

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 339 Session of
2003

INTRODUCED BY CORMAN, WONDERLING, COSTA, ERICKSON, KUKOVICH,
HELFRICK, SCHWARTZ, LEMMOND, TARTAGLIONE, ORIE, PUNT,
ROBBINS, SCARNATI, WAUGH, M. WHITE AND RAFFERTY,
FEBRUARY 18, 2003

REFERRED TO FINANCE, FEBRUARY 18, 2003

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 defining "taxable income" for purposes of
11 corporate net income tax.

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

14 Section 1. Section 401(3)4(c) of the act of March 4, 1971
15 (P.L.6, No.2), known as the Tax Reform Code of 1971, amended
16 June 29, 2002 (P.L.559, No.89), is amended to read:

17 Section 401. Definitions.--The following words, terms, and
18 phrases, when used in this article, shall have the meaning
19 ascribed to them in this section, except where the context
20 clearly indicates a different meaning:

21 * * *

1 (3) "Taxable income." * * *

2 4. * * *

3 (c) (1) [The] Except as provided in paragraph (3), the net
4 loss deduction shall be the lesser of two million dollars
5 (\$2,000,000) or the amount of the net loss or losses which may
6 be carried over to the taxable year or taxable income as
7 determined under subclause 1 or, if applicable, subclause 2. In
8 no event shall the net loss deduction include more than five
9 hundred thousand dollars (\$500,000), in the aggregate, of net
10 losses from taxable years 1988 through 1994.

11 (2) A net loss for a taxable year may only be carried over
12 pursuant to the following schedule:

13	Taxable Year	Carryover
14	1981	1 taxable year
15	1982	2 taxable years
16	1983-1987	3 taxable years
17	1988	2 taxable years plus
18		1 taxable year
19		starting with the
20		1995 taxable year
21	1989	1 taxable year plus
22		2 taxable years
23		starting with the
24		1995 taxable year
25	1990-1993	3 taxable years
26		starting with the
27		1995 taxable year
28	1994	1 taxable year
29	1995	
30	-1997	10 taxable years

1 1998 and thereafter 20 taxable years
2 The earliest net loss shall be carried over to the earliest
3 taxable year to which it may be carried under this schedule. The
4 total net loss deduction allowed in any taxable year shall not
5 exceed two million dollars (\$2,000,000).

6 (3) The two million dollar (\$2,000,000) limit on the net
7 operating loss deduction in a taxable year under paragraphs (1)
8 and (2) shall not apply to the deduction of start-up period
9 losses. For the purposes of this paragraph, start-up period
10 losses are the sum of the net loss or losses incurred in the
11 corporation's first taxable year plus its nine succeeding
12 taxable years. A reorganization, as the term is defined under
13 section 303(a)(3)(iv)(B) of this act, shall be disregarded for
14 the purposes of applying this paragraph.

15 * * *

16 Section 2. This act shall apply to net operating loss
17 deductions for taxable years beginning after December 31, 2003.

18 Section 3. This act shall take effect immediately.