

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## HOUSE BILL

No. 2097 Session of  
2003

INTRODUCED BY TURZAI, NICKOL, CAWLEY, CRAHALLA, GEIST, GOODMAN,  
McILHATTAN, NAILOR, PAYNE, R. STEVENSON, TIGUE, WOJNAROSKI,  
T. STEVENSON, HARRIS, CAPPELLI, PHILLIPS, RUBLEY,  
BENNINGHOFF, YOUNGBLOOD, O'NEILL, BOYD, REED, BALDWIN, ZUG,  
YUDICHAK, E. Z. TAYLOR, MACKERETH, HERSHEY, LEVDANSKY,  
CAUSER, FAIRCHILD, LEH, WEBER, SAYLOR, PICKETT, SEMMEL,  
DALEY, DENLINGER, SCAVELLO, THOMAS, HICKERNELL, COLEMAN,  
REICHLEY, GINGRICH, LEWIS, MUSTIO AND HARPER,  
OCTOBER 15, 2003

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES,  
AS AMENDED, MARCH 31, 2004

## AN ACT

1 Providing for the establishment of the Pennsylvania Corporate  
2 Tax Reform Commission to evaluate the structure and system of  
3 taxation of business enterprises in this Commonwealth, for  
4 the appointment of the members of the commission, for the  
5 appointment of advisory panels, for the powers and duties of  
6 the commission and for the cooperation by other Commonwealth  
7 entities; and providing for legislative impact statements.

8 The General Assembly of the Commonwealth of Pennsylvania  
9 hereby enacts as follows:

10 Section 1. Short title.

11 This act shall be known and may be cited as the Corporate Tax  
12 Reform Study Act.

13 Section 2. Purpose.

14 The General Assembly finds and declares as follows:

15 (1) The key to both the economic growth and fiscal  
16 stability of this Commonwealth lies in providing for a system

1 of taxation which is fair and equitable to its business and  
2 corporate taxpayers, efficient and effective to administer  
3 and consistent with goals to increase employment  
4 opportunities in this Commonwealth without overtaxing any  
5 individual resource.

6 (2) Previous legislative and gubernatorial commissions  
7 that studied taxes have resulted in recommendations which  
8 have served to guide the economic advancement of individuals  
9 and businesses in this Commonwealth.

10 Section 3. Definitions.

11 The following words and phrases when used in this act shall  
12 have the meanings given to them in this section unless the  
13 context clearly indicates otherwise:

14 "Chairman." The chairman of the Corporate Tax Reform  
15 Commission.

16 "Commission." The Corporate Tax Reform Commission as  
17 established in section 4(a).

18 "Member." A member of the Corporate Tax Reform Commission as  
19 established in section 4(b).

20 "Panel." The Advisory Panel on Corporate Tax Reform.

21 "Panelist." A member of the Advisory Panel on Corporate Tax  
22 Reform.

23 Section 4. Commission.

24 (a) Establishment.--The Corporate Tax Reform Commission is  
25 hereby established.

26 (b) Membership.--The commission shall consist of eight  
27 members designated as follows: The Secretary of the Budget, who  
28 shall serve as chairman; the Secretary of Revenue; three members  
29 of the Senate, appointed by the President pro tempore of the  
30 Senate and three members of the House of Representatives,

1 appointed by the Speaker of the House of Representatives.

2 (c) Quorum.--Five members of the commission then serving  
3 shall constitute a quorum. Only a member or his designee who is  
4 physically present at a meeting or able to participate fully in  
5 the deliberations by appropriate telecommunications means shall  
6 count toward the quorum.

7 (d) Powers and duties of members.--

8 (1) No resolution or official report shall be  
9 transmitted to the Governor and the General Assembly by the  
10 commission without the affirmative vote of at least six  
11 members at an official meeting of the commission. Each member  
12 shall have one vote on resolutions and official reports. In  
13 the event that at least six affirmative votes are cast in  
14 favor of a particular resolution or report, those members  
15 voting in dissent may transmit a dissenting report to the  
16 General Assembly.

17 (2) Each member may appoint up to two individuals to the  
18 advisory panel pursuant to the process set forth in section  
19 5(b).

20 (e) Designees.--A member named in subsection (b) may appoint  
21 a designee to vote or otherwise act on behalf of the member. The  
22 designation must be in writing and be delivered to the chairman.  
23 The designation shall continue in effect until revoked or  
24 amended in writing.

25 (f) Meetings.--The commission shall meet at least monthly  
26 and shall provide for the calling of other special meetings as  
27 are deemed necessary by the chairman. The chairman shall set a  
28 date, time and place for the initial organizational meeting of  
29 the commission, which shall take place no later than 30 days  
30 from the effective date of this act. The commission shall

1 conclude its recommendations no later than nine months after the  
2 effective date of this act.

3 (g) Staff.--The commission is directed to utilize the  
4 services of the Appropriations Committee of the Senate, the  
5 Appropriations Committee of the House of Representatives and the  
6 Department of Revenue throughout its work and shall utilize the  
7 services of the Legislative Budget and Finance Committee in  
8 preparing its reports and resolutions to the General Assembly.  
9 The commission is prohibited from expending funds to provide for  
10 the letting of contracts for additional services outside the  
11 scope of resources provided in this subsection.

12 (h) Powers and duties of commission.--The commission has the  
13 following powers and duties:

14 (1) To issue a report or reports to the General Assembly  
15 outlining issues associated with equity and administrative  
16 effectiveness of the tax system.

17 (2) To adopt a resolution or resolutions to the General  
18 Assembly proposing specific concepts that would address  
19 improvements in equity and administrative effectiveness of  
20 the tax system. Any official recommendations or resolutions  
21 of this commission shall at a minimum not have a net negative  
22 effect on the corporate tax burden in this Commonwealth.  
23 Furthermore, any official recommendations or resolutions of  
24 this commission shall not increase tax obligations from any  
25 corporate revenue source without a subsequent decrease in tax  
26 obligations from another corporate revenue source.

27 (3) The commission shall accomplish the requirements of  
28 this subsection by employing the following means:

29 (i) Conduct public hearings.

30 (ii) Review current and past legislation introduced

1 in the General Assembly as well as proposals commonly  
2 discussed from the stakeholders.

3 (iii) Analyze the benefits of each proposal from a  
4 budgetary and equity standpoint and to identify special  
5 considerations needed to implement each proposal.

6 (iv) Review the current business tax revenue  
7 structure of this Commonwealth and assess it for  
8 efficiency, administrative effectiveness and equity.

9 (v) Survey the business, labor and academic  
10 communities.

11 (vi) Employ an empirical analysis.

12 Section 5. Advisory panel.

13 (a) Establishment.--The advisory panel to the commission  
14 shall be established at a regular meeting of the commission.

15 (b) Membership.--The advisory panel shall consist of up to  
16 16 members as appointed by the individual members of the  
17 commission pursuant to section 4(d). The Secretary of the Budget  
18 shall appoint the chairman of the advisory panel from among its  
19 members. There shall be at least two panelists appointed  
20 representing each of the following: business, labor, academia,  
21 accountancy, FINANCIAL SERVICES and private investment. <—

22 (c) Quorum.--Nine of the members of the advisory panel then  
23 serving shall constitute a quorum. Only a member of the advisory  
24 panel who is physically present at a meeting or able to  
25 participate fully in the deliberations by appropriate  
26 telecommunications means shall count toward the quorum.

27 (d) Powers and duties of advisory panel.--The advisory panel  
28 has the following powers and duties as a group:

29 (1) Conduct informational sessions whereby outside  
30 groups may provide written testimony for discussion by the

1 panelists on subjects that reflect the findings of this act.

2 (2) Request specific items and testifiers to be placed  
3 on the agenda of an official meeting of the commission.

4 (3) Issue recommendations to the commission.

5 (4) Request notation in any report of the commission to  
6 the General Assembly of dissenting opinions of individual  
7 panelists.

8 (e) Meetings.--The advisory panel shall meet at least  
9 monthly and shall provide for the calling of other special  
10 meetings as are deemed necessary by its chairman. The advisory  
11 panel shall disband and not meet subsequent to an issuance of a  
12 resolution or report to the General Assembly by the commission.

13 Section 6. Effective date.

14 This act shall take effect immediately.