

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 442

Session of
1987

INTRODUCED BY SHAFFER, STAUFFER, MOORE, JUBELIRER, HOPPER,
LOEPER, CORMAN, RHOADES, GREENWOOD, FISHER, GREENLEAF,
HELFRICK, SHUMAKER, WENGER, LEMMOND, PETERSON, MADIGAN,
ROMANELLI, HESS, ARMSTRONG, TILGHMAN, SALVATORE, BRIGHTBILL
AND WILT, FEBRUARY 27, 1987

REFERRED TO FINANCE, FEBRUARY 27, 1987

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," providing for the capital stock tax.

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

13 Section 1. The definition of "capital stock value" in
14 section 601(a) of the act of March 4, 1971 (P.L.6, No.2), known
15 as the Tax Reform Code of 1971, amended July 2, 1986 (P.L.318,
16 No.77), is amended to read:

17 Section 601. Definitions and Reports.--(a) The following
18 words, terms and phrases when used in this Article VI shall have
19 the meaning ascribed to them in this section, except where the
20 context clearly indicates a different meaning:

1 * * *

2 "Capital stock value." The amount computed pursuant to the
3 following formula: the product of one-half times the sum of the
4 average net income capitalized at the rate of nine and one-half
5 per cent plus seventy-five per cent of net worth, from which
6 product shall be subtracted [fifty thousand dollars (\$50,000)]
7 one hundred thousand dollars (\$100,000), the algebraic
8 equivalent of which is

9 (.5 X (average net income/.095 + (.75)
10 (net worth))) - [\$50,000] \$100,000

11 * * *

12 Section 2. This act shall apply to the tax year commencing
13 January 1, 1988, and each tax year thereafter.

14 Section 3. This act shall take effect immediately.