
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 97

Session of
2007

INTRODUCED BY D. WHITE, ARMSTRONG, CORMAN, EARLL, PUNT,
RAFFERTY, BRUBAKER, WOZNIAK, PIPPY, BROWNE, STACK AND REGOLA,
FEBRUARY 15, 2007

REFERRED TO FINANCE, FEBRUARY 15, 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 bank and trust company
11 shares tax, for ascertainment of taxable amount and exclusion
12 of United States obligations.

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

15 Section 1. Section 701.1 of the act of March 4, 1971 (P.L.6,
16 No.2), known as the Tax Reform Code of 1971, amended June 16,
17 1994 (P.L.279, No.48), is amended to read:

18 Section 701.1. Ascertainment of Taxable Amount; Exclusion of
19 United States Obligations.--(a) The taxable amount of shares
20 shall be ascertained and fixed by adding together the value
21 determined under subsection (b) for the current and preceding
22 five years and dividing the resulting sum by six. If an

1 institution has not been in existence for a period of six years,
2 the taxable amount of shares shall be ascertained and fixed by
3 adding together the values determined under subsection (b) for
4 the number of years the institution has been in existence and
5 dividing the resulting sum by such number of years.

6 (b) The value for each year required by subsection (a) shall
7 be determined by adding together the book value of capital stock
8 paid in, the book value of the surplus and the book value of
9 undivided profits with a deduction from the total thereof of an
10 amount equal to the same percentage of such total as the book
11 value of obligations of the United States bears to the book
12 value of the total assets[.], except that for the value of
13 shares reported on tax returns due on January 1, 2008, and
14 thereafter, any goodwill recorded as a result of the use of
15 purchase accounting for an acquisition or combination as
16 described in this section and occurring after June 30, 2001, may
17 be disregarded in determining the book value of total assets and
18 the deduction provided for obligations of the United States for
19 the six-year period described in subsection (a). For purposes of
20 this subsection, book values and deductions for United States
21 obligations for each year shall be determined by the Reports of
22 Condition for each calendar quarter of the preceding calendar
23 year in accordance with the requirements of the Board of
24 Governors of the Federal Reserve System, the Comptroller of the
25 Currency, the Federal Deposit Insurance Corporation or other
26 applicable regulatory authority; and book values shall be
27 averaged as calculated by averaging book values as determined by
28 such Reports of Condition. For purposes of this article, United
29 States obligations shall be obligations coming within the scope
30 of 31 U.S.C. § 3124. For any year in which an institution does

1 not file four quarterly Reports of Condition, book values and
2 deductions for United States obligations shall be determined by
3 adding together the book values and deductions for United States
4 obligations from each quarterly Reports of Condition filed for
5 such year and dividing the resulting sums by the number of such
6 Reports of Condition. In the case of institutions which do not
7 file such Reports of Condition, book values shall be determined
8 by generally accepted accounting principles as of the end of
9 each calendar quarter. For any year in which an institution
10 which does not file Reports of Condition is not in existence for
11 four quarters, the book value for that year shall be determined
12 by adding together the book values for each quarter in which the
13 institution was in existence and dividing by that number of
14 quarters. For purposes of this section, a partial year shall be
15 treated as a full year.

16 (c) For purposes of this section:

17 (1) a mere change in identity, form or place of organization
18 of one institution, however effected, shall be treated as if a
19 single institution had been in existence prior to as well as
20 after such change; and

21 (2) the combination of two or more institutions into one
22 shall be treated as if the constituent institutions had been a
23 single institution in existence prior to as well as after the
24 combination and the book values and deductions for United States
25 obligations from the Reports of Condition of the constituent
26 institutions shall be combined. For purposes of [the preceding
27 sentence] this section, a combination shall include any
28 acquisition required to be accounted for [by the surviving
29 institution under the pooling of interest method] by using the
30 purchase method in accordance with generally accepted accounting

1 principles or a statutory merger or consolidation.

2 Section 2. This act shall take effect in 60 days or December

3 31, 2007, whichever is sooner.