

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 761 Session of  
2011

INTRODUCED BY CUTLER, MIRABITO, BAKER, BOYD, CLYMER, COX,  
DENLINGER, FLECK, FREEMAN, GILLEN, GINGRICH, GODSHALL, GRELL,  
HARHART, HENNESSEY, HICKERNELL, HUTCHINSON, KAUFFMAN, KORTZ,  
LAWRENCE, LONGIETTI, MARSHALL, METZGAR, MILLER, MOUL,  
PICKETT, PYLE, REICHLEY, ROAE, ROSS, STERN, SWANGER, TOEPEL,  
VULAKOVICH, WATSON, QUINN, FARRY, BEAR, ROCK, CALTAGIRONE,  
SAINATO, MILLARD, M. K. KELLER AND GIBBONS, FEBRUARY 23, 2011

SENATOR CORMAN, APPROPRIATIONS, IN SENATE, RE-REPORTED AS  
AMENDED, JUNE 29, 2012

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 and  
3 enumerating certain subjects of taxation and imposing taxes  
4 thereon; providing procedures for the payment, collection,  
5 administration and enforcement thereof; providing for tax  
6 credits in certain cases; conferring powers and imposing duties  
7 upon the Department of Revenue, certain employers, fiduciaries,  
8 individuals, persons, corporations and other entities;  
9 prescribing crimes, offenses and penalties," ~~IN PERSONAL INCOME~~ ←  
10 ~~TAX, FURTHER PROVIDING FOR CLASSES OF INCOME AND FOR INCOME TAX~~  
11 ~~RETURNS; in realty transfer tax, further providing for~~  
12 ~~definitions, for excluded transactions and for acquired company,~~ ←  
13 ~~FOR DOCUMENTS RELATING TO ASSOCIATIONS OR CORPORATIONS AND~~  
14 ~~MEMBERS, PARTNERS, STOCKHOLDERS OR SHAREHOLDERS THEREOF AND FOR~~  
15 ~~ACQUIRED COMPANY; AND, IN INHERITANCE TAX, FURTHER PROVIDING FOR~~  
16 ~~TRANSFERS NOT SUBJECT TO TAX. IN SALES AND USE TAX, FURTHER~~ ←  
17 PROVIDING FOR DEFINITIONS, FOR EXCLUSIONS FROM TAX, FOR TIME FOR  
18 FILING RETURNS, FOR TIME OF PAYMENT, FOR ASSESSMENT AND FOR  
19 COLLECTION OF TAX; IN PERSONAL INCOME TAX, FURTHER PROVIDING FOR  
20 RETURNS OF MARRIED INDIVIDUALS, DECEASED OR DISABLED INDIVIDUALS  
21 AND FIDUCIARIES, FOR REQUIREMENTS CONCERNING RETURNS, NOTICES,  
22 RECORDS AND STATEMENTS, FOR ASSESSMENT AND FOR ADDITIONS,  
23 PENALTIES AND FEES; IN CORPORATE NET INCOME TAX, FURTHER  
24 PROVIDING FOR DEFINITIONS, FOR EXTENSION OF TIME TO FILE  
25 REPORTS, FOR CHANGES MADE BY FEDERAL GOVERNMENT AND FOR  
26 ASSESSMENTS; IN INSURANCE PREMIUMS TAX, FURTHER PROVIDING FOR  
27 DEFINITIONS AND FOR IMPOSITION OF TAX; IN REALTY TRANSFER TAX,

1 FURTHER PROVIDING FOR DEFINITIONS, FOR EXCLUDED TRANSACTIONS,  
2 FOR DOCUMENTS RELATING TO ASSOCIATIONS OR CORPORATIONS AND  
3 MEMBERS, PARTNERS, STOCKHOLDERS OR SHAREHOLDERS THEREOF, FOR  
4 ACQUIRED COMPANY AND FOR ASSESSMENT AND NOTICE OF TAX AND  
5 REVIEW; IN CIGARETTE TAX, FURTHER PROVIDING FOR DEFINITIONS; IN  
6 RESEARCH AND DEVELOPMENT TAX CREDIT, FURTHER PROVIDING FOR  
7 LIMITATION ON CREDITS AND FOR TERMINATION; IN FILM PRODUCTION  
8 TAX CREDIT, FURTHER PROVIDING FOR DEFINITIONS, FOR CREDIT FOR  
9 QUALIFIED FILM PRODUCTION EXPENSES, FOR CARRYING AND ASSIGNING  
10 CREDITS AND FOR LIMITATIONS; REPEALING THE EDUCATIONAL  
11 IMPROVEMENT TAX CREDIT; PROVIDING FOR A RESOURCE MANUFACTURING  
12 TAX CREDIT, FOR A REHABILITATION OF HISTORIC STRUCTURES TAX  
13 CREDIT AND A COMMUNITY-BASED SERVICES TAX CREDIT; IN TAX CREDIT  
14 FOR NEW JOBS, FURTHER PROVIDING FOR DEFINITIONS, FOR APPLICATION  
15 PROCESS AND FOR TAX CREDIT; IN NEIGHBORHOOD ASSISTANCE TAX  
16 CREDIT, FURTHER PROVIDING FOR DEFINITIONS AND FOR TAX CREDIT; IN  
17 MALT BEVERAGE TAX, FURTHER PROVIDING FOR ASSESSMENT BY  
18 DEPARTMENT; IN INHERITANCE TAX, FURTHER PROVIDING FOR  
19 DEFINITIONS AND FOR TRANSFERS NOT SUBJECT TO TAX; IN PROCEDURE  
20 AND ADMINISTRATION, FURTHER PROVIDING FOR PETITION FOR  
21 REASSESSMENT AND FOR PETITION PROCEDURE AND PROVIDING FOR  
22 COMPROMISE BY SECRETARY; IN GENERAL PROVISIONS, FURTHER  
23 PROVIDING FOR PETITIONS FOR REFUNDS AND PROVIDING FOR  
24 ADMINISTRATIVE BANK ATTACHMENT FOR ACCOUNTS OF OBLIGORS TO THE  
25 COMMONWEALTH; MAKING RELATED REPEALS; ABROGATING A REGULATION;  
26 AND PROVIDING FOR APPLICABILITY.

27 The General Assembly of the Commonwealth of Pennsylvania  
28 hereby enacts as follows:

29 ~~Section 1. The definitions of "association," "corporation,"~~ ←  
30 ~~"family farm corporation" and "family farm partnership" in~~  
31 ~~section 1101 C of the act of March 4, 1971 (P.L.6, No.2), known~~  
32 ~~as the Tax Reform Code of 1971, amended July 2, 1986 (P.L.318,~~  
33 ~~No.77) and April 23, 1998 (P.L.239, No.45), are amended to read:~~

34 ~~Section 1101 C. Definitions. The following words when used~~  
35 ~~in this article shall have the meanings ascribed to them in this~~  
36 ~~section:~~

37 ~~"Association." A partnership, limited partnership, limited~~  
38 ~~liability partnership or any other form of unincorporated~~  
39 ~~enterprise, owned or conducted by two or more persons other than~~  
40 ~~a private trust or decedent's estate.~~

41 ~~"Corporation." A corporation, limited liability company,~~  
42 ~~joint stock association, business trust or banking institution~~  
43 ~~which is organized under the laws of this Commonwealth, the~~

1 ~~United States, or any other state, territory, or foreign~~  
2 ~~country, or dependency.~~

3       ~~\* \* \*~~

4       ~~"Family farm [corporation.] business." A corporation or~~  
5 ~~association of which at least seventy five per cent of its~~  
6 ~~assets are devoted to the business of agriculture and at least~~  
7 ~~seventy five per cent of each class of stock of the corporation~~  
8 ~~or interest in the association is continuously owned by members~~  
9 ~~of the same family. The business of agriculture shall include~~  
10 ~~the leasing to members of the same family or the leasing to a~~  
11 ~~corporation or association owned by members of the same family~~  
12 ~~of property which is directly and principally used for~~  
13 ~~agricultural purposes. The business of agriculture shall not be~~  
14 ~~deemed to include:~~

15       ~~(1) Recreational activities such as, but not limited to,~~  
16 ~~hunting, fishing, camping, skiing, show competition or racing;~~

17       ~~(2) The raising, breeding or training of game animals or~~  
18 ~~game birds, fish, cats, dogs or pets or animals intended for use~~  
19 ~~in sporting or recreational activities;~~

20       ~~(3) Fur farming;~~

21       ~~(4) Stockyard and slaughterhouse operations; or~~

22       ~~(5) Manufacturing or processing operations of any kind.~~

23       ~~["Family farm partnership." A partnership of which at least~~  
24 ~~seventy five per cent of its assets are devoted to the business~~  
25 ~~of agriculture and at least seventy five per cent of the~~  
26 ~~interests in the partnership are continuously owned by members~~  
27 ~~of the same family. The business of agriculture shall include~~  
28 ~~the leasing to members of the same family of property which is~~  
29 ~~directly and principally used for agricultural purposes. The~~  
30 ~~business of agriculture shall not be deemed to include:~~

1 ~~(1) recreational activities such as, but not limited to,~~  
2 ~~hunting, fishing, camping, skiing, show competition or racing;~~

3 ~~(2) the raising, breeding or training of game animals or~~  
4 ~~game birds, fish, cats, dogs or pets or animals intended for use~~  
5 ~~in sporting or recreational activities;~~

6 ~~(3) fur farming;~~

7 ~~(4) stockyard and slaughterhouse operations; or~~

8 ~~(5) manufacturing or processing operations of any kind.]~~

9 ~~\* \* \*~~

10 ~~Section 2. sections 1102 C.3(19), (19.1) and (20) and 1102-~~  
11 ~~e.5 of the act, amended or added July 2, 1986 (P.L.318, No.77)-~~  
12 ~~and June 16, 1994 (P.L.279, No.48), are amended to read:~~

13 ~~Section 1102 C.3. Excluded Transactions. The tax imposed by~~  
14 ~~section 1102 C shall not be imposed upon:~~

15 ~~\* \* \*~~

16 ~~(19) A transfer of real estate devoted to the business of~~  
17 ~~agriculture to a family farm [corporation] business by a member~~  
18 ~~of the same family which directly owns at least seventy five per~~  
19 ~~cent of each class of the stock thereof or interest therein.~~

20 ~~[(19.1) A transfer of real estate devoted to the business of~~  
21 ~~agriculture to a family farm partnership by a member of the same~~  
22 ~~family, which family directly owns at least seventy five per~~  
23 ~~cent of the interests in the partnership.]~~

24 ~~(20) A transfer between members of the same family of an~~  
25 ~~ownership interest in a real estate company[, ] or family farm~~  
26 ~~[corporation or family farm partnership which] business that~~  
27 ~~owns real estate.~~

28 ~~\* \* \*~~

29 ~~Section 1102 C.5. Acquired Company. (a) A real estate~~  
30 ~~company is an acquired company upon a change in the ownership~~

1 ~~interest in the company, however effected, if the change:~~  
2 ~~(1) does not affect the continuity of the company; and~~  
3 ~~(2) of itself or together with prior changes has the effect~~  
4 ~~of transferring, directly or indirectly, ninety per cent or more~~  
5 ~~of the total ownership interest in the company within a period~~  
6 ~~of three years.~~

7 ~~(b) [With respect to real estate acquired after February 16,~~  
8 ~~1986, a family farm corporation is an acquired company when,~~  
9 ~~because of voluntary or involuntary dissolution, it ceases to be~~  
10 ~~a family farm corporation or when, because of issuance or~~  
11 ~~transfer of stock or because of acquisition or transfer of~~  
12 ~~assets that are devoted to the business of agriculture, it fails~~  
13 ~~to meet the minimum requirements of a family farm corporation~~  
14 ~~under this act.~~

15 ~~(b.1) A family farm partnership is an acquired company when,~~  
16 ~~because of voluntary or involuntary dissolution, it ceases to be~~  
17 ~~a family farm partnership or when, because of transfer of~~  
18 ~~partnership interests or because of acquisition or transfer of~~  
19 ~~assets that are devoted to the business of agriculture, it fails~~  
20 ~~to meet the minimum requirements of a family farm partnership~~  
21 ~~under this act.] A family farm business is an acquired company~~  
22 ~~when, because of voluntary or involuntary dissolution, it ceases~~  
23 ~~to be a family farm business, or when, because of the issuance~~  
24 ~~or transfer of stock in the corporation or transfer of interests~~  
25 ~~in the association or because of an acquisition or transfer of~~  
26 ~~assets that are devoted to the business of agriculture, it fails~~  
27 ~~to meet the minimum requirements of a family farm business under~~  
28 ~~this act.~~

29 ~~(c) Within thirty days after becoming an acquired company,~~  
30 ~~the company shall present a declaration of acquisition with the~~

1 ~~recorder of each county in which it holds real estate for the~~  
2 ~~affixation of documentary stamps and recording. Such declaration~~  
3 ~~shall set forth the value of real estate holdings of the~~  
4 ~~acquired company in such county.~~

5 ~~Section 3. This act shall apply retroactively to~~  
6 ~~transactions occurring after December 31, 2008.~~

7 ~~Section 4. The provisions of 61 Pa. Code 91.222 (relating to~~  
8 ~~family farm corporation) are abrogated.~~

9 ~~Section 5. This act shall take effect immediately.~~

10 ~~SECTION 1. THE DEFINITIONS OF "ASSOCIATION," "FAMILY FARM~~ ←  
11 ~~CORPORATION" AND "FAMILY FARM PARTNERSHIP" IN SECTION 1101 C OF~~  
12 ~~THE ACT OF MARCH 4, 1971 (P.L.6, NO.2), KNOWN AS THE TAX REFORM~~  
13 ~~CODE OF 1971, AMENDED JULY 2, 1986 (P.L.318, NO.77) AND APRIL~~  
14 ~~23, 1998 (P.L.239, NO.45), ARE AMENDED AND THE SECTION IS~~  
15 ~~AMENDED BY ADDING A DEFINITION TO READ:~~

16 ~~SECTION 1. SECTION 303(A.7) OF THE ACT OF MARCH 4, 1971~~ ←  
17 ~~(P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE OF 1971, ADDED JULY~~  
18 ~~6, 2006 (P.L.319, NO.67), IS AMENDED TO READ:~~

19 ~~SECTION 303. CLASSES OF INCOME. \* \* \*~~

20 ~~(A.7) THE FOLLOWING SHALL APPLY:~~

21 ~~(1) AN AMOUNT PAID AS A CONTRIBUTION INTO A QUALIFIED~~  
22 ~~TUITION PROGRAM UNDER CHAPTER 3 OF THE ACT OF APRIL 3, 1992~~  
23 ~~(P.L.28, NO.11), KNOWN AS THE "TUITION ACCOUNT PROGRAMS AND~~  
24 ~~COLLEGE SAVINGS BOND ACT," SHALL BE DEDUCTIBLE FROM TAXABLE~~  
25 ~~INCOME ON THE ANNUAL PERSONAL INCOME TAX RETURN. THE AMOUNT PAID~~  
26 ~~AS A CONTRIBUTION TO A QUALIFIED TUITION PROGRAM ALLOWABLE AS A~~  
27 ~~DEDUCTION UNDER THIS SUBSECTION SHALL BE SUBJECT TO AN ANNUAL~~  
28 ~~LIMITATION NOT TO EXCEED THE THRESHOLD FOR EXCLUSION FROM GIFTS~~  
29 ~~AS PROVIDED IN SECTION 2503(B) OF THE INTERNAL REVENUE CODE OF~~  
30 ~~1986, AS AMENDED, PER DESIGNATED BENEFICIARY. THE DEDUCTION~~

1 ~~SHALL NOT RESULT IN TAXABLE INCOME BEING LESS THAN ZERO.~~

2 ~~(2) (I) THE FOLLOWING SHALL NOT BE SUBJECT TO TAX UNDER~~  
3 ~~THIS ARTICLE:~~

4 ~~(A) ANY AMOUNT DISTRIBUTED FROM A QUALIFIED TUITION PROGRAM~~  
5 ~~THAT IS EXCLUDABLE FROM TAX UNDER SECTION 529(C) (3) (B) OF THE~~  
6 ~~INTERNAL REVENUE CODE OF 1986, AS AMENDED.~~

7 ~~(B) ANY ROLLOVER THAT IS EXCLUDABLE FROM TAX UNDER SECTION~~  
8 ~~529(C) (3) (C) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.~~  
9 ~~THE EXCEPTION UNDER THIS CLAUSE DOES NOT APPLY TO A ROLLOVER~~  
10 ~~FROM A QUALIFIED TUITION PROGRAM UNDER CHAPTER 3 OF THE "TUITION~~  
11 ~~ACCOUNT PROGRAMS AND COLLEGE SAVINGS BOND ACT."~~

12 ~~(C) UNDISTRIBUTED EARNINGS ON A QUALIFIED TUITION PROGRAM.~~

13 ~~(II) A CHANGE IN DESIGNATED BENEFICIARIES UNDER SECTION~~  
14 ~~529(C) (3) (C) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED,~~  
15 ~~SHALL NOT CONSTITUTE A TAXABLE EVENT UNDER THIS ARTICLE.~~

16 ~~(3) ANY AMOUNT DISTRIBUTED FROM A QUALIFIED TUITION PROGRAM~~  
17 ~~THAT IS NOT DESCRIBED UNDER PARAGRAPH (2) SHALL BE TAXABLE UNDER~~  
18 ~~THIS ARTICLE.~~

19 ~~(4) FOR PURPOSES OF THIS SUBSECTION:~~

20 ~~(I) THE TERM "DESIGNATED BENEFICIARY" SHALL HAVE THE SAME~~  
21 ~~MEANING AS PROVIDED IN SECTION 529(E) (1) OF THE INTERNAL REVENUE~~  
22 ~~CODE OF 1986, AS AMENDED.~~

23 ~~(II) THE TERM "QUALIFIED TUITION PROGRAM" SHALL HAVE THE~~  
24 ~~SAME MEANING AS PROVIDED IN SECTION 529(B) (1) OF THE INTERNAL~~  
25 ~~REVENUE CODE OF 1986, AS AMENDED.~~

26 ~~\* \* \*~~

27 ~~SECTION 1.1. SECTION 331(E) OF THE ACT, REPEALED AND ADDED~~  
28 ~~AUGUST 31, 1971 (P.L.362, NO.93), IS AMENDED AND THE SECTION IS~~  
29 ~~AMENDED BY ADDING SUBSECTIONS TO READ:~~

30 ~~SECTION 331. RETURNS OF MARRIED INDIVIDUALS, DECEASED OR~~

1 ~~DISABLED INDIVIDUALS AND FIDUCIARIES. \* \* \*~~

2 ~~(E) [THE] EXCEPT AS PROVIDED UNDER SUBSECTIONS (E.1) AND~~  
3 ~~(E.2), THE FINAL RETURN FOR ANY DECEASED INDIVIDUAL SHALL BE~~  
4 ~~MADE AND FILED BY HIS EXECUTOR, ADMINISTRATOR, OR OTHER [PERSON]~~  
5 ~~PERSONAL REPRESENTATIVE CHARGED WITH HIS PROPERTY.~~

6 ~~(E.1) (1) A SURVIVING SPOUSE MAY FILE A JOINT RETURN FOR~~  
7 ~~THE YEAR IN WHICH HIS OR HER SPOUSE DIED IF THE JOINT RETURN~~  
8 ~~COULD HAVE BEEN FILED IF BOTH SPOUSES WERE LIVING FOR THE ENTIRE~~  
9 ~~TAXABLE YEAR.~~

10 ~~(2) IF A PERSONAL REPRESENTATIVE, EXECUTOR OR ADMINISTRATOR~~  
11 ~~IS APPOINTED ON BEHALF OF THE DECEASED SPOUSE BEFORE THE TAX~~  
12 ~~RETURN IS FILED, THE SURVIVING SPOUSE MAY NOT FILE A JOINT~~  
13 ~~RETURN WITHOUT THE CONSENT OF THE FIDUCIARY. BOTH THE FIDUCIARY~~  
14 ~~AND THE SURVIVING SPOUSE MUST SIGN THE JOINT RETURN. THE~~  
15 ~~SURVIVING SPOUSE MAY FILE A JOINT RETURN WITH THE DECEASED~~  
16 ~~SPOUSE IF THE DECEASED SPOUSE DID NOT PREVIOUSLY FILE A RETURN~~  
17 ~~FOR THAT TAXABLE YEAR AND IF A PERSONAL REPRESENTATIVE, EXECUTOR~~  
18 ~~OR ADMINISTRATOR HAS NOT BEEN APPOINTED BY THE TIME THE JOINT~~  
19 ~~RETURN IS MADE OR BEFORE THE DUE DATE FOR FILING THE RETURN OF~~  
20 ~~THE SURVIVING SPOUSE, INCLUDING EXTENSIONS. IF THE SURVIVING~~  
21 ~~SPOUSE PROPERLY FILES A JOINT RETURN UNDER THIS PARAGRAPH, THE~~  
22 ~~FIDUCIARY MAY SUPERSEDE THE SURVIVING SPOUSE BY FILING A~~  
23 ~~SEPARATE RETURN FOR THE DECEDENT WITHIN ONE YEAR AFTER THE DUE~~  
24 ~~DATE, INCLUDING EXTENSIONS. ANY JOINT RETURN IMPROPERLY FILED BY~~  
25 ~~THE SURVIVING SPOUSE OR DISAFFIRMED BY THE FIDUCIARY SHALL BE~~  
26 ~~TREATED AS A SEPARATE RETURN OF THE SURVIVOR. THE SURVIVING~~  
27 ~~SPOUSE SHALL BE REQUIRED TO FILE AN AMENDED RETURN.~~

28 ~~(E.2) IF BOTH TAXPAYERS DIE DURING THE SAME TAX YEAR, A~~  
29 ~~JOINT FINAL RETURN MAY BE FILED IF A JOINT RETURN COULD HAVE~~  
30 ~~BEEN FILED HAD BOTH SPOUSES LIVED FOR THE ENTIRE TAXABLE YEAR~~



1 ~~AND WITH THE CONSENT OF THE PERSONAL REPRESENTATIVES, EXECUTORS~~  
2 ~~OR ADMINISTRATORS OF BOTH DECEASED SPOUSES UNDER SUBSECTION~~  
3 ~~(E.1) BY THE DUE DATE, INCLUDING EXTENSIONS, OF THE JOINT TAX~~  
4 ~~RETURN. BOTH FIDUCIARIES MUST SIGN THE JOINT RETURN.~~

5 \* \* \*

6 SECTION 1.2. ~~THE DEFINITIONS OF "ASSOCIATION," "FAMILY FARM~~  
7 ~~CORPORATION" AND "FAMILY FARM PARTNERSHIP" IN SECTION 1101 C OF~~  
8 ~~THE ACT, AMENDED JULY 2, 1986 (P.L.318, NO.77) AND APRIL 23,~~  
9 ~~1998 (P.L.239, NO.45), ARE AMENDED AND THE SECTION IS AMENDED BY~~  
10 ~~ADDING A DEFINITION TO READ:~~

11 SECTION 1101 C. ~~DEFINITIONS. THE FOLLOWING WORDS WHEN USED~~  
12 ~~IN THIS ARTICLE SHALL HAVE THE MEANINGS ASCRIBED TO THEM IN THIS~~  
13 ~~SECTION:~~

14 "ASSOCIATION." ~~A GENERAL PARTNERSHIP, LIMITED PARTNERSHIP,~~  
15 ~~LIMITED LIABILITY PARTNERSHIP OR ANY OTHER FORM OF~~  
16 ~~UNINCORPORATED ENTERPRISE, OWNED OR CONDUCTED BY TWO OR MORE~~  
17 ~~PERSONS OTHER THAN A PRIVATE TRUST OR DECEDENT'S ESTATE.~~

18 \* \* \*

19 {"FAMILY FARM CORPORATION." ~~A CORPORATION OF WHICH AT LEAST~~  
20 ~~SEVENTY FIVE PER CENT OF ITS ASSETS ARE DEVOTED TO THE BUSINESS~~  
21 ~~OF AGRICULTURE AND AT LEAST SEVENTY FIVE PER CENT OF EACH CLASS~~  
22 ~~OF STOCK OF THE CORPORATION IS CONTINUOUSLY OWNED BY MEMBERS OF~~  
23 ~~THE SAME FAMILY. THE BUSINESS OF AGRICULTURE SHALL INCLUDE THE~~  
24 ~~LEASING TO MEMBERS OF THE SAME FAMILY OF PROPERTY WHICH IS~~  
25 ~~DIRECTLY AND PRINCIPALLY USED FOR AGRICULTURAL PURPOSES. THE~~  
26 ~~BUSINESS OF AGRICULTURE SHALL NOT BE DEEMED TO INCLUDE:~~

27 (1) ~~RECREATIONAL ACTIVITIES SUCH AS, BUT NOT LIMITED TO,~~  
28 ~~HUNTING, FISHING, CAMPING, SKIING, SHOW COMPETITION OR RACING;~~

29 (2) ~~THE RAISING, BREEDING OR TRAINING OF GAME ANIMALS OR~~  
30 ~~GAME BIRDS, FISH, CATS, DOGS OR PETS OR ANIMALS INTENDED FOR USE~~

1 ~~IN SPORTING OR RECREATIONAL ACTIVITIES;~~

2 ~~(3) FUR FARMING;~~

3 ~~(4) STOCKYARD AND SLAUGHTERHOUSE OPERATIONS; OR~~

4 ~~(5) MANUFACTURING OR PROCESSING OPERATIONS OF ANY KIND.~~

5 ~~"FAMILY FARM PARTNERSHIP." A PARTNERSHIP OF WHICH AT LEAST~~  
6 ~~SEVENTY FIVE PER CENT OF ITS ASSETS ARE DEVOTED TO THE BUSINESS~~  
7 ~~OF AGRICULTURE AND AT LEAST SEVENTY FIVE PER CENT OF THE~~  
8 ~~INTERESTS IN THE PARTNERSHIP ARE CONTINUOUSLY OWNED BY MEMBERS~~  
9 ~~OF THE SAME FAMILY. THE BUSINESS OF AGRICULTURE SHALL INCLUDE~~  
10 ~~THE LEASING TO MEMBERS OF THE SAME FAMILY OF PROPERTY WHICH IS~~  
11 ~~DIRECTLY AND PRINCIPALLY USED FOR AGRICULTURAL PURPOSES. THE~~  
12 ~~BUSINESS OF AGRICULTURE SHALL NOT BE DEEMED TO INCLUDE:~~

13 ~~(1) RECREATIONAL ACTIVITIES SUCH AS, BUT NOT LIMITED TO,~~  
14 ~~HUNTING, FISHING, CAMPING, SKIING, SHOW COMPETITION OR RACING;~~

15 ~~(2) THE RAISING, BREEDING OR TRAINING OF GAME ANIMALS OR~~  
16 ~~GAME BIRDS, FISH, CATS, DOGS OR PETS OR ANIMALS INTENDED FOR USE~~  
17 ~~IN SPORTING OR RECREATIONAL ACTIVITIES;~~

18 ~~(3) FUR FARMING;~~

19 ~~(4) STOCKYARD AND SLAUGHTERHOUSE OPERATIONS; OR~~

20 ~~(5) MANUFACTURING OR PROCESSING OPERATIONS OF ANY KIND.]~~

21 ~~"FAMILY FARM BUSINESS." A CORPORATION OR ASSOCIATION OF~~  
22 ~~WHICH AT LEAST SEVENTY FIVE PER CENT OF ITS ASSETS ARE DEVOTED~~  
23 ~~TO THE BUSINESS OF AGRICULTURE AND AT LEAST SEVENTY FIVE PER~~  
24 ~~CENT OF EACH CLASS OF STOCK OF THE CORPORATION OR THE INTERESTS~~  
25 ~~IN THE ASSOCIATION IS CONTINUOUSLY OWNED BY MEMBERS OF THE SAME~~  
26 ~~FAMILY. THE BUSINESS OF AGRICULTURE SHALL INCLUDE THE LEASING TO~~  
27 ~~MEMBERS OF THE SAME FAMILY OR THE LEASING TO A CORPORATION OR~~  
28 ~~ASSOCIATION OWNED BY MEMBERS OF THE SAME FAMILY OF PROPERTY~~  
29 ~~WHICH IS DIRECTLY AND PRINCIPALLY USED FOR AGRICULTURAL~~  
30 ~~PURPOSES. THE BUSINESS OF AGRICULTURE SHALL NOT BE DEEMED TO~~

1 ~~INCLUDE:~~

2 ~~(1) RECREATIONAL ACTIVITIES SUCH AS, BUT NOT LIMITED TO,~~  
3 ~~HUNTING, FISHING, CAMPING, SKIING, SHOW COMPETITION OR RACING;~~

4 ~~(2) THE RAISING, BREEDING OR TRAINING OF GAME ANIMALS OR~~  
5 ~~GAME BIRDS, FISH, CATS, DOGS OR PETS OR ANIMALS INTENDED FOR USE~~  
6 ~~IN SPORTING OR RECREATIONAL ACTIVITIES;~~

7 ~~(3) FUR FARMING;~~

8 ~~(4) STOCKYARD AND SLAUGHTERHOUSE OPERATIONS; OR~~

9 ~~(5) MANUFACTURING OR PROCESSING OPERATIONS OF ANY KIND.~~

10 \* \* \*

11 SECTION 2. ~~SECTION 1102 C.3(19), (19.1) AND (20) OF THE ACT,~~  
12 ~~AMENDED OR ADDED JULY 2, 1986 (P.L.318, NO.77) AND JUNE 16, 1994~~  
13 ~~(P.L.279, NO.48), ARE AMENDED TO READ:~~

14 SECTION 1102 C.3. ~~EXCLUDED TRANSACTIONS. THE TAX IMPOSED BY~~  
15 ~~SECTION 1102 C SHALL NOT BE IMPOSED UPON:~~

16 \* \* \*

17 ~~(19) A TRANSFER OF REAL ESTATE DEVOTED TO THE BUSINESS OF~~  
18 ~~AGRICULTURE TO A FAMILY FARM [CORPORATION] BUSINESS BY:~~

19 ~~(I) A MEMBER OF THE SAME FAMILY WHICH DIRECTLY OWNS AT LEAST~~  
20 ~~SEVENTY FIVE PER CENT OF [EACH CLASS OF THE STOCK THEREOF] THE~~  
21 ~~INTERESTS IN THAT FAMILY FARM BUSINESS; OR~~

22 ~~(II) A FAMILY FARM BUSINESS, WHICH FAMILY DIRECTLY OWNS AT~~  
23 ~~LEAST SEVENTY FIVE PER CENT OF THE INTERESTS IN THAT FAMILY FARM~~  
24 ~~BUSINESS.~~

25 ~~{(19.1) A TRANSFER OF REAL ESTATE DEVOTED TO THE BUSINESS OF~~  
26 ~~AGRICULTURE TO A FAMILY FARM PARTNERSHIP BY A MEMBER OF THE SAME~~  
27 ~~FAMILY, WHICH FAMILY DIRECTLY OWNS AT LEAST SEVENTY FIVE PER~~  
28 ~~CENT OF THE INTERESTS IN THE PARTNERSHIP.}~~

29 ~~(20) A TRANSFER BETWEEN MEMBERS OF THE SAME FAMILY OF AN~~  
30 ~~OWNERSHIP INTEREST IN A REAL ESTATE COMPANY[, ] OR FAMILY FARM~~

1 ~~{CORPORATION OR FAMILY FARM PARTNERSHIP WHICH} BUSINESS THAT~~  
2 ~~OWNS REAL ESTATE.~~

3 \* \* \*

4 ~~SECTION 3. SECTION 1102 C.4 OF THE ACT, ADDED JULY 2, 1986~~  
5 ~~(P.L.318, NO.77), IS AMENDED TO READ:~~

6 ~~SECTION 1102 C.4. DOCUMENTS RELATING TO ASSOCIATIONS OR~~  
7 ~~CORPORATIONS AND MEMBERS, PARTNERS, STOCKHOLDERS OR SHAREHOLDERS~~  
8 ~~THEREOF. EXCEPT AS OTHERWISE PROVIDED IN [SECTION] SECTIONS~~  
9 ~~1102 C.3 AND 1102 C.5, DOCUMENTS WHICH MAKE, CONFIRM OR EVIDENCE~~  
10 ~~ANY TRANSFER OR DEVISE OF TITLE TO REAL ESTATE BETWEEN~~  
11 ~~ASSOCIATIONS OR CORPORATIONS AND THE MEMBERS, PARTNERS,~~  
12 ~~SHAREHOLDERS OR STOCKHOLDERS THEREOF ARE FULLY TAXABLE. FOR THE~~  
13 ~~PURPOSES OF THIS ARTICLE, CORPORATIONS AND ASSOCIATIONS ARE~~  
14 ~~ENTITIES SEPARATE FROM THEIR MEMBERS, PARTNERS, STOCKHOLDERS OR~~  
15 ~~SHAREHOLDERS.~~

16 ~~SECTION 4. SECTION 1102 C.5 OF THE ACT, AMENDED OR ADDED~~  
17 ~~JULY 2, 1986 (P.L.318, NO.77) AND JUNE 16, 1994 (P.L.279,~~  
18 ~~NO.48), IS AMENDED TO READ:~~

19 ~~SECTION 1102 C.5. ACQUIRED COMPANY. (A) A REAL ESTATE~~  
20 ~~COMPANY IS AN ACQUIRED COMPANY UPON A CHANGE IN THE OWNERSHIP~~  
21 ~~INTEREST IN THE COMPANY, HOWEVER EFFECTED, IF THE CHANGE:~~

22 ~~(1) DOES NOT AFFECT THE CONTINUITY OF THE COMPANY; AND~~

23 ~~(2) OF ITSELF OR TOGETHER WITH PRIOR CHANGES HAS THE EFFECT~~  
24 ~~OF TRANSFERRING, DIRECTLY OR INDIRECTLY, NINETY PER CENT OR MORE~~  
25 ~~OF THE TOTAL OWNERSHIP INTEREST IN THE COMPANY WITHIN A PERIOD~~  
26 ~~OF THREE YEARS.~~

27 ~~{(B) WITH RESPECT TO REAL ESTATE ACQUIRED AFTER FEBRUARY 16,~~  
28 ~~1986, A FAMILY FARM CORPORATION IS AN ACQUIRED COMPANY WHEN,~~  
29 ~~BECAUSE OF VOLUNTARY OR INVOLUNTARY DISSOLUTION, IT CEASES TO BE~~  
30 ~~A FAMILY FARM CORPORATION OR WHEN, BECAUSE OF ISSUANCE OR~~

1 ~~TRANSFER OF STOCK OR BECAUSE OF ACQUISITION OR TRANSFER OF~~  
2 ~~ASSETS THAT ARE DEVOTED TO THE BUSINESS OF AGRICULTURE, IT FAILS~~  
3 ~~TO MEET THE MINIMUM REQUIREMENTS OF A FAMILY FARM CORPORATION~~  
4 ~~UNDER THIS ACT.~~

5 ~~(B.1) A FAMILY FARM PARTNERSHIP IS AN ACQUIRED COMPANY WHEN,~~  
6 ~~BECAUSE OF VOLUNTARY OR INVOLUNTARY DISSOLUTION, IT CEASES TO BE~~  
7 ~~A FAMILY FARM PARTNERSHIP OR WHEN, BECAUSE OF TRANSFER OF~~  
8 ~~PARTNERSHIP INTERESTS OR BECAUSE OF ACQUISITION OR TRANSFER OF~~  
9 ~~ASSETS THAT ARE DEVOTED TO THE BUSINESS OF AGRICULTURE, IT FAILS~~  
10 ~~TO MEET THE MINIMUM REQUIREMENTS OF A FAMILY FARM PARTNERSHIP~~  
11 ~~UNDER THIS ACT.]~~

12 ~~(B.2) A FAMILY FARM BUSINESS IS AN ACQUIRED COMPANY WHEN,~~  
13 ~~BECAUSE OF VOLUNTARY OR INVOLUNTARY DISSOLUTION, IT CEASES TO BE~~  
14 ~~A FAMILY FARM BUSINESS OR WHEN, BECAUSE OF THE ISSUANCE OR~~  
15 ~~TRANSFER OF STOCK IN THE CORPORATION OR TRANSFER OF INTERESTS IN~~  
16 ~~THE ASSOCIATION OR BECAUSE OF ACQUISITION OR TRANSFER OF ASSETS~~  
17 ~~THAT ARE DEVOTED TO THE BUSINESS OF AGRICULTURE, IT FAILS TO~~  
18 ~~MEET THE MINIMUM REQUIREMENTS OF A FAMILY FARM BUSINESS UNDER~~  
19 ~~THIS ARTICLE.~~

20 ~~(B.3) THE CONVEYANCE OF ASSETS HELD BY ONE FAMILY FARM~~  
21 ~~BUSINESS TO ANOTHER FAMILY FARM BUSINESS SHALL NOT BE CONSIDERED~~  
22 ~~A TRANSFER OF ASSETS UNDER THIS ARTICLE IF THE SAME INDIVIDUALS~~  
23 ~~HOLD AT LEAST FIFTY PER CENT OF THE OWNERSHIP INTEREST IN EACH~~  
24 ~~FAMILY FARM BUSINESS.~~

25 ~~(C) WITHIN THIRTY DAYS AFTER BECOMING AN ACQUIRED COMPANY,~~  
26 ~~THE COMPANY SHALL PRESENT A DECLARATION OF ACQUISITION WITH THE~~  
27 ~~RECORDER OF EACH COUNTY IN WHICH IT HOLDS REAL ESTATE FOR THE~~  
28 ~~AFFIXATION OF DOCUMENTARY STAMPS AND RECORDING. SUCH DECLARATION~~  
29 ~~SHALL SET FORTH THE VALUE OF REAL ESTATE HOLDINGS OF THE~~  
30 ~~ACQUIRED COMPANY IN SUCH COUNTY.~~

1       ~~SECTION 5. SECTION 2102 OF THE ACT IS AMENDED BY ADDING~~  
2 ~~DEFINITIONS TO READ:~~

3       ~~SECTION 2102. DEFINITIONS. THE FOLLOWING WORDS, TERMS AND~~  
4 ~~PHRASES, WHEN USED IN THIS ARTICLE, SHALL HAVE THE MEANINGS~~  
5 ~~ASCRIED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT~~  
6 ~~CLEARLY INDICATES A DIFFERENT MEANING:~~

7       ~~\* \* \*~~

8       ~~"BUSINESS OF AGRICULTURE." THE TERM SHALL INCLUDE THE~~  
9 ~~LEASING TO MEMBERS OF THE SAME FAMILY OR THE LEASING TO A~~  
10 ~~CORPORATION OR ASSOCIATION OWNED BY MEMBERS OF THE SAME FAMILY~~  
11 ~~OF PROPERTY WHICH IS DIRECTLY AND PRINCIPALLY USED FOR~~  
12 ~~AGRICULTURAL PURPOSES. THE BUSINESS OF AGRICULTURE SHALL NOT BE~~  
13 ~~DEEMED TO INCLUDE:~~

14       ~~(1) RECREATIONAL ACTIVITIES SUCH AS, BUT NOT LIMITED TO,~~  
15 ~~HUNTING, FISHING, CAMPING, SKIING, SHOW COMPETITION OR RACING;~~

16       ~~(2) THE RAISING, BREEDING OR TRAINING OF GAME ANIMALS OR~~  
17 ~~GAME BIRDS, FISH, CATS, DOGS OR PETS OR ANIMALS INTENDED FOR USE~~  
18 ~~IN SPORTING OR RECREATIONAL ACTIVITIES;~~

19       ~~(3) FUR FARMING;~~

20       ~~(4) STOCKYARD AND SLAUGHTERHOUSE OPERATIONS; OR~~

21       ~~(5) MANUFACTURING OR PROCESSING OPERATIONS OF ANY KIND.~~

22       ~~\* \* \*~~

23       ~~"MEMBERS OF THE SAME FAMILY." ANY INDIVIDUAL, SUCH~~  
24 ~~INDIVIDUAL'S BROTHERS AND SISTERS, THE BROTHERS AND SISTERS OF~~  
25 ~~SUCH INDIVIDUAL'S PARENTS AND GRANDPARENTS, THE ANCESTORS AND~~  
26 ~~LINEAL DESCENDENTS OF ANY OF THE FOREGOING, A SPOUSE OF ANY OF~~  
27 ~~THE FOREGOING AND THE ESTATE OF ANY OF THE FOREGOING.~~

28 ~~INDIVIDUALS RELATED BY THE HALF BLOOD OR LEGAL ADOPTION SHALL BE~~  
29 ~~TREATED AS IF THEY WERE RELATED BY THE WHOLE BLOOD.~~

30       ~~\* \* \*~~

1       ~~SECTION 6. SECTION 2111 OF THE ACT IS AMENDED BY ADDING A~~  
2 ~~SUBSECTION TO READ:~~

3       ~~SECTION 2111. TRANSFERS NOT SUBJECT TO TAX. \* \* \*~~

4       ~~(S) A TRANSFER OF REAL ESTATE DEVOTED TO THE BUSINESS OF~~  
5 ~~AGRICULTURE BETWEEN MEMBERS OF THE SAME FAMILY, PROVIDED THAT~~  
6 ~~AFTER THE TRANSFER THE REAL ESTATE CONTINUES TO BE DEVOTED TO~~  
7 ~~THE BUSINESS OF AGRICULTURE FOR A PERIOD OF SEVEN YEARS BEYOND~~  
8 ~~THE TRANSFEROR'S DATE OF DEATH AND THE REAL ESTATE DERIVES A~~  
9 ~~YEARLY GROSS INCOME OF AT LEAST TWO THOUSAND DOLLARS (\$2,000),~~  
10 ~~PROVIDED THAT:~~

11       ~~(1) ANY TRACT OF LAND UNDER THIS ARTICLE WHICH IS NO LONGER~~  
12 ~~DEVOTED TO THE BUSINESS OF AGRICULTURE WITHIN SEVEN YEARS BEYOND~~  
13 ~~THE TRANSFEROR'S DATE OF DEATH SHALL BE SUBJECT TO INHERITANCE~~  
14 ~~TAX DUE THE COMMONWEALTH UNDER SECTION 2107, IN THE AMOUNT THAT~~  
15 ~~WOULD HAVE BEEN PAID OR PAYABLE ON THE BASIS OF VALUATION~~  
16 ~~AUTHORIZED UNDER SECTION 2121 FOR NONEXEMPT TRANSFERS OF~~  
17 ~~PROPERTY, PLUS INTEREST THEREON ACCRUING AS OF THE TRANSFEROR'S~~  
18 ~~DATE OF DEATH, AT THE RATE ESTABLISHED IN SECTION 2143.~~

19       ~~(2) ANY TAX IMPOSED UNDER SECTION 2107 SHALL BE A LIEN IN~~  
20 ~~FAVOR OF THE COMMONWEALTH UPON THE PROPERTY NO LONGER BEING~~  
21 ~~DEVOTED TO AGRICULTURAL USE, COLLECTIBLE IN THE MANNER PROVIDED~~  
22 ~~FOR BY LAW FOR THE COLLECTION OF DELINQUENT REAL ESTATE TAXES,~~  
23 ~~AS WELL AS THE PERSONAL OBLIGATION OF THE OWNER OF THE PROPERTY~~  
24 ~~AT THE TIME OF THE CHANGE OF USE.~~

25       ~~(3) EVERY OWNER OF REAL ESTATE EXEMPT UNDER THIS SUBSECTION~~  
26 ~~SHALL CERTIFY TO THE DEPARTMENT ON AN ANNUAL BASIS THAT THE LAND~~  
27 ~~QUALIFIES FOR THIS EXEMPTION AND SHALL NOTIFY THE DEPARTMENT~~  
28 ~~WITHIN THIRTY DAYS OF ANY TRANSACTION OR OCCURRENCE CAUSING THE~~  
29 ~~REAL ESTATE TO FAIL TO QUALIFY FOR THE EXEMPTION. EACH YEAR THE~~  
30 ~~DEPARTMENT SHALL INFORM ALL OWNERS OF THEIR OBLIGATION TO~~

1 ~~PROVIDE AN ANNUAL CERTIFICATION UNDER THIS SUBCLAUSE. THIS~~  
2 ~~CERTIFICATION AND NOTIFICATION SHALL BE COMPLETED IN THE FORM~~  
3 ~~AND MANNER AS PROVIDED BY THE DEPARTMENT.~~

4 SECTION 7. ~~A REFERENCE IN ANY LAW TO THE FORMER DEFINITION~~  
5 ~~OF "FAMILY FARM CORPORATION" OR "FAMILY FARM PARTNERSHIP" IN~~  
6 ~~SECTION 1101 C OF THE ACT SHALL BE DEEMED TO BE REFERENCES TO A~~  
7 ~~"FAMILY FARM BUSINESS" UNDER SECTION 1101 C OF THE ACT.~~

8 SECTION 7.1. ~~THE AMENDMENT OF SECTION 303 (A.7) OF THE ACT~~ ←  
9 ~~SHALL NOT APPLY TO CONTRIBUTIONS OR ROLLOVERS MADE PRIOR TO~~  
10 ~~JANUARY 1, 2013.~~

11 SECTION 7.2. ~~THE AMENDMENT OF SECTION 331 (E) OF THE ACT~~  
12 ~~SHALL APPLY TO TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2011.~~

13 SECTION 8. ~~THE AMENDMENT OF ARTICLE XXI OF THE ACT SHALL~~  
14 ~~APPLY TO THE ESTATES OF DECEDENTS DYING AFTER DECEMBER 31, 2011.~~

15 SECTION 9. ~~THE AMENDMENT OF ARTICLE XI C OF THE ACT SHALL BE~~  
16 ~~RETROACTIVE TO ANY DOCUMENT MADE, EXECUTED, DELIVERED, ACCEPTED~~  
17 ~~OR PRESENTED FOR RECORDING ON OR AFTER JULY 1, 2010.~~

18 SECTION 10. ~~THE PROVISIONS OF 61 PA. CODE § 91.222 (RELATING~~  
19 ~~TO ACQUIRED FAMILY FARM PARTNERSHIP) ARE ABROGATED.~~

20 SECTION 11. ~~THIS ACT SHALL TAKE EFFECT IMMEDIATELY.~~

21 SECTION 1. SECTION 201 (D) OF THE ACT OF MARCH 4, 1971 ←  
22 (P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE OF 1971, AMENDED MAY  
23 7, 1997 (P.L.85, NO.7), APRIL 23, 1998 (P.L.239, NO.45), MAY 12,  
24 1999 (P.L.26, NO.4), MAY 24, 2000 (P.L.106, NO.23), JUNE 22,  
25 2001 (P.L.353, NO.23) AND DECEMBER 23, 2003 (P.L.250, NO.46), IS  
26 AMENDED TO READ:

27 SECTION 201. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND  
28 PHRASES WHEN USED IN THIS ARTICLE II SHALL HAVE THE MEANING  
29 ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT  
30 CLEARLY INDICATES A DIFFERENT MEANING:



1 \* \* \*

2 (D) "PROCESSING." THE PERFORMANCE OF THE FOLLOWING  
3 ACTIVITIES WHEN ENGAGED IN AS A BUSINESS ENTERPRISE:

4 (1) THE FILTERING OR HEATING OF HONEY, THE COOKING, BAKING  
5 OR FREEZING OF FRUITS, VEGETABLES, MUSHROOMS, FISH, SEAFOOD,  
6 MEATS, POULTRY OR BAKERY PRODUCTS, WHEN THE PERSON ENGAGED IN  
7 SUCH BUSINESS PACKAGES SUCH PROPERTY IN SEALED CONTAINERS FOR  
8 WHOLESALE DISTRIBUTION.

9 (1.1) THE PROCESSING OF FRUITS OR VEGETABLES BY CLEANING,  
10 CUTTING, CORING, PEELING OR CHOPPING AND TREATING TO PRESERVE,  
11 STERILIZE OR PURIFY AND SUBSTANTIALLY EXTEND THE USEFUL SHELF  
12 LIFE OF THE FRUITS OR VEGETABLES, WHEN THE PERSON ENGAGED IN  
13 SUCH ACTIVITY PACKAGES SUCH PROPERTY IN SEALED CONTAINERS FOR  
14 WHOLESALE DISTRIBUTION.

15 (2) THE SCOURING, CARBONIZING, CORDING, COMBING, THROWING,  
16 TWISTING OR WINDING OF NATURAL OR SYNTHETIC FIBERS, OR THE  
17 SPINNING, BLEACHING, DYEING, PRINTING OR FINISHING OF YARNS OR  
18 FABRICS, WHEN SUCH ACTIVITIES ARE PERFORMED PRIOR TO SALE TO THE  
19 ULTIMATE CONSUMER.

20 (3) THE ELECTROPLATING, GALVANIZING, ENAMELING, ANODIZING,  
21 COLORING, FINISHING, IMPREGNATING OR HEAT TREATING OF METALS OR  
22 PLASTICS FOR SALE OR IN THE PROCESS OF MANUFACTURING.

23 (3.1) THE BLANKING, SHEARING, LEVELING, SLITTING OR BURNING  
24 OF METALS FOR SALE TO OR USE BY A MANUFACTURER OR PROCESSOR.

25 (4) THE ROLLING, DRAWING OR EXTRUDING OF FERROUS AND NON-  
26 FERROUS METALS.

27 (5) THE FABRICATION FOR SALE OF ORNAMENTAL OR STRUCTURAL  
28 METAL OR OF METAL STAIRS, STAIRCASES, GRATINGS, FIRE ESCAPES OR  
29 RAILINGS (NOT INCLUDING FABRICATION WORK DONE AT THE  
30 CONSTRUCTION SITE).

1 (6) THE PREPARATION OF ANIMAL FEED OR POULTRY FEED FOR SALE.

2 (7) THE PRODUCTION, PROCESSING AND BOTTLING OF NON-ALCOHOLIC  
3 BEVERAGES FOR WHOLESALE DISTRIBUTION.

4 (8) THE OPERATION OF A SAW MILL OR PLANING MILL FOR THE  
5 PRODUCTION OF LUMBER OR LUMBER PRODUCTS FOR SALE. THE OPERATION  
6 OF A SAW MILL OR PLANING MILL BEGINS WITH THE UNLOADING BY THE  
7 OPERATOR OF THE SAW MILL OR PLANING MILL OF LOGS, TIMBER,  
8 PULPWOOD OR OTHER FORMS OF WOOD MATERIAL TO BE USED IN THE SAW  
9 MILL OR PLANING MILL.

10 (9) THE MILLING FOR SALE OF FLOUR OR MEAL FROM GRAINS.

11 (9.1) THE AGING, STRIPPING, CONDITIONING, CRUSHING AND  
12 BLENDING OF TOBACCO LEAVES FOR USE AS CIGAR FILLER OR AS  
13 COMPONENTS OF SMOKELESS TOBACCO PRODUCTS FOR SALE TO  
14 MANUFACTURERS OF TOBACCO PRODUCTS.

15 (10) THE SLAUGHTERING AND DRESSING OF ANIMALS FOR MEAT TO BE  
16 SOLD OR TO BE USED IN PREPARING MEAT PRODUCTS FOR SALE, AND THE  
17 PREPARATION OF MEAT PRODUCTS INCLUDING LARD, TALLOW, GREASE,  
18 COOKING AND INEDIBLE OILS FOR WHOLESALE DISTRIBUTION.

19 (11) THE PROCESSING OF USED LUBRICATING OILS.

20 (12) THE BROADCASTING OF RADIO AND TELEVISION PROGRAMS OF  
21 LICENSED COMMERCIAL OR EDUCATIONAL STATIONS.

22 (13) THE COOKING OR BAKING OF BREAD, PASTRIES, CAKES,  
23 COOKIES, MUFFINS AND DONUTS WHEN THE PERSON ENGAGED IN SUCH  
24 ACTIVITY SELLS SUCH ITEMS AT RETAIL AT LOCATIONS THAT DO NOT  
25 CONSTITUTE AN ESTABLISHMENT FROM WHICH READY-TO-EAT FOOD AND  
26 BEVERAGES ARE SOLD. FOR PURPOSES OF THIS CLAUSE, A BAKERY, A  
27 PASTRY SHOP AND A DONUT SHOP SHALL NOT BE CONSIDERED AN  
28 ESTABLISHMENT FROM WHICH READY-TO-EAT FOOD AND BEVERAGES ARE  
29 SOLD.

30 (14) THE CLEANING AND ROASTING AND THE BLENDING, GRINDING OR

1 PACKAGING FOR SALE OF COFFEE FROM GREEN COFFEE BEANS OR THE  
2 PRODUCTION OF COFFEE EXTRACT.

3 (15) THE PREPARATION OF DRY OR LIQUID FERTILIZER FOR SALE.

4 (16) THE PRODUCTION, PROCESSING AND PACKAGING OF ICE FOR  
5 WHOLESALE DISTRIBUTION.

6 (17) THE PRODUCING OF MOBILE TELECOMMUNICATIONS SERVICES.

7 (18) THE COLLECTION, WASHING, SORTING, INSPECTING AND  
8 PACKAGING OF EGGS.

9 \* \* \*

10 SECTION 1.1. SECTION 204(10), (13) AND (57) OF THE ACT,  
11 AMENDED APRIL 23, 1998 (P.L.239, NO.45), MAY 12, 1999 (P.L.26,  
12 NO.4) AND JUNE 29, 2002 (P.L.559, NO.89) AND REPEALED IN PART  
13 DECEMBER 20, 2000 (P.L.841, NO.119), ARE AMENDED TO READ:

14 SECTION 204. EXCLUSIONS FROM TAX.--THE TAX IMPOSED BY  
15 SECTION 202 SHALL NOT BE IMPOSED UPON ANY OF THE FOLLOWING:

16 \* \* \*

17 (10) THE SALE AT RETAIL TO OR USE BY (I) ANY CHARITABLE  
18 ORGANIZATION, VOLUNTEER FIREMEN'S ORGANIZATION, VOLUNTEER  
19 FIREFIGHTERS' RELIEF ASSOCIATION AS DEFINED IN 35 PA.C.S. § 7412  
20 (RELATING TO DEFINITIONS) OR NONPROFIT EDUCATIONAL INSTITUTION,  
21 OR (II) A RELIGIOUS ORGANIZATION FOR RELIGIOUS PURPOSES OF  
22 TANGIBLE PERSONAL PROPERTY OR SERVICES OTHER THAN PURSUANT TO A  
23 CONSTRUCTION CONTRACT: PROVIDED, HOWEVER, THAT THE EXCLUSION OF  
24 THIS CLAUSE SHALL NOT APPLY WITH RESPECT TO ANY TANGIBLE  
25 PERSONAL PROPERTY OR SERVICES USED IN ANY UNRELATED TRADE OR  
26 BUSINESS CARRIED ON BY SUCH ORGANIZATION OR INSTITUTION OR WITH  
27 RESPECT TO ANY MATERIALS, SUPPLIES AND EQUIPMENT USED AND  
28 TRANSFERRED TO SUCH ORGANIZATION OR INSTITUTION IN THE  
29 CONSTRUCTION, RECONSTRUCTION, REMODELING, RENOVATION, REPAIRS  
30 AND MAINTENANCE OF ANY REAL ESTATE STRUCTURE, OTHER THAN

1 BUILDING MACHINERY AND EQUIPMENT, EXCEPT MATERIALS AND SUPPLIES  
2 WHEN PURCHASED BY SUCH ORGANIZATIONS OR INSTITUTIONS FOR ROUTINE  
3 MAINTENANCE AND REPAIRS. IF THE DEPARTMENT HAS ISSUED SALES TAX  
4 EXEMPT STATUS TO A VOLUNTEER FIREFIGHTERS' ORGANIZATION OR A  
5 VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION, THE SALES TAX EXEMPT  
6 STATUS MAY NOT EXPIRE UNLESS THE ACTIVITIES OF THE ORGANIZATION  
7 OR ASSOCIATION CHANGE SO THAT THE ORGANIZATION OR ASSOCIATION  
8 DOES NOT QUALIFY AS AN INSTITUTION OF PURELY PUBLIC CHARITY IN  
9 WHICH CASE THE ORGANIZATION OR ASSOCIATION SHALL IMMEDIATELY  
10 NOTIFY THE DEPARTMENT OF THE CHANGE. IF THE DEPARTMENT  
11 ASCERTAINS THAT AN ORGANIZATION OR ASSOCIATION NO LONGER  
12 QUALIFIES AS AN INSTITUTION OF PURELY PUBLIC CHARITY, THE  
13 DEPARTMENT MAY REVOKE THE SALES TAX EXEMPT STATUS OF THE  
14 ORGANIZATION OR ASSOCIATION.

15 \* \* \*

16 (13) THE SALE AT RETAIL, OR USE OF WRAPPING PAPER, WRAPPING  
17 TWINE, BAGS, CARTONS, TAPE, ROPE, LABELS, NONRETURNABLE  
18 CONTAINERS AND ALL OTHER WRAPPING SUPPLIES, WHEN SUCH USE IS  
19 INCIDENTAL TO THE DELIVERY OF ANY PERSONAL PROPERTY, EXCEPT THAT  
20 ANY CHARGE FOR WRAPPING OR PACKAGING SHALL BE SUBJECT TO TAX AT  
21 THE RATE IMPOSED BY SECTION 202, UNLESS THE PROPERTY WRAPPED OR  
22 PACKAGED WILL BE RESOLD BY THE PURCHASER OF THE WRAPPING OR  
23 PACKAGING SERVICE.

24 \* \* \*

25 (57) THE SALE AT RETAIL TO OR USE BY A CONSTRUCTION  
26 CONTRACTOR OF BUILDING MACHINERY AND EQUIPMENT AND SERVICES  
27 THERETO THAT ARE:

28 (I) TRANSFERRED PURSUANT TO A CONSTRUCTION CONTRACT FOR ANY  
29 CHARITABLE ORGANIZATION, VOLUNTEER FIREMEN'S ORGANIZATION,  
30 VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION, NONPROFIT

1 EDUCATIONAL INSTITUTION OR RELIGIOUS ORGANIZATION FOR RELIGIOUS  
2 PURPOSES, PROVIDED THAT THE BUILDING MACHINERY AND EQUIPMENT AND  
3 SERVICES THERETO ARE NOT USED IN ANY UNRELATED TRADE OR  
4 BUSINESS; OR

5 (II) TRANSFERRED TO THE UNITED STATES OR THE COMMONWEALTH OR  
6 ITS INSTRUMENTALITIES OR POLITICAL SUBDIVISIONS[; OR].

7 \* \* \*

8 SECTION 1.2. SECTIONS 217 AND 222 OF THE ACT, AMENDED  
9 OCTOBER 9, 2009 (P.L.451, NO.48), ARE AMENDED TO READ:

10 SECTION 217. TIME FOR FILING RETURNS.--(A) QUARTERLY[, ] AND  
11 MONTHLY [AND SEMI-MONTHLY] RETURNS:

12 (1) FOR THE YEAR IN WHICH THIS ARTICLE BECOMES EFFECTIVE AND  
13 IN EACH YEAR THEREAFTER A RETURN SHALL BE FILED QUARTERLY BY  
14 EVERY LICENSEE ON OR BEFORE THE TWENTIETH DAY OF APRIL, JULY,  
15 OCTOBER AND JANUARY FOR THE THREE MONTHS ENDING THE LAST DAY OF  
16 MARCH, JUNE, SEPTEMBER AND DECEMBER.

17 (2) FOR THE YEAR IN WHICH THIS ARTICLE BECOMES EFFECTIVE,  
18 AND IN EACH YEAR THEREAFTER, A RETURN SHALL BE FILED MONTHLY  
19 WITH RESPECT TO EACH MONTH BY EVERY LICENSEE WHOSE [TOTAL]  
20 ACTUAL TAX [REPORTED, OR IN THE EVENT NO REPORT IS FILED, THE  
21 TOTAL TAX WHICH SHOULD HAVE BEEN REPORTED,] LIABILITY FOR THE  
22 THIRD CALENDAR QUARTER OF THE PRECEDING YEAR EQUALS OR EXCEEDS  
23 SIX HUNDRED DOLLARS (\$600) AND IS LESS THAN TWENTY-FIVE THOUSAND  
24 DOLLARS (\$25,000). SUCH RETURNS SHALL BE FILED ON OR BEFORE THE  
25 TWENTIETH DAY OF THE NEXT SUCCEEDING MONTH WITH RESPECT TO WHICH  
26 THE RETURN IS MADE. ANY LICENSEE REQUIRED TO FILE MONTHLY  
27 RETURNS HEREUNDER SHALL BE RELIEVED FROM FILING QUARTERLY  
28 RETURNS.

29 (3) [AFTER MAY 31, 2011, A RETURN SHALL BE FILED SEMI-  
30 MONTHLY WITH RESPECT TO EACH MONTH BY EVERY LICENSEE WHOSE TOTAL

1 TAX REPORTED, OR IN THE EVENT NO REPORT IS FILED, THE TOTAL TAX  
2 WHICH SHOULD HAVE BEEN REPORTED, FOR THE THIRD CALENDAR QUARTER  
3 OF THE PRECEDING YEAR EQUALS OR EXCEEDS TWENTY-FIVE THOUSAND  
4 DOLLARS (\$25,000). FOR THE PERIOD FROM THE FIRST DAY OF THE  
5 MONTH TO THE FIFTEENTH DAY OF THE MONTH, THE RETURNS SHALL BE  
6 FILED ON OR BEFORE THE TWENTY-FIFTH DAY OF THE MONTH. FOR THE  
7 PERIOD FROM THE SIXTEENTH DAY OF THE MONTH TO THE LAST DAY OF  
8 THE MONTH, THE RETURNS SHALL BE FILED ON OR BEFORE THE TENTH DAY  
9 OF THE NEXT SUCCEEDING MONTH WITH RESPECT TO WHICH THE RETURN IS  
10 MADE. ANY LICENSEE REQUIRED TO FILE SEMI-MONTHLY RETURNS UNDER  
11 THIS SECTION SHALL BE RELIEVED FROM FILING MONTHLY OR QUARTERLY  
12 RETURNS.] WITH RESPECT TO EVERY LICENSEE WHOSE ACTUAL TAX  
13 LIABILITY FOR THE THIRD CALENDAR QUARTER OF THE PRECEDING YEAR  
14 EQUALS OR EXCEEDS TWENTY-FIVE THOUSAND DOLLARS (\$25,000) AND IS  
15 LESS THAN ONE HUNDRED THOUSAND DOLLARS (\$100,000), THE LICENSEE  
16 SHALL, ON OR BEFORE THE TWENTIETH DAY OF EACH MONTH, FILE A  
17 SINGLE RETURN CONSISTING OF ALL OF THE FOLLOWING:

18 (I) EITHER OF THE FOLLOWING:

19 (A) AN AMOUNT EQUAL TO FIFTY PER CENTUM OF THE LICENSEE'S  
20 ACTUAL TAX LIABILITY FOR THE SAME MONTH IN THE PRECEDING  
21 CALENDAR YEAR IF THE LICENSEE WAS A MONTHLY FILER OR, IF THE  
22 LICENSEE WAS A QUARTERLY OR SEMI-ANNUAL FILER, FIFTY PER CENTUM  
23 OF THE LICENSEE'S AVERAGE ACTUAL TAX LIABILITY FOR THAT TAX  
24 PERIOD IN THE PRECEDING CALENDAR YEAR. THE AVERAGE ACTUAL TAX  
25 LIABILITY SHALL BE THE ACTUAL TAX LIABILITY FOR THE TAX PERIOD  
26 DIVIDED BY THE NUMBER OF MONTHS IN THAT TAX PERIOD. FOR  
27 LICENSEES THAT WERE NOT IN BUSINESS DURING THE SAME MONTH IN THE  
28 PRECEDING CALENDAR YEAR OR WERE IN BUSINESS FOR ONLY A PORTION  
29 OF THAT MONTH, FIFTY PER CENTUM OF THE AVERAGE ACTUAL TAX  
30 LIABILITY FOR EACH TAX PERIOD THE LICENSEE HAS BEEN IN BUSINESS.

1 IF THE LICENSEE IS FILING A TAX LIABILITY FOR THE FIRST TIME  
2 WITH NO PRECEDING TAX PERIODS, THE AMOUNT SHALL BE ZERO.

3 (B) AN AMOUNT EQUAL TO OR GREATER THAN FIFTY PER CENTUM OF  
4 THE LICENSEE'S ACTUAL TAX LIABILITY FOR THE SAME MONTH.

5 (II) AN AMOUNT EQUAL TO THE TAXES DUE FOR THE PRECEDING  
6 MONTH, LESS ANY AMOUNTS PAID IN THE PRECEDING MONTH AS REQUIRED  
7 BY SUBCLAUSE (I).

8 (4) WITH RESPECT TO EACH MONTH BY EVERY LICENSEE WHOSE  
9 ACTUAL TAX LIABILITY FOR THE THIRD CALENDAR QUARTER OF THE  
10 PRECEDING YEAR EQUALS OR EXCEEDS ONE HUNDRED THOUSAND DOLLARS  
11 (\$100,000), THE LICENSEE SHALL, ON OR BEFORE THE TWENTIETH DAY  
12 OF EACH MONTH, FILE A SINGLE RETURN CONSISTING OF THE AMOUNTS  
13 UNDER CLAUSE (3) (I) (A) AND (II).

14 (5) THE AMOUNT DUE UNDER CLAUSE (3) (I) OR (4) SHALL BE DUE  
15 THE SAME DAY AS THE REMAINDER OF THE PRECEDING MONTH'S TAX.

16 (6) THE DEPARTMENT SHALL DETERMINE WHETHER THE AMOUNTS  
17 REPORTED UNDER CLAUSE (3) OR (4) SHALL BE REMITTED AS ONE  
18 COMBINED PAYMENT OR AS TWO SEPARATE PAYMENTS.

19 (7) THE DEPARTMENT MAY REQUIRE THE FILING OF THE RETURNS AND  
20 THE PAYMENTS FOR THESE TYPES OF FILERS BY ELECTRONIC MEANS  
21 APPROVED BY THE DEPARTMENT.

22 (8) ANY LICENSEE FILING RETURNS UNDER CLAUSE (3) OR (4)  
23 SHALL BE RELIEVED OF FILING QUARTERLY RETURNS.

24 (9) IF A LICENSEE REQUIRED TO REMIT PAYMENTS UNDER CLAUSE  
25 (3) OR (4) FAILS TO MAKE A TIMELY PAYMENT OR MAKES A PAYMENT  
26 WHICH IS LESS THAN THE REQUIRED AMOUNT, THE DEPARTMENT MAY, IN  
27 ADDITION TO ANY APPLICABLE PENALTIES, IMPOSE AN ADDITIONAL  
28 PENALTY EQUAL TO FIVE PER CENTUM OF THE AMOUNT DUE UNDER CLAUSE  
29 (3) OR (4) WHICH WAS NOT TIMELY PAID. THE PENALTY UNDER THIS  
30 CLAUSE SHALL BE DETERMINED WHEN THE TAX RETURN IS FILED FOR THE

1 TAX PERIOD.

2 (B) ANNUAL RETURNS. FOR THE CALENDAR YEAR 1971, AND FOR EACH  
3 YEAR THEREAFTER, NO ANNUAL RETURN SHALL BE FILED, EXCEPT AS MAY  
4 BE REQUIRED BY RULES AND REGULATIONS OF THE DEPARTMENT  
5 PROMULGATED AND PUBLISHED AT LEAST SIXTY DAYS PRIOR TO THE END  
6 OF THE YEAR WITH RESPECT TO WHICH THE RETURNS ARE MADE. WHERE  
7 SUCH ANNUAL RETURNS ARE REQUIRED LICENSEES SHALL NOT BE REQUIRED  
8 TO FILE SUCH RETURNS PRIOR TO THE TWENTIETH DAY OF THE YEAR  
9 SUCCEEDING THE YEAR WITH RESPECT TO WHICH THE RETURNS ARE MADE.

10 (C) OTHER RETURNS. ANY PERSON, OTHER THAN A LICENSEE, LIABLE  
11 TO PAY TO THE DEPARTMENT ANY TAX UNDER THIS ARTICLE, SHALL FILE  
12 A RETURN ON OR BEFORE THE TWENTIETH DAY OF THE MONTH SUCCEEDING  
13 THE MONTH IN WHICH SUCH PERSON BECOMES LIABLE FOR THE TAX.

14 (D) SMALL TAXPAYERS. THE DEPARTMENT, BY REGULATION, MAY  
15 WAIVE THE REQUIREMENT FOR THE FILING OF QUARTERLY RETURN IN THE  
16 CASE OF ANY LICENSEE WHOSE INDIVIDUAL TAX COLLECTIONS DO NOT  
17 EXCEED SEVENTY-FIVE DOLLARS (\$75) PER CALENDAR QUARTER AND MAY  
18 PROVIDE FOR REPORTING ON A LESS FREQUENT BASIS IN SUCH CASES.

19 SECTION 222. TIME OF PAYMENT.-- (A) MONTHLY[, SEMI-MONTHLY]  
20 AND QUARTERLY PAYMENTS. THE TAX IMPOSED BY THIS ARTICLE AND  
21 INCURRED OR COLLECTED BY A LICENSEE SHALL BE DUE AND PAYABLE BY  
22 THE LICENSEE ON THE DAY THE RETURN IS REQUIRED TO BE FILED UNDER  
23 THE PROVISIONS OF SECTION 217 AND SUCH PAYMENT MUST ACCOMPANY  
24 THE RETURN [FOR SUCH PRECEDING PERIOD].

25 (B) ANNUAL PAYMENTS. IF THE AMOUNT OF TAX DUE FOR THE  
26 PRECEDING YEAR AS SHOWN BY THE ANNUAL RETURN OF ANY TAXPAYER IS  
27 GREATER THAN THE AMOUNT ALREADY PAID BY HIM IN CONNECTION WITH  
28 HIS MONTHLY[, SEMI-MONTHLY] OR QUARTERLY RETURNS HE SHALL SEND  
29 WITH SUCH ANNUAL RETURN A REMITTANCE FOR THE UNPAID AMOUNT OF  
30 TAX FOR THE YEAR.



1 (C) OTHER PAYMENTS. ANY PERSON OTHER THAN A LICENSEE LIABLE  
2 TO PAY ANY TAX UNDER THIS ARTICLE SHALL REMIT THE TAX AT THE  
3 TIME OF FILING THE RETURN REQUIRED BY THIS ARTICLE.

4 SECTION 1.3. SECTION 230 OF THE ACT, AMENDED JULY 25, 2007  
5 (P.L.373, NO.55), IS AMENDED TO READ:

6 SECTION 230. ASSESSMENT.--(A) THE DEPARTMENT IS AUTHORIZED  
7 AND REQUIRED TO MAKE THE INQUIRIES, DETERMINATIONS AND  
8 ASSESSMENTS OF THE TAX (INCLUDING INTEREST, ADDITIONS AND  
9 PENALTIES) IMPOSED BY THIS ARTICLE. A NOTICE OF ASSESSMENT AND  
10 DEMAND FOR PAYMENT SHALL BE MAILED TO THE TAXPAYER. THE NOTICE  
11 SHALL SET FORTH THE BASIS OF THE ASSESSMENT.

12 [(B) THE NOTICE REQUIRED BY SUBSECTION (A) SHALL BE MAILED  
13 BY CERTIFIED MAIL IF THE ASSESSMENT IS FOR \$300 OR MORE.]

14 SECTION 1.4. SECTION 237(C) OF THE ACT, AMENDED JULY 1, 1985  
15 (P.L.78, NO.29), IS AMENDED TO READ:

16 SECTION 237. COLLECTION OF TAX.--\* \* \*

17 (C) EXEMPTION CERTIFICATES. IF THE TAX DOES NOT APPLY TO THE  
18 SALE OR LEASE OF TANGIBLE PERSONAL PROPERTY OR SERVICES, THE  
19 PURCHASER OR LESSEE SHALL FURNISH TO THE VENDOR A CERTIFICATE  
20 INDICATING THAT THE SALE IS NOT LEGALLY SUBJECT TO THE TAX. THE  
21 CERTIFICATE SHALL BE IN SUBSTANTIALLY SUCH FORM AS THE  
22 DEPARTMENT MAY, BY REGULATION, PRESCRIBE. WHERE THE TANGIBLE  
23 PERSONAL PROPERTY OR SERVICE IS OF A TYPE WHICH IS NEVER SUBJECT  
24 TO THE TAX IMPOSED OR WHERE THE SALE OR LEASE IS IN INTERSTATE  
25 COMMERCE, SUCH CERTIFICATE NEED NOT BE FURNISHED. WHERE A SERIES  
26 OF TRANSACTIONS ARE NOT SUBJECT TO TAX, A PURCHASER OR USER MAY  
27 FURNISH THE VENDOR WITH A SINGLE EXEMPTION CERTIFICATE IN  
28 SUBSTANTIALLY SUCH FORM AND VALID FOR SUCH PERIOD OF TIME AS THE  
29 DEPARTMENT MAY, BY REGULATION, PRESCRIBE. THE DEPARTMENT SHALL  
30 PROVIDE ALL SCHOOL DISTRICTS AND INTERMEDIATE UNITS WITH A

1 PERMANENT TAX EXEMPTION NUMBER. AN EXEMPTION CERTIFICATE, WHICH  
2 IS COMPLETE AND REGULAR AND ON ITS FACE DISCLOSES A VALID BASIS  
3 OF EXEMPTION IF TAKEN IN GOOD FAITH, SHALL RELIEVE THE VENDOR  
4 FROM THE LIABILITY IMPOSED BY THIS SECTION. AN EXEMPTION  
5 CERTIFICATE ACCEPTED BY A VENDOR FROM A NATURAL PERSON DOMICILED  
6 WITHIN THIS COMMONWEALTH OR ANY ASSOCIATION, FIDUCIARY,  
7 PARTNERSHIP, CORPORATION OR OTHER ENTITY, EITHER AUTHORIZED TO  
8 DO BUSINESS WITHIN THIS COMMONWEALTH OR HAVING AN ESTABLISHED  
9 PLACE OF BUSINESS WITHIN THIS COMMONWEALTH, IN THE ORDINARY  
10 COURSE OF THE VENDOR'S BUSINESS, WHICH ON ITS FACE DISCLOSES A  
11 VALID BASIS OF EXEMPTION CONSISTENT WITH THE ACTIVITY OF THE  
12 PURCHASER AND CHARACTER OF THE PROPERTY OR SERVICE BEING  
13 PURCHASED OR WHICH IS PROVIDED TO THE VENDOR BY A CHARITABLE,  
14 RELIGIOUS, EDUCATIONAL, VOLUNTEER FIREFIGHTERS' RELIEF  
15 ASSOCIATION OR VOLUNTEER FIREMEN'S ORGANIZATION AND CONTAINS THE  
16 ORGANIZATION'S CHARITABLE EXEMPTION NUMBER AND WHICH, IN THE  
17 CASE OF ANY PURCHASE COSTING TWO HUNDRED DOLLARS (\$200) OR MORE,  
18 IS ACCOMPANIED BY A SWORN DECLARATION ON A FORM TO BE PROVIDED  
19 BY THE DEPARTMENT OF AN INTENDED USAGE OF THE PROPERTY OR  
20 SERVICE WHICH WOULD RENDER IT NONTAXABLE, SHALL BE PRESUMED TO  
21 BE TAKEN IN GOOD FAITH AND THE BURDEN OF PROVING OTHERWISE SHALL  
22 BE ON THE DEPARTMENT OF REVENUE.

23 SECTION 2. SECTION 331(E) OF THE ACT, REPEALED AND ADDED  
24 AUGUST 31, 1971 (P.L.362, NO.93), IS AMENDED AND THE SECTION IS  
25 AMENDED BY ADDING SUBSECTIONS TO READ:

26 SECTION 331. RETURNS OF MARRIED INDIVIDUALS, DECEASED OR  
27 DISABLED INDIVIDUALS AND FIDUCIARIES.--\* \* \*

28 (E) [THE] EXCEPT AS PROVIDED UNDER SUBSECTIONS (E.1) AND  
29 (E.2), THE FINAL RETURN FOR ANY DECEASED INDIVIDUAL SHALL BE  
30 MADE, SIGNED AND FILED BY HIS EXECUTOR, ADMINISTRATOR, OR OTHER

1 [PERSON] PERSONAL REPRESENTATIVE CHARGED WITH HIS PROPERTY.

2 (E.1) (1) DURING THE YEAR IN WHICH A SPOUSE DIES, A  
3 SURVIVING SPOUSE MAY FILE HIS OR HER RETURN FOR THE YEAR JOINTLY  
4 WITH THE FINAL RETURN OF HIS OR HER DECEASED SPOUSE IF THE JOINT  
5 RETURN COULD HAVE BEEN FILED IF BOTH SPOUSES WERE LIVING FOR THE  
6 ENTIRE TAXABLE YEAR. IF A PERSONAL REPRESENTATIVE, EXECUTOR OR  
7 ADMINISTRATOR OR OTHER FIDUCIARY IS APPOINTED ON BEHALF OF THE  
8 DECEASED SPOUSE BEFORE THE DECEASED SPOUSE'S TAX RETURN IS  
9 FILED, THE SURVIVING SPOUSE MAY NOT FILE A JOINT RETURN WITHOUT  
10 THE CONSENT OF THE FIDUCIARY. IF A JOINT RETURN IS FILED, BOTH  
11 THE FIDUCIARY OF THE DECEASED SPOUSE'S ESTATE AND THE SURVIVING  
12 SPOUSE MUST SIGN THE JOINT RETURN.

13 (2) A SURVIVING SPOUSE MAY MAKE, SIGN AND FILE THE FINAL TAX  
14 RETURN OF HIS OR HER DECEASED SPOUSE IF THE DECEASED SPOUSE DID  
15 NOT PREVIOUSLY FILE A RETURN FOR THAT TAXABLE YEAR AND IF A  
16 PERSONAL REPRESENTATIVE, EXECUTOR OR ADMINISTRATOR HAS NOT BEEN  
17 APPOINTED BY THE TIME THE RETURN IS MADE, SIGNED AND FILED. IF  
18 THE SURVIVING SPOUSE PROPERLY FILES A FINAL RETURN FOR THE  
19 DECEASED SPOUSE UNDER THIS PARAGRAPH, A FIDUCIARY WHO IS LATER  
20 APPOINTED FOR THE DECEASED SPOUSE MAY SUPERSEDE THE FINAL RETURN  
21 FILED BY THE SURVIVING SPOUSE BY FILING A SEPARATE RETURN FOR  
22 THE DECEASED SPOUSE. ANY JOINT RETURN IMPROPERLY FILED BY THE  
23 SURVIVING SPOUSE OR SUPERSEDED BY THE FIDUCIARY SHALL BE TREATED  
24 AS VOID. IF THE SURVIVING SPOUSE FILES HIS OR HER OWN TAX RETURN  
25 JOINTLY WITH THE DECEASED SPOUSE'S RETURN UNDER THIS PARAGRAPH  
26 AND THE RETURN IS SUPERSEDED BY THE FILING OF A RETURN BY THE  
27 DECEASED SPOUSE'S FIDUCIARY, THE SURVIVING SPOUSE SHALL BE  
28 REQUIRED TO FILE SEPARATE RETURN WITHIN 90 DAYS OF THE FILING OF  
29 THE FIDUCIARY'S RETURN. THE SURVIVING SPOUSE'S SEPARATE RETURN  
30 SHALL BE DEEMED TO BE FILED:

1 (I) ON THE DAY THE JOINT RETURN WAS FILED IF IT IS FILED  
2 WITHIN SUCH TIME; OR

3 (II) THE DATE THE DEPARTMENT RECEIVES IT.

4 (E.2) IF BOTH TAXPAYERS DIE DURING THE SAME TAX YEAR, A  
5 FINAL RETURN FOR EACH DECEASED SPOUSE MAY BE JOINTLY FILED IF A  
6 JOINT RETURN COULD HAVE BEEN FILED HAD BOTH SPOUSES LIVED FOR  
7 THE ENTIRE TAXABLE YEAR AND WITH THE CONSENT OF THE PERSONAL  
8 REPRESENTATIVES, EXECUTORS OR ADMINISTRATORS OF BOTH DECEASED  
9 SPOUSES UNDER SUBSECTION (E.1) BY THE DUE DATE, INCLUDING  
10 EXTENSIONS, OF THE JOINT TAX RETURN. BOTH FIDUCIARIES MUST SIGN  
11 THE JOINT RETURN.

12 \* \* \*

13 SECTION 2.1. SECTION 335 OF THE ACT IS AMENDED BY ADDING A  
14 SUBSECTION TO READ:

15 SECTION 335. REQUIREMENTS CONCERNING RETURNS, NOTICES,  
16 RECORDS AND STATEMENTS.--\* \* \*

17 (F) THE FOLLOWING APPLY:

18 (1) ANY PERSON WHO:

19 (I) MAKES PAYMENTS OF INCOME FROM SOURCES WITHIN THIS  
20 COMMONWEALTH;

21 (II) MAKES PAYMENTS OF NONEMPLOYEE COMPENSATION OR PAYMENTS  
22 UNDER AN OIL AND GAS LEASE UNDER SUBPARAGRAPH (I) TO A RESIDENT  
23 OR NONRESIDENT INDIVIDUAL, AN ENTITY TREATED AS A PARTNERSHIP  
24 FOR TAX PURPOSES OR A SINGLE MEMBER LIMITED LIABILITY COMPANY;  
25 AND

26 (III) IS REQUIRED TO MAKE A FORM 1099-MISC RETURN TO THE  
27 SECRETARY OF THE TREASURY OF THE UNITED STATES WITH RESPECT TO  
28 THE PAYMENTS, SHALL FILE A COPY OF FORM 1099-MISC WITH THE  
29 DEPARTMENT AND SEND A COPY OF FORM 1099-MISC TO THE PAYEE BY THE  
30 FEDERAL FILING DEADLINE EACH YEAR.

1       (2) IF THE PAYOR IS REQUIRED TO PERFORM ELECTRONIC FILING  
2 FOR PENNSYLVANIA EMPLOYER WITHHOLDING PURPOSES, THE FORM 1099-  
3 MISC SHALL BE FILED ELECTRONICALLY WITH THE DEPARTMENT.

4       SECTION 3. SECTION 338 OF THE ACT, AMENDED JULY 25, 2007  
5 (P.L.373, NO.55), IS AMENDED TO READ:

6       SECTION 338. ASSESSMENT.--(A) THE DEPARTMENT IS AUTHORIZED  
7 AND REQUIRED TO MAKE THE INQUIRIES, DETERMINATIONS AND  
8 ASSESSMENTS OF ALL TAXES IMPOSED BY THIS ARTICLE.

9       (B) IF THE MODE OR TIME FOR THE ASSESSMENT OF ANY TAX IS NOT  
10 OTHERWISE PROVIDED FOR, THE DEPARTMENT MAY ESTABLISH THE SAME BY  
11 REGULATIONS.

12       (C) IN THE EVENT THAT ANY TAXPAYER FAILS TO FILE A RETURN  
13 REQUIRED BY THIS ARTICLE, THE DEPARTMENT MAY MAKE AN ESTIMATED  
14 ASSESSMENT (BASED ON INFORMATION AVAILABLE) OF THE PROPER AMOUNT  
15 OF TAX OWING BY THE TAXPAYER. A NOTICE OF ASSESSMENT IN THE  
16 ESTIMATED AMOUNT SHALL BE SENT TO THE TAXPAYER. THE TAX SHALL BE  
17 PAID WITHIN NINETY DAYS AFTER A NOTICE OF SUCH ESTIMATED  
18 ASSESSMENT HAS BEEN MAILED TO THE TAXPAYER, UNLESS WITHIN SUCH  
19 PERIOD THE TAXPAYER HAS FILED A PETITION FOR REASSESSMENT IN THE  
20 MANNER PRESCRIBED BY ARTICLE XXVII.

21       (D) A NOTICE OF ASSESSMENT ISSUED BY THE DEPARTMENT PURSUANT  
22 TO THIS ARTICLE SHALL BE MAILED TO THE TAXPAYER. THE NOTICE  
23 SHALL SET FORTH THE BASIS OF THE ASSESSMENT.

24       [(E) THE NOTICE REQUIRED BY SUBSECTION (D) SHALL BE MAILED  
25 BY CERTIFIED MAIL IF THE ASSESSMENT IS FOR \$300 OR MORE.]

26       SECTION 4. SECTION 352(D)(2) AND (F) OF THE ACT, AMENDED  
27 AUGUST 4, 1991 (P.L.97, NO.22) AND JULY 7, 2005 (P.L.149,  
28 NO.40), ARE AMENDED TO READ:

29       SECTION 352. ADDITIONS, PENALTIES AND FEES.--\* \* \*

30       (D) \* \* \*

1 (2) NO ADDITION TO TAX SHALL BE IMPOSED IF THE TOTAL AMOUNT  
2 OF ALL PAYMENTS OF ESTIMATED TAX MADE ON OR BEFORE THE LAST DATE  
3 PRESCRIBED FOR THE PAYMENT OF SUCH INSTALLMENT EQUALS OR EXCEEDS  
4 THE LESSER OF:

5 (A) THE AMOUNT WHICH WOULD HAVE BEEN REQUIRED TO BE PAID ON  
6 OR BEFORE SUCH DATE IF THE ESTIMATED TAX WERE AN AMOUNT EQUAL TO  
7 THE TAX COMPUTED AFTER CONSIDERATION OF THE SPECIAL TAX  
8 PROVISIONS FOR POVERTY, AT THE RATES APPLICABLE TO THE TAXABLE  
9 YEAR, BUT OTHERWISE ON THE BASIS OF THE FACTS SHOWN ON HIS  
10 RETURN FOR, AND THE LAW APPLICABLE TO, THE PRECEDING TAXABLE  
11 YEAR; OR

12 (B) AN AMOUNT EQUAL TO NINETY PER CENT OF THE TAX COMPUTED,  
13 AT THE RATES APPLICABLE TO THE TAXABLE YEAR, ON THE BASIS OF THE  
14 ACTUAL INCOME FOR THE MONTHS IN THE TAXABLE YEAR ENDING BEFORE  
15 THE MONTH IN WHICH THE INSTALLMENT IS REQUIRED TO BE PAID, OR,  
16 IN THE CASE OF A TRUST OR ESTATE, AN AMOUNT EQUAL TO NINETY PER  
17 CENT OF THE APPLICABLE PERCENTAGE OF THE TAX FOR THE TAXABLE  
18 YEAR AS DETERMINED PURSUANT TO SECTION 6654(D)(2)(C)(II) OF THE  
19 INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. §  
20 6654), AS AMENDED, AT RATES APPLICABLE TO THE TAXABLE YEAR,  
21 COMPUTED ON AN ANNUALIZED BASIS IN ACCORDANCE WITH UNITED STATES  
22 TREASURY REGULATIONS, BASED UPON THE ACTUAL INCOME FOR THE  
23 MONTHS OF THE TAXABLE YEAR ENDING WITH THE LAST DAY OF THE  
24 SECOND PRECEDING MONTH PRIOR TO THE MONTH IN WHICH THE  
25 INSTALLMENT IS REQUIRED TO BE PAID.

26 \* \* \*

27 (F) (1) ANY PERSON REQUIRED UNDER THE PROVISIONS OF SECTION  
28 317 TO FURNISH A STATEMENT TO AN EMPLOYEE WHO WILFULLY FURNISHES  
29 A FALSE OR FRAUDULENT STATEMENT, OR WHO WILFULLY FAILS TO  
30 FURNISH A STATEMENT IN THE MANNER, AT THE TIME, AND SHOWING THE

1 INFORMATION REQUIRED UNDER SECTION 317 AND THE REGULATIONS  
2 PRESCRIBED THEREUNDER, SHALL, FOR EACH SUCH FAILURE, BE SUBJECT  
3 TO A PENALTY OF FIFTY DOLLARS (\$50) FOR EACH EMPLOYEE.

4 (2) ANY PERSON REQUIRED BY REGULATION TO FURNISH AN  
5 INFORMATION RETURN WHO FURNISHES A FALSE OR FRAUDULENT RETURN  
6 SHALL FOR EACH FAILURE BE SUBJECT TO A PENALTY OF TWO HUNDRED  
7 FIFTY DOLLARS (\$250).

8 (3) EVERY PENNSYLVANIA S CORPORATION REQUIRED TO FILE A  
9 RETURN WITH THE DEPARTMENT UNDER THE PROVISIONS OF SECTION 330.1  
10 WHO FURNISHES A FALSE OR FRAUDULENT RETURN OR WHO FAILS TO FILE  
11 THE RETURN IN THE MANNER AND AT THE TIME REQUIRED UNDER SECTION  
12 330.1 SHALL BE SUBJECT TO A PENALTY OF \$250 FOR EACH FAILURE.

13 (4) ANY PERSON REQUIRED TO FILE A COPY OF FORM 1099-MISC  
14 WITH THE DEPARTMENT UNDER THE PROVISIONS OF SECTION 335(F) WHO  
15 WILFULLY FURNISHES A FALSE OR FRAUDULENT FORM OR WHO WILFULLY  
16 FAILS TO FILE THE FORM IN THE MANNER, AT THE TIME AND SHOWING  
17 THE INFORMATION REQUIRED UNDER SECTION 335(F) SHALL, FOR EACH  
18 SUCH FAILURE, BE SUBJECT TO A PENALTY OF FIFTY DOLLARS (\$50).

19 (5) ANY PERSON REQUIRED UNDER THE PROVISIONS OF SECTION  
20 335(F) TO FURNISH A COPY OF FORM 1099-MISC TO A PAYEE WHO  
21 WILFULLY FURNISHES A FALSE OR FRAUDULENT FORM OR WHO WILFULLY  
22 FAILS TO FURNISH A FORM IN THE MANNER, AT THE TIME AND SHOWING  
23 THE INFORMATION REQUIRED BY SECTION 335(F) SHALL, FOR EACH SUCH  
24 FAILURE, BE SUBJECT TO A PENALTY OF FIFTY DOLLARS (\$50).

25 \* \* \*

26 SECTION 4.1. SECTION 401(3)2(A)(9) OF THE ACT, AMENDED  
27 OCTOBER 9, 2009 (P.L.451, NO.48), IS AMENDED TO READ:

28 SECTION 401. DEFINITIONS.--THE FOLLOWING WORDS, TERMS, AND  
29 PHRASES, WHEN USED IN THIS ARTICLE, SHALL HAVE THE MEANING  
30 ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT

1 CLEARLY INDICATES A DIFFERENT MEANING:

2 \* \* \*

3 (3) "TAXABLE INCOME." \* \* \*

4 2. IN CASE THE ENTIRE BUSINESS OF ANY CORPORATION, OTHER  
5 THAN A CORPORATION ENGAGED IN DOING BUSINESS AS A REGULATED  
6 INVESTMENT COMPANY AS DEFINED BY THE INTERNAL REVENUE CODE OF  
7 1986, IS NOT TRANSACTED WITHIN THIS COMMONWEALTH, THE TAX  
8 IMPOSED BY THIS ARTICLE SHALL BE BASED UPON SUCH PORTION OF THE  
9 TAXABLE INCOME OF SUCH CORPORATION FOR THE FISCAL OR CALENDAR  
10 YEAR, AS DEFINED IN SUBCLAUSE 1 HEREOF, AND MAY BE DETERMINED AS  
11 FOLLOWS:

12 (A) DIVISION OF INCOME.

13 \* \* \*

14 (9) (A) EXCEPT AS PROVIDED IN SUBPARAGRAPH (B):

15 (I) FOR TAXABLE YEARS BEGINNING BEFORE JANUARY 1, 2007, ALL  
16 BUSINESS INCOME SHALL BE APPORTIONED TO THIS STATE BY  
17 MULTIPLYING THE INCOME BY A FRACTION, THE NUMERATOR OF WHICH IS  
18 THE PROPERTY FACTOR PLUS THE PAYROLL FACTOR PLUS THREE TIMES THE  
19 SALES FACTOR AND THE DENOMINATOR OF WHICH IS FIVE.

20 (II) FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2006,  
21 ALL BUSINESS INCOME SHALL BE APPORTIONED TO THIS STATE BY  
22 MULTIPLYING THE INCOME BY A FRACTION, THE NUMERATOR OF WHICH IS  
23 THE SUM OF FIFTEEN TIMES THE PROPERTY FACTOR, FIFTEEN TIMES THE  
24 PAYROLL FACTOR AND SEVENTY TIMES THE SALES FACTOR AND THE  
25 DENOMINATOR OF WHICH IS ONE HUNDRED.

26 (III) FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2008,  
27 ALL BUSINESS INCOME SHALL BE APPORTIONED TO THIS STATE BY  
28 MULTIPLYING THE INCOME BY A FRACTION, THE NUMERATOR OF WHICH IS  
29 THE SUM OF EIGHT AND A HALF TIMES THE PROPERTY FACTOR, EIGHT AND  
30 A HALF TIMES THE PAYROLL FACTOR AND EIGHTY-THREE TIMES THE SALES



1 FACTOR AND THE DENOMINATOR OF WHICH IS ONE HUNDRED.

2 (IV) FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2009,  
3 ALL BUSINESS INCOME SHALL BE APPORTIONED TO THIS STATE BY  
4 MULTIPLYING THE INCOME BY A FRACTION, THE NUMERATOR OF WHICH IS  
5 THE SUM OF FIVE TIMES THE PROPERTY FACTOR, FIVE TIMES THE  
6 PAYROLL FACTOR AND NINETY TIMES THE SALES FACTOR AND THE  
7 DENOMINATOR OF WHICH IS ONE HUNDRED.

8 (V) FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2012, ALL  
9 BUSINESS INCOME SHALL BE APPORTIONED TO THIS STATE BY  
10 MULTIPLYING THE INCOME BY THE SALES FACTOR.

11 \* \* \*

12 SECTION 5. SECTION 405 OF THE ACT IS AMENDED TO READ:

13 SECTION 405. EXTENSION OF TIME TO FILE REPORTS.--THE  
14 DEPARTMENT MAY, UPON APPLICATION MADE TO IT, IN SUCH FORM AS IT  
15 SHALL PRESCRIBE, ON OR PRIOR TO THE LAST DAY FOR FILING ANY  
16 ANNUAL REPORT, AND UPON PROPER CAUSE SHOWN, GRANT TO THE  
17 CORPORATION, REQUIRED TO FILE SUCH REPORT, AN EXTENSION OF NOT  
18 MORE THAN SIXTY DAYS WITHIN WHICH SUCH REPORT MAY BE FILED[, AND  
19 IN CASE THE FEDERAL INCOME TAX AUTHORITIES AT ANY TIME GRANT A  
20 LONGER EXTENSION OF TIME FOR FILING SUCH REPORTS WITH THE  
21 FEDERAL GOVERNMENT, THE DEPARTMENT MAY GRANT AN ADDITIONAL  
22 EXTENSION OF TIME FOR FILING THE ANNUAL REPORT UNDER THIS  
23 ARTICLE OF NOT MORE THAN]. IF THE FEDERAL INCOME TAX AUTHORITIES  
24 GRANT AN EXTENSION OF TIME FOR FILING THE REPORTS WITH THE  
25 FEDERAL GOVERNMENT, THE DEPARTMENT SHALL AUTOMATICALLY GRANT AN  
26 EXTENSION OF TIME FOR FILING THE ANNUAL REPORT UNDER THIS  
27 ARTICLE OF THIRTY DAYS AFTER THE TERMINATION OF THE FEDERAL  
28 EXTENSION, BUT THE AMOUNT OF TAX DUE SHALL, IN SUCH CASES,  
29 NEVERTHELESS, BE SUBJECT TO INTEREST FROM THE DUE DATES AND AT  
30 THE RATES FIXED BY THIS ARTICLE.

1 SECTION 6. SECTION 406 OF THE ACT, AMENDED OCTOBER 18, 2006  
2 (P.L.1149, NO.119), IS AMENDED TO READ:

3 SECTION 406. CHANGES MADE BY FEDERAL GOVERNMENT.--(A) IF  
4 THE AMOUNT OF THE TAXABLE INCOME, AS RETURNED BY ANY CORPORATION  
5 TO THE FEDERAL GOVERNMENT, IS FINALLY CHANGED OR CORRECTED BY  
6 THE COMMISSION OF INTERNAL REVENUE OR BY ANY OTHER AGENCY OR  
7 COURT OF THE UNITED STATES, SUCH CORPORATION, WITHIN [THIRTY  
8 DAYS] SIX MONTHS AFTER THE RECEIPT OF SUCH FINAL CHANGE OR  
9 CORRECTION, SHALL MAKE A REPORT OF CHANGE, UNDER OATH OR  
10 AFFIRMATION, TO THE DEPARTMENT SHOWING SUCH FINALLY CHANGED OR  
11 CORRECTED TAXABLE INCOME, UPON WHICH THE TAX IS REQUIRED TO BE  
12 PAID TO THE UNITED STATES. IN CASE A CORPORATION FAILS TO FILE A  
13 REPORT OF CHANGE, WHICH RESULTS IN AN INCREASE IN TAXABLE INCOME  
14 WITHIN THE TIME PRESCRIBED, THERE SHALL BE ADDED TO THE TAX, A  
15 PENALTY OF FIVE DOLLARS (\$5) FOR EVERY DAY DURING WHICH SUCH  
16 CORPORATION IS IN DEFAULT, BUT THE DEPARTMENT MAY ABATE ANY SUCH  
17 PENALTY IN WHOLE OR IN PART.

18 (B) IF, AS A RESULT OF SUCH FINAL CHANGE OR CORRECTION, A  
19 CORPORATION SHOULD REPORT ANY CHANGE IN THE AMOUNT OF THE  
20 TAXABLE INCOME OF ANY CORPORATION UPON WHICH TAX IS IMPOSED BY  
21 THIS ARTICLE, THE DEPARTMENT SHALL ADJUST THE CORPORATION'S TAX  
22 ON THE DEPARTMENT'S RECORDS TO CONFORM TO THE REVISED TAX AS  
23 REPORTED AND SHALL CREDIT THE TAXPAYER'S ACCOUNT TO THE EXTENT  
24 OF ANY OVERPAYMENT RESULTING FROM THE ADJUSTMENT. THE DEPARTMENT  
25 SHALL THEN HAVE THE POWER, AND ITS DUTY SHALL BE, TO DETERMINE  
26 AND ASSESS THE TAXPAYER'S UNPAID AND UNREPORTED LIABILITY FOR  
27 TAX, INTEREST OR PENALTY DUE THE COMMONWEALTH, OR TO CREDIT THE  
28 TAXPAYER'S ACCOUNT.

29 (C) WHERE A REPORT OF CHANGE, OF FEDERAL INCOME, OR FEDERAL  
30 TAX, HAS BEEN FILED AFTER AN ADMINISTRATIVE OR JUDICIAL APPEAL

1 HAS BEEN TAKEN, THE REPORT SHALL BE DEEMED A PART OF THE  
2 ORIGINAL ANNUAL REPORT UPON PETITION OF THE TAXPAYER AT ANY  
3 SUBSEQUENT PROCEEDING AS THOUGH IT HAD BEEN FILED WITH THE  
4 ORIGINAL REPORT, AND NO SEPARATE APPEAL FROM AN ASSESSMENT  
5 RESULTING FROM THE REPORT OF CHANGE, CORRECTION, OR  
6 REDETERMINATION SHALL BE NECESSARY TO THE EXTENT THE IDENTICAL  
7 ISSUES FOR THE TAXABLE YEAR HAVE BEEN RAISED IN THE APPEAL.

8 (D) THE PROVISIONS OF THIS SECTION SHALL NOT BE CONSTRUED SO  
9 AS TO PERMIT AN ASSESSMENT BASED UPON THE ALLOWANCE OF ANY  
10 DEDUCTION ON ACCOUNT OF NET OPERATING LOSSES, SUSTAINED IN OTHER  
11 FISCAL OR CALENDAR YEARS, THAT ARE NOT ALLOWED AS DEDUCTIONS  
12 UNDER THE DEFINITION OF "TAXABLE INCOME" AS CONTAINED IN THIS  
13 ARTICLE.

14 (E) THE PROVISIONS OF THIS SECTION SHALL APPLY TO EVERY  
15 CORPORATION WHICH WAS DOING BUSINESS IN PENNSYLVANIA IN THE YEAR  
16 FOR WHICH THE FEDERAL INCOME HAS BEEN CHANGED, IRRESPECTIVE OF  
17 WHETHER OR NOT SUCH CORPORATION HAS THEREAFTER MERGED,  
18 CONSOLIDATED, WITHDRAWN OR DISSOLVED. ANY CLEARANCE CERTIFICATE  
19 ISSUED BY THE DEPARTMENT SHALL BE CONDITIONED UPON THE  
20 REQUIREMENT THAT IN THE EVENT OF A CHANGE IN FEDERAL INCOME FOR  
21 ANY YEAR FOR WHICH TAXES HAVE BEEN PAID TO THE COMMONWEALTH, THE  
22 CORPORATION OR ITS SUCCESSOR OR ITS OFFICERS OR ITS DIRECTORS  
23 SHALL FILE WITH THE DEPARTMENT A REPORT OF CHANGE AND PAY ANY  
24 ADDITIONAL STATE TAX RESULTING THEREFROM.

25 SECTION 6.1. SECTION 407.1 OF THE ACT, AMENDED JULY 25, 2007  
26 (P.L.373, NO.55), IS AMENDED TO READ:

27 SECTION 407.1. ASSESSMENTS.--(A) IF THE DEPARTMENT  
28 DETERMINES THAT UNPAID OR UNREPORTED TAX IS DUE THE  
29 COMMONWEALTH, THE DEPARTMENT SHALL ISSUE AN ASSESSMENT UNDER  
30 THIS SECTION AND SECTIONS 407.2, 407.3, 407.4 AND 407.5. SUCH AN

1 ASSESSMENT IS NOT SUBJECT TO THE SETTLEMENT PROCEDURE IN THE ACT  
2 OF APRIL 9, 1929 (P.L.343, NO.176), KNOWN AS THE FISCAL CODE.

3 (B) A NOTICE OF ASSESSMENT AND DEMAND FOR PAYMENT SHALL BE  
4 MAILED TO THE TAXPAYER. THE NOTICE SHALL SET FORTH THE BASIS OF  
5 THE ASSESSMENT. THE ASSESSMENT SHALL BE PAID TO THE DEPARTMENT  
6 UPON RECEIPT OF THE NOTICE OF ASSESSMENT. PAYMENT OF THE  
7 ASSESSMENT SHALL BE WITHOUT PREJUDICE TO THE RIGHT OF THE  
8 TAXPAYER TO FILE A PETITION FOR REASSESSMENT IN THE MANNER  
9 PRESCRIBED BY ARTICLE XXVII.

10 (C) IN THE EVENT THAT A TAXPAYER FAILS TO FILE A REPORT FOR  
11 A TAX GOVERNED BY THIS ARTICLE, THE DEPARTMENT MAY ISSUE AN  
12 ESTIMATED ASSESSMENT BASED UPON THE RECORDS AND INFORMATION  
13 AVAILABLE OR THAT MAY COME INTO THE DEPARTMENT'S POSSESSION. IF  
14 PRIOR TO THE FILING OF A REPORT THE DEPARTMENT ESTIMATES THAT  
15 ADDITIONAL UNPAID OR UNREPORTED TAX IS DUE THE COMMONWEALTH, THE  
16 DEPARTMENT MAY ISSUE ADDITIONAL ESTIMATED ASSESSMENTS.

17 (D) A NOTICE OF ESTIMATED ASSESSMENT AND DEMAND FOR PAYMENT  
18 SHALL BE MAILED TO THE TAXPAYER. THE ASSESSMENT SHALL BE PAID TO  
19 THE DEPARTMENT UPON RECEIPT OF THE NOTICE OF ASSESSMENT. PAYMENT  
20 OF THE ESTIMATED ASSESSMENT DOES NOT ELIMINATE THE TAXPAYER'S  
21 OBLIGATION TO FILE A REPORT.

22 (E) A TAXPAYER SHALL HAVE NO RIGHT TO PETITION FOR  
23 REASSESSMENT, PETITION FOR REFUND OR OTHERWISE APPEAL A NOTICE  
24 OF ESTIMATED ASSESSMENT EXCEPT AS PROVIDED IN SUBSECTION (F).

25 (F) THE DEPARTMENT SHALL REMOVE AN ESTIMATED ASSESSMENT  
26 WITHIN NINETY DAYS OF THE FILING OF A REPORT AND OTHER  
27 INFORMATION REQUIRED TO DETERMINE THE TAX DUE THE COMMONWEALTH,  
28 WHEREUPON THE DEPARTMENT MAY ISSUE AN ASSESSMENT AS PROVIDED IN  
29 SUBSECTION (A). ANY TAX DUE THE COMMONWEALTH THAT IS INCLUDED IN  
30 AN ESTIMATED ASSESSMENT SHALL RETAIN ITS LIEN PRIORITY AS OF THE

1 DATE OF THE ESTIMATED ASSESSMENT TO THE EXTENT SUCH AMOUNT IS  
2 INCLUDED WITH AN ASSESSMENT ISSUED UPON THE REVIEW OF THE FILED  
3 REPORT.

4 [(G) THE NOTICE REQUIRED BY SUBSECTIONS (B) AND (D) SHALL BE  
5 MAILED BY CERTIFIED MAIL IF THE ASSESSMENT IS FOR \$300 OR MORE.]

6 SECTION 7. SECTION 901 INTRODUCTORY PARAGRAPH OF THE ACT,  
7 AMENDED DECEMBER 1, 1983 (P.L.228, NO.66), IS AMENDED TO READ:

8 SECTION 901. DEFINITIONS.--THE FOLLOWING TERMS, WHEN USED IN  
9 THIS [ACT] ARTICLE, SHALL HAVE THE MEANING ASCRIBED TO THEM IN  
10 THIS SECTION:

11 \* \* \*

12 SECTION 8. SECTION 902 (B) AND (C) OF THE ACT, AMENDED JUNE  
13 30, 1995 (P.L.139, NO.21), ARE AMENDED TO READ:

14 SECTION 902. \* \* \*

15 (B) DISPOSITION OF TAXES.--THE TAXES PAID BY FOREIGN FIRE  
16 INSURANCE COMPANIES UNDER THIS [ACT] ARTICLE SHALL CONTINUE TO  
17 BE DISTRIBUTED AND USED FOR FIREMEN'S RELIEF PENSION OR  
18 RETIREMENT PURPOSES, AS PROVIDED BY SECTION TWO OF THE ACT,  
19 APPROVED THE TWENTY-EIGHTH DAY OF JUNE, ONE THOUSAND EIGHT  
20 HUNDRED NINETY-FIVE (PAMPHLET LAWS 408), AS AMENDED; AND THE  
21 TAXES PAID BY FOREIGN CASUALTY INSURANCE COMPANIES UNDER THIS  
22 [ACT] ARTICLE SHALL CONTINUE TO BE DISTRIBUTED AND USED FOR  
23 POLICE PENSION, RETIREMENT OR DISABILITY PURPOSES AS PROVIDED BY  
24 THE ACT, APPROVED THE TWELFTH DAY OF MAY, ONE THOUSAND NINE  
25 HUNDRED FORTY-THREE (PAMPHLET LAWS 259), AS AMENDED.

26 (C) OTHER TAXES.--ALL OTHER TAXES RECEIVED UNDER THIS [ACT]  
27 ARTICLE SHALL BE CREDITED TO THE GENERAL FUND FOR GENERAL  
28 REVENUE PURPOSES.

29 SECTION 9. THE DEFINITIONS OF "ASSOCIATION," "FAMILY FARM  
30 CORPORATION" AND "FAMILY FARM PARTNERSHIP" IN SECTION 1101-C OF

1 THE ACT, AMENDED JULY 2, 1986 (P.L.318, NO.77) AND APRIL 23,  
2 1998 (P.L.239, NO.45), ARE AMENDED AND THE SECTION IS AMENDED BY  
3 ADDING A DEFINITION TO READ:

4 SECTION 1101-C. DEFINITIONS.--THE FOLLOWING WORDS WHEN USED  
5 IN THIS ARTICLE SHALL HAVE THE MEANINGS ASCRIBED TO THEM IN THIS  
6 SECTION:

7 "ASSOCIATION." A GENERAL PARTNERSHIP, LIMITED PARTNERSHIP,  
8 LIMITED LIABILITY PARTNERSHIP OR ANY OTHER FORM OF  
9 UNINCORPORATED ENTERPRISE, OWNED OR CONDUCTED BY TWO OR MORE  
10 PERSONS OTHER THAN A PRIVATE TRUST OR DECEDENT'S ESTATE.

11 \* \* \*

12 ["FAMILY FARM CORPORATION." A CORPORATION OF WHICH AT LEAST  
13 SEVENTY-FIVE PER CENT OF ITS ASSETS ARE DEVOTED TO THE BUSINESS  
14 OF AGRICULTURE AND AT LEAST SEVENTY-FIVE PER CENT OF EACH CLASS  
15 OF STOCK OF THE CORPORATION IS CONTINUOUSLY OWNED BY MEMBERS OF  
16 THE SAME FAMILY. THE BUSINESS OF AGRICULTURE SHALL INCLUDE THE  
17 LEASING TO MEMBERS OF THE SAME FAMILY OF PROPERTY WHICH IS  
18 DIRECTLY AND PRINCIPALLY USED FOR AGRICULTURAL PURPOSES. THE  
19 BUSINESS OF AGRICULTURE SHALL NOT BE DEEMED TO INCLUDE:

20 (1) RECREATIONAL ACTIVITIES SUCH AS, BUT NOT LIMITED TO,  
21 HUNTING, FISHING, CAMPING, SKIING, SHOW COMPETITION OR RACING;

22 (2) THE RAISING, BREEDING OR TRAINING OF GAME ANIMALS OR  
23 GAME BIRDS, FISH, CATS, DOGS OR PETS OR ANIMALS INTENDED FOR USE  
24 IN SPORTING OR RECREATIONAL ACTIVITIES;

25 (3) FUR FARMING;

26 (4) STOCKYARD AND SLAUGHTERHOUSE OPERATIONS; OR

27 (5) MANUFACTURING OR PROCESSING OPERATIONS OF ANY KIND.

28 "FAMILY FARM PARTNERSHIP." A PARTNERSHIP OF WHICH AT LEAST  
29 SEVENTY-FIVE PER CENT OF ITS ASSETS ARE DEVOTED TO THE BUSINESS  
30 OF AGRICULTURE AND AT LEAST SEVENTY-FIVE PER CENT OF THE

1 INTERESTS IN THE PARTNERSHIP ARE CONTINUOUSLY OWNED BY MEMBERS  
2 OF THE SAME FAMILY. THE BUSINESS OF AGRICULTURE SHALL INCLUDE  
3 THE LEASING TO MEMBERS OF THE SAME FAMILY OF PROPERTY WHICH IS  
4 DIRECTLY AND PRINCIPALLY USED FOR AGRICULTURAL PURPOSES. THE  
5 BUSINESS OF AGRICULTURE SHALL NOT BE DEEMED TO INCLUDE:

6 (1) RECREATIONAL ACTIVITIES SUCH AS, BUT NOT LIMITED TO,  
7 HUNTING, FISHING, CAMPING, SKIING, SHOW COMPETITION OR RACING;

8 (2) THE RAISING, BREEDING OR TRAINING OF GAME ANIMALS OR  
9 GAME BIRDS, FISH, CATS, DOGS OR PETS OR ANIMALS INTENDED FOR USE  
10 IN SPORTING OR RECREATIONAL ACTIVITIES;

11 (3) FUR FARMING;

12 (4) STOCKYARD AND SLAUGHTERHOUSE OPERATIONS; OR

13 (5) MANUFACTURING OR PROCESSING OPERATIONS OF ANY KIND.]

14 "FAMILY FARM BUSINESS." A CORPORATION OR ASSOCIATION OF  
15 WHICH AT LEAST SEVENTY-FIVE PER CENT OF ITS ASSETS ARE DEVOTED  
16 TO THE BUSINESS OF AGRICULTURE AND AT LEAST SEVENTY-FIVE PER  
17 CENT OF EACH CLASS OF STOCK OF THE CORPORATION OR THE INTERESTS  
18 IN THE ASSOCIATION IS CONTINUOUSLY OWNED BY MEMBERS OF THE SAME  
19 FAMILY. THE BUSINESS OF AGRICULTURE SHALL INCLUDE THE LEASING TO  
20 MEMBERS OF THE SAME FAMILY OR THE LEASING TO A CORPORATION OR  
21 ASSOCIATION OWNED BY MEMBERS OF THE SAME FAMILY OF PROPERTY  
22 WHICH IS DIRECTLY AND PRINCIPALLY USED FOR AGRICULTURAL  
23 PURPOSES. THE BUSINESS OF AGRICULTURE SHALL NOT BE DEEMED TO  
24 INCLUDE:

25 (1) RECREATIONAL ACTIVITIES SUCH AS, BUT NOT LIMITED TO,  
26 HUNTING, FISHING, CAMPING, SKIING, SHOW COMPETITION OR RACING;

27 (2) THE RAISING, BREEDING OR TRAINING OF GAME ANIMALS OR  
28 GAME BIRDS, FISH, CATS, DOGS OR PETS OR ANIMALS INTENDED FOR USE  
29 IN SPORTING OR RECREATIONAL ACTIVITIES;

30 (3) FUR FARMING;

1       (4) STOCKYARD AND SLAUGHTERHOUSE OPERATIONS; OR

2       (5) MANUFACTURING OR PROCESSING OPERATIONS OF ANY KIND.

3       \* \* \*

4       SECTION 10. SECTION 1102-C.3(6), (19), (19.1) AND (20) OF  
5 THE ACT, AMENDED OR ADDED JULY 2, 1986 (P.L.318, NO.77) AND JUNE  
6 16, 1994 (P.L.279, NO.48), ARE AMENDED TO READ:

7       SECTION 1102-C.3. EXCLUDED TRANSACTIONS.--THE TAX IMPOSED BY  
8 SECTION 1102-C SHALL NOT BE IMPOSED UPON:

9       \* \* \*

10       (6) A TRANSFER BETWEEN HUSBAND AND WIFE, BETWEEN PERSONS WHO  
11 WERE PREVIOUSLY HUSBAND AND WIFE WHO HAVE SINCE BEEN DIVORCED,  
12 PROVIDED THE PROPERTY OR INTEREST THEREIN SUBJECT TO SUCH  
13 TRANSFER WAS ACQUIRED BY THE HUSBAND AND WIFE OR HUSBAND OR WIFE  
14 PRIOR TO THE GRANTING OF THE FINAL DECREE IN DIVORCE, BETWEEN  
15 PARENT AND CHILD OR THE SPOUSE OF SUCH CHILD, BETWEEN A  
16 STEPPARENT AND A STEPCHILD OR THE SPOUSE OF THE STEPCHILD,  
17 BETWEEN BROTHER OR SISTER OR SPOUSE OF A BROTHER OR SISTER AND  
18 BROTHER OR SISTER OR THE SPOUSE OF A BROTHER OR SISTER AND  
19 BETWEEN A GRANDPARENT AND GRANDCHILD OR THE SPOUSE OF SUCH  
20 GRANDCHILD, EXCEPT THAT A SUBSEQUENT TRANSFER BY THE GRANTEE  
21 WITHIN ONE YEAR SHALL BE SUBJECT TO TAX AS IF THE GRANTOR WERE  
22 MAKING SUCH TRANSFER.

23       \* \* \*

24       (19) A TRANSFER OF REAL ESTATE DEVOTED TO THE BUSINESS OF  
25 AGRICULTURE TO A FAMILY FARM [CORPORATION] BUSINESS BY:

26       (I) A MEMBER OF THE SAME FAMILY WHICH DIRECTLY OWNS AT LEAST  
27 SEVENTY-FIVE PER CENT OF EACH CLASS OF THE STOCK THEREOF OR THE  
28 INTERESTS IN THAT FAMILY FARM BUSINESS; OR

29       (II) A FAMILY FARM BUSINESS, WHICH FAMILY DIRECTLY OWNS AT  
30 LEAST SEVENTY-FIVE PER CENT OF EACH CLASS OF STOCK THEREOF OR



1 THE INTERESTS IN THAT FAMILY FARM BUSINESS.

2 [(19.1) A TRANSFER OF REAL ESTATE DEVOTED TO THE BUSINESS OF  
3 AGRICULTURE TO A FAMILY FARM PARTNERSHIP BY A MEMBER OF THE SAME  
4 FAMILY, WHICH FAMILY DIRECTLY OWNS AT LEAST SEVENTY-FIVE PER  
5 CENT OF THE INTERESTS IN THE PARTNERSHIP.]

6 (20) A TRANSFER BETWEEN MEMBERS OF THE SAME FAMILY OF AN  
7 OWNERSHIP INTEREST IN A REAL ESTATE COMPANY[, ] OR FAMILY FARM  
8 [CORPORATION OR FAMILY FARM PARTNERSHIP WHICH] BUSINESS THAT  
9 OWNS REAL ESTATE.

10 \* \* \*

11 SECTION 11. SECTION 1102-C.4 OF THE ACT, ADDED JULY 2, 1986  
12 (P.L.318, NO.77), IS AMENDED TO READ:

13 SECTION 1102-C.4. DOCUMENTS RELATING TO ASSOCIATIONS OR  
14 CORPORATIONS AND MEMBERS, PARTNERS, STOCKHOLDERS OR SHAREHOLDERS  
15 THEREOF.--EXCEPT AS OTHERWISE PROVIDED IN [SECTION] SECTIONS  
16 1102-C.3 AND 1102-C.5, DOCUMENTS WHICH MAKE, CONFIRM OR EVIDENCE  
17 ANY TRANSFER OR DEVISE OF TITLE TO REAL ESTATE BETWEEN  
18 ASSOCIATIONS OR CORPORATIONS AND THE MEMBERS, PARTNERS,  
19 SHAREHOLDERS OR STOCKHOLDERS THEREOF ARE FULLY TAXABLE. FOR THE  
20 PURPOSES OF THIS ARTICLE, CORPORATIONS AND ASSOCIATIONS ARE  
21 ENTITIES SEPARATE FROM THEIR MEMBERS, PARTNERS, STOCKHOLDERS OR  
22 SHAREHOLDERS.

23 SECTION 12. SECTION 1102-C.5 OF THE ACT, AMENDED OR ADDED  
24 JULY 2, 1986 (P.L.318, NO.77) AND JUNE 16, 1994 (P.L.279,  
25 NO.48), IS AMENDED TO READ:

26 SECTION 1102-C.5. ACQUIRED COMPANY.-- (A) A REAL ESTATE  
27 COMPANY IS AN ACQUIRED COMPANY UPON A CHANGE IN THE OWNERSHIP  
28 INTEREST IN THE COMPANY, HOWEVER EFFECTED, IF THE CHANGE:

29 (1) DOES NOT AFFECT THE CONTINUITY OF THE COMPANY; AND

30 (2) OF ITSELF OR TOGETHER WITH PRIOR CHANGES HAS THE EFFECT

1 OF TRANSFERRING, DIRECTLY OR INDIRECTLY, NINETY PER CENT OR MORE  
2 OF THE TOTAL OWNERSHIP INTEREST IN THE COMPANY WITHIN A PERIOD  
3 OF THREE YEARS.

4 (3) FOR THE PURPOSES OF PARAGRAPH (2), A TRANSFER OCCURS  
5 WITHIN A PERIOD OF THREE YEARS OF ANOTHER TRANSFER OR TRANSFERS  
6 IF, DURING THE PERIOD:

7 (I) THE TRANSFERRING PARTY PROVIDES A LEGALLY BINDING  
8 COMMITMENT, ENFORCEABLE AT A FUTURE DATE, TO EXECUTE THE  
9 TRANSFER;

10 (II) THE TERMS OF THE TRANSFER ARE FIXED AND NOT SUBJECT TO  
11 NEGOTIATION; AND

12 (III) THE TRANSFERRING PARTY RECEIVES FULL CONSIDERATION, IN  
13 ANY FORM, IN EXCHANGE FOR THE TRANSFER.

14 [(B) WITH RESPECT TO REAL ESTATE ACQUIRED AFTER FEBRUARY 16,  
15 1986, A FAMILY FARM CORPORATION IS AN ACQUIRED COMPANY WHEN,  
16 BECAUSE OF VOLUNTARY OR INVOLUNTARY DISSOLUTION, IT CEASES TO BE  
17 A FAMILY FARM CORPORATION OR WHEN, BECAUSE OF ISSUANCE OR  
18 TRANSFER OF STOCK OR BECAUSE OF ACQUISITION OR TRANSFER OF  
19 ASSETS THAT ARE DEVOTED TO THE BUSINESS OF AGRICULTURE, IT FAILS  
20 TO MEET THE MINIMUM REQUIREMENTS OF A FAMILY FARM CORPORATION  
21 UNDER THIS ACT.

22 (B.1) A FAMILY FARM PARTNERSHIP IS AN ACQUIRED COMPANY WHEN,  
23 BECAUSE OF VOLUNTARY OR INVOLUNTARY DISSOLUTION, IT CEASES TO BE  
24 A FAMILY FARM PARTNERSHIP OR WHEN, BECAUSE OF TRANSFER OF  
25 PARTNERSHIP INTERESTS OR BECAUSE OF ACQUISITION OR TRANSFER OF  
26 ASSETS THAT ARE DEVOTED TO THE BUSINESS OF AGRICULTURE, IT FAILS  
27 TO MEET THE MINIMUM REQUIREMENTS OF A FAMILY FARM PARTNERSHIP  
28 UNDER THIS ACT.]

29 (B.2) A FAMILY FARM BUSINESS IS AN ACQUIRED COMPANY WHEN,  
30 BECAUSE OF VOLUNTARY OR INVOLUNTARY DISSOLUTION, IT CEASES TO BE

1 A FAMILY FARM BUSINESS OR WHEN, BECAUSE OF THE ISSUANCE OR  
2 TRANSFER OF STOCK IN THE CORPORATION OR TRANSFER OF INTERESTS IN  
3 THE ASSOCIATION OR BECAUSE OF ACQUISITION OR TRANSFER OF ASSETS  
4 THAT ARE DEVOTED TO THE BUSINESS OF AGRICULTURE, IT FAILS TO  
5 MEET THE MINIMUM REQUIREMENTS OF A FAMILY FARM BUSINESS UNDER  
6 THIS ARTICLE.

7 (B.3) THE CONVEYANCE OF ASSETS HELD BY ONE FAMILY FARM  
8 BUSINESS TO ANOTHER FAMILY FARM BUSINESS SHALL NOT BE CONSIDERED  
9 A TRANSFER OF ASSETS UNDER THIS ARTICLE IF THE SAME INDIVIDUALS  
10 HOLD AT LEAST FIFTY PER CENT OF THE OWNERSHIP INTEREST IN EACH  
11 FAMILY FARM BUSINESS.

12 (C) WITHIN THIRTY DAYS AFTER BECOMING AN ACQUIRED COMPANY,  
13 THE COMPANY SHALL PRESENT A DECLARATION OF ACQUISITION WITH THE  
14 RECORDER OF EACH COUNTY IN WHICH IT HOLDS REAL ESTATE FOR THE  
15 AFFIXATION OF DOCUMENTARY STAMPS AND RECORDING. SUCH DECLARATION  
16 SHALL SET FORTH THE VALUE OF REAL ESTATE HOLDINGS OF THE  
17 ACQUIRED COMPANY IN SUCH COUNTY.

18 SECTION 12.1. SECTION 1111-C OF THE ACT, AMENDED JULY 25,  
19 2007 (P.L.373, NO.55), IS AMENDED TO READ:

20 SECTION 1111-C. ASSESSMENT AND NOTICE OF TAX; REVIEW.--(A)  
21 IF ANY PERSON SHALL FAIL TO PAY ANY TAX IMPOSED BY THIS ARTICLE  
22 FOR WHICH HE IS LIABLE, THE DEPARTMENT IS HEREBY AUTHORIZED AND  
23 EMPOWERED TO MAKE AN ASSESSMENT OF ADDITIONAL TAX AND INTEREST  
24 DUE BY SUCH PERSON BASED UPON ANY INFORMATION WITHIN ITS  
25 POSSESSION OR THAT SHALL COME INTO ITS POSSESSION. ALL OF SUCH  
26 ASSESSMENTS SHALL BE MADE WITHIN THREE YEARS AFTER THE DATE OF  
27 THE RECORDING OF THE DOCUMENT, SUBJECT TO THE FOLLOWING:

28 (1) IF THE TAXPAYER UNDERPAYS THE CORRECT AMOUNT OF THE TAX  
29 BY TWENTY-FIVE PER CENT OR MORE, THE TAX MAY BE ASSESSED AT ANY  
30 TIME WITHIN SIX YEARS AFTER THE DATE OF THE RECORDING OF THE

1 DOCUMENT.

2 (2) IF ANY PART OF AN UNDERPAYMENT OF TAX IS DUE TO FRAUD OR  
3 AN UNDISCLOSED, INTENTIONAL DISREGARD OF RULES AND REGULATIONS,  
4 THE FULL AMOUNT OF THE TAX MAY BE ASSESSED AT ANY TIME.

5 (B) PROMPTLY AFTER THE DATE OF SUCH ASSESSMENT, THE  
6 DEPARTMENT SHALL SEND A COPY THEREOF, INCLUDING THE BASIS OF THE  
7 ASSESSMENT, TO THE PERSON AGAINST WHOM IT WAS MADE. ANY TAXPAYER  
8 AGAINST WHOM AN ASSESSMENT IS MADE MAY PETITION THE DEPARTMENT  
9 FOR A REASSESSMENT PURSUANT TO ARTICLE XXVII.

10 [(D) THE NOTICE REQUIRED BY SUBSECTION (B) SHALL BE SENT BY  
11 CERTIFIED MAIL IF THE ASSESSMENT IS FOR \$300 OR MORE.]

12 SECTION 12.2. THE DEFINITION OF "WHOLESALE" IN SECTION 1201  
13 OF THE ACT, ADDED OCTOBER 9, 2009 (P.L.451, NO.48), IS AMENDED  
14 TO READ:

15 SECTION 1201. DEFINITIONS.--AS USED IN THIS ARTICLE:

16 \* \* \*

17 "WHOLESALE." ANY OF THE FOLLOWING:

18 (1) ANY PERSON THAT MEETS ALL OF THE FOLLOWING:

19 (I) IN THE USUAL COURSE OF BUSINESS, PURCHASES CIGARETTES  
20 FROM A CIGARETTE STAMPING AGENT OR OTHER WHOLESALE AND  
21 RECEIVES, STORES, SELLS AND DISTRIBUTES WITHIN THIS COMMONWEALTH  
22 AT LEAST SEVENTY-FIVE PER CENT OF THE CIGARETTES PURCHASED BY  
23 HIM OR HER TO RETAIL DEALERS OR WHOLESALE DEALERS OR ANY  
24 COMBINATION WHO BUYS THE CIGARETTES FROM HIM OR HER FOR THE  
25 PURPOSE OF RESALE TO THE ULTIMATE CONSUMER.

26 (II) MAINTAINS AN ESTABLISHED PLACE OF BUSINESS FOR THE  
27 RECEIVING, STORAGE AND DISTRIBUTION OF CIGARETTES.

28 (2) ANY PERSON THAT MEETS ALL OF THE FOLLOWING:

29 (I) IS ENGAGED IN THE BUSINESS OF DISTRIBUTING CIGARETTES  
30 THROUGH VENDING MACHINES TO THE ULTIMATE CONSUMER BY MEANS OF

1 PLACING THE CIGARETTE VENDING MACHINES, OWNED OR LEASED BY HIM,  
2 IN VARIOUS OUTLETS WITHIN THIS COMMONWEALTH.

3 (II) PAYS TO THE OWNER OR LESSEE OF THE PREMISES A  
4 COMMISSION OR RENTAL FOR THE USE OF THE PREMISES.

5 (III) OPERATES AT LEAST TEN VENDING MACHINES.

6 (IV) MEETS ALL THE OTHER REQUIREMENTS FOR LICENSING OF  
7 WHOLESALERS UNDER ARTICLE II-A OF THE ACT OF APRIL 9, 1929  
8 (P.L.343, NO.176), KNOWN AS "THE FISCAL CODE," INCLUDING  
9 MAINTAINING AN ESTABLISHED PLACE OF BUSINESS FOR THE RECEIVING,  
10 STORAGE AND DISTRIBUTION OF CIGARETTES.

11 (3) ANY PERSON, INCLUDING A FRANCHISEE, THAT MEETS ALL OF  
12 THE FOLLOWING:

13 (I) OWNS AND OPERATES NO FEWER THAN [FIVE] THREE RETAIL  
14 OUTLETS IN THIS COMMONWEALTH, HAVING ONE HUNDRED PER CENT COMMON  
15 OWNERSHIP.

16 (II) PURCHASES CIGARETTES FROM A CIGARETTE STAMPING AGENCY  
17 OR ANOTHER WHOLESALER FOR RESALE TO THE ULTIMATE CONSUMER.

18 (III) MAINTAINS COMPLETE AND ACCURATE RECORDS OF ALL  
19 PURCHASES AND SALES IN HIS OR HER MAIN OFFICE AND ALSO IN THE  
20 RETAIL OUTLET.

21 SECTION 13. SECTION 1709-B(A) OF THE ACT, AMENDED JULY 12,  
22 2006 (P.L.1137, NO.116), IS AMENDED TO READ:

23 SECTION 1709-B. LIMITATION ON CREDITS.--(A) THE TOTAL  
24 AMOUNT OF CREDITS APPROVED BY THE DEPARTMENT SHALL NOT EXCEED  
25 [FORTY MILLION DOLLARS (\$40,000,000)] FIFTY-FIVE MILLION DOLLARS  
26 (\$55,000,000) IN ANY FISCAL YEAR. OF THAT AMOUNT, [EIGHT MILLION  
27 DOLLARS (\$8,000,000)] ELEVEN MILLION DOLLARS (\$11,000,000) SHALL  
28 BE ALLOCATED EXCLUSIVELY FOR SMALL BUSINESSES. HOWEVER, IF THE  
29 TOTAL AMOUNTS ALLOCATED TO EITHER THE GROUP OF APPLICANTS  
30 EXCLUSIVE OF SMALL BUSINESSES OR THE GROUP OF SMALL BUSINESS

1 APPLICANTS IS NOT APPROVED IN ANY FISCAL YEAR, THE UNUSED  
2 PORTION WILL BECOME AVAILABLE FOR USE BY THE OTHER GROUP OF  
3 QUALIFYING TAXPAYERS.

4 \* \* \*

5 SECTION 14. SECTION 1712-B OF THE ACT, AMENDED JULY 12, 2006  
6 (P.L.1137, NO.116), IS REPEALED:

7 [SECTION 1712-B. TERMINATION.--THE DEPARTMENT SHALL NOT  
8 APPROVE A RESEARCH AND DEVELOPMENT TAX CREDIT UNDER THIS ARTICLE  
9 FOR TAXABLE YEARS ENDING AFTER DECEMBER 31, 2015.]

10 SECTION 15. THE DEFINITION OF "QUALIFIED TAX LIABILITY" IN  
11 SECTION 1702-D OF THE ACT, ADDED JULY 25, 2007 (P.L.373, NO.55),  
12 IS AMENDED AND THE SECTION IS AMENDED BY ADDING DEFINITIONS TO  
13 READ:

14 SECTION 1702-D. DEFINITIONS.

15 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE  
16 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
17 CONTEXT CLEARLY INDICATES OTHERWISE:

18 \* \* \*

19 "MINIMUM STAGE FILMING REQUIREMENTS." INCLUDE:

20 (1) TAXPAYERS WITH A PENNSYLVANIA PRODUCTION EXPENSE OF  
21 LESS THAN \$30,000,000 PER PRODUCTION MUST:

22 (I) BUILD AT LEAST ONE SET AT A QUALIFIED PRODUCTION  
23 FACILITY;

24 (II) SHOOT FOR A MINIMUM OF TEN DAYS AT A QUALIFIED  
25 PRODUCTION FACILITY; AND

26 (III) SPEND OR INCUR A MINIMUM OF \$1,500,000 IN  
27 DIRECT EXPENDITURES RELATING TO THE USE OR RENTAL OF  
28 TANGIBLE PROPERTY OR FOR PERFORMANCE OF SERVICES PROVIDED  
29 BY A QUALIFIED PRODUCTION FACILITY.

30 (2) TAXPAYERS WITH A PENNSYLVANIA PRODUCTION EXPENSE OF

1 AT LEAST \$30,000,000 PER PRODUCTION MUST:

2 (I) BUILD AT LEAST TWO SETS AT A QUALIFIED  
3 PRODUCTION FACILITY;

4 (II) SHOOT FOR A MINIMUM OF 15 DAYS AT A QUALIFIED  
5 PRODUCTION FACILITY; AND

6 (III) SPEND OR INCUR A MINIMUM OF \$5,000,000 IN  
7 DIRECT EXPENDITURES RELATING TO THE USE OR RENTAL OF  
8 TANGIBLE PROPERTY AT OR FOR PERFORMANCE OF SERVICES  
9 PROVIDED BY A QUALIFIED PRODUCTION FACILITY.

10 \* \* \*

11 "QUALIFIED PRODUCTION FACILITY." A FILM PRODUCTION FACILITY  
12 LOCATED WITHIN THIS COMMONWEALTH THAT CONTAINS AT LEAST ONE  
13 SOUND STAGE WITH A COLUMN-FREE, UNOBSTRUCTED FLOOR SPACE AND  
14 MEETS EITHER OF THE FOLLOWING CRITERIA:

15 (1) HAS HAD A MINIMUM OF \$10,000,000 INVESTED IN THE  
16 FILM PRODUCTION FACILITY IN LAND OR A STRUCTURE PURCHASED OR  
17 GROUND-UP, PURPOSE-BUILT NEW CONSTRUCTION OR RENOVATION OF  
18 EXISTING IMPROVEMENT.

19 (2) MEETS AT LEAST THREE OF THE FOLLOWING CRITERIA:

20 (I) A SOUND STAGE HAVING AN INDUSTRY STANDARD NOISE  
21 CRITERIA RATING OF 25 OR BETTER.

22 (II) A PERMANENT GRID WITH A MINIMUM POINT LOAD  
23 CAPACITY OF NO LESS THAN 1,000 POUNDS AT A MINIMUM OF 25  
24 POINTS.

25 (III) BUILT-IN POWER SUPPLY AVAILABLE AT A MINIMUM  
26 OF 4,000 AMPS PER SOUND STAGE WITHOUT THE NEED FOR  
27 SUPPLEMENTAL GENERATORS.

28 (IV) A HEIGHT FROM SOUND STAGE FLOOR TO PERMANENT  
29 GRID OF A MINIMUM OF 20 FEET.

30 (V) A SOUND STAGE WITH A SLIDING OR ROLL-UP ACCESS

1 DOOR WITH A MINIMUM HEIGHT OF 14 FEET.

2 (VI) A BUILT-IN HVAC CAPACITY DURING SHOOT DAYS WITH  
3 A MINIMUM OF 50 TONS OF COOLING CAPACITY AVAILABLE PER  
4 SOUND STAGE.

5 (VII) PERIMETER SECURITY THAT INCLUDES A 24-HOUR,  
6 SEVEN-DAYS-A-WEEK SECURITY PRESENCE AND USE OF ACCESS  
7 CONTROL IDENTIFICATION BADGES.

8 (VIII) ON-SITE LIGHTING AND GRIP DEPARTMENT WITH AN  
9 AVAILABLE INVENTORY STORED AT THE FILM PRODUCTION  
10 FACILITY WITH A MINIMUM COST OF INVESTMENT OF \$500,000.

11 (IX) A SOUND STAGE WITH CONTIGUOUS PRODUCTION  
12 OFFICES WITH A MINIMUM OF 5,000 SQUARE FEET PER SOUND  
13 STAGE.

14 "QUALIFIED TAX LIABILITY." THE LIABILITY FOR TAXES IMPOSED  
15 UNDER ARTICLE III, IV [OR], VI, VII OR IX. THE TERM SHALL NOT  
16 INCLUDE ANY TAX WITHHELD BY AN EMPLOYER FROM AN EMPLOYEE UNDER  
17 ARTICLE III.

18 \* \* \*

19 SECTION 15.1. SECTION 1703-D(B) OF THE ACT, ADDED JULY 25,  
20 2007 (P.L.373, NO.55), IS AMENDED TO READ:

21 SECTION 1703-D. CREDIT FOR QUALIFIED FILM PRODUCTION EXPENSES.

22 \* \* \*

23 (B) REVIEW AND APPROVAL.--[THE DEPARTMENT SHALL REVIEW AND  
24 APPROVE OR DISAPPROVE THE APPLICATIONS IN THE ORDER IN WHICH  
25 THEY ARE RECEIVED.] THE DEPARTMENT SHALL ESTABLISH APPLICATION  
26 PERIODS NOT TO EXCEED 90 DAYS EACH. ALL APPLICATIONS RECEIVED  
27 DURING THE APPLICATION PERIOD SHALL BE REVIEWED AND EVALUATED BY  
28 THE DEPARTMENT BASED ON THE FOLLOWING CRITERIA:

29 (1) THE ANTICIPATED NUMBER OF PRODUCTION DAYS IN A  
30 QUALIFIED PRODUCTION FACILITY.



1           (2) THE ANTICIPATED NUMBER OF PENNSYLVANIA EMPLOYEES.

2           (3) THE NUMBER OF PREPRODUCTION DAYS THROUGH  
3           POSTPRODUCTION DAYS IN PENNSYLVANIA.

4           (4) THE ANTICIPATED NUMBER OF DAYS SPENT IN PENNSYLVANIA  
5           HOTELS.

6           (5) THE PENNSYLVANIA PRODUCTION EXPENSES IN COMPARISON  
7           TO THE PRODUCTION BUDGET.

8           (6) THE USE OF STUDIO RESOURCES.

9 UPON DETERMINING THE TAXPAYER HAS INCURRED OR WILL INCUR  
10 QUALIFIED FILM PRODUCTION EXPENSES, THE DEPARTMENT MAY APPROVE  
11 THE TAXPAYER FOR A TAX CREDIT. APPLICATIONS NOT APPROVED MAY BE  
12 REVIEWED AND CONSIDERED IN SUBSEQUENT APPLICATION PERIODS. THE  
13 DEPARTMENT MAY APPROVE A TAXPAYER FOR A TAX CREDIT BASED ON ITS  
14 EVALUATION OF THE CRITERIA UNDER THIS SUBSECTION.

15           \* \* \*

16           SECTION 16. SECTIONS 1705-D AND 1707-D OF THE ACT, ADDED  
17 JULY 25, 2007 (P.L.373, NO.55), ARE AMENDED TO READ:  
18 SECTION 1705-D. CARRYOVER, CARRYBACK AND ASSIGNMENT OF CREDIT.

19           (A) GENERAL RULE.--IF THE TAXPAYER CANNOT USE THE ENTIRE  
20 AMOUNT OF THE TAX CREDIT FOR THE TAXABLE YEAR IN WHICH THE TAX  
21 CREDIT IS FIRST APPROVED, THEN THE EXCESS MAY BE CARRIED OVER TO  
22 SUCCEEDING TAXABLE YEARS AND USED AS A CREDIT AGAINST THE  
23 QUALIFIED TAX LIABILITY OF THE TAXPAYER FOR THOSE TAXABLE YEARS.  
24 EACH TIME THE TAX CREDIT IS CARRIED OVER TO A SUCCEEDING TAXABLE  
25 YEAR, IT SHALL BE REDUCED BY THE AMOUNT THAT WAS USED AS A  
26 CREDIT DURING THE IMMEDIATELY PRECEDING TAXABLE YEAR. THE TAX  
27 CREDIT PROVIDED BY THIS ARTICLE MAY BE CARRIED OVER AND APPLIED  
28 TO SUCCEEDING TAXABLE YEARS FOR NO MORE THAN THREE TAXABLE YEARS  
29 FOLLOWING THE FIRST TAXABLE YEAR FOR WHICH THE TAXPAYER WAS  
30 ENTITLED TO CLAIM THE CREDIT.

1 (B) APPLICATION.--A TAX CREDIT APPROVED BY THE DEPARTMENT IN  
2 A TAXABLE YEAR FIRST SHALL BE APPLIED AGAINST THE TAXPAYER'S  
3 QUALIFIED TAX LIABILITY FOR THE CURRENT TAXABLE YEAR AS OF THE  
4 DATE ON WHICH THE CREDIT WAS APPROVED BEFORE THE TAX CREDIT CAN  
5 BE APPLIED AGAINST ANY TAX LIABILITY UNDER SUBSECTION (A).

6 (C) NO CARRYBACK OR REFUND.--A TAXPAYER IS NOT ENTITLED TO  
7 CARRY BACK OR OBTAIN A REFUND OF ALL OR ANY PORTION OF AN UNUSED  
8 TAX CREDIT GRANTED TO THE TAXPAYER UNDER THIS ARTICLE.

9 (D) (RESERVED).

10 (E) SALE OR ASSIGNMENT.--THE FOLLOWING SHALL APPLY:

11 (1) A TAXPAYER, UPON APPLICATION TO AND APPROVAL BY THE  
12 DEPARTMENT, MAY SELL OR ASSIGN, IN WHOLE OR IN PART, A TAX  
13 CREDIT GRANTED TO THE TAXPAYER UNDER THIS ARTICLE.

14 (2) THE DEPARTMENT AND THE DEPARTMENT OF REVENUE SHALL  
15 JOINTLY PROMULGATE REGULATIONS FOR THE APPROVAL OF  
16 APPLICATIONS UNDER THIS SUBSECTION.

17 (3) BEFORE AN APPLICATION IS APPROVED, THE DEPARTMENT OF  
18 REVENUE MUST MAKE A FINDING THAT THE APPLICANT HAS FILED ALL  
19 REQUIRED STATE TAX REPORTS AND RETURNS FOR ALL APPLICABLE  
20 TAXABLE YEARS AND PAID ANY BALANCE OF STATE TAX DUE AS  
21 DETERMINED AT SETTLEMENT, ASSESSMENT OR DETERMINATION BY THE  
22 DEPARTMENT OF REVENUE.

23 (4) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE  
24 DEPARTMENT OF REVENUE SHALL SETTLE, ASSESS OR DETERMINE THE  
25 TAX OF AN APPLICANT UNDER THIS SUBSECTION WITHIN 90 DAYS OF  
26 THE FILING OF ALL REQUIRED FINAL RETURNS OR REPORTS IN  
27 ACCORDANCE WITH SECTION 806.1(A)(5) OF THE ACT OF APRIL 9,  
28 1929 (P.L.343, NO.176), KNOWN AS THE FISCAL CODE.

29 (F) PURCHASERS AND ASSIGNEES.--EXCEPT AS SET FORTH IN  
30 SUBSECTION (G), THE FOLLOWING APPLY:

1           (1) THE PURCHASER OR ASSIGNEE OF ALL OR A PORTION OF A  
2 TAX CREDIT UNDER SUBSECTION (E) SHALL IMMEDIATELY CLAIM THE  
3 CREDIT IN THE TAXABLE YEAR IN WHICH THE PURCHASE OR  
4 ASSIGNMENT IS MADE.

5           (2) THE AMOUNT OF THE TAX CREDIT THAT A PURCHASER OR  
6 ASSIGNEE MAY USE AGAINST ANY ONE QUALIFIED TAX LIABILITY MAY  
7 NOT EXCEED 50% OF SUCH QUALIFIED TAX LIABILITY FOR THE  
8 TAXABLE YEAR.

9           (3) THE PURCHASER OR ASSIGNEE MAY NOT CARRY FORWARD,  
10 CARRY BACK OR OBTAIN A REFUND OF OR SELL OR ASSIGN THE TAX  
11 CREDIT.

12           (4) THE PURCHASER OR ASSIGNEE SHALL NOTIFY THE  
13 DEPARTMENT OF REVENUE OF THE SELLER OR ASSIGNOR OF THE TAX  
14 CREDIT IN COMPLIANCE WITH PROCEDURES SPECIFIED BY THE  
15 DEPARTMENT OF REVENUE.

16           (G) LIMITED CARRY FORWARD OF TAX CREDITS BY A PURCHASER OR  
17 ASSIGNEE.--A PURCHASER OR ASSIGNEE MAY CARRY FORWARD ALL OR ANY  
18 UNUSED PORTION OF A TAX CREDIT PURCHASED OR ASSIGNED IN CALENDAR  
19 YEAR 2010 AGAINST QUALIFIED TAX LIABILITIES INCURRED IN TAXABLE  
20 YEARS 2011 AND 2012.

21 SECTION 1707-D. LIMITATIONS.

22           (A) CAP.--IN NO CASE SHALL THE AGGREGATE AMOUNT OF TAX  
23 CREDITS AWARDED IN ANY FISCAL YEAR UNDER THIS ARTICLE EXCEED  
24 [\$75,000,000.] \$60,000,000. THE DEPARTMENT MAY, IN ITS  
25 DISCRETION, AWARD IN ONE FISCAL YEAR UP TO:

26           (1) THIRTY PERCENT OF THE DOLLAR AMOUNT OF FILM  
27 PRODUCTION TAX CREDITS AVAILABLE TO BE AWARDED IN THE NEXT  
28 SUCCEEDING FISCAL YEAR.

29           (2) TWENTY PERCENT OF THE DOLLAR AMOUNT OF FILM  
30 PRODUCTION TAX CREDITS AVAILABLE TO BE AWARDED IN THE SECOND

1 SUCCESSIVE FISCAL YEAR.

2 (3) TEN PERCENT OF THE DOLLAR AMOUNT OF FILM PRODUCTION  
3 TAX CREDITS AVAILABLE TO BE AWARDED IN THE THIRD SUCCESSIVE  
4 FISCAL YEAR.

5 (A.1) ADVANCE AWARD OF CREDITS.--THE ADVANCE AWARD OF FILM  
6 TAX CREDITS UNDER SUBSECTION (A) SHALL:

7 (1) COUNT AGAINST THE TOTAL DOLLAR AMOUNT OF CREDITS  
8 THAT THE DEPARTMENT MAY AWARD IN THAT NEXT SUCCEEDING FISCAL  
9 YEAR; AND

10 (2) REDUCE THE DOLLAR AMOUNT OF CREDITS THAT THE  
11 DEPARTMENT MAY AWARD IN THAT NEXT SUCCEEDING FISCAL YEAR.  
12 THE INDIVIDUAL LIMITATIONS ON THE AWARDING OF FILM PRODUCTION  
13 TAX CREDITS APPLY TO AN ADVANCE AWARD OF FILM PRODUCTION TAX  
14 CREDITS UNDER SUBSECTION (A), AND TO A COMBINATION OF FILM  
15 PRODUCTION TAX CREDITS AWARDED AGAINST THE CURRENT FISCAL YEAR  
16 CAP AND AGAINST THE NEXT SUCCEEDING FISCAL YEAR'S CAP.

17 (B) INDIVIDUAL LIMITATIONS.--THE FOLLOWING SHALL APPLY:

18 (1) [THE] EXCEPT AS SET FORTH IN PARAGRAPH (1.1), THE  
19 AGGREGATE AMOUNT OF FILM PRODUCTION TAX CREDITS AWARDED BY  
20 THE DEPARTMENT UNDER SECTION 1703-D(D) TO A TAXPAYER FOR A  
21 FILM MAY NOT EXCEED 25% OF THE QUALIFIED FILM PRODUCTION  
22 EXPENSES TO BE INCURRED.

23 (1.1) IN ADDITION TO THE TAX CREDIT UNDER PARAGRAPH (1),  
24 A TAXPAYER IS ELIGIBLE FOR A CREDIT IN THE AMOUNT OF 5% OF  
25 THE QUALIFIED FILM PRODUCTION EXPENSES INCURRED BY THE  
26 TAXPAYER IF THE TAXPAYER:

27 (I) FILMS A FEATURE FILM, TELEVISION FILM OR  
28 TELEVISION SERIES, WHICH IS INTENDED AS PROGRAMMING FOR A  
29 NATIONAL AUDIENCE; AND

30 (II) FILMS IN A QUALIFIED PRODUCTION FACILITY WHICH

1 MEETS THE MINIMUM STAGE FILMING REQUIREMENTS.

2 (2) A TAXPAYER THAT HAS RECEIVED A GRANT UNDER 12  
3 PA.C.S. § 4106 (RELATING TO APPROVAL) SHALL NOT BE ELIGIBLE  
4 FOR A FILM PRODUCTION TAX CREDIT UNDER THIS ACT FOR THE SAME  
5 FILM.

6 (C) QUALIFIED PRODUCTION FACILITY.--TO BE CONSIDERED A  
7 QUALIFIED PRODUCTION FACILITY UNDER SUBSECTION (B) (1.1), THE  
8 OWNER OF A FACILITY SHALL PROVIDE EVIDENCE TO THE DEPARTMENT TO  
9 VERIFY THE DEVELOPMENT OR FACILITY SPECIFICATIONS AND CAPITAL  
10 IMPROVEMENT COSTS INCURRED FOR THE FACILITY SO THAT THE  
11 THRESHOLD AMOUNTS SET IN THE DEFINITION OF "QUALIFIED PRODUCTION  
12 FACILITY" UNDER SECTION 1702-D ARE SATISFIED, AND UPON  
13 VERIFICATION, THE FACILITY SHALL BE REGISTERED BY THE DEPARTMENT  
14 OFFICIALLY AS A QUALIFIED PRODUCTION FACILITY.

15 (D) WAIVER.--THE DEPARTMENT MAY MAKE A DETERMINATION THAT  
16 THE FINANCIAL BENEFIT TO THIS COMMONWEALTH RESULTING FROM THE  
17 DIRECT INVESTMENT IN, OR PAYMENTS MADE TO, PENNSYLVANIA  
18 FACILITIES OUTWEIGHS THE BENEFIT OF MAINTAINING THE 60%  
19 REQUIREMENT CONTAINED IN THE DEFINITION OF "QUALIFIED FILM  
20 PRODUCTION EXPENSE." IF SUCH DETERMINATION IS MADE, THE  
21 DEPARTMENT MAY WAIVE THE REQUIREMENT THAT 60% OF A FILM'S TOTAL  
22 PRODUCTION EXPENSES BE COMPRISED OF PENNSYLVANIA PRODUCTION  
23 EXPENSES FOR A FEATURE FILM, TELEVISION FILM OR TELEVISION  
24 SERIES THAT IS INTENDED AS PROGRAMMING FOR A NATIONAL AUDIENCE  
25 AND IS FILMED IN A QUALIFIED PRODUCTION FACILITY IF THE TAXPAYER  
26 WHO HAS PENNSYLVANIA PRODUCTION EXPENSES OF AT LEAST \$30,000,000  
27 PER PRODUCTION MEETS THE MINIMUM STAGE FILMING REQUIREMENTS.

28 SECTION 17. (RESERVED).

29 SECTION 18. ARTICLE XVII-F OF THE ACT, ADDED OCTOBER 9, 2009  
30 (P.L.451, NO.48), IS REPEALED:

1 [ARTICLE XVII-F

2 EDUCATIONAL IMPROVEMENT TAX CREDIT

3 SECTION 1701-F. SCOPE OF ARTICLE.

4 THIS ARTICLE ESTABLISHES THE EDUCATIONAL IMPROVEMENT TAX  
5 CREDIT.

6 SECTION 1702-F. DEFINITIONS.

7 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE  
8 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
9 CONTEXT CLEARLY INDICATES OTHERWISE:

10 "BUSINESS FIRM." AN ENTITY AUTHORIZED TO DO BUSINESS IN THIS  
11 COMMONWEALTH AND SUBJECT TO TAXES IMPOSED UNDER ARTICLE III, IV,  
12 VI, VII, VIII, IX OR XV. THE TERM INCLUDES A PASS-THROUGH  
13 ENTITY.

14 "CONTRIBUTION." A DONATION OF CASH, PERSONAL PROPERTY OR  
15 SERVICES, THE VALUE OF WHICH IS THE NET COST OF THE DONATION TO  
16 THE DONOR OR THE PRO RATA HOURLY WAGE, INCLUDING BENEFITS, OF  
17 THE INDIVIDUAL PERFORMING THE SERVICES.

18 "DEPARTMENT." THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
19 DEVELOPMENT OF THE COMMONWEALTH.

20 "EDUCATIONAL IMPROVEMENT ORGANIZATION." A NONPROFIT ENTITY  
21 WHICH:

22 (1) IS EXEMPT FROM FEDERAL TAXATION UNDER SECTION 501(C)  
23 (3) OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514,  
24 26 U.S.C. § 1 ET SEQ.); AND

25 (2) CONTRIBUTES AT LEAST 80% OF ITS ANNUAL RECEIPTS AS  
26 GRANTS TO A PUBLIC SCHOOL FOR INNOVATIVE EDUCATIONAL  
27 PROGRAMS.

28 FOR PURPOSES OF THIS DEFINITION, A NONPROFIT ENTITY

29 "CONTRIBUTES" ITS ANNUAL CASH RECEIPTS WHEN IT EXPENDS OR  
30 OTHERWISE IRREVOCABLY ENCUMBERS THOSE FUNDS FOR EXPENDITURE

1 DURING THE THEN CURRENT FISCAL YEAR OF THE NONPROFIT ENTITY OR  
2 DURING THE NEXT SUCCEEDING FISCAL YEAR OF THE NONPROFIT ENTITY.

3 "ELIGIBLE PRE-KINDERGARTEN STUDENT." A STUDENT, INCLUDING AN  
4 ELIGIBLE STUDENT WITH A DISABILITY, WHO IS ENROLLED IN A PRE-  
5 KINDERGARTEN PROGRAM AND IS A MEMBER OF A HOUSEHOLD WITH A  
6 MAXIMUM ANNUAL HOUSEHOLD INCOME AS INCREASED BY THE APPLICABLE  
7 INCOME ALLOWANCE.

8 "ELIGIBLE STUDENT." A SCHOOL-AGE STUDENT, INCLUDING AN  
9 ELIGIBLE STUDENT WITH A DISABILITY, WHO IS ENROLLED IN A SCHOOL  
10 AND IS A MEMBER OF A HOUSEHOLD WITH A MAXIMUM ANNUAL HOUSEHOLD  
11 INCOME AS INCREASED BY THE APPLICABLE INCOME ALLOWANCE.

12 "ELIGIBLE STUDENT WITH A DISABILITY." A PRE-KINDERGARTEN  
13 STUDENT OR A SCHOOL-AGE STUDENT WHO MEETS ALL OF THE FOLLOWING:

14 (1) IS EITHER ENROLLED IN A SPECIAL EDUCATION SCHOOL OR  
15 HAS OTHERWISE BEEN IDENTIFIED, IN ACCORDANCE WITH 22 PA. CODE  
16 CH. 14 (RELATING TO SPECIAL EDUCATION SERVICES AND PROGRAMS),  
17 AS A "CHILD WITH A DISABILITY," AS DEFINED IN 34 CFR § 300.8  
18 (RELATING TO CHILD WITH A DISABILITY).

19 (2) NEEDS SPECIAL EDUCATION AND RELATED SERVICES.

20 (3) IS ENROLLED IN A PRE-KINDERGARTEN PROGRAM OR IN A  
21 SCHOOL.

22 (4) IS A MEMBER OF A HOUSEHOLD WITH A HOUSEHOLD INCOME  
23 OF NOT MORE THAN THE MAXIMUM ANNUAL HOUSEHOLD INCOME.

24 "HOUSEHOLD." AN INDIVIDUAL LIVING ALONE OR WITH THE  
25 FOLLOWING: A SPOUSE, PARENT AND THEIR UNEMANCIPATED MINOR  
26 CHILDREN, OTHER UNEMANCIPATED MINOR CHILDREN WHO ARE RELATED BY  
27 BLOOD OR MARRIAGE OR OTHER ADULTS OR UNEMANCIPATED MINOR  
28 CHILDREN LIVING IN THE HOUSEHOLD WHO ARE DEPENDENT UPON THE  
29 INDIVIDUAL.

30 "HOUSEHOLD INCOME." ALL MONEYS OR PROPERTY RECEIVED OF

1 WHATEVER NATURE AND FROM WHATEVER SOURCE DERIVED. THE TERM DOES  
2 NOT INCLUDE THE FOLLOWING:

3 (1) PERIODIC PAYMENTS FOR SICKNESS AND DISABILITY OTHER  
4 THAN REGULAR WAGES RECEIVED DURING A PERIOD OF SICKNESS OR  
5 DISABILITY.

6 (2) DISABILITY, RETIREMENT OR OTHER PAYMENTS ARISING  
7 UNDER WORKERS' COMPENSATION ACTS, OCCUPATIONAL DISEASE ACTS  
8 AND SIMILAR LEGISLATION BY ANY GOVERNMENT.

9 (3) PAYMENTS COMMONLY RECOGNIZED AS OLD-AGE OR  
10 RETIREMENT BENEFITS PAID TO PERSONS RETIRED FROM SERVICE  
11 AFTER REACHING A SPECIFIC AGE OR AFTER A STATED PERIOD OF  
12 EMPLOYMENT.

13 (4) PAYMENTS COMMONLY KNOWN AS PUBLIC ASSISTANCE OR  
14 UNEMPLOYMENT COMPENSATION PAYMENTS BY A GOVERNMENTAL AGENCY.

15 (5) PAYMENTS TO REIMBURSE ACTUAL EXPENSES.

16 (6) PAYMENTS MADE BY EMPLOYERS OR LABOR UNIONS FOR  
17 PROGRAMS COVERING HOSPITALIZATION, SICKNESS, DISABILITY OR  
18 DEATH, SUPPLEMENTAL UNEMPLOYMENT BENEFITS, STRIKE BENEFITS,  
19 SOCIAL SECURITY AND RETIREMENT.

20 (7) COMPENSATION RECEIVED BY UNITED STATES SERVICEMEN  
21 SERVING IN A COMBAT ZONE.

22 "INCOME ALLOWANCE."

23 (1) AS FOLLOWS:

24 (I) BEFORE JULY 1, 2011, \$10,000 FOR EACH ELIGIBLE  
25 STUDENT, ELIGIBLE PRE-KINDERGARTEN STUDENT AND DEPENDENT  
26 MEMBER OF THE HOUSEHOLD.

27 (II) AFTER JUNE 30, 2011, \$12,000 FOR EACH ELIGIBLE  
28 STUDENT, ELIGIBLE PRE-KINDERGARTEN STUDENT AND DEPENDENT  
29 MEMBER OF THE HOUSEHOLD.

30 (2) BEGINNING JULY 1, 2012, THE DEPARTMENT OF COMMUNITY



1 AND ECONOMIC DEVELOPMENT SHALL ANNUALLY ADJUST THE INCOME  
2 ALLOWANCE AMOUNTS UNDER PARAGRAPH (1) TO REFLECT ANY UPWARD  
3 CHANGES IN THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS  
4 FOR THE PENNSYLVANIA, NEW JERSEY, DELAWARE AND MARYLAND AREA  
5 IN THE PRECEDING 12 MONTHS AND SHALL IMMEDIATELY SUBMIT THE  
6 ADJUSTED AMOUNTS TO THE LEGISLATIVE REFERENCE BUREAU FOR  
7 PUBLICATION AS A NOTICE IN THE PENNSYLVANIA BULLETIN.

8 "INNOVATIVE EDUCATIONAL PROGRAM." AN ADVANCED ACADEMIC OR  
9 SIMILAR PROGRAM THAT IS NOT PART OF THE REGULAR ACADEMIC PROGRAM  
10 OF A PUBLIC SCHOOL BUT THAT ENHANCES THE CURRICULUM OR ACADEMIC  
11 PROGRAM OF THE PUBLIC SCHOOL OR PROVIDES PRE-KINDERGARTEN  
12 PROGRAMS TO PUBLIC SCHOOL STUDENTS.

13 "MAXIMUM ANNUAL HOUSEHOLD INCOME."

14 (1) EXCEPT AS SET FORTH IN PARAGRAPH (2), AS FOLLOWS:

15 (I) BEFORE JULY 1, 2011, NOT MORE THAN \$50,000.

16 (II) AFTER JUNE 30, 2011, NOT MORE THAN \$60,000.

17 (2) WITH RESPECT TO AN ELIGIBLE STUDENT WITH A

18 DISABILITY, AS CALCULATED BY MULTIPLYING:

19 (I) THE SUM OF:

20 (A) THE APPLICABLE AMOUNT UNDER PARAGRAPH (1);

21 AND

22 (B) THE APPLICABLE INCOME ALLOWANCE; BY

23 (II) THE APPLICABLE SUPPORT LEVEL FACTOR ACCORDING TO

24 THE FOLLOWING TABLE:

25	SUPPORT LEVEL	SUPPORT LEVEL FACTOR
26	1	1.50
27	2	2.993

28 (3) BEGINNING JULY 1, 2012, THE DEPARTMENT OF COMMUNITY  
29 AND ECONOMIC DEVELOPMENT SHALL ANNUALLY ADJUST THE INCOME  
30 AMOUNTS UNDER PARAGRAPHS (1) AND (2) TO REFLECT ANY UPWARD

1 CHANGES IN THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS  
2 FOR THE PENNSYLVANIA, NEW JERSEY, DELAWARE AND MARYLAND AREA  
3 IN THE PRECEDING 12 MONTHS AND SHALL IMMEDIATELY SUBMIT THE  
4 ADJUSTED AMOUNTS TO THE LEGISLATIVE REFERENCE BUREAU FOR  
5 PUBLICATION AS A NOTICE IN THE PENNSYLVANIA BULLETIN.

6 "PASS-THROUGH ENTITY." A PARTNERSHIP AS DEFINED IN SECTION  
7 301(N.0), A SINGLE-MEMBER LIMITED LIABILITY COMPANY TREATED AS A  
8 DISREGARDED ENTITY FOR FEDERAL INCOME TAX PURPOSES OR A  
9 PENNSYLVANIA S CORPORATION AS DEFINED IN SECTION 301(N.1).

10 "PRE-KINDERGARTEN PROGRAM." A PROGRAM OF INSTRUCTION FOR  
11 THREE-YEAR-OLD OR FOUR-YEAR-OLD STUDENTS THAT UTILIZES A  
12 CURRICULUM ALIGNED WITH THE CURRICULUM OF THE SCHOOL WITH WHICH  
13 IT IS AFFILIATED AND WHICH PROVIDES ONE OF THE FOLLOWING:

14 (1) A MINIMUM OF TWO HOURS OF INSTRUCTIONAL AND  
15 DEVELOPMENTAL ACTIVITIES PER DAY AT LEAST 60 DAYS PER SCHOOL  
16 YEAR.

17 (2) A MINIMUM OF TWO HOURS OF INSTRUCTIONAL AND  
18 DEVELOPMENTAL ACTIVITIES PER DAY AT LEAST 20 DAYS OVER THE  
19 SUMMER RECESS.

20 "PRE-KINDERGARTEN SCHOLARSHIP ORGANIZATION." A NONPROFIT  
21 ENTITY WHICH:

22 (1) EITHER IS EXEMPT FROM FEDERAL TAXATION UNDER SECTION  
23 501(C)(3) OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW  
24 99-514, 26 U.S.C. § 1 ET SEQ.) OR IS OPERATED AS A SEPARATE  
25 SEGREGATED FUND BY A SCHOLARSHIP ORGANIZATION THAT HAS BEEN  
26 QUALIFIED UNDER SECTION 1703-F; AND

27 (2) CONTRIBUTES AT LEAST 80% OF ITS ANNUAL CASH RECEIPTS  
28 TO A PRE-KINDERGARTEN SCHOLARSHIP PROGRAM BY EXPENDING OR  
29 OTHERWISE IRREVOCABLY ENCUMBERING THOSE FUNDS FOR  
30 DISTRIBUTION DURING THE THEN CURRENT FISCAL YEAR OF THE

1 ORGANIZATION OR DURING THE NEXT SUCCEEDING FISCAL YEAR OF THE  
2 ORGANIZATION.

3 "PRE-KINDERGARTEN SCHOLARSHIP PROGRAM." A PROGRAM TO PROVIDE  
4 TUITION TO ELIGIBLE PRE-KINDERGARTEN STUDENTS TO ATTEND A PRE-  
5 KINDERGARTEN PROGRAM OPERATED BY OR IN CONJUNCTION WITH A SCHOOL  
6 LOCATED IN THIS COMMONWEALTH AND THAT INCLUDES AN APPLICATION  
7 AND REVIEW PROCESS FOR THE PURPOSE OF MAKING AWARDS TO ELIGIBLE  
8 PRE-KINDERGARTEN STUDENTS AND AWARDS SCHOLARSHIPS TO ELIGIBLE  
9 PRE-KINDERGARTEN STUDENTS WITHOUT LIMITING AVAILABILITY TO ONLY  
10 STUDENTS OF ONE SCHOOL.

11 "PUBLIC SCHOOL." A PUBLIC PRE-KINDERGARTEN WHERE COMPULSORY  
12 ATTENDANCE REQUIREMENTS DO NOT APPLY OR A PUBLIC KINDERGARTEN,  
13 ELEMENTARY SCHOOL OR SECONDARY SCHOOL AT WHICH THE COMPULSORY  
14 ATTENDANCE REQUIREMENTS OF THIS COMMONWEALTH MAY BE MET AND  
15 WHICH MEETS THE APPLICABLE REQUIREMENTS OF TITLE VI OF THE CIVIL  
16 RIGHTS ACT OF 1964 (PUBLIC LAW 88-352, 78 STAT. 241).

17 "SCHOLARSHIP ORGANIZATION." A NONPROFIT ENTITY WHICH:

18 (1) IS EXEMPT FROM FEDERAL TAXATION UNDER SECTION 501(C)  
19 (3) OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514,  
20 26 U.S.C. § 1 ET SEQ.); AND

21 (2) CONTRIBUTES AT LEAST 80% OF ITS ANNUAL CASH RECEIPTS  
22 TO A SCHOLARSHIP PROGRAM.

23 FOR PURPOSES OF THIS DEFINITION, A NONPROFIT ENTITY  
24 "CONTRIBUTES" ITS ANNUAL CASH RECEIPTS TO A SCHOLARSHIP PROGRAM  
25 WHEN IT EXPENDS OR OTHERWISE IRREVOCABLY ENCUMBERS THOSE FUNDS  
26 FOR DISTRIBUTION DURING THE THEN CURRENT FISCAL YEAR OF THE  
27 NONPROFIT ENTITY OR DURING THE NEXT SUCCEEDING FISCAL YEAR OF  
28 THE NONPROFIT ENTITY.

29 "SCHOLARSHIP PROGRAM." A PROGRAM TO PROVIDE TUITION TO  
30 ELIGIBLE STUDENTS TO ATTEND A SCHOOL LOCATED IN THIS

1 COMMONWEALTH. A SCHOLARSHIP PROGRAM MUST INCLUDE AN APPLICATION  
2 AND REVIEW PROCESS FOR THE PURPOSE OF MAKING AWARDS TO ELIGIBLE  
3 STUDENTS. THE AWARD OF SCHOLARSHIPS TO ELIGIBLE STUDENTS SHALL  
4 BE MADE WITHOUT LIMITING AVAILABILITY TO ONLY STUDENTS OF ONE  
5 SCHOOL.

6 "SCHOOL." A PUBLIC OR NONPUBLIC PRE-KINDERGARTEN,  
7 KINDERGARTEN, ELEMENTARY SCHOOL OR SECONDARY SCHOOL AT WHICH THE  
8 COMPULSORY ATTENDANCE REQUIREMENTS OF THE COMMONWEALTH MAY BE  
9 MET AND WHICH MEETS THE APPLICABLE REQUIREMENTS OF TITLE VI OF  
10 THE CIVIL RIGHTS ACT OF 1964 (PUBLIC LAW 88-352, 78 STAT. 241).

11 "SCHOOL AGE." CHILDREN FROM THE EARLIEST ADMISSION AGE TO A  
12 SCHOOL'S PRE-KINDERGARTEN OR KINDERGARTEN PROGRAM OR, WHEN NO  
13 PRE-KINDERGARTEN OR KINDERGARTEN PROGRAM IS PROVIDED, THE  
14 SCHOOL'S EARLIEST ADMISSION AGE FOR BEGINNERS, UNTIL THE END OF  
15 THE SCHOOL YEAR THE STUDENT ATTAINS 21 YEARS OF AGE OR  
16 GRADUATION FROM HIGH SCHOOL, WHICHEVER OCCURS FIRST.

17 "SPECIAL EDUCATION SCHOOL." A SCHOOL OR PROGRAM WITHIN A  
18 SCHOOL THAT IS DESIGNATED SPECIFICALLY AND EXCLUSIVELY FOR  
19 STUDENTS WITH ANY OF THE DISABILITIES LISTED IN 34 CFR § 300.8  
20 (RELATING TO CHILD WITH A DISABILITY) AND MEETS ONE OF THE  
21 FOLLOWING:

22 (1) IS LICENSED UNDER THE ACT OF JANUARY 28, 1988  
23 (P.L.24, NO.11), KNOWN AS THE PRIVATE ACADEMIC SCHOOLS ACT.

24 (2) IS ACCREDITED BY AN ACCREDITING ASSOCIATION APPROVED  
25 BY THE STATE BOARD OF EDUCATION.

26 (3) IS A SCHOOL FOR THE BLIND OR DEAF RECEIVING  
27 COMMONWEALTH APPROPRIATIONS.

28 (4) IS OPERATED BY OR UNDER THE AUTHORITY OF A BONA FIDE  
29 RELIGIOUS INSTITUTION OR BY THE COMMONWEALTH OR ANY POLITICAL  
30 SUBDIVISION THEREOF.

1 "SUPPORT LEVEL." THE LEVEL OF SUPPORT NEEDED BY AN ELIGIBLE  
2 STUDENT WITH A DISABILITY, AS SET FORTH IN THE FOLLOWING MATRIX:

3 SUPPORT LEVEL 1 - THE STUDENT IS NOT ENROLLED IN A  
4 SPECIAL EDUCATION SCHOOL.

5 SUPPORT LEVEL 2 - THE STUDENT IS ENROLLED AS A STUDENT IN  
6 A SPECIAL EDUCATION SCHOOL.

7 SECTION 1703-F. QUALIFICATION AND APPLICATION.

8 (A) ESTABLISHMENT.--IN ACCORDANCE WITH SECTION 14 OF ARTICLE  
9 III OF THE CONSTITUTION OF PENNSYLVANIA, AN EDUCATIONAL  
10 IMPROVEMENT TAX CREDIT PROGRAM IS HEREBY ESTABLISHED TO ENHANCE  
11 THE EDUCATIONAL OPPORTUNITIES AVAILABLE TO ALL STUDENTS IN THIS  
12 COMMONWEALTH.

13 (B) INFORMATION.--IN ORDER TO QUALIFY UNDER THIS ARTICLE, A  
14 SCHOLARSHIP ORGANIZATION, A PRE-KINDERGARTEN SCHOLARSHIP  
15 ORGANIZATION OR AN EDUCATIONAL IMPROVEMENT ORGANIZATION MUST  
16 SUBMIT INFORMATION TO THE DEPARTMENT THAT ENABLES THE DEPARTMENT  
17 TO CONFIRM THAT THE ORGANIZATION IS EXEMPT FROM TAXATION UNDER  
18 SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC  
19 LAW 99-514, 26 U.S.C. § 1 ET SEQ.).

20 (C) SCHOLARSHIP ORGANIZATIONS AND PRE-KINDERGARTEN  
21 SCHOLARSHIP ORGANIZATIONS.--A SCHOLARSHIP ORGANIZATION OR PRE-  
22 KINDERGARTEN SCHOLARSHIP ORGANIZATION MUST CERTIFY TO THE  
23 DEPARTMENT THAT THE ORGANIZATION IS ELIGIBLE TO PARTICIPATE IN  
24 THE PROGRAM ESTABLISHED UNDER THIS ARTICLE AND MUST AGREE TO  
25 ANNUALLY REPORT THE FOLLOWING INFORMATION TO THE DEPARTMENT BY  
26 DECEMBER 1, 2005, AND SEPTEMBER 1 OF EACH YEAR THEREAFTER:

27 (1) (I) THE NUMBER OF SCHOLARSHIPS AWARDED DURING THE  
28 IMMEDIATELY PRECEDING SCHOOL YEAR TO ELIGIBLE PRE-  
29 KINDERGARTEN STUDENTS.

30 (II) THE TOTAL AND AVERAGE AMOUNTS OF THE

1 SCHOLARSHIPS AWARDED DURING THE IMMEDIATELY PRECEDING  
2 SCHOOL YEAR TO ELIGIBLE PRE-KINDERGARTEN STUDENTS.

3 (III) THE NUMBER OF SCHOLARSHIPS AWARDED DURING THE  
4 IMMEDIATELY PRECEDING SCHOOL YEAR TO ELIGIBLE STUDENTS IN  
5 GRADES KINDERGARTEN THROUGH EIGHT.

6 (IV) THE TOTAL AND AVERAGE AMOUNTS OF THE  
7 SCHOLARSHIPS AWARDED DURING THE IMMEDIATELY PRECEDING  
8 SCHOOL YEAR TO ELIGIBLE STUDENTS IN GRADES KINDERGARTEN  
9 THROUGH EIGHT.

10 (V) THE NUMBER OF SCHOLARSHIPS AWARDED DURING THE  
11 IMMEDIATELY PRECEDING SCHOOL YEAR TO ELIGIBLE STUDENTS IN  
12 GRADES NINE THROUGH 12.

13 (VI) THE TOTAL AND AVERAGE AMOUNTS OF THE  
14 SCHOLARSHIPS AWARDED DURING THE IMMEDIATELY PRECEDING  
15 SCHOOL YEAR TO ELIGIBLE STUDENTS IN GRADES NINE THROUGH  
16 12.

17 (VII) WHERE THE SCHOLARSHIP ORGANIZATION OR PRE-  
18 KINDERGARTEN SCHOLARSHIP ORGANIZATION COLLECTS  
19 INFORMATION ON A COUNTY-BY-COUNTY BASIS, THE TOTAL NUMBER  
20 AND THE TOTAL AMOUNT OF SCHOLARSHIPS AWARDED DURING THE  
21 IMMEDIATELY PRECEDING SCHOOL YEAR TO RESIDENTS OF EACH  
22 COUNTY IN WHICH THE SCHOLARSHIP ORGANIZATION OR PRE-  
23 KINDERGARTEN SCHOLARSHIP ORGANIZATION AWARDED  
24 SCHOLARSHIPS.

25 (2) THE INFORMATION REQUIRED UNDER PARAGRAPH (1) SHALL  
26 BE SUBMITTED ON A FORM PROVIDED BY THE DEPARTMENT. NO LATER  
27 THAN SEPTEMBER 1, 2005, AND MAY 1 OF EACH YEAR THEREAFTER,  
28 THE DEPARTMENT SHALL ANNUALLY DISTRIBUTE SUCH SAMPLE FORMS,  
29 TOGETHER WITH THE FORMS ON WHICH THE REPORTS ARE REQUIRED TO  
30 BE MADE, TO EACH LISTED SCHOLARSHIP ORGANIZATION AND PRE-

1 KINDERGARTEN SCHOLARSHIP ORGANIZATION.

2 (3) THE DEPARTMENT MAY NOT REQUIRE ANY OTHER INFORMATION  
3 TO BE PROVIDED BY SCHOLARSHIP ORGANIZATIONS OR PRE-  
4 KINDERGARTEN SCHOLARSHIP ORGANIZATIONS, EXCEPT AS EXPRESSLY  
5 AUTHORIZED IN THIS ARTICLE.

6 (D) EDUCATIONAL IMPROVEMENT ORGANIZATION.--

7 (1) AN APPLICATION SUBMITTED BY AN EDUCATIONAL  
8 IMPROVEMENT ORGANIZATION MUST DESCRIBE ITS PROPOSED  
9 INNOVATIVE EDUCATIONAL PROGRAM OR PROGRAMS IN A FORM  
10 PRESCRIBED BY THE DEPARTMENT. THE DEPARTMENT SHALL CONSULT  
11 WITH THE DEPARTMENT OF EDUCATION AS NECESSARY. THE DEPARTMENT  
12 SHALL REVIEW AND APPROVE OR DISAPPROVE THE APPLICATION. IN  
13 ORDER TO BE ELIGIBLE TO PARTICIPATE IN THE PROGRAM  
14 ESTABLISHED UNDER THIS ARTICLE, AN EDUCATIONAL IMPROVEMENT  
15 ORGANIZATION MUST AGREE TO ANNUALLY REPORT THE FOLLOWING  
16 INFORMATION TO THE DEPARTMENT BY DECEMBER 1, 2005, AND  
17 SEPTEMBER 1 OF EACH YEAR THEREAFTER:

18 (I) THE NAME OF THE INNOVATIVE EDUCATIONAL PROGRAM  
19 OR PROGRAMS AND THE TOTAL AMOUNT OF THE GRANT OR GRANTS  
20 MADE TO THOSE PROGRAMS DURING THE IMMEDIATELY PRECEDING  
21 SCHOOL YEAR.

22 (II) A DESCRIPTION OF HOW EACH GRANT WAS UTILIZED  
23 DURING THE IMMEDIATELY PRECEDING SCHOOL YEAR AND A  
24 DESCRIPTION OF ANY DEMONSTRATED OR EXPECTED INNOVATIVE  
25 EDUCATIONAL IMPROVEMENTS.

26 (III) THE NAMES OF THE PUBLIC SCHOOLS AND SCHOOL  
27 DISTRICTS WHERE INNOVATIVE EDUCATIONAL PROGRAMS THAT  
28 RECEIVED GRANTS DURING THE IMMEDIATELY PRECEDING SCHOOL  
29 YEAR WERE IMPLEMENTED.

30 (IV) WHERE THE EDUCATIONAL IMPROVEMENT ORGANIZATION

1 COLLECTS INFORMATION ON A COUNTY-BY-COUNTY BASIS, THE  
2 TOTAL NUMBER AND THE TOTAL AMOUNT OF GRANTS MADE DURING  
3 THE IMMEDIATELY PRECEDING SCHOOL YEAR FOR PROGRAMS AT  
4 PUBLIC SCHOOLS IN EACH COUNTY IN WHICH THE EDUCATIONAL  
5 IMPROVEMENT ORGANIZATION MADE GRANTS.

6 (2) THE INFORMATION REQUIRED UNDER PARAGRAPH (1) SHALL  
7 BE SUBMITTED ON A FORM PROVIDED BY THE DEPARTMENT. NO LATER  
8 THAN SEPTEMBER 1, 2005, AND MAY 1 OF EACH YEAR THEREAFTER,  
9 THE DEPARTMENT SHALL ANNUALLY DISTRIBUTE SUCH SAMPLE FORMS,  
10 TOGETHER WITH THE FORMS ON WHICH THE REPORTS ARE REQUIRED TO  
11 BE MADE, TO EACH LISTED EDUCATIONAL IMPROVEMENT ORGANIZATION.

12 (3) THE DEPARTMENT MAY NOT REQUIRE ANY OTHER INFORMATION  
13 TO BE PROVIDED BY EDUCATIONAL IMPROVEMENT ORGANIZATIONS,  
14 EXCEPT AS EXPRESSLY AUTHORIZED IN THIS ARTICLE.

15 (E) NOTIFICATION.--THE DEPARTMENT SHALL NOTIFY THE  
16 SCHOLARSHIP ORGANIZATION, PRE-KINDERGARTEN SCHOLARSHIP  
17 ORGANIZATION OR EDUCATIONAL IMPROVEMENT ORGANIZATION THAT THE  
18 ORGANIZATION MEETS THE REQUIREMENTS OF THIS ARTICLE FOR THAT  
19 FISCAL YEAR NO LATER THAN 60 DAYS AFTER THE ORGANIZATION HAS  
20 SUBMITTED THE INFORMATION REQUIRED UNDER THIS SECTION.

21 (F) PUBLICATION.--THE DEPARTMENT SHALL ANNUALLY PUBLISH A  
22 LIST OF EACH SCHOLARSHIP ORGANIZATION, PRE-KINDERGARTEN  
23 SCHOLARSHIP ORGANIZATION OR EDUCATIONAL IMPROVEMENT ORGANIZATION  
24 QUALIFIED UNDER THIS SECTION IN THE PENNSYLVANIA BULLETIN. THE  
25 LIST SHALL ALSO BE POSTED AND UPDATED AS NECESSARY ON THE  
26 PUBLICLY ACCESSIBLE INTERNET WEBSITE OF THE DEPARTMENT.  
27 SECTION 1704-F. APPLICATION.

28 (A) SCHOLARSHIP ORGANIZATION OR PRE-KINDERGARTEN SCHOLARSHIP  
29 ORGANIZATION.--A BUSINESS FIRM SHALL APPLY TO THE DEPARTMENT FOR  
30 A TAX CREDIT UNDER SECTION 1705-F. A BUSINESS FIRM SHALL RECEIVE



1 A TAX CREDIT UNDER THIS ARTICLE IF THE SCHOLARSHIP ORGANIZATION  
2 OR PRE-KINDERGARTEN SCHOLARSHIP ORGANIZATION THAT RECEIVES THE  
3 CONTRIBUTION APPEARS ON THE LIST ESTABLISHED UNDER SECTION 1703-  
4 F(F) .

5 (B) EDUCATIONAL IMPROVEMENT ORGANIZATION.--A BUSINESS FIRM  
6 MUST APPLY TO THE DEPARTMENT FOR A CREDIT UNDER SECTION 1705-F.  
7 A BUSINESS FIRM SHALL RECEIVE A TAX CREDIT UNDER THIS ARTICLE IF  
8 THE DEPARTMENT HAS APPROVED THE PROGRAM PROVIDED BY THE  
9 EDUCATIONAL IMPROVEMENT ORGANIZATION THAT RECEIVES THE  
10 CONTRIBUTION.

11 (C) AVAILABILITY OF TAX CREDITS.--TAX CREDITS UNDER THIS  
12 ARTICLE SHALL BE MADE AVAILABLE BY THE DEPARTMENT ON A FIRST-  
13 COME, FIRST-SERVED BASIS WITHIN THE LIMITATION ESTABLISHED UNDER  
14 SECTION 1706-F(A) .

15 (D) CONTRIBUTIONS.--A CONTRIBUTION BY A BUSINESS FIRM TO A  
16 SCHOLARSHIP ORGANIZATION, PRE-KINDERGARTEN SCHOLARSHIP  
17 ORGANIZATION OR EDUCATIONAL IMPROVEMENT ORGANIZATION SHALL BE  
18 MADE NO LATER THAN 60 DAYS FOLLOWING THE APPROVAL OF AN  
19 APPLICATION UNDER SUBSECTION (A) OR (B) .  
20 SECTION 1705-F. TAX CREDIT.

21 (A) SCHOLARSHIP OR EDUCATIONAL IMPROVEMENT ORGANIZATIONS.--  
22 IN ACCORDANCE WITH SECTION 1706-F(A), THE DEPARTMENT OF REVENUE  
23 SHALL GRANT A TAX CREDIT AGAINST ANY TAX DUE UNDER ARTICLE III,  
24 IV, VI, VII, VIII, IX OR XV TO A BUSINESS FIRM PROVIDING PROOF  
25 OF A CONTRIBUTION TO A SCHOLARSHIP ORGANIZATION OR EDUCATIONAL  
26 IMPROVEMENT ORGANIZATION IN THE TAXABLE YEAR IN WHICH THE  
27 CONTRIBUTION IS MADE WHICH SHALL NOT EXCEED 75% OF THE TOTAL  
28 AMOUNT CONTRIBUTED DURING THE TAXABLE YEAR BY THE BUSINESS FIRM.  
29 SUCH CREDIT SHALL NOT EXCEED \$300,000 ANNUALLY PER BUSINESS FIRM  
30 FOR CONTRIBUTIONS MADE TO SCHOLARSHIP ORGANIZATIONS OR

1 EDUCATIONAL IMPROVEMENT ORGANIZATIONS.

2 (B) ADDITIONAL AMOUNT.--THE DEPARTMENT OF REVENUE SHALL  
3 GRANT A TAX CREDIT OF UP TO 90% OF THE TOTAL AMOUNT CONTRIBUTED  
4 DURING THE TAXABLE YEAR IF THE BUSINESS FIRM PROVIDES A WRITTEN  
5 COMMITMENT TO PROVIDE THE SCHOLARSHIP ORGANIZATION OR  
6 EDUCATIONAL IMPROVEMENT ORGANIZATION WITH THE SAME AMOUNT OF  
7 CONTRIBUTION FOR TWO CONSECUTIVE TAX YEARS. THE BUSINESS FIRM  
8 MUST PROVIDE THE WRITTEN COMMITMENT UNDER THIS SUBSECTION TO THE  
9 DEPARTMENT AT THE TIME OF APPLICATION.

10 (C) PRE-KINDERGARTEN SCHOLARSHIP ORGANIZATIONS.--IN  
11 ACCORDANCE WITH SECTION 1706-F(A), THE DEPARTMENT OF REVENUE  
12 SHALL GRANT A TAX CREDIT AGAINST ANY TAX DUE UNDER ARTICLE III,  
13 IV, VI, VII, VIII, IX OR XV TO A BUSINESS FIRM PROVIDING PROOF  
14 OF A CONTRIBUTION TO A PRE-KINDERGARTEN SCHOLARSHIP ORGANIZATION  
15 IN THE TAXABLE YEAR IN WHICH THE CONTRIBUTION IS MADE WHICH  
16 SHALL BE EQUAL TO 100% OF THE FIRST \$10,000 CONTRIBUTED DURING  
17 THE TAXABLE YEAR BY THE BUSINESS FIRM, AND WHICH SHALL NOT  
18 EXCEED 90% OF THE REMAINING AMOUNT CONTRIBUTED DURING THE  
19 TAXABLE YEAR BY THE BUSINESS FIRM. SUCH CREDIT SHALL NOT EXCEED  
20 \$150,000 ANNUALLY PER BUSINESS FIRM FOR CONTRIBUTIONS MADE TO  
21 PRE-KINDERGARTEN SCHOLARSHIP ORGANIZATIONS.

22 (D) COMBINATION OF TAX CREDITS.--A BUSINESS FIRM MAY RECEIVE  
23 TAX CREDITS FROM THE DEPARTMENT OF REVENUE IN ANY TAX YEAR FOR  
24 ANY COMBINATION OF CONTRIBUTIONS UNDER SUBSECTION (A) OR (B) OR  
25 (C). IN NO CASE MAY A BUSINESS FIRM RECEIVE TAX CREDITS IN ANY  
26 TAX YEAR IN EXCESS OF \$300,000 FOR CONTRIBUTIONS UNDER  
27 SUBSECTIONS (A) AND (B). IN NO CASE SHALL A BUSINESS FIRM  
28 RECEIVE TAX CREDITS IN ANY TAX YEAR IN EXCESS OF \$150,000 FOR  
29 CONTRIBUTIONS UNDER SUBSECTION (C).

30 (E) PASS-THROUGH ENTITY.--

1 (1) IF A PASS-THROUGH ENTITY DOES NOT INTEND TO USE ALL  
2 APPROVED TAX CREDITS UNDER THIS SECTION, IT MAY ELECT IN  
3 WRITING TO TRANSFER ALL OR A PORTION OF THE CREDIT TO  
4 SHAREHOLDERS, MEMBERS OR PARTNERS IN PROPORTION TO THE SHARE  
5 OF THE ENTITY'S DISTRIBUTIVE INCOME TO WHICH THE SHAREHOLDER,  
6 MEMBER OR PARTNER IS ENTITLED FOR USE IN THE TAXABLE YEAR IN  
7 WHICH THE CONTRIBUTION IS MADE OR IN THE TAXABLE YEAR  
8 IMMEDIATELY FOLLOWING THE YEAR IN WHICH THE CONTRIBUTION IS  
9 MADE. THE ELECTION SHALL DESIGNATE THE YEAR IN WHICH THE  
10 TRANSFERRED CREDITS ARE TO BE USED AND SHALL BE MADE  
11 ACCORDING TO PROCEDURES ESTABLISHED BY THE DEPARTMENT OF  
12 REVENUE.

13 (2) A PASS-THROUGH ENTITY AND A SHAREHOLDER, MEMBER OR  
14 PARTNER OF A PASS-THROUGH ENTITY SHALL NOT CLAIM THE CREDIT  
15 UNDER THIS SECTION FOR THE SAME CONTRIBUTION.

16 (3) THE SHAREHOLDER, MEMBER OR PARTNER MAY NOT CARRY  
17 FORWARD, CARRY BACK, OBTAIN A REFUND OF OR SELL OR ASSIGN THE  
18 CREDIT.

19 (F) RESTRICTION ON APPLICABILITY OF CREDITS.--NO CREDITS  
20 GRANTED UNDER THIS SECTION SHALL BE APPLIED AGAINST ANY TAX  
21 WITHHELD BY AN EMPLOYER FROM AN EMPLOYEE UNDER ARTICLE III.

22 (G) TIME OF APPLICATION FOR CREDITS.--

23 (1) EXCEPT AS PROVIDED IN PARAGRAPHS (2) AND (3), THE  
24 DEPARTMENT MAY ACCEPT APPLICATIONS FOR TAX CREDITS AVAILABLE  
25 DURING A FISCAL YEAR NO EARLIER THAN JULY 1 OF EACH FISCAL  
26 YEAR.

27 (2) THE APPLICATION OF ANY BUSINESS FIRM FOR TAX CREDITS  
28 AVAILABLE DURING A FISCAL YEAR AS PART OF THE SECOND YEAR OF  
29 A TWO-YEAR COMMITMENT MAY BE ACCEPTED NO EARLIER THAN MAY 15  
30 PRECEDING THE FISCAL YEAR.

1 (3) THE APPLICATION UNDER SUBSECTION (A) OF ANY PASS-  
2 THROUGH ENTITY FOR APPROVAL OF SINGLE-YEAR TAX CREDITS  
3 AVAILABLE DURING A FISCAL YEAR AGAINST THE TAXES IMPOSED  
4 UNDER ARTICLE III OR UNDER SUBSECTION (B) FOR APPROVAL OF  
5 CREDITS AGAINST SUCH TAXES FOR THE FIRST YEAR OF A TWO-YEAR  
6 COMMITMENT MAY BE ACCEPTED BY THE DEPARTMENT NO EARLIER THAN  
7 THE FIRST BUSINESS DAY FOLLOWING JULY 7 OF THE FISCAL YEAR.  
8 SECTION 1706-F. LIMITATIONS.

9 (A) AMOUNT.--

10 (1) THE TOTAL AGGREGATE AMOUNT OF ALL TAX CREDITS  
11 APPROVED SHALL NOT EXCEED \$67,000,000 IN A FISCAL YEAR. NO  
12 LESS THAN \$44,666,667 OF THE TOTAL AGGREGATE AMOUNT SHALL BE  
13 USED TO PROVIDE TAX CREDITS FOR CONTRIBUTIONS FROM BUSINESS  
14 FIRMS TO SCHOLARSHIP ORGANIZATIONS. NO LESS THAN \$22,333,333  
15 OF THE TOTAL AGGREGATE AMOUNT SHALL BE USED TO PROVIDE TAX  
16 CREDITS FOR CONTRIBUTIONS FROM BUSINESS FIRMS TO EDUCATIONAL  
17 IMPROVEMENT ORGANIZATIONS.

18 (2) (I) FOR THE FISCAL YEARS 2004-2005, 2005-2006 AND  
19 2006-2007, THE TOTAL AGGREGATE AMOUNT OF ALL TAX CREDITS  
20 APPROVED FOR CONTRIBUTIONS FROM BUSINESS FIRMS TO PRE-  
21 KINDERGARTEN SCHOLARSHIP PROGRAMS SHALL NOT EXCEED  
22 \$5,000,000 IN A FISCAL YEAR.

23 (II) FOR THE FISCAL YEAR 2007-2008 AND EACH FISCAL  
24 YEAR THEREAFTER, THE TOTAL AGGREGATE AMOUNT OF ALL TAX  
25 CREDITS APPROVED FOR CONTRIBUTIONS FROM BUSINESS FIRMS TO  
26 PRE-KINDERGARTEN SCHOLARSHIP PROGRAMS SHALL NOT EXCEED  
27 \$8,000,000 IN A FISCAL YEAR.

28 (B) ACTIVITIES.--NO TAX CREDIT SHALL BE APPROVED FOR  
29 ACTIVITIES THAT ARE A PART OF A BUSINESS FIRM'S NORMAL COURSE OF  
30 BUSINESS.

1 (C) TAX LIABILITY.--

2 (1) EXCEPT AS PROVIDED IN PARAGRAPH (2), A TAX CREDIT  
3 GRANTED FOR ANY ONE TAXABLE YEAR MAY NOT EXCEED THE TAX  
4 LIABILITY OF A BUSINESS FIRM.

5 (2) IN THE CASE OF A CREDIT GRANTED TO A PASS-THROUGH  
6 ENTITY WHICH ELECTS TO TRANSFER THE CREDIT ACCORDING TO  
7 SECTION 1705-F(E), A TAX CREDIT GRANTED FOR ANY ONE TAXABLE  
8 YEAR AND TRANSFERRED TO A SHAREHOLDER, MEMBER OR PARTNER MAY  
9 NOT EXCEED THE TAX LIABILITY OF THE SHAREHOLDER, MEMBER OR  
10 PARTNER.

11 (D) USE.--A TAX CREDIT NOT USED BY THE APPLICANT IN THE  
12 TAXABLE YEAR THE CONTRIBUTION WAS MADE OR IN THE YEAR DESIGNATED  
13 BY THE SHAREHOLDER, MEMBER OR PARTNER TO WHOM THE CREDIT WAS  
14 TRANSFERRED UNDER SECTION 1705-F(E) MAY NOT BE CARRIED FORWARD  
15 OR CARRIED BACK AND IS NOT REFUNDABLE OR TRANSFERABLE.

16 (E) NONTAXABLE INCOME.--A SCHOLARSHIP RECEIVED BY AN  
17 ELIGIBLE STUDENT OR ELIGIBLE PRE-KINDERGARTEN STUDENT SHALL NOT  
18 BE CONSIDERED TO BE TAXABLE INCOME FOR THE PURPOSES OF ARTICLE  
19 III.

20 SECTION 1707-F. LISTS.

21 THE DEPARTMENT OF REVENUE SHALL PROVIDE A LIST OF ALL  
22 SCHOLARSHIP ORGANIZATIONS, PRE-KINDERGARTEN SCHOLARSHIP  
23 ORGANIZATIONS AND EDUCATIONAL IMPROVEMENT ORGANIZATIONS  
24 RECEIVING CONTRIBUTIONS FROM BUSINESS FIRMS GRANTED A TAX CREDIT  
25 UNDER THIS ARTICLE TO THE GENERAL ASSEMBLY BY JUNE 30TH OF EACH  
26 YEAR.

27 SECTION 1708-F. GUIDELINES.

28 THE DEPARTMENT IN CONSULTATION WITH THE DEPARTMENT OF  
29 EDUCATION SHALL DEVELOP GUIDELINES TO DETERMINE THE ELIGIBILITY  
30 OF AN INNOVATIVE EDUCATIONAL PROGRAM.]

1 SECTION 19. THE ACT IS AMENDED BY ADDING ARTICLES TO READ:

2 ARTICLE XVII-G

3 RESOURCE MANUFACTURING TAX CREDIT

4 SECTION 1701-G. SCOPE.

5 THIS ARTICLE ESTABLISHES A RESOURCE MANUFACTURING TAX CREDIT.

6 SECTION 1702-G. DEFINITIONS.

7 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE  
8 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
9 CONTEXT CLEARLY INDICATES OTHERWISE:

10 "COMPANY." ANY CORPORATION, PARTNERSHIP, LIMITED LIABILITY  
11 COMPANY, LIMITED LIABILITY PARTNERSHIP, BUSINESS TRUST,  
12 AFFILIATE, UNINCORPORATED JOINT VENTURE OR OTHER BUSINESS  
13 ENTITY, DOING BUSINESS WITHIN THIS COMMONWEALTH.

14 "DEPARTMENT." THE DEPARTMENT OF REVENUE OF THE COMMONWEALTH.

15 "DOWNSTREAM COMPANY." INCLUDES A COMPANY THAT USES CHEMICAL  
16 PRODUCTS OR CHEMICAL COMPOUNDS MANUFACTURED OR PROCESSED BY A  
17 QUALIFIED TAXPAYER AS A RAW MATERIAL IN ITS PRODUCTION PROCESS  
18 IN THIS COMMONWEALTH.

19 "ETHANE." A COLORLESS, ODORLESS GASEOUS ALKANE, C<sub>2</sub>H<sub>6</sub>, WHICH  
20 OCCURS AS A CONSTITUENT OF NATURAL GAS AND IS USED AS THE RAW  
21 MATERIAL IN THE MANUFACTURING OF ETHYLENE.

22 "ETHYLENE." AN ORGANIC HYDROCARBON COMPOUND WITH THE FORMULA  
23 C<sub>2</sub>H<sub>4</sub> OR H<sub>2</sub>C=CH<sub>2</sub>, THAT IS DERIVED FROM NATURAL GAS AND PETROLEUM.

24 "GALLON." A UNITED STATES LIQUID GALLON EQUAL TO A VOLUME OF  
25 231 CUBIC INCHES AND EQUAL TO 3.785411784 LITERS OR 0.13368  
26 CUBIC FEET, WHERE VOLUMETRIC MEASUREMENTS MADE AT AMBIENT  
27 FLOWING CONDITIONS ARE TYPICALLY ADJUSTED FOR COMPOSITION AND TO  
28 STANDARD CONDITIONS USING ESTABLISHED INDUSTRY STANDARD  
29 PRACTICES.

30 "PASS-THROUGH ENTITY." ANY OF THE FOLLOWING:

1           (1) A PARTNERSHIP AS DEFINED IN SECTION 301(N.0).

2           (2) A PENNSYLVANIA S CORPORATION AS DEFINED IN SECTION  
3           301(N.1).

4           (3) AN UNINCORPORATED ENTITY SUBJECT TO SECTION 307.21.  
5           "QUALIFIED TAX LIABILITY." THE LIABILITY FOR TAXES IMPOSED  
6           UNDER ARTICLES III, IV, VI, VII, VIII, IX, XI AND XV. THE TERM  
7           DOES NOT INCLUDE TAX WITHHELD UNDER SECTION 316.

8           "QUALIFIED TAXPAYER." A COMPANY THAT SATISFIES ALL OF THE  
9           FOLLOWING:

10           (1) PURCHASES ETHANE FOR USE IN MANUFACTURING ETHYLENE  
11           AT A FACILITY IN THIS COMMONWEALTH WHICH HAS BEEN PLACED IN  
12           SERVICE ON OR AFTER THE EFFECTIVE DATE OF THIS ARTICLE.

13           (2) HAS MADE A CAPITAL INVESTMENT OF AT LEAST  
14           \$1,000,000,000 IN ORDER TO CONSTRUCT THE FACILITY AND PLACE  
15           IT INTO SERVICE IN THIS COMMONWEALTH.

16           (3) HAS CREATED AT LEAST 2,500 FULL-TIME EQUIVALENT JOBS  
17           DURING THE CONSTRUCTION PHASE IN ORDER TO CONSTRUCT THE  
18           FACILITY AND PLACE IT INTO SERVICE IN THIS COMMONWEALTH.

19           "TAX CREDIT." THE RESOURCE MANUFACTURING TAX CREDIT PROVIDED  
20           UNDER THIS ARTICLE.

21           "UPSTREAM COMPANY." INCLUDES A COMPANY THAT IS ENGAGED IN  
22           THE EXPLORATION, DEVELOPMENT, PRODUCTION, PROCESSING, REFINING  
23           OR TRANSPORTATION OF NATURAL GAS, NATURAL GAS LIQUIDS OR  
24           PETROLEUM IN THIS COMMONWEALTH.

25           SECTION 1703-G. APPLICATION AND APPROVAL OF TAX CREDIT.

26           (A) RATE.--THE TAX CREDIT SHALL BE EQUAL TO \$0.05 PER GALLON  
27           OF ETHANE PURCHASED AND USED IN MANUFACTURING ETHYLENE IN THIS  
28           COMMONWEALTH BY A QUALIFIED TAXPAYER.

29           (B) APPLICATION.--

30           (1) A QUALIFIED TAXPAYER MAY APPLY TO THE DEPARTMENT FOR

1 A TAX CREDIT UNDER THIS SECTION.

2 (2) THE APPLICATION MUST BE SUBMITTED TO THE DEPARTMENT  
3 BY MARCH 1 FOR THE TAX CREDIT CLAIMED FOR ETHANE PURCHASED  
4 AND USED BY THE QUALIFIED TAXPAYER DURING THE PRIOR CALENDAR  
5 YEAR. THE APPLICATION MUST BE ON THE FORM REQUIRED BY THE  
6 DEPARTMENT.

7 (3) THE DEPARTMENT MAY REQUIRE INFORMATION NECESSARY TO  
8 DOCUMENT THE AMOUNT OF ETHANE PURCHASED AND USED.

9 (C) REVIEW AND APPROVAL.--

10 (1) THE DEPARTMENT SHALL REVIEW AND APPROVE OR  
11 DISAPPROVE THE APPLICATIONS BY MARCH 20.

12 (2) UPON APPROVAL, THE DEPARTMENT SHALL ISSUE A  
13 CERTIFICATE STATING THE AMOUNT OF TAX CREDIT GRANTED FOR  
14 ETHANE PURCHASED IN THE PRIOR CALENDAR YEAR.

15 SECTION 1704-G. USE OF TAX CREDITS.

16 (A) INITIAL USE.--PRIOR TO SALE OR ASSIGNMENT OF A TAX  
17 CREDIT UNDER SECTION 1706-G, A QUALIFIED TAXPAYER MUST FIRST USE  
18 A TAX CREDIT AGAINST THE QUALIFIED TAX LIABILITY INCURRED IN THE  
19 TAXABLE YEAR FOR WHICH THE TAX CREDIT WAS APPROVED.

20 (B) ELIGIBILITY.--THE CREDIT MAY BE APPLIED AGAINST UP TO  
21 20% OF THE QUALIFIED TAXPAYER'S QUALIFIED TAX LIABILITIES  
22 INCURRED IN THE TAXABLE YEAR FOR WHICH THE CREDIT WAS APPROVED.

23 (C) APPLICATION.--THE TAX CREDIT SHALL BE APPLIED AGAINST  
24 THE QUALIFIED TAXPAYER'S LIABILITY ONLY AFTER ALL OTHER  
25 STATUTORY TAX CREDITS AND DEDUCTIONS AVAILABLE TO THE QUALIFIED  
26 TAXPAYER HAVE BEEN USED.

27 (D) LIMIT.--A QUALIFIED TAXPAYER THAT HAS BEEN GRANTED A TAX  
28 CREDIT UNDER THIS ARTICLE SHALL BE INELIGIBLE FOR ANY OTHER TAX  
29 CREDIT PROVIDED UNDER THIS ACT.

30 SECTION 1705-G. CARRYOVER, CARRYBACK AND REFUND.



1 A TAX CREDIT CANNOT BE CARRIED BACK, CARRIED FORWARD OR BE  
2 USED TO OBTAIN A REFUND.

3 SECTION 1706-G. SALE OR ASSIGNMENT.

4 (A) AUTHORIZATION.--IF A QUALIFIED TAXPAYER HOLDS A TAX  
5 CREDIT THROUGH THE END OF THE CALENDAR YEAR IN WHICH THE TAX  
6 CREDIT WAS GRANTED, THE QUALIFIED TAXPAYER MAY SELL OR ASSIGN A  
7 TAX CREDIT, IN WHOLE OR IN PART.

8 (B) APPLICATION.--

9 (1) TO SELL OR ASSIGN A TAX CREDIT, A QUALIFIED TAXPAYER  
10 MUST FILE AN APPLICATION FOR THE SALE OR ASSIGNMENT OF THE  
11 TAX CREDIT WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
12 DEVELOPMENT. THE APPLICATION MUST BE ON A FORM REQUIRED BY  
13 THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT.

14 (2) TO APPROVE AN APPLICATION, THE DEPARTMENT OF  
15 COMMUNITY AND ECONOMIC DEVELOPMENT MUST RECEIVE:

16 (I) A FINDING FROM THE DEPARTMENT THAT THE APPLICANT  
17 HAS:

18 (A) FILED ALL REQUIRED STATE TAX REPORTS AND  
19 RETURNS FOR ALL APPLICABLE TAXABLE YEARS; AND

20 (B) PAID ANY BALANCE OF STATE TAX DUE AS  
21 DETERMINED BY ASSESSMENT OR DETERMINATION BY THE  
22 DEPARTMENT AND NOT UNDER TIMELY APPEAL; AND

23 (II) IN THE CASE OF A SALE OR ASSIGNMENT TO A  
24 COMPANY THAT IS NOT AN UPSTREAM COMPANY OR DOWNSTREAM  
25 COMPANY, A CERTIFICATION FROM THE QUALIFIED TAXPAYER THAT  
26 THE QUALIFIED TAXPAYER HAD OFFERED TO SELL OR ASSIGN THE  
27 TAX CREDIT:

28 (A) EXCLUSIVELY TO A DOWNSTREAM COMPANY FOR A  
29 PERIOD OF 30 DAYS FOLLOWING APPROVAL OF THE TAX  
30 CREDIT UNDER SECTION 1703-G(C); AND

1                   (B) TO AN UPSTREAM COMPANY OR DOWNSTREAM COMPANY  
2                   FOR A PERIOD OF 30 DAYS FOLLOWING EXPIRATION OF THE  
3                   PERIOD UNDER CLAUSE (A).

4           (C) APPROVAL.--UPON APPROVAL BY THE DEPARTMENT OF COMMUNITY  
5 AND ECONOMIC DEVELOPMENT, A QUALIFIED TAXPAYER MAY SELL OR  
6 ASSIGN, IN WHOLE OR IN PART, A TAX CREDIT.  
7 SECTION 1707-G. PURCHASERS AND ASSIGNEES.

8           (A) TIME.--THE PURCHASER OR ASSIGNEE UNDER SECTION 1706-G  
9 MUST CLAIM THE TAX CREDIT IN THE CALENDAR YEAR IN WHICH THE  
10 PURCHASE OR ASSIGNMENT IS MADE.

11           (B) AMOUNT.--THE AMOUNT OF THE TAX CREDIT THAT A PURCHASER  
12 OR ASSIGNEE UNDER SECTION 1706-G MAY USE AGAINST ANY ONE  
13 QUALIFIED TAX LIABILITY MAY NOT EXCEED 50% OF ANY OF THE  
14 QUALIFIED TAX LIABILITIES FOR THE TAXABLE YEAR.

15           (C) RESALE AND REASSIGNMENT.--

16                   (1) A PURCHASER UNDER SECTION 1706-G MAY NOT SELL OR  
17 ASSIGN THE PURCHASED TAX CREDIT.

18                   (2) AN ASSIGNEE UNDER SECTION 1706-G MAY NOT SELL OR  
19 ASSIGN THE ASSIGNED TAX CREDIT.

20           (D) NOTICE.--THE PURCHASER OR ASSIGNEE UNDER SECTION 1706-G  
21 SHALL NOTIFY THE DEPARTMENT OF THE SELLER OR ASSIGNOR OF THE TAX  
22 CREDIT IN COMPLIANCE WITH PROCEDURES SPECIFIED BY THE  
23 DEPARTMENT.

24 SECTION 1708-G. PASS-THROUGH ENTITY.

25           (A) ELECTION.--IF A PASS-THROUGH ENTITY HAS AN UNUSED TAX  
26 CREDIT, IT MAY ELECT IN WRITING, ACCORDING TO PROCEDURES  
27 ESTABLISHED BY THE DEPARTMENT, TO TRANSFER ALL OR A PORTION OF  
28 THE CREDIT TO SHAREHOLDERS, MEMBERS OR PARTNERS IN PROPORTION TO  
29 THE SHARE OF THE ENTITY'S DISTRIBUTIVE INCOME TO WHICH THE  
30 SHAREHOLDERS, MEMBERS OR PARTNERS ARE ENTITLED.

1 (B) LIMITATION.--THE SAME UNUSED TAX CREDIT UNDER SUBSECTION  
2 (A) MAY NOT BE CLAIMED BY:  
3 (1) THE PASS-THROUGH ENTITY; AND  
4 (2) A SHAREHOLDER, MEMBER OR PARTNER OF THE PASS-THROUGH  
5 ENTITY.  
6 (C) AMOUNT.--THE AMOUNT OF THE TAX CREDIT THAT A TRANSFEREE  
7 UNDER SUBSECTION (A) MAY USE AGAINST ANY ONE QUALIFIED TAX  
8 LIABILITY MAY NOT EXCEED 20% OF ANY QUALIFIED TAX LIABILITIES  
9 FOR THE TAXABLE YEAR.  
10 (D) TIME.--A TRANSFEREE UNDER SUBSECTION (A) MUST CLAIM THE  
11 TAX CREDIT IN THE CALENDAR YEAR IN WHICH THE TRANSFER IS MADE.  
12 (E) SALE AND ASSIGNMENT.--A TRANSFEREE UNDER SUBSECTION (A)  
13 MAY NOT SELL OR ASSIGN THE TAX CREDIT.  
14 SECTION 1709-G. ADMINISTRATION.  
15 (A) AUDITS AND ASSESSMENTS.--THE DEPARTMENT HAS THE  
16 FOLLOWING POWERS:  
17 (1) TO AUDIT A QUALIFIED TAXPAYER CLAIMING A TAX CREDIT  
18 TO ASCERTAIN THE VALIDITY OF THE AMOUNT CLAIMED.  
19 (2) TO ISSUE AN ASSESSMENT AGAINST A QUALIFIED TAXPAYER  
20 FOR AN IMPROPERLY ISSUED TAX CREDIT. THE PROCEDURES,  
21 COLLECTION, ENFORCEMENT AND APPEALS OF ANY ASSESSMENT MADE  
22 UNDER THIS SECTION SHALL BE GOVERNED BY ARTICLE II.  
23 (B) GUIDELINES AND REGULATIONS.--THE DEPARTMENT SHALL  
24 DEVELOP WRITTEN GUIDELINES FOR THE IMPLEMENTATION OF THIS  
25 ARTICLE. THE GUIDELINES SHALL BE IN EFFECT UNTIL THE DEPARTMENT  
26 PROMULGATES REGULATIONS FOR THE IMPLEMENTATION OF THE PROVISIONS  
27 OF THIS ARTICLE.  
28 SECTION 1710-G. REPORTS TO GENERAL ASSEMBLY.  
29 (A) ANNUAL REPORT.--BY OCTOBER 1, 2018, AND OCTOBER 1 OF  
30 EACH YEAR THEREAFTER, THE DEPARTMENT SHALL SUBMIT A REPORT ON

1 THE TAX CREDIT PROVIDED BY THIS ARTICLE TO THE CHAIRMAN AND  
2 MINORITY CHAIRMAN OF THE APPROPRIATIONS COMMITTEE OF THE SENATE,  
3 THE CHAIRMAN AND MINORITY CHAIRMAN OF THE FINANCE COMMITTEE OF  
4 THE SENATE, THE CHAIRMAN AND MINORITY CHAIRMAN OF THE  
5 APPROPRIATIONS COMMITTEE OF THE HOUSE OF REPRESENTATIVES AND THE  
6 CHAIRMAN AND MINORITY CHAIRMAN OF THE FINANCE COMMITTEE OF THE  
7 HOUSE OF REPRESENTATIVES. THE REPORT MUST INCLUDE THE NAMES OF  
8 THE QUALIFIED TAXPAYERS UTILIZING THE TAX CREDIT AS OF THE DATE  
9 OF THE REPORT AND THE AMOUNT OF TAX CREDITS APPROVED FOR,  
10 UTILIZED BY OR SOLD OR ASSIGNED BY A QUALIFIED TAXPAYER.

11 (B) RECONCILIATION REPORT.--ON MAY 1, 2028, THE DEPARTMENT  
12 OF COMMUNITY AND ECONOMIC DEVELOPMENT SHALL SUBMIT TO THE  
13 SECRETARY OF THE SENATE AND THE CHIEF CLERK OF THE HOUSE OF  
14 REPRESENTATIVES A RECONCILIATION REPORT ON THE EFFECTIVENESS OF  
15 THIS ARTICLE. THIS REPORT SHALL INCLUDE, AT A MINIMUM, THE  
16 FOLLOWING INFORMATION FOR THE PRECEDING TEN YEARS:

17 (1) THE NAME AND BUSINESS ADDRESS OF ALL QUALIFIED  
18 TAXPAYERS WHO HAVE BEEN GRANTED TAX CREDITS UNDER THIS  
19 ARTICLE.

20 (2) THE AMOUNT OF TAX CREDITS GRANTED TO EACH QUALIFIED  
21 TAXPAYER.

22 (3) THE TOTAL NUMBER OF JOBS CREATED BY THE QUALIFIED  
23 TAXPAYER, UPSTREAM COMPANY AND DOWNSTREAM COMPANY AND ANY  
24 COMPANIES THAT PROVIDE GOODS, UTILITIES OR OTHER SERVICES  
25 THAT SUPPORT THE BUSINESS OPERATIONS OF THE QUALIFIED  
26 TAXPAYER AND UPSTREAM COMPANY AND DOWNSTREAM COMPANY. THIS  
27 PARAGRAPH INCLUDES THE AVERAGE ANNUAL SALARY AND HOURLY WAGE  
28 INFORMATION.

29 (4) THE AMOUNT OF TAXES PAID UNDER ARTICLE II BY THE  
30 QUALIFIED TAXPAYER, UPSTREAM COMPANY AND DOWNSTREAM COMPANY

1 AND ANY COMPANIES THAT PROVIDE GOODS, UTILITIES OR OTHER  
2 SERVICES THAT SUPPORT THE BUSINESS OPERATIONS OF THE  
3 QUALIFIED TAXPAYER AND UPSTREAM COMPANY AND DOWNSTREAM  
4 COMPANY.

5 (5) THE AMOUNT OF TAXES WITHHELD FROM EMPLOYEES OR PAID  
6 BY MEMBERS, PARTNERS OR SHAREHOLDERS OF THE PASS-THROUGH  
7 ENTITIES UNDER ARTICLE III OF THE QUALIFIED TAXPAYER,  
8 UPSTREAM COMPANY AND DOWNSTREAM COMPANY, AND ANY COMPANIES  
9 THAT PROVIDE GOODS, UTILITIES OR OTHER SERVICES THAT SUPPORT  
10 THE BUSINESS OPERATIONS OF THE QUALIFIED TAXPAYER AND  
11 UPSTREAM COMPANY AND DOWNSTREAM COMPANY.

12 (6) THE AMOUNT OF TAXES PAID UNDER ARTICLE IV BY THE  
13 QUALIFIED TAXPAYER, UPSTREAM COMPANY AND DOWNSTREAM COMPANY  
14 AND ANY COMPANIES THAT PROVIDE GOODS, UTILITIES OR OTHER  
15 SERVICES THAT SUPPORT THE BUSINESS OPERATIONS OF THE  
16 QUALIFIED TAXPAYER AND UPSTREAM COMPANY AND DOWNSTREAM  
17 COMPANY.

18 (7) THE AMOUNT OF TAXES PAID UNDER ARTICLE VI BY THE  
19 QUALIFIED TAXPAYER, UPSTREAM COMPANY AND DOWNSTREAM COMPANY  
20 AND ANY COMPANIES THAT PROVIDE GOODS, UTILITIES OR OTHER  
21 SERVICES THAT SUPPORT THE BUSINESS OPERATIONS OF THE  
22 QUALIFIED TAXPAYER AND UPSTREAM COMPANY AND DOWNSTREAM  
23 COMPANY.

24 (8) THE AMOUNT OF TAXES PAID UNDER ARTICLE XI BY THE  
25 QUALIFIED TAXPAYER, UPSTREAM COMPANY AND DOWNSTREAM COMPANY  
26 AND ANY COMPANIES THAT PROVIDE GOODS, UTILITIES OR OTHER  
27 SERVICES THAT SUPPORT THE BUSINESS OPERATIONS OF THE  
28 QUALIFIED TAXPAYER AND UPSTREAM COMPANY AND DOWNSTREAM  
29 COMPANY.

30 (9) THE AMOUNT OF ANY OTHER STATE OR LOCAL TAXES PAID BY

1 THE QUALIFIED TAXPAYER, UPSTREAM COMPANY AND DOWNSTREAM  
2 COMPANY AND ANY COMPANIES THAT PROVIDE GOODS, UTILITIES OR  
3 OTHER SERVICES THAT SUPPORT THE BUSINESS OPERATIONS OF THE  
4 QUALIFIED TAXPAYER AND UPSTREAM COMPANY AND DOWNSTREAM  
5 COMPANY.

6 (10) ANY OTHER INFORMATION PERTAINING TO THE ECONOMIC  
7 IMPACT OF THIS ARTICLE IN THIS COMMONWEALTH.

8 (C) REDUCTION.--IF THE RECONCILIATION REPORT ISSUED UNDER  
9 SUBSECTION (B) REVEALS THAT THE TOTAL AMOUNT OF THE TAX CREDITS  
10 GRANTED UNDER THIS ARTICLE EXCEEDS THE TOTAL AMOUNT OF TAX  
11 REVENUE REPORTED UNDER SUBSECTION (B) (4) THROUGH (9), THE REPORT  
12 MUST INCLUDE ANY RECOMMENDATION FOR CHANGES IN THE CALCULATION  
13 OF THE CREDIT.

14 (D) PUBLICATION.--THE REPORTS REQUIRED BY THIS SECTION SHALL  
15 BE PUBLIC RECORDS AND SHALL BE AVAILABLE ELECTRONICALLY ON THE  
16 INTERNET WEBSITE OF EITHER THE DEPARTMENT OR THE DEPARTMENT OF  
17 COMMUNITY AND ECONOMIC DEVELOPMENT. THE REPORTS REQUIRED BY THIS  
18 SECTION SHALL NOT CONTAIN "CONFIDENTIAL PROPRIETARY INFORMATION"  
19 AS DEFINED IN SECTION 102 OF THE ACT OF FEBRUARY 14, 2008  
20 (P.L.6, NO.3), KNOWN AS THE RIGHT-TO-KNOW LAW.

21 SECTION 1711-G. EXPIRATION.

22 THIS ARTICLE SHALL EXPIRE DECEMBER 31, 2044.

23 ARTICLE XVII-H

24 HISTORIC PRESERVATION INCENTIVE TAX CREDIT

25 SECTION 1701-H. SCOPE OF ARTICLE.

26 THIS ARTICLE RELATES TO THE HISTORIC PRESERVATION INCENTIVE  
27 TAX CREDIT.

28 SECTION 1702-H. DEFINITIONS.

29 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE  
30 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE

1 CONTEXT CLEARLY INDICATES OTHERWISE:

2 "COMMISSION." THE PENNSYLVANIA HISTORICAL AND MUSEUM  
3 COMMISSION.

4 "COMPLETED PROJECT." THE COMPLETION OF THE RESTORATION OF A  
5 QUALIFIED HISTORIC STRUCTURE IN ACCORDANCE WITH A QUALIFIED  
6 REHABILITATION PLAN AND THE RECEIPT OF AN OCCUPANCY CERTIFICATE  
7 FOR THE STRUCTURE.

8 "DEPARTMENT." THE DEPARTMENT OF REVENUE OF THE COMMONWEALTH.

9 "INTERNAL REVENUE CODE." THE INTERNAL REVENUE CODE OF 1986  
10 (PUBLIC LAW 99-514, 26 U.S.C. 1 ET SEQ.).

11 "QUALIFIED EXPENDITURES." THE COSTS AND EXPENSES INCURRED BY  
12 A QUALIFIED TAXPAYER IN THE RESTORATION OF A QUALIFIED HISTORIC  
13 STRUCTURE PURSUANT TO A QUALIFIED REHABILITATION PLAN AND WHICH  
14 ARE DEFINED AS QUALIFIED REHABILITATION EXPENDITURES UNDER  
15 SECTION 47(C)(2) OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC  
16 LAW 99-514, 26 U.S.C. § 47(C)(2)).

17 "QUALIFIED HISTORIC STRUCTURE." A COMMERCIAL BUILDING  
18 LOCATED IN THIS COMMONWEALTH THAT QUALIFIES AS A CERTIFIED  
19 HISTORIC STRUCTURE UNDER SECTION 47(C)(3) OF THE INTERNAL  
20 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 47(C)(3)).

21 "QUALIFIED REHABILITATION PLAN." A PLAN TO REHABILITATE A  
22 QUALIFIED HISTORIC STRUCTURE THAT IS APPROVED BY THE  
23 PENNSYLVANIA HISTORICAL AND MUSEUM COMMISSION AS BEING  
24 CONSISTENT WITH THE STANDARDS FOR REHABILITATION AND GUIDELINES  
25 FOR REHABILITATION OF HISTORIC BUILDINGS AS ADOPTED BY THE  
26 UNITED STATES SECRETARY OF THE INTERIOR.

27 "QUALIFIED TAX LIABILITY." TAX LIABILITY IMPOSED ON A  
28 TAXPAYER UNDER ARTICLE III, IV, VI, VII, VIII, IX, XI OR XV,  
29 EXCLUDING ANY TAX WITHHELD BY AN EMPLOYER UNDER ARTICLE III.

30 "QUALIFIED TAXPAYER." ANY NATURAL PERSON, CORPORATION,

1 BUSINESS TRUST, LIMITED LIABILITY COMPANY, PARTNERSHIP, LIMITED  
2 LIABILITY PARTNERSHIP, ASSOCIATION OR ANY OTHER FORM OF LEGAL  
3 BUSINESS ENTITY THAT:

4 (1) IS SUBJECT TO A TAX IMPOSED UNDER ARTICLE III, IV,  
5 VI, VII, VIII, IX, XI OR XV, EXCLUDING ANY TAX WITHHELD BY AN  
6 EMPLOYER UNDER ARTICLE III.

7 (2) OWNS A QUALIFIED HISTORIC STRUCTURE.  
8 "REGION." A COMMUNITY ACTION TEAM REGION AS ESTABLISHED BY  
9 THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT.

10 SECTION 1703-H. TAX CREDIT CERTIFICATES.

11 (A) APPLICATION.--

12 (1) A QUALIFIED TAXPAYER MAY APPLY TO THE DEPARTMENT OF  
13 COMMUNITY AND ECONOMIC DEVELOPMENT FOR A TAX CREDIT  
14 CERTIFICATE UNDER THIS SECTION.

15 (2) THE APPLICATION SHALL BE ON THE FORM REQUIRED BY THE  
16 DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT AND SHALL  
17 INCLUDE A QUALIFIED REHABILITATION PLAN.

18 (3) THE APPLICATION SHALL BE FILED ON OR BEFORE FEBRUARY  
19 1 FOR QUALIFIED EXPENDITURES INCURRED AND TO BE INCURRED IN  
20 CONNECTION WITH THE COMPLETED PROJECT.

21 (B) REVIEW, RECOMMENDATION AND APPROVAL.--

22 (1) THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT  
23 SHALL FORWARD APPLICATIONS RECEIVED UNDER THIS SECTION TO THE  
24 COMMISSION FOR REVIEW.

25 (2) THE COMMISSION SHALL REVIEW THE PROPOSED  
26 REHABILITATION PLAN, VERIFY THAT THE BUILDING IS A QUALIFIED  
27 HISTORIC STRUCTURE AND RECOMMEND APPROVAL OR DISAPPROVAL TO  
28 THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT WITHIN  
29 30 DAYS OF RECEIPT OF THE APPLICATION. THE COMMISSION SHALL  
30 NOTIFY THE QUALIFIED TAXPAYER WITHIN 15 DAYS OF ITS



1 DETERMINATION.

2 (3) THE COMMISSION SHALL NOTIFY THE DEPARTMENT OF  
3 COMMUNITY AND ECONOMIC DEVELOPMENT OF VERIFICATION OF A  
4 COMPLETED PROJECT AND NOTIFY THE DEPARTMENT OF COMMUNITY AND  
5 ECONOMIC DEVELOPMENT OF THE AMOUNT OF QUALIFIED EXPENDITURES  
6 INCURRED BY THE TAXPAYER IN CONNECTION WITH THE COMPLETED  
7 PROJECT.

8 (4) IF THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
9 DEVELOPMENT HAS APPROVED THE APPLICATION AND RECEIVED  
10 NOTIFICATION OF A COMPLETED PROJECT, IT SHALL ISSUE THE  
11 QUALIFIED TAXPAYER A TAX CREDIT CERTIFICATE BY APRIL 1. A TAX  
12 CREDIT CERTIFICATE ISSUED UNDER THIS SECTION SHALL NOT EXCEED  
13 25% OF QUALIFIED EXPENDITURES DETERMINED BY THE COMMISSION TO  
14 HAVE BEEN INCURRED BY THE QUALIFIED TAXPAYER IN CONNECTION  
15 WITH THE COMPLETED PROJECT.

16 (5) IN GRANTING TAX CREDIT CERTIFICATES UNDER THIS  
17 ARTICLE, THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
18 DEVELOPMENT:

19 (I) SHALL NOT GRANT MORE THAN \$3,000,000 IN TAX  
20 CREDIT CERTIFICATES IN ANY FISCAL YEAR.

21 (II) SHALL NOT GRANT MORE THAN \$500,000 IN TAX  
22 CREDIT CERTIFICATES TO A SINGLE QUALIFIED TAXPAYER IN ANY  
23 FISCAL YEAR.

24 (III) SHALL ASSURE THAT CREDITS ARE AWARDED IN AN  
25 EQUITABLE MANNER TO EACH REGION IN THIS COMMONWEALTH.  
26 HOWEVER, CREDITS ALLOCATED TO A REGION THAT ARE UNCLAIMED  
27 SHALL BE PROMPTLY REALLOCATED TO ELIGIBLE PROJECTS IN  
28 OTHER REGIONS.

29 (6) TAX CREDITS UNDER THIS ARTICLE SHALL BE MADE  
30 AVAILABLE ON A FIRST-COME, FIRST-SERVED BASIS WITHIN THE

1 LIMITATION ESTABLISHED UNDER SUBSECTION (B) (5).

2 SECTION 1704-H. CLAIMING THE CREDIT.

3 UPON PRESENTING A TAX CREDIT CERTIFICATE TO THE DEPARTMENT,  
4 THE QUALIFIED TAXPAYER MAY CLAIM A TAX CREDIT AGAINST THE  
5 QUALIFIED TAX LIABILITY OF THE QUALIFIED TAXPAYER.

6 SECTION 1705-H. CARRYOVER, CARRYBACK AND ASSIGNMENT OF CREDIT.

7 (A) GENERAL RULE.--IF A QUALIFIED TAXPAYER CANNOT USE THE  
8 ENTIRE AMOUNT OF THE TAX CREDIT FOR THE TAXABLE YEAR IN WHICH  
9 THE TAX CREDIT IS FIRST APPROVED, THEN THE EXCESS MAY BE CARRIED  
10 OVER TO SUCCEEDING TAXABLE YEARS AND USED AS A CREDIT AGAINST  
11 THE QUALIFIED TAX LIABILITY OF THE QUALIFIED TAXPAYER FOR THOSE  
12 TAXABLE YEARS. EACH TIME THE TAX CREDIT IS CARRIED OVER TO A  
13 SUCCEEDING TAXABLE YEAR, IT SHALL BE REDUCED BY THE AMOUNT THAT  
14 WAS USED AS A CREDIT DURING THE IMMEDIATELY PRECEDING TAXABLE  
15 YEAR. THE TAX CREDIT PROVIDED BY THIS ARTICLE MAY BE CARRIED  
16 OVER AND APPLIED TO SUCCEEDING TAXABLE YEARS FOR NOT MORE THAN  
17 SEVEN TAXABLE YEARS FOLLOWING THE FIRST TAXABLE YEAR FOR WHICH  
18 THE QUALIFIED TAXPAYER WAS ENTITLED TO CLAIM THE CREDIT.

19 (B) APPLICATION.--A TAX CREDIT CERTIFICATE RECEIVED BY THE  
20 DEPARTMENT IN A TAXABLE YEAR FIRST SHALL BE APPLIED AGAINST THE  
21 QUALIFIED TAXPAYER'S QUALIFIED TAX LIABILITY FOR THE CURRENT  
22 TAXABLE YEAR AS OF THE DATE ON WHICH THE CREDIT WAS ISSUED  
23 BEFORE THE TAX CREDIT CAN BE APPLIED AGAINST ANY QUALIFIED TAX  
24 LIABILITY UNDER SUBSECTION (A).

25 (C) NO CARRYBACK OR REFUND.--A QUALIFIED TAXPAYER MAY NOT  
26 CARRY BACK OR OBTAIN A REFUND OF ALL OR ANY PORTION OF AN UNUSED  
27 TAX CREDIT GRANTED TO THE QUALIFIED TAXPAYER UNDER THIS ARTICLE.

28 (D) SALE OR ASSIGNMENT.--THE FOLLOWING SHALL APPLY:

29 (1) A QUALIFIED TAXPAYER, UPON APPLICATION TO AND  
30 APPROVAL BY THE DEPARTMENT OF COMMUNITY AND ECONOMIC

1 DEVELOPMENT, MAY SELL OR ASSIGN, IN WHOLE OR IN PART, A TAX  
2 CREDIT GRANTED TO THE QUALIFIED TAXPAYER UNDER THIS ARTICLE.

3 (2) BEFORE AN APPLICATION IS APPROVED, THE DEPARTMENT  
4 MUST FIND THAT THE APPLICANT HAS FILED ALL REQUIRED STATE TAX  
5 REPORTS AND RETURNS FOR ALL APPLICABLE TAXABLE YEARS AND PAID  
6 ANY BALANCE OF STATE TAX DUE AS DETERMINED AT SETTLEMENT,  
7 ASSESSMENT OR DETERMINATION BY THE DEPARTMENT.

8 (E) PURCHASERS AND ASSIGNEES.--THE PURCHASER OR ASSIGNEE OF  
9 ALL OR A PORTION OF A TAX CREDIT OBTAINED UNDER SECTION 1703-H  
10 SHALL IMMEDIATELY CLAIM THE CREDIT IN THE TAXABLE YEAR IN WHICH  
11 THE PURCHASE OR ASSIGNMENT IS MADE. THE PURCHASER OR ASSIGNEE  
12 MAY NOT CARRY FORWARD, CARRY BACK OR OBTAIN A REFUND OF OR SELL  
13 OR ASSIGN THE TAX CREDIT. THE PURCHASER OR ASSIGNEE SHALL NOTIFY  
14 THE DEPARTMENT OF THE SELLER OR ASSIGNOR OF THE TAX CREDIT IN  
15 COMPLIANCE WITH PROCEDURES SPECIFIED BY THE DEPARTMENT.  
16 SECTION 1706-H. PASS-THROUGH ENTITY.

17 (A) GENERAL RULE.--IF A PASS-THROUGH ENTITY HAS ANY UNUSED  
18 TAX CREDIT UNDER SECTION 1705-H, IT MAY ELECT IN WRITING,  
19 ACCORDING TO PROCEDURES ESTABLISHED BY THE DEPARTMENT, TO  
20 TRANSFER ALL OR A PORTION OF THE CREDIT TO SHAREHOLDERS, MEMBERS  
21 OR PARTNERS IN PROPORTION TO THE SHARE OF THE ENTITY'S  
22 DISTRIBUTIVE INCOME TO WHICH THE SHAREHOLDER, MEMBER OR PARTNER  
23 IS ENTITLED.

24 (B) LIMITATION.--A PASS-THROUGH ENTITY AND A SHAREHOLDER,  
25 MEMBER OR PARTNER OF A PASS-THROUGH ENTITY SHALL NOT CLAIM THE  
26 CREDIT UNDER SUBSECTION (A) FOR THE SAME QUALIFIED EXPENDITURES.

27 (C) APPLICATION.--A SHAREHOLDER, MEMBER OR PARTNER OF A  
28 PASS-THROUGH ENTITY TO WHOM A CREDIT IS TRANSFERRED UNDER  
29 SUBSECTION (A) SHALL IMMEDIATELY CLAIM THE CREDIT IN THE TAXABLE  
30 YEAR IN WHICH THE TRANSFER IS MADE. THE SHAREHOLDER, MEMBER OR

1 PARTNER MAY NOT CARRY FORWARD, CARRY BACK, OBTAIN A REFUND OF OR  
2 SELL OR ASSIGN THE CREDIT.

3 SECTION 1707-H. ADMINISTRATION.

4 THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, THE  
5 COMMISSION AND THE DEPARTMENT SHALL JOINTLY DEVELOP WRITTEN  
6 GUIDELINES FOR THE IMPLEMENTATION OF THE PROVISIONS OF THIS  
7 ARTICLE.

8 SECTION 1708-H. APPLICATION OF INTERNAL REVENUE CODE.

9 THE PROVISIONS OF SECTION 47 OF THE INTERNAL REVENUE CODE AND  
10 THE REGULATIONS PROMULGATED REGARDING THOSE PROVISIONS SHALL  
11 APPLY TO THE DEPARTMENT'S INTERPRETATION AND ADMINISTRATION OF  
12 THE CREDIT PROVIDED UNDER THIS ARTICLE. REFERENCES TO THE  
13 INTERNAL REVENUE CODE SHALL MEAN THE SECTIONS OF THE INTERNAL  
14 REVENUE CODE AS EXISTING ON ANY DATE OF INTERPRETATION OF THIS  
15 ARTICLE, EXCEPT IF THOSE SECTIONS OF THE INTERNAL REVENUE CODE  
16 REFERENCED IN THIS ARTICLE ARE REPEALED OR TERMINATED,  
17 REFERENCES TO THE INTERNAL REVENUE CODE SHALL MEAN THOSE  
18 SECTIONS LAST HAVING FULL FORCE AND EFFECT. IF AFTER REPEAL OR  
19 TERMINATION THE INTERNAL REVENUE CODE SECTIONS ARE REVISED OR  
20 REENACTED, REFERENCES IN THIS ARTICLE TO INTERNAL REVENUE CODE  
21 SECTIONS SHALL MEAN THOSE REVISED OR REENACTED SECTIONS.

22 SECTION 1709-H. LIMITATION.

23 TAXPAYERS SHALL NOT BE ENTITLED TO APPLY FOR HISTORIC  
24 PRESERVATION TAX CREDITS AFTER THE SEVENTH FISCAL YEAR FOLLOWING  
25 THE EFFECTIVE DATE OF THIS ARTICLE.

26 ARTICLE XVII-I

27 COMMUNITY-BASED SERVICES TAX CREDIT

28 SECTION 1701-I. SCOPE OF ARTICLE.

29 THIS ARTICLE RELATES TO COMMUNITY-BASED SERVICES TAX CREDITS.

30 SECTION 1702-I. DEFINITIONS.

1 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE  
2 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
3 CONTEXT CLEARLY INDICATES OTHERWISE:

4 "BUSINESS FIRM." AN ENTITY AUTHORIZED TO DO BUSINESS IN THIS  
5 COMMONWEALTH AND SUBJECT TO TAXES IMPOSED UNDER ARTICLE III, IV,  
6 VI, VII, VIII, IX OR XV.

7 "CONTRIBUTION." A DONATION OF CASH, PERSONAL PROPERTY OR  
8 SERVICES, THE VALUE OF WHICH IS THE NET COST OF THE DONATION TO  
9 THE DONOR OR THE PRO RATA HOURLY WAGE, INCLUDING BENEFITS, OF  
10 THE INDIVIDUAL PERFORMING THE SERVICE.

11 "DEPARTMENT." THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
12 DEVELOPMENT OF THE COMMONWEALTH.

13 "INDIVIDUAL." AN INDIVIDUAL WHO IS ELIGIBLE FOR COMMUNITY-  
14 BASED SERVICES FUNDED THROUGH THE OFFICE OF DEVELOPMENTAL  
15 PROGRAMS AND THE OFFICE OF MENTAL HEALTH AND SUBSTANCE ABUSE  
16 SERVICES OF THE DEPARTMENT OF PUBLIC WELFARE.

17 "PROVIDER." A NONPROFIT ENTITY THAT MEETS ALL OF THE  
18 FOLLOWING:

19 (1) PROVIDES COMMUNITY-BASED SERVICES TO INDIVIDUALS  
20 WITH INTELLECTUAL DISABILITIES OR MENTAL ILLNESS.

21 (2) IS EXEMPT FROM FEDERAL TAXATION UNDER SECTION 501(C)

22 (3) OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514,  
23 26 U.S.C. § 1 ET SEQ.).

24 SECTION 1703-I. COMMUNITY-BASED SERVICES TAX CREDIT PROGRAM.

25 (A) ESTABLISHMENT.--A COMMUNITY-BASED SERVICES TAX CREDIT  
26 PROGRAM IS ESTABLISHED TO SUPPLEMENT, NOT SUPPLANT, EXISTING  
27 FEDERAL AND STATE FUNDING FOR COMMUNITY-BASED SERVICES FOR  
28 INDIVIDUALS IN THIS COMMONWEALTH.

29 (B) INFORMATION.--IN ORDER TO QUALIFY UNDER THIS ARTICLE, A  
30 PROVIDER MUST SUBMIT INFORMATION TO THE DEPARTMENT THAT ENABLES

1 THE DEPARTMENT TO CONFIRM THAT THE PROVIDER IS EXEMPT FROM  
2 TAXATION UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE OF  
3 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 1 ET SEQ.).

4 (C) PROVIDER APPLICATION.--

5 (1) AN APPLICATION SUBMITTED TO THE DEPARTMENT BY THE  
6 PROVIDER MUST DESCRIBE THE COMMUNITY-BASED SERVICES IT  
7 PROVIDES TO INDIVIDUALS ON A FORM PROVIDED BY THE DEPARTMENT.

8 (2) THE DEPARTMENT SHALL CONSULT WITH THE DEPARTMENT OF  
9 PUBLIC WELFARE AS NECESSARY TO DETERMINE THAT THE PROVIDER  
10 PROVIDES COMMUNITY-BASED SERVICES FOR INDIVIDUALS. THE  
11 DEPARTMENT SHALL REVIEW AND APPROVE OR DISAPPROVE THE  
12 APPLICATION.

13 (D) NOTIFICATION.--THE DEPARTMENT SHALL NOTIFY THE PROVIDER  
14 THAT THE PROVIDER MEETS THE REQUIREMENTS UNDER THIS ARTICLE FOR  
15 THAT FISCAL YEAR NO LATER THAN 60 DAYS AFTER THE PROVIDER HAS  
16 SUBMITTED THE APPLICATION REQUIRED UNDER THIS SECTION.

17 (E) PUBLICATION.--THE DEPARTMENT SHALL ANNUALLY PUBLISH A  
18 LIST OF EACH PROVIDER QUALIFIED UNDER THIS SECTION IN THE  
19 PENNSYLVANIA BULLETIN. THE LIST SHALL ALSO BE POSTED AND UPDATED  
20 AS NECESSARY ON THE PUBLICLY ACCESSIBLE INTERNET WEBSITE OF THE  
21 DEPARTMENT.

22 SECTION 1703.1-I. RESTRICTION ON USE OF CONTRIBUTIONS.

23 THE CONTRIBUTIONS RECEIVED BY A PROVIDER FROM A BUSINESS FIRM  
24 CLAIMING A TAX CREDIT UNDER THIS ARTICLE MUST BE USED FOR DIRECT  
25 CARE OR SERVICES RELATING TO DIRECT CARE OF INDIVIDUALS.

26 SECTION 1704-I. AVAILABILITY OF TAX CREDITS.

27 (A) APPLICATION.--A BUSINESS FIRM MAY APPLY TO THE  
28 DEPARTMENT FOR A TAX CREDIT UNDER SECTION 1705-I. A BUSINESS  
29 FIRM MAY RECEIVE A TAX CREDIT UNDER THIS ARTICLE IF THE PROVIDER  
30 THAT RECEIVES THE CONTRIBUTION FROM THE BUSINESS FIRM APPEARS ON

1 THE LIST UNDER SECTION 1703-I(E).

2 (B) AVAILABILITY OF TAX CREDITS.--TAX CREDITS UNDER THIS  
3 SECTION SHALL BE MADE AVAILABLE BY THE DEPARTMENT ON A FIRST-  
4 COME-FIRST-SERVED BASIS WITHIN THE LIMITATION ESTABLISHED UNDER  
5 SECTION 1706-I(A).

6 (C) CONTRIBUTIONS.--A CONTRIBUTION BY A BUSINESS FIRM TO A  
7 PROVIDER SHALL BE MADE NO LATER THAN 60 DAYS FOLLOWING THE  
8 APPROVAL OF AN APPLICATION UNDER SUBSECTION (A).

9 SECTION 1705-I. GRANT OF TAX CREDITS.

10 (A) GENERAL RULE.--IN ACCORDANCE WITH SECTION 1706-I(A), THE  
11 DEPARTMENT SHALL GRANT A TAX CREDIT CERTIFICATE. THE CERTIFICATE  
12 MAY BE USED AGAINST A TAX LIABILITY OWED TO THE DEPARTMENT BY A  
13 BUSINESS FIRM THAT PROVIDES PROOF OF A CONTRIBUTION TO A  
14 PROVIDER IN THE TAXABLE YEAR IN WHICH THE CONTRIBUTION IS MADE.  
15 THE BUSINESS FIRM MAY APPLY THE CREDIT AGAINST ANY TAX DUE UNDER  
16 ARTICLE III, IV, VI, VII, VIII, IX OR XV, EXCLUDING ANY TAX  
17 WITHHELD BY AN EMPLOYER UNDER ARTICLE III.

18 (B) LIMITATION.--THE TAX CREDIT SHALL NOT EXCEED 50% OF THE  
19 TOTAL AMOUNT CONTRIBUTED BY A BUSINESS FIRM TO A PROVIDER DURING  
20 THE TAXABLE YEAR OF THE BUSINESS FIRM. THE TAX CREDIT SHALL NOT  
21 EXCEED \$100,000 ANNUALLY PER BUSINESS FIRM.

22 (C) ADDITIONAL AMOUNT.--

23 (1) A BUSINESS FIRM THAT CONTRIBUTES TO A PROVIDER IN  
24 TWO OR MORE CONSECUTIVE YEARS SHALL QUALIFY FOR A 75% TAX  
25 CREDIT FOR THE CONTRIBUTIONS MADE IN THE SECOND YEAR AND  
26 EVERY CONSECUTIVE YEAR OF MAKING A CONTRIBUTION TO A  
27 PROVIDER.

28 (2) NOTHING IN THIS SECTION SHALL BE CONSTRUED TO  
29 REQUIRE A BUSINESS FIRM TO CONTRIBUTE TO THE SAME PROVIDER  
30 EVERY YEAR IN ORDER FOR THE BUSINESS FIRM TO QUALIFY FOR A

1 TAX CREDIT UNDER THIS SUBSECTION.

2 SECTION 1706-I. AMOUNT OF TAX CREDITS.

3 (A) GENERAL RULE.--THE TOTAL AGGREGATE AMOUNT OF ALL TAX  
4 CREDITS APPROVED SHALL NOT EXCEED \$3,000,000 IN A FISCAL YEAR.

5 (B) ACTIVITIES.--NO TAX CREDIT SHALL BE APPROVED FOR  
6 ACTIVITIES THAT ARE PART OF A BUSINESS FIRM'S NORMAL COURSE OF  
7 BUSINESS.

8 (C) TAX LIABILITY.--A TAX CREDIT GRANTED FOR ANY ONE TAXABLE  
9 YEAR MAY NOT EXCEED THE TAX LIABILITY OF A BUSINESS FIRM.

10 (D) USE.--A TAX CREDIT NOT USED IN THE TAXABLE YEAR THE  
11 CONTRIBUTION WAS MADE MAY NOT BE CARRIED FORWARD OR CARRIED BACK  
12 AND IS NOT REFUNDABLE OR TRANSFERABLE.

13 SECTION 1707-I. GUIDELINES.

14 THE DEPARTMENT, IN CONJUNCTION WITH THE DEPARTMENT OF REVENUE  
15 AND THE DEPARTMENT OF PUBLIC WELFARE MAY ESTABLISH GUIDELINES AS  
16 NECESSARY TO IMPLEMENT THIS ARTICLE.

17 SECTION 1708-I. LIMITATION.

18 A BUSINESS FIRM SHALL NOT BE ENTITLED TO APPLY FOR A TAX  
19 CREDIT AFTER THE SEVENTH FISCAL YEAR FOLLOWING THE EFFECTIVE  
20 DATE OF THIS ARTICLE.

21 SECTION 19.1. SECTION 1801-B OF THE ACT IS AMENDED BY ADDING  
22 DEFINITIONS TO READ:

23 SECTION 1801-B. DEFINITIONS.

24 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE  
25 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
26 CONTEXT CLEARLY INDICATES OTHERWISE:

27 \* \* \*

28 "SMALL BUSINESS." A COMPANY THAT IS ENGAGED IN A FOR-PROFIT  
29 ENTERPRISE AND THAT EMPLOYS 100 OR FEWER INDIVIDUALS.

30 \* \* \*



1 "UNEMPLOYED INDIVIDUAL." AN INDIVIDUAL WHO AT THE TIME OF  
2 HIRING MEETS ALL OF THE FOLLOWING:

3 (1) IS HIRED ON OR AFTER JULY 1, 2012.

4 (2) CERTIFIES BY SIGNED AFFIDAVIT, UNDER PENALTY OF  
5 PERJURY, THAT THE INDIVIDUAL HAS NOT BEEN EMPLOYED DURING THE  
6 60-DAY PERIOD ENDING ON THE DATE THE INDIVIDUAL BEGINS  
7 EMPLOYMENT.

8 (3) IS NOT EMPLOYED BY THE COMPANY TO REPLACE ANOTHER  
9 EMPLOYEE OF THE COMPANY UNLESS THE OTHER EMPLOYEE SEPARATED  
10 FROM EMPLOYMENT VOLUNTARILY OR FOR CAUSE.

11 (4) WILL PERFORM DUTIES CONNECTED TO THE NEW JOB FOR AT  
12 LEAST 52 CONSECUTIVE WEEKS.

13 \* \* \*

14 SECTION 19.2. SECTIONS 1803-B(B) AND (C) AND 1804-B(A), (D)  
15 AND (E) OF THE ACT, ADDED JUNE 22, 2001 (P.L.353, NO.23), ARE  
16 AMENDED TO READ:

17 SECTION 1803-B. APPLICATION PROCESS.

18 \* \* \*

19 (B) CREATION OF JOBS.--[THE] EXCEPT AS PROVIDED UNDER THIS  
20 SUBSECTION, AN APPLICANT MUST AGREE TO CREATE AT LEAST 25 NEW  
21 JOBS OR TO INCREASE THE APPLICANT'S NUMBER OF EMPLOYEES BY AT  
22 LEAST 20% WITHIN THREE YEARS OF THE START DATE. A SMALL BUSINESS  
23 APPLICANT MUST AGREE TO INCREASE THE APPLICANT'S NUMBER OF  
24 EMPLOYEES BY AT LEAST 10% WITHIN THREE YEARS AFTER THE START  
25 DATE.

26 (C) APPROVAL.--IF THE DEPARTMENT APPROVES THE COMPANY'S  
27 APPLICATION, THE DEPARTMENT AND THE COMPANY SHALL EXECUTE A  
28 COMMITMENT LETTER CONTAINING THE FOLLOWING:

29 (1) A DESCRIPTION OF THE PROJECT.

30 (2) THE NUMBER OF NEW JOBS TO BE CREATED.

1 (3) THE AMOUNT OF PRIVATE CAPITAL INVESTMENT IN THE  
2 PROJECT.

3 (3.1) A STATEMENT AUTHORIZING THE PER JOB CREDIT AS A  
4 SINGLE YEAR OR MULTIPLE YEAR CREDIT.

5 (4) THE MAXIMUM JOB CREATION TAX CREDIT AMOUNT THE  
6 COMPANY MAY CLAIM.

7 (5) A SIGNED STATEMENT THAT THE COMPANY INTENDS TO  
8 MAINTAIN ITS OPERATION IN THIS COMMONWEALTH FOR FIVE YEARS  
9 FROM THE START DATE.

10 (6) SUCH OTHER INFORMATION AS THE DEPARTMENT DEEMS  
11 APPROPRIATE.

12 \* \* \*

13 SECTION 1804-B. TAX CREDITS.

14 (A) MAXIMUM AMOUNT.--A COMPANY MAY CLAIM A TAX CREDIT OF  
15 \$1,000 PER NEW JOB CREATED, OR \$2,500 PER EACH NEW JOB CREATED  
16 IF THE NEWLY CREATED JOB IS FILLED BY AN UNEMPLOYED INDIVIDUAL,  
17 UP TO THE MAXIMUM JOB CREATION TAX CREDIT AMOUNT SPECIFIED IN  
18 THE COMMITMENT LETTER.

19 \* \* \*

20 (D) TAX CREDIT TERM.--A COMPANY MAY CLAIM THE JOB CREATION  
21 TAX CREDIT FOR EACH NEW JOB CREATED, AS APPROVED BY THE  
22 DEPARTMENT, FOR A [PERIOD DETERMINED BY THE DEPARTMENT BUT NOT  
23 TO EXCEED] ONE-YEAR, TWO-YEAR OR THREE-YEAR PERIOD AS AUTHORIZED  
24 BY THE DEPARTMENT, EXCEPT THAT NO TAX CREDIT MAY BE CLAIMED FOR  
25 MORE THAN FIVE YEARS FROM THE DATE THE COMPANY FIRST SUBMITS A  
26 JOB CREATION TAX CREDIT CERTIFICATE.

27 (E) AVAILABILITY OF TAX CREDITS.--EACH FISCAL YEAR,  
28 [\$22,500,000] \$10,100,000 IN TAX CREDITS SHALL BE MADE AVAILABLE  
29 TO THE DEPARTMENT AND MAY BE AWARDED BY THE DEPARTMENT IN  
30 ACCORDANCE WITH THIS ARTICLE. IN ADDITION, IN ANY FISCAL YEAR,

1 THE DEPARTMENT MAY REISSUE OR ASSIGN PRIOR FISCAL YEAR TAX  
2 CREDITS WHICH HAVE BEEN RECAPTURED UNDER SECTION 1806-B(A) OR  
3 (B) AND MAY AWARD PRIOR FISCAL YEAR CREDITS NOT PREVIOUSLY  
4 ISSUED. PRIOR FISCAL YEAR CREDITS MAY BE REISSUED, ASSIGNED OR  
5 AWARDED BY THE DEPARTMENT WITHOUT LIMITATION BY SECTION 1805-  
6 B(B).

7 SECTION 20. THE DEFINITION OF "COMMUNITY SERVICES" IN  
8 SECTION 1902-A OF THE ACT, AMENDED MAY 7, 1997 (P.L.85, NO.7),  
9 IS AMENDED AND THE SECTION IS AMENDED BY ADDING A DEFINITION TO  
10 READ:

11 SECTION 1902-A. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND  
12 PHRASES, WHEN USED IN THIS ARTICLE, SHALL HAVE THE MEANINGS  
13 ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT  
14 CLEARLY INDICATES A DIFFERENT MEANING:

15 \* \* \*

16 "CHARITABLE FOOD PROGRAM." AN EMERGENCY FOOD PROVIDER OR A  
17 REGIONAL FOOD BANK AS DEFINED IN SECTION 2 OF THE ACT OF  
18 DECEMBER 11, 1992 (P.L.807, NO.129), KNOWN AS THE "STATE FOOD  
19 PURCHASE PROGRAM ACT."

20 "COMMUNITY SERVICES." ANY TYPE OF COUNSELING AND ADVICE,  
21 EMERGENCY ASSISTANCE, FOOD ASSISTANCE OR MEDICAL CARE FURNISHED  
22 TO INDIVIDUALS OR GROUPS IN AN IMPOVERISHED AREA.

23 \* \* \*

24 SECTION 21. SECTION 1904-A(B.1) OF THE ACT, AMENDED JULY 25,  
25 2007 (P.L.373, NO.55), IS AMENDED AND THE SECTION IS AMENDED BY  
26 ADDING A SUBSECTION TO READ:

27 SECTION 1904-A. TAX CREDIT.--\* \* \*

28 (B.1) THE SECRETARY SHALL TAKE INTO SPECIAL CONSIDERATION,  
29 WHEN APPROVING APPLICATIONS FOR NEIGHBORHOOD ASSISTANCE TAX  
30 CREDITS, APPLICATIONS WHICH INVOLVE:

1       (1) MULTIPLE PROJECTS IN VARIOUS MARKETS THROUGHOUT THIS  
2 COMMONWEALTH; AND

3       (2) CHARITABLE FOOD PROGRAMS.

4       (B.2) THE SECRETARY, IN COOPERATION WITH THE DEPARTMENT OF  
5 AGRICULTURE, SHALL PROMULGATE GUIDELINES FOR THE APPROVAL OR  
6 DISAPPROVAL OF APPLICATIONS FOR TAX CREDITS BY BUSINESS FIRMS  
7 THAT CONTRIBUTE FOOD OR MONEY TO CHARITABLE FOOD PROGRAMS.

8       \* \* \*

9       SECTION 21.1. SECTION 2005 OF THE ACT, AMENDED JULY 25, 2007  
10 (P.L.373, NO.55), IS AMENDED TO READ:

11       SECTION 2005. ASSESSMENT BY DEPARTMENT.--(A) IF ANY PERSON  
12 SHALL FAIL TO PAY ANY TAX IMPOSED BY THIS ARTICLE FOR WHICH HE  
13 IS LIABLE, THE DEPARTMENT IS HEREBY AUTHORIZED AND EMPOWERED TO  
14 MAKE AN ASSESSMENT OF ADDITIONAL TAX DUE BY SUCH PERSON, BASED  
15 UPON ANY INFORMATION WITHIN ITS POSSESSION, OR THAT SHALL COME  
16 INTO ITS POSSESSION.

17       (B) PROMPTLY AFTER THE DATE OF SUCH ASSESSMENT, THE  
18 DEPARTMENT SHALL SEND A COPY OF THE ASSESSMENT, INCLUDING THE  
19 BASIS OF THE ASSESSMENT, TO THE PERSON AGAINST WHOM IT WAS MADE.  
20 WITHIN NINETY DAYS AFTER THE DATE UPON WHICH THE COPY OF ANY  
21 SUCH ASSESSMENT WAS MAILED, SUCH PERSON MAY FILE WITH THE  
22 DEPARTMENT A PETITION FOR REASSESSMENT OF SUCH TAXES. EVERY  
23 PETITION FOR REASSESSMENT SHALL STATE SPECIFICALLY THE REASONS  
24 WHICH THE PETITIONER BELIEVES ENTITLE HIM TO SUCH REASSESSMENT,  
25 AND IT SHALL BE SUPPORTED BY AFFIDAVIT THAT IT IS NOT MADE FOR  
26 THE PURPOSE OF DELAY, AND THAT THE FACTS SET FORTH THEREIN ARE  
27 TRUE. IT SHALL BE THE DUTY OF THE DEPARTMENT, WITHIN SIX MONTHS  
28 AFTER THE DATE OF ANY ASSESSMENT, TO DISPOSE OF ANY PETITION FOR  
29 REASSESSMENT. NOTICE OF THE ACTION TAKEN UPON ANY PETITION FOR  
30 REASSESSMENT SHALL BE GIVEN TO THE PETITIONER PROMPTLY AFTER THE

1 DATE OF REASSESSMENT BY THE DEPARTMENT.

2 [(B.1) THE NOTICE REQUIRED BY SUBSECTION (B) SHALL BE SENT  
3 BY CERTIFIED MAIL IF THE ASSESSMENT IS FOR \$300 OR MORE.]

4 (C) WITHIN NINETY DAYS AFTER THE DATE OF MAILING OF NOTICE  
5 BY THE DEPARTMENT OF THE ACTION TAKEN ON ANY PETITION FOR  
6 REASSESSMENT FILED WITH IT, THE PERSON AGAINST WHOM SUCH  
7 ASSESSMENT WAS MADE, MAY, BY PETITION, REQUEST THE BOARD OF  
8 FINANCE AND REVENUE TO REVIEW SUCH ACTION. EVERY PETITION FOR  
9 REVIEW FILED HEREUNDER SHALL STATE SPECIFICALLY THE REASON UPON  
10 WHICH THE PETITIONER RELIES, OR SHALL INCORPORATE BY REFERENCE  
11 THE PETITION FOR REASSESSMENT IN WHICH SUCH REASONS SHALL HAVE  
12 BEEN STATED. THE PETITION SHALL BE SUPPORTED BY AFFIDAVIT THAT  
13 IT IS NOT MADE FOR THE PURPOSE OF DELAY, AND THAT THE FACTS  
14 THEREIN SET FORTH ARE TRUE. IF THE PETITIONER BE A CORPORATION,  
15 JOINT-STOCK ASSOCIATION OR LIMITED PARTNERSHIP, THE AFFIDAVIT  
16 MUST BE MADE BY ONE OF THE PRINCIPAL OFFICERS THEREOF. A  
17 PETITION FOR REVIEW MAY BE AMENDED BY THE PETITIONER AT ANY TIME  
18 PRIOR TO THE HEARING, AS HEREINAFTER PROVIDED. THE BOARD OF  
19 FINANCE AND REVENUE SHALL ACT FINALLY IN DISPOSITION OF SUCH  
20 PETITIONS FILED WITH IT WITHIN SIX MONTHS AFTER THEY HAVE BEEN  
21 RECEIVED, AND, IN THE EVENT OF THE FAILURE OF SAID BOARD TO  
22 DISPOSE OF ANY SUCH PETITION WITHIN SIX MONTHS, THE ACTION TAKEN  
23 BY THE DEPARTMENT UPON THE PETITION FOR REASSESSMENT SHALL BE  
24 DEEMED SUSTAINED. THE BOARD OF FINANCE AND REVENUE MAY SUSTAIN  
25 THE ACTION TAKEN ON THE PETITION FOR REASSESSMENT, OR IT MAY  
26 REASSESS THE TAX DUE UPON SUCH BASIS AS IT SHALL DEEM ACCORDING  
27 TO LAW AND EQUITY. NOTICE OF THE ACTION OF THE BOARD OF FINANCE  
28 AND REVENUE SHALL BE GIVEN BY MAIL, OR OTHERWISE, TO THE  
29 DEPARTMENT AND TO THE PETITIONER.

30 (D) IN ALL CASES OF PETITIONS FOR REASSESSMENT, REVIEW OR

1 APPEAL, THE BURDEN OF PROOF SHALL BE UPON THE PETITIONER OR  
2 APPELLANT, AS THE CASE MAY BE.

3 (E) WHENEVER ANY ASSESSMENT OF ADDITIONAL TAX IS NOT PAID  
4 WITHIN NINETY DAYS AFTER THE DATE OF THE ASSESSMENT, IF NO  
5 PETITION FOR REASSESSMENT HAS BEEN FILED, OR WITHIN NINETY DAYS  
6 FROM THE DATE OF REASSESSMENT, IF NO PETITION FOR REVIEW HAS  
7 BEEN FILED, OR WITHIN THIRTY DAYS FROM THE DATE OF THE DECISION  
8 OF THE BOARD OF FINANCE AND REVENUE UPON A PETITION FOR REVIEW,  
9 OR THE EXPIRATION OF THE BOARD'S TIME FOR ACTING UPON SUCH  
10 PETITION, IF NO APPEAL HAS BEEN MADE, AND IN ALL CASES OF  
11 JUDICIAL SALES, RECEIVERSHIPS, ASSIGNMENTS OR BANKRUPTCIES, THE  
12 DEPARTMENT MAY CALL UPON THE OFFICE OF ATTORNEY GENERAL TO  
13 COLLECT SUCH ASSESSMENT. IN SUCH EVENT, IN A PROCEEDING FOR THE  
14 COLLECTION OF SUCH TAXES, THE PERSON AGAINST WHOM THEY WERE  
15 ASSESSED SHALL NOT BE PERMITTED TO SET UP ANY GROUND OF DEFENSE  
16 THAT MIGHT HAVE BEEN DETERMINED BY THE DEPARTMENT, THE BOARD OF  
17 FINANCE AND REVENUE OR THE COURTS. THE DEPARTMENT MAY ALSO  
18 CERTIFY TO THE LIQUOR CONTROL BOARD, FOR SUCH ACTION AS THE  
19 BOARD MAY DEEM PROPER, THE FACT THAT ANY PERSON HAS FAILED TO  
20 PAY OR DULY APPEAL FROM SUCH ASSESSMENT OF ADDITIONAL TAX. THE  
21 DEPARTMENT MAY ALSO PROVIDE, ADOPT, PROMULGATE AND ENFORCE SUCH  
22 RULES AND REGULATIONS, AS MAY BE APPROPRIATE, TO PREVENT FURTHER  
23 SHIPMENT OR TRANSPORTATION OF MALT OR BREWED BEVERAGES INTO THIS  
24 COMMONWEALTH BY ANY PERSON AGAINST WHOM SUCH UNPAID ASSESSMENT  
25 SHALL HAVE BEEN MADE.

26 SECTION 22. SECTION 2102 OF THE ACT IS AMENDED BY ADDING  
27 DEFINITIONS TO READ:

28 SECTION 2102. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND  
29 PHRASES, WHEN USED IN THIS ARTICLE, SHALL HAVE THE MEANINGS  
30 ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT

1 CLEARLY INDICATES A DIFFERENT MEANING:

2 \* \* \*

3 "BUSINESS OF AGRICULTURE." THE TERM SHALL INCLUDE THE  
4 LEASING TO MEMBERS OF THE SAME FAMILY OR THE LEASING TO A  
5 CORPORATION OR ASSOCIATION OWNED BY MEMBERS OF THE SAME FAMILY  
6 OF PROPERTY WHICH IS DIRECTLY AND PRINCIPALLY USED FOR  
7 AGRICULTURAL PURPOSES. THE BUSINESS OF AGRICULTURE SHALL NOT BE  
8 DEEMED TO INCLUDE:

9 (1) RECREATIONAL ACTIVITIES SUCH AS, BUT NOT LIMITED TO,  
10 HUNTING, FISHING, CAMPING, SKIING, SHOW COMPETITION OR RACING;

11 (2) THE RAISING, BREEDING OR TRAINING OF GAME ANIMALS OR  
12 GAME BIRDS, FISH, CATS, DOGS OR PETS OR ANIMALS INTENDED FOR USE  
13 IN SPORTING OR RECREATIONAL ACTIVITIES;

14 (3) FUR FARMING;

15 (4) STOCKYARD AND SLAUGHTERHOUSE OPERATIONS; OR

16 (5) MANUFACTURING OR PROCESSING OPERATIONS OF ANY KIND.

17 \* \* \*

18 "MEMBERS OF THE SAME FAMILY." ANY INDIVIDUAL, SUCH  
19 INDIVIDUAL'S BROTHERS AND SISTERS, THE BROTHERS AND SISTERS OF  
20 SUCH INDIVIDUAL'S PARENTS AND GRANDPARENTS, THE ANCESTORS AND  
21 LINEAL DESCENDENTS OF ANY OF THE FOREGOING, A SPOUSE OF ANY OF  
22 THE FOREGOING AND THE ESTATE OF ANY OF THE FOREGOING.  
23 INDIVIDUALS RELATED BY THE HALF BLOOD OR LEGAL ADOPTION SHALL BE  
24 TREATED AS IF THEY WERE RELATED BY THE WHOLE BLOOD.

25 \* \* \*

26 SECTION 23. SECTION 2111 OF THE ACT IS AMENDED BY ADDING  
27 SUBSECTIONS TO READ:

28 SECTION 2111. TRANSFERS NOT SUBJECT TO TAX.--\* \* \*

29 (S) A TRANSFER OF REAL ESTATE DEVOTED TO THE BUSINESS OF  
30 AGRICULTURE BETWEEN MEMBERS OF THE SAME FAMILY, PROVIDED THAT

1 AFTER THE TRANSFER THE REAL ESTATE CONTINUES TO BE DEVOTED TO  
2 THE BUSINESS OF AGRICULTURE FOR A PERIOD OF SEVEN YEARS BEYOND  
3 THE TRANSFEROR'S DATE OF DEATH AND THE REAL ESTATE DERIVES A  
4 YEARLY GROSS INCOME OF AT LEAST TWO THOUSAND DOLLARS (\$2,000),  
5 PROVIDED THAT:

6 (1) ANY TRACT OF LAND UNDER THIS ARTICLE WHICH IS NO LONGER  
7 DEVOTED TO THE BUSINESS OF AGRICULTURE WITHIN SEVEN YEARS BEYOND  
8 THE TRANSFEROR'S DATE OF DEATH SHALL BE SUBJECT TO INHERITANCE  
9 TAX DUE THE COMMONWEALTH UNDER SECTION 2107, IN THE AMOUNT THAT  
10 WOULD HAVE BEEN PAID OR PAYABLE ON THE BASIS OF VALUATION  
11 AUTHORIZED UNDER SECTION 2121 FOR NONEXEMPT TRANSFERS OF  
12 PROPERTY, PLUS INTEREST THEREON ACCRUING AS OF THE TRANSFEROR'S  
13 DATE OF DEATH, AT THE RATE ESTABLISHED IN SECTION 2143.

14 (2) ANY TAX IMPOSED UNDER SECTION 2107 SHALL BE A LIEN IN  
15 FAVOR OF THE COMMONWEALTH UPON THE PROPERTY NO LONGER BEING  
16 DEVOTED TO AGRICULTURAL USE, COLLECTIBLE IN THE MANNER PROVIDED  
17 FOR BY LAW FOR THE COLLECTION OF DELINQUENT REAL ESTATE TAXES,  
18 AS WELL AS THE PERSONAL OBLIGATION OF THE OWNER OF THE PROPERTY  
19 AT THE TIME OF THE CHANGE OF USE.

20 (3) EVERY OWNER OF REAL ESTATE EXEMPT UNDER THIS SUBSECTION  
21 SHALL CERTIFY TO THE DEPARTMENT ON AN ANNUAL BASIS THAT THE LAND  
22 QUALIFIES FOR THIS EXEMPTION AND SHALL NOTIFY THE DEPARTMENT  
23 WITHIN THIRTY DAYS OF ANY TRANSACTION OR OCCURRENCE CAUSING THE  
24 REAL ESTATE TO FAIL TO QUALIFY FOR THE EXEMPTION. EACH YEAR THE  
25 DEPARTMENT SHALL INFORM ALL OWNERS OF THEIR OBLIGATION TO  
26 PROVIDE AN ANNUAL CERTIFICATION UNDER THIS SUBCLAUSE. THIS  
27 CERTIFICATION AND NOTIFICATION SHALL BE COMPLETED IN THE FORM  
28 AND MANNER AS PROVIDED BY THE DEPARTMENT.

29 (S.1) A TRANSFER OF AN AGRICULTURAL COMMODITY, AGRICULTURAL  
30 CONSERVATION EASEMENT, AGRICULTURAL RESERVE, AGRICULTURAL USE



1 PROPERTY OR A FOREST RESERVE, AS THOSE TERMS ARE DEFINED IN  
2 SECTION 2122(A), TO LINEAL DESCENDANTS OR SIBLINGS IS EXEMPT  
3 FROM INHERITANCE TAX.

4 SECTION 24. SECTIONS 2702 AND 2703 OF THE ACT, ADDED OCTOBER  
5 18, 2006 (P.L.1149, NO.119), ARE AMENDED TO READ:

6 SECTION 2702. PETITION FOR REASSESSMENT.

7 (A) GENERAL RULE.--A TAXPAYER MAY FILE A PETITION FOR  
8 REASSESSMENT WITH THE DEPARTMENT WITHIN 90 DAYS AFTER THE  
9 MAILING DATE OF THE NOTICE OF ASSESSMENT.

10 (A.1) PETITION FOR REVIEW OF TAX ADJUSTMENT NOT RESULTING IN  
11 AN INCREASE IN LIABILITY.--

12 (1) A PETITION FOR REASSESSMENT UNDER SUBSECTION (A) MAY  
13 INCLUDE A REQUEST FOR REVIEW OF THE DEPARTMENT'S ADJUSTMENT  
14 OF A TAX ITEM IF THE ADJUSTMENT DID NOT RESULT IN A TAX  
15 INCREASE IN THE YEAR OF ADJUSTMENT BUT MAY INCREASE THE TAX  
16 DUE IN A SUBSEQUENT YEAR. A REQUEST FOR REVIEW MAY INCLUDE:

17 (I) RECALCULATION OF THE TAXPAYER'S CORPORATE NET  
18 INCOME TAX NET LOSS UNDER ARTICLE IV AS ADJUSTED BY THE  
19 DEPARTMENT.

20 (II) RECALCULATION OF THE TAXPAYER'S CAPITAL STOCK  
21 FRANCHISE TAX AVERAGE NET INCOME UNDER ARTICLE VI AS  
22 ADJUSTED BY THE DEPARTMENT.

23 (III) RECALCULATION OF THE PERSONAL INCOME TAX BASIS  
24 OF AN ASSET UNDER ARTICLE III AS ADJUSTED BY THE  
25 DEPARTMENT.

26 (2) A TAXPAYER MUST FILE A PETITION FOR REVIEW UNDER  
27 THIS SUBSECTION WITHIN 90 DAYS OF THE MAILING DATE OF THE  
28 DEPARTMENT'S NOTICE OF ADJUSTMENT. A TAXPAYER'S FAILURE TO  
29 FILE A PETITION UNDER THIS SUBSECTION SHALL NOT PREJUDICE THE  
30 TAXPAYER'S RIGHT TO FILE A PETITION IN A SUBSEQUENT TAX YEAR.

1 (B) SPECIAL RULE FOR SHARES TAXES.--NOTWITHSTANDING ANY  
2 PROVISION OF LAW TO THE CONTRARY, SECTION 1104.1 OF THE ACT OF  
3 APRIL 9, 1929 (P.L.343, NO.176), KNOWN AS THE FISCAL CODE, SHALL  
4 CONSTITUTE THE EXCLUSIVE METHOD BY WHICH AN APPEAL FROM THE  
5 ASSESSMENT OF THE TAX IMPOSED BY ARTICLE VII OR VIII MAY BE  
6 MADE.

7 (C) APPLICATION TO INHERITANCE AND ESTATE TAXES.--THIS  
8 SECTION SHALL NOT APPLY TO THE TAXES IMPOSED BY ARTICLE XXI.  
9 PART XI OF ARTICLE XXI SHALL PROVIDE THE EXCLUSIVE PROCEDURE FOR  
10 PROTESTING THE APPRAISEMENT AND ASSESSMENT OF TAXES IMPOSED BY  
11 ARTICLE XXI.  
12 SECTION 2703. PETITION PROCEDURE.

13 (A) CONTENT OF PETITION.--

14 (1) A PETITION FOR REASSESSMENT SHALL STATE:

15 (I) THE TAX TYPE AND TAX PERIODS INCLUDED WITHIN THE  
16 PETITION.

17 (II) THE AMOUNT OF THE TAX THAT THE TAXPAYER CLAIMS  
18 TO HAVE BEEN ERRONEOUSLY ASSESSED.

19 (III) THE BASIS UPON WHICH THE TAXPAYER CLAIMS THAT  
20 THE ASSESSMENT IS ERRONEOUS.

21 (IV) THE BASIS UPON WHICH THE TAXPAYER CLAIMS THAT  
22 THE ADJUSTMENT OF A TAX ITEM IS ERRONEOUS.

23 (2) A PETITION FOR REFUND SHALL STATE:

24 (I) THE TAX TYPE AND TAX PERIODS INCLUDED WITHIN THE  
25 PETITION.

26 (II) THE AMOUNT OF THE TAX THAT THE TAXPAYER CLAIMS  
27 TO HAVE BEEN OVERPAID.

28 (III) THE BASIS OF THE TAXPAYER'S CLAIM FOR REFUND.

29 (3) THE PETITION SHALL BE SUPPORTED BY AN AFFIDAVIT BY  
30 THE PETITIONER OR THE PETITIONER'S AUTHORIZED REPRESENTATIVE

1 THAT THE PETITION IS NOT MADE FOR THE PURPOSE OF DELAY AND  
2 THAT THE FACTS SET FORTH IN THE PETITION ARE TRUE.

3 (B) REQUEST FOR HEARING.--UPON WRITTEN REQUEST OF THE  
4 PETITIONER OR WHEN DEEMED NECESSARY BY THE DEPARTMENT, THE  
5 DEPARTMENT SHALL SCHEDULE A HEARING TO REVIEW A PETITION. THE  
6 PETITIONER SHALL BE NOTIFIED BY THE DEPARTMENT OF THE DATE, TIME  
7 AND PLACE WHERE THE HEARING WILL BE HELD.

8 (C) DECISION AND ORDER.--THE DEPARTMENT SHALL ISSUE A  
9 DECISION AND ORDER DISPOSING OF A PETITION ON SUCH BASIS AS IT  
10 DEEMS TO BE IN ACCORDANCE WITH LAW. THE DEPARTMENT SHALL PROVIDE  
11 A WRITTEN EXPLANATION OF THE BASIS FOR ANY DENIAL OF RELIEF.

12 (D) TIME LIMIT FOR DECISION AND ORDER.--THE DEPARTMENT SHALL  
13 ISSUE A DECISION AND ORDER DISPOSING OF A PETITION WITHIN SIX  
14 MONTHS AFTER RECEIPT OF THE PETITION. THE PETITIONER AND THE  
15 DEPARTMENT MAY AGREE TO EXTEND THE TIME PERIOD FOR THE  
16 DEPARTMENT TO DISPOSE OF THE PETITION FOR ONE ADDITIONAL SIX-  
17 MONTH PERIOD. NOTICE OF THE DEPARTMENT'S DECISION AND ORDER  
18 DISPOSING OF THE PETITION SHALL BE ISSUED TO THE PETITIONER.

19 (E) EXCEPTION TO TIME LIMIT FOR DECISION AND ORDER.--IF AT  
20 THE TIME OF THE FILING OF A PETITION PROCEEDINGS ARE PENDING IN  
21 A COURT OF COMPETENT JURISDICTION WHEREIN ANY CLAIM MADE IN THE  
22 PETITION MAY BE ESTABLISHED, THE DEPARTMENT, UPON THE WRITTEN  
23 REQUEST OF THE PETITIONER, MAY DEFER CONSIDERATION OF THE  
24 PETITION UNTIL THE FINAL JUDGMENT DETERMINING THE QUESTION OR  
25 QUESTIONS INVOLVED IN THE PETITION HAS BEEN DECIDED. IF  
26 CONSIDERATION OF THE PETITION IS DEFERRED, THE DEPARTMENT SHALL  
27 ISSUE A DECISION AND ORDER DISPOSING OF THE PETITION WITHIN SIX  
28 MONTHS AFTER THE FINAL JUDGMENT.

29 (F) FAILURE OF DEPARTMENT TO TAKE ACTION.--THE FAILURE OF  
30 THE DEPARTMENT TO DISPOSE OF THE PETITION WITHIN THE TIME PERIOD

1 PROVIDED FOR BY SUBSECTION (D) OR (E) SHALL ACT AS A DENIAL OF  
2 THE PETITION. NOTICE OF THE DEPARTMENT'S FAILURE TO TAKE ACTION  
3 AND THE DENIAL OF THE PETITION SHALL BE MAILED TO THE  
4 PETITIONER.

5 SECTION 25. THE ACT IS AMENDED BY ADDING A SECTION TO READ:  
6 SECTION 2707. COMPROMISE BY SECRETARY.

7 (A) GENERAL RULE.--A TAXPAYER WHO HAS FILED A PETITION FOR  
8 RELIEF UNDER SECTION 2703, OR ANY OTHER STATUTORY PROVISION  
9 ALLOWING FOR ADMINISTRATIVE TAX APPEAL TO THE DEPARTMENT, MAY  
10 PROPOSE A COMPROMISE OF THE AMOUNT OF LIABILITY FOR TAX,  
11 INTEREST, PENALTY, ADDITIONS OR FEES ADMINISTERED BY THE  
12 DEPARTMENT. THE COMPROMISE OFFER MUST BE SUBMITTED PRIOR TO A  
13 FINAL DECISION BY THE DEPARTMENT ON THE PETITION. AN INFORMAL  
14 CONFERENCE, IN PERSON OR BY TELEPHONE, MAY BE CONDUCTED BY THE  
15 DEPARTMENT WITH REPRESENTATIVES OF THE DEPARTMENT AND THE  
16 PETITIONER. IF THE COMPROMISE OFFER IS ACCEPTED, THE DEPARTMENT  
17 SHALL ISSUE AN ORDER REFLECTING THE COMPROMISE THAT SHALL NOT BE  
18 SUBJECT TO FURTHER APPEAL.

19 (B) BASES FOR COMPROMISE.--THERE SHALL BE TWO BASES FOR  
20 COMPROMISE:

21 (1) DOUBT AS TO LIABILITY; AND

22 (2) THE PROMOTION OF EFFECTIVE TAX ADMINISTRATION.

23 (C) INELIGIBLE FOR COMPROMISE.--THE FOLLOWING ARE NOT  
24 ELIGIBLE FOR COMPROMISE:

25 (1) A PETITION OF DENIAL OF PROPERTY TAX OR RENT REBATE  
26 CLAIM;

27 (2) A PETITION OF DENIAL OF A CHARITABLE TAX EXEMPTION;

28 (3) A PETITION OF THE REVOCATION OF A SALES TAX LICENSE;

29 (4) A PETITION OF JEOPARDY ASSESSMENTS; OR

30 (5) A PETITION ARISING UNDER 4 PA.C.S. PT. II (RELATING

1 TO GAMING).

2 SECTION 26. SECTION 3003.1 OF THE ACT, AMENDED MAY 7, 1997  
3 (P.L.85, NO.7) AND REPEALED IN PART JUNE 29, 2002 (P.L.559,  
4 NO.89), IS AMENDED TO READ:

5 SECTION 3003.1. PETITIONS FOR REFUNDS.-- (A) FOR A TAX  
6 COLLECTED BY THE DEPARTMENT OF REVENUE, A TAXPAYER WHO HAS  
7 ACTUALLY PAID TAX, INTEREST OR PENALTY TO THE COMMONWEALTH OR TO  
8 AN AGENT OR LICENSEE OF THE COMMONWEALTH AUTHORIZED TO COLLECT  
9 TAXES MAY PETITION THE DEPARTMENT OF REVENUE FOR REFUND OR  
10 CREDIT OF THE TAX, INTEREST OR PENALTY. EXCEPT AS OTHERWISE  
11 PROVIDED BY STATUTE, A PETITION FOR REFUND MUST BE MADE TO THE  
12 DEPARTMENT WITHIN THREE YEARS OF ACTUAL PAYMENT OF THE TAX,  
13 INTEREST OR PENALTY.

14 (B) THE DEPARTMENT MAY GRANT A REFUND OR CREDIT TO A  
15 TAXPAYER FOR ALL TAX PERIODS COVERED BY A DEPARTMENTAL AUDIT. IF  
16 A CREDIT IS NOT GRANTED BY THE DEPARTMENT IN THE AUDIT REPORT,  
17 THE TAXPAYER MUST FILE A PETITION FOR REFUND FOR TAXES PAID WITH  
18 RESPECT TO THE AUDIT PERIOD WITHIN SIX MONTHS OF THE MAILING  
19 DATE OF THE NOTICE OF ASSESSMENT, DETERMINATION OR SETTLEMENT OR  
20 WITHIN THREE YEARS OF ACTUAL PAYMENT OF THE TAX, WHICHEVER IS  
21 LATER.

22 (D) IN THE CASE OF AMOUNTS PAID AS A RESULT OF AN  
23 ASSESSMENT, DETERMINATION, SETTLEMENT OR APPRAISEMENT, A  
24 PETITION FOR REFUND MUST BE FILED WITH THE DEPARTMENT WITHIN SIX  
25 MONTHS OF THE [MAILING DATE OF THE NOTICE OF ASSESSMENT,  
26 DETERMINATION, SETTLEMENT OR APPRAISEMENT] ACTUAL PAYMENT OF THE  
27 TAX.

28 (E) A TAXPAYER MAY PETITION THE BOARD OF FINANCE AND REVENUE  
29 TO REVIEW THE DECISION AND ORDER OF THE DEPARTMENT ON A PETITION  
30 FOR REFUND. THE PETITION FOR REVIEW MUST BE FILED WITH THE BOARD

1 WITHIN NINETY DAYS OF THE MAILING DATE OF A DECISION AND ORDER  
2 OF THE DEPARTMENT UPON A PETITION FOR REFUND.

3 SECTION 26.1. THE ACT IS AMENDED BY ADDING A SECTION TO  
4 READ:

5 SECTION 3003.22. ADMINISTRATIVE BANK ATTACHMENT FOR ACCOUNTS  
6 OF OBLIGORS TO THE COMMONWEALTH.--(A) PROVIDED THAT AN OBLIGOR  
7 HAS NOT ENTERED INTO AND IS IN COMPLIANCE WITH A DEFERRED  
8 PAYMENT PLAN WITH THE DEPARTMENT, THE DEPARTMENT MAY ORDER THE  
9 ATTACHMENT AND SEIZURE OF FUNDS IN AN OBLIGOR'S ACCOUNT THAT THE  
10 DEPARTMENT REASONABLY BELIEVES TO HOLD PROPERTY SUBJECT TO A  
11 LIEN RECORDED IN FAVOR OF THE COMMONWEALTH FOR TAX, INTEREST  
12 ADDITIONS OR PENALTIES DUE TO THE COMMONWEALTH. UPON RECEIVING  
13 SEIZED FUNDS, THE DEPARTMENT SHALL APPLY THE AMOUNT SEIZED TO  
14 THE OBLIGOR'S LIEN OBLIGATION.

15 (B) (1) IF THE DEPARTMENT HAS A REASONABLE BELIEF THAT AN  
16 OBLIGOR'S ACCOUNT HOLDS PROPERTY SUBJECT TO A LIEN IN FAVOR OF  
17 THE COMMONWEALTH, THE DEPARTMENT MAY ORDER THE ATTACHMENT OF  
18 FUNDS IN THE OBLIGOR'S ACCOUNT BY SENDING A NOTICE TO THE  
19 FINANCIAL INSTITUTION.

20 (2) THE NOTICE GIVEN TO A FINANCIAL INSTITUTION ATTACHING AN  
21 ACCOUNT OF THE OBLIGOR SHALL BE SENT BY AN ELECTRONIC FORMAT OR  
22 ANY OTHER REASONABLE MANNER AS AGREED TO BY THE DEPARTMENT AND  
23 THE FINANCIAL INSTITUTION.

24 (3) THE NOTICE SHALL INCLUDE ALL OF THE FOLLOWING:

25 (I) THE NAME OF THE OBLIGOR.

26 (II) THE AMOUNT OF THE COMMONWEALTH'S LIEN, INCLUDING  
27 INTEREST AND PENALTY ACCRUED UP TO FORTY-FIVE DAYS AFTER THE  
28 DATE OF NOTICE.

29 (III) THE CURRENT OR LAST KNOWN ADDRESS OF THE OBLIGOR.

30 (IV) THE SOCIAL SECURITY NUMBER, FEDERAL EMPLOYER

1 IDENTIFICATION NUMBER OR OTHER TAXPAYER IDENTIFICATION NUMBER OF  
2 THE OBLIGOR.

3 (V) AN ORDER TO IMMEDIATELY ATTACH ONE OR MORE ACCOUNTS HELD  
4 BY THE FINANCIAL INSTITUTION IN THE NAME OF THE OBLIGOR FOR AN  
5 AGGREGATE AMOUNT EQUAL TO THE LESSER OF THE AMOUNTS IN ALL  
6 ACCOUNTS OR THE COMMONWEALTH'S LIEN.

7 (C) (1) UPON RECEIPT OF THE NOTICE DESCRIBED IN SUBSECTION  
8 (B), THE FINANCIAL INSTITUTION SHALL, BY THE END OF THE FIFTH  
9 BUSINESS DAY FOLLOWING THE DATE OF THE NOTICE, ATTACH ONE OR  
10 MORE OF THE ACCOUNTS OF THE OBLIGOR HELD BY THE FINANCIAL  
11 INSTITUTION FOR AN AGGREGATE AMOUNT EQUAL TO THE LESSER OF:

12 (I) THE TOTAL OF THE AMOUNTS IN ALL THE ACCOUNTS OF THE  
13 OBLIGOR HELD BY THE FINANCIAL INSTITUTION AS OF THE DATE OF  
14 ATTACHMENT; OR

15 (II) THE AMOUNT STATED IN THE NOTICE.  
16 UPON THE ATTACHMENT AND UNTIL THE FINANCIAL INSTITUTION RECEIVES  
17 FURTHER NOTICE FROM THE DEPARTMENT OR ON ORDER OF A COURT, AS  
18 PROVIDED IN THIS SECTION, THE FINANCIAL INSTITUTION MAY NOT  
19 ALLOW ANY ACTIVITY TO REDUCE THE AMOUNTS IN ANY OF THE ACCOUNTS  
20 BELOW THE AMOUNT OF THE ATTACHMENT.

21 (2) WITHIN FIVE DAYS AFTER DATE OF NOTICE TO THE FINANCIAL  
22 INSTITUTION DESCRIBED IN SUBSECTION (B), THE FINANCIAL  
23 INSTITUTION SHALL INFORM THE DEPARTMENT THAT THE FINANCIAL  
24 INSTITUTION HAS COMPLIED WITH THE ATTACHMENT ORDER AND SHALL  
25 SPECIFY THE AGGREGATE AMOUNT ATTACHED PURSUANT TO THE ORDER.

26 (3) (I) THE FINANCIAL INSTITUTION MAY ASSESS A REASONABLE  
27 ADMINISTRATIVE FEE AGAINST THE ACCOUNTS OR THE OBLIGOR IN  
28 ADDITION TO THE AMOUNT ATTACHED. AN ADMINISTRATIVE FEE MAY  
29 INCLUDE A FEE PERMITTED TO BE ASSESSED UNDER AN AGREEMENT  
30 BETWEEN THE OBLIGOR AND THE FINANCIAL INSTITUTION IN CONNECTION

1 WITH THE EARLY WITHDRAWAL OF A CERTIFICATE OF DEPOSIT ATTACHED  
2 UNDER THIS SECTION.

3 (II) IN THE CASE OF INSUFFICIENT FUNDS TO COVER BOTH THE FEE  
4 AUTHORIZED BY SUBPARAGRAPH (I) AND THE AMOUNT IDENTIFIED IN THE  
5 NOTICE UNDER SUBSECTION (B), THE FINANCIAL INSTITUTION MAY FIRST  
6 DEDUCT THE FEE FROM THE AMOUNT ATTACHED AND RETAIN IT FROM THE  
7 AMOUNT SEIZED AND FORWARDED TO THE DEPARTMENT AS PROVIDED IN  
8 THIS SECTION.

9 (D) (1) EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPH (3), NO  
10 LATER THAN FIVE BUSINESS DAYS AFTER THE DATE OF THE NOTICE IN  
11 SUBSECTION (B) (2), THE DEPARTMENT SHALL SEND A NOTICE TO THE  
12 OBLIGOR BY FIRST CLASS MAIL TO THE OBLIGOR'S CURRENT OR LAST  
13 KNOWN ADDRESS AND MAY ATTEMPT TO DELIVER PERSONAL NOTICE TO THE  
14 OBLIGOR.

15 (2) THE NOTICE SHALL CONTAIN THE FOLLOWING INFORMATION:

16 (I) THE ADDRESS OF THE DEPARTMENT.

17 (II) THE TELEPHONE NUMBER, ADDRESS AND NAME OF A CONTACT  
18 PERSON AT THE DEPARTMENT.

19 (III) THE NAME AND SOCIAL SECURITY NUMBER, FEDERAL EMPLOYER  
20 IDENTIFICATION NUMBER OR OTHER TAXPAYER IDENTIFICATION NUMBER OF  
21 THE OBLIGOR.

22 (IV) THE CURRENT OR LAST KNOWN ADDRESS OF THE OBLIGOR.

23 (V) THE TOTAL AMOUNT OF THE COMMONWEALTH'S LIEN OWED BY THE  
24 OBLIGOR, INCLUDING INTEREST AND PENALTY ACCRUED UP TO FORTY-FIVE  
25 DAYS AFTER THE DATE OF NOTICE.

26 (VI) THE DATE THE NOTICE IS BEING SENT.

27 (VII) A STATEMENT INFORMING THE OBLIGOR THAT THE DEPARTMENT  
28 HAS ORDERED THE FINANCIAL INSTITUTION TO ATTACH THE AMOUNT OF  
29 THE COMMONWEALTH'S LIEN OWED BY THE OBLIGOR FROM ONE OR MORE OF  
30 THE ACCOUNTS OF THE OBLIGOR.



1 (VIII) FOR EACH ACCOUNT OF THE OBLIGOR, THE NAME OF THE  
2 FINANCIAL INSTITUTION THAT HAS BEEN GIVEN NOTICE TO ATTACH  
3 AMOUNTS AS REQUIRED BY THIS SECTION.

4 (IX) A STATEMENT THAT THE ORDER MAY BE CHALLENGED OR RELIEF  
5 FROM THE ORDER REQUESTED IN ACCORDANCE WITH SUBSECTION (E).

6 (X) A STATEMENT INFORMING THE OBLIGOR THAT UNLESS A TIMELY  
7 CHALLENGE IS MADE BY THE OBLIGOR, THE FINANCIAL INSTITUTION OR  
8 AN ACCOUNT HOLDER OF INTEREST UNDER SUBSECTION (E), THE  
9 DEPARTMENT SHALL NOTIFY THE FINANCIAL INSTITUTION TO SEIZE THE  
10 AMOUNT ATTACHED BY THE FINANCIAL INSTITUTION AND FORWARD IT TO  
11 THE DEPARTMENT.

12 (3) THE DEPARTMENT SHALL NOT BE REQUIRED TO SEND THE NOTICE  
13 DESCRIBED UNDER THIS SUBSECTION IF, PRIOR TO THE TIME THAT THE  
14 NOTICE MUST BE SENT, THE DEPARTMENT AND THE OBLIGOR AGREE TO AN  
15 ARRANGEMENT UNDER WHICH THE OBLIGOR WILL PAY AMOUNTS OWED UNDER  
16 THE COMMONWEALTH'S LIEN.

17 (E) (1) AN OBLIGOR, THE FINANCIAL INSTITUTION OR AN ACCOUNT  
18 HOLDER OF INTEREST MAY CHALLENGE THE ACTIONS OF THE DEPARTMENT  
19 UNDER THIS SECTION BY FILING A MOTION WITH THE COURT OF COMMON  
20 PLEAS WITHIN TEN DAYS OF THE DATE OF THE NOTICE SENT UNDER  
21 SUBSECTION (D).

22 (2) AN OBLIGOR, THE FINANCIAL INSTITUTION OR AN ACCOUNT  
23 HOLDER OF INTEREST MAY CHALLENGE OR SEEK RELIEF FROM THE ACTIONS  
24 OF THE DEPARTMENT BASED ON:

25 (I) A MISTAKE AS TO ANY OF THE FOLLOWING:

26 (A) THE IDENTITY OF THE OBLIGOR.

27 (B) THE OWNERSHIP OF THE ACCOUNT.

28 (C) THE CONTENTS OF THE ACCOUNT.

29 (D) THE AMOUNT OF THE LIEN OBLIGATION DUE.

30 (II) THE EXCLUSION OF THE ACCOUNT FROM ATTACHMENT UNDER THIS

1 SECTION;

2 (III) THE FAILURE OF THE DEPARTMENT TO PROPERLY RECORD THE  
3 LIEN UPON WHICH THE ATTACHMENT IS BASED;

4 (IV) THE FAILURE OF THE DEPARTMENT TO SEND NOTICE TO THE  
5 OBLIGOR OF THE ASSESSMENT OR DETERMINATION OF THE TAX, INTEREST,  
6 PENALTIES OR ADDITION TO TAX UPON WHICH THE ATTACHMENT IS BASED;

7 (V) SEVERE ECONOMIC HARDSHIP;

8 (VI) A REQUEST FOR SPOUSAL RELIEF FROM JOINT LIABILITY; OR

9 (VII) ANY OTHER GOOD CAUSE.

10 (3) EXCEPT AS PROVIDED IN PARAGRAPH (2) (IV), AN OBLIGOR, THE  
11 FINANCIAL INSTITUTION OR AN ACCOUNT HOLDER OF INTEREST MAY NOT  
12 CHALLENGE THE ACTIONS OF THE DEPARTMENT BASED ON A MISTAKE OR  
13 ERROR IN THE ORIGINAL ASSESSMENT UNDERLYING A LIEN AGAINST THE  
14 OBLIGOR.

15 (F) (1) IF A TIMELY CHALLENGE OR REQUEST FROM RELIEF IS NOT  
16 MADE BY THE OBLIGOR, THE FINANCIAL INSTITUTION OR AN ACCOUNT  
17 HOLDER OF INTEREST UNDER SUBSECTION (E), THE DEPARTMENT SHALL  
18 DIRECT THE FINANCIAL INSTITUTION TO:

19 (I) SEIZE THE AMOUNT ATTACHED BY THE FINANCIAL INSTITUTION  
20 AND FORWARD IT TO THE DEPARTMENT;

21 (II) REDUCE THE AMOUNT ATTACHED BY THE FINANCIAL INSTITUTION  
22 TO A REVISED AMOUNT AS STATED BY THE DEPARTMENT, SEIZE THE  
23 REVISED AMOUNT AND FORWARD IT TO THE DEPARTMENT AND RELEASE THE  
24 BALANCE OF THE ACCOUNT; OR

25 (III) RELEASE THE AMOUNT ATTACHED BY THE FINANCIAL  
26 INSTITUTION.

27 (2) THE DEPARTMENT MAY DIRECT A FINANCIAL INSTITUTION TO  
28 SEIZE AND FORWARD ATTACHED FUNDS BEFORE THE TIME FOR FILING A  
29 TIMELY CHALLENGE UNDER SUBSECTION (E) UPON AGREEMENT AMONG THE  
30 DEPARTMENT, THE OBLIGOR AND, IN CASES WHERE THE DEPARTMENT IS

1 AWARE OF AN ACCOUNT HOLDER OF INTEREST, THE ACCOUNT HOLDER OF  
2 INTEREST.

3 (G) (1) IF A DETERMINATION IS MADE BY THE COURT, PURSUANT  
4 TO A CHALLENGE OR REQUEST FOR RELIEF UNDER SUBSECTION (E), THAT  
5 THE ACCOUNT OF THE OBLIGOR SHOULD NOT HAVE BEEN ATTACHED, THE  
6 DEPARTMENT SHALL NOTIFY THE FINANCIAL INSTITUTION, IN THE MANNER  
7 SPECIFIED IN SUBSECTION (B) (2), TO RELEASE THE AMOUNT ATTACHED  
8 BY THE FINANCIAL INSTITUTION.

9 (2) IF A DETERMINATION IS MADE BY THE COURT, PURSUANT TO A  
10 CHALLENGE OR REQUEST FOR RELIEF UNDER SUBSECTION (E), TO REDUCE  
11 THE AMOUNT ATTACHED BY THE FINANCIAL INSTITUTION, THE DEPARTMENT  
12 SHALL NOTIFY THE FINANCIAL INSTITUTION, IN THE MANNER SPECIFIED  
13 IN SUBSECTION (B) (2), TO REVISE THE AMOUNT AS STATED BY THE  
14 DEPARTMENT, TO SEIZE AND FORWARD THE REVISED AMOUNT TO THE  
15 DEPARTMENT AND TO RELEASE THE BALANCE OF THE ACCOUNT ATTACHED BY  
16 THE FINANCIAL INSTITUTION.

17 (3) IF A DETERMINATION IS MADE BY THE COURT, PURSUANT TO A  
18 CHALLENGE OR REQUEST FOR RELIEF MADE UNDER SUBSECTION (E), THAT  
19 THE ATTACHMENT BY THE FINANCIAL INSTITUTION WAS PROPER, THE  
20 DEPARTMENT SHALL NOTIFY THE FINANCIAL INSTITUTION, IN THE MANNER  
21 SPECIFIED IN SUBSECTION (B) (2), TO SEIZE THE AMOUNT ATTACHED BY  
22 THE FINANCIAL INSTITUTION AND FORWARD IT TO THE DEPARTMENT.

23 (H) A FINANCIAL INSTITUTION THAT COMPLIES WITH AN ORDER AND  
24 NOTICE FROM THE DEPARTMENT UNDER THIS SECTION SHALL NOT BE  
25 CRIMINALLY OR CIVILLY LIABLE TO ANY PERSON, INCLUDING THE  
26 DEPARTMENT, THE OBLIGOR OR ANY ACCOUNT HOLDER OF INTEREST, FOR  
27 ANY OF THE FOLLOWING:

28 (1) DISCLOSING INFORMATION TO THE DEPARTMENT UNDER THIS  
29 SECTION;

30 (2) ATTACHING AN ACCOUNT AS DIRECTED BY THE DEPARTMENT;

1     (3) SENDING ANY AMOUNT SEIZED TO THE DEPARTMENT;  
2     (4) WRONGFUL DISHONOR OR ANY OTHER CLAIM RELATING TO THE  
3 ATTACHMENT AND SEIZURE OF ANY ACCOUNT AS ORDERED BY THE  
4 DEPARTMENT; OR  
5     (5) ANY OTHER ACTION TAKEN IN GOOD FAITH TO COMPLY WITH THE  
6 REQUIREMENTS OF THIS SECTION.

7     (I) A FINANCIAL INSTITUTION SHALL NOT BE REQUIRED TO  
8 REIMBURSE FEES ASSESSED AGAINST AN ACCOUNT OR AN OBLIGOR AS A  
9 RESULT OF THE DEPARTMENT INSTITUTING AN ACTION UNDER THIS  
10 SECTION OR AS OTHERWISE PERMITTED BY LAW OR AUTHORIZED BY  
11 CONTRACT EVEN IF THERE IS A SUCCESSFUL CHALLENGE OR RELIEF IS  
12 GRANTED UNDER SUBSECTION (E).

13     (J) (1) IF, UNDER THE PROVISIONS OF THIS SECTION, A  
14 FINANCIAL INSTITUTION FAILS TO ATTACH ACCOUNTS AS REQUIRED IN A  
15 TIMELY MANNER OR FAILS TO FORWARD THE PROPER AMOUNT OF FUNDS  
16 ATTACHED TO THE DEPARTMENT AT THE TIME AND IN THE MANNER  
17 REQUIRED BY THIS SECTION, THE FINANCIAL INSTITUTION MAY BE  
18 SUBJECT TO A PENALTY OF FIVE PER CENT OF THE AMOUNT OF FUNDS  
19 WHICH SHOULD HAVE BEEN ATTACHED OR FORWARDED FOR EACH MONTH OR  
20 FRACTION THEREOF FROM THE DATE THE FUNDS SHOULD HAVE BEEN  
21 ATTACHED OR FORWARDED TO THE DATE THE FUNDS ARE ATTACHED OR  
22 FORWARDED. THE TOTAL AMOUNT OF THE PENALTY SHALL NOT EXCEED  
23 FIFTY PER CENT OF THE PROPER AMOUNT OF FUNDS WHICH SHOULD HAVE  
24 BEEN ATTACHED OR FORWARDED.

25     (2) THE PENALTY IMPOSED BY THIS SECTION SHALL BE ASSESSED,  
26 ENFORCED, ADMINISTERED OR COLLECTED UNDER THE PROVISIONS OF  
27 ARTICLE II.

28     (K) THIS SECTION SHALL NOT BE CONSTRUED TO PROHIBIT THE  
29 DEPARTMENT OR ANY OTHER COMMONWEALTH AGENCY FROM COLLECTING  
30 OBLIGATIONS DUE FROM AN OBLIGOR IN ANY OTHER MANNER AUTHORIZED

1 BY LAW.

2 (L) NO FINANCIAL INSTITUTION MAY BE REQUIRED TO NOTIFY AN  
3 OBLIGOR OR AN ACCOUNT HOLDER OF INTEREST OF A REQUEST FOR  
4 INFORMATION UNDER THIS SECTION BY THE DEPARTMENT OR A COURT.

5 (M) PRIOR TO ATTACHING AN ACCOUNT UNDER THIS SECTION, THE  
6 DEPARTMENT SHALL DEVELOP GUIDELINES:

7 (1) DESCRIBING ITS TAX COLLECTION PROCEDURES;

8 (2) DESCRIBING THE RIGHTS AND REMEDIES AVAILABLE TO  
9 TAXPAYERS;

10 (3) DISCLOSING THE CIRCUMSTANCES IN WHICH THE DEPARTMENT MAY  
11 ATTACH AN ACCOUNT UNDER THIS SECTION;

12 (4) DESCRIBING THE POLICIES REGARDING SPOUSAL RELIEF AND  
13 SEVERE ECONOMIC HARDSHIP RELIEF;

14 (5) ADVISING FINANCIAL INSTITUTIONS OF THE REQUIREMENTS OF  
15 THIS SECTION; AND

16 (6) DESCRIBING THE DEPARTMENT'S POLICIES AND PROCEDURES USED  
17 TO ATTACH AND SEIZE ACCOUNTS UNDER THIS SECTION.

18 (N) AS USED IN THIS SECTION, THE FOLLOWING WORDS AND PHRASES  
19 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SUBSECTION:

20 "ACCOUNT." (1) ANY OF THE FOLLOWING:

21 (I) FUNDS FROM A DEMAND DEPOSIT ACCOUNT, CHECKING ACCOUNT,  
22 NEGOTIABLE ORDER OF WITHDRAWAL ACCOUNT, SAVINGS ACCOUNT, TIME  
23 DEPOSIT ACCOUNT, MONEY MARKET MUTUAL FUND ACCOUNT OR CERTIFICATE  
24 OF DEPOSIT ACCOUNT.

25 (II) FUNDS PAID TOWARD THE PURCHASE OF SHARES OR OTHER  
26 INTEREST IN AN ENTITY AS DESCRIBED IN PARAGRAPHS (1) AND (2) OF  
27 THE DEFINITION OF "FINANCIAL INSTITUTION."

28 (III) FUNDS OR PROPERTY HELD BY A DEPOSITORY INSTITUTION AS  
29 DESCRIBED IN PARAGRAPH (3) OF THE DEFINITION OF "FINANCIAL  
30 INSTITUTION."

1 (2) THE TERM SHALL NOT INCLUDE ANY OF THE FOLLOWING:

2 (I) AN ACCOUNT SUBJECT TO A SECURITY INTEREST, CONTROL  
3 AGREEMENT OR PLEDGED SECURITY FOR A LOAN OR OTHER OBLIGATION.

4 (II) FUNDS OR PROPERTY DEPOSITED TO AN ACCOUNT AFTER THE  
5 TIME THAT A FINANCIAL INSTITUTION INITIALLY ATTACHES THE  
6 ACCOUNT.

7 (III) AN ACCOUNT THAT A FINANCIAL INSTITUTION HAS A PRESENT  
8 RIGHT TO EXERCISE A RIGHT OF SETOFF EITHER UNDER AN AGREEMENT  
9 BETWEEN THE FINANCIAL INSTITUTION AND THE OBLIGOR OR OTHERWISE  
10 UNDER APPLICABLE LAW.

11 (IV) AN ACCOUNT THAT HAS AN ACCOUNT HOLDER OF INTEREST NAMED  
12 AS AN OWNER ON THE ACCOUNT.

13 (V) AN ACCOUNT THAT AN OBLIGOR DOES NOT HAVE AN  
14 UNCONDITIONAL RIGHT OF ACCESS.

15 (VI) AN ACCOUNT THAT CAN NOT BE ATTACHED UNDER FEDERAL LAW.

16 "ACCOUNT HOLDER OF INTEREST." A PERSON, OTHER THAN AN  
17 OBLIGOR OF AN ACCOUNT, WHO ASSERTS AN INTEREST IN AN ACCOUNT  
18 BASED UPON OWNERSHIP, POSSESSION OF A SECURITY INTEREST, LIEN OR  
19 JUDGMENT.

20 "DEPARTMENT." THE DEPARTMENT OF REVENUE OF THE COMMONWEALTH.

21 "FINANCIAL INSTITUTION." ANY OF THE FOLLOWING:

22 (1) A DEPOSITORY INSTITUTION, AS DEFINED IN SECTION 3(C) OF  
23 THE FEDERAL DEPOSIT INSURANCE ACT (64 STAT. 873, 12 U.S.C. §  
24 1813(C)).

25 (2) A FEDERAL CREDIT UNION OR STATE CREDIT UNION, AS DEFINED  
26 IN SECTION 1752(1) OF THE FEDERAL CREDIT UNION ACT (48 STAT.  
27 1216, 12 U.S.C. § 1752(1)).

28 (3) A BENEFIT ASSOCIATION, SAFE DEPOSIT COMPANY, MONEY  
29 MARKET MUTUAL FUND OR SIMILAR ENTITY DOING BUSINESS IN THIS  
30 COMMONWEALTH THAT HOLDS PROPERTY OR MAINTAINS ACCOUNTS

1 REFLECTING PROPERTY BELONGING TO OTHERS.

2 "OBLIGOR." ANY OF THE FOLLOWING:

3 (1) AN ENTITY ENGAGED IN A BUSINESS WHOSE PROPERTY IS  
4 SUBJECT TO A COMMONWEALTH TAX LIEN OR LIENS TOTALING AT LEAST  
5 ONE THOUSAND DOLLARS (\$1,000).

6 (2) AN INDIVIDUAL OPERATING AS A SOLE PROPRIETOR WHOSE  
7 PROPERTY IS SUBJECT TO A COMMONWEALTH TAX LIEN OR LIENS TOTALING  
8 AT LEAST ONE THOUSAND DOLLARS (\$1,000).

9 (3) A SHAREHOLDER, MEMBER OR PARTNER OF A PASS-THROUGH  
10 ENTITY WHOSE PROPERTY IS SUBJECT TO A COMMONWEALTH TAX LIEN OR  
11 LIENS TOTALING AT LEAST ONE THOUSAND DOLLARS (\$1,000).

12 (4) A CORPORATE OFFICER OR OTHER RESPONSIBLE INDIVIDUAL WHO  
13 HAS BEEN ASSESSED PURSUANT TO THE PROVISIONS OF SECTION 225 OR  
14 320 AND WHOSE PROPERTY IS SUBJECT TO A COMMONWEALTH TAX LIEN OR  
15 LIENS TOTALING AT LEAST ONE THOUSAND DOLLARS (\$1,000).

16 "PASS-THROUGH ENTITY." A PARTNERSHIP AS DEFINED IN SECTION  
17 301(N.0) OR A PENNSYLVANIA S CORPORATION AS DEFINED IN SECTION  
18 301(N.1).

19 SECTION 27. A REFERENCE IN ANY LAW TO THE FORMER DEFINITION  
20 OF "FAMILY FARM CORPORATION" OR "FAMILY FARM PARTNERSHIP" IN  
21 SECTION 1101-C OF THE ACT SHALL BE DEEMED TO BE REFERENCES TO A  
22 "FAMILY FARM BUSINESS" UNDER SECTION 1101-C OF THE ACT.

23 SECTION 27.1. A COMPANY MAY CLAIM THE TAX CREDIT UNDER  
24 SECTION 1804-B OF THE ACT FOR EACH NEWLY CREATED JOB FILLED BY  
25 AN UNEMPLOYED INDIVIDUAL ON OR AFTER THE EFFECTIVE DATE OF THIS  
26 SECTION.

27 SECTION 28. REPEALS ARE AS FOLLOWS:

28 (1) THE GENERAL ASSEMBLY DECLARES THAT THE REPEAL UNDER  
29 PARAGRAPH (2) IS NECESSARY TO EFFECTUATE THE AMENDMENT OF  
30 SECTIONS 217 AND 222 OF THE ACT.

1           (2) SECTION 202.2 OF THE ACT OF APRIL 9, 1929 (P.L.343,  
2 NO.176), KNOWN AS THE FISCAL CODE, IS REPEALED.

3           (3) THE GENERAL ASSEMBLY DECLARES THAT THE REPEAL UNDER  
4 PARAGRAPH (4) IS NECESSARY TO EFFECTUATE THE AMENDMENT OF  
5 SECTION 1709-B(A) OF THE ACT.

6           (4) SECTION 1602-H OF THE ACT OF APRIL 9, 1929 (P.L.343,  
7 NO.176), KNOWN AS THE FISCAL CODE, IS REPEALED.

8           (5) (RESERVED).

9           (6) (RESERVED).

10          (7) (RESERVED).

11          (8) (RESERVED).

12          (9) THE GENERAL ASSEMBLY DECLARES THAT THE REPEAL UNDER  
13 PARAGRAPH (10) IS NECESSARY TO EFFECTUATE THE ADDITION OF  
14 ARTICLE XVII-H OF THE ACT.

15          (10) THE PROVISIONS OF 27 PA.C.S. § 6104(D.2) (2) ARE  
16 REPEALED.

17 SECTION 29. THE PROVISIONS OF 61 PA. CODE § 91.222 (RELATING  
18 TO ACQUIRED FAMILY FARM PARTNERSHIP) ARE ABROGATED.

19 SECTION 29.1. THE AMENDMENT OF SECTIONS 217 AND 222 OF THE  
20 ACT ARE A CONTINUATION OF SECTION 202.2 OF THE ACT OF APRIL 9,  
21 1929 (P.L.343, NO.176), KNOWN AS THE FISCAL CODE. EXCEPT AS  
22 OTHERWISE PROVIDED IN SECTIONS 217 AND 222 OF THE ACT, ALL  
23 ACTIVITIES INITIATED UNDER SECTION 202.2 OF THE FISCAL CODE  
24 SHALL CONTINUE AND REMAIN IN FULL FORCE AND EFFECT AND MAY BE  
25 COMPLETED UNDER SECTIONS 217 AND 222 OF THE ACT. ORDERS,  
26 REGULATIONS, RULES AND DECISIONS WHICH WERE MADE UNDER SECTION  
27 202.2 OF THE FISCAL CODE AND WHICH ARE IN EFFECT ON THE  
28 EFFECTIVE DATE OF THE AMENDMENT OF SECTIONS 217 AND 222 OF THE  
29 ACT SHALL REMAIN IN FULL FORCE AND EFFECT UNTIL REVOKED, VACATED  
30 OR MODIFIED UNDER SECTION 217 OR 222 OF THE ACT.



1 SECTION 30. THE FOLLOWING SHALL APPLY:

2 (1) THE AMENDMENT OF SECTIONS 217 AND 222 OF THE ACT  
3 SHALL APPLY TO TAX RETURNS DUE AFTER SEPTEMBER 30, 2012.

4 (2) THE AMENDMENT OR ADDITION OF SECTIONS 331(E), (E.1)  
5 AND (E.2), 352(D)(2), 405 AND 406 OF THE ACT SHALL APPLY TO  
6 TAX YEARS BEGINNING ON OR AFTER JANUARY 1, 2013.

7 (3) (RESERVED).

8 (4) EXCEPT AS PROVIDED IN PARAGRAPH (5), THE AMENDMENT  
9 OR ADDITION OF SECTIONS 1101-C, 1102-C.3(19), (19.1) AND  
10 (20), 1102-C.4 AND 1102-C.5 OF THE ACT SHALL APPLY  
11 RETROACTIVELY TO ANY DOCUMENT MADE, EXECUTED, DELIVERED,  
12 ACCEPTED OR PRESENTED FOR RECORDING ON OR AFTER JULY 1, 2010.

13 (5) THE ADDITION OF SECTION 1102-C.5(A)(3) OF THE ACT  
14 SHALL NOT APPLY TO A TRANSACTION OR A SERIES OF TRANSACTIONS  
15 OCCURRING IN PART OR ENTIRELY BEFORE JANUARY 1, 2013.

16 (6) THE ADDITION OF ARTICLE XVII-G OF THE ACT SHALL  
17 APPLY TO THE PURCHASE OF ETHANE FOR THE PERIOD AFTER DECEMBER  
18 31, 2016, AND BEFORE JANUARY 1, 2043.

19 (7) THE AMENDMENT OR ADDITION OF SECTIONS 2102 AND  
20 2111(S) AND (S.1) OF THE ACT SHALL APPLY TO THE ESTATES OF  
21 DECEDENTS DYING AFTER JUNE 30, 2012.

22 (8) THE FOLLOWING PROVISIONS SHALL APPLY TO TAX PERIODS  
23 WHICH, ON THE EFFECTIVE DATE OF THIS SECTION, ARE OPEN UNDER  
24 THE ACT; TO ADMINISTRATIVE APPEALS PENDING ON THE EFFECTIVE  
25 DATE OF THIS SECTION; AND TO JUDICIAL APPEALS PENDING ON THE  
26 EFFECTIVE DATE OF THIS SECTION:

27 (I) THE ADDITION OF SECTION 2702(A.1) OF THE ACT.

28 (II) THE ADDITION OF SECTION 2703(A)(1)(IV) OF THE  
29 ACT.

30 (9) THE AMENDMENT OF SECTION 3003.1 OF THE ACT SHALL

1 APPLY TO PETITIONS FILED AFTER JULY 1, 2012.

2 SECTION 31. THIS ACT SHALL TAKE EFFECT AS FOLLOWS:

3 (1) THE ADDITION OF SECTIONS 1102-C.5(A)(3) AND 3003.22  
4 OF THE ACT SHALL TAKE EFFECT JANUARY 1, 2013.

5 (2) THE AMENDMENT OF THE DEFINITION OF "WHOLESALE" IN  
6 SECTION 1201 OF THE ACT SHALL TAKE EFFECT IN 60 DAYS.

7 (3) THE AMENDMENT OF SECTIONS 217 AND 222 OF THE ACT  
8 SHALL TAKE EFFECT OCTOBER 1, 2012.

9 (4) SECTION 28(2) OF THIS ACT SHALL TAKE EFFECT OCTOBER  
10 1, 2012.

11 (4.1) THE ADDITION OF ARTICLES XVII-H AND XVII-I OF THE  
12 ACT SHALL TAKE EFFECT JULY 1, 2013.

13 (5) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT  
14 IMMEDIATELY.