

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2404 Session of
1998

INTRODUCED BY BOYES, VAN HORNE, BROWNE, PESCI, FICHTER, GRUPPO,
COY, KENNEY, L. I. COHEN, ZUG, McNAUGHTON, STERN, SEMMEL,
HABAY, GEIST, PIPPY, HERSHEY, MAITLAND, GORDNER, ARMSTRONG,
C. WILLIAMS, FARGO, B. SMITH, ZIMMERMAN, HERMAN, READSHAW,
SERAFINI, BOSCOLA, CLARK, E. Z. TAYLOR, MASLAND, ARGALL,
SCHRODER, NAILOR, DALLY, CHADWICK, MARSICO, BAKER, GODSHALL,
FLEAGLE, FAIRCHILD, TRUE, D. W. SNYDER, TULLI, STEVENSON,
MILLER, MAHER, PLATTS, ADOLPH, ROBINSON, CIVERA, DEMPSEY,
WILT, RAYMOND, BARRAR, BENNINGHOFF, WAUGH, BARD, HARHART AND
SEYFERT, MARCH 12, 1998

REFERRED TO COMMITTEE ON FINANCE, MARCH 12, 1998

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 the imposition of the
11 corporate net income tax.

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

14 Section 1. Section 402 of the act of March 4, 1971 (P.L.6,
15 No.2), known as the Tax Reform Code of 1971, amended June 30,
16 1995 (P.L.139, No.21), is amended to read:

17 Section 402. Imposition of Tax.--[Every] (a) Subject to the
18 provisions of subsection (b), every corporation shall be subject

1 to, and shall pay for the privilege of (i) doing business in
2 this Commonwealth; or (ii) carrying on activities in this
3 Commonwealth; (iii) having capital or property employed or used
4 in this Commonwealth; or (iv) owning property in this
5 Commonwealth, by or in the name of itself, or any person,
6 partnership, association, limited partnership, joint-stock
7 association, or corporation, a State excise tax at the rate of
8 twelve per cent per annum upon each dollar of taxable income of
9 such corporation received by, and accruing to, such corporation
10 during the calendar year 1971 and the first six months of 1972
11 and at the rate of eleven per cent per annum upon each dollar of
12 taxable income of such corporation received by, and accruing to,
13 such corporation during the second six months of calendar year
14 1972 through the calendar year 1973 and at the rate of nine and
15 one-half per cent per annum upon each dollar of taxable income
16 of such corporation received by, and accruing to, such
17 corporation during the calendar years 1974, 1975 and 1976 and at
18 the rate of ten and one-half per cent per annum upon each dollar
19 of taxable income of such corporation received by, and accruing
20 to, such corporation during the calendar year 1977 through the
21 calendar year 1984 and at the rate of nine and one-half per cent
22 per annum upon each dollar of taxable income of such corporation
23 received by and accruing to such corporation during the calendar
24 year 1985 through calendar year 1986 and at the rate of eight
25 and one-half per cent per annum upon each dollar of taxable
26 income of such corporation received by and accruing to such
27 corporation during the calendar year 1987 through the calendar
28 year 1990 and at the rate of ten and one-half per cent per annum
29 upon each dollar of taxable income of such corporation received
30 by and accruing to such corporation during calendar year 1991

1 through the calendar year 1994 and at the rate of nine and
2 ninety-nine hundredths per cent per annum upon each dollar of
3 taxable income of such corporation received by and accruing to
4 such corporation during the calendar year 1995 and during each
5 calendar year thereafter, with an additional surtax equal to one
6 and seventy-five hundredths per cent per annum upon each dollar
7 of taxable income of such corporation received by and accruing
8 to such corporation during calendar year 1991 and through
9 calendar year 1993 and with an additional surtax equal to one
10 and forty-nine hundredths per cent per annum upon each dollar of
11 taxable income of such corporation received by and accruing to
12 such corporation during calendar year 1994 and with no surtax
13 during calendar year 1995 and each calendar year thereafter,
14 except where a corporation reports to the Federal Government on
15 the basis of a fiscal year, and has certified such fact to the
16 department as required by section 403 of this article, in which
17 case, such tax, at the rate of twelve per cent, shall be levied,
18 collected, and paid upon all taxable income received by, and
19 accruing to, such corporation during the first six months of the
20 fiscal year commencing in the calendar year 1972 and at the rate
21 of eleven per cent, shall be levied, collected, and paid upon
22 all taxable income received by, and accruing to, such
23 corporation during the second six months of the fiscal year
24 commencing in the calendar year 1972 and during the fiscal year
25 commencing in the calendar year 1973 and at the rate of nine and
26 one-half per cent, shall be levied, collected, and paid upon all
27 taxable income received by, and accruing to, such corporation
28 during the fiscal year commencing in the calendar years 1974,
29 1975 and 1976 and at the rate of ten and one-half per cent,
30 shall be levied, collected, and paid upon all taxable income

1 received by, and accruing to, such corporation during the fiscal
2 year commencing in the calendar year 1977 through the fiscal
3 year commencing in 1984 and at the rate of nine and one-half per
4 cent, shall be levied, collected, and paid upon all taxable
5 income received by and accruing to such corporation during the
6 fiscal year commencing in 1985 through the fiscal year
7 commencing in 1986 and at the rate of eight and one-half per
8 cent per annum upon each dollar of taxable income of such
9 corporation received by and accruing to such corporation during
10 the fiscal year commencing in 1987 through the fiscal year
11 commencing in 1990 and at the rate of ten and one-half per cent
12 per annum upon each dollar of taxable income of such corporation
13 received by and accruing to such corporation during the fiscal
14 year commencing in 1991 through the fiscal year commencing in
15 1994 and at the rate of nine and ninety-nine hundredths per cent
16 per annum upon each dollar of taxable income of such corporation
17 received by and accruing to such corporation during the fiscal
18 year commencing in 1995 and during each fiscal year thereafter,
19 with an additional surtax equal to one and seventy-five
20 hundredths per cent per annum upon each dollar of taxable income
21 of such corporation received by and accruing to such corporation
22 during the fiscal year commencing in 1991 and through fiscal
23 year 1993 and with an additional surtax equal to one and forty-
24 nine hundredths per cent per annum upon each dollar of taxable
25 income of such corporation received by and accruing to such
26 corporation during fiscal year 1994 and with no surtax during
27 the fiscal year commencing in 1995 and each fiscal year
28 thereafter. No penalty prescribed by subsection (e) of section
29 3003 shall be assessed against a corporation for the additional
30 tax which may be due as a result of the increase in tax rate

1 from nine and one-half per cent to ten and one-half per cent
2 imposed retroactively by this section for the calendar year 1977
3 or for the fiscal year commencing in 1977.

4 (b) Notwithstanding any other provisions of this article to
5 the contrary, beginning calendar year 1998 or the fiscal year
6 beginning in 1998 and each calendar or fiscal year thereafter,
7 any taxpayer who is liable for taxes under this article and
8 Article VI shall be entitled to the credit calculated in this
9 section. The credit shall be equal to ten per cent of the tax
10 computed under Article VI. The credit shall not reduce the tax
11 imposed by this article below zero and shall not be carried
12 forward, carried back or applied against another tax.

13 Section 2. This act shall apply to tax years beginning on
14 January 1, 1998, and thereafter.

15 Section 3. This act shall take effect immediately.