

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1354 Session of
1977

INTRODUCED BY WAGNER AND LEVI, JUNE 20, 1977

REFERRED TO COMMITTEE ON FINANCE, JUNE 20, 1977

AN ACT

1 Amending the act of June 17, 1913 (P.L.507, No.335), entitled
2 "An act to provide revenue for State and county purposes,
3 and, in cities coextensive with counties, for city and county
4 purposes; imposing taxes upon certain classes of personal
5 property; providing for the assessment and collection of the
6 same; providing for the duties and compensation of
7 prothonotaries and recorders in connection therewith; and
8 modifying existing legislation which provided for raising
9 revenue for State purposes," providing for certain tax
10 exemptions, and authorizing county commissioners to determine
11 whether or not to impose and collect taxes.

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

14 Section 1. Section 1, act of June 17, 1913 (P.L.507,
15 No.335), referred to as the Intangible Personal Property Tax
16 Law, amended July 25, 1963 (P.L.294, No.157), is amended to
17 read:

18 Section 1. Be it enacted, &c., That all personal property of
19 the classes hereinafter enumerated, owned, held or possessed by
20 any resident, which, as used in this section, shall mean any
21 person, persons, copartnership, or unincorporated association or
22 company, resident, located, or liable to taxation within this
23 Commonwealth, or by any joint-stock company or association,

1 limited partnership, bank or corporation whatsoever, formed,
2 erected or incorporated by, under, or in pursuance of any law of
3 this Commonwealth or of the United States, or of any other state
4 or government, and liable to taxation within this Commonwealth,
5 whether such personal property be owned, held, or possessed by
6 such resident in his, her, their, or its own right, or as active
7 trustee, agent, attorney-in-fact, or in any other capacity, or
8 by any resident as trustee, agent or attorney-in-fact, jointly
9 with one or more trustees, agents or attorney-in-fact, domiciled
10 in another state, where such personal property is held and
11 managed in this Commonwealth, except as executor or
12 administrator of the estate of a non-resident decedent, and
13 except as trustee for a resident or non-resident religious,
14 charitable or educational organization, no part of the net
15 earnings of which inures to the benefit of any private
16 stockholder or individual for the use, benefit, or advantage of
17 any other person, copartnership, unincorporated association,
18 company, joint-stock company or association, limited
19 partnership, bank, or corporation and the equitable interest in
20 any such personal property of the classes hereinafter
21 enumerated, owned, held or possessed by any resident, where the
22 legal title to such personal property is vested in a trustee,
23 agent, or attorney-in-fact, domiciled in another state, or where
24 the legal title to such personal property is vested in more than
25 one trustee, agent or attorney-in-fact, one or more of whom are
26 domiciled in another state, and one or more of whom are
27 domiciled within this Commonwealth, and such personal property
28 is held and managed in another state, and where such resident is
29 entitled to receive all or any part of the income therefrom--is
30 hereby made taxable annually for county purposes, and, in cities

1 coextensive with counties, for city and county purposes, at the
2 rate of four mills of each dollar of the value thereof, and no
3 failure to assess or return the same shall discharge such owner
4 or holder thereof, from liability therefor; that is to say,--

5 All mortgages; all moneys owing by solvent debtors, whether
6 by promissory note, or penal or single bill, bond or judgment
7 except promissory notes or judgment notes given for interest-
8 free loans and held by parents from their children or vice
9 versa, which shall be tax free all articles of agreement and
10 accounts bearing interest; all public loans whatsoever, except
11 those issued by this Commonwealth or the United States, and
12 except the public loans and obligations of any county, city,
13 borough, town, township, school district, and incorporated
14 district of this Commonwealth, and except the bonds and
15 obligations of bodies corporate and politic of this
16 Commonwealth, known as municipal authorities; all loans issued
17 by any corporation, association, company, or limited
18 partnership, created or formed under the laws of this
19 Commonwealth or of the United States, or of any other state or
20 government, including car-trust securities and loans secured by
21 bonds or any other form of certificate or evidence of
22 indebtedness, whether the interest be included in the principal
23 of the obligation or payable by the terms thereof, except such
24 loans as are made taxable for State purposes by section
25 seventeen of the act, approved the twenty-second day of June,
26 one thousand nine hundred thirty-five (Pamphlet Laws 414), as
27 reenacted and amended; all shares of stock in any bank,
28 corporation, association, company, or limited partnership,
29 created or formed under the laws of this Commonwealth or of the
30 United States, or of any other state or government, except

1 shares of stock in any bank, bank and trust company, national
2 banking association, savings institution, corporation, or
3 limited partnership liable to a tax on its shares or a gross
4 premiums tax, or liable to or relieved from the capital stock or
5 franchise tax for State purposes under the laws of this
6 Commonwealth; and all moneys loaned or invested in other states,
7 territories, the District of Columbia, or foreign countries; all
8 other moneyed capital owing to individual citizens of the State:
9 Provided, That this section shall not apply to bank notes, or
10 notes discounted or negotiated by any bank or banking
11 institution, savings institution, or trust company, nor to
12 loans, shares of stock, or other securities, held by bankers or
13 brokers solely for trading purposes; nor to accounts or debit
14 balances, owing by customers of bankers or brokers in the usual
15 courses of business; nor to interest bearing accounts in any
16 bank or banking institution, savings institution, employes'
17 thrift or savings association, whether operated by employes or
18 the employer, or trust company, nor to personal property held in
19 the commercial department and owned in its own right by a
20 banking institution, savings institution, or trust company, in
21 liquidation by a receiver, trustee, or other fiduciary, nor to
22 personal property formerly held by a banking institution in its
23 own right, but assigned by it to one or more trustees for
24 liquidation and payment to the creditors and stockholders of
25 such banking institutions, it being the intent and purpose of
26 this proviso that no tax be assessed or collected for the years
27 one thousand nine hundred and thirty-five, one thousand nine
28 hundred and thirty-six, one thousand nine hundred and thirty-
29 seven, one thousand nine hundred and thirty-eight, one thousand
30 nine hundred and thirty-nine, one thousand nine hundred and

1 forty, and thereafter upon the personal property enumerated
2 herein, nor shall this act apply to the proceeds of any life
3 insurance policy held in whole or in part by the insurer, nor
4 the principal value of annuities nor to any personal property
5 held in any trust, forming part of a stock, bonus, pension or
6 profit sharing plan of an employer for the exclusive benefit of
7 his employees, or their beneficiaries, which trust under the
8 latest ruling of the Commissioner of Internal Revenue is
9 exempted from Federal income tax, nor to any personal property
10 held under the provisions of a plan established by or for an
11 individual or individuals for retirement purposes if such plan
12 meets the requirements for exemption from Federal income tax of
13 income earned on investments held under its provisions: And
14 provided further, That the provisions of this act shall not
15 apply to building and loan associations, or to shares of stock
16 issued by building and loan associations, or to savings
17 institutions having no capital stock; and, if at any time,
18 either now or hereafter, any persons, individuals or bodies
19 corporate have agreed or shall hereafter agree to issue his,
20 their, or its securities, bonds or other evidences of
21 indebtedness, clear of and free from the said four mills tax
22 herein provided for, or any part thereof, or have agreed or
23 shall hereafter agree to pay the same, nothing herein contained
24 shall be so construed as to relieve or exempt him, it, or them
25 from paying the said four mills tax on any of the said such
26 securities, bonds, or other evidences of indebtedness, as may be
27 held, owned by, or owing to the said savings institution having
28 no capital stock: And provided further, That the provisions of
29 this act shall not apply to fire companies, firemen's relief
30 associations, life, casualty or fire insurance corporations

1 having no capital stock, secret and beneficial societies, labor
2 unions and labor union relief associations, and all beneficial
3 organizations paying sick or death benefits, or either or both,
4 from funds received from voluntary contributions or assessments
5 upon members of such associations, societies, or unions: And
6 provided further, That corporations, limited partnerships, and
7 joint-stock associations, liable to tax on their shares or the
8 aforesaid capital stock or franchise tax for State purposes,
9 shall not be required to make any report or pay any further tax,
10 under this section, on the mortgages, bonds, and other
11 securities owned by them in their own right; but corporations,
12 limited partnerships, and joint-stock associations, holding such
13 securities as trustees, executors, administrators, guardians, or
14 in any other manner, except as mere custodian for the real
15 owner, and except as executor or administrator of the estate of
16 a nonresident decedent, and except as trustee for a resident or
17 nonresident religious, charitable or educational organization,
18 no part of the net earnings of which inures to the benefit of
19 any private stockholder or individual, shall return and pay the
20 tax imposed by this section upon all securities so held by them
21 as in the case of individuals: And provided further, That none
22 of the classes of property made taxable by this section for
23 county purposes, and, in cities coextensive with counties, for
24 city and county purposes, shall be taxed or taxable for any
25 other local purpose, under the laws of this Commonwealth: Any
26 provided further, That the provisions of this section shall not
27 apply to personal property, of the class hereinabove enumerated,
28 received or acquired with proceeds of money or property received
29 from any person or persons, copartnership, or unincorporated
30 association or company, nonresident in or not located within

1 this Commonwealth, or from any joint-stock company or
2 association, limited partnership, bank or corporation formed,
3 erected, or incorporated by, under or in pursuance of, any law
4 of the United States, or of any state or government other than
5 this Commonwealth, by any person or persons, copartnership,
6 unincorporated association, company, joint-stock company or
7 association, limited partnership, bank, or corporation as active
8 trustee, agent, attorney-in-fact, or in any other capacity, for
9 the use, benefit or advantage of any person or persons,
10 copartnership, or unincorporated association or company,
11 nonresident in or not located within this Commonwealth, or for
12 the use, benefit or advantage of any joint-stock company or
13 association, limited partnership, bank or corporation formed,
14 erected, or incorporated by, under, or in pursuance of any law
15 of the United States, or of any state or government other than
16 this Commonwealth; nor shall the provisions of this section
17 apply to personal property held for the use, benefit or
18 advantage of any resident who shall have in each of the ten
19 preceding calendar years given or contributed all of his net
20 income to any corporation organized or operated exclusively for
21 religious, charitable, scientific, literary, or educational
22 purposes.

23 The value of the equitable interest in any personal property
24 made subject to tax by this section shall be measured by
25 ascertaining the value of the personal property in which such
26 resident has the sole equitable interest, or in case of divided
27 equitable interests in the same personal property, then by
28 ascertaining such part of the value of the whole of such
29 personal property as represents the equitable interest of such
30 resident therein.

1 For the purposes of this act, the value of any taxable shares
2 of stock issued by any regulated investment company, as defined
3 under the provisions of the Federal Internal Revenue Code of
4 1948, shall be that part of the current value of such shares, to
5 be determined by multiplying said current value by a fraction,
6 the numerator of which shall be the total value of so much of
7 the personal property owned by the regulated investment company
8 as would be taxable by this act if owned by a resident of
9 Pennsylvania and the denominator of which shall be the total
10 value of all of the personal property owned by the regulated
11 investment company.

12 Section 2. The act is amended by adding a section to read:

13 Section 1.1. Notwithstanding any other provision of this law
14 to the contrary, the county commissioners of each county shall
15 have the power to determine whether or not to impose and collect
16 the taxes permitted under the provisions of this law.

17 Section 3. This act shall take effect in 60 days.