

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1580 Session of  
2007

INTRODUCED BY CALTAGIRONE, CLYMER, DALEY, GEIST, HENNESSEY,  
SANTONI, SEIP, SIPTROTH, SURRA AND THOMAS, JUNE 20, 2007

REFERRED TO COMMITTEE ON FINANCE, JUNE 20, 2007

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, in sales and use tax, for  
11 imposition of tax, for computation of tax and for alternative  
12 imposition of tax and credits; providing, in sales and use  
13 tax, for the deposit of certain sales tax revenue; further  
14 providing, in personal income tax, for imposition of income  
15 tax; and providing, in personal income tax, for the deposit  
16 of the additional personal income tax revenue.

17 The General Assembly of the Commonwealth of Pennsylvania  
18 hereby enacts as follows:

19 Section 1. Section 202 of the act of March 4, 1971 (P.L.6,  
20 No.2), known as the Tax Reform Code of 1971, amended September  
21 9, 1971 (P.L.437, No.105), October 4, 1978 (P.L.987, No.201),  
22 April 23, 1998 (P.L.239, No.45), May 24, 2000 (P.L.106, No.23)  
23 and June 29, 2002 (P.L.559, No.89), is amended to read:

24 Section 202. Imposition of Tax.--(a) There is hereby

1 imposed upon each separate sale at retail of tangible personal  
2 property or services, as defined herein, within this  
3 Commonwealth a tax [of six per cent] as prescribed under  
4 subsection (h) of the purchase price, which tax shall be  
5 collected by the vendor from the purchaser, and shall be paid  
6 over to the Commonwealth as herein provided.

7 (b) There is hereby imposed upon the use, on and after the  
8 effective date of this article, within this Commonwealth of  
9 tangible personal property purchased at retail on or after the  
10 effective date of this article, and on those services described  
11 herein purchased at retail on and after the effective date of  
12 this article, a tax [of six per cent] as prescribed under  
13 subsection (h) of the purchase price, which tax shall be paid to  
14 the Commonwealth by the person who makes such use as herein  
15 provided, except that such tax shall not be paid to the  
16 Commonwealth by such person where he has paid the tax imposed by  
17 subsection (a) of this section or has paid the tax imposed by  
18 this subsection (b) to the vendor with respect to such use. The  
19 tax [at the rate of six per cent] imposed by this subsection  
20 shall not be deemed applicable where the tax has been incurred  
21 under the provisions of the "Tax Act of 1963 for Education."

22 (c) Notwithstanding any other provisions of this article,  
23 the tax with respect to telecommunications service within the  
24 meaning of [clause] subsection (m) of section 201 of this  
25 article shall, except for telegrams paid for in cash at  
26 telegraph offices, be computed [at the rate of six per cent] as  
27 prescribed under subsection (h) upon the total amount charged to  
28 customers for such services, irrespective of whether such charge  
29 is based upon a flat rate or upon a message unit charge, but in  
30 no event shall charges for telephone calls paid for by inserting

1 money into a telephone accepting direct deposits of money to  
2 operate be subject to this tax. A telecommunications service  
3 provider shall have no responsibility or liability to the  
4 Commonwealth for billing, collecting or remitting taxes that  
5 apply to services, products or other commerce sold over  
6 telecommunications lines by third-party vendors. To prevent  
7 actual multistate taxation of interstate telecommunications  
8 service, any taxpayer, upon proof that the taxpayer has paid a  
9 similar tax to another state on the same interstate  
10 telecommunications service, shall be allowed a credit against  
11 the tax imposed by this section on the same interstate  
12 telecommunications service to the extent of the amount of such  
13 tax properly due and paid to such other state.

14 (d) Notwithstanding any other provisions of this article,  
15 the sale or use of food and beverages dispensed by means of coin  
16 operated vending machines shall be taxed [at the rate of six per  
17 cent] as prescribed under subsection (h) of the receipts  
18 collected from any such machine which dispenses food and  
19 beverages heretofore taxable.

20 (e) (1) Notwithstanding any provisions of this article, the  
21 sale or use of prepaid telecommunications evidenced by the  
22 transfer of tangible personal property shall be subject to the  
23 tax imposed by subsections (a) and (b).

24 (2) The sale or use of prepaid telecommunications not  
25 evidenced by the transfer of tangible personal property shall be  
26 subject to the tax imposed by subsections (a) and (b) and shall  
27 be deemed to occur at the purchaser's billing address.

28 (3) Notwithstanding clause (2), the sale or use of prepaid  
29 telecommunications service not evidenced by the transfer of  
30 tangible personal property shall be taxed [at the rate of six

1 per cent] as prescribed under subsection (h) of the receipts  
2 collected on each sale if the service provider elects to collect  
3 the tax imposed by this article on receipts of each sale. The  
4 service provider shall notify the department of its election and  
5 shall collect the tax on receipts of each sale until the service  
6 provider notifies the department otherwise.

7 (e.1) (1) Notwithstanding any other provision of this  
8 article, the sale or use of prepaid mobile telecommunications  
9 service evidenced by the transfer of tangible personal property  
10 shall be subject to the tax imposed by subsections (a) and (b).

11 (2) The sale or use of prepaid mobile telecommunications  
12 service not evidenced by the transfer of tangible personal  
13 property shall be subject to the tax imposed by subsections (a)  
14 and (b) and shall be deemed to occur at the purchaser's billing  
15 address or the location associated with the mobile telephone  
16 number or the point of sale, whichever is applicable.

17 (3) Notwithstanding clause (2), the sale or use of prepaid  
18 mobile telecommunications service not evidenced by the transfer  
19 of tangible personal property shall be taxed [at the rate of six  
20 per cent] as prescribed under subsection (h) of the receipts  
21 collected on each sale if the service provider elects to collect  
22 the tax imposed by this article on receipts of each sale. The  
23 service provider shall notify the department of its election and  
24 shall collect the tax on receipts of each sale until the service  
25 provider notifies the department otherwise.

26 (f) Notwithstanding any other provision of this article, tax  
27 with respect to sales of prebuilt housing shall be imposed on  
28 the prebuilt housing builder at the time of the prebuilt housing  
29 sale within this Commonwealth and shall be paid and reported by  
30 the prebuilt housing builder to the department in the time and

manner provided in this article: Provided, however, That a manufacturer of prebuilt housing may, at its option, precollect the tax from the prebuilt housing builder at the time of sale to the prebuilt housing builder. In any case where prebuilt housing is purchased and the tax is not paid by the prebuilt housing builder or precollected by the manufacturer, the prebuilt housing purchaser shall remit tax directly to the department if the prebuilt housing is used in this Commonwealth without regard to whether the prebuilt housing becomes a real estate structure.

(g) Notwithstanding any other provisions of this article and in accordance with the Mobile Telecommunications Sourcing Act (4 U.S.C. § 116), the sale or use of mobile telecommunications services which are deemed to be provided to a customer by a home service provider under section 117(a) and (b) of the Mobile Telecommunications Sourcing Act shall be subject to the tax [of six per cent] as prescribed under subsection (h) of the purchase price, which tax shall be collected by the home service provider from the customer, and shall be paid over to the Commonwealth as herein provided if the customer's place of primary use is located within this Commonwealth, regardless of where the mobile telecommunications services originate, terminate or pass through. For purposes of this subsection, words and phrases used in this subsection shall have the same meanings given to them in the Mobile Telecommunications Sourcing Act.

(h) The rate of tax to be imposed under this section shall be as follows:

(1) For taxable years ending December 31, 2007, six per cent.

(2) For taxable years beginning after December 31, 2007, and ending before January 1, 2009, six and six tenths per cent.

1     (3) For taxable years beginning after December 31, 2008, and  
2 ending before January 1, 2010, seven and twenty-six hundredths  
3 per cent.

4     (4) For taxable years beginning after December 31, 2009, and  
5 ending before January 1, 2011, seven and ninety-nine hundredths  
6 per cent.

7     (5) For taxable years beginning after December 31, 2010, and  
8 ending before January 1, 2012, eight and seventy-eight  
9 hundredths per cent.

10    (6) For taxable years beginning after January 1, 2012, nine  
11 and sixty-six hundredths per cent.

12       Section 2. Section 203 of the act is amended to read:

13       Section 203. Computation of Tax.--The department shall  
14 promulgate regulations to assist in computing the amount of tax  
15 imposed by section 202. [of this article shall be computed as  
16 follows:

17       (a) If the purchase price is ten cents (10¢) or less, no tax  
18 shall be collected.

19       (b) If the purchase price is eleven cents (11¢) or more but  
20 less than eighteen cents (18¢), one cent (1¢) shall be  
21 collected.

22       (c) If the purchase price is eighteen cents (18¢) or more  
23 but less than thirty-five cents (35¢), two cents (2¢) shall be  
24 collected.

25       (d) If the purchase price is thirty-five cents (35¢) or more  
26 but less than fifty-one cents (51¢), three cents (3¢) shall be  
27 collected.

28       (e) If the purchase price is fifty-one cents (51¢) or more  
29 but less than sixty-eight cents (68¢), four cents (4¢) shall be  
30 collected.

1 (f) If the purchase price is sixty-eight cents (68¢) or more  
2 but less than eighty-five cents (85¢), five cents (5¢) shall be  
3 collected.

4 (g) If the purchase price is eighty-five cents (85¢) or more  
5 but less than one dollar and one cent (\$1.01), six cents (6¢)  
6 shall be collected.

7 (h) If the purchase price is more than one dollar (\$1.00),  
8 six per centum of each dollar of purchase price plus the above  
9 bracket charges upon any fractional part of a dollar in excess  
10 of even dollars shall be collected.]

11 Section 3. Section 205 of the act, amended June 9, 1978  
12 (P.L.463, No.62) and July 12, 2006 (P.L.1137, No.116), is  
13 amended to read:

14 Section 205. Alternate Imposition of Tax; Credits.--(a) If  
15 any person actively and principally engaged in the business of  
16 selling new or used motor vehicles, trailers or semi-trailers,  
17 and registered with the department in the "dealer's class,"  
18 acquires a motor vehicle, trailer or semi-trailer for the  
19 purpose of resale, and prior to such resale, uses the motor  
20 vehicle, trailer or semi-trailer for a taxable use under this  
21 act, the person may pay a tax equal to [six per cent] the rate  
22 of tax prescribed under section 202(h) of the fair rental value  
23 of the motor vehicle, trailer or semi-trailer during such use.  
24 This section shall not apply to the use of a vehicle as a  
25 wrecker, parts truck, delivery truck or courtesy car.

26 (b) A commercial aircraft operator who acquires an aircraft  
27 for the purpose of resale, or lease, or is entitled to claim  
28 another valid exemption at the time of purchase, and subsequent  
29 to such purchase, periodically uses the same aircraft for a  
30 taxable use under this act, may elect to pay a tax equal to [six

per cent] the rate of tax prescribed under section 202(h) of the  
fair rental value of the aircraft during such use.

Section 4. The act is amended by adding a section to read:

Section 281.3. Transfers to Property Tax Reduction Fund.--  
Notwithstanding any other law to the contrary, all revenues  
received by the department after December 31, 2008, from the  
increase in the rate of sales and use tax shall be transferred  
monthly to the Property Tax Reduction Fund.

Section 5. Section 302 of the act, amended December 23, 2003  
(P.L.250, No.46), is amended to read:

Section 302. Imposition of Tax.--(a) Every resident  
individual, estate or trust shall be subject to, and shall pay  
for the privilege of receiving each of the classes of income  
hereinafter enumerated in section 303, a tax upon each dollar of  
income received by that resident during that resident's taxable  
year at the rate [of three and seven hundredths per cent] as  
prescribed under subsection (c).

(b) Every nonresident individual, estate or trust shall be  
subject to, and shall pay for the privilege of receiving each of  
the classes of income hereinafter enumerated in section 303 from  
sources within this Commonwealth, a tax upon each dollar of  
income received by that nonresident during that nonresident's  
taxable year at the rate [of three and seven hundredths per  
cent.] prescribed under subsection (c).

(c) The rate of tax to be imposed under this section shall  
be as follows:

(1) For taxable years ending December 31, 2007, three and  
seven hundredths per cent.

(2) For taxable years beginning after December 31, 2007, and  
ending before January 1, 2009, three and thirty-eight hundredths



1 per cent.

2 (3) For taxable years beginning after December 31, 2008, and  
3 ending before January 1, 2010, three and seventy-one hundredths  
4 per cent.

5 (4) For taxable years beginning after December 31, 2009, and  
6 ending before January 2011, four and eight hundredths per cent.

7 (5) For taxable years beginning after December 31, 2010, and  
8 ending January 1, 2012, four and forty-nine hundredths per cent.

9 (6) For taxable years beginning after January 1, 2012, four  
10 and ninety four hundredths per cent.

11 Section 6. The act is amended by adding a section to read:

12 Section 360.1. Transfers to Property Tax Reduction Fund.--  
13 Notwithstanding any other law to the contrary, all revenues  
14 received by the department after December 31, 2007, from the  
15 increase in the rate of personal income tax under section 302  
16 shall be transferred monthly to the Property Tax Reduction Fund.

17 Section 7. This act shall apply to tax years beginning after  
18 December 31, 2007.

19 Section 8. This act shall take effect immediately.