

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 797 Session of
2005

INTRODUCED BY REED, TURZAI, ARMSTRONG, BALDWIN, BARRAR, BASTIAN,
BENNINGHOFF, BOYD, CAPPELLI, CAUSER, CAWLEY, CRAHALLA,
CREIGHTON, DALLY, ELLIS, FAIRCHILD, FLEAGLE, FORCIER, GEIST,
GINGRICH, HARRIS, HERSHEY, HUTCHINSON, KILLION, LEH,
McILHATTAN, METCALFE, MILLARD, MUNDY, MUSTIO, O'NEILL,
PICKETT, READSHAW, REICHLEY, RUBLEY, SAYLOR, SCAVELLO,
SCHRODER, SEMMEL, S. H. SMITH, STERN, R. STEVENSON,
E. Z. TAYLOR, THOMAS, TIGUE, WATSON, WILT, WRIGHT,
YOUNGBLOOD, ROSS, HENNESSEY, PYLE AND FEESE, MARCH 14, 2005

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES,
AS AMENDED, MAY 3, 2005

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 imposition of the corporate
11 net income tax.

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

14 Section 1. Section 402 of the act of March 4, 1971 (P.L.6,
15 No.2), known as the Tax Reform Code of 1971, amended June 29,
16 2002 (P.L.559, No.89), is amended to read:

17 Section 402. Imposition of Tax.--(a) A corporation shall be
18 subject to and shall pay an excise tax for exercising, whether

1 in its own name or through any person, association, business
2 trust, corporation, joint venture, limited liability company,
3 limited partnership, partnership or other entity, any of the
4 following privileges:

5 (1) Doing business in this Commonwealth.

6 (2) Carrying on activities in this Commonwealth, including
7 solicitation which is not protected activity under the act of
8 September 14, 1959 (Public Law 86-272, 15 U.S.C. § 381 et seq.).

9 (3) Having capital or property employed or used in this
10 Commonwealth.

11 (4) Owning property in this Commonwealth.

12 (b) The annual rate of tax on corporate net income imposed
13 by subsection (a) for taxable years beginning for the calendar
14 year or fiscal year on or after the dates set forth shall be as
15 follows:

16	Taxable Year	Tax Rate	
17	January 1, 1995, and		
18	each taxable year		
19	[thereafter] <u>through</u>		
20	<u>December 31, 2004</u>	9.99%	
21	<u>January 1, 2005, and</u>		
22	<u>each taxable year through</u>		
23	<u>December 31, 2003 2005</u>	8.99%	<—
24	<u>January 1, 2006, and</u>		
25	<u>each taxable year through</u>		
26	<u>December 31, 2006</u>	7.99%	
27	<u>January 1, 2007, and</u>		
28	<u>each taxable year thereafter</u>	6.99%	<—
29	<u>EACH TAXABLE YEAR</u>		<—
30	<u>THROUGH</u>		

1	<u>DECEMBER 31, 2007</u>	<u>7.74%</u>
2	<u>JANUARY 1, 2008, AND</u>	
3	<u>EACH TAXABLE YEAR THROUGH</u>	
4	<u>DECEMBER 31, 2008</u>	<u>7.49%</u>
5	<u>JANUARY 1, 2009, AND</u>	
6	<u>EACH TAXABLE YEAR THROUGH</u>	
7	<u>DECEMBER 31, 2009</u>	<u>7.24%</u>
8	<u>JANUARY 1, 2010, AND</u>	
9	<u>EACH TAXABLE YEAR THEREAFTER</u>	<u>6.99%</u>

10 (c) An entity subject to taxation under Article VII, VIII,
11 IX or XV shall not be subject to the tax imposed by this
12 article.

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