER NAVIGATION, OR OTHER

1 DEVICE FOR THE TRANSPORTATION OF FREIGHT, PASSENGERS, BAGGAGE,
2 OR OIL, EXCEPT MOTOR VEHICLES AND RAILROADS, AND EVERY LIMITED
3 PARTNERSHIP, ASSOCIATION, JOINT-STOCK ASSOCIATION, CORPORATION
4 OR COMPANY ENGAGED IN, OR HEREAFTER ENGAGED IN, THE
5 TRANSPORTATION OF FREIGHT OR OIL WITHIN THIS STATE, AND EVERY
6 TELEPHONE COMPANY [AND], TELEGRAPH COMPANY OR PROVIDER OF MOBILE
7 TELECOMMUNICATIONS SERVICES NOW OR HEREAFTER INCORPORATED OR
8 ORGANIZED BY OR UNDER ANY LAW OF THIS COMMONWEALTH, OR NOW OR
9 HEREAFTER ORGANIZED OR INCORPORATED BY ANY OTHER STATE OR BY THE
10 UNITED STATES OR ANY FOREIGN GOVERNMENT AND DOING BUSINESS IN
11 THIS COMMONWEALTH, AND EVERY LIMITED PARTNERSHIP, ASSOCIATION,
12 JOINT-STOCK ASSOCIATION, COPARTNERSHIP, PERSON OR PERSONS,
13 ENGAGED IN TELEPHONE OR TELEGRAPH BUSINESS OR PROVIDING MOBILE
14 TELECOMMUNICATIONS SERVICES IN THIS COMMONWEALTH, SHALL PAY TO
15 THE STATE TREASURER, THROUGH THE DEPARTMENT OF REVENUE, A TAX OF
16 FORTY-FIVE MILLS WITH A SURTAX EQUAL TO FIVE MILLS UPON EACH
17 DOLLAR OF THE GROSS RECEIPTS OF THE CORPORATION, COMPANY OR
18 ASSOCIATION, LIMITED PARTNERSHIP, JOINT-STOCK ASSOCIATION,
19 COPARTNERSHIP, PERSON OR PERSONS, RECEIVED FROM:

20 (1) PASSENGERS, BAGGAGE, OIL AND FREIGHT TRANSPORTED WHOLLY
21 WITHIN THIS STATE; AND

22 (2) TELEGRAPH OR TELEPHONE MESSAGES TRANSMITTED WHOLLY
23 WITHIN THIS STATE[,] OR TELEGRAPH OR TELEPHONE MESSAGES
24 TRANSMITTED IN INTERSTATE COMMERCE WHERE SUCH MESSAGES ORIGINATE
25 OR TERMINATE IN THIS COMMONWEALTH AND THE CHARGES FOR SUCH
26 MESSAGES ARE BILLED TO A SERVICE ADDRESS IN THIS COMMONWEALTH;
27 OR MOBILE TELECOMMUNICATIONS SERVICES MESSAGES SOURCED TO THIS
28 COMMONWEALTH BASED ON THE PLACE OF PRIMARY USE STANDARD SET
29 FORTH IN THE MOBILE TELECOMMUNICATIONS SOURCING ACT (4 U.S.C. §
30 117)); EXCEPT GROSS RECEIPTS DERIVED FROM:

(I) THE SALES OF ACCESS TO THE INTERNET, AS SET FORTH IN
ARTICLE II, MADE TO THE ULTIMATE CONSUMER; AND

(II) THE SALES FOR RESALE TO PERSONS, PARTNERSHIPS,
ASSOCIATIONS, CORPORATIONS OR POLITICAL SUBDIVISIONS SUBJECT TO
THE TAX IMPOSED BY THIS ARTICLE UPON GROSS RECEIPTS DERIVED FROM
SUCH RESALE OF TELECOMMUNICATIONS SERVICES AND MOBILE
TELECOMMUNICATIONS SERVICES, INCLUDING:

(A) TELECOMMUNICATIONS EXCHANGE ACCESS TO INTERCONNECT WITH
A LOCAL EXCHANGE CARRIER'S NETWORK; [AND]

(B) NETWORK ELEMENTS ON AN UNBUNDLED BASIS[.]; AND

(C) SALES OF TELECOMMUNICATIONS SERVICES TO INTERCONNECT
WITH PROVIDERS OF MOBILE TELECOMMUNICATIONS SERVICES AND SALES
OF MOBILE TELECOMMUNICATIONS SERVICES TO INTERCONNECT WITH
PROVIDERS OF TELECOMMUNICATIONS SERVICES.

(A.1) CREDIT.--TELEGRAPH OR TELEPHONE COMPANIES, OR A
PROVIDER OF MOBILE TELECOMMUNICATIONS SERVICES THAT PAYS A GROSS
RECEIPTS TAX TO ANOTHER STATE ON MESSAGES OR SERVICES THAT ARE
TAXABLE UNDER THIS ARTICLE ARE ENTITLED TO A CREDIT AGAINST THE
TAX DUE UNDER THIS ARTICLE. THE CREDIT ALLOWED WITH RESPECT TO
THE MESSAGES SHALL NOT EXCEED THE TAX DUE UNDER THIS ARTICLE
WITH RESPECT TO THE MESSAGES OR SERVICES.

* * *

(C.1) SAFE HARBOR BASE YEAR.--FOR PURPOSES OF THE ESTIMATED
TAX REQUIREMENTS UNDER SECTIONS 3003.2 AND 3003.3, THE "SAFE
HARBOR BASE YEAR" TAX AMOUNT FOR PROVIDERS OF MOBILE
TELECOMMUNICATIONS SERVICES SHALL BE THE AMOUNT THAT WOULD HAVE
BEEN REQUIRED TO BE PAID BY THE TAXPAYER IF THE TAXPAYER HAD
BEEN SUBJECT TO THIS ARTICLE, APPORTIONED FOR THE NUMBER OF DAYS
FOR WHICH THE TAX IMPOSED UNDER THIS SECTION IS APPLICABLE
DURING THE TAXABLE YEAR.

1 * * *

2 (I) ITEMIZATION OF GROSS RECEIPTS TAX.--

3 (1) [INTEREXCHANGE] EXCEPT AS PROVIDED IN PARAGRAPH (2.1),
4 INTEREXCHANGE TELECOMMUNICATIONS CARRIERS MAY SURCHARGE AND
5 DISCLOSE AS A SEPARATE LINE ITEM ON A CUSTOMER'S BILL ALL GROSS
6 RECEIPTS TAXES IMPOSED ON INTEREXCHANGE TELECOMMUNICATIONS
7 CARRIERS SERVICES PERFORMED WHOLLY WITHIN THIS COMMONWEALTH.

8 (2) FOR FOUR MONTHLY BILLING CYCLES FROM THE EFFECTIVE DATE
9 OF THIS ACT, ALL INTEREXCHANGE TELECOMMUNICATIONS CARRIERS SHALL
10 PROVIDE THE CUSTOMER WITH INFORMATION IN THE CARRIERS' MONTHLY
11 BILLING THAT THE GROSS RECEIPTS LINE ITEM SURCHARGE IS NOT A TAX
12 INCREASE, BUT MERELY A DISCLOSURE OF TAXES PRESENTLY AND
13 PREVIOUSLY PAID BY THE CUSTOMER.

14 (2.1) TELEPHONE COMPANIES AND PROVIDERS OF MOBILE
15 TELECOMMUNICATIONS SERVICES MAY NOT ITEMIZE AS A SEPARATE LINE
16 ITEM OR INCLUDE AS A SEPARATE LINE ITEM ON A CUSTOMER'S BILL ANY
17 GROSS RECEIPTS TAXES IMPOSED ON MOBILE TELECOMMUNICATIONS
18 SERVICES OR TELEPHONE OR TELEGRAPH MESSAGES TRANSMITTED IN
19 INTERSTATE COMMERCE SUBJECT TO TAXATION UNDER THIS ARTICLE DUE
20 TO THE ENACTMENT OF THIS AMENDATORY ACT.

21 (3) AS USED IN THIS SUBSECTION, THE TERM "INTEREXCHANGE
22 TELECOMMUNICATIONS CARRIER" HAS THE MEANING AS DEFINED IN 66
23 PA.C.S. § 3002 (RELATING TO DEFINITIONS).

24 (J) PENALTY FOR SUBSTANTIAL UNDERPAYMENT OF INITIAL
25 ESTIMATED GROSS RECEIPTS TAX.--

26 (1) IF THE AMOUNT OF THE ESTIMATED GROSS RECEIPTS TAX PAID
27 BY THE DUE DATE ON ACCOUNT OF A TAXPAYER'S FIRST APPLICABLE
28 TAXABLE YEAR UNDER THIS ARTICLE IS LESS THAN SEVENTY-FIVE PER
29 CENT OF THE TAX SHOWN ON THE REPORT FOR THAT TAXABLE YEAR OR THE
30 AMOUNT OF THE TAX SETTLED OR RESETTLED IF THAT AMOUNT EXCEEDS

1 THE REPORTED TAX BY MORE THAN TEN PER CENT, THEN A PENALTY SHALL
2 BE IMPOSED IN AN AMOUNT EQUAL TO FIVE PER CENT OF THE DIFFERENCE
3 BETWEEN THE TAX REPORTED OR, IF APPLICABLE, SETTLED OR RESETTLED
4 AND THE AMOUNT OF THE ESTIMATED TAX PAID BY THE DUE DATE.

5 (2) THE PENALTY IMPOSED BY THIS SUBSECTION IS IN ADDITION TO
6 ANY INTEREST IMPOSED ON UNDERPAYMENTS BY SECTION 3003.3.

7 (3) FOR THE PURPOSES OF THIS SUBSECTION, THE TERM "DUE DATE"
8 SHALL MEAN THE DATE SEVENTY-FIVE DAYS AFTER THIS SUBSECTION
9 BECOMES APPLICABLE OR MARCH 15, 2004, WHICHEVER IS LATER.

10 SECTION 12. SECTION 1111-A OF THE ACT, ADDED JUNE 29, 2002
11 (P.L.559, NO.89), IS AMENDED TO READ:

12 SECTION 1111-A. SURCHARGE.--(A) BY AUGUST 1, 2003, AND BY
13 EACH AUGUST 1 THEREAFTER, THE ATTORNEY GENERAL SHALL CERTIFY TO
14 THE DEPARTMENT A REPORT CONTAINING THE TOTAL REDUCTION OF
15 LIABILITIES, PAID OR UNPAID, TO THE COMMONWEALTH WHICH ARE THE
16 RESULT OF A FINAL ADJUDICATION OF LITIGATION OR A SETTLEMENT OF
17 LITIGATION ENTERED INTO BY THE OFFICE OF ATTORNEY GENERAL FOR
18 CLAIMS MADE UNDER THIS ARTICLE DURING THE PRIOR FISCAL YEAR.

19 (B) BY AUGUST 1, 2003, AND BY EACH AUGUST 1 THEREAFTER, THE
20 STATE TREASURER SHALL CERTIFY TO THE DEPARTMENT A REPORT
21 CONTAINING THE TOTAL REDUCTION OF LIABILITIES, PAID OR UNPAID,
22 TO THE COMMONWEALTH GRANTED BY THE BOARD OF FINANCE AND REVENUE
23 WHICH ARE THE RESULT OF A FINAL ORDER NOT APPEALED BY THE
24 DEPARTMENT FOR CLAIMS MADE UNDER THIS ARTICLE DURING THE PRIOR
25 FISCAL YEAR.

26 (C) IF THE TOTAL REDUCTION OF LIABILITIES REPORTED TO THE
27 DEPARTMENT UNDER SUBSECTIONS (A) AND (B) EXCEED FIVE MILLION
28 DOLLARS (\$5,000,000) FOR THE FISCAL YEAR, EACH ENTITY SUBJECT TO
29 THE TAX IMPOSED BY SECTION 1101 SHALL PAY TO THE COMMONWEALTH A
30 SURCHARGE UPON EACH DOLLAR OF THE GROSS RECEIPTS REQUIRED TO BE

1 REPORTED UNDER SECTION 1101, EXCEPT GROSS RECEIPTS FROM
2 PROVIDING MOBILE TELECOMMUNICATIONS SERVICES OR TELEPHONE OR
3 TELEGRAPH MESSAGES TRANSMITTED IN INTERSTATE COMMERCE, AT THE
4 RATE DETERMINED IN ACCORDANCE WITH SUBSECTION (D) FOR THE
5 FOLLOWING CALENDAR YEAR.

6 (D) THE SECRETARY OF REVENUE SHALL ESTABLISH A SURCHARGE
7 RATE BY ADDING THE TOTAL REDUCTION IN LIABILITIES REPORTED TO
8 THE DEPARTMENT UNDER SUBSECTIONS (A) AND (B) AND DIVIDING THE
9 SUM BY THE TOTAL AMOUNT OF TAXABLE GROSS RECEIPTS REPORTED TO
10 THE DEPARTMENT UNDER SECTION 1101, EXCEPT GROSS RECEIPTS FROM
11 PROVIDING MOBILE TELECOMMUNICATIONS SERVICES OR TELEPHONE OR
12 TELEGRAPH MESSAGES TRANSMITTED IN INTERSTATE COMMERCE, FOR THE
13 PRIOR CALENDAR YEAR OR SETTLED BY THE DEPARTMENT AS OF AUGUST 1
14 IN THE YEAR THE RETURN IS DUE. THE SURCHARGE RATE SHALL BE
15 ROUNDED TO FOUR DECIMAL PLACES, CERTIFIED BY THE SECRETARY OF
16 REVENUE TO THE APPROPRIATIONS COMMITTEE OF THE SENATE AND THE
17 APPROPRIATIONS COMMITTEE OF THE HOUSE OF REPRESENTATIVES AND
18 PUBLISHED BY THE DEPARTMENT BY OCTOBER 1, 2003, AND BY EACH
19 OCTOBER 1 THEREAFTER IN THE PENNSYLVANIA BULLETIN.

20 (E) IF A SURCHARGE IS IMPOSED FOR A CALENDAR YEAR, THE
21 SECRETARY SHALL REQUIRE ENTITIES SUBJECT TO THE SURCHARGE TO
22 FILE A REPORT CONSISTENT WITH THE REQUIREMENTS OF SECTION 1101
23 BY MARCH 15 OF THAT CALENDAR YEAR.

24 (F) THE SURCHARGE IMPOSED BY SUBSECTION (C) SHALL BE PAID
25 WITHIN THE TIME PRESCRIBED BY LAW. PARTS III, IV, V, VI AND VII
26 OF ARTICLE IV ARE INCORPORATED BY REFERENCE INTO THIS SECTION
27 INsofar AS THEY ARE CONSISTENT WITH THIS SECTION AND APPLICABLE
28 TO THE SURCHARGE IMPOSED HEREUNDER.

29 SECTION 13. SECTIONS 1704-B, 1709-B(A) AND 1711-B OF THE
30 ACT, ADDED MAY 7, 1997 (P.L.85, NO.7), ARE AMENDED TO READ:

1 SECTION 1704-B. CARRYOVER, CARRYBACK, REFUND AND ASSIGNMENT
2 OF CREDIT.--(A) [THE AMOUNT OF THE RESEARCH AND DEVELOPMENT TAX
3 CREDIT THAT A TAXPAYER MAY USE AGAINST ANY ONE QUALIFIED TAX
4 LIABILITY DURING ANY YEAR MAY NOT EXCEED FIFTY PER CENT OF SUCH
5 QUALIFIED TAX LIABILITY FOR THAT TAXABLE YEAR.] IF THE TAXPAYER
6 CANNOT USE THE ENTIRE AMOUNT OF THE RESEARCH AND DEVELOPMENT TAX
7 CREDIT FOR THE TAXABLE YEAR IN WHICH THE RESEARCH AND
8 DEVELOPMENT TAX CREDIT IS FIRST APPROVED, THEN THE EXCESS MAY BE
9 CARRIED OVER TO SUCCEEDING TAXABLE YEARS AND USED AS A CREDIT
10 AGAINST THE QUALIFIED TAX LIABILITY OF THE TAXPAYER FOR THOSE
11 TAXABLE YEARS. EACH TIME THAT THE RESEARCH AND DEVELOPMENT TAX
12 CREDIT IS CARRIED OVER TO A SUCCEEDING TAXABLE YEAR, IT IS TO BE
13 REDUCED BY THE AMOUNT THAT WAS USED AS A CREDIT DURING THE
14 IMMEDIATELY PRECEDING TAXABLE YEAR. THE RESEARCH AND DEVELOPMENT
15 TAX CREDIT PROVIDED BY THIS ARTICLE MAY BE CARRIED OVER AND
16 APPLIED TO SUCCEEDING TAXABLE YEARS FOR NO MORE THAN FIFTEEN
17 TAXABLE YEARS FOLLOWING THE FIRST TAXABLE YEAR FOR WHICH THE
18 TAXPAYER WAS ENTITLED TO CLAIM THE CREDIT.

19 (B) A RESEARCH AND DEVELOPMENT TAX CREDIT APPROVED BY THE
20 DEPARTMENT FOR PENNSYLVANIA QUALIFIED RESEARCH AND DEVELOPMENT
21 EXPENSE IN A TAXABLE YEAR FIRST SHALL BE APPLIED AGAINST THE
22 TAXPAYER'S QUALIFIED TAX LIABILITY FOR THE CURRENT TAXABLE YEAR
23 AS OF THE DATE ON WHICH THE CREDIT WAS APPROVED BEFORE THE
24 RESEARCH AND DEVELOPMENT TAX CREDIT IS APPLIED AGAINST ANY TAX
25 LIABILITY UNDER SUBSECTION (A).

26 (C) A TAXPAYER IS NOT ENTITLED TO CARRY BACK[,] OR OBTAIN A
27 REFUND OF [OR ASSIGN] AN UNUSED RESEARCH AND DEVELOPMENT TAX
28 CREDIT.

29 (D) A TAXPAYER, UPON APPLICATION TO AND APPROVAL BY THE
30 DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, MAY SELL OR

1 ASSIGN, IN WHOLE OR IN PART, A RESEARCH AND DEVELOPMENT TAX
2 CREDIT GRANTED TO THE TAXPAYER UNDER THIS ARTICLE IF NO CLAIM
3 FOR ALLOWANCE OF THE CREDIT IS FILED WITHIN ONE YEAR FROM THE
4 DATE THE CREDIT IS APPROVED BY THE DEPARTMENT UNDER SECTION
5 1703-B. THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
6 SHALL ESTABLISH GUIDELINES FOR THE APPROVAL OF APPLICATIONS
7 UNDER THIS SUBSECTION.

8 (E) THE PURCHASER OR ASSIGNEE OF A PORTION OF A RESEARCH AND
9 DEVELOPMENT TAX CREDIT UNDER SUBSECTION (D) SHALL IMMEDIATELY
10 CLAIM THE CREDIT IN THE TAXABLE YEAR IN WHICH THE PURCHASE OR
11 ASSIGNMENT IS MADE. THE AMOUNT OF THE RESEARCH AND DEVELOPMENT
12 CREDIT THAT A PURCHASER OR ASSIGNEE MAY USE AGAINST ANY ONE
13 QUALIFIED TAX LIABILITY MAY NOT EXCEED SEVENTY-FIVE PER CENT OF
14 SUCH QUALIFIED TAX LIABILITY FOR THE TAXABLE YEAR. THE PURCHASER
15 OR ASSIGNEE MAY NOT CARRY OVER, CARRY BACK, OBTAIN A REFUND OF
16 OR ASSIGN THE RESEARCH AND DEVELOPMENT TAX CREDIT. THE PURCHASER
17 OR ASSIGNEE SHALL NOTIFY THE DEPARTMENT OF THE SELLER OR
18 ASSIGNOR OF THE RESEARCH AND DEVELOPMENT TAX CREDIT IN
19 COMPLIANCE WITH PROCEDURES SPECIFIED BY THE DEPARTMENT.

20 SECTION 1709-B. LIMITATION ON CREDITS.--(A) THE TOTAL
21 AMOUNT OF CREDITS APPROVED BY THE DEPARTMENT SHALL NOT EXCEED
22 [FIFTEEN MILLION DOLLARS (\$15,000,000)] THIRTY MILLION DOLLARS
23 (\$30,000,000) IN ANY FISCAL YEAR. OF THAT AMOUNT, [THREE MILLION
24 DOLLARS (\$3,000,000)] SIX MILLION DOLLARS (\$6,000,000) SHALL BE
25 ALLOCATED EXCLUSIVELY FOR SMALL BUSINESSES. HOWEVER, IF THE
26 TOTAL AMOUNTS ALLOCATED TO EITHER THE GROUP OF APPLICANTS
27 EXCLUSIVE OF SMALL BUSINESSES OR THE GROUP OF SMALL BUSINESS
28 APPLICANTS IS NOT APPROVED IN ANY FISCAL YEAR, THE UNUSED
29 PORTION WILL BECOME AVAILABLE FOR USE BY THE OTHER GROUP OF
30 QUALIFYING TAXPAYERS.

1 * * *

2 SECTION 1711-B. REPORT TO GENERAL ASSEMBLY.--THE SECRETARY
3 SHALL SUBMIT AN ANNUAL REPORT TO THE GENERAL ASSEMBLY INDICATING
4 THE EFFECTIVENESS OF THE CREDIT PROVIDED BY THIS ARTICLE NO
5 LATER THAN MARCH 15 FOLLOWING THE YEAR IN WHICH THE CREDITS WERE
6 APPROVED. THE REPORT SHALL INCLUDE THE [NUMBER OF] NAMES OF ALL
7 TAXPAYERS UTILIZING THE CREDIT AS OF THE DATE OF THE REPORT AND
8 THE AMOUNT OF CREDITS APPROVED AND UTILIZED BY EACH TAXPAYER.
9 NOTWITHSTANDING ANY LAW PROVIDING FOR THE CONFIDENTIALITY OF TAX
10 RECORDS, THE INFORMATION CONTAINED IN THE REPORT SHALL BE PUBLIC
11 INFORMATION. THE REPORT MAY ALSO INCLUDE ANY RECOMMENDATIONS FOR
12 CHANGES IN THE CALCULATION OR ADMINISTRATION OF THE CREDIT.

13 SECTION 14. THE DEFINITION OF "TRANSFER OF PROPERTY FOR THE
14 SOLE USE" IN SECTION 2102 OF THE ACT, ADDED JUNE 29, 2002
15 (P.L.559, NO.89), IS AMENDED TO READ:

16 SECTION 2102. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND
17 PHRASES, WHEN USED IN THIS ARTICLE, SHALL HAVE THE MEANINGS
18 ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT
19 CLEARLY INDICATES A DIFFERENT MEANING, AND, UNLESS SPECIFICALLY
20 PROVIDED OTHERWISE, ANY REFERENCE IN THIS ARTICLE TO THE
21 INTERNAL REVENUE CODE OF 1986 SHALL MEAN THE INTERNAL REVENUE
22 CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 1 ET SEQ.) AS
23 AMENDED TO JUNE 1, 2001:

24 * * *

25 "TRANSFER OF PROPERTY FOR THE SOLE USE." A TRANSFER TO OR
26 FOR THE USE OF A TRANSFEREE IF, DURING THE TRANSFEREE'S
27 LIFETIME, THE TRANSFEREE IS ENTITLED TO ALL INCOME AND PRINCIPAL
28 DISTRIBUTIONS FROM THE PROPERTY AND NO PERSON, INCLUDING THE
29 TRANSFEREE, POSSESSES [A] AN INTER VIVOS POWER OF APPOINTMENT
30 OVER THE PROPERTY.

1 * * *

2 SECTION 14.1. SECTION 3003.2(A)(5), (B)(1) AND (4.2), (C)(5)
3 AND (G) OF THE ACT, AMENDED JUNE 29, 2002 (P.L.559, NO.89), ARE
4 AMENDED TO READ:

5 SECTION 3003.2. ESTIMATED TAX.--(A) THE FOLLOWING TAXPAYERS
6 ARE REQUIRED TO PAY ESTIMATED TAX:

7 * * *

8 (5) EVERY PERSON SUBJECT TO THE TAX IMPOSED BY ARTICLE XI OF
9 THIS ACT SHALL MAKE PAYMENTS OF ESTIMATED [UTILITIES] GROSS
10 RECEIPTS TAX DURING ITS TAXABLE YEAR.

11 (B) THE FOLLOWING WORDS, TERMS AND PHRASES WHEN USED IN
12 SECTIONS 3003.2 THROUGH 3003.4 OF THIS ARTICLE SHALL HAVE THE
13 FOLLOWING MEANINGS ASCRIBED TO THEM:

14 (1) "ESTIMATED TAX." ESTIMATED CORPORATE NET INCOME TAX,
15 ESTIMATED CAPITAL STOCK AND FRANCHISE TAX, ESTIMATED MUTUAL
16 THRIFT INSTITUTION TAX, ESTIMATED INSURANCE PREMIUMS TAX,
17 ESTIMATED [UTILITIES] GROSS RECEIPTS TAX OR ESTIMATED PUBLIC
18 UTILITY REALTY SURCHARGE.

19 * * *

20 (4.2) "ESTIMATED [UTILITIES] GROSS RECEIPTS TAX." THE
21 AMOUNT WHICH THE TAXPAYER ESTIMATES AS THE AMOUNT OF TAX IMPOSED
22 BY SECTION 1101 OF ARTICLE XI FOR THE TAXABLE YEAR.

23 * * *

24 (C) ESTIMATED TAX SHALL BE PAID AS FOLLOWS:

25 * * *

26 (5) PAYMENT OF THE ESTIMATED [UTILITIES] GROSS RECEIPTS TAX
27 SHALL BE MADE IN A SINGLE INSTALLMENT ON OR BEFORE THE FIFTEENTH
28 DAY OF MARCH OF THE TAXABLE YEAR. THE REMAINING PORTION OF THE
29 [UTILITIES] GROSS RECEIPTS TAX DUE, IF ANY, SHALL BE PAID UPON
30 THE DATE THE ANNUAL REPORT IS REQUIRED TO BE FILED WITHOUT

1 REFERENCE TO ANY EXTENSION OF TIME FOR FILING THE REPORT.

2 * * *

3 (G) FOR ALL PURPOSES OF SECTIONS 3003.2 THROUGH 3003.4 OF
4 THIS ARTICLE, ESTIMATED CORPORATE NET INCOME TAX, ESTIMATED
5 CAPITAL STOCK AND FRANCHISE TAX, ESTIMATED MUTUAL THRIFT
6 INSTITUTIONS TAX, ESTIMATED INSURANCE PREMIUMS TAX, ESTIMATED
7 [UTILITIES] GROSS RECEIPTS TAX AND ESTIMATED PUBLIC UTILITY
8 REALTY SURCHARGE SHALL BE SEPARATELY REPORTED, DETERMINED AND
9 TREATED.

10 * * *

11 SECTION 15. SECTION 3003.3(D) OF THE ACT, AMENDED MAY 7,
12 1997 (P.L.85, NO.7), IS AMENDED TO READ:

13 SECTION 3003.3. UNDERPAYMENT OF ESTIMATED TAX.--* * *

14 (D) NOTWITHSTANDING THE PROVISIONS OF THE PRECEDING
15 SUBSECTIONS, INTEREST WITH RESPECT TO ANY UNDERPAYMENT OF ANY
16 INSTALLMENT OF ESTIMATED TAX SHALL NOT BE IMPOSED IF THE TOTAL
17 AMOUNT OF ALL PAYMENTS OF ESTIMATED TAX MADE ON OR BEFORE THE
18 LAST DATE PRESCRIBED FOR THE PAYMENT OF SUCH INSTALLMENT EQUALS
19 OR EXCEEDS THE AMOUNT WHICH WOULD HAVE BEEN REQUIRED TO BE PAID
20 ON OR BEFORE SUCH DATE IF THE ESTIMATED TAX WERE AN AMOUNT EQUAL
21 TO THE TAX COMPUTED AT THE RATES APPLICABLE TO THE TAXABLE YEAR,
22 INCLUDING ANY MINIMUM TAX IMPOSED, BUT OTHERWISE ON THE BASIS OF
23 THE FACTS SHOWN ON THE REPORT OF THE TAXPAYER FOR, AND THE LAW
24 APPLICABLE TO, THE SAFE HARBOR BASE YEAR, ADJUSTED FOR ANY
25 CHANGES TO SECTIONS 401, 601 [AND], 602 AND 1101 ENACTED FOR THE
26 TAXABLE YEAR, IF A REPORT SHOWING A LIABILITY FOR TAX WAS FILED
27 BY THE TAXPAYER FOR THE SAFE HARBOR BASE YEAR. IF THE TOTAL
28 AMOUNT OF ALL PAYMENTS OF ESTIMATED TAX MADE ON OR BEFORE THE
29 LAST DATE PRESCRIBED FOR THE PAYMENT OF SUCH INSTALLMENT DOES
30 NOT EQUAL OR EXCEED THE AMOUNT REQUIRED TO BE PAID PER THE

1 PRECEDING SENTENCE, BUT SUCH AMOUNT IS PAID AFTER THE DATE THE
2 INSTALLMENT WAS REQUIRED TO BE PAID, THEN THE PERIOD OF
3 UNDERPAYMENT SHALL RUN FROM THE DATE THE INSTALLMENT WAS
4 REQUIRED TO BE PAID TO THE DATE THE AMOUNT REQUIRED TO BE PAID
5 PER THE PRECEDING SENTENCE IS PAID. PROVIDED, THAT IF THE
6 SETTLED TAX FOR THE SAFE HARBOR BASE YEAR EXCEEDS THE TAX SHOWN
7 ON SUCH REPORT BY TEN PER CENT OR MORE, THE SETTLED TAX ADJUSTED
8 TO REFLECT THE CURRENT TAX RATE SHALL BE USED FOR PURPOSES OF
9 THIS SUBSECTION, EXCEPT THAT, IF THE SETTLED TAX IS SUBSEQUENTLY
10 RESETTLED, THE AMOUNT OF TAX AS RESETTLED SHALL BE UTILIZED IN
11 THE APPLICATION OF THIS SUBSECTION WITHOUT THE NECESSITY OF THE
12 FILING OF ANY PETITION BY THE DEPARTMENT OR BY THE TAXPAYER. IN
13 THE EVENT THAT THE SETTLED OR RESETTLED TAX FOR THE SAFE HARBOR
14 BASE YEAR EXCEEDS THE TAX SHOWN ON THE REPORT BY TEN PER CENT OR
15 MORE, INTEREST RESULTING FROM THE UTILIZATION OF SUCH SETTLED OR
16 RESETTLED TAX IN THE APPLICATION OF THE PROVISIONS OF THIS
17 SUBSECTION SHALL NOT BE IMPOSED IF, WITHIN FORTY-FIVE DAYS OF
18 THE MAILING DATE OF SUCH SETTLEMENT OR RESETTLEMENT, PAYMENTS
19 ARE MADE SUCH THAT THE TOTAL AMOUNT OF ALL PAYMENTS OF ESTIMATED
20 TAX EQUALS OR EXCEEDS THE AMOUNT WHICH WOULD HAVE BEEN REQUIRED
21 TO BE PAID ON OR BEFORE SUCH DATE IF THE ESTIMATED TAX WERE AN
22 AMOUNT EQUAL TO SUCH SETTLED OR RESETTLED TAX ADJUSTED TO
23 REFLECT THE CURRENT TAX RATE. IN ANY CASE IN WHICH THE TAXABLE
24 YEAR FOR WHICH AN UNDERPAYMENT OF ESTIMATED TAX MAY EXIST IS A
25 SHORT TAXABLE YEAR, IN DETERMINING THE TAX SHOWN ON THE REPORT
26 OR THE SETTLED OR RESETTLED TAX FOR THE SAFE HARBOR BASE YEAR,
27 THE TAX WILL BE REDUCED BY MULTIPLYING IT BY THE RATIO OF THE
28 NUMBER OF INSTALLMENT PAYMENTS MADE IN THE SHORT TAXABLE YEAR TO
29 THE NUMBER OF INSTALLMENT PAYMENTS REQUIRED TO BE MADE FOR THE
30 FULL TAXABLE YEAR.

SECTION 16. THE ACT IS AMENDED BY ADDING SECTIONS TO READ:

SECTION 3003.15. TAX CLEARANCE FOR LICENSES, PERMITS AND REGISTRATIONS.--(A) EXCEPT AS SET FORTH IN SUBSECTION (C), AN APPLICANT FOR THE GRANT, RENEWAL OR TRANSFER OF ANY LICENSE SHALL PROVIDE TO THE LICENSING AGENCY, UPON FORMS APPROVED BY THE DEPARTMENT, THE FOLLOWING:

(1) THE APPLICANT'S STATE PERSONAL INCOME TAX IDENTIFICATION NUMBER;

(2) THE APPLICANT'S STATE SALES TAX NUMBER;

(3) THE APPLICANT'S STATE CORPORATION TAX NUMBER;

(4) THE APPLICANT'S STATE EMPLOYER WITHHOLDING TAX NUMBER;

(5) THE APPLICANT'S UNEMPLOYMENT COMPENSATION ACCOUNT NUMBER; AND

(6) A STATEMENT OF WHETHER:

(I) ALL STATE TAX REPORTS HAVE BEEN FILED AND ALL STATE TAXES PAID;

(II) ALL STATE TAXES ARE SUBJECT TO A TIMELY ADMINISTRATIVE OR JUDICIAL APPEAL; OR

(III) ALL STATE TAXES ARE SUBJECT TO A DULY APPROVED DEFERRED PAYMENT PLAN.

(B) A LICENSE APPLICATION SHALL BE DEEMED TO BE INCOMPLETE AND A LICENSING AGENCY SHALL NOT APPROVE ANY APPLICATION FOR THE GRANT, RENEWAL OR TRANSFER OF ANY LICENSE WHEN A LICENSEE DOES NOT PROVIDE THE INFORMATION REQUIRED BY SUBSECTION (A).

(C) AN APPLICANT FOR THE GRANT, RENEWAL OR TRANSFER OF A LICENSE ISSUED BY THE PENNSYLVANIA SECURITIES COMMISSION SHALL COMPLY WITH ANY REGULATION OR ORDER ADOPTED BY THE COMMISSION FOR THE IMPLEMENTATION OF SUBSECTION (A).

(D) UPON THE FILING OF AN APPLICATION WITH A LICENSING AGENCY FOR THE GRANT, RENEWAL OR TRANSFER OF ANY LICENSE, THE

1 APPLICANT WAIVES ANY CONFIDENTIALITY WITH RESPECT TO STATE TAX
2 INFORMATION REGARDING THE APPLICANT IN THE POSSESSION OF THE
3 DEPARTMENT, THE OFFICE OF ATTORNEY GENERAL OR THE DEPARTMENT OF
4 LABOR AND INDUSTRY, REGARDLESS OF THE SOURCE OF THAT INFORMATION
5 AND CONSENTS TO THE PROVISION OF THAT INFORMATION TO THE
6 LICENSING AGENCY BY THE DEPARTMENT, THE OFFICE OF ATTORNEY
7 GENERAL OR THE DEPARTMENT OF LABOR AND INDUSTRY.

8 (E) UPON RECEIPT OF ANY APPLICATION FOR THE GRANT, RENEWAL
9 OR TRANSFER OF ANY LICENSE, THE LICENSING AGENCY SHALL FORWARD
10 STATE TAX INFORMATION REGARDING THE APPLICANT TO THE DEPARTMENT,
11 THE OFFICE OF ATTORNEY GENERAL AND THE DEPARTMENT OF LABOR AND
12 INDUSTRY. THE LICENSING AGENCY, THE DEPARTMENT, THE OFFICE OF
13 ATTORNEY GENERAL AND THE DEPARTMENT OF LABOR AND INDUSTRY MAY
14 USE REASONABLE PARAMETERS IN DETERMINING WHETHER AN APPLICANT
15 HAS FILED REQUIRED STATE TAX REPORTS OR PAID STATE TAX DUE. IF A
16 STATE TAX IS DELINQUENT OR A REQUIRED REPORT HAS NOT BEEN FILED,
17 THE TAXING AGENCY SHALL ISSUE A NOTICE TO THE LICENSING AGENCY
18 AND TO THE LICENSEE OR APPLICANT AS PROVIDED IN SUBSECTION (F)
19 SPECIFYING THAT THE APPLICANT OR LICENSEE HAS NOT FILED THE
20 REQUIRED RETURN OR PAID A STATE TAX. FOR PURPOSES OF THIS
21 PARAGRAPH, A STATE TAX IS DELINQUENT WHEN IT IS SUBJECT TO
22 COLLECTION ACTION BY THE TAXING AGENCY AND IS NEITHER SUBJECT TO
23 A TIMELY ADMINISTRATIVE OR JUDICIAL APPEAL NOR SUBJECT TO A DULY
24 AUTHORIZED DEFERRED PAYMENT PLAN.

25 (F) NOTICE TO LICENSEE OR APPLICANT FOR LICENSE OR TRANSFER
26 OF LICENSE SHALL BE AS FOLLOWS:

27 (1) PRIOR TO THE ISSUANCE OF AN ORDER TO SUSPEND, TO NOT
28 RENEW OR TO DENY A LICENSE, THE APPLICABLE TAXING AGENCY SHALL
29 PROVIDE NOTICE TO THE APPLICANT OR LICENSEE AS SET FORTH IN
30 SUBSECTION (E). THE NOTICE MUST SPECIFY:

1 (I) ANY REPORTS WHICH MUST BE FILED AND ANY AMOUNTS OWED.

2 (II) HOW, WHEN AND WHERE THE NOTICE CAN BE CONTESTED.

3 (III) WHERE PAYMENT MAY BE MADE IN ORDER TO CURE THE STATE
4 TAX DELINQUENCY OR WHOM THE INDIVIDUAL MAY CONTACT TO ATTEMPT TO
5 ESTABLISH A PAYMENT PLAN.

6 (IV) THAT THE GROUNDS FOR CONTESTING THE NOTICE ARE LIMITED
7 TO MISTAKEN IDENTITY OF THE LICENSEE.

8 (V) THAT AN ORDER TO DENY AN APPLICATION FOR LICENSE OR
9 TRANSFER OR AUTOMATICALLY SUSPEND THE LICENSE WILL BE ISSUED
10 FORTY-FIVE DAYS AFTER ISSUANCE OF THE NOTICE UNLESS THE
11 DELINQUENT REPORT IS FILED, THE STATE TAX IS PAID OR A PAYMENT
12 PLAN IS APPROVED BY THE APPLICABLE TAXING AGENCY.

13 (2) AN AGREEMENT PROVIDING FOR A PERIODIC PAYMENT PLAN SHALL
14 SPECIFY THAT FAILURE TO COMPLY WITH THE SCHEDULE OF PAYMENTS
15 SHALL RESULT IN THE IMMEDIATE SUSPENSION, NONRENEWAL OR DENIAL
16 OF THE LICENSE WITHOUT FURTHER RIGHT TO A HEARING.

17 (3) TO CONTEST THE NOTICE OR OBTAIN A PAYMENT PLAN, THE
18 LICENSEE OR APPLICANT MUST CONTACT THE APPLICABLE TAXING AGENCY
19 NOT LATER THAN TWENTY DAYS AFTER ISSUANCE OF THE NOTICE. THE
20 GROUNDS FOR CONTESTING SHALL BE LIMITED TO MISTAKEN IDENTITY.
21 IF, AS DETERMINED BY THE TAXING AGENCY, A MISTAKE HAS OCCURRED,
22 THE NOTICE PROVIDED TO THE LICENSING AGENCY UNDER SUBSECTION (E)
23 SHALL BE MODIFIED ACCORDINGLY WITHIN TWENTY DAYS OF THE
24 APPROPRIATE TAXING AGENCY BEING CONTACTED.

25 (G) A PERSON THAT PRACTICES A TRADE, PROFESSION OR
26 OCCUPATION OR CONDUCTS A BUSINESS ACTIVITY WITHOUT A LICENSE
27 UNDER THIS SECTION SHALL BE GUILTY OF A MISDEMEANOR. THE PENALTY
28 IMPOSED UNDER THIS SECTION SHALL BE IN ADDITION TO ANY OTHER
29 PENALTY IMPOSED BY LAW.

30 (H) IF DURING THE EFFECTIVE PERIOD OF ANY LICENSE, THE

1 LICENSEE FAILS TO FILE ANY REQUIRED STATE TAX REPORT, FAILS TO
2 PAY ANY COLLECTIBLE STATE TAX DUE OR DEFAULTS IN A DEFERRED
3 PAYMENT PLAN, THE DEPARTMENT, THE OFFICE OF ATTORNEY GENERAL OR
4 THE DEPARTMENT OF LABOR AND INDUSTRY, AFTER COMPLYING WITH
5 SUBSECTION (F), MAY NOTIFY THE LICENSING AGENCY WHICH SHALL
6 SUSPEND OR NOT RENEW ANY LICENSE ISSUED TO THE LICENSEE.
7 NOTWITHSTANDING THE PROVISIONS OF ANY OTHER STATUTE, THE LICENSE
8 SUSPENSION OR NONRENEWAL SHALL BE FOR AN INDEFINITE PERIOD OF
9 TIME AND SHALL REMAIN IN EFFECT UNTIL THE LICENSEE FILES THE
10 REQUIRED REPORTS, PAYS THE STATE TAX DUE OR CURES THE DEFERRED
11 PAYMENT PLAN DEFAULT.

12 (I) THE APPROPRIATE TAXING AGENCY MAY STAY THE PROCESS FOR
13 SUSPENSION, NONRENEWAL OR DENIAL BEYOND THE NOTICE PERIOD
14 SPECIFIED IN SUBSECTION (F)(1)(V) IF ADDITIONAL TIME IS REQUIRED
15 FOR IT TO PROCESS A CASE OR REACH A PAYMENT PLAN WITH THE
16 LICENSEE. THE TAXING AGENCY SHALL NOTIFY THE LICENSING AGENCY OF
17 THE INTENT TO STAY THE SUSPENSION, NONRENEWAL OR DENIAL AT LEAST
18 FIVE WORKING DAYS BEFORE THE NOTICE PERIOD HAS EXPIRED.

19 (J) A LICENSING AGENCY MAY MAKE A DETERMINATION THAT A
20 LICENSE IS VITAL TO PREVENT AN IMMEDIATE THREAT TO THE HEALTH,
21 SAFETY AND WELFARE OF THE PUBLIC. THE LICENSING AGENCY SHALL
22 NOTIFY THE APPLICABLE TAXING AGENCY OF THE DETERMINATION. IF
23 THIS DETERMINATION IS MADE, THE LICENSING AGENCY MAY USE ITS
24 DISCRETION TO RENEW A LICENSE OR NOT SUSPEND A LICENSE BUT MAY
25 NOT GRANT A LICENSE TO A NEW APPLICANT UNTIL THE APPLICANT FILES
26 THE REQUIRED REPORTS, PAYS THE STATE TAX DUE OR CURES THE
27 DEFERRED PAYMENT PLAN DEFAULT.

28 (K) THE PROVISIONS OF THIS SECTION SHALL ALSO BE APPLICABLE
29 TO ANY MANAGEMENT COMPANY UTILIZED BY THE APPLICANT.

30 (L) FOR THE PURPOSE OF THIS SECTION, THE FOLLOWING WORDS AND

1 PHRASES SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SUBSECTION
2 UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE:

3 "APPLICANT." A PERSON THAT APPLIES TO A LICENSING AGENCY FOR
4 A LICENSE OR APPLIES FOR RENEWAL OR IN THE CASE OF THE TRANSFER
5 OF AN EXISTING LICENSE, THE TRANSFEROR OR THE TRANSFEREE.

6 "DEPARTMENT." THE DEPARTMENT OF REVENUE OF THE COMMONWEALTH.

7 "LICENSE." A LICENSE, PERMIT OR REGISTRATION GRANTED OR
8 ISSUED BY A LICENSING AGENCY THAT CONFERS BENEFITS, PRIVILEGES
9 OR RIGHTS TO THE LICENSEE, PERMIT HOLDER OR REGISTRANT TO
10 PRACTICE A TRADE, PROFESSION OR OCCUPATION OR TO CONDUCT A
11 BUSINESS ACTIVITY WITHIN THIS COMMONWEALTH.

12 "LICENSING AGENCY." THE DEPARTMENT OF REVENUE, THE
13 DEPARTMENT OF LABOR AND INDUSTRY, THE DEPARTMENT OF
14 ENVIRONMENTAL PROTECTION, THE DEPARTMENT OF BANKING, THE
15 DEPARTMENT OF STATE, THE INSURANCE DEPARTMENT OR THE
16 PENNSYLVANIA SECURITIES COMMISSION.

17 "STATE TAX." A TAX LIABILITY, INCLUDING INTEREST, PENALTY
18 AND ADDITIONS OF A TAXPAYER, LICENSEE, EMPLOYER OR OTHER PERSON
19 IMPOSED UNDER THIS ACT, THE ACT OF DECEMBER 5, 1936 (2ND
20 SP.SESS., 1937 P.L.2897, NO.1), KNOWN AS THE "UNEMPLOYMENT
21 COMPENSATION LAW," OR 75 PA.C.S. § 9014 (RELATING TO COLLECTION
22 OF UNPAID TAXES).

23 "TAXING AGENCY." THE DEPARTMENT OF REVENUE OR THE DEPARTMENT
24 OF LABOR AND INDUSTRY.

25 SECTION 3003.16. AUTHORITY TO ATTACH WAGES, COMMISSIONS AND
26 OTHER EARNINGS.--(A) THE DEPARTMENT OF REVENUE MAY, UPON THE
27 PRESENTATION OF A WRITTEN NOTICE AND DEMAND CERTIFYING THAT THE
28 INFORMATION CONTAINED WITHIN IS TRUE AND CORRECT AND CONTAINING
29 THE NAME OF THE TAXPAYER AND THE AMOUNT OF DELINQUENT STATE TAX
30 DUE PLUS THE DEPARTMENT'S COSTS, DEMAND, RECEIVE AND COLLECT THE

1 AMOUNT FROM ANY ENTITY:

2 (1) EMPLOYING PERSONS OWING DELINQUENT STATE TAXES; OR

3 (2) HAVING IN ITS POSSESSION UNPAID COMMISSIONS OR EARNINGS
4 BELONGING TO ANY PERSON OR PERSONS OWING DELINQUENT STATE TAXES.

5 (B) SUBJECT TO THE LIMITATIONS IN SUBSECTION (C), UPON THE
6 RECEIPT OF A WRITTEN NOTICE AND DEMAND PURSUANT TO SUBSECTION
7 (A), AN ENTITY SHALL DEDUCT FROM THE WAGES OF AN INDIVIDUAL
8 EMPLOYEE THE AMOUNT SHOWN ON THE NOTICE AND SHALL FORWARD THE
9 AMOUNT TO THE DEPARTMENT WITHIN SIXTY DAYS AFTER RECEIPT OF THE
10 NOTICE.

11 (C) NO MORE THAN TEN PER CENT OF THE WAGES OF AN INDIVIDUAL
12 EMPLOYEE WHO IS A DELINQUENT TAXPAYER MAY BE DEDUCTED AT ANY ONE
13 TIME FOR DELINQUENT STATE TAXES AND COSTS. THE ENTITY IS
14 ENTITLED TO DEDUCT FROM THE AMOUNT COLLECTED FROM THE INDIVIDUAL
15 EMPLOYEE THE COSTS INCURRED BY THE ENTITY FOR THE EXTRA
16 BOOKKEEPING NECESSARY TO RECORD THE TRANSACTIONS, BUT NOT TO
17 EXCEED TWO PER CENT OF THE AMOUNT COLLECTED FROM THE INDIVIDUAL
18 EMPLOYEE.

19 (D) UPON THE FAILURE OF AN ENTITY TO DEDUCT OR FORWARD AN
20 AMOUNT REQUIRED UNDER THIS SECTION WITHIN THE TIME PERIOD
21 REQUIRED UNDER SUBSECTION (B), THE ENTITY SHALL PAY THE AMOUNT
22 OF THE DELINQUENT STATE TAX AND COSTS FOR EACH INDIVIDUAL
23 EMPLOYEE WHO IS A DELINQUENT TAXPAYER SUBJECT TO A DEMAND IN
24 ADDITION TO A PENALTY OF TEN PER CENT OF THE DELINQUENT STATE
25 TAX AND COSTS. AN ENTITY PAYING DELINQUENT TAXES, COSTS AND A
26 PENALTY PURSUANT TO THIS SUBSECTION SHALL NOT HAVE THE BENEFIT
27 OF ANY STAY OF EXECUTION OR EXEMPTION LAW.

28 (E) THE FOLLOWING WORDS, TERMS AND PHRASES, WHEN USED IN
29 THIS SECTION, SHALL HAVE THE MEANING ASCRIBED TO THEM IN THIS
30 SECTION, EXCEPT WHERE THE CONTEXT CLEARLY INDICATES A DIFFERENT

1 MEANING:

2 "ENTITY." THE UNITED STATES, THE COMMONWEALTH OR ANY OF ITS
3 POLITICAL SUBDIVISIONS, A CORPORATION, AN ASSOCIATION, A
4 COMPANY, A FIRM OR AN INDIVIDUAL.

5 "WAGES." ANY WAGES, COMMISSIONS OR EARNINGS OF AN INDIVIDUAL
6 EMPLOYEE:

7 (1) WHICH ARE CURRENTLY OWED TO THE INDIVIDUAL EMPLOYEE;

8 (2) WHICH SHALL BECOME DUE WITHIN SIXTY DAYS OF RECEIPT OF A
9 WRITTEN NOTICE AND DEMAND PURSUANT TO SUBSECTION (B);

10 (3) ANY UNPAID COMMISSIONS OR EARNINGS OF AN INDIVIDUAL
11 EMPLOYEE IN THE ENTITY'S POSSESSION; OR

12 (4) ANY UNPAID COMMISSIONS OR EARNINGS OF AN INDIVIDUAL
13 EMPLOYEE THAT COMES INTO THE ENTITY'S POSSESSION WITHIN SIXTY
14 DAYS OF RECEIPT OF A WRITTEN NOTICE AND DEMAND PURSUANT TO
15 SUBSECTION (A).

16 SECTION 3003.17. KEYSTONE OPPORTUNITY ZONES.--(A)
17 NOTWITHSTANDING SECTION 301.1(E) OF THE ACT OF OCTOBER 6, 1998
18 (P.L.705, NO.92), KNOWN AS THE "KEYSTONE OPPORTUNITY ZONE AND
19 KEYSTONE OPPORTUNITY EXPANSION ZONE ACT," THE LAST DATE FOR THE
20 PASSING OF ORDINANCES, RESOLUTIONS OR OTHER REQUIRED ACTION OF A
21 QUALIFIED POLITICAL SUBDIVISION SEEKING TO ENHANCE THE SIZE OF
22 AN APPROVED EXPANSION SUBZONE WITHIN ITS JURISDICTION UNDER THAT
23 ACT FOR THE TAX EXEMPTIONS, DEDUCTIONS, ABATEMENTS OR CREDITS
24 SET FORTH IN CHAPTERS 5 AND 7 OF THAT ACT SHALL BE NINETY DAYS
25 AFTER THE EFFECTIVE DATE OF THIS SECTION.

26 (B) NOTWITHSTANDING SECTION 301.2(C) OF THE "KEYSTONE
27 OPPORTUNITY ZONE AND KEYSTONE OPPORTUNITY EXPANSION ZONE ACT,"
28 THE LAST DATE FOR THE FILING BY A POLITICAL SUBDIVISION FOR
29 APPROVAL OF THE DESIGNATION OF A DETERIORATED PROPERTY AS AN
30 IMPROVEMENT SUBZONE UNDER THAT ACT FOR THE TAX EXEMPTIONS,

1 DEDUCTIONS, ABATEMENTS OR CREDITS SET FORTH IN CHAPTERS 5 AND 7
2 OF THAT ACT SHALL BE TWO HUNDRED AND TWENTY DAYS AFTER THE
3 EFFECTIVE DATE OF THIS SECTION.

4 (C) NOTWITHSTANDING SECTION 303(A) OF THE "KEYSTONE
5 OPPORTUNITY ZONE AND KEYSTONE OPPORTUNITY EXPANSION ZONE ACT,"
6 AN APPLICATION FOR ENHANCEMENT OF AN EXISTING KEYSTONE
7 OPPORTUNITY ZONE OR OF AN EXISTING KEYSTONE OPPORTUNITY
8 EXPANSION ZONE UNDER THAT ACT FOR THE TAX EXEMPTIONS,
9 DEDUCTIONS, ABATEMENTS OR CREDITS SET FORTH IN CHAPTERS 5 AND 7
10 OF THAT ACT MUST BE RECEIVED BY THE DEPARTMENT BY DECEMBER 31,
11 2003.

12 (D) NOTWITHSTANDING SECTION 303(C) OF THE "KEYSTONE
13 OPPORTUNITY ZONE AND KEYSTONE OPPORTUNITY EXPANSION ZONE ACT,"
14 THE DEPARTMENT SHALL DESIGNATE ALL ENHANCEMENTS TO EXISTING
15 KEYSTONE OPPORTUNITY ZONES AND KEYSTONE OPPORTUNITY EXPANSION
16 ZONES UNDER THAT ACT FOR THE TAX EXEMPTIONS, DEDUCTIONS,
17 ABATEMENTS OR CREDITS SET FORTH IN CHAPTERS 5 AND 7 OF THAT ACT
18 BY MARCH 30, 2004.

19 (E) AS USED IN THIS SECTION, THE FOLLOWING WORDS AND PHRASES
20 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SUBSECTION:

21 "DEPARTMENT." THE DEPARTMENT OF COMMUNITY AND ECONOMIC
22 DEVELOPMENT OF THE COMMONWEALTH.

23 "DETERIORATED PROPERTY." AS DEFINED IN SECTION 103 OF THE
24 "KEYSTONE OPPORTUNITY ZONE AND KEYSTONE OPPORTUNITY EXPANSION
25 ZONE ACT."

26 "EXPANSION SUBZONE." AS DEFINED IN SECTION 103 OF THE
27 "KEYSTONE OPPORTUNITY ZONE AND KEYSTONE OPPORTUNITY EXPANSION
28 ZONE ACT."

29 "IMPROVEMENT ZONE." AS DEFINED IN SECTION 103 OF THE
30 "KEYSTONE OPPORTUNITY ZONE AND KEYSTONE OPPORTUNITY EXPANSION

1 ZONE ACT."

2 "KEYSTONE OPPORTUNITY EXPANSION ZONE." AS DEFINED IN SECTION
3 103 OF THE "KEYSTONE OPPORTUNITY ZONE AND KEYSTONE OPPORTUNITY
4 EXPANSION ZONE ACT."

5 "KEYSTONE OPPORTUNITY ZONE." AS DEFINED IN SECTION 103 OF
6 THE "KEYSTONE OPPORTUNITY ZONE AND KEYSTONE OPPORTUNITY
7 EXPANSION ZONE ACT."

8 "POLITICAL SUBDIVISION." AS DEFINED IN SECTION 103 OF THE
9 "KEYSTONE OPPORTUNITY ZONE AND KEYSTONE OPPORTUNITY EXPANSION
10 ZONE ACT."

11 "QUALIFIED POLITICAL SUBDIVISION." AS DEFINED IN SECTION 103
12 OF THE "KEYSTONE OPPORTUNITY ZONE AND KEYSTONE OPPORTUNITY
13 EXPANSION ZONE ACT."

14 SECTION 17. THE FOLLOWING SHALL APPLY:

15 (1) UPON HIS DETERMINATION OF NEED, THE GOVERNOR MAY
16 CERTIFY SIMULTANEOUSLY TO THE PRESIDENT PRO TEMPORE OF THE
17 SENATE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE
18 SECRETARY OF REVENUE THAT THE BALANCE IN THE BUDGET
19 STABILIZATION RESERVE FUND IS LESS THAN \$500,000 AND THAT
20 REVENUES FROM THE TAXES AUTHORIZED BY THE AMENDMENT OF
21 SECTION 1101 OF THE ACT ARE NECESSARY TO UPHOLD THE
22 COMMONWEALTH'S CONSTITUTIONAL RESPONSIBILITY TO PROVIDE FOR
23 THE MAINTENANCE AND SUPPORT OF A THOROUGH AND EFFICIENT
24 SYSTEM OF PUBLIC EDUCATION. UPON THE GOVERNOR'S
25 CERTIFICATION, THE SECRETARY OF REVENUE SHALL CERTIFY THE
26 DATE THAT THE TAXES ON THE PROVIDERS OF INTERSTATE TELEPHONE
27 SERVICE AND MOBILE TELECOMMUNICATIONS SERVICE AUTHORIZED
28 UNDER THE AMENDMENT OF SECTION 1101 OF THE ACT SHALL APPLY.
29 THE CERTIFIED DATE SHALL BE AS SOON AS PRACTICABLE FOLLOWING
30 CERTIFICATION OF THE GOVERNOR, BUT IN NO EVENT BEFORE JANUARY

1 1, 2004.

2 (2) A NOTICE OF THE SECRETARY OF REVENUE'S CERTIFICATION
3 SHALL BE PUBLISHED IN THE PENNSYLVANIA BULLETIN.

4 SECTION 18. THE FOLLOWING ACTS AND PARTS OF ACTS ARE
5 REPEALED:

6 (1) SECTION 1702-A(B) OF THE ACT OF APRIL 9, 1929
7 (P.L.343, NO.176), KNOWN AS THE FISCAL CODE.

8 (2) THE PROVISIONS OF 74 PA.C.S. § 1310.1(A).
9 SECTION 19. THIS ACT SHALL APPLY AS FOLLOWS:

10 (1) THE AMENDMENT OF SECTION 201(D)(17) OF THE ACT SHALL
11 APPLY TO SALES AT RETAIL OR USES OCCURRING ON OR AFTER THE
12 DATE CERTIFIED BY THE SECRETARY OF REVENUE UNDER SECTION 17
13 OF THIS ACT.

14 (2) THE AMENDMENT OF SECTION 301(K) OF THE ACT SHALL
15 APPLY TO TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2003.

16 (3) THE AMENDMENT OF SECTION 330 OF THE ACT SHALL APPLY
17 RETROACTIVELY TO TAXABLE YEARS BEGINNING AFTER DECEMBER 31,
18 2001.

19 (4) THE AMENDMENT OF SECTION 335 OF THE ACT SHALL APPLY
20 TO TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2003.

21 ~~(5) THE AMENDMENT OF THE DEFINITION OF "CORPORATION" IN~~ <—
22 ~~SECTION 601(A) OF THE ACT SHALL APPLY RETROACTIVELY TO JUNE~~
23 ~~29, 2002.~~

24 (4.1) THE AMENDMENT OF SECTION 401(1)1 OF THE ACT SHALL <—
25 APPLY RETROACTIVELY TO JUNE 29, 2002, AND SHALL BE CONSIDERED
26 AS A CODIFICATION OF THE LAW THEN IN EFFECT.

27 (4.2) THE AMENDMENT OF SECTION 402.2(B) OF THE ACT SHALL
28 APPLY TO TAX YEARS BEGINNING ON OR AFTER THE EFFECTIVE DATE
29 OF THIS PARAGRAPH.

30 (5) (I) THE AMENDMENT OF THE DEFINITION OF

1 "CORPORATION" IN SECTION 601(A)(4) OF THE ACT SHALL APPLY
2 RETROACTIVELY TO JUNE 29, 2002, AND SHALL BE CONSIDERED
3 AS A CODIFICATION OF THE LAW THEN IN EFFECT.

4 (II) THE ADDITION OF SECTION 601(A)(6) OF THE ACT
5 SHALL APPLY TO TAX YEARS BEGINNING ON OR AFTER THE
6 EFFECTIVE DATE OF THIS PARAGRAPH.

7 (III) THE AMENDMENT OF SECTION 601(B)(4) OF THE ACT
8 SHALL APPLY RETROACTIVELY TO JUNE 29, 2002, AND SHALL BE
9 CONSIDERED AS A CODIFICATION OF THE LAW THEN IN EFFECT.

10 (6) THE AMENDMENT OF SECTION 1101 OF THE ACT SHALL APPLY
11 TO GROSS RECEIPTS DERIVED FROM TRANSACTIONS OCCURRING ON OR
12 AFTER THE DATE CERTIFIED BY THE SECRETARY OF REVENUE UNDER
13 SECTION 17 OF THIS ACT.

14 (7) THE AMENDMENT OF SECTION 1704-B(A) OF THE ACT SHALL
15 APPLY TO TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2003.

16 (8) THE AMENDMENT OR ADDITION OF SECTION 1704-B(C), (D)
17 AND (E) OF THE ACT SHALL APPLY TO CREDITS AWARDED AFTER
18 DECEMBER 31, 2002.

19 (9) THE AMENDMENT OF SECTION 1709-B(A) OF THE ACT SHALL
20 APPLY TO CREDITS AWARDED AFTER DECEMBER 31, 2003.

21 (10) THE AMENDMENT OF SECTION 1711-B OF THE ACT SHALL
22 APPLY TO CREDITS AWARDED AFTER DECEMBER 31, 2002.

23 (11) SECTION 18(1)(REPEAL OF SECTION 1702-A(B) OF THE
24 FISCAL CODE) OF THIS ACT SHALL APPLY RETROACTIVELY TO JUNE
25 30, 2003.

26 (12) THE AMENDMENT OF THE DEFINITION OF "TRANSFER OF
27 PROPERTY FOR THE SOLE USE" IN SECTION 2102 OF THE ACT SHALL
28 APPLY RETROACTIVELY TO JUNE 29, 2002.

29 (13) THE ADDITION OF SECTION 3003.15 OF THE ACT SHALL
30 APPLY TO APPLICATIONS FOR THE GRANT, RENEWAL OR TRANSFER OF

1 ANY LICENSE RECEIVED MORE THAN 60 DAYS AFTER THE EFFECTIVE
2 DATE OF THIS SECTION.
3 SECTION 20. THIS ACT SHALL TAKE EFFECT IMMEDIATELY.