

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL**No. 2166** Session of
2003

INTRODUCED BY YUDICHAK, TANGRETTI, NICKOL, GRUCELA, TIGUE,
STERN, SOLOBAY, SHANER, REICHLEY, MUSTIO, MUNDY, R. MILLER,
MARKOSEK, MANN, KELLER, HARRIS, GOOD, GEORGE, FRANKEL,
FABRIZIO, COY, CORRIGAN, CAPPELLI, BELFANTI, YOUNGBLOOD AND
DENLINGER, NOVEMBER 18, 2003

AS RE-REPORTED FROM COMMITTEE ON APPROPRIATIONS, HOUSE OF
REPRESENTATIVES, AS AMENDED, MARCH 15, 2004

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
2 act relating to tax reform and State taxation by codifying
3 and enumerating certain subjects of taxation and imposing
4 taxes thereon; providing procedures for the payment,
5 collection, administration and enforcement thereof; providing
6 for tax credits in certain cases; conferring powers and
7 imposing duties upon the Department of Revenue, certain
8 employers, fiduciaries, individuals, persons, corporations
9 and other entities; prescribing crimes, offenses and
10 penalties," further providing for the definition of
11 "manufacture."

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

14 Section 1. Section 201(c) of the act of March 4, 1971
15 (P.L.6, No.2), known as the Tax Reform Code of 1971, amended May
16 7, 1997 (P.L.85, No.7), is amended to read:

17 Section 201. Definitions.--The following words, terms and
18 phrases when used in this Article II shall have the meaning
19 ascribed to them in this section, except where the context
20 clearly indicates a different meaning:

1 * * *

2 (c) "Manufacture." The performance of manufacturing,
3 fabricating, compounding, processing or other operations,
4 engaged in as a business, which place any tangible personal
5 property in a form, composition or character different from that
6 in which it is acquired whether for sale or use by the
7 manufacturer, and shall include, but not be limited to--

8 (1) Every operation commencing with the first production
9 stage and ending with the completion of tangible personal
10 property having the physical qualities (including packaging, if
11 any, passing to the ultimate consumer) which it has when
12 transferred by the manufacturer to another[;]. ~~Operation shall~~ ←
13 ~~include the use of a purified area where essential to a quality~~
14 ~~control function which is integral to the processes involved in~~
15 ~~guaranteeing the integrity of the final product. This process~~
16 ~~refers to clean rooms and their component systems, which shall~~
17 ~~include, but not be limited to, environmental control systems,~~
18 ~~antistatic vertical walls and manufacturing platforms, which are~~
19 ~~independent of the real estate, process piping systems,~~
20 ~~specialized lighting systems, deionized water cooling systems,~~
21 ~~process vacuum and compressed air systems and alarm or warning~~
22 ~~devices specifically designed to warn of threats to the~~
23 ~~integrity of the product. FOR PURPOSES OF THIS CLAUSE~~ ←

24 "OPERATION" SHALL INCLUDE CLEAN ROOMS AND THEIR COMPONENT
25 SYSTEMS, INCLUDING; ENVIRONMENTAL CONTROL SYSTEMS, ANTISTATIC
26 VERTICAL WALLS AND MANUFACTURING PLATFORMS, AND FLOORS, WHICH
27 ARE INDEPENDENT OF THE REAL ESTATE; PROCESS PIPING SYSTEMS;
28 SPECIALIZED LIGHTING SYSTEMS; DEIONIZED WATER SYSTEMS; PROCESS
29 VACUUM AND COMPRESSED AIR SYSTEMS; PROCESS AND SPECIALTY GASES;
30 AND ALARM OR WARNING DEVICES SPECIFICALLY DESIGNED TO WARN OF

1 THREATS TO THE INTEGRITY OF THE PRODUCT AND/OR PEOPLE. FOR
2 PURPOSES OF THIS CLAUSE A "CLEAN ROOM" IS A LOCATION WITH A
3 SELF-CONTAINED, SEALED ENVIRONMENT WITH A CONTROLLED CLOSED AIR
4 SYSTEM INDEPENDENT FROM THE FACILITY'S GENERAL ENVIRONMENTAL
5 CONTROL SYSTEM.

6 (2) The publishing of books, newspapers, magazines and other
7 periodicals and printing[;].

8 (3) Refining, blasting, exploring, mining and quarrying for,
9 or otherwise extracting from the earth or from waste or stock
10 piles or from pits or banks any natural resources, minerals and
11 mineral aggregates including blast furnace slag[;].

12 (4) Building, rebuilding, repairing and making additions to,
13 or replacements in or upon vessels designed for commercial use
14 of registered tonnage of fifty tons or more when produced upon
15 special order of the purchaser, or when rebuilt, repaired or
16 enlarged, or when replacements are made upon order of, or for
17 the account of the owner[;].

18 (5) Research having as its objective the production of a new
19 or an improved (i) product or utility service, or (ii) method of
20 producing a product or utility service, but in either case not
21 including market research or research having as its objective
22 the improvement of administrative efficiency.

23 (6) Remanufacture for wholesale distribution by a
24 remanufacturer of motor vehicle parts from used parts acquired
25 in bulk by the remanufacturer using an assembly line process
26 which involves the complete disassembly of such parts and
27 integration of the components of such parts with other used or
28 new components of parts, including the salvaging, recycling or
29 reclaiming of used parts by the remanufacturer.

30 (7) Remanufacture or retrofit by a manufacturer or

1 remanufacturer of aircraft, armored vehicles, other defense-
2 related vehicles having a finished value of at least fifty
3 thousand dollars (\$50,000). Remanufacture or retrofit involves
4 the disassembly of such aircraft, vehicles, parts or components,
5 including electric or electronic components, the integration of
6 those parts and components with other used or new parts or
7 components, including the salvaging, recycling or reclaiming of
8 the used parts or components and the assembly of the new or used
9 aircraft, vehicles, parts or components. For purposes of this
10 clause, the following terms or phrases have the following
11 meanings:

12 (i) "aircraft" means fixed-wing aircraft, helicopters,
13 powered aircraft, tilt-rotor or tilt-wing aircraft, unmanned
14 aircraft and gliders;

15 (ii) "armored vehicles" means tanks, armed personnel
16 carriers and all other armed track or semitrack vehicles; or

17 (iii) "other defense-related vehicles" means trucks, truck-
18 tractors, trailers, jeeps and other utility vehicles, including
19 any unmanned vehicles.

20 The term "manufacture" shall not include constructing,
21 altering, servicing, repairing or improving real estate or
22 repairing, servicing or installing tangible personal property,
23 nor the cooking, freezing or baking of fruits, vegetables,
24 mushrooms, fish, seafood, meats, poultry or bakery products.

25 Section 2. This act shall take effect in 60 days.