

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2236 Session of
2008

INTRODUCED BY SAYLOR, TURZAI, HUTCHINSON, PYLE, REED, ELLIS,
BROOKS, SWANGER, PERRY, RAPP, CAUSER, MANTZ, RUBLEY, BEAR,
BOYD, CAPPELLI, DENLINGER, HARRIS, METCALFE, VULAKOVICH,
ADOLPH, BAKER, BARRAR, BASTIAN, CIVERA, CLYMER, COX, CUTLER,
DALLY, DeLUCA, EVERETT, FAIRCHILD, FLECK, GEIST, GILLESPIE,
GINGRICH, HARHART, HELM, HENNESSEY, HERSHEY, HESS,
HICKERNELL, HORNAMAN, KAUFFMAN, MAJOR, MARSHALL, MARSICO,
MOUL, MOYER, PHILLIPS, PICKETT, READSHAW, REICHLEY, ROAE,
STERN, R. STEVENSON AND VEREB, MARCH 24, 2008

REFERRED TO COMMITTEE ON FINANCE, MARCH 24, 2008

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," in gross receipts tax, further providing for the
11 imposition of tax and for establishment or revenue-neutral
12 reconciliation.

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

15 Section 1. Section 1101(b) of the act of March 4, 1971
16 (P.L.6, No.2), known as the Tax Reform Code of 1971, amended
17 July 13, 1987 (P.L.317, No.58), is amended to read:

18 Section 1101. Imposition of Tax.--* * *

19 (b) Electric Light, Waterpower and Hydro-electric

1 Utilities.--Every electric light company, waterpower company and
2 hydro-electric company now or hereafter incorporated or
3 organized by or under any law of this Commonwealth, or now or
4 hereafter organized or incorporated by any other state or by the
5 United States or any foreign government and doing business in
6 this Commonwealth, and every limited partnership, association,
7 joint-stock association, copartnership, person or persons,
8 engaged in electric light and power business, waterpower
9 business and hydro-electric business in this Commonwealth, shall
10 pay to the State Treasurer, through the Department of Revenue, a
11 tax of forty-four mills through December 31, 2008 upon each
12 dollar of the gross receipts of the corporation, company or
13 association, limited partnership, joint-stock association,
14 copartnership, person or persons, received from:

15 (1) the sales of electric energy within this State, except
16 gross receipts derived from the sales for resale of electric
17 energy to persons, partnerships, associations, corporations or
18 political subdivisions subject to the tax imposed by this
19 subsection upon gross receipts derived from such resale; and

20 (2) the sales of electric energy produced in Pennsylvania
21 and made outside of Pennsylvania in a state that has taken
22 action since December 21, 1977 which results in higher costs for
23 electric energy produced in that state and sold in Pennsylvania
24 unless the action that was taken after December 21, 1977 is
25 rescinded according to the following apportionment formula:
26 except for gross receipts derived from sales under clause (1),
27 the gross receipts from all sales of electricity of the producer
28 shall be apportioned to the Commonwealth of Pennsylvania by the
29 ratio of the producer's operating and maintenance expenses in
30 Pennsylvania and depreciation attributable to property in

1 Pennsylvania to the producer's total operating and maintenance
2 expenses and depreciation.

3 * * *

4 Section 2. Section 1101.2 of the act, added June 29, 2002
5 (P.L.559, No.89), is amended to read:

6 Section 1101.2. Establishment of Revenue-Neutral
7 Reconciliation.--(a) Notwithstanding the provisions of 66
8 Pa.C.S. § 2810(c)(1) (relating to revenue-neutral
9 reconciliation), the rate of tax established under 66 Pa.C.S. §
10 2810(c)(2) for the period beginning January 1, 2002, shall
11 continue in force without further adjustment for periods
12 beginning January 1, 2003, and [thereafter] ending December 31,
13 2008, and the Secretary of Revenue shall not deliver any further
14 reports under 66 Pa.C.S. § 2810(c)(3).

15 (b) Notwithstanding the provisions of 66 Pa.C.S. §
16 2810(c)(1):

17 (1) For the period beginning January 1, 2009, through
18 December 31, 2009, the rate of tax shall be 13.5 mills.

19 (2) For the period beginning January 1, 2010, through
20 December 31, 2010, the rate of tax shall be 12.0 mills.

21 (3) For the period beginning January 1, 2011, through
22 December 31, 2011, the rate of tax shall be 10.5 mills.

23 (4) For the period beginning January 1, 2012, through
24 December 31, 2012, the rate of tax shall be 9.0 mills.

25 (5) For the period beginning January 1, 2013, and
26 thereafter, the rate of tax shall be 7.5 mills.

27 Section 3. The act is amended by adding a section to read:

28 Section 1101.3. Electric Light, Waterpower and Hydro-
29 electric Utilities Rate Schedule.--The tax imposed under section
30 1101(b) shall be imposed as follows:

1 (1) For periods beginning on or after January 1, 2009, and
2 on or before December 31, 2009, the rate of tax shall be 39.6
3 mills.

4 (2) For periods beginning on or after January 1, 2010, and
5 on or after December 31, 2010, the rate of the tax shall be 35.2
6 mills.

7 (3) For periods beginning on or after January 1, 2011, and
8 on or before December 31, 2011, the rate of tax shall be 30.8
9 mills.

10 (4) For periods beginning on or after January 1, 2012, and
11 on or before December 31, 2012, the rate of tax shall be 26.4
12 mills.

13 (5) For periods beginning on or after January 1, 2013, and
14 thereafter, the rate of tax shall be 22 mills.

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