

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 2

Session of  
2000

INTRODUCED BY SALVATORE, LOEPER, JUBELIRER, TILGHMAN, WAUGH,  
RHOADES, LEMMOND, THOMPSON, DENT, HOLL, WENGER, BRIGHTBILL,  
ROBBINS, WAGNER AND BOSCOLA, MARCH 20, 2000

SENATE AMENDMENTS TO HOUSE AMENDMENTS, MAY 16, 2000

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 sales and use tax~~  
11 ~~definitions and exclusions, for personal income tax~~  
12 ~~definitions and poverty provisions, for corporate net income~~  
13 ~~tax definitions and for capital stock franchise tax~~  
14 ~~imposition and small shows; providing credits against bank~~  
15 ~~shares tax and mutual thrift institutions tax; further~~  
16 ~~providing for limitation of economic revitalization tax~~  
17 ~~credits; providing for emergency technology and biotechnology~~  
18 ~~tax benefit transfers, for family caregiver tax credits and~~  
19 ~~for child care tax credits; further providing for inheritance~~  
20 ~~tax imposition, exclusions and estate tax provisions;~~  
21 ~~providing for homeowners tax rebates; making an~~  
22 ~~appropriation; and making a repeal.~~

23 AMENDING THE ACT OF MARCH 4, 1971 (P.L.6, NO.2), ENTITLED "AN <—  
24 ACT RELATING TO TAX REFORM AND STATE TAXATION BY CODIFYING  
25 AND ENUMERATING CERTAIN SUBJECTS OF TAXATION AND IMPOSING  
26 TAXES THEREON; PROVIDING PROCEDURES FOR THE PAYMENT,  
27 COLLECTION, ADMINISTRATION AND ENFORCEMENT THEREOF; PROVIDING  
28 FOR TAX CREDITS IN CERTAIN CASES; CONFERRING POWERS AND  
29 IMPOSING DUTIES UPON THE DEPARTMENT OF REVENUE, CERTAIN  
30 EMPLOYERS, FIDUCIARIES, INDIVIDUALS, PERSONS, CORPORATIONS  
31 AND OTHER ENTITIES; PRESCRIBING CRIMES, OFFENSES AND  
32 PENALTIES," AMENDING AND ADDING DEFINITIONS RELATED TO SALES

1 TAX; FURTHER PROVIDING FOR THE IMPOSITION OF, EXCLUSIONS FROM  
2 AND THE REFUND OF SALES TAX; EXPANDING ELIGIBILITY FOR THE  
3 SPECIAL POVERTY PROVISIONS FOR PERSONAL INCOME TAX; REVISING  
4 CAPITAL STOCK FRANCHISE TAX PROVISIONS TO REDUCE THE RATES OF  
5 TAXATION, TO ELIMINATE THE MINIMUM TAX, TO CONTINUE THE  
6 PROVISIONS FOR THE CALCULATION OF THE MANUFACTURING,  
7 PROCESSING, RESEARCH AND DEVELOPMENT EXEMPTIONS, TO FURTHER  
8 PROVIDE FOR CAPITAL STOCK FRANCHISE TAX EXEMPTIONS AND  
9 EXCLUSIONS AND TO PROVIDE FOR ITS PHASE OUT; FURTHER  
10 PROVIDING FOR CREDITS AGAINST THE INSURANCE PREMIUMS TAX  
11 ASSESSMENTS; PROVIDING FOR THE GROSS RECEIPTS TAX RELATING TO  
12 CERTAIN TELEPHONE SALES AND SERVICES AND FOR PUBLIC UTILITY  
13 REALTY TAX TRANSITION IMPACT LIMITATIONS; FURTHER PROVIDING  
14 FOR ELIGIBILITY FOR MALT BEVERAGE TAX CREDITS; ADDING AN  
15 INHERITANCE TAX DEFINITION; REDUCING AND REVISING THE RATES  
16 OF INHERITANCE TAX; PROVIDING A LIMITED REBATE PROGRAM FOR  
17 HOMEOWNERS; CHANGING THE DISTRIBUTION OF TAX REVENUE RECEIVED  
18 BY THE STATE RACING FUND; AND MAKING REPEALS.

19 The General Assembly of the Commonwealth of Pennsylvania  
20 hereby enacts as follows:

21 ~~Section 1. Section 201(k), (o) and (jj) of the act of March~~ <—  
22 ~~4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971,~~  
23 ~~amended or added August 4, 1991 (P.L.97, No.22), May 7, 1997~~  
24 ~~(P.L.85, No.7) and April 23, 1998 (P.L.239, No.45), are amended~~  
25 ~~to read:~~

26 ~~Section 201. Definitions. The following words, terms and~~  
27 ~~phrases when used in this Article II shall have the meaning~~  
28 ~~ascribed to them in this section, except where the context~~  
29 ~~clearly indicates a different meaning:~~

30 \* \* \*

31 ~~(k) "Sale at retail."~~

32 ~~(1) Any transfer, for a consideration, of the ownership,~~  
33 ~~custody or possession of tangible personal property, including~~  
34 ~~the grant of a license to use or consume whether such transfer~~  
35 ~~be absolute or conditional and by whatsoever means the same~~  
36 ~~shall have been effected.~~

37 ~~(2) The rendition of the service of printing or imprinting~~  
38 ~~of tangible personal property for a consideration for persons~~

1 ~~who furnish, either directly or indirectly the materials used in~~  
2 ~~the printing or imprinting.~~

3 ~~(3) The rendition for a consideration of the service of~~

4 ~~(i) Washing, cleaning, waxing, polishing or lubricating of~~  
5 ~~motor vehicles of another, whether or not any tangible personal~~  
6 ~~property is transferred in conjunction therewith; and~~

7 ~~(ii) Inspecting motor vehicles pursuant to the mandatory~~  
8 ~~requirements of "The Vehicle Code."~~

9 ~~(4) The rendition for a consideration of the service of~~  
10 ~~repairing, altering, mending, pressing, fitting, dyeing,~~  
11 ~~laundering, drycleaning or cleaning tangible personal property~~  
12 ~~other than wearing apparel or shoes, or applying or installing~~  
13 ~~tangible personal property as a repair or replacement part of~~  
14 ~~other tangible personal property except wearing apparel or shoes~~  
15 ~~for a consideration, whether or not the services are performed~~  
16 ~~directly or by any means other than by coin operated self-~~  
17 ~~service laundry equipment for wearing apparel or household goods~~  
18 ~~and whether or not any tangible personal property is transferred~~  
19 ~~in conjunction therewith, except such services as are rendered~~  
20 ~~in the construction, reconstruction, remodeling, repair or~~  
21 ~~maintenance of real estate: Provided, however, That this~~  
22 ~~subelause shall not be deemed to impose tax upon such services~~  
23 ~~in the preparation for sale of new items which are excluded from~~  
24 ~~the tax under clause (26) of section 204, or upon diaper~~  
25 ~~service.~~

26 ~~(8) Any retention of possession, custody or a license to use~~  
27 ~~or consume tangible personal property or any further obtaining~~  
28 ~~of services described in subelauses (2), (3) and (4) of this~~  
29 ~~clause pursuant to a rental or service contract or other~~  
30 ~~arrangement (other than as security).~~

1       ~~The term "sale at retail" shall not include (i) any such~~  
2 ~~transfer of tangible personal property or rendition of services~~  
3 ~~for the purpose of resale, or (ii) such rendition of services or~~  
4 ~~the transfer of tangible personal property including, but not~~  
5 ~~limited to, machinery and equipment and parts therefor and~~  
6 ~~supplies to be used or consumed by the purchaser directly in the~~  
7 ~~operations of—~~

8       ~~(A) The manufacture of tangible personal property.~~

9       ~~(B) Farming, dairying, agriculture, horticulture or~~  
10 ~~floriculture when engaged in as a business enterprise. The term~~  
11 ~~"farming" shall include the propagation and raising of ranch~~  
12 ~~raised fur bearing animals and the propagation of game birds for~~  
13 ~~commercial purposes by holders of propagation permits issued~~  
14 ~~under 34 Pa.C.S. (relating to game) and the propagation and~~  
15 ~~raising of horses to be used exclusively for commercial racing~~  
16 ~~activities.~~

17       ~~(C) The producing, delivering or rendering of a public~~  
18 ~~utility service, or in constructing, reconstructing, remodeling,~~  
19 ~~repairing or maintaining the facilities which are directly used~~  
20 ~~in producing, delivering or rendering such service.~~

21       ~~(D) Processing as defined in clause (d) of this section.~~

22       ~~The exclusions provided in paragraphs (A), (B), (C) and (D)~~  
23 ~~shall not apply to any vehicle required to be registered under~~  
24 ~~The Vehicle Code, except those vehicles used directly by a~~  
25 ~~public utility engaged in business as a common carrier; to~~  
26 ~~maintenance facilities; or to materials, supplies or equipment~~  
27 ~~to be used or consumed in the construction, reconstruction,~~  
28 ~~remodeling, repair or maintenance of real estate other than~~  
29 ~~directly used machinery, equipment, parts or foundations~~  
30 ~~therefor that may be affixed to such real estate.~~

1       ~~The exclusions provided in paragraphs (A), (B), (C) and (D)~~  
2 ~~shall not apply to tangible personal property or services to be~~  
3 ~~used or consumed in managerial sales or other nonoperational~~  
4 ~~activities, nor to the purchase or use of tangible personal~~  
5 ~~property or services by any person other than the person~~  
6 ~~directly using the same in the operations described in~~  
7 ~~paragraphs (A), (B), (C) and (D) herein.~~

8       ~~The exclusion provided in paragraph (C) shall not apply to~~  
9 ~~(i) construction materials, supplies or equipment used to~~  
10 ~~construct, reconstruct, remodel, repair or maintain facilities~~  
11 ~~not used directly by the purchaser in the production, delivering~~  
12 ~~or rendition of public utility service, (ii) construction~~  
13 ~~materials, supplies or equipment used to construct, reconstruct,~~  
14 ~~remodel, repair or maintain a building, road or similar~~  
15 ~~structure, or (iii) tools and equipment used but not installed~~  
16 ~~in the maintenance of facilities used directly in the~~  
17 ~~production, delivering or rendition of a public utility service.~~

18       ~~The exclusions provided in paragraphs (A), (B), (C) and (D)~~  
19 ~~shall not apply to the services enumerated in clauses (k)(11)~~  
20 ~~through (18) and (w) through (kk), except that the exclusion~~  
21 ~~provided in this subclause for farming, dairying and agriculture~~  
22 ~~shall apply to the service enumerated in clause (z).~~

23       ~~(9) Where tangible personal property or services are~~  
24 ~~utilized for purposes constituting a "sale at retail" and for~~  
25 ~~purposes excluded from the definition of "sale at retail," it~~  
26 ~~shall be presumed that such tangible personal property or~~  
27 ~~services are utilized for purposes constituting a "sale at~~  
28 ~~retail" and subject to tax unless the user thereof proves to the~~  
29 ~~department that the predominant purposes for which such tangible~~  
30 ~~personal property or services are utilized do not constitute a~~

1 ~~"sale at retail."~~

2 ~~(10) The term "sale at retail" with respect to "liquor" and~~  
3 ~~"malt or brewed beverages" shall include the sale of "liquor" by~~  
4 ~~any "Pennsylvania liquor store" to any person for any purpose,~~  
5 ~~and the sale of "malt or brewed beverages" by a "manufacturer of~~  
6 ~~malt or brewed beverages," "distributor" or "importing~~  
7 ~~distributor" to any person for any purpose, except sales by a~~  
8 ~~"manufacturer of malt or brewed beverages" to a "distributor" or~~  
9 ~~"importing distributor" or sales by an "importing distributor"~~  
10 ~~to a "distributor" within the meaning of the "Liquor Code." The~~  
11 ~~term "sale at retail" shall not include any sale of "malt or~~  
12 ~~brewed beverages" by a "retail dispenser" or any sale of~~  
13 ~~"liquor" or "malt or brewed beverages" by a person holding a~~  
14 ~~"retail liquor license" within the meaning of and pursuant to~~  
15 ~~the provisions of the "Liquor Code," but shall include any sale~~  
16 ~~of "liquor" or "malt or brewed beverages" other than pursuant to~~  
17 ~~the provisions of the "Liquor Code."~~

18 ~~(11) The rendition for a consideration of lobbying services.~~

19 ~~(12) The rendition for a consideration of adjustment~~  
20 ~~services, collection services or credit reporting services.~~

21 ~~(13) The rendition for a consideration of secretarial or~~  
22 ~~editing services.~~

23 ~~(14) The rendition for a consideration of disinfecting or~~  
24 ~~pest control services, building maintenance or cleaning~~  
25 ~~services.~~

26 ~~(15) The rendition for a consideration of employment agency~~  
27 ~~services or help supply services.~~

28 ~~{(17) The rendition for a consideration of lawn care~~  
29 ~~service.}~~

30 ~~(18) The rendition for a consideration of self storage~~

1 ~~service.~~

2 ~~\* \* \*~~

3 ~~(o) "Use."~~

4 ~~(1) The exercise of any right or power incidental to the~~  
5 ~~ownership, custody or possession of tangible personal property~~  
6 ~~and shall include, but not be limited to transportation, storage~~  
7 ~~or consumption.~~

8 ~~(2) The obtaining by a purchaser of the service of printing~~  
9 ~~or imprinting of tangible personal property when such purchaser~~  
10 ~~furnishes, either directly or indirectly, the articles used in~~  
11 ~~the printing or imprinting.~~

12 ~~(3) The obtaining by a purchaser of the services of (i)~~  
13 ~~washing, cleaning, waxing, polishing or lubricating of motor~~  
14 ~~vehicles whether or not any tangible personal property is~~  
15 ~~transferred to the purchaser in conjunction with such services,~~  
16 ~~and (ii) inspecting motor vehicles pursuant to the mandatory~~  
17 ~~requirements of "The Vehicle Code."~~

18 ~~(4) The obtaining by a purchaser of the service of~~  
19 ~~repairing, altering, mending, pressing, fitting, dyeing,~~  
20 ~~laundering, drycleaning or cleaning tangible personal property~~  
21 ~~other than wearing apparel or shoes or applying or installing~~  
22 ~~tangible personal property as a repair or replacement part of~~  
23 ~~other tangible personal property other than wearing apparel or~~  
24 ~~shoes, whether or not the services are performed directly or by~~  
25 ~~any means other than by means of coin operated self service~~  
26 ~~laundry equipment for wearing apparel or household goods, and~~  
27 ~~whether or not any tangible personal property is transferred to~~  
28 ~~the purchaser in conjunction therewith, except such services as~~  
29 ~~are obtained in the construction, reconstruction, remodeling,~~  
30 ~~repair or maintenance of real estate: Provided, however, That~~

~~1 this subclause shall not be deemed to impose tax upon such  
2 services in the preparation for sale of new items which are  
3 excluded from the tax under clause (26) of section 204, or upon  
4 diaper service: And provided further, That the term "use" shall  
5 not include—~~

~~6 (A) Any tangible personal property acquired and kept,  
7 retained or over which power is exercised within this  
8 Commonwealth on which the taxing of the storage, use or other  
9 consumption thereof is expressly prohibited by the Constitution  
10 of the United States or which is excluded from tax under other  
11 provisions of this article.~~

~~12 (B) The use or consumption of tangible personal property,  
13 including but not limited to machinery and equipment and parts  
14 therefor, and supplies or the obtaining of the services  
15 described in subclauses (2), (3) and (4) of this clause directly  
16 in the operations of—~~

~~17 (i) The manufacture of tangible personal property.~~

~~18 (ii) Farming, dairying, agriculture, horticulture or  
19 floriculture when engaged in as a business enterprise. The term  
20 "farming" shall include the propagation and raising of ranch-  
21 raised furbearing animals and the propagation of game birds for  
22 commercial purposes by holders of propagation permits issued  
23 under 34 Pa.C.S. (relating to game) and the propagation and  
24 raising of horses to be used exclusively for commercial racing  
25 activities.~~

~~26 (iii) The producing, delivering or rendering of a public  
27 utility service, or in constructing, reconstructing, remodeling,  
28 repairing or maintaining the facilities which are directly used  
29 in producing, delivering or rendering such service.~~

~~30 (iv) Processing as defined in subclause (d) of this section.~~



1       ~~The exclusions provided in subparagraphs (i), (ii), (iii) and~~  
2 ~~(iv) shall not apply to any vehicle required to be registered~~  
3 ~~under The Vehicle Code except those vehicles directly used by a~~  
4 ~~public utility engaged in the business as a common carrier; to~~  
5 ~~maintenance facilities; or to materials, supplies or equipment~~  
6 ~~to be used or consumed in the construction, reconstruction,~~  
7 ~~remodeling, repair or maintenance of real estate other than~~  
8 ~~directly used machinery, equipment, parts or foundations~~  
9 ~~therefor that may be affixed to such real estate. The exclusions~~  
10 ~~provided in subparagraphs (i), (ii), (iii) and (iv) shall not~~  
11 ~~apply to tangible personal property or services to be used or~~  
12 ~~consumed in managerial sales or other nonoperational activities,~~  
13 ~~nor to the purchase or use of tangible personal property or~~  
14 ~~services by any person other than the person directly using the~~  
15 ~~same in the operations described in subparagraphs (i), (ii),~~  
16 ~~(iii) and (iv).~~

17       ~~The exclusion provided in subparagraph (iii) shall not apply~~  
18 ~~to (A) construction materials, supplies or equipment used to~~  
19 ~~construct, reconstruct, remodel, repair or maintain facilities~~  
20 ~~not used directly by the purchaser in the production, delivering~~  
21 ~~or rendition of public utility service or (B) tools and~~  
22 ~~equipment used but not installed in the maintenance of~~  
23 ~~facilities used directly in the production, delivering or~~  
24 ~~rendition of a public utility service.~~

25       ~~The exclusion provided in subparagraphs (i), (ii), (iii) and~~  
26 ~~(iv) shall not apply to the services enumerated in clauses~~  
27 ~~(o)(9) through (16) and (w) through (kk), except that the~~  
28 ~~exclusion provided in subparagraph (ii) for farming, dairying~~  
29 ~~and agriculture shall apply to the service enumerated in clause~~  
30 ~~(z).~~

1       ~~(5) Where tangible personal property or services are~~  
2 ~~utilized for purposes constituting a "use," as herein defined,~~  
3 ~~and for purposes excluded from the definition of "use," it shall~~  
4 ~~be presumed that such property or services are utilized for~~  
5 ~~purposes constituting a "sale at retail" and subject to tax~~  
6 ~~unless the user thereof proves to the department that the~~  
7 ~~predominant purposes for which such property or services are~~  
8 ~~utilized do not constitute a "sale at retail."~~

9       ~~(6) The term "use" with respect to "liquor" and "malt or~~  
10 ~~brewed beverages" shall include the purchase of "liquor" from~~  
11 ~~any "Pennsylvania liquor store" by any person for any purpose~~  
12 ~~and the purchase of "malt or brewed beverages" from a~~  
13 ~~"manufacturer of malt or brewed beverages," "distributor" or~~  
14 ~~"importing distributor" by any person for any purpose, except~~  
15 ~~purchases from a "manufacturer of malt or brewed beverages" by a~~  
16 ~~"distributor" or "importing distributor," or purchases from an~~  
17 ~~"importing distributor" by a "distributor" within the meaning of~~  
18 ~~the "Liquor Code." The term "use" shall not include any purchase~~  
19 ~~of "malt or brewed beverages" from a "retail dispenser" or any~~  
20 ~~purchase of "liquor" or "malt or brewed beverages" from a person~~  
21 ~~holding a "retail liquor license" within the meaning of and~~  
22 ~~pursuant to the provisions of the "Liquor Code," but shall~~  
23 ~~include the exercise of any right or power incidental to the~~  
24 ~~ownership, custody or possession of "liquor" or "malt or brewed~~  
25 ~~beverages" obtained by the person exercising such right or power~~  
26 ~~in any manner other than pursuant to the provisions of the~~  
27 ~~"Liquor Code."~~

28       ~~(7) The use of tangible personal property purchased at~~  
29 ~~retail upon which the services described in subclauses (2), (3)~~  
30 ~~and (4) of this clause have been performed shall be deemed to be~~

1 ~~a use of said services by the person using said property.~~

2 ~~(8) The term "use" shall not include the providing of a~~  
3 ~~motor vehicle to a nonprofit private or public school to be used~~  
4 ~~by such a school for the sole purpose of driver education.~~

5 ~~(9) The obtaining by the purchaser of lobbying services.~~

6 ~~(10) The obtaining by the purchaser of adjustment services,~~  
7 ~~collection services or credit reporting services.~~

8 ~~(11) The obtaining by the purchaser of secretarial or~~  
9 ~~editing services.~~

10 ~~(12) The obtaining by the purchaser of disinfecting or pest~~  
11 ~~control services, building maintenance or cleaning services.~~

12 ~~(13) The obtaining by the purchaser of employment agency~~  
13 ~~services or help supply services.~~

14 ~~[(15) The obtaining by the purchaser of lawn care service.]~~

15 ~~(16) The obtaining by the purchaser of self storage service.~~

16 ~~(17) The obtaining by a construction contractor of tangible~~  
17 ~~personal property or services provided to tangible personal~~  
18 ~~property which will be used pursuant to a construction contract~~  
19 ~~whether or not the tangible personal property or services are~~  
20 ~~transferred.~~

21 ~~\* \* \*~~

22 ~~[(jj) "Lawn care service." Providing services for lawn~~  
23 ~~upkeep, including, but not limited to, fertilizing, lawn mowing,~~  
24 ~~shrubbery trimming or other lawn treatment services.]~~

25 ~~\* \* \*~~

26 ~~Section 2. Section 204(50) of the act, added June 16, 1994~~  
27 ~~(P.L.279, No.48), is amended and the section is amended by~~  
28 ~~adding clauses to read:~~

29 ~~Section 204. Exclusions from Tax. The tax imposed by~~  
30 ~~section 202 shall not be imposed upon~~

1       \* \* \*

2       ~~(50) The sale at retail or use of [subscriptions for]~~  
3 ~~magazines. The term "magazine" refers to a periodical published~~  
4 ~~at regular intervals not exceeding three months and which are~~  
5 ~~circulated among the general public, containing matters of~~  
6 ~~general interest and reports of current events published for the~~  
7 ~~purpose of disseminating information of a public character or~~  
8 ~~devoted to literature, the sciences, art or some special~~  
9 ~~industry. This exclusion shall also include any printed~~  
10 ~~advertising material circulated with the periodical or~~  
11 ~~publication regardless of where or by whom the printed~~  
12 ~~advertising material was produced.~~

13       \* \* \*

14       ~~(58) The sale at retail or use of books. The term "book"~~  
15 ~~refers to any written or printed work of fiction or nonfiction~~  
16 ~~which has been published and circulated among the general public~~  
17 ~~containing matters of general interest and published for the~~  
18 ~~purpose of disseminating information of a public character or~~  
19 ~~devoted to literature, the sciences, art or some special~~  
20 ~~industry. The term "book" shall include, but is not limited to,~~  
21 ~~comic books, game books, dictionaries and instruction books.~~

22       ~~(59) The sale at retail or use of a personal computer to an~~  
23 ~~individual purchaser during the exclusion period for non-~~  
24 ~~business use, but not including computer leasing, rental, repair~~  
25 ~~or alteration. For purposes of this clause, the phrase~~  
26 ~~"exclusion period" means the period of time from August 6, 2000,~~  
27 ~~to and including, August 13, 2000, and from February 18, 2001,~~  
28 ~~to and including, February 25, 2001. For purposes of this~~  
29 ~~clause, the phrase "personal computer" means a laptop, desktop,~~  
30 ~~or tower computer system, including all hardware and software~~

1 ~~sold together in the same transaction, where the computer system~~  
2 ~~includes, at a minimum, a central processing unit, random access~~  
3 ~~memory, a storage drive, a display monitor and a keyboard,~~  
4 ~~except that the term shall not include minicomputers, mainframe~~  
5 ~~computers, network servers, local area network hubs, routers and~~  
6 ~~cabling, hardware word processors, personal digital assistants,~~  
7 ~~graphical calculators, hand held computers, game consoles, Web~~  
8 ~~TV consoles, network operating systems, multiple user licensed~~  
9 ~~software and hardware, separate sales at retail or use of~~  
10 ~~internal or external components and separate sales of add on~~  
11 ~~components. For purposes of this clause, "purchaser" means an~~  
12 ~~individual who pays the purchase price and takes delivery during~~  
13 ~~the exclusion period or who places an order and pays the~~  
14 ~~purchase price, even if delivery takes place after the exclusion~~  
15 ~~period. This clause expires on March 1, 2001.~~

16 Section 3. ~~Section 301(d) of the act, amended April 23, 1998~~  
17 ~~(P.L.239, No.45), is amended and the section is amended by~~  
18 ~~adding a subsection to read:~~

19 Section 301. ~~Definitions. The following words, terms and~~  
20 ~~phrases when used in this article shall have the meaning~~  
21 ~~ascribed to them in this section except where the context~~  
22 ~~clearly indicates a different meaning. Unless specifically~~  
23 ~~provided otherwise, any reference in this article to the~~  
24 ~~Internal Revenue Code shall include the Internal Revenue Code of~~  
25 ~~1986 (Public Law 99 514, 26 U.S.C. § 1 et seq.), as amended to~~  
26 ~~January 1, 1997:~~

27 \* \* \*

28 ~~(c.1a) "Child and dependent care expenses" means the total~~  
29 ~~of the amounts calculated under subclauses (i) and (ii) as~~  
30 ~~follows:~~

1 ~~(i) Unreimbursed employment related expenses that are used~~  
2 ~~in calculating the Federal child and dependent care credit under~~  
3 ~~section 21 of the Internal Revenue Code of 1986 (Public Law 99-~~  
4 ~~514, 26 U.S.C. § 1 et seq.), without regard to the limitations~~  
5 ~~in section 21(c) of the Internal Revenue Code of 1986.~~

6 ~~(ii) Amounts deemed to be unreimbursed child and dependent~~  
7 ~~care expenses for qualified individuals described in section~~  
8 ~~21(b)(1) of the Internal Revenue Code of 1986: Provided, That~~  
9 ~~the amount deemed to be unreimbursed child and dependent care~~  
10 ~~expenses shall be equal to one hundred fifty dollars (\$150) per~~  
11 ~~month for each qualified individual, reduced by any child and~~  
12 ~~dependent care expenses included in calculating the amount under~~  
13 ~~subclause (i).~~

14 \* \* \*

15 ~~(d) "Compensation" means and shall include salaries, wages,~~  
16 ~~commissions, bonuses and incentive payments whether based on~~  
17 ~~profits or otherwise, fees, tips and similar remuneration~~  
18 ~~received for services rendered, whether directly or through an~~  
19 ~~agent, and whether in cash or in property.~~

20 ~~The term "compensation" shall not mean or include: (i)~~  
21 ~~periodic payments for sickness and disability other than regular~~  
22 ~~wages received during a period of sickness or disability; or~~  
23 ~~(ii) disability, retirement or other payments arising under~~  
24 ~~workmen's compensation acts, occupational disease acts and~~  
25 ~~similar legislation by any government; or (iii) payments~~  
26 ~~commonly recognized as old age or retirement benefits paid to~~  
27 ~~persons retired from service after reaching a specific age or~~  
28 ~~after a stated period of employment; or (iv) payments commonly~~  
29 ~~known as public assistance, or unemployment compensation~~  
30 ~~payments by any governmental agency; or (v) payments to~~

1 ~~reimburse actual expenses; or (vi) payments made by employers or~~  
2 ~~labor unions, including payments made pursuant to a cafeteria~~  
3 ~~plan qualifying under section 125 of the Internal Revenue Code~~  
4 ~~of 1986 (Public Law 99-514, 26 U.S.C. § 125), for employe~~  
5 ~~benefit programs covering hospitalization, sickness, disability~~  
6 ~~or death, supplemental unemployment benefits or strike benefits:~~  
7 ~~Provided, That the program does not discriminate in favor of~~  
8 ~~highly compensated individuals as to eligibility to participate,~~  
9 ~~payments or program benefits; or (vii) any compensation received~~  
10 ~~by United States servicemen serving in a combat zone; or (viii)~~  
11 ~~payments received by a foster parent for in home care of foster~~  
12 ~~children from an agency of the Commonwealth or a political~~  
13 ~~subdivision thereof or an organization exempt from Federal tax~~  
14 ~~under section 501(c)(3) of the Internal Revenue Code of 1954~~  
15 ~~which is licensed by the Commonwealth or a political subdivision~~  
16 ~~thereof as a placement agency; or (ix) payments made by~~  
17 ~~employers or labor unions for employe benefit programs covering~~  
18 ~~social security or retirement; or (x) personal use of an~~  
19 ~~employer's owned or leased property or of employer provided~~  
20 ~~services; or (xi) any fringe benefit that qualifies as a~~  
21 ~~qualified transportation fringe under section 132(f) of the~~  
22 ~~Internal Revenue Code of 1986, as amended at any time: Provided,~~  
23 ~~That the limits on exclusion from compensation shall be the same~~  
24 ~~limits imposed for Federal tax purposes.~~

25 \* \* \*

26 Section 4. ~~Section 304(d)(1) of the act, amended May 12,~~  
27 ~~1999 (P.L.26, No.4), is amended to read:~~

28 Section 304. ~~Special Tax Provisions for Poverty. \* \* \*~~

29 ~~(d) Any claim for special tax provisions hereunder shall be~~  
30 ~~determined in accordance with the following:~~

1       ~~(1) If the poverty income of the claimant during an entire~~  
2 ~~taxable year is [six thousand five hundred dollars (\$6,500)]~~  
3 ~~seven thousand dollars (\$7,000) or less, or, in the case of a~~  
4 ~~married claimant, if the joint poverty income of the claimant~~  
5 ~~and the claimant's spouse during an entire taxable year is~~  
6 ~~{thirteen thousand dollars (\$13,000)} fourteen thousand dollars~~  
7 ~~(14,000) or less, the claimant shall be entitled to a refund or~~  
8 ~~forgiveness of any moneys which have been paid over to (or would~~  
9 ~~except for the provisions of this act be payable to) the~~  
10 ~~Commonwealth under the provisions of this article, with an~~  
11 ~~additional income allowance of [six thousand five hundred~~  
12 ~~dollars (\$6,500) if claimed by married claimants or of six~~  
13 ~~thousand five hundred dollars (\$6,500) if claimed by a single~~  
14 ~~claimant for the first additional dependent and an additional~~  
15 ~~income allowance of six thousand five hundred dollars (\$6,500)]~~  
16 ~~seven thousand dollars (\$7,000) for each additional dependent of~~  
17 ~~the claimant. For purposes of this subsection, a claimant shall~~  
18 ~~not be considered to be married if:~~

19       ~~(i) The claimant and the claimant's spouse file separate~~  
20 ~~returns; and~~

21       ~~(ii) The claimant and the claimant's spouse live apart at~~  
22 ~~all times during the last six months of the taxable year or are~~  
23 ~~separated pursuant to a written separation agreement.~~

24       ~~\* \* \*~~

25       ~~Section 5. The act is amended by adding a section to read:~~

26       ~~Section 314.1. Child and Dependent Care Tax Credit. (a) A~~  
27 ~~taxpayer shall be allowed a credit against the tax due under~~  
28 ~~this article for child and dependent care expenses as calculated~~  
29 ~~under this section.~~

30       ~~(b) The credit shall be equal to the child and dependent~~



1 ~~care expenses incurred by the taxpayer or the taxpayer's spouse~~  
2 ~~multiplied by the rate of tax specified in section 302.~~

3 ~~(c) The credit provided by this section shall not exceed the~~  
4 ~~amount of tax otherwise due under this article.~~

5 Section 6. ~~Section 401(3)2(a)(9) of the act, amended May 12,~~  
6 ~~1999 (P.L.26, No.4), is amended to read:~~

7 Section 401. ~~Definitions. The following words, terms, and~~  
8 ~~phrases, when used in this article, shall have the meaning~~  
9 ~~ascribed to them in this section, except where the context~~  
10 ~~clearly indicates a different meaning:~~

11 \* \* \*

12 (3) ~~"Taxable income." \* \* \*~~

13 2. ~~In case the entire business of any corporation, other~~  
14 ~~than a corporation engaged in doing business as a regulated~~  
15 ~~investment company as defined by the Internal Revenue Code of~~  
16 ~~1954, as amended, is not transacted within this Commonwealth,~~  
17 ~~the tax imposed by this article shall be based upon such portion~~  
18 ~~of the taxable income of such corporation for the fiscal or~~  
19 ~~calendar year, as defined in subclause 1 hereof, and may be~~  
20 ~~determined as follows:~~

21 (a) ~~Division of Income.~~

22 \* \* \*

23 (9) ~~(A) Except as provided in subparagraph (B)[, all]:~~

24 ~~(i) All business income shall be apportioned to this State~~  
25 ~~by multiplying the income by a fraction, the numerator of which~~  
26 ~~is the property factor plus the payroll factor plus three times~~  
27 ~~the sales factor, and the denominator of which is five.~~

28 ~~(ii) For tax years beginning after December 31, 2000, all~~  
29 ~~business income shall be apportioned to this State by~~  
30 ~~multiplying the income by the sales factor.~~

1       ~~(B) For purposes of apportionment of the capital stock~~  
2 ~~franchise tax as provided in section 602 of Article VI of this~~  
3 ~~act, the apportionment fraction shall be the property factor~~  
4 ~~plus the payroll factor plus the sales factor as the numerator,~~  
5 ~~and the denominator shall be three.~~

6       \* \* \*

7       ~~Section 7. Section 602(a), (b), (c), (f), (g), (h) and (i)~~  
8 ~~of the act, amended May 12, 1999 (P.L.26, No.4) and December 15,~~  
9 ~~1999 (P.L.926, No.63), are amended to read:~~

10       ~~Section 602. Imposition of Tax. (a) That every domestic~~  
11 ~~entity from which a report is required under section 601 hereof,~~  
12 ~~shall be subject to, and pay to the department annually, a tax~~  
13 ~~which is [the greater of (i)] the amount computed by multiplying~~  
14 ~~each dollar of the capital stock value as defined in section~~  
15 ~~601(a) by the appropriate rate of tax as set forth in subsection~~  
16 ~~(h); [or (ii) the minimum tax set forth in subsection (i),]~~  
17 ~~except that any domestic entity or company subject to the tax~~  
18 ~~prescribed herein may elect to compute and pay its tax under and~~  
19 ~~in accordance with the provisions of subsection (b) of this~~  
20 ~~section 602: Provided, That[, except for the imposition of the~~  
21 ~~minimum tax set forth in subsection (i),] the provisions of this~~  
22 ~~section shall not apply to the taxation of the capital stock of~~  
23 ~~entities organized for manufacturing, processing, research or~~  
24 ~~development purposes, which is invested in and actually and~~  
25 ~~exclusively employed in carrying on manufacturing, processing,~~  
26 ~~research or development within the State, except such entities~~  
27 ~~as enjoy and exercise the right of eminent domain, but every~~  
28 ~~entity organized for the purpose of manufacturing, processing,~~  
29 ~~research or development except such entities as enjoy and~~  
30 ~~exercise the right of eminent domain shall pay the State tax of~~

1 ~~{the greater of (i)}~~ the amount computed by multiplying each  
2 dollar of the capital stock value as defined in section 601(a)  
3 by the appropriate rate of tax as set forth in subsection (h)[;  
4 or (ii) the minimum tax set forth in subsection (i),] upon such  
5 proportion of its capital stock, if any, as may be invested in  
6 any property or business not strictly incident or appurtenant to  
7 the manufacturing, processing, research or development business,  
8 in addition to the local taxes assessed upon its property in the  
9 district where located, it being the object of this provision to  
10 relieve from State taxation[, except for imposition of the  
11 minimum tax set forth in subsection (i),] only so much of the  
12 capital stock as is invested purely in the manufacturing,  
13 processing, research or development plant and business: and  
14 Provided further, That[, except for the imposition of the  
15 minimum tax set forth in subsection (i),] the provisions of this  
16 section shall not apply to the taxation of so much of the  
17 capital stock value attributable to student loan assets owned or  
18 held by an entity created for the securitization of student  
19 loans or by a trustee on its behalf.

20 (b) ~~(1)~~ Every foreign entity from which a report is  
21 required under section 601 hereof, shall be subject to and pay  
22 to the department annually, a franchise tax which is [the  
23 greater of (i)] the amount computed by multiplying each dollar  
24 of the capital stock value as defined in section 601(a) by the  
25 appropriate rate of tax as set forth in subsection (h)[; or (ii)  
26 the minimum tax set forth in subsection (i),] upon a taxable  
27 value to be determined in the following manner. The capital  
28 stock value shall be ascertained in the manner prescribed in  
29 section 601(a) of this article. The taxable value shall then be  
30 determined by employing the relevant apportionment factors set

1 ~~forth in Article IV: Provided, That the manufacturing,~~  
2 ~~processing, research and development exemptions contained under~~  
3 ~~section 602(a) shall also apply to foreign corporations. In~~  
4 ~~determining the relevant apportionment factors, the following~~  
5 ~~shall apply:~~

6 ~~(i) for [all] taxable years [other than specifically set~~  
7 ~~forth in subclause (ii)] beginning before January 1, 1999, the~~  
8 ~~numerator of the property, payroll or sales factors shall not~~  
9 ~~include any property, payroll or sales attributable to~~  
10 ~~manufacturing, processing, research or development activities in~~  
11 ~~the Commonwealth;~~

12 ~~(ii) for [the] taxable years beginning after December 31,~~  
13 ~~1998, [and beginning before January 1, 2001,] the numerator of~~  
14 ~~the property or payroll factors shall not include any property~~  
15 ~~or payroll attributable to manufacturing, processing, research~~  
16 ~~or development activities in the Commonwealth, and any property~~  
17 ~~or payroll attributable to manufacturing, processing, research~~  
18 ~~or development activities outside of the Commonwealth shall also~~  
19 ~~be excluded from the numerator of the property or payroll~~  
20 ~~factors. [Except for the imposition of the minimum tax set forth~~  
21 ~~in subsection (i), the] The provisions of this section shall not~~  
22 ~~apply to the taxation of so much of the capital stock value~~  
23 ~~attributable to student loan assets owned or held by an entity~~  
24 ~~created for the securitization of student loans or by a trustee~~  
25 ~~on its behalf. Any foreign corporation, joint stock association,~~  
26 ~~limited partnership or company subject to the tax prescribed~~  
27 ~~herein may elect to compute and pay its tax under section~~  
28 ~~602(a): Provided, That any foreign corporation, joint stock~~  
29 ~~association, limited partnership or company electing to compute~~  
30 ~~and pay its tax under section 602(a) shall be treated as if it~~

1 ~~were a domestic corporation for the purpose of determining which~~  
2 ~~of its assets are exempt from taxation and for the purpose of~~  
3 ~~determining the proportion of the value of its capital stock~~  
4 ~~which is subject to taxation.~~

5 ~~(2) The provisions of this article shall apply to the~~  
6 ~~taxation of entities organized for manufacturing, processing,~~  
7 ~~research or development purposes, but shall not apply to such~~  
8 ~~entities as enjoy and exercise the right of eminent domain.~~

9 \* \* \*

10 ~~(c) Any holding company subject to the capital stock tax or~~  
11 ~~the franchise tax imposed by this section may elect to compute~~  
12 ~~the capital stock or franchise tax by applying the rate of tax~~  
13 ~~provided in subsection (h) to ten per cent of the capital stock~~  
14 ~~value as defined in section 601(a)[, but in no case shall the~~  
15 ~~tax so computed be less than the minimum tax set forth in~~  
16 ~~subsection (i)]. If exercised, this election shall be in lieu of~~  
17 ~~any other apportionment or allocation to which such company~~  
18 ~~would otherwise be entitled.~~

19 ~~(f) Every domestic corporation and every foreign corporation~~  
20 ~~(i) registered to do business in Pennsylvania; (ii) which~~  
21 ~~maintains an office in Pennsylvania; (iii) which has filed a~~  
22 ~~timely election to be taxed as a regulated investment company~~  
23 ~~with the Federal Government; and (iv) which duly qualifies to be~~  
24 ~~taxed as a regulated investment company under the provisions of~~  
25 ~~the Internal Revenue Code of 1954 as amended, shall be taxed as~~  
26 ~~a regulated investment company and shall be subject to the~~  
27 ~~capital stock or franchise tax imposed by section 602, except as~~  
28 ~~provided in clause (2)(E) in either case for the privilege of~~  
29 ~~having an office in Pennsylvania, which tax shall be computed~~  
30 ~~pursuant to the provisions of this subsection in lieu of all~~

1 ~~other provisions of this section 602. The tax shall be in an~~  
2 ~~amount which is [the greater of the minimum tax set forth in~~  
3 ~~subsection (i) or] the sum of the amounts determined pursuant to~~  
4 ~~clauses (1) and (2):~~

5 ~~(1) The amount determined pursuant to this clause shall be~~  
6 ~~seventy five dollars (\$75) times that number which is the result~~  
7 ~~of dividing the net asset value of the regulated investment~~  
8 ~~company by one million, rounded to the nearest multiple of~~  
9 ~~seventy five dollars (\$75). Net asset value shall be determined~~  
10 ~~by adding the monthly net asset values as of the last day of~~  
11 ~~each month during the taxable period and dividing the total sum~~  
12 ~~by the number of months involved. Each such monthly net asset~~  
13 ~~value shall be the actual market value of all assets owned~~  
14 ~~without any exemptions or exclusions, less all liabilities,~~  
15 ~~debts and other obligations.~~

16 ~~(2) The amount determined pursuant to this clause shall be~~  
17 ~~the amount which is the result of multiplying the rate of~~  
18 ~~taxation applicable for purposes of the personal income tax~~  
19 ~~during the same taxable year times the apportioned undistributed~~  
20 ~~personal income tax income of the regulated investment company.~~  
21 ~~For the purposes of this clause:~~

22 ~~(A) Personal income tax income shall mean income to the~~  
23 ~~extent enumerated and classified in section 303.~~

24 ~~(B) Undistributed personal income tax income shall mean all~~  
25 ~~personal income tax income other than personal income tax income~~  
26 ~~undistributed on account of the capital stock or foreign~~  
27 ~~franchise tax, less all personal income tax income distributed~~  
28 ~~to shareholders. At the election of the company, income~~  
29 ~~distributed after the close of a taxable year, but deemed~~  
30 ~~distributed during the taxable year for Federal income tax~~

1 ~~purposes, shall be deemed distributed during that year for~~  
2 ~~purposes of this clause. If a company in a taxable year has both~~  
3 ~~current income and income accumulated from a prior year,~~  
4 ~~distributions during the year shall be deemed to have been made~~  
5 ~~first from current income.~~

6 ~~(C) Undistributed personal income tax income shall be~~  
7 ~~apportioned to Pennsylvania by a fraction, the numerator of~~  
8 ~~which is all income distributed during the taxable period to~~  
9 ~~shareholders who are resident individuals, estates or trusts and~~  
10 ~~the denominator of which is all income distributed during the~~  
11 ~~taxable period. Resident trusts shall not include charitable,~~  
12 ~~pension or profit sharing, or retirement trusts.~~

13 ~~(D) Personal income tax income and other income of a company~~  
14 ~~shall each be deemed to be either distributed to shareholders or~~  
15 ~~undistributed in the proportion each category bears to all~~  
16 ~~income received by the company during the taxable year.~~

17 ~~(E) No tax shall be imposed under this subsection for~~  
18 ~~taxable years beginning on or after January 1, 2004.~~

19 ~~(g) In the event that a domestic or foreign entity is~~  
20 ~~required to file a report pursuant to section 601(b) on other~~  
21 ~~than an annual basis, the tax imposed by this section[,~~   
22 ~~including the minimum tax set forth in subsection (i), ] shall be~~  
23 ~~prorated to reflect the portion of a taxable year for which the~~  
24 ~~report is filed by multiplying the tax liability by a fraction~~  
25 ~~equal to the number of days in the taxable year divided by three~~  
26 ~~hundred sixty five days.~~

27 ~~(h) The rate of tax for purposes of the capital stock and~~  
28 ~~franchise tax for taxable years beginning within the dates set~~  
29 ~~forth shall be as follows:~~

30	Taxable Year	Regular Rate	Surtax	Total Rate
----	--------------	--------------	--------	------------

1     ~~January 1, 1971, to~~  
2             ~~December 31, 1986     10 mills     0             10 mills~~  
3     ~~January 1, 1987, to~~  
4             ~~December 31, 1987     9 mills     0             9 mills~~  
5     ~~January 1, 1988, to~~  
6             ~~December 31, 1990     9.5 mills     0             9.5 mills~~  
7     ~~January 1, 1991, to~~  
8             ~~December 31, 1991     11 mills     2 mills     13 mills~~  
9     ~~January 1, 1992, to~~  
10            ~~December 31, 1997     11 mills     1.75 mills     12.75 mills~~  
11     ~~January 1, 1998,~~  
12            ~~to December 31, 1998     11 mills     -.99 mills     11.99 mills~~  
13     ~~January 1, 1999, [and each~~  
14            ~~year thereafter]~~  
15            ~~to December 31, 1999     10.99 mills     0             10.99 mills~~  
16     ~~January 1, 2000,~~  
17            ~~to December 31, 2000     8.75 mills     0             8.75 mills~~  
18     ~~January 1, 2001,~~  
19            ~~to December 31, 2001     6.50 mills     0             6.50 mills~~  
20     ~~January 1, 2002,~~  
21            ~~to December 31, 2002     4.25 mills     0             4.25 mills~~  
22     ~~January 1, 2003,~~  
23            ~~to December 31, 2003     2 mills     0             2 mills~~  
24     ~~January 1, 2004, and~~  
25            ~~each year thereafter     0             0             0~~

26     ~~(i) The minimum amount of capital stock and franchise tax~~  
27     ~~for the taxable years beginning within the dates set forth shall~~  
28     ~~be as follows:~~

<del>Taxable Year Beginning</del>	<del>Minimum Tax</del>
<del>January 1, 1971, to December 31, 1983</del>	<del>No minimum tax imposed</del>



1       ~~January 1, 1984, to December 31, 1990   \$75 minimum tax~~  
2       ~~January 1, 1991, to December 31, 1998   \$300 minimum tax~~  
3       ~~January 1, 1999, [and each taxable year~~  
4           ~~thereafter]~~  
5       ~~to December 31, 1999                   \$200 minimum tax~~  
6       ~~January 1, 2000, and each taxable year~~  
7       ~~thereafter                               No minimum tax imposed~~

8       ~~Section 8. Section 602.5 of the act, amended May 12, 1999~~  
9       ~~(P.L.26, No.4), is amended to read:~~

10       ~~[Section 602.5. Shows and Flea Markets. A corporation that~~  
11       ~~confines its activities in this Commonwealth during the course~~  
12       ~~of a calendar year to attendance at an organized "show" or "flea~~  
13       ~~market" for the purpose of exhibiting its goods and making sales~~  
14       ~~therefrom shall not be subject to the minimum tax imposed under~~  
15       ~~this article, based solely upon such attendance if limited to no~~  
16       ~~more than twenty days during the year, with no more than seven~~  
17       ~~days being consecutive.]~~

18       ~~Section 9. The act is amended by adding a section to read:~~

19       ~~Section 701.5. Qualified Businesses. (a) For taxable years~~  
20       ~~that begin after December 31, 1998, an institution is a~~  
21       ~~qualified business under section 307 of the act of October 6,~~  
22       ~~1998 (P.L.705, No.92), known as the "Pennsylvania Keystone~~  
23       ~~Opportunity Zone Act"; and an institution may claim a credit~~  
24       ~~against the tax imposed by this article for the taxable year to~~  
25       ~~the extent of the tax liability for the amount of the taxable~~  
26       ~~shares attributable to a keystone opportunity zone in the~~  
27       ~~taxable year.~~

28       ~~(b) The institution's tax liability for the amount of the~~  
29       ~~taxable shares attributable to a keystone opportunity zone shall~~  
30       ~~be determined by multiplying the amount of the taxable shares~~

1 ~~attributable to the keystone opportunity zone by the rate of tax~~  
2 ~~imposed under this article for the taxable year. The institution~~  
3 ~~shall compute the Pennsylvania taxable amount of its shares in~~  
4 ~~conformity with this article with no adjustments or subtractions~~  
5 ~~for the taxable amount of shares attributable to the keystone~~  
6 ~~opportunity zone.~~

7 ~~(c) The determination of the amount of an institution's~~  
8 ~~taxable shares attributable to a keystone opportunity zone shall~~  
9 ~~be determined in conformity with this article and with specific~~  
10 ~~reference to the following:~~

11 ~~(1) If the entire business of the institution in this~~  
12 ~~Commonwealth is transacted wholly within a keystone opportunity~~  
13 ~~zone, the amount of the taxable shares attributable to a~~  
14 ~~keystone opportunity zone shall consist of the Pennsylvania~~  
15 ~~taxable amount as determined under this article.~~

16 ~~(2) If the entire business of the institution in this~~  
17 ~~Commonwealth is not wholly transacted within a keystone~~  
18 ~~opportunity zone, the amount of the taxable shares attributable~~  
19 ~~to a keystone opportunity zone shall be determined by~~  
20 ~~apportionment in accordance with a fraction, the numerator of~~  
21 ~~which is the sum of the payroll factor, the receipts factor and~~  
22 ~~the deposits factor, and the denominator of which is three.~~

23 ~~(3) The payroll factor is a fraction, the numerator of which~~  
24 ~~is the total wages paid in a keystone opportunity zone during~~  
25 ~~the tax period and the denominator of which is the total wages~~  
26 ~~paid in this Commonwealth during the tax period. Wages are paid~~  
27 ~~in a keystone opportunity zone if paid to an employe having a~~  
28 ~~regular presence therein.~~

29 ~~(4) The receipts factor is a fraction, the numerator of~~  
30 ~~which is total receipts located in a keystone opportunity zone~~

1 ~~and the denominator of which is the total receipts located in~~  
2 ~~this Commonwealth. Receipts do not include principal repayments~~  
3 ~~on loans or credit, travel and entertainment cards. Receipts~~  
4 ~~from sale or disposition of intangible and tangible property~~  
5 ~~include only the net gain therefrom. The location of receipts~~  
6 ~~shall be determined as follows:~~

7 ~~(i) Receipts from loans are located in a keystone~~  
8 ~~opportunity zone if the place of origination of the loan is in a~~  
9 ~~keystone opportunity zone, or if the proceeds of the loan will~~  
10 ~~be used by the borrower to conduct activity within a keystone~~  
11 ~~opportunity zone, including, but not limited to, the conduct of~~  
12 ~~business activities in a keystone opportunity zone; the~~  
13 ~~construction, alteration or repair of real property located in a~~  
14 ~~keystone opportunity zone; or for the personal use of~~  
15 ~~individuals residing in a keystone opportunity zone.~~

16 ~~(ii) All receipts from performance of services are located~~  
17 ~~in a keystone opportunity zone to the extent the services are~~  
18 ~~performed in the keystone opportunity zone. If services are~~  
19 ~~performed partly within a keystone opportunity zone and partly~~  
20 ~~outside a keystone opportunity zone, the receipts located in~~  
21 ~~each area shall be measured by the ratio which the time spent in~~  
22 ~~performing such services in a keystone opportunity zone bears to~~  
23 ~~the total time spent in performing such services in this~~  
24 ~~Commonwealth. Time spent in performing services in a keystone~~  
25 ~~opportunity zone is the time spent by employees having a regular~~  
26 ~~presence in the keystone opportunity zone in performing such~~  
27 ~~services.~~

28 ~~(iii) Receipts from lease transactions are located in a~~  
29 ~~keystone opportunity zone if the leased property is deemed~~  
30 ~~located in a keystone opportunity zone.~~

1 ~~(iv) Interest or service charges, excluding merchant~~  
2 ~~discounts, from credit, travel and entertainment card~~  
3 ~~receivables and credit card holders' fees are located in a~~  
4 ~~keystone opportunity zone if the credit card holder, in the case~~  
5 ~~of an individual, resides in a keystone opportunity zone or, if~~  
6 ~~a corporation, if the corporation's commercial domicile is~~  
7 ~~located in a keystone opportunity zone.~~

8 ~~(v) Interest, dividends and net gains from the sale or~~  
9 ~~disposition of intangibles, exclusive of those receipts~~  
10 ~~described elsewhere in this section, are located in a keystone~~  
11 ~~opportunity zone if the institution maintains an office in a~~  
12 ~~keystone opportunity zone which treats such intangibles as~~  
13 ~~assets on its books or records.~~

14 ~~(vi) Fees or charges from the issuance of traveler's checks~~  
15 ~~and money orders are located in a keystone opportunity zone if~~  
16 ~~such traveler's checks or money orders are issued in a keystone~~  
17 ~~opportunity zone.~~

18 ~~(vii) Receipts from sales of tangible property are located~~  
19 ~~in a keystone opportunity zone if the property is delivered or~~  
20 ~~shipped to a purchaser located in a keystone opportunity zone,~~  
21 ~~regardless of the F.O.B. point or other conditions of the sale.~~

22 ~~(viii) All receipts not specifically treated under this~~  
23 ~~subsection are located in a keystone opportunity zone if the~~  
24 ~~greatest portion of the income producing activities are~~  
25 ~~performed in a keystone opportunity zone, based on costs of~~  
26 ~~performance.~~

27 ~~(5) The deposits factor is a fraction, the numerator of~~  
28 ~~which is the average value of deposits located in a keystone~~  
29 ~~opportunity zone during the taxable year and the denominator of~~  
30 ~~which is the average value of the total deposits in this~~

1 ~~Commonwealth during the taxable year. The average value of~~  
2 ~~deposits is to be computed on a quarterly basis. Deposits are~~  
3 ~~located in a keystone opportunity zone if the institution~~  
4 ~~maintains an office in a keystone opportunity zone which~~  
5 ~~properly treats the deposits as a liability on its books or~~  
6 ~~records. A deposit is considered to be properly treated as a~~  
7 ~~liability on the books or records of the office with which it~~  
8 ~~has a greater portion of contact. In determining whether a~~  
9 ~~deposit has a greater portion of contact with a particular~~  
10 ~~office, consideration is given to:~~

11 ~~(i) Whether the deposit account was opened at or transferred~~  
12 ~~to that office by or at the direction of the depositor,~~  
13 ~~regardless of where subsequent deposits or withdrawals are made.~~

14 ~~(ii) Whether employes regularly connected with that office~~  
15 ~~are primarily responsible for servicing the depositor's general~~  
16 ~~banking and other financial needs.~~

17 ~~(iii) Whether the deposit was solicited by an employe~~  
18 ~~regularly connected with that office, regardless of where such~~  
19 ~~deposit was actually solicited.~~

20 ~~(iv) Whether the terms governing the deposit were negotiated~~  
21 ~~by employes regularly connected with that office, regardless of~~  
22 ~~where the negotiations were actually conducted.~~

23 ~~(v) Whether essential records relating to the deposit are~~  
24 ~~kept at that office and whether the deposit is serviced at that~~  
25 ~~office.~~

26 ~~(d) The credit allowed under this section shall not exceed~~  
27 ~~the tax liability of the taxpayer under this article for the tax~~  
28 ~~year.~~

29 Section 10. Section 701.5 of the act, added June 16, 1994  
30 (P.L.279, No.48), is renumbered to read:

1       Section ~~[701.5]~~ 701.30. Definitions. \* \* \*

2       Section 11. The act is amended by adding sections to read:

3       Section 703 A. Qualified Businesses. (a) For taxable years  
4 that begin after December 31, 1998, an institution is a  
5 qualified business under section 307 of the act of October 6,  
6 1998 (P.L.705, No.92), known as the "Pennsylvania Keystone  
7 Opportunity Zone Act"; and an institution may claim a credit  
8 against the tax imposed by this article for the taxable year to  
9 the extent of the tax liability for the amount of the taxable  
10 shares attributable to a keystone opportunity zone in the  
11 taxable year.

12       ~~(b) The institution's tax liability for the amount of the~~  
13 taxable shares attributable to a keystone opportunity zone shall  
14 be determined by multiplying the amount of the taxable shares  
15 attributable to the keystone opportunity zone by the rate of tax  
16 imposed under this article for the taxable year. The institution  
17 shall compute the Pennsylvania taxable amount of its shares in  
18 conformity with this article with no adjustments or subtractions  
19 for the taxable amount of shares attributable to the keystone  
20 opportunity zone.

21       ~~(c) The determination of the amount of an institution's~~  
22 taxable shares attributable to a keystone opportunity zone shall  
23 be determined in conformity with this article and with specific  
24 reference to the following:

25       ~~(1) If the entire business of the institution in this~~  
26 Commonwealth is transacted wholly within a keystone opportunity  
27 zone, the amount of the taxable shares attributable to a  
28 keystone opportunity zone shall consist of the Pennsylvania  
29 taxable amount as determined under this article.

30       ~~(2) If the entire business of the institution in this~~

1 ~~Commonwealth is not wholly transacted within a keystone~~  
2 ~~opportunity zone, the amount of the taxable shares attributable~~  
3 ~~to a keystone opportunity zone shall be determined by~~  
4 ~~apportionment in accordance with a fraction, the numerator of~~  
5 ~~which is the sum of the payroll factor, the receipts factor and~~  
6 ~~the deposits factor, and the denominator of which is three.~~

7 ~~(3) The payroll factor is a fraction, the numerator of which~~  
8 ~~is the total wages paid in a keystone opportunity zone during~~  
9 ~~the tax period and the denominator of which is the total wages~~  
10 ~~paid in this Commonwealth during the tax period. Wages are paid~~  
11 ~~in a keystone opportunity zone if paid to an employe having a~~  
12 ~~regular presence therein.~~

13 ~~(4) The receipts factor is a fraction, the numerator of~~  
14 ~~which is total receipts located in a keystone opportunity zone~~  
15 ~~and the denominator of which is the total receipts located in~~  
16 ~~this Commonwealth. Receipts do not include principal repayments~~  
17 ~~on loans or credit, travel and entertainment cards. Receipts~~  
18 ~~from sale or disposition of intangible and tangible property~~  
19 ~~include only the net gain therefrom. The location of receipts~~  
20 ~~shall be determined as follows:~~

21 ~~(i) Receipts from loans are located in a keystone~~  
22 ~~opportunity zone if the place of origination of the loan is in a~~  
23 ~~keystone opportunity zone, or if the proceeds of the loan will~~  
24 ~~be used by the borrower to conduct activity within a keystone~~  
25 ~~opportunity zone, including, but not limited to, the conduct of~~  
26 ~~business activities in a keystone opportunity zone; the~~  
27 ~~construction, alteration or repair of real property located in a~~  
28 ~~keystone opportunity zone; or for the personal use of~~  
29 ~~individuals residing in a keystone opportunity zone.~~

30 ~~(ii) All receipts from performance of services are located~~

1 ~~in a keystone opportunity zone to the extent the services are~~  
2 ~~performed in the keystone opportunity zone. If services are~~  
3 ~~performed partly within a keystone opportunity zone and partly~~  
4 ~~outside a keystone opportunity zone, the receipts located in~~  
5 ~~each area shall be measured by the ratio which the time spent in~~  
6 ~~performing such services in a keystone opportunity zone bears to~~  
7 ~~the total time spent in performing such services in this~~  
8 ~~Commonwealth. Time spent in performing services in a keystone~~  
9 ~~opportunity zone is the time spent by employes having a regular~~  
10 ~~presence in the keystone opportunity zone in performing such~~  
11 ~~services.~~

12 ~~(iii) Receipts from lease transactions are located in a~~  
13 ~~keystone opportunity zone if the leased property is deemed~~  
14 ~~located in a keystone opportunity zone.~~

15 ~~(iv) Interest or service charges, excluding merchant~~  
16 ~~discounts, from credit, travel and entertainment card~~  
17 ~~receivables and credit card holders' fees are located in a~~  
18 ~~keystone opportunity zone if the credit card holder, in the case~~  
19 ~~of an individual, resides in a keystone opportunity zone or, if~~  
20 ~~a corporation, if the corporation's commercial domicile is~~  
21 ~~located in a keystone opportunity zone.~~

22 ~~(v) Interest, dividends and net gains from the sale or~~  
23 ~~disposition of intangibles, exclusive of those receipts~~  
24 ~~described elsewhere in this section, are located in a keystone~~  
25 ~~opportunity zone if the institution maintains an office in a~~  
26 ~~keystone opportunity zone which treats such intangibles as~~  
27 ~~assets on its books or records.~~

28 ~~(vi) Fees or charges from the issuance of traveler's checks~~  
29 ~~and money orders are located in a keystone opportunity zone if~~  
30 ~~such traveler's checks or money orders are issued in a keystone~~



1 ~~opportunity zone.~~

2 ~~(vii) Receipts from sales of tangible property are located~~  
3 ~~in a keystone opportunity zone if the property is delivered or~~  
4 ~~shipped to a purchaser located in a keystone opportunity zone,~~  
5 ~~regardless of the F.O.B. point or other conditions of the sale.~~

6 ~~(viii) All receipts not specifically treated under this~~  
7 ~~subsection are located in a keystone opportunity zone if the~~  
8 ~~greatest portion of the income producing activities are~~  
9 ~~performed in a keystone opportunity zone, based on costs of~~  
10 ~~performance.~~

11 ~~(5) The deposits factor is a fraction, the numerator of~~  
12 ~~which is the average value of deposits located in a keystone~~  
13 ~~opportunity zone during the taxable year and the denominator of~~  
14 ~~which is the average value of the total deposits in this~~  
15 ~~Commonwealth during the taxable year. The average value of~~  
16 ~~deposits is to be computed on a quarterly basis. Deposits are~~  
17 ~~located in a keystone opportunity zone if the institution~~  
18 ~~maintains an office in a keystone opportunity zone which~~  
19 ~~properly treats the deposits as a liability on its books or~~  
20 ~~records. A deposit is considered to be properly treated as a~~  
21 ~~liability on the books or records of the office with which it~~  
22 ~~has a greater portion of contact. In determining whether a~~  
23 ~~deposit has a greater portion of contact with a particular~~  
24 ~~office, consideration is given to:~~

25 ~~(i) Whether the deposit account was opened at or transferred~~  
26 ~~to that office by or at the direction of the depositor,~~  
27 ~~regardless of where subsequent deposits or withdrawals are made.~~

28 ~~(ii) Whether employes regularly connected with that office~~  
29 ~~are primarily responsible for servicing the depositor's general~~  
30 ~~banking and other financial needs.~~

1 ~~(iii) Whether the deposit was solicited by an employe~~  
2 ~~regularly connected with that office, regardless of where such~~  
3 ~~deposit was actually solicited.~~

4 ~~(iv) Whether the terms governing the deposit were negotiated~~  
5 ~~by employes regularly connected with that office, regardless of~~  
6 ~~where the negotiations were actually conducted.~~

7 ~~(v) Whether essential records relating to the deposit are~~  
8 ~~kept at that office and whether the deposit is serviced at that~~  
9 ~~office.~~

10 ~~(d) The credit allowed under this section shall not exceed~~  
11 ~~the tax liability of the taxpayer under this article for the tax~~  
12 ~~year.~~

13 ~~Section 1507. Qualified Businesses. (a) For taxable years~~  
14 ~~that begin after December 31, 1998, an institution is a~~  
15 ~~qualified business under section 307 of the act of October 6,~~  
16 ~~1998 (P.L.705, No.92), known as the "Pennsylvania Keystone~~  
17 ~~Opportunity Zone Act"; and an institution may claim a credit~~  
18 ~~against the tax imposed by this article for the taxable year to~~  
19 ~~the extent of the tax liability for the amount of the taxable~~  
20 ~~income attributable to a keystone opportunity zone in the~~  
21 ~~taxable year.~~

22 ~~(b) The institution's tax liability for the amount of the~~  
23 ~~taxable income attributable to a keystone opportunity zone shall~~  
24 ~~be determined by multiplying the amount of the taxable income~~  
25 ~~attributable to the keystone opportunity zone by the rate of tax~~  
26 ~~imposed under this article for the taxable year. The institution~~  
27 ~~shall compute the Pennsylvania taxable amount of its shares in~~  
28 ~~conformity with this article with no adjustments or subtractions~~  
29 ~~for the taxable amount of income attributable to the keystone~~  
30 ~~opportunity zone.~~

1 ~~(c) The determination of the amount of an institution's~~  
2 ~~taxable income attributable to a keystone opportunity zone shall~~  
3 ~~be determined in conformity with this article and with specific~~  
4 ~~reference to the following:~~

5 ~~(1) If the entire business of the institution in this~~  
6 ~~Commonwealth is transacted wholly within a keystone opportunity~~  
7 ~~zone, the amount of the taxable income attributable to a~~  
8 ~~keystone opportunity zone shall consist of the Pennsylvania~~  
9 ~~taxable amount as determined under this article.~~

10 ~~(2) If the entire business of the institution in this~~  
11 ~~Commonwealth is not wholly transacted within a keystone~~  
12 ~~opportunity zone, the amount of the taxable income attributable~~  
13 ~~to a keystone opportunity zone shall be determined by~~  
14 ~~apportionment in accordance with a fraction, the numerator of~~  
15 ~~which is the sum of the payroll factor, the receipts factor and~~  
16 ~~the deposits factor, and the denominator of which is three.~~

17 ~~(3) The payroll factor is a fraction, the numerator of which~~  
18 ~~is the total wages paid in a keystone opportunity zone during~~  
19 ~~the tax period and the denominator of which is the total wages~~  
20 ~~paid in this Commonwealth during the tax period. Wages are paid~~  
21 ~~in a keystone opportunity zone if paid to an employe having a~~  
22 ~~regular presence therein.~~

23 ~~(4) The receipts factor is a fraction, the numerator of~~  
24 ~~which is total receipts located in a keystone opportunity zone~~  
25 ~~and the denominator of which is the total receipts located in~~  
26 ~~this Commonwealth. Receipts do not include principal repayments~~  
27 ~~on loans or credit, travel and entertainment cards. Receipts~~  
28 ~~from sale or disposition of intangible and tangible property~~  
29 ~~include only the net gain therefrom. The location of receipts~~  
30 ~~shall be determined as follows:~~

1       ~~(i) Receipts from loans are located in a keystone~~  
2 ~~opportunity zone if the place of origination of the loan is in a~~  
3 ~~keystone opportunity zone, or if the proceeds of the loan will~~  
4 ~~be used by the borrower to conduct activity within a keystone~~  
5 ~~opportunity zone, including, but not limited to, the conduct of~~  
6 ~~business activities in a keystone opportunity zone; the~~  
7 ~~construction, alteration or repair of real property located in a~~  
8 ~~keystone opportunity zone; or for the personal use of~~  
9 ~~individuals residing in a keystone opportunity zone.~~

10       ~~(ii) All receipts from performance of services are located~~  
11 ~~in a keystone opportunity zone to the extent the services are~~  
12 ~~performed in the keystone opportunity zone. If services are~~  
13 ~~performed partly within a keystone opportunity zone and partly~~  
14 ~~outside a keystone opportunity zone, the receipts located in~~  
15 ~~each area shall be measured by the ratio which the time spent in~~  
16 ~~performing such services in a keystone opportunity zone bears to~~  
17 ~~the total time spent in performing such services in this~~  
18 ~~Commonwealth. Time spent in performing services in a keystone~~  
19 ~~opportunity zone is the time spent by employes having a regular~~  
20 ~~presence in the keystone opportunity zone in performing such~~  
21 ~~services.~~

22       ~~(iii) Receipts from lease transactions are located in a~~  
23 ~~keystone opportunity zone if the leased property is deemed~~  
24 ~~located in a keystone opportunity zone.~~

25       ~~(iv) Interest or service charges, excluding merchant~~  
26 ~~discounts, from credit, travel and entertainment card~~  
27 ~~receivables and credit card holders' fees are located in a~~  
28 ~~keystone opportunity zone if the credit card holder, in the case~~  
29 ~~of an individual, resides in a keystone opportunity zone or, if~~  
30 ~~a corporation, if the corporation's commercial domicile is~~

1 ~~located in a keystone opportunity zone.~~

2 ~~(v) Interest, dividends and net gains from the sale or~~  
3 ~~disposition of intangibles, exclusive of those receipts~~  
4 ~~described elsewhere in this section, are located in a keystone~~  
5 ~~opportunity zone if the institution maintains an office in a~~  
6 ~~keystone opportunity zone which treats such intangibles as~~  
7 ~~assets on its books or records.~~

8 ~~(vi) Fees or charges from the issuance of traveler's checks~~  
9 ~~and money orders are located in a keystone opportunity zone if~~  
10 ~~such traveler's checks or money orders are issued in a keystone~~  
11 ~~opportunity zone.~~

12 ~~(vii) Receipts from sales of tangible property are located~~  
13 ~~in a keystone opportunity zone if the property is delivered or~~  
14 ~~shipped to a purchaser located in a keystone opportunity zone,~~  
15 ~~regardless of the F.O.B. point or other conditions of the sale.~~

16 ~~(viii) All receipts not specifically treated under this~~  
17 ~~subsection are located in a keystone opportunity zone if the~~  
18 ~~greatest portion of the income producing activities are~~  
19 ~~performed in a keystone opportunity zone, based on costs of~~  
20 ~~performance.~~

21 ~~(5) The deposits factor is a fraction, the numerator of~~  
22 ~~which is the average value of deposits located in a keystone~~  
23 ~~opportunity zone during the taxable year and the denominator of~~  
24 ~~which is the average value of the total deposits in this~~  
25 ~~Commonwealth during the taxable year. The average value of~~  
26 ~~deposits is to be computed on a quarterly basis. Deposits are~~  
27 ~~located in a keystone opportunity zone if the institution~~  
28 ~~maintains an office in a keystone opportunity zone which~~  
29 ~~properly treats the deposits as a liability on its books or~~  
30 ~~records. A deposit is considered to be properly treated as a~~

1 ~~liability on the books or records of the office with which it~~  
2 ~~has a greater portion of contact. In determining whether a~~  
3 ~~deposit has a greater portion of contact with a particular~~  
4 ~~office, consideration is given to:~~

5 ~~(i) Whether the deposit account was opened at or transferred~~  
6 ~~to that office by or at the direction of the depositor,~~  
7 ~~regardless of where subsequent deposits or withdrawals are made.~~

8 ~~(ii) Whether employes regularly connected with that office~~  
9 ~~are primarily responsible for servicing the depositor's general~~  
10 ~~banking and other financial needs.~~

11 ~~(iii) Whether the deposit was solicited by an employe~~  
12 ~~regularly connected with that office, regardless of where such~~  
13 ~~deposit was actually solicited.~~

14 ~~(iv) Whether the terms governing the deposit were negotiated~~  
15 ~~by employes regularly connected with that office, regardless of~~  
16 ~~where the negotiations were actually conducted.~~

17 ~~(v) Whether essential records relating to the deposit are~~  
18 ~~kept at that office and whether the deposit is serviced at that~~  
19 ~~office.~~

20 ~~(d) The credit allowed under this section shall not exceed~~  
21 ~~the tax liability of the taxpayer under this article for the tax~~  
22 ~~year.~~

23 Section 12. Section 1709 B of the act, added May 7, 1997  
24 (P.L.85, No.7), is amended to read:

25 Section 1709 B. Limitation on Credits. (a) The total  
26 amount of credits approved by the department shall not exceed  
27 [fifteen million dollars (\$15,000,000)] ~~sixty million dollars~~  
28 ~~(\$60,000,000)~~ in any fiscal year. Of that amount, [three million  
29 dollars (\$3,000,000)] ~~five million dollars (\$5,000,000)~~ shall be  
30 allocated exclusively for small businesses. However, if the

1 ~~total amounts allocated to either the group of applicants~~  
2 ~~exclusive of small businesses or the group of small business~~  
3 ~~applicants is not approved in any fiscal year, the unused~~  
4 ~~portion will become available for use by the other group of~~  
5 ~~qualifying taxpayers.~~

6 ~~(b) If the total amount of research and development tax~~  
7 ~~credits applied for by all taxpayers, exclusive of small~~  
8 ~~businesses, exceeds the amount allocated for those credits, then~~  
9 ~~the research and development tax credit to be received by each~~  
10 ~~applicant shall be the product of the allocated amount~~  
11 ~~multiplied by the quotient of the research and development tax~~  
12 ~~credit applied for by the applicant divided by the total of all~~  
13 ~~research and development credits applied for by all applicants,~~  
14 ~~the algebraic equivalent of which is:~~

15 ~~taxpayer's research and development tax credit=amount~~  
16 ~~allocated for those credits X (research and development~~  
17 ~~tax credit applied for by the applicant/total of all~~  
18 ~~research and development tax credits applied for by all~~  
19 ~~applicants).~~

20 ~~(c) If the total amount of research and development tax~~  
21 ~~credits applied for by all small business taxpayers exceeds the~~  
22 ~~amount allocated for those credits, then the research and~~  
23 ~~development tax credit to be received by each small business~~  
24 ~~applicant shall be the product of the allocated amount~~  
25 ~~multiplied by the quotient of the research and development tax~~  
26 ~~credit applied for by the small business applicant divided by~~  
27 ~~the total of all research and development credits applied for by~~  
28 ~~all small business applicants, the algebraic equivalent of which~~  
29 ~~is:~~

30 ~~taxpayer's research and development tax credit=amount~~

1 allocated for those credits X (research and development  
2 tax credit applied for by the small business/total of all  
3 research and development tax credits applied for by all  
4 small business applicants).

5 Section 13. The act is amended by adding articles to read:

6 ARTICLE XVII C

7 EMERGING TECHNOLOGY AND BIOTECHNOLOGY

8 TAX BENEFIT TRANSFER PROGRAM

9 Section 1701 C. Legislative Findings. The General Assembly  
10 hereby finds and declares that:

11 (1) The emerging economy of the Commonwealth will, in large  
12 part, be based on high technology industries and the companies  
13 that serve them. Pennsylvania is already emerging as a national  
14 leader in the biotechnology industry and is rapidly becoming a  
15 center for other emerging technologies. These companies have the  
16 potential to become significant employers and important  
17 contributors to the economy and quality of life in this  
18 Commonwealth.

19 (2) Often the biotechnology industry and other emerging  
20 technology industries require a significant time to bring new  
21 products to the market. Federal approvals often mean that a  
22 biotechnology company need ten years or more before it has a  
23 commercially viable product. During that time, these businesses  
24 often incur losses and often have high capital needs.

25 (3) Under existing State tax laws, these companies can carry  
26 these operating losses forward for up to ten years to offset  
27 future taxes.

28 (4) Allowing the State to repurchase these operating losses  
29 provides these emerging technology and biotechnology companies  
30 with vital capital when they most require it, while at the same



1 ~~time reducing the impact that the use of net operating loss~~  
2 ~~allowances would have on future State tax revenues.~~

3 ~~(5) Fostering the development of emerging technology and~~  
4 ~~biotechnology companies through this repurchase program will~~  
5 ~~provide substantial economic and health benefits for the~~  
6 ~~citizens of this Commonwealth.~~

7 ~~Section 1702 C. Definitions. The following words and~~  
8 ~~phrases, when used in this article, shall have the meanings~~  
9 ~~given to them in this section, except where the context clearly~~  
10 ~~indicates a different meaning:~~

11 ~~"Biotechnology." The continually expanding body of~~  
12 ~~fundamental knowledge about the structure and function of~~  
13 ~~biological systems which seeks, through research, to use that~~  
14 ~~knowledge of naturally occurring processes to develop human,~~  
15 ~~animal and agricultural products, services and technologies to~~  
16 ~~address medical problems, prolong life, prevent and treat~~  
17 ~~disease, remediate environmental problems and improve~~  
18 ~~agricultural products.~~

19 ~~"Biotechnology company." A person whose headquarters or base~~  
20 ~~of operations is located in this Commonwealth, engaged in the~~  
21 ~~research, development, production or provision of biotechnology~~  
22 ~~for the purpose of developing or providing products, processes~~  
23 ~~or technologies for specific commercial or public purposes,~~  
24 ~~including, but not limited to, medical, pharmaceutical,~~  
25 ~~nutritional and other health related purposes, agricultural~~  
26 ~~purposes and environmental purposes, or a person whose~~  
27 ~~headquarters or base of operations is located in this~~  
28 ~~Commonwealth who is engaged in providing services or products~~  
29 ~~necessary for such research, development, product or provision~~  
30 ~~of service. The term shall include bioinformatics, biomedicine,~~

1 ~~biopharmacogenomics, biopharmaceuticals, biorobotics, bioscience~~  
2 ~~and genome research.~~

3 ~~"Department."—The Department of Community and Economic~~  
4 ~~Development of the Commonwealth.~~

5 ~~"Emerging technology company."—A person whose headquarters~~  
6 ~~or base of operations is located in this Commonwealth and who~~  
7 ~~employs some combination of the following: highly educated or~~  
8 ~~trained managers and workers who use sophisticated scientific~~  
9 ~~research or production equipment, processes or knowledge to~~  
10 ~~discover, develop, test, transfer or manufacture a product or~~  
11 ~~service.~~

12 ~~"Net operating loss carryforward allowance."—The provisions~~  
13 ~~for applying certain losses against future tax liability as~~  
14 ~~provided for in Article IV of this act, which taxpayers can make~~  
15 ~~against a tax liability under Article III, IV or VI of this act.~~

16 ~~"Qualified applicant."—An emerging technology or~~  
17 ~~biotechnology company that qualifies to participate in the tax~~  
18 ~~benefit transfer program and includes emerging technology~~  
19 ~~companies and biotechnology companies which are liable for taxes~~  
20 ~~imposed under Article IV or VI of this act or for taxes imposed~~  
21 ~~under Article III of this act or a shareholder of a Pennsylvania~~  
22 ~~S corporation or owner of a limited liability company.~~

23 ~~"Tax benefit payment."—The amount paid by the Department of~~  
24 ~~Community and Economic Development to repurchase net operating~~  
25 ~~loss carryforward allowances from a qualified emerging~~  
26 ~~technology or biotechnology company.~~

27 ~~"Tax benefit transfer program."—The Pennsylvania Emerging~~  
28 ~~Technology and Biotechnology Tax Benefit Transfer Program~~  
29 ~~established under this article.~~

30 ~~Section 1703 C.—Pennsylvania Emerging Technology and~~

~~1 Biotechnology Tax Benefit Transfer Program Established. The  
2 Pennsylvania Emerging Technology and Biotechnology Tax Benefit  
3 Transfer Program is established within the Department of  
4 Community and Economic Development. The department shall  
5 administer the Pennsylvania Emerging Technology and  
6 Biotechnology Tax Benefit Transfer Program. In conjunction with  
7 the Department of Revenue, the department shall have the  
8 authority to annually repurchase unused net operating loss  
9 carryforward allowances from qualifying emerging industries and  
10 biotechnology companies. Emerging technology and biotechnology  
11 companies may submit an application to the department by  
12 September 15 of each year requesting that the department  
13 repurchase unused net operating loss carryforward allowances.  
14 The department shall provide the Department of Revenue with a  
15 list of applicants. The Department of Revenue shall issue a  
16 statement to the department certifying the amount of unused net  
17 loss carryforward allowances available for repurchase from each  
18 applicant.~~

~~19 Section 1704 C. Tax Benefit Payment. The department shall  
20 have the authority to make tax benefit payments to qualified  
21 applicants. The amount of each tax benefit payment shall be  
22 calculated by multiplying the net operating loss carryforward  
23 allowance for each applicant times the tax rate for the  
24 applicable tax against which the allowance would be credited  
25 times eight tenths (.8). The tax rate shall be the rate in  
26 effect at the time the tax benefit payment is made. If the  
27 amount of requests for repurchases of allowances exceeds the  
28 amount of funds available to the department in any given year,  
29 the department shall have the authority to either deny  
30 applications for repurchase or reduce the amount of allowances~~

1 ~~it will repurchase from each applicant. Preference in~~  
2 ~~repurchasing allowances shall be given to applicants who have~~  
3 ~~been operating for less than five years, employ fewer than ten~~  
4 ~~employees, or have had no sales in the prior two tax years. Tax~~  
5 ~~benefit payments shall be made no later than December 31 of each~~  
6 ~~year.~~

7 ~~Section 1705 C. Surrender of Net Operating Loss Carryforward~~  
8 ~~Allowances. As a condition of receiving a tax benefit payment~~  
9 ~~from the department, each qualified applicant shall surrender~~  
10 ~~its right to use the full amount of any allowance for which it~~  
11 ~~has received a payment to offset any future tax liability. The~~  
12 ~~department shall provide the Department of Revenue with the~~  
13 ~~names of the qualified applicants and amounts of net operating~~  
14 ~~loss carryforward allowances that it has repurchased.~~

15 ~~Section 1706 C. Rules and Regulations. The department and~~  
16 ~~the Department of Revenue shall have the authority to promulgate~~  
17 ~~such rules and regulations and to adopt such forms and~~  
18 ~~procedures as may be necessary to implement this article.~~

19 ~~Section 1707 C. State Tax Liability. Tax benefit payments~~  
20 ~~shall not be classified as income for State tax purposes.~~

21 ~~Section 1708 C. Annual Appropriation and Audit. The General~~  
22 ~~Assembly shall annually appropriate funds to the department to~~  
23 ~~make tax benefit payments. The Pennsylvania Emerging Technology~~  
24 ~~and Biotechnology Tax Benefit Transfer Program shall be subject~~  
25 ~~to the same fiscal and performance audit requirements as apply~~  
26 ~~to the department.~~

27 ~~Section 1709 C. Expiration of Article. This article shall~~  
28 ~~expire on December 31, 2009, unless otherwise reauthorized by~~  
29 ~~the General Assembly.~~

30

~~ARTICLE XIX B~~

1 ~~FAMILY CAREGIVER TAX CREDIT~~

2 ~~Section 1901 B. Short Title. This article shall be known~~  
3 ~~and may be cited as the "Family Caregiver Tax Credit Act."~~

4 ~~Section 1902 B. Definitions. The following words, terms and~~  
5 ~~phrases, when used in this article, shall have the meanings~~  
6 ~~ascribed to them in this section, except where the context~~  
7 ~~clearly indicates a different meaning:~~

8 ~~"Activities of daily living." Any or all of the following:~~  
9 ~~eating; bathing; dressing; toileting; transferring in and out of~~  
10 ~~bed or in and out of a chair; and personal hygiene.~~

11 ~~"Assisted living services." Any combination of support~~  
12 ~~services, personal care services, personalized assistance~~  
13 ~~services, assistive technology and health related services~~  
14 ~~designed to respond to the needs of those who need such~~  
15 ~~assistance to perform activities of daily living. The term may~~  
16 ~~also include assistance with the instrumental activities of~~  
17 ~~daily living.~~

18 ~~"Cognitive support services." Services provided as a part of~~  
19 ~~a coordinated care plan to individuals who have memory~~  
20 ~~impairments or other cognitive problems that significantly~~  
21 ~~interfere with or impair their ability to conduct activities of~~  
22 ~~daily living without assistance or monitoring.~~

23 ~~"Eligible caregiver." A taxpayer who provides, arranges for~~  
24 ~~the provision of or pays for assisted living, cognitive support~~  
25 ~~or personal care services for a qualified beneficiary.~~

26 ~~"Instrumental activities of daily living." Includes, but is~~  
27 ~~not limited to, services such as meal preparation, assistance in~~  
28 ~~taking medications, handling finances, shopping, light~~  
29 ~~housekeeping and keeping physician appointments.~~

30 ~~"Personal care services." Assistance or supervision in~~

~~1 matters such as dressing, bathing, diet, financial management or  
2 assistance with self-administered medications.~~

~~3 "Qualified beneficiary." An individual who:~~

~~4 (1) has been certified by a physician as requiring assisted  
5 living, cognitive support or personal care services for at least  
6 one hundred eighty consecutive days;~~

~~7 (2) is at least sixty years of age;~~

~~8 (3) received such services in one's home, in the home of an  
9 eligible caregiver or in an approved adult day care center; and~~

~~10 (4) is the spouse, parent, grandparent, step parent, step  
11 grandparent or and individual with respect to whom the taxpayer  
12 is allowed a deduction under section 151 of the Internal Revenue  
13 Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et. seq.) for the  
14 taxable year.~~

~~15 Section 1903 B. Family Caregiver Tax Credit. There shall be  
16 allowed a credit against the tax imposed by Article III on  
17 eligible caregivers for the costs of providing assisted living,  
18 cognitive support or personal care services to a qualified  
19 beneficiary. The amount of the credit under this section shall  
20 be the per cent specified in section 302(a)(2) or (b)(2) times  
21 the amount spent by the eligible caregiver in providing such  
22 services provided such amount does not exceed ten thousand  
23 dollars (\$10,000). Only expenditures for services provided in  
24 the home of the qualified beneficiary, the home of a taxpayer  
25 serving as an eligible caregiver for that recipient or in an  
26 approved adult day care facility shall be included in  
27 calculating the credit.~~

~~28 Section 1904 B. Multiple Caregivers. If more than one  
29 taxpayer is an eligible caregiver with respect to the same  
30 applicable individual for taxable years ending with or within~~

~~1 the same calendar year, the taxpayer with the highest modified  
2 adjusted gross income shall be treated as the eligible  
3 caregiver. In the case of married individuals filing separately,  
4 only one of the individuals shall qualify for the credit  
5 authorized by this article. In the event that they can not agree  
6 as to who shall qualify as the family caregiver, the  
7 determination shall be made that the individual who has the most  
8 immediate relationship with the qualified beneficiary shall be  
9 the family caregiver for purposes of this article.~~

~~10 Section 1905 B. Identification Requirements. No tax credit  
11 shall be allowed under this article to a taxpayer with respect  
12 to any applicable individual unless the taxpayer includes the  
13 name and taxpayer identification number of such individual, the  
14 name of the physician certifying the need for such services and  
15 the taxpayer identification number of the entity or entities  
16 providing such services.~~

~~17 ARTICLE XIX C~~

~~18 CHILD CARE TAX CREDIT~~

~~19 Section 1901 C. Short Title of Article. This article shall  
20 be known and may be cited as the "Child care Tax Credit Act."~~

~~21 Section 1902 C. Definitions. The following words and  
22 phrases when used in this article shall have the meanings  
23 ascribed to them in this section except where the context  
24 clearly indicates a different meaning:~~

~~25 "Business firm." A corporation, partnership, sole  
26 proprietorship or other entity authorized to do business in this  
27 Commonwealth and subject to any of the taxes imposed by Article  
28 III, IV, VI, VII, VIII, IX or XV of this act.~~

~~29 "Contributions." Payments made to a child care facility not  
30 owned or operated by the business firm for child care services~~

1 ~~for the children of employes of the business firm.~~

2 ~~"Credit." The child care tax credit.~~

3 ~~"Net costs." Amounts expended for the operation of a child-~~  
4 ~~care facility reduced by the fees or charges paid by the users~~  
5 ~~of the child care facility services.~~

6 ~~Section 1903 C. Authorization of Credit. (a) A business~~  
7 ~~firm that operates its own child care facility which meets the~~  
8 ~~following requirements shall be eligible for the tax credit:~~

9 ~~(1) The child care facility has been issued a valid license~~  
10 ~~by the Department of Public Welfare.~~

11 ~~(2) Children of the business firm's employes utilize the~~  
12 ~~facility on a regular basis.~~

13 ~~(3) At least fifty per cent of the employes utilizing the~~  
14 ~~child care facility are not individuals who own more than ten~~  
15 ~~per cent of the business firm.~~

16 ~~(4) The child care program equitably benefits groups of~~  
17 ~~employes who qualify under a classification set up by the~~  
18 ~~business firm which is not discriminatory in favor of officers,~~  
19 ~~shareholders, owners or their dependents.~~

20 ~~(5) At least eighty per cent of the children utilizing the~~  
21 ~~child care facility are children of the business firm's~~  
22 ~~employes.~~

23 ~~(b) A business firm which makes contributions to a child-~~  
24 ~~care facility not owned or operated by the business firm shall~~  
25 ~~be eligible for the tax credit if the following requirements are~~  
26 ~~met:~~

27 ~~(1) The child care facility has been issued a valid license~~  
28 ~~by the Department of Public Welfare.~~

29 ~~(2) At least fifty per cent of the employes utilizing the~~  
30 ~~child care facility are not individuals who own more than ten~~



1 ~~per cent of the business firm.~~

2 ~~(3) The child care program equitably benefits groups of~~  
3 ~~employees who qualify under a classification set up by the~~  
4 ~~business firm which is not discriminatory in favor of officers,~~  
5 ~~shareholders, owners or their dependents.~~

6 ~~Section 1904 C. Calculation of Credit. (a) The amount of~~  
7 ~~the tax credit available to a business firm which qualifies~~  
8 ~~under this article and operates its own not for profit child-~~  
9 ~~care facility shall be equal to twenty five per cent of the net~~  
10 ~~costs of the child care facility.~~

11 ~~(b) The amount of the tax credit available to a business~~  
12 ~~firm which qualifies under this article and contributes to a~~  
13 ~~child care facility not owned or operated by the business firm~~  
14 ~~shall be equal to twenty five per cent of the contributions made~~  
15 ~~by the business firm to the child care facility.~~

16 ~~(c) The annual credit allowed under this section shall not~~  
17 ~~exceed twenty five thousand dollars (\$25,000) per business firm.~~

18 ~~Section 1905 C. Taxes Against Which Credit May Be Taken.~~

19 ~~(a) Except as provided in subsection (b), the tax credits~~  
20 ~~provided for in this article may be applied against any tax due~~  
21 ~~under Article III, IV, VI, VII, VIII, IX or XV of this act.~~

22 ~~(b) The tax credits provided for in this article shall not~~  
23 ~~be applied against employer withholding taxes required under~~  
24 ~~Article III of this act.~~

25 ~~Section 1906 C. Powers and Duties. (a) The Department of~~  
26 ~~Revenue, in cooperation with the Department of Public Welfare,~~  
27 ~~shall administer the provisions of this article, promulgate~~  
28 ~~appropriate rules, regulations and forms for that purpose and~~  
29 ~~make such determinations as may be required.~~

30 ~~(b) Child care tax credits may be claimed only upon~~

1 ~~presentation of an authorizing certificate. Certificates will be~~  
2 ~~issued to a business firm upon presentation to the Department of~~  
3 ~~Public Welfare of evidence of eligibility under this article.~~

4 ~~(c) The Secretary of Public Welfare and the Secretary of~~  
5 ~~Revenue shall submit an annual report to the General Assembly~~  
6 ~~indicating the effectiveness of the credit provided by this act~~  
7 ~~no later than March 15 following the year in which the credits~~  
8 ~~were issued. The report shall include the number of taxpayers~~  
9 ~~utilizing the credit as of the date of the report and the amount~~  
10 ~~of credits issued and utilized. The report may also include any~~  
11 ~~recommendations for changes in the calculation or administration~~  
12 ~~of the credit.~~

13 ~~Section 1907 C. Limitations. The total amount of child care~~  
14 ~~credits authorized by this article shall not exceed twenty five~~  
15 ~~million dollars (\$25,000,000) in any fiscal year. The Department~~  
16 ~~of Public Welfare shall promulgate regulations to issue~~  
17 ~~certificates and avoid certificate issuances in excess of the~~  
18 ~~maximum authorized amount for any fiscal year.~~

19 ~~Section 1908 C. Time Periods for Earning and Using~~  
20 ~~Credits. Child care credits may be issued for net costs or~~  
21 ~~contributions occurring on or after January 1, 2000, and before~~  
22 ~~January 1, 2005. Child care credits issued may be claimed~~  
23 ~~against taxes payable for tax years beginning on or after~~  
24 ~~January 1, 2001, and before January 1, 2007.~~

25 ~~Section 14. Section 2106 of the act, added August 4, 1991~~  
26 ~~(P.L.97, No.22), is amended to read:~~

27 ~~Section 2106. Imposition of Tax. [An]~~

28 ~~(1) Except as provided in paragraph (2), an inheritance tax~~  
29 ~~for the use of the Commonwealth is imposed upon every transfer~~  
30 ~~subject to tax under this article at the rates specified in~~

1 ~~section 2116.~~

2 ~~(2) The transfer of property for estates of decedents dying~~  
3 ~~after June 30, 2000, is not subject to the inheritance tax.~~

4 Section 15. ~~Section 2111 of the act is amended by adding a~~  
5 ~~subsection to read:~~

6 Section 2111. ~~Transfers Not Subject to Tax. \* \* \*~~

7 ~~(s) Transfers of property from a child twenty one years of~~  
8 ~~age or younger to the parent of the child.~~

9 Section 16. ~~Section 2116(a) of the act, amended June 16,~~  
10 ~~1994 (P.L.279, No.48) and June 30, 1995 (P.L.139, No.21), is~~  
11 ~~amended to read:~~

12 Section 2116. ~~Inheritance Tax. (a) (1) Inheritance tax~~  
13 ~~upon the transfer of property passing to or for the use of any~~  
14 ~~of the following shall be at the rate of six per cent[:] for the~~  
15 ~~estate of a decedent dying before July 1, 2000, and at a rate of~~  
16 ~~zero per cent for the estate of a decedent dying on or after~~  
17 ~~July 1, 2000:~~

18 ~~(i) grandfather, grandmother, father, mother, except~~  
19 ~~transfers under section 2111(s), and lineal descendants; or~~

20 ~~(ii) wife or widow and husband or widower of a child.~~

21 ~~(1.1) Inheritance tax upon the transfer of property passing~~  
22 ~~to or for the use of a husband or wife shall be:~~

23 ~~(i) At the rate of three per cent for estates of decedents~~  
24 ~~dying on or after July 1, 1994, and before January 1, 1995.~~

25 ~~(ii) At a rate of zero per cent for estates of decedents~~  
26 ~~dying on or after January 1, 1995.~~

27 ~~(1.2) Inheritance tax upon the transfer of property passing~~  
28 ~~to or for the use of a parent from a child under eighteen years~~  
29 ~~of age or if that child is a student, under twenty two years of~~  
30 ~~age shall be at a rate of zero per cent for estates of~~

1 ~~decedents dying on or after January 1, 2000.~~

2 ~~(2) Inheritance tax upon the transfer of property passing to~~  
3 ~~or for the use of all persons other than those designated in~~  
4 ~~subelause (1) [or], (1.1) or (1.2) or exempt under section~~  
5 ~~2111(m) shall be at the rate of fifteen per cent[.] for a~~  
6 ~~decedent dying before July 1, 2000, and at a rate of zero per~~  
7 ~~cent for the estate of a decedent dying on or after July 1,~~  
8 ~~2000.~~

9 ~~(3) When property passes to or for the use of a husband and~~  
10 ~~wife with right of survivorship, one of whom is taxable at a~~  
11 ~~rate lower than the other, the lower rate of tax shall be~~  
12 ~~applied to the entire interest.~~

13 \* \* \*

14 ~~Section 17. Section 2117 of the act is repealed.~~

15 ~~Section 18. The act is amended by adding an article to read:~~

16 ~~ARTICLE XXIX B~~

17 ~~HOMEOWNERS' TAX REBATE~~

18 ~~Section 2901 B. Short Title of Article. This article shall~~  
19 ~~be known and may be cited as the "Homeowners' Century Tax Rebate~~  
20 ~~Act."~~

21 ~~Section 2902 B. Definitions. The following words, terms and~~  
22 ~~phrases, when used in this article, shall have the meanings~~  
23 ~~ascribed to them in this section, except where the context~~  
24 ~~clearly indicates a different meaning:~~

25 ~~"Assessor." The chief assessor of a county, the equivalent~~  
26 ~~position in a home rule county or the equivalent position in a~~  
27 ~~city of the third class that performs its own assessments of~~  
28 ~~real property.~~

29 ~~"Department." The Department of Revenue of the Commonwealth~~  
30 ~~or its designee.~~

1 ~~"Homeowner."— Any owner of a homestead who is:~~

2 ~~(1) an individual who is a natural person domiciled in this~~  
3 ~~Commonwealth;~~

4 ~~(2) a grantor who has placed real property in a revocable~~  
5 ~~trust, provided that the grantor is a natural person domiciled~~  
6 ~~in this Commonwealth; or~~

7 ~~(3) a partner of a family farm partnership or a shareholder~~  
8 ~~of a family farm corporation as the terms are defined in section~~  
9 ~~1101 C, provided that the partner or shareholder is a natural~~  
10 ~~person domiciled in this Commonwealth.~~

11 ~~"Homestead."— The owner occupied, primary residence and the~~  
12 ~~parcel of land within this Commonwealth on which the residence~~  
13 ~~is located and other improvements located on the parcel. If a~~  
14 ~~portion of the structure is used for a nonresidential purpose,~~  
15 ~~the homestead is equal to that portion of the property used as~~  
16 ~~the primary residence of the owner occupant. This definition of~~  
17 ~~"homestead" shall have no effect, evidentiary or otherwise,~~  
18 ~~concerning the issue of whether the property constitutes a~~  
19 ~~homestead or homestead property under any other act.~~

20 ~~"Real property tax."— The total real property tax imposed by~~  
21 ~~a school district on a homestead for the tax year. The term does~~  
22 ~~not include payments made in lieu of taxes or any penalties or~~  
23 ~~interest paid in connection with the tax.~~

24 ~~"Rebate."— An amount equal to one hundred per cent of the~~  
25 ~~real property tax paid on the assessed value of a homestead to a~~  
26 ~~school district for the tax year, except that no rebate paid~~  
27 ~~pursuant to this article shall exceed one hundred dollars~~  
28 ~~(\$100).~~

29 ~~"Residence."— A structure used as a place of habitation by~~  
30 ~~the owner of the structure.~~

1 ~~"School district." A school district of the first class,~~  
2 ~~first class A, second class, third class or fourth class,~~  
3 ~~including any independent school district.~~

4 ~~"Tax year." The school district's fiscal year 1999 2000~~  
5 ~~during which real property tax is due and payable.~~

6 ~~Section 2903 B. Rebate Qualifications. (a) Subject to~~  
7 ~~section 2904 B, a rebate shall be issued on account of school~~  
8 ~~real property taxes for a homestead if all of the following~~  
9 ~~apply:~~

10 ~~(1) The homeowner occupied the homestead during the tax~~  
11 ~~year.~~

12 ~~(2) The homeowner has paid real property tax owed on the~~  
13 ~~homestead to the school district for the tax year.~~

14 ~~(3) The homeowner is the owner of record as of July 1, 1999.~~

15 ~~(4) The homeowner applies in a form and time prescribed by~~  
16 ~~the department.~~

17 ~~No homeowner shall be eligible to receive more than one rebate.~~

18 ~~(b) If title to a homestead is held by more than one~~  
19 ~~individual, a rebate shall be issued in the names appearing on~~  
20 ~~the school property tax record.~~

21 ~~Section 2904 B. Rebate Administration. (a) The department~~  
22 ~~shall establish any administrative and application procedures~~  
23 ~~and deadlines necessary to implement and administer this~~  
24 ~~article. To facilitate the timely implementation of this~~  
25 ~~article, the provisions of Article III Pt. X of this act and~~  
26 ~~Article VII of the act of April 9, 1929 (P.L.343, No.176), known~~  
27 ~~as "The Fiscal Code," shall not apply to this article. The~~  
28 ~~department may enter into any contracts which are necessary to~~  
29 ~~administer this article.~~

30 ~~(b) Within thirty days of the effective date of this~~

1 ~~article, every assessor shall submit to the department a~~  
2 ~~certified list, categorized by school district, of all~~  
3 ~~residential and farm real property and owners of record as of~~  
4 ~~July 1, 1999, within its jurisdiction. The certified list shall~~  
5 ~~include only those homeowners of record who have fully paid~~  
6 ~~their 1999 2000 school real property taxes owed on their~~  
7 ~~respective homesteads.~~

8 ~~(c) Only certified lists submitted by or within thirty days~~  
9 ~~of the effective date of this article shall be reviewed by the~~  
10 ~~department. The department shall make the initial determination~~  
11 ~~of homeowner rebate eligibility from information submitted by~~  
12 ~~the homeowner. The department shall thereafter forward the list~~  
13 ~~of eligible homeowners to the respective assessor.~~

14 ~~(d) Within thirty days after receipt of the list of eligible~~  
15 ~~homeowners, the assessor shall verify the list and report to the~~  
16 ~~department any corrections to the list.~~

17 ~~(e) The department shall finalize the list and authorize~~  
18 ~~rebates which shall be issued and mailed to all homeowners on~~  
19 ~~the final verified list by October 20, 2000. If the assessor~~  
20 ~~fails to verify the list or notify the department of any~~  
21 ~~corrections within the time limitation set forth under~~  
22 ~~subsection (d), the department shall authorize rebates to all~~  
23 ~~homeowners on the list developed by the department pursuant to~~  
24 ~~subsection (c).~~

25 ~~Section 2905 B. Petitions for Review. A homeowner whose~~  
26 ~~rebate is either denied, corrected or otherwise adversely~~  
27 ~~affected by either the department or the assessor may petition~~  
28 ~~for administrative review in the manner prescribed by the~~  
29 ~~department. An individual aggrieved by the department's action~~  
30 ~~in connection with the administrative review may petition for~~

1 ~~review in the manner specified in sections 11.1 and 11.2 of the~~  
2 ~~act of March 11, 1971 (P.L.104, No.3), known as the "Senior~~  
3 ~~Citizens Rebate and Assistance Act."~~

4 ~~Section 2906 B. Penalties. (a) Any homeowner who receives~~  
5 ~~a rebate through false or misleading information or who~~  
6 ~~otherwise improperly receives a rebate may be required to do the~~  
7 ~~following:~~

8 ~~(1) refund to the department the amount of rebate received;~~

9 ~~(2) pay a civil penalty of fifty dollars (\$50) to the~~  
10 ~~department; or~~

11 ~~(3) both paragraphs (1) and (2).~~

12 ~~(b) The department may offset any rebate due to a homeowner~~  
13 ~~against collectible liabilities owed to the Commonwealth by the~~  
14 ~~homeowner for taxes imposed under Article III of this act.~~

15 ~~Section 2907 B. Erroneous Rebates. (a) If the department~~  
16 ~~determines or finds a rebate to have been incorrectly or~~  
17 ~~erroneously paid, it shall redetermine the correct amount of the~~  
18 ~~rebate, if any, and notify the homeowner of the reason for the~~  
19 ~~correction and the amount of the rebate.~~

20 ~~(b) If a rebate has been issued in error and the homeowner~~  
21 ~~fails to refund the rebate upon the department's request, the~~  
22 ~~rebate shall be recoverable by the department in the same manner~~  
23 ~~as assessments as provided for in the act of March 11, 1971~~  
24 ~~(P.L.104, No.3), known as the "Senior Citizens Rebate and~~  
25 ~~Assistance Act."~~

26 ~~Section 2908 B. Construction. Notwithstanding any other~~  
27 ~~provision of law to the contrary, any property tax rebate~~  
28 ~~received under this article shall not be considered "income" for~~  
29 ~~purposes of determining eligibility for any State government~~  
30 ~~program, including, but not limited to, those programs~~



1 ~~authorized by the act of March 11, 1971 (P.L.104, No.3), known~~  
2 ~~as the "Senior Citizens Rebate and Assistance Act," or Chapter 5~~  
3 ~~of the act of August 26, 1971 (P.L.351, No.91), known as the~~  
4 ~~"State Lottery Law."~~

5 ~~Section 2909 B. Real Property Tax Prohibition. School~~  
6 ~~districts shall not levy real property tax for any purpose.~~

7 ~~Section 19. The Department of Community and Economic~~  
8 ~~Development shall have the authority to implement emergency~~  
9 ~~regulations and procedures so that it can accept applications~~  
10 ~~for tax benefit payments as provided in sections 1703 C and~~  
11 ~~1704 C of the act. Emerging technology and biotechnology~~  
12 ~~companies can apply for repurchase of any net operating loss~~  
13 ~~allowances to which they are entitled on the effective date of~~  
14 ~~this act.~~

15 ~~Section 20. The sum of \$10,000,000 is hereby appropriated to~~  
16 ~~the Department of Community and Economic Development for the~~  
17 ~~fiscal year July 1, 2000, to June 30, 2001, to carry out the~~  
18 ~~purposes of Article XVII C of the act.~~

19 ~~Section 21. Section 1303 of the act of October 18, 1988~~  
20 ~~(P.L.756, No.108), known as the Hazardous Sites Cleanup Act, is~~  
21 ~~repealed.~~

22 ~~Section 22. This act shall apply as follows:~~

23 ~~(1) The amendment of section 301(d) of the act shall~~  
24 ~~apply to taxable years beginning after December 31, 1998.~~

25 ~~(2) The following provisions shall apply to taxable~~  
26 ~~years beginning after December 31, 1999:~~

27 ~~(i) The addition of section 301(c.1a) of the act.~~

28 ~~(ii) The amendment of section 304(d)(1) of the act.~~

29 ~~(iii) The addition of section 314.1 of the act.~~

30 ~~(iv) The amendment of section 401(3)2(a)(9) of the~~

1 act.

2 ~~(v) The amendment of section 602(a), (b), (c), (f),~~  
3 ~~(g), (h) and (i) of the act.~~

4 ~~(vi) The amendment of section 602.5 of the act.~~

5 ~~(vii) The amendment of section 1709 B of the act.~~

6 ~~(viii) The addition of Article XIX B of the act.~~

7 ~~(3) The addition of section 2116(a)(1.2) of the act~~  
8 ~~shall apply to the estates of decedents dying after December~~  
9 ~~31, 1999.~~

10 ~~(4) The following provisions shall apply to the estates~~  
11 ~~of decedents dying after June 30, 2000:~~

12 ~~(i) The addition of section 2111(s) of the act.~~

13 ~~(ii) The repeal of section 2117 of the act.~~

14 ~~(5) The addition of section 2111(s) of the act shall~~  
15 ~~apply to transfers made by decedents dying after June 30,~~  
16 ~~2000, regardless of the date of transfer.~~

17 ~~Section 23. This act shall take effect as follows:~~

18 ~~(1) The addition of Article XIX B of the act shall take~~  
19 ~~effect in 60 days.~~

20 ~~(1.1) The addition of section 2909 B of the act shall~~  
21 ~~take effect June 30, 2002.~~

22 ~~(2) The following provisions shall take effect July 1,~~  
23 ~~2000, or immediately, whichever is later:~~

24 ~~(i) The amendment of section 2106 of the act.~~

25 ~~(ii) The addition of section 2111(s) of the act.~~

26 ~~(3) The remainder of this act shall take effect~~  
27 ~~immediately.~~

28 SECTION 1. SECTION 201(D), (G), (M) AND (AA) OF THE ACT OF  
29 MARCH 4, 1971 (P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE OF  
30 1971, AMENDED DECEMBER 13, 1991 (P.L.373, NO.40), MAY 7, 1997

<—

1 (P.L.85, NO.7) AND APRIL 23, 1998 (P.L.239, NO.45), ARE AMENDED  
2 AND THE SECTION IS AMENDED BY ADDING CLAUSES TO READ:

3 SECTION 201. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND  
4 PHRASES WHEN USED IN THIS ARTICLE II SHALL HAVE THE MEANING  
5 ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT  
6 CLEARLY INDICATES A DIFFERENT MEANING:

7 \* \* \*

8 (D) "PROCESSING." THE PERFORMANCE OF THE FOLLOWING  
9 ACTIVITIES WHEN ENGAGED IN AS A BUSINESS ENTERPRISE:

10 \* \* \*

11 (15) THE PREPARATION OF DRY OR LIQUID FERTILIZER FOR SALE.

12 \* \* \*

13 (G) "PURCHASE PRICE."

14 \* \* \*

15 (8) THE PURCHASE PRICE OF PREBUILT HOUSING SHALL BE SIXTY  
16 PER CENT OF THE MANUFACTURER'S SELLING PRICE: PROVIDED, HOWEVER,  
17 THAT A MANUFACTURER OF PREBUILT HOUSING WHO PRECOLLECTS TAX FROM  
18 A PREBUILT HOUSING BUILDER AT THE TIME OF THE SALE TO THE  
19 PREBUILT HOUSING BUILDER SHALL HAVE THE OPTION TO COLLECT TAX ON  
20 SIXTY PER CENT OF THE SELLING PRICE OR ON ONE HUNDRED PER CENT  
21 OF THE ACTUAL COST OF THE SUPPLIES AND MATERIALS USED IN THE  
22 MANUFACTURE OF THE PREBUILT HOUSING.

23 \* \* \*

24 (M) "TANGIBLE PERSONAL PROPERTY." CORPOREAL PERSONAL  
25 PROPERTY INCLUDING, BUT NOT LIMITED TO, GOODS, WARES,  
26 MERCHANDISE, STEAM AND NATURAL AND MANUFACTURED AND BOTTLED GAS  
27 FOR NON-RESIDENTIAL USE, ELECTRICITY FOR NON-RESIDENTIAL USE,  
28 PREPAID TELECOMMUNICATIONS, PREMIUM CABLE OR PREMIUM VIDEO  
29 PROGRAMMING SERVICE, SPIRITUOUS OR VINOUS LIQUOR AND MALT OR  
30 BREWED BEVERAGES AND SOFT DRINKS, INTERSTATE TELECOMMUNICATIONS

1 SERVICE ORIGINATING OR TERMINATING IN THE COMMONWEALTH AND  
2 CHARGED TO A SERVICE ADDRESS IN THIS COMMONWEALTH, INTRASTATE  
3 TELECOMMUNICATIONS SERVICE WITH THE EXCEPTION OF (I) SUBSCRIBER  
4 LINE CHARGES AND BASIC LOCAL TELEPHONE SERVICE FOR RESIDENTIAL  
5 USE AND (II) CHARGES FOR TELEPHONE CALLS PAID FOR BY INSERTING  
6 MONEY INTO A TELEPHONE ACCEPTING DIRECT DEPOSITS OF MONEY TO  
7 OPERATE, PROVIDED FURTHER, THE SERVICE ADDRESS OF ANY INTRASTATE  
8 TELECOMMUNICATIONS SERVICE IS DEEMED TO BE WITHIN THIS  
9 COMMONWEALTH OR WITHIN A POLITICAL SUBDIVISION, REGARDLESS OF  
10 HOW OR WHERE BILLED OR PAID. IN THE CASE OF ANY SUCH INTERSTATE  
11 OR INTRASTATE TELECOMMUNICATIONS SERVICE, ANY CHARGE PAID  
12 THROUGH A CREDIT OR PAYMENT MECHANISM WHICH DOES NOT RELATE TO A  
13 SERVICE ADDRESS, SUCH AS A BANK, TRAVEL, CREDIT OR DEBIT CARD,  
14 BUT NOT INCLUDING PREPAID TELECOMMUNICATIONS, IS DEEMED  
15 ATTRIBUTABLE TO THE ADDRESS OF ORIGINATION OF THE  
16 TELECOMMUNICATIONS SERVICE.

17 \* \* \*

18 (AA) "BUILDING MAINTENANCE OR CLEANING SERVICES." PROVIDING  
19 SERVICES WHICH INCLUDE, BUT ARE NOT LIMITED TO, JANITORIAL, MAID  
20 OR HOUSEKEEPING SERVICE, OFFICE OR INTERIOR BUILDING CLEANING OR  
21 MAINTENANCE SERVICE, WINDOW CLEANING SERVICE, FLOOR WAXING  
22 SERVICE, LIGHTING MAINTENANCE SERVICE SUCH AS BULB REPLACEMENT,  
23 CLEANING, CHIMNEY CLEANING SERVICE, ACOUSTICAL TILE CLEANING  
24 SERVICE, VENETIAN BLIND CLEANING, CLEANING AND MAINTENANCE OF  
25 TELEPHONE BOOTHS OR CLEANING AND DEGREASING OF SERVICE STATIONS.  
26 THIS TERM SHALL NOT INCLUDE REPAIRS ON BUILDINGS AND OTHER  
27 STRUCTURES; NOR SHALL THIS TERM INCLUDE THE MAINTENANCE OR  
28 REPAIR OF BOILERS, FURNACES AND RESIDENTIAL AIR CONDITIONING  
29 EQUIPMENT OR PARTS THEREOF; THE PAINTING, WALLPAPERING OR  
30 APPLYING OTHER LIKE COVERINGS TO INTERIOR WALLS, CEILINGS OR

1 FLOORS; OR THE EXTERIOR PAINTING OF BUILDINGS.

2 \* \* \*

3 (UU) "PREPAID TELECOMMUNICATIONS." A TANGIBLE ITEM  
4 CONTAINING A PREPAID AUTHORIZATION NUMBER THAT CAN BE USED  
5 SOLELY TO OBTAIN TELECOMMUNICATIONS SERVICE, INCLUDING ANY  
6 RENEWAL OR INCREASES IN THE PREPAID AMOUNT.

7 (VV) "PREBUILT HOUSING." EITHER OF THE FOLLOWING:

8 (1) MANUFACTURED HOUSING, INCLUDING MOBILE HOMES, WHICH  
9 BEARS A LABEL AS REQUIRED BY AND REFERRED TO IN THE ACT OF  
10 NOVEMBER 17, 1982 (P.L.676, NO.192), KNOWN AS THE "MANUFACTURED  
11 HOUSING CONSTRUCTION AND SAFETY STANDARDS AUTHORIZATION ACT."

12 (2) INDUSTRIALIZED HOUSING AS DEFINED IN THE ACT OF MAY 11,  
13 1972 (P.L.286, NO.70), KNOWN AS THE "INDUSTRIALIZED HOUSING  
14 ACT."

15 (WW) "USED PREBUILT HOUSING." PREBUILT HOUSING THAT WAS  
16 PREVIOUSLY SUBJECT TO A SALE TO A PREBUILT HOUSING PURCHASER.

17 (XX) "PREBUILT HOUSING BUILDER." A PERSON WHO MAKES A  
18 PREBUILT HOUSING SALE TO A PREBUILT HOUSING PURCHASER.

19 (YY) "PREBUILT HOUSING SALE." A SALE OF PREBUILT HOUSING TO  
20 A PREBUILT HOUSING PURCHASER, INCLUDING A SALE TO A LANDLORD,  
21 WITHOUT REGARD TO WHETHER THE PERSON MAKING THE SALE IS  
22 RESPONSIBLE FOR INSTALLING THE PREBUILT HOUSING OR WHETHER THE  
23 PREBUILT HOUSING BECOMES A REAL ESTATE STRUCTURE UPON  
24 INSTALLATION. TEMPORARY INSTALLATION BY A PREBUILT HOUSING  
25 BUILDER FOR DISPLAY PURPOSES OF A UNIT HELD FOR RESALE SHALL NOT  
26 BE CONSIDERED OCCUPANCY FOR RESIDENTIAL PURPOSES.

27 (ZZ) "PREBUILT HOUSING PURCHASER." A PERSON WHO PURCHASES  
28 PREBUILT HOUSING IN A TRANSACTION AND WHO INTENDS TO OCCUPY THE  
29 UNIT FOR RESIDENTIAL PURPOSES IN THIS COMMONWEALTH.

30 SECTION 2. SECTION 202 OF THE ACT IS AMENDED BY ADDING

1 SUBSECTIONS TO READ:

2 SECTION 202. IMPOSITION OF TAX.--\* \* \*

3 (E) NOTWITHSTANDING ANY PROVISIONS OF THIS ARTICLE, THE SALE  
4 OR USE OF PREPAID TELECOMMUNICATIONS EVIDENCED BY THE TRANSFER  
5 OF TANGIBLE PERSONAL PROPERTY SHALL BE SUBJECT TO THE TAX  
6 IMPOSED BY SUBSECTIONS (A) AND (B). THE SALE OR USE OF PREPAID  
7 TELECOMMUNICATIONS NOT EVIDENCED BY THE TRANSFER OF TANGIBLE  
8 PERSONAL PROPERTY SHALL BE DEEMED TO OCCUR AT THE PURCHASER'S  
9 BILLING ADDRESS.

10 (F) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE, TAX  
11 WITH RESPECT TO SALES OF PREBUILT HOUSING SHALL BE IMPOSED ON  
12 THE PREBUILT HOUSING BUILDER AT THE TIME OF THE PREBUILT HOUSING  
13 SALE WITHIN THIS COMMONWEALTH AND SHALL BE PAID AND REPORTED BY  
14 THE PREBUILT HOUSING BUILDER TO THE DEPARTMENT IN THE TIME AND  
15 MANNER PROVIDED IN THIS ARTICLE: PROVIDED, HOWEVER, THAT A  
16 MANUFACTURER OF PREBUILT HOUSING MAY, AT ITS OPTION, PRECOLLECT  
17 THE TAX FROM THE PREBUILT HOUSING BUILDER AT THE TIME OF SALE TO  
18 THE PREBUILT HOUSING BUILDER. IN ANY CASE WHERE PREBUILT HOUSING  
19 IS PURCHASED AND THE TAX IS NOT PAID BY THE PREBUILT HOUSING  
20 BUILDER OR PRECOLLECTED BY THE MANUFACTURER, THE PREBUILT  
21 HOUSING PURCHASER SHALL REMIT TAX DIRECTLY TO THE DEPARTMENT IF  
22 THE PREBUILT HOUSING IS USED IN THIS COMMONWEALTH WITHOUT REGARD  
23 TO WHETHER THE PREBUILT HOUSING BECOMES A REAL ESTATE STRUCTURE.

24 SECTION 3. SECTION 204(26) OF THE ACT IS AMENDED AND THE  
25 SECTION IS AMENDED BY ADDING CLAUSES TO READ:

26 SECTION 204. EXCLUSIONS FROM TAX.--THE TAX IMPOSED BY  
27 SECTION 202 SHALL NOT BE IMPOSED UPON

28 \* \* \*

29 (26) THE SALE AT RETAIL OR USE OF ALL VESTURE, WEARING  
30 APPAREL, RAIMENTS, GARMENTS, FOOTWEAR AND OTHER ARTICLES OF

1 CLOTHING, INCLUDING CLOTHING PATTERNS AND ITEMS THAT ARE TO BE A  
2 COMPONENT PART OF CLOTHING, WORN OR CARRIED ON OR ABOUT THE  
3 HUMAN BODY BUT ALL ACCESSORIES, ORNAMENTAL WEAR, FORMAL DAY OR  
4 EVENING APPAREL, AND ARTICLES MADE OF FUR ON THE HIDE OR PELT OR  
5 ANY MATERIAL IMITATIVE OF FUR AND ARTICLES OF WHICH SUCH FUR,  
6 REAL, IMITATION OR SYNTHETIC, IS THE COMPONENT MATERIAL OF CHIEF  
7 VALUE, BUT ONLY IF SUCH VALUE IS MORE THAN THREE TIMES THE VALUE  
8 OF THE NEXT MOST VALUABLE COMPONENT MATERIAL, AND SPORTING GOODS  
9 AND CLOTHING NOT NORMALLY USED OR WORN WHEN NOT ENGAGED IN  
10 SPORTS SHALL NOT BE EXCLUDED FROM THE TAX.

11 \* \* \*

12 (58) THE SALE AT RETAIL OR USE OF A PERSONAL COMPUTER TO AN  
13 INDIVIDUAL PURCHASER DURING THE EXCLUSION PERIOD FOR NON-  
14 BUSINESS USE, BUT NOT INCLUDING COMPUTER LEASING, RENTAL, REPAIR  
15 OR ALTERATION. FOR PURPOSES OF THIS CLAUSE, THE PHRASE  
16 "EXCLUSION PERIOD" MEANS THE PERIOD OF TIME FROM AUGUST 6, 2000,  
17 TO AND INCLUDING, AUGUST 13, 2000, AND FROM FEBRUARY 18, 2001,  
18 TO AND INCLUDING, FEBRUARY 25, 2001. FOR PURPOSES OF THIS  
19 CLAUSE, THE PHRASE "PERSONAL COMPUTER" MEANS A LAPTOP, DESKTOP,  
20 OR TOWER COMPUTER SYSTEM, INCLUDING ALL COMPUTER HARDWARE AND  
21 SOFTWARE SOLD TOGETHER IN THE SAME SALE AT RETAIL, WHERE THE  
22 COMPUTER SYSTEM INCLUDES, AT A MINIMUM, A CENTRAL PROCESSING  
23 UNIT, RANDOM ACCESS MEMORY, A STORAGE DRIVE, A DISPLAY MONITOR  
24 AND A KEYBOARD, EXCEPT THAT THE TERM SHALL NOT INCLUDE  
25 MINICOMPUTERS, MAINFRAME COMPUTERS, NETWORK SERVERS, LOCAL AREA  
26 NETWORK HUBS, ROUTERS AND CABLING, HARDWARE WORD PROCESSORS,  
27 PERSONAL DIGITAL ASSISTANTS, GRAPHICAL CALCULATORS, HAND-HELD  
28 COMPUTERS, GAME CONSOLES, INTERNET TV DEVICES, NETWORK OPERATING  
29 SYSTEMS, MULTIPLE-USER LICENSED SOFTWARE AND HARDWARE, SEPARATE  
30 SALES AT RETAIL OR USE OF INTERNAL OR EXTERNAL COMPONENTS AND

1 SEPARATE SALES OF ADD-ON COMPONENTS. FOR PURPOSES OF THIS  
2 CLAUSE, "PURCHASER" MEANS AN INDIVIDUAL WHO PAYS THE PURCHASE  
3 PRICE AND TAKES DELIVERY DURING THE EXCLUSION PERIOD OR WHO  
4 PLACES AN ORDER AND PAYS THE PURCHASE PRICE, EVEN IF DELIVERY  
5 TAKES PLACE AFTER THE EXCLUSION PERIOD.

6 (59) THE SALE AT RETAIL OR USE OF MOLDS AND RELATED MOLD  
7 EQUIPMENT USED DIRECTLY AND PREDOMINANTLY IN THE MANUFACTURE OF  
8 PRODUCTS, REGARDLESS OF WHETHER THE PERSON THAT HOLDS TITLE TO  
9 THE EQUIPMENT MANUFACTURES A PRODUCT.

10 (60) THE SALE OR USE OF USED PREBUILT HOUSING.

11 SECTION 4. SECTION 237(B)(1) OF THE ACT, AMENDED DECEMBER  
12 28, 1972 (P.L.1633, NO.340), IS AMENDED TO READ:

13 SECTION 237. COLLECTION OF TAX.--\* \* \*

14 (B) COLLECTION BY PERSONS MAINTAINING A PLACE OF BUSINESS IN  
15 THE COMMONWEALTH. (1) EVERY PERSON MAINTAINING A PLACE OF  
16 BUSINESS IN THIS COMMONWEALTH AND SELLING OR LEASING TANGIBLE  
17 PERSONAL PROPERTY OR SERVICES, [INCLUDING THE SELLING OR LEASING  
18 AS TANGIBLE PERSONAL PROPERTY MOBILEHOMES AS DEFINED IN "THE  
19 VEHICLE CODE" WHETHER OR NOT A CERTIFICATE OF TITLE IS ISSUED BY  
20 THE DEPARTMENT,] THE SALE OR USE OF WHICH IS SUBJECT TO TAX  
21 SHALL COLLECT THE TAX FROM THE PURCHASER OR LESSEE AT THE TIME  
22 OF MAKING THE SALE OR LEASE, AND SHALL REMIT THE TAX TO THE  
23 DEPARTMENT, UNLESS SUCH COLLECTION AND REMITTANCE IS OTHERWISE  
24 PROVIDED FOR IN THIS ARTICLE.

25 \* \* \*

26 SECTION 5. SECTIONS 247.1(B) AND 304(D)(1) OF THE ACT,  
27 AMENDED OR ADDED MAY 12, 1999 (P.L.26, NO.4), ARE AMENDED TO  
28 READ:

29 SECTION 247.1. PARTIAL REFUND OF SALES TAX ATTRIBUTED TO BAD  
30 DEBT.--\* \* \*



1 (B) THE REFUND AUTHORIZED BY THIS SECTION SHALL BE LIMITED  
2 TO [ONE-THIRD] TWO-THIRDS OF THE SALES TAX PAID TO THE  
3 DEPARTMENT THAT IS ATTRIBUTED TO THE BAD DEBT, LESS [ONE-THIRD]  
4 TWO-THIRDS OF ANY DISCOUNT UNDER SECTION 227 OF THIS ACT.  
5 PARTIAL PAYMENTS BY THE PURCHASER TO THE VENDOR SHALL BE  
6 PRORATED BETWEEN THE ORIGINAL PURCHASE PRICE AND THE SALES TAX  
7 DUE ON THE SALE. PAYMENTS MADE TO A VENDOR ON ANY TRANSACTION  
8 WHICH INCLUDES BOTH TAXABLE AND NONTAXABLE COMPONENTS SHALL BE  
9 ALLOCATED PROPORTIONALLY BETWEEN THE TAXABLE AND NONTAXABLE  
10 COMPONENTS.

11 \* \* \*

12 SECTION 304. SPECIAL TAX PROVISIONS FOR POVERTY.--\* \* \*

13 (D) ANY CLAIM FOR SPECIAL TAX PROVISIONS HEREUNDER SHALL BE  
14 DETERMINED IN ACCORDANCE WITH THE FOLLOWING:

15 (1) IF THE POVERTY INCOME OF THE CLAIMANT DURING AN ENTIRE  
16 TAXABLE YEAR IS SIX THOUSAND FIVE HUNDRED DOLLARS (\$6,500) OR  
17 LESS, OR, IN THE CASE OF A MARRIED CLAIMANT, IF THE JOINT  
18 POVERTY INCOME OF THE CLAIMANT AND THE CLAIMANT'S SPOUSE DURING  
19 AN ENTIRE TAXABLE YEAR IS THIRTEEN THOUSAND DOLLARS (\$13,000) OR  
20 LESS, THE CLAIMANT SHALL BE ENTITLED TO A REFUND OR FORGIVENESS  
21 OF ANY MONEYS WHICH HAVE BEEN PAID OVER TO (OR WOULD EXCEPT FOR  
22 THE PROVISIONS OF THIS ACT BE PAYABLE TO) THE COMMONWEALTH UNDER  
23 THE PROVISIONS OF THIS ARTICLE, WITH AN ADDITIONAL INCOME  
24 ALLOWANCE OF [SIX THOUSAND FIVE HUNDRED DOLLARS (\$6,500) IF  
25 CLAIMED BY MARRIED CLAIMANTS OR OF SIX THOUSAND FIVE HUNDRED  
26 DOLLARS (\$6,500) IF CLAIMED BY A SINGLE CLAIMANT FOR THE FIRST  
27 ADDITIONAL DEPENDENT AND AN ADDITIONAL INCOME ALLOWANCE OF SIX  
28 THOUSAND FIVE HUNDRED DOLLARS (\$6,500)] SEVEN THOUSAND FIVE  
29 HUNDRED DOLLARS (\$7,500) FOR EACH [ADDITIONAL] DEPENDENT OF THE  
30 CLAIMANT. FOR PURPOSES OF THIS SUBSECTION, A CLAIMANT SHALL NOT

1 BE CONSIDERED TO BE MARRIED IF:

2 (I) THE CLAIMANT AND THE CLAIMANT'S SPOUSE FILE SEPARATE  
3 RETURNS; AND

4 (II) THE CLAIMANT AND THE CLAIMANT'S SPOUSE LIVE APART AT  
5 ALL TIMES DURING THE LAST SIX MONTHS OF THE TAXABLE YEAR OR ARE  
6 SEPARATED PURSUANT TO A WRITTEN SEPARATION AGREEMENT.

7 \* \* \*

8 SECTION 6. THE DEFINITIONS OF "DOMESTIC ENTITY," "FOREIGN  
9 ENTITY" AND "PROCESSING" IN SECTION 601 OF THE ACT ARE AMENDED  
10 BY ADDING CLAUSES TO READ:

11 SECTION 601. DEFINITIONS AND REPORTS.--(A) THE FOLLOWING  
12 WORDS, TERMS AND PHRASES WHEN USED IN THIS ARTICLE VI SHALL HAVE  
13 THE MEANING ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE  
14 CONTEXT CLEARLY INDICATES A DIFFERENT MEANING:

15 \* \* \*

16 "DOMESTIC ENTITY." EVERY CORPORATION ORGANIZED OR  
17 INCORPORATED BY OR UNDER ANY LAWS OF THE COMMONWEALTH, OTHER  
18 THAN CORPORATIONS OF THE FIRST CLASS AND COOPERATIVE  
19 AGRICULTURAL ASSOCIATIONS NOT HAVING CAPITAL STOCK AND NOT  
20 CONDUCTED FOR PROFIT, BANKS, SAVINGS INSTITUTIONS, TITLE  
21 INSURANCE OR TRUST COMPANIES, BUILDING AND LOAN ASSOCIATIONS AND  
22 INSURANCE COMPANIES IS A DOMESTIC ENTITY. THE TERM "DOMESTIC  
23 ENTITY" SHALL NOT INCLUDE:

24 \* \* \*

25 (5) A DOMESTIC BUSINESS TRUST PROVIDED:

26 (I) THE TRUST IS CREATED OR MANAGED BY AN ENTITY SUBJECT TO  
27 THE TAX IMPOSED BY ARTICLES VII, VII-A OR XV OR BY AN AFFILIATE  
28 OF THAT ENTITY THAT SHARES AT LEAST EIGHTY PER CENT COMMON  
29 OWNERSHIP;

30 (II) THE TRUST IS CREATED AND MANAGED FOR THE PURPOSE OF

1 FACILITATING THE SECURITIZATION OF INTANGIBLE ASSETS; AND  
2 (III) THE TRUST IS CLASSIFIED AS A PARTNERSHIP OR A  
3 DISREGARDED ENTITY FOR FEDERAL INCOME TAX PURPOSES.

4 \* \* \*

5 "FOREIGN ENTITY." EVERY CORPORATION INCORPORATED OR  
6 ORGANIZED BY OR UNDER THE LAWS OF ANY JURISDICTION OTHER THAN  
7 THE COMMONWEALTH, AND DOING BUSINESS IN AND LIABLE TO TAXATION  
8 WITHIN THE COMMONWEALTH OR CARRYING ON ACTIVITIES IN THE  
9 COMMONWEALTH, INCLUDING SOLICITATION OR EITHER OWNING OR HAVING  
10 CAPITAL OR PROPERTY EMPLOYED OR USED IN THE COMMONWEALTH BY OR  
11 IN THE NAME OF ANY LIMITED PARTNERSHIP OR JOINT-STOCK  
12 ASSOCIATION, COPARTNERSHIP OR COPARTNERSHIPS, PERSON OR PERSONS,  
13 OR IN ANY OTHER MANNER DOING BUSINESS WITHIN AND LIABLE TO  
14 TAXATION WITHIN THE COMMONWEALTH OTHER THAN BANKS, SAVINGS  
15 INSTITUTIONS, TITLE INSURANCE OR TRUST COMPANIES, BUILDING AND  
16 LOAN ASSOCIATIONS AND INSURANCE COMPANIES IS A FOREIGN ENTITY.  
17 THE TERM "FOREIGN ENTITY" SHALL NOT INCLUDE:

18 \* \* \*

19 (5) A FOREIGN BUSINESS TRUST PROVIDED:

20 (I) THE TRUST IS CREATED OR MANAGED BY AN ENTITY SUBJECT TO  
21 THE TAX IMPOSED BY ARTICLES VII, VII-A OR XV OR BY AN AFFILIATE  
22 OF THAT ENTITY THAT SHARES AT LEAST EIGHTY PER CENT COMMON  
23 OWNERSHIP;

24 (II) THE TRUST IS CREATED AND MANAGED FOR THE PURPOSE OF  
25 FACILITATING THE SECURITIZATION OF INTANGIBLE ASSETS; AND

26 (III) THE TRUST IS CLASSIFIED AS A PARTNERSHIP OR A  
27 DISREGARDED ENTITY FOR FEDERAL INCOME TAX PURPOSES.

28 \* \* \*

29 "PROCESSING." THE FOLLOWING ACTIVITIES WHEN ENGAGED IN AS A  
30 BUSINESS ENTERPRISE:

1 \* \* \*

2 (18) THE PREPARATION OF DRY OR LIQUID FERTILIZER FOR SALE.

3 \* \* \*

4 SECTION 7. SECTION 602(A), (B), (E), (F), (G), (H) AND (I)  
5 OF THE ACT, AMENDED MAY 12, 1999 (P.L.26, NO.4) AND DECEMBER 15,  
6 1999 (P.L.926, NO.63), ARE AMENDED TO READ:

7 SECTION 602. IMPOSITION OF TAX.--(A) THAT EVERY DOMESTIC  
8 ENTITY FROM WHICH A REPORT IS REQUIRED UNDER SECTION 601 HEREOF,  
9 SHALL BE SUBJECT TO, AND PAY TO THE DEPARTMENT ANNUALLY, A TAX  
10 WHICH IS [THE GREATER OF (I)] THE AMOUNT COMPUTED BY MULTIPLYING  
11 EACH DOLLAR OF THE CAPITAL STOCK VALUE AS DEFINED IN SECTION  
12 601(A) BY THE APPROPRIATE RATE OF TAX AS SET FORTH IN SUBSECTION  
13 (H); [OR (II) THE MINIMUM TAX SET FORTH IN SUBSECTION (I),]  
14 EXCEPT THAT ANY DOMESTIC ENTITY OR COMPANY SUBJECT TO THE TAX  
15 PRESCRIBED HEREIN MAY ELECT TO COMPUTE AND PAY ITS TAX UNDER AND  
16 IN ACCORDANCE WITH THE PROVISIONS OF SUBSECTION (B) OF THIS  
17 SECTION 602: PROVIDED, THAT[, EXCEPT FOR THE IMPOSITION OF THE  
18 MINIMUM TAX SET FORTH IN SUBSECTION (I),] THE PROVISIONS OF THIS  
19 SECTION SHALL NOT APPLY TO THE TAXATION OF THE CAPITAL STOCK OF  
20 ENTITIES ORGANIZED FOR MANUFACTURING, PROCESSING, RESEARCH OR  
21 DEVELOPMENT PURPOSES, WHICH IS INVESTED IN AND ACTUALLY AND  
22 EXCLUSIVELY EMPLOYED IN CARRYING ON MANUFACTURING, PROCESSING,  
23 RESEARCH OR DEVELOPMENT WITHIN THE STATE, EXCEPT SUCH ENTITIES  
24 AS ENJOY AND EXERCISE THE RIGHT OF EMINENT DOMAIN, BUT EVERY  
25 ENTITY ORGANIZED FOR THE PURPOSE OF MANUFACTURING, PROCESSING,  
26 RESEARCH OR DEVELOPMENT EXCEPT SUCH ENTITIES AS ENJOY AND  
27 EXERCISE THE RIGHT OF EMINENT DOMAIN SHALL PAY THE STATE TAX OF  
28 [THE GREATER OF (I)] THE AMOUNT COMPUTED BY MULTIPLYING EACH  
29 DOLLAR OF THE CAPITAL STOCK VALUE AS DEFINED IN SECTION 601(A)  
30 BY THE APPROPRIATE RATE OF TAX AS SET FORTH IN SUBSECTION (H)[;

1 OR (II) THE MINIMUM TAX SET FORTH IN SUBSECTION (I),] UPON SUCH  
2 PROPORTION OF ITS CAPITAL STOCK, IF ANY, AS MAY BE INVESTED IN  
3 ANY PROPERTY OR BUSINESS NOT STRICTLY INCIDENT OR APPURTENANT TO  
4 THE MANUFACTURING, PROCESSING, RESEARCH OR DEVELOPMENT BUSINESS,  
5 IN ADDITION TO THE LOCAL TAXES ASSESSED UPON ITS PROPERTY IN THE  
6 DISTRICT WHERE LOCATED, IT BEING THE OBJECT OF THIS PROVISION TO  
7 RELIEVE FROM STATE TAXATION[, EXCEPT FOR IMPOSITION OF THE  
8 MINIMUM TAX SET FORTH IN SUBSECTION (I),] ONLY SO MUCH OF THE  
9 CAPITAL STOCK AS IS INVESTED PURELY IN THE MANUFACTURING,  
10 PROCESSING, RESEARCH OR DEVELOPMENT PLANT AND BUSINESS: AND  
11 PROVIDED FURTHER, THAT[, EXCEPT FOR THE IMPOSITION OF THE  
12 MINIMUM TAX SET FORTH IN SUBSECTION (I),] THE PROVISIONS OF THIS  
13 SECTION SHALL NOT APPLY TO THE TAXATION OF SO MUCH OF THE  
14 CAPITAL STOCK VALUE ATTRIBUTABLE TO STUDENT LOAN ASSETS OWNED OR  
15 HELD BY AN ENTITY CREATED FOR THE SECURITIZATION OF STUDENT  
16 LOANS OR BY A TRUSTEE ON ITS BEHALF.

17 (B) (1) EVERY FOREIGN ENTITY FROM WHICH A REPORT IS  
18 REQUIRED UNDER SECTION 601 HEREOF, SHALL BE SUBJECT TO AND PAY  
19 TO THE DEPARTMENT ANNUALLY, A FRANCHISE TAX WHICH IS [THE  
20 GREATER OF (I)] THE AMOUNT COMPUTED BY MULTIPLYING EACH DOLLAR  
21 OF THE CAPITAL STOCK VALUE AS DEFINED IN SECTION 601(A) BY THE  
22 APPROPRIATE RATE OF TAX AS SET FORTH IN SUBSECTION (H)[; OR (II)  
23 THE MINIMUM TAX SET FORTH IN SUBSECTION (I),] UPON A TAXABLE  
24 VALUE TO BE DETERMINED IN THE FOLLOWING MANNER. THE CAPITAL  
25 STOCK VALUE SHALL BE ASCERTAINED IN THE MANNER PRESCRIBED IN  
26 SECTION 601(A) OF THIS ARTICLE. THE TAXABLE VALUE SHALL THEN BE  
27 DETERMINED BY EMPLOYING THE RELEVANT APPORTIONMENT FACTORS SET  
28 FORTH IN ARTICLE IV: PROVIDED, THAT THE MANUFACTURING,  
29 PROCESSING, RESEARCH AND DEVELOPMENT EXEMPTIONS CONTAINED UNDER  
30 SECTION 602(A) SHALL ALSO APPLY TO FOREIGN CORPORATIONS. IN

1 DETERMINING THE RELEVANT APPORTIONMENT FACTORS, THE FOLLOWING  
2 SHALL APPLY:

3 (I) FOR [ALL] TAXABLE YEARS [OTHER THAN SPECIFICALLY SET  
4 FORTH IN SUBCLAUSE (II)] BEGINNING BEFORE JANUARY 1, 1999, THE  
5 NUMERATOR OF THE PROPERTY, PAYROLL OR SALES FACTORS SHALL NOT  
6 INCLUDE ANY PROPERTY, PAYROLL OR SALES ATTRIBUTABLE TO  
7 MANUFACTURING, PROCESSING, RESEARCH OR DEVELOPMENT ACTIVITIES IN  
8 THE COMMONWEALTH;

9 (II) FOR [THE] TAXABLE YEARS BEGINNING AFTER DECEMBER 31,  
10 1998, [AND BEGINNING BEFORE JANUARY 1, 2001,] THE NUMERATOR OF  
11 THE PROPERTY OR PAYROLL FACTORS SHALL NOT INCLUDE ANY PROPERTY  
12 OR PAYROLL ATTRIBUTABLE TO MANUFACTURING, PROCESSING, RESEARCH  
13 OR DEVELOPMENT ACTIVITIES IN THE COMMONWEALTH, AND ANY PROPERTY  
14 OR PAYROLL ATTRIBUTABLE TO MANUFACTURING, PROCESSING, RESEARCH  
15 OR DEVELOPMENT ACTIVITIES OUTSIDE OF THE COMMONWEALTH SHALL ALSO  
16 BE EXCLUDED FROM THE NUMERATOR OF THE PROPERTY OR PAYROLL  
17 FACTORS. [EXCEPT FOR THE IMPOSITION OF THE MINIMUM TAX SET FORTH  
18 IN SUBSECTION (I), THE] THE PROVISIONS OF THIS SECTION SHALL NOT  
19 APPLY TO THE TAXATION OF SO MUCH OF THE CAPITAL STOCK VALUE  
20 ATTRIBUTABLE TO STUDENT LOAN ASSETS OWNED OR HELD BY AN ENTITY  
21 CREATED FOR THE SECURITIZATION OF STUDENT LOANS OR BY A TRUSTEE  
22 ON ITS BEHALF. ANY FOREIGN CORPORATION, JOINT-STOCK ASSOCIATION,  
23 LIMITED PARTNERSHIP OR COMPANY SUBJECT TO THE TAX PRESCRIBED  
24 HEREIN MAY ELECT TO COMPUTE AND PAY ITS TAX UNDER SECTION  
25 602(A): PROVIDED, THAT ANY FOREIGN CORPORATION, JOINT-STOCK  
26 ASSOCIATION, LIMITED PARTNERSHIP OR COMPANY ELECTING TO COMPUTE  
27 AND PAY ITS TAX UNDER SECTION 602(A) SHALL BE TREATED AS IF IT  
28 WERE A DOMESTIC CORPORATION FOR THE PURPOSE OF DETERMINING WHICH  
29 OF ITS ASSETS ARE EXEMPT FROM TAXATION AND FOR THE PURPOSE OF  
30 DETERMINING THE PROPORTION OF THE VALUE OF ITS CAPITAL STOCK

1 WHICH IS SUBJECT TO TAXATION.

2 (2) THE PROVISIONS OF THIS ARTICLE SHALL APPLY TO THE  
3 TAXATION OF ENTITIES ORGANIZED FOR MANUFACTURING, PROCESSING,  
4 RESEARCH OR DEVELOPMENT PURPOSES, BUT SHALL NOT APPLY TO SUCH  
5 ENTITIES AS ENJOY AND EXERCISE THE RIGHT OF EMINENT DOMAIN.

6 \* \* \*

7 (E) ANY HOLDING COMPANY SUBJECT TO THE CAPITAL STOCK TAX OR  
8 THE FRANCHISE TAX IMPOSED BY THIS SECTION MAY ELECT TO COMPUTE  
9 THE CAPITAL STOCK OR FRANCHISE TAX BY APPLYING THE RATE OF TAX  
10 PROVIDED IN SUBSECTION (H) TO TEN PER CENT OF THE CAPITAL STOCK  
11 VALUE AS DEFINED IN SECTION 601(A)[, BUT IN NO CASE SHALL THE  
12 TAX SO COMPUTED BE LESS THAN THE MINIMUM TAX SET FORTH IN  
13 SUBSECTION (I)]. IF EXERCISED, THIS ELECTION SHALL BE IN LIEU OF  
14 ANY OTHER APPORTIONMENT OR ALLOCATION TO WHICH SUCH COMPANY  
15 WOULD OTHERWISE BE ENTITLED.

16 (F) EVERY DOMESTIC CORPORATION AND EVERY FOREIGN CORPORATION  
17 (I) REGISTERED TO DO BUSINESS IN PENNSYLVANIA; (II) WHICH  
18 MAINTAINS AN OFFICE IN PENNSYLVANIA; (III) WHICH HAS FILED A  
19 TIMELY ELECTION TO BE TAXED AS A REGULATED INVESTMENT COMPANY  
20 WITH THE FEDERAL GOVERNMENT; AND (IV) WHICH DULY QUALIFIES TO BE  
21 TAXED AS A REGULATED INVESTMENT COMPANY UNDER THE PROVISIONS OF  
22 THE INTERNAL REVENUE CODE OF 1954 AS AMENDED, SHALL BE TAXED AS  
23 A REGULATED INVESTMENT COMPANY AND SHALL BE SUBJECT TO THE  
24 CAPITAL STOCK OR FRANCHISE TAX IMPOSED BY SECTION 602, IN EITHER  
25 CASE FOR THE PRIVILEGE OF HAVING AN OFFICE IN PENNSYLVANIA,  
26 WHICH TAX SHALL BE COMPUTED PURSUANT TO THE PROVISIONS OF THIS  
27 SUBSECTION IN LIEU OF ALL OTHER PROVISIONS OF THIS SECTION 602.  
28 THE TAX SHALL BE IN AN AMOUNT WHICH IS [THE GREATER OF THE  
29 MINIMUM TAX SET FORTH IN SUBSECTION (I) OR] THE SUM OF THE  
30 AMOUNTS DETERMINED PURSUANT TO CLAUSES (1) AND (2):

1 (1) THE AMOUNT DETERMINED PURSUANT TO THIS CLAUSE SHALL BE  
2 SEVENTY-FIVE DOLLARS (\$75) TIMES THAT NUMBER WHICH IS THE RESULT  
3 OF DIVIDING THE NET ASSET VALUE OF THE REGULATED INVESTMENT  
4 COMPANY BY ONE MILLION, ROUNDED TO THE NEAREST MULTIPLE OF  
5 SEVENTY-FIVE DOLLARS (\$75). NET ASSET VALUE SHALL BE DETERMINED  
6 BY ADDING THE MONTHLY NET ASSET VALUES AS OF THE LAST DAY OF  
7 EACH MONTH DURING THE TAXABLE PERIOD AND DIVIDING THE TOTAL SUM  
8 BY THE NUMBER OF MONTHS INVOLVED. EACH SUCH MONTHLY NET ASSET  
9 VALUE SHALL BE THE ACTUAL MARKET VALUE OF ALL ASSETS OWNED  
10 WITHOUT ANY EXEMPTIONS OR EXCLUSIONS, LESS ALL LIABILITIES,  
11 DEBTS AND OTHER OBLIGATIONS.

12 (2) THE AMOUNT DETERMINED PURSUANT TO THIS CLAUSE SHALL BE  
13 THE AMOUNT WHICH IS THE RESULT OF MULTIPLYING THE RATE OF  
14 TAXATION APPLICABLE FOR PURPOSES OF THE PERSONAL INCOME TAX  
15 DURING THE SAME TAXABLE YEAR TIMES THE APPORTIONED UNDISTRIBUTED  
16 PERSONAL INCOME TAX INCOME OF THE REGULATED INVESTMENT COMPANY.  
17 FOR THE PURPOSES OF THIS CLAUSE:

18 (A) PERSONAL INCOME TAX INCOME SHALL MEAN INCOME TO THE  
19 EXTENT ENUMERATED AND CLASSIFIED IN SECTION 303.

20 (B) UNDISTRIBUTED PERSONAL INCOME TAX INCOME SHALL MEAN ALL  
21 PERSONAL INCOME TAX INCOME OTHER THAN PERSONAL INCOME TAX INCOME  
22 UNDISTRIBUTED ON ACCOUNT OF THE CAPITAL STOCK OR FOREIGN  
23 FRANCHISE TAX, LESS ALL PERSONAL INCOME TAX INCOME DISTRIBUTED  
24 TO SHAREHOLDERS. AT THE ELECTION OF THE COMPANY, INCOME  
25 DISTRIBUTED AFTER THE CLOSE OF A TAXABLE YEAR, BUT DEEMED  
26 DISTRIBUTED DURING THE TAXABLE YEAR FOR FEDERAL INCOME TAX  
27 PURPOSES, SHALL BE DEEMED DISTRIBUTED DURING THAT YEAR FOR  
28 PURPOSES OF THIS CLAUSE. IF A COMPANY IN A TAXABLE YEAR HAS BOTH  
29 CURRENT INCOME AND INCOME ACCUMULATED FROM A PRIOR YEAR,  
30 DISTRIBUTIONS DURING THE YEAR SHALL BE DEEMED TO HAVE BEEN MADE



1 FIRST FROM CURRENT INCOME.

2 (C) UNDISTRIBUTED PERSONAL INCOME TAX INCOME SHALL BE  
3 APPORTIONED TO PENNSYLVANIA BY A FRACTION, THE NUMERATOR OF  
4 WHICH IS ALL INCOME DISTRIBUTED DURING THE TAXABLE PERIOD TO  
5 SHAREHOLDERS WHO ARE RESIDENT INDIVIDUALS, ESTATES OR TRUSTS AND  
6 THE DENOMINATOR OF WHICH IS ALL INCOME DISTRIBUTED DURING THE  
7 TAXABLE PERIOD. RESIDENT TRUSTS SHALL NOT INCLUDE CHARITABLE,  
8 PENSION OR PROFIT-SHARING, OR RETIREMENT TRUSTS.

9 (D) PERSONAL INCOME TAX INCOME AND OTHER INCOME OF A COMPANY  
10 SHALL EACH BE DEEMED TO BE EITHER DISTRIBUTED TO SHAREHOLDERS OR  
11 UNDISTRIBUTED IN THE PROPORTION EACH CATEGORY BEARS TO ALL  
12 INCOME RECEIVED BY THE COMPANY DURING THE TAXABLE YEAR.

13 (G) IN THE EVENT THAT A DOMESTIC OR FOREIGN ENTITY IS  
14 REQUIRED TO FILE A REPORT PURSUANT TO SECTION 601(B) ON OTHER  
15 THAN AN ANNUAL BASIS, THE TAX IMPOSED BY THIS SECTION[, ,  
16 INCLUDING THE MINIMUM TAX SET FORTH IN SUBSECTION (I), ] SHALL BE  
17 PRORATED TO REFLECT THE PORTION OF A TAXABLE YEAR FOR WHICH THE  
18 REPORT IS FILED BY MULTIPLYING THE TAX LIABILITY BY A FRACTION  
19 EQUAL TO THE NUMBER OF DAYS IN THE TAXABLE YEAR DIVIDED BY THREE  
20 HUNDRED SIXTY-FIVE DAYS.

21 (H) THE RATE OF TAX FOR PURPOSES OF THE CAPITAL STOCK AND  
22 FRANCHISE TAX FOR TAXABLE YEARS BEGINNING WITHIN THE DATES SET  
23 FORTH SHALL BE AS FOLLOWS:

TAXABLE YEAR	REGULAR RATE	SURTAX	TOTAL RATE
JANUARY 1, 1971, TO DECEMBER 31, 1986	10 MILLS	0	10 MILLS
JANUARY 1, 1987, TO DECEMBER 31, 1987	9 MILLS	0	9 MILLS
JANUARY 1, 1988, TO DECEMBER 31, 1990	9.5 MILLS	0	9.5 MILLS

1	JANUARY 1, 1991, TO			
2	DECEMBER 31, 1991	11 MILLS	2 MILLS	13 MILLS
3	JANUARY 1, 1992, TO			
4	DECEMBER 31, 1997	11 MILLS	1.75 MILLS	12.75 MILLS
5	JANUARY 1, 1998, TO			
6	DECEMBER 31, 1998	11 MILLS	.99 MILLS	11.99 MILLS
7	[JANUARY 1, 1999, AND			
8	EACH YEAR THEREAFTER	10.99 MILLS	0	10.99 MILLS]
9	<u>JANUARY 1, 1999, TO</u>			
10	<u>DECEMBER 31, 1999</u>	<u>10.99 MILLS</u>	<u>0</u>	<u>10.99 MILLS</u>
11	<u>JANUARY 1, 2000, TO</u>			
12	<u>DECEMBER 31, 2000</u>	<u>8.99 MILLS</u>	<u>0</u>	<u>8.99 MILLS</u>
13	<u>JANUARY 1, 2001, TO</u>			
14	<u>DECEMBER 31, 2001</u>	<u>7.49 MILLS</u>	<u>0</u>	<u>7.49 MILLS</u>
15	<u>JANUARY 1, 2002, TO</u>			
16	<u>DECEMBER 31, 2002</u>	<u>6.49 MILLS</u>	<u>0</u>	<u>6.49 MILLS</u>
17	<u>JANUARY 1, 2003, TO</u>			
18	<u>DECEMBER 31, 2003</u>	<u>5.49 MILLS</u>	<u>0</u>	<u>5.49 MILLS</u>
19	<u>JANUARY 1, 2004, TO</u>			
20	<u>DECEMBER 31, 2004</u>	<u>4.49 MILLS</u>	<u>0</u>	<u>4.49 MILLS</u>
21	<u>JANUARY 1, 2005, TO</u>			
22	<u>DECEMBER 31, 2005</u>	<u>3.49 MILLS</u>	<u>0</u>	<u>3.49 MILLS</u>
23	<u>JANUARY 1, 2006, TO</u>			
24	<u>DECEMBER 31, 2006</u>	<u>2.49 MILLS</u>	<u>0</u>	<u>2.49 MILLS</u>
25	<u>JANUARY 1, 2007, TO</u>			
26	<u>DECEMBER 31, 2007</u>	<u>1.49 MILLS</u>	<u>0</u>	<u>1.49 MILLS</u>
27	<u>JANUARY 1, 2008, TO</u>			
28	<u>DECEMBER 31, 2008</u>	<u>.49 MILLS</u>	<u>0</u>	<u>.49 MILLS</u>

29     [(I) THE MINIMUM AMOUNT OF CAPITAL STOCK AND FRANCHISE TAX  
30 FOR THE TAXABLE YEARS BEGINNING WITHIN THE DATES SET FORTH SHALL

1 BE AS FOLLOWS:

2	TAXABLE YEAR BEGINNING	MINIMUM TAX
3	JANUARY 1, 1971, TO DECEMBER 31, 1983	NO MINIMUM TAX IMPOSED
4	JANUARY 1, 1984, TO DECEMBER 31, 1990	\$75 MINIMUM TAX
5	JANUARY 1, 1991, TO DECEMBER 31, 1998	\$300 MINIMUM TAX
6	JANUARY 1, 1999, AND EACH TAXABLE YEAR	
7	THEREAFTER	\$200 MINIMUM TAX]

8 SECTION 8. SECTION 602.5 OF THE ACT, AMENDED MAY 12, 1999  
9 (P.L.26, NO.4), IS AMENDED TO READ:

10 [SECTION 602.5. SHOWS AND FLEA MARKETS.--A CORPORATION THAT  
11 CONFINES ITS ACTIVITIES IN THIS COMMONWEALTH DURING THE COURSE  
12 OF A CALENDAR YEAR TO ATTENDANCE AT AN ORGANIZED "SHOW" OR "FLEA  
13 MARKET" FOR THE PURPOSE OF EXHIBITING ITS GOODS AND MAKING SALES  
14 THEREFROM SHALL NOT BE SUBJECT TO THE MINIMUM TAX IMPOSED UNDER  
15 THIS ARTICLE, BASED SOLELY UPON SUCH ATTENDANCE IF LIMITED TO NO  
16 MORE THAN TWENTY DAYS DURING THE YEAR, WITH NO MORE THAN SEVEN  
17 DAYS BEING CONSECUTIVE.]

18 SECTION 9. SECTION 606 OF THE ACT IS AMENDED TO READ:

19 SECTION 606. EFFECTIVE DATE.--[THIS] (A) EXCEPT AS PROVIDED  
20 IN SUBSECTION (B), THIS ARTICLE SHALL TAKE EFFECT IMMEDIATELY,  
21 AND THE TAX IMPOSED SHALL APPLY TO TAXABLE YEARS BEGINNING  
22 JANUARY 1, 1971 AND THEREAFTER.

23 (B) THIS ARTICLE SHALL EXPIRE FOR TAXABLE YEARS BEGINNING  
24 AFTER DECEMBER 31, 2008.

25 SECTION 10. SECTION 901 OF THE ACT IS AMENDED BY ADDING  
26 DEFINITIONS TO READ:

27 SECTION 901. DEFINITIONS.--THE FOLLOWING TERMS, WHEN USED IN  
28 THIS ACT, SHALL HAVE THE MEANING ASCRIBED TO THEM IN THIS  
29 SECTION:

30 \* \* \*

1       (4) "ASSESSMENT" MEANS AN ASSESSMENT IMPOSED BY THE GUARANTY  
2 ASSOCIATION PURSUANT TO SECTION 1808 OF THE ACT OF MAY 17, 1921  
3 (P.L.682, NO.284), KNOWN AS "THE INSURANCE COMPANY LAW OF 1921."

4       (5) "GUARANTY ASSOCIATION" MEANS THE PENNSYLVANIA PROPERTY  
5 AND CASUALTY INSURANCE GUARANTY ASSOCIATION CREATED PURSUANT TO  
6 SECTION 1803 OF THE ACT OF MAY 17, 1921 (P.L.682, NO.284), KNOWN  
7 AS "THE INSURANCE COMPANY LAW OF 1921."

8       (6) "MEMBER INSURER" MEANS AN INSURANCE COMPANY, ASSOCIATION  
9 OR EXCHANGE WHICH IS REQUIRED TO PARTICIPATE IN THE GUARANTY  
10 ASSOCIATION PURSUANT TO ARTICLE XVIII OF THE ACT OF MAY 17, 1921  
11 (P.L.682, NO.284), KNOWN AS "THE INSURANCE COMPANY LAW OF 1921."

12       SECTION 11. THE ACT IS AMENDED BY ADDING A SECTION TO READ:  
13       SECTION 902.1. CREDITS FOR ASSESSMENTS PAID.--(A) A MEMBER  
14 INSURER THAT HAS PAID ASSESSMENTS TO THE GUARANTY ASSOCIATION  
15 SHALL BE ENTITLED TO A CREDIT AS AUTHORIZED BY THIS SECTION. THE  
16 CREDIT SHALL BE EQUAL TO THE AMOUNT BY WHICH THE ASSESSMENT PAID  
17 TO THE GUARANTY ASSOCIATION EXCEEDS ONE PER CENT OF THE MEMBER  
18 INSURER'S "NET DIRECT WRITTEN PREMIUMS," AS DEFINED IN SECTION  
19 1802 OF THE ACT OF MAY 17, 1921 (P.L.682, NO.284), KNOWN AS "THE  
20 INSURANCE COMPANY LAW OF 1921," AS CALCULATED FOR THE PRECEDING  
21 CALENDAR YEAR. EXCEPT AS PROVIDED IN SUBSECTION (E), THE CREDIT  
22 AUTHORIZED BY THIS SECTION SHALL BE APPLIED AGAINST THE TAXES  
23 DUE UNDER THIS ARTICLE IN EQUAL PORTIONS FOR EACH OF THE FIVE  
24 CALENDAR YEARS FOLLOWING PAYMENT OF THE ASSESSMENT. IN THE EVENT  
25 A MEMBER INSURER SHOULD CEASE DOING BUSINESS, ALL UNUSED CREDITS  
26 MAY BE APPLIED AGAINST ITS PREMIUM TAX LIABILITY FOR THE YEAR IT  
27 CEASES DOING BUSINESS. A MEMBER INSURER IS NOT ENTITLED TO A  
28 REFUND OF ANY UNUSED CREDIT.

29       (B) ANY SUMS WHICH ARE ACQUIRED BY A MEMBER INSURER FROM THE  
30 GUARANTY ASSOCIATION EITHER BY REFUND OR BY RECEIPT OF AN OFFSET

1 WHICH MAY BE USED AGAINST AN ASSESSMENT AND WHICH HAVE BEEN USED  
2 IN CALCULATING A CREDIT UNDER SUBSECTION (A) SHALL REDUCE THE  
3 AMOUNT OF UNUSED CREDITS OR SHALL BE PAID BY SUCH INSURER TO THE  
4 COMMONWEALTH, AS THE DEPARTMENT OF REVENUE MAY REQUIRE. THE  
5 GUARANTY ASSOCIATION SHALL NOTIFY THE DEPARTMENT AND THE  
6 INSURANCE COMMISSIONER THAT SUCH SUMS HAVE BEEN ACQUIRED BY THE  
7 MEMBER INSURER.

8 (C) NO CREDIT AGAINST PREMIUM TAX LIABILITY SHALL BE  
9 PERMITTED TO THE EXTENT THAT A MEMBER INSURER'S RATES AND  
10 PREMIUMS HAVE BEEN ADJUSTED AS PERMITTED IN SECTION 1810 OF THE  
11 ACT OF MAY 17, 1921 (P.L.682, NO.284), KNOWN AS "THE INSURANCE  
12 COMPANY LAW OF 1921."

13 (D) THE CREDITS ALLOWED BY THIS SECTION SHALL NOT REDUCE THE  
14 AMOUNTS WHICH WOULD OTHERWISE BE PAYABLE FOR FIREMEN'S RELIEF  
15 PENSION OR RETIREMENT PURPOSES OR FOR POLICE PENSION, RETIREMENT  
16 OR DISABILITY PURPOSES. THE DEPARTMENT SHALL TRANSFER BY JUNE 30  
17 OF EACH FISCAL YEAR AN AMOUNT EQUAL TO THE CREDITS TAKEN UNDER  
18 THIS SECTION BY FOREIGN FIRE AND CASUALTY INSURANCE COMPANIES  
19 FROM THE GENERAL FUND TO THE MUNICIPAL PENSION AID FUND AND THE  
20 FIRE INSURANCE TAX FUND, AS APPROPRIATE.

21 (E) CREDITS TAKEN BY AN INSURER UNDER THIS SECTION SHALL NOT  
22 BE INCLUDED IN DETERMINING LIABILITY FOR RETALIATORY TAXES  
23 IMPOSED UNDER SECTION 212 OF THE ACT OF MAY 17, 1921 (P.L.789,  
24 NO.285), KNOWN AS "THE INSURANCE DEPARTMENT ACT OF 1921."

25 SECTION 12. SECTION 1101(A) OF THE ACT, AMENDED MAY 12, 1999  
26 (P.L.26, NO.4), IS AMENDED TO READ:

27 SECTION 1101. IMPOSITION OF TAX.--(A) GENERAL RULE.--EVERY  
28 PIPELINE COMPANY, CONDUIT COMPANY, STEAMBOAT COMPANY, CANAL  
29 COMPANY, SLACK WATER NAVIGATION COMPANY, TRANSPORTATION COMPANY,  
30 AND EVERY OTHER COMPANY, ASSOCIATION, JOINT-STOCK ASSOCIATION,

1 OR LIMITED PARTNERSHIP, NOW OR HEREAFTER INCORPORATED OR  
2 ORGANIZED BY OR UNDER ANY LAW OF THIS COMMONWEALTH, OR NOW OR  
3 HEREAFTER ORGANIZED OR INCORPORATED BY ANY OTHER STATE OR BY THE  
4 UNITED STATES OR ANY FOREIGN GOVERNMENT, AND DOING BUSINESS IN  
5 THIS COMMONWEALTH, AND EVERY COPARTNERSHIP, PERSON OR PERSONS  
6 OWNING, OPERATING OR LEASING TO OR FROM ANOTHER CORPORATION,  
7 COMPANY, ASSOCIATION, JOINT-STOCK ASSOCIATION, LIMITED  
8 PARTNERSHIP, COPARTNERSHIP, PERSON OR PERSONS, ANY PIPELINE,  
9 CONDUIT, STEAMBOAT, CANAL, SLACK WATER NAVIGATION, OR OTHER  
10 DEVICE FOR THE TRANSPORTATION OF FREIGHT, PASSENGERS, BAGGAGE,  
11 OR OIL, EXCEPT MOTOR VEHICLES AND RAILROADS, AND EVERY LIMITED  
12 PARTNERSHIP, ASSOCIATION, JOINT-STOCK ASSOCIATION, CORPORATION  
13 OR COMPANY ENGAGED IN, OR HEREAFTER ENGAGED IN, THE  
14 TRANSPORTATION OF FREIGHT OR OIL WITHIN THIS STATE, AND EVERY  
15 TELEPHONE COMPANY AND TELEGRAPH COMPANY NOW OR HEREAFTER  
16 INCORPORATED OR ORGANIZED BY OR UNDER ANY LAW OF THIS  
17 COMMONWEALTH, OR NOW OR HEREAFTER ORGANIZED OR INCORPORATED BY  
18 ANY OTHER STATE OR BY THE UNITED STATES OR ANY FOREIGN  
19 GOVERNMENT AND DOING BUSINESS IN THIS COMMONWEALTH, AND EVERY  
20 LIMITED PARTNERSHIP, ASSOCIATION, JOINT-STOCK ASSOCIATION,  
21 COPARTNERSHIP, PERSON OR PERSONS, ENGAGED IN TELEPHONE OR  
22 TELEGRAPH BUSINESS IN THIS COMMONWEALTH, SHALL PAY TO THE STATE  
23 TREASURER, THROUGH THE DEPARTMENT OF REVENUE, A TAX OF FORTY-  
24 FIVE MILLS WITH A SURTAX EQUAL TO FIVE MILLS UPON EACH DOLLAR OF  
25 THE GROSS RECEIPTS OF THE CORPORATION, COMPANY OR ASSOCIATION,  
26 LIMITED PARTNERSHIP, JOINT-STOCK ASSOCIATION, COPARTNERSHIP,  
27 PERSON OR PERSONS, RECEIVED FROM:

28 (1) PASSENGERS, BAGGAGE, OIL, AND FREIGHT TRANSPORTED WHOLLY  
29 WITHIN THIS STATE[, FROM]; AND

30 (2) TELEGRAPH OR TELEPHONE MESSAGES TRANSMITTED WHOLLY

1 WITHIN THIS STATE, EXCEPT GROSS RECEIPTS DERIVED FROM:

2 (I) THE SALES OF ACCESS TO THE INTERNET, AS SET FORTH IN  
3 ARTICLE II, MADE TO THE ULTIMATE CONSUMER [AND FROM THE  
4 TRANSPORTATION OF OIL DONE WHOLLY WITHIN THIS STATE]; AND

5 (II) THE SALES FOR RESALE TO PERSONS, PARTNERSHIPS,  
6 ASSOCIATIONS, CORPORATIONS OR POLITICAL SUBDIVISIONS SUBJECT TO  
7 THE TAX IMPOSED BY THIS ARTICLE UPON GROSS RECEIPTS DERIVED FROM  
8 SUCH RESALE OF TELECOMMUNICATIONS SERVICES INCLUDING:

9 (A) TELECOMMUNICATIONS EXCHANGE ACCESS TO INTERCONNECT WITH  
10 A LOCAL EXCHANGE CARRIER'S NETWORK; AND

11 (B) NETWORK ELEMENTS ON AN UNBUNDLED BASIS.

12 \* \* \*

13 SECTION 13. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

14 SECTION 1110-A. TAX TRANSITIONS IMPACT LIMITATIONS.--(A)  
15 NOTWITHSTANDING ANY PROVISION OF THIS ARTICLE TO THE CONTRARY:

16 (1) THE TOTAL TAX IMPOSED ON THE UTILITY REALTY OF A PUBLIC  
17 UTILITY FOR TAXABLE YEAR 1998 SHALL NOT EXCEED TWO HUNDRED FIFTY  
18 PER CENT OF THE TOTAL TAX IMPOSED UPON SUCH UTILITY REALTY FOR  
19 TAXABLE YEAR 1997. THIS CLAUSE SHALL NOT APPLY TO THE  
20 CALCULATION OF THE MILLAGE RATE UNDER SECTIONS 1102-A(B) AND  
21 1104-A(B).

22 (2) THE TOTAL TAX IMPOSED ON THE UTILITY REALTY OF A PUBLIC  
23 UTILITY FOR TAXABLE YEAR 1999 SHALL NOT EXCEED TWO HUNDRED FIFTY  
24 PER CENT OF THE TOTAL TAX IMPOSED UPON SUCH UTILITY REALTY FOR  
25 TAXABLE YEAR 1998.

26 (3) THE TOTAL TAX IMPOSED ON THE UTILITY REALTY OF A PUBLIC  
27 UTILITY FOR TAXABLE YEAR 2000 SHALL NOT EXCEED TWO HUNDRED FIFTY  
28 PER CENT OF THE TOTAL TAX IMPOSED UPON SUCH UTILITY REALTY FOR  
29 TAXABLE YEAR 1999.

30 (4) THE TOTAL TAX IMPOSED ON THE UTILITY REALTY OF A PUBLIC

1 UTILITY FOR TAXABLE YEAR 2001 SHALL NOT EXCEED TWO HUNDRED FIFTY  
2 PER CENT OF THE TOTAL TAX IMPOSED UPON SUCH UTILITY REALTY FOR  
3 TAXABLE YEAR 2000.

4 (5) FOR PURPOSES OF THIS SUBSECTION, ANY REDUCTION IN A  
5 PUBLIC UTILITY'S TOTAL TAX LIABILITY AS A RESULT OF THE TWO  
6 HUNDRED FIFTY PER CENT LIMITATION SHALL NOT EXCEED ONE HUNDRED  
7 THOUSAND DOLLARS (\$100,000) IN EACH OF THE TAXABLE YEARS  
8 SPECIFIED IN CLAUSES (1) THROUGH (4).

9 (B) ANY PORTION OF THE TOTAL ASSESSED VALUATIONS OF UTILITY  
10 REALTY OF A PUBLIC UTILITY WHICH IS EXCLUDED UNDER SUBSECTION  
11 (A) IN ANY TAXABLE YEAR SHALL NOT BE INCLUDED IN THE  
12 CALCULATIONS REQUIRED UNDER THIS ARTICLE FOR THAT TAXABLE YEAR.

13 (C) THE SECRETARY OF REVENUE SHALL TRANSFER FUNDS TO THE  
14 PUBLIC TRANSPORTATION ASSISTANCE FUND AS A RESULT OF ANY IMPACT  
15 THIS SECTION MAY HAVE ON REVENUE RECEIVED UNDER SECTION 2301.

16 (D) AS USED IN THIS SECTION, THE TERM "TOTAL TAX" MEANS THE  
17 SUM OF TAXES PAID UNDER SECTIONS 1102-A AND 1104-A.

18 SECTION 14. SECTION 2010(E) OF THE ACT, AMENDED MAY 12, 1999  
19 (P.L.26, NO.4), IS AMENDED TO READ:

20 SECTION 2010. LIMITED TAX CREDITS.--\* \* \*

21 (E) UPON RECEIPT FROM A TAXPAYER OF A CERTIFICATE FROM THE  
22 SECRETARY ISSUED UNDER SUBSECTION (C), THE SECRETARY OF REVENUE  
23 SHALL GRANT A TAX CREDIT OR CREDITS IN THE AMOUNT CERTIFIED  
24 AGAINST ANY TAX [THEN DUE] DUE IN THE CALENDAR YEAR IN WHICH THE  
25 EXPENDITURES WERE FIRST INCURRED OR THEREAFTER BECOMING DUE FROM  
26 THE TAXPAYER UNDER THIS ARTICLE. NO CREDIT SHALL BE ALLOWED  
27 AGAINST ANY TAX DUE FOR ANY TAXABLE PERIOD ENDING AFTER DECEMBER  
28 31, 2003.

29 SECTION 15. SECTION 2102 OF THE ACT IS AMENDED BY ADDING A  
30 DEFINITION TO READ:



1 SECTION 2102. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND  
2 PHRASES, WHEN USED IN THIS ARTICLE, SHALL HAVE THE MEANINGS  
3 ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT  
4 CLEARLY INDICATES A DIFFERENT MEANING:

5 \* \* \*

6 "SIBLING." AN INDIVIDUAL WHO HAS AT LEAST ONE PARENT IN  
7 COMMON WITH THE DECEDENT, WHETHER BY BLOOD OR BY ADOPTION.

8 \* \* \*

9 SECTION 16. SECTION 2116(A) AND (C) OF THE ACT, AMENDED OR  
10 ADDED AUGUST 4, 1991 (P.L.97, NO.22) AND JUNE 16, 1994 (P.L.279,  
11 NO.48), IS AMENDED TO READ:

12 SECTION 2116. INHERITANCE TAX.--(A) (1) INHERITANCE TAX  
13 UPON THE TRANSFER OF PROPERTY PASSING TO OR FOR THE USE OF ANY  
14 OF THE FOLLOWING SHALL BE AT THE RATE OF [SIX] FOUR AND ONE-HALF  
15 PER CENT:

16 (I) GRANDFATHER, GRANDMOTHER, FATHER, MOTHER, EXCEPT  
17 TRANSFERS UNDER SUBCLAUSE (1.2), AND LINEAL DESCENDANTS; OR

18 (II) WIFE OR WIDOW AND HUSBAND OR WIDOWER OF A CHILD.

19 (1.1) INHERITANCE TAX UPON THE TRANSFER OF PROPERTY PASSING  
20 TO OR FOR THE USE OF A HUSBAND OR WIFE SHALL BE:

21 (I) AT THE RATE OF THREE PER CENT FOR ESTATES OF DECEDENTS  
22 DYING ON OR AFTER JULY 1, 1994, AND BEFORE JANUARY 1, 1995.

23 (II) AT A RATE OF ZERO PER CENT FOR ESTATES OF DECEDENTS  
24 DYING ON OR AFTER JANUARY 1, 1995.

25 (1.2) INHERITANCE TAX UPON THE TRANSFER OF PROPERTY FROM A  
26 CHILD TWENTY-ONE YEARS OF AGE OR YOUNGER TO OR FOR THE USE OF A  
27 NATURAL PARENT, AN ADOPTIVE PARENT OR A STEPPARENT OF THE CHILD  
28 SHALL BE AT THE RATE OF ZERO PER CENT.

29 (1.3) INHERITANCE TAX UPON THE TRANSFER OF PROPERTY PASSING  
30 TO OR FOR THE USE OF A SIBLING SHALL BE AT THE RATE OF TWELVE

1 PER CENT.

2 (2) INHERITANCE TAX UPON THE TRANSFER OF PROPERTY PASSING TO  
3 OR FOR THE USE OF ALL PERSONS OTHER THAN THOSE DESIGNATED IN  
4 SUBCLAUSE (1) [OR], (1.1), (1.2) OR (1.3) OR EXEMPT UNDER  
5 SECTION 2111(M) SHALL BE AT THE RATE OF FIFTEEN PER CENT.

6 (3) WHEN PROPERTY PASSES TO OR FOR THE USE OF A HUSBAND AND  
7 WIFE WITH RIGHT OF SURVIVORSHIP, ONE OF WHOM IS TAXABLE AT A  
8 RATE LOWER THAN THE OTHER, THE LOWER RATE OF TAX SHALL BE  
9 APPLIED TO THE ENTIRE INTEREST.

10 \* \* \*

11 (C) WHEN ANY PERSON ENTITLED TO A DISTRIBUTIVE SHARE OF AN  
12 ESTATE, WHETHER UNDER AN INTER VIVOS TRUST, A WILL OR THE  
13 INTESTATE LAW, RENOUNCES HIS RIGHT TO RECEIVE THE DISTRIBUTIVE  
14 SHARE RECEIVING THEREFOR NO CONSIDERATION, OR EXERCISES HIS  
15 ELECTIVE RIGHTS UNDER 20 PA.C.S. CH. 22 (RELATING TO ELECTIVE  
16 SHARE OF SURVIVING SPOUSE) RECEIVING THEREFOR NO CONSIDERATION  
17 OTHER THAN THE INTEREST IN ASSETS PASSING TO HIM AS THE ELECTING  
18 SPOUSE, THE TAX SHALL BE COMPUTED AS THOUGH THE PERSONS WHO  
19 BENEFIT BY SUCH RENUNCIATION OR ELECTION WERE ORIGINALLY  
20 DESIGNATED TO BE THE DISTRIBUTEES, CONDITIONED UPON AN  
21 ADJUDICATION OR DECREE OF DISTRIBUTION EXPRESSLY CONFIRMING  
22 DISTRIBUTION TO SUCH DISTRIBUTEES. THE RENUNCIATION SHALL BE  
23 MADE WITHIN NINE MONTHS AFTER THE DEATH OF THE DECEDENT [OR,  
24 IN]. IN THE CASE OF A SURVIVING SPOUSE[, ] TAKING HIS ELECTIVE  
25 SHARE OF AN ESTATE, THE RENUNCIATION SHALL BE MADE WITHIN THE  
26 TIME FOR ELECTION AND ANY EXTENSION THEREOF UNDER 20 PA.C.S. §  
27 2210(B) (RELATING TO PROCEDURE FOR ELECTION; TIME LIMIT). NOTICE  
28 OF THE FILING OF THE ACCOUNT AND OF ITS CALL FOR AUDIT OR  
29 CONFIRMATION SHALL INCLUDE NOTICE OF THE RENUNCIATION OR  
30 ELECTION TO THE DEPARTMENT. WHEN AN UNCONDITIONAL VESTING OF A

1 FUTURE INTEREST DOES NOT OCCUR AT THE DECEDENT'S DEATH, THE  
2 RENUNCIATION SPECIFIED IN THIS SUBSECTION OF THE FUTURE INTEREST  
3 MAY BE MADE WITHIN THREE MONTHS AFTER THE OCCURRENCE OF THE  
4 EVENT OR CONTINGENCY WHICH RESOLVES THE VESTING OF THE INTEREST  
5 IN POSSESSION AND ENJOYMENT.

6 \* \* \*

7 SECTION 17. THE ACT IS AMENDED BY ADDING AN ARTICLE TO READ:

8 ARTICLE XXIX-B

9 HOMEOWNERS' CENTURY TAX REBATE

10 SECTION 2901-B. SHORT TITLE OF ARTICLE.--THIS ARTICLE SHALL  
11 BE KNOWN AND MAY BE CITED AS THE "HOMEOWNERS' CENTURY TAX REBATE  
12 ACT."

13 SECTION 2902-B. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND  
14 PHRASES, WHEN USED IN THIS ARTICLE, SHALL HAVE THE MEANINGS  
15 ASCRIED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT  
16 CLEARLY INDICATES A DIFFERENT MEANING:

17 "ASSESSOR." THE CHIEF ASSESSOR OF A COUNTY, THE EQUIVALENT  
18 POSITION IN A HOME RULE COUNTY OR THE EQUIVALENT POSITION IN A  
19 CITY OF THE THIRD CLASS THAT PERFORMS ITS OWN ASSESSMENTS OF  
20 REAL PROPERTY.

21 "DEPARTMENT." THE DEPARTMENT OF REVENUE OF THE COMMONWEALTH  
22 OR ITS DESIGNEE.

23 "HOMEOWNER." ANY OWNER OF A HOMESTEAD WHO IS:

24 (1) AN INDIVIDUAL WHO IS A NATURAL PERSON DOMICILED IN THIS  
25 COMMONWEALTH;

26 (2) A GRANTOR WHO HAS PLACED REAL PROPERTY IN A REVOCABLE  
27 TRUST, PROVIDED THAT THE GRANTOR IS A NATURAL PERSON DOMICILED  
28 IN THIS COMMONWEALTH; OR

29 (3) A PARTNER OF A FAMILY FARM PARTNERSHIP OR A SHAREHOLDER  
30 OF A FAMILY FARM CORPORATION AS THE TERMS ARE DEFINED IN SECTION

1 1101-C, PROVIDED THAT THE PARTNER OR SHAREHOLDER IS A NATURAL  
2 PERSON DOMICILED IN THIS COMMONWEALTH.

3 "HOMESTEAD." THE OWNER-OCCUPIED, PRIMARY RESIDENCE AND THE  
4 PARCEL OF LAND WITHIN THIS COMMONWEALTH ON WHICH THE RESIDENCE  
5 IS LOCATED AND OTHER IMPROVEMENTS LOCATED ON THE PARCEL. IF A  
6 PORTION OF THE STRUCTURE IS USED FOR A NONRESIDENTIAL PURPOSE,  
7 THE HOMESTEAD IS EQUAL TO THAT PORTION OF THE PROPERTY USED AS  
8 THE PRIMARY RESIDENCE OF THE OWNER-OCCUPANT. THIS DEFINITION OF  
9 "HOMESTEAD" SHALL HAVE NO EFFECT, EVIDENTIARY OR OTHERWISE,  
10 CONCERNING THE ISSUE OF WHETHER THE PROPERTY CONSTITUTES A  
11 HOMESTEAD OR HOMESTEAD PROPERTY UNDER ANY OTHER ACT.

12 "REAL PROPERTY TAX." THE TOTAL REAL PROPERTY TAX IMPOSED BY  
13 A SCHOOL DISTRICT ON A HOMESTEAD FOR THE TAX YEAR. REAL PROPERTY  
14 TAX IMPOSED BY A CITY OF THE FIRST CLASS SHALL CONSTITUTE TAXES  
15 IMPOSED BY A SCHOOL DISTRICT FOR THE PURPOSES OF THIS  
16 DEFINITION. THE TERM DOES NOT INCLUDE PAYMENTS MADE IN LIEU OF  
17 TAXES OR ANY PENALTIES OR INTEREST PAID IN CONNECTION WITH THE  
18 TAX.

19 "REBATE." AN AMOUNT EQUAL TO ONE HUNDRED PER CENT OF THE  
20 REAL PROPERTY TAX PAID ON THE ASSESSED VALUE OF A HOMESTEAD TO A  
21 SCHOOL DISTRICT FOR THE TAX YEAR, EXCEPT THAT NO REBATE PAID  
22 PURSUANT TO THIS ARTICLE SHALL EXCEED ONE HUNDRED DOLLARS  
23 (\$100).

24 "RESIDENCE." A STRUCTURE USED AS A PLACE OF HABITATION BY  
25 THE OWNER OF THE STRUCTURE.

26 "SCHOOL DISTRICT." A SCHOOL DISTRICT OF THE FIRST CLASS,  
27 FIRST CLASS A, SECOND CLASS, THIRD CLASS OR FOURTH CLASS,  
28 INCLUDING ANY INDEPENDENT SCHOOL DISTRICT.

29 "TAX YEAR." THE SCHOOL DISTRICT'S FISCAL YEAR 1999-2000  
30 DURING WHICH REAL PROPERTY TAX IS DUE AND PAYABLE.

1       SECTION 2903-B. REBATE QUALIFICATIONS.--(A) SUBJECT TO  
2       SECTION 2904-B, A REBATE SHALL BE ISSUED ON ACCOUNT OF SCHOOL  
3       REAL PROPERTY TAXES FOR A HOMESTEAD IF ALL OF THE FOLLOWING  
4       APPLY:

5       (1) THE HOMEOWNER OCCUPIED THE HOMESTEAD DURING THE TAX  
6       YEAR.

7       (2) THE HOMEOWNER HAS PAID SCHOOL REAL PROPERTY TAX OWED ON  
8       THE HOMESTEAD FOR THE TAX YEAR.

9       (3) THE HOMEOWNER IS THE OWNER OF RECORD AS OF JULY 1, 1999.

10       (4) THE HOMEOWNER APPLIES IN A FORM AND TIME PRESCRIBED BY  
11       THE DEPARTMENT.

12       NO HOMEOWNER SHALL BE ELIGIBLE TO RECEIVE MORE THAN ONE REBATE.

13       (B) IF TITLE TO A HOMESTEAD IS HELD BY MORE THAN ONE  
14       INDIVIDUAL, A REBATE SHALL BE ISSUED IN THE NAMES APPEARING ON  
15       THE SCHOOL PROPERTY TAX RECORD.

16       SECTION 2904-B. REBATE ADMINISTRATION.--(A) THE DEPARTMENT  
17       SHALL ESTABLISH ANY ADMINISTRATIVE AND APPLICATION PROCEDURES  
18       AND DEADLINES NECESSARY TO IMPLEMENT AND ADMINISTER THIS  
19       ARTICLE. TO FACILITATE THE TIMELY IMPLEMENTATION OF THIS  
20       ARTICLE, THE PROVISIONS OF ARTICLE III PT. X OF THIS ACT AND  
21       ARTICLE VII OF THE ACT OF APRIL 9, 1929 (P.L.343, NO.176), KNOWN  
22       AS "THE FISCAL CODE," SHALL NOT APPLY TO THIS ARTICLE. THE  
23       DEPARTMENT MAY ENTER INTO ANY CONTRACTS WHICH ARE NECESSARY TO  
24       ADMINISTER THIS ARTICLE.

25       (B) EVERY ASSESSOR SHALL SUBMIT TO THE DEPARTMENT A LIST,  
26       CATEGORIZED BY SCHOOL DISTRICT, OF ALL RESIDENTIAL AND FARM REAL  
27       PROPERTY AND OWNERS OF RECORD AS OF JULY 1, 1999, WITHIN ITS  
28       JURISDICTION. THE LIST SHALL INCLUDE ONLY THOSE HOMEOWNERS OF  
29       RECORD WHO HAVE FULLY PAID THEIR 1999-2000 SCHOOL REAL PROPERTY  
30       TAXES OWED ON THEIR RESPECTIVE HOMESTEADS.

1       (C) ONLY LISTS SUBMITTED BY OR WITHIN THIRTY DAYS OF THE  
2 EFFECTIVE DATE OF THIS ARTICLE SHALL BE REVIEWED BY THE  
3 DEPARTMENT. THE DEPARTMENT SHALL MAKE THE INITIAL DETERMINATION  
4 OF HOMEOWNER REBATE ELIGIBILITY FROM INFORMATION SUBMITTED BY  
5 THE HOMEOWNER. THE DEPARTMENT SHALL THEREAFTER FORWARD THE LIST  
6 OF ELIGIBLE HOMEOWNERS TO THE RESPECTIVE ASSESSOR.

7       (D) WITHIN THIRTY DAYS AFTER RECEIPT OF THE LIST OF ELIGIBLE  
8 HOMEOWNERS, THE ASSESSOR SHALL VERIFY THE LIST AND REPORT TO THE  
9 DEPARTMENT ANY CORRECTIONS TO THE LIST.

10       (E) THE DEPARTMENT SHALL FINALIZE THE LIST AND AUTHORIZE  
11 REBATES WHICH SHALL BE ISSUED AND MAILED TO ALL HOMEOWNERS ON  
12 THE FINAL VERIFIED LIST BY OCTOBER 20, 2000. IF THE ASSESSOR  
13 FAILS TO VERIFY THE LIST OR NOTIFY THE DEPARTMENT OF ANY  
14 CORRECTIONS WITHIN THE TIME LIMITATION SET FORTH UNDER  
15 SUBSECTION (D), THE DEPARTMENT SHALL AUTHORIZE REBATES TO ALL  
16 HOMEOWNERS ON THE LIST DEVELOPED BY THE DEPARTMENT PURSUANT TO  
17 SUBSECTION (C).

18       SECTION 2905-B. PETITIONS FOR REVIEW.--A HOMEOWNER WHOSE  
19 REBATE IS EITHER DENIED, CORRECTED OR OTHERWISE ADVERSELY  
20 AFFECTED BY EITHER THE DEPARTMENT OR THE ASSESSOR MAY PETITION  
21 FOR ADMINISTRATIVE REVIEW IN THE MANNER PRESCRIBED BY THE  
22 DEPARTMENT. AN INDIVIDUAL AGGRIEVED BY THE DEPARTMENT'S ACTION  
23 IN CONNECTION WITH THE ADMINISTRATIVE REVIEW MAY PETITION FOR  
24 REVIEW IN THE MANNER SPECIFIED IN SECTIONS 11.1 AND 11.2 OF THE  
25 ACT OF MARCH 11, 1971 (P.L.104, NO.3), KNOWN AS THE "SENIOR  
26 CITIZENS REBATE AND ASSISTANCE ACT."

27       SECTION 2906-B. PENALTIES.--(A) ANY HOMEOWNER WHO RECEIVES  
28 A REBATE THROUGH FALSE OR MISLEADING INFORMATION OR WHO  
29 OTHERWISE IMPROPERLY RECEIVES A REBATE MAY BE REQUIRED TO DO THE  
30 FOLLOWING:

1       (1) REFUND TO THE DEPARTMENT THE AMOUNT OF REBATE RECEIVED;  
2       (2) PAY A CIVIL PENALTY OF FIFTY DOLLARS (\$50) TO THE  
3       DEPARTMENT; OR  
4       (3) BOTH PARAGRAPHS (1) AND (2).

5       (B) THE DEPARTMENT MAY OFFSET ANY REBATE DUE TO A HOMEOWNER  
6       AGAINST COLLECTIBLE LIABILITIES OWED TO THE COMMONWEALTH BY THE  
7       HOMEOWNER FOR TAXES IMPOSED UNDER ARTICLE III OF THIS ACT.

8       SECTION 2907-B. ERRONEOUS REBATES.--(A) IF THE DEPARTMENT  
9       DETERMINES OR FINDS A REBATE TO HAVE BEEN INCORRECTLY OR  
10       ERRONEOUSLY PAID, IT SHALL REDETERMINE THE CORRECT AMOUNT OF THE  
11       REBATE, IF ANY, AND NOTIFY THE HOMEOWNER OF THE REASON FOR THE  
12       CORRECTION AND THE AMOUNT OF THE REBATE.

13       (B) IF A REBATE HAS BEEN ISSUED IN ERROR AND THE HOMEOWNER  
14       FAILS TO REFUND THE REBATE UPON THE DEPARTMENT'S REQUEST, THE  
15       REBATE SHALL BE RECOVERABLE BY THE DEPARTMENT IN THE SAME MANNER  
16       AS ASSESSMENTS AS PROVIDED FOR IN THE ACT OF MARCH 11, 1971  
17       (P.L.104, NO.3), KNOWN AS THE "SENIOR CITIZENS REBATE AND  
18       ASSISTANCE ACT."

19       SECTION 2908-B. CONSTRUCTION.--NOTWITHSTANDING ANY OTHER  
20       PROVISION OF LAW TO THE CONTRARY, ANY PROPERTY TAX REBATE  
21       RECEIVED UNDER THIS ARTICLE SHALL NOT BE CONSIDERED "INCOME"  
22       UNDER ARTICLE III OR FOR PURPOSES OF DETERMINING ELIGIBILITY FOR  
23       ANY STATE GOVERNMENT PROGRAM, INCLUDING, BUT NOT LIMITED TO,  
24       THOSE PROGRAMS AUTHORIZED BY THE ACT OF MARCH 11, 1971 (P.L.104,  
25       NO.3), KNOWN AS THE "SENIOR CITIZENS REBATE AND ASSISTANCE ACT,"  
26       OR CHAPTER 5 OF THE ACT OF AUGUST 26, 1971 (P.L.351, NO.91),  
27       KNOWN AS THE "STATE LOTTERY LAW."

28       SECTION 2909-B. EXPIRATION.--THIS ARTICLE SHALL EXPIRE ON  
29       DECEMBER 31, 2001.

30       SECTION 18. THE FOLLOWING ACTS AND PARTS OF ACTS ARE

1 REPEALED:

2 (1) AS MUCH AS READS "SEVEN-TENTHS OF" IN SECTION  
3 222(B)(5)(I) OF THE ACT OF DECEMBER 17, 1981 (P.L.435,  
4 NO.135), KNOWN AS THE RACE HORSE INDUSTRY REFORM ACT, AND AS  
5 MUCH AS READS ", BEGINNING ON JULY 1, 1983" IN SECTION  
6 222(B)(5)(I) OF THE RACE HORSE INDUSTRY REFORM ACT.

7 (2) SECTION 221(D) OF THE RACE HORSE INDUSTRY REFORM  
8 ACT.

9 (3) SECTION 1303 OF THE ACT OF OCTOBER 18, 1988  
10 (P.L.756, NO.108), KNOWN AS THE HAZARDOUS SITES CLEANUP ACT.  
11 SECTION 19. THIS ACT SHALL APPLY AS FOLLOWS:

12 (1) THE FOLLOWING PROVISIONS SHALL APPLY TO TRANSACTIONS  
13 FOR WHICH PURCHASE AGREEMENTS ARE EXECUTED AFTER JUNE 30,  
14 2000:

15 (I) THE ADDITION OF SECTION 201(G)(8), (VV), (WW),  
16 (XX), (YY) AND (ZZ) OF THE ACT.

17 (II) THE ADDITION OF SECTION 202(F) OF THE ACT.

18 (III) THE ADDITION OF SECTION 204(60) OF THE ACT.

19 (IV) THE AMENDMENT OF SECTION 237(B)(1) OF THE ACT.

20 (2) THE AMENDMENT OF SECTION 247.1(B) OF THE ACT SHALL  
21 APPLY TO AMOUNTS DEDUCTED AS BAD DEBT ON FEDERAL INCOME TAX  
22 RETURNS REQUIRED TO BE FILED AFTER JANUARY 1, 2000.

23 (3) THE FOLLOWING PROVISIONS SHALL APPLY TO TAXABLE  
24 YEARS BEGINNING AFTER DECEMBER 31, 1999:

25 (I) THE AMENDMENT OF SECTION 304(D)(1) OF THE ACT.

26 (II) THE AMENDMENT OF SECTION 601 OF THE ACT.

27 (III) THE AMENDMENT OF SECTION 602(A), (B), (E),  
28 (F), (G), (H) AND (I) OF THE ACT.

29 (IV) THE AMENDMENT OF SECTION 602.5 OF THE ACT.

30 (V) THE AMENDMENT OF SECTION 1101(A) OF THE ACT.



1 (4) THE FOLLOWING PROVISIONS SHALL APPLY TO ASSESSMENTS  
2 PAID AFTER DECEMBER 31, 1998:

3 (I) THE ADDITION OF SECTION 901(4), (5) AND (6) OF  
4 THE ACT.

5 (II) THE ADDITION OF SECTION 902.1 OF THE ACT.

6 (5) THE FOLLOWING PROVISIONS SHALL APPLY TO TAXES PAID  
7 FOR CALENDAR YEAR 2000 AND THEREAFTER:

8 (I) THE ADDITION OF SECTION 901(4), (5) AND (6) OF  
9 THE ACT.

10 (II) THE ADDITION OF SECTION 902.1 OF THE ACT.

11 (6) THE AMENDMENT OF SECTION 2010(E) OF THE ACT SHALL  
12 APPLY RETROACTIVELY TO TAX CREDITS AUTHORIZED AFTER DECEMBER  
13 31, 1998.

14 (7) THE FOLLOWING PROVISIONS SHALL APPLY TO THE ESTATES  
15 OF DECEDENTS DYING AFTER JUNE 30, 2000:

16 (I) THE ADDITION OF THE DEFINITION OF "SIBLING" IN  
17 SECTION 2102 OF THE ACT.

18 (II) THE AMENDMENT OF SECTION 2116(A) AND (C) OF THE  
19 ACT.

20 (8) THE FOLLOWING PROVISIONS SHALL APPLY TO INTER VIVOS  
21 TRANSFERS MADE BY DECEDENTS DYING AFTER JUNE 30, 2000,  
22 REGARDLESS OF THE DATE OF THE TRANSFER:

23 (I) THE ADDITION OF THE DEFINITION OF "SIBLING" IN  
24 SECTION 2102 OF THE ACT.

25 (II) THE AMENDMENT OF SECTION 2116(A) AND (C) OF THE  
26 ACT.

27 (9) THE ADDITION OF SECTION 1110-A OF THE ACT SHALL  
28 APPLY TO TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1997.  
29 SECTION 20. THIS ACT SHALL TAKE EFFECT AS FOLLOWS:

30 (1) THE FOLLOWING PROVISIONS SHALL TAKE EFFECT

1 IMMEDIATELY:

2 (I) THE ADDITION OF SECTION 204(58) OF THE ACT.

3 (II) THE AMENDMENT OF SECTION 247.1(B) OF THE ACT.

4 (III) THE AMENDMENT OF SECTION 304(D)(1) OF THE ACT.

5 (IV) THE AMENDMENT OF SECTION 601 OF THE ACT.

6 (V) THE AMENDMENT OF SECTION 602(A), (B), (E), (F),  
7 (G), (H) AND (I) OF THE ACT.

8 (VI) THE AMENDMENT OF SECTION 602.5 OF THE ACT.

9 (VII) THE AMENDMENT OF SECTION 606 OF THE ACT.

10 (VIII) THE AMENDMENT OF SECTION 901 OF THE ACT.

11 (IX) THE ADDITION OF SECTION 902.1 OF THE ACT.

12 (X) THE AMENDMENT OF SECTION 1101(A) OF THE ACT.

13 (XI) THE ADDITION OF SECTION 1110-A OF THE ACT.

14 (XII) THE AMENDMENT OF SECTION 2010(E) OF THE ACT.

15 (XIII) THE ADDITION OF THE DEFINITION OF "SIBLING"  
16 IN SECTION 2102 OF THE ACT.

17 (XIV) THE ADDITION OF ARTICLE XXIX-B OF THE ACT.

18 (XV) SECTION 19 OF THIS ACT.

19 (XVI) THIS SECTION.

20 (2) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT JULY 1,  
21 2000, OR IMMEDIATELY, WHICHEVER IS LATER.